FUND FACT SHEET

31 December 2025

Umthombo Best House View Fund (BHVF)

UMTHOMBO WEALTH

FUND OBJECTIVES

The Fund represents Umthombo Wealth's best equity house view relative to a specific benchmark. The Fund aims to outperform the Capped SWIX TR over a rolling three year period.

ABOUT THE FUND

The Fund is actively managed on a discretionary basis to provide returns in excess of the benchmark with reasonable amount of risk. The Fund is expected to have a tracking error in excess of 5% with no cap.

PORTFOLIO INFORMATION

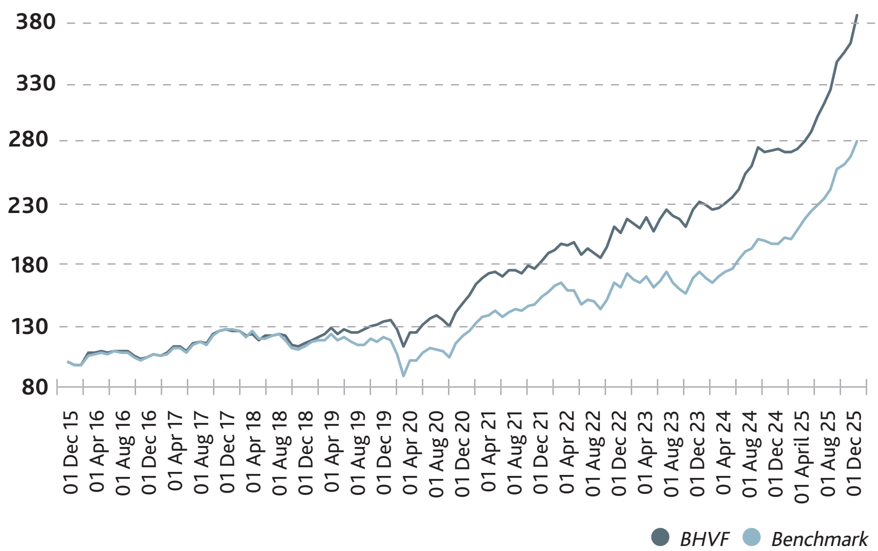
Portfolio Manager: Alexander Duys, CFA, CAIA
Benchmark: CAPPED SWIX Total Return
Inception date: 01 January 2016
Investment vehicle: Segregated
Size: R300m (invested within BHVF strategy)
Risk Level: Moderate
Equity Team: Alexander Duys, CFA, CAIA, Chief Investment Officer
Lauren Zunckel, CFA, Portfolio Manager & Analyst
Nyiko Mnisi, CFA, FRM, Assistant Portfolio Manager & Analyst
Jandre Pieterse, Assistant Portfolio Manager & Analyst
Talya Ginsberg, Equity & ESG Analyst
Bulelwa Ndara, ESG Analyst

RETURN SINCE INCEPTION

(Gross of fees)

	Portfolio	Benchmark
1 Month	6,30%	4,57%
3 Months	11,06%	8,92%
6 Months	27,19%	22,82%
1 Year	39,64%	42,61%
2 Years (annualised)	28,70%	27,18%
3 Years (annualised)	23,18%	20,38%
4 Years (annualised)	20,47%	16,17%
5 Years (annualised)	20,91%	18,28%
Since Inception	286,50%	182,46%
Since Inception (annualised)	14,48%	10,94%

PERFORMANCE - SINCE INCEPTION



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RISK MEASURES - SINCE INCEPTION

	Portfolio	Benchmark
Downside deviation	1,67%	2,27%
Volatility	3,46%	4,09%
Sortino ratio	4,48	1,74
Sharpe ratio	2,16	0,96
Tracking error	5,27%	
Information ratio (since inception)	0,67	

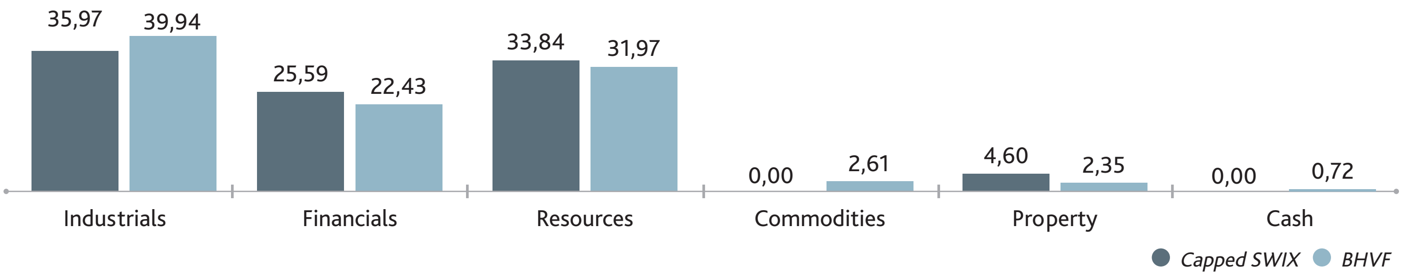
TOP 5

(Alphabetically)

OVERWEIGHTS		UNDERWEIGHTS
Absa	01	AngloGold
Glencore	02	Capitec
Naspers	03	FirstRand
Nedbank	04	MTN
Sibanye	05	Valterra

SECTOR ALLOCATION

(Umthombo Wealth internal classification)



FUND COMMENTARY

Despite the accepted narrative of South Africa's entrenched structural challenges, a number of meaningful macroeconomic green shoots emerged in 2025. Load shedding materially eased, logistics bottlenecks began to clear, inflation remained contained, the fiscal position stabilised, and South Africa's removal from the grey list marked a meaningful improvement in financial credibility. At the same time, favourable terms of trade, supported by elevated precious metal prices and a lower oil price in rand terms, provided an external tailwind. Yet investors appear to be discounting many of these important macroeconomic improvements.

This disconnect represents a clear market dislocation. South African shares, particularly in defensive sectors such as banks, industrials and consumer staples, are trading on unusually high earnings and dividend yields, in many cases exceeding or closely tracking long-term government bond yields. Across the broader market, equity yields are comparable to those available on government bonds, despite the equity risk premium investors would typically demand. In theory, lower bond yields should reduce the discount rate applied to equity cash flows, providing further support for valuations. Yet, this adjustment has been only partial, leaving equities, particularly SA Inc shares, undervalued relative to fundamentals.

In effect, investors are being offered the equity risk premium "for free." At current valuation levels, equities should, all else equal, deliver superior total return prospects relative to bonds. The persistence of this gap suggests that equity valuations, especially across domestically focused companies, remain unduly depressed and vulnerable to upward re-rating as markets recalibrate.

Crucially, this valuation anomaly exists despite a clear improvement in South Africa's fundamental backdrop. Credit extension accelerated, and domestic companies saw early signs of recovery. Looking into 2026, South Africa's favourable terms of trade, driven by rising precious metal prices and a lower oil price, are not yet fully reflected in the rand, creating scope for both currency and economic upside.

We believe this combination of elevated equity yields, improving domestic fundamentals, and supportive structural tailwinds presents a compelling opportunity for medium- to long-term stock pickers. At Umthombo Wealth, we have already identified our preferred South African shares and expect them to make a meaningful contribution as the capital cycle pivots back in equities' favour.

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