



BALONDOLOZI BALANCED FUND

August 31, 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 Balondolozzi 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, Tatum Starkey, Sandelee van Wyk, Karabo Matsepe, Sindisiwe Mahlangu
Inception Date	01 December 2022
Fund Size	R665 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	0.09%
Portfolio TER	0.09%
Management Fees	0.06%
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	16.89%	9.26%
Sharpe Ratio	0.90	1.16
Sortino Ratio	1.14	16.68
Max Drawdown	-8.62%	-0.10%
Drawdowns	13	2

FUND COMMENTARY

Global markets were shaped by escalating US fiscal intervention, cautious Fed signalling, and renewed geopolitical risk. Treasury Secretary Bessent's surprise move to double bond buybacks failed to hold down yields, Fed Chair Warsh's Jackson Hole address struck an inflation-wary tone without a clear rate path, and the expiry of the Iran-US ceasefire reignited concerns over Strait of Hormuz shipping. South African assets were comparatively resilient, with the rand firming and local bonds rallying on cooling inflation and strong non-resident inflows. □

Equities returned 4.65% (FTSE/JSE Capped All Share); nominal bonds delivered 0.69% (ALBI); inflation linked bonds returned 0.99% (CII) and cash returned 0.57% as indicated by the STeFi Call Index in August 2026. Within equities; the financial services sector delivered -1.36% (FINI 15), the industrial sector -5.81% (INDI 25) and the resources sector 26.42% (RESI 20).

During the same period; near term volatilities ticked up by +2.1% (SAVI) to 24.18% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Capped Top 40 drifted higher by +2.91 points to close at 31.13. Yields for 12-month negotiable certificates of deposits rose by +8.3 bps to close the month at 7.6%. Foreigners bought local equities worth +R0 billion as markets rallied during the month of August 2026.

Overall, the fund delivered 3.61% for the month. Equities returned 5.30%; cash returned 0.83%; bonds returned 0.73% and property exposure returned -2.99% for the month. 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.

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During August, Balondolozzi continued its active ownership activities through participation in the annual general meetings of Investec (INL & INP), Pick n Pay (PIK), Reinet Investments (RNI), Prosus (PRX), Naspers (NPN) and Telkom (TKG). Votes against selected resolutions reflected concerns around director independence, accountability and minority shareholder protection. Directors with tenures exceeding 10 years and/or ages above 70 were opposed due to potential impacts on independence and effective board challenge. Discharge of liability resolutions at Reinet and Naspers were opposed where blanket discharges could weaken accountability and shareholder recourse, while Telkom's share repurchase authority was opposed as it could increase government's relative control given its 40.51% holding. Capitec Bank Holdings Limited also changed its name to Capitec Limited, reflecting its diversification beyond traditional banking while retaining its JSE listing and ticker. South Africa continued advancing electricity reform and sustainable finance, with preparations for a debut sovereign green bond targeting the 2026/27 fiscal year. Eskom restructuring progressed through plans for an independent Transmission System Operator. Balondolozzi also supported Land Bank's 12-month NPL covenant waiver, providing time to address legacy exposures while maintaining creditor protections.

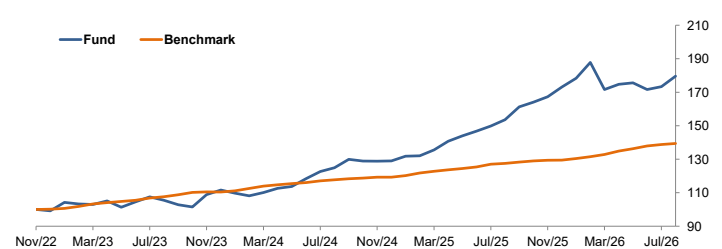
After registering a value of 5% in June 2026, headline inflation for July 2026 was 4.3% (consensus 4.3%). On the same note, the price for Brent crude oil rose by 1.24%, to end the month at \$91.24 per barrel and the Rand appreciated against the Dollar by 2.44% to close at R16.13 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) declined by -0.5 index points to reach 46.8 in July 2026. □

The US pointed to a broadening slowdown in economic activity, with several key indicators coming in weaker than expected. While the manufacturing sector initially showed resilience, with the ISM Manufacturing Index rising to 55.6 in July from 53.3, the services sector was broadly stable at 54.1, slightly below expectations. The labour market, however, deteriorated, with nonfarm payrolls falling by 23,000 in July versus expectations for an 80,000 increase, while the ADP employment change of 44,000 also undershot the 65,000 consensus. Despite this, the unemployment rate edged down to 4.1% from 4.2%, suggesting that labour-market weakness has not yet translated into a significant rise in unemployment. Consumer and housing indicators also weakened, with retail sales declining 0.6% m/m and preliminary consumer sentiment dropping to 51.0. Inflation remained relatively contained, with CPI at 3.4% in July, unchanged from expectations and slightly below the prior 3.5%.

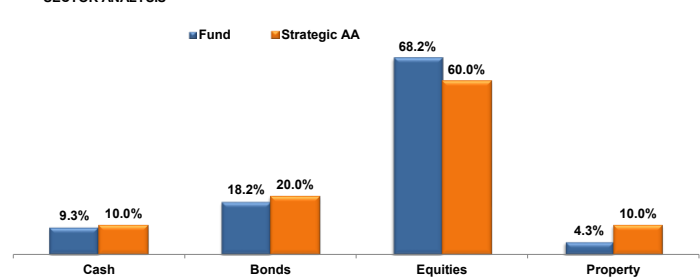
PERFORMANCE (Gross of fees)

	Fund	Benchmark
Aug-26	3.61%	0.42%
Year to Date	3.75%	7.65%
Rolling 12 months	16.91%	9.33%
Return p.a. since inception	16.89%	9.26%
Return since inception	79.56%	39.40%
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



At the same time, personal income rose 0.43% and spending increased 0.16%, both slightly better than expected, providing some support to the consumer outlook. The US Dollar Index (DXY) started August around 99.9–100.0 early in the month. It then weakened through mid-August, reaching a low around 98.6, before recovering towards month-end. That leaves the dollar roughly 0.3% weaker over August.

The Eurozone showed signs of improving momentum in August, with economic activity proving more resilient than expected despite the recent energy shock. Forward-looking indicators were particularly encouraging, with the August flash Manufacturing PMI rising to 52.8 from 51.9, comfortably above the 51.8 consensus, while the broader composite PMI reached a nine month high of 52.1, pointing to continued positive growth in Q3. Germany's manufacturing PMI also climbed to 54.1, its highest level in more than four years, suggesting a meaningful improvement in the region's industrial sector. Growth is being supported by increased fiscal spending on infrastructure, energy security and defence, alongside investment in AI and digitalisation and a resilient labour market, with the 2026 growth outlook revised higher to around 0.8%–1.0%. The key constraint remains inflation, however, with headline CPI rising to 2.9% y/y in July from 2.8% previously, while core inflation increased to 2.5%, largely reflecting firmer services prices. Inflation is therefore expected to remain above the ECB's 2% target into early 2027, limiting the scope for monetary easing.

China's economic data in August pointed to a broad-based loss of momentum, despite continued strength in exports and high-tech manufacturing. The official manufacturing PMI improved slightly to 49.8 in August from 49.2. This follows a weaker July, with the RatingDog manufacturing PMI falling to 50.9 from 51.7, also below expectations. Domestic demand remains the main concern, with retail sales growth slowing to just 0.6% y/y in July, while industrial production rose 4.5%, missing expectations of 4.95% and slowing from 5.3%. Inflation also remained subdued, with CPI increasing to 0.5% y/y, below the 0.8% forecast, while PPI fell 3.5% y/y, highlighting continued producer-price deflation and weak pricing power. Overall, China's economy appears to be losing domestic momentum, with weakness evident across consumption, property, investment and private-sector credit demand, although exports and technology-related sectors continue to provide support. Q2 GDP growth slowed to 4.3% y/y from 5.0% in Q1, bringing H1 growth to 4.7%, broadly within the government's 4.5%–5.0% target range.

South Africa has faced renewed pressure from the global oil shock, with the country reportedly paying R56bn more for fuel and ranking among the 20 countries hardest hit by disruptions to the Strait of Hormuz. The recent rise in oil prices has also erased the fuel-price over-recovery, raising the prospect of higher petrol and, particularly, diesel prices. Despite these risks, domestic inflation improved, with headline CPI easing to 4.3% in July from 5.0% in June, supported by lower fuel prices and softer food inflation, while core inflation increased slightly to 4.2%, highlighting persistent underlying pressures. South Africa's external position has provided some support to the currency, with an almost 3% improvement in terms of trade helping the rand gain 2.44% against the dollar in August, outperforming its emerging-market peers. Economic activity remains mixed; manufacturing output contracted 1.7% y/y in June, but performed better than expected, while monthly production rose 0.9%. Meanwhile, retail sales growth slowed to 1.6% y/y, below expectations, signalling weaker consumer demand. □

At the end of August global markets were dominated by a shift in the perceived direction of policy rates and Chair Warsh's remarks at Jackson Hole this month reinforced that above-target inflation, partly energy-driven, has not yet eased resulting in markets pricing a modest tightening rather than cuts. The US 10-year yield rose on rate expectations and fiscal supply concerns, leaving developed market equities looking expensive against a higher discount rate. Emerging market equities, including domestic assets, continued to offer comparatively attractive valuations but remained sensitive to global risk appetite and capital flows. The rand strengthened in August, it's firmest since February, supported by a softer dollar, strong precious metals and improving fiscal sentiment. Gold's advance drove much of the JSE's return, concentrating gains in resources rather than SA Inc.

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.