

Fund description and summary of investment policy

The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). 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 South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. 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 FTSE/JSE All Share Index including income.

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 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. We invest in a selection of shares across all sectors of the JSE, and across the range of large, mid and smaller cap shares.

Suitable for those investors who

- Seek exposure to JSE-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.

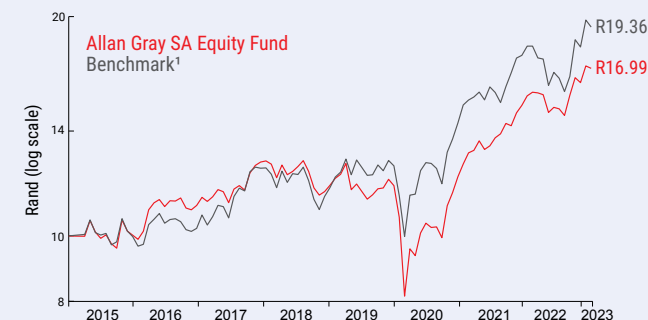
Fund information on 28 February 2023

Fund size	R5.1bn
Number of units	3 905 276
Price (net asset value per unit)	R449.46
Class	A

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 28 February 2023.
2. This is based on the latest available numbers published by IRESS as at 31 January 2023.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 17 January 2020 to 19 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 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 of the Fund. 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.

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 (13 March 2015)	69.9	93.6	48.7
Annualised:			
Since inception (13 March 2015)	6.9	8.6	5.2
Latest 5 years	6.2	9.8	4.9
Latest 3 years	17.0	19.5	5.2
Latest 2 years	16.3	13.1	6.3
Latest 1 year	9.1	6.2	6.9
Year-to-date (not annualised)	4.6	6.5	0.3
Risk measures (since inception)			
Maximum drawdown ³	-44.3	-35.2	n/a
Percentage positive months ⁴	58.3	56.3	n/a
Annualised monthly volatility ⁵	15.2	15.0	n/a
Highest annual return ⁶	57.3	54.0	n/a
Lowest annual return ⁶	-32.0	-18.4	n/a

Fund history

The Allan Gray Equity Fund was managed in exactly the same way as this Fund from the inception of the Allan Gray Equity Fund on 1 October 1998, until March 2015, when the Allan Gray Equity Fund changed its mandate to include the ability to invest offshore. A combined history of the two funds since inception of the Allan Gray Equity Fund can be viewed [here](#).

Meeting the Fund objective

The Fund aims to outperform the South African equity market over the long term, without taking on greater risk. The Fund experiences periods of underperformance in pursuit of this objective. Since inception and over the latest five-year period, the Fund has underperformed 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.	30 Jun 2022	31 Dec 2022
Cents per unit	330.6436	899.8108

Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund. 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 20% of annualised performance relative to the benchmark.

Total expense ratio (TER) and transaction costs

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.

Top 10 share holdings on 31 December 2022 (updated quarterly)

Company	% of portfolio
British American Tobacco	7.8
Naspers ⁷	7.5
Glencore	7.3
AB InBev	5.5
Woolworths	4.8
Nedbank	4.0
Mondi Plc	3.7
Standard Bank	3.4
Sibanye-Stillwater	3.3
Sasol	3.0
Total (%)	50.4

7. Includes holding in Prosus N.V.

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

TER and transaction costs breakdown for the 1- and 3-year period ending 31 December 2022	1yr %	3yr %
Total expense ratio	1.82	0.62
Fee for benchmark performance	1.00	1.00
Performance fees	0.57	-0.47
Other costs excluding transaction costs	0.01	0.01
VAT	0.24	0.08
Transaction costs (including VAT)	0.11	0.12
Total investment charge	1.93	0.74

Sector allocation on 31 December 2022 (updated quarterly)

Sector	% of Fund	% of ALSI ⁸
Energy	0.4	1.3
Basic materials	25.7	27.3
Industrials	6.2	3.8
Consumer staples	18.4	8.8
Healthcare	1.5	1.8
Consumer discretionary	8.9	18.3
Telecommunications	1.3	4.6
Financials	23.7	19.6
Technology	7.7	11.2
Real estate	1.9	3.3
Money market & bank deposits	4.3	0.0
Bonds	0.1	0.0
Total (%)	100.0	100.0

8. FTSE/JSE All Share Index.

Asset allocation on 28 February 2023

Asset class	Total
Net equities	95.0
Property	1.9
Bonds	0.1
Money market & bank deposits	3.0
Total (%)	100.0

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

The Allan Gray SA Equity Fund had a relatively good 2022. In a year when most assets lost value, the Fund returned 10.0% in rands and 3.2% in US dollars. This was ahead of the benchmark, which returned 3.6% in rands and -2.9% in dollars.

There were significant shifts in the global environment, as world events changed the fortunes of a number of sectors and asset classes. In particular, it seems like the tide has turned for government bonds, technology stocks and cryptocurrencies. Here are some price moves that caught our attention at year end:

- Global equity markets sold off. The MSCI All Country World Index and the S&P 500 were both down almost 20% for the 12 months ending December. The local Capped SWIX All Share Index fared much better but was still down 2% in dollars.
- Technology stocks sold off *a lot*. The Nasdaq Composite was down 33%. Amazon became the first public company to lose US\$1 trillion in market capitalisation and its share price halved over the year. The price of Tesla dropped 65%. By contrast, Naspers returned 7% in dollars over the year.
- Developed market bonds sold off. Investors in the US 30-year bond lost a third of their money by year end. Pound investors in the UK 30-year gilt lost more than 60%. This happened because inflation in developed markets hit levels not seen since the early 1980s.
- The price of Bitcoin fell by 64% over 2022. It is down 75% from its peak. At least nine crypto companies went bankrupt in 2022. The largest was FTX, whose previous CEO has been arrested for fraud.
- Despite the high rate of inflation, the war in Ukraine, and Xi Jinping consolidating his power in China, the dollar gold price was broadly flat over the year.
- The Chinese property market continued to weaken. October and November 2022 saw the average price of a new home fall near 2% year-on-year. More concerning, however, is the value of new homes sold which was down 28% for the 11 months to November, relative to the prior year.

Turning to South African stocks:

- It was a year to own banks. The sector delivered good returns in 2021, and these continued in 2022. Absa provided a total rand return of 35% for the year and Standard Bank gave 28%. Capitec has underperformed the banking index in only five of the past 20 years, and 2022 was one of those: The stock returned -6%.
- Glencore was the top contributor to the performance of the Fund, delivering a total return of 50% in 2022.
- Woolworths, another stock we've held for a long time and a top 10 holding in the Fund, returned 33%.
- The Fund doesn't hold Aspen, which was down 38% for 2022. This was another contributor to relative performance.
- Two of our top detractors during 2022 were Life Healthcare (down 28%) and Old Mutual (down 15%). Relative performance was also hurt by being underweight BHP and Shoprite

We don't know what will happen with inflation, the war in Ukraine or the global economy in 2023. Even if we did know, we might draw the wrong conclusions about the implications for stocks. Who would have thought pre 2020 that a pandemic would be good for suppliers of luxury goods and building materials and bad for hospital stocks? Our approach relies on calculating the intrinsic value of companies by estimating their normal earnings power through many business cycles and buying them at less than their intrinsic value when the market gives us an opportunity to do so. We believe this is the surest way to avoid losing money over the long term.

During the quarter, we bought shares in British American Tobacco and Nedbank, and sold shares in Prosus and Glencore.

Commentary contributed by Jacques Plaut

Fund manager quarterly commentary as at 31 December 2022

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

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

Performance

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

Fund mandate

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

Unit price

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

Fees

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

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 and FTSE/JSE Capped Shareholder Weighted All Share Index

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

MSCI Index

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Important information for investors

Need more information?

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

Fund description and summary of investment policy

The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund’s return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund’s selected shares relative to the stock market index. The Fund’s return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits.

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

Fund objective and benchmark

The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns. The Fund’s benchmark is the daily interest rate as supplied by FirstRand Bank Limited.

How we aim to achieve the Fund’s objective

The Fund invests in selected shares and seeks to substantially reduce stock market risk by selling exchange-traded equity index derivatives. The selected share portfolio is derived from our thorough research process, but the selection of equities in this Fund may differ from that in the other Allan Gray funds. The deviation of the Fund’s selected share portfolio from the composition of the underlying benchmark indices (on which the derivative contracts are based) is restricted and closely monitored. This does not eliminate the risk of capital loss should the selected equities underperform.

Suitable for those investors who

- Seek absolute (i.e. positive) returns regardless of stock market trends
- Require a high degree of capital stability over a 3-year time horizon
- Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a ‘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.

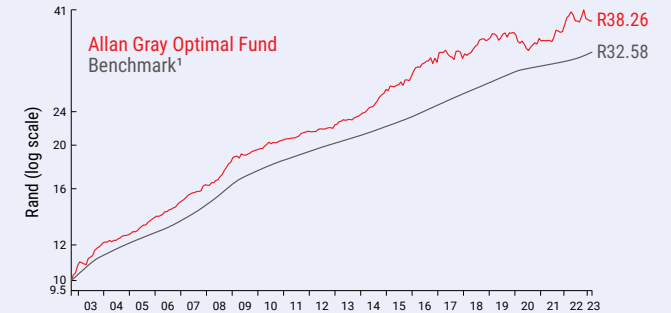
Fund information on 28 February 2023

Fund size	R0.9bn
Number of units	23 238 756
Price (net asset value per unit)	R22.94
Class	A

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 28 February 2023.
2. This is based on the latest available numbers published by IRESS as at 31 January 2023.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 6 February 2020 to 15 September 2020. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund’s monthly return. This is a measure of how much an investment’s return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund’s highest annual return occurred during the 12 months ended 30 September 2003 and the benchmark’s occurred during the 12 months ended 30 September 2003. The Fund’s lowest annual return occurred during the 12 months ended 31 August 2020 and the benchmark’s occurred during the 12 months ended 30 November 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark ¹	CPI inflation ²
Cumulative:			
Since inception (1 October 2002)	282.6	225.8	183.3
Annualised:			
Since inception (1 October 2002)	6.8	6.0	5.3
Latest 10 years	5.5	4.8	5.2
Latest 5 years	3.5	4.3	4.9
Latest 3 years	2.4	3.4	5.2
Latest 2 years	5.3	3.7	6.3
Latest 1 year	-1.5	4.7	6.9
Year-to-date (not annualised)	-0.6	1.0	0.3
Risk measures (since inception)			
Maximum drawdown ³	-10.2	n/a	n/a
Percentage positive months ⁴	73.9	100.0	n/a
Annualised monthly volatility ⁵	4.4	0.6	n/a
Highest annual return ⁶	18.1	11.9	n/a
Lowest annual return ⁶	-8.2	2.5	n/a

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, which is the daily interest rate supplied by FirstRand Bank Limited. The Fund aims to deliver long-term positive returns, irrespective of stock 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.	30 Jun 2022	31 Dec 2022
Cents per unit	31.2181	54.2894

Annual management fee

The fee rate is calculated daily by comparing the Fund's total performance to that of the benchmark.

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

The Fund is first required to recover any underperformance before a fee higher than the fee for performance equal to the benchmark can be charged. This is known as a high watermark. If the Fund's performance is above its previous high watermark, we add 0.2% to the fee for each percentage of performance above the high watermark. The fee is uncapped.

Total expense ratio (TER) and transaction costs

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.

Top 10 share holdings on 31 December 2022 (updated quarterly)

Company	% of portfolio
British American Tobacco	5.7
Sasol	5.6
Glencore	5.4
Standard Bank	5.1
Nedbank	4.7
Impala Platinum	4.4
Absa Group	4.1
Sibanye-Stillwater	3.9
MTN	3.5
Sappi	3.5
Total (%)	46.0

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

TER and transaction costs breakdown for the 1- and 3-year period ending 31 December 2022	1yr %	3yr %
Total expense ratio	1.17	1.17
Fee for benchmark performance	1.00	1.00
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.02	0.02
VAT	0.15	0.15
Transaction costs (including VAT)	0.15	0.12
Total investment charge	1.32	1.29

Asset allocation on 28 February 2023

Asset class	Total
Net equities	0.4
Hedged equities	79.5
Property	1.6
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	18.5
Total (%)	100.0

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

Minimum	(September 2016) -3.6% ⁷
Average	4.8%
Maximum	(November 2018) 15.4%

7. The negative net equity exposure as at 30 September 2016 is due to the cash acquisition of SABMiller by Anheuser-Busch In-Bev. This was corrected and the Fund had a positive net equity exposure by 4 October 2016.

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

The Fund returned -1.6% in the final quarter of 2022 and 6.3% for the full year. This compares to the 2022 returns on competing asset classes such as local bonds and cash of 4.3% and 4.2%, respectively.

After an extremely strong 2021, the FTSE/JSE All Share Index (ALSI) had a more muted year, returning 3.6%, notably below that of fixed income and cash. The headline equity return masks the significant volatility experienced during the year with the index down 10.1% year to date in late September. The subsequent rally in the ALSI, alongside that of other global indices, was driven by expectations, perhaps premature, of an eventual pivot in the restrictive monetary policy decisions enacted by central banks, as well as a reversal in the economically ruinous COVID-zero policies being implemented in China.

As a reminder, though, it is the performance of the Fund's underlying shares relative to the stock market index, together with the level of short-term interest rates, that determines the performance. The Fund's bearish positioning, both in terms of stock selection and net equity weight, which has added to the annual performance, proved to be a headwind in the final quarter.

Noteworthy contributors to relative performance during the year included our level of exposure to local banks, platinum group metal (PGM) producers and diversified miners. For the banks, earnings have largely returned to pre-COVID ranges, but in some cases the share price recovery is lagging. While sentiment towards the sector has improved, it cannot yet be termed overly optimistic, evidenced by low prevailing price-to-earnings multiples. Earnings are sensitive to economic conditions, which remain weak, but rising rates provide healthy support to interest margins. Lending has also probably erred on the conservative side in the recent past. The Fund's main exposure is to Nedbank, Standard Bank and Absa, with underweight positions in Capitec and FirstRand, premised on relative valuation.

Commodity prices have been impacted by countervailing forces of recession fears, Chinese lockdowns, the strong US dollar versus supply-side constraints, the effects of the Russia/Ukraine war and continued high inflation. Glencore was the largest contributor to the Fund's performance in 2022. Its thermal coal exposure and its large commodity trading arm are differentiators when compared to diversified mining peers, with conditions for both businesses proving ideal at points during the year. An argument exists that thermal coal prices may remain higher than considered normal for a typical cycle owing to prolonged underinvestment in coal mining and barriers to new fossil fuel production capacity in general. Within precious metals, the Fund ends the year overweight both gold and PGM miners.

Within industrials, underweight exposure to both Richemont and Naspers/Prosus relative to their large weightings in the index detracted from the Fund's performance in the last quarter. In our view, overweight exposure to companies such as British American Tobacco, AB InBev, Mondi and Sappi, which trade at more attractive prices relative to our assessment of their intrinsic values, offer better upside versus downside potential across a range of possible scenarios.

During the quarter, the Fund added to existing holdings in British American Tobacco, Naspers/Prosus and Sasol. A new position in The Foschini Group was initiated. The Fund reduced exposure to diversified and precious metal miners as well as Woolworths.

Commentary contributed by Sean Munsie

Fund manager quarterly commentary as at 31 December 2022

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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).

FTSE/JSE All Share Index and FTSE/JSE All Bond Index

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

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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

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.

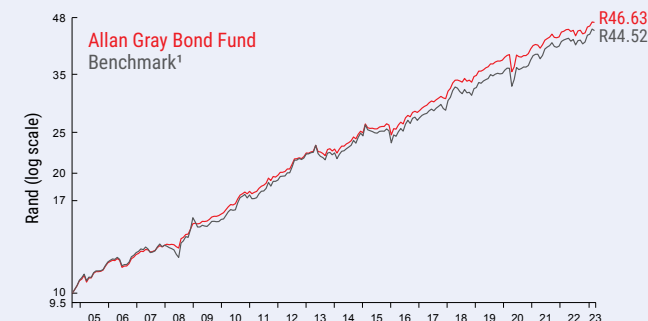
Fund information on 28 February 2023

Fund size	R7.1bn
Number of units	624 750 658
Price (net asset value per unit)	R10.50
Modified duration	4.6
Gross yield (before fees)	10.0
Class	A

- FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 28 February 2023.
- This is based on the latest available numbers published by IRESS as at 31 January 2023.
- 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).
- 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 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)	366.3	345.2	169.1
Annualised:			
Since inception (1 October 2004)	8.7	8.4	5.5
Latest 10 years	7.6	7.2	5.2
Latest 5 years	7.1	7.1	4.9
Latest 3 years	6.3	7.4	5.2
Latest 2 years	6.6	7.0	6.3
Latest 1 year	4.2	4.9	6.9
Year-to-date (not annualised)	2.1	2.0	0.3
Risk measures (since inception)			
Maximum drawdown ³	-18.9	-19.3	n/a
Percentage positive months ⁴	71.9	68.8	n/a
Annualised monthly volatility ⁵	5.9	7.4	n/a
Highest annual return ⁶	18.0	21.2	n/a
Lowest annual return ⁶	-2.6	-5.6	n/a

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 performed in line with 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	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022
Cents per unit	23.9256	24.5459	25.6894	25.0699

Annual management fee

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

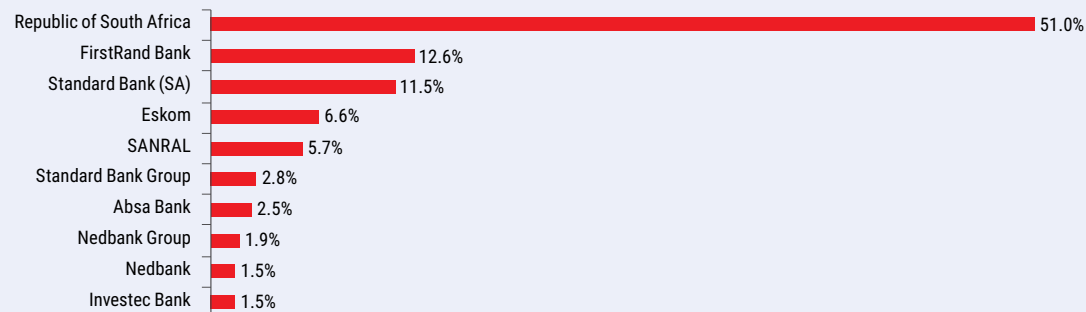
Total expense ratio (TER) and transaction costs (updated quarterly)

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.

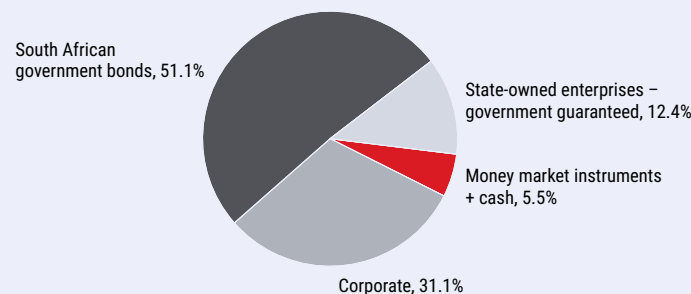
TER and transaction costs breakdown for the 1- and 3-year period ending 31 December 2022	1yr %	3yr %
Total expense ratio	0.59	0.46
Fee for benchmark performance*	0.50	0.34
Performance fees*	0.00	0.05
Other costs excluding transaction costs	0.01	0.01
VAT	0.08	0.06
Transaction costs (including VAT)	0.00	0.00
Total investment charge	0.59	0.46

*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.

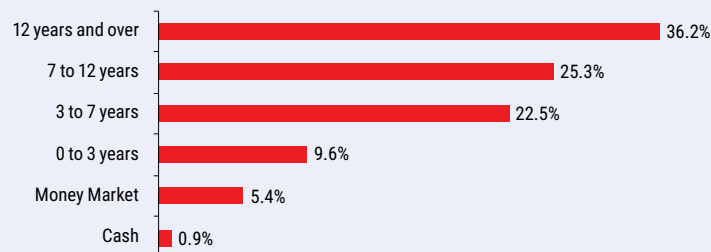
Top 10 credit exposures on 28 February 2023



Asset allocation on 28 February 2023



Maturity profile on 28 February 2023



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

Increasing price pressures set the tone from the beginning of 2022, due to a confluence of factors that would ultimately push inflation to generational highs. The reopening of economies after the lifting of pandemic lockdowns caused demand to bounce back more rapidly than supply, which itself was stymied by a number of backlogs, including shortages of anything from staff to container vessels. The Russo-Ukrainian War resulted in global oil and food prices, which were already on an uptrend at the beginning of the year, reaching levels last seen around a decade ago.

The escalating cost-of-living crisis forced major central banks to act, albeit belatedly, with most – including the European Central Bank and the US Federal Reserve (the Fed) – implementing sizeable interest rate hikes. However, the jury is still out on how far central banks will have to go to get inflation to more palatable levels.

The aggressive Fed action resulted in rising US Treasury yields and a resurgent US dollar, which slammed emerging market countries twice: by triggering investor outflows (raising funding costs) and weakening their currencies (raising import costs). This series of unfortunate events could not have come at a worse time for emerging markets, especially African countries still recovering from the pandemic. Rising global food prices were exacerbated by weather-related shocks to local agricultural production, such as drought in the Horn of Africa and floods in West Africa. Crucially, limited fiscal space meant that governments could do very little to shield their populations from higher costs.

In South Africa, high commodity prices have been a saving grace for the economy and the national budget, despite the floods in KwaZulu-Natal taking a bite out of economic growth and causing extensive harm to people, businesses and infrastructure. Furthermore, the failures of key state-owned entities (SOEs), such as Eskom and Transnet, prevented South African producers from taking full advantage of elevated global demand. Fiscal pressures continue to loom large on the horizon, most notably from extended social grants, public sector salaries, SOE bailouts and failing municipalities.

The South African Reserve Bank raised interest rates by a cumulative 3.25% during the year. The repo rate is now higher than it was before the pandemic, with indications that the Monetary Policy Committee may do even more given many moving parts and heightened uncertainty.

Finally, there was high political drama in December, with the long-awaited Phala Phala report casting a dark cloud over President Cyril Ramaphosa and bringing the likelihood of him staying in power into question. Until there is some certainty about the President's fate, the negative overhang will continue to weigh on the rand and bonds.

South African bonds had a tough year which also affected the Allan Gray Bond Fund. The FSTE/JSE All Bond Index (ALBI) delivered only 4.3% and the Fund just 3.5%. This performance is disappointing in the context of money market returns of 5.2% and the November inflation print of 7.4%. However, the outlook for the year ahead is more positive. With the repo rate at 7%, above its pre-pandemic level of 6.5%, floating rate notes (FRNs) and negotiable certificates of deposit (NCDs) are now providing real returns with significantly lower interest rate risk than fixed-rate bonds.

During the quarter, we sold MTN and short-dated Standard Bank paper, and we bought long-dated FirstRand and Standard Bank FRNs. The Fund remains conservatively positioned from a credit, liquidity and duration perspective, with the majority of instruments being that of the South African government and large banks. The modified duration of the Fund is 0.7 years less than that of the ALBI.

Commentary contributed by Londa Nxumalo

Fund manager quarterly commentary as at 31 December 2022

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Allan Gray is an authorised financial services provider.

Management Company

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

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

Performance

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

Fund mandate

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Yield

The Allan Gray Bond Fund yield is current, calculated as at month-end.

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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).

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