



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	R473 million
Currency	SA Rands
Administration	Balondolozzi Investment Services
Trustees	Standard Bank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.27%
Portfolio TER	0.27%
Management Fees	0.25%
Transaction Costs	0.00%
Audit Fees	0.00%
Other Costs	0.02%
Vat	15.00%
Pricing	Daily at 17:00

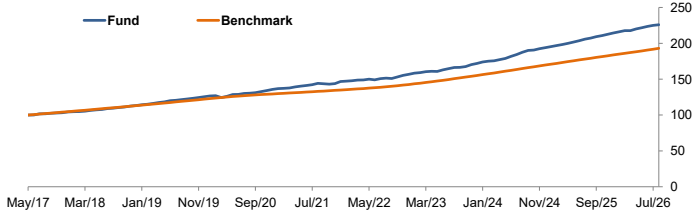
RISK RATIOS

	Fund	Benchmark
Annualised Return	9.21%	7.37%
Sharpe Ratio	1.50	2.24
Sortino Ratio	1.57	N/A
Max Drawdown	-2.00%	N/A
Drawdowns	7	0

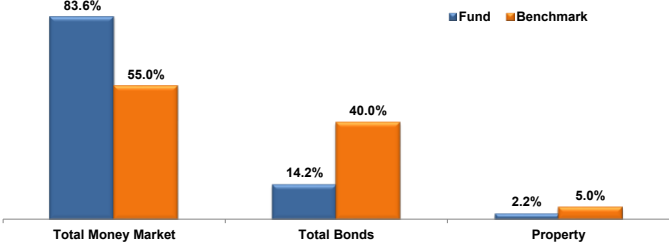
PERFORMANCE (Gross of fees)

	Fund	Benchmark
Aug-26	0.41%	0.63%
Year to Date	5.39%	5.01%
Rolling 12 months	9.03%	7.76%
Return p.a. since inception	9.21%	7.37%
Return since inception	125.93%	93.03%
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

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.

Nominal government bonds returned 0.7% (GOVI); vanilla credit bonds delivered 0.64% (OTHl); inflation linked bonds returned 0.99% (CILI); listed property returned -3.81% (SAPY); listed preference shares delivered 0.79% (J251) and cash returned 0.57% as indicated by the STeFi Call Index August 2026. Overall, the ALBI (All Bond Composite Index) returned 0.69% for the month.

During the same period; the yield for the R2030 (benchmark bond) rose by 1.5 basis points to end the month at 7.94%. Concurrently, the R2048/R2030 spread ticked up by 0 basis points to 138 bps whilst medium-term break-evens tightened by -0.18% to 4.24%. Yields for 12-month negotiable certificates of deposits rose by 8.3 bps to close the month at 7.6%. Foreigners bought bonds worth R1.3 billion as bond yields sold off during the month of August 2026.

Overall, the fund delivered 0.41% for the month, underperforming the benchmark return of 0.63%. The underperformance was primarily attributable to a significant client contribution during the month, which exceeded 100% of the fund's opening assets and resulted in a temporary dilution effect and lag in the fund's returns. Cash returns were positive for the month at 0.62% outperforming the STeFi call index of 0.57%. While bonds contributed positively for the month at 0.36%. However, cash and bonds underperformed their expected monthly returns by approximately 17 basis points and 21 basis points, respectively. Property returned -5.71% for the month. The duration of the fund is 0.48.

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.

South Africa made further progress on its electricity reform and sustainable-finance agenda during August. The government continued preparations for its debut sovereign green bond, targeting an issuance as early as the 2026/27 fiscal year. Proceeds are expected to support climate-transition and infrastructure priorities, including renewable energy, electricity transmission, water security, energy efficiency and worker reskilling. Given estimated mitigation requirements of R3.47 trillion through 2035, the issuance could broaden the country's investor base and potentially reduce funding costs, while improving capital allocation. The electricity sector also saw progress on the restructuring of Eskom. President Cyril Ramaphosa reaffirmed government's commitment to establishing a fully independent, state-owned Transmission System Operator (TSO) that will own and control transmission assets. The TSO is intended to create a level playing field for electricity producers, facilitate investment in the transmission network and support a more competitive electricity market. Importantly, government and the Eskom Board have emphasised that the transition must preserve Eskom's financial sustainability, protect lenders' interests and enable continued investment in the grid. Similarly, within the development-finance sector, Land Bank sought noteholder approval for a 12-month waiver of its NPL ratio covenant. We voted in favour, as the breach relates primarily to legacy exposures rather than a liquidity or solvency concern. The waiver provides management with additional time to address these exposures while maintaining creditor protections. Encouragingly, newer lending under the Blended Finance Scheme has an NPL ratio of 12.4%, compared with 51.1% across the overall loan book, indicating improved performance in newer lending.

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%. 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 muted; 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.

Globally, central banks continue to take a data dependent approach, adjusting interest rates in response to evolving domestic conditions amid persistent inflation concerns and heightened geopolitical uncertainty linked to tensions in the Middle East. The People's Bank of China kept its key lending rates, in line with market expectations. With the next major policy meetings scheduled for September, markets expect a more divergent monetary-policy outlook across the US, Euro Area and South Africa. The US Federal Reserve is expected to hold rates, although a 25 bp hike remains possible amid inflation risks. Domestically, FRAs are pricing in a 25 bp hike at the next MPC meeting, as policymakers weigh the improving inflation outlook against currency, global-rate and domestic inflation risks. 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.