

2015

ANNUAL REPORT **ALLAN GRAY AFRICA EQUITY FUND LIMITED**

ALLAN GRAY

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ALLAN GRAY AFRICA EQUITY FUND LIMITED STRATEGY

as at 31 December 2015

The Allan Gray Africa Equity Fund Limited (the 'Fund') invests in a relatively focused portfolio of companies that are listed on an African stock exchange or have significant business interests in Africa. The Fund's benchmark is the MSCI Emerging and Frontier Markets Africa Index, including

income, measured in US dollars (the MSCI EFM Africa Index). The Fund does not seek to mirror the MSCI EFM Africa Index but instead may deviate meaningfully from this performance benchmark in pursuit of superior returns.

INVESTMENT MANAGER'S REPORT

TOTAL RATE OF RETURN IN US DOLLARS (NET OF ALL FEES AND EXPENSES)	LATEST % ANNUALISED				
	FROM INCEPTION ON 1 JULY 1998	10 YEARS	5 YEARS	3 YEARS	1 YEAR
Allan Gray Africa Equity Fund Limited	18.0	4.9	-5.6	-11.0	-33.6
Benchmark ¹	9.2	4.1	-5.2	-9.1	-24.8

1. The current benchmark is the MSCI EFM Africa Index (total returns). Since inception to 30 April 2012 the benchmark was the FTSE/JSE Africa All Share Index including income. Performance as calculated by Allan Gray as at 31 December 2015 (Source: Bloomberg). Calculation based on the latest available data as supplied by third parties.

Note: The offshore sector includes insufficient comparables for a meaningful peer group comparison for the Fund.

The Fund performed poorly in 2015, losing 33.6% over the year. What is encouraging is the exceptional value we find in our investments.

We have not changed our view on any of the shares that detracted significantly from returns. In fact we are still buyers of each of the top five detractors. Our worst-performing investment was Zimbabwean telecommunications group Econet Wireless, which fell from US\$0.60 to US\$0.21 per share. The country's difficult economic situation and tough regulation are pressuring Econet's profits. That said, the company is gaining voice revenue share and growing its ancillary money transfer business. Econet generates strong cash flow, which can be put towards highly accretive share buybacks and debt reduction. The market capitalisation is currently US\$344m and Econet bought back US\$23m worth of shares during the six months to September.

The share price of Eastern Tobacco, the Fund's largest holding, fell from EGP220 to EGP175 per share. Eastern is an Egyptian, state controlled, monopoly cigarette producer. Its operations performed well above our expectations in 2015, with earnings before interest, tax, depreciation and amortisation (EBITDA) growing 36% and net cash rising to EGP30 per share. The company trades on a historic enterprise value to EBITDA multiple of three and under six times forward earnings: an exceptional opportunity.

The biggest uncertainty for the year ahead is the potential devaluation of the Nigerian naira. The Fund

has a 14.3% exposure to domestic Nigerian companies (this excludes oil and gas companies). In a perfect world we would wait for the naira to weaken and only then invest at the new, lower US dollar prices. We largely agree with the widely expected view that a naira devaluation is likely. However, we believe this view is already discounted in Nigerian equity valuations. We have chosen to invest now in what we think are extremely cheap shares rather than wait on the sidelines for a potentially cheaper entry point.

In the Fund's September factsheet commentary, we wrote about our opposition to the merger of oil companies MPI and Maurel & Prom (MAU). Unfortunately, shareholders approved the merger, which passed with the required majority, if only just. The terms were improved from two MPI shares and a EURO.45 dividend for each MAU share to 1.5 MPI shares and the dividend for each MAU share, but we were still against the deal. Amazingly for such a drastic change in the nature of the business, only 61% of shareholders saw fit to vote at the general meeting.

Over the past month we have been net buyers of South African equities. The South African market has been flat over the past year, but the 35% weaker rand led to poor dollar returns. The value disparity between domestically orientated companies and international businesses has recently widened sharply.

We believe the Fund is invested in a portfolio of very attractively priced shares which should yield good returns for investors in the years to come.

ALLAN GRAY AFRICA EQUITY FUND LIMITED STRATEGY

as at 31 December 2015

SCHEDULE OF NET ASSETS AS AT 31 DECEMBER 2015

NUMBER HELD	INSTRUMENT (RANKED BY SECTOR)	MARKET VALUE US\$	% OF FUND	MSCI EFM AFRICA INDEX (%)
	CONSUMER GOODS	53 982 675	32.8%	8.6%
1 396 268	Eastern Tobacco	31 206 301	18.9%	
20 950 000	Delta Corporation	14 769 750	9.0%	
10 526 667	Innsco Africa	3 153 789	1.9%	
2 874 974	Illovo Sugar	3 141 784	1.9%	
235 190	Tanzania Breweries	1 611 487	1.0%	
	Positions less than 1%	99 564	0.1%	
	FINANCIALS	43 661 686	26.5%	30.7%
404 002 648	Access Bank	9 843 822	6.0%	
1 264 499	Standard Bank	9 280 472	5.6%	
247 238 785	FBN Holdings	6 371 942	3.9%	
70 511 518	Zenith Bank	4 977 075	3.0%	
5 705 533	CFC Stanbic	4 601 236	2.8%	
196 519 203	Diamond Bank	2 270 757	1.4%	
1 504 000	MMI	2 139 569	1.3%	
169 872	Nedbank	2 071 773	1.3%	
	Positions less than 1%	2 105 040	1.2%	
	OIL & GAS	18 646 298	11.3%	0.3%
10 511 313	SEPLAT Petroleum Development Co	11 225 116	6.8%	
1 843 996	Maurel Et Prom	5 949 576	3.6%	
	Positions less than 1%	1 471 606	0.9%	
	BASIC MATERIALS	15 703 441	9.5%	10.0%
398 899	Sasol	10 818 002	6.6%	
1 091 660	Zimplats	2 784 415	1.7%	
	Positions less than 1%	2 101 024	1.2%	
	TELECOMMUNICATIONS	15 066 090	9.2%	8.7%
48 674 796	Econet Wireless Zimbabwe	10 265 514	6.2%	
12 605 457	Global Telecom	3 941 519	2.4%	
	Positions less than 1%	859 057	0.6%	
	UTILITIES	9 537 699	5.8%	0.0%
33 516 880	Umeme	6 262 051	3.8%	
25 386 275	Kenya Power & Lighting	3 275 648	2.0%	
	INDUSTRIALS	4 587 532	2.8%	7.3%
638 409	Paint & Chemical Industries	2 960 470	1.8%	
	Positions less than 1%	1 627 062	1.0%	
	CONSUMER SERVICES	1 659 061	1.0%	28.8%
	Positions less than 1%	1 659 061	1.0%	
	CASH AND ACCRUALS	1 795 434	1.1%	0.0%
	NET ASSETS	164 639 916	100%	

ALLAN GRAY AFRICA EQUITY FUND LIMITED STRATEGY

as at 31 December 2015

COUNTRY OF PRIMARY LISTING AS AT 31 DECEMBER 2015

COUNTRY	% OF EQUITIES	BENCHMARK ¹
Egypt	23.1	2.5
Nigeria	21.4	4.4
South Africa	19.0	81.1
Zimbabwe	18.2	0.0
Kenya	4.8	1.7
Uganda	3.8	0.0
France	3.7	0.0
United Kingdom	2.2	0.0
Australia	1.7	0.0
Tanzania	1.0	0.0
Canada	0.7	0.0
BRVM	0.5	0.2
Netherlands	0.0	4.6
Morocco	0.0	2.3
Malta	0.0	1.4
Romania	0.0	1.0
Mauritius	0.0	0.8
Tunisia	0.0	0.2
TOTAL²	100.0	100.0

SECTOR ALLOCATION AS AT 31 DECEMBER 2015

SECTOR	% OF FUND	BENCHMARK ¹
Oil & gas	11.3	0.3
Basic materials	9.5	10.0
Industrials	2.8	7.3
Consumer goods	32.8	8.6
Healthcare	0.0	5.6
Consumer services	1.0	28.8
Telecommunications	9.2	8.7
Utilities	5.8	0.0
Financials	26.5	30.7
Fixed interest/Liquidity	1.1	0.0
TOTAL²	100.0	100.0

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

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

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of the Fund are responsible for the preparation of the annual financial statements and related financial information included in this report.

The annual financial statements which comprise the financial position as at 31 December 2015 and its financial performance and cash flows for the year ended 31 December 2015, are set out on pages 6 to 27 and have been approved by the board of directors of the Fund and are signed on its behalf by:



John CR Collis
Director

29 February 2016



Craig Bodenstab
Director

29 February 2016

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND MEMBERS OF ALLAN GRAY AFRICA EQUITY FUND LIMITED (THE 'FUND')

We have audited the accompanying financial statements of the Fund, which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year ended 31 December 2015, and a summary of significant accounting policies and other explanatory information on pages 6 to 27.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Fund's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

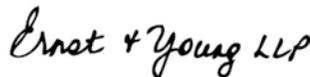
An audit involves performing procedures to obtain

audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2015 and its financial performance and its cash flows for the year ended 31 December 2015 in accordance with International Financial Reporting Standards.



Chartered Professional Accountants
Licensed Public Accountants

1 March 2016
Toronto, Canada

STATEMENT OF FINANCIAL POSITION

as at 31 December

	NOTES	2015 US\$	2014 US\$
ASSETS			
Financial assets at fair value through profit or loss	2	162 844 482	266 583 575
Cash and cash equivalents	3	7 670 720	8 948 483
Trade and other receivables	4	67 002	120 084
TOTAL ASSETS		170 582 204	275 652 142
LIABILITIES			
Trade and other payables	5	393 959	723 949
Distribution payable	8	5 548 329	-
TOTAL LIABILITIES, EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		5 942 288	723 949
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		164 639 916	274 928 193

The above Statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	NOTES	2015 US\$	2014 US\$
NET INVESTMENT LOSSES		(84 713 897)	(4 918 448)
Dividends		11 898 698	12 156 421
Interest		48	267
Realised (losses) / gains on disposal of investments		(2 456 915)	21 778 027
Unrealised losses on investments		(93 241 563)	(38 522 026)
Foreign exchange losses		(947 598)	(479 855)
Other income		33 433	148 718
OPERATING EXPENSES		(6 391 372)	(9 653 948)
Management fees		(3 825 187)	(7 568 889)
Audit fees		(41 951)	(39 451)
Custodian fees		(506 293)	(616 480)
Transaction fees		(14 349)	(26 799)
Administration fees		(62 091)	(75 043)
Withholding taxes		(1 907 687)	(1 284 230)
Other expenses		(33 814)	(43 056)
TOTAL COMPREHENSIVE LOSS BEFORE FINANCE COSTS		(91 105 269)	(14 572 396)
Finance cost - distribution to holders of redeemable shares	8	(5 548 329)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(96 653 598)	(14 572 396)

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

for the year ended 31 December

	NOTES	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES US\$	NUMBER OF SHARES	NET ASSET VALUE PER SHARE US\$
BALANCE AT 31 DECEMBER 2013		294 642 849	1 428 863	206.21
Total comprehensive loss for the year		(14 572 396)		
Net capital withdrawals		(5 142 260)	(23 340)	
BALANCE AT 31 DECEMBER 2014		274 928 193	1 405 523	195.61
Total comprehensive loss for the year		(96 653 598)		
Net capital withdrawals		(13 634 679)	(95 253)	
BALANCE AT 31 DECEMBER 2015	8	164 639 916	1 310 270	125.65

The above Statement of changes in net assets attributable to holders of redeemable shares should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 31 December

	NOTES	2015 US\$	2014 US\$
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash outflow from operations before working capital changes	6.1	(4 450 252)	(8 221 000)
Working capital changes	6.2	(276 908)	(170 571)
Interest received		48	267
Dividends received, net of withholding tax		9 991 011	10 872 191
NET CASH GENERATED BY OPERATING ACTIVITIES		5 263 899	2 480 887
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investments		(59 741 290)	(95 345 929)
Proceeds from sale of investments		67 781 905	97 187 848
NET CASH GENERATED BY INVESTING ACTIVITIES		8 040 615	1 841 919
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of redeemable shares		4 084 807	12 274 472
Redemption of redeemable shares		(17 719 486)	(17 416 732)
NET CASH FLOWS UTILISED IN FINANCING ACTIVITIES		(13 634 679)	(5 142 260)
Net decrease in cash and cash equivalents		(330 165)	(819 454)
Cash and cash equivalents at the beginning of the year		8 948 483	10 247 792
Effect of exchange rate changes on cash and cash equivalents		(947 598)	(479 855)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		7 670 720	8 948 483
SUPPLEMENTAL INFORMATION:			
Actual interest received		48	267
Actual dividends received, net of withholding tax		10 044 093	10 806 694

The above Statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CORPORATE INFORMATION

Allan Gray Africa Equity Fund Limited was incorporated on 22 April 1997 and is a limited liability company of unlimited duration. The Fund was launched to the public on 1 July 1998 and is a Bermuda exempted Mutual Fund Company. The Investment Manager of the Fund is Allan Gray International Proprietary Limited (the 'Investment Manager'). Allan Gray Proprietary Limited is the Investment Advisor to the Fund.

The Fund's registered address is at Orbis House, 25 Front Street, Hamilton, HM11, Bermuda.

The financial statements of the Fund were authorised for issue by the Board of Directors on 29 February 2016.

The Allan Gray Africa Equity Fund Limited (the 'Fund') invests in a focused portfolio of companies that have significant business interests in Africa, regardless of the location of the stock exchange listing. The Fund's benchmark is the MSCI Emerging and Frontier Markets Africa Index, including income, measured in US dollars (the 'MSCI EFM Africa Index'). The Fund does not seek to mirror the MSCI EFM Africa Index but instead may deviate meaningfully from this performance benchmark in pursuit of superior returns.

1. ACCOUNTING STANDARDS AND POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, using the historical cost basis, except for financial instruments that have been measured at either fair value or amortised cost, in accordance with International Financial Reporting Standards ('IFRS'). These financial statements are presented in US dollars, being the functional currency of the Fund.

1.2 IFRS

The Fund has adopted all new and revised Standards, Interpretations and Amendments issued by the International Accounting Standards Board (the IASB) and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for the annual accounting period ended 31 December 2015.

The significant accounting policies adopted in the preparation of the financial statements are set out and are in accordance with and comply with IFRS.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The following new IFRS standards, interpretations and amendments applicable to the Fund were adopted during the year.

STATEMENTS/INTERPRETATIONS/AMENDMENTS		EFFECTIVE DATE YEARS BEGINNING ON/AFTER	IMPACT
IAS24	Related Party Disclosures (Amendment)	1 July 2014	No material impact
IFRS13	Fair Value Measurement (Amendment)	1 July 2014	No material impact

The following new or revised IFRS statements, interpretations and amendments applicable to the Fund have been issued but are not yet effective.

STATEMENTS/INTERPRETATIONS/AMENDMENTS		EFFECTIVE DATE YEARS BEGINNING ON/AFTER	EXPECTED IMPACT
IFRS7	Financial Instruments Disclosures (Amendments)	1 January 2016	No material impact
IFRS15	Revenue from contracts with customers	1 January 2018	Impact still to be determined
IFRS9	Financial Instruments	1 January 2018	Impact still to be determined
IFRS12	Disclosure of Interests in Other Entities (Amendment)	1 January 2018	No material impact

A number of other changes, that are effective for accounting periods ended after 31 December 2015, have been issued by the IASB and IFRS Interpretations Committee. However, these are not considered relevant to the Fund's operations.

1.3 ACCOUNTING POLICIES

The Fund has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are set out below and have been consistently applied.

1.3.1 NET INVESTMENT INCOME

Net investment income comprises interest income, dividend income, other income and realised and unrealised gains and losses on investments.

INTEREST INCOME

Interest is recognised in the Statement of comprehensive income using the effective interest method.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

DIVIDEND INCOME

Dividends are recognised when the last date to register for the dividend has passed. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of comprehensive income.

OTHER INCOME

Investors are charged 0.5% when subscribing for Fund shares. Investors may be charged 0.5% when redeeming Fund shares in the case of significant redemptions. These charges are paid into the Fund to offset the costs associated with the transactions that are borne by the Fund. The Investment Manager may waive these charges if transactions substantially offset one another.

INVESTMENT GAINS AND LOSSES

Changes in the fair value of financial assets held at fair value through profit or loss, and gains or losses made on the disposal of these financial assets, calculated using the average cost method, are recognised in profit or loss.

1.3.2 MANAGEMENT FEE

The Investment Manager is entitled to receive an annual management fee (the 'Fee') from the Fund. The Fee ranges from 0.5% to 2.5% depending on the relative return of the Fund to the benchmark, before fees.

1.3.3 EXPENSES

All expenses are recognised on an accrual basis in profit or loss.

1.3.4 DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES

Distributions from the Fund will be automatically reinvested in additional redeemable shares unless a holder of redeemable shares requests in writing that any dividends be paid to them.

All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the Fund until claimed. No dividend shall bear interest against the Fund. An entitlement shall lapse in favour of the Fund if not claimed within twelve years after the accrual of such entitlement.

Distributions to holders of redeemable shares are recognised in the Statement of comprehensive income as finance costs.

1.3.5 TAXATION

There are no Bermuda income taxes, corporation taxes, profits taxes, withholding taxes, capital gains taxes, capital transfer taxes, estate or stamp duty or inheritance taxes payable by the Fund or its Members in respect of shares in the Fund. The Bermuda Government has undertaken that in the event that any income, profit,

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

capital, capital gains, estate or inheritance taxes are levied in Bermuda in the future, the Fund and its shares will be exempt from such taxes until 31 March 2035.

Income and capital gains on the Fund's investments, however, may be subject to taxes in certain countries.

1.3.6 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES

CLASSIFICATION

The Fund classifies its investment in equity instruments, related derivatives and money market instruments as financial assets at fair value through profit or loss.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund's investments in equity instruments are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's offering document. Derivatives are categorised as held for trading and are not designated as effective hedging instruments in terms of IAS 39. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise cash and cash equivalents and trade and other receivables, which include dividend receivable and amounts due from brokers, which are short-term in nature.

FINANCIAL LIABILITIES AT AMORTISED COST

The Fund classifies its trade and other payables

and distribution payable as financial liabilities at amortised cost which is measured at amortised cost. Trade and other payables include accrued expenses and amounts due to brokers, which are short-term in nature.

RECOGNITION AND MEASUREMENT

A 'regular way' contract is one that requires the delivery of an asset within the time frame established, generally by regulation or convention within the marketplace concerned. Regular way purchases and sales of financial assets are recognised using trade date accounting. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date. The trade date is the date that an entity commits itself to purchase or to sell an asset.

Financial instruments are recognised on the trade date at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The Fund determines the classification of their financial instruments on initial recognition, when the Fund becomes a party to the contract governing the instrument.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets designated as at fair value through profit or loss are measured at fair value. Subsequent to initial recognition, investments at fair value through profit or loss are marked to market on a daily basis with changes in fair value taken through profit or loss as gains and losses. Attributable transaction costs are recognised in profit or loss as incurred.

LOANS AND RECEIVABLES AND FINANCIAL LIABILITIES AT AMORTISED COST

Loans and receivables and financial liabilities at amortised cost are measured initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables and

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

financial liabilities at amortised cost are measured at amortised cost using the effective interest method, less any impairment losses.

Gains and losses are recognised in profit or loss when loans and receivables and financial liabilities at amortised cost are derecognised or impaired, and through the amortisation process.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset is derecognised where:

- The rights to receive cash flows from the asset have expired
- The Fund has transferred its rights to receive cash flows from the asset, or
- The Fund has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

DETERMINATION OF FAIR VALUE

Financial instruments carried at fair value are valued based on a quoted price in an active market. For all other financial instruments not traded in an

active market, the fair value is determined by using appropriate valuation techniques.

An analysis of fair values of financial instruments and further details as to how they are measured, are provided in note 7.

OFFSETTING FINANCIAL INSTRUMENTS

A financial asset and a financial liability are offset, and the net amount presented in the Statement of financial position, only when the Fund currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expense items are only offset to the extent that their related instruments have been offset in the Statement of financial position.

1.3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in value. Balances held for the purposes of meeting short-term cash commitments rather than for investment or other purposes are current assets and disclosed separately on the face of the Statement of financial position.

Subsequent to initial recognition, cash and cash equivalents, accounts receivable and accounts payable are measured at amortised cost using the effective interest rate method.

1.3.8 AMOUNTS DUE FROM AND DUE TO BROKERS

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased (in a regular way transaction)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

that have been contracted for but not yet settled or delivered on the Statement of financial position date. These are included in trade and other receivables and trade and other payables respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker.

1.3.9 FOREIGN CURRENCIES

The Fund's functional currency is the US dollar, which is the currency in which the performance of the Fund is evaluated and its liquidity is managed. Foreign currency items are recorded at the exchange rate ruling on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at rates of exchange ruling at the Statement of financial position date or when settled. Gains and losses arising from the translation of these monetary assets and liabilities are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Realised and unrealised foreign currency gains or losses on investments measured at fair value through profit or loss are included in the Statement of comprehensive income in Realised (losses) / gains

on disposal investments and Unrealised losses on investments, respectively. Realised and unrealised foreign currency gains or losses on all other financial instruments denominated in foreign currencies are included in the Statement of comprehensive income in Foreign exchange losses.

1.3.10 NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

Shares issued by the Fund are classified as financial liabilities and disclosed as net assets attributable holders of redeemable shares. The value of net assets attributable to holders is what is commonly known as the capital value of the Fund. This financial liability (as defined by IAS 32) represents the holders' right to a residual interest in the Fund's net assets.

1.3.11 CRITICAL JUDGEMENT IN APPLYING THE FUND'S ACCOUNTING POLICIES

The preparation of the Fund's financial statements requires the Investment Manager to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

When the fair value of financial assets and liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques. Refer to note 7.2.

1.3.12 EVENTS SUBSEQUENT TO YEAR END

There were no significant events subsequent to year end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 US\$	2014 US\$
2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Equities	162 844 482	266 583 575
	162 844 482	266 583 575
3. CASH AND CASH EQUIVALENTS		
Cash held at banks	7 670 720	8 948 483
	7 670 720	8 948 483
4. TRADE AND OTHER RECEIVABLES		
Dividends receivable	67 002	120 084
	67 002	120 084
5. TRADE AND OTHER PAYABLES		
Management fees	235 095	537 100
Other expenses	158 864	186 849
	393 959	723 949

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 US\$	2014 US\$
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6. NOTES TO THE STATEMENTS OF CASH FLOWS

6.1 NET CASH OUTFLOW FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES

Total comprehensive loss for the year	(96 653 598)	(14 572 396)
Adjustments:		
Realised losses / (gains) on disposal of investments	2 456 915	(21 778 027)
Unrealised losses on investments	93 241 563	38 522 026
Foreign exchange losses	947 598	479 855
Interest income	(48)	(267)
Dividend income, net of withholding tax	(9 991 011)	(10 872 191)
Finance cost - distribution to holders of redeemable shares	5 548 329	-
	(4 450 252)	(8 221 000)

6.2 WORKING CAPITAL CHANGES

Decrease / (increase) in trade and other receivables	53 082	(65 497)
Decrease in trade and other payables	(329 990)	(105 073)
	(276 908)	(170 570)

7. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CATEGORISATION OF FINANCIAL INSTRUMENTS AT 31 DECEMBER 2015

	LOANS AND RECEIVABLES US\$	FINANCIAL ASSETS MEASURED AT FAIR VALUE US\$	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST US\$	TOTAL US\$
ASSETS				
Financial assets at fair value through profit or loss	-	162 844 482	-	162 844 482
Cash and cash equivalents	7 670 720	-	-	7 670 720
Trade and other receivables	67 002	-	-	67 002
TOTAL ASSETS	7 737 722	162 844 482	-	170 582 204
LIABILITIES				
Trade and other payables	-	-	393 959	393 959
Distribution payable	-	-	5 548 329	5 548 329
TOTAL LIABILITIES	-	-	5 942 288	5 942 288

CATEGORISATION OF FINANCIAL INSTRUMENTS AT 31 DECEMBER 2014

	LOANS AND RECEIVABLES US\$	FINANCIAL ASSETS MEASURED AT FAIR VALUE US\$	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST US\$	TOTAL US\$
ASSETS				
Financial assets at fair value through profit or loss	-	266 583 575	-	266 583 575
Cash and cash equivalents	8 948 483	-	-	8 948 483
Trade and other receivables	120 084	-	-	120 084
TOTAL ASSETS	9 068 567	266 583 575	-	275 652 142
LIABILITIES				
Trade and other payables	-	-	723 949	723 949
TOTAL LIABILITIES	-	-	723 949	723 949

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7.1 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Fund's investment portfolio may comprise equities, equity-linked securities, interest-bearing non-equity linked securities and cash and cash equivalents. The Fund may invest in listed and unlisted securities and these securities may be denominated in local or foreign currency.

The Fund invests in a focused portfolio of assets that are selected for their perceived superior fundamental value and expected risk and return profile. The Fund seeks to take advantage of opportunities that arise and may invest a substantial portion of the assets in a single country or region rather than a diversified portfolio of assets with exposure to a basket of African countries.

The Fund defines 'African Securities' as equities in companies with significant business interests in Africa, regardless of the location of the stock exchange listing.

MARKET RISK

The Fund's investing activities expose holders of Fund shares to various types of risk that are associated with the financial instruments and markets in which the Fund invests. Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate, foreign currency and other price risks.

The table below shows the Fund's exposure to price and interest rate risks, split into the different types of financial instruments held by the Fund at reporting date. The analysis only relates to instruments subject to those specific risks.

EXPOSURE	2015 US\$	2014 US\$
SUBJECT TO PRICE RISK		
Equities	162 844 482	266 583 575
SUBJECT TO INTEREST RATE RISK		
Cash and cash equivalents	7 670 720	8 948 483

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Holders of redeemable shares are exposed to changes in the market values of the individual

investments underlying the Fund. Exposure to price risk is mainly through listed instruments.

As a result of the nature of the Fund's underlying investments, there will be significant price fluctuations in the pursuit of superior long-term returns, there will be periods when the equities in the Fund underperform its benchmark and/or generate negative absolute returns. Short-term performance can be volatile and investors are encouraged to

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

focus on long-term returns when evaluating the Fund's performance, as the Investment Manager takes a long-term view when making investment decisions.

The Investment Manager's investment philosophy is valuation orientated which means that their research effort is focused on identifying good quality assets that are priced below their assessment of intrinsic value. The Investment Manager typically buys shares when research and analysis indicates that the intrinsic value of the company far exceeds its market price, in anticipation of the price rising to its intrinsic value and where they believe there is a margin of safety.

Their investment philosophy is based on their belief that the market is not always efficient or rational and that at times there can be significant disparities between the market price and the intrinsic business

value of an investment. They do not manage price risk in the Fund. However, they believe overall risk of capital loss is mitigated by their disciplined process and philosophy of buying companies that are trading for less than their assessment of what they are worth.

There has been no change to the Fund's exposure to price risk or the manner in which it manages and measures the risk. The following analysis indicates the possible impact on net assets attributable to holders of redeemable shares to price risk, until such time as the investments are sold. The table also illustrates the effect of possible changes in fair value of investments for price risk, assuming that all other variables remain constant. The disclosure provides information on the risks to which holders of redeemable shares are exposed and is not indicative of future performance.

	2015 US\$	2014 US\$
INVESTMENTS SUBJECT TO PRICE RISK		
EQUITIES		
Effect on net assets attributable to holders of redeemable shares		
Gross exposure	162 844 482	266 583 575
+/-5%	8 142 224	13 329 179
+/-10%	16 284 448	26 658 358
+/-20%	32 568 896	53 316 715

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONCENTRATION OF EQUITY PRICE RISK

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by sector allocation:

% OF EQUITY SECURITIES	2015	2014
Consumer goods	33.1	26.7
Financials	26.8	27.8
Oil & gas	11.5	16.3
Basic materials	9.6	7.5
Telecommunications	9.3	13.3
Utilities	5.9	4.6
Industrials	2.8	3.8
Consumer services	1.0	0.0
TOTAL	100.0	100.0

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk through its exposure to holding cash and cash equivalents. The Investment Manager manages the Fund's exposure to interest rates in accordance with the Fund's investment objectives and policies.

The table below illustrates the effect of reasonably possible changes in prevailing interest rates, with all other variables held constant. The actual results may differ from the sensitivity analysis and the difference could be material. The disclosure provides information on the risks to which holders of redeemable shares are exposed and is not indicative of future performance.

	2015 US\$	2014 US\$
INVESTMENTS SUBJECT TO INTEREST RATE RISK		
CASH AND CASH EQUIVALENTS	7 670 720	8 948 483
Effect on net assets attributable to holders of redeemable shares		
+ 0.5%	38 354	44 742
+ 1.0%	76 707	89 485

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOREIGN CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund undertakes certain transactions denominated in foreign currencies and hence is exposed to the effects of exchange rate fluctuations.

The following table indicates the currencies to which the Fund had exposure at 31 December 2015 and 31 December 2014 on its financial assets and liabilities.

A positive number indicates an increase in net assets attributable to holders of redeemable shares where the US dollar weakens against the relevant currency. For a strengthening of the US dollar against the relevant currency, there would be an equal and opposite impact on the net assets attributable to holders of redeemable shares, and the balances below would be negative.

			CURRENCY IMPACT US\$		
EFFECT ON NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AS AT 31 DECEMBER 2015					
CURRENCY		FINANCIAL ASSET US\$	-/+5%	-/+10%	-/+20%
Canadian dollar	CAD	1 078 179	53 909	107 818	215 636
Australian dollar	AUD	2 803 354	140 168	280 335	560 671
South African rand	ZAR	32 337 091	1 616 855	3 233 709	6 467 418
Euro	EUR	6 019 558	300 978	601 956	1 203 912
British pound	GBP	9 818 815	490 941	981 881	1 963 763
Egyptian pound	EGP	41 884 458	2 094 223	4 188 446	8 376 892
Kenyan shilling	KES	7 943 887	397 194	794 389	1 588 777
Tanzanian shilling	TZS	1 642 519	82 126	164 252	328 504
Ugandan shilling	UGX	6 359 241	317 962	635 924	1 271 848
West African franc	XOF	859 057	42 953	85 906	171 811
Nigerian naira	NGN	26 617 697	1 330 885	2 661 770	5 323 539
			6 868 194	13 736 386	27 472 771

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		CURRENCY IMPACT US\$			
EFFECT ON NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AS AT 31 DECEMBER 2014					
CURRENCY		FINANCIAL ASSET US\$	-/+5%	-/+10%	-/+20%
Canadian dollar	CAD	8 214 654	410 733	821 465	1 642 931
Australian dollar	AUD	2 495 471	124 774	249 547	499 094
South African rand	ZAR	48 635 333	2 431 767	4 863 533	9 727 067
Euro	EUR	12 349 690	617 484	1 234 969	2 469 938
British pound	GBP	24 371 279	1 218 564	2 437 128	4 874 256
Egyptian pound	EGP	58 335 202	2 916 760	5 833 520	11 667 040
Kenyan shilling	KES	18 318 361	915 918	1 831 836	3 663 672
Tanzanian shilling	TZS	3 277 448	163 872	327 745	655 490
Ugandan shilling	UGX	5 868 710	293 435	586 871	1 173 742
West African franc	XOF	4 908 030	245 402	490 803	981 606
Nigerian naira	NGN	35 476 746	1 773 837	3 547 675	7 095 349
			11 112 546	22 225 092	44 450 184

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund.

At year end, financial assets exposed to credit risk comprised cash accounts. The Investment Manager monitors the creditworthiness of the Fund's counterparties (e.g. brokers, custodians and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The compliance departments of the Administrator and the Investment Manager monitor compliance with applicable regulations and the investment mandate on a daily basis.

The table below provides an analysis of the credit quality of the Fund's cash and cash equivalents at reporting date by rating agency category. The credit quality has been assessed by reference to Fitch credit ratings and where unavailable, Moody's ratings have been used. Ratings are presented in ascending order of credit risk.

	2015	2014*
CREDIT RATING	% OF FUND	% OF FUND
A+	4.4	0.0
A	0.0	3.0
BBB	0.0	0.3
BBB-	0.3	0.0
	4.7	3.3

* The prior year was restated due to the change in disclosure from S&P credit ratings to Fitch credit ratings.

Note that the balance (95.3% of the Fund's net assets) (31 December 2014: 96.7% of the Fund's net assets) comprises financial assets at fair value through profit or loss, trade and other receivables, distribution payable and accrued expenses, which have been excluded from the table above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

LIQUIDITY RISK

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund invests in markets that are considered emerging markets. Such markets are generally less mature and developed than those in advanced countries. Liquidity risk management rests with the Investment Manager, which has built an appropriate liquidity risk management framework for the management of the Fund's short-, medium- and long-term funding and liquidity management requirements.

The Fund's redeemable shares are redeemable for cash equal to the proportionate share of the Fund's net asset value. The Fund is therefore potentially exposed to weekly redemptions by the holders of redeemable shares.

The Fund may not borrow other than to meet redemptions. Such borrowing is limited to 10% of the Fund's net asset value and must be repaid as soon as practically possible. The Investment Manager's compliance department monitors compliance with the applicable requirements.

Where members request redemption of 5% or more of the issued shares of the Fund, the Investment Manager may determine that all or part of the redemption proceeds be paid by transferring an appropriate portion of the property of the Fund to the redeeming members or their nominees. Where members request redemption of more than 8% of the issued shares of the Fund on any dealing day, the

Investment Manager may defer redemption of the excess shares over 8% on a pro rata basis among the members requesting redemption to the next following dealing day.

Where total members' redemptions on any dealing day are more than US\$5 000 000 of the total net asset value of the Fund or 2.5% of the total number of issued shares (whichever is less), the Investment Manager may, at its discretion, redeem only 2.5% of the total number of issued shares of the Fund or US\$5 000 000 of the total net asset value of the Fund (whichever is less), on a pro rata basis among the members, per dealing day. If any redemptions requests are not satisfied in full, the balance thereof will be carried forward to the following dealing day, subject to the same 2.5% restriction. Members whose redemptions have been carried forward to the following dealing day shall have preference over subsequent redemption requests received from members. The Investment Manager retains the right to distribute all or part of the redemption proceeds in specie (in kind).

The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

Trade and other payables are due on demand. Net assets attributable to holders of redeemable shares and distribution payable are settled within 30 days.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7.2 FAIR VALUE

The directors of Fund are of the opinion that the fair value of all financial instruments other than those measured at fair value through profit or loss, approximates the carrying amount in the Statement of financial position as these balances are due within 30 days. IFRS 7 and IFRS 13 requires fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy, as follows:

- Quoted (unadjusted) market prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs that are directly or indirectly observable (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities traded in active liquid markets such as listed equity securities are based on quoted market prices at the close of trading, and are classified within level 1.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Certain investments that are not valued using the quoted market price on the securities exchange can be valued based on other observable market data at the discretion of the Investment Manager. Securities not traded through recognized public securities exchanges can be valued on the valuation date based on other reliable sources, such as quotations by recognized investment dealers, at the discretion of the Investment Manager. Investments not listed on public securities exchanges, or for which reliable quotations are not readily available, are valued using valuation models based on assumptions that may not be supported by observable market inputs. These investments are classified as level 2 or 3.

The following table shows the fair values of instruments at 31 December 2015 and 31 December 2014.

	2015 US\$	2014 US\$
LEVEL 1		
FINANCIAL ASSETS		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Equities	162 844 482	266 583 575

The Fund has no investments that are classified within level 2 and 3.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. SHARE CAPITAL

Notwithstanding that the net assets attributable to holders of redeemable shares are classified as financial liabilities, the directors of the Fund considers these to represent the Fund's capital. The number of shares issued and redeemed during the years is reported below. The Fund is not subject to any externally imposed capital requirements. The Fund's authorised share capital at 31 December 2015 and 31 December 2014 is detailed below. Fund shares are divided into two share classes (Class A and Class B), which participate pro rata in the Fund's net assets and dividends, and are redeemable and non-voting. Founder shares do not participate in the Fund's portfolio, are redeemable at par value only after all Fund shares have been redeemed, and carry the right to vote. If the Fund is wound up or dissolved, the Founder shares will participate only to the extent of their par value. All of the authorised Founder shares of the Fund have been issued as fully paid and are held by Allan Gray International Proprietary Limited. As at 31 December 2015 and 31 December 2014, only Class A shares had been issued.

	FUND SHARES PAR VALUE (PER SHARE)	AUTHORISED FUND SHARES	FOUNDER SHARES PAR VALUE (PER SHARE)	AUTHORISED AND ISSUED FOUNDER SHARES
Allan Gray Africa Equity Fund Limited	US\$0.13	100 million	US\$0.13	12 000

FUND SHARE TRANSACTIONS	2015	2014
Balance at beginning of year	1 405 523	1 428 863
Subscriptions	22 824	54 256
Redemptions	(118 077)	(77 596)
BALANCE AT END OF YEAR	1 310 270	1 405 523

There are no options in existence for any capital.

The following income distribution was declared on 31 December 2015 by the Fund:

	2015 US\$	2014 US\$
Total distribution	5 548 329	-
Distribution per share	4.2344	-

The Fund did not declare an income distribution on 31 December 2014.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. COMMITMENTS

The Fund has a daily uncommitted intraday US\$5 million clearing facility, US\$2 million settlement facility and a US\$1 million pre-settlement exposure facility in place to facilitate the settlement of trade instructions. The Fund has no overdraft facilities in place. These facilities expire annually on 31 May and automatically roll over.

10. RELATED PARTY TRANSACTIONS

The Orbis Group of funds ('Orbis funds') are managed by Orbis Investment Management Limited. A related party relationship exists between Orbis Investment Management Limited and Allan Gray International Proprietary Limited, the Investment Manager of the Fund, by virtue of a common ultimate shareholder. At 31 December 2015, Orbis funds and Orbis Investment Management Limited held 1 179 424 shares of the Fund (2014 - 1 177 497 shares).

Directors of the Fund held no shares in the Fund at 31 December 2015 (2014 - nil shares).

During the financial year ended 31 December 2015 the management fee incurred by the Fund was US\$3 825 187 (2014 - US\$7 568 889). At 31 December 2015, the management fee payable by the Fund, was US\$235 095 (2014 - US\$537 100).

NOTICES

NOTICE TO CURRENT AND PROSPECTIVE INVESTORS

The Fund is currently open to new investors. If you have any questions regarding the status of the Fund, please contact the Allan Gray Service Team, at +353 1 622 4716, by email at AGclientservice@citi.com or by mail to: The Allan Gray Service Team, c/o Citibank Europe Plc, Luxembourg Branch, LFA-TA, 31 - Z.A. Bourmicht, L - 8070 Bertrange, Luxembourg.

SOURCES

Allan Gray Returns: Allan Gray Proprietary Limited using single pricing; FTSE/JSE All Share Index: 'FTSE' is a trademark of the London Stock Exchange Limited and is used by FTSE International Limited under licence. The source used for the FTSE/JSE All Share Index is I-Net Bridge; 'MSCI EFM Africa Index: MSCI is a trademark of MSCI or its subsidiaries. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. The source used for the MSCI EFM Africa Index is Bloomberg.

EUROPEAN UNION SAVINGS DIRECTIVE

The board of directors of the Fund believes that the Fund is effectively exempt from the application of the scope of the European Union Savings Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments.

UNITED KINGDOM REPORTING FUND STATUS

The Fund's application for reporting fund status for the year ended 31 December 2014 was successful. The Fund will apply for reporting fund status for the year ended 31 December 2015 and subsequent years. The board of directors intend to manage the Fund in such a way that it should continue to be certified as a reporting fund. There can be no assurance that the Fund's intended applications for reporting fund status will be successful.

NOTICES

NOTICE TO PERSONS IN THE EUROPEAN ECONOMIC AREA (EEA)

The Fund is an Alternative Investment Fund that will not be marketed in the EEA for purposes of the Alternative Investment Fund Managers Directive (AIFMD). As a result, the manager of the Fund will not comply with the requirements of the AIFMD and investors will not have any of the protection of the AIFMD, including but without limitation, certain initial disclosure requirements, period reporting on illiquid assets and leverage, and certain annual reporting requirements.

RISK WARNINGS

There is no assurance that the investment approach of the Fund will be successful or that the Fund will achieve its investment objective. It should be appreciated that the value of Shares can go down as well as up, that investors may not realise the amount initially invested, and that past performance data is not necessarily indicative of future performance.

There are significant risks involved in investing in shares listed in the Fund's universe of emerging and developing countries including liquidity risks, sometimes aggravated by rapid and large outflows of 'hot money' and capital flight, concentration risk, currency risks, political and social instability, the possibility of expropriation, confiscatory taxation or nationalisation of assets and the establishment of foreign exchange controls which may include the suspension of the ability to transfer currency from a given country.

The Fund can use derivatives to manage its exposure to stock markets, currencies and/or interest rates and this exposes the Fund to contractual risk. Contractual risk includes the risk that a counterparty will not settle a transaction according to its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, causing the Fund to suffer a loss. Such contract counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties.

Borrowing, leveraging, and trading securities on margin will result in interest charges and, depending on the amount of trading activity, such charges could be substantial. The low margin deposits normally required in futures and forward trading utilized by the Fund permit a high degree of leverage; accordingly, a relatively small price movement in a futures or forward contract may result in immediate and substantial losses to the investor.

CHARACTERISTICS

STRUCTURE: Open-ended investment company.

MINIMUM INITIAL INVESTMENT: US\$50 000 or the equivalent in any major currency.

DEALING DAY: Weekly, each Thursday.

CUT-OFF TIMES: For subscriptions, a properly completed application form, together with the corresponding payment, must be received by the Fund's Registrar by 5pm (Bermuda time).

For redemptions, a properly completed application form must be received by the Fund's Registrar by 12pm (Bermuda time).

PRICES AVAILABLE FROM: The latest weekly price of the Fund is normally calculated each Friday. The price may be obtained:

- by telephoning the Fund's Registrar
- by emailing AGclientservice@citi.com
- from Bloomberg

REGULATION: The Fund is regulated by the Bermuda Monetary Authority.

DIRECTORS: Craig Bodenstab
John C R Collis
Andrew Lapping (resigned 5 August 2015)
Tapologo Motshubi

INVESTMENT ADVISOR: Allan Gray Proprietary Limited

PRIMARY CUSTODIAN: Citibank N.A.

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