

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.

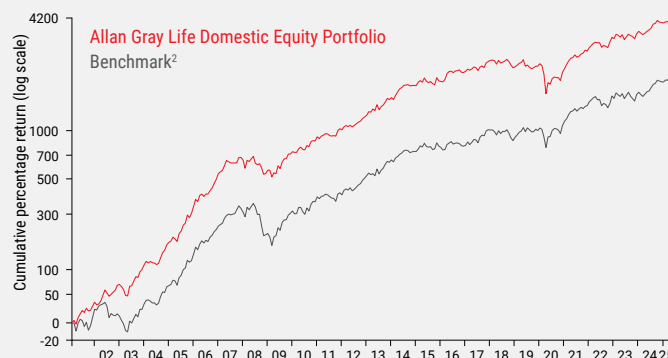
Portfolio information on 31 March 2025

Assets under management

R4 286m

Performance gross of fees

Cumulative performance since inception¹



% Returns ³	Portfolio	Benchmark ²
Since inception ¹	16.7	13.4
Latest 10 years	8.0	9.0
Latest 5 years	20.0	18.9
Latest 3 years	9.7	8.2
Latest 2 years	11.2	12.4
Latest 1 year	17.9	22.9
Latest 3 months	3.9	5.8

Sector allocation on 31 March 2025 (updated quarterly)

	% of equities ⁴	% of benchmark ²
Financials	26.5	29.8
Consumer staples	21.9	12.1
Basic materials	20.9	23.1
Technology	10.3	11.8
Consumer discretionary	8.5	7.3
Industrials	5.6	3.3
Energy	2.2	0.8
Telecommunications	1.7	5.2
Healthcare	1.6	1.6
Real estate	0.8	4.9
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 March 2025.
- Includes listed property.
- There may be slight discrepancies in the totals due to rounding.

Top 10 share holdings on 31 March 2025 (updated quarterly)

Company	% of portfolio
Naspers & Prosus	10.0
AB InBev	8.8
British American Tobacco	7.1
Standard Bank	5.3
Mondi	4.0
Nedbank	4.0
AngloGold Ashanti	3.7
FirstRand	3.6
Woolworths	3.2
Glencore	3.2
Total (%)⁵	52.9

Asset allocation on 31 March 2025

Asset class	Total ⁵
Net equities	96.6
Hedged equities	-
Property	0.8
Commodity-linked	0.7
Bonds	-
Money market and cash	1.9
Total (%)⁵	100.0

2024 was a strong year for local equities, and this positive momentum carried through into the first quarter of 2025. The FTSE/JSE All Share Index generated a return of 13% for the 2024 calendar year and 6% for the quarter.

The Portfolio returned 3.9% for the quarter, underperforming its benchmark by 2.0%. Over the quarter, the larger multinational “rand-hedge” shares, such as AB InBev and British American Tobacco performed well. This is a reversal of one of the dominant trends of 2024: Following the national elections and the formation of the government of national unity (GNU) in June 2024, domestically focused “SA Inc” shares strongly outperformed rand-hedge shares. In response, the Portfolio reduced its exposure to SA Inc names in the second half of 2024 and increased holdings in rand hedges like AB InBev. Favouring rand-hedge shares detracted from performance last year but has supported performance in the most recent quarter.

The formation of the GNU sparked a wave of optimism about South Africa’s future, both locally and abroad. Some of this was driven by hopes of political reform and economic recovery, but it also reflected relative appeal – many emerging markets were in deeper turmoil, making South Africa look comparatively stable. While we acknowledge encouraging signs, such as improvements at Eskom, our research suggests that broader progress has been limited. State-owned enterprises continue to face deep structural issues, and the business environment remains difficult.

Recent financial results from consumer-focused companies reinforce this view – many continue to report subdued earnings as household spending continues to come under pressure.

This illustrates the danger of paying a premium for optimism. When expectations shift quickly, share prices can get ahead of underlying fundamentals. Our approach, as always, is bottom-up focused, favouring companies priced well below their intrinsic value, across sectors and regions. There are certainly still areas of value among SA Inc stocks, but some valuations are too high and do not reflect the economic and political risks. The recent difficulty around passing a coalition budget and ongoing public tension between the South African government and the United States are good reminders of these risks. There is value in having a diversified portfolio containing both SA Inc and rand-hedge stocks. Fortunately, there are attractively priced shares available in both categories.

During the quarter, we added to the Portfolio’s position in Northam Platinum and Glencore, and we reduced its exposure to British American Tobacco and Sibanye-Stillwater.

Commentary contributed by Tim Acker

**Fund manager quarterly
commentary as at
31 March 2025**

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Past performance is not indicative of future performance.

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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