

Asset allocation		Top Domestic Holdings	Top Global Holdings
Domestic Equity	76%	Karoo0000 Ltd Outsurance British American Tobacco Absa Group Ltd Glencore Xstrata	BLUEALPHA BCI GBL EQT B Koryx Copper Newmont Corp Alphamin Resources Starbucks Corp
Global Equity	19%		
Cash	5%		

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average
1 Year	8.7%	8.6%	6.6%
3 Years (annualised)	12.6%	9.0%	14.0%
5 Years (annualised)	10.3%	9.7%	10.8%
10 Years (annualised)	9.0%	9.5%	8.6%
Since Inception (annualised)	12.2%	10.9%	11.8%

Performance is reported for the A Class, net of fees
Sector Average: SA - Multi Asset – Flex
Inception date: November 2005

Portfolio Manager: Richard Pitt
Commentary for the Quarter ended September 2026

Performance

During the quarter, the fund gained 3.2%. Over the long term the fund attempts to deliver equity like returns with lower downside volatility than the market. Global equity markets had a mixed third quarter. Resilient corporate earnings, sustained AI investment and easing inflation expectations initially supported gains. However, markets reversed in September as energy prices rose amid the escalating US–Iran conflict and central banks resumed monetary tightening. After advancing more than 4% by mid-August, the MSCI World Index ended the quarter up a modest 1.5%. Global bonds also struggled as inflation expectations increased and central banks adopted a more restrictive policy stance.

Macro

The third quarter of 2026 was marked by sharp divergence across asset classes. Resilient growth and sustained investment in AI infrastructure were offset by escalating geopolitical tensions, surging oil prices, and a hawkish shift by major central banks. In September, the Fed raised rates by 25 basis points - its first increase since 2023, joining a broader global tightening cycle. This policy shift, together with heavy government issuance and corporate borrowing to fund AI infrastructure and data centres, triggered a fixed-income sell-off and pushed sovereign yields to multi-year highs. The benchmark 10-year Treasury yield rose above 5.25%, its highest level in more than two decades. Japan led regional equity performance, gaining 3.8% as corporate reforms and buybacks remained supportive, while the UK and the S&P 500 both advanced by more than 2%. Europe fell 1.3%, reflecting its limited exposure to the AI infrastructure build-out and its sensitivity to the Iran conflict, which drove European gas prices above €70 per megawatt-hour in September. Energy was the strongest global equity sector by a wide margin, supported by tight supply and expanding margins. By contrast, utilities, real estate, and consumer discretionary stocks came under pressure from higher input costs and rising discount rates. In the US, headline index gains masked weakness among smaller companies, with the Russell 2000 declining meaningfully. Large-cap technology leaders - Microsoft, Meta, Apple, and Nvidia - accounted for most of the market's advance, while the equal-weighted S&P 500 fell over the quarter. Cyberattacks by rogue OpenAI agents in July prompted a greater industry focus on security and renewed calls for safeguards around the pace of AI development. The implications for industry growth and investment will be important to monitor. Looking ahead to Q4, elevated yields, geopolitical uncertainty, and the approaching US midterm elections present a challenging backdrop, although resilient earnings and continued AI investment remain important supports for risk assets.

South African financial markets delivered mixed returns during the third quarter with the broad index slightly negative for the period. Resource shares benefited from strong precious-metal and energy prices, but weakness in industrials and financials left the overall equity market marginally lower. The sharp rise in oil prices renewed domestic inflation concerns and prompted the South African Reserve Bank to raise rates again in September. Combined with a global bond-market sell-off and sharply higher US Treasury yields - this pushed local bond yields higher.

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Portfolio

The top contributors over the quarter were Karooooo (+24%), Newmont (+23.69%), and Thungela Resources (+27.73%). The biggest fundamental driver for Karooooo was an acceleration in Cartrack subscriber growth. Subscribers increased 18% YoY to 2.805m, with a record 142,472 net additions, 70% more than the comparable period.

The top detractors over the quarter were British American Tobacco (-13.61%), ASP Isotopes (-57.96%) and Truworths International (-24.03%).

Our approach

Our investment approach is premised on the idea that in the long run investment returns are largely driven by the company's ability to grow their real cash earnings for sustained periods of time. To do this they must be able to generate high rates of cash returns when measured against the capital required, and they must have a growth opportunity to reinvest this cash over time.