

**Portfolio description and summary of investment policy**

The Portfolio invests in the Balanced mandates of a minimum of three managers, all of which are managed to comply with the investment limits governing retirement funds. The Allan Gray Balanced Portfolio has a target allocation of 30% (excluding cash) in the Multi-Manager Portfolio. This allocation can change as a result of performance within pre-defined parameters. The Portfolio is a pooled portfolio offered by Allan Gray Life and is only available to members of the Allan Gray Umbrella Pension Fund and the Allan Gray Umbrella Provident Fund (collectively known as the Allan Gray Umbrella Retirement Fund).

**Portfolio objective and benchmark**

The Portfolio aims to achieve steady long-term growth of capital for investors within the constraints governing retirement funds, while producing returns superior to the average return of similar funds without assuming any more risk. The Portfolio's benchmark is a composite benchmark, of which 60% is domestic and 40% is foreign.<sup>2</sup>

**How we aim to achieve the Portfolio's objective**

We have selected managers with a strong track record who have consistently executed on their investment approach over time. These managers have complementary investment styles which, when combined appropriately, should improve the Portfolio's potential to deliver real returns through different market cycles.

**Suitable for those investors who**

- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss but typically less than that of an equity fund
- Wish to invest in a portfolio that complies with retirement fund investment limits
- Typically have an investment time horizon of at least three years
- Wish to diversify risk across multiple managers

**Annual management fee**

Each underlying manager charges their own fee. Where performance fees are charged, this is based on the underlying manager's performance compared to its respective benchmark. The benchmark for each underlying manager may differ from the benchmark of the Portfolio.

Allan Gray charges a multi-management fee based on the net asset value of the Portfolio, excluding the portion invested in Allan Gray portfolios. This fee is 0.20% p.a. (which equates to approximately 0.14% p.a. on the entire Portfolio).

**Portfolio information on 31 July 2025**

Portfolio size	R5.2bn
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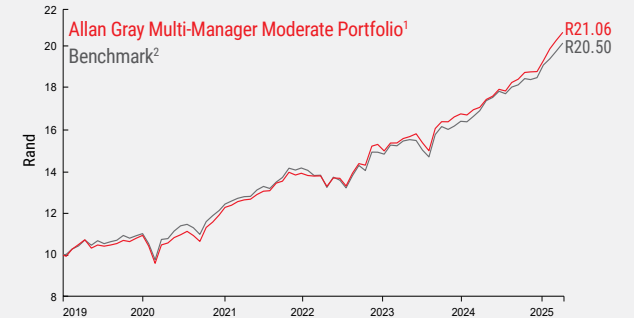
**Underlying portfolio allocation on 31 July 2025**

Portfolio	% of Portfolio
Allan Gray Balanced Portfolio	29.3
Coronation Global Houseview Portfolio	25.6
M&G Balanced Portfolio	19.5
Ninety One Opportunity Portfolio	24.5
Cash	1.1
<b>Total</b>	<b>100.0</b>

1. Performance is net of all fees and expenses.
2. 41% FTSE/JSE Capped Shareholder Weighted All Share Index, 10% FTSE/JSE All Bond Index, 9% 3-month STeFI, 24% MSCI All Country World Index and 16% J.P. Morgan Global Government Bond Index, all including income. From inception to 31 July 2022 the benchmark was 47% FTSE/JSE Capped Shareholder Weighted All Share Index, 14% FTSE/JSE All Bond Index, 9% 3-month STeFI, 18% MSCI All Country World Index and 12% J.P. Morgan Global Government Bond Index, all including income. Source: IRESS BFA, Bloomberg.\*
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 17 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Portfolio/benchmark (i.e. including income).
4. The percentage of calendar months in which the Portfolio produced a positive monthly return since inception.
5. The standard deviation of the Portfolio's monthly return. This is a measure of how much an investment's return varies from its average over time.

\* The blended returns are calculated by Allan Gray Proprietary Limited using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "AS IS" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilising any MSCI Data, models, analytics or other materials or information.

**Performance net of all fees and expenses**



% Returns	Portfolio <sup>1</sup>	Benchmark <sup>2</sup>
<b>Cumulative:</b>		
Since inception (18 January 2019)	110.6	105.0
<b>Annualised:</b>		
Since inception (18 January 2019)	12.1	11.6
Latest 5 years	13.8	12.4
Latest 3 years	15.0	14.0
Latest 2 years	15.1	14.2
Latest 1 year	18.7	16.1
Year-to-date (not annualised)	12.4	11.2
<b>Risk measures (since inception)</b>		
Maximum drawdown <sup>3</sup>	-22.3	-23.0
Percentage positive months <sup>4</sup>	74.4	67.9
Annualised monthly volatility <sup>5</sup>	8.9	9.0

## Quarterly commentary as at 30 June 2025

This quarter commenced with the US announcing broad trade tariffs to its trade partners with markets experiencing a slump at the announcement. Despite the initial fall in return due to the tariff announcement, the FTSE/JSE All Share Index (ALSI) went on to post a strong return of 10.2% over the quarter with the industrials and financials sectors contributing 11.8% and 8.5% respectively. Globally, the MSCI All Country World Index (MSCI ACWI) returned approximately 8% in rands, lagging the ALSI over the same period.

SA annual inflation in May 2025 was unchanged from the previous month, at 2.8%. Despite inflation having been low and the latest figure being below the 3% to 6% target range, the Monetary Policy Committee at the South African Reserve Bank (SARB) lowered the repo rate by 25 basis points to 7.25%. They stated that while inflation had been low, their decision "considered an adverse scenario which illustrated upside risks based on the assumption of global slowdown as a result of escalating trade tensions, where the rand depreciated sharply".

Amidst all the uncertainty as a result of the prevailing risks, the Portfolio returned 8.1% (after fees) for the quarter, outperforming its benchmark which returned 7%. The Portfolio also generated meaningful returns over the long term, outperforming its benchmark over the reporting periods to the end of June 2025.

Relative to the previous quarter end, there were no changes to the composition of the top 10 local equity holdings on a look-through basis, with the total allocation staying relatively the same. During the quarter, there were minor changes across the Portfolio's asset class categories with foreign net equities benefiting the most as the category increased by 0.8%, while local money market and bank deposits saw a decrease of 0.7%.

Please refer to the commentary below from two of the underlying investment managers for a view of market conditions, performance and their portfolio positioning.

### Commentary contributed by Tonderai Makeke

## Top 10 share holdings on 30 June 2025 (updated quarterly)

Company	% of Portfolio
Naspers & Prosus	5.8
Standard Bank	2.0
British American Tobacco	1.8
AB InBev	1.5
Richemont	1.4
AngloGold Ashanti	1.3
FirstRand	1.2
Remgro	1.2
Capitec	1.1
Mondi	1.1
<b>Total (%)</b>	<b>18.2</b>

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

## Asset allocation on 31 July 2025

Asset class	Total	South Africa	Foreign
Net equities	65.9	34.6	31.3
Hedged equities	3.4	1.0	2.4
Property	3.1	2.2	0.9
Commodity-linked	1.6	1.6	0.0
Bonds	16.9	13.1	3.8
Money market, bank deposits and currency hedge	8.6	7.9	0.7
Other <sup>6</sup>	0.4	0.4	0.0
<b>Total (%)</b>	<b>100.0</b>	<b>60.8</b>	<b>39.2</b>

6. Hedge fund.

## Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2025 <sup>7</sup>	1yr %	3yr %
<b>Total expense ratio<sup>8</sup></b>	<b>0.86</b>	<b>0.96</b>
Fee for benchmark performance	0.65	0.65
Performance fees	0.08	0.16
Other costs excluding transaction costs <sup>9</sup>	0.13	0.15
<b>Transaction costs<sup>10</sup></b>	<b>0.10</b>	<b>0.09</b>
<b>Total investment charge</b>	<b>0.96</b>	<b>1.05</b>

- This estimate is based on information provided by the underlying managers.
- A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs.
- Includes expenses such as audit fees, bank charges, custody fees, trustee fees and, for some underlying portfolios, the associated offshore TERs.
- Transaction costs are a necessary cost in administering the Portfolio and impacts Portfolio returns. It 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.

## Allan Gray Balanced Portfolio

For the quarter, the FTSE/JSE All Share Index (ALSI) returned 10.2%, the FTSE/JSE All Bond Index returned 5.9% and the Portfolio returned 8.2%. If that was all you knew, you might think it was a relatively benign quarter, but uneventful it was not.

The quarter began with "Liberation Day" on 2 April when President Trump surprised markets with the degree and severity with which he proposed imposing import tariffs on every country that the US trades with. Even territories uninhabited by humans, such as the Heard and McDonald Islands, were threatened with tariffs. The market reaction was swift, and by 7 April, the ALSI was down 7.0% for the quarter in rands. Offshore, in US dollars, the S&P 500 was down 9.8%, while the MSCI World Index was down 9.9%.

When the US bond market began to buckle, President Trump walked back many of the proposed tariffs, either through revised agreements or 90-day pauses. Within weeks, markets had forgotten the panic of early April, continuing their upward trajectory and largely ignoring the potential future risk of elevated tariffs on global trade and gross domestic product (GDP).

Domestically, tensions remained elevated in the government of national unity, as the Budget was revised a third time and finally passed in May, with the proposed VAT increase abandoned. Where exactly the SA government will source the funds to finance our growing budget deficit is not entirely clear.

The quarter ended with the already tense situation in the Middle East reaching boiling point, as both Israel and the US bombed Iran, and Iran responded with missile strikes of their own. At quarter end, the countries had entered into a fragile ceasefire agreement.

Against this backdrop, we continue to do what we have always done: ignore short-term noise and invest in assets we believe offer a margin of safety and potential for long-term outperformance. To the extent that the short-term market volatility created opportunities over the quarter to pick up previously expensive assets on the cheap, we looked to capitalise on those.

### Positioning

Our positioning remained largely unchanged over the quarter. The direct offshore exposure of the Portfolio was 43%. However, if you include the dual-listed businesses that make the majority of their money offshore, the foreign exposure of the Portfolio was north of 50% on a look-through basis.

The three largest share positions in the Portfolio, namely British American Tobacco, AB InBev, and Naspers and Prosus, remain unchanged.

**British American Tobacco:** Continued volume declines in traditional cigarettes, slower-than-expected growth in vape products and concerns over the US regulatory environment continue to weigh on sentiment. However, we believe the market is overly

focused on these elements and underappreciates British American Tobacco's resilient cashflows, attractive dividend yield and its rapidly growing Velo product (tobacco-free modern oral). The share trades at a significant discount to intrinsic value and, in our view, offers compelling long-term return prospects.

**AB InBev:** The world's largest brewer has performed well amid a challenging consumer environment. Despite inflationary pressure and demand challenges in key geographies, AB InBev's cost discipline, pricing power and dominant market positions support earnings growth. Investors remain sceptical due to the company's debt burden and skew to emerging markets, yet we believe the deleveraging trajectory is intact and underappreciated. The valuation remains undemanding, and we are comfortable with our continued exposure.

**Naspers and Prosus:** Capital allocation has long been a source of frustration for shareholders in Naspers and Prosus. In recent years, this has improved – most notably via the value unlock through their ongoing share repurchase programme which is funded by Tencent share sales. They continue to trade at a material discount to their key holding in Tencent, which in itself we think is attractive and continues to deliver solid results. However, the regulatory and geopolitical risk around Tencent is non-zero, and for us, it therefore becomes about managing position size. We believe the current portfolio allocation is appropriate given the idiosyncratic and hard-to-quantify geopolitical risk.

As all these shares have rallied throughout the year, we have been trimming our positions.

Offshore, our partner, Orbis, has delivered excellent year-to-date results despite the continued underweight to US technology shares. While we remain cautious on index-level valuations at both Allan Gray and Orbis, we do hold select US exposure – favouring companies with strong balance sheets, durable competitive advantages and reasonable valuations. Where valuations do not offer a margin of safety, Orbis has shown the discipline to rotate into less crowded areas of the market, and continues to see much greater value outside the US than within it.

### Looking ahead

We do not attempt to predict short-term market moves or macroeconomic surprises. Even if we did, we don't think we'd be any good at it. Instead, we focus on identifying assets with robust fundamentals trading at attractive prices. In uncertain environments, we believe this long-term orientation, underpinned by valuation discipline and a contrarian mindset, is essential to preserving and growing our clients' wealth.

### Coronation Global Houseview Portfolio

The Strategy delivered a robust return of 11.13% for Q2 and 24.72% over the past 12 months, driven by both asset allocation and stock selection. Early in the quarter, equity markets were roiled by geopolitical tensions and tariff fears, creating a brief but significant buying opportunity. The Investment team acted swiftly, adding quality global and emerging market stocks at attractive valuations.

## Commentary from underlying fund managers as at 30 June 2025

Global equities rebounded strongly after the early-April slump, with the S&P 500 and MSCI World Index both ending the quarter up 11%. Regional markets, particularly Europe, the Middle East and Africa (EMEA), also performed well, aided by a weaker US dollar. Chinese markets lagged slightly, but the Strategy took selective positions in well-valued Chinese companies, including a battery manufacturer.

Heightened geopolitical uncertainty – including ongoing tensions in Ukraine and the Middle East – boosted gold, which continued its upward trend. However, the Strategy remains underweight gold shares due to their stretched valuations and poor capital discipline. Similarly, global bond markets benefited from rising concerns over US fiscal sustainability, though the Strategy maintained zero exposure to developed market sovereign bonds, favouring high-yielding offshore credit instead.

Domestically, weak GDP growth and minimal reform momentum continue to challenge investor sentiment. While the SARB implemented moderate rate cuts, consumer and business confidence remained fragile. The Strategy is underweight SA government bonds, preferring

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**J.P. Morgan Global Government Bond Index**

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equities and select property stocks which offer better return prospects and diversification.

SA equities, particularly those with global exposure, performed well, with the FTSE/JSE Capped Shareholder Weighted All Share Index up 10% for the quarter. The Strategy holds significant positions in global names listed locally (e.g. Naspers, Richemont, Bidcorp) and backs local winners with durable business models and scale advantages, such as Shoprite, Capitec and WeBuyCars.

Despite a longstanding underweight in resources, the Strategy made targeted investments in platinum group metals and selectively increased exposure to diversified miners like Glencore. It remains cautious on gold miners, which appear overpriced. Property holdings were retained for their yield and diversification benefits.

Overall, the Strategy continues to focus on high-conviction, long-term opportunities, leveraging offshore allocation and equity exposure to navigate volatility and deliver strong risk-adjusted returns.

**MSCI Index**

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**FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE All Bond Index, FTSE/JSE Financials Index, FTSE/JSE Africa All Share Industrials Index and FTSE/JSE SA Resources Index**

The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE All Bond Index, FTSE/JSE Financials Index, FTSE/JSE Africa All Share Industrials Index and FTSE/JSE SA Resources Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE All Bond Index, FTSE/JSE Financials Index, FTSE/JSE Africa All Share Industrials Index and FTSE/JSE SA Resources Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE All Bond Index, FTSE/JSE Financials Index, FTSE/JSE Africa All Share Industrials Index and FTSE/JSE SA Resources Index vests in FTSE and the JSE jointly. All their rights are reserved.

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**Commentary from underlying fund managers as at 30 June 2025**

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