



SYMMETRY

Institutional Quarterly Report

Q1 2026





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Business Update



Kieyam Gamieldien
Managing Director

The first quarter of 2026 served as a timely reminder that markets rarely move in straight lines, and that even the strongest starts can be quickly unsettled by events beyond investors' control.

The year began on a constructive domestic footing. Inflation continued to ease, while gradual progress on South Africa's reform agenda and infrastructure recovery supported a firmer tone in investor sentiment. This, together with a renewed appetite for emerging market risk and a well-received 2026 National Budget, contributed to a meaningful strengthening of the rand - which reached its strongest level since 2022 - and helped lift local equity markets to new highs, further supported by strong gains in precious metals.

As the quarter progressed, however, this momentum became increasingly sensitive to shifting global conditions. Escalating geopolitical tensions - most notably the conflict involving Iran - began to weigh on the global economy, creating supply pressures in energy markets and influencing asset prices more broadly, particularly within energy-related equities and precious metals.

For investors, the first quarter highlighted how quickly sentiment can shift, reinforcing the importance of maintaining a long-term perspective amid shorter-term volatility.

For us at Symmetry, our focus remains unchanged: delivering consistent outcomes aligned with our clients' long-term objectives.



As I reflect on the first quarter of 2026, I am pleased with the investment performance delivered across our funds and institutional strategies. Our institutional strategies continue to rank strongly, while our retail funds remain competitive within their peer groups – reflecting the strength of our disciplined asset allocation approach and investment process.

Beyond performance, we have continued to make meaningful progress across the core pillars of our investment proposition.

Evolving our capabilities to serve you better

Our recently established Outsourced Chief Investment Officer (OCIO) capability is now firmly embedded as a key part of how we partner with large and complex investors. Its implementation at scale – most notably through our work with the Old Mutual Group, where we have been entrusted with a mandate of over R325bn – reflects both the effectiveness of the model and the increasing need for more integrated investment solutions. As we continue to build in this area, it will remain an important driver of how we deliver value to institutional clients.

We have also made steady progress across the broader pillars of our investment proposition. Our private markets capability continues to expand, enhancing diversification and long-term return potential for our clients. Our manager research capability has also continued to deepen, reinforcing our ability to identify and partner with high-quality managers across local and global markets. In addition, and on the technology front, ongoing enhancements to our DFM portal are improving how clients engage with us, while providing them greater access, transparency, and insight into their portfolios.

Symmetry's Long Short Equity Fund of Hedge Funds recognised at the HedgeNews Africa Awards

Lastly, I am delighted to share that Symmetry's Long Short Equity Fund of Hedge Funds was named the best Fund of Hedge Funds over a five-year period at the HedgeNews Africa Awards held in Cape Town on 24 February 2026.

This marks the eighth consecutive year the fund has received an award and brings our total number of hedge fund accolades to 15 – a milestone we are incredibly proud of.

The HedgeNews Africa Awards recognise alternative strategies and hedge funds that demonstrate strong risk-adjusted performance across South Africa and the broader African region.

This recognition reflects the consistency, discipline, and care with which the fund is managed, and underscores our ongoing commitment to delivering enduring value for you, our clients.

As we look ahead, we remain confident in our positioning and in the resilience of our investment approach. Periods of volatility are an inherent part of investing, but they also create opportunity. Our role is to navigate these conditions with discipline and clarity, always with a focus on delivering strong, long-term outcomes.

Thank you for your continued trust and partnership.

Kieyam



Institutional overview



Gumani Tshikovhi

Client Director | Old Mutual Corporate

“There are decades where nothing happens; and there are weeks where decades happen.”

— Vladimir Ilyich Lenin

This observation feels particularly relevant when considering recent market developments.

Markets ended 2025 and began 2026 on a buoyant footing. However, February marked a shift in sentiment as geopolitical tensions in the Middle East intensified, exposing global investors to renewed periods of uncertainty and volatility.

Over the quarter, South African asset prices were influenced by episodic risk-off sentiment, reflected most clearly in rand volatility and widening dispersion across asset classes. Equity market outcomes varied meaningfully across sectors and individual stocks, while bond markets experienced yield volatility despite elevated real yields. These dynamics reinforced that short-term price movements are often disconnected from underlying long-term fundamentals.

Against this backdrop, the importance of long-termism in investing is reaffirmed. Long-termism represents a deliberate focus on achieving sustainable outcomes over full market cycles rather than reacting to short-term market noise. It recognises that while capital markets are inherently volatile in the near term, they tend to reward discipline, patience, and sound fundamentals over time.

Experience has shown that decisions driven by recent performance or short-term volatility often erode long-term returns. In contrast, remaining invested through market cycles allows



portfolios to benefit from compounding, income generation, and the recovery phases that typically follow periods of market dislocation.

Long-term investing does not imply inactivity. It requires discipline, active oversight, and thoughtful adjustments as return expectations and risks evolve.

These principles are reflected in Symmetry's approach to constructing and managing portfolios. By combining diversification, manager selection and active risk management, portfolios are positioned to navigate changing market conditions, while aiming to deliver consistent, inflation-beating outcomes over time.

Outlook

Looking ahead, the investment environment is expected to remain nuanced. While easing inflation may provide greater policy flexibility, growth risks and geopolitical uncertainties persist. Valuation discipline, diversification, and active management remain critical as markets navigate the transition from restrictive monetary policy towards a more neutral stance.

Across our various investment propositions, we remain focused on identifying opportunities that offer attractive risk-adjusted returns, while continuing to protect client capital through disciplined portfolio construction and robust risk management.

Closing

We appreciate the continued trust you place in us and remain committed to delivering consistent, long-term outcomes aligned with your investment objectives.

For most investors, the primary challenge is not responding to short-term market movements, but maintaining strategic discipline through periods of uncertainty. By remaining focused on long-term goals rather than short-term fluctuations, portfolios are better positioned to navigate uncertainty and capture opportunities over time.



Quarterly performance review



Roland Gräbe

Chief Investment Officer: Multi-Managed Funds

The first quarter of 2026 was defined by fast-moving headlines and volatile market sentiment. A key driver has been the escalation of the US - Israel war with Iran, reintroducing a classic macroeconomic risk: an energy shock.

With the Strait of Hormuz back in focus, oil prices have absorbed a larger geopolitical risk premium. Day-to-day pricing has become more sensitive to disruption than to longer-term supply and demand. The result is a higher probability of second-round inflation effects through transport and input costs. It also holds a greater risk that central banks maintain tighter policy settings for longer than markets had expected.

Against this backdrop, valuation remains the dominant medium-term driver of returns. Global equity indices are still narrow and expensive, with expectations for a small set of mega-caps leaving limited room for disappointment. That does not preclude further gains, but it does imply more modest prospective returns over a full cycle - particularly if elevated energy costs complicate the inflation and rates backdrop.

Our caution is therefore less about progress and more about price. Paying today for outcomes that may arrive gradually, while discount rates remain exposed to inflation surprises.

Closer to home, South African assets continue to trade at less demanding valuations than many of its global peers. Recent performance has been supported by lower inflation and improved credibility, but global energy shocks can still transmit through the currency and fuel prices - both of which influence domestic inflation and risk premia.

This is particularly relevant for households. Petrol prices are the most visible way through which global oil shocks are felt locally. They can put pressure on budgets quickly while also filtering into broader costs over time. After a decade of exceptionally low economic growth



and limited real income gains, consumers have less capacity to absorb another sustained cost shock – making fuel prices an important swing factor for near-term sentiment and spending.

The rand also remains a key shock absorber – typically weakening during global stress and recovering when conditions normalise. This can amplify short-term moves in inflation and asset prices, even when the longer-term valuation case remains intact.

Fixed income remains an important portfolio anchor, but the valuation landscape has shifted after strong returns and lower yields. If oil-driven inflation risks persist, bond markets may have to reprice the path of rates, increasing volatility. This is a reminder that returns are not static and should not be extrapolated from a favourable recent period.

In equities, we continue to rebalance with discipline rather than forecasts – using valuation signals and a clear role for each exposure within the portfolio, particularly when macro risks (like energy prices) can change quickly.

During the quarter we made two notable adjustments to our tactical positions. Firstly, we reduced South African bonds from overweight to neutral after a strong run and a meaningful move lower in yields, which has reduced prospective returns and narrowed the margin for error. Secondly, we moved from underweight local cash to an overweight position. Our intention is to hold additional liquidity through the coming months, as we expect bouts of volatility to create opportunities to add risk at more attractive levels should markets fall.

Although these decisions were taken before the conflict escalated, the higher cash weighting also provides valuable should the war's impact on oil prices, inflation and risk assets proves greater than markets currently anticipate. In that sense, it acts as a form of insurance, lowering portfolio sensitivity to near-term shocks while preserving our ability to deploy capital quickly if better long-term entry points emerge.

A persistent challenge in periods like this is behavioural: compelling narratives can encourage action at precisely the wrong time. Staying anchored to process – and being willing to hold liquidity when return prospects are less favourable – is often what protects long-term outcomes.

Looking ahead, we remain constructive on the ability of portfolios to deliver real, inflation-beating returns over time. We continue to see value in selected South African assets, while being more cautious globally given valuations and the risk that a prolonged Iran conflict keeps oil prices elevated and complicates the disinflation path.

In closing, successful investing is rarely about getting the next quarter right. It is about staying anchored to process, maintaining diversification and allowing compounding to do the heavy lifting. We thank our clients for their continued trust.



Institutional solutions and benchmark returns

Period ending 31 March 2026

	March	3 Months	Year to Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception
Symmetry 1-3	-2.97%	-0.23%	-0.23%	17.98%	13.21%	11.42%	10.66%	9.80%	12.25%	14-Oct-99
CPI +2% p.a.*	0.54%	1.26%	1.26%	4.97%	5.90%	6.86%	6.55%	6.61%	7.37%	
Symmetry 3-5	-4.66%	-1.13%	-1.13%	19.97%	14.46%	12.89%	12.29%	10.56%	13.59%	31-Jul-03
CPI +4% p.a.*	0.70%	1.74%	1.74%	6.97%	7.90%	8.86%	8.56%	8.61%	9.08%	
Symmetry 5-7	-6.14%	-1.74%	-1.74%	20.90%	14.87%	13.15%	12.64%	10.62%	13.54%	14-Oct-99
CPI +6% p.a.*	0.85%	2.21%	2.21%	8.97%	9.90%	10.86%	10.56%	10.61%	11.38%	
Symmetry Max 28	-6.23%	-1.95%	-1.95%	21.26%	15.67%	13.96%	12.83%	10.55%	13.18%	14-Oct-99
CPI +6.5% p.a.*	0.89%	2.33%	2.33%	9.47%	10.41%	11.36%	11.06%	11.12%	11.88%	
Symmetry 3-5 Tracker	-4.85%	-0.87%	-0.87%	20.10%	14.72%	12.33%			11.93%	11-Oct-19
CPI +4% p.a.*	0.70%	1.74%	1.74%	6.97%	7.90%	8.86%	8.56%	8.61%	8.50%	
Symmetry 4-6 Tracker	-6.44%	-1.72%	-1.72%	21.76%	15.74%	13.30%			12.94%	11-Oct-19
CPI +5% p.a.*	0.78%	1.97%	1.97%	7.97%	8.90%	9.86%	9.56%	9.61%	9.50%	
Symmetry Defensive	-3.53%	-2.13%	-2.13%	12.40%	12.63%	11.13%	10.26%	9.07%	11.41%	1-Oct-02
CPI +3% p.a.*	0.62%	1.50%	1.50%	5.97%	6.90%	7.86%	7.56%	7.61%	8.13%	
Symmetry Managed	-4.45%	-3.18%	-3.18%	13.57%	13.75%	12.43%	11.95%	10.10%	11.81%	1-Apr-10
Managed Benchmark	-5.92%	-0.69%	-0.69%	19.40%	14.42%	12.59%	11.48%	9.73%	11.20%	
Symmetry Money Market	0.59%	1.80%	1.80%	8.01%	8.79%	7.48%	7.22%	7.51%	8.34%	1-Aug-00
STeFI 3 Month	0.54%	1.60%	1.60%	7.04%	7.74%	6.48%	6.17%	6.44%	7.41%	
CPI Inflation	0.39%	0.77%	0.77%	2.96%	3.90%	4.86%	4.55%	4.61%		

Annualised returns are shown for periods greater than 1 year.

Returns are gross of Symmetry and underlying investment manager charges.

*"CPI" refers to the SA Consumer Price Index headline year-on-year rate as provided by Statistics South Africa but lagged by one month due to the timing of the release of the latest inflation figures.

Source: Symmetry



Local and global market commentary



Izak Odendaal

Chief Investment Strategist

Synopsis:

- **Equity and bond markets shocked by Gulf war.**
- **Oil spikes and precious metals slump.**
- **SA bonds, equities and currency lower as global risk aversion rises.**

Global

Global equities fell sharply in March as US and Israeli attacks on Iran escalated into a regional conflict, resulting in the closure of the Strait of Hormuz. This pulled first quarter returns into negative territory. The MSCI All Country World Index lost 7% in the month and 3% in the first quarter, pulling the 12-month dollar return down to 20%. Beyond the stronger energy sector, there was indiscriminate selling and little distinction between growth and value sectors in the month of March. However, outperformance in January and February means the value version of the MSCI All Country World Index is up 1% year to date, while the growth index is down 8%.

The US S&P 500 Index fell 5% in March and a similar amount in the first quarter. Over the 12 months to end March, it returned 16%. Japanese equities slumped 12% in March but are still positive for the first quarter. Over 12 months, the Nikkei 225 return is still an impressive 46% in yen. The yen lost 1.3% against the dollar in the first quarter. The Euro Stoxx 600 Index lost 7.5% in March and 1% in the first quarter in euro, pulling the 12-month return down to 12.8%. The euro lost 1.6% against the dollar in the first quarter as the latter regained its safe-haven status somewhat.

Emerging market equities fell sharply in March, with declines compounded by a stronger dollar. Korea, India, and South Africa were particularly hard hit in dollar terms. The MSCI Emerging Markets Index lost 13% in the month in dollars, wiping out the first quarter gains. However, the 12-month return of 29.6% is still ahead of developed markets.

Bond markets were spooked by inflation fears and the risk that some central banks might be forced into raising interest rates. The 10-year US Treasury yield increased from 3.96% to 4.3% in March, while the policy sensitive two-year yield rose from 3.4% to 3.7%. The most notable



increases were in Europe. The 10-year German Bund increased to 3%, and the equivalent UK Gilt yield jumped to 4.9% by the end of the quarter.

Therefore, the FTSE World Government Bond Index lost 1.9% in March and was marginally negative in the first quarter, while the 12-month return was only 1.5%. The FTSE World Investment Grade Corporate Bond Index lost 2% in March and 0.8% in the quarter but returned 3.8% over one year.

International listed property fell in line with bonds and equities in the month. The FTSE/EPRA Nareit Developed Index lost 8.9% in March, though returns for the quarter are still positive at 1.3% in dollars. The 12-month return of 10% lags equities but is ahead of bonds.

Disruptions to shipping in the Persian Gulf impacted supplies of a range of commodities, notably oil and natural gas, but also aluminium, fertilisers and helium. Brent crude oil gained 42% in March, closing the quarter at \$104 per barrel, though it briefly went as high as \$118. It closed 39% higher than a year ago and will add to headline inflation rates across the world. In contrast, gold and other precious metals were sharply lower. This suggests that many of the speculative buyers that chased these prices higher pulled out in a panic. Gold is often seen as a hedge against uncertainty and inflation. At first glance, it fails on both counts, since it lost 13% in March. However, at \$4 564 per ounce, the gold price is still 46% higher than a year ago, and very high in absolute terms. Platinum lost 18% in March to close the quarter at \$1 908 per ounce, still 93% higher than a year earlier.

Local

South African equities pulled back sharply and across a broad front in March, closing the first quarter in the red. The FTSE/JSE All Share Index plunged 10.5% in the month and ended the quarter down 0.6%. However, this comes after a very strong run over the prior year. The 12-month return at the end of March was still an impressive 33.6%.

The resources sector lost 16.5% in March, as lower precious metals prices offset gains from coal miners and Sasol. The 12-month return of 95% remains well ahead of the other two traditional industry groups on the JSE. Financial shares also declined sharply as bond yields rose and the interest rate outlook deteriorated. Financials lost 9.8% in the month but still returned 29% over 12 months. Industrials were relatively muted compared to the other two sectors, declining by 5% in March. However, since industrial shares did not perform as strongly prior to the war, the sector is negative for the first quarter and up only 4.4% over 12 months.

South African government bonds sold off in line with global bond markets, delivering one of the worst monthly returns since 2000. The FTSE/JSE All Bond Index lost 6.8% in March and 3.4% in the first quarter. However, this comes after a strong run over the prior year, with the 12-month return still 19%, ahead of the 7.3% return from cash.

Local listed property also fell sharply, with the FTSE/JSE All Property Index losing 12% in the month and 5% in the quarter. However, the 12-month return remains solid at 29%.

The rand normally weakens when there is a global risk-off event, and this time has been no different. The rand lost 6% against the US dollar in March and 2.3% in the quarter to close at R16.94 per dollar. This offset the short-term impact of weaker dollar prices of global bonds and equities from the point of view of South African investors.

Note: All bond, equity and property returns are total returns including reinvested dividends/interest unless stated otherwise. Data as of 31 March 2026.

Sources: Iress, LSEG, national statistical agencies and central banks.



Strategic Asset Allocation (SAA) Framework Update

Strategic asset allocation (SAA) frameworks are not updated frequently, but from time to time it does become necessary to make some changes. We have combined a number of required updates into one exercise and can now share the changes implemented to our investment process specifically related to SAA targets.

The two key ranges impacted are the ones where Symmetry actively manages the asset allocation, namely the Strategy Range and the Tracker Range.

Old SAAs	Symmetry 1-3	Symmetry 3-5	Symmetry 5-7	Symmetry Max28	Symmetry 3-5 Tracker	Symmetry 4-6 Tracker
TOTAL EQUITY	22	55	73	75	57	75
SA equity	11	30	41	44	32	43
SA property	3	3	3	3	3	3
SA bonds	14	15	8	4	18	11
SA cash	47	12	3	0	12	3
SA alternatives	5	5	5	9	0	0
TOTAL OFFSHORE EX AFRICA	20	35	40	40	35	40
Global equity	11	25	32	31	25	32
Global property	3	3	3	4	3	3
Global bonds	6	7	5	5	7	5
	100	100	100	100	100	100

New SAAs	Symmetry 1-3	Symmetry 3-5	Symmetry 5-7	Symmetry Max 28	Symmetry 3-5 Tracker	Symmetry 4-6 Tracker
TOTAL EQUITY	21	46	69	75	51	69
SA equity	12	26	41	44	29	40
SA property	3	3	3	3	3	3
SA bonds	12	14	6	4	16	10
SA cash	44	14	3	0	16	6
SA alternatives	10	10	10	10	0	0
TOTAL OFFSHORE EX AFRICA	19	33	37	39	36	41
Global equity	9	20	28	31	22	29
Global property	3	3	3	3	3	3
Global bonds	7	10	6	5	11	9
	100	100	100	100	100	100



Change in SAAs	Symmetry 1-3	Symmetry 3-5	Symmetry 5-7	Symmetry Max28	Symmetry 3-5 Tracker	Symmetry 4-6 Tracker
TOTAL EQUITY	-1	-9	-4	0	-6	-6
SA equity	1	-4	0	0	-3	-3
SA property	0	0	0	0	0	0
SA bonds	-2	-1	-2	0	-2	-1
SA cash	-3	2	0	0	4	3
SA alternatives	5	5	5	1	0	0
TOTAL OFFSHORE EX AFRICA	-1	-2	-3	-1	1	1
Global equity	-2	-5	-4	0	-3	-3
Global property	0	0	0	-1	0	0
Global fixed income	1	3	1	0	4	4

The new SAA ranges were implemented with effect from 1 March, aligned with our latest tactical positioning, which was executed during the last two weeks of February. As a result, all reporting from end March 2026 onwards reflects the revised SAA framework.

A number of updates were incorporated into the latest SAA revisions. One of the key reasons for change was the inclusion of the latest market data in our models. The risk modelling of our SAA process employs data from 1990, the longest period for which reliable monthly returns data is available for all major asset classes. [Expected returns refer to data from 1900, while the covariance matrix refers to data from 1990.]

We updated this dataset to include the last few years (2022-2025) and reran the model. We do not update this dataset monthly or even annually because the marginal impact on optimal weights is very limited, given the long-term nature of the model. This is a key strength of the optimisation technique we employ, namely it remains stable and not overly sensitive to small changes in risk assumptions. This particular update only shifted the optimal weights for any given target return by between 0% and 2% in almost all cases.

In response to the heightened focus on alternative investments, we have changed our framework to treat all local alternatives as one category, with hedge funds forming a key component. In the strategy range, the target allocation for all four funds was set to 10%, which aligns roughly with the current exposure to a variety of alternative investments. This explicit target for total alternatives was funded from a combination of local equity and local fixed income. Another change that impacted both the Strategy and the Tracker range, is that we now clearly distinguish between SA Cash and SA Bonds. In global allocations, we refer to fixed income, which is an asset class that can include both cash and bond allocations.

A strategy-specific change that should be highlighted is the moderation of the level of risk in the Symmetry 3-5 and Symmetry 3-5 Tracker funds. This aims to strengthen capital preservation characteristics, consistent with its roles in life-stage models used by many of our clients.

As part of the review, we also considered the level of risk prevalent in each strategy, taking into account the constraints of Regulation 28, alongside industry surveys and peer group comparisons. Given our active use of tactical asset allocation around the SAA framework, we had to consider if the SAA allows us sufficient room to add value within these constraints.

To conclude, the SAA framework is central to our investment process and we are committed to transparency, both in the weight allocations as well as the process used to review the framework. As we touch on these changes in upcoming feedback sessions, we invite you to engage with us for further insight into our unique approach to multi-management.



Market indices performance table

	3 months	1 year	3 years	5 years	10 years
SA Equities					
JSE AllShare (J203T)	-0.61%	33.60%	18.60%	15.72%	11.90%
JSE Capped SWIX (J433T)	-0.45%	34.12%	18.71%	16.34%	11.85%
JSE INDI (J257T)	-8.37%	4.97%	9.59%	10.02%	7.73%
JSE RESI (J210T)	7.15%	95.64%	29.05%	19.45%	21.25%
JSE Top 40 (J200T)	-0.64%	35.23%	18.54%	15.90%	12.34%
JSE Midcaps (J201T)	-1.16%	29.36%	18.27%	14.43%	8.19%
JSE Smallcaps (J202T)	-2.30%	27.70%	21.07%	20.35%	10.82%
JSE All Property Index (J803T)	-5.32%	29.10%	23.12%	17.46%	2.47%
SA Bonds					
ALBI	-3.36%	19.24%	14.29%	12.16%	10.40%
Global Equities					
MSCI ACWI (Net)	-1.00%	10.97%	14.69%	12.52%	12.96%
MSCI EM (Net)	2.11%	19.79%	12.98%	6.57%	9.38%
Global Property Bmark	3.33%	0.76%	5.01%	4.64%	4.33%
SA Cash					
STeFI	1.66%	7.28%	7.98%	6.76%	6.78%
Inflation & Forex					
SA CPI	0.77%	2.96%	3.90%	4.86%	4.61%
ZARUSD	-2.32%	8.06%	2.24%	-2.72%	-1.40%

Currency: ZAR



Asset class and manager reviews Q1 2026

The Stable Income Fund

The Stable Income Fund is a blend of four different income-focused funds, with a diversified exposure to money market (less than 12 months), fixed rate, floating rate, and inflation-linked instruments. The fund is benchmarked against the STeFI Composite Index and aims to achieve at least 1% per annum over the benchmark on a net basis. From a risk management perspective, it is designed to deliver at least cash over rolling three-month periods. The fund closely matched cash during the quarter and showed strong performance against its STeFI + 1% target over the last 12 months. Fund returns were supported by short-duration positioning, high exposure to floating-rate instruments and cash, and conservative credit and bond positioning, which helped cushion the impact of rising yields and elevated volatility. These positives were partly offset by a sharp sell-off in South African government bonds in March. Duration was actively managed during the quarter, having been reduced more aggressively in early March as geopolitical risk, rising energy prices, and inflation concerns drove nominal yields higher. The outlook remains cautious, with heightened geopolitical risk, elevated energy prices, and increased inflation uncertainty keeping interest rates higher for longer, reinforcing a continued focus on capital preservation, liquidity, and defensive portfolio positioning. At the end of the quarter, the fund had an aggregate modified duration of 0.6 with an annualised yield of 7.6%.

The Active Income Fund

The Active Income Fund is a blend of three multi-asset income funds, primarily invested in fixed and floating rate bonds, domestic cash, offshore (hedged), and a marginal allocation to SA property. The fund is benchmarked against the STeFI Composite Index and aims to achieve at least 2% per annum over the benchmark on a net basis. From a risk management perspective, the fund is designed to provide stability by aiming not to lose capital over rolling three months.

The fund delivered an impressive performance compared to the STeFI + 2% performance target over the last 12 months and managed to protect capital during the first quarter of 2026, despite the sharp sell-off in local bonds experienced in March. Returns for the period were supported by income-focused positions, with floating rate credit delivering stable returns as policy rates remained unchanged. A swap hedge against SA nominal bonds added value during the March bond sell-off, while offshore fixed income and USD exposure benefited from rand weakness amid heightened geopolitical risk. These gains were offset by losses from local nominal bonds and ILBs as yields rose sharply in March. Listed property and longer-duration bond exposure also detracted as yields continued to reprice higher



following the Middle East conflict. The outlook remains highly dependent on geopolitical developments, with the base case assuming a transitory energy shock, moderating oil prices, sticky near-term inflation and central banks staying on hold. In South Africa, modest growth is expected, with a temporary inflation spike giving way to renewed disinflation and scope for SARB easing later in the year. Overall, the fund remains well-positioned to capture income opportunities while mitigating downside risks. The fund finished the quarter with an aggregate modified duration of 2.3 years and an annualised yield of 8.4%.

Local Fixed Income

South African bonds delivered a negative return during the first quarter of 2026, as a sharp March sell-off overwhelmed strong gains earlier in the quarter. The FTSE/JSE All Bond Index (ALBI) fell 3.4% over the quarter, despite solid performances in January (+2.0%) and February (+1.7%). The reversal was driven by a global duration sell-off following the escalation of the Middle East conflict and closure of the Strait of Hormuz, which pushed energy prices higher and revived inflation concerns. In March alone South African government bonds fell 6.8%, one of the worst monthly returns since 2000, with the South African 10-year yield rising to 9.2% (up 87 basis points over the quarter) in line with global peers. The 2-10-year area of the yield curve experienced higher yield increases in March, driven by near-term inflation concerns from rising oil prices. Inflation-linked bonds (ILB) also declined during the quarter (-1.3%) but outperformed nominal bonds on a relative basis as breakeven inflation repriced higher due to the oil shock. The rand weakened 2.3% over the quarter and the South African Reserve Bank (SARB) kept the policy rate unchanged at 6.75%, emphasising a cautious, data-dependent stance amid elevated external risks. Cash was the best-performing asset class (1.7%) during the quarter, delivering positive returns when most risk assets sold off.

Local Bonds

The fixed income solution is a blend of active bond funds comprising Coronation, M&G and Aluwani. The blend matched the performance of the ALBI during the quarter and marginally lagged the index over the last 12 months on a net of fees basis, ending the quarter with a duration of 6.5 and a yield marginally over 9.7%. Contributors to performance for the quarter included defensive duration positioning early in the quarter, conservative high-quality credit exposure and allocations to cash and shorter-dated instruments, including ILBs. Although the marginal ILB exposure delivered absolute negative returns, it offered relative protection against the weak bond performance. While the managers entered the quarter defensively, performance was pressured as duration was reintroduced into what appeared to be increasingly attractive valuations, only for yields to continue rising sharply into March. Looking ahead, the sharp repricing has improved bond valuations from previously stretched levels to more reasonable territory, restoring a greater margin of safety. However, the outlook remains highly conditional on the path of the Middle East conflict, oil prices and the SARB's response to inflation risks, with balance now restored between risk and opportunity.

SA Equity Market

The first quarter of 2026 was volatile due to global geopolitics. In the first two months, the trend from 2025 continued with strong commodity performance and declining bond yields. However, the commencement of the conflict in the Middle East saw risk-off sentiment dominate the market. As a result, the FTSE/JSE Capped All Share Index marginally declined by 0.45%. At sector level, resources were the only sector to deliver positive returns over the quarter, gaining 7.2%.



Over the 12 months to the end of March 2026, returns remained strong at 34.1%. At a sector level, the primary driver of performance over the 12-month period was the resources sector, which delivered 91.0%. The financials sector had a relatively strong period delivering 29.0%. This was on the back of improving bond yields which benefited the sector which is generally more exposed to local economics. The industrials sector lagged, delivering a modest 4.4%.

SA Equity Building Block

The local equity building block marginally underperformed its benchmark over the quarter. Narrow market leadership, driven primarily by gold and platinum group metals in the first two months, saw managers fall behind the benchmark. This underperformance meaningfully reversed as precious metal prices fell due to the risk-off sentiment.

Over 12 months the portfolio underperformed its benchmark. There were a few changes of managers over 12 months, with the number of managers decreasing from eight to five. The timing of these exits was positive. However, the narrow market did make it a difficult period for active managers to outperform. Among the incumbent managers, Ninety One had a strong period keeping up with the benchmark as they were well positioned in the precious metals sector. Coronation continued to lag the benchmark largely because of its lower exposure to gold. Throughout the period, they saw excessive speculation in the asset class and did not believe that the current margins generated by gold mining sectors will continue to be generated. In addition, they see gold miners as poor capital allocators that struggle to generate shareholder returns over the long term. M&G underperformed the benchmark by 4%, once again primarily due to a lower precious metals holding.

South African Property

As an interest rate-sensitive asset class, the FTSE/JSE All Property Index declined 5.3% during the first quarter. The conflict in the Middle East resulted in local rate cut expectations being pushed out while long-term bond yields also rose meaningfully in March 2026. However, there were no immediate negative changes in fundamentals. Both Catalyst and Sefikile performed in line with the benchmark over the short term.

12-month performance remained strong, driven by the reduction in long-term bond yields and expectation and realisation of interest rate cuts by the South African Reserve Bank. Over the period, the benchmark delivered 29.1%. The local property building block underperformed the benchmark over the period. Catalyst underperformed the benchmark due to overweight exposure to companies with greater offshore exposure and high-quality names. Sefikile outperformed the benchmark driven by its underweight position in companies with lower offshore exposure.

Global Fixed Income

Global fixed income markets were challenged in the first quarter of 2026 as the escalation of conflict in the Middle East triggered a sharp energy price shock, renewing inflation concerns and pushing yields higher across most regions. The Bloomberg Global Aggregate Bond Index fell 1.3% in US dollars, with government bonds coming under pressure as markets rapidly shifted from pricing imminent rate cuts to reassessing the risk of monetary tightening. US Treasuries proved relatively resilient, supported by the US's net energy exporter status and signs of labour market cooling, while European sovereign bonds underperformed due to greater energy import dependence. UK gilts and Japanese government bonds were notable laggards amid hawkish central bank signals. Credit spreads widened, with US credit outperforming Europe, while emerging market debt struggled under a stronger US dollar and elevated geopolitical risk.



The global fixed income building block matched the 50% USD cash/50% Bloomberg Global Aggregate Bond benchmark during the quarter and outperformed it by 0.3% over the last 12 months. Both active managers held up well in a very volatile quarter. Morgan Stanley's overweight in developed market government bonds, emerging market debt and securitised credit added value during the period, despite some losses from challenging duration positioning and corporate credit and securitised exposure. Stone Harbor benefited from security selection, particularly in emerging markets and US high yield, which was partly offset by widening credit spreads late in the quarter. While the timing of any resolution in the Middle East remains uncertain, the managers expect risk-adjusted opportunities across fixed income, supported by relative value positioning, active duration management, and issuer-level security selection heading into quarter two.

The global fixed income building block was transitioned from a blend of cash and bonds to a pure global bond allocation, to more accurately reflect the strategic asset allocation models across the various risk-return strategies. The transition was completed in early April. From a portfolio construction perspective, the final structure comprises a 70% passive allocation to global bonds, with the remainder invested in the Morgan Stanley and Stone Harbor active funds. The aim is to manage risk relative to the Bloomberg Global Aggregate Bond benchmark while seeking to add value through meaningful exposure to high-quality active managers.

Global Equity

Global equity markets weakened over the first quarter of 2026 as geopolitics overtook fundamentals as the key driver of returns. The escalation of the Middle East conflict from late February pushed oil prices sharply higher and triggered a risk-off sell-off in March. Developed markets, as represented by the MSCI World Index, were down 3.5% for the quarter. US equities were particularly volatile and ended the quarter 4.3% lower, its weakest quarterly result since 2022, as expectations for rate cuts faded. European equities declined, especially in March, reflecting sensitivity to higher energy prices and renewed inflation risks. Japanese equities were more resilient and ended the quarter slightly higher, supported by yen weakness and political stability following February elections. Value significantly outperformed growth during the quarter as higher energy prices and inflation concerns undermined long-duration assets. Sector performance was highly dispersed, with energy and materials as clear outperformers, while consumer discretionary and information technology lagged. Within tech, AI-infrastructure and semiconductor names proved more resilient than traditional software stocks. Emerging markets also finished the quarter modestly lower, declining -0.1% in US dollars, but still outperforming developed peers. Early-quarter strength in AI-exposed markets such as Korea and Taiwan offset later weakness as energy-importing markets sold off into quarter-end.

The global equity fund lagged the MSCI ACWI during the quarter, held back predominantly by the active component, driven primarily by style positioning in a challenging market environment, with value-oriented and multi-factor strategies outperforming, while quality and growth-focused managers generally struggled, particularly where sector positioning was misaligned with market leadership. Pzena was the strongest contributor, benefiting from its deep value focus, though it underperformed the value index due to its lower exposure to energy and materials. Numeric added value through factor exposure and stock selection, while the defensive quality characteristics of the Active Positioning Strategy held up well in the prevailing market environment. Sanders' value underpin also contributed marginally during the quarter, but this was partly offset by an underweight to energy. Montrusco and Wellington detracted as their growth bias, negative stock selection and underweight exposure to energy were poorly aligned with market conditions. Jupiter's Dynamic Valuation strategy benefited modestly from the rotation out of expensive growth and AI-linked stocks into value sectors such as energy and materials, but overall performance was weighed down by weak



stock selection, especially in North America. Looking ahead, the portfolio is deliberately structured with an emphasis on differentiated stock selection, positioning it well to benefit as market leadership broadens and fundamentals reassert themselves.

Global Property

Global property delivered 1.3% (in dollars) as measured by the FTSE EPRA Nareit Developed Index. Performance diverged from a country and sector perspective. From a sector perspective, data centres continued to deliver strong returns due to strong demand delivering 21.9%, while student accommodation weakened by 15.5%. From a country perspective, the US was in line with the index but Developed Europe had a particularly poor period as markets perceived that rising energy prices would impact the region most.

Over the 12-month period, global property delivered 10.0% (in dollars). This was ahead of bonds but lagged equity. The US and UK lagged the benchmark over the period, while developed market Asia performed well ahead of the index.

Hedge Funds

The first quarter was challenging, with March particularly weak as rising geopolitical tensions and policy uncertainty weighed on investor sentiment. Oil and gas prices increased sharply the month, adding to global inflation concerns.

South African markets came under significant pressure. The FTSE/JSE All Share Index declined 10.6% in March, leaving it slightly negative year to date. Bond markets also weakened, while the rand depreciated against the US dollar, driven by global dollar strength and heightened local risk concerns. In US dollar terms, South Africa underperformed both developed and emerging markets.

For the quarter, the portfolio declined 1.09%, underperforming its STeFI+4% benchmark of 2.81%. This softer outcome reflects muted performance across most underlying managers, particularly within the directional equity sleeve, which did not fully participate in market movements. Despite this, the portfolio remains well diversified and continues to target low correlation to traditional asset classes such as equities and bonds.

Manager performance over the quarter was mixed. 36One Asset Management delivered a modest 1.14%, while All Weather Capital was the strongest contributor at 4.33%, benefiting from idiosyncratic and relative value opportunities. In contrast, Peregrine Capital (-4.78%) and OysterCatcher Investments (-3.93%) detracted, alongside Marble Rock Asset Management (-0.95%).

Over the past 12 months, the portfolio delivered 14.60%, outperforming its STeFI+4% benchmark of 11.52%, continuing to demonstrate its ability to add value over a full market cycle.

Returns were primarily driven by the equity-oriented managers. OysterCatcher was the standout performer, returning 35.30%, supported by strong stock selection. 36One also delivered a robust 24.83%, while Peregrine produced a more moderate 7.97%, reflecting some drag from offshore exposures.

The diversifiers contributed positively to overall performance. All Weather delivered an impressive 15.36%, exceeding typical expectations for a market-neutral strategy, while Marble Rock generated 8.58%, supported by opportunities in fixed income markets.



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