

# Allan Gray Africa Equity (Rand) Fund Limited

# ALLAN GRAY

## Fund fact sheet details at 29 February 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 893 m  
**Fund price:** 1319.1  
**R/\$:** 7.50  
**Minimum lump sum per investor account:** US\$50 000  
**Load:** None  
**Dealing day:** Weekly (Thursday)

### Fund manager commentary

France Telecom (FT) should launch a formal tender offer for Mobinil (The Egyptian Company for Mobile Services) at LE202.5 per share within the next few weeks. Mobinil is one of the telecom companies we discussed in the January 2012 commentary; it accounts for 3.4% of the Fund. There is still some uncertainty as to whether the regulator will interfere with the deal, which was precipitated by the early exercise of a put option by FT's Egyptian partner. We still hold the share, as on the balance of probabilities we believe it is better to wait for the LE202.5 rather than sell at the current market price of LE174.

The Fund's performance benefited from the Mobinil bid, but unfortunately has not benefited from the tailwind created by the Shell bid for Cove Energy and the Dragon Oil bid for Bowleven PLC. These bids have led the African oil exploration sector to rally sharply. The Fund owns shares in three oil companies but all three are producers, rather than exploration companies. The exploration companies are obviously high risk, high return investments, however we don't believe we have the skills to value these businesses with greater accuracy than other investors and hence treat them with caution. A further point is that greater returns are often achieved by buying the leveraged exploration companies when the sector is out of favour rather than during boom times. This applies to both oil as well as metals exploration companies.

### Country of primary listing as at 29 February 2012

Country	% of Fund
South Africa	51.0
Egypt	20.9
United Kingdom	12.3
Kenya	7.3
Nigeria	2.3
France	2.0
Zimbabwe	1.8
Senegal	0.8
Australia	0.6
Rwanda	0.4
Tanzania	0.3
Canada	0.2
Ivory Coast	0.1
<b>Total</b>	<b>100.0</b>

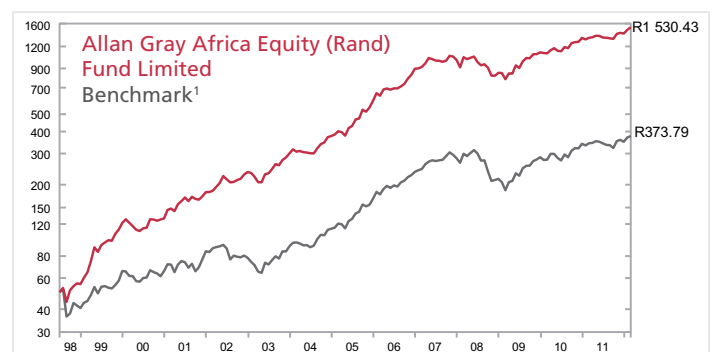
### Sector allocation at 29 February 2012

Sector	% of fund	JSE Index
Oil & gas	9.9	5.3
Basic materials	17.3	32.8
Industrials	15.1	6.1
Consumer goods	15.0	17.2
Healthcare	2.2	2.0
Consumer services	1.4	9.7
Telecommunications	12.2	6.5
Utilities	2.9	0.0
Financials	18.5	20.1
Technology	0.0	0.3
Fixed interest/Liquidity	5.6	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)	2960.9	647.6
Since inception (annualised)	28.4	15.9
Latest 10 years (annualised)	23.5	15.5
Latest 5 years (annualised)	10.8	8.9
Latest 3 years (annualised)	25.1	26.2
Latest 1 year	14.7	9.6
Year to date (unannualised)	8.6	7.5
Month to date (unannualised)	3.5	1.7
<b>Risk measures (Since inception)</b>		
Maximum drawdown <sup>2</sup>	26.0	42.0
Percentage positive months	62.2	59.1
Annualised monthly volatility	17.9	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 29 February 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.