

Fund description and summary of investment policy

The Fund invests in a focused portfolio of Frontier Market Equities. The Fund price is reported in US dollars, but the underlying holdings are denominated in various currencies. Returns are likely to be volatile.

Fund objective and benchmark

The Fund aims to outperform Frontier Markets over the long term without taking on greater risk of loss. The Fund's benchmark is the MSCI Frontier Emerging Markets (FEM) Index. The Fund does not seek to mirror the benchmark but instead may deviate meaningfully from this performance benchmark in pursuit of superior returns. To the extent that its investments differ from those in the benchmark, the Fund faces the risk of underperforming the benchmark.

There are significant risks involved in investing in Frontier Market Equities and thus there is no assurance that the investment approach of the Fund will be successful or that the Fund will achieve its investment objective.

How we aim to achieve the Fund's objective

We invest in equities that we believe offer superior fundamental value while taking into account risk and return. We research companies and assess their intrinsic value based on long-term fundamentals; we then invest in businesses where our assessment of intrinsic value exceeds the share price by a margin of safety. This approach allows us to identify shares that may be out of favour with the market because of poor near-term prospects, but offer good value over the long term. The Fund's holdings will deviate meaningfully from those in the index both in terms of individual holdings and sector exposure.

Suitable for those investors who

- Seek exposure to Frontier Market equities
- Are comfortable with stock market and currency fluctuations
- Are prepared to take on the risk of capital loss
- Typically have an investment horizon of more than five years

Capacity

The Fund currently has no capacity constraints. Allan Gray Bermuda Limited (the 'Investment Manager') may, at its discretion, refuse a subscription or phase a subscription into the Fund over a number of dealing days. Redemptions may be limited to US\$5m or 2.5% of the Fund (whichever is less) per dealing day.

Fair value pricing

The board of directors of the Fund ('the board') may fair value the Fund's assets in accordance with the board's fair value pricing policies if:

- The closing market quotations or official closing prices are not readily available or do not accurately reflect the fair value of a Fund asset
- The value of a Fund asset has been materially affected by events occurring before the Fund's pricing time but after the close of the exchange or market on which the asset is principally traded

The board delegates the responsibility for fair value pricing decisions to a Valuation Committee of the Investment Manager.

Fund information on 31 May 2022

Fund currency	US\$
Fund size	US\$642m
Number of shares	4 977 431
Price (net asset value per share)	US\$122.25
Number of share holdings	40
Dealing day	Weekly (Thursday)
Class	C
Class inception date	21 January 2021

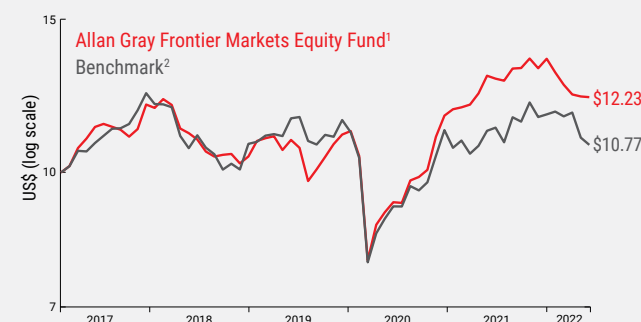
Minimum investment amounts

Minimum initial investment	US\$50 000
Minimum subsequent investment	US\$1 000

1. Prior to the inception of this class of the Fund, the performance and risk measures are calculated using the A class performance of the Fund.
2. MSCI Frontier Emerging Markets Index (source: MSCI), performance as calculated by Allan Gray. Calculation based on the latest available data as supplied by third parties.
3. Maximum percentage decline over any period calculated from monthly returns. The maximum drawdown occurred from 31 March 2018 to 31 March 2020 and maximum benchmark drawdown occurred from 31 January 2018 to 31 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. This is the highest or lowest rolling 12-month return the Fund has experienced since inception. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. 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 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from the Allan Gray Service Team on request.

Performance in US\$ net of all fees and expenses

Value of US\$10 invested at inception with all distributions reinvested



% Returns	Fund ¹	Benchmark ²
Cumulative:		
Since inception (3 April 2017)	22.3	7.7
Annualised:		
Since inception (3 April 2017)	4.0	1.4
Latest 3 years	4.8	-0.8
Latest 2 years	16.6	10.4
Latest 1 year	-5.6	-3.7
Year-to-date (not annualised)	-9.7	-7.8
Risk measures (since inception, based on month-end prices)		
Maximum drawdown ³	-34.9	-36.3
Percentage positive months ⁴	59.7	56.5
Annualised monthly volatility ⁵	16.1	16.7
Highest annual return ⁶	51.5	33.6
Lowest annual return ⁶	-27.8	-28.7

Relative to benchmark return required to reach high watermark: 2.1%.

Meeting the Fund objective

The Fund aims to outperform Frontier Markets over the long term without taking on greater risk of loss. The Fund may experience periods of underperformance in pursuit of this objective. Since inception the Fund has outperformed its benchmark. The maximum drawdown and lowest annual return numbers in the 'Performance in US\$ net of all fees and expenses' table show that the Fund has not experienced more downside than its benchmark in periods of negative market returns. We believe our philosophy of buying undervalued equities should generate positive absolute returns over time.

Subscription and redemption charge

Investors may be charged 1% when subscribing for Fund shares. Investors may be charged 1% when redeeming Fund shares in the case of significant redemptions. These charges are paid into the Fund to offset the costs associated with the transactions that are borne by the Fund. The Investment Manager may waive these charges if transactions substantially offset one another.

Annual management fee

The management fee consists of a base fee of 0.7% and a performance component. The fee rate is calculated weekly by comparing the Fund's total performance for the week, after the base fee is deducted, to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 0.7% p.a.

For each percentage point above or below the benchmark we add or deduct 0.2%. This means that Allan Gray shares in approximately 20% of the performance relative to the benchmark. The fee can decrease to a minimum of 0%. If the fee would have been negative, the negative fee will be carried forward to reduce the next week's fee (and all subsequent weeks until the underperformance is recovered).

Total expense ratio (TER) and transaction costs

The annual management fee charged 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. The TER and transaction costs cannot be determined accurately because of the short life span of the class. Calculations are based on actual data where possible and best estimates where actual data is not available.

Country of primary listing on 31 May 2022

Country	% of Equities	Benchmark ²
United Kingdom	21.8	0.0
Nigeria	16.1	2.8
Philippines	15.2	30.0
Kazakhstan	12.4	3.0
Australia	8.1	0.0
Egypt	6.4	2.6
Bangladesh	4.9	2.4
Sri Lanka	2.9	0.3
Romania	2.8	3.3
Kenya	2.7	2.4
Kuwait	2.7	0.0
Pakistan	1.9	0.5
Argentina	1.0	0.0
Slovenia	0.9	1.8
Vietnam	0.4	14.2
Peru	0.0	9.7
Colombia	0.0	9.1
Morocco	0.0	5.0
Bahrain	0.0	4.3
Iceland	0.0	3.7
Other	0.0	4.9
Total (%)⁷	100.0	100.0

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

8. The TER and Transaction costs data is that of the A Class of the Fund, reduced by 0.3% p.a.

Note: There are ~32 countries in the benchmark, therefore countries not in the Fund may be shown as "Other" as the last balancing item for the benchmark.

Sector allocation on 31 May 2022

Sector	% of Fund	Benchmark ²
Energy	2.3	4.3
Basic materials	14.4	6.1
Industrials	2.0	11.0
Consumer staples	23.2	7.3
Healthcare	3.9	2.9
Consumer discretionary	3.9	4.6
Telecommunications	0.0	7.9
Utilities	0.0	4.3
Financials	42.7	36.8
Real estate	0.0	14.7
Money market and bank deposits	7.8	0.0
Total (%)⁷	100.0	100.0

Asset allocation on 31 May 2022

Asset Class	Total
Net equity	92.3
Bonds	4.8
Money market and bank deposits	2.9
Total (%)⁷	100.0

Total expense ratio (TER) and transaction costs⁸

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2022	1yr %	3yr %
Total expense ratio	1.11	1.78
Fee for benchmark performance	0.70	0.70
Performance fees	0.24	0.85
Custody fees	0.11	0.17
Other costs excluding transaction costs	0.06	0.06
Transaction costs	0.10	0.23
Total investment charge	1.21	2.01

The first three months of 2022 have been tough for the Fund from both a relative and absolute perspective. For the quarter, the Fund declined in value by 9.1% versus the MSCI Frontier Emerging Markets Index (FEM Index), which was broadly flat at 0.5%.

The primary driver of the underperformance has been the Russian invasion of Ukraine. While our Fund has no direct exposure to Russia or Ukraine, we are overweight investments in neighbouring Eastern European and Asian countries, and their markets have not gone unaffected.

Our largest exposures in this regard are our investments in Kazakhstan, through Halyk Bank and uranium producer Kazatomprom, and in Georgia, through TBC Bank and diversified holding company Georgia Capital. Year to date, Kazatomprom is down 17% in US dollars, while Halyk Bank is down more than 37%. London-listed TBC Bank is down more than 35% in US dollars and Georgia Capital is down roughly 14%.

Part of the fall in these share prices is justified: These countries border Russia, and they have above-average direct and indirect economic exposure as a result. Businesses operating in Georgia and Kazakhstan will not go unaffected, and this is likely to be a very tough year for them. Secondly, given Russia's invasion of Ukraine, the risk of territorial expansion elsewhere in the region is also heightened.

However, part of the fall is unjustified: Fear and uncertainty are elevated and there appears to be aggressive selling of these names with little consideration for existing valuations or how much of the potential downside is arguably already priced in. Part of the selling also appears to be arbitrary in nature and driven by redemptions in Eastern European and Asian funds, with blanket selling of all names to meet fund redemptions. Given the illiquidity of Russian shares, due to market closures and sanctions, this has exacerbated the selling of the more liquid counters. It is somewhat of a "get me out at any cost" scenario.

When the market seems overly focused on the short term and is seemingly selling at any cost, that is when we get excited. Our focus is fundamental, bottom-up and long term. We strive to buy above-average companies at below-average prices. Occasionally, the market will dish up opportunities where the risk and reward metrics are skewed heavily in our favour. Although we cannot predict how the current conflict will unfold, we do believe the current environment is presenting such an opportunity. We believe our investments in Kazakhstan and Georgia are in well-capitalised, well-run companies that can survive a prolonged downturn and offer substantial upside in any kind of return to normal over the longer term.

We spoke about Georgia and TBC Bank in our September 2021 Allan Gray Frontier Markets Equity Fund commentary. At the time, TBC was trading on less than 5 times forward earnings. Following this year's events, TBC can now be bought for approximately 3 times historic earnings. This is for the largest bank in Georgia, a market with low banking penetration and an effective duopoly. Similarly, Halyk Bank, the largest bank in Kazakhstan, now trades on 3 times historic earnings. It is highly likely both banks are going to have a disappointing year; however, they are both well capitalised and well positioned to sustain a prolonged downturn. The recent experience during the COVID-19 pandemic provides an apt example of their respective abilities to weather hardships. Over the longer term, both banks have consistently grown earnings and delivered returns on equity in excess of 20%. It is not often you get to buy high-quality companies at bargain-bin prices, but we believe today presents such an opportunity.

During the quarter, we added to our positions in Kazakhstan and Georgia.

Commentary contributed by Rory Kutisker-Jacobson

**Fund manager quarterly
commentary as at
31 March 2022**

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Definitions

Frontier Markets means markets included in the MSCI Frontier Emerging Markets (FEM) Index and Beyond Frontier markets. Beyond Frontier markets are markets not included in developed, emerging or frontier indices. Frontier Market Equities means equity in companies domiciled, geographically located or with significant business interests in Frontier Markets, regardless of the location of the stock exchange listing.

Information and content

The Fund is incorporated and registered under the laws of Bermuda and is supervised by the Bermuda Monetary Authority. The primary custodian of the Fund is Citibank N.A., New York Offices. The custodian can be contacted at 390 Greenwich Street, New York, New York, 10012, USA. The Investment Manager has appointed Allan Gray Unit Trust Management (RF) Proprietary Limited (the "Representative") as its representative for the purpose of approval in terms of the Collective Investment Schemes Control Act 45 of 2002. The Representative is incorporated under the laws of South Africa and is supervised by the Financial Sector Conduct Authority (FSCA).

The Fund may be closed to new investments at any time to be managed according to its mandate. Shares in the Fund are traded at ruling prices and the Fund can engage in borrowing and scrip lending. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This report does not constitute a financial promotion, a recommendation, an offer to sell or a solicitation to buy shares in the Fund. Investments in the Fund are made according to the terms and conditions and subject to the restrictions set out in the prospectus. The offering of shares in the Fund may be restricted in certain jurisdictions. Please contact the Allan Gray service team to confirm if there are any restrictions that apply to you.

Class C shares are only available to certain eligible investors who are subject to an additional administration fee separately agreed with an Allan Gray Group entity.

Performance

Collective investment schemes in securities (unit trusts or mutual funds) are generally medium- to long-term investments. Where annualised performance is mentioned, this refers to the average return per year over the period. The value of shares may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may cause the value of underlying international investments to go up or down. Neither the Investment Manager, the Fund nor the Representative provides 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.

MSCI Index

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Share price

Share 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 shares in issue. Forward pricing is used. The weekly price of the Fund is normally calculated each Friday. Purchase requests must be received by the Registrar of the Fund by 17:00 South African time on that dealing day to receive that week's price. Redemption requests must be received by the Registrar of the Fund by 17:00 South African time, on the particular dealing day on which shares are to be redeemed to receive that week's price.

Fees and charges

Permissible deductions from the Fund may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and custody fees. A schedule of fees, charges and maximum commissions is available on request from the Representative.

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) and other expenses like audit fees. Transaction costs (including brokerage, securities transfer tax and investor protection levies where applicable) 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 fund, 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 collective investment scheme 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).

Risks

There is no assurance that the investment approach of the Fund will be successful or that the Fund will achieve its investment objective. It should be appreciated that the value of shares in the Fund can go down as well as up, that investors may not realise the amount initially invested, and that past performance data is not necessarily indicative of future performance.

Frontier markets

There are significant risks involved in investing in shares listed in the Fund's universe of developing countries including liquidity risks, sometimes aggravated by rapid and large outflows of "hot money" and capital flight, concentration risk, currency risks, political and social instability, the possibility of expropriation, confiscatory taxation or nationalisation of assets and the establishment of foreign exchange controls which may include the suspension of the ability to transfer currency from a given country. In many cases, such risks are significantly higher than those in developed markets. Frontier market countries have varying laws and regulations and, in some, foreign investment is controlled or restricted in varying degrees.

Contractual risk

The Fund can use derivatives to manage its exposure to stock markets, currencies and/or interest rates and this exposes the Fund to contractual risk. Contractual risk includes the risk that a counterparty will not settle a transaction according to its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, causing the Fund to suffer a loss. Such contract counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties.

Derivatives

Borrowing, leveraging, and trading securities on margin will result in interest charges and, depending on the amount of trading activity, such charges could be substantial. The low margin deposits normally required in futures and forward trading utilized by the Fund permit a high degree of leverage; accordingly, a relatively small price movement in a futures or forward contract may result in immediate and substantial losses to the investor. Price movements of forward contracts and other derivative contracts in which the assets of the Fund may be invested are highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Forward contracts are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Trading in forward contracts is substantially unregulated and there is no limitation on daily price movements.

Operating expense cap

The Investment Manager has agreed with the Fund that except for specified exclusions, operating expenses attributable to the Fund will be capped at a rate of 0.15% per annum during the Fund's financial year. The cap will be automatically extended for further successive one-year periods unless the Investment Manager notifies the Fund that the cap will not continue at least three months prior to the expiry of the term, as extended. The Investment Manager will meet expenses incurred in excess of such cap and will not seek reimbursement from the Fund. The operating expenses that are capped are all expenses excluding the fees of the Investment Manager, the cost of buying and selling assets and custody fees.

Important information for investors

Need more information?

You can obtain additional information about the Fund, including copies of the prospectus, application forms and the annual report, free of charge, by contacting the Allan Gray service team, at **0860 000 654** or **+27 (0)21 415 2301** or by email at **allangraybermuda@allangray.com**