

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

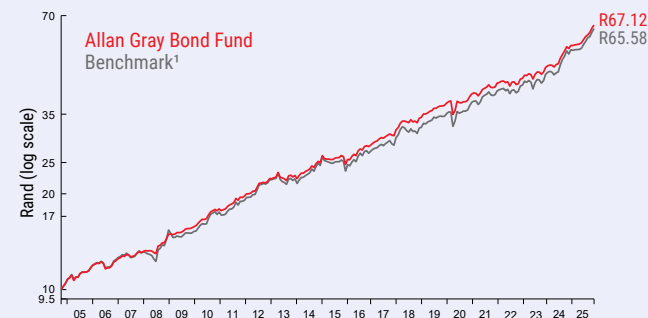
Fund information on 31 October 2025

Fund size	R9.9bn
Number of units	599 739 722
Price (net asset value per unit)	R11.51
Modified duration	5.5
Gross yield (i.e. before fees)	9.3
Class	A

- FTSE/JSE All Bond Index (source: Iress), performance as calculated by Allan Gray as at 31 October 2025.
- CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 30 September 2025 (source: Iress).
- 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 30 September 2024 and the benchmark's occurred during the 12 months ended 30 September 2024. 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)	571.2	555.8	201.5
Annualised:			
Since inception (1 October 2004)	9.5	9.3	5.4
Latest 10 years	9.9	9.9	4.8
Latest 5 years	11.4	12.4	5.0
Latest 3 years	15.2	16.3	4.2
Latest 2 years	18.5	20.7	3.6
Latest 1 year	18.5	20.1	3.4
Year-to-date (not annualised)	15.9	16.9	3.5
Risk measures (since inception)			
Maximum drawdown ³	-18.9	-19.3	n/a
Percentage positive months ⁴	72.7	69.6	n/a
Annualised monthly volatility ⁵	5.9	7.5	n/a
Highest annual return ⁶	22.0	26.1	n/a
Lowest annual return ⁶	-2.6	-5.6	n/a

Meeting the Fund objective

Since inception the Fund has outperformed its benchmark. Over the latest 10-year period the Fund has performed in line with its benchmark. Over the latest five-year period, the Fund has underperformed 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 Dec 2024	31 Mar 2025	30 Jun 2025	30 Sep 2025
Cents per unit	26.1592	25.4437	26.1703	26.1388

Annual management fee

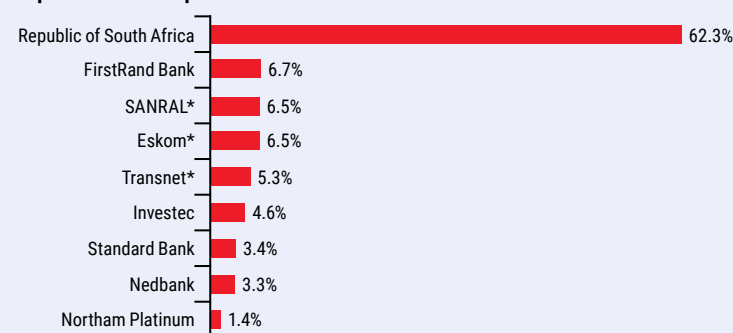
A fixed fee of 0.5% p.a. excl. VAT

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.

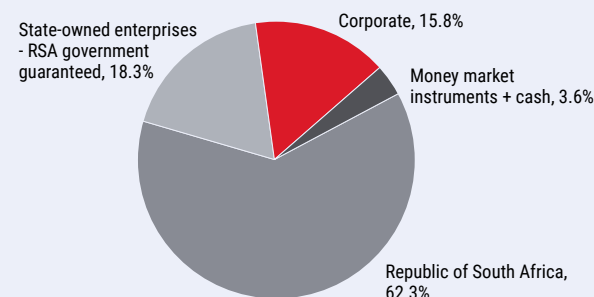
TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2025	1yr %	3yr %
Total expense ratio	0.58	0.58
Fee for benchmark performance	0.50	0.50
Other costs excluding transaction costs	0.01	0.01
VAT	0.08	0.08
Transaction costs (including VAT)	0.00	0.00
Total investment charge	0.58	0.58

Top 10 credit exposures on 31 October 2025

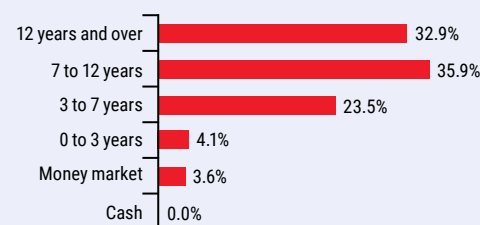


*RSA government guaranteed

Asset allocation on 31 October 2025



Maturity profile on 31 October 2025



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

While 2024 was the strongest single year for SA bonds in 20 years, the track record of the FTSE/JSE All Bond Index (ALBI) for the first three quarters of 2025 is coming in at a close second. Even though South Africa's gross domestic product (GDP) and investment spending have remained lacklustre since the formation of the government of national unity, foreign investors have supported auctions this year in line with their existing ownership weight of South Africa's government bonds. This in itself presents a marked shift from the ownership de-gearing they exhibited from 2019 to 2023. While last year's foreign purchase underpin seemed to turn sharply in favour of South Africa post-election, 2025's purchasing behaviour appears to be in keeping with the insatiable offshore appetite for high-yield debt that has seen even Ghanaian Eurobonds, or a country that not so recently defaulted, trade at US dollar yields as low as 6.5%.

Although one might consider "hunt for yield" behaviour to coincide with a lower federal funds rate than that of 4%, the market has taken recent cues from the US Federal Reserve (the Fed) and so-called weakness in the US labour market as signs that US dollar rates will fall further. From a peak of more than 300 000 jobs being added in a single month in the US in 2024, only 22 000 jobs were added in August of 2025. This is among the lowest monthly job addition 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 to the US from 2022 to 2024, when one 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.

US inflation has been creeping higher towards 3% even with the full impact of tariffs still unrecorded. In such an environment, further rate cuts run the risk of stoking pricing pressures unless the Fed can be reasonably certain that a near-term recession will crush demand and prices. In some ways, such a recessionary forecast might be a dangerous bet against the near-term effects of the AI investment supercycle. Capital expenditure being laid out for new AI data centres this year is on track for US\$600bn of spend, or double the average pace of manufacturing investment that took place in the US during the prior decade. This spending, in fact, contributed more to real economic growth earlier this year than personal consumption.

While I can make a good case for why US interest rates are being cut at a time when wage and pricing pressures make it imprudent to do so, there is arguably no such case to be made in local interest rate markets. The South African Reserve Bank has been making this case since May of this year, when it had an about-turn in thinking and began speaking to the potential of a 5.5% to 6% steady state rate of interest to match an inflationary target of 3%. Since then, it has stuck to this rhetoric, although with a notable pause at its September meeting to lament the "serious dysfunction in administered prices" that has seen the National Energy Regulator of South Africa (NERSA) revise Eskom's regulated tariff increase to roughly 9% from the previously agreed 5% to 6%. As highlighted in the previous quarter's commentary, a lower inflation differential between South Africa and the United States warrants a lower fair value yield on SA bonds. This was reflected in the net additions to modified duration this year, with the Fund's current modified duration sitting higher than its recent history.

In the last quarter, the Fund added to Transnet (fully government-guaranteed) debt at attractive yields and maintained a higher yield relative to the ALBI at a lower modified duration.

Commentary contributed by Thalia Petousis

**Fund manager quarterly
commentary as at
30 September 2025**

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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. 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

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.

Yield

The Allan Gray Bond Fund's gross yield is the estimated weighted average yield-to-maturity of all underlying interest-bearing instruments as at the last day of the month. Actual returns may differ, based on changes in market values, interest rates and market factors during the investment period.

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).

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).

FTSE/JSE All Bond Index, FTSE/JSE All Share Index

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