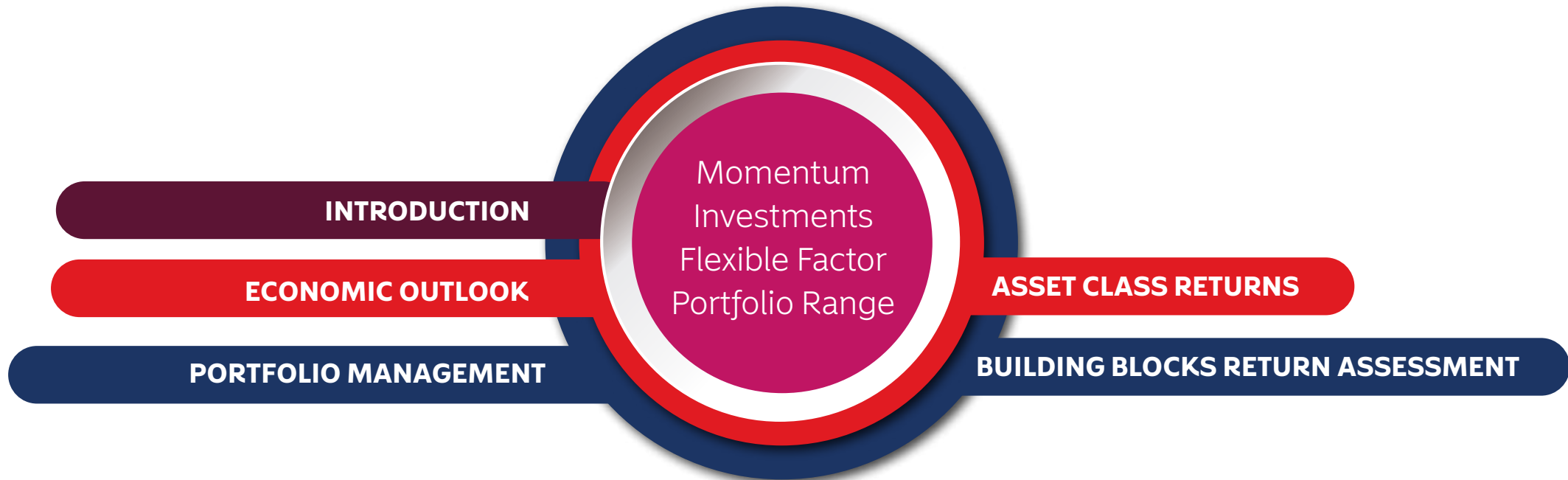


# Q1 2026 Investment Report

**Momentum Investments Flexible Factor Portfolio Range**



# Introduction

## Assessing investment returns in an outcome-based investment context

The Momentum Investments Flexible Factor Portfolio Range is managed in terms of our outcome-based investing philosophy, where we design the portfolios to maximise the probability of achieving the inflation-plus return target of each portfolio over the relevant period, while continuing to meet the portfolios' risk targets. To achieve this, our portfolio management approach conceptually starts at an (multi) asset class level, then progresses to the identification of specific investment strategies within each asset class (if appropriate) and finally ends up in the selection of (potentially more than one) investment mandates awarded to investment managers that will implement the desired investment strategies.

Given this outcome-based investing framework, when assessing the returns of the Momentum Investments Classic Portfolio Range, it is important to start by looking at the returns from the portfolios against their inflation-related targets. This allows us to answer the question: did we achieve our target over the most recent relevant period?

We then assess these returns relative to this target 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 portfolio against their asset class (or strategic) benchmark. This in turn is explained by:
  1. The returns from the investment strategies (or styles) used in the building block (if any)
  2. The returns from the investment managers that were awarded the mandates used in each of the building blocks

This quarterly review thus starts with the assessment of the investment returns generated by the portfolios against their targeted investment outcomes over the most recent periods. The next section focuses on the economic environment and the returns generated by the asset classes (beta) for the most recent quarter, measured against our average real return expectations for each asset class. We review the returns from the building blocks and the underlying investment managers against their strategic investment benchmarks.

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# Economic overview

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Geopolitical risks were the primary driver of volatility this quarter, with the downturn in March largely attributable to the escalation of conflict in the Middle East. Resulting supply disruptions—particularly constraints affecting roughly 20% of global oil flows through the Strait of Hormuz—drove sharp increases in energy prices.

After a solid start to the year, with gains in January and February, markets reversed sharply in March, resulting in an overall decline in asset values for the quarter. Losses were broad-based across equities, listed property, nominal bonds, and inflation-linked bonds, while cash provided some protection. By the end of February, year-to-date returns were respectable: the all-share index was up 10%, the all-property index 7.8%, inflation-linked bonds 4.86%, nominal bonds 3.7%, and cash 1.06%. However, by quarter-end, market conditions had deteriorated, with listed property down 5.3%, nominal bonds -3.36%, inflation-linked bonds -1.13%, and equities -0.61%. Cash remained positive with a return of 1.7% over the period.

We entered 2026 with our portfolios geared up to benefit from a positive macro environment (benign inflation/ lower rates/ uptick in economic growth) and favourable valuations across most asset classes (local and global equity/local bonds and Local property). This view was rewarded in January and February of 2026, with the year-to-date returns to 28 February 2026 ranging between 4% and 5.5% (which was in line with the benchmarks despite the continued outperformance of the precious metal stocks).

However, March saw a complete reversal of both the absolute and relative returns:

1. Absolute returns were impacted by the sharp decline in local asset classes in particular
2. And relative returns were impacted by underweight positions in global bonds/global cash, as well as in local cash (the best-performing asset classes in March and the quarter). Important to note that these positions contributed to relative performance for the most part of 2025.

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# Asset class returns

## Q1 2026



**Herman van Papendorp**  
Head: Asset allocation

The returns for the asset class benchmarks for the first 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 (3.0%) for the year. The final column in the table shows the returns above inflation we expect (on average) for these asset classes over a full market cycle.

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



Asset class	Q1 2026 returns	Nominal returns for the previous 12 months	Real returns for previous 12 months*	Expected real return (p.a.)
Local equity (Capped SWIX)	-0.5%	34.1%	31.1%	6.3%
Local bonds (ALBI)	-3.4%	19.2%	16.2%	6.8%
Local listed property (SAPY)	-4.9%	28.6%	25.6%	7.3%
Local ILBs (ILBI)	-1.3%	13.4%	10.4%	5.0%
Local cash (SteFI)	1.7%	7.3%	4.3%	1.8%
Global equity (MSCI ACWI)	-0.1%	12.1%	9.1%	5.0%
Global bonds (WGBI)	2.1%	-2.6%	-5.6%	1.8%
Global property	4.6%	2.4%	-0.6%	5.8%
US dollar/rand**	4.0%	-3.3%		
SA CPI*	0.8%	3.0%		

\*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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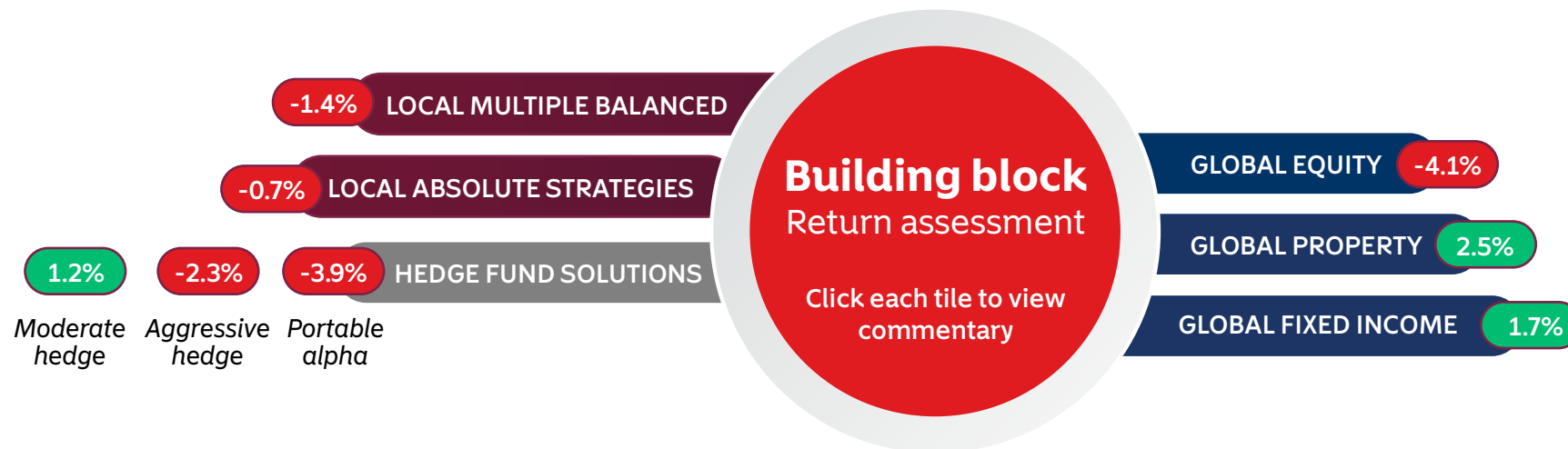


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No material changes were made during the last quarter apart from reducing global bond and global cash exposures in favour of both local bonds and property. The portfolios are positioned for further gains in risk assets (local and global equity and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

As explained above, our outcome-based investment philosophy starts at the asset class level and then goes down to an investment strategy (if appropriate) and investment mandate 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

## Q1 2026 Commentary

### Local multiple balanced building block

The first quarter of 2026 (Q1-2026), was a tough quarter for the local multi-asset class portfolios as all domestic asset classes (with the exception of cash) experienced sharp declines during the quarter. Against this backdrop, the building block delivered a return of -0.1% for the quarter.

Ninety-One delivered a return of -0.9% for the period. Key contributors included Gold stocks, the gold ETF, diversified miners and energy holdings, which benefitted from a supportive commodity backdrop. Select equity holdings, such as British American Tobacco, MTN, and Discovery, also contributed to absolute performance. The holdings in Platinum stocks and Naspers/Prosus were detractors from performance. During the quarter, the portfolio recycled capital from areas of strong performance and from holdings where the investment case had become less compelling. Positions in gold and other precious metals were trimmed, while selected equity holdings, including Capitec and Anglo American, were reduced following periods of outperformance. Bond duration was also reduced during the first half of the quarter.

Coronation delivered a return of -1.6% for the quarter. The high allocation to equities, which benefited the strategy over the last 12 months, was a detractor in the period, given the market pullback. The portfolio continues to take advantage of the breadth of opportunities available in the local market by owning a more diverse basket of shares. In particular, Coronation see compelling value across JSE-listed global

stocks and winning domestic shares. SA equities remain the preferred domestic asset class as they are expected to yield excellent long-term returns. The strategy continues to hold an underweight position to gold stocks, citing concerns of the high benchmark exposure to precious metals (c. 30% on a look-through basis as at end-February), which increases the risk of capital losses. Dramatic PGM weakness during March enabled them to rebuild a basket of PGM holdings. The strategy remains underweight SA government bonds, given its preference for equities. However, exposure to inflation-linked bonds (ILBs) has increased as they should offer valuable protection should the current low levels of inflation not be sustained into the medium to longer term.

Abax delivered an impressive 3.3% return for the quarter. Returns were supported by exposure to energy-linked commodity companies such as Glencore, Sasol and Valterra, alongside defensive holdings including Bidcorp, and select domestic mid-cap positions such as Sun International and Raubex. The exposure to Pepkor and Pick n Pay detracted from performance. Pepkor nonetheless remains the preferred name within the retail sector, supported by its superior growth profile and the increasing contribution from its fintech platform. Abax have selectively used the recent market weakness to incrementally increase equity exposure, extend portfolio duration, and lock in higher yields. They still have sufficient liquidity to deploy should valuations become more compelling.

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Foord delivered a return of 0.1% for the period. The fund benefited from its risk-conscious stance as the portfolio's focus on inflation protection, diversification and quality provided resilience. The fund's preference for inflation-linked bonds protected capital as SA bonds tracked global bond markets, which were weaker on inflation fears, and Gold contributed to returns despite a sharp pullback late in the quarter. During the quarter, equity exposure was reduced due to rising risks from elevated oil prices. SA Inc. exposure remains focused on high-quality banks and staple producers. Cash levels were increased to provide optionality, which enables the fund to take advantage of opportunities arising from heightened volatility. Holdings in gold shares were reduced slightly as Foord felt it was prudent to take profits at elevated levels. Holdings in inflation-linked bonds were maintained, given attractive real yields and the added benefit of protection against higher inflation.

### Local absolute strategies building block

It was a tough quarter for the local multi-asset class portfolios as all domestic asset classes (with the exception of cash) experienced sharp declines during the quarter. Against this backdrop, the building block delivered a return of -0.7% for the quarter and 21.0% for the year.

Laurium delivered a return of -0.7% for the period. Overweight positions in resources companies, Glencore, AngloGold Ashanti and Harmony Gold, added meaningfully to relative outperformance

over the quarter. This was done while continuing to actively manage relative weights across the gold complex, including rotating a portion of AngloGold into Harmony late in the quarter after significant relative outperformance. Overweight positions in Prosus and Naspers detracted from performance.

Sentio delivered a return of -1.3% for the quarter. The Sentio Absolute Return strategy mirrored the market events, with strong performance in the first two months and underperforming the CPI target due to the highly volatile March period. Over the period, allocation effects for equities and commodities were positive, while negative for property, bonds and cash. Selection effects were positive for Bonds and cash, while negative for Equities. Top contributors in Equities came from positions in Glencor, Anglogold Ashanti, MTN, Goldfields, Discovery, Standard Bank, and the New Gold ETF. Detractors included positions in Naspers, Prosus, Sibanye, Richemont and Pepkor.

MandG delivered a negative return of 1.9% for the quarter. The Fund underperformed its inflation objective over the quarter, however, it is significantly ahead over the past year. Over the longer term, the fund remains ahead of its CPI objective over the 3 and 5-year periods. As domestic risk assets ended the quarter in negative territory, the fund's exposures contributed negatively to performance, with only cash contributing positively. Stock selection within SA equity delivered returns behind the FTSE/JSE Capped Index. In SA equity, the fund's overweight positions in Spar and Prosus detracted from value in the first quarter. However, overweight positions in Exxaro and Glencore were positive contributors to performance, as they outperformed the broader market during the quarter.

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The Real Return strategy delivered a 0.9% return for the quarter. Abax produced a return of 1.1% for the quarter. The hedged equity and more conservative positioning worked well in March and shielded the fund from severe losses. This enabled Abax to add equity exposure in the downturn, giving the fund more equity upside exposure going forward. The equity component of the fund outperformed its benchmark in March as well as for the quarter. This was driven by exposure to energy-linked commodity companies such as Glencore and Sasol, as well as defensive names like Shoprite and Bidcorp. Abax used the opportunity to increase nominal bond exposure from conservative levels while retaining the inflation-linked exposure should inflation fears materialise.

Prescient delivered a 0.7% return for the quarter despite declines in equity and bond markets. The fund is conservatively positioned but the manager took advantage of the market volatility by increasing protected equity as well as bond duration.

### Hedge fund solutions building block

#### *Moderate Hedge*

The Momentum Moderate fund of hedge funds delivered a 1.2% return for the quarter. The primary support came from both equity long/short and fixed income strategies, contributing to the fund's stability in an environment characterised by heightened geopolitical risk and extreme market drawdown. Fixed income performance came from various alpha sources, including favourable yield dynamics, effective relative-value positioning, and disciplined risk management, helping

to stabilise returns during periods of market stress despite late-quarter risk-off pressure.

Within equities, the largest contributors were long positions in mining stocks like Glencore, AngloGold Ashanti PLC, Pan African Resources plc, South32 Ltd, and Gold Fields Ltd.

#### *Aggressive Hedge*

The Momentum Aggressive Hedge Fund recorded a negative return of -2.3% for the quarter, reflecting challenging equity market conditions and pronounced dispersion across managers. Although equity long/short strategies focused on macro thematic investments made a significant positive contribution, the gains were notably outweighed by other long/short funds with high beta exposure. Long exposure to Naspers/Prosus and weakness across technology, payments, and luxury goods sectors, alongside losses from selected short positions, were major sources of underperformance. Reductions in gross and net exposure by some underlying funds, amid heightened volatility, detracted modestly. Overall, the fund's performance reflected the difficult trading environment for equity long/short strategies, with strong alpha from select managers unable to fully offset broader sector driven headwinds.

#### *Portable Alpha*

The Momentum Portable Alpha Hedge Fund solution produced a negative investment return of -3.9% for the quarter and experienced a larger drawdown in the first quarter due to its higher beta exposure, reflecting challenging equity market conditions. Contributions from fixed income, especially the interest rate derivatives strategies, and alpha contributions like some of the arbitrage trades were not large

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enough to fully offset broader sector driven headwinds. The elevated market volatility has increased opportunities for a few underlying alpha strategies, and if it continues, it will likely benefit the portfolio later. Detractors came mostly from high beta exposure through derivatives, long bias equity long/short funds, which attributed the losses to interest rate-sensitive stocks, and other holdings facing macro pressures.

### Global equity building block

Global equities, as measured by the MSCI All Country World Index (ACWI), fell 3.2% in the first quarter. Emerging market equities outperformed developed markets despite Middle East-related pressures, with the MSCI Emerging Markets Index returning -0.2%, supported by strong performances in Brazil (22.1%) and Turkey (13.9%). Developed markets, represented by the MSCI World Index, fell 3.6%, though gains in the FTSE 100 (1.4%) and Nikkei 225 (0.7%) provided some offset.

Looking at developed market factor performance, High Dividend Yield and Enhanced Value were the only strategies to outperform the MSCI World Index over the quarter, delivering positive returns despite the broader market decline. Minimum Volatility also showed resilience, marginally outperforming the benchmark as investors sought some defensive positioning. In contrast, Growth, Momentum and Quality underperformed the MSCI World Index, with Momentum and Growth

among the weakest performers as the unwind of prior leadership trends and pressure weighed on returns.

Against this backdrop, the building block delivered a return of -2.7% for the quarter, which was marginally below the benchmark return of -2.4%. The Sustainable Equity component underperformed the benchmark during the quarter due to its underweight position in energy stocks.

### Global property building block

Listed real estate lost momentum sharply in March 2026, with the strong rally seen over the first two months of the year giving way to a broad and sudden correction. The GPR 250 Index declined by 8.4% in local currency terms during the month, as all major regions came under pressure. The FTSE EPRA/NAREIT Developed Rental Net Total Return Index (the index) recorded a net total USD return of 1.2% for the quarter. The best-performing listed real estate market was the US, which recorded a total USD return of 4.9% for the quarter. Australia recorded the lowest total USD return of -10.7%. The best-performing sectors globally for the quarter in USD were Data Centres (+22.0%), Developers (14.4%), and Net Lease (+7.5%). The worst performing sectors were Student Housing (-17.1%), Single-family housing (-10.5%), and Office (-8.4%).

The building block delivered a 2.5% return for the quarter. Rand weakness in March contributed to these returns.

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### Global fixed income building block

US Treasuries proved more resilient to the events of the quarter compared to other developed market bonds, while yields in emerging markets rose more sharply. There were several events during the quarter that contributed to increased market uncertainty, although the conflict in Iran dominated markets in March, introducing volatility and a significant sell-off in government bonds. The energy price shock and the potential pass-through into inflation saw the market pricing in interest rate hikes, even in some countries where previously rate cuts were priced. European government bond markets underperformed the US, with the region's reliance on energy imports raising market concerns over more persistent inflation. Central banks remained in wait-and-see mode during the early stage of the energy price shock. Nonetheless, the increase in energy prices has altered the expected path for policy interest rates around the globe, with central banks expected to be relatively more cautious. Indeed, interest rate hikes are now expected in some countries, including the UK and the Euro area.

The building block delivered a 1.7% return for the quarter. Rand weakness in March contributed to these returns.

## Conclusion

We are mindful of the current economic environment and market volatility. We will continue to manage the portfolios in a prudent manner, ensuring that the portfolios are well diversified. Our focus is on the long-term objectives, and we will continue to look for opportunities to increase the probabilities of achieving the stated portfolio objectives.

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