

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 October 2022

Fund information on 30 September 2022

Fund size	R14.9bn
Number of units	282 645 085
Price (net asset value per unit)	R52.56
Class	A

Minimum investment amounts*

Initial lump sum per investor account	R50 000
Additional lump sum	R1 000
Debit order**	R1 000

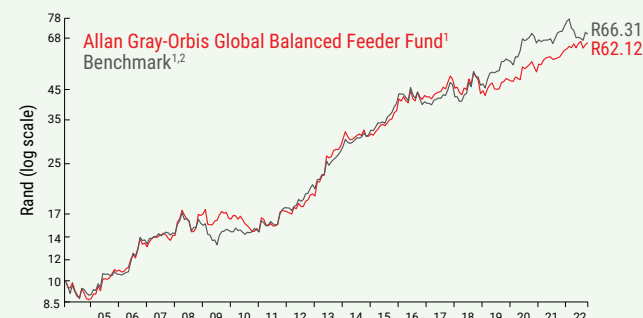
*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

**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 30 September 2022. 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 31 August 2022.
- 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)	521.2	142.8	563.1	159.2	171.8	58.7
Annualised:						
Since inception (3 February 2004)	10.3	4.8	10.7	5.2	5.5	2.5
Latest 10 years	12.7	4.3	12.9	4.4	5.3	2.5
Latest 5 years	5.8	-0.1	8.5	2.5	5.0	3.8
Latest 3 years	9.7	3.6	6.4	0.5	5.2	4.9
Latest 2 years	8.5	4.9	-0.5	-3.8	6.3	6.7
Latest 1 year	5.9	-11.1	-4.7	-20.0	7.6	8.2
Year-to-date (not annualised)	0.4	-11.1	-13.4	-23.3	6.6	6.1
Risk measures (since inception)						
Maximum drawdown ⁴	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months ⁵	58.5	59.8	58.0	62.9	n/a	n/a
Annualised monthly volatility ⁶	13.5	11.7	12.8	10.3	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-year 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 2021
Cents per unit	0.1143

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 September 2022	1yr %	3yr %
Total expense ratio	1.78	1.17
Fee for benchmark performance	1.47	1.46
Performance fees	0.25	-0.35
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	0.08	0.08
Total investment charge	1.86	1.25

Top 10 holdings on 30 September 2022

Company	% of portfolio
SPDR Gold Trust	5.1
Samsung Electronics	4.2
Kinder Morgan	3.9
Shell	3.7
US TIPS 3 - 5 Years	3.2
US TIPS 5 - 7 Years	3.2
Schlumberger	3.0
US TIPS 1 - 3 Years	2.9
Bayer	2.2
Woodside Energy Group	1.9
Total (%)	33.1

Asset allocation on 30 September 2022

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	55.8	14.1	21.0	7.4	7.1	6.3
Hedged equities	19.2	10.2	5.4	1.0	1.3	1.3
Fixed interest	19.9	15.6	0.5	0.2	0.3	3.3
Commodity-linked	5.1	0.0	0.0	0.0	0.0	5.1
Net current assets	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	39.9	26.8	8.5	8.7	16.0

Currency exposure of the Orbis SICAV Global Balanced Fund

Funds	100.0	38.0	30.1	15.7	7.1	9.1
Index	100.0	65.4	20.9	10.9	0.7	2.1

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

Do not arouse the wrath of the Great and Powerful Dollar!

We have, and it has been by far the biggest drag on relative returns so far this year.

The Orbis SICAV Global Balanced Fund ("the Fund") entered 2022 with its US dollar exposure greatly below that of its 60/40 benchmark on an accounting basis. We much, much prefer to look at currency exposures on a fundamental basis – one that considers the location of a company's assets, sales and expenses, not just where its shares are listed. On a fundamental basis, the Fund was still substantially underweight the dollar coming into this year. That has been painful.

Compared to the currencies of its major trading partners, the dollar has strengthened by 17% so far this year. For the first time in two decades, a dollar buys more than one euro. For the first time in 24 years, a dollar buys more than 140 Japanese yen. For the first time ever, a pound bought less than US\$1.04.

It is easy to see why. Higher interest rates attract investors, who must first buy the currency to buy high-yielding assets priced in that currency. So far this year, the gap between interest rates in the US and elsewhere has risen dramatically as the US Federal Reserve (the Fed) belatedly wakes up to the risk of persistent inflation. At the start of the year, US interest rates were at zero, and they are now above 3%. Other central banks have not hiked rates as quickly, and the so-called "rate differential" between the US and other countries has widened. That makes dollar assets more attractive to investors, boosting demand for dollars at the expense of other currencies. While the Fed shuns the legacy of Richard Nixon's Fed chairman, Arthur Burns, they appear to be taking a line from his Treasury secretary, who told fellow finance ministers that the dollar is "our currency, but your problem."

The dollar has other broad strengths. The US economy looks stronger than most others, and as the global reserve currency, the dollar benefits as a "safe haven" when investors are fearful about other assets. Crucially, the US also produces plenty of its own oil and gas, at a time when Russia's invasion of Ukraine has led to skyrocketing gas prices elsewhere. That hurts the "current account" balance of commodity importers, who must spend more of their own currency buying commodities that are often priced in dollars.

To the dollar's strength, the other major currencies add their own weaknesses. The Bank of Japan, unique among its peers, refuses to raise interest rates or abandon its cap on long-term bond yields. Instead, it has turned to direct currency intervention for the first time since 1998. As long as bond yields remain suppressed, that should be about as successful as ice skating uphill.

The Bank of England has also intervened (in the bond market), after the tax-cutting "mini budget" from Liz Truss' government sent the pound to a record low and gilt yields to 15-year highs.

All that calls to mind a 2016 cover of *The Economist* featuring a greenish George Washington with the biceps of Arnold Schwarzenegger. But we're also mindful of a different cover from late 2020 showing a terrified Benjamin Franklin watching nervously as inflation caterpillars chew through his US\$100 bill.

The US has an inflation problem. Though the market believes inflation has peaked in the US and is yet to peak in the UK, Europe and Japan, the breadth of inflation matters, too. Inflation pressure is broader in the US and more closely tied to sticky drivers like wage growth – good news for workers but bad news for the currency.

This brings us to the most important case against the dollar, and the key reason we remain so underweight: valuation. As a starting point, we look at currency valuations on a purchasing power basis. Intuitively, if a shopping basket costs US\$120 in the US and GBP100 in the UK, one pound should buy US\$1.20. On that basis, the US is expensive against every tradable currency we track and breathtakingly so against the major alternatives. Our purchasing power parity models suggest the dollar is overvalued by 33% against the euro, by 37% against the pound and by a whopping 70% against the yen.

That quantitative metric is our starting point, not our ending point, but when a currency is more than 20% overvalued, it suggests to us that it may be a poor store of purchasing power.

It is hard to imagine now, with everything going right for the dollar, that anything could shake its strength. But things could change. They always do. Resolution of the Russia-Ukraine conflict could ease energy pressures in Europe. Japan has just reopened its doors to tourism, and it hosted 31 million yen-purchasing tourists in 2019. Central banks elsewhere could catch up with the Fed's interest rate hikes.

As contrarians, we like to point out that the path from "completely terrible" to "merely bad" can be an extremely rewarding one. The same is true in the other direction. The path from "completely perfect" to "merely excellent" can be an extremely painful one. With currency valuations where they are, we think that is a great risk for the dollar and a risk worth mitigating for our clients. Long-time clients will not be surprised to find that the richer the overvaluation gets, the fewer dollars we are likely to hold.

On the back of strong relative performance, we sold out of Progressive, a US insurance company, and UnitedHealth, a US managed healthcare organisation. These sales served as a source of cash to add to opportunities that we believed presented better risk-adjusted returns, for example US Treasury Inflation Protected Securities (TIPS).

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

Fund manager quarterly commentary as at 30 September 2022

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)11 301 6335 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 October 2022

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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