Allan Gray-Orbis Global Fund of Funds

Fund managers: Ian Liddle
(The underlying Orbis funds are managed by Orbis)
Inception date: 3 February 2004
Class: A

Fund description

The Fund invests in a mix of equity, absolute return and multi-asset class funds managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 40% and 75%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of an international equity-only fund. 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 - Multi Asset - High Equity

Fund objective and benchmark

The Fund aims to create long-term wealth for investors without exceeding a maximum net equity exposure limit of 75%. It aims to outperform the average return of funds subject to similar constraints without taking on more than their average risk. The Fund's benchmark is a portfolio made up 60% by the FTSE World Index, including income, and 40% the JP Morgan Global Government Bond index.

How we aim to achieve the Fund's objective

The Fund invests in equity, absolute return and multi-asset class funds managed by our offshore investment partner, Orbis Investment Management Limited. Within all of the underlying funds, 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 them 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.

Depending on our assessment of the potential returns on global stock markets relative to their risk of capital loss, we actively manage the Fund's net exposure to equities by varying its exposure to the underlying Orbis funds. By varying the Fund's overall exposure to equities and also its geographic exposure, through selecting between the Orbis regional equity funds, we seek to enhance the Fund's long-term returns and to manage its risk. The Fund's currency exposure is actively managed both within the underlying Orbis funds and through our selection of Orbis funds.

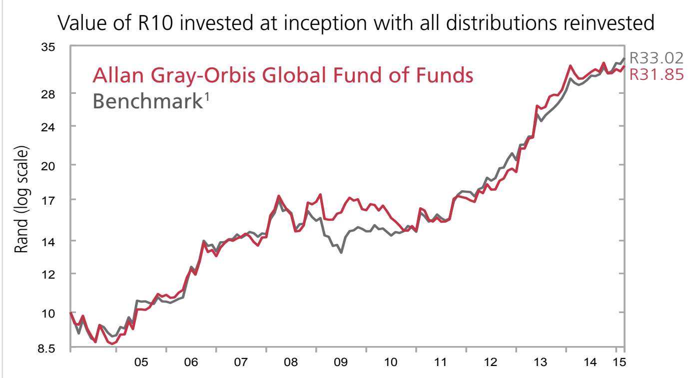
Suitable for those investors who

- Seek long-term capital growth from a diversified international equity portfolio without being fully exposed to stock market risk
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with taking on some risk of market and currency fluctuation and potential capital loss, but typically less than that of an equity fund
- Typically have an investment horizon of more than five years
- Wish to use the Fund as a foreign medium equity 'building block' in a diversified multi-asset class portfolio

Fund information on 28 February 2015

Fund size: R11.0bn
Fund price: R26.96

Performance net of all fees and expenses



% Returns	Fund		Benchmark[1]		CPI inflation[2]	
	ZAR	US$	ZAR	US$	ZAR	US$
Unannualised: Since Inception	218.5	92.6	230.2	99.6	83.4	26.0
Annualised: Since Inception	11.0	6.1	11.4	6.5	5.7	2.1
Latest 10 Years	13.5	5.9	13.6	6.0	5.9	2.0
Latest 5 Years	14.0	5.1	17.0	7.8	5.1	1.5
Latest 3 Years	23.8	6.6	24.2	7.0	5.2	1.0
Latest 2 Years	21.5	6.8	22.6	7.7	5.1	0.7
Latest 1 Year	3.7	-4.6	12.5	3.5	4.4	-0.2
Year-to-date (unannualised)	1.6	1.1	2.4	1.9	-0.2	-0.7
Risk measures (since inception)						
Maximum Drawdown[3]	-24.0	-34.1	-25.1	-37.5	n/a	n/a
Percentage Positive Months[4]	57.1	61.7	58.6	63.9	n/a	n/a
Annualised Monthly Volatility[5]	13.9	11.1	12.2	10.4	n/a	n/a

1. 60% of the FTSE World Index including income and 40% of the JP Morgan Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 28 February 2015.
2. This is based on the latest numbers published by INET BFA as at 31 January 2015.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown occurred from 23 October 2008 to 30 June 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.

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.

Annual management fee and total expense ratio (TER)

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges annual management fees within the underlying Orbis funds. Each fund's fee rate is calculated based on the fund's performance relative to its own benchmark. For more information please refer to the respective Orbis Funds' factsheets, which can be found at www.allangray.co.za.

The annual management fees charged by Orbis are 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 2 for further information).

TER breakdown for the year ending 31 December 2014	%
Fee for benchmark performance	1.26
Performance fees	0.43
Other costs including trading costs	0.26
VAT	0.00
Total expense ratio	**1.95**

Allan Gray-Orbis Global Fund of Funds

ALLAN GRAY

Fund manager quarterly commentary as at 31 December 2014

After particularly strong relative and absolute performance in 2013, the Fund's performance disappointed in 2014. The primary driver of this was the underlying Orbis Funds underperforming their respective benchmarks, which included the Orbis Optimal SA Funds underperforming both cash and bonds.

The pull-back from 2013's strong performance is a painful reminder that investment returns do not come in a straight line. While this is frustrating, it is not unprecedented in Orbis or Allan Gray's history. A key driver of the poor performance across all the funds, albeit in varying degrees, was the exposure to shares of companies that are highly sensitive to the price of oil. This includes both energy sector shares as well as those in other parts of the market where oil exerts a significant influence (in Russia, for example).

With hindsight, had Orbis built the Fund's underlying exposure to energy related shares more slowly, it could have accumulated shares at an even greater discount to its assessment of intrinsic value when oil prices fell in the second half of the year. Looking forward however, Orbis' assessment of the industry's long-term fundamentals and the intrinsic value of the holdings has not changed meaningfully. In addition, valuations in the energy sector are now approaching depressed levels. Our history shows that such times can provide attractive buying opportunities, and Orbis has done just that by adding incrementally to selected oil-related underperformers.

Beyond energy-sensitive investments, another source of weakness in 2014 was the Fund's underweight position in US equities – where a bull market has continued to run – and an overweight exposure to Korea, where Orbis has found shares trading at meaningful discounts. While both exposures hurt performance in 2014, Orbis remains confident that the market will come to see the value in the Fund's Korean investments, and that these remain more attractive than many US equities, which appear fully valued.

In an environment where areas of the stock market, like the US, appear expensive, where the return on cash is unlikely to keep pace with inflation and where the total return on government bonds may fall short of that of cash, asset allocation decisions continue to prove challenging. In the Orbis Global Balanced Fund, currently comprising 46.9% of this Fund, these decisions are determined from the bottom up with all stocks, bonds and commodities competing for capital. While the Fund draws on the same investment team and research used by the Orbis Equity Funds, its lower risk tolerance results in it viewing attractive investments with a slightly different lens, preferring those names with more stable cash flows and attractive dividend yields. Combined with the ability to reduce stock market exposure through hedging, the Fund provides a flexible approach to asset allocation, with a number of levers to pull to assist in navigating the current uncertain global investment environment.

For more detailed commentary on the underlying Orbis Funds' positioning and performance please refer to the Orbis quarterly commentaries.

Adapted from Orbis commentaries by Tamryn Lamb

Top 10 share holdings on 28 February 2015

Company	% of portfolio
Samsung Electronics	2.4
Merck	2.3
NetEase	2.3
QUALCOMM	2.2
Microsoft	2.2
Motorola Solutions	2.1
Mitsubishi	1.9
SAP	1.7
eBay	1.6
Crown Castle International	1.4
Total	**20.1**

Fund allocation on 28 February 2015

Funds	%
Orbis Global Equity Fund	2.3
Orbis SICAV Asia Ex-Japan Equity Fund	0.4
Orbis SICAV Japan Equity (Yen) Fund	0.3
Foreign equity funds	**3.0**
Orbis SICAV Global Balanced SA	61.0
Foreign multi asset funds	**61.0**
Orbis Optimal SA Fund (US$)	24.6
Orbis Optimal SA Fund Euro	11.4
Foreign absolute return funds	**36.0**
Total	**100.0**

Asset allocation on 28 February 2015

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net Equities	50	15	18	4	12	1
Hedged Equities	39	18	6	10	4	0
Bonds	7	6	1	0	0	0
Cash/currency hedge	4	20	5	-8	-12	0
Total (%)	**100**	**59**	**30**	**7**	**4**	**1**

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	0.9858

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

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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.

Disclaimer

A fund of funds unit trust may only invest in other unit trusts, which levy their own charges, that could result in a higher fee structure for these portfolios. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. All rights in the FTSE World Index vest in FTSE International Limited ("FTSE"). FTSE is a trademark of the London Stock Exchange Group of Companies. The FTSE World Index is calculated by 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 vest in FTSE. All its rights are reserved. Allan Gray Unit Trust Management (RF) Proprietary Limited ("the Company") is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Proprietary Limited, an authorised financial services provider, is the appointed investment manager of the Company. The Company is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board. The Company 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.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio 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 manager by 14:00 each business day to receive that day's price. Fluctuations and movements in exchange rates may also cause the value of underlying international investments to go up or down.

Fees

A schedule of fees, charges and maximum commissions is available on request from the manager. Commission and incentives may be paid and if so, would be included in the overall costs.

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 operating 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, STT, STRATE and insider trading levy), VAT and other expenses. Since unit trust expenses vary, the current TER cannot be used as an indication of future TERs. All Allan Gray performance figures are quoted after the deduction of costs incurred within the Fund so the TER is not a new cost. 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. TERs should then be used to evaluate whether the Fund performance offers value for money.

Performance

Collective Investment Schemes in Securities (unit trusts) 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 the future. Performance figures are from Allan Gray Proprietary Limited and are for lump sum investments with income distributions reinvested.