Fund managers: This Fund invests solely into the Orbis Global Equity Fund, managed by Orbis Investment Management Limited **Inception date:** 1 April 2005

Allan Gray-Orbis Global Equity Feeder Fund

31 July 2024

Fund description and summary of investment policy

The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund's investment universe is global, the units in the Fund are priced and traded daily in rands.

ASISA unit trust category: Global – Equity – General

Fund objective and benchmark

The Fund aims to outperform global stock markets over the long term, without taking on greater risk. Its benchmark is the MSCI World Index, including income, after withholding taxes.

How we aim to achieve the Fund's objective

The Fund invests only in the Orbis Global Equity Fund. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. 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 Orbis 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.

Suitable for those investors who

- Seek exposure to diversified international equities to provide long-term capital growth
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with global stock market and currency fluctuation and risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as a global equity '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.

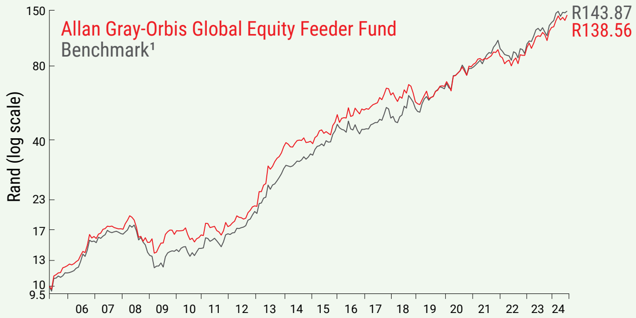
Fund information on 31 July 2024

Fund size	R31.9bn
Number of units	231 642 502
Price (net asset value per unit)	R137.87
Class	A

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 31 July 2024. From inception to 15 May 2023, the benchmark was the FTSE World Index, including income.
2. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 June 2024.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 6 June 2008 to 10 March 2009 and maximum benchmark drawdown occurred from 5 June 2008 to 6 March 2009. 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 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 March 2009 and the benchmark's occurred during the 12 months ended 31 March 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]		CPI inflation[2]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (1 April 2005)	1285.6	373.9	1338.7	392.1	184.2	62.1
Annualised:						
Since inception (1 April 2005)	14.6	8.4	14.8	8.6	5.6	2.5
Latest 10 years	12.9	7.1	15.7	9.7	5.0	2.8
Latest 5 years	17.1	11.5	17.9	12.2	5.0	4.2
Latest 3 years	15.3	7.1	15.2	7.0	6.0	5.0
Latest 2 years	24.7	19.0	21.7	16.2	5.2	3.0
Latest 1 year	23.1	20.1	21.2	18.3	5.1	3.0
Year-to-date (not annualised)	12.9	14.8	11.8	13.7	2.4	1.6
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	63.4	58.6	61.2	63.8	n/a	n/a
Annualised monthly volatility[5]	15.2	17.1	14.3	15.9	n/a	n/a
Highest annual return[6]	78.2	64.1	54.2	58.4	n/a	n/a
Lowest annual return[6]	-29.7	-44.8	-32.7	-47.3	n/a	n/a

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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 the global stock market. The maximum drawdown and lowest annual return numbers, in the 'Performance net of all fees and expenses' table, show that the Fund has successfully reduced downside risk in periods of negative market returns.

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 2023
Cents per unit	**1.3302**

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 Global Equity 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 Global Equity 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 30 June 2024	1yr %	3yr %
Total expense ratio	**1.23**	**1.15**
Fee for benchmark performance	1.10	1.34
Performance fees	0.08	-0.24
Other costs excluding transaction costs	0.05	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.09**	**0.10**
Total investment charge	**1.32**	**1.25**

Top 10 share holdings on 31 July 2024

Company	% of portfolio
QXO	5.4
UnitedHealth Group	5.3
Corpay (was FLEETCOR)	4.9
Interactive Brokers Group	3.4
British American Tobacco	3.3
GXO Logistics	3.2
Alphabet	3.1
Shell	3.0
Global Payments	2.8
KB Financial Group	2.8
Total (%)	**37.1**

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

Asset allocation on 31 July 2024[8]

This fund invests solely into the Orbis Global Equity Fund

	Total	United States	UK	Europe ex-UK[7]	Japan	Other[7]	Emerging markets
Net equities	98.9	52.3	14.4	8.3	4.8	2.6	16.5
Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market and cash	1.1	1.2	-0.1	-0.1	0.0	0.0	0.1
Total (%)	**100.0**	**53.5**	**14.3**	**8.1**	**4.9**	**2.6**	**16.6**
Currency exposure	100.0	49.7	10.0	12.0	13.2	7.5	7.6
Benchmark	100.0	71.7	3.8	12.7	5.9	5.9	0.0

7. Refers to developed markets only.
8. Changes to asset allocation tables for the Allan Gray-Orbis funds

   We have made minor changes to the asset allocation tables for the Allan Gray-Orbis funds to align our tables with those of our offshore partner, Orbis, and the geographic categories disclosed by the funds' benchmarks. The changes, outlined below, aim to enhance clarity and transparency.

   - Previously, the 'North America' category predominantly included US and Canadian securities. We renamed this category to 'United States', and reclassified Canadian securities under 'Other'.
   - We separated Europe and the UK into distinct categories. We moved securities from emerging European countries from 'Europe' to 'Emerging markets'.
   - We eliminated the 'Asia ex-Japan' category. We reclassified the securities that fell under this category as either 'Emerging markets' (e.g. companies in South Korea) or 'Other' (e.g. companies in Singapore).

Fund manager quarterly commentary as at 30 June 2024

Recent market returns have been narrow, propelled by the magnificent seven technology shares in the US – Microsoft, Apple, Alphabet, Nvidia, Amazon, Meta and Tesla. For the most part, we haven't owned them. But in the middle of the Fund's top 10 holdings, one of the seven does stick out: Alphabet.

The Orbis Global Equity Fund first owned Alphabet (then called Google) in late 2008 and has held it cumulatively for over a decade on and off since. We have also held Microsoft, Apple, Amazon and Meta before. But while several of the seven are now regarded as unassailably successful, sentiment has been less rosy for Alphabet. For us, that is part of the appeal. The key fear on Alphabet is that Microsoft and its partner OpenAI have eaten Google's lunch on artificial intelligence (AI), which will become the key capability for all technology businesses including internet search. In November 2022, OpenAI launched ChatGPT, and in February 2023, Microsoft announced it would incorporate ChatGPT into its Bing search engine. The next day, Google previewed its own AI bot, called Bard, which flopped spectacularly.

That paints a scary picture, but it is easy to overstate Google's challenges.

Most importantly, chat apps do not produce better results for all searches. We see this in the numbers, where both ChatGPT and Bing have lower weekly retention rates than Google Search. While ChatGPT's app and website have raced ahead of other AI competitors, they have added just 20 million daily users over the past year, bringing the total to 50 million. That sounds big, but Google has 800 million daily users on its mobile app and 1.6 billion on its Chrome web browser. Comparing search against search, you have to squint to see Bing's inroads. On mobile, Bing has less than one daily user for every thousand Google users, and on desktop, Bing's share of daily searches is just 4% – up a grand total of 0.4 percentage points from the pre-ChatGPT days.

In its latest earnings report, Google laid some of these demons to rest, materially increasing our conviction in its fundamentals. After embedding AI into its own "search generative experience", Google's search engagement is up (because users are getting better answers), its search profit margins are up (because advertisers are following users), and its cost to serve AI queries is *down* (by 80% since their initial introduction). We took this as encouraging evidence that Google is not just surviving in an AI world but thriving. The market agreed, sending the shares up roughly 15% since that earnings report. That does not mean Google can coast. In a few areas, it clearly needs to improve, including in its AI products. The company has already fixed the most glaring problems with Gemini (the new Bard), explaining that the model was improperly calibrated. That may be true, but it is hard to dismiss the idea that Gemini's output has been skewed by the political priorities of Google's outspoken staff.

Still, we believe Google will continue to improve. Proficiency in AI boils down to engineering talent, access to cutting-edge computer chips and large data sets on which to train the AI models. Google has all three. From a valuation perspective, we look at the math the following way. Alphabet earned US$74bn last year, but that is weighed down by severance expenses and losses in the "other bets" segment focused on nascent opportunities. Excluding those losses, we see the company trading at 22 times trailing core earnings, to say nothing of the US$79bn of net cash on its balance sheet. That valuation is only a hair above the multiple of the broader S&P 500, and in relative terms, it is unusually low for Alphabet. In our view, Alphabet deserves more of the premium it usually has. This is a business with returns on equity and net profit margins of over 20%, both well above the market average, with above-average growth prospects to boot. If the valuation stays where it is and the company can grow at even 10% per annum, growth and free cash flow alone should drive a near-15% per annum, long-term return.

That growth potential is supported by Alphabet's commanding positions in several big businesses. Its core search business is unique, and its YouTube unit is unique in the West. Alongside OpenAI, Alphabet is one of two leaders in AI services; alongside Nvidia, it is one of two in AI accelerator chips; alongside Apple, Android is one of two mobile operating systems; and behind Amazon and Microsoft, Google is one of three hyperscale cloud services operators. Each of these businesses is valuable and has extraordinary potential – but that is often lost as investors focus excessively on threats to the search business. The company does have its risks, however. AI could prove more disruptive than we expect. Advertising spending is cyclical, so if the US economy slows or crashes, Alphabet won't be immune. But weighing up the risks against the price and the quality of the business, Alphabet looks reasonable to us, and it also brings diversification to the Fund, as its share price behaves differently to many of our other holdings.

Alphabet's more magnificently valued brethren would also bring that diversification, but while we appreciate the fundamental quality of the others, we see less to like in their share prices. Microsoft, for example, has similar growth potential and returns on equity to US payments and fuel card business Corpay (formerly Fleetcor), yet trades at double the valuation. To sustain the 15% per annum growth rate markets expect on its US$86bn profit base, Microsoft must add roughly another Coca-Cola worth of profits every year. On its US$100bn profit base, Apple must add the equivalent of a Wells Fargo in profits this year to sustain its growth, and the climb gets harder from there. Perhaps Microsoft and Apple can achieve those feats. They are great companies. But we would prefer to invest where expectations are lower: in shares like Corpay, US managed care organisations, quality industrial companies, banks in Korea and Europe – or even Alphabet.

Over the quarter, we increased the Fund's position in UnitedHealth Group, a US-based diversified healthcare company, into relative share price weakness. We also reinitiated a position in Rolls-Royce Holdings, a UK-based manufacturer of aircraft engines and power systems, as we believed it is likely to benefit from several structural tailwinds. In addition, we exited the Fund's position in Intel on reduced conviction.

Adapted from a commentary contributed by Ben Preston, Orbis Portfolio Management (Europe) LLP, London

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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).

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.

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