

### Fund description and summary of investment policy

The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). 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 South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. 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 FTSE/JSE All Share Index including income.

### 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 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. We invest in a selection of shares across all sectors of the JSE, and across the range of large, mid and smaller cap shares.

### Suitable for those investors who

- Seek exposure to JSE-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

### Minimum investment amounts

Minimum lump sum per investor account	R20 000
Additional lump sum	R500
Minimum debit order*	R500

\*Only available to investors with a South African bank account.

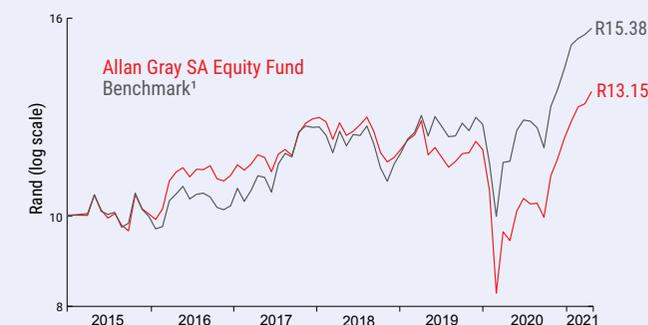
### Fund information on 30 June 2021

Fund size	R3.6bn
Number of units	3 735 463
Price (net asset value per unit)	R369.70
Class	A

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 30 June 2021.
2. This is based on the latest available numbers published by IRESS as at 31 May 2021.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 17 January 2020 to 19 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 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 of the Fund. 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 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 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 <sup>1</sup>	CPI inflation <sup>2</sup>
<b>Cumulative:</b>			
Since inception (13 March 2015)	31.5	53.8	34.5
<b>Annualised:</b>			
Since inception (13 March 2015)	4.4	7.1	4.9
Latest 5 years	3.7	8.1	4.3
Latest 3 years	2.3	8.1	3.9
Latest 2 years	5.6	10.0	3.6
Latest 1 year	30.2	25.1	5.2
Year-to-date (not annualised)	14.6	13.2	2.6
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-44.3	-35.2	n/a
Percentage positive months <sup>4</sup>	57.9	56.6	n/a
Annualised monthly volatility <sup>5</sup>	16.2	14.6	n/a
Highest annual return <sup>6</sup>	57.3	54.0	n/a
Lowest annual return <sup>6</sup>	-32.0	-18.4	n/a

## Fund history

The Allan Gray Equity Fund was managed in exactly the same way as this Fund from the inception of the Allan Gray Equity Fund on 1 October 1998, until March 2015, when the Allan Gray Equity Fund changed its mandate to include the ability to invest offshore. A combined history of the two funds since inception of the Allan Gray Equity Fund can be viewed [here](#).

## Meeting the Fund objective

The Fund aims to outperform the South African equity market over the long term, without taking on greater risk. The Fund experiences periods of underperformance in pursuit of this objective. The Fund has underperformed its benchmark since inception.

## 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.	31 Dec 2020	30 Jun 2021
<b>Cents per unit</b>	<b>401.8824</b>	<b>451.9763</b>

## Annual management fee

Allan Gray charges a fee based on the net asset value of the Fund. 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 20% of annualised performance relative to the benchmark.

## Total expense ratio (TER) and Transaction costs

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 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 30 June 2021 (updated quarterly)

Company	% of portfolio
Naspers <sup>7</sup>	10.9
British American Tobacco	8.2
Glencore	6.5
Woolworths	4.6
Standard Bank	3.4
Nedbank	3.2
Remgro	3.2
Old Mutual	3.2
FirstRand	3.2
Reinet	3.1
<b>Total (%)</b>	<b>49.4</b>

7. Includes holding in Prosus NV if applicable.

## Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1- and 3-year period ending 30 June 2021	1yr %	3yr %
<b>Total expense ratio</b>	<b>0.01</b>	<b>0.40</b>
Fee for benchmark performance	1.00	1.00
Performance fees	-1.00	-0.66
Other costs excluding transaction costs	0.01	0.01
VAT	0.00	0.05
<b>Transaction costs (including VAT)</b>	<b>0.14</b>	<b>0.11</b>
<b>Total investment charge</b>	<b>0.15</b>	<b>0.51</b>

## Sector allocation on 30 June 2021 (updated quarterly)

Sector	% of Fund	% of ALSI <sup>8</sup>
Energy	0.0	0.7
Basic materials	25.3	33.1
Industrials	3.1	4.2
Consumer staples	13.9	7.0
Healthcare	4.0	1.7
Consumer discretionary	9.0	14.2
Telecommunications	1.6	4.1
Financials	28.5	15.6
Technology	10.9	16.4
Commodity-linked	0.0	0.0
Real estate	1.4	3.1
Other	0.0	0.0
Money Market & bank deposits	2.0	0.0
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>

8. FTSE/JSE All Share Index.

## Asset allocation on 30 June 2021

Asset class	Total
Net Equity	96.5
Property	1.4
Commodity-linked	0.0
Money Market & bank deposits	2.0
<b>Total (%)</b>	<b>100.0</b>

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

The Fund returned 1.1% for the quarter, slightly better than the benchmark, which was up 0.1% over the period.

As often happens, the performance of shares within the benchmark has not been uniform. Many "SA Inc" stocks have done well, with shares like Nedbank, Investec, Foschini, and Pep up more than 20%. Naspers and the gold stocks had a poor quarter. The same thing has happened over the past year: SA Inc stocks have done well; Naspers and gold have done poorly.

There was some good news during the quarter for Life Healthcare (Life), one of the holdings in the Fund. The US Food and Drug Administration (FDA) approved a new drug for treating Alzheimer's disease. The new drug is not owned by Life, so how does the FDA approval help? Life has an important role to play in the diagnosis of Alzheimer's. It owns a tracer called Neuraceq, which is used during PET-CT scanning to identify the amyloid plaques in the brain that are associated with Alzheimer's. There are only three such tracers currently approved by the FDA. The expectation is that the availability of a treatment, and a very large need (there are tens of millions of people suffering from Alzheimer's), will lead to a big increase in the demand for diagnostic scans.

A lot still has to happen before it would be prudent to assign a big value to Neuraceq. For example, you don't necessarily need a PET-CT scan in order to diagnose Alzheimer's. Fortunately, Life is probably a cheap share even without Neuraceq. Earnings are depressed because of COVID-19. Believe it or not, the pandemic has been bad for private healthcare, because elective surgeries are delayed. If earnings recover – something which we expect to happen – Life will be on a low-teens earnings multiple (without counting any benefit from Neuraceq). This is attractive for a company that converts most of its earnings to free cash flow, has about one-third of its value in the UK, and for which demand is not usually cyclical.

Despite the market staging a strong recovery since the lows of 2020, there are more shares like Life which have been weak and which are trading below our assessment of intrinsic value.

During the quarter the Fund bought Naspers and Northam Platinum, and sold Anglo American and Investec Plc.

**Commentary contributed by Jacques Plaut.**

### **Fund manager quarterly commentary as at 30 June 2021**

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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)87 736 1732 or [www.rmb.co.za](http://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](http://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.

## 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

The FTSE/JSE All Share Index is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Share Index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved.

## 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](http://www.allangray.co.za) or via our Client Service Centre on **0860 000 654**

### Fund description and summary of investment policy

The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund's return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund's selected shares relative to the stock market index. The Fund's return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits.

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

### Fund objective and benchmark

The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns. The Fund's benchmark is the daily interest rate as supplied by FirstRand Bank Limited.

### How we aim to achieve the Fund's objective

The Fund invests in selected shares and seeks to substantially reduce stock market risk by selling exchange-traded equity index derivatives. The selected share portfolio is derived from our thorough research process, but the selection of equities in this Fund may differ from that in the other Allan Gray funds. The deviation of the Fund's selected share portfolio from the composition of the underlying benchmark indices (on which the derivative contracts are based) is restricted and closely monitored. This does not eliminate the risk of capital loss should the selected equities underperform.

### Suitable for those investors who

- Seek absolute (i.e. positive) returns regardless of stock market trends
- Require a high degree of capital stability over a 3-year time horizon
- Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a 'building block' in a diversified multi-asset class portfolio

### Minimum investment amounts

Minimum lump sum per investor account	R20 000
Additional lump sum	R500
Minimum debit order*	R500

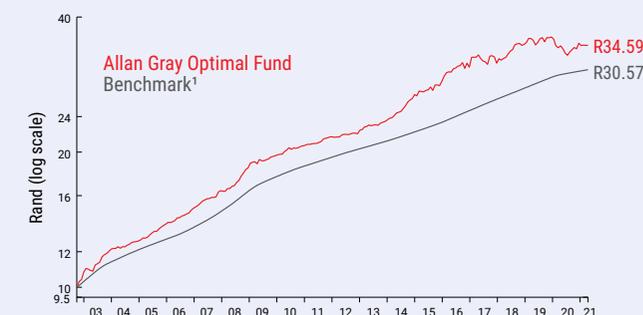
\*Only available to investors with a South African bank account.

### Fund information on 30 June 2021

Fund size	R0.8bn
Number of units	23 830 210
Price (net asset value per unit)	R22.01
Class	A

### Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 30 June 2021.
2. This is based on the latest available numbers published by IRESS as at 31 May 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 6 February 2020 to 15 September 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 September 2003 and the benchmark's occurred during the 12 months ended 30 September 2003. The Fund's lowest annual return occurred during the 12 months ended 31 August 2020 and the benchmark's occurred during the 12 months ended 30 June 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

% Returns	Fund	Benchmark <sup>1</sup>	CPI inflation <sup>2</sup>
<b>Cumulative:</b>			
Since inception (1 October 2002)	245.9	205.7	155.7
<b>Annualised:</b>			
Since inception (1 October 2002)	6.8	6.1	5.2
Latest 10 years	5.2	4.9	5.0
Latest 5 years	2.5	5.1	4.3
Latest 3 years	1.5	4.4	3.9
Latest 2 years	0.0	3.8	3.6
Latest 1 year	1.8	2.5	5.2
Year-to-date (not annualised)	1.9	1.2	2.6
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-10.2	n/a	n/a
Percentage positive months <sup>4</sup>	76.0	100.0	n/a
Annualised monthly volatility <sup>5</sup>	4.0	0.6	n/a
Highest annual return <sup>6</sup>	18.1	11.9	n/a
Lowest annual return <sup>6</sup>	-8.2	2.5	n/a

### Meeting the Fund objective

Since inception and over the latest 10-year period, the Fund has outperformed its benchmark, which is the daily interest rate supplied by FirstRand Bank Limited. Over the latest five-year period the Fund has underperformed its benchmark. The Fund aims to deliver long-term positive returns, irrespective of stock 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.	31 Dec 2020	30 Jun 2021
<b>Cents per unit</b>	<b>19.9481</b>	<b>15.6876</b>

### Annual management fee

The fee rate is calculated daily by comparing the Fund's total performance to that of the benchmark.

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

The Fund is first required to recover any underperformance before a fee higher than the fee for performance equal to the benchmark can be charged. This is known as a high watermark. If the Fund's performance is above its previous high watermark, we add 0.2% to the fee for each percentage of performance above the high watermark. The fee is uncapped.

### Total expense ratio (TER) and Transaction costs

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 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 30 June 2021 (updated quarterly)

Company	% of portfolio
Naspers <sup>7</sup>	11.7
British American Tobacco	6.2
Sibanye Stillwater	5.4
FirstRand	4.7
Glencore	4.6
Standard Bank	4.0
Sasol	3.6
Nedbank	2.8
Reinet	2.3
MultiChoice	2.2
<b>Total (%)</b>	<b>47.6</b>

### Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1- and 3-year period ending 30 June 2021	1yr %	3yr %
<b>Total expense ratio</b>	<b>1.17</b>	<b>1.17</b>
Fee for benchmark performance	1.00	1.00
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.02	0.02
VAT	0.15	0.15
<b>Transaction costs (including VAT)</b>	<b>0.07</b>	<b>0.11</b>
<b>Total investment charge</b>	<b>1.24</b>	<b>1.28</b>

### Asset allocation on 30 June 2021

Asset class	Total
Net equity	4.8
Hedged equity	76.7
Property	0.7
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	17.8
<b>Total (%)</b>	<b>100.0</b>

7. Includes holding in Prosus NV if applicable.

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

Minimum	(September 2016) -3.6% <sup>8</sup>
Average	4.9%
Maximum	(November 2018) 15.4%

8. The negative net equity exposure as at 30 September 2016 is due to the cash acquisition of SABMiller by Anheuser-Busch In-Bev. This was corrected and the Fund had a positive net equity exposure by 4 October 2016.

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

After an exceptionally strong start to the year, gains for the FTSE/JSE All Share Index (ALSI) in the second quarter were more muted at 0.05%, taking the year-to-date return to 13.20%. While the recent period has been a welcome boost for local investors, it does not necessarily imply greater returns for the Optimal Fund; rather, it is the performance of the Fund's underlying shares relative to the stock market index, together with the level of short-term interest rates, that determines the return. The Fund's nil return for the quarter should be seen in this context.

Looking a level below the subdued headline index performance reveals a wider disparity in returns. Shares of more locally focused businesses, including banks, insurers and retailers were among the largest gainers for the quarter, while precious metals miners and Naspers were on the other side of the spectrum, partially reversing the trends observed in the months following last year's market sell-off. The rand also continued its rally against major currencies, providing a headwind to typical rand hedge shares. The Fund's overweight exposure to financials relative to the index and its underweight platinum miner position aided quarterly returns. Bank shares have benefited from a reported credit loss experience over the course of the pandemic being significantly better than the market initially feared. They remain attractively priced, particularly if any upswing in economic activity materialises.

Richemont remains one of the Fund's largest underweight positions and has been a material detractor from the overall return. The luxury goods sector has re-rated higher and Richemont has followed suit, reaching a record high this year. Initial suspicions that enforced lockdowns and suspension of travel would have a detrimental impact on revenue proved correct, but the strength of sales in mainland China has surprised, contributing to performance at an adjusted earnings level only modestly behind the prior year. While Richemont has an enviable portfolio of luxury brands, its ability to compound earnings over the last decade has been lacklustre. Despite this, the market values the business on over 40 times earnings, which is expensive in our view.

Among the resources counters, the Fund is underweight the iron ore exposed miners such as BHP and Anglo American, balanced against overweight positions in Glencore and other non-mining commodity producers, including Sasol and Sappi.

During the quarter we sold Life Healthcare and Naspers and bought Gold Fields, AngloGold and MTN.

Commentary contributed by Sean Munsie.

### Fund manager quarterly commentary as at 30 June 2021

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## Unit price

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## Fees

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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

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## Important information for investors

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### Fund description and summary of investment policy

The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.

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

### Fund objective and benchmark

The Bond Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk. The Fund's benchmark is the FTSE/JSE All Bond Index.

### How we aim to achieve the Fund's objective

We try to balance credit risk, duration risk and liquidity risk when selecting investments. We target total returns for investors rather than trying to mirror the returns of the FTSE/JSE All Bond Index. When we cannot find value in the bond markets, our portfolio will be weighted towards cash to get better returns.

### Suitable for those investors who

- Seek a bond 'building block' for a diversified multi-asset class portfolio
- Are looking for returns in excess of those provided by money market or cash investments
- Are prepared to accept more risk of capital depreciation than in a money market or cash investment

### Minimum investment amounts

Minimum lump sum per investor account	R20 000
Additional lump sum	R500
Minimum debit order*	R500

\*Only available to investors with a South African bank account.

### Fund information on 30 June 2021

Fund size	R5.5bn
Number of units	491 789 836
Price (net asset value per unit)	R11.23
Modified duration	5.1
Gross yield (before fees)	8.5
Class	A

1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 30 June 2021.
2. This is based on the latest available numbers published by IRESS as at 31 May 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 27 February 2020 to 24 March 2020 and maximum benchmark drawdown occurred from 26 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
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 January 2015 and the benchmark's occurred during the 12 months ended 31 January 2015. The Fund's lowest annual return occurred during the 12 months ended 31 January 2016 and the benchmark's occurred during the 12 months ended 31 January 2016. 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 <sup>1</sup>	CPI inflation <sup>2</sup>
<b>Cumulative:</b>			
Since inception (1 October 2004)	325.4	305.3	143.3
<b>Annualised:</b>			
Since inception (1 October 2004)	9.0	8.7	5.5
Latest 10 years	8.7	8.5	5.0
Latest 5 years	9.4	9.2	4.3
Latest 3 years	8.6	9.2	3.9
Latest 2 years	7.5	8.1	3.6
Latest 1 year	10.8	13.7	5.2
Year-to-date (not annualised)	4.1	5.0	2.6
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-18.9	-19.3	n/a
Percentage positive months <sup>4</sup>	72.1	68.7	n/a
Annualised monthly volatility <sup>5</sup>	5.9	7.5	n/a
Highest annual return <sup>6</sup>	18.0	21.2	n/a
Lowest annual return <sup>6</sup>	-2.6	-5.6	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 take no greater risk than its benchmark. 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

Actual payout, the Fund distributes quarterly	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021
Cents per unit	24.3176	23.6527	22.5561	22.9999

### Annual management fee

A fixed fee of 0.5% p.a. excl. VAT

From 1 December 2020 to 30 November 2021, we will calculate both the above fixed fee and the previous performance-based fee each day and charge whichever is lower on the day. From 1 December 2021, only the above fixed fee will apply.

The previous performance-based fee rate is calculated by comparing the Fund's total performance over the previous year to that of the benchmark, adjusted for Fund expenses and cash flows. The minimum fee is 0.25% p.a. excl. VAT and, for each percentage of performance above the benchmark, the fee is increased by 0.25%, up to a maximum fee of 0.75% p.a. excl. VAT.

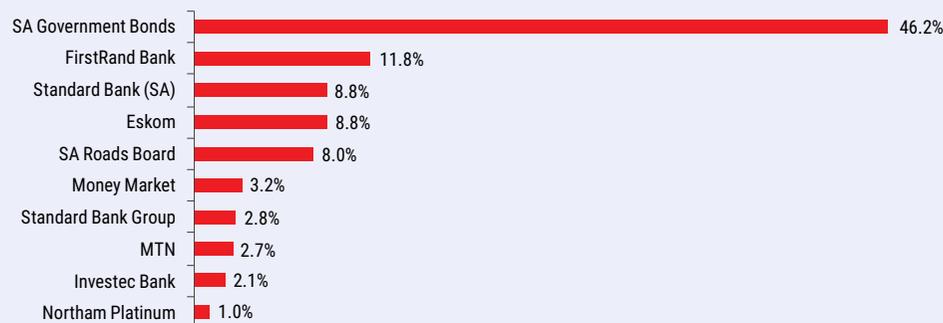
### Total expense ratio (TER) and Transaction costs

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 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.

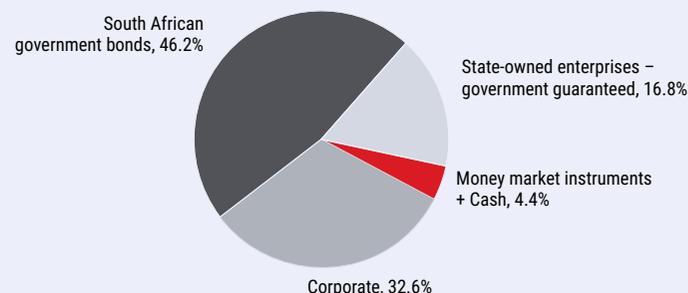
TER and Transaction costs breakdown for the 1- and 3-year period ending 30 June 2021	1yr %	3yr %
<b>Total expense ratio</b>	<b>0.31</b>	<b>0.57</b>
Fee for benchmark performance*	0.25	0.25
Performance fees*	0.01	0.24
Other costs excluding transaction costs	0.01	0.01
VAT	0.04	0.07
<b>Transaction costs (including VAT)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total investment charge</b>	<b>0.31</b>	<b>0.57</b>

\*On 1 December 2020, the Fund's annual management fee started transitioning to a fixed fee of 0.5% p.a. excl. VAT. See the 'Annual management fee' section for more information.

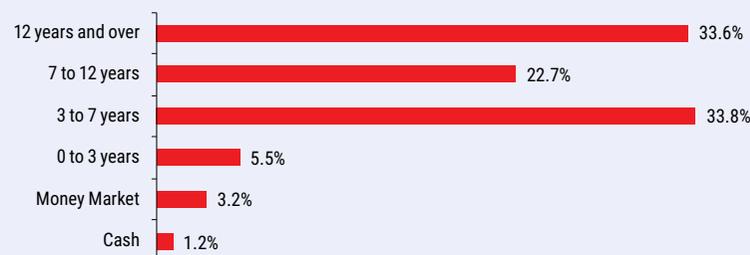
### Top 10 credit exposures on 30 June 2021



### Asset allocation on 30 June 2021



### Maturity profile on 30 June 2021



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

Inflation was a key theme for the quarter. US inflation surprised to the upside, printing at 4.2% in April and a whopping 5% in May – well above the Federal Reserve's (Fed) 2% target. While labour costs in the US have also been rising, employment has remained below pre-pandemic levels. Therefore, the Fed kept its benchmark interest rate unchanged at its June meeting. However, the Federal Open Market Committee (FOMC) indicated that discussions on tapering its asset purchase programme have begun. Furthermore, the Fed's dot plot now implies two interest rate hikes by the end of 2023.

Not to be caught flat-footed, central banks around the world are preparing their financial systems to weather the drastic capital flight that hit emerging markets during the 2013 "taper tantrum", which was triggered by the Fed suggesting a rollback of quantitative easing. The implication is that emerging market central banks might be forced to pre-emptively raise rates, putting their countries' nascent economic recoveries at risk.

South African bonds bull flattened during the quarter, with long bonds having rallied over 100 basis points (bps) at one point. This impressive run was arrested by the Fed's comments mid-June, which predictably upset risk assets. Local inflation also increased – driven by food and fuel prices – printing at 4.4% in April and 5.2% in May. A large part of this rebound was due to base effects, given that inflation averaged only 3.3% in 2020. The South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) unanimously voted to keep the

repo rate unchanged at its May meeting, looking through what it deemed to be temporary price shocks.

Domestic credit spreads continued to tighten during the quarter off the back of strong demand for bank paper and corporate paper, with some bids even appearing for the stronger REIT names. Bank issuance dominated, with four of the big five banks raising funding. REITs were also notable issuers: Growthpoint Properties held a successful auction where the two bonds on offer cleared below price guidance, while Investec Property Fund and Emira Property Fund placed their first sustainability-linked bonds.

During the quarter, we sold out of Airports Company South Africa (ACSA) and added MTN, Standard Bank and FirstRand. The Fund remains conservatively positioned. Its duration is shorter than the ALBI, almost evenly split between the short end (seven years and below) and the long end (over seven years) of the curve. This allows the Fund to benefit from high long-term yields, while providing some protection in the event of a sharp sell-off. A sizeable allocation towards highly liquid government bonds and money market instruments is complemented by investments in high-quality credits.

Commentary contributed by Londa Nxumalo.

### Fund manager quarterly commentary as at 30 June 2021

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Allan Gray is an authorised financial services provider.

## 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)87 736 1732 or [www.rmb.co.za](http://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.

Minimum disclosure document and quarterly general investors' report **Issued:** 9 July 2021

## 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](http://www.allangray.co.za).

## Yield

The Allan Gray Bond Fund yield is current, calculated as at month-end.

## Fees

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## Compliance with Regulation 28

The Fund is managed to comply with Regulation 28 of the Pension Funds Act 24 of 1956. 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 a reasonable 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).

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