



FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to outperform the STeFi Composite Index by 0.5% per annum without taking on excessive market risk.

INVESTMENT STRATEGY

This fund aims to outperform the STeFi Composite Index over the long term while minimising volatility, by building a diversified portfolio through managing interest rate risk while constraining duration around the benchmark. The fund focuses on yield enhancement through rigorous research and analysis which is translated into the identification and investment of fixed income securities from South Africa's Big 4 Banks and investment grade corporates that offer higher yields, which allows the fund to maintain a strong credit rating of A1/F1.

FUND INFORMATION

Fund Classification	South African - Interest Bearing - Money Market
Benchmark	STeFi Composite Index
Risk Profile	Conservative
Fund Managers	Fannuel Tigere, Karabo Matsepe
Inception Date	01 June 2015
Fund Size	R2624 million
Currency	SA Rands
Administration	PSG Life Limited
Trustees	Standard Bank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.20%
Portfolio TER	0.20%
Management Fees	0.20%
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	7.91%	6.76%
Sharpe Ratio	2.80	1.13
Sortino Ratio	N/A	N/A
Max Drawdown	N/A	N/A
Drawdowns	0	0

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.

The STeFi Call Index returned 0.52%; short-term nominal bonds delivered 0.58% (ALBI 1-3 years) and cash returned 0.53% as indicated by the STeFi Composite Index in May 2026.

During the same period; yields for 12-month negotiable certificates of deposits rose by 8.3 bps to close the month at 7.63% and the level of the 12 x 15 FRAs fell by -17.8 basis points to end the month at 7.44%. Concurrently, the 12 x 15 FRA/3 x 6 FRA gap ticked down by -3 basis points to 20 bps whilst medium-term break-evens tightened by -0.48% to 4.23%. Foreigners bought local assets worth R1.6 billion as yields sold off during the month of May 2026.

The fund returned 0.64%, higher than the returns of the STeFi Composite Index of 0.53%. Holdings in shorter dated fixed instruments and floating non-bank credit led to the outperformance. The yield of the fund is 7.55% higher than benchmark at 7.15%, due to holdings in floating non-bank credit. The duration of the fund is 86 days lower than the benchmark at 165 days.

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.

Eskom has appointed Junaid Munshi as Group Executive for its Distribution division, bringing over 30 years of experience in engineering, marketing and commercial leadership. The utility has started construction of a 75MW solar plant at Lethabo Power Station, expected to power about 60 000 households and support local jobs and skills development. Eskom also reported 365 consecutive days without load shedding, its longest since 2018, citing improved generation performance and recovery initiatives. Transnet reported a 9% year-on-year rise in vessel traffic and a 4.2% increase in cargo throughput across South Africa's eight commercial ports, driven by stronger automotive, container and dry bulk volumes. It also secured 24 million tonnes of additional rail freight capacity through agreements with 11 private operators, potentially rising to 52 million tonnes over five years, supporting infrastructure expansion and rail reform. Land Bank is intensifying efforts to reduce its non-performing loan ratio from 51.2% to 44% through tighter credit controls and restructures, while expanding farmer support via blended finance and development programmes. At Nampo Harvest Day 2026, it highlighted its Agro-Energy Fund. Acting CEO Jabu Mphambo noted recovery progress, while Sakhumzi May warned of wider banking risks from pressure in grain farming.

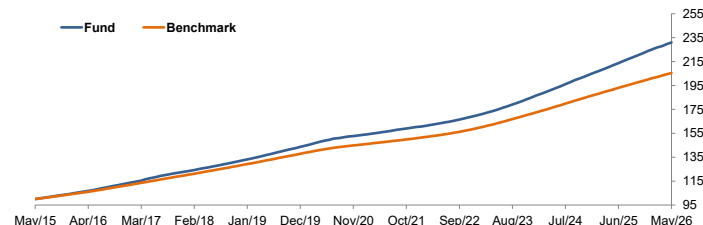
In the United States, the economic and policy landscape continues to be heavily influenced by the conflict with Iran, now entering its third month. Although a ceasefire was reached last month, it remains highly fragile, with both Washington and Tehran continuing to accuse one another of repeated violations. 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.

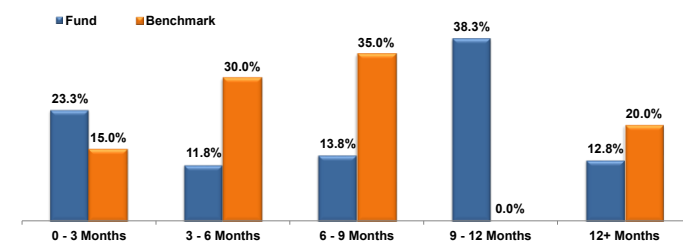
PERFORMANCE (Gross of fees)

	Fund	Benchmark
May-26	0.64%	0.53%
Year to Date	3.27%	2.75%
Rolling 12 months	8.91%	7.11%
Return p.a. since inception	7.91%	6.76%
Return since inception	130.99%	105.43%
Highest Rolling 1-year Return	10.61%	8.52%
Lowest Rolling 1-year Return	4.33%	3.77%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



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.

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.

Globally central banks continue to take a data-dependent approach, adjusting interest rates based on domestic economic conditions amid increased inflationary concerns and economic uncertainties brought on by the crisis between the United States, Israel, and Iran. Major central banks held rates to assess how fluctuations in energy prices affected inflation. Due to inflation risks associated with international conflict, the SARB raised interest rates by 25 basis points to 7% in May 2026, marking its first-rate hike since 2023. To maintain the new 3% inflation objective, the SARB shifted toward a tightening cycle as earlier estimates suggesting a cutting cycle were delayed due to upside inflation risks from Middle East spillovers. The FRA's are currently pricing in additional interest rate hikes through November 2026, 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.