Allan Gray Balanced Portfolio

31 July 2026

Portfolio description and summary of investment policy

The Portfolio invests in a mix of shares, bonds, property, commodities and cash. The Portfolio can invest a maximum of 45% offshore. The Portfolio typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investments, our offshore investment partner. The maximum net equity exposure of the Portfolio is 75%. The Portfolio's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Portfolio is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only portfolio. The Portfolio is a pooled portfolio offered by Allan Gray Life and is only available to members of the Allan Gray Umbrella Retirement Fund.

Portfolio objective and benchmark

The Portfolio aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the benchmark without assuming any more risk. The Portfolio's benchmark is a composite benchmark that comprises indices that reflect the Portfolio's mandate.

How we aim to achieve the Portfolio's objective

We seek to buy shares at a discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. If the stock market offers few attractive shares we may increase the Portfolio's weighting to alternative assets such as bonds, property, commodities and cash, or we may partially hedge the Portfolio's stock market exposure. By varying the Portfolio's exposure to these different asset classes over time, we seek to enhance the Portfolio's long-term returns and to manage its risk. The Portfolio's bond and money market investments are actively managed.

Portfolio history

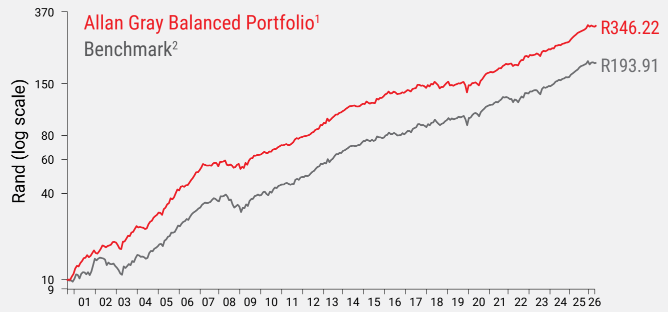
The Portfolio is managed in the same way as the Allan Gray Life Global Balanced (RRF) Portfolio. When assessing the Portfolio's performance and risk measures over time, including for periods before its inception (5 April 2017), the returns of the Allan Gray Life Global Balanced (RRF) Portfolio and the Allan Gray Life Global Balanced Portfolio can be used. When this data is combined, investors can get a view of the performance and risk measures of the strategy over the long term.

*The blended returns are calculated by Allan Gray Proprietary Limited using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "AS IS" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilizing any MSCI Data, models, analytics or other materials or information.

1. The returns prior to 5 April 2017 are those of the Allan Gray Life Global Balanced (RRF) Portfolio since its inception on 1 August 2015. The returns prior to 1 August 2015 are those of the Allan Gray Life Global Balanced Portfolio since its alignment on 1 September 2000. The returns shown are net of the fees that would have been incurred had the current fee been applied since alignment.
2. 41% FTSE/JSE Capped All Share Index including income, 10% FTSE/JSE All Bond Index, 9% 3-month STeFI, 24% MSCI All Country World Index including income and 16% J.P. Morgan GBI Global Index. Source: Iress, Bloomberg, performance as calculated by Allan Gray as at 31 July 2026.*
3. This data reflects the latest available headline CPI inflation numbers as at 30 June 2026 (source: Iress).
4. Maximum percentage decline over any period. The maximum drawdown occurred from 17 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 19 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Portfolio/benchmark (i.e. including income).
5. The percentage of calendar months in which the Portfolio produced a positive monthly return since inception.
6. The standard deviation of the Portfolio's monthly return. This is a measure of how much an investment's return varies from its average over time.
7. These are the highest or lowest consecutive 12-month returns since alignment. This is a measure of how much the Portfolio and the benchmark returns have varied per rolling 12-month period. The Portfolio's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 30 April 2006. The Portfolio's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 30 April 2003. All rolling 12-month figures for the Portfolio and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at alignment



% Returns	Portfolio[1]	Benchmark[2]	CPI inflation[3]
Cumulative:			
Since alignment (1 September 2000)	3362.2	1839.1	285.3
Annualised:			
Since alignment (1 September 2000)	14.7	12.1	5.4
Latest 10 years	9.9	10.2	4.7
Latest 5 years	13.8	11.6	5.2
Latest 3 years	14.5	13.3	4.4
Latest 2 years	15.2	13.9	4.0
Latest 1 year	13.8	11.6	5.0
Year-to-date (not annualised)	6.2	2.7	4.0
Risk measures (since inception)			
Maximum drawdown[4]	-23.5	-24.8	n/a
Percentage positive months[5]	69.5	65.9	n/a
Annualised monthly volatility[6]	8.9	9.6	n/a
Highest annual return[7]	49.0	39.3	n/a
Lowest annual return[7]	-12.2	-20.3	n/a

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Suitable for those investors who

- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss but typically less than that of an equity fund
- Wish to invest in a portfolio that complies with retirement fund investment limits
- Typically have an investment horizon of at least three years

Annual management fee

Allan Gray charges a fee based on the net asset value of the Portfolio excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Portfolio's total performance for the day, to that of the benchmark. This fee is presently exempt from VAT.

Fee for performance equal to the Portfolio's benchmark: 0.50% p.a.

For each percentage of daily performance above or below the benchmark we add or deduct 0.2%, subject to the following limits:

Maximum fee: 2.00% p.a. excl. VAT
Minimum fee: 0.50% p.a. excl. VAT

To the extent that the fee calculated exceeds the maximum fee or falls short of the minimum fee, the monetary excess or shortfall will be carried forward to the next day. Any excess or shortfall carried forward from previous day(s) will be added or subtracted to determine the fee payable.

A portion of the Portfolio may be invested in Orbis funds which are levied performance-based fees by Orbis. Orbis pays a marketing and distribution fee to Allan Gray.

Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are included in the TER. The TER is a measure of the actual expenses incurred by the Portfolio over a one-year and three-year period (annualised). Since Portfolio returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns. Transaction costs are disclosed separately.

Top 10 share holdings on 30 June 2026 (SA and Foreign) (updated quarterly)[8]

Company	% of portfolio
AB InBev	4.3
Naspers & Prosus	3.1
Glencore	2.8
Standard Bank	2.4
AngloGold Ashanti	2.3
British American Tobacco	2.3
Nedbank	1.9
Remgro	1.7
Woolworths	1.5
Booking Holdings	1.4
Total (%)	**23.8**

8. Underlying holdings of foreign funds are included on a look-through basis.

Since inception, the Portfolio's month-end net equity exposure has varied as follows:

Minimum	59.8% (February 2020)
Average	63.7%
Maximum	67.9% (July 2021)

Asset allocation on 31 July 2026[8]

Asset class	Total	South Africa	Foreign
Net equities	65.4	39.7	25.8
Hedged equities	13.1	1.9	11.2
Property	1.4	0.0	1.4
Commodity-linked	1.9	1.9	0.0
Bonds	13.3	10.7	2.6
Money market and cash[9]	4.8	2.8	2.0
Total (%)	**100.0**	**57.0**	**43.0**[10]

9. Includes the impact of any currency hedging.

10. The Portfolio can invest a maximum of 45% offshore. Market movements may periodically cause the Portfolio to move beyond these limits. This must be corrected within 12 months.

Note: There may be slight discrepancies in the totals due to rounding.

Total expense ratio (TER) and transaction costs for periods ending 30 June 2026 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %
Total expense ratio[11]	1.60	1.13
Fee for benchmark performance	0.53	0.53
Performance fees	1.03	0.56
Other costs excluding transaction costs	0.04	0.04
Transaction costs (including VAT)[12]	0.09	0.08
Total investment charge	**1.69**	**1.21**

11. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs.

12. Transaction costs are a necessary cost in administering the Portfolio and impacts Portfolio returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER.

Portfolio manager quarterly commentary as at 30 June 2026

The Portfolio has returned 4.1% year to date, outperforming its benchmark by 2.1%. On a long-term basis, the absolute level of recent real returns is above what we would expect to deliver through the cycle. Long may it last.

Locally, the FTSE/JSE All Share Index (ALSI) is down 14% from its late February peak, amid a seemingly never-ending stream of geopolitical headlines that have manifested in increased price volatility, particularly among gold and platinum shares. What may be noteworthy for tenured investors is how precious metal shares have recently behaved more like risk-on assets. This runs counter to the notion that gold serves as a hedge against geopolitical risk. Gold Fields, which was the largest-weighted share in the ALSI during the first quarter of the year, has since fallen 41% from its peak in late January. As we have previously highlighted, the elevated weighting of precious metal shares in the ALSI is likely to introduce greater volatility and detract from the quality of the index's underlying fundamentals. At the end of the second quarter, the Portfolio's exposure to precious metals through miners and commodity exchange-traded funds was approximately 7%.

As we reduced our positions in precious metals and British American Tobacco over the past year, we used the opportunity to initiate or add to positions that, in our view, improve the quality of the Portfolio. These include companies we have been materially underweight for some time, such as luxury goods group Richemont and food retailer Shoprite. Given their strong business fundamentals, it may be hard to believe that both shares have underperformed the broader market until recently. Richemont is the world's second-largest luxury goods company after LVMH, which we also hold in the Portfolio. Richemont owns some of the best jewellery brands in the world, including Cartier and Van Cleef & Arpels, with its less-profitable watch division contributing a declining share of group profits. Richemont has a very strong balance sheet with net cash before lease liabilities of approximately €8.5bn.

We also like the fact that it's difficult to see artificial intelligence (AI) disrupting the luxury goods market, and that the company may even benefit from wealth created by the technology. There has also been a shift in the company's geographical revenue mix, away from Greater China to the United States.

The Portfolio has indirectly benefited from the rapid commercialisation of AI and the associated increase in spending. The stunning levels of capital expenditure announced by hyperscalers, such as Amazon and Alphabet, have led to a shortage of memory components used in AI data centre compute, particularly DRAM and HBM. This has resulted in a material increase in the earnings and share prices of businesses in the memory ecosystem, such as SK Square (through its stake in SK Hynix), Samsung Electronics and Micron. Indeed, the three companies now each have a market capitalisation of over US$1tn. The market will be closely monitoring the sustainability of their earnings. Our long-held position in Taiwan Semiconductor Manufacturing Company, whose dominant position in the foundry industry that produces high-end chips has continued to deliver stellar results, does not appear expensive relative to some other areas of the market.

During the quarter, the Portfolio added to its existing position in FirstRand, initiated a new position in Harmony and reduced its holdings in AB InBev and Glencore.

Commentary contributed by Duncan Artus

Important information for investors

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Past performance is not indicative of future performance.

Benchmark

The current benchmark is 41% FTSE/JSE Capped All Share Index including income, 10% FTSE/JSE All Bond Index, 9% 3-month STeFI, 24% MSCI All Country World Index including income and 16% J.P. Morgan GBI Global Index. From 1 August 2022 to 31 December 2025, the benchmark was 41% FTSE/JSE Capped Shareholder Weighted All Share Index including income, 10% FTSE/JSE All Bond Index, 9% 3-month STeFI, 24% MSCI All Country World Index including income and 16% J.P. Morgan GBI Global Index. From 1 July 2018 to 31 July 2022 the benchmark was 47% FTSE/JSE Capped Shareholder Weighted All Share Index including income, 14% FTSE/JSE All Bond Index, 9% 3-month STeFI, 18% MSCI All Country World Index including income and 12% J.P. Morgan GBI Global Index. From inception to 30 June 2018 the benchmark was 50% FTSE/JSE All Share Index, 15% FTSE/JSE All Bond Index, 10% Alexander Forbes 3-month Deposit Index, 15% MSCI All Country World Index and 10% J.P. Morgan GBI Global Index.

FTSE/JSE indices

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J.P. Morgan Index

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