

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.

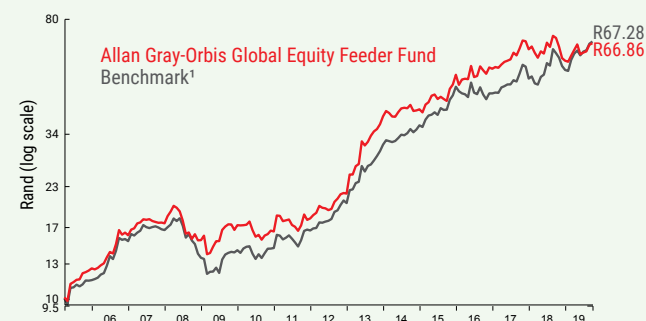
Fund information on 30 September 2019

Fund size	R18.5bn
Number of units	278 178 061
Price (net asset value per unit)	R66.58
Class	A

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 30 September 2019.
2. This is based on the latest numbers published by IRESS as at 31 August 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)	568.6	174.6	572.8	176.3	124.4	32.7
Annualised:						
Since inception (1 April 2005)	14.0	7.2	14.1	7.3	5.8	2.0
Latest 10 years	14.5	6.8	17.0	9.1	5.1	1.8
Latest 5 years	9.7	3.5	13.9	7.5	4.9	1.5
Latest 3 years	7.0	3.7	14.0	10.5	4.7	2.1
Latest 2 years	2.0	-3.7	12.7	6.4	4.6	2.2
Latest 1 year	-3.8	-10.0	9.0	2.0	4.3	1.8
Year-to-date (not annualised)	14.0	8.2	23.5	17.2	3.2	1.4
Risk measures (since inception)						
Maximum drawdown ³	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months ⁴	63.2	59.2	62.6	63.8	n/a	n/a
Annualised monthly volatility ⁵	15.2	16.6	13.9	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

Meeting the Fund objective

Since inception the Fund has performed in line with 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 30 September 2019	1yr %	3yr %
Total expense ratio	1.48	1.81
Fee for benchmark performance	1.49	1.49
Performance fees	-0.07	0.27
Other costs excluding transaction costs	0.06	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	0.08	0.14
Total investment charge	1.56	1.95

Top 10 share holdings on 30 September 2019

Company	% of portfolio
NetEase	8.7
XPO Logistics	6.2
AbbVie	5.1
British American Tobacco	4.5
Sberbank of Russia	3.7
Autohome	3.1
Honda Motor	3.1
Sumitomo	3.0
Facebook	2.7
Naspers	2.7
Total (%)	42.7

Asset allocation on 30 September 2019

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equity	97.4	32.1	20.5	14.6	21.8	8.3
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	2.6	0.0	0.0	0.0	0.0	2.6
Total	100.0	32.1	20.5	14.6	21.8	10.9

Currency exposure of the Orbis Global Equity Fund

Fund	100.0	45.3	27.3	8.5	10.3	8.5
Index	100.0	61.8	20.4	8.4	5.2	4.3

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

Over multiple decades, the traditional value approach of buying cheap stocks has worked well. Over the last decade, it hasn't, leading an increasingly large chorus to proclaim that value investing is dead. While we aren't textbook value investors, this debate is not academic for us, as the value philosophy and our fundamental, long-term, and contrarian philosophy are intellectual cousins. Value investing has taken knocks before and recovered – can it do so once again?

Our answer is an emphatic yes. It will work in future for the same reason that it has worked well in the past – at its core, its efficacy is driven by thousands of years of basic human nature, specifically the urge to run with winners and from losers. In markets, investors habitually expect the winners to forever thrive and the losers to forever struggle, and they price the companies accordingly.

For value opportunities to emerge, investors first have to overestimate the differences between companies. Widening expectations are essential to value investing. That does not make periods of widening expectations any more comfortable, however. In the 80 years from 1926 to 2006, value shares experienced seven periods of 20%+ underperformance vs expensive shares. The good news? Every one of those periods was followed by significantly better-than-average outperformance for value.

Yet this long historical perspective hasn't stopped investors from claiming that this time is different, whether because of technological change, falling interest rates, changing valuation metrics, or even the very awareness of value investing.

Today, valuation spreads globally are unusually wide. On a price-earnings basis, they have only been wider around the Japan bubble in 1990, the tech bubble in 2000, and at the trough of the global financial crisis. We are flexible, however. Although valuation spreads are wide, not all of our favourite ideas are trading at depressed multiples. In the US and emerging markets, we have found more opportunities that offer underappreciated growth potential at a reasonable price. In Europe and Japan, however, it's a different story – many of the most compelling ideas we've found there trade at very low valuations.

European value: BMW

Trading at 0.8 times book value and just six times depressed 2018 earnings, BMW is trading at an all-time low valuation due to concerns about the global auto industry.

Globally, the push for battery electric vehicles (BEVs) is a headwind to automakers' profits. Customer demand, however, is not yet high enough to allow manufacturers to sell BEVs at prices that generate sustainable profits. Whilst this is challenging over the short term, over the medium term, we think it's more likely that consumers, rather than manufacturers, will pay the cost of reducing emissions via higher prices.

BMW's premium brand has helped it earn roughly 15% return on equity and grow its book value whilst paying out a third of earnings as dividends. We believe a re-rating to just 1.1 times book value, coupled with modest growth and a well-covered 5.5% dividend yield, could drive very attractive returns for BMW shares over our investment horizon.

Japanese value: Mitsubishi, Sumitomo and Mitsui & Co.

General trading companies are best thought of as industrial conglomerates. Their subsidiaries deal in vastly diverse businesses and in effect, their fundamentals unsurprisingly tend to track those of the Japanese economy as a whole.

In 2013, however, the market was concerned about the companies' resource businesses, leading the stocks to trade at a discount to their book value. We bought positions in Mitsubishi and Sumitomo for the Orbis Global Equity Fund in 2013, adding Mitsui later. Our thesis was that their assets would generate reasonable, sustainable profits, and that improvement in capital allocation could drive a re-rating and attractive returns for shareholders.

On the asset side, there have been hiccups. Amid the commodity crash from 2014 to 2016, the companies took write downs, leading to Sumitomo's first annual loss in 15 years, and Mitsubishi's and Mitsui's first losses in over 40 years. Since then, however, the companies' biggest commodity segments have recovered. The companies have also become better at allocating that cash flow by investing more carefully in new projects, paying down debt, and making higher payouts to shareholders.

Yet that improvement has not been rewarded with appropriately higher valuations. Today, all three companies trade at a discount to their book value and just seven times earnings, with dividend yields above 4%, despite earning higher returns on equity than the broader Japanese market.

Focusing on intrinsic value

In today's market environment, valuation spreads look unusually wide, and we have uncovered a number of attractive value shares, particularly in Europe and Japan. With opportunities like these on offer, we believe time will prove that today's reports of the death of value investing were – once again – greatly exaggerated.

Adapted from an Orbis commentary contributed by Michael Heap and Brett Moshal, Orbis Portfolio Management (Europe) LLP, London

For the full commentary please see www.orbis.com

Fund manager quarterly commentary as at 30 September 2019

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 Russell Indices

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2019. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®", "Russell®", "FTSE Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

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**.