

**BALONDOLOZI EQUITY FUND**

May 31, 2026

FACT SHEET**INVESTMENT OBJECTIVE**

The fund seeks to outperform the FTSE/JSE Capped All Share Index by 1% per annum over a rolling 3 year period.

INVESTMENT STRATEGY

The fund aims to generate in excess of 1% above the benchmark returns on a consistent long-term basis through both top down and bottom up analysis. The Fund uses a four factor model, namely; Macro-Economic Model, a Fundamental Accounting Value Model, a Behavioural Model, and a Technical Analysis Model. The models are blended to ensure consistency of performance and lower fund volatility versus the benchmark.

FUND INFORMATION

Fund Classification	South African - Equity - General
Benchmark	FTSE/JSE Capped All Share Index
Risk Profile	Aggressive
Fund Managers	Fannuel Tigere, Sandelee Van Wyk
Inception Date	01 November 2018
Fund Size	R1190 million
Currency	SA Rands
Administration	Balondolozzi Investment Services (Pty) Ltd
Trustees	Nedbank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.50%
Portfolio TER	0.50%
Management Fees	0.50%
Transaction Costs	0.00%
Audit Fees	0.00%
Other Costs	0.00%
Vat	15.00%
Pricing	Daily at 17:00

RISK RATIOS

	<i>Fund</i>	<i>Benchmark</i>
Annualised Return	13.33%	13.02%
Sharpe Ratio	0.43	0.42
Sortino Ratio	0.58	0.55
Max Drawdown	-15.57%	-16.69%
Drawdowns	35	34

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% (CILIL) 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%.

The fund returned -0.23% against the benchmark of -0.27% (FTSE/JSE Capped All Share) resulting in a positive alpha of 0.04% for the month.

Local equity markets experienced some volatility during May as global geopolitical developments continued to influence sentiment. Higher oil prices contributed to inflation concerns, although Brent crude eased towards month-end. Against this backdrop, the South African Reserve Bank raised the repo rate by 25 basis points to 7%, taking the prime lending rate to 10.50% and placing further pressure on consumers and broader economic activity. The FTSE/JSE Capped All Share Index came under pressure in May, declining by -0.27%. Financials modestly led gains, while the Resources and Industrial sectors lagged, ending the month in negative territory. Active underweight positions in apparel retailer The Foschini Group and diversified mining company African Rainbow Minerals contributed positively to performance, while underweight exposure to British American Tobacco detracted from performance during the month.

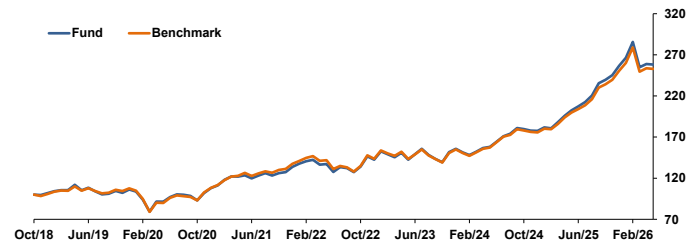
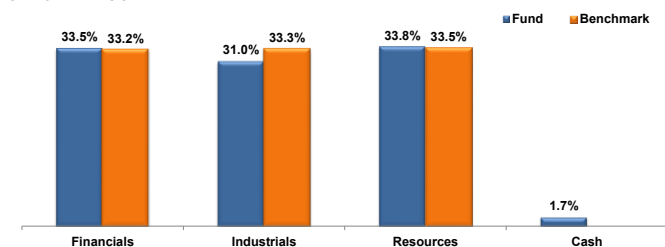
During May, Balondolozzi participated in several proxy voting sessions across multiple sectors, primarily in resources companies such as Valterra Platinum (VAL), Gold Fields (GF) and Kumba Iron Ore (KIO). A total of 403 resolutions were tabled for consideration, of which 95% were supported, reflecting strong alignment with shareholder proposals. Among the resolutions opposed was the reappointment of external auditors. Although Deloitte has the expertise, capacity and technical capability to execute its mandate effectively, concerns were raised regarding its prolonged tenure as auditor of Glencore (GLN). The firm has held this role for 15 consecutive years, including prior renewals and reappointments. We noted that such an extended audit relationship may compromise auditor independence and objectivity.

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.

PERFORMANCE (Gross of fees)

	<i>Fund</i>	<i>Benchmark</i>
May-26	-0.23%	-0.27%
Year to Date	0.61%	0.92%
Rolling 12 months	27.60%	26.61%
Return p.a. since inception	13.33%	13.02%
Return since inception	158.24%	152.94%
Highest Rolling 1-year Return	58.18%	55.34%
Lowest Rolling 1-year Return	-24.83%	-24.53%

GROWTH OF R100 INVESTED AT INCEPTION**SECTOR ANALYSIS**

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.

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 4.8% 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.

The global economy remains fragile with uneven growth, policy uncertainty, and rising risks continuing to challenge the path to sustained recovery.