Allan Gray Equity Fund

30 September 2024

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

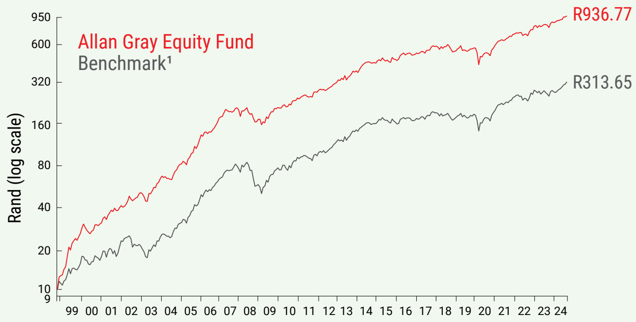
- Seek exposure to listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility
- Are prepared to accept the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity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

Fund information on 30 September 2024

Fund size	R46.4bn
Number of units	46 427 633
Price (net asset value per unit)	R601.52
Class	A

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 1998)	9267.7	3036.5	288.0
Annualised:			
Since inception (1 October 1998)	19.1	14.2	5.4
Latest 10 years	8.1	7.3	4.9
Latest 5 years	12.1	12.5	4.9
Latest 3 years	12.8	12.2	5.6
Latest 2 years	17.9	17.3	4.6
Latest 1 year	16.8	22.4	4.4
Year-to-date (not annualised)	10.6	15.5	2.9
Risk measures (since inception)			
Maximum drawdown[3]	-37.0	-45.4	n/a
Percentage positive months[4]	66.0	59.6	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

1. The market value-weighted average return of funds in the South African – Equity – General category, excluding Allan Gray funds. (Effective 1 October 2024, this category started excluding funds that can only invest in South African equities.). Source: Morningstar, performance as calculated by Allan Gray as at 30 September 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 31 August 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.

Tel 0860 000 654 or +27 (0)21 415 2301 **Email** info@allangray.co.za **www.allangray.co.za**

Meeting the Fund objective

The Fund has created wealth for its long-term investors. Since inception and over the latest 10-year period, the Fund has outperformed its benchmark. Over the latest five-year period, the Fund has underperformed 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 September 2024 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
Naspers & Prosus	5.0
British American Tobacco	4.6
AB InBev	4.4
Standard Bank	3.2
Woolworths	2.8
Nedbank	2.5
Glencore	2.4
Remgro	2.3
Mondi	2.2
The Walt Disney Company	2.1
Total (%)	**31.4**

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 September 2024	1yr %	3yr %
Total expense ratio	**1.29**	**1.72**
Fee for benchmark performance	1.03	1.07
Performance fees	0.10	0.45
Other costs excluding transaction costs	0.04	0.04
VAT	0.12	0.16
Transaction costs (including VAT)	**0.08**	**0.08**
Total investment charge	**1.37**	**1.80**

Sector allocation on 30 September 2024 (updated quarterly)[7]

Sector	% of equities[8]	% of ALSI[9]
Financials	24.5	30.6
Consumer staples	17.7	11.9
Consumer discretionary	14.6	7.9
Basic materials	14.2	19.3
Industrials	9.9	3.7
Technology	8.6	14.7
Energy	4.1	0.9
Healthcare	3.0	1.9
Telecommunications	2.0	4.1
Real estate	0.8	5.0
Utilities	0.7	0.0
Total (%)	**100.0**	**100.0**

Asset allocation on 30 September 2024[7]

Asset class	Total	South Africa	Foreign
Net equities	94.5	54.4	40.1
Hedged equities	0.0	0.0	0.0
Property	0.9	0.6	0.3
Commodity-linked	0.4	0.4	0.0
Bonds	0.3	0.0	0.3
Money market and cash[10]	4.0	2.3	1.7
Total (%)	**100.0**	**57.6**	**42.4[11]**

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.

Fund manager quarterly commentary as at 30 September 2024

Volatility was a key characteristic of equity returns this quarter. Despite the MSCI World Index recording new highs at quarter end, this performance did not come in a straight line. The US, which accounts for more than 70% of the MSCI World Index, was largely responsible for the rocky ride. The S&P 500 rose by 4% in the two weeks to mid-July, before falling by 8% over the next three weeks on weaker-than-expected July US employment data, which triggered fears of a looming recession. Thereafter, it rose by 9% over the next month on strong US GDP growth and weaker inflation versus expectations, before falling by 4% over the next week on another US employment data release. The US Federal Reserve (the Fed) cut interest rates by 50 basis points (bps) in late September (for the first time since the COVID-19 pandemic), serving as the quarter's defining gambit. Investors cheered the prospects of easing US inflation into a soft economic landing, resulting in the S&P 500 rising 6% overall for the quarter and bringing 2024 year-to-date gains to 22%.

The outsized moves above highlight an adage by the pioneer of value investing, Benjamin Graham, who said that the stock market is a voting machine over the short term. In a period of heightened uncertainty and low visibility, investors are severely punishing asset prices where outcomes miss expectations even slightly and, conversely, are excessively rewarding stocks that slightly beat consensus estimates. The current "vote" is that US inflation is structurally heading back to the 2% average it enjoyed in the 20 years to 2021, with a terminal interest rate 2% lower than current levels, and without the US falling into a deep recession. However, we take a more conservative view, acknowledging that we have little edge in predicting macroeconomic outcomes. If indeed the US consumer remains robust, which is likely given still-low unemployment and still-strong wage growth, then cutting interest rates prematurely should see another rise in inflation down the road and the need to tighten conditions once more. On the other hand, deep interest rate cuts may be a leading indicator of a weak US economy. Either scenario will be bad for global stock prices.

Benefiting from positive global sentiment, local stocks were further buoyed by improving investor confidence in South Africa following the formation of the government of national unity. The FTSE/JSE All Share Index returned 10% for the quarter and 16% year to date. Companies that predominantly face the South African economy boosted performance: Over the quarter, local retailers rallied 23%, property 19%, life insurers 16%, food producers 14% and banks 13%. The rand also strengthened by 9% versus the US dollar from its post-election trough in early June to quarter end.

Short-term prospects for the South African consumer are looking better than a year ago. Following the Fed's lead, the South African Reserve Bank cut interest rates by 25 bps during the quarter, with more cuts likely. Lower oil prices and proceeds from the two-pot retirement reform will also put more money into the hands of consumers. A reprieve in loadshedding will reduce non-productive expenditure and improve revenue opportunities for local companies. However, we remain concerned about growth prospects beyond these temporary tailwinds. South African capital investment is contracting, policy reform is painfully slow and state-owned enterprise performance remains broadly woeful. South Africa's position as a resource economy is also precarious given a slowdown in China, which consumes more than 50% of most industrial commodities. The impact of the recently announced Chinese policy stimulus is still untested.

A useful rule of thumb is that good equity returns follow periods when expectations are low and outcomes are better than anticipated. Expectations, as represented by equity valuations, are currently elevated versus history, and we would contend that outcomes, represented by company earnings, could be worse for the reasons discussed earlier. As such, the Fund is positioned to minimise downside risk and protect absolute returns. The Fund is tilted towards rand-hedged local shares, particularly those with relatively defensive economics, such as British American Tobacco and Anheuser-Busch InBev (AB InBev). The Fund also has a healthy allocation to precious metal miners, which tend to outperform in times of global chaos. Lastly, the Fund's local stock exposure is also skewed to those companies with self-help levers to grow their earnings, even if the South African economy is weaker than we would have hoped.

During the quarter, the Fund added to its positions in AB InBev and select miners, and reduced its holdings in several banking shares.

Commentary contributed by Jithen Pillay

Information and content

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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 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**

Allan Gray Balanced Fund

30 September 2024

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

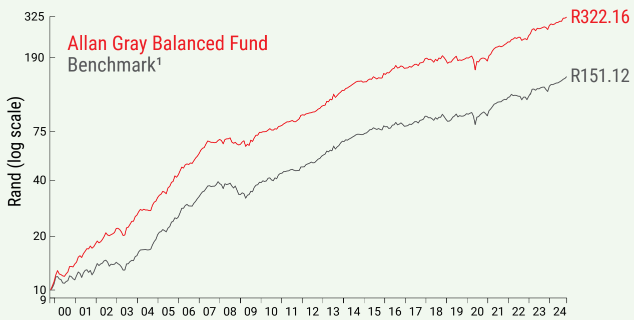
- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund
- Wish to invest in a unit trust that complies with retirement fund investment limits
- Typically have an investment horizon of more than three years

Fund information on 30 September 2024

Fund size	R198.4bn
Number of units	585 998 871
Price (net asset value per unit)	R156.80
Class	A

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)	3121.6	1411.2	281.6
Annualised:			
Since inception (1 October 1999)	14.9	11.5	5.5
Latest 10 years	8.5	7.7	4.9
Latest 5 years	11.2	10.4	4.9
Latest 3 years	11.9	10.3	5.6
Latest 2 years	15.5	15.8	4.6
Latest 1 year	14.2	17.9	4.4
Year-to-date (not annualised)	9.1	10.6	2.9
Risk measures (since inception)			
Maximum drawdown[3]	-25.4	-23.3	n/a
Percentage positive months[4]	70.0	68.0	n/a
Annualised monthly volatility[5]	9.3	9.3	n/a
Highest annual return[6]	46.1	41.9	n/a
Lowest annual return[6]	-14.2	-16.7	n/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 30 September 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 31 August 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.

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 September 2024 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
AB InBev	3.9
Naspers & Prosus	3.8
British American Tobacco	3.8
Nedbank	2.3
Woolworths	2.2
Standard Bank	2.1
Glencore	2.0
Mondi	1.6
Remgro	1.6
The Walt Disney Company	1.4
Total (%)	**24.8**

Asset allocation on 30 September 2024[7]

Asset class	Total	South Africa	Foreign
Net equities	64.4	39.8	24.6
Hedged equities	9.0	3.0	6.0
Property	0.6	0.3	0.4
Commodity-linked	3.1	2.4	0.7
Bonds	15.7	11.3	4.4
Money market and cash[8]	7.2	6.5	0.6
Total (%)	**100.0**	**63.3**	**36.7[9]**

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.

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

TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2024	1yr %	3yr %
Total expense ratio	**1.71**	**1.65**
Fee for benchmark performance	1.02	1.02
Performance fees	0.50	0.45
Other costs excluding transaction costs	0.04	0.03
VAT	0.15	0.15
Transaction costs (including VAT)	**0.05**	**0.06**
Total investment charge	**1.76**	**1.71**

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.

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Fund manager quarterly commentary as at 30 September 2024

In the previous quarter, we ended our commentary with the following: "We remind our clients that we have deliberately constructed a diversified portfolio for a wide range of outcomes."

The third quarter of 2024 has certainly highlighted the need for a carefully constructed, diversified portfolio in the face of significant volatility.

The quarter included a remarkable one-day crash and subsequent recovery in Japanese shares. This was in response to a larger-than-forecast rise in short-term interest rates by the Bank of Japan, which triggered a strong rally in the yen. The TOPIX fell by 12.2% in a single day and the better-known Nikkei index had one of its greatest intraday falls since the crash of 1987, before bouncing by 10% the next day. This led to a sharp sell-off across global equities. While many analysts attribute this to the unwinding of the long-running yen carry trade, where investors borrow in yen and invest in higher-yielding international assets, it is not yet clear if other factors contributed as well.

For example, US equities had another large intraday sell-off on 6 September. Remarkably, the S&P 500 ended the quarter making new all-time highs. To put this in perspective, Nvidia, one of the three largest companies by market value in the world, lost US$279bn in value on 3 September. Since mid-June, the US$3tn bellwether AI/semiconductor stock has gone from a high of US$140 to a low of US$90, back to US$130 and then down to US$120. The significant volatility in global equities, while potentially unnerving in the short term, can hopefully provide opportunities for patient long-term investors.

Locally, the FTSE/JSE All Share Index consolidated its strong second-quarter gains in July, before a sharp sell-off in line with Japanese and US stocks, before going on to reach a new all-time high of 87 802 in September.

The other theme affecting markets has been the continued weakness of the Chinese economy and stock market. Chinese government bond yields are trading at close to all-time lows in response to the disinflationary conditions in the economy. We have written about our concerns over Chinese investment-led, debt-funded growth for many years – and perhaps the bill has finally come due.

This weakness has shown up in the price of commodities and the share prices of mining companies. While the Fund has been underweight diversified mining shares, we are sharpening our pencils and revisiting our valuations. The other potential opportunity is the weakness in some global multinational consumer stocks, whose profits in China have disappointed. Of course, in South Africa, the weakness in China could have implications for Prosus and Richemont, and the impact of the recently announced Chinese policy stimulus is still untested. Markets, however, rapidly bid up depressed Chinese equities in response to the announced stimulus. It will be interesting to see how sustainable the rally will be.

Turning our attention to the local bond market, the South African 10-year yield continued its post-government of national unity (GNU) rally from 12.2% in April to 10.0% on hopes of reform under the GNU and the release of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) proceeds, which reduced forecast issuance – please see the Bond Fund commentary for more detail. For some time, we have viewed 10% as a key level for the 10-year bond yield and continue to monitor it closely. It will be a significant change in the market's view of South Africa's risk should it trade below 10% sustainably.

The fall in the cost of capital and increase in growth expectations have continued to underpin the rally in domestic shares that are largely exposed to the South African consumer. For example, Mr Price has rallied from an April low of R157 to R270, while Capitec has risen from R1 982 to R3 045.

It is clear that the share prices of these locally focused companies are discounting a better future, but the recent earnings results were generally still reflective of the poor local economy, structural problems and a tough trading environment. It is also probably fair to say that the GNU's "unity" has yet to be truly tested. It has been a great period for holders of these domestic assets and the rand has strengthened as well, but the fundamentals will still have to come through to justify the price moves. We have been trimming some positions where appropriate.

During the quarter, the Fund purchased shares in Anheuser-Busch InBev and select miners, and reduced its position in select banks.

Commentary contributed by Duncan Artus

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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.

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Allan Gray Stable Fund

30 September 2024

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

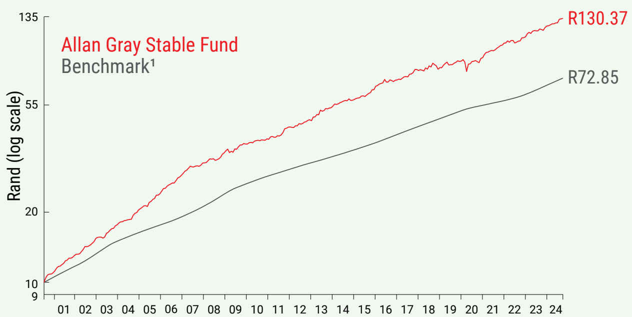
- Are risk-averse and require a high degree of capital stability
- Seek both above-inflation returns over the long term, and capital preservation over any two-year period
- Require some income but also some capital growth
- Wish to invest in a unit trust that complies with retirement fund investment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

Fund information on 30 September 2024

Fund size	R53.1bn
Number of units	559 477 640
Price (net asset value per unit)	R46.17
Class	A

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)	1203.7	628.5	262.5
Annualised:			
Since inception (1 July 2000)	11.2	8.5	5.5
Latest 10 years	8.2	7.4	4.9
Latest 5 years	9.0	7.0	4.9
Latest 3 years	9.8	8.0	5.6
Latest 2 years	11.6	9.3	4.6
Latest 1 year	11.6	9.7	4.4
Year-to-date (not annualised)	7.8	7.2	2.9
Risk measures (since inception)			
Maximum drawdown[3]	-16.7	n/a	n/a
Percentage positive months[4]	78.0	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

1. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank, plus 2%, performance as calculated by Allan Gray as at 30 September 2024.
2. This is based on the latest available numbers published by IRESS as at 31 August 2024.
3. 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).
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 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.

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.	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Cents per unit	42.0767	42.6919	51.1499	42.4069

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 September 2024 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
British American Tobacco	2.4
AB InBev	2.3
Woolworths	1.8
Nedbank	1.5
Standard Bank	1.3
Remgro	1.2
AngloGold Ashanti	1.2
Gold Fields	1.2
Marriott International Inc	1.0
Sappi	0.9
Total (%)	**14.7**

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 and cash accounts.

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

TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2024	1yr %	3yr %
Total expense ratio	**1.51**	**1.64**
Fee for benchmark performance	1.01	1.01
Performance fees	0.32	0.43
Other costs excluding transaction costs	0.03	0.03
VAT	0.15	0.17
Transaction costs (including VAT)	**0.03**	**0.04**
Total investment charge	**1.54**	**1.68**

Top credit exposures on 30 September 2024 (SA and Foreign) (updated quarterly)[7,8,9]

Issuer	% of portfolio
Republic of South Africa	14.0
Standard Bank	7.7
FirstRand Bank	7.6
Absa	4.6
Nedbank	3.2
Investec Bank	2.8
JPMorgan Chase & Co	1.2
United States Treasury	1.1
Total (%)	**42.2**

Asset allocation on 30 September 2024[7]

Asset class	Total	South Africa	Foreign
Net equities	26.0	13.4	12.6
Hedged equities	19.5	9.6	10.0
Property	0.8	0.5	0.4
Commodity-linked	2.3	1.7	0.6
Bonds	34.0	27.6	6.4
Money market and cash[10]	17.3	16.2	1.2
Total (%)	**100.0**	**68.9**	**31.1**[11]

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.

Fund manager quarterly commentary as at 30 September 2024

Local assets performed strongly following the formation of the new government of national unity (GNU) in June, and this performance continued into the third quarter. Year to date, local shares have returned 15.9% – as measured by the FTSE/JSE Capped SWIX, bonds have returned 16.7% and cash has returned 6.1%. Over this period, the Fund delivered a return of 7.8%, ahead of the benchmark's 7.2% and August's year-to-date CPI inflation of 2.9%. The Fund's local share and bond holdings helped boost year-to-date performance, as both asset classes have outperformed cash.

The Fund aims to generate returns ahead of bank deposits and inflation, while maintaining a high degree of capital stability and minimising the risk of loss over any two-year period. Going into the election, the Fund was carefully positioned to achieve these objectives regardless of the outcome. An even higher allocation to risk assets would, of course, have delivered an even higher return, but this is easy to see in hindsight. While the national elections ultimately resulted in a market-friendly outcome, this was far from certain in the run-up to voting day. Even after the initial election results were declared, there was still much uncertainty about the form the ruling coalition would take.

Given the recent rally in South African assets following the announcement of the GNU, the Fund has taken some profits on both local shares and bonds. Short-term prospects for the South African consumer are looking better than a year ago, with the South African Reserve Bank cutting interest rates by 25 basis points (bps) over the quarter. Lower oil prices, probable further rate cuts and proceeds from the two-pot retirement reform will also put more money into the hands of consumers. Moreover, the reprieve in loadshedding has reduced non-productive expenditure which should improve revenue opportunities for local companies. Beyond these temporary tailwinds, however, we remain concerned about South Africa's growth prospects. Opposing ideologies between and within the GNU's coalition partners are likely to cause complications down the road and, in the meantime, South Africa still faces serious structural issues. These include the ongoing challenges at Eskom and Transnet, as well as deteriorating local government infrastructure. It is therefore possible that the recent enthusiasm, which has seen South Africa outperform many of its emerging market peers, has gotten ahead of itself. We carefully weigh up these considerations as we review the investment cases for local assets, and despite the broader structural concerns, we continue to find some compelling opportunities.

At yields of 8-9%, the return on local cash is currently attractive in real terms and, as a result, the Fund's cash balance has remained substantial over the quarter. In our view, cash is a valuable source of optionality, giving us the flexibility to take advantage of opportunities as they arise. The incremental return that can be earned on longer-dated bonds has narrowed considerably, making bonds a less attractive alternative. The Fund takes little credit risk, and its bond exposure is towards the shorter end of the curve.

The rand has strengthened in the months following the election, causing the Fund's foreign exposure to be a drag on performance. The same can be said for "rand hedge" shares, such as Anheuser-Busch InBev. The Fund maintains a foreign exposure of 31%, with the ability to increase this up to 45%. Currently, most of the Fund's offshore allocation is invested in low-risk instruments such as cash or cash-like securities and hedged equities. The foreign component of the Fund remains a useful source of protection against negative developments in South Africa or a pullback in local asset prices.

Over the quarter, we added to our existing positions in inflation-linked bonds and Gold Fields, and trimmed our exposure to British American Tobacco, Glencore and long-dated South African government bonds.

Commentary contributed by Tim Acker

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FTSE Russell Index

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MSCI Index

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Fund managers: Sean Munsie, Thalia Petousis **Inception date:** 1 May 2024

Allan Gray Interest Fund

30 September 2024

Fund description and summary of investment policy

The Fund invests in a mix of South African interest-bearing securities. These securities can be issued by government, parastatals, corporates and banks. The Fund's weighted average modified duration is limited to a maximum of two. Returns are likely to be less volatile than those of traditional income and bond funds, but more volatile than those of money market funds. The Fund is managed to comply with the investment limits governing retirement funds.

ASISA unit trust category: South African – Interest Bearing – Short Term

Fund objective and benchmark

The Fund aims to generate returns higher than bank deposits and traditional money market funds, while maintaining capital stability and low volatility. 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 select South African interest-bearing securities 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 securities for the Fund. These will primarily be floating-rate notes, money market instruments and fixed interest paper with a low duration. We take a conservative approach to credit risk, liquidity risk and duration risk.

Suitable for those investors who

- Are risk-averse but seek returns higher than bank deposits and traditional money market funds
- Need a short-term investment account
- Seek a domestic-only interest-bearing 'building block'
- Require monthly income distributions

Fund information on 30 September 2024

Fund size	R0.8bn
Number of units	21 923 396
Price (net asset value per unit)	R10.21
Modified duration	0.5
Gross yield (i.e. before fees)	9.5
Net yield (i.e. after fees)	8.7
Fund weighted average maturity (years)	5.4
Class	A

Income distributions

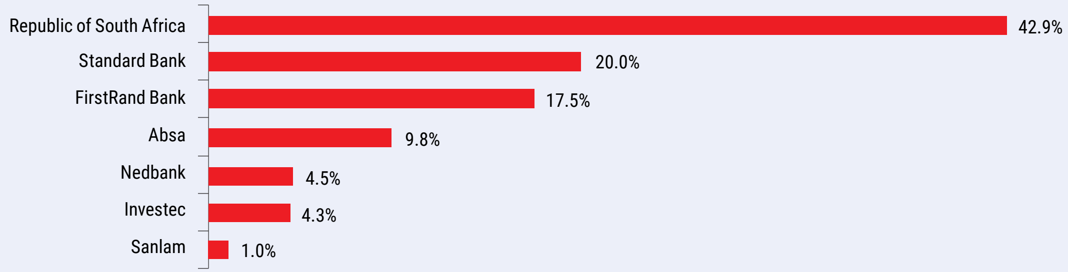
Actual payout (cents per unit), the Fund distributes monthly

May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024
6.59	6.57	8.11	7.40	7.76

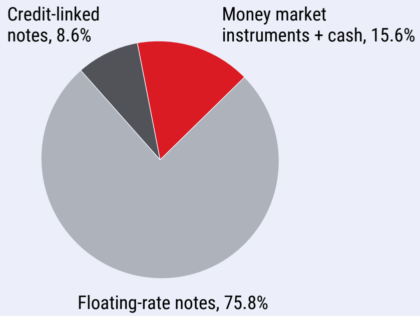
Fund performance

The Fund was launched on 1 May 2024. We will report its performance information from 31 October 2024.

Top credit exposures on 30 September 2024



Asset allocation on 30 September 2024



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

Annual management fee

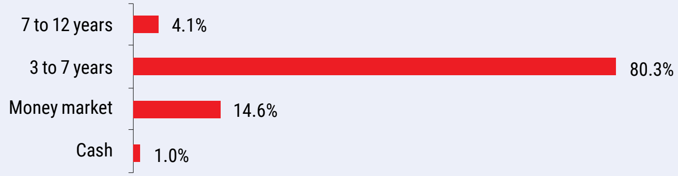
A fixed fee of 0.65% p.a. excl. VAT

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). Transaction costs are disclosed separately. Complete and accurate data is only available after 12 months. The TER and transaction costs are therefore based on actual data, where available, and best estimates.

TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2024	1yr %	3yr %
Total expense ratio	**0.76**	**0.76**
Fee for benchmark performance	0.65	0.65
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.01	0.01
VAT	0.10	0.10
Transaction costs (including VAT)	**0.00**	**0.00**
Total investment charge	**0.76**	**0.76**

Maturity profile on 30 September 2024



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

Fund manager commentary as at 30 September 2024

One of the most frequently asked questions we get about our new interest-bearing funds is how they will perform through a rate-cutting cycle. On the day before South Africa's September 2024 rate cut, the Fund's weighted average yield gross of fees was 9.66%. It subsequently declined by 15 basis points (bps) following the 25 bps rate cut to reach a yield of 9.51%. This was marginally lower than the FTSE/JSE All Bond Index (ALBI) yield of 9.77% on the same day, despite the index carrying significantly higher modified duration risk. What is important to keep in mind when performing point-in-time yield comparisons is that a low duration and predominantly floating-rate or "cash-plus" fund will naturally offer lower yields as rates decline, whereas one can expect a long-dated fixed-rate bond (such as that found in the ALBI) to already price for rate cuts via the forward curve. The good news for savers is that the current expected terminal repo rate at the end of the cutting cycle is still projected to be higher than its pre-COVID level. Thus, if an investor felt it was attractive to be in an income fund product back then, the environment going forward should at *least* be as attractive as it was, and likely slightly more.

In September, the South African Reserve Bank (SARB) cut interest rates for the first time in four years – lowering the overnight rate of interest from 8.25% to 8.00% in a unanimous vote. The SARB outlined the case for caution when lowering rates and cited risks to inflation via potential offshore trade tariffs which raise the price of imported goods. In this regard, the outcome of the US election in November has the potential to rock the trade tariff boat with Republican presidential candidate Donald Trump proposing a blanket increase in import tariffs to 10%, and a more punitive 60% applied to Chinese goods, if he were to be elected.

Much of the disinflationary trend of the decade preceding the COVID-19 pandemic was undoubtedly aided by the flood of cheap Chinese goods into international markets, with many countries now complaining that Chinese overproduction and dumping practices make it tough for local industry to compete in a wide range of sectors, including car and steel production. As a general observation, the US invents, China builds and the EU regulates. For example, China's bloated industrial base, fuelled by ultracheap government financing and subsidies, produces more solar panels than the world can absorb. Such production continues to take place even when goods are ultimately dumped into international markets at loss-making sale prices that require these producers to later be bailed out by the Chinese state.

The SARB also touched on global risks to inflation via renewed supply chain disruptions that could result from escalating geopolitical tension and war, as we are seeing in the Middle East at present. When debating local risks to the inflation outlook, the SARB lamented that the stronger rand, lower oil prices and well-behaved South African food price inflation might be partially offset by higher local administered, municipal and electricity prices. Earlier in the year, a leaked document showed that Eskom planned to apply to increase the electricity tariffs it charges municipalities by up to 44% in 2025. Rising electricity and water tariffs naturally bleed into the cost of production and raise the prices of local goods and services.

Despite all these risks, South Africa's current inflation prints have been coming down, with a stronger rand allowing August's CPI print to moderate to 4.4% and the SARB modelling for sub-4% throughout the first half of 2025. Given that inflation is by nature a year-on-year calculation and can almost always be expected to disinflate in the short term when base prices are high, the SARB has stated that it will "look through" a temporary inflation breach on the downside of their target. Although the SARB's quarterly projection model is just a loose policy guide and is not strictly implemented, the model currently suggests that the appropriate terminal rate of interest at the end of the South African rate-cutting cycle is an overnight rate of 7%, which implies a further 1% worth of rate cuts.

In the last quarter, the Fund lowered its modified duration by reducing exposure to five-year fixed-rate instruments as the market rallied following the formation of South Africa's government of national unity, the anticipation of a global rate-cutting cycle and the monetisation of R100bn from South Africa's Gold and Foreign Exchange Contingency Reserve Account (GFECRA). Monetising the GFECRA has to some degree bailed out the fiscus such that bond auction sizes can remain unchanged.

Most of the Fund has exposure to floating-rate instruments that return cash rates plus a spread and have low modified duration. At the end of September, the lowest yielding of these floating-rate notes held in the Fund was earning cash plus 1.3%, and the highest yielding was earning cash plus 3.5%. While the future remains uncertain, we aim to construct portfolios that can do well across a range of possible scenarios. In the event of rate cuts, the Fund's weighted average yield (gross of fees) of 9.5% as at 30 September 2024 should further decline but still offers a rate of interest that is 1.5% higher than that of overnight cash.

Commentary contributed by Thalia Petousis

Information and content

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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. 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.

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.

Yield

The Fund's gross yield is the estimated weighted average yield-to-maturity of all underlying interest-bearing instruments as at the last day of the month. The one-year TER is deducted from the gross yield to derive a yield net of fund expenses. Actual returns may differ based on changes in market values, interest rates and market factors during the investment period.

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).

FTSE/JSE All Share Index, FTSE/JSE All Bond Index

The FTSE/JSE 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 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 and FTSE/JSE All Bond Index vests in FTSE and the JSE jointly. All their rights are reserved.

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 managers: This Fund invests solely into the Orbis Global Equity Fund, managed by Orbis Investment Management Limited **Inception date:** 1 April 2005

Allan Gray-Orbis Global Equity Feeder Fund

30 September 2024

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 through a rand-denominated fund
- 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

Fund availability: Subject to offshore capacity constraints. Please visit our website or contact our Client Service Centre for further information about any constraints that may apply.

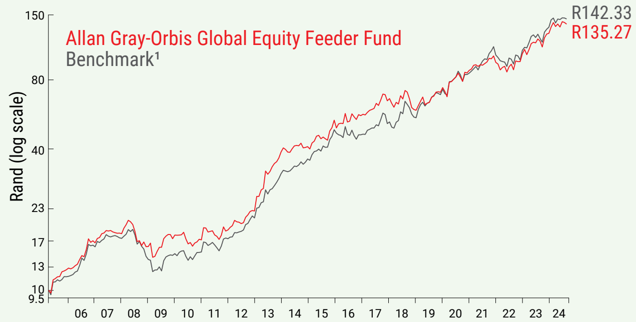
Fund information on 30 September 2024

Fund size	R31.0bn
Number of units	230 475 540
Price (net asset value per unit)	R134.59
Class	A

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 30 September 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 31 August 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]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (1 April 2005)	1252.7	388.8	1323.3	414.3	185.7	62.7
Annualised:						
Since inception (1 April 2005)	14.3	8.5	14.6	8.8	5.6	2.5
Latest 10 years	12.4	7.7	15.0	10.3	4.9	2.8
Latest 5 years	15.1	12.2	16.2	13.2	4.9	4.2
Latest 3 years	13.1	8.3	14.1	9.2	5.6	4.8
Latest 2 years	25.0	27.7	24.7	27.4	4.6	3.2
Latest 1 year	18.1	29.1	21.1	32.4	4.4	2.6
Year-to-date (not annualised)	10.2	18.4	10.6	18.9	2.9	2.0
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	62.8	59.0	60.7	64.1	n/a	n/a
Annualised monthly volatility[5]	15.1	17.0	14.2	15.8	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

Tel 0860 000 654 or +27 (0)21 415 2301 **Email** info@allangray.co.za **www.allangray.co.za**

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 September 2024	1yr %	3yr %
Total expense ratio	**0.63**	**1.25**
Fee for benchmark performance	1.10	1.31
Performance fees	-0.53	-0.11
Other costs excluding transaction costs	0.06	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.09**	**0.10**
Total investment charge	**0.72**	**1.35**

Top 10 share holdings on 30 September 2024

Company	% of portfolio
QXO	6.7
Corpay (was FLEETCOR)	5.2
UnitedHealth Group	5.1
Interactive Brokers Group	3.8
RXO	3.1
GXO Logistics	3.0
Global Payments	2.8
Alphabet	2.8
KB Financial Group	2.6
Shinhan Financial Group	2.6
Total (%)	**37.6**

Asset allocation on 30 September 2024

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	96.1	53.2	13.0	8.1	3.1	2.8	16.0
Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market and cash	3.9	3.9	-0.1	-0.1	0.0	0.0	0.1
Total (%)	**100.0**	**57.2**	**12.9**	**8.0**	**3.1**	**2.8**	**16.1**
Currency exposure	100.0	51.0	8.5	12.6	12.9	7.8	7.2
Benchmark	100.0	71.8	3.7	12.7	5.6	6.1	0.0

7. Refers to developed markets only.

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

Fund manager quarterly commentary as at 30 September 2024

Our investment approach is designed to capitalise on gaps between stock prices and the intrinsic value of the businesses they represent. The bigger the gap, the more attractive the opportunity. Normally, the stock market sets the price while we focus on analysing the fundamentals of the business.

This makes our investment in QXO unusual. There was no public market price, as we invested through a private placement, and there was no business yet to analyse – just a US$5bn cash pile waiting to be deployed. Yet, QXO has become the largest position in the Orbis Global Equity Fund, making up nearly 7% of the Fund.

Why? Because in a deeper sense, QXO is a great example of what we do. In fact, it is remarkably similar to another investment we made almost 12 years ago – one which became the second-biggest contributor to the Fund's performance over the past decade. At the time, the analyst recommending the stock wrote that it was "… a bit venture capital-like in that we are betting on an entrepreneur, a business plan, and a pile of cash".

That investment was XPO Logistics, with a market value of just US$468m when the line above was written in 2012. Since then, XPO has evolved into three separate companies that are collectively worth more than US$20bn. Its shares returned 17 times over the last 14 years, tripling the S&P 500's tech-fuelled boom.

The entrepreneur behind both XPO and QXO is Brad Jacobs. Although we were just getting to know Brad in 2012, XPO was his third rodeo. Prior to XPO, he founded and ran United Rentals, and prior to that United Waste Systems. All three stocks handily beat the S&P 500 during (and after) Brad's tenure as CEO.

Over the years, Brad has consistently created shareholder value with a repeatable "playbook" for capital allocation and operational excellence. He also has a knack for building enduring teams that can continue to add value long after he has stepped down from day-to-day involvement. And perhaps most importantly, he always puts his own money on the line – US$900m in the case of QXO – which creates an unusually strong alignment of interests with fellow shareholders.

That said, it would be too simplistic to say that our investment in QXO is merely a bet on Brad. There are many great companies run by great CEOs that we don't own because the price isn't right. We invested in QXO via a private placement in July 2024 at a smaller premium than we paid for access to XPO's cash pile back in 2012, so this time we are getting a better deal.

It would also be too simplistic to say we are giving Brad a blank cheque. We would not have invested if we didn't share his enthusiasm for the specific opportunity that QXO is targeting – the building products distribution industry. It may not sound exciting – neither did XPO's trucking business – but that is often precisely what creates the opportunity. The industry is highly fragmented, with thousands of sub-scale distributors lacking a national footprint and leveraging antiquated technology (if any). In many ways, it is reminiscent of the early days of XPO.

Building products distribution is also large (roughly US$800bn across the US and Europe) and fast-growing (7% per annum over the last five years). Fragmented competition should yield ample M&A opportunities, where QXO can create substantial value by improving the operations of acquired businesses. Disruption risk is also low, and it fits the playbook perfectly.

The obvious challenge with analysing QXO is that it is mostly just a pile of cash and we don't know exactly what the company intends to buy.

Based on our assessment of the opportunity, we think QXO could be worth 2-5 times book value, well above the 1.4 times we paid. We get there by exploring a range of scenarios, where two critical variables are how much capital the company can deploy and what rate of return it earns on that capital.

If we assume that 80-90% of profits are reinvested and the business can earn 15-20% returns over the longer term, QXO should be able to command a premium multiple.

To be clear, our investment in XPO didn't deliver value in a straight line, and we don't expect that QXO will be any different. As with the logistics business, there is a substantial cyclical element to building products and a severe recession would be negative for the business. Over the long term, however, it could present an opportunity if the downturn allows us to scoop up acquisitions at favourable prices.

The range of outcomes is wide, but we believe that risk is mitigated by the attractive price we paid, our extensive understanding of Brad's playbook, the attractive attributes of the industry, and Brad's intention to run the company with modest leverage.

While our focus here has been on the newest "XO" in the Fund, we would emphasise that we remain just as enthusiastic about the others, which together account for almost another 8% of the Fund. Brad continues to have substantial interests in XPO, RXO and GXO Logistics – collectively worth about US$500m. Despite their strong performance over the years, we believe that each of these three companies continues to offer a compelling and asymmetric investment opportunity over our investment horizon.

Our founder, Allan Gray, often used a colourful expression to underscore the importance of acting with conviction when you believe you have an edge – "Go for the jugular". The XO companies look unusually attractive to us, we know them unusually well and we believe they deserve an unusually large position.

Over the quarter, we initiated our position in QXO and exited our position in Sumitomo Mitsui Financial Group, a Japanese bank, into relative share price strength.

Adapted from a commentary contributed by John Christy, Orbis Investments (Canada) Ltd., Vancouver and Eric Marais, Orbis Investment Advisory Pty Limited, Sydney

Information and content

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Performance

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Allan Gray-Orbis Global Balanced Feeder Fund

30 September 2024

ALLANGRAY

Fund managers: This Fund invests solely into the Orbis SICAV Global Balanced Fund, managed by Orbis Investment Management Limited. **Inception date:** 3 February 2004

Fund description and summary of investment policy[1]

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 benchmark[1]

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 through a rand-denominated fund
- 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

Fund availability: Subject to offshore capacity constraints. Please visit our website or contact our Client Service Centre for further information about any constraints that may apply.

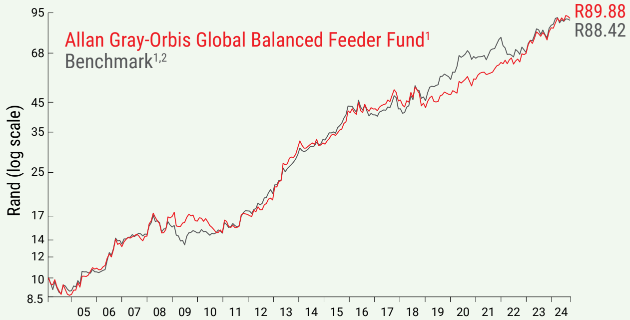
Fund information on 30 September 2024

Fund size	R17.8bn
Number of units	234 277 281
Price (net asset value per unit)	R76.04
Class	A

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 30 September 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 31 August 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.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund[1]		Benchmark[1,2]		CPI inflation[3]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (3 February 2004)	798.8	266.9	784.2	260.9	197.4	68.6
Annualised:						
Since inception (3 February 2004)	11.2	6.5	11.1	6.4	5.4	2.6
Latest 10 years	10.8	6.2	10.9	6.3	4.9	2.8
Latest 5 years	13.8	10.9	9.9	7.2	4.9	4.2
Latest 3 years	15.3	10.4	8.3	3.7	5.6	4.8
Latest 2 years	20.3	22.9	15.5	18.0	4.6	3.2
Latest 1 year	15.3	26.1	12.7	23.3	4.4	2.6
Year-to-date (not annualised)	8.3	16.4	4.3	12.1	2.9	2.0
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	58.1	60.9	57.7	63.7	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

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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 September 2024	1yr %	3yr %
Total expense ratio	**2.23**	**2.25**
Fee for benchmark performance	1.09	1.22
Performance fees	1.07	0.97
Other costs excluding transaction costs	0.07	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	**0.06**	**0.07**
Total investment charge	**2.29**	**2.32**

Top 10 holdings on 30 September 2024

Company	% of portfolio
SPDR Gold Trust	6.1
Kinder Morgan	3.5
Samsung Electronics	3.3
Taiwan Semiconductor Mfg.	2.9
US TIPS 3 - 5 Years	2.5
Nintendo	2.4
Siemens Energy	2.3
Newmont	2.3
US TIPS 1 - 3 Years	2.3
Cinemark Holdings	2.2
Total (%)	**29.8**

Asset allocation on 30 September 2024

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	56.8	11.3	11.8	8.7	6.0	6.3	12.7
Hedged equities	19.0	10.7	1.1	4.1	0.7	1.0	1.4
Property	0.3	0.0	0.0	0.0	0.3	0.0	0.0
Commodity-linked	6.1	6.1	0.0	0.0	0.0	0.0	0.0
Bonds	15.1	10.2	0.5	1.4	0.0	0.0	3.0
Money market and cash	2.7	1.3	0.1	0.7	0.1	0.1	0.3
Total (%)	**100.0**	**39.6**	**13.5**	**14.9**	**7.1**	**7.5**	**17.4**
Currency exposure	100.0	23.7	12.6	26.0	16.3	11.9	9.4
Benchmark	100.0	62.9	4.7	17.1	10.2	5.1	0.0

8. Refers to developed markets only.

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

Fund manager quarterly commentary as at 30 September 2024

We set up our multi-asset funds based on our core skills – in-depth company research and bottom-up security selection. Yet, gold-related securities are among our top holdings. How do we, as bottom-up investors, think about an asset that produces no cash flows?

There are two ways we look at it: from a supply-demand standpoint and versus currencies. Both are informed by gold's key characteristics: Gold is trustless, rustless, shiny and tiny.

From a supply-demand standpoint, gold has two qualities that make it different from copper, iron ore and lithium. The first is that it's rustless. It doesn't degrade over time, so all of the world's gold is still in existence and theoretically available for sale. This means supply and demand is not purely a matter of mines versus consumers. Second, gold is shiny. Its primary function is not as an input to other products, but as jewellery or a store of value. In this regard, gold has been viewed for millennia as the best store of value available to most people. Being rustless and shiny makes gold nice to have around your finger or hidden away for a rainy day.

On the supply side, gold is tiny – that is, it is rare to find in the ground, and getting rarer. The supply of new gold has been slowly dropping over recent decades. Unlike metals such as lithium, humans have been scouring for gold for centuries, and the most bountiful deposits have been exhausted. Aggregate mine quality has been dropping for a very long time. This translates into higher and higher mining costs, especially with lower ore grades being met by higher labour and energy costs, plus increasing environmental expenses. Miners require a higher price to justify their higher costs.

On the demand side of the equation, while jewellery demand has been fairly constant, gold has long been the first stop in the wealth accumulation process for much of the world. As the emerging world has been growing a middle class, demand for gold has accelerated in recent years. That has been boosted by gold's fourth quality: it is trustless. Gold is not anyone else's liability, and that becomes more valuable as trust becomes scarcer. Coincident with the acceleration of populism and a re-bifurcation of the world into East versus West, both nations and individuals feel less trusting. On top of that, the US has weaponised the dollar system against its adversaries, cutting them off from SWIFT payments and freezing their central bank reserves. Unsurprisingly, central banks for adversaries and non-adversaries alike are buying gold, and we expect that to continue. Gold's trustless quality is becoming more valuable as trust in the US dollar system wanes.

So, from a strictly supply-demand standpoint, the minimum price hurdle has been steadily increasing with lower mine quality and rising costs, and new demand is outstripping new supply and the urge to sell by current holders. As long as mining costs don't fall and the drivers of mass demand remain, the price of gold should remain well underpinned.

The other standpoint is to view gold versus currencies. Many scoff at this perspective, but being trustless, rustless, shiny and tiny makes gold particularly currency-like. Its validity as such has been proven over a long time, with its first official use by the Egyptians in 1500 BC. Further, it's the only currency-like asset that has not been devalued through governmental mismanagement.

It is important to remember that the number of dollars, pounds, euros or rands you see in an account is only worth what others are willing to give you in exchange. Unlike gold, where the supply is essentially fixed, all paper currencies suffer the same frailty – politicians or their appointees control the printing press, and their desire is generally to get re-elected while their time horizon only extends through their tenure. This makes them inclined to print, spend and give away as much as they are able to get away with. Recently that has been a lot!

On the US government's own forecasts (using assumptions we consider rosy), Federal debt to gross domestic product is set to rise from today's 100%, to 120% and beyond. Essentially the full increase is in mandatory programmes like pensions and health care. With more debt and ongoing deficits, interest expense creeps up. This year, the US will spend more on interest servicing its debt than it spends on its entire military. Higher interest expense makes deficits worse, necessitating further debt issuance to plug the hole. With more debt comes higher interest expenses, worse deficits and yet more debt – it can become a spiral.

While every day, the camel appears to be fine under the weight of the straw on its back, the risk that the camel's back breaks certainly exists, with very significant implications for markets and accumulated wealth. In this light, we currently view holding a decent amount of gold exposure as prudent.

The remaining question is what would make us sellers, and here, gold is not so different from the other holdings in our multi-asset portfolios. Every security is in a continuous competition for capital. In our view, the most likely cause for us to sell gold will be to free up capital for better opportunities – if equities decline and gold holds up better, for instance, fulfilling its traditional diversifying role. A swing in the pendulum towards increased fiscal responsibility or reduced geopolitical conflict would also swing our views, and could make big swathes of the equity and fixed income universe more compelling on a fundamental view. While we hope for that improvement, it looks unlikely to us today. Gold may just prove to shine brightest when the outlook appears to be dimmest elsewhere.

Over the quarter, we initiated a position in QXO, a US-listed investment vehicle, to take advantage of an opportunity to invest behind a proven capital allocator at an early stage. We also trimmed the Fund's position in Mitsubishi Heavy Industries, a Japanese industrial conglomerate.

Adapted from a commentary contributed by Alec Cutler, Orbis Investment Management Limited, Bermuda

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