

Fund description and summary of investment policy¹

The Fund is a feeder fund and invests only in the Orbis SICAV Global Balanced Fund ('Orbis Global Balanced'), managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. Orbis Global Balanced invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. The typical net equity exposure of Orbis Global Balanced is between 40% and 75%. Orbis Global Balanced aims to balance investment returns and risk of loss. Returns are likely to be less volatile than those of a global equity-only fund. Although Orbis Global Balanced's investment universe is global, the units of the Fund are priced and traded daily in rands.

ASISA unit trust category: Global – Multi Asset – High Equity

Fund objective and benchmark¹

The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark, which comprises 60% the MSCI World Index with net dividends reinvested and 40% the J.P. Morgan GBI Global Index.

How we aim to achieve the Fund's objective

The Fund invests only in Orbis Global Balanced. Orbis Global Balanced is actively managed and invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. Orbis Global Balanced targets an exposure of 40% to 90% of net asset value ('NAV') in equities, 10% to 50% in fixed income and 0% to 10% in commodity-linked instruments. The overall exposure to equities after hedging is intended to be limited to 75% of NAV. The weighting among the asset classes is driven by Orbis' bottom-up approach in selecting securities across asset classes and therefore may deviate substantially compared to the benchmark.

Like Allan Gray, Orbis uses in-house research to identify companies 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. A similar approach is applied in selecting fixed income instruments, which may consist of cash, cash equivalents, government bonds and investment-grade and high-yield corporate bonds and, at times, distressed corporate bonds. They are selected with the aim of increasing the overall risk-adjusted return.

When Orbis' research suggests that stock or bond markets are overvalued, Orbis may reduce exposure to those asset classes or hedge market risk using exchange-traded derivatives. Hedged equities may also be used as an alternative to holding fixed-income instruments and reduce overall portfolio risks. Commodity-linked instruments are included if Orbis' research identifies certain commodities as being more attractive on a risk-adjusted basis than overall equity or fixed-income opportunities. Currency exposure is actively managed to control exposure to currencies less likely to hold their long-term value in US dollars.

Suitable for those investors who

- Seek to balance investment returns and risk of loss, by investing in a diversified global multi-asset class portfolio
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable that the investment approach is likely to result in volatility and potential capital loss, but typically less volatility than that of a global equity-only fund
- Typically have an investment horizon of at least three to five years

Minimum disclosure document and quarterly general investors' report **Issued:** 11 August 2021

Fund information on 31 July 2021

Fund size	R14.5bn
Number of units	302 499 826
Price (net asset value per unit)	R47.87
Class	A

Minimum investment amounts*

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

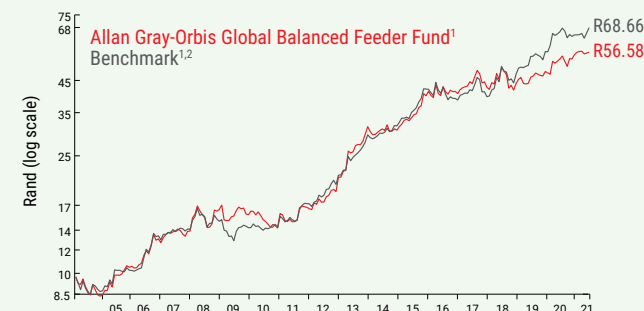
*Minimums for investors aged 18 or older will be increasing to R50 000 for an initial lump sum and to R1 000 for an additional lump sum and debit order, effective from 14:00 on Friday, 27 August 2021.

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

- The Fund was converted from a fund of funds structure to a feeder fund structure and its name and benchmark were amended on 1 June 2021. For more information, please read ['Ballot under way for Allan Gray-Orbis Global Fund of Funds'](#), available via the Latest insights section of our website.
- 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 July 2021. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index.
- This is based on the latest available numbers published by IRESS as at 30 June 2021.
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- 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.
- 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 ^{1,2}		CPI inflation ³	
Cumulative:	ZAR	US\$	ZAR	US\$	ZAR	US\$
Since inception (3 February 2004)	465.8	172.7	586.6	230.9	149.0	45.5
Annualised:						
Since inception (3 February 2004)	10.4	5.8	11.6	7.0	5.4	2.2
Latest 10 years	14.0	5.5	16.1	7.4	5.0	1.9
Latest 5 years	6.9	5.9	10.7	9.7	4.2	2.4
Latest 3 years	7.1	3.5	14.9	11.0	3.8	2.6
Latest 2 years	12.8	11.4	15.7	14.2	3.5	3.0
Latest 1 year	5.4	22.6	3.2	20.0	4.9	5.3
Year-to-date (not annualised)	5.4	6.0	7.0	7.6	2.9	3.9
Risk measures (since inception)						
Maximum drawdown ⁴	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months ⁵	57.6	60.0	58.6	64.3	n/a	n/a
Annualised monthly volatility ⁶	13.8	11.5	12.8	9.9	n/a	n/a
Highest annual return ⁷	55.6	43.8	38.8	37.6	n/a	n/a
Lowest annual return ⁷	-13.7	-27.3	-17.0	-31.7	n/a	n/a

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 2020
Cents per unit	0.0000

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 SICAV Global Balanced 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 SICAV Global Balanced Fund factsheet and prospectus, which can be found at www.orbis.com.

Total expense ratio (TER) and Transaction costs

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 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 2021	1yr %	3yr %
Total expense ratio	0.82	1.18
Fee for benchmark performance	1.46	1.45
Performance fees	-0.71	-0.33
Other costs excluding transaction costs	0.07	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	0.09	0.09
Total investment charge	0.91	1.27

Top 10 holdings on 31 July 2021

Company	% of portfolio
SPDR Gold Trust	6.3
Taiwan Semiconductor Mfg.	5.5
Samsung Electronics	5.5
NetEase	3.0
AbbVie	2.9
BP	2.8
ING Groep	2.6
Royal Dutch Shell	2.4
Bayerische Motoren Werke	2.2
Mitsubishi	2.1
Total (%)	35.1

Asset allocation on 31 July 2021

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	63.2	14.9	23.5	8.5	14.0	2.3
Hedged equities	18.7	9.8	5.0	0.5	2.0	1.4
Fixed interest	11.7	8.9	1.0	0.0	0.3	1.5
Commodity-linked	6.3	0.0	0.0	0.0	0.0	6.3
Net current assets	0.1	0.0	0.0	0.0	0.0	0.1
Total	100.0	33.6	29.5	9.0	16.3	11.5

Currency exposure of the Orbis SICAV Global Balanced Fund

Funds	100.0	37.2	34.1	13.4	11.8	3.5
Index	100.0	61.1	24.6	11.5	0.7	2.1

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

As contrarian, bottom-up investors, we often generate ideas by looking at companies that the market is neglecting. Since we are looking for value, you might expect us to avoid areas that are attracting a lot of hype. Often the obvious winners are expensive, but if a theme has legs, it is worth thinking through the second-order effects.

Few themes have been hotter recently than the energy transition, where electric vehicle companies with zero sales are commanding billion-dollar valuations. Amid the hype, we try to focus on how an orderly transition might impact the long-term fundamentals of companies.

The energy transition presents challenges for some companies, like oil producers. For portfolio holdings Shell and BP, however, playing a constructive role in the transition is not incompatible with generating good returns for shareholders. Both companies have set net zero emissions targets for 2050. In the interim, both have cut oil and gas investment by much more than they have increased investment in electricity and retailing, leaving far more cash available for shareholders. At current oil prices, both stocks offer free cash flow yields in the mid-teens.

On the other end of the spectrum are the obvious winners from the energy transition. While many of these shares look expensive, we do not ignore them entirely. Indeed, we own Vestas Wind Systems, the world's largest producer of onshore wind turbines.

But by and large, we have tried to avoid getting caught up in the glare of the obvious winners. Instead, we believe we have found some value below the surface of the theme. Turbine and grid equipment company Siemens Energy and power producer AES are both contributing to the transition, but in our view have been overlooked due to "dirty" parts of their business, while light-emitting diode (LED) producer Signify has suffered from simple neglect.

Siemens Energy

Electricity generation is an especially interesting part of the energy transition, because as consumers we want to do many things that add complexity: We want to move away from carbon-based energy sources, consume more energy through the electric grid, complicate the grid by adding distributed generation such as solar panels on homes and extend the grid by moving power plants away from cities to areas where they will catch the most sun or wind.

Siemens Energy touches every piece of this chain. The business was spun out of its namesake in September 2020. Today, the most valuable part of the company is its 67% stake in Siemens Gamesa, the global leader in offshore wind turbines. Siemens Energy combines this high-growth green energy exposure with a gas turbine business, a segment that focuses on electricity transmission, and promising efforts in producing green hydrogen. Increased demand for electricity will put increased strain on grids, just as those grids are growing more complex and dispersed. As the grid changes, transmission infrastructure must improve. As the world's largest producer of transmission equipment, Siemens Energy should be a key beneficiary over the long term.

If we value the company's Gamesa stake at market prices and assume investors are valuing the other segments at a 20% discount to the relevant peers, we are getting the gas turbine business for free at today's price, alongside a free option on the company's hydrogen efforts.

AES

The portfolio has also invested in AES, a global independent power producer. AES has gone through a decade-long transformation from coal-based power to being a global leader in renewable energy

and energy storage. As a power producer, AES benefits when customers favour solar, as AES can profitably expand its generation capacity while locking in longer-term contracts. Yet despite growing more quickly than its closest peer, AES trades at a much lower valuation.

In addition to its core unit, AES owns an energy storage joint venture with Siemens called Fluence. Fluence is the world's second-largest energy storage company (after Tesla), and the largest one focused on utility-grade storage – the part of the market expected to see the highest growth. Should Fluence ever be listed separately, it would be the largest pure-play energy storage company in the world.

Signify

Looking at studies of what solutions to emissions reduction provide the best "bang for their buck", one of the most efficient solutions is also one of the simplest – switching from fluorescent light bulbs to LEDs.

A switch to LEDs is one of the few solutions that is an economic "win" for all parties involved. Compared to traditional fluorescent bulbs, LEDs last longer and shine brighter per dollar spent on electricity, reducing the cost to consumers. You can replace light bulbs without tearing down buildings, making it one of the easier solutions for governments to support and implement. And if buildings use less energy, countries need less power-generating capacity, saving capital costs all the way down the transmission line.

Signify is the world's largest producer of LED bulbs for both residential and professional use. According to the European Commission (EC), 40% of energy is consumed in buildings and 75% of buildings are energy inefficient, so the EC is rolling out financial incentives with an aim to double the rate of building renovations over the next five years. With similar renovation plans coming out of the Biden White House, we can expect above-trend renovation growth across both continents over the coming years.

These attractive growth opportunities are not reflected in Signify's valuation. Even after a recent price recovery, its shares offer an attractive 9% 2021 free cash flow yield and the company just paid out a healthy 5% dividend.

These three names form part of a larger energy exposure that tries to take a holistic, long-term view of how the world's energy systems might evolve. Newsworthy themes can be tricky to navigate as an investor, but can also lead to rewarding opportunities if you take the time to separate the facts from the froth.

Over the quarter we added to the portfolio's holding in a US Real Estate Investment Trust (REIT) and established new positions in a European financial services company and, following a period of underperformance, a US internet-related company. The additions were moderate and the aforementioned holdings were all less than 1% positions at 30 June 2021. We funded these purchases by reducing the portfolio's exposure to British American Tobacco and by trimming BMW.

Adapted from a commentary contributed by Timo Smuts, Orbis Investment Management Limited, Bermuda.

Fund manager quarterly commentary as at 30 June 2021

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.

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Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (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 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 (Pty) Ltd (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

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their 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.

Minimum disclosure document and quarterly general investors' report **Issued:** 11 August 2021

Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, 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, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs 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).

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

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

MSCI Index

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FTSE Russell Index

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J.P. Morgan Index

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