

Fund description and summary of investment policy

The Fund is managed in broadly the same way as the Allan Gray Balanced Fund. It was created specifically for use in tax-free accounts and can only be accessed through these products. The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.

ASISA unit trust category: South African – Multi Asset – High Equity

Fund objective and benchmark

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund's benchmark is the market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds).

How we aim to achieve the Fund's objective

We seek to buy shares at a discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. If the stock market offers few attractive shares we may increase the Fund's weighting to alternative assets such as bonds, property, commodities and cash, or we may partially hedge the Fund's stock market exposure. By varying the Fund's exposure to these different asset classes over time, we seek to enhance the Fund's long-term returns and to manage its risk. The Fund's bond and money market investments are actively managed.

Suitable for those investors who

- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund
- Wish to invest in a tax-free investment account
- Typically have an investment horizon of at least three years

Maximum investment amounts

| | |
|---------------------------------------|----------|
| Maximum lump sum per investor account | R36 000 |
| Lifetime maximum | R500 000 |
| Maximum debit order* | R3 000 |

*Only available to investors with a South African bank account.

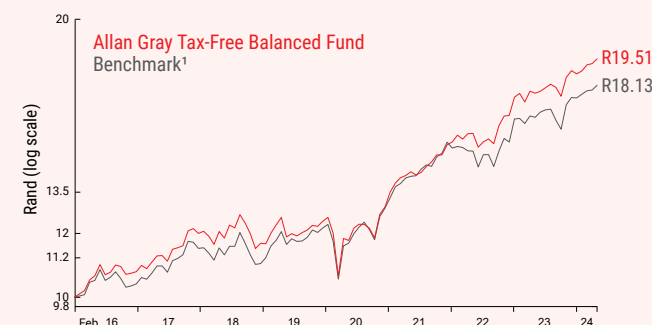
Fund information on 31 May 2024

| | |
|----------------------------------|-------------|
| Fund size | R3.0bn |
| Number of units | 162 837 886 |
| Price (net asset value per unit) | R16.17 |
| Class | A |

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 May 2024.
2. This is based on the latest available numbers published by IRESS as at 30 April 2024.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 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. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 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 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



| % Returns | Fund | Benchmark ¹ | CPI inflation ² |
|--|-------|------------------------|----------------------------|
| Cumulative: | | | |
| Since inception (1 February 2016) | 95.1 | 81.3 | 51.4 |
| Annualised: | | | |
| Since inception (1 February 2016) | 8.4 | 7.4 | 5.2 |
| Latest 5 years | 10.5 | 9.3 | 5.1 |
| Latest 3 years | 11.1 | 8.9 | 6.0 |
| Latest 2 years | 11.0 | 9.7 | 6.0 |
| Latest 1 year | 10.1 | 9.4 | 5.2 |
| Year-to-date (not annualised) | 3.4 | 3.5 | 2.1 |
| Risk measures (since inception) | | | |
| Maximum drawdown ³ | -24.6 | -23.3 | n/a |
| Percentage positive months ⁴ | 67.0 | 65.0 | n/a |
| Annualised monthly volatility ⁵ | 9.3 | 9.3 | n/a |
| Highest annual return ⁶ | 31.7 | 30.7 | n/a |
| Lowest annual return ⁶ | -13.4 | -10.3 | n/a |

Fund history

This Fund is managed in broadly the same way as the Allan Gray Balanced Fund. It was created specifically for use in tax-free accounts. Refer to the Allan Gray Balanced Fund factsheet for a history of the Allan Gray Balanced Fund since its inception on 1 October 1999.

Meeting the Fund objective

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund experiences periods of underperformance in pursuit of this objective. Since inception and over the latest five-year period, the Fund has outperformed its benchmark.

Income distributions for the last 12 months

| To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually. | 30 Jun 2023 | 31 Dec 2023 |
|---|----------------|----------------|
| Cents per unit | 15.7833 | 19.8006 |

Annual management fee

A fixed fee of 1.25% p.a. excl. VAT.

Allan Gray charges this fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. Orbis charges fixed fees within the Orbis funds that the Fund invests in. Orbis pays a marketing and distribution fee to Allan Gray.

Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are 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.

Top 10 share holdings on 31 March 2024 (SA and Foreign) (updated quarterly)⁷

| Company | % of portfolio |
|--------------------------|----------------|
| British American Tobacco | 3.9 |
| AB InBev | 3.8 |
| Naspers & Prosus | 3.1 |
| Glencore | 2.5 |
| Nedbank | 2.0 |
| Mondi | 1.9 |
| Woolworths | 1.8 |
| Standard Bank | 1.8 |
| The Walt Disney Company | 1.3 |
| Remgro | 1.3 |
| Total (%) | 23.5 |

Total expense ratio (TER) and transaction costs (updated quarterly)

| TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2024 | 1yr % | 3yr % |
|---|-------------|-------------|
| Total expense ratio | 1.48 | 1.48 |
| Fee for benchmark performance | 1.31 | 1.30 |
| Performance fees | 0.00 | 0.00 |
| Other costs excluding transaction costs | 0.03 | 0.04 |
| VAT | 0.14 | 0.14 |
| Transaction costs (including VAT) | 0.06 | 0.08 |
| Total investment charge | 1.54 | 1.56 |

Asset allocation on 31 May 2024⁷

| Asset class | Total | South Africa | Foreign |
|------------------------------------|--------------|--------------|-------------------------|
| Net equities | 65.2 | 39.9 | 25.3 |
| Hedged equities | 7.9 | 1.6 | 6.3 |
| Property | 0.7 | 0.4 | 0.3 |
| Commodity-linked | 3.3 | 2.6 | 0.7 |
| Bonds | 14.0 | 9.1 | 5.0 |
| Money market and cash ⁸ | 8.9 | 8.1 | 0.9 |
| Total (%) | 100.0 | 61.6 | 38.4⁹ |

7. Underlying holdings of foreign funds are included on a look-through basis.

8. Including currency hedges.

9. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

Note: There may be slight discrepancies in the totals due to rounding.

Since inception, the Fund's month-end net equity exposure has varied as follows:

| | |
|---------|-----------------------|
| Minimum | (February 2016) 57.5% |
| Average | 64.4% |
| Maximum | (May 2021) 72.5% |

The FTSE/JSE All Share Index trended lower over the quarter, with several shares falling on the release of their financial results. The operating environment for local businesses is very tough. In contrast, global equities have been strong, with the MSCI World Index surpassing its previous 2022 all-time high. Much of this strength was driven by US mega-caps, but the Japanese and certain European stock markets also reached new highs. Against this backdrop, the Fund returned 1.7% for the quarter.

2024 could be described as the global year of elections. Based on research conducted by Deutsche Bank, 2024 will see the highest percentage of the world's population voting since 1800. Some of the regions heading to the polls include Taiwan, Europe, the United States of America, India, the United Kingdom and, of course, South Africa. In the normal course of thinking about investments, we do not pay special attention to politics – but this is not a normal election cycle; the outcomes could drastically change many policies that affect some of our underlying holdings. In our view, 2024 has above-average political risk.

The various elections are taking place against the backdrop of a world increasingly divided along both geopolitical and social lines. This is a trend we have been speaking to our clients about for a few years, and one that is making the operating environment increasingly complex for many multinational companies. Think of the partial ban of iPhones for certain public sector workers in China or the shipping attacks in the Red Sea affecting global shipping routes. While we have no unique insights, we do think about these risks when constructing the portfolio. For example, we have written many times about the significant exposure that the South African equity market has to China. We put limits on this exposure.

Closer to home, we may see quite a different political and economic landscape after the South African national elections in May. No one knows the outcome with

certainty, given several potential scenarios. Clearly, not all of them are positive. We had not even heard of the uMkhonto weSizwe Party (MK Party) a few months ago. Rather than hedging our bets on one or two scenarios prevailing, we try to understand what is discounted in current asset prices.

This is of particular importance to the valuations of many depressed locally focused shares. The political and economic uncertainty in South Africa has pushed up the cost of capital via higher long-bond yields. When this is combined with low or non-existent real growth, the result is a low valuation placed on local profits. Of course, any positive change in yields or growth could result in an upward rerating from depressed levels. We believe that this scenario would require a return of foreign investors, first to our bond and then our equity markets. For that to happen, we need to become an attractive investment destination again. Large pools of foreign capital have many choices globally, and South Africa is small enough to ignore if the risk-reward ratio is not favourable.

With these risks and opportunities in mind, we have deliberately constructed a diversified portfolio for a wide range of outcomes. The portfolio has exposure to offshore assets, locally listed shares that are international businesses, attractively valued domestic businesses, high-yielding cash and bonds, as well as precious metals. We believe running a successful asset allocation fund requires a holistic view of the portfolio that allows us to balance the opportunities and risks derived from our positioning.

During the quarter, the Fund purchased Prosus and South32 and reduced positions in AB InBev and AVI.

Commentary contributed by Duncan Artus

**Fund manager quarterly
commentary as at
31 March 2024**

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Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide 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. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust 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 units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

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

Total expense ratio (TER) and transaction costs

The total expense ratio (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), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) 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 financial product, 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 unit trust 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).

Compliance with Regulation 28

The Fund is managed to comply with Regulation 28 of the Pension Funds Act 24 of 1956 (the "Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within the prescribed regulatory time period. The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

Information for investors in the tax-free investment account

The Allan Gray Tax-Free Investment Account is administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider, and underwritten by Allan Gray Life Ltd, an insurer licensed to conduct investment-linked life insurance business as defined in the Insurance Act 18 of 2017. The underlying investment options of the Allan Gray individual products are portfolios of collective investment schemes in securities (unit trusts or funds).

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

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MSCI Index

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Important information for investors

Need more information?

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