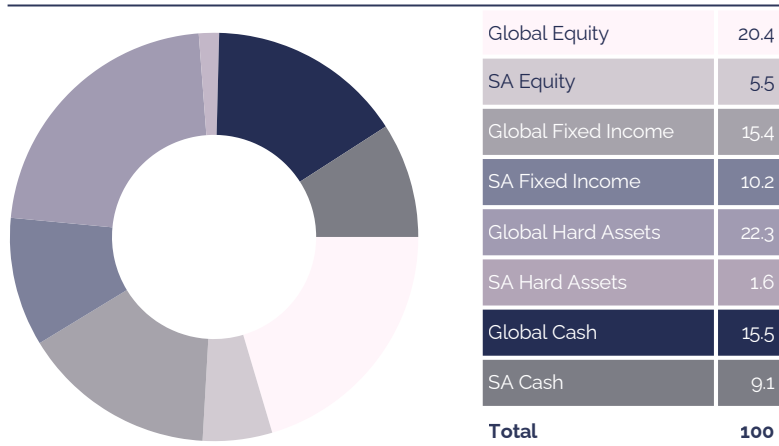


FUND DETAILS

Benchmark	ASISA Category	Portfolio Manager	Suitable Investor
CPI + 6%	Worldwide Multi-Asset Flexible	Piet Viljoen	The Merchant West SCI Worldwide Flexible Fund is suitable for investors seeking a real return in hard currency (US dollar) terms. Investors have a moderate risk profile, and are prepared to accept some (below average) volatility. Investors are prepared to invest for five years and longer.

Top 10 Holdings

	%
SPDR Gold Shares ETF	11.5
iShares \$ Treasury Bond 0-1yr ETF	9.9
VanEck JP Morgan EM Local Currency Bond ETF	8.7
Merchant West SCI Enhanced Income Fund Class D	7.7
RSA Govt Bond R2044 8.75% 31012044	5.8
Japanese Yen	5.3
iShares Core Japan Government Bond ETF	4.7
Merchant West SCI Value Fund Class H	4.6
RSA Govt Bond R2040 9.0% 31012040	4.4
State Street Energy Select Sector SPDR ETF	3.5

Asset Allocation: Portfolio Date: 30/09/2026


Note: Global hard assets can include land, precious metals, commodity royalty and streaming companies, and crypto.

Performance	Fund %	Benchmark %
3 months	0.9	2.0
1 year	4.5	10.5
3 years	8.6	9.9
5 years	9.5	10.9
10 years	5.3	10.7
Since inception	9.6	11.1

Annualised after one year

Highest and Lowest Annual Returns

	%
Highest annual return	28.9
Lowest annual return	-19.8
By calendar year	

THE FUND

The Merchant West SCI Worldwide Flexible Fund is an unconstrained, globally diversified fund that invests in a combination of asset classes: cash, bonds, equity, and hard assets (commodities, land, etc.).

The Fund had performed particularly poorly in the years leading up to 2020. RECM's merger with Counterpoint, the acquisition of Bridge, and the formation of Merchant West Investments provided the opportunity to change the Fund's investment philosophy and process, which commenced in August 2020.

This document discusses that philosophy and process, and the investment outcome achieved so far.

INVESTMENT PHILOSOPHY

The Fund is domiciled in South Africa, and its units are denominated in rand. However, its goal is to generate a real return in US dollar terms over time.

In simple terms, we expect the Fund to grow, in US\$ terms, in line with or above US rates of inflation, thereby preserving and growing the real value of your capital in hard currency.

Importantly, it aims to do so with lower-than-average levels of volatility. That is why our nickname for the Fund is "The Cockroach Fund". It aims to survive during negative environments and thrive in positive ones.

INVESTMENT PROCESS

Our point of departure is that the future is unknowable. As such, the Fund should be prepared for any eventuality. The best way to do so is to own a diversified group of asset classes, each able to protect or grow, depending on the investment environment.

The assets the Fund uses to hedge, protect and grow are:

1. Cash – a store of value, a stable income generator, and provide the firepower to deploy when one of the other asset classes declines sharply.
2. Bonds – to protect against and benefit from deflationary conditions. Bonds are also used to provide a stable source of income.
3. Equities – to provide long-term capital growth.
4. Hard Assets (can include land, precious metals, commodity royalty and streaming companies, and crypto) – to protect against and benefit from inflationary conditions.

Each asset class is allocated 25% of the Fund's assets, and weights are rebalanced every two to four months, depending on market movements. Importantly, assets are rebalanced in reaction to market movements, not in anticipation of them. Accurately forecasting market movements consistently is not a skill in which we have an edge.

Within each asset class, we tend to allocate to components that are either at an attractive point in their capital cycle, undervalued, under owned, or misunderstood. We tend to use ETFs and funds to gain exposure to attractive assets, while specific stock picks are limited to a number of high-quality, long-term equity holdings that we refer to as our "10 Stocks, Forever."

PREFORMANCE REVIEW

There are two ways to read the Fund's performance, both of which are given in the table below.

The first section of the table looks at the rand returns of the Fund, its benchmark, and its peers, while the second section does the same in US dollar terms.

We tend to focus on returns relative to the benchmark – i.e., inflation – rather than relative to the peer group. If the Fund beats its benchmark over time, it will do well relative to the peer group. However, this Fund looks completely different to its peer group as it is trying to solve a different problem for its investors. Thus, the peer group does not represent the Fund's investment opportunities.

The third section of the table gives the returns of the benchmarks for the four different asset classes used in the Fund.

A few comments:

The ongoing conflict between the United States and Iran continued to shape global economic policy and financial markets during the third quarter of 2026. Oil had fallen in June on hopes of a US–Iran memorandum of understanding, but prices rallied hard as talks lost momentum and supply fears returned. During September, Brent crude rose back above \$100 per barrel, prompting bond yields to hit their highest levels in years. The resultant energy-led inflation shock, together with a surprisingly resilient global economy, forced most developed-market central banks back into tightening mode during the quarter. The US Federal Reserve (its first hike since July 2023 and the first under the new Fed Chairman Kevin Warsh), the European Central Bank and the Bank of Japan all raised rates by 25 basis points in September, while the Bank of England held steady.

Heavy sovereign bond issuance and record corporate borrowing compounded the rate shock. US hyperscalers (large-scale cloud service providers that offer highly scalable and flexible computing infrastructure to businesses and organisations such as Amazon, Microsoft and Google) have issued more than US \$200 billion of long-term bonds in 2026 to fund the AI buildout, competing directly with governments for duration buyers.

Global developed markets were led higher by the US over the quarter. The S&P 500 returned 2.3% and the Nasdaq Composite 2.6%, setting records in August and early September. The Dow returned -2.3% and the Russell 2000 -7.2%. Only four sectors finished positive: energy (mainly oil), information technology, health care and communication services. Utilities, industrials and real estate were the weakest, punished by the 85 basis points jump in the US 10-year Treasury yield. Leadership rotated from semiconductors towards hyperscalers and software. S&P 500 earnings are expected to grow at least 30% in 2026.

The MSCI World Index posted a net total return of 1.9% in US dollars. Under the surface the quarter was narrow and rate driven. Value beat growth, while small caps (with more floating-rate debt) and REITs lagged badly as bond yields jumped. MSCI Europe lost 1.0% in euros (-1.7% in USD) as investors worried about the ECB hiking cycle, while MSCI Japan gained 2.4% in yen (+5.9% in USD). However, the Nikkei 225 (which has a very large technology tilt) fell 5.3% in yen terms, hit hard by the July chip rout. The MSCI UK Index gained 1.8% in British pounds (+1.9% in USD), outperforming Europe thanks to its heavy weighting in energy, mining and banks.

Emerging market equities ended Q3 marginally lower (-0.4% in US dollars) after a 24.1% gain in Q2, their best quarter since 2009. The Index's heavy tech concentration made it hostage to the July chip sell-off; it rebounded 3.2% in August, led by Korea and Taiwan, before rising US yields and a firmer dollar weighed on prices in September. The MSCI China Index gained 3.7% both in Hong Kong and US dollars.

Government bonds had their worst quarter in years, with the US 10-year Treasury yield rising 85 basis points to 5.29%, the largest quarterly rise in several years and its highest level since just before the 2007 financial crisis. The Bloomberg Global Aggregate Bond Index ended the quarter down by 2.5% in US dollars. The rout in bond markets can be ascribed to three factors, namely higher energy-led headline inflation that forced the Fed, ECB and BoJ to hike, heightened term premia on heavy sovereign supply and record hyperscaler bond issuance, and the resurfacing of fiscal and political risk in France and the UK.

In South Africa, the equity market ended the quarter on a relatively flat note, with the FTSE/JSE All Share Index (total return) declining by 0.3%. This figure however masked a significant amount of intra-quarter volatility as precious metals went from hero (+32%) in August to zero (-12%) in September as real yields surged. However, the FTSE/JSE Precious Metals and Mining Index still ended the quarter with a stellar return of 16.7%, while the Resources Index was up 15.2%. The strong performance from the resources sector was however negated by weakness in the prices of SA Inc equities, as well as index-heavyweights Naspers (-16%) and Prosus (-6%). This left the FTSE/JSE All Share Industrials Index down by 10% over the quarter, while the Financials Index lost 3.7%. The worst performing industry groups over the quarter were Technology (-12.0%), Consumer Discretionary (-10.6%) and Consumer Staples (-5.5%). Basic Materials (+15.6%) and Health Care (+2.4%) were the industry groups that managed to end the quarter on a positive note.

The South African bond market held up relatively well over the quarter despite the route in global bond markets and the SARB's rate hike, with the FTSE/JSE All Bond Index showing a total return of -0.7%, while inflation-linked bonds gained 1.5%. The SA Listed Property Index (SAPY) returned -1.1%.

As the table below shows, the performance of the Merchant West SCI Worldwide Flexible Fund remains competitive over the short and long term, despite the fact that that Fund has a very low exposure to global equities and specifically the information technology sector, which makes up over 30% of the MSCI World Index, and has been the main driver of global equity market returns over the past few years.

Over the September quarter, the Fund's outperformance can be attributed to a mixed bag. These include a few of the portfolio's hard assets such as the State Street Energy Select Sector SPDR ETF (+16.5%), the SPDR Gold Shares ETF (+3.4%) and Valterra Platinum (+21.7%), all in rand terms. Several of the Fund's "10 Stocks, Forever" also performed well: DSM-Firmenich (+16.8%), Nintendo (+20.6%) and Walt Disney (+9.0%), also performed well. The Fund's 5% exposure to the Japanese yen (+3.4%) also made a noteworthy contribution to the outperformance.

Despite the Fund's competitive performance, it is important to note that "The Cockroach Fund" has an entirely different investment objective versus its peers, namely, to preserve and grow the real value of your capital in hard currency (i.e. to grow in US\$ terms in line with or above US rates of inflation). Importantly, it aims to do so with lower-than-average levels of volatility – an objective that it has more than achieved over the medium to long term.

As the table below shows, the Fund continues to outperform its benchmark of inflation both in rand and US dollar terms by a handsome margin over both the short and longer term.

Returns in ZAR	3 Months (%)	1 Year (%)	3 Years (%p.a.)	5 Years (p.a.)	Since 30/09/2020 (% p.a.)
MW SCI Worldwide Flexible Fund	0.9	4.5	8.6	9.5	9.4
SA Multi-Asset Flexible Funds Avg.	0.6	3.8	11.6	9.1	9.6
SA Inflation Rate (CPI)	0.9	4.4	4.0	4.9	4.9
Returns in US\$	3 Months (%)	1 Year (%)	3 Years (%p.a.)	5 Years (p.a.)	Since 30/09/2020 (% p.a.)
Merchant West SCI Worldwide Flexible Fund	0.9	10.0	13.8	7.6	9.7
SA Multi-Asset Flexible Funds Avg.	0.6	9.0	16.6	7.1	9.9
US Inflation Rate (CPI)	-0.0	3.4	2.9	4.1	4.3

Returns in US\$	3 Months (%)	1 Year (%)	3 Years (%p.a.)	5 Years (p.a.)	Since 30/09/2020 (% p.a.)
Cash (US Gov Money Market Funds Avg.)	0.9	3.8	4.6	3.8	3.2
Bonds (US Treasury 7-10 Year Index)	-2.5	-2.4	3.8	-1.9	-1.7
Equities (MSCI All Countries World Index)	1.6	168	21.7	11.6	14.1
Gold (US\$)	3.7	7.7	31.0	18.8	14.1

Source: Morningstar and FE Fund Analytics (for CIS funds)

Note: Inflation rates lagged by one month.

More importantly is the fact that not only has the Fund delivered competitive performance since the new investment strategy was implemented, but it has also managed to do so with class-leading low levels of volatility – and especially downside volatility. The following table shows how the Fund compares to the sector average across some important metrics. Again, the Fund has lived up to its nickname, "The Cockroach Fund", as it remains relatively stable in a volatile world where risks abound.

From 30 September 2020 to 30 June 2026				
Fund/Sector	Return	Volatility	Downside Risk	Maximum Drawdown
Merchant West SCI Worldwide Flexible Fund (ZAR)	9.4%	6.0%	5.0%	-5.1%
Rank in Sector	41/87	3/87	2/87	2/87
Sector Average: Multi-Asset Worldwide Flexible Funds	9.6%	8.4%	8.5%	-13.0%

Source: FE Fund Analytics

There are 87 funds in the sector with a track record over the period shown above. The cockroach's performance is almost on par with the average of the peer group, while showing the second-best downside risk and maximum drawdown, and the third-best volatility within the sector.

Generating satisfactory returns with below-average volatility and downside risk is key to the investment process of the Fund. Investors – understandably – tend to disinvest when they suffer sharp drawdowns. If we can keep our investors' experience on a reasonably even keel, they will likely stay the course. And staying the course is the best way to get ahead in investing.

FUND POSITIONING

This table shows how the Fund's exposure to the asset class building blocks has changed over time:

Asset Class	June 2026	Sept 2025	Dec 2025	March 2026	June 2026
Cash	29%	24%	24%	26%	26%
Global	25%	20%	19%	16%	16%
South Africa	4%	4%	5%	10%	10%
Bonds	22%	25%	26%	24%	25%
Global	7%	10%	10%	15%	15%
South Africa	15%	15%	16	16%	9%
Equities	24%	25%	24%	24%	26%
Global	21%	21%	20%	20%	20%
South Africa	3%	4%	4%	4%	6%
Hard Assets*	25%	26%	26%	26%	23%
Global	24%	24%	24%	24%	22%
South Africa	1%	2%	2%	2%	1%
Total	100%	100%	100%	100%	100%
Global	77%	75%	73%	75%	73%
South Africa	23%	25%	27%	25%	27%

Note: Global hard assets can include land, precious metals, commodity royalty and streaming companies, and crypto.

The first building block is cash. The weight of this asset class decreased slightly from 26% to 25% at quarter-end, on target weight. During the quarter, we employed some of the US dollar cash (the proceeds from a US 2-year T-Bill which matured on 30 June) to increase the portfolio's exposure to the iShares \$ Treasury Bond 0-1yr ETF. Some of the cash was also used to increase the portfolio's exposure to Japanese yen, and to fund purchases within the equity and hard-asset building blocks. The bulk of the global cash is held in US Treasury Bills (T-Bills) offering a highly satisfactory low-risk return, as well as the Japanese yen (5%), which we continue to believe is undervalued. The local cash is invested in the Merchant West SCI Enhanced Income Fund (8%), a top-performing South African income fund.

The second building block is the bond or fixed-income asset class, which is currently at the target weight of 25%. During September we increased the portfolio's exposure to the VanEck JP Morgan EM Local Currency Bond ETF and the RSA R2044 government bond after a spike in yields. For now, the fixed-income building block remains exposed to mainly South African rand-denominated bonds (10%), where yields remain significantly higher than inflation. The balance of the bond building block is held in global emerging market bonds (9%), Japanese bonds (5%) and Namibian bonds (2%).

The third building block is the equity asset class, with exposure remaining slightly overweight at 26%. Trading was light during the quarter. After a significant price decline, we increased the existing positing in Nestlé, one of our "10 Stocks, Forever". The purchase was funded by a small withdrawal from the iShares Core Emerging Markets ETF.

The Fund continues to transition its global First World equity allocation from the current Exchange Traded Fund (ETF) structure to what we call our "forever portfolio" over time. This is a portfolio of 10 stocks that have the following characteristics:

- Strong culture
- 50 years or longer lifespan, taking advantage of the Lindy Effect
- Globally diversified
- Large market cap
- Good quality business
- Low debt levels

The idea behind this being to hold this set of stocks for a long time, allowing their intrinsic high-quality business characteristics to compound at what is expected to be an above-average rate. Each stock will comprise 2.5% of the Fund, adding up to the equity component of 25% in total. This will be done judiciously over time as buying opportunities present.

The fourth building block, namely hard assets, increased from 23% at the end of June to 24% at the end of September. The increase can be attributed to the strong performance from a few of the holdings in this building block (energy, gold and platinum), as well as an additional purchase of Consensus Mining and Seigniorage Corp, a cryptocurrency mining company that validates and secures Bitcoin and other public blockchains.

The Fund's exposure to South African rand-denominated assets remained at 27% between the end of June and September.

Finally, we thank you for your continued support of the Fund and look forward to working with you to continue creating positive financial outcomes.

Piet Viljoen
Portfolio Manager