

ALLAN GRAY

ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND

Fund managers: This Fund invests solely into the Orbis Global Equity Fund, managed by Orbis Investment Management Limited.
Inception date: 1 April 2005

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 invests in shares listed on stock markets around the world and aims to be fully invested at all times. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund is fully invested outside South Africa, 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 managed to remain fully invested in selected global equities. 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 fully invested global equity 'building block' in a diversified multi-asset class portfolio

Minimum investment amounts

Minimum lump sum per investor account	R20 000
Additional lump sum	R500
Minimum debit order*	R500

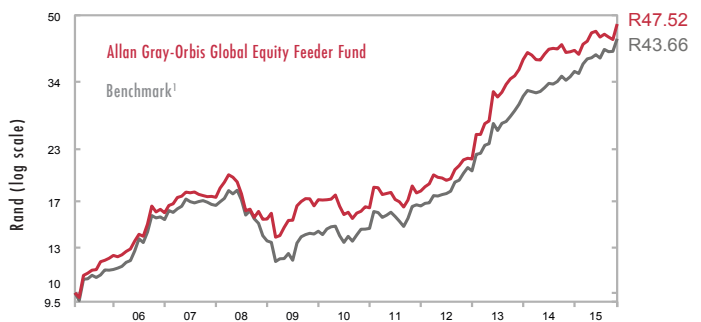
*Only available to investors with a South African bank account.

Fund information on 31 October 2015

Fund size	R14.8bn
Number of units	312 535 072
Price (net asset value per unit)	R47.33
Class	A

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\$
Unannualised:						
Since inception	375.2	113.8	336.6	96.4	84.6	23.0
Annualised:						
Since inception	15.9	7.5	14.9	6.6	6.0	2.0
Latest 10 years	14.7	6.7	14.3	6.3	6.1	1.8
Latest 5 years	24.3	8.4	24.7	8.7	5.5	1.7
Latest 3 years	30.1	11.4	29.7	11.0	5.5	0.9
Latest 2 years	16.2	-1.3	23.2	4.7	5.3	0.8
Latest 1 year	18.0	-6.3	27.2	1.0	4.6	0.0
Year-to-date (unannualised)	16.5	-2.6	20.9	1.1	4.6	0.5
Risk measures (since inception)						
Maximum drawdown ³	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months ⁴	65.4	59.1	66.1	60.6	n/a	n/a
Annualised monthly volatility ⁵	15.0	17.5	13.0	16.4	n/a	n/a
Highest annual return ⁶	78.2	63.0	54.2	58.4	n/a	n/a
Lowest annual return ⁶	-29.7	-44.8	-32.7	-47.3	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 October 2015.

2. This is based on the latest numbers published by INET BFA as at 30 September 2015.

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.

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Meeting the Fund objective

Since inception the Fund has outperformed its benchmark and its returns have exceeded CPI inflation by a significant margin. Over the latest 10-year period the Fund has performed in line with its benchmark, but it has lagged its benchmark by just over 1% p.a. over the last five years. The Fund has provided returns significantly in excess of CPI inflation for both those 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 2014
Cents per unit	0.1763

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, which can be found at www.allangray.co.za.

Total expense ratio (TER)

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 12-month period. 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).

TER breakdown for the year ending 30 September 2015	%
Fee for benchmark performance	1.50
Performance fees	0.52
Other costs including trading costs	0.21
VAT	0.00
Total expense ratio	2.23

Top 10 share holdings on 31 October 2015

Company	% of portfolio
NetEase	6.3
Motorola Solutions	5.0
QUALCOMM	4.5
Apache	3.5
Charter Communications	3.3
Time Warner Cable	2.5
Samsung Electronics	2.4
JD.com	2.4
PayPal Holdings	2.3
Sberbank	2.3
Total (%)	34.5

Geographical exposure on 31 October 2015

This fund invests solely into the Orbis Global Equity Fund

Region	Funds % exposure to:		% of World Index
	Equities	Currencies	
North America	45	57	58
Asia ex-Japan	25	7	5
Continental Europe	12	17	16
United Kingdom	10	8	7
Japan	6	9	9
Other	2	2	4
Total (%)	100	100	100

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

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Fund manager quarterly commentary as at 30 September 2015

The stiff headwinds facing value-oriented managers have been apparent for some time. More recently, the broad-based decline in global stock markets since June has served as a sobering reminder that asset prices are generally elevated. In such an environment, Orbis believes it is particularly imperative to pursue the highest-conviction ideas, wherever they may be.

Unsurprisingly, given our shared contrarian investment approach, Orbis' research today concludes that emerging markets are fertile ground for long-term investors: not despite being deeply out of favour, but perhaps because of it.

Orbis believes that the common view that shares of emerging market companies are inherently more risky than their developed market peers is misguided. Emerging market shares often carry additional risks, but Orbis believes the greatest risk long-term investors face is paying more for an asset than it is worth.

The market's stampede out of developing markets and into developed ones in recent months has resulted in a wider gap in price-to-revenue multiples of developed and emerging shares today relative to history. Investors are potentially paying a dangerously large price premium for the perceived 'safety' of developed markets.

Orbis believes this is not necessary, as one does not have to sacrifice quality when investing in emerging markets. Consider two of the Fund's underlying holdings, one in China (JD.com) and one in the US (PayPal Holdings). While the Chinese and US markets have behaved very differently from each other, Orbis believes both shares are undervalued relative to their long-term prospects.

A recent spinoff from eBay, PayPal's payment network links 170 million shoppers with 10 million merchants worldwide. PayPal is starting to rival the credit card networks, which first sprang into life 50 years ago, with one big difference: it is growing much faster. Orbis is confident that, given PayPal's stellar reputation, its marketing efforts to attract new users will be successful and drive meaningful earnings growth.

JD, a leading Chinese e-commerce player, is also building out its network of users, only even faster. Customers are flocking to JD at the mind-boggling rate of 50 million new users a year – a rate which even US e-commerce giant Amazon has never achieved. The long-term trend in favour of online retailers at the expense of traditional merchants is just as clear in China as anywhere else, yet the recent turmoil in Chinese markets has allowed Orbis to purchase JD's shares at what it believes will turn out to be a very attractive price.

Of course, JD and PayPal are by no means immune to risk, and in fact both sold off sharply during this past quarter's turbulence. At Allan Gray and Orbis, we appreciate that the discipline of sticking to long-term value can often come at the price of short-term underperformance. However, it is critical at times like these, when panic can cause investors to move in lock-step, that we continue to approach each investment opportunity with the mindset of a long-term business owner, and allow ourselves to form differentiated views.

There have been no significant changes to the Fund's geographical allocations or currency exposures in the last quarter. US semi-conductor company Qualcomm has re-entered the top 10 holdings, as Orbis has taken advantage of share price weakness to incrementally increase its investment size. In addition, the Fund's exposure to eBay and Paypal was impacted by the spin-off of Paypal when Orbis accepted the offer of one PayPal share for one eBay share.

*Adapted from Orbis commentary contributed by Ben Preston
For the full commentary please see www.orbis.com*

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Notes for consideration

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.

Management Company

Allan Gray Unit Trust Management (RF) Proprietary Limited (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 10 unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Services Board ('FSB'). 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 Proprietary Limited (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)87 736 1732 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

The Fund may be closed to new investments at any time in order to be managed according to its mandate. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Fund may borrow up to 10% of its 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 (STT), 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)

The total expense ratio (TER) is the percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past year. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), trading costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSB Investor Protection Levy), VAT and other expenses. Since Fund returns are quoted after the deduction of these expenses, the TER should not be deducted from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER ratio 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.

FTSE World Index

FTSE is a trademark of the London Stock Exchange Group of Companies. The FTSE World Index is calculated by FTSE International Limited ('FTSE') in accordance with standard criteria and is the proprietary information of FTSE. All copyright subsisting in the FTSE World Index values and constituent lists vests in FTSE. All its rights are reserved.

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

The Fund invests in a foreign fund managed by Orbis Investment Management Limited, our offshore investment partner.