

Alternative Investments

Quarterly Dashboard
Q3 2026



Contents

ALPHA PRESCIENT QI HEDGE FUND

●	Market commentary	03
●	Performance commentary	04
●	Portfolio commentary	08
●	Outlook	09

COMPANY OVERVIEW

●	Company snapshot	12
●	Contact us	13



Market Commentary

Third Quarter 2026



Quarterly commentary author

Marcus Erlank, CFA, CA (SA)

Portfolio Manager

The SA Listed Property Index (SAPY) and the All-Property Index (ALPI) recorded total returns of -1.14% and -1.47% respectively for the quarter ended September 2026. The yield-to-maturity (YTM) on the long-term South African government bond (RLRS) weakened by 49 bps, ending the quarter at 8.92% (8.43% at 30 June 2026).

We entered the third quarter with cautious optimism that the Memorandum of Understanding approved by both the US and Iran would pave the way for a swift resolution to the conflict. Unfortunately, during July, it appeared that diplomatic efforts were unravelling and new strikes started signalling the collapse of any ceasefire. Markets whipsawed during the quarter as each flare-up was met by periods of calm.

One of the major knock-on effects of the war was the higher oil price and its subsequent impact on inflation. Petrol and diesel are crucial input costs to many layers of the economy, so higher fuel prices have a direct impact on goods and services inflation. Inflation prints from around the world were not encouraging, with many regions reporting two- or three-year highs in inflation. A number of central banks responded by re-initiating tightening cycles. After pausing in July, the escalation of hostilities prompted the SARB to raise rates by an additional 25 bps in September. Similarly, the newly elected US Federal Reserve Governor, Warsh, raised rates by 25 bps as well.

While it seems like the narrative is very similar to the previous quarter, the market has priced in longer-term inflation effects rather than a quicker, transitory spike. Bond yields across the globe rose sharply with developed markets reaching and exceeding GFC highs. While SA yields also moved out from their recent lows, the magnitude was less pronounced as inflation hasn't spread to other sectors as quickly as expected, and a continued drive toward 3% inflation gave bondholders comfort that inflation will normalise.

On the fundamentals side, ALPI stocks continued releasing results and the news was generally positive. Fundamentals in SA are strong despite pressure on consumers. REITs have worked hard to get into a strong balance sheet position and have worked with tenants to ensure that rentals are fair for all parties. As a result, organic growth has been good with most companies reporting mid-single-digit revenue growth and low-single-digit operating expense growth as solar helps with cost containment. Interestingly, where results have potentially been softer than expected has been among companies that have offshore components to their income. The pure-play SA-listed companies generally provide a more predictable, growth profile.

One risk we are monitoring closely relates to stocks with offshore exposure. While these companies generally hedge their income, with the ZAR materially strengthening against developed market currencies over the last two years, the gap between hedged exchange rates and spot rates has widened. This could have a material negative effect on offshore earnings translated into ZAR.

Results from the US were impressive, as well. For a number of years, there has been very little supply in certain subsectors such as strip retail, malls, senior housing and offices. This has caused favourable supply-demand dynamics, supporting REIT landlords. US REITs at one stage during the quarter were up almost 20% YTD. Elevated bond yields brought a premature end to the momentum and repricing risk on debt became a key consideration for REIT landlords. A strong balance sheet becomes imperative in volatile times like these.



Performance Commentary

Third Quarter 2026

The Fund recorded a net total return of -1.40% for Q3 2026, underperforming its benchmark (1.77%), but outperforming the ALPI (-1.47%). The quarter was a period of consolidation following a return of approximately 10% in Q2. SA listed property fared well against global listed property (-6.10% in USD).

Global developed listed real estate delivered a return of -6.04% in ZAR terms during the quarter. The US dollar was broadly stable quarter on quarter, only strengthening against the ZAR by 0.16%. During July, after a strong rally in global property, the Fund reduced exposure to the sector. The remaining exposure detracted from the Fund's performance but still provided volatility benefits through the period.

In periods of heightened market volatility, it is important to consider longer-term performance. Over the past three years, the Fund has delivered an annualised net return of 14.93% compared with 7.84% for its benchmark and 26.49% per annum for the ALPI. These returns were achieved at materially lower volatility (10.07%) than the ALPI (15.68%), resulting in an higher Sharpe ratio.

The best-performing stocks in the local listed property investable universe for Q3 2026 included Lighthouse (+6.7%). This stock owns Iberian and French malls. Operating fundamentals in Iberia are exceptionally strong supporting strong reported results. Fortress (+3.7%) also released results during the quarter and referenced strong performance from its NEPI Rockcastle holding as well as improving fundamentals in the SA portfolio. Guidance was upgraded. Hyprop (3.1%) also released strong results in both its SA and European portfolios. It guided to 7–9% DIPS growth for the year ending June 2027 which is still materially ahead of inflation.

Laggards for the quarter included Growthpoint (-7.7%). Growthpoint released full-year results in September that underwhelmed. While the SA portfolio provided resilient metrics, GOZ and Globalworth were a drag. Growthpoint has guided to 1-3% DIPS growth for 2027 which is at the low end of peers. Stor-age (-7.6%) continued to disappoint in terms of share price performance. The narrative in UK storage continues to be weak and as mortgage rates approached and exceeded 20-year highs in the UK, the housing churn that is required for storage demand to increase does not appear imminent. After a 20% quarter in Q2, Fairvest (-6.0%) gave back some of its gains. The stock provided a strong pre-close update in Q3 with double-digit growth expected for the full year 2026, however, this news was overshadowed by further disclosure on their

“These returns were achieved at materially lower volatility (10.07%) than the ALPI (15.68%), resulting in an higher Sharpe ratio.”

fibre business which generates non-real-estate income. The market wasn't entirely convinced by this strategic direction and contributing to the stock's underperformance.

Globally, there is far more optionality across subsectors and geographies.

Subsectors that outperformed during the quarter include:

UK Industrial (1.9%): In June, the largest listed US industrial REIT, Prologis, made an all-share bid for Segro, a UK logistics landlord with a major data centre pipeline. The proposal was rejected by Segro's board. In Q3, subsequent higher offers were made for Segro and the final offer was eventually accepted. The corporate activity buoyed UK stocks in general, but a lot of the Q2 sentiment-based gains were given back in Q3.

Asia Malls (1.0%): Generally, the performance in this subsector was driven by Hong Kong malls. The thesis is that luxury-oriented malls are making a comeback as Hong Kong reopens and welcomes foreign travellers. This subsector suffered a politically driven shock in the early part of the decade so the rebound is off a low base.

Subsectors that underperformed during the quarter include:

European Apartments (-18.4%): This sector is dominated by German residential companies. These stocks are exceptionally sensitive to bond yields and European bonds moved out materially during the quarter. The other negative for these stocks is that the yields moved out on an expectation of higher inflation which due to regulations in Germany regarding rent caps, the landlord isn't easily able to benefit from. Finally, European companies as a whole tend to have low debt funding costs which means repricing risk is high in a rising-rate environment.



NA Cold Storage (-13.7%): This was one of the stronger performing subsectors at the beginning of the year off a low base. Some encouraging signs of increased inventories gave the market premature hope that the cycle was bottoming out. Subsequent data has not been conclusive to show early signs of growth in the sector. The sector is also extremely operationally intensive, so it is highly sensitive to market movements. In a weak quarter for global listed real estate, the sector came under amplified pressure in the public market.

At the end of Q3 2026, net physical exposure to SA listed real estate and global listed real estate (including ZAR hedges) stood at 48.5% and 24.0%, respectively.

The fund's long-term strategy is to maintain, over time, a broadly balanced allocation between local and global listed real estate. Within each market, capital is allocated to the fund's highest conviction long and short ideas. This approach is underpinned by the low correlation between local and global listed real estate security returns, both in local currency terms and in ZAR. Material deviations from this allocation reflect relative value opportunities between the two markets. Per the above, the harvested exposure from global stocks was redeployed into SA listed property stocks showing the fund's preference for domestic exposure.

Approximately 19.1% of the fund's exposure is invested in direct offshore opportunities. While we continue to identify attractive opportunities within the global listed real estate universe, we remain mindful that strong demand for US technology stocks has led to US real estate being overlooked in the short term. A rising bond-yield environment and strong performance through July 2026 meant that exposure to global opportunities is below long-term norms. The remaining developed-market currency exposure is held through net long positions in rand-hedge JSE-listed real estate stocks and offshore cash.

South African cash and cash equivalents, including enhanced cash and indirect foreign cash, comprise approximately 26.1% of Fund NAV (Q2 2026: 23.6%). The fund reduced a significant amount of equity exposure during the strong Q2 rally, having entered the quarter highly invested. This proved effective, as the ALPI generated a return in excess of 10% for Q2 2026. Q3 2026 was more about recycling outperforming stocks into more attractive opportunities without meaningfully changing net exposure. The fund also increased gross exposure by increasing long and short exposure during the quarter.

Gross physical
equity exposure

102.6%

Net physical
equity exposure

72.4%

Net direct
credit exposure

0.0%



Net Fund Performance (in ZAR)

Date	Fund Return	Benchmark Index (3 Month JIBAR)	JSE ALPI (All Property) Index	JSE All Share Index
Q3 2026	-1.40%	1.77%	-1.47%	-0.27%
YTD	7.34%	5.24%	3.05%	-3.22%
1 Year	16.41%	7.07%	20.30%	4.62%

3 Year

Annualised	14.93%	7.84%	26.49%	18.68%
3 Year Standard Deviation	10.07%	0.20%	15.68%	12.82%

5 Year

Annualised	10.03%	7.22%	15.51%	15.29%
5 Year Standard Deviation	11.00%	0.41%	16.78%	14.25%

Since Inception

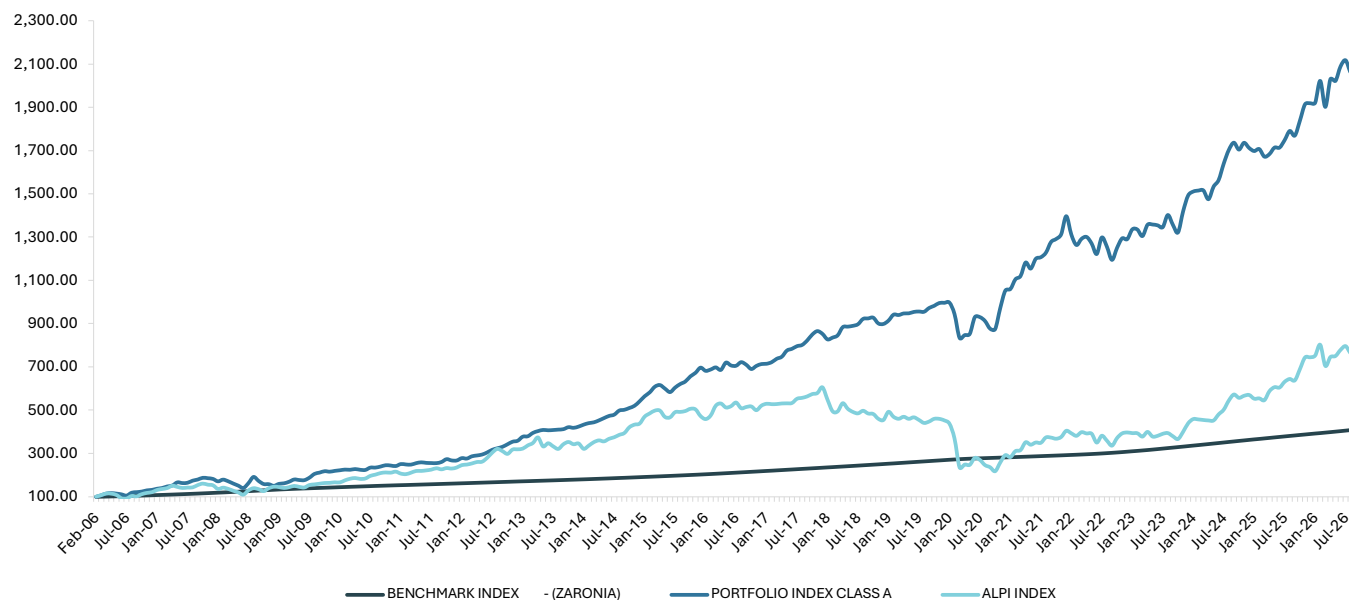
Inception to date	1959.91%	310.13%	667.08%	964.55%
Annualised inception to date	15.76%	7.06%	10.36%	12.12%
Standard Deviation	12.38%	0.53%	19.41%	14.85%
Sharpe Ratio	0.70	-	0.17	0.34
Positive months	69%	-	-	-

Source: Bloomberg | Data as at 30 September 2026

The benchmark changed from 3-Month JIBAR to ZARONIA effective 01 September 2026. Historical benchmark returns reflect 3-Month JIBAR to 31 August 2026 and ZARONIA thereafter.



Net Performance of R100 Invested Since Inception



The investment performance which is shown is for illustrative purposes only, and takes the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date.

Source: Catalyst Fund Managers & Bloomberg | Data as at 30 September 2026

Fund's 3-Year Rolling Return Annualised (ZAR)

Positive Since Inception



Source: Catalyst Fund Managers | Data as at 30 September 2026



Portfolio Commentary

Third Quarter 2026

Our largest long positions remain investments in specialist, focused companies that have remained attractive on a risk-adjusted basis. The fund is overweight South African small-cap stocks, while offshore rand-hedge exposure is overweight UK malls.

Q3 2026 started with the same strength that Q2 ended with. During August and September, however, markets weakened as the Middle Eastern conflict flared up again and bond yields started spiking on an expectation of persistently higher inflation. In terms of major position changes, the fund exited its holding in BTN on strength, before the pre-close which was held in September. Post the pre-close, the stock underperformed on organic performance and complex future strategy. The fund also sold out of its position in NEPI Rockcastle on relative strength, but possible macro headwinds in Romania could make for a tough operating environment in the short term. The fund also exited its position in Growthpoint during the quarter.

The fund initiated positions in Spear on relative underperformance and a strong balance sheet putting them on the front foot going into the next part of the cycle. Similarly, the fund re-established a position in Resilient as a quality growth play after it had come under share price pressure and moved into value.

Net exposure to SA rand-hedge listed real estate is 4.9% at the end of Q3 2026, which was lower than the 6.8% of NAV at the end of Q2 2026. The fund exited its position in NEPI Rockcastle and used a portion of its proceeds to top up a position in Hammerson, which is a high-conviction UK/Europe mall owner with strong growth.

The fund is well positioned to capitalise on compelling long-term risk-adjusted return opportunities. We will continue to do so in a disciplined manner, maintaining strict adherence to our investment philosophy.



Outlook

Third Quarter 2026

The outlook for South African-centric REITs remains robust. Within the traditional subsectors we are seeing the following trends:

Retail: Strong market rental growth leading to positive reversions when leases expire and are renewed. Trading density growth is generally in line with inflation, and cost-of-occupancy ratios near 10-year lows are allowing tenants to comfortably absorb rental growth. We are, however, cognisant that a rising interest rate environment and record high fuel prices are putting a strain on consumers.

Industrial: Similar growth in rentals is being achieved, especially for modern, automated logistics facilities. For years, rentals stagnated in the R80—R90/sqm range, but recent evidence suggests that P-grade logistics facilities are now exceeding R100/sqm. Industrial assets also lend themselves well to optimising roof space for solar, which can materially decrease operating costs for the landlord.

Office: For a long time, offices have been laggard, as oversupply and low economic growth were headwinds for the sector. More recently, green shoots of recovery have been noted — the BPO sector is occupying more space, and growth in the Western Cape has caused vacancy to drop below 10% in the province. In other regions, a lack of new supply, and in some cases negative supply as older offices are taken offline or repurposed, has placed some upward pressure on pricing. Reported NOI growth has benefited from a low base, given high vacancy, so any improvement in occupancy flows directly to the bottom line.

What is important in the office sector is that the portfolios held by the REITs are generally of a meaningfully better quality than the national average. The REITs also have the platforms to manage and extract maximum value from an asset. As an example, Redefine mentioned in their capital markets day that they expect to hit 7% vacancy in their office portfolio through a combination of non-core asset sales and attracting blue-chip tenants to their P- and A-grade assets. If they are successful in this regard, vacancies will be at decade lows. While we still underwrite the best fundamental improvement to offices would be real GDP growth and a decrease in national unemployment, the landlords are having success in bringing a degree of rental tension to their assets.

Locally, Q4 brings with it macro events which will likely drive returns. In October, the mid-year budget will be released with collections expected to exceed expectations and a stabilising debt-to-GDP outlook should be incrementally positive. November brings the S&P sovereign ratings review of the country as well as the municipal elections. Later in November we will also get another opportunity to see how the SARB feels the progress on inflation is going with an MPC meeting. On balance, we believe there is more to be optimistic about than pessimistic.

“What is important in the office sector is that the portfolios held by the REITs are generally of a meaningfully better quality than the national average. The REITs also have the platforms to manage and extract maximum value from an asset.”

In terms of funds available for distribution (FAD) growth for the sector, one-year growth stands at 6.0%, two-year growth at 5.4% CAGR, and three-year growth at 4.5% CAGR. Combined with a forward dividend yield of 7.5%, this suggests the sector could generate a 12-14% total return CAGR over the next three years.

Globally, US data centres still provide a compelling growth opportunity. We are, however, cognisant that it is more important than ever to assess whether the AI linked companies can turn the significant capital expenditure into sustainable revenue generation. Along with this, data centres are becoming more environmentally and sensitive to regulatory and policy changes. The story still stacks up for now but we remain close to the detail to ensure we are abreast of any change in the investment thesis.



Other sub sectors which we like are senior housing in the US for the structural growth story as well as European malls which has seen a recovery following the pandemic.

Q4 will be dominated by macro movements rather than fundamental movements. Bond yields across most developed markets are touching 20 or even 30 year highs. Central banks are reacting accordingly. This brings back into focus how important a strong balance sheet is, with well-staggered debt maturities. Catalyst has always penalised companies heavily with weaker balance sheets and positioned our portfolios accordingly. We feel stocks with weaker balance sheets will underperform in the next part of the cycle.

November also brings with it the midterm elections in the US as well as the budget in the UK under a new Prime Minister. Both these events have the potential to bring market volatility and decouple public market performance from fundamentals. All the while, oil remains elevated due to an extremely fragile Middle Eastern conflict situation. While there is a saying to invest while “looking through the noise”, a lot of developments on the macroeconomic front are no longer noise and are filtering into fundamentals.

The estimated forward funds available for distribution (FAD) yield for the sector is 5.2%, with four-year compound annual FAD growth of 5.8%, in USD. The sector appears to offer deep value and may benefit from a rotation away from the AI-dominated market narrative.



Asset Class	Long	Short	Net
SA Listed Property Equity	58.0%	-9.5%	48.5%
SA Bonds	0.0%	0.0%	0.0%
SA Listed Property, Rand Hedge	6.4%	-1.5%	4.9%
Enhanced Cash	14.2%	0.0%	14.2%
Direct Offshore	23.2%	-4.1%	19.1%
Currency Futures	13.3%	-11.8%	1.5%
Total cash and cash equivalents	12.8%	-0.9%	11.9%
Total Gross	127.7%	-27.7%	100.0%
Leverage(adjusted gross)	114.4%	-	-

Currency Exposure % NAV	Net
JPY	0.0%
CAD	0.0%
SEK	0.0%
GBP	1.0%
USD	4.9%
HKD	0.0%
EUR	8.1%
AUD	0.7%
CHF	0.0%
SGD	0.0%
ZAR	85.3%
Total	100%

Important Information

Catalyst Fund Managers is an Authorised Financial Services Provider No. 723, 36009 and 45418 (South Africa). The information contained in this document is confidential, privileged and only for the information of the intended recipient and may not be used, published or redistributed without the prior written consent of Catalyst Fund Managers. The opinions expressed are in good faith and while every care has been taken in preparing this document, Catalyst Fund Managers makes no representations and gives no warranties of whatever nature in respect of this document, including but not limited to the accuracy or completeness of any information, facts and/or opinions contained therein. Catalyst, its subsidiaries, the directors, employees and agents cannot be held liable for the use of and reliance of the opinions, estimates, forecasts and findings in this document. Past performance is not a reliable indicator of future results, prices of investments and the income from them may fall as well as rise. Investments in equities are subject to market risk and, potentially, to exchange rate risk. This document is for information only and does not constitute advice or solicitation for funds.



Company Snapshot

Third Quarter 2026

R25bn

Assets under management

25 yrs

Building real asset returns since 2001

108 yrs

Combined industry experience



Single asset class

Boutique, focused public market real assets manager since 2001 with R25bn AUM



Track record

25 years of building consistent, risk-adjusted real asset returns across market cycles



Experience

- 12 dedicated professionals
- 108 yrs industry experience
- 81 yrs at Catalyst



ESG

CFMSA is a PRI signatory - committed to responsible investment principles

HedgeNews Africa Awards

Catalyst Alpha Prescient QI Hedge Fund
2017 • 2019 • 2021

Raging Bull Winner

Catalyst Global Real Estate UCITS Fund
2014 • 2016 • 2017

Catalyst Global Real Prescient Feeder Fund
2014 • 2015 • 2016 • 2017 • 2018 • 2019



Contact Us

We look forward to hearing from you.



Kerri-Ann Sattary

Head of Distribution

+27 (0)73 638 8040

kerri@catalyst.co.za



Marcus Erlank, CFA, CA (SA)

Portfolio Manager & Director

marcus@catalyst.co.za



“

Real assets, Real returns.
It's in our DNA.