

### 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.

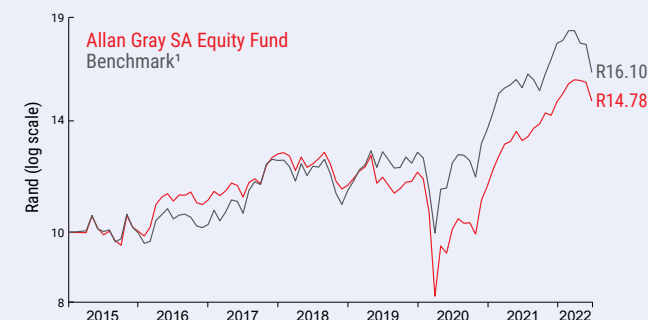
### Fund information on 30 June 2022

Fund size	R4.1bn
Number of units	3 609 724
Price (net asset value per unit)	R402.42
Class	A

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 30 June 2022.
2. This is based on the latest available numbers published by IRESS as at 31 May 2022.
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)	47.8	61.0	43.2
<b>Annualised:</b>			
Since inception (13 March 2015)	5.5	6.7	5.1
Latest 5 years	5.9	8.7	4.5
Latest 3 years	7.8	8.2	4.6
Latest 2 years	21.0	14.4	5.9
Latest 1 year	12.4	4.7	6.5
Year-to-date (not annualised)	0.1	-8.3	3.7
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-44.3	-35.2	n/a
Percentage positive months <sup>4</sup>	59.1	56.8	n/a
Annualised monthly volatility <sup>5</sup>	15.4	14.4	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. 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 2021	30 Jun 2022
<b>Cents per unit</b>	<b>813.8448</b>	<b>330.6436</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 2022 (updated quarterly)

Company	% of portfolio
Naspers <sup>7</sup>	9.2
British American Tobacco	9.0
Glencore	8.0
Woolworths	4.4
AB InBev	4.1
Nedbank	4.0
Sasol	3.8
Remgro	3.4
Standard Bank	3.4
Sibanye-Stillwater	2.8
<b>Total (%)</b>	<b>52.2</b>

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

## Sector allocation on 30 June 2022 (updated quarterly)

Sector	% of Fund	% of ALSI <sup>8</sup>
Energy	0.4	1.2
Basic materials	26.8	27.3
Industrials	5.0	4.2
Consumer staples	17.4	8.9
Healthcare	2.4	2.0
Consumer discretionary	8.4	16.3
Telecommunications	1.6	5.3
Financials	24.6	20.7
Technology	9.4	10.7
Real estate	1.7	3.4
Money market & bank deposits	2.2	0.0
Bonds	0.1	0.0
<b>Total (%)</b>	<b>100.0</b>	<b>100.0</b>

8. FTSE/JSE All Share Index.

## Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2022	1yr %	3yr %
<b>Total expense ratio</b>	<b>0.82</b>	<b>0.29</b>
Fee for benchmark performance	1.00	1.00
Performance fees	-0.30	-0.76
Other costs excluding transaction costs	0.01	0.01
VAT	0.11	0.04
<b>Transaction costs (including VAT)</b>	<b>0.10</b>	<b>0.11</b>
<b>Total investment charge</b>	<b>0.92</b>	<b>0.40</b>

## Asset allocation on 30 June 2022

Asset class	Total
Net equities	96.0
Property	1.7
Bonds	0.1
Money market & bank deposits	2.2
<b>Total (%)</b>	<b>100.0</b>

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

The Fund has returned -6.2% for the quarter, while year-to-date returns have been broadly flat.

Rising inflation has continued to upset global markets. Consumer price inflation hit 8.6% in May in the US. In South Africa, the year-over-year increase was 6.5%. For the US and many other developed market economies, this is the highest inflation they have experienced in four decades. Why has inflation across the world increased so much over the last year? There are some specific and, hopefully temporary, factors including the war in Ukraine and global supply chain issues. But there has also been massive fiscal stimulus by governments everywhere over the last two years in response to the COVID-19 pandemic. And all this has taken place in the context of the extremely loose monetary policy environment of the last decade, i.e. low interest rates and quantitative easing by developed market central banks. Lastly, it is possible that underinvestment in areas like energy has led to shortages that could take many years to resolve.

What does higher inflation mean for the stock market? Shares are often said to be a hedge against inflation, providing some protection, unlike cash and bonds, which provide no protection. This is because businesses can increase their prices to keep up with inflation. Some businesses are better placed than others to pass higher costs on to their customers and defend margins. An example from our portfolio is British American Tobacco, which has a good history of increasing cigarette prices ahead of cost increases. All businesses are struggling with rising costs, from labour and fuel costs to raw materials. Consumers are starting to feel the pinch of the rising cost of living,

which translates into lower purchasing power. This is true in rich countries, for example the US, but especially so in emerging markets, like South Africa, where consumers spend a larger percentage of their income on food, transport and other basic necessities. There may be relative winners in this environment, such as providers of necessities rather than luxuries and lower-cost retailers that benefit from downtrading.

A last factor to consider is the reaction of central banks to inflation. Both globally and locally, central banks have started raising interest rates in an attempt to rein in demand and tame inflation. This is a delicate balancing act – raising interest rates quickly may lead to a recession, which would be bad for the real economy and the stock market. However, higher interest rates can benefit some businesses, for example banks, which earn higher interest income. The Fund has an 11.9% exposure to banking shares, such as Nedbank and Standard Bank.

It is hard to predict with high confidence how the current inflationary period will play out. The portfolio is constructed on a bottom-up basis, with a view of doing well in various macroeconomic scenarios and taking the risk of a global recession into account.

During the quarter, the Fund bought Prosus and select miners and sold select financial services shares.

Commentary contributed by Tim Acker

### Fund manager quarterly commentary as at 30 June 2022

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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)11 301 6335 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 and FTSE/JSE Capped Shareholder Weighted All Share Index

The FTSE/JSE All Share Index and FTSE/JSE Capped Shareholder Weighted All Share Index are calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE All Share Index and FTSE/JSE Capped Shareholder Weighted All Share Index are the proprietary information of FTSE and the JSE. All copyright subsisting in the values and constituent lists of the FTSE/JSE All Share Index and FTSE/JSE Capped Shareholder Weighted All Share Index 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\*

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.

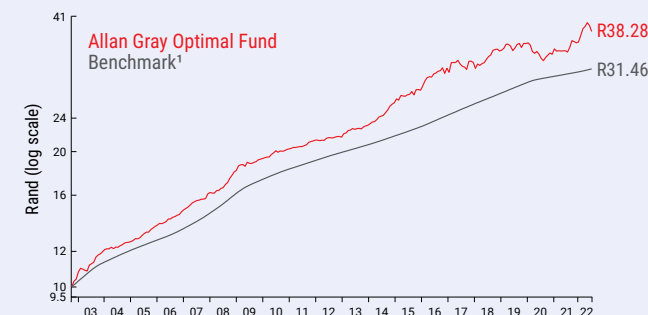
### Fund information on 30 June 2022

Fund size	R0.9bn
Number of units	23 569 520
Price (net asset value per unit)	R23.81
Class	A

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 30 June 2022.
2. This is based on the latest available numbers published by IRESS as at 31 May 2022.
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 November 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	Benchmark¹	CPI inflation²
<b>Cumulative:</b>			
Since inception (1 October 2002)	282.8	214.6	172.8
<b>Annualised:</b>			
Since inception (1 October 2002)	7.0	6.0	5.2
Latest 10 years	5.7	4.7	5.1
Latest 5 years	3.5	4.4	4.5
Latest 3 years	3.4	3.5	4.6
Latest 2 years	6.2	2.7	5.9
Latest 1 year	10.7	2.9	6.5
Year-to-date (not annualised)	5.7	1.6	3.7
<b>Risk measures (since inception)</b>			
Maximum drawdown³	-10.2	n/a	n/a
Percentage positive months⁴	75.1	100.0	n/a
Annualised monthly volatility⁵	4.2	0.6	n/a
Highest annual return⁶	18.1	11.9	n/a
Lowest annual return⁶	-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 2021	30 Jun 2022
<b>Cents per unit</b>	<b>35.9602</b>	<b>31.2181</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 2022 (updated quarterly)

Company	% of portfolio
Sasol	6.5
Glencore	5.6
Standard Bank	4.6
Nedbank	4.5
Sibanye-Stillwater	4.2
Impala Platinum	3.7
Gold Fields	3.4
MTN	3.3
Sappi	3.2
AngloGold Ashanti	3.1
<b>Total (%)</b>	<b>42.2</b>

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

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2022	1yr %	3yr %
<b>Total expense ratio</b>	<b>1.18</b>	<b>1.18</b>
Fee for benchmark performance	1.00	1.00
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.03	0.03
VAT	0.15	0.15
<b>Transaction costs (including VAT)</b>	<b>0.18</b>	<b>0.12</b>
<b>Total investment charge</b>	<b>1.36</b>	<b>1.30</b>

### Asset allocation on 30 June 2022

Asset class	Total
Net equities	3.6
Hedged equities	74.2
Property	1.5
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	20.8
<b>Total (%)</b>	<b>100.0</b>

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

Minimum	(September 2016) -3.6% <sup>7</sup>
Average	4.9%
Maximum	(November 2018) 15.4%

7. 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.

The Fund had a challenging second quarter, returning -2.6% for the period which, when balanced against a good start to 2022, leaves the year-to-date return at 5.7%. This still compares favourably relative to the performance of the Fund's cash benchmark at 1.6% year to date, as well as competing asset classes, such as fixed income. By way of example, the FTSE/JSE All Bond Index has returned -1.9% so far this year.

If Russia's invasion of Ukraine had the most profound impact on financial markets in the first quarter of the year, the second quarter was in turn defined by coordinated central bank action to combat rising and persistent inflation. The backdrop of rapidly tightening monetary policy has proved a difficult one for the performance of risk assets, with fears that higher rates will curb growth and ultimately spark a recession. Our local equity market has not been immune to these uncertainties with the FTSE/JSE All Share Index reversing all of the gains it posted earlier in 2022 and ending June at -8.3% year to date. As a reminder though, it is the selection of individual shares, rather than the overall level of the market, that drives the Fund's performance.

The Fund's underweight exposure to Naspers/Prosus, which has added to returns over longer periods, turned to a hindrance late in the second quarter as both share prices recovered. This was despite uninspiring recent results from the company's principal investment holding, Tencent, and the various rump assets relative to the valuation multiples applied to them. Rather, the announcement of an open-ended sell-down of Tencent and buyback of the company's own stock sparked a share price rally and helped narrow the

discount at which Naspers/Prosus trades relative to its net asset value. With the discount now closer to historical levels, focus may shift to the execution of the buyback and the performance of the underlying assets. Despite the recent pullback, we still remain cautious on the valuation of global technology stocks.

An overweight exposure to gold shares was another notable detractor for the quarter. Heightened geopolitical uncertainty and rampant inflation – factors normally associated with a healthy environment for gold – are being weighed against rising interest rates and a strong US dollar. Long-term inflation expectations also remain well anchored. The result is a gold price that is down 1% (in US dollars) year to date. The sector is well positioned to outperform should some of the headwinds begin to reverse.

Noteworthy contributors to relative performance over the quarter included our overweight positions in Sasol, Glencore and Pick n Pay, as well as our underweight positions in Anglo American, Discovery and Aspen.

During the quarter, the Fund trimmed its exposure to FirstRand and Standard Bank in favour of Absa and also sold Woolworths. We initiated a new position in Aspen and added to existing holdings in Sappi and AB InBev.

Commentary contributed by Sean Munsie

### Fund manager quarterly commentary as at 30 June 2022



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## 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 and FTSE/JSE All Bond Index

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

## Important information for investors

### Need more information?

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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\*

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.

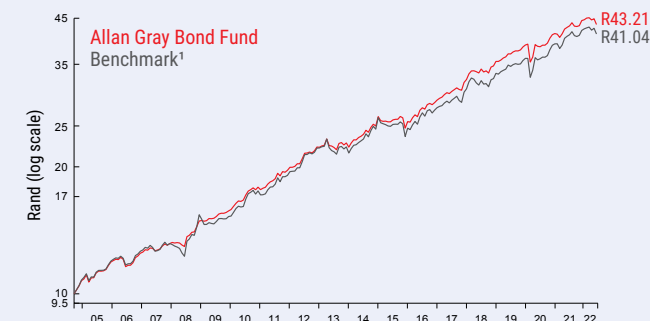
### Fund information on 30 June 2022

Fund size	R6.3bn
Number of units	569 682 724
Price (net asset value per unit)	R10.46
Modified duration	5.7
Gross yield (before fees)	10.7
Class	A

1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 30 June 2022.
2. This is based on the latest available numbers published by IRESS as at 31 May 2022.
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)	332.1	310.4	159.0
<b>Annualised:</b>			
Since inception (1 October 2004)	8.6	8.3	5.5
Latest 10 years	7.6	7.2	5.1
Latest 5 years	7.8	7.8	4.5
Latest 3 years	5.5	5.8	4.6
Latest 2 years	6.1	7.3	5.9
Latest 1 year	1.6	1.3	6.5
Year-to-date (not annualised)	-2.1	-1.9	3.7
<b>Risk measures (since inception)</b>			
Maximum drawdown <sup>3</sup>	-18.9	-19.3	n/a
Percentage positive months <sup>4</sup>	71.8	68.5	n/a
Annualised monthly volatility <sup>5</sup>	5.9	7.4	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-year period, the Fund has outperformed its benchmark. Over the last five-year period, the Fund has performed in line with 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 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022
Cents per unit	23.8985	24.6430	23.9256	24.5459

### Annual management fee

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

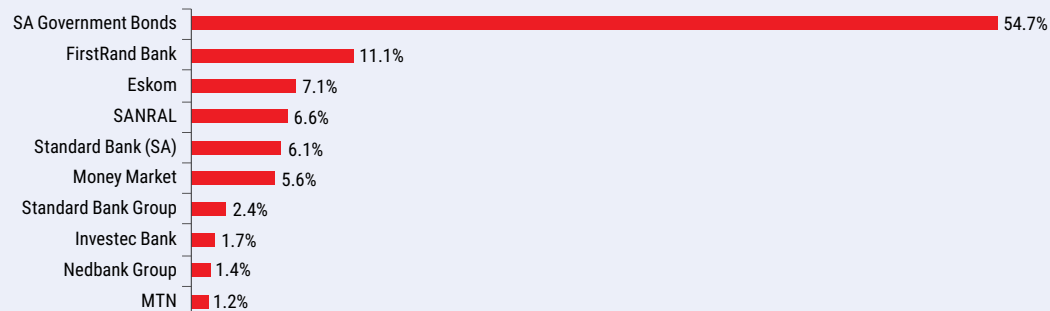
### Total expense ratio (TER) and transaction costs

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.

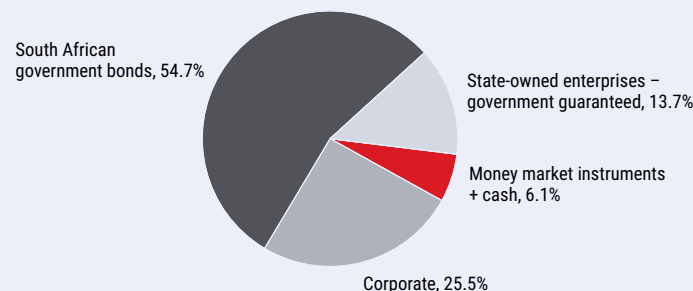
TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2022	1yr %	3yr %
<b>Total expense ratio</b>	<b>0.47</b>	<b>0.46</b>
Fee for benchmark performance*	0.40	0.30
Performance fees*	0.00	0.09
Other costs excluding transaction costs	0.01	0.01
VAT	0.06	0.06
<b>Transaction costs (including VAT)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total investment charge</b>	<b>0.47</b>	<b>0.46</b>

\*On 1 December 2021, the Fund's annual management fee changed from the previous performance-based fee to the current fixed fee of 0.5% p.a. excl. VAT.

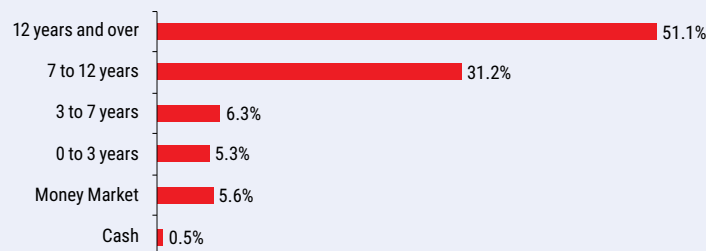
### Top 10 credit exposures on 30 June 2022



### Asset allocation on 30 June 2022



### Maturity profile on 30 June 2022



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

With the ongoing Russia-Ukraine conflict and supply chain disruptions, as a result of both the war and the COVID-19 pandemic, global inflation has continued to rise and spread. As a consequence, the quarter saw a flurry of central bank activity as monetary authorities sought to rein in inflation, which has risen to multi-decade highs in some cases. Not only have central banks sprung into action, but they have actually been accelerating their interventions: The US Federal Reserve stepped up its interest rate hikes from 50 basis points in May to 75 basis points in June; the European Central Bank signalled an end to its bond-buying programme by the end of June and an interest rate hike in July. Not one to be left behind, the South African Reserve Bank stepped up its interest rate increments from 25 basis points earlier in the year to 50 basis points in May. A notable exception was the Bank of Japan, which reiterated its commitment to negative interest rates and further bond buying. Against this backdrop of quickening central bank action, there are valid concerns that developed country policymakers have been too tardy – and that their unavoidable, aggressive actions now may trigger a global recession.

This quarter, South Africa faced its fair share of misfortune, with KwaZulu-Natal being hit by severe flooding in April and again in May. The loss of lives and livelihoods, infrastructure damage, relocation of displaced families, rebuilding costs and port disruptions are all major setbacks for the country, given that the economy has yet to fully recover from the pandemic. South Africans were

understandably concerned about flood relief being stolen, given past experience with emergency COVID-19 spending. Disappointingly, this jaundiced view was almost immediately vindicated by reports of municipal officials attempting to appropriate donated relief supplies and a water tanker being diverted to the provincial premier's private residence instead of serving the disaster-stricken community. Interestingly, the eThekweni Municipality held its inaugural bond auction towards the end of May; it was a poor auction, with only one anchor bidder taking up the entire R1 billion on offer.

Attractively priced opportunities remain few and far between in the local credit market, with spreads still tight by longer-term historical standards. During the quarter, we sold inflation-linked bonds after yields compressed to expensive levels. While these instruments may be attractive in a high-inflation environment, they have a higher duration than their nominal equivalents and are more vulnerable to a correction in yields. Nominal bonds are currently offering similar real yields to inflation-linked bonds, but with lower duration risk and better liquidity. The duration of the Fund is 0.5 less than that of the FTSE/JSE All Bond Index.

Commentary contributed by Londa Nxumalo

**Fund manager quarterly  
commentary as at  
30 June 2022**

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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)11 301 6335 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.

## 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).

## FTSE/JSE All Bond Index

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