ALLAN GRAY

Allan Gray Life-Orbis Global Equity (RRF) Feeder Portfolio

Inception date: 1 April 2015

30 June 2025

Portfolio objective and benchmark

The objective of the Portfolio is to outperform the MSCI World Index at no greater-than-average risk of loss. The benchmark is the MSCI World Index, with net dividends reinvested.

Product profile

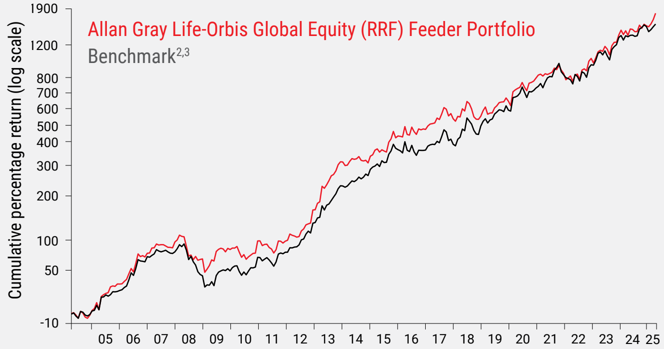
- This is a feeder portfolio, investing in the Orbis Institutional Global Equity Fund which is actively managed by Orbis.

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 Base Refundable Reserve Fee is levied in the underlying Orbis Institutional Global Equity Fund.

Performance net of fees[1]

Cumulative performance since inception



% Returns[1,4]	Portfolio		Benchmark[2,3]	
	ZAR	US$	ZAR	US$
Since inception	14.9	9.8	14.4	9.3
Latest 10 years	14.5	10.3	15.0	10.7
Latest 5 years	15.8	15.3	15.1	14.5
Latest 3 years	24.9	21.5	21.6	18.3
Latest 2 years	19.8	23.5	14.6	18.2
Latest 1 year	24.1	27.4	13.2	16.3
Latest 3 months	14.2	18.1	7.7	11.5

Asset allocation on 30 June 2025

This portfolio invests solely into the Orbis Institutional Global Equity Fund

	Total[6]	United States	UK	Europe ex-UK[5]	Japan	Other[5]	Emerging markets
Net equities	94.5	40.3	12.1	8.7	6.7	4.4	22.2
Property	1.7	0.0	0.0	0.0	1.7	0.0	0.0
Money market and cash	3.8	3.8	0.0	0.1	0.0	0.0	-0.1
Total (%)[6]	**100.0**	**44.1**	**12.1**	**8.8**	**8.4**	**4.5**	**22.1**
Currency exposure	100.0	41.9	8.0	11.5	16.4	8.7	13.4
Benchmark	100.0	71.9	3.7	12.9	5.4	6.1	0.0

Portfolio information on 30 June 2025

Assets under management	R1 488m

1. The returns prior to 1 April 2015 are those of the Allan Gray Life-Orbis Global Equity Portfolio since its inception on 18 May 2004. The Investor Class Fee was levied in the underlying Orbis Global Equity Fund.
2. The benchmark prior to 1 April 2015 was that of the Allan Gray Life-Orbis Global Equity Portfolio which was the FTSE World Index, including income.
3. MSCI World Index, with net dividends reinvested.
4. Investment returns are annualised (unless stated otherwise), except for periods less than one year. Performance as calculated by Allan Gray as at 30 June 2025.
5. Refers to developed markets only.
6. There may be slight discrepancies in the totals due to rounding.

Top 10 share holdings on 30 June 2025 (updated quarterly)

Company	% of portfolio
QXO	7.6
Nintendo	4.8
Corpay	4.3
Elevance Health	4.0
British American Tobacco	3.2
Taiwan Semiconductor Mfg.	3.0
Nebius Group	2.6
Rolls-Royce Holdings	2.5
SK Square	2.3
Alnylam Pharmaceuticals	2.3
Total (%)[6]	**36.6**

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Fund manager quarterly commentary as at 30 June 2025

In 2024, the S&P 500 rallied 25%, capping an extraordinary 15-year stretch of roughly 14% annualised returns since the global financial crisis. We suspected that pace couldn't endure, but we didn't know when or how it might end. And while Trump 2.0 promised to "shake things up", the form of that creative destruction was impossible to map.

This year, policy shockwaves have been fierce, yet the MSCI All Country World Index ("World Index") has remarkably closed the half-year up 10%. The February-to-April sell-off was a blunt reminder that American exceptionalism has limits: The United States is still home to many of the world's most innovative and well-managed companies, but its reputation as a haven of political stability and free trade has been dented.

In every S&P 500 correction exceeding 15% since 2010, the trade-weighted US dollar has appreciated. Until now. This year, the dollar fell along with US equities, and US treasuries – long the market's go-to shock absorber – also failed to rally. When both of the market's most trusted risk-off havens break a long pattern, the old playbook may no longer apply.

Against that backdrop, it has been gratifying to see the Portfolio return 16% year to date, outperforming the World Index net of fees by 12% in rands. Just as important, our drawdowns were shallower during the bouts of market stress.

One force reshaping the landscape is a shift from globalisation toward a more mercantilist era. Tariffs, targeted industrial policies and security-driven trade rules are redirecting capital flows. In the process, they turn yesterday's disinflationary tailwinds into potential inflationary headwinds that squeeze margins and valuations. If these policies gather speed, the terrain will shift further; if they stall, the adjustment may be milder. In any case, we believe the current shift is strong enough that portfolios should be built to weather either scenario.

Economic historian Russell Napier argues that our current challenges stem from three persistent imbalances: Asia's surpluses, the West's twin deficits and a "dollar-centric non-system" that kept money cheap while global debt exploded. Correcting these imbalances, he contends, will usher in "national capitalism" – a policy mix in which governments steer their savings toward domestic priorities through capital controls and other forms of financial repression. Such measures are likely to divert capital away from the US and favour real, inflation-protected assets and shorter-duration cashflows, not the duration-heavy bonds and frothy tech stocks that thrived in the prior regime.

Portfolios concentrated in last-decade winners look vulnerable to us. US equity valuations remain elevated even as the tailwinds that supported them – abundant liquidity, steady margin expansion and persistent index flows – may be less certain. History suggests that market leadership rarely survives a regime shift, so investors may want to prepare for that hand-off rather than assume yesterday's champions will dominate the next cycle.

A deliberate underweight to US equities has proved invaluable this year. Entering 2025, the Portfolio held just 55% in US stocks versus 67% for the World Index. During the sharpest sell-offs this year, the Portfolio outperformed, helping preserve your capital amid the turbulence. A powerful style shift helped as well: Value shares beat growth by the widest margin in almost 25 years – fertile ground for our price-disciplined approach.

Currency diversification also made a difference. We manage currency exposure with one objective: protecting your long-term purchasing power. Given the fiscal and external imbalances discussed earlier, we view the US dollar as a less reliable store of value over the long run. Heading into the year, the Portfolio's US dollar exposure was about 12% below the World Index. Our largest currency overweight is the Japanese yen, whose risk-reward profile improves as Japan finally emerges from deflation.

Make no mistake: The US still offers compelling opportunities, though selectivity is crucial. Roughly 40% of the Portfolio is in US stocks, anchored by high-conviction holdings that continue to generate idiosyncratic alpha.

Thanks to our diversified positioning at the start of the year, we have avoided wholesale portfolio surgery. But we have hardly been idle. We re-examined every holding given shifting tariff policy, while hunting for quality companies amid the volatility. There haven't been as many of the latter as we'd like, yet we have added a few, including Mitsubishi Estate and Bruker Corporation.

We have leaned even harder into resilience, favouring businesses with durable franchises purchased at undemanding prices, a combination that tends to hold its ground when markets turn "saucy". We are also uncovering value in markets such as Brazil and Japan, where subdued expectations leave ample room for positive surprises.

In aggregate, the Portfolio looks nothing like its benchmark. The World Index's 10 largest stocks trade at roughly 30 times forward earnings, while our 10 largest positions trade nearer 18 times. That valuation gap gives us a margin of safety that should serve you well, particularly as the market has only started to rotate leadership.

Of course, we recognise that renewed enthusiasm for US equities could make our positioning look premature. But both US and global benchmarks trade at rich valuations and are dominated by a small cadre of US mega-caps. Passive ownership today therefore delivers neither true diversification nor true resilience. Given this imbalance, we believe asset allocators should actively explore ways to temper their benchmark exposure, restoring some balance across regions, sectors and currencies.

Those same imbalances create fertile hunting ground for active stock pickers. Our Investment team roams the world looking for mispriced businesses and has historically thrived when wide valuation gaps begin to normalise. The larger the divide between market price and intrinsic value, the greater the scope for us to convert insight into alpha.

We established a position in a global power tool producer and added to the position in a China-based e-commerce platform. We funded these purchases by exiting positions in Airbus, a commercial aircraft manufacturer, and ING Groep, a Netherlands-based bank, into share price strength.

Adapted from a commentary by Adam R. Karr, president and portfolio manager at Orbis

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MSCI Index

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FTSE Russell Index

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