

ALLAN GRAY

CONTRARIAN INVESTING

Simple.  
Stable.  
Contrarian.

## Allan Gray Australia Stable Fund

Some investors want the opportunity to outperform cash, without full share market exposure. That's where the Allan Gray Australia Stable Fund can help. The Fund aims to outperform the Reserve Bank of Australia cash rate over the long term by investing predominantly in cash, but can boost returns by investing no more than 50% in the Australian share market. Rather than holding complicated investments, it's simply a cash-heavy fund that invests in shares when the opportunity is right.



# Why choose the Allan Gray Australia Stable Fund?

## A lower-risk way to access share markets

We strongly believe investors need to be invested in shares for the best long-term returns, but not everyone is comfortable with the volatility this can bring. By investing predominantly in cash with selected exposure to the share market, the Allan Gray Australia Stable Fund enables you to potentially outperform cash with less risk than investing in the share market alone. Exposure to shares will never exceed 50% of the portfolio and has historically averaged around 30% since the Fund's inception.

## To outperform cash with a low-complexity fund

We don't believe that beating cash should be complicated. This is why the Allan Gray Australia Stable Fund does not employ complex strategies such as long/short trading, options or derivatives. It simply invests in cash and term deposits, and has limited exposure to selected domestic shares.

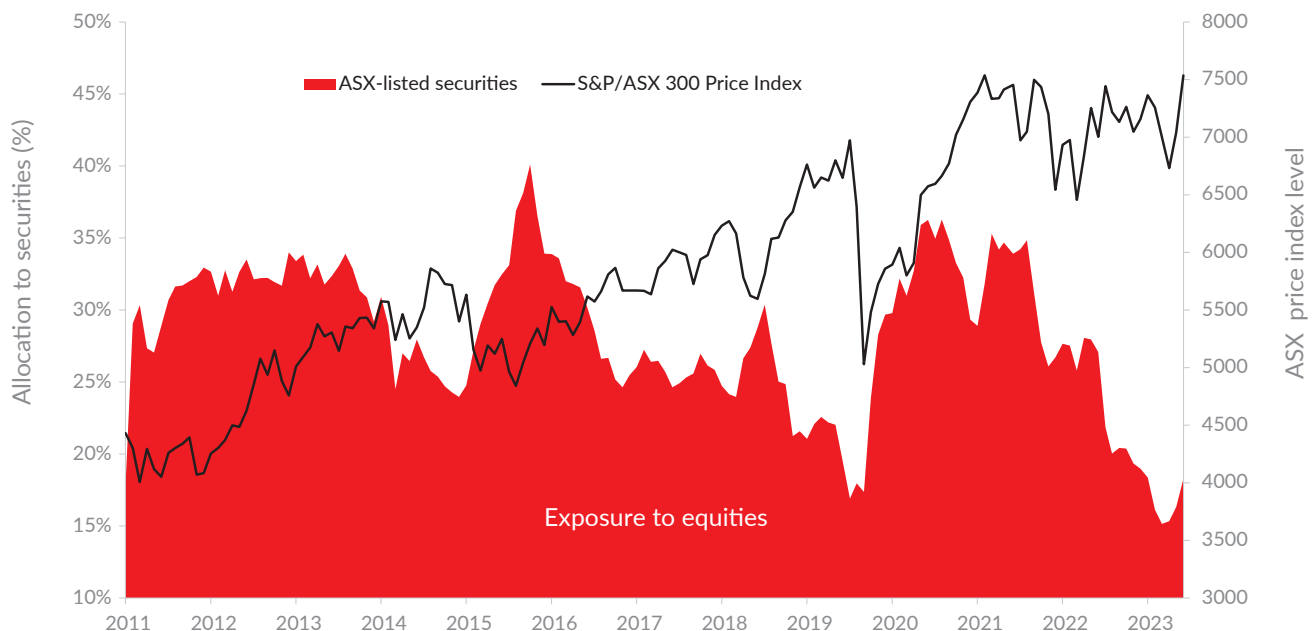
## Our contrarian approach is well regarded

Our investment philosophy is simple – we take a contrarian approach, apply it consistently and invest for the long term. To give investors the benefit of this approach, our Stable Fund still incorporates our contrarian share ideas that we use in our Equity Fund while prioritising our long-term fundamental analysis.

## A low-volatility fund

The Fund traditionally has lower volatility than other funds offering equity exposure because it is predominantly invested in cash. And while our selective exposure to shares gives investors the potential to generate higher returns than cash, the Fund has much less volatility than a pure equity fund. Volatility is also managed through our contrarian approach, as its inherent countercyclical behaviour means we invest more in shares when we believe they are undervalued, then we reduce exposure as the market rises and we see less value. This helps to drive long-term real (above inflation and cash) returns, while seeking to reduce the impact of major market falls.

## Allan Gray Australia Stable Fund portfolio weightings



Source: Allan Gray as at 31 December 2023, inception 1 July 2011

This chart shows how the Fund's share exposure has generally increased as the market falls, and decreased as the market rises. The Fund's counter-cyclical helps reduce volatility. The S&P/ASX 300 Price overlay illustrates how the Fund's exposure to ASX-listed securities has changed as the share market has fluctuated.

# How can I use the Fund?



## **An alternative to cash with potential for better returns**

The Allan Gray Australia Stable Fund can be a great option for those investors looking to preserve their purchasing power but with a desire to generate more returns than cash offers. Its cash-plus objective and limited exposure to shares may outperform cash over the long term.



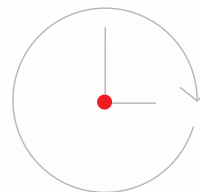
## **To supplement an income**

Some clients in the pension phase utilise stable funds, ready to cover pension payments if their regular income falls.



## **For conservative investors wanting some stability**

For investors who are averse to losing capital but want potentially higher returns than cash, the Fund provides a more defensive option. By limiting exposure to shares to 50% of the Fund's assets, investors have exposure to the market without being fully invested. For those who are concerned about shares being expensive but don't want to be out of the market, the Fund provides a good option, by investing predominantly in shares when they are undervalued, and reducing exposure when they are expensive.



## **To sit and wait**

The Fund can be used while waiting for an opportunity to invest fully in the share market, or for medium-term savings. For example, some investors use the Fund to save for a house deposit or between selling one property and buying another (with a two-year-plus view). By looking to provide a higher return than cash, the Fund may help clients retain purchasing power.

All investments carry risk and past performance is not necessarily an indicator of future performance. More information regarding the risks of investing is available on our website at [allangray.com.au](http://allangray.com.au)



# Features at a glance

A more conservative investment that aims to outperform cash and boost returns by blending cash with selected Australian shares.

APIR code:	ETL0273AU
Management costs:	Base fee of 0.25% p.a. plus 20% performance fee
Buy/sell spread:	0.10%/0.10%
Distribution frequency:	Quarterly
Inception date:	1 July 2011
Minimum suggested time frame:	Two years or longer.

## Investment objective:

The Fund aims to provide a long-term return that exceeds the Reserve Bank of Australia cash rate, with less volatility than full exposure to the Australian share market.

## Investment approach:

The Fund invests a minimum of 50% in cash and money market instruments such as term deposits. When the opportunity arises, the remainder is invested in carefully selected Australian securities using our contrarian investment philosophy. When Allan Gray believes share markets offer compelling long-term value, up to 50% of the Fund's total assets may be held in Australian listed securities.

## Get in touch

### Client Services



1300 604 604 (within Australia)  
+61 2 8224 8604 (outside Australia)  
from 8:30am to 5:30pm (AEST)  
Monday to Friday



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**ALLAN GRAY**  
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Allan Gray Australia Pty Limited is the appointed investment manager of the Allan Gray Australia Stable Fund ARSN 149 681 774 and has prepared this brochure. The Fund is offered by Equity Trustees Limited, ABN 46 004 031 298, AFSL 240975, as the Fund's Responsible Entity. Equity Trustees Limited may be contacted on +61 3 8623 5000. The information in this brochure is of a general nature only. It has been prepared without taking into account the individual objectives, financial situation or needs of any particular person. Before acting on anything in this brochure, you should consider its appropriateness having regard to your objectives, financial situation or needs. You should obtain the disclosure document for the Fund before deciding to acquire, dispose of or hold an investment in the Fund. Target Market Determinations (TMDs) for the Allan Gray products can be found at [allangray.com.au/PDS-TMD-documents](http://allangray.com.au/PDS-TMD-documents). Each TMD sets out who an investment in the relevant Allan Gray product might be appropriate for and the circumstances that trigger a review of the TMD. Managed investment schemes are generally medium to long-term investments. They are traded at prevailing prices and the value of units may go down as well as up. There are risks with investing the Fund and there is no guarantee of repayment of capital or return on your investment. Subject to relevant disclosure documents, managed investments can engage in borrowing and securities lending. Past performance is not a reliable indication of future performance. A schedule of fees and charges is available in the Product Disclosure Statement. A copy of the disclosure document can be obtained by contacting Allan Gray or at [allangray.com.au](http://allangray.com.au). CC:StableFlyer 20240202. February 2024