

Fund description and summary of investment policy¹

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 benchmark¹

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 Global Government Bond 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.

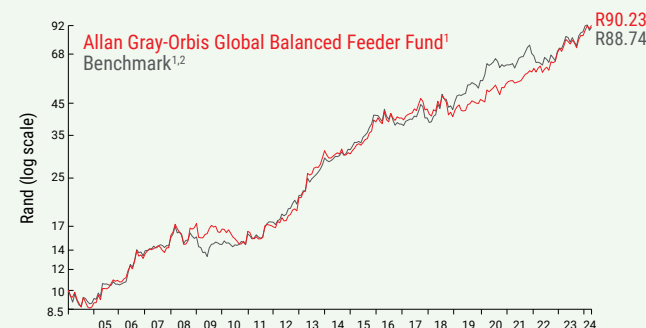
Fund information on 31 May 2024

Fund size	R18.1bn
Number of units	237 611 977
Price (net asset value per unit)	R76.34
Class	A

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 Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 May 2024. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan Global Government Bond Index.
3. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 April 2024.
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 ¹		Benchmark ^{1,2}		CPI inflation ³	
Cumulative:	ZAR	US\$	ZAR	US\$	ZAR	US\$
Since inception (3 February 2004)	802.3	239.7	787.4	234.1	195.1	68.1
Annualised:						
Since inception (3 February 2004)	11.4	6.2	11.3	6.1	5.5	2.6
Latest 10 years	11.5	5.3	11.5	5.4	5.0	2.8
Latest 5 years	15.2	9.7	12.0	6.7	5.1	4.2
Latest 3 years	17.3	5.9	11.9	1.1	6.0	5.5
Latest 2 years	18.4	8.3	16.1	6.2	6.0	4.1
Latest 1 year	12.5	18.6	7.9	13.7	5.2	3.4
Year-to-date (not annualised)	8.7	7.8	4.6	3.7	2.1	1.7
Risk measures (since inception)						
Maximum drawdown ⁴	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months ⁵	58.6	60.2	58.2	63.1	n/a	n/a
Annualised monthly volatility ⁶	13.5	11.8	12.8	10.5	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

Meeting the Fund objective

Since inception and over the latest five-year period, the Fund has outperformed its benchmark. Over the latest 10-year period, 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 2023
Cents per unit	1.0560

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 2024	1yr %	3yr %
Total expense ratio	1.73	1.99
Fee for benchmark performance	1.10	1.29
Performance fees	0.57	0.64
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	0.07	0.08
Total investment charge	1.80	2.07

Top 10 holdings on 31 May 2024

Company	% of portfolio
SPDR Gold Trust	6.0
Samsung Electronics	4.0
Kinder Morgan	3.4
Taiwan Semiconductor Mfg.	3.3
US TIPS 5 - 7 Years	2.6
Nintendo	2.4
Mitsubishi Heavy Industries	2.3
Burford Capital	2.2
Shell	2.1
Barrick Gold	1.8
Total (%)	30.0

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

Asset allocation on 31 May 2024⁹

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	United States	UK	Europe ex-UK ⁸	Japan	Other ⁸	Emerging markets
Net equities	58.0	7.3	12.0	9.9	7.8	5.6	15.4
Hedged equities	18.4	10.6	1.2	4.1	0.5	0.9	1.2
Property	0.5	0.0	0.0	0.0	0.5	0.0	0.0
Commodity-linked	6.0	6.0	0.0	0.0	0.0	0.0	0.0
Bonds	14.7	10.5	0.2	1.4	0.0	0.0	2.5
Money market and cash	2.3	1.4	0.2	0.6	0.1	0.1	0.0
Total (%)	100.0	35.9	13.6	16.0	8.8	6.7	19.1
Currency exposure	100.0	20.9	13.5	27.1	16.4	10.3	11.9
Benchmark	100.0	62.5	4.8	17.6	10.1	5.0	0.0

8. Refers to developed markets only.

9. 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).

While electric vehicles, batteries, solar panels and windmills dominate headlines around the energy transition, they are only a fraction of the whole project. Boring bits of the system may do just as much to propel the transition forward – and the companies that provide them may be much more attractive investments.

Looking at the Orbis SICAV Global Balanced Fund, 17% is invested in the stocks and bonds of companies which play at least some role in the energy transition. To sketch out how the parts of the value chain – and how some of our investee companies within it – fit together, let's start with a typical offshore wind project, the Galloper wind farm off the eastern coast of England.

The core of the project is 56 windmills built and maintained by Siemens Gamesa, a unit of Siemens Energy. Helix, which operates a fleet of undersea robots and support ships, conducted the undersea trenching and burial work for the 56 cables connecting those turbines to an offshore substation, and Prysmian, a power and telecommunication cable manufacturer, provided some of the high-voltage cables to connect the project to adjacent windfarms and then 45 kilometres back to shore.

As the world adopts broadly dispersed power farms located far away from cities, our energy system will become much more cable intensive. Cables can represent a quarter of the cost for an offshore wind project, and to support wind farms and international interconnectors, the world will need to roll out about 5 000 kilometres of subsea cables every year (outside of China, which uses its own suppliers). That is good news for Prysmian, which is the largest of only three major Western firms with the specialised factories to make those cables and the specialised ships to lay them. All that underwater work also augurs well for Helix. It turns out that the skills (and robots) that are useful for servicing offshore oil wells transfer quite well to servicing offshore wind farms.

Wind farms are not the only source of growing cable demand. Existing grids need cables too, in part because the world's electric grids are ageing. On average, grid equipment in the US and Europe is old and being operated beyond its designed lifespan. In some places, people are charging Teslas using cables installed before World War II. The US Department of Energy reckons grid infrastructure will need to be expanded by 60% by 2030. Globally, that translates into US\$650 billion of estimated grid investment every year, double the level of recent years.

A system juggling intermittent power sources, batteries, home solar panels, power-hungry artificial intelligence data centres, and electrified cars and factories will be both more burdened and more complex than the grid is today. More electricity needs to travel longer distances in more directions to more locations, and Siemens Energy and Mitsubishi Heavy Industries (MHI), which both make electricity transmission and distribution equipment, are well placed to provide the increasingly sophisticated transformers, switchgear, converters and substations the new grid will require.

Intermittency (power sources that are not always on) poses challenges beyond just grid infrastructure. As systems become more reliant on wind and solar power, they need to keep the lights on when the wind isn't blowing and the sun isn't shining.

Drax, a UK power generator, provides reliable baseload electricity, as it can run its biomass plant 24/7. Drax also plays a role in energy storage with its elegantly simple "pumped hydro" facility in Scotland. When power is plentiful and cheap, Drax uses electrical pumps to move water uphill into a reservoir, then later lets it flow back downhill through turbines when power is scarce and better priced.

The move to a cleaner energy system is bigger than just the electric grid; it also involves industry and buildings. Siemens Energy offers a suite of products to help companies electrify their operations, while MHI focuses on helping companies switch their heat source from coal to gas, cutting carbon emissions by about 40% in the process. Beyond industry, buildings of all kinds can be much more energy-efficient than they are today. In Europe, where buildings account for 40% of total energy consumption, Signify brings a simple solution: just replace the lights. Lighting accounts for nearly half of cities' total electricity use, and replacing inefficient lights with Signify's excellent LED systems can cut the related carbon emissions by 75% or more.

The preceding sketch barely scratches the surface of the major energy transition themes, but in our view, it is an encouraging story. There are challenges and trade-offs, but these companies are applying their skills in innovative ways to move both their own businesses and the broader transition forward.

That alone wouldn't earn their stocks and bonds a place in the Fund, however. As investors, the key for us is the relationship between the companies' fundamental prospects and the prices of their shares and bonds. In each of these cases, we think their prospects are underappreciated by the market.

This has allowed us to build positions in these companies at attractive prices. Drax trades for less than five times earnings. Helix and Signify trade for less than 10 times free cash flow. Siemens Energy is struggling to work through quality control issues at its wind turbine unit, but in our view the long-term value of its businesses is substantially higher than its current market capitalisation. MHI has begun to attract attention for its defence business, but still trades at a lower valuation than the typical global stock – as does Prysmian, where consensus earnings estimates are just starting to reflect the growth potential we have long seen.

The energy transition features no shortage of complexity and controversy. Put those together, and it also features plenty of investment opportunity.

We reduced the Fund's exposure to US Treasury Inflation Protected Securities (TIPS) to reallocate some of the capital to Norwegian and Icelandic government bonds. In addition, we trimmed the Fund's position in Corpay (formerly Fleetcor Technologies) and increased the Fund's exposure to gold-related securities, as we continue to believe gold provides attractive diversification benefits to the Fund.

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

Fund manager quarterly commentary as at 31 March 2024

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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.

FTSE Russell Index

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J.P. Morgan Index

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