Allan Gray Africa Bond Fund

ALLANGRAY

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

C Class 28 February 2026

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 28 February 2026

Fund currency	US$
Fund size	US$421m
Number of units	1 640 011
Price (net asset value per share)	US$246.46
Number of issuers	16
Dealing day	Weekly (Thursday)
Class	C
Class inception date	14 May 2020

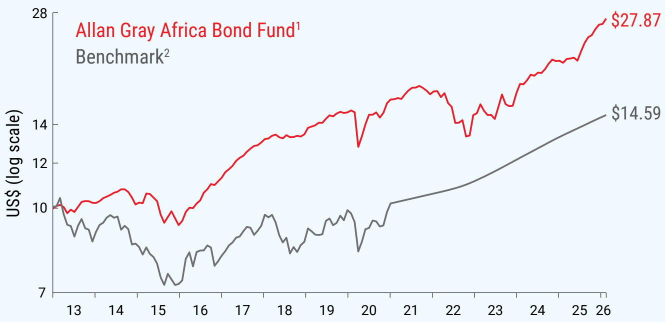
Minimum investment amounts

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 28 February 2026. 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 2026 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)	178.7	45.9
Annualised:		
Since inception (27 March 2013)	8.3	3.0
Latest 10 years	11.5	7.0
Latest 5 years	9.6	7.4
Latest 3 years	19.1	9.0
Latest 2 years	20.2	8.8
Latest 1 year	29.3	8.3
Year-to-date (not annualised)	5.4	1.2
Risk measures (since inception)		
Maximum drawdown[3]	-22.8	-29.3
Percentage positive months[4]	67.3	73.7
Annualised monthly volatility[5]	10.2	9.1
Highest annual return[6]	29.3	22.3
Lowest annual return[6]	-22.0	-21.5

Tel 0860 000 654 or +27 (0)21 415 2301 **Email** allangraybermuda@allangray.com

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.

Total expense ratio (TER) and transaction costs for periods ending 31 December 2025 (updated quarterly)

1- and 3-year TER and transaction costs breakdown	1yr %	3yr %
Total expense ratio	**0.83**	**0.80**
Management fee	0.70	0.70
Custody fees	0.09	0.07
Other costs excluding transaction costs	0.04	0.03
Transaction costs	**0.00**	**0.00**
Total investment charge	**0.83**	**0.80**

Fund positioning on 28 February 2026

	Local currency	Foreign currency	% of portfolio
Governments[8]	**39.8**	**30.1**	**69.9**
Egypt	9.4	9.2	18.5
Zambia	11.5	1.0	12.5
Nigeria	10.0	1.0	11.0
Ivory Coast	0.0	9.7	9.7
Uganda	6.2	0.0	6.2
Angola	0.0	5.1	5.1
Ghana	0.0	3.5	3.5
Namibia	2.7	0.0	2.7
Benin	0.0	0.6	0.6
Corporates[8]	**0.0**	**30.0**	**30.0**
Nigeria	0.0	12.3	12.3
South Africa	0.0	7.7	7.7
Equatorial Guinea	0.0	4.3	4.3
Germany	0.0	3.1	3.1
Ghana	0.0	2.6	2.6
United States	0.0	0.0	0.0
Cash[7]	**0.3**	**-0.2**	**0.1**
Total (%)[8]	**40.0**	**60.0**	**100.0**

Weighted average yield on 28 February 2026

	Weighted average yield(%)	% of portfolio
Local currency	17.9	39.8
Other[9]	5.1	9.4
US$	8.1	50.7
Cash	0.0	0.1
Total	**11.7**	**100.0**

Asset allocation on 28 February 2026

Asset class	Total
Bonds	82.3
Money market and cash[10]	17.7
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.

Fund manager quarterly commentary as at 31 December 2025

Following the calamitous post-COVID-19 period of wide fiscal deficits, rampant inflation, dollar shortages and debt restructurings, several African sovereigns enjoyed rosier circumstances in 2025. Trade accounts were greatly improved, given the weak dollar and low oil price environment, which enabled the rebuilding of foreign exchange buffers. The foreign hunt for yield also allowed several sovereigns, namely Kenya, Côte d'Ivoire, Egypt, Morocco, Benin, Angola and South Africa, to refinance offshore debt at reasonable levels, resulting in cumulative Eurobond issuance of roughly US$16bn for the year.

The recently defaulted sovereigns – Zambia and Ghana – also benefited from an external account tailwind as elevated copper and gold prices helped to materially increase their foreign exchange reserves.

Ghana has experienced a beautiful post-default deleveraging, with its ratio of debt to gross domestic product (debt-to-GDP ratio) declining almost 40% since 2022 and reaching 49% in September 2025. Ghana's annual production of 140 tonnes of gold now equates to US$20bn of value given the rise in gold prices, which has translated into a 7% of GDP tailwind to the economy compared to its contribution a year ago. After coming in at an 11-year low of 699 000 tonnes in 2023, Zambia's copper production is on pace to hit more than 900 000 tonnes in 2025, which is consistent with the International Monetary Fund's projections embedded in the relief plan. Zambia's Medium-Term Budget Framework targets an ambitious copper production of three million tonnes by 2031, with major players such as Vedanta, the United Arab Emirates (UAE), First Quantum Minerals, Barrick and KoBold Metals ramping up cumulative expected capital expenditure to circa US$10bn, which is more than 30% of Zambia's current GDP, over the next few years. The local currencies of Zambia and Ghana, the kwacha and cedi, subsequently appreciated by 30% to 50% intra-year, providing good capital gain opportunities within the Fund.

Another double-digit return performer in the Fund was its Egyptian debt holdings. Egypt's interest bill is enormous, consuming more than 80% of government tax revenues. In order to deleverage itself, Egypt has been running large primary surpluses while also ensuring that government tax revenue grows ahead of both GDP and the interest costs on its debt. This has been aided by the monetisation of land via outright sales to Gulf investors, attracting significant foreign direct investment into the Ras El-Hekma region, as well as a second land sale materialising in 2025 that covers more of the North Coast region. A recent Red Sea development will also see a Saudi investor and the UAE's Emaar Properties develop luxury hotels, marinas, residential real estate and entertainment areas. The banking system's net foreign asset position and Egypt's foreign exchange reserves have been bolstered significantly by this foreign direct investment alongside foreign portfolio investment and the de-dollarisation of household deposits from Egyptian citizens who previously feared a collapse in the Egyptian pound.

Despite the improved external account outlook across the continent, several countries have moved in a less favourable direction. Senegalese government bonds have sold off significantly following further revelations of hidden debt that may warrant a restructuring or default. Governance flags have also been raised in both Benin and Tanzania, which would otherwise be extremely fundable countries given their low debt burdens and strong repayment capabilities. In Benin, ongoing insurgencies from jihadist militants have destabilised the security situation. Benin's army has suffered ongoing casualties on the border with Niger and Burkina Faso, prompting disheartened Beninese soldiers to stage a mutiny and attempt to overthrow the government in a thwarted coup. Once envied for its political stability, Tanzania has also been descending into autocratic violence. Main opposition political parties were barred from running in the 2025 elections, while protesters were killed in their hundreds by security forces. Of the three countries discussed, the Fund has no exposure to Senegal and Tanzania at present, and only an immaterial holding in Benin's debt.

In the final quarter of the year, the Fund added to Ugandan and Nigerian local currency debt positions. Despite the strong capital gains taken this year, the Fund still offers an attractive yield of 11.6% with 65% exposure to US dollar- and Euro-denominated debt.

Commentary contributed by Thalia Petousis

Tel 0860 000 654 or +27 (0)21 415 2301 **Email** allangraybermuda@allangray.com

Allan Gray Africa Bond Fund

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the Fund. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business. Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of, or which may be attributable, directly or indirectly, to the use of or reliance on any information provided. While the Fund has been approved to market its shares to the public in Botswana by the Regulatory Authority of Botswana, the undertaking is not supervised or licensed in Botswana. The Fund is incorporated and registered under the laws of Bermuda and is supervised by the Bermuda Monetary Authority. The Fund's share classes are also listed on the Bermuda Stock Exchange. The primary custodian of the Fund is Standard Bank of South Africa Limited. The custodian can be contacted at Investor Services, 2nd Floor, 25 Pixley Ka Isaka Seme Street, Johannesburg, South Africa. Allan Gray Bermuda Limited (the "Investment Manager") is registered with the Bermuda Monetary Authority as a Class B Registered Person and authorised to conduct investment business under the Investment Business Act. Allan Gray Bermuda Limited has appointed Allan Gray Unit Trust Management (RF) Proprietary Limited (the "Representative") as its representative for the purpose of approval in terms of the Collective Investment Schemes Control Act 45 of 2002. The Representative is incorporated under the laws of South Africa and is supervised by the Financial Sector Conduct Authority (FSCA). The Fund may be closed to new investments at any time to be managed according to its mandate. Shares in the Fund are traded at ruling prices and the Fund can engage in borrowing and scrip lending. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Investments in the Fund are made according to the terms and conditions and subject to the restrictions set out in the prospectus. The offering of shares in the Fund may be restricted in certain jurisdictions. Please contact the Allan Gray service team to confirm if there are any restrictions applicable to you.

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

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2025, J.P. Morgan Chase & Co. All rights reserved.

FTSE Russell Index

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2025. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

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

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.

Important information for investors

Need more information?

You can obtain additional information about the Fund, including copies of the prospectus, application forms and the annual report, free of charge, by contacting the Allan Gray service team, at **0860 000 654** or **+27 (0)21 415 2301** or by email at **allangraybermuda@allangray.com.**