



The Emotional Cycle of Investing

Markets move in cycles, but so do investor emotions. Alongside every rise and fall in the market is a parallel emotional journey that can strongly influence decision-making. Understanding this cycle is one of the most valuable tools available to investors.

The cycle often begins subtly, with a shift from confidence to anxiety. As markets soften, uncertainty creeps in, but because portfolios may still be performing well overall, these early warning signs are often ignored. This leads to denial, the belief that any downturn is temporary and that recovery is just around the corner.

As market declines deepen, emotions intensify. Fear begins to take hold, often followed by panic. Investors may feel compelled to act quickly, leading to decisions such as selling investments at a loss. These reactions can turn temporary declines into permanent losses, removing investors from the market just as conditions for recovery begin to form.

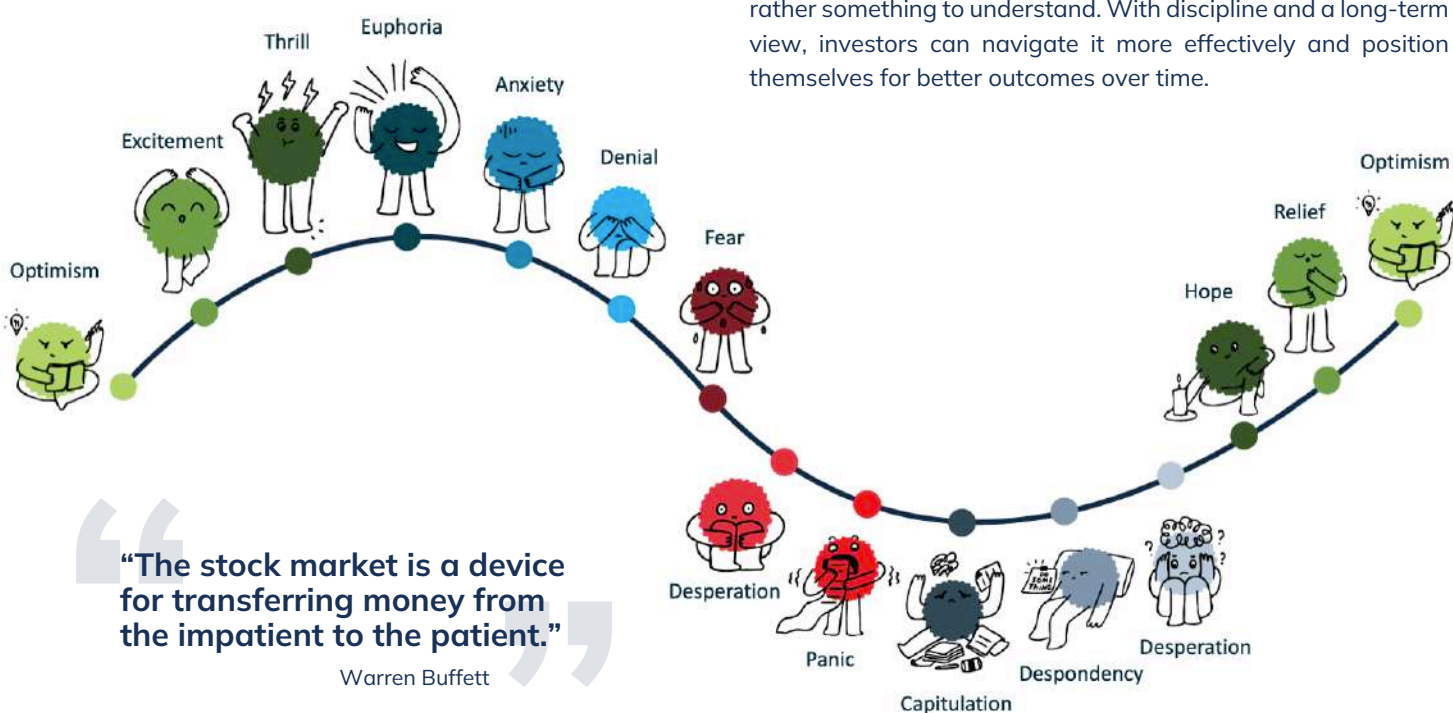
At the lowest point of the cycle lies capitulation, the moment when many investors give up entirely. Paradoxically, this point of maximum pessimism has historically presented some of the most attractive opportunities. However, these turning points are rarely obvious, and recovery often begins quietly while sentiment remains negative.

As markets stabilise, hope begins to return. This is followed by relief as portfolios recover and confidence gradually rebuilds. Over time, this confidence evolves back into optimism, and the cycle starts anew. Those who remain invested through downturns are typically best positioned to benefit from recovery.

During the upswing, optimism can build into excitement and eventually euphoria. While this phase feels positive, it can also be risky. Investors may take on excessive risk or abandon well-considered strategies in fear of missing out, often at the worst possible time.

Awareness of this emotional cycle does not eliminate it, but it provides an advantage. A well-defined investment strategy, grounded in clear goals, time horizon, and risk tolerance. Acting as anchors during periods of heightened emotion.

The emotional cycle of investing is not something to avoid but rather something to understand. With discipline and a long-term view, investors can navigate it more effectively and position themselves for better outcomes over time.



“The stock market is a device for transferring money from the impatient to the patient.”

Warren Buffett



March 2026 Review

Fuel prices are set to surge in April. That is to say, if the eye-watering speed and extent of the oil price surge in March is reflected in full in domestic diesel and petrol prices. The situation is so fluid that oil prices surge or fall by huge amounts on an hourly basis, triggered by announcements, deadlines, threats and war. The key question remains the duration, the longer the conflict drags on, the more economic damage is incurred.

Several players and issues will determine the outcome, such as the following:

- **The duration.** It is unclear when the USA and Israel will declare success, as their ultimate goals are unclear. It appears to us that Israel is intent on regime change in Iran, while the USA appears to have shorter-term goals in mind.
- **The measures taken by the International Energy Agency.** Their most immediate solution was to release strategic reserves to prevent a market shortage.
- **The response of OPEC+.** They have been strangely quiet throughout. But the major producing countries could probably increase production a lot if they so choose. Here, Venezuela is also relevant, that is, how much sway the USA has to access its huge reserves and how quickly production can be brought online.
- **The degree of cooperation amongst the members of more or less formal blocks, such as the G7 or the G20.** Are they able to make a concerted effort to release strategic reserves, and are they willing to make the Strait of Hormuz safe again?
- For Namibia as a whole, the main question will be by how much the Energy Fund is able to absorb losses and smooth prices over time.

Let's quantify what has happened so far in various sections of the energy domain. The oil price in Namibian dollars is usually a good proxy for likely movements in fuel prices, i.e., petrol and diesel. It has virtually doubled since the start of the year, from N\$1,016 per barrel to N\$2,018 per barrel at the time of writing.

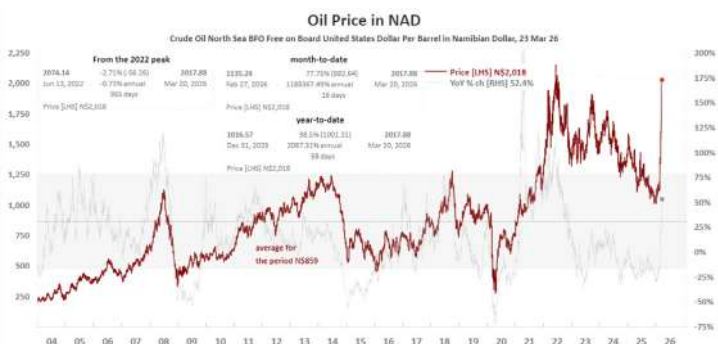


Chart 1 - Oil Price NAD

Namibian fuel prices are normally adjusted at the end of each month, setting the next month's prices. Thus far in 2026, fuel prices have changed very little. In fact, it was only changed in February, when it was lowered by about 3%. In March alone, the oil price in N\$ terms rose by 78% (see chart 1). This means that, even if the Energy Fund can absorb half of the increase, fuel prices for both petrol and diesel could be around N\$27 per litre in April.

Thus far, it seems to us that diesel prices have generally reacted more than petrol prices, probably due to the types of refineries damaged around the Strait of Hormuz. In the USA, for example, diesel is up by 45% year-to-date, while petrol is up by 31%. (see chart 2) Commentators in the RSA are also speculating that diesel prices are set to increase by around R7.00 per litre, i.e. by 40%, and petrol by around R4.00, or 20%.

Please note that these are all rounded "ballpark" estimates, the players and issues mentioned above, can significantly impact the outcomes. Nonetheless, we should expect dramatic movements in fuel.

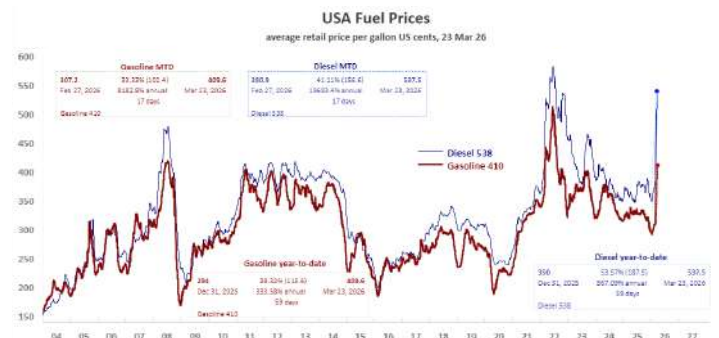


Chart 2 - USA Fuel Prices

The likely effects of this energy shock are the following.

- **Inflation.** The USA's progress in lowering its inflation rate will be set back. The same goes for the rest of the world, including SA, Namibia and Botswana. Air fares and shipping costs are also severely affected.
- **Discontent.** The reignition of the cost-of-living crisis for consumers (read voters) will put domestic political pressure on incumbents once more. Since just before the breakout of COVID-19, the cost of living in Namibia has risen by 29% (see chart 3), with Food (+48%) and Transport (+34%) already stinging smartly.
- **Currency.** There will be varied currency impacts. Of late, the US dollar has found some favour again as a safe haven. The adversarial terms of trade trends for the RSA mean that the rand will be on the back foot for several months.



- **Growth.** A drawn-out conflict that keeps oil at \$100+ for longer could yet prove to be the trigger that tips the world economy back into recessionary conditions. The same goes for Namibia and SA. Such a spike in fuel prices acts like a tax, dragging down businesses' profits and draining consumers' disposable income. The disruption in oil supply chains, as well as those of many other related and unrelated products, will choke growth.
- **Monetary policy.** Central Banks (CB's) are unlikely to cut interest rates again this year. The cost-push nature of this inflationary shock makes rate setting especially tricky, higher interest rates are unlikely to rein in such inflation. However, CB's will emphasise the dangers of second-round effects. In order for them to maintain credibility, they will be forced to look and sound hawkish, i.e. watchful and on guard.

Capricorn Online. Accounts reflecting a “No” status will experience temporary restrictions, including limitations on withdrawals and debit order collections until the required documentation is submitted and verified.

Despite these restrictions, clients are still able to make payments via EFT, ensuring continued contributions to their investments where needed.

Encouragingly, many clients have already taken the necessary steps to update their information, allowing us to restore full account functionality quickly and efficiently. For those who have not yet completed the process, submitting the required documentation remains simple and can typically be resolved within a few business days once received.

Our team continues to support clients throughout this process, offering guidance and assistance to ensure a smooth and hassle-free experience. Please contact cam.reverification@capricorn.com.na and we will gladly guide you through the process

We would like to thank all our clients for their cooperation and prompt action. By working together, we ensure that all accounts remain compliant, secure, and fully operational, allowing you to stay focused on what matters most. Growing your investments with confidence.

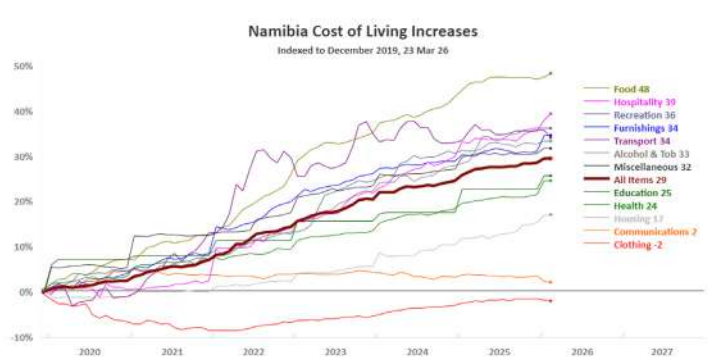


Chart 3 - Namibia Cost of Living Increases



KYC Compliance Update: Keeping Your Investments Active

Capricorn Asset Management has been actively engaging with clients to update outstanding Know Your Client (KYC) documentation, in line with the Financial Intelligence Act requirements.

This process forms a critical part of ensuring the integrity of both your investment account and the broader financial system. By keeping your information up-to-date, this allows us to continue providing uninterrupted service and secure investment management.

As part of this initiative, clients are encouraged to check their “FIA Compliant” status on their monthly statements or via Capricorn Online. Accounts reflecting a “No” status may have

The screenshot shows the Capricorn Asset Management interface. At the top, it displays the company logo and name. Below, there are two summary cards. The first card shows client details: Mr. Name Surname, PO BOX 32, PIONEERSPARK, WINDHOEK, 9000. It also shows the Statement Date as 30 March 2026 and Client No. as XXXXX. The second card shows compliance status: FIA compliant: No, WHT exempt: No, Tax residency: Namibia. A red box highlights the 'FIA Compliant' status, which is set to 'No'. Below this, a 'Client Details' section is visible with expandable options for Client Details, Contact Details, Address Details, and FIA Information.



A Strengthened Coastal Presence, Anchored in Expertise and Relationships

Capricorn Asset Management (CAM) continues to deepen its presence in the Erongo region through a client-centric model that prioritises strategic partnership, disciplined investment management, and integrated financial solutions.

Our new Swakopmund office is located at **Platz am Meer Mall**, next to the Bank Windhoek branch, providing a central and accessible base for clients across the region.

The Swakopmund team is:

- **Shamelle Joseph**, Wealth Manager
- **Uendji Mizee**, Manager: Investment Sales - Coastal

The Walvis Bay team, operating from the Bank Windhoek Office in Walvis Bay, is:

- **Danelle Sardinha**, Wealth Manager
- **Monica Ndero**, Wealth Manager

Together, these teams embody CAM's philosophy of building long-term relationships grounded in trust, transparency, and performance. By combining local insight with national expertise, we are well-positioned to guide clients through evolving market conditions while maintaining a disciplined approach to capital management.

As the Erongo region continues to grow as a strategic economic hub, our expanded footprint ensures that clients benefit from proximity, agility, and a deeply personal service experience. We remain committed to fostering enduring partnerships, delivering not only investment performance, but also peace of mind through sensible, forward-thinking financial assistance.



Uendji Mizee
Manager: Investment Sales - Coastal Swakopmund



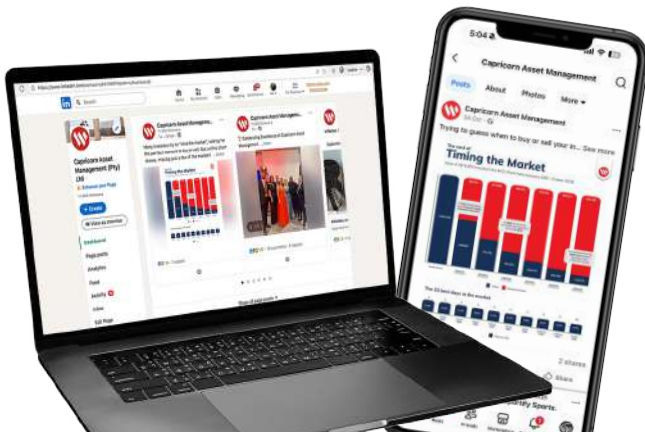
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