

### Fund description and summary of investment policy

The Fund invests in a mix of South African interest-bearing securities. These securities can be issued by government, parastatals, corporates and banks. The Fund's weighted average modified duration is limited to a maximum of two. Returns are likely to be less volatile than those of traditional income and bond funds, but more volatile than those of money market funds. The Fund is managed to comply with the investment limits governing retirement funds.

ASISA unit trust category: South African – Interest Bearing – Short Term

### Fund objective and benchmark

The Fund aims to generate returns higher than bank deposits and traditional money market funds, while maintaining capital stability and low volatility. The Fund's benchmark is the Alexforbes Short Term Fixed Interest (STeFI) Composite Index.

### How we aim to achieve the Fund's objective

The Fund invests in select South African interest-bearing securities providing an income yield and a high degree of capital stability. We formulate an interest rate outlook, which is influenced by our inflation outlook and expectations of the resulting Reserve Bank policy response. Based on this analysis, we select securities for the Fund. These will primarily be floating-rate notes, money market instruments and fixed interest paper with a low duration. We take a conservative approach to credit risk, liquidity risk and duration risk.

### Suitable for those investors who

- Are risk-averse but seek returns higher than bank deposits and traditional money market funds
- Need a short-term investment account
- Seek a domestic-only interest-bearing 'building block'
- Require monthly income distributions

### Meeting the Fund objective

Since inception the Fund has outperformed its benchmark and provided returns in excess of CPI inflation. The Fund aims to minimise risk by maintaining capital stability and low volatility.

### Fund information on 30 June 2026

Fund size	R3.8bn
Number of units	205 148 238
Price (net asset value per unit)	R10.48
Modified duration:	0.8
Gross yield (i.e. before fees)	8.2
Net yield (i.e. after fees)	7.3
Fund weighted average maturity (years)	4.4
Class	A

- The Fund's benchmark is the Alexforbes Short Term Fixed Interest (STeFI) Composite Index. Performance as calculated by Allan Gray as at 30 June 2026. Source: Bloomberg.
- This data reflects the latest available headline CPI inflation numbers as at 31 May 2026 (source: Iress).
- Maximum percentage decline over any period. The maximum drawdown occurred from 7 October 2024 to 8 October 2024. Drawdown is calculated on the total return of the Fund (i.e. including income).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
- These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 28 February 2026 and the benchmark's occurred during the 12 months ended 30 April 2025. The Fund's lowest annual return occurred during the 12 months ended 30 June 2026 and the benchmark's occurred during the 12 months ended 30 June 2026. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request

### Income distributions for the last 12 months

Actual payout (cents per unit), the Fund distributes monthly

31 Jul 2025	31 Aug 2025	30 Sep 2025	31 Oct 2025
7.00	6.49	7.12	6.83
30 Nov 2025	31 Dec 2025	31 Jan 2026	28 Feb 2026
6.15	7.18	6.47	5.90
31 Mar 2026	30 Apr 2026	31 May 2026	30 Jun 2026
6.69	6.27	6.09	6.77

### Performance net of all fees and expenses

% Returns	Fund	Benchmark <sup>1</sup>	CPI inflation <sup>2</sup>
<b>Cumulative:</b>			
Since inception (1 May 2024)	24.1	17.3	7.7
<b>Annualised:</b>			
Since inception (1 May 2024)	10.5	7.7	3.6
Latest 2 years	10.5	7.6	3.7
Latest 1 year	10.2	7.1	4.5
Year-to-date (not annualised)	3.6	3.4	3.2
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-1.2	n/a	n/a
Percentage positive months <sup>4</sup>	96.2	100.0	n/a
Annualised monthly volatility <sup>5</sup>	1.1	0.2	n/a
Highest annual return <sup>6</sup>	11.7	8.2	n/a
Lowest annual return <sup>5</sup>	10.2	7.1	n/a

**Annual management fee**

A fixed fee of 0.65% p.a. excl. VAT

**Total expense ratio (TER) and transaction costs**

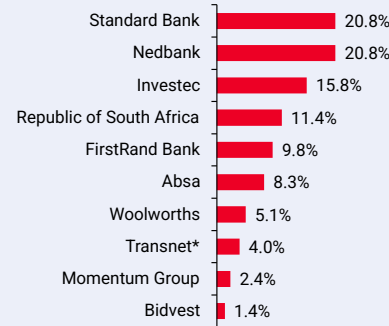
The annual management fee is included in the TER. The TER is the percentage of the value of the Fund that was incurred as expenses relating to the administration of the Fund, annualised over the relevant periods. Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately and are the percentage of the value of the Fund that was incurred as costs relating to the buying and selling of the assets underlying the Fund. The TER and transaction costs are based on actual data, where available, and best estimates. The total investment charge (TIC) is the sum of the TER and transaction costs.

**Total expense ratio (TER) and transaction costs for periods ending 30 June 2026 (updated quarterly)**

1- and 3-year TER and transaction costs breakdown	1yr %	3yr % <sup>7</sup>
<b>Total expense ratio</b>	<b>0.76</b>	<b>0.75</b>
Fee for benchmark performance	0.65	0.65
Other costs excluding transaction costs	0.01	0.01
VAT	0.10	0.10
<b>Transaction costs (including VAT)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total investment charge</b>	<b>0.76</b>	<b>0.75</b>

7. Based on since-inception data, as the Fund does not yet have a 3-year history.

**Top credit exposures on 30 June 2026<sup>8</sup>**

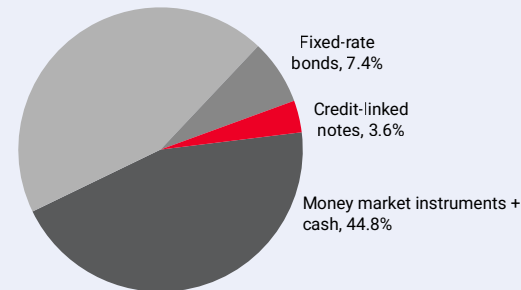


\*RSA government guaranteed

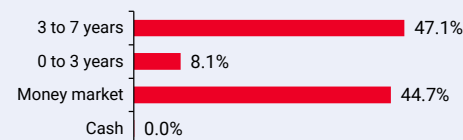
8. Exposures representing 1% or more of the portfolio.

**Asset allocation on 30 June 2026**

Floating-rate notes, 44.2%



**Maturity profile on 30 June 2026**



Note: There may be slight discrepancies in the totals due to rounding.

The first half of the year has presented a more difficult environment for investors, with the outbreak of war in the Middle East in February being the single biggest market-moving event. The escalation of the conflict and the resulting shipping disruptions in the Strait of Hormuz, through which roughly one-fifth of the global oil supply is transported, led to a sharp rise in crude oil prices. In turn, rising inflation expectations and lower economic growth estimates have heightened global market volatility.

Heading into the year, the consensus was that the interest rate-cutting cycle would continue, but the war has reversed this narrative and pushed the European Central Bank and the Bank of Japan towards hikes. Other banks moved to hold rates steady owing to the uncertainty. Developed market sovereign debt yields broadly moved higher. In the United States, expectations that the incoming US Federal Reserve (Fed) chair, Kevin Warsh, would favour policy easing were also challenged, as the Fed's recent statement took a more hawkish tone. Greater emphasis was placed on reining in rising prices as US inflation hit levels last seen in 2023, when the Fed was tightening monetary policy. Market expectations shifted dramatically towards two rate hikes by the end of the year.

The South African Reserve Bank (SARB) raised the key repo rate by 25 basis points (bps) to 7% at its Monetary Policy Committee (MPC) meeting in May. This marked the SARB's first interest rate hike since 2023, following two consecutive holds. The vote was split four to two, with four members favouring the hike and two preferring no change. A larger 50 bps hike was considered, but the MPC ultimately decided that second-round effects, where the shock broadens into wages and inflation expectations, were not yet sufficiently evident in the data to justify a larger increase.

The South African consumer price index (CPI) rose from the low 3% range seen earlier in the year to 4.5% in May, largely due to higher energy costs. Fuel prices increased 28.7% year-on-year, marking one of the largest jumps in fuel inflation on record. Excluding fuel, the CPI was 3.7% in May, unchanged from April, and has remained within a narrow 3.5-3.8% range over the past 12 months, with monthly ex-fuel inflation at just 0.2% in May. This indicates that the fuel shock is responsible for most of the increase in the headline number, while broader underlying inflation is only rising slowly.

The signing of a memorandum of understanding between the US and Iran in June and subsequent attempts to restore normal transit through the Strait of Hormuz have contributed to a significant decline in the oil price, fully reversing the war-driven increases. Despite ongoing tensions and a fragile ceasefire, the recent drop in oil prices has mitigated the immediate inflation risks in South Africa's near-term outlook that had warranted the rate hike in May. As a result, expectations for further rate increases have moderated from the elevated levels seen during the conflict.

During the quarter, the Fund increased its allocation to floating-rate paper. In light of the upside inflation risks, the Fund stands to benefit from this positioning, as yields on these instruments will rise with interest rate hikes. At quarter end, the Fund's annualised gross yield was 8.2%.

**Commentary contributed by Sean Munsie**

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

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Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA). The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or [www.rmb.co.za](http://www.rmb.co.za).

### Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

### Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

### Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on [www.allangray.co.za](http://www.allangray.co.za).

### Yield

The Fund's gross yield is the estimated weighted average yield-to-maturity of all underlying interest-bearing instruments as at the last day of the month. The one-year TER is deducted from the gross yield to derive a yield net of fund expenses. Actual returns may differ based on changes in market values, interest rates and market factors during the investment period.

### Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray.

### Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

### Compliance with Regulation 28

The Fund is managed to comply with Regulation 28 of the Pension Funds Act 24 of 1956 (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. The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

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