FROM THE DESK OF MBALI BUTHELEZI

Gray Matters

August 2026

Market movement: July 2026

JSE Returns

- The JSE All Share Index (ALSI) delivered a price return of 1.07% in ZAR during July 2026, closing at 111,493, up from 110,314 at the end of June 2026.

International

- The MSCI Emerging Markets Index increased by -3.3%.
- The MSCI World Index increased by 0.5%.

Rand

- The rand reversed some of its June gains during July, weakening against all four major currencies.
- The sharpest depreciation was against the pound (2.7%), followed by the Australian dollar (2.6%), the euro (2.0%), and the US dollar (1.0%).
- Despite the monthly decline, three-month trends remain positive across all major currency pairs.

Commodities

- Brent crude oil prices increased sharply during July 2026, closing the month at US$87.93 per barrel, up from US$72.95 per barrel at the end of June. The rally was driven by escalating geopolitical tensions in the Middle East, particularly the renewed conflict between the United States and Iran, which raised concerns about potential disruptions to global oil supply and key shipping routes.

Price to Earnings & Dividend Yield

Average P/E	Since 2000	Current
JSE All Share	15.34	13.37
S&P500 $ (USA)	26.64	25.19
Average DY	**Since 2000**	**Current**
JSE All Share	3.06	3.47
S&P500 $ (USA)	1.82	1.11

Two funds, multiple portfolio uses

While the Allan Gray Interest Fund and Allan Gray Income Fund were introduced in 2024, they remain highly relevant options for investors seeking competitive income returns without taking on the volatility associated with equity markets. Designed to sit between traditional money market funds and longer-duration bond funds on the risk-return spectrum, both funds aim to deliver returns above cash while maintaining a strong focus on capital preservation.

Backed by our long-established fixed income investment process and extensive research capability, both funds continue to provide useful building blocks for diversified portfolios, particularly for investors looking to balance income generation, capital preservation and risk management in an uncertain market environment.

Potential uses for the Allan Gray Interest and Income Fund:

- Alternative to traditional money market funds
- Parking excess cash while maintaining capital stability
- Generating income from short- to medium-term investments
- Reducing overall portfolio volatility
- Retirement income bucket allocations
- Conservative investors seeking above-cash returns
- Building blocks for diversified investment portfolios

	Allan Gray Money Market Fund	Allan Gray Interest Fund	Allan Gray Income Fund	Allan Gray Bond Fund
Target return	Greater than bank deposits	Greater than traditional money market funds	Greater than traditional money market funds and enhanced cash options	Greater than traditional money market funds and the ALBI
Benchmark	STeFI 3-month Index	STeFI Composite	STeFI Composite	FTSE/JSE All Bond Index
Time horizon	Up to 6 months	Up to 1 year	1-2 years	3-5 years
Modified duration	0.2	0.8	1.7	5.6
Gross annual yield	7.3%	8.2%	8.5%	8.6%
12-month return	7.4%	10.2%	12.8%	20.3%
% in MM and FRNs	99%	89%	61%	14%
ASISA category	SA Interest-Bearing Money Market	SA Interest-Bearing Short Term	SA Multi-Asset Income	SA Interest-Bearing Variable Term

Source: Allan Gray research, data as at 30.06.2026

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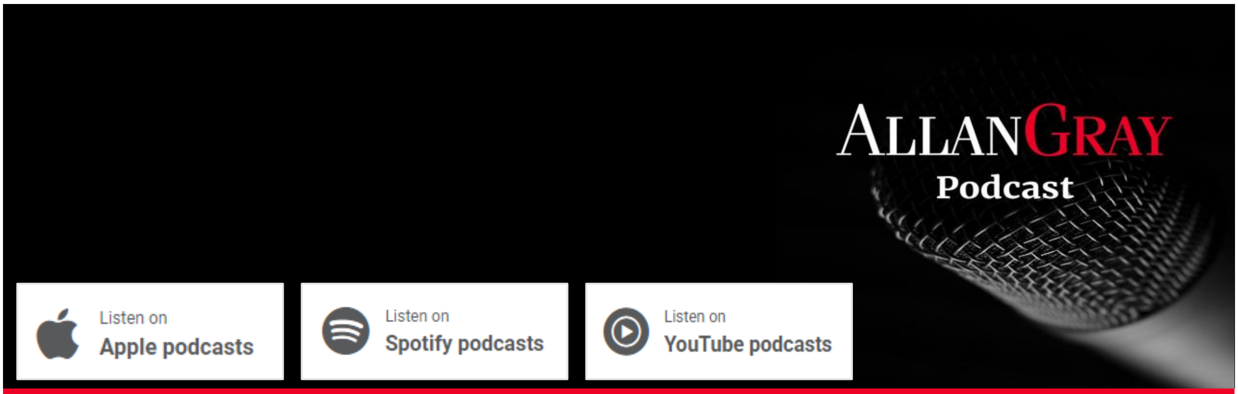

Needles in a haystack: Finding the compounders that drive long-term equity returns

While a small number of businesses generate a disproportionate share of long-term equity market returns, identifying them is far more difficult than it appears in hindsight.

In the latest episode of The Allan Gray Podcast, portfolio manager Siphesihle Zwane is joined by fellow portfolio managers Jithen Pillay and Pieter Koornhof to discuss how Allan Gray searches for businesses with the potential to compound value over long periods of time. They explore why a great business is not always a great investment, why the best buying opportunities can feel deeply uncomfortable, and how investors distinguish between a temporary setback and a genuine change in a company's prospects. They also explain why patience and discipline remain essential ingredients for long-term investment success.

Subscribe to The Allan Gray Podcast on your favourite platform to hear new episodes as soon as they are released.

> **"The investor's chief problem – and even his worst enemy – is likely to be himself."**
>
> BENJAMIN GRAHAM

Latest Allan Gray insights

- Managing risk in bullish markets
- Long-term investing in a short-term world
- Your retirement, your choices: Making sense of the options
- Developed market government borrowing costs are at a 20-year flashpoint

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Performance figures are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax. Movements in exchange rates may also be the cause of the value of underlying international investments going up or down. Different classes of units apply to the Equity, Balanced, Stable and Optimal funds only and are subject to different fees and charges

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Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za. Permissible deductions may include management fees, brokerage, Securities Transfer Tax (STT), auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from the Management Company.

Benchmarks

FTSE/JSE All Share Index and FTSE/JSE All Bond Index

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MSCI Index

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Understanding the funds

Investors must make sure that they understand the nature of their choice of funds and that their investment objectives are aligned with those of the Fund/s they select.

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A feeder fund is a unit trust that invests in another single unit trust which charges its own fees. A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its feeder fund or funds of funds.

The Allan Gray Money Market Fund is not a bank deposit account**.** The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to the applicable ASISA Standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens withdrawals may be ring-fenced and managed over a period of time.

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge.

Additional information for retirement fund members and investors in the tax-free investment account, living annuity and endowment

The Allan Gray Retirement Annuity Fund, the Allan Gray Pension Preservation Fund and the Allan Gray Provident Preservation Fund and the Allan Gray Umbrella Retirement Fund (comprising of the Allan Gray Umbrella Pension Fund and the Allan Gray Umbrella Provident Fund) are all administered by Allan Gray Investment Services Proprietary Limited, an authorised administrative financial services provider and approved under section 13B of the Pension Funds Act as a benefits administrator.

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The Allan Gray Tax-Free Investment Account, Allan Gray Living Annuity and the Allan Gray Endowment are underwritten by Allan Gray Life Limited, also an authorised financial services provider and a registered insurer licensed to provide life insurance products as defined in the Insurance Act 18 of 2017. The underlying investment options of the Allan Gray individual products are portfolios of Collective Investment Schemes in Securities (unit trusts or funds).

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