

Fund manager: Andrew Lapping
 Inception date: 1 July 1998
 Class: A

Fund information on 30 September 2012

Fund currency: US\$¹
 Fund size: US\$242m
 Fund price: US\$170.52
 Number of share holdings: 62
 Dealing day: Weekly (Thursday)

Fund description

The Fund invests in a focused portfolio of companies with significant business interests in Africa, regardless of the location of the stock exchange listing. The Fund price is reported in US dollars but the underlying holdings are denominated in various currencies. Returns are likely to be volatile.

Fund objective and benchmark

The Fund aims to outperform African equity markets over the long term without taking on greater risk of loss. The Fund's benchmark is the MSCI Emerging and Frontier Markets (EFM) Africa Index (total returns).

How we aim to achieve the Fund's objective

We invest in shares that we believe offer superior fundamental value while taking into account risk and return. We research companies and assess their intrinsic value based on long-term fundamentals; we then invest in businesses where our assessment of intrinsic value exceeds the share price by a margin of safety. This approach allows us to identify shares that may be out of favour with the market because of poor near-term prospects, but offer good value over the long-term. The Fund's holdings will deviate meaningfully from those in the index both in terms of individual holdings and sector exposure.

Suitable for those investors who

- Seek exposure to African equities
- Are comfortable with stock market and currency fluctuations
- Are prepared to take the risk of capital loss
- Typically have an investment horizon of more than five years

The Fund is not available to South African residents.

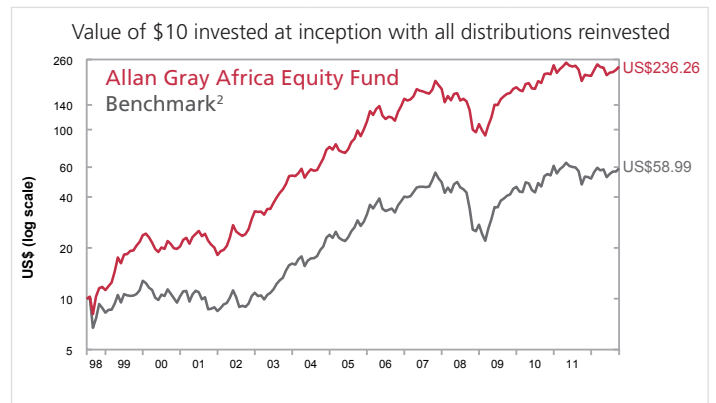
Minimum investment amounts

Minimum initial investment: US\$50 000
 Minimum subsequent investment: US\$1 000

Annual 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%.

Performance in US\$ net of all fees and expenses



% Returns	Fund	Benchmark ²
<i>Unannualised:</i>		
Since inception	2262.6	489.9
<i>Annualised:</i>		
Since inception	24.8	13.3
Latest 10 years	25.6	20.8
Latest 5 years	6.5	3.3
Latest 3 years	13.2	13.2
Latest 1 year	21.6	24.6
Year-to-date (unannualised)	13.5	15.0
Risk measures (since inception)		
Maximum drawdown ³	-52.5	-60.5
Percentage positive months ⁴	60.2	59.6
Annualised monthly volatility ⁵	27.2	28.5

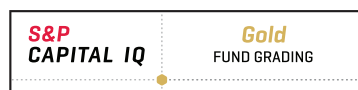
1. The Fund is currently priced in US dollars. Since inception to 30 April 2012 the Fund was priced in South African rands.
2. The current benchmark is the MSCI EFM Africa Index (total returns). Since inception to 30 April 2012 the benchmark was the FTSE/JSE Africa All Share Index including income. Performance as calculated by Allan Gray as at 30 September 2012 (Source: Bloomberg). Calculation based on the latest available data as supplied by third parties.
3. Maximum percentage decline over any period. The maximum drawdown occurred from October 2007 to February 2009 and maximum benchmark drawdown occurred from October 2007 to February 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.

Fund manager quarterly commentary as at 30 September 2012

The past quarter was a stable one in terms of changes to the portfolio. Both the country allocations as well as the individual holdings in each country were basically unchanged. We continuously search for the most attractive investment opportunities and reassess our investments but the price changes of the past quarter did not justify major position changes.

The Fund's holdings are very different from those of the benchmark with the most noticeable difference being the Fund's underweight position in the South African retail sector. South African food and apparel retailers have experienced a remarkable period of earnings growth and multiple expansion. Revenues for the three largest food retailers and the three largest clothing retailers have risen by approximately 15% per year for the past decade; this compares to consumer price inflation of 6% over the past eleven years. The profit expansion is even more stark with the weighted average margin for these clothing retailers increasing from 8.5% to 22%, resulting in a 25% compound annual growth rate (CAGR) in operating profit. Consolidated profits in the food retail sector have risen 21% per year. The retailers are high quality businesses with potentially more growth to come, but it is probably safe to assume that profits are now high. In early 2001 investors placed an average price earnings multiple of 12 on these profits but the average multiple has now increased to 24. In our opinion the combination of high multiples on high earnings is a dangerous one and something we try to avoid, hence the Fund's zero weighting in South African retail shares compared to 9.3% in the benchmark.

Independent ratings



Tel +1 905 212 8760 Fax +1 905 212 8668 AGclientservice@citi.com

Disclaimer

Shares are traded at ruling prices. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Allan Gray International Proprietary Limited, an authorised financial services provider, is the appointed investment manager of the Company. The Fund is incorporated and registered under the laws of Bermuda and is supervised by the Bermudan Monetary Authority. The Fund is also listed on, and regulated by, the Bermuda Stock Exchange. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. Shares in the Fund are not offered to persons or entities that are regarded as residents of South Africa under applicable taxation laws. This report does not constitute a financial promotion, a recommendation, an offer to sell or a solicitation to buy shares in the Fund. Investments in the Fund are made on the terms and conditions and subject to the restrictions set out in the Prospectus. The offering of shares in the Fund is restricted in certain jurisdictions. Please contact the Fund to confirm if there are any restrictions applicable to you.

Share price

Share prices are calculated on a net asset value basis, which is calculated by dividing the value of the net assets of the Fund attributable to the shares by the number of shares in issue. The weekly price of the Fund is normally calculated each Friday based on the prices of the underlying investments prevailing at 5:30pm Bermuda time on the previous business day. Purchase requests must be received by the Registrar of the Fund (being Citi Hedge Fund Services Limited) by 5:00pm Bermuda time on that dealing day to receive that week's price. Redemption requests must be received by the Registrar of the Fund by 12 noon Bermuda time on that dealing day to receive that week's price.

Performance

Investments in Collective Investment Schemes are generally medium- to long-term investments. The value of shares may go down as well as up and past performance is not necessarily a guide to future performance. Performance figures are from Allan Gray International Proprietary Limited and are for lump sum investments with income distributions reinvested.

Independent ratings

Morningstar

©2012 Morningstar. All Rights Reserved. The information, data, analyses, and opinions contained herein (1) include the proprietary information of Morningstar, (2) may not be copied or redistributed, (3) do not constitute investment advice offered by Morningstar, (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (5) are not warranted to be correct, complete, or accurate. Morningstar shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. The Morningstar Analyst Rating™ is subjective in nature and reflects Morningstar's current expectations of future events/behaviour as they relate to a particular fund. Because such events/behaviour may turn out to be different than expected, Morningstar does not guarantee that a fund will perform in line with its Morningstar Analyst Rating. Likewise, the Morningstar Analyst Rating should not be seen as any sort of guarantee or assessment of the creditworthiness of a fund or of its underlying securities and should not be used as the sole basis for making any investment decision.

S&P Capital IQ

An S&P Capital IQ fund grading represents an opinion only and should not be relied on when making an investment decision. Past performance is not indicative of future results. Currency exchange rates may affect the value of investments. Copyright © 2012 by McGraw-Hill International (UK) Limited (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

Country of primary listing as at 30 September 2012

Country	% of Fund	Benchmark ²
South Africa	41.2	89.1
Egypt	17.7	4.2
United Kingdom	14.5	0.0
Kenya	7.9	1.0
Zimbabwe	6.7	0.0
Nigeria	4.9	4.2
France	4.3	0.0
BRVM	1.3	0.0
Rwanda	0.7	0.0
Australia	0.5	0.0
Tanzania	0.3	0.0
Canada	0.1	0.0
Morocco	0.0	1.0
Mauritius	0.0	0.3
Tunisia	0.0	0.3
Total	100.0	100.0

Sector allocation as at 30 September 2012

Sector	% of Fund	Benchmark ²
Oil & gas	12.3	7.8
Basic materials	16.2	16.6
Industrials	12.3	9.8
Consumer goods	19.6	5.2
Healthcare	2.9	3.3
Consumer services	1.3	17.8
Telecommunications	7.8	13.1
Utilities	3.6	0.0
Financials	20.2	26.4
Fixed interest/Liquidity	3.7	0.0
Total	100.0	100.0

2. MSCI EFM Africa Index (total returns) (Source: Bloomberg). Calculation based on the latest available data as supplied by third parties.

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