ALLANGRAY

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

Allan Gray SA Equity Fund

31 October 2023

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.

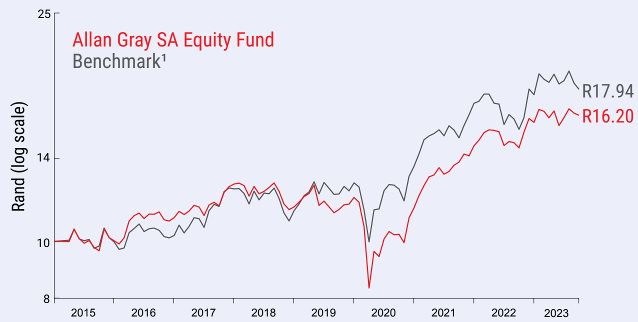
Fund information on 31 October 2023

Fund size	R3.6bn
Number of units	880 033
Price (net asset value per unit)	R419.99
Class	A

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 31 October 2023.
2. This is based on the latest available numbers published by IRESS as at 30 September 2023.
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)	62.0	79.4	55.3
Annualised:			
Since inception (13 March 2015)	5.7	7.0	5.3
Latest 5 years	6.8	9.8	5.0
Latest 3 years	17.7	15.0	6.0
Latest 2 years	6.5	5.8	6.4
Latest 1 year	3.8	8.3	5.4
Year-to-date (not annualised)	-0.2	-1.3	4.7
Risk measures (since inception)			
Maximum drawdown[3]	-44.3	-35.2	n/a
Percentage positive months[4]	56.7	54.8	n/a
Annualised monthly volatility[5]	14.9	14.8	n/a
Highest annual return[6]	57.3	54.0	n/a
Lowest annual return[6]	-32.0	-18.4	n/a

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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 2022	30 Jun 2023
Cents per unit	**899.8108**	**874.8755**

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 2023 (updated quarterly)

Company	% of portfolio
British American Tobacco	7.5
AB InBev	6.6
Glencore	6.4
Naspers & Prosus	6.0
Mondi	5.2
Standard Bank	5.0
Woolworths	4.4
Nedbank	3.6
Sasol	3.4
Remgro	3.2
Total (%)	**51.4**

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2023	1yr %	3yr %
Total expense ratio	**0.48**	**0.62**
Fee for benchmark performance	1.00	1.00
Performance fees	-0.59	-0.47
Other costs excluding transaction costs	0.01	0.01
VAT	0.06	0.08
Transaction costs (including VAT)	**0.10**	**0.12**
Total investment charge	**0.58**	**0.74**

Sector allocation on 30 September 2023 (updated quarterly)

Sector	% of equities[7]	% of ALSI[8]
Financials	25.7	25.6
Basic materials	23.1	27.5
Consumer staples	20.8	10.7
Consumer discretionary	10.5	6.6
Industrials	7.9	5.3
Technology	6.2	12.7
Telecommunications	2.0	4.8
Healthcare	1.9	1.9
Real estate	1.4	3.7
Energy	0.5	1.2
Total (%)	**100.0**	**100.0**

7. Includes listed property.
8. FTSE/JSE All Share Index.

Asset allocation on 31 October 2023

Asset class	Total
Net equity	94.4
Property	1.1
Commodity-linked	1.1
Bonds	0.1
Money market & bank deposits	3.3
Total (%)	**100.0**

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

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Fund manager quarterly commentary as at 30 September 2023

The local market continued to drift sideways during the third quarter of 2023, reflected by the FTSE/JSE All Share Index (ALSI) and the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) delivering returns of -3% and -4% for the quarter, respectively. The Fund outperformed over the period, pushing the cumulative year-to-date return to 3% – i.e. 1% ahead of its benchmark.

Market returns

The ALSI and Capped SWIX are the two most commonly used broad market indices in South Africa but have had large differences in composition and in performance from time to time. Over the last 12 months, the ALSI has returned 18% compared to the Capped SWIX's return of only 12%. A major contributor to this difference was the strong performance of Richemont, which had a larger weight in the ALSI.

The Richemont share price has been on a strong run – in line with the performance of other luxury goods businesses. We continue to believe that the share is overvalued, with margins and earnings at record levels, in what has historically been a cyclical business. The Richemont share price has given up some of its strong performance more recently, declining by 28% over the quarter. A Richemont corporate action in April 2023 led to a reduction in the share's weight in the ALSI. Going forward, Richemont constitutes a similar, much smaller weight in both the ALSI and the Capped SWIX. The only remaining big difference between the two indices is the larger weight of Anglo American in the ALSI.

It is well known that South African businesses face a myriad of challenges, notably loadshedding and a weak consumer environment. Despite this, market returns over the past 12 months have been reasonably strong, illustrating the benefits of a low starting valuation. The valuations of many South African shares remain at very cheap levels versus history, suggesting a reasonable prospect of good returns going forward – even in an unfavourable economic climate.

Risks and opportunities

Our approach remains focused on bottom-up company research to find superior investment opportunities. This includes identifying investments which offer the highest expected returns but also weighs up the associated risks and the diversification benefits of uncorrelated returns. All these factors are considered when putting together the portfolio.

An important decision at present is whether to prefer "SA Inc" shares (i.e. companies that primarily operate in the SA economy) or "rand hedge" shares (i.e. companies that operate offshore and benefit from a weaker rand). The very low valuations of SA Inc shares offer more potential upside if the economy recovers, but these are also the businesses facing the brunt of the challenges of operating in South Africa. At present, we are finding attractive opportunities in both categories, so there is no need to choose only one or the other. This diversification also means that performance of the Fund does not rely on a specific macroeconomic scenario playing out.

It is also worth remembering that a significant portion of local shares are in fact businesses with earnings outside of South Africa which makes them less reliant on the prevailing local environment.

The Fund added to its positions in MultiChoice, AB InBev and African Rainbow Minerals and trimmed its holdings in Woolworths, Prosus NV and Glencore during the quarter.

Commentary contributed by Tim Acker

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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.

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. For more information about our annual management fees, refer to the frequently asked questions, available via the Allan Gray website.

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, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index

The FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap 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, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap 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, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE Mid Cap Index vests in FTSE and the JSE jointly. All their rights are reserved.

MSCI Index

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

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 2023

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.

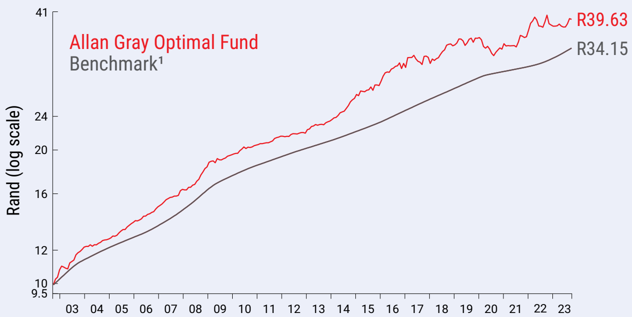
**Only available to investors with a South African bank account.

Fund information on 31 October 2023

Fund size	R0.8bn
Number of units	22 371 049
Price (net asset value per unit)	R23.29
Class	A

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)	296.3	241.5	195.8
Annualised:			
Since inception (1 October 2002)	6.7	6.0	5.3
Latest 10 years	5.5	5.0	5.1
Latest 5 years	2.6	4.6	5.0
Latest 3 years	5.5	4.3	6.0
Latest 2 years	4.5	5.3	6.4
Latest 1 year	-2.1	6.9	5.4
Year-to-date (not annualised)	3.0	5.9	4.7
Risk measures (since inception)			
Maximum drawdown[3]	-10.2	n/a	n/a
Percentage positive months[4]	73.5	100.0	n/a
Annualised monthly volatility[5]	4.4	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-8.2	2.5	n/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 2023.
2. This is based on the latest available numbers published by IRESS as at 30 September 2023.
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.

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Meeting the Fund objective

Since inception and over the latest 10-year period, the Fund has outperformed its benchmark. Over the latest five-year period, the Fund has underperformed its benchmark, which is the daily interest rate supplied by FirstRand Bank Limited. 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 2022	30 Jun 2023
Cents per unit	**54.2894**	**44.7117**

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 2023 (updated quarterly)

Company	% of portfolio
British American Tobacco	8.7
Sasol	5.9
AB InBev	5.3
Mondi	4.5
Nedbank	4.0
Standard Bank	3.5
Gold Fields	3.5
Sappi	3.3
MTN	3.2
Spar	3.2
Total (%)	**45.2**

Asset allocation on 31 October 2023

Asset class	Total
Net equities	3.6
Hedged equities	77.4
Property	1.4
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	17.6
Total (%)	**100.0**

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2023	1yr %	3yr %
Total expense ratio	**1.18**	**1.18**
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
Transaction costs (including VAT)	**0.07**	**0.12**
Total investment charge	**1.25**	**1.30**

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

Minimum	(September 2016) -3.6%[7]
Average	4.7%
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.

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Fund manager quarterly commentary as at 30 September 2023

The Fund had an improved third quarter and returned 4.5%, which is 2.6% ahead of its cash benchmark. This period of better performance has coincided with a difficult last three months for risk assets in general with the FTSE/JSE All Bond and the FTSE/JSE All Share indices shedding 0.3% and 3.5%, respectively. Noticeably the year-to-date returns for these higher risk asset classes – being 1.5% and 2.2%, respectively – are also lower than that of local cash at 5.7%.

As a reminder, it is the performance of the Fund's underlying shares relative to the stock market index together with the level of short-term interest rates that determines the performance. The Fund's more bearish positioning both in terms of stock selection and net equity weight, which was a headwind earlier in the year, has aided its return more recently.

Defining themes in the last quarter included continued speculation on the future path of central bank rate movements, prospects for near-term Chinese growth and the renewed rally in the oil price. While developed market interest rates may well be at or near current cycle highs, expectations on the timing of future rate cuts have been pushed out as market participants come round to the idea that rates may have to remain higher for longer to tame stubbornly high inflation, particularly in economies such as the United States where growth remains robust and unemployment low. Accordingly, global bond yields have sold off to post-global financial crisis highs with the accompanying downward impact of equity valuations.

Inflationary concerns are further compounded by the recent surge in the oil price – which has increased by more than 30% in US dollars – over the last quarter. The anticipated resurgence in the Chinese economy post the crippling COVID-19 lockdowns has also failed to materialise – with the Chinese government more intent on stabilising the faltering property sector and other strategic priorities, such as self-sufficiency, than the previous growth-at-any-cost model. This has knock-on consequences for companies with exposure to the Chinese consumer, such as Richemont and Tencent, as well as the level of commodity prices.

These global factors, as well as the continued impact of structural constraints placed on South African economic growth, such as loadshedding and logistics failures, have provided a challenging backdrop for our local market. During the quarter, the Fund benefited from its exposure to global companies trading at already-attractive valuation multiples, such as British American Tobacco and AB InBev, as well as commodity producers with relatively lower exposure to Chinese demand, including Sasol, Mondi and Sappi. Underweight exposure to Richemont and Naspers/Prosus also contributed to performance.

During the quarter, the Fund added to existing holdings of Mondi and MultiChoice and initiated a new position in Mr Price. It reduced exposure to local banks, The Foschini Group and Glencore.

Commentary contributed by Sean Munsie

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The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 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. For more information about our annual management fees, refer to the frequently asked questions, available via the Allan Gray website.

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?
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 Bond Fund

31 October 2023

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 achieve 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.

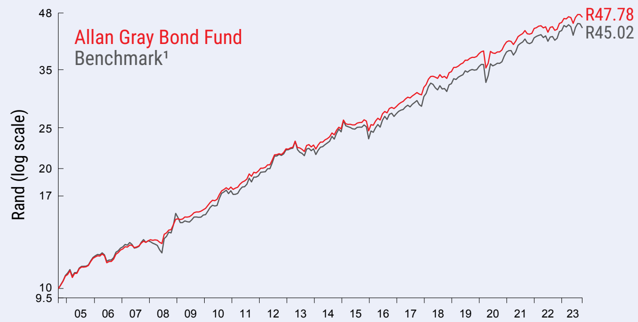
Fund information on 31 October 2023

Fund size	R7.0bn
Number of units	638 333 128
Price (net asset value per unit)	R9.98
Modified duration	4.0
Gross yield (before fees)	11.5
Class	A

1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 October 2023.
2. This is based on the latest available numbers published by IRESS as at 30 September 2023.
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)	377.8	350.2	180.9
Annualised:			
Since inception (1 October 2004)	8.5	8.2	5.6
Latest 10 years	7.7	7.3	5.1
Latest 5 years	7.6	7.9	5.0
Latest 3 years	7.0	7.3	6.0
Latest 2 years	5.7	5.5	6.4
Latest 1 year	8.7	7.9	5.4
Year-to-date (not annualised)	4.6	3.2	4.7
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	71.2	68.1	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

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Meeting the Fund objective

Since inception and over the latest 10-year period, the Fund has outperformed its benchmark. Over the latest five-year period, the Fund has underperformed 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 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Cents per unit	**25.0699**	**24.7203**	**26.0679**	**25.7014**

Annual management fee

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

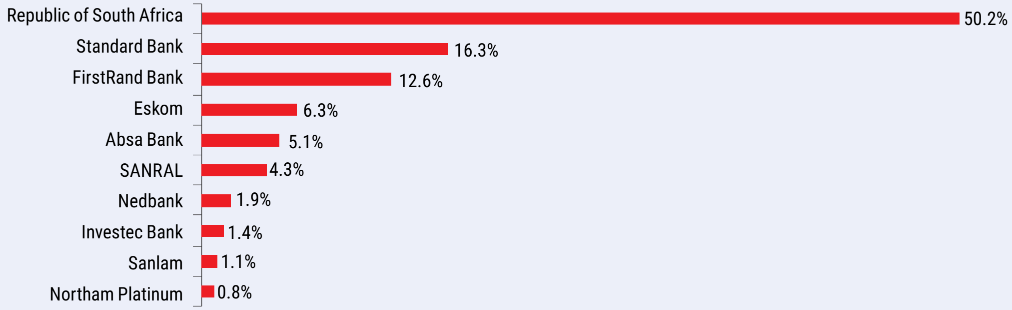
Total expense ratio (TER) and transaction costs (updated quarterly)

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.

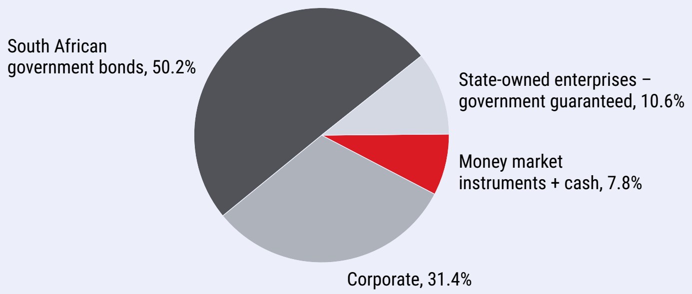
TER and transaction costs breakdown for the 1- and 3-year period ending 30 September 2023	1yr %	3yr %
Total expense ratio	**0.59**	**0.47**
Fee for benchmark performance*	0.50	0.40
Performance fees*	0.00	0.00
Other costs excluding transaction costs	0.01	0.01
VAT	0.08	0.06
Transaction costs (including VAT)	**0.00**	**0.00**
Total investment charge	**0.59**	**0.47**

*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.

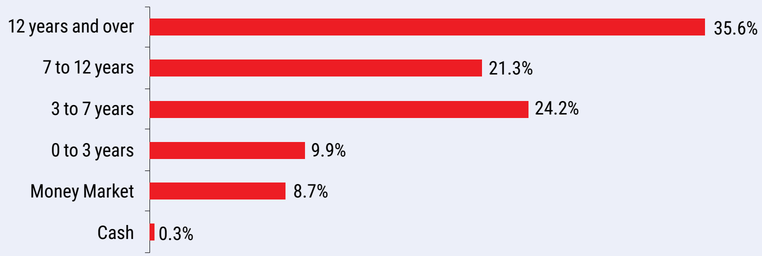
Top 10 credit exposures on 31 October 2023



Asset allocation on 31 October 2023



Maturity profile on 31 October 2023



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

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Fund manager quarterly commentary as at 30 September 2023

The notion of a government bond trading at a 12% yield can sound very appealing, but it poses several issues. The first is for the bond investor. To own a government bond at a 12% yield does not mean one is earning 12% per annum. On the contrary, while the South African government 20-year bond has traded at an average yield of 12.1% this year, the total return for a holder of this bond over that period has in fact been marginally negative. The reason for this is that while this bond started the year at 11.5%, it ended the most recent quarter at 13%. Put simply, one has been taking capital price knocks along the way, which eat away at one's return as the bond's market value is made cheaper. Another way to think about this, as put forward by South African Reserve Bank Governor Lesetja Kganyago at the September Monetary Policy Committee meeting, is that bond investors are essentially asking for more butter and jam to spread on the proverbial South African bread. The yields are rising.

A more serious issue, perhaps, is the fiscal implications of the South African government issuing debt at a 12% yield while nominal economic growth is climbing at around half of that, or 6%. In this situation, government's interest expense grows and compounds at a much faster rate than tax revenue growth, requiring cost-cutting measures to offset growth in the unfunded interest bill. Using theoretical estimates, if nominal GDP grows at 6.5% per annum for the next seven years while government's cost of interest remains at 12% or more, then even if we manage to run a neutral primary balance every year (i.e. government revenue equals government spending, ignoring the interest bill), by 2030 we could easily be in a situation where debt is close to 100% of GDP and where approximately 40 cents on every tax rand that is raised goes towards servicing interest on old debt.

The only way to neutralise the fiscal deterioration from such a growing debt burden is to embark on fiscal austerity and put aside large primary surpluses in the budget every year.

A version of such an approach is currently being proposed by National Treasury and the Finance Minister, Enoch Godongwana, although with some resistance from government and unions. This is perhaps understandable when one questions the appropriateness of austerity in a country with such devastating levels of social poverty and unemployment. Treasury's challenge will be to cut spending in areas where it is wasteful and keep the taps open where it is being routed to social welfare and critical infrastructure. Treasury argues for a restructuring of the public sector by closing redundant government departments and reducing the headcount, as well as scrapping a host of smaller spending programmes that are seen as non-critical.

These strong measures are being proposed as the market awakens to the realisation that the Budget estimates tabled in February were not credible. As discussed in various of my writings this year, the February Budget greatly overestimated corporate income tax collection, which has subsequently been decimated by a decline in commodity export prices and the severe cost of loadshedding, while also pencilling in far lower public sector wage increases than those ultimately agreed to with striking unions. Against this backdrop, we have already seen Treasury raise their weekly issuance of short-dated T-bills from R12.4bn per week to R14.8bn per week. Any move to raise the issuance of longer-dated government bonds will put further pressure on yields, which is a risk of which we are vigilant.

In the last quarter, the Fund maintained its reasonably low-duration position and increased its exposure to floating-rate instruments at 9.5% to 11.5% yields while selectively reinvesting a smaller portion of its coupon flows into fixed-rate bonds above 12% yield.

Commentary contributed by Thalia Petousis

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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).

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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 (the "Pension Funds Act"). 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 the prescribed regulatory 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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