

# BCI Global Investment Conference

---

*The Looming Tails*

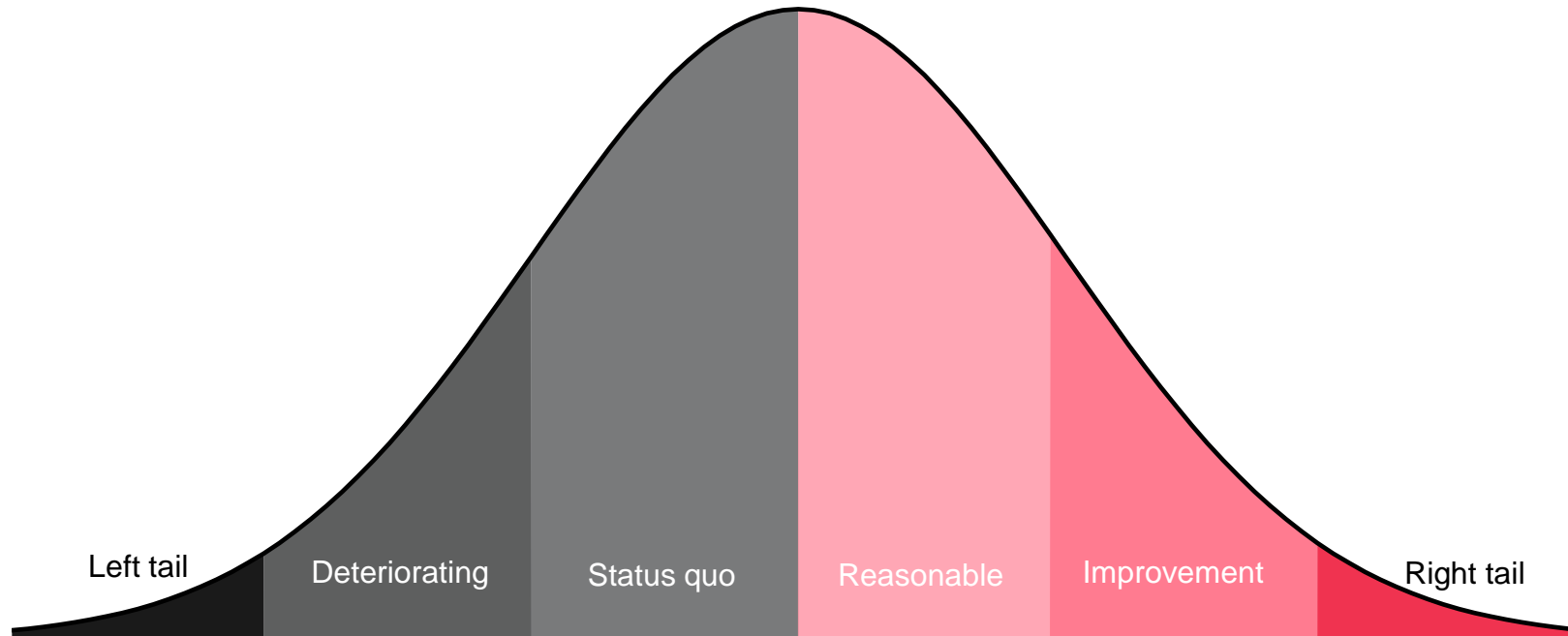
Siphesihle Zwane  
May 2025

ALLAN GRAY  
SINCE 1973

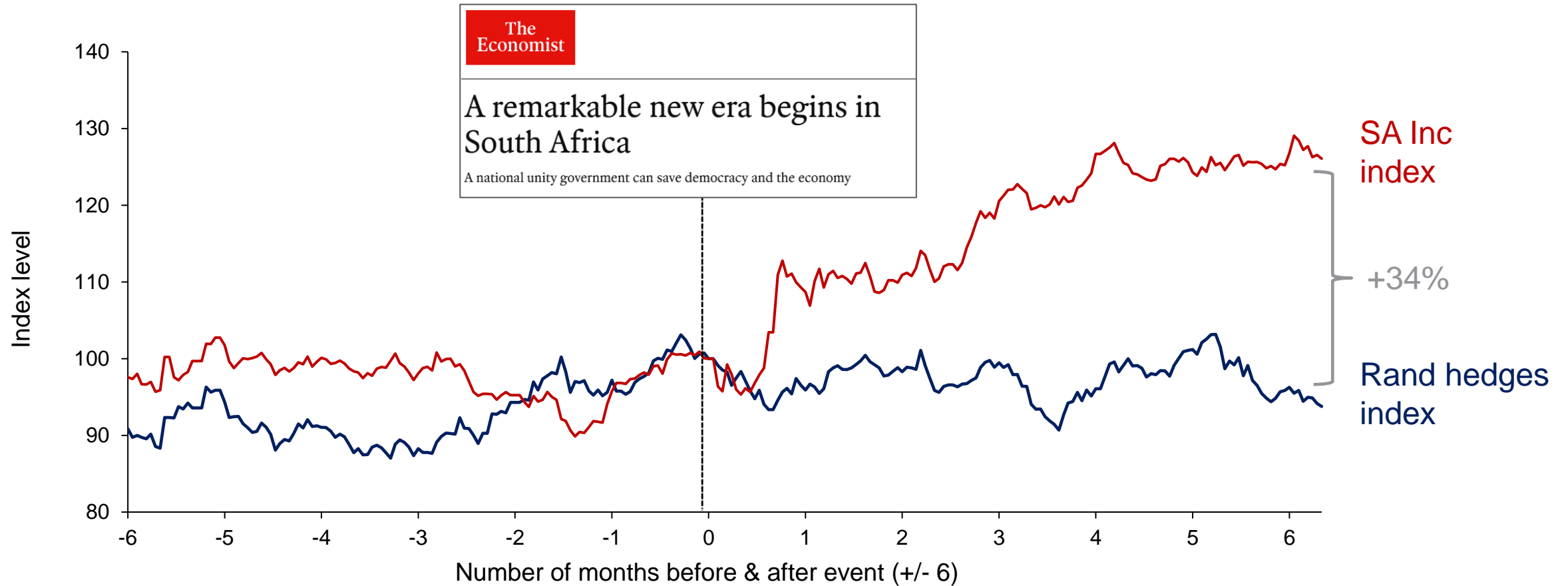
ALLAN GRAY

# South African probability distribution

Changing shape of risk



## 2024 elections



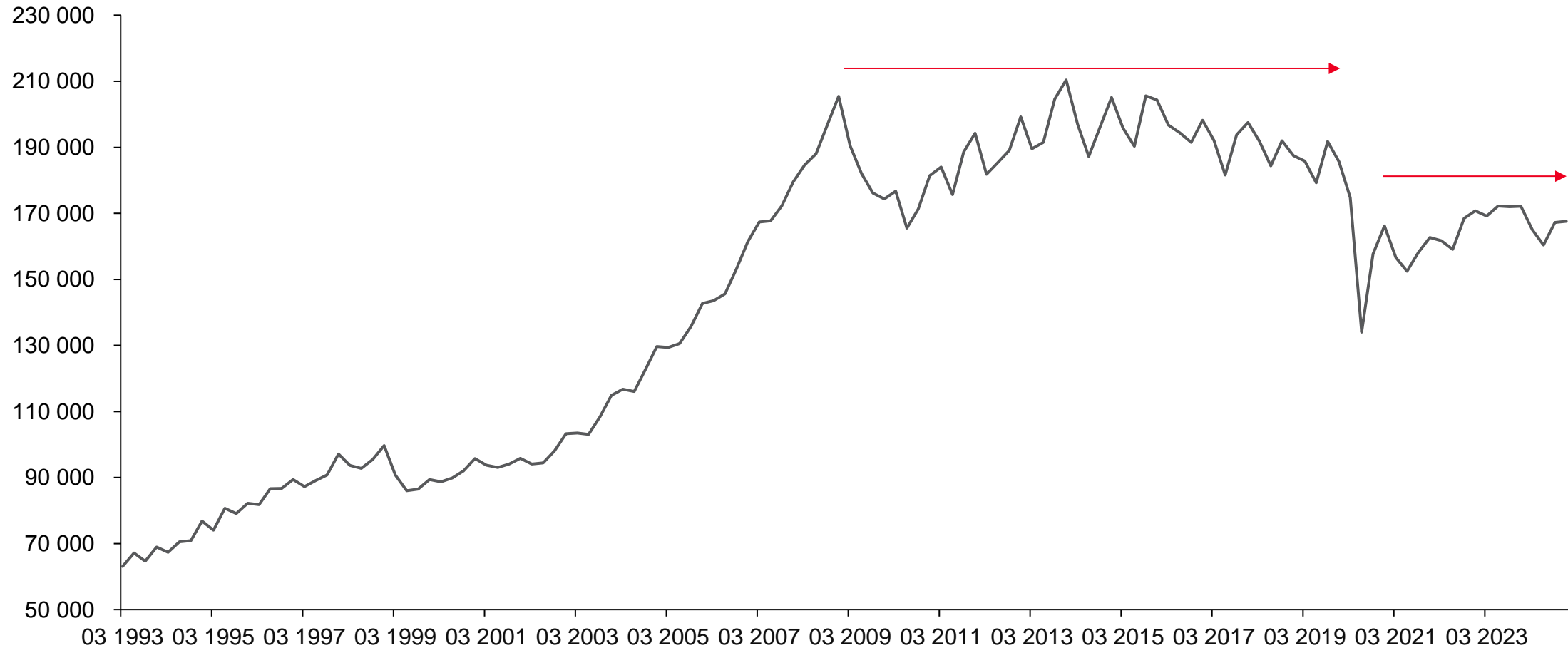
Note: Indices include companies that were in the FTSE/JSE SWIX Top 40 index 6-months prior to the event and are equally weighted. Companies in which the majority of revenues are generated outside of SA or whose revenues are determined by international commodity markets, are classified as "Rand hedges". The 'rand hedge' vs 'SA Inc' dichotomy is not binary, and companies fall on a spectrum and change over time.

Source: Allan Gray research, Bloomberg, IRESS (MP200225ns)



# Will the GNU deliver outsized growth?

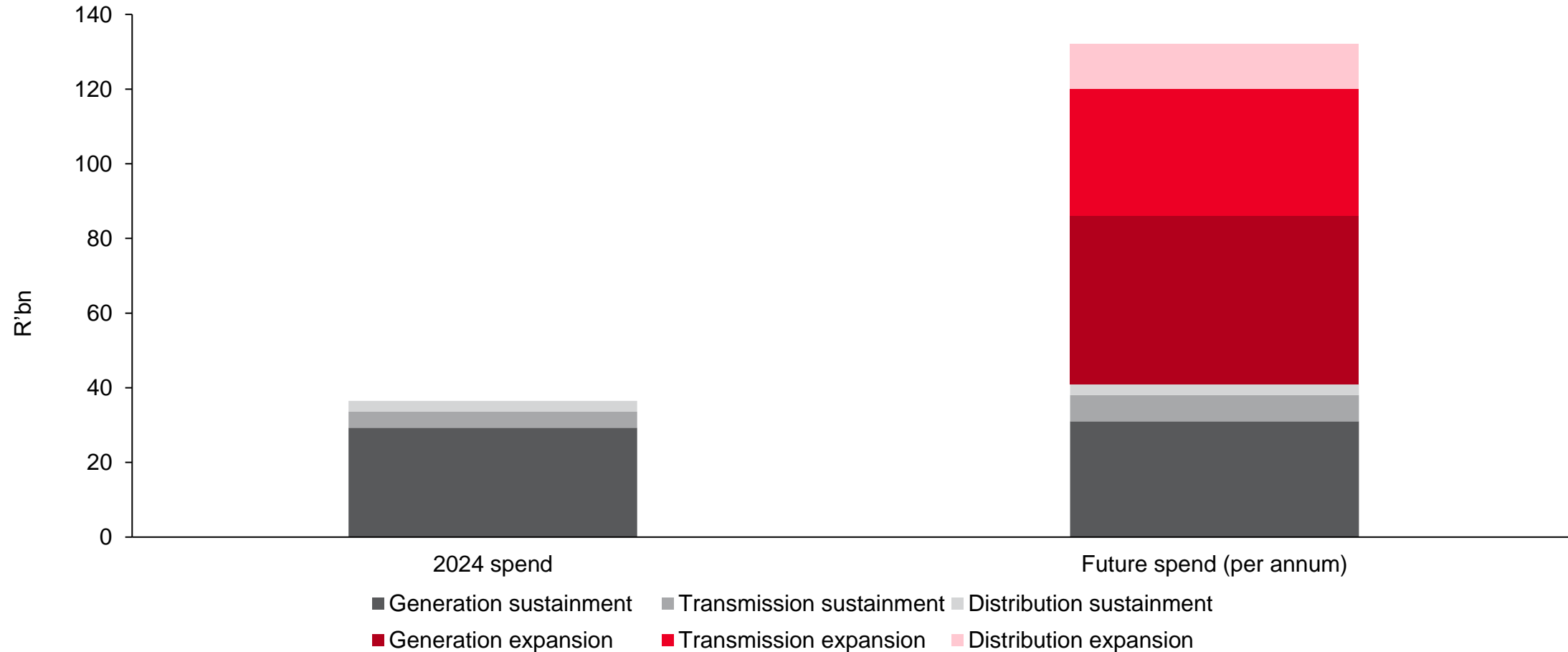
## South Africa Real GDP Gross Fixed Capital formation (R'm, quarterly)



Source: 07 January 2025 | Allan Gray research, StatsSA (constant 2015 R'm prices, quarterly), Bloomberg (TP)

## Will the GNU deliver outsized growth?

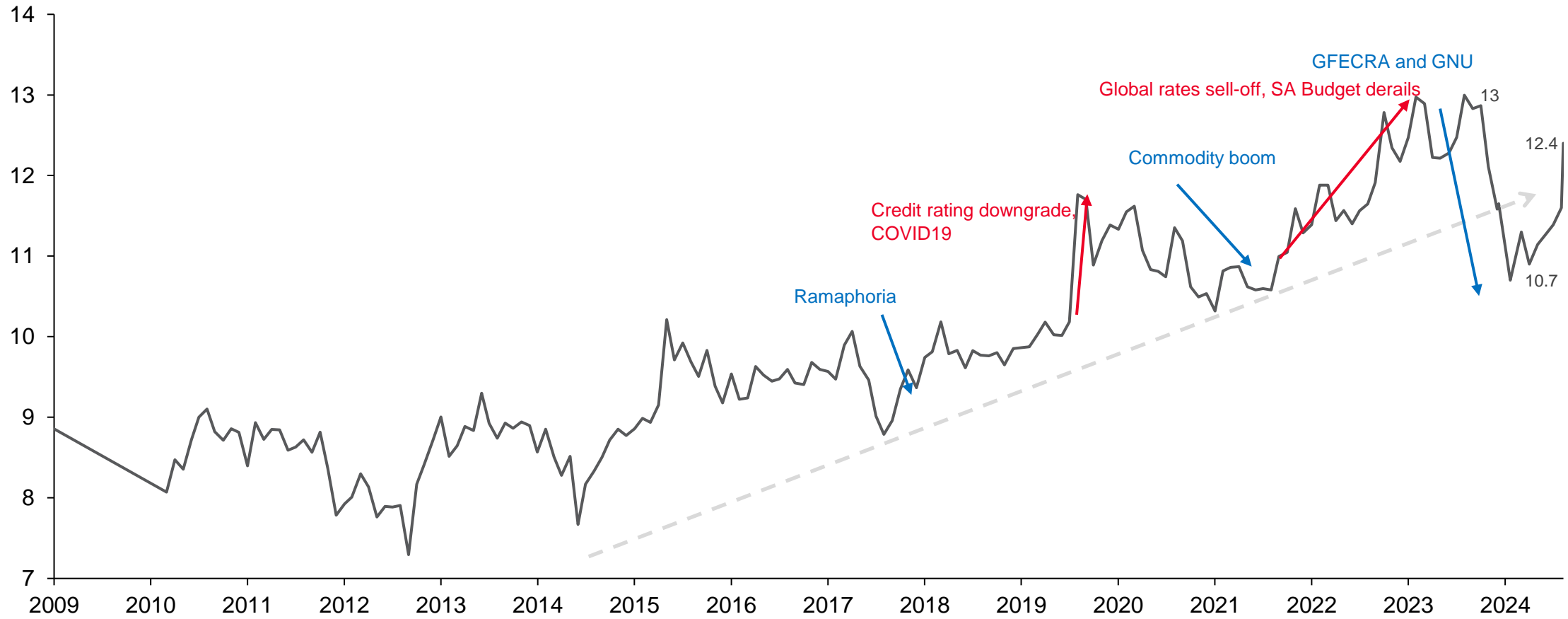
Targeted energy spend = 3.5x current annual Eskom run-rate



Source: 07 January 2025 | Allan Gray research, Eskom annual reports (TP)

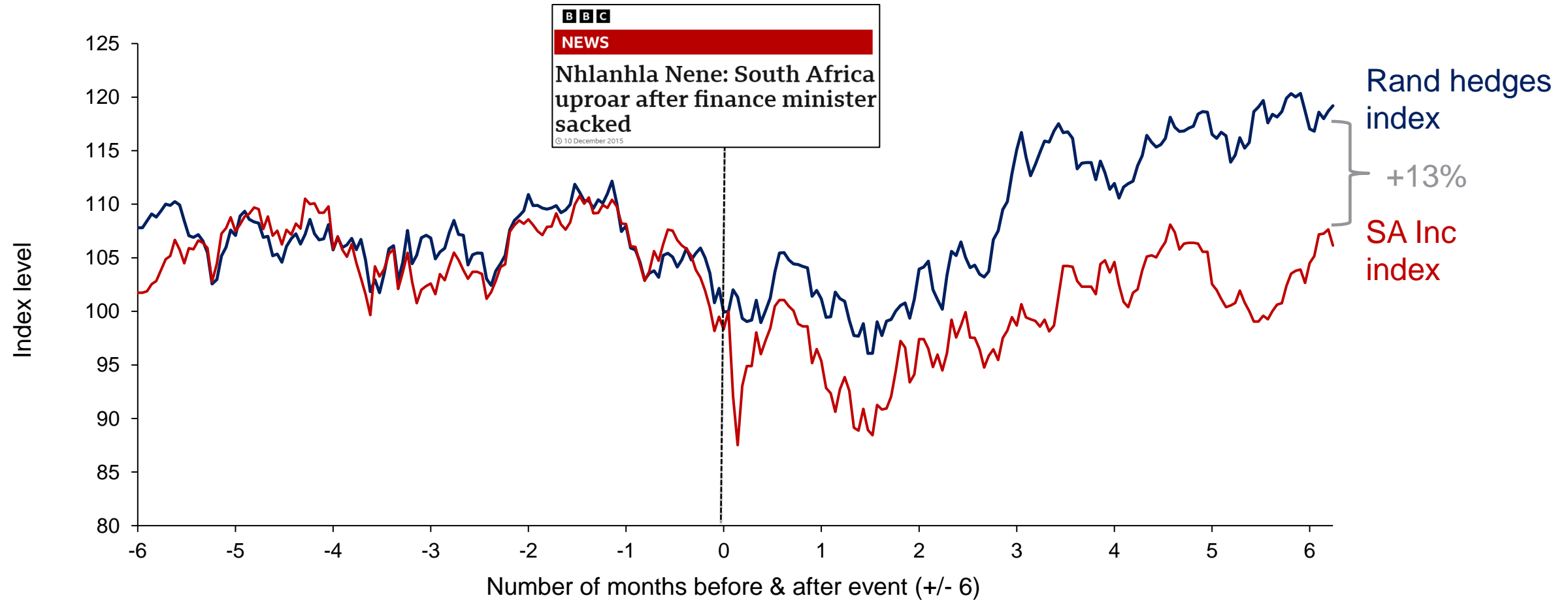
# Unwinding the GNU rally?

## SA Government 20-year bond yields (%)



Source: 22 April 2025 | Bloomberg (TP), Allan Gray

## 2015 Nenegate

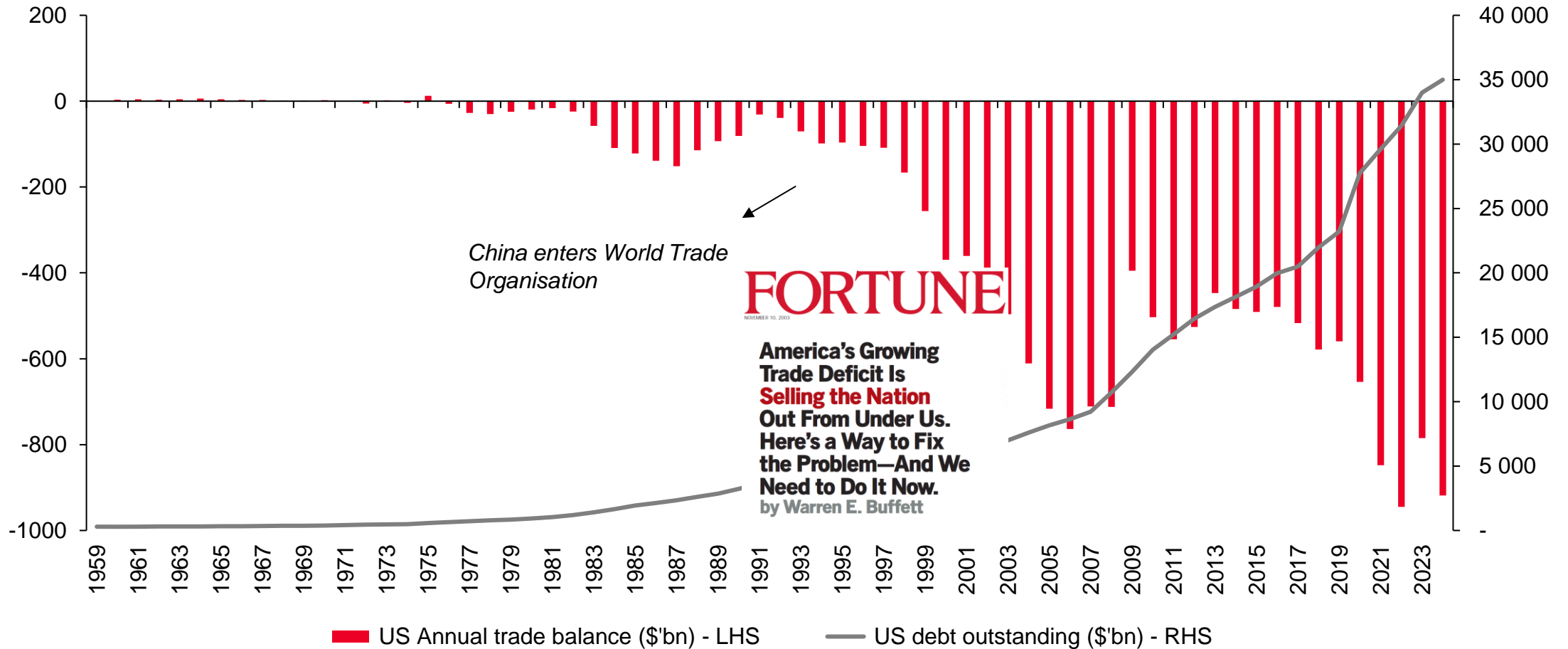


Note: Indices include companies that were in the FTSE/JSE SWIX Top 40 index 6-months prior to the event and are equally weighted. Companies in which the majority of revenues are generated outside of SA or whose revenues are determined by international commodity markets, are classified as "Rand hedges". The 'rand hedge' vs 'SA Inc' dichotomy is not binary, and companies fall on a spectrum and change over time.

Source: Allan Gray research, Bloomberg, IRESS (MP200225ns)

# Globalization's crowning moment

....and the seeds of its destruction

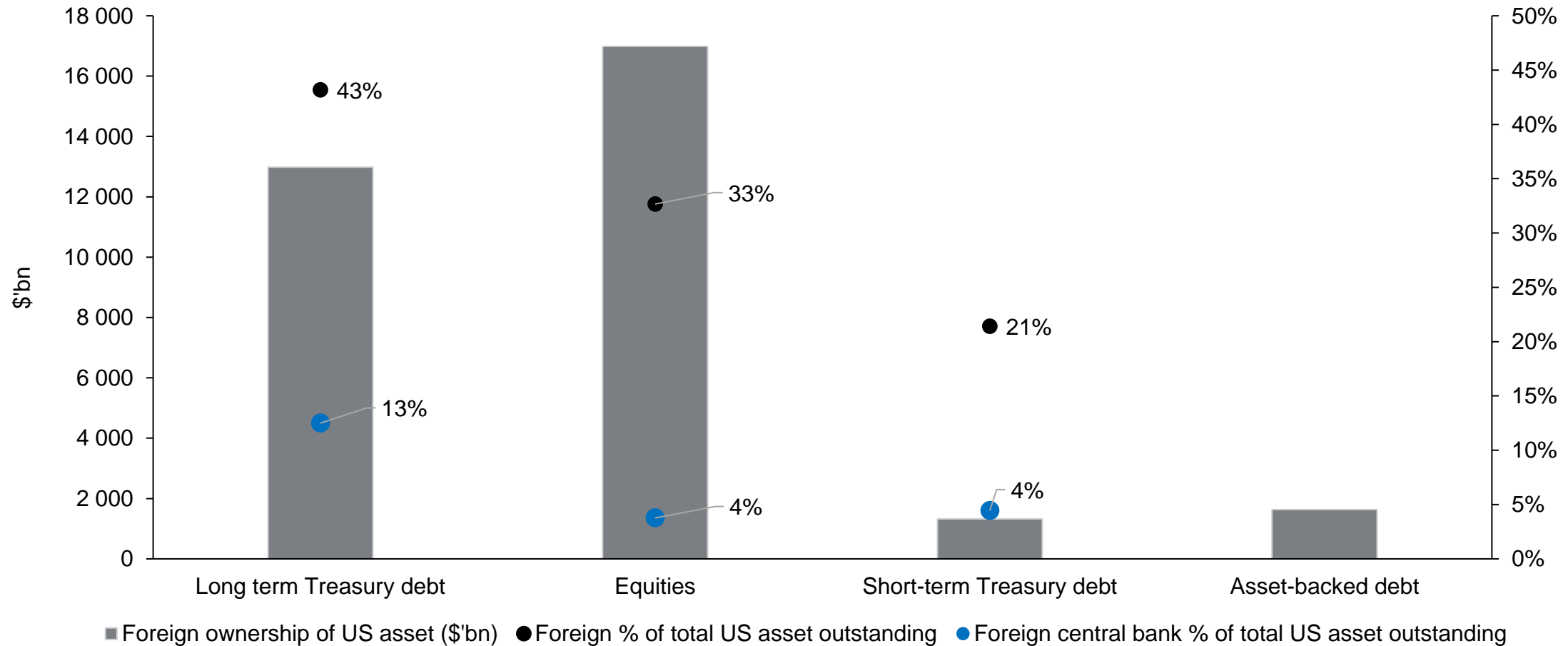


Source: 22 April 2025 | US Department of Treasury, Allan Gray research (TP)



# The kindness of strangers....

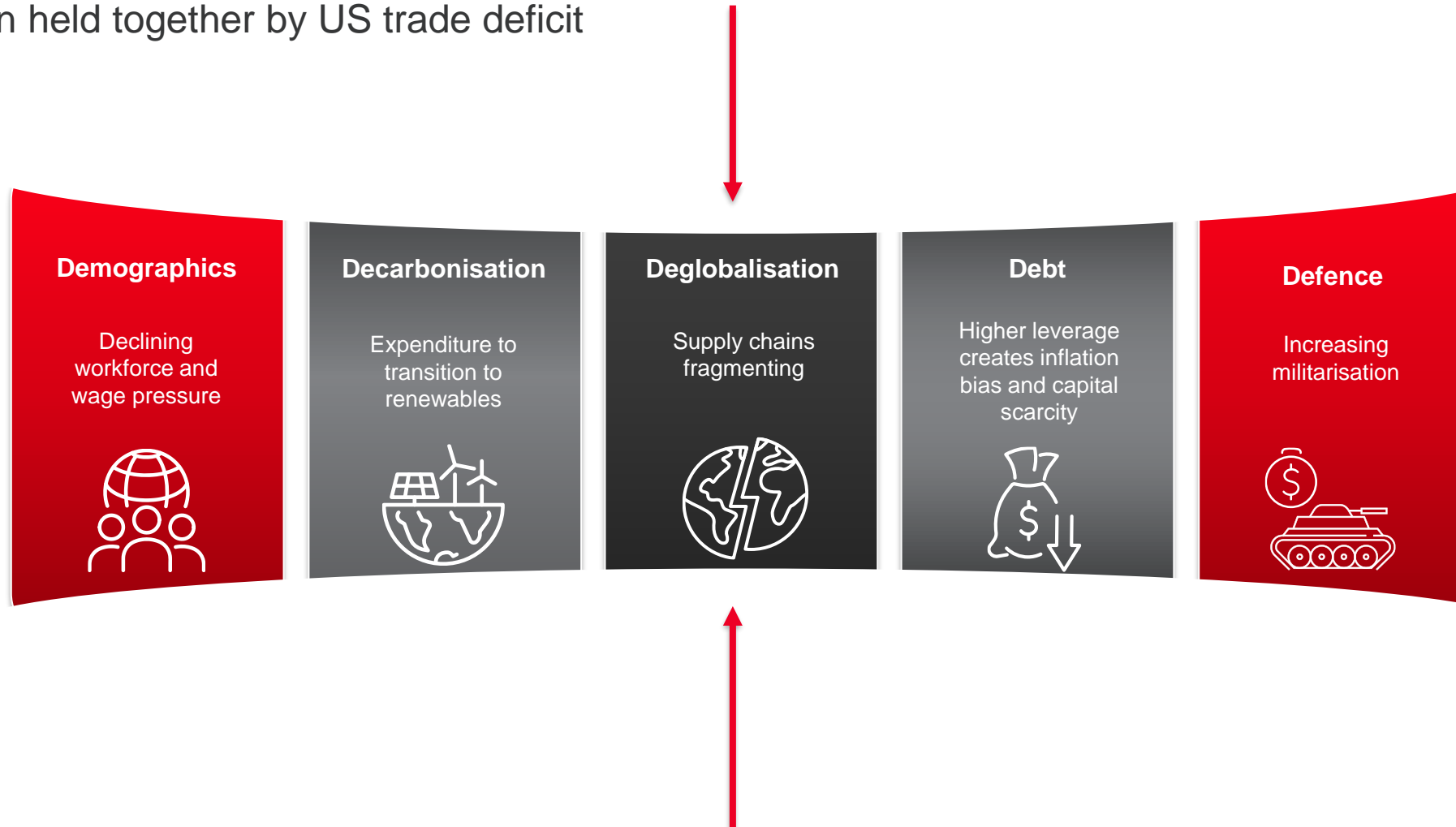
## Foreign ownership of US assets



Source: 22 April 2025 | US Department of Treasury, Allan Gray research (TP)

# The five “D’s” driving global inflation

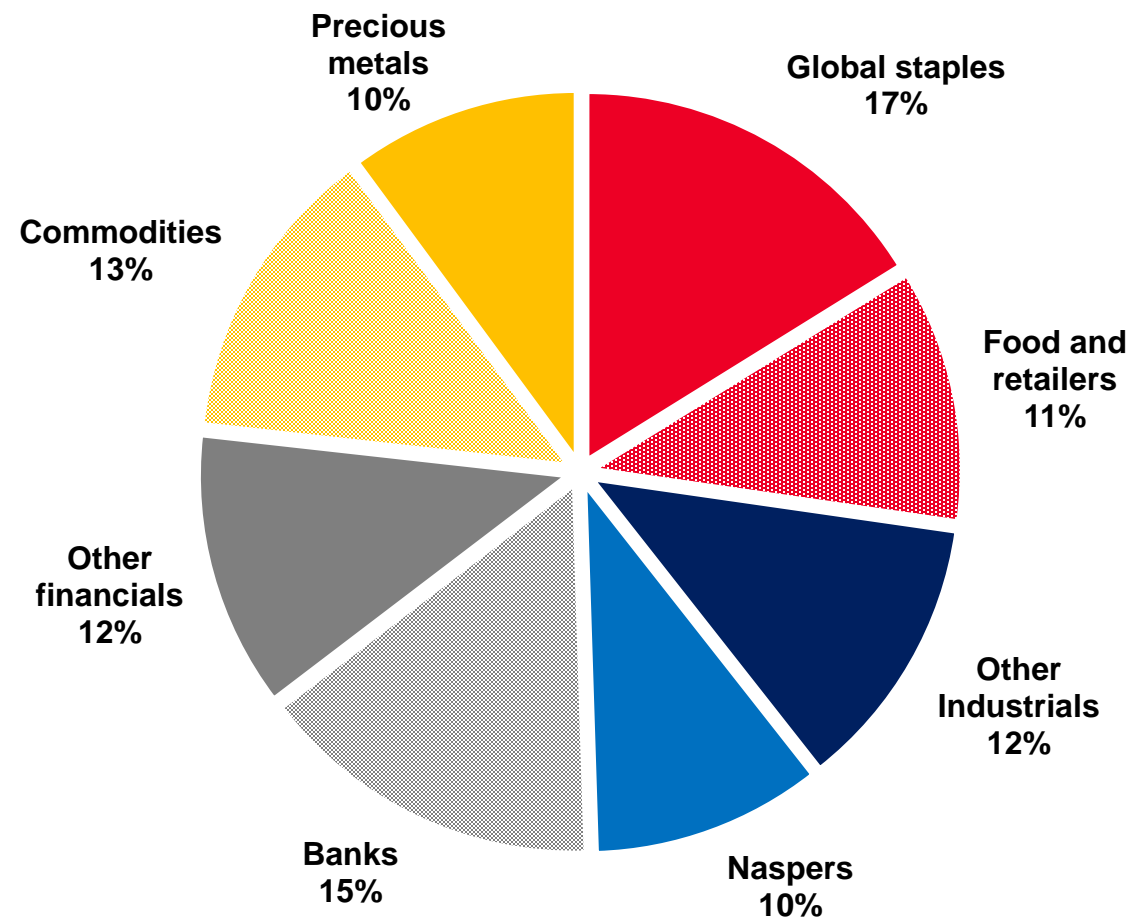
Globalisation held together by US trade deficit



## Diversified for a wide range of potential outcomes

Fundamentals > sentiment

- Portfolio diversification vs. swinging for the fences
- Protecting the downside takes care of the upside
- Deliberate about where it makes sense to take risks
- There are opportunities in SA assets, but the market often underestimates risks



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

Source: Allan Gray, data to 31.03.2025 (EG070425ns)

Thank you

*Allan Gray*®  
SINCE 1973

ALLAN GRAY

# Appendices

---

# Important information

## Copyright notice

© 2025 Allan Gray Proprietary Limited

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

## Information and content

The information in and content of this 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 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.

Allan Gray is an authorised financial services provider.

## Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or [www.rmb.co.za](http://www.rmb.co.za).

## Performance

Collective investment schemes in securities (unit trusts or funds) 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. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.



# Important information

## Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

## 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 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.

Purchase and redemption requests must be received by the Management Company by 11:00 each business day to receive that day's price. Unit trust prices are available daily on [www.allangray.co.za](http://www.allangray.co.za).

## Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the fund, including any income accruals and less any permissible deductions from the fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 11:00 each business day for the Allan Gray Money Market Fund, and by 14:00 each business day for any other Allan Gray unit trust fund to receive that day's price. Unit trust prices are available daily on [www.allangray.co.za](http://www.allangray.co.za).

## Yield

The Allan Gray Interest Fund and Allan Gray Income Fund's gross yield is the estimated weighted average yield-to-maturity of all underlying interest-bearing instruments as at the last day of the month. The one-year TER is deducted from the gross yield to derive a yield net of fund expenses. Actual returns may differ based on changes in market values, interest rates and market factors during the investment period.

The Allan Gray Bond Fund's gross yield is the estimated weighted average yield-to-maturity of all underlying interest-bearing instruments as at the last day of the month. Actual returns may differ based on changes in market values, interest rates and market factors during the investment period.

## Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray.

# Important information

## **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, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) 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).

## **Compliance with Regulation 28**

The Allan Gray Balanced, Stable, Interest, Bond, Income and Money Market funds are managed to comply with Regulation 28 of the Pension Funds Act, No. 24 of 1956 ("the Pension Funds Act"). Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within the prescribed regulatory time period. The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

## **Information for retirement fund members and investors in the tax-free investment account, living annuity and endowment**

The Allan Gray Retirement Annuity Fund, Allan Gray Pension Preservation Fund and Allan Gray Provident Preservation Fund are all administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider and approved pension funds administrator under section 13B of the Pension Funds Act, No. 24 of 1956. The Allan Gray Tax-Free Investment Account, Allan Gray Living Annuity and Allan Gray Endowment are administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider, and underwritten by Allan Gray Life Ltd, an insurer licensed to conduct investment-linked life insurance business as defined in the Insurance Act 18 of 2017. The Allan Gray Offshore Endowment is issued by the Guernsey branch of Allan Gray Life Limited. Allan Gray Life Limited is an insurer licensed in South Africa under the Insurance Act 18 of 2017 to conduct investment-linked life insurance business, and in Guernsey under the Insurance Business (Bailiwick of Guernsey) Law, 2002, to conduct long-term insurance business. The underlying investment options of the Allan Gray individual life and retirement products are portfolios of collective investment schemes in securities (unit trusts or funds).

## **Feeder fund**

A feeder fund is a unit trust that invests in another single unit trust, which charges its own fees. Allan Gray does not charge any additional fees in its feeder funds.

## **Fund of funds**

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 fund of funds.

# Important information

## Benchmarks

### © 2025 Morningstar

All Rights Reserved. The information, data, analyses and opinions (“Information”) contained herein: (1) include the proprietary information of Morningstar and Morningstar’s content providers; (2) may not be copied or redistributed except as specifically authorised; (3) do not constitute investment advice; (4) are provided solely for informational purposes; (5) are not warranted to be complete, accurate or timely; and (6) may be drawn from fund data published on various dates. Morningstar is not responsible for any trading decisions, damages or other losses related to the Information or its use. Please verify all of the Information before using it and don’t make any investment decision except upon the advice of a professional financial adviser. Past performance is no guarantee of future results. The value and income derived from investments may go down as well as up.

### Bloomberg Index Services Limited

Bloomberg® and the indices referenced herein (the “Indices”, and each such index, an “Index”) are service marks of Bloomberg Finance L.P. and its affiliates (collectively “Bloomberg”) and/or one or more third-party providers (each such provider, a “Third-Party Provider,”) and have been licensed for use for certain purposes to Allan Gray Proprietary Limited (the “Licensee”). To the extent a Third-Party Provider contributes intellectual property in connection with the Index, such third-party products, company names and logos are trademarks or service marks, and remain the property, of such Third-Party Provider. Bloomberg or Bloomberg’s licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg’s licensors, including a Third-Party Provider, approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither Bloomberg nor Bloomberg’s licensors, including a Third-Party Provider, shall have any liability or responsibility for injury or damages arising in connection therewith.

### FTSE/JSE All Bond Index, FTSE/JSE All Share Index, FTSE/JSE Capped Shareholder Weighted All Share Index, FTSE/JSE Financials Index, FTSE/JSE Mid Cap Index and FTSE/JSE Resources Index

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

## Important information

### **FTSE Russell Index**

Source: London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2025. FTSE Russell is a trading name of certain of the LSE Group companies. “FTSE®” “Russell®”, “FTSE Russell®”, is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

### **J.P. Morgan Index**

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan’s prior written approval. Copyright 2025, J.P. Morgan Chase & Co. All rights 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.