

FACT SHEET

INVESTMENT OBJECTIVE

The fund's objective is to outperform the STeFi Composite + 2% over a 36-month rolling period with minimum volatility.

INVESTMENT STRATEGY

This fund seeks out a high level of income which is consistent with the preservation of capital over the medium term. To meet its objective, the fund actively allocates between South African money market instruments, government bonds, corporate bonds and hybrid instruments. Although the fund aims to preserve capital over the medium term, capital depreciation is a possibility over the short term. Quantitative techniques such as the use of derivatives are employed to fine tune strategy and hedge risk factors.

FUND INFORMATION

Fund Classification	South African - Multi Asset - Income
Benchmark	STeFi Composite Index + 2% over a 36-month rolling period
Risk Profile	Conservative
Fund Managers	Fannuel Tigere, Karabo Matsepe
Inception Date	01 June 2017
Fund Size	R304 million
Currency	SA Rands
Administration	Balondolzo Investment Services
Trustees	Standard Bank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.25%
Portfolio TER	0.25%
Management Fees	0.25%
Transaction Costs	0.00%
Audit Fees	0.00%
Other Costs	0.00%
Vat	15.00%
Pricing	Daily at 17:00

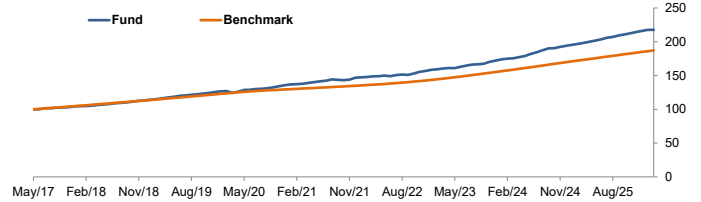
RISK RATIOS

	Fund	Benchmark
Annualised Return	9.20%	7.36%
Sharpe Ratio	1.48	2.22
Sortino Ratio	1.59	N/A
Max Drawdown	-2.00%	N/A
Drawdowns	7	0

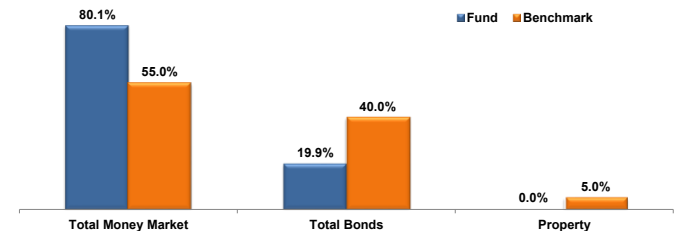
PERFORMANCE (Gross of fees)

	Fund	Benchmark
Mar-26	0.02%	0.64%
Year to Date	1.54%	1.82%
Rolling 12 months	9.76%	8.02%
Return p.a. since inception	9.20%	7.36%
Return since inception	117.66%	87.19%
Highest Rolling 1-year Return	14.18%	9.41%
Lowest Rolling 1-year Return	5.06%	4.16%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



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.

Nominal government bonds returned -7.01% (GOVI); vanilla credit bonds delivered -5.51% (OTHI); inflation linked bonds returned -5.73% (CIL); listed property returned -11.41% (SAPY); listed preference shares delivered 0.25% (J251) and cash returned 0.57% as indicated by the STeFi Call Index March 2026. Overall, the ALBI (All Bond Composite Index) returned -6.83% for the month.

During the same period; the yield for the R186 (benchmark bond) rose by 82 basis points to end the month at 7.65%. Concurrently, the R186/R208 spread ticked up by 2 basis points to 149 bps 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 bonds worth R1.3 billion as bond yields sold-off during the month of March 2026.

Overall, the fund delivered 0.02% for the month against the benchmark return of 0.64%. The fund underperformed due to holdings in longer dated fixed instruments as the bond yield curve sold off this month. Cash returns were positive for the month at 0.79% outperforming the STeFi call index of 0.57%. While bonds contributed negatively for the month at -3.40%. The fund currently does not have property exposure. The duration of the fund is 1.01.

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.

Transnet faced parliamentary scrutiny over rising debt, weak governance and audit failures, with the auditor-general citing irregular and wasteful expenditure. Despite these concerns, FY26 performance improved: rail volumes rose 5%, revenue reached R82.7 billion (+9% YTD), and EBITDA surged 41%, supported by cost efficiencies, settlements and concession fees. Management progressed on governance reforms, security and locomotive disputes, though operational constraints and maintenance backlogs persist. Jabu Mphambo has been appointed acting CEO of LandBank, having joined in November 2024 as Chief Banking Officer. With 16+ years in senior banking roles, he will ensure strategic continuity, strengthen operations and support emerging and commercial farmers through initiatives like blended finance, a Farmer Academy and operational improvements. LandBank and Commission on Higher Education (CHED) have partnered to digitalise scholarship disbursements for nearly one million students, enhancing access, efficiency and financial inclusion. Eskom's Q3 FY26 update showed modest 3.4% revenue growth despite a 12.74% tariff increase, constrained by a 5.7% decline in sales volumes, largely from ferrochrome sector weakness. Municipal arrears rose to R110 billion, potentially reaching R116 billion by year-end, though progress was made with the City of Ekurhuleni through a court-approved payment plan.

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, 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 resumed 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.

Globally central banks are still taking a cautious stance towards the easing cycle as inflation remains under control, nonetheless they continue to be aware and monitor the rising geopolitical risks. In South Africa, the SARB kept the repo rate unchanged at 6.75% at the March meeting, taking a more cautious stance than previously anticipated. The decision reflects rising upside risks to inflation, particularly from higher oil prices and currency pressures linked to global geopolitical developments. While forward rate agreements (FRAs) had previously implied a more front-loaded easing cycle, as of late March they are pricing in a tighter monetary environment, shifting from previous rate-cut expectations toward rate hikes. The FRA's are currently pricing in three 25 basis point interest rate hikes through November 2026, with an additional hike potentially in May, signalling a significant shift to a higher interest rate outlook. Breakeven rates on short-dated bonds remain subdued. As a result, the fund will continue to seek opportunities to invest in inflation-linked bonds where valuations are attractive. With credit spreads tightening, the fund will prioritize maintaining exposure to high-quality issuers, benefiting from the yield pick-up while minimizing the risks associated with lower-rated credits.