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

31 December 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.

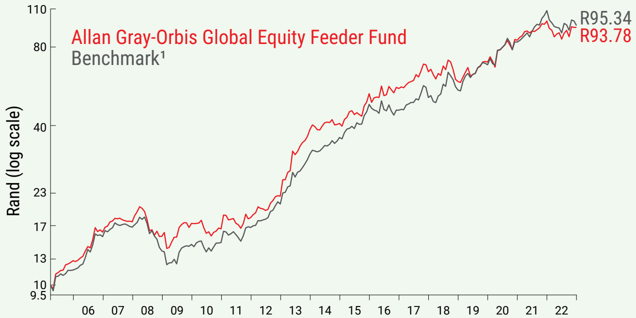
Fund information on 31 December 2022

Fund size	R23.8bn
Number of units	255 497 978
Price (net asset value per unit)	R93.32
Class	A

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 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 30 November 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)	837.8	243.6	853.4	249.4	163.1	54.5
Annualised:						
Since inception (1 April 2005)	13.4	7.2	13.5	7.3	5.7	2.5
Latest 10 years	15.8	8.0	16.7	8.9	5.2	2.6
Latest 5 years	8.0	1.2	13.3	6.2	4.9	3.8
Latest 3 years	10.5	3.7	12.0	5.1	5.3	5.0
Latest 2 years	5.7	-1.8	7.4	-0.2	6.4	7.0
Latest 1 year	-5.3	-11.2	-12.1	-17.5	7.4	7.1
Year-to-date (not annualised)	-5.3	-11.2	-12.1	-17.5	7.4	7.1
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	59.2	60.6	63.4	n/a	n/a
Annualised monthly volatility[5]	15.2	17.4	14.2	16.1	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

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

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 2022
Cents per unit	**0.6110**

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 (updated quarterly)

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 2022	1yr %	3yr %
Total expense ratio	**1.24**	**0.95**
Fee for benchmark performance	1.50	1.49
Performance fees	-0.31	-0.59
Other costs excluding transaction costs	0.05	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.11**	**0.11**
Total investment charge	**1.35**	**1.06**

Top 10 share holdings on 31 December 2022

Company	% of portfolio
British American Tobacco	6.6
FLEETCOR Technologies	4.3
Sumitomo Mitsui	4.1
Global Payments	3.4
GXO Logistics	3.1
Alphabet	3.1
ING Groep	2.9
Progressive	2.5
Howmet Aerospace	2.3
KB Financial Group	2.3
Total	**34.6**

Asset allocation on 31 December 2022

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	97.6	43.8	22.8	16.2	11.9	2.9
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	2.4	0.0	0.0	0.0	0.0	2.4
TOTAL	**100.0**	**43.8**	**22.8**	**16.2**	**11.9**	**5.4**
Currency exposure of the Orbis Global Equity Fund						
Funds	100.0	46.9	24.3	15.8	7.4	5.7
Index	100.0	66.3	18.0	6.8	5.0	3.9

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

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

Fund manager quarterly commentary as at 31 December 2022

This could take a while. The everything bubble of 2021 has started to deflate, and valuations have started to turn towards sanity. But only started.

Typically, bubbles can take years to wash out, and whatever the recipe for the "perfect" bubble may be, the conditions of 2021 can't have been far off. Zero interest rates and stimulus cheques made money seem free, and government-imposed lockdowns made normal spending impossible – all but guaranteeing that all that "free money" would be used for speculation instead.

The speculative frenzy led to booms in cash-burning tech firms, metaverse stocks, electric vehicle outfits and any company with the whiff of disruptive innovation. Financial promoters became celebrities, and celebrities became financial promoters.

Many of those stories started with a kernel of truth, but as influential investor Seth Klarman puts it, "At the root of all financial bubbles is a good idea carried to excess".

Exciting projects were lavished with cash, while boring businesses were starved of it. We got a junk surplus and a food shortage. Shortages in things people actually need led to the sharpest inflation the West has seen in decades and, in 2022, central banks finally responded by taking the free money away.

Now that money has a cost again, the craziest assets have started to crash. Dogecoin has lost 89% of its value, and Bitcoin is down around 75% from its peak. In financial markets, cash has dried up with the most speculative shares the hardest hit. Money-losing tech companies have lost 80% of their value on average. In the US, the Nasdaq is down by a third from its peak, and the world index by nearly a fifth.

It usually takes a long time and a lot of pain for bubbles to burst and valuations to return to sanity. It would be strange if a single year completely unwound the biggest bubble in living memory.

Profit margins and earnings expectations are still very high, as is the dollar. Stock valuations have come down but not compared to bonds. Most importantly, and encouragingly for us, the valuation gap remains exceptionally wide. Said differently, the difference in expected return for stocks in the cheaper part versus the expensive part of the market remains large.

Today, the Orbis Global Equity Fund has its strongest-ever tilt towards value. Broadly, we have found more of this value outside the US and in businesses that haven't had their valuations inflated by supernormal earnings or very high price multiples.

The energy sector was up 45% over the year and is responsible for most of value's outperformance versus growth. The Fund held few energy shares at the start of 2022 – a mistake in hindsight – and has increased its exposure over the past several months. We continue to find energy shares attractive and, in our view, almost all of their outperformance can be explained by improving fundamentals rather than higher valuations.

Banks are down more than 10% this year despite being another classic "value" sector that stands to benefit from a combination of low starting valuations and favourable exposure to the changing economic regime.

When interest rates rise, banks can earn a wider spread between the interest they charge on loans and the interest they pay to depositors. The impact on their profits can be transformational, and if the banks can pay out those profits, they can be rewarded with much higher valuations.

Japan's banks appear especially attractive. They generally have their balance sheets in order, are relatively well capitalised and are in a supportive environment where regulators want them to earn more money and are happy for them to pay that out to shareholders. On current profits and payouts, banks like Sumitomo Mitsui Financial Group (SMFG) or Mitsubishi UFJ Financial Group (MUFG) trade at 8-9 times earnings with dividend yields of about 4% – already appealing.

But where Japanese banks could truly shine is if interest rates rise in Japan. With inflation now running well above the official 2% target and the Japanese yen having touched decades-low levels against the dollar, the Bank of Japan's policy has begun to come under pressure. Interest rates may soon have to rise. If they were to rise from zero to 2%, the earnings of Japanese banks could approximately double, leaving them on 4-5 times earnings with 8-10% dividend yields – far too cheap. With the stocks trading at a 40% discount to book value today, we pay essentially nothing for that upside potential. When, or indeed whether, such a policy shift may come, we cannot be sure. But the tweak in yield curve control just before year end is a positive sign of change. Today, banks represent 15% of the Fund, comprising a mix across Japan, Korea, and Europe.

With valuation gaps still a long way from normal, the value we are finding in the portfolio leaves us very excited about the relative returns of the Fund. With valuations this modest, we also have a constructive view of the Fund's absolute return potential despite reasons to remain cautious about broad market returns.

We added to our position in SMFG and established a new position in MUFG, two of Japan's largest banks.

We also added to our position in Alphabet, Google's parent company, based on relative share price weakness.

We funded these purchases by exiting several positions where our conviction level was lower, namely Teck Resources, Comcast and Naspers. We also reduced our position in Schlumberger based on relative strength.

Adapted from a commentary contributed by Ben Preston, Orbis Portfolio Management (Europe) LLP, London

Tel 0860 000 654 or +27 (0)21 415 2301 **Fax** 0860 000 655 or +27 (0)21 415 2492 **Email** info@allangray.co.za **www.allangray.co.za**

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.

Information and content

The information in and content of this publication are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray is an authorised financial services provider.

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

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2023. 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.

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**