

ALLANGRAY

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

31 DECEMBER 2022

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ALLAN GRAY AFRICA EQUITY FUND LIMITED

SCHEDULE OF NET ASSETS

As at 31 December 2022

Number held	Security (grouped by sector)	Market value US\$	% of Fund
FINANCIALS			
286 376 921	Zenith Bank	14 905 760	5.9%
554 892 363	Access Holdings	10 228 985	4.1%
179 868 876	Guaranty Trust Bank	8 971 989	3.6%
535 744	Standard Bank Group	5 287 062	2.1%
71 949 816	Stanbic IBTC Holdings	5 219 521	2.1%
5 680 033	CFC Stanbic Holdings	4 695 003	1.9%
306 950	Nedbank Group	3 837 789	1.5%
3 116 109	Positions less than 1%	2 053 696	0.8%
BASIC MATERIALS			
3 349 868	Glencore	22 468 597	8.9%
1 198 413	Zimplats Holdings	21 009 083	8.3%
723 298	Caledonia Mining	9 144 605	3.6%
2 867 807	Sibanye-Stillwater	7 542 977	3.0%
424 196	Sasol	6 722 078	2.7%
642 932	Positions less than 1%	3 010 612	1.2%
CONSUMER STAPLES			
30 740 072	Eastern Tobacco	17 769 761	7.1%
30 122 340	Delta Corporation	16 140 071	6.4%
12 029 189	Innscor Africa	9 623 351	3.8%
11 017 608	Positions less than 1%	1 818 186	0.7%
TELECOMMUNICATIONS			
67 131 497	Econet Wireless	9 625 703	3.8%
6 615 601	Positions less than 1%	4 241 944	1.7%
TECHNOLOGY			
43 892	Naspers - N Class	7 291 106	2.9%
73 800	Prosus	5 112 157	2.0%
69 457 173	Ecocash Holdings	4 146 142	1.6%
ENERGY			
9 298 958	Seplat Energy London	11 812 858	4.7%
4 244 464	Seplat Energy Nigeria	10 125 592	4.0%
13 601 699	Positions less than 1%	156 332	0.1%
CONSUMER DISCRETIONARY			
729 797	Woolworths Holdings	2 851 395	1.1%
6 694 521	Positions less than 1%	3 300 613	1.3%
UTILITIES			
81 415 363	Umeme	6 026 709	2.4%
177 760	Positions less than 1%	10 689	0.0%
INDUSTRIALS			
46 691 255	Positions less than 1%	2 214 026	0.9%
CASH, FUTURES CONTRACTS, BONDS AND NET ACCRUALS			
		14 696 845	5.8%
NET ASSETS			
		252 061 237	100%

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

*The Investment Manager adopted and used a fair value methodology utilising unobservable inputs to estimate the fair value of one Zimbabwean financial asset at 31 December 2022. This valuation process is subjective and the results may vary according to the inputs and process applied.

** The schedule of net assets has been prepared in accordance with the Funds internal pricing valuation policy as at 31 December 2022.

ALLAN GRAY AFRICA EQUITY FUND LIMITED

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

As at 31 December 2022

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 2022 and its financial performance and cash flows for the year ended 31 December 2022, are set out on pages 7 to 30 and have been approved by the directors of the Fund and are signed on its behalf by:



John Collis
Director
20 March 2023



Craig Bodenstab
Director
20 March 2023

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Allan Gray Africa Equity Fund Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Allan Gray Africa Equity Fund Limited (the "Fund") which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk:

Valuation of financial assets at fair value through profit or loss

The valuation of the Fund's financial assets at fair value through profit or loss is a key audit matter because it significantly impacts the Fund's performance and net asset value.

INDEPENDENT AUDITOR'S REPORT

As of 31 December 2022, the Fund's financial assets at fair value through profit or loss amounted to US\$ 239,628,257. Financial assets include equities, bonds and futures contracts. As disclosed in Notes 1.3.6 and 7.2 to the financial statements, the Fund records its investments in financial assets carried at fair value through profit or loss 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.

Our response to the risk:

We evaluated management's valuation methodology applied to determine the fair value of the Fund's financial assets and performed the following procedures among others.

We obtained the listing of financial assets as at 31 December 2022. For the Fund's investment in equities, bonds and futures contracts we compared the values recorded by the Fund to independently quoted prices, observable trades and/or vendor prices.

Other information included in the Fund's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Board of Directors, as a body. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

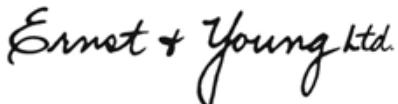
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Jessel Mendes.

The logo for Ernst & Young Ltd. is written in a cursive, handwritten-style font. The word "Ernst" is on the first line, "amp;" is in the middle of the two words, and "Young Ltd." is on the second line.

Hamilton, Bermuda

20 March 2023

ALLAN GRAY AFRICA EQUITY FUND LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 US\$	2021 US\$
ASSETS			
Financial assets at fair value through profit or loss	2	239 628 257	274 617 213
Cash and cash equivalents	3	12 110 409	8 147 197
Trade and other receivables	4	4 390 725	4 161 273
TOTAL ASSETS		256 129 391	286 925 683
LIABILITIES			
Trade and other payables	5	4 068 154	758 964
Financial liabilities at fair value through profit or loss	2	-	273 286
TOTAL LIABILITIES, EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		4 068 154	1 032 250
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		252 061 237	285 893 433

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

ALLAN GRAY AFRICA EQUITY FUND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
NET INVESTMENT (LOSS)/INCOME		(14 912 537)	74 117 888
Realised gains/(losses) on disposal of investments		4 475 282	(6 676 318)
Unrealised (losses)/gains on investments		(35 162 916)	64 111 094
Dividend income		17 996 312	17 083 561
Foreign exchange losses		(2 436 719)	(550 643)
Interest income		153 630	149 675
Other income		61 874	519
OPERATING EXPENSES		(6 549 885)	(6 180 319)
Management fees	1.3.2	(5 735 315)	(5 564 348)
Custodian fees		(542 224)	(441 668)
Other expenses		(118 390)	(36 460)
Administration fees		(80 188)	(92 372)
Directors' fees		(24 000)	(24 000)
Audit fees		(49 768)	(21 471)
(LOSS)/PROFIT FOR THE YEAR BEFORE TAXES		(21 462 422)	67 937 569
Withholding and other taxes		(2 667 590)	(1 454 673)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(24 130 012)	66 482 896

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

ALLAN GRAY AFRICA EQUITY FUND LIMITED

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

For the year ended 31 December 2022

	Note	Net assets attributable to holders of redeemable shares US\$	Number of shares
BALANCE AT 31 DECEMBER 2020	8	225 999 189	1 336 715
Total comprehensive income for the year		66 482 896	-
Net capital redemptions		(6 588 652)	(29 693)
BALANCE AT 31 DECEMBER 2021	8	285 893 433	1 307 022
Total comprehensive loss for the year		(24 130 012)	-
Net capital redemptions		(9 702 184)	(58 481)
BALANCE AT 31 DECEMBER 2022	8	252 061 237	1 248 541

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

ALLAN GRAY AFRICA EQUITY FUND LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash outflow to operations before working capital changes	6.1	(752 696)	(615 452)
Working capital changes	6.2	444 414	554 767
Dividends received, net of withholding tax		18 785 893	14 053 639
Interest received		26 643	38 367
Management fees paid		(4 963 104)	(4 871 265)
NET CASH GENERATED BY OPERATING ACTIVITIES		13 541 150	9 160 056
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investments		(60 108 917)	(51 503 837)
Proceeds from sale of investments		64 135 176	49 405 195
NET CASH GENERATED/(UTILISED) BY INVESTING ACTIVITIES		4 026 259	(2 098 642)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of redeemable shares*		12 394 136	104 004
Redemption of redeemable shares		(23 561 614)	(6 692 656)
NET CASH UTILISED BY FINANCING ACTIVITIES		(11 167 478)	(6 588 652)
Net increase in cash and cash equivalents		6 399 931	472 762
Cash and cash equivalents at the beginning of the year		8 147 197	8 225 078
Effect of exchange rate changes on cash and cash equivalents		(2 436 719)	(550 643)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		12 110 409	8 147 197

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

*Proceeds from issue of redeemable shares is presented net of non-cash transactions amounting to US\$1 465 294 which relates to shares issued (6 496 Class B shares) to the Investment Manager in settlement of investment management fees payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

Corporate information

Allan Gray Africa Equity Fund Limited (the 'Fund') 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 Bermuda Limited (the 'Investment Manager'). Allan Gray Proprietary Limited, a fellow subsidiary within the Allan Gray group, is the Investment Adviser to the Fund.

The financial statements of the Fund were authorised for issue by the directors of the Fund on 20 March 2023.

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 ('IFRIC') of the IASB that are relevant to its operations and effective for the annual accounting period ended 31 December 2022.

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

A number of other changes, that are effective for the periods beginning on or after 1 January 2022, have been issued by the IASB and IFRIC. However, these are not considered relevant to the Fund's operations.

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

Standards		Effective date: Years beginning on/after
IAS 1	Presentation of Financial Statements	01 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2023

The Fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

1.3.1 Net investment income or loss

Net investment income comprises interest income, dividend income, foreign currency gains or losses on investments, 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.

Dividend income

Dividends are recognised when the Fund's right to receive payment of the dividend is established. 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 management fee is the fee paid by the Fund to the Investment Manager for the management of the Fund. Management fees are calculated and accrued based on the weekly net asset value of the share class and recognised on an accrual basis in profit or loss.

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

1.3.5 Taxation

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

The Fund evaluates tax positions to determine whether, for all tax years still subject to assessment or challenge by the relevant taxation authorities, the tax positions are probable to be accepted on examination by the relevant tax authorities. If it is probable that the Fund's tax positions will be accepted, the taxable profit/tax loss should be consistent with the Fund's tax filings. If it is not probable, the Fund must reflect the effect of the uncertainty in determining its taxable profit/tax loss. The effect of the uncertain tax treatment is determined by applying either the expected value method or the most likely method.

The Fund has analysed its tax positions for the year ended 31 December 2022, and has recorded a tax liability relating to tax positions that are certain, where it is probable that the Fund's tax positions will be accepted by the relevant taxation authorities. There are no uncertain tax positions. Additionally, the Fund has recorded withholding and other taxes applicable to certain income types.

1.3.6 Financial instruments: Financial assets and liabilities**Classification****Financial assets**

The Fund determines the classification of its financial assets on initial recognition, when it becomes a party to the contract governing the instrument. The classification depends on how the Fund manages its financial assets in order to generate cash flows.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when:

- They are held for trading;
- The contractual cash flows do not represent solely payments of principal and interest; or
- Designated as such upon initial recognition to eliminate or significantly reduce a measurement or recognition inconsistency.

The Fund classifies its investment in equity instruments, related derivatives and bonds as 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 the 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 IFRS 9. 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.

Financial assets at amortised cost

The Fund classifies financial assets at amortised cost when:

- The financial asset is held with the objective to collect contractual cash flows; and
- The terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost comprise cash and cash equivalents and trade and other receivables, which include dividends receivable and amounts due from brokers, which are short-term in nature. Amortised cost approximates fair value due to the short-term nature of the financial assets.

Financial liabilities

The Fund determines the classification of its financial liabilities on initial recognition, when it becomes a party to the contract governing the instrument, according to the nature and purpose of the financial instrument.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost

The Fund classifies its trade and other payables and any distributions payable as financial liabilities at amortised cost, which are measured at amortised cost. Trade and other payables include accrued expenses and amounts due to brokers, which are short-term in nature. Amortised cost approximates fair value due to the short-term nature of the financial liabilities.

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 its financial instruments on initial recognition, when the Fund becomes a party to the contract governing the instrument.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are measured initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial assets and financial liabilities at amortised cost are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost approximates fair value due to the short-term nature of financial assets and financial liabilities.

Gains and losses are recognised in profit or loss when financial assets 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; or
- 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, 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.

Impairment of financial assets

The Fund assesses at each reporting date whether an allowance for expected credit losses ('ECL') should be recognised. The ECL allowance does not require any trigger event to occur but rather relies on an expectation of future losses.

Assets carried at amortised cost

The allowance for ECL is determined based on the difference between the contractual cash flows and the cash flows expected to be received, discounted at the original effective interest rate. The Fund applies a simplified approach in determining the ECL based on its historical credit loss experience, days past due of the receivables and cash and cash equivalents and consideration of forward-looking factors specific to the counterparty and economic environment, the impact of which has been considered and concluded to be immaterial.

A financial asset is classified as in default when the contractual payments are 30 days past due, unless there is specific information indicating that the Fund is unlikely to receive the outstanding amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Fund holds trade receivables with no financing component and which have maturities of less than 12 months. All trade receivables are expected to be received within 30 days.

Determination of fair value

Financial instruments carried at fair value are valued based on a quoted market price. For all other financial instruments not valued based on a quoted market price, the fair value is determined by using appropriate valuation techniques.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

An analysis of fair values of financial instruments and further details as to how they are measured, is provided in Note 7.2.

Offsetting financial instruments

A financial asset and a financial liability are offset, and the net amount is 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.

1.3.8 Amounts due from and to brokers

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

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 earlier of 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.

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 gains and losses on disposal of investments and unrealised gains and 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 gains or losses.

The exchange rate applied in preparing these financial statements is based on the principles set out in IAS21. In the instances where the Fund has limited access to an exchange rate such that they conclude there is long-term lack of exchangeability, an estimated exchange rate is applied.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

All foreign currency translations were at the official exchange rate as at 31 December 2022, except for the Zimbabwe market. The IFRS principles applied in determining the estimated exchange rate for the Zimbabwean dollar are disclosed in Note 12.

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 to 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 directors 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.

Fair value

When the fair values of financial assets and liabilities recorded in the Statement of financial position cannot be derived from quoted market prices, they are determined using a variety of valuation techniques. Refer to Note 7.2.

The effect of changes in foreign exchange rates

The Fund applied its judgement in assessing whether the official exchange rate for the Zimbabwean dollar is considered observable, accessible and legal.

The Fund has further applied its judgement in determining an estimated exchange rate applied in respect of the Zimbabwe dollar-based line items reported in the financial statements. Further details are provided in Note 12.

1.3.12 Events subsequent to year end

There were no significant events subsequent to year end up to the date of approval of these financial statements.

1.3.13 Comparative information

Where necessary, comparative figures are adjusted to comply with changes in presentation in the current year.

2. Financial assets and liabilities at fair value through profit or loss

	2022 US\$	2021 US\$
FINANCIAL ASSETS		
Equities	237 364 393	272 857 819
Bonds	1 918 375	1 759 394
Futures contracts	345 489	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	239 628 257	274 617 213
FINANCIAL LIABILITIES		
Futures contracts	-	273 286
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	273 286

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. Cash and cash equivalents

	2022 US\$	2021 US\$
Cash held at banks	12 110 409	8 147 197
TOTAL	12 110 409	8 147 197

4. Trade and other receivables

Amounts due from brokers	2 525 582	-
Margin accounts on futures contracts	764 673	855 899
Interest receivable	649 357	522 370
Dividends receivable, net of withholding tax	431 371	2 757 987
Prepaid expenses	19 742	25 017
TOTAL	4 390 725	4 161 273

5. Trade and other payables

Amounts due to brokers	2 823 717	-
Tax payable	1 128 778	-
Other payables	115 659	65 881
Management fees payable	-	693 083
TOTAL	4 068 154	758 964

6. Notes to the statement of cash flows**6.1 Net cash outflow from operations before working capital changes**

	2022 US\$	2021 US\$
Total comprehensive (loss)/income for the year	(24 130 012)	66 482 896
ADJUSTMENTS		
Unrealised losses/(gains) on investments	35 162 916	(64 111 094)
Dividend income, net of withholding tax	(16 459 277)	(15 628 888)
Realised (gains)/losses on disposal of investments	(4 475 282)	6 676 318
Foreign exchange losses	2 436 719	550 643
Interest income	(153 630)	(149 675)
Management fees	5 735 315	5 564 348
Other tax expenses	1 130 555	-
TOTAL	(752 696)	(615 452)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

6.2 Working capital changes

(Increase)/decrease in trade and other receivables	(2 429 081)	547 652
Increase in trade and other payables	2 873 495	7 115
TOTAL	444 414	554 767

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.

Categorisation of financial instruments at 31 December 2022

	Financial assets measured at amortised cost US\$	Financial assets measured at fair value US\$	Financial liabilities measured at amortised cost US\$	Financial liabilities measured at fair value US\$	Total US\$
ASSETS					
Financial assets at fair value through profit or loss	-	239 628 257	-	-	239 628 257
Cash and cash equivalents	12 110 409	-	-	-	12 110 409
Trade and other receivables	4 390 725	-	-	-	4 390 725
TOTAL ASSETS	16 501 134	239 628 257	-	-	256 129 391
LIABILITIES					
Trade and other payables	-	-	4 068 154	-	4 068 154
TOTAL LIABILITIES	-	-	4 068 154	-	4 068 154

Categorisation of financial instruments at 31 December 2021

	Financial assets measured at amortised cost US\$	Financial assets measured at fair value US\$	Financial liabilities measured at amortised cost US\$	Financial liabilities measured at fair value US\$	Total US\$
ASSETS					
Financial assets at fair value through profit or loss	-	274 617 213	-	-	274 617 213
Cash and cash equivalents	8 147 197	-	-	-	8 147 197
Trade and other receivables	4 161 273	-	-	-	4 161 273
TOTAL ASSETS	12 308 470	274 617 213	-	-	286 925 683
LIABILITIES					
Trade and other payables	-	-	758 964	-	758 964
Financial liabilities at fair value through profit or loss	-	-	-	273 286	273 286
TOTAL LIABILITIES	-	-	758 964	273 286	1 032 250

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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 is invested in shares whose prices are below the assessment of their intrinsic value in the belief that they offer the highest prospective returns and lowest risk of loss. 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 equities' as equities in companies with significant business interests in Africa, regardless of the location of the stock exchange listing. The Fund's investing activities expose holders of Fund shares to various types of risks that are associated with the financial instruments and markets in which the Fund invests.

Market risk

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

Exposure	2022 US\$	2021 US\$
SUBJECT TO PRICE RISK		
Equities	237 364 393	272 857 819
SUBJECT TO INTEREST RATE RISK		
Cash and cash equivalents	12 110 409	8 147 197
Bonds	1 918 375	1 759 394
Margin accounts	764 673	855 899

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, and there will be periods when the equities in the Fund underperform the Fund's benchmark and/or generate negative absolute returns. Short-term performance can be volatile, and investors are encouraged to focus on long-term returns when evaluating the Fund's performance, as the Investment Manager takes a long-term view when making investment decisions.

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The Fund's portfolio is constructed based on proprietary investment research. This research is intended to enable the Fund to be invested in equities which offer superior fundamental value. Whether an equity offers superior fundamental value is determined by comparing the share price with an assessment of the equity's intrinsic value. Price risk is not managed in the Fund. Shares are typically bought when research and analysis indicate that the intrinsic value of the company far exceeds its market price, in anticipation of the price rising to its intrinsic value and it is believed there is a margin of safety. The lower the price of a share when compared to its assessed intrinsic value, the more attractive the equity's fundamental value is considered to be.

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.

	2022 US\$	2021 US\$
INVESTMENTS SUBJECT TO PRICE RISK		
EQUITIES		
Effect on net assets attributable to holders of redeemable shares		
Gross exposure	237 364 393	272 857 819
+/- 5%	11 868 220	13 642 891
+/- 10%	23 736 439	27 285 782
+/- 20%	47 472 879	54 571 564

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	2022 %	2021 %
Basic materials	29.5	22.7
Financials	23.3	23.6
Consumer staples	19.1	18.0
Energy	9.3	6.4
Technology	7.0	9.9
Telecommunications	5.8	14.8
Consumer discretionary	2.6	1.8
Utilities	2.5	1.6
Industrials	0.9	1.2
TOTAL	100.0	100.0

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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, bonds and margin accounts. The Investment Manager manages the Fund's exposure to interest rates in accordance with the Fund's investment objectives and policies.

The following table 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.

	2022 US\$	2021 US\$
INVESTMENTS SUBJECT TO INTEREST RATE RISK		
CASH AND CASH EQUIVALENTS	12 110 409	8 147 197
Effect on net assets attributable to holders of redeemable shares		
+/- 0.5%	60 552	40 736
+/- 1.0%	121 104	81 472
BONDS	1 918 375	1 759 394
Effect on net assets attributable to holders of redeemable shares		
+/- 0.5%	9 592	8 797
+/- 1.0%	19 184	17 594
MARGIN ACCOUNTS	764 673	855 899
Effect on net assets attributable to holders of redeemable shares		
+/- 0.5%	3 823	4 279
+/- 1.0%	7 647	8 559

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 is therefore exposed to the effects of exchange rate fluctuations.

The following tables indicate the currencies to which the Fund had exposure at 31 December 2022 and 31 December 2021 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.

The foreign currency risk disclosure reports the Zimbabwean dollar net assets converted using the estimated exchange rate as at 31 December 2022 and 31 December 2021. Further information relating to the estimated exchange rate has been disclosed in Note 12.

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Currency impact US\$					
EFFECT ON NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AS AT 31 DECEMBER 2022					
CURRENCY		NET ASSETS US\$	+/- 5%	+/- 10%	+/- 20%
Australian dollar	AUD	21 026 797	1 051 340	2 102 680	4 205 359
British pound	GBP	21 166 236	1 058 312	2 116 624	4 233 247
Canadian dollar	CAD	1 829 475	91 474	182 948	365 895
Egyptian pound	EGP	17 769 768	888 488	1 776 977	3 553 954
Euro	EUR	65 376	3 269	6 538	13 075
Ghanaian cedi	GHS	279 540	13 977	27 954	55 908
Kenyan shilling	KES	7 091 172	354 559	709 117	1 418 234
Nigerian naira	NGN	51 737 284	2 586 864	5 173 728	10 347 457
South African rand	ZAR	68 432 021	3 421 601	6 843 202	13 686 404
Ugandan shilling	UGX	6 026 709	301 335	602 671	1 205 342
West African franc	XOF	2 128 479	106 424	212 848	425 696
Zimbabwean dollar	ZWL	40 228 851	2 011 443	4 022 885	8 045 770
			11 889 086	23 778 172	47 556 341

Currency impact US\$					
EFFECT ON NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AS AT 31 DECEMBER 2021					
CURRENCY		NET ASSETS US\$	+/- 5%	+/- 10%	+/- 20%
Australian dollar	AUD	20 386 926	1 019 346	2 038 693	4 077 385
British pound	GBP	19 599 423	979 971	1 959 942	3 919 885
Canadian dollar	CAD	17 325	866	1 733	3 465
Egyptian pound	EGP	20 623 538	1 031 177	2 062 354	4 124 708
Euro	EUR	70 019	3 501	7 002	14 004
Kenyan shilling	KES	7 153 159	357 658	715 316	1 430 632
Nigerian naira	NGN	57 672 901	2 883 645	5 767 290	11 534 580
South African rand	ZAR	69 467 160	3 473 358	6 946 716	13 893 432
Ugandan shilling	UGX	4 318 560	215 928	431 856	863 712
West African franc	XOF	4 551 323	227 566	455 132	910 265
Zimbabwean dollar	ZWL	75 920 725	3 796 036	7 592 072	15 184 145
			13 989 052	27 978 106	55 956 213

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 and cash equivalents, trade and other receivables and bonds. 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.

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The compliance departments of Citibank Europe plc (the 'Administrator') and the Investment Adviser monitor compliance with applicable regulations and the investment mandate on a daily basis.

The following table provides an analysis of the credit quality of the Fund's cash and cash equivalents, margin accounts and bonds 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.

CREDIT RATING	2022	2021
	% OF FUND	% OF FUND
AAA	0.3%	0.3%
A+	4.8%	2.8%
NR	0.8%	0.6%
	5.9%	3.7%

Note that the balance (94.1% of the Fund's net assets, 2021: 96.3%) comprises other financial assets at fair value through profit or loss, trade and other receivables, and trade and other payables, which have been excluded from the table above.

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 within 90 days. The Investment Adviser's compliance department monitors compliance with the applicable requirements.

Where total members' redemptions on any dealing day are more than US\$5 000 000 or 2.5% of the total net asset value of the Fund (whichever is less), the Investment Manager may, at its discretion, redeem only 2.5% of the total net asset value of the Fund or US\$5 000 000 (whichever is less), on a pro rata basis among the members, per dealing day. If any redemption 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. The Investment Manager retains the right to distribute all or part of the redemption proceeds in specie (in kind).

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For the year ended 31 December 2022

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 distributions payable are settled within 30 days.

7.2 Fair value

The directors of the 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 require fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy, as follows:

- **Level 1** – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** – those involving inputs that are directly or indirectly observable
- **Level 3** – those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

The fair values 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 quoted market prices can be valued based on other observable market data at the discretion of the Investment Manager. Securities not traded through recognised public securities exchanges can be valued on the valuation date based on other reliable sources, such as quotations by recognised investment dealers. 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.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

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The table below analyses financial instruments, measured at fair value at 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	US\$			
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
FINANCIAL ASSETS				
Equities	237 364 393	-	-	237 364 393
Bonds	-	-	1 918 375	1 918 375
Futures contracts	-	345 489	-	345 489
TOTAL	237 364 393	345 489	1 918 375	239 628 257

The table below analyses financial instruments, measured at fair value at 31 December 2021, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	US\$			
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
FINANCIAL ASSETS				
Equities	272 857 819	-	-	272 857 819
Bonds	-	-	1 759 394	1 759 394
TOTAL	272 857 819	-	1 759 394	274 617 213
FINANCIAL LIABILITIES				
Futures contracts	-	273 286	-	273 286
TOTAL	-	273 286	-	273 286

There were no transfers between levels during the year ended 31 December 2022.

The Investment Manager uses a discounted cash flow valuation technique to estimate the fair value of a Zimbabwean bond at 31 December 2022 and 31 December 2021. The key unobservable assumption used in the valuation is the discount rate of 12.5%. This valuation process is subjective and the results may vary according to the inputs and process applied.

For fair value measurements in level 3 of the fair value hierarchy, changing the discount rate would have the following effect on profit/(loss):

Effect on profit or loss	2022 US\$	2021 US\$
INCREASE/(DECREASE) OF DISCOUNT RATE:		
+/- 5%	4 663	16 958
+/- 10%	9 326	33 916

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8. Share capital

Notwithstanding that the net assets attributable to holders of redeemable shares are classified as financial liabilities, the directors of the Fund consider 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 2022 and 31 December 2021 is detailed below. Fund shares are divided into three share classes (Class A, Class B and Class C), 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 the Investment Manager. The Founder shares are classified as a trade and other payable in the Statement of financial position. As at 31 December 2022 and 31 December 2021, only shares in Class A and Class B had been issued.

	Allan Gray Africa Equity Fund Limited
Fund shares par value (per share)	US\$0.10
Authorised Fund shares	100 000 000
Founder shares par value (per share)	US\$1.00
Authorised and issued Founder shares	12 000

Fund share transactions (shares)	Class A	Class B	Total
BALANCE AT 31 DECEMBER 2020	1 130 581	206 134	1 336 715
Subscriptions	330	196	526
Redemptions	(29 331)	(888)	(30 219)
BALANCE AT 31 DECEMBER 2021	1 101 580	205 442	1 307 022
Subscriptions	1 745	60 359	62 104
Redemptions	(112 856)	(7 729)	(120 585)
BALANCE AT 31 DECEMBER 2022	990 469	258 072	1 248 541

Fund share transactions (US\$)	2022 US\$	2021 US\$
Subscriptions	13 859 430	104 004
Redemptions	(23 561 614)	(6 692 656)
NET CAPITAL WITHDRAWALS	(9 702 184)	(6 588 652)

Net asset value per share	Class A	Class B
On 31 December 2021	217.71	224.23
On 31 December 2022	199.65	210.47

No income distributions were declared by the Fund for the year ended 31 December 2022 and 31 December 2021.

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9. Commitments

The Fund has a US\$4 000 000 intraday overdraft facility, US\$2 000 000 cash overdraft facility, US\$1 350 000 direct unallocated risk facility, US\$4 000 000 intraday overdraft facility for custody, US\$5 000 000 pre-settlement foreign exchange facility in place to facilitate the settlement of trade instructions, and a US\$10 000 000 foreign exchange settlement facility. 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 Bermuda Limited, the Investment Manager of the Fund, by virtue of a common ultimate shareholder. At 31 December 2022, Orbis funds and Orbis Investment Management Limited held 708 204 shares of the Fund (2021: 750 454 shares).

At 31 December 2022, the Allan Gray South African Unit Trusts held 172 499 shares in the Fund (2021: 129 626). Allan Gray Life Limited, a subsidiary of the Investment Adviser, held 10 012 shares in the Fund (2021: nil shares).

No rights, contingent or otherwise, to subscribe for shares have been granted to the Investment Manager's directors and the directors of the Fund. The Investment Manager acquired and disposed of 6 496 Class B shares in the Fund during the current year (2021: nil shares).

The directors of the Fund received total fees of US\$24 000 from the Fund (2021: US\$24 000). During the financial year ended 31 December 2022, a director waived his fee of US\$8 000 (2021: US\$8 000).

The Investment Manager's fee charged to the Fund consists of a base fee (Class A: 1%) and 20% sharing of the Fund's out- or underperformance of its benchmark, and can vary between a minimum of 0% and a high watermark principle. Affiliates of the Investment Manager within the Allan Gray Group manage global asset portfolios for their clients as well as a number of Allan Gray's institutional asset pools and collective investment schemes (collectively the 'Institutional Clients'). To avoid the layering of fees, applicable Institutional Clients are invested in the Class B shares where the Investment Manager does not charge a fee to the Fund.

During the financial year ended 31 December 2022, the management fees incurred by the Fund were US\$5 735 315 (2021: US\$5 564 348). At 31 December 2022, there were no management fees payable by the Fund (2021: \$693 083).

11. Derivative contracts

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Fund (the Fund does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Fund holds include futures and forwards. The Fund uses derivative financial instruments to hedge its risks associated primarily with fair value risks relating to equity instruments.

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For the year ended 31 December 2022

Derivatives often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying value of a derivative contract may have a significant impact on the profit or loss of the Fund.

At 31 December 2022 and 31 December 2021 the Fund had positions in the following derivatives:

Futures contracts

Futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Futures contracts are transacted in standardised amounts and are subject to daily cash margin requirements.

At 31 December 2022, the Fund had credit exposure to the counterparties of futures contracts as all open contracts had not been settled prior to year end. The following table discloses the total exposure and fair value gains and losses recognised over the period.

Futures contracts held for risk management purposes:

	2022 US\$	2021 US\$
Futures contracts (total exposure)	509 141	(443 506)
Fair value (losses)/gains recognised during the year	(143 380)	208 910

Forward contracts

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

At 31 December 2022, the Fund had no credit exposure to the counterparties of forward contracts as all open contracts settled prior to year end. The credit risk related to forward contracts is considered minimal because the contracts are held with institutions of good repute. Forward contracts result in market risk exposure. Fair value losses of US\$61 860 relating to these contracts were recognised in profit or loss during the year. At 31 December 2021, there were no forward contracts.

12. The effects of changes in foreign exchange rates

In the previous year the accessibility of the Zimbabwean dollar through the official channels deteriorated, given the capital controls implemented, limited liquidity available to investors and the persistent high levels of inflation. This was evidenced through delays in the official auction process whereby exchanging Zimbabwean dollars to US dollars within a reasonable time frame became difficult. The inaccessibility of the Zimbabwean dollar through the official channels has persisted in 2022, and thus the Fund has maintained its classification of the Zimbabwean dollar exchange rate as lacking accessibility in the current year.

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For the year ended 31 December 2022

Accordingly, the Fund's net assets denominated in Zimbabwean dollars have been translated using an estimated exchange rate which is considered to be a fair representation of the exchange rate achievable on the realisation of the Zimbabwean assets in US dollars.

While there are still issues around the accessibility of US dollars for Zimbabwe investments, the Fund has observed some improvements in the prevailing economic conditions in Zimbabwe. These improvements include the increased frequency of the foreign exchange auctions, and the change in legislation allowing US dollars to be used as legal tender. As a result, the official exchange rate has weakened over the current year and the Fund considered it to be a fair representation of the alternative exchange rate. Therefore, the Fund has estimated the alternative Zimbabwe dollar exchange rate to be equal to the quoted exchange rate of 671 ZWL:USD as at 31 December 2022. As at 31 December 2021 the alternative exchange rate determined was 221 ZWL:USD compared to the 109 ZWL:USD quoted exchange rate.

The impact of applying the alternative exchange rate instead of the official exchange rate on the net assets of the Fund has been provided in the following table.

Net assets impact	Decrease in net assets	
	2022 US\$	2021 US\$
Financial assets at fair value through profit or loss	-	(76 559 640)
Cash and cash equivalents	-	(152 614)
Trade and other receivables	-	(872 629)

ALLAN GRAY AFRICA EQUITY FUND LIMITED

CHARACTERISTICS AND DIRECTORY

Domicile and structure

Bermuda open-ended investment company

Regulation

The Fund is incorporated and registered under the laws of Bermuda and is supervised by the Bermuda Monetary Authority. The Fund is also listed on the Bermuda Stock Exchange.

Registered Office

Clarendon House
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John C R Collis BCom BA (Jurisprudence)
Elizabeth Denman BA (Hons) LLB
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Investment Adviser

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