Financial Bulletin

CRF FOR LOCAL GOVERNMENT

JULY 2026

Dear CRF Member,

SA Equity fell -3.7% in June 2026, weighed down by a sharp -15.9% decline in Resources as commodity and oil prices retreated on progress toward a ceasefire in the Middle East. SA Property was the standout local performer, delivering 3.8% for the month, while SA Bonds added a further 1.5%. Global Equity returned -0.7% in US Dollar terms but 0.5% in Rand terms, as the Rand weakened modestly on the back of a stronger US Dollar.

The returns for the major asset classes to the end of June 2026 are shown below:

	1 month	3 months	6 months	1 year
SA Equity (Capped ALSI)	-3.7%	-2.4%	-2.8%	19.4%
SA Bonds (ALBI)	1.5%	7.9%	4.2%	21.5%
SA Property (ALPI)	3.8%	10.5%	4.6%	28.7%
SA Cash (STeFI)	0.5%	1.7%	3.4%	7.1%
SA Inflation Linked Bonds (CILI)	1.4%	6.5%	5.3%	19.6%
Global Equity (MSCI World ($))	-0.7%	13.8%	9.7%	21.3%
Global Equity (MSCI World (R))	0.5%	8.9%	8.5%	11.9%
Global Bonds (WGBI ($))	-0.7%	0.7%	-0.4%	-0.1%
Global Bonds (WGBI (R))	0.4%	-3.6%	-1.5%	-7.9%

The returns of the CRF portfolios (net of all fees) up to the end of June 2026 were as follows:

Portfolio	1 month	3 months	6 months	1 year
CRF Aggressive Portfolio	-0.8%	3.5%	2.6%	15.5%
CRF Growth Portfolio	-1.1%	2.5%	2.8%	15.8%
CRF Moderate Portfolio	0.3%	2.6%	3.6%	12.0%
CRF In-Fund Pension Portfolio	1.6%	6.4%	5.5%	18.2%
CRF Money Market Portfolio	0.6%	1.8%	3.2%	7.8%
CRF Shari'ah Portfolio	-1.3%	3.6%	6.5%	18.9%
CRF Children’s Benefit Portfolio	0.4%	2.7%	3.2%	10.2%

CRF portfolio returns were more varied in June 2026. The CRF In-Fund Pension Portfolio was the best performer for the month, returning 1.6%, while the CRF Shari'ah, Aggressive and Growth Portfolios gave back some ground, in line with the pullback in SA Equity. One year returns for most CRF portfolios remain firmly in double digits, ranging from 10.2% to 18.9%, while the more conservative CRF Money Market Portfolio returned 7.8% over the same period.

Locally, inflation (as measured by CPI) increased to 4.5% y/y (below the 4.7% expected) in May 2026, from 4.0% in April 2026. The economy also proved resilient, with GDP growth of 0.5% q/q in the first quarter of 2026 and the current account surplus at its highest level since 2021. Sentiment indicators told a different story, though, as the BER's consumer confidence index fell sharply to -19 in the second quarter (from -7), while retail business confidence dropped to 31% (from 36%), as war-related fuel and living costs weighed on households and businesses.

Globally, June 2026 was dominated by easing Middle East tensions, with the US and Iran reaching an interim agreement formalised in a Memorandum of Understanding, which saw Brent crude fall sharply from its war-driven highs. Central banks diverged in terms of their interest rate decisions in June 2026. The US Federal Reserve, under newly appointed Chair Kevin Warsh, held rates steady, while the ECB and Bank of Japan both hiked by 0.25%, to 2.25% and 1.0% respectively, citing lingering inflation risks from the energy shock. The World Bank also cut its 2026 global growth forecast to 2.5% (from 2.6%), the weakest growth since 2020, citing the Middle East conflict.

While the improving picture in the Middle East is welcome, members should remain mindful that markets can stay volatile. Uncertainty is high due to shifting US policies and geopolitics. Central banks will also have to navigate elevated inflation, especially if the oil price remains high or moves higher with any renewed tensions in the Middle East. CRF's diversified portfolios are designed to withstand this kind of volatility and uncertainty over the long term due to its investments in alternatives, which are performing well and in line with expectations. These investments have delivered good risk-adjusted returns and helped to keep the CRF portfolio returns competitive relative to other Local Government funds over the financial year ended June 2026. Members are reminded to view retirement savings through a long-term lens rather than reacting to short-term market movements.

Kind regards,

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