

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 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.
- 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 portfolio will be conservative.

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 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.

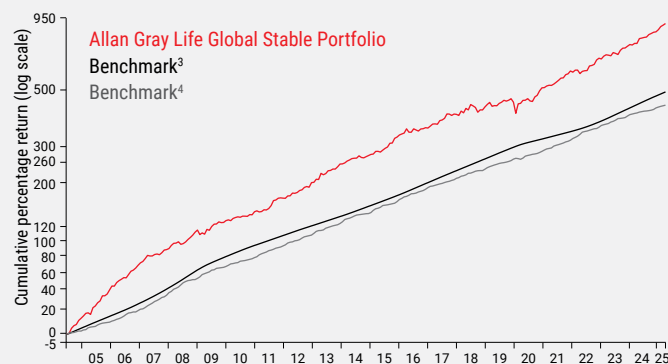
Portfolio information on 30 June 2025

Assets under management

R5 388m

Performance¹

Cumulative performance since inception²



% Returns ⁵	Portfolio ¹	Benchmark ³	Benchmark ⁴
Since inception ²	11.5	8.9	8.4
Latest 10 years	9.9	8.5	7.8
Latest 5 years	12.0	8.0	8.1
Latest 3 years	13.1	9.5	7.4
Latest 2 years	12.4	10.1	7.0
Latest 1 year	15.8	9.8	5.9
Latest 3 months	4.7	2.3	1.4

Asset allocation on 30 June 2025⁶

Asset class	Total ⁸	South Africa	Foreign
Net equities	23.7	10.5	13.1
Hedged equities	24.8	12.8	12.1
Property	1.0	0.1	0.9
Commodity-linked	2.1	1.6	0.6
Bonds	33.7	27.5	6.2
Money market and cash ⁷	14.7	12.3	2.4
Total (%)⁸	100.0	64.8	35.2

- Performance is gross of Allan Gray fees. Underlying Orbis fund returns are net of fees.
- Since alignment date (1 August 2004).
- Alexforbes 3-month Deposit Index plus 2%.
- CPI plus 3% p.a. The return for June 2025 is an estimate. CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 31 May 2025 (source: Iress).
- Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 30 June 2025.
- Underlying holdings of foreign funds are included on a look-through basis.
- Including currency hedges.
- There may be slight discrepancies in the totals due to rounding.

Top 10 share holdings on 30 June 2025 (SA and Foreign) (updated quarterly)⁶

Company	% of portfolio
AB InBev	3.2
British American Tobacco	2.8
AngloGold Ashanti	1.6
Woolworths	1.3
Nedbank	1.1
Standard Bank	1.1
Marriott International Inc	1.1
Remgro	1.0
Gold Fields	1.0
Unilever Plc	0.8
Total (%)⁸	15.1

The Portfolio has returned 7.6% year to date, outperforming its benchmark¹ by 3.0%. This is attributable to the strong absolute performance of both local and offshore assets, with the FTSE/JSE All Share Index (ALSI), the FTSE/JSE All Bond Index (ALBI) and the MSCI World Index at or close to all-time highs. In addition, local short-term fixed income has provided attractive real interest rates. Put them all together and we were fortunate to have a strong tailwind for returns – despite the significant drawdown in equity markets in April and geopolitical volatility. We caution investors in the Portfolio that the investment environment won't always be as favourable for absolute returns.

The Portfolio's absolute local equity returns continued to be driven by the strong performance of gold shares as well as AB InBev and British American Tobacco, both of which have been rerated by the market on an improved fundamental outlook, as discussed in the Q1 2025 commentary. While Glencore, Sappi and Sasol have underperformed, we continue to look for shares that have a potentially different payoff profile relative to the Portfolio's considerable exposure to local fixed income instruments.

The pull-back in many SA Inc shares continued in the quarter as valuations compressed in response to a more realistic view on the outlook for profit growth, given the significantly low level of economic growth. We are actively looking for opportunities. The same cannot be said for the local bond market which rallied to an all-time high as measured by the ALBI. The yield on the 10-year government bond is back to its post-government of national unity low. This is even more impressive considering the sell-off in many developed world bond markets as investors focus on poor fiscal positions and high debt levels. We increased local duration during the recent correction but remain more cautious than many of our peers. In our view, we need significantly higher economic growth to sustainably reduce debt levels. We cannot always rely on being bailed out by periods of high commodity prices.

The Portfolio has 35% invested directly offshore. The portions invested in the Orbis SICAV Global Balanced and Optimal SA funds have produced strong absolute and relative performance. The offshore component continues to look very different from the world equity and bond indices, and we remain underweight the US assets.

With equity markets at or near all-time highs, we would not be surprised to see some consolidation in markets as they digest the rapid rally from the April lows. We construct the Portfolio with the objective of producing long-term returns in excess of bank deposits and providing a high degree of capital stability.

During the quarter, the Portfolio purchased select fixed-rate local government bonds and reduced exposure to inflation-linked bonds. On the equities front, we reduced the Portfolio's exposure to Gold Fields and AngloGold Ashanti.

Commentary contributed by Duncan Artus

**Fund manager quarterly
commentary as at
30 June 2025**

1. Alexforbes 3-month Deposit Index plus 2% p.a.

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Past performance is not indicative of future performance.

FTSE/JSE All Share Index, FTSE/JSE Resources Index, FTSE/JSE All Bond Index and FTSE/JSE Financials Index

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FTSE Russell Index

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MSCI Index

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