Allan Gray Interest Fund

31 October 2026

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 31 October 2026

Fund size	R4.1bn
Number of units	246 154 135
Price (net asset value per unit)	R10.46
Modified duration	1.0
Gross yield (i.e. before fees)	8.5
Net yield (i.e. after fees)	7.7
Fund weighted average maturity (years)	4.2
Class	A

Income distributions for the last 12 months

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

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
31 Jul 2026	**31 Aug 2026**	**30 Sep 2026**	**31 Oct 2026**
6.61	6.68	6.48	6.56

1. The Fund's benchmark is the Alexforbes Short Term Fixed Interest (STeFI) Composite Index. Performance as calculated by Allan Gray as at 31 October 2026. Source: Bloomberg.
2. This data reflects the latest available headline CPI inflation numbers as at 30 September 2026 (source: Iress).
3. 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).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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 31 October 2026 and the benchmark's occurred during the 12 months ended 31 October 2026. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 May 2024)	27.0	20.0	9.1
Annualised:			
Since inception (1 May 2024)	10.0	7.6	3.7
Latest 2 years	9.7	7.3	4.0
Latest 1 year	8.4	7.0	4.5
Year-to-date (not annualised)	6.1	5.7	4.5
Risk measures (since inception)			
Maximum drawdown[3]	-1.2	n/a	n/a
Percentage positive months[4]	96.7	100.0	n/a
Annualised monthly volatility[5]	1.1	0.2	n/a
Highest annual return[6]	11.7	8.2	n/a
Lowest annual return[6]	8.4	7.0	n/a

Annual management fee

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

We are making changes to our fees

On 1 February 2027, we will be making changes to some of our fees. Learn more about how these changes may affect your investment.

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.

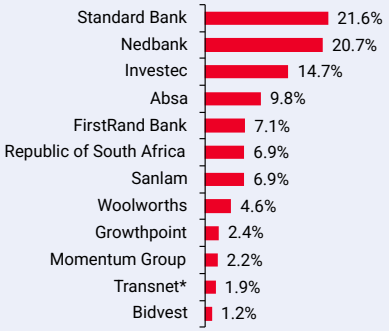
Total expense ratio (TER) and transaction costs for periods ending 30 September 2026 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %[7]
Total expense ratio	**0.76**	**0.75**
Annual management fee	0.75	0.75
Other costs excluding transaction costs	0.01	0.01
Transaction costs	**0.00**	**0.00**
Total investment charge	**0.76**	**0.75**

Note: All TER components and transaction costs include VAT.

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

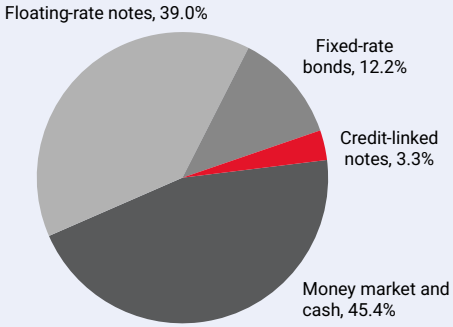
Top credit exposures on 31 October 2026[8]



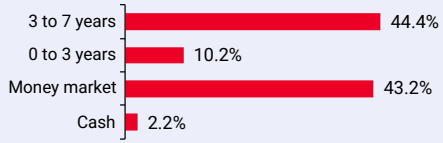
*RSA government guaranteed

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

Asset allocation on 31 October 2026



Maturity profile on 31 October 2026



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

Fund manager quarterly commentary as at 30 September 2026

In the third quarter of the year, global rates and bond markets initially took comfort from the promise of a US-Iran ceasefire agreement and the normalisation of oil shipments through the Strait of Hormuz. However, the fragile ceasefire subsequently collapsed as military friction intensified and Houthi forces targeted the Bab el-Mandeb Strait, which had been used as an alternative to Hormuz for vital oil flows. Oil prices rapidly escalated from US$70 per barrel to north of US$100 per barrel, prompting central banks to begin tentatively raising rates as the fuel-related inflationary shock persisted. As a result of both inflationary concerns and a widening fiscal deficit, the US 30-year Treasury bond recently posted a 24-year yield high of 5.7%. Year to date, the US Treasury Index has lost 3% of its value and returned -1% per annum (p.a.) over the past five years. By contrast, the FTSE/JSE All Bond Index has returned 4% in US dollar terms year to date and 11% p.a. over the past five years. While year-to-date South African bond performance has been lacklustre compared to the exceptional calendar years of 2024 and 2025 – which delivered rand returns of 21% p.a. and US dollar returns of 28% p.a. – the spillovers from international debt market turmoils have been arguably muted.

There are several reasons for this. Developed market borrowing behaviour is currently at an extreme, with sovereigns running the widest fiscal deficits on record outside of both the COVID-19 pandemic and global wartime periods. By contrast, South Africa has recorded four years of small primary surpluses, aided by the monetisation of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA), which have been used to stabilise debt. The size of fixed-rate South African government bond auctions are also almost 40% lower than in 2023 because National Treasury has shifted more of the issuance load into short-dated Treasury Bills and floating-rate notes. Both have attracted strong demand from banks, whose reserves were boosted by GFECRA funds, and South African income funds.

South Africa cannot sustain core services inflation – outside of fuel and food price increases – at the same pace as markets such as the United States because of the inability to endure a wage-price spiral. Given structurally weaker business conditions, companies would likely respond to such a spike in employee costs by retrenching workers. The disinflationary forces in the local inflation basket are also worth considering, with categories like clothing, footwear and automotive prices barely rising 1% over the last year. This undoubtedly reflects the influx of cheap Chinese goods into our markets. Chinese vehicles now account for roughly a quarter of new vehicle sales, while retailers such as Temu and Shein account for up to 40% of e-commerce transactions in South Africa. The impact that this has on our inflation basket is complex. On the one hand, imports lower the price of certain categories directly, but on the other hand, they hollow out South Africa's industrial and manufacturing capabilities and contribute to potential job losses. This has the theoretical knock-on effect of lowering consumer affordability, which in turn depresses prices and leads to down-trading behaviour. The business rescues observed in the local steel sector and the steep share price losses of several South African clothing retailers are cautionary tales in this regard.

This is not to say that South Africa will not experience rising inflation. Even the South African Reserve Bank's (SARB) arguably conservative modelling forecasts inflation rising to above 5% in the fourth quarter. The market is pricing for a steeper outcome and for the repo rate to rise to close to 8% next year, which is at odds with the SARB's modelling for it to fall to around 6%.

During the quarter, the Fund initially took profit on fixed rate debt positions as inflationary fears subsided. The Fund re-added to duration late in the quarter as opportunities arose to buy fixed rate bonds at yields of around 8.7%. This provides a good base rate for the Fund relative to the SARB's longer-term steady state repo rate target of 5.5%. This was funded by lower-yielding and liquid floating rate paper.

Commentary contributed by Sean Munsie

© 2026 Allan Gray Proprietary Limited. All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business. Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided. Allan Gray is an authorised financial services provider.

Management Company

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.

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.

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) 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) are shown separately. All TER components and transaction costs include VAT, where applicable. 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).

FTSE/JSE indices

The FTSE/JSE indices referenced herein are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE indices are the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE indices' values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved.

Bloomberg Index Services Limited

Bloomberg® and the indices referenced herein (the "Indices", and each such index, an "Index") are service marks of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg") and/or one or more third-party providers (each such provider, a "Third-Party Provider,") and have been licensed for use for certain purposes to Allan Gray Proprietary Limited (the "Licensee"). To the extent a Third-Party Provider contributes intellectual property in connection with the Index, such third-party products, company names and logos are trademarks or service marks, and remain the property, of such Third-Party Provider. Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors, including a Third-Party Provider, approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither Bloomberg nor Bloomberg's licensors, including a Third-Party Provider, shall have any liability or responsibility for injury or damages arising in connection therewith.

Important information for investors

Need more information?
You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website **www.allangray.co.za** or via our Client Service Centre on **0860 000 654.**