

**Fund managers:** Ian Liddle  
(The underlying Orbis Global Equity Fund is managed by Orbis)

**Inception date:** 1 April 2005

**Class:** A

## Fund description

The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund invests in shares listed on stock markets around the world and aims to be fully invested at all times. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands.

**ASISA unit trust category:** Foreign - Equity - General

## Fund objective and benchmark

The Fund aims to outperform global stock markets over the long term, without taking on greater risk. Its benchmark is the FTSE World Index, including income.

## How we aim to achieve the Fund's objective

The Fund invests only in the Orbis Global Equity Fund. The Orbis Global Equity Fund is managed to remain fully invested in selected global equities. Orbis uses in-house research to identify companies around the world whose shares can be purchased for less than Orbis' assessment of their long-term intrinsic value. This long-term perspective enables Orbis to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. This is the same approach as that used by Allan Gray to invest in South African equities, except that Orbis is able to choose from many more shares, listed internationally.

## Suitable for those investors who

- Seek exposure to diversified international equities to provide long-term capital growth
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with global stock market and currency fluctuation and risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as a fully invested global equity 'building block' in a diversified multi-asset class portfolio

## Minimum investment amounts

**Minimum lump sum per investor account:** R20 000

**Additional lump sum:** R500

**Minimum debit order\*:** R500

\*Only available to South African residents.

## Annual management fee

Allan Gray is paid a marketing and distribution fee by Orbis and charges no further fees. The underlying Orbis funds have their own fee structures, these can be found at [www.orbis.com](http://www.orbis.com).

## Fund information on 31 May 2012

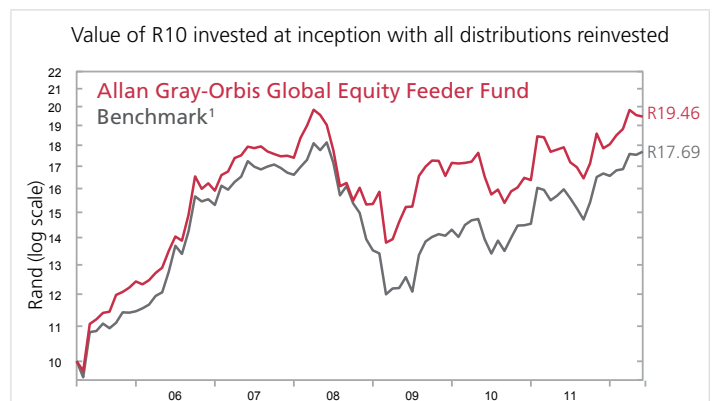
**Fund size:** R5 442m

**Fund price:** R19.38

## Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus annually.	<b>31 Dec 2011</b>
Cents per unit	0.2114

## Performance net of all fees and expenses



% Returns	Fund		Benchmark <sup>1</sup>		CPI inflation <sup>2</sup>	
	ZAR	US\$	ZAR	US\$	ZAR	US\$
<i>Unannualised:</i>						
Since inception	94.6	41.4	76.9	28.6	54.5	18.7
<i>Annualised:</i>						
Since inception	9.7	4.9	8.3	3.5	6.3	2.4
Latest 5 years	1.6	-2.1	0.5	-3.2	6.8	2.2
Latest 3 years	8.5	6.0	12.1	9.5	5.0	2.5
Latest 2 years	8.5	2.8	12.7	6.8	5.2	2.7
Latest 1 year	8.7	-13.2	10.8	-11.6	6.1	2.3
Year-to-date (unannualised)	7.8	2.0	6.8	1.0	2.7	0.9
<b>Risk measures (since inception)</b>						
Maximum drawdown <sup>3</sup>	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months <sup>4</sup>	62.8	59.3	60.5	57.0	n/a	n/a
Annualised monthly volatility <sup>5</sup>	14.5	19.2	13.6	18.6	n/a	n/a

1. FTSE World Index including income (Source: Bloomberg), performance as calculated by Allan Gray as at 31 May 2012.

2. This is based on the latest numbers published by I-Net Bridge as at 30 April 2012.

3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 6 June 2008 to 10 March 2009 and maximum benchmark drawdown occurred from 5 June 2008 to 6 March 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).

4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.

5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.

## Total expense ratio (TER)

The TER for the year ending 31 March 2012 is 2.12% and included in this is a performance fee of 0.46% and trading costs of 0.12%. The annual management fee rate charged by Orbis in the underlying fund for the three months ending 31 May 2012 was 1.58% (annualised). These figures are inclusive of VAT, where applicable. Fund returns are quoted after deduction of costs incurred within the Fund so the TER should not be deducted from Fund returns (refer to page 2 for further information).

## Fund manager quarterly commentary as at 31 March 2012

Orbis has recently been able to invest in a number of great, growing companies at very reasonable valuations. One example is Walgreen, the largest pharmacy network in the US and a top 10 holding in the Orbis Global Equity Fund.

Nearly two-thirds of the US population lives within three miles of a Walgreen branch, and this population is getting older. The ageing population in the US is a powerful long-term trend. By 2020, over 16% of Americans will be above age 65, up from 13% in 2010. This should drive an increase in prescriptions, as the average American over 65 fills nearly three times more prescriptions than the average 18-65 year old. And when these people head to the pharmacy, they will have a wider variety of generic drugs to choose from, with 2012 and 2013 expected to see the largest waves of generic drug releases in history. In the initial months after a drug goes generic, the gross dollar profit for pharmacies is exceedingly high, averaging nearly four times that of the original branded drug. All of this bodes well for Walgreen.

Despite the fundamental strength of Walgreen's business, the stock has come under heavy pressure due to the loss of a major relationship with Express Scripts, a pharmacy benefits manager (PBM) that administers prescription drug programmes for large institutions. Because of the dispute, about 6.5 million Walgreen customers have been unable to fill their prescriptions at their local pharmacy since 1 January 2012. The timing could hardly have been worse as Express Scripts is in the process of buying Medco to create the nation's largest PBM. The consensus view is that Walgreen offers little more than a commodity product that could be marginalised by its PBM clients. Orbis has a different view. In drugstores, Walgreen operates in a duopoly with CVS Caremark, which is also the largest PBM in the US. Express Scripts cannot exclude Walgreen without increasing CVS's negotiating power, so Orbis believes the companies will restore their relationship.

This uncertainty has allowed your Fund to buy a high-quality franchise for a highly attractive price. The market prices Walgreen stock as a 'generic' when Orbis thinks it should be priced as a 'brand'. After adjusting for an asset sale, the stock trades at just 13 times its last 12 months adjusted earnings, a 25% discount to CVS. Walgreen's balance sheet is pristine and its management has a great record of using its large cash flow to return capital to shareholders. In Orbis' view, Walgreen's share price has the potential to nearly double over the next four years as it enjoys revenue growth, rising net margins and a re-rating to reflect its 'brand' status. If this proves true, Walgreen should produce very pleasing returns for your Fund.

Tel 0860 000 654 or +27 (0)21 415 2301 Fax 0860 000 655 or +27 (0)21 415 2492 [info@allangray.co.za](mailto:info@allangray.co.za) [www.allangray.co.za](http://www.allangray.co.za)

The availability of the Fund is subject to offshore capacity constraints. Please contact our Client Service Centre for further information about any constraints that may apply.

### Disclaimer

A feeder fund is a unit trust fund that, apart from assets in liquid form, consists solely of units in a single portfolio of a collective investment scheme. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Allan Gray Unit Trust Management (RF) Proprietary Limited ("the Company") is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Proprietary Limited, an authorised financial services provider, is the appointed investment manager of the Company. The Company is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board. The Company has been approved by the Regulatory Authority of Botswana to market its unit trusts in Botswana, however it is not supervised or licensed in Botswana.

### Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio divided by the number of units in issue. Forward pricing is used and Fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the manager by 14:00 each business day to receive that day's price. Fluctuations and movements in exchange rates may also cause the value of underlying international investments to go up or down.

### Fees

A schedule of fees, charges and maximum commissions is available on request from the manager. Commission and incentives may be paid and if so, would be included in the overall costs.

### TER

\*TERs are shown for class A units only

The Total Expense Ratio (TER) is the percentage of the fund's average assets under management that has been used to pay the fund's operating expenses over the past year. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), trading costs (including brokerage, STT, STRATE and insider trading levy), VAT and other expenses. Since unit trust expenses vary, the current TER cannot be used as an indication of future TERs. All Allan Gray performance figures are quoted after the deduction of costs incurred within the Fund so the TER is not a new cost. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. TERs should then be used to evaluate whether the Fund performance offers value for money.

### Performance

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Performance figures are from Allan Gray Proprietary Limited and are for lump sum investments with income distributions reinvested.

## Top 10 share holdings on 31 May 2012

Company	% of portfolio
NetEase.com	5.0
WellPoint	4.5
Micron Technology	3.3
Cisco	3.2
Walgreen	3.0
Weatherford International	2.8
Rakuten	2.6
Google	2.5
Baker Hughes	2.5
INPEX	2.3
<b>Total</b>	<b>31.7</b>

## Geographical exposure on 31 May 2012

This Fund invests solely into the Orbis Global Equity Fund

Region	Fund's % exposure to:		% of World Index
	Equities	Currencies	
United States	47	51	49
Canada	2	2	4
<b>North America</b>	<b>49</b>	<b>53</b>	<b>53</b>
United Kingdom	11	11	8
Continental Europe	7	16	16
<b>Europe</b>	<b>18</b>	<b>27</b>	<b>24</b>
<b>Japan</b>	<b>16</b>	<b>0</b>	<b>8</b>
Greater China	10	10	3
Korea	4	7	2
Other	1	1	2
<b>Asia ex-Japan</b>	<b>15</b>	<b>18</b>	<b>7</b>
<b>Other</b>	<b>2</b>	<b>2</b>	<b>8</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

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