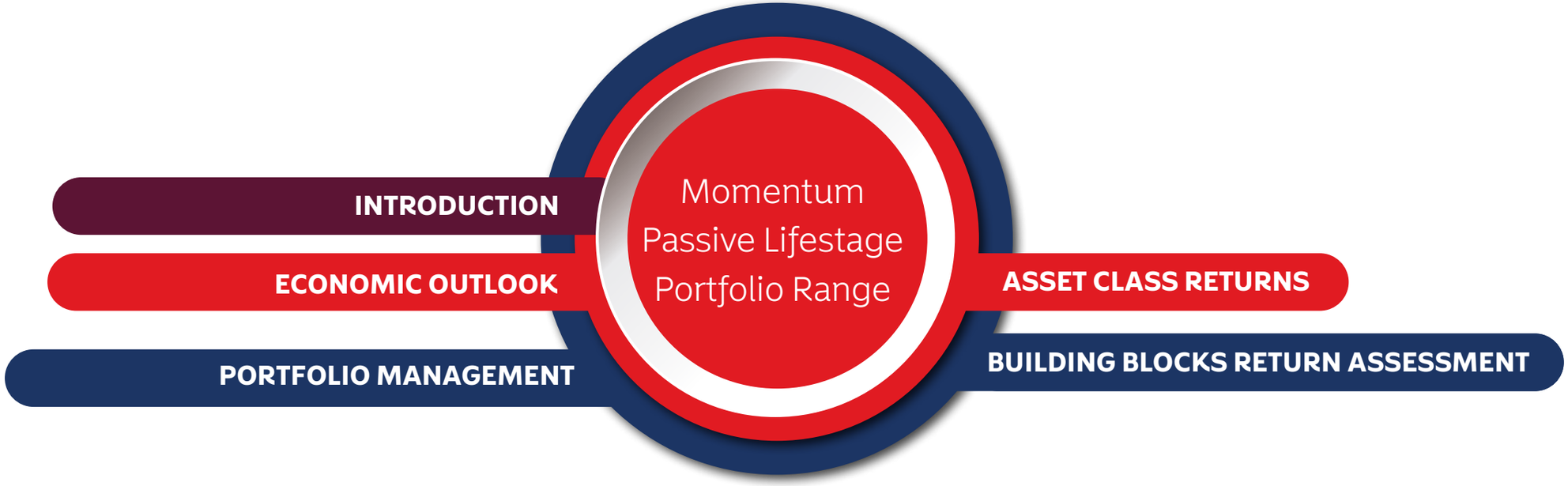
momentum
multi-manager

Q3 2026 Investment Report

Momentum Passive Lifestage Portfolio Range



Introduction

Assessing investment returns in an outcome-based investment context

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The portfolio range has a lifestage model, which allows a member of a retirement fund to switch from a more aggressive investment portfolio with longer terms to retirement to more conservative and, ultimately, defensive portfolios as a member approaches retirement. The lifestage model uses a combination of asset classes, managed by multiple investment managers with different investment strategies to achieve its objectives. The lifestage philosophy uses the 'term to retirement' as a proxy for the risk a member can adopt. This means, for example, the asset classes in which members of a retirement fund would invest 10 years from retirement will have a different emphasis from those closer to retirement. It stands to reason that when a member of a retirement fund has a long-term investment horizon, the member should be invested in growth asset classes, which would include a significant allocation to higher-yielding asset classes and strategies also characterised by a higher level of risk (such as local equities and property as well as global equities). Although these asset classes are volatile, they provide returns above inflation over the long term. However, as a member moves to a medium-term investment horizon, the exposure to volatile asset classes should be gradually reduced to protect members in a retirement fund from being exposed to unnecessary volatility.

Momentum's purpose is to enhance the lifetime financial wellness of people, their communities, and their businesses, building a reputation for innovation and trustworthiness. In this way, we aim to become the preferred lifetime financial wellness partners to our clients. In keeping with the financial wellness framework, we have developed an investment philosophy that maximises the probability of you achieving your unique investment goals. We call this investment approach Momentum Investments' outcome-based investing. In response to the ever-evolving investment landscape, we manage our portfolios in such a way that they set their sights beyond mere benchmarks and instead focus on the things that matter the most to you – ensuring we maximise the probability of you achieving your investment goals. This portfolio range is managed using the outcome-based investment philosophy.

When assessing the returns of the Momentum Passive Lifestage Portfolio Range, it is important to start by looking at the returns from the portfolios against their inflation-related targets. This allows Momentum Investments to answer the question: Did the portfolio achieve its desired outcome over the most recent relevant time period? The returns are then further assessed in terms of the following:

- The returns provided by the asset classes included in the portfolios.
- The returns from the building blocks that provide the asset class exposure for the portfolios against their asset class (or strategic) benchmarks.

This quarterly review thus starts with a review of the investment returns generated by the portfolios against their targeted investment outcomes over the most recent periods. This is followed by an assessment of the economic environment and the returns generated by the asset classes (beta) in the most recent quarter against those Momentum Investments expects them to achieve on average. The returns from the building blocks used in the portfolios against their strategic investment benchmarks for this period are then reviewed.



Economic overview

Q3 2026

A sharp rebound in oil prices and higher agricultural commodity prices driven by an escalation in the United States (US)-Iran conflict reignited global inflation concerns. The combination of tighter monetary policy, elevated inflation projections, solid economic growth forecasts and concerns about fiscal sustainability resulted in negative global bond returns in the quarter. Rising bond yields also caused global listed property to deliver the weakest overall asset-class returns, reversing almost all the positive returns achieved in the second quarter. With indicators continuing to point to a robust global growth picture and reported profit numbers remaining strong, global equity returns outpaced all other global asset classes in the third quarter, with developed market (DM)equities sharply outperforming emerging market (EM) equities.

Within EM, semiconductor-heavy Korea produced significantly negative returns during the quarter after a phenomenal run in recent quarters, with returns still up by almost 100% year to date. Outside equities, cash was the only other global asset class to record positive returns during the quarter. Sharp increases in underlying commodity prices propelled the platinum and gold exchange-traded funds (ETFs) to the highest returns among all asset classes in the third quarter and drove strong returns in the Resources subsector of the South African (SA) equity market.

However, negative returns in the Financials sector and, in particular, the Industrials sector pushed the overall SA equity market into slightly negative territory for the quarter.

Although SA bonds could not escape the downdraft from global bonds in the third quarter, the 49 basis points (bps) rise in local yields was smaller than the increases recorded in many DMs. Consequently, both SA nominal bonds and listed property posted smaller negative returns than their global counterparts. Rising local inflation expectations and higher policy rates meant that SA cash and inflation-linked bonds (ILBs) were the only SA asset classes outside the commodity ETFs to deliver positive returns in the third quarter.

Performance was flat to negative for the quarter. Absolute performance was impacted by the negative performance of local asset classes over the quarter. Overweight positions to global equity contributed to performance. During the quarter, we increased the global cash allocation as yields became more attractive.

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Asset class returns

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Herman van Papendorp
Head: Asset allocation

The returns for the asset class benchmarks for the third quarter of 2026 are reported in the first column of the table below. The next column highlights the returns for these asset classes for the previous year. These one-year returns are then converted into real returns by deducting inflation (4.4%) for the year. The final column in the table contains the returns above inflation we expect to get (on average) for these asset classes for a full market cycle.

Watch our Head of Asset Allocation, Herman van Papendorp, share his outlook on financial markets.



Asset class	Q3 2026 returns	Nominal returns for the previous 12 months	Real returns for previous 12 months*	Expected real return (p.a.)
Local equity (Capped SWIX)	-0.3%	5.6%	1.2%	6.3%
Local bonds (ALBI)	-0.7%	12.8%	8.5%	6.8%
Local listed property (SAPY)	-1.1%	20.2%	15.9%	7.3%
Local ILBs (ILBI)	1.4%	15.6%	11.3%	5.0%
Local cash (SteFI)	1.7%	7.0%	2.6%	1.8%
Global equity (MSCI ACWI)	1.7%	11.4%	7.0%	5.0%
Global bonds (WGBI)	-2.9%	-7.5%	-11.9%	1.8%
Global property	-5.8%	-1.8%	-6.2%	5.8%
US dollar/rand**	0.9%	-1.5%		
SA CPI*	**0.9%**	**4.4%**		

*CPI is lagged by 1 month
**A positive/negative value here reflects the effects of a depreciation/appreciation of the rand against the US dollar on global asset class returns in rand terms. As the rand gets weaker/stronger, the returns of global investments get better/worse from a local investor's perspective.

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Portfolio management

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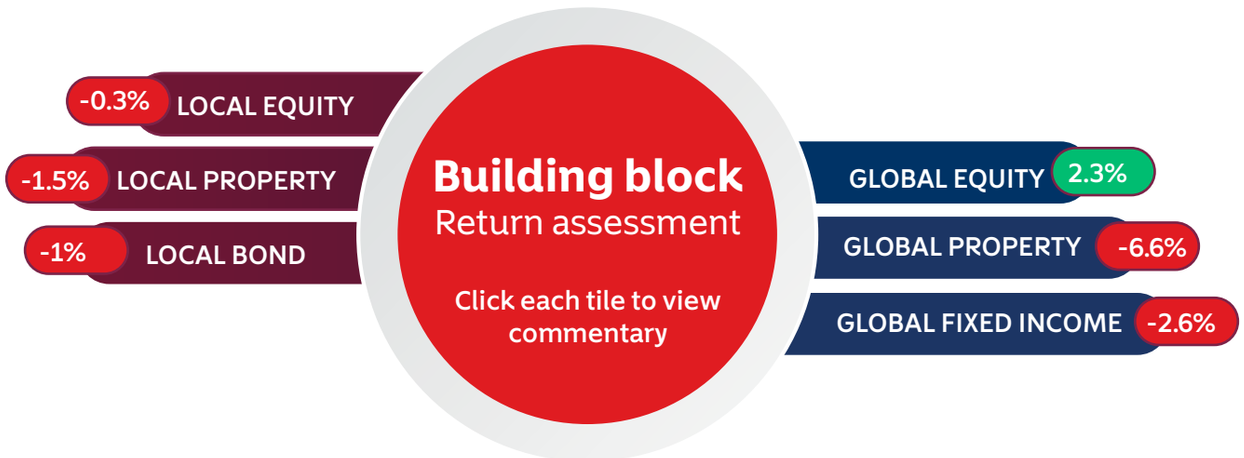


Mohammed Sibda
Portfolio manager

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No material changes were made during the last quarter apart from reducing global bond and global cash exposures in favour of both local bonds and property. The portfolios are positioned for further gains in risk assets (local and global equity and property) and local bonds.

As explained above, our outcome-based investing philosophy starts at the asset class level and then goes down to an investment strategy (if appropriate) and investment mandate choice level within each asset class. We thus construct building blocks that reflect our selected investment strategies and managers that were awarded the mandates to implement these to either improve on the returns of the asset class or manage its risk profile.





Building block Return assessment

Q3 2026 Commentary

Local equity building block

SA equities had a challenging quarter. The FTSE/JSE All Share Index posted a -0.3% return. Gains in heavyweight resource shares resulted in the sector rallying to a 16.6% return but were largely offset by sharp domestic market corrections in retail and locally focused banking stocks, with declines in financials (-3.7%) and industrials (-10.0%). The building block delivered a -0.3% return for the quarter.

Local property building block

The third quarter of 2026 remained challenging for South African risk assets. Listed property, equities and bonds all delivered negative returns over the quarter, with only cash in positive territory. The SA Listed Property Index (SAPY) and the All-Property Index (ALPI) recorded total returns of -1.1% and -1.5% respectively for the quarter ended September 2026. SA listed property has delivered positive returns year-to-date (ALPI 3.05%), despite a weaker third quarter. Operational performance continues to improve, earnings growth remains resilient and companies retain good access to capital. Although rate expectations have become less favourable following the September rate hike, investors are increasingly focused on company-specific execution and balance sheet quality.

After a strong first half, global listed real estate endured a difficult third quarter. The GPR 250 Index fell 5.8% in local currency, with September in particular losing 5.2%. Rising bond yields, stubborn “higher for longer” rate expectations and a fresh dose of geopolitical anxiety pushed investors to reprice the sector. Europe took the biggest hit, sliding 8.3%. The Americas followed at -6.2%, then Asia at -2.9%, and Oceania at -2.7%. The best-performing sectors globally for the quarter in USD were Health Care, Industrial, and Hotels with total returns of -1.2%, -2.8% and -2.9%, respectively. The laggards for this quarter were Cold Storage (-13.7%), Gaming Net Lease (-12.2%) and Apartment (-11.4%). The building block delivered a -1.5% return for the quarter, marginally ahead of the benchmark return.

Local bond building blocks

Q3 was a difficult quarter for fixed income asset classes. Uncertainty was elevated, driven largely by the global macro environment, with several significant risks weighing on the market. Yields moved higher across the board, which negatively affected total returns from the various asset classes. Nominal bond yields rose an average of 41 basis points across the curve, with the ALBI delivering a -0.68% return, while ILB yields were up by 36basis points on average, although still managing to deliver a 1.44% return as elevated inflation accrual provided a substantial buffer. The rise in yields led to a -1.14% return for listed property, and the ZAR lost 0.31% against the USD. Lastly, cash was king with nowhere else to hide, while the STeFi produced a 1.72% return for the quarter.

The building block posted a -1% return for the quarter, below the benchmark. A slightly longer duration position detracted from performance. Duration positions are being managed actively given the sharp moves in yields and inflation expectations.

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Global equity building block

Global Equity benefited from earnings upgrades across almost all markets, with particularly strong momentum in the US, Japan and AI-driven parts of EMs, mostly Korea and Taiwan. These upgrades were strong enough to offset rising rates. As a result, outside Korea, equity risk premia were not meaningfully raised. MSCI World markets returned 2.0%, while the S&P outperformed the MSCI World ex-US, with Japan matching the S&P performance in the quarter.

Emerging Markets and Frontier Markets each lost -0.2%. Within MSCI EM, the LatAm and EMEA regions gained 4.0% and 3.1% respectively in 3Q, while the Asian region posted a loss of -1.0%.

Against this backdrop, the building block produced a return of 2.3% for the quarter.

Global property building block

After a strong first half, global listed real estate hit turbulence in the third quarter. The GPR 250Index fell 5.8% in local currency, with September in particular losing 5.2%. Rising bond yields, stubborn "higher for longer" rate expectations and a fresh dose of geopolitical anxiety pushed investors to reprice the sector. Europe took the biggest hit, sliding 8.3%. The Americas followed at -6.2%, then Asia at -2.9% and Oceania at -2.7%. The best-performing sectors globally for the quarter in USD were Health Care, Industrial, and Hotels with total returns of -1.2%, -2.8% and -2.9%, respectively. The laggards for this quarter were Cold Storage (-13.7%), Gaming Net Lease (-12.2%) and Apartment (-11.4%). The building block delivered a -6.6% return for the quarter.

Global fixed income building block

Central banks shifted decisively towards tighter monetary policy as resilient economic activity gave policymakers scope to act. September's flash composite PMIs reached a five-year high in the US and a three-year high in the eurozone, reinforcing expectations of further rate rises and higher-for-longer borrowing costs. The US Federal Reserve raised the Federal Funds target range by 25 basis points to 3.75%-4.00%. The Fed signalled that further rate rises could follow. Elsewhere, the European Central Bank delivered a further rate hike in September, raising its deposit rate by 25 basis points to 2.50%, warning that inflation was likely to remain above target for an extended period. The Bank of Japan also tightened policy, lifting its rate to 1.25%. However, the Bank of England took a more cautious approach, holding at 3.75%. The recent oil price spike is merely one development pointing to the increasing difficulty which central banks face in meeting their inflation targets. Yields across Developed Nations rose to levels last seen before the GFC, with the US 10-year breaching the 5% level. European and Japanese bond markets were also weaker during the quarter.

The building block delivered a -2.6% return during the quarter.

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Markets will continue to exhibit higher levels of volatility in the shorter term as a result of the US-Iran conflict and the implications of higher oil prices on global inflation and interest rate policy. Against this backdrop, portfolio construction remains disciplined and deliberate. We are ensuring that the portfolio remains well diversified and are cognizant of the need to be both flexible and nimble in this particular environment. We do, however, continue to hold slight overweight positions in both local and global equity as valuations are still supportive of these asset classes.

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