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

31 August 2020

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 J.P. Morgan GBI Global 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 31 August 2020

Fund size	R13.9bn
Number of units	298 790 425
Price (net asset value per unit)	R46.46
Class	A

Minimum investment amounts

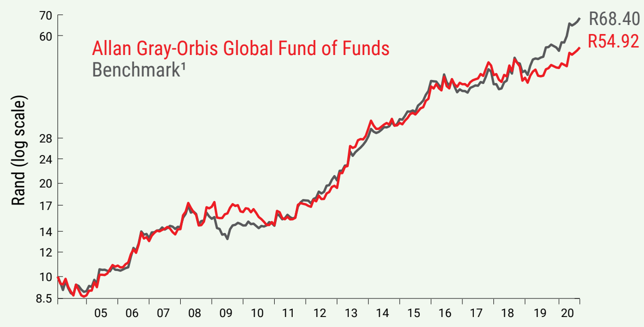
Minimum lump sum per investor account	R20 000
Additional lump sum	R500
Minimum debit order*	R500

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

1. 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 August 2020.
2. This is based on the latest available numbers published by IRESS as at 31 July 2020.
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.

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)	449.2	129.4	584.0	185.7	140.5	38.9
Annualised:						
Since inception (3 February 2004)	10.8	5.1	12.3	6.5	5.5	2.0
Latest 10 years	13.8	4.8	16.8	7.6	5.1	1.7
Latest 5 years	9.5	4.5	13.5	8.3	4.6	1.7
Latest 3 years	7.3	-1.6	17.5	7.8	4.1	1.9
Latest 2 years	4.6	-2.2	15.9	8.3	3.6	1.4
Latest 1 year	17.7	6.6	24.5	12.8	3.2	1.0
Year-to-date (not annualised)	16.5	-3.0	27.7	6.3	2.6	0.3
Risk measures (since inception)						
Maximum drawdown[3]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[4]	57.3	59.8	58.3	63.8	n/a	n/a
Annualised monthly volatility[5]	13.9	11.3	12.9	9.9	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

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**

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 2019
Cents per unit	**0.5148**

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.orbis.com.

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 30 June 2020	1yr %	3yr %
Total expense ratio	**0.98**	**1.63**
Fee for benchmark performance	1.45	1.44
Performance fees	-0.53	0.13
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	**0.08**	**0.11**
Total investment charge	**1.06**	**1.74**

Top 10 holdings on 31 August 2020

Company	% of portfolio
Taiwan Semiconductor Mfg.	6.1
SPDR Gold Trust	5.0
NetEase	4.5
British American Tobacco	4.0
AbbVie	3.9
XPO Logistics	3.1
Samsung Electronics	2.8
BP	2.6
Naspers	2.4
Bayerische Motoren Werke	2.4
Total (%)	**36.9**

Fund allocation on 31 August 2020

Funds	%
Foreign multi-asset funds	**74.9**
Orbis SICAV Global Balanced Fund	74.9
Foreign equity funds	**15.3**
Orbis Global Equity Fund	11.9
Orbis SICAV Emerging Markets Equity Fund	3.3
Foreign absolute return funds	**9.9**
Orbis Optimal SA Fund (US$)	5.7
Orbis Optimal SA Fund (Euro)	4.2
Total (%)	**100.0**

Asset allocation on 31 August 2020

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equity	62.2	15.2	18.8	7.9	16.0	4.3
Hedged equity	22.3	9.8	6.3	1.8	3.0	1.4
Fixed interest	8.8	6.1	0.8	0.1	0.2	1.6
Commodity-linked	5.0	0.0	0.0	0.0	0.0	5.0
Net current assets	1.8	0.0	0.0	0.0	0.0	1.8
Total	**100.0**	**31.1**	**25.9**	**9.7**	**19.3**	**14.0**
Currency exposure of the Orbis funds						
Funds	100.0	43.9	32.8	10.5	7.0	5.8
Index	100.0	59.6	25.2	12.2	0.8	2.1

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 June 2020

A deadly pandemic sweeps the globe, halting commerce and international travel, with no end in sight. Looking at the newspaper headlines each morning you would be forgiven for thinking you'd woken up in a box office thriller. But turning to the financial section of the paper, you might think you're in a fairy tale. Despite widespread social unrest and economic uncertainty, stock prices and valuations are near historic highs, and corporate bond spreads are at historic lows.

The disconnect between "real world" fear and uncertainty and financial asset price buoyancy is largely the result of central bank actions. As central banks flood the world with money, bidding up asset prices and creating an artificial ceiling on yields, they are reducing the return potential of a good portion of financial assets without necessarily reducing their risk.

Meanwhile, investors have responded to the crisis by pouring assets into investments that feel safe – momentum stocks, government bonds, and investment-grade corporates – bidding up the prices of already crowded trades. In this environment, it's hard to know where to turn to produce a moderate risk portfolio. If our goal is to avoid a permanent loss of capital, buying something at an unreasonably high price is even more dangerous than buying something with price volatility.

When there is tension between volatility risk and valuation risk, what is a balanced fund manager to do? We set out to intelligently manage risk, considering a range of potential economic environment and market shocks. The recent pandemic has tested portfolios' resilience against one specific type of risk. COVID-19 introduced a sudden, exogenous shock to demand and production that leads investors to shift money into assets that had already been deemed "safe". We believe that much of this shift in capital is likely to be temporary. But in the short term, it favoured the very assets we have been studiously avoiding for their price risk, and we have performed quite poorly as a result.

This is certainly a test of nerves, both for our clients and ourselves. But if we are to perform well in the long term, we must remain resolute in these times in doing what we have promised: investing sensibly in assets priced below our view of their intrinsic value, while at the same time attempting to mitigate against a wide variety of risks. Those other risks have not disappeared. In fact, the very central bank action that is fuelling high prices in "safe" assets has the potential to create another risk that could destroy those assets' values: inflation.

To see how inflation could arise, it's useful to follow the money. To prop up prices and keep credit flowing in the face of uncertainty, the Federal Reserve buys securities from banks and pays for them by crediting the banks' reserve accounts with newly-created money. If there is more money chasing the same quantity of goods and services, prices will have to go up, spurring inflation. So far the deflationary pressure created by decreased consumer spending seems to have balanced the inflationary pressure caused by the increase in the money supply. But if spending returns to normal in the wake of the virus, that balance could shift and send inflation rising higher.

As importantly, the economic shock caused by the lockdowns forced an unprecedented fiscal response, with the US Treasury backing forgivable loans to employers, sending checks to individuals, and increasing unemployment pay-outs. Trillions in government spending tends to spur inflation, and a number of current forces could also contribute to a (perhaps long overdue) shift away from capital and towards labour. That could lead to higher wages and more money in the hands of some of the nation's poorest individuals. This would be a welcome result for society, and it would also likely boost inflation, as lower-income workers tend to spend (rather than invest) a larger portion of their income.

Given the above dynamics, inflation seems to be a risk worth protecting our clients against. At the same time, because it is not currently viewed as the headline risk feared by most investors, protection against it is relatively cheap.

It is partially on this reasoning that we currently hold 11% of the portfolio in gold-related assets: Gold provides a diversifying asset class that can also act as an effective inflation hedge.

This quarter, we supplemented our gold-related position with another asset that shares those qualities, US Treasury Inflation-Protected Securities, or TIPS. TIPS are as safe as normal government bonds in terms of repayment, but while normal government bonds are vulnerable to inflation, TIPS pay out more if inflation goes up, protecting the holder against a loss in purchasing power. That protection is relatively cheap today, as few investors are worried about higher inflation.

While the drivers of inflation and deflation are complex and hard to predict with certainty, we do not need certainty to make gold or other inflation hedges good investments in today's environment. We simply need to believe that they provide a bargain from a risk:reward standpoint, decreasing portfolio risk without being overpriced, and at the same time providing the possibility of attractive returns.

Adapted from commentary contributed by Ashley Lynn, Orbis Investment Management Limited, Bermuda

For the full commentary please see www.orbis.com

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 Russell Indices

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2020. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

J.P. Morgan GBI Global Index

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2020, J.P. Morgan Chase & Co. All rights 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.

Important information for investors

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**