

ALLAN GRAY

LONG-TERM INVESTING

An investor's perspective

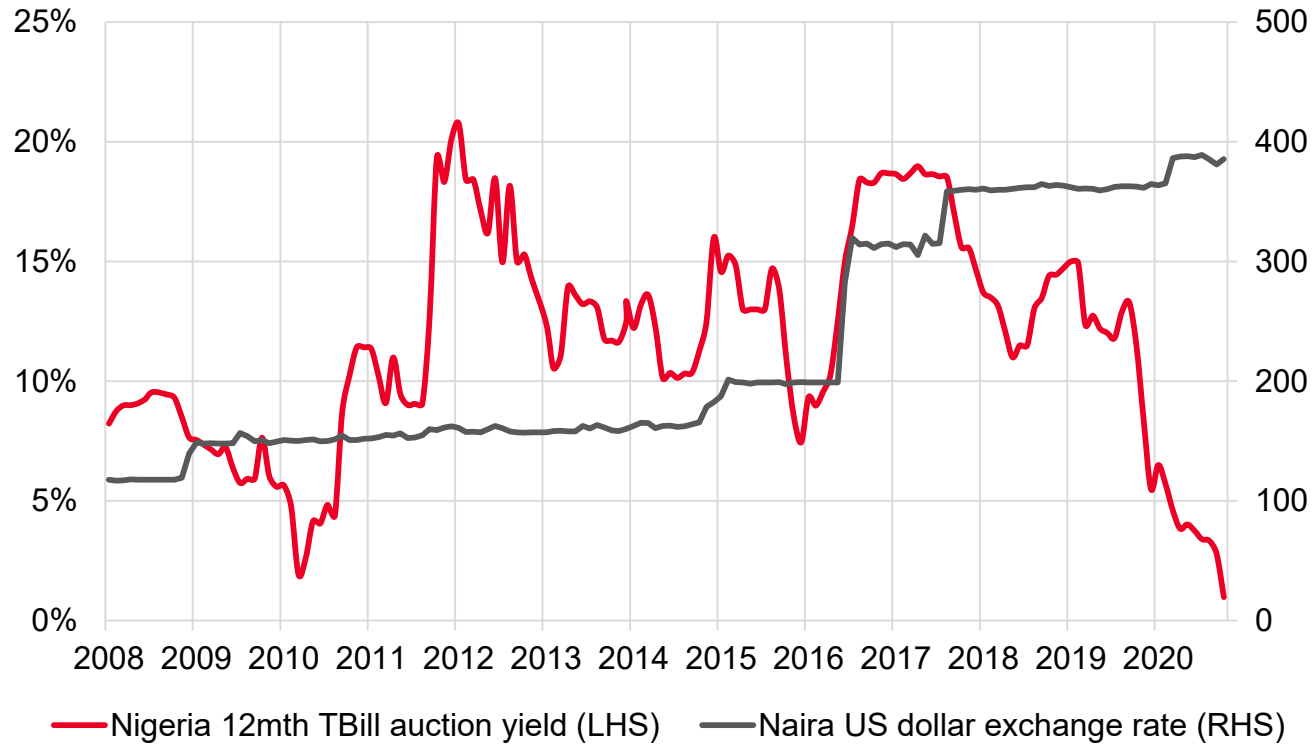
Mark Dunley-Owen

Allan Gray





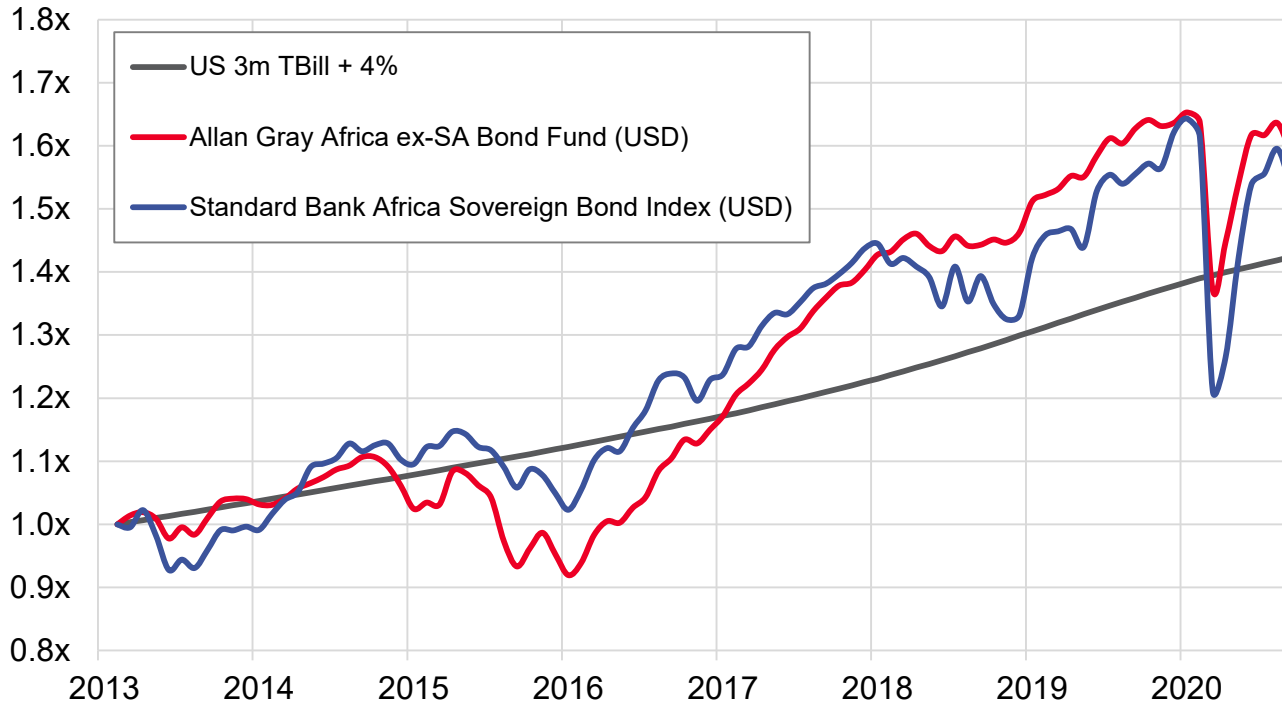
The risks and rewards of African fixed income



Source: Bloomberg



Attractive long-term, absolute returns



Source: Bloomberg, Allan Gray research

Warning signs

Macro indicators 2020F	Egypt	Ghana	Kenya	Nigeria	SA	Zambia
Liquidity risk						
Interest to revenue	44%	40%	21%	41%	17%	30%
External debt to GDP	25%	36%	31%	17%	22%	73%
Refinancing risk						
Local currency 5-year bond yield	15%	20%	11%	3%	7%	33%
Current account balance % GDP	-4%	-3%	-5%	-4%	-2%	-2%
Solvency risk						
Government debt to GDP	90%	68%	65%	35%	77%	110%
Real GDP	2%	1%	1%	-4%	-7%	-4%
Fiscal balance % GDP	-8%	-11%	-9%	-6%	-15%	-7%

Source: IMF, Allan Gray research



Wish list

	Investors	Authorities	Issuers
Long term			
Transparent			
Contrarian			

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Thank You





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Important information

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MSCI Index

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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).