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

30 June 2022

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 45% offshore. 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

*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.

Maximum investment amounts

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

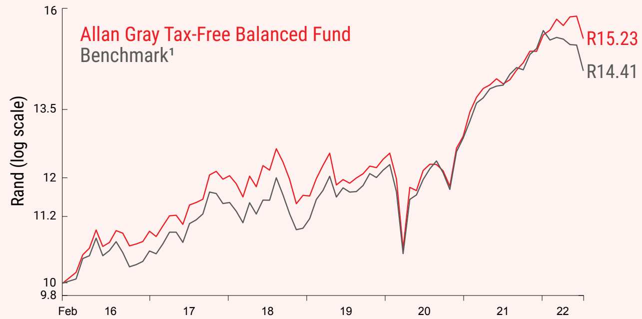
Fund information on 30 June 2022

Fund size	R1.9bn
Number of units	125 045 492
Price (net asset value per unit)	R13.26
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 June 2022.
2. This is based on the latest available numbers published by IRESS as at 31 May 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 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.

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)	52.3	44.1	35.7
Annualised:			
Since inception (1 February 2016)	6.8	5.9	4.9
Latest 5 years	6.6	6.1	4.5
Latest 3 years	8.4	6.9	4.6
Latest 2 years	12.0	9.8	5.9
Latest 1 year	8.1	2.5	6.5
Year-to-date (not annualised)	-0.6	-6.7	3.7
Risk measures (since inception)			
Maximum drawdown[3]	-24.6	-23.3	n/a
Percentage positive months[4]	64.9	63.6	n/a
Annualised monthly volatility[5]	9.8	9.3	n/a
Highest annual return[6]	31.7	30.7	n/a
Lowest annual return[6]	-13.4	-10.3	n/a

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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.	31 Dec 2021	30 Jun 2022
Cents per unit	**14.8998**	**11.9507**

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 June 2022 (SA and Foreign) (updated quarterly)[7]

Company	% of portfolio
British American Tobacco	6.7
Naspers[8]	5.8
Glencore	4.6
Sasol	2.7
Woolworths	2.6
Nedbank	2.6
AB InBev	2.3
Remgro	2.1
Sibanye-Stillwater	1.9
Standard Bank	1.6
Total (%)	**32.8**

Asset allocation on 30 June 2022[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equities	68.8	49.6	3.0	16.2
Hedged equities	8.5	3.2	0.0	5.3
Property	1.1	0.9	0.0	0.2
Commodity-linked	3.0	2.4	0.0	0.7
Bonds	13.0	9.3	1.6	2.1
Money market and bank deposits	5.7	3.2	-0.1	2.6
Total (%)	**100.0**	**68.4**	**4.6**	**27.0[9]**

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 45% offshore. 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.

Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2022	1yr %	3yr %
Total expense ratio	**1.49**	**1.51**
Fee for benchmark performance	1.30	1.32
Performance fees	0.00	0.00
Other costs excluding transaction costs	0.04	0.04
VAT	0.15	0.15
Transaction costs (including VAT)	**0.09**	**0.10**
Total investment charge	**1.58**	**1.61**

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

Minimum	(February 2016) 57.5%
Average	64.1%
Maximum	(May 2021) 72.5%

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Fund manager quarterly commentary as at 30 June 2022

The second quarter of 2022 will not easily be forgotten by many investors owing to significant drawdowns in both equities and fixed income and the strength of the US dollar. Interest rates on both the short and long end of the interest rate curve had sharp upward moves across many developed world markets. This resulted in capital losses for what global investors typically consider "safe" assets, in particular, long-dated developed world sovereign bonds. As most clients are aware, we have been bearish on these assets for several years. A meaningful portion of our offshore exposure was rather invested in hedged equities, which hedge out underlying equity risk by selling index futures. Given the market sell-off, this protected part of the portfolio and added returns as our underlying holdings outperformed the overall market.

The rise in interest rates and the rapid pace thereof also led to the significant decline in long-duration equities, as represented mainly by technology, e-commerce and what we would call "disruptor" stocks. The large declines in the disruptor stocks should not come as a huge surprise when one considers the valuations on which they were trading, often with very little history of generating actual earnings. What took many investors by surprise was the decline in the mega-cap technology shares, which have been leading the market and generating most of the returns for several years. Our colleagues at Orbis have written about the large disparity in valuations on many occasions.

Fortunately, the Fund was relatively well positioned for the above, given our overweight positions in energy and selected shares that stand to benefit from the forecast energy transition, and our significant underweight exposure to the mega-cap technology shares. Many defensive shares have held up well relative to the market, in particular British American Tobacco, given its low valuation.

Locally, we are still finding it tough to identify obvious shares to sell. This gives us reasonable confidence in the prices we are paying relative to the value we are receiving, despite the well-known South Africa-specific risks.

While we are bottom-up investors, we still want to be on the right end of long-term trends. We continue to believe that the future will be characterised by higher realised inflation, higher interest rates and an increasingly geopolitically divided world relative to the recent past. These trends provided performance tailwinds given our relative positioning this year, but it is of some short-term concern that being long commodities and energy has become a more consensus view. Indeed, we have seen a correction in the last two weeks of the quarter: Commodity and energy stocks have come under pressure as the market worries about the potential demand destruction brought about by slower global growth in response to higher interest rates and quantitative tightening.

With the current high levels of cost inflation there is potential for a significant squeeze on the profit margins of many businesses that won't be able to pass price increases on to their customers. We are actively thinking about what opportunities may arise when profits invariably come under pressure.

During the quarter, the Fund added to its positions in BHP and Sibanye-Stillwater and reduced its holdings in Glencore and British American Tobacco.

Commentary contributed by Duncan Artus

Information and content

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Allan Gray is an authorised financial services provider.

Management Company

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

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

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**

Allan Gray Bond Fund

30 June 2022

Fund description and summary of investment policy

The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.

ASISA unit trust category: South African – Interest Bearing – Variable Term

Fund objective and benchmark

The Bond Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk. The Fund's benchmark is the FTSE/JSE All Bond Index.

How we aim to achieve the Fund's objective

We try to balance credit risk, duration risk and liquidity risk when selecting investments. We target total returns for investors rather than trying to mirror the returns of the FTSE/JSE All Bond Index. When we cannot find value in the bond markets, our portfolio will be weighted towards cash to get better returns.

Suitable for those investors who

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

Minimum investment amounts*

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

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

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

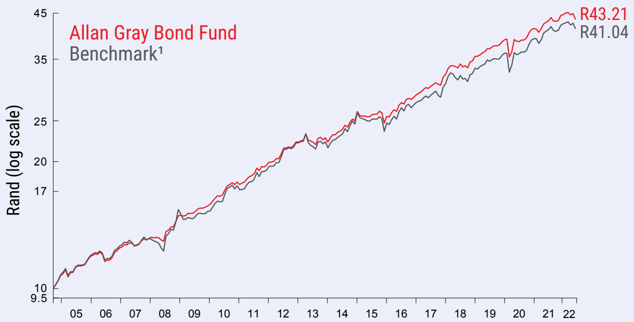
Fund information on 30 June 2022

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

1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 30 June 2022.
2. This is based on the latest available numbers published by IRESS as at 31 May 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 27 February 2020 to 24 March 2020 and maximum benchmark drawdown occurred from 26 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 January 2015 and the benchmark's occurred during the 12 months ended 31 January 2015. The Fund's lowest annual return occurred during the 12 months ended 31 January 2016 and the benchmark's occurred during the 12 months ended 31 January 2016. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2004)	332.1	310.4	159.0
Annualised:			
Since inception (1 October 2004)	8.6	8.3	5.5
Latest 10 years	7.6	7.2	5.1
Latest 5 years	7.8	7.8	4.5
Latest 3 years	5.5	5.8	4.6
Latest 2 years	6.1	7.3	5.9
Latest 1 year	1.6	1.3	6.5
Year-to-date (not annualised)	-2.1	-1.9	3.7
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	71.8	68.5	n/a
Annualised monthly volatility[5]	5.9	7.4	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

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Meeting the Fund objective

Since inception and over the latest 10-year period, the Fund has outperformed its benchmark. Over the last five-year period, the Fund has performed in line with its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund aims to take no greater risk than its benchmark. The maximum drawdown and lowest annual return numbers, in the 'Performance net of all fees and expenses' table, show that the Fund has successfully reduced downside risk in periods of negative market returns.

Income distributions for the last 12 months

Actual payout, the Fund distributes quarterly	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022
Cents per unit	**23.8985**	**24.6430**	**23.9256**	**24.5459**

Annual management fee

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

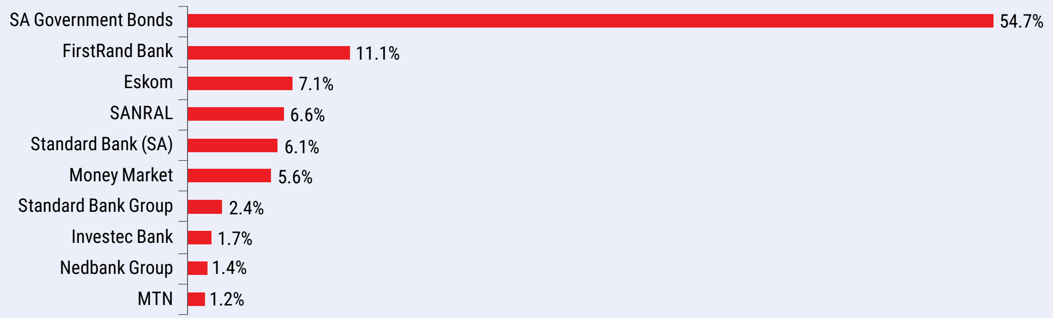
Total expense ratio (TER) and transaction costs

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

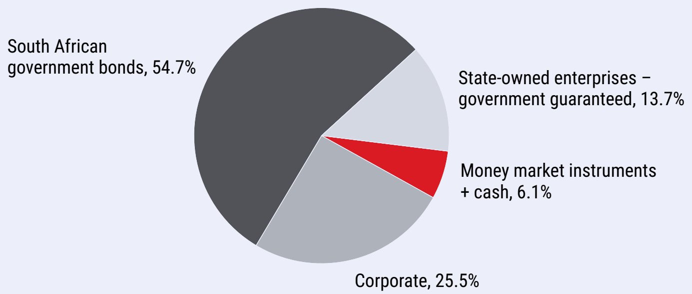
TER and transaction costs breakdown for the 1- and 3-year period ending 30 June 2022	1yr %	3yr %
Total expense ratio	**0.47**	**0.46**
Fee for benchmark performance*	0.40	0.30
Performance fees*	0.00	0.09
Other costs excluding transaction costs	0.01	0.01
VAT	0.06	0.06
Transaction costs (including VAT)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

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

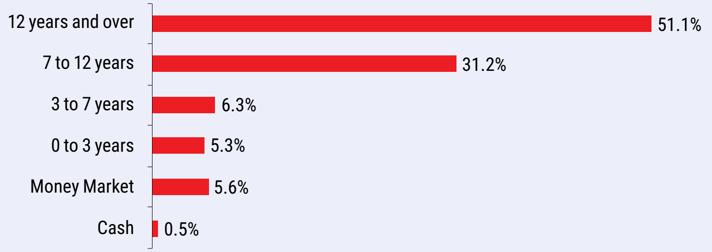
Top 10 credit exposures on 30 June 2022



Asset allocation on 30 June 2022



Maturity profile on 30 June 2022



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

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Fund manager quarterly commentary as at 30 June 2022

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

This quarter, South Africa faced its fair share of misfortune, with KwaZulu-Natal being hit by severe flooding in April and again in May. The loss of lives and livelihoods, infrastructure damage, relocation of displaced families, rebuilding costs and port disruptions are all major setbacks for the country, given that the economy has yet to fully recover from the pandemic. South Africans were understandably concerned about flood relief being stolen, given past experience with emergency COVID-19 spending. Disappointingly, this jaundiced view was almost immediately vindicated by reports of municipal officials attempting to appropriate donated relief supplies and a water tanker being diverted to the provincial premier's private residence instead of serving the disaster-stricken community. Interestingly, the eThekwini Municipality held its inaugural bond auction towards the end of May; it was a poor auction, with only one anchor bidder taking up the entire R1 billion on offer.

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

Commentary contributed by Londa Nxumalo

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Information and content

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The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance

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

Fund mandate

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

Unit price

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

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, 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).

FTSE/JSE All Bond Index

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

Important information for investors

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Allan Gray Money Market Fund

30 June 2022

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 June 2022

Fund size	R24.5bn
Number of units	22 621 909 770
Price (net asset value per unit)	R1.00
Monthly yield at month end	0.43
Fund weighted average coupon (days)	88.40
Fund weighted average maturity (days)	118.21
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 30 June 2022.
2. This is based on the latest available numbers published by IRESS as at 31 May 2022.
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 October 2021 and the benchmark's occurred during the 12 months ended 31 October 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

July 2021	Aug 2021	Sept 2021	Oct 2021
0.35	0.36	0.35	0.36
Nov 2021	Dec 2021	Jan 2022	Feb 2022
0.36	0.38	0.38	0.36
Mar 2022	Apr 2022	May 2022	Jun 2022
0.40	0.40	0.43	0.43

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2001)	369.8	353.2	203.2
Annualised:			
Since inception (1 July 2001)	7.6	7.5	5.4
Latest 10 years	6.4	6.1	5.1
Latest 5 years	6.4	5.9	4.5
Latest 3 years	5.5	5.0	4.6
Latest 2 years	4.6	4.1	5.9
Latest 1 year	4.7	4.2	6.5
Year-to-date (not annualised)	2.4	2.2	3.7
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

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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 30 June 2022	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 June 2022

	% of portfolio
Corporates	**10.4**
Pick 'n Pay	2.8
Shoprite	2.7
Sanlam	2.4
AVI	1.6
MTN	0.5
Mercedes-Benz	0.4
Banks[4]	**78.2**
Standard Bank	21.1
Nedbank	19.4
Investec Bank	19.1
Absa Bank	12.1
FirstRand Bank	6.4
Government	**11.4**
Republic of South Africa	11.4
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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Allan Gray Money Market Fund

30 June 2022

Fund manager quarterly commentary as at 30 June 2022

In the first half of this year, global energy, equity and interest rate markets have rapidly repriced. Are we watching an episode from *That '70s Show*? The hallmark events of that decade – namely, energy boycotts, wars and supply chain disruptions – offer tantalising parallels to the present day. During that period, Arab states boycotted the West using oil sanctions as punishment for their Middle East wartime alliances. The 1973 and 1979 energy crises saw US food inflation peak at 20% year-on-year as the cost of transport and manufacturing soared. The tumultuous era also saw the UK withdraw from the Persian Gulf and abandon the long-standing security role it played in the region. This reignited territorial disputes and resulted in the Iran-Iraq War of the 1980s, de-anchoring the security of global trade. Sound familiar? Importantly, this unexpectedly protracted and indecisive conflict precipitated several inflationary shocks throughout the following years.

US producer price inflation in May 2022 of 16.7% year-on-year is just a hair's breadth shy of its 1974 peak at 19.6% year-on-year. If supply chain disruptions were the only driving force, then we should see similarly elevated levels of inflation around the world; but this is not the case. This is because there is another common denominator between now and the period leading up to the 1970s – money supply. The US has increased liquidity for the last few years in a similarly reckless fashion, reaching a 25% year-on-year rise in broad money supply in 2021. US consumer price inflation is not simply due to supply-side factors, but also due to the aggressive stimulation of consumer demand.

The Federal Reserve (the Fed) now faces the unenviable task of raising interest rates and facilitating wealth destruction in order to depress consumer and corporate activity. This should stimulate some form of recession and take a bite out of inflation. In the first half of the year, the Fed has raised interest rates by 1.5% to achieve a 1.75% Federal Funds overnight rate. If US forward markets are to be believed, they will move by a similar quantum in the second half of the year so that the overnight rate rises to around 3.5%. Not only can this crush consumer demand, but it could also raise the interest bill of the US government – who was already spending 14 cents on every dollar of 2021 tax revenue to pay back gross interest on their debt.

In South Africa at end-May 2022, the price of diesel had risen by over 45% year-on-year and the price of petrol by just shy of 27% year-on-year, which has knock-on effects for the prices of manufactured goods, transport and labour. Several local retailers have warned of continued price increases as they run down their food inventory and start to rebuild their supplies at replacement cost. South African Reserve Bank (SARB) Governor Lesetja Kganyago has spoken fervently of living true to the SARB's mandate and protecting the incomes of the working class by raising interest rates. While food and fuel inflation are being driven by global dynamics, there are risks to the exchange rates of countries who do not follow the path of higher rates alongside the developed world. The SARB has begun to deliver what may in part be "credibility hikes" to maintain market-wide confidence that they will protect the value of the rand. This is needed both to contain import inflation and to encourage sorely lacking foreign participation in our local asset markets.

This quarter, the local forward rate market revised the probability of SA rate hikes higher – pricing in increases of 50 basis points at almost every Monetary Policy Committee meeting for the next year. This has raised the attractiveness of longer-dated bank deposits in contrast to government treasury bills. The Fund has reinvested maturing bills into one-year bank paper, most recently at interest rates above 7.4%.

Commentary contributed by Thalia Petousis

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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.

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