

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 through a rand-denominated fund
- 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

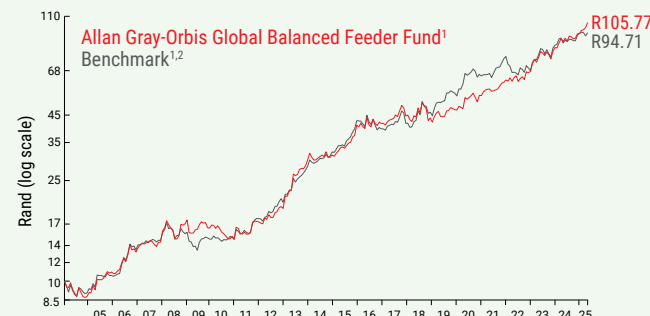
Fund availability: Subject to offshore capacity constraints. Please visit our website or contact our Client Service Centre for further information about any constraints that may apply.

Fund information on 31 May 2025

Fund size	R20.4bn
Number of units	228 323 616
Price (net asset value per unit)	R89.46
Class	A

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



- 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 under way for Allan Gray-Orbis Global Fund of Funds'](#), available via the Latest insights section of our website.
- 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 2025. 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.
- This data reflects the latest available inflation numbers for South Africa and the United States of America, as at 30 April 2025 (Source: IRESS). South African CPI inflation has been calculated based on the most recent rebased values from Stats SA.
- 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).
- The percentage of calendar months in which the Fund produced a positive monthly return since inception.
- 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.
- 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.

% Returns	Fund ¹		Benchmark ^{1,2}		CPI inflation ³	
Cumulative:	ZAR	US\$	ZAR	US\$	ZAR	US\$
Since inception (3 February 2004)	957.7	313.5	847.1	270.3	203.3	71.9
Annualised:						
Since inception (3 February 2004)	11.7	6.9	11.1	6.3	5.4	2.6
Latest 10 years	12.1	7.8	10.7	6.4	4.8	3.1
Latest 5 years	15.3	14.7	7.9	7.4	5.0	4.6
Latest 3 years	18.0	12.6	12.9	7.7	4.9	3.5
Latest 2 years	14.8	20.1	7.3	12.2	4.0	2.8
Latest 1 year	17.2	21.7	6.7	10.8	2.8	2.3
Year-to-date (not annualised)	12.2	17.4	0.6	5.2	2.0	1.2
Risk measures (since inception)						
Maximum drawdown ⁴	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months ⁵	59.4	61.3	57.4	63.7	n/a	n/a
Annualised monthly volatility ⁶	13.2	11.7	12.6	10.3	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 10- and five-year periods, the Fund has outperformed 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 2024
Cents per unit	1.5499

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 2025	1yr %	3yr %
Total expense ratio	3.96	2.94
Fee for benchmark performance	1.10	1.15
Performance fees	2.79	1.72
Other costs excluding transaction costs	0.07	0.07
VAT	0.00	0.00
Transaction costs (including VAT)	0.06	0.07
Total investment charge	4.02	3.01

Top 10 holdings on 31 May 2025

Company	% of portfolio
US TIPS >10 Years	5.1
SPDR® Gold Trust	4.7
Siemens Energy	4.0
Kinder Morgan	3.7
Taiwan Semiconductor Mfg	2.7
Nintendo	2.7
Samsung Electronics	2.6
Leonardo	2.0
Drax Group	2.0
Mitsubishi Heavy Industries	1.9
Total (%)	31.4

Asset allocation on 31 May 2025

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	United States	UK	Europe ex-UK⁸	Japan	Other⁸	Emerging markets
Net equities	55.8	9.5	12.5	10.0	7.1	4.2	12.5
Hedged equities	17.5	10.2	0.9	4.0	0.3	0.5	1.4
Property	0.6	0.0	0.0	0.0	0.6	0.0	0.0
Commodity-linked	4.7	4.7	0.0	0.0	0.0	0.0	0.0
Bonds	19.0	12.3	0.6	1.3	0.0	0.0	4.8
Money market and cash	2.4	1.3	0.2	0.6	0.1	0.1	0.1
Total (%)	100.0	37.9	14.2	15.9	8.2	4.9	18.8
Currency exposure	100.0	19.9	13.7	28.9	17.0	9.5	11.0
Benchmark	100.0	62.8	4.7	17.6	9.9	5.0	0.0

8. Refers to developed markets only.

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

Uncertainty is the order of the day in the US, and that is not what markets were expecting in January. Coming into the year, the US stock market traded at sky-high valuations, having notched two consecutive years of 20% plus returns. Strong equity returns, strong profit growth, strong economic growth and a market-friendly Trump were all priced as virtual certainties.

That made us cautious. When prices are high, expectations are high, and when expectations are high, so is risk. We were positioned against the consensus narrative of American exceptionalism, and we are still positioned that way, because prices haven't changed all that much.

Net of hedging, we have less exposure to stock market risk than the 60/40 index benchmark, and our fixed income holdings are longer-term than they have ever been. In addition to valuations, we have concerns about the US economy's dependence on the stock market.

Two-thirds of US gross domestic product (GDP) is consumer spending. Over half of that spending, and all of the spending growth over the last two years, has been driven by the top 20% of households by income, who have been happy to keep splurging because they own lots of stocks, which have been up. As the stock market has soared, it has grown larger versus the US economy. Today, the S&P 500 is valued at about 160% of US GDP.

Said another way, the US economy has become more dependent on the stock market. Researchers from Moody's estimate that for every extra dollar in household wealth, households spend an extra two or three cents. Over the past few years, this has been a boon for the economy. But now, the economy depends on consumer spending, the only consumers spending are the rich ones, and their spending depends on rising stock markets. The market, for the moment anyway, has stopped going up. What does that spell for the economy?

This time, the government doesn't seem inclined to help. The American poet Maya Angelou said, "When someone shows you who they are, believe them the first time." Investors would do well to heed that advice, particularly regarding President Donald Trump and Treasury Secretary Scott Bessent. A selection of quotes from Trump:

*"There is a period of transition."
"I hate to predict things like that [recessions]."
"Look, we're going to have disruption, but we're okay with that."
"There'll always be a little short-term interruption."
"I'm not even looking at the stock market."*

And from Bessent:

*"There is no [Trump] put."
"There's going to be a detox period."
"We'll see whether there's pain."
"Could we be seeing this economy that we inherited starting to roll a bit? Sure."
"Can you guarantee there is not going to be a recession? I can't guarantee anything."*

If the president and Treasury secretary are willing to stomach a recession in pursuit of their longer-term policy goals, who are we to argue? Both are explicit in their desire to bring down the 10-year US Treasury yield, and allowing a short-term recession would be one way to do that.

Normally, it would then fall to the central bank to support the economy, but the Federal Reserve (the Fed) is stuck between its dual goals of limiting inflation and limiting unemployment. If the Fed raises interest rates to fight inflation, it risks crushing the economy, but if it cuts rates to support the economy, inflation expectations could rise rapidly.

Both scenarios would be reasonable for US Treasury Inflation Protected Securities (TIPS). As a reminder, TIPS are Treasury bonds where the repayment amount is adjusted for inflation. If interest rates and bond yields decline, TIPS should benefit, as bond prices go up when bond yields go down. If rates stay high or rise, the most likely reason would be high inflation, and TIPS should benefit from adjustments to their repayment amount.

Over the past quarter, we have meaningfully increased our positions in long-term TIPS, and they are now among the Fund's top holdings. The 2.3% inflation-protected yield on 30-year TIPS is both above average versus historical bond returns and, in our view, unsustainably high given America's government debt problem.

If we can lock in a 2.3% real return on a fairly safe asset, this raises the bar for everything else in the Fund. With equity valuations still reasonable outside the US, we've found plenty of opportunities, but the biggest competition for capital in the Fund today is between TIPS and hedged equity.

Hedged equity lets us buy stocks we like in markets we don't. We buy individual stocks that we believe are undervalued, then hedge out some of the associated stock market risk, leaving us with the difference between the relative return of our stock versus its local market, plus a cash-like return. Today, the riskiest-looking market – the US – is also the market with the highest interest rates, so US hedged equity offers a cash return of about 4%, plus the relative return of our stock selections. That makes hedged equity a very competitive option for the lower-risk part of the Fund.

With little exposure to the US stock market and the US dollar, defensive positioning in TIPS and hedged equity, and a collection of attractively valued shares, we believe the Fund is well positioned to both handle market volatility and deliver pleasing long-term returns.

We exited the position in US-based managed care organisation (MCO) UnitedHealth Group on concerns that it may face increased regulatory scrutiny and reallocated capital to another US MCO, Elevance Health. In addition, we established a new position in Microchip Technology, a US-based semiconductor manufacturer of microcontrollers and analogue chips.

Adapted from a commentary contributed by Alec Cutler, Orbis Investment Management Limited, Bermuda, and Rob Perrone, Orbis Portfolio Management (Europe) LLP, London

Fund manager quarterly commentary as at 31 March 2025

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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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