ALLANGRAY

Fund manager: Thalia Petousis
Fund inception date: 27 March 2013 **Registration number:** 47091

Allan Gray Africa Bond Fund

C Class **31 October 2025**

Fund description and summary of investment policy

The Fund invests in a focused portfolio of African securities that are selected for their expected risk and return profile. The Fund may invest a substantial portion of the assets in a single country or region rather than a diversified portfolio of assets.

Classification: Africa – Interest Bearing

Fund objective and benchmark

The Fund seeks to achieve the maximum US dollar total return while minimising the risk of loss within the context of an African bond fund. The benchmark is the FTSE 3 Month US T Bill + 4% Index.

African security markets

There are numerous risks involved in investing in African security markets. These risks may be significantly higher than in more developed markets and may include (but are not limited to) the following:

- Individual countries may impose capital controls preventing the repatriation of foreign currency
- Returns are expected to be more volatile, and the average drawdown may be higher, than in more developed markets
- Low liquidity whereby subscriptions into the Fund may have to be phased in, and redemptions from the Fund may be limited per dealing day
- Market prices may not accurately reflect the fair value of a Fund asset and fair value pricing may be used

There is no assurance that the investment approach of the Fund will be successful or that the Fund will achieve its investment objective.

See the “Important information for investors” section for more information.

How we aim to achieve the Fund’s objective

We assess an asset’s intrinsic value based on long-term fundamentals and invest where our assessment of intrinsic value exceeds the price by a margin of safety. This approach allows us to identify assets that may be out of favour with the market because of poor near-term prospects, but offer good value over the long term.

Suitable for those investors who

- Seek exposure to African interest-bearing assets
- Are comfortable with above-average market and currency fluctuations
- Are prepared to take on the risk of capital loss
- Have a minimum investment horizon of five years

Fund information on 31 October 2025

Fund currency	US$
Fund Size	US$388m
No of Units	1 640 615
Price (net asset value per share)	US$226.57
Number of issuers	16
Dealing day	Weekly (Thursday)
Class	C
Class inception date	14 May 2020

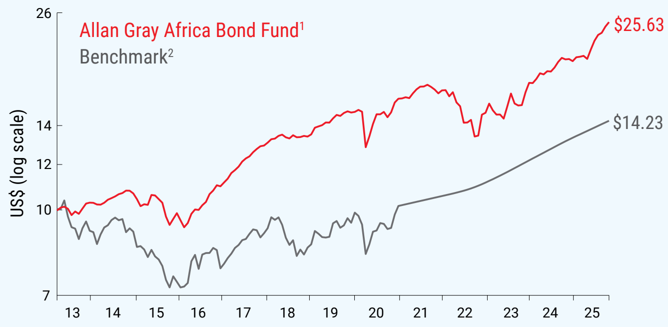
Minimum investment amounts

Minimum initial investment	US$100 000
Minimum subsequent investment	US$1 000

1. The performance and risk measures prior to inception of the C Class of the Fund are calculated using the performance of the A Class of the Fund. The net of fee return is calculated as the gross of fee return reduced by an investment management fee of 0.7% per annum, which is accrued monthly in arrears.
2. The current benchmark is the FTSE 3 Month US T Bill + 4% Index. From inception to 31 December 2020 the benchmark was the J.P. Morgan GBI-EM Global Diversified Index. Performance as calculated by Allan Gray as at 31 October 2025. Calculation based on the latest available data as supplied by third parties.
3. Maximum percentage decline over any period calculated from monthly returns. The maximum drawdown occurred from August 2021 to September 2022 and maximum benchmark drawdown occurred from April 2013 to December 2015. 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.
6. This is the highest or lowest rolling 12-month return the Fund has experienced since inception. The Fund’s highest annual return occurred during the 12 months ended 28 February 2017 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 30 September 2022 and the benchmark’s occurred during the 12 months ended 31 August 2015. All rolling 12-month figures for the Fund and the benchmark are available from the Allan Gray Service Team on request.

Performance in US$ net of all fees and expenses

Value of US$10 invested at inception with all distributions reinvested



% Returns	Fund [1]	Benchmark [2]
Cumulative:		
Since inception (27 March 2013)	156.3	42.3
Annualised:		
Since inception (27 March 2013)	7.8	2.8
Latest 10 years	10.3	6.4
Latest 5 years	9.4	8.9
Latest 3 years	20.8	9.0
Latest 2 years	23.0	9.1
Latest 1 year	20.5	8.5
Year-to-date (not annualised)	21.5	7.0
Risk measures (since inception. based on month-end prices)		
Maximum drawdown [3]	-22.8	-29.3
Percentage positive months [4]	66.4	73.0
Annualised monthly volatility [5]	10.2	9.2
Highest annual return [6]	28.4	22.3
Lowest annual return [6]	-22.0	-21.5

Meeting the Fund objective

The Fund seeks to achieve the maximum US dollar return while minimising the risk of loss within the context of an African bond fund. The Fund experiences periods of underperformance in pursuit of this objective. Since inception, the Fund has outperformed its benchmark and delivered positive absolute returns in US dollars.

Subscription and redemption charge

Investors will be charged 0.5% when subscribing for Fund shares and 0.5% when redeeming Fund shares. These charges are paid into the Fund to offset the costs associated with the transactions that are borne by the Fund. Allan Gray Bermuda Limited (the "Investment Manager") may waive these charges at its discretion, for example in the case of significant offsetting between subscriptions and redemptions.

Annual management fee

The management fee consists of a fixed fee of 0.70% p.a.

Total expense ratio (TER) and transaction costs

The annual management fee charged 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 30 September 2025	1-yr %	3-yr %
Total expense ratio	**0.82**	**0.79**
Management fee	0.70	0.70
Custody fees	0.08	0.06
Other costs (excl. transaction costs)	0.04	0.03
Transaction costs	**0.00**	**0.00**
Total investment charge	**0.82**	**0.79**

Fund positioning on 31 October 2025

	Local currency	Foreign currency	% of portfolio
Governments [8]	**31.0**	**32.6**	**63.6**
Egypt	8.8	9.7	18.5
Zambia	10.1	1.1	11.2
Ivory Coast	0.0	10.4	10.4
Nigeria	5.1	1.0	6.1
Uganda	4.5	0.0	4.5
Angola	0.0	4.5	4.5
Ghana	0.0	3.8	3.8
Namibia	2.5	0.0	2.5
Benin	0.0	2.0	2.0
Corporates [8]	**0.0**	**34.6**	**34.6**
Nigeria	0.0	12.6	12.6
South Africa	0.0	7.4	7.4
Equatorial Guinea	0.0	5.3	5.3
United States	0.0	5.2	5.2
Germany	0.0	4.0	4.0
Cash [7]	**1.0**	**0.9**	**1.8**
Total (%) [8]	**32.0**	**68.0**	**100.0**

Weighted average yield on 31 October 2025

	Weighted average yield(%)	% of portfolio
Local Currency	19.1	31.0
Other [9]	5.3	11.1
US$	8.6	56.1
Cash	0.0	1.8
Total	**11.4**	**100.0**

Asset allocation on 31 October 2025

Asset Class	Total
Net equities	0.0
Hedged equities	0.0
Property	0.0
Commodity-linked	0.0
Bonds	81.7
Money market and cash [10]	18.3
Total (%) [8]	**100.0**

7. Cash is held in multiple currencies and includes USD treasury bills.

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

9. Represents all non-cash holdings not denominated in local African currency or US$ (eg. EUR).

10. Includes the impact of any currency hedging.

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Fund manager quarterly commentary as at 30 September 2025

Following a steep sell-off in the wake of US President Donald Trump's tariff announcement, high-yield African debt has rallied enormously in the months thereafter. Ghana's 2029 Eurobonds have strengthened from a 16% US dollar yield to a 6.5% yield – or just 3% wider than the equivalent US Treasury yield. While Ghana has built up its foreign exchange reserves considerably following a rise in gold prices and the US dollar value of its mining exports, a 6% rate of interest is arguably too low to compensate an investor for a high degree of sovereign risk and a chequered history of debt restructuring. Ghana is by no means an outlier. The 15-year debt of Egypt, a country with one of the highest interest service burdens in the world relative to its revenue, has rallied by 18% year to date in price terms and now offers investors a US dollar yield of just 8.6%.

Why has the market run so hard? Purchasing behaviour reflects the current insatiable offshore appetite for high-yield debt. Although one might consider "hunt for yield" behaviour to coincide with a *lower* federal funds rate than that of 4%, the market has taken its recent cues from the US Federal Reserve (the Fed) and the so-called weakness in the US labour market as signs that US dollar rates will fall further. According to US employment numbers, only 22 000 jobs were added in August of 2025 compared to the peak of more than 300 000 job additions in a single month in 2024. This is among the lowest numbers seen in recent history outside of major recessions.

Such data must be interpreted with caution, however. To say that borders have simply closed understates the situation: A mix of border closures, visa restrictions, voluntary exits and deportations should see the US experience negative net migration this year, meaning that more people are departing the country than entering it. This is a phenomenon not seen in almost 70 years and is in sharp contrast to the approximately four million workers who migrated over 2022 to 2024, when the US needed to add over 100 000 jobs each month just to break even with the rate of migration. In a negative net migration environment, one's "breakeven" new job listings figure to maintain employment is naturally materially lower, accounting only for people entering the labour force for the first time. The market's mindset has arguably not adjusted to that economic reality and instead responds to lower monthly job creation figures as being indicative of a near-term recession and a steep lowering of interest rates. This thinking is hugely at odds with wage growth that is still running ahead of the Fed's consumer price index target, particularly among part-time workers, which could in turn be a harbinger of trouble for consumer prices.

A less worrying reason for the bond rally is that very few African sovereigns have come to the capital markets to raise debt in the last year, in part because yields have been egregiously high, and they prudently do not wish to bake such borrowing costs into their longer-term budgets. Instead, a mix of concessional International Monetary Fund funding and domestic borrowing has been favoured.

In the last quarter, the Fund trimmed some of its outperforming positions, such as Ghanaian and Zambian Eurobonds, and rotated into Nigerian local currency Treasury Bills at 20% yields and a depressed naira foreign exchange rate. This represents the first naira investment the Fund has made in a multi-year period – after exiting its local currency positions in full prior to the large devaluations that took place in 2023.

Commentary contributed by Thalia Petousis

Information and content

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Performance

Collective investment schemes (unit trusts or mutual funds) are generally medium- to long-term investments. Where annualised performance is mentioned, this refers to the average return per year over the period. The value of shares or the investment may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may cause the value of underlying international investments to go up or down. Neither the Investment Manager, the Fund, nor the Representative provides 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. The performance graph is for illustrative purposes only. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes. The yield is current, calculated as at month-end.

J.P. Morgan Index

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FTSE Russell Index

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Share price

Share 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, less any permissible deductions from the Fund, divided by the number of shares in issue. Forward pricing is used. The weekly price of the Fund is normally calculated each Friday. Purchase requests must be received by the Registrar of the Fund by 17:00 South African time on that dealing day to receive that week's price. Redemption requests must be received by the Registrar by 17:00 South African time on the dealing day on which shares are to be redeemed to receive that week's price. Share prices are available on www.allangray.co.za.

Fees and charges

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

Total expense ratio (TER) and transaction costs

The 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) and other expenses like audit fees. Transaction costs (including brokerage, securities transfer tax and investor protection levies where applicable) are shown separately. There are no explicit brokerage charges in global bond markets. The broker rather takes an undisclosed spread between the purchase and sale price. The spread (charge) can vary from negligible to substantial depending on the asset and market circumstances. The disclosed transaction charge is therefore zero but in reality, there are transaction costs which reflect in the Fund's returns. We aim to minimise costs by keeping our trading activity to a minimum and always seeking out the most favourable price when buying and selling assets. 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 fund, 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 from published returns. As collective investment scheme 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).

African markets

There are significant risks involved in investing in securities listed in the Fund's universe of emerging and developing countries, including liquidity risks, sometimes aggravated by rapid and large outflows of "hot money" and capital flight, concentration risk, currency risks, political and social instability, the possibility of expropriation, confiscatory taxation or nationalisation of assets and the establishment of foreign exchange controls which may include the suspension of the ability to transfer currency from a given country. African countries have varying laws and regulations and, in some, foreign investment is controlled or restricted in varying degrees.

Capacity

The Fund currently has limited capacity. The Investment Manager may, at its discretion, refuse a subscription or phase a subscription into the Fund over a number of dealing days. Total investor redemptions may be limited to US$5m or 2.5% of the Fund (whichever is less) per dealing day. The Investment Manager retains the right to distribute all or part of any redemption proceeds in specie (in kind).

Fair value pricing

The board of directors of the Fund (the "Board") may fair value the Fund's assets in accordance with the Board's fair value pricing policies if: 1) the closing market quotations or official closing prices are not readily available or do not accurately reflect the fair value of a Fund asset; or 2) the value of a Fund asset has been materially affected by events occurring before the Fund's pricing time but after the close of the exchange or market on which the asset is principally traded. The Board delegates the responsibility for fair value pricing decisions to a valuation committee of the Investment Manager.

Contractual risk

The Fund can use derivatives to manage its exposure to currencies and/or interest rates and this exposes the Fund to contractual risk. Contractual risk includes the risk that a counterparty will not settle a transaction according to its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, causing the Fund to suffer a loss. Such contract counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties.

Derivatives

Borrowing, leveraging and trading securities on margin will result in interest charges and, depending on the amount of trading activity, such charges could be substantial. The low margin deposits normally required in futures and forward trading, which the Fund may utilise, permit a high degree of leverage. As a result, a relatively small price movement in a futures or forward contract may result in immediate and substantial losses to the investor. Price movements of forward contracts and other derivative contracts in which the assets of the Fund may be invested are highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. Forward contracts are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Trading in forward contracts is substantially unregulated and there is no limitation on daily price movements.

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

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Important information for investors

Need more information?

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