

Fund manager: Andrew Lapping
 Inception date: 1 January 2012
 Class: A

Fund description

The Fund invests in a focused portfolio of companies with significant business interests in Africa (excluding South Africa), regardless of the location of the stock exchange listing. The minimum exposure to equity securities is 80%. 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 Standard Bank Africa Total Return Index.

How we aim to achieve the Fund's objective

We invest in shares that we believe offer the best 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, i.e. short-to medium-term volatility
- Are prepared to take on the risk of capital loss
- Typically have an investment horizon of more than five years

Minimum investment amounts

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

Fund information on 31 January 2012

Fund currency: US\$
 Fund size: 5.4m
 Fund price: 108.18
 Number of share holdings: 29

Performance net of all fees and expenses

% Returns	Fund	Benchmark ¹
<i>Unannualised:</i>		
Month-to-date	8.2	11.7

1. Standard Bank Africa Total Return Index, performance as calculated by Allan Gray as at 31 January 2012.

Annual management fee

The management fee consists of a fixed fee and a performance fee component. The fixed fee is charged at a rate of 1% per year and accrues daily. The performance fee is 20% of the extent to which the Fund outperforms the benchmark, after the fixed fee is deducted and subject to the Fund exceeding the 'high watermark'. The high watermark is the maximum ratio the Fund's net asset value per share, including distributions, has achieved relative to the benchmark since the Fund's inception. The performance fee is calculated and accrued daily.

Subscription and withdrawal charge

Investors are charged 1% when transacting in Fund units, both on subscription and withdrawal. 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.

Fund manager commentary as at 31 January 2012

We at Allan Gray are excited about the opportunities presented by the launch of the Allan Gray Africa ex-SA Equity Fund. Investing in Africa is well suited to the Allan Gray methodology of detailed proprietary research, the willingness to be patient and our contrarian approach. In addition, the Fund is an interesting prospect for our clients, as it allows access to what seems to be excellent investment opportunities in markets that are difficult to access at a reasonable cost.

Africa is well suited to the long-term investor as trading costs are high and it can take time to accumulate positions. Long holding periods and illiquidity do not concern us, as the research we conduct prior to buying gives us the conviction required to make investments with confidence. It also allows us to invest in mid-cap shares where we believe there is exceptional value to be had.

The Fund is not benchmark constrained. You will note that 45% of the Fund is invested in Egypt compared to the benchmark weight of 14%. The reason for this overweight is the value we are finding in certain Egyptian shares that we are willing to take advantage of.

Country of primary listing as at 31 January 2012

Country	% of Fund	Benchmark ¹
Egypt	44.9	14.9
Kenya	20.6	11.0
France	14.3	3.0
Nigeria	9.3	18.0
Zimbabwe	3.5	2.7
Botswana	3.0	0.2
United Kingdom	2.2	13.3
Canada	2.1	11.1
Australia	-	11.0
BRVM	-	0.8
Germany	-	0.2
Ghana	-	0.3
Mauritius	-	3.3
Morocco	-	5.5
Portugal	-	1.5
Tanzania	-	0.2
Tunisia	-	2.8
USA	-	0.1
Zambia	-	0.2
Total	100.0	100.0

Sector allocation at 31 January 2012

Sector	% of Fund	Benchmark ¹
Oil & gas	12.1	10.3
Basic materials	8.9	32.1
Industrials	15.5	9.8
Consumer goods	18.7	16.9
Healthcare	1.9	-
Telecommunications	18.1	3.8
Utilities	8.0	0.5
Financials	11.0	26.6
Fixed interest/Liquidity	5.7	-
Total	100.0	100.0

1. Standard Bank Africa Total Return Index, performance as calculated by Allan Gray as at 31 January 2012.

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

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Disclaimer

Unit trusts are traded at ruling prices. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. The Standard Bank Africa Total Return Index is the proprietary information and registered trademark of Standard Bank Plc. All copyright subsisting in the Standard Bank Africa Total Return Index values and constituent lists vests in Standard Bank Plc. All their rights are reserved. Allan Gray International Proprietary Limited, an authorised financial services provider, is the appointed investment manager of the Company. 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.

Unit price

Unit trust prices are calculated on a net asset value basis, which calculation is made 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 business previous day. Purchase requests must be received by the Registrar of the Fund (being Citi Hedge Fund Services Limited) by 5:00pm Bermuda time on that dealing day to receive that week's price. Withdrawal requests must be received by the Registrar of the Fund by 12 noon Bermuda time, 10 (ten) Business Days prior to the particular dealing day on which shares are to be redeemed to receive that week's price.

Fees

A schedule of fees, charges and maximum commissions is available on request from Allan Gray International Proprietary Limited or the Registrar. Commission and incentives may be paid and if so, would be included in the overall costs.

Performance

Collective Investment Schemes in Securities (unit trusts) 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 the future. Performance figures are from Allan Gray International Proprietary Limited and are for lump sum investments with income distributions reinvested.