



BALONDOLOZI BALANCED FUND

May 31, 2026

FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to outperform CPI (inflation) plus 5% over a rolling 3 year period.

INVESTMENT STRATEGY

This is a Domestic Asset Allocation Fund that blends strategies employed in the Balondolozzi Money Market, Bonds, and Active Equity Funds. The equity benchmark is the FTSE/JSE Capped All Share Index, the bond benchmark is the All Bond Index(ALBI), the property benchmark is the South Africa Listed Property Index (SAPY), and the cash benchmark is STeFi Call.

FUND INFORMATION

Fund Classification	South African - Multi Asset - High Equity
Benchmark	CPI + 5%
Risk Profile	Moderately Conservative
Fund Managers	Fannuel Tigere, Sandelee van Wyk, Karabo Matsepe, Sindisiwe Mahlangu
Inception Date	01 December 2022
Fund Size	R650 million
Currency	SA Rands
Administration	Balondolozzi Investment Services (Pty) Ltd
Trustees	Standard Bank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.06%
Portfolio TER	0.06%
Management Fees	0.06%
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	17.45%	9.05%
Sharpe Ratio	0.95	0.98
Sortino Ratio	1.15	14.22
Max Drawdown	-8.62%	-0.10%
Drawdowns	12	2

FUND COMMENTARY

Global markets in May 2026 remain shaped by geopolitical tensions, rising inflation, and uneven growth. The Middle East conflict continues to affect energy prices and economic sentiment, while major economies face mixed inflation and growth trends.

Equities returned -0.27% (FTSE/JSE Capped All Share); nominal bonds delivered 2.91% (ALBI); inflation linked bonds returned 0.65% (CILl) and cash returned 0.52% as indicated by the STeFi Call Index in May 2026. Within equities; the financial services sector delivered 1.09% (FINI 15), the industrial sector -0.88% (INDI 25) and the resources sector -1.39% (RESI 20).

During the same period; near term volatilities ticked down by -1.58% (SAVI) to 23.54% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Capped Top 40 edged lower by -0.23 points to close at 31.82. Yields for 12-month negotiable certificates of deposits rose by +8.3 bps to close the month at 7.63%.

Overall, the fund delivered 0.48% for the month. Equities returned -0.46%; cash returned 0.76%; bonds returned 2.27% and property returned 0.36% for the month of May. Cash outperformed, supported by high-yielding, shorter-dated fixed instruments and floating non-bank credit. There is currently value in floating instruments as interest hikes continue to be priced in, following the 25-basis point rate increase by the SARB this month. Bonds underperformed due to sector allocation and property underperformed the overall property benchmark as the outperformance from MAS Real Estate was unable to offset the underperformance from Vukile and Nepi Rockcastle.

After registering a value of 3.1% in March 2026, headline inflation for April 2026 was 4% (consensus 4%). On the same note, the price for Brent crude oil fell by -19.26%, to end the month at \$92.05 per barrel and the Rand appreciated against the Dollar by 2.67% to close at R16.23 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) nudged up by 3.6 index points to reach 52.6 in April 2026.

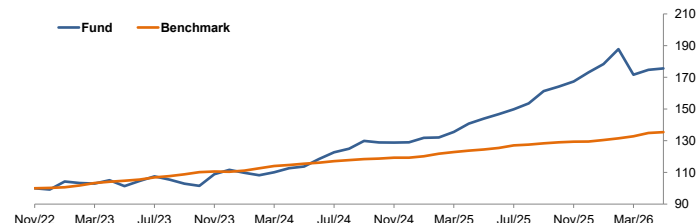
In the United States, the economic and policy landscape continues to be heavily influenced by the conflict with Iran, now entering its third month. Although a ceasefire was reached last month, it remains highly fragile, with both Washington and Tehran continuing to accuse one another of repeated violations. Tensions escalated again during the final week of May, when US forces carried out a second round of strikes against Iranian military targets. Consumer inflation rose to 3.8% in April, exceeding the 3.7% consensus forecast. First-quarter 2026 GDP growth was revised down to an annualized 1.6% from the initial estimate of 2.0%, reflecting weaker consumer spending and softer investment activity, partly attributed to the economic fallout from the Middle East conflict. The Federal Reserve's preferred inflation measure, the Personal Consumption Expenditures (PCE) price index, climbed to 3.8% in April, its highest level since May 2023. Nonfarm payrolls increased by 115,000 in April, outperforming expectations of 65,000, although still slowing from the revised 185,000 gain recorded in the prior month.

The Euro Area continues to exhibit a mixed economic picture, with modest growth, stable inflation, and diverging sector performance. Manufacturing remains in expansion, with the S&P Global Manufacturing PMI at 52.2 in April, while services and the composite PMI have slipped into contraction territory, highlighting ongoing weakness in domestic demand. GDP growth remains subdued at 0.8% year-on-year, while inflation has stabilized, with headline CPI holding at 3.0% and core inflation at 2.2%. The growth outlook has become increasingly clouded by the ongoing Iran conflict and its impact on energy markets. ECB Vice President Luis de Guindos noted that while inflation reacts relatively quickly to rising energy costs, the adverse effects on growth are likely to emerge more gradually, presenting policymakers with a difficult balancing act. At the national level, German economic advisers have nearly halved their 2026 growth forecast to 0.5%, citing geopolitical tensions and US trade policy uncertainty as key headwinds. Overall, while inflation remains broadly contained and confidence indicators are stabilizing, the Euro Area faces mounting downside risks to growth amid heightened geopolitical and external uncertainties.

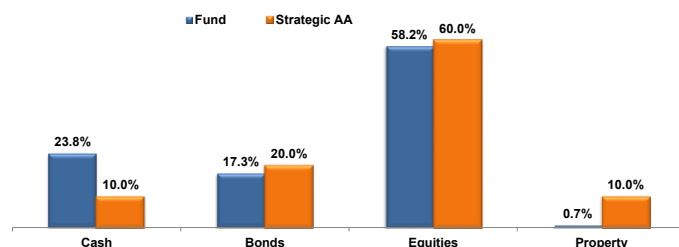
PERFORMANCE (Gross of fees)

	Fund	Benchmark
May-26	0.48%	0.42%
Year to Date	1.44%	4.56%
Rolling 12 months	21.97%	8.78%
Return p.a. since inception	17.45%	9.05%
Return since inception	75.56%	35.41%
Highest Rolling 1-year Return	42.22%	10.60%
Lowest Rolling 1-year Return	4.76%	7.73%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



China's economic performance continues to reflect a divergence between strong external demand and weak domestic activity. Trade data remained a bright spot, with exports surging to 14.1% in April from 8.4%, significantly exceeding expectations. Retail sales rose just 0.2% year-on-year, far below forecasts. Inflation remains relatively subdued, with CPI at 1.2% , although producer prices accelerated sharply to 2.8%, suggesting rising upstream cost pressures. The broader growth outlook remains stable, with consensus forecasts pointing to GDP growth of 4.6% in 2026 and second-quarter growth expectations revised slightly higher to 4.7% year-on-year. The external trade environment is also showing signs of improvement, as China and the United States have agreed in principle to discuss a framework for reciprocal tariff reductions. While US tariffs on Chinese goods are expected to remain structurally higher than those applied to other trading partners, the prospect of selective tariff relief could provide some support to export-oriented sectors. Overall, China's outlook remains supported by external demand, though domestic weaknesses persist.

South Africa's economic backdrop in May is defined by a tension between improving fiscal credibility and mounting inflationary pressure. Moody's revised the country's credit outlook to positive from stable, affirming the Ba2 rating (two notches below investment grade), citing gradually strengthening fiscal performance and sustained commitment to structural reforms. Producer price inflation (PPI) accelerated sharply to a two-year high of 4.8% year-on-year in April, up from 2.3% in March. The increase was driven primarily by higher prices in coke, petroleum as well as food products and beverages. Consumer price inflation (CPI) also increased, rising to 4.0% year-on-year in April from 3.0% in March. In response to these developments, as widely expected, the South African Reserve Bank (SARB) raised the policy interest rate by 25 basis points to 7% and revised its inflation outlook higher. The Bank increased its forecast for average CPI inflation in 2026 to 4.4% from 3.7%, citing higher oil price assumptions, recent flooding in three provinces, and renewed pressure on food prices. SARB now expects average CPI inflation of 3.7% in 2027, up from 3.3%. Meanwhile, the Bank lowered its economic growth forecast for 2026 to 1.2% from 1.4%, while projecting GDP growth of 1.7% in 2027 and 1.9% in 2028.

Broadly speaking, inflationary pressures are building while risks to economic growth remain skewed to the downside. As a result, the likelihood of the economy reverting to a stagflationary environment - characterised by slowing growth and rising inflation - has increased.

At the end of May 2026, developed market equities remained relatively elevated from a valuation perspective, although market sentiment improved modestly as investors increasingly anticipated a gradual easing cycle from major central banks later in the year. Nonetheless, uncertainty around the pace and timing of interest rate cuts, combined with persistent geopolitical tensions, elevated energy prices, and ongoing supply-side pressures, continued to contribute to inflation concerns and periodic market volatility.

Emerging market equities, including domestic assets, continued to offer comparatively attractive valuations, although performance remained mixed amid divergent economic growth trends, China-related uncertainty, and varying sensitivity to global liquidity conditions. Purchasing power parity (PPP) indicators continued to suggest that the rand remained undervalued, offering potential medium-term support, while near-term currency performance remained closely tied to global risk appetite, commodity prices, and capital flows.

Against this backdrop, the fund maintained a neutral equity stance, balancing improving macroeconomic conditions and evolving monetary policy expectations against persistent geopolitical risks and still-elevated developed market valuations. Fund managers remained vigilant, seeking to capitalise on short-term volatility-driven opportunities while maintaining a disciplined long-term focus on value, diversification, and risk-adjusted returns across both local and global allocations.