

Investing in Zimbabwe

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ALLAN GRAY

Group Profile

41 years Investment Management

1973 Allan Gray Limited is founded in Cape Town, South Africa
\$42 billion AUM

1989 Orbis Group is founded in Hamilton, Bermuda and London UK
\$34 billion AUM

2005 Allan Gray Australia is founded
\$4 billion AUM



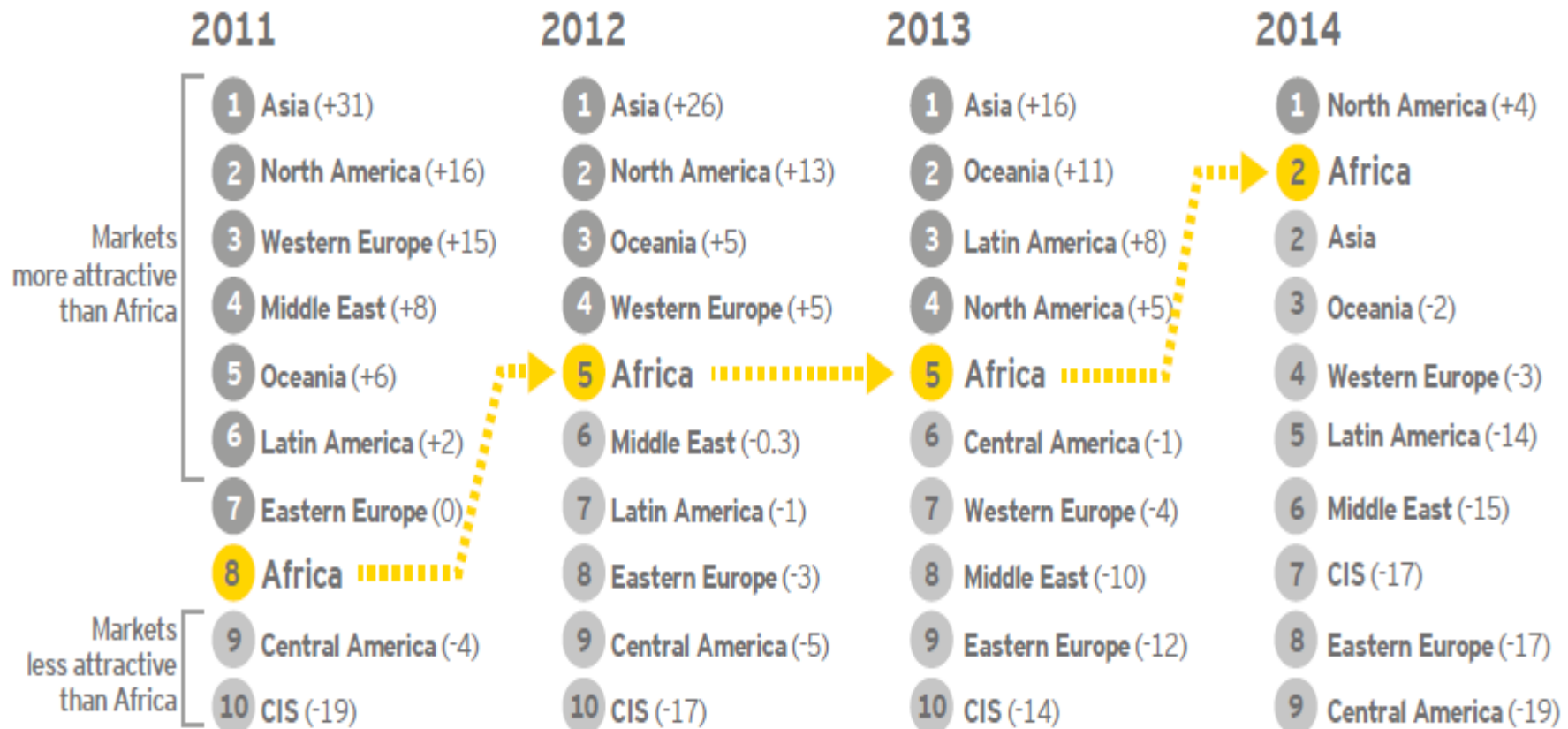
Allan Gray Africa Portfolios

	Allan Gray Africa Equity Fund	Allan Gray Africa ex-SA Equity Fund	Allan Gray Africa ex-SA Bond Fund
Inception	1998	2012	2013
Denomination	US Dollars	US Dollars	US Dollars
Domicile	Bermuda	Bermuda	Bermuda
Benchmark	MSCI EFM Africa Index	Standard Bank Africa Total Return Index	JP Morgan GBI EM Global Diversified Index
AUM	US\$ 327 m	US\$ 242 m	US\$ 105 m
Fund characteristic	Invests in companies with significant business interests in Africa, regardless of the location of the stock exchange listing	Invests in companies with significant business interests in Africa (excluding South Africa), regardless of the location of the stock exchange listing	Invests in African (ex-South Africa) interest bearing assets

“Africa Rising” narrative

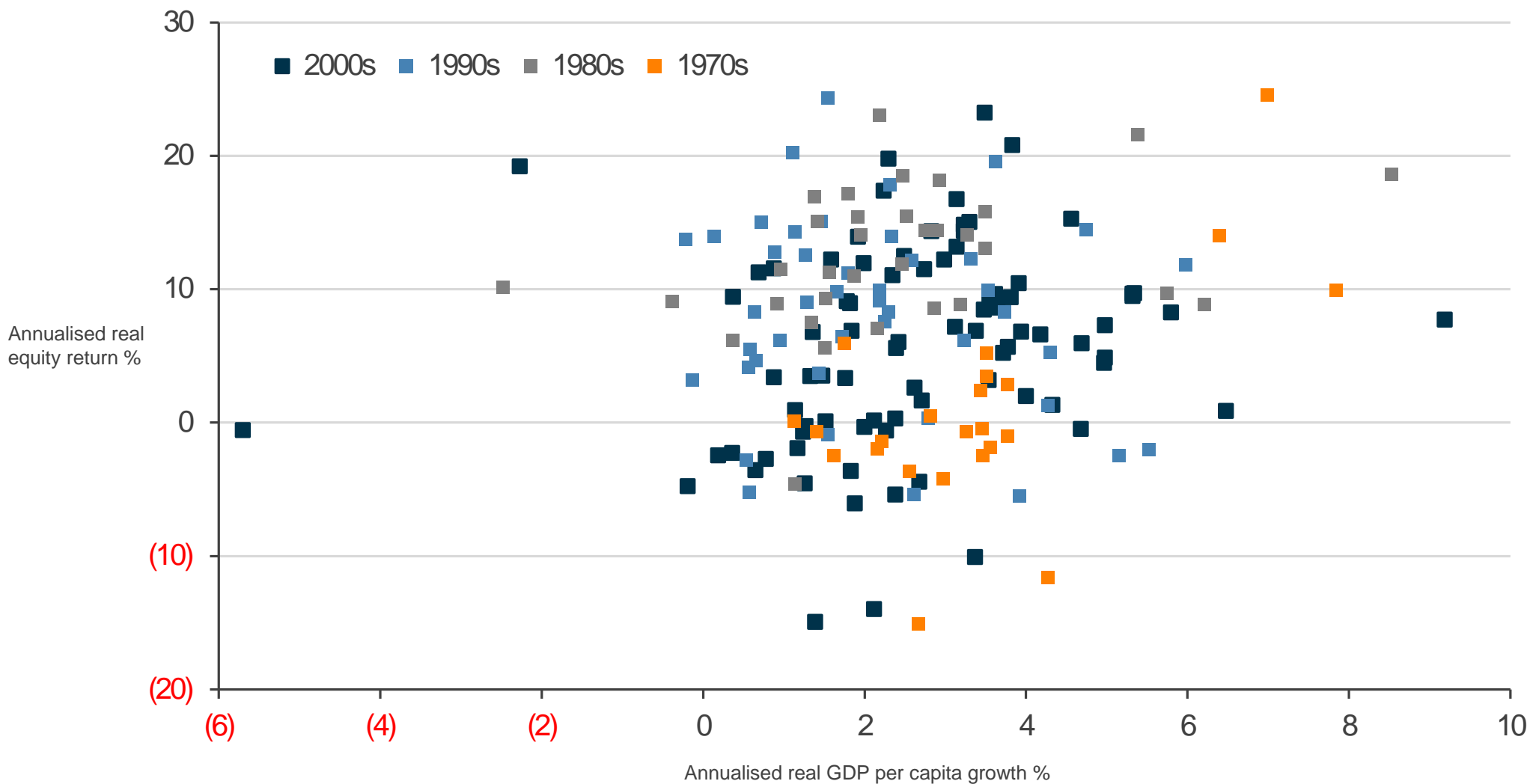
Africa's relative attractiveness is on the rise

Relative to the following markets, is Africa more or less attractive as an investment destination?



Source: EY's 2014 Africa attractiveness survey (total respondents: 503).

Global equity returns vs. gross domestic product (GDP) growth



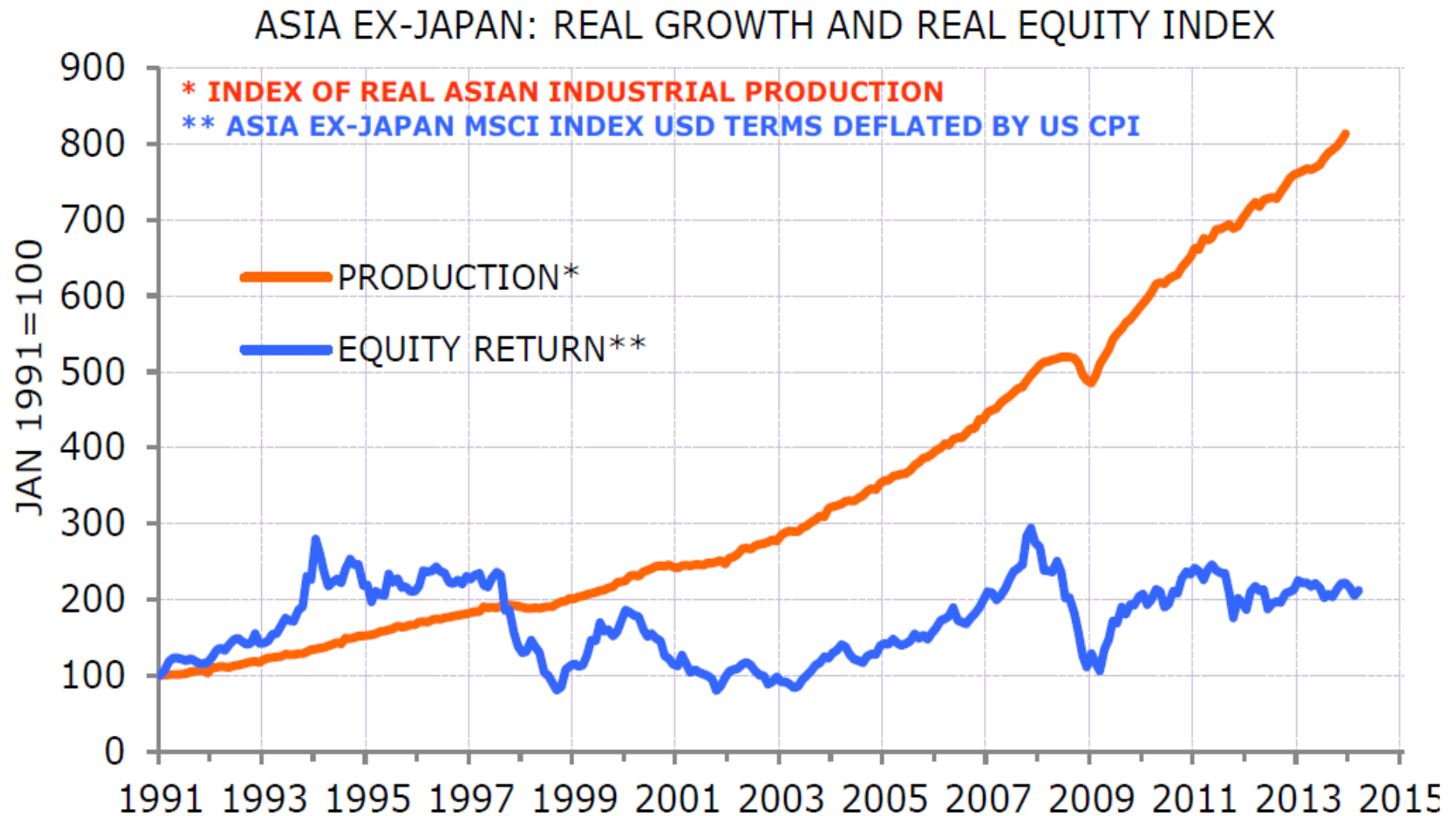
Source: Elroy Dimson, Paul Marsh, and Mike Staunton, Global Investment Returns Yearbook 2010, Credit Suisse Research Institute, 2010.

Elroy Dimson, Paul Marsh, and Mike Staunton, Triumph of the Optimists, Princeton University Press, 2002.

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Asia ex-Japan real equity returns (US \$)



Source: Minack Advisors (CPB, MSCI, BLS, Minackl Advisors)

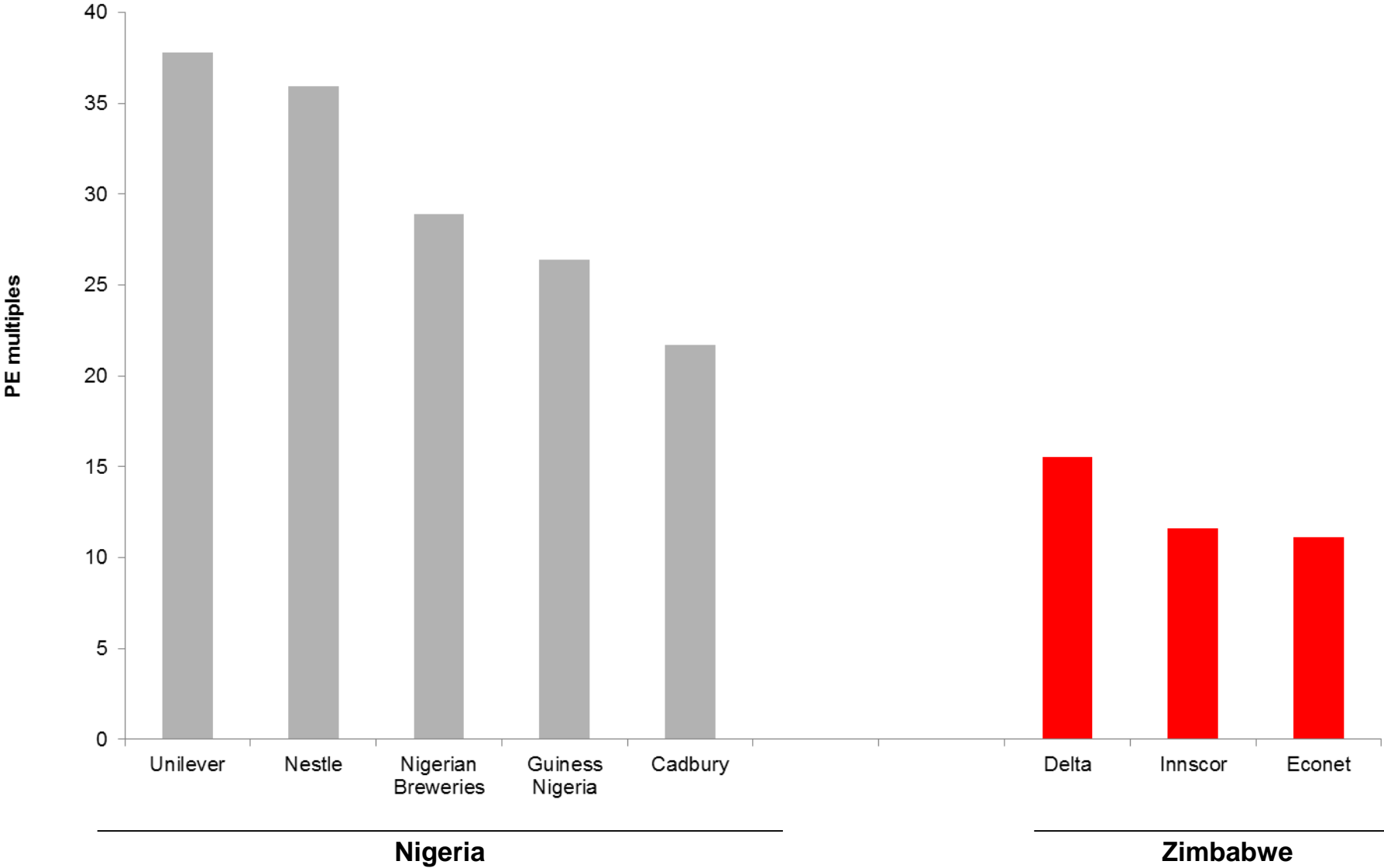
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“For the investor as opposed to the statesman, macroeconomic growth places a distant third to price and value on the scale of financial virtues.”

Consumer stocks valuations

Nigeria vs. Zimbabwe



Source: Bloomberg (NN 18082014)

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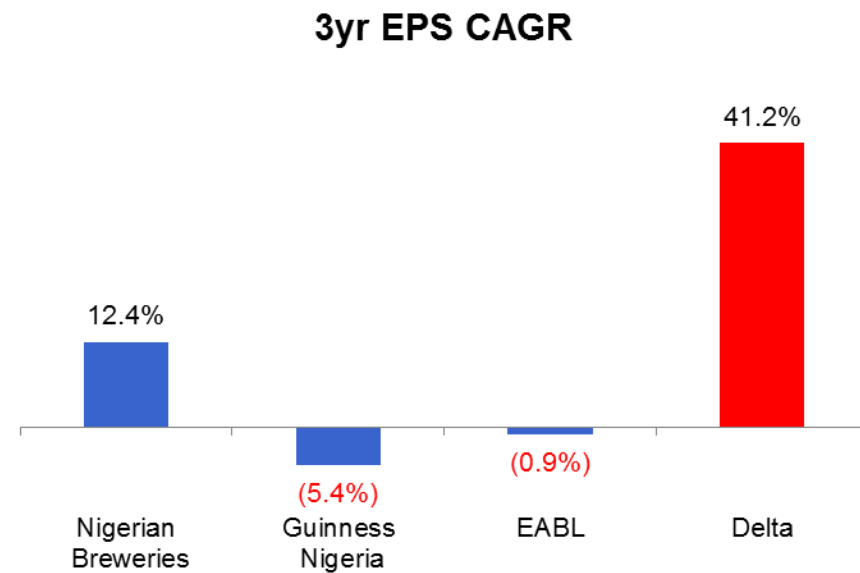
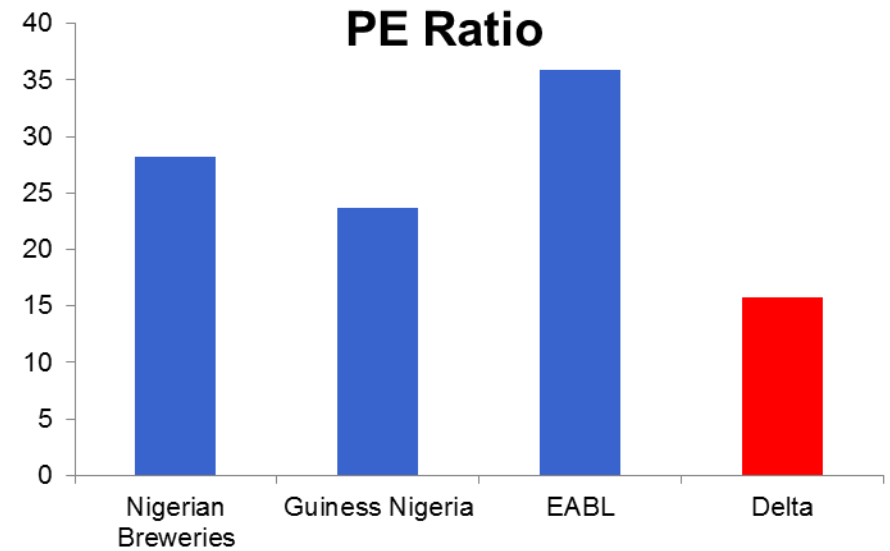
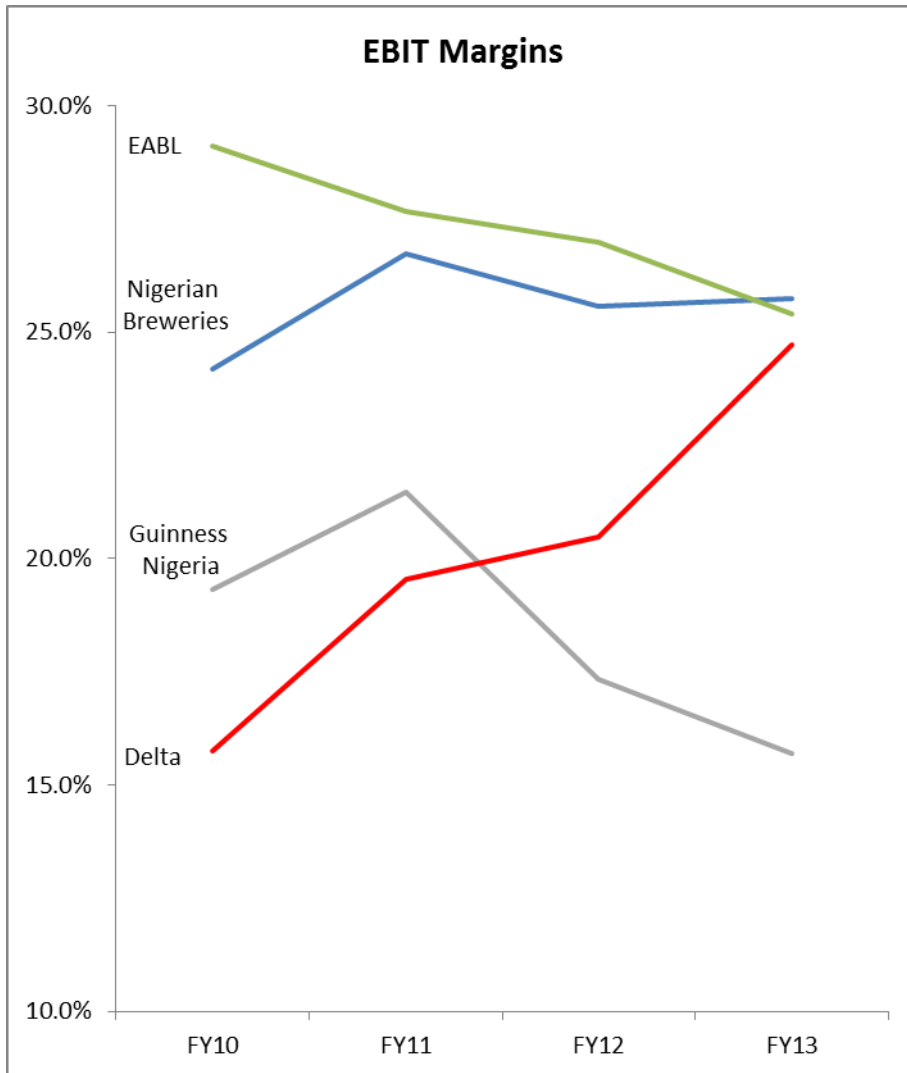
Econet vs Safaricom

	Econet	Safaricom
Subscriber Share	66%	68%
Revenue / Traffic Share	75%	78%
EBITDA Margin	43%	42%
Return on Equity	22%	27%
PE	11	23
EV/EBITDA	3.8	8.0

Source: Bloomberg (NN 10092014)

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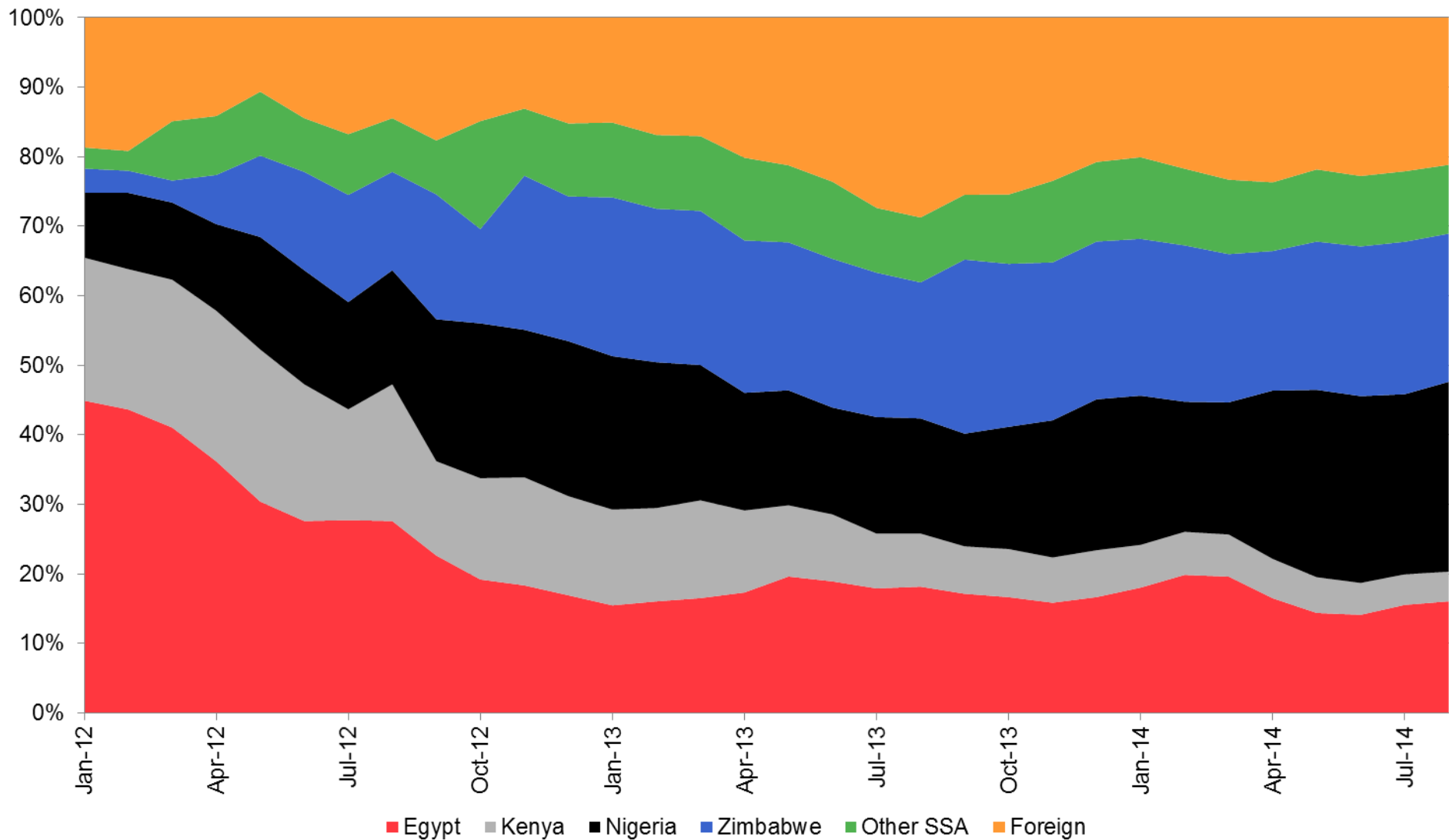
Big 4 Africa brewers



Source: AG Research; Bloomberg (ARL 18082014)

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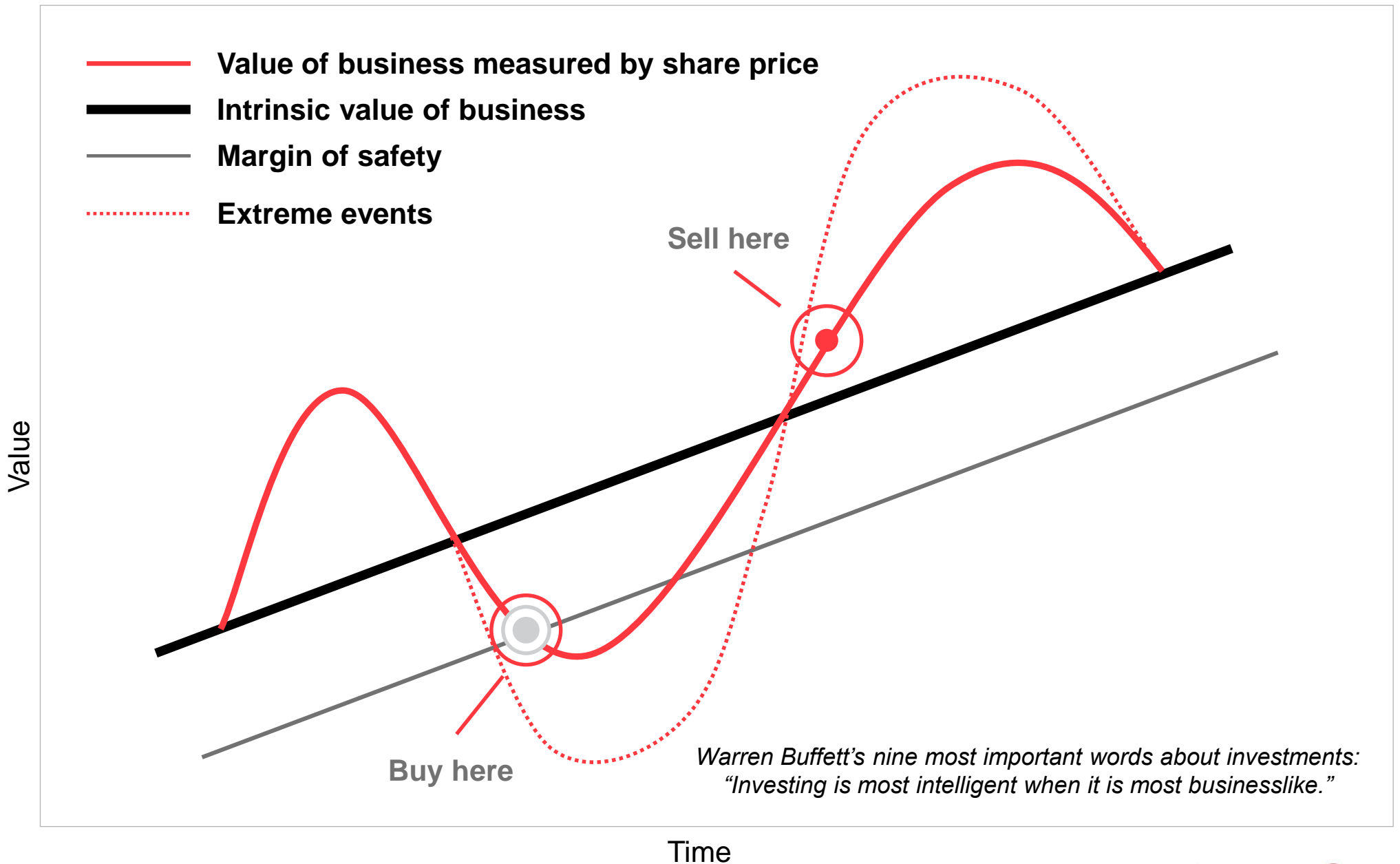
Allan Gray Africa ex-SA Fund Country Listing Exposure



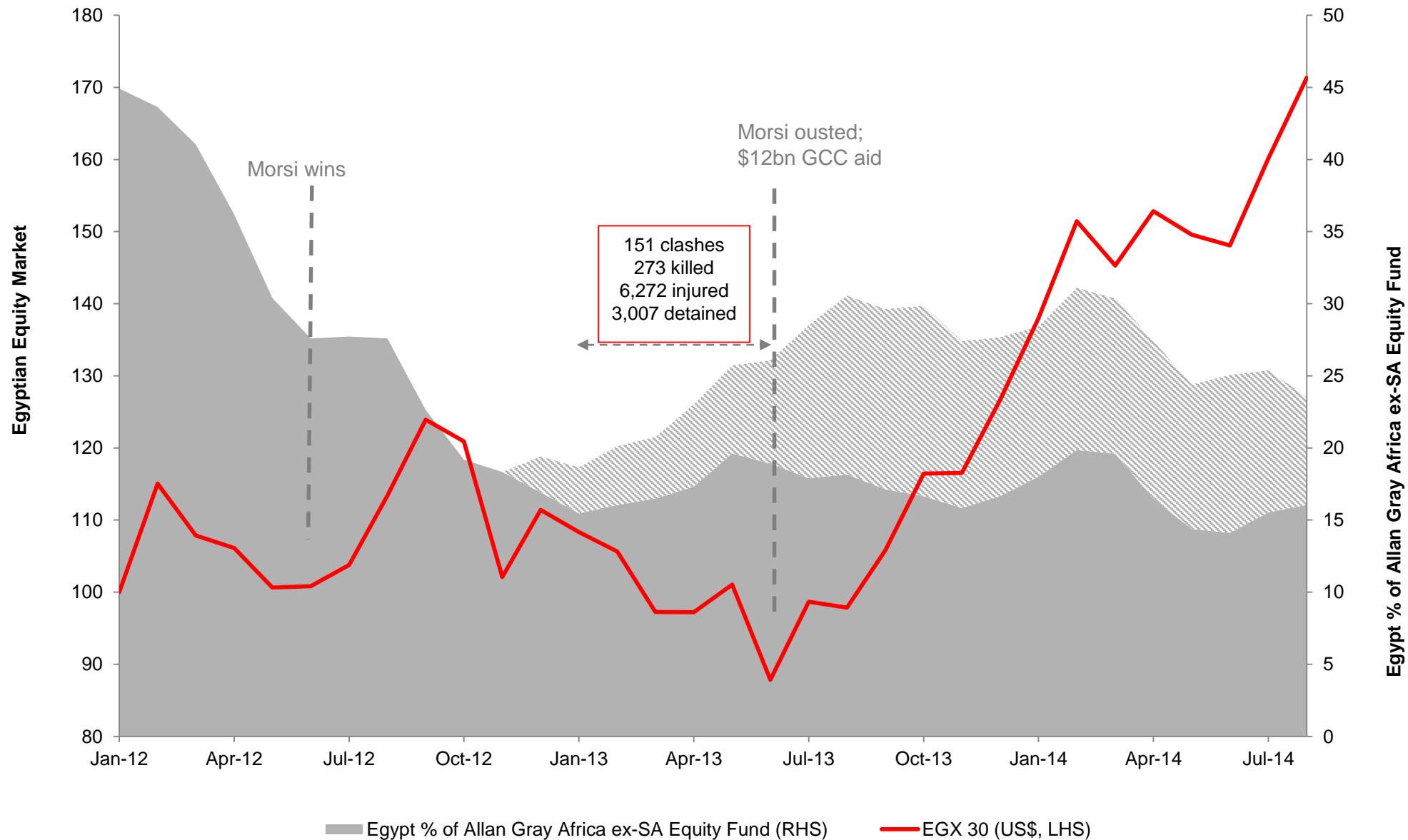
Source: Allan Gray Research, data to 31 August 2014 (TM4 010914)
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Investment philosophy

Theory of share price and intrinsic value



Egypt

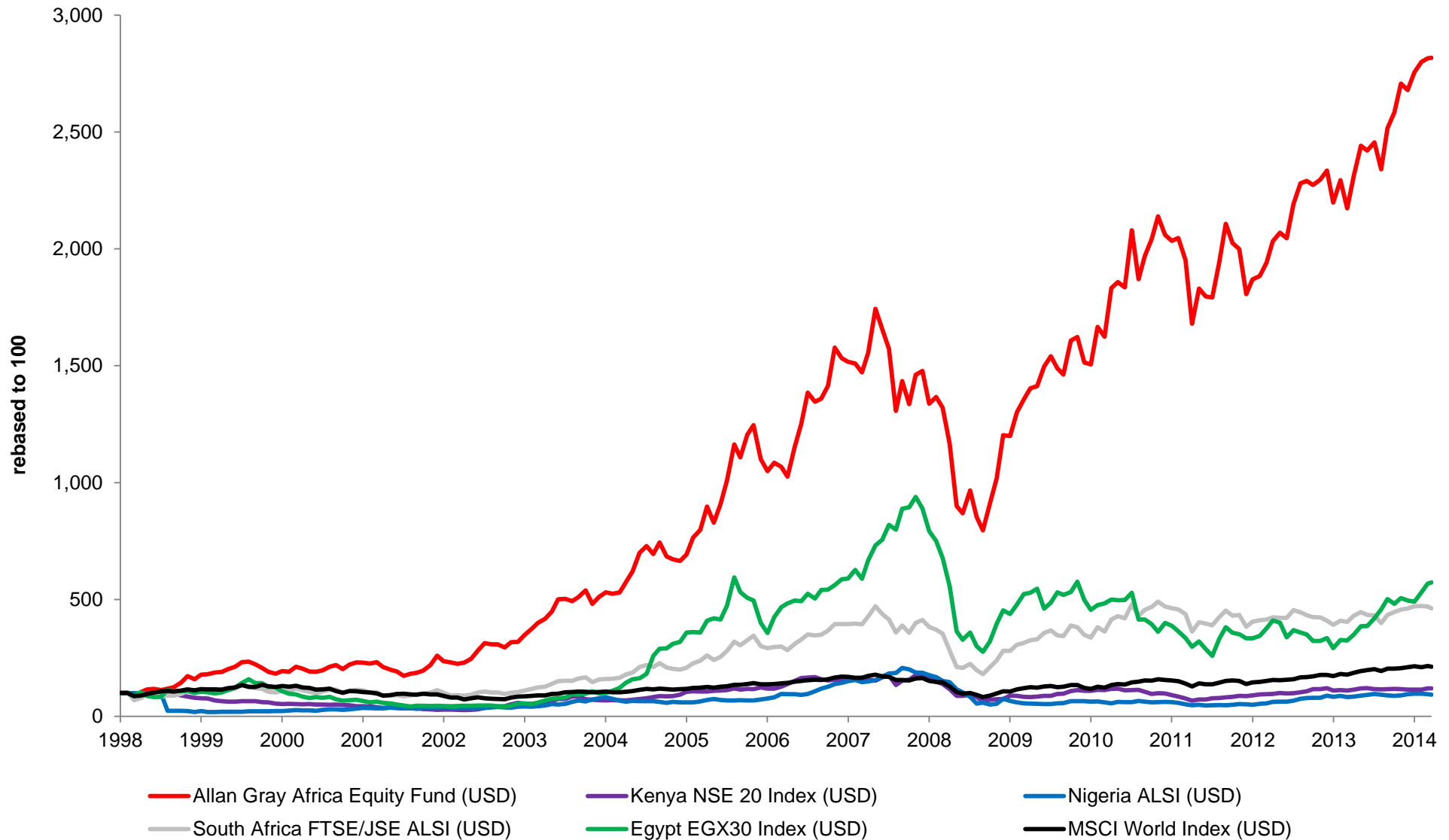


Source: AG Research (NN 10092014)

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How has a contrarian approach fared long term?

Allan Gray Africa Equity Fund Performance



Source: AG Research (NN 10092014)

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