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**KEEPING PERSPECTIVE
WHEN MARKETS FEEL
UNCERTAIN**

Market uncertainty is something every investor faces from time to time and it is never comfortable. Since 2020 alone, we have seen a number of major events shake markets. From the Covid pandemic, to the 2022 global equity sell-off, and the Russian invasion of Ukraine, there has been no shortage of reasons for investors to feel uneasy.

More recently, attention has shifted to the escalating conflict in the Middle East, especially after the United States became directly involved on 28 February 2026. Alongside the tragic human impact, markets have felt the effects of disruptions to key trade routes, particularly the effective closure of the Strait of Hormuz. This has pushed oil and gas prices higher, with those increases now starting to filter through into everyday goods and services.

It is completely natural to feel concerned during times like these. However, it is important to remember that markets have been through similar periods before. While these events often lead to short-term volatility, history shows that markets have a strong track record of recovering and continuing to grow over time.

To put this into perspective, it helps to look at how markets have performed through the events mentioned above.

Locally, the JSE All Share Index is often used as a broad indicator of South African equities. While we recognise that it is not a perfect reflection of client portfolios, it does provide a useful way to illustrate the bigger picture. Since the start of 2020 to the end of March 2026, the index has returned 151.22% (roughly 15.88% growth per year on average).

Global equities tell a similar story. The MSCI All Country World Index, measured in rand terms, has returned 134.14% over the same period, or 14.58% per year.

Importantly, these returns already include the recent market weakness experienced in March 2026 as a result of the Middle East conflict. In other words, even with all the uncertainty and negative headlines, markets have still delivered strong long-term growth.

The Cost of Stepping Out

One of the biggest challenges for investors is not the markets themselves, but how to respond to them. When markets fall, it is natural to feel anxious and to want to move to safety. Unfortunately, this is often when costly decisions are made.

A useful way to understand this is to look at what happens when investors miss the market's best days.

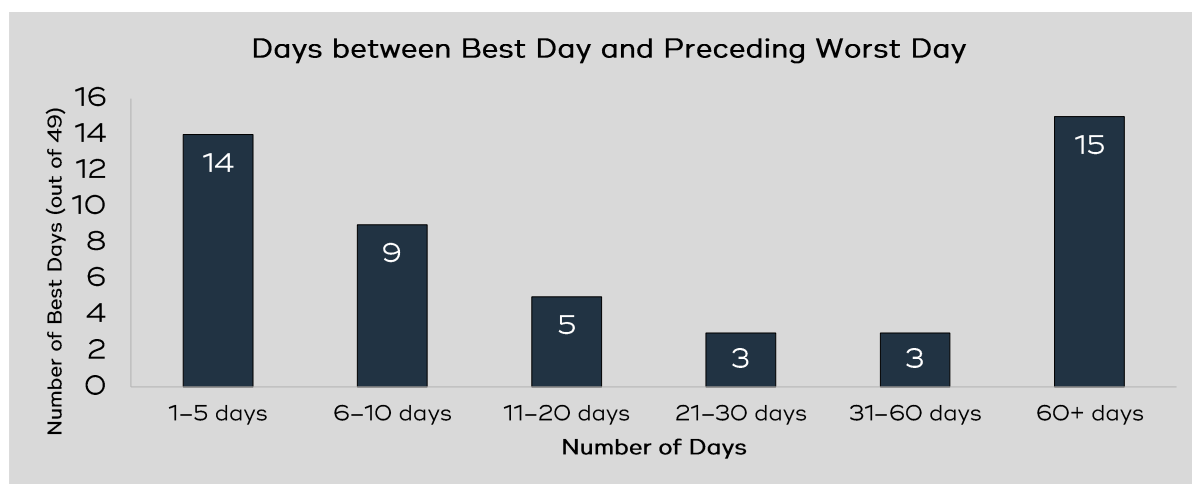
If an investor had invested R100 000 in the JSE All Share Index on 1 January 2001, that investment would have grown to just over R3 million by the end of March 2026, a period spanning more than 25 years and several major global crises. However, if that same investor missed only the 5 best days over this period, their final value would have been reduced by more than R800 000. Missing 20 days, a tiny fraction of the roughly 6 300 trading days in this period, would have left them more than R2 million worse off compared to simply staying the course.

Days Missed	Stay Invested	Miss Best N Days	Value Lost
0	R 3 063 110.90	R 3 063 110.90	R -
5	R 3 063 110.90	R 2 198 869.30	R 864 241.60
10	R 3 063 110.90	R 1 673 751.83	R 1 389 359.07
20	R 3 063 110.90	R 1 024 578.54	R 2 038 532.36
30	R 3 063 110.90	R 673 342.08	R 2 389 768.82
40	R 3 063 110.90	R 465 605.72	R 2 597 505.17
50	R 3 063 110.90	R 330 551.13	R 2 732 559.77

Source: Morningstar & Custodian | DFM



At first glance, one might ask: 'If no one can predict when the best days will occur, how is this a useful insight?'. The answer lies in when those best days tend to happen. When we look more closely at the data, 28 of the 50 best days occurred within 20 days of the most recent preceding worst day. In other words, the market's strongest recoveries tend to follow its sharpest declines, often within days or weeks. The most striking example from our dataset is that the single worst day on record for the JSE All Share Index was 12 March 2020, when the index fell 9.7% as Covid fears gripped global markets. Just 12 calendar days later, on 24 March 2020, the index recorded its single best day, rising 7.5%.



Source: Morningstar & Custodian | DFM

This creates a real challenge. Investors who move out of the market during difficult periods often do so around those worst days, but if they stay out for even a short period, which will likely be the case they risk missing the rebound that follows almost immediately.

Staying Invested through the Dips

While missing the market's best days is one way to understand the cost of poor timing, there is another equally important perspective. The discomfort investors must be willing to tolerate in order to capture those full-year returns in the first place.

Looking at the JSE All Share Index from 2001 to 2025, there were 25 full calendar years. In 22 of those years, the index delivered a positive return by year-end. However, in every single one of those 22 positive years, investors had to endure a drawdown at some point during the year (a period where the market had fallen from its recent peak). On average, that intra-year decline was 11.5%.

More striking still, in 13 of those 22 positive years, the market fell by more than 10% at some point before recovering to close the year in positive territory. In other words, more than half of all positive years required investors to sit through a double-digit decline before being rewarded.

The most dramatic example is 2020. The JSE All Share fell nearly 35% from its January high to its March low as Covid fears gripped global markets. An investor who sold at that point would have locked in a devastating loss. Those who stayed invested saw the index recover to end the year up 7%.

This pattern repeats itself across the decades. In 2009, following the depths of the Global Financial Crisis, the index fell more than 20% in the early months of the year before recovering strongly to close up 32%. In 2003, during the uncertainty of the Iraq War and the SARS outbreak, a similar story unfolded.



Year	Intra-Year Max Drawdown	Full-Year Return	Year Outcome
2001	-22.99%	32.61%	Positive
2002	-23.82%	-8.31%	Negative
2003	-21.99%	16.08%	Positive
2004	-11.93%	25.44%	Positive
2005	-8.60%	47.25%	Positive
2006	-16.74%	41.23%	Positive
2007	-13.19%	19.19%	Positive
2008	-45.35%	-23.23%	Negative
2009	-20.51%	32.13%	Positive
2010	-11.75%	18.98%	Positive
2011	-13.25%	2.57%	Positive
2012	-4.59%	26.68%	Positive
2013	-9.28%	21.43%	Positive
2014	-9.84%	10.88%	Positive
2015	-13.13%	5.13%	Positive
2016	-8.87%	2.63%	Positive
2017	-6.74%	20.95%	Positive
2018	-15.76%	-8.53%	Negative
2019	-9.15%	12.05%	Positive
2020	-35.20%	7.00%	Positive
2021	-10.34%	29.23%	Positive
2022	-15.61%	3.58%	Positive
2023	-11.12%	9.25%	Positive
2024	-6.69%	13.44%	Positive
2025	-9.08%	42.40%	Positive

Source: Morningstar & Custodian | DFM

The lesson is consistent. Temporary declines are not a sign that something has gone permanently wrong. They are a normal and recurring feature of equity markets. The investors who benefit most from long-term equity growth are not those who avoid every dip, but those who remain calm enough to sit through them.

Discomfort is the price of long-term returns. History suggests it is a price worth paying.

The Bottom Line

The current market weakness linked to the Middle East conflict is not the first time investors have faced this kind of uncertainty, and it will not be the last. If history is anything to go by, these periods often create opportunities rather than permanent setbacks.

The key message is simple. If you have time on your side, staying invested remains one of the most effective ways to build long-term wealth. Trying to time the market is extremely difficult, but staying the course has consistently proven to be the better approach.

Stay calm, stay invested, and focus on the long term.

Closing Remarks

It is important to note that the concept of “buying the dip” is most effective when applied to high-quality companies with consistent and sustainable earnings growth. In such cases, periods of market weakness may present opportunities to acquire these businesses at more attractive valuations. This approach aligns with a quality-focused investment philosophy, where the emphasis remains on fundamentally strong companies capable of compounding earnings over time.

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