

Allan Gray-Orbis Global Equity Feeder Fund

ALLAN GRAY

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: Global - 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 and total expense ratio (TER)

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges an annual management fee within the underlying Orbis Global Equity Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information please refer to the Orbis Global Equity Fund factsheet, which can be found at www.allangray.co.za.

The annual management fee charged by Orbis is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a 12 month period.

Fund information on 30 September 2013

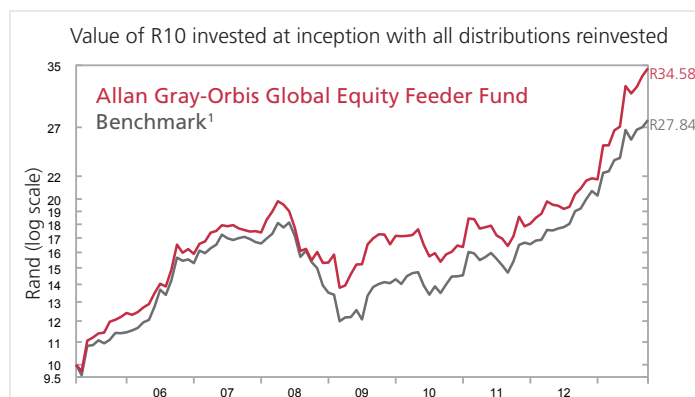
Fund size: R10 894m

Fund price: R34.45

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 2012
Cents per unit	0.1613

Performance net of all fees and expenses



% Returns	Fund		Benchmark ¹		CPI inflation ²	
	ZAR	US\$	ZAR	US\$	ZAR	US\$
<i>Unannualised:</i>						
Since inception	245.8	114.1	178.4	72.4	65.8	21.0
<i>Annualised:</i>						
Since inception	15.7	9.4	12.8	6.6	6.2	2.3
Latest 5 years	17.4	13.1	12.6	8.5	5.3	1.3
Latest 3 years	29.6	14.8	25.8	11.4	5.6	2.3
Latest 2 years	42.1	27.6	34.4	20.6	5.7	1.6
Latest 1 year	65.4	36.4	44.8	19.4	6.4	1.5
Year-to-date (unannualised)	59.2	34.6	37.2	16.0	4.3	1.0
Risk measures (since inception)						
Maximum drawdown ³	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months ⁴	65.7	61.8	64.7	59.8	n/a	n/a
Annualised monthly volatility ⁵	15.8	18.3	13.9	17.5	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 30 September 2013.

2. This is based on the latest numbers published by I-Net Bridge as at 31 August 2013.

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.

Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 2 for further information).

TER breakdown for the year ending 30 June 2013	%
Fee for benchmark performance	1.49
Performance fees	-0.09
Other costs including trading costs	0.19
VAT	0.00
Total expense ratio	1.59

Fund manager quarterly commentary as at 30 September 2013

It has been a good year for global stock markets. The FTSE World Index has returned just under 16% since the start of 2013 and is near an all-time high. The Orbis Global Equity Fund has had an even better year, delivering more than double the benchmark's return. As encouraging as this may be, it is natural for clients to wonder what it means for Orbis' ability to continue hunting down attractive stocks after such a strong period of absolute and relative returns.

While Orbis has a single-minded focus on picking stocks from the bottom up, one technique Orbis analysts use to advance their reasoning and assess the broader opportunity set is a proprietary quantitative measure that they call 're-rated total rate of return' or 'RTRR'. The calculation is based on the principle that valuation multiples, growth rates and the quality of a company's fundamentals tend to revert to long-term historical averages over time. If the future ends up being similar to the past, this number can be thought of as the future annualised return that they can expect from a given stock. The higher the RTRR percentage, the better. Of course, it is often a big 'if' to assume that the future will resemble the past, which is why they obsess over fundamental, company-specific analysis.

Likewise, the difference between the RTRR of a particular portfolio and the stock market benchmark can be a crude way to gauge the opportunities for stock picking that are available to Orbis, particularly when there are sizeable divergences between the stocks that Orbis analysts have selected and the market's overall RTRR. Notably, the median RTRR of stocks in the benchmark has hovered near just 5% in recent months. This is the lowest since 2007-08 and suggests only modest stock market returns from today's levels. Of course, that doesn't mean stocks can't or won't keep going up. It's not impossible to see negative RTRRs if share prices race far enough ahead of fundamentals, as was the case during the technology bubble of the late 1990s.

What intrigues Orbis as stock pickers is that the median RTRR of the stocks in Orbis Global is currently about 18%. It is a noisy estimate, but it implies that there is still real scope for the Fund to deliver satisfying returns, provided of course that Orbis' fundamental assessment of Global's stock selections and the broader opportunity set proves to be correct.

The key message from the data is that while Orbis can probably expect lower absolute returns from the benchmark relative to the past few years, there are still some compelling opportunities in select stocks. A good example, and one of Orbis' favourite holdings in the US, is Motorola Solutions (MSI), which is elaborated on in the Orbis Global Equity Fund's Quarterly Report.

Top 10 share holdings on 30 September 2013

Company	% of portfolio
NetEase	4.5
American Intl. Group	3.9
Weatherford International	3.8
Motorola Solutions	2.6
Apache	2.4
INPEX	2.3
Micron Technology	2.3
General Motors	2.1
Barclays Bank	2.1
Samsung Electronics	2.0
Total	28.2

Geographical exposure on 30 September 2013

This Fund invests solely into the Orbis Global Equity Fund

Region	Fund's % exposure to:		% of World Index
	Equities	Currencies	
United States	47	46	49
Canada	1	1	4
Other	1	1	0
North America	49	48	53
United Kingdom	7	9	9
Continental Europe	12	17	17
Europe	19	26	26
Japan	10	4	9
Greater China	8	8	3
Korea	7	7	2
Other	2	2	1
Asia ex-Japan	17	17	6
Other	5	5	6
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. All rights in the FTSE World Index vest in FTSE International Limited ("FTSE"). FTSE is a trademark of the London Stock Exchange Group of Companies. The FTSE World Index is calculated by FTSE in accordance with standard criteria and is the proprietary information of FTSE. All copyright subsisting in the FTSE World Index values and constituent lists vest in FTSE. All its rights are reserved. 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

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.