Fund managers: This Fund invests solely into the Orbis SICAV Global Balanced Fund, managed by Orbis Investment Management Limited. **Inception date:** 3 February 2004

Allan Gray-Orbis Global Balanced Feeder Fund

30 June 2022

Fund description and summary of investment policy[1]

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 benchmark[1]

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 GBI Global 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

Fund information on 30 June 2022

Fund size	R14.8bn
Number of units	287 105 889
Price (net asset value per unit)	R51.66
Class	A

Minimum investment amounts*

Initial lump sum per investor account	R50 000
Additional lump sum	R1 000
Debit order**	R1 000

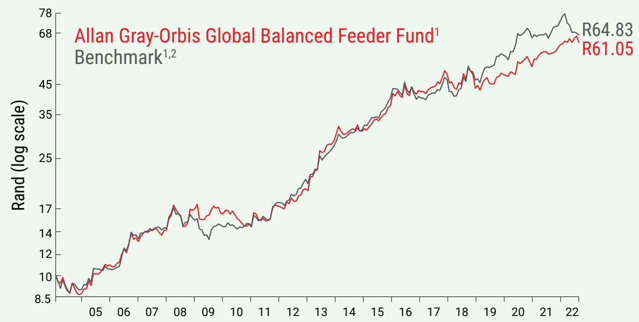
*Lower minimum investment amounts apply for investments in the name of an investor younger than 18. Please refer to our website for more information.

**Only available to investors with a South African bank account.

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 GBI Global Index (source: Bloomberg), performance as calculated by Allan Gray as at 30 June 2022. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index.
3. This is based on the latest available numbers published by IRESS as at 31 May 2022.
4. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown ccurred 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		Benchmark[1,2]		CPI inflation[3]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (3 February 2004)	510.5	161.1	548.3	177.3	164.4	56.5
Annualised:						
Since inception (3 February 2004)	10.3	5.3	10.7	5.7	5.4	2.5
Latest 10 years	13.1	5.5	13.3	5.7	5.1	2.5
Latest 5 years	7.0	2.3	9.4	4.6	4.5	3.6
Latest 3 years	11.3	5.8	8.4	3.0	4.6	4.5
Latest 2 years	7.5	10.6	-0.4	2.5	5.9	6.7
Latest 1 year	8.7	-5.9	-1.6	-14.8	6.5	8.5
Year-to-date (not annualised)	-1.4	-4.5	-15.3	-17.9	3.7	4.6
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	58.4	60.2	58.4	63.3	n/a	n/a
Annualised monthly volatility[6]	13.6	11.6	12.7	10.1	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

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Meeting the Fund objective

Since inception and over the latest 10-year 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 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 2021
Cents per unit	**0.1143**

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

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 2022	1yr %	3yr %
Total expense ratio	**1.33**	**1.05**
Fee for benchmark performance	1.49	1.48
Performance fees	-0.22	-0.49
Other costs excluding transaction costs	0.06	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	**0.10**	**0.08**
Total investment charge	**1.43**	**1.13**

Top 10 holdings on 30 June 2022

Company	% of portfolio
SPDR Gold Trust	6.1
Samsung Electronics	4.5
Shell	3.5
Kinder Morgan	3.4
Schlumberger	2.8
Bayer	2.5
Drax Group	2.3
US TIPS 5 - 7 Years	2.2
Barrick Gold	2.0
US TIPS 7 - 10 Years	2.0
Total (%)	**31.2**

Asset allocation on 30 June 2022

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	58.9	13.2	23.2	7.9	8.3	6.4
Hedged equities	20.4	10.6	5.7	1.0	1.8	1.3
Fixed interest	14.9	10.9	0.6	0.1	0.2	3.1
Commodity-linked	6.1	0.0	0.0	0.0	0.0	6.1
Net current assets	-0.3	0.0	0.0	0.0	0.0	-0.3
Total	**100.0**	**34.7**	**29.5**	**9.0**	**10.3**	**16.5**
Currency exposure of the Orbis SICAV Global Balanced Fund						
Funds	100.0	34.0	32.7	15.6	8.8	9.0
Index	100.0	64.2	22.0	10.9	0.8	2.1

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

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Allan Gray-Orbis Global Balanced Feeder Fund

Fund manager quarterly commentary as at 30 June 2022

Investment professionals will usually define defensive stocks as those with steady and predictable earnings, high barriers to entry, a strong balance sheet, and a relatively stable share price. But in reality, what's considered "defensive" is whatever held up best in the last market sell-off. In behavioural science this is called recency bias. It causes nervous investors to rush for what they wish they owned in the last bear market regardless of whether those companies are well placed for the current one. If market drops are brief enough, the very belief that a company is defensive can help it hold up and bolster its defensive reputation. But when bear markets drag on long enough, actual operating results dictate share price performance, and some defensives of yore prove to be anything but. By the same token, a new crop of companies emerge that demonstrate well the attributes laid out in the first sentence.

As contrarian investors, we are always looking for attractively priced companies with underappreciated defensiveness. Often these are in industries that have inherently defensive characteristics, and used to be considered defensive, but have recently fallen out of favour. Sometimes real negative change has happened, and industries will likely never regain their defensive status. However, sometimes our research suggests that a formerly defensive industry still deserves to trade at a premium defensive valuation, but is trading at a low valuation right now. The Orbis SICAV Global Balanced Fund's ("the Fund's") concentration in defence contractors is one such opportunity.

We started buying the shares of select defence stocks over a year ago, with our interest sparked by two developments. First, it was becoming clear to us that China and Russia's geopolitical assertiveness and military build-up was more secular than cyclical, and that it would spark a similar response from those feeling threatened. Second, shares that were already inexpensive owing to years of dropping defence budgets were, in the case of European companies, being pushed down even harder owing to new regulation that promised to increase the cost of doing business for companies whose activities don't contribute to the social goals of the EU. Defence companies were initially considered among the worst offenders.

After the fall of the Berlin Wall in 1989, defence budgets dropped precipitously as the West sought to cash in the Peace Dividend. Defence spending subsequently settled in at very low levels for many countries, eclipsed by other social priorities. The vast majority of NATO countries are still below the NATO requirement to spend at least 2% of GDP on defence.

With Russia's second invasion of Ukraine and China's increasingly strident stance towards Taiwan, the Peace Dividend is now clearly eliminated. In response, nearly every European country has announced a massive increase in defence spending. Importantly, those increases come in ways that signal a long-term shift in attitude, with military force increases, long-term weapons programmes and, for some countries, historic changes in their war posture.

We do not believe that Wall Street analysts are even close to adequately increasing their earnings estimates to account for the coming torrent of defence spending. After more than 30 years of stagnant industry revenues, it is incredibly difficult for those covering the industry to register the full impact of the change we're seeing today. Or they are assuming what we're currently experiencing is merely a brief spike.

We disagree. We don't see an imminent Russian defeat or Putin disappearing, we don't see China turning away from its regional goals, and we don't see any sort of worldwide consensus to support Western powers' opposition to Russia. In fact, we see it as more likely that the world returns to East and West blocs, plus unaligned nations. This is a recipe for significantly increased defence budgets that then grow steadily off that higher level, not just in Europe, but throughout the world.

That has not gone *completely* unnoticed by the market, and our defence shares Saab AB, BAE Systems, Thales, Rheinmetall and Mitsubishi Heavy Industries are all up 50-170% so far this year, growing from small positions to represent over 5% of the Fund.

Yet we believe they have considerable upside remaining. Products of all five companies are increasingly in high demand, and earnings expectations for 2025 have risen, but only modestly. Following those revisions, the stocks now sell at a discount to the market on forward PE (price/earnings), but we believe both the "P" and the "E" should increase.

On the earnings side, if our assessment of an inflamed and long-lasting Cold War is correct, considerable increases in earnings expectations are likely.

On the price side, we see two compelling cases for higher valuations:

First, Russia's invasion has spurred environmental, social and governance (ESG) commentators to rethink their negativity towards the defence industry. Some ESG advocates now view the industry as providing the means for societies, especially those that are most aligned with ESG principles, to deter and defend against would-be attackers. For free societies, having a healthy advanced defence sector is a need-to-have, not a want-to-have, and recent events have made that obvious even to former critics of the industry. As more clear-eyed views of the sector prevail, this should remove a cloud over the stocks' valuations.

Second, and more importantly, the defence contractors we hold are fundamentally defensive businesses. Most of their contracts are protected against inflation, and all but Rheinmetall have had low correlation to world stock markets over the long term. As those defensive characteristics come to be better appreciated, we believe the defence companies should warrant a premium price. In a volatile and inflationary world, the real "defensives" may be in defence.

During the quarter, we sold out of the Fund's position in US pharmaceutical company AbbVie after a period of strong outperformance. We added to the Fund's exposure to US Treasury Inflation-Protected Securities (TIPS) in order to improve the overall risk-reward profile of the Fund. Following a recent decline in inflation expectations, pricing has become more attractive despite our view that TIPS are one of the few assets which can maintain their value in a stagflationary environment.

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

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Important information for investors

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.

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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.

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.

Foreign exposure

This fund invests in a foreign fund managed by Orbis Investment Management Limited, our offshore investment partner.

MSCI Index

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FTSE Russell Index

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J.P. Morgan Index

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