

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 MSCI World Index, including income, after withholding taxes.

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

Note: 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.

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.

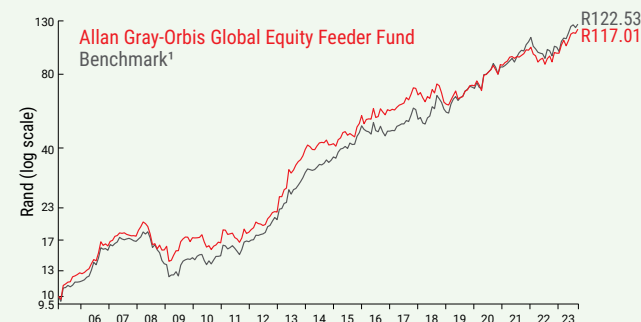
Fund information on 31 August 2023

Fund size	R28.0bn
Number of units	240 609 509
Price (net asset value per unit)	R116.43
Class	A

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 31 August 2023. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
2. This is based on the latest available numbers published by IRESS as at 31 July 2023.
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	
	ZAR	US\$	ZAR	US\$	ZAR	US\$
Cumulative:						
Since inception (1 April 2005)	1070.1	287.6	1125.3	305.9	172.9	57.6
Annualised:						
Since inception (1 April 2005)	14.3	7.6	14.6	7.9	5.6	2.5
Latest 10 years	13.3	6.7	16.3	9.5	5.1	2.7
Latest 5 years	10.6	5.3	14.0	8.6	4.9	3.9
Latest 3 years	11.8	7.8	12.8	8.8	5.8	5.6
Latest 2 years	12.8	-0.7	12.8	-0.7	6.3	5.8
Latest 1 year	28.0	16.2	27.8	16.0	4.7	3.3
Year-to-date (not annualised)	24.8	12.7	28.5	16.1	3.7	1.9
Risk measures (since inception)						
Maximum drawdown ³	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months ⁴	63.3	58.8	61.1	63.3	n/a	n/a
Annualised monthly volatility ⁵	15.2	17.2	14.2	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

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 30 June 2023	1yr %	3yr %
Total expense ratio	1.40	1.01
Fee for benchmark performance	1.45	1.47
Performance fees	-0.10	-0.51
Other costs excluding transaction costs	0.05	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	0.08	0.11
Total investment charge	1.48	1.12

Top 10 share holdings on 31 August 2023

Company	% of portfolio
FLEETCOR Technologies	6.0
GXO Logistics	4.6
Global Payments	4.4
Sumitomo Mitsui Fin.	4.4
Interactive Brokers Group	3.6
British American Tobacco	3.1
Constellation Energy	2.9
INPEX	2.8
XPO	2.4
KB Financial Group	2.4
Total	36.7

Asset allocation on 31 August 2023

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	48.3	19.5	13.9	15.5	2.0
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	48.3	19.5	13.9	15.5	2.8

Currency exposure

Fund	100.0	46.6	21.6	17.1	9.6	5.0
Benchmark	100.0	73.1	17.6	6.1	1.0	2.2

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

Japan is the world's second-largest developed stock market and home to over 600 companies with market values above US\$1bn. That is as many sizeable stocks as there are in every country in Europe combined. But despite its size, Japan is often left hanging on the periphery of investor attention.

We can see why. If investors know a single thing about Japan's market, it's that Japan has been a singularly bad market for investors. Since its epic bubble burst in 1990, the Japanese benchmark has returned less than 1% per year in US dollars, compared to 9% per year for other developed markets.

But dismissing Japan after a glance at its passive returns would be a mistake. While Japan has been a depressing market for passive investors, it has been a tremendous hunting ground for active stockpickers. For a start, a textbook "value" style has worked much better in Japan than it has elsewhere. In Japan, stocks classified as "value" have beaten "growth" stocks by 4% per year since 1975, far beyond the 1% per year value stocks have delivered in other global stock markets. The market's cyclical nature feeds big swings in greed and fear, providing a great setup for contrarians to exploit.

Indeed, contrarian stockpicking has worked much better than a simple "value" approach. Despite the poor returns of Japan's market, Japan holdings in the Orbis Global Equity Fund have been competitive with world stock markets since we bought our first Japanese stock in 1992, and our Japan holdings have beaten world stock markets over the last 25 years.

Bottom-up stockpicking has worked better than a simple value approach in part because doing our homework helps us avoid stocks that can look undervalued but remain cheap forever. There are plenty of such value traps in Japan. Unlike the rest of the world, the proportion of companies in Japan that trade below their book value is enormous, and many of them have traded at those low valuations persistently.

In recent years, the Japanese government has made efforts to unlock some of that value. These began in earnest after the election of the late Shinzo Abe, who in 2013 laid out the "structural reform" arrow of his namesake economic strategy, Abenomics. In 2014, the government published the Ito Review, which took a frank look at the low capital efficiency of Japanese corporates. Japan's Stewardship Code, which encourages engagement from investors, was also adopted in 2014, and we signed it the following year. In 2015, Japan introduced its Corporate Governance Code which aims to encourage better behaviour from companies

These policies have greatly improved the quality of Japan Inc.'s investor engagement – though from a low base, and at a glacial pace.

That pace changed this year, when the Tokyo Stock Exchange singled out companies whose shares trade at a price-to-book ratio (PBR) of less than 1.0, obliging them to tell investors their plans to achieve a higher valuation. This has lit a fire under management teams and opened the door to greater shareholder activism.

In short, Japan is changing, and in a good way. Helped by Warren Buffett's public enthusiasm for Japan's trading companies, investors and the press are beginning to take notice. Companies are demonstrating an increased commitment to dividend growth, minimum payouts and share buybacks. Dividend yields in Japan now rival those of major western markets.

We share the enthusiasm, but we believe it pays to be selective – passive investors are likely getting exposure to more expensive stocks that have less opportunity to improve.

Some of our holdings have already started to improve. Megabanks like Sumitomo Mitsui Financial Group and Mitsubishi UFJ Financial Group continue to reduce inefficient crossholdings of other companies' shares, have adopted progressive dividend policies and increased share buybacks. In this, they are following the model of the trading companies Mitsubishi and Sumitomo, which have improved their capital allocation and been rewarded with much higher valuations. We know those businesses well, having owned them well before Berkshire Hathaway, and we have sold down those positions into the Buffett-induced euphoria.

Yet other companies could benefit greatly from self-help measures within their control. Inpex, for example, is a highly cash-generative oil and gas producer whose valuation has languished at 0.5 times book value. Although the company has bought back more than 10% of its shares over the past two years and pays out 40% of its earnings to shareholders, it can afford to do much more. Its ability to generate cash is prolific, but payouts are lower than those of international peers. Were Inpex to increase payouts in line with peers, it could be rewarded with a far higher valuation.

But the biggest reason we find Japanese shares attractive is the simplest one – their valuations. Despite its improving fundamentals, the Japanese market remains inexpensive versus other world stock markets, particularly the US. As is the case elsewhere, the gap in valuations between the cheapest and the most expensive stocks in Japan remains wide. When we look from the bottom up, we can find shares that are far cheaper than the Japanese market while still picking up a higher dividend yield.

With improving fundamentals and attractive valuations, the environment in Japan looks particularly compelling to us and, accordingly, Japan now represents 13% of the Orbis Global Equity Fund.

During the quarter, we initiated a new position in semiconductor manufacturer Intel, adding to existing manufacturers owned by the Fund. We reduced the Fund's position in Alphabet, Google's parent company, due to relative share price strength and following the increasing competitive threats which have widened the range of outcomes in our view.

Adapted from a commentary contributed by Brett Moshal, Orbis Portfolio Management (Europe) LLP, London

Fund manager quarterly commentary as at 30 June 2023

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.

© 2023 Allan Gray Proprietary Limited

All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

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. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

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.

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**