Allan Gray-Orbis Global Equity Feeder Fund

Fund managers:	This Fund invests solely into the Orbis Global Equity Fund, managed by Orbis Investment Management Limited
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. 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.

Fund information on 31 January 2014

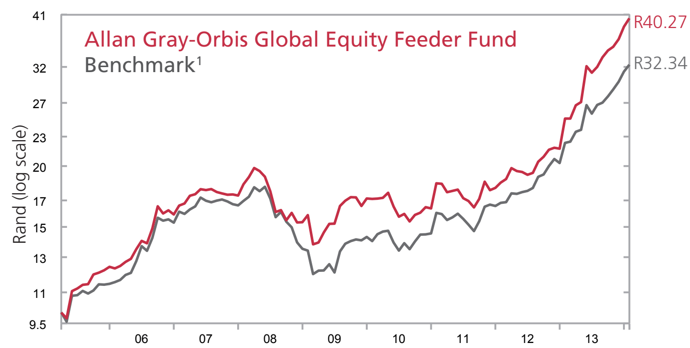
Fund size:	R14 278m
Fund price:	R40.12

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 2013**
Cents per unit	0.3809

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	302.7	122.0	223.4	78.3	67.6	21.5
Annualised: Since inception	17.1	9.4	14.2	6.7	6.1	2.3
Latest 5 years	20.5	18.0	19.3	16.8	5.4	2.1
Latest 3 years	29.7	11.6	26.3	8.7	5.7	2.1
Latest 2 years	47.5	22.5	38.7	15.2	5.6	1.6
Latest 1 year	60.8	27.2	44.8	14.6	5.4	1.5
Year-to-date (unannualised)	4.1	-3.2	3.3	-3.9	0.3	0.3
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	67.0	62.3	66.0	60.4	n/a	n/a
Annualised monthly volatility[5]	15.6	18.0	13.7	17.3	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 January 2014.
2. This is based on the latest numbers published by I-Net Bridge as at 31 December 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.

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.

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 31 December 2013	%
Fee for benchmark performance	1.49
Performance fees	0.49
Other costs including trading costs	0.18
VAT	0.00
Total expense ratio	**2.16**

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Fund manager quarterly commentary as at 31 December 2013

Since early 2009, global stock markets have more than doubled, and 2013 was another robust year. Valuation multiples now sit solidly above those seen in 2009, but below the highs of the mid-to-late 1990s. Similarly, corporate returns on equity are now solidly above the lows witnessed in the last few US and worldwide recessions, but below the inflated levels seen in the mid-to-late 2000s. On this basis, one could hardly argue that overall global equity markets are wildly cheap at this point, but there is also a case to be made that they are not wildly expensive either.

Of course, what matters for the Global Equity Fund is not the aggregate valuation of the stock market as a whole, but the stock selection opportunities within it. There is no doubt that many areas of the market currently look expensive and, as a result, will struggle to deliver satisfactory real returns over the medium term. However, while undervalued companies are less plentiful than they were a few years ago, Orbis has still been able to find pockets of value that they believe offer potential for reasonable risk-adjusted returns. Examples of such pockets include selected opportunities within Asia, particularly Korea, and stocks within the oil & gas sector, such as Apache.

One part of the market where Orbis continues to see little value is in 'bond-like' equities with highly predictable earnings and dividend streams. Since the financial crisis, these shares have become inflated as a result of strong investor appetite for perceived stability and yield. As a result, many stocks Orbis has uncovered have almost the opposite characteristics – a high degree of economic sensitivity and, in many cases, exposure to rising bond yields.

Examples of such companies include insurers such as AIG and Aegon and managed healthcare companies such as WellPoint and Humana, which should all see the income on their investment books rise. Another example would be companies with large underfunded pension schemes, such as General Motors, which benefit from a higher discount rate applied to their pension liabilities.

Only time will tell how global stock markets and the Fund's holdings will fare in the years ahead. Every investment environment has a set of risks, and this one is no different. The list today is long and well documented: high levels of sovereign debt, the unintended consequences of unconventional stimulus policies and so forth. None of these should be taken lightly, but as is often the case it is the unseen risks that are most likely to have the greatest impact on markets. While everyone is on the lookout for the next 2008, the next shock may very well develop in an area where few are looking.

The broad rise in prices over the last five years has reduced the equity risk premium – the compensation that equity investors should expect in return for assuming these risks. Critically, our process ensures that we are continually focused on avoiding the single most important risk investors face in any environment: the risk of paying more for an asset than it is worth.

Top 10 share holdings on 31 January 2014

Company	% of portfolio
NetEase	4.3
American Intl. Group	3.9
Weatherford International	3.1
Motorola Solutions	3.0
Apache	2.9
Samsung Electronics	2.7
INPEX	2.3
Liberty Global	2.1
Valeant Pharmaceuticals Intl	1.9
Barclays	1.8
Total	**28.0**

Geographical exposure on 31 January 2014

This Fund invests solely into the Orbis Global Equity Fund

Region	Fund's % exposure to:		% of World Index
	Equities	Currencies	
United States	46	45	50
Canada	1	1	3
Other	1	1	1
North America	**48**	**47**	**54**
Greater China	9	7	2
Korea	8	8	3
Other	3	3	1
Asia ex-Japan	**20**	**18**	**6**
United Kingdom	7	9	8
Continental Europe	12	18	18
Europe	**19**	**27**	**26**
Japan	**9**	**4**	**9**
Other	**4**	**4**	**5**
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.

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.