2022

ABRIDGED ANNUAL REPORT
UNIT TRUSTS

ALLAN GRAY

Contents

Edgar Loxton

2022 was a tale of several parts. In South Africa, all COVID-19 restrictions were lifted, and life started to feel normal again. We were reintroduced to gatherings, concerts, festivals, sporting events and travelling. We made up for lost time and found joy in the things that we took for granted prior to the pandemic. There was much to be grateful for.

But there was also no shortage of negative news flow. In February, Russia invaded Ukraine. The humanitarian cost of the war has been devastating and our thoughts remain with all of those whose lives have been impacted.

The conflict has contributed to spiralling food and energy costs globally, and we have all felt the effects of the resultant higher inflation. Those of us with home loans or other debt have had to adjust to the steep interest rate hikes announced by the South African Reserve Bank as it attempted to bring inflation under control. Meanwhile, the woes at Eskom have intensified. Loadshedding has a severe impact on our economy, and there seems to be no end in sight.

In the financial sector, the concept of greylisting made it firmly onto our radar. In economic terms, greylisting indicates a level of risk being attached to a country's government, companies and individuals in an attempt to prevent illicit funds from being directed towards terrorism. At the time of publishing, news that South Africa has been greylisted had just been released.

Key to minimising the impact of the greylisting on South Africa's economic prospects is a convincing commitment by government to address the issues that have been raised by the Financial Action Task Force (FATF) – established at a meeting of the G7 government leaders in 1989 to combat money laundering internationally – including improving the enforcement of legislation and the work of investigating authorities.

Within this context, it would be very easy to justify abandoning your investment plans. However, history has shown that these volatile times are usually when it is most important to remain committed. Over the long term, it is often not the headline events that have the greatest impact on your investment success. Your decisions and behaviour as an investor, as well as who you choose to partner with, strongly influence your outcomes.

At Allan Gray, we have managed investments on behalf of our clients for nearly 50 years, through various world events and market cycles. The golden thread is our investment philosophy. It is our true north and enables us to navigate the investing environment calmly and rationally, while always putting you, our clients, first.

Amid the uncertainty, our chief investment officer, Duncan Artus, and the rest of the Investment team continue to hunt for opportunities and to build portfolios that will deliver on our purpose of helping you create long-term wealth.

Below are some highlights from 2022, both from a regulatory and operational perspective, and an update on the unitholders in our funds. You can refer to Duncan's report on page 3 for details of how our funds have fared over the year.

Regulatory change

Offshore investment limits increased to 45%

In the February 2022 Budget, the National Treasury announced significant changes to the framework that governs how much South African institutions can invest outside South Africa.

This is positive for South African investors over the long term, as it allows for greater diversification and flexibility to benefit from the global opportunity set.

Unit trust companies, such as Allan Gray, can now invest up to 45% of their client assets under management offshore (from 40% outside Africa plus 10% for Africa ex-SA previously). Therefore, the offshore investment limits for local unit trusts that are mandated to invest offshore, including those that comply with the retirement fund regulations (Regulation 28 of the Pension Funds Act), increased to 45%.

At Allan Gray, we are uniquely positioned and excited to take advantage of the increased offshore investment limit, given our long-standing relationship with our offshore partner, Orbis. The increase presents an opportunity to further leverage our joint investment and operational capabilities and optimise longer-term outcomes for clients. While the bulk of the offshore allocation will remain invested in the Orbis funds, the Allan Gray portfolio managers will also make direct investments into global shares and bonds that complement the mandate/objectives of each fund.

As always, our decisions regarding the appropriate level of offshore exposure in our funds will be made according to our assessment of where the best value can be found over the long term.

Operational changes

We strive to enhance the security of our processes and improve the ease with which you do business with us. In line with this, we initiated the following changes during 2022:

Encouraging secure online transacting and access to documents

You are now able to submit most of your investment instructions and transactions online via Allan Gray Online (AGO) without the need to complete a form, and we are gradually phasing out forms for transactions that can be submitted via AGO. In addition, if you have an AGO account, we will no longer send your investment documents to you via email. We will instead notify you once they become available online.

Through AGO, we aim to provide you with a digital offering that is secure and easy to use. An AGO account allows you to view and download important investment information, such as your current or historic statements, transaction confirmations and tax certificates, at any time. It is also useful for keeping your personal details updated and safely transacting without the need for forms.

If you do not yet have an AGO account, please register by clicking on the "Log in" button on our website, www.allangray.co.za, and downloading the online registration form.

Shorter withdrawal timeline for the Money Market Fund

Effective 6 June 2022, your withdrawals from the Money Market Fund are being paid one business day earlier. This means that withdrawal instructions submitted via AGO before the 11:00 daily cut-off time will be processed and paid on the same day. Since banks have different processing timelines, withdrawals may take up to two business days after the payment is made to reflect in your bank account.

Update on unitholders

Assets under management as at 31 December 2022 were R335.1bn. This is an increase from the R322.5bn that we reported at the end of 2021. There were net outflows of R7.6bn in 2022.

Gross client outflows divided by the average value of assets in our unit trusts in 2022 were at 12%. This means that, on average, clients are staying with Allan Gray for eight years. Our individual fund churn rate, which includes switches between unit trusts*, has come in at 15% for the year, reflecting a weighted average fund holding period for investors of seven years.

This suggests that our clients are aligned with our investment philosophy and remain focused on the long term to reap the benefits of our approach. We do not take our responsibility lightly and would like to thank you for your continued support.

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

Duncan Artus

My 2021 commentary began by referencing the pandemic and its effect on everyday life and asset prices. Just as we thought we were getting some respite, Russia invaded Ukraine, amplifying already-escalating geopolitical and fiscal risks. In a world where asset prices, many of which could politely be called speculative in nature, had been supported by expansion in central bank balance sheets, low interest rates and fiscal stimulus, what could possibly go wrong? A lot, it turned out.

Allan Gray celebrates its 50th anniversary in 2023. We are proud of our long-term track record having managed our clients' assets and the firm through several geopolitical, financial and performance cycles. There are many ways to manage money. In my view, you must find a way that you believe in and trust because if there is one certainty in markets, it is that your belief in your philosophy and process will be tested – sometimes severely so. In turbulent times such as the last two years, we can look back over our history and draw confidence from the firm's ability to successfully navigate cycles for our clients.

Not only were markets extremely volatile in 2022, but, as Edgar Loxton discusses in his chairman's report on page 1, the regulator also relaxed exchange controls for South African investors by increasing the maximum allowable amount to be invested offshore to 45%: another variable thrown into an already-complex environment. This is a positive long-term outcome for local investors. I believe that, together with our offshore partner, Orbis, we are well placed to take advantage of the increased opportunities and risks in constructing appropriate portfolios and offer a compelling investment proposition.

A passive portfolio invested 60% in the MSCI World Index and 40% in the JPM World Bond Index would have lost 18% in dollars and 25% in real terms after accounting for US inflation of 7.1% – nearly the worst in 100 years. Against this backdrop, the South African equity market, as represented by the FTSE/JSE All Share Index (ALSI), returned 3.6% in 2022, underperforming both cash at 5.2% and inflation of 7.4%. The Capped SWIX All Share Index, which many funds use as a more representative equity benchmark, returned 4.4%. The resource index outperformed the financial and industrial index but is well off its relative peak. The FTSE/JSE All Bond Index returned 4.3%. Internationally, the FTSE World Index returned negative 12.1% and the FTSE World Government Bond Index negative 12.6% in rands, respectively. The rand weakened 6.6% against the US dollar, which was strong against most currencies. The US dollar traded below parity to the euro, almost reached parity with the pound and appreciated 30% at one stage against the yen.

The extent and speed of the rise in interest rates globally were not good news for long-duration and leveraged assets, such as growth equities, profitless companies, Australian house prices and liability-driven investment funds in the UK. Nowhere were the consequences of the end of free money highlighted more vividly than in the broader crypto universe. As with any bubble, all the malfeasance in crypto is being exposed as prices collapse. The Nasdaq fell 33% after many years of price leadership. Several speculative disruptor shares fell far more. What hurt many portfolios was not the collapse of the disruptor shares but the broad decline of the mega-cap tech companies, which dominate the makeup of most offshore portfolios. For example, Amazon halved, and Meta (Facebook) declined more than 60%. Tesla, which was mentioned in last year's commentary, lost 65% of its value. I believe there is a reasonable possibility that many mega-cap tech shares have made secular relative peaks.

We continue to be underweight large-cap US shares but are relooking at their valuations. For more detail, please refer to the Orbis President's letter, available on our website, and the commentaries of the underlying funds later in this report (see pages 17 to 38). Orbis remains optimistic about the value gap between the shares they own and the market, which they believe has only partially been closed. We continue to find locally listed multinationals, such as British American Tobacco and Anheuser-Busch InBev (AB InBev), attractive both in absolute and relative terms.

Performance

Relative performance improved meaningfully across most of our funds with a strong contribution from the offshore portion, which has for some time looked very different from many of our peers. However, I often reflect on whether we could have made some different decisions during the sharp 2020 pandemic sell-off. Our portfolios tend to outperform when the market is falling, which was not the case in the first quarter of 2020.

The Balanced Fund returned 8.1% for the year, outperforming its benchmark by 8%. The Stable Fund returned 6.3%, in line with its absolute benchmark and ahead of its peer group. The Equity Fund returned 7.8% just ahead of its benchmark.

Within equities, detractors from alpha included being underweight Naspers and Absa. The largest contributors were being overweight Glencore and British American Tobacco. Other positive contributors included Woolworths and Nedbank.

The Orbis Global Equity Fund returned negative 10.3% in dollars for the year, outperforming the FTSE World Index by 7.2%. While pleasing, the three- and five-year numbers remain below the levels Orbis expects. The Orbis Global Balanced Fund returned 4.9%, outperforming its 60/40 benchmark by a significant 22.5%. The Orbis Optimal SA Fund, which hedges out equity market risk, had a strong year, producing double-digit positive absolute dollar returns of 16.6% in a year where fixed income provided little protection in asset allocation portfolios.

Positioning

While we are bottom-up investors, we want to be on the right side of long-term secular trends. This allows us to tilt the portfolio to protect against the risks of, and benefit from, these trends. We have for some time been highlighting four key trends, which we believe will endure for now:

- A higher inflationary and interest rate environment globally (especially in developed markets)
- An energy-short world caused by years of underinvestment and regulatory policy
- A world increasingly dividing along geopolitical lines, with a specific focus on China
- Longer-term risks in the South African economy that are compounding in the wrong direction

We continue to search for cheap and reasonably priced hedges against a broad sell-off in Chinese-related equities, commodities and technology stocks. This is not as simple as it sounds.

Conclusions

After a calendar year of historic losses across asset classes (around US$37 trillion, according to Bloomberg estimates), one would naturally expect a rebound from these oversold conditions in the short term. Inflation has probably peaked but I believe it will be structurally higher than in the past. The resultant tightening in financial conditions poses many potential risks. Handling these is part of successful portfolio management. Investing involves not solely looking to generate above-average returns, but also managing risk.

The Investment team is applying the same philosophy and process we have for the last 49 years in managing your hard-earned savings. We aim to make incremental improvements to our process every year that, when compounded over time, will enhance our ability to generate alpha in what is a very competitive industry. The increase in the foreign investment allowance provides more opportunity to diversify and I believe that, together with Orbis, we are well positioned to navigate this on your behalf.

As always, I encourage you to focus on your long-term financial plans and goals rather than worrying about the daily news cycle, as hard as that is these days. On behalf of the Investment team, I thank you for the trust you have placed in us.

PORTFOLIO MANAGERS

Duncan Artus

Chief investment officer

BBusSc (Hons), PGDA, CFA, CMT

Duncan was appointed chief investment officer in 2020. He joined Allan Gray in 2001 and was appointed as a portfolio manager in 2005. He manages a portion of the equity, balanced and stable portfolios. He is also a director of Allan Gray Group Proprietary Limited and Allan Gray Proprietary Limited. Duncan holds an Honours degree in Business Science and a Postgraduate Diploma in Accounting from the University of Cape Town and is a CFA® and CMT® charterholder.

Tim Acker

Portfolio manager

MAcc, CA, CFA

Tim joined Allan Gray as an equity analyst in 2013 after working in academia and completing his articles. He was appointed as a portfolio manager in 2020 and manages a portion of the equity, balanced and stable portfolios. Tim holds a Master of Accounting degree, specialising in Taxation, from Stellenbosch University. He is a qualified Chartered Accountant and a CFA® charterholder.

Rory Kutisker-Jacobson

Portfolio manager

BBusSc, CFA

Rory joined Allan Gray as an equity analyst in 2008. He was appointed as a portfolio manager in 2017 and manages a portion of the equity, balanced, frontier markets equity and African equity portfolios. He holds a Bachelor of Business Science degree in Economics and Finance from the University of Cape Town and is a CFA® charterholder.

Sean Munsie

Portfolio manager

BCom (Hons), CA, CFA

Sean joined Allan Gray as an equity analyst in 2013 after working for various investment banks in the United Kingdom. He was appointed as a portfolio manager in 2020 and manages a portion of the stable portfolios. He is also the manager of the optimal portfolios. Sean holds a Bachelor of Commerce (Honours) degree in Accounting from Stellenbosch University. He is a qualified Chartered Accountant and a CFA® charterholder.

Londa Nxumalo

Portfolio manager

BAcc, MCom, CA

Londa joined Allan Gray as a credit analyst in 2017 and was appointed as a portfolio manager in 2019. She manages the bond portfolio, as well as portions of the fixed interest component of the balanced portfolios and the Africa fixed interest portfolio. Londa holds a Bachelor of Accountancy degree in Financial Accounting from Rhodes University and a Master of Commerce degree in Development Finance from the University of Cape Town Graduate School of Business. She is a qualified Chartered Accountant.

Thalia Petousis

Portfolio manager

MCom, CFA

Thalia joined Allan Gray as a fixed interest trader in 2015. She was appointed as a portfolio manager in 2019 and currently manages the money market portfolio as well as a portion of the balanced fixed interest portfolios. Thalia holds a Master of Commerce degree in Mathematical Statistics from the University of Cape Town and is a CFA® charterholder.

Jacques Plaut

Portfolio manager

BSc, CFA

Jacques joined Allan Gray as an equity analyst in 2008 after working as a management consultant. He began managing a portion of the equity and balanced portfolios earmarked for associate portfolio managers in 2013 and was appointed as a portfolio manager in 2015. Jacques holds a Bachelor of Science degree in Mathematics from the University of Cape Town and is a CFA® charterholder.

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	ASISA 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. 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 can invest a maximum of 45% offshore. 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 is designed to be exposed to all of the risks and rewards of selected global shares. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund's investment universe is global, 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 global equity "building block" in a diversified multi-asset class portfolio	Global - Equity - General

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	ASISA 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 can invest a maximum of 45% offshore. 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 Tax-Free 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 is managed in broadly the same way as the Allan Gray Balanced Fund. It was created specifically for use in tax-free accounts and can only be accessed through these products. The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 45% offshore. 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 tax-free investment account ▪ Typically have an investment horizon of at least three years	South African - Multi Asset - High Equity
Allan Gray-Orbis Global Balanced Feeder Fund	The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark.	Offshore	The Fund is a feeder fund and invests only in the Orbis SICAV Global Balanced Fund ("Orbis Global Balanced"), managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. Orbis Global Balanced invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. The typical net equity exposure of Orbis Global Balanced is between 40% and 75%. Orbis Global Balanced aims to balance investment returns and risk of loss. Returns are likely to be less volatile than those of a global equity-only fund. Although Orbis Global Balanced's investment universe is global, the units of the Fund are priced and traded daily in rands.	▪ Seek to balance investment returns and risk of loss, by investing in a diversified global multi-asset class portfolio ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable that the investment approach is likely to result in volatility and potential capital loss, but typically less volatility than that of a global equity-only fund ▪ Typically have an investment horizon of at least three to five years	Global - Multi Asset - High Equity
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 can invest a maximum of 45% offshore. 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

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	ASISA 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 absolute (i.e. positive) returns regardless of stock market trends ▪ Require a high degree of capital stability over a three-year time horizon ▪ 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 our 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's investment universe is global, 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
NO EQUITY EXPOSURE					
Allan Gray Bond Fund	The Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue 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 2022 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]	9.1%	5.7%	10.6%
Benchmark[2]	8.2%	6.3%	11.6%
Allan Gray SA Equity Fund[1]		5.2%	10.7%
Benchmark[3]		8.0%	12.7%
Allan Gray-Orbis Global Equity Feeder Fund	15.8%	8.0%	10.5%
Benchmark[4]	16.7%	13.3%	12.0%
Allan Gray Balanced Fund[1]	9.6%	6.9%	10.5%
Benchmark[5]	7.9%	6.1%	8.4%
Allan Gray Tax-Free Balanced Fund[1]		6.8%	10.4%
Benchmark[6]		6.1%	8.4%
Allan Gray-Orbis Global Balanced Feeder Fund	13.2%	8.4%	12.4%
Benchmark[7]	12.7%	10.0%	7.9%
Allan Gray Stable Fund[1]	8.5%	6.8%	8.2%
Benchmark[8]	6.9%	6.4%	5.5%
Allan Gray Optimal Fund[1]	5.8%	3.4%	2.3%
Benchmark[9]	4.8%	4.3%	3.4%
Allan Gray-Orbis Global Optimal Fund of Funds	8.3%	4.9%	10.2%
Benchmark[10]	6.5%	6.1%	6.1%
Allan Gray Bond Fund[1]	7.5%	7.7%	6.1%
Benchmark[11]	7.1%	7.8%	7.1%
Allan Gray Money Market Fund[1]	6.5%	6.3%	5.3%
Benchmark[12]	6.1%	5.8%	4.8%
CPI inflation[13]	5.2%	4.9%	5.3%

The Funds' returns shown above are all class A. All benchmark performance is calculated by Allan Gray as at 31 December 2022.

1. Different classes of units apply to the Equity, SA Equity, Balanced, Tax-Free Balanced, Stable, Optimal, Bond and Money Market 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 the Allan Gray funds). From inception to 28 February 2015, the benchmark was the FTSE/JSE All Share index including income (source: IRESS).
3. FTSE/JSE All Share Index including income (source: IRESS).
4. FTSE World Index including income (source: Bloomberg).
5. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding the Allan Gray funds). 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: Micropal).
6. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category, excluding the Allan Gray funds (source: Morningstar).
7. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg). From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index.
8. The daily interest rate as supplied by FirstRand Bank Limited plus 2% (source: FirstRand Bank).
9. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank).
10. The simple average of the benchmarks of the underlying funds.
11. FTSE/JSE All Bond Index (source: IRESS).
12. The Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. From 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 available numbers published by IRESS as at 30 November 2022.

ALLAN GRAY EQUITY FUND

Inception date: 1 October 1998

Portfolio managers

Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker. (Most foreign assets are invested in Orbis funds.)

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 Allan Gray Equity Fund had a relatively good 2022. In a year when most assets lost value, the Fund returned 7.8% in rands and 1.1% in US dollars. This was ahead of the benchmark, which returned 5.4% in rands and -1.1% in dollars.

There were significant shifts in the global environment, as world events changed the fortunes of a number of sectors and asset classes. In particular, it seems like the tide has turned for government bonds, technology stocks and cryptocurrencies. Here are some price moves that caught our attention at year end:

- Global equity markets sold off. The MSCI All Country World Index and the S&P 500 were both down almost 20% for the 12 months ending December. The local Capped SWIX All Share Index fared much better but was still down 2% in dollars.
- Technology stocks sold off *a lot*. The Nasdaq Composite was down 33%. Amazon became the first public company to lose US$1 trillion in market capitalisation and its share price halved over the year. The price of Tesla dropped 65%. By contrast, Naspers returned 7% in dollars over the year.
- Developed market bonds sold off. Investors in the US 30-year bond lost a third of their money by year end. Pound investors in the UK 30-year gilt lost more than 60%. This happened because inflation in developed markets hit levels not seen since the early 1980s.
- The price of Bitcoin fell by 64% over 2022. It is down 75% from its peak. At least nine crypto companies went bankrupt in 2022. The largest was FTX, whose previous CEO has been arrested for fraud.
- Despite the high rate of inflation, the war in Ukraine, and Xi Jinping consolidating his power in China, the dollar gold price was broadly flat over the year.
- The Chinese property market continued to weaken. October and November 2022 saw the average price of a new home fall near 2% year-on-year. More concerning, however, is the value of new homes sold which was down 28% for the 11 months to November, relative to the prior year.

Turning to South African stocks:

- It was a year to own banks. The sector delivered good returns in 2021, and these continued in 2022. Absa provided a total rand return of 35% for the year and Standard Bank gave 28%. Capitec has underperformed the banking index in only five of the past 20 years, and 2022 was one of those: The stock returned -6%.
- Glencore was the top contributor to the performance of the Fund, delivering a total return of 50% in 2022.
- Woolworths, another stock we've held for a long time and a top 10 holding in the Fund, returned 33%.
- The Fund doesn't hold Aspen, which was down 38% for 2022. This was another contributor to relative performance.
- Two of our top detractors during 2022 were Life Healthcare (down 28%) and Old Mutual (down 15%). Relative performance was also hurt by being underweight BHP and Shoprite.

We don't know what will happen with inflation, the war in Ukraine or the global economy in 2023. Even if we did know, we might draw the wrong conclusions about the implications for stocks. Who would have thought pre 2020 that a pandemic would be good for suppliers of luxury goods and building materials and bad for hospital stocks? Our approach relies on calculating the intrinsic value of companies by estimating their normal earnings power through many business cycles and buying them at less than their intrinsic value when the market gives us an opportunity to do so. We believe this is the surest way to avoid losing money over the long term.

Commentary contributed by Jacques Plaut

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 1998)	7337.1	2448.6	256.0
Annualised:			
Since inception (1 October 1998)	19.4	14.3	5.4
Latest 10 years	9.1	8.2	5.2
Latest 5 years	5.7	6.3	4.9
Latest 3 years	10.6	11.6	5.3
Latest 2 years	16.4	16.3	6.4
Latest 1 year	7.8	5.4	7.4
Risk measures (since inception)			
Maximum drawdown[3]	-37.0	-45.4	n/a
Percentage positive months[4]	65.6	59.5	n/a
Annualised monthly volatility[5]	15.4	16.7	n/a
Highest annual return[6]	125.8	73.0	n/a
Lowest annual return[6]	-24.3	-37.6	n/a

1. The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2022. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: IRESS.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 3 September 2018 to 23 March 2020 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. The Fund's highest annual return occurred during the 12 months ended 30 September 1999 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. 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 2022[7]

Sector	% of Fund	% of ALSI[8]
Energy	4.1	1.3
Basic materials	20.2	27.3
Industrials	9.0	3.8
Consumer staples	16.1	8.8
Healthcare	1.8	1.8
Consumer discretionary	9.5	18.3
Telecommunications	1.3	4.6
Utilities	1.0	0.0
Financials	25.3	19.6
Technology	6.8	11.2
Commodity-linked	0.7	0.0
Real estate	1.2	3.3
Money market and bank deposits	3.0	0.0
Bonds	0.1	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 2022	31 Dec 2022
Cents per unit	**303.2238**	**707.3119**

Foreign exposure on 31 December 2022[7]

28.8% of the Fund is invested in foreign investments.

The Fund can invest a maximum of 45% offshore.

ALLAN GRAY SA EQUITY FUND

Inception date: 13 March 2015

Portfolio managers

Duncan Artus, Jacques Plaut,
Rory Kutisker-Jacobson, Tim Acker.

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 Allan Gray SA Equity Fund had a relatively good 2022. In a year when most assets lost value, the Fund returned 10.0% in rands and 3.2% in US dollars. This was ahead of the benchmark, which returned 3.6% in rands and -2.9% in dollars.

There were significant shifts in the global environment, as world events changed the fortunes of a number of sectors and asset classes. In particular, it seems like the tide has turned for government bonds, technology stocks and cryptocurrencies. Here are some price moves that caught our attention at year end:

- Global equity markets sold off. The MSCI All Country World Index and the S&P 500 were both down almost 20% for the 12 months ending December. The local Capped SWIX All Share Index fared much better but was still down 2% in dollars.
- Technology stocks sold off *a lot*. The Nasdaq Composite was down 33%. Amazon became the first public company to lose US$1 trillion in market capitalisation and its share price halved over the year. The price of Tesla dropped 65%. By contrast, Naspers returned 7% in dollars over the year.
- Developed market bonds sold off. Investors in the US 30-year bond lost a third of their money by year end. Pound investors in the UK 30-year gilt lost more than 60%. This happened because inflation in developed markets hit levels not seen since the early 1980s.
- The price of Bitcoin fell by 64% over 2022. It is down 75% from its peak. At least nine crypto companies went bankrupt in 2022. The largest was FTX, whose previous CEO has been arrested for fraud.
- Despite the high rate of inflation, the war in Ukraine, and Xi Jinping consolidating his power in China, the dollar gold price was broadly flat over the year.
- The Chinese property market continued to weaken. October and November 2022 saw the average price of a new home fall near 2% year-on-year. More concerning, however, is the value of new homes sold which was down 28% for the 11 months to November, relative to the prior year.

Turning to South African stocks:

- It was a year to own banks. The sector delivered good returns in 2021, and these continued in 2022. Absa provided a total rand return of 35% for the year and Standard Bank gave 28%. Capitec has underperformed the banking index in only five of the past 20 years, and 2022 was one of those: The stock returned -6%.
- Glencore was the top contributor to the performance of the Fund, delivering a total return of 50% in 2022.
- Woolworths, another stock we've held for a long time and a top 10 holding in the Fund, returned 33%.
- The Fund doesn't hold Aspen, which was down 38% for 2022. This was another contributor to relative performance.
- Two of our top detractors during 2022 were Life Healthcare (down 28%) and Old Mutual (down 15%). Relative performance was also hurt by being underweight BHP and Shoprite.

We don't know what will happen with inflation, the war in Ukraine or the global economy in 2023. Even if we did know, we might draw the wrong conclusions about the implications for stocks. Who would have thought pre 2020 that a pandemic would be good for suppliers of luxury goods and building materials and bad for hospital stocks? Our approach relies on calculating the intrinsic value of companies by estimating their normal earnings power through many business cycles and buying them at less than their intrinsic value when the market gives us an opportunity to do so. We believe this is the surest way to avoid losing money over the long term.

Commentary contributed by Jacques Plaut

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (13 March 2015)	62.4	81.8	48.3
Annualised:			
Since inception (13 March 2015)	6.4	8.0	5.2
Latest 5 years	5.2	8.0	4.9
Latest 3 years	10.7	12.7	5.3
Latest 2 years	19.0	15.7	6.4
Latest 1 year	10.0	3.6	7.4
Risk measures (since inception)			
Maximum drawdown[3]	-44.3	-35.2	n/a
Percentage positive months[4]	58.5	56.4	n/a
Annualised monthly volatility[5]	15.2	14.9	n/a
Highest annual return[6]	57.3	54.0	n/a
Lowest annual return[6]	-32.0	-18.4	n/a

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 31 December 2022.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 17 January 2020 to 19 March 2020. 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 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 of the Fund. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. 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 2022

Sector	% of Fund	% of ALSI[7]
Energy	0.4	1.3
Basic materials	25.7	27.3
Industrials	6.2	3.8
Consumer staples	18.4	8.8
Healthcare	1.5	1.8
Consumer discretionary	8.9	18.3
Telecommunications	1.3	4.6
Financials	23.7	19.6
Technology	7.7	11.2
Real estate	1.9	3.3
Money market and bank deposits	4.3	0.0
Bonds	0.1	0.0
Total (%)	**100.0**	**100.0**

7. 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 2022	31 Dec 2022
Cents per unit	**330.6436**	**899.8108**

ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND

Inception date: 1 April 2005

Portfolio managers

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

This could take a while. The everything bubble of 2021 has started to deflate, and valuations have started to turn towards sanity. But only started.

Typically, bubbles can take years to wash out, and whatever the recipe for the "perfect" bubble may be, the conditions of 2021 can't have been far off. Zero interest rates and stimulus cheques made money seem free, and government-imposed lockdowns made normal spending impossible – all but guaranteeing that all that "free money" would be used for speculation instead.

The speculative frenzy led to booms in cash-burning tech firms, metaverse stocks, electric vehicle outfits and any company with the whiff of disruptive innovation. Financial promoters became celebrities, and celebrities became financial promoters.

Many of those stories started with a kernel of truth, but as influential investor Seth Klarman puts it, "At the root of all financial bubbles is a good idea carried to excess".

Exciting projects were lavished with cash, while boring businesses were starved of it. We got a junk surplus and a food shortage. Shortages in things people actually need led to the sharpest inflation the West has seen in decades and, in 2022, central banks finally responded by taking the free money away.

Now that money has a cost again, the craziest assets have started to crash. Dogecoin has lost 89% of its value, and Bitcoin is down around 75% from its peak. In financial markets, cash has dried up with the most speculative shares the hardest hit. Money-losing tech companies have lost 80% of their value on average. In the US, the Nasdaq is down by a third from its peak, and the world index by nearly a fifth.

It usually takes a long time and a lot of pain for bubbles to burst and valuations to return to sanity. It would be strange if a single year completely unwound the biggest bubble in living memory.

Profit margins and earnings expectations are still very high, as is the dollar. Stock valuations have come down but not compared to bonds. Most importantly, and encouragingly for us, the valuation gap remains exceptionally wide. Said differently, the difference in expected return for stocks in the cheaper part versus the expensive part of the market remains large.

Today, the Orbis Global Equity Fund has its strongest-ever tilt towards value. Broadly, we have found more of this value outside the US and in businesses that haven't had their valuations inflated by supernormal earnings or very high price multiples.

The energy sector was up 45% over the year and is responsible for most of value's outperformance versus growth. The Fund held few energy shares at the start of 2022 – a mistake in hindsight – and has increased its exposure over the past several months. We continue to find energy shares attractive and, in our view, almost all of their outperformance can be explained by improving fundamentals rather than higher valuations.

Banks are down more than 10% this year despite being another classic "value" sector that stands to benefit from a combination of low starting valuations and favourable exposure to the changing economic regime.

When interest rates rise, banks can earn a wider spread between the interest they charge on loans and the interest they pay to depositors. The impact on their profits can be transformational, and if the banks can pay out those profits, they can be rewarded with much higher valuations.

Japan's banks appear especially attractive. They generally have their balance sheets in order, are relatively well capitalised and are in a supportive environment where regulators want them to earn more money and are happy for them to pay that out to shareholders. On current profits and payouts, banks like Sumitomo Mitsui Financial Group (SMFG) or Mitsubishi UFJ Financial Group (MUFG) trade at 8-9 times earnings with dividend yields of about 4% – already appealing.

But where Japanese banks could truly shine is if interest rates rise in Japan. With inflation now running well above the official 2% target and the Japanese yen having touched decades-low levels against the dollar, the Bank of Japan's policy has begun to come under pressure. Interest rates may soon have to rise. If they were to rise from zero to 2%, the earnings of Japanese banks could approximately double, leaving them on 4-5 times earnings with 8-10% dividend yields – far too cheap. With the stocks trading at a 40% discount to book value today, we pay essentially nothing for that upside potential. When, or indeed whether, such a policy shift may come, we cannot be sure. But the tweak in yield curve control just before year end is a positive sign of change. Today, banks represent 15% of the Fund, comprising a mix across Japan, Korea, and Europe.

With valuation gaps still a long way from normal, the value we are finding in the portfolio leaves us very excited about the relative returns of the Fund. With valuations this modest, we also have a constructive view of the Fund's absolute return potential despite reasons to remain cautious about broad market returns.

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

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1]		CPI inflation[2]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (1 April 2005)	837.8	243.6	853.4	249.4	163.1	54.5
Annualised:						
Since inception (1 April 2005)	13.4	7.2	13.5	7.3	5.7	2.5
Latest 10 years	15.8	8.0	16.7	8.9	5.2	2.6
Latest 5 years	8.0	1.2	13.3	6.2	4.9	3.8
Latest 3 years	10.5	3.7	12.0	5.1	5.3	5.0
Latest 2 years	5.7	-1.8	7.4	-0.2	6.4	7.0
Latest 1 year	-5.3	-11.2	-12.1	-17.5	7.4	7.1
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	62.9	59.2	60.6	63.4	n/a	n/a
Annualised monthly volatility[5]	15.2	17.4	14.2	16.1	n/a	n/a
Highest annual return[6]	78.2	64.1	54.2	58.4	n/a	n/a
Lowest annual return[6]	-29.7	-44.8	-32.7	-47.3	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2022. Effective 14 May 2020, the Orbis Global Equity Fund's benchmark changed from the FTSE World Index, including income (FTSE World Index), to the MSCI World Index, including income, after withholding taxes (MSCI World Index). For an initial period of time, the Orbis Global Equity Fund will continue to charge its fee with reference to the FTSE World Index. After this period, the benchmark of the Allan Gray-Orbis Global Equity Feeder Fund will change to the MSCI World Index. Please see the Orbis Global Equity Fund's factsheet for more information on this fee transitional period.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
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).

Asset allocation on 31 December 2022

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	97.6	43.8	22.8	16.2	11.9	2.9
Hedged equities	0.0	0.0	0.0	0.0	0.0	0.0
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	2.4	0.0	0.0	0.0	0.0	2.4
Total	**100.0**	**43.8**	**22.8**	**16.2**	**11.9**	**5.4**
Currency exposure of the Orbis Global Equity Fund						
Funds	100.0	46.9	24.3	15.8	7.4	5.7
Index	100.0	66.3	18.0	6.8	5.0	3.9

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 2022
Cents per unit	**0.6110**

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. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 March 2009 and the benchmark's occurred during the 12 months ended 31 March 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

ALLAN GRAY BALANCED FUND

Inception date: 1 October 1999

Portfolio managers

Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker. (Most foreign assets are invested in Orbis funds.)

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 Allan Gray funds).

Commentary

The Fund returned 8.1% for the 2022 calendar year. This compares with the benchmark return of 0.1% for the year. We are pleased with the strong recovery in relative performance and have now meaningfully outperformed the average manager in our benchmark over one, three and five years.

It is common for pundits to make economic forecasts as a year draws to a close, for the next 12 months and beyond. At Allan Gray, we shy away from this practice, because we feel there are too many unknowns. We could certainly make some educated guesses but that is what they would ultimately be: guesses. The economy is a complex system, and there are a multitude of interrelated factors that need to be considered.

Even if we did know one or more of these factors with certainty, we are not sure it would help with predicting market outcomes. By way of example, in 2020, when the world was under lockdown in response to the COVID-19 pandemic, the US economy shrank by 3.5% in real terms and the S&P 500 delivered a return of 18.4% in US dollars.

Contrast that with 2022. At the end of the third quarter, the US economy was growing at 3.2% and continued to have a tight labour market with unemployment below 4%. Yet the S&P 500 fell 18.1%.

Historically, across markets, there is very little correlation between economic outcomes and market returns. This is because markets are forward looking, and investor sentiment plays a huge role in driving investment returns, particularly in the short term. It is not enough to know what the economy will do. You also need to know what expectations are already priced in.

How do we get around this uncertainty? We look at the current environment and the prices on offer today. We consider the risks and range of possible outcomes, acknowledging full well that there are risks and outcomes we cannot reasonably foresee. Most importantly, we focus on the price we pay: Is the price we are paying today discounting a favourable or unfavourable future? Are the potential risks on the horizon already priced in, or could a bout of turbulence materially disrupt the investment case for the asset?

A quick glance at some of the risks we are concerned about and how we are positioning the Fund highlights our philosophy in practice:

- Inflation: We do not know if high inflation will prove to be persistent or transitory over the coming years. As a result, we are largely avoiding assets where a positive outcome of inflation falling rapidly is already priced in. Therefore, we continue to avoid developed market nominal government bonds, many of which still trade at real negative yields despite the sell-off in 2022. Our preference remains corporate debt and South African government bonds. In South Africa, long-term economic risks persist, but one is at least being compensated with a high nominal and real yield (10.8% and 3.4% at year end on the 10-year bond). In addition, we own a number of companies that trade at undemanding multiples, healthy dividend yields and historically have had strong pricing power. Therefore, if inflation proves to be persistent, these companies will be able to protect their earnings in real terms. Examples in our top 10 include British American Tobacco and AB InBev.

- Energy: Globally, we have some ambitious and admirable targets to wean ourselves completely off fossil fuels over the coming decades with the risks from climate change increasing the urgency to transition. Unfortunately, as we have acutely learnt in Europe over the past 12 months, going cold turkey isn't an option, as we haven't invested enough in renewable and cleaner alternatives to displace our existing base of fossil fuel infrastructure. We believe a number of old-economy energy companies have a role to play in the energy transition, yet they continue to be shunned by the wider investment community. Glencore is particularly interesting in this regard in that it produces over 100 million tonnes of coal each year but is also one of the largest producers globally of cobalt, zinc, nickel and copper. These commodities are integral to the renewable energy transition. When you buy Glencore today, you are paying an extremely low price for the coal-producing assets, and very little upside is priced into the company's suite of commodities integral to a cleaner future. Offshore, we are finding value in energy and energy infrastructure-related companies like Schlumberger and Kinder Morgan, which trade at very undemanding multiples.

In summary, we do not know what the future holds, and we manage the risks accordingly. By being patient and disciplined, we strive to buy only those assets where the risk-to-reward opportunity is skewed heavily in our favour and there is a large margin of safety. We won't always get it right but focusing on the price we pay is the best way to protect and grow capital over the long term.

Commentary contributed by Rory Kutisker-Jacobson

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 1999)	2514.1	1106.2	251.3
Annualised:			
Since inception (1 October 1999)	15.1	11.3	5.6
Latest 10 years	9.6	7.9	5.2
Latest 5 years	6.9	6.1	4.9
Latest 3 years	10.5	8.4	5.3
Latest 2 years	14.1	9.7	6.4
Latest 1 year	8.1	0.1	7.4
Risk measures (since inception)			
Maximum drawdown[3]	-25.4	-23.3	n/a
Percentage positive months[4]	69.9	67.4	n/a
Annualised monthly volatility[5]	9.5	9.3	n/a
Highest annual return[6]	46.1	41.9	n/a
Lowest annual return[6]	-14.2	-16.7	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2022. 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: Micropal.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 March 2020. 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. The Fund's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. 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 2022[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equities	66.4	45.5	2.8	18.2
Hedged equities	9.8	4.6	0.0	5.2
Property	1.2	1.0	0.0	0.2
Commodity-linked	3.1	2.5	0.0	0.6
Bonds	12.6	8.3	1.5	2.9
Money market and bank deposits	6.9	4.6	-0.1	2.4
Total (%)	**100.0**	**66.4**	**4.2**	**29.4[8]**

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

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 2022	31 Dec 2022
Cents per unit	**107.1483**	**215.3546**

ALLAN GRAY TAX-FREE BALANCED FUND

Inception date: 1 February 2016

Portfolio managers

Duncan Artus, Jacques Plaut, Rory Kutisker-Jacobson, Tim Acker. (Most foreign assets are invested in Orbis funds.)

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 Allan Gray funds).

Commentary

The Fund returned 8.6% for the 2022 calendar year. This compares with the benchmark return of 0.1% for the year. We are pleased with the strong recovery in relative performance and have now meaningfully outperformed the average manager in our benchmark over one, three and five years.

It is common for pundits to make economic forecasts as a year draws to a close, for the next 12 months and beyond. At Allan Gray, we shy away from this practice, because we feel there are too many unknowns. We could certainly make some educated guesses but that is what they would ultimately be: guesses. The economy is a complex system, and there are a multitude of interrelated factors that need to be considered.

Even if we did know one or more of these factors with certainty, we are not sure it would help with predicting market outcomes. By way of example, in 2020, when the world was under lockdown in response to the COVID-19 pandemic, the US economy shrank by 3.5% in real terms and the S&P 500 delivered a return of 18.4% in US dollars.

Contrast that with 2022. At the end of the third quarter, the US economy was growing at 3.2% and continued to have a tight labour market with unemployment below 4%. Yet the S&P 500 fell 18.1%.

Historically, across markets, there is very little correlation between economic outcomes and market returns. This is because markets are forward looking, and investor sentiment plays a huge role in driving investment returns, particularly in the short term. It is not enough to know what the economy will do. You also need to know what expectations are already priced in.

How do we get around this uncertainty? We look at the current environment and the prices on offer today. We consider the risks and range of possible outcomes, acknowledging full well that there are risks and outcomes we cannot reasonably foresee. Most importantly, we focus on the price we pay: Is the price we are paying today discounting a favourable or unfavourable future? Are the potential risks on the horizon already priced in, or could a bout of turbulence materially disrupt the investment case for the asset?

A quick glance at some of the risks we are concerned about and how we are positioning the Fund highlights our philosophy in practice:

- Inflation: We do not know if high inflation will prove to be persistent or transitory over the coming years. As a result, we are largely avoiding assets where a positive outcome of inflation falling rapidly is already priced in. Therefore, we continue to avoid developed market nominal government bonds, many of which still trade at real negative yields despite the sell-off in 2022. Our preference remains corporate debt and South African government bonds. In South Africa, long-term economic risks persist, but one is at least being compensated with a high nominal and real yield (10.8% and 3.4% at year end on the 10-year bond). In addition, we own a number of companies that trade at undemanding multiples, healthy dividend yields and historically have had strong pricing power. Therefore, if inflation proves to be persistent, these companies will be able to protect their earnings in real terms. Examples in our top 10 include British American Tobacco and AB InBev.

- Energy: Globally, we have some ambitious and admirable targets to wean ourselves completely off fossil fuels over the coming decades with the risks from climate change increasing the urgency to transition. Unfortunately, as we have acutely learnt in Europe over the past 12 months, going cold turkey isn't an option, as we haven't invested enough in renewable and cleaner alternatives to displace our existing base of fossil fuel infrastructure. We believe a number of old-economy energy companies have a role to play in the energy transition, yet they continue to be shunned by the wider investment community. Glencore is particularly interesting in this regard in that it produces over 100 million tonnes of coal each year but is also one of the largest producers globally of cobalt, zinc, nickel and copper. These commodities are integral to the renewable energy transition. When you buy Glencore today, you are paying an extremely low price for the coal-producing assets, and very little upside is priced into the company's suite of commodities integral to a cleaner future. Offshore, we are finding value in energy and energy infrastructure-related companies like Schlumberger and Kinder Morgan, which trade at very undemanding multiples.

In summary, we do not know what the future holds, and we manage the risks accordingly. By being patient and disciplined, we strive to buy only those assets where the risk-to-reward opportunity is skewed heavily in our favour and there is a large margin of safety. We won't always get it right but focusing on the price we pay is the best way to protect and grow capital over the long term.

Commentary contributed by Rory Kutisker-Jacobson

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 February 2016)	66.5	54.5	40.5
Annualised:			
Since inception (1 February 2016)	7.7	6.5	5.1
Latest 5 years	6.8	6.1	4.9
Latest 3 years	10.4	8.4	5.3
Latest 2 years	13.7	9.7	6.4
Latest 1 year	8.6	0.1	7.4
Risk measures (since inception)			
Maximum drawdown[3]	-24.6	-23.3	n/a
Percentage positive months[4]	66.3	63.9	n/a
Annualised monthly volatility[5]	9.7	9.3	n/a
Highest annual return[6]	31.7	30.7	n/a
Lowest annual return[6]	-13.4	-10.3	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2022.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 March 2020. 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. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. 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 2022[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equities	65.7	44.9	2.7	18.1
Hedged equities	9.8	4.6	0.0	5.2
Property	1.2	0.9	0.0	0.2
Commodity-linked	3.1	2.5	0.0	0.6
Bonds	12.9	8.6	1.5	2.8
Money market and bank deposits	7.4	5.0	-0.1	2.4
Total (%)	**100.0**	**66.5**	**4.1**	**29.4[8]**

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

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 2022	31 Dec 2022
Cents per unit	**11.9507**	**24.2736**

Inception date: 3 February 2004

Portfolio manager

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

Fund objective and benchmark[1]

The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark, which comprises 60% the MSCI World Index with net dividends reinvested and 40% the J.P. Morgan GBI Global Index.

Commentary

When we set up the Orbis SICAV Global Balanced Fund 10 years ago, we wanted to do a conventional thing in an unconventional way. Our aim was to generate pleasing returns with a moderate risk profile. That's conventional. But rather than looking to asset class decisions as the key driver of returns, we built the strategy to draw on our core skills: in-depth company research and bottom-up security selection.

At inception, we knew what we thought of the opportunity set in 2013, but we did not know what the market would throw at us over the next decade – let alone the environments future generations of investors will face over the next 50. Given that uncertainty, the Fund has always had wide flexibility in its asset class exposures. Not because we want to tactically flip between equities and bonds, but because we never want our clients to be stuck holding unattractive securities simply to meet an asset class target. For us, the key question has never been how much of the portfolio to have in equities or bonds but which equities and bonds are attractive enough to win the bottom-up competition for our clients' capital.

Ten years later, that concept has been borne out – a bottom-up approach to multi-asset investing can work. That is not to say returns since inception have been up to our standards. They haven't been, and over the long term we believe we can deliver significantly higher relative returns than clients have experienced thus far. But encouragingly, security selection has been by far the biggest driver of relative returns.

Both asset class exposures and our individual holdings have evolved substantially over the past 10 years.

At inception, the biggest overweight in the portfolio was to technology stocks. The second largest was to telecommunications companies, which represented five of the top 10 holdings. Energy holdings were just 7% of the portfolio, similar to the exposure of the benchmark. Over 85% of the portfolio was invested in selected equities, with just 10% in fixed income, and nothing in sovereign bonds.

Today, technology and communication services are among the biggest underweights in the Fund while energy and industrials are the largest concentrations. Around 75% of the portfolio is invested in our favourite shares with nearly 20% in fixed income and just under 10% in sovereign bonds.

As the opportunity set has changed, so has the portfolio – reflective of our active approach. The three greatest shifts have been the rise in bond yields, the dominance of the US stock market and the wide disparity in the price of cheap versus expensive businesses.

In 2013, global government bonds were priced to yield 1.8% per year to an investor who held them to maturity but the prices of those bonds could go down significantly if interest rates were to rise. At those levels, we regarded government bonds as return-free risk. Yet for most of the Fund's history, bond prices rose, pushing yields as low as 0.4% in 2020. We know we must have sounded like Cassandra! Our fear of inflation and higher interest rates hurt performance for eight of the first 10 years. More recently, being attuned to those risks has protected clients as synchronised drawdowns in equity and bond markets have led to one of the worst years in decades for passive balanced portfolios. Global government bonds now yield about 3%, and we believe inflation-linked and corporate bonds are now attractive enough to warrant substantial portions of our clients' capital. We have never hated bonds; we just hated their prices.

The dominance of the US stock market and the ascendance of its valuations has been another major shift. Back in 2013, the US represented just half of world stock markets, versus 70% today. Much of that dominance has come from rising valuations and elevated profits. We have never liked paying inflated multiples of record profits, so we have found other regions more fertile hunting grounds for ideas. That has hurt performance to date but should be rewarding if the US market comes back to earth.

The last great shift over the past decade has been the yawning gap between the prices of cheaply versus richly valued shares. Life is frustrating for a contrarian investor when prices move further and further away from fundamental value, as they have for much of the Fund's history. That gap reached record levels in 2021 and has started to relent – but only started. As things stand today, the valuation gap has only been wider in 21 months over the last 35 years and most of those months were in 2020 and 2021.

We believe much of the complacency of the past decade is yet to be driven out. If we are right, that could continue to prove challenging for traditional portfolios but should be rewarding for investors who own reasonably priced businesses that generate lots of cash. That leaves us enthusiastic about the relative return potential of the Fund in the years ahead.

Having proved the concept over the last decade, we look forward to continuing to put it to work in the decades ahead.

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

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1,2]		CPI inflation[3]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (3 February 2004)	568.4	176.7	573.0	178.6	173.8	60.1
Annualised:						
Since inception (3 February 2004)	10.6	5.5	10.6	5.5	5.5	2.5
Latest 10 years	13.2	5.6	12.7	5.1	5.2	2.6
Latest 5 years	8.4	1.6	10.0	3.1	4.9	3.8
Latest 3 years	12.4	5.4	7.9	1.2	5.3	5.0
Latest 2 years	11.6	3.7	2.4	-4.8	6.4	7.0
Latest 1 year	8.0	1.3	-12.1	-17.5	7.4	7.1
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	58.6	60.4	57.7	63.0	n/a	n/a
Annualised monthly volatility[6]	13.5	11.8	12.8	10.4	n/a	n/a
Highest annual return[7]	55.6	43.8	38.8	37.6	n/a	n/a
Lowest annual return[7]	-13.7	-27.3	-17.0	-31.7	n/a	n/a

1. The Fund was converted from a fund of funds structure to a feeder fund structure and its name and benchmark were amended on 1 June 2021. For more information, please read "Ballot underway for Allan Gray-Orbis Global Fund of Funds", available via the Latest insights section of our website.
2. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2022. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index.
3. This is based on the latest available numbers published by IRESS as at 30 November 2022.
4. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown ccurred from 23 October 2008 to 30 June 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.

Asset allocation on 31 December 2022

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	59.3	15.1	22.9	8.7	8.2	4.4
Hedged equities	17.3	8.6	5.1	1.0	1.4	1.2
Fixed interest	17.6	13.0	1.7	0.1	0.2	2.7
Commodity-linked	5.0	0.0	0.0	0.0	0.0	5.0
Net current assets	0.7	0.0	0.0	0.0	0.0	0.7
Total	**100.0**	**36.7**	**29.7**	**9.8**	**9.8**	**14.1**
Currency exposure of the Orbis SICAV Global Balanced Fund						
Funds	100.0	33.0	33.2	17.1	9.9	6.8
Index	100.0	63.5	22.1	11.4	0.8	2.2

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 2022
Cents per unit	**0.3579**

6. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
7. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 October 2010 and the benchmark's occurred during the 12 months ended 30 June 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

ALLAN GRAY STABLE FUND

Inception date: 1 July 2000

Portfolio managers

Duncan Artus, Sean Munsie, Tim Acker. (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

Global markets saw a sharp reversal in 2022 and South African markets were not unscathed. It is worth assessing how the Allan Gray Stable Fund has performed against its objectives during this volatile period.

The Fund aims to:

- Provide a high degree of capital stability
- Minimise the risk of loss over any two-year period
- Produce long-term returns better than bank deposits and inflation

These objectives have been met throughout the past two years and the Fund has delivered an annualised return of 10.6%, comfortably ahead of cash returns of 3.4% and inflation of 6.5%*. Capital invested in the Fund provided stable returns without major drawdowns, despite the volatility in both equity and bond markets. Over the past 12 months, the Fund produced a return of 6.3%, in line with its benchmark of cash returns plus 2%.

During 2022, global equities and global bonds declined by 18.1% and 17.2%, respectively, in US dollars, reversing the returns of previous years. The recent period of volatility has been a good illustration of the benefits of a diversified asset allocation in achieving the Fund's objectives. It can be tempting to hold only cash during periods of uncertainty, but the returns from this are often unsatisfactory over longer timeframes. Over the past two years, cash returns have lagged inflation by a meaningful margin. The addition of some equities at attractive valuations has enhanced returns of the Fund without adding undue risk.

Inflation can be an underappreciated risk for conservative investors. Equities tend to be a good hedge against inflation, as businesses typically have some ability to pass on higher prices. The Fund also has an allocation to foreign assets, which provides some protection against our local currency. This is a useful feature in the portfolio, as a weakening of the rand often corresponds to falling prices for South African bonds. Combining different asset classes can reduce volatility, as declines in one area are partially offset by gains in others.

What do we expect for future returns?

The last five years have not provided a particularly favourable environment for the Fund. Returns from most South African asset classes have been muted over this period with limited opportunities for returns meaningfully ahead of inflation. Over this period, annualised returns were 8.0% for South African shares, 7.8% for South African bonds and 4.3% for local cash, compared to inflation of 4.9%*. Looking forward, the outlook seems much more positive. For example, the current yield on the FTSE/JSE All Bond Index is 11.0% and South African cash rates are at 6.9% – in both cases much higher than the trailing returns. Similarly, the valuations for South African equities are relatively low compared to history, which would suggest higher returns from this starting point. While there are certainly many challenges facing the South African economy and various risks in the market, the available investment opportunities are attractive.

The Fund will strive to take advantage of attractive valuations in various asset classes, without taking on undue risks. The asset allocation remains conservative. Net equity exposure is at 25% compared to a maximum allowable limit of 40%. The domestic fixed income allocation has a relatively low exposure to interest rate risk, with a modified duration of only 3.4.

Commentary contributed by Tim Acker

* Inflation figures for December 2022 are estimates.

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2000)	987.5	521.8	233.7
Annualised:			
Since inception (1 July 2000)	11.2	8.5	5.5
Latest 10 years	8.5	6.9	5.2
Latest 5 years	6.8	6.4	4.9
Latest 3 years	8.2	5.5	5.3
Latest 2 years	10.6	5.4	6.4
Latest 1 year	6.3	6.3	7.4
Risk measures (since inception)			
Maximum drawdown[3]	-16.7	n/a	n/a
Percentage positive months[4]	78.1	100.0	n/a
Annualised monthly volatility[5]	5.2	0.7	n/a
Highest annual return[6]	23.3	14.6	n/a
Lowest annual return[6]	-7.4	4.6	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 2022.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020. 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. The Fund's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 30 June 2003. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 August 2021. 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 2022[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equities	25.3	16.3	1.6	7.4
Hedged equities	20.3	10.9	0.0	9.4
Property	1.0	0.9	0.0	0.1
Commodity-linked	2.9	2.5	0.0	0.4
Bonds	32.7	24.9	2.8	5.0
Money market and bank deposits	17.8	12.2	0.0	5.5
Total (%)	**100.0**	**67.7**	**4.4**	**27.9**[8]

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund can invest a maximum of 45% offshore. Market movements may periodically cause the Fund to move beyond these limits. This must be corrected within 12 months.

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 quarterly.

	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022
Cents per unit	25.7330	31.7375	58.4901	31.6358

ALLAN GRAY OPTIMAL FUND

Inception date: 1 October 2002

Portfolio manager

Sean Munsie.

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

The Fund returned 6.3% for the 2022 calendar year. This compares to the 2022 returns on competing asset classes such as local bonds and cash of 4.3% and 4.2%, respectively.

After an extremely strong 2021, the FTSE/JSE All Share Index (ALSI) had a more muted year, returning 3.6%, notably below that of fixed income and cash. The headline equity return masks the significant volatility experienced during the year with the index down 10.1% year to date in late September. The subsequent rally in the ALSI, alongside that of other global indices, was driven by expectations, perhaps premature, of an eventual pivot in the restrictive monetary policy decisions enacted by central banks, as well as a reversal in the economically ruinous COVID-zero policies being implemented in China.

As a reminder, though, it is the performance of the Fund's underlying shares relative to the stock market index, together with the level of short-term interest rates, that determines the performance. The Fund's bearish positioning, both in terms of stock selection and net equity weight, which has added to the annual performance, proved to be a headwind in the final quarter.

Noteworthy contributors to relative performance during the year included our level of exposure to local banks, platinum group metal (PGM) producers and diversified miners. For the banks, earnings have largely returned to pre-COVID ranges, but in some cases the share price recovery is lagging. While sentiment towards the sector has improved, it cannot yet be termed overly optimistic, evidenced by low prevailing price-to-earnings multiples. Earnings are sensitive to economic conditions, which remain weak, but rising rates provide healthy support to interest margins. Lending has also probably erred on the conservative side in the recent past. The Fund's main exposure is to Nedbank, Standard Bank and Absa, with underweight positions in Capitec and FirstRand, premised on relative valuation.

Commodity prices have been impacted by countervailing forces of recession fears, Chinese lockdowns, the strong US dollar versus supply-side constraints, the effects of the Russia/Ukraine war and continued high inflation. Glencore was the largest contributor to the Fund's performance in 2022. Its thermal coal exposure and its large commodity trading arm are differentiators when compared to diversified mining peers, with conditions for both businesses proving ideal at points during the year. An argument exists that thermal coal prices may remain higher than considered normal for a typical cycle owing to prolonged underinvestment in coal mining and barriers to new fossil fuel production capacity in general. Within precious metals, the Fund ends the year overweight both gold and PGM miners.

Within industrials, underweight exposure to both Richemont and Naspers/Prosus relative to their large weightings in the index detracted from the Fund's performance in the last quarter of 2022. In our view, overweight exposure to companies such as British American Tobacco, AB InBev, Mondi and Sappi, which trade at more attractive prices relative to our assessment of their intrinsic values, offer better upside versus downside potential across a range of possible scenarios.

Commentary contributed by Sean Munsie

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2002)	284.8	222.6	182.5
Annualised:			
Since inception (1 October 2002)	6.9	6.0	5.3
Latest 10 years	5.8	4.8	5.2
Latest 5 years	3.4	4.3	4.9
Latest 3 years	2.3	3.4	5.3
Latest 2 years	6.5	3.4	6.4
Latest 1 year	6.3	4.2	7.4
Risk measures (since inception)			
Maximum drawdown[3]	-10.2	n/a	n/a
Percentage positive months[4]	74.1	100.0	n/a
Annualised monthly volatility[5]	4.4	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-8.2	2.5	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 2022.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 6 February 2020 to 15 September 2020. 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. The Fund's highest annual return occurred during the 12 months ended 30 September 2003 and the benchmark's occurred during the 12 months ended 30 September 2003. The Fund's lowest annual return occurred during the 12 months ended 31 August 2020 and the benchmark's occurred during the 12 months ended 30 November 2021. 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 2022

Asset class	Total
Net equities	-0.2
Hedged equities	81.4
Property	1.5
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	17.3
Total (%)	**100.0**

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 biannually.	30 Jun 2022	31 Dec 2022
Cents per unit	**31.2181**	**54.2894**

Inception date: 2 March 2010

Portfolio manager

Duncan Artus. (The underlying Orbis funds are managed by Orbis.)

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

In recent years, we have been warning clients that government bonds appeared to offer "return-free risk". If you bought a 10-year US Treasury bond at the start of 2022, you were being paid a scant 1.5% annual return for a 10-year venture into the unknown. As of today, you would be down about 20% on your investment with nine more years of uncertainty to go. Bonds also failed to perform their traditional function as a diversification tool, leading to a punishing year for typical balanced portfolios.

Against this backdrop, it was nice to see the Fund deliver a positive US dollar return of 12% after fees. As a reminder, the Fund's returns have historically been *un*-correlated with major asset classes, not *anti*-correlated, so its role as a safe haven in 2022 was not a given. The lifeblood of the Fund's returns has always been the relative performance of our bottom-up stock selections, and good stockpicking performance made all the difference in 2022.

Said differently, the ideal set-up for the Fund is when our stock selections do well and the broader stock market environment does poorly. While we cannot predict either outcome, history provides some reasons for optimism. The boom/bust cycle that we are currently experiencing has several parallels with the late 1960s and the late 1990s. Both episodes featured loose monetary policies that inflated asset prices and encouraged rampant speculation. Both were characterised by extreme valuation dislocations *within* markets, notably between the "new economy" businesses of the future and the boring "old economy" incumbents. Both were followed by a long period in which the excesses and dislocations of the boom years were unwound. And finally, both produced exciting opportunities for stock selection amid generally disappointing equity returns.

As an alternative illustration, we can look at several decades of Japanese history. Japan's economy and markets experienced an extraordinary bubble in the late 1980s, leaving stock market valuations so extreme that the Orbis funds owned no Japanese shares at inception on 1 January 1990 despite Japan's 30% weight in the MSCI World Index at the time. By 1998, however, there were many compelling bargains in Japan and so we launched the Orbis Japan Equity Strategy.

Japan is an interesting illustration, because it provides a glimpse of what can be achieved through stockpicking, even in a lacklustre market environment. Over the past 25 years, the Japanese stock market has returned just 3% per annum in yen and its weight in the MSCI World Index has shrunk to just 6%.

The Orbis Japan Equity Strategy, however, has generated yen returns of 8% per annum after fees since inception. We attribute this to the disciplined application of our long-term, fundamental and contrarian approach to stock selection. Our preference for value-oriented shares has certainly helped. Value stocks in Japan have generally outperformed their growth peers, but in Japan we have often found the best of both worlds: decent businesses at great prices *and* great businesses at decent prices.

Today, we are just as enthusiastic about the stock selection opportunities in Japan as we were 25 years ago. Japan accounts for 19% of the Fund's gross equity exposure and includes several businesses trading on low valuation multiples and paying attractive dividend yields. What is even more exciting is the dislocation between growth and value shares *within* the Japanese market.

For contrarian stockpickers like us, this can create exciting opportunities. For some time, we have preferred "old economy" businesses such as trading companies, commodity producers, select financials and others – with the common ingredient being decent fundamental quality at a big discount to our view of intrinsic value.

The Japanese holdings in the Fund trade at a substantial discount to the local Tokyo Stock Price Index. This requires no sacrifice in quality, as the stocks we hold have similar growth and profitability characteristics – we just pay a lot less for them. Our preferred Japanese shares also pay an average dividend yield of 4%, which is well above the benchmark and a full three percentage points higher than the yield on 10-year Japanese government bonds.

A key lesson from our experience in Japan, and our broader analysis of historical periods of valuation dislocations, is that it can take a long time for valuation gaps to normalise. But once in motion it can become a powerful virtuous upcycle. While prospective stock market returns (beta) may be depressed, there is ample opportunity for selected shares to outperform (alpha) as the cycle turns and asset pricing becomes more rational.

Adapted from a commentary contributed by Graeme Forster, Orbis Investment Management Limited, Bermuda

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1]		CPI inflation[2]	
Cumulative:	ZAR	US$	ZAR	US$	ZAR	US$
Since inception (2 March 2010)	147.8	12.1	108.4	-5.7	90.0	37.3
Annualised:						
Since inception (2 March 2010)	7.3	0.8	5.9	-0.5	5.2	2.5
Latest 10 years	8.3	1.0	6.5	-0.7	5.2	2.6
Latest 5 years	4.9	-1.7	6.1	-0.6	4.9	3.8
Latest 3 years	10.2	3.4	6.1	-0.5	5.3	5.0
Latest 2 years	14.4	6.3	4.4	-3.0	6.4	7.0
Latest 1 year	19.5	12.1	4.6	-1.9	7.4	7.1
Risk measures (since inception)						
Maximum drawdown[3]	-18.9	-31.3	-26.6	-16.1	n/a	n/a
Percentage positive months[4]	51.9	53.2	47.4	47.4	n/a	n/a
Annualised monthly volatility[5]	13.4	7.4	13.9	4.4	n/a	n/a
Highest annual return[6]	39.6	14.4	35.6	9.4	n/a	n/a
Lowest annual return[6]	-12.4	-15.3	-19.1	-11.6	n/a	n/a

1. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 31 December 2022.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 18 May 2016 to 24 March 2017 and maximum benchmark drawdown occurred from 18 January 2016 to 23 February 2018. 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. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 January 2016. The Fund's lowest annual return occurred during the 12 months ended 31 May 2017 and the benchmark's occurred during the 12 months ended 28 February 2017. 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 2022

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	4.5	-0.2	1.8	1.7	-0.1	1.3
Hedged equities	80.6	30.1	24.7	17.7	5.4	2.7
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	14.9	0.0	0.0	0.0	0.0	14.9
Total	**100.0**	**29.9**	**26.5**	**19.4**	**5.4**	**18.9**
Currency exposure of the Orbis funds						
Funds	100.0	57.6	41.4	0.2	0.8	0.0

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 2022
Cents per unit	0.3832

ALLAN GRAY BOND FUND

Inception date: 1 October 2004

Portfolio manager

Londa Nxumalo.

Fund objective and benchmark

The Bond Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk. The Fund's benchmark is the FTSE/JSE All Bond Index.

Commentary

Increasing price pressures set the tone from the beginning of 2022, due to a confluence of factors that would ultimately push inflation to generational highs. The reopening of economies after the lifting of pandemic lockdowns caused demand to bounce back more rapidly than supply, which itself was stymied by a number of backlogs, including shortages of anything from staff to container vessels. The Russo-Ukrainian War resulted in global oil and food prices, which were already on an uptrend at the beginning of the year, reaching levels last seen around a decade ago.

The escalating cost-of-living crisis forced major central banks to act, albeit belatedly, with most – including the European Central Bank and the US Federal Reserve (the Fed) – implementing sizeable interest rate hikes. However, the jury is still out on how far central banks will have to go to get inflation to more palatable levels.

The aggressive Fed action resulted in rising US Treasury yields and a resurgent US dollar, which slammed emerging market countries twice: by triggering investor outflows (raising funding costs) *and* weakening their currencies (raising import costs). This series of unfortunate events could not have come at a worse time for emerging markets, especially African countries still recovering from the pandemic. Rising global food prices were exacerbated by weather-related shocks to local agricultural production, such as drought in the Horn of Africa and floods in West Africa. Crucially, limited fiscal space meant that governments could do very little to shield their populations from higher costs.

In South Africa, high commodity prices have been a saving grace for the economy and the national budget, despite the floods in KwaZulu-Natal taking a bite out of economic growth and causing extensive harm to people, businesses and infrastructure. Furthermore, the failures of key state-owned entities (SOEs), such as Eskom and Transnet, prevented South African producers from taking full advantage of elevated global demand. Fiscal pressures continue to loom large on the horizon, most notably from extended social grants, public sector salaries, SOE bailouts and failing municipalities.

The South African Reserve Bank raised interest rates by a cumulative 3.25% during the year. The repo rate is now higher than it was before the pandemic, with indications that the Monetary Policy Committee may do even more given many moving parts and heightened uncertainty.

Finally, there was high political drama in December, with the long-awaited Phala Phala report casting a dark cloud over President Cyril Ramaphosa and bringing the likelihood of him staying in power into question. Until there is some certainty about the President's fate, the negative overhang will continue to weigh on the rand and bonds.

South African bonds had a tough year which also affected the Allan Gray Bond Fund. The FSTE/JSE All Bond Index (ALBI) delivered only 4.3% and the Fund just 3.5%. This performance is disappointing in the context of money market returns of 5.2% and the November inflation print of 7.4%. However, the outlook for the year ahead is more positive. With the repo rate at 7%, above its pre-pandemic level of 6.5%, floating rate notes (FRNs) and negotiable certificates of deposit (NCDs) are now providing real returns with significantly lower interest rate risk than fixed-rate bonds.

The Fund remains conservatively positioned from a credit, liquidity and duration perspective, with the majority of instruments being that of the South African government and large banks. The modified duration of the Fund is 0.7 years less than that of the ALBI.

Commentary contributed by Londa Nxumalo

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2004)	356.9	336.2	168.3
Annualised:			
Since inception (1 October 2004)	8.7	8.4	5.6
Latest 10 years	7.5	7.1	5.2
Latest 5 years	7.7	7.8	4.9
Latest 3 years	6.1	7.1	5.3
Latest 2 years	5.7	6.3	6.4
Latest 1 year	3.5	4.3	7.4
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	72.1	68.9	n/a
Annualised monthly volatility[5]	5.9	7.4	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

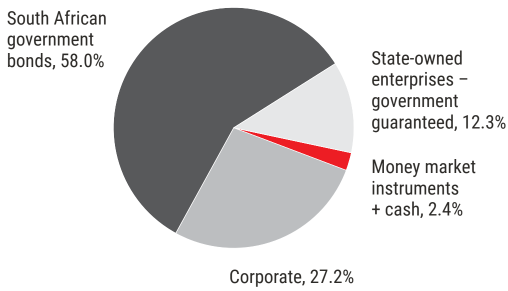
1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 December 2022.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 27 February 2020 to 24 March 2020 and maximum benchmark drawdown occurred from 26 February 2020 to 23 March 2020. 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. The Fund's highest annual return occurred during the 12 months ended 31 January 2015 and the benchmark's occurred during the 12 months ended 31 January 2015. The Fund's lowest annual return occurred during the 12 months ended 31 January 2016 and the benchmark's occurred during the 12 months ended 31 January 2016. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

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

Income distributions for the last 12 months

Actual payout, the Fund distributes quarterly	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022
Cents per unit	**23.9256**	**24.5459**	**25.6894**	**25.0699**

Asset allocation on 31 December 2022



ALLAN GRAY MONEY MARKET FUND

Inception date: 1 July 2001

Portfolio manager

Thalia Petousis.

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

The 2022 calendar year was undeniably one of meaningful financial market upheaval, worsened by negative portfolio returns of a quantum that many investors have only witnessed once or twice in their professional careers. The most widely quoted US equity index, the S&P 500, lost 18% of its value over the year, while many "popular" US technology shares fell in excess of a whopping 60% as investors washed their faces with a healthy dose of realism: The price one pays for an asset matters. Meanwhile, traditionally "safe-haven" US Treasury bond prices fell by 12%, due to global central banks materially raising ultra-low interest rates to do battle with eye-wateringly elevated levels of inflation. Several highly speculative asset classes imploded spectacularly, as a tightening of central bank monetary supply saw outflows from the financial system, laying bare the ill-conceived risk frameworks and corrupt practices of several cryptocurrency exchanges and token providers.

In such environments, the adage "cash is king" is often used to denote the idea that the decision to have taken refuge in money market and cash investments has been a wise and prudent choice – protecting the holder of cash from negative *nominal* returns and allowing them the flexibility to invest in equity or bond assets at depressed valuations, should their risk appetite allow. Cash was certainly king in 2022, with the lazy US-dollar bank account beating both US equity and fixed-rate bond returns. Similarly, the classic rand-denominated money market fund beat both JSE equity and rand-denominated bond index returns, even though neither of the cash investments mentioned kept up with the pace of their home-country inflation (which peaked at 9.1% in the US and 7.8% in South Africa in 2022).

Some reprieve for equity and bond prices arrived in the last quarter of 2022, as inflation began to come off its peak levels. Given that inflation is a year-on-year calculation, it is natural to expect that a large "base effect" will have a disinflationary impact in 2023, but it is important to consider that there are powerful structural forces that may see inflation re-emerge in the medium term beyond just a one-year outlook – the most notable of which are the forces of deglobalisation and protectionism. Exclusively sourcing local goods, restricting import-export traffic and using short supply chains are the enemy of low and stable prices. Much of the global disinflation seen in years past was fed by China's mass exports of cheap manufactured goods produced by low-cost, in-country labour with various raw inputs from a long supply chain spanning several continents – a phenomenon that will not repeat itself.

2022 also saw an abundance of worker strike action globally. Demand for pay increases will increasingly be met where a "local-made" model is given priority and imported alternatives are restricted or excessively tariffed. The global transition to renewable energy will also be a costly and inflationary initiative that is initially less efficient and requires much spending to expand the grid for electrical transmission.

A lesson of the 1970s was certainly that once given life, pricing feedback loops can run amok, leading inflation to become deeply entrenched in the global economy. For the span of that decade, every two years the pendulum seemed to swing between rampant inflation to disinflation and then back with a vengeance. The stability of much of the prior 10 years' prices had vanished. While in such inflationary supercycles one can traditionally expect money market investments to offer a poor return, the hawkish nature of the South African Reserve Bank (SARB) and elevated level of local interest rates offer some reprieve for savers.

Prior to the COVID-19 pandemic and its associated interest rate relief cuts, the Fund enjoyed a weighted average yield (gross of fees) above 8% from 2018 to 2019. Given that global inflation appears to have peaked for the immediate term and the SARB forecasts local inflation to average 5.4% year-on-year in 2023 (with a first quarter average of 6.8%), it is credible to anticipate that investors in the Fund will once again enjoy returns in excess of inflation at some point in the next year.

Commentary contributed by Thalia Petousis

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2001)	384.5	366.6	214.1
Annualised:			
Since inception (1 July 2001)	7.6	7.4	5.5
Latest 10 years	6.5	6.1	5.2
Latest 5 years	6.3	5.8	4.9
Latest 3 years	5.3	4.8	5.3
Latest 2 years	5.0	4.5	6.4
Latest 1 year	5.6	5.2	7.4
Risk measures (since inception)			
Highest annual return[3]	12.8	13.3	n/a
Lowest annual return[3]	4.3	3.8	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 2022.
2. This is based on the latest available numbers published by IRESS as at 30 November 2022.
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. The Fund's highest annual return occurred during the 12 months ended 31 July 2003 and the benchmark's occurred during the 12 months ended 31 July 2003. The Fund's lowest annual return occurred during the 12 months ended 31 October 2021 and the benchmark's occurred during the 12 months ended 31 October 2021. 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 (cents per unit), the Fund distributes monthly

Jan 2022	Feb 2022	Mar 2022	Apr 2022
0.38	0.36	0.40	0.40
May 2022	Jun 2022	Jul 2022	Aug 2022
0.43	0.43	0.46	0.49
Sep 2022	Oct 2022	Nov 2022	Dec 2022
0.49	0.53	0.53	0.58

Exposure by issuer on 31 December 2022

	% of portfolio
Corporates	**7.6**
Shoprite	2.6
Sanlam	2.4
AVI	1.6
Pick 'n Pay	1.0
Banks[4]	**92.5**
Standard Bank	22.7
Nedbank	21.3
Investec Bank	18.5
Absa Bank	15.8
FirstRand Bank	14.2
Total (%)	**100.0**

4. Banks include negotiable certificates of deposit (NCDs), floating rate notes, 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 0.20%. 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. Orbis pays a marketing and distribution fee to Allan Gray.
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 0.20%. 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 (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 and prospectus, which can be found at www.orbis.com.
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 0.10%, 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. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray Tax-Free Balanced Fund (JSE code: AGTBA)	The fee we charge is fixed at 1.25% excluding VAT. This fee only applies to the portion of the Fund that we manage. The offshore portion of the unit trust is managed by Orbis. Orbis charges fixed fees within these funds. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray-Orbis Global Balanced Feeder Fund (JSE code: AGGF)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges an annual management fee within the underlying Orbis SICAV Global Balanced Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information, please refer to the Orbis SICAV Global Balanced Fund factsheet and prospectus, which can be found at www.orbis.com.
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 0.10%, 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. Orbis pays a marketing and distribution fee to Allan Gray.
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 0.20% to the fee for each percentage of performance above the high watermark. The fee is uncapped.
Allan Gray-Orbis Global Optimal Fund of Funds (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 Orbis fund's fee rate is calculated based on the Orbis fund's performance relative to its own benchmark. For more information, please refer to the Orbis Optimal SA Fund factsheets and prospectus, which can be found at www.orbis.com.
Allan Gray Bond Fund (JSE code: AGBD)	A fixed fee of 0.50% p.a. excl. VAT
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 (TERs) AND TRANSACTION COSTS

For the 1-year period ending 31 December 2022

Fund	Fee for benchmark performance %	Performance fee %	Other costs excluding transaction costs %	VAT %	Total expense ratio (TER)[5,6] %	Transaction costs (incl. VAT)[5,6] %	Total investment charge (TIC) %
Allan Gray Equity Fund[1,2] (JSE code: AGEF)	1.09%	0.45%	0.03%	0.15%	**1.72%**	0.09%	**1.81%**
Allan Gray SA Equity Fund[2] (JSE code: AGDA)	1.00%	0.57%	0.01%	0.24%	**1.82%**	0.11%	**1.93%**
Allan Gray-Orbis Global Equity Feeder Fund[3] (JSE code: AGOE)	1.50%	-0.31%	0.05%	0.00%	**1.24%**	0.11%	**1.35%**
Allan Gray Balanced Fund[1,2] (JSE code: AGBF)	1.02%	0.47%	0.03%	0.16%	**1.68%**	0.07%	**1.75%**
Allan Gray Tax-Free Balanced Fund[1,2,4] (JSE code: AGTBA)	1.31%	0.00%	0.04%	0.15%	**1.50%**	0.08%	**1.58%**
Allan Gray-Orbis Global Balanced Feeder Fund[3] (JSE code: AGGF)	1.37%	2.28%	0.06%	0.00%	**3.71%**	0.08%	**3.79%**
Allan Gray Stable Fund[1,2] (JSE code: AGSF)	1.01%	0.51%	0.03%	0.18%	**1.73%**	0.04%	**1.77%**
Allan Gray Optimal Fund[2] (JSE code: AGOF)	1.00%	0.00%	0.02%	0.15%	**1.17%**	0.15%	**1.32%**
Allan Gray-Orbis Global Optimal Fund of Funds[3] (JSE code: AGOO)	0.99%	-0.01%	0.07%	0.00%	**1.05%**	0.15%	**1.20%**
Allan Gray Bond Fund[2,4] (JSE code: AGBD)	0.50%	0.00%	0.01%	0.08%	**0.59%**	0.00%	**0.59%**
Allan Gray Money Market Fund[2,4] (JSE code: AGMF)	0.25%	0.00%	0.00%	0.04%	**0.29%**	0.00%	**0.29%**

1. Assets invested in the Orbis funds incur a management fee. These, along with other expenses, are included in the total expense ratio.
2. The fees, TERs and transaction costs provided are for Class A funds only. The fees, TERs and transaction costs for other classes of the funds are available from our Client Service Centre.
3. Due to foreign exchange control regulations, the Fund may be closed from time to time. Unitholders can contact our Client Service Centre to confirm whether or not the Fund is open.
4. The Allan Gray Tax-Free Balanced Fund, Allan Gray Money Market Fund and Allan Gray Bond Fund charge a fixed fee.
5. The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).
6. TERs and transaction costs are unaudited.

Compliance with retirement fund regulations

Allan Gray Balanced, Stable, Bond, Tax-Free Balanced and Money Market funds

These funds 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 the prescribed regulatory 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 2022

	Note	Equity Fund		Global Equity Feeder Fund		Balanced Fund		Global Balanced Feeder Fund		Stable Fund	
		2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R
INVESTMENT INCOME		1 288 787 553	831 001 367	2 465 803	5 780 017	5 947 780 040	4 202 248 342	1 606 592	1 335 586	2 438 414 868	1 812 302 046
Dividends - Local		1 235 575 278	783 687 201	-	-	4 026 406 508	2 603 954 196	-	-	710 794 987	417 801 772
Dividends - Foreign		1 644 723	-	-	-	5 117 271	-	-	-	1 557 730	-
Dividends - Real estate investment trust income		23 363 489	26 489 098	-	-	73 896 525	105 388 543	-	-	26 907 907	55 165 681
Interest - Local		27 408 047	20 570 518	2 465 803	5 780 017	1 759 458 376	1 432 431 267	1 606 592	1 335 586	1 565 957 371	1 238 021 315
Interest - Foreign		796 016	-	-	-	82 901 360	59 813 176	-	-	133 196 873	100 962 508
Sundry income		-	254 550	-	-	-	661 160	-	-	-	350 770
OPERATING EXPENSES		417 110 596	125 817 023	868 360	1 570 038	1 736 406 422	855 983 769	594 593	990 800	612 154 775	457 882 400
Audit fee		124 561	180 993	46 629	63 784	143 556	208 591	48 323	70 575	127 445	185 188
Bank charges		157 961	170 742	14 747	10 469	561 053	521 217	20 172	13 999	488 067	455 742
Commitment fee		-	953 648	-	630 652	-	199 641	-	390 974	-	55 174
Trustee fee		1 339 164	1 285 633	806 984	865 133	5 415 586	5 152 199	526 098	515 252	1 651 383	1 596 386
Management fee		415 488 910	123 226 007	-	-	1 730 286 227	849 902 121	-	-	609 887 880	455 589 910
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	871 676 957	705 184 344	1 597 443	4 209 979	4 211 373 618	3 346 264 573	1 011 999	344 786	1 826 260 093	1 354 419 646

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Equity Fund		Global Equity Feeder Fund		Balanced Fund		Global Balanced Feeder Fund		Stable Fund	
	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R
ASSETS										
Investments	40 254 097 146	39 294 541 821	23 826 652 758	26 494 993 731	164 519 078 006	156 005 186 664	15 685 494 814	15 357 454 059	48 753 259 377	47 760 584 651
Current assets	82 080 640	59 430 101	15 827 612	165 663 628	244 666 560	255 595 829	40 778 168	67 195 275	84 951 688	52 894 493
TOTAL ASSETS	40 336 177 786	39 353 971 922	23 842 480 370	26 660 657 359	164 763 744 566	156 260 782 493	15 726 272 982	15 424 649 334	48 838 211 065	47 813 479 144
LIABILITIES										
Current liabilities	606 717 403	446 346 560	1 680 707	4 331 560	2 953 128 576	2 165 741 774	1 094 020	451 729	442 028 640	368 127 258
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	39 729 460 383	38 907 625 362	23 840 799 663	26 656 325 799	161 810 615 990	154 095 040 719	15 725 178 962	15 424 197 605	48 396 182 425	47 445 351 886

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Optimal		Global Optimal Fund of Funds		Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
		2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R
INVESTMENT INCOME		41 727 385	28 867 323	300 129	54 051	654 024 906	489 367 120	1 427 448 273	1 112 311 456	202 298 254	121 739 184	74 672 767	45 672 743
Dividends - Local		32 552 860	23 372 905	-	-	-	-	-	-	190 216 692	114 353 397	49 451 244	27 448 045
Dividends - Foreign		-	-	-	-	-	-	-	-	-	-	63 395	-
Dividends - Real estate investment trust income		1 105 323	1 184 973	-	-	-	-	-	-	4 348 423	4 247 421	934 083	1 147 343
Interest - Local		8 069 202	4 282 595	300 129	54 051	654 024 906	489 367 120	1 427 448 273	1 112 311 456	7 733 139	3 097 706	23 312 728	16 550 625
Interest - Foreign		-	-	-	-	-	-	-	-	-	-	911 317	517 770
Sundry income		-	26 850	-	-	-	-	-	-	-	40 660	-	8 960
OPERATING EXPENSES		9 672 352	9 296 190	101 475	134 238	35 805 807	17 622 408	68 890 466	71 343 463	31 524 014	459 130	21 469 606	16 896 197
Audit fee		124 948	180 532	48 167	69 985	85 664	124 482	100 362	145 461	84 418	122 669	78 510	114 074
Bank charges		57 777	60 855	14 407	15 503	140 270	112 663	152 327	190 986	124 478	125 878	130 615	112 915
Commitment fee		-	4 459	-	20 754	-	-	-	-	-	85 663	-	-
Trustee fees		30 033	28 793	38 901	27 996	226 642	192 986	846 343	853 945	148 940	124 920	67 517	53 908
Management fee		9 459 594	9 021 551	-	-	35 353 231	17 192 277	67 791 434	70 153 071	31 166 178	-	21 192 964	16 615 300
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	32 055 033	19 571 133	198 654	(80 187)	618 219 099	471 744 712	1 358 557 807	1 040 967 993	170 774 240	121 280 054	53 203 161	28 776 546

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Optimal Fund		Global Optimal Fund of Funds		Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R	2022 R	2021 R
ASSETS												
Investments	866 674 114	782 326 328	1 299 634 624	925 920 348	7 132 933 558	6 254 691 245	25 389 368 169	23 475 719 659	4 922 768 013	3 887 251 458	2 159 140 019	1 738 423 662
Current assets	3 180 886	14 856 483	9 872 849	5 032 999	10 858 509	10 751 694	31 979 118	10 429 031	21 499 012	16 043 523	7 795 065	5 562 870
TOTAL ASSETS	869 855 000	797 182 811	1 309 507 473	930 953 347	7 143 792 067	6 265 442 939	25 421 347 287	23 486 148 690	4 944 267 025	3 903 294 981	2 166 935 084	1 743 986 532
LIABILITIES												
Current liabilities	21 183 144	13 666 296	261 179	70 575	173 977 943	141 411 734	153 222 514	94 774 695	130 262 245	81 619 665	39 351 387	21 476 880
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	848 671 856	783 516 515	1 309 246 294	930 882 772	6 969 814 124	6 124 031 205	25 268 124 773	23 391 373 995	4 814 004 780	3 821 675 316	2 127 583 697	1 722 509 652

1. Distribution schedules

	Note	2022	2021
ALLAN GRAY EQUITY FUND			
30 June			
Class A			
Cents per unit		303.2238	330.8930
Distribution paid - R		143 658 353	158 998 171
Class C			
Cents per unit		346.8629	331.3694
Distribution paid - R		116 634 787	119 197 311
Class X			
Cents per unit		515.7775	332.2404
Distribution paid - R		10 376 476	5 424 592
31 December			
Class A			
Cents per unit		707.3119	448.7288
Distribution paid - R		332 052 042	212 990 907
Class C			
Cents per unit		729.7110	533.7653
Distribution paid - R		238 642 100	186 414 888
Class X			
Cents per unit		1 039.7574	635.1475
Distribution paid - R		18 932 389	12 017 353
TOTAL DISTRIBUTION FOR THE YEAR		860 296 147	695 043 222
(Income)/expense on creation and cancellation of units		11 380 810	10 141 122
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		871 676 957	705 184 344
ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND			
31 December			
Class A			
Cents per unit		0.6110	1.5476
Distribution paid - R		1 560 640	4 184 836
TOTAL DISTRIBUTION FOR THE YEAR		1 560 640	4 184 836
(Income)/expense on creation and cancellation of units		36 803	25 143
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		1 597 443	4 209 979

	Note	2022	2021
ALLAN GRAY BALANCED FUND			
30 June			
Class A			
Cents per unit		107.1483	93.3008
Distribution paid - R		596 374 112	514 755 238
Class C			
Cents per unit		118.3704	103.3181
Distribution paid - R		736 330 890	668 261 118
Class X			
Cents per unit		180.6924	130.4402
Distribution paid - R		90 771 726	63 789 881
31 December			
Class A			
Cents per unit		215.3546	159.5677
Distribution paid - R		1 205 822 733	875 194 941
Class C			
Cents per unit		226.5817	170.2950
Distribution paid - R		1 397 230 646	1 075 606 187
Class X			
Cents per unit		299.6316	204.4115
Distribution paid - R		153 538 831	109 903 723
TOTAL DISTRIBUTION FOR THE YEAR		4 180 068 938	3 307 511 088
(Income)/expense on creation and cancellation of units		31 304 680	38 753 485
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		4 211 373 618	3 346 264 573
ALLAN GRAY-ORBIS GLOBAL BALANCED FEEDER FUND			
31 December			
Class A			
Cents per unit		0.3579	0.1143
Distribution paid - R		995 107	336 645
TOTAL DISTRIBUTION FOR THE YEAR		995 107	336 645
(Income)/expense on creation and cancellation of units		16 892	8 141
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		1 011 999	344 786

1. Distribution schedules continued

	Note	2022	2021
ALLAN GRAY STABLE FUND			
31 March			
Class A			
Cents per unit		25.7330	22.9897
Distribution paid - R		144 419 494	126 686 521
Class C			
Cents per unit		27.6167	24.6172
Distribution paid - R		162 493 051	154 812 866
Class X			
Cents per unit		39.8980	31.2908
Distribution paid - R		15 340 512	6 563 401
30 June			
Class A			
Cents per unit		31.7375	23.6459
Distribution paid - R		179 000 411	130 786 398
Class C			
Cents per unit		33.6218	25.3173
Distribution paid - R		196 094 475	156 561 358
Class X			
Cents per unit		45.9056	32.2807
Distribution paid - R		20 515 111	7 192 901
30 September			
Class A			
Cents per unit		58.4901	36.4990
Distribution paid - R		330 923 394	200 844 258
Class C			
Cents per unit		60.3752	38.2380
Distribution paid - R		348 862 117	231 235 626
Class X			
Cents per unit		72.6633	48.1556
Distribution paid - R		28 061 291	15 859 789
31 December			
Class A			
Cents per unit		31.6358	25.2260
Distribution paid - R		180 272 898	140 591 962
Class C			
Cents per unit		33.5255	27.0775
Distribution paid - R		194 623 480	161 902 858

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

	Note	2022	2021
Class X			
Cents per unit		45.8413	39.1319
Distribution paid - R		15 929 083	13 913 248
TOTAL DISTRIBUTION FOR THE YEAR		1 816 535 317	1 346 951 186
(Income)/expense on creation and cancellation of units		9 724 776	7 468 460
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		1 826 260 093	1 354 419 646
ALLAN GRAY OPTIMAL FUND			
30 June			
Class A			
Cents per unit		31.2181	15.6876
Distribution paid - R		7 358 528	3 738 507
Class C			
Cents per unit		33.2713	17.5610
Distribution paid - R		4 084 943	2 352 763
31 December			
Class A			
Cents per unit		54.2894	35.9602
Distribution paid - R		12 640 663	8 127 469
Class C			
Cents per unit		56.3374	37.9084
Distribution paid - R		7 611 604	4 620 119
TOTAL DISTRIBUTION FOR THE YEAR		31 695 738	18 838 858
(Income)/expense on creation and cancellation of units		359 295	732 275
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		32 055 033	19 571 133
ALLAN GRAY-ORBIS GLOBAL OPTIMAL FUND OF FUNDS			
31 December			
Class A			
Cents per unit		0.3832	-
Distribution paid - R		202 872	-
TOTAL DISTRIBUTION FOR THE YEAR		202 872	-
Shortfall of income funded by net assets attributed to unitholders	2	-	(91 712)
(Income)/expense on creation and cancellation of units		(4 218)	11 525
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		198 654	(80 187)

1. Distribution schedules continued

	Note	2022	2021
ALLAN GRAY BOND FUND			
31 March			
Class A			
Cents per unit		23.9256	22.5561
Distribution paid - R		132 136 509	104 775 416
Class X			
Cents per unit		26.3657	57.4333
Distribution paid - R		6 412 391	303
30 June			
Class A			
Cents per unit		24.5459	22.9999
Distribution paid - R		139 872 023	113 126 773
Class X			
Cents per unit		26.9851	23.7809
Distribution paid - R		8 512 491	133
30 September			
Class A			
Cents per unit		25.6894	23.8985
Distribution paid - R		153 819 368	123 411 888
Class X			
Cents per unit		28.1410	24.3524
Distribution paid - R		12 890 607	139
31 December			
Class A			
Cents per unit		25.0699	24.6430
Distribution paid - R		154 900 506	132 101 871
Class X			
Cents per unit		27.4624	26.3872
Distribution paid - R		15 877 704	6 270 471
TOTAL DISTRIBUTION FOR THE YEAR		624 421 599	479 686 994
(Income)/expense on creation and cancellation of units		(6 202 500)	(7 942 282)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		618 219 099	471 744 712
ALLAN GRAY SA EQUITY FUND			
30 June			
Class A			
Cents per unit		330.6436	451.9763
Distribution paid - R		11 936 244	16 897 149

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2022

	Note	2022	2021
Class C			
Cents per unit		587.3036	452.5846
Distribution paid - R		5 022 098	3 853 928
Class X			
Cents per unit		657.8831	452.7150
Distribution paid - R		36 767 791	22 721 510
31 December			
Class A			
Cents per unit		899.8108	813.8448
Distribution paid - R		34 709 941	28 550 816
Class C			
Cents per unit		925.4519	814.9393
Distribution paid - R		7 694 428	6 598 652
Class X			
Cents per unit		1 314.4103	815.1737
Distribution paid - R		85 501 135	42 229 690
TOTAL DISTRIBUTION FOR THE YEAR		181 631 637	120 851 745
(Income)/expense on creation and cancellation of units		(10 857 397)	428 309
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		170 774 240	121 280 054

ALLAN GRAY TAX-FREE BALANCED FUND

	Note	2022	2021
30 June			
Class A			
Cents per unit		11.9507	8.1043
Distribution paid - R		14 943 940	8 536 248
Class C			
Cents per unit		13.1538	9.1808
Distribution paid - R		2 485 592	1 543 037
31 December			
Class A			
Cents per unit		24.2736	14.8998
Distribution paid - R		31 737 518	16 615 954
Class C			
Cents per unit		25.4787	16.0415
Distribution paid - R		5 072 632	2 818 365
TOTAL DISTRIBUTION FOR THE YEAR		54 239 682	29 513 604
(Income)/expense on creation and cancellation of units		(1 036 521)	(737 058)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		53 203 161	28 776 546

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 on this note due to the frequency of the distributions. This information can be found on the Allan Gray website.

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.

	2022 R	2021 R
Allan Gray-Orbis Global Optimal Fund of Funds	-	91 712

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 participatory interest holders on the administration of the Scheme during each annual accounting period.

We advise for the period 1 January 2022 to 31 December 2022 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 in the year.

Yours faithfully

Anton Rijntjes
Head Trustee Services
Rand Merchant Bank
A division of FirstRand Bank Limited

Ruan van Dyk
Quality Assurance Manager Trustee Services
Rand Merchant Bank
A division of FirstRand Bank Limited

Johannesburg
20 February 2023

IMPORTANT NOTES FOR INVESTORS

Information and content

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

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

Management Company

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the Funds. 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.

IMPORTANT NOTES FOR INVESTORS

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 11:00 each business day for the Allan Gray Money Market Fund, and by 14:00 each business day for any other Allan Gray unit trust fund to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray.

Total expense 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 one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).

The Allan Gray Money Market Fund (the 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 applicable 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 11:00 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.

IMPORTANT NOTES FOR INVESTORS

FTSE/JSE All Bond Index

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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.

IMPORTANT NOTES FOR INVESTORS

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 fund of funds.

Foreign exposure

The Allan Gray Equity, Balanced, Stable, Tax-Free Balanced and rand-denominated offshore 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, Tax-Free Balanced 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 the prescribed regulatory 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).

Communication with investors

Statements are sent to all unitholders on a quarterly basis. In addition, confirmations are sent on a transaction basis (excluding debit orders).

Copies of the audited annual financial statements of the Manager and of the unit trusts it manages are available, free of charge, on request by any investor.

Management Company

Allan Gray Unit Trust Management (RF) Proprietary Limited
Reg. No. 1998/007756/07
1 Silo Square V&A Waterfront Cape Town 8001

Contact details

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Directors

Executive directors

T G Lamb	BBusSc (Hons) CA (SA) CFA
E C Van Zyl	BSc (Eng) MBA MFin

Non-executive directors

V A Christian	BCom CA (SA) (Independent)
M Cooper	BBusSc FIA FASSA MBA
E D Loxton	BCom (Hons) MBA (Chairman)
B T Madikizela	BCom MCom (Int Acc) CA (SA) (Independent)
J W T Mort	BA LLB (Independent)

Company Secretary

C E Solomon	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

Rand Merchant Bank, a division of FirstRand Bank Limited
P O Box 786273 Sandton 2146 South Africa

Auditors

Ernst & Young Inc.

Allan Gray Proprietary Limited is a member of the Association for Savings & Investment South Africa (ASISA)

AllanGray