BALONDOLOZI INFLATION LINKED BOND FUND | **June 30, 2026**

FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to outperform the JSE ASSA Composite Inflation Linked Index (CILI) by 1% per annum after fees over a rolling 3 year term.

INVESTMENT STRATEGY

This fund aims to out-perform its benchmark through active and quantitatively managed exposure via RSA stock and investment grade high yield credit bonds. Through the active management of duration which can vary by 2 years relative to the benchmark, alpha generation is achieved. 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	CILI
Risk Profile	Moderately Conservative
Fund Managers	Fannuel Tigere, Sindisiwe Mahlangu
Inception Date	01 September 2018
Fund Size	R1712 million
Currency	SA Rands
Administration	Prescient Management Company (RF) (Pty) Ltd
Trustees	Standard Bank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.31%
Portfolio TER	0.30%
Management Fees	*0.30%*
Transaction Costs	*0.01%*
Audit Fees	*0.00%*
Other Costs	*0.00%*
Vat	*15.00%*
Pricing	Daily at 17:00

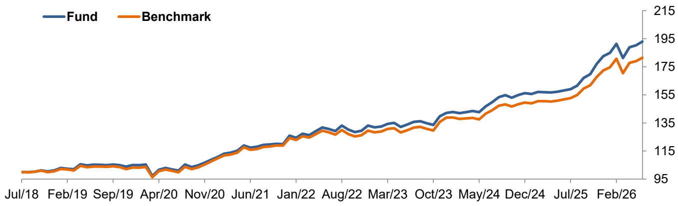
RISK RATIOS

	Fund	*Benchmark*
Annualised Return	8.66%	7.82%
Sharpe Ratio	0.35	0.24
Sortino Ratio	0.45	0.30
Max Drawdown	-7.83%	-7.06%
Drawdowns	33	32

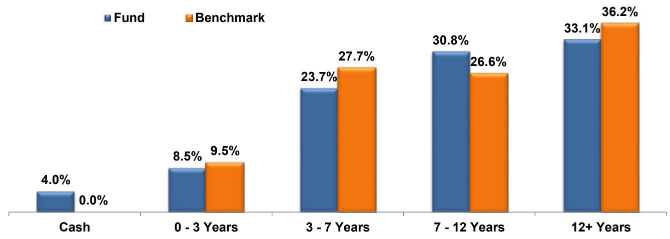
PERFORMANCE (Gross of fees)

	Fund	*Benchmark*
Jun-26	1.46%	1.41%
Year to Date	5.73%	5.27%
Rolling 12 months	22.06%	19.54%
Return p.a. since inception	8.66%	7.82%
Return since inception	93.00%	81.46%
Highest Rolling 1-year Return	22.06%	20.11%
Lowest Rolling 1-year Return	-4.75%	-4.68%

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.□

Inflation linked government bonds returned 1.40% (IGOV); Inflation linked state-owned credit delivered 1.76% (ISOE); inflation linked corporate credit bonds returned 1.49% (ICORP) and cash returned 0.58% as indicated by the STeFi Call Index in June 2026. Overall, the CILI (Composite Inflation Linked-Bond Index) returned 1.41% for the month.

During the same period; the yield for the I2029 (benchmark bond) fell by -22.5 basis points to end the month at 3.36%. Concurrently, the I2050/I2029 spread ticked up by +19 basis points to 72 bps whilst medium-term break-evens widened by +0.15% to 4.38%. Foreigners bought bonds worth R3.8 billion as real yields rallied during the month of June 2026.

The fund delivered 1.46% for the month against a benchmark return of 1.41%, outperforming by 0.05%. Credit allocation was the primary driver of outperformance, contributing 0.08% towards alpha, while movements in curvature (−0.01%) and duration (−0.02%) detracted.

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%). With electricity prices continuing to outpace inflation, rising energy costs are expected to accelerate investment in rooftop solar, battery storage and energy-efficient technologies as households and businesses seek greater energy resilience and long-term cost certainty.
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 Bank also continues to strengthen its developmental and sustainability objectives, with 54% of its loan book supporting development and transformation initiatives, underpinned by blended finance and climate-smart agriculture. Although legacy NPLs and elevated funding costs remain key risks, the Bank's continued progress in governance, balance sheet repair and portfolio quality is supportive of its long-term credit profile.

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.

Given the current backdrop, fundamentals relative to U.S. TIPS suggest that real yields appear somewhat rich, while sentiment indicators point to the recent rally in real yields being somewhat overextended following heightened geopolitical tensions and increased market volatility. As a result, the fund maintains a cautious stance on duration. Furthermore, short-term breakeven rates continue to indicate value in inflation-linked bonds (ILBs), supporting selective exposure within the portfolio. The fund closed the month with a neutral duration view. The managers will not hesitate to take short term opportunities offered by the volatility in the markets. Since credit spreads are tightening, the fund will seek credit and target high quality names to benefit from the yield pick-up whilst minimising the risk of widening spreads.