Allan Gray Equity Fund

31 May 2025

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

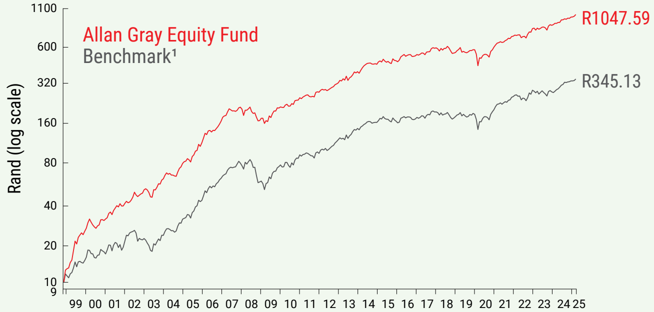
Fund information on 31 May 2025

Fund size	R50.5bn
Number of units	46 373 769
Price (net asset value per unit)	R665.63
Class	A

1. 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 May 2025. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: IRESS.
2. CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 30 April 2025 (source: IRESS).
3. 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).
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. 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)	10375.9	3351.3	306.0
Annualised:			
Since inception (1 October 1998)	19.1	14.2	5.4
Latest 10 years	8.8	7.5	4.8
Latest 5 years	17.2	16.8	5.0
Latest 3 years	13.8	11.8	4.9
Latest 2 years	15.7	16.2	4.0
Latest 1 year	19.0	23.2	2.8
Year-to-date (not annualised)	11.0	9.0	2.0
Risk measures (since inception)			
Maximum drawdown[3]	-37.0	-45.4	n/a
Percentage positive months[4]	66.3	60.3	n/a
Annualised monthly volatility[5]	14.9	16.2	n/a
Highest annual return[6]	125.8	73.0	n/a
Lowest annual return[6]	-24.3	-37.6	n/a

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.

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 2024	31 Dec 2024
Cents per unit	583.3035	635.7956

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 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% 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 March 2025 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
Naspers & Prosus	5.3
AB InBev	5.3
British American Tobacco	5.2
Standard Bank	3.2
AngloGold Ashanti	2.5
The Walt Disney Company	2.5
Remgro	2.2
Woolworths	2.2
Nedbank	2.2
Mondi	2.0
Total (%)	**32.6**

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 (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2025	1yr %	3yr %
Total expense ratio	**0.56**	**1.82**
Fee for benchmark performance	1.02	1.05
Performance fees	-0.50	0.57
Other costs excluding transaction costs	0.04	0.04
VAT	0.00	0.16
Transaction costs (including VAT)	**0.10**	**0.08**
Total investment charge	**0.66**	**1.90**

Sector allocation on 31 March 2025 (updated quarterly)[7]

Sector	% of equities[8]	% of ALSI[9]
Financials	23.0	28.6
Consumer staples	18.8	11.6
Basic materials	13.9	22.2
Consumer discretionary	13.3	7.0
Industrials	11.2	3.1
Technology	9.5	15.4
Healthcare	3.9	1.5
Energy	3.3	0.7
Telecommunications	1.4	5.0
Real estate	1.4	4.7
Utilities	0.4	0.0
Total (%)	**100.0**	**100.0**

Asset allocation on 31 May 2025[7]

Asset class	Total	South Africa	Foreign
Net equities	94.1	53.3	40.8
Hedged equities	0.0	0.0	0.0
Property	1.4	0.3	1.2
Commodity-linked	0.4	0.4	0.0
Bonds	0.2	0.0	0.2
Money market and cash[10]	3.8	2.6	1.3
Total (%)	**100.0**	**56.5**	**43.5**[11]

10. Including currency hedges.
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.

Fund manager quarterly commentary as at 31 March 2025

2024 was a very strong year for local equities, and this positive momentum carried through into the first quarter of 2025. The FTSE/JSE All Share Index generated a return of 13% for the 2024 calendar year and 6% for the latest quarter. Global equity markets also performed well in 2024, although they started 2025 on a weaker note. The MSCI World Index finished up 19% in US dollars in 2024 but retracted 2% in the first quarter of 2025.

The Fund returned 3.7% for the quarter, outperforming its benchmark by 1.7%. Performance was driven by some of the larger multinational “rand-hedge” shares, such as AB InBev and British American Tobacco. This is a reversal of one of the dominant trends of 2024: Following the national elections and the formation of the government of national unity (GNU) in June 2024, domestically focused “SA Inc” shares strongly outperformed rand-hedge shares. In response, the Fund reduced its exposure to SA Inc names in the second half of 2024 and increased holdings in rand hedges like AB InBev. Favouring rand-hedge shares detracted from performance last year but has supported performance in the most recent quarter.

The formation of the GNU in June 2024 sparked a wave of optimism about South Africa’s future, both locally and abroad. Some of this was driven by hopes of political reform and economic recovery, but it also reflected relative appeal – many emerging markets were in deeper turmoil, making South Africa look comparatively stable. While we acknowledge encouraging signs, such as improvements at Eskom, our research suggests that broader progress has been limited. State-owned enterprises continue to face deep structural issues, and the business environment remains difficult. Recent financial results from consumer-focused companies reinforce this view – many continue to report subdued earnings as household spending continues to come under pressure.

This illustrates the danger of paying a premium for optimism. When expectations shift quickly, share prices can get ahead of underlying fundamentals. Our approach, as always, is bottom-up focused, favouring companies priced well below their intrinsic value, across sectors and regions. There are certainly still areas of value among SA Inc stocks, but some valuations are too high and do not reflect the economic and political risks. The recent difficulty around passing a coalition budget and ongoing public tension between the South African government and the United States are good reminders of these risks. There is value in having a diversified portfolio containing both SA Inc and rand-hedge stocks. Fortunately, there are attractively priced shares available in both categories.

Stock selection in the offshore portion of the portfolio contributed to relative performance in the quarter. We remain underweight the US market and mega-cap tech – areas that have driven global market returns for several years but now appear increasingly crowded and expensive. There have been early signs of this trend shifting. For instance, European equities, which have long been out of favour, have recently begun to attract renewed interest. Emerging markets, too, outperformed the MSCI World Index this quarter. Japan, often overlooked in global portfolios, offers compelling opportunities for uncorrelated returns in a concentrated global market. The offshore portion of the Fund continues to look very different from the world index and many of our competitors, something we believe will benefit long-term returns.

During the quarter, the Fund purchased AB InBev and AngloGold Ashanti, and sold British American Tobacco and Sibanye-Stillwater.

Commentary contributed by Tim Acker

Information and content

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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).

FTSE/JSE All Share Index, FTSE/JSE Financials Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index

The FTSE/JSE All Share Index, FTSE/JSE Financials Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap 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, FTSE/JSE Financials Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap 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, FTSE/JSE Financials Index, FTSE/ JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index vests in FTSE and the JSE jointly. All their rights are reserved.

FTSE Russell Index

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MSCI Index

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Important information for investors

Need more information?
You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website **www.allangray.co.za** or via our Client Service Centre on **0860 000 654**

Fund description and summary of investment policy

The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.

ASISA unit trust category: South African – Multi Asset – High Equity

Fund objective and benchmark

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund's benchmark is the market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds).

How we aim to achieve the Fund's objective

We seek to buy shares at a discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. If the stock market offers few attractive shares we may increase the Fund's weighting to alternative assets such as bonds, property, commodities and cash, or we may partially hedge the Fund's stock market exposure. By varying the Fund's exposure to these different asset classes over time, we seek to enhance the Fund's long-term returns and to manage its risk. The Fund's bond and money market investments are actively managed.

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 unit trust that complies with retirement fund investment limits
- Typically have an investment horizon of more than three years

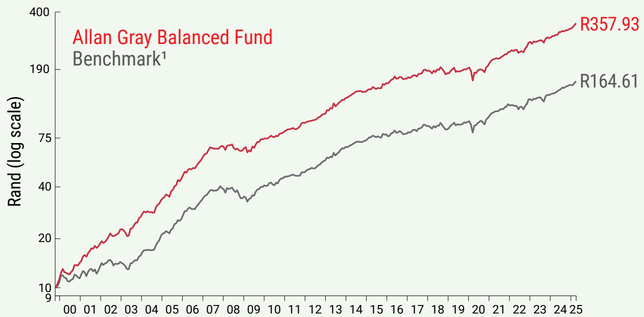
Fund information on 31 May 2025

Fund size	R217.9bn
Number of units	593 373 465
Price (net asset value per unit)	R172.31
Class	A

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 May 2025. From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund. Source: Morningstar.
2. CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 30 April 2025 (source: IRESS).
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 20 January 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.
6. 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 April 2006 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 1999)	3479.3	1546.1	288.9
Annualised:			
Since inception (1 October 1999)	15.0	11.5	5.5
Latest 10 years	9.2	7.8	4.8
Latest 5 years	14.5	12.6	5.0
Latest 3 years	12.8	11.9	4.9
Latest 2 years	13.5	12.8	4.0
Latest 1 year	17.2	16.3	2.8
Year-to-date (not annualised)	9.8	6.8	2.0
Risk measures (since inception)			
Maximum drawdown[3]	-25.4	-23.3	n/a
Percentage positive months[4]	70.5	67.9	n/a
Annualised monthly volatility[5]	9.2	9.2	n/a
Highest annual return[6]	46.1	41.9	n/a
Lowest annual return[6]	-14.2	-16.7	n/a

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 balanced fund.

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 2024	31 Dec 2024
Cents per unit	219.4385	172.6912

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 over the last two years, to that of the benchmark.

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

For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits:

Maximum fee: 1.50% p.a. excl. VAT
Minimum fee: 0.50% p.a. excl. VAT

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 March 2025 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
AB InBev	4.3
Naspers & Prosus	4.1
British American Tobacco	3.7
Standard Bank	2.1
AngloGold Ashanti	2.1
Nedbank	1.9
The Walt Disney Company	1.9
Woolworths	1.7
Remgro	1.6
Glencore	1.4
Total (%)	**24.7**

Asset allocation on 31 May 2025[7]

Asset class	Total	South Africa	Foreign
Net equities	63.9	37.3	26.6
Hedged equities	9.0	3.0	5.9
Property	1.0	0.2	0.9
Commodity-linked	3.2	2.6	0.6
Bonds	16.5	11.7	4.8
Money market and cash[8]	6.4	6.9	-0.5
Total (%)	**100.0**	**61.7**	**38.3[9]**

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Including currency hedges.
9. 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.

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2025	1yr %	3yr %
Total expense ratio	**1.42**	**1.67**
Fee for benchmark performance	1.02	1.02
Performance fees	0.24	0.46
Other costs excluding transaction costs	0.04	0.04
VAT	0.12	0.15
Transaction costs (including VAT)	**0.06**	**0.06**
Total investment charge	**1.48**	**1.73**

Since inception, the Fund's month-end net equity exposure has varied as follows:

Minimum	49.3% (February 2000)
Average	63.3%
Maximum	72.9% (May 2021)

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

Fund manager quarterly commentary as at 31 March 2025

2024 was a strong year for local assets, and this positive momentum carried through into the first quarter of 2025. The FTSE/JSE All Share Index generated a return of 13% in 2024 and 6% in the latest quarter, while the FTSE/JSE All Bond Index returned 17% in 2024 and 1% for the quarter. Global equity markets also performed well in 2024 but have had a softer start to 2025. The MSCI World Index ended up 19% in US dollars in 2024 but fell 2% in the first quarter of 2025.

The Fund returned 3.9% for the quarter, outperforming its benchmark by 2.6%. Local performance was driven by large multinational "rand-hedge" shares, such as AB InBev and British American Tobacco. This is a reversal of one of the dominant trends of 2024: Following the national elections and the formation of the government of national unity (GNU) in June 2024, domestically focused "SA Inc" shares strongly outperformed rand-hedge shares. The Fund responded by reducing its SA Inc exposure in the second half of 2024 and adding to its rand-hedge positions. SA bonds also had a strong 2024 but have come under pressure in the last six months. A conservative bond stance and favouring rand-hedge shares detracted from performance last year, but supported performance in the most recent quarter.

The formation of the GNU in June 2024 sparked a wave of optimism about South Africa's future, both locally and abroad. Some of this was driven by hopes of political reform and economic recovery, but it also reflected relative appeal – many emerging markets were in deeper turmoil, making South Africa look comparatively stable. While we acknowledge encouraging signs, such as improvements at Eskom, our research suggests that broader progress has been limited. State-owned enterprises continue to face deep structural issues, and the business environment remains difficult. Recent financial results from consumer-focused companies reinforce this view – many continue to report subdued earnings as household spending remains under pressure.

This highlights the danger of paying a premium for optimism. When expectations run ahead of fundamentals, prices can detach from reality. Our approach remains rooted in bottom-up analysis, favouring companies priced well below their intrinsic value, across sectors and regions. While there are still undervalued SA Inc shares, many are now priced for perfection in an economy still facing major headwinds. The difficulty in passing the first coalition budget and ongoing public tension between our government and the United States are good reminders of the economic and political risks.

There is value in having a diversified portfolio containing both SA Inc and rand-hedge stocks. The portfolio reflects that there are attractive opportunities available in both categories. SA bonds offer high yields that appear very attractive at first glance, but we remain concerned about the fiscal challenges facing the SA government. Despite a steepening yield curve, the Fund maintains a conservative duration position, preferring shorter-dated bonds.

Offshore stock selection contributed to relative performance in the quarter. We remain underweight the US market and mega-cap tech – areas that have driven global market returns for several years but now appear increasingly crowded and expensive. There have been early signs of this trend shifting. European equities, long neglected by investors, have attracted fresh interest. Emerging markets, too, outperformed the MSCI World Index this quarter. Japan, often overlooked in global portfolios, offers compelling opportunities for uncorrelated returns in a concentrated global market. The majority of the Fund's 38% foreign allocation is in equities, with the remainder mostly in hedged equities and short-dated bonds. This positioning reflects our view that the overall global stock market remains expensive and longer-dated global government bonds don't offer compelling value either. The offshore portion of the Fund continues to look very different from the world index and many of our competitors, a divergence we believe will benefit long-term returns.

During the quarter, the Fund purchased AngloGold Ashanti and AB InBev, and sold British American Tobacco and Gold Fields.

Commentary contributed by Tim Acker

Important information for investors

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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.

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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).

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

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ALLANGRAY

Fund managers: Duncan Artus, Sean Munsie, Tim Acker
(Most foreign assets are invested in Orbis funds) **Inception date:** 1 July 2000

Allan Gray Stable Fund

31 May 2025

Fund description and summary of investment policy

The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund or a balanced fund.

ASISA unit trust category: South African – Multi Asset – Low Equity

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited, plus 2%.

How we aim to achieve the Fund's objective

A major portion of the Fund is typically invested in money market instruments. We seek to deploy the Fund's cash by investing in shares when they can be bought at a significant discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. If the stock market offers few attractive shares, we may allocate a low weight to shares or partially hedge the Fund's stock market exposure in consideration of the Fund's capital preservation objectives. The Fund may also invest in bonds, property and commodities. The Fund's bond and money market investments are actively managed.

Suitable for those investors who

- Are risk-averse and require a high degree of capital stability
- Seek both above-inflation returns over the long term, and capital preservation over any two-year period
- Require some income but also some capital growth
- Wish to invest in a unit trust that complies with retirement fund investment limits

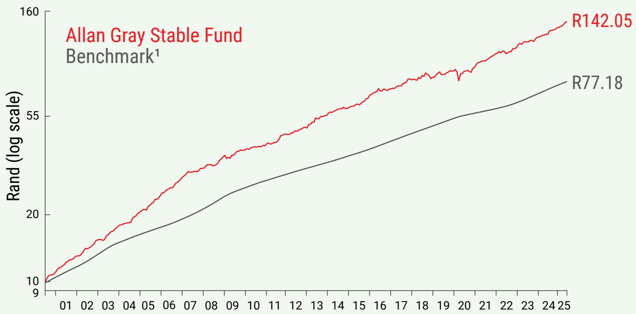
Fund information on 31 May 2025

Fund size	R56.4bn
Number of units	562 981 644
Price (net asset value per unit)	R49.04
Class	A

1. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank, plus 2%, performance as calculated by Allan Gray as at 31 May 2025.
2. CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 30 April 2025 (source: IRESS).
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund (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. 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 April 2006 and the benchmark's occurred during the 12 months ended 30 June 2003. 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 31 August 2021. 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 July 2000)	1320.5	671.8	269.2
Annualised:			
Since inception (1 July 2000)	11.2	8.5	5.4
Latest 10 years	8.8	7.5	4.8
Latest 5 years	11.2	7.2	5.0
Latest 3 years	10.6	8.9	4.9
Latest 2 years	10.8	9.5	4.0
Latest 1 year	14.0	9.3	2.8
Year-to-date (not annualised)	6.4	3.6	2.0
Risk measures (since inception)			
Maximum drawdown[3]	-16.7	n/a	n/a
Percentage positive months[4]	78.6	100.0	n/a
Annualised monthly volatility[5]	5.1	0.7	n/a
Highest annual return[6]	23.3	14.6	n/a
Lowest annual return[6]	-7.4	4.6	n/a

Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund aims to minimise the risk of loss over any two-year period.

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 quarterly.	30 Jun 2024	30 Sep 2024	31 Dec 2024	31 Mar 2025
Cents per unit	51.1499	42.4069	37.6557	38.9637

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 over the last two years, to that of the benchmark. If the Fund's return over two years is equal to or less than 0%, Allan Gray will not charge a fee.

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

For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits:

Maximum fee: 1.50% p.a. excl. VAT
Minimum fee: 0.50% p.a. excl. VAT

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 March 2025 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
AB InBev	3.3
British American Tobacco	2.6
AngloGold Ashanti	1.9
Gold Fields	1.5
Woolworths	1.3
Standard Bank	1.3
Nedbank	1.2
Remgro	1.2
Marriott International Inc	1.0
Unilever Plc	0.8
Total (%)	**16.1**

7. Underlying holdings of foreign funds are included on a look-through basis.
8. Exposures representing 1% or more of the portfolio.
9. Excludes accrued fees and cash accounts.

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2025	1yr %	3yr %
Total expense ratio	**1.48**	**1.60**
Fee for benchmark performance	1.01	1.01
Performance fees	0.29	0.40
Other costs excluding transaction costs	0.03	0.03
VAT	0.15	0.16
Transaction costs (including VAT)	**0.04**	**0.04**
Total investment charge	**1.52**	**1.64**

Top debt issuers on 31 March 2025 (SA and Foreign) (updated quarterly)[7,8,9]

Issuer	% of portfolio
Republic of South Africa	14.1
Standard Bank	8.5
FirstRand Bank	5.8
Absa	4.3
Investec Bank	2.8
Nedbank	2.6
United States Treasury	1.7
JPMorgan Chase & Co	1.2
Total (%)	**41.1**

Asset allocation on 31 May 2025[7]

Asset class	Total	South Africa	Foreign
Net equities	24.6	11.3	13.2
Hedged equities	22.8	12.5	10.3
Property	0.9	0.1	0.8
Commodity-linked	1.9	1.4	0.5
Bonds	34.1	26.6	7.5
Money market and cash[10]	15.7	18.3	-2.7
Total (%)	**100.0**	**70.3**	**29.7**[11]

10. Including currency hedges.
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.

Since inception, the Fund's month-end net equity exposure has varied as follows:

Minimum	12.4% (January 2010)
Average	26.4%
Maximum	39.6% (December 2018)

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

Fund manager quarterly commentary as at 31 March 2025

The first quarter of 2025 saw the local equity market add to the strong gains posted in the preceding year, with the FTSE/JSE All Share Index returning 5.9%. Among the largest contributors to returns at the index level were precious metal miners, telecommunications providers and the dual-listed consumer goods companies, including AB InBev, British American Tobacco and Richemont. Gains for the local banks, insurers and retailers have either begun to stall or go backwards, while the diversified miners and other cyclical rand hedges Sasol and Mondi have continued to struggle in the new year. The FTSE/JSE All Bond Index eked out a 0.7% gain for the quarter, as the risk premium ascribed to local government bonds increased, particularly on longer-dated instruments. The faltering US market contributed to declines in the MSCI World Index and the S&P 500, which returned -1.8% and -4.4% in US dollars respectively over the quarter.

Against this backdrop, the Fund returned 3.1% for the quarter – 1.0% ahead of its benchmark.

Fund holdings in AB InBev and gold miners were among the largest contributors to performance. Gains for AngloGold Ashanti, Gold Fields and DRDGOLD have been particularly strong, with share prices more than 50% higher year to date in rands – this as the gold price breached US$3 000 per ounce for the first time and continued to set new highs. Predominant trends, including diversification away from the US dollar with increased interest in gold as a reserve asset, fears of stagflation in developed economies as growth slows, and political and trade uncertainties, remain more relevant than ever. Despite this, equity investors remain sceptical of the trajectory of the gold price, with valuations of the miners, including those mentioned above, screening as very compelling at the spot price.

The offshore component of the Fund was a contributor to overall returns, primarily driven by stock selection. Defence-related holdings were among the leading contributors, having benefited from increased global defence spending and European government commitments to future defence investment. US dollar weakness also aided returns, given the Fund's underweight exposure. The offshore component has been positioned against the narrative of American exceptionalism for some time and continues to have limited US exposure.

It is worthwhile noting that events occurring immediately post quarter end pose a possible threat to wider risk asset returns – namely, the sustainability of the government of national unity locally following the conflict-ridden Budget process and the ratcheting up of global trade tensions after President Donald Trump's "Liberation Day" tariff announcements. Last quarter, we wrote about our concerns regarding unsustainable valuation levels both locally and globally, and what this may mean for future returns. This, coupled with geopolitical pressures and elevated uncertainty, makes for increased market volatility ahead.

In our opinion, the Fund's current defensive positioning in terms of stock selection, a 25% net equity weight (which is below the 40% maximum), its sizeable asset allocation towards hedged equities, and its lower-duration bond holdings ensure that we are well placed to navigate these challenges.

During the quarter, the Fund added to its existing AB InBev holding, initiated a new position in Aspen Pharmacare and trimmed its exposure to British American Tobacco.

Commentary contributed by Sean Munsie

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FTSE Russell Index

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MSCI Index

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Allan Gray Interest Fund

31 May 2025

Fund description and summary of investment policy

The Fund invests in a mix of South African interest-bearing securities. These securities can be issued by government, parastatals, corporates and banks. The Fund's weighted average modified duration is limited to a maximum of two. Returns are likely to be less volatile than those of traditional income and bond funds, but more volatile than those of money market funds. The Fund is managed to comply with the investment limits governing retirement funds.

ASISA unit trust category: South African – Interest Bearing – Short Term

Fund objective and benchmark

The Fund aims to generate returns higher than bank deposits and traditional money market funds, while maintaining capital stability and low volatility. The Fund's benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index.

How we aim to achieve the Fund's objective

The Fund invests in select South African interest-bearing securities providing an income yield and a high degree of capital stability. We formulate an interest rate outlook, which is influenced by our inflation outlook and expectations of the resulting Reserve Bank policy response. Based on this analysis, we select securities for the Fund. These will primarily be floating-rate notes, money market instruments and fixed interest paper with a low duration. We take a conservative approach to credit risk, liquidity risk and duration risk.

Suitable for those investors who

- Are risk-averse but seek returns higher than bank deposits and traditional money market funds
- Need a short-term investment account
- Seek a domestic-only interest-bearing 'building block'
- Require monthly income distributions

Fund information on 31 May 2025

Fund size	R1.8bn
Number of units	58 076 884
Price (net asset value per unit)	R10.23
Modified duration	0.7
Gross yield (i.e. before fees)	8.7
Net yield (i.e. after fees)	7.9
Fund weighted average maturity (years)	5.0
Class	A

1. The Fund's benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Performance as calculated by Allan Gray as at 31 May 2025. Source: Bloomberg.
2. CPI inflation has been calculated based on the most recent rebased values from Stats SA, reflecting the data as at 30 April 2025 (source: IRESS).
3. Maximum percentage decline over any period. The maximum drawdown occurred from 7 October 2024 to 8 October 2024. Drawdown is calculated on the total return of the Fund (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. 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 31 May 2025 and the benchmark's occurred during the 12 months ended 30 April 2025. The Fund's lowest annual return occurred during the 12 months ended 30 April 2025 and the benchmark's occurred during the 12 months ended 31 May 2025. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Income distributions for the last 12 months

Actual payout (cents per unit), the Fund distributes monthly

Jun 2024	Jul 2024	Aug 2024	Sep 2024
6.57	8.11	7.40	7.76
Oct 2024	**Nov 2024**	**Dec 2024**	**Jan 2025**
7.58	7.09	7.68	7.32
Feb 2025	**Mar 2025**	**Apr 2025**	**May 2025**
6.56	7.12	6.90	6.93

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 May 2024)	11.4	8.9	2.8
Annualised:			
Since inception (1 May 2024)	10.5	8.2	2.8
Latest 1 year	10.8	8.1	2.8
Year-to-date (not annualised)	3.8	3.2	2.0
Risk measures (since inception)			
Maximum drawdown[3]	-1.2	n/a	n/a
Percentage positive months[4]	100.0	100.0	n/a
Annualised monthly volatility[5]	0.7	0.1	n/a
Highest annual return[6]	10.8	8.2	n/a
Lowest annual return[6]	10.5	8.1	n/a

Meeting the Fund objective

Since inception, the Fund has outperformed its benchmark. The Fund has provided returns in excess of CPI inflation. The Fund aims to minimise risk by maintaining capital stability and low volatility.

Annual management fee

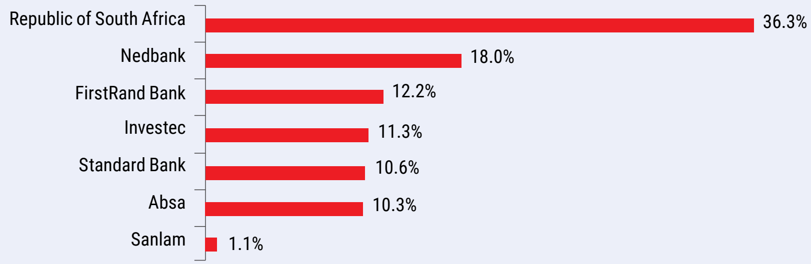
A fixed fee of 0.65% p.a. excl. VAT

Total expense ratio (TER) and transaction costs (updated quarterly)

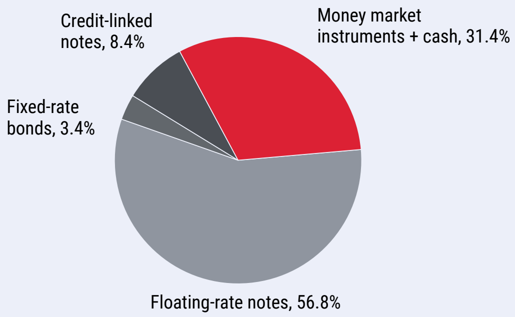
The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one-year period (annualised). Transaction costs are disclosed separately. Complete and accurate data is only available after 12 months. The TER and transaction costs are therefore based on actual data, where available, and best estimates.

TER and transaction costs breakdown for the 1-year period ending 31 March 2025	1yr %
Total expense ratio	**0.76**
Fee for benchmark performance	0.65
Other costs excluding transaction costs	0.01
VAT	0.10
Transaction costs (including VAT)	**0.00**
Total investment charge	**0.76**

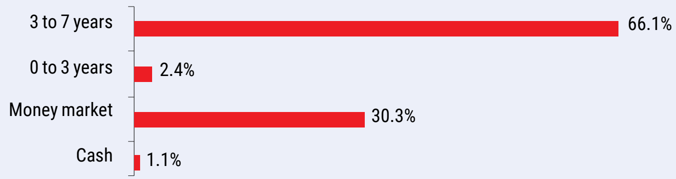
Top credit exposures on 31 May 2025



Asset allocation on 31 May 2025



Maturity profile on 31 May 2025



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

Fund manager commentary as at 31 March 2025

To start the year from an interest rate standpoint, the theme of *"uncertainty"* was prevalent at both the US Federal Reserve (the Fed) and South African Reserve Bank (SARB) meetings, with Fed Chair Jerome Powell and SARB Governor Lesetja Kganyago separately echoing that rate policy caution is warranted in these uncertain times. A dramatic shift in US fiscal, trade and military policy has ramifications for developed and emerging countries alike. A topic of much debate this year has been whether US President Donald Trump will impose higher tariffs upon key trading partners on a *sustained* basis. Such actions would result in higher US inflation and therefore higher interest rates. Alternatively, Trump's actions at times suggest that he simply wishes to use the *threat* of these tariffs as a negotiating tool of statecraft to achieve other policy aims. These include more secure US borders, a commitment from the likes of Europe and China to raise their own imports from the US, and a fairer dispersion of military spending across the US, Europe and the UK that does not place unfair burden on the US when enacting North Atlantic Treaty Organization (NATO) peacekeeping duties and disbursing foreign aid. In a similar vein, the degree to which US government spending will be cut is also unclear – keeping in mind that such expenditure has acted as a key driver of US gross domestic product (GDP) growth and a steady source of US job listings.

Markets hate such uncertainty and so do businesses. The weakening of the S&P 500 index, which has lost 9% of its value in US dollars since its year-to-date highs, risks unwinding some of the wealth effect that has spurred consumer spending on both basic and discretionary goods, as well as luxury items and travel. Several US fast food and beverage companies have begun reporting faltering sales on the back of consumer economic anxiety while prices are simultaneously rising amid tariff-related price hikes from suppliers. If one extrapolates such stock market and business activity to indicate a coming recession, this implies that tariff-related inflationary threats will be watered down by depressed economic activity that ultimately lowers both consumer demand and prices. Therein lies the set of uncertain paths: Will US policy shifts raise inflation, or could they squash prices by bringing about a recession? The Fed is waiting for greater clarity.

Turning to domestic interest rates, many in the market have questioned why the SARB has not cut rates by more, given a repo rate of 7.5% as at end-March (close to its highest levels in 16 years) versus a consumer price inflation (CPI) rate of 3.2% as at end-February (levels last seen during the COVID-19 pandemic-related slump in economic activity). The answer may be that the SARB does not set interest rates in a vacuum. On the one hand, the expectation of softer US growth and the weaker US dollar observed this year lowers our local inflation trajectory. On the other hand, Governor Kganyago also highlights that the imposition of tariffs on South Africa or the loss of our African Growth and Opportunity Act (AGOA) preferential trade status with the US should mean lower growth domestically, with the SARB modelling up to a -0.7% hit to GDP in such a scenario as South Africa's automotive and fruit exports decline. This analysis was done prior to the 30% tariff on South African imports announced by the Trump administration on 2 April 2025, which nullifies many AGOA benefits and will likely represent a shock to growth. This, combined with a local market confidence shock, could weaken the rand and raise our CPI trajectory materially. It is the job of the Monetary Policy Committee (MPC) to weigh the balance of such future risks when setting rates now. A recent win for South Africa's administered price inflation trajectory is the reduced electricity tariff hikes granted to Eskom by the National Energy Regulator of South Africa (NERSA) of 12.7%, 5.4% and 6.2% for each of the next three years. That said, in its place, the SARB must now contemplate a new risk and weigh up the potential impact of a higher value-added tax (VAT) rate on consumer prices going forward.

During the quarter, the Fund added to five-year fixed-rate money market instruments. The Fund ended the quarter on an annual yield of 9%, with the market pricing for one more interest rate cut this year.

Commentary contributed by Thalia Petousis

Information and content

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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. 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 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. The one-year TER is deducted from the gross yield to derive a yield net of fund expenses. 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 Share Index, FTSE/JSE All Bond Index

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Important information for investors

Need more information?
You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website **www.allangray.co.za** or via our Client Service Centre on **0860 000 654.**

Allan Gray-Orbis Global Equity Feeder Fund

31 May 2025

Fund description and summary of investment policy

The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund's investment universe is global, the units in the Fund are priced and traded daily in rands.

ASISA unit trust category: Global – Equity – General

Fund objective and benchmark

The Fund aims to outperform global stock markets over the long term, without taking on greater risk. Its benchmark is the MSCI World Index, including income, after withholding taxes.

How we aim to achieve the Fund's objective

The Fund invests only in the Orbis Global Equity Fund. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. Orbis uses in-house research to identify companies around the world whose shares can be purchased for less than Orbis' assessment of their long-term intrinsic value. This long-term perspective enables Orbis to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. This is the same approach as that used by Allan Gray to invest in South African equities, except that Orbis is able to choose from many more shares, listed internationally.

Suitable for those investors who

- Seek exposure to diversified international equities to provide long-term capital growth
- Wish to invest in international assets through a rand-denominated fund
- Are comfortable with global stock market and currency fluctuation and risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as a global equity 'building block' in a diversified multi-asset class portfolio

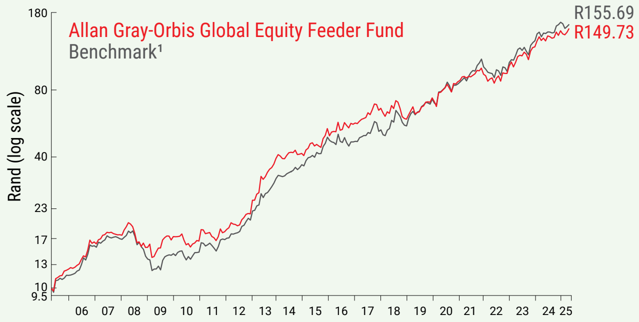
Fund availability: Subject to offshore capacity constraints. Please visit our website or contact our Client Service Centre for further information about any constraints that may apply.

Fund information on 31 May 2025

Fund size	R33.7bn
Number of units	226 055 018
Price (net asset value per unit)	148.95
Class	A

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund ZAR	Fund US$	Benchmark[1] ZAR	Benchmark[1] US$	CPI inflation[2] ZAR	CPI inflation[2] US$
Cumulative:						
Since inception (1 April 2005)	1397.3	418.3	1456.9	438.9	191.1	65.9
Annualised:						
Since inception (1 April 2005)	14.4	8.5	14.6	8.7	5.5	2.6
Latest 10 years	12.6	8.3	14.6	10.2	4.8	3.1
Latest 5 years	14.2	13.6	15.0	14.4	5.0	4.6
Latest 3 years	18.7	13.3	18.6	13.2	4.9	3.5
Latest 2 years	15.7	21.1	13.9	19.2	4.0	2.8
Latest 1 year	10.6	14.8	9.5	13.7	2.8	2.3
Year-to-date (not annualised)	7.5	12.4	0.3	4.9	2.0	1.2
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	62.8	58.7	61.2	63.6	n/a	n/a
Annualised monthly volatility[5]	15.0	17.0	14.1	15.7	n/a	n/a
Highest annual return[6]	78.2	64.1	54.2	58.4	n/a	n/a
Lowest annual return[6]	-29.7	-44.8	-32.7	-47.3	n/a	n/a

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 31 May 2025. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as at 30 April 2025 (Source: IRESS). South African CPI inflation has been calculated based on the most recent rebased values from Stats SA.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 6 June 2008 to 10 March 2009 and maximum benchmark drawdown occurred from 5 June 2008 to 6 March 2009. 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. 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 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 March 2009 and the benchmark's occurred during the 12 months ended 31 March 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund has underperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. 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 global stock market. 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

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus annually.	31 Dec 2024
Cents per unit	**3.0952**

Annual management fee

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges an annual management fee within the underlying Orbis Global Equity Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information please refer to the Orbis Global Equity Fund factsheet and prospectus, which can be found at www.orbis.com.

Total expense ratio (TER) and transaction costs (updated quarterly)

The annual management fee charged by Orbis 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 31 March 2025	1yr %	3yr %
Total expense ratio	**0.83**	**1.26**
Fee for benchmark performance	1.10	1.25
Performance fees	-0.33	-0.05
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	**0.11**	**0.10**
Total investment charge	**0.94**	**1.36**

Top 10 share holdings on 31 May 2025

Company	% of portfolio
QXO	7.0
Corpay	4.7
Nintendo	4.4
Elevance Health	4.1
British American Tobacco	3.7
Taiwan Semiconductor Mfg.	2.8
Rolls-Royce Holdings	2.4
Itaú Unibanco Holding	2.4
Interactive Brokers Group	2.2
GXO Logistics	2.1
Total (%)	**35.7**

Asset allocation on 31 May 2025

This fund invests solely into the Orbis Global Equity Fund

	Total	United States	UK	Europe ex-UK[7]	Japan	Other[7]	Emerging markets
Net equities	94.6	39.3	13.1	10.2	6.3	3.7	22.0
Property	1.8	0.0	0.0	0.0	1.8	0.0	0.0
Money market and cash	3.6	3.3	0.1	0.0	0.0	0.0	0.1
Total (%)	**100.0**	**42.6**	**13.2**	**10.2**	**8.2**	**3.7**	**22.1**
Currency exposure	100.0	42.3	8.9	11.7	16.1	7.8	13.2
Benchmark	100.0	71.5	3.8	13.1	5.6	6.1	0.0

7. Refers to developed markets only.

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

Fund manager quarterly commentary as at 31 March 2025

It has not been a great decade to be a value-oriented contrarian investor.

When compared against a soaring and increasingly concentrated global stock market, the opportunity for investors like us to deliver enhanced returns has been relatively bleak. To be sure, scoring a few own goals along the way hasn't helped. Our mission is to generate superior returns versus our benchmark with no greater risk of loss. And, while our net returns over the last decade have been strong in absolute terms, they've fallen short of the benchmark's returns. We recognise that we have tested your patience.

Looking back, there have been two big factors at work. The first is our own internal processes and structure. With the benefit of all the data we have collected and analysed on our own decisions, we have identified several opportunities for improvement and made changes.

Over the last three years, we have combined two of our London-based investment teams, changed our portfolio management structure to improve capital flow across regions and enhanced our risk management, both at a stock-specific and portfolio level. Notably, we have also formed a Decision Analytics team to analyse our individual behavioural patterns as investors, akin to a golf coach videoing a player's swing. Although hard to measure with precision, we believe these initiatives are already bearing fruit. For example, by comparing our analyst team's recommendations with the global opportunity set, we can see that the output of our "stockpicking engine" is significantly outperforming the typical global stock.

The other big factor is the market environment. We have written at length previously about how concentrated and skewed the global stock market benchmark has become, driven in large part by a very small number of shares which have pushed markets to extremes. Even if we had been at the top of our game, the environment of the last decade would have been a tough one in which to excel. But one thing we have repeatedly observed is that when change happens, it can happen all at once – as this most recent quarter has demonstrated.

One minute, the stock market is in a state of euphoric ecstasy, convinced by the notion of American exceptionalism and giddy on expectations for the unshackling of that country's animal spirits under a decisive, business-friendly, red-tape-cutting administration. Investors pour in. The next minute, despondency reigns. Tariff inflation will hurt consumers, and tariff uncertainty will hurt businesses. Cutting waste will mean cutting jobs, which means rising unemployment, which may mean recession. It's just the other side of the same coin. But that's the nature of economics and investing. There are two sides to everything. What drives market prices is often determined by which side of the coin investors are choosing to look at.

We find there's usually more to be gained by carefully examining the dark side of the coin. Looking from the other side can feel lonely and adversarial and comes with long periods of looking stupid. But when the market environment flips, it can do so quickly, without warning and without an intermission to let investors reposition. For example, our long-standing underweight to the US, a relative performance drag for so long, has all-of-a-sudden flipped into a contributor. If predicting the timing of such changes in market mood can look easy with hindsight, it's anything but simple in real time – and that's exactly why we don't do it.

Instead, we're guided by how share prices deviate from our assessment of intrinsic value. While our disciplined approach can often mean we end up sitting out periods of extraordinary temporary returns as certain shares go from expensive to even more so, it's usually worth it in the end. Share prices can only fight for so long against the gravitational pull of fair value.

The first sign that share prices have gone too far is often that even extraordinary results fail to meet lofty market expectations. In late February, Nvidia reported 78% growth for its most recent quarter, yet its stock was down the next day. And it has not been alone. While the S&P 500 is down 8% from late February, the tech-heavy Nasdaq is down 13%, and the Magnificent Seven are collectively down 17%.

Does that mean those shares now provide good value again? Is the reset over? Not necessarily. When one considers just how stretched and skewed markets had become, it's possible there is further to go. On a headline basis, the US still commands a 45% valuation premium. Indeed, our research continues to suggest there is much better value elsewhere. Whether it's the likes of SK Square trading at a fraction of the value of its listed stakes, Genmab trading below the value of its existing drugs (with no value credited to future development) or the solid Elevance Health at just 13 times next year's earnings with no discernible tariff risk, we continue to find shares priced at very reasonable levels with attractive margins of safety to the downside.

On previous occasions when markets have become as dislocated as they still are today, we have typically found that shares neglected in the euphoria don't just protect downside in a market sell-off — they can actually go up as investors remove their blinders. So it is that amid the declines in the Nasdaq, European stocks are actually up year to date. In US dollars, Japanese shares are up. Global value stocks are up. In terms of pattern recognition, that's an encouraging sign for value-oriented contrarian investors like us. Looking forward, we hope and expect that our discipline – and your patience – will finally turn out to be well rewarded.

We established a new position in Microchip Technology, a US-based semiconductor manufacturer of microcontrollers and analogue chips, and established a new position in a UK-based grocery retailer. These purchases were funded by meaningfully reducing the Fund's position in Alphabet, Google's parent company, and US-based managed care organisation UnitedHealth Group.

Adapted from a commentary contributed by Ben Preston, Orbis Portfolio Management (Europe) LLP, London

Information and content

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ALLANGRAY

Fund managers: This Fund invests solely into the Orbis SICAV Global Balanced Fund, managed by Orbis Investment Management Limited. **Inception date:** 3 February 2004

Allan Gray-Orbis Global Balanced Feeder Fund

31 May 2025

Fund description and summary of investment policy[1]

The Fund is a feeder fund and invests only in the Orbis SICAV Global Balanced Fund ('Orbis Global Balanced'), managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. Orbis Global Balanced invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. The typical net equity exposure of Orbis Global Balanced is between 40% and 75%. Orbis Global Balanced aims to balance investment returns and risk of loss. Returns are likely to be less volatile than those of a global equity-only fund. Although Orbis Global Balanced's investment universe is global, the units of the Fund are priced and traded daily in rands.

ASISA unit trust category: Global – Multi Asset – High Equity

Fund objective and benchmark[1]

The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark, which comprises 60% the MSCI World Index with net dividends reinvested and 40% the J.P. Morgan Global Government Bond Index.

How we aim to achieve the Fund's objective

The Fund invests only in Orbis Global Balanced. Orbis Global Balanced is actively managed and invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. Orbis Global Balanced targets an exposure of 40% to 90% of net asset value ('NAV') in equities, 10% to 50% in fixed income and 0% to 10% in commodity-linked instruments. The overall exposure to equities after hedging is intended to be limited to 75% of NAV. The weighting among the asset classes is driven by Orbis' bottom-up approach in selecting securities across asset classes and therefore may deviate substantially compared to the benchmark. Like Allan Gray, Orbis uses in-house research to identify companies whose shares can be purchased for less than Orbis' assessment of their long-term intrinsic value. This long-term perspective enables them to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. A similar approach is applied in selecting fixed income instruments, which may consist of cash, cash equivalents, government bonds and investment-grade and high-yield corporate bonds and, at times, distressed corporate bonds. They are selected with the aim of increasing the overall risk-adjusted return.When Orbis' research suggests that stock or bond markets are overvalued, Orbis may reduce exposure to those asset classes or hedge market risk using exchange-traded derivatives. Hedged equities may also be used as an alternative to holding fixed-income instruments and reduce overall portfolio risks. Commodity-linked instruments are included if Orbis' research identifies certain commodities as being more attractive on a risk-adjusted basis than overall equity or fixed-income opportunities. Currency exposure is actively managed to control exposure to currencies less likely to hold their long-term value in US dollars.

Suitable for those investors who

- Seek to balance investment returns and risk of loss, by investing in a diversified global multi-asset class portfolio
- Wish to invest in international assets through a rand-denominated fund
- Are comfortable that the investment approach is likely to result in volatility and potential capital loss, but typically less volatility than that of a global equity-only fund
- Typically have an investment horizon of at least three to five years

Fund availability: Subject to offshore capacity constraints. Please visit our website or contact our Client Service Centre for further information about any constraints that may apply.

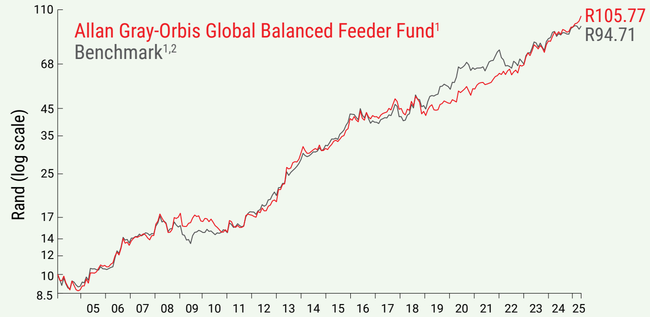
Fund information on 31 May 2025

Fund size	R20.4bn
Number of units	228 323 616
Price (net asset value per unit)	R89.46
Class	A

1. The Fund was converted from a fund of funds structure to a feeder fund structure and its name and benchmark were amended on 1 June 2021. For more information, please read 'Ballot underway for Allan Gray-Orbis Global Fund of Funds', available via the Latest insights section of our website.
2. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 May 2025. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan Global Government Bond Index.
3. This data reflects the latest available inflation numbers for South Africa and the United States of America, as at 30 April 2025 (Source: IRESS). South African CPI inflation has been calculated based on the most recent rebased values from Stats SA.
4. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown occurred from 23 October 2008 to 30 June 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
6. 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.
7. 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 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 October 2010 and the benchmark's occurred during the 12 months ended 30 June 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[1]		Benchmark[1,2]		CPI inflation[3]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (3 February 2004)	957.7	313.5	847.1	270.3	203.3	71.9
Annualised:						
Since inception (3 February 2004)	11.7	6.9	11.1	6.3	5.4	2.6
Latest 10 years	12.1	7.8	10.7	6.4	4.8	3.1
Latest 5 years	15.3	14.7	7.9	7.4	5.0	4.6
Latest 3 years	18.0	12.6	12.9	7.7	4.9	3.5
Latest 2 years	14.8	20.1	7.3	12.2	4.0	2.8
Latest 1 year	17.2	21.7	6.7	10.8	2.8	2.3
Year-to-date (not annualised)	12.2	17.4	0.6	5.2	2.0	1.2
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	59.4	61.3	57.4	63.7	n/a	n/a
Annualised monthly volatility[6]	13.2	11.7	12.6	10.3	n/a	n/a
Highest annual return[7]	55.6	43.8	38.8	37.6	n/a	n/a
Lowest annual return[7]	-13.7	-27.3	-17.0	-31.7	n/a	n/a

Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. 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 similar funds in the Global – Multi Asset – High Equity sector.

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 annually.	31 Dec 2024
Cents per unit	**1.5499**

Annual management fee

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges an annual management fee within the underlying Orbis SICAV Global Balanced Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information please refer to the Orbis SICAV Global Balanced Fund factsheet and prospectus, which can be found at www.orbis.com.

Total expense ratio (TER) and transaction costs (updated quarterly)

The annual management fee charged by Orbis 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 31 March 2025	1yr %	3yr %
Total expense ratio	**3.96**	**2.94**
Fee for benchmark performance	1.10	1.15
Performance fees	2.79	1.72
Other costs excluding transaction costs	0.07	0.07
VAT	0.00	0.00
Transaction costs (including VAT)	**0.06**	**0.07**
Total investment charge	**4.02**	**3.01**

Top 10 holdings on 31 May 2025

Company	% of portfolio
US TIPS >10 Years	5.1
SPDR® Gold Trust	4.7
Siemens Energy	4.0
Kinder Morgan	3.7
Taiwan Semiconductor Mfg	2.7
Nintendo	2.7
Samsung Electronics	2.6
Leonardo	2.0
Drax Group	2.0
Mitsubishi Heavy Industries	1.9
Total (%)	**31.4**

Asset allocation on 31 May 2025

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	United States	UK	Europe ex-UK[8]	Japan	Other[8]	Emerging markets
Net equities	55.8	9.5	12.5	10.0	7.1	4.2	12.5
Hedged equities	17.5	10.2	0.9	4.0	0.3	0.5	1.4
Property	0.6	0.0	0.0	0.0	0.6	0.0	0.0
Commodity-linked	4.7	4.7	0.0	0.0	0.0	0.0	0.0
Bonds	19.0	12.3	0.6	1.3	0.0	0.0	4.8
Money market and cash	2.4	1.3	0.2	0.6	0.1	0.1	0.1
Total (%)	**100.0**	**37.9**	**14.2**	**15.9**	**8.2**	**4.9**	**18.8**
Currency exposure	100.0	19.9	13.7	28.9	17.0	9.5	11.0
Benchmark	100.0	62.8	4.7	17.6	9.9	5.0	0.0

8. Refers to developed markets only.

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

Fund manager quarterly commentary as at 31 March 2025

Uncertainty is the order of the day in the US, and that is not what markets were expecting in January. Coming into the year, the US stock market traded at sky-high valuations, having notched two consecutive years of 20% plus returns. Strong equity returns, strong profit growth, strong economic growth and a market-friendly Trump were all priced as virtual certainties.

That made us cautious. When prices are high, expectations are high, and when expectations are high, so is risk. We were positioned against the consensus narrative of American exceptionalism, and we are still positioned that way, because prices haven't changed all that much.

Net of hedging, we have less exposure to stock market risk than the 60/40 index benchmark, and our fixed income holdings are longer-term than they have ever been. In addition to valuations, we have concerns about the US economy's dependence on the stock market.

Two-thirds of US gross domestic product (GDP) is consumer spending. Over half of that spending, and all of the spending growth over the last two years, has been driven by the top 20% of households by income, who have been happy to keep splurging because they own lots of stocks, which have been up. As the stock market has soared, it has grown larger versus the US economy. Today, the S&P 500 is valued at about 160% of US GDP.

Said another way, the US economy has become more dependent on the stock market. Researchers from Moody's estimate that for every extra dollar in household wealth, households spend an extra two or three cents. Over the past few years, this has been a boon for the economy. But now, the economy depends on consumer spending, the only consumers spending are the rich ones, and their spending depends on rising stock markets. The market, for the moment anyway, has stopped going up. What does that spell for the economy?

This time, the government doesn't seem inclined to help. The American poet Maya Angelou said, "When someone shows you who they are, believe them the first time." Investors would do well to heed that advice, particularly regarding President Donald Trump and Treasury Secretary Scott Bessent. A selection of quotes from Trump:

"There is a period of transition."
"I hate to predict things like that [recessions]."
"Look, we're going to have disruption, but we're okay with that."
"There'll always be a little short-term interruption."
"I'm not even looking at the stock market."

And from Bessent:

"There is no [Trump] put."
"There's going to be a detox period."
"We'll see whether there's pain."
"Could we be seeing this economy that we inherited starting to roll a bit? Sure."
"Can you guarantee there is not going to be a recession? I can't guarantee anything."

If the president and Treasury secretary are willing to stomach a recession in pursuit of their longer-term policy goals, who are we to argue? Both are explicit in their desire to bring down the 10-year US Treasury yield, and allowing a short-term recession would be one way to do that.

Normally, it would then fall to the central bank to support the economy, but the Federal Reserve (the Fed) is stuck between its dual goals of limiting inflation and limiting unemployment. If the Fed raises interest rates to fight inflation, it risks crushing the economy, but if it cuts rates to support the economy, inflation expectations could rise rapidly.

Both scenarios would be reasonable for US Treasury Inflation Protected Securities (TIPS). As a reminder, TIPS are Treasury bonds where the repayment amount is adjusted for inflation. If interest rates and bond yields decline, TIPS should benefit, as bond prices go up when bond yields go down. If rates stay high or rise, the most likely reason would be high inflation, and TIPS should benefit from adjustments to their repayment amount.

Over the past quarter, we have meaningfully increased our positions in long-term TIPS, and they are now among the Fund's top holdings. The 2.3% inflation-protected yield on 30-year TIPS is both above average versus historical bond returns and, in our view, unsustainably high given America's government debt problem.

If we can lock in a 2.3% real return on a fairly safe asset, this raises the bar for everything else in the Fund. With equity valuations still reasonable outside the US, we've found plenty of opportunities, but the biggest competition for capital in the Fund today is between TIPS and hedged equity.

Hedged equity lets us buy stocks we like in markets we don't. We buy individual stocks that we believe are undervalued, then hedge out some of the associated stock market risk, leaving us with the difference between the relative return of our stock versus its local market, plus a cash-like return. Today, the riskiest-looking market – the US – is also the market with the highest interest rates, so US hedged equity offers a cash return of about 4%, plus the relative return of our stock selections. That makes hedged equity a very competitive option for the lower-risk part of the Fund.

With little exposure to the US stock market and the US dollar, defensive positioning in TIPS and hedged equity, and a collection of attractively valued shares, we believe the Fund is well positioned to both handle market volatility and deliver pleasing long-term returns.

We exited the position in US-based managed care organisation (MCO) UnitedHealth Group on concerns that it may face increased regulatory scrutiny and reallocated capital to another US MCO, Elevance Health. In addition, we established a new position in Microchip Technology, a US-based semiconductor manufacturer of microcontrollers and analogue chips.

Adapted from a commentary contributed by Alec Cutler, Orbis Investment Management Limited, Bermuda, and Rob Perrone, Orbis Portfolio Management (Europe) LLP, London

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