Allan Gray-Orbis Global Optimal Fund of Funds

Fund managers:	Ian Liddle (The underlying Orbis funds are managed by Orbis)
Inception date:	2 March 2010
Class:	A

Fund description

The Fund invests in a mix of absolute return funds managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 0% and 20%. 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 a foreign equity or balanced fund. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands. When considered in rands, returns of this foreign fund are likely to be more volatile than domestic funds with similar equity constraints.

ASISA unit trust category: Global - Multi Asset - Low Equity

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis Funds), while producing long-term returns that are superior to foreign currency bank deposits. The Fund's benchmark is the simple average of the benchmarks of the underlying Orbis funds.

How we aim to achieve the Fund's objective

The Fund invests only in the Optimal SA absolute return funds managed by our offshore investment partner, Orbis Investment Management Limited. Within the Optimal 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.

The Orbis Optimal SA funds reduce most of their stock market risk by the use of exchange-traded derivative futures contracts. The Orbis Optimal SA funds will typically retain a small portion of their exposure to equity markets, but the level of exposure may be varied depending on Orbis' assessment of the potential returns on global stock markets relative to their risk of capital loss. The underlying funds' returns are therefore derived partly from their relatively low exposure to stock markets, partly from Orbis' selected share returns relative to those markets, and partly from foreign currency cash-equivalent returns. 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

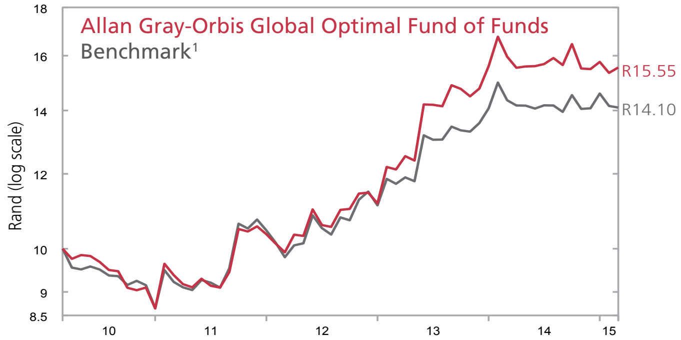
- Seek steady absolute returns ahead of those of cash measured in global currencies
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with taking on the risk of currency fluctuation, but prefer little exposure to stock market risk
- Wish to use the Fund as a foreign absolute return 'building block' in a diversified multi-asset class portfolio

Fund information on 28 February 2015

Fund size:	R1.1bn
Fund price:	R15.53

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund		Benchmark[1]		CPI inflation[2]	
	ZAR	US$	ZAR	US$	ZAR	US$
Unannualised: Since Inception	55.5	2.8	41.0	-6.8	27.4	8.0
Annualised: Since Inception	9.2	0.6	7.1	-1.4	5.0	1.6
Latest 3 Years	16.2	0.1	12.9	-2.8	5.2	1.0
Latest 2 Years	13.2	-0.5	9.7	-3.6	5.1	0.7
Latest 1 Year	-2.6	-10.4	-1.8	-9.7	4.4	-0.2
Year-to-date (unannualised)	-1.3	-1.8	-3.4	-3.9	-0.2	-0.7
Risk measures (since inception)						
Maximum Drawdown[3]	-15.9	-12.2	-13.6	-12.0	n/a	n/a
Percentage Positive Months[4]	45.0	51.7	41.7	50.0	n/a	n/a
Annualised Monthly Volatility[5]	14.1	6.4	12.8	5.3	n/a	n/a

1. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 28 February 2015.
2. This is based on the latest numbers published by INET BFA as at 31 January 2015.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 21 May 2010 to 29 December 2010 and maximum benchmark drawdown occurred from 21 May 2010 to 29 December 2010. 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.

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.

Annual management fee and total expense ratio (TER)

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.allangray.co.za.

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 12 month period.

Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 2 for further information).

TER breakdown for the year ending 31 December 2014	%
Fee for benchmark performance	1.00
Performance fees	0.23
Other costs including trading costs	0.24
VAT	0.00
Total expense ratio	**1.47**

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Fund manager quarterly commentary as at 31 December 2014

The negative return for the Orbis Optimal SA Fund (Optimal) in 2014 was clearly disappointing for an absolute return vehicle. While these results are frustrating for even the most patient investors, it is important to step back and remember the role that Optimal is designed to play in a portfolio context.

Optimal can be thought of as a 'building block'. It is intended to complement the Orbis Global Equity Fund in a balanced portfolio by producing long-term returns that are competitive with cash and bonds, and uncorrelated with equities.

The vast majority of Optimal's past returns have comprised the return on cash plus any additional value Orbis has been able to add through its stock-picking decisions. During the past five years, cash has yielded virtually nothing and Orbis has not added any value on top of that. Central bank measures to depress interest rates in the wake of the Global Financial Crisis have reduced returns on cash – and therefore also on Optimal. Those same expansionary measures have boosted returns on equities and other real assets. In turn this has dampened the potential for stock-picking outperformance, because Orbis' value-oriented stock selections have struggled to keep pace with more expensive, momentum-driven shares as the current bull market has matured. Against this backdrop, one would expect Optimal to lag other building blocks.

There will be times when Optimal earns its keep by providing downside protection – for example during the 2008-2009 collapse in global equity prices – and other times when its value is less obvious. At all times, the critical question for investors is whether or not Optimal is doing what it is designed to do.

Such a view hinges on Orbis' ability to generate positive stock-picking alpha, as has been the case since the inception of the Fund in 1990. During 2014, and as noted in the Allan Gray-Orbis Global Equity Feeder Fund's commentary, our stock selections detracted value in North America, Europe and Japan, and only contributed positively in Asia ex-Japan. In aggregate, stock picking was the biggest single driver of the Fund's poor performance over the past year. An unhedged exposure to Russia also detracted approximately 2% from the Fund's return, primarily due to depreciation in the rouble.

With equities and bonds trading at today's elevated valuations, the next five years may look quite different to the last five. Orbis does not expect the return on cash to keep pace with inflation and considers it likely that the total return on government bonds will fall short of that of cash. However, Orbis has a high degree of conviction that Optimal's underlying holdings are more attractive than their local stock markets. In such an environment, Optimal provides clients with a fighting chance to achieve positive real returns over the long term, without being exposed to inflated asset prices and the associated risk of permanent capital loss. As such, Orbis believes Optimal remains a highly relevant substitute for cash and bonds.

Adapted from commentary contributed by Henry Allen.

Top 10 share holdings on 28 February 2015

Company	% of portfolio
NetEase	3.9
Sumitomo Mitsui Fin.	2.8
Motorola Solutions	2.6
Mitsubishi	2.4
Samsung Electronics	2.3
QUALCOMM	2.3
Microsoft	2.2
Cable & Wireless Comm.	2.2
eBay	2.0
Honda Motor	1.9
Total	**24.6**

Fund allocation on 28 February 2015

Funds	%
Orbis Optimal SA (US$)	65.3
Orbis Optimal SA (euro)	34.7
Foreign absolute returns funds	**100.0**

Asset allocation on 28 February 2015

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net Equities	9	-1	4	0	6	0
Hedged Equities	80	30	13	24	12	1
Cash/currency hedge	10	30	19	-24	-14	-1
Total (%)	**100**	**59**	**36**	**0**	**3**	**1**

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 2014
Cents per unit	0.0000

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

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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.