

Fund description and summary of investment policy

The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds.

While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the Fund defaults. In this event losses will be borne by the Fund and its investors.

This class of the Fund is only available in the Allan Gray Umbrella Retirement Fund.

ASISA unit trust category: South African – Interest Bearing – SA Money Market

Fund objective and benchmark

The Fund aims to preserve capital, maintain liquidity and generate a sound level of income. The Fund's benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) 3-month Index.

How we aim to achieve the Fund's objective

The Fund invests in selected money market instruments 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 investments for the Fund. These assets are typically held to maturity. We take a conservative approach to credit risk.

Suitable for those investors who

- Are highly risk-averse but seek returns higher than bank deposits
- Need a short-term investment account

Fund information on 31 January 2026

Fund size	R27.6bn
Number of Units	2 012 948 815
Price (net asset value per unit)	R1.00
Monthly yield at month end	0.60
Fund weighted average coupon (days)	88.57
Fund weighted average maturity (days)	113.91
Class	U

Income distribution for the last 12 months

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

28 Feb 2025	31 Mar 2025	30 Apr 2025	31 May 2025
0.62	0.67	0.65	0.67
30 Jun 2025	31 Jul 2025	31 Aug 2025	30 Sep 2025
0.64	0.65	0.63	0.61
31 Oct 2025	30 Nov 2025	31 Dec 2025	31 Jan 2026
0.63	0.60	0.61	0.60

Performance net of all fees and expenses

% Returns	Fund ¹	Benchmark ²	CPI inflation ³
Cumulative:			
Since inception (1 July 2001)	523.2	489.5	253.6
Annualised:			
Since inception (1 July 2001)	7.7	7.5	5.3
Latest 10 years	7.3	6.7	4.8
Latest 5 years	7.1	6.6	5.0
Latest 3 years	8.5	7.9	3.9
Latest 2 years	8.4	7.7	3.3
Latest 1 year	7.8	7.2	3.6
Year-to-date (not annualised)	0.6	0.6	0.2
Risk measures (since inception)			
Percentage positive months ⁴	100.0	100.0	n/a
Annualised monthly volatility ⁵	0.6	0.6	n/a
Highest annual return ⁶	12.8	13.3	n/a
Lowest annual return ⁶	4.3	3.8	n/a

Meeting the Fund objective

The Fund has preserved capital, maintained liquidity and generated a sound level of income.

Annual management fee

A fixed fee of 0.20% p.a. excl. VAT

Total expense ratio (TER) and transaction costs

The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). 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.

Total expense ratio (TER) and transaction costs for periods ending 31 December 2025 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %
Total expense ratio	0.23	0.23
Fee for benchmark performance	0.20	0.20
Other costs excluding transaction costs	0.00	0.00
VAT	0.03	0.03
Transaction costs (including VAT)	0.00	0.00
Total investment charge	0.23	0.23

Credit exposures as at 31 December 2025

	% of portfolio
Governments	46.3
Republic of South Africa	46.3
Banks⁷	52.0
Nedbank	20.3
Investec	11.4
Standard Bank	8.2
Absa	6.6
FirstRand	5.5
Corporates	1.7
Sanlam	1.3
Daimler Truck	0.4
Total (%)	100.0

7. Banks include negotiable certificates of deposit (NCDs), floating rate notes, fixed deposits and call deposits.

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

Asset allocation on 31 January 2026

Asset class	Total
Bonds	5.8
Money market and cash	94.2
Total (%)	100.0

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

In 2025, the South African Reserve Bank (SARB) cut the overnight interest rate by 1%, bringing it down to 6.75%. Interestingly, South Africa's inflation rate, in fact, rose marginally through the year from 3.0% to 3.5%. This means that the inflation-adjusted overnight rate, or the rate of interest in excess of inflation, reduced from 4.75% to 3.25%. The SARB would argue that an overnight inflation-adjusted interest rate of 3.25% is still too high for its liking. The preferred target is closer to 2.5%. In turn, this implies that a further 0.75% in interest rate cuts would be needed to achieve an overnight rate of 6%.

The sharp decline in South Africa's inflation trajectory has been a subject for lively debate among consumers. Many argue that their "lived experience" of price change in the last year has felt higher than a meagre 3.5% increase. Much of this has to do with which basket items of the consumer price index one is anchoring to and which components take up the largest share of household spending. While the weights attached to each item in the inflation basket might be appropriate when measured across the aggregate level of the economy's spending, there is divergence in both spending patterns from person to person and variation in prices across basket items. Meat prices, for example, have risen 12.2% year-on-year, given the impact of foot-and-mouth disease. In contrast, the price of eggs is deflating. At the other extreme, electricity tariffs are rising at close to 13%. It is worth noting that this accounts for just 4% of direct weighting in the overall inflation basket as constructed by Statistics South Africa. Other basket items, such as telecommunications, data services and the cost of used vehicles, are deflating. Similarly, the price of new vehicles is in disinflation (i.e. currently rising at 1%, down from highs of 8% just two years ago), as new and cheaper Chinese and Indian entrants make their way into the local market.

Offshore, the consumer's lived experience of inflation has been more pronounced than what many political incumbents can appreciate. Several socialist appointees, such as Mayor Zohran Mamdani of New York City, have won major mayoral races by campaigning on ideas like capping apartment rentals and creating government price-controlled supermarkets. As was seen in 2024's bonfire of incumbent politicians, constituents vote with their feet when inflation bites too hard. In many ways, the inflation that households experienced in 2022 and 2023 typically occurs over a multi-year period. So when consumers were told soon after that inflation was "under control" – in large part due to base effects – it ignored the fact that they continued to grapple with the long shadow of that first price shock. This is especially true for those at the lower end of the income scale who have not experienced the resulting asset price inflation, which would have seen the value of their stock market savings increase alongside, or in excess of, supermarket price escalations.

In the last quarter, the Fund reinvested maturities at lower rates than in the third quarter, given the impact of ongoing interest rate cuts. For the year, the Fund's yield fell from an annual effective rate of 8.67% at the start of the year to 7.59% at the close of the year (gross of fees).

Commentary contributed by Thalia Petousis

Fund manager quarterly commentary as at 31 December 2025

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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.

The Allan Gray Money Market Fund is not a bank deposit account

The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event, investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to applicable ASISA standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens, withdrawals may be ring-fenced and managed over a period of time.

Purchase and redemption requests must be received by the Management Company by 11:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

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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