

**Portfolio objective and benchmark**

This portfolio is for institutional investors requiring management of a specific equity portfolio. It aims to offer superior returns to that of the FTSE/JSE Capped Shareholder Weighted All Share Index, including dividends, but with a lower risk of capital loss. The benchmark is the FTSE/JSE Capped Shareholder Weighted All Share Index, including dividends.

**Product profile**

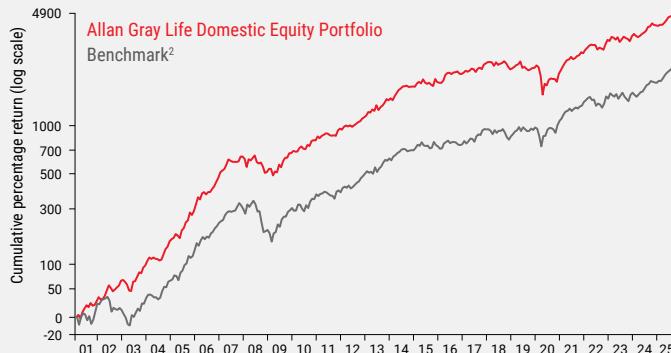
- Actively managed pooled portfolio.
- Represents Allan Gray's 'houseview' for a specialist equity-only mandate.
- Portfolio risk is controlled by limiting the exposure to individual counters.

**Investment specifics**

- This portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds and medical schemes.
- Minimum investment: R20m.
- Performance based fee.

**Portfolio information on 30 September 2025**

Assets under management	R4 951m
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**Performance gross of fees**Cumulative performance since inception<sup>1</sup>

% Returns <sup>3</sup>	Portfolio	Benchmark <sup>2</sup>
Since inception <sup>1</sup>	17.1	14.0
Latest 10 years	10.0	11.6
Latest 5 years	18.9	18.8
Latest 3 years	17.9	21.6
Latest 2 years	19.6	26.7
Latest 1 year	17.3	28.1
Latest 3 months	7.4	12.8

**Sector allocation on 30 September 2025**

(updated quarterly)

	% of equities <sup>4</sup>	% of Capped SWIX <sup>2</sup>
Financials	25.9	25.8
Basic materials	23.6	31.8
Consumer staples	20.5	10.1
Technology	10.8	12.8
Consumer discretionary	8.7	6.0
Industrials	4.6	2.4
Energy	2.7	0.7
Healthcare	1.9	1.0
Real estate	0.8	4.5
Telecommunications	0.5	4.9
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>

1. Since alignment date (1 February 2001).

2. FTSE/JSE Capped Shareholder Weighted All Share Index. The benchmark prior to 1 October 2020 was the FTSE/JSE All Share Index.

3. Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 30 September 2025.

4. Includes listed property.

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

**Top 10 share holdings on 30 September 2025**  
(updated quarterly)

Company	% of portfolio
Naspers & Prosus	10.7
AB InBev	7.3
British American Tobacco	5.3
AngloGold Ashanti	5.1
Glencore	5.0
Standard Bank	4.8
FirstRand	4.0
Nedbank	3.8
Mondi	3.6
Remgro	2.9
<b>Total (%)</b>	<b>52.4</b>

**Asset allocation on 30 September 2025**

Asset class	Total
Net equities	98.2
Hedged equities	0.0
Property	0.8
Commodity-linked	0.0
Bonds	0.0
Money market and cash	1.0
<b>Total (%)</b>	<b>100.0</b>

The Portfolio has returned 21% year to date, lagging its benchmark by 10%. Despite this underperformance, on a long-term basis, the absolute level of real returns is above what we would expect the Portfolio to deliver through the cycle.

The FTSE/JSE All Share Index (ALSI) is reaching new highs when measured both in rands and US dollars, breaching the 100 000 level for the first time. The index has been driven by Prosus/Naspers and precious metal shares. In contrast, many SA Inc shares have been weak, and we are looking for opportunities among them.

We highlighted the strong performance of the gold sector in the Portfolio's Q2 2025 commentary. This has continued and then some! Gold Fields, AngloGold, DRDGOLD and Pan African Resources are all at all-time highs. Gold Fields and AngloGold are now jointly valued at R1.3 trillion and make up 13% of the index. While each of the stocks has its own idiosyncratic fundamentals, the significant price moves have been driven by the strong gold price. Although we have been positive on the gold price for a long period, we are very aware of the difficulty in predicting the gold price in the short and medium term. Long-standing clients would be aware that we have been attracted to the diversification that gold shares can bring to portfolios, but we are also cognisant that they have been poor businesses over the long term. We manage this tension by carefully thinking about position size and capping the Portfolio's exposure to the sector. We encourage readers who are interested in finding out more about our view of gold and gold mining shares to read our [article on gold](#) in our Q2 2025 Quarterly Commentary and to [listen to episode 28](#) of *The Allan Gray Podcast*. Unfortunately, given strong price performance, we were underweight the platinum sector.

One long-term holding in the Portfolio which has found favour with investors is British American Tobacco (BAT). The British pound share price has risen by more than 40% over the last 12 months. Part of this was an attractive starting valuation, as we have highlighted on many occasions, but the rerating was also driven by improving fundamentals. We believe the business is in a better position today than it was two years ago. The market has increasingly focused on the growth of the modern oral business within its next-generation product portfolio. Modern oral is the nicotine pouch business, which is growing quickly, especially in the US. While BAT's product, Velo, is a distant number two to Philip Morris's Zyn product in the US market, it is rapidly gaining share. BAT is the global leader outside of the US. BAT is trading on a 9 times price-to-earnings (PE) multiple compared to Philip Morris at 24 times. While we have reduced the position given the price movement, there remains further rerating potential relative to Philip Morris should BAT continue to deliver in its next-generation product portfolio.

During the quarter, the Portfolio purchased AB InBev and Glencore and sold BAT and MultiChoice.

Commentary contributed by Duncan Artus

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

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