INVESTMENT GROUP

OLD MUTUAL BALANCED INDEX FUND

INSTITUTIONAL
JUNE 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	4.0%	4.3%
1 Year	16.9%	16.9%
3 Years	14.9%	15.7%
5 Years	13.2%	13.6%
10 Years	9.7%	9.9%
Since Inception	11.0%	11.2%

Source: Old Mutual Investment Group

ASSET ALLOCATION

Asset Class	Building Block/ Benchmark	Actual Asset
Domestic Equity excl. property	FTSE/JSECapped SWIX Index Fund	35.1%
Domestic Property	SA Listed Property Index Fund	3.2%
Domestic Bonds	All Bond Index Fund	12.3%
Domestic Inflation-linked Bond	Domestic ILB Index Fund	5.1%
Domestic Cash	OM Core Money Market Fund	5.0%
Domestic Total		**60.6%**
International Equity (MSCI)	MSCI ACWI ESG Index Fund	36.6%
International Bonds	Group-of-Seven (G7) Index	2.8%
International Total		**39.4%**

Source: Old Mutual Investment Group

TOP TEN SA EQUITY HOLDINGS

Holding	% of Fund
Naspers	2.6%
FirstRand Ltd	2.1%
Gold Fields	2.1%
AngloGold Ashanti	1.9%
Capitec	1.8%
MTN	1.8%
Standard Bank	1.8%
Valterra Platinum	1.1%
Anglo American	1.0%
ABSA	0.8%

Source: Old Mutual Investment Group

BUILDING BLOCK RETURNS

Annualised Returns	Fund	Benchmark
FTSE/JSECapped SWIX Index Fund	19.4	19.4
SA Listed Property Index Fund	29.8	29.7
All Bond Index Fund	21.4	21.5
Domestic ILB Index Fund	19.8	19.9
OM Core Money Market Fund	7.3	6.8
MSCI ACWI ESG Index Fund	12.8	13.6
Group-of-Seven (G7) Index	-6.6	-9.1

Source: Old Mutual Investment Group

INVESTMENT TEAM

BERNISHA LALA
Head of Indexation
and Portfolio Manager
M Sc (Advanced Analytics & Decision Sciences),
B Sc (Financial Engineering) Honours,CFA

ANELISA BALFOUR
Portfolio Manager
B Economics, CFA

QUARTERLY COMMENTARY

Market overview

The second quarter of 2026 was once again an eventful period with geopolitics and technology playing major roles in the market. Market sentiment seemed to be more optimistic over the quarter, even with the remaining uncertainty in the Middle East. While there are signs of de-escalation in the region, developments remain unpredictable and the future trajectory is far from clear. The tech sector showed strong performance once again this quarter, with AI being the primary driver. Emerging markets had a return of 22.84% for the quarter, while developed markets reported a return of 16.5%.

The US economy demonstrated good resilience despite ongoing geopolitical and inflationary pressures over the last three months. Over the last quarter, the US-Iran conflict mainly affected the US economy through increasing oil and petrol prices, which contributed to higher inflation and greater market uncertainty. While financial markets experienced some volatility the overall US economy remained resilient, with continued economic growth and a strong labour market.

The European market showed resilient, but modest growth over the last quarter, while experiencing increased energy costs and geopolitical uncertainty due to the ongoing conflict in the Middle East. European equities seemed to rally over the last three months due to the apparent de-escalation in the Middle East and cooling inflation in the region.

Over the last quarter, Asian economies continued to perform well, supported by strong domestic demand, resilient consumer spending, and ongoing growth in the technology and semiconductor sectors. However, economic activity was moderated by rising energy costs, geopolitical tensions in the Middle East, and uncertainty surrounding global trade conditions. China's tempered growth and resilience remained a strong factor for the region's overall performance. However, performance differed across countries and industries, as varying economic conditions and levels of exposure to global trade and technological developments influenced market returns.

The South African markets produced varied results during the second quarter of 2026. While equity markets came under pressure due to weaker commodity prices, bonds and listed property had a strong performance when compared to the last quarter. The FTSE/JSE All Share Index decreased by -2.4% over the quarter. The FTSE/JSE SA Listed Property Index increased by 10.3%, while the FTSE/JSE All Bond Index increased by 7.9%.

Performance review

The fund returned4% for the second quarter of the year and delivered 16.9% for the year ending June 2026. The fund has delivered a return of 11% 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, which is intended to be a fairer reflection of the investment universe available to a South African investor. Its strategic weight is 37% and detracted -2.38% for the quarter ending June 2026. Telecommunications and healthcare sectors were the best performing sectors within the index, returning 16.35% and 12.04% respectively. Basic materials and energy were the worst performing sectors detracting -18.75% & -15.59% respectively.

In addition to the broad local equity market exposure, the fund also has exposure to property, which has a strategic weight of 5%. The FTSE/JSE All Property Index returned 10.47% for the quarter ending June 2026.

The international equity allocation is invested in the MSCI All Country World Index (MSCI ACWI), which has a strategic weight of 35%. This index provides exposure to developed and emerging markets worldwide and during the quarter, it returned 17.24% in US dollar terms. The rand appreciated against the US dollar by 3.25% over the quarter.

To increase diversification, the fund allocates 10% to nominal bonds via the FTSE/JSE All Bond Index, which returned 7.87% this quarter, and 5% to inflation-linked government bonds through the FTSE/JSE Inflation-linked Government Index, which returned 6.6%.

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.

CONTACT DETAILS
Riverlands, Building 1, First Floor, 51 Gogosoa Street, Observatory 7925, Cape Town, South Africa.
Tel: +27 21 509 5022, Fax: +27 21 509 4663, Email: ClientService@oldmutualinvest.com, Website: www.oldmutualinvest.com