ALLANGRAY

Fund managers: Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker
(Most foreign assets are invested in Orbis funds) **Inception date:** 1 February 2016
Only available through tax-free investment accounts.

Allan Gray Tax-Free Balanced Fund

31 March 2021

Fund description and summary of investment policy

The Fund is managed in broadly the same way as the Allan Gray Balanced Fund. It was created specifically for use in tax-free accounts and can only be accessed through these products. The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.

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

Fund objective and benchmark

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund's benchmark is the market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds).

How we aim to achieve the Fund's objective

We seek to buy shares at a discount to their intrinsic value. 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. If the stock market offers few attractive shares we may increase the Fund's weighting to alternative assets such as bonds, property, commodities and cash, or we may partially hedge the Fund's stock market exposure. By varying the Fund's exposure to these different asset classes over time, we seek to enhance the Fund's long-term returns and to manage its risk. The Fund's bond and money market investments are actively managed.

Suitable for those investors who

- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund
- Wish to invest in a tax-free investment account
- Typically have an investment horizon of at least three years

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.

Maximum investment amounts

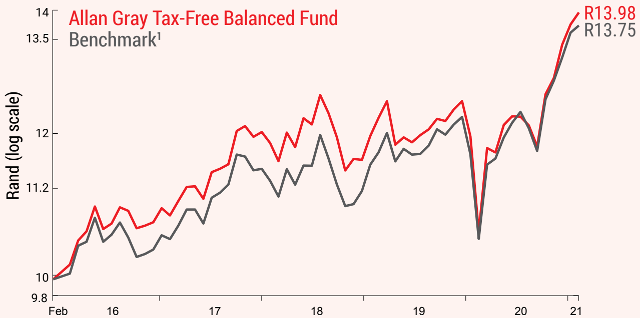
Maximum lump sum per investor account	R36 000
Lifetime maximum	R500 000
Maximum debit order*	R3 000

Fund information on 31 March 2021

Fund size	R1.5bn
Number of units	102 195 269
Price (net asset value per unit)	R12.39
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 February 2016)	39.8	37.5	25.5
Annualised:			
Since inception (1 February 2016)	6.7	6.4	4.6
Latest 5 years	5.9	5.7	4.4
Latest 3 years	6.4	7.4	3.9
Latest 2 years	6.8	8.3	3.7
Latest 1 year	31.7	30.7	2.9
Year-to-date (not annualised)	8.6	7.2	1.2
Risk measures (since inception)			
Maximum drawdown[3]	-24.6	-23.3	n/a
Percentage positive months[4]	62.9	64.5	n/a
Annualised monthly volatility[5]	10.6	9.9	n/a
Highest annual return[6]	31.7	30.7	n/a
Lowest annual return[6]	-13.4	-10.3	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 March 2021.
2. This is based on the latest available numbers published by IRESS as at 28 February 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 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 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.

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Fund history

This Fund is managed in broadly the same way as the Allan Gray Balanced Fund. It was created specifically for use in tax-free accounts. Refer to the Allan Gray Balanced Fund factsheet for a history of the Allan Gray Balanced Fund since its inception on 1 October 1999.

Meeting the Fund objective

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund experiences periods of underperformance in pursuit of this objective. Since inception and over the latest five-year period the Fund has outperformed 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.	30 Jun 2020	31 Dec 2020
Cents per unit	**26.2256**	**8.2124**

Annual management fee

The fee we charge is fixed at 1.25% excluding VAT.

This fee only applies to the portion of the unit trusts that we manage. The offshore portion of the unit trust is managed by Orbis. Orbis charges fixed fees within these funds. Orbis pays a marketing and distribution fee to Allan Gray.

Total expense ratio (TER) and Transaction costs

The annual management fees charged by both Allan Gray and Orbis are 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 31 March 2021 (SA and Foreign) (updated quarterly)[8]

Company	% of portfolio
Naspers[7]	8.1
British American Tobacco	6.6
Glencore	4.1
Woolworths	2.6
Sibanye Stillwater	2.0
FirstRand	1.9
Remgro	1.8
Old Mutual	1.8
Sasol	1.8
Standard Bank	1.7
Total (%)	**32.4**

7. Including holding in Prosus NV.

Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1- and 3-year period ending 31 March 2021	1yr %	3yr %
Total expense ratio	**1.48**	**1.53**
Fixed fee	1.30	1.35
Other costs excluding transaction costs	0.04	0.04
VAT	0.14	0.14
Transaction costs (including VAT)	**0.10**	**0.11**
Total investment charge	**1.58**	**1.64**

Asset allocation on 31 March 2021[8]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equity	70.5	51.0	2.5	17.0
Hedged equity	6.7	1.6	0.0	5.1
Property	1.0	0.9	0.0	0.1
Commodity-linked	3.3	2.6	0.0	0.7
Bonds	12.5	9.3	1.3	2.0
Money market and bank deposits	6.0	3.1	0.4	2.5
Total (%)	**100.0**	**68.4**	**4.2**	**27.4[9]**

8. Underlying holdings of Orbis funds are included on a look-through basis.
9. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. Market movements periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

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

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

Minimum	(February 2016) 57.5%
Average	62.5%
Maximum	(March 2021) 70.5%

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Fund manager quarterly commentary as at 31 March 2021

The Fund returned 9% for the quarter, building on the recovery from the March 2020 lows, and finally taking out the unit price high of 2018. While pleasing, the three- and five-year numbers remain low in real terms and relative to fixed income.

Returns have been driven by strong equity markets, with the FTSE/JSE All Share Index (ALSI) and the MSCI World Index up 81% and 78% respectively from their March 2020 lows. For local equities, this return must be put in the context of a market that has traded sideways since 2014. When measured in US dollars, local equities have been outperforming global equities since the pandemic bottom, but the ALSI remains very depressed compared to the World and Emerging Market indices.

Bull markets are born out of pessimism and do not want to take investors along at the start. It is hard to imagine a more pessimistic scenario than 2020 for South Africa and, while we obviously do not know if this is the start of a bull market, we still own many cheap local shares. The net equity weighting at 70.5% reflects this belief, as well as the large rebound in prices.

The past few years have been a great time for index investors both locally and offshore, with indices driven by a small number of shares. As an active manager, we aim to beat the index, and can only do so by holding a portfolio that is different from the index. The recent increase in long bond yields and inflation expectations has caused many of the unloved and depressed shares, which do not dominate the index, to outperform quite strongly. This has helped the portfolio.

So, how is the Fund positioned to outperform?

1. The Fund is underweight US equities and overweight the rest of the world, including emerging markets.
2. We have a greater exposure to value shares, implying an underweight in US technology/ecommerce/disruptor companies.
3. Unlike many peers, the Fund's 27% offshore exposure is not 100% invested in equities. We prefer to own more South African listed equities over fixed income to comply with Regulation 28 limits.
4. On the fixed income side, we have very little exposure to sovereign bonds offshore, and a higher-than-normal weight to local bonds given the steep yield curve.
5. We are underweight iron producers (BHP and Anglo) and overweight the rest of the commodity basket via Glencore and Sasol.
6. We are overweight British American Tobacco, which has meaningfully underperformed in a strong market. As an "anti-bubble" share, it should provide protection during a correction, while paying an 8% dividend yield.
7. Naspers remains the largest equity position.
8. With quantitative easing in combination with fiscal stimulus around the world, we own platinum and gold, as well as the miners including Sibanye-Stillwater, Impala Platinum, and selected gold shares.
9. We retain an exposure to depressed local domestic shares, which remain well below their 2018 highs, including Woolworths, Standard Bank, FirstRand and Old Mutual.

The Tax-Free Balanced Fund seeks to own a diversified portfolio of undervalued assets that will produce real returns at an acceptable risk. We believe that to be the case currently.

The major purchases we made over the quarter were Anheuser-Busch InBev and precious metal shares, while we reduced positions in Naspers and financials such as Capitec Bank.

Commentary contributed by Duncan Artus

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.

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Allan Gray is an authorised financial services provider.

Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)87 736 1732 or www.rmb.co.za.

Performance

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

Fund mandate

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

Unit price

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

Fees

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

Total expense ratio (TER) and transaction costs

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

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).

Foreign exposure

This fund may invest in foreign funds managed by Orbis Investment Management Limited, our offshore investment partner.

Information for investors in the tax-free investment account

The Allan Gray Tax-Free Investment Account is administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider, and underwritten by Allan Gray Life Ltd, also an authorised financial services provider and a registered insurer licensed to provide life insurance products as defined in the Insurance Act 18 of 2017. The underlying investment options of the Allan Gray individual products are portfolios of collective investment schemes in securities (unit trusts or funds).

FTSE/JSE All Share Index

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MSCI Index

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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**

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Allan Gray Money Market Fund

31 March 2021

Fund manager: Thalia Petousis **Inception date:** 1 July 2001

Fund description and summary of investment policy

The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds.

While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the Fund defaults. In this event losses will be borne by the Fund and its investors.

ASISA unit trust category: South African – Interest Bearing – Money Market

Fund objective and benchmark

The Fund aims to preserve capital, maintain liquidity and generate a sound level of income. The Fund's benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index.

How we aim to achieve the Fund's objective

The Fund invests in selected money market instruments providing an income yield and a high degree of capital stability. We formulate an interest rate outlook, which is influenced by our inflation outlook and expectations of the resulting Reserve Bank policy response. Based on this analysis, we select investments for the Fund. These assets are typically held to maturity. We take a conservative approach to credit risk.

Suitable for those investors who

- Require monthly income distributions
- Are highly risk-averse but seek returns higher than bank deposits
- Need a short-term investment account

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 31 March 2021

Fund size	R25.4bn
Number of units	25 137 460 940
Price (net asset value per unit)	R1.00
Monthly yield at month end	0.35
Fund weighted average coupon (days)	86.62
Fund weighted average maturity (days)	110.73
Class	A

1. The current benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund, performance as calculated by Allan Gray as at 31 March 2021.
2. This is based on the latest available numbers published by IRESS as at 28 February 2021.
3. 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 July 2003 and the benchmark's occurred during the 12 months ended 31 July 2003. The Fund's lowest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Income distribution for the last 12 months

Actual payout (cents per unit), the Fund distributes monthly

Apr 2020	May 2020	Jun 2020	Jul 2020
0.56	0.54	0.47	0.45
Aug 2020	Sep 2020	Oct 2020	Nov 2020
0.42	0.39	0.38	0.35
Dec 2020	Jan 2021	Feb 2021	Mar 2021
0.36	0.36	0.32	0.35

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2001)	344.2	331.1	180.8
Annualised:			
Since inception (1 July 2001)	7.8	7.7	5.4
Latest 10 years	6.6	6.3	5.1
Latest 5 years	7.3	6.8	4.4
Latest 3 years	6.8	6.3	3.9
Latest 2 years	6.4	5.9	3.7
Latest 1 year	5.1	4.6	2.9
Year-to-date (not annualised)	1.0	0.9	1.2
Risk measures (since inception)			
Highest annual return[3]	12.8	13.3	n/a
Lowest annual return[3]	5.1	4.6	n/a

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Meeting the Fund objective

The Fund has preserved capital, maintained liquidity and generated a sound level of income.

Annual management fee

A fixed fee of 0.25% 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 31 March 2021	1yr %	3yr %
Total expense ratio	**0.29**	**0.29**
Annual management fee	0.25	0.25
Other costs excluding transaction costs	0.00	0.00
VAT	0.04	0.04
Transaction costs (including VAT)	**0.00**	**0.00**
Total investment charge	**0.29**	**0.29**

Exposure by issuer on 31 March 2021

	% of portfolio
Corporates	**16.4**
Mercedes-Benz	3.8
Pick 'n Pay	2.7
Shoprite	2.6
MTN	2.6
Sanlam	2.5
Life Healthcare	1.1
Toyota Financial Services	1.1
Banks[4]	**51.8**
Nedbank	13.7
Standard Bank	13.3
Absa	11.7
FirstRand Bank	8.6
Investec Bank	3.9
Capitec	0.6
Government	**31.8**
Republic of South Africa	31.8
Total (%)	**100.0**

4. Banks include negotiable certificates of deposit (NCDs), fixed deposits and call deposits.

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

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Fund manager quarterly commentary as at 31 March 2021

This year has seen the members of the South African Reserve Bank subtly alter their collective stance on rates. The March Monetary Policy Committee meeting decisively broke the trend of the prior three consecutive meetings: Members finally voted in unison to keep rates on hold. This is important, as it signifies their sentiment that we are now at the bottom of the interest rate cycle. Members who previously voted for further rate cuts are now of the opinion that such action is no longer appropriate.

Why would their attitude have changed? The one-word answer is “inflation”. Fears of inflation rearing its often-ugly head have been driving global and domestic fixed-income markets to extreme levels all year. US 30-year government bonds have fallen by 16% year to date as the market looks for US COVID-19-related stimulus spending to wreak havoc on consumer prices. After a multi-year slump in inflation to benign levels, investors earning a fixed rate are justifiably nervous should this situation finally change. Our Reserve Bank is closely watching foreigner capital market outflows from South Africa and is of the opinion that foreigners need to see stability of inflation to comfortably invest here. South Africa is hugely reliant on non-resident flows given that our domestic savings are not sufficient to balance our national budget and to cover our funding requirements for successive years.

It will still be a long time before money market funds enjoy the types of pre-COVID-19 rates of return of 7-8%. The South African Reserve Bank’s Quarterly Projection Model forecasts the repo rate above 6% by the end of 2023. As highlighted in my previous quarterly commentaries, investors must continually re-evaluate their ability to take on risk if appropriate to their situation. At the end of March 2021, year-to-date and year-on-year respective total returns in South African money market (1% and 5%), bond (-2% and 17%) and equity (13% and 54%) investments illustrated wide disparities.

In the last quarter, we raised the weight of RSA Government Treasury bills to 30% of the Fund. These bills offer increasingly elevated yields of up to 5%, despite representing the highest creditworthiness of any borrower on a national scale.

Commentary contributed by Thalia Petousis

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Information and content

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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. 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.

The Allan Gray Money Market Fund is not a bank deposit account

The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event, investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to applicable ASISA standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens, withdrawals may be ring-fenced and managed over a period of time.

Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

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

Total expense ratio (TER) and transaction costs

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

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).

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**

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