

QUARTERLY COMMENTARY

31 DECEMBER 2019



INVESTMENTS AND SUPERANNUATION

COMMENTARY



SIMON MAWHINNEY, CFA

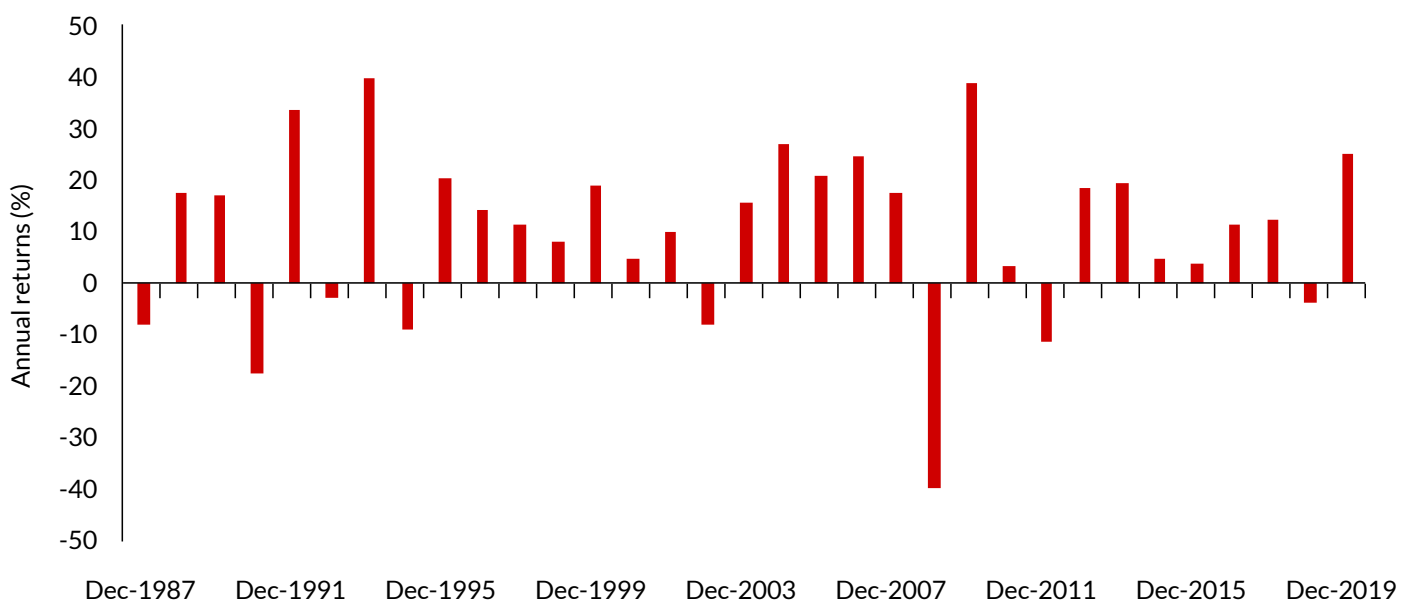
**Managing Director &
Chief Investment Officer**

Australia's sharemarket returns have been stellar in 2019. At approximately 24% they have comfortably exceeded the average over the past 30 years of 11% (before being adjusted for inflation) and were only below returns in 1991, 1993 and 2009. The high returns in 1991 and 1993 were post 1990's large drawdown and the high levels of inflation in the late

1980s. In real (inflation-adjusted) terms, returns between 1988 and 1993 were closer to 10% per annum (p.a.). In 2009, the spectacular 40% increase in the sharemarket was preceded by a similarly weak global-financial-crisis-impacted 2008.

Looking further back in history, real sharemarket returns in Australia have been 6.5% p.a. in U.S. dollar terms over the past 119 years. This has been the highest in the world. It is unclear whether our rich endowment of natural resources, our stable legal system or something else has been responsible for these rich rewards. What is clear though, is that this cannot continue forever. Were Australia's excess returns of the past almost 120 years to be repeated over the next 120 years, Australia's stock market would represent close to 15% of the total world's stock market capitalisation, a very unlikely outcome for a small nation like ours. At some stage, Australia's sharemarket returns will be closer to, or below, the average of the world's returns. Relative to the world's 5% real return p.a. over the past 119 years, 2019 has been extraordinary and not something investors should become accustomed to. While absolute returns might not be as high in the future, we believe the Allan Gray Australia Equity portfolio still offers reasonable relative value.

Graph 1: ASX All Ordinaries sharemarket annual returns



Source: Iress. 2019 returns are to 24 December 2019.

Other than in investing, being contrarian doesn't generally yield good long-term results. And so, for this quarterly commentary, we've decided to go with the flow and write about something many of our readers have recommended: a post-mortem on previous quarterly commentary topics. For the sake of brevity, we've focused on commentaries for the two years to June 2019 (even though the portfolio's average holding period is closer to five years). First, a quick summary of what we said.

The story so far

QBE Insurance Group Limited was the topic of our September 2017 commentary. Its share price had fallen from \$35 in 2008 to \$10 at the time, mostly due to a host of poor acquisitions coming home to roost with low prevailing returns on their investment portfolio and weak insurance premiums causing profits to fall. We concluded that QBE appeared attractively priced given our expectations of its long-term earnings potential.

In December 2017 we wrote about **Sigma Healthcare Limited**, whose future was uncertain given the possibility that their largest customer, Chemist Warehouse (then 35% of sales), might take their business elsewhere. Its share price had fallen significantly in anticipation of this outcome.

In March 2018, we wrote more broadly about market valuations, earnings multiples and earnings cycles. We concluded that we thought the Allan Gray Australia Equity portfolio as a whole traded at a similar multiple of earnings to the broader sharemarket, but that its earnings were cyclically depressed.

In June 2018 we wrote about **Asaleo Care Limited**, a manufacturer of paper-based products including tissue paper, feminine hygiene products and incontinence nappies. A combination of higher input costs (primarily pulp and electricity) as well as increased competitive intensity had resulted in lower earnings. The share price had fallen a third relative to the market since it was listed in 2014. We felt that the company represented reasonable value based on its cyclically-depressed earnings and would be cheap if input costs fell or selling prices rose.

In September 2018 we wrote about **Sims Metal Management Limited**, a recycler of ferrous and non-ferrous metal. Economic weakness in and sanctions against Turkey (their largest ferrous customer) as well as environmental clampdowns in China (their largest non-ferrous customer) soured sentiment resulting in a share price fall to \$12.65, 25% below levels only two months earlier. We concluded that the Turkey issues were likely to be temporary and that China's environmental clampdowns were likely to ultimately benefit Sims as they had invested ahead of this legislative change to upgrade their recycled metal products to ones of acceptable grades and purities.

Peet Limited, a residential land developer, was the topic of our December 2018 commentary. Then trading at \$1/share, we

concluded that Peet was cheap with investors able to buy the company at a 15% discount to its conservatively stated net tangible assets and, at the same time, pick up their asset-light funds management business for free.

In March 2019 we wrote about **AMP Limited**, a company which, for all the wrong reasons, needs very little introduction. AMP's share price had fallen from over \$5/share to \$2.10/share at the time, largely on the back of revelations at the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and the fallout that ensued. We argued that investors didn't pay much for the troubled Wealth Management division and might benefit greatly from the company using its beleaguered position to streamline its cost base.

Finally, **Nufarm Limited** was the topic for our June 2019 commentary. Nufarm is a formulator and distributor of agricultural chemicals and was battling a number of fronts at the time of writing. The company acquired two European product portfolios in 2017 leaving its balance sheet with too much debt at a time when poor weather conditions (drought in Australia and floods in North America) caused its earnings to falter.

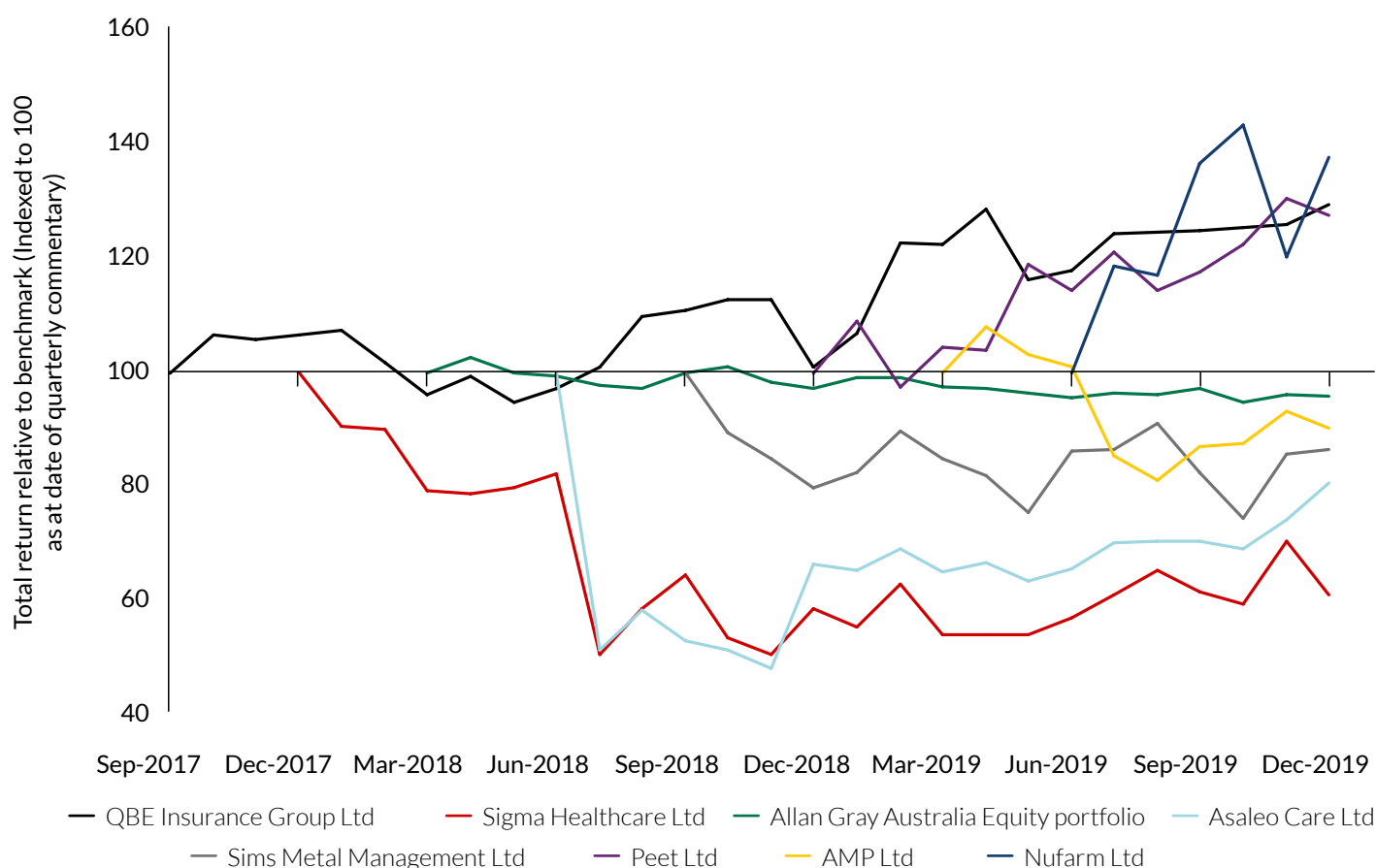
How have they performed?

Graph 2 shows the relative performance of each of these companies (or for March 2018, the Allan Gray Australia Equity portfolio) from the date of the quarterly commentary that they featured in.

Only three of the eight ideas which we wrote about in the two years to June 2019 have gone on to outperform the portfolio's benchmark (Nufarm, QBE and Peet). Four of our ideas have underperformed by quite some margin and a fifth, the Allan Gray Australia Equity portfolio, has underperformed modestly. As long-term shareholders we don't evaluate our performance over such short time horizons, but were a success ratio this poor delivered over the longer term, it would be unacceptable for a firm like ours. As it is, we are disappointed with this short-term outcome and an explanation of what has happened since we wrote about each of the five underperformers and what we've done in the face of this underperformance is probably in order.

Sigma, the most significant underperformer, announced in July 2018 that a contract extension with its largest customer, Chemist Warehouse, could not be agreed on commercially acceptable terms. At the same time, the company announced that weak trading conditions would see its earnings fall by almost 20%. At the time of our commentary, we felt that Sigma was priced for the departure of Chemist Warehouse but the weak trading update was unexpected by both us and the broader market.

Graph 2: Performance of each investment relative to the benchmark since featuring in the quarterly commentary



Source: Allan Gray and Factset. Performance shown to 24 December 2019. The benchmark for the Allan Gray Australia Equity portfolio is the S&P/ASX 300 Accumulation Index.

In Asaleo's case, on the eve of publishing our quarterly commentary, the company announced a 24% decline in profits due to higher pulp and electricity prices, lower sales volumes in its consumer tissues business and higher trade spend to support its market share. Despite all of these forces having been referenced in our quarterly commentary and factored into the share price to some extent already, Mr. Market took an even dimmer view with the share price falling almost 35% in one day. By early-December 2018, it had fallen 55% from its June 2018 close. Some relief followed in December 2018 when it disposed of its challenged tissue business for a great price and considerably reduced its debt load in the process.

Sims' weakness has continued, partly due to the Turkish and Chinese headwinds described above, but also because of general economic weakness (particularly in the automobile industry, a large purchaser of Sims' recycled aluminium). Little has gone right for Sims. With low prices for Sims' recycled metal products, it has limited ability to pay high prices to peddlers for scrap metal to feed its recycling yards. This has resulted in a reduction in throughput and reduced profits given the operating leverage implicit in its business.

Surprisingly little has changed for AMP. The sale of its life insurance business remains afoot albeit at a slightly reduced

price and the company has raised close to \$800m in equity at \$1.60/share. Were one to adjust AMP's starting price for the dilutive impact of this raising, the share price underperformance would appear far less severe.

What have we done about it?

As long-term investors we do not expect instant recovery in the stocks that we buy. In fact, in many cases prices will continue to fall after we've invested. As we've said in the past, actions on the back of unexpected falls in share prices are what drive a significant part of any portfolio's future performance.

With the exception of Sigma, whose weight in the equity portfolio is significantly lower today than in December 2017, the weights of the other underperformers are at least as high as they were at the time of the relevant quarterly commentary. In AMP's case, this is largely due to our participation in their recent equity raising. For the other underperforming stocks, we have invested significantly more as we have seen little that would fundamentally change the value in their businesses. We remain patient holders of these companies, which appear to offer compelling value relative to the broader sharemarket.

Table 1: Underperforming stock weights in the Allan Gray Australia Equity portfolio today versus when featured in quarterly commentary

Stock	Weight in portfolio 24 December 2019	Weight in portfolio when featured in quarterly commentary
Sigma Healthcare	0.8%	2.9%
Asaleo Care	1.5%	1.1%
Sims Metal Management	5.2%	3.8%
AMP	5.1%	3.1%

Source: Allan Gray. The Allan Gray Australia Equity portfolio includes the Allan Gray Australia Equity Fund and institutional mandates that share the same investment strategy.

The portfolio

And lastly, on to our fifth underperformer, the Allan Gray Australia Equity portfolio. Last year we compared the portfolio to the broader market. At the time, both the broader sharemarket and this portfolio traded at a little over 15 times the following year's forecast earnings. But the portfolio's earnings appeared to be more depressed, which we considered to be mainly cyclical in nature, making it relatively attractive versus the market. As Table 2 shows, the picture looks similar but more extreme today.

Since writing about the portfolio in March 2018, it has underperformed by approximately 2.7% (to 24 December 2019). At the end of the same period the market traded at close to 18 times next year's earnings, with the vast bulk of our sharemarket's returns the result of multiple expansion (as opposed to earnings growth).

The portfolio, on the other hand, traded at a little over 16 times earnings, with those earnings seemingly even more depressed

than back in 2018.

Before ending, it's possible that this short-term score card is a bit too harsh and doesn't accurately reflect our ability to pick and write about good investments. It is not unusual for companies we write about to go on to underperform, sometimes by a large amount. This is true of Austal Limited, one of our largest successes in 2019. Austal was previously written up in our quarterly commentary in March 2012. When we wrote about Austal, its share price was \$1.46/share. Subsequent to our quarterly commentary it fell considerably and ultimately underwent a recapitalisation at 50 cents per share in November 2012. Today, we have all but exited our clients' Austal stake at prices close to three times the levels in March 2012 and over eight times the recapitalisation price.

Only time will tell whether we are positioned appropriately today but we think there is merit in taking a longer than two year perspective. Thank you for your patience.

Table 2: Allan Gray Australia Equity portfolio forecast earnings when featured in quarterly commentary versus today

	As at 31 March 2018		As at 24 December 2019	
	S&P ASX 300	Equity Portfolio	S&P ASX 300	Equity Portfolio
P/E multiple (forecast)	15.2x	15.4x	17.6x	16.4x
Cyclically adjusted P/E	20.0x	18.4x	21.8x	17.7x

Source: Allan Gray and Factset.

FUND COMMENTARY

QUARTER IN REVIEW

by JULIAN MORRISON, CFA
National Key Account Manager

Allan Gray Australia Equity Fund

The Australian sharemarket was up 0.7% for the fourth quarter, with a strong November keeping the broad market in positive territory, despite weakness at both the start and end of the period.

The Allan Gray Australia Equity Fund (Class A) underperformed its S&P/ASX 300 Accumulation Index benchmark by 1.2% for the last quarter, largely due to a weak month in October. The Class did recoup some of this, outperforming for the last two months of the quarter.

The largest detractor from performance for the quarter was Newcrest Mining, which was weak throughout the quarter. Another large factor in the underperformance was the absence of Healthcare exposure – a sector that continued to perform strongly, but where we continue to believe valuation risk remains high in general.

Positive contribution to performance came in the form of our underweight exposure to Financials, as well as stock selection within that sector. Our overweight exposure to Energy was also a positive factor, with Woodside Petroleum and Origin Energy both adding to relative performance. As 2020 begins with renewed global uncertainty, and the broad Australian sharemarket near all-time highs, we believe the value potential inherent in our energy, gold and other contrarian exposures remains significant.

Allan Gray Australia Balanced Fund

The Allan Gray Australia Balanced Fund outperformed its composite benchmark by 2% in the fourth quarter. The Fund has 68% in equities, though about 7% of the global share

exposure is hedged, which allows for some protection in those periods where market indices fall. The Fund has been underweight Australian equities and overweight global equities. This bolstered relative performance for the quarter, as global equities outperformed Australian. In addition, stock selection in the global component further helped relative returns.

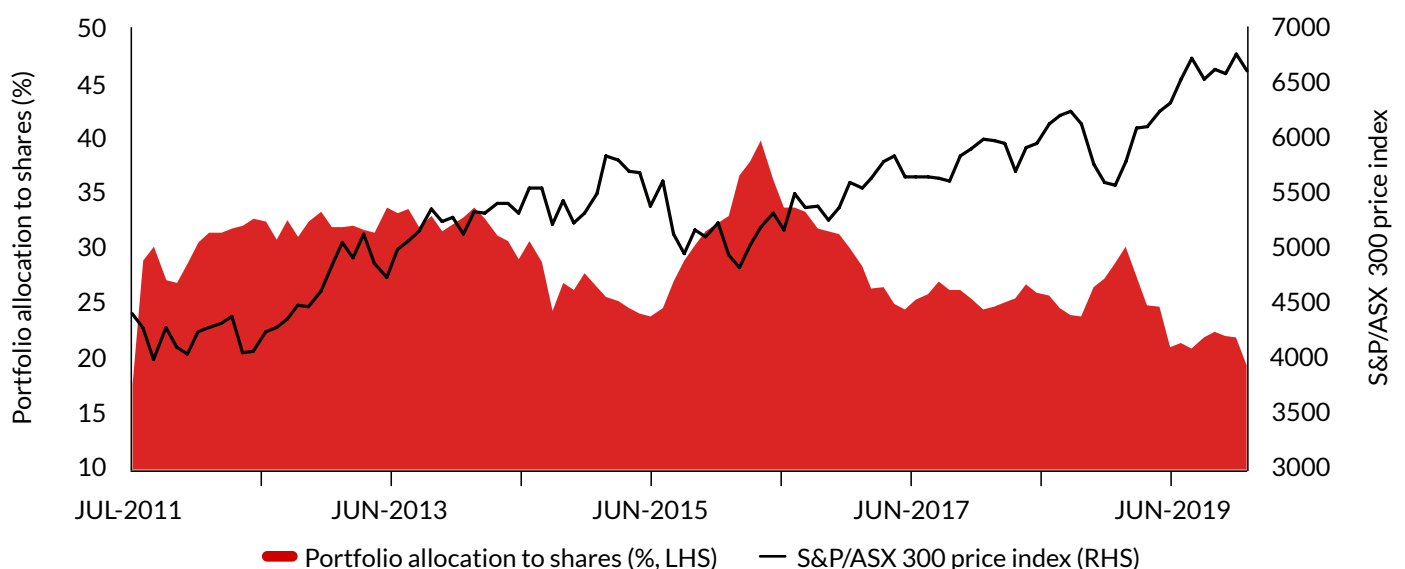
For the approximately 22% of the portfolio currently invested in fixed income, we remain significantly shorter in duration than the benchmark – at below two years versus seven for the benchmark. This has detracted from relative performance for some time in an environment of falling interest rates. However, the last quarter saw a slight reversal of this, with 10-year bond yields rising both in Australia and the US. This was a positive for the Fund, which remains more defensively positioned than the benchmark in terms of both relative and absolute returns, in the event interest rates rise.

Allan Gray Australia Stable Fund

The Allan Gray Australia Stable Fund outperformed its cash rate benchmark by 0.4% in the fourth quarter.

The performance of the Stable Fund is driven by the performance of our favoured Australian share holdings and the decision on how much of the portfolio is invested in shares versus cash. The exposure to shares can range from zero to 50% of the Fund and the allocation over time is illustrated in the red shaded area in Graph 3. As the sharemarket has risen strongly over the course of the last year, we have reduced the Fund's overall exposure to shares. At the end of the fourth quarter, exposure to selected shares remains near the lowest in the history of the Fund at around 20%. We continue to focus these holdings in out-of-favour shares, such as Woodside Petroleum, Newcrest Mining and Sims Metal Management, where we believe the price is not reflective of their value and which therefore offer some defensive qualities in a potentially expensive overall market.

Graph 3: Stable Fund portfolio weightings – equity allocation falls when there is less value in equities



Source: Allan Gray as at 31 December 2019

EQUITY FUND PERFORMANCE

Allan Gray Australia Equity Fund – Class A units

	Allan Gray Australia Equity Fund	S&P/ASX 300 Accumulation Index	Relative Performance
ANNUALISED (%)			
Since Public Launch on 4 May 2006	8.6	6.4	2.2
10 Years	10.2	7.8	2.4
5 Years	11.5	9.1	2.4
3 Years	10.6	10.3	0.3
1 Year	22.4	23.8	(1.4)
NOT ANNUALISED (%)			
Latest Quarter	(0.5)	0.7	(1.2)

Allan Gray Australia Equity Fund – Class B units

	Allan Gray Australia Equity Fund	S&P/ASX 300 Accumulation Index	Relative Performance
ANNUALISED (%)			
Since Class Launch on 26 October 2012	12.8	10.4	2.4
5 Years	11.5	9.1	2.4
3 Years	10.7	10.3	0.4
1 Year	23.3	23.8	(0.5)
NOT ANNUALISED (%)			
Latest Quarter	(0.4)	0.7	(1.1)

Highest and lowest annual return since launch

Allan Gray Australia Equity Fund - Class A units	Return %	Calendar year
Highest	55.1	2009
Lowest	(45.9)	2008

Allan Gray Australia Equity Fund - Class B units	Return %	Calendar year
Highest	33.4	2016
Lowest	(7.0)	2018

Returns shown are net of fees and assume reinvestment of distributions. Returns are annualised for periods of one year and over. Annualised returns show the average amount earned on an investment in the relevant Class each year over the given time period. Actual investor performance may differ as a result of the investment date, the date of reinvestment of income distributions, and withholding tax applied to income distributions.

The highest and lowest returns earned during any calendar year since the launch of each Class are shown to demonstrate the variability of returns. The complete return history for each Class can be obtained by contacting our Client Services team.

EQUITY FUND HOLDINGS

(CLASS A AND CLASS B)

Fund holdings as at 31 December 2019 Statement of net assets (unaudited)

Security	Market Value AUD 000's	% of Fund
Woodside Petroleum	185,539	10
QBE Insurance Group	138,204	7
Newcrest Mining	135,157	7
Alumina	130,571	7
National Australia Bank	110,406	6
Sims Metal Management	100,173	5
AMP	99,374	5
Oil Search	94,161	5
Metcash	89,603	5
Origin Energy	88,719	5
Aust. and NZ Banking Group	66,823	3
Telstra	61,320	3
Incitec Pivot	59,162	3
Fletcher Building	48,300	2
Worley	45,664	2
Nufarm	44,246	2
Virgin Money UK	39,612	2
CSR	36,323	2
Coles Group	31,874	2
Peet	30,345	2
Asaleo Care	28,189	1
HT&E	27,363	1
Challenger	24,138	1
Southern Cross Media Group	23,088	1
SKYCITY Entertainment Group	21,204	1
Positions less than 1%	127,636	7
Total Security Exposure	1,887,194	97
ASX SPI 200™ Futures Contract (03/2020) [†]	30,044	2
Net Current Assets	22,801	1
Net Assets	1,940,039	100
Price per unit - Class A (cum distribution)	AUD 1.7196	
Price per unit - Class B (cum distribution)	AUD 1.7263	
Total Assets Under Management for the Australian equity strategy (AUD 000's)[‡]	AUD 7,249,412	

[†] Futures contracts are fully backed by cash holdings.

[‡] Allan Gray Australia Pty Ltd also manages segregated accounts that have substantially the same investment goals and restrictions as the Fund.

BALANCED FUND PERFORMANCE

Allan Gray Australia Balanced Fund

	Allan Gray Australia Balanced Fund	Custom Benchmark*	Relative Performance
ANNUALISED (%)			
Since Public Launch on 1 March 2017	7.9	10.0	(2.1)
1 Year	13.9	18.1	(4.2)
NOT ANNUALISED (%)			
Latest Quarter	2.0	0.0	2.0

Highest and lowest annual return since public launch

Allan Gray Australia Balanced Fund	Return %	Calendar year
Highest	13.9	2019
Lowest	(4.1)	2018

* The Custom Benchmark for the Fund comprises 36% S&P/ASX 300 Accumulation Index; 24% S&P/ASX Australian Government Bond Index; 24% MSCI World Index (net dividends reinvested) expressed in AUD; and 16% JPMorgan Global Government Bond Index expressed in AUD.

Returns shown are net of fees and assume reinvestment of distributions. Returns are annualised for periods of one year and over. Annualised returns show the average amount earned on an investment in the relevant Fund each year over the given time period. Actual investor performance may differ as a result of the investment date, the date of reinvestment of income distributions, and withholding tax applied to income distributions.

The highest and lowest returns earned during any calendar year since the public launch of each Fund are shown to demonstrate the variability of returns. The complete return history for each Fund can be obtained by contacting our Client Services team.

BALANCED FUND HOLDINGS

Fund holdings as at 31 December 2019
Statement of net assets (unaudited)

Security	Market Value AUD 000's	% of Fund
Equity		
Domestic Equity		
Woodside Petroleum	3,367	3
National Australia Bank	2,354	2
Newcrest Mining	2,274	2
QBE Insurance Group	2,237	2
Alumina	2,015	2
Sims Metal Management	1,812	2
Oil Search	1,713	2
Origin Energy	1,700	2
AMP	1,681	2
Metcash	1,550	2
Telstra	1,077	1
Incitec Pivot	1,021	1
Domestic Equity Positions less than 1%	9,316	10
Global Equity		
Taiwan Semiconductor Mfg.	2,424	2
AbbVie	2,106	2
British American Tobacco	1,749	2
BP	1,699	2
Samsung Electronics (Common and Pfd)	1,611	2
Royal Dutch Shell	1,261	1
NetEase	1,225	1
Bristol-Myers Squibb	1,018	1
Global Equity Positions less than 1 %	21,381	22
Total Equity^	66,591	68

^ The Fund holds derivative contracts which reduces the effective net equity exposure to 61%.

BALANCED FUND HOLDINGS

Security	Market Value AUD 000's	% of Fund
Fixed Income		
Domestic Fixed Income		
Australian Government Bonds	17,984	18
Global Fixed Income		
Global Fixed Positions less than 1 %	3,750	4
Total Fixed Income	21,734	22
Commodity Linked Investments		
SPDR Gold Trust	4,734	5
Total Commodity Linked Investments	4,734	5
Total Security Exposure	93,059	95
Cash Equivalents and Term Deposits	4,289	4
Net Current Assets	181	<1
Net Assets	97,529	100
Price per unit (cum distribution)	AUD 1.1716	

STABLE FUND PERFORMANCE

Allan Gray Australia Stable Fund

	Allan Gray Australia Stable Fund	RBA Cash	Relative Performance	Distribution
ANNUALISED (%)				
Since Public Launch on 1 July 2011	6.6	2.3	4.3	4.2
5 Years	6.0	1.6	4.4	3.7
3 Years	4.7	1.4	3.3	3.9
1 Year	7.4	1.2	6.2	3.9
NOT ANNUALISED (%)				
Latest Quarter	0.6	0.2	0.4	0.3

Highest and lowest annual return since public launch

Allan Gray Australia Stable Fund	Return %	Calendar year
Highest	14.4	2016
Lowest	(0.5)	2018

Returns shown are net of fees and assume reinvestment of distributions. Returns are annualised for periods of one year and over. Annualised returns show the average amount earned on an investment in the relevant Fund each year over the given time period. Actual investor performance may differ as a result of the investment date, the date of reinvestment of income distributions, and withholding tax applied to income distributions.

The highest and lowest returns earned during any calendar year since the public launch of each Fund are shown to demonstrate the variability of returns. The complete return history for each Fund can be obtained by contacting our Client Services team.

STABLE FUND HOLDINGS

Fund holdings as at December 2019

Statement of net assets (unaudited)

Security	Market Value AUD 000's	% of Fund
Woodside Petroleum	8,980	3
Newcrest Mining	5,789	2
Sims Metal Management	5,730	2
Alumina	5,228	1
AMP	4,974	1
QBE Insurance Group	4,705	1
Oil Search	4,667	1
Metcash	4,061	1
National Australia Bank	3,725	1
Origin Energy	3,687	1
Positions less than 1%	17,538	5
Total Security Exposure	69,084	20
Cash Equivalents and Term Deposits	283,003	80
Net Current Assets	2,173	<1
Net Assets	354,260	100
Price per unit (cum distribution)	AUD 1.2093	

INFORMATION ABOUT THE FUNDS

	Allan Gray Australia Equity Fund	Allan Gray Australia Balanced Fund	Allan Gray Australia Stable Fund
Investment objective	The Fund seeks long-term returns that are higher than the S&P/ASX 300 Accumulation Index (Benchmark).	To seek long-term returns that are higher than the Custom Benchmark. In doing so, the Fund aims to balance capital growth, income generation and risk of loss using a diversified portfolio.	The Fund aims to provide a long-term return that exceeds the Reserve Bank of Australia cash rate (Benchmark), with less volatility than the Australia sharemarket.
Who should invest?	Investors looking for contrarian investment style exposure to the Australian sharemarket and who are able to take a long-term view and endure performance fluctuations.	Investors with an investment horizon of at least three years who want to easily diversify their portfolio within a single fund and are looking for less ups and downs than investing solely in shares. The Fund invests in shares, fixed income, cash and commodity investments sourced locally and globally.	Investors with a two-year or longer investment horizon who are looking for an alternative to traditional money market and income generating investments. The Fund's portfolio can hold a combination of cash and money market instruments (100% to 50%) and ASX securities (up to 50%) in pursuit of stable long-term returns.
Dealing	Daily (cut-off at 2pm Sydney time. A different cut-off applies if investing via mFund, where applicable).		
Buy/sell spread	+0.2%/-0.2%	+0.2%/-0.2%	+0.1%/-0.1%
Fees and expenses (excluding GST)	<p>Class A Management fee comprises:</p> <ul style="list-style-type: none"> Fixed (Base) fee – 0.75% per annum of the Fund's NAV. Performance fee – 20% of the Class' outperformance, net of the base fee, in comparison to the Benchmark. A performance fee is only payable where the Class' outperformance exceeds the high watermark, which represents the highest level of outperformance, net of base fees, since the Class' inception. <p>Class B Management fee comprises:</p> <ul style="list-style-type: none"> Fixed (Base) fee – Nil. Performance fee – 35% of the Class' outperformance in comparison to the Benchmark. A performance fee is only payable where the Class' outperformance exceeds the high watermark, which represents the highest level of outperformance, since the Class' inception. 	<p>Management fee comprises:</p> <ul style="list-style-type: none"> Fixed (Base) fee – 0.75% per annum of the Fund's NAV. Performance fee – 20% of the Fund's outperformance, net of the base fee, in comparison to the custom Benchmark. A performance fee is only payable where the Fund's outperformance exceeds the high watermark, which represents the highest level of outperformance, net of base fees, since the Fund's inception. 	<p>Management fee comprises:</p> <ul style="list-style-type: none"> Fixed (Base) fee – 0.25% per annum of the Fund's NAV. Performance fee – 20% of the Fund's outperformance, net of the base fee, in comparison to the Benchmark. A performance fee is only payable where the Fund's outperformance exceeds the high watermark, which represents the highest level of outperformance, net of base fees, since the Fund's inception.
Minimum initial investment	AUD 10,000/AUD 500 per month on a regular savings plan.		
Additional investment	AUD 1,000/AUD 500 per month on a regular savings plan.		
Redemption	No minimum applies for ad hoc redemptions. A minimum of AUD 500 per month applies on a regular redemption plan. Investors must maintain a minimum account balance of AUD 10,000.		

NOTICES



Sources

The source for the S&P/ASX 300 Accumulation Index and the S&P/ASX Australian Government Bond Index is Standard & Poor's. "S&P" is a trademark of S&P Global, Inc.; "ASX" and "ASX 300" are trademarks of ASX Operations Pty Limited ("ASXO"); and "S&P/ASX300" exists pursuant to an arrangement between ASXO and Standard & Poor's.

The source for the MSCI World Index is MSCI Inc. "MSCI" is a trademark of MSCI Inc.

The source for the JP Morgan Global Government Bond Index is J.P. Morgan Securities LLC. "JP Morgan" is a trademark of JPMorgan Chase & Co.

The third party information providers do not guarantee the accuracy, adequacy or completeness of this information, and no further distribution or dissemination of the index data is permitted without express written consent of the providers. None of those parties shall have any liability for any damages (whether direct or otherwise).

Returns

Fund returns are gross of all income, net of all expenses and fees, assume reinvestment of distributions and exclude any applicable spreads.

Risk Warnings

Managed investment schemes are generally medium to long-term investments. Past performance is not indicative of future performance. Each Fund's unit price will fluctuate and the Fund's performance is not guaranteed. Returns may decrease or increase as a result of currency fluctuations. When making an investment in a Fund, an investor's capital is at risk. Subject to the disclosure documents, managed investment schemes are traded at prevailing prices and can engage in borrowing and securities lending.

Fees

The base fee and the performance fee (if applicable) are calculated and accrued daily, and paid monthly. A schedule of fees and charges is available in the relevant Fund's disclosure documents.

US and European Persons

The Funds do not accept US persons as investors and are not marketed in the European Economic Area (EEA). Investors resident in the EEA can only invest in the Fund under certain circumstances as determined by, and in compliance with, applicable law.

Other

Equity Trustees Limited, AFSL No. 240975 is the issuer of units in the Allan Gray Australia Equity Fund, the Allan Gray Australia Balanced Fund and the Allan Gray Australia Stable Fund and has full responsibility for each Fund. Equity Trustees Limited is a subsidiary of EQT Holdings Limited, a publicly listed company on the Australian Stock Exchange (ASX:EQT). Allan Gray Australia Pty Limited, AFSL No. 298487 is the Funds' investment manager. Each Fund's Product Disclosure Statement and Information Booklet (together, PDS) are available from www.allangray.com.au or by contacting Client Services on 1300 604 604 (within Australia) or +61 2 8224 8604 (outside Australia). You should consider the relevant Fund's PDS in deciding whether to acquire, or continue to hold, units in the fund.

This report provides general information or advice and is not an offer to sell, or a solicitation to buy, units in the relevant Fund. Where the report provides commentary on a particular security, it is done to demonstrate the reasons why we have or have not dealt in the particular security for a Fund. It is not intended to be, nor should be construed as, financial product advice. This report is current as at its date of publication, is given in good faith and has been derived from sources believed to be reliable and accurate. It does not take into account your objectives, financial situation or needs. Any implied figures or estimates are subject to assumptions, risks and uncertainties. Actual figures may differ materially and you are cautioned not to place undue reliance on such information. Subject to applicable law, neither Allan Gray, Equity Trustees Limited nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Fees are exclusive of GST. Totals presented in this document may not sum due to rounding.



INVESTMENT MANAGER

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