BALONDOLOZI BALANCED FUND **September 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	01 December 2022
Currency	R638 million
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	0.53%
Portfolio TER	0.03%
Management Fees	
Transaction Costs	*0.50%*
Audit Fees	*0.00%*
Other Costs	*0.03%*
Vat	*15.00%*
Pricing	Daily at 17:00

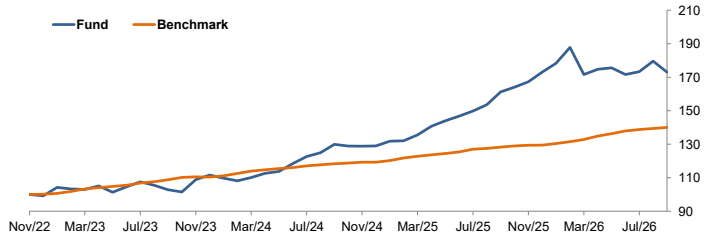
RISK RATIOS

	Fund	*Benchmark*
Annualised Return	15.38%	9.18%
Sharpe Ratio	0.74	1.12
Sortino Ratio	0.98	16.02
Max Drawdown	-8.62%	-0.10%
Drawdowns	14	2

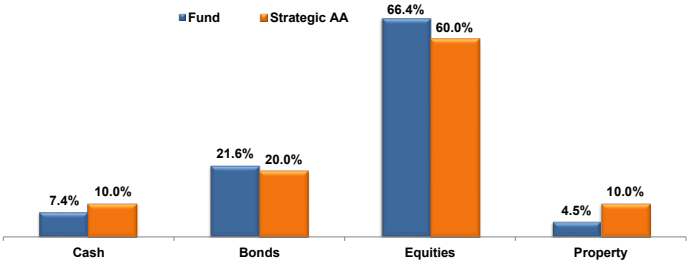
PERFORMANCE (Gross of fees)

	Fund	*Benchmark*
Sep-26	-3.64%	0.42%
Year to Date	-0.03%	8.13%
Rolling 12 months	7.29%	9.13%
Return p.a. since inception	15.38%	9.18%
Return since inception	73.03%	40.02%
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

Global economic conditions remain shaped by the conflict between the United States and Iran and its effect on energy markets. Brent crude rose above $108 per barrel on the 28th of September 2026 after President Trump rejected an Iranian proposal to reopen the Strait of Hormuz. Energy-driven price pressures have prompted monetary tightening, with the Federal Reserve, the European Central Bank and the South African Reserve Bank all raising interest rates during the month.

Equities returned -5.82% (FTSE/JSE Capped All Share); nominal bonds delivered 0.01% (ALBI); inflation linked bonds returned 0.67% (CILI) and cash returned 0.55% as indicated by the STeFi Call Index in September 2026. Within equities; the financial services sector delivered -3.51% (FINI 15), the industrial sector -5.38% (INDI 25) and the resources sector -9.76% (RESI 20).

During the same period; the yield for the R2035 (benchmark bond) rose by +18 basis points to end the month at 8.76% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Top 40 edged lower by-2.63 points to close at 11.73. Concurrently, the near term volatilities ticked down by -1.88% (SAVI) to 22.3% whilst medium-term break-evens tightened by -0.17% to 4.07%. Yields for 12-month negotiable certificates of deposits rose by +8.3 bps to close the month at 7.95%. Foreigners bought assets worth +R2.7 billion as markets sold-off during the month of September 2026.

Overall, the fund delivered -3.64% for the month. Equities returned -5.54%; cash returned 0.84%; bonds returned 0.02% and property exposure returned 1.35% for the month. Cash outperformed, supported by high-yielding shorter-dated fixed instruments and floating non-bank credit. There is currently value in floating instruments, following the SARB's 25-basis-point interest rate hike this month.

During September, Balondolozi's engagement activities across equities and fixed income highlighted the importance of governance, capital allocation and long-term financial resilience. Through proxy voting, Balondolozi participated in resolutions for Hosken, Mr Price, PPC Limited, Compagnie Financiere Richemont SA, The Foschini Group and Southern Sun Limited. All resolutions passed by the requisite majority. Votes against resolutions reflected concerns around director independence, board refreshment and minority shareholder protection. At Hosken, opposition to share repurchase and cash-issue authorities reflected potential control concentration and dilution concerns, while the Southern Sun repurchase authority was opposed given its 47.12% non-public shareholding, with the potential for further control concentration.

On the corporate action front, NEPI Rockcastle offered a capital repayment, with the capital repayment option elected, equivalent to approximately 3.7% of the share price on the declaration date. Hammerson, Anglo American and BHP Group Limited also had Dividend Reinvestment Plan (DRIP) events, with the cash option elected, equivalent to approximately 2.6%, 0.5% and 2.2% of their respective share prices on the declaration dates.

At Eskom, scrutiny of Medupi and Kusile highlighted the gap between approved budgets of R145 billion and R160.5 billion and their broader costs, including infrastructure, capitalised interest and environmental requirements. Medupi's R41.7 billion flue gas desulphurisation retrofit further highlights the capital required for environmental compliance. Growthpoint, meanwhile, strengthened its balance sheet while renewable energy penetration reached 19%, alongside 13 net-zero carbon and 120 green-building certifications.

After registering a value of 4.3% in July 2026, headline inflation for August 2026 was 4.4% (consensus 4.4%). On the same note, the price for brent crude oil rose by 13.47%, to end the month at $103.53 per barrel and the Rand depreciated against the Dollar by -1.83% to close at R16.42 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) declined by -1 index points to reach 45.8 in August 2026

The US economy faces energy-driven inflation above the Federal Reserve's 2% target. Headline consumer inflation held at 3.4% year-on-year in August 2026, in line with forecasts, while core inflation eased to 2.4%, the lowest since March 2021. The PCE price index stood at 3.7% year-on-year in July, above the 3.6% consensus. In response, on the 16th of September 2026, the Fed unanimously raised the federal funds target range by 25 basis points to 3.75% to 4.00%, its first increase since 2023, and updated projections showed 16 of 18 officials expecting at least one further rate hike this year.

Second-quarter (2026) GDP growth was estimated at an annualised 1.5%, down from 2.1% in the first quarter. Mean while nonfarm payrolls increased by 162,000 in August, well above expectations of 56,000, and the unemployment rate held at 4.1%. Business surveys remain firm, with the ISM Services PMI rising to 55.4 in August from 54.1, exceeding the 54.3 forecast, and the flash S&P Global Manufacturing PMI jumping to 57.0 in September, its strongest reading since May 2022. Sentiment weakened, however, with the University of Michigan index falling to a four-month low of 48.1 in September and year-ahead inflation expectations rising to 4.6%.

The Euro Area has proved more resilient than expected, although energy prices continue to push inflation higher. GDP expanded 0.6% quarter-on-quarter in the second quarter, following stagnation in the first, and the flash composite PMI rose to a three-and-a-half-year high of 53.1 in September from 52.0, as the services PMI climbed to 53.0 from 51.6. Unemployment remained at 6.4% in July, although consumer confidence weakened to -16.5 in September. Headline inflation rose to 3.2% in August from 2.9%, as energy inflation climbed to 14.3%, its highest level since January 2023, while core inflation eased by 0.1 percentage points, below expectations. In response, the ECB raised its key interest rates at its September meeting, its second increase since the US-Iran war began, taking the deposit facility rate to 2.5% and the main refinancing rate to 2.65%. President Christine Lagarde said risks to growth are tilted to the downside and risks to inflation to the upside.

China's economy continues to reflect a divergence between strong external demand and weak domestic activity. GDP growth slowed to 4.3% year-on-year in the second quarter from 5.0%, falling short of market expectations and below the lower end of Beijing's annual target range, as domestic demand remained soft. Retail sales rising 0.4% year-on-year, fixed asset investment contracting -7.2% in the year to August and property investment falling -19.9%. Exports grew 25.0% year-on-year in August, and the trade surplus reached USD 119 billion, while industrial production accelerated to 5.2%. The official manufacturing PMI remained in contraction at 49.8 in August, while the surveyed unemployment rate rose to 5.3%. Consumer inflation increased to 0.8% in August from 0.5%, and producer prices rose 3.8%.

South Africa's economy is contending with renewed contraction alongside elevated inflation. GDP contracted 0.2% quarter-on-quarter in the second quarter, and the official unemployment rate rose to 33.6% from 32.7%. The Absa Manufacturing PMI fell to 45.8 in August from 46.8. Consumer inflation edged up to 4.4% year-on-year in August, below the 4.5% consensus, led by transport prices, up 8.8%, while core inflation eased from July's two-year high of 4.2%. On the 23rd of September 2026, the Reserve Bank raised the repo rate to 7.25% from 7%, as widely expected, lifting the prime lending rate to 10.75%. The decision was unanimous, following a 4-2 vote to hold rates in July. The Bank expects headline inflation to rise above 5% later this year and in early 2027 on higher fuel prices, before returning to around 3% towards the end of that year. It raised its 2027 inflation forecast to 4.0% and lowered its 2026 growth forecast to 1.2% from 1.4%, while keeping its projections of 1.7% for 2027 and 1.9% for 2028 unchanged.

Looking ahead, inflation across the major economies is expected to remain elevated while energy prices stay high, and Federal Reserve guidance points to further tightening, even as growth weakens in China and South Africa.
At the end of September, global markets were dominated by renewed inflation and interest-rate concerns as the escalation of the Middle East conflict disrupted energy supply and pushed oil prices higher. This reinforced expectations of higher-for-longer interest rates, while longer-term bond yields remained sensitive to fiscal pressures and elevated government issuance. This created a challenging backdrop for developed market equities, where elevated valuations remained sensitive to higher discount rates.

Emerging market assets remained vulnerable to shifts in global risk appetite, higher yields and movements in the US dollar. Domestically, the rand weakened during September as geopolitical tensions and higher oil prices weighed on sentiment, while gold remained an important driver of local equity performance, supporting resources amid a more challenging environment for SA Inc.

Against this backdrop, the fund maintained a neutral to slight overweight equity position, reflecting attractive long-term opportunities in emerging markets while remaining mindful of elevated developed market valuations, restrictive monetary policy and persistent geopolitical risks. The managers remained disciplined, using periods of market volatility to identify opportunities while maintaining a diversified portfolio focused on long-term value creation and risk-adjusted returns.