INVESTMENT GROUP

OLD MUTUAL BALANCED INDEX FUND

INSTITUTIONAL
SEPTEMBER 2026

FUND INFORMATION

LAUNCH DATE:	August 2012
PRODUCT VEHICLE:	Pooled, unitised fund policy as defined in the Long-term Insurance Act, 1988.
TARGET:	CPI + 5% over rolling three- to five-year periods
BENCHMARK*	Composite Asset Allocation Benchmark
MINIMUM INVESTMENT:	R10 million
FEES:	0.30% per annum

* The fund aims to track the components of the benchmark. Please refer to the table alongside for further details of the benchmark

INVESTMENT DESCRIPTION

The Old Mutual Balanced Index Fund is a fully diversified fund investing in a mix of local and offshore equities, listed property, interest bearing assets (including inflation linked bonds) and cash.

It invests in funds targeting the return of an index. Index funds offer the benefits of substantially lower fees and significantly reduce the uncertainty of fund performance relative to the market. Lower fees and efficient investment indexation processes minimise the tracking error on the overall returns.

Through a well-diversified mix of asset classes, this fund aims to deliver long-term growth while limiting the volatility in returns. The fund is Regulation 28 compliant and rebalanced, in line with its strategic allocation, in March every year. Rebalancing the fund annually keeps trading costs to a minimum while ensuring that it partakes in the intended combination of returns originating from each asset class. The fund has a long-term real return target of 5% (CPI+5%).

This is a moderate risk fund exposed to share price, interest-rate and currency fluctuations. A balanced, diversified fund across local and global asset classes helps lessen these fluctuations.

This fund is suitable for investors wanting moderate to high long-term growth with less volatility than pure equity.

FUND PERFORMANCE (Gross Composite Returns)

	Fund	Benchmark
3 Months	0.6%	1.4%
1 Year	9.1%	9.2%
3 Years	16.2%	8.8%
5 Years	12.6%	9.8%
10 Years	9.7%	9.6%
Since Inception	10.9%	9.9%

Source: Old Mutual Investment Group

ASSET ALLOCATION

Asset Class	Building Block/ Benchmark	Actual Asset
Domestic Equity excl. property	FTSE/JSECapped SWIX Index Fund	34.8%
Domestic Property	All Property Index Fund	3.1%
Domestic Bonds	All Bond Index Fund	12.1%
Domestic Inflation-linked Bond	Domestic ILB Index Fund	5.1%
Domestic Cash	OM Core Money Market Fund	5.2%
Domestic Total		**60.3%**
International Equity (MSCI)	MSCI ACWI ESG Index Fund	37.1%
International Bonds	Group-of-Seven (G7) Index	2.6%
International Total		**39.7%**

Source: Old Mutual Investment Group

TOP TEN SA EQUITY HOLDINGS

Holding	% of Fund
Gold Fields Ltd	2.3%
Naspers	2.2%
AngloGold Ashanti	2.1%
FirstRand	2.0%
Capitec	1.7%
Standard Bank	1.6%
MTN	1.4%
Valterra Platinum	1.3%
Anglo American	1.1%
Prosus N V	0.8%

Source: Old Mutual Investment Group

BUILDING BLOCK RETURNS

Annualised Returns	Fund	Benchmark
FTSE/JSE Capped SWIX Index Fund	5.6	5.6
All Property Index Fund	20.0	19.8
All Bond Index Fund	12.8	12.8
Domestic ILB Index Fund	15.6	15.6
OM Core Money Market Fund	7.2	6.8
MSCI ACWI ESG Index Fund	9.8	10.2
Group-of-Seven (G7) Index	-7.6	-9.2

Source: Old Mutual Investment Group

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INVESTMENT TEAM



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QUARTERLY COMMENTARY

Market overview

Global equities were mixed in the third quarter as investors weighed higher interest rates, elevated oil prices and ongoing Middle East tensions. Leadership rotated away from technology toward energy, financials and healthcare, while concerns about the scale of AI investment and emerging cybersecurity risks weighed on tech shares. Bonds struggled as yields rose, and commodities rallied on energy strength.

US equities continued to climb, supported by strong corporate fundamentals and economic growth despite multiyear-high Treasury yields and doubts about the sustainability of the AI trade. Equities rose 2% for the quarter, with mega-caps leading (up 4%) while mid and small caps lagged, falling 6% and 8% respectively. Energy was the strongest sector, up 17%, while rate-sensitive utilities fell 12%. The 10-year Treasury yield reached 5% for the first time since 2007 as inflation worries, fiscal deficit concerns and tighter monetary policy pushed bond prices lower. Leveraged loans were a bright spot, gaining 2% thanks to their floating-rate structure.

European shares slipped in September, leaving regional equities down 1% for the quarter, although UK equities rose 2% and small caps outperformed large caps. Energy led the market with a 20% gain, while real estate was the weakest sector, falling 10%. Dividend and buyback strategies were the best performing factors. Bond yields rose across the continent, with French government bonds falling 6%.

Asia Pacific equities kept pace with global markets, rising 2% despite higher rates and oil prices. Singapore (up 9%, driven by banks) and Indonesia (up 8%) recovered, while South Korea fell 20% after regulators targeted leveraged single-stock ETFs. China declined 8% and ended the quarter near a one-year low. Energy and financials each gained 11%, while technology fell 6%. In fixed income, currency moves split results, with local currency Asian bonds up 1% and US$-denominated bonds down 2%. Commodities were the standout asset class, with broad commodity prices up roughly 25% and crude oil rising as hopes for a quick resolution to Middle East tensions faded. Digital assets also rebounded sharply, surging 45% over the quarter.

South African equities fell sharply in September after a strong August. The FTSE/JSE All Share Index (ALSI) dropped 5.8% as precious metals miners plunged more than 17%, erasing roughly R1.61 trillion in market value. The ALSI ended quarter three down 0.3%. August inflation reached 4.4% and unemployment rose to 33.6%. After holding the repo rate at 7% in July, the South African Reserve Bank raised it by 25 basis points to 7.25% in September, citing inflation risks from the energy shock, a weaker rand and a looming El Niño drought. The rand gained 2% in August to R16.17 per dollar but slipped 1.55% to R16.42 in September. Bond markets came under pressure as the FTSE/JSE All Bond Index contracted by 0.7% for the third quarter of 2026.

Performance review

The fund returned 0.62% for the third quarter of the year and delivered 9.06% for the year ending September 2026. The fund has delivered a return of 10.85% per annum since its inception in July 2012 in line with CPI +5% target.

Strategy and positioning

The broad market South African equity exposure in the fund is primarily through an allocation to the FTSE/JSE Capped All Share Index (CAPI), which is intended to be a fairer reflection of the investment universe available to a South African investor. The index's strategic weight is 37%. The CAPI detracted -0.29% for the quarter ending September 2026. Basic materials and healthcare returns were the best performing sectors within the index, returning 15.64% and 2.38% respectively. The worst performing sectors were telecommunication (detracting by -17.91%) and technology, returning -12.02%.

In addition to the broad local equity market exposure, the fund also has exposure to FTSE/JSE All Property Index (ALPI), which has a strategic weight of 5%. The ALPI returned 1.47% for the quarter ending September 2026.

The international equity allocation is invested in the MSCI All Country World Index (ACWI), which has a strategic weight of 35%. The ACWI provides exposure to developed and emerging markets worldwide. During the quarter, ACWI returned 1.67% in US dollar terms. The rand depreciated against the US dollar by 0.19% over the quarter.

To increase diversification, the fund allocates 10% to nominal bonds via the FTSE/JSE All Bond Index, which returned -0.68% this quarter, and 5% to inflation-linked government bonds through the FSTE/JSE Inflation-Linked Government Bond Index, which returned 1.44%.

The fund is positioned to gain asset class exposure through indexation building blocks. The underlying building blocks are aimed at replicating the returns of each index asset class.

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