Financial Bulletin

CRF
FOR LOCAL GOVERNMENT

JUNE 2026

Dear CRF Member,

Local markets continued to stabilise in May 2026, following the sharp sell-off triggered by the Middle East conflict in March 2026. SA Bonds led the way, delivering 2.9% for the month, while SA Equity was roughly flat at -0.3%. The Rand strengthened by around 3% against the US Dollar during the month, which weighed on offshore returns once converted back into Rand, with Global Equity delivering 4.6% in US Dollar terms but only 1.4% in Rand terms.

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

	1 month	3 months	6 months	1 year
SA Equity (Capped ALSI)	-0.3%	-9.3%	5.5%	26.6%
SA Bonds (ALBI)	2.9%	-1.0%	5.5%	22.4%
SA Property (ALPI)	0.7%	-6.5%	0.9%	23.8%
SA Cash (STeFI)	0.6%	1.7%	3.4%	7.1%
SA Inflation Linked Bonds (CILI)	0.7%	-1.0%	6.7%	18.7%
Global Equity (MSCI World ($))	4.6%	7.3%	11.4%	27.5%
Global Equity (MSCI World (R))	1.4%	9.2%	5.3%	14.3%
Global Bonds (WGBI ($))	0.3%	-1.8%	0.5%	2.5%
Global Bonds (WGBI (R))	-2.7%	-0.1%	-5.0%	-8.1%

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

Portfolio	1 month	3 months	6 months	1 year
CRF Aggressive Portfolio	0.7%	-1.8%	5.3%	18.9%
CRF Growth Portfolio	1.0%	-2.1%	6.0%	19.8%
CRF Moderate Portfolio	0.6%	-0.3%	5.1%	13.1%
CRF In-Fund Pension Portfolio	0.9%	-0.4%	6.9%	17.5%
CRF Money Market Portfolio	0.6%	1.5%	3.7%	8.0%
CRF Shari'ah Portfolio	2.1%	1.4%	10.1%	22.8%
CRF Children's Benefit Portfolio	0.3%	0.0%	4.1%	11.2%

All CRF portfolios delivered modest but positive returns in May 2026, providing some stability after the volatility experienced earlier in the year. The CRF Shari'ah Portfolio was the best performer for the month, returning 2.1%, while the CRF Children's Benefit Portfolio, which follows a more conservative approach, returned 0.3%. One year returns for most CRF portfolios remain firmly in double digits, ranging from 11.2% to 22.8%, while the more conservative CRF Money Market Portfolio returned 8.0% over the same period.

On 29 May 2026, the South African Reserve Bank's Monetary Policy Committee (MPC) raised the repo rate by 0.25% to 7%. The hike reflected concern that persistently high fuel prices, driven by the ongoing conflict in the Middle East, could trigger broader second-round inflation effects. The SARB consequently revised its 2026 inflation forecast upward to 4.4% (from 3.7%) and lowered its GDP growth forecasts for 2026 and 2027 to 1.2% and 1.7% respectively. Locally, business confidence weakened notably in the second quarter of 2026 to its lowest level since the third quarter of 2025, as elevated oil prices and an uncertain interest rate environment continued to weigh on operating conditions.

Globally, the conflict in the Middle East continued to dominate market sentiment in May 2026, with the Brent crude oil price remaining elevated, averaging around $100 per barrel for the month. The Organisation for Economic Co-operation and Development (OECD) cut its global growth forecast for 2026 to 2.8%, citing the impact of the conflict and associated energy disruptions, while projecting a modest recovery to 3.1% in 2027 as these disruptions fade. Higher energy costs also pushed Eurozone inflation up to 3.2% year-on-year in April 2026, while the US Federal Reserve kept interest rates unchanged, with officials noting that elevated energy prices, new tariffs and continued strong investment in artificial intelligence were all placing upward pressure on prices. Despite these headwinds, US business activity remained resilient, with the ISM manufacturing index rising to its strongest level in over three years and the ISM services index also improving, both ahead of market expectations.

While geopolitical uncertainty and a higher interest rate environment may continue to generate short-term market volatility, CRF's diversified portfolios are designed to withstand these fluctuations over the long term. Members are reminded that retirement savings should be viewed through a long-term lens, and that reacting to short-term market movements can be more costly than staying the course.

Kind regards,

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