

## 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

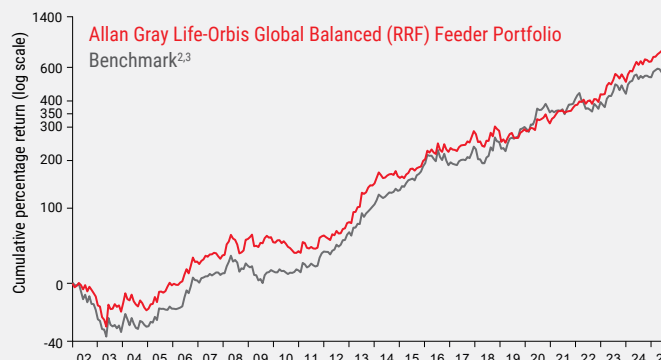
- This portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds.
- Minimum investment: R20m.
- The Base Refundable Reserve Fee is levied in the underlying Orbis SICAV Global Balanced Fund.

## 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	8.6	8.7	6.9
Latest 10 years	13.2	10.7	10.1	7.7
Latest 5 years	17.4	16.6	7.9	7.2
Latest 3 years	23.5	25.2	13.9	15.4
Latest 2 years	22.4	27.9	11.7	16.7
Latest 1 year	28.9	28.7	10.7	10.5
Latest 3 months	4.2	7.3	1.3	4.3

## Asset allocation on 30 September 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	61.1	14.7	11.4	9.4	5.1	5.3	15.1
Hedged equities	17.9	10.6	0.8	4.2	0.4	0.5	1.4
Property	1.0	0.0	0.0	0.0	0.7	0.0	0.3
Commodity-linked	4.6	4.6	0.0	0.0	0.0	0.0	0.0
Bonds	14.2	7.9	0.6	0.7	0.0	0.0	5.1
Money market and cash	1.1	0.3	0.0	0.5	0.1	0.1	0.2
<b>Total (%)</b>	<b>100.0</b>	<b>38.1</b>	<b>12.7</b>	<b>14.9</b>	<b>6.2</b>	<b>5.9</b>	<b>22.1</b>
Currency exposure	100.0	21.9	11.7	26.8	13.6	11.9	14.1
Benchmark	100.0	63.7	4.6	17.1	9.5	5.1	0.0

## Portfolio information on 30 September 2025

Assets under management	R978m
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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 30 September 2025.
- Refers to developed markets only.

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

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

Company	% of portfolio
SPDR® Gold Trust	4.6
US TIPS >10 Years	3.9
Samsung Electronics	3.6
Taiwan Semiconductor Mfg	3.5
Kinder Morgan	3.2
Siemens Energy	3.2
Newmont	2.6
Barrick Mining	2.6
Prysmian Group	2.4
Balfour Beatty	2.1
<b>Total (%)</b>	<b>31.7</b>

Say you're an economic policymaker – a president, finance minister or central banker. Decades of budget deficits have left your country with a growing debt problem, and markets are starting to sniff it out. What do you do about it? You have to do something. If you do nothing and markets call time on your debt problem, your days as a policymaker are numbered. You could attempt austerity – cut spending, increase taxes, or both, to balance your budget, and take your pain on the fiscal side to protect your currency and creditworthiness. Do austerity well, and both markets and historians may judge you kindly. Voters, however, will not. You could grow your way out. That's painless to promise but difficult to deliver. The easiest way to spur growth is to run larger deficits, which is exactly how you and your predecessors got into this mess.

For a government with a debt problem, most of the effective options aren't palatable, and most of the palatable options aren't effective. In our view, governments facing debt problems are likely to pursue the least painful option that offers some hope of success: financial repression.

#### What is financial repression?

"Financial repression" is when governments use policies to keep real interest rates low or negative while channelling money towards government debt.

The core problem is that the ratio of a government's debt to gross domestic product (debt-to-GDP ratio) is too high. Reducing debt outright is difficult, because it requires either austerity or a default. Simply boosting growth is also hard. Helpfully, the existing debt burden is fixed in nominal terms, while GDP is not. That difference opens up another path: inflate away the debt. If the government can find ways to suppress real (that is, inflation-adjusted) interest rates and bond yields, inflation can boost GDP and tax revenues without boosting debt or interest expense. In practice, this means using carrots and sticks to make government debt more attractive for non-yield reasons.

The US is the locus of our concerns. Its debt-to-GDP ratio is already at 100% and forecasted to grow to 150% and beyond. Unsurprisingly, efforts at financial repression are already underway.

#### The cost of obvious financial repression: a weaker currency

The most straightforward approach is yield curve control (YCC). With YCC, the central bank stands ready to buy as many government bonds as necessary to stop bond yields from rising above a certain level. This has a recent precedent. The Bank of Japan enforced YCC from late 2016 through early 2024, buying up about 40% of all outstanding Japanese government bonds to hold yields at low levels.

There are other obvious routes, such as capital controls. If you don't let people take money elsewhere, they're stuck with the options they have, including your government debt.

Japan's experiment illustrates the main pain of financial repression: a weaker currency. During the term of the programme, the yen depreciated by over 30% against the US dollar. A weaker currency is the natural result of suppressing yields. With bond returns eroded by inflation, investors flee from assets in the repressor's currency and into assets in currencies that better preserve purchasing power.

The flaw of the obvious approaches is that they are obvious, which threatens confidence. Shrewder approaches aim to hold down real yields while holding up confidence. This involves a wider range of sticks and carrots.

Banks' balance sheets make for attractive targets, and the scope to channel money into government debt is enormous. US commercial banks hold nearly US\$19 trillion of total assets but only US\$2 trillion of Treasuries, and they have US\$4 trillion of cash-like reserves parked with the US Federal Reserve (the Fed). Insurers, pension funds and stablecoins offer additional scope for a would-be repressor to direct money into government debt.

Regulation can make government debt more attractive, but a bigger prize would be stealth YCC by the Treasury. The US Treasury sells government debt, which affords it great influence over government bond yields.

US Treasury Secretary Scott Bessent has already announced that essentially all incremental borrowing will be done through bills, where demand remains plentiful. If he wishes, he could push this further, using tools already available. For over a decade, the Treasury has conducted buybacks of government bonds. Under Bessent, the Treasury has doubled the frequency of these buybacks and modestly increased their size. Large buybacks of discounted old bonds could increase interest expense in the short term but would mechanically improve the headline debt-to-GDP ratio.

Concentrating borrowing in short-term bills has other advantages. If more of the debt is short term, more of the interest expense will be at short-term rates. Those rates, in turn, are tightly controlled by the Fed. If you can borrow at rates set by the Fed, then cajole the Fed into lowering rates, the government can save on interest expense.

#### Investment implications: beware higher inflation and a weaker dollar

The US pursuing financial repression is no sure thing, but stacking up policymakers' incentives, it seems plausible to us.

If the US tries to hold down interest rates while letting inflation run hot, two conclusions are clear: Holders of conventional bonds will suffer as inflation erodes their purchasing power, and the US dollar will weaken against real assets and other currencies. Our financial repression concerns inform three of the Portfolio's major positions: our preference for inflation-linked bonds, gold-related holdings and caution on the US dollar.

It is a political truism that policymakers live in fear of the bond market. But if financial repression becomes the preferred path out of debt problems, the bond market should also fear policymakers.

In the last quarter, we added to positions in a US-based managed care organisation and a US-based clinical research company. We funded these purchases by trimming positions in Nintendo and Siemens Energy into share price strength.

**Adapted from a commentary contributed by Rob Perrone, Orbis Portfolio Management (Europe) LLP, London**

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

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