BALONDOLOZI BALANCED FUND

June 30, 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 Balondolozi 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	R636 million
Currency	SA Rands
Administration	Balondolozi 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

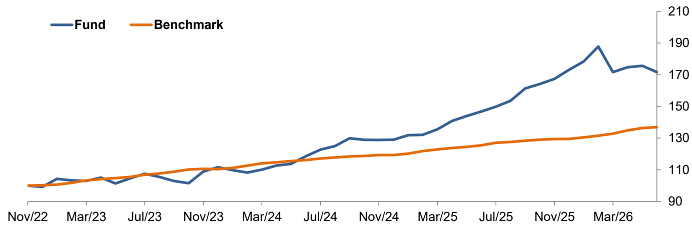
RISK RATIOS

	Fund	*Benchmark*
Annualised Return	16.27%	9.16%
Sharpe Ratio	0.83	1.06
Sortino Ratio	1.06	15.42
Max Drawdown	-8.62%	-0.10%
Drawdowns	13	2

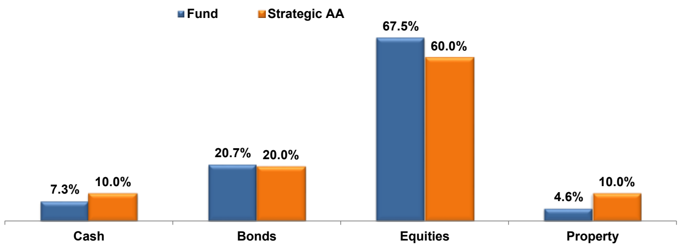
PERFORMANCE (Gross of fees)

	Fund	*Benchmark*
Jun-26	-2.25%	0.42%
Year to Date	-0.85%	5.70%
Rolling 12 months	16.94%	9.14%
Return p.a. since inception	16.27%	9.16%
Return since inception	71.61%	36.88%
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



FUND COMMENTARY

Inflation across major economies remains elevated, driven mainly by energy price pressures and geopolitical tensions in the Middle East. Although global activity is supported by pockets of strength in industry and trade, underlying demand remains subdued, leading policymakers to focus more on inflation risks than on prospects for stronger growth.

Equities returned -3.68% (FTSE/JSE Capped All Share); nominal bonds delivered 1.5% (ALBI); inflation linked bonds returned 1.41% (CILI) and cash returned 0.58% as indicated by the STeFi Call Index in June 2026. Within equities; the financial services sector delivered 2.62% (FINI 15), the industrial sector 2.03% (INDI 25) and the resources sector -16.39% (RESI 20).

During the same period; near term volatilities ticked up by +0.64% (SAVI) to 24.18% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Capped Top 40 edged lower by -0.12 points to close at 31.7. Yields for 12-month negotiable certificates of deposits rose by +8.3 bps to close the month at 7.49%.

Overall, the fund delivered -2.25% for the month. Equities returned -4.27%; cash returned 0.92%; bonds returned 1.49% and property exposure returned 0.43% for the month of June. 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 returns were in line with the ALBI benchmark due to sector allocation. Property exposure was increased during the month of June.

After registering a value of 4% in April 2026, headline inflation for May 2026 was 4.5% (consensus 4.5%). On the same note, the price for brent crude oil fell by -20.78%, to end the month at $72.92 per barrel and the Rand depreciated against the Dollar by -1.01% to close at R16.39 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) declined by -1.8 index points to reach 50.8 in May 2026.

The US economy presented a more strained and uneven picture, with the S&P Global Composite PMI easing to 51.5, signalling continued but slowing private sector expansion as both manufacturing and services lost momentum. The services sector hovered close to stagnation at 50.7, alongside the fastest employment decline since the post pandemic recovery period, while business confidence fell to multi-month lows. Despite weaker sentiment, official labour market data remained relatively resilient, as payrolls increased by 172,000, the unemployment rate held at 4.3%, and participation stayed subdued, although rising job cuts pointed to growing underlying weakness beneath headline stability. Inflationary pressures strengthened further, with CPI rising to 4.2%, the highest since 2023, driven mainly by higher energy costs linked to Middle East supply disruptions, while core inflation also climbed to 2.9%, indicating broader price persistence. Producer prices accelerated to 6.5% year-on-year, reflecting stronger goods inflation even as services price pressures eased. At the same time, industrial production stagnated amid uneven manufacturing output and weak capacity utilisation, while retail sales remained relatively firm, supported by fuel-related spending and steady consumption. Against this backdrop, the Federal Reserve kept interest rates unchanged at 3.75% for a fourth consecutive meeting, while acknowledging a more uncertain outlook marked by elevated inflation, slightly weaker growth expectations and a still resilient but increasingly fragile labour market.

China's economy showed renewed momentum, with the RatingDog Composite PMI rising to 54.0, the strongest pace of private sector expansion in over two years. Growth was driven by broad-based gains in manufacturing and services, as new business accelerated and backlogs rose, signalling tightening capacity conditions amid improving demand. Services strengthened on export orders and a recovery in hiring, although input costs rose due to higher fuel and wage pressures, while output price inflation remained contained. External demand was particularly strong, with exports surging 19.4% YoY to a record high, supported by global technology demand, supply chain restocking and increased purchases of semiconductors and industrial goods. Imports also rose sharply, reflecting resilient domestic demand and higher commodity inputs. Industrial production expanded 4.5% YoY, contrasting with weaker consumption, as retail sales unexpectedly contracted YoY, highlighting a divergence between export-driven activity and subdued domestic demand. Inflation remained contained, with consumer prices rising 1.2% YoY as weak food prices offset modest energy-driven increases in services, while producer prices accelerated to 3.9% due to higher global commodity costs and supply-side adjustments. Labour market conditions improved slightly, with unemployment easing to 5.1%, though structural pressures persisted through elevated working hours.

Against this backdrop, the People's Bank of China maintained an accommodative stance, providing liquidity support and short-term funding facilities to sustain stable monetary conditions and support activity.

The Eurozone economy slipped into contraction in Q1 2026, with GDP declining by 0.2%, a downward revision from earlier estimates and the weakest performance since mid-2020. The decline was driven mainly by contractions in Ireland and France, while modest growth in Germany, Spain and Italy helped prevent a deeper downturn. Inflation remained elevated, rising to 3.2% in May, its highest level since 2023 and well above the European Central Bank's 2% target, alongside persistent pressures in services and industrial goods. Core inflation also edged higher, reinforcing concerns about entrenched price dynamics. Economic activity indicators pointed to continued weakness, with Composite PMI at 48.5, as softer demand, particularly in export markets, weighed on manufacturing and services. Employment growth slowed and job losses increased in parts of the area, while retail sales fell after earlier gains, reflecting subdued consumer demand. Producer price inflation eased from March's spike but remained elevated at 4.9% YoY, indicating persistent upstream cost pressures. Despite ongoing labour market resilience, momentum weakened across major economies, especially Germany. Against this backdrop, the European Central Bank raised interest rates by 25 basis points in June 2026, its first hike since 2023, while revising up inflation forecasts and slightly lowering growth projections, signalling a tighter policy stance aimed at anchoring inflation expectations despite a deteriorating outlook.

South Africa's economy recorded a solid start to 2026, expanding by 0.5% quarter-on-quarter in Q1, its strongest performance since mid-2025 and above expectations, driven by broad-based gains across most sectors despite geopolitical uncertainty, lifting annual GDP growth to 1.9% from 0.8% previously. Sectoral performance was mixed, with mining output rising 8.2% YoY, extending its recovery trend, while manufacturing contracted by 2.9%. Indicators pointed to a more uneven environment, as the S&P Global PMI slipped to 49.6 in May, signalling contraction amid weaker output and new orders, even as firms faced the fastest rise in input and selling prices in several years due to higher fuel costs. In contrast, business sentiment remained relatively resilient, with the SACCI confidence index edging up to 124.1, supported by stronger vehicle sales and exports, but weighed down by weaker tourism and inflation concerns. Forward-looking indicators softened, as the composite leading business cycle index fell 1.8%, its first decline in months, driven by weaker monetary conditions and building approvals. Inflation pressures intensified, with CPI rising to 4.5% in May and producer prices surging to 7.8%, largely driven by fuel and electricity costs, although food inflation eased. Inflation expectations also drifted higher in Q2, with households and businesses anticipating a slower return to target, underscoring lingering uncertainty over the medium-term inflation outlook despite easing global energy pressures following the reopening of the Strait of Hormuz.

At the end of June 2026, developed market equities continued to trade at relatively elevated valuations despite facing a more challenging macroeconomic environment. An energy-driven inflation shock arising from the Iran–US conflict prompted central banks to adopt a more hawkish stance than investors had anticipated at the start of the year. While the US Federal Reserve kept interest rates unchanged, it indicated that further tightening remained possible, and the Bank of Japan raised its policy rate to its highest level since 1995. Brent crude oil prices declined sharply during the month following the partial reopening of the Strait of Hormuz, helping to ease inflation concerns, although the global monetary policy outlook remained more restrictive than previously expected. Emerging market equities, including domestic assets, continued to offer comparatively attractive valuations but experienced renewed pressure as weaker commodity prices weighed on resource-oriented markets. Expectations of higher global interest rates reduced demand for non-yielding assets, contributing to a decline in gold prices, while the rand ended the month at R16.38 against the US dollar. Although the rand weakened modestly during June, it remained significantly stronger than a year earlier. Purchasing power parity (PPP) indicators continued to suggest that the rand remained undervalued, although near-term currency performance remained closely linked to global risk appetite, commodity prices, interest rate expectations, and capital flows.

Against this backdrop, the fund maintained a neutral equity stance relative to peers, balancing the attractive long-term valuation opportunities available in emerging markets against a more restrictive global monetary policy environment, elevated developed market valuations, and persistent geopolitical uncertainty. 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.