

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.

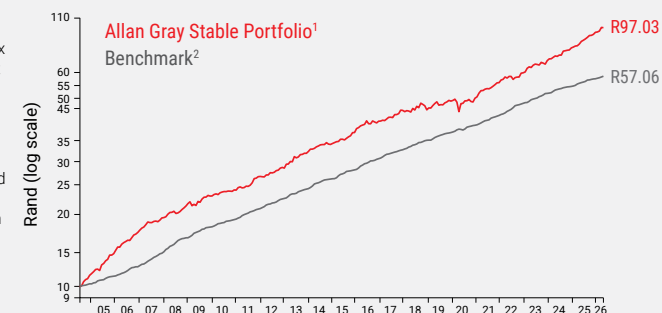
Portfolio history

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.

1. 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.
2. The Portfolio's benchmark is the Consumer Price Index plus 3%, performance as calculated by Allan Gray as at 30 April 2026.
3. This is based on the latest numbers published by Iress as at 31 March 2026.
4. 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).
5. The percentage of calendar months in which the Portfolio produced a positive monthly return since alignment.
6. 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.
7. 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.

Performance net of all fees and expenses

Value of R10 invested at alignment



% Returns	Portfolio ¹	Benchmark ²	CPI inflation ³
Cumulative:			
Since alignment (1 August 2004)	870.3	470.6	207.3
Annualised:			
Since alignment (1 August 2004)	11.0	8.3	5.3
Latest 10 years	8.9	7.6	4.6
Latest 5 years	11.6	7.8	4.8
Latest 3 years	12.0	6.8	3.7
Latest 2 years	14.0	6.1	2.9
Latest 1 year	14.1	6.4	3.1
Year-to-date (not annualised)	5.1	2.7	1.4
Risk measures (since inception)			
Maximum drawdown ⁴	-10.3	-0.7	n/a
Percentage positive months ⁵	75.6	98.1	n/a
Annualised monthly volatility ⁶	5.2	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 31 March 2026 (SA and Foreign) (updated quarterly)⁸

Company	% of portfolio
AB InBev	2.7
Sasol	2.1
British American Tobacco	1.8
AngloGold Ashanti	1.8
Woolworths	1.2
Remgro	1.2
Standard Bank	1.2
Richemont	1.0
Glencore	1.0
Shoprite	0.9
Total (%)	14.8

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

Asset allocation on 30 April 2026⁸

Asset class	Total	South Africa	Foreign
Net equities	29.5	15.8	13.7
Hedged equities	19.9	8.7	11.2
Property	0.8	0.0	0.8
Commodity-linked	1.8	1.5	0.3
Bonds	36.4	29.9	6.6
Money market and cash ⁹	11.5	9.0	2.5
Total (%)	100.0	64.9	35.1¹⁰

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.

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

Minimum	23.2% (September 2025)
Average	31.4%
Maximum	40.1% (December 2018)

Total expense ratio (TER) and transaction costs for periods ending 31 March 2026 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %
Total expense ratio¹¹	1.57	1.18
Fee for benchmark performance	0.73	0.73
Performance fees	0.81	0.42
Other costs (excl. transaction costs)	0.03	0.03
Transaction costs (including VAT)¹²	0.06	0.05
Total investment charge	1.63	1.23

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 quarter began on an optimistic note, with both local and global markets extending last year's gains. That changed abruptly in March as the US-Israeli war with Iran escalated, and investors weighed the risk of a more persistent energy shock and lower global growth. On home soil, the South African Reserve Bank kept the repo rate unchanged at 6.75% in March. If oil prices remain above US\$100 per barrel, absent lasting government relief, this would add at least 1% to South Africa's inflation rate – likely more after accounting for knock-on effects.

Locally and globally, there has been a clear shift in sentiment over the quarter. The FTSE/JSE All Share Index ended the quarter 0.6% down, having been up 11% at its intra-quarter high. Similarly, the FTSE/JSE All Bond Index fell 3.4% after trading materially stronger earlier in the period. Against this backdrop, the Portfolio returned 3.8% for the quarter and remained ahead of its benchmark. While we do not place much weight on short-term relative performance, it is encouraging that the Portfolio was able to preserve capital and deliver a positive absolute return in a quarter when other major asset classes declined.

The reversals in March are a reminder that markets can move quickly from pricing a benign combination of lower inflation and easier policy to pricing supply shocks and heightened geopolitical risk. For a portfolio with capital stability as a core objective, valuation and downside risk matter as much as upside participation. At quarter-end, the Portfolio remained positioned conservatively but with sufficient flexibility to take advantage of dislocations. Net equity exposure was at 29%, comfortably below the Portfolio's 40% maximum. The Portfolio has a meaningful allocation to hedged equities, which protect against declines in local and global markets. This was very beneficial during the March market correction. The Portfolio's fixed income positioning also remains conservative, with relatively low duration and a large holding of cash and near-cash instruments. Having liquidity readily available gives the Portfolio valuable flexibility to take advantage of opportunities that can arise during periods of heightened market volatility.

It is important to remember that 2025's local equity and bond returns were exceptionally strong. While we would not expect a repeat of these returns, there are still ample opportunities on offer in the local market. Outside of the precious metals sector, which drove market performance in 2025, many SA Inc. shares are, in fact, relatively depressed. South African bond yields rose during the quarter as investors reassessed the outlook for inflation, growth and domestic monetary policy. Higher bond yields improve prospective returns, but we continue to weigh this up against other opportunities and remain cautious about many of the structural challenges facing South Africa, such as the government's fiscal challenges and slow reforms at state-owned enterprises.

The rand touched levels below R16 to the US dollar during the quarter, its strongest level in nearly four years, as South Africa's trade account benefited from the windfall of last year's significant increase in gold and platinum prices. The level of the Portfolio's offshore exposure is primarily driven by where we see the most attractive opportunities, rather than taking a directional view on the rand. While we continue to see global markets as relatively expensive, the Portfolio's offshore holdings are meaningfully differentiated and, pleasingly, have performed well ahead of global indices during the quarter. The Portfolio's 35% offshore exposure is also an important source of diversification. As seen again this quarter, periods of global market stress often lead to a weakening of the rand. In such scenarios, the offshore allocation serves as a useful ballast, offsetting declines in local market prices. It is important to note that while heightened geopolitical uncertainty clouds the outlook for short-term returns, the Portfolio remains defensively positioned overall, aiming to both protect value and deliver returns ahead of cash in the medium term.

During the quarter, the Portfolio added to selected fixed-rate South African government bonds as yields increased. On the equity side, we increased the Portfolio's exposure to retailers by adding to its existing position in Mr Price and initiating a new position in Truworths. We reduced the Portfolio's holdings in Sasol and the gold miners.

Commentary contributed by Tim Acker

**Portfolio manager
quarterly commentary
as at 31 March 2026**

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