



Allan Gray Australia Balanced Fund

This report has been prepared for financial advisers
and wholesale clients only



Superior

June 2025

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

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Report Date: 4 June 2025

Star Rating**	Description	Definition	
4½ stars and above	Outstanding	Highly suitable for inclusion on APLs <i>SQM Research believes the Fund has substantial potential to outperform over the medium-to-long term. Past returns have typically been very strong. Product disclosure statement (PDS) compliance processes are high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.</i>	Highest Investment Grade
4¼ stars	Superior	Suitable for inclusion on most APLs <i>SQM Research considers the Fund has considerable potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.</i>	High Investment Grade
4 stars	Superior	Suitable for inclusion on most APLs <i>In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no material governance concerns. Management is of a high calibre.</i>	High Investment Grade
3¾ stars*	Favourable	Consider for APL inclusion <i>SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers.</i>	Investment Grade
3½ stars*	Acceptable	Consider for APL inclusion <i>In SQM Research's view, the potential for future outperformance in the medium-to-long term is uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers. SQM Research has identified material weaknesses which need addressing in order to improve confidence in the Manager. There might be some corporate governance concerns.</i>	Low Investment Grade
3¼ stars	Caution Required	Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potentially substandard. There might be material corporate governance concerns. Management quality is not of investment-grade standard.</i>	
3 stars	Strong Caution Required	Not suitable for APL inclusion <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There could be material corporate governance concerns. SQM Research has a number of concerns regarding management.</i>	
Below 3 stars	Avoid or Redeem	Not suitable for APL inclusion <i>SQM Research has multiple material concerns surrounding the Fund.</i>	
Event-driven Rating		Definition	
Withdrawn		<i>The rating is withdrawn and no longer applicable. Significant issues have arisen since the last report was issued, and investors should avoid or redeem units in the fund.</i>	
Discontinued - Withdrawn		<i>The manager, after agreeing to be reviewed, has pulled out of the process and/or has not responded.</i>	
Hold		<i>Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks. Dealer groups should not be making further investments into this fund until SQM has completed its additional investigations.</i>	

* It is strongly recommended advisers conduct additional due diligence over and above base requirements when considering such rated funds.

** The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.

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SQM Rating ★★★★★

Superior. Suitable for inclusion on most APLs.

Fund Description	
Fund Name	Allan Gray Australia Balanced Fund
APIR code	ETL4654AU
Asset Class	Multi-Asset
Management and Service Providers	
Fund Manager	Allan Gray Australia Pty Ltd
Responsible Entity	Equity Trustees Limited
Fund Information	
Fund Inception Date	01 March 2017
Fund Size	AUD 228.4 million as of 30 April 2025
Return Objective (per PDS/IM)	"To seek long-term returns that are higher than the Benchmark. In doing so, the Fund aims to balance capital growth, income generation and risk of loss using a diversified portfolio."
Internal Return Objective	Not Applicable
Risk Level (per PDS/IM)	Medium to high
Internal Risk Objective	Not Applicable
Benchmark	Custom Benchmark: 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 16% JPMorgan Global Government Bond Index expressed in AUD *Changing to S&P/ASX iBoxx Australian Government Index as on 1 June 2025
Number of stocks/positions	131
Fund Leverage	Not Applicable
Portfolio Turnover	36.14%: 7-year average ending Dec-24
Top 10 Holdings Weight	39.72%
Investor Information	
Management Fee	0.75%
TCR (Total Cost Ratio)	0.88% as of Jan 2025
Buy Spread	0.20%
Sell Spread	0.20%
Performance Fee Rate	20.3% (inc. GST) of the Fund's outperformance net of fees compared to the custom benchmark
Minimum Application	AUD 10,000 or set up a regular savings plan of at least AUD 500 per month
Redemption Policy	Daily
Distribution Frequency	Annual
Investment Horizon	More than three years
Currency Hedging Policy	The Fund may use OTC derivatives such as currency forwards to manage foreign exchange risk. In using currency derivatives, the Fund may not actively cause net negative currency exposures.

SUMMARY

Fund Summary

Description

The **Allan Gray Australia Balanced Fund (the "Fund")** is a multi-asset strategy that invests in all asset classes, including equities, fixed interest, cash and alternatives across Australian and International Markets.

The Fund aims to balance capital growth, income generation and risk of loss using a diversified portfolio with a return objective of long-term returns that are higher than its custom benchmark.

The Fund's **neutral SAA is 60% growth assets and 40% defensive assets**, which is similar to a typical Balanced Fund. The actual asset allocation can vary somewhat as per the team's assessment of market conditions. The Fund's default position in terms of geographic exposure is **60% Australian and 40% international**.

The Fund employs a "**bottom-up**" process geared towards researching individual companies and their securities. The balance between equity allocation versus fixed income is most often driven by the bottom-up (abundance or lack thereof) attractive security value rather than a top-down assessment of macroeconomic conditions. The Allan Gray and Orbis team believes in adding alpha through allocation decisions at the individual security level rather than at the broader asset class level.

The investment approach can be described as long-term, fundamental and contrarian as well as bottom-up. Allan Gray avoids the most popular areas of the market where the risk of overpaying is higher. Over time, the Fund own investments across different sectors, industries and market cap sizes.

The Fund is structured as an open-ended unlisted registered managed investment scheme.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.25 stars	Superior	Suitable for inclusion on most APLs	High Investment Grade

Previous Rating: 4.25 stars (Issued June 2024)

SQM Research's Review & Key Observations

About the Manager

Allan Gray Australia is a privately-owned Australian incorporated investment management company, managing wealth for Australian investors since 2005, as has been done by the broader Group globally since 1973.

Allan Gray Australia's (AGA) ultimate owners are current senior staff, Dr Simon Marais' family interests, and the Allan & Gill Gray Foundation via Orbis Allan Gray Ltd. Dr Marais was the former Managing Director of AGA and one of its initial shareholders.

The **Orbis Group** is a global fund manager established in 1989 and founded by Dr Allan WB Gray, who also founded Allan Gray Proprietary Limited in South Africa (AGL). AGA, the Orbis Group and AGL ("the Allan Gray and Orbis Group") all share the same investment approach and philosophy.

Allan Gray Australia is based in Sydney, with smaller offices in Melbourne and Brisbane. As of January 2025, the firm's FUM was AUD 12.0 billion across Australian Equity, Balanced and Stable strategies. The firm's clients include individuals, trusts, companies, superannuation funds, family offices and government entities.

Responsible Entity

The Responsible Entity is Equity Trustees Limited (EQT), established in 1888. EQT is a wholly-owned subsidiary of EQT Holdings Limited (EQTHL), a financial services company, which is headquartered in Melbourne and has been listed on the Australian Securities Exchange (ASX) since 1985. EQTHL provides a range of products and services to a diverse client base, including fund managers, managed funds, superannuation funds, and financial planning. EQT acts as a Responsible Entity or Trustee for over 100 Australian and international investment managers.

The Board of Directors of the Responsible Entity (RE) includes **five** directors who are **independent** of the Fund Manager.

The Board's principal responsibility regarding EQT's Responsible Entity activities is to ensure the company has adequate systems of internal controls and appropriate monitoring of compliance activities.

The EQTHL Board Charter (June 2020) mandates that the Board adhere to the following principles:

- The Board will comprise an appropriate number of directors, of whom a **majority are independent non-executive directors** and ordinarily reside in Australia.
- The Board will be led by an independent chair who is not the same person as the Managing Director.
- Directors, collectively, are to have the appropriate balance of skills, knowledge, experience, independence, and diversity to enable them to discharge their duties and responsibilities effectively.
- The Board assesses at least annually whether its directors are independent.
- Board meetings are to take place at least quarterly.
- Two members of the Board form a quorum.

Investment Team

Allan Gray Australia's investment team comprises 9 investment professionals: 8 analysts, including senior analyst Dr Suhas Nayak, and Chief Investment Officer, Simon Mawhinney.

The Orbis multi-asset research team contains 8 investment professionals, with Alec Cutler maintaining overall responsibility for multi-asset strategies. He is supported by Mark Dunley-Owen.

There is an ongoing two-way interchange of ideas and research between Orbis and Allan Gray. Allan Gray is responsible for the Australian component of the Fund, and Orbis manages the Fund's global asset classes.

Mr Mawhinney and Mr Cutler are the PMs for the Fund. Mr Mawhinney generally oversees the Australian exposure (including equities and fixed income) and Mr Cutler manages the global exposure (again, including equities and fixed income). Mr Mawhinney has the ultimate decision-making authority in constructing the split between equities and fixed income. As such, **Mr Mawhinney is the lead PM, while Mr Cutler is the co-PM.**

Both investment teams follow the same process. Analysts are responsible for producing investment ideas, identifying those that are worth pursuing and providing a thorough report, which could take up to several months. Analysts are expected to provide 2 to 3 portfolio ideas

in the year based on rigorous, detailed, high-quality research that conforms to Allan Gray's contrarian value style. Both investment teams rely heavily on internal Policy Group Meetings to have investment ideas challenged by the internal peer group and subjected to scrutiny via this process. Portfolio Managers have the ultimate decision as to whether ideas are implemented.

As a result of the dual PM structure, the investment process, the adherence to the Allan Gray investment philosophy, and the size of the team, SQM Research believes that **key person risk is low.**

1. Investment Philosophy and Process

Investable Universe

Primarily, the Fund will hold actively selected shares and corporate bonds issued by publicly listed companies. The Fund may also invest in Government bonds, cash, indirectly in commodities like gold through commodity-linked instruments or in unlisted shares. For the Australian market, the primary universe is approximately 280-300 stocks. For the global side, the primary universe is estimated at around 2,800 stocks. The majority of the exposures will be within the primary universe.

The Manager retains the ability to invest outside of these primary universes.

Philosophy / Process / Style

The Allan Gray and Orbis philosophy can be described as follows:

1. **Contrarian:** Focus is on investment opportunities that are unloved or out of favour, because that's often where the best opportunities to buy at meaningful discounts to fair value arise.
2. **Long Term:** Evaluate investment opportunities as a long-term owner of a business. Having decided to invest in a share, the Manager typically adopts a five to ten-year horizon. The focus of efforts is on understanding the intrinsic value of a company, rather than trying to forecast the next share price move.
3. **Fundamental:** Focus on company fundamentals (margins, competitive dynamics and long-term averages) rather than economic variables, currency rates and economic growth rates.

Portfolio Biases/Preferences

The Fund applies the same all-cap approach used by Allan Gray and Orbis – the Fund is able to hold stocks from large to small cap.

The style bias is contrarian investing.

Liquidity

The Allan Gray Australia Balanced Fund manages liquidity by maintaining a flexible and diversified asset allocation across equities, fixed income and cash. The strategy allows active management of allocations based on market conditions and valuations.

Leverage

This Fund does not employ direct leverage (through borrowing by the Fund) or economic leverage (through the use of derivatives).

2. Performance & Risk

Return Objective

The Fund's investment objective, as per the PDS, is to seek long-term returns that are higher than the custom benchmark.

The Fund's custom benchmark is comprised of the following

- 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
- 16% JPMorgan Global Government Bond Index expressed in AUD

** Changing to S&P/ASX iBoxx Australian Government Index as of 1 June 2025. SQM Research has used the pre-1 June 2025 custom benchmark in the quantitative analysis.*

Material Risks

Advisers and Investors should refer to the 'Risks' section of the PDS. Risks other than those mentioned in this section (or the PDS) may also have a material adverse impact on the Portfolio's performance or value.

Material risks which are associated with the Fund include:

- Market and individual investment risks
- Liquidity risk
- Geographic risk
- Derivatives risk

Risk Objective

The Fund's PDS states that the risk level of the Fund is "medium to high". The portfolio manager's risk focus is predominantly on managing the risk of permanent loss of capital in the Fund.

Performance

Fund Performance to 30 April 2025 (% p.a.)							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	0.37	2.71	5.80	13.09	8.90	11.77	8.21
Benchmark	1.46	-1.69	3.52	10.13	7.19	7.16	7.24
Peer Average	0.60	-2.23	1.98	8.49	6.16	8.14	6.42
Alpha	-1.09	4.39	2.28	2.96	1.71	4.61	0.97

With distributions reinvested. Returns beyond one year are annualised. Return history starts Mar-2017

Custom Benchmark:

36% S&P/ASX 300 Acc. Index; 24% S&P/ASX Aus. Gov. Bond Index*; 24% MSCI World Index (net divs reinvested) in AUD; and 16% JPMorgan Global Gov. Bond Index in AUD.

* Changing to S&P/ASX iBoxx Australian Government Index as of 1 June 2025. SQM Research has used the pre-1 June 2025 custom benchmark in the quantitative analysis.

The Fund has a history of **8.2** years.

Observations and analysis of returns will have material statistical meaning as a result of the sample size of observations.



Strengths

- Allan Gray is a well-known and reputable fund manager. Its contrarian investment philosophy has proven itself over the long term, not just in the Australian firm's products but also in its South African and Orbis Global equities strategies.
- A focused and in-depth fundamental research approach is implemented via a centralised group meeting, with accountability resting clearly with the portfolio managers.
- The investment team is well-resourced with the additional human capital of the global Orbis team. The Fund invests heavily in its staff and development, reducing key person risk.
- The compensation structure for the portfolio managers and analysts is in alignment with investor objectives.
- The Fund is a high-conviction blend of the strong competencies of the Australian investment team, combined with the complementary skills of the Orbis Global Balanced Fund team, which has a long and credible track record in multi-asset investing. There is an ongoing two-way interchange of ideas and research between Orbis and Allan Gray (and with Allan Gray in South Africa).
- The Fund has outperformed (total and risk-adjusted returns) its peers and the composite benchmark in all periods analysed.
- Strong FUM growth.

Weaknesses

- Based on Allan Gray's contrarian/value investing style, the equity component of the Fund has a significant style & sector bias and may underperform in certain market conditions, including when the markets are focused on strongly bullish sentiment/speculation/ momentum. The drawdown or relative underperformance may be quite pronounced depending on the nature of the cycle. A good example of this was the boom in technology stocks in the late nineties. At that time, Allan Gray and Orbis were buying troubled resource companies and avoiding the tech sector, which was viewed as grossly overvalued. While this persisted, investors experienced underperformance.
- The Allan Gray team believes in adding alpha predominantly through allocation decisions at the

individual security level rather than at the broader asset class level. This can lead to concentration risk and higher volatility. The Manager aims to mitigate some of this risk using systems to monitor risk across a variety of metrics.

Other Considerations

- The Australian and international security research process is overseen by Allan Gray Australia and Orbis, respectfully. The investment philosophy and research process is consistent between the two teams. Simon Mawhinney of Allan Gray Australia is the lead Portfolio Manager.
- The Fund employs a "bottom-up" process geared towards researching individual companies. The balance between equity allocation versus fixed income is most often driven by the bottom-up (abundance or lack thereof) attractive stock ideas rather than a top-down assessment of macroeconomic conditions. The Allan Gray team believes in adding alpha predominantly through allocation decisions at the individual security level rather than at the broader asset class level. This is a relatively uncommon approach in the Balanced Funds space.
- The Fund implements its SAA exposure in a way that is not typical for a Balanced Fund, as it invests in bonds and international shares directly rather than using a sub-fund. As such, asset allocation is performed at the security level.

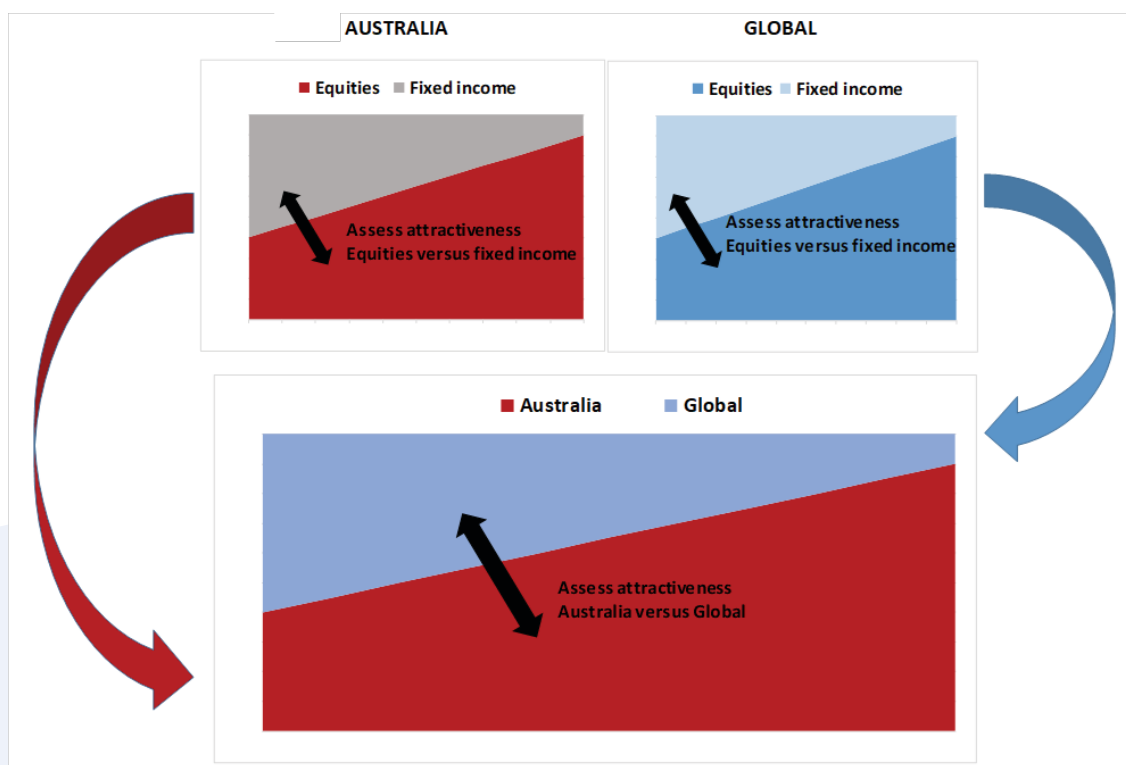
Fund Metrics

- See "Asset Allocation"

Key Changes Since the Last Review

- No changes to the investment process since the previous review.
- A change to the Australian fixed income index used in the custom benchmark will be effective as of 1 June 2025. The S&P/ASX Australian Government Bond Index is being decommissioned by S&P, and is being replaced with the S&P/ASX iBoxx Australian Government Index. This change is being reflected in the Fund's custom benchmark. Allan Gray has advised, via the Responsible Entity, that the change will be included in the next iteration of the PDS which is expected within the next 12 months.

Investment Process Diagram



Process Description

Investment Process

Screening and Idea Generation

The Managers prefer companies that are out of favour with the broader investment community. The team monitors overall sell-side recommendations as one of the key contrarian screens for idea generation. Where a stock is roundly disliked across the sell-side, this will often pique interest in undertaking more detailed research. By way of the selection process, the team may find numerous opportunities in a particular sector. In the same way, where they find stocks in a particular sector to be generally popular and not available at an unusually attractive price, the Managers feel no compulsion to study or take exposure to that sector.

The initial stock screen criteria are applied in selecting stocks for further research. It aims to identify stocks that may be priced significantly below their intrinsic value. Simple ratios such as price to book or price to average earnings are supplemented with more sophisticated dividend discount, discounted cash flow and whole enterprise valuation models to provide a list of prospective

stocks for the analysts to examine. In line with Allan Gray and Orbis' contrarian approach, other indicators of potentially interesting research ideas include companies where the share price has fallen significantly, and where the share is unpopular with the research and broking community in general.

The corporate bond research effort leverages the existing company research capabilities. The Managers assess corporate bonds primarily by analysing company fundamentals, rather than focusing on broad factor exposures across the fixed income holdings. As with equities, if a bond appears attractive, the Managers try to assess whether it trades significantly below its intrinsic value by comparing the yield on the bond to their own internal assessment of risk, leveraging the research on the company alongside analysis of the individual structure of each fixed income security. The Manager considers all possible payout scenarios when assessing a bond. Given this, the Managers may be willing to invest in a bond with high default risk if they would be comfortable receiving equity or other assets in lieu of scheduled cash payments.

Developed market treasury and cash substitute fixed income securities are generally not subjected to the same degree of analysis as corporate bonds. Typically, these securities are used to provide liquidity, control duration risk, and control overall portfolio risk. However, emerging market securities will be subjected to greater scrutiny.

Research and Investment Selection

Allan Gray and Orbis seek to profit from the divergence between share prices and the intrinsic value of individual companies and employ a "bottom-up" process geared towards researching individual companies. The process is dependent on intensive proprietary investment research focusing on understanding the underlying business of the company. They also conduct top-down, macroeconomic reviews to ensure exposures created by the bottom-up company views make sense.

Short-listed securities are then analysed further by the investment analysts in an intensive process to encourage focus on the most likely opportunities. Company meetings are strongly encouraged, especially at the final phase of fundamental research and in ongoing coverage of holdings. The final step in the process is presentation of the idea and supporting research at the policy group meeting (PGM). Investments are selected with a long-term view. The Managers generally prefer to invest in bonds they would be happy to hold to maturity/redemption, or conversion.

The PGM is held as and when analysts are looking to promote their ideas into the portfolio. Analysts are responsible for calling the PGM and submitting their report to other team members for review. The PGM provides portfolio managers with an avenue for formally considering

potential securities to include within the portfolio. The portfolio manager retains overall responsibility. If the idea is accepted, the portfolio manager will determine the respective percentage of NAV and send instructions to the Trading team to start buying the stock.

Portfolio Construction

The Fund is constructed by taking all the best ideas (i.e. where the gap between assessed value and the stock market price is the largest) and combining them in a way that limits the exposure to any single underlying variable. This diversification strategy aims to mitigate downside risk.

The Fund employs a flexible, value-driven approach to portfolio construction. Positions are not weighted according to a quantitative, formulaic approach. Instead, each investment is assessed based on the detailed research process for its payoff profile, with a focus on the potential downside. Positioning sizing will reflect the portfolio level objective of balancing capital growth, income generation and risk of loss using a diversified portfolio.

The Fund's default position is 60% Australian and 40% international. Within each of those, the default position is 60% equity and 40% fixed income. However, exposures will be driven by the attractiveness of investment opportunities, based on assessed discount to value. As a result, exposures may differ meaningfully from the benchmark. The portfolio manager aims to allocate capital between stocks, bonds, hedged equities and commodities on a security-by-security basis. As such, asset allocation is performed at the security level. This enables the Fund to continue to hold cheap securities even when the overall asset class looks unattractive.

Asset Allocation*

Basic Asset Allocation	Weight	Growth	Defensive	Long-Term Averages
Australian Equity	23.10%	23.10%		32.07%
International Equity	42.73%	42.73%		37.70%
Fixed Income	27.00%		27.00%	22.80%
Alternatives	0.00%	0.00%		0.00%
Property	0.00%	0.00%		0.00%
Cash	0.99%		0.99%	2.77%
Other (inc. Commodities)	6.18%		6.18%	4.66%
		65.83%	34.17%	

Top 5 Holdings*

Asset Class	Holding	Country/Region	Weight	Currency
Fixed Income	Australia (Govt Of) (<=1 Year)	Australia	16.5%	AUD
Commodities	SPDR® Gold Trust	N/A	6.2%	N/A
Equity	Kinder Morgan	USA	3.1%	USD
Equity	Woodside Energy Group	Australia	2.6%	AUD
Equity	Ansell	Australia	2.2%	AUD

* As reported to SQM on the return of the RFI – holdings will change over time.

Sell Discipline

The Managers aim to sell when a company's share price reflects the intrinsic value and when the applicable investment teams can identify more attractive opportunities.

The Managers do not operate stop-losses. However, analysts covering stocks are responsible for maintaining their assessment of valuation and monitoring changes over time. Any changes in assessed value versus price will be monitored, and the portfolio managers will have the ultimate decision and responsibility regarding maintaining or adjusting positions.

Risk Management

The portfolio manager's focus is predominantly on managing the risk of permanent loss of capital in the Fund. Allan Gray and Orbis' first and primary source of protection against this is having a strong and disciplined approach to valuation, and only making investments where the Managers assess that there is a significant margin of safety between price and value.

At the portfolio level, risk is managed with a detailed system that was developed and is maintained within the Orbis Group. This assesses where there is potential for excessive congregation of similar risks and advises the portfolio manager on this. It also monitors factors such as liquidity. The liquidity risk in the portfolio is monitored to ensure that the portfolio maintains sufficient liquidity to meet redemptions and to be able to take advantage of future investment opportunities.

On an annual basis, the Managers perform scenario-based stress testing, sensitivity analysis and liquidity stress testing, both in normal and stressed environments.

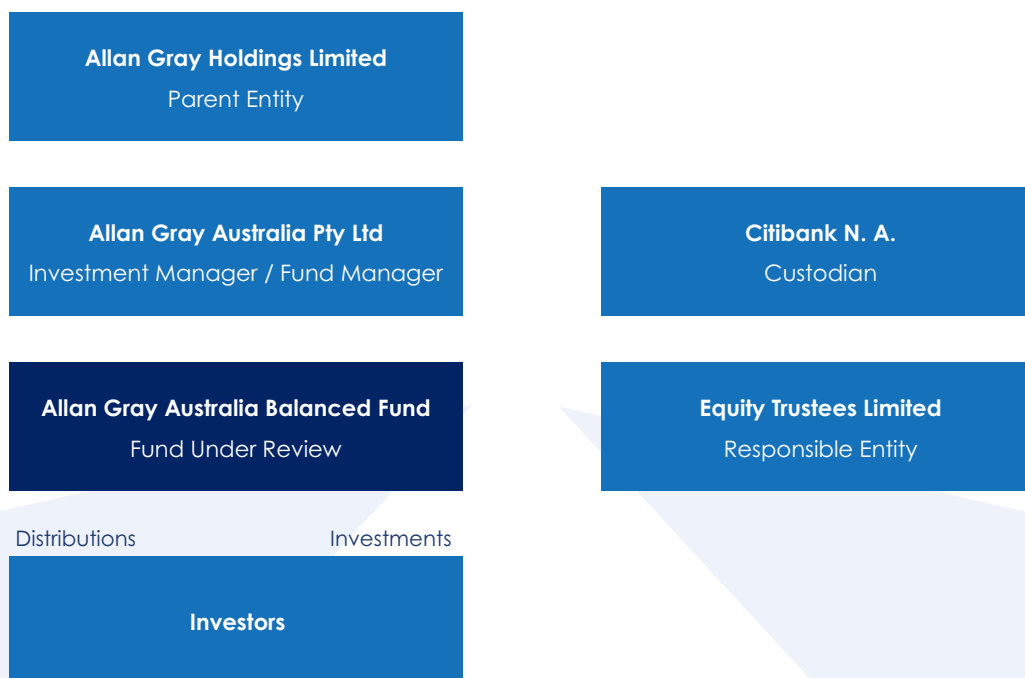
For the global section of the portfolio, positions in underlying securities are taken based on a bottom-up fundamental assessment. The resulting currency exposures may then be adjusted depending upon the views of Orbis' dedicated currency team. Where the currency team determines there are significant deviations from long-term fair value, currency exposures may be adjusted to reduce exposure to currencies deemed overvalued, in favour of undervalued currencies.

At the end of each trading day, compliance reports are generated from the compliance checker system, indicating whether any restrictions have been breached or are close to being breached. A designated member of the compliance team undertakes, twice a day, a review of these reports to investigate any breaches of the investment restrictions. Equity Trustees, the Responsible Entity, is notified of any deviation from the agreed investment restrictions and will determine the appropriate action.

The table below outlines limits on the Fund's asset allocation and other risk parameters:

Fund Constraints and Risk Limits	Permitted Range or Limit
Constraint or Risk Limit 1	No more than 20% of the Fund's NAV may be invested in securities and instruments issued by a single issuer.
Constraint or Risk Limit 2	No more than 10% of the Fund's NAV may be invested in shares or equity-linked securities that are not listed or dealt on a stock exchange or stock market.
Constraint or Risk Limit 3	The Fund must not engage in short selling of individual securities. (The Fund can take short positions in futures (ie, cash-settled))
Constraint or Risk Limit 4	The Fund may hold no more than 10% of its NAV in listed (exchange-traded) derivatives, and only if the underlying exposure is fully covered by cash or money market instruments. The Fund must not hold over-the-counter (OTC) derivatives, other than for the dominant purpose of managing foreign exchange risk or interest rate risk. In using currency derivatives, the Fund may not actively cause net negative currency exposures.
Constraint or Risk Limit 5	Borrowing is limited to 10% of the Fund's NAV and must be repaid within 90 days
Constraint or Risk Limit 6	The Fund must not invest in unlisted collective investment schemes. No more than 35% of the Fund's NAV may be invested in listed collective investment schemes managed by the same group.

Key Counterparties



Governance

Management Risk

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management

performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are qualified to carry out their assigned responsibilities. Management risk is rated as low.

Management & People

Company	Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Allan Gray Australia	Simon Mawhinney	Portfolio Manager, Managing Director & Chief Investment Officer	Sydney	19	24
Allan Gray Australia	Dr Suhas Nayak	Analyst and Portfolio Manager	Sydney	14	14
Allan Gray Australia	Tim Hillier	Analyst	Sydney	11	11
Allan Gray Australia	Tim Morrison	Analyst	Sydney	10	14
Allan Gray Australia	Dr Justin Koonin	Analyst	Sydney	10	10
Allan Gray Australia	Dr James (Yi Chan) Lee	Analyst	Sydney	8	8
Allan Gray Australia	Sudhir Kissun	Analyst	Sydney	8	8
Allan Gray Australia	Yipeng Liu	Analyst	Sydney	5	5
Allan Gray Australia	Stephanie Derrington	ESG Analyst	Sydney	3	3

Company	Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Orbis	Alec Cutler	Co-Portfolio Manager, Head of Multi-Asset Team	Bermuda	20	31
Orbis	Mark Dunley Owen	Analyst	Bermuda	15	24
Orbis	Ashley Lynn	Analyst	Bermuda	11	11
Orbis	Timo Smuts	Analyst	Bermuda	12	9
Orbis	Romari Tucker	Analyst	Bermuda	6	6
Orbis	Jeffrey Miyamoto	Analyst	Bermuda	6	6
Orbis	Robyn Carroll	Analyst	Bermuda	2	19
Orbis	Londa Nxumalo	Analyst	Bermuda	8	13

Staffing Changes

Additions			
Date	Name	Position / Responsibility	Previous Position / Employer
04-Apr-22	Stephanie Derrington	Responsible Investment Analyst	New to industry

There have been no investment personnel departures in the past three years.

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Fees and Costs	Fund	Peer Avg**
Management Fee % p.a.	0.76%	0.84%
Expense Recovery/Other Costs % p.a.	–	–
Performance Fee %	20.30%	0.00%
Total Cost Ratio (TCR) % p.a.	0.88%	0.85%
Buy Spread %*	0.20%	0.13%
Sell Spread %*	0.20%	0.13%

* This spread is the difference between the Fund's application price and withdrawal price and reflects transaction costs relating to the underlying assets.

** Peer average is based on data provided by SQM's data provider. SQM is not responsible for any errors or omissions. The peer group average Performance Fee includes those that do not charge a performance fee i.e. (0%). SQM observes that funds that charge a performance fee tend to charge a lower management fee than those that do not.

Management Fee

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC). The Management Fee includes the Responsible Entity fees as well as the investment manager fees.

Performance Fee

There is a performance fee charged as follows:

- **20.3%** of the amount by which the Fund's investment returns (**after** base management fees have been deducted) exceed the returns of the Benchmark (Fund's custom benchmark)
- Including GST and the impact of RITC (Reduced Input Tax Credit)
- The fee is accrued daily and (if applicable) paid to the Manager monthly.
- The fee is adjusted for any prior accumulated negative performance fee. Underperformance in a previous performance period is required to be made up for before a performance fee is payable. This creates a permanent high-water mark.

SQM Research observes that:

- *The Fund management fee is 8 basis points lower than the peer group average.*
- *The Total Cost Ratio (TCR) is 3 basis points higher than the peer group average.*

Risk/Return Data to 30 April 2025							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	0.37	2.71	5.80	13.09	8.90	11.77	8.21
Benchmark	1.46	-1.69	3.52	10.13	7.19	7.16	7.24
Peer Average	0.60	-2.23	1.98	8.49	6.16	8.14	6.42
Alpha	-1.09	4.39	2.28	2.96	1.71	4.61	0.97
Metrics	1-Year	3-Year	5-Year	Inception			
Tracking Error (% p.a.) - Fund	5.08	5.55	6.67	6.30			
Tracking Error (% p.a.) - Peer Average	2.12	2.57	3.13	3.44			
Information Ratio - Fund	0.58	0.31	0.69	0.15			
Information Ratio - Peer Average	-0.79	-0.40	0.32	-0.03			
Sharpe Ratio - Fund	1.38	0.58	1.12	0.66			
Sharpe Ratio - Peer Average	0.73	0.29	0.76	0.54			
Volatility - Fund (% p.a.)	6.24	8.95	8.53	9.40			
Volatility - Peer Average (% p.a.)	5.55	8.50	7.89	8.65			
Volatility - Benchmark (% p.a.)	5.75	8.57	7.68	7.83			
Beta based on stated Benchmark	0.70	0.84	0.74	0.90			

Distributions reinvested. Returns beyond one year are annualised. Return history starts Mar-2017

Custom Benchmark:

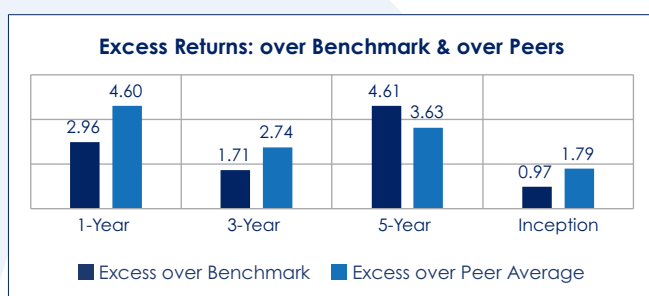
36% S&P/ASX 300 Acc. Index; 24% S&P/ASX Aus. Gov. Bond Index*; 24% MSCI World Index (net divs reinvested) in AUD; and 16% JPMorgan Global Gov. Bond Index in AUD.

* Changing to S&P/ASX iBoxx Australian Government Index as of 1 June 2025. SQM Research has used the pre-1 June 2025 custom benchmark in the quantitative analysis.

Quantitative Insight¹

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for periods ending April 2025.

Excess Returns (Alpha)



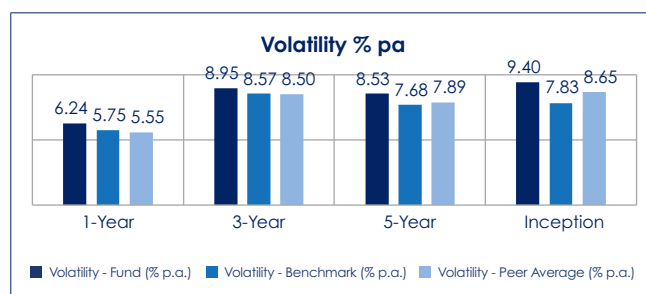
The Fund has displayed strong performance across all periods when compared with benchmark and peers.

Over the past three years, the strongest contributors to performance were Taiwan Semiconductor Mfg., Mitsubishi Heavy Industries, and the SPDR® Gold Trust. Notably, the SPDR® Gold Trust was also the largest contributor over the past 12 months. In contrast, sovereign

bond exposures—specifically Australian Government Bonds and US Treasuries—detracted from performance relative to the benchmark over both one- and three-year periods.

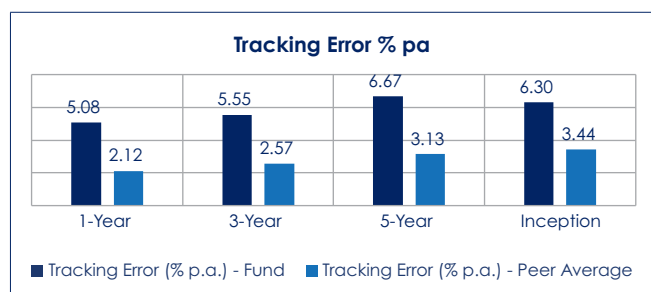
The **return outcomes**, as described above, are above the PDS objective and are in line with SQM's expectations for the Fund relative to its fee level and volatility.

Risk



¹ Note: Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

The Fund's **volatility** (annualised standard deviation of monthly returns) has tended to be higher than the benchmark and peers.



The Fund's **tracking error** (annualised standard deviation of monthly **excess** returns) has tended to be higher than peers.

The **risk outcomes**, as described above regarding volatility and tracking error are in line with the PDS statements about risk and are consistent with SQM's expectations for this Fund.

Drawdowns

Drawdown Summary			
Drawdown Size (peak-to-trough)			
	Fund	Bench	Peers
Average	-3.31%	-3.35%	-3.58%
Number	16	12	15
Smallest	-0.12%	-0.05%	-0.25%
Largest	-16.91%	-11.79%	-15.51%
Length of Drawdown (in months)			
	Fund	Bench	Peers
Average	4.2	6.4	5.5

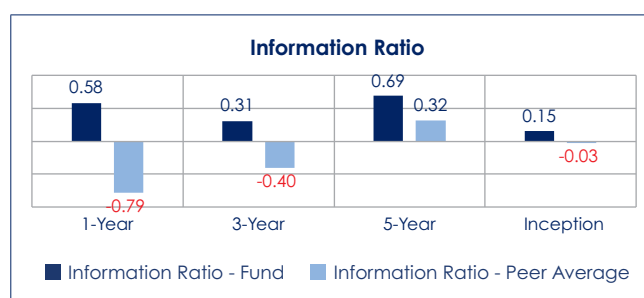
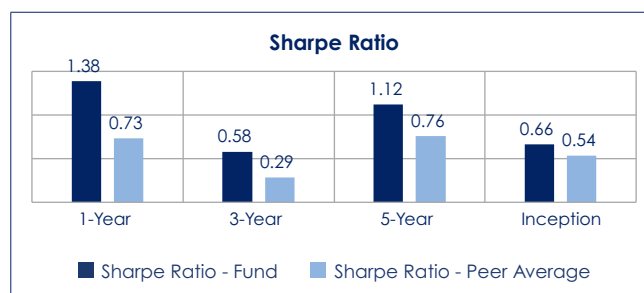
Length of Drawdown = time from peak to trough and back to the previous peak level

Average drawdowns have been similar to the benchmark and the peer average.

Upside/Downside Capture

	Downside Capture		Upside Capture	
	3 years	Inception	3 years	Inception
Fund	63.9%	58.6%	90.0%	86.1%
Peer Average	98.7%	89.7%	93.3%	88.2%

Risk-Adjusted Returns



The Fund's risk-adjusted returns (as measured by Sharpe and Information ratios) have been consistently better than the peer average.

Correlation of Fund to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	+55.1%	+16.8%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+84.2%	+85.0%	S&P/ASX 300 TR
Global Bonds	+61.9%	+30.2%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+59.7%	+61.7%	MSCI World Ex Australia NR AUD

Correlation Key

Low	High	Description
0%	20%	low, weak
20%	40%	modest, moderate
40%	70%	significant, material
70%	90%	strong, high
90%	100%	substantial

Tail Risk

(The analysis in the table below looks at the ***tail risk performance relationship of the Fund to the ASX300***, a practice that SQM has set as common across asset classes in Fund reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class **risk** regarding **size** and **volatility** is to Australian equities. Exploring that relationship is useful regardless of the asset class of the Fund itself, as it is helpful to understand how a Fund has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)

The table below details the **largest negative monthly returns** for the ASX 300 **since the inception of the Fund**. This is compared to the Fund's performance over the same months.

Extreme Market Returns vs Fund Return Same Month

Index: S&P/ASX 300 TR

From Mar-17 to Apr-25

Rank	Date	Market	Fund	Difference
1	Mar-20	-20.83%	-13.13%	+7.70%
2	Jun-22	-8.97%	-6.79%	+2.18%
3	Feb-20	-7.76%	-4.35%	+3.41%
4	Jan-22	-6.45%	+1.57%	+8.02%
5	Sep-22	-6.29%	-4.57%	+1.72%
6	Oct-18	-6.16%	-3.57%	+2.59%
7	Oct-23	-3.80%	-2.42%	+1.38%
8	Feb-25	-3.79%	+1.92%	+5.71%
9	Mar-18	-3.73%	-0.93%	+2.80%
10	Sep-20	-3.59%	-2.91%	+0.68%
Totals		-71.38%	-35.18%	+36.20%

No. of Months

Correlation	+86.3%	Positive Return	2
Capture	+49.3%	Outperform	10

Tail Risk Observations:

The data in the table above indicate that the Fund displays **moderate/material defensive characteristics** in the face of extreme Australian equity tail risk (that's in the context of this being a Multi-Asset Balanced Fund, not a defensive Fixed Interest Fund).

Annual Returns

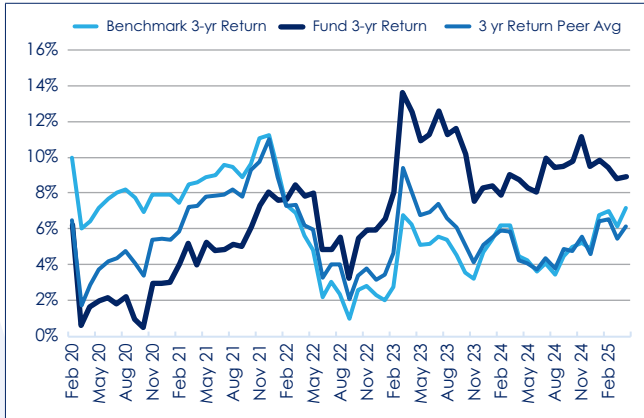
Year	Fund	Benchmark	Peer Avg	vs. Bench	vs. Peers
2018	-4.11	+2.24	-2.53	-6.35	-1.58
2019	+13.90	+18.06	+16.40	-4.16	-2.50
2020	-0.11	+4.18	+3.84	-4.30	-3.95
2021	+10.96	+11.87	+13.65	-0.91	-2.68
2022	+7.30	-8.09	-7.28	+15.39	+14.58
2023	+6.71	+11.56	+10.25	-4.85	-3.55
2024	+14.65	+12.58	+12.03	+2.07	+2.61
Apr-25	+5.38	+0.52	+0.06	+4.86	+5.32

2025 data = 4 months ending Apr-25

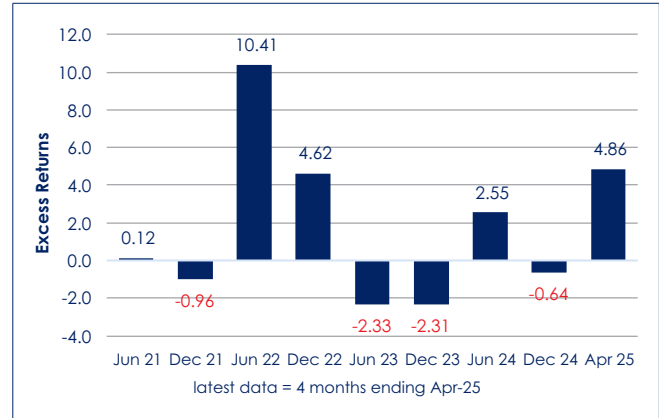
QUANTITATIVE ANALYSIS

Return and Risk

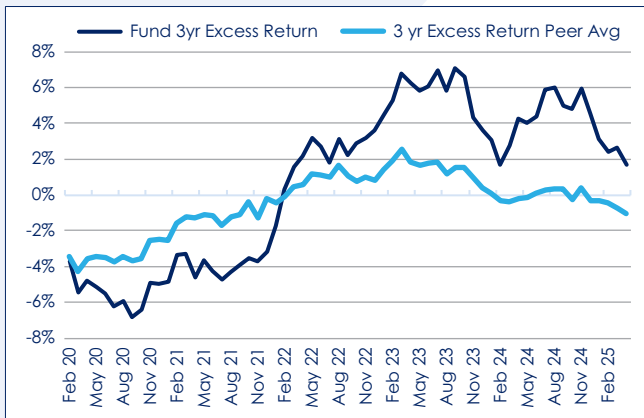
Rolling Returns



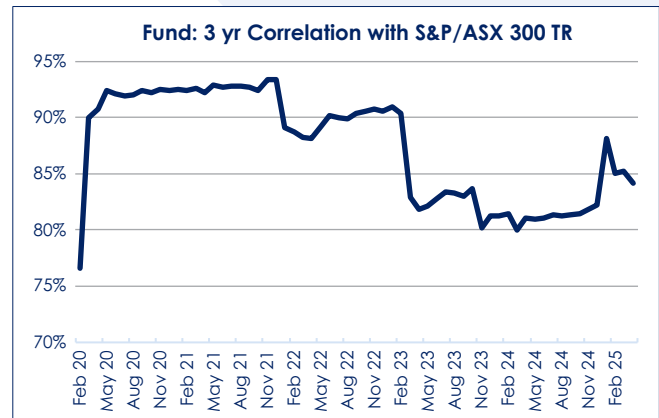
Fund Excess Return Half Yearly



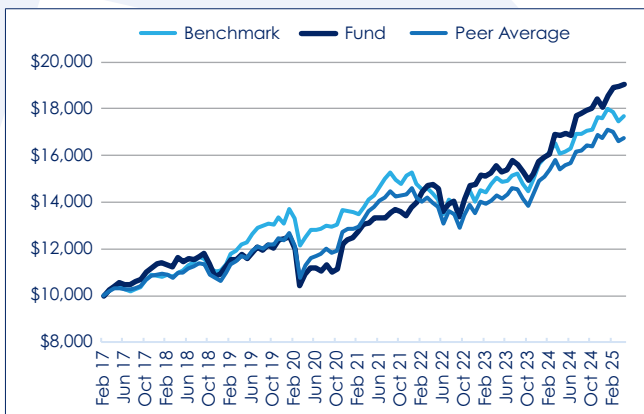
Rolling Excess Returns



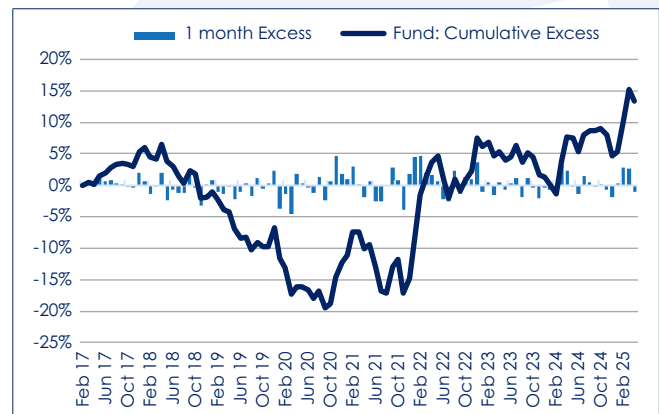
Rolling Correlation



Growth of \$10,000

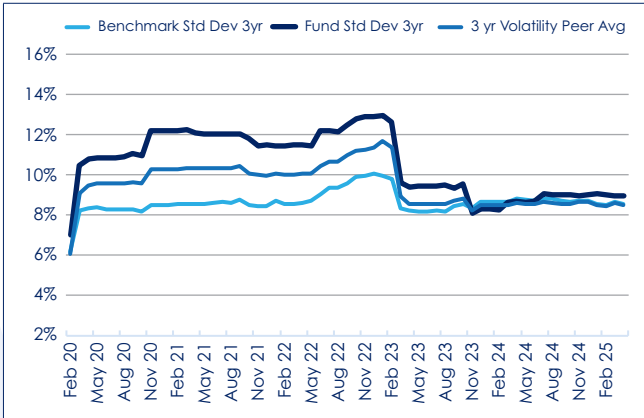


Cumulative Excess Returns

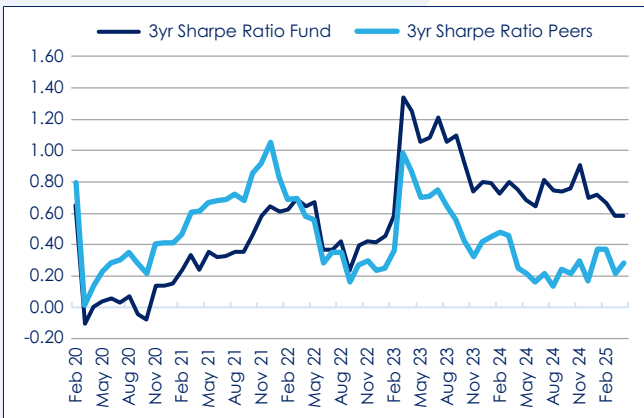


Return and Risk

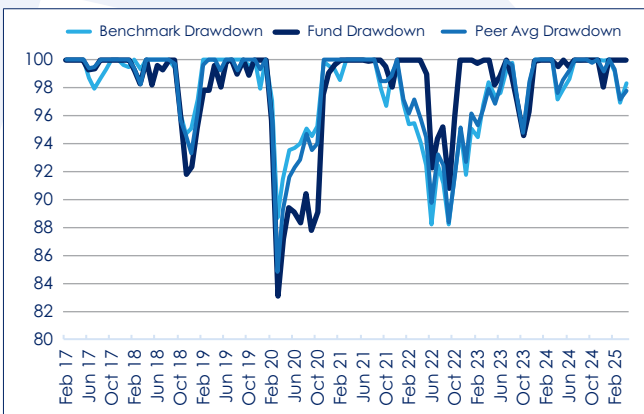
Rolling Volatility



Rolling Sharpe Ratio



Drawdowns



Drawdown

A drawdown tracks the path of the Fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

$$\text{Alpha} = \text{Fund Return} - \text{Benchmark Return}$$

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the Fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, a Fund itself should not be liable for tax on its net earnings.

If a Fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the Fund's taxable income for that year.

If the total distributions a Fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a Fund may make additional distributions.

A Fund's ability to distribute income is determined by the performance of the Fund and general market conditions. Accordingly, there is no guarantee that a Fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

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