Allan Gray Life-Orbis Global Equity Portfolio

31 March 2025

Inception date: 18 May 2004

Portfolio objective and benchmark

The objective of the Portfolio is to outperform the FTSE World Index at no greater-than-average risk of loss. The benchmark is the FTSE World Index, including income.

Product profile

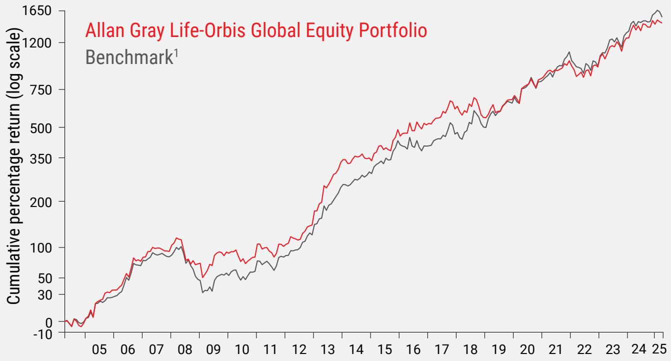
- This is a feeder portfolio, investing in the Orbis Global Equity Fund which is actively managed by Orbis.

Investment specifics

- This Portfolio is available as a linked policy issued by Allan Gray Life Limited available only to retirement funds.
- Minimum investment: R20m.
- The Investor Class Fee is levied in the underlying Orbis Global Equity Fund.

Performance net of fees

Cumulative performance since inception



% Returns[2]	Portfolio		Benchmark[1]	
	ZAR	US$	ZAR	US$
Since inception	14.0	8.7	14.3	8.9
Latest 10 years	12.5	7.9	14.4	9.8
Latest 5 years	15.9	15.2	17.1	16.4
Latest 3 years	17.7	9.0	16.3	7.7
Latest 2 years	17.8	15.7	17.8	15.7
Latest 1 year	1.9	5.1	3.8	7.0
Latest 3 months	1.0	3.3	-3.7	-1.5

Asset allocation on 31 March 2025

This portfolio invests solely into the Orbis Global Equity Fund

	Total[4]	United States	UK	Europe ex-UK[3]	Japan	Other[3]	Emerging markets
Net equities	96.3	44.9	12.6	11.7	5.1	3.6	18.4
Property	1.2	0.0	0.0	0.0	1.2	0.0	0.0
Money market and cash	2.4	2.2	0.0	0.1	0.0	0.0	0.1
Total (%)[4]	**100.0**	**47.2**	**12.6**	**11.8**	**6.4**	**3.6**	**18.5**
Currency exposure	100.0	44.8	7.8	12.4	15.8	8.2	11.1
Benchmark	100.0	67.5	3.8	12.2	6.2	5.6	4.7

Portfolio information on 31 March 2025

Assets under management	R185m

1. FTSE World Index, including income.
2. Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 31 March 2025.
3. Refers to developed markets only.
4. There may be slight discrepancies in the totals due to rounding.

Top 10 share holdings on 31 March 2025 (updated quarterly)

Company	% of portfolio
QXO	6.1
Corpay	5.5
Elevance Health	5.0
Nintendo	3.5
British American Tobacco	3.0
Interactive Brokers Group	2.8
Taiwan Semiconductor Mfg	2.7
RXO	2.2
BAE Systems	2.2
GXO Logistics	2.2
Total (%)[4]	**35.1**

Issued: 10 April 2025

Fund manager quarterly commentary as at 31 March 2025

It has not been a great decade to be a value-oriented contrarian investor.

When compared against a soaring and increasingly concentrated global stock market, the opportunity for investors like us to deliver enhanced returns has been relatively bleak. To be sure, scoring a few own goals along the way hasn't helped. Our mission is to generate superior returns versus our benchmark with no greater risk of loss. And, while our net returns over the last decade have been strong in absolute terms, they've fallen short of the benchmark's returns. We recognise that we have tested your patience.

Looking back, there have been two big factors at work. The first is our own internal processes and structure. With the benefit of all the data we have collected and analysed on our own decisions, we have identified several opportunities for improvement and made changes.

Over the last three years, we have combined two of our London-based investment teams, changed our portfolio management structure to improve capital flow across regions and enhanced our risk management, both at a stock-specific and portfolio level. Notably, we have also formed a Decision Analytics team to analyse our individual behavioural patterns as investors, akin to a golf coach videoing a player's swing. Although hard to measure with precision, we believe these initiatives are already bearing fruit. For example, by comparing our analyst team's recommendations with the global opportunity set, we can see that the output of our "stock-picking engine" is significantly outperforming the typical global stock.

The other big factor is the market environment. We have written at length previously about how concentrated and skewed the global stock market benchmark has become, driven in large part by a very small number of shares which have pushed markets to extremes. Even if we had been at the top of our game, the environment of the last decade would have been a tough one in which to excel. But one thing we have repeatedly observed is that when change happens, it can happen all at once – as this most recent quarter has demonstrated.

One minute, the stock market is in a state of euphoric ecstasy, convinced by the notion of American exceptionalism and giddy on expectations for the unshackling of that country's animal spirits under a decisive, business-friendly, red-tape-cutting administration. Investors pour in. The next minute, despondency reigns. Tariff inflation will hurt consumers, and tariff uncertainty will hurt businesses. Cutting waste will mean cutting jobs, which means rising unemployment, which may mean recession. It's just the other side of the same coin. But that's the nature of economics and investing. There are two sides to everything. What drives market prices is often determined by which side of the coin investors are choosing to look at.

We find there's usually more to be gained by carefully examining the dark side of the coin. Looking from the other side can feel lonely and adversarial and comes with long periods of looking stupid. But when the market environment flips, it can do so quickly, without warning and without an intermission to let investors reposition.

For example, our long-standing underweight to the US, a relative performance drag for so long, has all-of-a-sudden flipped into a contributor. If predicting the timing of such changes in market mood can look easy with hindsight, it's anything but simple in real time – and that's exactly why we don't do it.

Instead, we're guided by how share prices deviate from our assessment of intrinsic value. While our disciplined approach can often mean we end up sitting out periods of extraordinary temporary returns as certain shares go from expensive to even more so, it's usually worth it in the end. Share prices can only fight for so long against the gravitational pull of fair value.

The first sign that share prices have gone too far is often that even extraordinary results fail to meet lofty market expectations. In late February, Nvidia reported 78% growth for its most recent quarter, yet its stock was down the next day. And it has not been alone. While the S&P 500 is down 8% from late February, the tech-heavy Nasdaq is down 13%, and the Magnificent Seven are collectively down 17%.

Does that mean those shares now provide good value again? Is the reset over? Not necessarily. When one considers just how stretched and skewed markets had become, it's possible there is further to go. On a headline basis, the US still commands a 45% valuation premium. Indeed, our research continues to suggest there is much better value elsewhere. Whether it's the likes of SK Square trading at a fraction of the value of its listed stakes, Genmab trading below the value of its existing drugs (with no value credited to future development) or the solid Elevance Health at just 13 times next year's earnings with no discernible tariff risk, we continue to find shares priced at very reasonable levels with attractive margins of safety to the downside.

On previous occasions when markets have become as dislocated as they still are today, we have typically found that shares neglected in the euphoria don't just protect downside in a market sell-off, they can actually go up as investors remove their blinders. So it is that, amid the declines in the Nasdaq, European stocks are actually up year to date. In US dollars, Japanese shares are up. Global value stocks are up. In terms of pattern recognition, that's an encouraging sign for value-oriented contrarian investors like us. Looking forward, we hope and expect that our discipline – and your patience – will finally turn out to be well rewarded.

We established a new position in Microchip Technology, a US-based semiconductor manufacturer of microcontrollers and analogue chips and established a new position in a UK-based grocery retailer. These purchases were funded by meaningfully reducing the Portfolio's position in Alphabet, Google's parent company, and US-based managed care organisation UnitedHealth Group.

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

© 2025 Allan Gray Proprietary Limited. All rights reserved. The content and information may not be reproduced or distributed without the prior written consent of Allan Gray Proprietary Limited ("Allan Gray").

Information and content

The information in and content of this publication/presentation are provided by Allan Gray as general information about the company and its products and services. Allan Gray does not guarantee the suitability or potential value of any information or particular investment source. The information provided is not intended to, nor does it constitute financial, tax, legal, investment or other advice. Before making any decision or taking any action regarding your finances, you should consult a qualified financial adviser. Nothing contained in this publication/presentation constitutes a solicitation, recommendation, endorsement or offer by Allan Gray; it is merely an invitation to do business.

Allan Gray has taken and will continue to take care that all information provided, in so far as this is under its control, is true and correct. However, Allan Gray shall not be responsible for and therefore disclaims any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance on any information provided.

Allan Gray Life Ltd is an insurer licensed to conduct investment-linked life insurance business as defined in the Insurance Act 18 of 2017.

Past performance is not indicative of future performance.

FTSE Russell Index

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2025. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

MSCI Index

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Important information for investors

Need more information?
You can obtain additional information about your proposed investment from Allan Gray free of charge either via our website **www.allangray.co.za** or via our Client Service Centre on **0860 000 654**