Allan Gray-Orbis Global Equity Feeder Fund

30 September 2020

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 is designed to be exposed to all of the risks and rewards of selected global shares. 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 designed to be exposed to all of the risks and rewards of selected global shares. 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 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

*Effective 14 May 2020, the Orbis Global Equity Fund's benchmark changed to the MSCI World Index, including income, after withholding taxes. However, for an initial period of time, the Orbis Global Equity Fund is continuing to charge its fee with reference to the FTSE World Index, including income. See the Orbis Global Equity Fund's factsheet for more information. After this initial period of time, the benchmark of the Allan Gray-Orbis Global Equity Feeder Fund will change to the MSCI World Index, including income, after withholding taxes.

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

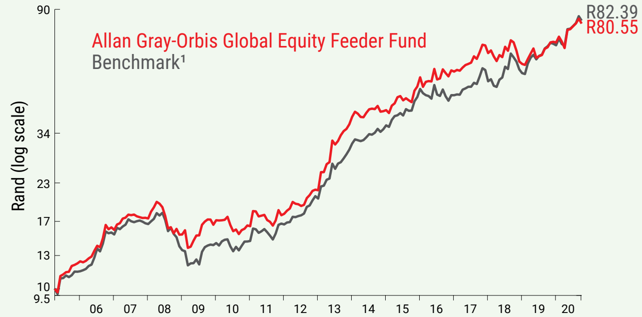
Fund information on 30 September 2020

Fund size	R20.8bn
Number of units	259 210 852
Price (net asset value per unit)	R80.20
Class	A

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 30 September 2020.
2. This is based on the latest available numbers published by IRESS as at 31 August 2020.
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)	705.5	198.3	723.9	205.1	131.3	34.5
Annualised:						
Since inception (1 April 2005)	14.4	7.3	14.6	7.5	5.6	1.9
Latest 10 years	17.6	7.7	19.4	9.3	5.1	1.8
Latest 5 years	13.1	8.9	15.2	10.9	4.6	1.8
Latest 3 years	7.8	0.3	15.8	7.7	4.1	1.9
Latest 2 years	7.6	-1.2	15.5	6.1	3.7	1.5
Latest 1 year	20.5	8.7	22.5	10.5	3.1	1.3
Year-to-date (not annualised)	16.0	-3.3	21.4	1.3	2.7	0.7
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	63.4	59.7	62.4	64.0	n/a	n/a
Annualised monthly volatility[5]	15.4	17.3	14.1	15.7	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 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 2019
Cents per unit	**1.055**

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.orbis.com.

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 2020	1yr %	3yr %
Total expense ratio	**0.90**	**1.55**
Fee for benchmark performance	1.49	1.49
Performance fees	-0.65	0.01
Other costs excluding transaction costs	0.06	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.10**	**0.10**
Total investment charge	**1.00**	**1.65**

Top 10 share holdings on 30 September 2020

Company	% of portfolio
British American Tobacco	7.9
NetEase	7.2
XPO Logistics	5.8
Naspers	4.9
Bayerische Motoren Werke	4.4
Anthem	4.0
Taiwan Semiconductor Mfg.	3.6
Newcrest Mining	3.4
UnitedHealth Group	3.2
Comcast	3.2
Total (%)	**47.6**

Asset allocation on 30 September 2020

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equity	98.3	32.1	26.4	10.2	20.9	8.7
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	1.7	0.0	0.0	0.0	0.0	1.7
Total	**100.0**	**32.1**	**26.4**	**10.2**	**20.9**	**10.4**
Currency exposure of the Orbis Global Equity Fund						
Funds	100.0	42.2	27.5	10.5	11.1	8.7
Index	100.0	64.5	18.5	8.1	5.3	3.5

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

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Fund manager quarterly commentary as at 30 September 2020

We often write about the importance of long-term thinking in our investment approach. When faced with extreme uncertainty, human nature often prompts investors to dramatically shorten their investment time horizons and overemphasise worst-case scenarios. This can create compelling opportunities for those who can remain patient and rationally assess the full range of potential outcomes.

We have seen this on numerous occasions throughout our history, but a particularly good example came in 2008, when then-incoming US President Barack Obama made healthcare reform a top priority. The combination of fears about "Obamacare", coupled with the global financial crisis, created the perfect storm for the healthcare industry. Our contrarian view was that the new legislation – officially known as the Affordable Care Act – would have only a modest impact on the long-term earnings power of Anthem and other managed care organisations (MCOs). While it took time for our thesis to play out, our patience was well rewarded, and we subsequently sold out in 2014. We re-established our positions in select MCOs in 2016, when their share prices started to look attractive relative to our assessment of their intrinsic value.

Over the last two years, managed care stocks were again whipsawed by fears that either Bernie Sanders or Elizabeth Warren – both proponents of extensive healthcare reform – would win the Democratic nomination for president and defeat Donald Trump in 2020 to take the White House. Once again the big fear was that healthcare would be nationalised and MCOs would be disintermediated, and once again we believed that prevailing valuations provided a very attractive risk-adjusted investment opportunity for those with a long-term investment horizon.

MCOs play an important role in the US healthcare system. They have the technical capabilities to manage and administer networks of doctors, hospitals and pharmacies and they are uniquely well placed to design and administer attractive health benefit plans for their customers. This involves aggregating the purchasing power of their customer base to negotiate attractive rates with healthcare providers at local and national levels. As two of the largest players, Anthem and UnitedHealth benefit from leading economies of scale and network effects. The MCOs also play a leading role in driving innovation in the healthcare system to achieve better outcomes at a lower cost. For example, they can steer patients into high-performing, lower-cost care settings (e.g. ambulatory surgery centres) and can contract with primary care practices that work proactively to keep their members healthy.

The combined tailwinds of an ageing population, rising incomes and expansion of health coverage to more people have increased the demand for healthcare and services offered by MCOs. This has allowed Anthem and UnitedHealth to grow earnings at attractive rates over time. Since 2000, Anthem has delivered earnings-per-share growth of 16% per annum and UnitedHealth an even more impressive 19% per annum compared to a respectable 6% per annum for aggregate S&P 500 earnings. On the strength of their fundamentals, both stocks comfortably beat the S&P 500's return by a wide margin. Anthem shareholders have made 15 times their money since the company's initial public offering on 30 October 2001, while an investment in UnitedHealth rose by a factor of more than 20 over the same period compared to the less than fivefold growth of the S&P 500.

What is most exciting to us is that these businesses have rarely traded at demanding valuations despite providing an essential service and having an almost unlimited runway of future growth. We can see this if we look at the companies' prices as a multiple of expected future earnings. On that measure, UnitedHealth has on average traded at a 5% discount to the S&P 500, and Anthem has traded at a 20% discount, despite both being superior businesses from a fundamental perspective.

As the presidential campaign ramps up in the weeks to come, we expect fresh debate about the future of healthcare in the US and we are prepared for considerable volatility in managed care stocks. MCOs may face an uphill battle winning the confidence of investors during a period of increased regulatory scrutiny. Based on our experience, we believe that the changes in the US healthcare sector will remain gradual rather than revolutionary, and that leading MCOs, like Anthem and UnitedHealth, will adapt and remain an important part of the system, irrespective of who wins the upcoming election. But the lesson from our previous ownership of these businesses in the Obama era is that fears about regulatory risk can linger for years.

In situations like this, we are reminded how fortunate we are to be in a partnership with like-minded clients who understand the importance of a patient, long-term investment approach. While we believe that Anthem and UnitedHealth will continue to serve their members well and deliver healthy earnings-per-share growth over the long term, it may take time for this to be reflected in their share prices. But for investors who can think like business owners, there is a clear opportunity to lean into the uncertainty.

Over the quarter, most of the concentrations in the portfolio were unchanged. We established just one new significant position – in a beverages company listed in Europe. We also trimmed the positions in NetEase, Vale and Honda Motor.

Adapted from a commentary contributed by Povilas Dapkevicius and Matteo Sbalzarini, Orbis Portfolio Management (Europe) LLP, London

For the full commentary please see www.orbis.com

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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.

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

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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.

MSCI Index

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

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**