ALLANGRAY

Fund managers: Allan Gray, Coronation, M&G, Ninety One
Inception date: 18 January 2019

Allan Gray Multi-Manager Moderate Portfolio

31 March 2024

Portfolio description and summary of investment policy

The Portfolio invests in the Balanced mandates of a minimum of three managers, all of which are managed to comply with the investment limits governing retirement funds. The Allan Gray Balanced Portfolio has a target allocation of 30% (excluding cash) in the Multi-Manager Portfolio. This allocation can change as a result of performance within pre-defined parameters. The Portfolio is a pooled portfolio offered by Allan Gray Life and is only available to members of the Allan Gray Umbrella Pension Fund and the Allan Gray Umbrella Provident Fund (collectively known as the Allan Gray Umbrella Retirement Fund).

Portfolio objective and benchmark

The Portfolio aims to achieve steady long-term growth of capital for investors within the constraints governing retirement funds. The Portfolio's benchmark is a composite benchmark, of which 60% is domestic and 40% is foreign.[2]

How we aim to achieve the Portfolio's objective

We have selected managers with a strong track record who have consistently executed on their investment approach over time. These managers have complementary investment styles which, when combined appropriately, should improve the Portfolio's potential to deliver real returns through different market cycles.

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 portfolio that complies with retirement fund investment limits
- Typically have an investment time horizon of at least three years
- Wish to diversify risk across multiple managers

Annual management fee

Each underlying manager charges their own fee. Where performance fees are charged, this is based on the underlying manager's performance compared to its respective benchmark. The benchmark for each underlying manager may differ from the benchmark of the Portfolio.

Allan Gray charges a multi-management fee based on the net asset value of the Portfolio, excluding the portion invested in Allan Gray portfolios. This fee is 0.20% p.a. (which equates to approximately 0.14% p.a. on the entire Portfolio).

Underlying portfolio allocation on 31 March 2024

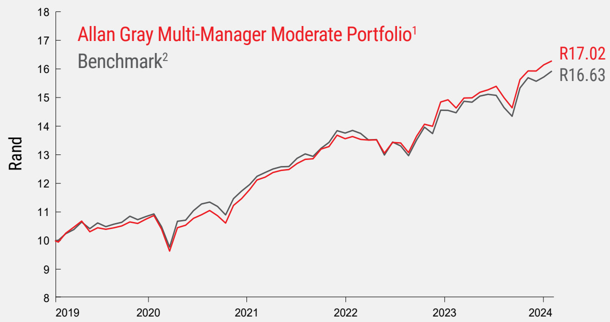
Portfolio	% of Portfolio
Allan Gray Balanced Portfolio	29.6
Coronation Global Houseview Portfolio	25.0
M&G Balanced Portfolio	19.0
Ninety One Opportunity Portfolio	25.5
Cash	0.9
Total	**100.0**

1. Performance is net of all fees and expenses.
2. 41% FTSE/JSE Capped Shareholder Weighted All Share Index, 10% FTSE/JSE All Bond Index, 9% 3-month STeFI, 24% MSCI All Country World Index and 16% J.P. Morgan Global Government Bond Index, all including income. From inception to 31 July 2022 the benchmark was 47% FTSE/JSE Capped Shareholder Weighted All Share Index, 14% FTSE/JSE All Bond Index, 9% 3-month STeFI, 18% MSCI All Country World Index and 12% J.P. Morgan Global Government Bond Index, all including income. Source: IRESS BFA, Bloomberg.*
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 17 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Portfolio/benchmark (i.e. including income).
4. The percentage of calendar months in which the Portfolio produced a positive monthly return since inception.
5. The standard deviation of the Portfolio's monthly return. This is a measure of how much an investment's return varies from its average over time.

* The blended returns are calculated by Allan Gray Proprietary Limited using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "AS IS" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilising any MSCI Data, models, analytics or other materials or information.

Performance net of all fees and expenses

Value of R10 invested at inception



% Returns	Portfolio[1]	Benchmark[2]
Cumulative:		
Since inception (18 January 2019)	70.2	66.3
Annualised:		
Since inception (18 January 2019)	10.8	10.3
Latest 5 years	10.1	9.8
Latest 3 years	10.9	9.5
Latest 2 years	10.4	8.2
Latest 1 year	12.1	10.9
Year-to-date (not annualised)	2.3	1.6
Risk measures (since inception)		
Maximum drawdown[3]	-22.3	-23.0
Percentage positive months[4]	71.0	64.5
Annualised monthly volatility[5]	9.8	10.0

Issued: 30 April 2024

Allan Gray Multi-Manager Moderate Portfolio

31 March 2024

Quarterly commentary as at 31 March 2024

The first quarter saw a number of large global stock market indices post record highs, with Japan's Nikkei 225 index achieving an all-time high after a prolonged period of stagnation. This was attributed mainly to corporate reforms that took place in the previous year with the cheap currency attracting foreign investors on a large scale.

As noted above, major US equity indices reached new all-time highs in the first quarter of 2024. US GDP continues to grow, with an annual growth rate of 3.4% recorded for Q4 2023. This has been attributed to increases in spending (consumer spending and government spending), net exports and investments. Although inflation has eased over the past year, it has remained elevated. The Federal Reserve (the Fed) seeks to achieve maximum employment and inflation at a rate of 2% over the long term. To support its objective, at its latest meeting, the Fed decided to maintain its target range for the federal funds rate at 5.25-5.5%.

The Chinese economy expanded by an annual rate of 5.2% in Q4 2023, surpassing the annual growth target of about 5%. This was attributed to the steady recovery of industrial production, the significant improvement of services sectors and the continuous optimisation of the export structure. The economy continued to recover in the first few months of the year, with strong performances continuing to be recorded in the areas stated earlier. It should be noted that previously mentioned concerns in the real estate market persist.

Locally, the year started off with annual inflation on an upward trend in January and February 2024 from the 5.1% recorded in December 2023. It did cool off at the end of the first quarter, with recorded annual inflation for March at 5.3% according to official publication from Statistics South Africa. At the latest meeting in March, the South African Reserve Bank's (SARB's) Monetary Policy Committee again left the repo rate unchanged at 8.25%. It was noted that while inflation expectations had moderated, the projected two-year expectations are still in the top half of the target range.

The FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) started the year negatively, contracting by 2.3% in rand terms for the first quarter. The financials and resources sectors contributed to the negative return as they returned -7.5% and -1.6% respectively while industrials returned 0.6% for the same period. Given the weakening of the rand over the quarter, the Capped SWIX underperformed the MSCI All Country World Index (MSCI ACWI) which returned 8.2% in US dollars.

The Portfolio returned 2.3% and 12.1% (net of fees) for the quarter and latest one-year period respectively. For both periods, the Portfolio outperformed the benchmark which returned 1.6% and 10.9% respectively over the same periods.

On a look-through basis, the top 10 local equity holdings composition remained relatively unchanged, with Sasol being replaced by Bid Corporation. There were no material changes to the asset allocation this quarter relative to the previous quarter.

Commentary contributed by Tonderai Makeke

Top 10 share holdings on 31 March 2024 (updated quarterly)

Company	% of Portfolio
Naspers & Prosus	4.6
British American Tobacco	2.5
Compagnie Financiere Richemont SA	1.7
Standard Bank	1.6
AB InBev	1.5
Mondi	1.5
FirstRand	1.2
Remgro	1.1
Glencore	1.1
Bid Corporation	1.0
Total (%)	**17.6**

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

Asset allocation on 31 March 2024

Asset Class	Total	South Africa	Foreign
Net equities	66.8	34.6	32.3
Hedged equities	3.9	0.9	3.0
Property	2.0	1.4	0.6
Commodity-linked	1.4	1.4	0.0
Bonds	17.0	12.1	4.9
Money market, bank deposits and currency hedge	8.8	8.4	0.4
Total (%)	**100.0**	**58.7**	**41.3**

Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1- and 3-year period ending 31 December 2023[8]	1yr %	3yr %
Total expense ratio[6]	**0.88**	**0.93**
Fee for benchmark performance	0.67	0.66
Performance fees	0.06	0.13
Other costs excluding transaction costs	0.15	0.14
Transaction costs[7]	**0.08**	**0.09**
Total investment charge	**0.96**	**1.02**

6. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs.
7. Transaction costs are a necessary cost in administering the Portfolio and impacts Portfolio returns. It 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.
8. This estimate is based on information provided by the underlying managers.

M&G Balanced Portfolio

Performance review

The Portfolio returned 0.8% for the first quarter of 2024, while for the 12-month and three-year periods ending 31 March 2024, its returns were 8.6% and 11.1% per annum, respectively.

Looking at the Portfolio's asset allocation, global equity holdings added by far the most value to absolute performance for the quarter. SA equities were the largest detractors, followed by SA bonds. All other asset classes contributed positively, albeit to a smaller degree.

Within SA equities, the rally in Naspers/Prosus shares added good value to the Portfolio, as did the rebound in MultiChoice over the quarter. Other notable contributors included globally exposed holdings, Richemont and British American Tobacco, and gold counters, AngloGold Ashanti and Gold Fields. The largest detractors from performance were MTN (over concerns around its Nigerian operations), banking shares, namely Standard Bank, FirstRand and Absa, as well as Exxaro Resources and Sasol.

Strategy and positioning

Starting with our view on **offshore vs. local asset allocation**, we did not adjust our positioning during the quarter, although the valuation gap between the two widened: global equities became more expensive, while SA equities cheapened slightly. We are comfortable with our ongoing positioning favouring more attractively valued SA assets compared to their global counterparts.

In **global equities**, the MSCI All Country World Index 12-month forward price-to-earnings ratio rose to 17.9 times at quarter end from 16.8 times at the beginning of the quarter, pulled up by the stellar US market performance as both stock prices and earnings gained ground – prices more so than earnings. We took profit on some of our global equity holdings but remained broadly neutrally positioned. Within this positioning, we remained tilted away from the expensive US market, preferring cheaper markets such as the UK, Japan, China and other emerging markets.

Within **global bonds**, we did not make any changes to our slightly overweight duration positioning during the quarter, given that there was no meaningful change in market valuations. We continue to hold some 30-year US Treasuries which add duration to our portfolios, as well as moderate levels of local currency sovereign EM bonds where the real yields are high and the currency is trading at fair-to-cheap levels. We remain underweight **global corporate credit** based on our view of credit spreads being unattractive for the risk involved versus their government counterparts.

We still favoured **SA equities** at the end of Q1 2024 as valuations (as measured by the 12-month forward price-to-earnings ratio of the Capped SWIX) cheapened somewhat during the quarter, from 10.0 times to 9.7 times, as share prices fell while earnings moved largely sideways. Market conditions remained relatively depressed and continued to favour stock-picking.

We remain underweight **SA listed property**, although there are some indications from recent company results that fundamentals are starting to improve. The sector could also gain some impetus from the expected interest rate cuts in the second half of the year, but for now we remain cautious. Property sector risks continue to be high relative to other sectors and cash yields are at attractive levels.

We also did not change our overweight positioning in **SA nominal bonds** in the Portfolio. The yield on the 10-year SA government bond rose to around 12% at quarter end for a very attractive real yield of 7.5% compared to both history and other global sovereign bonds. We continue to believe SA nominal bond valuations are attractive relative to other fixed income assets and to their own longer-term history, and will more than compensate investors for their associated risks over time.

The Portfolio remained tilted away from **SA cash** at quarter end, despite the attractive positive real cash rate. We prefer the relatively better risk-adjusted prospective returns on offer from the higher-risk asset classes.

Ninety One Opportunity Portfolio

The Portfolio delivered a positive return over the last quarter and outperformed its target of CPI + 6%.

Key positive contributors:

- Offshore equities were the main drivers of performance, with Taiwan Semiconductor Manufacturing Company (TSMC), ASML, Visa and Microsoft among the top contributors.
  - TSMC and ASML rallied amid increased optimism around a recovery in the semiconductor industry.
  - Microsoft and Visa both traded favourably on the back of their recent results.

Commentary from underlying fund managers as at 31 March 2024

Commentary from underlying fund managers as at 31 March 2024

- Select locally listed counters with geographically diverse revenue drivers, such as British American Tobacco and Richemont, contributed positively to performance.
  - British American Tobacco rose off signs it was offloading its stake in Indian company ITC.
  - Richemont continued to increase top-line resilience shown amid a difficult luxury environment.
- SA cash added to returns. In an environment where inflation looks to have peaked and cash continues to provide a real return for our investors, this investment allocation has become less of a burden.
- Gold further enhanced performance, printing returns of just under 10% over the quarter.

Key detractors:

- Local equities detracted from returns over the period, with material detractors including Remgro, Mondi and BHP.
- Our fixed income exposure detracted from returns over the period as yields moved higher. Nominal bonds were the main detractor, with ILBs being relatively flat over the last quarter.

Important information for investors

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.

Disclaimer

The Allan Gray Multi-Manager Moderate Portfolio is a pooled portfolio that is made available to the Allan Gray Umbrella Retirement Fund. This pooled portfolio is underwritten by Allan Gray Life Limited, a registered insurer licensed to provide life insurance products as defined in the Insurance Act 18 of 2017. Allan Gray Proprietary Limited (the "Investment Manager"), an authorised financial services provider, is Allan Gray Life's appointed investment manager.

J.P. Morgan Global Government Bond 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.

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.

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.

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**