

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

Minimum investment amounts*

| | |
|---------------------------------------|---------|
| Initial lump sum per investor account | R50 000 |
| Additional lump sum | R1 000 |
| Debit order** | R1 000 |

*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

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

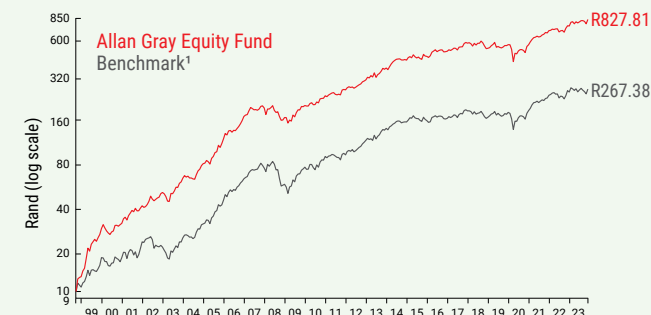
Fund information on 30 November 2023

| | |
|----------------------------------|------------|
| Fund size | R43.0bn |
| Number of units | 46 868 174 |
| Price (net asset value per unit) | R540.51 |
| Class | A |

- The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 30 November 2023. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: IRESS.
- This is based on the latest available numbers published by IRESS as at 31 October 2023.
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
- These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 September 1999 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



| % Returns | Fund | Benchmark ¹ | CPI inflation ² |
|--|--------|------------------------|----------------------------|
| Cumulative: | | | |
| Since inception (1 October 1998) | 8178.1 | 2573.8 | 276.0 |
| Annualised: | | | |
| Since inception (1 October 1998) | 19.2 | 13.9 | 5.4 |
| Latest 10 years | 8.4 | 6.9 | 5.2 |
| Latest 5 years | 9.9 | 10.0 | 5.1 |
| Latest 3 years | 15.7 | 14.0 | 6.2 |
| Latest 2 years | 11.5 | 7.5 | 6.7 |
| Latest 1 year | 10.8 | 2.5 | 5.9 |
| Year-to-date (not annualised) | 11.3 | 4.9 | 5.6 |
| Risk measures (since inception) | | | |
| Maximum drawdown ³ | -37.0 | -45.4 | n/a |
| Percentage positive months ⁴ | 65.6 | 58.9 | n/a |
| Annualised monthly volatility ⁵ | 15.3 | 16.6 | n/a |
| Highest annual return ⁶ | 125.8 | 73.0 | n/a |
| Lowest annual return ⁶ | -24.3 | -37.6 | n/a |

Meeting the Fund objective

The Fund has created wealth for its long-term investors. Since inception and over the latest 10-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 2022 | 30 Jun 2023 |
|---|-----------------|-----------------|
| Cents per unit | 707.3119 | 128.4571 |

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 2023 (SA and Foreign) (updated quarterly)⁷

| Company | % of portfolio |
|--------------------------|----------------|
| British American Tobacco | 5.6 |
| Glencore | 4.2 |
| AB InBev | 4.1 |
| Naspers & Prosus | 3.5 |
| Standard Bank | 3.3 |
| Mondi | 2.9 |
| Woolworths | 2.7 |
| Nedbank | 2.5 |
| Sasol | 2.4 |
| Remgro | 2.4 |
| Total (%) | 33.6 |

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 2023 | 1yr % | 3yr % |
|---|-------------|-------------|
| Total expense ratio | 2.63 | 1.52 |
| Fee for benchmark performance | 1.06 | 1.10 |
| Performance fees | 1.29 | 0.24 |
| Other costs excluding transaction costs | 0.04 | 0.04 |
| VAT | 0.24 | 0.14 |
| Transaction costs (including VAT) | 0.07 | 0.09 |
| Total investment charge | 2.70 | 1.61 |

Sector allocation on 30 September 2023 (updated quarterly)⁷

| Sector | % of equities ⁸ | % of ALSI ⁹ |
|------------------------|----------------------------|------------------------|
| Financials | 27.4 | 25.6 |
| Consumer staples | 16.7 | 10.7 |
| Basic materials | 16.1 | 27.5 |
| Consumer discretionary | 13.7 | 6.6 |
| Industrials | 10.8 | 5.3 |
| Technology | 5.3 | 12.7 |
| Energy | 4.3 | 1.2 |
| Healthcare | 2.1 | 1.9 |
| Telecommunications | 1.7 | 4.8 |
| Utilities | 1.2 | 0.0 |
| Real estate | 0.9 | 3.7 |
| Total (%) | 100.0 | 100.0 |

Asset allocation on 30 November 2023⁷

| Asset class | Total | South Africa | Foreign ¹⁰ |
|--|--------------|--------------|--------------------------|
| Net equities | 96.4 | 56.1 | 40.3 |
| Hedged equities | 0.0 | 0.0 | 0.0 |
| Property | 0.8 | 0.7 | 0.1 |
| Commodity-linked | 0.6 | 0.6 | 0.0 |
| Bonds | 0.3 | 0.0 | 0.3 |
| Money market and bank deposits ¹¹ | 1.9 | 0.5 | 1.4 |
| Total (%) | 100.0 | 58.0 | 42.0¹² |

10. Includes Africa ex-SA exposure following the consolidation of the foreign ex-Africa and Africa ex-SA allowances into a single foreign limit of 45%.

11. Including currency hedges.

12. 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.

The local market continued to drift sideways during the third quarter of 2023, reflected by the FTSE/JSE All Share Index (ALSI) and the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) delivering returns of -3% and -4% for the quarter, respectively. The Fund outperformed over the period, pushing the cumulative year-to-date return to 8% – i.e. 7% ahead of its benchmark.

Local market returns

The ALSI and Capped SWIX are the two most commonly used broad market indices in South Africa but have had large differences in composition and in performance from time to time. Over the last 12 months, the ALSI has returned 18% compared to the Capped SWIX's return of only 12%. A major contributor to this difference was the strong performance of Richemont, which had a larger weight in the ALSI.

The Richemont share price has been on a strong run – in line with the performance of other luxury goods businesses. We continue to believe that the share is overvalued, with margins and earnings at record levels, in what has historically been a cyclical business. The Richemont share price has given up some of its strong performance more recently, declining by 28% over the quarter. A Richemont corporate action in April 2023 led to a reduction in the share's weight in the ALSI. Going forward, Richemont constitutes a similar, much smaller weight in both the ALSI and the Capped SWIX. The only remaining big difference between the two indices is the larger weight of Anglo American in the ALSI.

It is well known that South African businesses face a myriad of challenges, notably loadshedding and a weak consumer environment. Despite this, market returns over the past 12 months have been reasonably strong, illustrating the benefits of a low starting valuation. The valuations of many South African shares remain at very cheap levels versus history, suggesting a reasonable prospect of good returns going forward – even in an unfavourable economic climate.

Risks and opportunities

Our approach remains focused on bottom-up company research to find superior investment opportunities. This includes identifying investments which offer the highest expected returns but also weighs up the associated risks and the diversification benefits of uncorrelated returns. All these factors are considered when putting together the portfolio.

An important decision at present is whether to prefer “SA Inc” shares (i.e. companies that primarily operate in the SA economy) or “rand hedge” shares (i.e. companies that operate offshore and benefit from a weaker rand). The very low valuations of SA Inc shares offer more potential upside if the economy recovers, but these are also the businesses facing the brunt of the challenges of operating in South Africa. At present, we are finding attractive opportunities in both categories, so there is no need to choose only one or the other. This diversification also means that performance of the Fund does not rely on a specific macroeconomic scenario playing out.

During the quarter, the Fund increased its foreign exposure to 41% – still below the 45% foreign capacity limit. The majority of the foreign portion of the Fund continues to be allocated to various Orbis funds. In addition to this, the Fund has the flexibility to directly hold foreign shares which is useful from a portfolio management point of view. One reason for not using the full foreign capacity is that local opportunities are more attractive currently. It is also worth remembering that a significant portion of local shares are in fact businesses with earnings outside of South Africa, so the underlying foreign exposure is higher than it appears.

The Fund added to its positions in AB InBev, MultiChoice and Mr Price and trimmed its holdings in Woolworths, Glencore and Prosus NV during the quarter.

Commentary contributed by Tim Acker

Fund manager quarterly commentary as at 30 September 2023

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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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