



FACT SHEET

INVESTMENT OBJECTIVE

The fund's objective is to outperform the STeFi Composite + 2% over a 36-month rolling period with minimum volatility.

INVESTMENT STRATEGY

This fund seeks out a high level of income which is consistent with the preservation of capital over the medium term. To meet its objective, the fund actively allocates between South African money market instruments, government bonds, corporate bonds and hybrid instruments. Although the fund aims to preserve capital over the medium term, capital depreciation is a possibility over the short term. Quantitative techniques such as the use of derivatives are employed to fine tune strategy and hedge risk factors.

FUND INFORMATION

Fund Classification	South African - Multi Asset - Income
Benchmark	STeFi Composite Index + 2% over a 36-month rolling period
Risk Profile	Conservative
Fund Managers	Fannuel Tigere, Karabo Matsepe
Inception Date	01 June 2017
Fund Size	R285 million
Currency	SA Rands
Administration	Balondolozhi Investment Services
Trustees	Standard Bank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.25%
Portfolio TER	0.25%
Management Fees	0.25%
Transaction Costs	0.00%
Audit Fees	0.00%
Other Costs	0.00%
Vat	15.00%
Pricing	Daily at 17:00

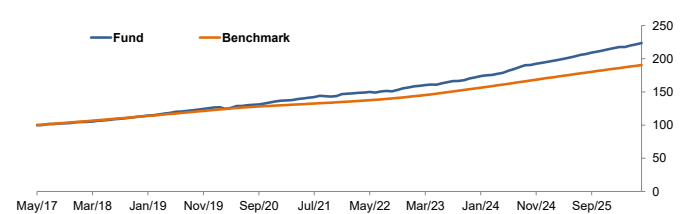
RISK RATIOS

	Fund	Benchmark
Annualised Return	9.26%	7.36%
Sharpe Ratio	1.52	2.23
Sortino Ratio	1.61	N/A
Max Drawdown	-2.00%	N/A
Drawdowns	7	0

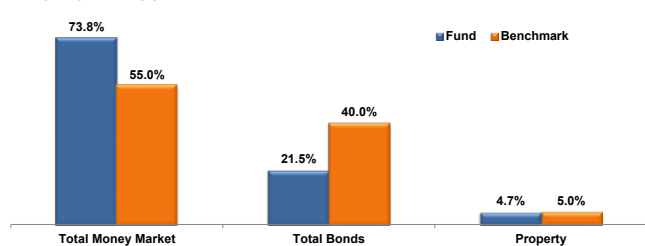
PERFORMANCE (Gross of fees)

	Fund	Benchmark
Jun-26	0.88%	0.64%
Year to Date	4.32%	3.69%
Rolling 12 months	9.83%	7.80%
Return p.a. since inception	9.26%	7.36%
Return since inception	123.63%	90.62%
Highest Rolling 1-year Return	14.18%	9.41%
Lowest Rolling 1-year Return	5.06%	4.16%

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.

Nominal government bonds returned 1.53% (GOVI); vanilla credit bonds delivered 1.32% (OTHI); inflation linked bonds returned 1.41% (CILJ); listed property returned 3.74% (SAPY); listed preference shares delivered 1.37% (J251) and cash returned 0.58% as indicated by the STeFi Call Index June 2026. Overall, the ALBI (All Bond Composite Index) returned 1.5% for the month.

During the same period; the yield for the R186 (benchmark bond) rose by 0 basis points to end the month at 7.53%. Concurrently, the R186/R208 spread ticked down by -5 basis points to 119 bps whilst medium-term break-evens widened by 0.15% to 4.38%. Yields for 12-month negotiable certificates of deposits rose by 8.3 bps to close the month at 7.49%. Foreigners bought bonds worth R3.8 billion as bond yields sold off during the month of June 2026.

Overall, the fund delivered 0.88% for the month against the benchmark return of 0.64%. The fund outperformed due to holdings in longer dated fixed instruments as the bond yields rallied this month. Cash returns were positive for the month at 0.78% outperforming the STeFi call index of 0.58%. While bonds contributed positively for the month at 1.49% and property contributed negatively for the month at -0.49%. The duration of the fund is 0.85.

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.

South Africa's energy landscape remained in focus during June after the National Energy Regulator approved 176 municipal electricity tariff increases for the 2026/27 financial year, effective 1 July 2026. Among the major metros, tariff increases include Ekurhuleni (12.7%), City of Johannesburg (8.63%) and Cape Town (7.5%). Land Bank's 23 June 2026 investor meeting highlighted continued progress in its post-default recovery, with the Bank remaining current on all LS5 debt obligations while reducing outstanding debt by 58% from R16.2 billion to R6.8 billion. Asset quality improved, with the non-performing loan (NPL) ratio declining to 51.2% from 54.8%, while the new loan book maintained an NPL ratio below 10%, reflecting stronger credit underwriting.

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.

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 US, Israel, and Iran. The US Federal Reserve and the People's Bank of China kept their policy rates unchanged, while the European Central Bank increased its key rate by 25 basis points. South African FRAs are currently pricing in at least one additional 25 basis point hike, with some probability attached to further tightening through November 2026, signalling a meaningful shift toward a higher for longer interest rate outlook rather than an imminent easing cycle. 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.