

NAVIGATING UNCERTAINTY WITH BALANCE: PPS STABLE GROWTH FUND

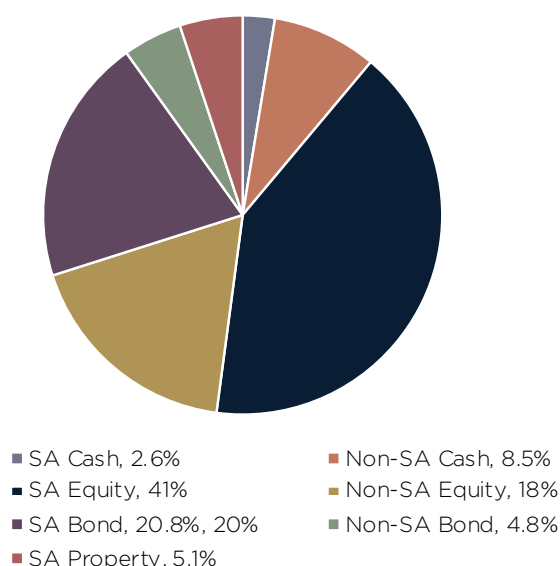
Managed by Laurium Capital

In an investment environment marked by shifting interest-rate expectations, uneven global growth and periodic market volatility, multi-asset funds have an important role to play in client portfolios. For investors seeking moderate long-term returns without taking on the full volatility of equity markets, the challenge is to participate in growth opportunities while retaining enough flexibility and defensive exposure to protect capital during more difficult periods.

This is the role of the PPS Stable Growth Fund, managed by Laurium Capital. The fund has a medium-risk profile and aims to achieve moderate returns while preserving capital over the medium to long term. Its objective is to outperform the ASISA South African Multi Asset Medium Equity category average over an investment horizon of five years and longer.

The fund's current positioning reflects Laurium's absolute-return mindset: remain diversified, be valuation conscious and preserve optionality. The fund's effective exposure includes 41% in South African equities, 18% in global equities, 20% in South African fixed-rate bonds, 4.8% in foreign fixed income, 5.2% in South African Property, and cash exposure, including 8.5% in global cash and 2.6% in South African cash. This mix allows the fund to access return opportunities across local and offshore markets, while keeping a liquidity buffer that can be useful when markets become volatile.

GRAPH 1: PPS STABLE GROWTH FUND ASSET ALLOCATION



Asset allocation remains central to the fund's ability to balance capital preservation with growth. After a strong rally in South African bonds over the past year, the fund has trimmed some bond exposure in favour of equities, where Laurium sees higher potential returns. The US dollar cash position has provided a degree of protection during periods of stress and gives the portfolio flexibility to respond quickly if better opportunities arise.

Diversification is particularly important in today's environment. Global equity markets have been supported by resilient corporate earnings, but they remain concentrated in a relatively small number of large companies and themes, including artificial intelligence, cloud computing, semiconductors and digital infrastructure. Recent US earnings season data has been encouraging: with most S&P500 companies having reported second-quarter results, FactSet noted that 86% delivered positive earnings surprises and 76% delivered positive revenue surprises. Earnings growth has also been stronger than initially expected.

For investors, however, strong earnings do not remove the need for discipline. In markets where valuations are elevated and interest rates remain an important driver of sentiment, the quality and durability of earnings matter. Laurium's offshore equity exposure is therefore focused on high-quality companies that are well positioned to meet and exceed market expectations over time, while avoiding overpaying for growth where expectations may already be stretched.

Locally, the fund remains alert to opportunities in South African equities, where valuations in selected areas still appear attractive relative to long-term earnings potential. At the same time, fixed income remains an important stabiliser within the portfolio, helping to dampen volatility and provide income. Property and selected African fixed income exposures add further diversification, while cash gives the fund room to act when markets dislocate.

The remainder of 2026 is likely to remain eventful. US Federal Reserve policy, geopolitical developments in the Middle East, political shifts in major economies and local election dynamics in South Africa could all influence investor sentiment. In this context, the fund's diversified positioning is designed not to rely on a single macroeconomic outcome. Instead, it combines growth assets, defensive fixed income, offshore diversification and liquidity to navigate a range of possible scenarios.

For PPS investors, this balance is important. The fund is not positioned as an aggressive equity fund, nor is it designed to sit entirely in low-risk assets. Rather, it aims to steadily compound capital over time by taking measured exposure to return-seeking assets, while using diversification and active asset allocation to manage downside risk.

In uncertain markets, stability does not mean standing still. It means having a clear investment framework, enough diversification to withstand volatility and the flexibility to take advantage of opportunities when they emerge. The PPS Stable Growth Fund is currently positioned with those objectives in mind: protecting capital where appropriate, participating in growth where the risk-reward balance is attractive, and remaining adaptable as the investment environment evolves.

Laurium Capital is an authorised financial services provider (FSP 34142)

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