PORTFOLIOMETRIX FR DYNAMIC INCOME FUND

FUND PROFILE AND MARKET UPDATE

September 2026

MARKET UPDATE AND OUTLOOK – SEPTEMBER 2026

The **PortfolioMetrix FR Dynamic Income Fund returned 0.2%** in September 2026. The month was characterised by renewed pressure on global bond markets as oil prices rose sharply and major central banks responded to persistent inflation risks. The fund is up +12.6% over the past 12 months.

Since inception, the fund has generated a cumulative return of +89.5%, outperforming peers (+58.2%), and its benchmark* (+44.9%).

MARKET & ECONOMIC HIGHLIGHTS:

- **Global rates move higher:** The Federal Reserve raised rates by 25bps to 3.75%–4.00%, citing resilient economic activity and still-elevated inflation. Longer-dated US Treasury yields also moved sharply higher during the month as persistent inflation concerns, large fiscal deficits and heavy government borrowing continued to weigh on global bond markets.

- **Oil shock returns:** Brent crude moved back above US$100/bbl during September as renewed US-Iran tensions and disruptions to Middle Eastern shipping revived concerns around global energy supply. While oil flows began to improve towards month-end, prices remained elevated and continued to pose an important upside risk to global inflation.

- **SARB resumes tightening:** The SARB raised the repo rate by 25bps to 7.25% in September as the inflation outlook deteriorated amid higher fuel prices and persistent services inflation. Domestic rate expectations subsequently shifted higher, with markets pricing the possibility of further tightening despite a weak domestic growth backdrop.

- **SA growth disappoints**: The economy contracted by 0.2% q/q in Q2, with manufacturing, mining and trade weighing on activity. The current account also moved from a 2.3% of GDP surplus in Q1 to a 2.6% deficit in Q2, largely reflecting the impact of higher energy import costs.

- **SA bonds attract demand despite the sell-off:** Local bonds came under pressure as global yields and domestic rate expectations moved higher, but demand remained resilient at cheaper levels. Nominal bond auctions towards month-end attracted exceptionally strong bidding, with investors using elevated yields to add duration, while attractive real yields continued to support the investment case for local fixed income.

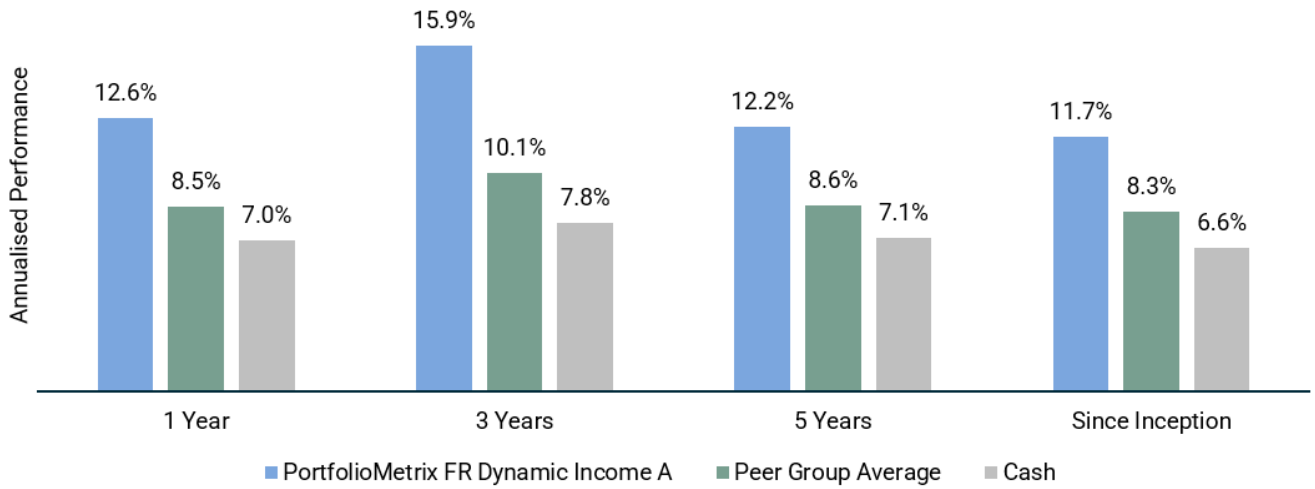
PORTFOLIO UPDATES

- Real yields across a range of instruments remain attractive, and the portfolio is well positioned to benefit from elevated short-term interest rates while retaining exposure to longer-term rate declines.
- We continue to maintain a high level of liquidity to take advantage of opportunities should further volatility and weakness occur.
- The fund's **current gross yield** ** **of 10.0% remains high** relative to short and long-term expectations for cash and inflation.

*Inception date of the fund is 2020/12/21. All performance is on a Net of Fees basis. **Peer Group Average = ASISA SA MA Income Category Average, Benchmark = Cash = STeFI Composite**. Source: Morningstar, PortfolioMetrix

** The current gross yield is indicative and fluctuates daily and therefore not guaranteed. As of 2026/09/30. Source: JSE, PortfolioMetrix

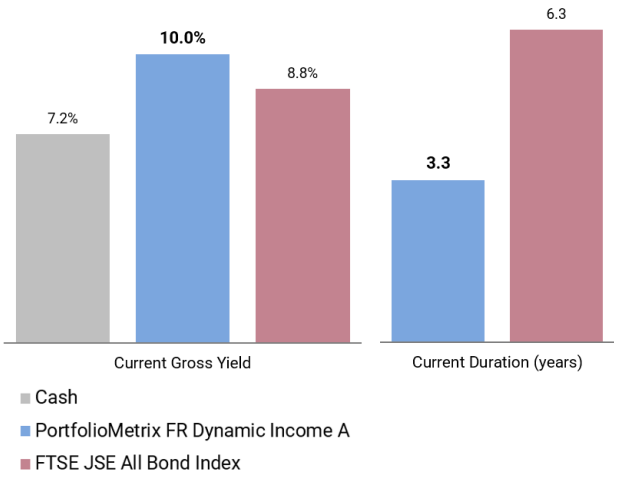
Market commentary is based on publicly available market data and PortfolioMetrix analysis as at 30 September 2026.



Inception date of the fund is 2020/12/21. All performance is on a Net of Fees basis. Data longer than a period of one year has been annualised, unless otherwise stated. **Peer Group Average = ASISA SA MA Income Category Average, Benchmark = Cash = STeFI Composite**.
Source: Morningstar, PortfolioMetrix. **Past performance is not a reliable indicator of future performance.**

FUND POSITIONING

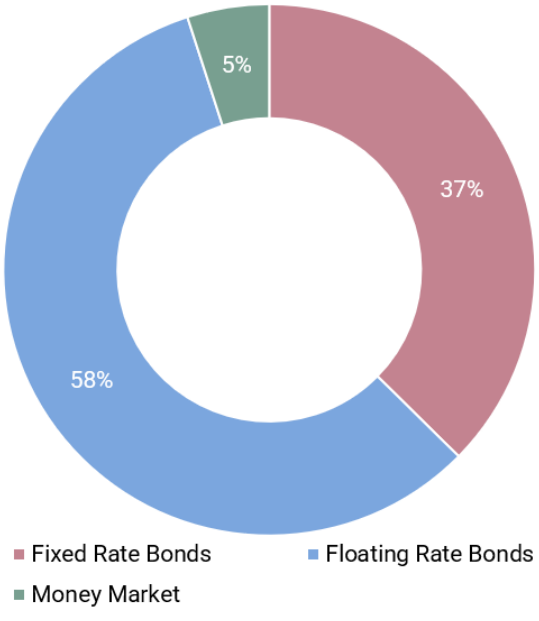
- The Fund's current gross yield** of 10.0% remains relatively high in both absolute terms and relative to current inflation and cash rates.
- The aggregate duration is currently 3.3, which indicates an interest rate volatility of just over half that of the All Bond Index, which has a current duration of 6.3 years.



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Source: JSE, PortfolioMetrix

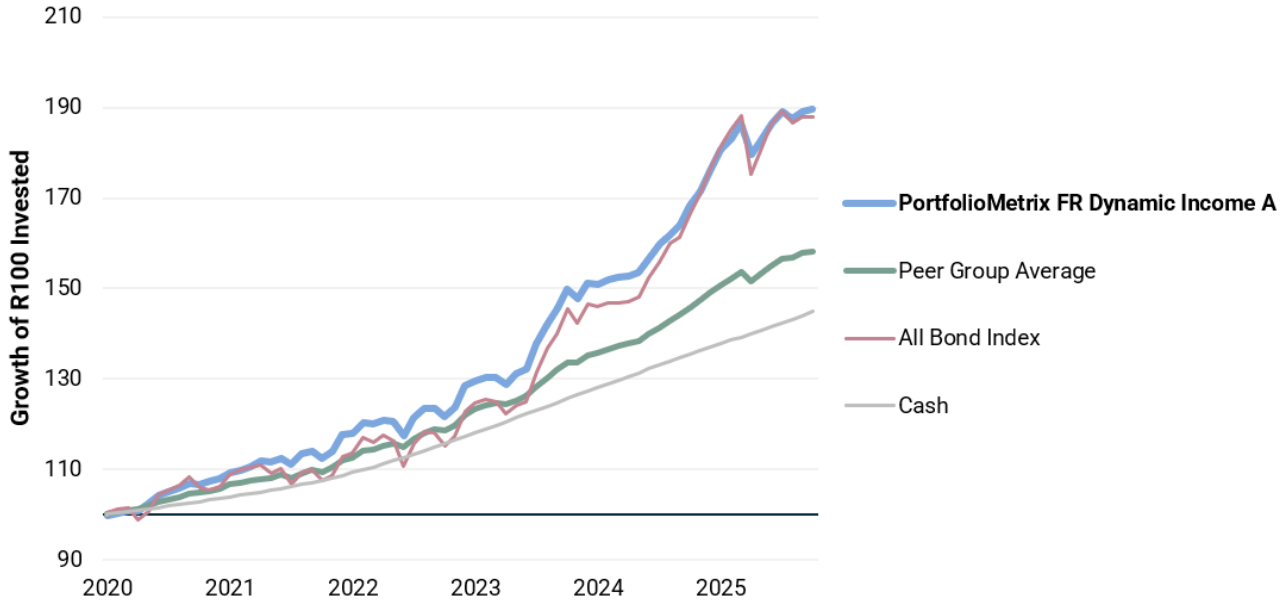
ASSET ALLOCATION

- More than half of the portfolio is invested in money market and floating-rate instruments, which continue to benefit from current high interest rates.
- The fixed rate bond exposure of approximately 37% is providing high yields for investors by locking in rates at current high levels.
- We continue to maintain a high level of liquidity in the fund to be able to manage risk in a volatile market environment and take advantage of investment opportunities as they present themselves.



Source: PortfolioMetrix

PERFORMANCE TRACK RECORD



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Source: Morningstar, PortfolioMetrix. **Past performance is not a reliable indicator of future performance.**

September 2026	PortfolioMetrix FR Dynamic Income Fund A	Peer Group Average	All Bond Index	Cash
1 Month	0.2%	0.3%	0.0%	0.6%
3 Months	0.2%	1.0%	-0.7%	1.7%
6 Months	5.6%	4.4%	7.1%	3.4%
YTD	4.9%	4.9%	3.5%	5.1%
1 Year	12.6%	8.5%	12.8%	7.0%
3 Years	15.9%	10.1%	17.7%	7.8%
5 Years	12.2%	8.6%	12.1%	7.1%
Since Inception	11.7%	8.3%	11.5%	6.6%
Cumulative Since Inception	89.5%	58.2%	87.9%	44.9%

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PORTFOLIOMETRIX FIXED INCOME TEAM

- An experienced Fund Management team with a multiple award-winning track record.
- The team works closely with the global PortfolioMetrix Asset Management team that collectively manages more than R100bn in assets under management.



PHILIP BRADFORD, CFA®



LIAM DAWSON, CFA®



RICCARDO PERETTI, CFA®

FUND OBJECTIVE AND SUITABILITY CONSIDERATIONS

- To provide a high level of income for investors with a focus on capital preservation.
- The fund may be suitable for lower risk investors with an investment horizon of 1 to 3 years.

DYNAMIC MANDATE

- The team manages the fund by dynamically investing across the broad universe of income generating investments, whilst actively managing the risk.
- The fund provides investors with diversified exposure to conservative, high income yielding investments typically only accessible by large institutional investors.
- We aim to generate a similar return to the ALBI with less volatility.
- The fund is Regulation 28 compliant.

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