Allan Gray Life Global Absolute Portfolio

30 September 2025

Portfolio objective and benchmark

This portfolio is designed for institutional investors seeking superior absolute returns (in excess of inflation) over the long term with a higher risk tolerance in the short term than the Balanced Portfolio. The benchmark is the mean performance of the large managers as surveyed by Alexforbes.

Product profile

- Actively managed pooled portfolio.
- Investments selected from all asset classes.
- Investments may include foreign funds including, but not limited to, those managed by Orbis. Orbis is our global investment management partner which shares the same founder and investment philosophy as Allan Gray.
- Fully reflects the manager's strong investment convictions and could deviate considerably in both asset allocation and stock selection from the average retirement portfolio.

Investment specifics

- This portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds.
- Minimum investment: R20m.
- Performance based fee.
- The Base Refundable Fee Reserve is levied in the underlying Orbis funds.

Compliance with Prudential Investment Guidelines

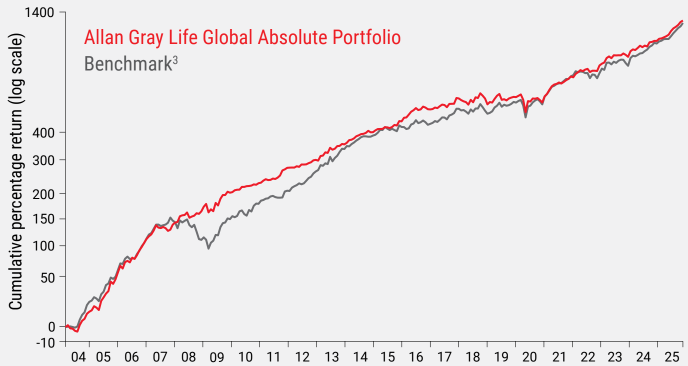
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act ("the Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will 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 September 2025

Assets under management	R2 208m

Performance[1]

Cumulative performance since inception[2]



% Returns[4]	Portfolio[1]	Benchmark[3]
Since inception[2]	13.2	13.0
Latest 10 years	9.6	9.9
Latest 5 years	14.9	14.6
Latest 3 years	15.8	17.4
Latest 2 years	16.1	19.1
Latest 1 year	19.4	18.9
Latest 3 months	5.7	6.9

Asset allocation on 30 September 2025[5]

Asset class	Total	South Africa	Foreign
Net equities	64.1	36.8	27.4
Hedged equities	15.8	7.8	8.1
Property	1.9	0.2	1.7
Commodity-linked	5.0	5.0	0.0
Bonds	8.6	5.1	3.5
Money market and cash[6]	4.5	1.9	2.6
Total (%)	**100.0**	**56.8**	**43.2**

1. Performance is gross of Allan Gray fees. Underlying Orbis fund returns are net of fees.
2. Since alignment date (1 March 2004).
3. Mean of Alexforbes Global Large Manager Watch. The return for September 2025 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 30 September 2025.
5. Underlying holdings of foreign funds are included on a look-through basis.
6. Includes the impact of any currency hedging.

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

Top 10 share holdings on 30 September 2025 (SA and Foreign) (updated quarterly)[5]

Company	% of portfolio
AB InBev	5.1
Naspers & Prosus	4.4
AngloGold Ashanti	3.1
Standard Bank	3.0
The Walt Disney Company	2.9
British American Tobacco	2.9
Woolworths	2.9
Glencore	2.9
Gold Fields	2.6
Tiger Brands	1.5
Total (%)	**31.2**

Fund manager quarterly commentary as at 30 September 2025

The Portfolio has delivered 17% year to date, slightly outperforming its benchmark. Over the last three years, the Portfolio has achieved an annualised return of 16%, compared to inflation of 4%. While the performance is pleasing, we recognise that the level of real returns generated is higher than what we would expect the Portfolio to sustain over the long term.

The Portfolio has benefited from the tailwinds of strong local and global markets. Locally, the FTSE/JSE All Share Index (ALSI) reached an all-time high, surpassing the 100 000 level for the first time and delivering a 32% year-to-date return. However, the strength of the index has been narrow, driven largely by gains in Naspers/Prosus and precious metal shares. Much of the broader market has lagged. Many domestically focused companies (SA Inc shares) have surrendered the gains made in 2024, as initial optimism around the government of national unity has not yet translated into materially stronger economic growth. We are finding more bargains among local shares where valuations have become more attractive. On a relative basis, our positioning in local equities has detracted from year-to-date performance. This includes an underweight position in precious metal shares, as well as underperformance from some of the Portfolio's multinational shares, such as brewer AB InBev and paper and packaging group Mondi.

Local fixed income has continued to perform well, supported by declining global interest rates, expectations of lower inflation and a lower repo rate in South Africa, and a reduction in the risk premium demanded by foreign investors. Despite this, we remain cautious, given our longer-term concerns about South Africa's fiscal position, and therefore maintain conservative positioning. Cash remains an attractive alternative and provides valuable optionality. The Portfolio has benefited from its preference for equities over bonds.

Gold shares have delivered exceptional recent returns and now account for 16% of the index. While each company has its own idiosyncratic fundamentals, the dominant driver has been the rising gold price. Gold and shares of gold mining companies can offer valuation diversification benefits in a portfolio. At the current gold price, valuations for gold shares are not high, which adds to their appeal. However, forecasting the gold price with confidence is notoriously difficult, so some humility in this area is advised. History reminds us that most gold mining companies have been poor businesses over the long term, often destroying value through acquisitions or overspending on new projects. We balance these factors by carefully considering the Portfolio's total exposure to the sector, without blindly anchoring to the weight in the index. We encourage readers who are interested in finding out more about our view of gold and gold mining shares to read our article on gold in our Q2 2025 Quarterly Commentary and to listen to episode 28 of *The Allan Gray Podcast*.

Global markets have extended their strong run, with a 17% year-to-date return for the MSCI World Index. The Portfolio's offshore allocation has produced strong relative returns, making a meaningful contribution to overall outperformance of its benchmark. This may be surprising given our significant underweight to the US and mega-cap technology shares. Noteworthy contributors have included defence companies, critical energy infrastructure and select idiosyncratic opportunities, such as AI infrastructure company Nebius Group. We continue to view global markets as fully valued, with prices reflecting high expectations. This suggests an environment that calls for caution. The Portfolio's global holdings continue to look very different from the World Index.

During the quarter, we added to Glencore and reduced exposure to British American Tobacco.

Commentary contributed by Tim Acker

Important information for investors

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Past performance is not indicative of future performance.

FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index

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MSCI Index

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FTSE Russell Index

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