Allan Gray-Orbis Global Equity Feeder Fund

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 September 2012

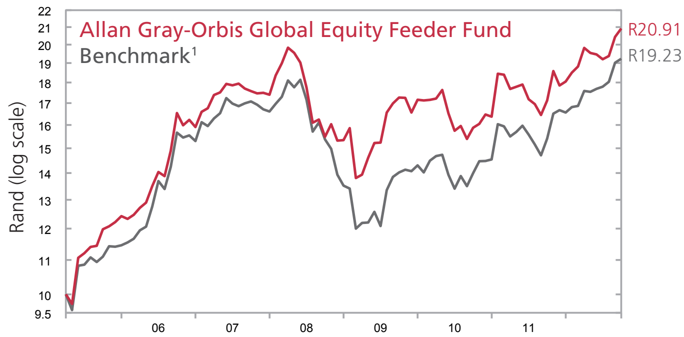
Fund size:	R5 859m
Fund price:	R20.83

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	109.1	57.0	92.3	44.4	55.8	19.2
Annualised:						
Since inception	10.3	6.2	9.1	5.0	6.2	2.4
Latest 5 years	3.5	-0.3	2.4	-1.3	6.4	2.1
Latest 3 years	6.6	3.4	11.1	7.8	4.6	2.2
Latest 2 years	14.8	5.4	17.2	7.6	5.2	2.7
Latest 1 year	22.1	19.4	24.8	22.0	5.0	1.7
Year-to-date (unannualised)	15.9	13.3	16.1	13.5	3.6	1.4
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	63.3	61.1	62.2	58.9	n/a	n/a
Annualised monthly volatility[5]	14.3	18.8	13.4	18.3	n/a	n/a

1. FTSE World Index including income (Source: Bloomberg), performance as calculated by Allan Gray as at 30 September 2012.
2. This is based on the latest numbers published by I-Net Bridge as at 31 August 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 30 June 2012 is 1.97% and included in this is a performance fee of 0.30% and trading costs of 0.12%. The annual management fee rate charged by Orbis in the underlying fund for the three months ending 30 September 2012 was 1.09% (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).

Allan Gray-Orbis Global Equity Feeder Fund

ALLANGRAY

Fund manager quarterly commentary as at 30 September 2012

Our shared investment philosophy is to buy shares of companies at a significant discount to our estimate of their intrinsic value. By 'intrinsic value' we mean the price that a rational, informed investor would pay if they were buying the whole company. This value can take several forms, making valuation as much an art as a science. It is never possible to pinpoint a company's intrinsic value with precision, but if our estimate is reasonably accurate we can meaningfully reduce the risk that we overpay. As an illustration, let us look at NKSJ, a Japanese insurer and holding in the Orbis Global Equity Fund.

Since February 2012, NKSJ shares have fallen by about 15%, and in that time Orbis Global has continued to purchase NKSJ shares. Why? Orbis analysts believed NKSJ was undervalued near JPY1900 a share, so at JPY1600 – with the same long-term fundamentals – it looks even more attractive. Investors have long frowned on the sluggish progression of NKSJ's overall earnings, but headline earnings don't always tell the full story of an asset's worth.

One way to value NKSJ is to break it down into three parts: 1) its life insurance business, 2) its property and casualty (P&C) insurance business, and 3) the excess capital beyond what is required to support them. While it is impossible to know the exact split, Orbis estimates that the parts are of similar value.

The life insurance business is turning a very respectable profit and is potentially worth NKSJ's share price on its own. Unfortunately, the good work of the life insurance business has been overshadowed by the P&C business, where a poor pricing environment has dragged down earnings. But Orbis research suggests that P&C profits should improve over the medium term. In Japan, NKSJ is part of a tightly regulated oligopoly of large insurers. Part of the regulator's mandate is to ensure adequate industry profitability, and following a few years of weak profits the regulator is letting insurers raise prices gradually. As the more generous regulatory stance is reflected in insurance pricing, NKSJ's P&C profits should rise over time.

Will that happen? One can never be certain, but the current share price affords significant room for error. The excess capital on NKSJ's balance sheet provides a buffer against tough times, and has considerable value on its own. Adding on the insurance businesses, Orbis concludes that the group's intrinsic value is far higher– perhaps almost double – than its current market price.

Orbis and Allan Gray subscribe to an investment philosophy rooted in common sense: if you consistently buy assets for less than they are worth, over time that should prove sensible. Historically, our approach has rewarded patience and discipline – the patience to hold onto high-conviction ideas until the market recognises their worth, and the discipline to stick to our contrarian philosophy in challenging environments.

Top 10 share holdings on 30 September 2012

Company	% of portfolio
NetEase	4.6
WellPoint	4.1
Micron Technology	4.1
Weatherford International	3.1
Google	2.7
Baker Hughes	2.6
INPEX	2.5
Telefonaktiebolaget LM Ericsson	2.5
Barclays	2.4
Humana	2.4
Total	**31.0**

Geographical exposure on 30 September 2012

This Fund invests solely into the Orbis Global Equity Fund

Region	Fund's % exposure to:		% of World Index
	Equities	Currencies	
United States	43	45	48
Canada	1	1	4
North America	**44**	**46**	**52**
United Kingdom	9	12	8
Continental Europe	10	19	17
Europe	**19**	**31**	**25**
Japan	**15**	**0**	**7**
Greater China	11	11	4
Korea	6	8	2
Other	2	2	2
Asia ex-Japan	**19**	**21**	**8**
Other	**2**	**2**	**8**
Net Current Assets	**1**	**0**	**0**
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.

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.