2019

ABRIDGED ANNUAL REPORT

UNIT TRUSTS

ALLAN GRAY

Contents

Edgar Loxton

I begin this year's comments on a sombre note paying tribute to our founder, Allan William Buchanan Gray, who passed away in November 2019 aged 81. Allan made an immeasurable impact on many lives as an entrepreneur, investor and philanthropist in South Africa, and globally.

Allan leaves behind a lasting legacy. He was first known as an exceptional investor, founding Allan Gray, and later Orbis. The companies he built had the singular purpose of creating long-term wealth for clients, and successive generations of employees continue to be guided by Allan's strong values and his philosophy and approach to investing.

He saw philanthropy as a natural extension of the impact that the investment business aims to make in people's lives, spending considerable focus and energy later in his career on philanthropic endeavours. His last years were spent setting up the Allan & Gill Gray Foundation (the Foundation), to which he donated his family's controlling stake in the Orbis and Allan Gray groups. This not only ensured that the firms' independence was secured into perpetuity but that all dividends that the Foundation receives are devoted entirely and exclusively to philanthropy. More recently the Foundation established initiatives around the world through which themed contributions are made to causes where Allan Gray and Orbis offices are situated.

Allan's most enduring legacy for you, our clients, may be the efforts that he took to ensure that the firm would remain in excellent hands for many generations to come. A meticulous planner, he spent a number of years gradually transferring his responsibilities to others. He handed over the presidency of Orbis to his son William in 2000, resigned from the Allan Gray board in 2010 and stepped away from his remaining investment responsibilities at Orbis in 2012, before retiring officially from Orbis in 2016.

Allan's important legacy is exemplified by the work of the 1 500 employees of the asset management firms he founded, the benefits accruing to their many clients, and the ongoing impact which the philanthropic efforts he founded will continue to have. He made a difference.

Allan leaves behind his wife Gill, their three children Trevor, Jenny and Will together with their spouses Carrie, Buddy and Ali, seven grandchildren and two great grandchildren.

Balanced Fund turns 20

The Allan Gray Balanced Fund celebrated its 20-year anniversary on 1 October 2019. Looking back at the Allan Gray Unit Trust Annual Report from 1999, then chairman of the unit trust business, Jack Mitchell, wrote: "Rising markets inevitably herald the prospect of increased risk. Mindful of this fact, we have broadened our range of unit trust services to include a 'balanced fund' which follows the Prudential Investment Guidelines for retirement funds as laid down in the Pension Funds Act."

The Balanced Fund continues to be an option for investors looking for long-term growth, but who want to take on less risk than they would with a pure equity fund. The Fund has achieved an annualised return of 15.8% since its inception on 1 October 1999. This means that an investment of R10 000 on 1 October 1999 at the opening unit price of R10 would have grown to R193 950.96 after fees and with distributions reinvested at the closing price of R107.40 on 31 December 2019. The average fund in its sector (ASISA Multi-Asset High Equity) achieved an annualised return of 11.8% over the same period, with a R10 000 investment growing to R94 809.95. The same investment in the FTSE/JSE All Share Index (ALSI) would have achieved an annualised return of 14.5%, growing to R156 044.55 (before fees but with dividends reinvested).

Performance and positioning

Our flagship Equity, Balanced and Stable funds have underperformed their respective benchmarks over the last 12 months. Headwinds facing active managers have been exacerbated by shares we don't own continuing to climb and some shares we do own performing poorly. But we are optimistic. Many of the shares we own are trading below our assessment of their intrinsic value, which bodes well for the future, as Andrew Lapping discusses in his comments on page 3. While periods of underperformance are an expected part of contrarian investing, they are not pleasant for our clients and can be stressful. We recognise that at this point in the cycle, where both us and Orbis are underperforming, staying the course can be difficult. We thank you for your trust and commitment to your long-term goals.

Interest in fixed interest over equities

As a result of strong returns over the last three years, the Allan Gray Bond and Money Market funds are experiencing record inflows – understandably investors are attracted by the potential to achieve real returns with much less volatility than from equities. However, investing looking in the rear-view mirror is never a good idea as past performance does not guarantee future performance. For fixed interest to outperform equity over the next three years, a similar set of circumstances will have to recur, which is very possible, but also just one of many paths the future may follow. Remember that the best protection against an unpredictable future is a well-diversified portfolio.

While we are on the subject of fixed interest, I am pleased to inform you that we welcomed two new fixed-income portfolio managers in July: Thalia Petousis and Londa Nxumalo. Thalia has over seven years' experience in fixed interest and joined Allan Gray in 2015 as a fixed-interest trader. She co-manages the Allan Gray Money Market Fund with Mark Dunley-Owen. Londa also has seven years' investment experience and joined Allan Gray in 2017. She co-manages the Allan Gray Bond Fund, also alongside Mark Dunley-Owen. Both managers have proven to be promising members of the investment team, and we are excited about our clients benefiting further from their expertise through their expanded roles.

Changes to Orbis fees

We continually review our fee structures, modifying and improving them when appropriate. At the time of writing we have notified investors of changes Orbis is making to its fees. These involve materially lowering the fee at benchmark performance and making the fee more reactive to short-term performance. These changes, which are set to be implemented by mid-2020, will result in a meaningful improvement in the overall fee structure.

Update on unitholders

Assets under management as at 31 December 2019 were R296.8bn. This is an increase from the R290.1bn that we reported at the end of 2018. There were net outflows of R16.5bn in 2019, reflecting both the tough economic environment and weak performance cycle. Gross client outflows divided by the average value of assets in our unit trusts in 2019 were at 15%. This means that, on average, clients are staying with Allan Gray for seven years. Our individual fund churn rate, which includes switches between unit trusts*, has come in at 19% for the year, reflecting a weighted average fund holding period for investors of five years.

With the GDP growth figures showing that the economy is contracting, SAA heading into business rescue, and the problems at Eskom persisting, it looks like we are in for a difficult year ahead. Of course, there is always opportunity to be found within the negativity, and our portfolio managers work tirelessly to construct portfolios that can deliver returns in different circumstances. We thank you for your ongoing support.

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

Andrew Lapping

The South African equity market returned 12% in 2019, after being saved at the death by December's 3.3% return. However, this pales in comparison to the 28% return generated by the MSCI World Index last year. Equities were not the only asset performing well; the JSE All Bond Index returned 10% for the year. These returns compare to South African consumer price inflation of 3.6%. The inflation rate was lower in 2003 and 2010, but in both these cases this was a result of high base effects from a very weak rand in the prior year. Today's low inflation is thanks to stable, rather than volatile, price levels.

Allan Gray and Orbis funds: Performance review

Disappointingly, the Allan Gray funds didn't take full advantage of the strong equity markets. Looking at the Balanced Fund, which returned 6.7% for the year, the underperformance came in two areas. Firstly, the Fund's domestic shares returned only 5.7%, underperforming the FTSE/JSE All Share Index (ALSI) by 6.3% and secondly, the Orbis assets returned 8% compared to their 60/40 benchmark's 16% return. (The benchmark used is 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index). The local equity underperformance cost the Fund 3% in absolute performance, while the Orbis underperformance cost 2.4%.

Looking only at the equity holdings, the four largest absolute detractors were Sasol, KAP, Glencore and Sappi, which cost our funds 2.1%, 1%, 0.9% and 0.8% respectively. We also missed out by not owning Anglo American, AngloGold, Anglo Platinum and by only having a small holding in BHP; this cost us 3% in performance relative to the ALSI. As Jacques Plaut notes in his Equity Fund commentary on page 17, 2019 was unusual in that the large companies did particularly well while the remainder disappointed. The four largest shares in the ALSI (Naspers, Richemont, Anglo American and BHP), which account for 40% of the market, returned on average 22%, while the remaining 154 stocks returned just 5.6%. We own Naspers but our caution on the super profits from iron ore meant we avoided Anglo American and BHP and preferred Glencore. Glencore underperformed BHP by 35% in 2019.

Avoiding losses is a key part of the Allan Gray philosophy so we feel the detractors acutely. We were keen Sasol sellers in the latter half of 2018 and the first half of 2019 when the share was above R400, but we only sold 38% of our holding before the news emerged of additional cost overruns and delays at their Lake Charles Project. These delays, together with lower chemical prices, caused the share to fall to R300 by year end from R425 in January 2019. The rand oil price rose 19% over the period. At R300 we see good value in Sasol and bought some shares below R270. Based on our estimates of normal earnings we also believe Sappi, Glencore and KAP present good investment opportunities and are excited about their prospects for the year ahead.

I noted above that most of the shares in the ALSI did poorly in 2019. Given the weak economy and sentiment towards South Africa, it will be no surprise that the worst performers were domestically orientated companies. The General Retailers Index fell 18% while the Financials Index was almost flat, returning 0.6%.

We are beginning to see value emerge in many of these companies, which bodes well for future returns.

The Orbis funds have underperformed since their strong run up to early 2018. All of last year's 28% return from world markets was a result of rerating, rather than earnings growth. The price-to-earnings (PE) multiple on the MSCI World Index increased from 15.7 in January to 20.6 in December; this rerating is not sustainable. Markets driven by this type of momentum do not favour value managers like Orbis. That said, Orbis is happy with the shares they own and their prospects. Exactly like Allan Gray, they own shares that they think are trading at substantial discounts to their fair values and, most importantly, they are carefully avoiding companies that have become extremely overvalued.

Assessing available opportunities

Money market funds received strong inflows over the past few years as investors became disillusioned with weak and volatile equity returns. Over the past five years the ALSI returned 6% while the Allan Gray Money Market Fund returned 7.6%. Prospects for the next five years have very likely swung in favour of equities. Three-month interest rates are now 6.5%, which compares to the 7% dividend yield on Nedbank shares. Only once since 1988, in 2003, has Nedbank's dividend yield exceeded the rate available on three-month deposits. Yes, the outlook for banking earnings growth is poor and Nedbank will have a more volatile return series, but the balance of probabilities surely favours an investment in Nedbank over a money market deposit for the next five years.

Investor concern about South Africa's future is not limited to equities. Despite inflation of 3.6%, the 10-year bond yields 9.1% for a 5.5% real return. Investors clearly don't think the low inflation rate is sustainable and are pricing in a rate of about 6%. Whether inflation remains subdued or it spikes higher, inflation-linked bonds offer a great opportunity. Five years ago, investors were willing to buy the 10-year inflation-linked bond at a return to maturity of around 1.60%; today the same asset is available with a real return to maturity of 3.72%. The risk/return profiles of nominal and inflation-linked bonds are very different, but we see value in both these asset classes and have been increasing our exposure accordingly.

Global asset valuations – both equity and fixed interest – look less appealing than those of South African assets. Despite this, we still have a 30% exposure to international assets through the Orbis funds, which we believe is essential for diversification. Naturally, the future can take many paths, some of which are extreme, and despite local assets being cheap, a 70% exposure in our asset allocation funds is a large position. Furthermore, Orbis has taken care to seek out undervalued assets globally and therefore by buying Orbis funds we are not just buying large capitalisation American shares which dominate the international benchmarks.

What is driving the rand?

After treading water for the past four years we think at R14/US$ at end 2019 the rand is slightly overvalued. A few of the drivers behind the stable local currency include global investors investing in our fixed interest market, the recent surge in precious metal prices and the weak economy suppressing demand for imported goods.

The Allan Gray investment philosophy is unchanged

Our founder, Allan Gray, who sadly passed away in November (read our tribute in the Chairman's report on page 1), developed our distinctive investment philosophy when the firm was founded in 1973 and it remains in place today. We continue to seek out and invest in undervalued assets. There have been periods in the past when the philosophy has led to underperformance but, importantly, in each of those cases we stuck to our philosophy and our investments came through. We think we are in a similar position today. We have underperformed over the past 18 months, but we believe we own undervalued assets and are excited about their prospects and future returns.

PORTFOLIO MANAGERS

Andrew Lapping

Chief Investment Officer

BSc, BCom, CFA

Andrew joined Allan Gray in February 2001 as a fixed interest trader and moved to the Investment team as an equity analyst in February 2003. He was appointed as fixed interest portfolio manager in June 2006, began managing a portion of client equity and balanced portfolios in February 2008 and was appointed as chief investment officer in March 2016. He also manages African equities. Andrew holds a Bachelor of Science degree in Engineering and a Bachelor of Commerce degree in Accounting, both from the University of Cape Town, and is a CFA® charterholder.

Duncan Artus

Portfolio Manager

BBusSc (Hons), PGDA, CFA, CMT

Duncan joined Allan Gray in 2001 and has been managing a portion of client equity and balanced portfolios since January 2005, when he was appointed as a portfolio manager. He is a director of Allan Gray Group Proprietary Limited. Duncan holds an Honours degree in Business Science and Postgraduate Diploma in Accounting from the University of Cape Town and is a CFA® and CMT® charterholder.

Mark Dunley-Owen

Portfolio Manager

BBusSc (Hons)

Mark joined Allan Gray in 2009 as an equity analyst. He started managing a portion of the fixed interest portfolios in July 2011, and a portion of the stable portfolios in May 2013. He was appointed as a portfolio manager in January 2012 and is currently one of the portfolio managers of the Allan Gray Stable Fund and the Allan Gray Bond Fund. He also manages Africa ex-SA bonds. Mark holds a Bachelor of Business Science (Honours) degree in Finance and Information Systems from the University of Cape Town.

PORTFOLIO MANAGERS

Leonard Krüger

Portfolio Manager

BSc (Hons)

Leonard joined Allan Gray in 2007 as an equity analyst. He began managing a portion of client equity and balanced portfolios earmarked for associate portfolio managers from July 2014 and was appointed as portfolio manager of the Allan Gray Stable Fund in November 2015. Leonard holds a Bachelor of Science (Honours) degree in Actuarial Mathematics from the University of Pretoria and is a qualified actuary.

Nick Ndiritu

Portfolio Manager

BSc, MBA

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

Londa Nxumalo

Portfolio Manager

MCom, CA

Londa joined Allan Gray in 2017 as a credit analyst and is currently a co-portfolio manager of the Allan Gray Bond Fund. She holds a Master of Commerce degree in Development Finance from the University of Cape Town Graduate School of Business and is a qualified Chartered Accountant.

Thalia Petousis

Portfolio Manager

MCom, CFA

Thalia joined Allan Gray in 2015 as a fixed-interest trader and is currently a co-portfolio manager of the Allan Gray Money Market Fund. She holds a Master of Commerce degree in Statistics from the University of Cape Town and is a CFA® charterholder.

Jacques Plaut

Portfolio Manager

BSc

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

PORTFOLIO MANAGERS

Ruan Stander

Portfolio Manager

BSc (Hons), FRM

Ruan joined Allan Gray in 2008 as an equity and quantitative analyst. He began managing a portion of client equity and balanced portfolios earmarked for associate portfolio managers from March 2013 and was appointed as portfolio manager of these portfolios in November 2015. He is also the portfolio manager of the Allan Gray Optimal Fund. Ruan holds a Bachelor of Science (Honours) degree in Actuarial Mathematics from the University of Pretoria and is a Financial Risk Manager – Certified by the Global Association of Risk Professionals, as well as a qualified actuary.

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	Category
100% HIGH NET EQUITY EXPOSURE					
Allan Gray Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk of loss. To pursue its objective the Fund's portfolio may differ materially from those of its peers. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term.	Local	The Fund invests primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund may buy foreign assets up to a maximum of 30% of the Fund, with an additional 10% allowed for African ex-SA investments. The Fund invests the bulk of its foreign allowance in equity funds managed by Orbis Investment Management Limited, our offshore investment partner. The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	▪ Seek exposure to listed equities to provide long-term capital growth ▪ Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility ▪ Are prepared to accept the risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio	South African - Equity - General
Allan Gray SA Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk of loss. To pursue its objective the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term.	Local	The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	▪ Seek exposure to JSE-listed equities to provide long-term capital growth ▪ Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility ▪ Are prepared to accept the risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio	South African - Equity - General
Allan Gray-Orbis Global Equity Feeder Fund	The Fund aims to outperform global stock markets over the long term, without taking on greater risk.	Offshore	The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund invests in shares listed on stock markets around the world and aims to be fully invested at all times. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund'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 fully invested 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:	Category
40% – 75% MEDIUM NET EQUITY EXPOSURE					
Allan Gray Balanced Fund	The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk.	Local	The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund may buy foreign assets up to a maximum of 30% of the Fund (with an additional 10% for African ex-SA investments). The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.	▪ Seek steady long-term capital growth ▪ Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund ▪ Wish to invest in a unit trust that complies with retirement fund investment limits ▪ Typically have an investment horizon of more than three years	South African - Multi Asset - High Equity
Allan Gray 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. This Fund was created specifically for tax-free investment accounts and can only be accessed through these products.	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 may buy foreign assets up to a maximum of 30% of the Fund (with an additional 10% for African ex-SA investments). The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.	▪ Seek steady long-term capital growth ▪ Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund ▪ Wish to invest in a tax-free investment account ▪ Typically have an investment horizon of at least three years	South African - Multi Asset - High Equity
Allan Gray-Orbis Global Fund of Funds	The Fund aims to create long-term wealth for investors without exceeding a maximum net equity exposure limit of 75%. It aims to outperform the average return of funds subject to similar constraints without taking on more than their average risk.	Offshore	The Fund invests in a mix of equity, absolute return and multi-asset class funds managed by our offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 40% and 75%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of an international equity-only fund. Although the Fund's investment universe is global, the units in the Fund are priced and traded daily in rands.	▪ Seek long-term capital growth from a diversified international equity portfolio without being fully exposed to stock market risk ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable with taking on some risk of market and currency fluctuation and potential capital loss, but typically less than that of an equity fund ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as a foreign medium equity 'building block' in a diversified multi-asset class portfolio	Global - Multi Asset - High Equity
0% – 40% LOW NET EQUITY EXPOSURE					
Allan Gray Stable Fund	The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits.	Local	The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund may buy foreign assets up to a maximum of 30% of the Fund (with an additional 10% for African ex-SA investments). The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund or a balanced fund.	▪ Are risk-averse and require a high degree of capital stability ▪ Seek both above-inflation returns over the long term, and capital preservation over any two-year period ▪ Require some income but also some capital growth ▪ Wish to invest in a unit trust that complies with retirement fund investment limits	South African - Multi Asset - Low Equity

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	Category
0% – 20% VERY LOW NET EQUITY EXPOSURE					
Allan Gray Optimal Fund	The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns.	Local	The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund's return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund's selected shares relative to the stock market index. The Fund's return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits.	▪ Seek steady absolute (i.e. positive) returns regardless of stock market trends ▪ Require a high degree of capital stability ▪ Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a 'building block' in a diversified multi-asset class portfolio	South African - Multi Asset - Low Equity
Allan Gray-Orbis Global Optimal Fund of Funds	The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis funds), while producing long-term returns that are superior to foreign currency bank deposits.	Offshore	The Fund invests in a mix of absolute return funds managed by 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 - Equity
NO EQUITY EXPOSURE					
Allan Gray Bond Fund	The Fund aims to provide investors with a real return over the long term and outperform the JSE All Bond Index at no greater risk.	Local	The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.	▪ Seek a bond 'building block' for a diversified multi-asset class portfolio ▪ Are looking for returns in excess of those provided by money market or cash investments ▪ Are prepared to accept more risk of capital depreciation than in a money market or cash investment	South African - Interest Bearing - Variable Term
Allan Gray Money Market Fund	The Fund aims to preserve capital, maintain liquidity and generate a sound level of income.	Local	The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the Fund defaults. In this event losses will be borne by the Fund and its investors.	▪ Require monthly income distributions ▪ Are highly risk-averse but seek returns higher than bank deposits ▪ Need a short-term investment account	South African - Interest Bearing - Money Market

PERFORMANCE SUMMARY

Annualised performance to 31 December 2019 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]	10.4%	5.2%	3.6%
Benchmark[2]	9.3%	3.2%	3.3%
Allan Gray SA Equity Fund[1]			2.8%
Benchmark[3]			7.4%
Allan Gray-Orbis Global Equity Feeder Fund	15.0%	11.2%	7.9%
Benchmark[4]	16.8%	13.4%	14.0%
Allan Gray Balanced Fund[1]	10.0%	6.5%	4.7%
Benchmark[5]	9.0%	5.1%	5.4%
Allan Gray Tax-Free Balanced Fund[1]			4.8%
Benchmark[5]			5.4%
Allan Gray-Orbis Global Fund of Funds	11.3%	8.5%	4.1%
Benchmark[6]	13.9%	10.7%	10.5%
Allan Gray Stable Fund[1]	8.4%	7.7%	6.3%
Benchmark[7]	7.3%	7.9%	8.0%
Allan Gray Optimal Fund[1]	6.2%	6.4%	4.4%
Benchmark[8]	5.2%	5.7%	5.9%
Allan Gray-Orbis Global Optimal Fund of Funds		3.3%	-1.9%
Benchmark[9]		3.6%	2.6%
Allan Gray Bond Fund	9.3%	9.0%	10.6%
Benchmark[10]	8.9%	7.8%	9.4%
Allan Gray Money Market Fund	6.7%	7.6%	7.8%
Benchmark[11]	6.5%	7.2%	7.4%
CPI inflation[12]	5.1%	4.9%	4.5%

The Funds' returns shown above are all class A. All benchmark performance is calculated by Allan Gray as at 31 December 2019.

1. Different classes of units apply to the Equity, SA Equity, Balanced, Stable and Optimal Funds only and are subject to different fees and charges.
2. The market value-weighted average return of funds in the South African – Equity – General category (excluding 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: Morningstar).
6. 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg).
7. The daily interest rate as supplied by FirstRand Bank Limited plus 2%.
8. The daily interest rate as supplied by FirstRand Bank Limited.
9. The simple average of the benchmarks of the underlying funds.
10. JSE All Bond Index (source: IRESS).
11. 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.
12. This is based on the latest numbers published by IRESS as at 30 November 2019.

ALLAN GRAY EQUITY FUND

Inception date: 1 October 1998

Portfolio managers

Andrew Lapping, Duncan Artus, Jacques Plaut, Ruan Stander. (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 FTSE/JSE All Share Index (ALSI) increased by 12% during 2019. Over the past four years, the market has returned 6.2% per year, which is 2.1% better than inflation.

Here are some things which stood out in 2019:

- Platinum and gold shares gave huge returns. Impala, which had already doubled from its low price of R16 when the year started, went up a further four times during 2019. Sibanye-Stillwater and Northam tripled.
- Many investors had been avoiding the gold and platinum miners in favour of "high-quality" companies like Shoprite, Discovery and Mr Price. Unfortunately, 1) quality is a subjective measure and the perceived quality of a business can change rapidly, and 2) even a high-quality company can become too expensive and fail to live up to the expectations priced in by the market. Shoprite, Discovery and Mr Price were all down in 2019.
- The listing of Prosus was a disappointment, as it did not really unlock any of the Naspers holding company discount. Reinet and Remgro, two other holding companies, had more success, by respectively buying back shares and promising to unbundle FirstRand to shareholders. On the bright side, Naspers' large bets in food delivery seem to be doing well, judging by share-price performance: Delivery Hero doubled in 2019.
- Old Mutual had a messy public falling out with its CEO, Peter Moyo. The court case is ongoing.
- Capitec continued to do well. It is now the best-performing company on the JSE over five years. The other banks underperformed the market.
- The currency strengthened slightly versus the dollar, despite continued problems at our state-owned enterprises.
- Larger shares continued to outperform smaller shares. The 40 largest JSE-listed companies gave an average return of 11%. The average return for companies numbered 81 – 120 (in terms of size), was -10%.
- Aspen started the year at R134, fell all the way to R65, and ended at R119. The all-time high was R448 in 2015.

Some of the events outlined above illustrate our belief that the price you pay for an asset is more important than any other factor. It feels good to own "high-quality" companies, or shares that are busy going up. But, as mentioned, perceived quality and share performance can reverse very quickly (indeed, the two factors are highly correlated). An investor who doesn't have a firm idea of the underlying value of a business risks being like St Paul's spiritual infants: "Tossed back and forth by the waves, and blown here and there by every wind…" [of market sentiment!].

The Fund underperformed its benchmark by 2.3% in 2019. The Fund's performance over the year was helped by overweight positions in British American Tobacco and Impala, and by underweight positions in Shoprite and Prosus. It was hindered by being overweight Sasol and KAP, and by being underweight Anglo American. It was also impacted by the Orbis Global Equity Fund underperforming its benchmark by 6.6%.

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)	5399.4	1732.4	204.3
Annualised:			
Since inception (1 October 1998)	20.8	14.7	5.4
Latest 10 years	10.4	9.3	5.1
Latest 5 years	5.2	3.2	4.9
Latest 3 years	3.6	3.3	4.5
Latest 2 years	-1.2	-1.2	4.4
Latest 1 year	6.0	8.3	3.6
Risk measures (since inception)			
Maximum drawdown[3]	-31.3	-45.4	n/a
Percentage positive months[4]	65.5	59.2	n/a
Annualised monthly volatility[5]	15.1	16.5	n/a
Highest annual return[6]	125.8	73.0	n/a
Lowest annual return[6]	-20.7	-37.6	n/a

1. The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: IRESS, performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 May 2008 to 27 October 2008 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. 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 30 November 2008 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 2019[7]

Sector	% of Fund	% of ALSI[8]
Oil and gas	2.2	0.0
Basic materials	15.0	30.8
Industrials	7.9	2.4
Consumer goods	12.9	12.1
Healthcare	6.5	2.0
Consumer services	6.8	8.1
Telecommunications	0.4	3.2
Utilities	0.5	0.0
Financials	30.5	25.0
Technology	12.7	16.3
Commodity-linked	1.0	0.0
Other	1.0	0.0
Money market and bank deposits	2.5	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 2019	31 Dec 2019
Cents per unit	**600.9645**	**416.4739**

Foreign exposure on 31 December 2019[7]

32.3% of the Fund is invested in foreign investments.

Up to 30% of the Fund's value can be invested outside of Africa and 10% in Africa outside of South Africa.

ALLAN GRAY SA EQUITY FUND

Inception date: 13 March 2015

Portfolio managers

Andrew Lapping, Duncan Artus, Jacques Plaut, Ruan Stander.

Fund objective and benchmark

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

Commentary

The FTSE/JSE All Share Index (ALSI) increased by 12% during 2019. Over the past four years, the market has returned 6.2% per year, which is 2.1% better than inflation.

Here are some things which stood out in 2019:

- Platinum and gold shares gave huge returns. Impala, which had already doubled from its low price of R16 when the year started, went up a further four times during 2019. Sibanye-Stillwater and Northam tripled.
- Many investors had been avoiding the gold and platinum miners in favour of "high-quality" companies like Shoprite, Discovery and Mr Price. Unfortunately, 1) quality is a subjective measure and the perceived quality of a business can change rapidly, and 2) even a high-quality company can become too expensive and fail to live up to the expectations priced in by the market. Shoprite, Discovery and Mr Price were all down in 2019.
- The listing of Prosus was a disappointment, as it did not really unlock any of the Naspers holding company discount. Reinet and Remgro, two other holding companies, had more success, by respectively buying back shares and promising to unbundle FirstRand to shareholders. On the bright side, Naspers' large bets in food delivery seem to be doing well, judging by share-price performance: Delivery Hero doubled in 2019.
- Old Mutual had a messy public falling out with its CEO, Peter Moyo. The court case is ongoing.
- Capitec continued to do well. It is now the best-performing company on the JSE over five years. The other banks underperformed the market.
- The currency strengthened slightly versus the dollar, despite continued problems at our state-owned enterprises.
- Larger shares continued to outperform smaller shares. The 40 largest JSE-listed companies gave an average return of 11%. The average return for companies numbered 81 – 120 (in terms of size), was -10%.
- Aspen started the year at R134, fell all the way to R65, and ended at R119. The all-time high was R448 in 2015.

Some of the events outlined above illustrate our belief that the price you pay for an asset is more important than any other factor. It feels good to own "high-quality" companies, or shares that are busy going up. But, as mentioned, perceived quality and share performance can reverse very quickly (indeed, the two factors are highly correlated). An investor who doesn't have a firm idea of the underlying value of a business risks being like St Paul's spiritual infants: "Tossed back and forth by the waves, and blown here and there by every wind…" [of market sentiment!].

The Fund underperformed its benchmark by 8% in 2019. The Fund's performance over the year was helped by overweight positions in British American Tobacco and Impala, and by underweight positions in Shoprite and Prosus. It was hindered by being overweight Sasol and KAP, and by being underweight Anglo American.

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)	19.6	26.9	27.0
Annualised:			
Since inception (13 March 2015)	3.8	5.1	5.2
Latest 3 years	2.8	7.4	4.5
Latest 2 years	-2.7	1.2	4.4
Latest 1 year	4.0	12.0	3.6
Risk measures (since inception)			
Maximum drawdown[3]	-17.1	-15.8	n/a
Percentage positive months[4]	56.9	55.2	n/a
Annualised monthly volatility[5]	10.5	11.5	n/a
Highest annual return[6]	17.2	22.5	n/a
Lowest annual return[6]	-11.5	-12.6	n/a

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 16 August 2019 and maximum benchmark drawdown occurred from 25 January 2018 to 10 December 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 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 30 September 2016 and the benchmark's occurred during the 12 months ended 30 November 2017. The Fund's lowest annual return occurred during the 12 months ended 31 August 2019 and the benchmark's occurred during the 12 months ended 30 November 2018. 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 2019

Sector	% of Fund	% of ALSI[7]
Basic materials	21.7	30.8
Industrials	4.7	2.4
Consumer goods	9.1	12.1
Healthcare	5.8	2.0
Consumer services	7.3	8.1
Telecommunications	0.1	3.2
Financials	35.1	25.0
Technology	9.1	16.3
Commodity-linked	1.1	0.0
Other	0.7	0.0
Money market and bank deposits	5.2	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 2019	31 Dec 2019
Cents per unit	**792.3301**	**640.5266**

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

We are more excited about the Orbis Global Equity Fund's positioning and its ability to outperform world markets than we have been for some time. But we recognise that the past two years have been stressful, and our upbeat message may be testing your patience. While the Fund's net return in US dollars was a healthy 21% in 2019, it failed to keep up with the blistering 28% pace set by the FTSE World Index and was especially disappointing following the underperformance of 2018.

At times like this, it is natural to look for things that have gone wrong, so let's start there. Before the outperformance we saw in the fourth quarter, there were 17 stocks in the Orbis Global Equity Fund that detracted significantly from performance over the relative drawdown period from March 2018 through July 2019. The events that have caused these stocks to lag had no common theme. Out of these 17 major detractors, we continue to hold 11 and have sold out of six. In three cases – NetEase, AbbVie and XPO Logistics – we took the opportunity to increase our exposure. While it is too early to tell whether this was the right decision, these stocks have all recovered significantly from their lows.

But detractors are an inevitable part of investing – at best we will only be right about 60% of the time over the long term. The bigger problem over the past two years has been an unusually short supply of winners to offset the losers. Since inception, our average winner has outperformed by 34%, but over the last two years, it has outperformed by just 12%, while our losers have lagged by about as much as they have historically.

It may not sound particularly insightful to say, but we haven't been invested in parts of the market which have done well. Among the best-performing areas of the market have been growth stocks, US large caps, and shares exhibiting low volatility. While this has been painful, we believe it is in the best interests of our clients to be disciplined and avoid areas where valuations appear stretched. The most extreme examples can be found amongst the low-volatility shares, many of which are also based in the US. These include household names such as Coca-Cola, Pepsi and Procter & Gamble.

Given the investment environment today where more than US$11 trillion of bonds have negative yields, many asset owners are struggling to find a new safe haven. As they try to find an alternative for their bond exposure, one of the common alternatives they have sought is the stock market. But as reluctant equity investors, they are turning to the equities which are most bond like – very defensive, stable businesses which have a reliable dividend. These low-volatility shares have attracted so much investor demand that their share prices have been pushed to extraordinarily high valuations.

This is a frightening picture for a value-oriented investor. If you go back to basics, there are only three variables that can drive a stock's long-term return: the dividend yield, future earnings growth, and any change in valuation. With these mature companies, dividend yield – where you can have the most confidence – is paltry at 2%, future growth seems to us unlikely to be as good as it was in the past, and valuations are already well above average – perhaps unsustainably so. While the risk of Coca-Cola or Nestlé going out of business is close to zero, that's not the same thing as being a "safe" investment. You can still lose a lot of money by paying more for a stock than the underlying business is actually worth.

To end with a specific example, we can compare one of the Orbis Global Equity Fund's top 10 holdings (Honda Motor) with one of the market's current favourites (Nestlé). Nestlé's long-term return on equity has been about twice that of Honda's, so, it wouldn't be surprising to note that through much of history, Nestlé has traded at roughly twice the price-to-book value multiple of Honda. What is striking, however, is the recent divergence in valuations. Today, Nestlé trades at eight times the price-to-book multiple of Honda!

Of course, this is just one example, but it is indicative of a broader theme. The Orbis Global Equity Fund's holdings trade at just 18 times normalised earnings on average versus 28 times for the benchmark, despite having better future growth prospects and a higher dividend yield. There seems to be such an unquenchable thirst for stability and safety at the moment that valuations no longer matter. They still matter to us.

We can't tell you when the market will come to share our view. But we don't have to because the long-term fundamentals are on our side. When we compare the areas where we have invested your capital to those that we have steered clear of, we can't help thinking of a quote by former world chess champion Garry Kasparov: "Losing can persuade you to change what doesn't need to be changed, and winning can convince you everything is fine even if you are on the brink of disaster."

With that in mind, we are sticking to our knitting.

Adapted from commentary contributed by Matthew Spencer, Orbis Investment Management Limited, Bermuda

For the full commentary please see www.orbis.com

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)	594.2	208.3	578.4	201.2	125.2	33.6
Annualised:						
Since inception (1 April 2005)	14.0	7.9	13.9	7.8	5.7	2.0
Latest 10 years	15.0	7.9	16.8	9.6	5.1	1.7
Latest 5 years	11.2	7.0	13.4	9.1	4.9	1.7
Latest 3 years	7.9	7.0	14.0	13.1	4.5	2.1
Latest 2 years	4.3	-2.2	15.2	8.0	4.4	2.1
Latest 1 year	18.4	21.4	24.5	27.7	3.6	2.0
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	63.3	59.9	62.1	64.4	n/a	n/a
Annualised monthly volatility[5]	15.1	16.6	13.8	15.1	n/a	n/a
Highest annual return[6]	78.2	63.0	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 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 6 June 2008 to 10 March 2009 and maximum benchmark drawdown occurred from 5 June 2008 to 6 March 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. 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.

Asset allocation on 31 December 2019

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equity	97.4	31.0	22.6	14.4	21.1	8.3
Hedged equity	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
Net current assets	2.6	0.0	0.0	0.0	0.0	2.6
Total	**100.0**	**31.0**	**22.6**	**14.4**	**21.1**	**10.9**
Currency exposure of the Orbis Global Equity Fund						
Funds	100.0	38.4	29.0	13.5	10.7	8.3
Index	100.0	61.6	20.5	8.3	5.3	4.3

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 2019
Cents per unit	**1.055**

ALLAN GRAY BALANCED FUND

Inception date: 1 October 1999

Portfolio managers

Andrew Lapping, Duncan Artus, Jacques Plaut, Ruan Stander. (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 Balanced Fund returned 6.7% for 2019, comprising 2.9% from domestic shares, 2.3% from foreign assets, 0.9% from domestic bonds and 0.6% from commodities. The Africa funds contributed 0% to the return for the year.

A braai over the weekend inevitably reminds us of the significant challenges our country faces – there is lots of negative news to talk about. An unemployment rate of 29%, combined with youth unemployment of 58%, means that most citizens are still not being included in the economy and cannot help the government to raise further tax revenue to address high and increasing debt levels (61% of GDP, currently). Our government bailout of Eskom alone will add R50bn to debt (1% of GDP) in 2020. Even an optimist would struggle to see a financial way out for the public monopoly as a result of poorly maintained infrastructure and new stations that may never operate economically as a result of significant design flaws.

The good news for investors is that asset prices compensate investors for risks, and various options are available to mitigate bad outcomes for the country. Government bonds may be seen as risky given the backdrop mentioned above, but the yield on 10-year government bonds at 9% is 4.1% higher than the average consumer inflation rate over the past five years. This has only been the case 23% of the time since 1974. Our stock market is also unusually cheap relative to inflation, with a dividend yield of 3.6%, only 1.3% below inflation. The average of the dividend yield on stocks and yield on 10-year bonds is 1.4% higher than inflation. This has only been true 3% of the time since 1974. What is also comforting is that subsequent five-year returns of stocks and bonds averaged 14% a year ahead of inflation when they were this cheap or cheaper, since pessimism on earnings growth does not always materialise and investors typically enjoy a re-rating on top of the above average yield when assets are this cheap.

Having said this, given the risks, one would be wise to look for opportunities that protect capital in a bad outcome for the country. Money market instruments carry low risk of default and capital loss in a scenario where inflation increases. These make up 3.3% of the Fund and yield 7.2%, currently. Bonds make up 9.5% of the Fund, yield 9.2% on average and are skewed towards corporates. Cheaply priced domestic shares that don't depend on South Africa – including top 10 shares like Naspers, British American Tobacco and Glencore – are another option that we are fortunate to have. The average dividend yield of these three shares is 4.5% and there is a strong case to be made that this basket of companies will grow faster than the South African economy in most scenarios through a combination of secular growth (Naspers), organic price growth of strong brands (British American Tobacco) and strong commodity fundamentals combined with share buybacks at low prices (Glencore).

Owning domestic shares that trade at a meaningful discount to fair value helps to protect against a bad outcome as companies can pass on inflation to consumers. Top 10 shares like Standard Bank, Old Mutual, Investec and Woolworths trade at an average dividend yield of 5.3% and at a discount to our estimate of intrinsic value. In a scenario where the economy starts growing again, these shares would offer further upside. Finally, a diversified portfolio of global shares and fixed income securities selected by our offshore partner, Orbis, provides protection in a scenario where the rand weakens materially.

Commentary contributed by Ruan Stander

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 1999)	1839.5	848.1	200.3
Annualised:			
Since inception (1 October 1999)	15.8	11.7	5.6
Latest 10 years	10.0	9.0	5.1
Latest 5 years	6.5	5.1	4.9
Latest 3 years	4.7	5.4	4.5
Latest 2 years	1.7	2.9	4.4
Latest 1 year	6.7	10.5	3.6
Risk measures (since inception)			
Maximum drawdown[3]	-15.4	-20.5	n/a
Percentage positive months[4]	69.1	67.5	n/a
Annualised monthly volatility[5]	9.0	9.0	n/a
Highest annual return[6]	46.1	41.9	n/a
Lowest annual return[6]	-8.3	-16.7	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding 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: Morningstar, performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 May 2008 to 27 October 2008 and maximum benchmark drawdown occurred from 20 May 2008 to 10 March 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. 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 28 February 2009 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 2019[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equity	68.6	46.8	1.2	20.5
Hedged equity	7.1	1.4	0.0	5.7
Property	1.3	1.2	0.0	0.1
Commodity-linked	4.2	3.4	0.0	0.8
Bonds	13.2	9.5	1.1	2.6
Money market and bank deposits	5.6	3.8	0.7	1.1
Total (%)	**100.0**	**66.2**	**3.0**	**30.8**[8]

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. Market movements 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 2019	31 Dec 2019
Cents per unit	**150.7560**	**129.8537**

ALLAN GRAY TAX-FREE BALANCED FUND

Inception date: 1 February 2016

Portfolio managers

Andrew Lapping, Duncan Artus, Jacques Plaut, Ruan Stander. (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 6.4% for 2019, comprising 2.8% from domestic shares, 2.2% from foreign assets, 0.8% from domestic bonds and 0.6% from commodities. The Africa funds contributed 0% to the return for the year.

A braai over the weekend inevitably reminds us of the significant challenges our country faces – there is lots of negative news to talk about. An unemployment rate of 29%, combined with youth unemployment of 58%, means that most citizens are still not being included in the economy and cannot help the government to raise further tax revenue to address high and increasing debt levels (61% of GDP, currently). Our government bailout of Eskom alone will add R50bn to debt (1% of GDP) in 2020. Even an optimist would struggle to see a financial way out for the public monopoly as a result of poorly maintained infrastructure and new stations that may never operate economically as a result of significant design flaws.

The good news for investors is that asset prices compensate investors for risks, and various options are available to mitigate bad outcomes for the country. Government bonds may be seen as risky given the backdrop mentioned above, but the yield on 10-year government bonds at 9% is 4.1% higher than the average consumer inflation rate over the past five years. This has only been the case 23% of the time since 1974. Our stock market is also unusually cheap relative to inflation, with a dividend yield of 3.6%, only 1.3% below inflation. The average of the dividend yield on stocks and yield on 10-year bonds is 1.4% higher than inflation. This has only been true 3% of the time since 1974. What is also comforting is that subsequent five-year returns of stocks and bonds averaged 14% a year ahead of inflation when they were this cheap or cheaper, since pessimism on earnings growth does not always materialise and investors typically enjoy a re-rating on top of the above average yield when assets are this cheap.

Having said this, given the risks, one would be wise to look for opportunities that protect capital in a bad outcome for the country. Money market instruments carry low risk of default and capital loss in a scenario where inflation increases. These make up 6.4% of the Fund and yield 6.9%, currently. Bonds make up 9.8% of the Fund, yield 9.2% on average and are skewed towards corporates. Cheaply priced domestic shares that don't depend on South Africa – including top 10 shares like Naspers, British American Tobacco and Glencore – are another option that we are fortunate to have. The average dividend yield of these three shares is 4.5% and there is a strong case to be made that this basket of companies will grow faster than the South African economy in most scenarios through a combination of secular growth (Naspers), organic price growth of strong brands (British American Tobacco) and strong commodity fundamentals combined with share buybacks at low prices (Glencore).

Owning domestic shares that trade at a meaningful discount to fair value helps to protect against a bad outcome as companies can pass on inflation to consumers. Top 10 shares like Standard Bank, Old Mutual, Investec and Woolworths trade at an average dividend yield of 5.3% and at a discount to our estimate of intrinsic value. In a scenario where the economy starts growing again, these shares would offer further upside. Finally, a diversified portfolio of global shares and fixed income securities selected by our offshore partner, Orbis, provides protection in a scenario where the rand weakens materially.

Commentary contributed by Ruan Stander

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 February 2016)	23.8	21.4	20.2
Annualised:			
Since inception (1 February 2016)	5.6	5.1	4.9
Latest 3 years	4.8	5.4	4.5
Latest 2 years	1.7	2.9	4.4
Latest 1 year	6.4	10.5	3.6
Risk measures (since inception)			
Maximum drawdown[3]	-10.4	-10.7	n/a
Percentage positive months[4]	63.8	61.7	n/a
Annualised monthly volatility[5]	7.5	7.1	n/a
Highest annual return[6]	13.3	13.7	n/a
Lowest annual return[6]	-5.4	-6.0	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 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 5 September 2018 to 23 November 2018 and maximum benchmark drawdown occurred from 29 August 2018 to 27 December 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 30 November 2017 and the benchmark's occurred during the 12 months ended 31 October 2017. The Fund's lowest annual return occurred during the 12 months ended 30 November 2018 and the benchmark's occurred during the 12 months ended 30 November 2018. 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 2019[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equity	66.1	45.7	1.2	19.2
Hedged equity	6.2	1.4	0.0	4.8
Property	1.1	1.1	0.0	0.1
Commodity-linked	4.1	3.3	0.0	0.8
Bonds	13.6	9.8	1.0	2.9
Money market and bank deposits	8.8	7.3	0.6	0.9
Total (%)	**100.0**	**68.4**	**2.8**	**28.7**[8]

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. Market movements 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 2019	31 Dec 2019
Cents per unit	**14.3843**	**12.0513**

ALLAN GRAY-ORBIS GLOBAL FUND OF FUNDS

Inception date: 3 February 2004

Portfolio manager

Andrew Lapping. (The underlying Orbis funds are managed by Orbis.)

Fund objective and benchmark

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

Commentary

Last December, we wrote that 2018 was a disappointing year. 2019 was as well, for different reasons. Experiencing either year in isolation would be uncomfortable, but to experience them back-to-back has been tougher still. Over the past two years, the Orbis Global Balanced Strategy has returned -6.1% net of fees against a 12.5% rise in the benchmark 60/40 Index in US dollars. Challenging periods are testing to endure, but they are often the times when we find the most exciting opportunities. The current stretch of underperformance is no different.

We see the current period of underperformance as split into two distinct parts.

Broadly, 2018 was characterised by company-specific issues leading to sharp underperformance for multiple holdings, set against a market backdrop where cash was the only major asset class to deliver a positive return and assets perceived to be stable ruled the day. In some cases, we leaned into the weakness to add to high-conviction positions, but in others, such as PG&E and Alta Mesa, our thesis was broken, and we sold.

In 2019, some of the positions that were most painful in 2018 went on to contribute positively to performance, including Celgene, XPO, Credit Suisse, and Bayer. While it is pleasing to see the green shoots of a change in sentiment for these companies, their performance was not enough to help Global Balanced keep pace with the strong returns of stock and bond markets this year. In US dollars, the Fund returned 11% after fees, trailing the 19% return of the 60/40 index.

The benchmark has been driven by stock markets, and in particular, the US market. This has been a headwind to relative returns, as we have had difficulty finding stock investments in the US that are as attractive as what's available elsewhere. Since January 2018, the US has set multiple new records, while the rest of the world has stayed mired in a hidden bear market. Yet this year, the US has once again led the world, rising 29% against an 18% rise for stocks everywhere else. That return has come almost entirely from the US valuation premium increasing, not outsized earnings growth.

Compared to its benchmark, Global Balanced has also suffered from its zero weight in long-term government bonds. The J.P. Morgan GBI Global Index started the year with a yield to maturity of 1.6%. The Index also carried a duration of eight years, suggesting an 8% price decline if yields were to rise just 1%. Compensation of 1.6% for 8% (or worse) downside potential struck us as simply uninvestable, so Global Balanced held no long-term government bonds.

Ultimately, we will live or die by our security selection, and as we'd always expect, that was the biggest driver of the Strategy's relative returns in 2019. Several of our major detractors this year have been energy-related, including large holdings BP and Royal Dutch Shell. Many investors seem to dismiss the energy sector out of hand, yet dismissing the sector generally as a punt on the oil price risks overlooking serious fundamental improvements in these businesses. Energy producers' success should not be measured by the price of oil, but by the revenues they produce minus the cost of producing them.

Both BP and Shell generated more free cashflow in 2018, with an average oil price of US$72/bbl, than they did in 2014, when oil fetched US$99/bbl. With 6.5% dividend yields and modest growth, we believe the companies can generate a long-term return of 10-12% per annum, without any improvement in the price of oil, and without a re-rating by the market. And with European oil majors trading near record low valuations relative to world markets, and 6.5% dividend yields overly generous relative to bonds, the scope for a re-rating is sizeable.

Global Balanced's energy holdings are one chunk of a larger exposure to value shares in the portfolio. As we wrote in March, valuation spreads have widened consistently in recent years, and now appear to be extreme. However, as always, we are not dogmatically attached to deep value shares. We are happy to buy high-quality, fast-growing businesses when they are available at attractive valuations.

When we look at the equity holdings in the portfolio in aggregate, they now trade at an even larger discount to world stock markets than they did nine months ago. If the past is any guide, this bodes well for future long-term performance. We remain confident that our approach can deliver on the Strategy's mandate over the long term, and we thank you for your trust, confidence, and patience.

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

For the full commentary please visit www.orbis.com

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1]		CPI inflation[2]	
Cumulative:	**ZAR**	**US$**	**ZAR**	**US$**	**ZAR**	**US$**
Since inception (3 February 2004)	371.3	136.4	435.5	168.6	134.5	38.5
Annualised:						
Since inception (3 February 2004)	10.2	5.6	11.1	6.4	5.5	2.1
Latest 10 years	11.3	4.4	13.9	6.8	5.1	1.7
Latest 5 years	8.5	4.4	10.7	6.5	4.9	1.7
Latest 3 years	4.1	3.3	10.5	9.6	4.5	2.1
Latest 2 years	2.7	-3.7	13.2	6.1	4.4	2.1
Latest 1 year	7.5	10.3	15.9	18.9	3.6	2.0
Risk measures (since inception)						
Maximum drawdown[3]	-24.0	-34.1	-25.1	-37.5	n/a	n/a
Percentage positive months[4]	57.1	59.7	57.6	63.4	n/a	n/a
Annualised monthly volatility[5]	14.0	10.6	12.8	9.5	n/a	n/a
Highest annual return[6]	55.6	40.1	38.8	37.6	n/a	n/a
Lowest annual return[6]	-13.7	-27.3	-17.0	-31.7	n/a	n/a

1. 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown occurred from 23 October 2008 to 30 June 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. 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.

Asset allocation on 31 December 2019

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equity	61.4	11.2	22.9	7.8	15.8	3.7
Hedged equity	22.9	11.2	5.7	1.8	3.0	1.2
Fixed interest	10.4	9.9	0.3	0.0	0.1	0.1
Commodity-linked	3.8	0.0	0.0	0.0	0.0	3.8
Net current assets	1.4	0.0	0.0	0.0	0.0	1.4
Total	**100.0**	**32.3**	**28.9**	**9.6**	**18.9**	**10.2**
Currency exposure of the Orbis funds						
Funds	100.0	39.7	35.9	9.9	9.7	4.8
Index	100.0	57.6	26.3	13.1	1.0	2.1

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 2019
Cents per unit	**0.5148**

ALLAN GRAY STABLE FUND

Inception date: 1 July 2000

Portfolio managers

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

Fund objective and benchmark

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

Commentary

As we enter the third decade of the 21st century, it is useful to briefly review returns over the past 10 years. When we wrote a similar review in December 2009, there was much excitement in South Africa with the upcoming FIFA World Cup and the world economy starting to recover from the lows of the global financial crisis. Yet, we cautioned investors that the excellent returns achieved during the first decade were unlikely to be repeated.

Such caution was informed by higher starting prices for investment assets and the inherent mathematical limitation of compounding double-digit real returns in perpetuity. We were concerned about valuations.

Table 1 shows the annualised return from the FTSE/JSE All Share Index and the Allan Gray Stable Fund over the past two decades:

	JSE total return	Allan Gray Stable Fund	Inflation
2000 – 2009	16.1%	15.2%*	6.0%
2010 – 2019	10.8%	8.4%	5.1%

*Annualised return from 1 July 2000 to 31 December 2009 (9.5 years)

Returns over the last 10 years were indeed lower than the previous decade, but by no means disastrous for the long-term investor. Weaker returns more recently should be viewed in this context.

While returns held up better than we may have expected, the South African landscape has deteriorated markedly since 2010. As a nation, our outstanding government debt has quadrupled in absolute terms, numerous state-owned enterprises are on the brink of collapse and unemployment is endemic – not surprising then that the last 10 years are colloquially referred to as a "lost decade". The long-term repercussions of these and other local ailments on social stability, economic growth and future investment returns are deeply concerning.

As we enter the third decade, South African asset valuations are, on average, more reasonable since the market's expectations are muted. A challenging economic outlook does not necessarily hinder the ability to achieve decent returns but treading with caution is advised.

The Fund continues to hold a wide range of real assets, including inflation protected bonds ("linkers"). Buying these government issued "linkers" today offers a return greater than 3% above inflation over their respective lifetimes. A 3% real return may not sound like much, but compounded over the next decade, an investor will have increased their purchasing power by more than a third. The high level of certainty of achieving this inflation-beating return is attractive when treading carefully.

Commentary contributed by Leonard Krüger

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2000)	759.3	430.1	185.2
Annualised:			
Since inception (1 July 2000)	11.7	8.9	5.5
Latest 10 years	8.4	7.3	5.1
Latest 5 years	7.7	7.9	4.9
Latest 3 years	6.3	8.0	4.5
Latest 2 years	4.7	7.9	4.4
Latest 1 year	6.5	7.9	3.6
Risk measures (since inception)			
Maximum drawdown[3]	-6.9	n/a	n/a
Percentage positive months[4]	77.8	100.0	n/a
Annualised monthly volatility[5]	4.6	0.6	n/a
Highest annual return[6]	23.3	14.6	n/a
Lowest annual return[6]	0.1	6.2	n/a

1. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited plus 2%, performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 5 September 2018 to 23 November 2018. 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 August 2019 and the benchmark's occurred during the 12 months ended 31 January 2014. 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 2019[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equity	38.0	21.1	1.7	15.2
Hedged equity	8.0	2.0	0.0	6.1
Property	3.9	3.9	0.0	0.0
Commodity-linked	2.9	1.9	0.0	1.0
Bonds	29.0	20.8	3.3	4.9
Money market and bank deposits	18.1	15.1	1.3	1.8
Total (%)	**100.0**	**64.8**	**6.3**	**28.9**[8]

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. Market movements 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 2019	30 Jun 2019	30 Sep 2019	31 Dec 2019
Cents per unit	**34.5416**	**41.2089**	**38.8238**	**36.9971**

ALLAN GRAY OPTIMAL FUND

Inception date: 1 October 2002

Portfolio manager

Ruan Stander.

Fund objective and benchmark

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

Commentary

The Optimal Fund returned 4% for 2019 compared to 5.8% for its benchmark. The most significant detractors from performance were KAP and Comair, while British American Tobacco and an underweight position in Shoprite were the most significant contributors.

We are excited by some of the opportunities presented by the stock market today and believe the Fund is well positioned to benefit over the long term.

The Fund's most significant overweight positions are Naspers, British American Tobacco, Reinet and Glencore.

Naspers is trading at an estimated 45% discount to our sum of the parts, despite a proven ability to allocate capital well for shareholders. We sold Prosus shares to buy more Naspers when the discount increased after the Prosus listing, leading to an underweight position in Prosus.

British American Tobacco delivered a total return of 36% in 2019 and should trade on a PE ratio of 10x as its results to December 2019 are expected to be strong, confirmed by a recent trading update. This is attractive for a company that is growing fast and converting around 90% of earnings into cash for dividends and debt repayments.

Reinet has allocated capital wisely by buying back around 5% of shares at a significant discount to our estimate of fair value. Its portfolio of companies outside British American Tobacco is doing well, driven by Pension Insurance Corporation. Despite this, the company still trades at an estimated discount to fair value of 40%.

Glencore also allocated capital well in 2019 by buying back 4.6% of their own shares at a discount to our estimate of fair value. At normalised commodity prices, we estimate Glencore should generate 14% of its share price in free cashflow with a significant percentage of this cash coming from its marketing business that is less sensitive to commodity prices.

The Fund's most significant underweight positions are Anglo American, BHP, Richemont and Prosus.

Anglo and BHP derive a significant portion of their free cashflow from iron ore. The fundamentals of iron ore have held up much better than expected as a result of Chinese stimulus to offset the impact of the trade war, closure of Chinese iron ore production and supply disruptions like the tailings dam disaster in Brazil. However, it is hard to be bullish about the fundamentals of iron ore in the long run. Chinese steel production is not expected to grow materially from a high base, as infrastructure ages and scrap supply becomes a meaningful substitute for mined minerals – if Japan and the US are considered as case studies. Meanwhile, it may be tempting for large producers to increase supply, with prices triple their cost of production. Using a normalised iron ore price, Anglo and BHP are much more expensive than Glencore.

Richemont has done a great job growing its jewellery business to offset the decline of watches. However, it is too expensive for the Fund at a PE ratio of over 20x.

As discussed above, Naspers is a much cheaper entry point than Prosus, given that it trades at a 20% discount to the value of its stake in Prosus.

Commentary contributed by Ruan Stander

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2002)	259.2	192.0	141.5
Annualised:			
Since inception (1 October 2002)	7.7	6.4	5.3
Latest 10 years	6.2	5.2	5.1
Latest 5 years	6.4	5.7	4.9
Latest 3 years	4.4	5.9	4.5
Latest 2 years	5.1	5.8	4.4
Latest 1 year	4.0	5.8	3.6
Risk measures (since inception)			
Maximum drawdown[3]	-5.9	n/a	n/a
Percentage positive months[4]	78.3	100.0	n/a
Annualised monthly volatility[5]	3.8	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-1.5	4.1	n/a

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 17 May 2017 to 27 September 2017. 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 March 2018 and the benchmark's occurred during the 12 months ended 31 August 2013. 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 2019

Asset class	Total
Net equity	5.4
Hedged equity	78.2
Property	0.0
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	16.4
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 2019	31 Dec 2019
Cents per unit	**42.2282**	**30.2518**

ALLAN GRAY-ORBIS GLOBAL OPTIMAL FUND OF FUNDS

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

At the end of 2019, the Orbis Global Equity and Optimal Strategies turned 30 years of age. To put performance in perspective and analyse prospects going forward, we will revisit a familiar framework that we have used in previous commentaries, in which we break returns down into three components – a risk-free rate, an equity risk premium, and the value added by Orbis, or "alpha".

The risk-free rate is easiest to understand – the return on bank deposits or similar cash instruments. For a US dollar investor, this has averaged 3% per annum since 1990. The second component, the equity risk premium, is essentially the excess return above cash that one would expect to receive in exchange for bearing stock market risk. This premium cannot be observed directly, but we can derive it by comparing the return on stocks versus the cash rate. Since 1990, the FTSE World Index has returned 7% per annum. After subtracting the 3% cash rate, we get an implied equity risk premium of 4% per annum, which is in line with its long-term history. The final piece, alpha, is any extra return that we are able to generate through our bottom-up stock selection. After fees, this has averaged around 4% per annum since 1990 in both the Global Equity and Optimal Strategies.

Putting these components together allows us to see where the Orbis Global Equity Fund's 11% per annum long-term net return has come from: three percentage points from the risk-free rate, four percentage points from the equity risk premium, and four percentage points of after-fee value added by Orbis. Simplistically, Optimal is designed to capture the risk-free rate and alpha without the equity risk premium. Optimal has therefore given up roughly 4% per annum, leaving a return of 3% from the risk-free rate and 4% added by Orbis for a 7% overall per annum return net of fees.

Why would anyone want to part with 4% per year? The hint is in the name – earning the equity risk premium comes with a large dollop of risk. A long-term average return premium of 4% per annum seems quite modest in the context of 15% annualised volatility and occasional drawdowns of more than 30%. By hedging stock market exposure, Optimal is designed to sacrifice some return in order to avoid highly uncertain long-term equity outcomes as well as disproportionally large annual volatility.

This has been a painful sacrifice over the last ten years. Not only has the equity risk premium delivered more than 8% per annum – more than twice its long-term average – it has done so with below average volatility. During the past decade, the risk-free rate has also been squeezed down to historically low levels. Instead of the 3% that we saw over the full history of the Strategy, it has been less than 1% over the last 10 years. Worst of all, our alpha has been poor – well below our long-term average and simply not good enough. As a result of this "perfect storm", Optimal's returns have been highly disappointing.

As painful as this has been for our clients – and for ourselves as co-investors in Optimal – we believe these headwinds are more cyclical than structural in nature. If we look closer at each of the components of return, we see good reasons to be optimistic that the next decade may look different from the one that has just ended.

We have no edge in predicting where interest rates will head, but we do know that the levels experienced in recent times are extremely low in the context of history – in large part due to extreme policy measures taken in the wake of the global financial crisis. But as that episode fades further into the rearview mirror, we would expect risk-free rates to return to more "normal" levels. Indeed, at nearly 2% in the US today, the risk-free rate is somewhat closer to its longer-term average.

What about alpha? While some may point to the last 10 years as evidence that markets have become more efficient and stock picking is dead, we see it differently. Our perspective is that valuation inefficiencies – often the key ingredient necessary for future alpha – have become much more prevalent since the global financial crisis and especially so over the last few years. These heightened inefficiencies often sow the seeds for future excess returns.

We appreciate that this has been a long and challenging decade for Optimal clients. As frustrating as this may be, we continue to believe that Optimal has an important role to play in client portfolios. Its downside protection may seem like a useless feature during bull markets, but it is one that should more than earn its keep when the next bear market arrives. And in all markets, Optimal provides exposure to the value that we add through stock selection. While this has also been lacklustre in recent years, we are enthusiastic about the opportunities we have identified and hopeful that clients will ultimately be rewarded for their patience.

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

For the full commentary please see www.orbis.com

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)	85.2	1.5	74.3	-4.4	62.6	18.7
Annualised:						
Since inception (2 March 2010)	6.5	0.2	5.8	-0.5	5.1	1.8
Latest 5 years	3.3	-0.6	3.6	-0.3	4.9	1.7
Latest 3 years	-1.9	-2.7	2.6	1.8	4.5	2.1
Latest 2 years	-2.5	-8.6	5.9	-0.7	4.4	2.1
Latest 1 year	-7.0	-4.6	-2.6	-0.1	3.6	2.0
Risk measures (since inception)						
Maximum drawdown[3]	-18.9	-21.8	-26.6	-15.1	n/a	n/a
Percentage positive months[4]	48.3	51.7	46.6	50.0	n/a	n/a
Annualised monthly volatility[5]	14.2	6.6	14.2	4.5	n/a	n/a
Highest annual return[6]	39.6	12.9	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 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
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 2019

	Total	North America	Europe	Japan	Asia ex-Japan	Other
Net equity	5.2	-1.4	-0.1	2.5	2.0	2.2
Hedged equity	87.4	26.6	23.9	17.9	15.2	3.8
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	7.4	0.0	0.0	0.0	0.0	7.4
Total	**100.0**	**25.2**	**23.8**	**20.4**	**17.1**	**13.5**
Currency exposure of the Orbis funds						
Funds	100.0	57.3	37.2	0.0	5.4	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 2019
Cents per unit	**0.2005**

ALLAN GRAY BOND FUND

Inception date: 1 October 2004

Portfolio managers

Mark Dunley-Owen, Londa Nxumalo.

Fund objective and benchmark

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

Commentary

The year 2019 was characterised by ongoing trade tensions and concerns about the resultant slowdown in the global economy. The International Monetary Fund (IMF) expects global economic growth to have decelerated to 3% in 2019, down from 3.6% in the previous year, with major economies leading the decline. The US treasury yield curve was inverted for most of 2019, further raising fears of an impending recession. Major central banks sprang into action to defend their respective economies, with the US Federal Reserve cutting interest rates by a cumulative 75 basis points (bp) over the year, the European Central Bank resuming net asset purchases, and the People's Bank of China reducing the required reserve ratio for banks several times.

The monetary easing by major central banks was a boon for emerging markets – the J.P. Morgan EMBI Global Index shows emerging market bond spreads compressing from 441bp at the beginning of the year to 277bp in December. South African bonds also benefited, with JSE All Bond Index (ALBI) performance belying dismal fundamentals. Economic growth is expected to have only been 0.5% in 2019, which will not boost government revenues enough to offset increased spending, e.g. on state company bailouts. This will result in more borrowing and a ballooning debt pile. Adding to the gloom, all three international credit rating agencies (Fitch, Moody's and Standard & Poor's) put South Africa on a negative outlook. The only bright spot was inflation, which consistently printed at or below the Reserve Bank's target midpoint of 4.5%.

Considering the state of the local economy, the South African credit market was incredibly robust. Issuance was at multiyear highs, exceeding 2017's record R142bn by November. Strong volumes were recorded by banks, corporates, securitisations and state-owned entities. Interestingly, municipalities remained absent from the credit market. The credit market was favourable for issuers in 2019 due to a large amount of pent-up demand for credit assets. Credit spreads continued to tighten throughout the year – although the moves were less pronounced than in prior years – and auctions were consistently oversubscribed.

The Fund's duration remains significantly short relative to the ALBI, a conservative stance we feel is warranted given upside risks to bond yields in 2020. All eyes are on the country's finances and whether or not we will avoid a final downgrade to sub-investment grade by Moody's.

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)	282.4	255.3	129.8
Annualised:			
Since inception (1 October 2004)	9.2	8.7	5.6
Latest 10 years	9.3	8.9	5.1
Latest 5 years	9.0	7.8	4.9
Latest 3 years	10.6	9.4	4.5
Latest 2 years	10.1	9.0	4.4
Latest 1 year	10.8	10.3	3.6
Risk measures (since inception)			
Maximum drawdown[3]	-11.7	-14.4	n/a
Percentage positive months[4]	72.1	68.3	n/a
Annualised monthly volatility[5]	5.2	7.0	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

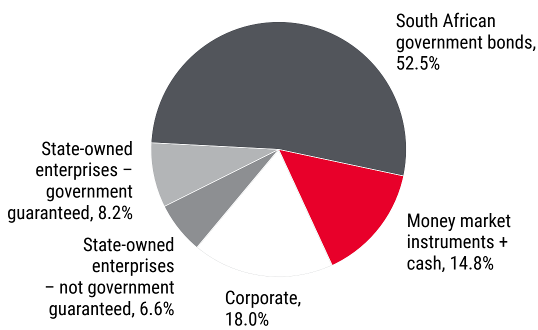
1. JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 30 January 2015 to 11 December 2015 and maximum benchmark drawdown occurred from 29 January 2015 to 11 December 2015. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. 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 2019	30 Jun 2019	30 Sep 2019	31 Dec 2019
Cents per unit	**22.9318**	**23.9501**	**25.3241**	**24.7456**

Asset allocation on 31 December 2019



ALLAN GRAY MONEY MARKET FUND

Inception date: 1 July 2001

Fund managers

Mark Dunley-Owen, 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

In the third quarter of 2019 we spoke about South Africa's elevated fiscal risks. Since then, Finance Minister Tito Mboweni delivered his Medium-Term Budget Policy Statement (MTBPS) on 30 October. His speech was certainly too honest for the market's liking, as he chose not to sugar-coat the stark reality that South Africa "stands at the end of winter and the food cupboards are almost bare". He emphasised that our national debt is increasing at an unsustainable pace, and that government spending should outstrip revenue by R306bn in the 2019/20 fiscal year.

The budget is being cannibalised by interest payments on debt, government wage increases, and bailouts for state-owned entities like Eskom and SAA. Previously promised government wage bill cuts and spending reductions did not bear fruit, with investors frustrated by the perceived lack of effort to rein in our spiralling debt metrics. In this regard, the average wage increase across government was 6.8% in 2018/19, or 2.2% above inflation over that period.

In 2019, the South African Reserve Bank found itself in a challenging position when it came to setting monetary policy. This was evident in its contentious fourth quarter Monetary Policy Committee vote, in which three members favoured rates being kept on hold against two voting for a rate cut. While SA's headline inflation printed at 3.6% year-on-year in November, its lowest rate since 2011, the committee was concerned about government's rising borrowing costs and the pass-through effect that this could have on the economy.

What did this mean for money market returns in 2019?

In the panicked aftermath of the MTBPS, opportunities presented themselves for us to reinvest cash into one-year bank paper at slightly elevated yields of 7.70% to 7.80%. Additionally, given expectations of increasing government debt issuance, treasury bill yields rose substantially towards the end of the year. This situation was surely being compounded by a national household savings rate of circa 0% – translating into a stagnant pool of investable assets (or limited "spare cash") with which to fund the current government revenue shortfall.

The latter half of the year thus saw six-month government bills trade to yields of 7.70% versus six-month bank yields of 7.25% (a 0.45% pick-up). As such, the Fund strategically almost tripled its SA government exposure in the fourth quarter.

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)	315.3	305.4	169.0
Annualised:			
Since inception (1 July 2001)	8.0	7.9	5.5
Latest 10 years	6.7	6.5	5.1
Latest 5 years	7.6	7.2	4.9
Latest 3 years	7.8	7.4	4.5
Latest 2 years	7.8	7.3	4.4
Latest 1 year	7.8	7.3	3.6
Risk measures (since inception)			
Highest annual return[3]	12.8	13.3	n/a
Lowest annual return[3]	5.2	5.2	n/a

1. The current benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund, performance as calculated by Allan Gray as at 31 December 2019.
2. This is based on the latest numbers published by IRESS as at 30 November 2019.
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 30 September 2013 and the benchmark's occurred during the 12 months ended 31 October 2013. 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 2019	Feb 2019	Mar 2019	Apr 2019
0.65	0.59	0.65	0.63
May 2019	**Jun 2019**	**Jul 2019**	**Aug 2019**
0.65	0.63	0.64	0.64
Sep 2019	**Oct 2019**	**Nov 2019**	**Dec 2019**
0.60	0.62	0.60	0.62

Exposure by issuer on 31 December 2019

	% of portfolio
Government and parastatals	**18.5**
Republic of South Africa	18.5
Corporates	**10.9**
Shoprite	2.5
Sanlam	2.4
The Thekwini Warehousing Conduit	1.8
MTN	1.6
Toyota Financial Services	1.1
Mercedes-Benz	0.9
Life Healthcare Group	0.6
Banks[4]	**70.7**
Standard Bank	16.3
Absa Bank	15.9
Nedbank	14.9
Investec Bank	14.0
FirstRand Bank	9.6
Total (%)	**100.0**

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

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

ALLAN GRAY UNIT TRUSTS ANNUAL FEES

Fund	Annual investment management fee (excl. VAT)
Allan Gray Equity Fund (JSE code: AGEF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT. For each annualised percentage point above or below the benchmark we add or deduct 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. The Orbis equity funds charge 1.5% p.a. for performance equal to their benchmarks. The minimum Orbis equity fund fee is 0.5% p.a. and the maximum is 2.5% p.a. 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 0.2%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark.
Allan Gray-Orbis Global Equity Feeder Fund[1] (JSE code: AGOE)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges an annual management fee within the underlying Orbis Global Equity Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information please refer to the Orbis Global Equity Fund factsheet, which can be found at www.allangray.co.za
Allan Gray Balanced Fund (JSE code: AGBF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray Tax-Free Balanced Fund (JSE code: AGTBA)	A fixed fee of 1.25% p.a. excl VAT. This fee only applies to the portion of the unit trust 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 Fund of Funds[1] (JSE code: AGGF)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges annual management fees within the underlying Orbis funds. Each fund's fee rate is calculated based on the fund's performance relative to its own benchmark. For more information please refer to the respective Orbis funds' factsheets, which can be found at www.allangray.co.za
Allan Gray Stable Fund (JSE code: AGSF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. If the Fund's return over two years is equal to or less than 0%, Allan Gray will not charge a fee. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark we add or deduct 0.1%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. 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 0.2% to the fee for each percentage of performance above the high watermark. The fee is uncapped.
Allan Gray-Orbis Global Optimal Fund of Funds[1] (JSE code: AGOO)	Allan Gray does not charge an annual management fee but is paid a marketing and distribution fee by Orbis. Orbis charges annual management fees within the underlying Orbis funds. Each fund's fee rate is calculated based on the fund's performance relative to its own benchmark. For more information please refer to the respective Orbis funds' factsheets, which can be found at www.allangray.co.za
Allan Gray Bond Fund (JSE code: AGBD)	The fee rate is calculated daily by comparing the Fund's total performance over the last year, to that of the benchmark adjusted for Fund expenses and cash flows. Minimum fee: 0.25% p.a. excl. VAT If the Fund outperforms its benchmark, for each percentage of performance above the benchmark we add 0.25% to the minimum fee to a maximum fee of 0.75% p.a. excl. VAT. The fee rate is applied to the daily value of the Fund.
Allan Gray Money Market Fund (JSE code: AGMF)	A fixed fee of 0.25% p.a. excl. VAT

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

For the 1-year period ending 31 December 2019

Fund	Fee for benchmark performance %	Performance fee %	Other costs excluding transaction costs %	VAT %	Total expense ratio (TER)[3,5] %	Transaction costs (incl. VAT)[3,5] %	Total investment charge (TIC) %
Allan Gray Equity Fund[2,4] (JSE code: AGEF)	1.14%	-0.68%	0.04%	0.01%	**0.51%**	0.08%	**0.59%**
Allan Gray SA Equity Fund[4] (JSE code: AGDA)	1.00%	-1.00%	0.01%	0.00%	**0.01%**	0.08%	**0.09%**
Allan Gray-Orbis Global Equity Feeder Fund[1] (JSE code: AGOE)	1.49%	-0.32%	0.06%	0.00%	**1.23%**	0.06%	**1.29%**
Allan Gray Balanced Fund[2,4] (JSE code: AGBF)	1.12%	-0.12%	0.04%	0.10%	**1.14%**	0.07%	**1.21%**
Allan Gray Tax-Free Balanced Fund[2,4,6] (JSE code: AGTBA)	1.36%	0.00%	0.05%	0.14%	**1.55%**	0.09%	**1.64%**
Allan Gray-Orbis Global Fund of Funds[1] (JSE code: AGGF)	1.44%	-0.17%	0.06%	0.00%	**1.33%**	0.07%	**1.40%**
Allan Gray Stable Fund[2,4] (JSE code: AGSF)	1.10%	-0.33%	0.04%	0.07%	**0.88%**	0.07%	**0.95%**
Allan Gray Optimal Fund[4] (JSE code: AGOF)	1.00%	0.00%	0.02%	0.15%	**1.17%**	0.10%	**1.27%**
Allan Gray-Orbis Global Optimal Fund of Funds[1] (JSE code: AGOO)	0.99%	0.00%	0.08%	0.00%	**1.07%**	0.10%	**1.17%**
Allan Gray Bond Fund (JSE code: AGBD)	0.25%	0.31%	0.01%	0.09%	**0.66%**	0.00%	**0.66%**
Allan Gray Money Market Fund[6] (JSE code: AGMF)	0.25%	0.00%	0.00%	0.04%	**0.29%**	0.00%	**0.29%**

1. 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.
2. Assets invested in the Orbis funds incur a management fee. These, along with other expenses, are included in the total expense ratio.
3. The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one year. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, Securities Transfer Tax [STT], STRATE and Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER 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).
4. The fees, TERs and Transaction costs provided are for Class A funds only. The fees, TERs and Transaction costs for Class B and Class C funds are available from our Client Service Centre.
5. TERs and Transaction costs are unaudited.
6. The Allan Gray Tax-Free Balanced Fund and Allan Gray Money Market Fund charge a fixed fee.

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 a reasonable time period. Allan Gray Unit Trust Management (RF) Proprietary Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (Item 6 of Table 1 to Regulation 28).

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Equity Fund		Global Equity Feeder Fund		Balanced Fund		Global Fund of Funds		Stable Fund	
		2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R
INVESTMENT INCOME		1 059 417 666	1 004 939 708	4 541 478	3 595 053	5 137 615 163	4 691 686 543	2 851 480	2 197 475	2 407 321 552	2 172 254 411
Dividends - Local		975 109 293	917 752 846	-	-	2 761 865 218	2 255 229 370	-	-	442 090 321	402 546 444
Dividends - Foreign		-	-	-	-	-	-	-	-	-	-
Dividends - Real estate investment trust income		30 517 399	23 305 177	-	-	128 958 865	72 643 168	-	-	167 646 409	121 650 959
Interest - Local		40 802 047	63 545 985	4 541 478	3 595 053	2 158 717 270	2 331 444 922	2 851 480	2 197 475	1 673 351 370	1 605 743 432
Interest - Foreign		-	-	-	-	68 304 564	31 783 131	-	-	123 804 913	42 224 782
Sundry income		12 988 927	335 700	-	-	19 769 246	585 952	-	-	428 539	88 794
OPERATING EXPENSES		25 415 267	669 974 306	1 551 688	1 536 801	966 254 750	1 421 968 982	1 130 873	1 084 899	232 903 211	314 534 926
Audit fee		209 511	59 033	78 434	22 101	256 753	52 742	81 273	22 901	214 359	60 407
Bank charges		99 541	108 212	9 498	9 580	537 329	563 462	11 218	9 775	451 379	367 432
Commitment fee		1 780 114	1 783 127	816 912	818 002	436 669	615 183	582 181	571 611	-	58 299
Trustee fees		1 375 038	1 496 808	646 844	687 118	5 365 208	5 292 893	456 201	480 612	1 808 780	1 741 829
Management fee		21 951 063	666 527 126	-	-	959 658 791	1 415 444 702	-	-	230 428 693	312 306 959
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	1 034 002 399	334 965 402	2 989 790	2 058 252	4 171 360 413	3 269 717 561	1 720 607	1 112 576	2 174 418 341	1 857 719 485

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Equity Fund		Global Equity Feeder Fund		Balanced Fund		Global Fund of Funds		Stable Fund	
	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R
ASSETS										
Investments	37 050 829 628	38 940 465 936	18 919 316 217	16 675 310 707	147 414 416 187	145 910 082 803	12 735 513 855	12 536 422 046	48 986 463 598	50 583 881 715
Current assets	103 925 454	85 132 594	101 840 375	75 597 148	318 643 084	286 825 448	49 105 588	61 787 603	85 501 905	59 451 015
TOTAL ASSETS	37 154 755 082	39 025 598 530	19 021 156 592	16 750 907 855	147 733 059 271	146 196 908 251	12 784 619 443	12 598 209 649	49 071 965 503	50 643 332 730
LIABILITIES										
Current liabilities	413 286 991	351 329 742	3 017 620	2 015 555	1 946 902 794	2 133 225 081	1 745 286	1 142 143	524 731 967	890 045 222
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	36 741 468 091	38 674 268 788	19 018 138 972	16 748 892 300	145 786 156 477	144 063 683 170	12 782 874 157	12 597 067 506	48 547 233 536	49 753 287 508

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Optimal Fund		Global Optimal Fund of Funds		Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
		2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R
INVESTMENT INCOME		51 012 003	40 417 556	275 684	10 747	186 579 200	116 149 421	1 569 171 105	1 246 656 730	116 485 520	95 572 941	33 486 174	21 831 483
Dividends - Local		35 653 041	28 475 433	-	-	-	-	-	-	104 210 210	86 381 558	16 798 971	10 360 543
Dividends - Foreign		-	-	-	-	-	-	-	-	-	-	-	-
Dividends - Real estate investment trust income		-	119 505	-	-	-	-	-	-	4 042 609	2 784 657	819 656	392 586
Interest - Local		12 641 755	11 822 618	275 684	10 747	186 579 200	116 149 421	1 569 171 105	1 246 656 730	7 319 212	6 359 737	15 510 184	11 073 548
Interest - Foreign		-	-	-	-	-	-	-	-	-	-	294 936	-
Sundry income		2 717 207	-	-	-	-	-	-	-	913 489	46 989	62 427	4 806
OPERATING EXPENSES		13 563 016	14 014 751	171 576	122 159	13 002 260	9 709 025	58 880 094	46 654 148	421 115	8 055 572	10 192 473	7 058 615
Audit fee		210 114	59 217	81 033	22 807	144 090	40 601	168 844	46 339	138 752	43 510	143 075	34 648
Bank charges		52 888	65 832	10 035	9 761	56 542	48 635	110 049	104 086	42 888	53 345	64 049	83 967
Commitment fee		3 419	-	44 988	47 936	-	1 612	-	-	134 704	118 895	-	-
Trustee fees		43 337	43 553	35 520	41 655	74 520	46 359	725 938	574 062	104 771	100 328	34 997	24 558
Management fee		13 253 258	13 846 149	-	-	12 727 108	9 571 818	57 875 263	45 929 661	-	7 739 494	9 950 352	6 915 442
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	37 448 987	26 402 805	104 108	(111 412)	173 576 940	106 440 396	1 510 291 011	1 200 002 582	116 064 405	87 517 369	23 293 701	14 772 868

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Optimal Fund		Global Optimal Fund of Funds		Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R
ASSETS												
Investments	1 110 544 522	1 225 776 259	958 334 264	1 069 144 608	2 803 292 763	1 578 750 955	22 549 720 386	18 528 663 311	2 901 973 852	2 789 526 324	1 068 071 641	774 080 861
Current assets	5 279 045	7 587 035	13 802 826	101	6 899 184	895 409	10 393 334	9 407 931	11 223 215	16 922 970	4 636 617	1 959 449
TOTAL ASSETS	1 115 823 567	1 233 363 294	972 137 090	1 069 144 709	2 810 191 947	1 579 646 364	22 560 113 720	18 538 071 242	2 913 197 067	2 806 449 294	1 072 708 258	776 040 310
LIABILITIES												
Current liabilities	15 513 207	18 758 810	162 450	746 875	61 769 258	35 822 026	446 470 607	717 794 603	51 998 550	53 671 631	13 053 944	11 060 435
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	1 100 310 360	1 214 604 484	971 974 640	1 068 397 834	2 748 422 689	1 543 824 338	22 113 643 113	17 820 276 639	2 861 198 517	2 752 777 663	1 059 654 314	764 979 875

1. Distribution schedules

	Note	2019	2018
ALLAN GRAY EQUITY FUND			
30 June			
Class A			
Cents per unit		600.9645	-
Distribution paid - R		338 046 521	-
Class C			
Cents per unit		601.8291	0.5075
Distribution paid - R		254 077 112	179 776
Class X			
Cents per unit		603.4112	383.9983
Distribution paid - R		9 206 105	6 938 491
31 December			
Class A			
Cents per unit		416.4739	328.6621
Distribution paid - R		221 849 810	205 883 042
Class B			
Cents per unit		-	73.3964
Distribution paid - R		-	494 803
Class C			
Cents per unit		457.4206	343.1074
Distribution paid - R		184 476 599	129 983 721
Class X			
Cents per unit		458.6244	582.9456
Distribution paid - R		4 774 426	10 040 824
TOTAL DISTRIBUTION FOR THE YEAR		1 012 430 573	353 520 657
Shortfall of income funded by net assets attributed to unitholders	2	-	(20 183 198)
Expense/(income) on creation and cancellation of units		21 571 826	1 627 943
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		1 034 002 399	334 965 402
ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND			
31 December			
Class A			
Cents per unit		1.0550	0.6759
Distribution paid - R		2 904 827	1 938 042
TOTAL DISTRIBUTION FOR THE YEAR		2 904 827	1 938 042
Expense/(income) on creation and cancellation of units		84 963	120 210
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		2 989 790	2 058 252

	Note	2019	2018
ALLAN GRAY BALANCED FUND			
30 June			
Class A			
Cents per unit		150.7560	90.8244
Distribution paid - R		922 256 081	721 652 778
Class B			
Cents per unit		-	23.8665
Distribution paid - R		-	2 230 755
Class C			
Cents per unit		159.4332	99.7091
Distribution paid - R		1 231 488 586	562 105 285
Class X			
Cents per unit		194.1625	148.7985
Distribution paid - R		94 163 882	31 023 754
31 December			
Class A			
Cents per unit		129.8537	135.9317
Distribution paid - R		765 432 811	951 392 158
Class B			
Cents per unit		-	67.5829
Distribution paid - R		-	3 969 820
Class C			
Cents per unit		138.6848	144.8695
Distribution paid - R		1 017 205 314	981 971 460
Class X			
Cents per unit		165.2862	188.3163
Distribution paid - R		84 518 612	50 493 220
TOTAL DISTRIBUTION FOR THE YEAR		4 115 065 286	3 304 839 230
Expense/(income) on creation and cancellation of units		56 295 127	(35 121 669)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		4 171 360 413	3 269 717 561
ALLAN GRAY-ORBIS GLOBAL FUND OF FUNDS			
31 December			
Class A			
Cents per unit		0.5148	0.3169
Distribution paid - R		1 650 277	1 076 645
TOTAL DISTRIBUTION FOR THE YEAR		1 650 277	1 076 645
Expense/(income) on creation and cancellation of units		70 330	35 931
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		1 720 607	1 112 576

1. Distribution schedules continued

	Note	2019	2018
ALLAN GRAY STABLE FUND			
31 March			
Class A			
Cents per unit		34.5416	32.0105
Distribution paid - R		225 930 390	249 577 598
Class B			
Cents per unit		-	20.9381
Distribution paid - R		-	2 983 046
Class C			
Cents per unit		36.0806	33.5278
Distribution paid - R		268 981 190	167 032 796
Class X			
Cents per unit		39.9789	38.2514
Distribution paid - R		4 505 017	1 959 757
30 June			
Class A			
Cents per unit		41.2089	31.4834
Distribution paid - R		261 675 102	250 324 035
Class B			
Cents per unit		-	19.9935
Distribution paid - R		-	2 735 091
Class C			
Cents per unit		42.8409	32.9846
Distribution paid - R		326 947 070	171 017 512
Class X			
Cents per unit		47.4282	36.8142
Distribution paid - R		5 997 409	1 783 541
30 September			
Class A			
Cents per unit		38.8238	37.2622
Distribution paid - R		240 678 596	302 097 786
Class B			
Cents per unit		-	25.6475
Distribution paid - R		-	3 151 590
Class C			
Cents per unit		40.4746	38.7961
Distribution paid - R		300 833 838	211 201 233
Class X			
Cents per unit		43.0335	45.0731
Distribution paid - R		6 131 604	2 213 910

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2019

	Note	2019	2018
31 December			
Class A			
Cents per unit		36.9971	35.1922
Distribution paid - R		225 704 001	262 055 797
Class B			
Cents per unit		-	23.5270
Distribution paid - R		-	1 853 117
Class C			
Cents per unit		38.6088	36.8463
Distribution paid - R		277 525 353	237 893 496
Class X			
Cents per unit		41.0286	41.1625
Distribution paid - R		6 405 771	4 082 108
TOTAL DISTRIBUTION FOR THE YEAR		2 151 315 341	1 871 962 413
Expense/(income) on creation and cancellation of units		23 103 000	(14 242 928)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		2 174 418 341	1 857 719 485
ALLAN GRAY OPTIMAL FUND			
30 June			
Class A			
Cents per unit		42.2282	17.1981
Distribution paid - R		13 410 685	6 899 040
Class B			
Cents per unit		-	3.1169
Distribution paid - R		-	17 674
Class C			
Cents per unit		44.2714	19.1209
Distribution paid - R		8 381 421	1 905 725
31 December			
Class A			
Cents per unit		30.2518	33.6479
Distribution paid - R		8 795 268	11 798 059
Class B			
Cents per unit		-	18.4524
Distribution paid - R		-	97 309
Class C			
Cents per unit		32.3456	35.7586
Distribution paid - R		5 499 782	5 616 156
TOTAL DISTRIBUTION FOR THE YEAR		36 087 156	26 333 963
Expense/(income) on creation and cancellation of units		1 361 831	68 842
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		37 448 987	26 402 805

1. Distribution schedules continued

	Note	2019	2018
ALLAN GRAY-ORBIS GLOBAL OPTIMAL FUND OF FUNDS			
31 December			
Class A			
Cents per unit		0.2005	-
Distribution paid - R		105 470	-
TOTAL DISTRIBUTION FOR THE YEAR		105 470	-
Shortfall of income funded by net assets attributed to unitholders	2	-	(110 419)
(Income)/expense on creation and cancellation of units		(1 362)	(993)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		104 108	(111 412)
ALLAN GRAY BOND FUND			
31 March			
Class A			
Cents per unit		22.9318	22.8618
Distribution paid - R		34 445 063	22 453 303
30 June			
Class A			
Cents per unit		23.9501	23.4296
Distribution paid - R		38 815 664	25 626 731
30 September			
Class A			
Cents per unit		25.3241	23.2524
Distribution paid - R		51 707 932	31 056 118
31 December			
Class A			
Cents per unit		24.7456	24.9249
Distribution paid - R		60 198 378	34 721 665
TOTAL DISTRIBUTION FOR THE YEAR		185 167 037	113 857 817
(Income)/expense on creation and cancellation of units		(11 590 097)	(7 417 421)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		173 576 940	106 440 396
ALLAN GRAY SA EQUITY FUND			
30 June			
Class A			
Cents per unit		792.3301	370.2354
Distribution paid - R		5 839 687	1 154 657
Class C			
Cents per unit		793.3952	441.5399
Distribution paid - R		8 952 850	3 817 829
Class X			
Cents per unit		793.6239	502.0824
Distribution paid - R		50 074 281	29 437 258

	Note	2019	2018
31 December			
Class A			
Cents per unit		640.5266	359.4384
Distribution paid - R		5 641 029	2 476 244
Class C			
Cents per unit		641.3882	398.1521
Distribution paid - R		6 803 529	4 605 514
Class X			
Cents per unit		641.5731	798.2847
Distribution paid - R		38 752 930	46 485 603
TOTAL DISTRIBUTION FOR THE YEAR		116 064 306	87 977 105
(Income)/expense on creation and cancellation of units		99	(459 736)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		116 064 405	87 517 369

ALLAN GRAY TAX-FREE BALANCED FUND

	Note	2019	2018
30 June			
Class A			
Cents per unit		14.3843	10.0517
Distribution paid - R		10 826 608	5 207 016
Class C			
Cents per unit		15.3053	11.0109
Distribution paid - R		1 949 140	1 007 507
31 December			
Class A			
Cents per unit		12.0513	13.8285
Distribution paid - R		9 634 383	8 325 957
Class C			
Cents per unit		13.0078	14.7746
Distribution paid - R		1 786 260	1 489 390
TOTAL DISTRIBUTION FOR THE YEAR		24 196 391	16 029 870
(Income)/expense on creation and cancellation of units		(902 690)	(1 257 002)
OPERATING PROFIT/(LOSS) BEFORE INCOME ADJUSTMENTS		23 293 701	14 772 868

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.

	2019 R	2018 R
Allan Gray Equity Fund A Class (June)	-	17 562 778
Allan Gray Equity Fund B Class (June)	-	2 620 420
Allan Gray-Orbis Global Optimal Fund of Funds (December)	-	110 419

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 2019 to 31 December 2019 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 Portfolio in the year.

Yours faithfully

Nelia de Beer
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
17 February 2020

IMPORTANT NOTES FOR INVESTORS

Information and content

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Management Company

Allan Gray Unit Trust Management (RF) Proprietary Limited (the Management Company) is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial 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 Proprietary Limited (the Investment Manager), an authorised financial services provider, is the appointed Investment Manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA). The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)87 736 1732 or www.rmb.co.za

Performance

Collective Investment Schemes in Securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the 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 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

Permissible deductions may include management fees, brokerage, Securities Transfer Tax (STT), auditor's fees, bank charges (including the overdraft facility charge) 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 year. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, STT, STRATE and Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost in administering the Funds and impact returns. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future 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 ASISA standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens withdrawals may be ring-fenced and managed over a period of time.

Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

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IMPORTANT NOTES FOR INVESTORS

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Feeder fund

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

Fund of funds

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

Foreign exposure

The Allan Gray Equity, Balanced, Stable, 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.

IMPORTANT NOTES FOR INVESTORS

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 a reasonable time period. The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

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
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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)
R J Formby	BSc (Eng) MBA
E D Loxton	BCom (Hons) MBA (Chairman)
B T Madikizela	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 Unit Trust Management (RF) Proprietary Limited is a member of the Association for Savings & Investment South Africa (ASISA)