PPS Defensive Fund

PPS INVESTMENTS

As of 30 June 2026

FUND OBJECTIVE

Terebinth Capital has been appointed as the portfolio manager for the PPS Defensive Fund. Terebinth Capital combines their skillsets in macroeconomic and quantitative analyses to construct diversified portfolios, reflecting their best investment view, to achieve appropriate risk-adjusted-returns. As in our other partnership strategies, our approach for the PPS Defensive Fund is to use our comprehensive research process to identify a best-in-class manager with the skill set and capabilities to successfully manage a strategy. A key differentiating factor is that partnership managers typically don‡t yet offer a similar strategy in the retail space.   The PPS Defensive Fund is aimed at investors looking for a low volatility, diversified multi asset portfolio, managed in line with Regulation 28 of the Pension Fund Act. The primary objective of the fund is to outperform the ASISA SA Multi Asset Low Equity category average. Simultaneously, the aim is to deliver long-term capital growth with low short-term volatility. The investment horizon for this fund is greater than three years.

FUND OVERVIEW

Fund risk profile

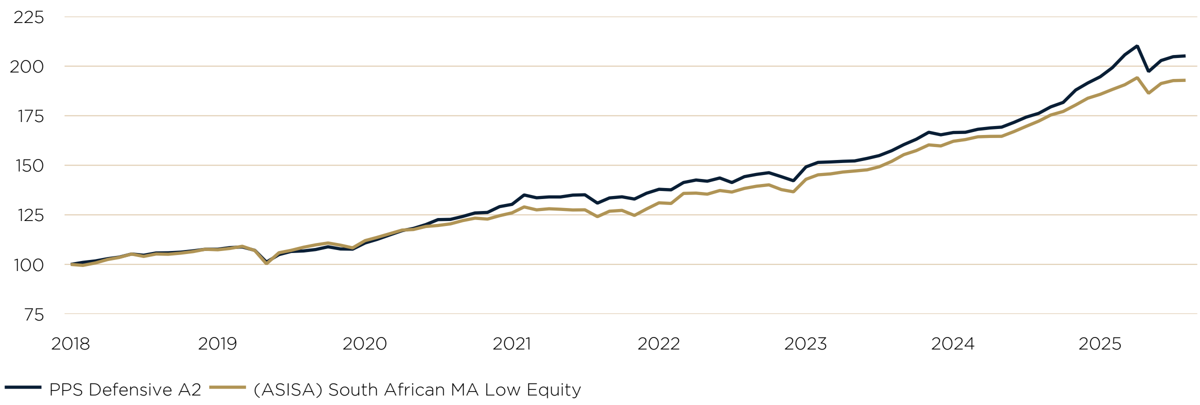
Low-Medium

Fund Class	**ISIN**
A2	ZAE000259339
Asisa Category	**Portfolio Size (ZAR)**
(ASISA) South African MA Low Equity	775,098,435.91
Portfolio Launch Date	**NAV Price Per Unit (cents)**
01 November 2018	145.80
Class Launch Date	**Manager Fee (excl.VAT)**
01 November 2018	0.90%
Benchmark	**Other Fees**
(ASISA) South African MA Low Equity	Initial Fees, Advisor Fees = 0
Regulation 28	**Trustee**
Yes	Standard Chartered Bank
Income Distribution	**Partner Manager**
Last day of Jun & Dec	Terebinth Capital
Investment Horizon	**Investment Manager**
Medium-term - three years and longer	PPS Multi-Managers Proprietary Limited

ILLUSTRATIVE PERFORMANCE

Performance Since Inception

Estimated Growth of R100 invested with all distributions reinvested (for illustrative purposes only).



Performance is shown net of all fees,

ANNUALISED PERFORMANCE

	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
PPS Defensive A2	16.45%	12.46%	10.83%	9.93%	-	9.80 %
(ASISA) South African MA Low Equity	11.96%	11.72%	9.87%	9.04%	7.91%	8.95 %

	YTD*	2025	2024	2023	2022	2021
PPS Defensive A2	2.98%	19.56%	10.03%	10.06%	1.91%	19.89%
(ASISA) South African MA Low Equity	2.46%	15.51%	12.25%	11.05%	1.36%	13.53%

Periods less than one year are not annualised.

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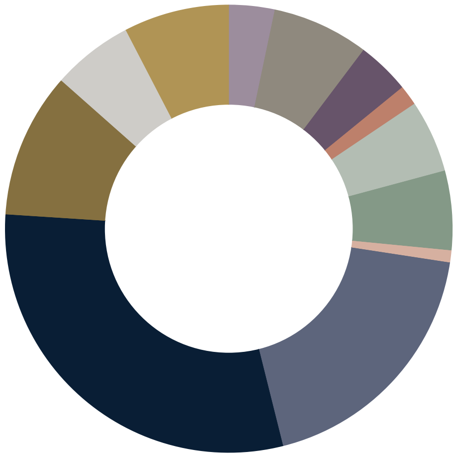
ASSET ALLOCATION



SA FIXED RATE BOND	29.9%
SA EQUITY	18.7%
SA INFLATION LINKED	10.5%
SA VARIABLE RATE BOND	7.6%
GLOBAL EQUITY	7.0%
SA PROPERTY	5.9%
SA CASH	5.7%
GLOBAL VARIABLE RATE BOND	5.2%
GLOBAL FIXED RATE BOND	3.8%
GLOBAL CASH	3.3%
GLOBAL PROPERTY	1.5%
SA COMMODITY	0.9%

Cash comprises money market and other interest-bearing instruments with a maturity of 13 months or less.

Asset allocation is calculated on Effective Exposure.

PORTFOLIO DETAILS

Top 10 Holdings	Allocation
RSA R2040 9.00% 31012040	7.3%
RSA R2035 8.875% 28022035	6.3%
RSA I2033 1.875% 28022033	6.1%
RSA R2044 8.75% 31012044	5.3%
RSA R209 6.25% 20360331	5.1%
FirstRand ILB 2.60% 31032028	4.4%
RSA R2037 8.5% 31012037	4.0%
Vanguard Total World Stock ETF	2.4%
USA 1.212% 15012033	2.3%
iShares Core MSCI EM IMI UCITS ETF	2.2%

RISK METRICS

Since Inception

Metric	Fund Class
Standard Deviation	5.7
Maximum Drawdown	-7.09%

HIGHEST AND LOWEST RETURNS

Since Inception (12 months rolling)

Metric	Fund Class
Highest	24.53%
Highest month end date	28 Feb 2026
Lowest	-2.40%
Lowest month end date	31 Mar 2020

3 YEAR FEE (%)

Inclusive of VAT

Metric	Fund Class
Total expense ratio (TER)	1.13
Transaction cost (TC)	0.14
Total investment charge (TER+TC)	**1.27**

DISTRIBUTIONS

Date	Fund Class
31 December 2025	2.67
30 June 2026	3.46

PPS Defensive Fund

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INVESTMENTS

Manager Commentary

The PPS Defensive Fund aims to outperform the benchmark with low short-term volatility, but with long-term capital growth. The portfolio is constructed to minimise the risk of capital loss over a 12-month period, while achieving returns of CPI + 3% over the medium to longer term. In a bid to achieve these objectives, the fund will generally be diversified across various listed asset classes.

The fund gained 4.0% in 2Q25, outperforming the benchmark, with performance front-loaded on the strong market recovery in April. The main contributors to return were domestic fixed-rate bonds (+2.2ppt contribution), offshore equities (0.9ppt), domestic inflation-linked bonds (0.4ppt) and domestic listed property (+0.4ppt). The main detractors were domestic equities (-0.3ppt) and offshore bonds (-0.2ppt). Despite still elevated short-term volatility, the fund gained 16.4% over the year to June, outperforming the peer group average by 4.5ppt.

SA posted strong recoveries in listed property (up 10.5% in Q2), fixed-rate bonds (7.9%) and inflation-linked bonds (6.5%), while equities (-3.0%) underperformed cash (1.7%). The rand was a relative outperformer among EM FX in Q2, gaining 3.4% against the US dollar, despite a relatively firm greenback amid the repricing in Fed expectations. Even so, the rand has not yet revisited the pre-war levels when growth and fiscal expectations were at their cyclical peaks.

The MSCI South Africa Index continued to underperform the EM composite through Q2, with a decline of 1.9% versus a resurgent 24.1% gain in the broad EM complex, which was driven largely by surging semi-conductor stocks in concentrated EM bourses, such as South Korea. In contrast, downward pressure on metals prices weighed on commodity producers, such as Brazil, Norway, Colombia and SA. Locally, the large-weight mining and technology sectors dragged the overall market performance down, with basic materials declining by 18.8% and technology by 4.2%. Despite the apparent consumer squeeze, SA Inc faired well in Q2, aided by the decline in bond yields and despite the more hawkish shift by the SARB. Telco's (16.3%) led the pack, followed by health care (12.0%), consumer discretionary (10.9%) and financials (8.0%).

The fund's overweight position in SA equity was a headwind to returns, while our allocation to SA bonds (nominals and inflation-linked) were accretive. Within local equities, the fund benefited from exposure to MTN, which delivered strong earnings growth despite a more challenging macro backdrop, as well as to Capitec, FirstRand, and Standard Bank, which continued to demonstrate resilience with improving loan growth driven largely by the corporate sector. The main detractors were the gold and platinum counters due to lower metals prices amid rising real rates.

During the quarter we implemented the following changes in the portfolio:

- We reduced risk into the equity market recovery by selling down our allocation to global equities, in particular EM, as well as reducing our overweight in SA equities. The strong recovery in global equities rendered valuations unattractive amid persistent uncertainty around the duration of the US/Iran conflict as well as the downside risk from stagflation. On local equities, the moderation in commodity export prices, alongside a more hawkish SARB weakened the outlook for domestic earnings momentum. These shifts reflect a more cautious view on the cyclical outlook, even though the structural story remains intact.
- We added small exposure to commodities, specifically gold, given the correction in the price and a more balanced risk assessment over the medium-term horizon.
- Finally, within our floating-rate note exposure we rotated out of compressed spreads into higher-yielding instruments in primary auctions, while reinvesting offshore maturing debt into higher-yielding floating-rate debt.

While the US/Iran conflict was the primary driver of markets in the previous quarter, factors have broadened to include a renewed focus on AI capex, cost of funding and incoming Fed Chair Warsh. The peace deal remains fragile, with a similar deal-on/deal-off stance from President Trump as adopted in the prolonged US trade negotiations.

Our base case view is that the macro backdrop will steadily shift from below-trend growth/above-trend inflation to a moderate growth recovery amid disinflation and the potential for resumption of monetary policy easing further out the investment horizon. The balance of risks remains to the downside given the recent tightening in global financial conditions brought about by the stronger US dollar and rising US bond yields. While the lower oil price will be a welcome offset, we expect it to remain volatile over the remainder of the year as supply normalisation will be met by restocking. A return of the oil supply glut further out will put more meaningful pressure on oil prices to aid the disinflation narrative.

In the interim, we expect central banks to remain hawkish, although follow-through on priced rate hikes is not guaranteed. Equity markets absorbed the initial rise in funding costs, but sticky inflation, fiscal fears and sustained higher bond yields would start to dent the risk-on narrative that has centred on the AI investment boom.

Locally, SA momentum has waned on the reassessment of the macro outlook. Rising inflation, threats of second-round effects and the jump in inflation expectations will most likely lead to another rate hike by the SARB. Alongside fragile commodity prices, this should be a short-term headwind to local equities. The fiscal data has been tracking well, with the government being flexible in its funding strategy. On balance, we expect the fiscal stance to remain in line with the budget projections, but note that the risk is tilting from positive to negative.

In light of near-term vulnerabilities, we reduced the risk allocation in the portfolio. However, we are cognisant of the potential inflection point that would come from a rebound in consumer sentiment and earlier disinflation. Importantly, global growth has been resilient in the face of the energy shock, with data surprising on the upside. We have retained a home bias with an underweight allocation to offshore given better domestic valuations.

The fund has adhered to its policy objective

PPS Defensive Fund

As of 30 June 2026

INVESTMENTS

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DISCLOSURE

Collective Investment Schemes in Securities (CIS) are generally medium-to long-term investments. The value of participatory interests (units) may go down as well as up, and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The manager does not provide any guarantee either in respect of the capital or the return of a portfolio.
These performance figures are for lump sum investments with income distributions reinvested on the ex-dividend date. All PPS Multi-Managers performance figures and values are quoted after the deduction of costs and applicable taxes incurred within the Fund. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of the reinvestment of income and dividend withholding tax. The reinvestment of income is calculated based on actual distributed amount and factors such as payment date and reinvestment date will be considered. Please note that performance over periods greater than one year is annualised. Annualised performance is the average return earned on an investment each year over a given time period. Performance is based on NAV to NAV calculations and calculated on a rolling monthly basis. The past performance is relevant to the investment or the service offered by the manager. Actual annual figures are available to the investor on request. It may also be subject to currency risk, which means the underlying investments of the fund could depreciate or appreciate against the reporting currency of the investor. Because these securities are listed on other exchanges, it may be subject to the relevant regulatory authority, and thus the tax implications and legislative changes of that particular entity. There may also be delays in realizing investments, due to system or liquidity issues experienced by the respective exchange. Furthermore, market and investment values are subject to fluctuations, and the availability of market information may be limited. Overall, please be advised that, as indicated by the risk profile and potentially influenced by asset allocation, risks may be associated with this fund such as general market risk, company risk, credit risk, counterparty risk and third party operational risk.
Unit Trust prices are calculated on a Net Asset Value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses from the Fund divided by the number of units in issue. Transactions must be received by the Management Company (MANCO) by 2pm to receive the net asset value price for that day. Transaction requests received after this cut off time will only be processed on the next business day, and will receive the price of that day. Linked Investment Service Providers (LISP), specify their own transaction timelines and may take up to five business days to process. Portfolio valuations occur at 3 p.m. on business days, except the last business day of the month, when it will be 5pm. Prices are published daily and is available on www.pps.co.za. A schedule of fees, charges and maximum commissions are available on request. This fund does not charge performance fees. The manager may close the portfolio to new investors to ensure the portfolio is managed according to its mandate. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge.
Total Expense Ratio (TER) is a measure that can be used by investors and advisers to determine how much of a CIS‡s underlying assets are relinquished as payment for services rendered in the administration of the CIS. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER‡s.
Transaction Costs (TC) is a measure that can be used by investors and advisors to determine the costs incurred in buying and selling assets underlying the CIS. TC‡s are a necessary cost in administering the CIS and impact CIS‡s returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of CIS, the investment decisions of the investment manager and the TER.
Total Investment Charges (TIC) is a measure of total cost relating to the investment. TIC is the sum of the total expense ratio (TER) and the transaction cost (TC).
TER‡s and TC‡s are expressed as a percentage of the daily net asset value of the CIS calculated over the past one year and three-year period on an annualised basis. The TER and TC disclosed are estimates based on our best estimate of the underlying costs.

Risk profile:
LOW-MEDIUM RISK: A Low-Medium Risk investor values capital preservation, but is comfortable with accepting a small degree of risk and volatility in order to seek some degree of appreciation. This investor desires greater liquidity, is willing to accept lower returns, and is willing to accept minimal losses.

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PPS Multi-Managers Proprietary Limited is an authorised Financial Service Provider (FSP 28733).
Appointed sub-investment manager: Terebinth Capital (Pty) Ltd (FSP 47909).