

QUARTERLY COMMENTARY

31 MARCH 2022



INVESTMENTS AND SUPERANNUATION

COMMENTARY



SIMON MAWHINNEY, CFA
Managing Director & Chief
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Life is often more unpredictable than we expect. Fires, pandemics, wars, and floods haven't been 'base-case' scenarios for any supposedly 'successful' macro forecasters. Yet these events have shaped, and continue to shape, everyday lives and greatly affect our investment universe. At Allan Gray, we try not to obsess about changes in sentiment, the likely next share price movement, or the next fad. Instead, we scrutinise opportunities where catalysts for change are not obvious, but where the status quo is clearly unsustainable. In this Quarterly Commentary, we'll therefore resist the temptation to contribute to the rest of the market noise. We will instead focus on Ansell Limited, a company we've recently added to the Allan Gray Australia Equity portfolio. Analyst Sudhir Kissun details our thesis below.



SUDHIR KISSUN, CFA
Analyst

Ansell Limited

Ansell designs and manufactures personal protective equipment (PPE), primarily gloves, for use in the healthcare and industrial sectors. The company sells its products all over the world, with around 80% of its revenue coming from mature, steady-growth markets in North America, Europe, and Australia. The remaining 20% comes from less-mature but faster-growing emerging markets in Asia, Latin America, the Middle East, and Africa.

Ansell is the global leader in the hand protection market and holds either the first or second market share position in its markets. Figure 1 shows our estimate of the approximate split of its revenues from each of its markets.

FIGURE 1 | Estimated revenue contribution from Ansell's markets



Source: Ansell investor presentations, Allan Gray.

The market for gloves can be divided into two categories: 'differentiated' and 'commoditised'. The differentiated products require proprietary formulations of raw materials and manufacturing know-how, which are generated by investing in research and development (R&D) and innovation.

By contrast, commoditised products are produced using processes that are widely understood and easy to replicate. Most of the world's commoditised gloves (basic exam gloves made from natural rubber latex or synthetic nitrile) are manufactured in Malaysia and Thailand, where the vast bulk of the world's rubber plantations are found.

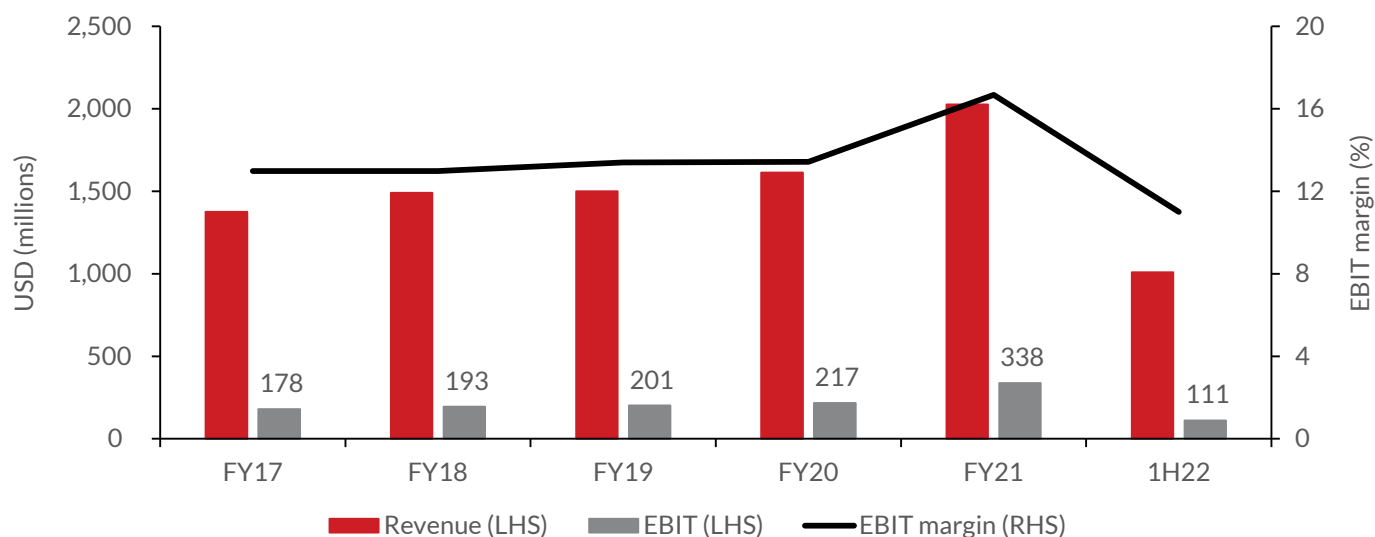
For Ansell, commoditised products constitute one fifth of its revenue (mainly in the exam and single-use segment) and, given their lower margins, make up even less than this as a share of

profit. Ansell's resulting focus on differentiated products is underpinned by a long history of sustained investment in its R&D and engineering capabilities. Importantly, Ansell manufactures its differentiated products themselves, unlike its main competitors.

What piqued our interest in Ansell?

Ansell was a 'COVID-19 beneficiary' when global demand for exam gloves skyrocketed. Orders for gloves far exceeded the global glove industry's capacity to supply, which resulted in glove prices increasing by multiples of their pre-pandemic levels. This enabled Ansell to generate record profits in its 2021 financial year (FY21), as shown in Graph 1, and drove its share price to an all-time high of \$43.51 in June 2021.

GRAPH 1 | Ansell's financial performance



Source: Ansell company reports, Allan Gray.

Ansell's time in the sun was short-lived. In January 2022, the company released a trading update in which it downgraded its FY22 earnings guidance, citing:

- disruptions at one of its manufacturing facilities because of COVID-19,
- a margin squeeze on exam and single-use gloves as demand and prices have fallen, and
- the US banning the products of one of its key outsourced suppliers following allegations of forced labour within that supplier's operations.

In addition, there are concerns of substantial new capacity expansions in Malaysia, Thailand, and China. The excess supplies of exam gloves may dampen margins even more as the pandemic-induced surge in demand subsides. And worse still, this new capacity might, in search of end markets, seek to compete with Ansell's much higher-margin differentiated offerings e.g. surgical gloves.

Since its peak, Ansell's share price has fallen over 40%.

And just like that, an opportunity presented itself

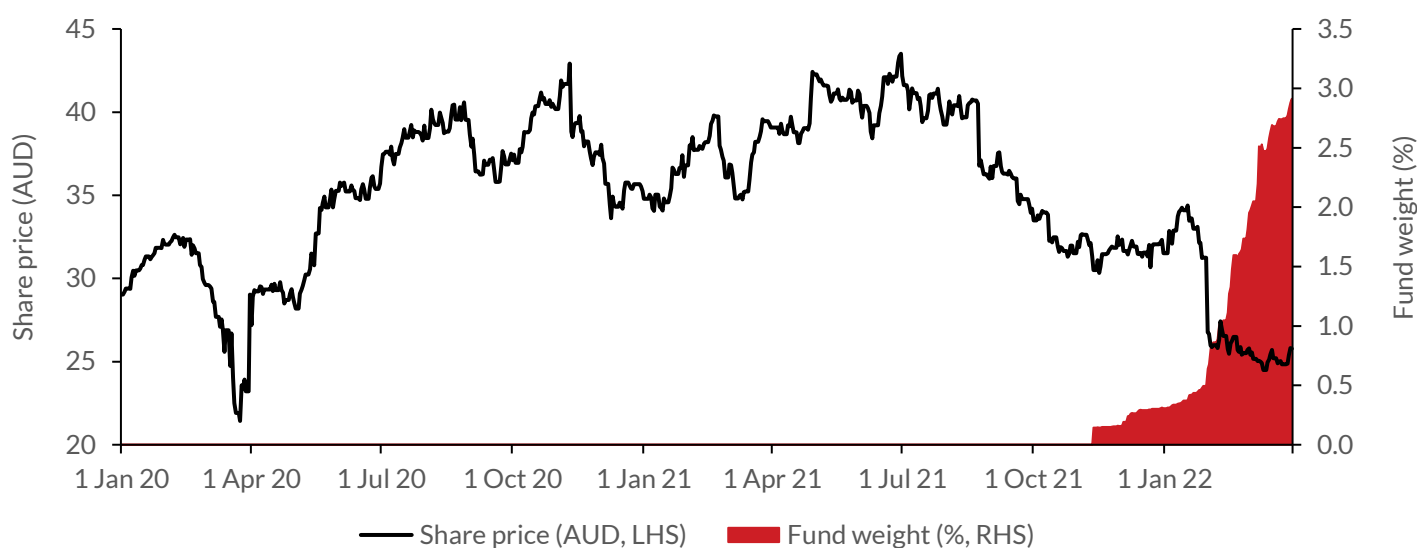
Ansell's market capitalisation is approximately US\$2.5b. Once we add in its net debt of US\$0.3b, we get to an enterprise value of US\$2.8b.

In assessing how reasonable this price is, we can use management's earnings guidance (which admittedly has been very wide of the mark recently), our estimate of normal earnings, or pre-pandemic earnings. Management's earnings per share guidance range for FY22 implies earnings before interest and taxes (EBIT) of around US\$230m to US\$260m. The bottom end of this range is in line with our estimate of normal EBIT of US\$230m (where 'normal' EBIT is what we estimate the business should earn in the absence of any pandemic-induced demand growth or pandemic-induced cost imposts). The company is therefore trading at an enterprise value multiple of

12 times normal EBIT or 14 times its FY19 EBIT of US\$201m. By comparison, the broader market trades at an enterprise value multiple of around 13 times. For a company with organic growth prospects of 3% to 5% per annum and arguably a more resilient earnings stream than the broader market (sections of which have noticeably elevated earnings), this appears relatively attractive to us.

Graph 2 shows how we increased our investment after the earnings downgrade.

GRAPH 2 | Ansell's share price and the Allan Gray Australia Equity Fund's holding



Source: FactSet, Allan Gray, 31 March 2022. The Allan Gray Australia Equity Fund is representative of the Equity portfolio, which includes institutional mandates that use the same strategy.

Could we get our fingers burnt?

In any investment that we make, we can never have perfect information. With Ansell, there are several factors that might not work out in our favour and there are several risks we must consider. We believe the most pertinent risks are:

1. An undisciplined expansion of industry capacity that results in excessive price discounting.
2. Manufacturers of commoditised products branching out into differentiated products.
3. Ansell's intellectual property (IP) turning out to be less defensible than we currently envisage it to be.
4. The instances of labour exploitation that have been identified in Ansell's supply chain not being rectified, forcing Ansell to seek other avenues of supply which might not be available.

5. Substantial increases in input costs (e.g. nitriles, which ultimately move with the price of oil) that might be challenging to pass through to customers.

All investments carry some risk

Capacity expansion plans are already being scaled back as the demand outlook softens. The defensibility of Ansell's IP is difficult to assess and, while it hasn't faced any serious threats thus far, it isn't a guarantee that it won't in the future. The incidence of labour exploitation could prompt customers to gravitate towards the most ethical glove makers, which would benefit Ansell. And while it might be difficult to recover sharp increases in raw material costs in the short term, history suggests that it should be feasible over the long term. Overall, we therefore aren't unduly concerned about the risks.

Our best protection against these (and any other) risks is not to overpay. We believe that the share price currently compensates us for at least some of the risks that may materialise, which is why we feel confident that the upside in Ansell outweighs the downside over the long term.

A bird in the hand is worth two in the bush

An investment in Ansell stands in stark contrast to a few companies we can think of to which the market ascribes a similar enterprise value as Ansell and for which investor sentiment has been overwhelmingly positive over the past five years.

Ansell versus Altium

One such company is Altium, which develops software used in the design of printed circuit boards (PCBs). Products that contain PCBs range from everyday consumer electronics like smartphones, to more sophisticated applications such as aircraft electronics. Given the ubiquity of electronic products in our daily lives, the market for PCB software is forecast to grow at 5% to 6% per annum for the foreseeable future. Altium has 24% share of an estimated addressable market of US\$750m.

Whilst Altium's addressable market is growing at a similar rate to Ansell's, Altium has been gaining market share, having grown revenues by 18% per annum in the seven years prior to COVID-19 and by 6% in FY21. With an enterprise value of US\$3.2b (similar to that of Ansell) and EBIT of US\$56m (less than a quarter of Ansell's) in its most recent twelve-month period, Altium trades at 57 times these earnings. Altium's superior growth prospects warrant a higher multiple than the overall market multiple of 13 times. But is a multiple of 57 times justified? How does the upside and downside compare to Ansell?

If Altium were to grow at 18% per annum over the next six years (an incredible feat that only a handful of other Australian-listed companies have achieved) it would reach a market share of approximately 50% by 2028 (assuming the market continues to grow at 5% to 6% per annum). This would require it to aggressively win market share in a market in which four other players have 70% of the market between them. These incumbents are unlikely to cede their share easily and their attempts to defend their market share are likely to result in a compression of industry profit margins. And even if profit margins remain at current levels, Altium would trade at close to 21 times EBIT in six years' time, and still be earning less than Ansell.

We prefer to invest in companies with lower downside risk

While it is possible that Altium could eventually demonstrate that it is deserving of its current lofty valuation, we would argue that the odds are stacked against it and the downside from here is potentially large.

Our preference is to invest in companies with less downside risk and which present a greater likelihood of a better-than-expected outcome, as most of the bad news is already priced in. In our opinion, Ansell falls squarely into this category.

FUND COMMENTARY

QUARTER IN REVIEW

by JULIAN MORRISON, CFA

Investment Specialist

Allan Gray Australia Equity Fund

The Australian sharemarket rose during the March quarter, with the S&P/ASX 300 Accumulation Index returning 2.1%. The Allan Gray Australia Equity Fund outperformed strongly, returning 13.7% during the same period, outperforming its S&P/ASX 300 Accumulation Index benchmark by 11.6%.

It was a particularly strong quarter for the Equity Fund, during a particularly volatile period for the market, demonstrating the diversification benefits of a contrarian investment approach.

During the quarter, positioning in the Energy sector was the largest positive contributor, followed by some stock-specific holdings in the Materials sector. Within these, Woodside, Santos, Sims, Incitec Pivot, Nufarm, Alumina and South32 were leading contributors. Origin Energy also contributed strongly, although it is officially categorised within the Utilities sector.

Despite recent strong performance, we believe many of these names remain attractively valued versus the broader market, and so we retain meaningful positions. We have, however, trimmed some of these holdings over the quarter, to ensure position sizes remain appropriate.

Holdings within Financials contributed positively overall to performance, although performance at stock level was mixed. NAB has performed strongly for some time, and we lightened exposure quite significantly during the quarter, shifting some of the proceeds into Westpac, which has been much weaker over the last year and we believe offers better value. We added to insurer QBE during a period of notable weakness and subsequently the share recovered to end the quarter positively. Other financial holdings include Challenger and AMP, where our positioning remained largely unchanged.

We have generally avoided Healthcare companies in recent years given excessive valuations. This has benefited relative performance for some time now. However, during the quarter, our most significant addition was to Ansell which sits within the Healthcare sector. Ansell has been an outlier in terms of its underperformance, and we believe it offers much better value than the market at the recently depressed share price. As always, our holdings are decided based on bottom-up company valuation, and our thesis for Ansell is covered in an earlier section of this Quarterly Commentary.

Elsewhere, the absence of exposure to Information Technology companies aided relative performance, as that sector underperformed meaningfully for the quarter. Despite some of these coming off their highs recently, we still do not own any IT stocks. As a general comment, valuations for many of these companies still seem very lofty by our assessment. The IT sector makes up 4% of the Australian market today. This is a similar size to each of the Energy, Consumer Staples and Communication Services sectors. It is noteworthy that the IT sector has quadrupled from 1% of the market five years ago. This is one marker, albeit a simple one, of how extreme the share price growth has been in the sector, some of which may be unsustainable.

The recent shift in market leadership across stocks and sectors seems notable over a three-month period. However, the prevailing trend of the last few years has been so extreme, that this is a relatively small correction in the context of a longer timeframe. Therefore, there has not been a dramatic change in where we see the most value. We continue to manage to appropriate position sizes – generally trimming positions on strength and adding when weaker prices present value. Our investment team maintains a continuous research agenda for new ideas – and those which offer the best value may just make it into the portfolio.

In short, we continually invest your Equity Fund's assets where we see the best long-term value. The aim is also to avoid investing in companies we see as overvalued and at risk of destroying capital. The gap between these categories remains large, in our view, and continues to present a great opportunity for long term outperformance.

Allan Gray Australia Balanced Fund

The Allan Gray Australia Balanced Fund returned 7.0% for the quarter, outperforming its composite benchmark by 11.3%. This positive performance came during a falling market overall – the composite benchmark fell 4.3% during the quarter.

The allocation to shares contributed positively to absolute performance. Stock selection in both Australian and global shares were the primary contributors to the Fund's outperformance for the quarter.

The Fund had about 70% asset allocation to shares on average during the quarter. This is after accounting for about 8% of the global share exposure being reduced through the use of exchange-traded derivatives, which allows for some protection in those periods where market indices fall. This positioning also

added positively to returns during the period, as markets were generally weak for much of the quarter.

During the quarter, the Fund also held around 18% in fixed income securities and a 4% exposure to gold through an exchange-traded fund. The fixed income allocation has remained significantly shorter in duration than the benchmark – at around two years versus more than seven years for the benchmark.

This means that the fixed income portion of the Fund remains more defensively positioned than the benchmark (in terms of both relative and absolute returns), in the event interest rates rise from current historically low levels. Longer-term interest rates did indeed rise markedly during the last quarter. Therefore, this positioning again contributed positively to relative performance.

As with the Equity Fund, we believe potential portfolio value relative to the market is significant and we continue to manage for risk with a long-term, valuation-driven perspective.

Allan Gray Australia Stable Fund

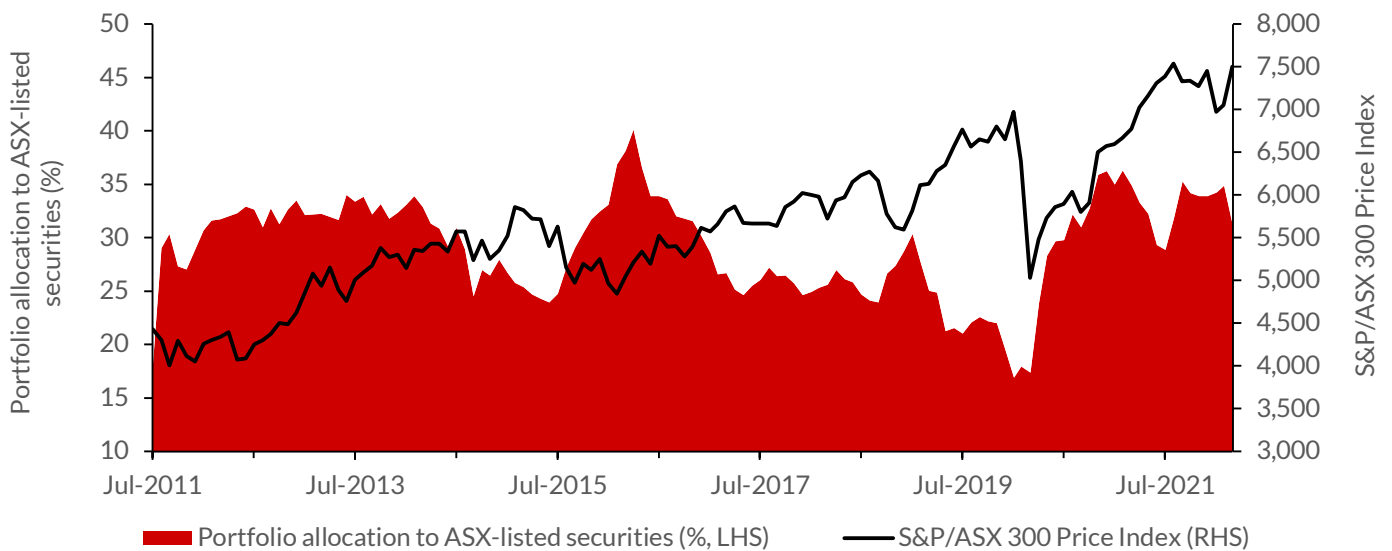
The Allan Gray Australia Stable Fund returned 4.4% for the quarter, meaningfully outperforming its cash rate benchmark – which effectively returned zero for the quarter.

The Fund had been gradually lightening its ASX-listed securities (primarily equities) exposure for some time leading into the last quarter, as the market had continued to rise. This held the Fund in good stead during a volatile last quarter. Nevertheless, the selected securities held performed well overall and contributed to the strong outperformance. Even with this strong outperformance, we continue to manage exposures to what we believe is a prudent level.

As at the end of March, the Fund had around 31% invested in ASX-listed securities (of which around 28.5% was equities and about 2.6% selected hybrid securities). The remaining 69% is held in cash and money market investments. This can be seen in Graph 3, which shows our allocation between cash and ASX-listed securities over time.

The Stable Fund aims to add value from both our disciplined stock selection, and from the decision on how much to allocate to securities versus cash. This provides the Fund with great flexibility to manage risk throughout the market cycle, while still seeking to add long-term returns above cash. We believe the current environment provides a great opportunity for the Stable Fund to demonstrate its intended benefits. It offers a low to moderate risk/return profile, with the potential to outperform cash, while having the advantage of simplicity and ease of understanding.

GRAPH 3 | Stable Fund listed security weighting – allocation rises where we see value in listed securities



Source: Allan Gray, Bloomberg, as at 31 March 2022.

EQUITY FUND PERFORMANCE

Allan Gray Australia Equity Fund – Class A units

	Allan Gray Australia Equity Fund	S&P/ASX 300 Accumulation Index	Relative Performance
ANNUALISED (%)			
Since Public Launch on 4 May 2006	8.6	6.8	1.8
15 Years	7.7	5.9	1.8
10 Years	11.5	10.1	1.4
5 Years	9.3	9.4	(0.1)
3 Years	9.9	10.8	(0.9)
1 Year	21.7	15.2	6.5
NOT ANNUALISED (%)			
Latest Quarter	13.7	2.1	11.6

Allan Gray Australia Equity Fund – Class B units

	Allan Gray Australia Equity Fund	S&P/ASX 300 Accumulation Index	Relative Performance
ANNUALISED (%)			
Since Class Launch on 26 October 2012	12.0	10.1	1.9
5 Years	9.8	9.4	0.4
3 Years	10.7	10.8	(0.1)
1 Year	22.6	15.2	7.4
NOT ANNUALISED (%)			
Latest Quarter	13.9	2.1	11.8

Highest and lowest annual return since launch

Allan Gray Australia Equity Fund - Class A units	Return %	Calendar year
Highest	55.1	2009
Lowest	(45.9)	2008

Allan Gray Australia Equity Fund - Class B units	Return %	Calendar year
Highest	33.4	2016
Lowest	(7.0)	2018

Past performance is not a reliable indicator of future performance. Returns shown are net of fees and assume reinvestment of distributions. Returns are annualised for periods of one year and over. Annualised returns show the average amount earned on an investment in the relevant Class each year over the given time period. Actual investor performance may differ as a result of the investment date, the date of reinvestment of income distributions, and withholding tax applied to income distributions.

The highest and lowest returns earned during any calendar year since the launch of each Class are shown to demonstrate the variability of returns. The complete return history for each Class can be obtained by contacting our Client Services team.

EQUITY FUND HOLDINGS

(CLASS A AND CLASS B)

Fund holdings as at 31 March 2022

Statement of net assets (unaudited)

Security	Market Value AUD 000's	% of Fund
Woodside Petroleum	262,645	10
Alumina	235,074	9
Newcrest Mining	205,926	8
QBE Insurance Group	169,001	6
Sims	157,408	6
Aust. and NZ Banking Group	115,913	4
Incitec Pivot	115,899	4
Origin Energy	106,561	4
Worley	84,744	3
Ansell	76,807	3
Santos	76,407	3
Westpac Banking	75,344	3
Nufarm	68,293	3
Challenger	65,250	2
AMP	63,441	2
Metcash	62,830	2
National Australia Bank	59,773	2
Virgin Money UK	47,174	2
Fletcher Building	44,168	2
Vicinity Centres	43,497	2
G8 Education	43,339	2
Lendlease Group	42,813	2
South32	40,716	2
HT&E	30,874	1
TPG Telecom	28,872	1
Peet	27,972	1
Positions less than 1%	229,599	9
Total Security Exposure	2,580,341	98
ASX SPI 200™ Futures Contract (06/2022) [†]	34,029	1
Net Current Assets	22,757	1
Net Assets	2,637,127	100
Price per unit - Class A (cum distribution)	AUD 1.9021	
Price per unit - Class B (cum distribution)	AUD 1.9079	
Total Assets Under Management for the Australian equity strategy (AUD 000's)[‡]	AUD 9,094,649	

[†] Futures contracts are fully backed by cash holdings.

[‡] Allan Gray Australia Pty Ltd also manages segregated accounts that have substantially the same investment goals and restrictions as the Fund.

BALANCED FUND PERFORMANCE

Allan Gray Australia Balanced Fund

	Allan Gray Australia Balanced Fund	Custom Benchmark*	Relative Performance
ANNUALISED (%)			
Since Public Launch on 1 March 2017	7.9	7.7	0.2
5 Years	7.6	7.4	0.2
3 Years	8.4	6.9	1.5
1 Year	12.8	5.7	7.1
NOT ANNUALISED (%)			
Latest Quarter	7.0	(4.3)	11.3

Highest and lowest annual return since public launch

Allan Gray Australia Balanced Fund	Return %	Calendar year
Highest	13.9	2019
Lowest	(4.1)	2018

* The Custom Benchmark for the Fund comprises 36% S&P/ASX 300 Accumulation Index; 24% S&P/ASX Australian Government Bond Index; 24% MSCI World Index (net dividends reinvested) expressed in AUD; and 16% JPMorgan Global Government Bond Index expressed in AUD.

Past performance is not a reliable indicator of future performance. Returns shown are net of fees and assume reinvestment of distributions. Returns are annualised for periods of one year and over. Annualised returns show the average amount earned on an investment in the relevant Fund each year over the given time period. Actual investor performance may differ as a result of the investment date, the date of reinvestment of income distributions, and withholding tax applied to income distributions.

The highest and lowest returns earned during any calendar year since the public launch of each Fund are shown to demonstrate the variability of returns. The complete return history for each Fund can be obtained by contacting our Client Services team.

BALANCED FUND HOLDINGS

Fund holdings as at 31 March 2022 Statement of net assets (unaudited)

Security	Market Value AUD 000's	% of Fund
Equity		
Domestic Equity		
Woodside Petroleum	4,762	4
Alumina	4,456	4
Newcrest Mining	3,667	3
Sims	3,482	3
QBE Insurance Group	3,198	3
Incitec Pivot	2,100	2
Origin Energy	2,092	2
Aust. and NZ Banking Group	1,922	2
AMP	1,918	2
Worley	1,576	1
Westpac Banking	1,559	1
Ansell	1,355	1
Santos	1,340	1
Domestic Equity Positions less than 1%	13,729	11
Global Equity		
Samsung Electronics	2,801	2
Drax Group	2,758	2
Schlumberger	2,385	2
Shell	2,358	2
Kinder Morgan	2,294	2
AbbVie	1,807	1
Bayer	1,609	1
Barrick Gold	1,418	1
Taiwan Semiconductor Mfg.	1,339	1
Global Equity Positions less than 1 %	31,226	25
Total Equity[^]	97,150	78

[^] The Fund holds derivative contracts which reduces the effective net equity exposure to 70%.

BALANCED FUND HOLDINGS

Security	Market Value AUD 000's	% of Fund
Fixed Income		
Domestic Fixed Income		
Australian Government Bonds	17,874	14
Global Fixed Income		
Global Fixed Positions less than 1 %	1,756	1
Total Fixed Income	19,630	16
Commodity Linked Investments		
SPDR Gold Trust	5,597	4
Total Commodity Linked Investments	5,597	4
Total Security Exposure	122,377	98
Cash Equivalents and Term Deposits	2,317	2
Net Current Assets	336	<1
Net Assets	125,030	100
Price per unit (cum distribution)	AUD 1.3390	

STABLE FUND PERFORMANCE

Allan Gray Australia Stable Fund

	Allan Gray Australia Stable Fund	RBA Cash	Relative Performance	Distribution
ANNUALISED (%)				
Since Public Launch on 1 July 2011	6.3	1.9	4.4	3.8
10 Years	6.1	1.6	4.5	3.7
5 Years	4.7	0.9	3.8	3.4
3 Years	5.0	0.4	4.6	3.0
1 Year	6.7	0.1	6.6	1.4
NOT ANNUALISED (%)				
Latest Quarter	4.4	0.0	4.4	0.0

Highest and lowest annual return since public launch

Allan Gray Australia Stable Fund	Return %	Calendar year
Highest	14.4	2016
Lowest	(0.5)	2018

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The highest and lowest returns earned during any calendar year since the public launch of each Fund are shown to demonstrate the variability of returns. The complete return history for each Fund can be obtained by contacting our Client Services team.

STABLE FUND HOLDINGS

Fund holdings as at 31 March 2022

Statement of net assets (unaudited)

Security	Market Value AUD 000's	% of Fund
Alumina	17,160	5
Woodside Petroleum	16,662	5
Newcrest Mining	12,748	4
AMP	8,697	3
QBE Insurance Group	7,862	2
Latitude Group Holdings	3,899	1
Positions less than 1%	40,841	12
Total Security Exposure	107,869	31
Cash and Money Market Instruments	239,776	69
Net Current Assets	(1,172)	(<1)
Net Assets	346,473	100
Price per unit (cum distribution)	AUD 1.2788	

INFORMATION ABOUT THE FUNDS

	Allan Gray Australia Equity Fund	Allan Gray Australia Balanced Fund	Allan Gray Australia Stable Fund
Investment objective	The Fund seeks long-term returns that are higher than the S&P/ASX 300 Accumulation Index (Benchmark).	To seek long-term returns that are higher than the Custom Benchmark. In doing so, the Fund aims to balance capital growth, income generation and risk of loss using a diversified portfolio.	The Fund aims to provide a long-term return that exceeds the Reserve Bank of Australia cash rate (Benchmark), with less volatility than the Australia sharemarket.
Who should invest?	Investors looking for contrarian investment style exposure to the Australian sharemarket and who are able to take a long-term view and endure performance fluctuations.	Investors with an investment horizon of at least three years who want to easily diversify their portfolio within a single fund and are looking for less ups and downs than investing solely in shares. The Fund invests in shares, fixed income, cash and commodity investments sourced locally and globally.	Investors with a two-year or longer investment horizon who are looking to potentially outperform cash over the long term with less risk than investing in the sharemarket alone. The Fund holds at least 50% in cash and money market instruments. When the opportunity arises, the remainder is invested in selected ASX securities.
Dealing	Daily (cut-off at 2pm Sydney time. A different cut-off applies if investing via mFund, where applicable).		
Buy/sell spread	+0.2%/-0.2%	+0.2%/-0.2%	+0.1%/-0.1%
Fees and expenses (excluding GST)	<p>Class A Management fee comprises:</p> <ul style="list-style-type: none"> • Fixed (Base) fee – 0.75% per annum of the Fund's NAV. • Performance fee – 20% of the Class' outperformance, net of the base fee, in comparison to the Benchmark. A performance fee is only payable where the Class' outperformance exceeds the high watermark, which represents the highest level of outperformance, net of base fees, since the Class' inception. 	<p>Management fee comprises:</p> <ul style="list-style-type: none"> • Fixed (Base) fee – 0.75% per annum of the Fund's NAV. • Performance fee – 20% of the Fund's outperformance, net of the base fee, in comparison to the custom Benchmark. A performance fee is only payable where the Fund's outperformance exceeds the high watermark, which represents the highest level of outperformance, net of base fees, since the Fund's inception. 	<p>Management fee comprises:</p> <ul style="list-style-type: none"> • Fixed (Base) fee – 0.25% per annum of the Fund's NAV. • Performance fee – 20% of the Fund's outperformance, net of the base fee, in comparison to the Benchmark. A performance fee is only payable where the Fund's outperformance exceeds the high watermark, which represents the highest level of outperformance, net of base fees, since the Fund's inception.
	<p>Class B Management fee comprises:</p> <ul style="list-style-type: none"> • Fixed (Base) fee – Nil. • Performance fee – 35% of the Class' outperformance in comparison to the Benchmark. A performance fee is only payable where the Class' outperformance exceeds the high watermark, which represents the highest level of outperformance, since the Class' inception. 		
Minimum initial investment	AUD 10,000/AUD 500 per month on a regular savings plan.		
Additional investment	AUD 1,000/AUD 500 per month on a regular savings plan.		
Redemption	No minimum applies for ad hoc redemptions. A minimum of AUD 500 per month applies on a regular redemption plan. Investors must maintain a minimum account balance of AUD 10,000.		

NOTICES



Sources

The source for the S&P/ASX 300 Accumulation Index and the S&P/ASX Australian Government Bond Index is Standard & Poor's. "S&P" is a trademark of S&P Global, Inc.; "ASX" and "ASX 300" are trademarks of ASX Operations Pty Limited ("ASXO"); and "S&P/ASX300" exists pursuant to an arrangement between ASXO and Standard & Poor's.

The source for the MSCI World Index is MSCI Inc. "MSCI" is a trademark of MSCI Inc.

The source for the JP Morgan Global Government Bond Index is J.P. Morgan Securities LLC. "JP Morgan" is a trademark of JPMorgan Chase & Co.

The third party information providers do not guarantee the accuracy, adequacy or completeness of this information, and no further distribution or dissemination of the index data is permitted without express written consent of the providers. None of those parties shall have any liability for any damages (whether direct or otherwise).

Returns

Fund returns are gross of all income, net of all expenses and fees, assume reinvestment of distributions and exclude any applicable spreads.

Risk Warnings

Managed investment schemes are generally medium to long-term investments. Past performance is not indicative of future performance. Each Fund's unit price will fluctuate and the Fund's performance is not guaranteed. Returns may decrease or increase as a result of currency fluctuations. When making an investment in a Fund, an investor's capital is at risk. Subject to the disclosure documents, managed investment schemes are traded at prevailing prices and can engage in borrowing and securities lending.

US and European Persons

The Funds do not accept US persons as investors and are not marketed in the European Economic Area (EEA). Investors resident in the EEA can only invest in the Fund under certain circumstances as determined by, and in compliance with, applicable law.

Fees

The base fee and the performance fee (if applicable) are calculated and accrued daily, and paid monthly. A schedule of fees and charges is available in the relevant Fund's disclosure documents.

Other

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