ALLANGRAY

Fund manager: Duncan Artus (The underlying Orbis funds are managed by Orbis)
Inception date: 2 March 2010

Allan Gray-Orbis Global Optimal Fund of Funds

30 November 2023

Fund description and summary of investment policy

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's investment universe is global, 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

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 30 November 2023

Fund size	R1.4bn
Number of units	50 004 093
Price (net asset value per unit)	R28.77
Class	A

Minimum investment amounts*

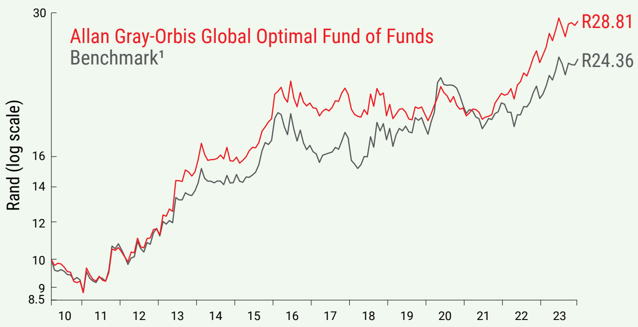
Initial lump sum per investor account	R50 000
Additional lump sum	R1 000
Debit order**	R1 000

*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.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund		Benchmark[1]		CPI inflation[2]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (2 March 2010)	188.1	17.3	143.6	-0.8	100.7	41.6
Annualised:						
Since inception (2 March 2010)	8.0	1.1	6.7	-0.1	5.2	2.6
Latest 10 years	6.9	0.6	6.0	-0.3	5.2	2.8
Latest 5 years	8.8	2.2	7.4	0.8	5.1	4.0
Latest 3 years	13.7	6.2	7.1	0.0	6.2	5.7
Latest 2 years	17.4	8.0	10.3	1.5	6.7	5.5
Latest 1 year	20.2	7.9	19.2	7.0	5.9	3.2
Year-to-date (not annualised)	16.3	4.7	16.9	5.2	5.6	3.0
Risk measures (since inception)						
Maximum drawdown[3]	-18.9	-31.3	-26.6	-16.1	n/a	n/a
Percentage positive months[4]	52.7	55.2	47.9	48.5	n/a	n/a
Annualised monthly volatility[5]	13.4	7.2	13.9	4.3	n/a	n/a
Highest annual return[6]	39.6	14.4	35.6	9.4	n/a	n/a
Lowest annual return[6]	-12.4	-15.3	-19.1	-11.6	n/a	n/a

1. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 30 November 2023.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 31 October 2023.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 18 May 2016 to 24 March 2017 and maximum benchmark drawdown occurred from 18 January 2016 to 23 February 2018. 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.
6. 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 January 2016. The Fund's lowest annual return occurred during the 12 months ended 31 May 2017 and the benchmark's occurred during the 12 months ended 28 February 2017. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

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Meeting the Fund objective

Since inception and over the latest 10- and five-year periods, the Fund has outperformed its benchmark. There has been some volatility in the Fund's returns. The underlying funds' maximum drawdowns to date, in their reporting currencies, are 23% for the Orbis Optimal SA Dollar class and 28% for the Orbis Optimal SA Euro class.

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	**0.3832**

Annual management fee

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 Orbis Optimal SA Fund factsheets and prospectus, which can be found at www.orbis.com.

Total expense ratio (TER) and transaction costs (updated quarterly)

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 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 2023	1yr %	3yr %
Total expense ratio	**1.06**	**1.06**
Fee for benchmark performance	0.99	0.99
Performance fees	-0.01	-0.01
Other costs excluding transaction costs	0.08	0.08
VAT	0.00	0.00
Transaction costs (including VAT)	**0.11**	**0.13**
Total investment charge	**1.17**	**1.19**

Top 10 share holdings on 30 November 2023

Company	% of portfolio
FLEETCOR Technologies	3.3
Shell	3.3
British American Tobacco	2.8
Motorola Solutions	2.5
GXO Logistics	2.3
Bayerische Motoren Werke	2.2
Taiwan Semiconductor Mfg.	2.1
ConvaTec Group	2.1
UnitedHealth Group	2.1
Micron Technology	1.9
Total (%)	**24.6**

Fund allocation on 30 November 2023

Foreign absolute return funds	%
Orbis Optimal SA (US$)	61.4
Orbis Optimal SA (Euro)	38.6
Total (%)	**100.0**

Asset allocation on 30 November 2023

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	5.5	-3.5	4.1	1.6	3.3	0.0
Hedged equities	83.8	39.7	22.1	18.5	3.5	0.0
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	10.7	0.0	0.0	0.0	0.0	10.7
Total	**100.0**	**36.2**	**26.2**	**20.1**	**6.8**	**10.7**
Currency exposure						
Fund	100.0	55.6	37.9	6.0	0.5	0.0

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

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Fund manager quarterly commentary as at 30 September 2023

The objective of the Allan Gray-Orbis Global Optimal Fund of Funds is to generate positive returns on a low-risk global investment portfolio. The long-term returns of the Fund are intended to be largely independent of the returns of major asset classes such as equities, bonds and cash. With its uncorrelated returns, the Fund can be a valuable building block in a broader portfolio. It is also designed to offer a volatility profile that is substantially below the undulating returns of global stock markets.

It is often posited that volatility is not a robust measure of risk. Our own investment process focuses a great deal more on the risk of permanent capital impairment, which results typically from paying more for an asset than its intrinsic value. That said, it's clear to us that volatility – the degree to which your investment results vary from one period to another – is not something to be ignored. Indeed, it can be demonstrated that for a long-term investor, volatility is an absolutely critical variable, right up there with investment longevity and performance.

As an illustration, let's walk through a two-part thought exercise.

For the first part of the exercise, imagine there are 1 000 hypothetical investors. Each starts with US$10 000 and invests for 60 years – roughly a lifetime of investing if you are diligent enough to start with your first pay cheque. Each investor's returns are random, sampled annually from the same distribution of returns from global stock markets, with the same volatility. All of our imaginary investors are therefore equally skilled (or unskilled) and equally good (or bad) at risk management. Let's call this group the "normal" investors.

Interestingly, even with a completely random simulation the resulting distribution of wealth looks strikingly similar to real world outcomes. A few lucky investors accumulate hundreds of millions of dollars and help pull up the average (mean) result to about US$9 million. But this is hardly the typical outcome. About 80% of our investors are below this number – most of them come nowhere near it. Investor #500 – bang in the middle (i.e. the median investor) –ends up with about US$3 million.

Perhaps more interesting is that the resulting distribution of wealth is non-linear. The mean result is much higher than the median result, meaning the results have a positive skew. As our investors become increasingly lucky, their luck compounds to provide ever-higher levels of wealth. Even among the top 1%, there are meaningful differences in outcomes. The good news is that the non-linearity of outcomes can work in your favour when investing.

It means that small things add up, and every little improvement can make a big difference – even if you never end up with Warren Buffett and Elon Musk in the top 0.1%.

For the second part of our thought exercise, let's ask ourselves a question which may lead to a different outcome. What would happen if our fictional investors were equally skilled or unskilled, but were notably better risk managers? We can answer this question by keeping all of the original assumptions in place, but by reducing the chances of extreme losses and gains (i.e. narrowing the distribution used to randomise returns). Let's call this group the "risk managers".

The median investor in this group has a far better outcome than in the group of "normal" investors, simply by reducing volatility. In fact, only 10% of this new group ends up worse off than the original "median" investor. In other words, good risk management can significantly raise your wealth generation potential. The intuition behind this is that big losses are extremely tough to recover. As the saying goes, a 50% loss requires a 100% return to regain. Or as Buffett says, "Rule #1: Never lose money. Rule #2: Never forget Rule #1."

Investing in the real world is a lot more complex than in our simple thought exercise, but we see a lot of lessons applicable to the Fund. The lesson is not to avoid risk altogether – it's essential if you wish to compound your investments over time – but rather that no amount of skill or patience matters if you get wiped out from excess risk taking.

This is all the more important in the current environment, in which there is plenty to worry about – rising interest rates, inflation, geopolitics, climate change – and the range of outcomes is unusually wide and increasingly difficult to manage. In other words, it's the perfect opportunity for the Fund to earn its keep.

The Fund's overall net equity exposure remained the same over the quarter. Among individual positions, the largest buy was a new position in a Japanese online retailer, where we felt the market's reaction to recent results was overly negative for a company with solid fundamentals. We trimmed the position in INPEX, a Japanese oil and gas producer, into share price strength.

Adapted from a commentary contributed by Graeme Forster, Orbis Investment Management Limited, Bermuda

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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. For more information about our annual management fees, refer to the frequently asked questions, available via the Allan Gray website.

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).

Fund of funds

A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its funds of funds.

FTSE Russell Index

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MSCI Index

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