

Portfolio description and summary of investment policy

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

Portfolio objective and benchmark

The Portfolio 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 Portfolio's benchmark is the Consumer Price Index, plus 3%.

How we aim to achieve the Portfolio's objective

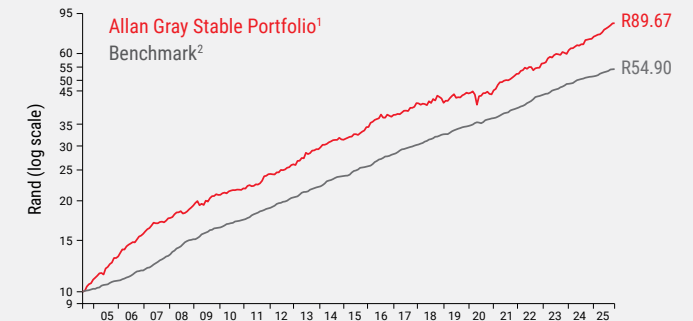
A major portion of the Portfolio is typically invested in money market instruments. We seek to deploy the Portfolio's cash by investing in shares when they can be bought at a significant discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term 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 Portfolio's stock market exposure in consideration of the Portfolio's capital preservation objectives. The Portfolio may also invest in bonds, property and commodities. The Portfolio's bond and money market investments are actively managed.

Portfolio history

The Portfolio is managed in the same way as the Allan Gray Life Global Stable Portfolio. When assessing the Portfolio's performance and risk measures over time, for periods before its inception (16 August 2017), the returns of the Allan Gray Life Global Stable Portfolio can be used. The combined history reflects the performance and risk of the strategy over the long term.

Performance net of all fees and expenses

Value of R10 invested at alignment



- The returns prior to 16 August 2017 are those of the Allan Gray Life Global Stable Portfolio since its alignment on 1 August 2004. The returns are shown net of the fees that would have been incurred had the current fee applied since alignment.
- The Portfolio's benchmark is the Consumer Price Index plus 3%, performance as calculated by Allan Gray as at 30 September 2025.
- CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 31 August 2025 (source: IRESS).
- Maximum percentage decline over any period calculated from monthly returns. The maximum drawdown occurred from January 2020 to March 2020. Drawdown is calculated on the total return of the Portfolio (i.e. including income).
- The percentage of calendar months in which the Portfolio produced a positive monthly return since alignment.
- 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.
- These are the highest or lowest consecutive 12-month returns since alignment. This is a measure of how much the Portfolio and the benchmark returns have varied per rolling 12-month period. The Portfolio's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 31 August 2008. The Portfolio's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 May 2020.

% Returns	Portfolio ¹	Benchmark ²	CPI Inflation ³
Cumulative:			
Since inception	796.7	449.0	202.6
Annualised:			
Since inception	10.9	8.4	5.4
Latest 10 years	9.2	7.8	4.8
Latest 5 years	12.2	7.9	5.0
Latest 3 years	12.9	7.1	4.2
Latest 2 years	12.9	6.5	3.8
Latest 1 year	13.9	6.1	3.3
Year-to-date (not annualised)	10.8	5.3	3.3
Risk measures (since inception)			
Maximum drawdown ⁴	-10.3	-0.7	n/a
Percentage positive months ⁵	75.3	98.0	n/a
Annualised monthly volatility ⁶	5.3	1.4	n/a
Highest annual return ⁷	27.5	15.0	n/a
Lowest annual return ⁷	-6.9	4.9	n/a

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 portfolio that complies with retirement fund investment limits

Annual management fee

Allan Gray charges a fixed fee of 0.70% p.a. on the Portfolio assets excluding the portion invested in the range of Orbis funds. This fee is presently exempt from VAT.

A portion of the Portfolio 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 Portfolio over a one-year and three-year period (annualised). Since Portfolio returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns. Transaction costs are disclosed separately.

Top 10 share holdings on 30 September 2025 (SA and Foreign) (updated quarterly)⁸

Company	% of portfolio
AB InBev	2.6
AngloGold Ashanti	2.1
British American Tobacco	2.0
Gold Fields	1.4
Woolworths	1.2
Remgro	1.2
Standard Bank	1.1
Sasol	1.1
Richemont	1.1
Marriott International Inc	1.0
Total (%)	14.8

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

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

Minimum	23.2% (September 2025)
Average	31.8%
Maximum	40.1% (December 2018)

Asset allocation on 30 September 2025⁸

Asset Class	Total	South Africa	Foreign
Net equities	23.2	10.2	13.0
Hedged equities	26.0	13.8	12.2
Property	1.1	0.1	1.0
Commodity-linked	2.2	1.6	0.6
Bonds	34.0	28.5	5.5
Money market and cash ⁹	13.5	11.0	2.5
Total (%)	100.0	65.3	34.7¹⁰

9. Includes the impact of any currency hedging.

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

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

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2025	1-yr	3-yr
Total expense ratio¹¹	1.44	1.10
Fee for benchmark performance	0.73	0.73
Performance fees	0.68	0.34
Other costs (excl. transaction costs)	0.03	0.03
Transaction Costs (incl. VAT)¹²	0.05	0.04
Total investment charge	1.49	1.14

11. 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.

12. 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.

The FTSE/JSE All Share Index (ALSI) added to its impressive gains in the latest quarter, returning 12.9% and taking its year-to-date return to a remarkable 31.7%. It is seldom that returns from the local equity market rank near the top of global performance tables across multiple time periods, but now is such a time. Over the last five years, the ALSI has generated a US dollar return of 18.3% per annum, ahead of both the S&P 500 and the MSCI World indices at 16.5% and 14.4% respectively.

Key to the recent bout of outperformance has been gold, with the price of the metal up 47% thus far this year, including 12% in the last month alone. This last leg higher coincided with the market starting to price in multiple US Federal Reserve interest rate cuts owing to a weakening labour market in the United States. Concerns around increasing political influence on the central bank's actions also likely contributed. Prospects for looser monetary policy conditions ahead, while US inflation continues to run stubbornly above target, heighten the appeal of gold. Only 1979, when inflation concerns were widespread, saw better returns for the metal at this point in the year.

On the back of this move, the share prices of local gold miners have more than doubled so far in 2025. Platinum group metal producers have recently joined the market rally, with the shares up nearly 50% just in September. This, as platinum regained its allure as a precious metal. We have previously highlighted the concentrated nature of the local index, with precious metal producers now holding a 24% weight. Historically, the return profile from this sector has been highly erratic due to the cyclical nature of metal prices and the economics for the miners being eroded over time by cost creep and value-destructive capital allocation decisions.

Similarly, the local bond market continued its rally, with the FTSE/JSE All Bond Index (ALBI) adding 6.9% in the last quarter, taking the year-to-date return to 14.0%. While the South African Reserve Bank (SARB) opted to hold rates at its most recent Monetary Policy Committee meeting, the shift towards a more dovish future stance is evident. The SARB has also introduced the possibility of lowering the inflation objective to 3% versus the previous 3% to 6% band.

Experience elsewhere suggests that once inflation settles in the 1% to 3% range, it usually stays there. The current band is too high and wide relative to the low prevailing inflation that the SARB wishes to lock in. With administered prices and public sector wages still expected to outpace overall inflation, government support is clearly required. While discussions between the SARB and National Treasury are ongoing, the bond market has cheered the prospect of a new, lower target.

At quarter end, roughly 35% of the Portfolio was invested in direct offshore assets. Although the stronger rand this year has presented a headwind, performance from the underlying Orbis funds has been strong on both an absolute and relative basis.

The Portfolio has returned 10.8% year to date, outperforming its benchmark by 5.5%. With many asset prices, both locally and offshore, at or near multi-year highs, the prospect of future benchmark returns remaining elevated looks less clear. In our opinion, the Portfolio's current defensive positioning, in terms of its stock selection, 23.2% net equity weight (which is below the 40% maximum), sizeable asset allocation towards hedged equities, and lower-duration bond holdings should assist it in meeting its return objective, even if markets consolidate and digest their recent rallies in the near term.

During the quarter, the Portfolio continued to lighten its exposure to floating-rate notes in favour of fixed instruments. On the equities side, we initiated a new position in Shoprite, added to existing positions in Richemont and Spar, and trimmed the Portfolio's exposure to British American Tobacco and gold miners.

Commentary contributed by Sean Munsie

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

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FTSE/JSE All Share Index, FTSE/JSE Resources Index, FTSE/JSE All Bond Index and FTSE/JSE Financials Index

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FTSE Russell Index

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MSCI Index

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