

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

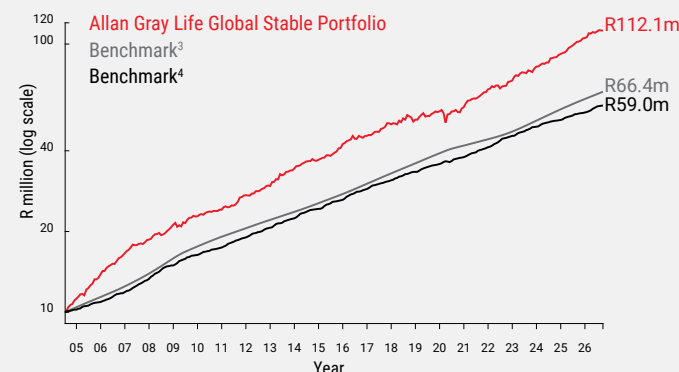
The Portfolio is managed to comply with Regulation 28 of the Pension Funds Act ("the Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will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

Assets under management	R6 021.5m
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Performance¹

Value of R10m invested at inception²



% Returns ⁵	Portfolio ¹	Benchmark ³	Benchmark ⁴
Since inception ²	11.5	8.9	8.3
Latest 10 years	9.5	8.5	7.6
Latest 5 years	11.5	8.8	7.9
Latest 3 years	12.2	9.5	6.8
Latest 2 years	12.1	9.2	6.8
Latest 1 year	9.8	8.8	7.2
Latest 3 months	0.8	2.2	0.9

Asset allocation on 30 September 2026⁶

Asset class	Total	South Africa	Foreign
Net equities	29.9	15.4	14.5
Hedged equities	19.3	8.3	11.0
Property	0.8	0.0	0.7
Commodity-linked	1.7	1.3	0.3
Bonds	36.9	30.5	6.4
Money market and cash ⁷	11.5	8.6	2.9
Total (%)	100.0	64.1	35.9

Top 10 share holdings on 30 September 2026 (SA and Foreign)⁶

Company	% of portfolio
AB InBev	2.7
AngloGold Ashanti	1.5
Sasol	1.3
Remgro	1.2
Standard Bank	1.2
British American Tobacco	1.2
Shoprite	1.1
Richemont	1.0
Naspers & Prosus	1.0
Taiwan Semiconductor Mfg	1.0
Total (%)	13.2

- 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. This data reflects the latest available headline CPI inflation numbers as at 31 August 2026 (Source: Iress). The return for September 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 September 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's objective is to deliver long-term returns that are superior to bank deposits, while aiming to provide a high degree of capital stability and minimise the risk of loss over any two-year period. It seeks to achieve this by investing in a mix of shares, bonds, commodities and cash, both locally and offshore, based on the overall attractiveness of each underlying asset. When markets are rallying, this provides a strong underpin to returns. However, when prices are flat or down, the Portfolio's absolute return objective becomes that much harder to achieve.

The FTSE/JSE All Share Index has delivered a disappointing year-to-date return of -3.2%. This performance stands in stark contrast to what local equity investors have experienced in recent years, particularly when set against the stellar returns delivered in 2025. At a sector level, Financials and Resources have performed the best, delivering year-to-date returns of 3.8% and 1.2% respectively. Industrials have lagged significantly, returning -13.6% year to date.

While the Resources sector drove the market rally last year, the sector's performance so far this year has been more mixed, ranging from Sasol at the top end (+116%) to Sibanye Stillwater (-25%). Energy-related companies and diversified miners, particularly those with copper exposure, have generally performed well, while precious metals miners have struggled. The hawkish shift in global central bank interest rate expectations, driven by resurgent inflation, has created a near-term headwind for the gold price. The longer the conflicts in the Middle East and Ukraine persist, the greater the risk that higher crude oil and refined product prices feed through into a broader basket of goods, services and, ultimately, wages.

The sharp rise in developed market government bond yields reflect these fears, along with concerns regarding the debt issuance needed to fund future borrowing requirements amid greater competition for investor capital. While South African government bond yields have weakened from their lows earlier this year, the FTSE/JSE All Bond Index has outperformed developed market peers, generating a return of 3.5% year to date. Investors continue to benefit from improving fiscal dynamics and the adoption of a lower inflation target, assisted by rand stability and favourable terms of trade that were supported by the strong precious metals prices.

Naspers and Prosus rank among the worst-performing shares in the Industrials sector year to date. The market is questioning Tencent's position in the artificial intelligence (AI) race relative to Alibaba and ByteDance, while near-term profitability has been weighed down by heavy AI investment.

Within the local economy, the effects of muted growth and pressure on consumers have not been felt uniformly across listed companies. The earnings of local banks and insurers, operating in a more regulated and perhaps less contested market, have generally grown in line with, or above, market expectations – although market expectations were not overly ambitious at the outset. Conversely, retailers across both staples and discretionary categories, many of which have historically traded at premium earnings multiples, face heightened competition for an increasingly strained consumer wallet. In some instances, the market appears to be factoring the adverse scenario into company valuations in perpetuity, creating an opportunity for longer-term, contrarian investors.

Against a more challenging market backdrop than investors have experienced in recent years, the Portfolio has returned 6.5% year to date. Local equity stock selection has contributed positively to the Portfolio's return. Overweight holdings in AB InBev and Sasol, along with underweight exposure to precious metals miners, as well as Naspers and Prosus, were among the largest contributors to relative performance. Hedging instruments have also helped shield the Portfolio from broader equity market weakness. Within the Portfolio's offshore exposure, the underlying Orbis funds also contributed positively to performance.

During the quarter, the Portfolio added to its holdings in Prosus, Clicks and Truworths following share price weakness and trimmed its holdings in Richemont and Gold Fields.

Commentary contributed by Sean Munsie

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

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Past performance is not indicative of future performance.

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