Fund managers: Allan Gray, Coronation, M&G, Ninety One
Inception date: 18 January 2019

Allan Gray Multi-Manager Moderate Portfolio

31 May 2022

Portfolio description and summary of investment policy

The Portfolio invests in the Balanced mandates of a minimum of three managers, all of which are managed to comply with the investment limits governing retirement funds. The Allan Gray Balanced Portfolio has a target allocation of 30% (excluding cash) in the Multi-Manager Portfolio. This allocation can change as a result of performance within pre-defined parameters. The Portfolio is a pooled portfolio offered by Allan Gray Life and is only available to members of the Allan Gray Umbrella Pension Fund and the Allan Gray Umbrella Provident Fund (collectively known as the Allan Gray Umbrella Retirement Fund).

Portfolio objective and benchmark

The Portfolio aims to achieve steady long-term growth of capital for investors within the constraints governing retirement funds. The Portfolio's benchmark is a composite benchmark, of which 70% is domestic and 30% is foreign.[1]

How we aim to achieve the Portfolio's objective

We have selected managers with a strong track record who have consistently executed on their investment approach over time. These managers have complementary investment styles which, when combined appropriately, should improve the Portfolio's potential to deliver real returns through different market cycles.

Suitable for those investors who

- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss but typically less than that of an equity fund
- Wish to invest in a portfolio that complies with retirement fund investment limits
- Typically have an investment time horizon of at least three years
- Wish to diversify risk across multiple managers

Annual management fee

Each underlying manager charges their own fee. Where performance fees are charged, this is based on the underlying manager's performance compared to its respective benchmark. The benchmark for each underlying manager may differ from the benchmark of the Portfolio.

Allan Gray charges a multi-management fee based on the net asset value of the Portfolio, excluding the portion invested in Allan Gray portfolios. This fee is 0.20% p.a. (which equates to approximately 0.14% p.a. on the entire Portfolio).

Underlying portfolio allocation on 31 May 2022

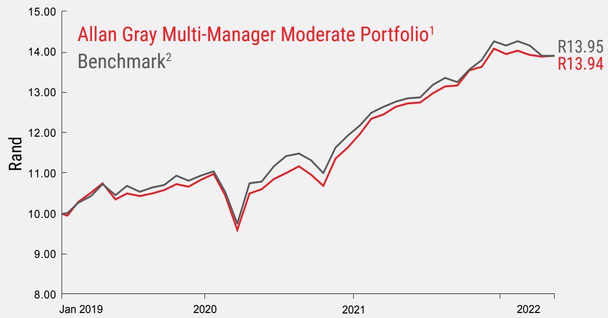
Portfolio	% of Portfolio
Allan Gray Balanced Portfolio	30.8
Coronation Global Houseview Portfolio	24.0
M&G Balanced Portfolio	20.2
Ninety One Opportunity Portfolio	24.1
Cash	0.8
Total	**100.0**

1. Performance is net of all fees and expenses.
2. 47% FTSE/JSE Capped Shareholder Weighted All Share Index, 14% FTSE/JSE All Bond Index, 9% 3-month STeFI, 18% MSCI All Country World Index and 12% J.P. Morgan GBI Global Index, all including income. Source: IRESS BFA, Bloomberg.*
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 17 February 2020 to 23 March 2020. 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.

* The blended returns are calculated by Allan Gray Proprietary Limited using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "AS IS" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilising any MSCI Data, models, analytics or other materials or information.

Performance net of all fees and expenses

Value of R10 invested at inception



% Returns	Fund[1]	Benchmark[2]
Cumulative:		
Since inception (18 January 2019)	39.4	39.5
Annualised:		
Since inception (18 January 2019)	10.4	10.4
Latest 3 years	10.4	10.0
Latest 2 years	14.6	13.6
Latest 1 year	9.3	8.3
Year-to-date (not annualised)	-1.3	-2.4
Risk measures (since inception)		
Maximum drawdown[3]	-22.3	-23.0
Percentage positive months[4]	75.0	72.5
Annualised monthly volatility[5]	9.9	9.7

Issued: 10 June 2022

Allan Gray Multi-Manager Moderate Portfolio

31 May 2022

Quarterly commentary as at 31 March 2022

It appears there is no respite from the adverse events affecting humanity. Just as the death rate from COVID-19 started to abate, Russian forces invaded Ukraine. Apart from the tragic loss of life in the region, the conflict has wide-ranging economic implications. Russia is a significant global exporter of commodities and the sanctions on Russia by the West has further aggravated already high prices. Inflation now threatens the global recovery, food and energy costs continue to surge. A slower global recovery will be further exacerbated by stringent lockdowns in China, which impacts Shanghai and Shenzhen, both economically important export hubs.

The US Federal Reserve has ended its asset-buying programme and has started to raise interest rates to rein in inflation. Further interest rates are almost certain as the US CPI reached 8.5% in March – rates last seen four decades ago. The bond market has responded accordingly. Yields on the US 10-year government bond reached 2.3% at the end of March 2022 and are continuing to climb at the time of writing this update. Given the prospect of higher US interest rates, the US dollar has continued to strengthen against other major currencies.

While the fiscal situation in South Africa has improved, the deficit is still very large. However, the improvement was sufficient for Moody's to upgrade South Africa's outlook from negative to stable. The combination of a current account surplus and inward investment flows has created conditions supportive of a strong rand. The rand strengthened from R15.94 to the US dollar at the start of the year to R14.61 at the end of March. Inflation remains elevated. The consumer inflation print for February was 5.7%. In this environment, the South African Reserve Bank remains committed to interest rate normalisation. On 24 March, it increased the repo rate by 0.25% to 4.25%, with further rate hikes likely.

The FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) delivered 6.7% in rand terms for the first quarter of 2022. Financials and Resources returned 20.3% and 19.0%, respectively, over the period, contrasted by a negative return from Industrials, of -13.1%. The rand strengthened by 8.3% against the US dollar. The Capped SWIX significantly outperformed the MSCI All Countries Index, which delivered a US dollar return of -5.3% for the quarter.

In February, the National Treasury announced amendments to the framework that governs how much of South African investors' portfolios can be invested outside of the country, opening the door for additional foreign exposure. This is positive for local investors over the long term, as it allows for greater diversification and flexibility to benefit from a broader global market. That being said, the Portfolio's underlying managers have, on average, not increased their offshore allocations as there appear to be better relative opportunities domestically.

The Portfolio returned -1.2% this quarter and 11.8% for the year (after fees). There was a wide disparity in returns over the quarter when measuring the performance of the underlying managers. The Allan Gray Balanced Portfolio delivered a 2.2% return compared to the Ninety-One Opportunity Portfolio which delivered -5.7%. Allan Gray outperformed the latter for the same reason it underperformed when measuring performance 18 months ago – it was underweight US equities and overweight South African equities. On a look-through basis, there has been a marginal decrease in the Portfolio's offshore allocation for the quarter, which was mainly due to market movements. Please find commentaries, reflecting the differing views of two of the Portfolio's underlying managers on page 3.

Commentary contributed by Shaheed Mohamed

Top 10 share holdings on 31 March 2022 (updated quarterly)

Company	% of Portfolio
Naspers[6]	4.2
British American Tobacco	3.2
Glencore	2.5
Standard Bank	2.3
Sasol	1.7
FirstRand	1.7
Anglo American	1.5
Compagnie Financiere Richemont	1.4
Remgro	1.4
MTN	1.2
Total (%)	**21.1**

6. Includes holding in stub certificates or Prosus N.V., if applicable.

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

Asset allocation on 31 May 2022

Asset Class	Total	South Africa	Foreign
Net equities	67.0	44.9	22.0
Hedged equities	4.5	1.3	3.2
Property	2.1	1.7	0.4
Commodity-linked	1.6	1.6	0.0
Bonds	17.5	16.2	1.3
Money market, bank deposits and currency hedge	7.3	6.5	0.9
Total (%)	**100.0**	**72.2**	**27.8**

Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2022[9,10]	1yr %	3yr %
Total expense ratio[7]	**0.72**	**0.91**
Fee for benchmark performance	0.65	0.66
Performance fees	-0.05	0.12
Other costs excluding transaction costs	0.12	0.13
Transaction costs[8]	**0.10**	**0.10**
Total investment charge	**0.82**	**1.01**

7. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs.
8. Transaction costs are a necessary cost in administering the Portfolio and impacts Portfolio returns. It 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.
9. Since inception of the Portfolio on 18 January 2019.
10. This estimate is based on information provided by the underlying managers.

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Commentary from underlying fund managers as at 31 March 2022

Ninety One Opportunity Portfolio

Performance review

For the quarter, the Portfolio delivered a negative absolute return.

Key positive contributions:

- From an asset allocation perspective, the local bond component contributed positively to absolute performance, as yields retraced over the quarter. Our position in government and inflation-linked bonds added meaningfully to returns.
- The cash allocation proved useful in a quarter dominated by volatility across asset classes and a breakdown of correlations between growth and defensive holdings.
- While domestic equities detracted from overall performance, positive contributors included key holdings in diversified miner BHP Group, and financials Standard Bank Group and Santam.

Key negative contributions:

- The offshore equity allocation was the largest detractor over the quarter, accounting for the full negative return, in an environment driven by a confluence of risk-off factors that led to indiscriminate selling and further impacted by rand strength over the period. The most significant detractors within this component was generated by Intuit and ASML.
- The local equity component also detracted from performance over the month. Primary detractors included Richemont, Mondi and Naspers.
- The commodity holding in the NewGold exchange-traded fund detracted marginally from performance, as the precious metal's price declined in rand terms.

Portfolio activity

We are not short-term traders. Instead, we prefer to buy what we perceive to be high-quality companies that offer good value, and we hold these positions over the medium-to-long term. As such, activity over the month was muted. Over the quarter, we added to positions in Mondi and Remgro. We reduced the size of the PSG Group holding following the announcement of the company's intention to unbundle its listed investments (and delist from the JSE), which resulted in a substantial value unlock for shareholders.

M&G Balanced Portfolio

Performance review

The Portfolio delivered a slightly positive return for the first quarter of 2022, while for the 12-month period ending 31 March 2022 it returned 16.6%. The largest asset-class contributors to absolute performance for the quarter were the Portfolio's exposure to South African equities (by far), followed by SA bonds. The largest detractor from performance was international equities, with international bonds and international cash also detracting to a much lesser extent at the overall portfolio level.

Strategy and positioning

Starting with our view on offshore asset allocation, we maintained our portfolio positioning favouring local assets over global assets, which proved to be supportive for portfolio returns due to the relative outperformance of SA assets versus their global counterparts. Within our global holdings, we continued to prefer global cash over both global equities and bonds in order to keep risk comparatively low, while also being able to take advantage of market mispricing episodes that might arise.

Within our global equity positioning, we remained cautious on US equities. We have reduced, slightly, our global equity exposure by taking profit on some selected emerging market equity exposures, which have outperformed strongly over the quarter. Our Portfolio continues to favour selected European and other developed market equities, and some emerging market equities. Within global bonds, we preferred to get our duration via exposure to selective emerging market government bonds, not finding much value in either developed market government bonds or investment grade corporate credit. Also, emerging market government bond yields remained attractive in Q1.

Within SA equities, we raised our exposure to the Resources sector slightly during the quarter, in view of the improved valuations for many of our miners on the back of the much-increased likelihood of the "higher prices and margins for longer" scenario. Our large active Resources holdings include Sasol, a significant beneficiary of the higher oil price and a very good hedge for rising SA inflation. Northam Platinum is a higher-quality active position and our primary exposure to platinum group metals (PGMs). Glencore and Exxaro are other large overweights, the first being very well diversified with no iron ore, coal or PGM exposure, and Exxaro offering potential above-market returns at an attractive valuation. Another change made during the quarter was trimming our Retail sector exposure due to company valuations deteriorating on the back of the higher inflation and interest rate outlook, which represent daunting headwinds for retail sales. Otherwise, we maintained our overweight in Banking shares, which performed very well during the quarter.

Lastly, despite the South African Reserve Bank's (SARB) two 25 basis point interest rate hikes in Q1, the Portfolio remained tilted away from SA cash as our least-preferred asset class, given the extremely low base rate off which the SARB hiked. We did increase our cash exposure by 1-2% during the quarter out of SA equities.

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J.P. Morgan GBI Global Index

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MSCI Index

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FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index

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