PRODUCT RANGE

Effective 26 March 2025

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ABOUT ALLAN GRAY

Allan Gray was founded in 1973 and has been investing on behalf of clients since 1974. We pursue long-term investment returns without taking undue risks. Over our history, we have been able to deliver returns for our clients over the long term at lower-than-average risk of loss.

Global expertise

Our headquarters are in Cape Town, with additional offices in Namibia, Botswana and Guernsey. We also have an affiliate office in Australia. We are partners with Orbis, with whom we share a founder, investment philosophy and values. Orbis provides us with access to foreign markets, backed by expert research and a long track record.

Investment approach

We thoroughly research companies to determine what we think they are actually worth. We buy shares that we believe are undervalued by the market, and sell them when we think they have reached their worth, regardless of popular opinion. We invest responsibly, with our priority being to protect and enhance the value of our clients' investments.

Making a difference

With a deep concern for poverty and unemployment in South Africa, we make a positive contribution to our community through our empowerment structure and transformation initiatives. We have focused our efforts on facilitating entrepreneurship through an integrated initiative which provides funding for educational scholarships and fellowships (the Allan Gray Orbis Foundation), access to start-up capital for entrepreneurs (E Squared) and internal transformation within the business.

Ownership

A controlling interest in Allan Gray is held by the Allan & Gill Gray Foundation, which has no owners in the traditional sense, and is designed to exist in perpetuity and to serve two equally important purposes: (1) to promote the commercial success, continuity and independence of the Allan Gray and Orbis groups, and (2) to ensure that the distributable profits the Foundation receives from these firms are ultimately devoted exclusively to philanthropy.

PRINCIPLES AND VALUES

We have adhered to the same set of values for over 50 years. These have provided us with a consistent framework to help us make the best decisions for our investors in a changing environment and over time.

Client focused
We always put our clients' interests first and avoid (not manage) conflicts of interest. We try to build our clients' trust and confidence in us through offering excellent client service. We design our products and fees so that they tie our success to that of our clients.

Performance driven
We set extremely demanding and challenging standards, aiming to be the best in each area of our activities. Our business model and the way that we reward and promote our staff are designed to encourage excellence. Our performance-based investment management fees make our income more sensitive to long-term investment performance than the size of assets under management.

Long-term orientated
We take a long-term perspective on investment decisions and business strategy. We try to establish long-term relationships with clients who believe in us and share our conviction in our investment approach. We offer an uncluttered range of products and services where we believe the application of our skills can add value and be enduring.

Independent minded
We are often contrarian and have the courage to fly in the face of popular opinion or conventional wisdom. We value, seek and foster diversity of opinion and thought.

Individually accountable
We have great faith in the power of the individual to make a difference. We believe that the best decisions are made by individuals, not committees, and we accept responsibility for the consequences of our actions.

WHAT WE OFFER

1. Allan Gray unit trusts

You can invest in unit trusts for all your financial goals, from saving for longer-term needs to meeting your shorter-term objectives. Unit trusts give you easy and affordable access to financial markets, as well as the flexibility to access your investment if you need to.

We will carefully manage your chosen unit trust investments according to our proven investment philosophy. To build your long-term wealth with us, you can invest monthly or start with a lump sum, subject to our minimums. Learn more about our unit trusts on page 13.

You can invest directly in our unit trusts, or invest in unit trusts via one of our investment products that suit your needs and circumstances.

2. Allan Gray Tax-Free Investment Account

If you are investing for the long term, or are already paying income or capital gains tax on existing investments, our tax-free investment account allows you to benefit from tax savings on your investment return and can be used for estate planning. Learn more about our tax-free investment account on page 15.

3. Allan Gray Retirement Annuity Fund

You can save for your retirement using our retirement annuity (RA). An RA gives you tax savings and a measure of protection, but comes with some restrictions. You can access a portion of your investment once per tax year. The remainder of your investment must be used to purchase a retirement income product. Learn more about our retirement annuity on page 19.

4. Allan Gray preservation funds

You can transfer your existing retirement savings from an employer's retirement fund (or from another retirement fund) to one of our preservation funds. Although you cannot continue contributing, you keep the tax benefits of your original fund and your investment return is not taxed. Learn more about our preservation funds on page 22.

5. Allan Gray Living Annuity

You can invest your retirement savings and draw an income with our living annuity (LA). You can choose how much income to draw, within the legal limits, and you can change your income amount or the frequency of your payments every year. Learn more about our living annuity on page 26.

6. Allan Gray Endowment

If your marginal income tax rate is higher than 30%, you can use an endowment for your long-term savings goals to benefit from tax savings and for estate-planning purposes. Learn more about our local endowment on page 27.

7. Invest in unit trusts from other investment managers

You can benefit from manager diversification by investing in unit trusts from other investment managers via our investment platform. Learn more about the unit trusts on our local investment platform on page 28.

8. Invest in rand-denominated offshore unit trusts

A simple way to diversify your portfolio by investing offshore is to use rands to invest in rand-denominated offshore unit trusts offered by Allan Gray and other local investment managers. Learn more about the options on page 29.

9. Invest in foreign currency offshore unit trusts via the Allan Gray Offshore Investment Platform

Investing offshore allows you to spread your investment risk across different economies and regions. It also gives you access to industries and companies that may not be available locally. Learn more about our offshore platform on page 31.

10. Invest in foreign currency offshore unit trusts via the Allan Gray Offshore Endowment

If you want to invest offshore and your marginal tax rate is higher than 30%, an offshore endowment offers tax efficiency and estate-planning benefits. Learn more about our offshore endowment on page 33.

Product comparison

	Unit trust*	Tax-free investment	Retirement annuity	Preservation fund	Living annuity	Local endowment	Offshore platform	Offshore endowment
What currency will my investment be denominated in?	Rand	Rand	Rand	Rand	Rand	Rand	Foreign currency	US dollar
Are contributions tax-deductible?	No	No	Yes, up to certain maximums.	Not applicable	Not applicable	No	No	No
Are there annual investment limits?	No	Yes, R36 000 (may change over time).	No	No, but you can only add money to a preservation fund from an existing retirement fund; you cannot make additional contributions along the way.	No, but you can only transfer into an LA from a retirement fund or another LA.	Unlimited contributions can be made in the first year. Thereafter, your five-year restriction period on withdrawals will be extended if, in any one policy year, you invest more than 120% of the higher of your contributions in either of the previous two years.	The South African Reserve Bank has rules about how much money individuals and companies are allowed to take offshore. You will need to obtain a tax clearance certificate from the South African Revenue Service for amounts over R1m per calendar year.	Unlimited contributions can be made in the first year. Thereafter, your five-year restriction period on withdrawals will be extended if, in any one policy year, you invest more than 120% of the higher of your contributions in either of the previous two years. The South African Reserve Bank has rules about how much money individuals and companies are allowed to take offshore. You will need to obtain a tax clearance certificate from the South African Revenue Service to invest more than R1m offshore per calendar year.
Are there lifetime investment limits?	No	R500 000 (may change over time).	No	No, but see above.	No	No	No	No
What happens if I invest more than the limits?	Not applicable	You will have to pay a penalty of 40% of the amount you invest above the maximum. The penalty is payable to SARS and not Allan Gray.	Not applicable	Not applicable	Not applicable	Your five-year restriction period will be extended if, in any one policy year, you invest more than 120% of your contributions in either of the previous two years, into the same account.	Any money leaving South Africa goes through an authorised dealer and is monitored by the South African Reserve Bank (SARB). You may incur a fine or have to repatriate assets if you invest more than the SARB limits.	Your five-year restriction period will be extended if, in any one policy year, you invest more than 120% of the higher of your contributions in either of the previous two years, into the same plan. Any money leaving South Africa goes through an authorised dealer and is monitored by the South African Reserve Bank (SARB). You may incur a fine or have to repatriate assets if you invest more than the SARB limits.
How much tax will I pay?	Taxed at your marginal rate (for income and capital gains exceeding current tax-free thresholds). For dividend and interest withholding tax, we will deduct the necessary tax and pay this over to SARS on your behalf.	None	Investment return is tax-free. Any money you take out at retirement may be taxed according to the retirement tax table.	Investment return is tax-free. Any money you take out at retirement may be taxed according to the retirement tax table.	The return you earn in a living annuity is not taxed. However, your income in retirement is taxed at your marginal income tax rate, depending on the level of income you choose. We will deduct the necessary tax from your income payment and pay this over to SARS on your behalf.	Any growth attracts capital gains tax. Income (excluding local dividends) is taxed at 30% for individuals (different rates apply for companies and trusts) – this is deducted at the point of distribution. Capital gains tax is deducted when your withdrawal is paid.	Taxed at your marginal rate (for income and capital gains exceeding current tax-free thresholds).	Any growth attracts capital gains tax. Income is taxed at 30% for individuals (different rates apply for companies and trusts). Capital gains tax is deducted when you make a withdrawal or, in the absence of a withdrawal, annually for switches and fees.

*"Unit trust" refers to all Allan Gray unit trusts (including rand-denominated offshore unit trusts) and unit trusts from other investment managers.

Product comparison

	Unit trust*	Tax-free investment	Retirement annuity	Preservation fund	Living annuity	Local endowment	Offshore platform	Offshore endowment
Can I access my money?	Yes	Yes	You can access a portion of your investment once per tax year. Limited access at retirement.	You can access a portion of your investment once per tax year. Limited access at retirement. For investments made before 1 September 2024, you are allowed a once-off withdrawal before retirement, provided there are no restrictions in place from the transferring fund, and subject to the requirements of legislation and the regulatory authorities. Limited access to your cash at retirement.	Yes, at the income level you select when you start your living annuity, which must be between the limits applicable at the time. You can change your income rate once a year, on your anniversary date, or any other time when legislation and/or the regulatory authority allows.	Yes, but you are only entitled to a single withdrawal during your five-year restriction period. If the account is not in a restriction period, you may make withdrawals.	Yes	Yes, but you are only entitled to a single withdrawal per policy during your five-year restriction period. Each plan comprises multiple underlying policies. If the plan is not in a restriction period, you may make unlimited withdrawals.
Are there any investment restrictions?	No**	You may not invest in direct shares or derivatives; you can only invest in underlying unit trusts with fixed fees.**	Must comply with the prescribed retirement fund investment limits.	Must comply with the prescribed retirement fund investment limits.	No**	No**	Some investment managers whose unit trusts are available through Allan Gray have country-specific restrictions regarding who can invest. US residents or citizens may not invest.	Guernsey or US residents may not invest.
How does estate planning work?	Forms part of your estate.	You may appoint beneficiaries. If you do, although estate duty is payable (subject to certain exemptions), there are no executor fees.	You may make nominations, although the trustees determine the allocation between your dependants and nominees. Not part of your estate.	You may make nominations, although the trustees determine the allocation between your dependants and nominees. Not part of your estate.	You may appoint beneficiaries. Any money left in your living annuity when you die can be left to your beneficiaries and can be paid immediately as it does not form part of your estate.	You may appoint beneficiaries. If you do, although estate duty is payable (subject to certain exemptions), there are no executor fees.	Forms part of your estate.	You may appoint primary and secondary beneficiaries. If you do, although estate duty is payable (subject to certain exemptions), there are no executor fees.

*"Unit trust" refers to all Allan Gray unit trusts (including rand-denominated offshore unit trusts) and unit trusts from other investment managers.

**Allan Gray Life Limited and Allan Gray Unit Trust Management (RF) Proprietary Limited are subject to exchange control regulations issued by the South African Reserve Bank. These regulations limit institutional investors' offshore exposure. To ensure compliance with these regulations, we may need to limit exposure to offshore assets and unit trusts.

HOW MUCH DOES IT COST TO INVEST?

Generally, there are three types of fees that may apply to your investment:

- Investment management fees
- Administration fees
- Advice fees

These fees may be deducted from your investment before buying units in the unit trust(s) you have selected ("initial fees"), or may be calculated and accrued on an ongoing basis, based on the market value of your investment, and deducted monthly ("annual fees").

Investment management fees

These are annual fees charged by each unit trust's investment manager for investment management. They are deducted within the unit trust, and are therefore accounted for in the unit trust's published performance figures. The fee structures vary between unit trusts; fees may be fixed or based on the performance of the unit trust.

To compare costs across unit trusts with different fee structures, you can look at the total expense ratio (TER) for investment management and transaction costs. This is the unit trust's TER less any administration fee included in the investment management fee and passed on to us for the administration we perform. The TER is not a separate fee, but a measure of the unit trust's actual expenses.

For more information on how each unit trust calculates its investment management fee, please see the relevant unit trust's minimum disclosure document and our fund list, which are available at www.allangray.co.za or from our Client Service Centre.

Administration fees

We charge an annual fee for the administration of your investment. For investments in Allan Gray's rand-denominated unit trusts, including via our local and offshore platforms, we charge an annual administration fee of 0.20% (excl. VAT).

Local investment platform

When you invest via the Allan Gray Local Investment Platform, our fee for the administration of your investment is based on the market value across all local platform, offshore platform and offshore endowment investments linked to your investor number (i.e. your "total investment value"). We charge an annual administration fee (excl. VAT) of a maximum of 0.50% on the first R1m invested, 0.20% on the next R2m, 0.10% on the next R7m and 0.075% on the balance over R10m. If your total investment value is less than R50 000, we will charge you a flat annual administration fee of 1.00% (excl. VAT).

In some cases, a portion of the investment management fee is passed on to us by the investment manager for the administration we perform. We then reduce the administration fee we charge you and deduct only the outstanding portion from your account.

If the amount passed on to us for administration exceeds the total administration fee, you will receive the excess as additional units in your account.

Offshore investment platform and offshore endowment

When you invest in foreign currency offshore unit trusts via the Allan Gray Offshore Investment Platform or Offshore Endowment, we charge an annual administration fee based on the market value (converted to US dollars, where applicable) of all local platform, offshore platform and offshore endowment investments linked to your investor number (i.e. your “total investment value”). We charge an annual administration fee (excl. VAT) of 0.50% on the first US$200 000 invested, 0.20% on the next US$800 000 and 0.10% on the balance over US$1m. For investments in certain Allan Gray and Orbis unit trusts, we charge an annual administration fee (excl. VAT) of 0.30% on the first US$600 000 invested, 0.20% on the next US$400 000 and 0.10% on the balance over US$1m. If your total investment value is less than R50 000 (or the equivalent in US dollars), we will charge you a flat annual administration fee of 1.00% (excl. VAT).

For investments via the Allan Gray Offshore Investment Platform, where a portion of the investment management fee charged within the unit trust is passed on to us by the investment manager for the administration we perform, we reduce the fee we charge you; we only deduct the outstanding portion from your account. If the portion we receive for administration is larger than our administration fee, you will receive the excess as additional units in your account.

Advice fees

For all products except the Allan Gray Living Annuity, initial fees are subject to a maximum of 3.00% (excl. VAT). The annual fee is subject to a maximum of 1.00% (excl. VAT), unless the initial fee exceeds 1.50% (excl. VAT), in which case the maximum annual fee is 0.50% (excl. VAT).

A maximum initial adviser fee of 1.50% (excl. VAT) may be charged on the Allan Gray Living Annuity. Ongoing annual adviser fees are limited to a maximum of 1.00% (excl. VAT).

Financial adviser fees are agreed between you and your adviser for financial advice and services provided.

There are no penalties

You can make changes to your investment at any time without paying penalties. We will not reduce your investment value if you make changes to your investment.

TAX IMPLICATIONS OF YOUR INVESTMENTS

Unit trusts

You use after-tax money to invest in local and offshore unit trust investments. Interest withholding tax and dividend withholding tax are deducted where applicable, and you pay capital gains tax (CGT) when you withdraw your investment.

Tax-free investment accounts

You use after-tax money to invest in tax-free investment products. You do not pay dividend tax, income tax on interest or CGT.

Retirement funds

You use pre-tax money to invest in retirement funds. Since the implementation of the two-pot retirement system on 1 September 2024, all new contributions to retirement funds are split into two components: One-third of your contributions are allocated to a savings component, which you can access once per tax year before retirement, and the remaining two-thirds are allocated to a retirement component, which is inaccessible before you retire, and at retirement must be used to purchase a retirement income product (see page 17 for more detailed information).

Contributions to an RA are tax-deductible (subject to certain limits). This means that you may be taxed on a lower taxable income amount and could receive money back from SARS at the end of the tax year. The income and capital growth earned on your investment until you retire is also tax-free.

Withdrawals from the savings component before retirement are taxed according to your marginal tax rate, which is the highest rate of tax that is applicable to your income according to the personal income tax table (see **Table 1**).

If you were invested in a retirement fund before 1 September 2024, your accumulated retirement investment on 31 August 2024 is housed in your vested component. Pre-retirement withdrawals from your vested component will be taxed according to the withdrawal tax table (see **Table 2**). At retirement, you will be able to withdraw the full amount in your savings component. This withdrawal will be taxed according to SARS's retirement fund lump sum tax table (see **Table 3**).

Living annuities

You pay tax on the income you draw from your living annuity according to the rates on the income tax table (see **Table 1**).

Endowments

In terms of income tax legislation, Allan Gray Life Limited is required to pay income tax, dividend withholding tax and CGT at a rate which depends on how the investor is classified (as a natural person, company, or an untaxed policyholder). Trusts are taxed according to the classification of the beneficiary. Income tax (including dividend withholding tax) is incurred and recovered from the policy when income distributions made within a unit trust are received.

Allan Gray Life Limited pays tax on any capital gains that may arise. This means that when you withdraw, switch, or sell units to pay fees, CGT will be recovered from the policy before the money is paid out. **Table 4** illustrates the tax rates that apply.

Table 1: Income tax table (2025/2026)

Taxable income	Tax rate
R0 - R237 100	18% of taxable income
R237 101 - R370 500	R42 678 + 26% of taxable income above R237 100
R370 501 - R512 800	R77 362 + 31% of taxable income above R370 500
R512 801 - R673 000	R121 475 + 36% of taxable income above R512 800
R673 001 - R857 900	R179 147 + 39% of taxable income above R673 000
R857 901 - R1 817 000	R251 258 + 41% of taxable income above R857 900
R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

Table 2: Withdrawal tax table (2025/2026)

Taxable lump sum (R)	Rate of tax (R)
R0 - R27 500	0% of taxable income
R27 501 - R726 000	18% of taxable income above R27 500
R726 001 - R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001 and above	R223 740 + 36% of taxable income above R1 089 000

Table 3: Retirement fund lump sum tax table (2025/2026)

Taxable lump sum (R)	Rate of tax (R)
R0 - R550 000	0% of taxable income
R550 001 - R770 000	18% of taxable income above R550 000
R770 001 - R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R1 155 000

Table 4: Endowment tax rates (2025/2026)

Policyholder	Tax income (interest, net rental income and foreign dividends)	Net capital gains tax inclusion rate	Effective capital gains tax rate
Natural person	30%	40%	12%
Company/Closed corporation	27%	80%	21.6%
Non-taxpaying organisation	0%	0%	0%
Trusts*	Look-through principle	Look-through principle	Look-through principle

*If the policyholder is a trust, the income tax is deducted according to the classification of the beneficiaries.

START A BASIC UNIT TRUST INVESTMENT

You can invest in unit trusts for most of your financial goals, from saving for longer-term needs to meeting your shorter-term objectives.

You can invest directly in our unit trusts, or invest in unit trusts via one of our investment products that suit your needs and circumstances.

What is a unit trust?

A unit trust is a type of investment that provides you with easy and affordable access to financial markets. When you invest, you buy units in unit trusts of your choice. These units belong to you until you decide to sell them. Your money is combined with that of other investors who have bought units in that unit trust. Experienced investment managers use the pool of money to buy shares, property, bonds, cash, or a combination of these, on local or foreign markets, depending on the type of unit trust. How much your investment grows depends on the performance of these assets. You can buy more units whenever you want to, and you can leave your units to grow.

Reasons to consider a unit trust

You benefit from our investment expertise

We will carefully manage your chosen unit trust investments according to our proven investment philosophy. To build your long-term wealth with us, you can invest monthly or start with a lump sum, subject to our minimums.

You get choice and control

You can choose a unit trust that suits your needs and time horizon. While you can monitor your investment and make changes at any time without paying transaction fees or penalties, we encourage long-term investing.

You get the benefits of diversification

Unit trusts can reduce your risk of loss as they offer an affordable way to invest in a wide variety of underlying investments, such as shares, bonds, cash and offshore. You would need a large amount of money to buy the same range of investments yourself.

By investing in a range of investments, you can reduce your risk. For example, if you are invested in a single share and the price goes down, you would be at risk of losing money, but if you are invested in a unit trust that invests in 40 shares and one of those shares' price goes down, the effect on your investment value would be smaller and could even be cancelled out if another share's price goes up.

Choose a unit trust that suits your needs

When you choose a unit trust, there is a trade-off between higher potential return and fluctuation on the one hand, and stability and lower risk on the other. Most investors' needs are met by our four main funds:

- **Allan Gray Equity Fund:** Potential for higher long-term return, with significant fluctuation that could last for many years.
- **Allan Gray Balanced Fund:** Our flagship unit trust for steady long-term investment return.
- **Allan Gray Stable Fund:** Lower fluctuation, which means you can access your money in the medium term with less risk that it may have lost value at the time.
- **Allan Gray Interest Fund:** The most stable of our main funds, offering preservation and accessibility over the short term.

We also have specialist unit trusts, namely the **Allan Gray SA Equity Fund**, **Allan Gray Optimal Fund**, **Allan Gray Bond Fund**, **Allan Gray Income Fund** and **Allan Gray Money Market Fund**. Our range of specialist unit trusts may be more suitable for experienced investors who are comfortable building their own portfolios. Learn more about these unit trusts in our "Unit Trusts" brochure.

- If you are looking to invest offshore, you can learn more about the options available through Allan Gray on pages 29 to 34.
- If you want to diversify your investment strategy, you may also want to invest in unit trusts from other investment managers. Learn more about our local platform on page 28.

Understanding terminology

Fluctuation

Investments that offer the potential for higher return are usually associated with more investment risk and fluctuation. We define "investment risk" as the risk that you may lose your money. Investment fluctuation is how much your investment value goes up and down over time. It is not a risk in itself, as any loss in value is on paper only, unless you withdraw your investment after it has lost value.

START A TAX-FREE INVESTMENT

What is a tax-free investment account?

A tax-free investment (TFI) is a product that allows you to invest a limited amount of money, without having to pay tax on the resulting returns. If you are investing for the long term, or if you are already paying income or capital gains tax on your existing investments, you can invest in unit trusts via our tax-free investment account and benefit from tax savings on your investment return. It is also a useful product for estate-planning purposes.

You can make withdrawals from your investment at any time. However, withdrawals do not affect how much you are allowed to contribute – you can't replace any amount you withdraw.

Reasons to consider a TFI account

You get tax benefits

You pay no tax on the growth of your investment (interest, dividends or capital gains), benefiting you most over the long term.

You get estate-planning benefits

Your investment can be paid to your beneficiaries immediately and there are no executor fees. The value of the investment will be included in the estate for the calculation of estate duty.

You benefit from our investment expertise

We will carefully manage your chosen unit trust investments according to our proven investment philosophy. To build your long-term wealth with us, you can invest monthly or start with a lump sum, subject to our minimums and the prescribed maximum amounts.

A TFI may be suitable for you if:

- You have medium- to long-term investment objectives.
- You are paying tax on your current investments and would like to make an additional investment that will be tax-free.

Reasons a TFI may not be suitable for you

- If you are not already paying tax on your investments, or are not investing for the long term, the TFI account may not provide significant tax benefits.
- You will pay a tax penalty of 40% of any amount you invest above the maximum of R36 000 per year and R500 000 over your lifetime. This includes all tax-free investments you may have at different companies. It is your responsibility to ensure that you do not invest more than this maximum across all product providers.

Your investment is in your choice of unit trusts

Your investment returns come from the unit trusts you choose. When choosing a unit trust, there is a trade-off between higher potential return on the one hand, and stability and lower risk on the other. Current legislation limits your investment options to unit trusts that charge fixed fees, such as the Allan Gray Tax-Free Balanced Fund.

If you want to include diversification in your investment strategy, you may also want to invest in unit trusts from other investment managers. For more information, please see page 28.

A tax-free investment (TFI) is an investment product that allows you to invest a limited amount of money, without having to pay tax on the resulting returns.

THE TWO-POT RETIREMENT SYSTEM

The two-pot retirement system, which was implemented on 1 September 2024, aims to combat both immediate and long-term hardship by allowing limited access to retirement funds, while enforcing preservation, with the aim of improving retirement outcomes.

How does the two-pot retirement system work?

From 1 September 2024, all new contributions to retirement funds are split into two components: One-third of your contributions are allocated to a savings component, which you can access in case of a financial emergency, but only once per tax year before retirement. The remaining two-thirds are allocated to a retirement component, which will be inaccessible before you retire, and at retirement must be used to purchase a retirement income product.

Together, these components make up your retirement account, along with a vested component, if applicable. The vested component consists of your accumulated savings on 31 August 2024 (less once-off seeding of your savings component) – being your two-pot vested benefit and your harmonisation vested benefit (if applicable) – plus future growth. Your previous rights will continue to apply to your vested component. See the infographic on page 18.

Understanding terminology

Two-pot vested benefit
Your two-pot vested benefit refers to all contributions to a pension fund or retirement annuity fund until 31 August 2024, as well as contributions to a provident fund from 1 March 2021 until 31 August 2024, less once-off seeding of your savings component, plus future growth. These contributions are protected from two-pot changes.

Harmonisation vested benefit
Harmonisation refers to the process of aligning the benefits and rules of provident, provident preservation, pension, pension preservation and retirement annuity funds. Harmonisation legislation came into effect on 1 March 2021.

Your harmonisation vested benefit refers to all contributions to a provident or provident preservation fund before 1 March 2021, plus growth since then. This portion of your benefit will continue to be exempt from harmonisation and is also protected from two-pot changes. It forms the fourth component of your retirement account.

Previous rights
These are the rights that applied to your retirement investment before the implementation of the two-pot system. For example, if you are a member of a pension or provident fund, you will be able to access 100% of the vested component of your investment when you resign, subject to specific fund rules.

The two-pot retirement system explained

Retirement account

For retirement accounts opened before 31 August 2024, the investment will be made up of the savings, retirement and vested components.

New retirement accounts will only have the savings and retirement components.

Contributions from **1 September 2024**

1/3

2/3

Savings component

One-third of all contributions.
Can be accessed in case of a financial emergency, but only once per tax year.

Retirement component

Two-thirds of all contributions.
Preserve until retirement and use to buy a retirement income product.

Vested component

Applies to members who invested before **1 September 2024**

The value of your retirement account on 31 August 2024, less once-off seeding of your savings component, plus growth since then. This component will be treated in the same way as it was before 1 September 2024, except that no further contributions can be allocated to it.

SAVE FOR YOUR RETIREMENT WITH THE ALLAN GRAY RETIREMENT ANNUITY FUND

Many of us will live for 30 years beyond retirement age, so we expect our retirement savings to "work" for as long as we have worked. With this in mind, the ideal time to start saving for your retirement is with your first pay cheque.

A good rule of thumb to allow you to maintain your lifestyle later on is to save 17% of your salary starting at age 25. If you start later, or withdraw along the way, you will naturally need to save more or consider retiring later.

What is a retirement annuity?

A retirement annuity (RA) is a retirement savings product that allows you to invest in unit trusts and gives you tax savings and a measure of protection, but it comes with some restrictions.

Reasons to consider an RA

You get tax benefits

Your contributions to an RA are tax-deductible (subject to certain limits). This means that you may be taxed on a lower taxable income amount and could receive money back from SARS at the end of the tax year. The income and capital growth earned on your investment until you retire is also tax-free.

Tax deductions on contributions to RAs are limited to the greater of 27.5% of taxable income or remuneration (excluding any retirement fund lump sum, withdrawal and/or severance benefits) per year, subject to a maximum of R350 000 per year. You can carry any excess contribution over to the following tax year.

You benefit from our investment expertise

We will carefully manage your chosen unit trust investments according to our proven investment philosophy. To build your long-term wealth with us, you can invest monthly or start with a lump sum, subject to our minimums.

Most of your investment is protected

The restrictions in a retirement annuity ensure that most of your investment is kept for its intended purpose and safeguarded from potential creditors. You can make changes or add more money at any time without paying transaction fees or penalties.

Your investment is in your choice of unit trusts

Your investment returns come from the unit trusts you choose. When choosing a unit trust, there is a trade-off between higher potential return on the one hand, and stability and lower risk on the other. You can read more about this on page 13.

When you invest in an RA, prescribed legal investment limits control the maximum exposure you may have to various asset classes.

You can comply by simply investing in a unit trust that already complies, such as the Allan Gray Balanced Fund, or you can choose to invest in multiple unit trusts available via our investment platform (see page 28) – but you must make sure that your combination of unit trusts complies. You can change your selection when you need to. You cannot invest in foreign currency unit trusts via the Allan Gray Retirement Annuity Fund. Please consult our latest local investment platform list, which is available via our website or from our Client Service Centre.

Understanding terminology

Taxable income

Taxable income is the amount on which normal tax, at the applicable rate, is calculated for a particular tax year.

Remuneration

"Remuneration" is defined in the Income Tax Act and means "any amount of income which is paid or is payable to any person by way of any salary, leave pay, wage, overtime pay, bonus, gratuity, commission, fee, emolument, pension… whether in cash or otherwise and whether or not in respect of services rendered".

Prescribed legal investment limits

Regulation 28 of the Pension Funds Act limits the maximum exposure you may have to various asset classes, for example: 75% to equities, 25% to property and 45% to foreign assets.

Other things to note

Transfers

You can transfer your investment in another RA to the Allan Gray RA. You may also transfer your investment in the Allan Gray RA to another approved retirement fund. These transfers are subject to the requirements of the funds and legislation at the time.

Loans

You cannot use your RA to secure a loan.

An RA is suitable for you if:

- You are self-employed and are not a member of a pension fund or provident fund
- Your employer is not contributing to a pension fund or provident fund on your behalf
- You receive variable income which is not taken into account when your contributions to a pension or provident fund are calculated
- You want to supplement your existing retirement savings and benefit from tax savings

Reasons an RA may not be suitable for you

- You can only access a portion of your investment before retirement, except in certain circumstances, such as if you become permanently disabled, if you emigrate or if your investment is below the minimum requirements applicable at the time (see page 24).
- Prescribed legal investment limits restrict how much you can invest in certain investments.
- When you retire, most of your investment must be used to purchase a retirement income product, such as a living or guaranteed life annuity. You will pay tax on this income according to the tax table applicable at the time. You can take the balance of your savings component as a cash lump sum, if you need to. You will be taxed on this amount.

  You may be able to take a higher proportion as cash, but only if your investment is below a specified legislated amount or if you have other accessible components in your investment (see page 17).

TRANSFER YOUR EXISTING RETIREMENT SAVINGS TO A PRESERVATION FUND

What is a preservation fund?

A preservation fund allows you to preserve your provident or pension retirement savings with Allan Gray. You can transfer your savings from your previous employer's retirement fund, or from another fund, to one of our retirement funds: the Allan Gray Pension Preservation or Provident Preservation Fund. Within the retirement fund, your investment will be in your choice of unit trusts. You cannot invest in foreign currency unit trusts via the Allan Gray Pension Preservation or Provident Preservation Fund.

Reasons to consider a preservation fund

Keep your tax benefits

You keep the tax benefits of your original fund.

You have control and flexibility

You choose from our simple range of unit trusts, and you can change your selection when you need to without any transaction fee or penalty.

Things to consider when transferring your retirement savings

- The conditions and restrictions of your original fund, which determine your access to your money before and at retirement, still apply when you transfer.
- You cannot add to your retirement savings in a preservation fund. If you want to continue adding to your retirement savings, you can separately start another investment, such as a retirement annuity.
- Your investment must comply with prescribed legal investment limits, which limit how much you can invest in the types of investments that are considered higher risk, for example equities and offshore investments.

Other things to note

Loans

You cannot use your preservation fund to secure a loan.

A preservation fund may be suitable for you if:

- You are changing employment and you want to preserve your existing pension or provident fund with Allan Gray
- You receive a pension interest in a divorce order against a former spouse's employer fund

Reasons a preservation fund may not be suitable for you

- Access to your investment is limited (see page 24).
- Prescribed legal investment limits restrict how much you can invest in certain investments.
- When you retire, most of your investment must be used to purchase a retirement income product, such as a living or guaranteed life annuity. You will pay tax on this income according to the tax table applicable at the time. You can take the balance of your savings component as a cash lump sum, if you need to. You will be taxed on this amount.

  You may be able to take a higher proportion as cash, but only if your investment is below a specified legislated amount or if you have other accessible components in your investment (see page 17).

Understanding terminology

Prescribed legal investment limits

Regulation 28 of the Pension Funds Act limits the maximum exposure you may have to various asset classes, for example: 75% to equities, 25% to property and 45% to foreign assets.

ACCESSING YOUR RETIREMENT INVESTMENT

When can I access my retirement investment?	
Once per tax year	In line with two-pot legislation, you can withdraw from your savings component in case of a financial emergency, but only once per tax year, subject to tax at your marginal tax rate. You should only access your investment when you have no other options.
When you retire (any time after age 55)	Your retirement fund investment continues until you decide to retire after the age of 55 and take your money out to use it for a regular income. Your retirement component must be used to purchase a retirement income product, such as a living or guaranteed life annuity. You will pay tax on this income according to the tax table applicable at the time. You can take the balance of your savings component as a cash lump sum, if you need to. You will be taxed on this amount. You may be able to take a higher proportion as cash, but only if your investment is below a specified legislated amount or if you have other accessible components in your investment (see page 17).
In certain circumstances before you turn 55	If you are invested in the Allan Gray Retirement Annuity Fund and your investment is below the minimum requirements applicable at the time, according to legislation, and you are not making any recurring contributions, you may take the full amount as cash.
Permanent disability prior to retirement (as approved by the trustees)	You can apply for early retirement if you become permanently disabled. Your retirement component must be used to purchase a retirement income product, such as a living or guaranteed life annuity. You will pay tax on this income according to the tax table applicable at the time. You can take the balance of your savings component as a cash lump sum, if you need to. You will be taxed on this amount. You may be able to take a higher proportion as cash, but only if your investment is below a specified legislated amount or if you have other accessible components in your investment (see page 17).
Emigration	You may be able to withdraw your full investment if you have emigrated from South Africa, as recognised by the South African Reserve Bank (SARB) for the purposes of exchange control, and your emigration application was submitted on or before 28 February 2021 and approved by the SARB on or before 28 February 2022; or if you have not been a South African tax resident for an uninterrupted period of at least three years on or after 1 March 2021; or if you have left South Africa at the expiry of a work or visit visa. You will be taxed on your withdrawal.
Death prior to retirement	Your retirement fund does not form part of your estate, which means that your money will not attract estate duty. A board of trustees is responsible for running the retirement fund and protecting the interests of all members, including you. If you die while you are still invested in your retirement fund, in terms of legislation, the trustees must thoroughly investigate your dependants and/or nominees and allocate your money according to need. This means that your investment might not be allocated to your nominees. The Pension Funds Act gives the trustees 12 months to execute their duties. Where reasonable, they may exceed this. Once the trustees have made their allocations, your beneficiaries can choose to take the investment as cash, transfer the investment to a living or guaranteed life annuity, or a combination of these options. Any cash taken will be taxed in the hands of the deceased before the amount is paid to your beneficiaries.

Understanding terminology

Dependants

Section 37C of the Pension Funds Act defines dependants as spouses, children, anyone proven to have been financially dependent on you at the time of your death, anyone entitled to maintenance, as well as anyone who may in the future have become financially dependent on you if you had not died.

Nominees

A nominee is any party (natural person, trust or legal entity) whose details you provide to the retirement fund in writing indicating that they should be considered by the trustees for a possible allocation of the death benefit. Examples would be one or more dependants, or a person who is not a dependant, such as a friend of the member.

GET A RETIREMENT INCOME WITH THE ALLAN GRAY LIVING ANNUITY

What is a living annuity?

A living annuity is an investment that provides you with an income during your retirement years. By investing your retirement savings in a living annuity, you can draw an income, sometimes referred to as a pension. Your investment is in your choice of unit trusts.

Reasons to consider a living annuity

You choose your income

You can choose how much income to draw, within the legal limits of between 2.5% and 17.5%, keeping in mind that drawing too much can deplete your retirement savings and your ability to draw an adequate income in the future. You can change your income amount and frequency every year.

You have control and flexibility

You choose from our simple range of unit trusts, and you can change your selection when you need to without any transaction fee or penalty.

You can appoint beneficiaries

Any money left in your living annuity when you die can be left to your beneficiaries and can be paid immediately, without waiting for your estate to be wound up.

A living annuity may be suitable for you if:

- You have been contributing to an RA or a pension or provident fund, or have preserved retirement savings in a preservation fund and wish to start drawing an income
- You have received a death benefit from a retirement fund member
- You want to leave money to your beneficiaries and save on estate duty and executor fees

Reasons a living annuity may not be suitable for you

- Your income is not guaranteed; it depends on your investment value and the return you earn. If your investment value drops, or you do not earn enough return, you may need to draw a lower income than you would like.
- If you draw too high an income, your investment might not last.
- Investment performance fluctuates over the short to medium term. You take on the risk that your investment will not perform as you expect.

Your investment is in your choice of unit trusts

Your investment returns come from the unit trusts you choose. When choosing a unit trust, there is a trade-off between higher potential return and fluctuation on the one hand, and stability and lower risk on the other. You can read more about our range of unit trusts on page 13. You cannot invest in foreign currency unit trusts via the Allan Gray Living Annuity.

THE ALLAN GRAY ENDOWMENT

What is an endowment?

An endowment is an investment policy that caters for long-term investors with a high marginal income tax rate who want to benefit from tax savings. It is also a useful product for estate-planning purposes.

Reasons to consider an endowment

Tax benefits

The income tax rate in an endowment is fixed at 30% (different tax rates may apply to companies, corporates and trusts), which means that if your income tax rate is more than 30%, your returns will be taxed at a lower rate.

Use an endowment for estate planning

If you have appointed beneficiaries, your investment can be paid or transferred (as applicable) to them immediately on your death, without having to wait for your estate to be wound up. Although the investment will form part of the deceased estate for the calculation of estate duty, if there is an appointed beneficiary, there will be no executor fees.

An endowment may be suitable for you if:

- You have a high marginal tax rate
- You have medium- to long-term investment objectives
- You are comfortable with a five-year minimum investment term
- You want to be able to appoint a beneficiary to take ownership of the investment so that it is not tied up in your estate, and save on executor fees

Reasons an endowment may not be suitable for you

- If your income is taxed at less than 30%, you will be taxed more in an endowment than in a plain unit trust investment.
- During the first five years of your investment, known as the restriction period, you may only make one withdrawal and the amount you may take is restricted. However, when you are not in the restriction period, you may withdraw from your investment at any time, or schedule regular withdrawals.
- Your five-year restriction period may be extended if you invest more over one year than 120% of your investments over either of the previous two years.

Your investment is in your choice of unit trusts

Your investment returns come from the unit trusts you choose. When choosing a unit trust, there is a trade-off between higher potential return and fluctuation on the one hand, and stability and lower risk on the other. You can read more about our range of unit trusts on page 13. You cannot invest in foreign currency unit trusts via the Allan Gray Endowment.

INVEST IN UNIT TRUSTS FROM OTHER INVESTMENT MANAGERS

Our local investment platform provides access to a focused range of unit trusts from Allan Gray, as well as from other investment managers for those investors who wish to include manager diversification in their investment strategy.

Benefits of investing with different investment managers through Allan Gray

You get easy access and flexibility

You can make changes to your investment and access your money at any time. You can switch between different investment managers in your portfolio as your needs and objectives change. No transaction fees and no penalties.

You get simplified administration

You can invest in unit trusts offered by different investment managers, but you get one point of contact, consolidated reporting and one online account.

You get value for money

You can benefit from transparent fee structures that offer value for money. Learn more about our annual administration fees on page 9.

How we choose the unit trusts on our platform

Our selection of unit trusts is demand-driven. We regularly survey financial advisers and we usually review our range annually.

We have also engaged the services of an independent fund rating company, Fundhouse, to rate the unit trusts we offer. Ratings add an extra layer of comfort for investors and advisers when selecting unit trusts.

We only offer unit trusts that have been registered by the Financial Sector Conduct Authority, we require unit trusts to be of a minimum size for liquidity purposes, and we try to offer more choice where there is more potential for differences in performance. This means we offer more equity-only unit trusts than asset allocation/fixed-income unit trusts, and at the same time we ensure we do not have too much duplication, but rather a spread across the asset classes.

See our "Local Investment Platform Fund List" brochure or our website for more information about the unit trusts available through Allan Gray.

INVEST IN RAND-DENOMINATED OFFSHORE UNIT TRUSTS

Investing offshore allows you to spread your investment risk across different economies and regions. It also gives you access to industries and companies that may not be available locally.

Easy access to offshore investments through rand-denominated offshore unit trusts

If you want to diversify your portfolio by investing offshore, a simple way to achieve this is to use rands to invest in rand-denominated offshore unit trusts. Although your investment is priced in rand, your investment performance will be determined by the performance of the underlying offshore assets and the daily currency movements. You do not need to buy foreign currency or get tax clearance from the South African Revenue Service, since you use the investment manager's offshore allowance instead of your own.

Choose a unit trust that suits your needs

We offer the following three rand-denominated offshore unit trusts for you to choose from:

- **Allan Gray-Orbis Global Equity Feeder Fund:** An offshore unit trust with the potential for high long-term returns from global markets, with significant fluctuation that could last many years.
- **Allan Gray-Orbis Global Balanced Feeder Fund:** An offshore unit trust offering long-term investment returns by balancing capital growth, income generation and the risk of loss in global markets.
- **Allan Gray-Orbis Global Optimal Fund of Funds:** An offshore unit trust for long-term capital growth with better returns than those from foreign cash.

If you want to include manager diversification in your investment strategy, you may also want to invest in rand-denominated offshore unit trusts from other investment managers.
Learn more about our platform on page 28.

Understanding terminology

Offshore allowance

The South African Reserve Bank (SARB) has rules around how much money individuals and companies are allowed to take offshore. These are known as the "offshore allowance" or "foreign exchange limits". When you invest in rand-denominated offshore unit trusts, you use the investment manager's allowance.

Manager diversification

Some investors prefer to mitigate the risk of a specific manager underperforming by investing in unit trusts offered by different investment managers.

Domiciled and regulated in South Africa, the Allan Gray Offshore Investment Platform gives you access to a range of carefully selected foreign currency unit trusts (or funds) managed by offshore investment managers, across the risk spectrum, with different investment styles and in different regions. This selection includes funds managed by our offshore partners, Orbis and Allan Gray Australia, who use the same investment approach as our investment team.

Using an offshore investment platform can help when it comes to narrowing down the large selection of funds available globally and dealing with the associated administration. Furthermore, the minimum investment required is typically lower than when investing directly with a manager.

Who can invest via the Allan Gray Offshore Investment Platform?

- Individuals over the age of 18
- Offshore trusts and companies

Note that some investment managers whose unit trusts are available through Allan Gray have country-specific restrictions regarding who can invest.

Benefits of investing via the Allan Gray Offshore Investment Platform

You have control and flexibility

You can choose the unit trusts that best suit your needs, add to your investment when you want to and access your money at any time – although we encourage a long-term approach.

You get one point of contact

As with your local investments, you can interact with our Client Service Centre and you can view and transact on your offshore investments through Allan Gray Online.

You get help with the admin

When you invest using foreign currency, you need to exchange your rands for foreign currency and, for amounts over R1m per year, you need tax clearance from the South African Revenue Service (SARS) – unless you already have foreign currency in a foreign bank account. If you are a South African resident individual using your R1m allowance, Allan Gray can facilitate the conversion of your rands, through the authorised dealer at a preferential rate, into the currency of the unit trust you want to invest in. If you are attending to your own currency conversion, we have negotiated with an independent foreign exchange provider who can assist you with applying for tax clearance certificates, currency conversion and transferring foreign currency into our offshore bank accounts.

Reasons investing offshore with foreign currency may not be suitable for you

- **You need to use your own offshore allowance or money that is already offshore, and you may need tax clearance.** The South African Reserve Bank (SARB) has rules about how much money individuals and companies are allowed to take offshore for different purposes. You will need to obtain a tax clearance certificate from SARS for amounts over R1m per year. If you have exceeded your personal foreign investment limit, you may not be able to invest in foreign currency.
- **Transactions can take significantly longer than in the case of local unit trusts.** Certain foreign currency funds trade daily, while others trade weekly. Depending on your choice, when you transact, you must make allowance for a processing time that could take up to 17 days.

See our "Offshore Investment Platform Fund List" brochure or our website for more information about the funds that are available through Allan Gray.

THE ALLAN GRAY OFFSHORE ENDOWMENT

What is an offshore endowment?

An offshore endowment is an investment-linked long-term product, suitable for investors who want to diversify their portfolio across economies and regions outside South Africa, have a marginal tax rate of higher than 30%, and require a product that offers tax efficiency and estate-planning benefits.

Who can invest in the Allan Gray Offshore Endowment?

- Individuals aged 18 years and older
- Offshore trusts and companies

This product is issued by Allan Gray Life Limited (Guernsey branch) and is designed for South African resident investors. Investors who are residents of other countries should obtain independent advice regarding the legal and tax implications of investing in this product. Guernsey or US residents may not invest.

Reasons to consider an endowment

Tax efficiency

The effective capital gains tax rate for an individual investing in an endowment is fixed at 12% (i.e. a capital gains inclusion rate of 40%, which is taxed at the life company tax rate of 30%). This means that if your income tax rate is higher than 30%, your capital gains will be taxed at a lower rate within an endowment. Different tax rates may apply to companies and trusts.

The calculation, deduction and payment of tax are done by Allan Gray Life Limited (Guernsey branch).

Estate-planning benefits

If you have appointed beneficiaries, your investment can be paid or transferred (as applicable) to them immediately on your death without having to wait for your estate to be wound up. Although the investment will form part of the deceased estate for the calculation of estate duty (subject to certain exemptions), if there is an appointed beneficiary, there will be no executor fees.

An offshore endowment may be suitable for you if:

- You have a marginal tax rate of higher than 30%
- You want to diversify your portfolio by investing offshore

- You are comfortable with a five-year minimum investment term
- You want to be able to appoint a beneficiary to take ownership of the investment or receive the proceeds so that the investment is not tied up in your estate, and you save on executor fees
- You want your investment to be protected against creditors

Reasons an offshore endowment may not be suitable for you

- If your income is taxed at less than 30%, you will be taxed more in an offshore endowment than in a plain offshore unit trust investment.
- Each plan consists of multiple underlying policies. During the first five years of your investment, known as the restriction period, you may make only one withdrawal per policy underlying the plan and the amount you may withdraw is restricted. However, when you are not in a restriction period, you may withdraw from your investment at any time.
- Your five-year restriction period may be extended if, in any one policy year, you invest more than 120% of the higher of your contributions in either of the previous two years.
- Transactions can take significantly longer than in the case of local unit trusts. Certain foreign currency funds trade daily, while others trade weekly. Depending on your choice, when you transact, you must make allowance for a longer processing time.
- You need to use your own offshore allowance or money that is already offshore, and you may need tax clearance to take money offshore.

See our "Offshore Endowment Fund List" brochure or our website for more information about the funds available through Allan Gray Life Limited (Guernsey branch).

FREQUENTLY ASKED QUESTIONS

Do I have to commit to a fixed monthly premium for a set term, and what happens if I stop investing?

When you invest in our unit trusts, there are no "premiums" and there is no commitment to a set investment period. It's your investment – you decide how much, when and how you want to invest. You can add lump sums to your investment at any time. You can also set up a debit order (subject to our minimums) at any time, which you can change as your needs change. You can do these transactions, at no extra cost, conveniently online. It's your choice when and how much to invest, and there are no consequences if you choose not to invest more. You own the units you have bought and your investment continues to earn return until you decide to sell your units.

How do I know how my investment is doing?

We will send you a statement once a quarter showing how many units you have in your account, and what the rand value is. Alternatively, you can see this information when you log in to your online account.

How do I know which unit trust is right for me?

Your decision should depend on how much return you want to earn and whether you are comfortable with ups and downs or prefer stability.

Thinking about how long you have to invest for, and how quickly you might need to access your money can help you weigh the return you want against the stability you need. If you are not comfortable making your own investment decisions, you may wish to speak to a good, independent financial adviser.

Can I change my mind about my unit trust choice later?

It's best to make sure you're comfortable with your choice upfront so that you can get the most out of the unit trust you've chosen and not make changes unnecessarily, but you can change to a different unit trust, at no cost, whenever you feel your circumstances or needs have changed. This transaction is called a switch.

How often should I review my investment?

It's a good idea to review your investment once a year, but if you're comfortable that you made the right choice upfront, you only really need to consider changing your unit trust when your circumstances (specifically the time period before you need to access your money) change.

NEXT STEPS

You can obtain additional information about your proposed investment from Allan Gray free of charge, either via our website at www.allangray.co.za or via our Client Service Centre on 0860 000 654.

Need help?

Speak to an Allan Gray consultant

Our consultants can discuss our various investment options with you to help you understand your investment choices, and can answer queries that you may have about any existing investment with us. However, we are not allowed to make recommendations.

Contact an independent financial adviser

An adviser can help you to understand your financial needs and assist you with making decisions that best suit you. We are not authorised to provide financial advice and we do not employ any financial advisers, but we believe in the value of good independent advice. If you do not have a financial adviser, we invite you to use our **Find an independent financial adviser** service on our website.

Ready to invest?

- Contact your independent financial adviser.
- Visit **www.allangray.co.za** and invest online.
- Contact our Client Service Centre using the contact details below.

Manage your investment online

Our website allows you and/or your financial adviser to interact and transact with us at your convenience.

Reports available for you to download

- Investment statements
- Transaction history
- Asset allocation graphs
- Performance reports
- Tax certificates

Transactions you can do online

- Switch between any unit trusts we offer
- Make an additional contribution
- Submit a withdrawal instruction (for most products)
- Change basic investor information (such as your telephone number and email address)
- Set up or change a debit order
- Set up or change a regular withdrawal

The website also offers other functionality, including comparison tools and calculators.

Allan Gray Client Service Centre
Tel: 0860 000 654 / +27 (0)21 415 2301
Email: info@allangray.co.za
Website: www.allangray.co.za

Office hours
Monday to Friday 7:30 - 17:30

Business address
1 Silo Square
V&A Waterfront
Cape Town 8001

P O Box 51605
V&A Waterfront
Cape Town 8002

IMPORTANT INFORMATION FOR INVESTORS

Allan Gray Unit Trust Management (RF) Proprietary Limited (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). Allan Gray Proprietary Limited (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA). Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. Except for the Allan Gray Money Market Fund, where the Investment Manager aims to maintain a constant unit price, the value of units may go down as well as up. Past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of its unit trusts. Funds may be closed to new investments at any time in order for them 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 for lump sum investments with income distributions reinvested. Where annualised performance is mentioned, it 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 dividend withholding tax. Movements in exchange rates may also be the cause of the value of underlying international investments going up or down. Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the fund, including any income accruals and less any permissible deductions from the fund, divided by the number of units in issue. Forward pricing is used. Unit trust prices are available daily on www.allangray. co.za. Permissible deductions may include management fees, brokerage, securities transfer tax (STT), auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from the Management Company.

Understanding the funds

Investors must make sure that they understand the nature of their choice of funds and that their investment objectives are aligned with those of the fund(s) they select.

A feeder fund is a unit trust that invests in another single unit trust, which charges its own fees. A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees.

Allan Gray does not charge any additional fee in its feeder funds or fund of funds.

The Allan Gray Money Market Fund is not a bank deposit account. The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event, investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to the 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.

Total expense ratio (TER) and transaction costs

The total expense ratio (TER) is the annualised percentage of the fund's average assets under management that has been used to pay the fund's actual expenses over the past 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 (STT), STRATE and Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost 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.

Additional information for retirement fund members and investors in the Allan Gray Tax-Free Investment Account, Living Annuity, Endowment and Offshore Endowment

The Allan Gray Retirement Annuity Fund, Allan Gray Pension Preservation Fund and Allan Gray Provident Preservation 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. 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).

The Allan Gray Offshore Endowment is issued by the Guernsey branch of Allan Gray Life Limited. Allan Gray Life Limited is licensed in Guernsey under the Insurance Business (Bailiwick of Guernsey) Law, 2002, to conduct long-term insurance business. The underlying investment options of the Allan Gray Offshore Endowment are unitised investment funds made available by Allan Gray Life Limited (Guernsey branch).

Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge, either via our website at www.allangray.co.za or via our Client Service Centre on 0860 000 654.

Directors

Executive

D M Artus BBusSc (Hons) CFA CMT
M Cooper BBusSc FIA FASSA MBA
J V Pillay BBusSc (Hons) CA (SA) CFA

Non-Executive

W B Gray BCom MBA CFA (Irish)
I S Liddle BBusSc (Hons) CFA
N Martin BA MUP
Z P Sikhakhane BBusSc (Hons) MBA

Company Secretary

C E Solomon BBusSc (Hons) CA (SA)

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