

Fund description

The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund may buy assets outside the common monetary area (CMA) up to a maximum of 35% of the Fund (with an additional 5% for Africa ex-CMA). The Fund typically invests the bulk of its foreign ex-Africa allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.

Fund objective and benchmark

The Fund aims to earn a higher total rate of return than that of the average Namibian retirement fund investment manager over the long term. The benchmark is the return of a daily weighted average index of Namibian multi asset class funds that comply with the limits governing Namibian retirement funds.

How we aim to achieve the Fund's objective

We seek to buy shares at a discount to their intrinsic value. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. If the stock market offers few attractive shares we may increase the Fund's weighting to alternative assets such as bonds, property, commodities and cash, or we may partially hedge the Fund's stock market exposure. By varying the Fund's exposure to these different asset classes over time, we seek to enhance the Fund's long-term returns and to manage its risk. The Fund's bond and money market investments are actively managed.

Suitable for those investors who

- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund
- Wish to invest in a unit trust that complies with retirement fund investment limits
- Typically have an investment horizon of more than three years

Minimum investment amounts

Minimum lump sum per investor account	N\$20 000
Additional lump sum	N\$500
Minimum debit order	N\$500

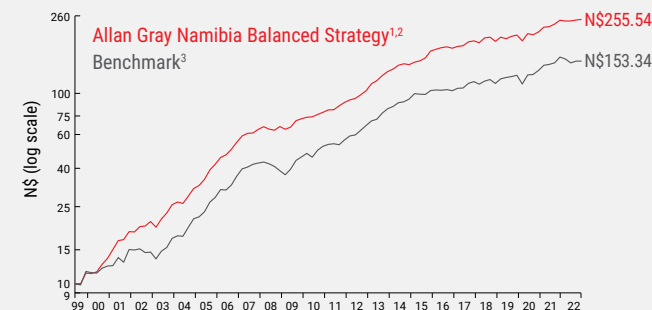
Fund information on 31 August 2022

Fund size	N\$3 403m
Price	N\$2 098.46
Number of share holdings	42
Class	B

1. On 1 February 2014 all the assets and unitholder liabilities of the Allan Gray Namibia Investment Trust were transferred to the Allan Gray Namibia Balanced Fund. The investment philosophy, strategy, fund objective, mandate, restrictions and fund managers remain unchanged.
2. Prior to the inception of this class of the Fund (1 October 2014) the performance and risk measures are calculated using the A class performance of the Fund.
3. The current benchmark is the return of a daily weighted average index of Namibian multi asset class funds that comply with the limits governing Namibian retirement funds, which is provided by Morningstar. From inception to 30 September 2014 the benchmark was the average Alexander Forbes Namibia Manager Watch Survey. Performance as calculated by Allan Gray as at 31 August 2022.
4. Maximum percentage decline over any period calculated from monthly returns. The maximum drawdown occurred from 31 January 2020 to 31 March 2020 and maximum benchmark drawdown occurred from 31 May 2008 to 28 February 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
6. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
7. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 May 2001 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 30 April 2009 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance (N\$) net of all fees and expenses

Value of N\$10 invested at inception with all distributions reinvested



% Returns	Strategy ^{1,2}	Benchmark ³
Cumulative:		
Since inception (12 August 1999)	2455.4	1433.4
Annualised:		
Since inception (12 August 1999)	15.1	12.6
Latest 10 years	9.7	9.0
Latest 5 years	6.0	5.9
Latest 3 years	7.7	7.1
Latest 2 years	9.0	7.4
Latest 1 year	7.2	1.4
Year-to-date (not annualised)	1.0	-4.9
Risk measures (since inception)		
Maximum drawdown ⁴	-8.5	-20.2
Percentage positive months ⁵	72.5	62.0
Annualised monthly volatility ⁶	8.3	10.3
Highest annual return ⁷	47.4	45.6
Lowest annual return ⁷	-5.2	-19.2

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	31 Dec 2021	30 Jun 2022
Cents per unit	2938.2279	2874.7564

Annual management fee

Allan Gray charges a fee on the portion of the fund they manage, excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years to that of the benchmark.

Fee for performance equal to the Fund's benchmark: 1.00% p.a.*

For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits:

Maximum fee: 1.50% p.a.*

Minimum fee: 0.50% p.a.*

This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.

A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark.

*Management fees charged for the management of unit trust portfolios do not attract VAT.

Total expense ratio (TER) and transaction costs

The annual management fees charged by both Allan Gray and Orbis are included in the TER. The TER is a measure of actual expenses incurred by a fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

Top 10 share holdings as at 30 June 2022 (CMA and Foreign) (updated quarterly)

Holdings	% of portfolio
British American Tobacco	4.1
Naspers ⁸	4.0
Glencore	3.6
FirstRand Namibia	3.1
Namibia Breweries	2.9
Stimulus	2.5
Sasol	1.9
Mobile Telecommunications	1.4
Oryx Properties	1.3
Nedbank	1.2
Total (%)	25.9

8. Includes holding in stub certificates or Prosus N.V., if applicable.

9. 5.6% invested in companies incorporated outside Namibia but listed on the NSX. Including the dual-listed commodity-linked ETFs, total exposure to dual-listed instruments is 9.2%.

10. The exposure below the limit was caused by market value movements.

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

Asset allocation on 31 August 2022

Asset Class	Total	Namibia ^{9,10}	South Africa	Africa ex-SA and Namibia	Foreign ex-Africa
Net equity	59.7	16.5	21.0	1.2	21.1
Hedged equity	5.5	0.0	0.0	0.0	5.5
Property	1.8	1.5	0.0	0.0	0.3
Commodity-linked	4.7	3.6	0.0	0.0	1.0
Bonds	20.6	16.4	0.1	1.0	3.1
Money market and bank deposits	7.8	6.6	0.0	0.1	1.1
Total (%)	100.0	44.6	21.0	2.3	32.1

Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1 and 3-year period ending 30 June 2022	1yr %	3yr %
Total expense ratio	0.86	0.81
Fee for benchmark performance	1.02	1.05
Performance fees	-0.21	-0.28
Other costs excluding transaction costs	0.05	0.04
Transaction costs	0.07	0.06
Total investment charge	0.93	0.87

The second quarter of 2022 will not easily be forgotten by many investors owing to significant drawdowns in both equities and fixed income and the strength of the US dollar. Interest rates on both the short and long end of the interest rate curve had sharp upward moves across many developed world markets. This resulted in capital losses for what global investors typically consider “safe” assets, in particular, long-dated developed world sovereign bonds. As most clients are aware, we have been bearish on these assets for several years. A meaningful portion of our offshore exposure was rather invested in hedged equities, which hedge out underlying equity risk by selling index futures. Given the market sell-off, this protected part of the portfolio and added returns as our underlying holdings outperformed the overall market.

The rise in interest rates and the rapid pace thereof also led to the significant decline in long-duration equities as represented mainly by technology, e-commerce and what we would call “disruptor” stocks. The large declines in the disruptor stocks should not come as a huge surprise when one considers the valuations on which they were trading, often with very little history of generating actual earnings. What took many investors by surprise was the decline in the mega-cap technology shares, which have been leading the market and generating most of the returns for several years. Our colleagues at Orbis have written about the large disparity in valuations on many occasions.

Fortunately, the Fund was relatively well positioned for the above, given our overweight positions in energy and selected shares that stand to benefit from the forecast energy transition, and our significant underweight exposure to the mega-cap technology shares. Many defensive shares have held up well relative

to the market, particularly British American Tobacco, given its low valuation. In South Africa and Namibia, we are still finding it tough to identify obvious shares to sell. This gives us reasonable confidence in the prices we are paying relative to the value we are receiving, despite the well-known country-specific risks.

While we are bottom-up investors, we still want to be on the right end of long-term trends. We continue to believe that the future will be characterised by higher realised inflation, higher interest rates and an increasingly geopolitically divided world relative to the recent past. These trends provided performance tailwinds given our relative positioning this year, but it is of some short-term concern that being long commodities and energy has become a more consensus view. Indeed, we have seen a correction in the last two weeks of the quarter: Commodity and energy stocks have come under pressure as the market worries about the potential demand destruction brought about by slower global growth in response to higher interest rates and quantitative tightening.

With the current high levels of cost inflation there is potential for a significant squeeze on the profit margins of many businesses that won't be able to pass price increases on to their customers. We are actively thinking about what opportunities may arise when profits invariably come under pressure.

Commentary contributed by Duncan Artus and Birte Schneider

**Fund manager quarterly
commentary as at
30 June 2022**

© 2022 Allan Gray Namibia Proprietary Limited

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

Information and content

The information in and content of this publication/presentation are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication/presentation constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

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

Management Company

Allan Gray Namibia Unit Trust Management Company is an approved management company in terms of the Unit Trusts Control Act 54 of 1981 as amended, and is incorporated and registered under the laws of Namibia and supervised by the Namibia Financial Institutions Supervisory Authority (NAMFISA). The trustee and custodian is Standard Bank Namibia.

Performance

Unit trusts are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Where annualised performance is mentioned, this refers to the average return per year over the period.

Unit price

Unit trust prices are calculated daily on a net asset value basis, which is the total market value of all assets in the portfolio, including any income accruals and less any permissible deductions from the portfolio, divided by the number of units in issue.

Redemptions

Allan Gray Namibia Unit Trust Management Company will repurchase any number of units offered to it on the basis of prices calculated in accordance with the requirements of the Unit Trusts Control Act 54 of 1981 as amended and on the terms and conditions set forth in the trust deed.

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) and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and investor protection levies where applicable) 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).

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

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

MSCI Index

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

Important information for investors

Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website www.allangray.com.na or call **061 221 103**