Allan Gray-Orbis Global Equity Feeder Fund

ALLANGRAY

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.

Fund information on 30 June 2012

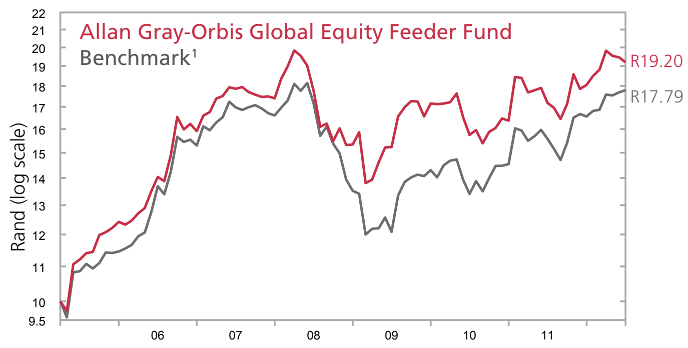
Fund size:	R5 355m
Fund price:	R19.13

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.	31 Dec 2011
Cents per unit	0.2114

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund		Benchmark[1]		CPI inflation[2]	
	ZAR	US$	ZAR	US$	ZAR	US$
Unannualised:						
Since inception	92.0	45.6	77.9	34.9	54.6	18.3
Annualised:						
Since inception	9.4	5.3	8.3	4.2	6.3	2.4
Latest 5 years	1.5	-1.6	0.9	-2.1	6.7	2.0
Latest 3 years	8.0	5.8	13.8	11.5	4.9	2.4
Latest 2 years	10.4	6.7	15.2	11.3	5.1	2.6
Latest 1 year	11.7	-7.8	14.2	-5.7	5.7	1.7
Year-to-date (unannualised)	6.4	5.0	7.4	6.0	2.7	0.7
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	62.1	59.8	60.9	57.5	n/a	n/a
Annualised monthly volatility[5]	14.4	19.1	13.5	18.6	n/a	n/a

1. FTSE World Index including income (Source: Bloomberg), performance as calculated by Allan Gray as at 30 June 2012.
2. This is based on the latest numbers published by I-Net Bridge as at 31 May 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 30 June 2012 was 1.33% (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).

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Fund manager quarterly commentary as at 30 June 2012

Investors are often classified as having either a growth or value style, a distinction Orbis has found difficult to apply to itself. While, like Allan Gray, Orbis always tries to own undervalued companies, a key part of any valuation is expected growth in earnings per share—the higher the growth rate, the better. Orbis analysts research individual companies to determine whether the value of a business significantly exceeds its market price, regardless of where that company fits on the growth spectrum. While the Orbis Global Equity Fund can at times have greater exposure to so-called 'value' or 'growth' names, this is a reflection of the opportunities available rather than an inherent stock selection bias.

Still, it can be instructive to consider the Fund's positioning and its effect on performance. Of late Orbis has found an increasing number of opportunities among depressed shares that have lagged the market significantly. The resultant positioning, however, has hurt the Fund's relative performance as the laggards have continued to lag. At times the performance of individual shares will be sufficient to overcome such a headwind, but that has not been the case recently: since the start of 2010, your Fund has underperformed the FTSE World Index by an annualised 4%. Yet Orbis believes the current portfolio is positioned well for future outperformance. Today, the relative valuation of global laggards versus the FTSE World Index is at levels last seen during the height of the technology bubble and the peak of the financial crisis in 2008-2009. In both of those periods, laggards went on to outperform significantly.

Your Fund's positioning in favour of laggards has not been extreme, but a number of recent additions do come from the laggard club, including semiconductor manufacturer Micron Technology. After a successful investment in Micron a few years earlier, in late 2011 Orbis began rebuilding the position after the share price dropped and Dynamic Random Access Memory (DRAM) prices fell to levels that would force weaker players out of business, allowing for consolidation and a better future for the surviving companies.

Micron has survived and is actively consolidating the industry as the buyer of fallen giant Elpida. With this purchase, Micron has picked up state-of-the-art manufacturing capacity at cents on the dollar, while raising its market share to 24%, joining Hynix and Samsung in dominating a consolidated market. Hopefully, this will result in more rational pricing and higher profits.

In addition to this tailwind, Micron also offers a significant margin of safety, trading for less than the value of its tangible assets. This is far below the company's historical average, and may provide a re-rating opportunity should DRAM market conditions improve. Orbis believes Micron is much more attractive than the wider market at current prices, and like many currently attractive shares, Micron has been a laggard. If it continues to lag, your Fund's short-term performance will suffer, but over the long term, Orbis believes this and other investments will generate pleasing returns.

Top 10 share holdings on 30 June 2012

Company	% of portfolio
NetEase.com	4.5
WellPoint	4.3
Micron Technology	3.8
Cisco	3.2
Weatherford International	2.8
Walgreen	2.5
Google	2.5
Baker Hughes	2.5
INPEX	2.4
Telefonaktiebolaget LM Ericsson	2.4
Total	**30.9**

Geographical exposure on 30 June 2012

This Fund invests solely into the Orbis Global Equity Fund

Region	Fund's % exposure to:		% of World Index
	Equities	Currencies	
United States	46	51	49
Canada	2	2	4
North America	**48**	**53**	**53**
United Kingdom	10	12	9
Continental Europe	8	15	16
Europe	**18**	**27**	**25**
Japan	**16**	**0**	**8**
Greater China	10	10	3
Korea	5	7	2
Other	1	1	2
Asia ex-Japan	**16**	**18**	**7**
Other	**2**	**2**	**7**
Total	**100**	**100**	**100**

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

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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.