

A vibrant blue bird with black wings and a black eye-ring is perched on a thick, green, ribbed branch. The background is a soft-focus green field. The image is framed by a white diagonal line that cuts across the top-left and bottom-left corners, and a yellow curved shape in the bottom-left corner.

Angles & Perspectives

Second Quarter 2026



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At PSG Asset Management, we patiently apply our proven [3M investment process](#) to find mispriced, quality assets and construct resilient portfolios for our clients.



Lyle Sankar

Introduction

Lyle has more than 12 years' experience in the financial services industry. He joined PSG Asset Management in 2014 as a credit analyst and trader before becoming a fund manager on several portfolios in our fixed income range and later Head of Fixed Income. He has been CEO of PSG Asset Management since May 2025. Prior to joining PSG, he completed his articles with Deloitte Cape Town before joining Coronation briefly in business development.

The investment landscape is always shifting, which means that new opportunities are always waiting to be found. As price-sensitive investors, we adjust our views as market conditions evolve, patiently applying our [3M investment process](#) with the aim of finding mispriced, quality assets. This process is grounded in our in-depth research, and augmented by our independent thinking, which allows us to find opportunities wherever they may reside.

We believe a deep-seated recalibration is on the way in markets, and that this will have a deep impact on the returns of various asset classes. For us, as responsible custodians of our clients' capital, this has a number of implications. The first is that portfolio construction must be sufficiently robust and take a holistic approach, equipping portfolios to successfully navigate a range of possible outcomes. The second is that we must ensure our offering remains relevant to our clients, in helping them meet their investment objectives. This edition highlights how our thinking evolves against the backdrop of a changing investment landscape.

In the first article, [Revisiting the 'big unwind' and how to build future-fit portfolios](#), Fund Manager Shaun le Roux revisits some of our conjectures around the unwinding of distortions in the global economy. We believe this adjustment will have a material impact on asset returns, and that it is important that portfolios are future-fit.

Our positioning in SA Inc. shares has changed since the formation of the Government of National Unity (GNU). While we still see opportunities in the local market, we have become more selective as some parts of the market have repriced sharply, while signs of reform have stagnated. Fund Manager Mikhail Motala highlights how this thinking aligns with our 3M investment process in [SA Inc. – All that glitters is not gold](#).

In our final article, Fund Manager Marc Beckenstrater provides an overview of changes in the fixed income landscape that have led us to believe it was an opportune time to launch the PSG Global Diversified Income Fund. In [Why now?](#) Marc outlines our thinking, and highlights why this fund is suited to the current environment.

We trust that you will find these articles insightful, and their guidance valuable in these turbulent times.



Revisiting the ‘big unwind’ and how to build future-fit portfolios



Shaun le Roux

Shaun has managed the PSG Equity Fund since 2002 and the PSG Flexible Fund since 2016. He is a CA(SA) and a CFA® charterholder.

Four years ago, we wrote that global financial markets had become very distorted over the prior decade ([Capitalising on the ‘big unwind’ – picking stocks that are fit for the future](#)). We anticipated an unwinding of these distortions – a process that we anticipated would take several years and have a material impact on asset prices. At the time, we warned that assets which had benefited from these distortions were likely to disappoint – relative to expectations – in the big unwind. And we argued that building a portfolio that was fit for the future required differentiated global asset allocation and stock selection.

The original article, written in 2022, mentioned five factors that had had a dramatic impact on asset prices. Those were:

- **Very cheap money** – the extremely low cost of capital and negative real rates in the developed world that had supported high prices of financial assets.
- **The rise of passive investing** – a fundamental reallocation of funds towards the winners of the past at the expense of the losers. Notably, most portfolios had materially drifted closer to benchmark indices, upweighting winning funds and stocks at the expense of poorer performers.
- **The ESG movement** – although we are supportive of sustainable initiatives, we noted that capital has been redirected away from perceived ‘bad’ industries to ‘good’ industries, in most cases with limited consideration of the unintended consequences.
- **Capital flight from South Africa** – both foreigners and locals had drastically reduced exposure to domestic assets, in favour of some of the beneficiaries of global market conditions.
- **Fiscal stimulus** – had started to ramp up, initially in the form of tax cuts, but subsequently via vast cash payments to counter the impact of the pandemic. The injections primarily funded private consumption and savings, rather than expanding productive capacity.

Four years later, this is an opportune time to revisit those distortions, consider what has happened over the last four years, and assess where we stand today.

The era of cheap money has come to an end

Since we first shared our views, G7 bonds have entered a bear market and the valuations of long-duration quality stocks have been eroded. Arguably, the era of cheap money has come to an end.

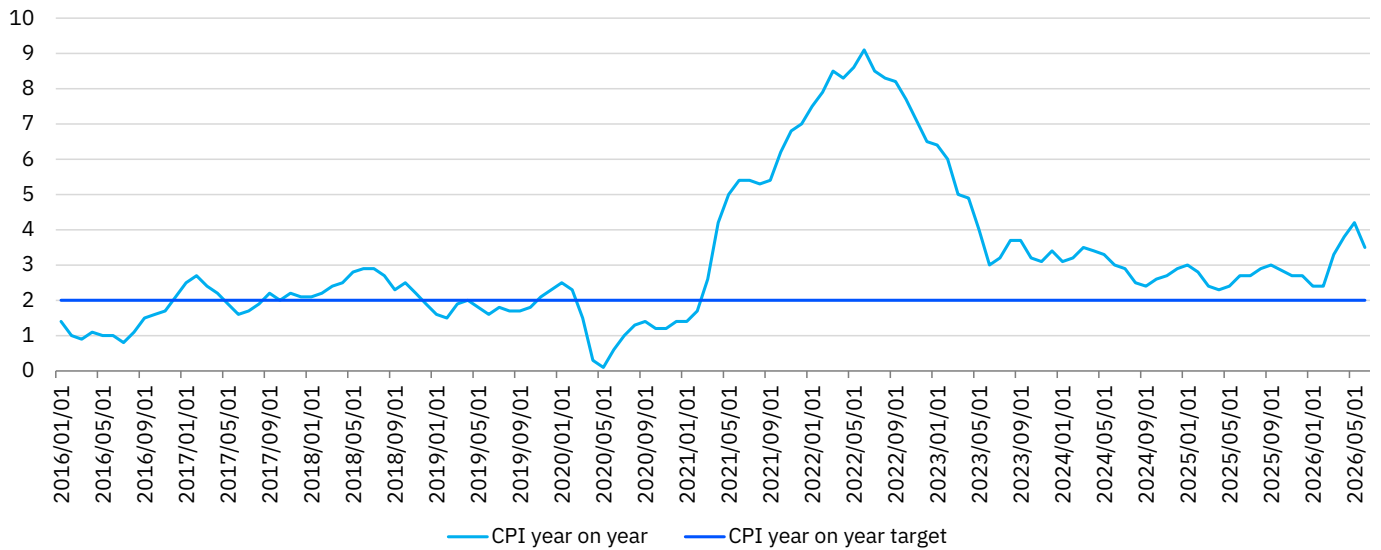
Global yields crashed during the pandemic of 2020 to exceptionally low levels – at the end of 2020, we had 18 trillion US dollars’ worth of negative-yielding bonds in nominal terms. Moreover, the low yields of 2020 came after four decades of declining bond yields (a structural bull market in bonds). Market participants were clearly complacent, assuming that inflation was a thing of the past. By 2022, rate normalisation was underway and the cost of capital was rising. However, the US 30-year bond still had negative real yields. Subsequently, we have seen very poor performance by bonds (negative capital returns since 2022 and negative returns in three of the past five years for US Treasuries), following the return of inflation, remaining stubbornly above the US Federal Reserve’s 2% target since March 2021.



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US inflation

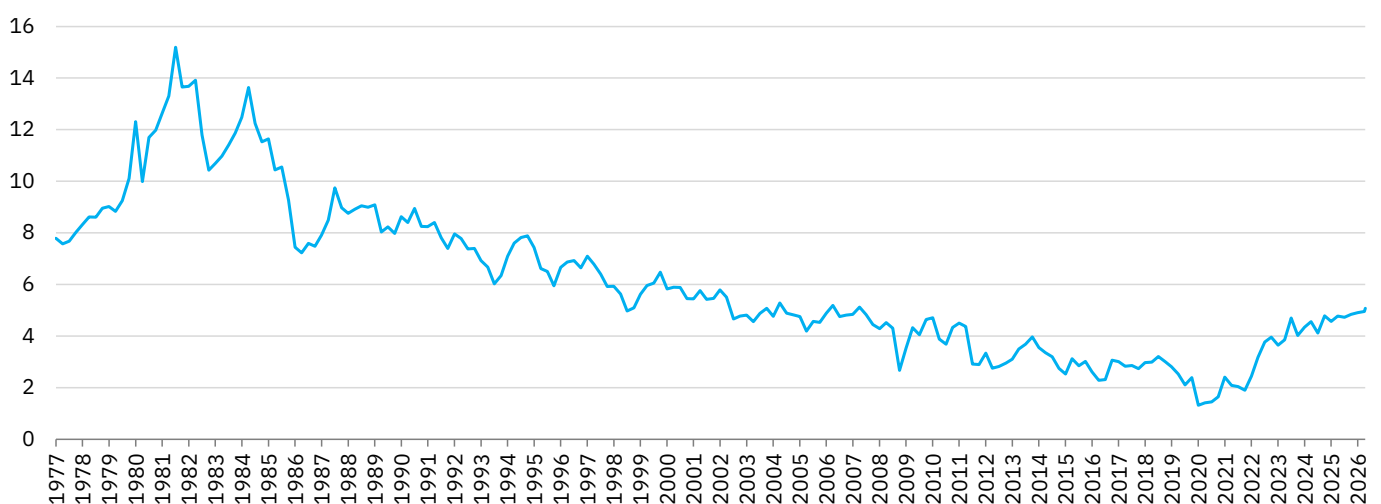


Sources: PSG Asset Management and Bloomberg

The new structural bear market in global bonds has seen an unwinding of the efficacy and popularity of the 60:40 portfolio, with bonds and equities becoming positively correlated amidst lax fiscal policy and high government debt levels.

Over the past four years, we have also witnessed the unwinding of the exuberance around quality stocks and an underperformance of quality mandates. Owners of long-duration quality compounders have discovered that valuations were dependent on the ultra-cheap cost of capital. It should come as no surprise that the relative performance of quality investing as a style peaked around the low point in bond yields.

US 30-year bond yield



Sources: PSG Asset Management and Bloomberg



Peak distortions caused by ESG investing have unwound over the past five years

An investment in Exxon Mobil has compounded at more than 25% per annum since the beginning of 2021, while Vestas (the dominant player in wind energy) has lost 10% per annum over the same period. To be clear, sustainable investing is very important, and we hope that it is ultimately implemented globally in a pragmatic way that balances sustainability goals and investment outcomes. However, when implementation is unbalanced (as it was in 2021/2022), distortions arise that create opportunity and risk.

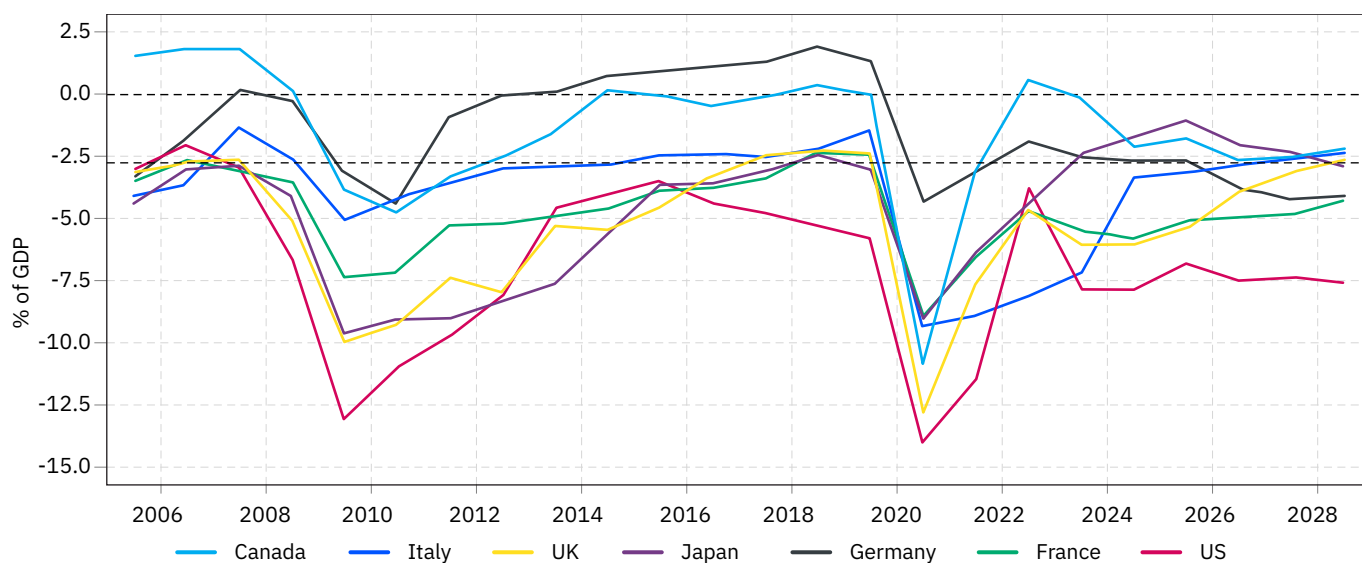
Sustained high levels of fiscal stimulus have become a dominant feature of the global economy over the past decade

The US is leading in this regard. As the chart below shows, the US has become comfortable to continue running budget

deficits of between 6% and 8% during times of robust economic growth and low levels of unemployment. The political incentives constrain any attempt to rein this in, so it is up to the bond market to provide the constraint. Given our base case that global inflation is more likely to be higher than target in this economic climate, we anticipate higher than expected interest rates to impact asset prices in the future. While we would continue to generally be cautious of longer-dated G7 bonds and expensive long-duration stocks, as bond yields have started rising, for the first time in several years we are seeing positive real yields in developed market bonds, and have started adding these selectively to our portfolios as appropriate. Similarly, several former market darlings (perceived global quality stocks) have seen dramatic share price declines, and our process is starting to identify a number of attractive opportunities.

The US has by far the biggest budget deficit in the G7 relative to GDP

G7 general government budget deficits, share of GDP, IMF forecasts



Source: Gavekal Research/Macrobond



Passive continues to dominate, and adds to the potential for a painful unwind

The trend towards passive investing has continued in global markets and is now much bigger than active in US equities. We agree that passive plays a vital role in constructing low-cost diversified long-run portfolios. However, we continue to highlight the distortions that arise in late-cycle equity bull markets when money is allocated in a price-insensitive fashion to recent winners. This, when combined with the current artificial intelligence (AI) exuberance, results in very concentrated indices and inflated prices for mega caps. With the US trading on very extended valuations and equity allocations (or risk appetite) around all-time highs, this market remains very vulnerable to a reversal of passive inflows.

The AI theme has become the dominant component of equity indices and returns in the US (and other tech-heavy markets) with the AI capex cycle driving the majority of earnings growth. Given the revolutionary nature of this technology and the explosive rate of change in adoption, it is not wise to claim any precision on the medium- to longer-term impact on financial markets. That said, US and other tech-heavy indices require sustained intensity in the capex cycle to justify current valuations and it is far from clear that returns on investment will be high enough to justify the scale of investment. Unsurprisingly, the concentrated nature of global markets provides long-term stock pickers like PSG Asset Management with excellent opportunities outside of the much-loved and dominant components of global indices.

An end to the dollar bull market may have material consequences for markets

The US dollar has shrugged off the headwind of sizeable twin deficits to sustain a 15-year bull run since 2011. It is too soon to say whether the dollar has peaked but it is worth pointing out that to maintain its value requires the continued willingness of foreign investors to buy US assets. This requires the AI trade to remain robust. It also requires a lack of incentive for foreign investors to retain capital and invest domestically. Given the need for domestic capital to keep bond yields contained and to fund domestic industrial, infrastructure, defence and technology requirements, it is highly likely that creditor nations like Japan will be incentivised to invest less capital offshore in the future, or even bring capital home. This is particularly relevant given the antagonistic stance the US is taking to former allies. A weaker dollar tends to coincide with strong commodity and emerging market performance. We foresee long-term outperformance by emerging markets and starting valuations are very attractive.

Capital has stopped fleeing SA, but we are still waiting for equity inflows

SA bonds have enjoyed a generational bull market over the past two years, with yields on the 10-year bond dropping from around 12% to below 9% (also read [SA Inc. – All that glitters is not gold](#)). This has seen strong support of the local bond market by foreigners. Unfortunately, this has yet to translate into meaningful inflows into the SA Inc. part of the equity market, though precious metals attracted decent demand last year and early in 2026. Domestic confidence remains low, GDP growth anaemic and the Iran war has dampened risk appetite. However, all the ingredients are in place for a positive environment for equity inflows at some stage in the future. These include a sustained commodity and EM cycle, prudent local fiscal and monetary policy, continuation of domestic reforms and ongoing political stability.

The ‘big unwind’ remains in motion

It seems clear that many of the distortions mentioned at the start of this article are in the process of unwinding. Others are likely to unwind in the future. This will have a material impact on asset returns.

Accordingly, we continue to advocate for a portfolio that is future-fit. To us, this involves avoiding securities that have benefited from distortions and are susceptible to an unwind, and investing in neglected areas that are beneficiaries of a changing investment regime. Our portfolios reflect our belief that some of the ingredients of the winning portfolio of the future likely include:

- **Global value stocks**, offering attractive margins of safety with a bias for high free cash flow yielders, diversified across industries and geographies.
- **Real assets**, beneficiaries of constrained supply-side economics and offering inflation protection.
- **Emerging market equities and bonds**, well diversified to manage country-specific political risk.
- **Cash**, a forgotten asset class that provides liquidity to buy into the inevitable fear that grips markets from time to time.
- **Portfolio hedges** like derivatives, gold and energy.



Mikhail Motala

SA Inc. – All that glitters is not gold

Mikhail joined PSG Asset Management in 2015 and has since taken on fund management responsibility for several equity-centric funds. He currently manages the PSG SA Equity Fund and is a co-manager on the PSG Equity Fund and the PSG Flexible Fund.

Our positioning in SA Inc. shares has changed materially since the formation of the Government of National Unity (GNU). While we still see opportunities in the local market, as price-sensitive investors, we have become more selective as some parts of the market have repriced sharply, while signs of reform have also stagnated. This thinking aligns with our 3M investment process and highlights how our thinking evolves as markets move and as facts change.

A recap on our views at the birth of the GNU

On 30 June 2024, President Cyril Ramaphosa appointed the first cabinet as part of the GNU following the general election held in May 2024. It was a period of a renewed sense of optimism within South Africa, particularly in relation to the expectation for political reform to drive economic growth.

“We have decided to place inclusive economic growth at the centre of the work of the GNU and at the top of the national agenda. Our experience over the past 30 years has shown that when our economy grows, jobs are created. When our economy contracts, there is no job creation and jobs are lost. The GNU will pursue every action that contributes to sustainable, rapid economic growth and remove every obstacle that stands in the way of growth.” – President Cyril Ramaphosa, Opening of Parliament, 18 July 2024

The sense of optimism was evidenced in our portfolios as at 30 June 2024. In the PSG SA Equity Fund, aggregate SA Inc. exposure stood at 64% compared to the benchmark weight (FTSE/JSE Capped SWIX – subsequently renamed to FTSE/JSE Capped All Share Index) of 49%. This positioning was fairly consistent (after adjusting for direct global exposure) across our local equity-centric funds, with SA Inc. exposure in the PSG Equity Fund being 44% and PSG Flexible Fund 41% at the time. Today our SA Inc. exposure is approximately ten percentage points lower across these portfolios, begging the question – what has changed, and have we become bearish on SA Inc?

SA Inc. exposure in our equity-centric funds

SA Inc. exposure	30 June 2024	30 June 2026	Change
PSG SA Equity Fund	63.6%	53.9%	-9.7%
PSG Equity Fund	43.7%	34.3%	-9.4%
PSG Flexible Fund	40.9%	30.4%	-10.5%

Source: PSG Asset Management

Political reform to drive economic growth has underwhelmed

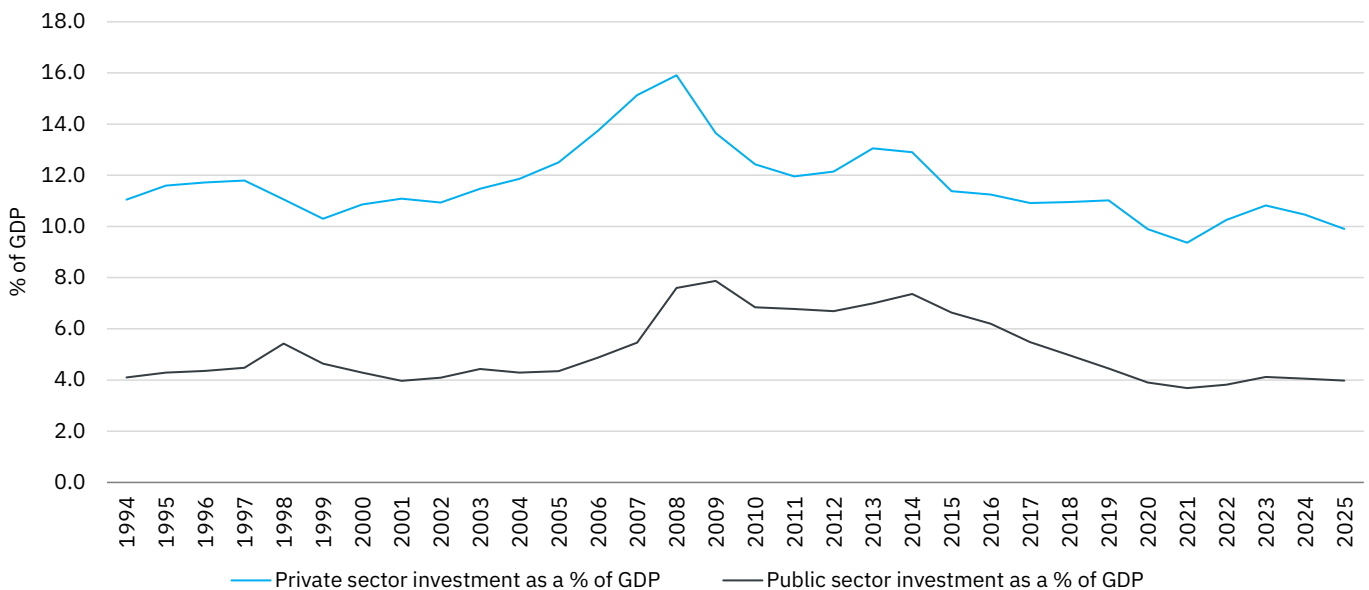
Much of the optimism about reform driving economic growth revolved around Operation Vulindlela Phase II. There has been strong progress in the pillars of Energy and Logistics, and further success at the Department of Home Affairs. However, that has partially been offset by a lack of progress in water, crime and corruption and local governments. Put together, the reforms have failed to kickstart private sector gross fixed capital formation (GFCF), which is currently hovering below 10% of GDP.

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While we still see opportunities in the local market, as price-sensitive investors, we have become more selective as some parts of the market have repriced sharply, while signs of reform have also stagnated.



SA private sector GFCF as % of GDP



Source: SARB Quarterly Bulletin

Asset prices have moved significantly

Despite the limited reform progress, which essentially means that the outlook for SA risk assets remains unchanged, prices have rebounded substantially over the past two years. From 30 June 2024 to 30 June 2026, the bond market is up 43%, banks listed on the JSE are up 56% and the listed property index is up a staggering 80%. These returns are well ahead of normal expected returns over a 2-year period.

The move in these assets can be attributed almost exclusively to the expectation of lower interest rates and inflation over the medium term. This expectation was, in turn, driven by two powerful forces:

- The South African Reserve Bank (SARB) announcing the new inflation target of 3% to replace the target band of between 3% and 6%.
- The significant moves in commodity prices which drove the South African commodities terms of trade to all-time highs in January 2026.

Citi South Africa Commodities Terms of Trade at all-time highs

The Citi South African Commodities Terms of Trade measures the relative performance of commodity export and import prices. South Africa's top four commodity exports are gold, platinum, iron ore and coal, while the single largest commodity import is oil.

From 30 June 2024 to 31 January 2026, the price of gold and platinum had each more than doubled, while Brent crude oil fell by 20% over the same period of time. This pushed the terms of trade to the highest level on record, surpassing the pre-GFC (Global Financial Crisis) boom in the middle of 2008.

The impact of this has been, and remains, a tailwind for the government's current account balance, which in turn has driven significant currency strength.

There has been a partial reversal in the terms of trade between January 2026 and today, primarily due to the impact of the war in Iran. This saw gold and platinum prices fall and oil prices rise. That said, the level today is still high by historic standards.



Citi South Africa Commodities Terms of Trade (2001 to present)



Sources: PSG Asset Management and Bloomberg

Not all SA asset prices participated equally in the rally

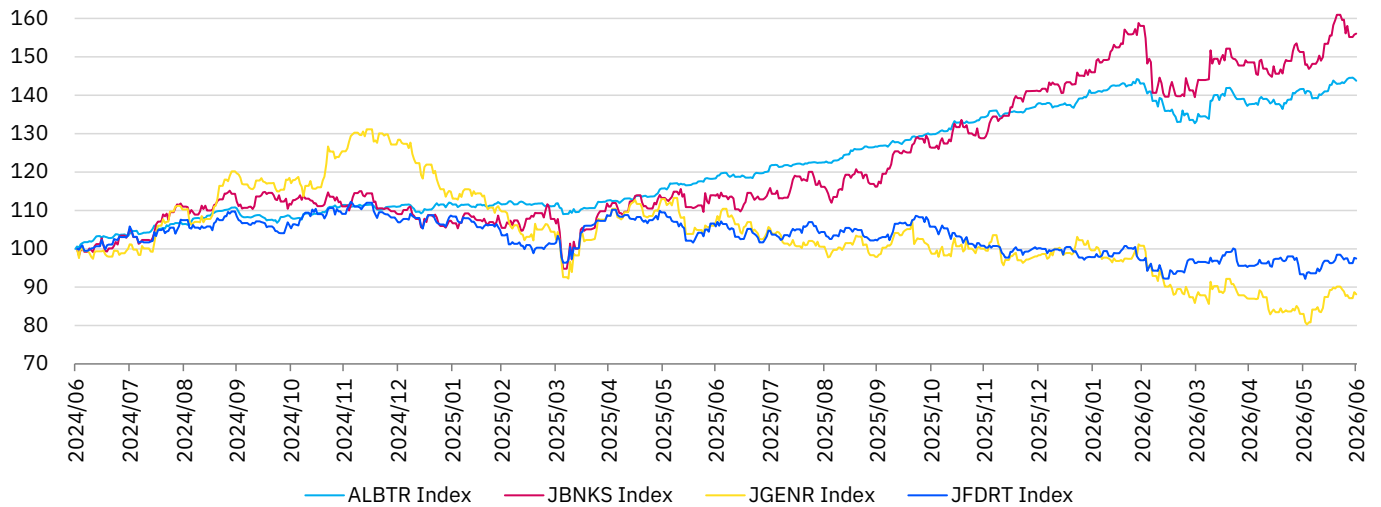
Consensus on interest rate movements over the course of 2026 has swung from two to three rate *cuts* being anticipated before the onset of the war, to one to two rate *hikes*, with the first being announced in May 2026. The South African assets that benefited most strongly in the period leading up to January 2026 have generally held up well, despite the turnaround in economic fundamentals.

It should be noted, however, that not all SA Inc. assets benefited from the inflation/interest rate rally. There is a sharp divergence between South African banks, which mirrored the bond move, and the retailers – both apparel and food – which are trading below the levels of June 2024.





SA banks vs retailers



Sources: PSG Asset Management and Bloomberg. Note: ALBTR Index = FTSE/ JSE All Bond Total Return Index. JBNKS Index = FTSE/ JSE Banks Index. JGENR Index = FTSE/ JSE Retailers Index. JFDRT Index = FTSE/ JSE Personal Care, Drug and Grocery Stores Index.

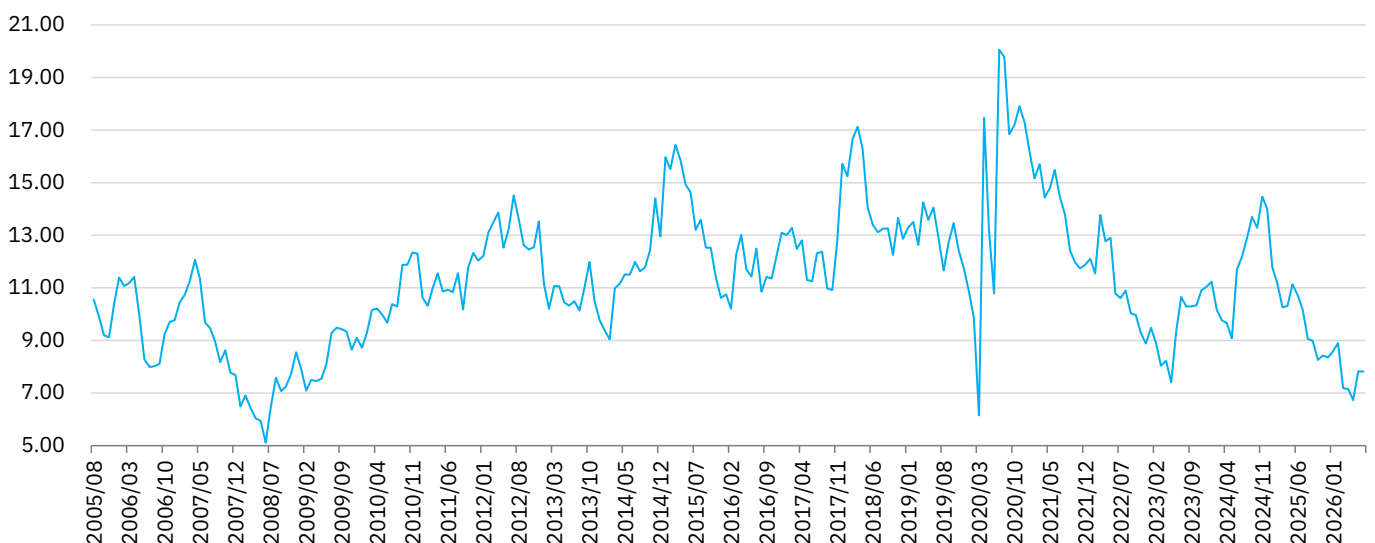
Environments such as this make stock picking more important than ever

A rising tide inevitably lifts all boats, but as Warren Buffett said, “You don’t find out who’s been swimming naked until the tide goes out.” In times like this, stock picking is more important than ever.

At [PSG Asset Management](#), we employ our 3M investment process to determine the best potential investment opportunities. Investing in great management teams has led us to own the likes of Discovery, Remgro, Shoprite

and HCI. Equally, there are other opportunities on the JSE which currently offer the widest margin of safety compared to history. A case in point is TFG Limited, which has an unmatched scale of 3 664 stores in Africa (alongside its businesses in the UK and Australia), but which is trading on a forward price-earnings (PE) ratio comparable to where it has traded during periods of crisis, namely: GFC, Covid-19 and the stage 6 to 8 load shedding/blackout fears in May 2023.

TFG Ltd PE ratio



Sources: PSG Asset Management and Bloomberg



It is therefore not all doom and gloom in SA Inc.

Despite trimming ten percentage points across our funds in SA Inc., our funds still have a healthy exposure to a range of South African companies run by good management teams where we think earnings will grow over the medium term.

In line with our globally integrated 3M investment process, we used the rally in certain SA shares to increase our weighting to other emerging markets that offered great pricing opportunities, particularly China and Brazil, where we continue to find exciting opportunities for our clients. As always, we remain committed to finding these opportunities, wherever they may reside.

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Marc Beckenstrater

Why now?

The case for a global fixed income fund in the current environment

Marc joined PSG in May 2025 as a fund manager. Prior to joining PSG, Marc held various roles at firms both in South Africa and abroad, including as analyst, portfolio manager, head of research and chief investment officer.

Over the past 15 years, global investors faced an uncomfortable reality in which bonds did not offer compelling returns or consistent portfolio protection. Fixed income assets did perform their role as safe-haven assets during periods of acute crisis in the post-Global Financial Crisis (GFC) environment – like the European sovereign debt crisis of 2011 and the Covid-19 shock of 2020. However, these bursts of safe-haven demand masked an underlying reality of deeply negative real yields and structurally poor long-run return prospects for buy-and-hold investors. As such, fixed income was increasingly viewed as an insurance asset: valued not for what it earned, but for how it behaved during periods of equity market stress. However, more recently, the post-GFC world has changed materially, and this change underpins our decision to launch the [PSG Global Diversified Income Fund](#) now.

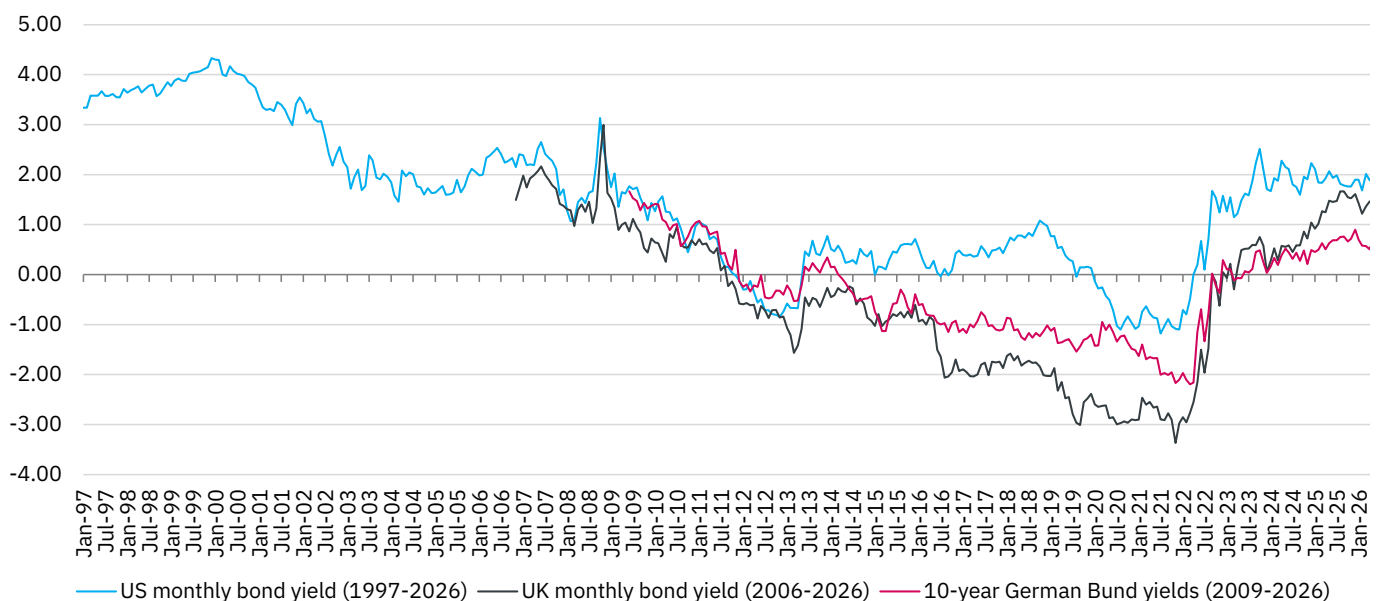
The return of real yields

The most fundamental shift in global fixed income markets over the past three years has been the restoration of positive real yields. For over a decade following the GFC, the combination of quantitative easing, suppressed policy rates, and structurally weak demand pushed real rates across the curve into negative territory. Investors in US Treasuries, German Bunds and UK gilts were, in real terms, paying governments for the privilege of lending to them. This was not an environment in which fixed income deserved a strategic allocation within portfolios on the basis of its own return profile.



The most fundamental shift in global fixed income markets over the past three years has been the restoration of positive real yields.

Real yields in 10-year developed market bonds



Source: Bloomberg



That has changed. Real yields on high-quality fixed income are now comfortably positive across the curve. A flexibly managed income fund – able to move across maturities and instrument types as the opportunity set evolves – can access a broad range of instruments offering real returns that are not just acceptable but also competitive with long-term historical averages. When we evaluate instruments against a benchmark anchored to the US Secured Overnight Financing Rate (SOFR) plus a spread, we find genuine value available without having to take on imprudent credit risk. In short, fixed income has again become an asset that can be held on its own merits.

What changed the macro regime

To understand why the opportunity is real and not temporary, it is worth revisiting why real rates were so compressed for so long. The post-GFC world was characterised by a chronic excess of savings over investment – what economists loosely labelled a ‘savings glut’. Demand was structurally weak across the developed world, ageing demographics compressed consumption, and the private sector deleveraged persistently in the aftermath of the credit crisis. Into this environment, central banks deployed successive rounds of quantitative easing, suppressing yields at every point on the curve and crowding investors out of safe assets into riskier alternatives. The ‘TINA’ environment – There Is No Alternative to equities – was not born of equity strength alone, but also of fixed income weakness.

Several of those structural forces have materially shifted. Fiscal policy has become substantially more expansionary in most major economies, reversing the austerity that had restrained demand in the post-GFC period. Deglobalisation and the re-onshoring of supply chains are structurally inflationary compared to the hyper-globalised world that preceded them. Demographics in key economies are no longer a source of savings surplus. And the energy transition, whatever its long-run effects, introduces ongoing cost pressures that central banks cannot fully offset through demand management. The world is simply less disinflationary than it was, and that has changed the equilibrium level of both nominal and real rates.

The equity risk premium has compressed

This shift in the interest rate environment has a direct implication for how one should think about asset allocation. For much of the past decade, equities held a near monopoly on the ability to generate real returns. Fixed income, with negative real yields, was held as tail-risk insurance – accepted as a drag on returns in exchange for portfolio protection. Investors rationally extended duration in equity-like credit, compressed spreads, and accepted structures that would have been unacceptable in a normal rate environment, all in search of income.

That dynamic has now changed meaningfully. The equity risk premium – the excess return investors demand to hold equities over the risk-free rate – has compressed to levels that reflect a market still largely calibrated to a low-rate world. At the same time, fixed income at current real yields can be defended on its own investment merits, not just as a portfolio diversifier. This creates a more balanced landscape for capital allocation, and one in which a well-constructed income fund has genuine appeal for investors who previously had little reason to look beyond equities.

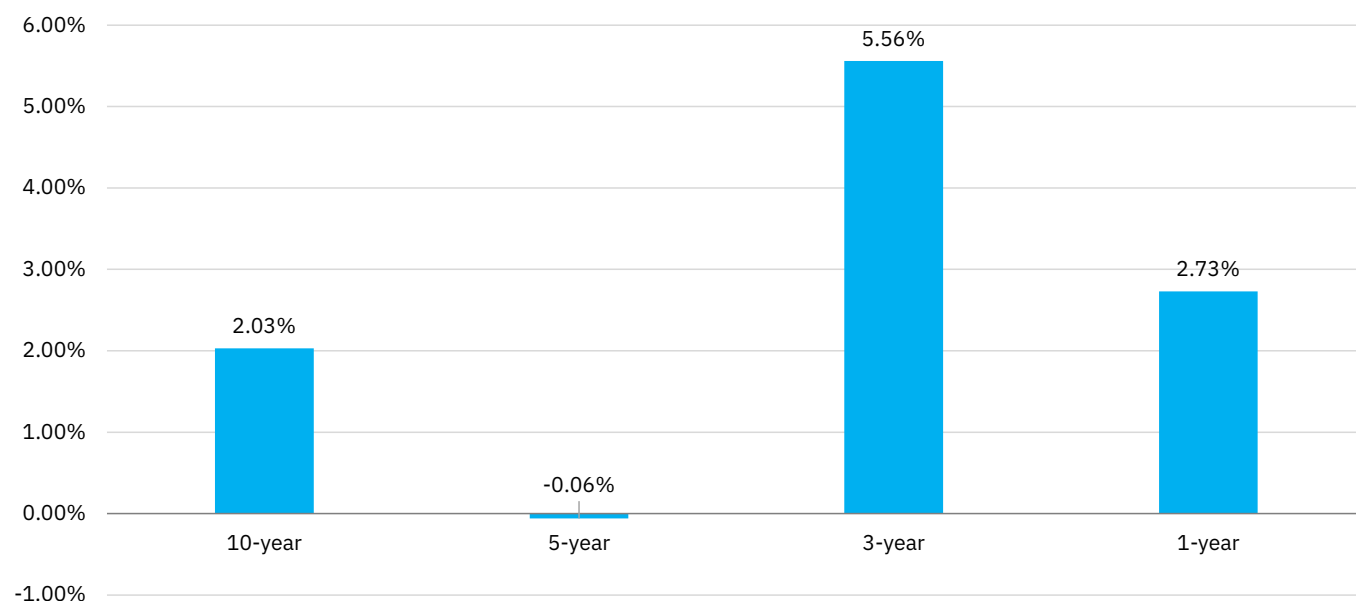
A conducive environment for tactical allocation

Beyond the buy-and-hold case, we believe the current environment is particularly well suited to active management within fixed income. The global economy is in the process of finding a new equilibrium – a new neutral interest rate (r^*) that is consistent with more expansionary fiscal policy, less deflationary supply dynamics, and a more constrained central bank reaction function than markets grew accustomed to during the quantitative easing (QE) era. The process of finding equilibrium is rarely smooth.

Markets are prone to extrapolating recent trauma. The bond losses that began in 2021 and have persisted into 2026 – among the worst in a century in real terms – have left a deep scar on investor psychology. Those who lived through it are reluctant to return to bond markets, even at elevated yields, and that reluctance creates fertile ground for the perennial bears. Commentators are quick to invoke the bond vigilantes of the 1990s, the fiscal profligacy of the post-Covid era, and the inflationary spiral of the 1970s whenever a risk-off episode or a weak fiscal print appears to support the narrative. The argument has a seductive internal logic: with debt-to-GDP ratios at peacetime highs across the developed world, the only exits available to governments are default, benefit cuts, or inflating the debt away – and history offers uncomfortable precedents for all three. The UK gilt market provided a striking illustration of how quickly this fear can crystallise: 30-year gilt yields recently touched their highest levels since 1998, a move driven as much by fiscal anxiety and narrative momentum as by any fundamental reassessment of long-term growth or inflation.



Annualised global bond aggregate returns



Source: Bloomberg

We think this framing, while not without merit, is applied too bluntly and too frequently. A 2% real yield on high-quality fixed income is, by historical and theoretical standards, genuinely attractive – well above long-run equilibrium estimates and far above the negative real rates that defined the post-GFC era. The market is, in our assessment, much closer to fairly priced than the prevailing narrative suggests. But fear sells, and the bond market has proven a lucrative venue for dramatic calls. Each episode of yield overshooting driven by fiscal anxiety or inflation extrapolation creates precisely the kind of entry point that a tactically flexible income mandate is designed to exploit.

Each of those episodes of market angst creates the opportunity to allocate tactically into instruments offering spread or duration that the market has mispriced in the moment. The flexibility to move across the yield curve and across instrument types – from floating rate instruments that benefit from elevated policy rates, to selectively extending duration when term premium compensates adequately – is central to how we add value. Our framework is deliberately simple: we anchor to the observable real returns available on a buy-and-hold basis, and we allow market behavioural episodes to create entry points that improve on that base case.

A structural shift creates a supportive environment for active management

The case for launching a global income fund now is not a macro call on the direction of rates. It is a recognition that the structural environment has shifted in a way that makes fixed income investable on its own terms for the first time in over a decade – and that the transition to a new equilibrium creates a conducive environment for active management alongside the buy-and-hold case. Real yields are positive. The opportunity set is broad. The market will continue to struggle with the implications of the new regime. That is the environment the [PSG Global Diversified Income Fund](#) is designed to deliver in.

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The flexibility to move across the yield curve and across instrument types – from floating rate instruments that benefit from elevated policy rates, to selectively extending duration when term premium compensates adequately – is central to how we add value.

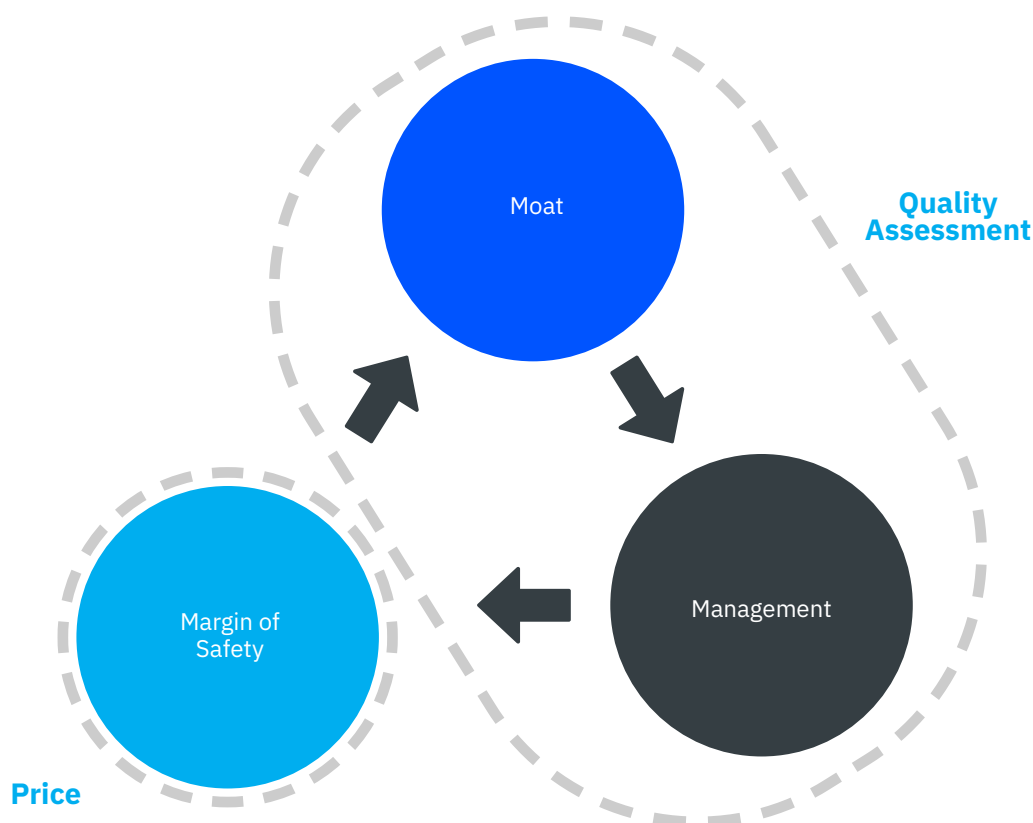


A quick reminder of our 3M process

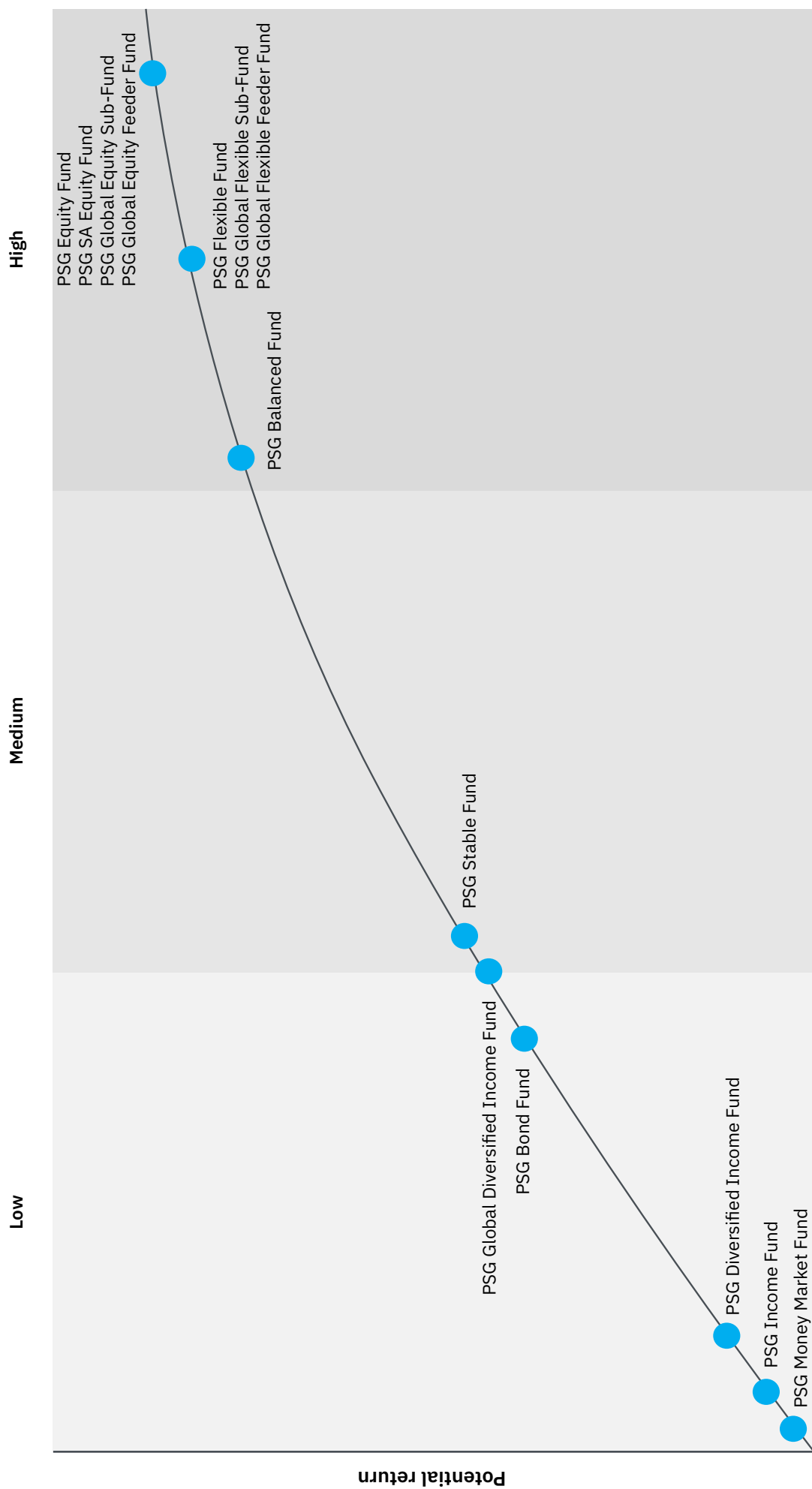
As investment professionals, we seek to generate consistent long-term returns for our clients. A robust and proven investment process is at the heart of our ability to do so consistently over time, even as market cycles come and go and stocks fall in and out of favour. We understand that generating strong long-term returns for our clients rests on the ability to buy low, invest for the long run and sell high.

To find the most attractive opportunities, we look in the uncrowded areas of the market that offer the best chance of mispricing (generally those characterised by fear, uncertainty or neglect). We further improve our chances of success by applying our [3M process](#).

The first two M's help us evaluate the quality of companies. These are the strength of 'management' and evidence of a competitive advantage that serves as a 'moat', setting the company apart from its peers. Our third M is the 'margin of safety', reflected in how far a security is trading from its fair value (or, viewed differently, whether its current price is setting us up to 'buy low'). Essentially, we are looking for some inherent quality that the market might be missing. As a result, we tend to invest in companies that are as good as the market or better, but trading at a discount. We believe that if we apply this methodology consistently, we will tend to buy quality companies at affordable valuations, helping our clients in growing their investments over time.



Risk/reward profile



Risk
Higher risk requires a longer investment horizon



	South African portfolios									Rand-denominated offshore	
	PSG Equity Fund MDD	PSG SA Equity Fund MDD	PSG Flexible Fund MDD	PSG Balanced Fund MDD	PSG Stable Fund MDD	PSG Diversified Income Fund MDD	PSG Bond Fund MDD	PSG Income Fund MDD	PSG Money Market Fund MDD	PSG Global Equity Feeder Fund MDD	PSG Global Flexible Feeder Fund MDD
Fund category (ASISA classification)	South African - Equity - General	South African - Equity - SA General	South African - Multi-asset - Flexible	South African - Multi-asset - High Equity	South African - Multi-asset - Low Equity	South African - Multi-asset - Income	South African - Interest-bearing - Variable-term	South African - Interest-bearing - Short-term	South African - Interest-bearing - SA Money Market	Global - Equity - General	Global - Multi-asset - Flexible
Investment objective	Aims to offer investors long-term capital growth without assuming a greater risk, and to earn a higher rate of return than that of the South African equity market as presented by the composite of 80% FTSE/JSE Capped All Share Net Total Return Index and 20% MSCI Daily Total Return Net World USD Index (including income).	Aims to provide long-term capital growth (highest returns above inflation) and to outperform the FTSE/JSE Capped All Share Net Total Return Index by investing mainly in South African shares. The investment policy provides for investment in domestic listed securities and assets in liquid form, including shares, participatory interests in listed property shares, loan stock and derivative instruments.	Aims to achieve superior medium- to long-term capital growth by investing in selected sectors of the equity, gilt and money markets, both locally and abroad. The fund has a flexible asset allocation mandate and equity exposure will vary based on opportunity.	Aims to achieve long-term capital growth and a reasonable level of income for investors. The investment policy provides for active management of the portfolio assets that include equities, bonds, property and cash, both domestically and in foreign markets.	Aims to achieve capital appreciation and to generate a performance return of CPI + 3% over a rolling three-year period, with low volatility and low correlation to equity markets through all market cycles.	Aims to preserve capital while maximising income returns for investors. The portfolio comprises a mix of high-yielding securities, property, bonds, preference shares and assets in liquid form (both local and foreign).	Aims to offer a combination of a high level of income and the potential for capital growth by primarily investing in fixed income instruments.	Aims to maximise income while achieving as much long-term capital appreciation as interest rate cycles allow.	Aims to provide capital security, a steady income and easy access to your money.	Aims to achieve capital growth over the long term, with the generation of income not being the main objective of the portfolio. It is a rand-denominated equity feeder fund with an investment policy providing for investment solely in the PSG Global Equity Sub-Fund.	Aims to achieve superior medium- to long-term capital growth through exposure to selected sectors of the global equity, bond and money markets. It is a rand-denominated feeder fund with an investment policy providing for investment solely in the PSG Global Flexible Sub-Fund.
Benchmark	Composite of 80% FTSE/JSE Capped All Share Net Total Return Index and 20% MSCI Daily Total Return Net World USD Index	FTSE/JSE Capped All Share Net Total Return Index	SA CPI + 6%	SA CPI + 5%	SA CPI + 3% over a rolling 3-year period	SA CPI + 1%	FTSE/JSE All Bond Index over rolling 36 months	STeFI Composite Index	(ASISA) South African - Interest-bearing - SA Money Market Mean	MSCI Daily Total Return Net World USD Index (in ZAR)	US CPI + 6% (in ZAR)
Risk rating	High	High	Moderate - High	Moderate - High	Moderate	Low - Moderate	Medium	Low - Moderate	Low	High	Moderate - High
Time horizon	7 years and longer	7 years and longer	5 years and longer	5 years and longer	3 years and longer	2 years and longer	3 years and longer	1 year and longer	Minimum of 1 day	7 years and longer	5 years and longer
The fund is suitable for investors who:	- want an equity-focused portfolio that should produce high real returns above inflation and capital appreciation over the long term - are comfortable with significant stock market fluctuations - are willing to accept potential capital loss - have a long-term investment horizon of seven years and longer	- want exposure to local shares - are comfortable with stock market (equity market) fluctuations - have a long-term investment horizon of seven years and longer	- want exposure to the equity market, but with managed risk levels - aim to build wealth - are willing to accept potential capital loss - have a medium- to long-term investment horizon of five years and longer	- aim to build wealth with a balanced portfolio that diversifies the risk over the various asset classes - are comfortable with market fluctuation risk - are willing to accept potential capital loss - would prefer the fund manager to make the asset allocation decisions - have an investment horizon of five years and longer	- have a moderate risk appetite but require capital growth in real terms - have a medium-term investment horizon of three years and longer - are comfortable with fluctuations in markets	- have a low risk appetite - want to earn an income, but need to try and beat inflation - have a short- to medium-term investment horizon of two years and longer	- seek stable income and reasonable capital growth over the long term - want to include bonds in their investment portfolio - have an investment time horizon of longer than three years - seek returns greater than those provided by money market funds and are comfortable with the higher risk of capital loss than in a money market fund	- have a low risk appetite - require an income - have an investment horizon of one year and longer	- seek capital stability, interest income and easy access to their money through a low-risk investment - need an interim investment vehicle or 'parking bay' for surplus money - have a short-term investment horizon	- want exposure to global equities without personally expatriating funds - are comfortable with international equity market and currency fluctuations - have a long-term investment horizon of seven years and longer	- want exposure to global equities without personally expatriating funds - are comfortable with international equity market and currency fluctuations - have a long-term investment horizon of five years and longer
Net equity exposure	80% - 100%	80% - 100%	0% - 100%	0% - 75%	0% - 40%	0% - 10%	0%	0%	0%	80% - 100%	0% - 100%
Income distribution	Bi-annually	Bi-annually	Bi-annually	Bi-annually	Bi-annually	Quarterly	Bi-annually	Quarterly	Monthly	Annually	Annually
Minimum investment	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	As per the platform minimum	R25 000 lump sum	As per the platform minimum	As per the platform minimum
Fees (excl. VAT)	Annual management fee: Class A: 1.50% Class E: 0.75% + 20.00% performance fee on outperformance of the benchmark	Annual management fee: Class D: 0.85% Class F: 1.1%	Annual management fee: Class A: 1.00% + 7.00% performance fee on outperformance of the high-water mark Class E: 0.75% + 7.00% performance fee on outperformance of the high-water mark	Annual management fee: Class A: 1.50% Class E: 1.00%	Annual management fee: Class A: 1.50% Class E: 1.00%	Annual management fee: Class A: 1.00% Class E: 0.45%	Annual management fee: Class A: 0.40%	Annual management fee: Class A: 0.65% Class E: 0.40%	Annual management fee: Class A: 0.50% Class F: 0.25%	Annual management fee: Class A: 0.75% Class E: 0.25%	Annual management fee: Class A: 0.75% Class B: 0.25%
Compliance with Prudential Investment Guidelines (Regulation 28)	No	No	No	Yes	Yes	Yes	Yes	No	Yes	No	No

For full disclosure on all risks, costs and fees, as well as performance fee FAQs, refer to the fund fact sheets on our website: <https://www.psg.co.za/asset-management/about-us>. The A classes have been closed to new investors.



	US Dollar-denominated		
	PSG Global Equity Sub-Fund MDD	PSG Global Flexible Sub-Fund MDD	PSG Global Diversified Income Sub-Fund MDD
Fund category Morningstar category	EAA Fund Global Flex-Cap Equity	EAA Fund USD Flexible Allocation	Global Diversified Bond
Denomination	US dollar	US dollar	US dollar
Investment objective and strategy	The fund’s objective is to invest in worldwide equities with the aim of outperforming the average of the world’s equity markets, as represented by the MSCI Daily Total Return Net World USD Index (the benchmark). It is a US dollar-denominated global equity fund, domiciled in Malta, whose investment policy provides for it to invest mainly in global listed securities and that aims to reduce the comparative risk (against the benchmark) of loss over an investment period of four or more years.	The fund’s objective is to achieve medium- to long-term capital growth through exposure to selected sectors of the global equity market, bond market or money market. The fund is denominated in US dollars and domiciled in Malta. The investment policy provides for an actively managed and a flexible asset allocation according to changing market conditions.	The fund’s objective is to invest in worldwide income assets denominated in any currency, including (amongst others) cash, money market instruments, bank money market paper, developed and emerging market government and corporate bonds, with the aim of outperforming the overnight US dollar Secured Overnight Financing Rate (SOFR) (the benchmark). The fund measures performance against the SOFR benchmark for reference purposes, but does not track or replicate its asset composition. The portfolio generally has a short- to medium-duration profile of between zero and five years.
Benchmark	MSCI Daily Total Return Net World USD Index	US inflation + 6%	Secured Overnight Financing Rate (USD)
Risk rating	High	High	Low - Moderate
The fund is suitable for investors who	• seek an equity-focused portfolio with outstanding growth potential • aim to maximise potential returns while being comfortable with significant stock market fluctuations • have a long-term investment horizon of at least four years	• want a managed solution in offshore markets • are comfortable with global equity market risk • have a medium- to long-term investment horizon of four years and longer	• seek a low- to medium-risk high-income fund • look for income with the opportunity for capital growth by being invested in a portfolio of fixed income holdings • have a typical investment horizon of three (3) years
Net equity exposure	100%	Up to 100%	10%
Income distribution	This fund does not distribute	This fund does not distribute	This fund does not distribute
Minimum initial investment	US\$5 000 lump sum	US\$5 000 lump sum	US\$5 000 lump sum
Fees (direct, excl. VAT)	Class A: 1.35% Class B: 0.85%	Class A: 1.00% plus a performance fee of 7% of the net trading gain above the high-water mark Class B: 0.50% plus a performance fee of 7% of the net trading gain above the high-water mark	Class A: 0.35%

For full disclosure on all risks, costs and fees, as well as performance fee FAQs, refer to the fund fact sheets on our website: <https://www.psg.co.za/asset-management/about-us>. The A classes for the PSG Global Equity Sub-Fund and PSG Global Flexible Sub-Fund have been closed to new investors.

General information and risks

Collective Investment Schemes (CIS) in securities are generally medium- to long-term investments. The value of participatory interests (units) or the investment may go down as well as up and past performance is not a guide to future performance. Fluctuations or movements in the exchange rates may cause the value of underlying international investments to go up or down. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Where foreign securities are included in a portfolio, the portfolio is exposed to risks such as potential constraints on liquidity and the repatriation of funds; macroeconomic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The portfolios may be capped at any time in order for them to be managed in accordance with their mandate. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and in such circumstances a process of ring-fencing of withdrawal instructions and managed payouts over time may be followed. The fund may borrow up to 10% of the market value to bridge insufficient liquidity.

Past performance is not a reliable indicator of future results and you may get back less than you originally invested. This publication is for private circulation and information purposes only and does not constitute a personal recommendation or investment advice or an offer to buy/sell or an invitation to buy/sell securities in the fund. The information and any opinions have been obtained from or are based on sources believed to be reliable, but accuracy cannot be guaranteed. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

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The fund's risk and reward category may not capture all material risks to which the fund may be subject, such as:

Geopolitical risk – Investments in equities issued or listed in different countries may imply the application of different standards and regulations, exposure to changes in laws or restrictions applicable to such investments, changes in exchange control regulations, or price volatility. **Liquidity risk** – In extreme market conditions some equities may become hard to value or sell at a desired price. **Exchange rate risk** – The fund may invest in equities denominated in currencies other than US dollars, which exposes the fund to fluctuations in exchange rates. Further information on risks may be found in the 'Risk factors' section in the fund's prospectus.

Performance: All performance data is for a lump sum, net of fees, includes income and assumes reinvestment of income on a NAV-to-NAV basis. Annualised performances show longer-term performance rescaled over a 12-month period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. The portfolio is valued at 23:59 (CET) on each dealing day. Actual annual figures are available to the investor on request. Figures and benchmarks quoted are from Morningstar, Inc. Prices are published daily and are available on the website <https://www.psgkglobal.com/about-us/all-funds>. PSG Fund Management (Malta) Limited does not provide any guarantee with respect to the capital or the return of the portfolio. **Pricing:** Forward pricing is used. Unit trust prices are calculated on a net asset value (NAV) basis, which is the market value of all assets in the fund, including income accruals less permissible deductions, divided by the number of units in issue. **Cut-off times:** Subscription Notice Deadline: By 15:30 (CET) on the relevant Subscription Day provided the funds are cleared and reflecting in our bank account by 15:30. Redemption Notice Deadline: By 15:30 (CET) one (1) Business Day prior to the relevant Redemption Day. Redemption requests will be settled within seven Business Days from the relevant Redemption Day. **Company details:** PSG Fund Management (Malta) Limited as General Manager is licensed by the Malta Financial Services Authority (MFSA) and PSG Asset Management Group Services (Pty) Limited as Administrator is licensed by the South African Financial Sector Conduct Authority (FSCA). The fund is a UCITS-compliant fund regulated by the MFSA. The management of the fund has been delegated to PSG Asset Management (Pty) Limited, which is registered with the FSCA as a registered Financial Services Provider (FSP no. 29524) and is licensed to operate under the Financial Advisory and Intermediary Services Act, 2002. The Investment Manager may, to the extent permissible under the applicable laws (including MFSA Rules), enter into transactions with companies or other entities forming part of the same group of companies as the Investment Manager or which are associated directly or indirectly with the Investment Manager. Should any conflict of interest arise, the Investment Manager and the associated entity will endeavour to ensure that it is recorded fairly and in your best interest, in accordance with the applicable conflicts of interest policy and that you as the client is not disadvantaged. **Custodian:** Sparkasse Bank Malta plc, 101 Townsquare, 1x-Xatt ta Qui-si-Sana, Sliema, SLM3112, Malta. Contact no. (+356) 21335705. **Additional information:** Additional information is available free of charge on the website <https://www.psgkglobal.com> and may include publications, brochures, forms and annual reports.



Percentage annualised performance to 30 June 2026 (net of fees)

Local funds						
	1 Year	3 Years	5 Years	10 Years	Inception	Fund inception date
PSG Equity Fund A*	25.23	19.36	19.22	11.50	15.65**	31/12/1997
Composite of 80% FTSE/JSE Capped All Share Net Total Return Index and 20% MSCI Daily Total Return Net World USD Index	18.38	17.25	15.73	12.54	13.89	
PSG SA Equity Fund F	23.64	22.18	21.11	11.47	10.43	01/11/2013
FTSE/JSE Capped All Share Net Total Return Index	19.38	17.54	15.41	11.54	10.93	
PSG Flexible Fund A†	20.11	16.47	16.99	10.95	14.22††	02/11/1998
SA Inflation + 6%	10.51	10.17	11.07	10.68	11.39	
PSG Balanced Fund E	19.98	17.20	16.87	11.53	11.37	03/09/2013
SA Inflation + 5%	9.51	9.17	10.07	9.69	9.90	
PSG Stable Fund E	16.90	14.06	12.78	9.56	9.38	03/09/2013
SA Inflation + 3% over a rolling 3-year period	7.51	7.17	8.06	7.69	7.90	
PSG Diversified Income Fund E	12.53	11.87	10.31	9.35	9.05	03/09/2013
SA Inflation + 1%	5.51	5.17	6.06	5.68	5.89	
PSG Income Fund E	10.25	9.77	8.42	8.48	8.19	03/09/2013
STeFI Composite Index	7.07	7.89	6.91	6.77	6.65	
PSG Money Market Fund F	7.14	7.99	7.04	6.50	5.70	02/09/2013
(ASISA) SA – Interest-bearing – SA Money Market Mean	6.95	7.68	6.63	6.69	6.59	
PSG Global Equity Feeder Fund E^	18.18	12.88	16.18	12.73	12.45	03/09/2013
MSCI Daily Total Return Net World USD Index (in ZAR)	11.91	13.73	14.59	14.42	15.59	
PSG Global Flexible Feeder Fund B^^	14.35	10.80	13.99	11.49	12.75	11/04/2013
US Inflation + 6% (in ZAR)	1.68	4.24	13.57	10.63	14.00	

International funds						
	1 Year	3 Years	5 Years	10 Years	Inception	Fund inception date
PSG Global Equity Sub-Fund B	28.27	18.09	13.43	-	10.47	02/07/2018
MSCI Daily Total Return Net World USD Index	21.34	19.24	11.47	-	12.84	
PSG Global Flexible Sub-Fund B	24.11	15.91	11.37	10.26	8.23	22/04/2013
US Inflation + 6%	10.25	9.29	10.48	9.39	8.86	

* The A class performance shows performance over a longer term of the PSG Equity Fund and the A class is closed to new investments. Class E (clean class) is available for investment via a platform. [Click here](#) for the Minimum Disclosure Document showing full details and performance of this class.

** Fund manager inception date 01/03/2002

† The A class performance shows performance over a longer term of the PSG Flexible Fund and the A class is closed to new investments. Class E (clean class) is available for investment via a platform. [Click here](#) for the Minimum Disclosure Document showing full details and performance of this class.

†† Current benchmark inception date 01/11/2004

^ The PSG Global Equity Feeder Fund feeds into the PSG Global Equity Sub-Fund.

^^ The PSG Global Flexible Feeder Fund feeds into the PSG Global Flexible Sub-Fund.

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Annualised performances show longer-term performance rescaled over a 12-month period.

Annualised performance is the average return per year over the period.

Past performance is not necessarily a guide to future performance.

Performance for the PSG Global Diversified Income Sub-Fund will be available once the fund has a 12-month performance track record.



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Prices are published daily and available on the website www.psg.co.za/asset-management and in the daily newspapers. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the fund, including income accruals less permissible deductions, divided by the number of units in issue. **Redemptions:** The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. To protect investors, a manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. A suspension ensures that the sale of a large number of units will not force PSG Collective Investments to sell the underlying investments at a price in the market which could have a negative impact on investors. PSG Collective Investments will keep all investors informed should a situation arise where such suspension is required. **Fees:** A schedule of fees, charges and maximum commissions is available on request from PSG Collective Investments (RF) Limited. Commission and incentives may be paid and, if so, are included in the overall costs. **Performance:** All performance data is for a lump sum, net of fees, includes income and assumes reinvestment of income on a NAV-to-NAV basis. Performance is calculated for the portfolio and individual investor performance may differ as a result thereof. Different classes of participatory interest can apply to these portfolios and are subject to different fees, charges and possibly dividend withholding tax and will thus have differing performances. Annualised performance shows longer-term performance rescaled over a 12-month period. 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In most cases the return will merely have the effect of increasing or decreasing the daily yield but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. **Fund of funds:** A fund of funds portfolio only invests in portfolios of CIS, which levy their own charges, which could result in a higher fee structure for fund of funds portfolios. **Feeder funds:** A feeder fund is a portfolio that, apart from assets in liquid form, invests in a single portfolio of a CIS, which levies its own charges, and which could result in a higher fee structure for that feeder fund.

Trustee: The Standard Bank of South Africa Limited, The Towers, 2 Heerengracht Street, Cnr Hertzog Boulevard, Cape Town 8001. Tel: +27 (21) 401 2443. Email: Compliance-PSG@standardbank.co.za. **Conflict of Interest disclosure:** The funds may from time to time invest in a portfolio managed by a related party. PSG Collective Investments (RF) Limited or the Fund Manager may negotiate a discount in fees charged by the underlying portfolio. All discounts negotiated are reinvested in the fund for the benefit of the investor. Neither PSG Collective Investments (RF) Limited nor PSG Asset Management (Pty) Limited retains any portion of such discount for their own accounts. The Fund Manager may use the brokerage services of a related party, PSG Securities Limited.

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