

## 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.

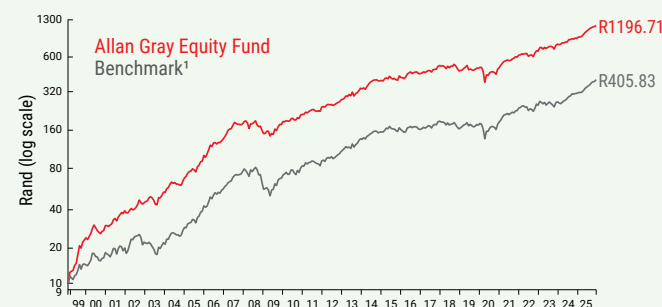
## Fund information on 31 December 2025

Fund size	R57.0bn
Number of units	47 461 352
Price (net asset value per unit)	R751.03
Class	A

- 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 31 December 2025. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: Iress.
- This data reflects the latest available headline CPI inflation numbers as at 30 November 2025 (source: Iress).
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- 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.
- 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.

## Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark <sup>1</sup>	CPI inflation <sup>2</sup>
<b>Cumulative:</b>			
Since inception (1 October 1998)	11867.1	3958.3	312.0
<b>Annualised:</b>			
Since inception (1 October 1998)	19.2	14.6	5.3
Latest 10 years	10.2	9.7	4.8
Latest 5 years	16.9	16.6	5.0
Latest 3 years	17.2	16.8	4.0
Latest 2 years	18.8	22.2	3.2
Latest 1 year	26.7	28.2	3.5
Year-to-date (not annualised)	26.7	28.2	3.5
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-37.0	-45.4	n/a
Percentage positive months <sup>4</sup>	67.0	61.2	n/a
Annualised monthly volatility <sup>5</sup>	14.7	16.0	n/a
Highest annual return <sup>6</sup>	125.8	73.0	n/a
Lowest annual return <sup>6</sup>	-24.3	-37.6	n/a

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.	30 Jun 2025	31 Dec 2025
Cents per unit	838.4062	851.4978

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 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% 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 31 December 2025 (SA and Foreign) (updated quarterly)<sup>7</sup>

Company	% of portfolio
AB InBev	5.2
Naspers & Prosus	4.7
AngloGold Ashanti	4.0
British American Tobacco	3.9
Glencore	3.4
Standard Bank	3.1
Nedbank	2.2
Remgro	2.1
The Walt Disney Company	2.1
Woolworths	2.1
Total (%)	32.8

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

Total expense ratio (TER) and transaction costs for periods ending 31 December 2025 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %
Total expense ratio	1.41	1.65
Fee for benchmark performance	1.02	1.03
Performance fees	0.32	0.46
Other costs excluding transaction costs	0.04	0.04
VAT	0.03	0.12
Transaction costs (including VAT)	0.10	0.08
Total investment charge	1.51	1.74

Sector allocation on 31 December 2025 (updated quarterly)<sup>7</sup>

Sector	% of equities <sup>8</sup>	% of ALSI <sup>9</sup>
Financials	20.8	27.4
Consumer staples	18.1	9.0
Basic materials	17.4	31.8
Consumer discretionary	13.0	5.7
Industrials	9.1	2.1
Technology	8.5	12.9
Healthcare	6.2	1.0
Energy	2.6	0.6
Telecommunications	2.1	4.7
Real estate	1.9	4.7
Utilities	0.3	0.0
Total (%)	100.0	100.0

Asset allocation on 31 December 2025<sup>7</sup>

Asset class	Total	South Africa	Foreign
Net equities	95.9	55.8	40.1
Hedged equities	0.0	0.0	0.0
Property	1.8	0.3	1.5
Commodity-linked	0.0	0.0	0.0
Bonds	0.2	0.0	0.2
Money market and cash <sup>10</sup>	2.2	1.4	0.8
Total (%)	100.0	57.4	42.6 <sup>11</sup>

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.

2025 was a year for the history books. Heightened geopolitical tensions created, and then seemingly resolved, trade wars, and artificial intelligence (AI)-induced optimism dominated global markets. In South Africa, the near collapse of the government of national unity early in the year and a strained relationship with the United States were overshadowed by the strong tailwind provided by rising precious metal prices that lifted the FTSE/JSE All Share Index (ALSI). A cursory glance at 2025's returns hides the sharp volatility that persisted during the year.

Globally, the MSCI World Index delivered a third consecutive year of strong double-digit returns, rising 21% in 2025 to close the year at a near all-time high. This performance was supported by the US, which comprises 72% of the index. As has been the case over the last three years, the breadth of this performance was narrow. Just seven stocks, the aptly named "magnificent seven", accounted for 46% of the S&P 500's performance in 2025 – largely fuelled by the promise of their AI advancements fundamentally changing the world and strengthening their business prospects. Futurist Roy Amara sums up the current investor psyche towards AI well: In the short term, people often overestimate the impact of a new technology while underestimating the long-term impact.

In the fullness of time, AI will almost certainly alter the way we interact and work. However, in the shorter term, it remains uncertain which AI hyperscaler will emerge as the winner and how these companies will appropriately monetise and fund their ambitions. What is more visible is that the five largest public AI hyperscalers plan to collectively spend more than US\$1.5tn over the next three years. To put this into context, South Africa's annual gross domestic product stands at around US\$450bn. We have two primary concerns here. Firstly, this capital expenditure will pose a material headwind to the earnings of these companies in the coming years, which we think is underappreciated. Secondly, the S&P 500 trades on a high multiple of these elevated earnings expectations and is fast approaching levels last seen during the 2000s technology bubble.

History shows that the first movers in world-altering technologies are rarely the eventual winners. Despite not owning any of the magnificent seven, aside from Alphabet, the offshore component of the Fund performed well by owning more reasonably priced stocks that are beneficiaries of the AI capital expenditure described above, as well as holding positions in underappreciated sectors such as defence and biotechnology.

Locally, the ALSI delivered a 42% return in 2025 – its best calendar year in two decades, with the index near an all-time high. Similar to the US, performance was narrow. Precious metal miners rallied sharply, more than doubling and contributing 58% of the ALSI's return for the year. The domestic component of the Fund delivered strong absolute returns but lagged relative to the ALSI due to an underweight position in the precious metal sub-sector. Collectively, gold and platinum group metal miners now represent over 25% of the ALSI. While we have a constructive view on the gold price over the longer term, in the short term, the price will likely be volatile amid shifting geopolitical and macroeconomic conditions. South African gold miners also have a poor long-term track record. Historically, gold price windfalls have often been eroded by poor cost discipline and value-destructive expansion. As such, we have been selective about the precious metal miners included in the Fund, favouring companies more likely to return free cash flow to shareholders.

Borrowing from Sir John Templeton, "Bull markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria." Given current valuations, we are concerned about the prospects for absolute returns both globally and locally. Therefore, the Fund is positioned defensively to protect capital. Within the offshore component, the Fund is tilted away from the US in favour of cheaper geographies. Where US exposure exists, it is in the less-crowded names. In South Africa, a slow reform agenda, anaemic capital investment and infrastructure concerns underpin our view that meaningful economic growth will remain elusive. Accordingly, the Fund's local positioning is skewed towards defensive rand hedges – British American Tobacco and AB InBev are good examples. Where the Fund holds South African-exposed stocks, they are businesses that we believe can sustain earnings growth even in a weaker-than-expected economic environment.

During the quarter, the Fund added to its positions in Naspers and Mr Price and reduced its holdings in Prosus and the gold miners.

**Commentary contributed by Jithen Pillay**

**Fund manager quarterly  
commentary as at  
31 December 2025**

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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](http://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 All Share Index, FTSE/JSE Financials Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index

The FTSE/JSE All Share Index, FTSE/JSE Financials Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Financials Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Financials Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index vests in FTSE and the JSE jointly. All their rights are reserved.

#### FTSE Russell Index

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#### MSCI Index

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## Important information for investors

### Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website [www.allangray.co.za](http://www.allangray.co.za) or via our Client Service Centre on **0860 000 654**

## 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.

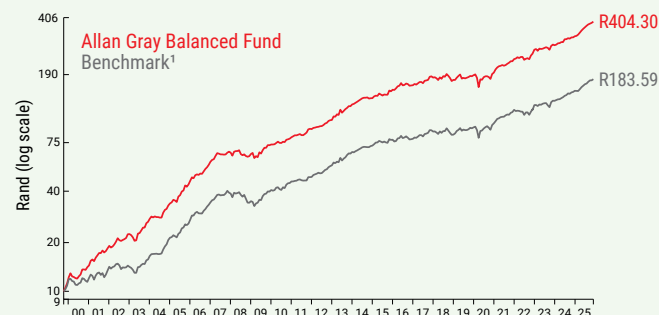
## Fund information on 31 December 2025

Fund size	R242.3bn
Number of units	609 038 235
Price (net asset value per unit)	R192.26
Class	A

- 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 31 December 2025. 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.
- This data reflects the latest available headline CPI inflation numbers as at 30 November 2025 (source: Iress).
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- 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.
- 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.

## Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark <sup>1</sup>	CPI inflation <sup>2</sup>
<b>Cumulative:</b>			
Since inception (1 October 1999)	3943.0	1735.9	294.7
<b>Annualised:</b>			
Since inception (1 October 1999)	15.1	11.7	5.4
Latest 10 years	9.8	8.7	4.8
Latest 5 years	15.0	12.9	5.0
Latest 3 years	15.6	15.0	4.0
Latest 2 years	17.0	15.9	3.2
Latest 1 year	24.0	19.1	3.5
Year-to-date (not annualised)	24.0	19.1	3.5
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-25.4	-23.3	n/a
Percentage positive months <sup>4</sup>	71.1	68.6	n/a
Annualised monthly volatility <sup>5</sup>	9.1	9.1	n/a
Highest annual return <sup>6</sup>	46.1	41.9	n/a
Lowest annual return <sup>6</sup>	-14.2	-16.7	n/a



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.	30 Jun 2025	31 Dec 2025
Cents per unit	215.1332	194.8429

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 0.1%, 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 31 December 2025 (SA and Foreign)  
(updated quarterly)<sup>7</sup>

Company	% of portfolio
AB InBev	4.1
Naspers & Prosus	3.6
AngloGold Ashanti	3.1
Glencore	2.8
British American Tobacco	2.6
Standard Bank	2.3
Nedbank	2.0
The Walt Disney Company	1.7
Woolworths	1.6
Remgro	1.5
Total (%)	25.2

Total expense ratio (TER) and transaction costs for periods ending 31 December 2025 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %
Total expense ratio	1.55	1.64
Fee for benchmark performance	1.02	1.02
Performance fees	0.37	0.44
Other costs excluding transaction costs	0.04	0.04
VAT	0.12	0.14
Transaction costs (including VAT)	0.07	0.06
Total investment charge	1.62	1.70

Asset allocation on 31 December 2025<sup>7</sup>

Asset class	Total	South Africa	Foreign
Net equities	65.8	39.0	26.8
Hedged equities	9.3	3.5	5.8
Property	1.2	0.2	1.0
Commodity-linked	3.6	3.1	0.4
Bonds	15.6	11.0	4.6
Money market and cash <sup>8</sup>	4.7	3.5	1.1
Total (%)	100.0	60.3	39.7 <sup>9</sup>

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.

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.

The Fund delivered 24% in 2025, outperforming its benchmark by 5%. Over the last three years, the Fund has achieved an annualised return of 16% compared to an inflation rate of 4%. Some investors may prefer to think in hard currency. With the rand relatively strong, US dollar returns have been very healthy at 41% over one year and 17% per annum over three years. These results were supported by robust returns from both local and global markets. Pleasingly, the Fund kept pace, outperforming its peers, with its offshore exposure making a particularly helpful contribution over the year. It is important to remember that such outcomes are well ahead of long-term averages, so a degree of caution and moderation of expectations is warranted.

A key feature of the local market's strength in 2025 was its narrowness. Index performance was driven by a handful of shares rather than broad-based gains. Gold and platinum mining companies were notable winners, benefiting from exceptionally strong precious metal prices. This strength is at least partly the result of speculative buying, which could reverse. A striking development is that these mining shares now account for roughly a quarter of the FTSE/JSE All Share Index, so further gains or a reversal in these shares would have an outsized impact. However, the market's narrow performance is a source of some concern. Our approach has been to take profits in some areas that have done exceptionally well. At the end of the year, the weight of South African gold and platinum mining shares was 14% of South African equities, or 6% of the Fund as a whole. In our view, this remains a sizeable exposure to further upside while limiting downside risk. Another aspect of this narrow performance is that, despite the index being near record highs, many local shares have performed poorly. With valuations in several areas of the market now well below their historical averages, this is where we are finding more opportunities.

Alongside the bull market in precious metals, the other important story in South African financial markets in 2025 was the exceptional strength of the local bond market. Compared to two years ago, the contrast is stark: At that time, both local and foreign investors were decidedly sceptical about South African bonds as the country faced the uncertainty of looming national elections, weak economic growth and severe loadshedding. Since the May 2024 elections, South Africa has been among the top-performing bond markets globally, with the FTSE/JSE All Bond Index returning 44% over this period. South African bonds have rerated significantly versus our emerging market peers, such as Brazil. We think that the balance of risk in the bond market is now to the downside, and therefore, we prefer an allocation to local shares over local bonds.

Global markets also ended 2025 on a strong note, and the Fund's offshore holdings contributed positively to relative performance. While global equity markets as a whole appear expensive, this masks a wide dispersion: A number of businesses we own still trade at levels we regard as attractive. As a result, the Fund's global equity portfolio bears little resemblance to the broad market – a deliberate choice that may allow us to deliver better long-term outcomes than the index but with a different pattern of risk along the way. Elevated starting valuations in major markets, however, limit the scope for high returns in the future. In our view, global bonds do not yet offer compelling compensation for the risks, particularly given the possibility that inflation may prove to be more persistent than markets currently expect.

During the quarter, we added to the Fund's positions in AB InBev and Naspers and reduced its exposure to Prosus and the platinum-linked ETF.

Commentary contributed by Tim Acker

**Fund manager quarterly  
commentary as at  
31 December 2025**

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#### FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index

The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index vests in FTSE and the JSE jointly. All their rights are reserved.

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## Important information for investors

#### Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website [www.allangray.co.za](http://www.allangray.co.za) or via our Client Service Centre on **0860 000 654**



## 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.

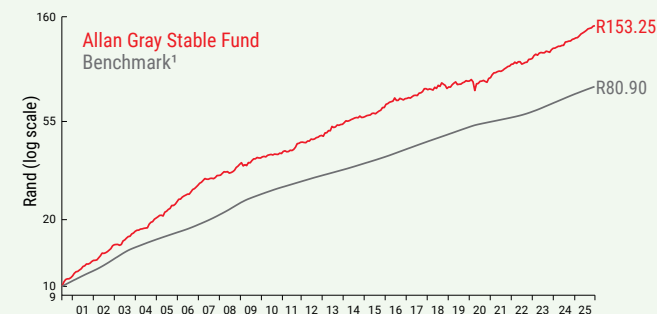
## Fund information on 31 December 2025

Fund size	R60.7bn
Number of units	577 642 294
Price (net asset value per unit)	R51.91
Class	A

- The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank, plus 2%, performance as calculated by Allan Gray as at 31 December 2025.
- This data reflects the latest available headline CPI inflation numbers as at 30 November 2025 (source: Iress).
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- 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.
- 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.

## Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark <sup>1</sup>	CPI inflation <sup>2</sup>
<b>Cumulative:</b>			
Since inception (1 July 2000)	1432.5	709.0	274.6
<b>Annualised:</b>			
Since inception (1 July 2000)	11.3	8.5	5.3
Latest 10 years	8.6	7.6	4.8
Latest 5 years	11.5	7.7	5.0
Latest 3 years	12.1	9.2	4.0
Latest 2 years	12.5	9.1	3.2
Latest 1 year	14.8	8.6	3.5
Year-to-date (not annualised)	14.8	8.6	3.5
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-16.7	n/a	n/a
Percentage positive months <sup>4</sup>	79.1	100.0	n/a
Annualised monthly volatility <sup>5</sup>	5.0	0.6	n/a
Highest annual return <sup>6</sup>	23.3	14.6	n/a
Lowest annual return <sup>6</sup>	-7.4	4.6	n/a

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.	31 Mar 2025	30 Jun 2025	30 Sep 2025	31 Dec 2025
Cents per unit	38.9637	51.5956	43.8841	37.7568

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 0.1%, 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 31 December 2025 (SA and Foreign) (updated quarterly)<sup>7</sup>

Company	% of portfolio
AB InBev	2.8
AngloGold Ashanti	2.0
British American Tobacco	1.9
Standard Bank	1.4
Woolworths	1.3
Remgro	1.2
Nedbank	1.2
Gold Fields	1.2
Richemont	1.1
Sasol	1.0
Total (%)	15.2

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

Total expense ratio (TER) and transaction costs for periods ending 31 December 2025 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %
Total expense ratio	1.64	1.60
Fee for benchmark performance	1.01	1.01
Performance fees	0.45	0.41
Other costs excluding transaction costs	0.03	0.03
VAT	0.16	0.16
Transaction costs (including VAT)	0.05	0.04
Total investment charge	1.69	1.64

Top debt issuers on 31 December 2025 (SA and Foreign) (updated quarterly)<sup>7,8</sup>

Issuer	% of portfolio
Republic of South Africa	18.1
Standard Bank	7.2
FirstRand	5.2
Absa	3.7
Investec	3.2
Nedbank	1.2
United States Treasury	1.1
Total (%)	39.6

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

Asset allocation on 31 December 2025<sup>7</sup>

Asset class	Total	South Africa	Foreign
Net equities	24.8	11.0	13.8
Hedged equities	23.7	14.0	9.7
Property	0.9	0.1	0.8
Commodity-linked	2.2	1.8	0.3
Bonds	35.0	28.7	6.3
Money market and cash <sup>9</sup>	13.4	11.1	2.3
Total (%)	100.0	66.7	33.3 <sup>10</sup>

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	26.3%
Maximum	39.6% (December 2018)

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

Faced with the prospect of “Liberation Day” tariffs, multiple armed conflicts around the world, burgeoning government debt burdens and continued middling growth among the major economies outside of the United States, investors may be forgiven for approaching the markets in 2025 with apprehension. All told, though, 2025 will go down as another respectable year in terms of investment returns. And for South African investors, it will be remembered as being more than just respectable.

The FTSE/JSE All Share Index (ALSI) delivered a remarkable return of 42% in 2025, its highest annual return since the mid-2000s. This placed it among the best-performing stock markets globally in a year in which emerging markets dominated the leaderboard. To put this return into context, the ALSI has delivered an average annual return of 16% since 2019.

Central to this outperformance was the gold rally. The price of the metal surged 65% over the year to an all-time high, with 12% of that gain generated in the final quarter of the year alone. Heightened fiscal and inflation worries, geopolitical concerns and a White House advocating for ever-looser monetary policy form a heady mix for gold bugs. While buying by central banks remains an important underpin, more recently it has been investor demand, in the form of gold-backed exchange-traded funds, that has driven the price higher as the debasement trade gathers pace. The only time gold delivered stronger returns was in 1979, during a period marked by widespread inflation concerns.

The “lesser” precious metals in the basket were the major winners in 2025, with the prices of silver and platinum more than doubling, while palladium delivered an impressive gain of about 80%. On the back of these moves, precious metal producers listed on the Johannesburg Stock Exchange delivered returns ranging from 125% to 305% for the year. In previous commentaries, we have highlighted the increasingly concentrated nature of the local index. Gold and platinum miners now account for 26% of its weight compared to 10% at the start of 2025. The return profile from this sector is highly erratic and poses a headwind to future gains at the index level if metal prices were to cool.

Similarly, the local bond market continued its rally with the FTSE/JSE All Bond Index adding 9% in the last quarter of the year, bringing the annual return to 24%. This performance builds on strong 2024 returns, taking the two-year annualised return to an impressive 21%. While South African government bonds have closely tracked emerging market credit spreads, which are near all-time lows, there are also local factors at play. Key measures outlined in November’s Medium-Term Budget Policy Statement found favour with investors. These include reducing the inflation target to 3%, utilising additional Gold and Foreign Exchange Contingency Reserve Account proceeds to bolster the fiscus and cutting weekly bond auction levels. In addition to these measures, interest rate cuts from the South African Reserve Bank provided further support. The yield on the benchmark 10-year bond has returned to levels last seen in the early 2010s, a period when the nation’s finances were far healthier, highlighting the market’s bullish outlook.

At the end of 2025, 33% of the Fund was invested in direct offshore assets. While the stronger rand created a headwind during the year, the underlying Orbis funds delivered strong performance on both an absolute and relative basis.

The Fund returned 15% for the year, outperforming its benchmark by 6%. With many asset prices at, or near, multi-year highs locally and abroad, the prospect of future headline index returns remaining elevated looks less clear. Given the Fund’s emphasis on capital stability, current valuation levels are an important factor in deciding the overall asset allocation.

During the quarter, the Fund trimmed its exposure to gold miners and added to existing positions in Mondi, Spar and Shoprite.

**Commentary contributed by Sean Munsie**

**Fund manager quarterly  
commentary as at  
31 December 2025**

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The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE All Bond Index, FTSE/JSE Financials Index and FTSE/JSE Resources Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE All Bond Index, FTSE/JSE Financials Index and FTSE/JSE Resources Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE All Bond Index, FTSE/JSE Financials Index and FTSE/JSE Resources Index vests in FTSE and the JSE jointly. All their rights are reserved.

#### FTSE Russell Index

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## Important information for investors

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You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website [www.allangray.co.za](http://www.allangray.co.za) or via our Client Service Centre on **0860 000 654**

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 31 December 2025

Fund size	R2.5bn
Number of units	142 561 737
Price (net asset value per unit)	R10.50
Modified duration	1.3
Gross yield (i.e. before fees)	7.8
Net yield (i.e. after fees)	7.0
Fund weighted average maturity (years)	4.6
Class	A

- The Fund’s benchmark is the Alexforbes Short Term Fixed Interest (STeFI) Composite Index. Performance as calculated by Allan Gray as at 31 December 2025. Source: Bloomberg.
- This data reflects the latest available headline CPI inflation numbers as at 30 November 2025 (source: Iress).
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- 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.
- 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 31 December 2025 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 April 2025 and the benchmark’s occurred during the 12 months ended 31 December 2025. 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 Jan 2025	28 Feb 2025	31 Mar 2025	30 Apr 2025
7.32	6.56	7.12	6.90
31 May 2025	30 Jun 2025	31 Jul 2025	31 Aug 2025
6.93	7.07	7.00	6.49
30 Sep 2025	31 Oct 2025	30 Nov 2025	31 Dec 2025
7.12	6.83	6.15	7.18

Performance net of all fees and expenses

% Returns	Fund	Benchmark <sup>1</sup>	CPI inflation <sup>2</sup>
Cumulative:			
Since inception (1 May 2024)	19.8	13.5	4.3
Annualised:			
Since inception (1 May 2024)	11.4	7.9	2.7
Latest 1 year	11.6	7.5	3.5
Year-to-date (not annualised)	11.6	7.5	3.5
Risk measures (since inception)			
Maximum drawdown <sup>3</sup>	-1.2	n/a	n/a
Percentage positive months <sup>4</sup>	100.0	100.0	n/a
Annualised monthly volatility <sup>5</sup>	0.7	0.1	n/a
Highest annual return <sup>6</sup>	11.6	8.2	n/a
Lowest annual return <sup>6</sup>	10.5	7.5	n/a



## Annual management fee

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

## Total expense ratio (TER) and transaction costs

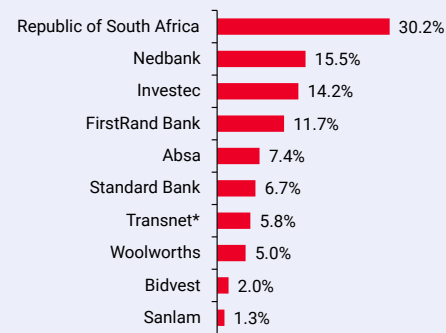
The annual management fee is included in the TER. The TER is the percentage of the value of the Fund that was incurred as expenses relating to the administration of the Fund, annualised over the relevant periods. Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted 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 31 December 2025 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr % <sup>7</sup>
<b>Total expense ratio</b>	<b>0.76</b>	<b>0.75</b>
Fee for benchmark performance	0.65	0.65
Other costs excluding transaction costs	0.01	0.01
VAT	0.10	0.10
<b>Transaction costs (including VAT)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total investment charge</b>	<b>0.76</b>	<b>0.75</b>

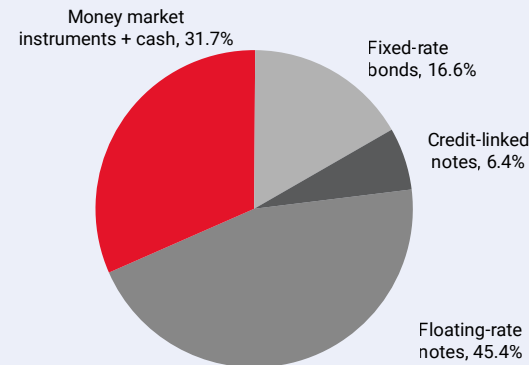
7. Based on since-inception data, as the Fund does not yet have a 3-year history.

## Top credit exposures on 31 December 2025

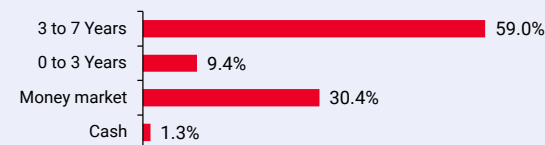


\*RSA government guaranteed

## Asset allocation on 31 December 2025



## Maturity profile on 31 December 2025



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

The South African Reserve Bank (SARB) resumed its interest rate-cutting cycle at its November policy meeting, after briefly pausing it in September. A unanimous decision for a further 25-basis-point reduction brought the total cuts for 2025 to 100 basis points. The SARB views the local inflation outlook as balanced. While food and fuel pushed prices higher in the second half of the year, these pressures are seen as temporary, with relief expected from a stronger rand and lower oil prices. Inflation pressures stemming from heightened demand remain largely absent as local capital investment levels continue to disappoint. Household spending has been a brighter spot, remaining relatively strong and supported by wealth effects, further withdrawals from two-pot retirement savings, and lower inflation and interest rates.

Risks to the benign inflation forecast include a rebound in the US dollar and higher-than-expected administered prices, linked to the correction of the R54bn electricity pricing error disclosed early in 2025. While both scenarios result in a tighter monetary policy stance, by the SARB's estimation, there remains room for further rate cuts but at a more gradual pace than the baseline forecast. As we have mentioned in previous commentaries, this reflects an evolution in thinking from the central bank in 2025, compared to the more hawkish, restrictive posture that prevailed over much of the prior two years.

At the current 6.75% policy rate, relative to the latest 3.5% inflation print, local real rates remain above 3% – levels last seen in the mid-2000s when inflation was structurally higher. Global experience suggests that the higher inflation has been historically, the higher the forward-looking real rate tends to be. Over the past 10 years, South African inflation has averaged 4.8%, close to the SARB's target of 4.5%. If local inflation can be successfully anchored around the new 3% target, this implies that further cuts are in the offing, albeit in a measured manner, and potentially converging on a terminal rate in the range of 5.5% to 6.0%.

Determining the near-term path of US interest rates is more complicated. At its December meeting, the US Federal Reserve (Fed) delivered its third consecutive 25-basis-point cut as concerns over a slightly softer labour market overshadowed persistent price pressures. US inflation has been above the 2% target since 2021 and is expected to remain the case going forward, according

to the Fed's forecasts. The deep discord among the voters on the Fed's policy-setting board highlights the struggle in balancing inflation concerns with employment goals at a time when economic growth is strong, primarily owing to surging spending on artificial intelligence (AI) data centres and infrastructure to support this. Unrelenting pressure from the White House for lower rates, combined with the impending appointment of a new Fed chair, exacerbates this struggle.

Fiscal and inflation worries in the US and other developed markets, such as Germany and Japan, are exerting pressure on government bond yields, reflecting the growing disconnect between dovish short-term policy and long-term interest rates.

The local bond market continued its impressive rally with the FTSE/JSE All Bond Index adding 9.0% in the last quarter of 2025, taking the annual return to 24.2%. This performance builds on an already strong 2024, taking the two-year annualised return to an impressive 20.6%. While South African government bonds have closely tracked emerging market credit spreads, which are near all-time lows, there are also local factors at play. November's Medium-Term Budget Policy Statement ticked the right boxes for investors, including confirming a reduction in the inflation target, utilising additional Gold and Foreign Exchange Contingency Reserve Account proceeds to bolster the fiscus, and cutting weekly bond auction levels. Additionally, interest rate cuts have provided further support. The yield on the benchmark 10-year bond is in line with where it traded in the early 2010s, a period when the nation's finances were in a far healthier state, which exhibits the market's bullish outlook.

Further fixed-rate exposure was added to the Fund during the quarter on the expectation of a potentially deeper rate-cutting cycle locally. At the end of the year, the Fund's annualised gross yield was 7.8%.

Commentary contributed by Sean Munsie

**Fund manager  
commentary as at  
31 December 2025**

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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](http://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. 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](http://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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