

Fund description and summary of investment policy¹

The Fund is a feeder fund and invests only in the Orbis SICAV Global Balanced Fund ('Orbis Global Balanced'), managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. Orbis Global Balanced invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. The typical net equity exposure of Orbis Global Balanced is between 40% and 75%. Orbis Global Balanced aims to balance investment returns and risk of loss. Returns are likely to be less volatile than those of a global equity-only fund. Although Orbis Global Balanced's investment universe is global, the units of the Fund are priced and traded daily in rands.

ASISA unit trust category: Global – Multi Asset – High Equity

Fund objective and benchmark¹

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

How we aim to achieve the Fund's objective

The Fund invests only in Orbis Global Balanced. Orbis Global Balanced is actively managed and invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. Orbis Global Balanced targets an exposure of 40% to 90% of net asset value ('NAV') in equities, 10% to 50% in fixed income and 0% to 10% in commodity-linked instruments. The overall exposure to equities after hedging is intended to be limited to 75% of NAV. The weighting among the asset classes is driven by Orbis' bottom-up approach in selecting securities across asset classes and therefore may deviate substantially compared to the benchmark. Like Allan Gray, Orbis uses in-house research to identify companies whose shares can be purchased for less than Orbis' assessment of their long-term intrinsic value. This long-term perspective enables them to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. A similar approach is applied in selecting fixed income instruments, which may consist of cash, cash equivalents, government bonds and investment-grade and high-yield corporate bonds and, at times, distressed corporate bonds. They are selected with the aim of increasing the overall risk-adjusted return. When Orbis' research suggests that stock or bond markets are overvalued, Orbis may reduce exposure to those asset classes or hedge market risk using exchange-traded derivatives. Hedged equities may also be used as an alternative to holding fixed-income instruments and reduce overall portfolio risks. Commodity-linked instruments are included if Orbis' research identifies certain commodities as being more attractive on a risk-adjusted basis than overall equity or fixed-income opportunities. Currency exposure is actively managed to control exposure to currencies less likely to hold their long-term value in US dollars.

Suitable for those investors who

- Seek to balance investment returns and risk of loss, by investing in a diversified global multi-asset class portfolio
- Wish to invest in international assets through a rand-denominated fund
- Are comfortable that the investment approach is likely to result in volatility and potential capital loss, but typically less volatility than that of a global equity-only fund
- Typically have an investment horizon of at least three to five years

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

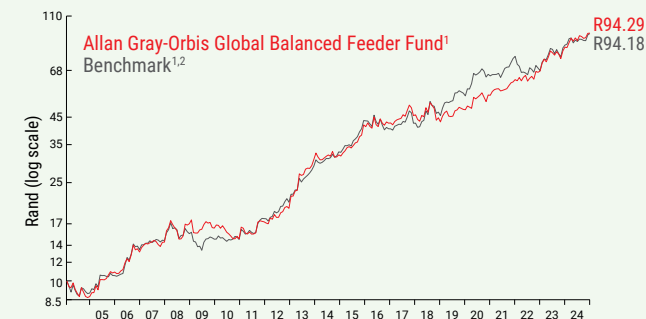
Fund information on 31 December 2024

Fund size	R18.4bn
Number of units	231 101 757
Price (net asset value per unit)	R79.77
Class	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 Global Government Bond Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2024. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan Global Government Bond Index.
3. This data reflects the latest available inflation numbers for South Africa and the United States of America, as published by IRESS as of 30 November 2024.
4. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown occurred from 23 October 2008 to 30 June 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
6. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
7. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 October 2010 and the benchmark's occurred during the 12 months ended 30 June 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Performance net of all fees and expenses

Value of R10 invested at inception with all distributions reinvested



% Returns	Fund ¹		Benchmark ^{1,2}		CPI inflation ³	
	ZAR	US\$	ZAR	US\$	ZAR	US\$
Cumulative:						
Since inception (3 February 2004)	842.9	252.4	841.8	252.0	197.4	69.9
Annualised:						
Since inception (3 February 2004)	11.3	6.2	11.3	6.2	5.4	2.6
Latest 10 years	11.6	6.4	11.3	6.0	4.9	2.9
Latest 5 years	14.9	8.3	11.9	5.6	4.9	4.2
Latest 3 years	15.1	8.9	7.1	1.4	5.3	4.3
Latest 2 years	18.8	12.8	18.3	12.4	4.2	2.9
Latest 1 year	13.6	11.8	11.1	9.3	2.9	2.7
Year-to-date (not annualised)	13.6	11.8	11.1	9.3	2.9	2.7
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	60.6	57.8	63.3	n/a	n/a
Annualised monthly volatility ⁶	13.3	11.7	12.7	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

Meeting the Fund objective

Since inception the fund has performed in line with its benchmark. Over the latest 10- and five-year periods, the Fund has outperformed its benchmark. The Fund has provided returns in excess of CPI inflation for all three periods. The Fund experiences periods of underperformance in pursuit of its objective of creating long-term wealth for investors, without taking on greater risk of loss than similar funds in the Global – Multi Asset – High Equity sector.

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus annually.	31 Dec 2024
Cents per unit	1.5499

Annual management fee

Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis.

Orbis charges an annual management fee within the underlying Orbis SICAV Global Balanced Fund. The fee rate is calculated based on the Orbis fund’s performance relative to its benchmark. For more information please refer to the Orbis SICAV Global Balanced Fund factsheet and prospectus, which can be found at www.orbis.com.

Total expense ratio (TER) and transaction costs (updated quarterly)

The annual management fee charged by Orbis is included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a one and three-year period (annualised). Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns (refer to page 4 for further information). Transaction costs are disclosed separately.

TER and transaction costs breakdown for the 1- and 3-year period ending 31 December 2024	1yr %	3yr %
Total expense ratio	2.00	2.09
Fee for benchmark performance	1.10	1.19
Performance fees	0.83	0.84
Other costs excluding transaction costs	0.07	0.06
VAT	0.00	0.00
Transaction costs (including VAT)	0.06	0.07
Total investment charge	2.06	2.16

Top 10 holdings on 31 December 2024

Company	% of portfolio
SPDR Gold Trust	5.5
Kinder Morgan	4.4
Siemens Energy	3.3
Taiwan Semiconductor Mfg	3.3
US TIPS 1 - 3 Years	3.2
Samsung Electronics	2.8
Nintendo	2.8
US TIPS 3 - 5 Years	2.4
Cinemark Holdings	2.3
Drax Group	2.2
Total (%)	32.3

Asset allocation on 31 December 2024

This fund invests solely into the Orbis SICAV Global Balanced Fund

	Total	United States	UK	Europe ex-UK⁸	Japan	Other⁸	Emerging markets
Net equities	57.4	11.3	12.1	10.8	5.9	5.5	11.7
Hedged equities	18.7	10.3	1.1	4.2	0.7	0.9	1.4
Property	0.3	0.0	0.0	0.0	0.3	0.0	0.0
Commodity-linked	5.6	5.6	0.0	0.0	0.0	0.0	0.0
Bonds	16.4	11.3	0.6	1.3	0.0	0.0	3.3
Money market and cash	1.6	0.6	0.0	0.4	0.1	0.1	0.5
Total (%)	100.0	39.1	13.8	16.7	7.0	6.5	16.9
Currency exposure	100.0	26.7	12.8	27.3	15.3	10.2	7.8
Benchmark	100.0	64.9	4.4	16.1	9.8	4.9	0.0

8. Refers to developed markets only.

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

2024 was a solid year for the Fund, but every year, one way or another, we get a lesson in humility from markets. The team uncovered some big winners over the past year, in sectors as diverse as defence contractors and cinema operators. But we did not participate in the massive returns from the world's already-biggest-and-most-loved shares, which got more expensive, as did the US dollar – a currency which the portfolio had a lower exposure to than its benchmark. 2024 has served as a great reminder that the spread of potential investment outcomes is always wide.

If the spread of investment outcomes is wide, so too is the sweep of the pendulum in investor sentiment. First, the pendulum starts to swing, gaining force as the stories get better, the promises grander, the assumptions rosier and the profits more assured. As beliefs get more stretched, so do market prices in the affected areas. In time, cracks start to form in the appealing stories, and the grand promises and rosy assumptions collapse on collision with reality. Spurred by the first swing of the pendulum, investors push it to the other extreme, rejecting the first happy story in favour of its apparent opposite. Eventually that story cracks too, and, pulled by gravity, the pendulum ends up in the only place it ever could – with clear-eyed, pragmatic trade-offs. Prices settle at something more recognisable as fundamental value.

Recently, there has been no better example of the pendulum than the swings in market sentiment around the energy system. (It is worth saying here that while we integrate responsible investing concerns into our investment process, the Fund does not invest according to sustainability factors.)

As early as 2018, our research convinced us that the world needed more energy generally, and a lot more electricity specifically. But way oversimplistic approaches to environmental, social and governance concerns ruled the roost. The core belief was simple – carpet the world with wind and solar farms, and all will be wonderful. Spurred by the appealing (if unrealistic) story, renewable energy stocks flew and “old school” energy stocks sold off.

The beliefs were never going to hold up against basic science and economics. As we wrote in March, the more wind and solar you have in your energy grid, the more backup you need to get through lulls in supply and peaks in demand.

As investors and voters alike have grown disillusioned with the exaggerated promises of wind and solar power, the pendulum has swung away from renewables and towards a new fascination with nuclear. Vestas Wind Systems, a leading wind turbine manufacturer which the Fund once held, has seen its share price decline by two-thirds since early 2021, while nuclear generator Constellation, which we held until recently, has seen its share price quadruple. Even the previously mothballed Three Mile Island nuclear power station is getting a comeback.

This nuclear fascination shows the appeal of the pendulum's second swing. It feels more pragmatic than the first, but again ignores many of its obstacles.

We believe nuclear will be an important part of the solution – but not nearly as quickly as the market has hoped.

Finally, reality is pulling the pendulum towards a more realistic set of beliefs. Investors are coming to realise that natural gas is the most pragmatic way to increase generation capacity and complement wind and solar power. Two holdings illustrate this shift.

We added Kinder Morgan (KMI) to the Fund in 2021, at a time of acute anti-fossil fuel sentiment. KMI owns the largest network of natural gas pipelines in North America, moving about 40% of gas consumed in the country. Investors bought into the idea of natural gas being a dead-end energy source. Our research suggested that natural gas-fired electricity should instead be complementary to intermittent wind and solar, and in the US, plentiful gas provides a strategic advantage. Importantly for value investors, we were being paid to wait for the pendulum to swing round to our thinking – at the time of our purchase, KMI offered a near 7% dividend yield and 12% free cash flow yield. This enabled us to build KMI into the Fund's largest equity holding.

Siemens Energy has gone from loathed to respected. Though the company's Gamesa unit makes wind turbines, and its grid equipment business is essential to replacing ageing and failing grid infrastructure, Siemens Energy was scorned for making turbines for gas, nuclear and coal plants. Its shares languished at roughly half their book value. From their trough, Siemens Energy shares are up five-fold and still look reasonably priced to us today. The gas business is increasingly seen as a gem, and the critical importance of its grid equipment business is starting to be appreciated.

The energy system example illustrates how the pendulum in investor sentiment works, but it is far from the only one. We continue to track investable sentiment swings around defence and infrastructure. We may yet see changes in the fevered sentiment swing towards American exceptionalism, or in the still-strong faith that central banks and low inflation will support financial assets. But markets call for humility. In advance, we can know neither the full range of outcomes nor the path markets will take. What we do know is the price we pay. On a price-to-earnings basis, the shares in the Fund trade at a 40% discount to world stock markets. By seeking out low expectations, we can both improve potential returns and reduce the risk of the pendulums' swings.

We initiated a position in Arch Capital Group, a Bermuda-based insurance company, and exited the Fund's position in Brookfield, a Canada-based investment management company.

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

Fund manager quarterly commentary as at 31 December 2024

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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 Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The funds may borrow up to 10% of their market value to bridge insufficient liquidity.

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund, including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

Permissible deductions may include management fees, brokerage, securities transfer tax, auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from Allan Gray. For more information about our annual management fees, refer to the [frequently asked questions](#), available via the Allan Gray website.

Total expense ratio (TER) and transaction costs

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

Feeder fund

A feeder fund is a unit trust that invests in another single unit trust, which charges its own fees. Allan Gray does not charge any additional fees in its feeder funds.

FTSE Russell Index

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J.P. Morgan Index

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