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 November 2023

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.

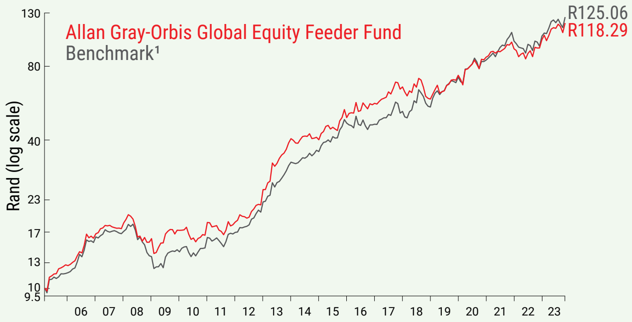
Fund information on 30 November 2023

Fund size	R28.0bn
Number of units	238 149 560
Price (net asset value per unit)	R117.69
Class	A

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 30 November 2023. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 31 October 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]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (1 April 2005)	1082.9	290.0	1150.6	312.3	177.8	59.3
Annualised:						
Since inception (1 April 2005)	14.2	7.6	14.5	7.9	5.7	2.5
Latest 10 years	12.5	5.8	15.4	8.6	5.2	2.8
Latest 5 years	14.6	7.6	17.4	10.2	5.1	4.0
Latest 3 years	11.9	4.5	14.8	7.2	6.2	5.7
Latest 2 years	10.8	1.9	9.6	0.8	6.7	5.5
Latest 1 year	26.2	13.3	26.2	13.3	5.9	3.2
Year-to-date (not annualised)	26.1	13.5	31.2	18.1	5.6	3.0
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	58.5	60.7	62.9	n/a	n/a
Annualised monthly volatility[5]	15.3	17.3	14.4	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

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 September 2023	1yr %	3yr %
Total expense ratio	**2.21**	**1.31**
Fee for benchmark performance	1.35	1.44
Performance fees	0.81	-0.18
Other costs excluding transaction costs	0.05	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.09**	**0.10**
Total investment charge	**2.30**	**1.41**

Top 10 share holdings on 30 November 2023

Company	% of portfolio
FLEETCOR Technologies	5.3
Sumitomo Mitsui Fin.	4.4
Global Payments	4.1
GXO Logistics	4.0
Constellation Energy	3.7
Intel	3.2
Interactive Brokers Group	3.0
UnitedHealth Group	2.7
BAE Systems	2.6
Shell	2.4
Total	**35.3**

Asset allocation on 30 November 2023

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	98.1	51.8	17.2	14.0	13.9	1.2
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	1.9	0.0	0.0	0.0	0.0	1.9
Total	**100.0**	**51.8**	**17.2**	**14.0**	**13.9**	**3.1**
Currency exposure						
Fund	100.0	50.4	20.3	16.5	7.7	5.2
Benchmark	100.0	73.2	17.6	6.1	0.9	2.2

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 30 September 2023

As renewable energy sources such as wind and solar have been more widely adopted, they have rapidly become more cost competitive, driven by "Wright's Law" effects – as cumulative production grows, industries learn and costs fall.

But renewables have a key flaw, which makes them increasingly less useful the more they are adopted in the energy system. That flaw is "intermittency" – wind turbines don't generate when there is no wind, and solar panels don't generate when there is no sun.

When renewables are first added to an electricity system, the overall intermittency effect is small, as there is a large base of other power sources that are either dispatchable such as gas and coal or continuously generating like nuclear. However, as the proportion of power provided by renewables grows over time and the proportion of dispatchable power falls, intermittency issues grow, and power prices become more volatile.

This is the core of why we are attracted to nuclear as a source of power. Nuclear power stations can generate power almost 24/7, running around 95% of the time. They don't suffer from intermittency. Yet they are also low carbon.

We initially came across Constellation Energy in early 2022. The company had just spun out of Exelon, a US utility. Constellation is the largest US producer of zero-carbon electricity with 21 gigawatts (GW) of nuclear capacity – roughly enough to power about 17 million homes for a year.

What first piqued our interest was that Constellation traded at a very attractive valuation relative to its replacement cost – the cost required to replace all its existing power plants. When we initially invested in the company, its enterprise value – the value of the business excluding its debt and cash – was approximately US$25bn. Given a US$5-10bn per GW cost of constructing new nuclear plants, Constellation's replacement value was around US$100-200bn. Of course, new plants last about 80 years, and Constellation's have been operating for 30 to 40 already – but even including depreciation, the company's enterprise value was a fraction of its replacement value.

Constellation also had a competitive advantage stemming from its significant scale – it has triple the nuclear capacity of the next-largest nuclear generator in the US. That allows the company to run multiple copies of the same nuclear reactor design, achieving economies of scale in maintenance. We see this in the hard numbers, where Constellation achieves more output on similar assets compared to peers and is consistently ranked as the best producer in the US on production, cost and safety.

Shortly after our initial investment, the US passed landmark climate legislation in the so-called "Inflation Reduction Act". The Act included a suite of subsidies for renewable energy but also for nuclear power.

For Constellation, the subsidy regime transforms the economic and intrinsic value of the business. It will receive a fixed minimum price, which guarantees profitability. This boosts both earnings and the valuation those earnings deserve by reducing the uncertainty and risk in the earnings stream. Even more favourably, Constellation is still exposed to upside in market power prices – there is a floor price but no ceiling price. That provides an asymmetric risk profile, and this observation has been a key difference in our view on the stock compared to the market's view.

While there is some opposition to nuclear, it is often not on cost grounds but on the grounds of safety. We believe that this is a common case of the seen and unseen. A small number of nuclear accidents are highly vivid (the seen). However, they have also been exceptionally rare. We believe, in fact, that nuclear is among the safest forms of energy in the world – significantly safer than generation by coal, oil, gas or biomass. The difference is that the harms from fossil fuel generation are less vivid, as accidents tend to be smaller scale (fires) and much of the local harm (pollution) is unseen.

There is also an outstanding question on how to store nuclear waste. For now, the US government reimburses power producers for the costs of on-site storage, where nuclear waste is sealed in large metal "casks". These casks have been entirely safe to date in their operation. They are closely monitored and are designed to withstand earthquakes, floods and even projectiles.

As the largest provider of reliable zero-carbon electricity in the US, Constellation is primed to be a key beneficiary of the shift to true zero-carbon energy. Though the shares have performed well since our purchase, we remain substantial shareholders.

We believe at its current valuation, Constellation trades at an undemanding price given the long-term floor on the company's profits. We also see plausible paths to higher upside. If the US rolls out either widespread carbon pricing or further nuclear subsidies, the company's enterprise value could more than double, approaching the replacement cost of the assets. In Constellation, we believe we've found a company that is playing a positive role for society – and whose shares trade at an attractive discount to intrinsic value.

We reduced the position in Samsung Electronics to reallocate capital to other higher-conviction semiconductor positions. Samsung Electronics remained a meaningful holding as at 30 September 2023. We also exited the position in Kinder Morgan to reallocate the capital to stocks we believed traded at a higher discount to intrinsic value.

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

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Important information for investors

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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

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MSCI Index

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