

## Portfolio objective and benchmark

The Portfolio aims to balance capital appreciation, income generation and risk of loss in a diversified global multi asset class portfolio. The benchmark is a composite consisting of 60% of the MSCI World Index (net dividends reinvested) and 40% of the J.P. Morgan Global Government Bond Index.

## Product profile

- This is a feeder portfolio, investing in the Orbis SICAV Global Balanced Fund which is actively managed by Orbis.

## Investment specifics

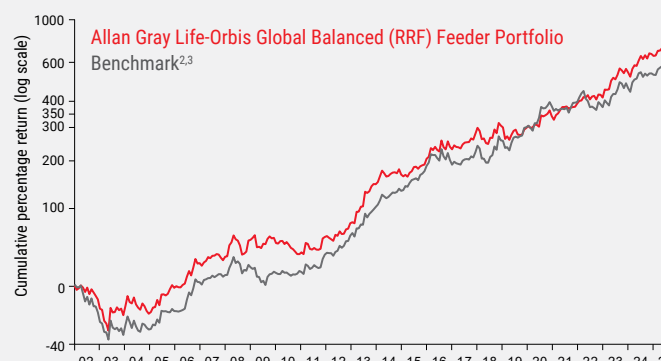
- This portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds.
- Minimum investment: R20m.
- The Base Refundable Reserve Fee is levied in the underlying Orbis SICAV Global Balanced Fund.

## MSCI data

\*The blended returns are calculated by Orbis Investment Management Ltd 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 fees<sup>1</sup>

Cumulative performance since inception



% Returns <sup>1,4</sup>	Portfolio		Benchmark <sup>2,3</sup>	
	ZAR	US\$	ZAR	US\$
Since inception	10.4	8.4	8.7	6.8
Latest 10 years	13.0	9.8	10.4	7.2
Latest 5 years	15.6	14.6	7.2	6.3
Latest 3 years	21.5	20.0	13.1	11.7
Latest 2 years	19.0	23.1	9.5	13.2
Latest 1 year	23.7	24.1	9.7	10.1
Latest 3 months	6.1	8.3	3.3	5.5

## Asset allocation on 31 August 2025

This portfolio invests solely into the Orbis SICAV Global Balanced Fund

	Total	United States	UK	Europe ex-UK <sup>5</sup>	Japan	Other <sup>5</sup>	Emerging markets
Net equities	60.3	14.3	11.3	9.2	5.8	5.0	14.7
Hedged equities	18.0	10.6	0.8	4.3	0.4	0.5	1.5
Property	1.0	0.0	0.0	0.0	0.7	0.0	0.4
Commodity-linked	4.6	4.6	0.0	0.0	0.0	0.0	0.0
Bonds	15.0	8.7	0.6	0.7	0.0	0.0	5.0
Money market and cash	1.1	0.0	0.1	0.6	0.1	0.1	0.2
<b>Total (%)</b>	<b>100.0</b>	<b>38.1</b>	<b>12.8</b>	<b>14.8</b>	<b>6.9</b>	<b>5.7</b>	<b>21.8</b>
Currency exposure	100.0	21.2	12.1	27.6	15.5	10.5	13.0
Benchmark	100.0	63.4	4.6	17.3	9.6	5.1	0.0

## Portfolio information on 31 August 2025

Assets under management	R821m
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- The returns prior to 1 August 2015 are those of the Allan Gray Life Foreign Portfolio since its inception on 23 January 2002. This portfolio invested in a mix of Orbis funds. The Investor Class Fee was levied in the underlying Orbis funds.
- 60% of the MSCI World Index (net dividends reinvested) and 40% of the J.P. Morgan Global Government Bond Index\*.
- The benchmark prior to 1 August 2015 was that of the Allan Gray Life Foreign Portfolio which is 60% of the MSCI All Country World Index and 40% of the J.P. Morgan Global Government Bond Index.
- Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 31 August 2025.
- Refers to developed markets only.

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

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

Company	% of portfolio
US TIPS >10 Years	4.9
SPDR Gold Trust	4.4
Siemens Energy	4.2
Kinder Morgan	3.6
Taiwan Semiconductor Mfg	3.0
Nintendo	2.9
Samsung Electronics	2.6
Icelandic Gov. Bonds 1 – 3 Years	2.1
Burford Capital	2.0
Newmont	1.9
<b>Total (%)</b>	<b>31.7</b>

Many will be familiar with Maslow's Hierarchy of Needs – the idea that humans are motivated by five categories of needs, with higher-order ones (such as self-esteem and entertainment) only emerging once more basic needs (like water, food, shelter, security and employment) are met. We believe this framework is also applicable to nations and offers a useful lens through which to understand the current global landscape.

Furthermore, we believe that many developed nations – who have for some time been luxuriating in higher-order needs – have increasingly done so at the expense of the foundational ones, to the point where the base can no longer support the top of the pyramid. Governments are now being forced to reallocate resources from the top back to the bottom. A notable example is Prime Minister Keir Starmer's February announcement that the United Kingdom would increase defence spending, funded by cuts to the overseas aid budget.

We believe this is happening now for a couple of reasons: a prolonged emphasis on higher-order goals at the expense of foundational ones and a broader geopolitical shift toward national self-interest. For decades following the fall of the Berlin Wall, developed nations benefited from what became known as the "Peace Dividend" – a period marked by relative geopolitical stability, expanding global trade and a belief that essentials, like energy, security and food, would remain abundant and affordable. Defence budgets were cut, and attention turned to social progress, environmental agendas and speculative growth. But in many cases, this came at the cost of resilience. Allied militaries weakened, and conventional energy sources such as nuclear and natural gas were sidelined in favour of renewables – contributing to energy crises, including the tripling of electricity prices in the UK and blackouts in Spain. The cracks in that once-stable foundation are now impossible to ignore.

This reordering has been accelerated by a broader retreat from global cooperation toward national self-reliance – a trend that has been building over the past decade. Institutions that once defined global collaboration, such as the United Nations, the World Trade Organization, and even the North Atlantic Treaty Organization (NATO), have become less effective or increasingly questioned.

Countries have a renewed appreciation that ultimately, they are on their own. No one else is responsible for their security, energy, food supply or industrial success. As countries rebuild the base of their pyramid of needs, the implications for economies, industries and investments are only beginning to unfold. Our focus is to navigate the risks this transformation introduces and to capitalise on the underappreciated opportunities it creates.

This framework not only helps contextualise the macroenvironment, it maps closely to where we're finding the most compelling investment opportunities through our bottom-up research.

While we're not averse to investing further up the pyramid, it's a part of the market where the balance of risk and reward has become less favourable – still crowded with capital and offering fewer mispriced opportunities. Years of social, political and market enthusiasm funnelled capital toward aspirational causes and consumer luxuries, creating fertile ground for strong performance, but also inflated expectations. As budgets tighten and priorities shift toward strategic essentials, those tailwinds may fade, and valuations leave little room for missteps, leaving the opportunities up top few and far between.

That said, we're not entirely absent from the upper tiers of the pyramid – just selective. Nintendo, for example, has seen strong early demand for the new Switch 2, their next-generation gaming console. While near-term earnings remain muted, Nintendo's continued expansion into films, digital content and theme parks is helping unlock the full value of its beloved intellectual property.

When it comes to financial security, we've found more compelling value outside the perceived safe havens. With the US fiscal position deteriorating, sovereign debt in countries like Norway and Brazil offers better risk-adjusted return potential in our view. Norway has no net debt, runs persistent surpluses and is backed by a US\$1.9tn sovereign wealth fund. Brazil, while more volatile, compensates investors with double-digit yields and a very undervalued currency – underpinned by a credible monetary authority and export revenues less tied to global trade cycles. Across both, we see attractive yields in underappreciated currencies, offering diversification and a meaningful margin of safety.

Further down the pyramid, in industrial security, we're focused on companies enabling the physical and digital backbone of successful modern economies. This includes both the semiconductors powering artificial intelligence (AI) and connectivity, and the infrastructure firms rebuilding the systems that support them.

National security, long overlooked by markets, has re-emerged as a strategic priority. Europe has been galvanised to boost defence spending and infrastructure investment in response to growing geopolitical risks and a requirement to reduce reliance on the US. We began building exposure to defence stocks five to six years ago, when they were deeply out of favour – a move that has since paid off. While we've trimmed most of our holdings after strong gains, we continue to own a number of high-quality aerospace and defence contractors, which we believe are well placed to benefit from a prolonged period of increased investment.

As governments confront the hard realities of national resilience, defence may have led the way, but energy is proving just as urgent and arguably even more fundamental. Investor sentiment has shifted from a strong focus on renewables toward a broader appreciation for what's practical and scalable. That shift is still underway, presenting underappreciated and mispriced opportunities with plenty of runway.

In our view, this reordering of national priorities marks a structural reset, not a passing phase. As capital flows back to the foundations of each nation's needs, we endeavour to skate to where the puck is going, not where it is now – seeking opportunities where solid fundamentals and resilient demand drivers are paired with compelling valuations.

We exited the position in Germany's largest defence contractor, Rheinmetall, as we believe the discount to our estimate of intrinsic value has narrowed. We established a new position in Brazilian sovereign bonds.

Adapted from a commentary contributed by Alec Cutler, Orbis Investment Management Limited, Bermuda

**Fund manager quarterly commentary as at 30 June 2025**

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