ALLANGRAY

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

30 September 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 through a rand-denominated fund
- 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

Fund availability: Subject to offshore capacity constraints. Please visit our website or contact our Client Service Centre for further information about any constraints that may apply.

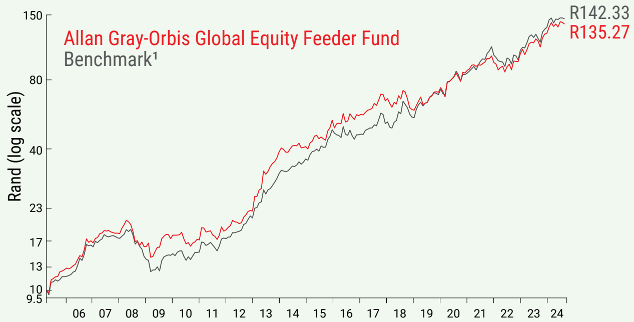
Fund information on 30 September 2024

Fund size	R31.0bn
Number of units	230 475 540
Price (net asset value per unit)	R134.59
Class	A

1. MSCI World Index, including income, after withholding taxes (source: Bloomberg), performance as calculated by Allan Gray as at 30 September 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 31 August 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)	1252.7	388.8	1323.3	414.3	185.7	62.7
Annualised:						
Since inception (1 April 2005)	14.3	8.5	14.6	8.8	5.6	2.5
Latest 10 years	12.4	7.7	15.0	10.3	4.9	2.8
Latest 5 years	15.1	12.2	16.2	13.2	4.9	4.2
Latest 3 years	13.1	8.3	14.1	9.2	5.6	4.8
Latest 2 years	25.0	27.7	24.7	27.4	4.6	3.2
Latest 1 year	18.1	29.1	21.1	32.4	4.4	2.6
Year-to-date (not annualised)	10.2	18.4	10.6	18.9	2.9	2.0
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	62.8	59.0	60.7	64.1	n/a	n/a
Annualised monthly volatility[5]	15.1	17.0	14.2	15.8	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

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 September 2024	1yr %	3yr %
Total expense ratio	**0.63**	**1.25**
Fee for benchmark performance	1.10	1.31
Performance fees	-0.53	-0.11
Other costs excluding transaction costs	0.06	0.05
VAT	0.00	0.00
Transaction costs (including VAT)	**0.09**	**0.10**
Total investment charge	**0.72**	**1.35**

Top 10 share holdings on 30 September 2024

Company	% of portfolio
QXO	6.7
Corpay (was FLEETCOR)	5.2
UnitedHealth Group	5.1
Interactive Brokers Group	3.8
RXO	3.1
GXO Logistics	3.0
Global Payments	2.8
Alphabet	2.8
KB Financial Group	2.6
Shinhan Financial Group	2.6
Total (%)	**37.6**

Asset allocation on 30 September 2024

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	96.1	53.2	13.0	8.1	3.1	2.8	16.0
Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Money market and cash	3.9	3.9	-0.1	-0.1	0.0	0.0	0.1
Total (%)	**100.0**	**57.2**	**12.9**	**8.0**	**3.1**	**2.8**	**16.1**
Currency exposure	100.0	51.0	8.5	12.6	12.9	7.8	7.2
Benchmark	100.0	71.8	3.7	12.7	5.6	6.1	0.0

7. Refers to developed markets only.

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

Fund manager quarterly commentary as at 30 September 2024

Our investment approach is designed to capitalise on gaps between stock prices and the intrinsic value of the businesses they represent. The bigger the gap, the more attractive the opportunity. Normally, the stock market sets the price while we focus on analysing the fundamentals of the business.

This makes our investment in QXO unusual. There was no public market price, as we invested through a private placement, and there was no business yet to analyse – just a US$5bn cash pile waiting to be deployed. Yet, QXO has become the largest position in the Orbis Global Equity Fund, making up nearly 7% of the Fund.

Why? Because in a deeper sense, QXO is a great example of what we do. In fact, it is remarkably similar to another investment we made almost 12 years ago – one which became the second-biggest contributor to the Fund's performance over the past decade. At the time, the analyst recommending the stock wrote that it was "… a bit venture capital-like in that we are betting on an entrepreneur, a business plan, and a pile of cash".

That investment was XPO Logistics, with a market value of just US$468m when the line above was written in 2012. Since then, XPO has evolved into three separate companies that are collectively worth more than US$20bn. Its shares returned 17 times over the last 14 years, tripling the S&P 500's tech-fuelled boom.

The entrepreneur behind both XPO and QXO is Brad Jacobs. Although we were just getting to know Brad in 2012, XPO was his third rodeo. Prior to XPO, he founded and ran United Rentals, and prior to that United Waste Systems. All three stocks handily beat the S&P 500 during (and after) Brad's tenure as CEO.

Over the years, Brad has consistently created shareholder value with a repeatable "playbook" for capital allocation and operational excellence. He also has a knack for building enduring teams that can continue to add value long after he has stepped down from day-to-day involvement. And perhaps most importantly, he always puts his own money on the line – US$900m in the case of QXO – which creates an unusually strong alignment of interests with fellow shareholders.

That said, it would be too simplistic to say that our investment in QXO is merely a bet on Brad. There are many great companies run by great CEOs that we don't own because the price isn't right. We invested in QXO via a private placement in July 2024 at a smaller premium than we paid for access to XPO's cash pile back in 2012, so this time we are getting a better deal.

It would also be too simplistic to say we are giving Brad a blank cheque. We would not have invested if we didn't share his enthusiasm for the specific opportunity that QXO is targeting – the building products distribution industry. It may not sound exciting – neither did XPO's trucking business – but that is often precisely what creates the opportunity. The industry is highly fragmented, with thousands of sub-scale distributors lacking a national footprint and leveraging antiquated technology (if any). In many ways, it is reminiscent of the early days of XPO.

Building products distribution is also large (roughly US$800bn across the US and Europe) and fast-growing (7% per annum over the last five years). Fragmented competition should yield ample M&A opportunities, where QXO can create substantial value by improving the operations of acquired businesses. Disruption risk is also low, and it fits the playbook perfectly.

The obvious challenge with analysing QXO is that it is mostly just a pile of cash and we don't know exactly what the company intends to buy.

Based on our assessment of the opportunity, we think QXO could be worth 2-5 times book value, well above the 1.4 times we paid. We get there by exploring a range of scenarios, where two critical variables are how much capital the company can deploy and what rate of return it earns on that capital.

If we assume that 80-90% of profits are reinvested and the business can earn 15-20% returns over the longer term, QXO should be able to command a premium multiple.

To be clear, our investment in XPO didn't deliver value in a straight line, and we don't expect that QXO will be any different. As with the logistics business, there is a substantial cyclical element to building products and a severe recession would be negative for the business. Over the long term, however, it could present an opportunity if the downturn allows us to scoop up acquisitions at favourable prices.

The range of outcomes is wide, but we believe that risk is mitigated by the attractive price we paid, our extensive understanding of Brad's playbook, the attractive attributes of the industry, and Brad's intention to run the company with modest leverage.

While our focus here has been on the newest "XO" in the Fund, we would emphasise that we remain just as enthusiastic about the others, which together account for almost another 8% of the Fund. Brad continues to have substantial interests in XPO, RXO and GXO Logistics – collectively worth about US$500m. Despite their strong performance over the years, we believe that each of these three companies continues to offer a compelling and asymmetric investment opportunity over our investment horizon.

Our founder, Allan Gray, often used a colourful expression to underscore the importance of acting with conviction when you believe you have an edge – "Go for the jugular". The XO companies look unusually attractive to us, we know them unusually well and we believe they deserve an unusually large position.

Over the quarter, we initiated our position in QXO and exited our position in Sumitomo Mitsui Financial Group, a Japanese bank, into relative share price strength.

Adapted from a commentary contributed by John Christy, Orbis Investments (Canada) Ltd., Vancouver and Eric Marais, Orbis Investment Advisory Pty Limited, Sydney

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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).

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.

FTSE Russell Index

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