

Are equity markets in general overpriced? Do you anticipate a significant correction?

We do not take a view on whether equity markets are currently overpriced or attempt to forecast a significant correction. Our philosophy is that markets can remain irrational longer than investors can stay liquid, and expensive markets can often rally far beyond expectations.

Instead, we follow a systematic momentum and trend-following approach, which is inherently reactive rather than predictive. This means we remain invested in the sectors and stocks showing the strongest trends. At the same time, our regime filters gradually shift exposure towards a more diversified, defensive portfolio once broader market weakness emerges. By adhering to a rules-based process and responding only to price trends, we avoid subjective forecasting and allow the data to dictate positioning.

Could you identify three shares that fall within your universe that you think will perform well in the medium term?

As a systematic, rules-based manager, we do not make forecasts or discretionary stock calls. We can, however, identify the shares that currently rank most strongly within our process. These are current portfolio positions rather than medium-term recommendations, and they may change as momentum signals evolve.

At present, our **top three local holdings** are **BHP Group Ltd, Sasol Ltd and South32 Ltd**. Apart from a large allocation to global market-tracking ETFs, our **largest global single-stock holdings** are **Micron Technology, Dell Technologies and Intel Corporation**. These holdings reflect the current output of the process.

This is an active strategy, so the leading positions are not static. They will change as momentum signals strengthen or weaken across shares and sectors. The process is designed to maintain exposure to the strongest trends while systematically reducing exposure to those that deteriorate.

Metope Property Income Prescient Fund

Sector: South African–Real Estate–General

Portfolio manager: Liliane Barnard

Benchmark: FTSE/JSE SA REIT Index- J805T

Returns to investors	1 year	3 years
Metope Property Income Prescient Fund	37.34%	28.79%
Sector Average	27.57%	24.45%
Inflation (CPI)	4.98%	4.43%
ProfileData performance stats to 30 June 2026: CAGR with dividends reinvested		

Describe your investment universe.

The Metope Property Income Prescient Fund invests predominantly in South African listed property securities, with the ability to include offshore listed property where appropriate.

The portfolio is benchmark agnostic, with investment decisions primarily anchored to the income yield offered by each investment, the sustainability of that income and its potential to grow over the medium- to long-term.

Comment on your investment year (July 2025 – June 2026) from a fund manager's point of view.

It was another strong 12 months for SA listed property. Over the period, the sector (ALPI) delivered total returns of 28.7%, comprising 7.3% income return and 21.4% capital return.

The asset class remains interest rate-sensitive. Despite bouts of volatility linked to the conflict in the Middle East, SA bond yields trended lower over the last 12 months – from above 9% to low 8% – which underpinned the capital appreciation.

However, it is earnings that continue to be the key driver of total returns. Underlying operational performance remained positive across the sector, with companies exposed to SA property seeing real rental income growth, cost optimisation, declining funding costs and improving cash flows – all supporting sustainable dividend growth. Balance sheets have also strengthened materially over the past five years, and improved access to capital markets gives further room for distribution growth.

The fund's positioning, weighted primarily toward SA-focused names, benefited from attractive starting dividend yields, combined with strong operational delivery and a re-rating of the sector during the period, resulting in strong year returns over the period.

In terms of risk management, what methods or strategies are you able to use to protect your clients' investments?

Risk management is primarily driven by the investment team's disciplined security selection and portfolio construction processes. The portfolio risk is managed through diversification, liquidity and single stock position limits. Positions sizes are determined by relative alpha and risk contribution of a given stock, while taking into account liquidity constraints and overall portfolio risk and return objectives.

Given the fund's income focus, particular attention is placed on the sustainability of distributions, balance-sheet strength, cash-flow generation and the quality of the underlying property portfolio, thereby managing risk of loss of capital.

Comment on the year ahead and, if possible, estimate the performance of your fund over 2 or 3 years. What are your targets and objectives for the year ahead?

The sector currently trades on a forward dividend yield of approximately 7.1%, with expected dividend growth of around 6% to 8%, supporting a medium-term total return outlook of approximately 12% to 14% per annum at current bond-yield levels. Should bond yields stabilise or decline, there would be significant additional upside from a re-rating, but this is not central to our base case given with present geopolitics. As an active manager, our objective is to outperform the sector over the medium term through security selection and portfolio positioning.

What are your expectations for the property sector?

We expect underlying property fundamentals to remain supportive over the medium term, both locally in South Africa and in the underlying exposure in Iberia and CEE.

Retail and industrial property should continue to deliver reasonable rental and income growth, while the office sector is beginning to show signs of improvement, albeit from a weaker base. Renewable-energy investment and stronger balance sheets should also continue to support earnings and good growth in dividends.

We remain positive on South African property overall, especially retail and industrial on a sector level and Western Cape exposure on geographic level. Internationally, we continue to favour quality exposure to the growth markets of Iberia (Spain and Portugal) and Central Eastern Europe, particularly Poland and Croatia, although geopolitical risk will likely continue to weigh on valuations in the short- to medium-term.

Could you identify three shares that fall within your universe that you think will perform well in the medium term?

- **Spear:** The only listed property counter offering concentrated exposure to the Western Cape, where property fundamentals remain among the strongest in the country, alongside attractive income growth prospects.
- **Dipula Income Fund:** A community and township-focused retail REIT, with a diversified portfolio also including industrial exposure. Solid income growth prospects are underpinned by a well-let, defensively positioned book and continued balance sheet improvement.
- **Fairvest B:** A retail-focused REIT with strong exposure to convenience and rural shopping centres, delivering good income growth. Infrastructure has emerged as an additional leg of growth for the group, adding a further avenue for expanding earnings beyond the core retail.