



Sector: Foreign - Equity - General  
 Inception Date: 1 April 2005  
 Fund Manager: Stephen Mildenhall  
 Qualification: B Com(Hons), CA(SA), CFA

The central objective is to provide investors with the opportunity for offshore diversification, a hedge against Rand depreciation and steady capital growth over time at no greater than average risk of loss.

**Fund Details**

**Price:** 1221.82 cents  
**Size:** R 255 259 893  
**Minimum lump sum:** R 25 000  
**Debit order:** None  
**Subsequent lump sums:** R 2 500

**Annual Management Fee:** No fee. The underlying fund, however has its own fee structure.

**Status of the fund:** Currently open

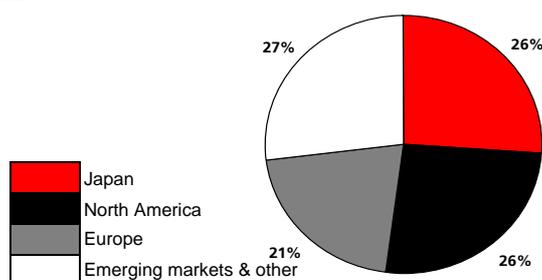
**Commentary**

In November, two of the Fund's US stocks provided another reminder that undervalued stocks rarely return to fair value in a straight line. Although the Fund's holdings in US electricity providers NRG and Reliant Energy have added significant value to date, Reliant reported disappointing results in November and the stock price declined over 25%. This and other short-term concerns also led to a decline in industry-counterpart NRG Energy's stock price. After re-examining the intrinsic value of both companies, we concluded that Reliant's long-term value was only moderately impaired by the developments and that NRG's was unaffected. Having reduced the Fund's combined weighting in them earlier in the year, and with both stocks trading at normalised free cash yields of well over 10% per annum, we responded by adding to the Fund's positions. Of course, only time will tell if we are right in this latest judgment.

**Allocation of offshore funds - Orbis Global Equity Fund**

The Fund invests solely into the Orbis Global Equity Fund.

Region	% exposure to equities
Japan	26
United States	27
Canada	0
North America	26
United Kingdom	6
Continental Europe	15
Europe	21
Emerging markets & other	27
<b>Total</b>	<b>100</b>

**Performance\***

Fund return in Rands (%)	AGOE**	B/Mark***
Since Inception (unannualised)	22.2	14.1
Latest 1 year	-	-

Fund return in Dollars (%)	AGOE**	B/Mark***
Since Inception (unannualised)	17.5	9.7
Latest 1 year	-	-

\* Performance will only be available after a six-month track record

\*\* Allan Gray-Orbis Global Equity Feeder Fund

\*\*\* Benchmark: FTSE World Index

**Target Market**

The Allan Gray-Orbis Global Equity Feeder Fund is suitable for those investors:

- seeking to invest locally in Rands and benefit from offshore exposure;
- wanting to gain exposure to markets and industries that are not available locally;
- who desire to hedge their investments against Rand depreciation;
- that do not have the minimum to invest in the Orbis Global Equity Fund.

**Allan Gray Unit Trust Management Limited**

JC de Lange, GW Fury, ED Loxton, WJC Mitchell (Chairman), ER Swanepoel (Non-Executive)  
 Tel 0860 000 654, Fax 0860 000 655, info@allangray.co.za, www.allangray.co.za

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from Allan Gray Unit Trust Management Limited. Commission and incentives may be paid and if so, would be included in the overall costs. A feeder fund portfolio is a portfolio that, apart from assets in a liquid form, consists solely of units in a single portfolio of a collective investment scheme. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. All of the unit trusts may be capped at any time in order for them to be managed in accordance with their mandates. Member of the ACI.