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 July 2014

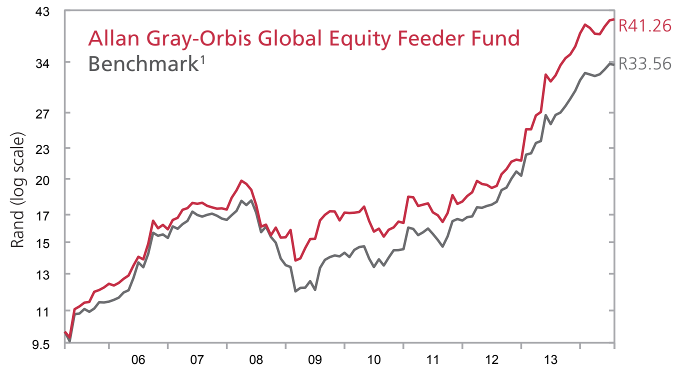
Fund size:	R14 101m
Fund price:	R41.10

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	312.6	139.6	235.6	94.9	74.4	23.1
Annualised: Since inception	16.4	9.8	13.9	7.5	6.2	2.3
Latest 5 years	20.0	12.7	20.2	12.9	5.4	2.0
Latest 3 years	34.5	15.1	30.3	11.5	5.9	1.8
Latest 2 years	46.0	27.7	36.5	19.4	6.1	1.9
Latest 1 year	29.0	19.7	25.5	16.4	6.6	2.1
Year-to-date (unannualised)	6.6	4.5	7.2	5.1	4.1	1.3
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	66.1	62.5	65.2	61.6	n/a	n/a
Annualised monthly volatility[5]	15.3	17.6	13.4	16.9	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 July 2014.
2. This is based on the latest numbers published by I-Net Bridge as at 30 June 2014.
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 30 June 2014	%
Fee for benchmark performance	1.50
Performance fees	0.77
Other costs including trading costs	0.21
VAT	0.00
Total expense ratio	**2.48**

Allan Gray-Orbis Global Equity Feeder Fund

Fund manager quarterly commentary as at 30 June 2014

Whatever it is that has been driving the US stock market to a series of record highs in the first half of 2014, we can be sure of one thing – it's not the economy!

Thus, on the very day in May that the US reported that first quarter GDP had shrunk at an annualised rate of 1%, the S&P 500 notched up yet another all-time high, only to close higher still a month later when that figure was revised down to -2.9%. This may seem counterintuitive, but statistically it's far from unusual: history strongly suggests that there has been very little correlation between economic growth and stock market performance. Even as economic decline was greeted as good news for the US stock market, no such leniency was granted to investors in Russia, Brazil, Korea or China — where economic growth has been no more discouraging. If the prevailing wisdom is to sell the latter in favour of the former, the Orbis Global Equity Fund's current geographic positioning reveals that Orbis respectfully begs to differ.

One may debate at length the root causes of the recent divergence in stock market performance; many theories abound. But Orbis' mission is not to explain stock market movements, nor to predict them, but merely to respond to them, positioning clients' capital to capture the best risk-adjusted investment returns available from the set of opportunities the market presents. This is why Orbis analysts spend the vast majority of their time focusing on the gap between a stock's price and its fair value. When it comes to future returns, what matters is not the latest GDP data, or other such noise, but valuations.

An objective assessment of historical data can be of some help in this regard. One calculation Orbis performs is called re-rated total rate of return (RTRR), which can be thought of as the future annualised return that one might expect if a company's future earnings power resembles its past. Of course, this is a big 'if', but it is one way to estimate the stock's prospective return. Aggregating those prospective returns across many different companies allows us to track and compare the opportunity set, sometimes helping us to identify pockets of value in certain areas of the market. What does this analysis tell us today? All else being equal, China, Korea, Brazil, and Russia appear priced to deliver higher returns than the broader market.

Indeed, Orbis Global's exposure to regions outside North America, Japan, and Europe (excluding Russia) has risen from 21% a year ago to about 35% at the end of June 2014. Given the geopolitical events of recent months, this may appear foolhardy. Orbis recognises that opportunities in less-developed jurisdictions often come with a higher probability of negative surprises, and accordingly require a greater margin of safety. But in Orbis and Allan Gray's view, the risk of losing money comes not from economic uncertainty or nervy sentiment, but from overpaying for investments – in that regard, the less you pay, the lower the risk

Adapted from an Orbis commentary contributed by Ben Preston. For the full commentary please refer to the Orbis quarterly reports available at www.allangray.co.za

Top 10 share holdings on 31 July 2014

Company	% of portfolio
Samsung Electronics	5.5
NetEase	4.7
Motorola Solutions	3.4
Weatherford International	3.2
Sberbank of Russia	2.8
Gazprom	2.6
Charter Communications	2.5
Gilead Sciences	2.4
Liberty Global	2.4
Valeant Pharmaceuticals	2.3
Total	**31.8**

Geographical exposure on 31 July 2014

This Fund invests solely into the Orbis Global Equity Fund

Region	Fund's % exposure to:		% of World Index
	Equities	Currencies	
United States	39	51	50
Canada	4	4	4
Other	0	0	1
North America	**43**	**55**	**55**
Korea	15	11	2
Greater China	7	3	3
Other	3	3	1
Asia ex-Japan	**25**	**17**	**6**
United Kingdom	6	8	8
Continental Europe	13	12	17
Europe	**20**	**20**	**25**
Japan	**9**	**3**	**9**
Other	**4**	**4**	**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.