ALLANGRAY

**Fund managers:** Duncan Artus, Jithen Pillay, Rory Kutisker-Jacobson, Tim Acker
(Most foreign assets are invested in Orbis funds)
**Inception date:** 1 October 1998

# Allan Gray Equity Fund

30 June 2026

## Fund description and summary of investment policy

The Fund invests primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund can invest a maximum of 45% offshore. The Fund invests the bulk of its foreign allowance in equity funds managed by Orbis Investment Management Limited, our offshore investment partner. The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.

ASISA unit trust category: South African – Equity – General

## Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk of loss. To pursue its objective the Fund's portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds).

## How we aim to achieve the Fund's objective

We seek to buy shares offering the best relative value while maintaining a diversified portfolio. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares from sellers who over-react to short-term difficulties or undervalue long-term potential. We invest in a selection of shares across all sectors of the stock market, and across the range of large, mid and smaller cap shares.

## Suitable for those investors who

- Seek exposure to listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility
- Are prepared to accept the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio

## Meeting the Fund objective

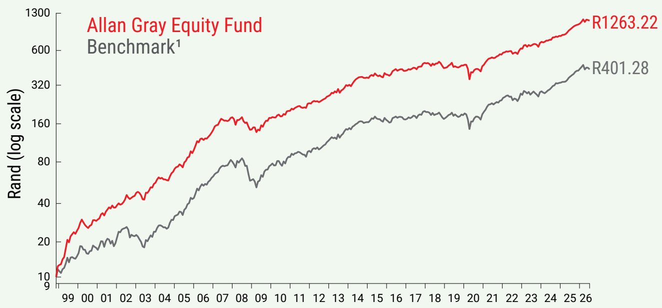
The Fund has created wealth for its long-term investors. Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than the average equity fund. The maximum drawdown and lowest annual return numbers, in the 'Performance net of all fees and expenses' table, show that the Fund has successfully reduced downside risk in periods of negative market returns.

## Fund information on 30 June 2026

| | |
|---|---|
| Fund size | R59.7bn |
| Number of units | 48 236 811 |
| Price (net asset value per unit) | R783.78 |
| Class | A |

## Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested




| % Returns | Fund | Benchmark[1] | CPI inflation[2] |
|---|---|---|---|
| **Cumulative:** | | | |
| Since inception (1 October 1998) | 12532.2 | 3912.8 | 325.1 |
| **Annualised:** | | | |
| Since inception (1 October 1998) | 19.1 | 14.2 | 5.4 |
| Latest 10 years | 9.9 | 9.0 | 4.7 |
| Latest 5 years | 15.2 | 13.3 | 5.1 |
| Latest 3 years | 16.7 | 15.1 | 4.2 |
| Latest 2 years | 19.8 | 18.0 | 3.7 |
| Latest 1 year | 17.7 | 13.5 | 4.5 |
| Year-to-date (not annualised) | 5.6 | -1.1 | 3.2 |
| **Risk measures (since inception)** | | | |
| Maximum drawdown[3] | -37.0 | -45.4 | n/a |
| Percentage positive months[4] | 66.7 | 61.0 | n/a |
| Annualised monthly volatility[5] | 14.7 | 16.0 | n/a |
| Highest annual return[6] | 125.8 | 73.0 | n/a |
| Lowest annual return[6] | -24.3 | -37.6 | n/a |

1. The market value-weighted average return of funds in the South African – Equity – General category, excluding Allan Gray funds. (Effective 1 October 2024, this category started excluding funds that can only invest in South African equities.) Source: Morningstar, performance as calculated by Allan Gray as at 30 June 2026. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: Iress.
2. This data reflects the latest available headline CPI inflation numbers as at 31 May 2026 (source: Iress).
3. Maximum percentage decline over any period. The maximum drawdown occurred from 3 September 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Fund/benchmark (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 30 September 1999 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.



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## Income distributions for the last 12 months

| To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually. | 31 Dec 2025 | 30 Jun 2026 |
|---|---|---|
| **Cents per unit** | **851.4978** | **0.0000** |

## Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

For each annualised percentage point above or below the benchmark we add or deduct 0.20%. The maximum fee is uncapped and if the fee would have been negative, 0.00% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered).

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.

## Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are 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.

## Top 10 share holdings on 30 June 2026 (SA and Foreign) (updated quarterly)[7]

| Company | % of portfolio |
|---|---|
| AB InBev | 5.5 |
| Naspers & Prosus | 3.9 |
| Glencore | 3.5 |
| British American Tobacco | 3.4 |
| Standard Bank | 3.2 |
| AngloGold Ashanti | 3.0 |
| Remgro | 2.2 |
| Booking Holdings | 2.1 |
| Nedbank | 2.1 |
| Woolworths | 1.9 |
| **Total (%)** | **30.8** |

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Includes listed property.
9. FTSE/JSE All Share Index.

## Sector allocation on 30 June 2026 (updated quarterly)[7]

| Sector | % of equities[8] | % of ALSI[9] |
|---|---|---|
| Financials | 20.1 | 30.6 |
| Consumer staples | 17.7 | 9.4 |
| Consumer discretionary | 14.8 | 5.8 |
| Basic materials | 14.0 | 28.4 |
| Industrials | 10.8 | 2.2 |
| Technology | 9.6 | 10.0 |
| Healthcare | 5.0 | 1.2 |
| Energy | 3.8 | 0.7 |
| Telecommunications | 2.4 | 6.5 |
| Real estate | 1.8 | 5.0 |
| Utilities | 0.1 | 0.0 |
| **Total (%)** | **100.0** | **100.0** |

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

| 1- and 3-year TER and transaction costs breakdown | 1yr % | 3yr % |
|---|---|---|
| Total expense ratio | 2.12 | 1.81 |
| Fee for benchmark performance | 1.03 | 1.03 |
| Performance fees | 0.90 | 0.62 |
| Other costs excluding transaction costs | 0.04 | 0.04 |
| VAT | 0.15 | 0.12 |
| Transaction costs (including VAT) | 0.10 | 0.09 |
| **Total investment charge** | **2.22** | **1.90** |

## Asset allocation on 30 June 2026[7]

| Asset class | Total | South Africa | Foreign |
|---|---|---|---|
| Net equities | 96.1 | 52.5 | 43.6 |
| Hedged equities | 0.0 | 0.0 | 0.0 |
| Property | 1.7 | 0.2 | 1.5 |
| Commodity-linked | 0.0 | 0.0 | 0.0 |
| Bonds | 0.2 | 0.0 | 0.2 |
| Money market and cash[10] | 2.1 | 0.9 | 1.2 |
| **Total (%)** | **100.0** | **53.6** | **46.4**[11] |

10. Includes the impact of any currency hedging.
11. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

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

## Fund manager quarterly commentary as at 30 June 2026

The Fund returned 2.4% for the quarter, slightly ahead of the benchmark's 0.3%. Year to date, performance has been considerably stronger, with the Fund returning 5.6% compared to the benchmark's -1.1%. While the recent improvement in relative returns is pleasing, we continue to focus on long-term returns rather than near-term market movements.

Throughout the Fund's history, outperformance has tended to be stronger in falling markets than in rising markets. The recent performance has been in line with this pattern, particularly in the domestic portion of the Fund. 2025 was a more challenging period for the Fund: Absolute returns were good at 26.7% but lagged the benchmark's 28.2% return. The first half of 2026 has proven more challenging for markets overall. However, the Fund has meaningfully outperformed in this environment. The period also included significant volatility linked to the escalation of the US-Israeli conflict with Iran, reminding investors of the unpredictability of geopolitical events. This reinforces the importance of maintaining a diversified portfolio. We aim to position the Fund such that it can perform reasonably well across a range of macroeconomic environments rather than relying on a single outcome.

The strength of the local equity market through 2025 and early 2026 was narrow and driven largely by resource shares, particularly a small group of precious metal producers. A key feature of the Fund's positioning has been an underweight to this segment. While we maintained a meaningful absolute allocation to gold, it remained well below the index weight, which we viewed as excessively large. Although we recognise gold's role as a portfolio hedge, we have limited exposure given concerns about single-commodity dependence and the sector's long history of value destruction. These risks became more evident during the period, with the gold price correcting after a strong run and company-specific issues emerging, such as Gold Fields' licence dispute in Ghana. Speculative activity in platinum group metals (PGMs) was pronounced in late 2025 and early 2026, with prices rising sharply. We used this strength to reduce exposure, maintaining only a small position. Since then, many PGM shares have corrected significantly, with some falling by more than half from their first-quarter peaks.

A second key theme has been the Fund's continued rotation into SA Inc. shares. Many domestically focused companies have lagged the broader market and still trade at depressed valuations despite the FTSE/JSE All Share Index reaching record highs earlier this year. We took profits in areas of strength, such as precious metals and multinationals like British American Tobacco, and redeployed capital into select domestic businesses where valuations are more compelling. These include retailers such as Shoprite, Mr Price and Dis-Chem, which we view as high-quality businesses trading at meaningful discounts to their history. While the local macroeconomic backdrop remains extremely challenging, we continue to approach these opportunities with selectivity and caution.

Global equity markets have remained resilient, largely supported by ongoing enthusiasm around artificial intelligence (AI). Returns have been concentrated in a relatively small group of companies with elevated valuations. While some of these businesses are underpinned by structural growth, we believe that global markets, particularly in the United States, are pricing in optimistic assumptions, which warrants a cautious approach. The Fund's offshore holdings, which are predominantly managed by Orbis, have outperformed the strong market, despite limited exposure to well-known AI leaders. Instead, the Fund owns some second-order beneficiaries, such as semiconductor and memory manufacturers, including Taiwan Semiconductor Manufacturing Company and Samsung Electronics. The companies offer exposure to similar themes at more reasonable valuations. More broadly, the Fund's offshore holdings remain underweight the US market and tilted towards regions where prospective returns appear more attractive. We encourage investors to refer to Orbis' Q2 2026 factsheets for further insight.

During the quarter, the Fund added to select SA Inc. positions, including Bidvest and FirstRand, while reducing exposure to AngloGold Ashanti, Glencore and British American Tobacco.

Commentary contributed by Tim Acker

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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. Movements in exchange rates may also cause the value of underlying international investments to go up or down. 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 dividend withholding tax.

#### 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.

#### 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. For more information about our annual management fees, refer to the frequently asked questions, available via the Allan Gray website.

#### 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).

#### Foreign securities

The Fund invests in foreign securities. Depending on their markets, trading in those securities may carry risks relating to, among others, macroeconomic and political circumstances, constraints on liquidity or the repatriation of funds, foreign exchange rate fluctuations, taxation and trade settlement.

#### FTSE/JSE indices

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#### FTSE Russell Index

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#### MSCI Index

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## Important information for investors

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# Allan Gray Balanced Fund

**30 June 2026**

## Fund description and summary of investment policy

The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.

ASISA unit trust category: South African – Multi Asset – High Equity

## Fund objective and benchmark

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund's benchmark is the market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds).

## How we aim to achieve the Fund's objective

We seek to buy shares at a discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. If the stock market offers few attractive shares we may increase the Fund's weighting to alternative assets such as bonds, property, commodities and cash, or we may partially hedge the Fund's stock market exposure. By varying the Fund's exposure to these different asset classes over time, we seek to enhance the Fund's long-term returns and to manage its risk. The Fund's bond and money market investments are actively managed.

## 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 unit trust that complies with retirement fund investment limits
- Typically have an investment horizon of more than three years

## Meeting the Fund objective

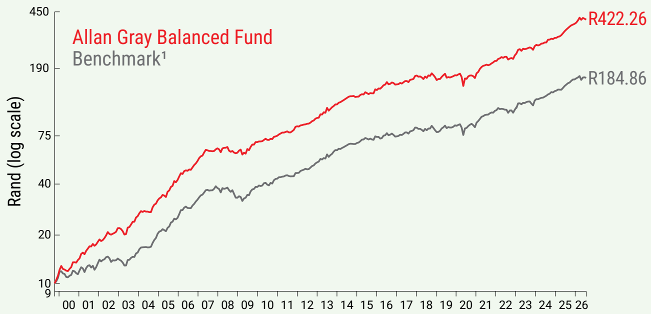
The Fund has created wealth for its long-term investors. Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than the average balanced fund.

## Fund information on 30 June 2026

| | |
|---|---|
| Fund size | R254.8bn |
| Number of units | 627 988 059 |
| Price (net asset value per unit) | R198.76 |
| Class | A |

## Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested




| % Returns | Fund | Benchmark[1] | CPI inflation[2] |
|---|---|---|---|
| **Cumulative:** | | | |
| Since inception (1 October 1999) | 4122.6 | 1748.6 | 307.3 |
| **Annualised:** | | | |
| Since inception (1 October 1999) | 15.0 | 11.5 | 5.4 |
| Latest 10 years | 9.6 | 8.5 | 4.7 |
| Latest 5 years | 13.8 | 11.0 | 5.1 |
| Latest 3 years | 14.8 | 12.1 | 4.2 |
| Latest 2 years | 17.6 | 13.5 | 3.7 |
| Latest 1 year | 15.2 | 10.1 | 4.5 |
| Year-to-date (not annualised) | 4.4 | 0.7 | 3.2 |
| **Risk measures (since inception)** | | | |
| Maximum drawdown[3] | -25.4 | -23.3 | n/a |
| Percentage positive months[4] | 70.7 | 68.5 | n/a |
| Annualised monthly volatility[5] | 9.1 | 9.1 | n/a |
| Highest annual return[6] | 46.1 | 41.9 | n/a |
| Lowest annual return[6] | -14.2 | -16.7 | n/a |

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 30 June 2026. From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund. Source: Morningstar.
2. This data reflects the latest available headline CPI inflation numbers as at 31 May 2026 (source: Iress).
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 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (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 30 April 2006 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

## Income distributions for the last 12 months

| To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually. | 31 Dec 2025 | 30 Jun 2026 |
|---|---|---|
| **Cents per unit** | **194.8429** | **147.4650** |

## Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark.

**Fee for performance equal to the Fund's benchmark:** 1.00% p.a. excl. VAT

For each percentage of two-year performance above or below the benchmark we add or deduct 0.10%, subject to the following limits:

**Maximum fee:** 1.50% p.a. excl. VAT
**Minimum fee:** 0.50% p.a. excl. VAT

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.

## Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are 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.

## Top 10 share holdings on 30 June 2026 (SA and Foreign) (updated quarterly)[7]

| Company | % of portfolio |
|---|---|
| AB InBev | 4.4 |
| Naspers & Prosus | 3.1 |
| Glencore | 2.8 |
| British American Tobacco | 2.5 |
| Standard Bank | 2.4 |
| AngloGold Ashanti | 2.3 |
| Nedbank | 1.9 |
| Remgro | 1.7 |
| The Walt Disney Company | 1.4 |
| Woolworths | 1.4 |
| **Total (%)** | **23.9** |

## Asset allocation on 30 June 2026[7]

| Asset class | Total | South Africa | Foreign |
|---|---|---|---|
| Net equities | 66.9 | 38.5 | 28.4 |
| Hedged equities | 7.9 | 1.9 | 6.0 |
| Property | 0.9 | 0.1 | 0.9 |
| Commodity-linked | 2.2 | 1.8 | 0.3 |
| Bonds | 16.3 | 11.0 | 5.3 |
| Money market and cash[8] | 5.9 | 4.1 | 1.7 |
| **Total (%)** | **100.0** | **57.4** | **42.6**[9] |

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Includes the impact of any currency hedging.
9. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

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

| 1- and 3-year TER and transaction costs breakdown | 1yr % | 3yr % |
|---|---|---|
| **Total expense ratio** | **1.78** | **1.64** |
| Fee for benchmark performance | 1.02 | 1.02 |
| Performance fees | 0.56 | 0.44 |
| Other costs excluding transaction costs | 0.04 | 0.04 |
| VAT | 0.15 | 0.14 |
| **Transaction costs (including VAT)** | **0.07** | **0.07** |
| **Total investment charge** | **1.85** | **1.71** |

## Since inception, the Fund's month-end net equity exposure has varied as follows:

| | |
|---|---|
| Minimum | 49.3% (February 2000) |
| Average | 63.4% |
| Maximum | 72.9% (May 2021) |

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



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## Fund manager quarterly commentary as at 30 June 2026

The Fund has returned 4.4% year to date, outperforming its benchmark by 3.8%. On a long-term basis, the absolute level of recent real returns is above what we would expect to deliver through the cycle. Long may it last.

Locally, the FTSE/JSE All Share Index (ALSI) is down 14% from its late February peak, amid a seemingly never-ending stream of geopolitical headlines that have manifested in increased price volatility, particularly among gold and platinum shares. What may be noteworthy for tenured investors is how precious metal shares have recently behaved more like risk-on assets. This runs counter to the notion that gold serves as a hedge against geopolitical risk. Gold Fields, which was the largest-weighted share in the ALSI during the first quarter of the year, has since fallen 41% from its peak in late January. As we have previously highlighted, the elevated weighting of precious metal shares in the ALSI is likely to introduce greater volatility and detract from the quality of the index's underlying fundamentals. At the end of the second quarter, the Fund's exposure to precious metals through miners and commodity exchange-traded funds was 7%.

As we reduced our positions in precious metals and British American Tobacco over the past year, we used the opportunity to initiate or add to positions that, in our view, improve the quality of the Fund. These include companies we have been materially underweight for some time, such as luxury goods group Richemont and food retailer Shoprite. Given their strong business fundamentals, it may be hard to believe that both shares have underperformed the broader market until recently. Richemont is the world's second-largest luxury goods company after LVMH, which we also hold in the Fund. Richemont owns some of the best jewellery brands in the world, including Cartier and Van Cleef & Arpels, with its less-profitable watch division contributing a declining share of group profits. Richemont has a very strong balance sheet with net cash before lease liabilities of approximately €8.5bn. We also like the fact that it's difficult to see artificial intelligence (AI) disrupting the luxury goods market, and that the company may even benefit from wealth created by the technology. There has also been a shift in the company's geographical revenue mix, away from Greater China to the United States.

The Fund has indirectly benefited from the rapid commercialisation of AI and the associated increase in spending. The stunning levels of capex announced by hyperscalers, such as Amazon and Alphabet, have led to a shortage of memory components used in AI data centre compute, particularly dynamic random-access memory (DRAM) and high bandwidth memory (HBM). This has resulted in a material increase in the earnings and share prices of businesses in the memory ecosystem, such as SK Square (through its stake in SK Hynix), Samsung Electronics and Micron Technology. Indeed, the three companies now each have a market capitalisation of over US$1tn. The market will be closely monitoring the sustainability of their earnings. Our long-held position in Taiwan Semiconductor Manufacturing Company, whose dominant position in the foundry industry that produces high-end chips has continued to deliver stellar results, does not appear expensive relative to some other areas of the market.

During the quarter, the Fund added to its existing position in FirstRand, initiated a new position in Harmony Gold and reduced its holdings in AB InBev and Glencore.

Commentary contributed by Duncan Artus

## Important information for investors



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**Performance**
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**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.

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**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).

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# Allan Gray Stable Fund

**30 June 2026**

## Fund description and summary of investment policy

The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund or a balanced fund.

ASISA unit trust category: South African – Multi Asset – Low Equity

## Fund objective and benchmark

The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited, plus 2%.

## How we aim to achieve the Fund's objective

A major portion of the Fund is typically invested in money market instruments. We seek to deploy the Fund's cash by investing in shares when they can be bought at a significant discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. If the stock market offers few attractive shares, we may allocate a low weight to shares or partially hedge the Fund's stock market exposure in consideration of the Fund's capital preservation objectives. The Fund may also invest in bonds, property and commodities. The Fund's bond and money market investments are actively managed.

## Suitable for those investors who

- Are risk-averse and require a high degree of capital stability
- Seek both above-inflation returns over the long term, and capital preservation over any two-year period
- Require some income but also some capital growth
- Wish to invest in a unit trust that complies with retirement fund investment limits

## Meeting the Fund objective

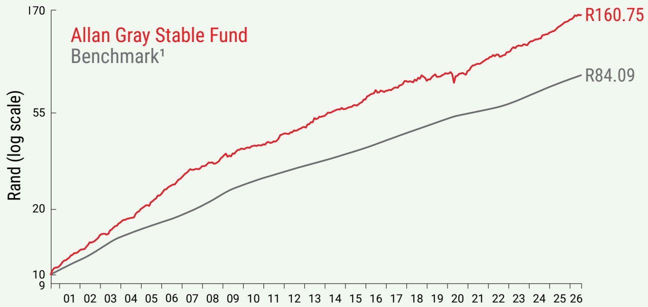
Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund aims to minimise the risk of loss over any two-year period.

## Fund information on 30 June 2026

| | |
|---|---|
| Fund size | R63.3bn |
| Number of units | 589 178 713 |
| Price (net asset value per unit) | R53.67 |
| Class | A |

## Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested




| % Returns | Fund | Benchmark[1] | CPI inflation[2] |
|---|---|---|---|
| **Cumulative:** | | | |
| Since inception (1 July 2000) | 1507.5 | 740.9 | 286.6 |
| **Annualised:** | | | |
| Since inception (1 July 2000) | 11.3 | 8.5 | 5.4 |
| Latest 10 years | 8.7 | 7.6 | 4.7 |
| Latest 5 years | 11.1 | 8.0 | 5.1 |
| Latest 3 years | 11.7 | 9.0 | 4.2 |
| Latest 2 years | 13.5 | 8.7 | 3.7 |
| Latest 1 year | 11.8 | 8.2 | 4.5 |
| Year-to-date (not annualised) | 4.9 | 3.9 | 3.2 |
| **Risk measures (since inception)** | | | |
| Maximum drawdown[3] | -16.7 | n/a | n/a |
| Percentage positive months[4] | 78.8 | 100.0 | n/a |
| Annualised monthly volatility[5] | 5.0 | 0.6 | n/a |
| Highest annual return[6] | 23.3 | 14.6 | n/a |
| Lowest annual return[6] | -7.4 | 4.6 | n/a |

1. The daily interest rate, as supplied by FirstRand Bank, plus 2%, performance as calculated by Allan Gray as at 30 June 2026.
2. This data reflects the latest available headline CPI inflation numbers as at 31 May 2026 (source: Iress).
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020. 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 30 April 2006 and the benchmark's occurred during the 12 months ended 30 June 2003. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 August 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.



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## Income distributions for the last 12 months

| To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus quarterly. | 30 Sep 2025 | 31 Dec 2025 | 31 Mar 2026 | 30 Jun 2026 |
|---|---|---|---|---|
| **Cents per unit** | **43.8841** | **37.7568** | **37.5429** | **38.5745** |

## Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. If the Fund's return over two years is equal to or less than 0%, Allan Gray will not charge a fee.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

For each percentage of two-year performance above or below the benchmark we add or deduct 0.10%, subject to the following limits:

Maximum fee: 1.50% p.a. excl. VAT
Minimum fee: 0.50% p.a. excl. VAT

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.

## Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are 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.

## Top 10 share holdings on 30 June 2026 (SA and Foreign) (updated quarterly)[7]

| Company | % of portfolio |
|---|---|
| AB InBev | 2.9 |
| British American Tobacco | 1.4 |
| AngloGold Ashanti | 1.3 |
| Standard Bank | 1.3 |
| Richemont | 1.2 |
| Remgro | 1.2 |
| Woolworths | 1.2 |
| Shoprite | 1.0 |
| Taiwan Semiconductor Mfg | 0.9 |
| Sasol | 0.9 |
| **Total (%)** | **13.4** |

7. Underlying holdings of foreign funds are included on a look-through basis.

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

| 1- and 3-year TER and transaction costs breakdown | 1yr % | 3yr % |
|---|---|---|
| Total expense ratio | 1.82 | 1.61 |
| Fee for benchmark performance | 1.01 | 1.01 |
| Performance fees | 0.59 | 0.41 |
| Other costs excluding transaction costs | 0.04 | 0.03 |
| VAT | 0.18 | 0.16 |
| Transaction costs (including VAT) | 0.05 | 0.04 |
| **Total investment charge** | **1.87** | **1.65** |

## Top debt issuers on 30 June 2026 (SA and Foreign) (updated quarterly)[7,8]

| Issuer | % of portfolio |
|---|---|
| Republic of South Africa | 19.2 |
| Standard Bank | 7.4 |
| FirstRand | 4.5 |
| Absa | 3.7 |
| Investec | 3.0 |
| United States Treasury | 1.7 |
| Nedbank | 1.3 |
| **Total (%)** | **40.7** |

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

## Asset allocation on 30 June 2026

| Asset class | Total | South Africa | Foreign |
|---|---|---|---|
| Net equities | 31.1 | 16.5 | 14.5 |
| Hedged equities | 17.1 | 6.9 | 10.2 |
| Property | 0.7 | 0.0 | 0.7 |
| Commodity-linked | 1.5 | 1.2 | 0.3 |
| Bonds | 36.8 | 30.2 | 6.6 |
| Money market and cash[9] | 12.8 | 9.4 | 3.4 |
| **Total (%)** | **100.0** | **64.3** | **35.7[10]** |

9. Includes the impact of any currency hedging.

10. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

## Since inception, the Fund's month-end net equity exposure has varied as follows:

| | |
|---|---|
| Minimum | 12.4% (January 2010) |
| Average | 26.4% |
| Maximum | 39.6% (December 2018) |

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

## Fund manager quarterly commentary as at 30 June 2026

While 2025 delivered stellar market returns, the first half of the year has presented an altogether more difficult environment for investors, with the outbreak of war in the Middle East in February being the single biggest market-moving event. The escalation of the conflict and the resulting shipping disruptions in the Strait of Hormuz, through which roughly one-fifth of the global oil supply is transported, led to a sharp rise in crude oil prices. In turn, rising inflation expectations and lower economic growth estimates have heightened global market volatility.

Heading into the year, the consensus was that the interest rate-cutting cycle would continue, but the war has reversed this narrative and pushed the European Central Bank, the Bank of Japan and the South African Reserve Bank towards hikes. Developed market sovereign debt yields have broadly moved higher. In the United States, expectations that the incoming US Federal Reserve (Fed) chair, Kevin Warsh, would favour policy easing were also challenged, as the Fed's recent statement took a more hawkish tone. Greater emphasis was placed on reining in rising prices as US inflation hit levels last seen in 2023, when the Fed was tightening monetary policy. Market expectations shifted dramatically towards two rate hikes by the end of the year.

The signing of a memorandum of understanding between the United States and Iran in June and subsequent attempts to restore normal transit through the Strait of Hormuz have contributed to a significant decline in oil prices, fully reversing the war-driven increases. However, tensions remain elevated, with uncertainty on how long the ceasefire will endure. Although each side is motivated by different incentives, it is becoming clearer that the bar for resuming hostilities has moved higher.

The artificial intelligence (AI) trade, powered by record levels of data centre capital expenditure, remains a dominant theme driving US equity markets to new all-time highs. Approximately half the weight of the S&P 500 is now attributed to AI-related shares, highlighting the binary nature of the US market into "AI winners" versus "AI losers".

The MSCI World Index returned 9.7% in US dollars for the first half of 2026, while the FTSE/JSE All Share Index and the FTSE/JSE All Bond Index returned -3.0% and 4.2%, respectively, in rand terms. The Fund's year-to-date return of 4.9% should be viewed against this backdrop. Local equity selection added to the Fund's return, with holdings in AB InBev and Sasol, together with underweight exposure to precious metal miners among the largest contributors to relative outperformance. Hedging instruments have also helped shield the Fund from broader equity market weakness. Within the Fund's offshore exposure, the performance of the underlying Orbis funds also boosted returns.

During the quarter, we trimmed the Fund's exposure to Sasol, British American Tobacco and AB InBev, and we added to positions in Prosus, Sanlam and select local retailers.

Commentary contributed by Sean Munsie

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**MSCI Index**

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## 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 30 June 2026

| | |
|---|---|
| Fund size | R3.8bn |
| Number of units | 205 148 238 |
| Price (net asset value per unit) | R10.48 |
| Modified duration: | 0.8 |
| Gross yield (i.e. before fees) | 8.2 |
| Net yield (i.e. after fees) | 7.3 |
| Fund weighted average maturity (years) | 4.4 |
| Class | A |

1. The Fund's benchmark is the Alexforbes Short Term Fixed Interest (STeFI) Composite Index. Performance as calculated by Allan Gray as at 30 June 2026. Source: Bloomberg.
2. This data reflects the latest available headline CPI inflation numbers as at 31 May 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 30 June 2026 and the benchmark's occurred during the 12 months ended 30 June 2026. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request

## Income distributions for the last 12 months

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

| 31 Jul 2025 | 31 Aug 2025 | 30 Sep 2025 | 31 Oct 2025 |
|---|---|---|---|
| 7.00 | 6.49 | 7.12 | 6.83 |
| **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 |

## Performance net of all fees and expenses

| % Returns | Fund | Benchmark[1] | CPI inflation[2] |
|---|---|---|---|
| **Cumulative:** | | | |
| Since inception (1 May 2024) | 24.1 | 17.3 | 7.7 |
| **Annualised:** | | | |
| Since inception (1 May 2024) | 10.5 | 7.7 | 3.6 |
| Latest 2 years | 10.5 | 7.6 | 3.7 |
| Latest 1 year | 10.2 | 7.1 | 4.5 |
| Year-to-date (not annualised) | 3.6 | 3.4 | 3.2 |
| **Risk measures (since inception)** | | | |
| Maximum drawdown[3] | -1.2 | n/a | n/a |
| Percentage positive months[4] | 96.2 | 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] | 10.2 | 7.1 | n/a |

## Annual management fee

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

## Total expense ratio (TER) and transaction costs

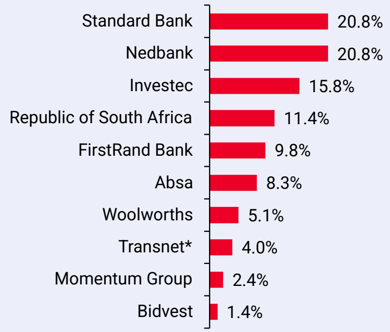
The annual management fee is included in the TER. The TER is the percentage of the value of the Fund that was incurred as expenses relating to the administration of the Fund, annualised over the relevant periods. Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted 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 June 2026 (updated quarterly)

| 1- and 3-year TER and transaction costs breakdown | 1yr % | 3yr %[7] |
|---|---|---|
| **Total expense ratio** | **0.76** | **0.75** |
| Fee for benchmark performance | 0.65 | 0.65 |
| Other costs excluding transaction costs | 0.01 | 0.01 |
| VAT | 0.10 | 0.10 |
| **Transaction costs (including VAT)** | **0.00** | **0.00** |
| **Total investment charge** | **0.76** | **0.75** |

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

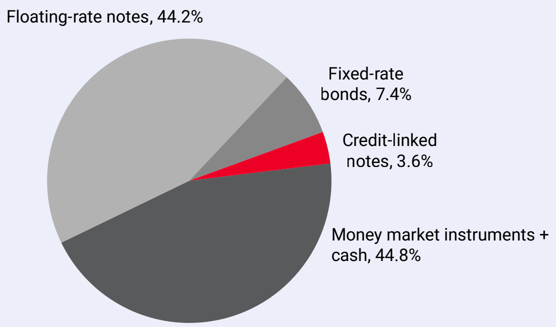
## Top credit exposures on 30 June 2026[8]



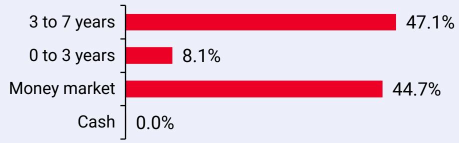

*RSA government guaranteed

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

## Asset allocation on 30 June 2026




## Maturity profile on 30 June 2026




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



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## Fund manager quarterly commentary as at 30 June 2026

The first half of the year has presented a more difficult environment for investors, with the outbreak of war in the Middle East in February being the single biggest market-moving event. The escalation of the conflict and the resulting shipping disruptions in the Strait of Hormuz, through which roughly one-fifth of the global oil supply is transported, led to a sharp rise in crude oil prices. In turn, rising inflation expectations and lower economic growth estimates have heightened global market volatility.

Heading into the year, the consensus was that the interest rate-cutting cycle would continue, but the war has reversed this narrative and pushed the European Central Bank and the Bank of Japan towards hikes. Other banks moved to hold rates steady owing to the uncertainty. Developed market sovereign debt yields broadly moved higher. In the United States, expectations that the incoming US Federal Reserve (Fed) chair, Kevin Warsh, would favour policy easing were also challenged, as the Fed's recent statement took a more hawkish tone. Greater emphasis was placed on reining in rising prices as US inflation hit levels last seen in 2023, when the Fed was tightening monetary policy. Market expectations shifted dramatically towards two rate hikes by the end of the year.

The South African Reserve Bank (SARB) raised the key repo rate by 25 basis points (bps) to 7% at its Monetary Policy Committee (MPC) meeting in May. This marked the SARB's first interest rate hike since 2023, following two consecutive holds. The vote was split four to two, with four members favouring the hike and two preferring no change. A larger 50 bps hike was considered, but the MPC ultimately decided that second-round effects, where the shock broadens into wages and inflation expectations, were not yet sufficiently evident in the data to justify a larger increase.

The South African consumer price index (CPI) rose from the low 3% range seen earlier in the year to 4.5% in May, largely due to higher energy costs. Fuel prices increased 28.7% year-on-year, marking one of the largest jumps in fuel inflation on record. Excluding fuel, the CPI was 3.7% in May, unchanged from April, and has remained within a narrow 3.5-3.8% range over the past 12 months, with monthly ex-fuel inflation at just 0.2% in May. This indicates that the fuel shock is responsible for most of the increase in the headline number, while broader underlying inflation is only rising slowly.

The signing of a memorandum of understanding between the US and Iran in June and subsequent attempts to restore normal transit through the Strait of Hormuz have contributed to a significant decline in the oil price, fully reversing the war-driven increases. Despite ongoing tensions and a fragile ceasefire, the recent drop in oil prices has mitigated the immediate inflation risks in South Africa's near-term outlook that had warranted the rate hike in May. As a result, expectations for further rate increases have moderated from the elevated levels seen during the conflict.

During the quarter, the Fund increased its allocation to floating-rate paper. In light of the upside inflation risks, the Fund stands to benefit from this positioning, as yields on these instruments will rise with interest rate hikes. At quarter end, the Fund's annualised gross yield was 8.2%.

Commentary contributed by Sean Munsie

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### 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), 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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