ALLANGRAY

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

30 September 2022

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.

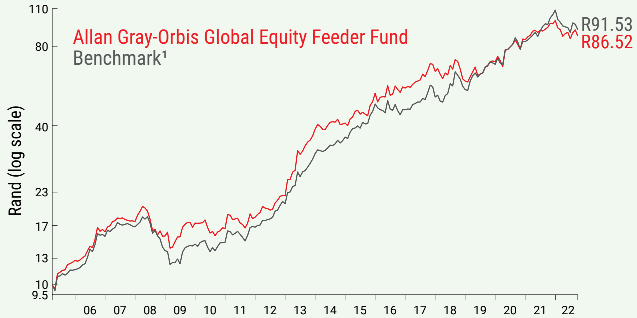
Fund information on 30 September 2022

Fund size	R22.3bn
Number of units	259 574 639
Price (net asset value per unit)	R86.10
Class	A

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 30 September 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 August 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)	765.2	199.5	815.3	216.8	161.1	53.1
Annualised:						
Since inception (1 April 2005)	13.1	6.4	13.5	6.8	5.7	2.5
Latest 10 years	15.3	6.7	16.9	8.1	5.3	2.5
Latest 5 years	6.1	0.2	11.5	5.3	5.0	3.8
Latest 3 years	9.0	2.9	10.8	4.6	5.2	4.9
Latest 2 years	3.6	0.2	5.4	1.9	6.3	6.7
Latest 1 year	-7.3	-22.2	-4.4	-19.7	7.6	8.2
Year-to-date (not annualised)	-12.6	-22.6	-15.6	-25.2	6.6	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]	62.9	59.0	61.0	63.3	n/a	n/a
Annualised monthly volatility[5]	15.2	17.4	14.1	16.0	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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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 30 September 2022	1yr %	3yr %
Total expense ratio	**1.06**	**0.91**
Fee for benchmark performance	1.49	1.49
Performance fees	-0.48	-0.63
Other costs excluding transaction costs	0.05	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.11**	**0.10**
Total investment charge	**1.17**	**1.01**

Top 10 share holdings on 30 September 2022

Company	% of portfolio
British American Tobacco	6.9
FLEETCOR Technologies	4.3
Global Payments	3.7
Shell	3.3
Progressive	2.9
GXO Logistics	2.7
XPO Logistics	2.6
ING Groep	2.5
Jardine Matheson Holdings	2.5
Samsung Electronics	2.4
Total	**33.9**

Asset allocation on 30 September 2022

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	98.9	50.3	21.8	10.0	11.8	4.9
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	1.1	0.0	0.0	0.0	0.0	1.1
TOTAL	**100.0**	**50.3**	**21.8**	**10.0**	**11.8**	**6.0**
Currency exposure of the Orbis Global Equity Fund						
Funds	100.0	48.0	25.0	12.4	7.1	7.5
Index	100.0	68.2	16.6	6.6	4.8	3.8

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

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Fund manager quarterly commentary as at 30 September 2022

The heady days of the "Everything Bubble" of 2021 now seem like a distant memory. Global equities have declined over 20% in US dollars since the start of the year, and the most speculative areas of the market have seen far steeper losses.

Despite this backdrop, we are enthusiastic about the opportunities for bottom-up stock selection. Although we are not beholden to any particular style of investing, as contrarians, we are naturally drawn to areas of the market that are out of favour and thus to shares that would typically be classified as "value". For more than a decade, many investors had an insatiable appetite for growth and were willing to pay almost any price for it but over the past 18 to 24 months, the narrative has changed.

What's most exciting is that we believe value still has a long way to go – it remains in the midst of a historic dislocation. This explains our continued enthusiasm and our positioning in the Orbis Global Equity Fund, which has a stronger tilt in the direction of value than any other time in its history, with the exception of the dotcom bubble in the late 1990s.

While we have written in the past about the portfolio's more classic "value" holdings in the energy and mining sectors, we are also finding compelling value in very different types of businesses. Two of our largest holdings, Global Payments and FLEETCOR Technologies, provide an illustration. We sometimes refer to them as "quality cyclicals", which is to say that they are excellent businesses, but they also come with exposure to the ups and downs of the broader economy. As long-term investors, that's just fine with us. In the short term, cycles can produce buying opportunities when others are pessimistic, while the underlying quality of the businesses gives us the confidence needed to wait patiently for sentiment to improve over the longer term.

Global Payments provides merchants – often small and medium-sized enterprises (SMMEs) – with a platform to process credit and debit card transactions. When we began looking at the company last year, its shares were deeply out of favour. The pandemic was a major blow to spending on many of the services and experiences provided by SMMEs. At the same time, "disruptive" new competitors caught the imagination of many investors, and the "legacy" payment companies like Global Payments were left behind.

There are valid reasons to be cautious. Like any technology, the payments space evolves rapidly and the competitive threat is real. And while SMMEs may have begun to recover from the pandemic, discretionary spending may suffer yet again on fresh consumer fears about recession and the cost of living. As a result, Global Payments went from trading at a significant (30-50%) premium to the S&P 500 prior to the pandemic to about a 30% discount today.

Still, we think Global Payments is trading at an excessively pessimistic valuation for a few reasons. The industry "pie" is growing at 8-12% per annum, and Global Payments is maintaining market share. The company bundles payment services with useful software, making its customers very sticky. And it is expanding into business-to-business payments, a market more than double the size of business-to-consumer payments.

We believe that the business should be able to deliver earnings growth of 15-20% per annum over our investment horizon. Therefore, at less than 12 times our estimate of 2022 earnings per share, Global Payments offers exceptional value in our view.

As with Global Payments, FLEETCOR shares have also suffered from SMME-related concerns. The company operates niche payment networks in fuel, lodging, tolls and corporate payments. They primarily enable SMME customers to control spending of company money on expenses and payments to suppliers.

As an example, imagine a local towing company whose truckers frequently need to buy fuel. Rather than giving those employees a general-purpose credit card, FLEETCOR issues "Fuelman" cards that allow the truckers to pay for fuel and other pre-approved expenses. The towing company can reduce unauthorised expenses, and the gas stations in FLEETCOR's network can count on a captive stream of business from the drivers.

FLEETCOR is an excellent business which we believe can grow earnings per share at approximately 20% per annum over the medium to long term. Since FLEETCOR's IPO in 2010, the stock has risen sevenfold, driven by a combination of organic growth and savvy acquisitions by CEO Ron Clarke.

Looking ahead, FLEETCOR still has a lot of dry powder, and we expect Clarke to put the equivalent of 40% of the company's market cap to work in the coming years. At current prices, there may be few better targets than FLEETCOR's own stock, and we've been pleased to see management buying back shares when they have been trading below our assessment of intrinsic value. FLEETCOR trades at 11 times forward earnings. Like Global Payments, it previously traded at a premium to the S&P 500 just a few years ago, but now trades at a discount that we believe is unwarranted.

It's always exciting to be able to find shares of above-average businesses trading at below-average valuations. Global Payments and FLEETCOR stand out as two – among many – such examples in the current portfolio, and we continue to believe this is an unusually attractive time to be a bottom-up stockpicker.

We added to the position in FLEETCOR following price weakness and added to some existing positions in the materials and energy sectors.

We funded these purchases by selling the position in Diageo after outperformance had reduced the discount to our assessment of intrinsic value and trimming the positions in UnitedHealth and Elevance Health, both US health insurers.

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

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Important information for investors

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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