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 March 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

Note: 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.

Fund information on 31 March 2023

Fund size	R16.5bn
Number of units	268 866 791
Price (net asset value per unit)	R61.51
Class	A

Minimum investment amounts*

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

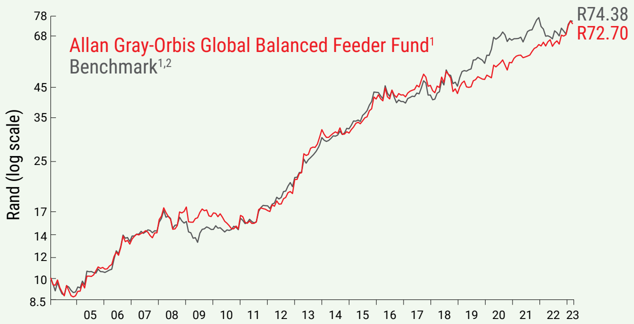
*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

**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 March 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 28 February 2023.
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)	627.0	188.4	643.8	195.0	176.7	61.9
Annualised:						
Since inception (3 February 2004)	10.9	5.6	11.0	5.7	5.5	2.6
Latest 10 years	12.4	5.2	12.5	5.3	5.1	2.6
Latest 5 years	11.3	2.8	12.9	4.2	4.8	3.9
Latest 3 years	15.1	15.3	7.6	7.8	5.2	5.2
Latest 2 years	13.1	3.2	7.0	-2.4	6.4	7.0
Latest 1 year	18.8	-2.3	12.4	-7.6	7.0	6.0
Year-to-date (not annualised)	8.8	4.2	10.5	5.8	1.0	1.0
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	58.7	60.4	57.8	63.0	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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Allan Gray-Orbis Global Balanced Feeder Fund

31 March 2023

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 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 March 2023	1yr %	3yr %
Total expense ratio	**3.30**	**1.71**
Fee for benchmark performance	1.27	1.41
Performance fees	1.97	0.24
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	**0.06**	**0.09**
Total investment charge	**3.36**	**1.80**

Top 10 holdings on 31 March 2023

Company	% of portfolio
SPDR Gold Trust	5.4
Samsung Electronics	4.5
Kinder Morgan	3.5
US TIPS 3 - 5 Years	3.1
US TIPS 5 - 7 Years	3.0
Taiwan Semiconductor Mfg.	2.7
Bayer	2.5
Barrick Gold	1.8
Saab	1.8
Drax Group	1.8
Total (%)	**30.2**

Asset allocation on 31 March 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	59.4	14.3	21.0	8.2	11.3	4.6
Hedged equities	18.2	9.3	5.4	1.0	1.3	1.2
Fixed interest	16.3	12.3	2.0	0.1	0.1	1.7
Commodity-linked	5.4	0.0	0.0	0.0	0.0	5.4
Net current assets	0.7	0.0	0.0	0.0	0.0	0.7
Total	**100.0**	**35.9**	**28.4**	**9.3**	**12.8**	**13.6**
Currency exposure of the Orbis SICAV Global Balanced Fund						
Funds	100.0	30.6	32.0	16.8	12.9	7.6
Index	100.0	63.3	22.6	11.3	0.7	2.1

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

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Fund manager quarterly commentary as at 31 March 2023

The Silicon Valley Bank (SVB) failure has made markets worry about banks everywhere. In the case of Credit Suisse, that worry was well founded. We believe it is unfounded for the Japanese, Korean and Irish banks we hold. We sold out of also-robust ING Groep, which we had been trimming anyway on valuation grounds, and rotated some of that capital into Korean banks at bombed-out valuations. The rest of the banks we hold continue to look compelling, and we continue to hold them.

But the slide in bank stocks was not the only, or even the biggest, market impact from the current panic. A month ago, markets expected US interest rates to end the year at 5.5%. They now expect rates to end the year near 4% – well below current levels. Equity markets have responded as if we are heading back to the low-inflation, low-rates environment of the past 15 years, and investors seem all too happy to believe that the playbook of the last cycle will continue.

We believe that's unlikely. Set against the tranquillity of the last 15 years, recent moves in the bond market have been extreme. But in the 1990s, such moves weren't uncommon. In the 1980s, they were pedestrian. The suppressed volatility we have seen over this low-inflation, low-interest rates cycle is the exception, not the norm.

The previous megacycle

Events long ago teed up a tremendous period for corporations and investors via seemingly ever-lower interest rates, lower labour costs, technology-led productivity and peace between major powers, topped off in recent years by massive amounts of money printing. It would be difficult to think of a better setup for financial assets. How did this come about?

In 1981, facing inflation as high as 14%, the US Federal Reserve lifted short-term interest rates above 20%. This finally broke the inflationary spell, starting a four-decade cycle of ever-lower bond yields and borrowing costs. The same year, Ronald Reagan fired the striking air traffic controllers, starting a 40-year swing in power from labour to capital that has suppressed growth in wages. In 1989, the Berlin Wall fell, and for the next three decades liberal democracies enjoyed the "peace dividend", slashing defence budgets.

The 1990s saw Windows computers, Intel processors, email and the early rise of the internet spark a productivity boom. The Age of the Semiconductor began in earnest.

In 2001, China joined the World Trade Organization, accelerating a wave of globalisation that lasted until 2016.

The 2008 global financial crisis sparked central banks to drive interest rates down to zero and beyond, and they then injected trillions of dollars' worth of cash into the financial system. That money printing slowed until 2020 when COVID-19 sparked another almighty surge from central banks.

This cycle

All good things must come to an end, and more recent events point to reversals of the various tailwind-generating trends of the past.

In 2018, the US put tariffs on imports from China, a death knell for the trend of ever-increasing globalisation, removing a powerful disinflationary force on the global economy.

In 2019, major countries signed on to the Paris Climate Accords, kicking off the mega wave of spending on the electrification of the global economy. Now we are optimising for a balance of cost and carbon and will likely have to tolerate higher energy prices as a result.

In 2021, inflation reached 7% in the US, with inflation in Europe, the UK and even Japan rising shortly behind. COVID-19 showed China to be a less-than-ideal outsourcing partner, and companies have had to shift from efficient "just-in-time" supply chains to redundant "just-in-case" supply chains that ensure resilience, driving costs upward.

In 2022, Russia invaded Ukraine, again. After over three decades of a perceived peace dividend, people are slowly coming around to the notion that the Cold War has resumed. Defence spending, which adds little by way of productivity, has started to increase, drawing funds away from more productive uses.

After admitting that inflationary pressures aren't just transitory, central banks have finally stopped printing money, and they have finally started raising interest rates.

How we're positioned

So much has changed from the last cycle, but many assets that were forgotten in the last cycle continue to trade at attractive valuations.

We can currently lock in an inflation-protected return of 1.4% in US Treasury Inflation Protected Securities (TIPS) set against market expectations of close to 2% inflation over any long horizon. In other words, despite all that's changed, the market expects central banks to get inflation right where they want it. That means we don't have to pay over the odds for inflation protection. Locking in a 1.4% increase in purchasing power looks reasonable, so we own TIPS.

Selected companies in defence, energy infrastructure, semiconductors, and oil and gas services provide things the world needs, and which are in short supply. Yet we have found several such businesses trading for less than 10 times our assessment of their sustainable free cash flows. Better still, in many cases those cash flows are either explicitly protected against inflation or should be able to grow with inflation as supply shortages bite.

Who knows how history will unfold? Life from here could look incredibly different from the last megacycle. That could prove challenging for investors sticking to the last cycle's playbook. But if valuations are any indication, it is an exciting time to be a contrarian.

We added to the Fund's positions in selected Korean banks and to the position in Taiwan Semiconductor Manufacturing Company, as we felt the discount to our estimate of intrinsic value had widened. We sold the position in ING Groep, a Dutch bank, after a period of relative share price strength. We also sold the Fund's position in British American Tobacco to redeploy capital to more attractive opportunities.

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

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31 March 2023

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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.

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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