

# Allan Gray Africa Equity (Rand) Fund Limited

# ALLAN GRAY

## Fund fact sheet details at 31 January 2012

**Fund status:** Currently restricted to existing investors only  
**Inception date:** 1 July 1998

### Fund objective and benchmark

The Fund remains predominantly invested in South African equities. It seeks to earn higher returns in South African rands than the South African stock market, without greater risk of loss. The Fund's benchmark is the FTSE/JSE Africa All Share Index, including income ('JSE Index') and its currency benchmark is 100% South African rand.

### Annual investment management fee

The annual management fee ranges from 0.5% to 2.5% depending on the relative return of the Fund to the benchmark, before fees. The fee is calculated on a base of 1.5% plus one twenty-fifth of the cumulative three-year relative performance, subject to a floor of 0.5% and cap of 2.5%. For example if the cumulative three year performance of the fund is 20% and that of the benchmark is 15%, the fee rate is:  
 $1.5\% + (20\% - 15\%) / 25 = 1.7\%$ .

### Fund information

**Fund size:** R1 835 m  
**Fund price:** 1 274.4  
**R/\$:** 7.82  
**Minimum lump sum per investor account:** US\$50 000  
**Load:** None  
**Dealing day:** Weekly (Thursday)

### Fund manager commentary

The year got off to quite a start with the FTSE/JSE All Share Index returning 5% for the month and surpassing the record high of May 2008. The JSE is still 12% off the April 2011 high in dollar terms because of the weaker rand.

11% of the Fund is invested in six telecom holdings. This may seem like a large position considering that telecoms are a commodity industry where an aggressive competitor can rapidly destroy the profit pool. However, the Fund's holdings are concentrated in markets where competition is fierce and profits have already come under severe pressure. The share prices of the Fund's telecom holdings are discounting this low level of profitability. The two markets where the competitive forces are most acute are Egypt and Kenya. In both these countries a new player joined the fray and discounted rates in an effort to gain market share. Etisalat was successful in gaining a 25% market share in Egypt while Bharti struggled to make gains in Kenya. However, the impact on tariffs was similar in both markets with rates down 85% in Kenya over the past five years, and 75% in Egypt.

The Fund is not invested in MTN, the largest African telecom company, as competition has yet to impact profitability in its two key markets, Nigeria and South Africa. High mobile termination rates are the moat that protects the profit pool in these regions. It is surely just a matter of time until the termination rates adjust downwards, along with mobile telecommunication profits.

### Country of primary listing as at 31 January 2012

Country	% of Fund
South Africa	52.8
Egypt	18.8
United Kingdom	12.0
Kenya	7.4
Nigeria	1.9
Zimbabwe	1.8
France	1.7
Luxembourg	1.2
Senegal	0.8
Australia	0.7
Rwanda	0.5
Tanzania	0.2
Canada	0.2
Ivory Coast	0.1
<b>Total</b>	<b>100.0</b>

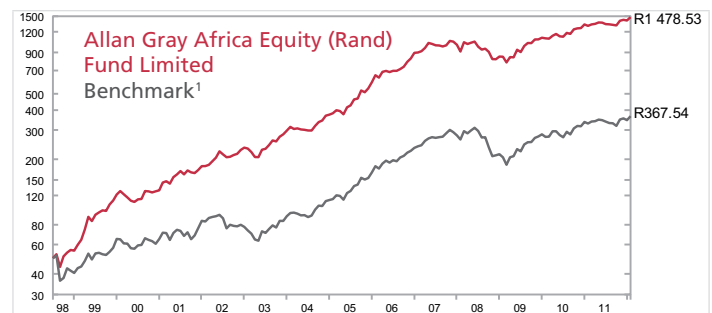
### Sector allocation at 31 January 2012

Sector	% of fund	JSE Index
Oil & gas	10.7	5.3
Basic materials	17.8	34.1
Industrials	15.4	5.9
Consumer goods	14.6	16.9
Healthcare	2.2	2.0
Consumer services	1.6	9.5
Telecommunications	11.2	6.5
Utilities	3.0	0.0
Financials	19.4	19.7
Technology	0.0	0.3
Fixed interest/Liquidity	4.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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

### Performance

#### Value of R50 invested at inception (dividends reinvested)



% Returns	Fund	Benchmark <sup>1</sup>
Since inception (unannualised)	2857.1	635.1
Since inception (annualised)	28.3	15.8
Latest 10 years (annualised)	23.3	15.9
Latest 5 years (annualised)	10.5	8.8
Latest 3 years (annualised)	20.4	21.2
Latest 1 year	13.1	10.8
Year to date (unannualised)	4.9	5.7
Month to date (unannualised)	4.9	5.7
<b>Risk measures (Since inception)</b>		
Maximum drawdown <sup>2</sup>	26.0	42.0
Percentage positive months	62.0	58.9
Annualised monthly volatility	18.0	20.8
Beta vs JSE index	0.7	1.0
Annualised monthly tracking error	11.8	-

1. FTSE/JSE Africa All Share Index including income. Source: FTSE International Limited, performance calculated by Allan Gray as at 31 January 2012.  
 2. Maximum percentage decline over any period.



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Shares in the Fund are available by Prospectus only. Certain capitalised terms are defined in the Prospectus. While we have endeavoured to ensure the accuracy of the information herein, such information is not guaranteed as to accuracy or completeness. Returns are net of fees, include income and assume reinvestment of dividends. Past performance is not a reliable indicator of future results. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. When making an investment in the Fund, an investor's capital is at risk. The investment objective of the Fund should be compared with the investor's objective and then the performance of the investment and whether it represents value for money should be evaluated as part of the financial planning process. Returns may decrease or increase as a result of currency fluctuations. FTSE/JSE Africa All Share Index data source is FTSE International Limited. 'FTSE' is a trademark of the London Stock Exchange Limited and is used by FTSE International Limited under licence. Allan Gray International (Pty) Limited, an authorised financial services provider, is the appointed investment manager of the Fund. Allan Gray Proprietary Limited, an authorised financial services provider in South Africa, is the appointed investment adviser.