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Investing for a
world of change

From the bizarre to the sublime

Ninety One Diversified Income Fund
Malcolm Charles





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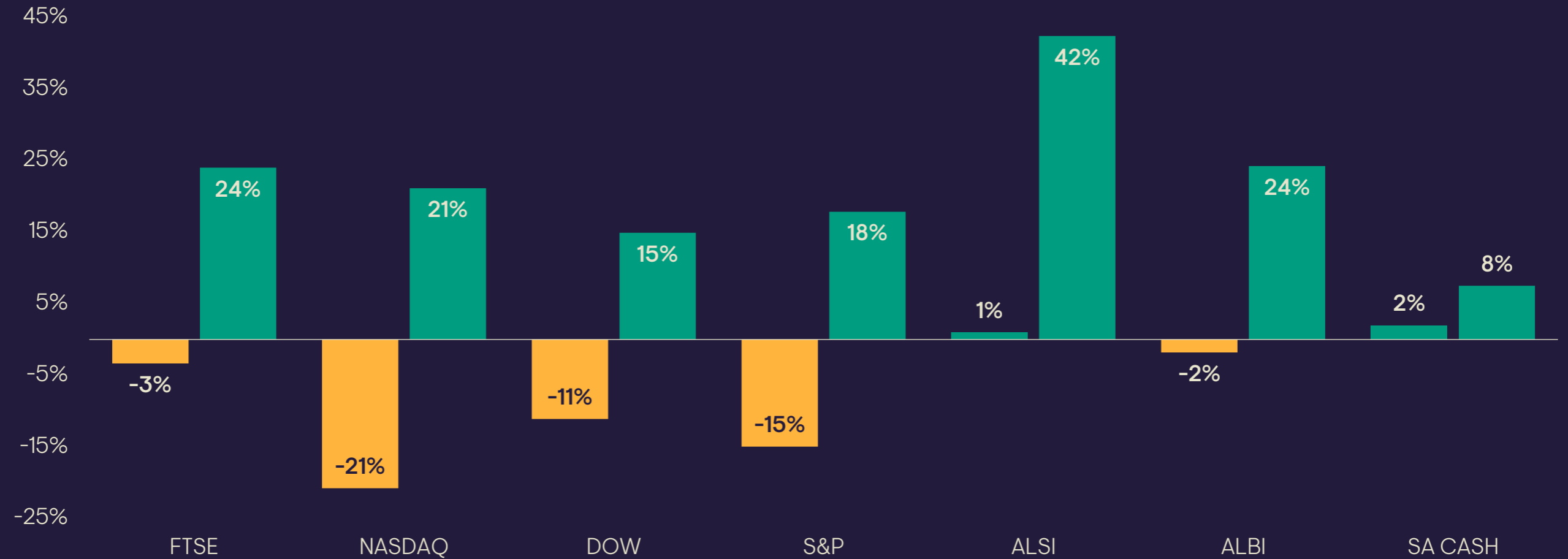
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“Liberation day” to deliverance

First panic... then indifference

2025 asset class returns

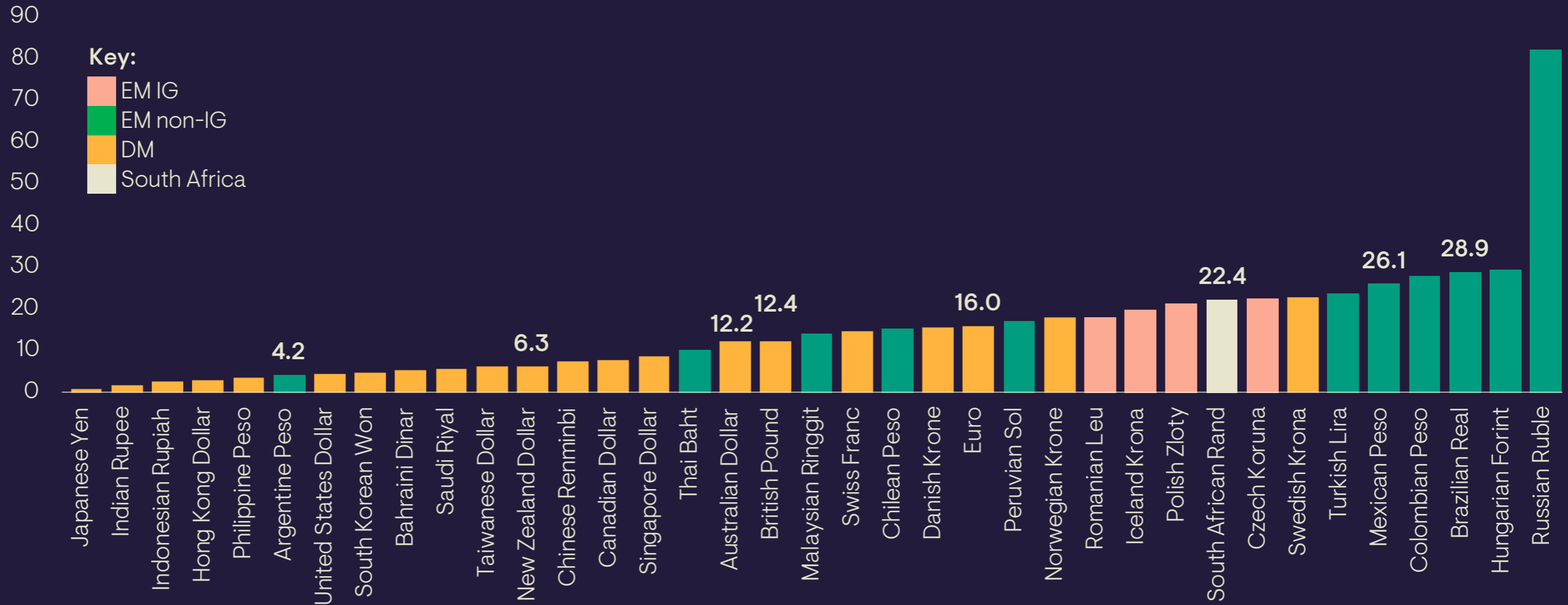




Anything but the Dollar

With emerging markets leading the way

Total return – 2025





Solid terms of trade

Putting the Rand in the leading pack



Ninety One Diversified Income Fund

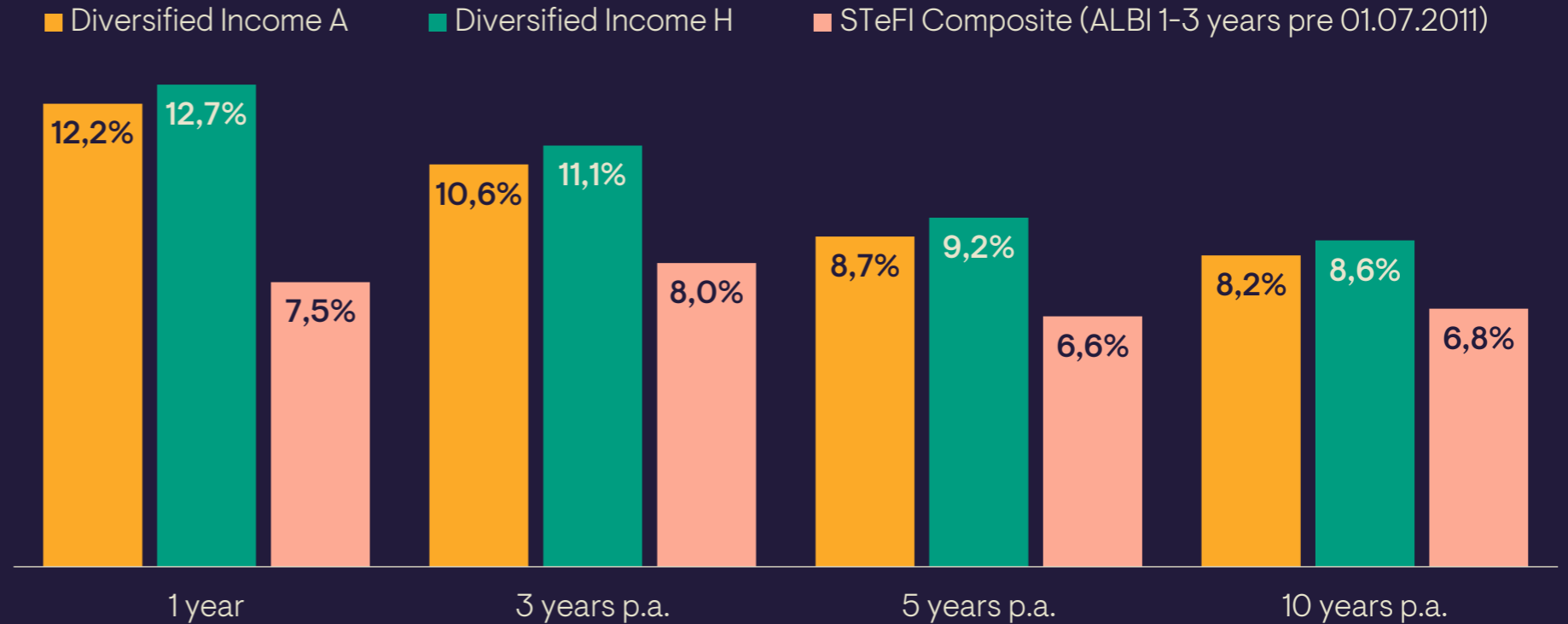
How did we do?





Ninety One Diversified Income Fund

Annualised performance in ZAR as at 31 December 2025



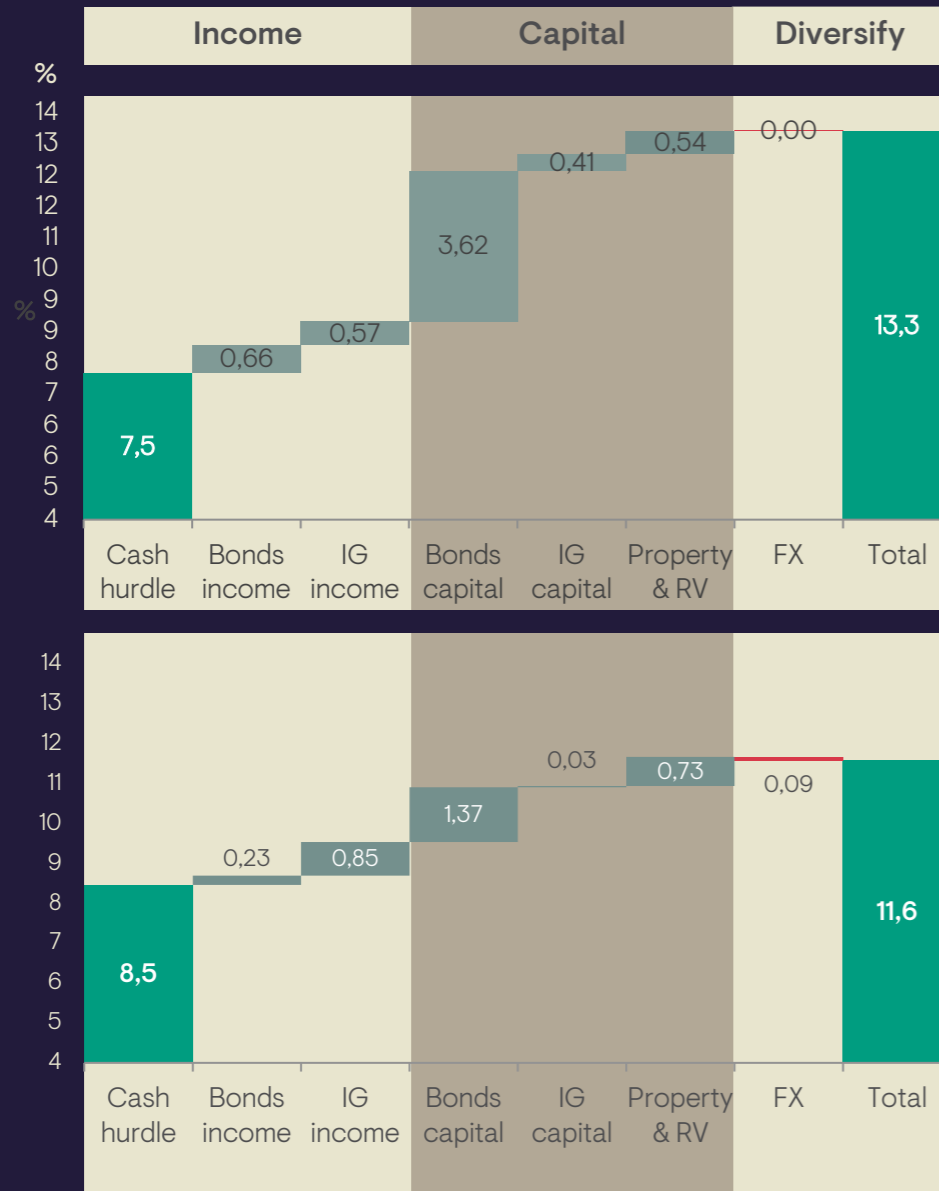
Diversified Income A	12.2%	10.6%	8.7%	8.2%
Diversified Income H	12.7%	11.1%	9.2%	8.6%
STeFI Composite (ALBI 1-3 years pre 01.07.2011)	7.5%	8.0%	6.6%	6.8%

Past performance is not a reliable indicator of future results, losses may be made.

Source: Morningstar, 31 December 2025 performance figures above are based on lump sum investment, NAV based, inclusive of all annual management fees, gross income reinvested. Initial charges are not applicable to this fund. Fees are not applicable to market indices, where funds have an international allocation, this is subject to dividend withholding tax, in South African Rand. *A Class inception date 1 October 2009; H Class simulation inception date 1 September 2008. Annualised performance is the average return per year over the period. Individual investor's performance may vary depending on actual investment dates. Highest and Lowest returns are those achieved during any rolling 12 months over the period specified. A Class: Jul-12: 12.8% and Jan-14: 4.1%; H Class: Jul-12: 13.4% and Jan-14: 4.5%.



Diversified Income – Multiple sources of return



2025 sources of return:

ZAR appreciated 11%

Offshore diversification protected in the 1st half - active USD underweight reduced drag in 2nd half

Bonds rallied 13.6% (24.2% TR)

Participated in long end outperformance - captured with a flattener

Property returned 30.6%

Increased allocation in Q3 after property lagged the move in bond yields

Credit Spreads tightening

Positive liquidity dynamics driving demand - SOE positive re-rating enhanced performance

2024 sources of return:

ZAR sold off 3.2%

A strong outperformance of EM by the Rand detracted from returns marginally

Bonds rallied 6.4% (17.2% TR)

Bond yields priced out significant election risk premium amidst global yield volatility

Property returned 29%

Election relief, attractive valuations and positive SA growth prospects

Credit Spreads stable

Positive liquidity dynamics driving demand for quality credit assets

2026

Our outlook

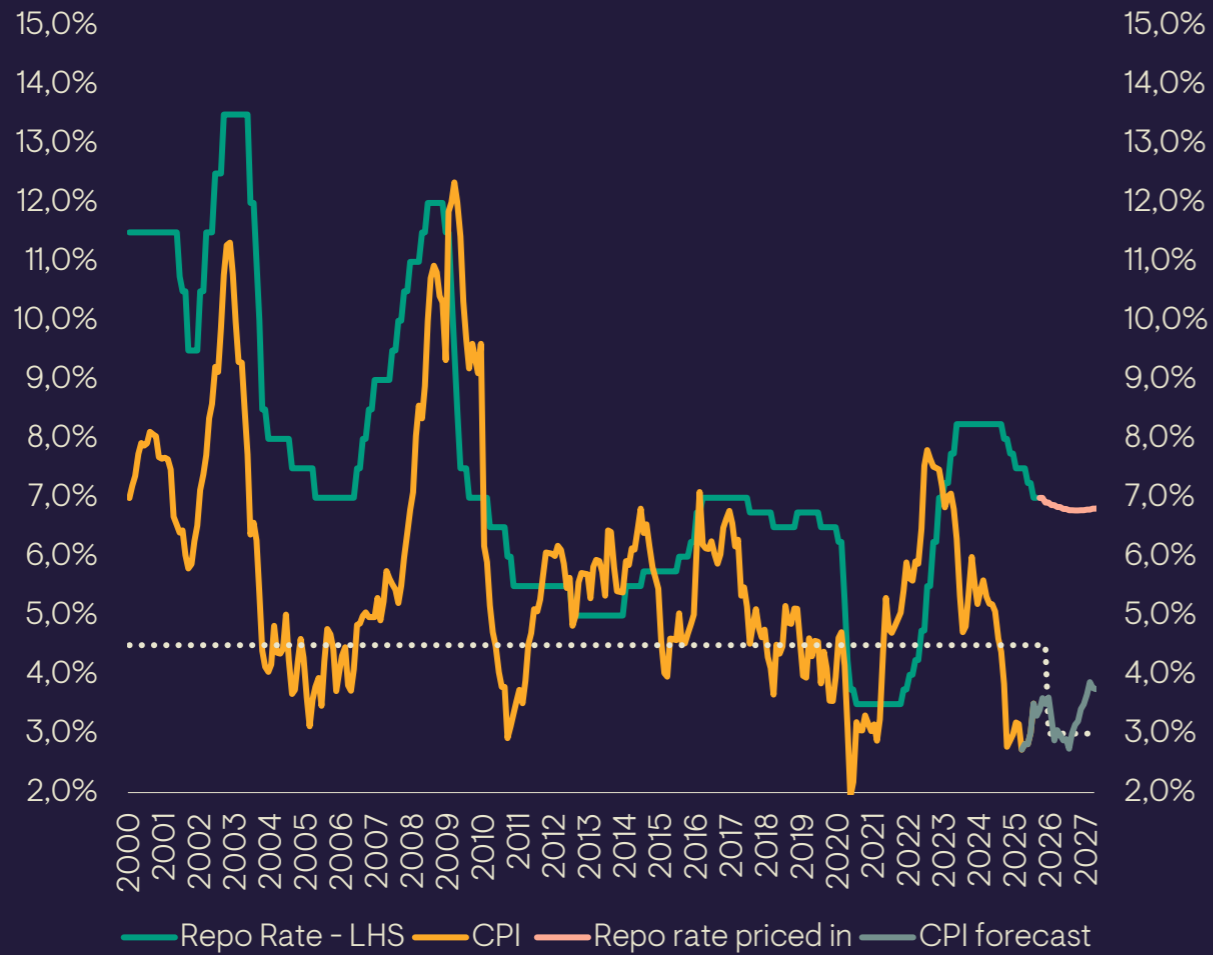
Local factors





Inflation remains benign

SA inflation & repo rate outlook



Our inflation scenarios

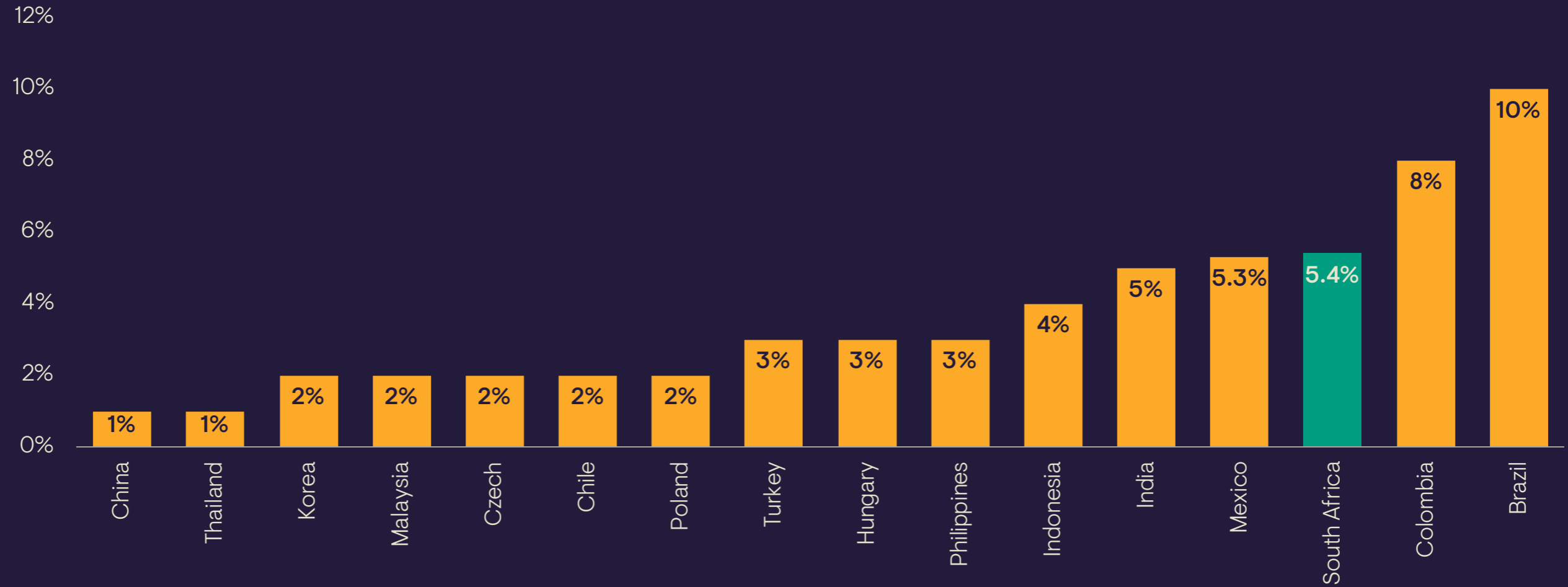
2026

		Rand										
		Brent	14.8	15.3	15.8	16.3	16.8	17.3	17.8	18.3	18.8	19.3
Oil price	48	1.3%	1.6%	1.9%	2.2%	2.5%	2.8%	3.1%	3.4%	3.7%	4.0%	
	53	1.5%	1.8%	2.1%	2.4%	2.7%	3.0%	3.3%	3.6%	4.0%	4.3%	
	58	1.7%	2.0%	2.3%	2.6%	2.9%	3.2%	3.6%	3.9%	4.2%	4.5%	
	63	1.8%	2.2%	2.5%	2.8%	3.1%	3.5%	3.8%	4.1%	4.4%	4.8%	
	68	2.0%	2.4%	2.7%	3.0%	3.4%	3.7%	4.0%	4.3%	4.7%	5.0%	
	73	2.2%	2.6%	2.9%	3.2%	3.6%	3.9%	4.2%	4.6%	4.9%	5.3%	
	78	2.4%	2.8%	3.1%	3.4%	3.8%	4.1%	4.5%	4.8%	5.2%	5.5%	
	83	2.6%	2.9%	3.3%	3.6%	4.0%	4.3%	4.7%	5.0%	5.4%	5.7%	
	88	2.8%	3.1%	3.5%	3.9%	4.2%	4.6%	4.9%	5.3%	5.6%	6.0%	

SA remains attractive

... in a lower interest rate environment

EM 10 Year Real Rates - 2026

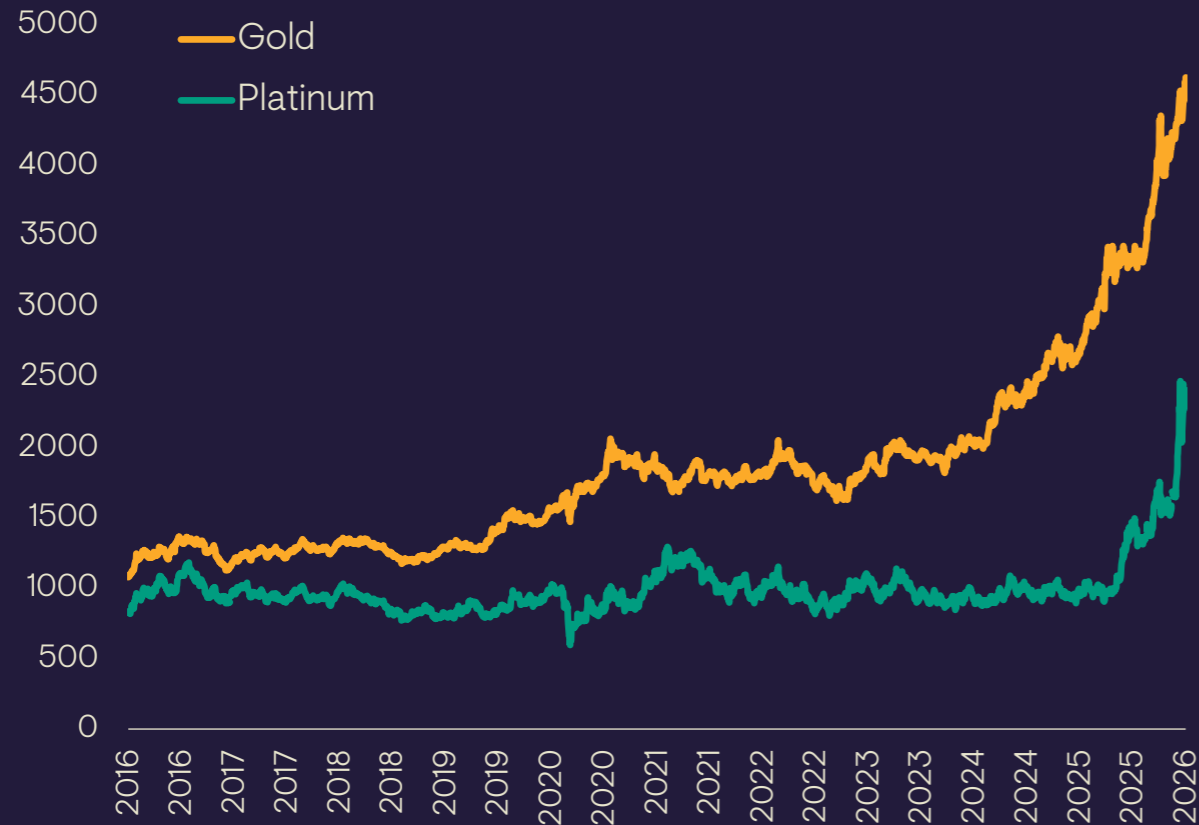




Precious metals boost fiscal revenues

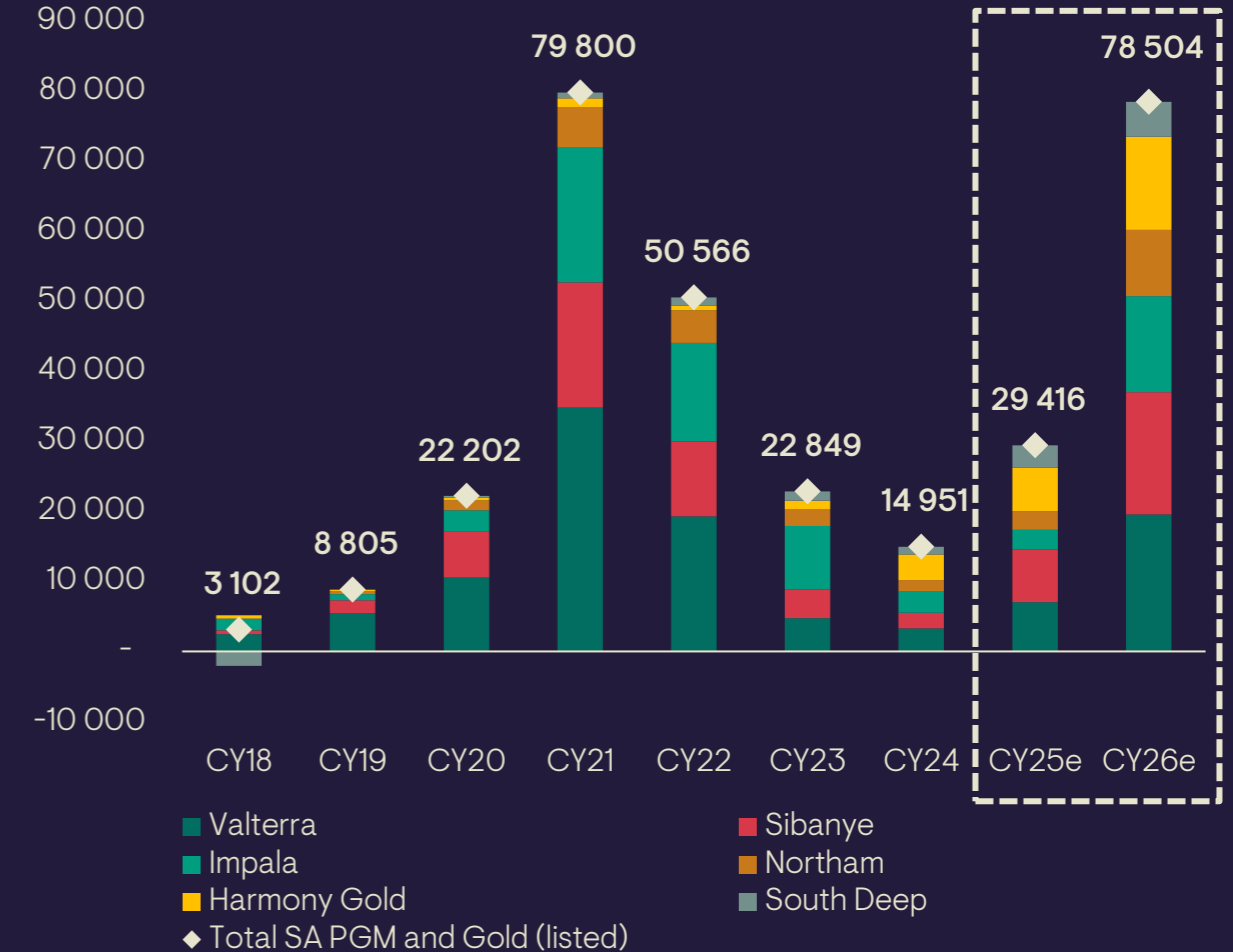
Gold and PGM prices will add roughly R110bn over the next 2 years

Gold and PGM spot



SA PGM and Gold Cash Taxes and Royalties

(In ZAR 'millions, forecasts at spot)



... bringing forward debt consolidation

2026

Our outlook

Global factors

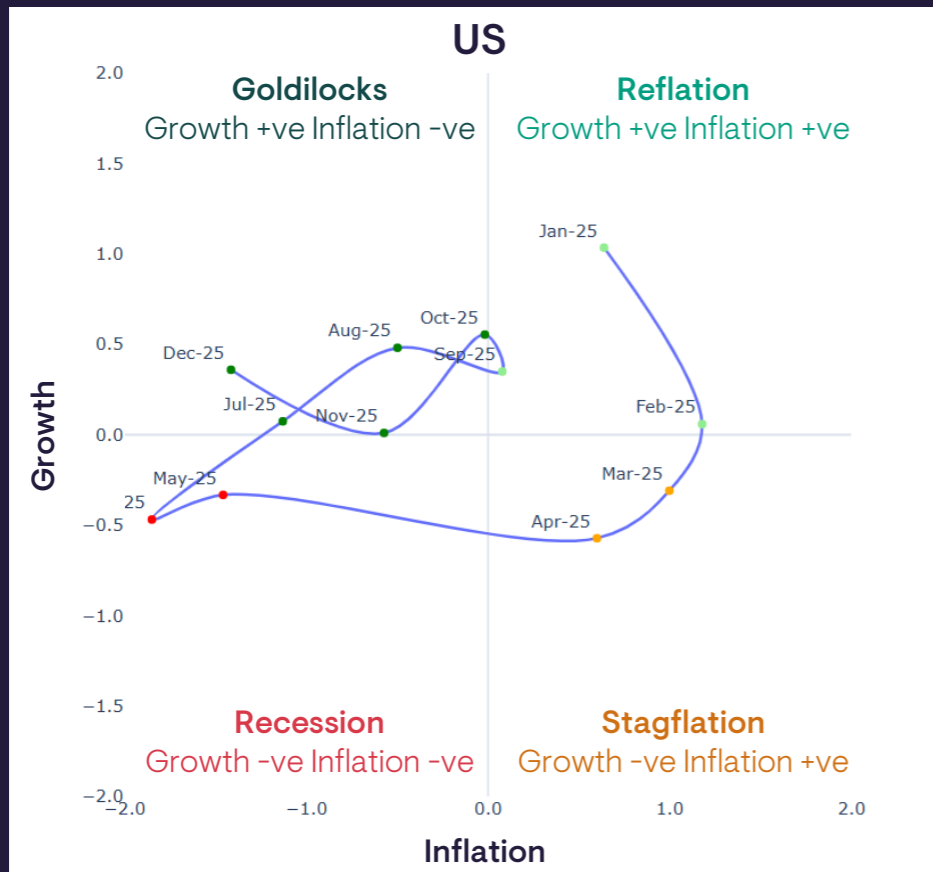




US economy

Settling in Goldilocks territory

US Regime



Regimes summary

Country	Policy	Growth	Inflation	Macro Regime
US	0.0	0.4	-1.4	Goldilocks
EZ	0.5	0.2	-0.6	Goldilocks
China	0.3	-0.7	0.9	Stagflation
UK	0.2	0.0	-1.1	Goldilocks
Japan	0.4	1.2	-0.1	Goldilocks
Australia	-0.1	0.3	0.1	Reflation
Canada	0.1	1.1	1.3	Reflation
NZ	0.2	0.4	-0.4	Goldilocks
Switzerland	1.0	-0.7	-1.2	Recession
Sweden	0.2	1.0	-1.0	Goldilocks
Norway	0.3	0.1	0.0	Reflation
EM	0.3	0.6	-0.5	Goldilocks
Global	0.2	0.2	-0.5	Goldilocks

What's happening at the Fed?

Rate predictions for end of 2026



What lies ahead for SA bonds





SA building some positive momentum

... finally some wins for the country

- **S&P Global Ratings upgrades SA**
 - And keeps us on positive outlook
- **FATF removes SA from Grey list**
 - EU removes us from high-risk list
- **ESKOM posts a financial profit**
 - And has excess capacity of 10GW
- **ICTSI to spend R11bln on Durban port**
 - Transnet turnaround gains momentum
- **Commodity boom boosts revenue and Rand**
 - Allowing for debt consolidation
- **Inflation target change**
 - And there's still room for cuts



S&P Global
Ratings

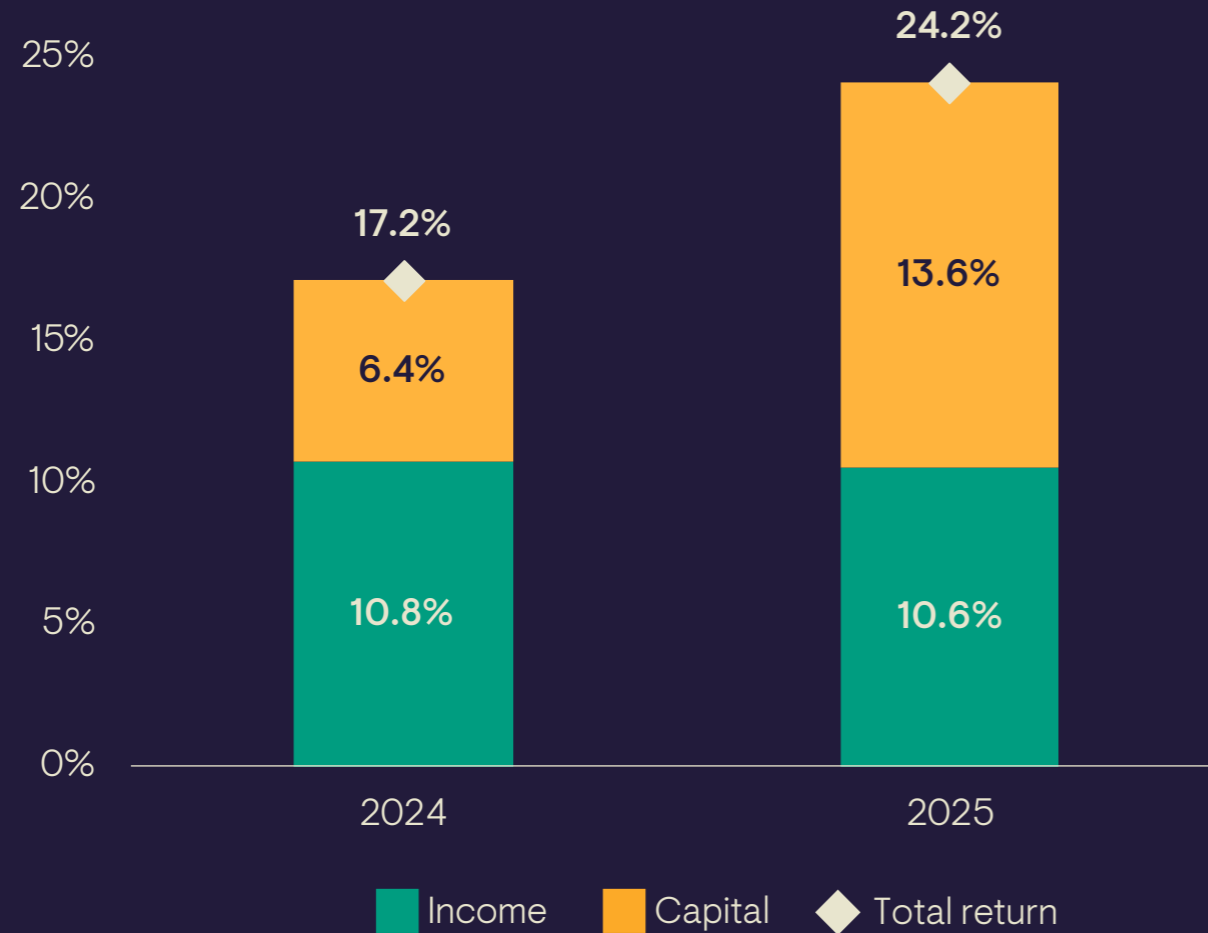




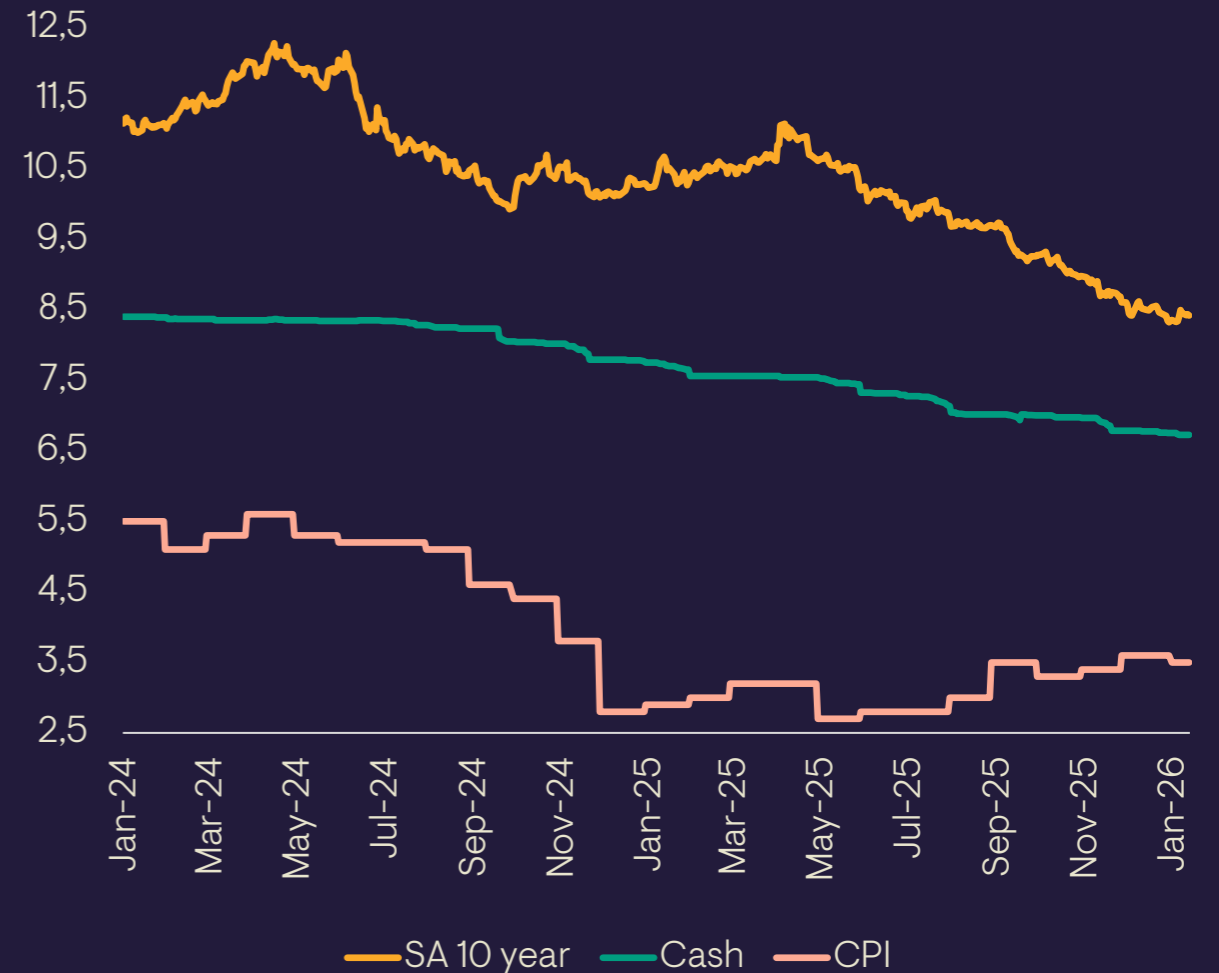
Which led SA bonds to have another cracker of a year

As bond yields re-rated

ALBI returns for the last 2 years



Bonds still offering decent yield against cash & inflation



Ninety One Diversified Income Fund

Portfolio positioning

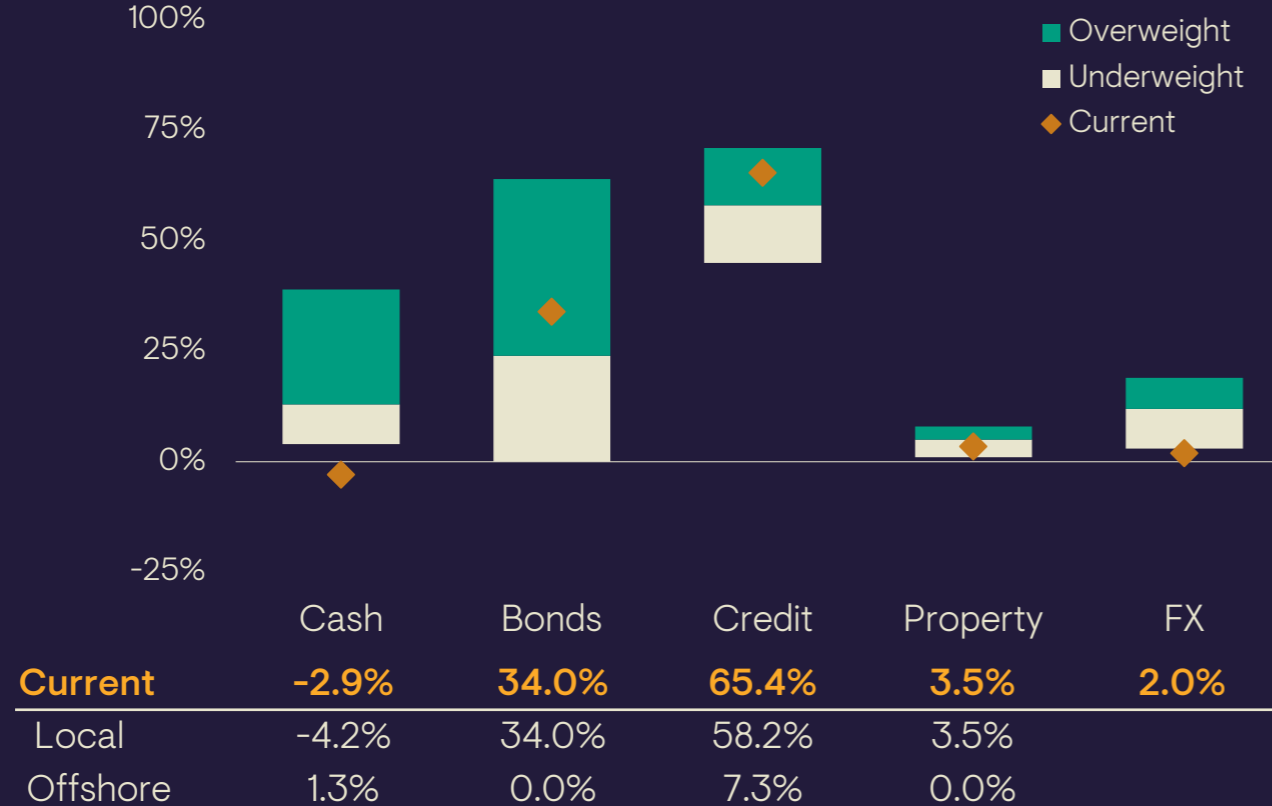




Ninety One Diversified Income Fund

Positioned to participate and protect

Asset allocation (%)



- **Inflation** remains benign
- US economy is **resilient**
- **Eskom/Transnet** recovery continues
- **Growth** steadily improving
- **Rand** remains stable
- **The power of income**

Portfolio yield *	8.85%	Duration risk (yrs)	2.05**	Credit spread	1.60%	Credit rating (avg.)	AA+	FX exposure	2.0%	USD	1.3%
										EUR	0.6%
										Other	0.1%

*Portfolio yield as at 31 December 2025
 **Duration risk (years): Nominal Bonds: 2.16 years, ILBs: 0.01 years and Offshore -0.13 years
 Source: Ninety One, 13 January 2026



Thank you

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