ALLANGRAY

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

Fund description and summary of investment policy

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

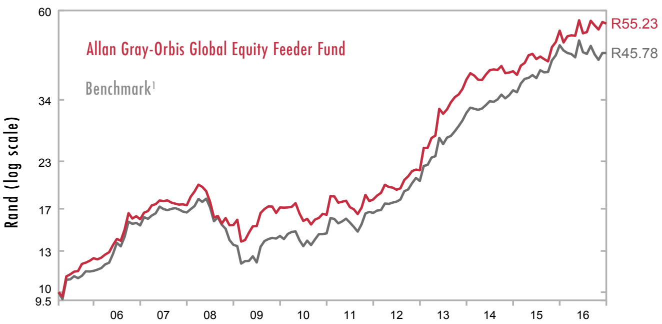
*Only available to investors with a South African bank account.

Fund information on 31 December 2016

Fund size	R16.5bn
Number of units	300 369 870
Price (net asset value per unit)	R55.01
Class	A

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund		Benchmark[1]		CPI inflation[2]	
Cumulative:	**ZAR**	**US$**	**ZAR**	**US$**	**ZAR**	**US$**
Since inception	452.3	151.2	357.8	108.2	97.5	25.5
Annualised:						
Since inception	15.6	8.1	13.8	6.5	6.0	2.0
Latest 10 years	13.3	5.9	11.6	4.3	6.3	1.8
Latest 5 years	25.1	12.7	22.5	10.4	5.6	1.3
Latest 3 years	12.6	3.1	13.5	3.9	5.7	1.1
Latest 2 years	16.4	7.1	12.6	3.6	5.7	1.1
Latest 1 year	4.6	19.4	-4.8	8.7	6.6	1.7
Year-to-date (not annualised)	4.6	19.4	-4.8	8.7	6.3	1.8
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	64.5	58.9	63.1	60.3	n/a	n/a
Annualised monthly volatility[5]	15.3	17.2	13.5	15.9	n/a	n/a
Highest annual return[6]	78.2	63.0	54.2	58.4	n/a	n/a
Lowest annual return[6]	-29.7	-44.8	-32.7	-47.3	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2016.
2. This is based on the latest numbers published by INET BFA as at 30 November 2016.
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.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 March 2009 and the benchmark's occurred during the 12 months ended 31 March 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

ALLAN GRAY

ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND

Meeting the Fund objective

Since inception and over the last 10 years and five-year periods the Fund has outperformed its benchmark. The fund has provided returns significantly in excess of CPI inflation for all three periods. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than the global stock market. The maximum drawdown and lowest annual return numbers, in the 'Performance net of all fees and expenses' table, show that the Fund has successfully reduced downside risk in periods of negative market returns.

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 2016
Cents per unit	**0.3806**

Annual management fee

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.

Total expense ratio (TER) and Transaction costs

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 3-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

TER and Transaction costs breakdown for the 3-year period ending 31 December 2016	%
Total expense ratio	**2.13**
Fee for benchmark performance	1.50
Performance fees	0.57
Other costs excluding transaction costs	0.06
VAT	0.00
Transaction costs (including VAT)	**0.15**
Total investment charge	**2.28**

Top 10 share holdings on 31 December 2016

Company	% of portfolio
Charter Communications	5.5
QUALCOMM	4.7
Sberbank	4.1
XPO Logistics	3.9
Apache	3.7
Motorola Solutions	3.1
Berkshire Hathaway	2.7
NetEase	2.2
Anthem	2.0
JD.com	1.9
Total (%)	**33.8**

Asset allocation on 31 December 2016

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equities	99.3	51.4	18.2	8.1	16.5	5.2
Hedged equities	0.0	0.0	0.0	0.0	0.0	0.0
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	0.7	0.0	0.0	0.0	0.0	0.7
Total	**100.0**	**51.4**	**18.2**	**8.1**	**16.5**	**5.9**
Currency exposure of the Orbis Global Equity Fund						
Fund	100.0	52.1	27.2	9.1	6.4	5.2
Index	100.0	59.2	22.0	8.8	5.3	4.6

Note: There may be slight discrepancies in the totals due to rounding.

ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND

Fund manager quarterly commentary as at 31 December 2016

The Fund returned 4.6% this calendar year – a relative gain of 9.4% versus its benchmark. This was a particularly good year, but also serves to reinforce the message that highly selective investment management is unlikely to produce performance in a steady and linear fashion.

There are simply too many variables, both known and unknown, and too much inherent randomness in markets to allow for smooth, predictable returns. Even for the most skilled managers, striving for outperformance over the long term has proven to be the more reasonable objective.

In addition to the natural ebb and flow of good and bad fortune, another reason for the lumpy performance of the Fund over the last few years has been the market environment, in particular the high degree of 'trending' – the unusually high propensity for certain stocks to continually outperform or underperform over multiple years. Active stockpicking is inherently volatile under normal conditions – and trending markets only serve to amplify this effect. Correlations rise across the board and value becomes increasingly clustered into certain interconnected areas of the market.

A current example is the low exposure that the Fund has to stable growth businesses, such as those in the consumer staples sector. This was a headwind in previous years as these types of shares (which typically command large weights in the market indices) trended higher, but then became a tailwind in 2016 as the trending dynamic began to break down.

Despite this year's reversal, Orbis still finds very few compelling opportunities among stable growth shares and the portfolio remains skewed towards shares of cyclical companies such as industrials, banks and basic resources. Examples include Rolls Royce, Wells Fargo and Newcrest Mining.

A number of Orbis' preferred laggards rebounded to deliver strong returns this year. One example is Qualcomm, a US-based research and development company focused on wireless communications technology for 3G, 4G and soon 5G network standards. Orbis first invested in Qualcomm in 2014, when fears over possible market share erosion left its shares deeply depressed. Those concerns were prompted by Qualcomm losing business at one of its major clients, Samsung, on the production of the Galaxy S6 smartphone. Orbis believed them to be short-sighted and focused instead on the business's attractive fundamentals.

Qualcomm's licensing agreements are long-term, effectively insulating the company against shifts in market share between manufacturers. Its chipset business utilises an asset-light model whereby all manufacturing is outsourced, allowing Qualcomm to focus on developing new chips while avoiding the massive capital expenditure that is part and parcel of semiconductor manufacturing. Despite Qualcomm's meaningful outperformance in the last year, boosted by the announcement of a series of new licensing deals as well as its winning back 50% of the chipset business at Samsung's next-generation flagship Galaxy S7, Orbis retains conviction that its long-term prospects come at a reasonable price.

At all times, Orbis seeks to ensure that your capital is allocated to the most compelling pockets of value in the market. The outcome of this process is a portfolio that differs meaningfully from passive stock market indices and that will experience both strong and weak periods of performance. But, as examples like Qualcomm illustrate, volatility in relative performance is a natural and inevitable consequence of active investing. At Orbis and Allan Gray, we believe looking through these gyrations and focusing wholly on fundamental security selection provides the best chance of compounding value on your behalf over the long term.

There have been no material changes to the Fund's geographical or currency exposures over the last quarter. With regard to individual holdings, Berkshire Hathaway, the investment holding company led by Warren Buffet, and Anthem, one of the largest health benefits companies in the US, entered the top 10 holdings, replacing KB Financial Group, Korea's leading retail bank, and PayPal holdings, the global payments leader. Orbis incrementally increased the Fund's position sizes in Anthem and Berkshire as their conviction in each has strengthened, and trimmed the position in KB Financial Group following its recent outperformance.

Adapted from Orbis commentaries contributed by Adam Karr and Eric Marais
For the full commentary please see www.orbisfunds.com

ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND

Notes for consideration

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.

Management Company

Allan Gray Unit Trust Management (RF) Proprietary Limited (the 'Management Company') is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates 11 unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Services Board ('FSB'). The Management Company is incorporated under the laws of South Africa and 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. Allan Gray Proprietary Limited (the 'Investment Manager'), an authorised financial services provider, is the appointed Investment Manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA). The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)87 736 1732 or www.rmb.co.za

Performance

Collective Investment Schemes in Securities (unit trusts or funds) 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 future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Where annualised performance is mentioned, this refers to the average return per year over the period. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

The Fund may be closed to new investments at any time in order to be managed according to its mandate. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Fund may borrow up to 10% of its market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund 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 Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za

Fees

Permissible deductions may include management fees, brokerage, Securities Transfer Tax (STT), auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray.

Total expense ratio (TER) and Transaction costs

The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past three years. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSB Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. 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. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and Transaction costs is shown as the Total investment charge.

FTSE World Index

FTSE is a trademark of the London Stock Exchange Group of Companies. The FTSE World Index is calculated by FTSE International Limited ('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 vests in FTSE. All its rights are reserved.

Feeder fund

A feeder fund is a unit trust that invests in another single unit trust which charges its own fees. Allan Gray does not charge any additional fees in its feeder funds.

Foreign exposure

The Fund invests in a foreign fund managed by Orbis Investment Management Limited, our offshore investment partner.

Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website www.allangray.co.za or via our Client Service Centre on 0860 000 654.