

Fund description and summary of investment policy

The Fund invests in a focused portfolio of companies with significant business interests in Africa regardless of the location of the stock exchange listing (excluding South Africa). The Fund price is reported in US dollars, but the underlying holdings are denominated in various currencies. Returns are likely to be volatile.

Classification: Africa ex-SA – Equity

Fund objective and benchmark

The Fund aims to outperform African (excluding South Africa) equity markets over the long term without taking on greater risk of loss. The Fund’s benchmark is the MSCI Emerging Frontier Markets Africa ex-SA Index. The Fund does not seek to mirror the benchmark but instead may deviate meaningfully from this performance benchmark in pursuit of superior returns. To the extent that its investments differ from those in the benchmark, the Fund faces the risk of underperforming the benchmark.

African equity markets

There are numerous risks involved in investing in African equity markets. These risks may be significantly higher than in more developed markets and may include (but are not limited to) the following:

- Individual countries may impose capital controls preventing the repatriation of foreign currency
- Returns are expected to be more volatile, and the average drawdown may be higher, than in more developed markets
- Low liquidity whereby subscriptions into the Fund may have to be phased in, and redemptions from the Fund may be limited per dealing day
- Market prices may not accurately reflect the fair value of a Fund asset and fair value pricing may be used

There is no assurance that the investment approach of the Fund will be successful or that the Fund will achieve its investment objective.

See the “Important information for investors” section for more information.

How we aim to achieve the Fund’s objective

We invest in shares that we believe offer superior fundamental value while taking into account risk and return. We research companies and assess their intrinsic value based on long-term fundamentals; we then invest in businesses where our assessment of intrinsic value exceeds the share price by a margin of safety. This approach allows us to identify shares that may be out of favour with the market because of poor near-term prospects, but offer good value over the long term. The Fund’s holdings will deviate meaningfully from those in the index both in terms of individual holdings and sector exposure.

Suitable for those investors who

- Seek exposure to African (excluding South African) equities
- Are comfortable with above-average stock market and currency fluctuations
- Are prepared to take on the risk of capital loss
- Have a minimum investment horizon of five years

Fund information on 30 June 2024

Fund currency	US\$
Fund size	US\$401m
Number of shares	2 365 761
Price (net asset value per share)	US\$148.92
Number of share holdings	43
Dealing day	Weekly (Thursday)
Class	C
Class inception date	14 May 2020

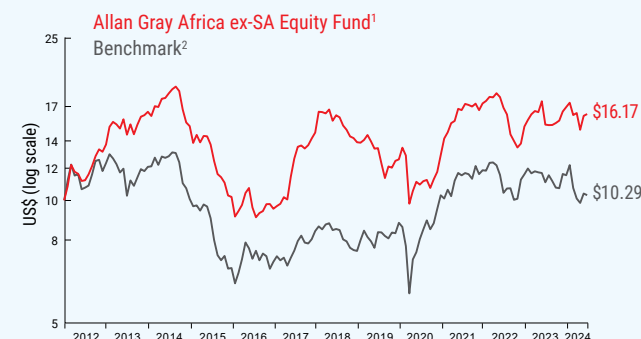
Minimum investment amounts

Minimum initial investment	US\$50 000
Minimum subsequent investment	US\$1 000

1. Prior to the inception of this class of the Fund, the performance and risk measures are calculated using the A class performance of the Fund.
2. MSCI Emerging Frontier Markets Africa ex-SA Index (source: MSCI), performance as calculated by Allan Gray as at 30 June 2024. Calculation based on the latest available data as supplied by third parties. From inception to 31 October 2023, the benchmark was the Standard Bank Africa Total Return Index.
3. Maximum percentage decline over any period calculated from monthly returns. The maximum drawdown occurred from August 2014 to July 2016 and maximum benchmark drawdown occurred from July 2014 to March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund’s monthly return. This is a measure of how much an investment’s return varies from its average over time.
6. This is the highest or lowest rolling 12-month return the Fund has experienced since inception. The Fund’s highest annual return occurred during the 12 months ended 31 January 2018 and the benchmark’s occurred during the 12 months ended 31 March 2021. The Fund’s lowest annual return occurred during the 12 months ended 31 August 2015 and the benchmark’s occurred during the 12 months ended 31 August 2015. All rolling 12-month figures for the Fund and the benchmark are available from the Allan Gray Service Team on request.

Performance in US\$ net of all fees and expenses

Value of US\$10 invested at inception with all distributions reinvested



% Returns	Fund ¹	Benchmark ²
Cumulative:		
Since inception (1 January 2012)	61.7	2.9
Annualised:		
Since inception (1 January 2012)	3.9	0.2
Latest 10 years	-1.1	-2.1
Latest 5 years	3.9	4.2
Latest 3 years	-0.7	-3.6
Latest 2 years	-1.7	-0.6
Latest 1 year	6.0	-6.9
Year-to-date (not annualised)	-3.8	-10.5
Risk measures (since inception, based on month-end prices)		
Maximum drawdown ³	-51.7	-54.4
Percentage positive months ⁴	56.7	49.3
Annualised monthly volatility ⁵	18.6	19.4
Highest annual return ⁶	69.1	71.9
Lowest annual return ⁶	-38.6	-43.4

Relative to benchmark return required to reach high watermark: 2.1%.

Meeting the Fund objective

The Fund aims to outperform African equity markets (excluding South Africa) over the long term without taking on greater risk of loss. The Fund experiences periods of underperformance in pursuit of this objective. Since inception, the Fund has outperformed its benchmark by a significant margin. The maximum drawdown and lowest annual return numbers in the "Performance in US\$ net of all fees and expenses" table show that the Fund has not experienced more downside than its benchmark in periods of negative market returns. We believe our philosophy of buying undervalued equities should generate positive absolute returns over time.

Subscription and redemption charge

Investors will be charged 1% when subscribing for Fund shares and 1% when redeeming Fund shares. These charges are paid into the Fund to offset the costs associated with the transactions that are borne by the Fund. Allan Gray Bermuda Limited (the "Investment Manager") may waive these charges at its discretion, for example in the case of significant offsetting between subscriptions and redemptions.

Annual management fee

The management fee consists of a base fee of 0.7% and a performance component. The fee rate is calculated weekly by comparing the Fund's total performance for the week, after the base fee is deducted, to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 0.70% p.a.

For each percentage point above or below the benchmark we add or deduct 0.2%. This means that Allan Gray shares in approximately 20% of the performance relative to the benchmark.

The fee is capped at 4.7% over any 12-month rolling period and can decrease to a minimum of 0%. If the fee would have been negative, the negative fee will be carried forward to reduce the next week's fee (and all subsequent weeks until the underperformance is recovered).

Total expense ratio (TER) and transaction costs

The annual management fee charged is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one- and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

Country of primary listing on 30 June 2024⁷

Country	% of equities	Benchmark ^{2,8}
Nigeria	27.0	0.0
Zimbabwe	17.9	0.0
Egypt	13.2	20.1
BRVM	10.2	5.4
Kenya	6.7	12.3
Australia	5.7	0.0
Uganda	5.5	0.0
United Kingdom	5.1	0.0
United States	2.6	0.0
Rwanda	1.9	0.0
Malawi	1.3	0.0
Canada	1.0	0.0
Norway	1.0	0.0
Tanzania	0.5	0.0
Ghana	0.1	0.0
Zambia	0.1	0.0
Morocco	0.1	49.3
Mauritius	0.0	7.7
Tunisia	0.0	5.2
Total (%)⁹	100.0	100.0

- 7. The primary listing may not represent the geographical location of the company's operations. The fund invests based on the primary place of operation, not listing.
- 8. Expressed as a percentage of equities, excluding money market exposure.
- 9. There may be slight discrepancies in the totals due to rounding.
- 10. Prior to the inception of this class of the Fund, the TER and Transaction costs data is that of the A Class of the Fund, reduced by 0.3% p.a.
- 11. The investment management fees paid by the Fund were overstated due to the understatement of the Standard Bank Africa Total Return Index since October 2020. These fees have been returned to the Fund and the performance fees reflected in the table have been restated accordingly.

Sector allocation on 30 June 2024

Sector	% of equities	Benchmark ^{2,8}
Consumer staples	29.2	8.3
Financials	24.4	51.2
Energy	15.8	0.7
Telecommunications	11.9	16.2
Basic materials	11.3	1.5
Utilities	5.5	1.1
Healthcare	1.1	1.2
Consumer discretionary	0.6	0.0
Industrials	0.2	12.3
Technology	0.0	0.3
Real estate	0.0	7.3
Total (%)⁹	100.0	100.0

Asset allocation on 30 June 2024

Asset Class	Total
Net equity	89.8
Hedged equity	0.0
Property	0.0
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	10.2
Total (%)⁹	100.0

Total expense ratio (TER) and transaction costs^{10,11}

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2024	1yr %	3yr %
Total expense ratio	0.53	0.40
Fee for benchmark performance	0.70	0.70
Performance fees	-0.47	-0.63
Custody fees	0.17	0.21
Other costs excluding transaction costs	0.13	0.12
Transaction costs	0.06	0.10
Total investment charge	0.59	0.50

On the currency front in Africa, the second quarter was far more stable than the first. After substantial devaluations in the first quarter, the Nigerian naira and Egyptian pound have stabilised and trade at slightly stronger rates than those seen immediately post devaluation. In Zimbabwe, the US dollar continues to be the dominant currency for local transactions, despite the introduction of a new currency – the ZiG – at the start of the quarter. Our three largest in-country holdings in Zimbabwe – beer and soft drink company Delta, telecommunications group Econet and consumer staples manufacturer Innscor – have all declared US dollar dividends in the past six months. Across all three countries, we have seen material improvements in our ability to repatriate funds.

This currency stability and improved liquidity, albeit off low bases, provides us with the opportunity to talk about where most of our focus is actually directed: individual companies.

At the end of the quarter, the largest share in the Fund was Seplat Energy, a London Stock Exchange-listed oil and gas producer with assets in Nigeria, which we have held for a long time. When we wrote about the company in our Q1 2022 commentary, the share was trading at US\$1.43. Since then, the share price has risen by 76%, to end this quarter at US\$2.51, and the company has paid dividends totalling US\$0.275 per share. What has driven this performance? The underlying performance of the company has been good, generating strong cash flows that have been used to reduce debt, fund projects and pay dividends; but what has really driven a substantial rerating in the company over the last few months has been the developments around the long-delayed acquisition of ExxonMobil's offshore assets in Nigeria. Notably, the Nigerian National Petroleum Company Limited has withdrawn its longstanding legal objection to the proposed acquisition, meaning a consummation of the proposed deal is now far more likely. While the market appears to have begun pricing the value of this asset into the share price of Seplat, we believe the true combined value of these assets is materially higher than the price the market is attributing today.

Eastern Tobacco ("Eastern") in Egypt is another large, long-term holding in the Fund. However, its recent performance has been the opposite of Seplat. Partly as a result of the substantial currency devaluation, and partly as a result of underlying performance, the share price is down 44% in US dollars for the six months ending 30 June 2024. For many years up until 2023, Eastern was one of the few tobacco businesses globally that had been able to put through price increases *and* grow volumes, kicking off large and growing dividends year after

year as a result. For the 10 financial years to June 2023, Eastern grew dividends per share by 36.3% per annum in Egyptian pounds and 17.6% per annum in US dollars. Cumulatively, that equates to growth of over 2 100% in Egyptian pounds and over 400% in US dollars.

At the beginning of 2023, however, Eastern experienced growing challenges in securing US dollars to procure raw tobacco leaves from international markets, largely as a result of the currency peg. This has naturally had a big impact on its production and sales volumes over the past 18 months. For the six months to 31 December 2023 (the latest reported half), Eastern's volumes were down over 40%. Despite this substantial decline, Eastern was able to mitigate the financial impact somewhat with price increases and cost-cutting initiatives, resulting in earnings for those six months falling 26.5% in Egyptian pounds. Even if we assume the latest reported results are indicative of a new normal, Eastern trades on less than 10 times earnings. In reality, however, we believe the 2023 experience was far from normal. Post the devaluation, there has already been a marked improvement in the company's ability to access US dollars, and volumes have begun to recover.

We believe there is scope for substantial earnings growth off the current base and remain happy shareholders of Eastern as a result.

Overall, the Fund returned -0.6% for the quarter versus the benchmark's 1.9% return. This may be an improvement compared to the previous quarter, when the Fund declined 3.3%, but overall returns remain disappointing. Longer-term absolute performance, at -1.1% over the past 10 years, also remains far from satisfactory. Far greater absolute returns are needed to restore investor confidence in African markets. From a bottom-up perspective, we continue to see substantial value, with many of the Fund's counters trading at decade-low multiples despite resilient and, in some cases, strong, underlying US dollar earnings growth. The proof will ultimately be in the pudding. We remain cautiously optimistic about the Fund's future return potential.

During the quarter, within the Nigerian banking sector, we reduced our holding in Access Holdings and used those funds to increase our positions in Guaranty Trust and Zenith Bank. In Egypt, we added to our position in Eastern.

Commentary contributed by Rory Kutisker-Jacobson

**Fund manager quarterly
commentary as at
30 June 2024**

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Performance

Collective investment schemes (unit trusts or funds) are generally medium- to long-term investments. Where annualised performance is mentioned, this refers to the average return per year over the period. The value of shares or the investment may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may cause the value of underlying international investments to go up or down. Neither the Investment Manager, the Fund nor the Representative provides any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. The performance graph is for illustrative purposes only. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Standard Bank Africa Total Return Index

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Share price

Share prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund divided by the number of shares in issue. Forward pricing is used. The weekly price of the Fund is normally calculated each Friday. Purchase requests must be received by the Registrar of the Fund by 17:00 South African time on that dealing day to receive that week's price. Redemption requests must be received by the Registrar of the Fund by 17:00 South African time on the particular dealing day on which shares are to be redeemed to receive that week's price. Share prices are available on www.allangray.co.za.

Fees and charges

Permissible deductions from the Fund may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and custody fees. A schedule of fees, charges and maximum commissions is available on request from the Representative.

Total expense ratio (TER) and transaction costs

The TER is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER

includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged) and other expenses like audit fees. Transaction costs (including brokerage, securities transfer tax and investor protection levies where applicable) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of fund, the investment decisions of the Investment Manager and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As collective investment scheme expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

African markets

There are significant risks involved in investing in shares listed in the Fund's universe of emerging and developing countries, including liquidity risks, sometimes aggravated by rapid and large outflows of "hot money" and capital flight, concentration risk, currency risks, political and social instability, the possibility of expropriation, confiscatory taxation or nationalisation of assets and the establishment of foreign exchange controls which may include the suspension of the ability to transfer currency from a given country. African countries have varying laws and regulations and, in some, foreign investment is controlled or restricted in varying degrees.

Capacity

The Fund currently has limited capacity. The Investment Manager may, at its discretion, refuse a subscription or phase a subscription into the Fund over a number of dealing days. Total investor redemptions may be limited to US\$5m or 2.5% of the Fund (whichever is less) per dealing day. The Investment Manager retains the right to distribute all or part of any redemption proceeds in specie (in kind).

Fair value pricing

The board of directors of the Fund (the "Board") may fair value the Fund's assets in accordance with the Board's fair value pricing policies (if: 1) the closing market quotations or official closing prices are not readily available or do not accurately reflect the fair value of a Fund asset; or 2) the value of a Fund asset has been materially affected by events occurring before the Fund's pricing time but after the close of the exchange or market on which the asset is principally traded. The Board delegates the responsibility for fair value pricing decisions to a valuation committee of the Investment Manager.

Contractual risk

The Fund can use derivatives to manage its exposure to stock markets, currencies and/ or interest rates and this exposes the Fund to contractual risk. Contractual risk includes the risk that a counterparty will not settle a transaction according to its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, causing the Fund to suffer a loss. Such contract counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties.

Derivatives

Borrowing, leveraging, and trading securities on margin will result in interest charges and, depending on the amount of trading activity, such charges could be substantial. The low margin deposits normally required in futures and forward trading, which the Fund may utilise, permit a high degree of leverage. As a result, a relatively small price movement in a futures or forward contract may result in immediate and substantial losses to the investor. Price movements of forward contracts and other derivative contracts in which the assets of the Fund may be invested are highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. Forward contracts are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Trading in forward contracts is substantially unregulated and there is no limitation on daily price movements.

MSCI Index

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Important information for investors

Need more information?

You can obtain additional information about the Fund, including copies of the prospectus, application forms and the annual report, free of charge, by contacting the Allan Gray service team, at **0860 000 654** or **+27 (0)21 415 2301** or by email at allangraybermuda@allangray.com.