

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 28 February 2022

Fund size	R24.5bn
Number of units	268 468 557
Price (net asset value per unit)	R91.09
Class	A

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 28 February 2022. 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 January 2022.

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).

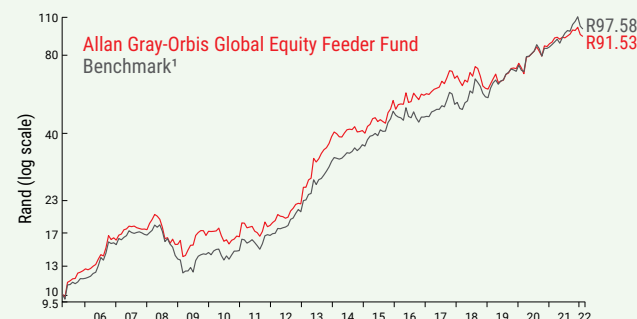
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.

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)	815.3	268.6	875.8	293.0	146.8	46.0
Annualised:						
Since inception (1 April 2005)	14.0	8.1	14.4	8.4	5.5	2.3
Latest 10 years	17.1	8.8	19.2	10.8	5.0	2.2
Latest 5 years	10.5	6.8	16.2	12.3	4.3	3.0
Latest 3 years	14.5	10.7	18.5	14.6	4.5	3.7
Latest 2 years	14.4	15.0	19.4	20.0	4.4	4.4
Latest 1 year	4.9	1.4	14.2	10.3	5.7	7.5
Year-to-date (not annualised)	-7.6	-4.7	-10.0	-7.2	0.8	1.2
Risk measures (since inception)						
Maximum drawdown ³	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months ⁴	63.1	59.6	62.6	64.0	n/a	n/a
Annualised monthly volatility ⁵	15.1	17.2	14.1	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

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 2021
Cents per unit	1.5476

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 31 December 2021	1yr %	3yr %
Total expense ratio	0.78	0.93
Fee for benchmark performance	1.48	1.49
Performance fees	-0.75	-0.61
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	0.88	1.02

Top 10 share holdings on 28 February 2022

Company	% of portfolio
British American Tobacco	7.8
XPO Logistics	3.4
Global Payments	3.4
FLEETCOR Technologies	3.3
UnitedHealth Group	3.2
GXO Logistics	3.1
Howmet Aerospace	3.0
Anthem	2.8
Naspers ⁷	2.7
Newcrest Mining	2.6
Total	35.1

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

Asset allocation on 28 February 2022

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	99.3	38.7	24.9	11.3	15.7	8.6
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	0.7	0.0	0.0	0.0	0.0	0.7
TOTAL	100.0	38.7	24.9	11.3	15.7	9.4

Currency exposure of the Orbis Global Equity Fund

Funds	100.0	40.3	27.1	11.4	10.4	10.7
Index	100.0	66.5	17.8	6.8	5.3	3.6

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

As 2021 draws to a close, we are as frustrated about the performance of the Fund as we are confident about the opportunities in it.

The market environment has been shaped by investor psychology around COVID-19. At times, it's felt like the market is valuing companies for the next 10 years based on the COVID-19 outlook for the next 10 weeks. From November 2020 through May 2021, vaccine optimism was a tailwind for our relative performance, but since then, variant pessimism has been a headwind.

While we naturally cannot control the environment, what we can control is which companies we choose to own in the Fund.

Some stocks that we haven't owned in the Fund, or haven't owned as large positions, such as Apple, Microsoft, and Google, performed fantastically well in 2021, especially from May through November. In fact, just five stocks accounted for almost all of the return of the FTSE World Index over that period.

But many of the highest-flying stocks in 2021 do not have anything like the entrenched dominance or firehose-like cash generation of the tech giants. Some 70 shares in the US trade for more than 10 times revenues, or 10 times money coming in the door *before* any expenses. With such sky-high valuations, in our view many of today's glamour darlings are likely to leave investors nursing losses. We remain happy to avoid the froth. Closer to home, some stocks we have owned have performed poorly, with a nearly eight percentage point drag on the Fund's returns from the 10 largest detractors.

We still hold nine of those 10. We think the value of our companies is little changed, but the market has reassessed them far more negatively. As a result, we think the discount to intrinsic value is wider – in some cases *much* wider – than it was six months ago. The same is true for many other holdings. That has been a frustrating experience to date, but it leaves us more enthusiastic about the portfolio today.

The best way to understand that enthusiasm is to look at the portfolio as we do – from the bottom up, company by company. The following positions, which together represent over a quarter of the portfolio, exemplify the value we see.

Growth cyclical

Investors have grown accustomed to thinking of growth as synonymous with tech – virtual businesses that can deliver growth regardless of the economic cycle. Yet companies with exposure to the economic cycle can offer attractive growth potential, too. We believe we've found five such opportunities in the US: XPO and GXO Logistics, which we discussed in March, as well as Howmet Aerospace and two specialised payments companies.

Howmet Aerospace makes precision aerospace parts. That is a good business – specifications are demanding, reliability is paramount, and customers insist on proven suppliers. The parts Howmet makes are so specialised that in some cases it is the only company on earth capable of producing them. The company has faced headwinds as COVID-19 took an axe to commercial air travel, but cut costs substantially and raised prices, managing to keep margins relatively flat and free cash flow positive despite a substantial hit to revenues. In a more normal demand environment, we believe Howmet can eventually earn US\$3 a share – roughly triple its 2019 earnings – making its current US\$32 share price a bargain for long-term investors prepared to wait out the recovery in air travel.

Fleetcor and Global Payments are payments businesses focused on small business niches. The two shares were roundly thrashed over the past few months following disappointing spending data from Visa and weak trading among many small businesses. In our view, the sell-off is a clear overreaction to short-term concerns, and over the long term, both businesses offer outstanding growth potential. By focusing on their customer niches, we believe both Fleetcor and Global Payments can grow earnings by roughly 20% p.a. over the long term, a far faster rate than the average stock, yet today both trade at just 15 times our estimate of forward earnings, a substantial discount to the wider market.

The boring middle

We've never found the distinction between "growth" and "value" to be all that useful. Yet investors often rush to bucket stocks into one or the other camp, focusing on expensive, fast-growing upstarts or cheap, slow-growing dinosaurs. That neglects plenty of stocks in the "boring" middle – letting us find several compelling ideas there. In addition to US health management organisation UnitedHealth Group, which we discussed last quarter, this group also includes Comcast and Dollar General.

Comcast is the leading cable and broadband provider in the US, and it also owns NBC Universal, and Sky in the UK. We got an exceptional opportunity to buy Comcast in 2020, when investors punished the stock as COVID-19 hurt the film, theme park, and sports broadcasting businesses. A year on, we believe the stock is still underappreciated due to worries about COVID-19 and cord cutting (when a customer drops TV in favour of streaming services). COVID-19 challenges will recede in time, and cord cutting is actually *beneficial* for Comcast's margins – as customers tend to purchase more bandwidth when switching to streaming services. Our proprietary data analysis suggests that Comcast should be able to out-compete slower service from competitors. We believe Comcast can grow earnings at a double-digit rate over our investment horizon, yet it trades at a steep discount to the wider market.

Dollar General is the original dollar store and still the leader, with over 17 000 stores in the US. Over the long term, the company has steadily grown earnings by 16% p.a. while generating above-average returns on capital. By focusing on smaller stores, building those stores more cheaply, staffing them more efficiently, and filling them with only essential goods, Dollar General generates much higher returns than its peers on each store it opens. While Amazon offers cheap goods too, delivery is slower and more costly in rural areas, often making Dollar General a more convenient choice for rural customers. And because it focuses on lower-cost goods, Dollar General's sales are often counter-cyclical, *benefiting* as consumers become more price-conscious in recessions. Yet today, we do not have to pay up for these attractive fundamental strengths – we see Dollar General as a much-better-than-average business trading at an average price.

Chinese internet

We remain enthusiastic holders of NetEase and Naspers (whose key asset is a stake in Chinese internet goliath Tencent) despite the turbulence of 2021. As we wrote last quarter, we believe both shares trade at larger discounts to intrinsic value following their recent share price weakness, though the position sizes are tempered by our sober assessment of the potential regulatory risks.

The whole portfolio

The stocks above show a pattern that is common to the wider portfolio: getting much better quality than we are paying for. In aggregate, the companies in the Fund have grown revenues more quickly than the average business over the long term, while generating similar returns on equity. Yet today our shares trade at a 35% discount to the average stock. Getting similar or better quality at a 35% discount strikes us as exceptionally good value – value that leaves us both excited and confident about the opportunities ahead.

Over the quarter, we continued to add to the recently established positions in Fleetcor Technologies, Global Payments and a US-based discount retailer. We funded these purchases by trimming or selling out of some China-related holdings, and by eliminating the positions in AbbVie and Amazon.

Adapted from a commentary contributed by Rob Perrone, Orbis Investment Advisory Limited, London

Fund manager quarterly commentary as at 31 December 2021

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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Management Company

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)11 301 6335 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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