ALLANGRAY

Fund managers: Andrew Lapping, Duncan Artus, Jacques Plaut, Ruan Stander
Inception date: 13 March 2015

Allan Gray SA Equity Fund

30 November 2018

Fund description and summary of investment policy

The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.

ASISA unit trust category: South African – Equity – General

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the FTSE/JSE All Share Index including income.

How we aim to achieve the Fund's objective

We seek to buy shares offering the best relative value while maintaining a diversified portfolio. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. We invest in a selection of shares across all sectors of the JSE, and across the range of large, mid and smaller cap shares.

Suitable for those investors who

- Seek exposure to JSE-listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium- term volatility
- Are prepared to accept the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity 'building block' in a diversified multi asset class portfolio

Minimum investment amounts

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

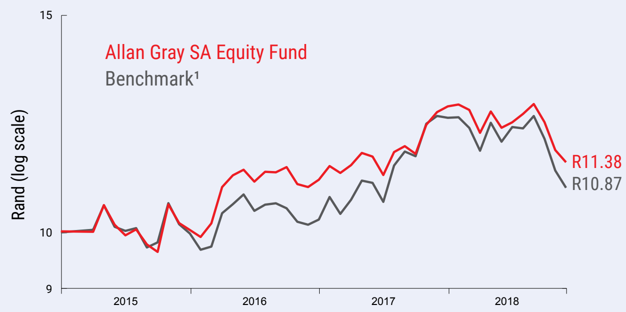
*Only available to investors with a South African bank account.

Fund information on 30 November 2018

Fund size	R2.8bn
Number of units	680 515
Price (net asset value per unit)	R357.80
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 (13 March 2015)	13.8	8.7	22.4
Annualised:			
Since inception (13 March 2015)	3.5	2.3	5.7
Latest 3 years	3.9	2.3	5.4
Latest 2 years	2.3	3.5	5.0
Latest 1 year	-9.0	-12.6	5.1
Year-to-date (not annualised)	-9.9	-12.3	5.0
Risk measures (since inception)			
Maximum drawdown[3]	-14.6	-15.5	n/a
Percentage positive months[4]	51.1	51.1	n/a
Annualised monthly volatility[5]	10.6	11.6	n/a
Highest annual return[6]	17.2	22.5	n/a
Lowest annual return[6]	-9.0	-12.6	n/a

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 30 November 2018.
2. This is based on the latest numbers published by IRESS as at 31 October 2018.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 23 November 2018 and maximum benchmark drawdown occurred from 25 January 2018 to 23 November 2018. 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 30 September 2016 and the benchmark's occurred during the 12 months ended 30 November 2017. The Fund's lowest annual return occurred during the 12 months ended 30 November 2018 and the benchmark's occurred during the 12 months ended 30 November 2018. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

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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 up to 30% offshore, with an additional 10% allowed for African ex-SA investments. 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. As the Fund is less than five years old it is too early to tell if it has met its objective. Since inception the Fund has outperformed its benchmark and we are confident that the Fund will meet its objective over the long term.

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 2017	30 Jun 2018
Cents per unit	616.8465	370.2354

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 2018 (SA and Foreign) (updated quarterly)

Company	% of portfolio
Sasol	11.6
Naspers[7]	8.5
British American Tobacco	7.7
Standard Bank	6.1
Old Mutual Ltd	5.4
Investec Ltd	4.8
Remgro	4.8
Glencore	3.3
Reinet	2.9
Life Healthcare	2.9
Total (%)	**58.0**

7. Including stub certificates.

Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1 and 3-year period ending 30 September 2018	1yr %	3yr %
Total expense ratio	**0.96**	**1.38**
Fee for benchmark performance	1.00	1.00
Performance fees	-0.17	0.20
Other costs excluding transaction costs	0.00	0.00
VAT	0.12	0.17
Transaction costs (including VAT)	**0.11**	**0.20**
Total investment charge	**1.07**	**1.58**

Sector allocation on 30 September 2018[9] (updated quarterly)

Sector	% of Fund	% of ALSI[8]
Oil and gas	0.0	0.1
Basic materials	23.7	25.2
Industrials	11.1	4.5
Consumer goods	9.0	12.6
Healthcare	5.8	2.4
Consumer services	13.7	26.1
Telecommunications	1.0	3.5
Financials	30.8	25.4
Technology	0.0	0.2
Commodity-linked	0.5	0.0
Other	0.7	0.0
Money market and bank deposits	3.8	0.0
Total (%)	**100.0**	**100.0**

8. FTSE/JSE All Share Index.

9. Underlying holdings of Orbis funds are included on a look-through basis.

Asset allocation on 30 November 2018

Asset Class	Total
Net equity	94.1
Property	2.2
Commodity-linked	0.5
Money market and bank deposits	3.2
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 2018

The FTSE/JSE All Share Index (ALSI) returned a modest 6.7% per year for the past three years, against an inflation rate of 5.2% over the period. More recently, the ALSI is down 3.8% year to date. Fortunately in investing, the lower the historic market returns, the greater the potential for improved returns in future.

We have not found value in domestically orientated industrial stocks for many years, however the negative sentiment towards South Africa is finally beginning to reflect in share prices and value is beginning to emerge. The chance to buy undervalued companies is always exciting and we will look to take advantage of any opportunities.

MTN, a company which we have thought to be substantially overvalued for many years, finally fell below our fair value estimate in September. The price declined from just over R100 to a bottom of R70 in just a few days as investors became concerned about the Nigerian risks. The risks associated with doing business in Africa are pervasive but they became clear to investors when the Nigerian government asked MTN to repatriate US$8.1bn in dividends it had paid from 2007 to 2015. This presented a buying opportunity. Unfortunately it was only brief, as the share price quickly moved back towards our fair value estimate, eliminating the margin of safety.

Glencore was the Fund's largest purchase during the quarter. Similar to MTN, regulatory issues surrounding their African operations, together with fears about slowing global growth, created a buying opportunity. We have carefully considered the Democratic Republic of Congo issues. The risks to metal demand caused by a Chinese or global slowdown are also very real. The question is whether these risks are discounted in the price. We believe they are and there is a sufficient margin of safety between our estimate of fair value and the share price for us to buy the share.

When valuing commodity companies we use an estimate of through-the-cycle commodity prices to estimate normal earnings. The share prices of commodity companies often discount spot commodity prices, which can create opportunities when prices fall, as is the current case with the copper price.

Conversely, Sasol's discount to fair value narrowed sharply as the share price rallied with the higher oil price and weaker rand. Sasol was our biggest sale in the quarter. We were also sellers of Old Mutual as its value became clearer to investors post the Quilter unbundling and recent results.

Commentary contributed by Andrew Lapping

Management Company

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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. Where annualised performance is mentioned, this refers to the average return per year over the period. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

The Fund may be closed to new investments at any time in order to be managed according to its mandate. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Fund may borrow up to 10% of its 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 (STT), 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 [STT], STRATE and Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost 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 ratio 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.

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

30 November 2018

Fund manager: Ruan Stander **Inception date:** 1 October 2002

Fund description and summary of investment policy

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

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

Fund objective and benchmark

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

How we aim to achieve the Fund's objective

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

Suitable for those investors who

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

Minimum investment amounts

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

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

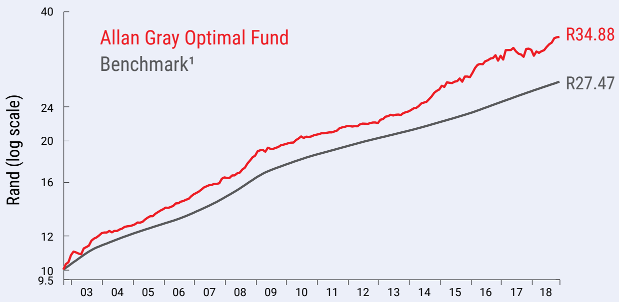
Fund information on 30 November 2018

Fund size	R1.2bn
Number of units	38 118 487
Price (net asset value per unit)	R24.25
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 November 2018.
2. This is based on the latest numbers published by IRESS as at 31 October 2018.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 17 May 2017 to 27 September 2017. 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 March 2018 and the benchmark's occurred during the 12 months ended 31 August 2013. 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)	248.8	174.7	132.8
Annualised:			
Since inception (1 October 2002)	8.0	6.4	5.4
Latest 10 years	6.7	5.4	5.2
Latest 5 years	8.4	5.5	5.4
Latest 3 years	7.4	5.9	5.4
Latest 2 years	6.6	5.9	5.0
Latest 1 year	6.5	5.7	5.1
Year-to-date (not annualised)	7.2	5.3	5.0
Risk measures (since inception)			
Maximum drawdown[3]	-5.9	n/a	n/a
Percentage positive months[4]	79.9	100.0	n/a
Annualised monthly volatility[5]	3.7	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-1.5	4.1	n/a

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Meeting the Fund objective

Since inception and over the latest 10 and five-year periods, the Fund has outperformed 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 2017	30 Jun 2018
Cents per unit	**24.2193**	**17.1981**

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 share holdings on 30 September 2018 (updated quarterly)

Company	% of portfolio
Naspers[7]	17.3
British American Tobacco	7.3
Sasol	6.5
Life Healthcare	3.4
Glencore	3.1
Investec	3.0
Capitec	2.8
RMB Holdings	2.8
Comair	2.7
KAP Industrial Holdings	2.7
Total (%)	**51.5**

7. Including stub certificates.

Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1 and 3-year period ending 30 September 2018	1yr %	3yr %
Total expense ratio	**1.15**	**1.67**
Fee for benchmark performance	1.00	1.00
Performance fees	0.00	0.47
Other costs excluding transaction costs	0.00	0.00
VAT	0.15	0.21
Transaction costs (including VAT)	**0.12**	**0.13**
Total investment charge	**1.26**	**1.81**

Asset allocation on 30 November 2018

Asset Class	Total
Net equity	15.4
Hedged equity	67.4
Property	0.0
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	17.1
Total (%)	**100.0**

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

Minimum	(September 2016) -3.6%[8]
Average	4.7%
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.

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Fund manager quarterly commentary as at 30 September 2018

Thank you to all the investors who remained invested over the past year despite increased return volatility. We hope you are pleased with the improved Fund performance and reduced volatility. Rest assured that lessons have been learnt and we will continue to work hard to achieve the Fund's objective of delivering positive long-term returns that don't depend on the stock market.

During the third quarter, the Fund returned 4.9%, despite the stock market returning -2.2%. Over the latest one-year period the Fund returned 10.5%, compared to the stock market's 3.3%, and over three years it returned 8.1%, versus 6.7% for the market.

This quarter's return was achieved as a result of the Fund remaining almost fully hedged, with a net equity exposure of only 4.4%, and the Fund's shares outperformed the stock indices we use for hedging.

During the quarter we sold a further 48% of the Naspers stub certificate position as the price of the certificate increased. We believe the remaining position still offers upside given the 44% discount Naspers is trading at to our estimated intrinsic value, but the reduced weighting should have a smaller impact on the Fund's volatility. One indication of the reduced volatility in Fund returns is the volatility of daily returns, which were 46% lower in the quarter than in the last 12 months, and was lower than the average daily volatility since we changed our internal rules in April 2014 to allow for more flexibility in managing the Fund.

During the quarter we bought Investec, Glencore and Standard Bank and sold Sasol, Naspers and its stub certificate. At the end of the quarter, our top three overweight positions are British American Tobacco, Naspers and Glencore and our top three underweights are BHP Billiton, Richemont and FirstRand (and Anglo American, if the indirect FirstRand holding via RMB Holdings is taken into account).

Commentary contributed by Ruan Stander

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AllanGray

Fund manager: Mark Dunley-Owen **Inception date:** 1 October 2004

Allan Gray Bond Fund

30 November 2018

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 Fund aims to provide investors with a real return over the long-term and outperform the JSE All Bond Index at no greater risk.

How we aim to achieve the Fund's objective

We formulate a view of the long-term inflation rate. This forecast together with an estimate of a reasonable real return requirement for bond investors is used to determine a fair value for the various bonds in the South African market. The assets in the Fund are then optimised to give investors the highest returns based on the managers' fair value estimates.

Suitable for those investors who

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

Minimum investment amounts

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

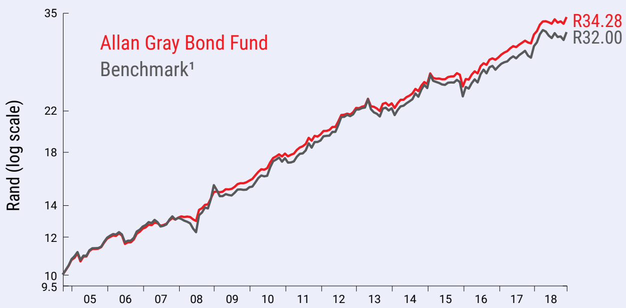
*Only available to investors with a South African bank account.

Fund information on 30 November 2018

Fund size	R1.5bn
Number of units	137 270 336
Price (net asset value per unit)	R11.27
Fund duration (years)	5.9
Gross yield (before fees)	9.6%
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 2004)	242.8	220.0	121.5
Annualised:			
Since inception (1 October 2004)	9.1	8.6	5.8
Latest 10 years	9.1	8.3	5.2
Latest 5 years	8.8	7.8	5.4
Latest 3 years	9.6	8.3	5.4
Latest 2 years	10.8	9.5	5.0
Latest 1 year	13.4	13.1	5.1
Year-to-date (not annualised)	8.7	7.0	5.0
Risk measures (since inception)			
Maximum drawdown[3]	-11.7	-14.4	n/a
Percentage positive months[4]	71.2	67.6	n/a
Annualised monthly volatility[5]	5.4	7.2	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

1. JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 30 November 2018.
2. This is based on the latest numbers published by IRESS as at 31 October 2018.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 30 January 2015 to 11 December 2015 and maximum benchmark drawdown occurred from 29 January 2015 to 11 December 2015. 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.

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Meeting the Fund objective

Since inception and over the latest 10 years 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 2017	31 Mar 2018	30 Jun 2018	30 Sep 2018
Cents per unit	22.6344	22.8618	23.4296	23.2524

Annual management fee

The fee rate is calculated daily by comparing the Fund's total performance over the last year, to that of the benchmark adjusted for Fund expenses and cash flows.

Minimum fee: 0.25% p.a. excl. VAT

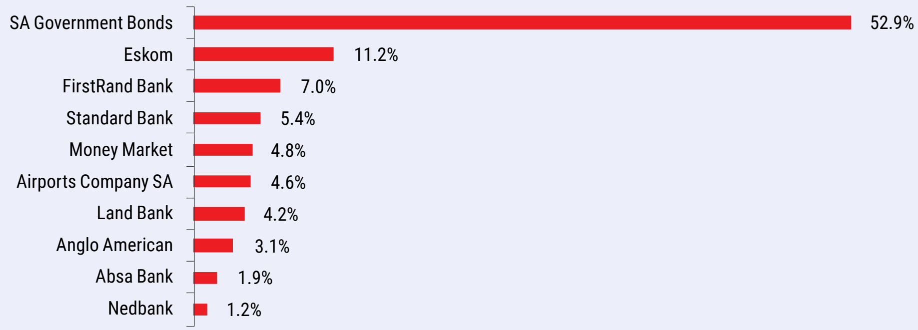
If the Fund outperforms its benchmark, for each percentage of performance above the benchmark we add 0.25% to the minimum fee to a maximum fee of 0.75% p.a. excl. VAT. The fee rate is applied to the daily value of the Fund.

Total expense ratio (TER) and Transaction costs

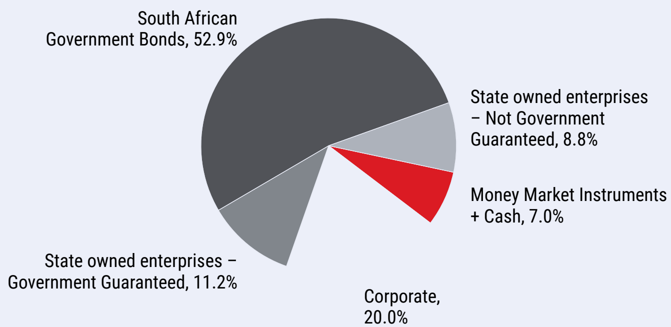
The annual management fee is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

TER and Transaction costs breakdown for the 1 and 3-year period ending 30 September 2018	1yr %	3yr %
Total expense ratio	**0.77**	**0.72**
Fee for benchmark performance	0.25	0.25
Performance fees	0.42	0.38
Other costs excluding transaction costs	0.00	0.00
VAT	0.10	0.09
Transaction costs (including VAT)	**0.00**	**0.00**
Total investment charge	**0.77**	**0.72**

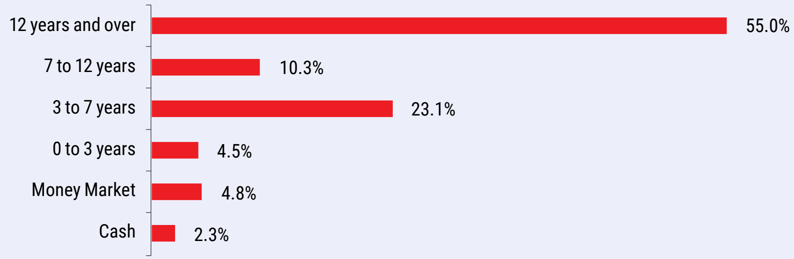
Top 10 credit exposures on 30 November 2018



Asset allocation on 30 November 2018



Maturity profile on 30 November 2018



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

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Fund manager quarterly commentary as at 30 September 2018

It is an interesting time for the global economy. Short-term economic growth is strong, inflated by fiscal stimulation in the US. Long-term prospects have been negatively impacted by political struggles, the most high profile of which is the US-China trade war. The outlook for emerging markets is uncertain, with countries ranging from Turkey to Zambia to China having too much debt and unsustainable macroeconomic policies. Against this backdrop, higher US interest rates have made holding risk-free US dollars more attractive at the expense of other currencies. Three-month treasury bills now yield more than 2%, compared to 0.02% three years ago.

We cannot reliably forecast any of the above macroeconomic factors and we don't base our investment decisions on them. However, we can draw reasonable conclusions. A world with many uncertainties provides many potential surprises. Asset prices are closer to cyclical top than bottom, with more positive than negative news already priced in. This favours caution, with asset prices likely to react to negative rather than positive news. Within this context, South Africa faces multi-decade structural challenges but near-term risks appear contained. The challenges are well known and largely priced into South African assets. In US dollar terms, the FTSE/JSE All Share is 10% lower than it was five years ago, compared to the FTSE World Index, which is up 38% and the S&P, which is up 73% over the same period. South African government bonds yield 4% more than inflation, attracting investors looking for higher returns without the tail risks of Turkey or Argentina. Our conclusion is cautious confidence in local asset returns in the absence of global shocks.

Going into the quarter, we believed there was limited risk of a large move in South African bond yields either way. This view was tested by emerging market volatility, but the yield curve recovered and ended the quarter approximately 20 basis points higher. Fund duration was maintained around 5.8 years through the volatility, in line with our philosophy of focusing on long-term fundamentals.

There was limited Fund activity over the quarter. The most notable change was adding exposure to the Land Bank. Despite the current uncertainty around land reform, the Land Bank remains profitable with a reasonable balance sheet, and forms an integral part of South Africa's development initiatives.

Commentary contributed by Mark Dunley-Owen

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Management Company

Allan Gray Unit Trust Management (RF) Proprietary Limited (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 11 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 Proprietary Limited (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. Where annualised performance is mentioned, this refers to the average return per year over the period. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

Fund mandate

The Fund may be closed to new investments at any time in order to be managed according to its mandate. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Fund may borrow up to 10% of its 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 (STT), 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 [STT], STRATE and Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost 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 ratio 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.

Compliance with Regulation 28

The Fund is managed to comply with Regulation 28 of 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 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).

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**.