ALLANGRAY

Fund managers: Duncan Artus, Rory Kutisker-Jacobson, Tim Acker
(Most foreign assets are invested in Orbis funds) **Inception date:** 1 February 2016
Only available through tax-free investment accounts.

Allan Gray Tax-Free Balanced Fund

31 July 2024

Fund description and summary of investment policy

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

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

Fund objective and benchmark

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

How we aim to achieve the Fund's objective

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

Suitable for those investors who

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

Maximum investment amounts

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

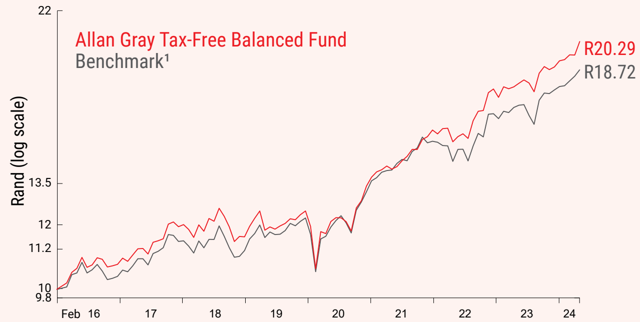
*Only available to investors with a South African bank account.

Fund information on 31 July 2024

Fund size	R3.2bn
Number of units	167 350 070
Price (net asset value per unit)	R16.56
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 February 2016)	102.9	87.2	51.8
Annualised:			
Since inception (1 February 2016)	8.7	7.7	5.1
Latest 5 years	11.3	9.9	5.0
Latest 3 years	12.6	9.3	6.0
Latest 2 years	14.6	12.0	5.2
Latest 1 year	12.7	10.7	5.1
Year-to-date (not annualised)	7.5	6.9	2.4
Risk measures (since inception)			
Maximum drawdown[3]	-24.6	-23.3	n/a
Percentage positive months[4]	66.7	65.7	n/a
Annualised monthly volatility[5]	9.3	9.2	n/a
Highest annual return[6]	31.7	30.7	n/a
Lowest annual return[6]	-13.4	-10.3	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 31 July 2024.
2. This is based on the latest available numbers published by IRESS as at 30 June 2024.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

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

Fund history

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

Meeting the Fund objective

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

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	31 Dec 2023	30 Jun 2024
Cents per unit	**19.8006**	**24.3788**

Annual management fee

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

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

Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

Top 10 share holdings on 30 June 2024 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
British American Tobacco	4.2
AB InBev	3.6
Naspers & Prosus	3.4
Glencore	2.4
Nedbank	2.1
Standard Bank	2.1
Woolworths	2.0
Mondi	1.9
Remgro	1.5
FirstRand	1.4
Total (%)	**24.6**

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

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	**1.48**	**1.47**
Fee for benchmark performance	1.31	1.30
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.03	0.03
VAT	0.14	0.14
Transaction costs (including VAT)	**0.06**	**0.07**
Total investment charge	**1.54**	**1.54**

Asset allocation on 31 July 2024[7]

Asset class	Total	South Africa	Foreign
Net equities	65.6	40.3	25.3
Hedged equities	7.7	1.6	6.1
Property	0.6	0.3	0.3
Commodity-linked	2.9	2.2	0.7
Bonds	14.2	9.7	4.5
Money market and cash[8]	8.9	8.4	0.5
Total (%)	**100.0**	**62.5**	**37.5**[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.

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

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

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

Fund manager quarterly commentary as at 30 June 2024

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

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

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

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

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

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

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

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

During the quarter, the Fund increased its exposure to Standard Bank and Sasol and reduced its positions in Sibanye-Stillwater and MultiChoice.

Commentary contributed by Duncan Artus

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided. Allan Gray is an authorised financial services provider.

Management Company

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

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

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

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

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

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

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

Compliance with Regulation 28

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

Information for investors in the tax-free investment account

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

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

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

MSCI Index

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

J.P. Morgan Index

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2024, J.P. Morgan Chase & Co. All rights reserved.

© 2024 Morningstar

All Rights Reserved. The information, data, analyses and opinions ("Information") contained herein: (1) include the proprietary information of Morningstar and Morningstar's content providers; (2) may not be copied or redistributed except as specifically authorised; (3) do not constitute investment advice; (4) are provided solely for informational purposes; (5) are not warranted to be complete, accurate or timely; and (6) may be drawn from fund data published on various dates. Morningstar is not responsible for any trading decisions, damages or other losses related to the Information or its use. Please verify all of the Information before using it and don't make any investment decision except upon the advice of a professional financial adviser. Past performance is no guarantee of future results. The value and income derived from investments may go down as well as up.

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 Bond Fund

31 July 2024

Fund manager: Thalia Petousis **Inception date:** 1 October 2004

Fund description and summary of investment policy

The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.

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

Fund objective and benchmark

The Bond Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk. The Fund's benchmark is the FTSE/JSE All Bond Index.

How we aim to achieve the Fund's objective

We try to balance credit risk, duration risk and liquidity risk when selecting investments. We target total returns for investors rather than trying to mirror the returns of the FTSE/JSE All Bond Index. When we cannot find value in the bond markets, our portfolio will be weighted towards cash to achieve better returns.

Suitable for those investors who

- Seek a bond 'building block' for a diversified multi-asset class portfolio
- Are looking for returns in excess of those provided by money market or cash investments
- Are prepared to accept more risk of capital depreciation than in a money market or cash investment

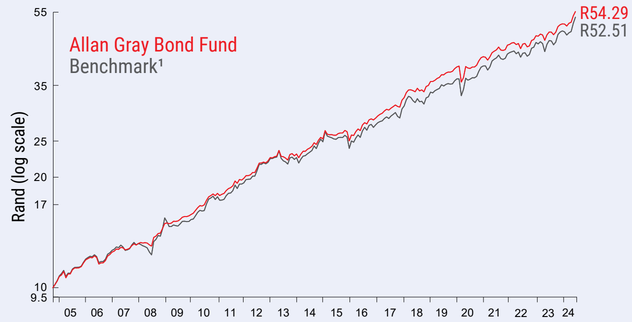
Fund information on 31 July 2024

Fund size	R8.4bn
Number of units	638 381 950
Price (net asset value per unit)	R10.49
Modified duration	4.3
Gross yield (before fees)	10.7
Class	A

1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 July 2024.
2. This is based on the latest available numbers published by IRESS as at 30 June 2024.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 27 February 2020 to 24 March 2020 and maximum benchmark drawdown occurred from 26 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 January 2015 and the benchmark's occurred during the 12 months ended 31 January 2015. The Fund's lowest annual return occurred during the 12 months ended 31 January 2016 and the benchmark's occurred during the 12 months ended 31 January 2016. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2004)	442.9	425.1	189.9
Annualised:			
Since inception (1 October 2004)	8.9	8.7	5.5
Latest 10 years	8.6	8.5	5.0
Latest 5 years	8.1	8.8	5.0
Latest 3 years	8.2	8.7	6.0
Latest 2 years	10.5	11.8	5.2
Latest 1 year	13.5	15.6	5.1
Year-to-date (not annualised)	8.5	9.7	2.4
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	71.4	68.5	n/a
Annualised monthly volatility[5]	5.9	7.5	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	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-year period, the Fund has outperformed its benchmark. Over the latest five-year period, the Fund has underperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund aims to take no greater risk than its benchmark. 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

Actual payout, the Fund distributes quarterly	30 Sep 2023	31 Dec 2023	31 Mar 2024	30 Jun 2024
Cents per unit	**25.7014**	**26.6398**	**25.8263**	**27.2485**

Annual management fee

A fixed fee of 0.5% p.a. excl. VAT

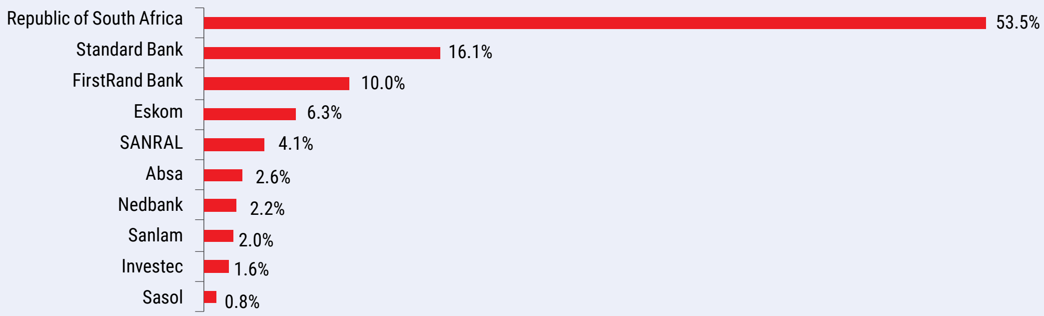
Total expense ratio (TER) and transaction costs (updated quarterly)

The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

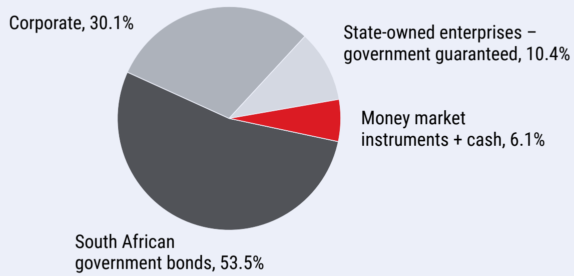
TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2024	1yr %	3yr %
Total expense ratio	**0.59**	**0.55**
Fee for benchmark performance*	0.50	0.47
Performance fees*	0.00	0.00
Other costs excluding transaction costs	0.01	0.01
VAT	0.08	0.07
Transaction costs (including VAT)	**0.00**	**0.00**
Total investment charge	**0.59**	**0.55**

*On 1 December 2021, the Fund's annual management fee changed from the previous performance-based fee to the current fixed fee of 0.5% p.a. excl. VAT.

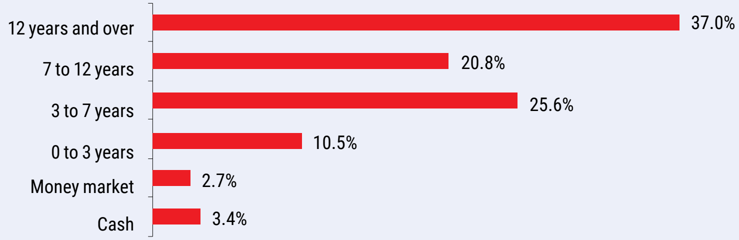
Top 10 credit exposures on 31 July 2024



Asset allocation on 31 July 2024



Maturity profile on 31 July 2024



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

Fund manager quarterly commentary as at 30 June 2024

The year of the great election has commenced, and a swing to the right is sweeping through the polls and flooding into ballot boxes. This is evident in the US, with strong polling figures for Donald Trump and the Republican Party; in the United Kingdom, where Nigel Farage's far-right Reform UK party has eroded some of the support base of the more temperate conservatives; in Germany, where the Social Democrats and Green Party have lost voter share while the prospects for the far-right Alternative for Germany (AfD) party have lifted with the conservative tide; and in France, where Marine Le Pen's right-wing Rassemblement National party significantly increased their seats in parliament.

These elections have arrived just two years after the highest levels of developed market inflation seen in 40 years. History doesn't repeat itself, but it often rhymes. In the Winter of Discontent following the high inflation of the 1970s, Margaret Thatcher led the Conservative Party to reach three landslide victories in the decade thereafter. The current "winter of disconnect" is not only fuelled by a reduction in purchasing power and social inequality but is also deeply rooted in the anti-illegal immigration movement.

In South Africa, the election results confirmed the polls that came before them – a large loss of voter share from the African National Congress (ANC) to Jacob Zuma's uMkhonto weSizwe Party (MK Party) in KwaZulu-Natal. In the days that followed, the market roiled as coalition outcomes were debated, but the MK Party's disorganisation, infighting, constantly changing member list and radical manifesto have made it too unruly to enter coalition discussions. Similarly, there were already mutterings pre-election from within the ANC that earlier provincial coalition partnerships with the Economic Freedom Fighters (EFF) had been damaging to the party. Thus, a government of national unity (GNU) has been formed – sans the EFF and MK Party.

Local equities and bonds have posted 12% and 11% annualised year-to-date returns, respectively. The SA 20-year bond yield has declined from a year-to-date high of 13.2% to as low as 11.9%, reducing the cost of funding for government. This reflects market exuberance with the results of the SA elections and the formation of a GNU that includes the Democratic Alliance (DA). A more confident SA market and a stronger rand can bleed into lower imported cost inflation and therefore have the potential to ease inflationary pressures from fuel and certain food items. As such, the SA market now prices for two to three interest rate cuts over the next two years.

In December 2017, market exuberance following Cyril Ramaphosa's election as president of the ANC saw a similar move in bonds. Ramaphoria, as the period came to be known, saw the 20-year bond spread versus US Treasuries decline from 725 basis points (bps) to 560bps, or roughly a 13% capital return over just three months. Currently, the 20-year spread is at 753bps versus US Treasuries, reflecting that SA bonds are in fact cheaper now than they were pre-Ramaphoria on a relative valuation basis given our larger debt load and more severe interest service burden. Does this mean that this rally has longer to run if foreigners sustainably return to SA bond markets?

Casting one's eye one year forward from Ramaphoria to December 2018, yields were again wider, and the capital gain versus pre-Ramaphoria had collapsed to just 3% with the rand weaker alongside it. One lesson to be learned from this experience is that given the interwoven nature of the global economy and consumed goods, the path of interest rates can struggle to sustainably decline if global inflation misbehaves. In 2018, US inflation deviated from the Federal Reserve's 2% target and rose close to 3%. The inflation figure is similar today. In May 2024, US inflation printed at 3.3%, and the seven exuberant interest rate cuts priced into markets back in January 2024 have yet to materialise. The US labour market continues to be robust and consumers have been spending record amounts on items like travel.

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

In the last quarter, the Fund's weighted average yield to maturity (gross of fees) has widened versus the FTSE/JSE All Bond Index – measuring 11.3% versus 10.7% at quarter end. This is owing to the 28% of the Fund in floating-rate paper whose yields did not rerate lower in the fixed-rate bond rally nor experience capital return, given that they pay a steady stream of income over time.

Commentary contributed by Thalia Petousis

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray is an authorised financial services provider.

Management Company

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

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

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

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

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 Allan Gray Bond 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. 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 Bond Index

The FTSE/JSE All Bond Index is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Bond Index is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Bond Index values and constituent lists 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**

Allan Gray Money Market Fund

31 July 2024

Fund description and summary of investment policy

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

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

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

Fund objective and benchmark

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

How we aim to achieve the Fund's objective

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

Suitable for those investors who

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

Fund information on 31 July 2024

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

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

Income distribution for the last 12 months

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

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

Performance net of all fees and expenses

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

Meeting the Fund objective

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

Annual management fee

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

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

The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

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

Exposure by issuer on 31 July 2024

	% of portfolio
Corporates	**8.5**
Shoprite	2.5
Sanlam	2.5
Daimler Truck	1.7
Mercedes-Benz Group	1.7
Banks[6]	**50.1**
Nedbank	17.7
Standard Bank	11.2
FirstRand Bank	9.0
Investec Bank	6.7
Absa Bank	5.6
Governments	**41.4**
Republic of South Africa	41.4
Total (%)	**100.0**

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

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

Fund manager quarterly commentary as at 30 June 2024

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

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

A lesson to be learned from this experience is that given the interwoven nature of the global economy and consumed goods, the path of short-dated interest rates can struggle to sustainably decline if global inflation misbehaves. In 2018, US inflation deviated from the Federal Reserve's 2% target and rose to almost 3%. The inflation figure is similar today. In May 2024, US inflation printed at 3.3% and the seven exuberant interest rate cuts priced into markets back in January 2024 have yet to materialise. The US labour market continues to be robust and consumers have been spending record amounts on items like travel.

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

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

Commentary contributed by Thalia Petousis

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray is an authorised financial services provider.

Management Company

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

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

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

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

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

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

Purchase and redemption requests must be received by the Management Company by 11:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

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

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

Compliance with Regulation 28

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

Important information for investors

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