

CLUCASGRAY

ASSET MANAGEMENT

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Update: Equity & Equilibrium Funds  
May 2026

Andrew Vincent  
Grant Morris

- 01** Business Overview
- 02** Equity Fund Positioning & Performance
- 03** Equilibrium Fund Positioning & Performance
- 04** Macro Summary

# ClucasGray – one business, one investment team, two divisions

*Large enough to invest in a well-resourced investment team, small enough to take advantage of a wide array of opportunities.*

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CLUCASGRAY

*Founded in 2005 ClucasGray is an owner managed Investment boutique*

*COMMON RESEARCH AND INVESTMENT  
PLATFORM*

*15 INVESTMENT PROFESSIONALS*

# Alpha Thesis

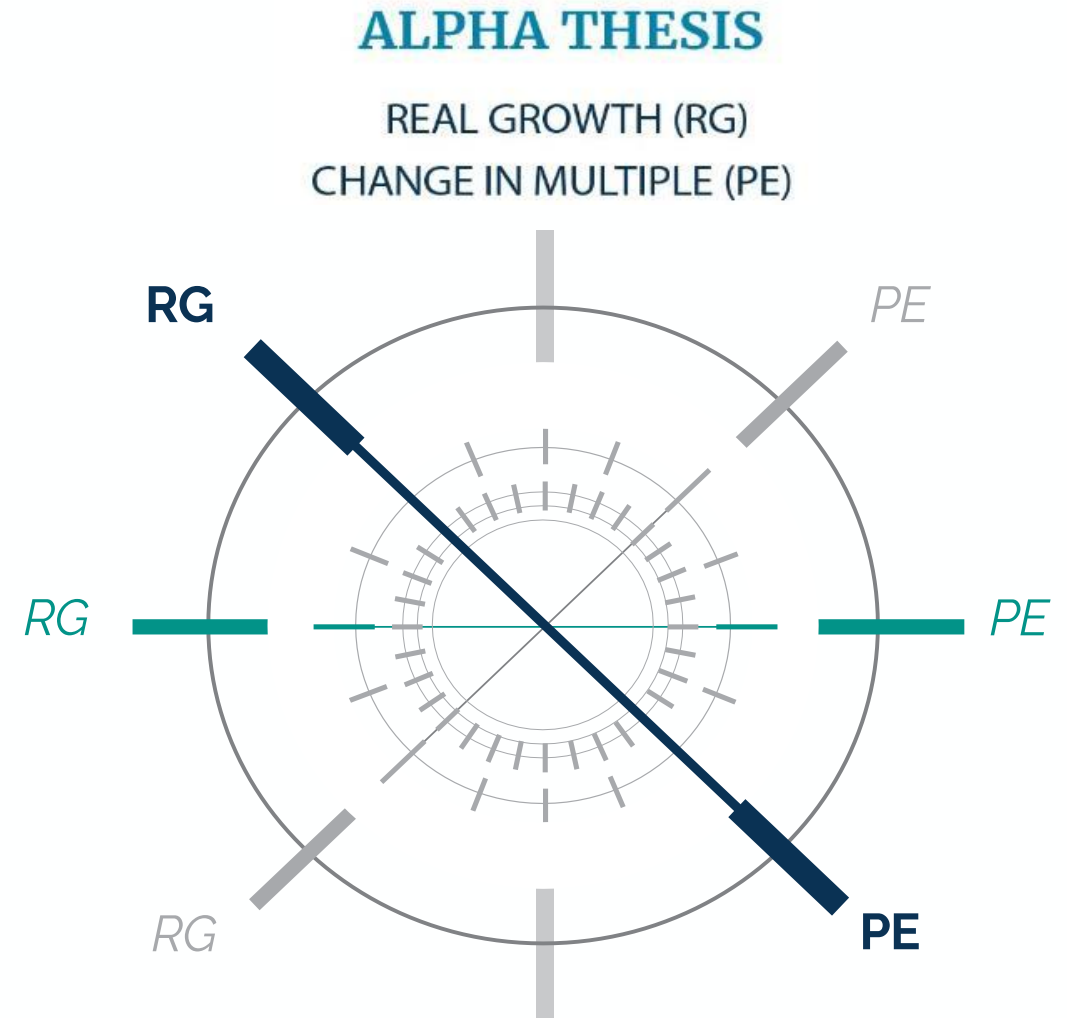
The corner stone of the ClucasGray Asset Management investment process

*We believe that by investing in long term structural earnings outperformers, at an attractive valuation, is the best way to generate compound returns.*

The key drivers of a share price are:

1. Real growth in earnings, dividends and cash flows;
2. Change in the rating or PE multiple.

We are **“Valuation obsessed”**



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Equity Fund  
Positioning &  
Performance

# ClucasGray Equity Prescient Fund

*Alpha over time ... not necessarily all the time*



## MEET THE MANAGERS

Andrew  
Vintcent



Grant  
Morris



The ClucasGray Equity Prescient Fund is a high conviction, SA only, general equity fund.

STRATEGY AUM  
**3.3 Bill**

INCEPTION DATE  
**1 Oct 2011**

### INVESTMENT OBJECTIVE

*The Fund aims to provide long-term capital growth ahead of its benchmark (FTSE/JSE Capped All Share Index) and the competing unit trust category by investing in shares that are listed on the JSE.*

### INVESTMENT STYLE

*Fundamental analysis, a valuation discipline and a belief that inefficient markets create opportunities in **MISPRICED ASSETS** underpin our process.*

# Current Positioning – Top Equity Holdings

*Diversified portfolio across the market cap spectrum*



<u>Company</u>	<u>CG Equity Fund</u>
Absa	9%
Naspers	6%
Standard Bank	6%
Old Mutual	4%
Reinet	4%
ARM Minerals	4%
Glencore	4%
Nedbank	4%
Truworths	4%
Valterra	4%
Reunert	4%
The Kal Group	3%
Life Health	3%
Exxaro	3%
Sasol	3%

	<u>CGEF</u>	<u>JSE</u>
<i>Weighted Fwd PE multiple</i>	9.0x	15.5x
<i>Weighted Fwd Dividend Yield</i>	5.0%	3.6%
<i>Potential Portfolio IRR</i>	> CoE	< CoE

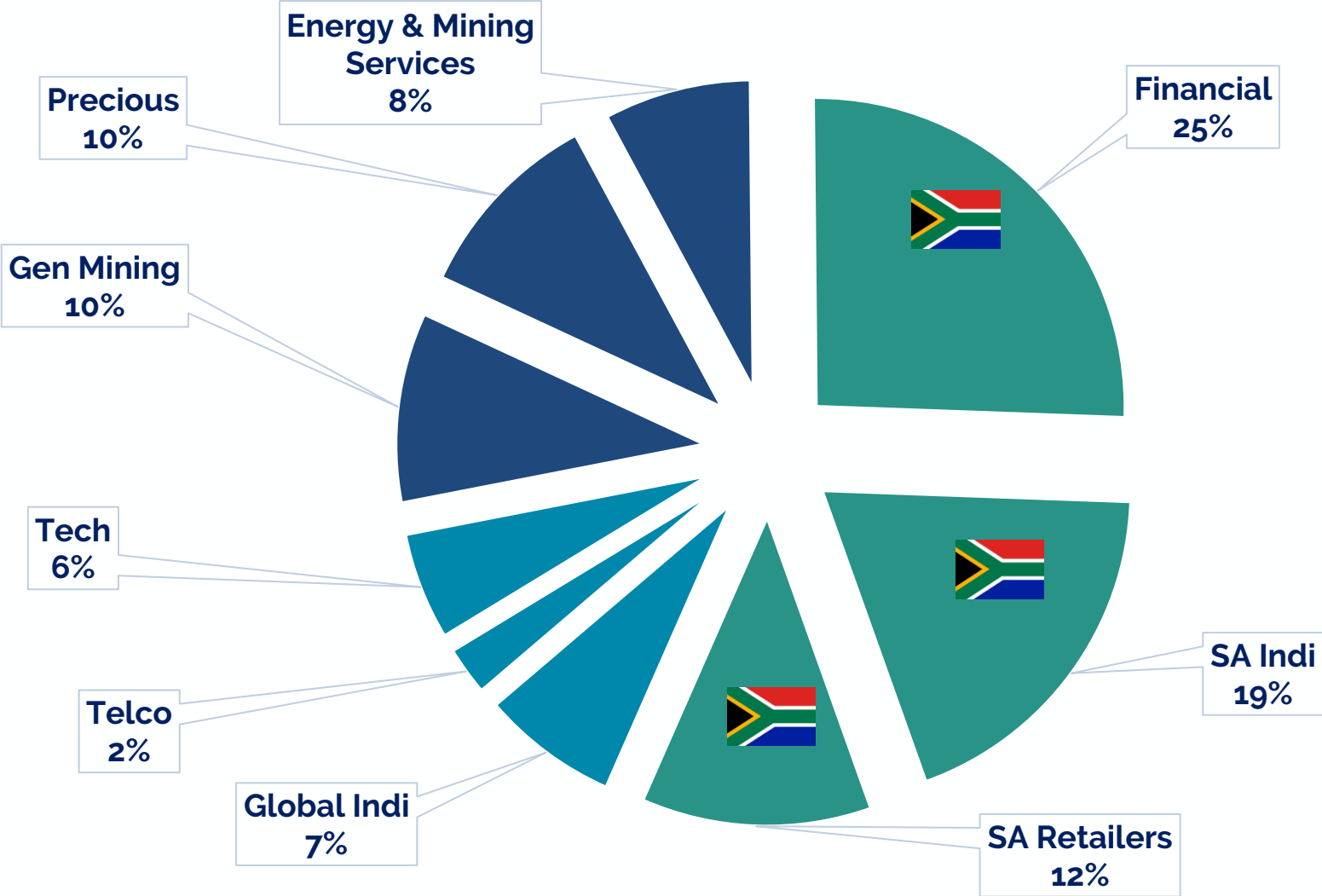
Min Weight  
1.5%

Focused portfolio  
< 30 holdings

Max Weight  
10%

# ClucasGray Equity Prescient Fund positioning

Portfolio Positioning and Themes



# Equity Fund - Alpha Thesis Behind Each Holding

*Valuation support the common thread across a divergent grouping of companies*

High Quality Structural Growth	Attractive Real Growth	Cyclical Play	Low Valuation / Turnaround	NAV Play
<b>The Kal Group</b>	<b>FirstRand</b>	<b>Astral / Motus</b>	<b>Nampak / AECI</b>	<b>Sabvest</b>
<b>Premier</b>	<b>Standard Bank</b>	<b>ARM Minerals</b>	<b>Pick n Pay</b>	<b>Ethos</b>
<b>Naspers</b>	<b>MTN</b>	<b>Exxaro / Glencore</b>	<b>Life Health</b>	<b>Reinet</b>
<b>Anheuser</b>	<b>Truworths</b>	<b>Sasol / Anglo</b>	<b>Absa / Nedbank</b>	
	<b>Foschini</b>	<b>Impala</b>	<b>Momentum</b>	
	<b>Reunert</b>	<b>Valterra</b>	<b>Old Mutual</b>	
<b>Alpha Thesis</b>				

**PERFORMANCE = EARNINGS + RATING CHANGE + DIVIDEND**

**PERFORMANCE = Self Help / NAV Unlock / Corporate Structure Change / Corporate Action**

# ClucasGray Equity Prescient Fund changes

Portfolio Changes since Q3 2025

Currently at 30 holdings



## Exited

*Metrofile*  
*BTI*  
*Adcock*  
*Prosus*  
*Anglos*



## Reduced

*FirstRand*  
*Absa*  
*Astral*  
*MTN*  
*Motus*  
*Ethos*  
*Exxaro*  
**Sasol**  
*Valterra*



## Added

*Anheuser*  
*Nedbank*  
*Truworths*  
*Glencore*  
*Pick n Pay*  
*Mondi*

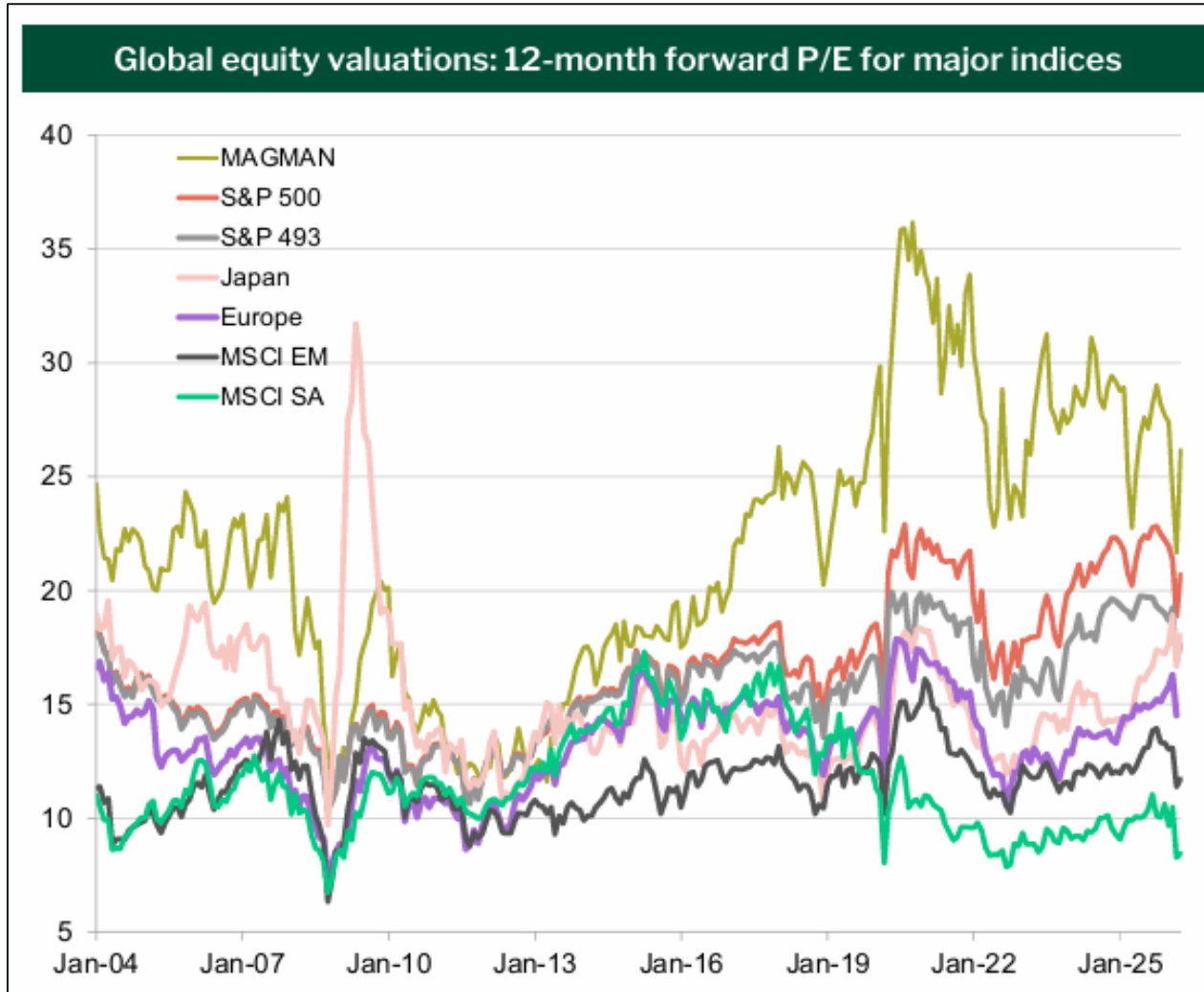


## Increased

*Reinet*  
*Foschini*  
*Life Healthcare*  
*AECI*  
*Reunert*  
**Sasol**  
*Old Mutual*  
*Naspers*  
*The KAL Group*

# South African Equity Valuations in Context

Valuations remain modest – earnings outlook is reasonable, cash flow generation supportive of high dividends.



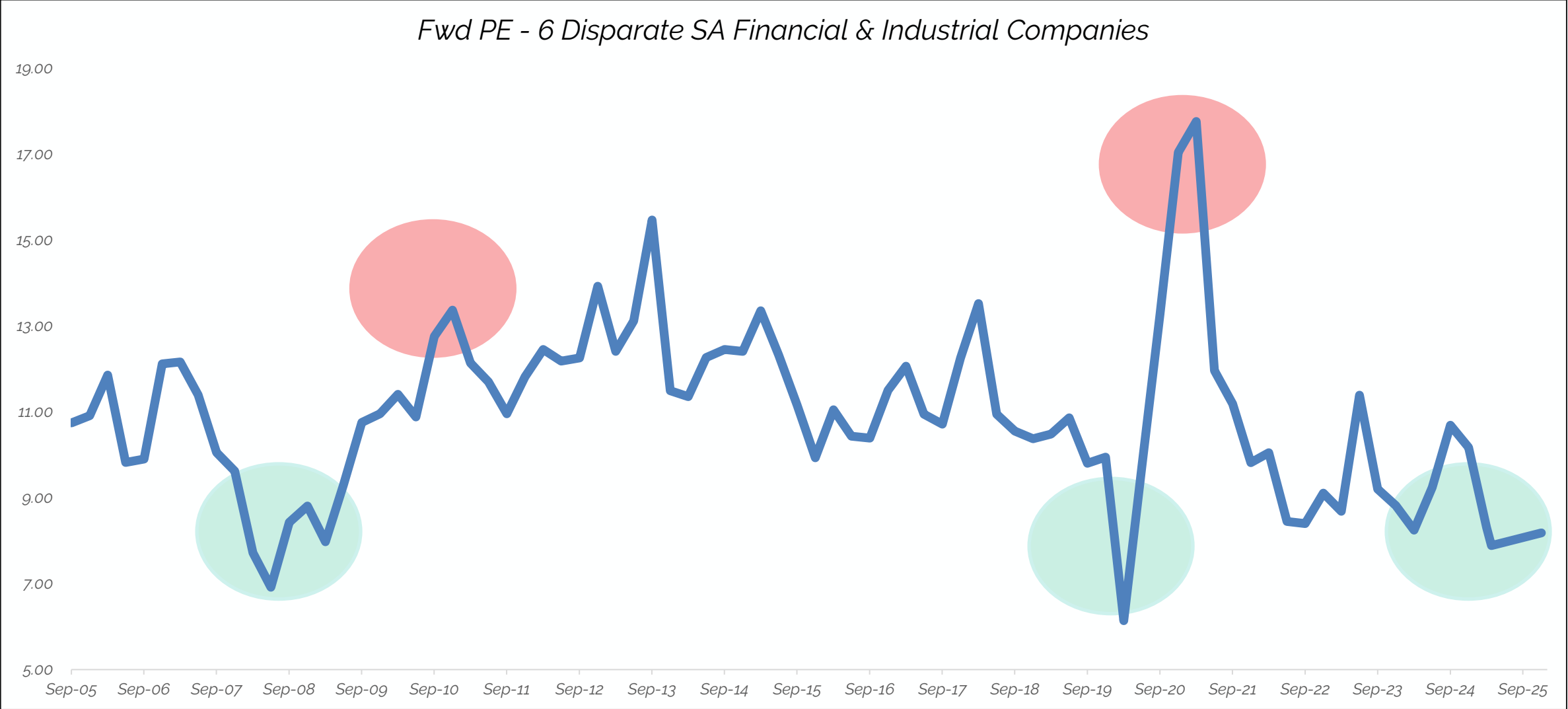
**29 April 2026**

Company	12 M PE	12 M DY%
ABSA	6,9	7,8%
STANDARD BANK	9,3	6,0%
MOTUS	5,8	5,9%
AECI	6,9	7,0%
MOMENTUM	6,9	6,4%
OLD MUTUAL	7,0	7,4%
TRUWORTHS	6,9	9,2%
REUNERT	10,0	5,5%
KAL GROUP	6,4	6,5%
ASTRAL	5,4	8,7%
ARM	7,3	6,5%
EXXARO	6,0	10,0%
FOSCHINI	7,1	4,5%

# Sample of 6 SA Financial & Industrial Companies



*Modest re-rating, despite strong share price performance – earnings driven returns*

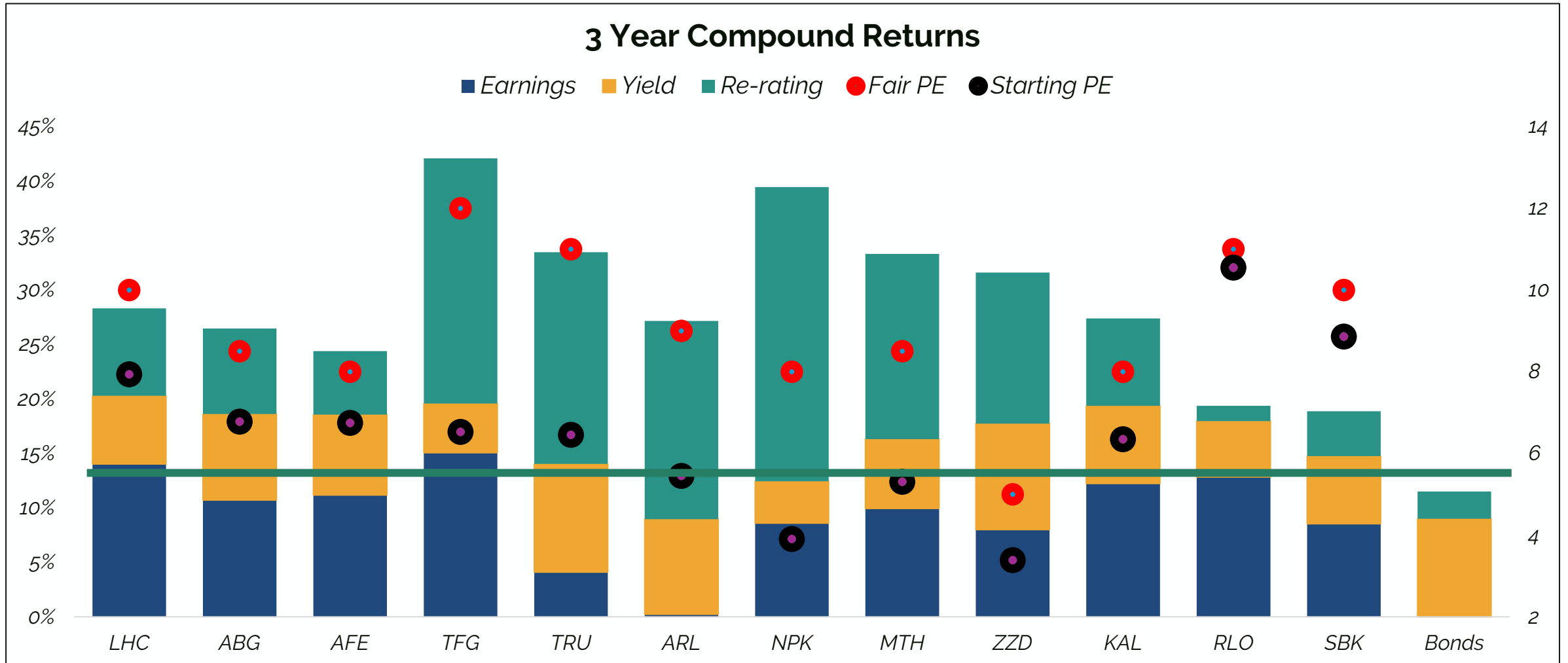


# Snapshot of Investment Universe

*Differing drivers of prospective returns*

## 3 Year Compound Returns

■ Earnings ■ Yield ■ Re-rating ● Fair PE ● Starting PE



# Dividends have been key contributor to Total Returns for SA Banks

*With excess capital, modest loan growth & high ROE's, we would expect this trend to continue*

**Figure 2: SA Banks – total shareholder return (past 25 years)**

	Absa	Capitec	FirstRand	Nedbank	Standard	JSE ALSI	S&P500
<b>Total shareholder return (incl. dividends reinvested)</b>							
25yr CAGR	14.9%	40.5%	16.1%	6.6%	14.0%	14.7%	12.0%
10yr CAGR	12.6%	24.8%	13.7%	10.4%	16.5%	12.5%	15.6%
5yr CAGR	22.8%	26.5%	19.2%	23.8%	26.0%	18.9%	17.2%
<b>Total price return</b>							
25yr CAGR	8.9%	38.3%	10.9%	2.2%	8.9%	11.2%	6.8%
10yr CAGR	5.3%	22.7%	7.9%	3.5%	9.9%	8.6%	12.8%
5yr CAGR	14.8%	23.7%	12.2%	15.5%	18.0%	14.3%	12.8%
<b>Implied dividend yield</b>							
25yr	6.0%	2.3%	5.2%	4.4%	5.1%	3.5%	5.2%
10yr	7.4%	2.2%	5.8%	6.8%	6.7%	3.9%	2.7%
5yr	8.0%	2.8%	7.0%	8.3%	8.0%	4.6%	4.5%

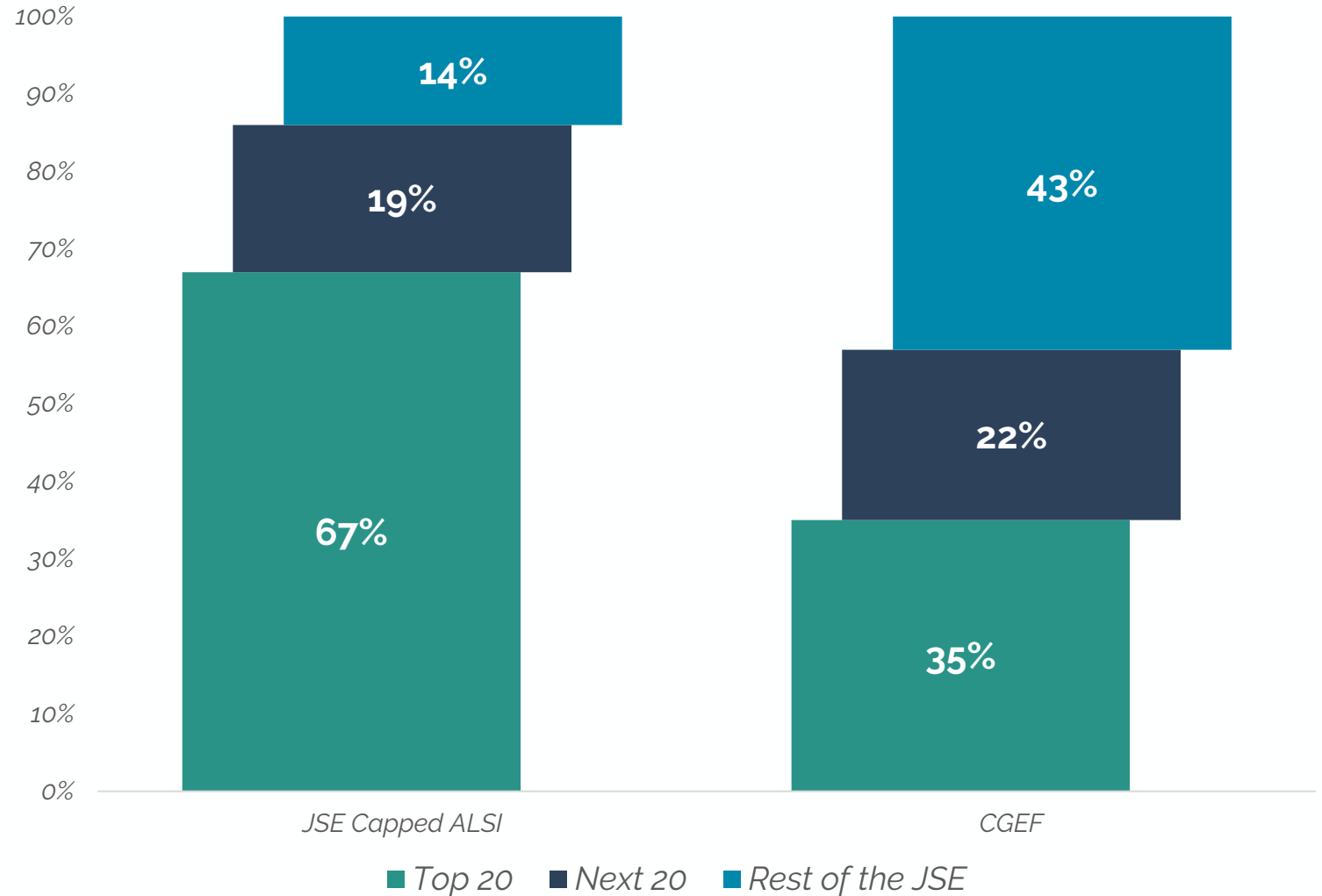
Source: Bloomberg, SBGS analysis

# Illustrating the Differentiated Offering to Major Indices

ClucasGray Equity Prescient Fund positioning

*57 % of the Equity Fund is positioned in larger cap companies.*

*We have identified opportunities across the market cap spectrum, and continue to position the portfolios to benefit from what we believe to be very attractive prospective returns.*

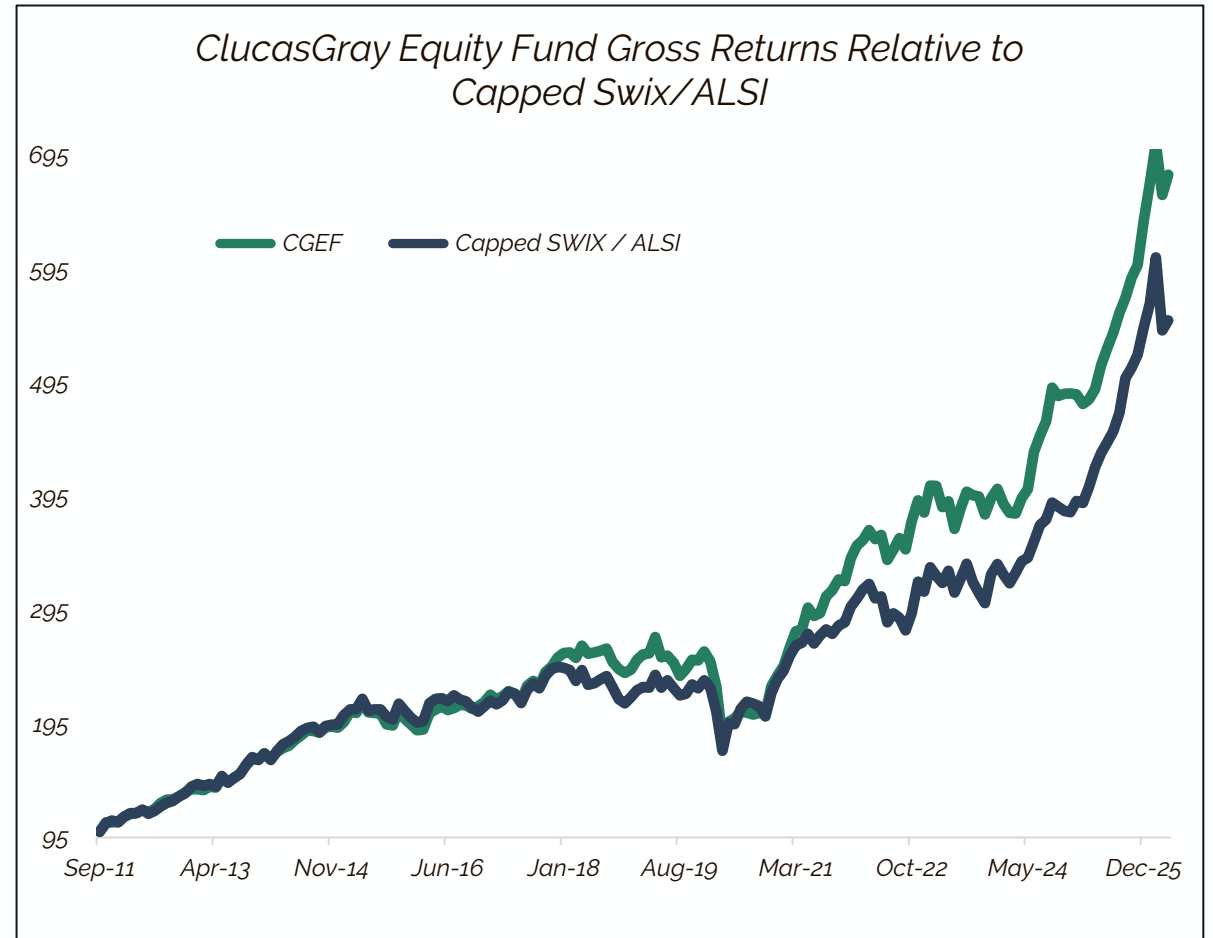
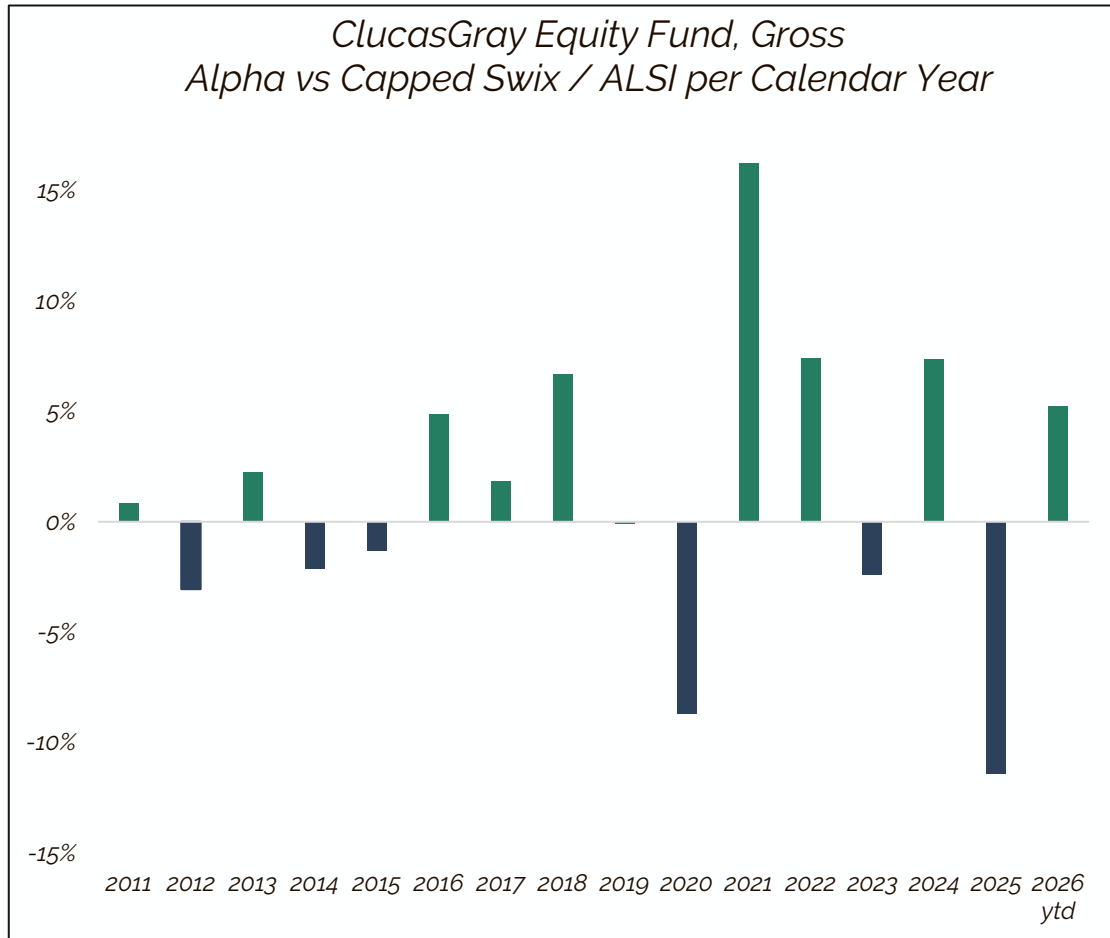


# ClucasGray Equity Strategy

Our Alpha objective – over time, not necessarily all the time



Our differentiated and active approach has resulted in Alpha delivery over time.



# Performance of ClucasGray Equity Fund vs JSE Indices

30 April 2026



ClucasGray Equity Fund Gross Returns      6 Months      1 Year Return      3 Year Return      5 Year Return      7 Year Return      10 Year Return      Since inception

<b>ClucasGray Equity Prescient Fund</b>	<b>15.1%</b>	<b>37.2%</b>	<b>19.8%</b>	<b>19.3%</b>	<b>13.8%</b>	<b>12.5%</b>	<b>14.0%</b>
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<i>Capped Swix / Capped ALSI</i>	4.8%	26.7%	17.3%	14.8%	12.2%	9.4%	12.1%
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<b><i>Vs Capped Swix / Capped ALSI</i></b>	<b>10.3%</b>	<b>11.5%</b>	<b>2.5%</b>	<b>4.5%</b>	<b>1.6%</b>	<b>3.1%</b>	<b>1.9%</b>
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<b>Asisa Percentile Ranking</b>	<b>3<sup>rd</sup></b>	<b>12<sup>th</sup></b>	<b>24<sup>th</sup></b>	<b>8<sup>th</sup></b>	<b>28<sup>th</sup></b>	<b>20<sup>th</sup></b>	
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A photograph of two riders on horses splashing through water in a field. The rider in the foreground is on a dark horse, and the rider in the background is on a white horse. The scene is set in a grassy field with a body of water in the background. The sky is overcast.

Equilibrium Fund  
Positioning &  
Performance

# ClucasGray Equilibrium Prescient Fund

## Consistency built over time

### MEET THE MANAGERS

Andrew  
Vintcent



Grant  
Morris



The ClucasGray Equilibrium Prescient Fund is a Regulation 28 compliant Fund in the Multi-Asset High Equity category

STRATEGY AUM  
**2.2 Bill**

INCEPTION DATE  
**16 Jan 2015**

#### INVESTMENT OBJECTIVE

*The fund aims to provide long-term capital growth ahead of its peer group and has an internal target of delivering Rand returns over time in excess of inflation plus 4%.*

#### INVESTMENT STYLE

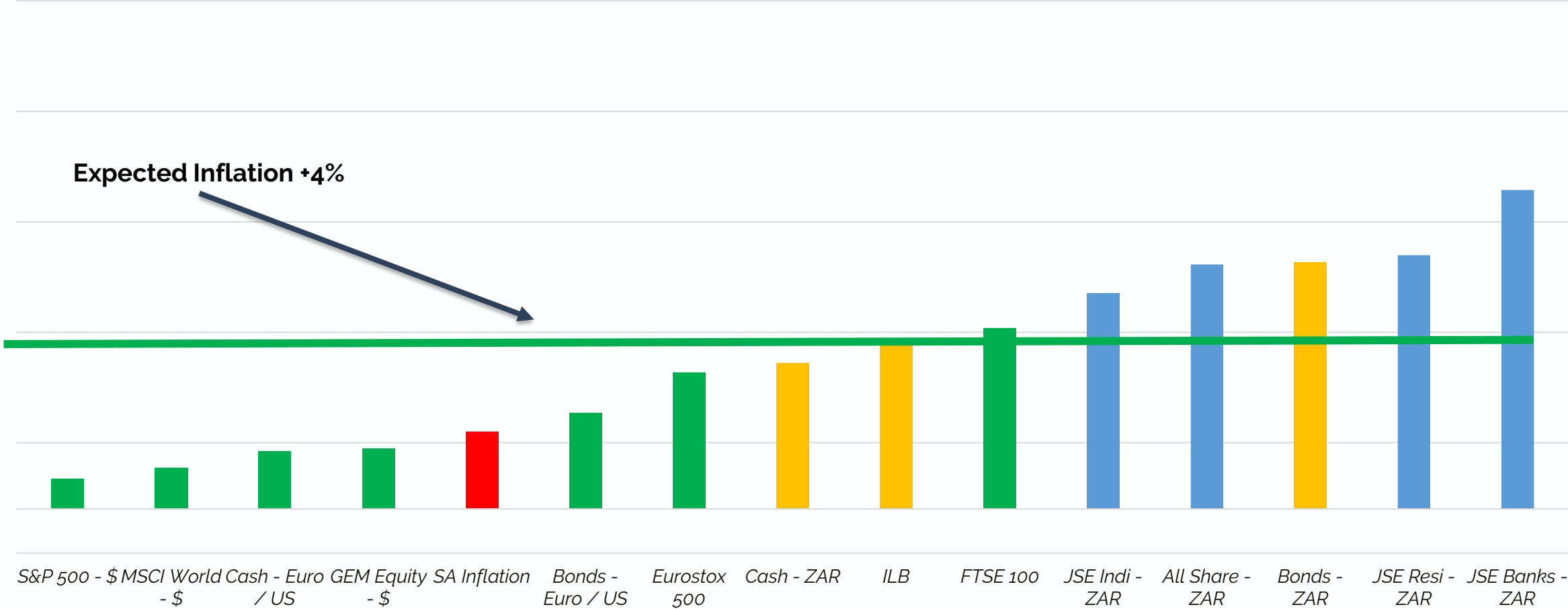
*Active asset allocation and expert stock selection leveraging off our fundamental analysis, a valuation discipline and a belief that inefficient markets create opportunities in MISPRICED ASSETS.*

# ClucasGray Asset Allocation Process: Fund Objective of CPI + 4%



*Achieving Real Rand return objectives continues to favour domestic assets*

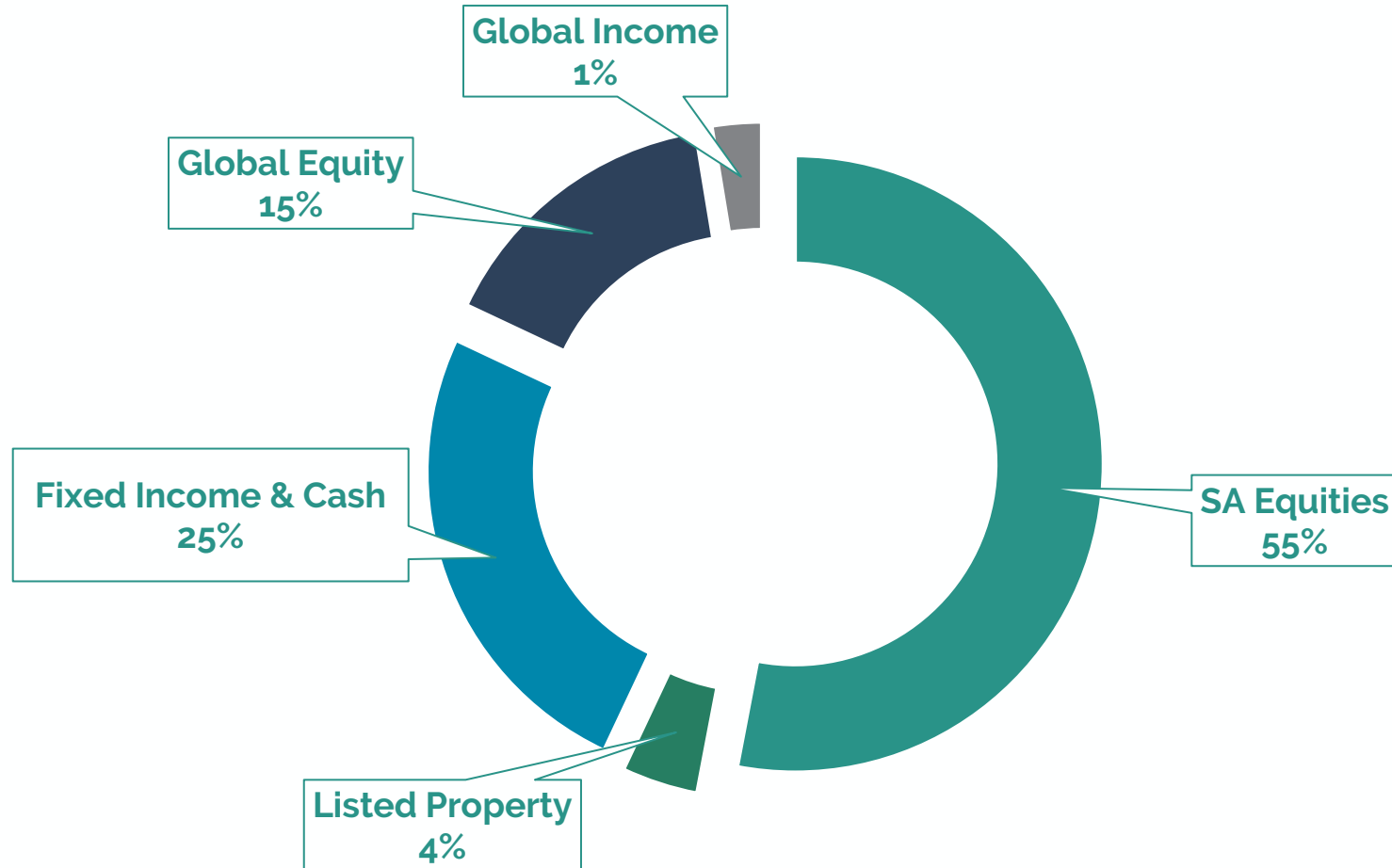
## Expected Annualised Return



Source: Bloomberg, CGAM, Q2 '26

# ClucasGray Equilibrium Prescient Fund Current Allocation

*Holding slightly less Equity and a little more Fixed Income + Cash than 4Q 2025*

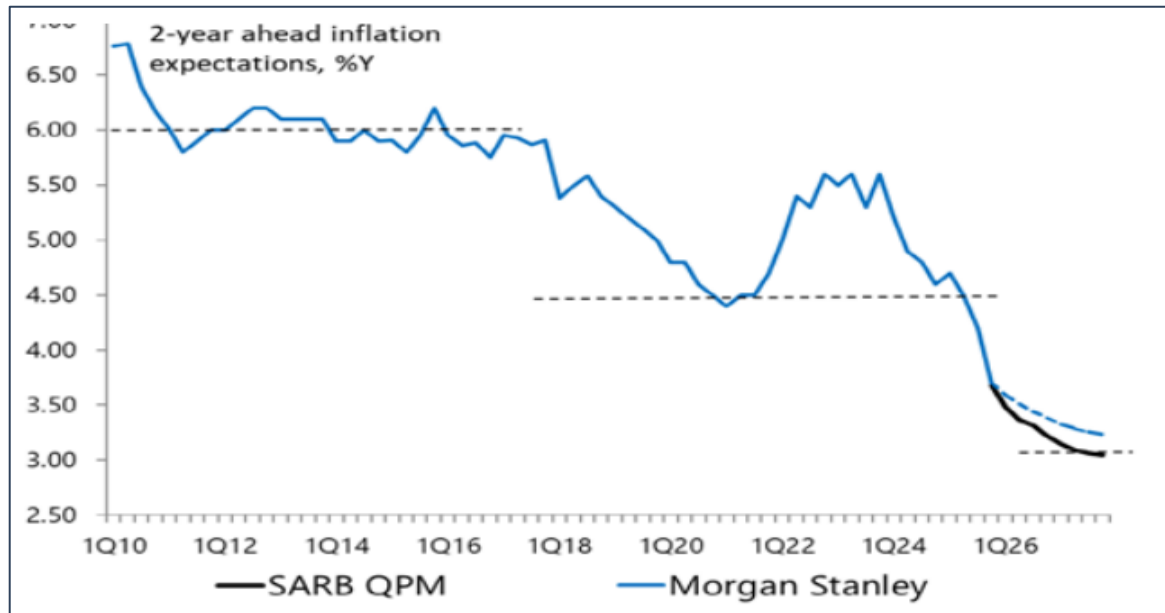


# SA Bonds: Fair Value for 10 Year ?

Lower Inflation Expectations a Key Driver

## Assumptions:

- ❑ Inflation assumption 4,0% in the base case. Lower credit spread.
- ❑ Gives potential return of approx. 10% - 11%
- ❑ Base Case is that the revised inflation target of 3% keeps inflation (and expectations) in check.
- ❑ Assumes that 4% is the high end of inflation target of 3% ("with a tolerance level of 1%")



Source: National Treasury, company data, RMB Morgan Stanley Research estimates

Estimate of Fair Value	May-26	May-26	May-26	May-26
	Spot	Base Case	Bear Case	Bull Case
<b>SA Bonds:</b>				
US 10 year	4,60%	4,25%	5,00%	3,50%
US 10 year inflation minus	3,80%	2,50%	3,50%	2,00%
SA 10 year inflation plus	3,10%	4,00%	6,00%	3,50%
SA Credit Spread plus	5,10%	3,00%	5,00%	2,50%
<b>SA 10-year Fair Value =</b>	<b>8,99%</b>	<b>8,75%</b>	<b>12,50%</b>	<b>7,50%</b>
SA 10-year Current Value	<b>8,99%</b>	8,99%	8,99%	8,99%
Difference	0,00%	0,24%	-3,51%	1,49%
Implied SA Credit Spread	<b>5,10%</b>	<b>3,00%</b>	<b>5,00%</b>	<b>2,50%</b>
<b>12 Month Return Estimate</b>	<b>8,99%</b>	<b>10,61%</b>	<b>-14,51%</b>	<b>18,99%</b>
Inflation Differentials	-0,70%	1,50%	2,50%	1,50%
Modified Duration	6,70			

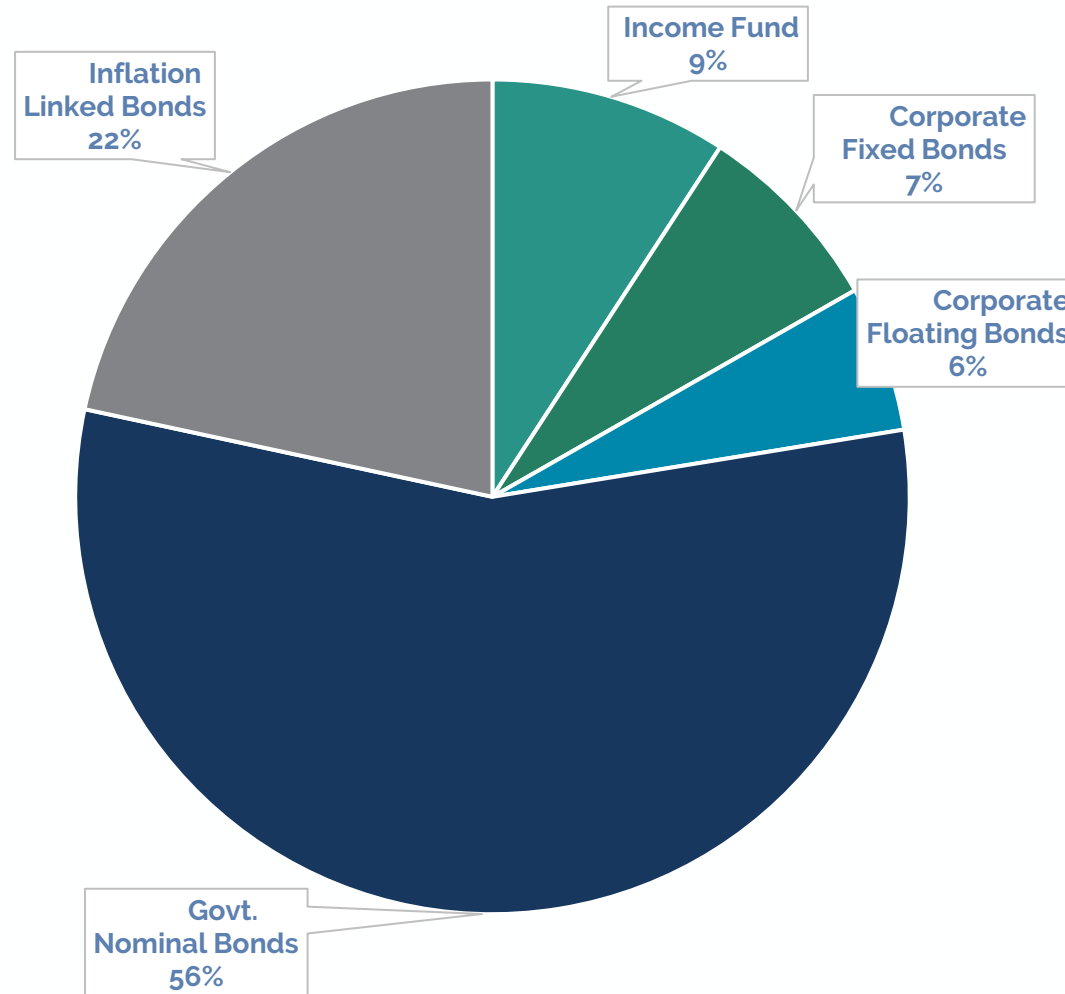
Source: Bloomberg, ClucasGray

# ClucasGray Equilibrium Fund: Bond + Fixed Income Allocation (Q2 2026)

23% of the fund - remain well exposed to domestic bonds

## Key Changes to Portfolio:

- Exposure to inflation-linked bonds (22% of Fixed Income) has been increased significantly over the last 2 Q's.
- Increase was funded by reducing nominal bonds.
- Added to Corporate Floating Rate bond (Santam).



Gross Running Yield  
8.1%

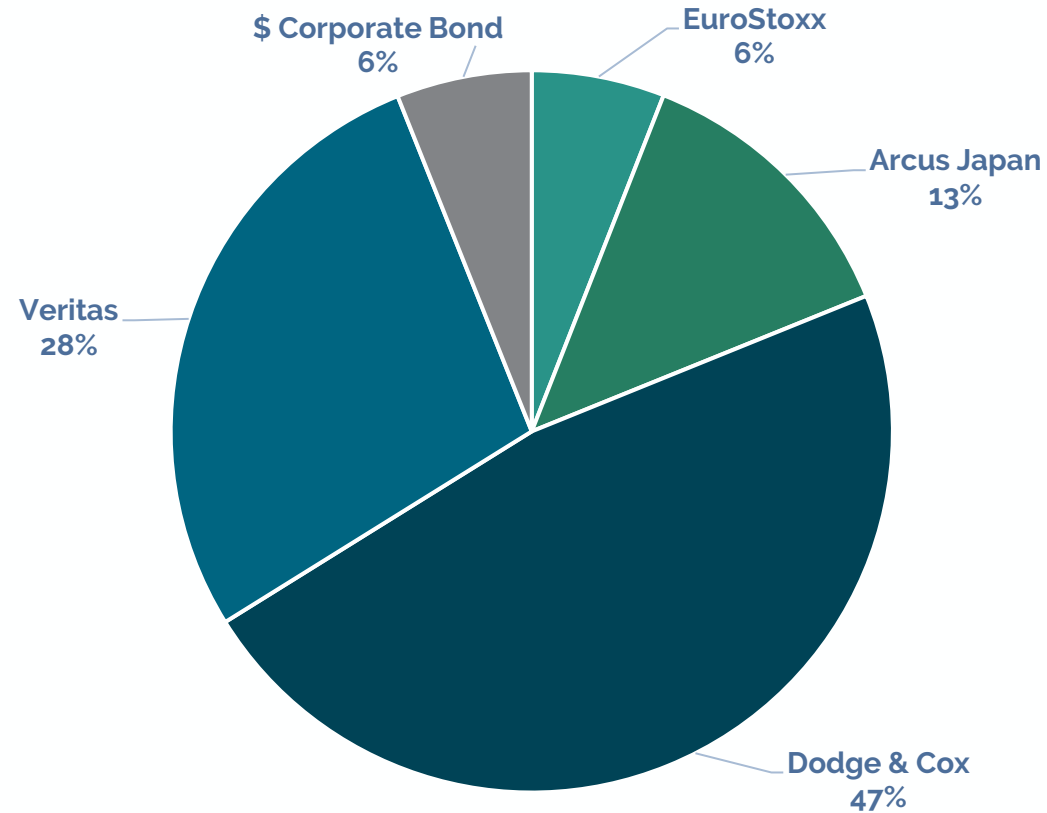
Modified Duration  
4.8

# ClucasGray Equilibrium Fund: Global Exposure (Q2 2026)

16% of the fund

## Key Changes to Portfolio:

- ❑ Favour Active over Passive in current environment.
- ❑ Added exposure to both Dodge & Cox (value manager) and Veritas Global Focus
- ❑ Reduced exposure to Europe to fund the above.



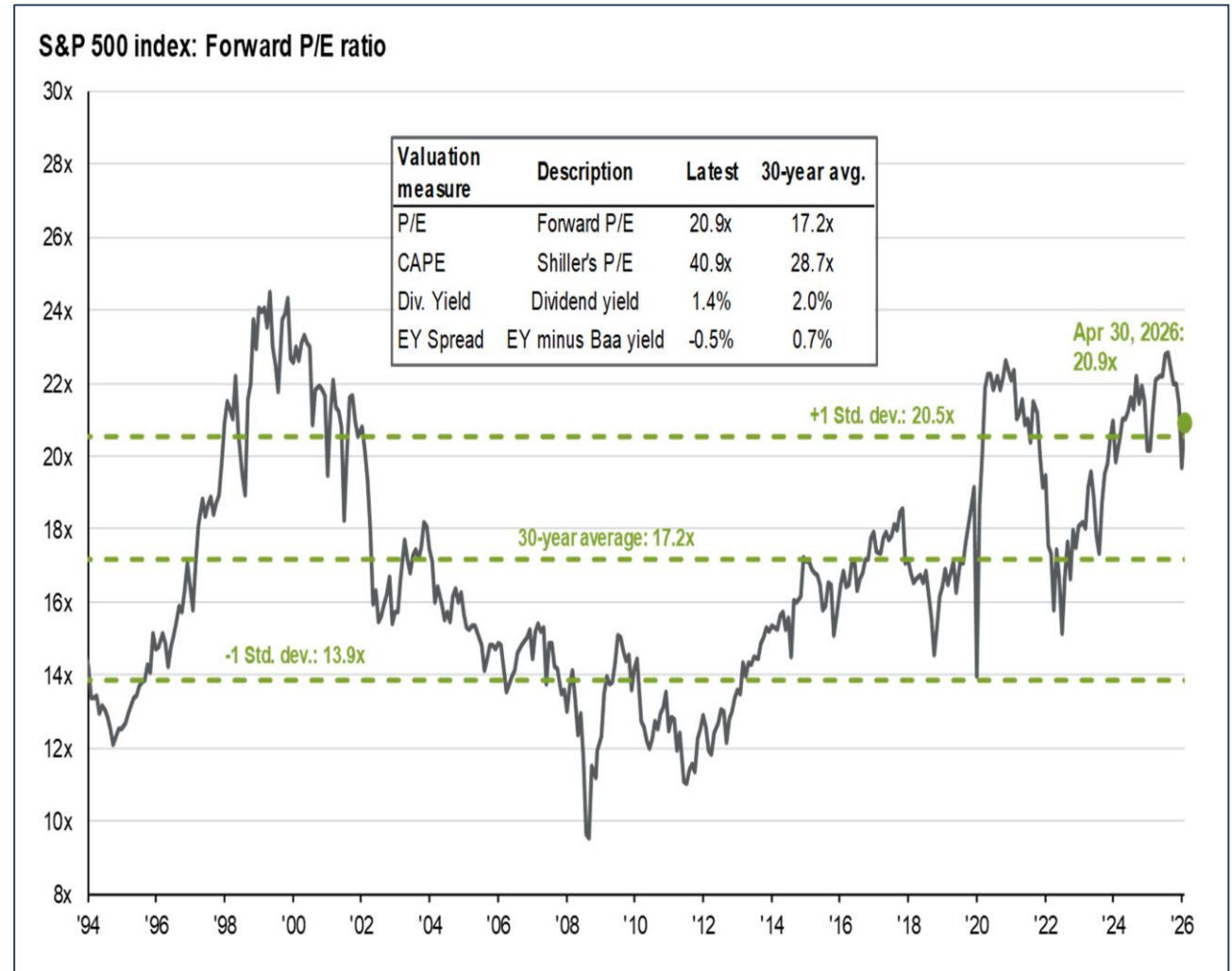
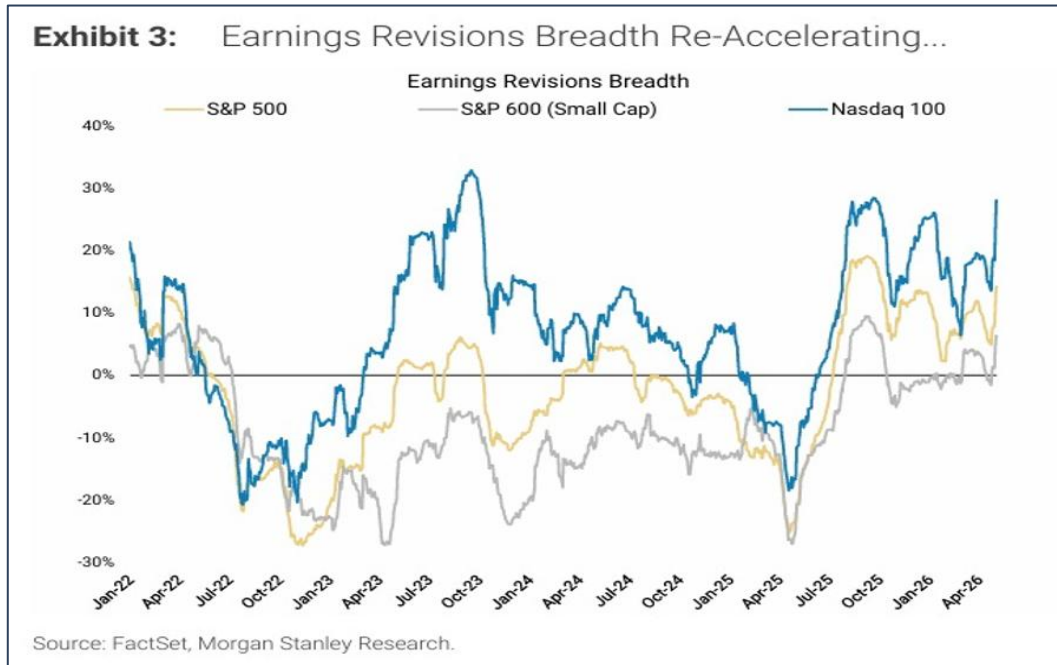
Active Managers as % Equity = > 90%

ETF Exposure as % Equity = < 10%

# US Earnings & Ratings

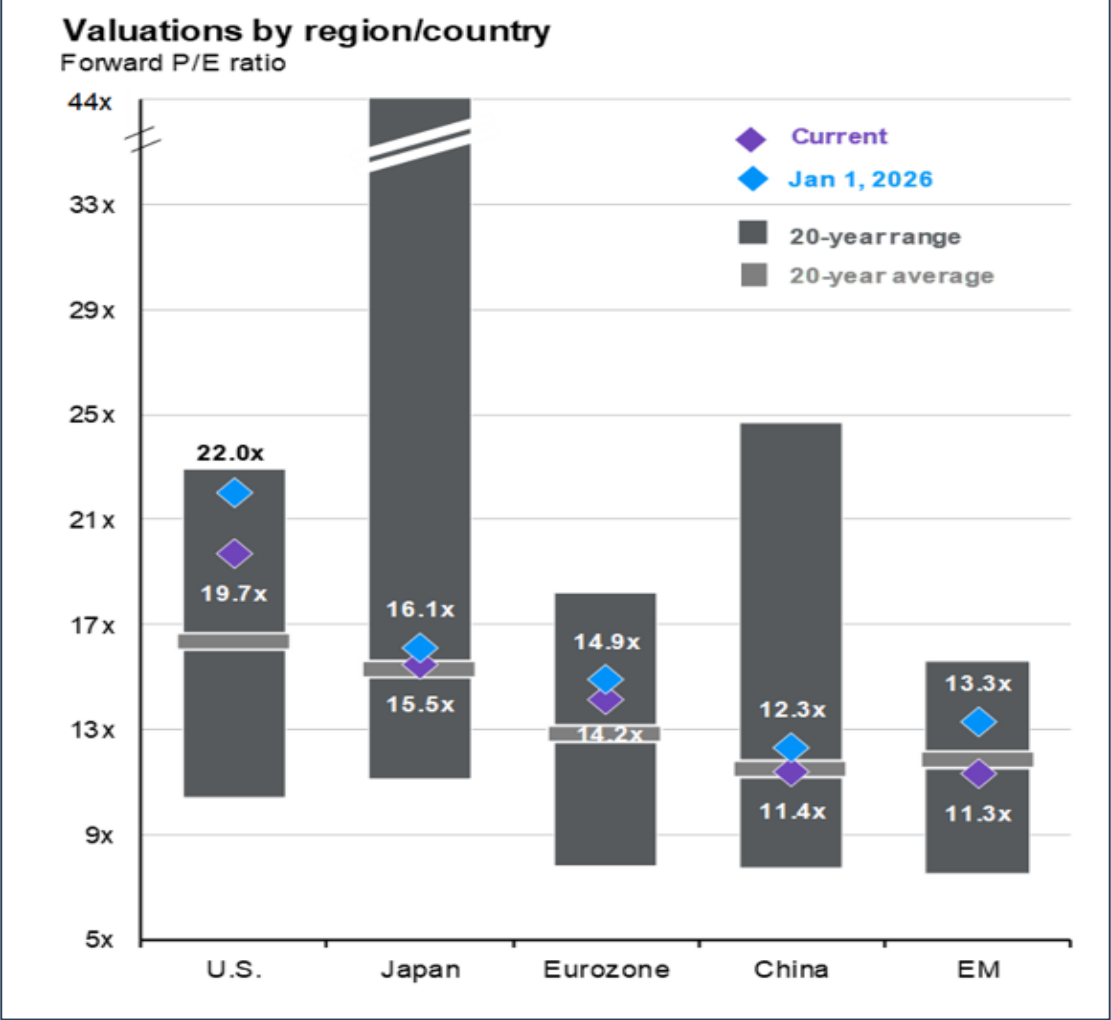
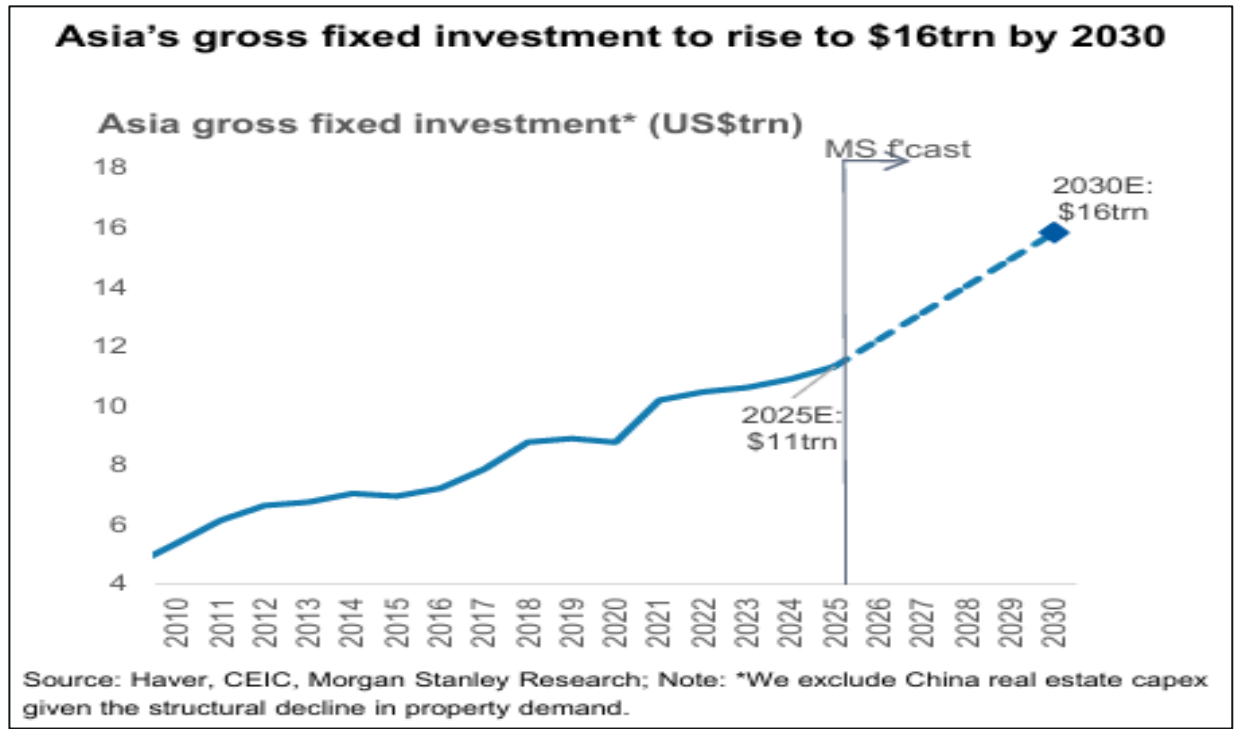
*Ratings above long-term levels, however the earnings backdrop is very supportive*

- ❑ *Sharp recovery post Iran War*
- ❑ *AI and other capex provides a strong underpin for earnings*
- ❑ *Earnings revisions broad-based*



# Valuations ex US

- Remain attractive relative to longer-term history
- EM prospects improving off reasonable valuations
- Asia to benefit from a capex "super-cycle" providing a potential boost for equities.

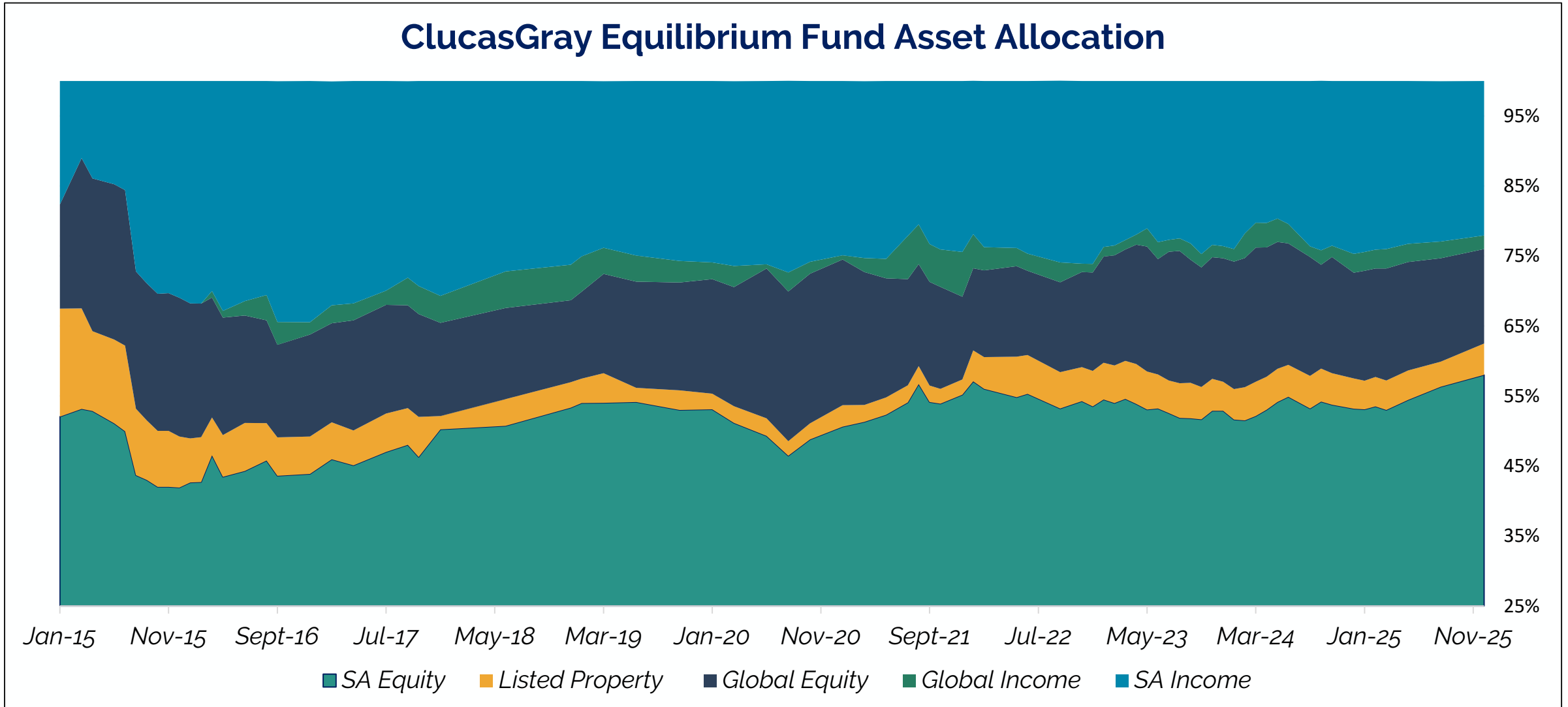


Source: JP Morgan

# ClucasGray Equilibrium Prescient Fund Asset Allocation since Inception



*In an eventful decade we have been active around asset allocation*



# Current Asset Allocation : Equilibrium

## Prospective Returns

### Domestic equities remains preferred asset class:

- Decent earnings, high div yields, attractive entry points.

### Domestic bonds

- More modest given spectacular returns from 2024 and 2025
- Real returns >4%

### Property

- Prefer select domestic property based on steadily improving fundamentals and rate cuts

### Offshore Equity

- Overall, more modest returns but select regions and sectors offering decent opportunities.

### Offshore Bonds

- Reasonable entry point

### Rand ?

- See stable bias in near term.

Asset Class	Potential Return	Drivers of Return
Domestic Equities	>15%	Earnings recovery + rating + 4%-5% yield
Domestic Bonds	10%-12%	Yield + compression into rate cuts ( 0.25% - 0.50%)
Property	8% - 10%	Limited capital upside + current yield
Cash	6,0% - 7,0%	Spot rates less 0.25% - 0.50% rate cuts
Offshore Bonds	3,5% - 4,5%	Real starting yield +/- currency
Offshore Equity	4%-6%	Modest USD capital growth +/- currency

Asset Class	% Allocation	Return	Weighted
Domestic Equities	55,0	16,0%	8,8
Domestic Bonds	23,0	11,0%	2,5
Property	4,0	9,0%	0,4
Cash	2,0	6,5%	0,1
Offshore Bonds	1,0	4,5%	0,1
Offshore Equity	15,0	5,0%	0,7
	<b>100,0</b>		<b>12,6</b>

# ClucasGray Equilibrium Fund Performance – 30 April 2026

*Evidence of delivering on objective of Industry leading real returns over sustained periods of time*

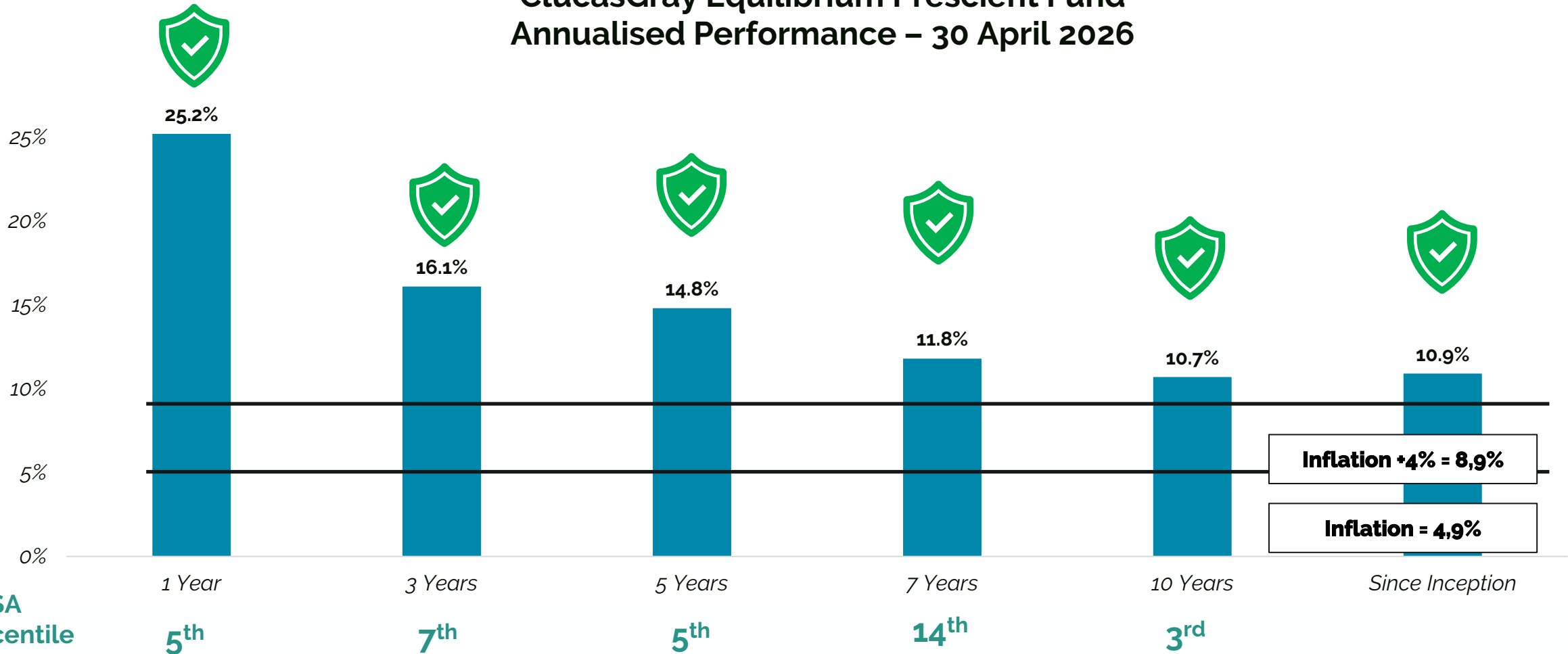
	<u>6 Months</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>10 Years</u>	<u>Since Inception – Jan 2015</u>
<b>ClucasGray Equilibrium Fund</b>	<b>9.0%</b>	<b>25.2%</b>	<b>16.1%</b>	<b>14.8%</b>	<b>11.8%</b>	<b>10.7%</b>	<b>10.9%</b>
<b>SA Multi Asset High Equity</b>	<b>4.5%</b>	<b>17.8%</b>	<b>13.0%</b>	<b>11.1%</b>	<b>10.1%</b>	<b>8.2%</b>	<b>8.2%</b>
<b>Relative outperformance</b>	<b>4.5%</b>	<b>7.4%</b>	<b>3.1%</b>	<b>3.7%</b>	<b>1.7%</b>	<b>2.5%</b>	<b>2.7%</b>
<b>Inflation</b>	<b>1.4%</b>	<b>3.1%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>4.6%</b>	<b>5.2%</b>
<b>Real Returns</b>	<b>8.6%</b>	<b>22.1%</b>	<b>12.4%</b>	<b>10.0%</b>	<b>7.3%</b>	<b>6.1%</b>	<b>5.7%</b>

# ClucasGray Equilibrium Prescient Fund

Long term delivery of the objective of CPI + 4%



## ClucasGray Equilibrium Prescient Fund Annualised Performance – 30 April 2026



ASISA  
percentile  
rankings

CLUCASGRAY

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Macro Overview

# Geopolitical Conflict in the Middle-East

*The key question is how long?*

*Bias is to look for opportunities to buy and invest in good businesses at the right price and hold over time.*

Scenario	Macro Economic Outcome	Probability	Potential Investment Implications	Preferred	Least Preferred
Oil returns to < \$70 (short-term)	Global Growth (trend growth of 3%) remains on track	High 	Constructive investment backdrop with modest inflation, rate cuts & improving domestic growth.	Domestic SA equities	Defensive plays
	Temporary rise in domestic and global inflation		Markets "look through" temporary macro economic disruptions	Global + EM Equities	Energy / Coal Commodities
	Rate cuts (SA and US) resume in second 1/2 of year		Favours domestic bonds and equities (interest-rate sensitive)	Industrial Commodities	
			Favours global cyclical growth tilt, technology, commodity support	Domestic nominal bonds	
Oil at \$80-\$90 Range (medium-term)	Downgrades to Global Growth	Medium	Potential for a longer lasting "geopolitical premium" to oil / energy prices		
	Rise in global inflation puts central banks on hold		Higher embedded costs - repricing of global energy supply system (incl fertilisers etc).		
	Rate cuts pushed into 2027 or beyond		Higher cost of supply chain system recovery filters into inflation and company earnings prospects		
Oil stays above \$100 (sustained period)	Negative outlook for global growth	Low	Weak consumer backdrop, notably in specific EM and EU economies	Domestic defensives	Domestic cyclicals
	Stagflation probability rises, Rate hikes back on the agenda		Poor outcome for domestic nominal bonds and rate sensitive equities	Energy / Coal Commodities	Industrial Commodities
	Impact for EU and certain EM economies is more severe		Negative for global cyclical plays and commodity cycle	Inflation Linkers	Nominal Bonds
				US / Value Bias	EM / EU Equities
				Property	

# The crisis in the Middle East

*Spike in Oil prices is not constructive for global economies*

- ❑ *For consumer economies, not much good can come of an Oil crisis.*
- ❑ *Fuel price rises are an effective tax on consumers, leading to inflation pressure and the risk of higher interest rates in response.*
- ❑ *Countering this, the global economy is materially less dependent on Oil than it was in prior oil crises.*
- ❑ *Previous oil shocks have driven energy efficiency + diversification*

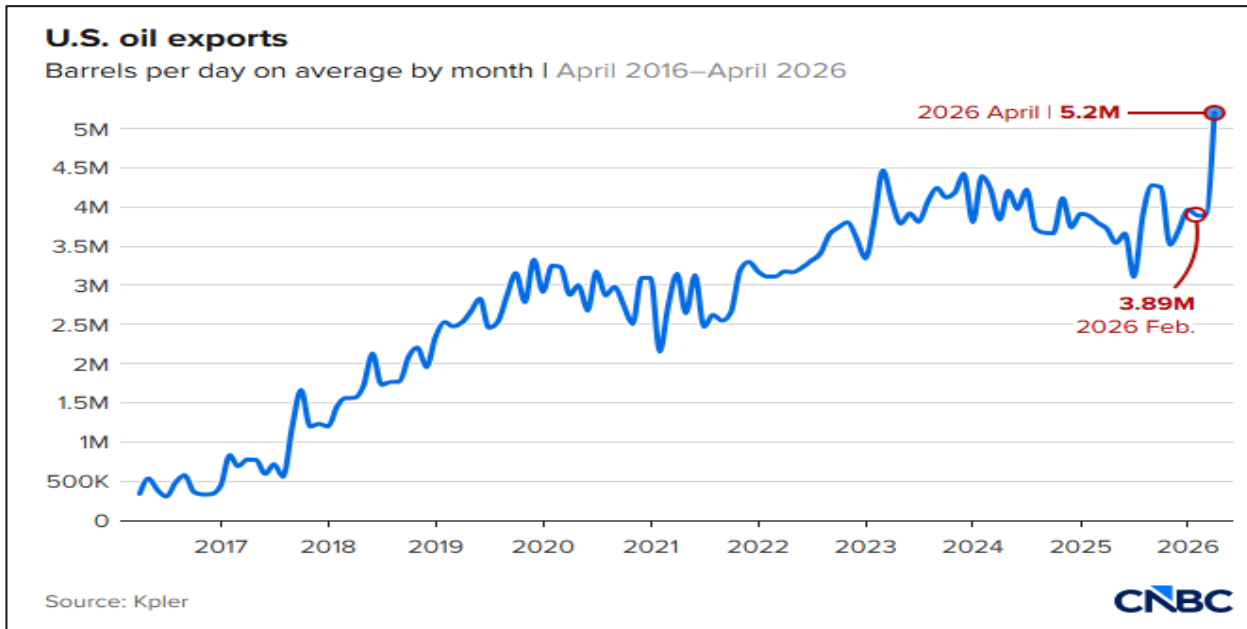
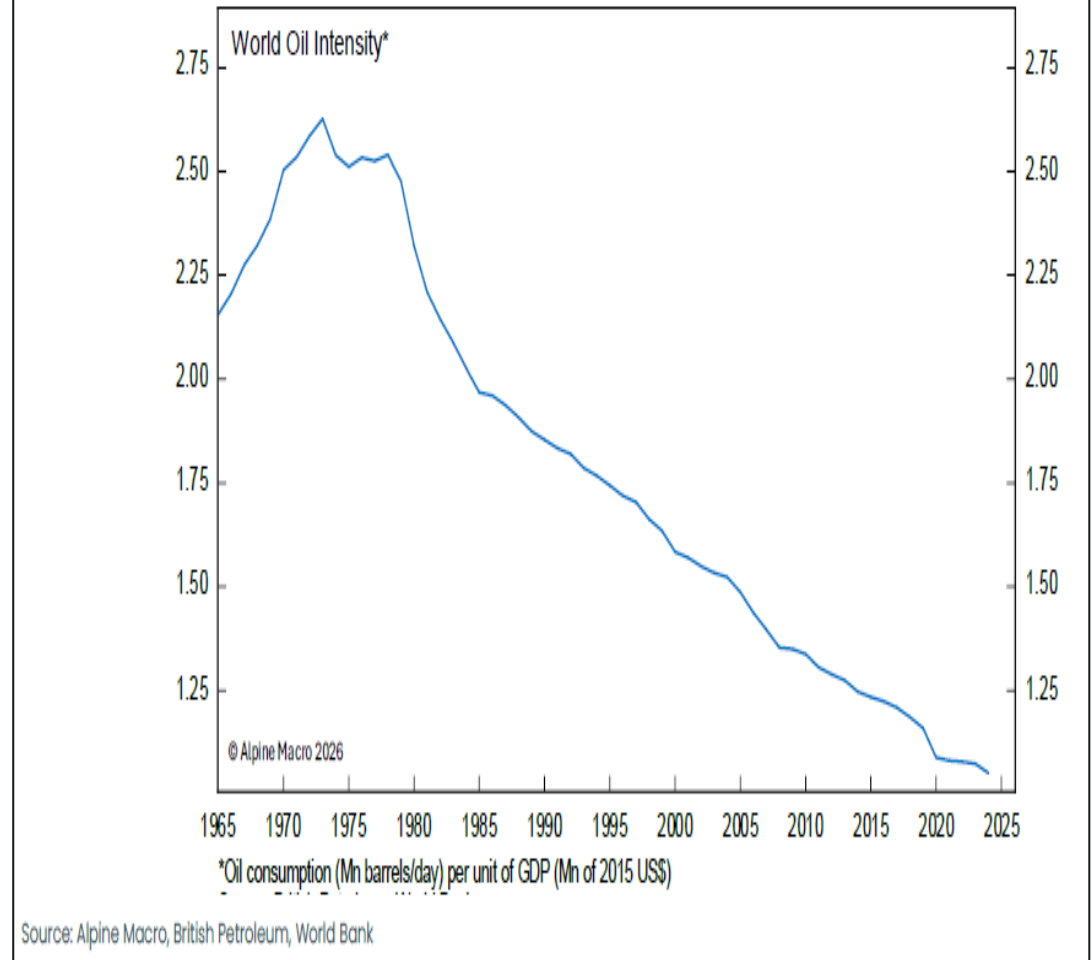


Chart 1: The World Is Much Less Dependent On Oil



# Summary Outlook

*Middle East conflict adding a layer of complexity to our central view*



## Global Backdrop

- *Constructive global (& EM) backdrop prior to the onset of Iran war*
- *Mindful of the risks of sustained higher oil/energy prices on the global consumer economy*



## Markets & Opportunities

- *Supply / Demand fundamentals supportive of "Industrial" commodities*
- *Dominance of global index performance, providing opportunities within sectors & Co's left behind*
- *Recent valuation adjustments offering good entry points given long-term view*



## South Africa & Portfolio

- *Modest starting valuations for many South African facing companies*
- *We have been active in recycling capital within the portfolio*
- *Moderate inflation, improving growth prospects, potential for rate cuts, pick up in company earnings*

*Information contained herein is for information purposes only and is merely illustrative. It is not deemed as advice as defined in the Financial Advisory and Intermediary Services Act (FAIS Act). ClucasGray Asset Management and its employees shall not be held responsible for any losses sustained by any person acting based on the information. Past performance of any of our portfolios is not indicative of their future performance.*

*Persons are advised to contact ClucasGray Asset Management directly should they wish for us to conduct an analysis with a view to facilitating investing in our investment portfolios.*

*ClucasGray Asset Management (Pty) Ltd is an independent investment management company registered in South Africa, company registration number 2019/060149/07 and an authorised financial services provider under the Financial Sector Conduct Authority (FSCA) registration number 50733.*

*The main business of ClucasGray Asset Management is the provision of investment management services to private and institutional clients.*

# ClucasGray Flexible Income Prescient Fund Performance

30 April 2026

CG  
AM

	<u>6 Months</u>	<u>1 Years</u>	<u>2 Years</u>	<u>3 Years</u>	<u>Since Inception – February 2022</u>
ClucasGray Flexible Income Prescient Fund	4.5%	15.2%	15.6%	13.1%	10.9%
Multi Asset Income Benchmark	4.1%	10.9%	12.0%	10.7%	9.5%
Percentile Ranking					N/A
Quartile Ranking	1st	1st	1st	1st	