Newsletter | January 2026

Capricorn Asset Management
a member of Capricorn Group

New Year, New Goals: Is Your Investment Strategy Still Aligned?

A new year naturally brings a renewed sense of motivation. Many of us set fresh goals, adjust existing ones, or rethink priorities based on how life has changed. Whether your focus is building long-term wealth, saving for a major milestone, or simply gaining more control over your financial future, one thing remains important: ensuring that your investments still match your goals.

At Capricorn Asset Management, we believe that investment success is not only about selecting the right products or achieving good returns. It is about staying aligned, staying consistent, and making sure your investment strategy still supports where you want to go.

Why it's important to review your investments at the start of the year

Your financial goals are not fixed forever. As your circumstances change, so should your financial plan. A strategy that was perfect 12 months ago may not be the best match today.

Some common reasons why goals and investment needs shift include:

- A change in income or expenses
- A new family commitment or life milestone
- A change in your time horizon (shorter or longer)
- A desire to grow your wealth more aggressively, or protect what you've built
- Increased sensitivity to market uncertainty

The start of the year is the perfect time to pause, take stock, and ensure that your investment journey is still aligned with what matters most to you.

Risk and goals go hand in hand

One of the most important aspects of an investment strategy is risk alignment.

If your investments are too cautious, you may not achieve the long-term growth you need to meet your goals. On the other hand, if your portfolio is too aggressive for your circumstances, you may feel uncomfortable during market volatility, leading to emotional decisions such as withdrawing too early or switching at the wrong time.

The right balance helps you remain invested with confidence, even when markets fluctuate.

Retake our Risk Assessment to stay aligned

To help clients stay on track, we encourage you to retake our Risk Assessment. This is a quick and practical way to confirm whether your current investment approach still reflects:

- Your financial goals
- Your investment time horizon
- Your attitude towards risk and market movement

This reassessment can help highlight whether your current portfolio remains appropriate, or whether adjustments should be considered to better support your evolving goals.

Stay on the path to investment success

Investment success is often less about "big changes" and more about consistently making sure your strategy still supports your objectives. Taking time at the beginning of the year to reassess your goals and review your risk profile can help you stay focused, stay disciplined, and stay aligned with what you are working towards.

Start the year with clarity and confidence and ensure that your investments remain aligned with your goals.

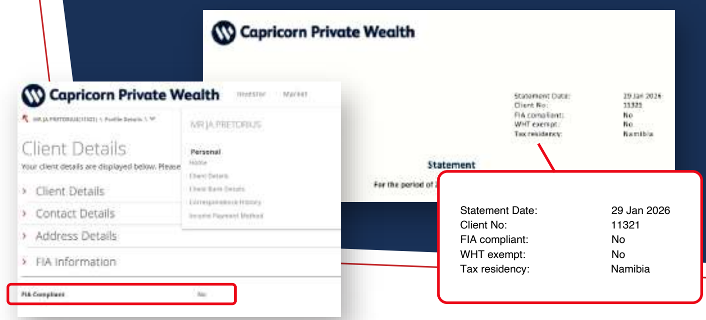
We encourage you to retake the Capricorn Asset Management **Risk Assessment** and take the next step on your path to investment success. Visit our website at **www.cam.com.na** to complete your online risk assessment and start shaping an investment strategy aligned with your goals.

KYC Re-verification reminder:

Kindly note that clients who have not yet completed their KYC re-verification may see a status of "No" under the FIA Information section on their statements and online profiles.

If this status appears on your profile, please contact our offices so that we can assist you in updating your information and ensuring uninterrupted transactability.

Phone: +264 299 1950
Email: cam.reverification@capricorn.com.na



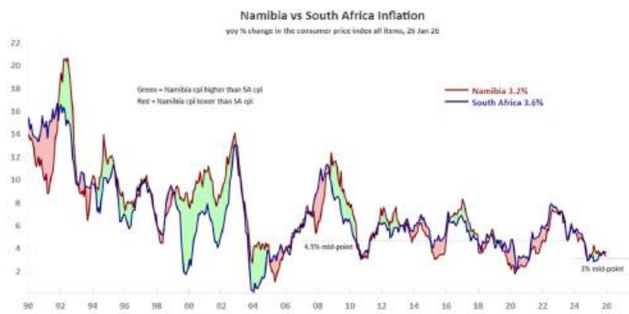
Monthly Economic Update

The Geopolitics and domestic politics: There is a sense of relief that the most aggressive tariff threats are abating for now, but the climate of guesswork continues (note the US Supreme Court's imminent ruling) keeping business sentiment guarded. The noises out of Davos this year, adds to global tensions. In China, the CCP entered a state of flux as Xi Jinping fortifies his position, by purging top military leadership. In Namibia, the new administration has restructured ministries and reshuffled personnel significantly, which is delaying implementation and certainty. South Africa's fragile GNU is holding together. Botswana's grapples with a recessionary fiscal cliff.

Economic growth: Thus far, geopolitics have not darkened the global economic outlook significantly. In fact, the IMF and other institutions have marginally upped their global forecasts, compared to late last year. The world economy is expected to grow with 3.3% in real terms in 2026. And then maintain growth in the 3% ballpark for several years (see chart). Therefore, as we enter 2026 the real economic outlook is characterized by cautious optimism, albeit tempered by numerous risks. In the US, the yield curve and the leading indicator continue to point to a possible recession, albeit likely a soft-landing scenario. In Europe and the UK, a hard landing is a bigger risk. China is rolling out stimulus to prevent a hard landing, but measures have been piecemeal so far. South African GDP growth remains subdued, despite slightly improved prospects. The SARB recently raised its growth forecast to 1.2% for the year on better-than-expected 3Q activity. Namibia's economy remains relatively resilient. It registered about 2.5% growth in 2025 and is on track for roughly 3.3% in 2026, followed by 3–4% pa for several years. Botswana's economy remains under serious strain, even though 3Q25 growth was a surprisingly strong 8.2% yoy in real terms. Over four quarters, growth was 0.2% yoy, on hopeful signs of increased diamond production.

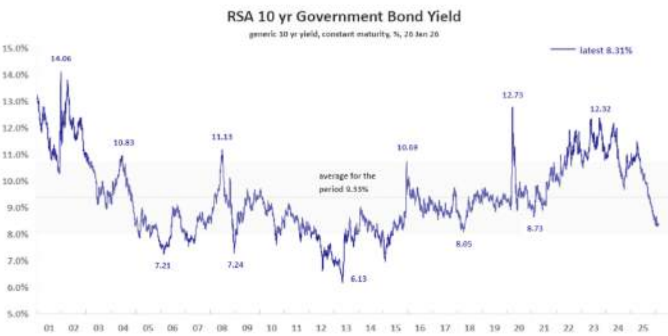
Commodities: The bellwether for global industry, copper – up 40% yoy, has recently surged to record highs just below $13,000 per tonne. Gold is up roughly 74% yoy and has breached $5,000 per oz. Oil prices are up about 7% ytd. Natural gas is flashing red – it is up 36% ytd. The energy complex is having a cyclical bounce – it does not augur well for fuel inflation. Global grains prices are generally flat-to-down – maize -4% ytd and wheat +1.2%. In South Africa, maize prices remain depressed after last year's bumper harvest. Futures have plunged 48% yoy (white) and 39% (yellow), helping to contain regional food inflation. The Uranium price is at $85 per oz, compared to its long-term average of $44 per oz, having risen by 15% yoy.

Inflation: Inflationary fears are easing as price pressures subside globally. Recent CPI readings were mixed: US 2.7% yoy, UK 3.2%, EU 1.9% yoy, Japan 2.9% and China 0.8% yoy, flirting with deflation. The IMF's outlook sees inflation in advanced economies and China converging toward 2% in 2026. South Africa's inflation rate bottomed at 2.7% in mid-2025 before edging up to 3.6% in December, still within the new SARB target range of 2% to 4%. In our view, it will drift up to 4.5% by ye 2026 and perhaps closer to 5% by ye 2027. Namibia's inflation rate reached 3.2% in December. We think it should remain in the 3%-4% range for several months, before rising to 5%+ later in the year. Inflation in Botswana spiked to 3.9% in December. It is likely to breach 6% by 3Q26, further complicating policy decisions of the BoB.



Currencies: The quick and sharp depreciation of the dollar by 13.4% versus the euro in 1H25, contributed to the Namibian dollar strengthening by 12.2% versus the US dollar. The exchange rate was further underpinned by SA's healthy balance of payments position, its favourable terms of trade and investor confidence in the SARB's new, lower CPI target. In Botswana, the central bank widened the currency's trading band and held the crawl rate to 2.76% pa.

Fiscal policy: The fiscal narrative remains largely unchanged. In Namibia, fiscal uncertainty has increased. The mid-year review (MYBR) revealed that the budget deficit widened to 6.4% of GDP in FY26, from 4.3% the year before, amid revenue shortfalls compared to the Main Budget of February 2025. The debt-to-GDP ratio is on an upward trajectory, projected to stabilise at 70%+ two years hence. In short, Namibia has limited fiscal space for new spending initiatives – a reality that makes the SMIP's big spending plans uncertain in the absence of external support or significant spending restructuring. The MoF announced that Government will lean more on guarantees to parastatals who needed to fund themselves based on their own balance sheets. Botswana's fiscal position remains precarious. The collapse in diamond revenues has punched a gaping hole in government finances. Diamonds typically account for 30% of Botswana's budget revenue and 75% of foreign exchange earnings, so the ongoing slump has led to an acute cash crunch. The government now projects a staggering 11% of GDP fiscal deficit for 2025 and public debt is expected to double to about 43% of GDP as a result. Foreign reserves have plummeted, forcing authorities to delay payments to domestic suppliers and scramble for emergency loans. Liquidity is so tight that basic services are under strain. With a shallow domestic capital market, Botswana faces serious borrowing constraints, that is a "fiscal cliff" scenario that will require external financing and aggressive economic diversification to manage. In South Africa, the Medium Term Budget Policy Statement (MTBPS) showed that debt dynamics remain troubling: South Africa's gross debt is projected to stabilize at roughly 75% of GDP in FY27, and debt-service costs are crowding out spending on essential services. SA exited the grey listing and we do not expect credit rating downgrades. Notably, the United States was downgraded by Moody's late in 2026, highlighting how structural fiscal imbalances and ballooning interest costs are of global concern.



Monetary policy: Interest rate cuts materialised in the second half of 2025 across several jurisdictions as inflation eased and growth softened. The Fed's FOMC reduced its policy rate to 3.75%, its third cut in a row, extending the easing cycle that began in 2H24. The SARB delivered four cuts and two holds during 2025, ending with its repo rate at 6.75%. BoN trimmed its policy rate to 6.50% in October and held steady in December. By contrast, Botswana's BoB raised its MoPR from 1.90% (unchanged for six consecutive meetings) to 3.50% due to rising inflation risks and tight liquidity. Our base case sees the Fed Funds Rate ending 2026 at 3.25%, the SARB repo at 7.0% (rising late in 2026 after one or two cuts), the BoN repo at 6.50%, and the BoB rate at 3.5%. The window for further rate cuts by central banks is narrowing.

Attention will soon shift to when and how fast tightening resumes. We expect the Fed will not raise rates again until 2027 if inflation expectations remain anchored near 2%. The SARB, which now has one of the lowest inflation targets globally, may lead the upturn with rate hikes by late 2026 as domestic demand and credit growth rebound. It has signalled a more hawkish stance by tightening its inflation framework, now targeting the 3% midpoint of a 2%–4% band. This aligns South Africa more closely with peers (advanced economies 2%, China 3%, Russia 4%, Brazil 3%, India 4% midpoint). South African rates may therefore stay structurally higher to anchor inflation and expectations at 3%. For Namibia, the NAD–ZAR peg is expected to remain in place, meaning monetary policy will broadly track the SARB to preserve the peg. Debate around the peg will persist amid the potential for an oil-driven FX windfall. Botswana's recent experience shows how managed exchange rate regimes can come under pressure when strong foreign exchange reserves erode.

Making Waves in Swakopmund

Capricorn Asset Management have strengthened their presence in the Erongo region through the expansion of their offices at Platz am Meer in Swakopmund, located next to the Bank Windhoek branch. This expansion focuses on deepening its footprint along the coast and bringing investment and wealth management expertise closer to clients in this important growth region.

Capricorn Asset Management, which now shares this expanded offices with Capricorn Private Wealth, stays commited to delivering an integrated financial service offering. Through Capricorn Private Wealth, the specialist capabilities of Bank Windhoek and Capricorn Asset Management are brought together in a single client-centric model. This enables clients to access a comprehensive suite of financial solutions under one roof – ranging from day-to-day banking and advisory services to investment management, trusts, retirement planning and legacy structuring. The approach is designed to simplify financial decision-making while ensuring clients benefit from coordinated advice across disciplines.

Capricorn Asset Management continues to play a central role in providing diversified investment opportunities to a broad range of client segments, including retail, corporate and institutional investors. Capricorn Asset Management currently manages approximately N$63 billion in assets under management, reflecting the scale of its investment platform and the trust placed in it by clients across Namibia. The Erongo region alone accounts for more than N$5 billion of this total, highlighting its strategic importance as a growing financial hub and a key contributor to the firm's overall growth.

The expanded coastal office is supported by a dedicated team of professionals who ensure that Capricorn Asset Management's investment expertise is delivered with strong local presence and personal service. The Swakopmund-based team includes Shamelle Joseph (Client Service Manager) and the newly appointed Investment Manager for the Erongo Region, Uendjii Mieze, who will focus on strengthening client relationships and delivering tailored investment solutions. In Walvis Bay, Danelle Sardinha (Client Service Manager) and Monica Ndero (Temporary Wealth Manager) further support coastal clients, ensuring consistent service levels across the region and reinforcing Capricorn Asset Management's commitment to accessibility and responsiveness.

The expanded office represents more than a physical presence. It signals Capricorn Asset Management's long-term investment in the coastal community and its intention to grow alongside the region's evolving economic landscape. By combining local insight with institutional investment capability, Capricorn Asset Management aims to continue delivering trusted, forward-looking and outcome-driven financial solutions to clients in the Erongo region and beyond.

Shamelle Joseph (left) and Uendjii Mieze (right).