2015

ABRIDGED ANNUAL REPORT UNIT TRUSTS

AllanGray

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EDGAR LOXTON

CHAIRMAN'S REPORT

It has been a challenging year for investors globally. From the Greek crisis and declining growth in China to a very weak rand, struggling resources and the debacle with our finance ministers, it's no wonder investors are battle weary.

An investment manager's job is to remain rational during these testing times. When markets move dramatically on the back of emotional trading there are sometimes opportunities to invest at a discount. The difficult part is assessing which shares are trading at a discount to their underlying long-term value, and which are only at a discount to their previous (perhaps irrationally inflated) price. Value-oriented managers like us don't always get this right: it requires analysts to look past the superficial and to make rigorous assessments of those factors that drive a company's future prospects. We remain committed to doing the hard work required to successfully invest your funds in line with our research-based, value-oriented, long-term investment philosophy.

Performance of our unit trusts

The results of our analysts' and portfolio managers' efforts in 2015 have been encouraging. Our three largest 'flagship' funds (Equity, Balanced and Stable) have each beaten their benchmarks by some way and delivered healthy real returns. The Allan Gray Balanced Fund returned 12.3% for the year, 3.9% better than its benchmark and 7.5% ahead of inflation. The Allan Gray-Orbis Global Equity Feeder Fund and the Global Fund of Funds delivered 29.5% and 31.1%. These numbers are 3.7% and 1.7% respectively behind their benchmarks but are hopefully large enough in absolute terms to provide some comfort to investors. The remaining smaller funds have all beaten their benchmarks.

It probably isn't a surprise to you that we did better in 2015's unsettled markets than before, when things were smoother sailing. We have written often about managing the risk of a loss of capital: if your investment decreases by 20% you need 25% to get back to where you started. This illustrates the importance of containing losses during down markets. While our relative performance may suffer when markets are up, we tend to lose less when markets are down. We have delivered effectively all of our long-term record of outperformance in equity and balanced mandates during months when the market was down.

Over the past few years we have repeatedly communicated that we considered South African shares expensive, and those in other markets less so. The overall South African market is about flat over the year, but this outcome is skewed by the shares of a few multinational businesses that make up a substantial part of the market and have done very well, such as media giant Naspers, brewer SABMiller or British American Tobacco. Outside of these there have been dramatic share price drops and our analysts are increasingly excited about the resulting opportunities to invest in well-priced businesses. We are now more worried about global equity valuations, especially those in developed markets, which (on average) seem to be unrealistically optimistic.

You can find more detailed information on how we have positioned your portfolios in each unit trust on the individual unit trust pages later in this publication.

Changes to the Equity Fund and launch of SA Equity Fund

After the positive response to our ballot reported in last year's report, the Equity Fund's benchmark and fee were changed and its mandate broadened to allow 25% offshore investment and a further 5% in Africa equities. Currently just over 13% is invested offshore and this contributed 2.3% to the total return of the Equity Fund over the year.

To cater for investors who would prefer a fund that invests only in South Africa, we launched the Allan Gray SA Equity Fund in March 2015. The new unit trust has the same fee structure as the Allan Gray Equity Fund and its benchmark is the FTSE/JSE All Share Index (including income). You can read more about this unit trust on page 23. While we do not actively market this unit trust, you are welcome to contact your financial adviser, or our Client Service Centre, if you need more information and it is open to investments via all of our products on the same terms as the Allan Gray Equity Fund.

Changes to the investment team

An important strength of our investment process is that it provides for multiple portfolio managers to each manage a slice of our clients' portfolios for which they are individually accountable. Not only does this allow for a diversity of views to be expressed, but it facilitates succession.

In May this year we wrote to inform you that Ian Liddle, who has been chief investment officer (CIO) since early 2008, would take on the role of chairman of Allan Gray Proprietary Limited following the sad passing of our chairman and former CIO Simon Marais. At the same time we announced Andrew Lapping's promotion to deputy CIO and our intention that he take over from Ian as group CIO in March 2016. As this change comes into effect, I would like to take this opportunity to thank Ian for his tremendous contribution to the business during his time as portfolio manager and CIO and wish Andrew every success as he moves into his new role.

These promotions made room for others to expand their responsibilities and in November 2015 we announced that associate portfolio managers Ruan Stander, Jacques Plaut and Leonard Krüger, who have all been in the investment team for the last eight years, were promoted to the role of portfolio manager. Gary Elston has been appointed to manage the Money Market Fund together with Andrew Lapping. You can read their biographies on page 5.

Keeping up with trends in technology

Investors' expectations around client service are evolving. To meet the increasing demand for digital excellence, in November 2015 we launched a new public website. The new site reflects current best practices in the digital world: pages are clean, information is presented in layers and the site works well on all digital devices. We are excited about the new website and encourage you to visit www.allangray.co.za if you haven't done so already.

Update on unitholders

Assets under management as at 31 December 2015 were R230.4bn. While this is an increase from the R215bn we reported at the end of 2014, it masks the fact that there were net outflows of R16bn in 2015, probably reflecting disappointment with our short-term performance during the year.

Gross client outflows divided by the average value of assets in our unit trusts in 2015 were at 19%. This means that, on average, clients are staying with us for five years. Our fund churn rate, which includes switches between unit trusts*, has come in at 24% for the year, reflecting a weighted average holding period for investors of just over four years.

We try to encourage clients not to make emotional decisions in response to the ups and downs of the market or of our performance, and to remain invested for a reasonable period of time, to give them more opportunity to share in the performance of their chosen funds. Allan Gray clients are better at long-term investing than the average investor and although these numbers are worse than 2014, they are still quite positive. Nevertheless, it is frustrating that the months of good relative performance at the end of the year were not enjoyed by all of the investors who began the year with us.

Thank you for trusting us with your savings.

*This excludes switches between classes of the same unit trust, and excludes switches from the Money Market Fund.

IAN LIDDLE

CHIEF INVESTMENT OFFICER'S REPORT

Our purpose is to grow your savings. To do this we must invest wisely and retain your trust and confidence. We never take your trust for granted, and we work hard to earn it by communicating regularly, clearly and transparently with you and by providing excellent service.

I am pleased to report that we are achieving our purpose for the overwhelming majority of our clients. Thank you for your unwavering support. Having clients who look to the long-term allows us to make hard decisions which we believe to be in your best long-term interest, but which can sometimes turn out to be painful for uncomfortably long periods. I hope that the good performance of our unit trusts in difficult markets in 2015 has rewarded your loyalty and patience.

South Africa is suffering some trying times, and conditions may get worse before they get better. In our own small way we are trying to make a positive contribution as a company: firstly, by empowering you by growing your savings, but also by supporting the Allan Gray Orbis Foundation, which is creating opportunities for many young South Africans. The establishment of Allan & Gill Gray Foundation by our founder to hold and govern the controlling interest in our business and devote its dividend receipts to philanthropy will hopefully make an even bigger impact in the coming years.

The price today determines future returns

One of the exciting aspects of markets is that they move ahead of events. So while the public awareness of South Africa's many challenges is now burgeoning both at home and abroad, the share price of Standard Bank, for example, has already collapsed almost two-thirds from its peak above US$17 in October 2007 to its current level around US$6.40.

The most important determinant of future investment returns is the price you pay today. Consequently, we are now buying domestic South African businesses in your portfolios, not because we are positive on South Africa's near-term economic prospects, but because we find the share prices attractive enough to offer potential returns which compensate for the risks.

Our South African share portfolios currently contain an eclectic assortment of companies. They range from businesses with strong growth potential such as Blue Label Telecoms, RMI, Naspers and Aspen, to businesses which have fallen on hard times, such as Murray & Roberts and Aveng. They include exporters such as Sappi, Sasol, Kap and African Rainbow Minerals and domestic consumer-facing businesses such as Standard Bank and Sun International. Some are big multinationals such as British American Tobacco or Old Mutual, while others are small caps such as Comair, Adcorp and Super Group.

The common thread that weaves through this seemingly incongruous mix is that our own fact-based and un-emotive research into each of these businesses concludes that their current share prices are attractive relative to their true underlying values. Of course, our valuation of at least some of these shares will be proven wrong in time. That is why our investment process is designed to encourage independent thought and constant questioning of our assumptions from each member of our investment team. It is also why we hold a diversified portfolio, in which the winners can hopefully outnumber and outgun the losers.

Staying conservative

Our conservative stance was rewarded in 2015, and we are using some of our large cash and other liquid holdings to buy shares which have fallen significantly over the last year. But prices have not fallen enough to go 'all in'. While shares in emerging markets are down significantly off their highs, the same cannot yet be said of the bellwether US market. If corporate profitability were to revert down to its long-term average, and / or company valuations were to revert down to their normal levels, global share prices could fall significantly. The Allan Gray Balanced Fund had a net equity exposure of 60% at year-end, but one should remember this includes a 4% exposure to SABMiller, which will be sold for cash if the acquisition by AB Inbev proceeds.

Looking ahead

We can't see the future, but it wouldn't surprise me if 2016 proves to be a tough year. Hopefully our diversified portfolios of relatively under-valued shares and our considerable cash and other liquid holdings, will help us to weather the storm. I have the utmost confidence in Andrew Lapping, who will be succeeding me as CIO, and in our investment team, to steer us through the choppy waters.

Thank you for your support.

PORTFOLIO MANAGERS

IAN LIDDLE

CHIEF INVESTMENT OFFICER

BBusSc (Hons) CFA

Ian joined Allan Gray in 2001 as an equity analyst after several years as a management consultant. He has been managing a portion of client equity and balanced portfolios since January 2005, when he was appointed as a portfolio manager. In February 2008 Ian was appointed as chief investment officer, with overall responsibility for the investment team and portfolio management. He is chairman of Allan Gray Proprietary Limited and a CFA charter holder.

DUNCAN ARTUS

PORTFOLIO MANAGER

BBusSc (Hons) PGDA CFA CMT

Duncan joined Allan Gray in 2001 and has been managing a portion of client equity and balanced portfolios since January 2005, when he was appointed as a portfolio manager. He is a director of Allan Gray Group Proprietary Limited. Duncan completed his Honours in Business Science and postgraduate diploma in accounting at UCT. He holds both the CFA and CMT charters.

MARK DUNLEY-OWEN

PORTFOLIO MANAGER

BBusSc (Hons)

Mark joined Allan Gray in 2009 having worked at a number of international investment banks. He started managing a portion of the fixed interest portfolios in July 2011, and a portion of the stable portfolios in May 2013. He is one of the portfolio managers of the Allan Gray Money Market and Stable Funds, in addition to managing Africa ex-SA bonds.

GARY ELSTON

PORTFOLIO MANAGER

BBusSc (Hons) CFA

Gary joined Allan Gray in 2008 and is currently a credit analyst as well as a portfolio manager for the Allan Gray Money Market Fund. Prior to this role, he was a fixed interest trader for over five years and has previous experience working in the asset management industry in London. Gary has an Honours degree in Business Science from UCT and is a CFA charter holder.

LEONARD KRÜGER

PORTFOLIO MANAGER

BSc (Hons) Actuarial Mathematics

Leonard joined Allan Gray in 2007 as an equity analyst. He began managing a portion of our client's equity and balanced portfolios earmarked for associate portfolio managers from July 2014 and was appointed as portfolio manager of the Stable portfolio in November 2015. Leonard completed his BSc (Hons) Actuarial Mathematics at the University of Pretoria and is a qualified actuary.

ANDREW LAPPING

DEPUTY CHIEF INVESTMENT OFFICER

BSc (Eng) BCom CFA

Andrew joined Allan Gray in 2001 as a fixed interest trader and moved to the research team as an equity analyst in February 2003. He was appointed as fixed interest portfolio manager in June 2006, began managing a portion of client equity and balanced portfolios in February 2008 and was appointed as deputy chief investment officer in May 2015. He also manages African equities. Andrew completed his BSc (Eng) and BCom at UCT and is a Chartered Financial Analyst.

PORTFOLIO MANAGERS

SANDY MCGREGOR

PORTFOLIO MANAGER

BSc BA (Hons)

Sandy joined Allan Gray as an investment analyst and economist in 1991. Previously he was employed by Gold Fields of South Africa Limited in a variety of management positions for 22 years, where much of his experience was focused on investment related activities. His current responsibilities include the management of fixed interest and individual client portfolios and he is a fund manager for the Allan Gray Bond Fund. He was a director of Allan Gray Group Proprietary Limited from 1997 to 2006.

NICK NDIRITU

PORTFOLIO MANAGER

BSc (Eng) (Magna cum laude) MBA

Nick is a portfolio manager for the Allan Gray Africa ex-SA Equity Fund and Africa ex-SA Bond Fund. He joined Allan Gray in 2010, with prior experience in investment banking and management consulting. Nick holds a BSc in Industrial Engineering (magna cum laude) from Northeastern University and an MBA from Harvard Business School.

JACQUES PLAUT

PORTFOLIO MANAGER

BSc in Mathematics

Jacques joined Allan Gray in 2008 as an equity analyst after working as a management consultant. He began managing a portion of client equity and balanced portfolios earmarked for associate portfolio managers from March 2013 and was appointed as portfolio manager in November 2015. Jacques completed his BSc degree in Mathematics at UCT.

SIMON RAUBENHEIMER

PORTFOLIO MANAGER

BCom (Hons) (Cum laude) CFA

Simon joined Allan Gray in 2002 and has been managing a portion of client equity and balanced portfolios since July 2008, when he was appointed as a portfolio manager. He completed a BCom (Econometrics) degree at UP in 2000 and a BCom (Honours) degree at UCT in 2001 and is a CFA charter holder. Simon is a director of Allan Gray Investment Services Proprietary Limited.

RUAN STANDER

PORTFOLIO MANAGER

BSc (Hons) FIA FRM

Ruan joined Allan Gray in 2008 and is a quantitative and equity analyst as well as the portfolio manager of the Allan Gray Optimal Fund. Ruan managed a portion of client equity and balanced portfolios earmarked for associate portfolio managers from March 2013 and was appointed portfolio manager of these portfolios in November 2015. He has an Honours degree in Financial and Actuarial Mathematics, is a certified GARP Financial Risk Manager and a qualified actuary.

ALLAN GRAY UNIT TRUSTS

FUND	FUND OBJECTIVE (SPECIFIC BENCHMARKS ARE SHOWN ON THE PERFORMANCE PAGES THAT FOLLOW)	LOCAL/ OFFSHORE	FUND DESCRIPTION	SUITABLE FOR INVESTORS WHO:	CATEGORY
100% HIGH NET EQUITY EXPOSURE					
Allan Gray Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk of loss. To pursue its objective the Fund's portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term.	Local	The Fund invests primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund may buy foreign assets up to a maximum of 25% of the Fund, with an additional 5% allowed for African ex-SA investments. The Fund invests the bulk of its foreign allowance in equity funds managed by Orbis Investment Management Limited, our offshore investment partner. The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	• Seek exposure to listed equities to provide long-term capital growth • Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility • Are prepared to accept the risk of capital loss • Typically have an investment horizon of more than five years • Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio	South African-Equity-General
Allan Gray SA Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term.	Local	The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	• Seek exposure to JSE-listed equities to provide long-term capital growth • Are comfortable with stock market fluctuation, i.e. short- to medium- term volatility • Are prepared to accept the risk of capital loss • Typically have an investment horizon of more than five years • Wish to use the Fund as an equity 'building block' in a diversified multi asset class portfolio	South African-Equity-General
Allan Gray-Orbis Global Equity Feeder Fund	The Fund aims to outperform global stock markets over the long term, without taking on greater risk.	Offshore	The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund invests in shares listed on stock markets around the world and aims to be fully invested at all times. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands.	• Seek exposure to diversified international equities to provide long-term capital growth • Wish to invest in international assets without having to personally expatriate rands • Are comfortable with global stock market and currency fluctuation and risk of capital loss • Typically have an investment horizon of more than five years • Wish to use the Fund as a fully invested global equity 'building block' in a diversified multi-asset class portfolio	Global-Equity-General

ALLAN GRAY UNIT TRUSTS

FUND	FUND OBJECTIVE (SPECIFIC BENCHMARKS ARE SHOWN ON THE PERFORMANCE PAGES THAT FOLLOW)	LOCAL/ OFFSHORE	FUND DESCRIPTION	SUITABLE FOR INVESTORS WHO:	CATEGORY
40% - 75% MEDIUM NET EQUITY EXPOSURE					
Allan Gray Balanced Fund	The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk.	Local	The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund may buy foreign assets up to a maximum of 25% of the Fund (with an additional 5% for African ex-SA investments). The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.	• Seek steady long-term capital growth • Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund • Wish to invest in a unit trust that complies with retirement fund investment limits • Typically have an investment horizon of more than three years	South African - Multi Asset - High Equity
Allan Gray-Orbis Global Fund of Funds	The Fund aims to create long-term wealth for investors without exceeding a maximum net equity exposure limit of 75%. It aims to outperform the average return of funds subject to similar constraints without taking on more than their average risk.	Offshore	The Fund invests in a mix of equity, absolute return and multi-asset class funds managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 40% and 75%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of an international equity-only fund. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands.	• Seek long-term capital growth from a diversified international equity portfolio without being fully exposed to stock market risk • Wish to invest in international assets without having to personally expatriate rands • Are comfortable with taking on some risk of market and currency fluctuation and potential capital loss, but typically less than that of an equity fund • Typically have an investment horizon of more than five years • Wish to use the Fund as a foreign medium equity 'building block' in a diversified multi-asset class portfolio	Global - Multi Asset - High Equity

ALLAN GRAY UNIT TRUSTS

FUND	FUND OBJECTIVE (SPECIFIC BENCHMARKS ARE SHOWN ON THE PERFORMANCE PAGES THAT FOLLOW)	LOCAL/ OFFSHORE	FUND DESCRIPTION	SUITABLE FOR INVESTORS WHO:	CATEGORY
0% - 40% LOW NET EQUITY EXPOSURE					
Allan Gray Stable Fund	The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits.	Local	The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund may buy foreign assets up to a maximum of 25% of the Fund (with an additional 5% for African ex-SA investments). The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund or a balanced fund.	• Are risk-averse and require a high degree of capital stability • Seek both above-inflation returns over the long term, and capital preservation over any two-year period • Require some income but also some capital growth • Wish to invest in a unit trust that complies with retirement fund investment limits	South African - Multi Asset - Low Equity

ALLAN GRAY UNIT TRUSTS

FUND	FUND OBJECTIVE (SPECIFIC BENCHMARKS ARE SHOWN ON THE PERFORMANCE PAGES THAT FOLLOW)	LOCAL/ OFFSHORE	FUND DESCRIPTION	SUITABLE FOR INVESTORS WHO:	CATEGORY
0% - 20% VERY LOW NET EQUITY EXPOSURE					
Allan Gray Optimal Fund	The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns.	Local	The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund's return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund's selected shares relative to the stock market index. The Fund's return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits.	• Seek steady absolute (i.e. positive) returns regardless of stock market trends • Require a high degree of capital stability • Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a 'building block' in a diversified multi-asset class portfolio	South African - Multi Asset - Low Equity
Allan Gray-Orbis Global Optimal Fund of Funds	The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis Funds), while producing long-term returns that are superior to foreign currency bank deposits.	Offshore	The Fund invests in a mix of absolute return funds managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 0% and 20%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of a foreign equity or balanced fund. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands. When considered in rands, returns of this foreign fund are likely to be more volatile than domestic funds with similar equity constraints.	• Seek steady absolute returns ahead of those of cash measured in global currencies • Wish to invest in international assets without having to personally expatriate rands • Are comfortable with taking on the risk of currency fluctuation, but prefer little exposure to stock market risk • Wish to use the Fund as a foreign absolute return 'building block' in a diversified multi-asset class portfolio	Global - Multi Asset - Low Equity

ALLAN GRAY UNIT TRUSTS

FUND	FUND OBJECTIVE (SPECIFIC BENCHMARKS ARE SHOWN ON THE PERFORMANCE PAGES THAT FOLLOW)	LOCAL/ OFFSHORE	FUND DESCRIPTION	SUITABLE FOR INVESTORS WHO:	CATEGORY
NO EQUITY EXPOSURE					
Allan Gray Bond Fund	The Fund aims to provide investors with a real return over the long-term and outperform the JSE All Bond Index at no greater risk.	Local	The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.	• Seek a bond 'building block' for a diversified multi-asset class portfolio • Are looking for returns in excess of those provided by money market or cash investments • Are prepared to accept more risk of capital depreciation than in a money market or cash investment	South African - Interest Bearing - Variable Term
Allan Gray Money Market Fund	The Fund aims to preserve capital, maintain liquidity and generate a sound level of income.	Local	The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the Fund defaults. In this event losses will be borne by the Fund and its investors.	• Require monthly income distributions • Are highly risk-averse but seek returns higher than bank deposits • Need a short-term investment account	South African - Interest Bearing - Money Market

PERFORMANCE SUMMARY

Annualised performance to 31 December 2015 over 10, 5 and 3 years.
Fund performance is shown net of all management fees and expenses.

FUND	10 YEARS	5 YEARS	3 YEARS
Allan Gray Equity Fund[1]	14.3%	13.6%	13.6%
Benchmark[2]	13.8%	12.3%	11.2%
Allan Gray SA Equity Fund[1 3]	14.1%	13.2%	12.8%
Benchmark[4]	14.1%	13.0%	12.3%
Allan Gray-Orbis Global Equity Feeder Fund	15.6%	26.4%	34.5%
Benchmark[5]	15.4%	27.0%	33.4%
Allan Gray Balanced Fund[1]	13.3%	14.0%	14.9%
Benchmark[6]	11.6%	12.1%	12.4%
Allan Gray-Orbis Global Fund of Funds	14.2%	22.9%	28.6%
Benchmark[7]	15.1%	24.0%	28.0%
Allan Gray Stable Fund[1]	10.7%	10.9%	11.8%
Benchmark[8]	8.3%	6.7%	6.7%
Allan Gray Optimal Fund[1]	7.4%	6.4%	8.6%
Benchmark[9]	6.1%	4.6%	4.6%
Allan Gray-Orbis Global Optimal Fund of Funds		19.2%	23.1%
Benchmark[10]		16.7%	19.0%
Allan Gray Bond Fund	7.6%	6.6%	3.5%
Benchmark[11]	7.0%	6.1%	2.1%
Allan Gray Money Market Fund	7.4%	5.8%	6.0%
Benchmark[12]	7.3%	5.7%	5.8%
CPI inflation[13]	6.1%	5.5%	5.3%

The Funds returns shown above are all class A. All benchmark performance is calculated by Allan Gray as at 31 December 2015.

1. Different classes of units apply to the Equity, SA Equity, Balanced, Stable and Optimal Funds only and are subject to different fees and charges.
2. The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share index including income (source: INET BFA).
3. The returns prior to inception are those of the Allan Gray Equity Fund (inception date: 1 October 1998), which was managed in the same way as the Allan Gray SA Equity Fund.
4. FTSE/JSE All Share Index including income (source: INET BFA).
5. FTSE World Index including income (source: Bloomberg).
6. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding the Allan Gray Balanced Fund). From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund (source: Morningstar).
7. 60% of the FTSE World Index including income and 40% of the JP Morgan Global Government Bond Index (Source: Bloomberg).
8. The daily interest rate as supplied by FirstRand Bank Limited plus 2%.
9. The daily interest rate as supplied by FirstRand Bank Limited.
10. The simple average of the benchmarks of the underlying funds.
11. JSE All Bond Index (source: INET BFA).
12. The Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund.
13. This is based on the latest numbers published by INET BFA as at 30 November 2015.

ALLAN GRAY EQUITY FUND

Inception date: 1 October 1998

Portfolio managers

Ian Liddle, Andrew Lapping, Duncan Artus, Jacques Plaut, Simon Raubenheimer, Ruan Stander.

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk of loss. To pursue its objective the Fund's portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds).

Commentary

The year's 1.9% return for the FTSE/JSE All Share Index (ALSI), excluding dividends, masks substantial discrepancies in returns across the market. Brewer SABMiller and media giant Naspers, which each accounts for about 13% of the market, performed very strongly, appreciating 55% and 40% respectively. The broader market, excluding these two companies, fell approximately 10%, with certain sectors like resources falling 40% over the period.

Over the past few years we have cautioned that there was little absolute value in the market, with most companies being fully valued. This has begun to change, with price weakness in certain market sectors. In particular we are finding good value in selected commodity and financial companies. Investors are expecting very little in the way of earnings growth from many of the financial companies, which is reflected in high dividend yields. Old Mutual yields 4.2% and Standard Bank 5.7%.

If these two companies can grow their dividends in line with inflation over the long term, the dividends will provide good real returns; in fact, we believe these two businesses should be able to grow their dividends well in excess of inflation, providing excellent real returns for investors.

The Fund's investments in commodity businesses have detracted from returns over the past year, the only exceptions being Sibanye Gold and Aquarius Platinum. Mining companies are going through a very difficult time with most either paying no dividend or just about to cut their dividends to 0.

Chinese commodity demand growth slowed or declined in 2015 just as new supply was ramping up to meet expected demand growth. Commodity prices fell sharply proving that supply and demand do matter. Along with the falling commodity prices, sentiment towards commodity shares has turned extremely negative. There are many reasons to be negative – high levels of debt, poor management, suboptimal capital allocation and negative cash flow, to mention a few. In time the supply/demand balances will correct as lower prices do their work. A tighter pricing environment should dramatically change the cash flow and investor sentiment towards these businesses, yielding excellent returns for patient investors.

African Rainbow Minerals is an example of a mining business we find attractive. It has little debt, some very high-quality assets and is exposed to commodities that are experiencing a severe and unsustainable price downturn, such as manganese.

Commentary contributed by Andrew Lapping

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Unannualised:			
Since inception	4 446.3	1 501.5	151.6
Annualised:			
Since inception	24.8	17.4	5.5
Latest 10 years	14.3	13.8	6.1
Latest 5 years	13.6	12.3	5.5
Latest 3 years	13.6	11.2	5.3
Latest 2 years	9.9	6.5	5.3
Latest 1 year	6.3	2.2	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-31.3	-45.4	n/a
Percentage positive months[4]	65.7	59.4	n/a
Annualised monthly volatility[5]	15.9	17.6	n/a
Highest annual return[6]	125.8	73.0	n/a
Lowest annual return[6]	-20.7	-37.6	n/a

1. The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income (source: INET BFA), performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 May 2008 to 27 October 2008 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Sector allocation on 31 December 2015 (updated quarterly)[7]

Sector	% of Fund	% of ALSI[8]
Oil and gas	0.9	0.0
Basic materials	19.9	15.1
Industrials	11.5	5.2
Consumer goods	16.5	30.0
Healthcare	3.2	3.6
Consumer services	10.5	19.1
Telecommunications	1.2	4.4
Financials	26.6	22.2
Technology	2.7	0.4
Utilities	0.1	0.0
Commodity-linked	1.9	0.0
Other	0.5	0.0
Money market and bank deposits	4.6	0.0
Total (%)	**100.0**	**100.0**

7. Underlying holdings of Orbis funds are included on a look-through basis.

8. FTSE/JSE All Share Index.

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

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 biannually.	30 Jun 2015	31 Dec 2015
Cents per unit	**225.5493**	**0.0000**

Foreign exposure on 31 December 2015[7]

13.5% of the Fund is invested in foreign investments.

ALLAN GRAY SA EQUITY FUND

Inception date: 13 March 2015

Portfolio managers

Ian Liddle, Andrew Lapping, Duncan Artus, Jacques Plaut, Simon Raubenheimer, Ruan Stander.

Fund objective and benchmark

The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term. The Fund's benchmark is the FTSE/JSE All Share Index including income.

Commentary

The year's 1.9% return for the FTSE/JSE All Share Index (ALSI), excluding dividends, masks substantial discrepancies in returns across the market. Brewer SABMiller and media giant Naspers, which each accounts for about 13% of the market, performed very strongly, appreciating 55% and 40% respectively. The broader market, excluding these two companies, fell approximately 10%, with certain sectors like resources falling 40% over the period.

Over the past few years we have cautioned that there was little absolute value in the market, with most companies being fully valued. This has begun to change, with price weakness in certain market sectors. In particular we are finding good value in selected commodity and financial companies. Investors are expecting very little in the way of earnings growth from many of the financial companies, which is reflected in high dividend yields. Old Mutual yields 4.2% and Standard Bank 5.7%.

If these two companies can grow their dividends in line with inflation over the long term, the dividends will provide good real returns; in fact, we believe these two businesses should be able to grow their dividends well in excess of inflation, providing excellent real returns for investors.

The Fund's investments in commodity businesses have detracted from returns over the past year, the only exceptions being Sibanye Gold and Aquarius Platinum. Mining companies are going through a very difficult time with most either paying no dividend or just about to cut their dividends to 0.

Chinese commodity demand growth slowed or declined in 2015 just as new supply was ramping up to meet expected demand growth. Commodity prices fell sharply proving that supply and demand do matter. Along with the falling commodity prices, sentiment towards commodity shares has turned extremely negative. There are many reasons to be negative – high levels of debt, poor management, suboptimal capital allocation and negative cash flow, to mention a few. In time the supply/demand balances will correct as lower prices do their work. A tighter pricing environment should dramatically change the cash flow and investor sentiment towards these businesses, yielding excellent returns for patient investors.

African Rainbow Minerals is an example of a mining business we find attractive. It has little debt, some very high-quality assets and is exposed to commodities that are experiencing a severe and unsustainable price downturn, such as manganese.

Commentary contributed by Andrew Lapping

Performance net of all fees and expenses

% Returns	Fund[1]	Benchmark[2]	CPI inflation[3]
Unannualised:			
Since inception	4 355.7	1 550.2	151.6
Annualised:			
Since inception	24.6	17.6	5.5
Latest 10 years	14.1	14.1	6.1
Latest 5 years	13.2	13.0	5.5
Latest 3 years	12.8	12.3	5.3
Latest 2 years	8.8	8.0	5.3
Latest 1 year	4.2	5.1	4.8
Risk measures (since inception)[1]			
Maximum drawdown[4]	-31.3	-45.4	n/a
Percentage positive months[5]	65.7	60.4	n/a
Annualised monthly volatility[6]	16.0	17.6	n/a
Highest annual return[7]	125.8	73.0	n/a
Lowest annual return[7]	-20.7	-37.6	n/a

1. The returns and risk measures prior to inception are those of the Allan Gray Equity Fund (inception date: 1 October 1998), which was managed in the same way as the Allan Gray SA Equity Fund.
2. FTSE/JSE All Share Index including income (source: INET BFA), performance as calculated by Allan Gray as at 31 December 2015.
3. This is based on the latest numbers published by INET BFA as at 30 November 2015.
4. Maximum percentage decline over any period. The maximum drawdown occurred from 20 May 2008 to 27 October 2008 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
5. The percentage of calendar months which produced a positive monthly return since 1 October 1998.
6. The standard deviation of 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Sector allocation on 31 December 2015 (updated quarterly)

Sector	% of Fund	% of ALSI[8]
Basic materials	22.1	15.1
Industrials	12.2	5.2
Consumer goods	18.0	30.0
Healthcare	3.0	3.6
Consumer services	10.2	19.1
Telecommunications	0.7	4.4
Financials	28.9	22.2
Technology	0.4	0.4
Commodity-linked	2.3	0.0
Other	0.6	0.0
Money market and bank deposits	1.6	0.0
Total (%)	**100.0**	**100.0**

8. FTSE/JSE All Share Index.

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 biannually.	30 Jun 2015	31 Dec 2015
Cents per unit	**206.2980**	**359.8288**

ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND

Inception date: 1 April 2005

Portfolio manager

This Fund invests solely into the Orbis Global Equity Fund, managed by Orbis Investment Management Limited.

Fund objective and benchmark

The Fund aims to outperform global stock markets over the long term, without taking on greater risk. Its benchmark is the FTSE World Index, including income.

Commentary

The Orbis Global Equity Fund's performance over the past year has been disappointing. However, at times like these, it is important to remember that performance does not come in a straight line – at the portfolio or individual stock level.

Consider the Chinese online gaming company NetEase. Since Orbis first invested in NetEase, in August 2008, the company's market value has increased over seven-fold, and its shares have outperformed the MSCI World Index by over 200%. Yet the long-term snapshot misses the bumps along the way; from Orbis' initial purchase through to early 2013 – a period of more than four years – NetEase underperformed the World Index.

As NetEase's mobile initiative has proved its strength, Orbis' assessment of the company's intrinsic value has increased and Orbis remains confident that its shares have not yet reached their long-term return potential. Orbis believes NetEase's industry-leading research and development capability will help it to deliver nearly 20% per annum earnings growth and it should also continue to benefit from the tailwind of greater internet penetration in China, which remains low relative to developed markets.

Another beneficiary of that trend is JD.com, the second largest e-commerce player in China, and a new investment in the second half of 2015. Trading at less than 0.5 times gross merchandise value, JD's valuation is well below levels that have proven to be extraordinary buying opportunities for other rapidly growing retailers in the past, such as Amazon and Walmart.

NetEase and JD are two examples of the many compelling long-term investment opportunities Orbis has identified in emerging markets. The gap between valuations in developed and emerging markets is now near its widest level in over 10 years. Historically, this could have been justified by similarly wide differences in fundamentals, but today there is little difference in the returns on equity between the two groups.

On the other hand, while developed market shares broadly trade at elevated valuations, following a six-year equity rally, Orbis has still managed to identify shares in these markets that it believes are capable of delivering superior long-term returns. Examples include Qualcomm and Motorola Solutions, the Fund's two largest US holdings.

Qualcomm produces chips for use in smartphones. With net cash holdings worth more than 25% of its market value and profit margins at stable, historical norms, its sizeable valuation discount relative to the S&P 500 Index appears unwarranted. Orbis believes Qualcomm will maintain revenue growth of over 10% per annum as smartphones become increasingly ubiquitous.

Similarly, Motorola Solutions, the leading provider of communications systems for law enforcement and emergency responders globally, is available at a discount to the market despite its strong competitive position and a cash-pile amounting to over 30% of its market capitalisation.

The Fund's low turnover in 2015 is a testament to Orbis retaining conviction in a large number of performance laggards. With highly concentrated portfolios, Orbis pursues only high-conviction investment ideas. Thus, for each laggard it elects to retain, it remains confident that the market will eventually reward its patience.

Adapted from Orbis commentary contributed by Graeme Forster

For the full commentary please see www.orbisfunds.com

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
	ZAR	ZAR	ZAR
Unannualised:			
Since inception	428.0	381.0	85.2
Annualised:			
Since inception	16.7	15.7	5.9
Latest 10 years	15.6	15.4	6.1
Latest 5 years	26.4	27.0	5.5
Latest 3 years	34.5	33.4	5.3
Latest 2 years	16.8	24.0	5.3
Latest 1 year	29.5	33.2	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-34.1	-38.0	n/a
Percentage positive months[4]	65.9	66.7	n/a
Annualised monthly volatility[5]	15.0	13.1	n/a
Highest annual return[6]	78.2	54.2	n/a
Lowest annual return[6]	-29.7	-32.7	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 6 June 2008 to 10 March 2009 and maximum benchmark drawdown occurred from 5 June 2008 to 6 March 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

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 2015
Cents per unit	**0.2523**

% Returns	Fund	Benchmark[1]	CPI inflation[2]
	US$	US$	US$
Unannualised:			
Since inception	110.4	91.6	23.3
Annualised:			
Since inception	7.2	6.2	2.0
Latest 10 years	5.7	5.5	1.9
Latest 5 years	6.6	7.1	1.6
Latest 3 years	9.8	8.9	1.0
Latest 2 years	-4.3	1.6	0.9
Latest 1 year	-4.1	-1.3	0.4
Risk measures (since inception)			
Maximum drawdown[3]	-52.8	-57.6	n/a
Percentage positive months[4]	58.1	59.7	n/a
Annualised monthly volatility[5]	17.3	16.3	n/a
Highest annual return[6]	63.0	58.4	n/a
Lowest annual return[6]	-44.8	-47.3	n/a

Geographical exposure on 31 December 2015

This fund invests solely into the Orbis Global Equity Fund

Region	Funds % exposure to:		% of World Index
	Equities	Currencies	
North America	45	58	58
Asia ex-Japan	25	7	5
Continental Europe	11	16	16
United Kingdom	10	7	7
Japan	5	10	9
Other	2	2	4
Total (%)	**100**	**100**	**100**

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

ALLAN GRAY BALANCED FUND

Inception date: 1 October 1999

Portfolio manager

Ian Liddle, Andrew Lapping, Duncan Artus, Jacques Plaut, Simon Raubenheimer, Ruan Stander.

Fund objective and benchmark

The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The Fund's benchmark is the market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding the Allan Gray Balanced Fund).

Commentary

The *black swan* is a powerful metaphor first used by Latin poets long ago and more recently revived by modern financial writers, such as NN Taleb. The meaning of the metaphor has evolved over the centuries, especially since we discovered that black swans actually do exist. In today's financial parlance, most people regard a black swan event as a big surprise with a major effect, which people then try to rationalise in hindsight.

The summary removal of South Africa's respected minister of finance, Nhlanhla Nene, on 9 December would probably fit most people's definition of a black swan event. It certainly surprised us. But the real question for investors is how best to approach the risk of such events.

We do not believe that we have any special ability to predict them. So we do not try to. But this does not mean that we are not accountable to you for the impact of black swan events on your portfolio. We cannot throw our hands in the air and use a black swan as an excuse.

By giving us a broad asset allocation mandate in the Balanced Fund, you have delegated the responsibility for managing the risk of black swans to us.

So how do we try and manage the risk of unpredictable events?

The answer is to invest in a diversified portfolio of assets which are undervalued by the market, which are not priced for perfection and which present favourable odds for a rewarding investment return. The prices of these assets normally prove more robust to black swans, than those of overvalued assets.

This approach does not guarantee that we will successfully ride out every unexpected event. Oil falling below US$40 has hurt Sasol's share price and our performance over the last 15 months. But we do believe that this approach will allow us to see out more black swans than not and to deliver pleasing returns over the long term.

Although with the benefit of hindsight one could always have been even better positioned, we are pleased with the Fund's performance in light of the Nene debacle. We have explained the reasoning for our full foreign exposure in previous commentaries, and this was well rewarded over the year. By maintaining a low duration on our fixed interest exposure, and keeping a low property exposure, we have sacrificed yield for a number of years, but this protected us well from the steep increase in interest rates in December.

The Fund's large holdings in JSE-listed multinationals British American Tobacco and SABMiller performed well. We have been trimming these positions and investing the proceeds into selected South African financial companies and resource and other exporting companies. The market started to recognise the potential we see in some South African export businesses such as Sappi.

We cannot reliably predict whether any black swans will visit us in 2016. Global equity market indices appear fully priced, so there is certainly a risk of negative returns from global equities. But you can rest assured that we continue to seek the best investment opportunities to deliver pleasing long-term returns on your capital.

Commentary contributed by Ian Liddle

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Unannualised:			
Since inception	1 488.5	700.6	147.3
Annualised:			
Since inception	18.6	13.7	5.8
Latest 10 years	13.3	11.6	6.1
Latest 5 years	14.0	12.1	5.5
Latest 3 years	14.9	12.4	5.3
Latest 2 years	10.7	8.8	5.3
Latest 1 year	12.3	8.4	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-15.4	-20.5	n/a
Percentage positive months[4]	70.8	69.2	n/a
Annualised monthly volatility[5]	9.1	9.3	n/a
Highest annual return[6]	46.1	41.9	n/a
Lowest annual return[6]	-8.3	-16.7	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding the Allan Gray Balanced Fund). From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund. Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 May 2008 to 27 October 2008 and maximum benchmark drawdown occurred from 20 May 2008 to 10 March 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2015[7]

Asset Class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equity	60.0	45.4	0.7	13.9
Hedged equity	11.5	1.7	0.0	9.8
Property	1.7	0.9	0.0	0.8
Commodity-linked	5.5	5.5	0.0	0.0
Bonds	12.5	10.9	1.0	0.6
Money market and bank deposits	8.8	7.1	0.1	1.6
Total (%)	**100.0**	**71.5**	**1.8**	**26.7**[8]

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund is above its foreign exposure limit due to market value movements.

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 biannually.	30 Jun 2015	31 Dec 2015
Cents per unit	**99.3770**	**104.2709**

ALLAN GRAY-ORBIS GLOBAL FUND OF FUNDS

Inception date: 3 February 2004

Portfolio manager

Ian Liddle. (The underlying Orbis funds are managed by Orbis.)

Fund objective and benchmark

The Fund aims to create long-term wealth for investors without exceeding a maximum net equity exposure limit of 75%. It aims to outperform the average return of funds subject to similar constraints without taking on more than their average risk. The Fund's benchmark is a portfolio made up 60% by the FTSE World Index, including income, and 40% the JP Morgan Global Government Bond index.

Commentary

2015 was a turbulent year for global markets. Orbis ended the year with high conviction in its approach and its portfolios, notwithstanding a disappointing year of performance. In particular, the flexibility Orbis retains in balancing risk and return empowers its analysts to take advantage of a range of attractive opportunities across different parts of the market.

Orbis continues to believe that an environment where government bond yields are paltry makes bonds broadly unattractive relative to other investment options. Orbis has instead been drawn to three broad types of opportunities: unpopular shares in traditionally 'stable' parts of the market, traditionally stable shares in unpopular parts of the market and riskier shares combined with stock market hedging.

An example of the first type of opportunity is Merck, the market's least-loved global pharmaceutical, despite its excellent drug pipeline. The market fears uncertainty around upcoming test results — but that uncertainty is unavoidable when investing in firms with ambitious research and development efforts, and thus Orbis ensures it is appropriately accounted for in share prices.

For the second opportunity type, emerging markets are the best illustration. Broad market valuations in emerging markets appear very cheap, and are at their lowest levels in nearly a decade relative to developed markets. In selected emerging markets, the gap between the most and least expensive shares is especially wide, providing a rich hunting ground for bottom-up investors. Orbis' bottom-up research has identified a number of attractive individual shares in the region, including South Korean multinational electronics company Samsung Electronics, Korea's KB Financial Group and China's second-largest e-commerce player JD.com, in addition to NetEase, a Chinese internet company and the Fund's biggest performance contributor.

Weak sentiment across emerging markets in the past several months has opened up opportunities to purchase shares that would likely have been unaffordable otherwise. A great example is Korean utility KEPCO. Wide pessimism increased just as KEPCO has been emerging from a period of unfavourable regulatory behaviour, which pressured its fundamentals. Orbis took advantage of the widespread sentiment drag to increase its position in KEPCO.

Selected developed market shares with perceived or fundamental exposure to emerging markets have also become available at attractive prices. Two examples are UK-listed BP, one of the world's largest integrated oil companies, and Carnival, a cruise line operator.

Energy-related companies have broadly suffered losses over the past year, but an additional weight on sentiment for BP has been its 20% exposure to Rosneft, Russia's largest oil company. While investors have scorned all things Russian until very recently, Rosneft has huge and high-quality reserves, and investing in this through the 7.7%-yielding BP bond allows Orbis, via the Orbis Global Balanced Fund, to access the upside with less of the currency and political risks associated with Russia-listed shares.

Carnival does not have pronounced emerging markets exposure, but the market is concerned that a slowdown in Chinese economic growth could spell trouble for multinationals that look to it as an ever-expanding revenue stream. However, slowing GDP growth should not change the fact that China's population is rapidly getting both wealthier and older, and older people with disposable incomes are a key customer group for cruise lines.

Though it is frustrating to see high-conviction investments underperform, Orbis is excited about the value in the portfolio. By continuing to apply our shared fundamental, long-term and contrarian philosophy with a flexible approach to risk management, Orbis is confident that it can deliver over the long term.

Orbis commentaries adapted by Tamryn Lamb

For the full commentary please see www.orbisfunds.com

Performance net of all fees and expenses

% Returns	Fund	Bench-mark[1]	CPI infla-tion[2]
	ZAR	ZAR	ZAR
Unannualised:			
Since inception	310.9	328.0	92.9
Annualised:			
Since inception	12.6	13.0	5.7
Latest 10 years	14.2	15.1	6.1
Latest 5 years	22.9	24.0	5.5
Latest 3 years	28.6	28.0	5.3
Latest 2 years	16.9	22.9	5.3
Latest 1 year	31.1	32.8	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-24.0	-25.1	n/a
Percentage positive months[4]	59.4	60.1	n/a
Annualised monthly volatility[5]	13.7	12.0	n/a
Highest annual return[6]	55.6	38.8	n/a
Lowest annual return[6]	-13.7	-17.0	n/a

% Returns	Fund	Bench-mark[1]	CPI infla-tion[2]
	US$	US$	US$
Unannualised:			
Since inception	84.9	92.6	27.8
Annualised:			
Since inception	5.3	5.7	2.1
Latest 10 years	4.4	5.2	1.9
Latest 5 years	3.6	4.6	1.6
Latest 3 years	5.0	4.5	1.0
Latest 2 years	-4.2	0.7	0.9
Latest 1 year	-2.9	-1.6	0.4
Risk measures (since inception)			
Maximum drawdown[3]	-34.1	-37.5	n/a
Percentage positive months[4]	59.4	61.5	n/a
Annualised monthly volatility[5]	11.1	10.3	n/a
Highest annual return[6]	40.1	37.6	n/a
Lowest annual return[6]	-27.3	-31.7	n/a

1. 60% of the FTSE World Index including income and 40% of the JP Morgan Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. 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).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

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 2015
Cents per unit	**0.2369**

Asset allocation on 31 December 2015

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equities	49	13	16	3	15	1
Hedged equities	40	17	10	9	2	0
Bonds	7	6	1	0	0	0
Cash/ currency hedge	4	18	5	-5	-14	0
Total	**100**	**55**	**33**	**7**	**3**	**2**

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

ALLAN GRAY STABLE FUND

Inception date: 1 July 2000

Portfolio manager

Andrew Lapping, Mark Dunley-Owen, Leonard Krüger. (Most foreign assets are invested in Orbis funds.)

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited, plus 2%.

Commentary

Last year was not a good year for investors. The FTSE/JSE All Share Index returned only 5.1% for the period, while the All Bond Index lost 3.9%. The best-performing domestic asset class was actually cash, with three-month deposits yielding 6.1%. The MSCI World Index lost 0.9% in dollars over the year and global government bonds lost 2.6%. International assets appreciated sharply when measured in rands, as the local currency depreciated 35% against the dollar. Unfortunately asset price returns measured in units of a depreciating currency are somewhat of an illusion. Our rand wealth may have risen, but our purchasing power of international goods and services fell with the weaker currency.

The Stable Fund entered the recent period of volatile equity, bond and currency markets with a conservative asset allocation. The Fund had the maximum 25% invested offshore and a further 5% invested in precious metals in an effort to protect investors against a weaker rand. After the recent poor performance, rand assets are now much cheaper than they were a year ago. What is even more encouraging is the valuation disparity across the equity market. For the first time in a while we are finding numerous South African shares that are trading well below our estimates of fair value.

These opportunities led us to increase the Fund's equity exposure from 18.6% to 24.7% between October and December, with the majority of the buying in financials (the largest purchases being in Standard Bank, Life Healthcare and MMI) and selected mining shares. We have reduced the SABMiller, British American Tobacco, Mondi and physical gold holdings over the same period, all of which performed very well over the year, and we have also reduced the short ALSI Futures position.

The rand is weak on a purchasing power parity basis; does this mean we should be reducing the Fund's offshore exposure? We don't believe so. South Africa's 5% current account deficit is a substantial hurdle to a stronger rand. Foreign investor flows are required to fund the current account, but sentiment towards emerging markets in general, and South Africa in particular, has deteriorated, slowing investor inflows and weakening the rand.

In time South Africa's demand for imported goods should slow, and export volumes should grow, leading to a more balanced current account position and a stable currency. Unfortunately this will likely be a gradual process, as lower commodity prices are a significant headwind to our export growth and poor investor sentiment means the investment required to grow domestic production could be limited. For this reason we still have a bias towards further rand weakness and, more importantly, we still believe the opportunity set available internationally is far greater than what is available in the domestic market. For these reasons the Fund maintains its maximum 25% offshore exposure.

Commentary contributed by Andrew Lapping

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Unannualised:			
Since inception	572.3	288.9	134.9
Annualised:			
Since inception	13.1	9.2	5.7
Latest 10 years	10.7	8.3	6.1
Latest 5 years	10.9	6.7	5.5
Latest 3 years	11.8	6.7	5.3
Latest 2 years	10.1	7.0	5.3
Latest 1 year	13.7	7.1	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-4.1	n/a	n/a
Percentage positive months[4]	80.6	100.0	n/a
Annualised monthly volatility[5]	4.2	0.7	n/a
Highest annual return[6]	23.3	14.6	n/a
Lowest annual return[6]	3.3	6.2	n/a

1. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited plus 2%, performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 12 May 2006 to 14 June 2006. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2015[7]

Asset Class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equity	24.7	17.8	0.2	6.7
Hedged equity	27.9	11.8	0.0	16.1
Property	2.6	1.8	0.0	0.8
Commodity-linked	5.0	5.0	0.0	0.0
Bonds	12.1	10.7	0.6	0.8
Money market and bank deposits	27.7	25.2	0.1	2.4
Total (%)	**100.0**	**72.3**	**0.9**	**26.8**[8]

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund is above its foreign exposure limit due to market value movements.

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 quarterly.

	31 Mar 2015	30 Jun 2015	30 Sep 2015	31 Dec 2015
Cents per unit	**20.4196**	**20.3439**	**24.2600**	**18.1246**

ALLAN GRAY OPTIMAL FUND

Inception date: 1 October 2002

Portfolio manager

Ruan Stander.

Fund objective and benchmark

The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns. The Fund's benchmark is the daily interest rate as supplied by FirstRand Bank Limited.

Commentary

Last year was a satisfactory year for the Optimal Fund on a relative basis – returning 6.9% compared to the 5.0% achieved by the benchmark.

Two of our three key positions mentioned a year ago added value for investors:

1. British American Tobacco (BAT) outperformed MTN and Vodacom

The weakening of the South African rand, as well as a very attractive merger in the US between BAT associate Reynolds American and its competitor Lorillard, increased the market's expectations for BAT's 2016 earnings.

Increased competition and a substantial fine reduced the long-term prospects of MTN. Although MTN's 9% dividend yield now seems very attractive at face value, one needs to take into account that (1) the dividend is not fully funded though sustainable free cash flow, (2) Nigerian operations contribute more than 50% of operating cash flow and it looks as if the naira will be devalued substantially, (3) Nigerian and South African profits are under pressure from strong competitors and new technologies and (4) MTN still needs to pay a substantial fine in Nigeria.

2. Banks outperformed mines

We closed the Fund's net negative exposure to mines during the fourth quarter, with many mining companies now offering a substantial margin of safety to compensate investors for the risk of a protracted downturn in Chinese demand. The purchase was funded by selling shares in brewer SABMiller. Although the switch hurt short-term performance, we believe that the new positions will add value over time. The Fund's positive exposure to South African banks was maintained.

3. Sasol underperformed Richemont

Our third significant position failed to add value during the year, with strong jewellery demand offsetting declining demand for luxury watches in China, and the oil market continuing to be oversupplied in the short run. Every month of oil oversupply makes future undersupply more likely, since less money is spent on exploration and substantial project spend is delayed.

Luxury goods company Richemont trades on 20x expected 2016 profits, while Sasol is priced at only 10x. When Sasol's headwinds and Richemont's tailwinds reverse, earnings could change substantially and it is not unreasonable to expect the multiples to converge.

Commentary contributed by Ruan Stander

Performance net of all fees and expenses

% Returns	Fund	Bench-mark[1]	CPI infla-tion[2]
Unannualised:			
Since inception	180.9	131.9	98.8
Annualised:			
Since inception	8.1	6.6	5.4
Latest 10 years	7.4	6.1	6.1
Latest 5 years	6.4	4.6	5.5
Latest 3 years	8.6	4.6	5.3
Latest 2 years	9.6	4.9	5.3
Latest 1 year	6.9	5.0	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-3.2	n/a	n/a
Percentage positive months[4]	81.8	100.0	n/a
Annualised monthly volatility[5]	2.8	0.7	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	1.6	4.1	n/a

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 24 November 2015 to 11 December 2015. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2015

Asset Class	Total
Net equity	5.5
Hedged equity	79.1
Property	1.2
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	14.1
Total (%)	**100.0**

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 biannually.	30 Jun 2015	31 Dec 2015
Cents per unit	**9.1719**	**25.8500**

ALLAN GRAY-ORBIS GLOBAL OPTIMAL FUND OF FUNDS

Inception date: 2 March 2010

Portfolio manager

Ian Liddle. (Most foreign assets are invested in Orbis funds.)

Fund objective and benchmark

The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis Funds), while producing long-term returns that are superior to foreign currency bank deposits. The Fund's benchmark is the simple average of the benchmarks of the underlying Orbis funds.

Commentary

After falling in absolute terms in 2014, Optimal's performance was approximately flat last year. As a reminder, Optimal seeks to deliver positive returns regardless of market trends by gaining exposure to Orbis' favourite shares and then hedging most of their associated stock market exposure using local stock market indices. This approach aims to ensure the relative performance of Orbis' favourite stocks versus their local markets is the key driver of Optimal's return.

In 2015, Orbis' stock selections beat their local markets in Asia ex-Japan, Japan and Europe, but lagged in the US, where exposure to a handful of energy-related companies dragged on returns, and the rest of the world. Chinese internet company NetEase was the biggest contributor by some distance, as it continued to deliver strong results in mobile games, and a similar company, game developer NEXON, was the top performance contributor in Japan.

Portfolio turnover in Orbis' equity strategies is near all-time lows – testament to Orbis' conviction that several outperformers have not realised their full return potential and many laggards remain undervalued.

In Japan, for example, some of Orbis' favoured shares were among the Fund's top contributors in 2015, while several others weighed on the other side of the scale. A notable cluster is in the commodity-related shares Mitsubishi, Sumitomo, INPEX and Mitsui Mining & Smelting. All four have depressed profitability at a time when margins elsewhere in Japan are near peaks and all four are cyclical (i.e. they respond to economic and business cycles) at a time when investors in Japan have scorned cyclicals and exporters in favour of defensives (or non-cyclicals) and domestic shares. Orbis has been rotating capital out of Japanese defensives and into cyclicals since the beginning of 2013 – a position which has been early at best, as domestic shares have continued to outperform.

On a relative valuation basis, domestically-oriented Japanese shares have only been this unattractive on two other occasions in the past 30 years, which Orbis believes presents a highly compelling investment opportunity for Optimal. Optimal can increase its exposure to Orbis' stock selections without taking on exposure to the fully valued Japanese market.

In contrast, Orbis believes the stock markets of some of Japan's neighbours appear far more attractive in both absolute and relative terms. In addition to placing capital in its highest-conviction individual ideas, including Samsung Electronics, KB Financial Group and JD.com, Orbis' bottom-up research indicates that the Chinese and Korean stock markets are broadly inexpensive. This is supported by the fact that Chinese companies listed in Hong Kong are at their lowest level since 2002 and the Korean market trades at its lowest price-to-book ratio since 2009. The Fund retained a substantial net long exposure to both throughout 2015.

Like its positioning in Japan, this stance has proved to be early at best. Emerging markets – including China and Korea – were pummelled in 2015 and this exposure hurt the Fund's returns, but Orbis remains confident that it will be rewarded over the long term.

Adapted from Orbis commentary contributed by Matthew Spencer

For the full commentary please see www.orbisfunds.com

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
	ZAR	ZAR	ZAR
Unannualised:			
Since inception	108.3	87.2	33.9
Annualised:			
Since inception	13.4	11.4	5.2
Latest 5 years	19.2	16.7	5.5
Latest 3 years	23.1	19.0	5.3
Latest 2 years	15.6	15.4	5.3
Latest 1 year	32.2	28.3	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-15.9	-13.6	n/a
Percentage positive months[4]	51.4	47.1	n/a
Annualised monthly volatility[5]	13.9	12.8	n/a
Highest annual return[6]	39.6	28.3	n/a
Lowest annual return[6]	-8.4	-7.8	n/a

% Returns	Fund	Benchmark[1]	CPI inflation[2]
	US$	US$	US$
Unannualised:			
Since inception	2.5	-7.9	9.6
Annualised:			
Since inception	0.4	-1.3	1.6
Latest 5 years	0.5	-1.6	1.6
Latest 3 years	0.5	-2.9	1.0
Latest 2 years	-5.2	-5.4	0.9
Latest 1 year	-2.1	-5.0	0.4
Risk measures (since inception)			
Maximum drawdown[3]	-14.1	-14.8	n/a
Percentage positive months[4]	48.6	48.6	n/a
Annualised monthly volatility[5]	6.7	5.2	n/a
Highest annual return[6]	12.9	9.4	n/a
Lowest annual return[6]	-11.8	-11.6	n/a

1. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 21 May 2010 to 29 December 2010 and maximum benchmark drawdown occurred from 21 May 2010 to 29 December 2010. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2015

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equities	10	-4	2	0	12	0
Hedged equities	79	31	17	23	6	1
Cash/ currency hedge	11	31	18	-23	-15	0
Total (%)	**100**	**58**	**38**	**0**	**3**	**0**

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

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 2015
Cents per unit	**0.0000**

ALLAN GRAY BOND FUND

Inception date: 1 October 2004

Portfolio manager

Mark Dunley-Owen, Sandy McGregor.

Fund objective and benchmark

The Fund aims to provide investors with a real return over the long-term and outperform the JSE All Bond Index at no greater risk.

Commentary

The sudden and unexpected decision by President Jacob Zuma to dismiss Finance Minister Nhlanhla Nene had an extremely negative impact on the rand and on bond prices. South Africa faces difficult fiscal challenges. Fuelled by generous wage increases for public servants and rising interest costs, spending by government is growing rapidly at a time when tax revenues are being adversely affected by a weak economy. Nene was doing a good job in very difficult circumstances. The subsequent appointment of Pravin Gordhan as finance minister ended the immediate market panic which followed the President's decision, but sentiment remains extremely fragile.

Over the past year Brazil has experienced a serious financial crisis, and has been subject to continuing downgrades by the rating agencies. Investors fear that South Africa will follow a similar path. If further ratings downgrades are to be avoided, the government will have to stick to its expenditure ceiling and tax increases seem inevitable. At least in the short term, tax increases are bad for economic growth and will further aggravate South Africa's economic malaise.

At its December meeting the US Federal Reserve Board at last abandoned its zero rates policy and embarked on a programme of interest rate normalisation. This event was widely expected and there was minimal response from the markets. However, as US rates normalise, it will become increasingly difficult for other central banks to keep their rates at zero. Accordingly, this probably is the start of a global shift to higher interest rates. The South African Reserve Bank has also been increasing its rates and, given the inflationary shock from recent rand weakness, further increases are probable.

We have long maintained the duration of the Fund significantly below that of its All Bond Index benchmark because we have been concerned about the impact of rising economic and political risks. Unfortunately, in the meltdown following the dismissal of the finance minister, all bond investors have lost money. It could be argued that at close to 10%, long-dated South African bonds now offer yields which compensate for these risks. However, while the Fund does hold some of these high yielding longer-dated bonds, its duration continues to be lower than that of its benchmark.

Commentary contributed by Sandy McGregor

Performance net of all fees and expenses

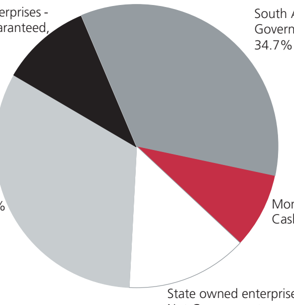
% Returns	Fund	Bench-mark[1]	CPI infla-tion[2]
Unannualised:			
Since inception	145.9	135.0	89.1
Annualised:			
Since inception	8.3	7.9	5.9
Latest 10 years	7.6	7.0	6.1
Latest 5 years	6.6	6.1	5.5
Latest 3 years	3.5	2.1	5.3
Latest 2 years	4.1	2.9	5.3
Latest 1 year	-1.2	-3.9	4.8
Risk measures (since inception)			
Maximum drawdown[3]	-11.7	-14.4	n/a
Percentage positive months[4]	71.9	68.1	n/a
Annualised monthly volatility[5]	5.4	7.2	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-1.2	-3.9	n/a

1. JSE All Bond Index (source: INET BFA), performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 30 January 2015 to 11 December 2015 and maximum benchmark drawdown occurred from 29 January 2015 to 11 December 2015. Drawdown is calculated on the total return of the Fund/ benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. 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.
6. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Income distributions for the last 12 months

Actual payout, the Fund distributes quarterly	31 Mar 2015	30 Jun 2015	30 Sep 2015	31 Dec 2015
Cents per unit	**22.4315**	**22.2723**	**22.5558**	**22.2728**

Fund allocation on 31 December 2015



ALLAN GRAY MONEY MARKET FUND

Inception date: 1 July 2001

Portfolio manager

Andrew Lapping, Gary Elston.

Fund objective and benchmark

The Fund aims to preserve capital, maintain liquidity and generate a sound level of income. The Fund's benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index.

Commentary

Last year was quite eventful in the fixed income space, culminating in December when the interest rate markets were negatively impacted by a sovereign rating downgrade, the shock dismissal of the finance minister, and the US Federal Reserve raising interest rates for the first time since before the global financial crisis. This has increased volatility and added to uncertainty.

Overall sentiment towards emerging markets remains negative and South Africa is no exception. Foreigners sold over R6bn of bonds in December alone, leaving the year-to-date net inflows as only slightly positive - while the rand is currently at its weakest levels ever against the US dollar. Over the past year, the benchmark R186 government bond sold off by over 180 basis points and the 12-month JIBAR rate increased by more than 100 basis points.

The Consumer Price Index (CPI) inflation rate came in at a manageable 4.8% year-on-year in November. However, there is concern that inflation will breach the upper-end of the inflation target band of 6% as early as Q1 2016, with the main drivers being drought, increasing electricity prices and the weak rand. The biggest mitigating factor to the current inflationary pressures is the low oil price, as South Africa is an importer of crude oil. This is evidenced by the CPI excluding-petrol number of 5.4% year-on-year.

The above factors have left the Monetary Policy Committee (MPC) of the Reserve Bank in a challenging position. The MPC's mandate is to stabilise inflation through monetary policy, however it is difficult to raise interest rates to combat inflation without hurting growth, and South Africa's growth forecasts are continuously being revised downwards. Inflationary pressures have forced the MPC to gradually raise rates by 25 basis points in both July and November. The MPC commentary indicates that it is still concerned about inflation risks caused by the weaker rand and that South Africa is still in an interest rate hiking cycle.

Interest rates are expected to rise over the next year and this is being aggressively priced into the current curve. In addition, South African banks continue to offer higher rates for longer dated assets in order to meet their Basel III regulatory requirements. Both of these factors have contributed to a very steep money market yield curve.

We feel that inflation and interest rate risk remains skewed to the upside and have continued with our strategy of taking advantage of the steepness of the curve, while also maintaining our floating rate exposure in order to benefit from the hiking cycle. Treasury Bills have also started to look attractive again after they sold off aggressively and we have increased our exposure to approximately 15% from not holding any in July. This strategy should ensure that the Fund maintains liquidity and offers an attractive yield while taking on limited duration risk.

Commentary contributed by Gary Elston

Performance net of all fees and expenses

% Returns	Fund	Bench-mark[1]	CPI infla-tion[2]
Unannualised:			
Since inception	207.6	205.0	121.5
Annualised:			
Since inception	8.1	8.0	5.7
Latest 10 years	7.4	7.3	6.1
Latest 5 years	5.8	5.7	5.5
Latest 3 years	6.0	5.8	5.3
Latest 2 years	6.3	6.2	5.3
Latest 1 year	6.6	6.5	4.8
Risk measures (since inception)			
Highest annual return[3]	12.8	13.3	n/a
Lowest annual return[3]	5.2	5.2	n/a

1. The current benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund, performance as calculated by Allan Gray as at 31 December 2015.
2. This is based on the latest numbers published by INET BFA as at 30 November 2015.
3. 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. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Income distribution for the last 12 months

Actual payout (cents per unit), the Fund distributes monthly

Jan 2015	Feb 2015	Mar 2015	Apr 2015
0.54	0.49	0.54	0.53
May 2015	**Jun 2015**	**Jul 2015**	**Aug 2015**
0.54	0.53	0.54	0.55
Sep 2015	**Oct 2015**	**Nov 2015**	**Dec 2015**
0.53	0.54	0.53	0.56

Exposure by issuer on 31 December 2015

	% of portfolio
Government and parastatals	**16.0**
Republic of South Africa	14.8
Transnet	1.2
Corporates	**6.2**
Sanlam	2.5
Mercedes-Benz S.A.	1.8
Remgro	1.3
Aspen Pharmacare	0.4
Toyota Financial Services	0.2
Banks[4]	**77.9**
Nedbank	21.1
FirstRand	17.9
Barclays Africa	17.4
Standard Bank	16.3
Investec Bank	5.2
Total (%)	**100.0**

4. Banks include negotiable certificates of deposit (NCDs), fixed deposits and call deposits.

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

ALLAN GRAY UNIT TRUSTS ANNUAL FEES

FUND	ANNUAL INVESTMENT MANAGEMENT FEE (EXCL. VAT)
Allan Gray Equity Fund (JSE code: AGEF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT. For each annualised percentage point above or below the benchmark we add or deduct 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. The Orbis equity funds charge 1.5% p.a. for performance equal to their benchmarks. The minimum Orbis equity fund fee is 0.5% p.a. and the maximum is 2.5% p.a.
Allan Gray SA Equity Fund (JSE code: AGDA)	Allan Gray charges a fee based on the net asset value of the Fund. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT. For each annualised percentage point above or below the benchmark we add or deduct 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in 20% of annualised performance relative to the benchmark.
Allan Gray-Orbis Global Equity Feeder Fund[1] (JSE code: AGOE)	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 Global Equity 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 Global Equity Fund factsheet, which can be found at www.allangray.co.za
Allan Gray Balanced Fund (JSE code: AGBF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark.
Allan Gray-Orbis Global Fund of Funds[1] (JSE code: AGGF)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges annual management fees within the underlying Orbis funds. Each fund's fee rate is calculated based on the fund's performance relative to its own benchmark. For more information please refer to the respective Orbis funds' factsheets, which can be found at www.allangray.co.za
Allan Gray Stable Fund (JSE code: AGSF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. If the Fund's return over two years is equal to or less than 0%, Allan Gray will not charge a fee. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark.
Allan Gray Optimal Fund (JSE code: AGOF)	The fee rate is calculated daily by comparing the Fund's total performance to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT The Fund is first required to recover any underperformance before a fee higher than the fee for performance equal to the benchmark can be charged. This is known as a high watermark. If the Fund's performance is above its previous high watermark, we add 0.2% to the fee for each percentage of performance above the high watermark. The fee is uncapped.
Allan Gray-Orbis Global Optimal Fund of Funds[1] (JSE code: AGOO)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges annual management fees within the underlying Orbis funds. Each fund's fee rate is calculated based on the fund's performance relative to its own benchmark. For more information please refer to the respective Orbis funds' factsheets, which can be found at www.allangray.co.za
Allan Gray Bond Fund (JSE code: AGBD)	The fee rate is calculated daily by comparing the Fund's total performance over the last year, to that of the benchmark adjusted for Fund expenses and cash flows. Minimum fee: 0.25% p.a. excl. VAT If the Fund outperforms its benchmark, for each percentage of performance above the benchmark we add 0.25% to the minimum fee to a maximum fee of 0.75% p.a. excl. VAT. The fee rate is applied to the daily value of the Fund.
Allan Gray Money Market Fund (JSE code: AGMF)	A fixed fee of 0.25% p.a. excl VAT

ALLAN GRAY UNIT TRUSTS
TOTAL EXPENSE RATIOS (TER) AND TRANSACTION COSTS

For the 3-year period ending 31 December 2015

FUND	FEE FOR BENCHMARK PERFORMANCE	PERFORMANCE FEE	OTHER COSTS EXCLUDING TRANSACTION COSTS	VAT	TOTAL EXPENSE RATIO (TER)[3 5]	TRANSACTION COSTS (INCL. VAT)[3 5]	TOTAL INVESTMENT CHARGE
Allan Gray Equity Fund [2 4] (JSE code: AGEF)	1.39%	0.69%	0.01%	0.28%	**2.37%**	0.05%	**2.42%**
Allan Gray SA Equity Fund [4 6] (JSE code: AGDA)	-	-	-	-	**-**	-	**-**
Allan Gray-Orbis Global Equity Feeder Fund[1] (JSE code: AGOE)	1.49%	0.47%	0.05%	0.00%	**2.01%**	0.13%	**2.14%**
Allan Gray Balanced Fund[2 4] (JSE code: AGBF)	1.07%	0.22%	0.02%	0.13%	**1.44%**	0.07%	**1.51%**
Allan Gray-Orbis Global Fund of Funds[1] (JSE code: AGGF)	1.27%	0.26%	0.06%	0.00%	**1.59%**	0.14%	**1.73%**
Allan Gray Stable Fund[2 4] (JSE code: AGSF)	1.03%	0.37%	0.02%	0.15%	**1.57%**	0.06%	**1.63%**
Allan Gray Optimal Fund[4] (JSE code: AGOF)	1.00%	0.47%	0.02%	0.21%	**1.70%**	0.12%	**1.82%**
Allan Gray-Orbis Global Optimal Fund of Funds[1] (JSE code: AGOO)	1.00%	– 0.01%	0.07%	0.00%	**1.06%**	0.14%	**1.20%**
Allan Gray Bond Fund (JSE code: AGBD)	0.25%	0.22%	0.02%	0.07%	**0.56%**	0.00%	**0.56%**
Allan Gray Money Market Fund (JSE code: AGMF)	0.25%	0.00%	0.01%	0.04%	**0.30%**	0.00%	**0.30%**

1. Due to foreign exchange control regulations, the Fund may be closed from time to time. Unit holders can contact our Client Service Centre to confirm whether or not the Fund is open.
2. Assets invested in the Orbis funds incur a management fee. These, along with other expenses, are included in the total expense ratio.
3. 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 three years. 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 [STT], STRATE and FSB Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost 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 ratio 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.
4. The fees, TERs and Transaction costs provided are for Class A funds only. The fees, TER's and transaction costs for Class B and Class C funds are available from our Client Service Centre.
5. TERs and Transaction costs are unaudited.
6. As this Fund has not been in existence for a year, the total expense ratio (TER) and transactions costs cannot be calculated accurately.

COMPLIANCE WITH RETIREMENT FUND REGULATIONS:

ALLAN GRAY BALANCED, STABLE, BOND AND MONEY MARKET FUNDS

These Funds are managed to comply with Regulation 28 of the Pension Fund Act. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management (RF) Proprietary Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (Item 6 of Table 1 to Regulation 28).

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTE	EQUITY FUND		GLOBAL EQUITY FEEDER FUND		BALANCED FUND		GLOBAL FUND OF FUNDS		STABLE FUND	
		2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R
REVENUE		1 181 437 291	1 268 282 655	1 458 273	1 280 817	3 387 406 552	3 028 942 657	1 467 037	5 023 969	1 401 054 318	1 364 927 145
Dividends - Local		1 129 873 675	1 173 964 794	-	-	1 576 621 140	1 346 821 792	-	-	368 292 375	346 939 788
Dividends - Foreign		-	-	-	-	230 172	6 434 494	-	3 482 842	52 887	-
Dividends - Real estate investment trust income		13 768 822	16 648 391	-	-	41 032 440	35 778 998	-	-	32 213 139	22 336 955
Interest - Local		37 186 614	77 669 470	1 458 273	1 280 817	1 735 191 295	1 639 519 319	1 467 037	1 541 127	992 793 071	995 529 253
Interest - Foreign		608 180	-	-	-	34 331 505	388 054	-	-	7 702 846	121 149
OPERATING EXPENSES		1 025 425 388	889 880 618	589 960	664 667	940 931 648	1 162 769 596	480 420	569 818	424 554 262	481 504 588
Audit fee		111 601	117 507	41 776	43 989	128 619	135 425	43 293	45 583	114 361	120 059
Bank charges		158 679	243 877	6 727	3 352	485 502	508 645	8 099	2 630	232 067	278 596
Interest expense		-	-	-	-	-	-	-	-	-	-
Trustee fees		1 496 392	1 764 479	541 457	617 326	4 047 131	4 235 445	429 028	521 605	1 338 442	1 609 827
Management fee		1 023 658 716	887 754 755	-	-	936 270 396	1 157 890 081	-	-	422 869 392	479 496 106
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		156 011 903	378 402 037	868 313	616 150	2 446 474 904	1 866 173 061	986 617	4 454 151	976 500 056	883 422 557
Expense/(income) on creation and cancellation of units		(3 418 108)	(5 236 155)	(84 932)	(9 002)	(30 630 584)	67 494 323	(95 895)	(350 693)	(18 450 217)	5 433 596
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	152 593 795	373 165 882	783 381	607 148	2 415 844 320	1 933 667 384	890 722	4 103 458	958 049 839	888 856 153

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTE	OPTIMAL FUND		GLOBAL OPTIMAL FUND OF FUNDS		BOND FUND		MONEY MARKET FUND		SA EQUITY FUND	
		2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R
REVENUE		42 609 084	30 423 562	26 513	-	54 848 002	50 462 602	667 967 568	509 999 243	4 583 730	-
Dividends - Local		32 048 266	24 161 254	-	-	-	-	-	-	4 191 537	-
Dividends - Foreign		-	-	-	-	-	-	-	-	-	-
Dividends - Real estate investment trust income		-	-	-	-	-	-	-	-	30 548	-
Interest - Local		10 170 248	6 262 308	26 513	-	54 848 002	50 462 602	667 967 568	509 999 243	349 895	-
Interest - Foreign		390 570	-	-	-	-	-	-	-	11 750	-
OPERATING EXPENSES		21 906 143	18 253 665	94 902	254 478	2 932 640	4 007 769	28 957 786	23 969 796	813 732	-
Audit fee		141 100	117 869	43 294	45 584	76 756	80 816	89 694	94 438	97 238	-
Bank charges		50 726	43 164	7 240	2 690	35 948	26 364	92 449	87 549	56 020	-
Interest expense		-	-	-	139 585	-	-	-	-	-	-
Trustee fees		44 770	38 240	44 368	66 619	24 297	26 803	384 166	363 947	5 136	-
Management fee		21 669 547	18 054 392	-	-	2 795 639	3 873 786	28 391 477	23 423 862	655 338	-
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		20 702 941	12 169 897	(68 389)	(254 478)	51 915 362	46 454 833	639 009 782	486 029 447	3 769 998	-
Expense/(income) on creation and cancellation of units		441 408	208 027	(14 561)	30 057	(588 005)	(198 562)	-	-	95 499	-
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	21 144 349	12 377 924	(82 950)	(224 421)	51 327 357	46 256 271	639 009 782	486 029 447	3 865 497	-

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	EQUITY FUND		GLOBAL EQUITY FEEDER FUND		BALANCED FUND		GLOBAL FUND OF FUNDS		STABLE FUND	
	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R
ASSETS										
Investments	38 068 977 456	40 060 619 177	16 260 216 873	13 950 927 007	111 178 104 346	103 130 750 576	13 093 097 113	11 014 855 672	36 442 197 060	37 400 037 356
Current assets	55 534 589	59 001 140	43 164 339	43 050 806	66 383 573	32 003 436	85 623	34 459 504	13 946 632	22 473 642
TOTAL ASSETS	38 124 512 045	40 119 620 317	16 303 381 212	13 993 977 813	111 244 487 919	103 162 754 012	13 093 182 736	11 049 315 176	36 456 143 692	37 422 510 998
LIABILITIES										
Current liabilities	218 167 403	291 997 364	880 085	699 619	1 324 273 914	1 166 624 307	15 076 567	4 187 392	239 348 482	275 286 285
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	37 906 344 642	39 827 622 953	16 302 501 127	13 993 278 194	109 920 214 005	101 996 129 705	13 078 106 169	11 045 127 784	36 216 795 210	37 147 224 713

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	OPTIMAL FUND		GLOBAL OPTIMAL FUND OF FUNDS		BOND FUND		MONEY MARKET FUND		SA EQUITY FUND	
	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R	2015 R	2014 R
ASSETS										
Investments	1 247 693 528	967 184 256	1 517 710 676	1 235 289 211	525 494 196	651 177 558	12 041 009 355	8 678 398 772	241 832 942	-
Current assets	8 315 630	7 581 555	5 953 726	4 751 543	832 947	668 393	9 224 107	7 632 838	1 062 445	-
TOTAL ASSETS	1 256 009 158	974 765 811	1 523 664 402	1 240 040 754	526 327 143	651 845 951	12 050 233 462	8 686 031 610	242 895 387	-
LIABILITIES										
Current liabilities	17 794 605	5 953 867	48 529	3 137 960	11 736 295	13 139 680	70 034 990	48 391 128	3 581 604	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	1 238 214 553	968 811 944	1 523 615 873	1 236 902 794	514 590 848	638 706 271	11 980 198 472	8 637 640 482	239 313 783	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. DISTRIBUTION SCHEDULES

	NOTE	2015	2014
Allan Gray Equity Fund			
30 June			
Class A			
Cents per unit		225.5493	187.7617
Distribution paid - R		201 182 052	206 482 713
Class B			
Cents per unit		15.9598	-
Distribution paid - R		335 501	-
Class C			
Cents per unit		250.5013	213.5778
Distribution paid - R		75 892 172	28 599 761
31 December			
Class A			
Cents per unit		-	108.4107
Distribution paid - R		-	102 014 228
Class B			
Cents per unit		-	-
Distribution paid - R		-	-
Class C			
Cents per unit		-	138.4874
Distribution paid - R		-	38 324 544
Class X			
Cents per unit		488.2767	-
Distribution paid - R		148 043	-
TOTAL DISTRIBUTION FOR THE YEAR		277 557 768	375 421 246
Shortfall of income funded by net assets attributed to unitholders	3	(124 963 973)	(2 255 364)
DISTRIBUTABLE PROFIT FOR THE YEAR		152 593 795	373 165 882

	NOTE	2015	2014
Allan Gray-Orbis Global Equity Feeder Fund			
31 December			
Class A			
Cents per unit		0.2523	0.1763
Distribution paid - R		783 381	607 148
TOTAL DISTRIBUTION FOR THE YEAR		783 381	607 148

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

	NOTE	2015	2014
Allan Gray Balanced Fund			
30 June			
Class A			
Cents per unit		99.3770	86.2524
Distribution paid - R		818 868 883	801 712 477
Class B			
Cents per unit		43.8658	34.2035
Distribution paid - R		10 358 804	9 080 070
Class C			
Cents per unit		106.9666	93.5099
Distribution paid - R		360 478 276	136 897 369
31 December			
Class A			
Cents per unit		104.2709	82.9017
Distribution paid - R		813 021 228	716 465 922
Class B			
Cents per unit		46.7725	28.1012
Distribution paid - R		7 650 765	7 332 978
Class C			
Cents per unit		112.0891	90.7019
Distribution paid - R		402 216 229	262 178 568
Class X			
Cents per unit		146.1504	-
Distribution paid - R		3 250 135	-
TOTAL DISTRIBUTION FOR THE YEAR		2 415 844 320	1 933 667 384

Allan Gray-Orbis Global Fund of Funds			
31 December			
Class A			
Cents per unit		0.2369	0.9858
Distribution paid - R		890 722	4 103 458
TOTAL DISTRIBUTION FOR THE YEAR		890 722	4 103 458

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

	NOTE	2015	2014
Allan Gray Stable Fund			
31 March			
Class A			
Cents per unit		20.4196	16.8936
Distribution paid - R		180 355 306	173 915 797
Class B			
Cents per unit		11.1918	7.9866
Distribution paid - R		4 719 263	4 224 908
Class C			
Cents per unit		21.6857	18.1170
Distribution paid - R		60 245 985	22 365 834
30 June			
Class A			
Cents per unit		20.3439	18.7388
Distribution paid - R		172 831 608	195 777 733
Class B			
Cents per unit		10.8808	9.6012
Distribution paid - R		4 179 698	5 029 573
Class C			
Cents per unit		21.6239	20.0168
Distribution paid - R		59 896 101	29 270 279
30 September			
Class A			
Cents per unit		24.2600	19.6174
Distribution paid - R		195 906 657	193 970 245
Class B			
Cents per unit		14.5954	10.2811
Distribution paid - R		4 828 385	5 219 643
Class C			
Cents per unit		25.5739	20.9592
Distribution paid - R		73 324 191	45 114 483
Class X			
Cents per unit		32.3123	-
Distribution paid - R		107 609	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

	NOTE	2015	2014
31 December			
Class A			
Cents per unit		18.1246	17.1442
Distribution paid - R		142 857 010	164 872 902
Class B			
Cents per unit		8.1092	7.8181
Distribution paid - R		2 306 243	3 689 438
Class C			
Cents per unit		19.4853	18.4283
Distribution paid - R		56 397 727	45 405 318
Class X			
Cents per unit		27.9517	-
Distribution paid - R		94 056	-
TOTAL DISTRIBUTION FOR THE YEAR		958 049 839	888 856 153

Allan Gray Optimal Fund

30 June			
Class A			
Cents per unit		9.1719	18.4801
Distribution paid - R		4 548 039	8 347 707
Class B			
Cents per unit		-	7.5064
Distribution paid - R		-	60 330
Class C			
Cents per unit		10.6466	19.9911
Distribution paid - R		741 994	33 546
31 December			
Class A			
Cents per unit		25.8500	7.7824
Distribution paid - R		13 390 545	3 371 646
Class B			
Cents per unit		6.0520	-
Distribution paid - R		38 224	-
Class C			
Cents per unit		27.6128	9.4851
Distribution paid - R		2 425 547	593 845
TOTAL DISTRIBUTION FOR THE YEAR		21 144 349	12 407 074
Shortfall of income funded by net assets attributed to unitholders	3	-	(29 150)
DISTRIBUTABLE PROFIT FOR THE YEAR		21 144 349	12 377 924

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

	NOTE	2015	2014
Allan Gray-Orbis Global Optimal Fund of Funds			
31 December			
Class A			
Cents per unit		-	-
TOTAL DISTRIBUTION FOR THE YEAR		-	-
Shortfall of income funded by net assets attributed to unitholders	3	(82 950)	(224 421)
DEFICIT FOR THE YEAR		(82 950)	(224 421)
Allan Gray Bond Fund			
31 March			
Class A			
Cents per unit		22.4315	20.4900
Distribution paid - R		14 077 939	11 481 324
30 June			
Class A			
Cents per unit		22.2723	21.3513
Distribution paid - R		13 814 497	10 116 796
30 September			
Class A			
Cents per unit		22.5558	22.2786
Distribution paid - R		12 174 500	11 816 798
31 December			
Class A			
Cents per unit		22.2728	22.4307
Distribution paid - R		11 260 421	12 841 353
TOTAL DISTRIBUTION FOR THE YEAR		51 327 357	46 256 271

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2015

	NOTE	2015	2014
Allan Gray SA Equity Fund			
30 June			
Class A			
Cents per unit		206.2980	-
Distribution paid - R		200 429	-
Class C			
Cents per unit		220.4594	-
Distribution paid - R		199 357	-
31 December			
Class A			
Cents per unit		359.8288	-
Distribution paid - R		354 366	-
Class C			
Cents per unit		385.2338	-
Distribution paid - R		858 097	-
Class X			
Cents per unit		553.7858	-
Distribution paid - R		2 253 248	-
TOTAL DISTRIBUTION FOR THE YEAR		3 865 497	-

ALLAN GRAY MONEY MARKET FUND

The Allan Gray Money Market Fund distributes on a daily basis. This distribution is paid over to unitholders on a monthly basis. These daily distribution details have not been disclosed in this note due to the frequency of the distributions.

2. SHORTFALLS OF DISTRIBUTABLE PROFITS

The following amounts have been transferred from the net assets attributable to unitholders to fund shortfalls in distributable profits in terms of the Funds' Trust Deed.

	2015 R	2014 R
Allan Gray Equity Fund B Class (June)	-	18 502
Allan Gray Equity Fund A Class (December)	92 075 035	-
Allan Gray Equity Fund B Class (December)	5 497 674	2 236 862
Allan Gray Equity Fund C Class (December)	27 391 264	-
Allan Gray-Orbis Global Optimal Fund of Funds (December)	82 950	224 421
Allan Gray Optimal Fund B Class (December)	-	29 150
TOTAL SHORTFALLS FOR THE YEAR	125 046 923	2 508 935

TRUSTEES' REPORT ON THE ALLAN GRAY UNIT TRUST SCHEME

As Trustees to the Allan Gray Unit Trust Scheme ("the Scheme"), we are required in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) ("the Act") to report to unitholders on the administration of the Scheme during each annual accounting period.

We advise for the period 1 January 2015 to 31 December 2015 we reasonably believe that the Manager has administered the Scheme in accordance with:

(i) the limitations imposed on the investment and borrowing powers of the manager by the Act; and

(ii) the provisions of the Act and the relevant deeds.

We confirm that according to the records available to us there were no material instances of compliance contraventions and therefore no consequent losses incurred by the Portfolios, operated by the Scheme, in the year.

Yours faithfully

Nelia de Beer
Head Trustee Services

Shawn Viljoen
Manager Trustee Services

Custody and Trustee Services
Rand Merchant Bank, a division of FirstRand Bank Limited

Johannesburg
8 February 2016

IMPORTANT NOTES FOR INVESTORS

Management Company

Allan Gray Unit Trust Management (RF) Proprietary Limited (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 Services Board ('FSB'). 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 Proprietary Limited (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)87 736 1732 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

The funds may be closed to new investments at any time in order to be managed according to their mandate. 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 (STT), 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 ratios 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 three years. 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, STT, STRATE and FSB Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost in administering the funds and impact 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

IMPORTANT NOTES FOR INVESTORS

TERs. A higher TER ratio 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.

The Allan Gray Money Market Fund is not a bank deposit account

The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to ASISA standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens withdrawals may be ring-fenced and managed over a period of time. 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

FTSE/JSE All Share Index

The FTSE/JSE All Share Index is calculated by FTSE International Limited ('FTSE') in conjunction with the JSE Limited ('JSE') in accordance with standard criteria. The FTSE/JSE All Share Index is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/ JSE All Share Index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved.

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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.

Fund of funds

A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its funds of funds.

Foreign exposure

The Allan Gray Equity, Balanced, Stable and rand-denominated funds may invest in foreign funds managed by Orbis Investment Management Limited, our offshore investment partner.

Yield

The Allan Gray Bond Fund yield is current, calculated as at month-end.

Compliance with Regulation 28

The Allan Gray Balanced, Stable, Money Market and Bond Fund are managed to comply with Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period. The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

MANAGEMENT COMPANY

Allan Gray Unit Trust Management (RF) Proprietary Limited
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DIRECTORS

Executive Directors

R J Formby	BSc (Eng) MBA
J C Marais	BSc MBA

Non-executive Directors

V A Christian	BCom CA (SA) (Independent)
R W Dower	BSc (Eng) MBA
E D Loxton	BCom (Hons) MBA (Chairman)
J W T Mort	BA LLB (Independent)

COMPANY SECRETARY

T Pickering BBusSc (Hons) CA (SA)

DETAILS OF THE INDIVIDUAL WHO SUPERVISED THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

T J W Molloy BCom (Hons) CA (SA)

INVESTMENT MANAGER

Allan Gray Proprietary Limited

TRUSTEE

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P O Box 786273 Sandton 2146
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AUDITORS

Ernst & Young Inc.

Allan Gray Unit Trust Management (RF) Proprietary Limited is a member of the Association for Savings & Investment SA (ASISA).
Allan Gray Proprietary Limited is an authorised financial services provider.