

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*

Initial lump sum per investor account	R36 000
Additional lump sum	R1 000
Debit order**	R1 000

Maximum investment amounts

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

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

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

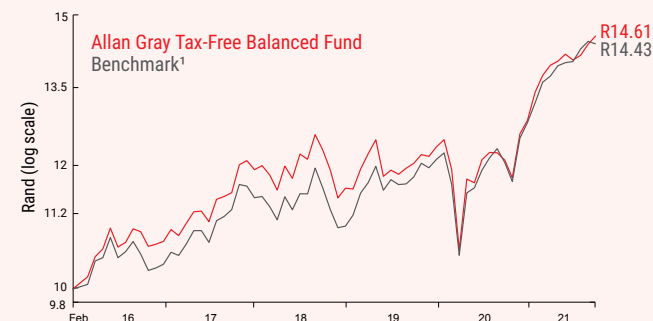
Fund information on 30 September 2021

Fund size	R1.6bn
Number of units	108 657 433
Price (net asset value per unit)	R12.86
Class	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 30 September 2021.
2. This is based on the latest available numbers published by IRESS as at 31 August 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 2020. 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 (1 February 2016)	46.1	44.3	29.6
Annualised:			
Since inception (1 February 2016)	6.9	6.7	4.7
Latest 5 years	6.0	6.5	4.4
Latest 3 years	5.9	7.4	4.1
Latest 2 years	10.0	10.5	4.0
Latest 1 year	20.4	19.4	4.9
Year-to-date (not annualised)	13.5	12.5	4.4
Risk measures (since inception)			
Maximum drawdown ³	-24.6	-23.3	n/a
Percentage positive months ⁴	64.7	66.2	n/a
Annualised monthly volatility ⁵	10.2	9.5	n/a
Highest annual return ⁶	31.7	30.7	n/a
Lowest annual return ⁶	-13.4	-10.3	n/a

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 the Fund has outperformed its benchmark. Over the latest five-year period the Fund has underperformed its benchmark.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	31 Dec 2020	30 Jun 2021
Cents per unit	8.2124	8.1043

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 30 September 2021 (SA and Foreign) (updated quarterly)⁷

Company	% of portfolio
Naspers ⁸	5.9
British American Tobacco	5.8
Glencore	4.5
Woolworths	2.7
Sasol	2.4
Standard Bank	2.3
Remgro	2.2
Old Mutual	2.1
Nedbank	2.0
FirstRand	1.8
Total (%)	31.7

Total expense ratio (TER) and Transaction costs

TER and Transaction costs breakdown for the 1- and 3-year period ending 30 September 2021	1yr %	3yr %
Total expense ratio	1.50	1.51
Fee for benchmark performance	1.31	1.33
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.04	0.04
VAT	0.15	0.14
Transaction costs (including VAT)	0.10	0.10
Total investment charge	1.60	1.61

Asset allocation on 30 September 2021⁷

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equity	70.4	50.9	2.9	16.5
Hedged equity	6.3	1.3	0.0	5.0
Property	1.1	0.7	0.0	0.4
Commodity-linked	3.0	2.3	0.0	0.7
Bonds	13.3	10.2	1.4	1.7
Money market and bank deposits	5.9	3.8	0.1	2.0
Total (%)	100.0	69.3	4.4	26.3⁹

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

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

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	63.4%
Maximum	(May 2021) 72.5%

The Fund returned 3.7% for the quarter, better than the benchmark, which gave 2.7% for the quarter. The foreign portion of the Fund returned 3.9%, compared with a 60/40 benchmark of 4.4%.

The market tends to proceed in a random fashion over the short term, but it is possible to identify a few themes for the quarter:

1. **China.** China continues to pass and implement new regulations for technology companies. These played a role in reducing the prices of Naspers and Prosus by 17% and 15% respectively. China is also seeking to limit steel production, and there are doubts in the market about whether China will continue to build infrastructure and housing at the same pace as it has done for the past decade. This has caused the iron ore price to almost halve over the quarter, which has led to declines in the prices of Anglo American, BHP, and Kumba Iron Ore (which is down 23%). Fortunately, Glencore, a large holding in the Fund, has no exposure to iron ore and was up 16% for the quarter. Xi Jinping's common prosperity agenda has put pressure on Richemont, because presumably a more equal society means that fewer Cartier watches will be bought by the wealthy. The Fund has no exposure to Richemont at the moment. To read more about China risk, please refer to Rory Kutisker-Jacobson's commentary for the Equity Fund.
2. **Fossil fuels.** We have been reminded that the world has not yet been able to transition to clean energy, and that the demand for energy is very inelastic: Consumers will pay whatever is demanded to drive to work or heat their homes. The price of oil hit US\$80 per barrel, and Sasol was up 31% for the quarter. The price of metallurgical coal doubled, and thermal coal was up more than 75%. We think there is potential for a further spike in the oil price because the industry has been underinvesting for nearly a decade.
3. **Platinum group metals (PGMs).** The platinum miners had a poor quarter. The prices of palladium and rhodium fell by more than 30% over the quarter, which means Royal Bafokeng Platinum (RBPlat), Impala,

Sibanye, and Northam were some of the worst-performing shares on the market. All of them were down more than 17%. We are underweight the sector, but we still have some exposure to these shares. Despite the lower platinum and palladium prices, Sibanye, Impala, and RBPlat are still trading at around five times free cash flow. It is possible that demand for PGMs will increase when the chip shortage is alleviated and car production resumes at the normal pace. But a longer-term concern, and the reason for our underweight position, is that battery-powered cars will have an increasingly negative impact on the demand for PGMs.

4. **Buyouts.** When trade buyers step forward, it can be a sign that valuations are cheap. Distell, Liberty, and Imperial Logistics are all in the process of being bought. Food and beverage company AVI is under cautionary – possibly a sign that an international buyer is interested in the company.
5. **SA Inc has been a mixed bag.** Remgro was up 19% in the quarter, possibly on the hopes of more action to unlock value for shareholders. KAP Industrial was up 18% in the quarter. Financials such as Old Mutual and FirstRand were also strong. On the other hand, most retailers and many of the property companies had a poor quarter.

It seems that our patience, and our clients' patience, has been rewarded to some extent over the past few months. Many long-time underperformers held in the Fund are being seen in a more favourable light by other market participants. We continue to see value in the portfolio and good opportunities for outperforming the market.

During the quarter we bought British American Tobacco and AngloGold and sold Woolworths.

Commentary contributed by Jacques Plaut

**Fund manager quarterly
commentary as at
30 September 2021**

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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.

Minimum disclosure document and quarterly general investors' report **Issued:** 11 October 2021

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**

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*

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

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

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

Fund information on 30 September 2021

Fund size	R23.9bn
Number of units	23 225 400 778
Price (net asset value per unit)	R1.00
Monthly yield at month end	0.35
Fund weighted average coupon (days)	86.14
Fund weighted average maturity (days)	117.63
Class	A

- 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 30 September 2021.
- This is based on the latest available numbers published by IRESS as at 31 August 2021.
- 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 30 September 2021 and the benchmark's occurred during the 12 months ended 30 September 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

Oct 2020	Nov 2020	Dec 2020	Jan 2021
0.38	0.35	0.36	0.36
Feb 2021	Mar 2021	Apr 2021	May 2021
0.32	0.35	0.34	0.35
June 2021	July 2021	Aug 2021	Sept 2021
0.34	0.35	0.36	0.35

Performance net of all fees and expenses

% Returns	Fund	Benchmark ¹	CPI inflation ²
Cumulative:			
Since inception (1 July 2001)	353.6	339.2	189.8
Annualised:			
Since inception (1 July 2001)	7.8	7.6	5.4
Latest 10 years	6.5	6.2	5.0
Latest 5 years	6.9	6.4	4.4
Latest 3 years	6.3	5.8	4.1
Latest 2 years	5.5	5.0	4.0
Latest 1 year	4.3	3.8	4.9
Year-to-date (not annualised)	3.2	2.8	4.4
Risk measures (since inception)			
Percentage positive months	100.0	100.0	n/a
Annualised monthly volatility	0.6	0.6	n/a
Highest annual return ³	12.8	13.3	n/a
Lowest annual return ³	4.3	3.8	n/a

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 30 September 2021	1yr %	3yr %
Total expense ratio	0.29	0.29
Fee for benchmark performance	0.25	0.25
Performance fees	0.00	0.00
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 30 September 2021

	% of portfolio
Corporates	9.9
Pick 'n Pay	2.8
Shoprite	2.7
Sanlam	2.7
Toyota Financial Services	1.1
Mercedes-Benz	0.4
MTN	0.1
Banks⁴	50.9
Nedbank	15.4
Absa Bank	11.8
Standard Bank	10.7
Investec Bank	9.1
FirstRand Bank	3.9
Government	39.2
Republic of South Africa	39.2
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.

Interest rates in South Africa may be at a crossroads. While the Monetary Policy Committee (MPC) continue to express agreement via their unanimous vote count to keep rates on hold, they convey divergence in both their rhetoric and their forward guidance for rates.

The South African Reserve Bank (SARB) Governor, Lesetja Kganyago, has indicated his preference for targeting the lower end of the inflation band (i.e., 3% - 4.5%). He bemoans that "higher inflation begets higher interest rates", and vice versa. He would like to adopt structurally lower national interest rates going forward. If one targets an inflation level of 3% and sets interest rates accordingly, this filters into the real-world economy via various mechanisms. Rental agreement escalations will bake in the targeted inflation number. Employers will set their wage agreements to escalate at 3%, which will inform the additional spending of consumers each year. This will feed into demand, which in turn will influence prices. The mindset of the economy shifts to expect lower inflation and, as with many things in life, it is those expectations that can become self-fulfilling.

Other members of the MPC continue to anchor around higher guidance – asserting that inflation at 4.5% with a 2% real uplift (which is enjoyed by savers) implies interest rates at 6.5%. Perhaps they consider the many inflationary factors outside of the MPC's control, such as ambitious US spending packages, the rising cost of global labour, and a developed world transition to decarbonisation utilising more expensive green energy.

The MPC's quarterly projection model is programmed to align with such thinking. To arrive at South Africa's neutral level of interest rates, it suggests a rate hike in November 2021 and at each meeting in 2022 and 2023, lifting the repo rate to roughly 6.5%. What is telling is that the model is no longer charitably referred to by the Governor as a trusted additional member of the committee – he now maintains that he will not outsource the role of the SARB to a mere forecasting tool.

Ultimately, it is the minister of finance who sets the inflation target pending a macroeconomic review and advice from various parties at the SARB and National Treasury. Our insufficient national energy supply is perhaps too great a structural impediment to South Africa realising permanently lower inflation and rates. The future is uncertain, but rates will need to rise from current levels soon. In terms of how high, we shall have to wait and see.

In the last quarter, the Fund reinvested maturities at higher yields up the Government Treasury Bill curve, lifting the weighted average yield of the Fund to 4.5% at end-September.

Commentary contributed by Thalia Petousis

**Fund manager quarterly
commentary as at
30 September 2021**

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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)87 736 1732 or www.rmb.co.za.

Performance

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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 11:00 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**