

Portfolio objective and benchmark

This portfolio is for institutional investors requiring management of a specific equity portfolio. It aims to offer superior returns to that of the FTSE/JSE Capped All Share Index, including dividends, but with a lower risk of capital loss. The benchmark is the FTSE/JSE Capped All Share Index, including dividends.

Product profile

- Actively managed pooled portfolio.
- Represents Allan Gray's 'houseview' for a specialist equity-only mandate.
- Portfolio risk is controlled by limiting the exposure to individual counters.

Investment specifics

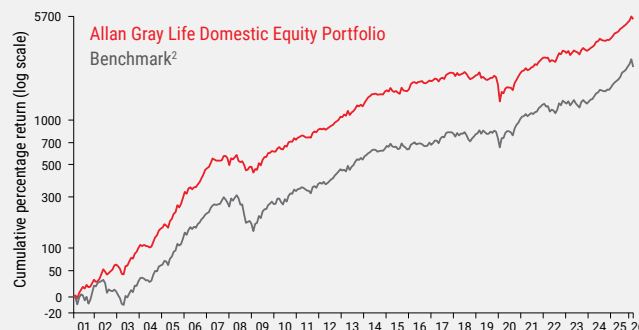
- This portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds and medical schemes.
- Minimum investment: R20m.
- Performance based fee.

Portfolio information on 31 March 2026

Assets under management **R5 109m**

Performance gross of fees

Cumulative performance since inception¹



% Returns ³	Portfolio	Benchmark ²
Since inception ¹	17.3	14.1
Latest 10 years	9.8	11.9
Latest 5 years	16.1	15.4
Latest 3 years	17.6	19.2
Latest 2 years	24.6	28.4
Latest 1 year	31.6	34.1
Latest 3 months	4.9	-0.5

Sector allocation on 31 March 2026 (updated quarterly)

Sector	% of equities ⁴	% of Capped ALSI ²
Financials	24.9	27.8
Basic materials	24.7	34.2
Consumer staples	21.9	8.9
Consumer discretionary	9.6	5.1
Technology	7.5	10.1
Industrials	4.0	2.1
Energy	3.7	0.8
Healthcare	2.0	1.1
Real estate	0.9	4.5
Telecommunications	0.7	5.4
Total (%)	100.0	100.0

- Since alignment date (1 February 2001).
- FTSE/JSE Capped All Share Index. From 1 October 2020 to 31 December 2025, the benchmark was the FTSE/JSE Capped Shareholder Weighted All Share Index. The benchmark prior to 1 October 2020 was the FTSE/JSE All Share Index.
- Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 31 March 2026.
- Includes listed property.

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

Top 10 share holdings on 31 March 2026 (updated quarterly)

Company	% of portfolio
AB InBev	7.5
Naspers & Prosus	7.4
Glencore	6.5
Standard Bank	5.2
AngloGold Ashanti	5.2
British American Tobacco	5.1
Nedbank	3.9
Sasol	3.2
FirstRand	3.0
Remgro	2.9
Total (%)	49.9

Asset allocation on 31 March 2026

Asset class	Total
Net equities	97.0
Hedged equities	0.0
Property	0.9
Commodity-linked	0.1
Bonds	0.0
Money market and cash	2.1
Total (%)	100.0

Geopolitical tension in the Middle East dominated market returns this quarter. After the MSCI World Index (World Index) and the FTSE/JSE All-Share Index (ALSI) closed near all-time highs in 2025, both indices suffered negative returns in the first quarter of 2026, with the World Index down 3.6% in US dollars and the ALSI down 0.6% in rands (down 3.7% in US dollars). Even more pronounced was the volatility. Within the three-month period, the ALSI recorded 12 days with daily returns below -1% and another 14 days with daily returns above 1%. Given the heightened uncertainty, sentiment changed rapidly, at times on an intraday basis, in response to real-time statements from parties on the Middle East conflict.

At the time of writing, it is difficult to predict with confidence the end state of the war or whether the ceasefire will hold. A low-road scenario would be a prolonged war with material destruction and/or blockades of infrastructure important to global trade. Iran, Saudi Arabia, Iraq, the United Arab Emirates, Kuwait and Qatar feature among the largest producers of oil and gas globally. The Strait of Hormuz is a critical chokepoint for these commodities, with approximately 20% of global oil volumes sailing through it. As these flows were disrupted, the oil price rose from around US\$60 per barrel at the start of the year to more than US\$100 per barrel at quarter-end. If oil prices remain above US\$100 per barrel, absent lasting government relief, this would add at least 1% to South Africa's inflation rate. The eventual impact is likely to be higher as the oil price spike permeates through the broader economy, particularly if fuel availability becomes constrained.

The war is also not positive for South Africa's terms of trade. We rely on imports to fulfil 80% of the country's fuel needs (i.e. everything outside of Sasol Synfuels), which is reflected in the rand depreciating close to the R17-per-US-dollar barrier during the quarter. None of this is good news for South African consumers, and particularly for lower-income households whose disposable income was already constrained. At the other extreme, a swift end to the conflict could see trade flows resume quickly, with on-hand stockpiles cushioning any prolonged impact on inflation. This would likely see a strong recovery in asset prices. We believe positioning the Portfolio at either boundary is unwise, given the call it requires on inherently unpredictable state actors.

Given the volatility outlined above, the Portfolio performed acceptably during the quarter in maintaining a positive absolute return. [To quote from the Portfolio's Q4 2025 commentary](#): "Given current valuations, we are concerned about the prospects for absolute returns. Therefore, the Portfolio is positioned defensively to protect capital." With the benefit of hindsight, this caution proved warranted. We remain concerned on the outlook for global and local growth, as well as deteriorating inflation forecasts. This would be less problematic if valuations were very low, but broadly this is not the case in the US and in some sectors of the ALSI. As such, the largest equity positions in the Portfolio comprise the rand hedges and select domestically focused companies that we believe can grow earnings even in a tougher macroeconomic scenario.

We define risk as the probability of permanent capital loss, rather than failure to track a benchmark. This philosophy often leads the Portfolio to be more conservatively positioned. As a result, the Portfolio does well to keep up when overall markets are strong. However, most of the Portfolio's outperformance is derived when markets are weak, leading to superior risk-adjusted returns through the cycle. A strong recovery in equity prices from here should see the Portfolio generate strong absolute returns, though likely below the benchmark return. However, a further sell-off in markets should see capital better protected, with strong relative returns as an added benefit. We believe such positioning is prudent given the heightened uncertainty.

During the quarter, the Portfolio added to its positions in Dis-Chem and Mr Price and reduced its holdings in Sasol and the gold miners.

Adapted commentary contributed by Jithen Pillay

**Fund manager quarterly
commentary as at
31 March 2026**

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MSCI Index

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