BALONDOLOZI ABSOLUTE RETURN FUND July 31, 2026

FACT SHEET

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

This is a Domestic Asset Allocation Fund that blends strategies employed in the Balondolozi Money Market, Bonds, and Index Equity Funds.The equity benchmark is the FTSE JSE TOP40 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 - Medium Equity
Benchmark	CPI + 3%
Risk Profile	Moderately Conservative
Fund Managers	Fannuel Tigere, Sandelee van Wyk, Karabo Matsepe, Sindisiwe Mahlangu
Inception Date	01 April 2012
Fund Size	R161 million
Currency	SA Rands
Administration	Balondolozi Investment Services (Pty) Ltd
Trustees	Standard Bank
Regulator	Financial Services Regulatory Authority (FSRA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.64%
Portfolio TER	0.63%
Management Fees	*0.60%*
Transaction Costs	*0.00%*
Audit Fees	*0.00%*
Other Costs	*0.03%*
Vat	*15.00%*
Pricing	Daily at 17:00

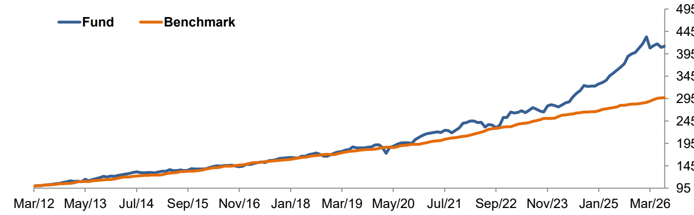
RISK RATIOS

	Fund	*Benchmark*
Annualised Return	10.39%	7.90%
Sharpe Ratio	0.63	1.25
Sortino Ratio	0.84	4.50
Max Drawdown	-7.35%	-0.47%
Drawdowns	48	5

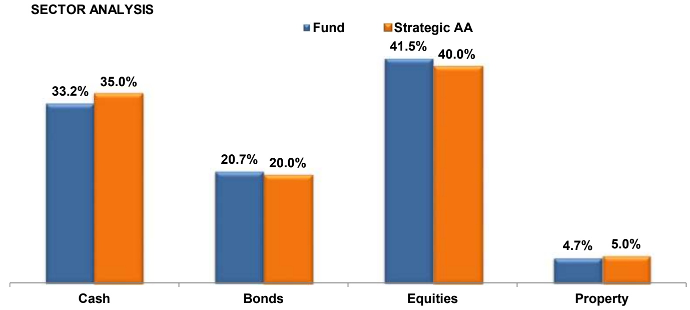
PERFORMANCE (Gross of fees)

	Fund	*Benchmark*
Jul-26	0.78%	0.25%
Year to Date	0.96%	4.87%
Rolling 12 months	12.98%	6.22%
Return p.a. since inception	10.39%	7.90%
Return since inception	312.33%	197.26%
Highest Rolling 1-year Return	30.86%	10.81%
Lowest Rolling 1-year Return	-2.43%	4.93%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



FUND COMMENTARY

Global growth remains resilient but uneven, with activity still expanding but increasingly shaped by volatile energy prices and geopolitical risk. The conflict in the Middle East, intermittent ceasefires and disruptions to shipping have become key drivers of both inflation and sentiment, feeding through to fuel and transport costs. Markets have shifted from expecting broad-based rate cuts to pricing in the risk that major central banks will instead need to hike later this year.

Equities returned 1.35% (FTSE/JSE Top 40); nominal bonds delivered -1.38% (ALBI); inflation linked bonds returned -0.21% (CILI) and cash returned 0.57% as indicated by the STeFi Call Index in July 2026. Within equities; the financial services sector delivered 1.17% (FINI 15), the industrial sector 0.54% (INDI 25) and the resources sector 2.23% (RESI 20).

During the same period; near term volatilities ticked down by -2.1% (SAVI) to 22.08% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Top 40 edged lower by-1.31 points to close at 13.04. Yields for 12-month negotiable certificates of deposits rose by +8.3 bps to close the month at 7.67%.

Overall, the fund delivered 0.78% for the month. The cash strategy returned 0.85%; equities in the fund delivered 2.10% and bonds returned -0.65% while property exposure returned 3.10%. Cash outperformed, supported by high-yielding shorter-dated floating non-bank credit. Floating-rate instruments continue to offer attractive value following the last rate hike. Bonds outperformed due to sector allocation.

During the month of July, Balondolozi participated in the annual general meetings of several investee companies, voting against selected resolutions where governance practices were not considered to be in the best interests of minority shareholders. At Ninety-One, Balondolozi opposed resolutions relating to the determination of the external auditor's remuneration by the Audit and Risk Committee and the disapplication of pre-emptive rights, citing concerns over auditor independence and shareholder dilution. Balondolozi also voted against Boxer's general authority to repurchase shares, as buybacks could further entrench the majority shareholder, Pick n Pay to the detriment of minority shareholders. In addition, Balondolozi elected to receive the cash dividend under Datatec Limited's special dividend election.

Within the fixed income portfolio, Eskom's operational recovery remained supportive of its government-guaranteed bonds, with the utility surpassing 420 consecutive days without load shedding, reducing diesel expenditure by approximately 85%, and improving plant reliability under its Generation Recovery Plan. In parallel, Exxaro Resources Limited commissioned its 68MW Lephalale Solar Project, demonstrating that improved grid reliability and continued investment in renewable energy are complementary and support South Africa's long-term energy security and transition to a lower-carbon economy.

After registering a value of 4.5% in May 2026, headline inflation for June 2026 was 5% (consensus 4.5%). On the same note, the price for brent crude oil rose by 23.59%, to end the month at $90.12 per barrel and the Rand depreciated against the Dollar by -0.86% to close at R16.53 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) declined by -3.5 index points to reach 47.3 in June 2026.

In the US, economic data point to an economy that is still growing at a solid pace, supported by strong productivity and investment, despite uncertainty linked to the Middle East. The Federal Reserve left the federal funds rate at 3.50%–3.75% for a fifth consecutive meeting in July, broadly in line with expectations, although three FOMC members favoured a 25bp hike, keeping the possibility of tightening in September. Headline inflation declined to 3.5% in June from 4.2% in May, below forecasts, helped by easing energy inflation as the ceasefire between the US and Iran reduced pressure on gasoline and fuel oil prices, but inflation remains above the Fed's 2% target. The S&P Global US Manufacturing PMI edged down slightly to 53.8 in July from 53.9, still close to its highest levels in more than four years, with slower production and softer new orders partially offset by firmer factory employment. Longer supplier delivery times reflected supply disruptions linked to the Middle East rather than strong demand, reinforcing the sense that geopolitical developments remain central to the outlook.

In the Euro Area, growth is positive but subdued, as higher energy prices again push inflation above target and complicate policy decisions. The European Central Bank kept key rates unchanged in July after a 25bp hike in June, adopting a more cautious "wait and see" stance as softer inflation, wages and activity reduced the urgency for further tightening. Eurozone headline inflation rose slightly to 2.9% in July from 2.8% in June, driven largely by renewed energy price pressures as tension between the US and Iran resumed, keeping inflation above the ECB's 2% goal. Business surveys show gradual improvement in activity, the S&P Global Eurozone Manufacturing PMI increased to 52.0 in July from 51.4, with output at its strongest pace since early 2022 as easing supply chain disruptions allowed firms to rebuild inventories, even though staffing continued to be reduced and cost pressures, while moderating, remained elevated. The Services PMI returned to expansion at 51.6 from 49.4, supported by a rebound in business activity and better employment, while firms passed on operating cost increases to customers at a slower pace.

China's central bank is keeping policy very supportive, but recent data show growth losing momentum. The People's Bank of China left its key lending rates at record lows for a 14th straight month in July 2026, as expected, reflecting caution about the impact of Middle East tensions and a still uneven domestic recovery. Q2 GDP growth slowed to its weakest pace since late 2022, even though exports still benefit from strong demand for AI related goods. Headline inflation eased to 1.0% in June from 1.2% in April and May, slightly below expectations and consistent with subdued price pressures. Activity indicators point to softer industry and consumption. The official NBS Manufacturing PMI fell back into contraction at 49.2 in July from 50.3, signaling weaker factory activity amid weak demand and elevated production costs. Retail sales rose only 0.4% month on month in June, suggesting cautious household spending. Overall, China is keeping monetary policy loose, but growth is slowing, inflation is contained, and the outlook is increasingly dependent on external demand and targeted domestic support.

In South Africa, recent data point to rising inflation and weaker manufacturing momentum, against a policy stance that aims to anchor inflation while supporting a fragile recovery. The South African Reserve Bank kept the repo rate at 7% on 23 July, surprising most analysts who had expected a 25bp hike, with a 4–2 vote to hold as policymakers highlighted a slightly better inflation outlook and softer growth. Headline CPI accelerated to 5% in June from 4.5% in May, the highest rate since June 2024, driven mainly by a 34.3% surge in fuel prices that pushed transport inflation up to 12.7% amid elevated global energy prices linked to the conflict with Iran. SARB now expects inflation to average about 4% in 2026, down from 4.4% previously, and has lifted its 2026 growth forecast to 1.4% from 1.2%, while warning that further Middle East related shocks to oil and fertilizer could still warrant additional tightening. The Absa Manufacturing PMI fell back into contraction at 47.3 in June from 50.8, as weaker demand and delayed orders weighed on activity, although the survey suggests cost pressures may have peaked and confidence improved as oil prices eased following an interim US–Iran deal. The S&P Global South Africa PMI rose to 50.5 from 49.6, indicating marginal overall growth, but output and new orders continued to contract amid subdued domestic demand and lingering uncertainty, even as employment expanded and firms faced longer supplier delivery times due to ongoing disruptions to imported shipments.

At the end of July 2026, developed market equities continued to trade at relatively elevated valuations despite a more uncertain macroeconomic backdrop. While corporate earnings remained resilient, central banks maintained a cautious and restrictive policy stance, with markets increasingly expecting interest rates to remain higher for longer. Ongoing geopolitical tensions and energy market volatility also continued to influence investor sentiment.

Emerging market equities, including domestic assets, continued to offer comparatively attractive valuations but remained sensitive to global risk appetite and capital flows. The rand weakened modestly during the month, although purchasing power parity (PPP) indicators continued to suggest that it remained undervalued over the longer term.

Against this backdrop, the fund maintained a neutral to slight overweight equity stance, balancing the attractive long-term valuation opportunities available in emerging markets against elevated developed market valuations, restrictive global monetary policy and persistent geopolitical uncertainty. Fund managers remained disciplined, seeking opportunities created by market volatility while maintaining a diversified portfolio focused on long-term value creation and risk-adjusted returns.