

Fund description and summary of investment policy

The Fund invests primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund can invest a maximum of 45% offshore. The Fund invests the bulk of its foreign allowance in equity funds managed by Orbis Investment Management Limited, our offshore investment partner. The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.

ASISA unit trust category: South African – Equity – General

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk of loss. To pursue its objective the Fund’s portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund’s benchmark is the market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds).

How we aim to achieve the Fund’s objective

We seek to buy shares offering the best relative value while maintaining a diversified portfolio. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares from sellers who over-react to short-term difficulties or undervalue long-term potential. We invest in a selection of shares across all sectors of the stock market, and across the range of large, mid and smaller cap shares.

Suitable for those investors who

- Seek exposure to listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility
- Are prepared to accept the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity ‘building block’ in a diversified multi-asset class portfolio

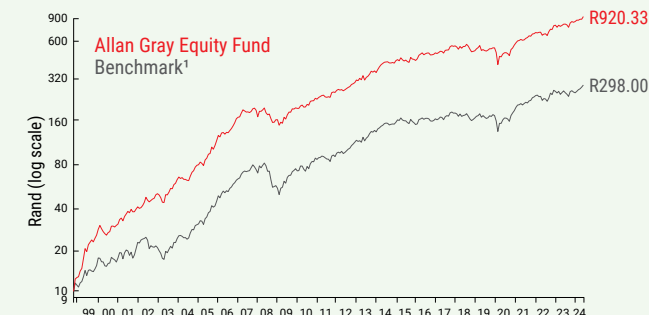
Fund information on 31 July 2024

Fund size	R46.0bn
Number of units	46 443 045
Price (net asset value per unit)	R590.97
Class	A

1. The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 July 2024. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: IRESS.
2. This is based on the latest available numbers published by IRESS as at 30 June 2024.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 3 September 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. 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 30 September 1999 and the benchmark’s occurred during the 12 months ended 30 April 2006. 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 28 February 2009. 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	Benchmark¹	CPI inflation²
Cumulative:			
Since inception (1 October 1998)	9103.3	2880.0	286,0
Annualised:			
Since inception (1 October 1998)	19.1	14.0	5.4
Latest 10 years	7.8	6.5	5.0
Latest 5 years	11.8	11.1	5.0
Latest 3 years	13.6	10.7	6.0
Latest 2 years	15.5	11.8	5.2
Latest 1 year	13.4	10.1	5.1
Year-to-date (not annualised)	8.6	9.7	2.4
Risk measures (since inception)			
Maximum drawdown ³	-37.0	-45.4	n/a
Percentage positive months ⁴	65.8	59.4	n/a
Annualised monthly volatility ⁵	15.1	16.4	n/a
Highest annual return ⁶	125.8	73.0	n/a
Lowest annual return ⁶	-24.3	-37.6	n/a

Meeting the Fund objective

The Fund has created wealth for its long-term investors. Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than the average equity fund. The maximum drawdown and lowest annual return numbers, in the 'Performance net of all fees and expenses' table, show that the Fund has successfully reduced downside risk in periods of negative market returns.

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.	31 Dec 2023	30 Jun 2024
Cents per unit	366.6592	583.3035

Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

For each annualised percentage point above or below the benchmark we add or deduct 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered).

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. 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 30 June 2024 (SA and Foreign) (updated quarterly)⁷

Company	% of portfolio
British American Tobacco	5.7
Naspers & Prosus	4.4
AB InBev	4.1
Standard Bank	3.2
Glencore	2.8
Woolworths	2.7
Nedbank	2.6
Mondi	2.5
Remgro	2.1
FirstRand	1.8
Total (%)	31.8

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

8. Includes listed property.

9. FTSE/JSE All Share Index.

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

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	2.06	1.84
Fee for benchmark performance	1.03	1.08
Performance fees	0.80	0.54
Other costs excluding transaction costs	0.04	0.04
VAT	0.19	0.18
Transaction costs (including VAT)	0.07	0.08
Total investment charge	2.13	1.92

Sector allocation on 30 June 2024 (updated quarterly)⁷

Sector	% of equities ⁸	% of ALSI ⁹
Financials	26.3	29.4
Consumer staples	17.5	11.6
Basic materials	14.8	21.4
Consumer discretionary	13.2	7.7
Industrials	10.5	3.9
Technology	6.4	14.2
Energy	4.9	1.0
Healthcare	2.6	2.1
Telecommunications	2.3	4.1
Utilities	1.0	0.0
Real estate	0.7	4.5
Total (%)	100.0	100.0

Asset allocation on 31 July 2024⁷

Asset class	Total	South Africa	Foreign
Net equities	95.8	54.1	41.7
Hedged equities	0.0	0.0	0.0
Property	0.7	0.5	0.2
Commodity-linked	0.4	0.4	0.0
Bonds	0.3	0.0	0.3
Money market and cash ¹⁰	2.8	2.0	0.8
Total (%)	100.0	57.1	42.9¹¹

10. Including currency hedges.

11. 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.

Global markets continued to defy macroeconomic warning signs in 2024, with the S&P 500 up 15% year to date, following a 26% run in 2023, and finishing the quarter close to an all-time high. Returns were driven by a few large stocks: just under one-third of the S&P 500's 2024 performance was contributed by Nvidia alone and two-thirds contributed by the magnificent seven stocks. Artificial intelligence mania and a renewed belief in sustainably lower US inflation and interest rates (without necessitating a recession) drove the optimism.

We remain cautious of the consensus view: In the US, financial conditions are easier today than when the Federal Reserve first started raising interest rates in March 2022. Unemployment remains very low, contributing to still-strong growth in wages. There are also spending drivers that we believe could contribute to structurally higher developed market inflation going forward: the fragmentation of supply chains as countries prioritise security of supply over the cost of production, increased defence spending – given heightened geopolitical tensions – and the mandate to transition away from old-world energy to renewables. There are already smoke signals that a return to 2% US inflation may not be as smooth as hoped, given that US services inflation continues to run greater than 5%. As such, we subscribe to the view of higher developed market inflation for longer. Provided central banks stick to their nerve, this will necessitate higher interest rates for longer. Despite the heightened risk this poses to company earnings, the S&P 500 equity risk premium (the additional return the stock market provides above the risk-free rate) is at a 20-year low. Put differently, investors are not being sufficiently compensated to assume the risks discussed above.

Closer to home, South Africa concluded national government elections in late May, with a historic fall in support for the ruling African National Congress. While local assets initially reacted negatively to the uncertainty this posed, the market subsequently cheered at the announcement of a government of national unity (GNU) anchored by the centrist parties. The broader FTSE/JSE All Share Index returned 8% for the quarter, led by outperformance from stocks facing the local

economy: banks rallied 20%, insurers 18%, retailers 13% and healthcare stocks 12%. By the end of the quarter, the rand also strengthened 4% versus the US dollar from its post-election trough in early June.

As a nation, we should be proud that the incumbent government has thus far transitioned power peacefully, in line with the will of the people. The GNU outcome also removes some of the extreme left-tail negative risk that presided over South African assets prior to the election and increases the chance of a right-tail positive scenario for the country. However, we are wary of local stock prices running ahead of their fundamentals on hope alone. There are many ideological differences that the GNU needs to work through, and coalition experience at local government level shows outcomes are rarely smooth. South Africa faces significant economic headwinds that need to reverse course for local companies to grow their earnings in real terms (which they have struggled to do over the last decade). Some of these headwinds are out of our control, even with the best-intentioned political dispensation (e.g. our dependence on the Chinese economy).

2024 is a year of heightened risk, where stock returns under different scenarios could be bifurcated. As such, we have positioned the Fund to limit downside risk rather than swinging for the fences by taking strong positions at extremes. The Fund is tilted towards offshore equities, favouring companies that have real pricing power, relatively defensive demand and a healthy proportion of fixed-rate debt (British American Tobacco and AB InBev are good examples here). Within South Africa, we prefer companies with self-help levers to improve their economics rather than being fully reliant on a stronger local economy. Woolworths and Remgro are relevant examples in this category.

During the quarter, the Fund added to its positions in Woolworths and AB InBev and reduced its holdings in Glencore and Sibanye-Stillwater.

Commentary contributed by Jithen Pillay

Fund manager quarterly commentary as at 30 June 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.

MSCI Index

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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

Minimum disclosure document and quarterly general investors' report **Issued:** 12 August 2024

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. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

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).

FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index

The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index vests in FTSE and the JSE jointly. All their rights are reserved.

FTSE Russell Index

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Important information for investors

Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website www.allangray.co.za or via our Client Service Centre on **0860 000 654**

Fund description and summary of investment policy

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 unit trust that complies with retirement fund investment limits
- Typically have an investment horizon of more than three years

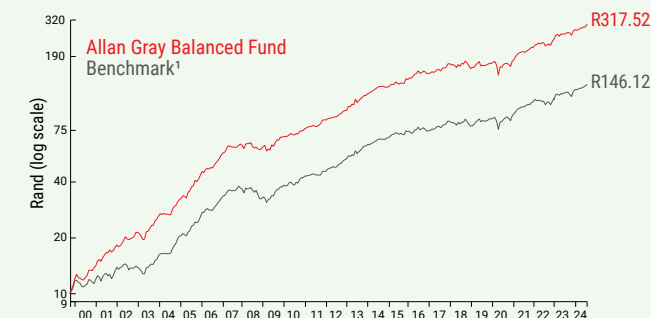
Fund information on 31 July 2024

Fund size	R196.0bn
Number of units	584 523 764
Price (net asset value per unit)	154.54
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 July 2024. From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund. Source: Morningstar.
2. This is based on the latest available numbers published by IRESS as at 30 June 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 30 April 2006 and the benchmark's occurred during the 12 months ended 30 April 2006. 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 28 February 2009. 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 October 1999)	3075.2	1361.2	279.6
Annualised:			
Since inception (1 October 1999)	14.9	11.4	5.5
Latest 10 years	8.4	7.2	5.0
Latest 5 years	11.3	9.9	5.0
Latest 3 years	12.5	9.3	6.0
Latest 2 years	14.3	12.0	5.2
Latest 1 year	12.6	10.7	5.1
Year-to-date (not annualised)	7.5	6.9	2.4
Risk measures (since inception)			
Maximum drawdown ³	-25.4	-23.3	n/a
Percentage positive months ⁴	69.8	67.8	n/a
Annualised monthly volatility ⁵	9.4	9.3	n/a
Highest annual return ⁶	46.1	41.9	n/a
Lowest annual return ⁶	-14.2	-16.7	n/a

Meeting the Fund objective

The Fund has created wealth for its long-term investors. Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than the average balanced fund.

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.	31 Dec 2023	30 Jun 2024
Cents per unit	163.9386	219.4385

Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits:

Maximum fee: 1.50% p.a. excl. VAT

Minimum fee: 0.50% p.a. excl. VAT

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. 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 30 June 2024 (SA and Foreign)
(updated quarterly)⁷

Company	% of portfolio
British American Tobacco	4.2
AB InBev	3.6
Naspers & Prosus	3.4
Glencore	2.4
Nedbank	2.1
Standard Bank	2.1
Woolworths	2.0
Mondi	2.0
Remgro	1.5
FirstRand	1.4
Total (%)	24.8

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

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	1.75	1.59
Fee for benchmark performance	1.02	1.02
Performance fees	0.54	0.39
Other costs excluding transaction costs	0.03	0.03
VAT	0.16	0.15
Transaction costs (including VAT)	0.05	0.06
Total investment charge	1.80	1.65

Asset allocation on 31 July 2024⁷

Asset class	Total	South Africa	Foreign
Net equities	66.4	40.9	25.5
Hedged equities	7.9	1.7	6.2
Property	0.6	0.3	0.3
Commodity-linked	2.6	1.9	0.7
Bonds	14.0	9.2	4.7
Money market and cash ⁸	8.5	8.3	0.2
Total (%)	100.0	62.4	37.6⁹

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.

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

Minimum	(February 2000) 49.3%
Average	63.3%
Maximum	(May 2021) 72.9%

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

The MSCI World Index continues to trade near all-time highs, mainly driven by large-cap US shares. The S&P 500 was up 4.3% for the quarter. The FTSE/JSE All Share Index was up 8.2% in rands and 12.4% in US dollars.

In our Q1 2024 factsheet commentary, we highlighted that 2024 would be a year of above-average political risk due to the significant number of elections taking place globally. We said, "In the normal course of thinking about investments, we don't pay special attention to politics, but we don't believe this is a normal election cycle. The outcome of some of the elections could drastically change many policies that affect some of our underlying holdings."

We are now halfway through 2024, and although the US election is still to come, we have already witnessed several important elections take place in Taiwan, the European Union, India and South Africa. As we expected, they have moved asset prices and triggered potential significant sociopolitical change:

- Taiwan elected a pro-independence leader despite pressure from China.
- The incumbent parties in Europe were decimated, especially in Germany and France. The French government called for a snap election, which led to a sell-off of French assets and broader European markets in sympathy.
- In India, Modi's Bharatiya Janata Party lost its majority in parliament, which initially led to a sell-off in the Indian market. However, the market recovered as Modi remained prime minister – albeit with less power.
- In South Africa, the African National Congress lost its majority, which has led to the formation of a government of national unity.

While it is still very early days in South Africa, we seem to have avoided, or at least reduced the probability of, the left-tail risk scenario (a sharp move to radical policies) and consequently increased the probability of the right-tail, very positive economic scenario.

In response, South African assets have rallied, with strong price movements in what investors collectively term SA Inc stocks, such as retailers, banks and property REITs. As discussed in previous commentaries, many of these shares had been trading at very depressed levels when measured in US dollars. This was due to South Africa's poor economic fundamentals and exacerbated by investors waiting on the sidelines until the outcome of the election was known. When speaking to various sell-side institutions, we have heard that there was little foreign investor buying during the initial rally. Foreign investors are underweight South African markets in aggregate, so their potential buying could provide another leg up to the rally. Investors have also started taking a less constructive view on Mexico and Brazil, given some of their proposed political and economic changes. Any proceeds from reducing their positions in these markets may be switched into South African assets.

Of course, South Africa still faces significant social and economic headwinds, and it will be a herculean task to overcome them successfully, no matter who is running the country. The underlying fundamentals will have to improve to support the increase in asset prices if we are to avoid a repeat of the years post the Ramaphoria rally of 2018, which saw South African equities perform poorly.

These global and local geopolitical trends provide both risks and opportunities. We remind our clients that 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 increased its exposure to Standard Bank and Sasol and reduced its positions in Sibanye-Stillwater and MultiChoice.

Commentary contributed by Duncan Artus

Fund manager quarterly commentary as at 30 June 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. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

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).

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

The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index vests in FTSE and the JSE jointly. All their rights are reserved.

MSCI Index

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Important information for investors

Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website www.allangray.co.za or via our Client Service Centre on **0860 000 654**

Fund description and summary of investment policy

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 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. 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 or a balanced fund.

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

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited, plus 2%.

How we aim to achieve the Fund's objective

A major portion of the Fund is typically invested in money market instruments. We seek to deploy the Fund's cash by investing in shares when they can be bought at a significant 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 allocate a low weight to shares or partially hedge the Fund's stock market exposure in consideration of the Fund's capital preservation objectives. The Fund may also invest in bonds, property and commodities. The Fund's bond and money market investments are actively managed.

Suitable for those investors who

- Are risk-averse and require a high degree of capital stability
- Seek both above-inflation returns over the long term, and capital preservation over any two-year period
- Require some income but also some capital growth
- Wish to invest in a unit trust that complies with retirement fund investment limits

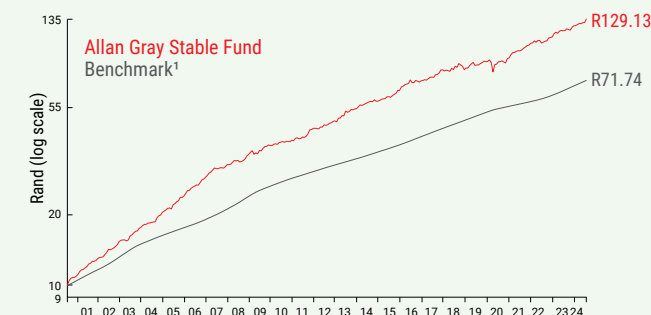
Fund information on 31 July 2024

Fund size	R53.1bn
Number of units	563 895 126
Price (net asset value per unit)	R45.73
Class	A

- The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank, plus 2%, performance as calculated by Allan Gray as at 31 July 2024.
- This is based on the latest available numbers published by IRESS as at 30 June 2024.
- Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund (i.e. including income).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- 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.
- 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 30 April 2006 and the benchmark's occurred during the 12 months ended 30 June 2003. 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 August 2021. 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 July 2000)	1191.3	617.4	260.6
Annualised:			
Since inception (1 July 2000)	11.2	8.5	5.5
Latest 10 years	8.2	7.4	5.0
Latest 5 years	9.2	6.9	5.0
Latest 3 years	10.4	7.7	6.0
Latest 2 years	11.8	9.0	5.2
Latest 1 year	11.9	9.7	5.1
Year-to-date (not annualised)	6.7	5.5	2.4
Risk measures (since inception)			
Maximum drawdown ³	-16.7	n/a	n/a
Percentage positive months ⁴	77.9	100.0	n/a
Annualised monthly volatility ⁵	5.1	0.7	n/a
Highest annual return ⁶	23.3	14.6	n/a
Lowest annual return ⁶	-7.4	4.6	n/a

Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund aims to minimise the risk of loss over any two-year period.

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 quarterly.	30 Sep 2023	31 Dec 2023	31 Mar 2024	30 Jun 2024
Cents per unit	44.1534	42.0767	42.6919	51.1499

Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. If the Fund's return over two years is equal to or less than 0%, Allan Gray will not charge a fee.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits:

Maximum fee: 1.50% p.a. excl. VAT

Minimum fee: 0.50% p.a. excl. VAT

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. 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 30 June 2024 (SA and Foreign) (updated quarterly)⁷

Company	% of portfolio
British American Tobacco	2.7
AB InBev	2.2
Woolworths	1.6
Nedbank	1.4
AngloGold Ashanti	1.3
Standard Bank	1.2
Gold Fields	1.1
Remgro	1.1
Glencore	1.0
Sasol	0.9
Total (%)	14.6

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

8. All credit exposure 1% or more of portfolio.

9. Excludes accrued fees.

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

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	1.52	1.62
Fee for benchmark performance	1.01	1.01
Performance fees	0.33	0.41
Other costs excluding transaction costs	0.03	0.03
VAT	0.15	0.17
Transaction costs (including VAT)	0.04	0.04
Total investment charge	1.56	1.66

Top credit exposures on 30 June 2024 (SA and Foreign) (updated quarterly)^{7,8,9}

Issuer	% of portfolio
Republic of South Africa	12.7
FirstRand Bank	8.4
Standard Bank	6.5
Absa	6.1
Investec Bank	3.6
Nedbank	3.2
United States Treasury	1.7
Morgan Stanley	1.3
Total (%)	43.5

Asset allocation on 31 July 2024⁷

Asset class	Total	South Africa	Foreign
Net equities	27.1	14.2	12.8
Hedged equities	19.5	9.1	10.4
Property	1.0	0.6	0.3
Commodity-linked	2.3	1.7	0.6
Bonds	31.1	24.4	6.7
Money market and cash ¹⁰	19.0	17.9	1.1
Total (%)	100.0	68.0	32.0¹¹

10. Including currency hedges.

11. 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.

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

Minimum	(January 2010) 12.4%
Average	26.4%
Maximum	(December 2018) 39.6%

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

In a welcome change from the recent past, returns from local risk assets took centre stage during the last quarter. This came as the uncertainty around the outcome of the national elections began to clear and a more centrist coalition government than some had initially feared emerged. The FTSE/JSE All Bond Index returned 7.5% for the quarter as yield differentials to both the US and emerging market peers (i.e. risk premiums) narrowed. The beleaguered rand strengthened more than 3% to the US dollar, and the FTSE/JSE Financials Index, which is made up mostly of banks and insurers predominantly exposed to the domestic economy, added 17.8% compared to a still-healthy 8.2% for the FTSE/JSE Capped Shareholder Weighted All Share Index as a whole.

While the political developments were well-received by markets, there remains cause to temper some of the enthusiasm shown to date. If the formation of a government proved difficult, setting of policy priorities and ongoing decision-making may prove harder still. Opposing ideologies between (and, in some cases, within) the various political parties add complexity – not to mention the destabilising impact parties who are not part of the coalition could have, should they exert their influence. Indeed, this has been the undoing of numerous coalition agreements at a municipal level in the past.

Politics aside, the structural factors that contribute to our low-growth environment, including failing state-owned enterprises, weak law enforcement, skills shortages and expanding fiscal deficits, remain. It was these factors which ultimately undid the initial bout of Ramaphoria in 2018. Fast-forward to 2024, and these aspects are now partly baked into the valuations at which our local assets trade. Therefore, any improvements in this regard, off a lower base, may contribute to improved investment outcomes.

Globally, this is a bumper year for elections. Some of these election outcomes have already influenced investment markets. Examples beyond South Africa

include India, Mexico, France, the European Parliament and the UK. US voters are set to head to the polls in November. The US equity market has continued to post new all-time highs during the quarter driven by the mega-cap technology shares, even as the number of counters powering the rally has thinned out further. Market breadth in the US, which now accounts for approximately 62% of global equity market capitalisation, has rarely been narrower. We, and our colleagues at our offshore partner, Orbis, remain concerned over valuation levels in certain parts of the global market and what this may mean for near-term absolute returns if large valuation discrepancies begin to unwind. An allocation to offshore hedged equities seeks to exploit such an occurrence.

The Fund's return for the quarter was 1.0%. Although the Fund benefited from its holdings in South African government, other local bonds and domestically focused businesses, its offshore assets (when measured in rands) together with certain "rand hedge" shares detracted. Over the last year, the Fund has returned 8.2% compared to 9.7% for the benchmark.

It is worth reiterating the Fund's dual objective of providing long-term returns ahead of cash and offering a high degree of capital stability. Current high cash rates do present a steep performance hurdle to overcome. It is important that the appropriate balance is struck between the risk and return required in meeting and surpassing this hurdle, especially in an environment of uncertainty both locally and offshore.

This quarter, we added to the Fund's existing positions in Sasol, AB InBev and Woolworths, and we trimmed our exposure to MultiChoice and Sibanye-Stillwater.

Commentary contributed by Sean Munsie

Fund manager quarterly commentary as at 30 June 2024

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

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FTSE Russell Index

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MSCI Index

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Fund description and summary of investment policy

The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds.

While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the Fund defaults. In this event losses will be borne by the Fund and its investors.

ASISA unit trust category: South African – Interest Bearing – Money Market

Fund objective and benchmark

The Fund aims to preserve capital, maintain liquidity and generate a sound level of income. The Fund’s benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index.

How we aim to achieve the Fund’s objective

The Fund invests in selected money market instruments providing an income yield and a high degree of capital stability. We formulate an interest rate outlook, which is influenced by our inflation outlook and expectations of the resulting Reserve Bank policy response. Based on this analysis, we select investments for the Fund. These assets are typically held to maturity. We take a conservative approach to credit risk.

Suitable for those investors who

- Require monthly income distributions
- Are highly risk-averse but seek returns higher than bank deposits
- Need a short-term investment account

Fund information on 31 July 2024

Fund size	R29.4bn
Number of units	26 823 269 403
Price (net asset value per unit)	R1.00
Monthly yield at month end	0.74
Fund weighted average coupon (days)	77.28
Fund weighted average maturity (days)	117.22
Class	A

1. The current benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund, performance as calculated by Allan Gray as at 31 July 2024.
2. This is based on the latest available numbers published by IRESS as at 30 June 2024.
3. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
4. 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.
5. 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 July 2003 and the benchmark’s occurred during the 12 months ended 31 July 2003. The Fund’s lowest annual return occurred during the 12 months ended 31 October 2021 and the benchmark’s occurred during the 12 months ended 31 October 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Income distribution for the last 12 months

Actual payout (cents per unit), the Fund distributes monthly

Aug 2023	Sep 2023	Oct 2023	Nov 2023
0.72	0.70	0.73	0.71
Dec 2023	Jan 2024	Feb 2024	Mar 2024
0.74	0.75	0.69	0.74
Apr 2024	May 2024	Jun 2024	Jul 2024
0.72	0.74	0.72	0.74

Performance net of all fees and expenses

% Returns	Fund	Benchmark ¹	CPI inflation ²
Cumulative:			
Since inception (1 July 2001)	452.7	428.9	239.4
Annualised:			
Since inception (1 July 2001)	7.7	7.5	5.5
Latest 10 years	7.0	6.6	5.0
Latest 5 years	6.5	6.1	5.0
Latest 3 years	7.1	6.6	6.0
Latest 2 years	8.2	7.8	5.2
Latest 1 year	9.1	8.6	5.1
Year-to-date (not annualised)	5.2	4.9	2.4
Risk measures (since inception)			
Percentage positive months ³	100.0	100.0	n/a
Annualised monthly volatility ⁴	0.6	0.6	n/a
Highest annual return ⁵	12.8	13.3	n/a
Lowest annual return ⁵	4.3	3.8	n/a

Meeting the Fund objective

The Fund has preserved capital, maintained liquidity and generated a sound level of income.

Annual management fee

A fixed fee of 0.25% p.a. excl. VAT

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

The annual management fee 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.

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	0.29	0.29
Fee for benchmark performance	0.25	0.25
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.00	0.00
VAT	0.04	0.04
Transaction costs (including VAT)	0.00	0.00
Total investment charge	0.29	0.29

Exposure by issuer on 31 July 2024

	% of portfolio
Corporates	8.5
Shoprite	2.5
Sanlam	2.5
Daimler Truck	1.7
Mercedes-Benz Group	1.7
Banks⁶	50.1
Nedbank	17.7
Standard Bank	11.2
FirstRand Bank	9.0
Investec Bank	6.7
Absa Bank	5.6
Governments	41.4
Republic of South Africa	41.4
Total (%)	100.0

6. Banks include negotiable certificates of deposit (NCDs), floating-rate notes, fixed deposits and call deposits.

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

While South Africa's overnight interest rate was again left unchanged at 8.25% following the May meeting of the Monetary Policy Committee, the market had already moved to reduce one-year bank deposit rates from 9.30% in April to 8.85% at present, or 0.45% lower. This reflects market exuberance with the results of the SA elections and the formation of a government of national unity (GNU), which includes the Democratic Alliance. A more confident SA market and a stronger rand can bleed into lower imported cost inflation and therefore have the potential to ease inflationary pressures from fuel and certain food items. As such, the SA market now prices for two to three interest rate cuts over the next two years.

History doesn't repeat itself, but it often rhymes. During 2017, market exuberance following Cyril Ramaphosa's election as president of the African National Congress saw a similar move in interest rates. Ramaphoria, as the period came to be known, saw one-year money market rates decline by 0.45% over the month of December 2017 despite no change in the overnight rate. Casting one's eye a year forward to the end of December 2018, rate cuts had not sustainably emerged and one-year bank money market rates were in fact *higher* than they had been pre-Ramaphoria with the rand weaker alongside it.

A lesson to be learned from this experience is that given the interwoven nature of the global economy and consumed goods, the path of short-dated interest rates can struggle to sustainably decline if global inflation misbehaves. In 2018, US inflation deviated from the Federal Reserve's 2% target and rose to almost 3%. The inflation figure is similar today. In May 2024, US inflation

printed at 3.3% and the seven exuberant interest rate cuts priced into markets back in January 2024 have yet to materialise. The US labour market continues to be robust and consumers have been spending record amounts on items like travel.

Another key takeaway from the Ramaphoria period is that political goodwill alone cannot change the path of our country. For this time to be different, we need highly capable leaders to execute their mandates effectively after many years of decline in key government departments. Only the right mix of ingenuity and skill can improve South Africa's growth prospects and ultimately reduce unemployment. Some political parties have, for example, put forward ideas for revamping Home Affairs and resolving the ongoing tourist visa issues, which frustrate this sector of the economy. Strong leaders in the right roles in such departments could have a tangible impact, as we saw when Edward Kieswetter turned the South African Revenue Service (SARS) around after state capture had eroded its operational ability and institutional integrity. Only time will tell if we will see a similar rebuild take place on a grander scale as the GNU and the newly appointed ministers find their feet.

In the last quarter, the Fund raised its exposure to short-dated Government Treasury Bills as six-month government yields rose to be 0.5% wider than the equivalent bank money market deposits. The Fund's weighted average yield (gross of fees) declined over the quarter from 9.47% to 9.40% as the Fund began to reinvest deposit maturities at the lower prevailing term interest rates.

Commentary contributed by Thalia Petousis

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

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Allan Gray is an authorised financial services provider.

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. 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 applicable taxes.

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.

The Allan Gray Money Market Fund is not a bank deposit account

The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event, investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to applicable ASISA standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens, withdrawals may be ring-fenced and managed over a period of time.

Purchase and redemption requests must be received by the Management Company by 11:00 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).

Important information for investors

Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website www.allangray.co.za or via our Client Service Centre on **0860 000 654**

Fund description and summary of investment policy

The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray’s offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund’s investment universe is global, the units in the Fund are priced and traded daily in rands.

ASISA unit trust category: Global – Equity – General

Fund objective and benchmark

The Fund aims to outperform global stock markets over the long term, without taking on greater risk. Its benchmark is the MSCI World Index, including income, after withholding taxes.

How we aim to achieve the Fund’s objective

The Fund invests only in the Orbis Global Equity Fund. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. Orbis uses in-house research to identify companies around the world whose shares can be purchased for less than Orbis’ assessment of their long-term intrinsic value. This long-term perspective enables Orbis 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. This is the same approach as that used by Allan Gray to invest in South African equities, except that Orbis is able to choose from many more shares, listed internationally.

Suitable for those investors who

- Seek exposure to diversified international equities to provide long-term capital growth
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with global stock market and currency fluctuation and risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as a global equity ‘building block’ in a diversified multi-asset class portfolio

Note: The availability of the Fund is subject to offshore capacity constraints. Please contact our Client Service Centre for further information about any constraints that may apply.

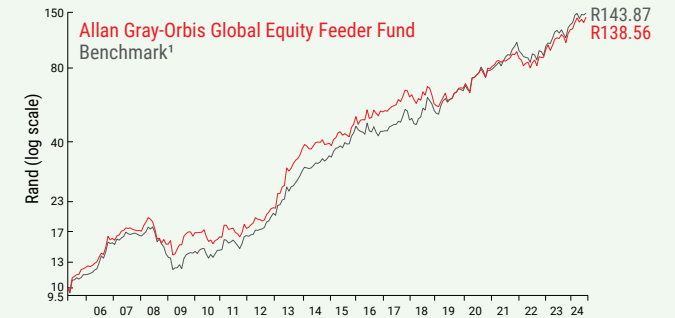
Fund information on 31 July 2024

Fund size	R31.9bn
Number of units	231 642 502
Price (net asset value per unit)	R137.87
Class	A

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 31 July 2024. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 June 2024.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 6 June 2008 to 10 March 2009 and maximum benchmark drawdown occurred from 5 June 2008 to 6 March 2009. 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 December 2013 and the benchmark’s occurred during the 12 months ended 31 December 2013. The Fund’s lowest annual return occurred during the 12 months ended 31 March 2009 and the benchmark’s occurred during the 12 months ended 31 March 2009. 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	
	ZAR	US\$	ZAR	US\$	ZAR	US\$
Cumulative:						
Since inception (1 April 2005)	1285.6	373.9	1338.7	392.1	184.2	62.1
Annualised:						
Since inception (1 April 2005)	14.6	8.4	14.8	8.6	5.6	2.5
Latest 10 years	12.9	7.1	15.7	9.7	5.0	2.8
Latest 5 years	17.1	11.5	17.9	12.2	5.0	4.2
Latest 3 years	15.3	7.1	15.2	7.0	6.0	5.0
Latest 2 years	24.7	19.0	21.7	16.2	5.2	3.0
Latest 1 year	23.1	20.1	21.2	18.3	5.1	3.0
Year-to-date (not annualised)	12.9	14.8	11.8	13.7	2.4	1.6
Risk measures (since inception)						
Maximum drawdown ³	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months ⁴	63.4	58.6	61.2	63.8	n/a	n/a
Annualised monthly volatility ⁵	15.2	17.1	14.3	15.9	n/a	n/a
Highest annual return ⁶	78.2	64.1	54.2	58.4	n/a	n/a
Lowest annual return ⁶	-29.7	-44.8	-32.7	-47.3	n/a	n/a

Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund has underperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than the global stock market. The maximum drawdown and lowest annual return numbers, in the 'Performance net of all fees and expenses' table, show that the Fund has successfully reduced downside risk in periods of negative market returns.

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 annually.	31 Dec 2023
Cents per unit	1.3302

Annual management fee

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges an annual management fee within the underlying Orbis Global Equity Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information please refer to the Orbis Global Equity Fund factsheet and prospectus, which can be found at www.orbis.com.

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

The annual management fee charged by Orbis 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.

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	1.23	1.15
Fee for benchmark performance	1.10	1.34
Performance fees	0.08	-0.24
Other costs excluding transaction costs	0.05	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	0.09	0.10
Total investment charge	1.32	1.25

Top 10 share holdings on 31 July 2024

Company	% of portfolio
QXO	5.4
UnitedHealth Group	5.3
Corpay (was FLEETCOR)	4.9
Interactive Brokers Group	3.4
British American Tobacco	3.3
GXO Logistics	3.2
Alphabet	3.1
Shell	3.0
Global Payments	2.8
KB Financial Group	2.8
Total (%)	37.1

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

Asset allocation on 31 July 2024⁸

This fund invests solely into the Orbis Global Equity Fund

	Total	United States	UK	Europe ex-UK ⁷	Japan	Other ⁷	Emerging markets
Net equities	98.9	52.3	14.4	8.3	4.8	2.6	16.5
Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market and cash	1.1	1.2	-0.1	-0.1	0.0	0.0	0.1
Total (%)	100.0	53.5	14.3	8.1	4.9	2.6	16.6
Currency exposure	100.0	49.7	10.0	12.0	13.2	7.5	7.6
Benchmark	100.0	71.7	3.8	12.7	5.9	5.9	0.0

7. Refers to developed markets only.

8. Changes to asset allocation tables for the Allan Gray-Orbis funds

We have made minor changes to the asset allocation tables for the Allan Gray-Orbis funds to align our tables with those of our offshore partner, Orbis, and the geographic categories disclosed by the funds' benchmarks. The changes, outlined below, aim to enhance clarity and transparency.

- Previously, the 'North America' category predominantly included US and Canadian securities. We renamed this category to 'United States', and reclassified Canadian securities under 'Other'.
- We separated Europe and the UK into distinct categories. We moved securities from emerging European countries from 'Europe' to 'Emerging markets'.
- We eliminated the 'Asia ex-Japan' category. We reclassified the securities that fell under this category as either 'Emerging markets' (e.g. companies in South Korea) or 'Other' (e.g. companies in Singapore).

Recent market returns have been narrow, propelled by the magnificent seven technology shares in the US – Microsoft, Apple, Alphabet, Nvidia, Amazon, Meta and Tesla. For the most part, we haven't owned them. But in the middle of the Fund's top 10 holdings, one of the seven does stick out: Alphabet.

The Orbis Global Equity Fund first owned Alphabet (then called Google) in late 2008 and has held it cumulatively for over a decade on and off since. We have also held Microsoft, Apple, Amazon and Meta before. But while several of the seven are now regarded as unassailably successful, sentiment has been less rosy for Alphabet. For us, that is part of the appeal. The key fear on Alphabet is that Microsoft and its partner OpenAI have eaten Google's lunch on artificial intelligence (AI), which will become the key capability for all technology businesses including internet search. In November 2022, OpenAI launched ChatGPT, and in February 2023, Microsoft announced it would incorporate ChatGPT into its Bing search engine. The next day, Google previewed its own AI bot, called Bard, which flopped spectacularly.

That paints a scary picture, but it is easy to overstate Google's challenges.

Most importantly, chat apps do not produce better results for all searches. We see this in the numbers, where both ChatGPT and Bing have lower weekly retention rates than Google Search. While ChatGPT's app and website have raced ahead of other AI competitors, they have added just 20 million daily users over the past year, bringing the total to 50 million. That sounds big, but Google has 800 million daily users on its mobile app and 1.6 billion on its Chrome web browser. Comparing search against search, you have to squint to see Bing's inroads. On mobile, Bing has less than one daily user for every thousand Google users, and on desktop, Bing's share of daily searches is just 4% – up a grand total of 0.4 percentage points from the pre-ChatGPT days.

In its latest earnings report, Google laid some of these demons to rest, materially increasing our conviction in its fundamentals. After embedding AI into its own "search generative experience", Google's search engagement is up (because users are getting better answers), its search profit margins are up (because advertisers are following users), and its cost to serve AI queries is down (by 80% since their initial introduction). We took this as encouraging evidence that Google is not just surviving in an AI world but thriving. The market agreed, sending the shares up roughly 15% since that earnings report. That does not mean Google can coast. In a few areas, it clearly needs to improve, including in its AI products. The company has already fixed the most glaring problems with Gemini (the new Bard), explaining that the model was improperly calibrated. That may be true, but it is hard to dismiss the idea that Gemini's output has been skewed by the political priorities of Google's outspoken staff.

Still, we believe Google will continue to improve. Proficiency in AI boils down to engineering talent, access to cutting-edge computer chips and large data sets on which to train the AI models. Google has all three. From a valuation perspective, we look at the math the following way. Alphabet earned US\$74bn last year, but that is weighed down by severance expenses and losses in the

"other bets" segment focused on nascent opportunities. Excluding those losses, we see the company trading at 22 times trailing core earnings, to say nothing of the US\$79bn of net cash on its balance sheet. That valuation is only a hair above the multiple of the broader S&P 500, and in relative terms, it is unusually low for Alphabet. In our view, Alphabet deserves more of the premium it usually has. This is a business with returns on equity and net profit margins of over 20%, both well above the market average, with above-average growth prospects to boot. If the valuation stays where it is and the company can grow at even 10% per annum, growth and free cash flow alone should drive a near-15% per annum, long-term return.

That growth potential is supported by Alphabet's commanding positions in several big businesses. Its core search business is unique, and its YouTube unit is unique in the West. Alongside OpenAI, Alphabet is one of two leaders in AI services; alongside Nvidia, it is one of two in AI accelerator chips; alongside Apple, Android is one of two mobile operating systems; and behind Amazon and Microsoft, Google is one of three hyperscale cloud services operators. Each of these businesses is valuable and has extraordinary potential – but that is often lost as investors focus excessively on threats to the search business. The company does have its risks, however. AI could prove more disruptive than we expect. Advertising spending is cyclical, so if the US economy slows or crashes, Alphabet won't be immune. But weighing up the risks against the price and the quality of the business, Alphabet looks reasonable to us, and it also brings diversification to the Fund, as its share price behaves differently to many of our other holdings.

Alphabet's more magnificently valued brethren would also bring that diversification, but while we appreciate the fundamental quality of the others, we see less to like in their share prices. Microsoft, for example, has similar growth potential and returns on equity to US payments and fuel card business Corpay (formerly Fleetcor), yet trades at double the valuation. To sustain the 15% per annum growth rate markets expect on its US\$86bn profit base, Microsoft must add roughly another Coca-Cola worth of profits every year. On its US\$100bn profit base, Apple must add the equivalent of a Wells Fargo in profits this year to sustain its growth, and the climb gets harder from there. Perhaps Microsoft and Apple can achieve those feats. They are great companies. But we would prefer to invest where expectations are lower: in shares like Corpay, US managed care organisations, quality industrial companies, banks in Korea and Europe – or even Alphabet.

Over the quarter, we increased the Fund's position in UnitedHealth Group, a US-based diversified healthcare company, into relative share price weakness. We also reinitiated a position in Rolls-Royce Holdings, a UK-based manufacturer of aircraft engines and power systems, as we believed it is likely to benefit from several structural tailwinds. In addition, we exited the Fund's position in Intel on reduced conviction.

Adapted from a commentary contributed by Ben Preston, Orbis Portfolio Management (Europe) LLP, London

Fund manager quarterly commentary as at 30 June 2024

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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. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

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).

Feeder fund

A feeder fund is a unit trust that invests in another single unit trust, which charges its own fees. Allan Gray does not charge any additional fees in its feeder funds.

FTSE Russell Index

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Important information for investors

Need more information?

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Fund description and summary of investment policy¹

The Fund is a feeder fund and invests only in the Orbis SICAV Global Balanced Fund ('Orbis Global Balanced'), managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. Orbis Global Balanced invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. The typical net equity exposure of Orbis Global Balanced is between 40% and 75%. Orbis Global Balanced aims to balance investment returns and risk of loss. Returns are likely to be less volatile than those of a global equity-only fund. Although Orbis Global Balanced's investment universe is global, the units of the Fund are priced and traded daily in rands.

ASISA unit trust category: Global – Multi Asset – High Equity

Fund objective and benchmark¹

The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark, which comprises 60% the MSCI World Index with net dividends reinvested and 40% the J.P. Morgan Global Government Bond Index.

How we aim to achieve the Fund's objective

The Fund invests only in Orbis Global Balanced. Orbis Global Balanced is actively managed and invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. Orbis Global Balanced targets an exposure of 40% to 90% of net asset value ('NAV') in equities, 10% to 50% in fixed income and 0% to 10% in commodity-linked instruments. The overall exposure to equities after hedging is intended to be limited to 75% of NAV. The weighting among the asset classes is driven by Orbis' bottom-up approach in selecting securities across asset classes and therefore may deviate substantially compared to the benchmark.

Like Allan Gray, Orbis uses in-house research to identify companies whose shares can be purchased for less than Orbis' assessment of their long-term intrinsic value. This long-term perspective enables them 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. A similar approach is applied in selecting fixed income instruments, which may consist of cash, cash equivalents, government bonds and investment-grade and high-yield corporate bonds and, at times, distressed corporate bonds. They are selected with the aim of increasing the overall risk-adjusted return.

When Orbis' research suggests that stock or bond markets are overvalued, Orbis may reduce exposure to those asset classes or hedge market risk using exchange-traded derivatives. Hedged equities may also be used as an alternative to holding fixed-income instruments and reduce overall portfolio risks. Commodity-linked instruments are included if Orbis' research identifies certain commodities as being more attractive on a risk-adjusted basis than overall equity or fixed-income opportunities. Currency exposure is actively managed to control exposure to currencies less likely to hold their long-term value in US dollars.

Suitable for those investors who

- Seek to balance investment returns and risk of loss, by investing in a diversified global multi-asset class portfolio
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable that the investment approach is likely to result in volatility and potential capital loss, but typically less volatility than that of a global equity-only fund
- Typically have an investment horizon of at least three to five years

Note: The availability of the Fund is subject to offshore capacity constraints. Please contact our Client Service Centre for further information about any constraints that may apply.

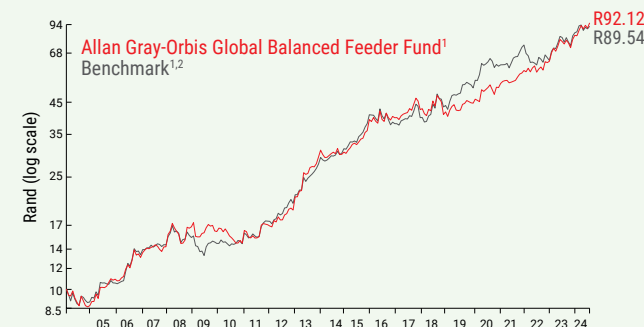
Minimum disclosure document and quarterly general investors' report **Issued:** 12 August 2024

Fund information on 31 July 2024

Fund size	R18.4bn
Number of units	236 011 126
Price (net asset value per unit)	R77.94
Class	A

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



1. The Fund was converted from a fund of funds structure to a feeder fund structure and its name and benchmark were amended on 1 June 2021. For more information, please read ['Ballot underway for Allan Gray-Orbis Global Fund of Funds'](#), available via the Latest insights section of our website.
2. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 July 2024. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan Global Government Bond Index.
3. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 June 2024.
4. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown occurred from 23 October 2008 to 30 June 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
6. 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.
7. 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 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 October 2010 and the benchmark's occurred during the 12 months ended 30 June 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

% Returns	Fund ¹		Benchmark ^{1,2}		CPI inflation ³	
	ZAR	US\$	ZAR	US\$	ZAR	US\$
Cumulative:						
Since inception (3 February 2004)	821.2	255.9	795.4	245.9	195.9	68.0
Annualised:						
Since inception (3 February 2004)	11.4	6.4	11.3	6.2	5.5	2.6
Latest 10 years	11.4	5.7	11.4	5.7	5.0	2.8
Latest 5 years	15.7	10.1	11.8	6.4	5.0	4.2
Latest 3 years	17.6	9.3	9.3	1.5	6.0	5.0
Latest 2 years	21.2	15.8	13.9	8.7	5.2	3.0
Latest 1 year	19.3	16.4	14.1	11.4	5.1	3.0
Year-to-date (not annualised)	11.0	12.9	5.6	7.4	2.4	1.6
Risk measures (since inception)						
Maximum drawdown ⁴	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months ⁵	58.5	60.6	58.1	63.4	n/a	n/a
Annualised monthly volatility ⁶	13.4	11.7	12.8	10.4	n/a	n/a
Highest annual return ⁷	55.6	43.8	38.8	37.6	n/a	n/a
Lowest annual return ⁷	-13.7	-27.3	-17.0	-31.7	n/a	n/a

Meeting the Fund objective

Since inception and over the latest five-year period, the Fund has outperformed its benchmark. Over the latest 10-year period, the Fund has underperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than similar funds in the Global – Multi Asset – High Equity sector.

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 annually.	31 Dec 2023
Cents per unit	1.0560

Annual management fee

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges an annual management fee within the underlying Orbis SICAV Global Balanced Fund. The fee rate is calculated based on the Orbis fund’s performance relative to its benchmark. For more information please refer to the Orbis SICAV Global Balanced Fund factsheet and prospectus, which can be found at www.orbis.com.

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

The annual management fee charged by Orbis 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.

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	2.40	2.05
Fee for benchmark performance	1.10	1.25
Performance fees	1.24	0.74
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	0.07	0.08
Total investment charge	2.47	2.13

Top 10 holdings on 31 July 2024

Company	% of portfolio
SPDR Gold Trust	6.1
Samsung Electronics	4.3
Kinder Morgan	3.5
Taiwan Semiconductor Mfg.	2.9
US TIPS 3 - 5 Years	2.5
Mitsubishi Heavy Industries	2.5
US TIPS 1 - 3 Years	2.4
Nintendo	2.3
Drax Group	2.2
Burford Capital	2.2
Total (%)	30.8

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

Asset allocation on 31 July 2024⁹

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	United States	UK	Europe ex-UK ⁸	Japan	Other ⁸	Emerging markets
Net equities	59.7	10.1	12.6	8.4	7.7	5.9	14.9
Hedged equities	18.2	10.3	1.1	4.0	0.5	0.9	1.3
Property	0.4	0.0	0.0	0.0	0.4	0.0	0.0
Commodity-linked	6.1	6.1	0.0	0.0	0.0	0.0	0.0
Bonds	14.1	9.7	0.4	1.3	0.0	0.0	2.6
Money market and cash	1.5	0.9	0.1	0.3	0.0	0.1	0.1
Total (%)	100.0	37.2	14.2	14.1	8.6	6.9	18.9
Currency exposure	100.0	22.2	13.2	25.1	17.0	11.1	11.5
Benchmark	100.0	63.0	4.7	17.1	10.2	5.0	0.0

8. Refers to developed markets only.

9. Changes to asset allocation tables for the Allan Gray-Orbis funds

We have made minor changes to the asset allocation tables for the Allan Gray-Orbis funds to align our tables with those of our offshore partner, Orbis, and the geographic categories disclosed by the funds’ benchmarks. The changes, outlined below, aim to enhance clarity and transparency.

- Previously, the 'North America' category predominantly included US and Canadian securities. We renamed this category to 'United States', and reclassified Canadian securities under 'Other'.
- We separated Europe and the UK into distinct categories. We moved securities from emerging European countries from 'Europe' to 'Emerging markets'.
- We eliminated the 'Asia ex-Japan' category. We reclassified the securities that fell under this category as either 'Emerging markets' (e.g. companies in South Korea) or 'Other' (e.g. companies in Singapore).

There's no business like show business – and that business is now changing. The old cash cow studios of broadcast and cable television are running dry, supplanted by streaming video, which has proven to be far less lucrative. It is unclear how or when the industry will reach its new equilibrium, and this uncertainty has roiled the share prices of companies across the broader sector. In our view, any route to recovery for the studios will require an old partner – the cinema owners. Far more interesting to us than the studios are the exhibitors, and here, we are confident that our investment in Cinemark Holdings can recover and persist through this media upheaval.

That is not a universal view. Many continue to doubt the viability of theatrical exhibition, viewing it as another legacy business that will crumble before the rising tide of streaming platforms. But cinemas recently went through an uncommonly comprehensive test – the COVID-19 pandemic, which proved that movie theatres play an indispensable role in making money from movies. When the pandemic shut down theatres worldwide, studios used the opportunity to experiment with alternative ways of distributing films. Most cut down the theatrical exclusivity window – the period where films can only be seen in cinemas. Some eliminated theatrical exclusivity altogether.

These tests produced undesirable outcomes. Filmmakers and actors revolted, displeased by lower pay, as their compensation usually involves a cut of the box office. Christopher Nolan was so repulsed by Warner Brothers' approach that he left to do Oppenheimer with Universal instead. Movies, especially those published immediately on streaming platforms, were pirated at elevated rates. Most importantly, viewership analytics showed there is no conflict between theatrical exclusivity and popularity on streaming services. In fact, the most-watched streaming movies are almost uniformly theatrical exclusives first. The data shows that theatres make movies more popular and profitable. Forfeiting box office revenues does not produce worthwhile value in digital distribution, and it introduces a range of needless complications.

The major studios seemed to have learnt from the experiment. They are restoring their theatrical film output and committing to theatrical exclusivity to bolster earnings and retain talent. During COVID-19, Disney made the money-losing decision to divert Pixar films to early streaming debuts. This month, it released Inside Out 2 with a 100-day exclusive theatrical window and achieved a record animation box office debut. Even Apple and Amazon came to acknowledge the benefits of a theatrical release strategy. Both companies have promised to spend US\$1bn per year on theatrical exclusive movies, or roughly 10 films a year.

As the studios have returned to theatres, North American box office revenues have increased by double-digit percentages annually since 2020, but gaps in the schedule and the Hollywood strikes have limited the number of films reaching theatres. We expect the industry to reach pre-COVID-19 levels of theatrical output in the next year or so. Given the tight relationship between box office revenue and the number of films sent to theatres, that bodes well for exhibitors. If the historical relationship holds, 2025 should see the North American box office comfortably exceed US\$10bn on an ongoing basis.

We believe no company is better poised to benefit from the anticipated box office recovery than Cinemark, the third-largest theatre chain in the United States and a leading chain throughout Latin America. Unlike many of its peers that prioritised debt-fuelled expansion, Cinemark's management team carefully guarded its balance sheet. Its approach to expansion was cautious; the company built most of its network in suburban locations that have less burdensome property rents. It entered COVID-19 with the lowest debt ratios and average property rents of the three national American exhibitors. As theatrical exhibition leaves the pandemic behind, Cinemark has managed to avoid bankruptcy without resorting to dilutive share issuances. It is fully caught up on its deferred rents to theatre landlords. Moreover, Cinemark continued to invest in the upkeep and upgrade of its theatres, investing over US\$80m every year. Many of its peers are not in the same position, having gone bankrupt or cut reinvestment to the bone, and will still be contending with the pandemic's aftermath years after Hollywood has reverted to normalcy.

Cinemark's choices allowed it to achieve exceptional operating metrics, even with an impaired box office. Some quarters in the last two years did have full release schedules, and those periods provide a tantalising glimpse into Cinemark's potential. In 2023, Cinemark achieved its highest third quarter revenue ever, due to its steadily growing concessions business – popcorn and drinks are the greatest profit contributors in theatrical exhibition. Cinemark invested heavily in premium amenities and better food and drink offerings through COVID-19, which allowed it to effectively capitalise on pent-up demand from consumers. The success of this strategy is right there in the numbers. Cinemark generated US\$295m in free cash flow in 2023 – comparable to pre-COVID-19 levels.

The next few years should see the consummation of Cinemark's business model. If the box office meets our expectations, we believe Cinemark can achieve record profitability. Furthermore, Cinemark should soon restore its dividend, as the recovery brings debt ratios down to the company's targeted window. Lastly, much of that debt will soon be gone. If Cinemark returns to its pre-COVID-19 capital structure, we believe the shares are worth some 50% more than their current price.

Movie theatres have survived over a century of disruptions including radio, television, broadcast, VHS, home rentals, cable, DVD and internet piracy. We believe the pandemic and streaming will join this litany of challenges overcome by theatrical exhibitors, and we believe Cinemark will lead the charge in this recovery story.

We increased the Fund's exposure to US Treasury Inflation Protected Securities (TIPS) as we believe the exposure offers low-risk, real yield and inflation protection at an attractive price. In addition, we trimmed the Fund's position in Micron Technology into relative share price strength to reallocate the capital to opportunities where we believed the discount to intrinsic value was wider.

Adapted from a commentary contributed by Jeffrey Miyamoto, Orbis Investment Management Limited, Bermuda

Fund manager quarterly commentary as at 30 June 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. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

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).

Feeder fund

A feeder fund is a unit trust that invests in another single unit trust, which charges its own fees. Allan Gray does not charge any additional fees in its feeder funds.

FTSE Russell Index

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J.P. Morgan Index

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Fund description and summary of investment policy

The Fund invests in a mix of absolute return funds managed by Allan Gray’s offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 0% and 20%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis’ skills in delivering returns above or below the market. Returns are likely to be less volatile than those of a foreign equity or balanced fund. Although the Fund’s investment universe is global, the units in the Fund are priced and traded daily in rands. When considered in rands, returns of this foreign fund are likely to be more volatile than domestic funds with similar equity constraints.

ASISA unit trust category: Global – Multi Asset – Low Equity

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis Funds), while producing long-term returns that are superior to foreign currency bank deposits. The Fund’s benchmark is the simple average of the benchmarks of the underlying Orbis funds.

How we aim to achieve the Fund’s objective

The Fund invests only in the Optimal SA absolute return funds managed by our offshore investment partner, Orbis Investment Management Limited. Within the Optimal funds, Orbis uses in-house research to identify companies around the world whose shares can be purchased for less than Orbis’ assessment of their long-term intrinsic value. This long-term perspective enables them 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. This is the same approach as that used by Allan Gray to invest in South African equities, except that Orbis is able to choose from many more shares, listed internationally. The Orbis Optimal SA funds reduce most of their stock market risk by the use of exchange-traded derivative futures contracts. The Orbis Optimal SA funds will typically retain a small portion of their exposure to equity markets, but the level of exposure may be varied depending on Orbis’ assessment of the potential returns on global stock markets relative to their risk of capital loss. The underlying funds’ returns are therefore derived partly from their relatively low exposure to stock markets, partly from Orbis’ selected share returns relative to those markets, and partly from foreign currency cash-equivalent returns. The Fund’s currency exposure is actively managed both within the underlying Orbis funds and through our selection of Orbis funds.

Suitable for those investors who

- Seek steady absolute returns ahead of those of cash measured in global currencies
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with taking on the risk of currency fluctuation, but prefer little exposure to stock market risk
- Wish to use the Fund as a foreign absolute return ‘building block’ in a diversified multi-asset class portfolio

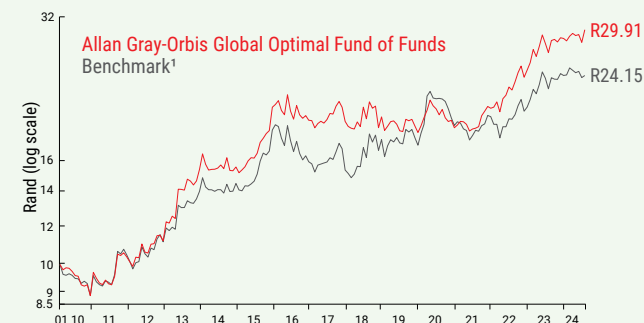
Note: The availability of the Fund is subject to offshore capacity constraints. Please contact our Client Service Centre for further information about any constraints that may apply.

Fund information on 31 July 2024

Fund size	R1.1bn
Number of units	36 555 218
Price (net asset value per unit)	R29.86
Class	A

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



1. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 31 July 2024.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 June 2024.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 18 May 2016 to 24 March 2017 and maximum benchmark drawdown occurred from 18 January 2016 to 23 February 2018. 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 December 2013 and the benchmark’s occurred during the 12 months ended 31 January 2016. The Fund’s lowest annual return occurred during the 12 months ended 31 May 2017 and the benchmark’s occurred during the 12 months ended 28 February 2017. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

% Returns	Fund		Benchmark ¹		CPI inflation ²	
	ZAR	US\$	ZAR	US\$	ZAR	US\$
Cumulative:						
Since inception (2 March 2010)	199.1	26.3	141.5	2.0	105.3	44.1
Annualised:						
Since inception (2 March 2010)	7.9	1.6	6.3	0.1	5.1	2.6
Latest 10 years	6.5	1.0	5.5	0.0	5.0	2.8
Latest 5 years	10.0	4.7	6.6	1.4	5.0	4.2
Latest 3 years	16.5	8.3	8.9	1.2	6.0	5.0
Latest 2 years	15.1	9.9	10.7	5.7	5.2	3.0
Latest 1 year	11.3	8.6	6.4	3.9	5.1	3.0
Year-to-date (not annualised)	4.1	5.9	0.0	1.7	2.4	1.6
Risk measures (since inception)						
Maximum drawdown ³	-18.9	-31.3	-26.6	-16.1	n/a	n/a
Percentage positive months ⁴	52.6	55.5	48.0	49.1	n/a	n/a
Annualised monthly volatility ⁵	13.2	7.3	13.6	4.3	n/a	n/a
Highest annual return ⁶	39.6	14.4	35.6	9.4	n/a	n/a
Lowest annual return ⁶	-12.4	-15.3	-19.1	-11.6	n/a	n/a

Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. There has been some volatility in the Fund's returns. The underlying funds' maximum drawdowns to date, in their reporting currencies, are 23% for the Orbis Optimal SA Dollar class and 28% for the Orbis Optimal SA Euro class.

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 annually.	31 Dec 2023
Cents per unit	0.3632

Annual management fee

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges annual management fees within the underlying Orbis funds. Each fund's fee rate is calculated based on the fund's performance relative to its own benchmark. For more information please refer to the Orbis Optimal SA Fund factsheets and prospectus, which can be found at www.orbis.com.

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

The annual management fees charged by 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.

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	1.06	1.07
Fee for benchmark performance	0.99	1.00
Performance fees	-0.01	-0.01
Other costs excluding transaction costs	0.08	0.08
VAT	0.00	0.00
Transaction costs (including VAT)	0.10	0.12
Total investment charge	1.16	1.19

Top 10 share holdings on 31 July 2024

Company	% of portfolio
UnitedHealth Group	4.0
Corpay (was FLEETCOR)	3.6
QXO	3.4
British American Tobacco	3.3
Motorola Solutions	2.6
Taiwan Semiconductor Mfg.	2.5
Cinemark Holdings	2.3
London Stock Exchange Group	2.2
RXO	2.2
GXO Logistics	2.1
Total (%)	28.3

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

Fund allocation on 31 July 2024

Foreign absolute return funds	%
Orbis Optimal SA (US\$)	62.0
Orbis Optimal SA (Euro)	38.0
Total (%)	100.0

Asset allocation on 31 July 2024⁸

	Total	United States	UK	Europe ex-UK ⁷	Japan	Other ⁷	Emerging markets
Net equities	6.4	3.7	8.5	-5.8	1.0	-1.2	0.2
Hedged equities	82.1	31.1	9.1	12.9	17.5	3.6	7.8
Property	2.6	0.0	0.0	0.0	1.2	1.5	0.0
Commodity-linked	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Money market and cash	8.8	6.4	0.4	0.3	0.8	0.3	0.5
Total (%)	100.0	41.4	18.1	7.4	20.5	4.1	8.5
Currency exposure	100.0	56.6	0.2	36.8	6.0	0.6	-0.3

7. Refers to developed markets only.

8. Changes to asset allocation tables for the Allan Gray-Orbis funds

We have made minor changes to the asset allocation tables for the Allan Gray-Orbis funds to align our tables with those of our offshore partner, Orbis. The changes, outlined below, aim to enhance clarity and transparency.

- Previously, the 'North America' category predominantly included US and Canadian securities. We renamed this category to 'United States', and reclassified Canadian securities under 'Other'.
- We separated Europe and the UK into distinct categories. We moved securities from emerging European countries from 'Europe' to 'Emerging markets'.
- We eliminated the 'Asia ex-Japan' category. We reclassified the securities that fell under this category as either 'Emerging markets' (e.g. companies in South Korea) or 'Other' (e.g. companies in Singapore).

Last quarter, we highlighted Diageo as an appealing idiosyncratic stock within the Orbis Optimal SA Fund. This quarter, we are continuing our deep dive into the Fund by examining another compelling name: the London Stock Exchange Group (LSEG). Most associate LSEG with the eponymous London Stock Exchange, but the exchange contributes no more than a low-single-digit percentage of the revenues at LSEG. Five key divisions generate the majority of the revenues and profits. These divisions are connected businesses that operate across the financial value chain from pre-trading data and analytics to post-trade clearing and reporting. There are a few characteristics that are common across these assets. Firstly, they are mission critical for their customers who cannot operate without these or equivalent services. Secondly, while substitutes do exist, the cost of failure is high, making the cost of switching high as well. These business customers are highly sticky for one reason or another – they are either intertwined with the customer’s operations (think data feeds providing pricing, financial data to quant funds and risk management functions), or are used to bestow credibility (think benchmarks), or have network effects (think fixed income trading platforms and the clearing houses) or have a long history of data that is irreplicable (financial pricing and feeds). The high cost of switching brings with it high retention rates and pricing power. We see such data assets as similar to software in the stickiness of business they enjoy but with much lower risk of disruption.

LSEG, in its current form, can be thought of as a product of the merger between the London Stock Exchange and Refinitiv, a leading provider of financial market data and infrastructure. It is no secret that Refinitiv was undermanaged under the previous ownership of Thomson Reuters. The market share losses of its flagship terminal system, Workspace (formerly Eikon), to FactSet and Bloomberg had been grabbing headlines for a while. Reuters’ sales teams were historically incentivised on gross sales (not accounting for customer churn), leading to poor account management, driving weak retention rates versus peers. The product and culture were mediocre. The turnaround started under Blackstone’s ownership in 2018. LSEG acquired Refinitiv in January 2021, and the news brought with it heightened uncertainty on the stock. After all, LSEG had just acquired a business twice its size, and while Refinitiv had some marquee assets (Enterprise Data, Tradeweb), Workspace had only recently begun a turnaround from being seen as a melting ice cube. We too were sceptical of the acquisition at first. However, 2022 started to see green shoots of improvement – Workspace turned to growth for the first time in a decade, driven by improved retention and business simplification. Fast-forward to today, it appears the team at LSEG has succeeded in stabilising the Reuters business and is at the cusp of harvesting its efforts and investment. 240 individual products have been streamlined to nine theme-based solutions. Sales incentives have been realigned, and retention targets have been given greater focus. Large clients are being approached with a catalogue-based offering

to help them consolidate their spending across various data providers and in favour of LSEG, while saving money.

What excites us even more about this setup is LSEG’s partnership to co-develop products with Microsoft. Announced in 2022, this partnership will embed access to LSEG’s data in Microsoft’s AI and workflow tools such as Copilot and Microsoft Teams, unlocking significant monetisation opportunities for both companies. These products are in trial phase currently and are expected to start getting monetised from 2025. Microsoft has bought a 4% stake in LSEG which we see as a sign of commitment to this partnership. Workspace has transitioned from a business that was shrinking to one that is growing, and we are confident that it will only accelerate this growth in the coming years as it closes the gap with peers. At the group level, predictable future revenues are on the rise. Annual subscription value growth, which can be used as a proxy for where the recurring revenue (over 70% of 2023 total revenue) growth should be heading, has increased in recent quarters to upwards of 6% from around 1% five years ago. The uncertainty has been slowly dissipating. It is now amply clear that LSEG made an astute acquisition of Refinitiv at half the multiple that peers paid for similar assets recently.

Although management has impressed on accelerating growth in the acquired assets, there remains an opportunity to improve margins as the company exits the integration phase and enters the harvest phase. LSEG’s operating margins lag peers currently, and the management team has committed to close the gap over the medium term. While the initial plan for cost synergies has been delivered, there is continued potential for simplification and rationalisation at Refinitiv. The company employs approximately 11 000 people in data capture and customer service, and there is significant potential for technology to drive cost savings in this realm. Additionally, the “build once, sell many times” models tend to have operating leverage, and the business mix is favourable for margin progression. While the current point of operation leaves room for uncertainty, we are optimistic about LSEG transforming from a mid-single-digit growth company to a high-single-digit growth one, with earnings per share growing comfortably in the teens over our investment horizon. We are happy to own what is, in our view, a high-quality, resilient business that is seeing a significant improvement in its fundamentals.

The Fund’s overall net equity exposure rose over the quarter. Among individual positions, we added to our position in UnitedHealth Group and trimmed the position in Micron Technology into share price strength.

Adapted from a commentary contributed by Neha Aggarwal, Orbis Portfolio Management (Europe) LLP, London

Fund manager quarterly commentary as at 30 June 2024

The availability of the Fund is subject to offshore capacity constraints. Please contact our Client Service Centre for further information about any constraints that may apply.

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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. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

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).

Fund of funds

A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its funds of funds.

FTSE Russell Index

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