

Portfolio objective and benchmark

This Portfolio is for risk-averse institutional investors. It aims to offer superior returns to money market investments with limited capital volatility whilst striving for capital preservation over any two-year period. In terms of Allan Gray's risk-profiled range, this portfolio has less risk of capital loss than the Balanced Portfolio. The benchmark is the Alexforbes 3-month Deposit Index plus 2% or CPI plus 3%.

Product profile

- Conservatively managed pooled portfolio.
- Investments selected from all local asset classes.
- We attempt to limit the risk of capital loss by holding shares with limited downside or attractive dividend yields and/or hedging stock market exposure.
- Modified duration of the fixed interest component will be conservative.

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 or fixed fee.

Compliance with Prudential Investment Guidelines

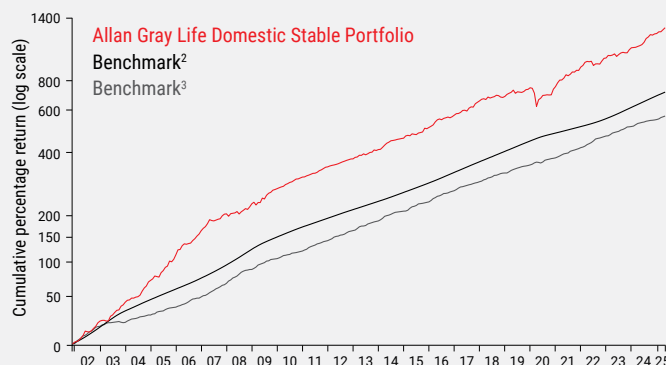
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act ("the Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within the prescribed regulatory time period. Allan Gray Life Limited does not monitor compliance with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28) on behalf of retirement funds invested in the pool.

Portfolio information on 30 April 2025

Assets under management	R1 608m
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Performance gross of fees

Cumulative performance since inception¹



% Returns ⁴	Portfolio	Benchmark ²	Benchmark ³
Since inception ¹	11.9	9.4	8.4
Latest 10 years	9.2	8.4	7.9
Latest 5 years	12.8	7.9	8.0
Latest 3 years	9.9	9.4	8.0
Latest 2 years	11.5	10.1	7.1
Latest 1 year	16.1	10.0	5.9
Latest 3 months	3.5	2.3	2.4

Asset allocation on 30 April 2025

Asset class	Total ⁵
Net equities	22.8
Hedged equities	6.3
Property	0.3
Commodity-linked	1.9
Bonds	54.4
Money market and cash	14.3
Total (%)⁵	100.0

- Since alignment date (1 December 2001).
- Alexforbes 3-month Deposit Index plus 2% p.a.
- CPI plus 3% p.a. The return for April 2025 is an estimate. CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 31 March 2025 (source: Iress).
- Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 30 April 2025.
- There may be slight discrepancies in the totals due to rounding.

Top 10 share holdings on 31 March 2025 (updated quarterly)

Company	% of portfolio
AB InBev	3.7
AngloGold Ashanti	2.9
British American Tobacco	2.9
Standard Bank	1.8
Gold Fields	1.6
Woolworths	1.3
Sappi	1.1
Sasol	1.0
Premier Group	1.0
Nedbank	0.9
Total (%)⁵	18.2

The first quarter of 2025 saw the local equity market add to the strong gains posted in the preceding year, with the FTSE/JSE All Share Index returning 5.9%. Among the largest contributors to returns at the index level were precious metal miners, telecommunications providers and the dual-listed consumer goods companies, including AB InBev, British American Tobacco and Richemont. Gains for the local banks, insurers and retailers have either begun to stall or go backwards, while the diversified miners and other cyclical rand hedges Sasol and Mondi have continued to struggle in the new year. The FTSE/JSE All Bond Index eked out a 0.7% gain for the quarter, as the risk premium on local government bonds increased, particularly on longer-dated instruments.

Against this backdrop, the Portfolio returned 3.2% for the quarter – 0.9% ahead of its benchmark¹.

Portfolio holdings in AB InBev and gold miners were among the largest contributors to performance. Gains for AngloGold Ashanti, Gold Fields and DRD GOLD have been particularly strong, with share prices more than 50% higher year to date in rands – this as the gold price breached US\$3 000 per ounce for the first time and continued to set new highs. Predominant trends, including diversification away from the US dollar with increased interest in gold as a reserve asset, fears of stagflation in developed economies as growth slows, and political and trade uncertainties, remain more relevant than ever. Despite this, equity investors remain sceptical of the trajectory of the gold price, with valuations of the miners, including those mentioned above, screening as very compelling at the spot price.

It is worthwhile noting that events occurring immediately post quarter end pose a possible threat to wider risk asset returns – namely, the sustainability of the government of national unity locally following the conflict-ridden Budget process and the ratcheting up of global trade tensions after President Donald Trump's "Liberation Day" tariff announcements. Last quarter, we wrote about our concerns regarding unsustainable valuation levels both locally and globally, and what this may mean for future returns. This, coupled with geopolitical pressures and elevated uncertainty, makes for increased market volatility ahead.

In our opinion, the Portfolio's current defensive positioning in terms of stock selection, a 21.7% net equity weight (which is below the 40% maximum), its allocation towards hedged equities, and its lower-duration bond holdings ensure that we are well placed to navigate these challenges.

During the quarter, the Portfolio added to its existing AB InBev holding, initiated a new position in Aspen Pharmacare and trimmed its exposure to British American Tobacco.

Commentary contributed by Sean Munsie

**Fund manager quarterly
commentary as at
31 March 2025**

1. Alexforbes 3-month Deposit Index plus 2% p.a.

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Past performance is not indicative of future performance.

FTSE/JSE All Share Index, FTSE/JSE Resources Index, FTSE/JSE All Bond Index and FTSE/JSE Financials Index

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