

Portfolio objective and benchmark

This portfolio is for institutional investors with an average risk tolerance. It aims to offer long-term returns superior to the benchmark, but at lower risk of capital loss. In terms of Allan Gray's risk-profiled range, this portfolio has a higher risk of capital loss than the Stable Portfolio, but less than the Absolute 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.
- Represents Allan Gray's 'houseview' for a global balanced mandate.

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 Reserve Fee is levied on the Orbis funds.

Compliance with Prudential Investment Guidelines

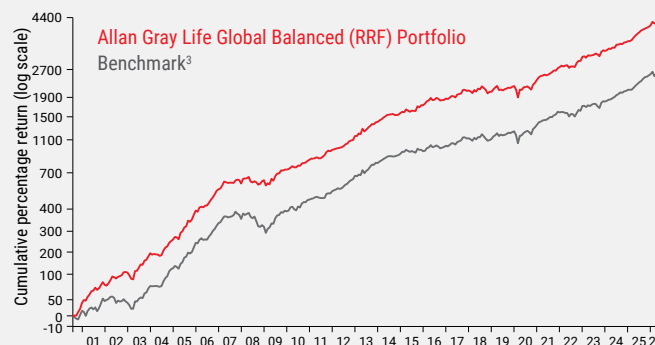
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act ("the Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will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

Assets under management R39 427m

Performance^{1,2}

Cumulative performance since inception



% Returns ^{2,4}	Portfolio ¹	Benchmark ³
Since inception	15.6	12.7
Latest 10 years	10.3	9.7
Latest 5 years	14.2	12.2
Latest 3 years	14.5	13.6
Latest 2 years	16.8	15.4
Latest 1 year	14.2	12.9
Latest 3 months	0.0	2.2

Asset allocation on 30 June 2026⁵

Asset class	Total	South Africa	Foreign
Net equities	64.2	39.4	24.8
Hedged equities	13.5	1.9	11.6
Property	1.4	0.1	1.4
Commodity-linked	1.9	1.9	0.0
Bonds	13.5	11.0	2.5
Money market and cash ⁶	5.5	2.9	2.6
Total (%)	100.0	57.2	42.8

Top 10 share holdings on 30 June 2026 (SA and Foreign)⁵

Company	% of portfolio
AB InBev	4.3
Naspers & Prosus	3.1
Glencore	2.8
Standard Bank	2.4
AngloGold Ashanti	2.3
British American Tobacco	2.3
Nedbank	1.9
Remgro	1.7
Woolworths	1.5
Booking Holdings	1.4
Total (%)	23.8

- Performance is gross of Allan Gray fees. Underlying Orbis fund returns are net of fees.
- The returns prior to 1 August 2015 are those of the Allan Gray Life Global Balanced Portfolio since its inception on 31 August 2000. The Investor Class Fee was levied in the underlying Orbis funds.
- Mean of Alexforbes Global Large Manager Watch. The return for June 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 30 June 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.

The Portfolio has returned 4.4% year to date, outperforming its benchmark by 3.2%. On a long-term basis, the absolute level of recent real returns is above what we would expect to deliver through the cycle. Long may it last.

Locally, the FTSE/JSE All Share Index (ALSI) is down 14% from its late February peak, amid a seemingly never-ending stream of geopolitical headlines that have manifested in increased price volatility, particularly among gold and platinum shares. What may be noteworthy for tenured investors is how precious metal shares have recently behaved more like risk-on assets. This runs counter to the notion that gold serves as a hedge against geopolitical risk. Gold Fields, which was the largest-weighted share in the ALSI during the first quarter of the year, has since fallen 41% from its peak in late January. As we have previously highlighted, the elevated weighting of precious metal shares in the ALSI is likely to introduce greater volatility and detract from the quality of the index's underlying fundamentals. At the end of the second quarter, the Portfolio's exposure to precious metals through miners and commodity exchange-traded funds was approximately 7%.

As we reduced our positions in precious metals and British American Tobacco over the past year, we used the opportunity to initiate or add to positions that, in our view, improve the quality of the Portfolio. These include companies we have been materially underweight for some time, such as luxury goods group Richemont and food retailer Shoprite. Given their strong business fundamentals, it may be hard to believe that both shares have underperformed the broader market until recently. Richemont is the world's second-largest luxury goods company after LVMH, which we also hold in the Portfolio. Richemont owns some of the best jewellery brands in the world, including Cartier

and Van Cleef & Arpels, with its less-profitable watch division contributing a declining share of group profits. Richemont has a very strong balance sheet with net cash before lease liabilities of approximately €8.5bn. We also like the fact that it's difficult to see artificial intelligence (AI) disrupting the luxury goods market, and that the company may even benefit from wealth created by the technology. There has also been a shift in the company's geographical revenue mix, away from Greater China to the United States.

The Portfolio has indirectly benefited from the rapid commercialisation of AI and the associated increase in spending. The stunning levels of capital expenditure announced by hyperscalers, such as Amazon and Alphabet, have led to a shortage of memory components used in AI data centre compute, particularly DRAM and HBM. This has resulted in a material increase in the earnings and share prices of businesses in the memory ecosystem, such as SK Square (through its stake in SK Hynix), Samsung Electronics and Micron. Indeed, the three companies now each have a market capitalisation of over US\$1tn. The market will be closely monitoring the sustainability of their earnings. Our long-held position in Taiwan Semiconductor Manufacturing Company, whose dominant position in the foundry industry that produces high-end chips has continued to deliver stellar results, does not appear expensive relative to some other areas of the market.

During the quarter, the Portfolio added to its existing position in FirstRand, initiated a new position in Harmony and reduced its holdings in AB InBev and Glencore.

Commentary contributed by Duncan Artus

**Fund manager quarterly
commentary as at
30 June 2026**

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Past performance is not indicative of future performance.

FTSE/JSE indices

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MSCI Index

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FTSE Russell Index

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