Fund manager: Andrew Lapping (The underlying Orbis funds are managed by Orbis).
Inception date: 3 February 2004

Allan Gray-Orbis Global Fund of Funds

30 April 2019

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's investment universe is global, 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 30 April 2019

Fund size	R13.2bn
Number of units	335 610 102
Price (net asset value per unit)	R39.39
Class	A

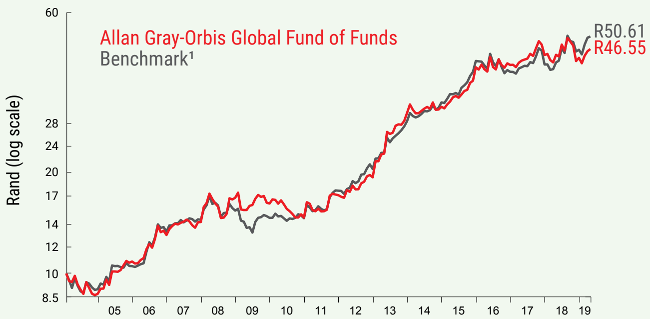
Minimum investment amounts

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.

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 (3 February 2004)	365.5	128.5	406.1	148.5	129.3	36.4
Annualised:						
Since inception (3 February 2004)	10.6	5.5	11.2	6.1	5.6	2.1
Latest 10 years	11.7	6.0	14.0	8.2	5.2	1.8
Latest 5 years	9.2	2.7	11.5	4.9	4.9	1.5
Latest 3 years	5.3	5.0	7.6	7.3	4.8	2.2
Latest 2 years	4.1	0.3	11.1	7.0	4.2	2.1
Latest 1 year	4.0	-9.6	19.4	3.8	4.5	1.9
Year-to-date (not annualised)	6.2	6.6	9.5	9.9	1.3	0.5
Risk measures (since inception)						
Maximum drawdown[3]	-24.0	-34.1	-25.1	-37.5	n/a	n/a
Percentage positive months[4]	57.4	59.6	57.4	62.8	n/a	n/a
Annualised monthly volatility[5]	14.1	10.6	12.9	9.6	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	-17.0	-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 April 2019.
2. This is based on the latest numbers published by IRESS as at 31 March 2019.
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. 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 October 2010 and the benchmark's occurred during the 12 months ended 30 June 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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ALLANGRAY

Fund manager: Andrew Lapping (The underlying Orbis funds are managed by Orbis).
Inception date: 3 February 2004

Allan Gray-Orbis Global Fund of Funds

30 April 2019

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 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 2018
Cents per unit	**0.3169**

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) and Transaction costs

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 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 31 March 2019	1yr %	3yr %
Total expense ratio	**1.86**	**1.96**
Fee for benchmark performance	1.44	1.43
Performance fees	0.40	0.47
Other costs excluding transaction costs	0.02	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	**0.10**	**0.12**
Total investment charge	**1.96**	**2.08**

Top 10 holdings on 30 April 2019

Company	% of portfolio
NetEase	5.6
Taiwan Semiconductor Mfg.	4.3
AbbVie	4.3
Celgene	3.8
BP	3.6
SPDR Gold Trust	3.4
XPO Logistics	3.2
Naspers	2.8
Royal Dutch Shell	2.7
British American Tobacco	2.5
Total (%)	**36.3**

Fund allocation on 30 April 2019

Funds	%
Foreign multi-asset funds	**74.7**
Orbis SICAV Global Balanced Fund	74.7
Foreign equity funds	**14.5**
Orbis Global Equity Fund	11.1
Orbis SICAV Emerging Markets Equity Fund	3.4
Foreign absolute return funds	**10.9**
Orbis Optimal SA Fund (US$)	6.3
Orbis Optimal SA Fund (Euro)	4.5
Total (%)	**100.0**

Asset allocation on 30 April 2019

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equity	60.7	11.5	20.2	6.4	17.6	4.9
Hedged equity	22.6	11.7	5.1	2.0	2.6	1.2
Fixed interest	11.7	11.4	0.1	0.0	0.2	0.0
Commodity-linked	3.3	0.0	0.0	0.0	0.0	3.3
Net current assets	1.7	0.0	0.0	0.0	0.0	1.7
Total	**100.0**	**34.6**	**25.4**	**8.4**	**20.4**	**11.2**
Currency exposure of the Orbis Funds						
Funds	100.0	41.8	34.2	8.7	9.7	5.6
Index	100.0	56.9	26.9	12.8	1.1	2.2

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

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Fund manager quarterly commentary as at 31 March 2019

Over very long periods, buying cheap "value" stocks has been a winning strategy. That sounds intuitive, but people aren't stupid. Cheap stocks are often cheap for a reason – maybe they grow less quickly, or earn worse profits, or carry more risk than other businesses.

But investors often take differences between companies too far. They get excited about a fast-growing company and start to believe it will maintain its exceptional growth forever. If the story is exciting enough, the company might look like a good investment at any price. Investors can get too pessimistic about other companies, thinking today's struggles will last forever. If the story is scary enough, the company might look uninvestable at any price. That is a mistake, and the reason that value investing works over the long term. At a low enough price, almost any asset can be a good investment, and at a high enough price, any asset can be a bad one. Exceptional growth often fades, and tough periods often pass. Yet investors have made these mistakes consistently enough that blindly buying all the cheap stocks in the market has historically outperformed by quite a bit.

To be clear, that is not what we do. We conduct in-depth company research, aiming to buy businesses at a discount to their intrinsic value. Sometimes this is a company whose superior growth potential is underappreciated, and other times it can be an average company where an external and temporary issue has depressed its share price, like a cork held under water. Our focus on fundamentals, however, does lend a pattern to our performance. Our approach tends to produce better results when cheap stocks are getting less cheap, and has a tougher time of it when expensive stocks are getting more expensive.

In the decade since the trough of the financial crisis, we have seen more of the latter: expensive stocks getting more expensive. The spread between the valuations of cheap and expensive shares has gotten much wider.

By definition, value stocks are always cheaper than the expensive stocks in the market, but sometimes they are just a bit cheaper, and sometimes they are much cheaper. Hunting for ideas among value stocks is much more rewarding when valuation spreads are wide, as they are today. Thus you should not be surprised that the Fund's equity holdings have increasingly tilted toward shares trading at low multiples of their normalised earnings, or low valuations relative to their history. We've been adding to what's currently unwanted, untouchable, and cheap, relying on our fundamental research to fight human nature and buy when others think we're foolish.

While leaning into those shares, and selling what have become appreciated "winners", has been painful from a performance standpoint, we are equally excited by what we're able to buy, at the prices we're able to buy them for. To explain this enthusiasm, we need to take a step back.

Sometimes, the expensive stocks in the market are called "growth stocks", but it's important to understand how those buckets are defined. In discussions about value and growth, growth stocks are conventionally defined by their high valuations – paying no attention at all to the companies' actual growth. "Anti-value" would be a more accurate term.

Likewise, just because a stock is cheaper doesn't mean it is a worse business. This is what we spend much of our research time exploring. By researching many ideas, we can sometimes find stocks that are cheaper than the average stock and have better growth, profitability, and balance sheets than the average company. When we find and build conviction in these, we invest.

In aggregate, the equity holdings in the Orbis SICAV Global Balanced Fund are cheaper than the wider market as a multiple of their book value, sales, trailing and normalised earnings, free cash flow, and dividends. But as a reminder that low valuations don't entail poor growth or quality, those same holdings, in aggregate, have historically delivered better returns on equity, grown book value and revenues more quickly, and currently have stronger balance sheets than the average stock in the index. Though many of them have been painful to hold over the past several months, we believe the portfolio today is simply more attractive for it when compared to the equity component of its benchmark. A number of the portfolio's top holdings tick more than one of these boxes, including large holdings BP, Shell, AbbVie, Taiwan Semiconductor Manufacturing Company, and Bayer. We can't know when expensive stocks will stop getting more expensive, but when the time comes for cheap stocks to get less cheap, we think shares like these should be at the front of the line.

We've observed before that investors appear to be overpaying for perceived stability and predictability. An example is Coca-Cola. The company's revenues and profits today are lower than they were in 2010, and its net debt per share has doubled. Yet you'd never know that from looking at the share price – today it trades at 30 times trailing earnings. Rather than overpaying for slowing, increasingly leveraged "safe" shares, we'd prefer to underpay for good businesses when investor expectations are nice and low.

We can't predict when expensive stocks will stop getting more expensive, or when our performance will turn, but we are determined to stick to our discipline. We remain convinced that buying quality on the cheap and passing on what's highly valued by others remains a winning formula over the long term.

In the past quarter, the most significant addition was to underappreciated defensive, British American Tobacco. The largest sale was of Bristol-Myers Squibb, a pharmaceutical company, to moderate the position following its announced acquisition of Celgene, which is also held in the Fund.

Adapted from an Orbis commentary by Alec Cutler, Orbis Investment Management Limited, Bermuda

For the full commentary please see www.orbis.com

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Important information for investors

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 11 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 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. Where annualised performance is mentioned, this refers to the average return per year over the period. 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) 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 [STT], STRATE and Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost 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').

FTSE World Index

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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.

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.**