

2015

ANNUAL REPORT **ALLAN GRAY AFRICA EX-SA EQUITY FUND LIMITED**

ALLAN GRAY

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ALLAN GRAY AFRICA EX-SA EQUITY FUND LIMITED STRATEGY

as at 31 December 2015

The Allan Gray Africa ex-SA Equity Fund Limited (the 'Fund') invests mainly in African (excluding South Africa) equities. The Fund's benchmark is the Standard Bank Africa Total Return Index, including income, measured in US dollars. The Fund does

not seek to mirror the Standard Bank Africa Total Return 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 JANUARY 2012	3 YEARS	1 YEAR
Allan Gray Africa ex-SA Equity Fund Limited - Class A	0.5	-9.3	-32.6
Standard Bank Africa Total Return Index	-9.0	-17.7	-31.9

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

The Fund performed poorly in 2015, losing 32.6% 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. 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 an 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 21.4% 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 side-lines 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 their shares.

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 EX-SA 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	STANDARD BANK AFRICA TOTAL RETURN INDEX (%)
	FINANCIALS	60 311 957	31.3%	34.1%
553 812 975	Access Bank	13 494 061	7.0%	
452 465 047	FBN Holdings	11 661 119	6.1%	
123 385 769	Zenith Bank	8 709 219	4.5%	
22 773 400	Bank of Kigali	8 525 714	4.4%	
2 412 503	Credit Agricole Egypt	6 390 165	3.3%	
296 370 983	Diamond Bank	3 424 533	1.8%	
7 837 400	Kenya Commercial Bank	3 351 772	1.7%	
	Positions less than 1%	4 755 374	2.5%	
	CONSUMER GOODS	48 715 420	25.4%	13.1%
887 933	Eastern Tobacco	19 845 119	10.3%	
23 011 607	Delta Corporation	16 223 183	8.5%	
14 386 705	Innscor Africa	4 310 257	2.2%	
10 747	Soc Ivoirienne Des Tabacs	2 730 953	1.4%	
7 914	Societe de Limonaderies et Brasseries	2 449 292	1.3%	
1 951 442	National Breweries	2 306 250	1.2%	
	Positions less than 1%	850 366	0.5%	
	TELECOMMUNICATIONS	31 708 159	16.5%	10.8%
65 592 590	Econet Wireless Zimbabwe	13 833 477	7.2%	
18 249 771	Global Telecom	6 285 064	3.3%	
109 551	Sonatel	4 461 272	2.3%	
25 184 300	Safaricom	4 012 748	2.1%	
3 790 256	Press Corp	3 115 598	1.6%	
	OIL & GAS	26 794 242	13.9%	12.6%
10 693 577	SEPLAT Petroleum Development Co	11 320 363	5.9%	
2 072 064	Maurel Et Prom	6 685 428	3.5%	
1 553 106	Tullow Oil	3 793 849	2.0%	
8 069 570	Lekoil	2 215 660	1.2%	
1 038 718	TransGlobe Energy	1 886 528	1.0%	
	Positions less than 1%	892 414	0.4%	
	BASIC MATERIALS	7 906 971	4.1%	23.7%
1 760 451	Zimplats	4 490 249	2.3%	
4 856 500	Caledonia Mining	2 720 721	1.4%	
	Positions less than 1%	696 001	0.4%	
	UTILITIES	7 339 641	3.8%	0.5%
39 284 552	Umeme	7 339 641	3.8%	
	CONSUMER SERVICES	5 631 163	2.9%	1.2%
19 004 407	Uchumi Supermarket	2 034 196	1.1%	
12 948 034	Simbisa Brands	2 019 893	1.0%	
	Positions less than 1%	1 577 073	0.8%	
	INDUSTRIALS	1 529 059	0.8%	3.2%
	Positions less than 1%	1 529 059	0.8%	
	CASH AND ACCRUALS	2 509 830	1.3%	0.9%
	NET ASSETS	192 446 441	100.0%	

ALLAN GRAY AFRICA EX-SA EQUITY FUND LIMITED STRATEGY

as at 31 December 2015

COUNTRY OF PRIMARY LISTING AS AT 31 DECEMBER 2015

COUNTRY	% OF EQUITIES	BENCHMARK ¹
Nigeria	27.7	15.6
Zimbabwe	21.0	0.7
Egypt	16.2	15.3
United Kingdom	5.5	14.9
Kenya	5.5	13.3
BRVM	5.1	2.4
Rwanda	4.5	0.1
France	4.4	2.2
Uganda	3.9	0.2
Australia	2.4	3.8
Malawi	1.6	0.0
Zambia	1.2	0.0
Canada	1.0	12.8
Ghana	0.0	0.0
Morocco	0.0	6.5
United States	0.0	4.2
Tunisia	0.0	3.1
Mauritius	0.0	2.5
Tanzania	0.0	1.7
Botswana	0.0	0.7
TOTAL²	100.0	100.0

SECTOR ALLOCATION AS AT 31 DECEMBER 2015

SECTOR	% OF FUND	BENCHMARK ¹
Oil & gas	13.9	12.6
Basic materials	4.1	23.7
Industrials	0.8	3.2
Consumer goods	25.4	13.1
Healthcare	0.0	0.0
Consumer services	2.9	1.2
Telecommunications	16.5	10.8
Utilities	3.8	0.5
Financials	31.3	34.1
Fixed interest/Liquidity	1.3	0.9
TOTAL²	100.0	100.0

1. Standard Bank Africa Total Return Index (Source: Standard Bank). 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 EX-SA 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 - 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

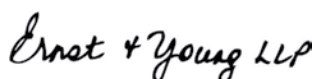
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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	189 936 611	216 566 957
Cash and cash equivalents	3	9 415 796	19 525 104
Trade and other receivables	4	-	74 747
TOTAL ASSETS		199 352 407	236 166 808
LIABILITIES			
Trade and other payables	5	129 066	794 512
Distribution payable	8	6 776 900	-
TOTAL LIABILITIES, EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		6 905 966	794 512
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		192 446 441	235 372 296

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		(78 958 313)	(15 622 910)
Dividends		11 448 457	8 054 159
Interest		65 468	10
Realised (losses) / gains on disposal of investments		(6 472 867)	9 588 438
Unrealised losses on investments		(84 115 516)	(33 935 546)
Foreign exchange losses		(481 635)	(409 491)
Other income		597 780	1 079 520
OPERATING EXPENSES		(5 337 717)	(4 106 447)
Performance fees		(1 595 641)	(1 878 971)
Management fees		(1 208 765)	(737 617)
Audit fees		(26 000)	(18 025)
Custodian fees		(638 740)	(539 523)
Transaction fees		(49 087)	(61 347)
Administration fees		(67 695)	(59 709)
Withholding taxes		(1 692 654)	(732 844)
Other expenses		(59 135)	(78 411)
TOTAL COMPREHENSIVE LOSS BEFORE FINANCE COSTS		(84 296 030)	(19 729 357)
Finance cost - distribution to holders of redeemable shares	8	(6 776 900)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(91 072 930)	(19 729 357)

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

Allan Gray Africa ex-SA Equity Fund Limited

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
BALANCE AT 31 DECEMBER 2013		146 674 988	836 974
Total comprehensive loss for the year		(19 729 357)	
Net capital contributions		108 426 665	615 590
BALANCE AT 31 DECEMBER 2014		235 372 296	1 452 564
Total comprehensive loss for the year		(91 072 930)	
Net capital contributions		48 147 075	331 464
BALANCE AT 31 DECEMBER 2015	8	192 446 441	1 784 028

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	(3 013 120)	(2 294 083)
Working capital changes	6.2	(590 699)	654 744
Interest received		65 468	10
Dividends received, net of withholding tax		9 755 803	7 321 315
NET CASH GENERATED BY OPERATING ACTIVITIES		6 217 452	5 681 986
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investments		(117 598 563)	(142 177 241)
Proceeds from sale of investments		53 621 990	38 384 920
NET CASH UTILISED IN INVESTING ACTIVITIES		(63 976 573)	(103 792 321)
CASH FLOW FROM FINANCING ACTIVITIES			
Redemption of redeemable shares		(16 062 082)	(346 960)
Proceeds from issue of redeemable shares		64 209 157	108 773 625
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		48 147 075	108 426 665
Net (decrease) / increase in cash and cash equivalents		(9 612 046)	10 316 330
Cash and cash equivalents at the beginning of the year		19 525 104	9 618 265
Effect of exchange rate changes on cash and cash equivalents		(497 262)	(409 491)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		9 415 796	19 525 104
SUPPLEMENTAL INFORMATION:			
Actual interest received		65 468	10
Actual dividends received, net of withholding tax		9 830 550	7 292 157

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 ex-SA Equity Fund Limited was incorporated on 31 October 2011 and is a limited liability company of unlimited duration. The Fund was launched to the public on 1 January 2012 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 ex-SA Equity Fund Limited (the 'Fund') invests in a focused portfolio of companies with significant business interests in Africa (excluding South Africa), regardless of the location of the stock exchange listing. The Fund price is reported in US dollars but the underlying holdings are denominated in various currencies. Returns are likely to be volatile.

The Fund aims to outperform African equity markets over the long term without taking on greater risk of loss. The Fund's benchmark is the Standard Bank Africa Total Return Index.

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 below 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 1% when subscribing for Fund shares. Investors may be charged 1% 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 AND PERFORMANCE FEE

The Investment Manager is entitled to receive a fixed fee (the 'Fixed Fee') of 1.00% per annum of the Fund's daily value for Class A. The Investment Manager is entitled to receive a performance fee (the 'Performance Fee') from the Fund for Class A based on the performance of the Fund relative to the Benchmark. The Fixed Fee and Performance Fee is accrued daily and paid by the Fund to the Investment Manager monthly in arrears. The Performance Fee is 20% of the extent to which the Fund outperforms its Benchmark, after accruing for the Fixed Fee, subject to reaching a new High Watermark. The High Watermark is the maximum ratio the Fund's Net Asset Value per Share, including distributions, has achieved relative to the Benchmark since the Fund's inception. A zero fixed fee and performance fee is levied for Class E.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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, 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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) 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		
Foreign equities	189 936 611	216 566 957
	189 936 611	216 566 957
3. CASH AND CASH EQUIVALENTS		
Cash with foreign banks	9 415 796	19 525 104
	9 415 796	19 525 104
4. TRADE AND OTHER RECEIVABLES		
Dividends receivable	-	74 747
	-	74 747
5. TRADE AND OTHER PAYABLES		
Management fees	77 611	96 745
Performance fees	-	-
Other expenses	51 455	110 055
Amounts due to brokers	-	587 712
	129 066	794 512

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	(91 072 930)	(19 729 357)
Adjustments:		
Realised losses / (gains) on disposal of investments	6 491 403	(9 588 438)
Unrealised losses on investments	84 115 516	33 935 546
Foreign exchange losses	497 262	409 491
Interest income	(65 468)	(10)
Dividend income, net of withholding tax	(9 755 803)	(7 321 315)
Finance cost - distribution to holders of redeemable shares	6 776 900	-
	(3 013 120)	(2 294 083)

6.2 WORKING CAPITAL CHANGES

Decrease / (increase) in trade and other receivables	74 747	(29 158)
(Decrease) / increase in trade and other payables	(665 446)	683 902
	(590 699)	654 744

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	-	189 936 611	-	189 936 611
Cash and cash equivalents	9 415 796	-	-	9 415 796
Trade and other receivables	-	-	-	-
TOTAL ASSETS	9 415 796	189 936 611	-	199 352 407
LIABILITIES				
Trade and other payables	-	-	129 066	129 066
Distribution payable	-	-	6 776 900	6 776 900
TOTAL LIABILITIES	-	-	6 905 966	6 905 966

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	-	216 566 957	-	216 566 957
Cash and cash equivalents	19 525 104	-	-	19 525 104
Trade and other receivables	74 747	-	-	74 747
TOTAL ASSETS	19 599 851	216 566 957	-	236 166 808
LIABILITIES				
Trade and other payables	-	-	794 512	794 512
TOTAL LIABILITIES	-	-	794 512	794 512

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 (excluding South 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	189 936 611	216 566 957
SUBJECT TO INTEREST RATE RISK		
Cash and cash equivalents	9 415 796	19 525 104

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 holder of redeemable shares		
Gross exposure	189 936 611	216 566 957
+5%	9 496 831	10 828 348
+10%	18 993 661	21 656 696
+20%	37 987 322	43 313 391

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
Financials	31.8	25.9
Consumer goods	25.7	30.4
Telecommunications	16.7	12.7
Oil & gas	14.0	16.4
Basic materials	4.2	8.0
Utilities	3.9	2.6
Consumer services	2.9	1.8
Industrials	0.8	2.2
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	9 415 796	19 525 104
Effect on net assets attributable to holder of redeemable shares		
+/- 0.5%	47 079	97 626
+/- 1.0%	94 158	195 251

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	1 893 762	94 688	189 376	378 752
Australian dollar	AUD	4 631 963	231 598	463 196	926 393
Euro	EUR	8 382 372	419 119	838 237	1 676 474
British pound	GBP	15 426 517	771 326	1 542 652	3 085 303
Egyptian pound	EGP	32 154 009	1 607 700	3 215 401	6 430 802
Kenyan shilling	KES	10 504 194	525 210	1 050 419	2 100 839
Nigeria naira	NGN	45 844 945	2 292 247	4 584 495	9 168 989
Botswana pula	BWP	4 488	224	449	898
Ugandan shilling	UGX	7 446 590	372 329	744 659	1 489 318
Malawian kwacha	MWK	3 182 325	159 116	318 232	636 465
Zambian kwacha	ZMW	2 306 250	115 312	230 625	461 250
Rwandan franc	RWF	8 525 714	426 286	852 571	1 705 143
Ghanaian cedi	GHS	31 182	1 559	3 118	6 236
West African franc	XOF	9 641 517	482 076	964 152	1 928 303
			7 498 790	14 997 582	29 995 165

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	10 615 879	530 794	1 061 588	2 123 176
Australian dollar	AUD	7 070 547	353 527	707 055	1 414 109
Euro	EUR	11 630 454	581 523	1 163 045	2 326 091
British pound	GBP	21 077 118	1 053 856	2 107 712	4 215 424
Egyptian pound	EGP	40 814 128	2 040 706	4 081 413	8 162 826
Kenyan shilling	KES	8 355 239	417 762	835 524	1 671 048
Nigeria naira	NGN	44 369 504	2 218 475	4 436 950	8 873 901
Botswana pula	BWP	2 711 302	135 565	271 130	542 260
Ugandan shilling	UGX	4 463 520	223 176	446 352	892 704
Mauritian rupee	MUR	1 377 212	68 861	137 721	275 442
Malawian kwacha	MWK	3 792 031	189 602	379 203	758 406
Zambian kwacha	ZMW	2 782 329	139 116	278 233	556 466
Rwandan franc	RWF	3 899 525	194 976	389 952	779 905
Ghanaian cedi	GHS	59 981	2 999	5 998	11 996
West African franc	XOF	6 762 749	338 137	676 275	1 352 550
			8 489 076	16 978 152	33 956 304

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015	2014*
CREDIT RATING	% OF FUND	% OF FUND
A+	4.5	0.0
A	0.0	7.6
BBB	0.0	0.5
BBB-	0.4	0.0
	4.9	8.1

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

Note that the balance (95.1% of the Fund's net assets) (31 December 2014: 91.9% 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.

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 per share. 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 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.

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.

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.

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

LEVEL 1	2015 US\$	2014 US\$
FINANCIAL ASSETS		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Equities	189 936 611	216 566 957

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 five share classes (Class A, Class B, Class C, Class D and Class E), 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 and Class E 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 ex-SA Equity Fund Limited	US\$0.0001	99 990 000	US\$0.01	100

FUND SHARE TRANSACTIONS	CLASS A	CLASS E	TOTAL
BALANCE AT 31 DECEMBER 2013	241 483	595 491	836 974
Subscriptions	469 614	148 034	617 648
Redemptions	(2 058)	-	(2 058)
BALANCE AT 31 DECEMBER 2014	709 039	743 525	1 452 564
Subscriptions	216 679	250 817	467 496
Redemptions	(133 183)	(2 849)	(136 032)
BALANCE AT 31 DECEMBER 2015	792 535	991 493	1 784 028

NET ASSET VALUE PER SHARE	CLASS A US\$	CLASS E US\$
On 31 December 2014	151.14	172.44
On 31 December 2015	99.80	114.32

There are no options in existence for any capital.

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

	CLASS A US\$	CLASS E US\$	TOTAL US\$
Total distribution	1 652 324	5 124 576	6 776 900
Distribution per share	2.0848	5.1685	-

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. For the year ended 31 December 2015 and 31 December 2014, no Orbis funds held any shares directly in the Fund.

Directors of the Fund held approximately 5 thousand shares, indirectly in the Fund at 31 December 2015 (2014 - 9 thousand shares).

Directors of the Investment Manager held 14 thousand shares indirectly in the Fund at 31 December 2015 (2014 - 14 thousand shares).

During the year ended 31 December 2015, the management and performance fees incurred by the Fund were US\$1 208 765 and US\$1 595 641 respectively (2014 - US\$737 617 and US\$1 878 971). At 31 December 2015, the management and performance fee payable by the Fund were US\$77 611 and US\$0 respectively (2014 - US\$96 745 and US\$0).

At 31 December 2015, Allan Gray funds held approximately 621 603 Class E shares in the Fund (2014 - 426 730 shares). Allan Gray Life Limited, subsidiary of the Investment Advisor, held approximately 217 582 Class E shares in the Fund (2014 - 153 046 shares).

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; Standard Bank Africa Total Return Index: The Standard Bank Africa Total Return Index is the proprietary information and registered trademark of Standard Bank Plc. All copyright subsisting in the Standard Bank Africa Total Return Index values and constituent lists vests in Standard Bank Plc. All their rights are reserved. The source used for the Standard Bank Africa Total Return Index is Standard Bank.

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.

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.

NOTICES

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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