



FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to outperform the Bloomberg Global Aggregate Bond Index

INVESTMENT STRATEGY

The fund aims to generate in excess of 1% above the Bloomberg Global Aggregate Bond Index benchmark on a consistent long-term basis through a portable alpha strategy. The portable alpha strategy effectively separates the returns of a preferred index and the returns of an alpha-seeking strategy. This separation allows the returns of the alpha component to be "ported" on top of whatever the market index exposure is desired by the portfolio. This is done by combining the strength of passive investing through low fees, transaction costs and tracking error, and active strategies by producing alpha in an asset class with favourable metrics.

FUND INFORMATION

Fund Classification	Worldwide - Interest Bearing - Variable Term
Benchmark	Bloomberg Global Aggregate Bond Index
Risk Profile	Moderate
Fund Managers	Karabo Mastepe, Sindisiwe Mahlangu, Fannuel Tigere
Inception Date	05 August 2024
Fund Size	R46 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	0.30%
Portfolio TER	0.30%
Management Fees	0.00%
Transaction Costs	0.00%
Audit Fees	0.00%
Other Costs	0.03%
Vat	15.00%
Pricing	Daily at 17:00

RISK RATIOS

	Fund	Benchmark
Annualised Return	-3.56%	-2.23%
Sharpe Ratio	-1.59	-1.25
Sortino Ratio	-2.50	-2.56
Max Drawdown	-3.79%	-3.58%
Drawdowns	12	13

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.

Nominal government bonds returned 2.96% (GOV); vanilla credit bonds delivered 2.57% (OTH); inflation linked bonds returned 0.65% (CLI) and cash returned 0.52% as indicated by the STeFi Call Index in May 2026. Overall, the ALBI (All Bond Composite Index) returned 2.91% for the month.

During the same period; the yield for the R2030 (benchmark bond) fell by -36.5 basis points to end the month at 7.82%. Concurrently, the R2048/R2030 spread ticked up by +7 basis points to 124 bps whilst medium-term break-evens tightened by -0.48% to 4.23%. Foreigners bought bonds worth +R1.6 billion as yields rallied during the month of May 2026.

Overall, the funds delivered -2.55% for the month, above the benchmark returns of -2.35% resulting in an alpha of -0.20%. In US dollars, the fund delivered 0.21% compared to 0.34% of the benchmark as the dollar weakened 2.75% the rand for the month.

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.

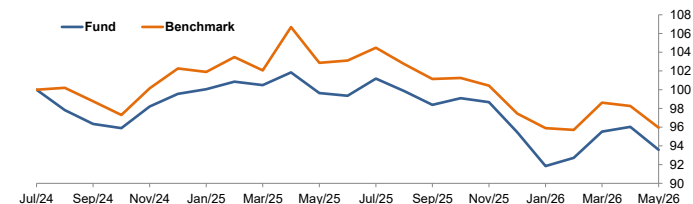
In the United States, the economic and policy landscape continues to be heavily influenced by the conflict with Iran, now entering its third month. Although a ceasefire was reached last month, it remains highly fragile, with both Washington and Tehran continuing to accuse one another of repeated violations.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

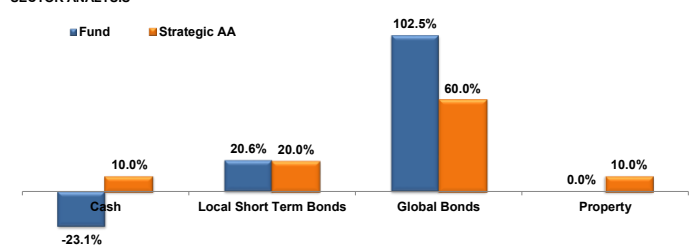
PERFORMANCE (Gross of fees)

	Fund	Benchmark
May-26	-2.55%	-2.35%
Year to Date	-1.97%	-1.54%
Rolling 12 months	-6.08%	-6.72%
Return p.a. since inception	-3.56%	-2.23%
Return since inception	-6.42%	-4.05%
Highest Rolling 1-year Return	3.35%	4.48%
Lowest Rolling 1-year Return	-8.21%	-7.91%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



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 4.6% 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.

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 increase rates to 7% in May 2026 amid heightened inflationary pressures and a more cautious policy stance, the market has revised the interest rate trajectory and is pricing in a prolonged period of elevated rates, alpha can be systematically ported from alternative exposures, such as inflation-linked bonds (where real yields compensate for depressed breakevens), 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.