

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

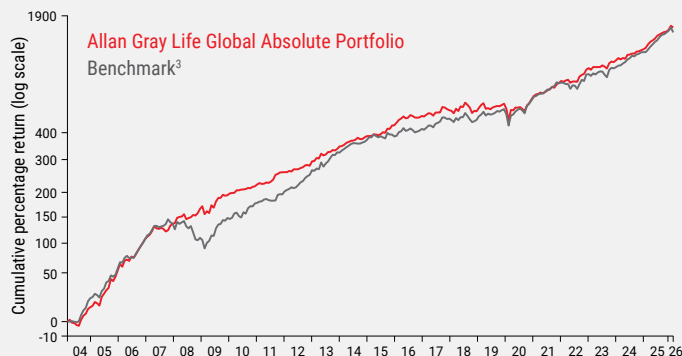
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act (“the Pension Funds Act”). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will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

Assets under management	R2 268m
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Performance¹

Cumulative performance since inception²



% Returns ⁴	Portfolio ¹	Benchmark ³
Since inception ²	13.2	13.0
Latest 10 years	9.0	9.7
Latest 5 years	13.3	12.5
Latest 3 years	14.0	14.4
Latest 2 years	15.3	16.7
Latest 1 year	20.8	20.1
Latest 3 months	3.9	0.1

Asset allocation on 31 March 2026⁵

Asset class	Total	South Africa	Foreign
Net equities	64.1	41.8	22.3
Hedged equities	14.7	3.8	10.9
Property	1.8	0.3	1.6
Commodity-linked	4.5	4.5	0.0
Bonds	9.2	5.4	3.8
Money market and cash ⁶	5.6	2.7	2.8
Total (%)	100.0	58.5	41.5

- 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 March 2026 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 March 2026.
- 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.

Top 10 share holdings on 31 March 2026 (SA and Foreign) (updated quarterly)⁵

Company	% of portfolio
AB InBev	5.5
Glencore	4.6
Standard Bank	3.7
Woolworths	3.0
AngloGold Ashanti	2.9
British American Tobacco	2.7
Naspers & Prosus	2.6
The Walt Disney Company	2.0
Gold Fields	1.9
Richemont	1.8
Total (%)	30.8

With the US and Israel launching a joint military operation against Iran on 28 February, the first quarter of 2026 was characterised by heightened geopolitical risk, sharp moves in commodity and equity markets, and continued divergence across asset classes. Against this backdrop, the Portfolio delivered a pleasing return of 3.9% for the quarter, outperforming its benchmark by 3.8%. Commodity-linked equity exposure and asset allocation decisions played a key role in this relative performance.

Shifts in commodity prices and the resulting equity market volatility were central to quarterly performance, with returns diverging sharply across sectors:

- **Gold:** The precious metal was highly volatile. It started the year at around US\$4 300 per ounce, rallied to a record high above US\$5 400 per ounce in late January, and then declined sharply in March as rising real yields and a stronger US dollar offset its safe-haven appeal. From peak to quarter end, the price of gold fell approximately 16% to US\$4 554 per ounce, ending the quarter slightly above where it began. JSE-listed gold shares showed similar price movements.
- **Platinum:** Similar to gold, at the beginning of the year, platinum continued the strength seen in much of 2025, rising from US\$2 226 per ounce to over US\$2 800 per ounce in late January. It then fell sharply to US\$1 908 per ounce, ending the quarter lower than it began.
- **Oil:** In sharp contrast to the precious metals sector, oil staged a substantial rally in March as the escalation of the US-Israeli war with Iran disrupted supply. This raised concerns around the risks of a prolonged closure of the Strait of Hormuz and the implications for energy markets and related commodities. Having begun the year trading at US\$61 per barrel, Brent crude oil ended the quarter at over US\$100 per barrel.

Throughout much of last year and the early part of this year, we trimmed our gold and platinum group metals (PGMs) equity exposure into strength. As such, while we build the portfolio from the bottom up and remain benchmark agnostic, our underweight positioning in precious metal equities benefited our domestic equity returns, particularly in March. Similarly, our overweight positions in Glencore and Sasol benefited from the rally in oil and energy-related commodity prices. After being out of favour with the market for much of the last decade, Sasol was particularly strong, rallying over 100% during the quarter.

Given the importance of oil to the global economy, disruptions to energy supply have widespread implications for global growth, inflation and interest rates. Financial markets have broadly reacted negatively, with global equities declining and volatility intensifying. Rising inflation and interest rate expectations have also seen bond markets sell off.

For example, the South African 10-year government bond fell sharply, with the yield moving from just over 8% at the start of March to 9.6% at the end of the quarter. This is equivalent to a price decline of roughly 8.8%. Recent volatility masks what has, however, been a favourable market for bond investors in South Africa. Over one year, on the back of improving domestic sentiment, declining inflation and South Africa's removal from the Financial Action Task Force (FATF) grey list, the FTSE/JSE All Bond Index has returned 19.2%. Thus, despite the March sell-off, owning South African bonds has been a good investment.

A notable divergence has, however, arisen between the performance of domestic bonds and domestically focused "SA Inc." equities. In contrast to domestic bonds, sentiment towards SA Inc. equities, particularly consumer-facing names, turned negative in 2025. This negativity has carried through into 2026, as constrained household income growth and weak consumer confidence have weighed on sales and earnings growth. Since the start of 2025, the share prices of Mr Price, Truworths, TFG and Spar are all down by over 45%. Even historic market darling Clicks has come under pressure, falling 22% over this period. After being materially underweight most of these shares for some time, we have begun selectively adding exposure in the space over the past few months, as we believe the share prices are now discounting a rather dire future.

Offshore, the Portfolio's meaningful allocation to Orbis funds has continued to drive positive relative performance. In particular, we have benefited from being underweight an expensive US market and holding a basket of idiosyncratic, diversified equities and bonds that look very different to the average manager. The common thread across these assets is their individual attractiveness. Over time, this exposure remains a key driver of long-term returns and risk management.

The first quarter of 2026 highlighted the importance of diversification in an environment marked by geopolitical shocks and commodity volatility. The Portfolio remains focused on long-term value creation through disciplined asset allocation and security selection. We continue to position the portfolio to withstand a range of outcomes, recognising that periods of uncertainty often present the best opportunities for the patient investor.

During the quarter, the Portfolio added to its positions in Boxer and Shoprite and reduced its holdings in the gold miners.

Adapted commentary contributed by Rory Kutisker-Jacobson

Fund manager quarterly commentary as at 31 March 2026

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FTSE Russell Index

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