

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.

Classification: Frontier Markets – Equity

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.

Frontier Market Equities

There are numerous risks involved in investing in Frontier Market Equities. These risks may be significantly higher than in more developed markets and may include (but are not limited to) the following:

- Individual countries may impose capital controls preventing the repatriation of foreign currency
- Returns are expected to be more volatile, and the average drawdown may be higher, than in more developed markets
- Low liquidity whereby subscriptions into the Fund may have to be phased in, and redemptions from the Fund may be limited per dealing day
- Market prices may not accurately reflect the fair value of a Fund asset and fair value pricing may be used

There is no assurance that the investment approach of the Fund will be successful or that the Fund will achieve its investment objective.

See the “Important information for investors” section for more information.

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 above-average stock market and currency fluctuations
- Are prepared to take on the risk of capital loss
- Have a minimum investment horizon of five years

Fund information on 30 June 2024

Fund currency	US\$
Fund size	US\$858m
Number of shares	4 822 402
Price (net asset value per share)	US\$156.57
Number of share holdings	41
Dealing day	Weekly (Thursday)
Class	C
Class inception date	21 January 2021

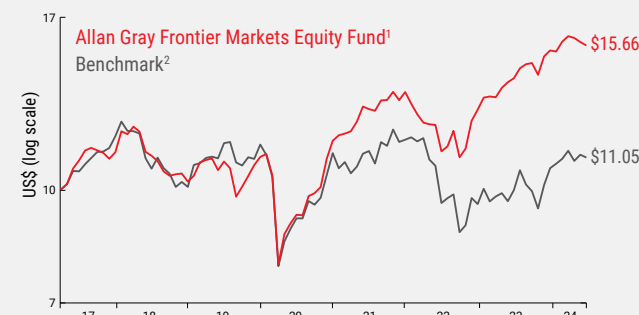
Minimum investment amounts

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

- 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.
- 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.
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- The standard deviation of the Fund’s monthly return. This is a measure of how much an investment’s return varies from its average over time.
- 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)	56.6	10.5
Annualised:		
Since inception (3 April 2017)	6.4	1.4
Latest 5 years	7.5	-0.9
Latest 3 years	6.8	-0.7
Latest 2 years	17.9	7.3
Latest 1 year	10.8	10.7
Year-to-date (not annualised)	1.6	3.4
Risk measures (since inception, based on month-end prices)		
Maximum drawdown ³	-34.9	-36.3
Percentage positive months ⁴	62.1	57.5
Annualised monthly volatility ⁵	15.2	16.8
Highest annual return ⁶	51.5	33.6
Lowest annual return ⁶	-27.8	-28.6

Relative to benchmark return required to reach high watermark: 5.3%.

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 will be charged 1% when subscribing for Fund shares and 1% when redeeming Fund shares. These charges are paid into the Fund to offset the costs associated with the transactions that are borne by the Fund. Allan Gray Bermuda Limited (the "Investment Manager") may waive these charges at its discretion, for example in the case of significant offsetting between subscriptions and redemptions.

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 30 June 2024⁷

Country	% of equities	Benchmark ²
United Kingdom	23.0	0.0
Philippines	18.4	20.0
Kazakhstan	16.8	6.2
Bangladesh	6.8	1.3
Nigeria	6.5	0.0
Vietnam	6.3	15.9
Egypt	5.2	2.7
Sri Lanka	5.0	0.5
Australia	3.2	0.0
Argentina	2.1	0.0
Kuwait	1.9	0.0
Pakistan	1.7	2.4
Kenya	1.5	1.7
Slovenia	1.1	3.6
Hong Kong	0.7	0.0
Peru	0.0	11.8
Romania	0.0	8.3
Morocco	0.0	6.7
Iceland	0.0	4.4
Colombia	0.0	4.0
Other	0.0	10.4
Total (%)⁸	100.0	100.0

7. The primary listing may not represent the geographical location of the company's operations. The fund invests based on the primary place of operation, not listing.

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

9. 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 30 June 2024

Sector	% of equities	Benchmark ²
Financials	41.0	39.9
Consumer Staples	28.6	5.5
Basic Materials	12.3	9.9
Consumer Discretionary	6.4	4.7
Healthcare	6.2	3.5
Industrials	3.2	10.2
Energy	2.3	4.5
Telecommunications	0.0	5.1
Utilities	0.0	5.3
Technology	0.0	0.2
Real estate	0.0	11.2
Total (%)⁸	100.0	100.0

Asset allocation on 30 June 2024

Asset Class	Total
Net equity	92.9
Bonds	5.2
Money market and bank deposits	1.9
Total (%)⁸	100.0

Total expense ratio (TER) and transaction costs⁹

TER and transaction costs breakdown for the 1- and 3-year period ending 31 March 2024	1yr %	3yr %
Total expense ratio	2.95	3.21
Fee for benchmark performance	0.70	0.70
Performance fees	2.09	2.35
Custody fees	0.10	0.10
Other costs excluding transaction costs	0.06	0.06
Transaction costs	0.04	0.05
Total investment charge	2.99	3.26

During the second quarter, the Fund dipped 2.9% in US dollars versus the 2.1% decline of the MSCI Frontier Emerging Markets Index (FEM Index). The largest driver of the Fund's negative performance, on both absolute and relative bases, was our overweight position in Georgia.

The Fund has significant exposure to Georgia through the London Stock Exchange-listed TBC Bank (TBC), Bank of Georgia (BGEO) and Georgia Capital, a holding company whose largest investment is BGEO. Long-term readers of our commentary will know that we have owned and liked Georgian banks for some time. We notably increased our exposure after the onset of the Russian invasion of Ukraine in late February 2022, subsequently taking some profits after substantial re-ratings in the following 12 months. We discussed these moves in our Q1 2022 and Q1 2023 commentaries. We have continued to maintain sizeable positions in the Georgian banks, as we saw and continue to see substantial upside from current prices.

During the quarter, however, sentiment towards Georgia turned sharply negative as concerns grew over its democratic independence and the potential for political influence from Russia. Georgia Dream, the ruling party, introduced a "foreign agents" bill in parliament for discussion in mid-April, and this led to mass protests across the country and widespread criticism from Georgia's bilateral and international partners. The draft law requires non-governmental organisations and media outlets who receive more than 20% of their funding from outside Georgia to register as bodies "pursuing the interests of a foreign power". With the law comes onerous disclosures, potentially hefty penalties and additional taxes. Critics fear the law could be used to crack down on civil society and dissenting voices ahead of national elections scheduled for October. The bill was widely unpopular with the local population and initially vetoed by President Salome Zourabichvili. However, this veto was later overruled and the bill was signed into law in early June 2024, after a majority vote in parliament.

The market reaction has been swift, with the share prices of TBC and BGEO both down more than 20% in US dollars since the end of April 2024.

The actual underlying impact on the economy has been minimal, and the performance of the banks continues to be healthy. Prior to the recent events,

the Georgian economy was growing very strongly, registering real GDP growth of 11% and 7.5% in 2022 and 2023, respectively. The banks themselves have done even better. For the 12 months to 31 March 2024, the reported US dollar earnings of TBC and BGEO were more than double those reported for the 2019 calendar year (i.e. pre-COVID levels). These earnings are also more than 50% higher in US dollars than those reported for the 12 months to December 2021 (i.e. just two years prior) and immediately before the Russian invasion of Ukraine. Notably, on almost any metric, per capita formal banking and credit penetration in Georgia continues to materially lag developed market peers, suggesting good potential for long-term growth.

For such strong past and future growth, one was paying just five times historic earnings for the banks at the end of March 2024. Post the recent sell-off, one is now paying roughly four times historic earnings for TBC and BGEO. These are very attractive prices for well-capitalised, well-run companies with significant runway ahead.

Of course, we cannot predict how the economic and political situation in Georgia will unfold over the longer term. What we do know is that the vast majority of the local population are passionate about Georgian independence, well educated and ambitious. They also continue to favour market-friendly policies after suffering for decades under communist rule. No investment is without risk, but occasionally the market will be overly fixated on the short term, selling down assets to excessive levels and presenting the patient investor with a risk-reward opportunity skewed heavily in their favour. We believe the current prices for Georgian banks present such an opportunity.

Outside of Georgia, we continue to see strong underlying growth from many of the counters in the Fund, and we remain excited about the long-term return prospects of the portfolio, given today's valuations. At quarter end, the shares in the Fund had a weighted average five-year return on equity of 26%, trailing dividend yield of 6.7% and forward price-to-earnings ratio of 6.1 times.

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

Commentary contributed by Rory Kutisker-Jacobson

**Fund manager quarterly
commentary as at
30 June 2024**

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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

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Performance

Collective investment schemes (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 or the investment 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. The performance graph is for illustrative purposes only. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

MSCI Index

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

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. Share prices are available on www.allangray.co.za.

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.

Minimum disclosure document and quarterly general investors' report. **Issued:** 3 July 2024

Total expense ratio (TER) and transaction costs

The 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).

Frontier markets

There are significant risks involved in investing in shares listed in the Fund's universe of emerging and 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. Frontier market countries have varying laws and regulations and, in some, foreign investment is controlled or restricted in varying degrees.

Capacity

The Fund currently has limited capacity. The Investment Manager may, at its discretion, refuse a subscription or phase a subscription into the Fund over a number of dealing days. Total investor redemptions may be limited to US\$5m or 2.5% of the Fund (whichever is less) per dealing day. The Investment Manager retains the right to distribute all or part of any redemption proceeds in specie (in kind).

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: 1) the closing market quotations or official closing prices are not readily available or do not accurately reflect the fair value of a Fund asset; or 2) 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.

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 used 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 programmes 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.