

## 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

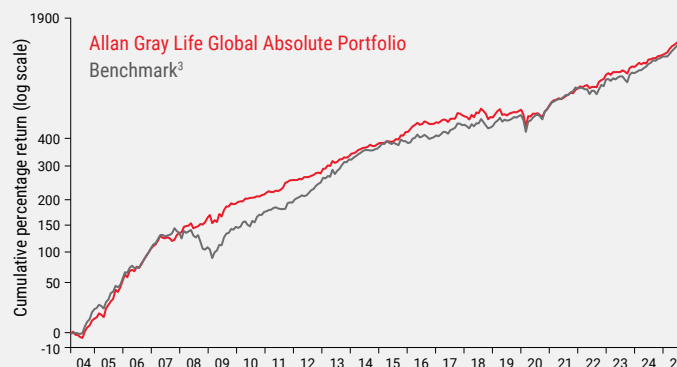
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act ("the Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will 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 31 December 2025

Assets under management	R2 269m
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## Performance<sup>1</sup>

Cumulative performance since inception<sup>2</sup>



- Performance is gross of Allan Gray fees. Underlying Orbis fund returns are net of fees.
- Since alignment date (1 March 2004).
- Mean of Alexforbes Global Large Manager Watch. The return for December 2025 is an estimate.
- Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 31 December 2025.
- Underlying holdings of foreign funds are included on a look-through basis.
- Includes the impact of any currency hedging.

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

% Returns <sup>4</sup>	Portfolio <sup>1</sup>	Benchmark <sup>3</sup>
Since inception <sup>2</sup>	13.2	13.1
Latest 10 years	9.1	9.9
Latest 5 years	14.2	14.1
Latest 3 years	14.0	16.1
Latest 2 years	14.9	17.6
Latest 1 year	20.0	21.3
Latest 3 months	2.7	4.0

## Asset allocation on 31 December 2025<sup>5</sup>

Asset class	Total	South Africa	Foreign
Net equities	62.6	39.7	22.9
Hedged equities	15.1	5.2	9.9
Property	1.9	0.3	1.6
Commodity-linked	5.0	5.0	0.0
Bonds	8.2	4.8	3.4
Money market and cash <sup>6</sup>	7.2	3.5	3.7
<b>Total (%)</b>	<b>100.0</b>	<b>58.5</b>	<b>41.5</b>

## Top 10 share holdings on 31 December 2025 (SA and Foreign) (updated quarterly)<sup>5</sup>

Company	% of portfolio
AB InBev	5.2
Standard Bank	3.6
Naspers & Prosus	3.5
Glencore	3.3
Woolworths	3.1
AngloGold Ashanti	3.0
British American Tobacco	2.8
The Walt Disney Company	2.4
Gold Fields	2.3
Tiger Brands	1.8
<b>Total (%)</b>	<b>31.0</b>

The Portfolio delivered a strong absolute return of 20% in 2025, lagging its benchmark by 1%. Over the last three years, the Portfolio has achieved an annualised return of 14% compared to an inflation rate of 4%. Some investors may prefer to think in hard currency. With the rand relatively strong, US dollar returns have been very healthy at 37% over one year and 15% per annum over three years. These results were supported by robust returns from both local and global markets. It is important to remember that such outcomes are well ahead of long-term averages, so a degree of caution and moderation of expectations is warranted.

A key feature of the local market's strength in 2025 was its narrowness. Index performance was driven by a handful of shares rather than broad-based gains. Gold and platinum mining companies were notable winners, benefiting from exceptionally strong precious metal prices. This strength is at least partly the result of speculative buying, which could reverse. A striking development is that these mining shares now account for roughly a quarter of the FTSE/JSE All Share Index, so further gains or a reversal in these shares would have an outsized impact. However, the market's narrow performance is a source of some concern. Our approach has been to take profits in some areas that have done exceptionally well. At the end of the year, the weight of South African gold and platinum mining shares was 13% of South African equities, or 6% of the Portfolio as a whole. In our view, this provides sizeable exposure to further upside but limits downside risk. Another aspect of this narrow performance is that, despite the index being near record highs, many local shares have performed poorly. With valuations in several areas of the market now well below their historical averages, this is where we are finding more opportunities.

Alongside the bull market in precious metals, the other important story in South African financial markets in 2025 was the exceptional strength of the local bond market. Compared to two years ago, the contrast is stark: At that time, both local and foreign investors were decidedly sceptical about South African bonds as the country faced the uncertainty of looming national elections, weak economic growth and severe loadshedding. Since the May 2024 elections, South Africa has been among the top-performing bond markets globally, with the FTSE/JSE All Bond Index returning 44% over this period. South African bonds have rerated significantly versus our emerging market peers, such as Brazil. We think that the balance of risk in the bond market is now to the downside, and therefore, we prefer an allocation to local shares over local bonds.

Global markets also ended 2025 on a strong note, and the Portfolio's offshore holdings contributed positively to relative performance. While global equity markets as a whole appear expensive, this masks a wide dispersion: A number of businesses we own still trade at levels we regard as attractive. As a result, the Portfolio's global equity holdings bear little resemblance to the broad market – a deliberate choice that may allow us to deliver better long-term outcomes than the index but with a different pattern of risk along the way. Elevated starting valuations in major markets, however, limit the scope for high returns in the future. In our view, global bonds do not yet offer compelling compensation for the risks, particularly given the possibility that inflation may prove to be more persistent than markets currently expect.

During the quarter, we added to the Portfolio's positions in Glencore and Mr Price, and trimmed positions in gold miners and the gold-linked exchange-traded fund (ETF).

Commentary contributed by Tim Acker

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

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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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