

QC

Quarterly Commentary
Vol. 2 | 30 June 2025

ALLAN GRAY

**ALLAN GRAY STABLE FUND:
CELEBRATING A QUARTER OF A CENTURY**
PAGE 05

**REBUILDING THE GLOBAL MONETARY ORDER
WITH BRICKS OF GOLD**
PAGE 10

Crouching tiger, hidden value

PAGE 14

**ORBIS GLOBAL EQUITY:
DISCIPLINE IN THE FACE OF VOLATILITY**
PAGE 17

**HOW TO THINK ABOUT
BENEFICIARY NOMINATIONS
FOR YOUR RETIREMENT FUNDS**
PAGE 22

**THREE QUESTIONS TO EVALUATE
YOUR INVESTMENT MANAGER**
PAGE 25

Allan Gray®
SINCE 1973



CONTENTS

COMMENTS FROM THE CHIEF OPERATING OFFICER Mahesh Cooper	2
ALLAN GRAY STABLE FUND: CELEBRATING A QUARTER OF A CENTURY Radhesen Naidoo and Danielle Nissen	5
REBUILDING THE GLOBAL MONETARY ORDER WITH BRICKS OF GOLD Umar-Farooq Kagee	10
CROUCHING TIGER, HIDDEN VALUE Andrew McGregor	14
ORBIS GLOBAL EQUITY: DISCIPLINE IN THE FACE OF VOLATILITY Adam R. Karr	17
HOW TO THINK ABOUT BENEFICIARY NOMINATIONS FOR YOUR RETIREMENT FUNDS Ian Barow	22
THREE QUESTIONS TO EVALUATE YOUR INVESTMENT MANAGER Nomi Bodlani	25
ALLAN GRAY BALANCED, STABLE AND EQUITY FUND PORTFOLIOS	28
INVESTMENT TRACK RECORD	30
PERFORMANCE AND TOTAL EXPENSE RATIOS AND TRANSACTION COSTS	32
IMPORTANT INFORMATION FOR INVESTORS	38

COMMENTS FROM THE CHIEF OPERATING OFFICER

Mahesh Cooper



... it is not only our Stable Fund's 25th anniversary – it is also the 25th anniversary of our Quarterly Commentary.

The 90-day pause following US President Donald Trump's "Liberation Day" announcements on 2 April has come to an end, with tariffs kicking into place on 1 August. South Africa must now face the reality of a 30% blanket tariff on all exports to the US – except for some items critical to the US economy, such as certain base and precious metals (for now). This is a political and economic move that will have long-lasting consequences.

There are lessons and questions that have surfaced in the wake of the Trump tariff tornado and the resulting market rollercoaster. Perhaps the most important lesson – which you hear from us time and again: Guard against making long-term investment decisions based on short-term market movements; this is a sure way to lock in losses.

This has been keenly demonstrated this quarter. As portfolio manager Jithen Pillay wrote in his latest [Allan Gray Equity Fund commentary](#) on our website, while end-quarter closing stock market levels suggest nothing but good news, it's been a wild ride. Over the four days after Trump's April tariff announcement, the S&P 500 fell 12%. A subsequent

pause in implementation saw the index recover all its losses by 2 May, only to power ahead 25% from the bottom on the back of a trade deal with China and a negotiated ceasefire in the Middle East. Both the MSCI World Index and S&P 500 ended the second quarter at all-time highs. In South Africa, things were even more extreme: The FTSE/JSE All Share Index (ALSI) fell 9% two days after 2 April, fully recovering over the next eight days and then reaching an all-time high in mid-June (a 20% gain from the Liberation Day bottom). Disinvesting during the dip would have been very costly.

As a reminder, our investment approach and philosophy do not ebb and flow with the tides of the market; we continue to focus on fundamental value in our bid to construct portfolios that will deliver long-term returns. To illustrate the application of our investment process, Andrew McGregor delves into Tiger Brands, which for years had been languishing, but seems to be returning to form. He investigates whether this consumer brands giant is reclaiming its stripes, noting that if the turnaround proceeds as planned, it is likely that there is hidden value in the Tiger that is not currently priced in.

Taking stock

As we catch our breath after a turbulent first half of the year, we continue to navigate a range of complex challenges – some of which we explore in this edition of our Quarterly Commentary:

The rise of gold

Of course it is too soon to have any conclusive answers, but the dollar's safety as a neutral asset has been broadly reassessed. Gold's ancient role – as a reserve of last resort – is finding new relevance. In his article that examines the global monetary order, Umar-Farooq Kagee investigates whether we are at a seminal event in monetary history, and shares the investment case for AngloGold Ashanti.

The US as a not-so-sure bet

For a long time, the US has been seen as a sure bet, but as Adam Karr, president of our offshore partner, Orbis, notes in his piece, US equity valuations remain elevated overall, and portfolios concentrated in last decade's winners are looking vulnerable. Although America still offers compelling opportunities, selectivity is crucial. Orbis' decision to remain underweight US equities has proven to be the right call this year. However, this doesn't mean they have no US exposure; while they have focused away from the megacaps, roughly 40% of the Orbis Global Equity Strategy is in US stocks, anchored by high-conviction holdings. We discussed some of the opportunities in [a podcast recorded with Orbis in early June](#), available on our website.

Heightened uncertainty

While uncertainty feels heightened right now, the future is in fact *always* uncertain. Your level of comfort with uncertainty is an indicator of how much risk you may be comfortable taking on.

For those investors who want some stock market exposure, but are more risk-averse, the Allan Gray Stable Fund has proven to be a good option. Over the Fund's 25-year history, when stock market returns have been weak or negative, the Fund has protected investors. Conversely, during periods of equity market strength, the Fund has benefited clients, generating returns well ahead of its benchmark. Radhesen Naidoo and Danielle Nissen reflect on the Fund's history, its objectives, and why it remains relevant in today's uncertain landscape.

Risk of loss versus risk of missing out

Amid the turbulent market conditions, you may be tempted to eliminate risk altogether – but eliminating risk also

reduces the ability to generate superior long-term returns. Successful long-term investing is about balancing the fear of losing money (the risk of loss) and the fear of missing out (the risk of not being invested). In this quarter's Investing Tutorial, Nomi Bodlani suggests some questions you can ask to assess how we are doing in this regard.

It's time to attend to your personal finance admin

Tax-filing season has begun. To assist you with your tax returns, we have some useful information on our website, [including answers to some frequently asked questions](#). It is also a good opportunity to attend to other matters, such as updating your beneficiary nominations for your retirement funds (which you can do via your Allan Gray Online account). Ian Barow, one of the trustees of the Allan Gray retirement funds, reminds us about the laws governing retirement fund death benefit payouts, and the importance of making beneficiary nominations and keeping them up to date.

25th anniversary edition

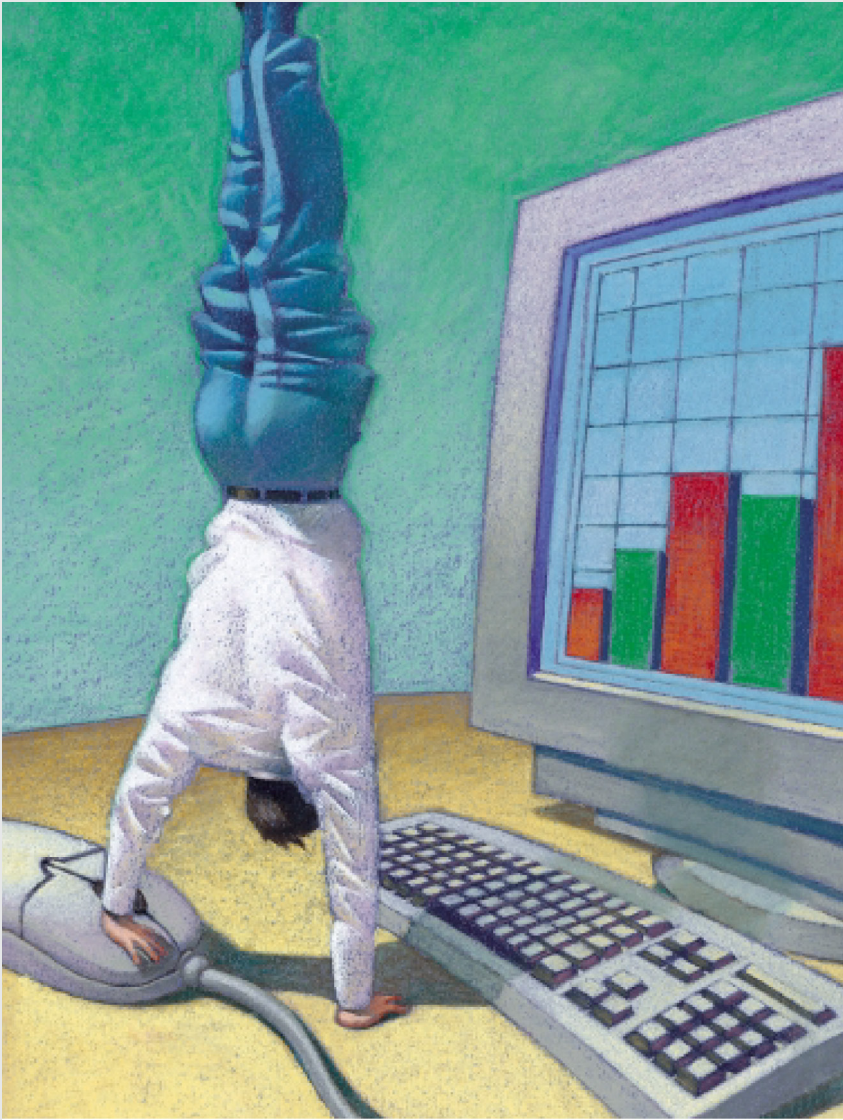
Interestingly, it is not only our Stable Fund's 25th anniversary – it is also the 25th anniversary of our Quarterly Commentary. Our first chief operating officer, Mark Herdman, introduced the magazine back in Q2 2000, allowing us to share our long-term investment views. A copy of the very first cover is shared with you on page 4. The design of the publication has changed over time, but our message has remained consistent. Every edition published is [available on our website](#) via our literature library for you to peruse.

As we did 25 years ago, we appreciate your continued engagement and trust.

Kind regards



Mahesh Cooper



ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

Q²

ALLAN GRAY QUARTERLY COMMENTARY 30 JUNE 2000

ALLAN GRAY STABLE FUND: CELEBRATING A QUARTER OF A CENTURY

Radhesen Naidoo and Danielle Nissen



The Allan Gray Stable Fund was launched in July 2000 and joins our two other flagship unit trusts to have crossed the quarter-century mark, the Allan Gray Equity and Balanced funds. Managing money for this length of time requires unwavering discipline and focus. Radhesen Naidoo and Danielle Nissen reflect on our Stable Fund's history, its objectives, and why it remains relevant in today's uncertain landscape.

A 25-year period of investing is a long time. To put this into context, if we cast our minds back 25 years, it was the beginning of the new millennium, we had just filed away Y2K crisis preparation plans, and we still watched the SABC news for world updates. *Mission: Impossible 2* was the highest-grossing film of 2000 (unbelievably, the eighth instalment was released this year), and technology investments were the fashion – as they are today.

The late 1990s witnessed unprecedented volatility in global markets, driven by events like the Asian financial crisis and the dotcom bubble. Investors were pessimistic

about stock markets, having experienced significant declines in South African shares during 1998, and in 2000, the US technology darlings started to come off their highs, fuelling further fears. Allan Gray identified a growing need for a unit trust that would prioritise capital preservation while delivering real returns over the long term, and so the Allan Gray Stable Fund was born.

How does our Stable Fund achieve its dual objectives?

Our Stable Fund's dual objectives have remained unchanged since its inception: It aims to produce a superior long-term return to what investors can earn from a South African bank deposit, while seeking to minimise the risk of capital loss over any two-year period.

Back in 2000, this was an innovative approach to investing. Ordinarily, more risk-averse investors would have deposited their capital with a bank or in a money market fund. Our Stable Fund aimed to solve a conundrum for investors seeking to preserve their capital, but not wanting to completely miss out on the upside from stock markets.

Graphs 1 and 2 analyse how the Fund has delivered on these objectives over time. Graph 1 shows the range of annualised relative returns (after fees) versus cash over any given period to 30 June 2025. Simply put, the light and dark grey shaded areas reflect how much more or less the Fund earned per year compared to bank deposits. As the number of years invested in the Fund increases, the range of outcomes reduces. This means that the chances of an investor outperforming the benchmark, and generating real returns, increase the longer they remain in the Fund.

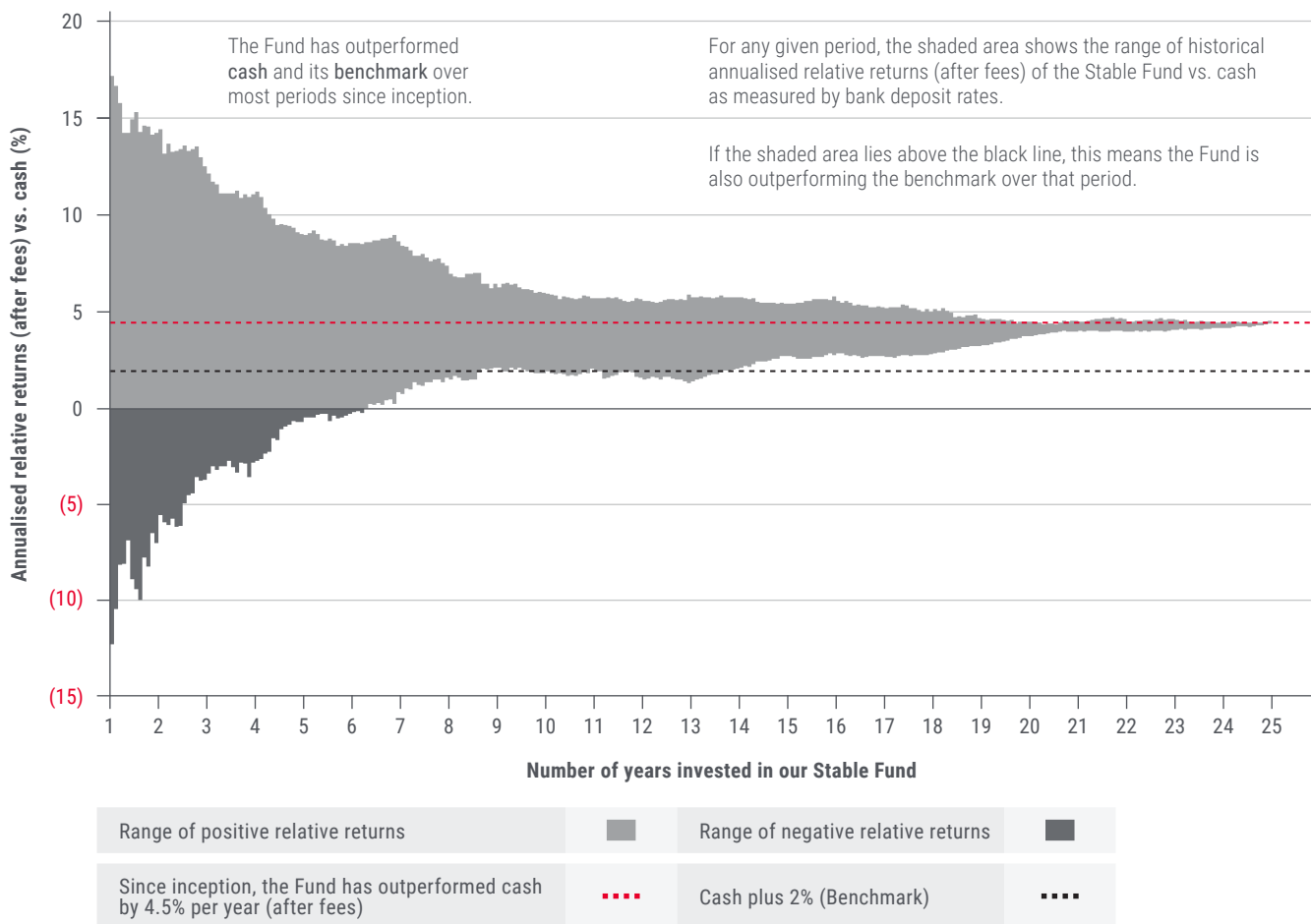
As represented by the red dotted line, the Fund has outperformed cash by 4.5% per year (after fees) since inception. As represented by the light grey shaded area, the Fund has outperformed cash and its benchmark (indicated by the shaded area above the black dotted line) over most time periods. This is evidence of real capital growth.

Outperforming over the long term is important, but investors in the Fund wish to see their capital protected.

Graph 2 illustrates the rolling two-year returns of the Fund (the red bars) versus those of the South African stock market (represented by the FTSE/JSE All Share Index (ALSI), illustrated by the light grey line) and the Fund's benchmark (illustrated by the black line). As shown, the Fund has done a stellar job on its promise to protect client capital over any two-year period, and delivered positive returns.

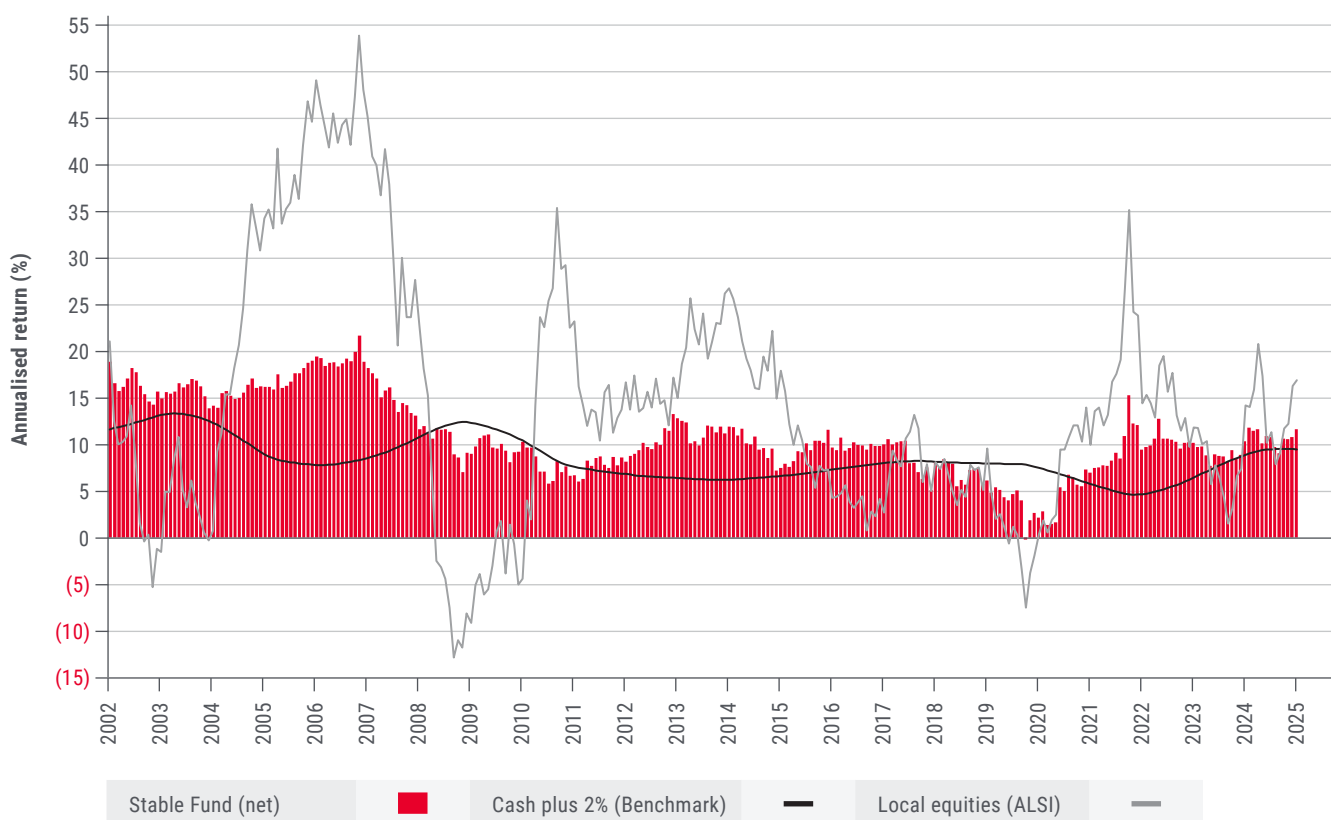
While the stock market is very volatile (as illustrated by the light grey line), the Fund has flexibility to invest a limited amount in stock markets. This has helped our investors grow their wealth ahead of a typical money market product. Over the Fund's history, when stock market returns have been weak or negative, the Fund has protected investors; the early 2000s, the global financial crisis in 2008, and Nenegate in 2015/2016 are clear examples. Conversely, during periods of equity market strength – between 2004 and 2008, and 2010 and 2015 – the Fund has benefited and generated returns well ahead of its benchmark.

Graph 1: Generating long-term outperformance in our Stable Fund



Source: Allan Gray research

Graph 2: Protecting capital over rolling two-year periods



Sources: Allan Gray research, IRESS

The process of protecting clients during stock market downturns, but participating in the upside, underpins the Allan Gray investment philosophy. Our investment process focuses on determining the underlying value of an asset, investing in it when it is below this value, and selling it when it reaches our estimate of its true worth. We are obsessed with the downside risk – the risk of permanently losing our clients’ money. The main way to avoid this, in our view, is not to overpay for an asset at the outset. This approach has benefited our clients through various investment cycles across all our funds.

Graph 3 on page 8 shows the average monthly returns of the Fund during months when the ALSI delivered a positive return and during months when the ALSI delivered a negative return over the last 25 years. On average, the Fund generated a lower return than the ALSI during positive months; however, we would expect this over the long term, given the Fund’s objectives, and are therefore not worried about this outcome. The critical feature is what happened when markets were negative: The Fund, on average, generated positive returns. In other words, the Fund can capture a healthy portion of the overall

market return, with substantially lower downside risk over the long term. This resolute focus on preventing capital loss is at the core of our philosophy because when you lose money, it is very hard to simply catch up.

Optimising returns through a dynamic approach

To achieve its dual objectives, the Fund can invest in the full range of available asset classes. This is particularly relevant in periods when any one asset class fails to deliver. We have the flexibility to have little or no exposure to stock markets when we believe the share prices on offer are too rich, but we can increase our exposure to up to 40% when share prices are cheaper.

The Fund has always maintained a significant allocation in fixed income assets as part of its design to protect client capital. Over the Fund’s history, offshore investment limits have gradually increased, and currently, we are allowed up to 45%. This provides more flexibility and levers to pull, but we are mindful of the additional volatility offshore exposure brings, including the risk of exchange rate fluctuations.

Navigating between different asset classes to capture the upside and equally avoid the downside requires a disciplined process. A core strength of our investment approach is that we build our asset allocation funds from the bottom up, and every investment is competing for a place in the portfolio. Simplistically, this means we start by looking at individual shares and comparing how attractive they are versus cash, bonds, commodities and foreign investments.

We recognise that every asset class offers a different risk and reward. We typically put our clients' capital to work in riskier assets, such as equities, when investor expectations are low, which lowers the risk of loss. Investor expectations tend to be low during times of uncertainty, and when the prices of shares are depressed. Conversely, we retreat into safer assets when investor expectations are too high, which increases the risk of loss. This typically happens when optimism abounds, pushing prices beyond what the fundamentals suggest are fair prices.

This approach has yielded results for our Stable Fund over time. Perhaps surprisingly, the Fund has outperformed most of the underlying asset classes in which it can invest (as measured by various benchmark indices), except for

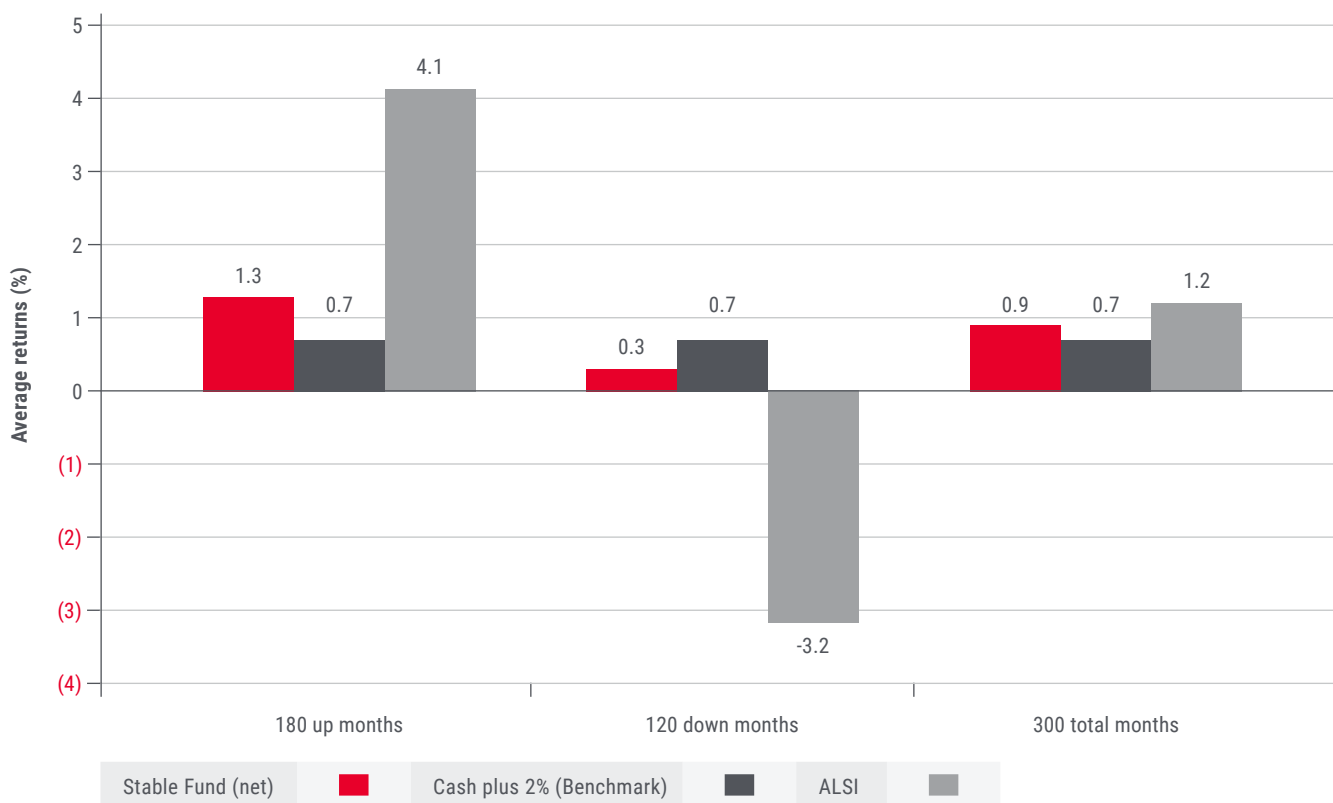
South African equities, as shown in **Graph 4**. Of course, the middle of 2000 coincided with one of the worst entry points in global equity markets. This highlights an important aspect that underpins our investment philosophy: It's the price you pay that matters. If you had invested in global equities in July 2000 and tracked the world market, you would still be slightly behind, despite the roaring success of the US market over the past 10 to 15 years.

Foreign investments, though, have been an important contributor to the Fund's success. We have been fortunate to have an offshore partner, Orbis, with whom we share a founder, owner and investment approach. Our Stable Fund holds a large portion of its offshore investments in a range of Orbis funds that have generated stellar returns, particularly during times of market uncertainty. In addition, since 2023, the Allan Gray portfolio managers have managed offshore assets directly from Cape Town, with a core goal of selecting investments that augment the Fund's objectives.

Looking ahead to the next 25 years

One way to understand the longevity of funds is to consider the history of all investable unit trust products. According

Graph 3: Protection during the downturns matters more



Sources: Allan Gray research, IRESS

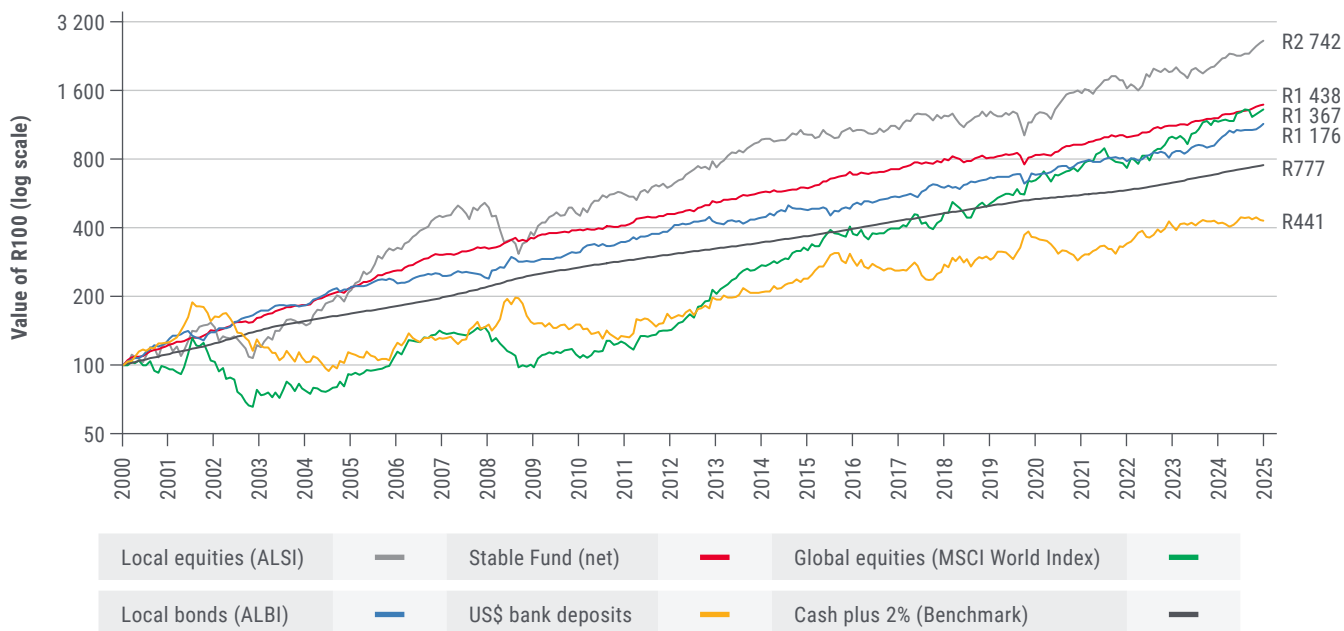
to data from the Association for Savings & Investment South Africa (ASISA), there are only 80 funds focused on managing South African assets with a history longer than 25 years among the just over 1 700 funds that currently exist. There are many more which no longer exist, due to the competitive nature of the industry. This is an incredible testament to how difficult it is to manage money over long periods of time.

Today, the Allan Gray Stable Fund has over R50bn in assets under management, and its purpose and objectives remain the same. The Fund has also been managed by multiple

generations of investment teams, which further proves that, while teams change, our underlying philosophy endures.

Our Stable Fund continues to be a popular option for investors seeking stability in turbulent markets, making it an ideal choice for retirees, conservative savers, and those seeking to diversify their portfolios with a less volatile option. While no one knows what will happen over the next 25 years, we continue to believe there will always be a need for an option that balances minimising the risk of loss over the short term and striving for real capital growth over the long term.

Graph 4: Our Stable Fund punching above its weight



Sources: Allan Gray research, IRESS, MSCI

Radhesen is joint head of the Institutional Clients team and head of Orbis Client Servicing in South Africa. He joined Allan Gray in 2012 as a business analyst and also worked as a performance analyst at Orbis. Radhesen holds a Bachelor of Science (Honours) degree in Actuarial Science from the University of the Witwatersrand and is a qualified actuary.

Danielle joined Allan Gray in 2017 as a specialist in Institutional Client Operations and is currently a business analyst in the Institutional Clients team. She holds a Bachelor of Science degree in Mathematics and Statistics from the University of Cape Town.

REBUILDING THE GLOBAL MONETARY ORDER WITH BRICKS OF GOLD

Umar-Farooq Kagee



Gold seems to be repositioning from a passive reserve asset to an active pillar of monetary strategy ...

Gold is experiencing renewed prominence, reclaiming its status as the cornerstone of financial stability amid growing questions about the US dollar. As the precious metal moves to unseat the greenback as the preferred reserve currency, will this mark a significant moment in monetary history? Umar-Farooq Kagee discusses.

"Gold is treasure, and he who possesses it does all he wishes to in this world." – Christopher Columbus

As South Africans, we are no strangers to gold. Following the discovery of this precious metal in the Witwatersrand Basin in 1886, the gold rush into South Africa played a pivotal role in developing the country's economy. South Africa, at its peak in 1970, produced close to 70% of the world's gold output.

As investors, gold investments are increasingly important. Over the past 10 years to June 2025, the rand gold price has appreciated 320%, outpacing the MSCI World Index total return of 308% and the FTSE/JSE All Share Index (ALSI) total return of 161%, as shown in **Graph 1**. Meanwhile, as **Graph 2** reflects, the ALSI has experienced

a dramatic composition shift over the past 10 years, with gold equities shifting from a 1.4% weight in the index in 2015 to an 11.3% weight today.

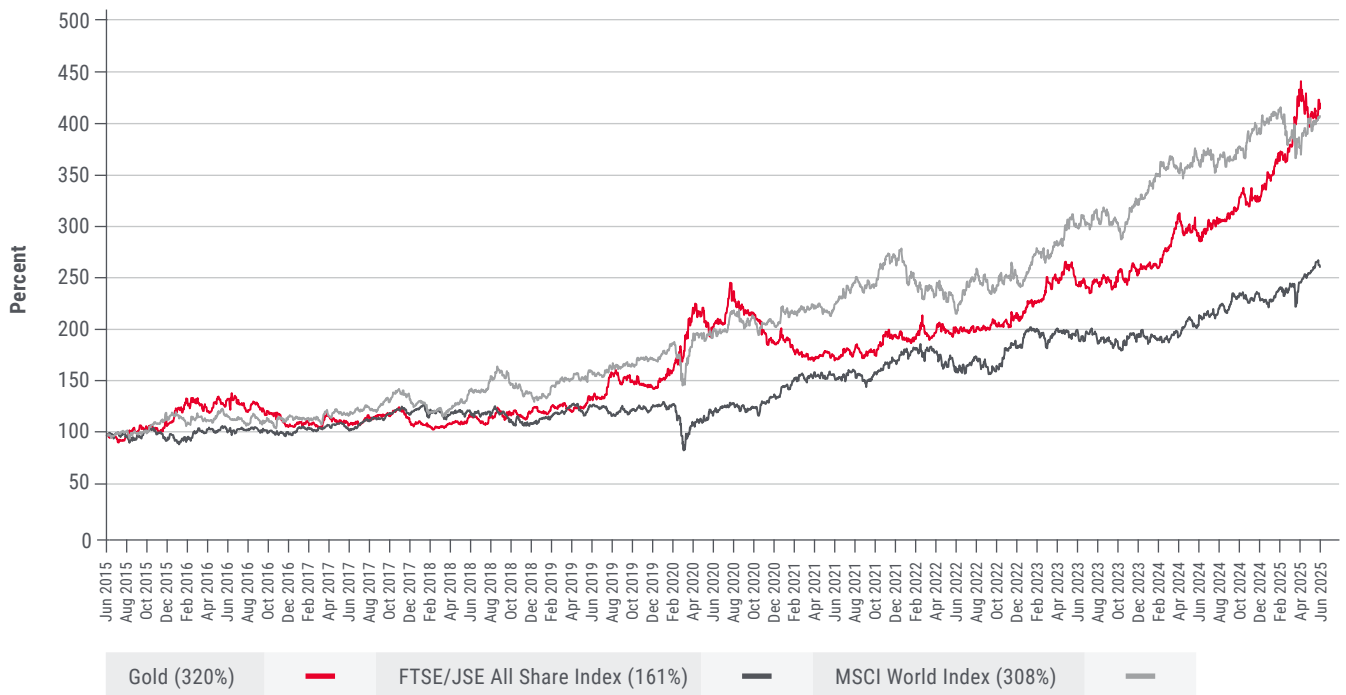
Gold's resurgence as a reserve currency in a fracturing world

Before 1944, gold was better seen as money or currency within the global monetary system. Under the classical gold standard, currencies were directly convertible to gold, ensuring fixed exchange rates and fiscal discipline. Gold functioned as both a medium of exchange and a store of value.

In 1944, the Bretton Woods Agreement replaced the gold standard with the gold-dollar system: Currencies were pegged to the US dollar, which was convertible to gold at US\$35 per ounce. This arrangement lasted until 1971, when President Nixon ended gold convertibility, marking the transition to fiat currencies and floating exchange rates.

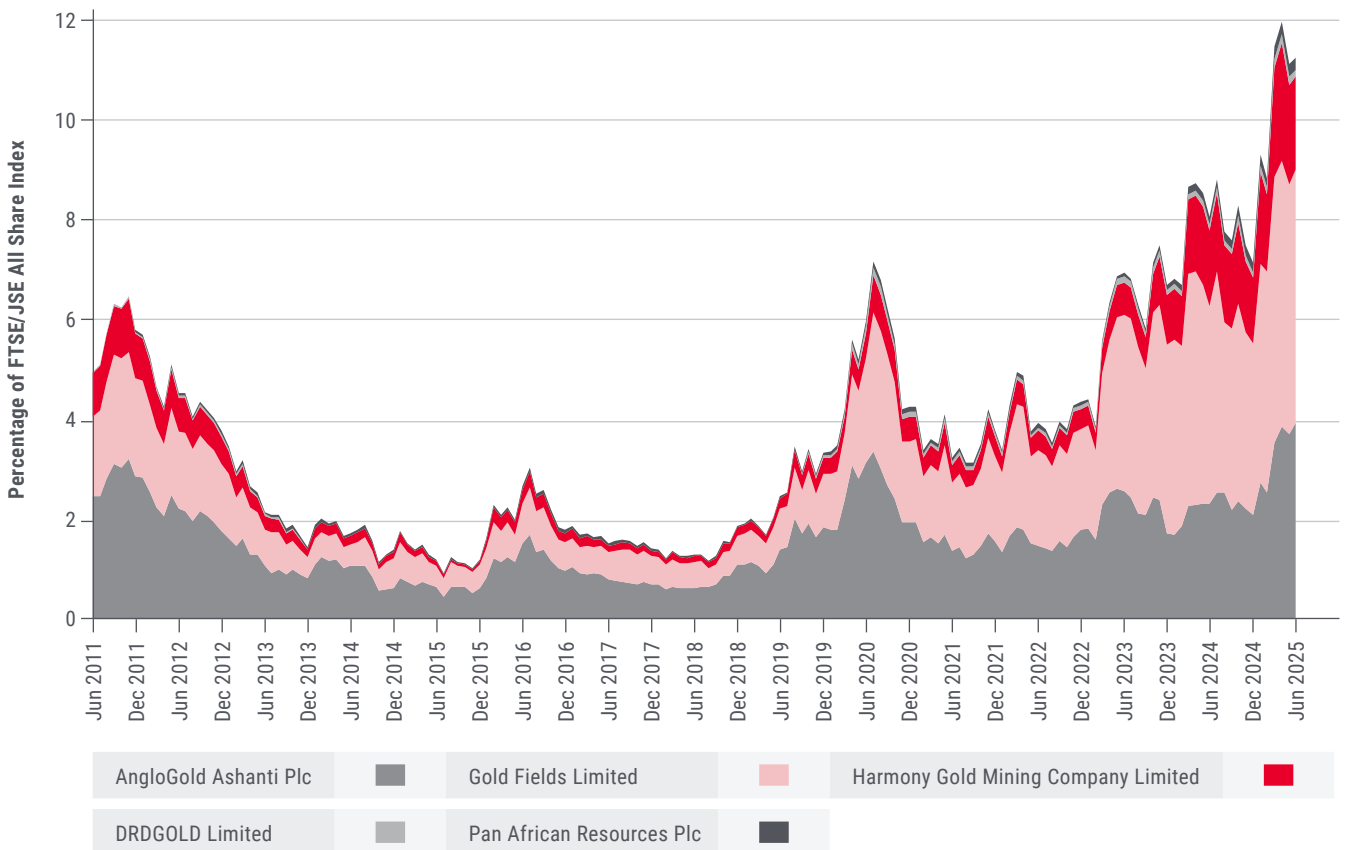
Since then, the US dollar has served as the backbone for trade and global reserves – a symbol of trust and stability, deep liquidity and geopolitical dominance – but the

Graph 1: Performance of gold vs. global and local indices



Sources: Allan Gray research, Bloomberg

Graph 2: Total index weight of gold miners over time



Sources: Allan Gray research, FTSE/JSE

greenback now appears to be on shaky ground. At the end of the second quarter of 2025, the price of gold in US dollar had rallied 42% over the previous 12 months to US\$3 303 per ounce. Gold seems to be repositioning from a passive reserve asset to an active pillar of monetary strategy – a key pillar of its renaissance – due to the following factors:

- **Being politically agnostic:** The US dollar’s safety as a neutral asset has been broadly reassessed. The weaponisation of Russia’s foreign reserves in 2022 – its assets were frozen overnight in response to the Ukraine invasion – sent a clear message: Dollar reserves are no longer politically agnostic. The uncertain consequences of being at odds with the US government are no longer theoretical. Gold, when held in vaults that you control, escapes this overreach.
- **Zero default risk:** US dollar reserves are held in the form of US treasuries. The US government’s mounting debt and growing fiscal deficit put a question mark over its ability to repay the debt. Evidence of this risk is showing in the rising real yield of 10-year treasuries. Historically, gold has underperformed in such an environment owing to the non-yielding nature of the metal. The positive correlation in the current cycle reflects the market’s desire for a reserve asset that is free of default risk.
- **New trade blocs:** The inward focus of the European Union and growing presence of the BRICS bloc (comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates), alongside the US’s wave of protectionist policies, is increasingly diverging the previously unified interests into a multipolar world. While all currencies stand to benefit from the US de-dollarisation, central banks are increasingly holding gold as a reserve that

is universally recognised, borderless, and free from any interference.

Although the US dollar’s dominance remains unmatched for now, the paradigm shift is undeniable. Gold’s ancient role – as a reserve of last resort – is finding new relevance in a world where geopolitical risk is no longer a tail event, but a structural feature. Central bank purchases have surged, particularly in emerging markets, with gold bulls arguing that the International Monetary Fund’s official disclosure grossly understates the true magnitude of this trend.

... central banks are increasingly holding gold as a reserve that is universally recognised, borderless, and free from any interference.

Gold in our clients’ portfolios

Global multi-asset funds have the flexibility to invest in gold, either in the metal itself or through locally listed and offshore listed gold miners. The Allan Gray Balanced Fund, our flagship multi-asset fund, has a 6.2% exposure to gold and gold-related equities, both directly and indirectly through our offshore partner, Orbis, as shown in **Table 1**.

The investment case for AngloGold Ashanti

The core investment case for investing in gold equities is that the operating leverage of the miners significantly amplifies the performance of the underlying gold price. To illustrate: AngloGold Ashanti (ANG) reported that its

Table 1: Allan Gray Balanced Fund gold exposure as at 30 June 2025

	% local*	% foreign	% of portfolio
% in gold miners**	3.5	0.8	4.3
% in gold commodity-linked ETF	1.3	0.6	1.9
Total (%)	4.8	1.3	6.2

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

*Includes Orbis’ holdings in AngloGold Ashanti and Gold Fields (0.09% and 0.04% of the portfolio respectively).

**Estimated direct exposure. Includes only companies in which gold makes up more than 50% of their revenues.

Source: Allan Gray

average gold price for the first quarter of 2025 was US\$2 874 per ounce – a 39% increase year-on-year. The miner further reported that its free cash flow increased from US\$57m to US\$403m – a seven-fold increase year-on-year. At the time of writing, the spot gold price was roughly US\$3 420 per ounce, providing an additional 19% upside to the first quarter’s gold price and free cash flow performance.

ANG has been our highest-conviction gold equity call. We feel that under the leadership of its CEO, Alberto Calderon, ANG has done well relative to its peer group. The team’s focus on maximising value is one that resonates with the Allan Gray mindset. Calderon made it clear from the onset of his tenure in 2021: Fix the underperforming assets or get rid of them.

The examples below showcase this approach:

- **Full asset potential:** The management team’s hyperfocus on simplicity and unlocking the full potential of assets is welcomed. The Brazilian operations are a good example: The business originally consisted of two operating assets, the Cuiabá and Córrego do Sítio (CdS) mining complexes. CdS experienced ongoing losses, but within two years of taking over as CEO, Calderon put the mine on care and maintenance and focused on turning Cuiabá into a Tier 1 asset.
- **Countercyclical capital allocation:** In the past, gold companies typically used gold price rallies as opportunities to invest in large projects and engage in mergers and acquisitions. These often turned out to be poor investments, especially as the gold price retreated. ANG’s countercyclical capital allocation resonates with the Allan Gray investment philosophy, which is focused on holding assets priced below our estimate of intrinsic value. Evidence of this is seen in ANG’s recently announced disposal of one of its low-quality South American assets, the completed

sale of a speculative project in Africa at a high point in the gold cycle, and the revised dividend policy to pay up to 50% of free cash flow.

There are still opportunities on the table:

- Iduapriem, ANG’s open-pit operation in Ghana, has underperformed following a temporary plant shutdown and repairs to the tailings storage facility in the first quarter of 2025, which resulted in production falling 35% and unit costs increasing 59%.
- Since 2019, ANG made large investments in Ghana to restart the Obuasi mine, aiming to develop towards the higher-grade underground block. With the large capital expenditure now behind the company, and the shift in focus to ramping up production towards the 400 koz (thousand troy ounce) target (from the current 221 koz trailing annual run rate), Obuasi stands to generate significant free cash flow in the current gold price environment. This is a good example of investing ahead during the challenging periods in the cycle and enjoying the rewards when sentiment improves.
- Over the longer term, investments in the higher-quality Nevada assets in the US, through the North Bullfrog and Arthur Gold projects, may coincide with further divestments in lower-quality assets, such as Cerro Vanguardia in Argentina and Sunrise Dam in Australia. The portfolio shift to lower-risk regions opens the possibility of ANG attracting a higher rating.

Despite the 112% share price rally year to date, we estimate that ANG still trades on an attractive 13% spot free cash flow yield and 6.5% spot dividend yield. As always, we construct our clients’ portfolios to withstand a range of scenarios: An allocation across both physical gold and the gold miners allows clients to benefit from gold’s growing role as a reserve asset, while preserving a return profile with diverse correlations to other traditional asset classes.

Umar-Farooq joined Allan Gray in 2019 as a CA trainee and is currently an analyst in the Investment team. He holds a Bachelor of Business Science degree in Finance and Accounting and a Postgraduate Diploma in Accounting, both from the University of Cape Town. Umar-Farooq is a qualified Chartered Accountant (SA) and a CFA® charterholder.

CROUCHING TIGER, HIDDEN VALUE

Andrew McGregor



... we believe there is strong evidence of the turnaround strategy working at Tiger Brands ...

From Jungle Oats at breakfast to Mrs Ball's chutney in bobotie, Tiger Brands is ubiquitous in the lives of South Africans. Founded in 1921 as Tiger Oats, Tiger Brands has become one of the largest consumer brand companies on the African continent. Andrew McGregor tells this long-term, home-grown success story.

The influence of Tiger Brands (or “the Tiger”, as it is affectionately known in investment circles) on the South African economy extends further than its own brands. If you go back in time a few decades, you will note that there are several large businesses that have fallen under the Tiger’s sphere of influence at some point or another, including Astral Foods, Oceana Group, Adcock Ingram and Spar. If you add up the market capitalisations of just these four businesses, as shown in **Graph 1**, you will get roughly 70% of the Tiger’s own market capitalisation (as at 30 June 2025).

When reading our copy of Tiger Oats’s 1972 annual report, you will find notes which appear to be from the young Allan Gray, a passage about the new state-of-the-art Randfontein mill and its imported Swiss machinery

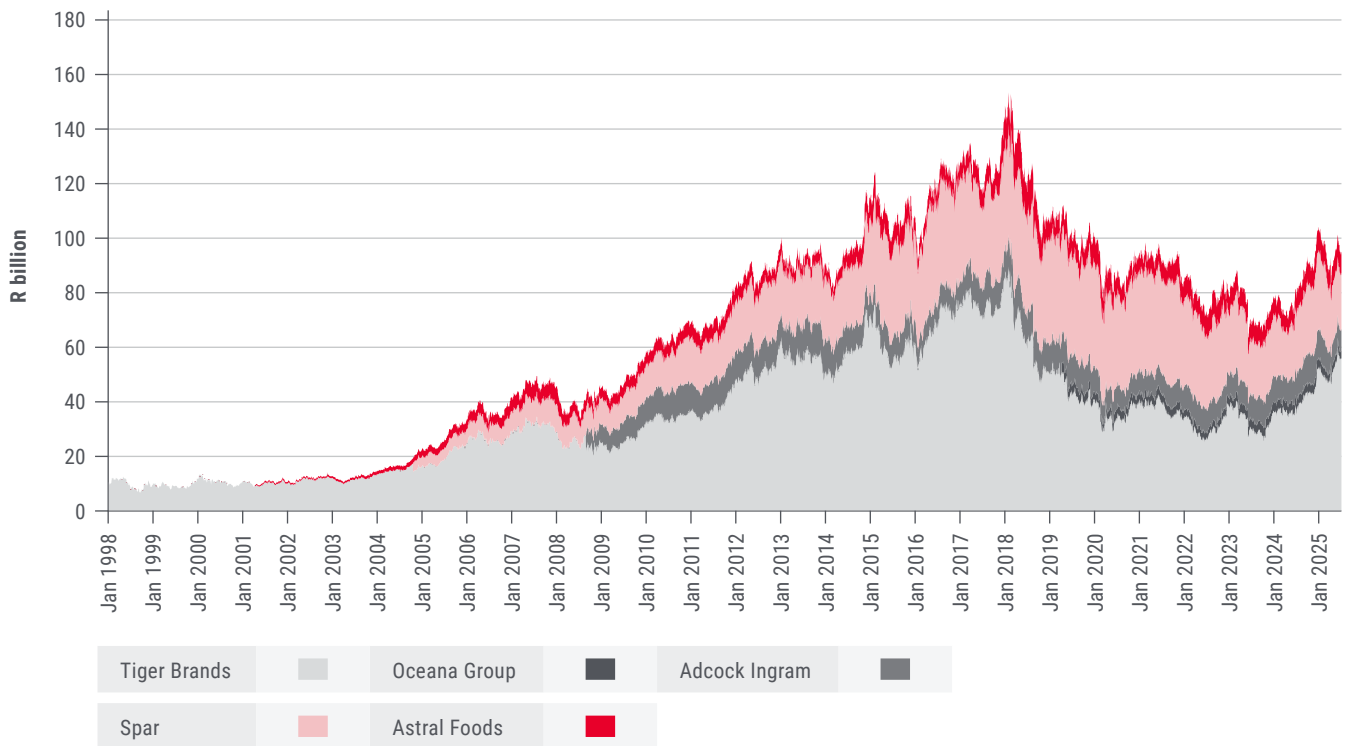
(which is currently in the process of being sold by Tiger Brands, as the business isn’t profitable anymore), and a list of all the businesses that the company operated back then. However, you will find no mention of Tigers’ biggest brand today: Albany. That is because it didn’t exist.

Becoming the breadwinner

Albany is the largest bread brand in the country – although its history is far shorter than that of the company. Back in the 1970s, Tiger Oats and National Milling Co. bought 36 bakeries across the country to form what is now known as Albany Bakeries. The familiar red rhombus logo wouldn’t make an appearance until the late 1990s, when management remodelled the business after Warburtons in the United Kingdom (and lightly plagiarised their logo).

At that time, the bakery business was struggling due to industry-wide overcapacity, but as the economy strengthened after 2002, Albany became Tigers’ powerhouse. From 2003 to 2013, revenue from milling and baking doubled and profit margins trebled. Milling and baking went from 14% of Tigers’ profit in 2003 to a whopping 45% in 2013. Unfortunately for Tigers, this historic run would soon come to an end.

Graph 1: Baby tigers (Market caps of unbundled shares)



Sources: IRESS, Allan Gray research

Overbaked?

Between 2012 and 2018, the cookie began to crumble, starting with the forays into Africa failing in a spectacular fashion. Tigers' stake in Nigeria's Dangote Flour Mills, for instance, which was purchased for R1.6bn, was eventually sold for a symbolic US\$1. Bread margins stepped down a bit, and the groceries business started losing share when the business pushed price too hard.

In late 2017, just a few years short of Tigers' centenary, it all fell apart. An outbreak of listeria was traced back to a Tiger Brands processed meat facility. It is unclear whether this was coincidence or a symptom of a greater issue, but what was true was that price had been pushed too far, plants hadn't been maintained properly, management had become complacent and had lost focus, and competition had ramped up significantly.

Between financial year 2017 and 2023, the Tiger languished as six of the 12 reported operating segments had double-digit declines in operating profit. The profit from its largest segment, bakeries, fell by two-thirds; the groceries business profit nearly halved. Group earnings went nowhere, and the share price fell from a high of R470 to a low of R136. It certainly appeared as if the Tiger had been tamed.

A new recipe

In late 2023, Tiger Brands put out an announcement that surprised just about everyone, sending the price of the share up 11% on the day. Tjaart Kruger, a man who was partly to blame for the Tiger's downfall due to his successful leadership of Premier, a key bakery competitor, was taking up the helm at Tigers.

The Tiger had the man; all it needed was a plan. The following is what they came up with:

Step 1: Simplify the management structure

The existing matrix structure, which works for some of the larger multinational companies, was scrapped in favour of a federated model. This was done to remove a layer of management (and the associated costs) and to get the managers to be more in touch with their business units.

Step 2: Get the basics right

When you are running a bakery, every cent per loaf matters. That means you need to make sure you are maintaining your bakeries to avoid downtime, and that when you do get around to planning maintenance, you don't do it at 7 am when the oven is supposed to be baking bread for the trucks that are coming to pick them up at 9 am.

Step 3: Focus on the winners

Identify which brands and products are doing well and put capital behind them. For Tigers, these are the well-known brands such as Albany, Tastic, All Gold, Crosse & Blackwell, Purity and Doom. The laggards have been many of the personal care products, which struggle to compete with the likes of L'Oréal and Procter & Gamble, but also Beacon's chocolate business, which trails Nestlé and Cadbury and has struggled to remain profitable.

Step 4: Fix the culture

Peter Drucker is attributed with claiming that "culture eats strategy for breakfast". We think both are important, but good culture begets good strategy, not the other way around. When employees don't care about a business, managers are fighting an uphill battle on execution. Conversely, when employees start caring about the business, managers will find that execution becomes a lot easier.

How do we know the plan will work?

In truth, we don't know if the plan will work, however, we can assess the reasonability of the plan, and we can monitor outcomes.

What is interesting about the Tiger Brands case study is that previous plans were reasonable (we have documented evidence of their plans going back more than a decade), but execution was noticeably absent. Kruger and his team, on the other hand, score top marks for execution. The baroque management structure was collapsed within four months. They have managed to improve the output of bakeries while reducing costs at the same time by simply fixing the maintenance regimen. Stock-keeping units in the grocery business have been rationalised, and lagging businesses have been, or are in the process of being sold.

It is difficult to assess the success of changes to culture without being an employee, however, one interesting anecdote that came out of the last results call was that, apparently, people are now starting to phone Tigers for a job. It should be an indicator of a good company culture returning when people want to work for that company.

... with the share having returned 110% since Kruger took over, it is a story we are watching closely.

If the turnaround proceeds as planned, it is very likely that there is hidden value in the Tiger that is not currently being priced in. Volumes will return, margins will improve, and earnings will be returned to shareholders. It is the simplest recipe for a good investment. We just need to monitor their progress. As clients of Allan Gray hold a substantial portion of Tiger Brands' shares, that means we engage with the company at the board level to make sure that management is aligned with shareholders, and at the executive level to ask difficult questions and make sure that they are following through on their commitments.

Overall, we believe there is strong evidence of the turnaround strategy working at Tiger Brands, and with the share having returned 110% since Kruger took over, it is a story we are watching closely.

Andrew joined Allan Gray in 2021 as an equity analyst in the Investment team. He holds a Bachelor of Science degree in Mathematics, Physics and Astrophysics and an Honours degree in Pure Mathematics, both from the University of Cape Town.

ORBIS GLOBAL EQUITY: DISCIPLINE IN THE FACE OF VOLATILITY

Adam R. Karr



... we meet volatility with anticipation, not dread, confident that disciplined stockpicking can turn today's turbulence into lasting value for you.

The US market has long represented a safe haven for many investors, although the tide may finally be turning. Adam R. Karr, president and portfolio manager at our offshore partner, Orbis, unpacks how things have shifted over the last six months and touches on how the Orbis Global Equity Strategy is positioned to deliver lasting value in the face of uncertainty.

Whiplash struck early in 2025. Policy and geopolitical shocks arrived in rapid-fire succession. Washington slapped 25% tariffs on Canada and Mexico, hiked Beijing's to 145%, and on 2 April declared "Liberation Day", adding a 10% duty on every import. Elon Musk's much-hyped Department of Government Efficiency (DOGE) pledged US\$2tn in cuts; then he folded as Congress debated a "One Big Beautiful Bill" to add trillions. Before markets could exhale, Israel's mid-June strikes on Iran's nuclear sites, followed by retaliatory missile fire, sent crude higher and rattled nerves.

Markets buckled early on – yet many indices closed the half-year at record highs. Between mid-February and

early April, the S&P 500 sank nearly 20% peak to trough, and volatility spiked to levels seen only twice in the past 25 years. See **Graph 1** on page 18. Bonds rallied; the yen, pound and Swiss franc all strengthened against the dollar, and gold surged, up more than 25% year to date.

Against that backdrop, it has been gratifying to see our Global Equity Strategy return 22% year to date, outperforming the MSCI All Country World Index (World Index) net of fees by 11% on an asset-weighted basis. Just as important, our drawdowns were shallower during the bouts of market stress.

Volatility and adaptability

When I last wrote in January, the S&P 500 had raced 25% higher in 2024, capping an extraordinary 15-year stretch of roughly 14% annualised returns since the global financial crisis. We suspected that pace couldn't endure, but we didn't know when or how it might end. And while Trump 2.0 promised to "shake things up", the form of that creative destruction was impossible to map. With a risk

appetite that rivals that of George Soros, President Trump proved it.

Six months later, policy shockwaves have been fierce, yet the World Index still closed the half-year up 10%. That's respectable in calm seas and remarkable amid today's swells. The February-to-April sell-off was a blunt reminder that American exceptionalism has limits: The United States is still home to many of the world's most innovative and well-managed companies, but its reputation as a haven of political stability and free trade has been dented. Investors who stay fully anchored to US equities could find the tide has turned faster than they expected. And complacency can be costly, especially when safe havens stop acting safe.

Shifting landscape: A new age of mercantilism

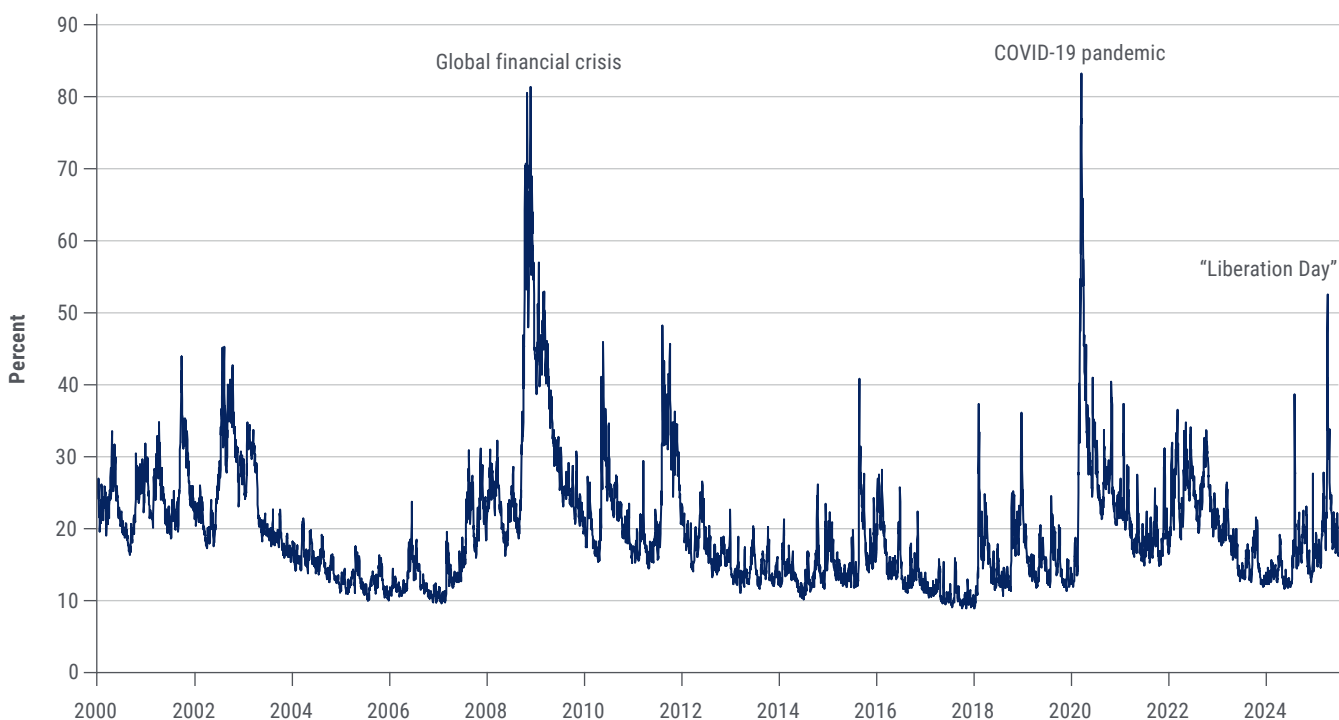
Graph 2 speaks volumes – perhaps the market's first warning that the landscape is transforming. In every S&P 500 correction exceeding 15% since 2010, the trade-weighted US dollar has appreciated. Until now. Treasuries, long the market's go-to shock absorber, also failed to rally. When both of the market's most trusted risk-off havens break a long pattern, the old playbook may no longer apply.

One force reshaping the landscape is a shift from globalisation towards a more mercantilist era. How far that pendulum will swing is uncertain, but the motion is clear. Tariffs, targeted industrial policies and security-driven trade rules are redirecting capital flows. In the process, they turn yesterday's disinflationary tailwinds into potential inflationary headwinds that squeeze margins and valuations. If these policies gather speed, the terrain will shift further; if they stall, the adjustment may be milder. In any case, we believe the current shift is strong enough that portfolios should be built to weather either scenario.

Economic historian Russell Napier argues that our current challenges stem from three persistent imbalances: Asia's surpluses, the West's twin deficits and a "dollar-centric non-system" that kept money cheap while global debt exploded. Correcting these imbalances, he contends, will usher in "national capitalism", a policy mix in which governments steer their savings towards domestic priorities through capital controls and other forms of financial repression. Such measures are likely to divert capital away from the US and favour real, inflation-protected assets and shorter-duration cash flows, not the duration-heavy bonds and frothy tech stocks that thrived in the prior regime.

Graph 1: Highest US market volatility expectations since the pandemic

Cboe Volatility Index (VIX)*, 2000 to Jun 2025



Sources: Cboe, Orbis. *The VIX, or Volatility Index, measures 30-day expected volatility based on S&P 500 Index option prices. The VIX is expressed in percentage terms as an annualised one standard deviation move of returns on the S&P 500 Index. Higher values suggest more expected uncertainty.

Portfolios concentrated in last-decade winners are looking more vulnerable to us. US equity valuations remain elevated even as the tailwinds that supported them – abundant liquidity, steady margin expansion, and persistent index flows – may be less certain. History suggests that market leadership rarely survives a regime shift, so investors may want to prepare for that hand-off rather than assume yesterday’s champions will dominate the next cycle.

During the sharpest sell-offs this year, the portfolio outperformed, helping preserve your capital amid the turbulence.

Diversification and resilience

A deliberate underweight to US equities once felt like swimming against the tide, but it proved invaluable this year. Entering 2025, our Global Equity Strategy held just 55% in US stocks versus 67% for the World Index. During the sharpest

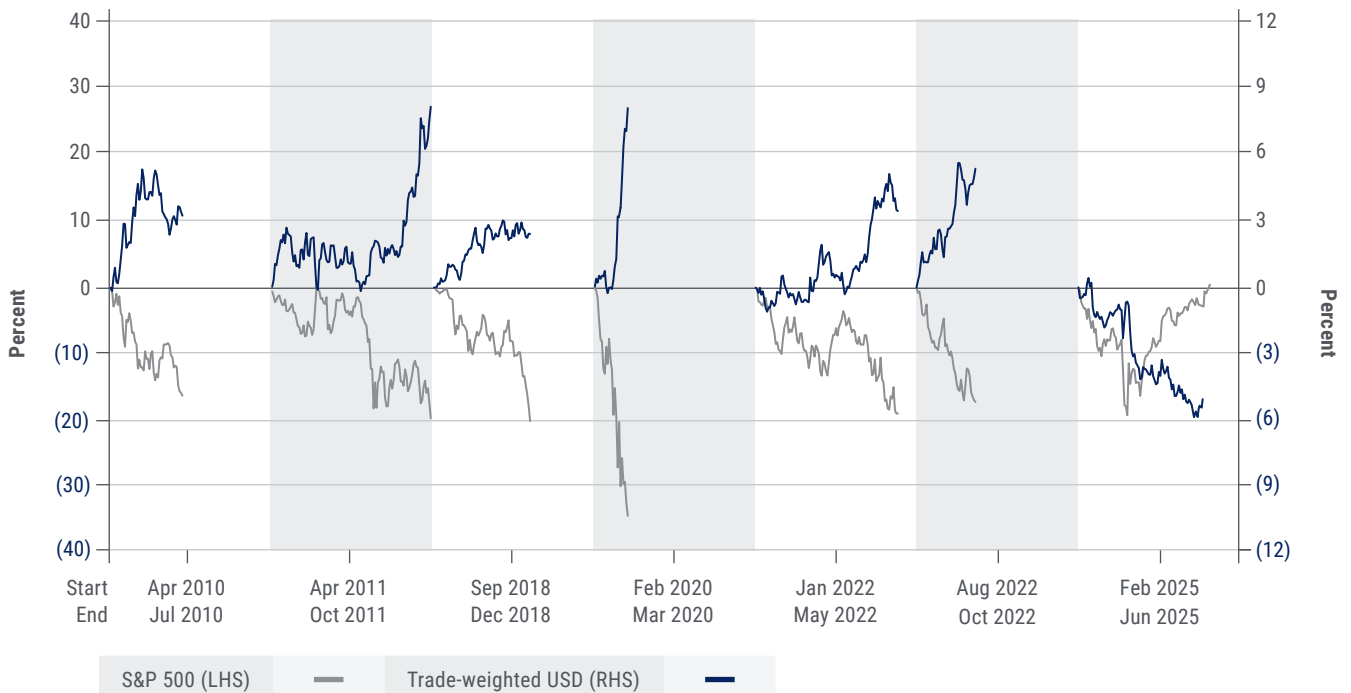
sell-offs this year, the portfolio outperformed, helping preserve your capital amid the turbulence. A powerful style shift helped as well: Value shares beat growth by the widest margin in almost 25 years – fertile ground for our price-disciplined approach.

Currency diversification also made a difference. We manage currency exposure with one objective: protecting your long-term purchasing power. Given the fiscal and external imbalances discussed earlier, we view the dollar as a less reliable store of value in the long run. Heading into the year, the Strategy’s US dollar exposure was about 12% below the World Index. Our largest currency overweight is the Japanese yen, whose risk-reward profile improves as Japan finally emerges from deflation.

Make no mistake, the United States still offers compelling opportunities, though selectivity is crucial. Roughly 40% of the portfolio is in US stocks, anchored by high-conviction holdings that continue to generate idiosyncratic alpha. Even so, we remain meaningfully underweight versus a concentrated benchmark. Valuation remains our compass, and today it points to attractive risk-adjusted prospects abroad. For global allocators already sitting on a 70% US weight,

Graph 2: The US dollar is no longer acting as a “shock absorber”

Trade-weighted US dollar performance during each S&P 500 correction of at least 15%, 2010 to Jun 2025



Sources: FRED, LSEG Datastream, Orbis. The trade-weighted Nominal Broad US Dollar Index measures the value of the US dollar against a broad basket of 26 foreign currencies. Performance for the most recent correction is shown from the previous peak to recovery. All other corrections are shown from previous peak to corresponding trough.

the next dollar is less likely to pursue the same crowded trade, especially with so many imbalances now in plain view.

Graph 3 illustrates the extent of flows into the US market between 1999 and 2024.

Thanks to our diversified positioning at the start of the year, we have avoided wholesale portfolio surgery. But we have hardly been idle. We re-examined every holding given shifting tariff policy, especially for tariff-sensitive and cyclical names, while hunting for quality companies – the proverbial babies thrown out with the bathwater amid the volatility. There haven't been as many of the latter as we'd like, yet we have added a few, including Mitsubishi Estate, one of the largest real estate developers in Japan, and Bruker Corporation, which manufactures high-performance scientific instruments and develops high-value analytical and diagnostic solutions in scientific fields.

This year we have leaned even harder into resilience, favouring businesses with durable franchises purchased at undemanding prices – a combination that tends to hold its ground when markets turn "saucy". Examples include Steris, a leading global provider of products and services that

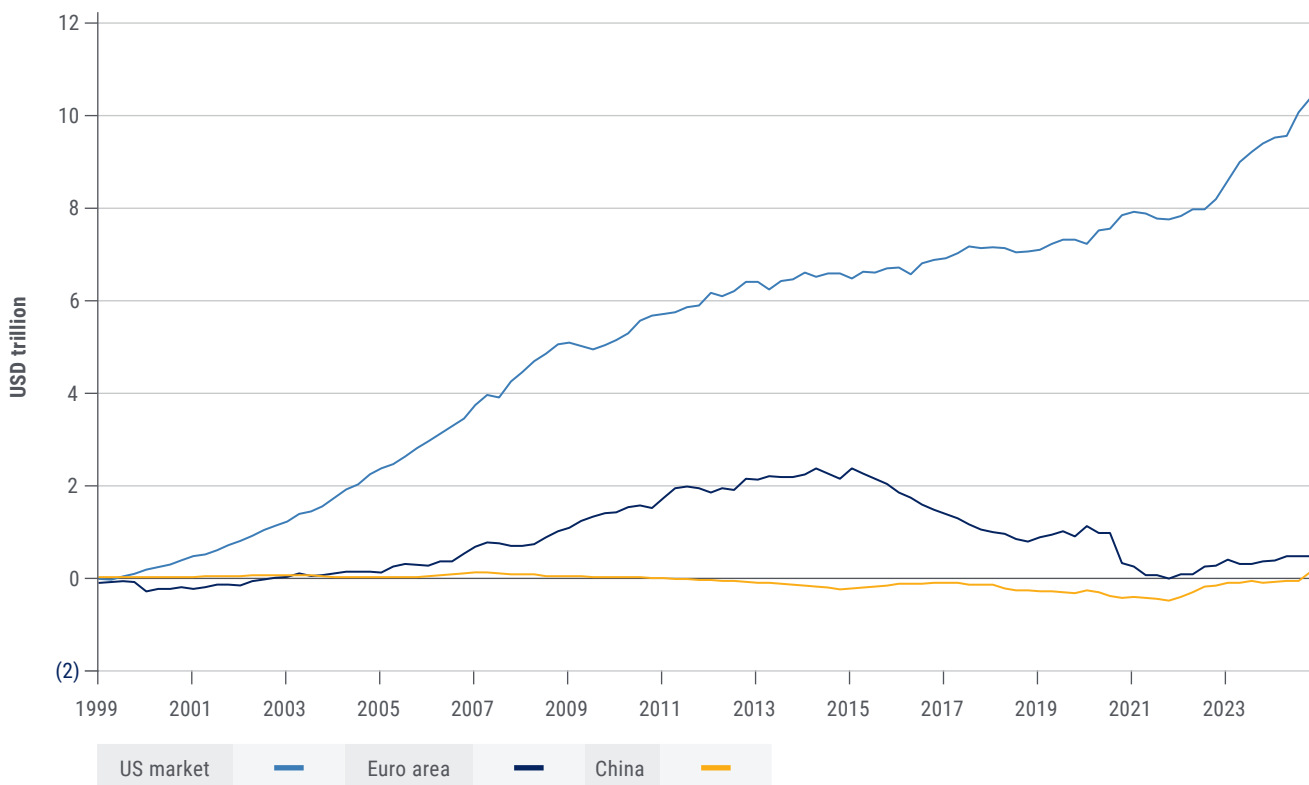
support patient care with an emphasis on infection prevention, retailer Tesco and oil and gas company Shell. We are also uncovering value in markets such as Brazil and Japan, where subdued expectations leave ample room for positive surprises.

The larger the divide between market price and intrinsic value, the greater the scope for us to convert insight into alpha.

In aggregate, the Global Equity Strategy looks nothing like its benchmark. The World Index's 10 largest stocks trade at roughly 30 times forward earnings, while our 10 largest positions trade nearer to 18 times. That valuation gap gives us a margin of safety that should serve you well, particularly as the market has only started to rotate leadership.

Graph 3: Investors have poured over US\$10tn into the US market

Cumulative net foreign flows in USD trillions, 1999 to 2024



Sources: LSEG Datastream, Orbis

Considering that US equity outperformance is cyclical (see **Graph 4**), we recognise that renewed enthusiasm for US equities could make our positioning look premature. More importantly, we see the larger systemic risk in passive indices. Both US and global benchmarks trade at rich valuations and are dominated by a small cadre of US megacaps. Passive ownership today therefore delivers neither true diversification nor true resilience. Given this imbalance, we believe asset allocators should actively explore ways to temper their benchmark exposure, restoring some balance across regions, sectors and currencies.

Those same imbalances create fertile hunting ground for active stockpickers. Our investment team roams the world looking for mispriced businesses and has historically thrived

when wide valuation gaps begin to normalise. The larger the divide between market price and intrinsic value, the greater the scope for us to convert insight into alpha.

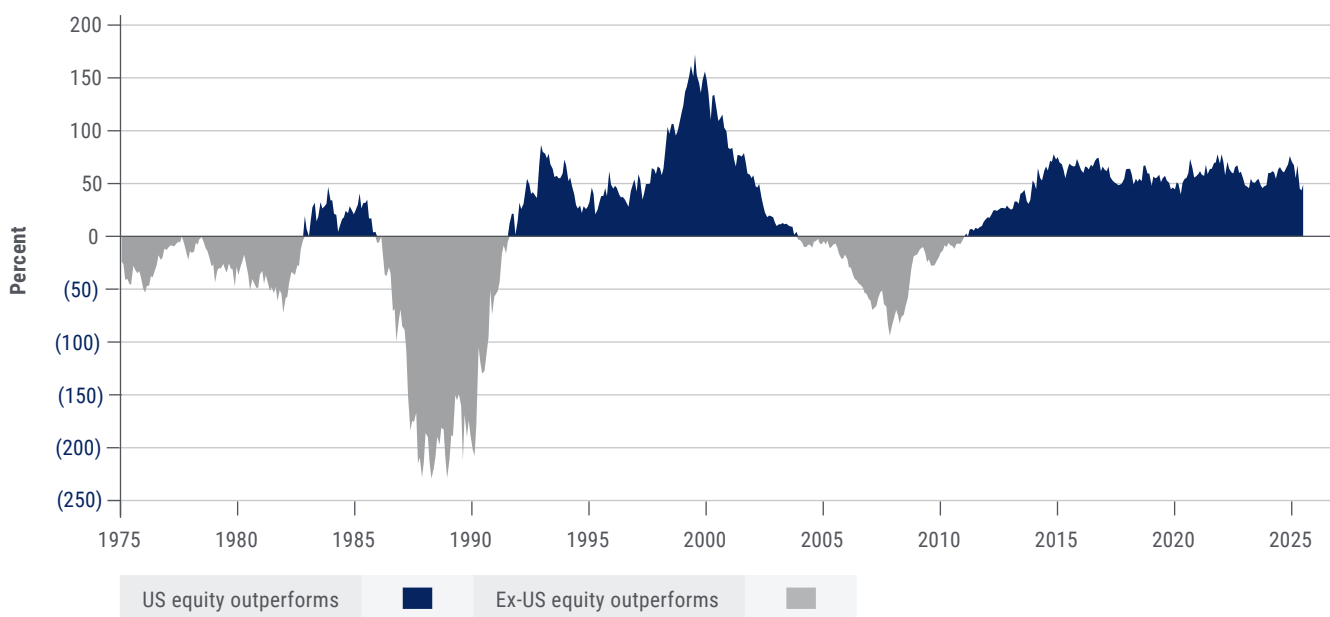
Closing

Headlines buzz with worries, from tariffs and geopolitics to AI's dizzying pace, but our compass remains unchanged: We seek enduring businesses priced well below their long-term worth. As American educator-turned-inspirational-author William Arthur Ward is often credited with saying: "The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails."

Guided by that realism, we meet volatility with anticipation, not dread, confident that disciplined stockpicking can turn today's turbulence into lasting value for you.

Graph 4: US equity outperformance has moved in cycles

5-year rolling price returns of the S&P 500 minus the MSCI World ex USA Index, since 1975



Source: LSEG Datastream. The chart shows the values of the S&P 500 Index's price returns minus the MSCI World ex USA Index's returns. Returns are calculated as the monthly price returns of the relevant index over 5-year rolling periods.



Adam joined Orbis in 2002 and is Orbis' President and head of the Investment teams. He directs client capital in the Orbis Global Equity Strategy and has overall accountability for the Strategy. He is a director of Orbis Holdings Limited and Orbis Allan Gray Limited. Adam holds a Bachelor of Arts degree in Economics from Northwestern University and a Master of Business Administration from Harvard University. He is also a trustee at Northwestern University and the founder and chair of SEO Scholars San Francisco.

HOW TO THINK ABOUT BENEFICIARY NOMINATIONS FOR YOUR RETIREMENT FUNDS

Ian Barow



It is important to submit clear written nominations to your retirement fund through their official channels – and to keep these up to date.

Ian Barow, one of the trustees of the Allan Gray retirement funds, reminds members about the laws governing retirement fund death benefit payouts, and the importance of making beneficiary nominations and keeping them up to date.

Retirement funds, which include the Allan Gray Umbrella Pension Fund, Umbrella Provident Fund, Pension and Provident Preservation funds and Retirement Annuity Fund, are pivotal to ensuring financial security after your working years. However, if you die while you are a member of a retirement fund, the trustees of your fund are responsible for ensuring your retirement investment is distributed fairly – in accordance with section 37C of the Pension Funds Act (section 37C). These so-called death benefits do not form part of your estate, and section 37C overrides any provision you make in your will relating to these benefits.

The primary objective of section 37C is to protect individuals who depend on you financially (your dependants). These include spouses, children (including legally adopted

children), anyone financially dependent on you at the time of your death, and anyone legally entitled to support, for example in the case of a maintenance order.

While the trustees are not bound by the information you provide, it is nevertheless important that you submit written nominations of your beneficiaries, as these help guide the trustees, who must conduct an enquiry to identify and trace all dependants and nominees, and establish various determining factors – including financial position, age and future income potential – before allocating your death benefit.

Importance of beneficiary nominations

Here are some key reasons why it is crucial that you nominate beneficiaries:

Provides guidance for trustees. Trustees must consider your nominations when making their decisions; clear and accurate nominations help them understand your intentions and make more informed decisions.

Reduces delays. Providing complete and transparent information assists trustees in conducting timely investigations in the given 12-month distribution window.

Avoids legal complications. In the absence of written nominations, if the trustees cannot identify any dependants, the death benefit may be paid into your estate, which can result in adverse tax implications and higher estate duty and executor fees.

Common mistakes and shortcomings in beneficiary nominations

It is important to submit clear written nominations to your retirement fund through their official channels – and to keep these up to date.

Try avoiding these common errors:

Neglecting to update beneficiary nominations. Life changes, including changes in your financial situation and events such as marriages, divorces, births and deaths, can significantly impact your wishes. Review and update your nominations regularly to ensure they reflect your current circumstances and intentions.

Supplying incomplete beneficiary information. Forgetting to nominate all intended beneficiaries can lead to conflict and hurt feelings. Ensure you list all individuals you want the trustees to consider, especially from a financial dependency point of view.

Supplying inaccurate or ambiguous beneficiary details. Providing incorrect or unclear information about nominees can cause delays and legal battles. Ensure all details are accurate and unambiguous.

Supplying incomplete paperwork. Nominations not made in writing cannot be considered, and incomplete nominations are also problematic. Double-check that all nominations are completed and submitted properly.

Not getting professional advice. Consider getting sound, independent financial advice to ensure your intentions align with legal requirements. An adviser can also assist with your overall estate planning.

If your nominees include individuals who are not your dependants, it is important to remember that the trustees can only give effect to these nominations once the financial needs of all your dependants have been fully met.

How to update beneficiary nominations

At Allan Gray, you can review and update your beneficiary nominations by logging in to your Allan Gray Online account. Ensure all details about your nominees are accurate and comprehensive, including their full names, relationship to you, and contact information. For other providers, contact your retirement fund to confirm the process for updating your nominations.

The death claims process

The death claims process varies between retirement fund administrators. Allan Gray's process is summarised below and explained in more detail in the document "Understanding the death claims process of retirement funds" on our website.

Although death is a sensitive matter, it will help your dependants immensely if you share this information with them while you are able to. Part of the process requires an action from them; other aspects of the process may be lengthy and confusing and more easily understood when they are not grieving.

What your dependants/beneficiaries need to do on your death

Notify Allan Gray of your passing by submitting the relevant forms and documents. Either your dependants, their financial adviser or the executor must complete the "Death claims form for retirement funds" and submit it with the supporting documents listed on the form.

Await the trustees' decision. The trustees must conduct a thorough investigation to identify and trace all dependants and nominees before making allocations. This involves direct contact with your family members, dependants, and other third parties, and can take up to 12 months from the date the fund is made aware of your death. The trustees will communicate their decision and the reasons for it to your dependants and nominees in writing.

Submit objections and complaints. Any dependant or nominee who disagrees with the trustees' decision can submit a complaint to the principal officer of the fund, and subsequently to the Pension Funds Adjudicator.

Decide on a payment option. Your beneficiaries must choose how they wish to receive their benefit: They can either take the full benefit as a cash lump sum, purchase an annuity, or opt for a combination of a cash lump sum and an annuity.

Case study: Why keeping beneficiary nominations up to date matters

Background: A retirement fund member passed away suddenly without having updated their written beneficiary nominations, which had been submitted to the fund 10 years earlier. The member had nominated their spouse and children to receive the total death benefit. However, the member's family situation had changed significantly since first joining the fund, as they had divorced their first spouse and remarried. The member had children from both their first and second marriages.

Issue: After the member's passing, the trustees of the pension fund were tasked with distributing their death benefit in accordance with section 37C of the Pension Funds Act.

Conflict: The trustees had to navigate a situation involving competing claims. The member's first spouse and their children claimed a significant portion of the benefit, arguing not only that they were financially dependent on the member, but also that the member had nominated them to receive the full death benefit, i.e. they were relying heavily on the written nominations, arguing that the member never intended to allocate any of the benefit to their second spouse or children from that marriage. Meanwhile, the second spouse and their children – who were not named in the written nominations – also claimed dependency.

The lack of updated nominations led to disputes and delays in the distribution process, as well as to frustration on the part of the member's first spouse and children from that marriage, who were under the impression that the written beneficiary nominations were all that mattered. This lack of clarity led to conflict with the member's second spouse and children that might otherwise have been avoided.

Outcome: After a thorough investigation, the trustees decided to distribute the benefit between the two families, considering the financial needs and dependency of each party. This decision, while equitable, led to dissatisfaction among the beneficiaries, particularly the first spouse, who felt that their share was insufficient, especially when considering the member's nominations. The member's first spouse lodged a complaint with the Pension Funds Adjudicator, which was dismissed. The Adjudicator ruled that the trustees duly and properly executed their duties under section 37C.

Lesson: This case highlights the importance of regularly updating beneficiary nominations to reflect current family circumstances. While impossible to know whether the member did revisit their nominations once they had remarried and decided not to change their nominations, providing more up-to-date information in their nominations could have gone a long way towards preventing, or at least reducing the conflict and frustration experienced by their families.

It should be noted that, had the member nominated their second spouse as the sole beneficiary, the trustees would have been obligated to go through the same process, stipulated in section 37C, and had the same information about financial dependency been provided, this would likely have led to the same outcome.

For more information about or assistance with the death claims process at Allan Gray, please contact our Client Service Centre, or seek advice from an independent financial adviser.

Ian is the head of Group Legal at Allan Gray, having joined in 2009 as head of Institutional Legal and Compliance. He has been a trustee on Allan Gray's suite of retirement funds since 2009 and chairs the funds' Governance subcommittee, also serving on the Investment subcommittee. Ian is an admitted attorney and a member of the Pension Lawyers Association, the Corporate Counsel Association of South Africa and the Compliance Institute Southern Africa. He represents Allan Gray as a member of ASISA's Regulatory Affairs Board Committee and is a member of the Institute of Directors South Africa.

THREE QUESTIONS TO EVALUATE YOUR INVESTMENT MANAGER

Nomi Bodlani



Ultimately, an investment strategy must be judged by whether it delivers real results over the period it promised to ...

How can you assess whether your portfolios are resilient enough to weather periods of volatility and deliver outperformance over the long term? And, more importantly, how can you evaluate whether your investment manager is the right captain to navigate troubled waters? Nomi Bodlani offers some suggestions.

After a turbulent six months, investors could be forgiven for looking to eliminate risk altogether. But eliminating risk entirely is not possible (or a good idea): Successful long-term investing is about balancing the risk of loss and the risk of losing out. Instead of retreating, a more advisable response is to assess whether your investment manager is striking this balance well in their pursuit of returns that achieve their funds' objectives. Consider whether you can answer yes to each of these three key questions:

1. Does the way your manager defines and manages risk resonate with you?
2. Does your manager consistently apply a rigorous and disciplined approach in deciding which assets to include in your portfolio?

3. Does your manager's investment approach deliver real results over the intended time horizon?

Below we tackle these questions and provide examples to help you assess your investment manager's approach and results.

Does the way your manager defines and manages risk resonate with you?

Market participants use different definitions of risk. Many equate risk to volatility, which is how much an investment's return varies from its average over time. Another popular definition of risk is being different – i.e. looking and performing differently from the benchmark.

At Allan Gray, we define risk as the probability of a *permanent* loss of capital. The word "permanent" is important because when you invest in high-risk assets, such as equities, you may experience losses (on paper) as prices move up and down every day – but these are *temporary* losses. To reduce the risk of permanent capital loss, we avoid overpaying for individual assets and construct portfolios that are positioned to do well under a wide range of possible scenarios.

To assess how we perform in managing the risk of permanent capital loss, you can review how well the Allan Gray Equity Fund has protected your capital during market drawdowns (periods when the market falls from its most recent peak to a trough), as shown in **Graph 1**, as well as how long it took the Fund to recover.

Some observations:

Maximum drawdown: The grey bars show that our Equity Fund's worst drawdown since inception was -37%, compared to -45% for the FTSE/JSE All Share Index (ALSI) and -58% for the MSCI World Index.

10 worst drawdowns: The maximum drawdown is only one data point; looking at the 10 worst drawdowns since the Fund's inception, the Fund has experienced shallower drawdowns on average (-18%) than the ALSI (-25%) and the MSCI World Index (-21%), as indicated by the red lines.

In addition to the above, the Fund recovered from these drawdowns in 44 weeks on average – faster than the ALSI (51 weeks) and the MSCI World Index (89 weeks).

Looking at this a different way, since inception, our Equity Fund has lost an average of R53 for every R100 the market lost,

while its peers lost R76. The compounding effect of losing less during down months and recovering faster means less ground to make up. Losing less, and therefore starting in a stronger position, has resulted in overall outperformance: Since inception, the Fund has delivered R128 in average monthly returns for every R100 delivered by its peers, and R120 for every R100 delivered by the ALSI.

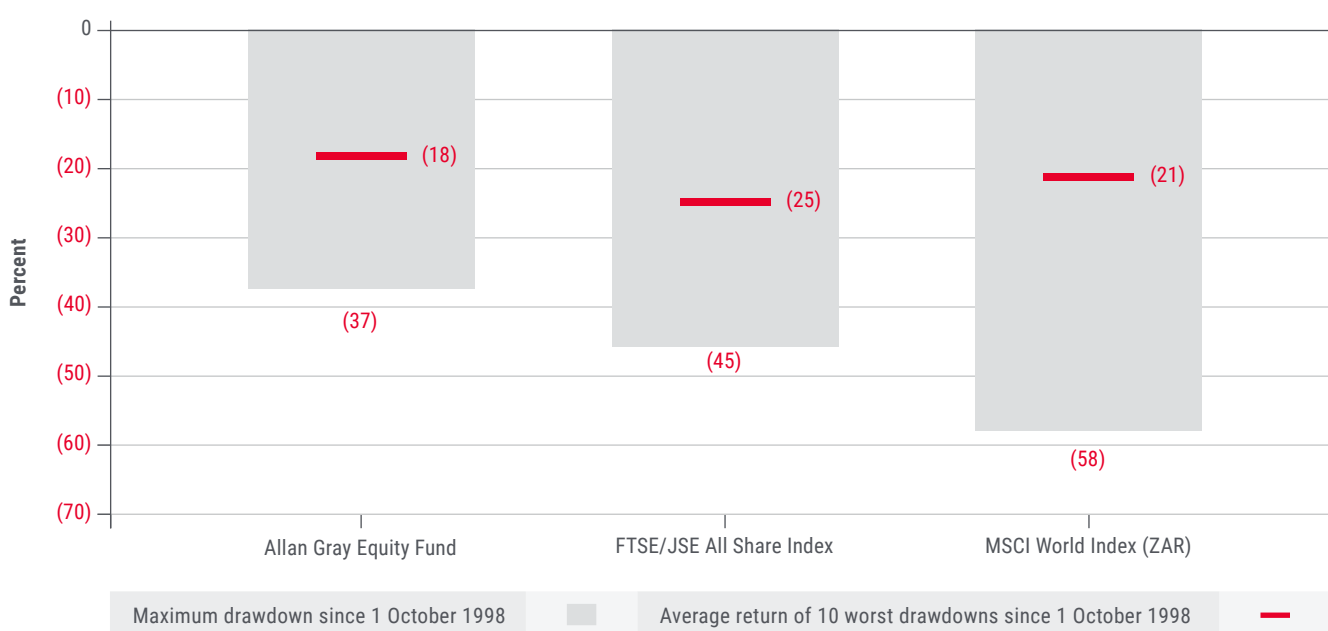
Does your manager consistently apply a rigorous and disciplined approach in deciding which assets to include in your portfolio?

Resilience is more than defence. Protecting capital during turbulent times is only one part of the equation; this alone will not help you build wealth. Your manager must also grow your capital through absolute real returns – i.e. returns that beat inflation. This requires the ability to find opportunities (regardless of market conditions) and having the conviction to hold them in the face of criticism, consensus and short-term underperformance.

Understanding your investment manager's investment approach, and assessing their commitment to it, is important because this is an indicator of whether their performance will be replicable over time. In addition, if you understand and buy into your investment manager's approach, you are more likely to stay the course.

Graph 1: Allan Gray Equity Fund drawdown snapshot

Maximum drawdown and average return of the 10 worst drawdowns of the Allan Gray Equity Fund compared to local and global markets (FTSE/JSE All Share Index and the MSCI World Index respectively) since the Fund's inception.



Sources: Daily data: FTSE/JSE All Share Index (total returns) was sourced from IRESS; MSCI World Index (TR – net of WHT) USD was sourced from Bloomberg, with the USD ZAR rate sourced from IRESS. Performance calculated by Allan Gray.

At Allan Gray, our proprietary, fundamental research gives us a deep understanding of a broad range of companies. Core to our investment philosophy is assessing a company's true worth. This anchors our ability to invest in companies and other assets at a discount when negative sentiment drags their price down, and conversely informs us when to sell.

Our portfolios often look different from the index and our peers. This should be expected, given our contrarian investment approach: We are not afraid of being different. We focus on selecting individual assets that provide the most attractive expected returns for a given level of risk, and avoid overpriced assets, irrespective of their size or weighting in a benchmark. And just because a particular asset class or share is not performing well today, doesn't mean it should be abandoned or excluded in the future.

We are not contrarian for the sake of being contrarian; investors can assess our performance by looking at holdings that have contributed to or detracted from our performance relative to our peers. For example, going into 2024, our Equity Fund held a smaller percentage of domestically focused businesses ("SA Inc.") than the market, despite attractive valuations, given the potential binary election outcomes and higher-than-usual risk of permanent capital loss. Instead, we positioned the Fund for a range of potential post-election outcomes.

Following the formation of the government of national unity in June 2024, SA Inc. shares strongly outperformed multinational rand-hedged shares, driven mostly by a change in sentiment rather than any material improvement in the operating environment. This resulted in our Equity Fund underperforming its peer group benchmark in 2024. Subsequently, the Fund further reduced its exposure to SA Inc. names as they rallied in the second half of 2024, and further increased holdings in rand-hedged shares such as brewer AB InBev. Favouring international companies detracted from performance last year – but supported performance in 2025.

This example illustrates the discipline of sticking to an investment thesis even when it temporarily hurts performance, and only adapting when the underlying opportunity set changes.

Ultimately, an investment strategy must be judged by whether it delivers real results over the period it promised to, which leads us to the last question.

Does your manager's investment approach deliver real results over the intended time horizon?

Understanding the time horizon your manager applies to their different funds is key to aligning expectations and evaluating performance. At Allan Gray, we are long-term investors, and we encourage our clients to take a long-term approach. In the face of short-term downturns, it is easy for investors to panic, chase trends or make hasty decisions. We prefer to maintain our contrarian stance, tilting the portfolio towards overlooked or underappreciated opportunities that we believe will reach their potential in the fullness of time.

While there will be periods when we underperform, especially over the short term, our Equity Fund has outperformed its benchmark (measured monthly) 61% of the time across all rolling one-year periods, 73% of the time across all rolling five-year periods, and 98% of the time across all 10-year periods since inception.

Overall evaluation

You may be wondering where to find the answers to the questions discussed, and what to evaluate your manager against. A good starting point is the minimum disclosure documents, also known as factsheets, that investment managers produce for each unit trust.

You can consult Allan Gray's factsheets, which are available on our website and updated monthly, to assess whether we have been true to our word – i.e. if your chosen unit trust is performing according to what it says on the tin.

True resilience requires not only surviving market stress, but also thriving once the dust settles. We apply our investment philosophy and process with unwavering discipline in our bid to continue delivering long-term outperformance for our clients.

Nomi joined Allan Gray in 2015 and is currently the head of Direct and Private Clients. Previously, she occupied managerial roles in Retail Client Services and was head of Strategic Markets. Nomi holds an Engineering degree from the University of Cape Town and a Master of Philosophy in Engineering for Sustainable Development from the University of Cambridge.

Allan Gray Balanced and Stable Fund asset allocation as at 30 June 2025¹

	Balanced Fund % of portfolio			Stable Fund % of portfolio		
	Total	SA	Foreign	Total	SA	Foreign
Net equities	63.6	36.5	27.1	24.2	10.5	13.7
Hedged equities	8.9	3.1	5.8	23.1	12.7	10.4
Property	1.0	0.1	0.8	0.9	0.1	0.8
Commodity-linked	3.4	2.8	0.6	2.1	1.6	0.5
Bonds	16.0	11.6	4.5	34.7	28.2	6.6
Money market and cash ²	7.1	8.5	-1.4	15.1	18.7	-3.7
Total	100.0	62.6	37.4³	100.0	71.8	28.2³

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

¹ Underlying holdings of foreign funds are included on a look-through basis.

² Including currency hedges.

³ The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

Allan Gray Equity Fund net assets as at 30 June 2025

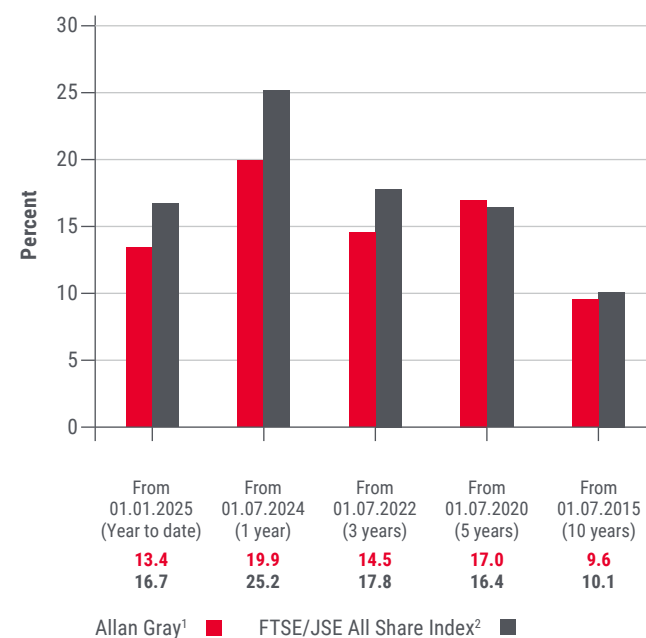
Security	Market value (R million)	% of Fund
South Africa	29 763	57.5
Equities	26 946	52.1
Resources	6 102	11.8
AngloGold Ashanti	1 252	2.4
Glencore	935	1.8
Gold Fields	623	1.2
Northam Platinum	544	1.1
Positions individually less than 1% of the Fund	2 748	5.3
Financials	7 133	13.8
Standard Bank	1 426	2.8
Nedbank	1 102	2.1
Remgro	1 053	2.0
FirstRand	713	1.4
Investec	684	1.3
Positions individually less than 1% of the Fund	2 155	4.2
Industrials	13 711	26.5
Naspers & Prosus	2 590	5.0
AB InBev	2 540	4.9
British American Tobacco	2 169	4.2
Woolworths	1 099	2.1
Mondi	1 022	2.0
Positions individually less than 1% of the Fund	4 291	8.3
Commodity-linked securities	138	0.3
Positions individually less than 1% of the Fund	138	0.3
Cash	2 419	4.7
Currency hedges	260	0.5
Foreign	21 990	42.5
Equities	2 465	4.8
Walt Disney Company	1 245	2.4
Positions individually less than 1% of the Fund	1 219	2.4
Equity funds	19 610	37.9
Orbis Global Equity Fund	8 563	16.5
Orbis SICAV International Equity Fund	5 819	11.2
Allan Gray Frontier Markets Equity Fund	3 046	5.9
Orbis SICAV Japan Equity (Yen) Fund	1 200	2.3
Allan Gray Africa ex-SA Equity Fund	847	1.6
Orbis SICAV Emerging Markets Equity Fund	135	0.3
Bonds	19	0.0
Positions individually less than 1% of the Fund	19	0.0
Cash	156	0.3
Currency-linked futures	-260	-0.5
Totals	51 753	100.0

Note: There may be slight discrepancies in the totals due to rounding. For other fund-specific information, please see the monthly factsheets.

Investment track record – share returns

Allan Gray global mandate share returns vs. FTSE/JSE All Share Index before fees			
Period	Allan Gray ¹	FTSE/JSE All Share Index ²	Out-/Under-performance
1974 (from 15.6)	-0.8	-0.8	0.0
1975	23.7	-18.9	42.6
1976	2.7	-10.9	13.6
1977	38.2	20.6	17.6
1978	36.9	37.2	-0.3
1979	86.9	94.4	-7.5
1980	53.7	40.9	12.8
1981	23.2	0.8	22.4
1982	34.0	38.4	-4.4
1983	41.0	14.4	26.6
1984	10.9	9.4	1.5
1985	59.2	42.0	17.2
1986	59.5	55.9	3.6
1987	9.1	-4.3	13.4
1988	36.2	14.8	21.4
1989	58.1	55.7	2.4
1990	4.5	-5.1	9.6
1991	30.0	31.1	-1.1
1992	-13.0	-2.0	-11.0
1993	57.5	54.7	2.8
1994	40.8	22.7	18.1
1995	16.2	8.8	7.4
1996	18.1	9.4	8.7
1997	-17.4	-4.5	-12.9
1998	1.5	-10.0	11.5
1999	122.4	61.4	61.0
2000	13.2	0.0	13.2
2001	38.1	29.3	8.8
2002	25.6	-8.1	33.7
2003	29.4	16.1	13.3
2004	31.8	25.4	6.3
2005	56.5	47.3	9.3
2006	49.7	41.2	8.5
2007	17.6	19.2	-1.5
2008	-13.7	-23.2	9.6
2009	27.0	32.1	-5.1
2010	20.3	19.0	1.3
2011	9.9	2.6	7.4
2012	20.6	26.7	-6.1
2013	24.3	21.4	2.9
2014	16.2	10.9	5.3
2015	7.8	5.1	2.7
2016	12.2	2.6	9.6
2017	15.6	21.0	-5.4
2018	-8.0	-8.5	0.5
2019	6.2	12.0	-5.8
2020	-3.5	7.0	-10.5
2021	28.9	29.2	-0.3
2022	13.1	3.6	9.6
2023	8.7	9.3	-0.6
2024	9.3	13.4	-4.1
2025	13.4	16.7	-3.3

Returns annualised to 30.06.25



An investment of R10 000 made with Allan Gray on 15 June 1974 would have grown to R427.6 million by 30 June 2025. By comparison, the returns generated by the FTSE/JSE All Share Index over the same period would have grown a similar investment to R20.6 million. Returns are before fees.

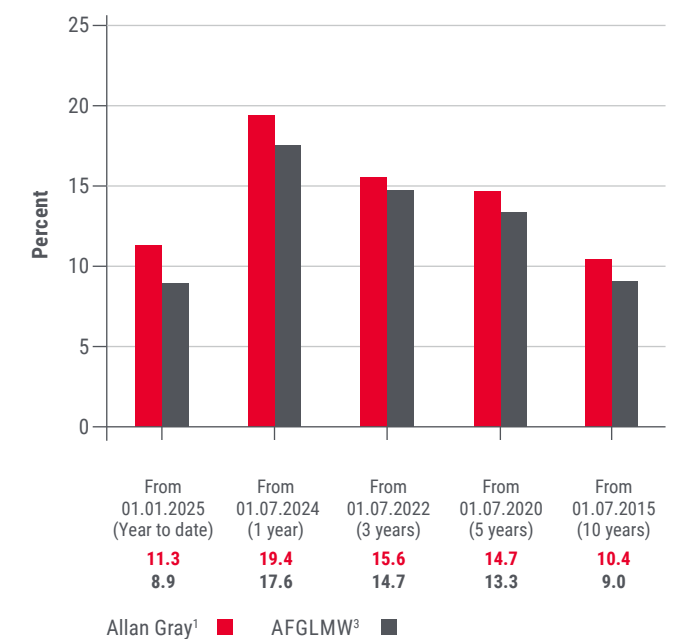
¹ Allan Gray commenced managing pension funds on 1 April 1977, with performance measurement starting on 1 January 1978. The returns prior to 1 January 1978 are of individuals managed by Allan Gray, and these returns exclude income. Returns are before fees.
² Prior to July 1995, an internally derived JSE All Share benchmark was used.

Note: Listed property included from 1 July 2002. Inward listed securities included from November 2008 to November 2011.

Investment track record – balanced returns

Allan Gray global mandate total returns vs. Alexander Forbes Global Large Manager Watch before fees			
Period	Allan Gray ¹	AFGLMW ³	Out-/Under-performance
1974	-	-	-
1975	-	-	-
1976	-	-	-
1977	-	-	-
1978	34.5	28.0	6.5
1979	40.4	35.7	4.7
1980	36.2	15.4	20.8
1981	15.7	9.5	6.2
1982	25.3	26.2	-0.9
1983	24.1	10.6	13.5
1984	9.9	6.3	3.6
1985	38.2	28.4	9.8
1986	40.3	39.9	0.4
1987	11.9	6.6	5.3
1988	22.7	19.4	3.3
1989	39.2	38.2	1.0
1990	11.6	8.0	3.6
1991	22.8	28.3	-5.5
1992	1.2	7.6	-6.4
1993	41.9	34.3	7.6
1994	27.5	18.8	8.7
1995	18.2	16.9	1.3
1996	13.5	10.3	3.2
1997	-1.8	9.5	-11.3
1998	6.9	-1.0	7.9
1999	80.0	46.8	33.1
2000	21.7	7.6	14.1
2001	44.0	23.5	20.5
2002	13.4	-3.6	17.1
2003	21.5	17.8	3.7
2004	21.8	28.1	-6.3
2005	40.0	31.9	8.1
2006	35.6	31.7	3.9
2007	14.5	15.1	-0.6
2008	-1.1	-12.3	11.2
2009	15.6	20.3	-4.7
2010	11.7	14.5	-2.8
2011	12.6	8.8	3.8
2012	15.1	20.0	-4.8
2013	25.0	23.3	1.8
2014	10.3	10.3	0.0
2015	12.8	6.9	5.8
2016	7.5	3.7	3.8
2017	11.9	11.5	0.5
2018	-1.4	-2.1	0.7
2019	6.5	10.9	-4.4
2020	5.3	6.3	-1.0
2021	20.4	21.9	-1.5
2022	9.9	1.2	8.7
2023	14.3	13.1	1.3
2024	10.9	14.0	-3.1
2025	11.3	8.9	2.4

Returns annualised to 30.06.25



An investment of R10 000 made with Allan Gray on 1 January 1978 would have grown to R49.0 million by 30 June 2025. The average total performance of global mandates of Large Managers over the same period would have grown a similar investment to R10.3 million. Returns are before fees.

¹ Allan Gray commenced managing pension funds on 1 April 1977, with performance measurement starting on 1 January 1978. The returns prior to 1 January 1978 are of individuals managed by Allan Gray, and these returns exclude income. Returns are before fees.
³ Consulting Actuaries Survey returns used up to December 1997. The return for June 2025 is an estimate. The return from 1 April 2010 is the average of the non-investable Alexander Forbes Global Large Manager Watch.

Note: Listed property included from 1 July 2002. Inward listed securities included from November 2008 to November 2011.

Allan Gray South African unit trusts annualised performance (rand)
in percentage per annum to 30 June 2025 (net of fees)

	Assets under management (R billion)	Inception date	Since inception	10 years	5 years	3 years	1 year	Highest annual return ⁶	Lowest annual return ⁶
High net equity exposure (Up to 100%)									
Allan Gray Equity Fund (AGEF) Market value-weighted average of South African - Equity - General category (excl. Allan Gray funds) ¹	51.8	01.10.1998	19.1 14.3	9.3 7.9	16.7 16.1	16.7 15.2	21.9 22.7	125.8 73.0	-24.3 -37.6
Allan Gray SA Equity Fund (AGDE) FTSE/JSE All Share Index, including income	4.9	13.03.2015	7.9 9.8	8.2 10.1	16.7 16.4	13.9 17.8	19.5 25.2	57.3 54.0	-32.0 -18.4
Allan Gray-Orbis Global Equity Feeder Fund (AGOE) MSCI World Index, including income, after withholding taxes ²	35.6	01.04.2005	14.6 14.7	13.7 15.2	15.0 15.3	23.3 21.5	20.8 13.4	78.2 54.2	-29.7 -32.7
Medium net equity exposure (40% - 75%)									
Allan Gray Balanced Fund (AGBF)	222.4	01.10.1999	15.0	9.6	14.2	15.2	20.1	46.1	-14.2
Allan Gray Tax-Free Balanced Fund (AGTB) Market value-weighted average of South African - Multi Asset - High Equity category (excl. Allan Gray funds) ³	4.1	01.02.2016	9.4 11.6/8.5	- 8.1	14.0 12.5	15.3 14.3	19.8 17.1	31.7 41.9/30.7	-13.4 -16.7/-10.3
Allan Gray-Orbis Global Balanced Feeder Fund (AGGF)⁴ 60% MSCI World Index with net dividends reinvested and 40% J.P. Morgan Global Government Bond Index ⁴	21.4	03.02.2004	11.9 11.2	12.7 11.0	15.8 8.1	21.7 14.2	24.9 10.4	55.6 38.8	-13.7 -17.0
Low net equity exposure (0% - 40%)									
Allan Gray Stable Fund (AGSF) Daily interest rate, as supplied by FirstRand Bank, plus 2%	57.3	01.07.2000	11.3 8.5	9.0 7.6	10.9 7.3	11.9 9.0	15.2 9.2	23.3 14.6	-7.4 4.6
Very low net equity exposure (0% - 20%)									
Allan Gray Optimal Fund (AGOF) Daily interest rate as supplied by FirstRand Bank	0.9	01.10.2002	6.7 6.1	4.8 5.4	5.2 5.2	4.5 6.8	7.4 7.0	18.1 11.9	-8.2 2.5
Allan Gray-Orbis Global Optimal Fund of Funds (AGOO) The simple average of the benchmarks of the underlying funds	1.0	02.03.2010	7.8 6.3	6.8 5.6	9.0 3.2	11.5 8.8	12.6 6.3	39.6 35.6	-12.4 -19.1
No to very low net equity exposure (0% - 10%)									
Allan Gray Income Fund (AGIN) Alexander Forbes Short-Term Fixed Interest (STeFI) Composite Index	1.6	01.05.2024	12.8 8.2	- -	- -	- -	12.1 8.1	12.7 8.2	12.1 8.1
No equity exposure									
Allan Gray Bond Fund (AGBD) FTSE/JSE All Bond Index (total return)	9.9	01.10.2004	9.2 9.0	9.3 9.2	10.0 10.9	12.6 13.4	16.9 18.4	22.0 26.1	-2.6 -5.6
Allan Gray Money Market Fund (AGMF) Alexander Forbes Short-Term Fixed Interest (STeFI) 3-month Index ⁵	28.4	01.07.2001	7.7 7.5	7.2 6.7	6.7 6.3	8.2 7.7	8.5 7.9	12.8 13.3	4.3 3.8
Allan Gray Interest Fund (AGIF) Alexander Forbes Short-Term Fixed Interest (STeFI) Composite Index	2.0	01.05.2024	10.8 8.2	- -	- -	- -	10.7 8.1	10.8 8.2	10.5 8.1

¹ From inception to 28 February 2015, the benchmark was the FTSE/JSE All Share Index, including income (source: IRESS).

² From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.

³ From inception to 31 January 2013, the benchmark of the Allan Gray Balanced Fund was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund (source: Morningstar).

⁴ From inception to 31 May 2021, this Fund was called the Allan Gray-Orbis Global Fund of Funds and its benchmark was 60% of the FTSE World Index and 40% of the J.P. Morgan Global Government Bond Index (source: Bloomberg). From 1 June 2021, the Fund's investment mandate was changed from a fund of funds structure to a feeder fund structure investing solely into the Orbis SICAV Global Balanced Fund. To reflect this, the Fund was renamed and the benchmark was changed.

⁵ From 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. From 1 November 2011 to 19 August 2024, the benchmark was the Alexander Forbes Short-Term Fixed Interest (STeFI) Composite Index.

⁶ This is the highest or lowest consecutive 12-month return since inception. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Allan Gray total expense ratios and transaction costs for the 3-year period ending 30 June 2025

	Fee for benchmark performance	Performance fees	Other costs excluding transaction costs	VAT	Total expense ratio	Transaction costs (incl. VAT)	Total investment charge
Allan Gray Equity Fund	1.04%	0.65%	0.04%	0.14%	1.87%	0.08%	1.95%
Allan Gray SA Equity Fund	1.00%	-0.41%	0.01%	0.09%	0.69%	0.11%	0.80%
Allan Gray Balanced Fund	1.02%	0.45%	0.04%	0.15%	1.66%	0.06%	1.72%
Allan Gray Tax-Free Balanced Fund	1.31%	N/A	0.04%	0.14%	1.49%	0.07%	1.56%
Allan Gray Stable Fund	1.01%	0.38%	0.03%	0.16%	1.58%	0.04%	1.62%
Allan Gray Optimal Fund	1.00%	0.00%	0.02%	0.15%	1.17%	0.11%	1.28%
Allan Gray Bond Fund	0.50%	N/A	0.01%	0.08%	0.59%	0.00%	0.59%
Allan Gray Income Fund ¹	0.75%	N/A	0.01%	0.11%	0.87%	0.00%	0.87%
Allan Gray Interest Fund ¹	0.65%	N/A	0.01%	0.10%	0.76%	0.00%	0.76%
Allan Gray Money Market Fund	0.25%	N/A	0.00%	0.04%	0.29%	0.00%	0.29%
Allan Gray-Orbis Global Equity Feeder Fund	1.21%	0.64%	0.06%	0.00%	1.91%	0.10%	2.01%
Allan Gray-Orbis Global Balanced Feeder Fund	1.12%	2.38%	0.07%	0.00%	3.57%	0.07%	3.64%
Allan Gray-Orbis Global Optimal Fund of Funds	0.99%	-0.01%	0.08%	0.00%	1.06%	0.12%	1.18%

¹ Since this unit trust has not yet been in existence for three years, the TER and transaction costs are based on actual data, where available, and best estimates.

Note: 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 three years. 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).

Foreign domiciled funds annualised performance (rand) in percentage per annum to 30 June 2025 (net of fees)

	Inception date	Since inception	10 years	5 years	3 years	1 year	Highest annual return ⁶	Lowest annual return ⁶
High net equity exposure								
Orbis Global Equity Fund MSCI World Index, including income, after withholding taxes ¹	01.01.1990	17.6 14.0	14.1 15.2	15.5 15.3	23.9 21.7	22.7 13.3	87.6 54.2	-47.5 -46.2
Orbis SICAV Japan Equity (Yen) Fund Tokyo Stock Price Index, including income, after withholding taxes	01.01.1998	14.2 9.6	11.6 9.9	11.7 8.7	21.5 16.8	18.5 11.9	94.9 91.0	-40.1 -46.4
Orbis SICAV Emerging Markets Equity Fund² MSCI Emerging Markets Index, including income, after withholding taxes ²	01.01.2006	13.7 12.1	10.3 8.8	11.5 7.3	24.1 12.7	32.1 12.3	58.6 60.1	-34.2 -39.7
Allan Gray Africa ex-SA Equity Fund (C class) MSCI Emerging Frontier Markets Africa ex-SA Index ³	01.01.2012	12.0 9.0	8.5 9.0	14.6 13.1	10.8 14.9	26.7 38.0	65.6 42.2	-24.3 -29.4
Allan Gray Australia Equity Fund S&P/ASX 300 Accumulation Index	04.05.2006	13.3 12.2	12.2 11.2	12.0 11.2	11.7 14.6	4.3 8.6	99.5 55.6	-55.4 -45.1
Allan Gray Frontier Markets Equity Fund (C class) MSCI Frontier Emerging Markets Index	03.04.2017	13.9 7.2	- -	19.5 8.5	28.2 15.0	36.2 18.4	45.2 23.2	-11.0 -12.8
Medium net equity exposure								
Orbis SICAV Global Balanced Fund 60% MSCI World Index with net dividends reinvested and 40% J.P. Morgan Global Government Bond Index	01.01.2013	15.5 13.2	13.0 10.8	16.6 8.0	22.4 14.4	26.7 10.1	54.4 40.2	-9.8 -12.1
Allan Gray Australia Balanced Fund The custom benchmark comprises the S&P/ASX 300 Accumulation Index (36%), S&P/ASX Australian Government Bond Index (24%), MSCI World Index (net dividends reinvested) expressed in AUD (24%) and J.P. Morgan Global Government Bond Index expressed in AUD (16%). All returns shown are net of fees and assume reinvestment of distributions.	01.03.2017	10.8 9.5	- -	12.0 6.9	15.4 12.1	14.6 7.7	29.1 25.1	-5.3 -8.3
Low net equity exposure								
Orbis SICAV Global Cautious Fund⁴ US\$ bank deposits + 2%	01.01.2019	9.5 8.4	- -	9.1 5.6	13.9 9.9	15.8 4.2	26.6 34.6	-8.0 -20.4
Allan Gray Australia Stable Fund Reserve Bank of Australia cash rate	01.07.2011	9.4 5.9	7.8 4.2	4.8 1.9	6.7 5.0	0.2 -0.3	32.7 28.8	-8.9 -15.5
Very low net equity exposure								
Orbis Optimal SA Fund (US\$) US\$ bank deposits	01.01.2005	9.6 7.9	7.7 6.2	9.8 3.5	11.5 7.8	10.1 2.2	48.6 57.9	-15.7 -25.6
Orbis Optimal SA Fund (Euro) Euro bank deposits	01.01.2005	7.7 6.2	6.4 5.1	9.1 2.9	13.3 9.9	17.5 10.0	44.1 40.2	-19.3 -20.9
No equity exposure								
Allan Gray Africa Bond Fund (C class)⁵ FTSE 3-Month US T Bill + 4% Index ⁵	27.03.2013	13.0 8.3	12.4 9.5	8.1 9.1	17.8 11.7	13.6 6.0	31.4 36.5	-7.4 -12.3

Performance as calculated by Allan Gray

- ¹ From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
- ² From inception to 31 October 2016, this Fund was called the Orbis SICAV Asia ex-Japan Equity Fund and its benchmark was the MSCI Asia ex-Japan Index. From 1 November 2016, the Fund's investment mandate was broadened to include all emerging markets. To reflect this, the Fund was renamed and the benchmark was changed.
- ³ From inception to 31 October 2023, the benchmark was the Standard Bank Africa Total Return Index.
- ⁴ Return information through to the class inception date on 29 February 2024 is based on the returns that would have resulted from an investment in the Shared Investor RRF Class (C) at Fund inception with no subsequent transactions, if this class of the Fund had existed then. Returns from that date are actual returns of this class of the Fund (Class RRF C).
- ⁵ From inception to 31 December 2020, this Fund was called the Allan Gray Africa ex-SA Bond Fund and its benchmark was the J.P. Morgan GBI-EM Global Diversified Index. From 1 January 2021, the Fund's investment mandate was broadened to include South African investments. To reflect this, the Fund was renamed and the benchmark was changed.
- ⁶ This is the highest or lowest consecutive 12-month return since inception. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

IMPORTANT INFORMATION FOR INVESTORS

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" means Allan Gray Proprietary Limited and all of its subsidiaries and associate companies, and "the company" includes all of those entities.) Allan Gray does not guarantee the suitability or potential value of any information or particular investment source.

The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray 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). 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). Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. Except for the Allan Gray Money Market Fund, where the Investment Manager aims to maintain a constant unit price, the value of units may go down as well as up.

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 its funds. 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.

Performance

Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Where annualised performance is mentioned, this refers to the average return per year over the period. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes. Movements in exchange rates may also cause the value of underlying international investments to go up or down. Certain unit trusts have more than one class of units and these are subject to different fees and charges. 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 11:00 each business day for the Allan Gray Money Market Fund, and by 14:00 each business day for any other Allan Gray unit trust to receive that day's price. Unit trust prices are available daily on www.allangray.co.za. Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray. For more information about our annual management fees, see the [frequently asked questions](#), available on our website.

Benchmarks

Bloomberg Index Services Limited

Bloomberg® and the indices referenced herein (the "Indices", and each such index, an "Index") are service marks of Bloomberg Finance L.P. and its affiliates (collectively

"Bloomberg") and/or one or more third-party providers (each such provider, a "Third-Party Provider,") and have been licensed for use for certain purposes to Allan Gray Proprietary Limited (the "Licensee"). To the extent a Third-Party Provider contributes intellectual property in connection with the Index, such third-party products, company names and logos are trademarks or service marks, and remain the property, of such Third-Party Provider. Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors, including a Third-Party Provider, approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither Bloomberg nor Bloomberg's licensors, including a Third-Party Provider, shall have any liability or responsibility for injury or damages arising in connection therewith.

FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index and FTSE/JSE All Bond Index

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

FTSE Russell Index

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2025. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this

communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

J.P. Morgan Index

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2025, J.P. Morgan Chase & Co. All rights reserved.

Morningstar Research (Pty) Ltd

© 2025 Morningstar. All Rights Reserved. The information, data, analyses and opinions ("Information") contained herein: (1) include the proprietary information of Morningstar and Morningstar's content providers; (2) may not be copied or redistributed except as specifically authorised; (3) do not constitute investment advice; (4) are provided solely for informational purposes; (5) are not warranted to be complete, accurate or timely; and (6) may be drawn from fund data published on various dates. Morningstar is not responsible for any trading decisions, damages or other losses related to the Information or its use. Please verify all of the Information before using it and don't make any investment decision except upon the advice of a professional financial adviser. Past performance is no guarantee of future results. The value and income derived from investments may go down as well as up.

MSCI Index

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

Understanding the funds

Investors must make sure that they understand the nature

of their choice of funds and that their investment objectives are aligned with those of the fund(s) they select.

A feeder fund is a unit trust that invests in another single unit trust, which charges its own fees. A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its feeder funds or fund of funds.

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.

Additional information for retirement fund members and investors in the tax-free investment account, living annuity and endowment

The Allan Gray Retirement Annuity Fund, Allan Gray Pension Preservation Fund, Allan Gray Provident Preservation Fund and Allan Gray Umbrella Retirement Fund (comprising the Allan Gray Umbrella Pension Fund and Allan Gray Umbrella Provident Fund) are all

administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider and approved pension funds administrator under section 13B of the Pension Funds Act 24 of 1956. Allan Gray (Pty) Ltd, also an authorised financial services provider, is the sponsor of the Allan Gray retirement funds. The Allan Gray Tax-Free Investment Account, Allan Gray Living Annuity and Allan Gray Endowment are administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider, and underwritten by Allan Gray Life Limited, an insurer licensed to conduct investment-linked life insurance business as defined in the Insurance Act 18 of 2017. The underlying investment options of the Allan Gray individual life and retirement products are portfolios of collective investment schemes in securities (unit trusts or funds) and life-pooled investments.

Tax note

In accordance with section 11(i) of the Botswana Income Tax Act (Chapter 52:01), an amount accrued to any person shall be deemed to have accrued from a source situated in Botswana where it has accrued to such person in respect of any investment made outside Botswana by a resident of Botswana, provided that section 11(i) shall not apply to foreign investment income of non-citizens resident in Botswana. Botswana residents who have invested in the shares of the Fund are therefore requested to declare income earned from this Fund when preparing their annual tax returns. The Facilities Agent for the Fund in Botswana is Allan Gray Botswana (Pty) Ltd at 2nd Floor, Building 2, Central Square, New CBD, Gaborone, where investors can obtain a prospectus and financial reports.

Copyright notice

© 2025 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited.

About the paper

The Allan Gray Quarterly Commentary is printed on paper made from trees grown specifically for paper manufacturing. The paper is certified by the Forest Stewardship Council (FSC), an organisation which promotes responsible management of the world's forests.



© 2025 ALLAN GRAY PROPRIETARY LIMITED

Directors

Executive

D M Artus BBusSc (Hons) CFA CMT

M Cooper BBusSc FIA FASSA MBA

J V Pillay BBusSc (Hons) CA (SA) CFA

Non-Executive

W B Gray BCom MBA CFA (Irish)

I S Liddle BBusSc (Hons) CFA

Z P Sikhakhane BBusSc (Hons) MBA

Company Secretary

C E Solomon BBusSc (Hons) CA (SA)

Registration number

2005/002576/07

Business address

1 Silo Square

V&A Waterfront

Cape Town

8001

P O Box 51318

V&A Waterfront

Cape Town

8002

South Africa

Client Service Centre

T 0860 000 654 or +27 (0)21 415 2301

E info@allangray.co.za

www.allangray.co.za



ALLAN GRAY