

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

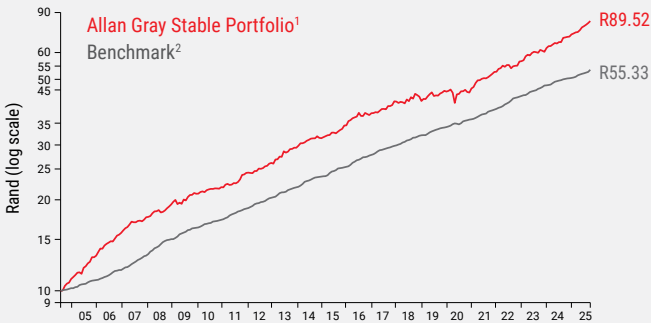
A major portion of the Portfolio is typically invested in money market instruments. We seek to deploy the Portfolio’s cash by investing in shares when they can be bought at a significant discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term 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



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 31 August 2025.
3. CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 31 July 2025 (source: IRESS).
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.

% Returns	Portfolio ¹	Benchmark ²	CPI Inflation ³
Cumulative:			
Since alignment	795.2	453.3	202.9
Annualised:			
Since alignment	10.9	8.4	5.4
Latest 10 years	9.2	7.9	4.8
Latest 5 years	11.8	8.2	5.1
Latest 3 years	12.9	7.5	4.3
Latest 2 years	12.4	7.3	4.1
Latest 1 year	14.2	7.3	3.5
Year-to-date (not annualised)	10.6	6.2	3.4
Risk measures (since inception)			
Maximum drawdown ⁴	-10.3	-0.7	n/a
Percentage positive months ⁵	75.2	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 June 2025 (SA and Foreign) (updated quarterly)⁸

Company	% of portfolio
AB InBev	3.2
British American Tobacco	2.8
AngloGold Ashanti	1.6
Woolworths	1.3
Nedbank	1.1
Standard Bank	1.1
Marriott International Inc	1.1
Remgro	1.0
Gold Fields	1.0
Unilever	0.8
Total (%)	15.1

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	23.7% (May 2025)
Average	31.9%
Maximum	40.1% (December 2018)

Asset allocation on 31 August 2025⁸

Asset Class	Total	Local	Foreign
Net equities	24.3	11.1	13.2
Hedged equities	25.0	12.7	12.3
Property	1.1	0.1	1.0
Commodity-linked	2.0	1.4	0.6
Bonds	34.2	28.5	5.8
Money market and cash ⁹	13.3	11.1	2.2
Total (%)	100.0	65.0	35.0 ¹⁰

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 June 2025	1-yr	3-yr
Total Expense Ratio ¹¹	1.34	1.04
Fee for benchmark performance	0.73	0.73
Performance fees	0.58	0.28
Other costs (excl. transaction costs)	0.03	0.03
Transaction Costs (incl. VAT) ¹²	0.05	0.04
Total investment charge	1.39	1.08

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 Portfolio has returned 7.3% year to date, outperforming its benchmark¹ by 3.5%. This is attributable to the strong absolute performance of both local and offshore assets, with the FTSE/JSE All Share Index (ALSI), the FTSE/JSE All Bond Index (ALBI) and the MSCI World Index at or close to all-time highs. In addition, local short-term fixed income has provided attractive real interest rates. Put them all together and we were fortunate to have a strong tailwind for returns – despite the significant drawdown in equity markets in April and geopolitical volatility. We caution investors in the Portfolio that the investment environment won't always be as favourable for absolute returns.

The Portfolio's absolute local equity returns continued to be driven by the strong performance of gold shares as well as AB InBev and British American Tobacco, both of which have been rerated by the market on an improved fundamental outlook, as discussed in the Q1 2025 commentary. While Glencore, Sappi and Sasol have underperformed, we continue to look for shares that have a potentially different payoff profile relative to the Portfolio's considerable exposure to local fixed income instruments.

The pull-back in many SA Inc shares continued in the quarter as valuations compressed in response to a more realistic view on the outlook for profit growth, given the significantly low level of economic growth. We are actively looking for opportunities. The same cannot be said for the local bond market which rallied to an all-time high as measured by the ALBI. The yield on the 10-year government bond is back to its post-government of national unity low. This is even more impressive considering the sell-off in many developed world

bond markets as investors focus on poor fiscal positions and high debt levels. We increased local duration during the recent correction but remain more cautious than many of our peers. In our view, we need significantly higher economic growth to sustainably reduce debt levels. We cannot always rely on being bailed out by periods of high commodity prices.

The Portfolio has 35% invested directly offshore. The portions invested in the Orbis SICAV Global Balanced and Optimal SA funds have produced strong absolute and relative performance. The offshore component continues to look very different from the world equity and bond indices, and we remain underweight the US assets.

With equity markets at or near all-time highs, we would not be surprised to see some consolidation in markets as they digest the rapid rally from the April lows. We construct the Portfolio with the objective of producing long-term returns in excess of bank deposits and providing a high degree of capital stability.

During the quarter, the Portfolio purchased select fixed-rate local government bonds and reduced exposure to inflation-linked bonds. On the equities front, we reduced the Portfolio's exposure to Gold Fields and AngloGold Ashanti.

Commentary contributed by Duncan Artus

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

1. Consumer Price Index plus 3%

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Past performance is not indicative of future performance.

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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