ALLANGRAY

Fund managers: This Fund invests solely into the Orbis SICAV Global Balanced Fund, managed by Orbis Investment Management Limited. **Inception date:** 3 February 2004

Allan Gray-Orbis Global Balanced Feeder Fund

31 January 2023

Fund description and summary of investment policy[1]

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 benchmark[1]

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:** 9 February 2023

Fund information on 31 January 2023

Fund size	R16.8bn
Number of units	276 296 406
Price (net asset value per unit)	R60.72
Class	A

Minimum investment amounts*

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

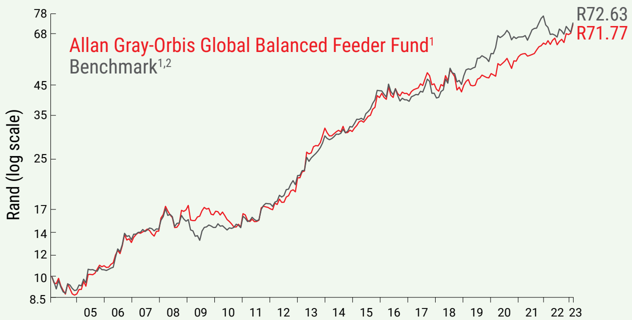
*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

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

1. 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 underway for Allan Gray-Orbis Global Fund of Funds', available via the Latest insights section of our website.
2. 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 January 2023. 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.
3. This is based on the latest available numbers published by IRESS as at 31 December 2022.
4. 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).
5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
6. 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.
7. 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)	617.7	190.1	626.3	193.6	174.9	60.0
Annualised:						
Since inception (3 February 2004)	10.9	5.7	11.0	5.8	5.5	2.5
Latest 10 years	12.8	5.5	12.7	5.4	5.2	2.6
Latest 5 years	9.8	1.8	11.7	3.5	4.9	3.8
Latest 3 years	13.8	8.1	8.4	2.9	5.4	4.9
Latest 2 years	13.7	5.6	5.8	-1.8	6.6	6.8
Latest 1 year	17.2	4.2	1.8	-9.5	7.2	6.4
Year-to-date (not annualised)	7.4	4.9	7.9	5.4	0.4	-0.1
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	58.8	60.5	57.9	63.2	n/a	n/a
Annualised monthly volatility[6]	13.5	11.8	12.8	10.4	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

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Meeting the Fund objective

Since inception and over the latest five-year period, the Fund has underperformed its benchmark. Over the latest 10-year period, the Fund has outperformed with 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 2022
Cents per unit	**0.3579**

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 (updated quarterly)

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 31 December 2022	1yr %	3yr %
Total expense ratio	**3.71**	**1.82**
Fee for benchmark performance	1.37	1.44
Performance fees	2.28	0.32
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	**0.08**	**0.09**
Total investment charge	**3.79**	**1.91**

Top 10 holdings on 31 January 2023

Company	% of portfolio
SPDR Gold Trust	5.0
Samsung Electronics	4.5
Kinder Morgan	3.6
US TIPS 3 - 5 Years	3.0
Bayer	2.4
US TIPS 5 - 7 Years	2.4
Taiwan Semiconductor	2.3
Sumitomo Mitsui Fin.	2.1
Bank of Ireland	2.0
Barrick Gold	1.9
Total (%)	**29.1**

Asset allocation on 31 January 2023

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	59.9	13.5	22.5	8.2	11.0	4.6
Hedged equities	18.3	9.3	5.3	1.0	1.4	1.3
Fixed interest	16.2	12.6	1.8	0.1	0.1	1.6
Commodity-linked	5.0	0.0	0.0	0.0	0.0	5.0
Net current assets	0.5	0.0	0.0	0.0	0.0	0.5
Total	**100.0**	**35.4**	**29.6**	**9.4**	**12.5**	**13.1**
Currency exposure of the Orbis SICAV Global Balanced Fund						
Funds	100.0	29.7	33.5	16.4	12.7	7.8
Index	100.0	63.2	22.5	11.3	0.8	2.3

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

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Fund manager quarterly commentary as at 31 December 2022

When we set up the Orbis SICAV Global Balanced Fund 10 years ago, we wanted to do a conventional thing in an unconventional way. Our aim was to generate pleasing returns with a moderate risk profile. That's conventional. But rather than looking to asset class decisions as the key driver of returns, we built the strategy to draw on our core skills: in-depth company research and bottom-up security selection.

At inception, we knew what we thought of the opportunity set in 2013, but we did not know what the market would throw at us over the next decade – let alone the environments future generations of investors will face over the next 50. Given that uncertainty, the Fund has always had wide flexibility in its asset class exposures. Not because we want to tactically flip between equities and bonds, but because we never want our clients to be stuck holding unattractive securities simply to meet an asset class target. For us, the key question has never been how much of the portfolio to have in equities or bonds but which equities and bonds are attractive enough to win the bottom-up competition for our clients' capital.

Ten years later, that concept has been borne out – a bottom-up approach to multi-asset investing can work. That is not to say returns since inception have been up to our standards. They haven't been, and over the long term we believe we can deliver significantly higher relative returns than clients have experienced thus far. But encouragingly, security selection has been by far the biggest driver of relative returns.

Both asset class exposures and our individual holdings have evolved substantially over the past 10 years.

At inception, the biggest overweight in the portfolio was to technology stocks. The second largest was to telecommunications companies, which represented five of the top 10 holdings. Energy holdings were just 7% of the portfolio, similar to the exposure of the benchmark. Over 85% of the portfolio was invested in selected equities, with just 10% in fixed income, and nothing in sovereign bonds.

Today, technology and communication services are among the biggest underweights in the Fund while energy and industrials are the largest concentrations. Around 75% of the portfolio is invested in our favourite shares with nearly 20% in fixed income and just under 10% in sovereign bonds.

As the opportunity set has changed, so has the portfolio – reflective of our active approach. The three greatest shifts have been the rise in bond yields, the dominance of the US stock market and the wide disparity in the price of cheap versus expensive businesses.

In 2013, global government bonds were priced to yield 1.8% per year to an investor who held them to maturity but the prices of those bonds could go down significantly if interest rates were to rise. At those levels, we regarded government bonds as return-free risk. Yet for most of the Fund's history, bond prices rose, pushing yields as low as 0.4% in 2020. We know we must have sounded like Cassandra! Our fear of inflation and higher interest rates hurt performance for eight of the first 10 years. More recently, being attuned to those risks has protected clients as synchronised drawdowns in equity and bond markets have led to one of the worst years in decades for passive balanced portfolios. Global government bonds now yield about 3%, and we believe inflation-linked and corporate bonds are now attractive enough to warrant substantial portions of our clients' capital. We have never hated bonds; we just hated their prices.

The dominance of the US stock market and the ascendance of its valuations has been another major shift. Back in 2013, the US represented just half of world stock markets, versus 70% today. Much of that dominance has come from rising valuations and elevated profits. We have never liked paying inflated multiples of record profits, so we have found other regions more fertile hunting grounds for ideas. That has hurt performance to date but should be rewarding if the US market comes back to earth.

The last great shift over the past decade has been the yawning gap between the prices of cheaply versus richly valued shares. Life is frustrating for a contrarian investor when prices move further and further away from fundamental value, as they have for much of the Fund's history. That gap reached record levels in 2021 and has started to relent – but only started. As things stand today, the valuation gap has only been wider in 21 months over the last 35 years and most of those months were in 2020 and 2021.

We believe much of the complacency of the past decade is yet to be driven out. If we are right, that could continue to prove challenging for traditional portfolios but should be rewarding for investors who own reasonably priced businesses that generate lots of cash. That leaves us enthusiastic about the relative return potential of the Fund in the years ahead.

Having proved the concept over the last decade, we look forward to continuing to put it to work in the decades ahead.

During the quarter, we added meaningfully to our position in Sumitomo Mitsui Financial Group, one of Japan's largest banks, in the belief that the stock offered a compelling risk-reward profile and would benefit from any increase in interest rates by the Bank of Japan.

The opportunity set within fixed income has started to look more attractive, resulting in us adding to selected corporate and sovereign bonds in the portfolio.

We funded these purchases by trimming the Fund's energy positions following a period of outperformance and by selling Itaú Unibanco, a Brazilian financials company.

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

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.

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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.

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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