

ALLAN GRAY-ORBIS GLOBAL FUND OF FUNDS

Fund manager: Ian Liddle. (The underlying Orbis funds are managed by Orbis.) **Inception date:** 3 February 2004

Fund description and summary of investment policy

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

Minimum investment amounts

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

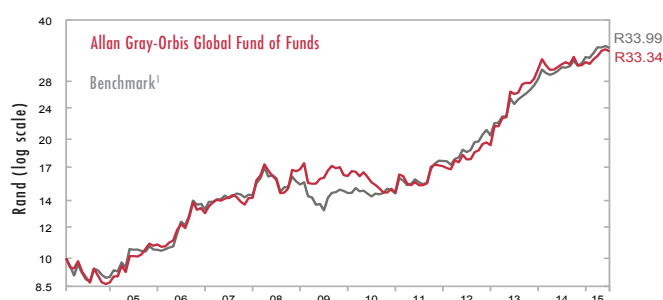
*Only available to investors with a South African bank account.

Fund information on 30 June 2015

Fund size	R11.2bn
Number of units	397 987 646
Price (net asset value per unit)	R28.22
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	233.4	92.7	239.9	96.5	89.4	27.2
Annualised:						
Since inception	11.1	5.9	11.3	6.1	5.8	2.1
Latest 10 years	12.6	6.0	12.5	5.9	6.1	2.0
Latest 5 years	16.5	6.2	18.9	8.4	5.4	1.8
Latest 3 years	23.3	8.2	22.4	7.4	5.6	1.2
Latest 2 years	13.2	2.7	17.7	6.8	5.6	1.1
Latest 1 year	7.8	-5.9	11.9	-2.4	4.6	0.0
Year-to-date (unannualised)	6.4	1.2	5.4	0.3	3.1	0.3
Risk measures (since inception)						
Maximum drawdown ³	-24.0	-34.1	-25.1	-37.5	n/a	n/a
Percentage positive months ⁴	57.7	60.6	58.4	62.8	n/a	n/a
Annualised monthly volatility ⁵	13.7	11.1	12.0	10.3	n/a	n/a
Highest annual return ⁶	55.6	40.1	38.8	37.6	n/a	n/a
Lowest annual return ⁶	-13.7	-27.3	0.6	-31.7	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 30 June 2015.

2. This is based on the latest numbers published by INET BFA as at 31 May 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.

6. This is the highest or lowest consecutive 12-month returns the Fund has experienced since inception, along with the benchmark performance for the corresponding period. This is a measure of how much the Fund's returns have varied per rolling 12-month period. The highest annual rand return occurred from 1 January 2013 to 31 December 2013 and the lowest annual rand return occurred from 1 November 2009 to 31 October 2010. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

ALLAN GRAY-ORBIS GLOBAL FUND OF FUNDS

Meeting the Fund objective

Since inception and over the latest five year period, the Fund has provided returns significantly in excess of CPI inflation, but it has lagged its benchmark by about 0.2% since inception and by about 2.5% over the latest five years. Over the latest 10-year period the Fund performed in line with its benchmark. 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 similar funds in the Global - Multi Asset - High Equity sector.

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

Annual management fee

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.

Total expense ratio (TER)

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 4 for further information).

TER breakdown for the year ending 30 June 2015	%
Fee for benchmark performance	1.30
Performance fees	0.33
Other costs including trading costs	0.25
VAT	0.00
Total expense ratio	1.88

Top 10 holdings on 30 June 2015

Company	% of portfolio
NetEase	2.5
Merck	2.4
eBay	2.1
Motorola Solutions	2.0
Treasury Bill	1.9
Mitsubishi	1.9
Sumitomo Mitsui Fin.	1.9
Samsung Electronics	1.8
Carnival	1.7
QUALCOMM	1.7
Total (%)	20.0

Fund allocation on 30 June 2015

Fund	%
Foreign multi asset funds	64.1
Orbis SICAV Global Balanced Fund	64.1
Absolute return funds	35.9
Orbis Optimal SA Fund (US\$)	22.3
Orbis Optimal SA Fund (Euro)	13.6
Total (%)	100.0

Asset allocation on 30 June 2015

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net Equities	44	10	18	3	11	1
Hedged Equities	43	19	9	11	4	0
Bonds	8	6	2	0	0	0
Cash/currency hedge	5	17	6	-7	-12	1
Total	100	53	34	7	4	2

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

Fund manager quarterly commentary as at 30 June 2015

The 'growth' and 'value' buckets into which managers often get categorised have never made much sense to us at Orbis and Allan Gray. Simplistic criteria, such as low price-to-book ratio, mean very little in isolation, as both low- and high-growth companies have the potential to be mis-priced.

In fact, Orbis has historically found attractive investment opportunities across the growth and value spectrum, as it believes that a good investment is simply one that is priced for significantly less than its long-term fundamentals deserve. In the most recent cycle, Orbis has observed an abnormally prolonged period of underperformance for the value category, which has created a stiff performance headwind. Orbis believes the main reason for the underperformance of the value category has been falling sovereign bond yields, resulting from quantitative easing policies across developed countries.

Companies are often priced by taking the present value of the future earnings and discounting by the risk-free rate – or yield on a sovereign bond. Thus, when the discount rate is lower, investors will pay more for a company's earnings, disproportionately benefiting high-earning growth stocks. Quantitative easing has therefore served as a meaningful tailwind to growth stocks and headwind to value stocks. If you believe bond yields will stop falling, as Orbis does, then you might expect the headwind for value shares to ease.

Equally important as identifying areas where assets are undervalued, is identifying areas or assets that are overpriced relative to intrinsic value – and leaving those to other investors. Orbis extends this philosophy to its fixed income selection using the same bottom-up research process that has proven capable of uncovering undervalued securities to scrutinise the fundamentals of bond issuers. Right now, approximately 10% of the Orbis Global Balanced Fund, which in turn comprises 64% of your portfolio, is placed in bonds, all of them corporates. Orbis' research process has uncovered no sovereign bonds that are more attractive on a risk-adjusted basis than some of the corporate bonds or higher-dividend-yielding equities available. Most sovereign bonds carry near historic low yields and Orbis simply does not regard buying high-priced low- (or even negative!) yielding government bonds as a low-risk proposition – rather, the greatest risk in investing is the risk of paying too much for an asset, and these sovereigns may well have reached bubble-like territory.

Orbis has, however, been able to find a few corporate bond issues that it believes are sufficiently mispriced to earn a spot in the portfolio. Favourite names include US telecommunications company Sprint and US aluminium producer Alcoa. In both cases, Orbis leveraged company research performed to assess the company's equity, and concluded that each is better positioned to pay interest and principal on time than the market expects.

Orbis' success in equity and bond selection largely comes down to the same thing: its ability to examine companies' long-term fundamentals and tune out the market's noise to arrive at its assessment of intrinsic value. While periods like this – when macroeconomic factors cast a larger than normal shadow on the pricing of assets – can be frustrating, they can also create the type of mis-pricings that are the lifeblood of the Orbis Funds.

Over the last quarter, there have not been material changes to the portfolio's allocation of capital to the Orbis Funds, nor to its equity, currency and or wider stock market exposures to different regions. With regards to changes in the Top 10 holdings, Samsung Electronics has declined on the back of share price weakness, whereas eBay has entered the Top 10 as a result of its shares outperforming the broader market.

Orbis commentaries adapted by Tamryn Lamb

For the full commentary please see www.orbis.com

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 a member of the Association for Savings & Investment SA (ASISA) and is incorporated under the laws of South Africa. The Management 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. Allan Gray Proprietary Limited (the 'Investment Manager'), an authorised financial services provider, is the appointed Investment Manager of the Management Company. 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 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 FSB Investor Protection Levy), VAT and other expenses. Since unit trust expenses vary, the current TER cannot be used as an indication of future TERs. The Fund's 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.

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.

Fund of funds

A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its funds of funds.

Foreign exposure

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