

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 40% of the Fund. The Fund typically invests the bulk of its foreign 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

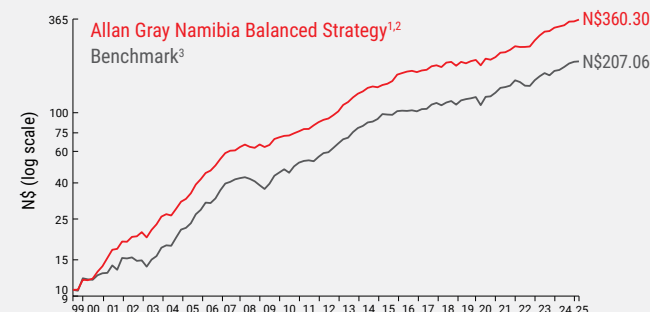
Fund information on 28 February 2025

Fund size	N\$5 123m
Price	N\$2 681.53
Number of share holdings	43
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 28 February 2025.
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)	3503.0	1970.6
Annualised:		
Since inception (12 August 1999)	15.1	12.6
Latest 10 years	9.1	7.4
Latest 5 years	11.4	10.4
Latest 3 years	12.2	9.2
Latest 2 years	11.2	10.4
Latest 1 year	11.6	13.7
Year-to-date (not annualised)	2.4	0.5
Risk measures (since inception)		
Maximum drawdown ⁴	-8.5	-20.2
Percentage positive months ⁵	72.9	62.7
Annualised monthly volatility ⁶	8.1	10.0
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.	30 Jun 2024	31 Dec 2024
Cents per unit	4760.9017	3531.5266

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 31 December 2024 (CMA and Foreign) (updated quarterly)

Holdings	% of portfolio
FirstRand Namibia	3.2
British American Tobacco	3.0
Naspers & Prosus	2.8
AB InBev	2.7
Stimulus	1.8
Nedbank	1.6
Oryx Properties	1.6
Namibia Breweries	1.6
Standard Bank Group	1.5
Glencore	1.4
Total (%)	21.2

8. 6.0% invested in companies incorporated outside Namibia but listed on the NSX. Including dual-listed commodity-linked ETFs, total exposure to dual-listed instruments is 9.5%.

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

Asset allocation on 28 February 2025

Asset Class	Total	Namibia ⁸	South Africa	Africa ex-SA and Namibia	Foreign ex-Africa
Net equity	57.5	14.8	19.3	0.9	22.5
Hedged equity	4.8	0.0	0.0	0.0	4.8
Property	2.1	1.6	0.0	0.0	0.5
Commodity-linked	4.6	3.5	0.0	0.0	1.2
Bonds	23.1	18.6	0.0	0.7	3.8
Money market and bank deposits	7.9	6.9	0.0	0.1	0.9
Total (%)	100.0	45.3	19.4	1.7	33.6

Total expense ratio (TER) and transaction costs (updated quarterly)

TER and transaction costs breakdown for the 1 and 3-year period ending 31 December 2024	1yr %	3yr %
Total expense ratio	1.66	1.54
Fee for benchmark performance	1.03	1.02
Performance fees	0.59	0.48
Other costs excluding transaction costs	0.04	0.04
Transaction costs	0.05	0.06
Total investment charge	1.71	1.60

Going into 2024, we highlighted that the year was characterised by heightened uncertainty and above-average political risk. In addition to our local elections, and national elections in neighbouring South Africa, a record percentage of the world's population headed to the polls. We cautioned that, given the elevated uncertainty, we had not positioned the portfolio on one or two scenarios prevailing. Rather, we had deliberately constructed a diversified portfolio for a wide range of outcomes.

Globally, 2024 indeed brought significant changes in governments and several surprises. In South Africa, the market reacted positively to the election results and the formation of the government of national unity (GNU). Namibia experienced less political uncertainty, with the elections largely maintaining the status quo as the South West Africa People's Organisation (SWAPO) retained its majority in the elections.

Locally, asset returns were respectable, with the FTSE NSX Local Index returning 10.7% and the IJG All Bond Index returning 14.1%. South Africa proved to be an even more attractive investment destination in 2024. The FTSE/JSE All Share Index gained 13.4%, while the FTSE/JSE All Bond Index delivered strong returns of 17.2%. However, these figures look less impressive on a global scale, with world equity markets having finished 2024 close to all-time highs. The MSCI World Index generated a return of 19.2% in US dollars and 23.0% in rands, driven by strong US stocks, with the S&P 500 up 25.0% in US dollars and 29.0% in rands.

While the Fund's return of 8.7% for 2024 was well ahead of inflation of 2.9%, in this environment, its performance was disappointing in relative terms. This is partially attributable to an overweight position in local Namibian shares. For instance, Namibia Breweries Limited delivered a marginally negative return following the share's stellar performance in 2023.

In addition, several of our large positions are in multinationals listed on the JSE, such as Anheuser-Busch InBev (AB InBev), which underperformed the SA Inc shares. The latter rallied strongly post the country's national elections and the formation of the GNU. This is particularly true for economically sensitive shares, such as clothing retailers, which performed exceptionally. Similarly, financial shares benefited from failing yields on South African government bonds and returned more than 20%¹ for the year. The SA Inc share prices are discounting a better future, but the recent earnings results and South African fiscal indicators were generally still reflective of the poor economy, structural problems and a tough trading environment. It is also probably fair to say that the GNU's "unity" has yet to be truly tested. It has been a great period for holders of these South African

assets, and the rand marginally weakened against a strong US dollar as well, but the fundamentals will still have to start coming through to justify some of the price moves. We are not overly negative about the long-term prospects for South Africa, but we are highlighting that these investments are not without risks. For many South African investments, we now question whether these risks are being adequately discounted as prices are set.

It is not unusual for us to underperform a rising market. As valuation-driven investors, we anchor to our estimate of fair value, preferring to own undervalued and out-of-favour stocks. This approach often leads to a portfolio that looks markedly different to our peers. This isn't for the sake of being different, but rather a demonstration of commitment to our philosophy and the pursuit of compelling risk-adjusted returns.

One of the trends we are monitoring closely for potential opportunities for both the South African and offshore portions of the Fund is the continued disappointing economic data emanating out of China. Many Chinese-related shares have been relatively weak despite several announcements made by the Chinese government to boost confidence and the economy. Transitioning from investment-led growth to growth led by consumption is proving to be difficult.

The Fund has 33.0% invested directly offshore in a mix of Orbis funds. The offshore portion of the Fund looks very different from the world index and many of our competitors, with nearly a third allocated to fixed income and hedged equities. Within the offshore equities, we remain underweight the US market and mega-cap tech with our only current exposure being Alphabet. While much of the rally has been driven by excitement over the amazing progress in artificial intelligence (AI), we believe you can get exposure to businesses that can benefit from AI, such as Interactive Brokers, whose business model is very much tech based.

We would not be surprised to see some kind of consolidation in markets after the large price moves in the indices, but there are many shares that have not participated in the up move, which we can hopefully take advantage of in the Fund.

In a world increasingly defined by stark extremes – growth versus value, the US versus the rest of the world, risk versus safety – we aim to provide a balanced alternative. That is part of the value Allan Gray brings to your portfolio; we are not just another voice in the crowd.

Commentary contributed by Duncan Artus and Tuyeni Akwenye

**Fund manager quarterly
commentary as at
31 December 2024**

1. FTSE/JSE Financials Index

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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, FTSE/JSE All Bond Index and FTSE/JSE Financials Index

The FTSE/JSE All Share Index, FTSE/JSE All Bond Index and FTSE/JSE Financials 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, FTSE/JSE All Bond Index and FTSE/JSE Financials 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, FTSE/JSE All Bond Index and FTSE/JSE Financials Index vests in FTSE and the JSE jointly. All their rights are reserved.

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.

FTSE Russell Index

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MSCI Index

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