

Fund description and summary of investment policy

The Fund invests primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund can invest a maximum of 45% offshore. The Fund invests the bulk of its foreign allowance in equity funds managed by Orbis Investment Management Limited, our offshore investment partner. The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.

ASISA unit trust category: South African – Equity – General

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk of loss. To pursue its objective the Fund's portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds).

How we aim to achieve the Fund's objective

We seek to buy shares offering the best relative value while maintaining a diversified portfolio. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares from sellers who over-react to short-term difficulties or undervalue long-term potential. We invest in a selection of shares across all sectors of the stock market, and across the range of large, mid and smaller cap shares.

Suitable for those investors who

- Seek exposure to listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility
- Are prepared to accept the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio

Meeting the Fund objective

The Fund has created wealth for its long-term investors. Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than the average equity fund. 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.

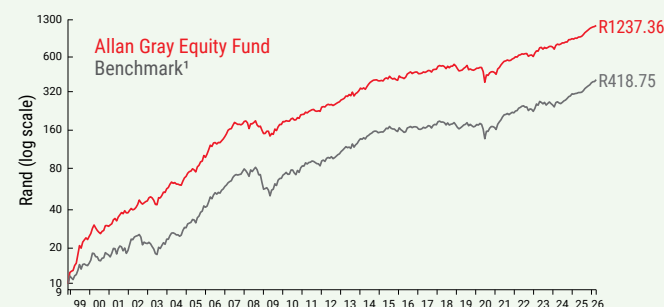
Fund information on 31 January 2026

Fund size	R58.8bn
Number of units	47 998 480
Price (net asset value per unit)	R767.74
Class	A

- The market value-weighted average return of funds in the South African – Equity – General category, excluding Allan Gray funds. (Effective 1 October 2024, this category started excluding funds that can only invest in South African equities.) Source: Morningstar, performance as calculated by Allan Gray as at 31 January 2026. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: Iress.
- This data reflects the latest available headline CPI inflation numbers as at 31 December 2025 (source: Iress).
- Maximum percentage decline over any period. The maximum drawdown occurred from 3 September 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. 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 1999 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. 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 1998)	12273.6	4087.5	312.7
Annualised:			
Since inception (1 October 1998)	19.3	14.6	5.3
Latest 10 years	10.7	10.4	4.8
Latest 5 years	16.6	16.5	5.0
Latest 3 years	16.1	15.3	3.9
Latest 2 years	21.5	25.5	3.3
Latest 1 year	28.2	30.5	3.6
Year-to-date (not annualised)	3.4	3.2	0.2
Risk measures (since inception)			
Maximum drawdown ³	-37.0	-45.4	n/a
Percentage positive months ⁴	67.1	61.3	n/a
Annualised monthly volatility ⁵	14.7	16.0	n/a
Highest annual return ⁶	125.8	73.0	n/a
Lowest annual return ⁶	-24.3	-37.6	n/a

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2025	31 Dec 2025
Cents per unit	838.4062	851.4978

Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT

For each annualised percentage point above or below the benchmark we add or deduct 0.20%. The maximum fee is uncapped and if the fee would have been negative, 0.00% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered).

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.

Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are 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.

Top 10 share holdings on 31 December 2025 (SA and Foreign) (updated quarterly)⁷

Company	% of portfolio
AB InBev	5.2
Naspers & Prosus	4.7
AngloGold Ashanti	4.0
British American Tobacco	3.9
Glencore	3.4
Standard Bank	3.1
Nedbank	2.2
Remgro	2.1
The Walt Disney Company	2.1
Woolworths	2.1
Total (%)	32.8

7. Underlying holdings of foreign funds are included on a look-through basis.

8. Includes listed property.

9. FTSE/JSE All Share Index.

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	1.41	1.65
Fee for benchmark performance	1.02	1.03
Performance fees	0.32	0.46
Other costs excluding transaction costs	0.04	0.04
VAT	0.03	0.12
Transaction costs (including VAT)	0.10	0.08
Total investment charge	1.51	1.74

Sector allocation on 31 December 2025 (updated quarterly)⁷

Sector	% of equities ⁸	% of ALSI ⁹
Financials	20.8	27.4
Consumer staples	18.1	9.0
Basic materials	17.4	31.8
Consumer discretionary	13.0	5.7
Industrials	9.1	2.1
Technology	8.5	12.9
Healthcare	6.2	1.0
Energy	2.6	0.6
Telecommunications	2.1	4.7
Real estate	1.9	4.7
Utilities	0.3	0.0
Total (%)	100.0	100.0

Asset allocation on 31 January 2026⁷

Asset class	Total	South Africa	Foreign
Net equities	95.5	55.5	40.0
Hedged equities	0.0	0.0	0.0
Property	1.8	0.3	1.5
Commodity-linked	0.0	0.0	0.0
Bonds	0.1	0.0	0.1
Money market and cash ¹⁰	2.6	1.5	1.1
Total (%)	100.0	57.2	42.8¹¹

10. Includes the impact of any currency hedging.

11. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

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

2025 was a year for the history books. Heightened geopolitical tensions created, and then seemingly resolved, trade wars, and artificial intelligence (AI)-induced optimism dominated global markets. In South Africa, the near collapse of the government of national unity early in the year and a strained relationship with the United States were overshadowed by the strong tailwind provided by rising precious metal prices that lifted the FTSE/JSE All Share Index (ALSI). A cursory glance at 2025's returns hides the sharp volatility that persisted during the year.

Globally, the MSCI World Index delivered a third consecutive year of strong double-digit returns, rising 21% in 2025 to close the year at a near all-time high. This performance was supported by the US, which comprises 72% of the index. As has been the case over the last three years, the breadth of this performance was narrow. Just seven stocks, the aptly named "magnificent seven", accounted for 46% of the S&P 500's performance in 2025 – largely fuelled by the promise of their AI advancements fundamentally changing the world and strengthening their business prospects. Futurist Roy Amara sums up the current investor psyche towards AI well: In the short term, people often overestimate the impact of a new technology while underestimating the long-term impact.

In the fullness of time, AI will almost certainly alter the way we interact and work. However, in the shorter term, it remains uncertain which AI hyperscaler will emerge as the winner and how these companies will appropriately monetise and fund their ambitions. What is more visible is that the five largest public AI hyperscalers plan to collectively spend more than US\$1.5tn over the next three years. To put this into context, South Africa's annual gross domestic product stands at around US\$450bn. We have two primary concerns here. Firstly, this capital expenditure will pose a material headwind to the earnings of these companies in the coming years, which we think is underappreciated. Secondly, the S&P 500 trades on a high multiple of these elevated earnings expectations and is fast approaching levels last seen during the 2000s technology bubble.

History shows that the first movers in world-altering technologies are rarely the eventual winners. Despite not owning any of the magnificent seven, aside from Alphabet, the offshore component of the Fund performed well by owning more reasonably priced stocks that are beneficiaries of the AI capital expenditure described above, as well as holding positions in underappreciated sectors such as defence and biotechnology.

Locally, the ALSI delivered a 42% return in 2025 – its best calendar year in two decades, with the index near an all-time high. Similar to the US, performance was narrow. Precious metal miners rallied sharply, more than doubling and contributing 58% of the ALSI's return for the year. The domestic component of the Fund delivered strong absolute returns but lagged relative to the ALSI due to an underweight position in the precious metal sub-sector. Collectively, gold and platinum group metal miners now represent over 25% of the ALSI. While we have a constructive view on the gold price over the longer term, in the short term, the price will likely be volatile amid shifting geopolitical and macroeconomic conditions. South African gold miners also have a poor long-term track record. Historically, gold price windfalls have often been eroded by poor cost discipline and value-destructive expansion. As such, we have been selective about the precious metal miners included in the Fund, favouring companies more likely to return free cash flow to shareholders.

Borrowing from Sir John Templeton, "Bull markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria." Given current valuations, we are concerned about the prospects for absolute returns both globally and locally. Therefore, the Fund is positioned defensively to protect capital. Within the offshore component, the Fund is tilted away from the US in favour of cheaper geographies. Where US exposure exists, it is in the less-crowded names. In South Africa, a slow reform agenda, anaemic capital investment and infrastructure concerns underpin our view that meaningful economic growth will remain elusive. Accordingly, the Fund's local positioning is skewed towards defensive rand hedges – British American Tobacco and AB InBev are good examples. Where the Fund holds South African-exposed stocks, they are businesses that we believe can sustain earnings growth even in a weaker-than-expected economic environment.

During the quarter, the Fund added to its positions in Naspers and Mr Price and reduced its holdings in Prosus and the gold miners.

Commentary contributed by Jithen Pillay

**Fund manager quarterly
commentary as at
31 December 2025**

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Management Company

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. Movements in exchange rates may also cause the value of underlying international investments to go up or down. 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 dividend withholding tax.

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.

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. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

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).

Foreign securities

The Fund invests in foreign securities. Depending on their markets, trading in those securities may carry risks relating to, among others, macroeconomic and political circumstances, constraints on liquidity or the repatriation of funds, foreign exchange rate fluctuations, taxation and trade settlement.

FTSE/JSE indices

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FTSE Russell Index

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MSCI Index

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