ALLANGRAY

Allan Gray Namibia Investment Trust: 12 August 1999 to 31 January 2014
Allan Gray Namibia Balanced Fund: From 1 February 2014 **Fund managers:** Duncan Artus, Birte Schneider
Strategy inception date: 12 August 1999 **Class inception date:** 1 October 2014

Allan Gray Namibia Balanced Fund

B Class 30 September 2023

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

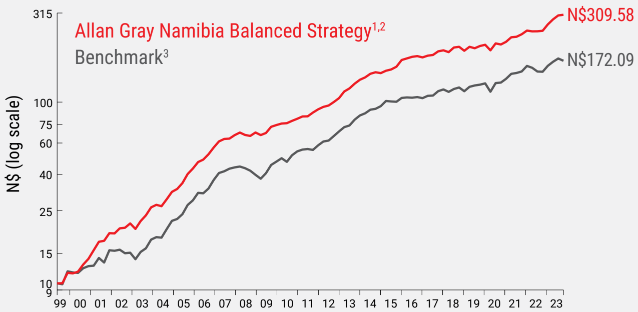
Fund information on 30 September 2023

Fund size	N$4 293m
Price	N$2 417.01
Number of share holdings	44
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 30 September 2023.
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)	2995.8	1620.9
Annualised:		
Since inception (12 August 1999)	15.3	12.5
Latest 10 years	9.2	7.8
Latest 5 years	8.5	7.1
Latest 3 years	13.5	9.7
Latest 2 years	13.3	7.1
Latest 1 year	22.7	15.1
Year-to-date (not annualised)	13.2	6.7
Risk measures (since inception)		
Maximum drawdown[4]	-8.5	-20.2
Percentage positive months[5]	73.0	61.9
Annualised monthly volatility[6]	8.2	10.2
Highest annual return[7]	47.4	45.6
Lowest annual return[7]	-5.2	-19.2

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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 2022	30 Jun 2023
Cents per unit	**4185.1685**	**7704.0443**

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 September 2023 (CMA and Foreign) (updated quarterly)

Holdings	% of portfolio
FirstRand Namibia	4.0
British American Tobacco	2.7
AB InBev	2.6
Glencore	2.6
Namibia Breweries	2.1
Stimulus	2.1
Naspers & Prosus	2.1
Oryx Properties	1.8
Woolworths	1.4
Nedbank	1.4
Total (%)	**22.8**

8. 5.8% invested in companies incorporated outside Namibia but listed on the NSX. Including dual-listed commodity-linked ETFs, total exposure to dual-listed instruments is 9.2%.

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

Asset allocation on 30 September 2023

Asset Class	Total	Namibia[8]	South Africa	Africa ex-SA and Namibia	Foreign ex-Africa
Net equity	58.5	16.5	19.8	1.0	21.1
Hedged equity	5.3	0.0	0.0	0.0	5.3
Property	2.3	1.9	0.0	0.0	0.3
Commodity-linked	4.3	3.3	0.0	0.0	1.0
Bonds	20.9	16.0	0.6	0.9	3.4
Money market and bank deposits	8.8	7.8	0.0	0.1	0.9
Total (%)	**100.0**	**45.5**	**20.4**	**2.1**	**32.0**

Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1 and 3-year period ending 30 June 2023	1yr %	3yr %
Total expense ratio	**1.63**	**1.04**
Fee for benchmark performance	1.03	1.03
Performance fees	0.56	-0.03
Other costs excluding transaction costs	0.04	0.04
Transaction costs	**0.06**	**0.07**
Total investment charge	**1.69**	**1.11**

Fund manager quarterly commentary as at 30 September 2023

Year to date, the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) has delivered a return of 0%, the Namibian primary-listed equities returned 42%, Namibian dual-listed shares returned 1% and Namibian bonds delivered a return of 11%. The Fund's performance of 13% was ahead of the benchmark, helped by the offshore exposure, stock selection and fixed income positioning.

It is well known that South African businesses face a myriad of challenges, notably loadshedding and a weak consumer environment. Reading the daily newspaper headlines paints a grim picture. Despite this, market returns over the past three years have been reasonably healthy, e.g. 14% for the Capped SWIX. This illustrates the benefit of starting at a low valuation during the COVID-19 slump of 2020.

Valuations for many South African shares remain at very cheap levels versus history, suggesting a reasonable prospect of good returns going forward – even in an unfavourable economic climate. This can be seen when looking at the market from a top-down view, e.g. the FTSE/JSE All Share Index's price-to-earnings multiple of only 10 times compared to a 20-year average of 16 times. Our bottom-up fundamental research on South African shares also confirms that many are trading on low valuations compared to history and to our estimate of their intrinsic value.

Despite the very strong returns this year, many Namibian shares remain attractive. Valuations have been depressed for several years and the rally was off a low base.

Long-term Namibian government bonds offer yields in excess of 13%, which appear attractive at face value. Locally, inflation has fallen below 5%, so these bonds offer a real (i.e. after inflation) yield of 8%. Although this is not at the levels we saw during the COVID-19 pandemic, it is still among the highest it has been in the last two decades. It is likely that the Bank of Namibia has reached the peak of the current interest rate hiking cycle or is close to it. If inflation remains subdued, there is a good chance that interest rates will be cut next year which would be good news for bondholders. We do believe longer-dated Namibian government bonds offer decent value and have increased their weighting in the Fund in recent years. But despite these bullish arguments, we remain cognisant of the associated risks when deciding on optimal position size.

These include our economic and fiscal risks and opportunities, but to some extent, South African yields also influence our bond pricing. The South African government continues to run a large fiscal deficit which the local savings pool has a limited ability to fund. As long as foreign investors remain apprehensive of South African bonds, there is a risk that South African bond yields increase even more, i.e. a decline in prices.

Meanwhile, local cash is also offering attractive yields in excess of 8% at much lower risk than long bonds. Cash also has valuable optionality, as it can be used to take advantage of future opportunities that may arise. South African and Namibian shares also offer risk diversification and are attractive alternatives, given the low valuations of shares. Shares also protect investors against the risk of inflation, as companies can typically pass higher prices on to their customers to some degree.

Our approach remains focused on bottom-up company research to find superior investment opportunities. This includes identifying investments which offer the highest expected returns but also weighs up the associated risks as well as the diversification benefits of uncorrelated returns. All these factors are considered when building the portfolio.

Apart from the choice between Namibian equities, bond and cash, as discussed above, another important decision at present is whether to prefer "SA Inc" shares (i.e. companies that primarily operate in the local economy) or "rand hedge" shares (i.e. companies that operate offshore and benefit from a weaker rand). The very low valuations of SA Inc shares offer more potential upside if the economy recovers, but these are also the businesses facing the brunt of the challenges of operating in South Africa. At present, we are finding attractive opportunities in both categories, so there is no need to choose only one or the other. This diversification also means that performance of the Fund does not rely on a specific macroeconomic scenario playing out.

The Fund's foreign exposure is 32%. It is worth remembering that a significant portion of "South African" shares are in fact businesses with earnings outside of South Africa, so the underlying foreign exposure is higher than it appears.

Commentary contributed by Tim Acker and Birte Schneider

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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

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MSCI Index

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Compliance with Regulation 13

The Fund is managed to comply with Regulation 13 of the Pension Funds Act 24 of 1956. Exposures in excess of the limits prescribed in Regulation 13 shall be dealt with in accordance with Regulations. Notwithstanding the aforesaid, the Fund does not hold Unlisted Investments in accordance with Regulation 13(5) and the Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act.

Important information for investors

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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**