ALLAN GRAY

Inception date: 11 January 2001

Allan Gray Life Domestic Equity Portfolio

31 May 2022

Portfolio objective and benchmark

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

Product profile

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

Investment specifics

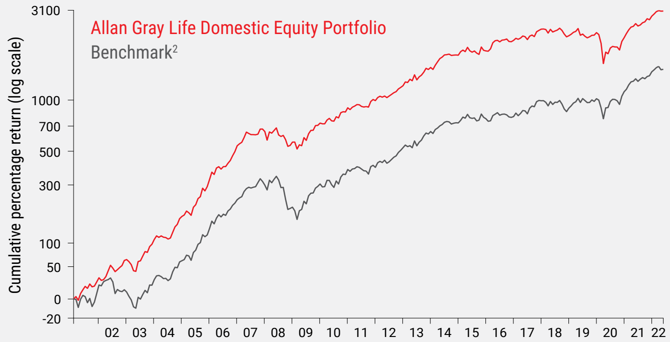
- This Portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds and medical schemes.
- Minimum investment: R20m.
- Performance based fee.

Portfolio information on 31 May 2022

Assets under management	R3 818m

Performance gross of fees

Cumulative performance since inception



% Returns[1]	Portfolio	Benchmark[2]
Since inception[3]	17.6	13.8
Latest 10 years	11.0	11.9
Latest 5 years	6.4	10.5
Latest 3 years	10.2	14.2
Latest 2 years	29.2	25.9
Latest 1 year	16.3	12.1
Latest 3 months	0.7	-2.0

1. Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 31 May 2022.
2. FTSE/JSE Capped Shareholder Weighted All Share Index. The benchmark prior to 1 October 2020 is the FTSE/JSE All Share Index.
3. Since alignment date (1 February 2001).
4. Includes holding in Prosus N.V., if applicable.

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

Sector allocation on 31 March 2022 (updated quarterly)

	% of Portfolio	% of benchmark
Energy	0.3	1.2
Basic materials	28.8	27.3
Industrials	4.4	3.4
Consumer staples	14.5	10.3
Healthcare	3.0	2.6
Consumer discretionary	9.0	6.9
Telecommunications	1.7	8.0
Financials	27.6	27.2
Technology	6.9	8.5
Real estate	1.6	4.4
Money market and bank deposits	2.0	0.0
Bonds	0.1	0.0
Unlisted Shares	0.0	0.0
Total (%)	**100.0**	**100.0**

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

Company	% of Portfolio
Glencore	8.4
British American Tobacco	7.6
Naspers[4]	6.6
Woolworths	4.4
Nedbank	4.3
Standard Bank	3.7
Remgro	3.7
Sasol	3.7
AB InBev	3.5
Sibanye-Stillwater	3.3
Total (%)	**49.2**

Fund manager quarterly commentary as at 31 March 2022

The Portfolio returned 6.9% for the quarter, while the benchmark delivered 6.7%.

For technology investors, the mood has shifted from euphoria to caution. This can be seen most easily in the performance of stocks like Peloton, which sells exercise bikes connected to the internet, and which is down 84% in US dollars from its peak a little over a year ago. Other technology darlings like Zoom, Delivery Hero, and Beyond Meat are all down more than 70% from their respective peak dollar share prices. In most instances, the fundamentals have not changed that much. Delivery Hero, for example, reported slightly worse guidance for 2022 than what analysts had been hoping for – which hardly seems like a sufficient reason for the stock to lose nearly EUR10 bn of value. The change in sentiment seems to be the overriding factor.

Chinese technology companies have also suffered: From their respective peaks, Meituan, Pinduoduo, JD.com, Alibaba, and Tencent have all lost more than 40% of their value in dollars. The fall in Tencent has affected Naspers, which is down 57% from its 2021 rand peak. And this during a time when almost every other large stock on our market delivered a positive return.

The technology sell-off is a reminder that when you pay a high price for a business, you had better be right about its growth prospects. We are all imperfect forecasters, and it's not always so obvious in advance which companies are going to change the world, which are going to compound for 20 years, and which are going to be outcompeted. As an investor, you can reduce your odds of losing money by being careful not to pay too high a price for growth, especially during times of very positive sentiment.

In addition, a large portion of the stocks in our universe are directly or indirectly exposed to China, and getting this call right is crucially important. The Portfolio has been underweight commodities, especially iron ore producers and Richemont, in order to limit exposure to China over the past few years. Large global stocks like British American Tobacco and AB InBev, that are in our top 10 and have very little exposure to China, should hold their value and protect the Portfolio against Chinese setbacks.

During the quarter, the Portfolio bought Reinet and Thungela, and sold Impala Platinum and Standard Bank.

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Past performance is not indicative of future performance.

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

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