AllanGray

Fund managers: Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker
Inception date: 13 March 2015

Allan Gray SA Equity Fund

31 October 2021

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*

Initial lump sum per investor account	R50 000
Additional lump sum	R1 000
Debit order**	R1 000

*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

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

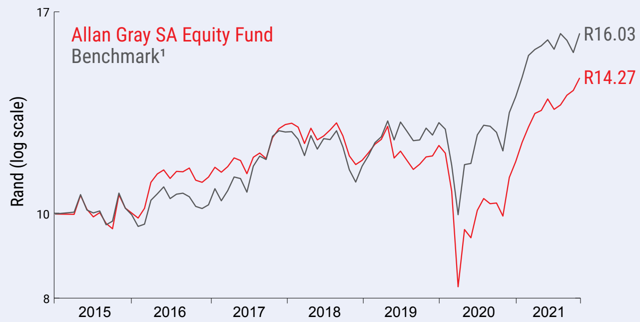
Fund information on 31 October 2021

Fund size	R3.8bn
Number of units	3 594 127
Price (net asset value per unit)	R396.51
Class	A

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 31 October 2021.
2. This is based on the latest available numbers published by IRESS as at 30 September 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[1]	CPI inflation[2]
Cumulative:			
Since inception (13 March 2015)	42.7	60.3	37.1
Annualised:			
Since inception (13 March 2015)	5.5	7.4	4.9
Latest 5 years	5.5	9.5	4.4
Latest 3 years	7.0	12.6	4.0
Latest 2 years	10.9	13.2	4.0
Latest 1 year	43.5	36.0	5.0
Year-to-date (not annualised)	24.5	18.0	4.7
Risk measures (since inception)			
Maximum drawdown[3]	-44.3	-35.2	n/a
Percentage positive months[4]	60.0	56.3	n/a
Annualised monthly volatility[5]	15.9	14.5	n/a
Highest annual return[6]	57.3	54.0	n/a
Lowest annual return[6]	-32.0	-18.4	n/a

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

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. Since inception and over the latest five-year period, the Fund has underperformed its benchmark.

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
Cents per unit	**401.8824**	**451.9763**

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 September 2021 (updated quarterly)

Company	% of portfolio
Naspers[7]	9.2
British American Tobacco	7.5
Glencore	7.2
Woolworths	4.5
Standard Bank	4.3
Sasol	3.7
Old Mutual	3.7
Remgro	3.6
FirstRand	3.2
Nedbank	3.1
Total (%)	**49.9**

7. Includes holding in stub certificates or Prosus N.V., if applicable.

Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1- and 3-year period ending 30 September 2021	1yr %	3yr %
Total expense ratio	**0.01**	**0.20**
Fee for benchmark performance	1.00	1.00
Performance fees	-1.00	-0.84
Other costs excluding transaction costs	0.01	0.01
VAT	0.00	0.03
Transaction costs (including VAT)	**0.14**	**0.11**
Total investment charge	**0.15**	**0.31**

Sector allocation on 30 September 2021 (updated quarterly)

Sector	% of Fund	% of ALSI[8]
Energy	0.1	0.8
Basic materials	24.4	31.8
Industrials	3.4	4.6
Consumer staples	13.9	7.6
Healthcare	3.8	2.4
Consumer discretionary	8.6	13.9
Telecommunications	1.7	5.3
Financials	29.9	18.4
Technology	9.4	11.8
Real estate	1.1	3.4
Other	0.0	0.0
Money Market & bank deposits	3.5	0.0
Total (%)	**100.0**	**100.0**

8. FTSE/JSE All Share Index.

Asset allocation on 31 October 2021

Asset class	Total
Net equities	96.4
Property	1.1
Commodity-linked	0.0
Money Market & bank deposits	2.5
Total (%)	**100.0**

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

Fund manager quarterly commentary as at 30 September 2021

The Fund had a good quarter on a relative basis, generating a return of 5.1% versus the benchmark at -0.8%.

It was a quarter driven by news out of the East, as the headlines and events emanating from China had a material impact on several shares in our market.

On the regulatory front, the Chinese government has made a number of announcements related to what they term anti-competitive behaviour and social ills in the technology sector. This includes far more scrutiny on and regulation of the digital financial system and online lending; clamp downs on monopolistic behaviour such as forced exclusivity and "walled gardens[1]"; additional restrictions on how consumer data is collected and shared; and significant restrictions imposed on youth online gaming. Presumably under government pressure, many of the technology companies have committed to "common prosperity" contributions over the past year. As an example, in two separate announcements, Tencent has committed to donate a total of US$15bn to a fund to invest in social projects over the coming years.

The news has had a material impact on the share price of Tencent and, as a result, on the share prices of Prosus and Naspers, whose single-largest investment is a 29% stake in Tencent. For the quarter, Tencent was down 21% in US dollars, while Prosus and Naspers were down 15% and 17% respectively in rands.

It is too soon to tell to what degree all of the regulatory changes will affect the long-term growth and earnings prospects for Tencent but, on a balance of probability, it is likely to have some sort of a negative effect. At the very least, we believe it is more likely than not that the multiple the market is willing to pay for Tencent has been permanently impaired. One could argue that, given the price declines, the negative news has already been priced in, but it is a dangerous game to try and predict future behaviour that may emanate from the Chinese Communist Party. As such, while we continue to see significant value in Naspers and Prosus at spot prices, we have an increasingly sharp focus on absolute position size within the portfolios.

The other major news item to emerge out of China was the unofficial default of Evergrande, one of the largest real estate developers in China. Heavily overindebted and faced with material cash flow issues, Evergrande has failed to make bond payments in the past few weeks. The Evergrande default has sparked renewed concerns about a property bubble in China, where the real estate sector accounts for 29% of GDP.

Why is this important to South African investors?

Two of the largest shares on our market, BHP and Anglo American, derive a substantial portion of their profits from the sale of iron ore, the vast majority of which goes into steel production in China, and therefore the property sector. We have for some time believed the iron ore price is unsustainably high, and the correction following this news has been swift. In the space of two months, the iron ore price has fallen from over US$220/t to around US$115/t today. Our preferred diversified miner has been, and remains, Glencore, which has zero exposure to iron ore production. Our preference for Glencore is partly due to its commodity mix, but primarily due to valuation, as it continues to trade at a material discount to peers.

If the events of the past quarter have taught us anything, it is that what happens in China can have a material impact on South African investors, as a number of the shares on our market are either directly or indirectly invested in the Chinese economy. That is also why we believe British American Tobacco (BTI) is an excellent holding in our portfolios. Not only is it a globally diversified business that has an excellent track record and trades on a very attractive 8% dollar dividend yield, but it has zero exposure to China. From a portfolio construction and risk diversification perspective, this makes BTI particularly attractive for us.

During the quarter we increased our exposure to select domestic banks and the platinum group metal miners.

Commentary contributed by Rory Kutisker-Jacobson

1. A closed ecosystem in which all the operations are controlled by the ecosystem operator.

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

© 2021 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

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.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

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

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** or via our Client Service Centre on **0860 000 654**

Allan Gray Optimal Fund

31 October 2021

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*

Initial lump sum per investor account	R50 000
Additional lump sum	R1 000
Debit order**	R1 000

*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

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

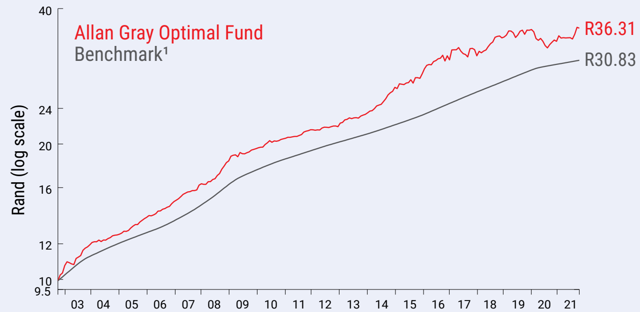
Fund information on 31 October 2021

Fund size	R0.8bn
Number of units	22 807 312
Price (net asset value per unit)	R22.94
Class	A

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 31 October 2021.
2. This is based on the latest available numbers published by IRESS as at 30 September 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 31 July 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2002)	263.1	208.3	160.9
Annualised:			
Since inception (1 October 2002)	7.0	6.1	5.2
Latest 10 years	5.4	4.8	5.0
Latest 5 years	2.8	4.8	4.4
Latest 3 years	1.4	4.1	4.0
Latest 2 years	1.6	3.2	4.0
Latest 1 year	7.4	2.5	5.0
Year-to-date (not annualised)	6.9	2.1	4.7
Risk measures (since inception)			
Maximum drawdown[3]	-10.2	n/a	n/a
Percentage positive months[4]	75.5	100.0	n/a
Annualised monthly volatility[5]	4.0	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-8.2	2.5	n/a

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

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
Cents per unit	**19.9481**	**15.6876**

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 September 2021 (updated quarterly)

Company	% of portfolio
Naspers[7]	8.8
Sasol	6.2
Standard Bank	6.1
MTN	6.0
Glencore	5.1
Sibanye-Stillwater	4.1
FirstRand	3.8
British American Tobacco	3.7
Nedbank	3.2
Rand Merchant Investment	2.6
Total (%)	**49.6**

7. Includes holding in stub certificates or Prosus N.V., if applicable.

Asset allocation on 31 October 2021

Asset class	Total
Net equities	6.2
Hedged equities	78.0
Property	0.8
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	15.0
Total (%)	**100.0**

Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1- and 3-year period ending 30 September 2021	1yr %	3yr %
Total expense ratio	**1.18**	**1.17**
Fee for benchmark performance	1.00	1.00
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.03	0.02
VAT	0.15	0.15
Transaction costs (including VAT)	**0.11**	**0.10**
Total investment charge	**1.29**	**1.27**

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

Minimum	(September 2016) -3.6%[8]
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.

Fund manager quarterly commentary as at 30 September 2021

The Fund returned 5.4% in the third quarter of 2021, taking the year-to-date return to 7.4% and helping to recover some of the underperformance of the prior two years. After an especially strong start to 2021, the FTSE/JSE All Share Index (ALSI) has treaded water for the last two quarters, in line with global stock markets, as investors digest the once-off post-lockdown economic boost, flare ups of the Delta variant and the prospect of normalising monetary policy. In addition, the risks posed by China – which include its slowing economy and a raft of tough new government regulations – have had an outsized impact on companies listed on our local market. Against this backdrop, the Fund's underlying shares have performed well relative to the stock market index.

Two of the Fund's largest overweight positions, Glencore and Sasol, have been among the main contributors to returns during the quarter. We have been cautious on iron ore for some time, to the detriment of the Fund's performance, balancing a significant underweight in iron ore-exposed miners BHP and Anglo American against base-metals heavy Glencore. Although the iron ore price has almost halved since June, it is still higher than our fair long-term level and our preference remains for Glencore and, to a lesser extent, South32's commodity baskets over peers.

As the world's largest producer of thermal coal for export, Glencore is also benefiting from the surge in energy prices globally, as a recovery in demand meets relatively stagnant supply. There is a possibility that this will continue as we head into the Northern Hemisphere winter, with suppliers either unwilling or unable to fulfil demand. While this period of elevated prices may have one-off implications for Glencore in terms of shareholder returns, it has made a more permanent impact on Sasol, allowing the company to repair its previously precarious debt position leading to a rerating in the share price. With a lower debt burden and capital expenditure profile, going forward Sasol is better positioned to generate cash flow sustainably and resume dividends, even at lower oil prices.

The Fund had reduced its exposure to Naspers and Prosus earlier in the year, lessening the impact of the Chinese authorities' crackdown on technology and gaming firms on its performance. The Fund has also benefited from the government's increased focus on inequality and warnings against excessive displays of wealth, as these factors relate to our large underweight exposure to Richemont. It is too early to assess what the impact on Richemont sales may be, if any, but given the price-to-earnings multiple on which the company trades, there is little room to disappoint.

In addition, the continued recovery of certain locally exposed industrial and financial counters from depressed levels has aided returns. Where these shares have reached our assessment of fair value, we have looked to recycle capital into new undervalued positions.

During the quarter we bought MTN, Aspen Pharmacare and Sasol and sold Prosus and British American Tobacco.

Commentary contributed by Sean Munsie

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

© 2021 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

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.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

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** or via our Client Service Centre on **0860 000 654**

ALLANGRAY

Fund manager: Londa Nxumalo **Inception date:** 1 October 2004

Allan Gray Bond Fund

31 October 2021

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*

Initial lump sum per investor account	R50 000
Additional lump sum	R1 000
Debit order**	R1 000

*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

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

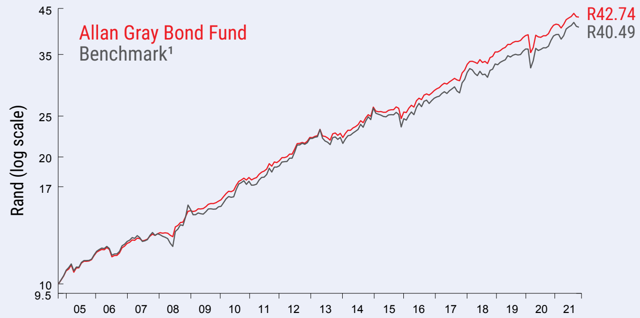
Fund information on 31 October 2021

Fund size	R5.9bn
Number of units	531 534 632
Price (net asset value per unit)	R10.82
Modified duration	5.8
Gross yield (before fees)	9.6
Class	A

1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 October 2021.
2. This is based on the latest available numbers published by IRESS as at 30 September 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[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2004)	327.4	304.9	148.2
Annualised:			
Since inception (1 October 2004)	8.9	8.5	5.5
Latest 10 years	8.2	7.9	5.0
Latest 5 years	8.7	8.3	4.4
Latest 3 years	8.8	9.5	4.0
Latest 2 years	6.9	7.9	4.0
Latest 1 year	9.5	10.9	5.0
Year-to-date (not annualised)	4.6	4.9	4.7
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	71.7	68.3	n/a
Annualised monthly volatility[5]	5.9	7.5	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

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	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021
Cents per unit	**23.6527**	**22.5561**	**22.9999**	**23.8985**

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.

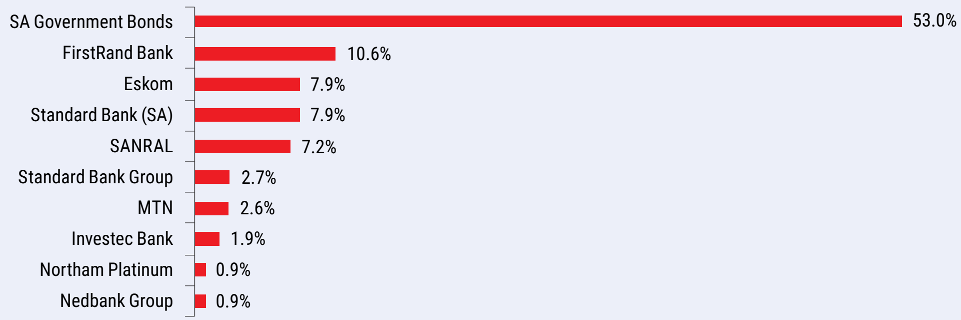
Total expense ratio (TER) and Transaction costs

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.

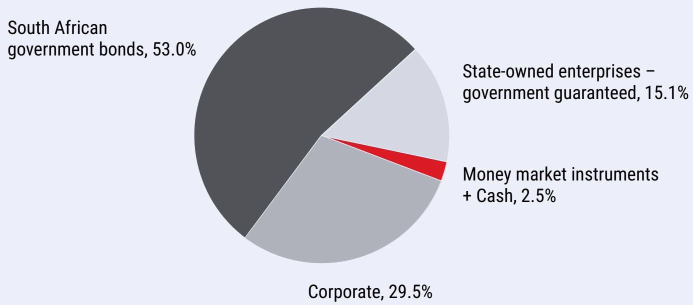
TER and Transaction costs breakdown for the 1- and 3-year period ending 30 September 2021	1yr %	3yr %
Total expense ratio	**0.30**	**0.52**
Fee for benchmark performance*	0.25	0.25
Performance fees*	0.00	0.19
Other costs excluding transaction costs	0.01	0.01
VAT	0.04	0.07
Transaction costs (including VAT)	**0.00**	**0.00**
Total investment charge	**0.30**	**0.52**

*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.

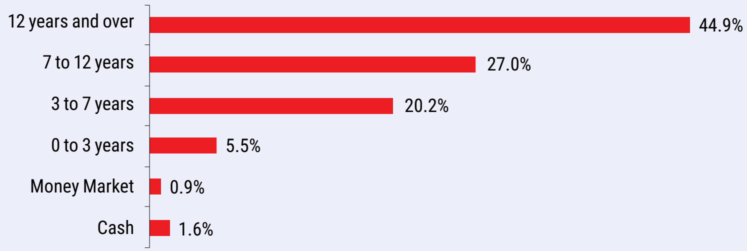
Top 10 credit exposures on 31 October 2021



Asset allocation on 31 October 2021



Maturity profile on 31 October 2021



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

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

Fund manager quarterly commentary as at 30 September 2021

Global fixed income markets were all about tapering in the third quarter. Tapering refers to a central bank reducing the pace at which it buys assets under a quantitative easing programme – in other words, the beginning of the end of massive money printing. Most major central banks appear to be moving in this direction. The US Federal Reserve and the Bank of England have indicated that they may start tapering their asset purchases soon. The European Central Bank announced the gradual slowdown of its pandemic-era bond-buying programme from early next year, following a strong rebound in growth and inflation as Eurozone economies reopened after lockdowns. Meanwhile, central banks in Canada, New Zealand and Australia have already started tapering.

The great upcoming tapering experiment will be closely watched by emerging market policymakers, as less money printing by developed countries will likely result in reduced portfolio flows into emerging markets. When that day comes, countries with twin deficits may find themselves in trouble. South Africa's large fiscal deficit will also put us in a difficult position, should foreign investor flows reverse before the government has managed to reign it in. Luckily, the country has been running a current account surplus – but this is cyclical and likely to revert to a deficit as commodity prices normalise. The warning shots have been fired, and South Africa cannot afford to rest on its laurels.

Speaking of warning shots, one cannot help but revisit the July unrest that flared up in KwaZulu-Natal and Gauteng. Protests that were initially triggered by the jailing of former president Jacob Zuma quickly escalated into widespread rioting and looting. It is undeniable that a major underlying reason for the destruction wrought was (and is) the high levels of poverty and disenchantment experienced by far too many in the country. South Africa is facing record unemployment of 44.4% under the expanded definition. As the saying goes, "idle hands are the devil's tools". If the vast majority of proverbial hands were engaged in gainful employment, it is difficult to envision a situation where so many would have felt that they had the need, let alone the *time*, to riot. Well-intentioned calls for a basic income grant are misplaced. The 15 million people who are employed are already outnumbered by 18 million grant recipients, or 25 million if one includes the individuals who are receiving the COVID-19 relief grant. Such a system is neither affordable nor sustainable. Removing structural bottlenecks to economic growth and job creation is the only durable solution.

The Allan Gray Bond Fund had an overweight position to the R186 part of the yield curve for most of the last three quarters. This position had resulted from profit-taking on long bonds towards the end of 2020, and a collapse in money market yields. Long bonds still screened as cheap – but cheap for a reason, given that South Africa's fiscal situation had deteriorated significantly amid heightened uncertainty. During the quarter, the value proposition of the five-year area diminished, while the fiscal outlook improved due to continued revenue overruns and a relatively contained wage agreement. This warranted a shift into the belly and the long end of the curve, increasing duration. The Fund now has a duration of 5.9 years versus the FTSE/JSE All Bond Index's 6.4 years.

Commentary contributed by Londa Nxumalo

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

© 2021 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

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.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Yield

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

Fees

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

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

Compliance with Regulation 28

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

FTSE/JSE All Bond Index

The FTSE/JSE All Bond Index is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Bond Index is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Bond 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** or via our Client Service Centre on **0860 000 654**

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**