Allan Gray Inception date: 15 July 2004

Allan Gray Life Global Stable Portfolio

31 December 2025

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

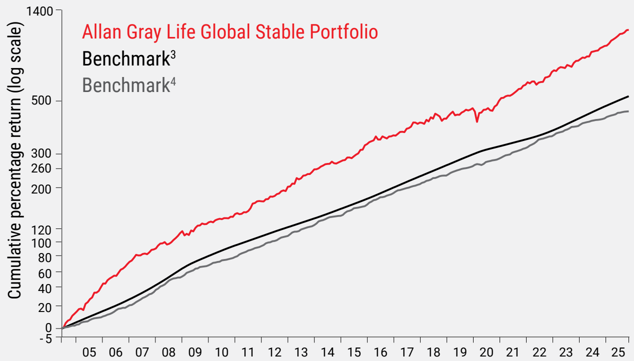
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act ("the Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will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

Assets under management	R5 733m

Performance[1]

Cumulative performance since inception[2]



% Returns[5]	Portfolio[1]	Benchmark[3]	Benchmark[4]
Since inception[2]	11.6	8.9	8.3
Latest 10 years	9.5	8.5	7.8
Latest 5 years	12.6	8.3	7.9
Latest 3 years	12.9	9.8	6.8
Latest 2 years	13.0	9.7	6.1
Latest 1 year	14.7	9.3	6.3
Latest 3 months	3.1	2.2	0.6

Asset allocation on 31 December 2025[6]

Asset Class	Total	South Africa	Foreign
Net equities	23.8	11.0	12.8
Hedged equties	24.9	14.0	10.9
Property	1.0	0.0	0.9
Commodity-linked	2.2	1.8	0.4
Bonds	34.7	28.7	5.9
Money market and cash[7]	13.5	11.4	2.1
Total (%)	**100.0**	**66.9**	**33.1**

1. Performance is gross of Allan Gray fees. Underlying Orbis fund returns are net of fees.
2. Since alignment date (1 August 2004).
3. Alexforbes 3-month Deposit Index plus 2%.
4. CPI plus 3% p.a. CPI inflation is based on the latest available headline numbers as at 30 November 2025 (Source: Iress). The return for December 2025 is an estimate.
5. 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.
6. Underlying holdings of foreign funds are included on a look-through basis.
7. 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 December 2025 (SA and Foreign) (updated quarterly)[6]

Investment Name	% of portfolio
AB InBev	2.8
AngloGold Ashanti	2.0
British American Tobacco	1.9
Standard Bank	1.3
Woolworths	1.3
Remgro	1.2
Gold Fields	1.1
Nedbank	1.1
Marriott International	1.1
Richemont	1.0
Total (%)	**14.9**

Fund manager quarterly commentary as at 31 December 2025

Faced with the prospect of "Liberation Day" tariffs, multiple armed conflicts around the world, burgeoning government debt burdens and continued middling growth among the major economies outside of the United States, investors may be forgiven for approaching the markets in 2025 with apprehension. All told, though, 2025 will go down as another respectable year in terms of investment returns. And for South African investors, it will be remembered as being more than just respectable.

The FTSE/JSE All Share Index (ALSI) delivered a remarkable return of 42% in 2025, its highest annual return since the mid-2000s. This placed it among the best-performing stock markets globally in a year in which emerging markets dominated the leaderboard. To put this return into context, the ALSI has delivered an average annual return of 16% since 2019.

Central to this outperformance was the gold rally. The price of the metal surged 65% over the year to an all-time high, with 12% of that gain generated in the final quarter of the year alone. Heightened fiscal and inflation worries, geopolitical concerns and a White House advocating for ever-looser monetary policy form a heady mix for gold bugs. While buying by central banks remains an important underpin, more recently it has been investor demand, in the form of gold-backed exchange-traded funds, that has driven the price higher as the debasement trade gathers pace. The only time gold delivered stronger returns was in 1979, during a period marked by widespread inflation concerns.

The "lesser" precious metals in the basket were the major winners in 2025, with the prices of silver and platinum more than doubling, while palladium delivered an impressive gain of about 80%. On the back of these moves, precious metal producers listed on the JSE delivered returns ranging from 125% to 305% for the year. In previous commentaries, we have highlighted the increasingly concentrated nature of the local index. Gold and platinum miners now account for 26% of its weight compared to 10% at the start of 2025. The return profile from this sector is highly erratic and poses a headwind to future gains at the index level if metal prices were to cool.

Similarly, the local bond market continued its rally with the FTSE/JSE All Bond Index (ALBI) adding 9% in the last quarter of the year, bringing the annual return to 24%. This performance builds on strong 2024 returns, taking the two-year annualised return to an impressive 21%. While South African government bonds have closely tracked emerging market credit spreads, which are near all-time lows, there are also local factors at play. Key measures outlined in November's Medium-Term Budget Policy Statement found favour with investors. These include reducing the inflation target to 3%, utilising additional Gold and Foreign Exchange Contingency Reserve Account (GFECRA) proceeds to bolster the fiscus and cutting weekly bond auction levels. In addition to these measures, interest rate cuts from the South African Reserve Bank provided further support. The yield on the benchmark 10-year bond has returned to levels last seen in the early 2010s, a period when the nation's finances were far healthier, highlighting the market's bullish outlook.

At the end of 2025, 33% of the Portfolio was invested in direct offshore assets. While the stronger rand created a headwind during the year, the underlying Orbis funds delivered strong performance on both an absolute and relative basis.

The Portfolio returned 15% for the year, outperforming its benchmark. With many asset prices at or near multi-year highs locally and abroad, the prospect of future headline index returns remaining elevated looks less clear. Given the Portfolio's emphasis on capital stability, current valuation levels are an important factor in deciding the overall asset allocation.

During the quarter, the Portfolio trimmed positions in gold miners and added to existing positions in Mondi, Spar and Shoprite.

Commentary contributed by Sean Munsie

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

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MSCI Index

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