Fund managers: This Fund invests solely into the Orbis Global Equity Fund, managed by Orbis Investment Management Limited. **Inception date:** 1 April 2005

Allan Gray-Orbis Global Equity Feeder Fund

31 March 2019

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's investment universe is global, 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.

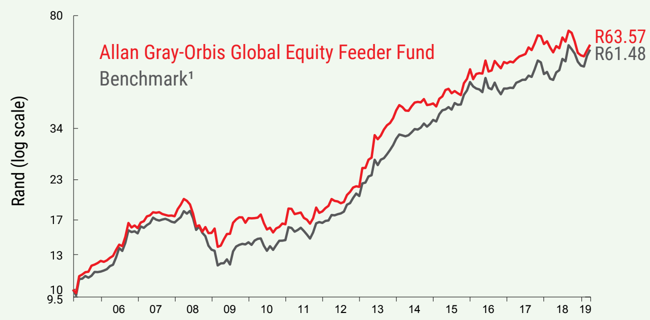
Fund information on 31 March 2019

Fund size	R18.0bn
Number of units	284 604 391
Price (net asset value per unit)	R63.30
Class	A

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 March 2019.
2. This is based on the latest numbers published by IRESS as at 28 February 2019.
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.

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 (1 April 2005)	535.7	173.3	514.8	164.3	118.5	31.1
Annualised:						
Since inception (1 April 2005)	14.1	7.4	13.9	7.3	5.8	2.0
Latest 10 years	16.4	11.6	17.6	12.8	5.3	1.8
Latest 5 years	10.5	3.8	14.0	7.0	5.1	1.4
Latest 3 years	7.4	7.9	10.6	11.2	4.8	2.2
Latest 2 years	5.6	1.5	13.4	9.0	4.1	1.9
Latest 1 year	6.0	-13.0	25.8	3.2	4.1	1.5
Year-to-date (not annualised)	8.4	7.6	12.8	12.0	0.5	0.1
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	62.5	58.9	61.9	63.7	n/a	n/a
Annualised monthly volatility[5]	15.3	16.6	14.1	15.2	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

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Meeting the Fund objective

Since inception the Fund has outperformed its benchmark. Over the last 10 and five-year periods it has underperformed its benchmark. The Fund has provided returns 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 2018
Cents per unit	**0.6759**

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 one and three-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 1 and 3-year period ending 31 March 2019	1yr %	3yr %
Total expense ratio	**1.95**	**1.87**
Fee for benchmark performance	1.49	1.49
Performance fees	0.40	0.33
Other costs excluding transaction costs	0.06	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.08**	**0.13**
Total investment charge	**2.03**	**2.00**

Top 10 share holdings on 31 March 2019

Company	% of portfolio
NetEase	8.4
AbbVie	5.5
Celgene	5.1
XPO Logistics	4.7
Naspers	4.7
Autohome	3.9
Sberbank of Russia	3.6
Imperial Brands	3.4
Vale	3.3
Facebook	3.2
Total (%)	**45.8**

Asset allocation on 31 March 2019

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equity	98.6	36.7	15.1	12.5	23.5	10.8
Hedged equity	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	1.4	0.0	0.0	0.0	0.0	1.4
Total	**100.0**	**36.7**	**15.1**	**12.5**	**23.5**	**12.2**
Currency exposure of the Orbis Global Equity Fund						
Fund	100.0	44.8	24.6	8.4	11.3	10.8
Index	100.0	60.8	20.8	8.4	5.6	4.4

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

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Fund manager quarterly commentary as at 31 March 2019

The Orbis Global Equity Fund aims to deliver higher returns than world markets, but that is not its whole mandate. Crucially, it also aims to deliver those higher returns without taking on a greater risk of a permanent loss of capital.

Risk is likely front of mind given our recent performance. Periods of underperformance are painful, but in them, our job is to remain disciplined. The underperformance year-to-date has been driven chiefly by three shares: logistics firm XPO Logistics, drug developer AbbVie, and Chinese internet firm NetEase. Our thesis for each company is unchanged, and the Orbis Funds' stake in these companies has increased over the quarter. We view these situations as disagreements with the market, not permanent losses of capital. The latter is the risk we aim to assess and manage.

Risk assessment and management begins at the stock level. More things can happen than will happen, so our forecasts consider a range of probable paths for a company's intrinsic value. We do this for every stock, yet we recognise that combining these independent ideas could produce unintended consequences at the portfolio level. With that in mind, it is important to take a step back and ensure we are comfortable with the portfolio's positioning and confident that the risks taken are adequately balanced with the potential upside.

To inform this broader perspective on the portfolio, our Quantitative and Risk team works closely with our investment decision makers. In its analysis, the team has two main jobs: 1) to monitor and assess the risks in the portfolios and 2) to find and highlight attractive dislocations in the opportunity set. Using proprietary tools, the team applies objective analysis to challenge our equity analysts' bottom-up views.

One exposure sticks out. The portfolio is overweight stocks that have higher-than-average economic sensitivity. That exposure can increase the portfolio's volatility, yet we're comfortable with that exposure because it helps us reduce the portfolio's valuation risk, which is the risk of losing money by paying too high a price for an asset.

In our view, the riskiest thing an investor can do is overpay for an asset, so when we look at an exposure, our question is always, "What do we get paid for taking this exposure, and what do we have to pay to avoid it?" For stocks like XPO and BMW that behave cyclically, we find that risk is more than compensated for by low valuations that look attractive over our long-term investment horizon.

The other side of that question is also interesting. What do we have to pay to avoid cyclical exposure? Today, stocks perceived to be defensive are trading at lofty levels that we believe are disconnected from the companies' underlying fundamentals. You have to pay a steep price to avoid cyclicality. This presents valuation risk, which we are not comfortable taking.

Valuation risk is interesting because as valuation risk gets lower, a stock's return potential becomes more compelling. This gets into the second main job of the Quantitative and Risk team: to find and highlight attractive areas in the opportunity set. At present, the dislocation between low- and high-multiple shares is particularly interesting.

"Value stocks" and "growth stocks", here defined as shares that are cheap (value) or expensive (growth / anti-value) on a price-to-book basis, deliver their returns in different ways. To see this, we can break their returns into parts: growth in fundamentals, change in valuation, and dividend yield.

Value has historically outperformed growth, and the biggest driver has been changes in valuation. Value shares have done well, by starting off cheap and becoming less cheap when the market realises things are not all that bad. For value investors, valuation risk is low.

For the growth style, most of the return comes from growth in fundamentals. However, the market often overpays for this growth, leading to a price de-rating when fundamentals disappoint. For growth investors, valuation risk is high. Contrarian investing spans the two styles. We are comfortable holding fast-growing stocks if we feel the market's valuation is not capturing the company's future growth potential.

Historically, value has beaten growth, but since June 2007, the market cycle has been difficult for value stocks. While the style's underperformance has not been as sharp as in some past periods, this is now by some distance the longest ever drought for value shares. A few headwinds have contributed to this underperformance, the most significant being the starting valuations of value stocks. Having outperformed during the run-up, value stocks were not especially cheap going into the global financial crisis (GFC). As a result, the potential for a post-crash re-rating was lower. In fact, value stocks have actually de-rated from June 2007 to today, a stark contrast with their historical performance, while growth shares have de-rated much less than they have over the longer term.

By definition, value stocks are always cheaper than growth stocks, but sometimes they are only slightly cheaper, and sometimes they are vastly cheaper. Today we see the latter, on a global basis and within individual sectors in the US. Interestingly, this widening gap has been driven almost entirely by expensive stocks getting more expensive, rather than cheap stocks getting cheaper. This also confirms what we're seeing on a bottom-up basis. Our most attractive ideas in the US have not been stocks with the very lowest valuation multiples, but high-quality businesses, such as AbbVie and Celgene, that are trading at undemanding valuations.

Perhaps valuations for the most expensive stocks are justified given their above-average profitability, but that profitability looks stretched, - it has never been higher. Many of the richest stocks seem priced for perfection, leaving plenty of room for disappointment and substantial valuation risk. We are happy to avoid them.

Yet what comes next is difficult to predict. In the most substantial bubbles of the past, valuations looked stretched for months or years before the peak. So, while we are unusually enthusiastic about the relative return potential of the Fund, the path of future returns is highly uncertain. If things get more stretched, the path could be painful, as more investors capitulate. But the very difficulty of remaining patient is precisely what makes patience so rewarding over the long term.

Over the quarter, most of the concentrations in the Fund remained unchanged. The concentration in UK Consumer Staples has increased driven in part by adding to British American Tobacco and Imperial Brands. The largest individual purchase was in a specialty financial services company.

Adapted from an Orbis commentary by Claire Gallagher, Orbis Investment Advisory Limited, London

For the full commentary please see www.orbis.com

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 Sector Conduct Authority ('FSCA'). 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 one and three-year periods. 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 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 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 ('TIC').

FTSE World Index

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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.

Important information for investors

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**.