

FACT SHEET
INVESTMENT OBJECTIVE

The fund seeks to outperform the MSCI All Country World Index (ACWI) Index by 1% per annum.

INVESTMENT STRATEGY

The objective of a portable alpha strategy is to generate returns more than a specific market index over a market cycle. The portable alpha strategy effectively separates the returns of a preferred index, or beta, and the returns of an alpha-seeking strategy, or alpha. This separation allows the returns of the alpha component to be "ported" on top of whatever market index exposure is desired by a portfolio.

FUND INFORMATION

Fund Classification	Worldwide - Multi Asset - High Equity
Benchmark	MSCI All Country World Index (ACWI)
Risk Profile	Aggressive
Fund Managers	Fannuel Tigere, Karabo Matsepe
Inception Date	01 December 2021
Fund Size	R152 million
Currency	SA Rands
Administration	Balondolozzi Investment Services (Pty) Ltd
Trustees	ABSA
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Not Applicable

FEES

Initial & Exit Fees	Nil
Total Investment Charge	15.05%
Portfolio TER	15.05%
Management Fees	
Transaction Costs	0.00%
Audit Fees	0.00%
Other Costs	0.05%
Vat	15.00%
Pricing	Daily at 17:00

RISK RATIOS

	<i>Fund</i>	<i>Benchmark</i>
Annualised Return	12.16%	10.30%
Sharpe Ratio	0.35	0.23
Sortino Ratio	0.69	0.42
Max Drawdown	-7.77%	-8.45%
Drawdowns	22.00	23.00

FUND COMMENTARY

Global growth at the start of 2026 remains resilient but uneven across regions, as escalating geopolitical tensions (particularly the Iran conflict and disruption in the Strait of Hormuz) pose material downside risks. The resulting rise in energy prices is adding inflationary pressure, prompting major central banks to hold policy rates steady while assessing uncertainty and potential prolonged supply-side shocks.

Equities returned -10.85% (FTSE/JSE Top 40); S&P 500 delivered -5.09% (in rand terms); MSCI EM Equities delivered -13.26% (in rand terms); listed property returned -11.41% (SAPY); nominal bonds delivered -6.83% (ALBI); inflation linked bonds returned -5.73% (CIL) and cash returned 0.57% as indicated by the STeFi Call Index in March 2026.

During the same period, the yield for the R166 (benchmark bond) rose by +82 basis points to end the month at 7.65% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Top 40 edged lower by -1.5 points to close at 15.8. Concurrently, the near-term volatilities ticked up by +9.5% (SAVI) to 27.28% whilst medium-term break-evens widened by +0.88% to 4.39%. Yields for 12-month negotiable certificates of deposits rose by +8.3 bps to close the month at 7.63%. Foreigners bought assets worth +R1.3 billion as markets sold-off during the month of March 2026.

Overall, the funds delivered -1.61% for the month, lower than the benchmark returns of -1.52% resulting in an alpha of -0.09%. Fixed income enhancements added 0.51%, while the timing differences between the benchmark and futures contributed -0.27%, with the futures roll over costs resulting in the remainder of -0.29%. In US dollars, the fund delivered -7.42% compared to -7.36% of the benchmark as the dollar gained 5.93% against the rand for the month.

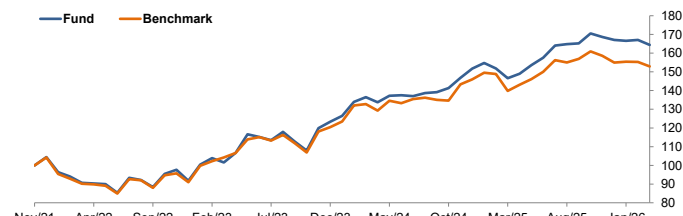
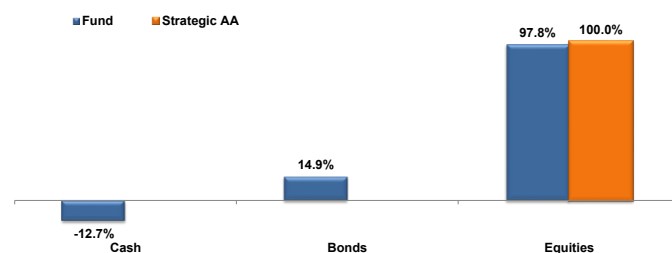
After registering a value of 3.5% in January 2025, headline inflation for February 2026 was 3% (consensus 3.5%). On the same note, the price for Brent crude oil rose by 63.29%, to end the month at \$118.35 per barrel and the Rand depreciated against the Dollar by -6.31% to close at R16.94 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) declined by -1.3 index points to reach 47.4 in February 2026.

In March, Balondolozzi participated in proxy voting for Vukile Property Fund (VKE) and Pan African Resources (PAN), supporting all resolutions. VKE sought approval for director control over unissued shares after a R2.65 billion capital raise funding strategic acquisitions and preserving European expansion flexibility. PAN's resolutions covered capital management, including using profits for the 2024 dividend and cancelling the share premium to boost reserves safely. On the corporate action front, dividend reinvestment plans were offered by BHP Group (BHG), Anglo American (AGL), Hammerson (HMN) and Mondi (MNP), allowing shareholders to elect cash (default) or reinvest via Letters of Allocation. Lighthouse Properties (LTE) provided a choice between cash or scrip distribution, while NEPI Rockcastle (NRP) offered either a capital repayment (default) or a cash dividend. MAS (MSP) launched a voluntary Dutch auction tender, with PK Investments seeking to acquire additional MSP shares. For all actions, we elected the default options: receiving cash where applicable, opting for a capital repayment for NRP, and taking no action to retain our shares in MSP.

Economic data from the US point to an economy that is still expanding but facing mixed signals from prices and activity. The Federal Reserve kept the federal funds rate unchanged at 3.5%-3.75% in March for a second consecutive meeting, as expected, and slightly raised its 2026 growth forecast to 2.4% from 2.3%. Headline inflation has continued to ease, with the annual CPI rate holding at 2.4% in February, and close to the Fed's 2% goal, but producer price data show that underlying cost pressures are not yet fully resolved, with core PPI up 0.5% for the month. At the same time, the Manufacturing PMI rose to 52.4 in March, supported by stronger new orders and stabilising export demand, while the Services PMI slipped to 51.1, indicating the softest pace of expansion in nearly a year as weaker demand, margin pressures and geopolitical uncertainty weighed on hiring and confidence. Overall, while the Fed continues to signal a gradual easing path,

PERFORMANCE (Gross of fees)

	<i>Fund</i>	<i>Benchmark</i>
Mar-26	-1.61%	-1.52%
Year to Date	-1.61%	-1.30%
Rolling 12 months	12.12%	9.34%
Return p.a. since inception	12.16%	10.30%
Return since inception	64.40%	52.90%
Highest Rolling 1-year Return	34.92%	35.54%
Lowest Rolling 1-year Return	-12.15%	-12.68%

GROWTH OF R100 INVESTED AT INCEPTION

SECTOR ANALYSIS


the risk of energy-driven inflation from disruptions in the Strait of Hormuz alongside softening demand dynamics raises the prospect of a more stagflationary backdrop, leaving policy increasingly constrained and reactive.

Growth in the Euro Area remains positive but subdued as the region continues to face renewed external price pressures from energy. More recently, inflation has increased above the European Central Bank's target, with the annual rate rising to 2.5% in March from 1.9% in February, the highest since January 2025, driven mainly by a 4.9% jump in energy prices linked to the Middle East conflict. Business surveys show a clear split between sectors with the Manufacturing PMI climbing to 51.4 in March, the strongest pace of expansion in almost four years, supported by rising orders and a rebound in purchasing activity, but also accompanied by renewed supply chain delays, falling inventories and higher input costs, while the Services PMI fell to 50.1, signalling near stagnation as weaker demand and rising cost pressures weighed on activity. The ECB faces a challenging trade-off between fragile growth and re-emerging inflation risks and is likely to remain cautious about policy easing.

China entered 2026 with preliminary signs of stronger near-term activity but ongoing structural challenges. Headline CPI inflation increased to 1.3% in February from 0.2% in January, mainly reflecting Lunar New Year related price increases, and the CPI index itself rose to 104.90 from 103.90. Despite this, the People's Bank of China kept the one year and five-year Loan Prime Rates unchanged at 3.0% and 3.5% respectively for a tenth straight month, signalling a preference for stability as it balances higher oil prices and geopolitical risks against a lower 2026 growth target of 4.5%-5%. Retail sales grew by 2.8% year on year in the first two months of 2026, up from 0.9% in December and above expectations, while the official NBS Manufacturing PMI returned to expansion at 50.4 in March, its strongest reading since March 2025, supported by early year fiscal measures and resilient AI related exports. However, input and output price indices within the PMI have surged to four-year highs on the back of higher oil and metal prices, and the economy still faces challenges from a weak property sector, cautious hiring, soft sentiment, and ongoing trade frictions. As a result, the recovery appears to be improving in the near term but remains vulnerable to both domestic and external shocks.

South Africa's latest data show an improving inflation picture but continued pressure on real activity. Annual CPI inflation fell to 3.0% in February, its second consecutive decline and the lowest rate since June 2025, although higher global oil prices and the March fuel price increases are likely to push inflation higher again in the near term. In response to the shock from the Iran war and surging oil prices, the government announced a temporary reduction of the general fuel levy by R3 per litre in April to cushion households and businesses, partly offsetting the impact of higher pump prices. Against this backdrop, the SARB kept the repo rate unchanged at 6.75% at its March meeting and now expects headline inflation to rise to around 4% in the second quarter before easing back towards 3% by late 2027, with only one rate cut anticipated over the forecast period. The trade surplus widened sharply to ZAR 36.9 billion in February, pointing to firm export performance, but the Absa PMI remained in contractionary territory at 47.4 amid weak demand, port delays and localised power outages, even though the expectations component improved. Risks of stagflation rise as higher energy costs strain growth despite moderating inflation.

To enhance risk-adjusted returns, the fund continues to employ a portable alpha strategy, decoupling yield generation from market-directional risk. High-quality credit spreads (alpha) will be the primary source of excess return, while equity market exposure (beta) will be passively obtained via futures. Given the SARB's decision to hold rates in their March 2026 accompanied by a cautious and data dependent policy stance, the market has revised the interest rate trajectory and is pricing in interest rate hikes. Alpha can be systematically ported from alternative exposures, such as inflation-linked bonds (where real yields compensate for depressed breakeven), that offer better relative value. Inflation-linked bonds serve as a dual role: they provide uncorrelated alpha potential from mispriced inflation expectations while acting as a hedge against stagflationary beta shocks in a volatile market. Through this framework, the fund targets pure alpha from credit selection and relative fixed income value, while dynamically managing its beta through futures/total return swaps.