

**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**

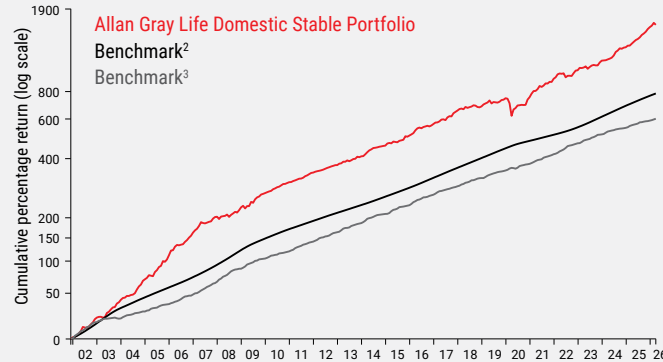
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act (“the Pension Funds Act”). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will 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 31 March 2026**

Assets under management **R1 723m**

**Performance gross of fees**

Cumulative performance since inception<sup>1</sup>



1. Since alignment date (1 December 2001).
2. Alexforbes 3-month Deposit Index plus 2% p.a.
3. CPI plus 3% p.a. This data reflects the latest available headline CPI inflation numbers as at 28 February 2026 (Source: Iress). The return for March 2026 is an estimate.
4. 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.

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

% Returns <sup>4</sup>	Portfolio	Benchmark <sup>2</sup>	Benchmark <sup>3</sup>
Since inception <sup>1</sup>	12.1	9.4	8.3
Latest 10 years	9.8	8.5	7.6
Latest 5 years	12.4	8.5	7.8
Latest 3 years	13.5	9.7	6.7
Latest 2 years	16.6	9.5	5.8
Latest 1 year	18.2	9.0	6.0
Latest 3 months	2.1	2.1	1.7

**Asset allocation on 31 March 2026**

Asset class	Total
Net equities	25.3
Hedged equities	8.0
Property	0.2
Commodity-linked	2.2
Bonds	52.4
Money market and cash	11.8
<b>Total (%)</b>	<b>100.0</b>

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

Company	% of portfolio
AB InBev	3.3
Sasol	3.0
Standard Bank	2.1
Shoprite	2.0
British American Tobacco	1.8
AngloGold Ashanti	1.7
Woolworths	1.3
Richemont	1.3
Remgro	1.3
Glencore	1.3
<b>Total (%)</b>	<b>18.9</b>

The quarter began on an optimistic note, with both local and global markets extending last year's gains. That changed abruptly in March as the US-Israeli war with Iran escalated, and investors weighed the risk of a more persistent energy shock and lower global growth. On home soil, the South African Reserve Bank kept the repo rate unchanged at 6.75% in March. 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 – likely more after accounting for knock-on effects.

Over the quarter, there has been a clear shift in sentiment. The FTSE/JSE All Share Index ended the quarter 0.6% down, having been up 11% at its intra-quarter high. Similarly, the FTSE/JSE All Bond Index fell 3.4% after trading materially stronger earlier in the period. Against this backdrop, it is encouraging that the Portfolio was able to preserve capital and deliver a positive absolute return in a quarter when equities and bonds declined.

The reversals in March are a reminder that markets can move quickly from pricing a benign combination of lower inflation and easier policy to pricing supply shocks and heightened geopolitical risk. For a portfolio with capital stability as a core objective, valuation and downside risk matter as much as upside participation. At quarter-end, the Portfolio remained positioned conservatively but with sufficient flexibility to take advantage of dislocations. Net equity exposure was at 25%, comfortably below the Portfolio's 40% maximum. The Portfolio has a meaningful allocation to hedged equities, which protect against declines in market prices. This was very beneficial during the March market correction. The Portfolio's fixed income positioning also remains conservative, with relatively low duration and a large holding of cash and near-cash instruments. Having liquidity readily available gives the Portfolio valuable flexibility to take advantage of opportunities that can arise during periods of heightened market volatility.

It is important to remember that 2025's equity and bond returns were exceptionally strong. While we would not expect a repeat of these returns, there are still ample opportunities on offer. Outside of the precious metals sector, which drove market performance in 2025, many SA Inc. shares are, in fact, relatively depressed. South African bond yields rose during the quarter as investors reassessed the outlook for inflation, growth and domestic monetary policy. Higher bond yields improve prospective returns, but we continue to weigh this up against other opportunities and remain cautious about many of the structural challenges facing South Africa, such as the government's fiscal challenges and slow reforms at state-owned enterprises.

It is important to note that while heightened geopolitical uncertainty clouds the outlook for short-term returns, the Portfolio remains defensively positioned overall, aiming to both protect value and deliver returns ahead of cash in the medium term.

During the quarter, the Portfolio added to selected fixed-rate South African government bonds as yields increased. On the equity side, we increased the Portfolio's exposure to retailers by adding to its existing position in Mr Price and initiating a new position in Truworths. We reduced the Portfolio's holdings in Sasol and the gold miners.

**Adapted commentary contributed by Tim Acker**

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

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