PSG Asset Management

Angles & Perspectives

Third Quarter 2026



Contents

Introduction – Lyle Sankar	1
An introduction to the total portfolio approach – Kevin Cousins	2
Building one portfolio from our best ideas: Our total portfolio approach in practice – Justin Floor	7
Why a total team approach underpins our TPA thinking – John Gilchrist and Greg Hopkins	13
A quick reminder of our 3M process	16
Risk/reward profile	17
Local unit trust summary	18
Global unit trust summary	19
Percentage annualised performance to 30 September 2026 (net of fees)	20
Contact information	21
Previous editions	22



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 briefly joining Coronation in a business development role.

Our 3M investment process is deeply rooted in the belief that we make the best long-term investment decisions by focusing on the quality (management and moat) and price (margin) of the assets we buy. We fully believe that our detailed research and bottom-up process sets us up to select the best assets. However, a collection of good assets can still fail to be an optimal investment. In our view, portfolio construction is about more than throwing together some 'good' assets and hoping for the best – it is about ensuring that the sum delivers a better investment journey than the parts do in isolation.

In this edition, we take a closer look into our portfolio construction process, which bears some similarities with the total portfolio approach (TPA) that has been gaining traction around the globe recently. Although we did not intentionally set out to replicate this approach, it flowed naturally from our bottom-up process and the desire to ensure that we are the best custodians of our clients' capital.

In the first article, Head of Research Kevin Cousins provides *An introduction to the total portfolio approach*. He contrasts it to strategic asset allocation (SAA), which has been (and still is) the predominant approach among asset managers. However, a changing market regime means that some of the assumptions underpinning the SAA methodology are starting to erode. Looking ahead, the TPA provides a robust alternative for clients in navigating a challenging environment.

In the second article, Head of Equities Justin Floor uses the PSG Balanced Fund as a practical example of our total portfolio approach in action. Read *Building one portfolio from our best ideas: Our total portfolio approach in practice* for detailed insights into how this process is expressed in our funds.

In our final article, Chief Investment Officer John Gilchrist and Deputy Chief Investment Officer Greg Hopkins devote their attention to the part of the approach that is hardest to see from the outside, and in our view, the most important: the people, the team structure and the culture that make it work. *Why a total team approach underpins our TPA thinking* explains why culture and structure cannot be an afterthought, but is central to successfully implementing TPA thinking. You can also watch our video here.

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



An introduction to the total portfolio approach



Kevin Cousins

Kevin has over 30 years' experience in investment management. He joined PSG Asset Management as an investment analyst in 2015. He was appointed as Head of Research in 2017.

Sovereign wealth funds and university endowments are among the proponents of the total portfolio approach (TPA). We believe the unwinding of long-standing market imbalances erodes some of the pillars that have supported the success of strategic asset allocation (SAA) over the past 30 years. TPA especially lends itself to navigating some of the key challenges a changing environment presents to investors. Our process at PSG Asset Management can be classified as a total portfolio approach, although it resulted naturally from our 3M investment process.

Quick refresh on the 'building block' SAA approach

SAA divides the portfolio into underlying sub-portfolios for key asset classes and geographies. Each sub-portfolio is managed by a specialist team. The allocation between the building blocks (the SAA) is handled by another specialist team or consultant. That team is typically also responsible for tactical asset allocation (TAA), or the shorter-term trades around the SAA. **SAA has dominated institutional portfolio management over the past 30 years.**

SAA is built on a strong theoretical foundation, which has driven its popularity

- Firstly, Modern Portfolio Theory (MPT) champions the use of mean-variance optimisation in portfolio design.
- Secondly, academic research published in 1986 showed that 94% of the variability in pension plan returns was explained by strategic asset allocation (Reference 4).

Most investment processes are benchmark cognisant and quantitative risk modelling is the industry standard, and this has supported MPT and SAA being widely adopted.

The major underlying assumptions for SAA portfolio construction and monitoring

SAA relies on some key assumptions, whose validity is of crucial importance. These include:

- The future expected returns for each asset.
- The historical average volatility of return for each asset.
- The historical average correlation between asset returns.
- Any regulatory or mandate constraints to asset allocation.

The SAA process optimises asset allocation between the building block portfolios using these assumptions. Adjustments to the SAA tend to be made incrementally via shorter-term TAA trades. Specialist teams manage each building block against a tailored benchmark index appropriate for the asset class.

> *"TPA especially lends itself to navigating some of the key challenges a changing environment presents to investors.*



What SAA does well

SAA keeps asset allocation clear and simple. Each asset class is a single building block of the portfolio, with a single expected return estimate and historical risk dataset. Until 2020, asset classes were generally good proxies for the underlying risk drivers.

The whole MPT and quantitative risk framework introduced a common language for discussing portfolio construction and market risk. Risk can be reduced to a single number (for example, 'volatility of return' or 'tracking error') that is easily comparable.

Clear governance structures enable a disciplined approach ideally suited to harvesting a number of risk premiums over long time horizons.

Each building block portfolio is managed against a tailored benchmark to enable a clear understanding of where risk is taken and where alpha is generated across all the sub-portfolios and hence the whole fund.

Should the key underlying assumptions prove valid over the investment horizon, a well-managed SAA process is likely to deliver a portfolio with a high probability of meeting target returns.

Exploring SAA's limitations

"...the world that SAA was built for has changed... The correlations and risk premiums that underpinned decades of SAA modelling have proven fragile in an environment of less stable inflation, market concentration and deepening geoeconomic fragmentation." (Reference 1)

SAA is a very structured process and tends to result in relatively static positioning. The huge increase in macro and geopolitical volatility since 2020 has favoured more dynamic approaches to portfolio construction. Index composition itself can show rapid evolution and dispersion. SAA generally makes incremental adjustments to asset allocation and is unlikely to avoid an asset class altogether, thanks to its building block framework.

Most of the issues around SAA can be traced to circumstances where the underlying assumptions embedded in the process are no longer a good representation of reality. A key assumption is that of static risk – in other words, historical average correlations and volatility are a good representation of future outcomes.

In practice, we know that correlations between asset classes rise sharply during periods of market stress. This is most likely due to rising liquidity needs as, for example, large leveraged funds are forced to reduce overall position sizing as risk asset volatility spikes and the value of their collateral declines.

Forecasting expected returns for each asset is difficult. Small changes in these expected returns can result in big changes in the modelled optimal asset allocation. Single-point estimates of expected returns are treated as precise by the optimiser, making subsequent outcomes vulnerable to deviations from these estimates. Typically, these deviations could be driven by initial conditions (such as extreme valuation or crowded positioning), but on occasion they are driven by whole market regime shifts.

The split into asset classes can provide a very imprecise view of the true underlying risk factors. The overall portfolio's positioning and risk can be impacted by inadvertent layered bets across the different silos. In addition, each silo's benchmark is assumed to be representative of the asset class or geography. Should a benchmark become very concentrated, as is happening now with the S&P 500 Index, quantitative risk models will give a poor picture of the true risk in the portfolio.

The origins of an alternative approach

To be clear, SAA has provided a highly successful framework for institutional asset management and remains the dominant approach today. Many asset managers have used knowledge of the limitations discussed above to enable explicit mitigation via the structure and management of their SAA process, and continue to deliver investment returns that meet or exceed their clients' expectations.

However, an alternative framework is also being developed that seeks to explore how the investment management profession can remain true to the core principles of SAA — such as diversification, a disciplined approach and a long-term orientation — within an architecture that is well suited to today's interconnected and dynamic environment, characterised by regime shifts, geopolitical instability and volatile macro variables.

TPA

"The total portfolio approach is more than a portfolio construction technique. It is an integrated investment philosophy and decision-making framework. As such, TPA is not a single method to be replicated but a spectrum of practices through which institutions seek to better align capital, risk, measurement and long-term objectives... Whereas SAA is benchmark driven, focusing on policy weights and generating alpha within asset class silos, TPA is goal driven, evaluating investments based on their marginal contribution to the total fund's objectives, risks and constraints." (Reference 1)

Some of the defining characteristics of the TPA include:

- A team-based and collaborative approach aligned to the investment objectives and focused on best ideas and dynamic decision-making.
- Portfolio managers have broad discretion and clear accountability.
- Portfolios are focused on achieving the overall investment objective, constructed one security at a time. Each security competes against the entire opportunity set and is selected for a specific portfolio role.
- Managers have a much larger opportunity set, with securities from all asset classes and geographies providing 'more arrows in the quiver', obviously within the constraints of the mandate. Care is taken to build well-diversified portfolios, with the relationships between all securities being evaluated together, often on a factor basis.
- The apparent precision of the mean variance optimisation approach, which optimises portfolios around a single expected return for each asset based on backward-looking data sets, is replaced by a scenario-driven framework. This seeks to evaluate portfolio resilience through stress tests of the impact of a variety of macro and market environments.
- Portfolio resilience comes firstly from diversification, avoiding unintended layered bets across asset classes. Non-conventional safe-haven assets play an important role, especially in inflationary or supply shock scenarios that are poorly represented in historical data sets (for example, physical gold and energy stocks). Explicit risk mitigation, such as put options, enables portfolios to hold a larger proportion of high-return assets and still remain resilient in adverse scenarios.
- Risk moves beyond volatility of return, with a focus on resilience, specifically drawdowns, systemic risk, regime changes and political risk.

The early pioneers of TPA include the Future Fund (Australia's sovereign wealth fund) and New Zealand Superannuation (NZ Super). Of the world's 100 largest global asset owners, 66 use SAA, 8 use the TPA and 26 use a hybrid of the two (Reference 1). The recent adoption of TPA by industry giant CalPERS potentially marks a tipping point.

> *"Rather than managing portfolios as collections of asset classes, TPA treats the portfolio as a single, integrated entity. Diversification and risk are understood through the lens of underlying unique style factors rather than asset class labels.*
>
> *"The framework begins with the investor's ultimate objectives and constraints, then assembles a set of complementary return streams designed to achieve them. Individual investments are evaluated not on a standalone basis, but according to how they contribute to total portfolio risk and return. By focusing on the portfolio as a whole, TPA seeks to eliminate overlapping exposures and improve the efficiency with which risk is deployed." (Reference 3)*

Comparison between SAA and TPA

Dimension	SAA	TPA
Academic foundations	Modern portfolio theory, CAPM	Systems thinking, behavioural finance
Belief system	Efficient markets, stable risk, benchmark focus	Dynamic, goal-driven, integrated thinking
Governance model	Two-step: policy versus implementation; distributed across asset class teams against benchmarks; CIO role narrower	One-step: integrated, collaborative; total fund outcomes driven by the CIO and senior leadership; broader cross-team discretion informed by board oversight and dashboards
Risk focus	Volatility and tracking error	Drawdown, mission impairment, systemic risk
Decision process	Static allocations, asset class sleeves	Competitive capital allocation across portfolio
Performance measurement	Single benchmark, alpha versus benchmark	Multiple comparators, including multifactor performance attribution at the total fund level, via dashboards, scorecards
Adaptability	Limited, slow to adjust	Moderate, responsive to regime shifts and new risks
Robustness and resilience	Limited	Can be incorporated

Source: Roger Urwin and Genevieve Hayman, CFA Institute (see Reference 1)

Our TPA journey at PSG Asset Management

It has been fascinating to see some of the world's largest managers embrace an investment approach so similar to how we manage portfolios at PSG Asset Management.

Over the past two decades, we have steadily built out our capabilities to manage local equities (our starting point), global equities (for nearly 20 years now), local fixed income, credit and real estate, and more recently, global fixed income. Our process has also enabled us to repeatedly take advantage of global real estate and credit opportunities. We run one research process across local and global assets.

While we have a long track record of delivering alpha across all these asset classes, each portfolio is managed as an integrated whole, built bottom up via security selection from all the asset classes available to the mandate. While the process has been many years in the making, the incremental improvements since 2020 as our research capabilities broadened and we responded to the changes in the macro environment, have been meaningful.

Why TPA thinking works well at PSG Asset Management

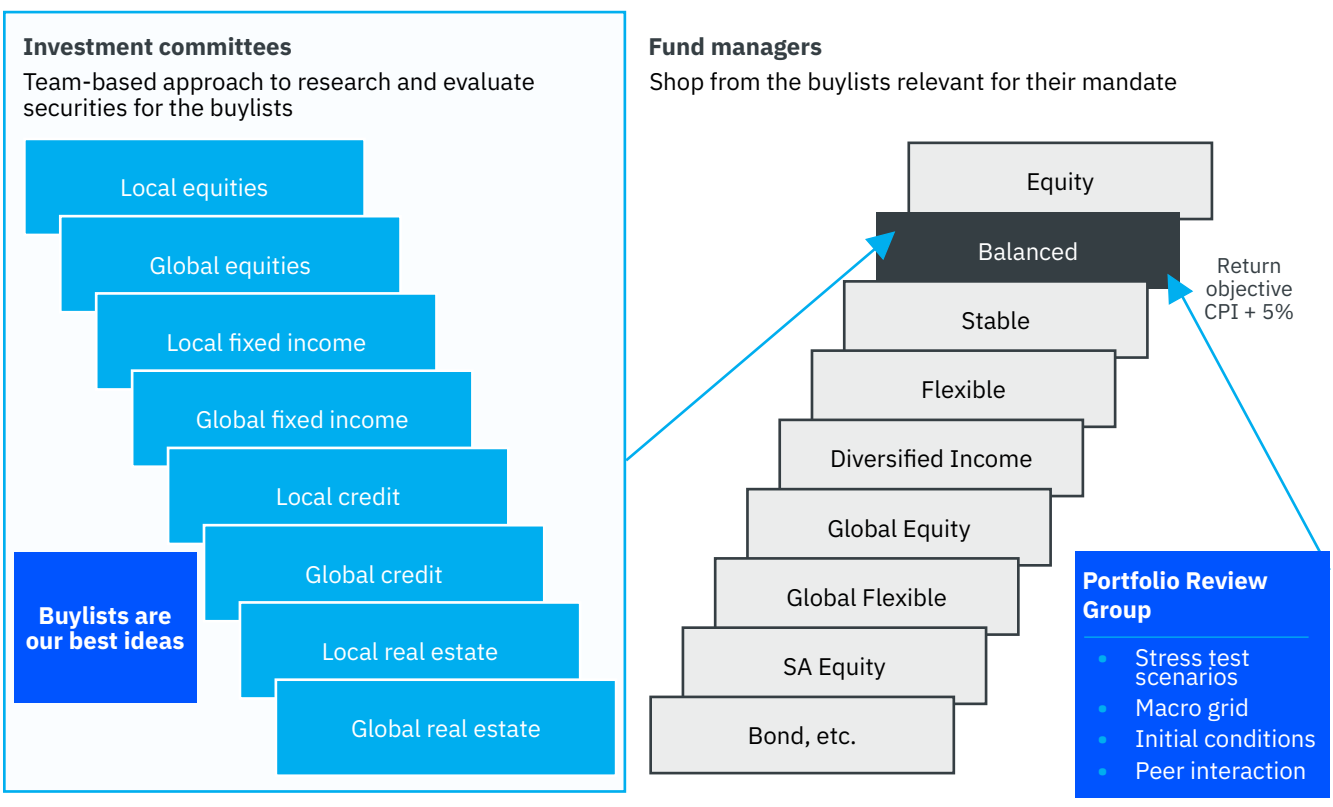
We believe our culture and organisational structure are of prime importance. Broadly, our version of TPA developed naturally over a long time:

- We have a team-based and collaborative investment process with a low-ego culture.
- We are generalist investors. Our 3M philosophy can be applied to any asset and our team does bottom-up research across many sectors, geographies and asset classes.
- Portfolios are built from our best bottom-up ideas, with a focus on understanding what each asset brings to a portfolio. Bottom-up research works around a range of outcomes for each security.
- Portfolio managers have full discretion in managing their funds and can shop from our best ideas across a much bigger opportunity set.
- We do not do macro forecasts or single-number expected returns for assets. We rather use a variety of macro scenarios to stress-test portfolio resilience.
- We can view risk across the whole portfolio, enabling innovative offsets and more efficient structuring. We use explicit downside hedging rather than relying solely on diversification.

The diagram below illustrates our TPA approach. The PSG Balanced Fund provides a good expression of this process, as it is a multi-asset fund that can invest locally and globally.

Balancing individual accountability with a team-based approach

Fund managers have full discretion as to positions and sizing



Source: PSG Asset Management

The drawbacks of TPA thinking

There are always trade-offs in the investment business!

- Our portfolio managers have full discretion, so their cultural fit with the team-based approach and our low-ego, evidence-led culture is essential. That discretion comes with clear accountability. Our Portfolio Review Group provides a rigorous peer group review of individual mandates with each fund being measured against its benchmark, its peer group and an inflation-linked (CPI+) real return target over our investment horizon.
- Many clients use SAA/silos, so our best representations of our process may not suit their needs.
- Many clients focus primarily on benchmark-relative performance metrics, often over shorter periods than our investment horizon. As we follow a primarily absolute return process, we are likely to deviate significantly from benchmark returns, especially when indices become very concentrated. In response, our process has become more 'benchmark aware', with the use of quantitative risk models as one of our data inputs.
- On occasion, clients' view of risk is not aligned with ours. They often focus on volatility and Sharpe ratios, rather than downside volatility and drawdowns — measures which we believe are more valid. It is important to build an understanding that constraining upside volatility is very detrimental to long-term performance.

We expect an increasing focus on TPA

The global rise of the TPA is of great assistance to us in clearly articulating our process and philosophy in a way that builds clients' understanding of what we do.

Our investment process has always given portfolio managers discretion to build their portfolios from our best ideas, generated by bottom-up research across all local and global asset classes relevant to their mandate. Since 2020, as our research capabilities broadened and the macro environment became much more volatile, our process has developed significantly. In particular, our Portfolio Review Group and risk architecture complement the research and portfolio management process, together making up the heart of our total portfolio approach.

In the next article, *Building one portfolio from our best ideas: Our total portfolio approach in practice*, Justin Floor unpacks how this process works practically, using the PSG Balanced Fund as an example.

References:

1. *The Total Portfolio Approach (TPA): A Practical Guide for Navigating the Transition to TPA*, Roger Urwin, FSIP, and Genevieve Hayman, PhD, CFA Institute July 2026
2. *Portfolio Resilience: Part One*, Future Fund Position Paper November 2025
3. *Beyond Asset Allocation*, Vishwanath Tirupattur, Stephan Kessler, Morgan Stanley July 2026
4. *Determinants of Portfolio Performance*, Brinson et al. Financial Analysts Journal, July/Aug 1986



Building one portfolio from our best ideas: Our total portfolio approach in practice



Justin Floor

Justin, a qualified actuary and CFA charterholder, joined PSG Asset Management in January 2019. He serves as Head of Equities and is also a fund manager of the PSG Balanced Fund.

A practical look at how we apply total portfolio thinking in the PSG Balanced Fund

> ***The whole is something besides the parts.***
>
> - Aristotle, Metaphysics (circa 350 BC)

In *An introduction to the total portfolio approach*, Kevin Cousins sets out the origins of the total portfolio approach (TPA) and why a growing number of the world's largest asset owners are moving away from some aspects of traditional portfolio construction.

We have been constructing multi-asset portfolios with some unconventional aspects at PSG Asset Management since inception, and while we wouldn't categorise our approach as a pure TPA one, there is much shared ground. Readers may well wonder what this looks like in an actual portfolio. In this article, we use the PSG Balanced Fund to show how we apply these ideas day to day, drawing on current positions and some examples from the past few years.

It is worth starting with what we don't do. We don't set an upfront strategic asset allocation, and we don't carve the fund up into asset class 'buckets' (or asset class sleeves) managed by separate teams against discrete benchmarks. While simple in principle, this has some important (and sometimes surprising) consequences for how the fund looks and behaves.

We start with the return objective and manage risk around it

Our starting point is the fund's objective: to deliver returns in excess of CPI plus 5% a year, compounded and net of fees, over the long term. That objective sets how much risk the fund needs to take. A real return of that size requires a meaningful exposure to growth assets, and with it the acceptance that drawdowns are likely along the way.

The question we then ask is how best to earn that return while limiting the risk of a permanent loss of capital. We assess the fund's risks in an integrated way, across asset classes and regions: what drives each holding's returns, which holdings share the same underlying exposures, and how they are likely to behave together when markets come under stress. A new position is only attractive if it improves the expected outcome for the fund as a whole, once we account for the risks it adds or diversifies.

This is where our approach departs most from a building block portfolio. When each asset class sleeve is measured against its own benchmark, the fund as a whole can end up carrying far more of a single risk than anyone intended, or achieving too little of the return it needs. Measuring every decision against one objective keeps the focus on the outcome that matters to clients.

The factsheet only tells part of the story

A fund factsheet groups holdings by asset class and by where securities are listed. This provides a useful overview of the portfolio and supports regulatory reporting and investor communication. However, understanding the underlying economic exposure of a portfolio may require

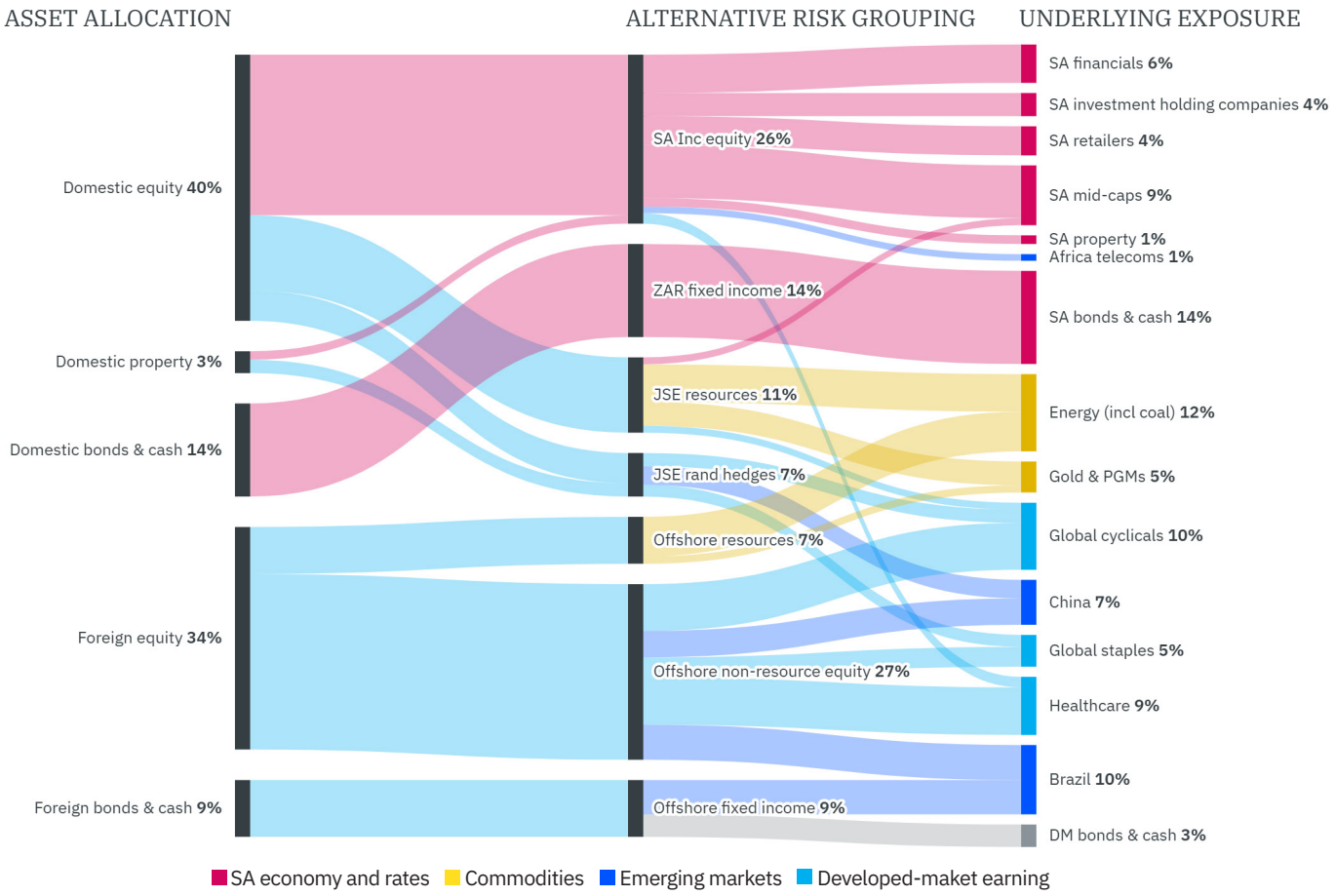


looking beyond these classifications. A share listed on the JSE can earn almost all of its profits offshore, while the performance of a government bond and a bank share may well depend on the same thing: the direction of South African interest rates.

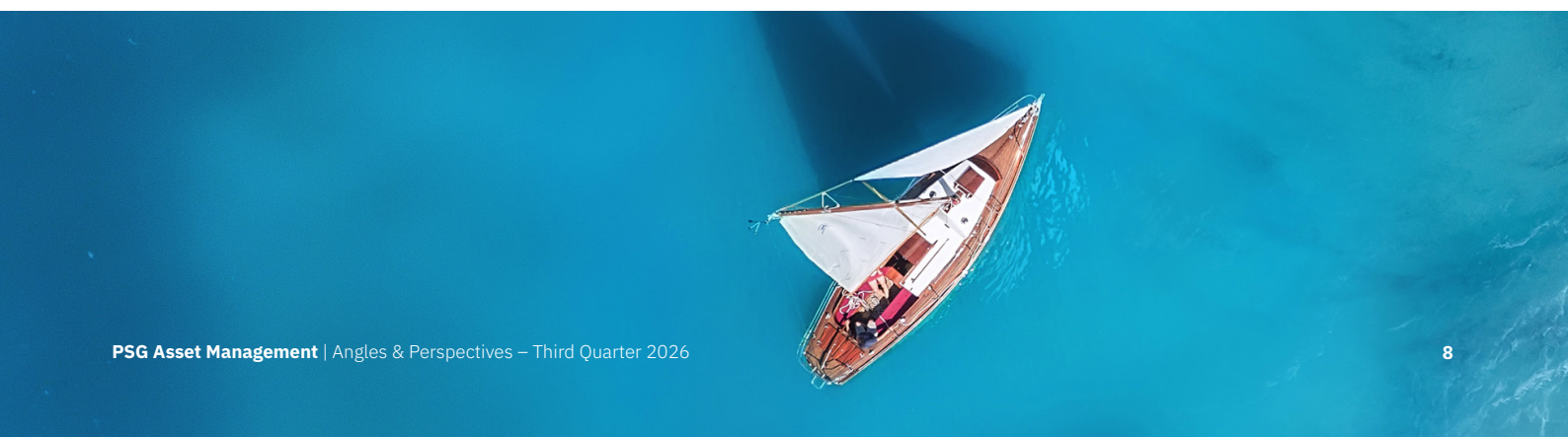
The graphic below traces the fund from its asset allocation, through a more economic representation of the risk, to the underlying exposures we believe drive returns. On the factsheet, over half of the fund is classified as domestic. Yet only around 40% is exposed to the South African economy and local interest rates (SA Inc. shares, local property and domestic bonds). The balance is driven by global earnings, commodity prices and, to a lesser extent, foreign interest rates.

Notably, some of the fund's more meaningful positions only become visible once you look across asset classes. Our Brazilian exposure, for example, is split between local currency government bonds and shares such as XP Inc., Nu Holdings and B3 S.A., and amounts to roughly 10% of the fund. Our energy holdings (including coal) are spread between JSE-listed counters like Exxaro, Thungela and Sasol and offshore names such as Viper Energy and Petrobras. In a portfolio managed in silos, it is quite possible that nobody would see either position in aggregate.

From asset class to what drives returns



Source: PSG Asset Management. PSG Balanced Fund at 30 September 2026. Figures may not add to 100% because of rounding. Equity exposure is shown before index put protection.



Every holding has to earn its place

The only top-down constraints we work with are those set by the mandate: Regulation 28 of the Pension Funds Act's primary constraints of a ceiling of 75% in equities and a maximum offshore exposure of 45%. Within those limits, there are no target weights for asset classes or regions. Each security has to compete with every other idea in the fund for its place, regardless of whether it is a share or a bond, listed locally or offshore, or sits higher or lower in a company's capital structure.

South African interest rates are a good example. Government bonds, banks and listed property all depend largely on the same driver: the level of local rates and the market's view of the sovereign's creditworthiness and economic growth. Yet in a typical portfolio approach, the exposure of these assets would all be considered separately against applicable asset class benchmarks, without necessarily recognising the aggregated SA interest rate risk it was taking. We ask instead which instrument offers the best return for that risk. When long-dated government bonds offered yields in excess of 12% (which we regarded as equity-like real returns with no earnings risk attached), the fund preferred holding a large bond exposure offset by smaller positions in domestic bank and property shares. This freed up very useful risk budget that could be deployed elsewhere in the portfolio.

Importantly, every position should play a clear role in the portfolio. Some holdings are there primarily for long-term returns, others to diversify the fund's dominant risks, and others to protect it against inflation or a sudden market shock. In addition, our willingness to look beyond the benchmark helps us to find sources of diversification a top-down process can often overlook.

Energy is a good example of an exposure that a top-down process is likely to miss, given how small a part it plays in most equity indices (around 3% in the S&P 500 Index). In the PSG Balanced Fund, around 12% of capital is invested in energy-related shares, and they do a job that few other holdings can. We expect good returns from our holdings in the sector in isolation. However, their returns are largely unrelated to the fortunes of the South African economy, and importantly, they tend to do well amid the inflationary and supply-driven shocks that hurt most other assets, as 2022 demonstrated.

Offshore currency plays a similar role. The rand has a long history of weakening when South African assets are under pressure, which means our offshore holdings tend to cushion local losses in rand terms. After a generational sell-off, we currently find the Japanese yen one of the most interesting currencies to own. We therefore view the offshore allowance as an important source of portfolio resilience, and not only as a source of return.

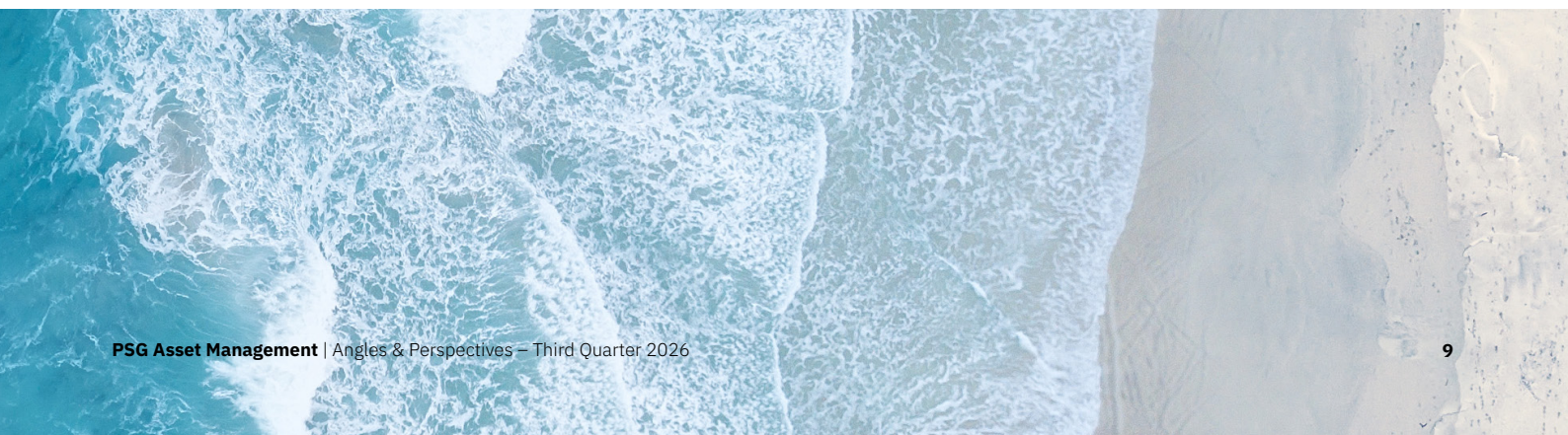
A team structure that supports the process

Our investment team, based in Cape Town, researches and makes decisions on every security in the fund using the same investment philosophy and approach. As generalist investors, our process enables us to research and rank best ideas from assets as diverse as a domestic mid-cap, a global healthcare business or a Brazilian government bond. We believe this is a necessary condition for an integrated approach to work: without one research process and one set of decision-makers, it becomes very difficult to compare.

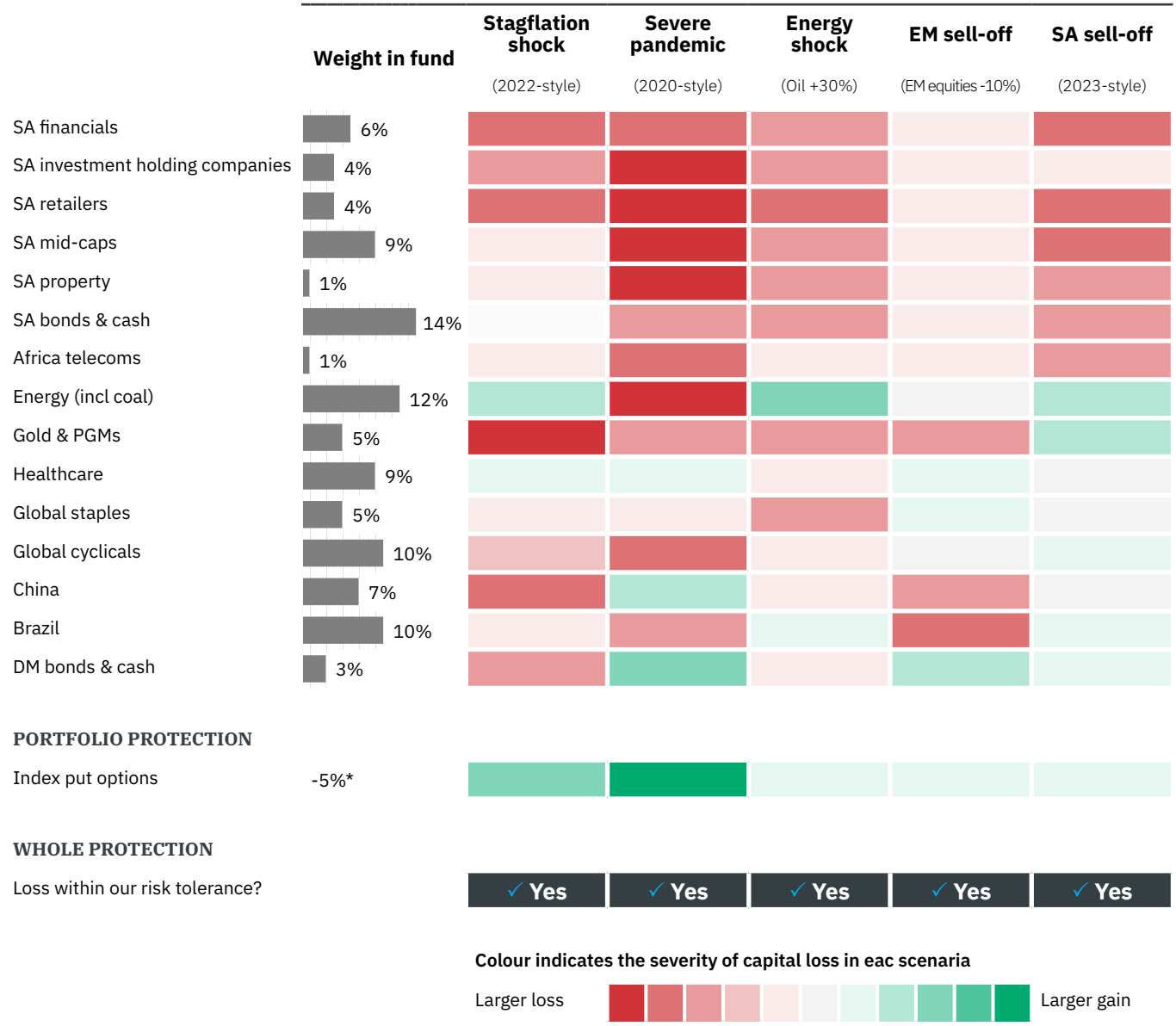
We test the portfolio against a range of outcomes

We do not position our portfolios with a single macro outcome in mind. Mindful of the objectives we have for portfolio outcomes and attendant risk considerations, we test the fund against a range of plausible scenarios and aim to size positions so that no single outcome can do lasting damage. The diagram below shows how the different parts of the fund are likely to behave across five illustrative scenarios.

> *Each security has to compete with every other idea in the fund for its place, regardless of whether it is a share or a bond, listed locally or offshore, or sits higher or lower in a company's capital structure.*



Stress test scenarios



Illustrative scenario analysis of the PSG Balanced Fund at 30 September 2026, in rand. Stagflation shock: a 2022-style geopolitical shock, with energy and food prices spiking, interest rates rising and bonds and equities falling together. Severe pandemic: a 1-in-20-year event modelled on the 2020 Covid-19 sell-off. Energy shock: oil prices up 30%. EM sell-off: emerging market equities down 10%. SA sell-off: modelled on the May 2023 sell-off in SA assets following the Lady R episode. Effective (delta-adjusted) equity exposure of index put options; their impact is assessed separately from the other exposures. Source: PSG Asset Management.

Of course, no portfolio is equally well suited to every environment and in order to achieve long-term return objectives, some risks need to be taken. Tools like this help the team to better understand and measure the true risk exposures in the portfolio, and to combine the right risks.

Protection allows us to stay invested in our best ideas

Most discussions on risk focus only on the downside and completely ignore the cost of foregone upside returns. To deliver on our target return of CPI+5% p.a. over time, the fund needs a meaningful exposure to growth assets. Put options on equity indices allow us to retain that exposure (and our highest-conviction positions) without accepting the full drawdown when markets fall sharply.

Many investors respond to drawdown risk by holding larger amounts of low-return assets, i.e. 'driving slower'. The explicit protection provided by our put option purchases enables us to hold more high-return assets, i.e. 'driving faster but investing in good brakes'.

We tend to buy protection after a strong run in markets, when complacency is high and the insurance is relatively cheap, within a budget that we cap each calendar year. When markets come under stress, we manage these positions actively, and the proceeds can be used to buy assets that have become attractively priced.

Current conditions make this discipline particularly valuable, in our view. Equity indices are concentrated and expensive, credit spreads and implied volatility are low, and a growing share of trading is driven by passive, systematic and short-term participants rather than price-sensitive, fundamental investors. Combined with elevated leverage in the financial system, these are the conditions in which large market moves become more likely.

PORTFOLIO PROTECTION

Buying protection so we can keep risk in our best ideas

The fund needs to hold enough growth assets to beat inflation over time. Having sufficient portfolio protection in place lets us hold that exposure, and our highest-conviction positions, without accepting the full drawdown when markets fall.

What we buy

Put options on major equity indices: the SA Capped Top 40, S&P 500 and Euro Stoxx 50 Indices. Usually struck 8% to 10% below the market, three to six months out.

When we buy it

After markets have run hard and protection is cheap. Protection costs far more after sell-off.

How much we spend

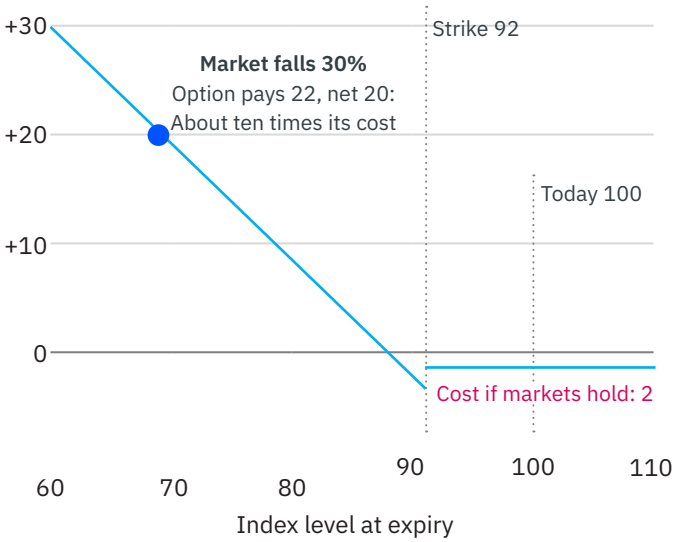
A capped annual budget. The cost is known upfront and can never exceed what we paid. At times we hold no protection at all.

When it pays

We manage it actively. Proceeds are added to cash or buy assets that have become cheap in the sell-off.

A HYPOTHETICAL EXAMPLE

The index is at 100. We buy a put with a strike of 92, costing about 2% of the amount protected.



Value at expiry, per 100 protected, after the 2 premium. Illustrative only.

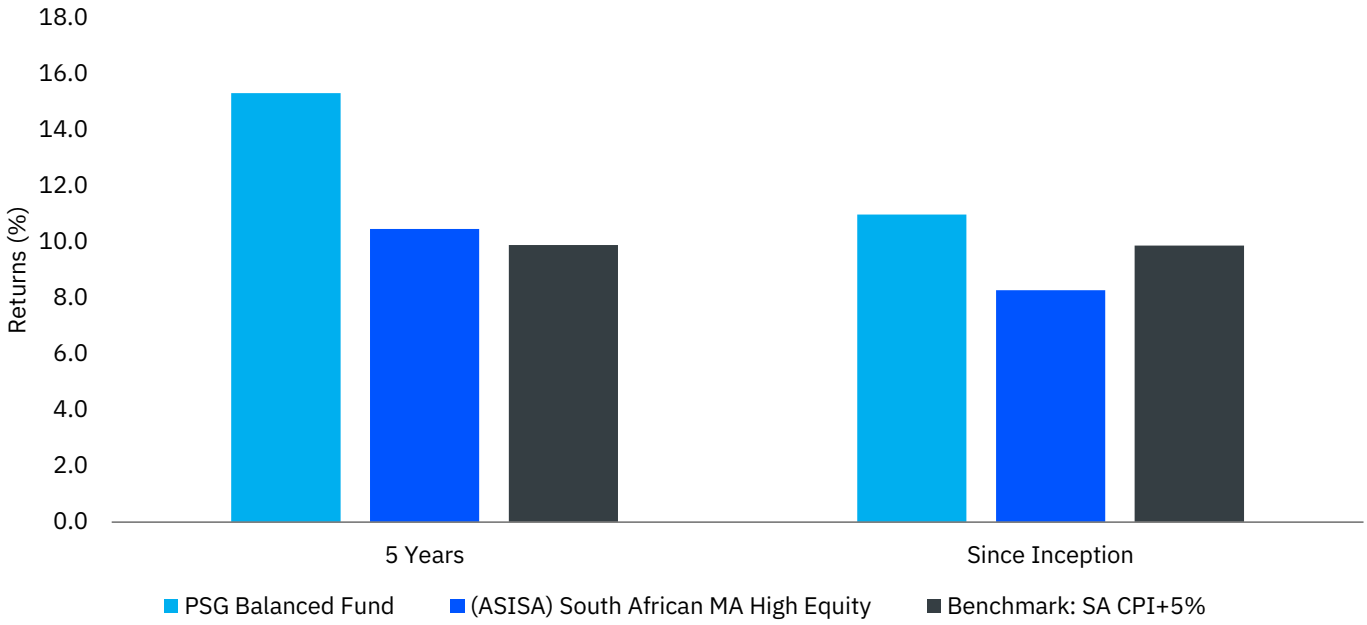
> ***The brakes allow you to drive faster.***
>
> - David Dredge (2025)

> ***Hedges should be judged on what they add to the whole portfolio, including "the creation of additional risk capacity."***
>
> - Morgan Stanley (2026)

What this means for our clients

Clients in the PSG Balanced Fund own one portfolio, built bottom up from the best ideas of a single investment team and managed as an integrated whole from a risk perspective. This approach has rewarded our investors over the longer term.

5-year and since inception return



Source: Morningstar, as at 30 September 2026. Click here to view the minimum disclosure document of the PSG Balanced Fund.

This approach comes with trade-offs, and we prefer to be open about them. The fund will often look quite different from its peers and from the index, and it can lag when a narrow group of index heavyweights runs hard. At present, those themes are precious metals on the JSE and AI-related hardware in the US, where our exposure is modest (which has been uncomfortable at times!). We accept this, as we believe a portfolio built from the bottom up, and tested against what could go wrong, gives our clients the best chance of reaching their long-term goals.

In our view, the growing global interest in alternative approaches to portfolio construction (like the Total Portfolio Approach) is helpful. It gives us clearer language to describe an approach we have followed for many years, and we believe it will become increasingly valuable to investors in the years ahead.



Why a total team approach underpins our TPA thinking



John Gilchrist



Greg Hopkins

John has been with PSG since December 2018. He is CIO and a fund manager on the PSG Stable Fund and PSG Diversified Income Fund. John has over 22 years' investment experience and was previously co-head of the Customised Solutions Boutique at OMIGSA. He is a CA(SA) and has an MBA from Insead in France.

Greg is the Deputy CIO at PSG Asset Management and on several of our funds, including the PSG Global Equity Sub-Fund and PSG Global Flexible Sub-Fund. He has over 28 years' investment experience and is a CA(SA) as well as a CFA charterholder.

The CFA Institute's research on total portfolio approach (TPA) adopters found that their biggest challenges were cultural change, team coordination and governance, rather than investment methodology. That rings true to us. To successfully implement a total portfolio approach, your philosophy, processes and, most importantly, your team have to be configured in a way that supports it. Put simply, a total portfolio approach needs a total team approach.

Scouts in search of opportunity

We sometimes compare our team dynamic to a beehive. The comparison is not about being busy (although we are!), but rather about our way of working. Each bee aims to find the best resources, and then to communicate this information back to the hive. Working collectively, the hive thrives.

Similarly, all our analysts and fund managers scour the world looking for the best risk-adjusted opportunities (across the capital structure), and share their insights with the rest of the team. The team debates the various ideas, decides which ones to exploit to our clients' advantage, and then allocates resources to research these ideas fully. These ideas can be in a company's shares, bonds or hybrid instruments; or a government bond (fixed or floating; nominal or inflation-linked).

Shared principles ensure alignment

To operate effectively, and ensure the success of our collective asset management 'hive', we align to some key principles.

One philosophy across every asset class

We follow a consistent investment philosophy across equities, fixed income and property. We like to shop in uncrowded areas of the market, where there is less competition for ideas and bargains are easier to find. These areas are often associated with fear and uncertainty, or are simply being ignored by investors. As Bank of America strategist Michael Hartnett puts it: "Sell hubris and buy humiliation." Within these uncrowded areas we look for quality that the rest of the market has missed. Once we find interesting opportunities, we apply our 3M research process, assessing quality through the moat and the management review, and price through the margin of safety (the difference between the market price and our intrinsic value in a bear, base and bull scenario). In short, we are looking for mispriced quality.

Our long-standing investment in Star Bulk, a bulk shipping company in a deeply out-of-favour industry, is a good example. It compounded at 30% a year from the time we bought our first share in September 2016 until we exited our position in August 2026.

The same approach works well for fixed income credit securities, with the 3M research process being incorporated into the credit score we assign to each instrument.



One language for comparing ideas

We share a common language for comparing opportunities across asset classes. How does a returning bee tell the colony where the pollen is, and how good it is? Every security in our process is given a required return which reflects our assessment of the risks, and an expected return based on a range of potential outcomes rather than a single forecast. This gives a consistent view of expected risk-adjusted return, allowing us to compare a South African bank share with a Brazilian government bond.

One deeply integrated team

We run one, globally integrated process using a single, unified team. Our team has numbered between 18 and 20 investment professionals for several years – this is large enough to cover a broad opportunity set, yet small enough for ideas to travel quickly through the team. Our people are generalists who look across capital structures, geographies and sectors, supported by deeply embedded equity and fixed income credit skills and a broad appreciation of the macro environment.

Crucially, the team members research every asset in our portfolios themselves. Every equity, preference share, credit instrument, property share and bond – local or global – have been identified and researched in-house, and every holding in every portfolio has been specifically chosen by the fund manager. We have modelled each asset and understand its sensitivities, including both macro environment and company-specific factors. This enables us to combine assets confidently from the bottom up, understanding how they are likely to behave – both in the environments where we expect them to do well, and in more challenging environments.

Where the team sits matters too. In our open plan Cape Town office, nobody has a private office, and fixed income, equity and property specialists, fund managers and analysts all sit together. This means debate and discussion happen frequently and naturally.

Team decisions: one member, one vote

Once an analyst has researched an idea, they present it to the relevant investment committee: equity, credit or fixed income. We do not separate local and global research or investment committees. There is one committee for each asset class, whether the opportunity is in Johannesburg, New York or São Paulo. The committees are also deeply integrated with each other: around 70% of the members of our fixed income and equity investment committees are the same people. The credit analyst who understands a the company's balance sheet extremely well is in the room when its shares are debated (and vice versa), making it natural to ask whether the company's equity or the debt offers the better risk-adjusted return.

Debating ideas is probably the most significant way we tilt the odds towards good decisions. Discussion is rigorous and focused on the facts. When an argument rests on a narrative rather than evidence, it is identified as such. At the end of the debate, every member of the committee votes and every vote is recorded. While everyone votes, an experienced group of 5 to 7 individuals on each investment committee are designated as voting members, and the investment committee decision is based on the majority view of this group. The CIO does not have a double vote or a veto. It is one voting member, one vote, and if the vote is tied, we follow the analyst's recommendation. The ideas that make the grade are added to our buylists (for equities, credit, fixed income and property – both local and global).

We firmly believe that, over time, this kind of team-based decision-making leads to better outcomes than any individual on their own could achieve. Over short periods, a single individual might have done better, but over the longer term, the team's decisions have consistently proven more reliable.

Discretion with accountability

Fund managers shop from the buylists relevant to their mandates. This is where the competition for capital at the heart of our total portfolio approach becomes real. Each fund manager has full discretion in terms of which securities to hold and how large each position should be, guided by the fund's return and risk objective (which generally is focused more on limiting drawdowns, rather than constraining volatility).

That discretion comes with direct accountability. There is no committee to hide behind and no asset class sleeve to blame. We think this is the optimal blend of team-based decision-making and individual responsibility: a buylist agreed by the team, but individual responsibility for the implementation into a portfolio. Fund managers are also responsible for highlighting any portfolio-specific needs the buylists aren't providing, thereby driving further targeted idea generation. This approach also streamlines decision-making. This has proved particularly valuable since 2020, with historical correlations frequently being poor guides of actual correlations and rapidly changing conditions requiring fast decision-making.

The wisdom of crowds, applied to portfolios

Investment committee debates centre on the individual asset: is it a good business or instrument, does it meet our 3M criteria, and would it be a good addition to our portfolios? Every month, our Portfolio Review Group (PRG) meets to examine our portfolios' positioning and risks. This is an opportunity for fund managers to have other experienced team members look deeply into their funds, and to draw on the wisdom of the wider group.

Fund managers are encouraged to send specific questions relating to their funds to the broader group before a PRG meeting. “I’m grappling with this specific challenge. What does the group think, and what are possible solutions?” Stress tests, scenario analysis and factor analysis show how each portfolio is likely to behave in different environments, on both an absolute and a relative basis. If there is a meaningful probability that a portfolio would disappoint clients in a particular scenario, we look at how to take that disappointing outcome off the table (or reduce it), even if it means giving up some return. Each quarter, Head of Research Kevin Cousins presents on the global macro environment, inter alia taking the team through the global growth and inflation outlook, which helps inform the scenarios we look at and the probabilities we assign to various outcomes. The PRG does not forecast, and it does not override the fund manager, but it can (and does) challenge a portfolio’s positioning and encourage further work or adjustments if required.

Culture: low ego, high trust

Our process would not work without the right culture. Investment professionals have to watch their best ideas compete alongside those of their colleagues. It requires an environment in which the strength of an argument counts for more than the seniority of the person making it.

In practice, this shows up in three ways. The first is intellectual honesty: being willing to say “I was wrong” and to change one’s mind when the facts change. The second is constructive challenge: debate is about the idea, not the individual. The third is shared ownership. A fixed income analyst who argues that a company’s shares offer better value than its bonds is doing exactly what we want. Australia’s Future Fund made the point that the TPA model is working when the head of one asset class argues for what the total portfolio needs.

Opting for a team approach means we have to engage with each other from a position of respect, keep egos low, and understand how our colleagues make decisions, including the strengths and blind spots of each approach. Cultural fit therefore matters as much to us as technical skill, and we employ people with a high degree of self-awareness.

We often use the analogy of a cycling peloton. Riding together, a team can go faster and more safely than any rider on their own. It is also simply more enjoyable than riding alone, and that matters more than it might seem. An environment where people enjoy their work and are happy to help each other is one where smart people want to stay and build a long-term career. That longevity is a real benefit to our clients.

Deep muscle memory

We have run our integrated global process since 2008. Senior team retention has been strong. The average tenure at PSG Asset Management of team members with more than 10 years of investment experience is 13 years, and more than 10 members of the team started their investment careers with us. Culture is hard to build and easy to lose, and this continuity is one of the reasons we have been able to sustain our culture as the business has grown.

Ultimately, the proof of the pudding is in the eating. We pride ourselves on our long-term track record across asset classes, which shows that we continue to deliver on our clients’ objectives even as market conditions change. We believe this would not be possible without the grounding provided by our philosophy and process, our team-based decision-making and, above all, the people who make it work.

The trade-offs

There are always trade-offs, and we prefer to be open about them. An approach built on generalists, collaboration and individual discretion depends on getting the people and culture right, and that takes deliberate effort to protect as a business grows. Our portfolios can also look very different from those of peers and the index, resulting in differentiated performance over shorter periods. Furthermore, a fully integrated fund does not always fit neatly into a building block framework.

TPA aligns with how we have approached portfolio construction for almost two decades

The CFA Institute describes TPA as an integrated investment philosophy and decision-making framework. For us, it describes how we have worked for many years: one philosophy across every asset class, a common language for comparing ideas, team decisions on what makes the buylists, fund managers with real discretion and accountability, and peer review that challenges without diluting conviction.

Above all, TPA relies on people who care more about the outcome for our clients than about who gets the credit. That, more than any framework, is what allows us to build one portfolio from our best ideas, with every holding earning its place because of what it contributes to our clients’ long-term goals.

Reference:

The Total Portfolio Approach (TPA): A Practical Guide for Navigating the Transition to TPA, Roger Urwin, FSIP, and Genevieve Hayman, PhD, CFA Institute, July 2026

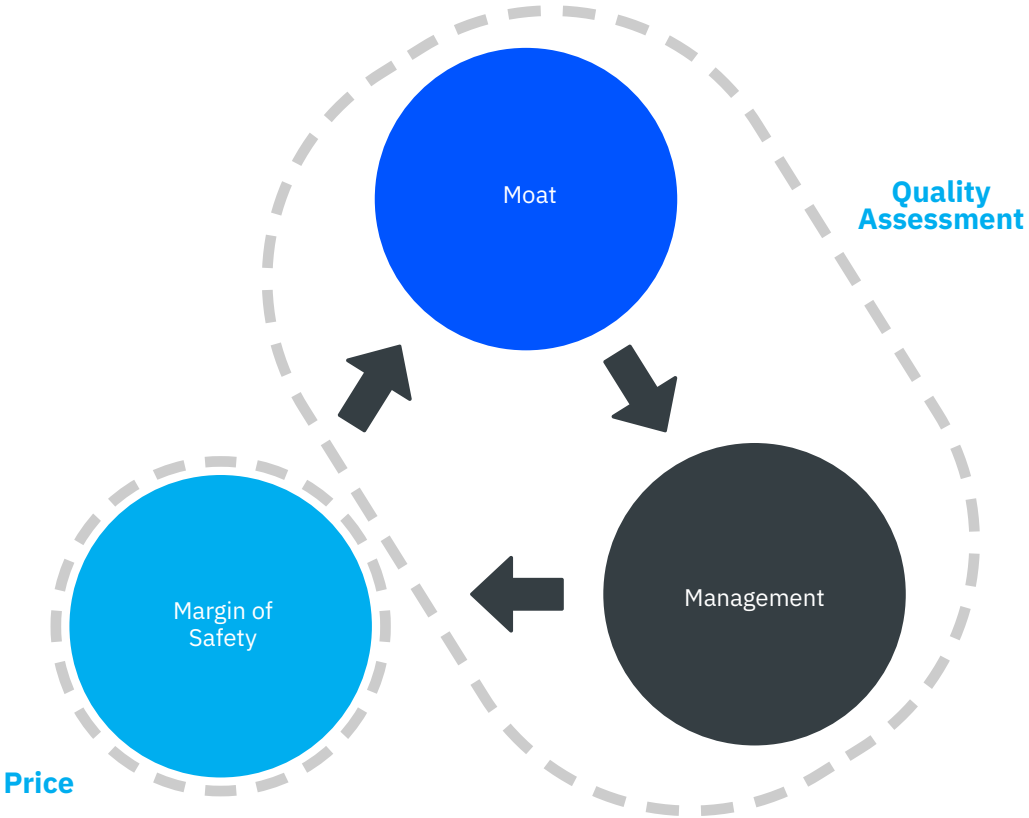


A quick reminder of our 3M process

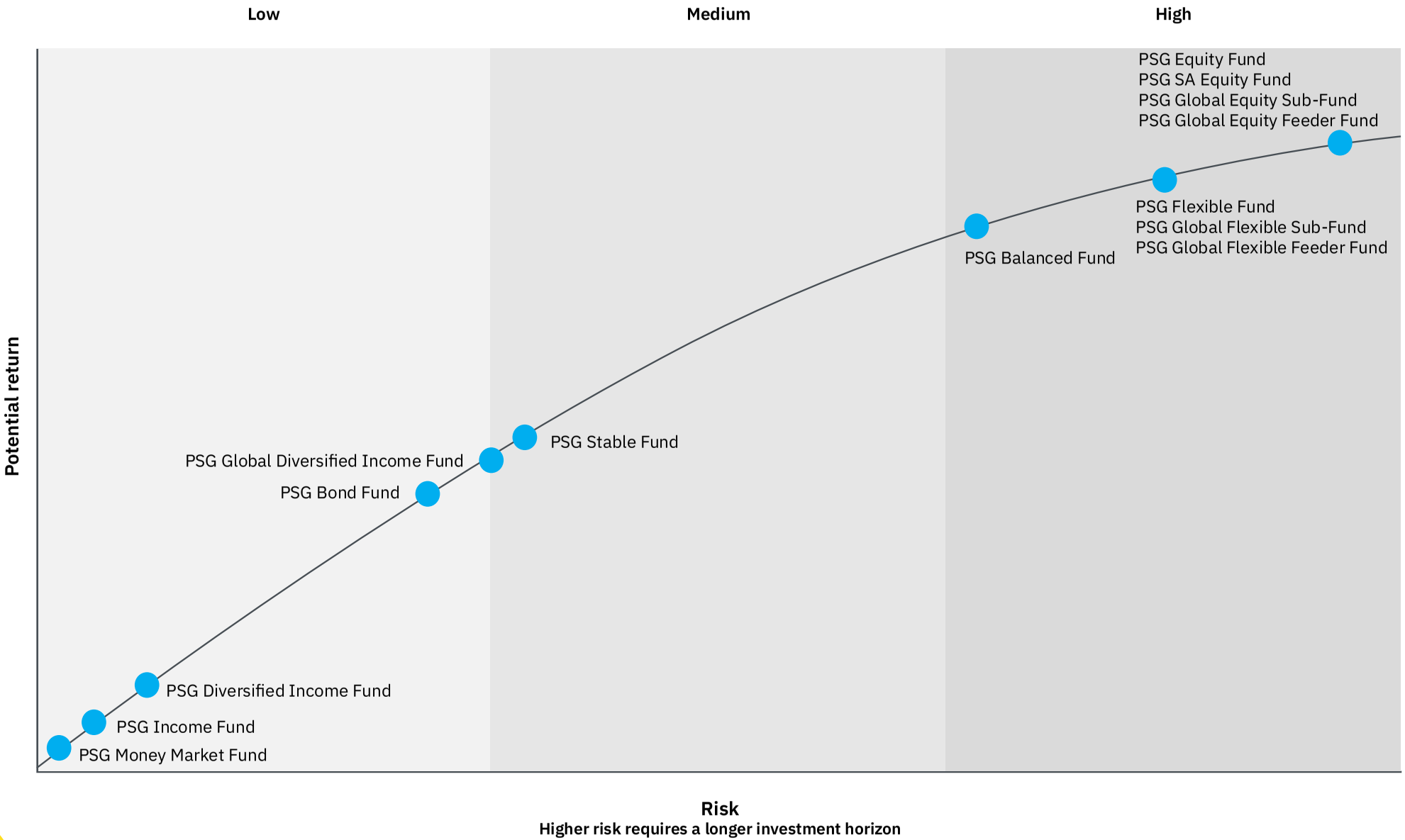
As investment professionals, we seek to generate consistent long-term returns for our clients. A robust and proven investment process is at the heart of our ability to do so consistently over time, even as market cycles come and go and stocks fall in and out of favour. We understand that generating strong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



Local unit trust summary

	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 rands • 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 rands • 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 (among 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.

No responsibility can be accepted for any consequential loss arising from the use of this information. The information is expressed at its date and is issued only to and directed only at those individuals who are permitted to receive such information in accordance with Malta laws and regulations. In some countries the distribution of this publication may be restricted. It is your responsibility to find out what those restrictions are and to observe them. Please always refer to the fund's prospectus and offering supplement.

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 an authorised 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 September 2026 (net of fees)

Local funds	1 Year	3 Years	5 Years	10 Years	Inception	Fund inception date
PSG Equity Fund A*	18.40	18.87	17.66	11.13	15.61**	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	6.85	18.70	15.43	12.55	13.75	
PSG SA Equity Fund F	14.70	20.79	18.37	10.65	10.24	01/11/2013
FTSE/JSE Capped All Share Net Total Return Index	5.58	18.81	15.24	11.47	10.68	
PSG Flexible Fund A†	14.88	15.58	15.29	10.61	14.12††	02/11/1998
SA Inflation + 6%	10.37	10.02	10.90	10.64	11.37	
PSG Balanced Fund E	15.62	16.78	15.32	11.00	11.10	03/09/2013
SA Inflation + 5%	9.36	9.02	9.90	9.65	9.88	
PSG Stable Fund E	12.72	13.81	11.96	9.28	9.22	03/09/2013
SA Inflation + 3% over a rolling 3-year period	7.36	7.02	7.90	7.65	7.88	
PSG Diversified Income Fund E	10.59	12.02	10.16	9.26	8.98	03/09/2013
SA Inflation + 1%	5.36	5.02	5.89	5.64	5.87	
PSG Income Fund E	9.46	9.95	8.59	8.45	8.18	03/09/2013
STeFI Composite Index	6.97	7.77	7.08	6.75	6.50	
PSG Money Market Fund F	7.02	7.85	7.20	6.56	5.73	02/09/2013
(ASISA) SA – Interest-bearing – SA Money Market Mean	6.84	7.60	6.80	6.67	6.59	
PSG Global Equity Feeder Fund E^	13.99	12.41	15.53	12.37	12.40	03/09/2013
MSCI Daily Total Return Net World USD Index (in ZAR)	9.52	15.91	13.83	14.81	15.43	
PSG Global Flexible Feeder Fund B^^	10.52	10.26	13.01	11.13	12.57	11/04/2013
US Inflation + 6% (in ZAR)	3.97	4.02	12.05	11.30	13.84	

International funds	1 Year	3 Years	5 Years	10 Years	Inception	Fund inception date
PSG Global Equity Sub-Fund B	21.30	18.55	14.29	-	10.62	02/07/2018
MSCI Daily Total Return Net World USD Index	15.24	21.40	11.89	-	12.68	
PSG Global Flexible Sub-Fund B	17.42	16.18	11.79	9.62	8.23	22/04/2013
US Inflation + 6%	9.40	8.95	10.14	9.36	8.80	

* 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.

Source: 2026 Morningstar, Inc. All rights reserved as at end of September 2026.

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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Date issued: 12 November 2026

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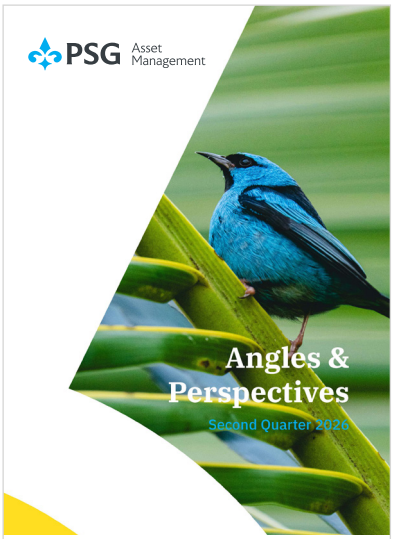
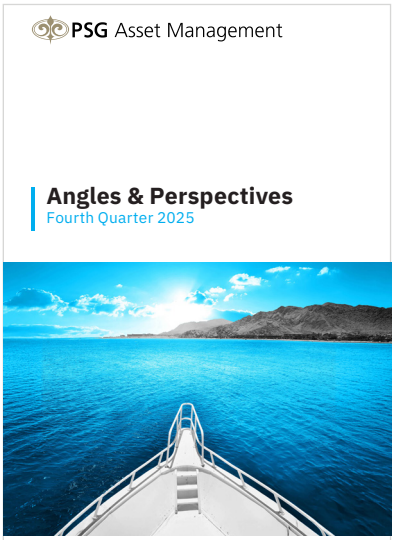


Second quarter 2026



First quarter 2026



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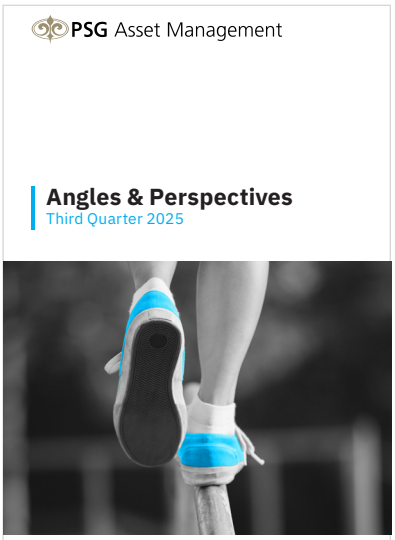

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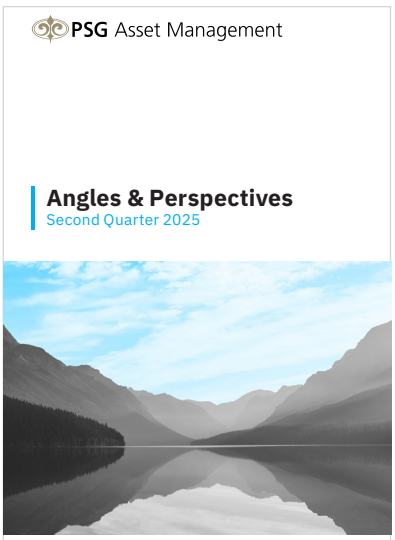

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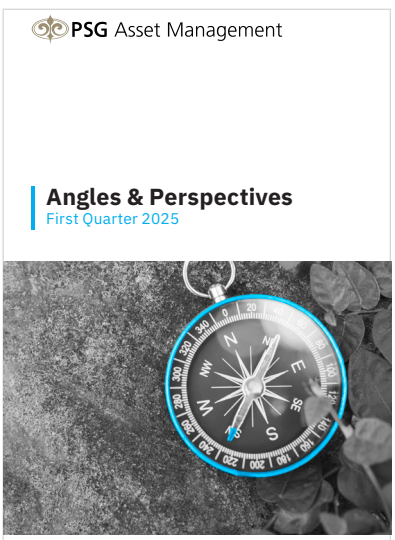

First quarter 2025