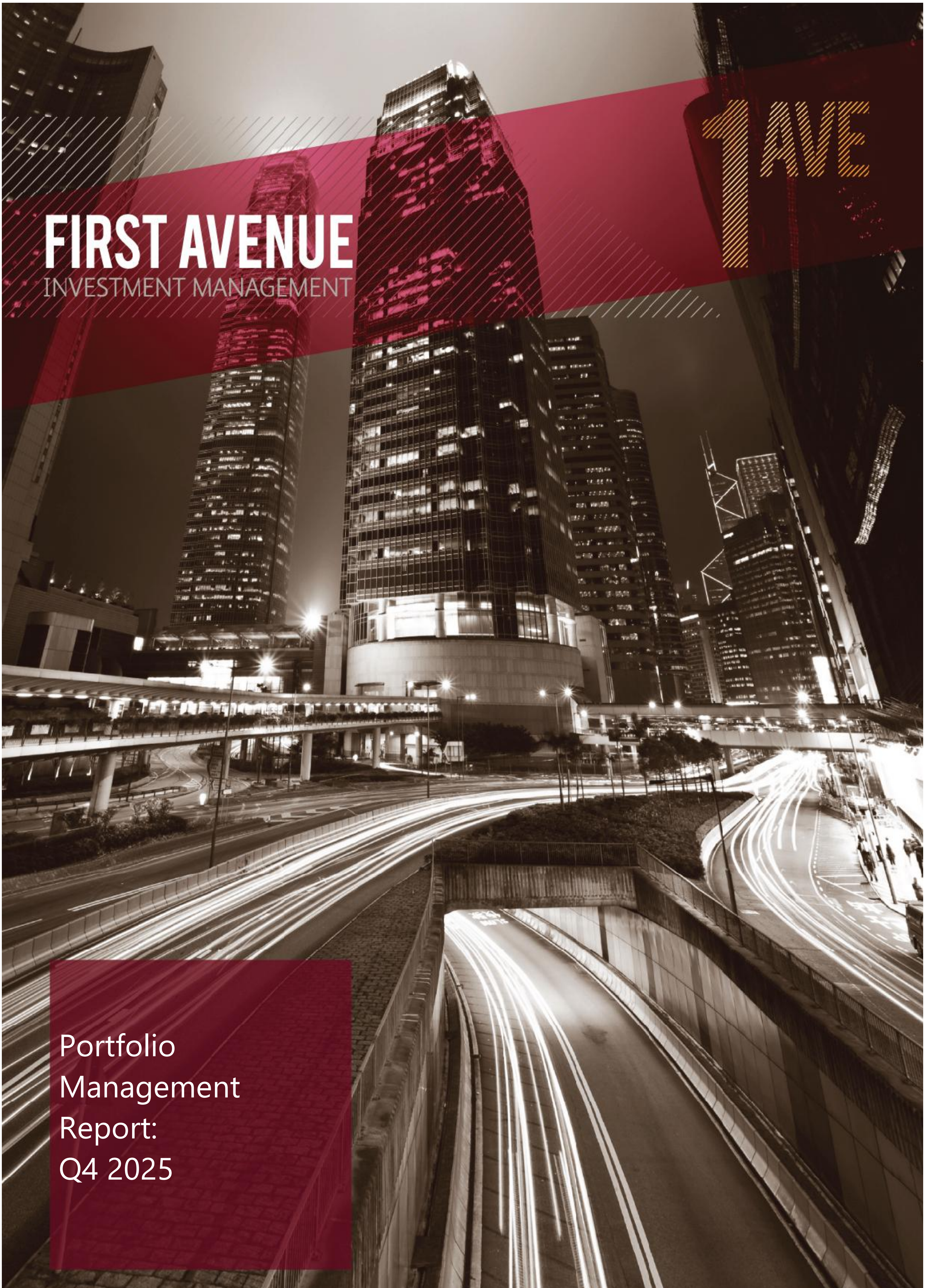


FIRST AVENUE
INVESTMENT MANAGEMENT

Portfolio Management Report: Q4 2025

STYLE RETURNS, RISK MANAGEMENT, AND PORTFOLIO RESILIENCE

NAVIGATING MARKET CHOKE POINTS

2025 was a watershed year for us. We successfully navigated a choke point in the path to wealth creation. A choke point is a point of congestion that could potentially impede something from achieving its objective. Canals are narrow waterways ships carrying goods used in global trade (or war) must pass through. Global seaborne trade navigates eight choke points. The Suez Canal, connecting the Mediterranean Sea to the Red Sea, is the shortest maritime route between Europe and Asia. The Strait of Hormuz lies between Iran and Omanis, considered the world's most crucial energy choke point. It connects the Persian Gulf to the Gulf of Oman and the Arabia Sea. Approximately 20% of global oil consumption goes through it. The Panama Canal connects the Atlantic Ocean to the Pacific Ocean and is a critical artery for trade between the America's and Asia.

On the capital markets, global macro uncertainties and market corrections are choke points that impair an investor's ability to reach his/her investment objectives. While 80%-97% of ships can go through the Panama Canal, Malacca Strait is constrained by limited infrastructure from handling most types of containers ships. Similarly, while some portfolios can handle most Unknown-Unknowns, many cannot. The portfolios whose risk management capabilities are limited, experience a return setback that often impairs their future commerciality. A well-known Cape-based large manager with a value bias confronted its own moment of reckoning during the TMT Bubble (1996-2000). The manager emerged on the other side of the bubble with a rigorous risk management framework that allowed it to navigate subsequent chokepoints rather well despite growing astronomically in size. We, at First Avenue, confronted our first chokepoint, the negative impact of Quantitative Easing on Quality investing, and emerged on the other side of it with a rigorous risk management framework. Our framework has allowed us to navigate the current chokepoint (positive of the impact of the breakdown in the world and security order on precious metals) admirably. One can think of these chokepoints as the Strait of Messina in Greek mythology where investors get caught between a rock and hard place. They make you choose between style purity and business sustainability. We are cognizant of the role risk management plays because we are running a business, not a religion.

Figure 1: Capped ALSI Annual Returns Table – 5Yrs to December 31, 2025

Risk/Return Period	Fund	Benchmark	Relative
3m	7.3%	8.9%	-1.6%
1 year	38.6%	42.6%	-4.0%
2 year p.a.	27.2%	27.2%	0.0%
3 year p.a	20.8%	20.4%	0.5%
4 year p.a.	16.4%	16.2%	0.2%
5 year .p.a.	17.9%	18.3%	-0.4%

Source: First Avenue, Statpro

The chokepoint that impaired our returns was the Federal Reserve Bank's bazooka stimulus in 2020 intended to stem the tide of economic dampening effects of Covid 19. That was exactly 5yrs ago. Our returns sank like a lead balloon as Quantitative Easing expanded money supply and unleashed precious metals. Shortly thereafter, domestic and global cyclical companies reacted voraciously to the Fed's risk-off nudging. As pure quality investors, we were doomed. The commerciality of our proposition was in serious doubt. Clients competed on who would terminate us first. Yet today, our 5yr number is competitive against both the benchmark (see table above) and the median S.A. Equity Only Fund.

Figure 2: Capped ALSI Composite vs. (ASISA) South African EQ SA General Median

Risk/Return Period	Fund	(ASISA) South African EQ SA General Median	Relative
3m	7.30%	8.80%	-1.50%
1 year	38.60%	38.26%	0.34%
2 year p.a.	27.20%	24.96%	2.24%
3 year p.a	20.80%	18.25%	2.55%
4 year p.a.	16.40%	15.01%	1.39%
5 year .p.a.	17.90%	17.23%	0.67%

Source: First Avenue, Morningstar

The portfolio has demonstrated resilience since the implementation of the risk management framework in 2020. Five (5) years is not only more than enough time to validate the commerciality of our S.A. equity proposition, but the tenure also contains enough data points to prove that our cargo ship has the ability to comfortably navigate a diverse number of chokepoints (besides the current one caused by the collapse in the world trade and security order). We strongly urge fund allocators and advisers to affirm that ours is a merit driven industry and give us the same credit they gave the Cape Town based manager who emerged from the TMT bubble in 2001.

Style Returns – Quality Bias

Where the entire industry has latched on to style agnosticism, we eschew the term completely in favor of being Quality biased (not pure). A significant portion of our portfolio is invested in long-term compounding opportunities. So deep is our conviction on these opportunities that we do not subject them to optimization - the discipline of selling Quality businesses (flowers) to usually invest in marginal businesses (weeds) on account of short-term value gaps. Optimizing for risk and reward between Quality and Cyclicals is like cutting flowers to water weeds. The order should be the other way round! As a rule, wealth creation follows the Pareto Principles (a few investments account for a large proportion of returns). This phenomenon is referred to as the 80/20 rule. It is therefore ill advised to optimize returns that skew positively for risks that prove to never materialize. Yet, it is sound practice to optimize within cohort (one compounder for another or one cyclical for another).

By keeping three cohorts of companies and tracking them individually, we can allocate capital to the best opportunities within compounders (e.g. Clicks, Outsurance, Capitec, Advtech), marginal businesses (Pick N Pay, Sasol, Old Mutual, Remgro), and cyclicals that best address global systematic risk (Anglo Gold, Northam, Valterra, Anglo American). Our portfolio construction and buy and sell discipline requires us to (i) keep exposure to each of the three cohorts within a range and (ii) constrain buying and selling within the cohort.

Compounding cohort – Passively Active
This cohort comprises the largest weight in the portfolio and has a low portfolio turnover because it is responsible for compounding returns over long periods of time. Packed with moats, this cohort contributes most of our returns over time. While moats are Known-Knowns, how long they endure is

a Known-Unknown (we tend to be better at arbitraging time while the market tends to be too short-term biased). Because share prices of businesses in this cohort gravitate to their valuations with a greater degree of certainty, the cohort drives the majority of active share and tracking error in the portfolio. From a position-sizing standpoint, the fact that returns here skew positively with a high probability means that we often have large active bets in the portfolio. We accentuate returns in compounders by buying them when they imply short competitive advantage periods and hold them much longer than most investors are willing to own them.

Marginal Businesses – Active

This cohort comprises the smallest weight in the portfolio and has a high turnover rate. We optimize returns for risk tightly here, as share prices do not gravitate to valuations with a high degree of certainty. You will notice that the examples we used here are primarily turnaround opportunities – fallen angels that can fly again and evangelize quality. We rely significantly on pattern recognition here to identify businesses that can restore their moats. A great illustration here is Tiger Brands (TBS). We backed the initiative of then newly appointed CEO, Tjaart Kruger, to restore both intangible assets and scale efficiencies in the business and boy has he done that and some! He is singularly the most impressive CEO in South Africa. TBS is no longer a marginal business. It is a compounder. Naturally, while the upside potential is likely high in this cohort, the downside is also outsized accompanied by a great degree of certainty. As a result, position sizing here has smaller active bets. In addition, this cohort contributes a lower active share and tracking error than the cohort of compounders. Most domestic cyclicals fall in this category too.

Global Systematic Risk Businesses – Actively Passive

This cohort is singularly responsible for providing the portfolio with resilience against Unknown-Unknowns. One of these, geopolitical uncertainties, de-couple share prices from fundamentals so deeply, albeit for short periods. It is, however, the lag in returns from the drawdown that takes an eternity to remedy. The deeper the drawdown, the longer the recovery. A deep drawdown is bad for a manager's track record (not to mention morale) while an extended recovery is bad for business. Believe us, we've been there! Here, we look for companies that mimic the behavior (in capital allocation) of compounding companies. We moderately overweight those companies to result in sector neutrality (hence actively passive). In short, we look for good houses in a bad neighborhood.

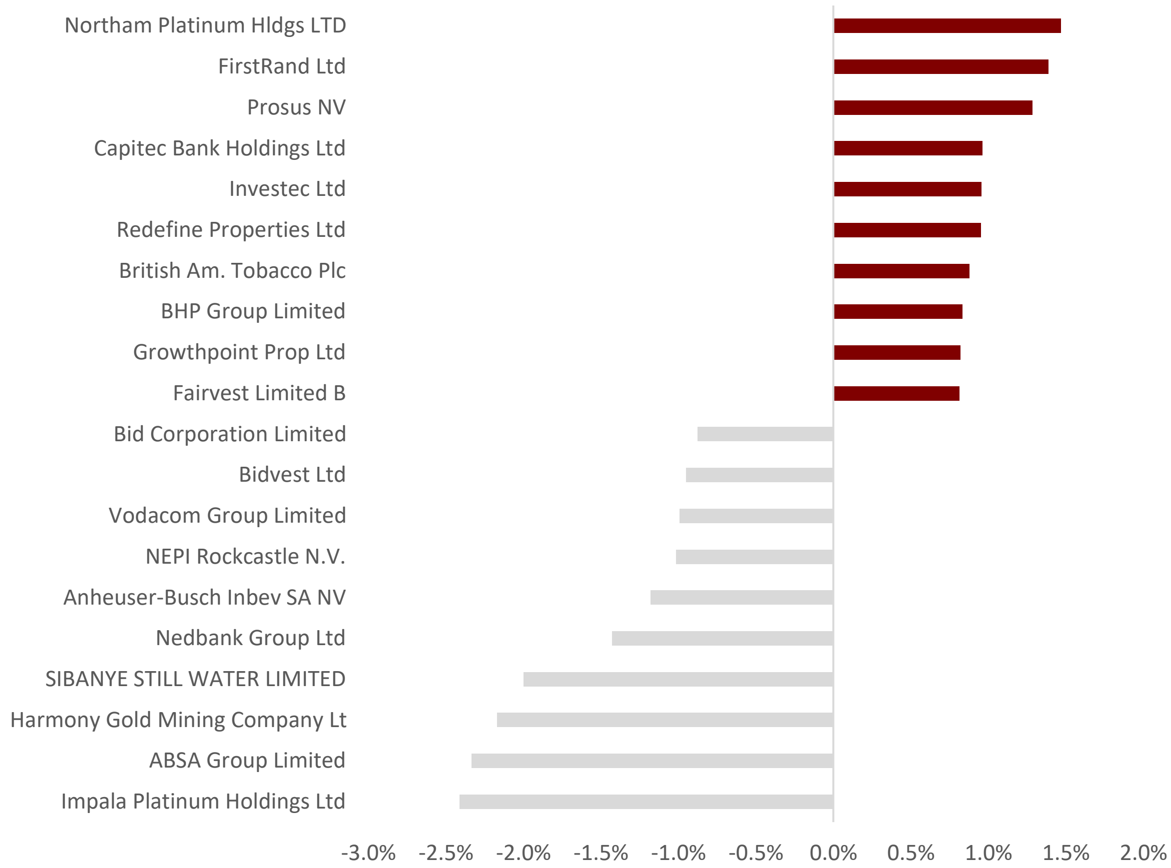
The table below uses Clicks, Tiger Brands, and Anglo Gold to demonstrate the profile of returns each cohort contributes and how they combine to help outperform the market. We have a portfolio wide view of attribution by both cohort and vintage (year purchased). We still hold all three securities and have long-term confidence in each of them.

Figure 3: Total Return Accordion: Clicks, Tiger Brands, and Anglo Gold

Stock	Year Position Initiated	Total Return SInce Position Initiated	Index Total Return for the Period
Clicks	April 2015	341.5%	150.9%
Tiger Brands	October 2022	118.67%	69.57%
AngloGold	October 2022	313.7%	69.57%

Source: First Avenue, Statpro

Figure 4: Capped ALSI Top and Bottom 10 Active Bets: Q4 2025



Source: First Avenue, Statpro

First Avenue Quality Focused Equity Fund

There are only three (3) unit trusts in South Africa that have a limit of twenty (20) stocks. The First Avenue Top 20 fund, along with offerings of two Cape Town based large managers. The managers, incumbents, are venerable competitors. Concentrated portfolios tend to be highly uncorrelated with the index due to their high active share and tracking error. As a result, their primary benefit is to add diversification to an investment solution – enhance solution returns while reducing overall risk. The top 20 equity fund format requires significant skill in stock picking and portfolio construction -- or it ends up in higher volatility, risk of capital impairment, and relative underperformance -- because it does not offer much room for diversification in the portfolio itself. Lest we forget, the idea of diversification is to minimize systematic risk (while maximizing idiosyncratic risk) – that is, market risk does not hurt you as it has (through precious metals) hurt many managers this year.

Generally, minimizing market risk requires one to diversify the portfolio by both quantity of holdings and sector. Further, a concentrated portfolio requires that holdings reflect an overweight to the market index. We apply the same portfolio construction and risk management framework discussed above to this portfolio. In other words, the portfolio reflects compounders, marginal businesses, and global systematic risk businesses. The only difference here is that we have a limited number of landing slots to give the greatest expression to each of the cohorts.

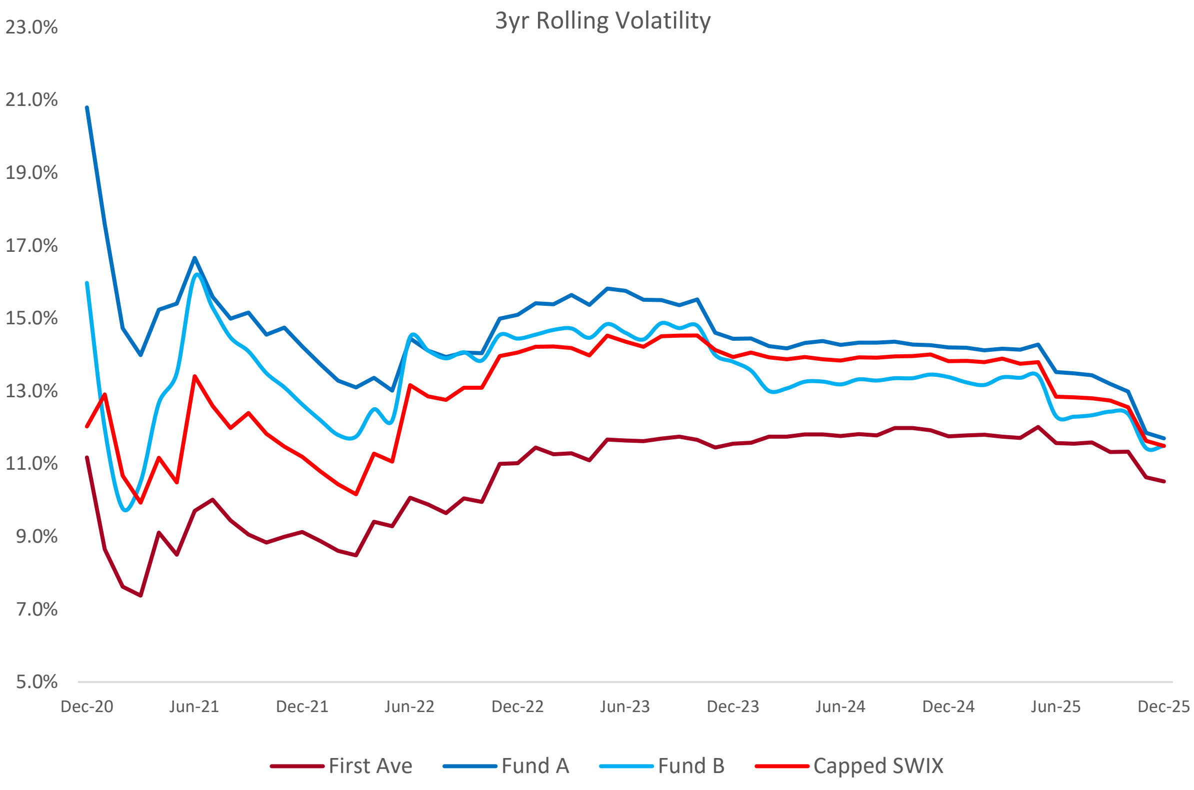
The two incumbent funds have R35bn in assets under management between them. This is not an inconsequential indication of client demand. For a boutique manager like us, serving the needs of the R35bn of clients is worth playing for. Our comparative performance reflects that we take the needs of those clients very seriously.

Figure 5: Comparative Performance: First Avenue vs. Incumbent Top 20 S.A. Equity Fund Peers

	First Avenue	Incumbent A Top 20 Domestic Equity Fund	Incumbent B Top 20 Domestic Equity Fund
Quarter:	8.9%	6.4%	8.4%
6 Months:	18.3%	11.8%	21.2%
1 Year:	41.5%	29.6%	41.6%
2 Years:	24.2%	21.8%	27.3%
3 Years:	19.2%	17.1%	17.3%
4 Years:	14.7%	15.4%	14.4%
5 Years:	14.2%	17.3%	17.5%

Source: First Avenue, Morningstar
Key: Green: 1st ;Yellow: 2nd; Red: 3rd

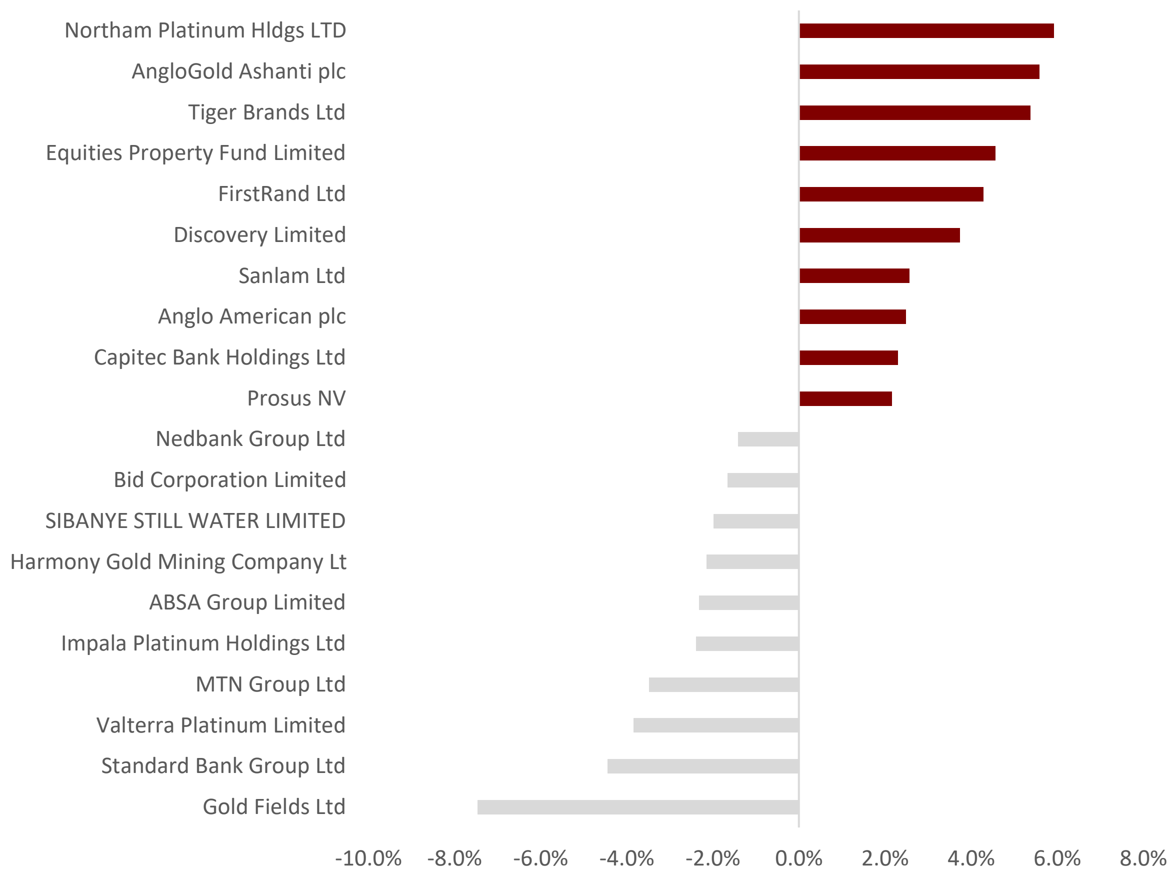
Figure 6: First Avenue vs. Incumbent Top 20 S.A. Equity Fund Peers (Volatility)



Source: First Avenue, Morningstar

It is a testament to our risk management framework that we generate competitive returns with significantly less volatility than both the incumbent peers and the benchmark, indicating the commerciality of our risk adjusted returns and Information Ratio (I.R.). In this vein, our proposition better amplifies returns while minimizing risk, exactly what an investor needs to accomplish through diversification in their investment solution.

Figure 7: Top and Bottom 10 Ten Active Bets Q4 2025: Top 20 fund



Source: First Avenue

Global Equity Strategies:

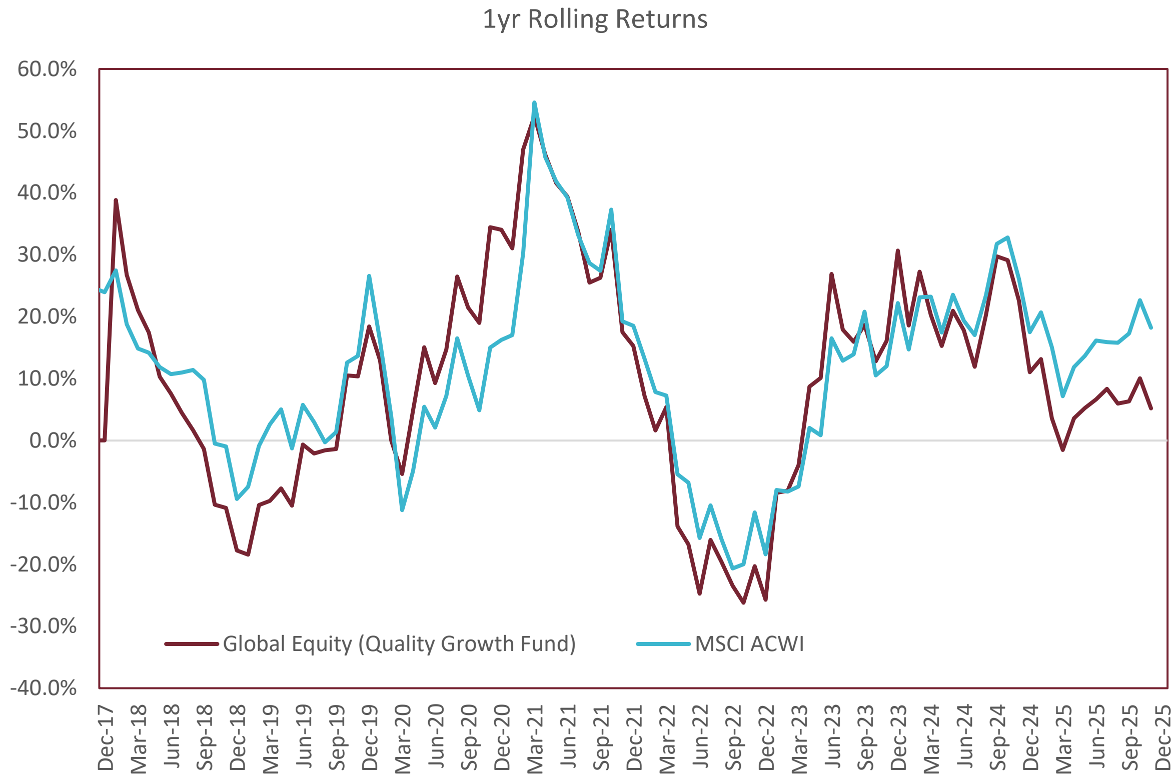
A. Quality-Growth Strategy – A broadening of market breadth boosting the fund

The strategy is a high active share, high tracking error, and long duration. As much as it is excellent for long term wealth creation, Growth characteristics of the portfolio make it more geared to interest rate expectations than core Quality strategies. Small and medium companies contribute disproportionately to the growth tilt of the portfolio. Notable small and medium company exposure is the Russell 2000 ETF. Despite US small caps being at multi-decade lows, our timing to add the ETF to the portfolio a year and a half ago could not have been worse. The index bore the brunt of liquidity flowing to mega caps whose concentration drove the market ever higher. In addition to this, another small cap, The Trade Desk (TTD), disappointed the market in revenue growth and fell over 50%. These two positions are responsible for the underperformance of the fund on an annual basis.

There is light at the end of the tunnel though. The ETF begun to reverse its two-decade underperformance against major world indices in November 2025. That reversal has continued into the new year. The fund has outperformed the market every trading day of the new year. It may very well be a turn of fortune for the fund.

We are playing a high stakes game here. Our competition is not any local fund but rather the standard bearers in global growth investing – T Rowe Price, Fidelity Growth, Durable Capital, and Baille Gifford. We believe the holdings in the portfolio are primed to begin compounding wealth faster than propositions competing for the local client's global needs.

Figure 8: Quality Growth Strategy vs. MSCI ACWI (Q4 2025)



Source: Statpro, First Avenue

We are building what we would like to suggest is a unique proposition by a local manager. Quality Growth is a strategy that requires the guardrails of Quality to extract growth from the economy. The latter, on its own, can be so difficult to handicap that it is often deemed speculative. Quality, on the other hand, requires a track record in the fundamentals of a company that grounds an investment case (gives management the right to sail further away from the shore). Quality Growth investing counts, among its luminaries, distinguished investors such as John Maynard Keynes, Phillip Fisher (Motorola), Charlie Munger (Costco), and, often enough, Warren Buffett (Coca Cola). These folks demonstrated admirable skill at beating the market over long periods of time. It is simply an unenviable task to beat the market for even a decade, let alone for as long as the luminaries of Quality Growth investing have. They popularized companies that hitherto were unknown to the wider investment community. In next quarter's report, we will show you an illustration of how differentiated our portfolio is relative to the average global equity fund on offer in South Africa.

Despite the setback to long-term returns in the quarter, we are confident that when this fund turns 10 years old in 2027, it will serve as a reliable local alternative to the best Quality Growth funds in the world. The secret to outperforming in the decade ahead is to have balanced exposure across different sectors, market caps, and countries. The outright dominance of the "tech" sector and large caps in market leadership over the last 10 years will be severely tested in the next 10. The idea is to find Quality companies, at reasonable valuations, across the world that are best positioned for growth domestically (e.g., Cintas, Hemnet Group) or globally (Rheinmetall, Novo Nordisk).

Figure 9: Top Ten Holdings: Global Equity Quality/Growth Fund Q4 2025

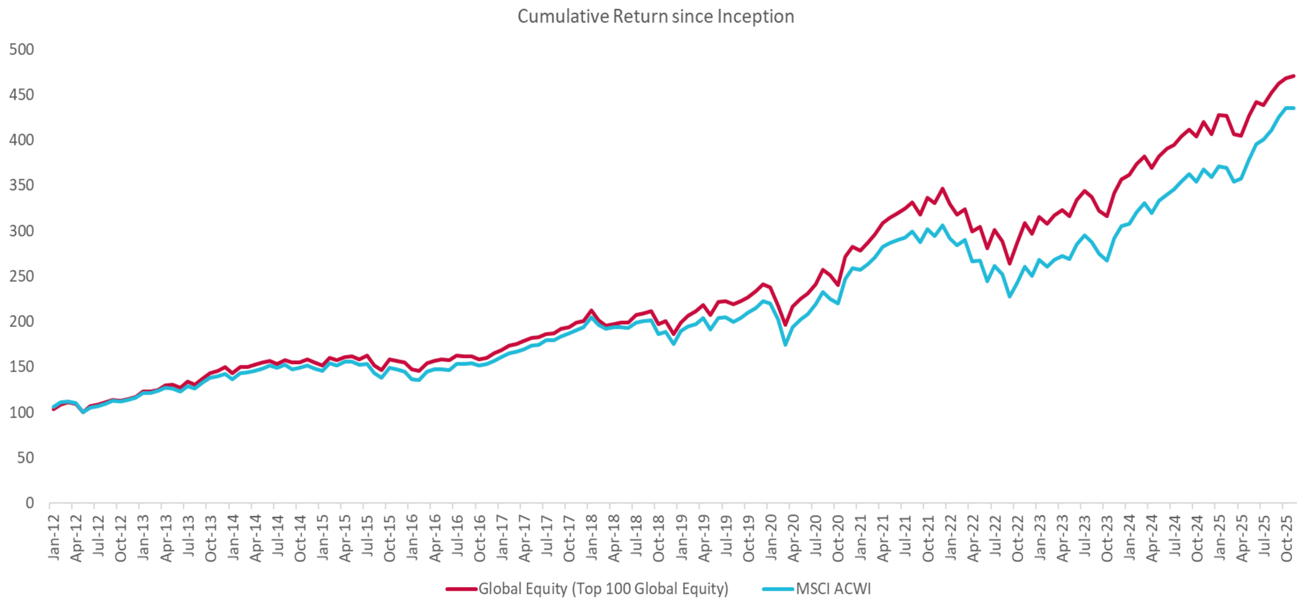
Top 10 Holdings	
Global Quality Growth Fund	
ISHARES RUSSELL 2000 ETF	10.35%
ALPHABET CL C ORD	5.57%
BERKSHIRE HATHWAY	2.97%
MICROSOFT ORD	2.83%
LVMH MOET HENNESSY	2.62%
AMAZON.COM INC	2.49%
CAIXABANK ORD	2.45%
VERTEX PHARMACEUTICALS	2.20%
APPLE	2.20%
TRADE DESK INC	2.13%

Source: First Avenue

B. Global Top 100 Quality Companies Fund – Low Tacking Error, Low Active Share

The low tracking error, low active share proposition of this strategy lends itself very well to institutional client risk controls. The objective of this strategy is to outperform the index by 1.5% per annum. Consequently, the strategy has outperformed the index by a cumulative 25% since inception. While all the constituents of the portfolio bear the financial signature of Quality, the appropriate characterization of the portfolio is Large Cap Blend. The scalability of this strategy allows it to play the role of Core, in a core satellite portfolio construct.

Figure 10: Top 100 Global Equity Fund vs. MSCI ACWI: since Inception (US$) to Dec 2025



Source: Statpro, First Avenue

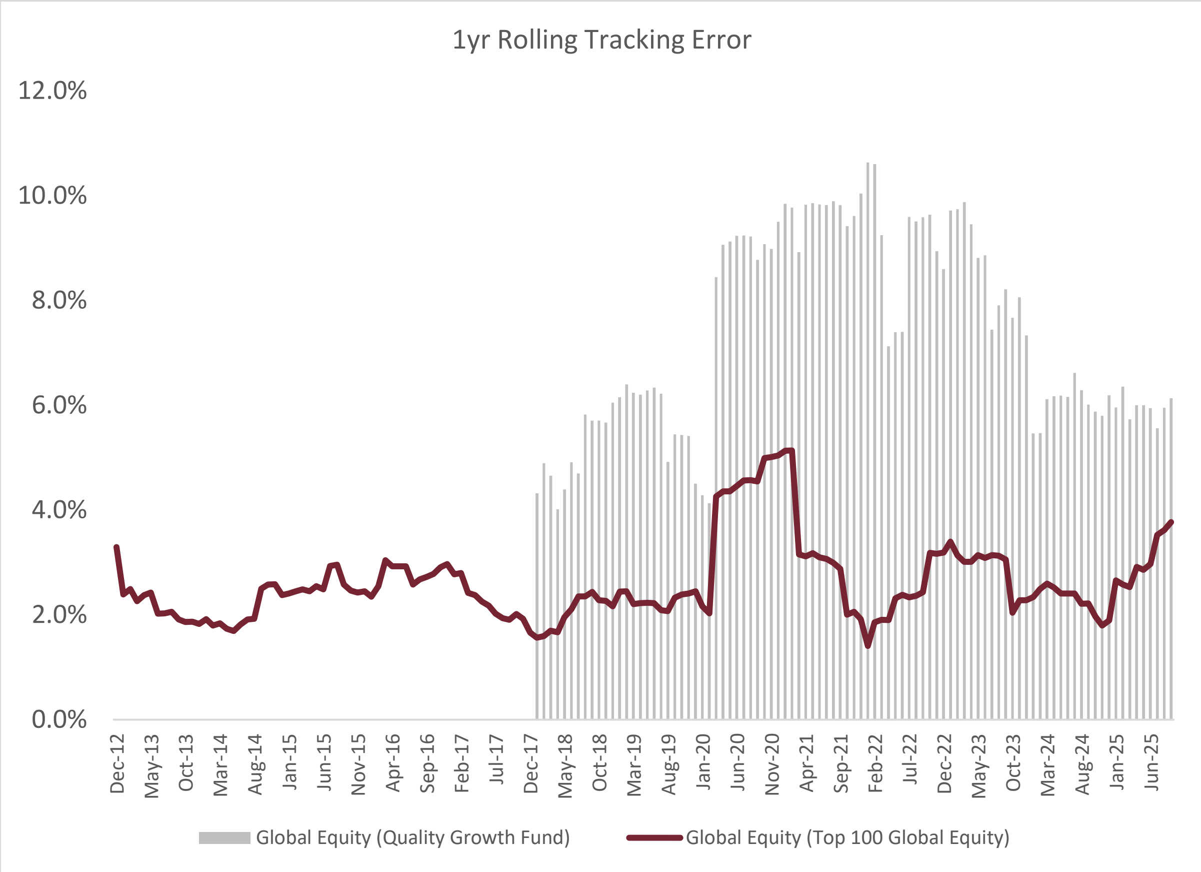
Figure 11: Top Ten Holdings: Top 100 Global Equity Fund Q4 2025

Top 10 Holdings	
Global Top 100 Fund	
Nvidia Corp	2.95%
Apple Inc	2.38%
Microsoft Corp	1.89%
Adv Micro Device	1.25%
Alphabet Inc	1.23%
Intuitive Surgical	1.20%
Lilly (Eli) & Co	1.15%
Caterpillar Inc	1.15%
Cisco Systems	1.10%
Johnson & Johnson	1.10%

Source: First Avenue, Curro

The two propositions could not be more different, and their use in client solutions could not be more different. The Global Top 100 is better suited to perform the role of a Core allocation to replace the index (MSCI ACWI). It sports a tracking error range of between 2.7% and 4.5%, an active share of 65%, and a very low portfolio turnover (<5%). Its volatility is marginally above that of the index yet outperforms the index by 1.5% per annum over 12 years. The Quality Growth proposition exhibits a much higher tracking error (6-12%), an active share of 89%, and a portfolio turnover of 2%. Its volatility is much higher than that of the index. It is a typical satellite strategy with an aggressive alpha objective. That said, we are proud to say it produces outcomes that rank with the very best international funds available in South Africa. In addition, both propositions stand head and shoulders above the BEE cohort of global equity strategies.

Figure 12: Tracking Error: Top 100 Global Equity Fund vs. Global Quality Growth Equity



Source: First Avenue, Statpro

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