

Portfolio objective and benchmark

This Portfolio is for institutional investors requiring management of a specific equity portfolio. It aims to offer superior returns to that of the FTSE/JSE Capped Shareholder Weighted All Share Index including dividends, but with a lower risk of capital loss. The benchmark is the FTSE/JSE Capped Shareholder Weighted All Share Index including dividends.

Product profile

- Actively managed pooled portfolio.
- Represents Allan Gray's 'houseview' for a specialist equity-only mandate.
- Portfolio risk is controlled by limiting the exposure to individual counters.

Investment specifics

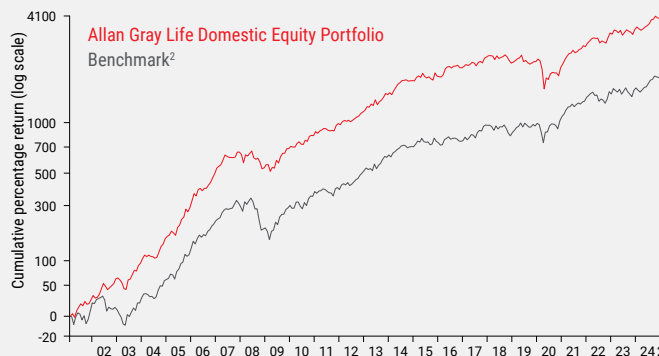
- This Portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds and medical schemes.
- Minimum investment: R20m.
- Performance based fee.

Portfolio information on 31 January 2025

Assets under management	R4 186m
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Performance gross of fees

Cumulative performance since inception¹



% Returns ³	Portfolio	Benchmark ²
Since inception ¹	16.7	13.3
Latest 10 years	7.7	8.9
Latest 5 years	11.4	13.0
Latest 3 years	10.3	8.6
Latest 2 years	8.1	8.3
Latest 1 year	15.1	19.7
Latest 3 months	0.4	1.3

Sector allocation on 31 December 2024 (updated quarterly)

	% of equities ⁴	% of benchmark ²
Financials	26.2	31.9
Consumer staples	22.3	12.6
Basic materials	19.5	18.7
Consumer discretionary	9.9	8.7
Technology	9.7	12.2
Industrials	6.0	3.7
Energy	2.2	0.9
Telecommunications	1.8	4.3
Healthcare	1.5	1.8
Real estate	0.9	5.3
Total (%)⁵	100.0	100.0

- Since alignment date (1 February 2001).
- FTSE/JSE Capped Shareholder Weighted All Share Index. The benchmark prior to 1 October 2020 was the FTSE/JSE All Share Index.
- Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 31 January 2025.
- Includes listed property.
- There may be slight discrepancies in the totals due to rounding.

Top 10 share holdings on 31 December 2024 (updated quarterly)

Company	% of portfolio
Naspers & Prosus	9.5
British American Tobacco	7.7
AB InBev	7.4
Standard Bank	4.9
Mondi	4.1
Woolworths	4.0
Nedbank	4.0
FirstRand	3.7
Glencore	3.5
Remgro	2.8
Total (%)⁵	51.7

Asset allocation on 31 January 2025

Asset class	Total ⁵
Net equities	97.2
Hedged equities	-
Property	0.8
Commodity-linked	0.7
Bonds	-
Money market and cash	1.3
Total (%)⁵	100.0

World equity markets finished 2024 close to all-time highs. The MSCI World Index finished up 19%, driven by a strong US equity market that saw the S&P 500 and the Nasdaq up 25% and 26%, respectively. Locally, the FTSE/JSE All Share Index finished the year up 13% in rands and 10% in US dollars.

The Portfolio returned 10.8% for the 2024 calendar year, lagging the benchmark by 2.6%. This is mainly attributable to some of our large local shares, such as AB InBev, underperforming the SA Inc shares which rallied strongly post the national elections and the formation of the government of national unity (GNU). This is particularly true for economically sensitive shares such as clothing retailers, which performed exceptionally. Similarly, financial shares benefited from falling yields on South African government bonds and returned more than 20%¹ for the year.

The SA Inc share prices are discounting a better future, but the recent earnings results were generally still reflective of the poor economy, structural problems and a tough trading environment. It is also probably fair to say that the GNU's "unity" has yet to be truly tested. It has been a great period for holders of these domestic assets, and the rand marginally weakened against a strong dollar as well, but the fundamentals will still have to start coming through to justify some of the price moves. From what we can gather, it is interesting that much of the buying was by local fund managers rotating out of dual-listed multinationals into SA Inc shares. This means there could still be a further leg-up in the rally if foreign investors return to buy SA equities in size. Given the large price moves, we have been trimming some positions into price strength, where appropriate.

It was, however, somewhat pleasing to see the market recognise the value of some of the assets in two of our smaller holdings with the successful listing of Pick n Pay's subsidiary Boxer Retail and a bid by a private equity firm for Super Group's listed Australia fleet management business, SG Fleet. If successful, it will allow Super Group to pay out a significant portion of its market cap back to shareholders.

One of the trends we are monitoring closely for potential opportunities for the Portfolio is the continued disappointing economic data emanating out of China. Many Chinese-related shares (Richemont, BHP, etc.) have been relatively weak despite several announcements made by the Chinese government to boost confidence and the economy. Transitioning from investment-led growth to growth led by consumption is proving to be difficult.

We would not be surprised to see some kind of consolidation in markets after the large price moves in the indices, but there are many shares that have not participated in the up move, which we can hopefully take advantage of in the Portfolio.

During the quarter, the Portfolio purchased AB InBev and Aspen Pharmacare and sold British American Tobacco and OUTsurance.

Commentary contributed by Duncan Artus

Fund manager quarterly commentary as at 31 December 2024

1. FTSE/JSE Financials Index

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FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Financials Index

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MSCI Index

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