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 30 September 2014

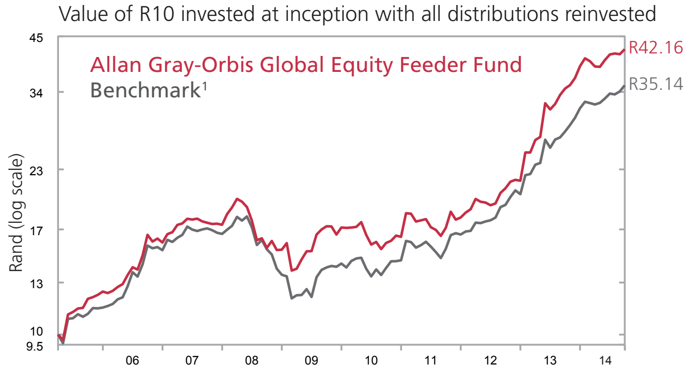
Fund size:	R14.8bn
Fund price:	R42.00

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	321.6	131.8	251.4	93.2	76.5	23.0
Annualised: Since Inception	16.4	9.3	14.1	7.1	6.2	2.2
Latest 5 Years	19.6	10.3	20.2	10.9	5.3	2.0
Latest 3 Years	35.0	20.8	31.6	17.7	5.9	1.6
Latest 2 Years	42.0	21.5	35.2	15.7	6.4	1.6
Latest 1 Year	21.9	8.3	26.2	12.1	6.4	1.7
Year-to-date (unannualised)	8.9	1.0	12.3	4.2	5.3	1.2
Risk measures (since inception)						
Maximum Drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage Positive Months[4]	65.8	62.3	65.8	61.4	n/a	n/a
Annualised Monthly Volatility[5]	15.2	17.5	13.3	16.8	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 30 September 2014.
2. This is based on the latest numbers published by INET BFA as at 31 August 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 September 2014	%
Fee for benchmark performance	1.50
Performance fees	0.81
Other costs including trading costs	0.22
VAT	0.00
Total expense ratio	**2.53**

Allan Gray-Orbis Global Equity Feeder Fund

Fund manager quarterly commentary as at 30 September 2014

Equity markets in the developed world have appreciated significantly over the past five years, with today's valuations surpassing their long-term historical averages on a normalised earnings basis. While this makes it more challenging to find stocks trading at a significant discount to intrinsic value, Orbis continues to identify pockets of value in a range of countries and sectors.

One area where Orbis is finding value is in larger, high-quality Western companies. From extremely high valuations at the height of the tech bubble, these names have broadly underperformed small- to mid-cap companies since 2000. Orbis' favoured large-cap names include eBay, Microsoft, Motorola and SAP. These are very different businesses with different fundamentals, but they share at least two traits in common: large market capitalisations and attractive valuations.

Orbis is also finding some decent companies trading at very low prices. Of course, with low-priced stocks, judging whether they are a bargain or a value trap is critical. An example here is Gazprom, whose shares have tumbled amidst negative sentiment on Russia. While Orbis agrees the stock has above-average political risks, these look to be more than reflected in its share price. At 1.6x operating cash flows, it is one of the most attractively priced energy companies globally and even after deducting capital expenditures, it is generating significant excess cash flow. The key question is what it will do with this cash, and contrary to popular perception, Orbis research suggests that it will not be squandered.

Orbis has also found opportunities to buy or build positions in familiar names that trade at attractive valuations following recent underperformance. One example is the Orbis Funds' longstanding investment in Samsung. Its valuation currently stands at close to a 10-year low, driven by fears of declining market share and profitability in the company's smartphone business. It trades at eight times Orbis' estimates of 2014 earnings, or six times excluding the cash on its balance sheet. At this valuation, the market appears to be pricing in a structural decline in earnings. In Orbis' view, this is highly unlikely, and ignores the potential for Samsung's market-leading memory chip business to drive earnings growth. Should Orbis' thesis prove correct, Samsung's shares should trade closer to 10 to 11 times earnings. Orbis also sees additional upside in the form of a potential restructuring, which could allow Samsung to return more capital to shareholders. With US$45bn or 27% of its market value in cash, any improvement in Samsung's capital allocation could prove very rewarding.

At Orbis and Allan Gray, we look to allocate capital to the ideas that are trading at the most attractive valuations relative to their intrinsic value. The risk we worry about the most is the risk of a permanent loss of capital. While the opportunity set evolves along with market fluctuations and cycles – the approach remains the same. This discipline is key to delivering outperformance for our mutual clients over the long term.

Commentary contributed by Tamryn Lamb

Top 10 share holdings on 30 September 2014

Company	% of portfolio
Samsung Electronics	5.2
NetEase	4.5
eBay	4.1
Motorola Solutions	4.1
Weatherford International	3.1
Sberbank of Russia	2.8
Microsoft	2.8
Gazprom	2.6
KB Financial Group	2.0
Gilead Sciences	2.0
Total	**33.1**

Geographical exposure on 30 September 2014

This Fund invests solely into the Orbis Global Equity Fund

Region	Fund's % exposure to:		% of World Index
	Equities	Currencies	
United States	43	55	52
Canada	2	2	4
Other	0	0	1
North America	**45**	**57**	**56**
Korea	14	10	2
Greater China	7	3	3
Other	3	3	1
Asia ex-Japan	**24**	**16**	**6**
Continental Europe	13	12	17
United Kingdom	6	8	8
Europe	**19**	**20**	**25**
Japan	**8**	**3**	**8**
Other	**4**	**4**	**5**
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. 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.