QC

Quarterly Commentary
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ALLAN GRAY

Your retirement, your choices: Making sense of the options

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CONTENTS

COMMENTS FROM THE CHIEF OPERATING OFFICER

Mahesh Cooper

It is valuable to take the time to understand how we invest and why we make the decisions we do.

It is hard to believe that the first unit trust was launched in South Africa over 60 years ago. The industry has grown to serve over R4tn in clients' savings, investments and retirement provisions. The simplicity of the unit trust vehicle is often underappreciated: You invest your money alongside that of thousands of other investors, and together you own a diversified portfolio of assets managed by experienced professionals. Unit trusts democratised investing.

Even in today's technological world, building a portfolio and managing it yourself is complicated: You would need to buy shares in an array of local and international companies, add government and company interest-bearing instruments, maybe some property, and keep some cash to meet your liquidity needs. Plus, you would need to research and monitor these assets on an ongoing basis, rebalance your portfolio as markets move, and make difficult decisions when emotions inevitably get involved.

A well-managed unit trust does all that for you. Regardless of how much you contribute to a particular unit trust, your investment benefits from the same investment process, research and professional oversight as that of all the other investors. There is a wide range of local and global unit trusts available in South Africa, allowing you to execute your investment strategy to achieve your long-term financial objectives.

Looking under the bonnet

It is valuable to take the time to understand how we invest and why we make the decisions we do. Understanding the thinking behind the shares we own can make it easier to stay the course when markets become turbulent.

Our investment philosophy, which we share with our offshore partner, Orbis, is valuation-driven: We invest based on what we believe a business is truly worth, seeking opportunities where the market price differs meaningfully from our estimate of intrinsic value. We often invest differently from the crowd because we are focused on what a business could be worth over time, not what the market thinks today.

We aim to provide insights into our approach in our Quarterly Commentary, and you can access more regular articles in the "Latest insights" section of our website and by listening to The Allan Gray Podcast via your favourite podcasting platform.

In this quarter's Quarterly Commentary, we look under the bonnet of some of our unit trusts to share examples of how our philosophy and approach translate into action. In his piece, Duncan Artus, our chief investment officer, reminds clients that as a unit trust investor, you are a part-owner of listed companies, many of which you interact with frequently and whose brands you use or consume daily. Duncan shares some examples that may give you pause for thought next time you shop at Woolies or reach for your Nintendo Switch 2.

We apply the same investment philosophy across other asset classes, such as bonds, property and commodities, and our approach is consistent across our unit trusts, including the Allan Gray Balanced Fund. While we are under the bonnet this issue, we look at some of these asset classes.

Developed market bonds and precious metals

While it is relatively easy to understand that owning shares means owning part of a business, bonds are more complex. Bond investors earn interest by providing a loan to a government, municipality or company for a set period. If investors become less confident that a borrower will repay its debt, they will demand a higher return (yield) to compensate for the extra risk, causing bond prices to fall. Developed market bonds currently fall into this category, trading at price lows last seen 15 to 20 years ago. Thalia Petousis investigates how governments have reached this point and discusses why investors should approach with caution – a view shared by Mark Dunley-Owen from Orbis.

Mark's piece touches on developed market bonds and other assets held by the Orbis Global Cautious Fund. The Orbis Global Cautious Fund was launched to South African investors in 2024 as an option for more risk-averse investors seeking a low-equity, globally diversified, multi-asset class fund. It has outperformed its benchmark and peers over recent years – despite market volatility. With investors questioning whether Orbis has been taking on more risk in this fund to achieve these results, Mark explains how Orbis balances risk and return.

Balancing risk and return is a theme that surfaces in most of the articles this quarter. Jeff Tshikhudo considers the recent price moves in precious metal shares as he explores how the risk of loss increases when investors are lured by high prices and fuelled by the fear of missing out.

Maximising your investments

As mentioned earlier, your likelihood of investment success is increased if you understand how your manager invests. This will help you remain invested long enough to benefit from their expertise. However, this is often easier said than done. In this quarter's Investing Tutorial, Mthobisi Mthimkhulu helps us understand what it means to navigate uncertainty when the temptation to react is real.

While many of the insights shared are grounded in the accumulation phase of investing, the habits, structures and decisions formed during this phase ultimately shape both the choices available at retirement and the sustainability of income thereafter. In his capacity as a trustee of the Allan Gray retirement funds, Richard Carter looks at the options available to retirement fund members when they retire and need to draw an income.

Paying tribute to Claire Solomon

I am devastated to share that our head of Finance, Claire Solomon, very sadly passed away on 5 July. Claire joined Allan Gray in 2002. She was a dedicated, trusted colleague and friend, a respected leader, and someone who was always willing to help others. She touched the lives of many – including by mentoring many individuals who play a key role at Allan Gray today. She always displayed resilience, courage, and grace. Her absence will be deeply felt. Our thoughts and heartfelt condolences are with Claire's family and loved ones.

Kind regards

Mahesh Cooper

WHAT YOU OWN IN THIS CRAZY WORLD

Duncan Artus

While this is only a small sample of the businesses we hold on your behalf … we hope that highlighting some of them … focuses attention on where the returns come from.

Behind every share price is a real business, employing people, serving customers and owning brands, products and assets that many of us encounter in our daily lives. Duncan Artus takes a step back from the numbers to look at a selection of companies held across our portfolios, highlighting some of the well-known brands and businesses that ultimately drive long-term shareholder value.

Given that most investment articles focus on returns, fund positioning, asset classes and economic statistics, it is easy to forget that as a client, you are a partial owner of the many underlying businesses held in our funds. These businesses own brands, products and assets or provide services that generate cash flows that drive the growth and value of these businesses over time. This value is reflected as a listed share price in the portfolio.

To make these ideas more tangible, in this article, we look at some of the brands and assets owned by the businesses in our portfolios.

Anheuser-Busch InBev (AB InBev) is the world's largest brewer and the biggest individual position in our funds. We discussed the company in detail in our Q4 2025 Quarterly Commentary. AB InBev owns eight of the top 10 most valuable beer brands in the world, including **Corona**, which, in our view, sits at number one. Corona is a superpremium beer outside Mexico, its home market. It has been growing revenue in the low teens despite the low-growth beer market, partly thanks to its excellent brand-building execution.

Having been fortunate enough to visit the original Corona brewery in Mexico City, we can vouch for the brand's strong heritage. Corona Cero, the zero-alcohol version of Corona, is showing significant growth, and we believe the brand is well suited for this new area. In fact, Corona Cero was the first-ever global beer sponsor of the Olympics.

Richemont, the world's second-largest luxury goods company after LVMH, is a recent addition to our funds. While often historically associated with high-end watches, it is the jewellery division that now accounts for almost 100% of Richemont's profits.

Within jewellery, the most valuable brand – or "maison", as luxury companies call it – is **Cartier**. Founded in 1847, Cartier is the leading global jewellery brand, with iconic products such as the classic Love bracelet. Cartier is taking share from other luxury goods and within the jewellery segment itself. Interestingly, Cartier has also been showing significant strength in watches, which we estimate make up around 30% of revenue.

Woolworths Food is one of the best businesses in our portfolio. In fact, we believe it is one of the best food retail businesses globally. On our travels, when we run into South Africans living abroad, Woolworths food is often cited as one of the main things they miss about South Africa. As clients and shareholders, we are looking forward to the roll-out of the next generation of Woolworths stores, which we believe are world-class. Woolworths is known for its high-quality fresh food and innovation driven by its industry-leading supply chain built over many years that is difficult to compete with.

Japanese firm **Nintendo** was founded in 1889 making playing cards, but today, it is a global video game empire. Although it generates sales through devices such as the Wii and the Switch, Nintendo is probably most associated with the iconic moustache-sporting **Mario Brothers**, Mario and Luigi, who are instantly recognisable globally. The *Financial Times* recently described Mario as "one of the world's most potent pieces of IP".

Mario is what is often referred to as a tent-pole asset: The popularity of the characters has allowed Nintendo to grow outside video games and into new areas such as movies and merchandise. The two Super Mario Brothers movies each grossed over US$1bn at the box office. Nintendo is following the Walt Disney playbook of monetising its franchises across multiple segments. For example, there are now Super Nintendo Worlds within Universal Studio parks with characters from their games.

Our largest commodity exposure is via **Glencore**, which owns and operates mines as well as running the world's largest commodity trading business. Within the mining division, the most exciting commodity is copper. The market is bullish on copper, with strong demand from electrification and infrastructure roll-outs such as data centres, meeting constrained supply. It is difficult to find new copper resources, and it is very expensive and time-consuming to build large mines. This scarcity premium has been increasing, given the importance of securing the supply of strategic minerals in an increasingly divided world.

Glencore has a portfolio of copper mines in Latin America and Africa. As an example, Glencore owns a 44% stake in the **Collahuasi** copper mine in Chile alongside Anglo American and Mitsui. Anglo American describes it as "a multigenerational asset". Collahuasi is a great example of the value of owning a tier-one copper asset with good grades and a 60-year life of mine.

Southern Sun is the largest hotel company in South Africa, with 95 hotels and 16 942 rooms spanning luxury, full-service and economy segments that generate R7.2bn of annual revenue. Southern Sun has strong positions in Cape Town, Sandton and Durban. Hotels outside the Southern Sun brand include the Beverly Hills in Umhlanga, the Westin Cape Town and the Sandton Sun & Towers. These are strategic, valuable assets that are hard to replace, and well placed to benefit from any recovery in the economy and continued growth in tourism.

Standard Bank's African franchise is a valuable asset, which the market and competitors are increasingly realising is difficult to replicate. Standard Bank, which operates as **Stanbic** outside South Africa, has paid a lot of school fees in Africa since purchasing ANZ Grindlays' operations in 1992. Today, the business generates just under R20bn in earnings, which is 40% of the group total.

African earnings have compounded at 14% per year in rands over the last decade, despite the volatility that operating in Africa brings. Over 80% of the earnings are generated by the Commercial and Investment Banking (CIB) unit, which has a strong pan-African presence and the ability to bank multinationals doing business across the continent. This gives them strategic access to dollar funding, which has helped build a strong franchise in foreign exchange. Longer term, there is also upside from the Personal and Business Banking segments.

A different perspective

While this is only a small sample of the businesses we hold on your behalf across our portfolios, we hope that highlighting some of them and their underlying brands focuses attention on where the returns come from. Remind yourself of this next time you shop at Woolworths, or find yourself sipping an ice-cold Corona at the Beverly Hills hotel. It is an important perspective in an investment environment that is increasingly dominated by geopolitical and macroeconomic headlines.

Duncan was appointed chief investment officer in 2020. He joined Allan Gray in 2001 and was appointed as a portfolio manager in 2005. He manages a portion of the equity, balanced and stable portfolios. He is also a director of Allan Gray Group Proprietary Limited and Allan Gray Proprietary Limited. Duncan holds an Honours degree in Business Science and a Postgraduate Diploma in Accounting from the University of Cape Town and is a CFA® and CMT® charterholder.

DEVELOPED MARKET GOVERNMENT BORROWING COSTS ARE AT A 20-YEAR FLASHPOINT

Thalia Petousis

... conventional wisdom regarding the behaviour of developed markets versus African and frontier governments is being turned on its head.

Developed market bonds are trading near their yield highs, or price lows, last seen 15 to 20 years ago. While inflation is partly to blame, another factor is that many developed market sovereigns are running some of the widest fiscal deficits on record outside crisis periods, including the COVID-19 pandemic and global financial crisis. Thalia Petousis investigates how governments have reached this point, and what fiscal debt traps mean for investors when allocating cash to sovereign fixed income markets.

In Western economies, long-term government borrowing costs have been mostly rising over the last four years. The recent sell-off in long-dated US government debt saw 10-year Treasuries trade at a yield as high as 4.66% and 30-year Treasuries trade above a 5% yield. Similarly, as shown in **Graph 1** on page 8, long-dated borrowing costs for the governments of France, Germany and the UK recently reached yields not seen in almost 20 years, reverting to rates last observed in 2007, prior to the global financial crisis (GFC). In Japan, the recent rise in government borrowing costs represents an even more profound 30-year reversal, as shown in **Graph 2** on page 8, taking yields back to levels last seen in 1996.

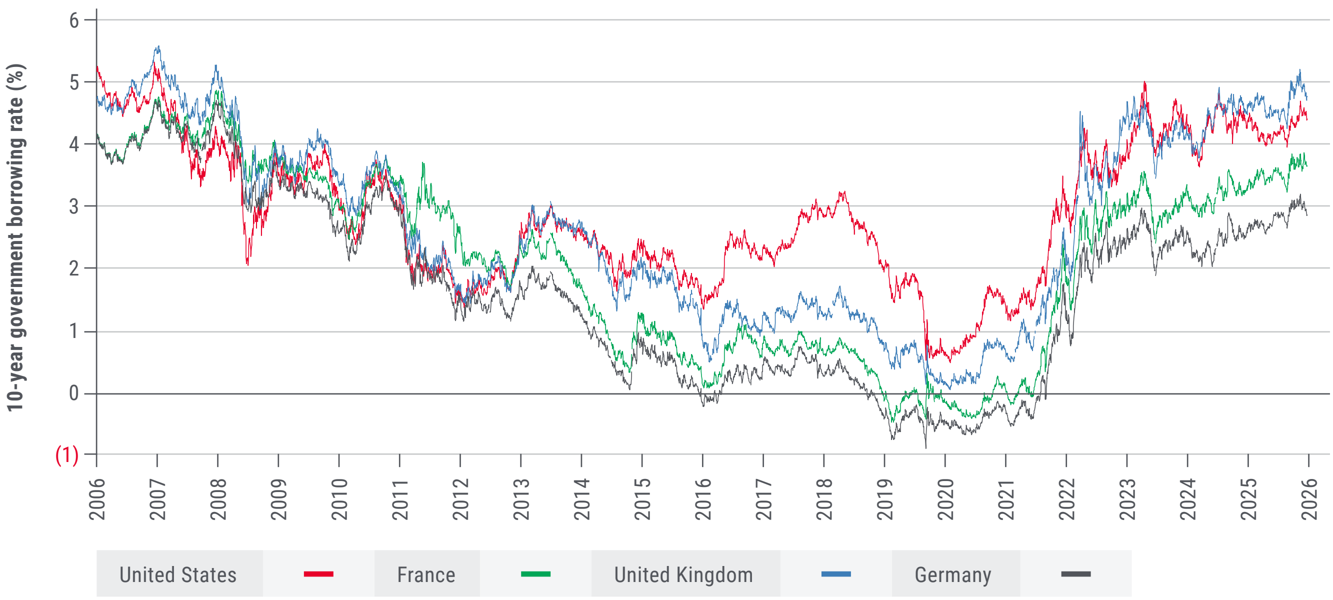
While, on paper, these rates have superficially come full circle over 20 or 30 years, that is where the parallels end. There is an ominous deterioration in the present-day economic backdrop compared to the last time we saw yields at these levels. In 2006, the issue that was plaguing financial markets and which spurred yields higher was a debt-fuelled leveraging up of private sector and banking and consumer balance sheets, which caused the US housing market to experience an unsustainable increase in house price valuations. By contrast, the government's debt burden when measured as a percentage of gross domestic product (GDP) was reasonably low at the time – representing 60% of GDP in the US, or roughly half the present-day debt load.

The fiscal deficit, or degree to which governments overspend relative to their tax revenue, was also muted in 2006 to 2007, at roughly -1.5% to -3% of GDP across the US, UK, France and Germany. By contrast, today's fiscal deficits are almost four times as large in the US, making it near-impossible for gross debt levels to stabilise – with the International Monetary Fund forecasting US debt to rise from 120% to 140% of GDP over the next four years.

It would be incorrect to say that developed market sovereigns had lost control of their long borrowing rates in 2006. In fact, the US and UK 10-year government borrowing costs of 4.7% in late 2006 were lower than their overnight rates of roughly 5%. This means that the market was extending considerable goodwill to the sovereigns.

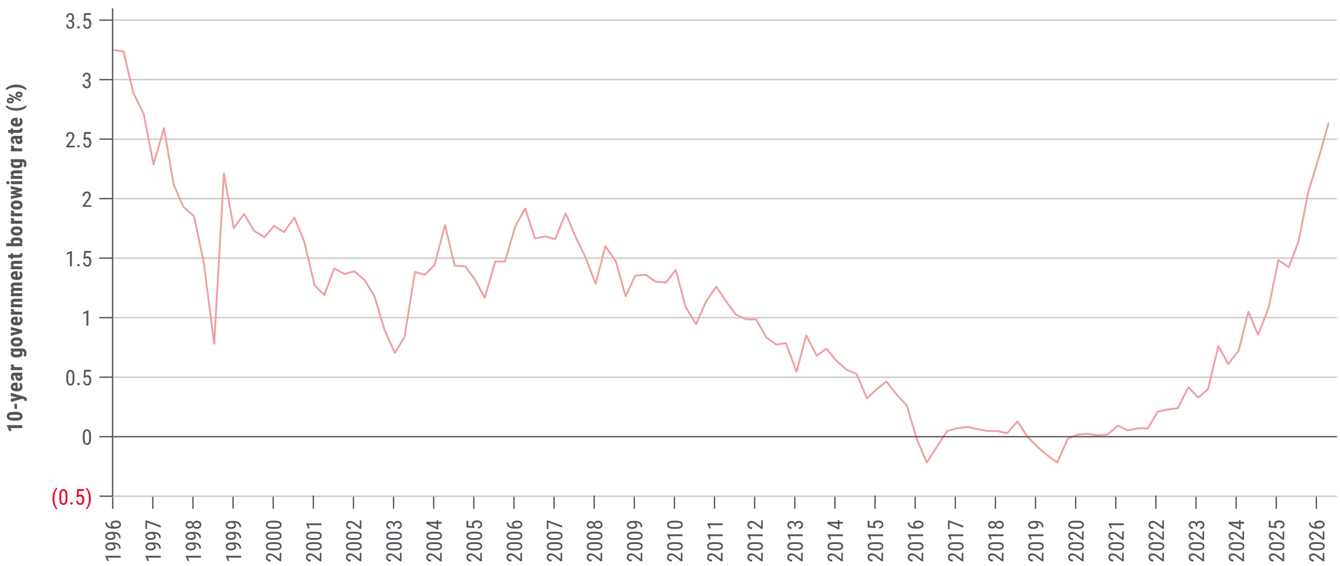
By contrast, long bond yields of roughly 5% in the UK and US today do not compare as favourably to an overnight rate of 3.7%, and surely reflect a partial loss of investor confidence in sovereign creditworthiness. Current market pricing suggests that there must be a term premium (or additional yield pick-up that is earned by the investor) if one is to extend long-term borrowing to government entities that may enter debt distress over the coming period. By many definitions, the developed market governments under discussion have already entered a so-called debt trap, in which their interest bills compound faster than tax

Graph 1: Developed market bond yields have come full circle over the last 20 years



Source: Bloomberg data

Graph 2: The 30-year reversal of Japanese 10-year bond yields



Source: Bloomberg data

revenue growth, crowding out their ability to meet social welfare and recurrent spending obligations.

This economic stimulus was not short-lived, and I would argue that, in an effort to limit any form of recession-induced economic pain, the governments under discussion – with the exception of Germany – **never** stopped overspending. By contrast, Graph 3 also shows us that, despite debt ramping up in the early 1990s due to the cost of the first Iraq war and a mild recession, the US was able to rein in debt during the latter part of the 1990s through tax increases, legislative spending caps, and a large reduction in defence spending. Alarmingly, we have not witnessed the same "reining in" of spending as penance for past excesses since then.

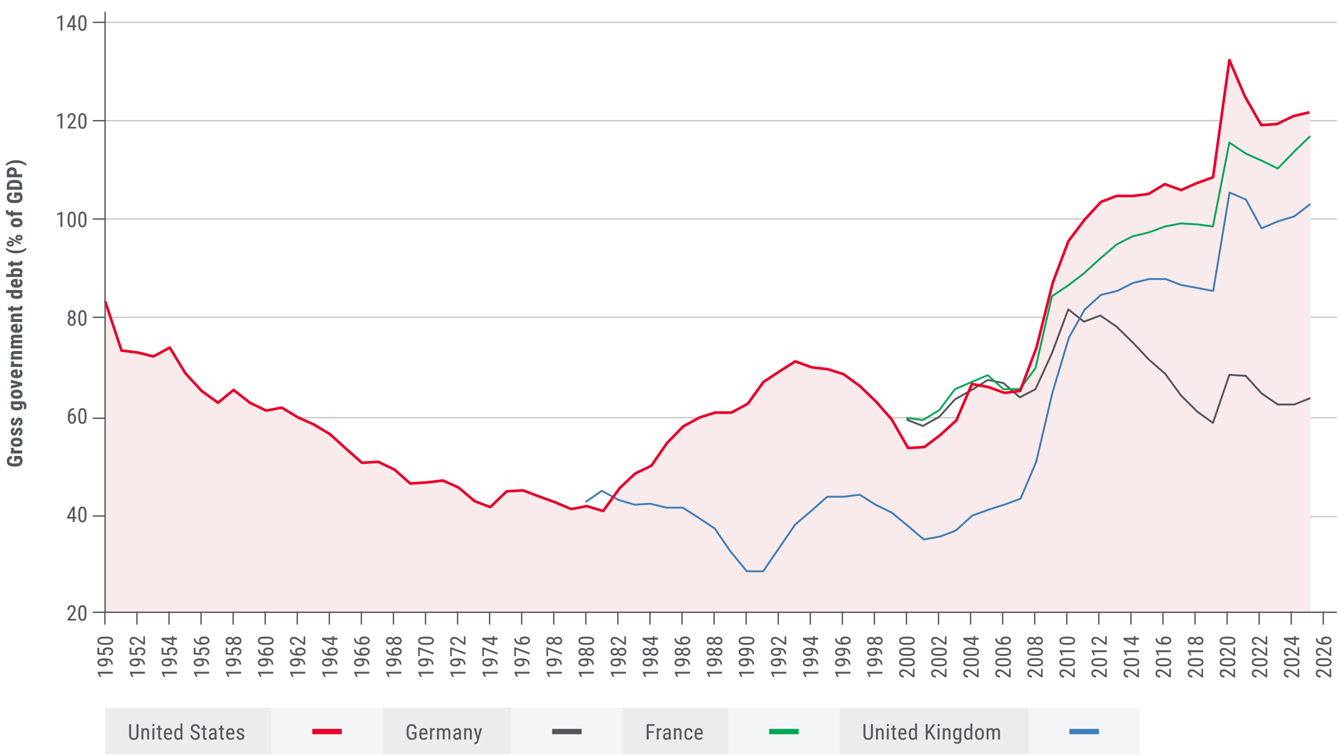
Following the COVID-19 pandemic, governments responded with an even higher degree of overspending than during the global financial crisis ...

How have developed markets reached this point?

As shown in **Graph 3**, it is clear that the 2008 GFC was a turning point for debt burdens, which initially began to climb as sovereigns engaged in emergency spending to stabilise the financial system and bail out troubled financial institutions. Fiscal spending also ballooned as part of efforts to support consumers through expanded unemployment benefits and welfare programmes.

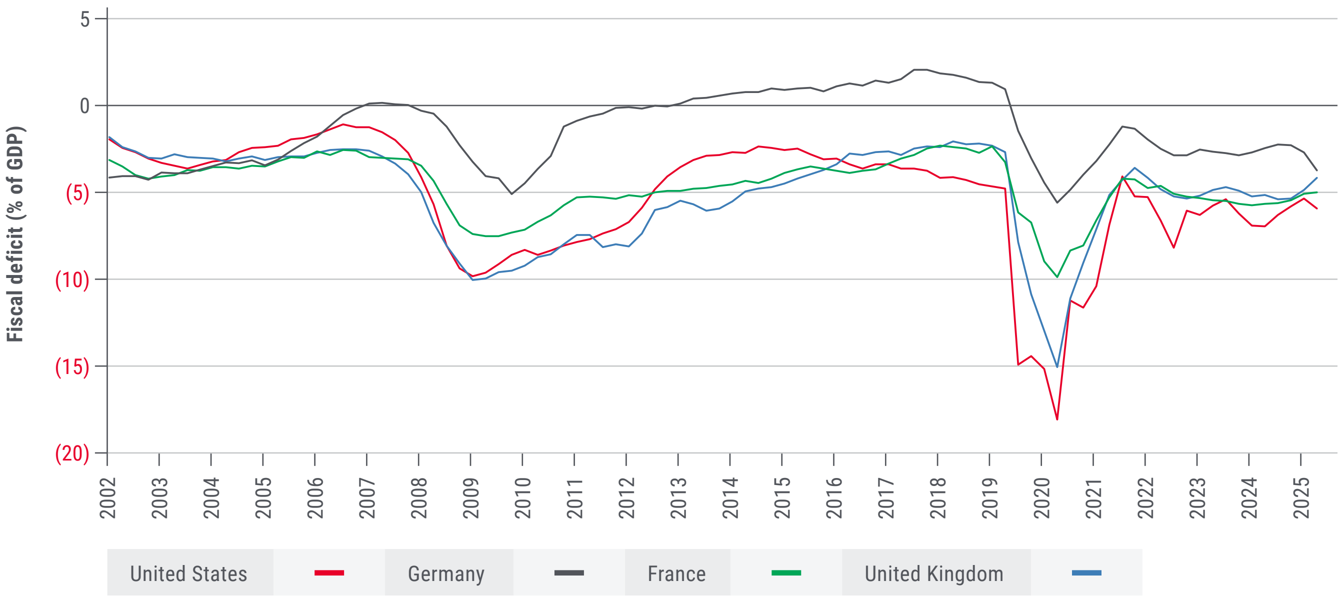
In **Graph 4** on page 10, one can observe that fiscal deficits, or the degree of government overspending measured as a percentage of GDP, ballooned following the GFC. In the US, this represented a permanent step change in higher government spending that was never curtailed. Germany quickly returned to fiscal prudence, but France and the UK took more than a decade to return to pre-GFC deficit levels. Following the COVID-19 pandemic, governments responded with an even *higher* degree of overspending than during the GFC, and none has yet returned to pre-COVID-19 deficit levels.

Graph 3: Government debt to GDP: Fiscal prudence has gone out the window



Source: Bloomberg data

Graph 4: The post-COVID-19 spending splurge has reset government budgets to a wider-deficit trajectory



Source: Bloomberg data

Why have fiscal deficits never recovered to pre-COVID and pre-GFC levels?

The politics of spending

The first reason is that the political climate has changed considerably. In the 1990s, President Bill Clinton's administration was widely admired for its budget deficit reduction efforts and arguable fiscal stewardship. Today, deeper political polarisation and legislative division have made the traditional tools of deficit reduction – tax increases or austerity – akin to political suicide. France, for example, is governed by highly fractious minority coalitions that have paved the way for a revolving door of leaders, with a staggering turnover of six prime ministers in the last three years.

To survive no-confidence votes, prime ministers across developed markets have consistently had to renege on fiscal austerity lest they go the way of the former UK prime minister, Keir Starmer. With the constant threat of being voted out – or, in the US, the risk of losing one's party majority in the House or Senate – politicians have shown remarkable willingness to cave in to populist demands and refrain from exposing their constituents to painful expenditure cuts.

The rise of the welfare state and an ageing population

Offshore developed market sovereigns have also structurally baked in larger social and entitlement spending over time that now keeps a vast cohort of voters afloat. The UK spends more than one-third of its national budget on social welfare and state pensions.

With the constant threat of being voted out … politicians have shown remarkable willingness to cave in to populist demands …

An ageing population makes the recent rise in welfare payouts increasingly unsustainable and creates a systemic structural deficit. Approximately 55% of all social security expenditure goes directly to pensioners. This is problematic: When the modern UK welfare state was originally designed, there were roughly six working-age adults to support every one pensioner over 65; today, roughly three working-age adults carry that burden. In Germany, this problem has underscored a recent proposal to lift the retirement age to 67. Disability claims related to poor mental and physical health in the UK are also reaching record highs, and approximately one in 10 working-age adults in Great Britain now receive support.

Defence spending is sacrosanct in a geopolitically unstable world

Slashing defence budgets to curtail deficits is increasingly becoming a political impossibility due to heightened global conflicts. In fact, the recent rise in Germany's fiscal deficit (shown in Graph 3) is the beginning of a multi-year plan to bypass the so-called "debt brake" and gear the country towards rearmament. Cumulatively, Germany is projected to spend well over EUR500bn on defence and a separate EUR500bn on infrastructure over the next decade, or a combined 25% of GDP. While Germany arguably has more fiscal headroom to accommodate such spending than its sovereign peers, this increase in military expense is prevalent across the entire Western world.

Debt compounds quickly

More debt breeds more debt, especially when the interest service bill begins to compound at the high interest rates that have accompanied recent inflationary and geopolitical shocks. In many of the countries under discussion, interest expense is eating a rising share of tax revenue over time and crowding out other spending initiatives.

What do fiscal difficulties and even debt traps mean for investors?

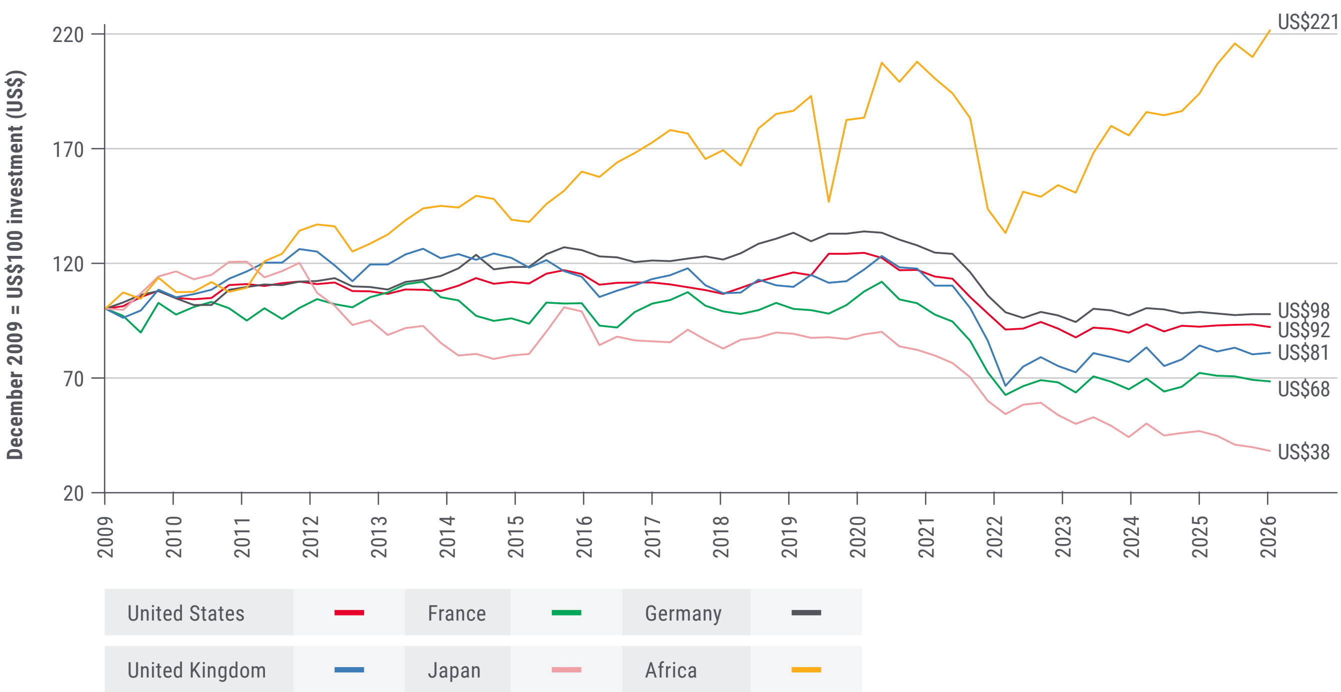
As shown in **Graph 5**, an investor allocating US$100 to various offshore developed market bonds in 2009 would have experienced dismal returns over the subsequent 17 years. Germany's sovereign debt markets have at least allowed investors to just about preserve the value of their capital in real US dollar terms (after adjusting for US inflation over the period).

In US Treasury markets, an investor would have lost 7% worth of inflation-adjusted value over the aforementioned period. For sovereign debt market investors in the UK, France and Japan, the outcome would have been abysmal – with investors in Japanese debt markets losing more than 60% of their capital in US dollar and inflation-adjusted terms.

The most surprising takeaway of Graph 5 may be the excellent returns investors in African sovereign debt markets would have enjoyed over this time – including investors in the **Allan Gray Africa Bond Fund** (see the latest factsheet, available on our website). How can this be?

Firstly, African debt markets are almost always priced for failure with exceptionally high funding yields that compensate investors for the risk of ruin, default, illiquidity, high volatility and intra-year capital drawdowns. Due to fear of these markets, there are substantial premiums to be earned for investors who can stomach

Graph 5: Total sovereign bond index return (US$), deflated by US inflation (December 2009 = US$100 investment)



Sources: Bloomberg data, Allan Gray analyst calculations the volatility, pick the winners from the losers, and find cheap entry points where the opportunities present themselves. These are markets that we like to invest in.

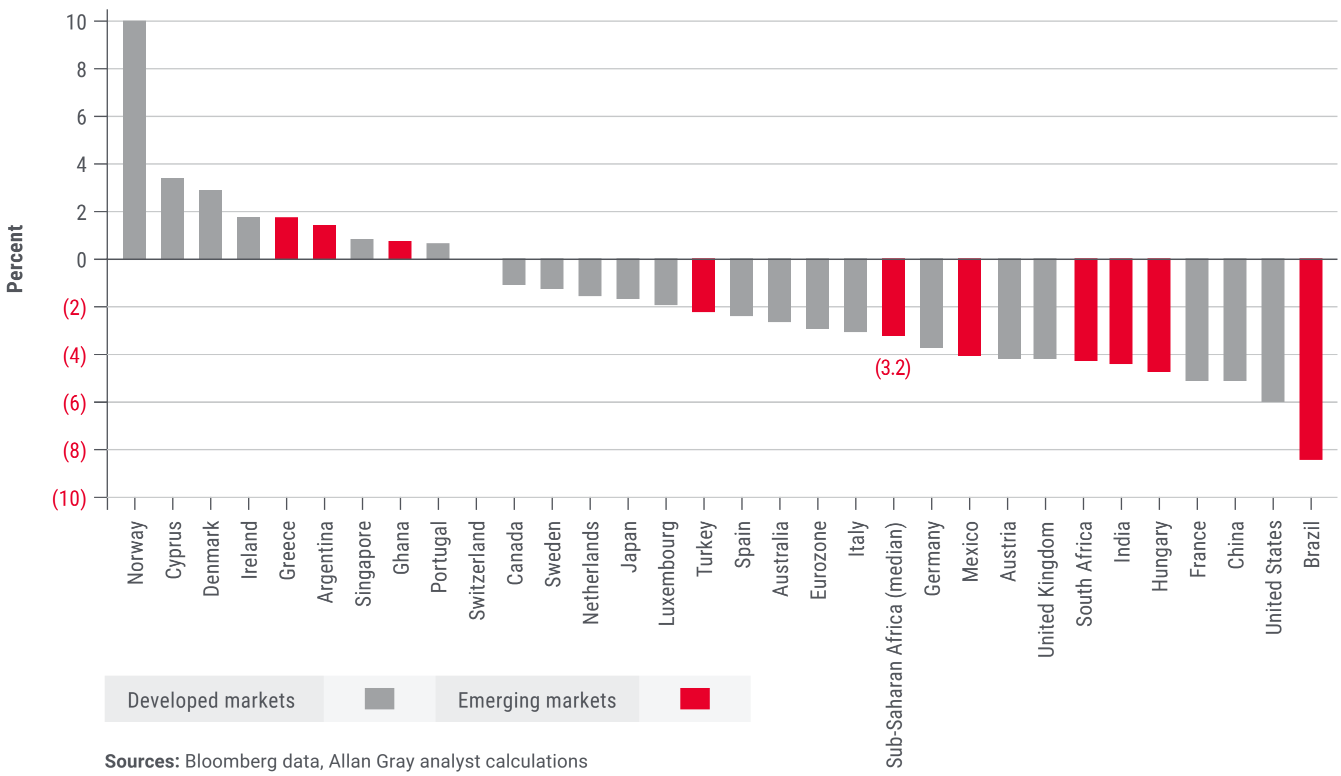
Additionally, there are rational fundamental reasons for the more recent outperformance of African debt markets, which have broken away from stagnating or negative developed market returns and delivered strong positive returns over the last four years. As shown in **Graph 6**, the median sub-Saharan African fiscal deficit is -3.2% of GDP at present – well below the deficits of Germany, the UK, France and the US.

Furthermore, after stripping out the interest bill, there are many African sovereigns – including South Africa – that are running primary budget surpluses. This means that their in-year primary spending is lower than revenues, allowing them to put that surplus cash aside to pay down some of the interest bill and potentially reduce their overall debt burden.

After facing the harsh realities of investors who have been unwilling to refinance African country debt, as well as forced austerity, hard-currency shortages and currency depreciation, these African governments are prioritising fiscal discipline and learning to live within their means more than they have in decades past. By contrast, developed market governments are behaving as we would expect so-called junk-rated sovereigns to conduct themselves: caving in to fiscal largesse and populist demands for unbridled spending.

In short, conventional wisdom regarding the behaviour of developed markets versus African and frontier governments is being turned on its head. A painful learning period for developed market governments may still be to come.

Graph 6: Latest fiscal deficit estimates (% of GDP)



Sources: Bloomberg data, Allan Gray analyst calculations

Thalia joined Allan Gray as a fixed interest trader in 2015 and was appointed as a portfolio manager in 2019. She started her career in the South African fixed interest market in 2010. Thalia currently manages the money market portfolio, the bond portfolio, the Africa fixed interest portfolio, as well as portions of the balanced fixed interest portfolios. She holds a Master of Commerce degree in Mathematical Statistics from the University of Cape Town and is a CFA® charterholder.

MANAGING RISK IN BULLISH MARKETS

Jeff Tshikhudo

We continue to believe that some exposure to precious metals can be useful in client portfolios.

At Allan Gray, we base investment decisions on our assessment of the long-term economics of each underlying business and the risk of permanent capital loss. Jeff Tshikhudo considers recent moves in precious metal share prices, and the opportunities and risks they present for long-term investors.

For long-term investors, the risk of permanent capital loss tends to rise during bullish markets. Strong performance often draws investors in just as valuations become more demanding. Recent moves in precious metal shares provide a useful example, as this narrow segment of the market delivered outsized returns compared to the average South African share in 2025. Metal prices rose sharply, lifting company valuations and index weights, but the future pathway of those prices remains uncertain. In this environment, being disciplined about how much we invest is one way we seek to protect clients' capital.

Precious metals outshine the rest

Over the 12 months to the end of June 2026, JSE-listed equities delivered strong returns, with South African equities rising 18.4% in rand terms, ahead of the 12.3% return from global equities. The performance, however, was uneven. For the six months from 1 July to 31 December 2025, the FTSE/JSE All Share Index (ALSI) returned 22%. As shown in **Table 1** on page 14, a large portion of that return came from precious metal mining companies, which contributed 61% of the ALSI's total return. When most market gains come from only a handful of companies or sectors, investors become increasingly exposed to a single underlying driver – in this case, the price of precious metals.

Given the sector's contribution to market returns in 2025, investors with no exposure would have found it difficult to keep pace with the broader South African market. During the first six months of 2026, the ALSI had a return of -3.0%, and there has been a sharp reversal in the fortunes of precious metal miners. The very sectors that drove most of the market's gains in late 2025 became a significant drag on returns during the first half of 2026.

Global uncertainty has made gold more attractive to many investors. Ongoing geopolitical tensions, moves by

Table 1: Two very different six-month periods for local investors

Contribution to benchmark return	1 July – 31 December 2025	1 January – 30 June 2026	1 July 2025 – 30 June 2026
Precious metal mining	13.4	−5.5	7.6
Rest of the market	8.6	2.5	10.8
ALSI return	**22.0**	**−3.0**	**18.4**

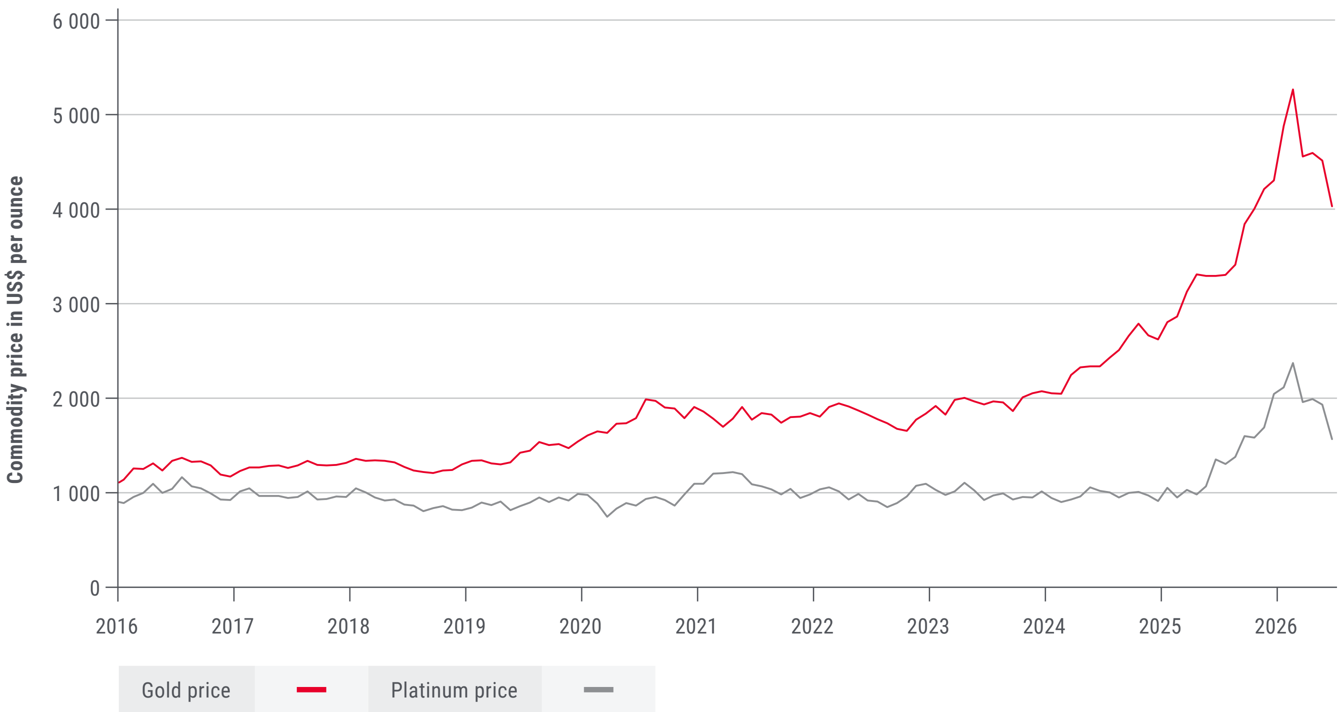
Sources: Allan Gray research, FTSE/JSE All Share Index data

some countries to become less reliant on global trade, and concerns about the long-term value of currencies, particularly the US dollar, have all played a role. As shown in **Graph 1**, gold prices have risen strongly, supported by buying from central banks and investors, although some of the recent strength may also reflect short-term speculation.

The sharp rise in precious metal prices translated directly into substantially higher market valuations and, in turn, larger index weights for precious metal counters. Among the precious metal miners listed in South Africa, the combined market capitalisation of the nine major companies accounted for less than 5% of the ALSI a decade ago, but approached 30% in February this year, as shown in **Graph 2**. Unsurprisingly, when a part of the market rallies, investors motivated by fear of missing out raise their exposure to that market segment.

At Allan Gray, the main risk we aim to avoid is the risk of permanent capital loss. Our approach does not begin with the index in mind; we build our portfolios from the bottom up, focusing on intrinsic value and the fundamental risks in every share we own. This means we will often be invested very differently from both the index and our peers. It may also come as a surprise to investors just how different the South African market looks today compared to its own history, as explained in the detailed piece "The ALSI's evolution in a changing economy" in our Q3 2025 Quarterly Commentary, available on our website.

Graph 1: Gold and platinum prices over the past 10 years



Sources: Allan Gray research, Iress data

Are prices sustainable?

When the share price of a mining company rises because the underlying commodity price has increased, investors need to consider what is already reflected in the current valuation. Higher valuations can be justified if companies are able to grow production or if commodity prices remain sustainably above their cost of production.

We remain attracted to the diversification benefits that precious metals can bring to portfolios, but we size these positions carefully …

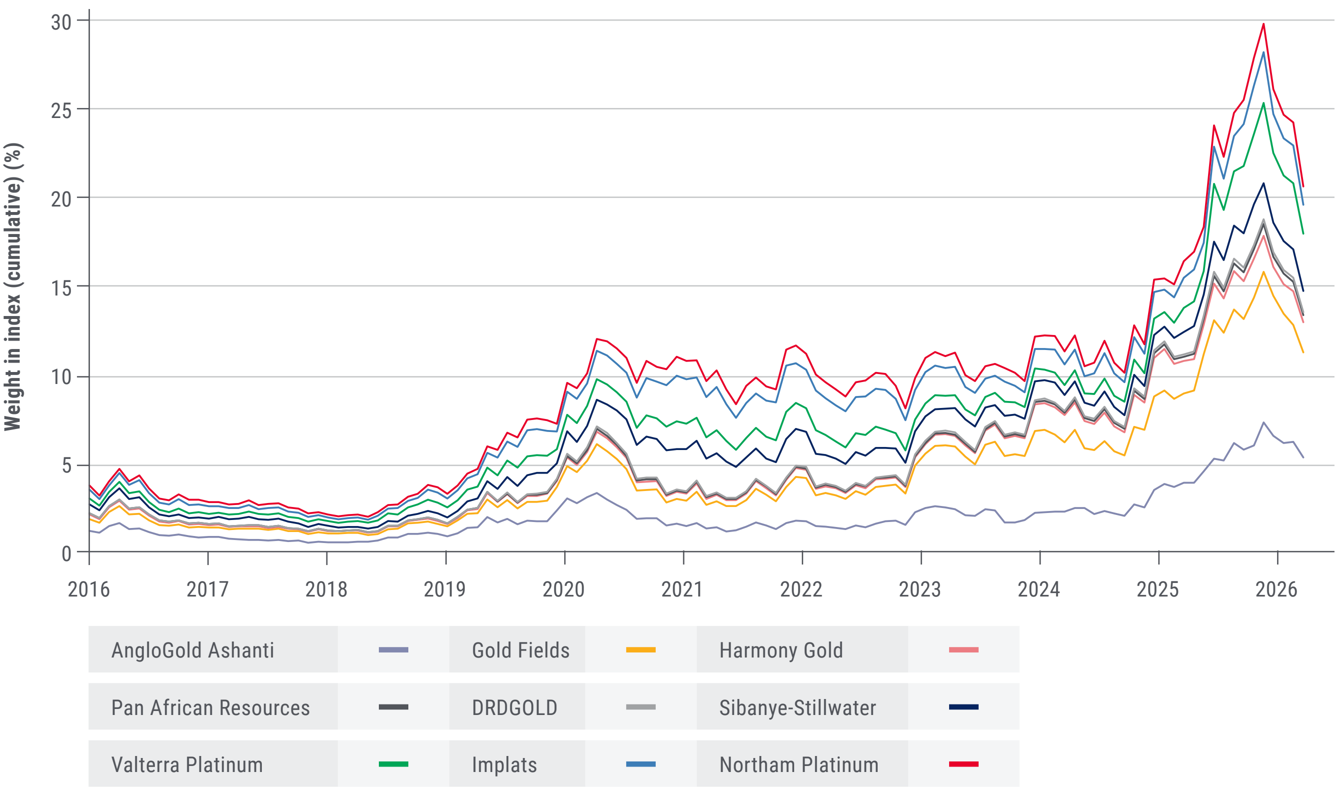
We do not know where precious metal prices will trade over the next year, or the next five. Historically, commodities such as gold have often performed well during periods of conflict and uncertainty, reflecting their perceived safe-haven characteristics. However, the relative weakness in gold and platinum prices since March 2026 suggests that earlier price levels may have been elevated already, and investors were paying a substantial safe-haven premium.

A long history of analysing gold and platinum mining businesses

Allan Gray has owned precious metals (through the mining companies as well as physical commodities via ETFs) over multiple periods, and at times we have been overweight relative to the ALSI, as shown in **Graph 3** on page 16. We continue to believe that some exposure to precious metals can be useful in client portfolios. However, we do not believe it is sensible to match the sector's current index weight. Historically, shareholders in mining companies have not always captured the full benefit of higher commodity prices. Rising profitability at the miners has often been accompanied by cost inflation, increased capital spending and poor capital allocation decisions.

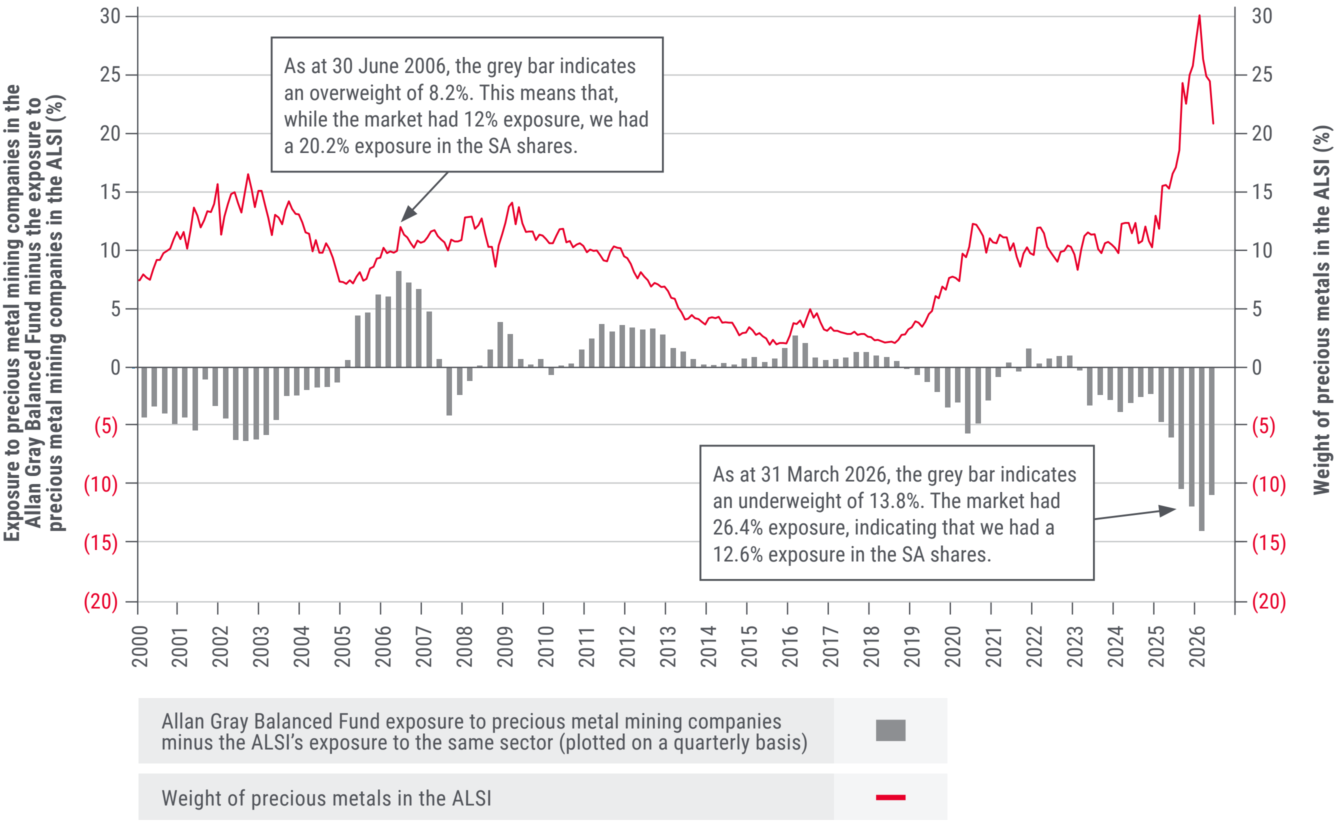
We remain attracted to the diversification benefits that precious metals can bring to portfolios, but we size these positions carefully, taking account of today's

Graph 2: The ALSI is heavily weighted towards precious metals



Sources: Allan Gray research, FTSE/JSE All Share Index data valuations and the risks, which include the cyclical nature of the underlying businesses. At the end of June, precious metal mining companies accounted for 10% of the domestic equities in the Allan Gray Balanced Fund – a reasonable allocation in our view, but well below the current ALSI weight of 21%. We believe that managing risk in today's market is not about avoiding precious metals altogether, but ensuring that the size of our exposure remains appropriate relative to the opportunities and risks we see.

Graph 3: We build our portfolio from the bottom up



Source: Allan Gray research

Jeff is a senior manager in the Institutional Clients team. He rejoined Allan Gray in 2023, following his earlier role as an equity analyst in the Investment team from 2009 to 2011. Jeff holds a BSc in Engineering from the University of Cape Town, an MBA from the Southern Methodist University in Texas, USA, and is a CFA® charterholder.

ORBIS GLOBAL CAUTIOUS: A DISCIPLINED APPROACH TO RISK AND RETURN

Mark Dunley-Owen

Our job as stewards of your capital is not to avoid risk altogether, but to take it selectively where we believe we are adequately compensated for doing so.

Carefully balancing risk and return has become increasingly important in an investment environment marked by volatility and uncertainty. Mark Dunley-Owen from our offshore partner, Orbis, explains how the Orbis Global Cautious Fund has delivered strong performance, highlighting its valuation-driven stock selection, cautious positioning in bonds, and strategic use of hedging and gold – while staying true to its risk-conscious mandate of preserving and growing capital over the long term.

The Orbis Global Cautious Fund applies a cautious balance between investment returns and risk of loss using a diversified global portfolio. This approach has led to pleasing results, with the Fund outperforming its benchmark and peers, particularly in recent years.

Investors may question how this was achieved and, more importantly, whether the Fund has remained true to its risk-conscious mandate. Put differently, have we increased risk in pursuit of greater returns? The question is particularly relevant because markets have become increasingly volatile.

America and Israel attacked Iran, which responded by closing the Strait of Hormuz, one of the most important global trade waterways. Brent crude oil, the driver of many global prices, almost doubled from January to March, then subsequently fell by nearly a third. SpaceX, which was privately valued at US$400bn a year ago, listed at US$1.8tn, the largest IPO ever, and rose to more than US$2.5tn in the first few days. AI demand skyrocketed, leading to wide-ranging supply tightness and moves that few predicted – the share prices of computer memory firms such as SK Hynix and Sandisk are up several-fold over the past year.

Against this backdrop, it would be fair to question whether we have been leaning into this volatility and increasing risk. Were this true, clients could be concerned about what comes next. No investor is right all the time, and higher risk usually leads to future periods of poor performance, which would be at odds with the Cautious Fund's mandate to limit the risk of loss over the short to medium term. The portfolio's approach to balancing risk and return is best explained by looking at what the portfolio is, and isn't, invested in.

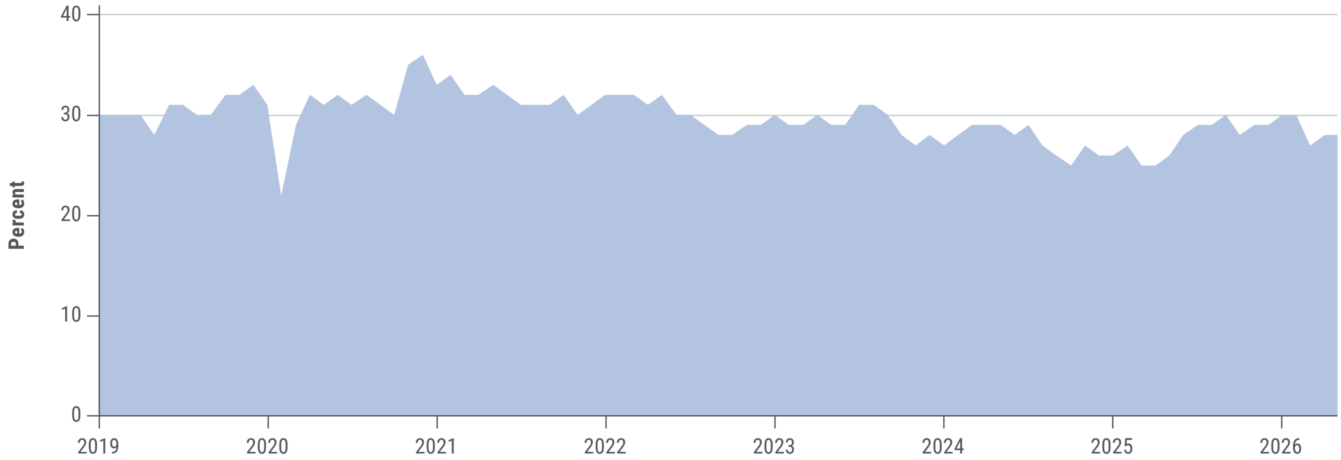
Selective equity exposure

Equities, considered the riskiest asset class in public markets, are a natural risk lever. Equity markets have performed strongly year to date. A well-timed bet, expressed via higher equity exposure or by owning riskier equities, might have been a driver of the Fund's recent returns. However, as **Graph 1** shows, the Fund's net equity exposure has been near or below 30% in recent years.

What we own is also important, since equities are not equally risky. The portfolio's equity holdings have a beta below one and a relatively low correlation to the market, meaning they are less sensitive to broad market swings and behave differently from the index. The equity risk we are taking is largely stock-specific and valuation-driven, not a broad market call.

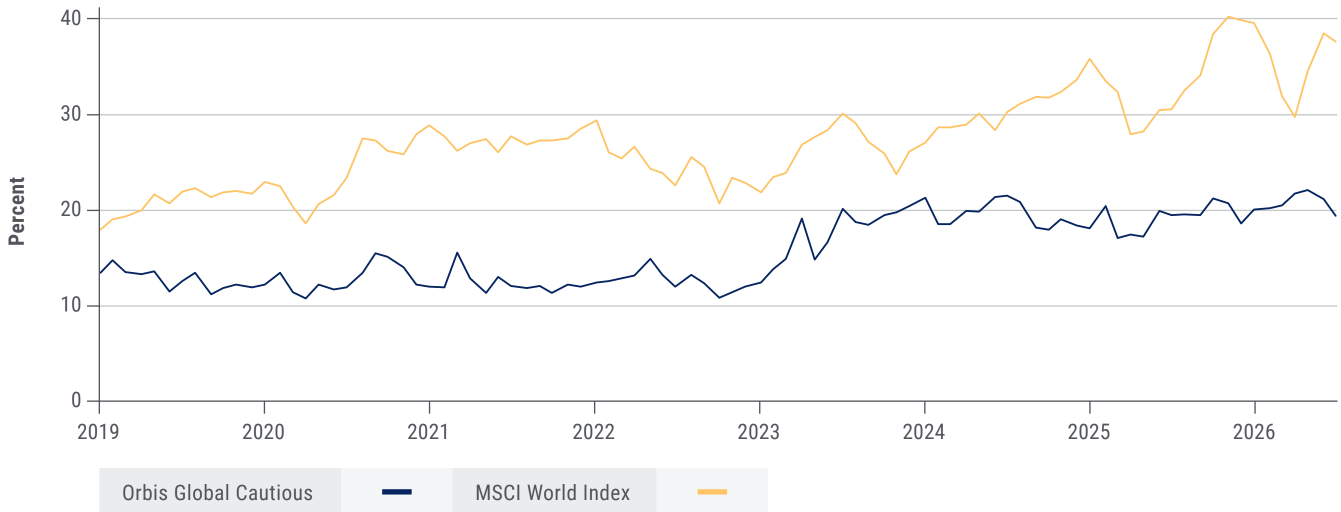
Our equities have also, since inception, traded at a valuation discount to world stock markets, as shown in **Graph 2**.

Graph 1: Net equity exposure for the Orbis Global Cautious Fund



Source: Orbis. Data is for a representative account of the Orbis Global Cautious Fund. The representative account is considered to illustrate the characteristics of the overall Strategy and consists of data relating to one or more constituent funds that employ that Strategy. Additional information about the representative accounts is available upon request.

Graph 2: Price/FCF* for equities held in Orbis Global Cautious vs. the MSCI World Index



*FCF stands for "free cash flow".
Sources: LSEG Worldscope Fundamentals, Orbis. Data is for a representative account of the Orbis Global Cautious Fund. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. In each case, the price/FCF is calculated first at the stock level and then aggregated using a weighted median.

In other words, we are paying less for every dollar of free cash flow our companies generate, suggesting lower expectations for our shares and potentially less downside if sentiment turns. And many of the underlying companies carry modest debt relative to earnings, providing resilience when surprises arrive, as they inevitably do. Taken together, these metrics highlight that the portfolio's recent performance has been generated without excessive equity risk.

... fixed income is the biggest component and an important driver of returns.

Hedged equity is another tool we use to manage risk. Selling liquid equity index futures allows us to maintain exposure to undervalued equities while hedging out market risk. We maintain the equity alpha potential while removing the market (beta) exposure.

The US is a good example. Despite viewing the broader US market as expensive, through our fundamental, bottom-up research, we have uncovered a select number of attractive individual companies. These are not the names one reads about in the headlines and range from energy-related companies like Kinder Morgan and EQT to movie theatre players like Cinemark and IMAX, and biotech companies such as Alnylam Pharmaceuticals. We own these shares because we believe their value is underappreciated, not because they are in the US. By hedging out some of the US market risk, we maintain what we like (idiosyncratic alpha) while removing some of what we don't (US market beta).

Strengthening portfolio resilience

While equities may be considered the riskiest asset class in the Fund, fixed income is the biggest component and an important driver of returns. Here, too, the portfolio seeks to limit risk.

We remain cautious on traditional developed market government bonds, notably those of the US, UK, Europe and Japan. The safe-haven status of these bonds reflects past perception rather than today's fundamentals and, in our view, current prices don't adequately reflect their rising risk profile.

The developed market bonds we do own are mostly a barbell of inflation-linked and short-duration US sovereign bonds, designed to limit the portfolio's exposure to inflation. We see inflationary pressures building on both the supply and demand sides of the global economy. On the supply side, the consequences of protectionist policies such as tariffs, re-industrialisation and the Iran war are contributing to higher input costs and overall prices. On the demand side, the substantial AI capital spending is also contributing to inflationary pressures. We expect these dynamics will keep inflation and bond yields elevated and put downward pressure on bond prices. Our short-duration and inflation-protected bonds should perform relatively better in this environment.

The Fund's other government bond holdings are spread across countries that are ignored or mispriced but, in our view, are being soundly managed. These include Australia, Brazil, Iceland and Norway, all of which offer attractive yields, with the upside of inexpensive currencies.

The Fund's corporate bond exposure remains modest and focused on idiosyncratic opportunities where we believe the risk-reward is attractive. At the aggregate level, corporate credit spreads remain tight and, in our view, do not adequately compensate investors for the risks they are taking.

The environment we have described ... is precisely the kind in which our approach is designed to add value.

Gold is an appropriate place to round up our discussion. We established the Fund's gold-related position several years ago in response to rising government debt burdens, persistent fiscal deficits and aggressive monetary policy. Gold was not popular at the time and the price languished until 2024. We viewed it as an important risk mitigator in a cautiously managed fund and were happy to remain patient.

Fast-forward to today, the gold price has appreciated significantly, and the portfolio's gold exposure has been a material return contributor. In response, we have trimmed the gold allocation and shifted exposure from the metal into selected miners, notably Barrick and Newmont, whose share prices had lagged the rising gold price in 2024 despite improving fundamentals.

Staying true to our cautious mandate

Our job as stewards of your capital is not to avoid risk altogether, but to take it selectively where we believe we are adequately compensated for doing so. We aim to run a low-risk fund, not a no-risk fund. The environment we have described – elevated inflation, expensive conventional safe havens and a market adjusting to a volatile world – is precisely the kind in which this approach is designed to add value. Our Global Cautious Fund seeks to meet the challenge of balancing risk and reward through a portfolio built from the bottom up, security by security, with the aim of preserving and growing your capital over the long term.

Orbis
Invest Differently

Mark joined Allan Gray in 2009 as an equity analyst. He started managing a portion of the fixed interest and stable portfolios in 2011 and 2013 respectively, and was appointed as a portfolio manager in 2012. Mark joined Orbis in 2020 as a member of the Bermuda Investment team. He is currently a director of Orbis Investment Management Limited and a portfolio manager for the Orbis Multi-Asset and Optimal Strategies. Mark holds a Bachelor of Business Science (Honours) degree in Finance and Information Systems from the University of Cape Town and is a CFA® charterholder.

YOUR RETIREMENT, YOUR CHOICES: MAKING SENSE OF THE OPTIONS

Richard Carter

Success depends less on finding the perfect strategy and more on sticking to a sound one.

While individual goals differ when it comes to investing for retirement, the core objectives remain the same: to accumulate sufficient assets during one's working life to achieve financial independence, maintain a desired standard of living, and potentially leave a legacy. In his capacity as a trustee of the Allan Gray retirement funds, Richard Carter focuses on the critical decisions retirement fund members need to make at retirement.

Investing for retirement is often described in technical terms: contribution rates, asset allocation and tax efficiency. However, at its core, it is both simpler and more demanding: It requires discipline over time.

For most investors, investing for retirement is the longest-term financial endeavour they will undertake. Success depends less on finding the perfect strategy and more on sticking to a sound one. This calls for clear alignment between objectives and investment approach, along with an understanding that the journey is unlikely to be smooth. Markets will fluctuate, often unpredictably, but a well-constructed plan anticipates this volatility and is designed to withstand it.

The habits, structures and decisions formed during the accumulation phase ultimately shape both the choices available at retirement and the sustainability of income thereafter.

Key principles during the accumulation phase

The accumulation phase is where the foundations of retirement outcomes are laid. Decisions made early – and consistently repeated over decades – carry the biggest weight.

The fundamentals of investing for retirement are well established:

- Start investing as early as possible.
- Invest at an appropriate level.
- Invest in line with long-term objectives.
- Avoid withdrawals, unless not withdrawing would lead to a worse financial outcome.
- Avoid unnecessary changes to a well-constructed plan.

Small advantages – such as starting sooner, increasing contributions when possible, and remaining invested through uncertainty – compound meaningfully over time. Conversely, interruptions, delays, withdrawals along the way and reactive decision-making all erode outcomes in ways that are difficult to recover from later.

The changes made to the retirement fund system in 2024 under the two-pot legislation allow you to access your savings component once per tax year, in case of emergencies. While the legislation grants some access, the aim of this system is to help members preserve their retirement investments. Pre-retirement withdrawals are heavily taxed and the impact compounds, resulting in a smaller nest egg.

The above principles provide a framework for navigating uncertainty while keeping the long-term objective firmly in focus: the ability to convert your investment into a reliable, sustainable income in retirement.

Factors to consider at retirement

Retirement should not be viewed as a final destination, but rather a significant milestone in a longer financial journey. The primary purpose of your retirement investment is to provide a sustainable income – often over many years, when your ability to earn other income has reduced or ceased. This should remain central to all decisions made at retirement.

While investing for retirement often happens on "autopilot", the same cannot be said for the decisions you need to make when you retire. At this stage, decisions become more complex and require careful consideration.

Key factors include:

- Your assets and liabilities
- Your income needs and desired lifestyle
- Your tolerance for investment risk
- Withdrawal rates and the sustainability of your income
- The trade-off between flexibility and certainty
- The tax implications of different choices
- Your health and life expectancy, bearing in mind that you could live longer than you think

These considerations all inform your planning and eventual product choices. For many members, working through them can feel overwhelming. In this context, consulting an independent financial adviser (IFA) can be invaluable. Even if you did not seek advice during your accumulation phase, now might be the time to appoint an IFA to help guide decision-making and provide support during this critical transition.

Should you take a cash withdrawal?

Most retirement fund members have the option to take a portion of their benefit as a cash lump sum. In many cases, this may be up to one-third of the total, subject to fund rules and prior withdrawals.

This decision should be made in the context of your long-term income needs. It is important to remember:

- The lump sum is a maximum allowable amount, not a target.
- Taking cash reduces the capital available to generate future income.

Members may choose to take a cash lump sum for various reasons, such as settling debt, establishing an emergency fund, or investing in products that allow for supplementary income. One of the things to bear in mind is the tax implications.

High-level tax considerations

Tax plays an important role in retirement decisions:

- Income from annuities is taxed as income.
- Cash taken at retirement is taxed according to a separate, more favourable tax table, which includes a tax-free portion (subject to thresholds).
- Previous withdrawals are considered when determining the tax on the retirement lump sum, although withdrawals under the two-pot system are excluded from this calculation.

Retirement presents an opportunity to influence your overall tax outcome. In some cases, taking a portion as cash and investing it outside the retirement fund may reduce your effective tax rate. However, these assets will then be taxed as discretionary investments, meaning they are taxed on interest, dividends and capital gains – not on income drawn.

The interaction between tax, cash withdrawals and income sustainability can be complex and the trade-offs need to be considered.

Converting your investment to income

The portion of your retirement investment not taken as cash must be used to generate an income, typically through annuity products such as a living annuity or a guaranteed life annuity.

Living annuity

You can self-insure by investing in a living annuity. Your money can continue to grow, depending on the performance of your underlying investment(s).

With a living annuity:

- You choose your level of income (within limits)
- You select the underlying investments (typically unit trusts)
- Your capital remains invested and grows, or is eroded by investment performance and the income you draw

A living annuity may be suitable if you:

- Value flexibility and control
- Are willing to take responsibility for ensuring your income is sustainable
- Want to, and can afford to, leave any remaining capital to beneficiaries

While this option offers flexibility, it also means you carry the risk of outliving your savings. The most important consideration is whether your capital is sufficient to provide an income for you and any dependants over a potentially long retirement.

Guaranteed life annuity

Alternatively, you can insure your income by purchasing a guaranteed life annuity from an insurer.

A guaranteed annuity:

- Pays an income for life, regardless of how long you live
- Can be structured to continue for a spouse
- Offers various options in terms of income increases and protection features

A guaranteed annuity may be suitable if you:

- Want certainty that your income will last for life
- Are less concerned about leaving, or cannot afford to leave, a legacy
- Prefer not to manage investments or make ongoing financial decisions
- Are comfortable with limited flexibility

The primary benefit is that longevity risk – the risk of outliving your savings – is transferred to the insurer. However, this comes with trade-offs:

- Limited flexibility in investment strategy
- Restrictions on adjusting income levels
- Reduced estate-planning benefits

Default retirement solutions

Since 2019, pension fund trustees in South Africa have been required to provide default investment strategies and cost-effective annuity options for members at retirement.

Recognising that no single solution fits all, the trustees of the Allan Gray retirement funds offer two annuity options:

- The Allan Gray Living Annuity, invested in the Allan Gray Balanced Fund, with drawdown rates managed within sensible limits.

- A guaranteed life annuity offered by a third party, Just Retirement Life, partly invested in the Allan Gray Balanced Fund. This provides a guaranteed income for life, with increases linked to the investment performance of the Allan Gray Balanced Fund.

These options are not mandatory, but are available for members to consider carefully alongside other alternatives.

Guidance and advice

Retirement decisions are complex and far-reaching. Making use of educational resources – such as Allan Gray's "Preparing for retirement" guide, available on our website – can help build understanding. Equally, this may be an appropriate time to seek guidance from a qualified IFA to help align decisions with your personal circumstances and long-term objectives.

Richard joined Allan Gray in 2007. He is head of Assurance and responsible for Compliance, Risk, Internal Audit and Group Legal. He is also a director of Allan Gray Life and Allan Gray Investment Services and a trustee of the Allan Gray retirement funds. Previously, he was jointly responsible for the Retail business, heading up Retail Product Development. Richard holds a Bachelor of Business Science degree in Actuarial Science from the University of Cape Town and is a qualified actuary.

LONG-TERM INVESTING IN A SHORT-TERM WORLD

Mthobisi Mthimkhulu

Long-term investing requires discipline: staying invested when headlines are negative … and ensuring decisions are guided by a clear plan rather than short-term discomfort.

A long-term mindset is essential to successful investing, but staying invested through difficult periods is not always easy. Investors do not only experience the final return – they must live through the ups and downs along the way. Managing that journey matters because large declines can be uncomfortable and make it harder to remain invested. Using the Allan Gray Balanced Fund to illustrate his points, Mthobisi Mthimkhulu helps us understand what it means to navigate uncertainty and make better decisions to get the most out of our investments over time.

Markets are rarely calm. Political uncertainty, economic slowdowns, global conflict, inflation fears and rapid technological change dominate headlines. These events trigger strong emotional responses: fear when markets fall, excitement when they rise, and anxiety about whether to act.

The temptation is often to respond: to change course, switch strategies or move to what feels "safe". While these reactions are human, they can undermine long-term investment outcomes.

Prioritise perspective over prediction

Although current conditions may feel unusual, uncertainty is not new. A look at the past 25 years, divided into five-year periods, as illustrated in **Figure 1**, shows that every period has faced its own set of concerns. What changes is not the presence of uncertainty, but its source.

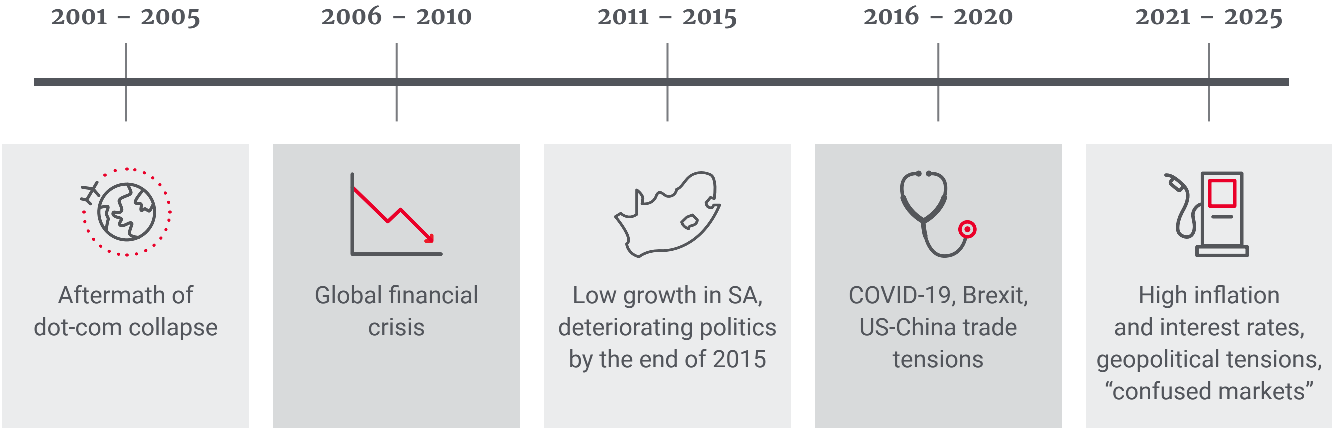
This perspective is important. Treating each new uncertainty as exceptional increases the risk that short-term concerns begin to dominate long-term decisions.

Adopt a long-term mindset

At Allan Gray, we accept that uncertainty is a permanent feature of markets. Rather than trying to predict short-term outcomes, we focus on understanding what assets are worth over time based on their underlying fundamentals. This provides an anchor for decision-making, even when conditions feel unsettled.

Importantly, periods of uncertainty can create opportunities. When fear is elevated, investors often sell broadly, pushing down the prices of both weaker and stronger assets.

Figure 1: Timeline



Source: Allan Gray

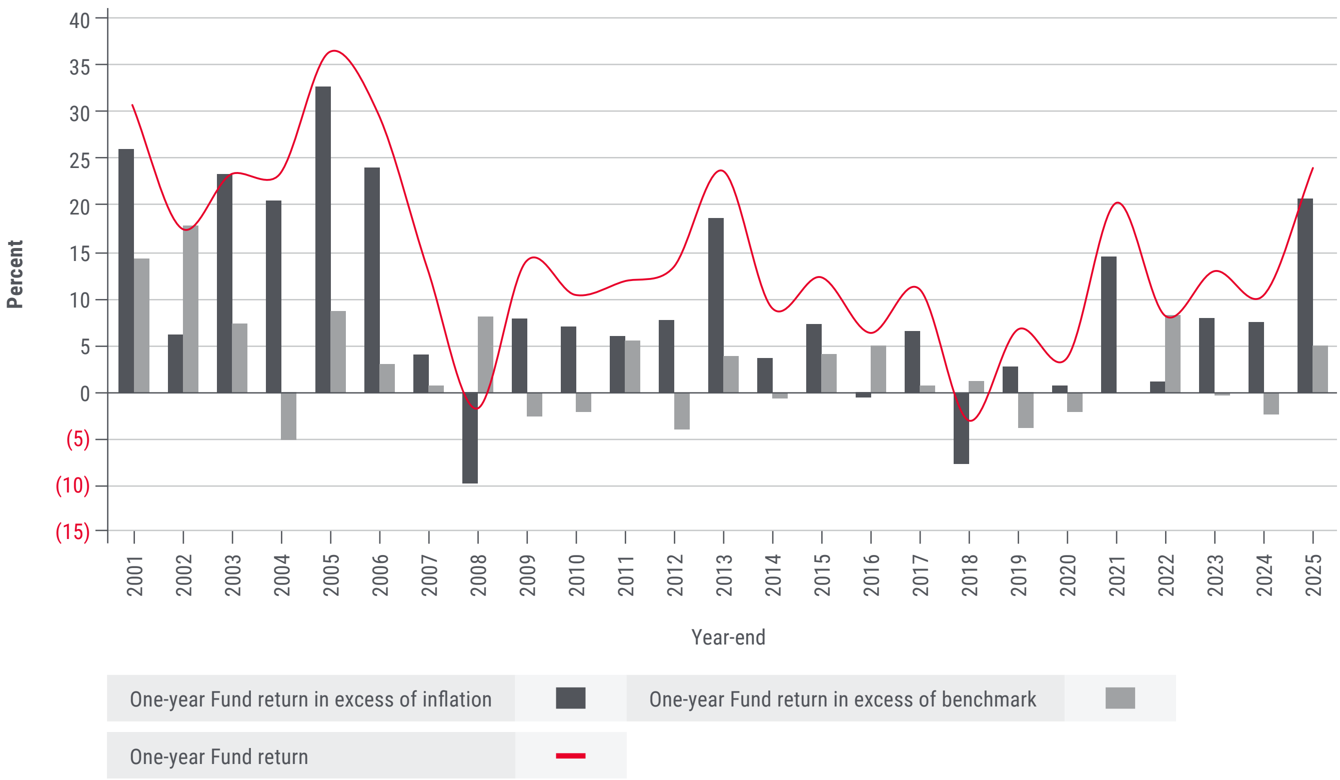
For patient, value-orientated investors, this can create opportunities to invest in quality assets at more attractive prices.

Over time, markets have rewarded those who stayed invested and allowed compounding to do its work. Compounding is powerful precisely because it requires time.

Interrupting the process by moving in and out of markets can undo years of progress.

This is reflected in the Allan Gray Balanced Fund's performance. Over the 25 years to the end of 2025, the Fund returned 14.3% per year, but as shown in **Graph 1A**, those returns have not come in a straight line,

Graph 1A: Allan Gray Balanced Fund one-year returns



Sources: Allan Gray research, Iress data with some years experiencing stronger performance, and others experiencing weaker performance. However, it is the combination of these shorter periods and staying the course that drives long-term outcomes.

As shown in **Graph 1B**, the annualised five-year rolling returns at the end of each year are a lot less volatile, with the Fund's annualised five-year returns exceeding inflation at the end of all of the periods and exceeding the benchmark[1] at the end of all but one of the periods (2021). All in all, if you had invested R10 000 at the start of 2001, you would have R283 598 in the Fund (14.3% per year), R152 934 in the benchmark (11.5% per year) and R36 137 if you just kept up with inflation (5.3% per year).

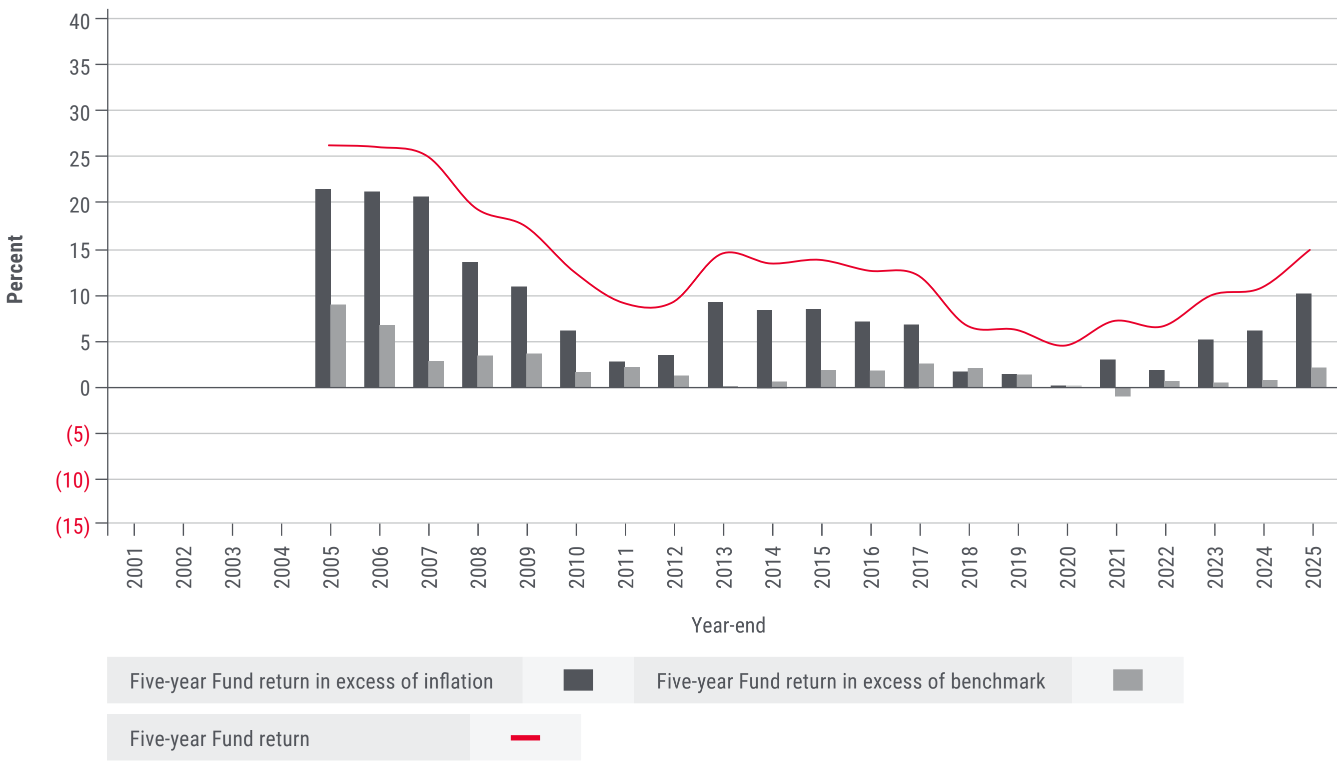
Diversify to help manage the journey

Diversification plays an important role in portfolio construction. By spreading investments across asset classes, regions and sources of return, a portfolio becomes less dependent on any single outcome. While diversification does not eliminate risk or the discomfort that can accompany market volatility, it can help reduce the impact of any one event or market cycle.

The Allan Gray Balanced Fund invests across shares, bonds, property, commodities and cash, with the flexibility to invest up to 45% offshore. This diversification is complemented by a disciplined valuation-based investment approach – buying assets at attractive prices, avoiding areas where risks are not adequately rewarded, and repositioning the portfolio as opportunities emerge. Together, these elements seek to protect capital during difficult market conditions while still allowing investors to participate meaningfully when markets rise.

The outcome of this approach can be seen in **Graph 2**, which compares the average monthly returns of the market, represented by the FTSE/JSE All Share Index (ALSI)

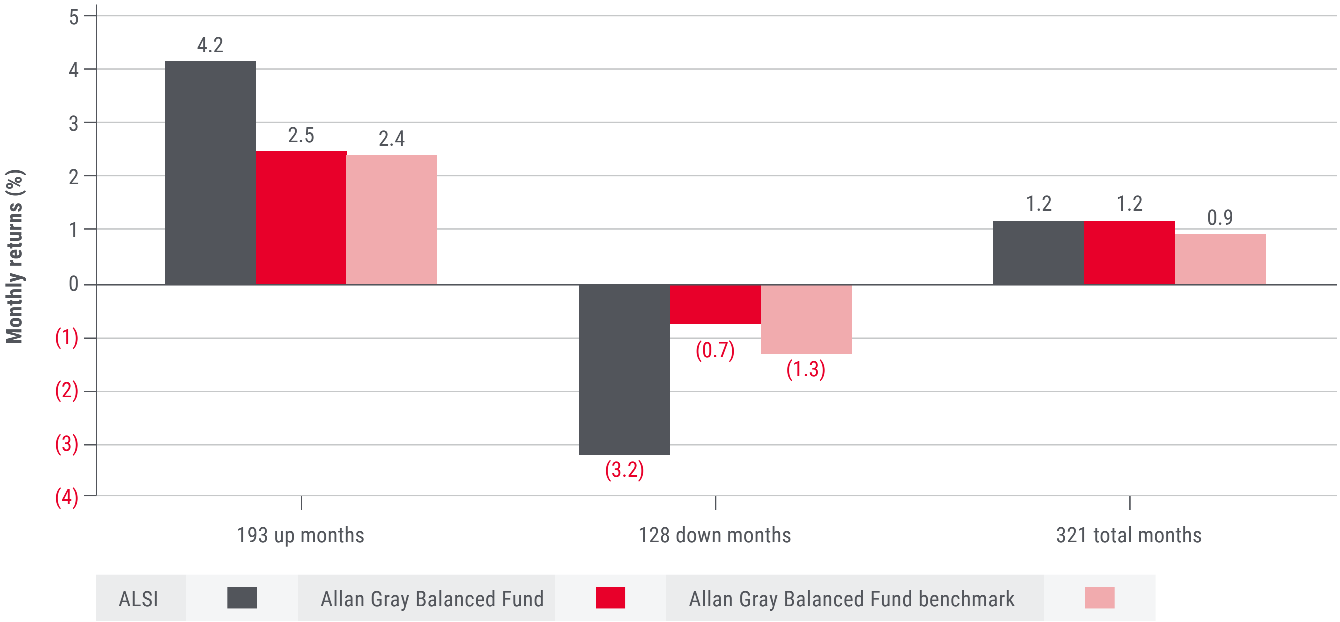
Graph 1B: Allan Gray Balanced Fund five-year rolling* returns



*Rolling returns show how an investment has performed over every possible period of a given length, not just one fixed start and end date. They show the full range of outcomes an investor could have experienced depending on when they invested.
Sources: Allan Gray, Iress data

[1] The Allan Gray Balanced Fund benchmark is the market value-weighted average of South African - Multi Asset - High Equity category (excluding Allan Gray funds). 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).

Graph 2: Allan Gray Balanced Fund performance in up and down markets



Source: Allan Gray research. Data to 30 June 2026.

(dark grey bars), the Allan Gray Balanced Fund (red bars) and the Balanced Fund benchmark (pink bars) during rising and falling market environments, as well as over the full period from October 1999 to June 2026.

Although past performance is not a guarantee of future results, the graph highlights an important characteristic of the Fund's historical performance: During rising market months, the Fund participated meaningfully in market gains; during falling market months, it experienced materially smaller declines than both the broader equity market and its benchmark. While the ALSI declined by an average of 3.2% in down months, and the benchmark declined by 1.3%, the Fund declined by 0.7% on average.

This pattern reflects the cumulative impact of the Fund's investment philosophy over time: diversification across assets and geographies, disciplined asset allocation, careful security selection and a valuation-driven approach. By limiting the extent of losses during difficult periods while still participating in periods of market strength, the Fund has been able to compound returns effectively over the long term.

For investors, a smoother return profile can make the investment journey more manageable and increase the likelihood of remaining invested long enough to benefit from the power of compounding.

Avoid the real risk: behaviour

Individual investors face a range of risks, including not taking on enough risk to beat inflation, and not adequately diversifying. However, perhaps the greatest threat to long-term investment success is behaviour. Acting on fear, following the crowd, or constantly changing decisions can erode returns far more than market volatility itself. This leads to the "behaviour gap" – the difference between the return an investment delivers and what an investor actually experiences.

The challenge is bearing in mind that the best periods often follow the worst.

This gap often arises from well-intentioned decisions, such as moving out of the market during uncertainty, waiting for clarity before investing, or switching after periods of weak performance. The challenge is bearing in mind that the best periods often follow the worst. Stepping out at the wrong time can mean missing the recovery. For example, missing just the five strongest months in Graph 2 (due to moving out of the market following a period of negative return) would have reduced a R10 000 initial investment in the Allan Gray Balanced Fund from R422 255 (for investors who stayed invested) to R284 634 (for investors who missed the top five months and moved into a low-risk alternative).

Long-term investing requires discipline: staying invested when headlines are negative, avoiding overconfidence when markets are strong, and understanding the reasons for periods of underperformance. It also requires assessing performance over appropriate time horizons and ensuring decisions are guided by a clear plan rather than short-term discomfort.

Rather than reacting to every market movement, it is more effective to focus on what you can control: your behaviour, selecting a well-diversified portfolio aligned with your risk profile and goals, and staying the course over the investment horizon required to achieve your objective.

Align your investments with your goals

Investing ultimately supports real-life outcomes – financial independence, retirement security, education funding and peace of mind. Plans may need to be adjusted as circumstances evolve, but sound principles should remain constant.

Long-term investing is not passive or complacent – it is deliberate and often uncomfortable. In a world that rewards immediacy, patience becomes a competitive advantage. Meaningful outcomes take time and are rarely achieved in a straight line.

At Allan Gray, this belief has guided our approach for decades. Markets will continue to surprise, but the discipline of long-term investing remains as relevant as ever.

Mthobisi joined Allan Gray in 2011 and is the head of Private Clients. Previously, he held roles in the Direct Clients, Strategic Markets, Operations and Client Services teams. Mthobisi holds a Bachelor of Commerce degree from Rhodes University, a Postgraduate Diploma in Financial Planning from the University of the Free State and a Master of Business Administration from Henley Business School. He is a CFP® professional.

Allan Gray Balanced and Stable Fund asset allocation as at 30 June 2026[1]

	Balanced Fund % of portfolio			Stable Fund % of portfolio		
	Total	South Africa	Foreign	Total	South Africa	Foreign
Net equities	66.9	38.5	28.4	31.1	16.5	14.5
Hedged equities	7.9	1.9	6.0	17.1	6.9	10.2
Property	0.9	0.1	0.9	0.7	0.0	0.7
Commodity-linked	2.2	1.8	0.3	1.5	1.2	0.3
Bonds	16.3	11.0	5.3	36.8	30.2	6.6
Money market and cash[2]	5.9	4.1	1.7	12.8	9.4	3.4
Total	**100.0**	**57.4**	**42.6**[3]	**100.0**	**64.3**	**35.7**[3]

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 Includes the impact of any currency hedging.
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 2026

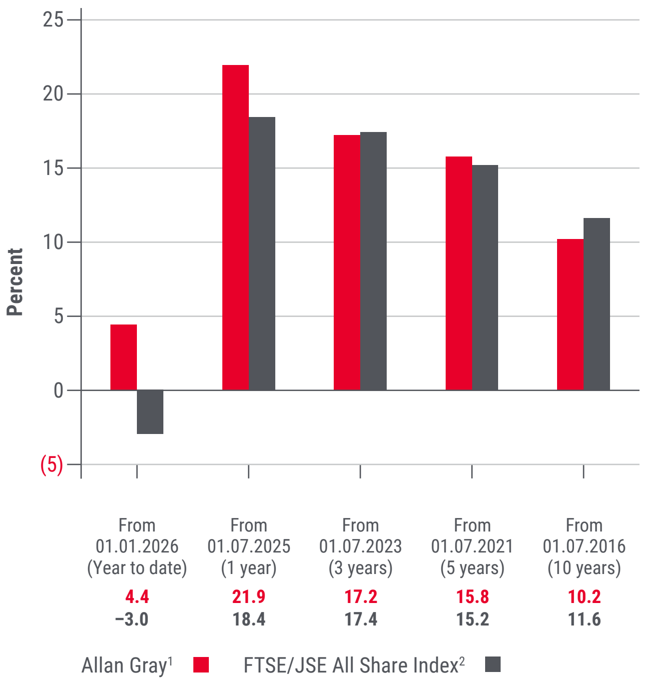
Security	Market value (R million)	% of Fund
South Africa	**32 016**	**53.6**
Equities	**31 473**	**52.7**
Resources	**7 641**	**12.8**
Glencore	1 888	3.2
AngloGold Ashanti	1 710	2.9
Sasol	830	1.4
Exxaro	756	1.3
Positions individually less than 1% of the Fund	2 456	4.1
Financials	**8 014**	**13.4**
Standard Bank	1 916	3.2
Remgro	1 341	2.2
Nedbank	1 245	2.1
FirstRand	1 054	1.8
Positions individually less than 1% of the Fund	2 458	4.1
Industrials	**15 818**	**26.5**
AB InBev	3 261	5.5
Naspers & Prosus	2 308	3.9
British American Tobacco	1 642	2.7
Woolworths	1 164	1.9
Richemont	733	1.2
Mondi	678	1.1
Mr Price	638	1.1
Positions individually less than 1% of the Fund	5 395	9.0
Cash	**543**	**0.9**
Foreign	**27 700**	**46.4**
Equities	**2 965**	**5.0**
Walt Disney Company	1 057	1.8
Booking Holdings	943	1.6
Positions individually less than 1% of the Fund	965	1.6
Equity funds	**24 586**	**41.2**
Orbis Global Equity Fund	10 665	17.9
Orbis SICAV International Equity Fund	7 393	12.4
Allan Gray Frontier Markets Equity Fund	3 613	6.1
Orbis SICAV Japan Equity (Yen) Fund	1 616	2.7
Allan Gray Africa ex-SA Equity Fund	1 142	1.9
Orbis SICAV Emerging Markets Equity Fund	157	0.3
Bonds	**18**	**0.0**
Positions individually less than 1% of the Fund	18	0.0
Cash	**131**	**0.2**
Totals	**59 716**	**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	32.5	42.4	−9.9
2026 (to 30.06)	**4.4**	**−3.0**	**7.3**

Returns annualised to 30.06.26



An investment of R10 000 made with Allan Gray on 15 June 1974 would have grown to R521.5 million by 30 June 2026. By comparison, the returns generated by the FTSE/JSE All Share Index over the same period would have grown a similar investment to R24.4 million. Returns are before fees.

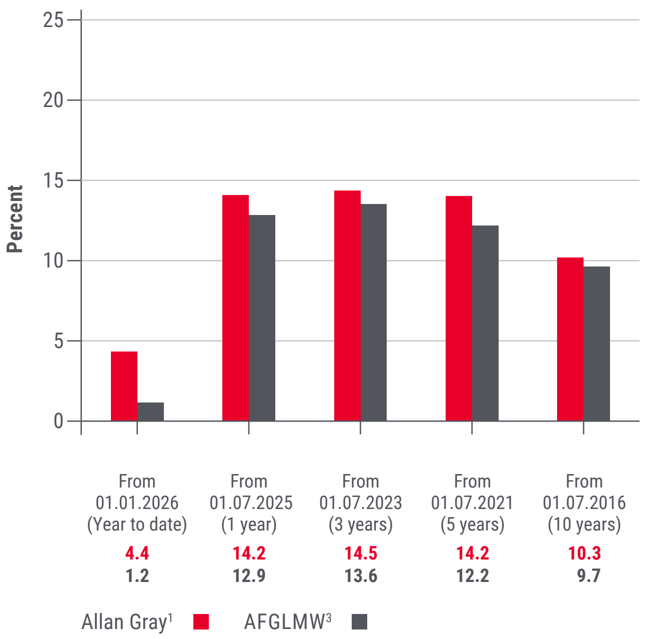
[1] Allan Gray commenced managing pension funds on 1 April 1977, with performance measurement starting on 1 January 1978. The returns prior to 1 January 1978 are of individuals managed by Allan Gray, and these returns exclude income. Returns are before fees.
[2] Prior to July 1995, an internally derived 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. Alexforbes 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	21.8	21.8	0.0
2026 (to 30.06)	**4.4**	**1.2**	**3.2**

Returns annualised to 30.06.26



An investment of R10 000 made with Allan Gray on 1 January 1978 would have grown to R56 million by 30 June 2026. The average total performance of global mandates of Large Managers over the same period would have grown a similar investment to R11.6 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.
[3] Consulting Actuaries Survey returns used up to December 1997. The return for June 2026 is an estimate. The return from 1 April 2010 is the average of the non-investable Alexforbes 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 2026 (net of fees)

	Assets under management (R billion)	Inception date	Since inception	10 years	5 years	3 years	1 year	Highest annual return[8]	Lowest annual return[8]
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]	**59.7**	**01.10.1998**	**19.1** 14.2	**9.9** 9.0	**15.2** 13.3	**16.7** 15.1	**17.7** 13.5	**125.8** 73.0	**−24.3** −37.6
Allan Gray SA Equity Fund (AGDE) FTSE/JSE All Share Index, including income	**5.3**	**13.03.2015**	**8.8** 10.6	**9.0** 11.6	**14.6** 15.2	**16.2** 17.4	**18.8** 18.4	**57.3** 54.5	**−32.0** −18.4
Allan Gray - Orbis Global Equity Feeder Fund (AGOE) MSCI World Index, including income, after withholding taxes[2]	**36.0**	**01.04.2005**	**15.1** 14.6	**14.3** 14.6	**16.7** 14.7	**20.3** 13.8	**24.0** 11.9	**78.2** 54.2	**−29.7** −32.7
Allan Gray - Orbis Global Equity Feeder AMETF (AGOGE)[3] MSCI World Index, including income, after withholding taxes	**0.1**	**11.12.2025**	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –
Allan Gray - Orbis Global Equity Prescient Feeder Fund (AGOEPA)[4] MSCI World Index, including income, after withholding taxes	**8.8**	**01.09.2025**	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –
Medium net equity exposure (40% – 75%)									
Allan Gray Balanced Fund (AGBF) **Allan Gray Tax-Free Balanced Fund (AGTB)** Market value-weighted average of South African - Multi Asset - High Equity category (excl. Allan Gray funds)[5]	**254.8** **5.7**	**01.10.1999** **01.02.2016**	**15.0** **10.0** 11.5/8.6	**9.6** **9.7** 8.5	**13.8** **13.8** 11.0	**14.8** **14.8** 12.1	**15.2** **15.3** 10.1	**46.1** **31.7** 41.9/30.7	**−14.2** **−13.4** −16.7/−10.3
Allan Gray - Orbis Global Balanced Feeder Fund (AGGF)[6] 60% MSCI World Index with net dividends reinvested and 40% J.P. Morgan Global Government Bond Index[6]	**17.9**	**03.02.2004**	**12.0** 10.8	**11.8** 8.9	**17.4** 8.6	**16.7** 6.9	**14.1** 3.0	**55.6** 38.8	**−13.7** −17.0
Allan Gray - Orbis Global Balanced Feeder AMETF (AGOGB)[3] 60% MSCI World Index with net dividends reinvested and 40% J.P. Morgan Global Government Bond Index	**0.2**	**11.12.2025**	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –
Allan Gray - Orbis Global Balanced Prescient Feeder Fund (AGOBPA)[4] 60% MSCI World Index with net dividends reinvested and 40% J.P. Morgan Global Government Bond Index	**6.5**	**01.09.2025**	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –	**–** –
Low net equity exposure (0% – 40%)									
Allan Gray Stable Fund (AGSF) Daily interest rate as supplied by FirstRand Bank, plus 2%	**63.3**	**01.07.2000**	**11.3** 8.5	**8.7** 7.6	**11.1** 8.0	**11.7** 9.0	**11.8** 8.2	**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	**0.8**	**01.10.2002**	**6.9** 6.1	**4.7** 5.5	**6.9** 5.9	**8.2** 6.9	**10.4** 6.1	**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**	**7.0** 5.5	**4.0** 2.9	**9.9** 5.5	**2.5** 0.0	**−4.9** −6.3	**39.6** 35.6	**−12.4** −19.1
No to very low net equity exposure (0% – 10%)									
Allan Gray Income Fund (AGIN) Alexforbes Short-Term Fixed Interest (STeFI) Composite Index	**3.7**	**01.05.2024**	**12.8** 7.7	**–** –	**–** –	**–** –	**12.8** 7.1	**14.2** 8.2	**11.6** 7.1
No equity exposure									
Allan Gray Bond Fund (AGBD) FTSE/JSE All Bond Index (total return)	**11.3**	**01.10.2004**	**9.7** 9.5	**10.6** 10.8	**11.8** 12.4	**16.4** 17.8	**20.3** 21.5	**26.4** 28.2	**−2.6** −5.6
Allan Gray Money Market Fund (AGMF) Alexforbes Short-Term Fixed Interest (STeFI) 3-month Index[7]	**28.1**	**01.07.2001**	**7.7** 7.5	**7.2** 6.7	**7.3** 6.8	**8.3** 7.7	**7.4** 6.8	**12.8** 13.3	**4.3** 3.8
Allan Gray Interest Fund (AGIF) Alexforbes Short-Term Fixed Interest (STeFI) Composite Index	**3.8**	**01.05.2024**	**10.5** 7.7	**–** –	**–** –	**–** –	**10.2** 7.1	**11.7** 8.2	**10.2** 7.1

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 These funds were launched on 11 December 2025. We will report their performance information in our Quarterly Commentary from 31 December 2026. They are currently available to trade via the Johannesburg Stock Exchange and will be available via Allan Gray later in 2026.
4 These funds were launched on 1 September 2025. We will report their performance information in our Quarterly Commentary from 30 September 2026.
5 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).
6 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, including income, 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 in the Orbis SICAV Global Balanced Fund. To reflect this, the Fund was renamed and the benchmark was changed.
7 From inception to 31 March 2003, the benchmark was the Alexforbes 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 Alexforbes Short-Term Fixed Interest (STeFI) Composite Index.
8 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 2026

	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	1.03%	0.62%	0.04%	0.12%	1.81%	0.09%	1.90%
Allan Gray SA Equity Fund	1.00%	−0.52%	0.01%	0.07%	0.56%	0.10%	0.66%
Allan Gray Balanced Fund	1.02%	0.44%	0.04%	0.14%	1.64%	0.07%	1.71%
Allan Gray Tax-Free Balanced Fund	1.31%	N/A	0.04%	0.14%	1.49%	0.07%	1.57%
Allan Gray Stable Fund	1.01%	0.41%	0.03%	0.16%	1.61%	0.04%	1.65%
Allan Gray Optimal Fund	1.00%	0.00%	0.02%	0.15%	1.18%	0.11%	1.28%
Allan Gray Bond Fund	0.50%	N/A	0.01%	0.08%	0.58%	0.00%	0.58%
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%	0.75%	0.00%	0.75%
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	1.10%	1.90%	0.07%	0.00%	3.06%	0.13%	3.19%
Allan Gray - Orbis Global Balanced Feeder Fund	1.10%	2.86%	0.07%	0.00%	4.03%	0.09%	4.11%
Allan Gray - Orbis Global Optimal Fund of Funds	1.00%	0.16%	0.08%	0.00%	1.24%	0.12%	1.37%
Allan Gray - Orbis Global Equity Feeder AMETF[2]	1.10%	1.90%	0.07%	0.00%	3.06%	0.13%	3.19%
Allan Gray - Orbis Global Balanced Feeder AMETF[2]	1.10%	2.86%	0.07%	0.00%	4.03%	0.09%	4.11%
Allan Gray - Orbis Global Equity Prescient Feeder Fund[3]	1.10%	1.90%	0.07%	0.00%	3.06%	0.13%	3.19%
Allan Gray - Orbis Global Balanced Prescient Feeder Fund[3]	1.10%	2.86%	0.07%	0.00%	4.03%	0.09%	4.11%

[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.

[2] The TER and transaction costs for this unit trust are estimates based on the past performance of the corresponding Allan Gray - Orbis unit trust. This unit trust has the same investment policy, objective and benchmark as the corresponding Allan Gray - Orbis unit trust. Actual TER data will be used from one year after the unit trust's inception date. The total investment charge excludes the costs of trading via the JSE, which are borne by the investor.

[3] The TER and transaction costs for this unit trust are estimates based on the past performance of the corresponding Allan Gray - Orbis unit trust. This unit trust has the same investment policy, objective and benchmark as the corresponding Allan Gray - Orbis unit trust. Actual TER data will be used from one year after the unit trust's inception date.

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 2026 (net of fees)

	Inception date	Since inception	10 years	5 years	3 years	1 year	Highest annual return[7]	Lowest annual return[7]
High net equity exposure								
Orbis Global Equity Fund MSCI World Index, including income, after withholding taxes[1]	**01.01.1990**	**17.7** 14.0	**14.5** 14.7	**17.1** 14.6	**20.5** 13.7	**23.5** 11.8	**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**	**13.9** 10.0	**10.8** 10.9	**11.8** 12.3	**10.3** 12.6	**0.9** 17.1	**94.9** 91.0	**−40.1** −46.4
Orbis SICAV Emerging Markets Equity Fund[2] MSCI Emerging Markets Index, including income, after withholding taxes[2]	**01.01.2006**	**13.8** 13.1	**11.0** 11.2	**14.1** 10.2	**17.2** 17.3	**16.4** 32.3	**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**	**13.8** 9.0	**14.2** 10.3	**17.5** 11.5	**22.5** 10.7	**41.6** 9.3	**65.6** 43.9	**−24.3** −29.4
Allan Gray Australia Equity Fund S&P/ASX 300 Accumulation Index	**04.05.2006**	**13.2** 11.7	**10.3** 9.8	**11.6** 8.9	**6.0** 6.9	**11.6** 3.6	**99.5** 55.6	**−55.4** −45.1
Allan Gray Frontier Markets Equity Fund (C class) MSCI Select Emerging and Frontier Markets Access Index (US$)[4]	**03.04.2017**	**14.2** 8.4	**–** –	**20.0** 12.1	**19.5** 14.6	**16.9** 18.9	**45.2** 34.4	**−11.0** −12.8
Medium net equity exposure								
Orbis SICAV Global Balanced Fund 60% MSCI World Index with net dividends reinvested and 40% J.P. Morgan Global Government Bond Index	**01.01.2013**	**15.4** 12.5	**12.2** 8.8	**17.7** 8.6	**16.9** 6.8	**13.4** 3.0	**54.4** 40.2	**−9.8** −12.1
Allan Gray Australia Balanced Fund The custom benchmark comprises the S&P/ASX 300 Accumulation Index (36%), S&P/ASX Australian Government Bond Index (24%), MSCI World Index (net dividends reinvested) expressed in AUD (24%) and J.P. Morgan Global Government Bond Index expressed in AUD (16%). All returns shown are net of fees and assume reinvestment of distributions.	**01.03.2017**	**10.7** 8.8	**–** –	**12.6** 6.8	**10.2** 5.3	**10.1** 2.1	**29.1** 25.1	**−5.3** −8.3
Low net equity exposure								
Orbis SICAV Global Cautious Fund[5] US$ bank deposits + 2%	**01.01.2019**	**8.7** 7.0	**–** –	**11.0** 8.9	**7.6** 2.0	**3.0** −2.1	**26.6** 34.6	**−8.0** −20.4
Allan Gray Australia Stable Fund Reserve Bank of Australia cash rate	**01.07.2011**	**8.9** 5.5	**5.4** 2.5	**6.1** 4.3	**1.5** 0.7	**2.7** 1.3	**32.7** 28.8	**−8.9** −15.5
Very low net equity exposure								
Orbis Optimal SA Fund (US$) US$ bank deposits	**01.01.2005**	**8.9** 7.3	**5.0** 3.8	**11.1** 6.7	**2.6** 0.0	**−3.7** −4.0	**48.6** 57.9	**−15.7** −25.6
Orbis Optimal SA Fund (Euro) Euro bank deposits	**01.01.2005**	**6.9** 5.3	**3.3** 2.2	**8.6** 4.1	**2.4** −0.2	**−7.5** −8.4	**44.1** 40.2	**−19.3** −20.9
No equity exposure								
Allan Gray Africa Bond Fund (C class)[6] FTSE 3-Month US T Bill + 4% Index[6]	**27.03.2013**	**13.1** 7.6	**12.2** 7.2	**12.3** 10.7	**14.2** 3.8	**14.2** −0.4	**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] From inception to 31 March 2026, the benchmark was the MSCI Frontier Emerging Markets Index.

[5] 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 RRFC).

[6] 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.

[7] 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

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For the Allan Gray unit trusts, 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 actively managed exchange-traded funds (AMETFs) under the Allan Gray ETF Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

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

For the co-named unit trusts, Allan Gray (Pty) Ltd (the "Investment Manager" or "Allan Gray"), an authorised financial services provider, is appointed to act in the capacity of investment manager.

Prescient Management Company (RF) (Pty) Ltd ("Prescient") 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 Prescient Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). Prescient is incorporated under the laws of South Africa and is the management company of our co-named unit trusts. Prescient retains full legal responsibility for any third-party-named portfolio. The content and information may not be reproduced or distributed without the prior written consent of Prescient and the Investment Manager. Prescient's registration number is 2002/022560/07. Its physical address is Prescient House, Westlake Business Park, Otto Close, Westlake 7945, and its postal address is PO Box 31142, Tokai 7966. Prescient can be contacted at: Tel: 0800 111 899, info@prescient.co.za or www.prescient.co.za.

The trustee/custodian of the Prescient Unit Trust Scheme is Nedbank Investor Services. The trustee/custodian's physical address is 2nd floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort 1709. The trustee/custodian can be contacted at: Tel: +27 (0)11 534 6557 or www.nedbank.co.za.

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.

For Allan Gray unit trusts, 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 fund to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

For our co-named unit trusts, forward pricing is used and fund valuations take place at approximately 17:00 each business day. Purchase and redemption requests must be received by Prescient by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.prescient.co.za.

For our feeder actively managed exchange-traded funds (AMETFs), forward pricing is used and fund valuations take place at approximately 17:00 each business day. Final net asset value prices are available daily on www.allangray.co.za, with intraday prices published three times a day. Exchange-traded funds can also be traded intraday on the Johannesburg Stock Exchange (JSE) during exchange trading hours. Intraday trading is not possible via Allan Gray. Trading on the JSE will incur additional costs such as the bid/offer spread (not exceeding 0.80% of the intraday price), brokerage and Strate fees.

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray. For more information about our annual management fees, see the frequently asked questions, available on our website.

Benchmarks

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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 feeder AMETF is an actively managed exchange-traded fund that invests in a 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, feeder AMETFs 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.

About the paper

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