

ALLAN GRAY

LONG-TERM INVESTING

# Allan Gray business update

May 2021



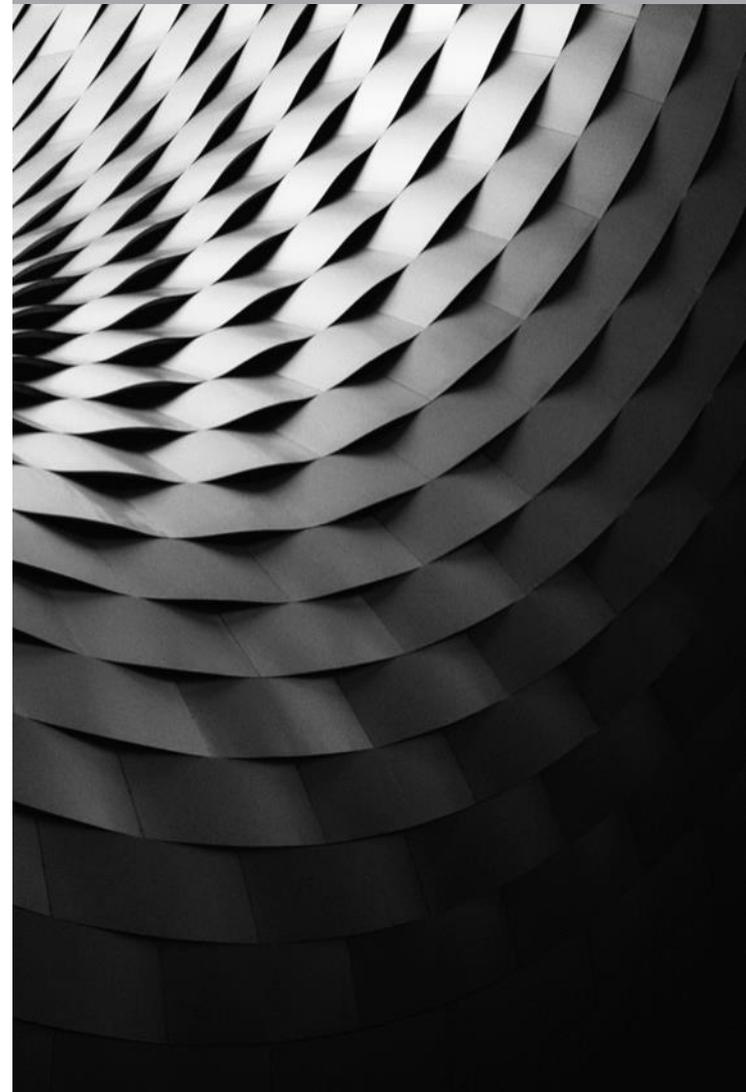


# Agenda

## Platform and digital transacting update

Offshore platform admin fee changes

Offshore platform developments



## Platform and digital transacting update

### Completed

- Model portfolio functionality launch
- Focus on digital and paperless transacting
- Launch of new enhanced transaction screens

### Upcoming

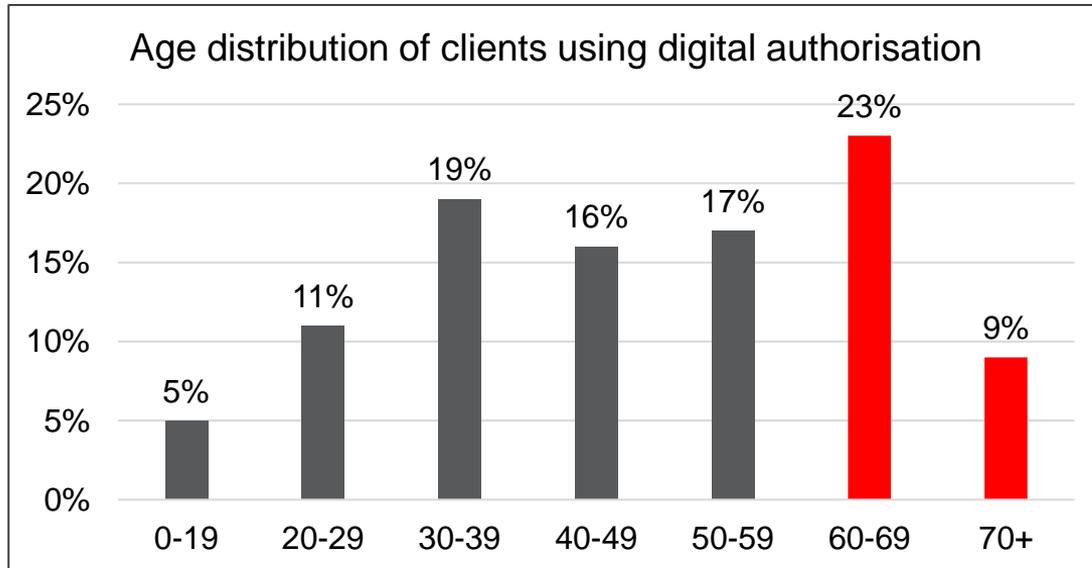
- Supporting compliant transacting
- Enhancing bulk reporting
- Enhancing practice level reporting



## Digital client approval

- 87% approved within one day
- 53% approved within one hour
- **30% approved within 10 minutes**

Turnaround times much quicker than paper-based transacting



Suitable for clients of all ages

~30% aged 60 and above



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## Old vs. new fees

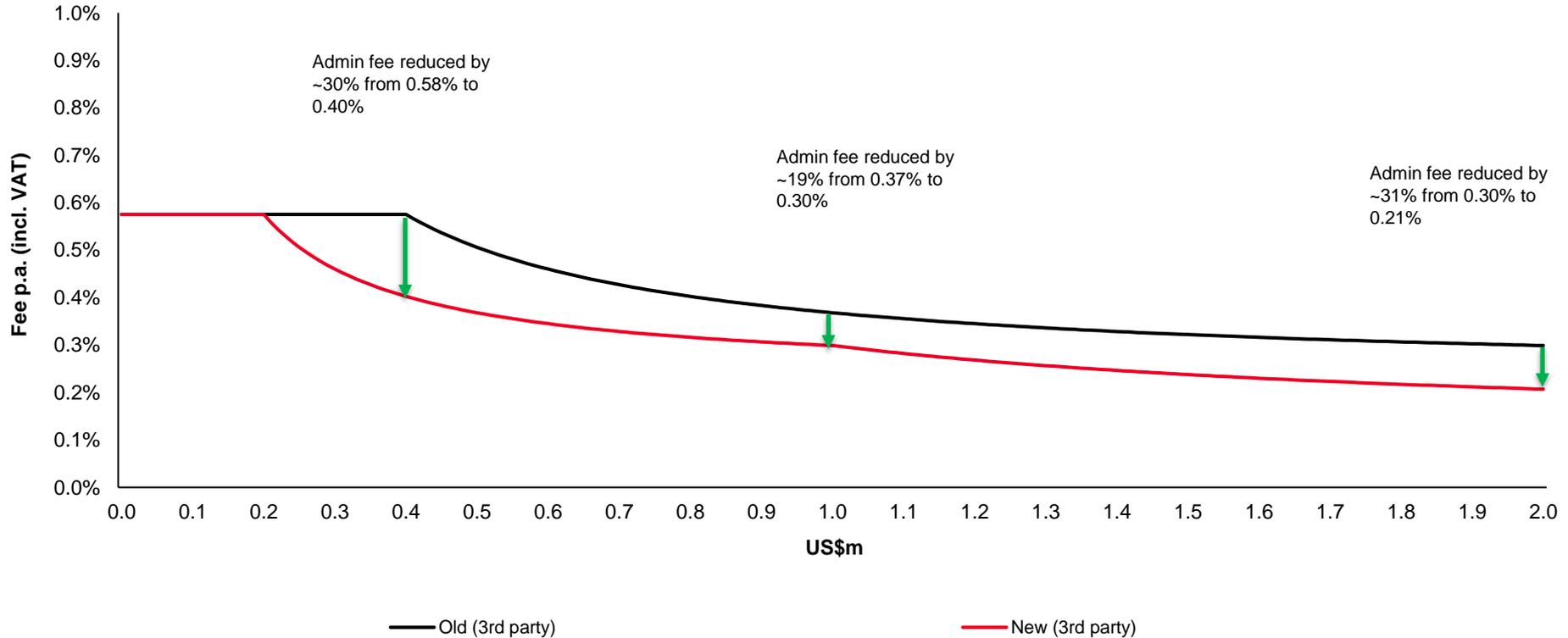
3 <sup>Rd</sup> party offshore funds		
Fees applied for the:	Old	New
First US\$200 000 on the offshore platform	0.5%	0.5%
Amount between US\$200 000 and US\$400 000	0.5%	0.2%
Amount between US\$400 000 and US\$1m	0.2%	0.2%
Amount above US\$1m	0.2%	0.1%

Orbis and Allan Gray funds*		
Fees applied for the:	Old	New
First US\$600 000 on the offshore platform	0.3%	0.3%
Amount between US\$600 000 and US\$1m	0.3%	0.2%
Amount between US\$1m and US\$1.2m	0.3%	0.1%
Amount above US\$1.2m	0.2%	0.1%

**Note** - All fee percentages are excluding VAT and all US\$ amounts can be converted to other foreign currency equivalents.

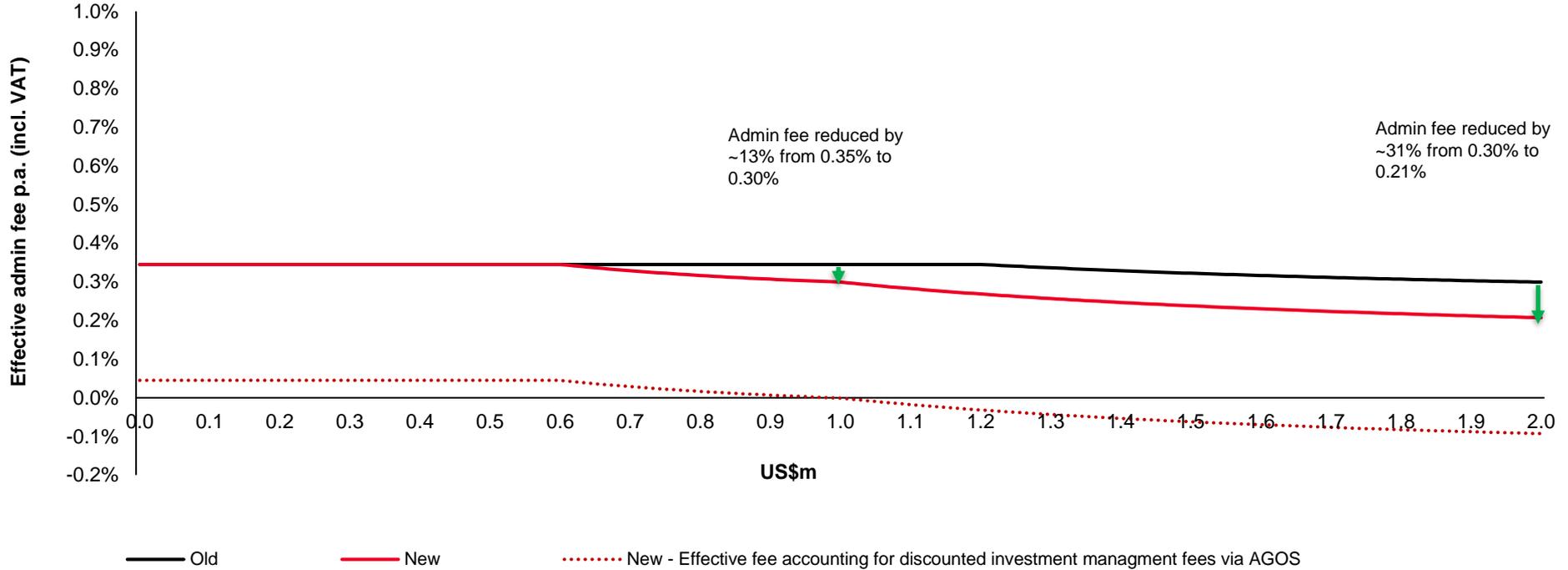
\* Applies to the clean-priced Orbis and Allan Gray funds on the offshore platform.

## Old vs. new fees (3<sup>rd</sup> party funds)



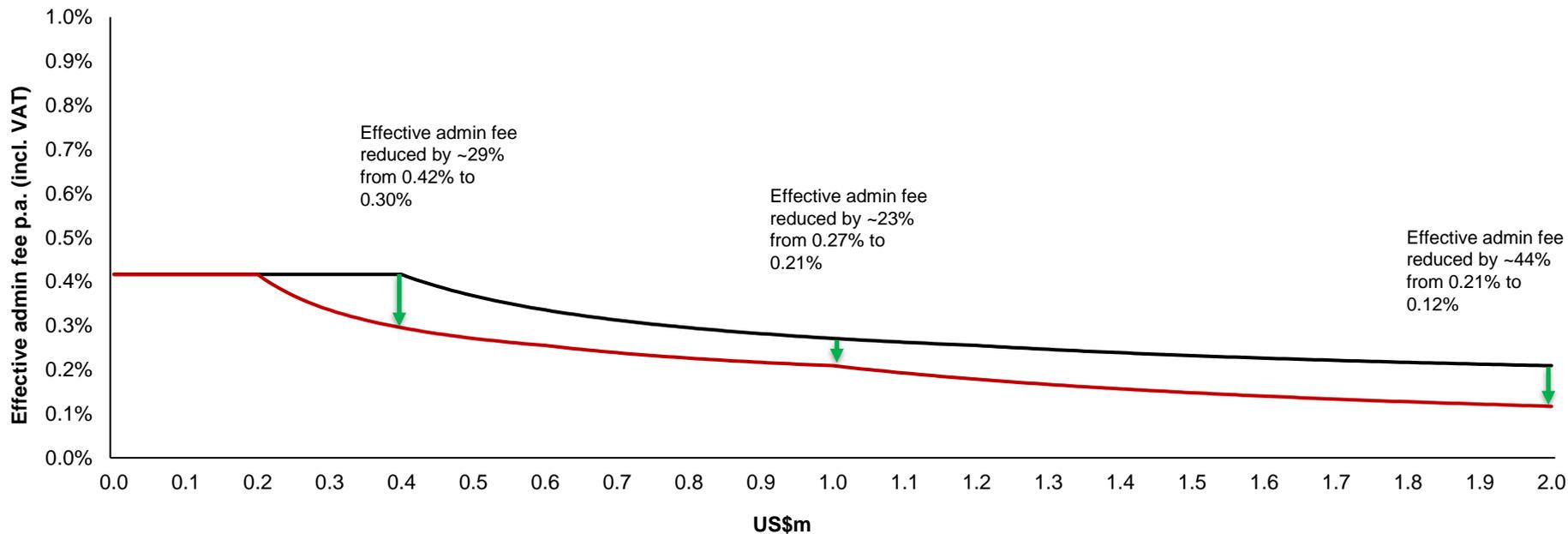


# Old vs. new fees (Orbis and Allan Gray)





## Old vs. new effective admin fee – 70% 3<sup>rd</sup> party, 30% Orbis



— Old - Effective fee accounting for discounted investment management fees via AGOS

— New - Effective fee accounting for discounted investment management fees via AGOS

\* Applies to the clean-priced Orbis and Allan Gray funds on the offshore platform.



# Agenda

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Offshore platform admin fee changes

**Offshore platform developments**



## Offshore platform developments

### Completed

- Rand lump sum minimums
- Broadened range of third-party fund list
- Removed two days from redemption timeline

### Upcoming

- Offshore endowment

Source:

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**Thank you**





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# Important information

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# Important information

## **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.

The Allan Gray Equity, Balanced, Stable and rand-denominated offshore funds may invest in foreign funds managed by Orbis Investment Management Limited, our offshore investment partner.

A feeder fund is a unit trust that invests in another single unit trust which charges its own fees. A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its feeder fund or funds 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 one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSCA 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 tax-free investment account, living annuity and endowment**

The Allan Gray Retirement Annuity Fund, the Allan Gray Pension Preservation Fund and the Allan Gray Provident Preservation Fund and the Allan Gray Umbrella Retirement Fund (comprising of the Allan Gray Umbrella Pension Fund and the Allan Gray Umbrella Provident Fund) are all administered by Allan Gray Investment Services Proprietary Limited, an authorised administrative financial services provider and approved under section 13B of the Pension Funds Act as a benefits administrator. The Allan Gray Tax-Free Investment Account, Allan Gray Living Annuity and the Allan Gray Endowment are underwritten by Allan Gray Life Limited, also an authorised financial services provider and a registered insurer licensed to provide life insurance products as defined in the Insurance Act 18 of 2017. The underlying investment options of the Allan Gray individual products are portfolios of Collective Investment Schemes in Securities (unit trusts or funds).