

Fund manager: Andrew Lapping
Inception date: 1 July 1998
Class: A

Fund information on 30 June 2014

Fund currency: US\$¹
Fund size: US\$330m
Fund price: US\$231.45
Number of share holdings: 50
Dealing day: Weekly (Thursday)

Fund description

The Fund invests in a focused portfolio of companies with significant business interests in Africa, regardless of the location of the stock exchange listing. The Fund price is reported in US dollars but the underlying holdings are denominated in various currencies. Returns are likely to be volatile.

Fund objective and benchmark

The Fund aims to outperform African equity markets over the long term without taking on greater risk of loss. The Fund's benchmark is the MSCI Emerging and Frontier Markets (EFM) Africa Index (total returns).

How we aim to achieve the Fund's objective

We invest in shares that we believe offer superior fundamental value while taking into account risk and return. We research companies and assess their intrinsic value based on long-term fundamentals; we then invest in businesses where our assessment of intrinsic value exceeds the share price by a margin of safety. This approach allows us to identify shares that may be out of favour with the market because of poor near-term prospects, but offer good value over the long-term. The Fund's holdings will deviate meaningfully from those in the index both in terms of individual holdings and sector exposure.

Suitable for those investors who

- Seek exposure to African equities
- Are comfortable with stock market and currency fluctuations
- Are prepared to take the risk of capital loss
- Typically have an investment horizon of more than five years

The Fund is not available to South African residents.

Minimum investment amounts

Minimum initial investment: US\$50 000
Minimum subsequent investment: US\$1 000

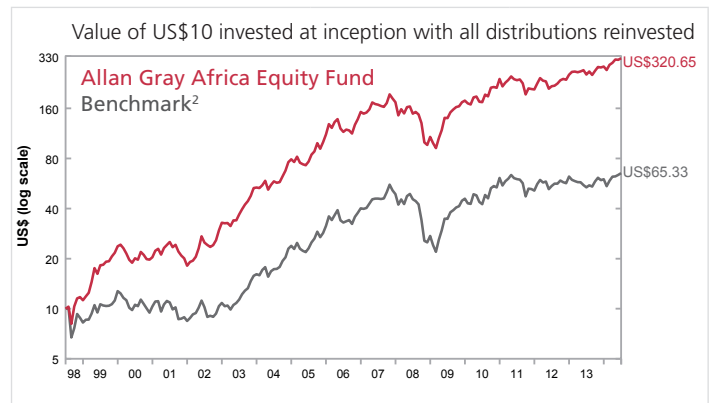
Annual management fee

The annual management fee ranges from 0.5% to 2.5% depending on the relative return of the Fund to the benchmark, before fees. The fee is calculated on a base of 1.5% plus one twenty-fifth of the cumulative three-year relative performance, subject to a floor of 0.5% and cap of 2.5%. For example if the cumulative three year performance of the fund is 20% and that of the benchmark is 15%, the fee rate is: 1.5% + (20%-15%)/25 = 1.7%.

Subscription and redemption charge

Investors are charged 0.5% when transacting in Fund shares, both on subscription and redemption. This is paid into the Fund to offset the costs associated with the transaction that are borne by the Fund. Allan Gray International Proprietary Limited may waive this charge in the case of significant offsetting flows.

Performance in US\$ net of all fees and expenses



% Returns	Fund	Benchmark ²
<i>Unannualised:</i>		
Since inception	3 106.5	553.3
<i>Annualised:</i>		
Since inception	24.2	12.4
Latest 10 years	18.6	14.2
Latest 5 years	18.0	13.5
Latest 3 years	10.7	2.8
Latest 2 years	21.4	9.3
Latest 1 year	25.4	21.7
Year-to-date (unannualised)	12.2	8.8
Risk measures (since inception, based on month-end prices)		
Maximum drawdown ³	-52.5	-60.5
Percentage positive months ⁴	60.9	58.3
Annualised monthly volatility ⁵	26.0	27.4

1. The Fund is currently priced in US dollars. Since inception to 30 April 2012 the Fund was priced in South African rands.
2. The current benchmark is the MSCI EFM Africa Index (total returns). Since inception to 30 April 2012 the benchmark was the FTSE/JSE All Share Index including income. Performance as calculated by Allan Gray as at 30 June 2014 (source: Bloomberg). Calculation based on the latest available data as supplied by third parties.
3. Maximum percentage decline over any period. The maximum drawdown occurred from October 2007 to February 2009 and maximum benchmark drawdown occurred from October 2007 to February 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.

Fund manager quarterly commentary as at 30 June 2014

The Fund's exposure to South African listed equities is now 17%, down from 100% in January 2011. Two forces drove this change. The first was the growth of our research capability: we now have five analysts looking for and researching under-priced equities of companies that operate in Africa outside of South Africa. The second part of the equation is the steadily higher values that investors are placing on South African equities. Being bottom-up stock pickers we look at the value of each individual company and currently we are simply finding the opportunities in Africa more attractive than those in South Africa. The allocation to each individual market is thus an outcome of the capital allocation process, rather than a driver of the process.

As managers of assets we want to allocate capital to the investments we find the most attractive. The implication has been that we run a concentrated portfolio of our best ideas. We prefer to buy more of the shares we find most attractive rather than smaller, possibly less attractive holdings.

Commentary contributed by Andrew Lapping

Country of primary listing on 30 June 2014

Country	% of Equities	Benchmark ¹
Nigeria	18.0	5.9
South Africa	17.4	87.6
Zimbabwe	17.3	0.0
United Kingdom	13.3	0.0
Egypt	12.9	2.3
Kenya	7.0	1.5
France	5.3	0.0
Canada	4.2	0.0
BRVM	1.6	0.3
Uganda	1.4	0.0
Australia	0.7	0.0
Tanzania	0.7	0.0
United States	0.1	0.0
Morocco	0.0	1.9
Mauritius	0.0	0.4
Tunisia	0.0	0.2
Total¹	100.0	100.0

Sector allocation on 30 June 2014

Sector	% of Fund	Benchmark ¹
Oil & gas	18.0	9.8
Basic materials	10.8	8.3
Industrials	3.3	8.7
Consumer goods	19.8	6.9
Healthcare	0.8	5.1
Consumer services	0.8	20.5
Telecommunications	12.1	13.1
Utilities	3.3	0.0
Financials	28.2	27.6
Fixed interest/Liquidity	2.8	0.0
Total²	100.0	100.0

1. MSCI EFM Africa Index (total returns) (source: Bloomberg). Calculation based on the latest available data as supplied by third parties.
2. There may be slight discrepancies in the totals due to rounding.

Independent rating



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Disclaimer

Shares are traded at ruling prices. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Allan Gray International Proprietary Limited, an authorised financial services provider, is the appointed investment manager of the Fund. The Fund is incorporated and registered under the laws of Bermuda and is supervised by the Bermudan Monetary Authority. The Fund is also listed on, and regulated by, the Bermuda Stock Exchange. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. Shares in the Fund are not offered to persons or entities that are regarded as residents of South Africa under applicable taxation laws. This report does not constitute a financial promotion, a recommendation, an offer to sell or a solicitation to buy shares in the Fund. Investments in the Fund are made on the terms and conditions and subject to the restrictions set out in the Prospectus. The offering of shares in the Fund is restricted in certain jurisdictions. Please contact the Fund to confirm if there are any restrictions applicable to you.

Share price

Share prices are calculated on a net asset value basis, which is calculated by dividing the value of the net assets of the Fund attributable to the shares by the number of shares in issue. The weekly price of the Fund is normally calculated each Friday based on the prices of the underlying investments prevailing at 5:30pm Bermuda time on the previous business day. Purchase requests must be received by the Registrar of the Fund (being Citi Fund Services (Bermuda), Ltd.) by 5:00pm Bermuda time on that dealing day to receive that week's price. Redemption requests must be received by the Registrar of the Fund by 12 noon Bermuda time on that dealing day to receive that week's price.

Performance

Investments in Collective Investment Schemes are generally medium- to long-term investments. The value of shares may go down as well as up and past performance is not necessarily a guide to future performance. Performance figures are from Allan Gray International Proprietary Limited and are for lump sum investments with income distributions reinvested.

Independent ratings

Morningstar

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