

KEY FACTS

Portfolio Managers:	Andrew Vintcent & Grant Morris
Launch Date:	07 December 2022
Solution Name:	CGAM Focussed Equity
Solution Structure:	Standard Bank AMC
Benchmark:	Capped SWIX Total Return
Note Price:	R1 237
Number of Notes in Issue:	102220
AUM:	R 126 million
Minimum Investment:	R100 000
Denomination:	ZAR
Annual Management Fee:	0.75% pa (excl VAT)
ISIN:	ZAE000316923
Alpha Code:	AMC003

PERFORMANCE AS AT 30 SEPTEMBER 2025

	3 Months	6 Months	1 Year	Since Inception*
Fund	6.6%	14.6%	5.9%	7.9%
Benchmark	12.8%	23.8%	28.3%	17.7%

* Annualised since inception

FUND OBJECTIVE & STRATEGY

The CGAM Focussed Equity is a South African equity structured note. The objective is to provide long term capital growth ahead of its benchmark (JSE Capped Swix), by investing in companies whose shares are listed on a recognised exchange in South Africa. The note is a “long only” product and does not make use of leverage. This is a high conviction investment offering, aiming to hold no more than 15 positions at any point in time. Fundamental analysis, a valuation discipline, patience, and a belief that inefficient markets create opportunities in mispriced assets underpin our process.

WHO SHOULD INVEST

The investment is suitable for long term investors seeking the potential for higher levels of capital growth. Given the differentiated and focused nature of the note, it should be seen as a complementary offering to an investors’ existing portfolios. Investors should be able to tolerate a potential higher level of capital volatility.

RISK INDICATOR

These investments typically exhibit more volatility given their higher exposure to equities, which may result in capital losses. Expected potential long-term returns could be higher than other risk profiles – conversely potential losses could also be higher.

LOW	LOW - MED	MED	MED - HIGH	HIGH
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TOP 10 HOLDINGS (ALPHABETICALLY)

ABSA Group	KAL Group
African Rainbow Minerals	Old Mutual
Astral Foods	Reunert
Caxton	Sasol
Glencore	Zeda

The top 10 holdings make up 69% of the fund.

QUARTERLY COMMENTARY | SEPTEMBER 2025

2025 has been an interesting year for the CGAM Focussed Equity AMC. On the one hand we are pleased that the fund has delivered a return of 14.6% over the last 6 months – a number of holdings have performed very well. Countering that, it has lagged the extraordinary performance delivered by the JSE Capped Swix – the performance of Precious Metals, particularly Gold shares, and other larger cap Industrial companies have underpinned a particularly strong return by the Index.

It invites reflection on the strategy – we have always maintained the AMC is an excellent diversifier, a truly active solution to complement other more core client offerings. With around 15 holdings, many of which are medium and smaller companies, it couldn’t look more different to the Index. The diversification argument naturally feels better when these solutions are outperforming – given the opportunity set that the AMC has invested in, we believe the prospective returns are likely to be very attractive. The “numerator” is well positioned to deliver; how the “denominator” (index) performs is uncertain. We believe the true benefit of diversification will be highlighted over time.

The portfolio enjoys a very suppressed average valuation across the holdings – both PE multiples and Dividend Yields are attractive, with decent prospects for earnings growth into an improving economy. Discussing individual holdings is always risky. A number are simply way off the radar of the asset management industry – in our view, forgotten and unloved; not bad investments, just ignored. One such investment was the target of corporate action in the quarter – Metrofile is being delisted at a meaningful premium to where it has been trading. Whilst we don’t invest for corporate action, given current valuations, it would not surprise us if other holdings go the same route as Metrofile.

Aside from exiting some of the Metrofile into the announcement, we also exited British American Tobacco, following a very strong relative performance. We used the proceeds from these sales, and from trimming other relative outperformers, to build new positions in Pick ‘n Pay and Glencore.

There is one theme that is worth exploring – holding companies trade at a discount to their underlying NAV, they always have. Whether they should, or the extent of the discounts afforded them, has been the subject of much conjecture, for decades! We happen to like a number of them – tangible value in the NAV, with levers to pull to unlock value by narrowing the discount. Some have embarked on a strategy to realise value, buy back shares and drive the value unlock. Others, we like to believe, are about to.

HCI has found itself in the crosshairs of some shareholder activists. A holding company that has created enormous value for shareholders over time, it now trades at an astonishing 56% discount to our assessment of it’s NAV. The listed component of its portfolio is equal to the market cap plus the net debt – these include holdings in, amongst others, Southern Sun, Tsogo Gaming, Frontier Holdings, Platinum Group Metals and E Media. Shareholders effectively own over R11bn of unlisted assets for free. Amongst these, their holding in Impact Oil and Gas, with its Venus oil and gas field in Namibia, carries significant optionality. We have no insight into how successful the activist investors will be, or when HCI management themselves will seek to narrow the discount themselves – suffice to say there is a material margin of safety built into the current share price. Hence we believe HCI to be a very attractive investment opportunity.

The Ethos Capital value unlock strategy is gathering momentum – the share price has enjoyed a strong recovery since their decision to halt new investments, harvest existing ones and repay the accruing NAV to shareholders. Shareholders have enjoyed the benefit of a rising NAV, and a narrowing of the discount to NAV at which the shares have been trading. Their most material asset is an indirect exposure to an African AI and Fintech company, Optasia - it makes up around 50% of their most recent NAV. Optasia has recently embarked on a process to list on the JSE, which is likely to lead to a further write up to the carrying value. It may also afford Ethos an opportunity to sell some or all of their holding, enabling them to return a meaningful amount of capital to shareholders.

Reinet is another holding company in which we have built up a position. They too have embarked on an asset sale program – initially exiting their long held stake in British American Tobacco, and more recently have sold their entire shareholding in The Pension Corporation. The result of these two material sales is that Reinet will hold more than 80% of their NAV in offshore cash. Whilst they have not announced any plans on what they intend to do with the cash, their discount to what is effectively a cash NAV, appears unfounded to us. We believe patience is likely to be well rewarded.

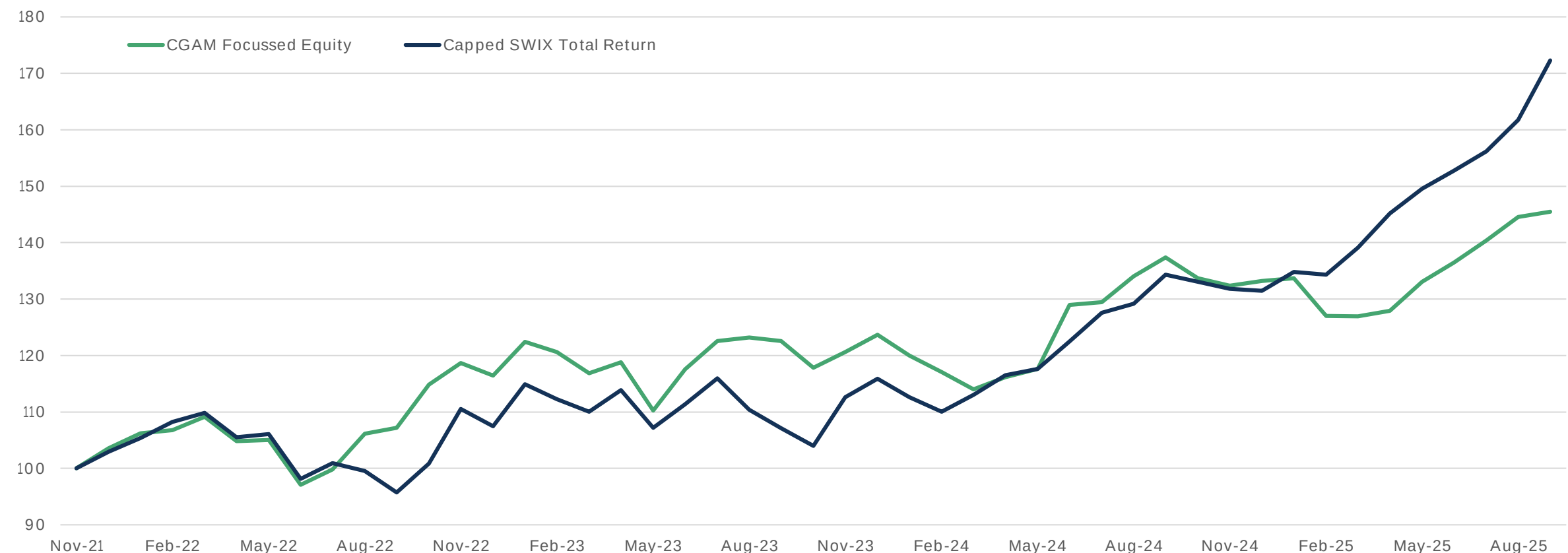
The above are merely 3 examples of holdings – each has upside, and levers to pull to unlock value. In the overall portfolio context, they make up around 10% of the AMC. Each of the other holdings has, in our view, a compelling investment case – different businesses, different drivers, differing strategies to deliver value – all united in their ability to generate very attractive prospective returns to patient investors.



Performance:

We launched the capability in December 2021, with a instrument that initially proved quite cumbersome. In December 2022, the opportunity arose to launch a JSE listed AMC through Standard Bank - we opted to move the capability from the previous structure to the listed AMC. As a result, we believe the below track record since the initial inception of December 2021 is appropriate way to demonstrate the performance of the capability.

CUMULATIVE PERFORMANCE SINCE INCEPTION



Track record of AMC includes the original Ashburton note launched on the 17th December 2021, and rolled into AMC003 in December 2022.

DISCLAIMER

AMC's should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. AMC's are traded at the ruling price. There is no guarantee in respect of capital or returns in a portfolio.

The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Please refer to the Pricing Supplement for detailed information relating to the AMC. The fact should be read in conjunction with the Pricing Supplement. This is available on the Standard Bank website <https://www.warrants.standardbank.co.za/proxy/warrants/WarrantsAmcPricing.asp>

Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees and the actual investment date. Full performance calculations are available from the manager on request.

Equity investment risk: Value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. bankruptcy), the owners of their equity rank last in terms of any financial payment from that company.

Property risk: Investments in real estate securities can carry the same risks as investing directly in real estate itself. Real estate prices move in response to a variety of factors, including local, regional and national economic and political conditions, interest rates and tax considerations.

Geographic / Sector risk: For investments primarily concentrated in specific countries, geographical regions and/or industry sectors, their resulting value may decrease whilst portfolios more broadly invested might grow.

For any additional information please go to <https://www.warrants.standardbank.co.za/proxy/warrants/WarrantsAmcPricing.asp> and www.cgam.co.za

Glossary Summary

"AMC" means actively managed certificates, being notes issued by an issuer which offer investors exposure to the performance of a single portfolio of underlying assets which are discretionarily managed by a third party in terms of a pre-determined strategy;

Investment Manager:

ClucasGray Asset Management (Pty) Ltd, Registration number: 2019/060149/07 is an authorised Financial Services Provider FSP50733 under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision. Physical address: Dunkeld Place, 12 North Road, Dunkeld West, 2196 Postal address: PO Box 413037, Craighall, 2024 Telephone number: +27 11 771 1960 Website: www.cgam.co.za

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