Allan Gray-Orbis Global Equity Feeder Fund

30 November 2021

ALLANGRAY

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 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*

Initial lump sum per investor account	R50 000
Additional lump sum	R1 000
Debit order**	R1 000

*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

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

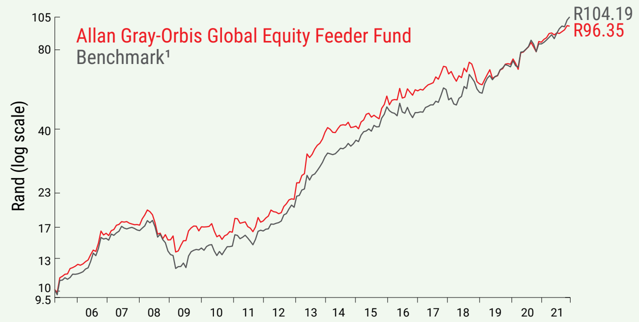
Fund information on 30 November 2021

Fund size	R26.0bn
Number of units	270 918 249
Price (net asset value per unit)	R95.91
Class	A

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 30 November 2021. Effective 14 May 2020, the Orbis Global Equity Fund's benchmark changed from the FTSE World Index, including income (FTSE World Index), to the MSCI World Index, including income, after withholding taxes (MSCI World Index). For an initial period of time, the Orbis Global Equity Fund will continue to charge its fee with reference to the FTSE World Index. After this period, the benchmark of the Allan Gray-Orbis Global Equity Feeder Fund will change to the MSCI World Index. Please see the Orbis Global Equity Fund's factsheet for more information on this fee transitional period.
2. This is based on the latest available numbers published by IRESS as at 31 October 2021.
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)	863.5	275.0	941.9	305.6	143.8	43.3
Annualised:						
Since inception (1 April 2005)	14.6	8.3	15.1	8.8	5.5	2.2
Latest 10 years	18.4	10.7	20.1	12.2	5.0	2.0
Latest 5 years	11.6	8.7	17.9	14.8	4.4	2.7
Latest 3 years	17.2	11.4	22.9	16.8	4.0	3.0
Latest 2 years	17.5	12.5	23.2	18.0	4.1	3.7
Latest 1 year	14.1	9.7	26.0	21.2	5.0	6.2
Year-to-date (not annualised)	14.8	5.3	26.1	15.7	5.0	6.1
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	63.5	60.0	63.0	64.5	n/a	n/a
Annualised monthly volatility[5]	15.1	17.3	14.0	15.7	n/a	n/a
Highest annual return[6]	78.2	64.1	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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Allan Gray-Orbis Global Equity Feeder Fund

30 November 2021

Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund 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 2020
Cents per unit	**0.6366**

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 and prospectus, 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 2021	1yr %	3yr %
Total expense ratio	**0.79**	**1.02**
Fee for benchmark performance	1.48	1.49
Performance fees	-0.74	-0.52
Other costs excluding transaction costs	0.05	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.10**	**0.09**
Total investment charge	**0.89**	**1.11**

Top 10 share holdings on 30 November 2021

Company	% of portfolio
British American Tobacco	5.5
GXO Logistics	3.8
XPO Logistics	3.3
Naspers[7]	3.2
ING Groep	2.9
UnitedHealth Group	2.9
Anthem	2.8
Comcast	2.6
NetEase	2.5
FLEETCOR Technologies	2.5
Total	**32.1**

7. Includes holding in stub certificates or Prosus N.V., if applicable.

Asset allocation on 30 November 2021

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	99.2	38.9	28.1	11.0	14.5	6.7
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
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	0.8	0.0	0.0	0.0	0.0	0.8
TOTAL	**100.0**	**38.9**	**28.1**	**11.0**	**14.5**	**7.5**
Currency exposure of the Orbis Global Equity Fund						
Funds	100.0	43.7	29.6	11.1	8.9	6.7
Index	100.0	67.3	17.6	6.8	5.1	3.2

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

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Fund manager quarterly commentary as at 30 September 2021

The past quarter has been painful. After an encouraging start to the year, we gave all the outperformance back and more, with exposure to selected Chinese technology shares and the broad underperformance of value-oriented shares globally driving the majority of underperformance. While we try not to dwell on quarterly results, the past few years have also been disappointing. As co-investors in the Orbis funds, we share the frustration that some of you may be feeling.

As painful as they may be, times like these are an inevitable consequence of our bottom-up approach. Labels such as "value" and "growth" are often used to bucket groups of stocks together according to shared quantitative characteristics or "factors". But we focus on the risk/reward proposition of each individual investment opportunity, and for better or worse, clients should expect this approach to produce an idiosyncratic pattern of relative returns that is uniquely our own.

The past few years have been a reminder of what those difficult times can look like up close. It helps to break it down into three distinct periods.

1 January 2020 – 30 September 2020

Heading into 2020, the market was characterised by massive dislocations between the valuations of shares belonging to the value and growth factor buckets. But there's a big difference between picking a few attractive stocks that happen to fall into a particular bucket and buying the entire bucket itself. We do the former, not the latter. For example, we owned shares such as BMW and Honda which were trading at or below their book value.

But we believed that our selections from the value bucket were significantly more attractive and resilient than the rest of their peers. As the pandemic unfolded, the broader value bucket was hit particularly hard. We felt our share of the pain as well, but during the first nine months of 2020, the Orbis Global Equity Fund (the Fund) held up much better than the value factor – and many other value investors – thanks to our holdings elsewhere in the portfolio, notably in the US and China.

1 October 2020 – 31 May 2021

As a group, value shares came roaring back from last October through May of this year – driven largely by vaccine news and the prospect of the world returning to "normal" sooner than expected. Many of our stock selections benefited from that tailwind, but actually did a bit better than exposure to any particular factor would suggest.

1 June 2021 – 30 September 2021

In recent months it has cut the other way, driven in part by a few stocks in China.

Leaving political risk aside, the Chinese equities that we own in the portfolio look extremely compelling and are trading well below our assessment of their intrinsic value. But we don't have the luxury of investing in a vacuum. Indeed, escalating geopolitical and regulatory risks were our primary motivation for reducing the Fund's aggregate exposure to China in the second half of last year – trimming it from 20% at 30 June 2020 to 15% at 31 December 2020. With the benefit of hindsight, we should have trimmed more.

As tempting as it may be to take a more aggressive stance in China at today's valuations, we are increasingly mindful of the risks. At 9% of the portfolio at 30 September, which includes Naspers, we believe our position sizing in China is appropriate in light of the risks. We remain enthusiastic about our selected holdings in the area, the largest of which is NetEase. As painful as these developments have been, it is worth remembering that leaning into political risk has also worked in our favour. As we discussed in last September's commentary on the eve of the 2020 US presidential election, our holdings in managed care organisations (MCOs) such as UnitedHealth Group and Anthem are uniquely sensitive to political risk.

We first bought into the MCOs in 2008 amid fears about "Obamacare" and were presented with another opportunity when Bernie Sanders proposed "Medicare for All" in the 2020 presidential campaign. The doomsday scenario is always the same – that the MCOs will be put out of business by a nationalised healthcare model – but the pandemic also brought fresh fears of a surge in COVID-19-related claims.

Since President Biden took office, he has not made any notable moves in healthcare. We continue to believe that the services of UnitedHealth and Anthem will be in even greater demand in the future as the US tries to provide better healthcare to an ageing and growing population at a manageable cost. We fully expect their share prices to remain volatile, but we continue to believe that they offer compelling long-term value.

Importantly, UnitedHealth and Anthem have nothing to fear from Chinese regulators, just as NetEase will never need to care about US healthcare policy. From a fundamental perspective, these businesses are completely uncorrelated. When we assemble a whole portfolio of opportunities like this, we end up with a collection that is truly differentiated. Historically, our analysis shows that less than half of the Fund's long-term relative performance can be attributable to its factor exposures. Trying to mimic the factor exposures of the Fund would have beaten the World Index – an impressive feat – but you would have been unable to replicate the performance of the Fund over its history.

Only time will tell if our current selections can repeat this performance in the future. We are optimistic. When compared to the averages of their World Index peers, the companies held in the Fund are growing faster and yet trade at significantly lower valuations. To us, that's pretty exciting – especially at a time when one can easily pay more than 50 times revenue for an unproven software business or US$1 million for a digital picture of a rock.

Over the quarter, we established new, significant positions in two US companies that provide business payments services. We funded these purchases by trimming the positions in AbbVie and Taiwan Semiconductor Manufacturing after a period of outperformance, and in some China-related holdings.

Adapted from a commentary contributed by John Christy, Orbis Investments (Canada) Limited, Vancouver

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.

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Allan Gray Unit Trust Management (RF) (Pty) Ltd (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 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 (Pty) Ltd (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. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their 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, 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, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs 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).

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

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

FTSE Russell Index

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MSCI Index

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