Abridged Annual Report – **Unit Trusts**

2021

ALLANGRAY

Contents

Edgar Loxton

While many of us were hoping that 2021 would hail a return to "normal", we were faced with much of the same as in 2020 – lockdowns, job losses or reduced income, and tragic loss of life. In addition, the July civil unrest served as a grave reminder of the inequality that exists in our country and the extremes that years of unheard plights can lead to. There were also some green shoots as the global economy started to recover, hope as the vaccine roll-out in South Africa gained momentum, and we experienced the benefits of a commodity boom.

As we settle into 2022, higher inflation rates and the question of whether or not these are transitory, have started to dominate global news headlines. The effect of the newer Omicron strain remains unclear. The only constant seems to be uncertainty. Uncertainty is uncomfortable and sometimes downright frightening but, as investors, if you arm yourselves appropriately, you can prosper despite the circumstances and not having all the answers. Simple ways to do this include maintaining a disciplined long-term approach to investing; investing with fund managers that you trust and who have a proven track record through different investment cycles; and partnering with a good, independent financial adviser to facilitate rational decision-making and to help you remain committed.

Investor behaviour in the context of COVID-19

Bearing this context in mind, the last two years have provided a challenging investing environment, with many investors unable to avoid the pitfalls that have accompanied previous market crashes – and subsequent recoveries.

What we have seen across the industry during the COVID-19 market crash and recovery is what we call "pro-cyclical switching behaviour": Investors switch out of the asset classes or unit trust categories that are not performing as well, into those that are the top performers at the time – in other words, they follow the performance cycle. What this has meant practically, is that many investors fled to the perceived safety of money market funds after the COVID-19 market crash in March 2020. The market rallied strongly towards the end of 2020, continuing into 2021, with many investors then finding their way back to higher risk unit trusts. Unfortunately, they missed out on the recovery and locked in losses. Had these investors been able to stomach the volatility and remained committed to their initial fund choices, they would have been much better off.

The key is to avoid switching or deviating from your long-term plan unless your needs or personal circumstances change. Market crashes will always be a part of investing and selling low and buying high destroys wealth.

We continue to incorporate ESG thinking into our portfolios

While we encourage you to adopt long-term thinking in your approach, as investment managers we do so at portfolio level. Although integrating environmental, social and governance (ESG) factors into our research has always been an intrinsic part of our investment philosophy, we work on improvements to our ESG approach, research and engagement process year-on-year. Our progress is documented in our annual Stewardship report, which is available via our website. ESG issues are increasingly dominating headlines and are front of mind for many investors as they start to think more critically about the environmental and social impacts of companies in which they invest and demand more purpose-driven, sustainable and stakeholder-centric behaviour.

Orbis leadership changes

During the year, our offshore partner, Orbis, announced some leadership appointments, effective 31 December 2021.

William Gray handed over the day-to-day leadership of the firm to Adam Karr, who now leads the investment team while continuing in his role as a portfolio manager, and Darren Johnston, who leads the business team. Adam serves as president and portfolio manager and Darren as chief operating officer.

William remains closely involved. He has been appointed as chair of the Orbis Holdings Limited Board, continues as chair of the Orbis funds and maintains his existing directorships of the other asset managers in the Allan Gray and Orbis group, including his position on the Allan Gray Proprietary Limited Board.

This opportunity to refresh the leadership was a product of careful planning and a direct result of Orbis' ongoing process of developing leadership talent. Orbis is excited about this transition and the potential for it to create further opportunities across the firm for others to step up and make a greater impact.

Operational and fund changes

Our investment minimums

Effective 30 August 2021, we increased our investment minimums for new investments. We set our previous minimums 15 years ago and, since then, inflation roughly halved their real value. We aim for minimums that ensure we are able to meet the needs of a wide range of investors, while providing service of the highest standard. The new minimums for basic unit trust investments are R1 000 for a new debit order, R50 000 for a new investment lump sum and R1 000 for an additional contribution to an existing investment. We allowed existing debit orders that were below our new minimum to remain in place.

Allan Gray-Orbis Global Fund of Funds changed to Allan Gray-Orbis Global Balanced Feeder Fund

Following a successful ballot during the second quarter of 2021, the Allan Gray-Orbis Global Fund of Funds (the Fund) officially became the Allan Gray-Orbis Global Balanced Feeder Fund, and its benchmark was changed to align with the underlying Orbis fund.

Since the launch of the Orbis SICAV Global Balanced Fund in 2013, the Fund gradually increased its exposure to the Orbis SICAV Global Balanced Fund, with it making up approximately 74% of the Fund at the time of the ballot.

Bond Fund fixed fee

At Allan Gray, we continually review our offering to ensure that it continues to meet our clients' needs and provides good value for money over the long term. During 2020, we reviewed the investment management fee of the Allan Gray Bond Fund and decided to change it from a performance-based fee to a fixed fee of 0.5% per year (excl. VAT). The new fee is in line with the average fees that the Bond Fund has charged over its history, and we believe a fixed fee is more appropriate for a fund where the chances of experiencing extreme under- or outperformance over the fund's investment horizon have been, and will likely continue to be, very low.

We implemented the new fee on 1 December 2020 with a one-year transition period. During the transition period, we calculated both the previous performance-based fee and the new fixed fee daily and charged whichever was lower on the day. The new fixed fee became fully effective on 1 December 2021.

Update on unitholders

Assets under management as at 31 December 2021 were R322.5bn. This is an increase from the R287.1bn that we reported at the end of 2020. There were net outflows of R14.3bn in 2021.

Gross client outflows divided by the average value of assets in our unit trusts in 2021 were at 13%. This means that, on average, clients are staying with Allan Gray for eight years. Our individual fund churn rate, which includes switches between unit trusts*, has come in at 16% for the year, reflecting a weighted average fund holding period for investors of six years.

It is pleasing to see that clients are generally remaining focused on the long term to enjoy the benefits of our philosophy and approach to investing, which is especially important during times of uncertainty.

Based on our pandemic experience, it seems best not to assume that we know what the next year will hold. In terms of your investments with us, our portfolio managers continue to position the portfolios for multiple outcomes and to work relentlessly to identify those investment opportunities that are most likely to serve you well over the long term. Thank you for your continued trust and confidence in us.

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

Duncan Artus

Preparing for more uncertainty and volatility

As I write this in mid-January 2022, COVID-19 is still affecting everyday life globally despite vaccine roll-outs, but the FTSE/JSE All Share Index (ALSI) is reaching new all-time highs in rand terms and the FTSE World Index is within 3% of its all-time dollar high. In contrast, the US two-year treasury bill produced its first negative return in over three decades. South Africa finished the year with a lower inflation rate than the US, yet the US 10-year bond yields 1.7% compared to the SA 10-year at 9.5%. However, the headline numbers often hide considerable differences between and within markets.

The South African equity market, as represented by the ALSI, returned 29.2% in 2021, outperforming both cash at 3.6% and inflation of 5.5%. The Capped SWIX, which many funds use as a more representative equity benchmark, returned 27.1%. Industrial shares slightly underperformed their resource and financial counterparts. Local bonds underperformed equities, with the FTSE/JSE All Bond Index delivering 8.4%. Global bonds also underperformed, with the FTSE World Government Bond Index returning 1.0% and the FTSE World Index returning 31.3% in rands, respectively. The rand weakened 8.6% against the US dollar, which was strong against most currencies.

The US equity market continued to dominate returns, with the S&P 500 outperforming the FTSE World ex US Index in dollars by 17% over 2021 and a cumulative 50% over the past three years.

Most international indices are making new lows relative to the US and especially the Nasdaq. We are underweight US equities.

Performance review

Absolute performance improved due to rising asset prices, but relative performance remained muted, especially from the offshore portion of our funds. Pleasingly, the value in some of our local holdings is being recognised by others as acquirers or being realised by the companies themselves. These include Remgro, Rand Merchant Insurance (RMI), Old Mutual, AVI, Investec, Royal Bafokeng Platinum, Liberty, Woolworths, Aspen Pharmacare and Long4Life. It is hard, if not impossible, to predict when sentiment towards a company will change, but eventually assets simply get too cheap.

The Balanced Fund returned 20.3%, in line with its benchmark, after giving back some outperformance in the last quarter of 2021. The Stable Fund returned 15.1%, well ahead of its benchmark.

Within equities, detractors included British American Tobacco and AB InBev, despite sound delivery by the underlying businesses. Not owning and/or being underweight Richemont and MTN respectively were missed opportunities to improve returns. Glencore was our biggest positive contributor, outperforming BHP and Anglo American as iron ore corrected from very high levels, but still benefiting from overall strong commodity prices. Other positive contributors included Woolworths and Sasol. There was also a sharp recovery in many smaller positions, including hospitality shares such as Tsogo Sun and Sun International and financials like Investec.

The Orbis Global Equity Fund gave back a considerable amount of its performance from the vaccine lows in November 2020 returning 9.1% in dollars for the year, lagging the FTSE World Index by 11.9%. The Orbis SICAV Global Balanced Fund returned 7.2% versus a 60/40 benchmark that returned 9.8%. The offshore portfolios continue to be positioned very differently from the benchmark and most of our peers.

Positioning

In last year's CIO commentary, I noted: "Central banks and governments, particularly in the developed world, have responded to the economic fallout of the pandemic with a combined fiscal and monetary policy response of almost unprecedented proportions outside of war time. In the short term this has propped up economies, but over the longer term the bill will come due – potentially in the form of higher inflation and interest rates."

This view still holds true, and inflation has indeed returned to the developed world with some of the highest numbers in decades. While inflation may turn out to be transitory, and indeed we expect the rates to fall, inflation must only be 3%-5% to back central banks into a corner and leave them with only hard choices: Put a lid on price increases to control inflation expectations and risk toppling asset markets, or let it run? Inflation always hits the poorest sections of society first and hardest. This has political consequences. I believe that higher realised inflation and interest rates are not good for the valuations of long duration growth stocks that have led markets higher for so long.

Indeed, the US market is very narrow i.e., the indices are being held up by a few big stocks, while the average stock has performed poorly. A narrow market is more associated with market tops than bottoms. We remain underweight US equities and prefer the valuations we see in Europe, the UK and Asia.

Local asset markets continue to be dominated by international trends despite the devastating riots in July, Eskom's woes, and poor performance in certain areas of our government. Local assets remain sensitive to events in China. Many of the largest shares in our market such as Naspers/Prosus, Richemont, BHP and Anglo American are heavily reliant on China whether directly, in the case of Naspers, or indirectly – as the biggest customer for Richemont's luxury goods or the commodities the miners produce. South Africa, as a mainly commodity-based economy, enjoys the second-round effects of higher commodity prices, which are important for local consumer and financial companies. These include, among others, higher tax receipts, surpluses on our current account and lower interest rates. This proved to be the case when many domestic companies produced better-than-expected results. I am not sure how our economy would have coped had the pandemic occurred during a commodity downturn.

China matters for Naspers. Tencent accounts for over 100% of its current share price. Naspers matters for the average South African fund. After years of consistent outperformance, Naspers sharply underperformed the market from mid-2020 as Tencent fell from HK$766 to HK$457. China also matters for commodity prices, specifically iron ore. The iron ore price reached US$229 per tonne during May before falling to US$84 and recovering to US$128 by mid-January. This compares to our sustainable price, which is closer to US$80. This gap makes a difference to the free cash generation of BHP and Anglos. Our preferred mining share has been Glencore, which does not have exposure to iron ore, but does have an attractive commodity basket plus the world's largest commodity marketing business.

I believe that given the potential risks highlighted above, British American Tobacco provides a valuable hedge against a broad sell-off in Chinese-related equities, commodities and technology stocks. However, if the markets continue to trend upwards, it will most likely underperform. We continue to tilt the portfolios to protect against the increased probability of higher inflation. The portfolios have exposure to precious metal ETFs and we increased positions in Gold Fields and AngloGold, both of which have retraced a significant proportion of their 2020 outperformance.

Balancing risk and return

Despite a strong year for equity markets and pleasing higher absolute returns, we are preparing for more uncertainty and volatility. Investing successfully involves not only looking to generate above-average returns, but also managing risk.

Locally, we can look to Turkey for a real-world example of the consequences of experimenting with radical economic theories. Turkey's starting point was an economy more than twice the size of ours in a far more geographically strategic position.

While the South African market may be trading near all-time highs when measured in rands, many shares are still well off their pre-pandemic highs – illustrating that there is value to be found. Internationally we continue to believe the disparity between and within equity markets is almost as wide as it has ever been, and that long-dated sovereign bonds are at the beginning of a multi-year bear market. South African fixed income at least offers a real rate of return.

The largest short-term risks I see are how South African assets would behave in the event of a sell-off in US equities, and how the Chinese economy will evolve as it attempts to transition to greater consumption and the deleveraging of the private sector.

The investment team is applying the same philosophy and process we have for the last 47 years in managing your hard-earned savings. As always, I encourage you to focus on your long-term goals, rather than worrying about the daily news cycle – as hard as that is these days. On behalf of the investment team, I thank you for the trust you have placed in us.

PORTFOLIO MANAGERS

Duncan Artus

Chief investment officer

BBusSc (Hons), PGDA, CFA, CMT

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

Tim Acker

Portfolio manager

MAcc, CA, CFA

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

Rory Kutisker-Jacobson

Portfolio manager

BBusSc, CFA

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

Sean Munsie

Portfolio manager

BCom (Hons), CA

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

Londa Nxumalo

Portfolio manager

BAcc, MCom, CA

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

Thalia Petousis

Portfolio manager

MCom, CFA

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

Jacques Plaut

Portfolio manager

BSc, CFA

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

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	ASISA Category
100% HIGH NET EQUITY EXPOSURE					
Allan Gray Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the average return of South African General Equity Funds over the long term, without taking on greater risk 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 can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. The Fund invests the bulk of its foreign allowance in equity funds managed by Orbis Investment Management Limited, our offshore investment partner. The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	▪ Seek exposure to listed equities to provide long-term capital growth ▪ Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility ▪ Are prepared to accept the risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio	South African - Equity - General
Allan Gray SA Equity Fund	The Fund aims to create long-term wealth for investors. It aims to outperform the South African equity market over the long term, without taking on greater risk. To pursue its objective the Fund's portfolio may differ materially from its benchmark. This will result in the Fund underperforming its benchmark materially at times. The Fund aims to compensate for these periods of underperformance by delivering outperformance over the long term.	Local	The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.	▪ Seek exposure to JSE-listed equities to provide long-term capital growth ▪ Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility ▪ Are prepared to accept the risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio	South African - Equity - General
Allan Gray-Orbis Global Equity Feeder Fund	The Fund aims to outperform global stock markets over the long term, without taking on greater risk.	Offshore	The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund is designed to be exposed to all of the risks and rewards of selected global shares. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund's investment universe is global, the units in the Fund are priced and traded daily in rands.	▪ Seek exposure to diversified international equities to provide long-term capital growth ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable with global stock market and currency fluctuation and risk of capital loss ▪ Typically have an investment horizon of more than five years ▪ Wish to use the Fund as a global equity 'building block' in a diversified multi-asset class portfolio	Global - Equity - General

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	ASISA Category
40% – 75% MEDIUM NET EQUITY EXPOSURE					
Allan Gray Balanced Fund	The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk.	Local	The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.	▪ Seek steady long-term capital growth ▪ Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund ▪ Wish to invest in a unit trust that complies with retirement fund investment limits ▪ Typically have an investment horizon of more than three years	South African - Multi Asset - High Equity
Allan Gray Tax-Free Balanced Fund	The Fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk.	Local	The Fund is managed in broadly the same way as the Allan Gray Balanced Fund. It was created specifically for use in tax-free accounts and can only be accessed through these products. The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund.	▪ Seek steady long-term capital growth ▪ Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund ▪ Wish to invest in a tax-free investment account ▪ Typically have an investment horizon of at least three years	South African - Multi Asset - High Equity
Allan Gray-Orbis Global Balanced Feeder Fund	The Fund aims to create long-term wealth for investors and to outperform its designated combined equity and bond performance benchmark.	Offshore	The Fund is a feeder fund and invests only in the Orbis SICAV Global Balanced Fund ('Orbis Global Balanced'), managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. Orbis Global Balanced invests in a diversified global portfolio of equities, fixed income, and commodity-linked instruments. The typical net equity exposure of Orbis Global Balanced is between 40% and 75%. Orbis Global Balanced aims to balance investment returns and risk of loss. Returns are likely to be less volatile than those of a global equity-only fund. Although Orbis Global Balanced's investment universe is global, the units of the Fund are priced and traded daily in rands.	▪ Seek to balance investment returns and risk of loss, by investing in a diversified global multi-asset class portfolio ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable that the investment approach is likely to result in volatility and potential capital loss, but typically less volatility than that of a global equity-only fund ▪ Typically have an investment horizon of at least three to five years	Global - Multi Asset - High Equity
0% – 40% LOW NET EQUITY EXPOSURE					
Allan Gray Stable Fund	The Fund aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits.	Local	The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund can invest a maximum of 30% offshore, with an additional 10% allowed for investments in Africa outside of South Africa.The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund or a balanced fund.	▪ Are risk-averse and require a high degree of capital stability ▪ Seek both above-inflation returns over the long term, and capital preservation over any two-year period ▪ Require some income but also some capital growth ▪ Wish to invest in a unit trust that complies with retirement fund investment limits	South African - Multi Asset - Low Equity

Fund	Fund objective (specific benchmarks are shown on the fund data pages that follow)	Local/Offshore	Fund description	Suitable for investors who:	ASISA Category
0% – 20% VERY LOW NET EQUITY EXPOSURE					
Allan Gray Optimal Fund	The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market returns.	Local	The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund's return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund's selected shares relative to the stock market index. The Fund's return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits.	▪ Seek absolute (i.e. positive) returns regardless of stock market trends ▪ Require a high degree of capital stability over a three-year time horizon ▪ Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a 'building block' in a diversified multi-asset class portfolio	South African - Multi Asset - Low Equity
Allan Gray-Orbis Global Optimal Fund of Funds	The Fund aims to provide a high degree of capital stability (when measured in the foreign currency denominations of the underlying Orbis funds), while producing long-term returns that are superior to foreign currency bank deposits.	Offshore	The Fund invests in a mix of absolute return funds managed by our offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 0% and 20%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of a foreign equity or balanced fund. Although the Fund's investment universe is global, the units in the Fund are priced and traded daily in rands. When considered in rands, returns of this foreign fund are likely to be more volatile than domestic funds with similar equity constraints.	▪ Seek steady absolute returns ahead of those of cash measured in global currencies ▪ Wish to invest in international assets without having to personally expatriate rands ▪ Are comfortable with taking on the risk of currency fluctuation, but prefer little exposure to stock market risk ▪ Wish to use the Fund as a foreign absolute return 'building block' in a diversified multi-asset class portfolio	Global - Multi Asset - Low Equity
NO EQUITY EXPOSURE					
Allan Gray Bond Fund	The Bond Fund's goal is to deliver returns that exceed inflation and cash over the long term, without taking on undue risk.	Local	The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds.	▪ Seek a bond 'building block' for a diversified multi-asset class portfolio ▪ Are looking for returns in excess of those provided by money market or cash investments ▪ Are prepared to accept more risk of capital depreciation than in a money market or cash investment	South African - Interest Bearing - Variable Term
Allan Gray Money Market Fund	The Fund aims to preserve capital, maintain liquidity and generate a sound level of income.	Local	The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the Fund defaults. In this event losses will be borne by the Fund and its investors.	▪ Require monthly income distributions ▪ Are highly risk-averse but seek returns higher than bank deposits ▪ Need a short-term investment account	South African - Interest Bearing - Money Market

PERFORMANCE SUMMARY

Annualised performance to 31 December 2021 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]	10.1%	6.9%	10.0%
Benchmark[2]	10.2%	7.8%	12.6%
Allan Gray SA Equity Fund[1]		6.0%	8.7%
Benchmark[3]		11.4%	15.7%
Allan Gray-Orbis Global Equity Feeder Fund	18.6%	12.4%	19.1%
Benchmark[4]	20.7%	18.8%	25.8%
Allan Gray Balanced Fund[1]	10.1%	7.4%	10.0%
Benchmark[5]	9.6%	8.3%	12.0%
Allan Gray Tax-Free Balanced Fund[1]		7.4%	9.6%
Benchmark[6]		8.3%	12.0%
Allan Gray-Orbis Global Balanced Feeder Fund	13.7%	8.2%	12.2%
Benchmark[7]	15.8%	14.0%	18.3%
Allan Gray Stable Fund[1]	8.5%	7.4%	8.2%
Benchmark[8]	6.9%	6.8%	6.0%
Allan Gray Optimal Fund[1]	5.3%	2.8%	1.6%
Benchmark[9]	4.8%	4.7%	3.9%
Allan Gray-Orbis Global Optimal Fund of Funds	7.2%	1.1%	1.4%
Benchmark[10]	6.7%	4.3%	3.6%
Allan Gray Bond Fund[1]	8.5%	9.3%	8.6%
Benchmark[11]	8.2%	9.1%	9.1%
Allan Gray Money Market Fund[1]	6.5%	6.7%	6.0%
Benchmark[12]	6.2%	6.2%	5.5%
CPI inflation[13]	5.0%	4.4%	4.1%

The Funds' returns shown above are all class A. All benchmark performance is calculated by Allan Gray as at 31 December 2021.

1. Different classes of units apply to the Equity, SA Equity, Balanced, Tax-Free Balanced, Stable, Optimal, Bond and Money Market Funds only and are subject to different fees and charges.
2. The market value-weighted average return of funds in the South African – Equity – General category (excluding the Allan Gray funds). From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share index including income (source: IRESS).
3. FTSE/JSE All Share Index including income (source: IRESS).
4. FTSE World Index including income (source: Bloomberg).
5. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding the Allan Gray funds). From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund (source: Micropal).
6. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category, excluding Allan Gray funds (source: Morningstar).
7. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg). From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index.
8. The daily interest rate as supplied by FirstRand Bank Limited plus 2% (source: FirstRand Bank).
9. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank).
10. The simple average of the benchmarks of the underlying funds.
11. FTSE/JSE All Bond Index (source: IRESS).
12. The Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. From inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund.
13. This is based on the latest available numbers published by IRESS as at 30 November 2021.

ALLAN GRAY EQUITY FUND

Inception date: 1 October 1998

Portfolio managers

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

Fund objective and benchmark

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

Commentary

The Fund returned 5.8% for the quarter and 25.7% for the year. During the fourth quarter, the largest contributors to returns were the basic materials and consumer staples sectors. The local equity market rallied strongly into the end of 2021, but this followed a third quarter in which the market was down.

Returns from the JSE in 2021 were 29.2% as measured by the FTSE/JSE All Share Index (ALSI) and 27.1% as measured by the Capped SWIX. These numbers are of course reasonably high by historical standards. For context, over the last 40 years the ALSI has returned 16.3% p.a.

There is a seeming contradiction between strong equity market returns on the one hand and a weak South African economy on the other hand. How should we interpret this divergence? Firstly, it is very common for the performance of stock markets to diverge from economic performance, especially in the short term. Markets take a forward-looking view and often look through the short-term impact of issues like COVID-19. Secondly, the fortunes of many JSE-listed companies are not really linked to South African economic growth. This would include international businesses like Richemont and commodity exporters like Impala Platinum. On a rough analysis, earnings for about half the JSE are not directly linked to the SA economy.

Following this strong performance, the ALSI closed 2021 29% higher than it was at the start of 2020, i.e. before the onset of the pandemic. Does this mean that the JSE is now expensive? Not necessarily. Overall valuation levels are not high compared to history. The Capped SWIX has also returned only 7% p.a. over the last five years, despite this recent strong performance. Allan Gray's philosophy is to not take a top-down view of where markets are heading, but rather to do bottom-up research on individual companies. Our fundamental research approach currently reveals more than enough attractive opportunities, which makes us cautiously optimistic about medium-term returns. Of course, there are many risks from the global and SA macroeconomic environment, but these are balanced by the low prices at which many businesses are trading.

The South African banking sector is an example of where we are finding attractive valuations. Large banks like Standard Bank and Nedbank can be bought at around seven times 2022's earnings. This is very cheap by historical standards and compensates for issues such as increasing competition and a tough economic outlook. Current earnings are also still depressed but should recover to pre-COVID-19 levels in the next year or two. Bad debts have been lower than many investors had feared. Lower participation from foreign investors in the SA market has contributed to depressed valuations of SA financial stocks.

Remgro is another example of an undervalued business. Remgro owns a portfolio of quality South African businesses, many of which are listed. These businesses themselves trade on reasonable valuations. On top of this, Remgro trades at a nearly 40% discount to its underlying portfolio – a large, and we think undeserved, discount compared to history and other holding companies globally. Management is taking several actions to unlock value within this portfolio. Examples include the recently announced transactions between beverage businesses Distell and Heineken and between fibre holding company CIVH and Vodacom, as well as the planned unbundling of some insurance assets by Rand Merchant Investment Holdings.

Commentary contributed by Tim Acker

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 1998)	6799.3	2317.2	231.1
Annualised:			
Since inception (1 October 1998)	20.0	14.7	5.3
Latest 10 years	10.1	10.2	5.0
Latest 5 years	6.9	7.8	4.4
Latest 3 years	10.0	12.6	4.1
Latest 2 years	12.0	14.8	4.3
Latest 1 year	25.7	28.4	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-37.0	-45.4	n/a
Percentage positive months[4]	65.6	59.5	n/a
Annualised monthly volatility[5]	15.6	16.8	n/a
Highest annual return[6]	125.8	73.0	n/a
Lowest annual return[6]	-24.3	-37.6	n/a

1. The market value-weighted average return of funds in the South African – Equity – General category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2021. From inception to 28 February 2015 the benchmark was the FTSE/JSE All Share Index including income. Source: IRESS.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 3 September 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 September 1999 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Sector allocation on 31 December 2021[7]

Sector	% of Fund	% of ALSI[8]
Energy	2.4	0.7
Basic materials	19.4	34.0
Industrials	6.7	4.2
Consumer staples	15.1	7.1
Healthcare	3.5	2.0
Consumer discretionary	9.7	17.3
Telecommunications	2.3	5.1
Utilities	0.5	0.0
Financials	26.8	16.4
Technology	9.1	10.0
Commodity-linked	0.6	0.0
Real estate	1.0	3.2
Money market and bank deposits	2.9	0.0
Bonds	0.1	0.0
Total (%)	**100.0**	**100.0**

7. Underlying holdings of Orbis funds are included on a look-through basis.
8. FTSE/JSE All Share Index.

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

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	30 Jun 2021	31 Dec 2021
Cents per unit	**330.8930**	**448.7288**

Foreign exposure on 31 December 2021[7]

26.1% 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

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

Fund objective and benchmark

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

Commentary

The Fund returned 6.9% for the quarter and 28.7% for the year. During the fourth quarter, the largest contributors to returns were the basic materials and consumer staples sectors. The local equity market rallied strongly into the end of 2021, but this followed a third quarter in which the market was down.

Returns from the JSE in 2021 were 29.2% as measured by the FTSE/JSE All Share Index (ALSI) and 27.1% as measured by the Capped SWIX. These numbers are of course reasonably high by historical standards. For context, over the last 40 years the ALSI has returned 16.3% p.a.

There is a seeming contradiction between strong equity market returns on the one hand and a weak South African economy on the other hand. How should we interpret this divergence? Firstly, it is very common for the performance of stock markets to diverge from economic performance, especially in the short term. Markets take a forward-looking view and often look through the short-term impact of issues like COVID-19. Secondly, the fortunes of many JSE-listed companies are not really linked to South African economic growth. This would include international businesses like Richemont and commodity exporters like Impala Platinum. On a rough analysis, earnings for about half the JSE are not directly linked to the SA economy.

Following this strong performance, the ALSI closed 2021 29% higher than it was at the start of 2020, i.e. before the onset of the pandemic. Does this mean that the JSE is now expensive? Not necessarily. Overall valuation levels are not high compared to history. The Capped SWIX has also returned only 7% p.a. over the last five years, despite this recent strong performance. Allan Gray's philosophy is to not take a top-down view of where markets are heading, but rather to do bottom-up research on individual companies. Our fundamental research approach currently reveals more than enough attractive opportunities, which makes us cautiously optimistic about medium-term returns. Of course, there are many risks from the global and SA macroeconomic environment, but these are balanced by the low prices at which many businesses are trading.

The South African banking sector is an example of where we are finding attractive valuations. Large banks like Standard Bank and Nedbank can be bought at around seven times 2022's earnings. This is very cheap by historical standards and compensates for issues such as increasing competition and a tough economic outlook. Current earnings are also still depressed but should recover to pre-COVID-19 levels in the next year or two. Bad debts have been lower than many investors had feared. Lower participation from foreign investors in the SA market has contributed to depressed valuations of SA financial stocks.

Remgro is another example of an undervalued business. Remgro owns a portfolio of quality South African businesses, many of which are listed. These businesses themselves trade on reasonable valuations. On top of this, Remgro trades at a nearly 40% discount to its underlying portfolio – a large, and we think undeserved, discount compared to history and other holding companies globally. Management is taking several actions to unlock value within this portfolio. Examples include the recently announced transactions between beverage businesses Distell and Heineken and between fibre holding company CIVH and Vodacom, as well as the planned unbundling of some insurance assets by Rand Merchant Investment Holdings.

Commentary contributed by Tim Acker

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (13 March 2015)	47.6	75.5	38.1
Annualised:			
Since inception (13 March 2015)	5.9	8.6	4.9
Latest 5 years	6.0	11.4	4.4
Latest 3 years	8.7	15.7	4.1
Latest 2 years	11.1	17.6	4.3
Latest 1 year	28.7	29.2	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-44.3	-35.2	n/a
Percentage positive months[4]	59.8	57.3	n/a
Annualised monthly volatility[5]	15.8	14.5	n/a
Highest annual return[6]	57.3	54.0	n/a
Lowest annual return[6]	-32.0	-18.4	n/a

1. FTSE/JSE All Share Index including income (source: IRESS), performance as calculated by Allan Gray as at 31 December 2021.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. Maximum percentage decline over any period. The maximum drawdown for the Fund occurred from 25 January 2018 to 23 March 2020 and maximum benchmark drawdown occurred from 17 January 2020 to 19 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception of the Fund. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Sector allocation on 31 December 2021

Sector	% of Fund	% of ALSI[7]
Energy	0.1	0.7
Basic materials	26.8	34.0
Industrials	3.9	4.2
Consumer staples	15.5	7.1
Healthcare	3.9	2.0
Consumer discretionary	8.6	17.3
Telecommunications	1.7	5.1
Financials	27.5	16.4
Technology	9.4	10.0
Real estate	1.5	3.2
Bonds	0.1	0.0
Money market and bank deposits	0.9	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 2021	31 Dec 2021
Cents per unit	**451.9763**	**813.8448**

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

Reflecting on 2021, we are as frustrated about the performance of the Fund as we are confident about the opportunities in it.

The market environment has been shaped by investor psychology around COVID-19. At times, it's felt like the market is valuing companies for the next 10 years based on the COVID-19 outlook for the next 10 weeks. From November 2020 through May 2021, vaccine optimism was a tailwind for our relative performance, but since then, variant pessimism has been a headwind.

While we cannot control the environment, we can control which companies we choose to own. Some stocks that we haven't owned, or haven't owned as large positions, such as Apple, Microsoft, and Google, performed fantastically well in 2021.

But many of the highest-flying stocks do not have anything like the entrenched dominance or firehose-like cash generation of the tech giants. Some 70 shares in the US trade for more than 10 times revenues. With such sky-high valuations, in our view many of today's darlings are likely to leave investors nursing losses. We remain happy to avoid the froth. Some stocks we *have* owned have performed poorly, with a nearly eight percentage point drag on the Fund's returns from the 10 largest detractors.

We still hold nine of those 10. We think the value of our companies is little changed, but the market has reassessed them more negatively. As a result, we think the discount to intrinsic value is even wider than it was six months ago. The same is true for many other holdings. That has been frustrating, but leaves us more enthusiastic about the portfolio today.

The best way to understand that enthusiasm is to look at the portfolio as we do – from the bottom up. The examples discussed below exemplify the value we see.

Growth cyclicals

Investors think of growth as synonymous with tech – virtual businesses that can deliver growth regardless of the economic cycle. Yet companies with exposure to the economic cycle can offer attractive growth potential, too. We believe we've found five such opportunities in the US: XPO and GXO Logistics, Howmet Aerospace and two specialised payments companies, Fleetcor and Global Payments. Let's focus on Howmet.

Howmet Aerospace makes precision aerospace parts. That is a good business – specifications are demanding, reliability is paramount, and customers insist on proven suppliers. The company faced headwinds as COVID-19 took an axe to commercial air travel, but cut costs substantially and raised prices, managing to keep margins relatively flat and free cash flow positive despite a substantial hit to revenues. In a more normal demand environment, we believe Howmet can eventually earn US$3 a share – roughly triple its 2019 earnings – making its current US$32 share price a bargain for investors prepared to wait out the recovery in air travel.

The boring middle

We've never found the distinction between "growth" and "value" to be useful. Yet investors often rush to bucket stocks, focusing on expensive, fast-growing upstarts or cheap, slow-growing dinosaurs. That neglects plenty of stocks in the "boring" middle – letting us find several compelling ideas such as UnitedHealth Group, Comcast and Dollar General.

Here we discuss Comcast, the leading cable and broadband provider in the US, and it also owns NBC Universal, and Sky in the UK. We got an opportunity to buy Comcast in 2020, when investors punished the stock as COVID-19 hurt the film, theme park, and sports broadcasting businesses. We believe the stock is still underappreciated due to worries about COVID-19 and cord cutting (when a customer drops TV in favour of streaming services). COVID-19 challenges will recede in time, and cord cutting is actually *beneficial* for Comcast's margins – as customers tend to purchase more bandwidth when switching to streaming services. We believe Comcast can grow earnings at a double-digit rate over our investment horizon, yet it trades at a steep discount to the wider market.

Chinese internet

We remain enthusiastic holders of NetEase and Naspers (whose key asset is a stake in Tencent) despite the turbulence of 2021. We believe both shares trade at larger discounts to intrinsic value following their recent price weakness, though the position sizes are tempered by our assessment of the potential regulatory risks.

The whole portfolio

The examples discussed show a pattern that is common to the wider portfolio: getting better quality than we are paying for. In aggregate, the companies in the Fund have grown revenues more quickly than the average business over the long term, while generating similar returns on equity. Yet today our shares trade at a 35% discount to the average stock. Getting similar or better quality at a 35% discount strikes us as exceptionally good value, which leaves us both excited and confident about the opportunities ahead.

Adapted from a commentary contributed by Rob Perrone, Orbis Investment Advisory Limited, London

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)	890.5	287.1	984.4	323.8	145.0	44.4
Annualised:						
Since inception (1 April 2005)	14.7	8.4	15.3	9.0	5.5	2.2
Latest 10 years	18.6	10.8	20.7	12.8	5.0	2.1
Latest 5 years	12.4	9.0	18.8	15.2	4.4	2.9
Latest 3 years	19.1	15.1	25.8	21.5	4.1	3.3
Latest 2 years	19.4	12.0	26.4	18.6	4.3	4.0
Latest 1 year	18.0	8.7	31.3	20.9	5.5	6.9
Risk measures (since inception)						
Maximum drawdown[3]	-34.1	-52.8	-38.0	-57.6	n/a	n/a
Percentage positive months[4]	63.7	60.2	63.2	64.7	n/a	n/a
Annualised monthly volatility[5]	15.1	17.2	13.9	15.6	n/a	n/a
Highest annual return[6]	78.2	64.1	54.2	58.4	n/a	n/a
Lowest annual return[6]	-29.7	-44.8	-32.7	-47.3	n/a	n/a

1. FTSE World Index including income (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2021. Effective 14 May 2020, the Orbis Global Equity Fund's benchmark changed from the FTSE World Index, including income (FTSE World Index), to the MSCI World Index, including income, after withholding taxes (MSCI World Index). For an initial period of time, the Orbis Global Equity Fund will continue to charge its fee with reference to the FTSE World Index. After this period, the benchmark of the Allan Gray-Orbis Global Equity Feeder Fund will change to the MSCI World Index. Please see the Orbis Global Equity Fund's factsheet for more information on this fee transitional period.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
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 2021

This fund invests solely into the Orbis Global Equity Fund

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	99.0	40.2	26.8	10.7	14.2	7.2
Hedged equities	0.0	0.0	0.0	0.0	0.0	0.0
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	1.0	0.0	0.0	0.0	0.0	1.0
Total	**100.0**	**40.2**	**26.8**	**10.7**	**14.2**	**8.1**
Currency exposure of the Orbis Global Equity Fund						
Funds	100.0	44.1	28.0	10.8	10.0	7.2
Index	100.0	67.0	17.9	6.7	5.1	3.3

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 2021
Cents per unit	**1.5476**

ALLAN GRAY BALANCED FUND

Inception date: 1 October 1999

Portfolio managers

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

Fund objective and benchmark

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

Commentary

The Fund returned 5.1% for the quarter and 20.3% for the 2021 calendar year. While absolute returns have been strong in real terms, we are not where we want to be versus the best of our peers over the recent past.

We remain significantly underweight US equities, which make up over 60% of the MSCI World Index. Instead, we find depressed European, UK, and emerging market equities more attractive. Although this has hurt relative returns in the short term, we find the valuation disparity compelling. We continue to own no long-dated developed world sovereign bonds and rather have a position in gold. The portfolio has been increasingly tilted towards managing the risks that may arise from higher realised global inflation and interest rates.

As noted in previous commentaries, we have been finding value in both local equities and bonds. This has been reflected in an equity and bond weighting that is higher than usual. The major risk we see is the overvaluation of the US market and how local assets would perform in a scenario where that overvaluation suddenly corrected.

Nonetheless we remain optimistic about the long-term value inherent in our chosen local equities. Sometimes it takes patience for that value to be realised. For example, Rand Merchant Insurance (RMI), which traded at a deep discount to its underlying holdings, announced the unbundling of its shares in Discovery and Momentum, and sold its holding in UK insurer Hastings, resulting in a large rerating of the share. This is not just a positive for RMI, but also for its largest shareholder, Remgro, which itself trades at a large discount to its underlying investments. Indeed, the discount climbed as high as 38% during 2021. Remgro owns an attractive portfolio of assets and the actions of management over the last period have highlighted its value. In addition to RMI, Remgro is the largest shareholder in Distell, which is in the process of being bought by Heineken, and its fibre operations (Dark Fibre and Vumatel) housed in CIVH merged with those of Vodacom at an attractive valuation. We continue to find Remgro attractive.

More broadly, we continue to be underweight iron ore and Glencore is still our preferred commodity exposure. We continue to own Sasol and have been increasing our exposure to gold shares such as AngloGold and Gold Fields. Given the increased risks in China from the policies announced by the government, coupled with the very high exposure of South African equities both directly and indirectly to China, we have been focused on reducing this risk to the Fund. The positions in British American Tobacco and AB InBev should be considered within this context.

We remain as focused on thinking about and managing risk in the Fund as we are on generating real long-term returns.

Commentary contributed by Duncan Artus

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 1999)	2317.4	1105.5	226.7
Annualised:			
Since inception (1 October 1999)	15.4	11.8	5.5
Latest 10 years	10.1	9.6	5.0
Latest 5 years	7.4	8.3	4.4
Latest 3 years	10.0	12.0	4.1
Latest 2 years	11.6	12.8	4.3
Latest 1 year	20.3	20.3	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-25.4	-23.3	n/a
Percentage positive months[4]	69.7	68.5	n/a
Annualised monthly volatility[5]	9.5	9.3	n/a
Highest annual return[6]	46.1	41.9	n/a
Lowest annual return[6]	-14.2	-16.7	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2021. From inception to 31 January 2013 the benchmark was the market value-weighted average return of the funds in both the Domestic Asset Allocation Medium Equity and Domestic Asset Allocation Variable Equity sectors of the previous ASISA Fund Classification Standard, excluding the Allan Gray Balanced Fund. Source: Micropal.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 30 April 2006. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 28 February 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2021[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equities	71.1	51.0	3.2	16.9
Hedged equities	6.3	1.7	0.0	4.6
Property	1.1	0.8	0.0	0.3
Commodity-linked	3.1	2.4	0.0	0.7
Bonds	13.1	10.1	1.5	1.6
Money market and bank deposits	5.4	2.9	0.0	2.5
Total (%)	**100.0**	**68.9**	**4.7**	**26.5**[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 2021	31 Dec 2021
Cents per unit	93.3008	159.5677

ALLAN GRAY TAX-FREE BALANCED FUND

Inception date: 1 February 2016

Portfolio managers

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

Fund objective and benchmark

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

Commentary

The Fund returned 4.9% for the quarter and 19.0% for the 2021 calendar year. While absolute returns have been strong in real terms, we are not where we want to be versus the best of our peers over the recent past.

We remain significantly underweight US equities, which make up over 60% of the MSCI World Index. Instead, we find depressed European, UK, and emerging market equities more attractive. Although this has hurt relative returns in the short term, we find the valuation disparity compelling. We continue to own no long-dated developed world sovereign bonds and rather have a position in gold. The portfolio has been increasingly tilted towards managing the risks that may arise from higher realised global inflation and interest rates.

As noted in previous commentaries, we have been finding value in both local equities and bonds. This has been reflected in an equity and bond weighting that is higher than usual. The major risk we see is the overvaluation of the US market and how local assets would perform in a scenario where that overvaluation suddenly corrected.

Nonetheless we remain optimistic about the long-term value inherent in our chosen local equities. Sometimes it takes patience for that value to be realised. For example, Rand Merchant Insurance (RMI), which traded at a deep discount to its underlying holdings, announced the unbundling of its shares in Discovery and Momentum, and sold its holding in UK insurer Hastings, resulting in a large rerating of the share. This is not just a positive for RMI, but also for its largest shareholder, Remgro, which itself trades at a large discount to its underlying investments. Indeed, the discount climbed as high as 38% during 2021. Remgro owns an attractive portfolio of assets and the actions of management over the last period have highlighted its value. In addition to RMI, Remgro is the largest shareholder in Distell, which is in the process of being bought by Heineken, and its fibre operations (Dark Fibre and Vumatel) housed in CIVH merged with those of Vodacom at an attractive valuation. We continue to find Remgro attractive.

More broadly, we continue to be underweight iron ore and Glencore is still our preferred commodity exposure. We continue to own Sasol and have been increasing our exposure to gold shares such as AngloGold and Gold Fields. Given the increased risks in China from the policies announced by the government, coupled with the very high exposure of South African equities both directly and indirectly to China, we have been focused on reducing this risk to the Fund. The positions in British American Tobacco and AB InBev should be considered within this context.

We remain as focused on thinking about and managing risk in the Fund as we are on generating real long-term returns.

Commentary contributed by Duncan Artus

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 February 2016)	53.3	54.4	30.8
Annualised:			
Since inception (1 February 2016)	7.5	7.6	4.7
Latest 5 years	7.4	8.3	4.4
Latest 3 years	9.6	12.0	4.1
Latest 2 years	11.3	12.8	4.3
Latest 1 year	19.0	20.3	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-24.6	-23.3	n/a
Percentage positive months[4]	64.8	67.6	n/a
Annualised monthly volatility[5]	10.0	9.4	n/a
Highest annual return[6]	31.7	30.7	n/a
Lowest annual return[6]	-13.4	-10.3	n/a

1. The market value-weighted average return of funds in the South African – Multi Asset – High Equity category (excluding Allan Gray funds). Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2021.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020 and maximum benchmark drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 March 2021 and the benchmark's occurred during the 12 months ended 31 March 2021. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 March 2020. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2021[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equities	70.5	50.8	3.0	16.7
Hedged equities	6.3	1.7	0.0	4.6
Property	1.1	0.8	0.0	0.4
Commodity-linked	3.1	2.4	0.0	0.7
Bonds	13.2	10.4	1.4	1.4
Money market and bank deposits	5.7	3.7	0.0	1.9
Total (%)	**100.0**	**69.8**	**4.4**	**25.8[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 2021	31 Dec 2021
Cents per unit	**8.1043**	**14.8998**

ALLAN GRAY-ORBIS GLOBAL BALANCED FEEDER FUND

Inception date: 3 February 2004

Portfolio manager

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

Fund objective and benchmark[1]

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

Commentary

Coming into COVID-19, the Fund was positioned well for continued economic activity. But the opposite happened, and the Fund suffered along with the market in the initial crash. At that time, the best thing we could do was dedicate ourselves to taking advantage of the opportunities.

That's what we did, and the Fund outperformed significantly from the March 2020 lows. By the end of May 2021, it had recovered all its underperformance from the initial COVID-19 crash and then some. With new variants emerging, popular trends of the past decade have re-emerged – low bond yields, a preference for virtual businesses, and a strong US dollar and stock market. Those have weighed on performance, undoing the Fund's outperformance in the first half of 2021.

As a competitor, I am frustrated by the performance, but as an analyst, I'm more excited about the portfolio than I was a year ago. The businesses we invest in are performing well, but for many, their stock prices are not. While in other parts of the market, less profitable or outright money-losing businesses are attracting increasingly bubbly prices.

As a result, the gradient between the bubbly stocks and the other three-quarters or so of the market is the most extreme I've seen in my 35 years of professional investing – nirvana for a valuation-focused stockpicker. The most difficult times, as a contrarian, are created when market momentum around a certain group of stocks goes far enough for long enough that we eventually rotate out of the things that have done well into opportunities that are fundamentally more attractive. Every once in a while, trends persist to the point of extremes.

One feature of the recent market momentum regime has been the seeking out of companies that don't have to invest much in physical plant and equipment to produce earnings, such as Apple or Microsoft. These so-called "virtual companies" have so captivated investors, it's become almost religion that you don't own the opposite. Something like a semiconductor manufacturer sits at this end of the spectrum, where each plant costs US$15-20 billion and takes five to six years to build, during which time it produces no revenues. Similarly, building a copper mine will cost money for years before producing any copper. These "maker" businesses are perceived as very unattractive and have been punished with very low valuations.

The wonderful irony is that demand for those things is exploding – including from the virtual businesses – and we are seeing the results. Supply chains are roiled, and many don't have enough capacity of the basic inputs that these makers make, caused, in part, by years of shareholders yelling at these companies to stop investing. So we've been able to buy lots of makers at very low prices.

The best example is also the largest equity holding in the Fund – Samsung Electronics, the world's largest maker of memory semiconductors. The company invests a great deal, but with a long-term return on equity close to 20%, it makes a lot of money on what it invests. That is the key for us.

After accounting for the cash on its balance sheet, Samsung trades at just 10 times earnings. We strongly believe that Samsung's remarkable skill is worth something much closer to 20 times earnings, similar to the multiple afforded to the wider stock market today.

We think the perception against makers is going to change and the Fund is now dominated by companies that make things that are important to everyday life.

The world is realising that it needs Samsung to produce memory chips, and BP and Schlumberger to produce oil and gas. The UK needs Drax to produce electricity. A third of all natural gas in the world is touched by Royal Dutch Shell, and TSMC is probably the most important company on earth, producing the brains for most of the world's computers. As that realisation continues to become clearer, we believe these companies should be rewarded with materially higher valuations.

Over half of the Orbis SICAV Global Balanced Fund today is invested in the equity or debt of companies that we consider "makers", which contribute to a portfolio that looks very different from the market. In aggregate, the equities in the Fund have lower returns on equity and revenue growth than the market – but the Fund is 45% cheaper than the market on a forward price-earnings basis, and on a free cash flow basis, the discount to the broader market has never been wider.

We tend to feel best about the portfolio just when we feel worst about performance; a feature, not a bug, of our approach. We intend to stick with it. Being a contrarian is difficult – until it becomes wonderful.

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

For the full commentary please see www.orbis.com

Performance net of all fees and expenses

% Returns	Fund		Benchmark[1,2]		CPI inflation[3]	
Cumulative:	**ZAR**	**US$**	**ZAR**	**US$**	**ZAR**	**US$**
Since inception (3 February 2004)	518.9	173.1	665.5	237.8	155.2	49.7
Annualised:						
Since inception (3 February 2004)	10.7	5.7	12.0	7.0	5.4	2.3
Latest 10 years	13.7	6.3	15.8	8.2	5.0	2.1
Latest 5 years	8.2	4.9	14.0	10.6	4.4	2.9
Latest 3 years	12.2	8.4	18.3	14.3	4.1	3.3
Latest 2 years	14.6	7.5	19.6	12.2	4.3	4.0
Latest 1 year	15.3	6.2	19.3	9.9	5.5	6.9
Risk measures (since inception)						
Maximum drawdown[4]	-24.0	-37.0	-25.1	-37.5	n/a	n/a
Percentage positive months[5]	58.6	60.0	59.5	64.2	n/a	n/a
Annualised monthly volatility[6]	13.6	11.5	12.7	9.9	n/a	n/a
Highest annual return[7]	55.6	43.8	38.8	37.6	n/a	n/a
Lowest annual return[7]	-13.7	-27.3	-17.0	-31.7	n/a	n/a

1. The Fund was converted from a fund of funds structure to a feeder fund structure and its name and benchmark were amended on 1 June 2021. For more information, please read **'Ballot underway for Allan Gray-Orbis Global Fund of Funds'**, available via the Latest insights section of our website.
2. 60% of the MSCI World Index with net dividends reinvested and 40% of the J.P. Morgan GBI Global Index (source: Bloomberg), performance as calculated by Allan Gray as at 31 December 2021. From inception to 31 May 2021, the benchmark was 60% of the FTSE World Index including income and 40% of the J.P. Morgan GBI Global Index.
3. This is based on the latest available numbers published by IRESS as at 30 November 2021.
4. Maximum percentage decline over any period. The maximum rand drawdown occurred from 23 October 2008 to 14 October 2010 and maximum benchmark drawdown ccurred from 23 October 2008 to 30 June 2009. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
5. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
6. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
7. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 December 2013 and the benchmark's occurred during the 12 months ended 31 December 2013. The Fund's lowest annual return occurred during the 12 months ended 31 October 2010 and the benchmark's occurred during the 12 months ended 30 June 2009. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2021

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	62.0	15.4	25.0	8.6	10.4	2.5
Hedged equities	19.8	9.9	5.6	1.3	1.5	1.5
Fixed interest	11.5	8.8	0.5	0.1	0.3	1.8
Commodity-linked	6.7	0.0	0.0	0.0	0.0	6.7
Net current assets	0.0	0.0	0.0	0.0	0.0	0.0
Total	**100.0**	**34.1**	**31.1**	**10.0**	**12.2**	**12.6**
Currency exposure of the Orbis SICAV Global Balanced Fund						
Funds	100.0	37.2	36.1	13.4	10.3	3.1
Index	100.0	62.8	23.4	11.1	0.7	2.0

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 2021
Cents per unit	**0.1143**

ALLAN GRAY STABLE FUND

Inception date: 1 July 2000

Portfolio managers

Duncan Artus, Sean Munsie, Tim Acker. (Most foreign assets are invested in Orbis funds.)

Fund objective and benchmark

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

Commentary

The Fund returned 3.8% in the last quarter of 2021, taking the annual return to 15.1%. Over longer periods, such as the last three and five years, the Fund has generated 8.2% and 7.4% per annum respectively, ahead of its cash plus 2% benchmark and above inflation, in line with the Fund's objective. While the Fund is managed in a cautious manner, with a major portion of assets invested in cash and bonds, some allocation to equities (subject to the 40% limit) is required to generate a sustained real return ahead of the benchmark. Our view on the attractiveness of equities, based on our bottom-up research process, together with the potential returns available in competing asset classes, informs the overall level of equity allocation.

Going into 2021, we believed the opportunities available to the Fund were attractive, with both local shares and bonds offering good value. In comparison, holding cash at rates similar to that of prevailing inflation looked unattractive, putting an investor at risk of losing purchasing power in inflation-adjusted terms. The high weighting to local equities and bonds, relative to the Fund's history, has served it well in 2021. The FTSE/JSE All Share Index (ALSI) returned 29.2% for the year with a new all-time high being set in December. The FTSE/JSE All Bond Index (ALBI) returned 8.4%, outperforming cash by 5.9%.

Importantly, we do not buy the index, but rather invest in assets that 1) trade below our assessment of intrinsic value; 2) attempt to balance potential reward with the risk taken on; and 3) position the Fund to perform adequately in a variety of scenarios. This process has added value over the last year, with both equity and bond selection contributing positively to the Fund's return.

Within local equities, Glencore, Aspen Pharmacare and Pepkor were among the largest contributors to performance. We have written about Glencore in past commentaries, highlighting our preference for its commodity mix over that of its diversified mining peers, which remains the case. Both Aspen and Pepkor staged strong recoveries during 2021 from overly depressed levels.

When these shares, among others, have gone ahead of our fair value estimates, we trimmed our holdings and reinvested the proceeds in more attractive opportunities. Disappointingly, two of the larger Fund positions, Sibanye-Stillwater and British American Tobacco, detracted from returns. At current prices, both offer high potential future returns and, in the case of Sibanye-Stillwater, we have added to the Fund's holding.

In local fixed income, the Fund benefited from its exposure to inflation-linked bonds and longer-dated nominal bonds. Inflation linkers have outperformed nominal bonds by a wide margin in 2021 as inflation increased off a low base. While the longer-dated implied break-even inflation rates are now ahead of the Reserve Bank's target range, these instruments should remain in favour, as long as concerns about global inflation abound. Fiscal spending pressures have unfortunately extinguished the bulk of the commodity-driven tax revenue tailwind, negating any material change in sentiment towards South African government bonds. However, current yields do compensate investors for bearing this risk, with the Fund continuing to prefer bonds over cash.

Our offshore investment partner, Orbis, had a mixed year with its large underweight to the US technology sector weighing on relative performance. We share their concerns over absolute valuation levels in the US where the longer duration technology companies, which have increasingly driven index performance, are materially exposed to changes in the interest rate environment. The collection of shares that Orbis is invested in looks very different from the headline stock indices. Rand weakness in the latter part of 2021 was a tailwind for Fund performance.

Commentary contributed by Sean Munsie

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 July 2000)	923.2	485.1	210.3
Annualised:			
Since inception (1 July 2000)	11.4	8.6	5.4
Latest 10 years	8.5	6.9	5.0
Latest 5 years	7.4	6.8	4.4
Latest 3 years	8.2	6.0	4.1
Latest 2 years	9.1	5.0	4.3
Latest 1 year	15.1	4.6	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-16.7	n/a	n/a
Percentage positive months[4]	77.9	100.0	n/a
Annualised monthly volatility[5]	5.2	0.7	n/a
Highest annual return[6]	23.3	14.6	n/a
Lowest annual return[6]	-7.4	4.6	n/a

1. The Fund's benchmark is the daily interest rate, as supplied by FirstRand Bank Limited plus 2%, performance as calculated by Allan Gray as at 31 December 2021.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 January 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 April 2006 and the benchmark's occurred during the 12 months ended 30 June 2003. The Fund's lowest annual return occurred during the 12 months ended 31 March 2020 and the benchmark's occurred during the 12 months ended 31 August 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2021[7]

Asset class	Total	South Africa	Africa ex-SA	Foreign ex-Africa
Net equities	37.0	26.5	2.4	8.2
Hedged equities	10.6	2.6	0.0	8.0
Property	1.3	1.1	0.0	0.2
Commodity-linked	3.0	2.3	0.0	0.7
Bonds	37.9	31.2	3.1	3.6
Money market and bank deposits	10.1	4.2	0.0	5.9
Total (%)	**100.0**	**67.9**	**5.6**	**26.5[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 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021
Cents per unit	**22.9897**	**23.6459**	**36.4990**	**25.2260**

ALLAN GRAY OPTIMAL FUND

Inception date: 1 October 2002

Portfolio manager

Sean Munsie.

Fund objective and benchmark

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

Commentary

The Fund returned -0.7% in the final quarter of 2021 and 6.7% for the full year. The FTSE/JSE All Share Index (ALSI) performed strongly, returning 29.2% for the year and setting an all-time high in December. While the rally has been a welcome boost for local equity investors after years of lacklustre returns, it does not necessarily imply greater returns for the Fund; rather, it is the performance of the Fund's underlying shares relative to the stock market index, together with the level of short-term interest rates, that determines the performance. Stock selection has contributed positively to the Fund's return for 2021.

The rally in 2021 was more broad-based than was the case in 2020, when good gains for resource counters post the COVID-19 market correction were largely offset by weak performance from financials. In 2021 the gap in returns was substantially narrower, so while resources still performed best (+32.3%), financials were not far off (+29.6%), with industrials lagging (+26.5%). At a level down the disparities widen, for example, diversified miners significantly outperformed their precious metal peers and an exceptionally strong Richemont more than offset the struggling Naspers/Prosus within industrials. Our local banks fared better than the insurers, as they recovered off a lower base and reported credit losses over the course of the pandemic that were appreciably better than what the market initially feared.

Overweight positions in Glencore and Sasol were among the largest contributors to the Fund's return and both remain large holdings. The iron ore price has recovered somewhat from its November 2021 lows and still remains substantially higher than our estimated long-term level, hence our preference for Glencore's commodity mix over that of iron-ore exposed BHP and Anglo American (both material underweight positions). A key feature of the Fund's design is its ability to benefit from both up and down markets, for which platinum group metal (PGM) miners were a case in point during 2021. Prevailing commodity prices tend to dictate the direction in which the miners move, so when there was evidence of PGM prices potentially bottoming in September on news of the vehicle semiconductor chip shortage easing, we increased our exposure to the sector, reversing a previous large underweight position.

The strong performance of Richemont, to which the Fund has no exposure, continues to be a drag on the Fund's return. This was particularly hard felt in the last quarter of 2021 after the company reported better-than-expected results and the share price surged to a record high. While in hindsight it was a mistake not to own it, or at the least not to minimise the underweight, such a move is harder to justify at its current level, with the share trading on an elevated multiple of earnings that have been boosted by increased lockdown-induced consumer spending.

Commentary contributed by Sean Munsie

Performance net of all fees and expenses

% Returns	Fund	Benchmark[1]	CPI inflation[2]
Cumulative:			
Since inception (1 October 2002)	262.1	209.6	162.8
Annualised:			
Since inception (1 October 2002)	6.9	6.0	5.2
Latest 10 years	5.3	4.8	5.0
Latest 5 years	2.8	4.7	4.4
Latest 3 years	1.6	3.9	4.1
Latest 2 years	0.4	3.0	4.3
Latest 1 year	6.7	2.5	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-10.2	n/a	n/a
Percentage positive months[4]	75.3	100.0	n/a
Annualised monthly volatility[5]	4.0	0.6	n/a
Highest annual return[6]	18.1	11.9	n/a
Lowest annual return[6]	-8.2	2.5	n/a

1. The daily interest rate as supplied by FirstRand Bank Limited (source: FirstRand Bank), performance as calculated by Allan Gray as at 31 December 2021.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 6 February 2020 to 15 September 2020. Drawdown is calculated on the total return of the Fund (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 30 September 2003 and the benchmark's occurred during the 12 months ended 30 September 2003. The Fund's lowest annual return occurred during the 12 months ended 31 August 2020 and the benchmark's occurred during the 12 months ended 30 November 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Asset allocation on 31 December 2021

Asset class	Total
Net equities	3.6
Hedged equities	81.7
Property	1.8
Commodity-linked	0.0
Bonds	0.0
Money market and bank deposits	12.9
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 2021	31 Dec 2021
Cents per unit	**15.6876**	**35.9602**

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

In November, a luxury yacht was sold for US$650 000. This would be unremarkable if not for the fact that it exists only in code. It may be useful for navigating the metaverse, but won't help you get around the Mediterranean. While paying US$650 000 for a digital boat feels bubbly, you can at least make an argument for some of the underlying technologies. Yet when one considers evidence from more mundane "old world" areas like Barbie dolls, Star Wars toys and Pokémon cards, it becomes more obvious that the investment environment can be safely characterised as speculative.

It is easy to say "this can't end well", but much harder to say how, when or why it will unwind. One trigger for a reversal could be inflation.

The burning question is how much of the current uptick in inflation is "transitory". Our view on this: who knows? What we do know, however, is that the market seems to be pricing in the "transitory" scenario with some certainty. This can be seen in the historically wide valuation gap between longer duration equities – meaning those generating little free cash flow today but with the potential to generate substantial excess cash in the distant future – and their shorter duration counterparts.

Optimal seeks to own the most undervalued shares we can find, while taking short positions in stock market indices. The return of Optimal is therefore mainly comprised of the relative performance between these two. Dislocations such as the above, between longer duration and shorter duration equities, are extremely valuable to Optimal. Indeed, the bulk of the speculative activity we see in markets right now can be found in zero-yielding longer duration assets. As longer duration stocks have appreciated in price, they have come to dominate indices. This is what makes broader asset prices so vulnerable, and why Optimal currently offers an attractive way to diversify.

The valuation gap can be observed in the electricity generation sector. Longer duration businesses, particularly in the renewables space, are trading at elevated valuations, while more traditional and shorter duration companies languish at depressed levels.

Simplistically, renewables represent the future while the incumbents are facing extinction. But reality is more complicated. As a society, we are asking a lot: we want to move away from carbon-based energy sources; consume more energy through the electric grid; complicate the grid by adding distributed generation such as solar panels on homes; and extend the grid by moving renewable power plants to areas where they will catch the most sun or wind. There's no way to achieve all of this without relying on both existing energy infrastructure and new alternatives.

The transition will need to be facilitated by a mix of clean base generation and the development of scalable ways to store energy. The growth opportunity is substantial, but not without challenges. Competition is intensifying and persistent cost inflation is a real risk. We believe that investing at today's lofty equity valuations comes with room for disappointment.

Compare this to a more traditional, short-duration business such as natural gas production. The world produces about 40% of its electricity from oil and coal, and many investors have assumed that a lot of this will ultimately get replaced by "green" solutions.

Yet even some climate-focused policymakers recognise that dependence on gas power generation is expected to increase out to 2050. We believe most countries will have to balance intermittent green solutions with reliable baseload generation as electric vehicles and homes draw more power. Gas is likely the cheapest and cleanest solution, especially when paired with new technologies.

As it stands, however, we risk wide-scale shortages in one of the cleanest facilitators of the global energy transition. Layer on cost increases from the necessary reduction in methane leakages and development of carbon capture technologies, and you end up with a market that will require structurally higher gas prices to incentivise supply. A number of our holdings have exposure to natural gas and stand to benefit, such as Woodside Petroleum, INPEX and Golar LNG.

The Fund's current positioning provides some protection against inflation, which we see as a central risk to asset prices, with energy prices potentially playing a key role. It's important to recognise that our existing global energy system has been optimised for one task — to provide energy as cheaply and efficiently as possible. As we go about removing the carbon externality, we start optimising for something else. This is necessary, but expensive.

Despite what appears to be a highly speculative environment, there are still ways to protect capital while seeking attractive returns. In Optimal, this means identifying cash-generative businesses that are attractive on their own merits and when compared to their local stock markets. When coupled with the Fund's hedging strategy, this should produce a stream of returns that is uncorrelated with that of Pokémon cards, digital yachts, Treasury bonds and the stock market alike.

Adapted from a 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)	107.3	0.0	99.3	-3.9	76.9	28.3
Annualised:						
Since inception (2 March 2010)	6.4	0.0	6.0	-0.4	5.0	2.1
Latest 10 years	7.2	0.2	6.7	-0.3	5.0	2.1
Latest 5 years	1.1	-1.9	4.3	1.2	4.4	2.9
Latest 3 years	1.4	-2.0	3.6	0.1	4.1	3.3
Latest 2 years	5.8	-0.8	6.9	0.3	4.3	4.0
Latest 1 year	9.5	0.8	4.2	-4.1	5.5	6.9
Risk measures (since inception)						
Maximum drawdown[3]	-18.9	-31.3	-26.6	-15.1	n/a	n/a
Percentage positive months[4]	50.0	52.1	46.5	47.9	n/a	n/a
Annualised monthly volatility[5]	13.5	7.4	14.1	4.3	n/a	n/a
Highest annual return[6]	39.6	14.4	35.6	9.4	n/a	n/a
Lowest annual return[6]	-12.4	-15.3	-19.1	-11.6	n/a	n/a

1. The simple average of the benchmarks of the underlying funds, performance as calculated by Allan Gray as at 31 December 2021.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
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 2021

	Total	North America	Europe and UK	Japan	Asia ex-Japan	Other
Net equities	5.5	-1.4	2.3	2.2	2.4	0.0
Hedged equities	83.9	27.0	22.2	15.1	14.9	4.7
Fixed interest	0.0	0.0	0.0	0.0	0.0	0.0
Commodity-linked	0.0	0.0	0.0	0.0	0.0	0.0
Net current assets	10.6	0.0	0.0	0.0	0.0	10.6
Total	**100.0**	**25.7**	**24.5**	**17.2**	**17.3**	**15.3**
Currency exposure of the Orbis funds						
Funds	100.0	57.3	36.2	0.2	6.3	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 2021
Cents per unit	**0.0000**

ALLAN GRAY BOND FUND

Inception date: 1 October 2004

Portfolio manager

Londa Nxumalo.

Fund objective and benchmark

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

Commentary

The year 2021 started off on a strong note, given the low base set by the previous year. Economies bounced back strongly after a non-repetition of the stringent lockdowns of 2020. This also led to rising commodity prices due to recovering demand, which was a boon for commodity-exporting countries, including those in emerging markets (EMs). The broad increase in asset prices – termed "reflation" – was seen as the inevitable effect of a growing, more prosperous economy. Any sign of *inflation* (the malignant kind that results from too much money chasing too few goods) was seen as merely "transitory", to quote the storied US Federal Reserve (the Fed).

However, fears soon began to surface that increasingly pervasive *inflation* would, in fact, be more persistent than the markets had been led to believe. This rude awakening was preluded by rising global food and energy prices, supply chain disruptions and bottlenecks against a backdrop of heightened reopening demand, and worker shortages creating fears of a wage spiral. Aside from the effects of latent demand coming back online as economies reopened, this resurgent inflation was the inevitable result of loose fiscal *and* monetary policy; the US is a prime example of this kind of profligacy. US inflation printed at 6.8% in November – the highest in a generation.

Central banks around the world began to act against rising inflation. Not wanting to be caught behind the curve, major EM central banks – such as those in Brazil, Russia, Mexico and Poland – led the charge. The South African Reserve Bank, warily watching inflation while still desiring to support the economy, joined the fray in November by hiking its repo rate from 3.5% to 3.75%. Credibility is all the more important for EM central bankers, given these countries' dependence on global capital flows. Meanwhile, only *some* developed market (DM) central banks started withdrawing their monetary stimulus – such as Norway, New Zealand and Canada – while major DM central banks, i.e. the Fed, European Central Bank and Bank of England, remained laggards, although the Fed finally announced the beginning of its bond purchase tapering programme in early November. However, the Omicron variant threw a spanner in the works in late November, resulting in rapid border closures and travel restrictions across many countries, with implications for further global supply chain disruptions and dire effects for tourism industries, especially in EMs.

South Africa experienced its own economic recovery due to less stringent lockdown restrictions, although growth in the third quarter was negatively affected by the July unrest. The high commodity prices gave a positive boost to the country's terms of trade, as well as government revenues. However, the strong revenue overrun came against the backdrop of pressing and conflicting fiscal priorities. On the one side, escalating spending pressures in the form of a bloated civil service wage bill, troubled state-owned entities (SOEs), and a proposed basic income grant. On the other side, arresting South Africa's debt accumulation, which is unsustainable in the absence of markedly higher economic growth. Positively, the National Treasury reduced its bond auction sizes twice during the year, with a total 40% reduction.

Credit issuance during 2021 surpassed the total amount issued in 2020, but is yet to return to pre-pandemic levels. Nonetheless, issuances were more consistent throughout the year than the long dry spell experienced in the middle of 2020. Credit spreads continued to tighten due to strong investor demand, with the exception of the parastatal sector (municipalities and SOEs), which continues to be largely unloved due to heightened risks and poor transparency. Bonds that reference environmental and social parameters are becoming a regular theme in the domestic market, with over R10 billion of these types of instruments issued in 2020 – a record. Sizeable issuers in this space during the year were Netcare, Rand Water, Redefine Properties and Standard Bank.

The Allan Gray Bond Fund seeks to strike a reasonable balance between liquidity, credit and duration risk. Currently, the Fund is more or less evenly split between government bonds and credit, which mostly comprises the big South African banks and government guaranteed SOE bonds. The duration of the Fund is 0.6 years lower than that of the FTSE/JSE All Bond Index.

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)	341.4	318.5	150.0
Annualised:			
Since inception (1 October 2004)	9.0	8.7	5.5
Latest 10 years	8.5	8.2	5.0
Latest 5 years	9.3	9.1	4.4
Latest 3 years	8.6	9.1	4.1
Latest 2 years	7.4	8.5	4.3
Latest 1 year	8.0	8.4	5.5
Risk measures (since inception)			
Maximum drawdown[3]	-18.9	-19.3	n/a
Percentage positive months[4]	72.0	68.6	n/a
Annualised monthly volatility[5]	5.9	7.5	n/a
Highest annual return[6]	18.0	21.2	n/a
Lowest annual return[6]	-2.6	-5.6	n/a

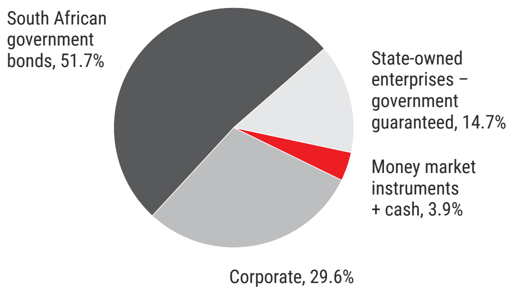
1. FTSE/JSE All Bond Index (source: IRESS), performance as calculated by Allan Gray as at 31 December 2021.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 27 February 2020 to 24 March 2020 and maximum benchmark drawdown occurred from 26 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.
6. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 January 2015 and the benchmark's occurred during the 12 months ended 31 January 2015. The Fund's lowest annual return occurred during the 12 months ended 31 January 2016 and the benchmark's occurred during the 12 months ended 31 January 2016. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

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

Income distributions for the last 12 months

Actual payout, the Fund distributes quarterly	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021
Cents per unit	**22.5561**	**22.9999**	**23.8985**	**24.6430**

Asset allocation on 31 December 2021



ALLAN GRAY MONEY MARKET FUND

Inception date: 1 July 2001

Portfolio manager

Thalia Petousis.

Fund objective and benchmark

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

Commentary

We are in a difficult period of transition in the world. 2021 saw us attempt to emerge from the COVID-19 pandemic into recovery. Inevitably, parallels have been drawn with the post-World War II period of reconstruction, the errors in monetary policy of the 1960s and 70s, and the great inflation that followed. The persistence and severity of inflation became an intense source of global contention last year. After spending much of 2021 defending their stance that current inflation is "transitory", the US Federal Reserve (the Fed) eventually acknowledged that it is time to retire the word.

Every bull market contains the embryo of the next bear market, and this time is no different. The rise of money supply and sovereign debt are now structural factors of developed markets, the seeds of which were planted long before the pandemic came to be. During the recent decade-long bull market, the Fed sought to offer low interest rates to borrowers to solve issues of corporate solvency with liquidity, leading to leveraged balance sheets and *asset price* inflation. This was not a noticeable problem for consumers as it was not hitting the real-world economy and *consumer price* inflation. During the pandemic, easy money and Federal asset purchases picked up enormous speed. The Fed also began to move into the realm of commercial banking by guaranteeing private sector loans. Finally, the smouldering situation was doused in lighter fluid when fiscal policy began to push COVID-19 stimulus cheques directly into the hands of US consumers.

For the first time in many years, US inflation – which fired up to 6.8% year-on-year in November – is well above South Africa's at 5.5%, where credit lending has remained weak alongside our consumer. Vulnerability has nonetheless crept in via our failure to use improved commodity prices to drastically reduce our imprudent SA government debt levels. Even against this frail local backdrop, the South African Reserve Bank raised our overnight interest rate from 3.50% to 3.75% at the November 2021 Monetary Policy Committee (MPC) meeting. They cannot ignore the global dynamics at play.

SA money market investors entered 2021 earning the lowest level of overnight interest rates on record; the MPC's move signalled a change in direction. The Reserve Bank's quarterly projection model suggests that the SA repo rate should rise to 6.75% in 2024, which is still some time away. Will the actual path of interest rate normalisation be gradual or rapid? The MPC prefers the former, but they are, as ever, dependent on the data. This is the conundrum of monetary policy – to be forward-looking and data-dependent simultaneously. One cannot wait to see the whites of the eyes of inflation before making a move.

In 2021 the Fund was able to raise its weighted-average yield from all-time lows by investing cash at opportune times when inflationary fears fuelled a spike in market yields. At select times in the year, SA bank one-year fixed deposit rates rose to 5.5% and Government Treasury bills peaked at rates of 5.6% to 5.9% during a particularly weak auction. The Fund's annualised yield before fees peaked at 4.98% in late November but settled a bit lower. We continue to look for opportunities to raise it further so that our investors might enjoy above-inflation returns.

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)	358.6	343.5	192.7
Annualised:			
Since inception (1 July 2001)	7.7	7.5	5.4
Latest 10 years	6.5	6.2	5.0
Latest 5 years	6.7	6.2	4.4
Latest 3 years	6.0	5.5	4.1
Latest 2 years	5.1	4.6	4.3
Latest 1 year	4.3	3.8	5.5
Risk measures (since inception)			
Highest annual return[3]	12.8	13.3	n/a
Lowest annual return[3]	4.3	3.8	n/a

1. The current benchmark is the Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. From 1 April 2003 to 31 October 2011 the benchmark was the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund, performance as calculated by Allan Gray as at 31 December 2021.
2. This is based on the latest available numbers published by IRESS as at 30 November 2021.
3. These are the highest or lowest consecutive 12-month returns since inception. This is a measure of how much the Fund and the benchmark returns have varied per rolling 12-month period. The Fund's highest annual return occurred during the 12 months ended 31 July 2003 and the benchmark's occurred during the 12 months ended 31 July 2003. The Fund's lowest annual return occurred during the 12 months ended 31 October 2021 and the benchmark's occurred during the 12 months ended 31 October 2021. All rolling 12-month figures for the Fund and the benchmark are available from our Client Service Centre on request.

Income distributions for the last 12 months

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

Jan 2021	Feb 2021	Mar 2021	Apr 2021
0.36	**0.32**	**0.35**	**0.34**
May 2021	Jun 2021	Jul 2021	Aug 2021
0.35	**0.34**	**0.35**	**0.36**
Sep 2021	Oct 2021	Nov 2021	Dec 2021
0.35	**0.36**	**0.36**	**0.38**

Exposure by issuer on 31 December 2021

	% of portfolio
Corporates	**10.8**
Pick 'n Pay	2.9
Shoprite	2.8
Sanlam	2.5
AVI	1.7
MTN	0.5
Mercedes-Benz	0.4
Banks[4]	**56.1**
Nedbank	15.7
Standard Bank	13.5
Absa Bank	12.0
Investec Bank	10.0
FirstRand Bank	4.9
Government	**33.1**
Republic of South Africa	33.1
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 0.20%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray SA Equity Fund (JSE code: AGDA)	Allan Gray charges a fee based on the net asset value of the Fund. The fee rate is calculated daily by comparing the Fund's total performance for the day to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT. For each annualised percentage point above or below the benchmark we add or deduct 0.20%. The maximum fee is uncapped and if the fee would have been negative, 0% will be charged for the day and the negative fee will be carried forward to reduce the next day's fee (and all subsequent days until the underperformance is recovered). This means that Allan Gray shares in 20% of annualised performance relative to the benchmark.
Allan Gray-Orbis Global Equity Feeder Fund[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 and prospectus, which can be found at www.orbis.com.
Allan Gray Balanced Fund (JSE code: AGBF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark we add or deduct 0.10%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray Tax-Free Balanced Fund (JSE code: AGTBA)	The fee we charge is fixed at 1.25% excluding VAT. This fee only applies to the portion of the 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 Balanced Feeder Fund[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 an annual management fee within the underlying Orbis SICAV Global Balanced Fund. The fee rate is calculated based on the Orbis fund's performance relative to its benchmark. For more information please refer to the Orbis SICAV Global Balanced Fund factsheet and prospectus, which can be found at www.orbis.com.
Allan Gray Stable Fund (JSE code: AGSF)	Allan Gray charges a fee based on the net asset value of the Fund excluding the portion invested in Orbis funds. The fee rate is calculated daily by comparing the Fund's total performance over the last two years, to that of the benchmark. If the Fund's return over two years is equal to or less than 0%, Allan Gray will not charge a fee. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT For each percentage of two-year performance above or below the benchmark we add or deduct 0.10%, subject to the following limits: Maximum fee: 1.50% p.a. excl. VAT Minimum fee: 0.50% p.a. excl. VAT This means that Allan Gray shares in approximately 20% of annualised performance relative to the benchmark. A portion of the Fund may be invested in Orbis funds. Orbis charges performance-based fees within these funds that are calculated based on each Orbis fund's performance relative to its own benchmark. Orbis pays a marketing and distribution fee to Allan Gray.
Allan Gray Optimal Fund (JSE code: AGOF)	The fee rate is calculated daily by comparing the Fund's total performance to that of the benchmark. Fee for performance equal to the Fund's benchmark: 1.00% p.a. excl. VAT The Fund is first required to recover any underperformance before a fee higher than the fee for performance equal to the benchmark can be charged. This is known as a high watermark. If the Fund's performance is above its previous high watermark, we add 0.20% to the fee for each percentage of performance above the high watermark. The fee is uncapped.
Allan Gray-Orbis Global Optimal Fund of Funds[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 Orbis Optimal SA Fund factsheets and prospectus, which can be found at www.orbis.com.
Allan Gray Bond Fund (JSE code: AGBD)	A fixed fee of 0.50% p.a. excl. VAT
Allan Gray Money Market Fund (JSE code: AGMF)	A fixed fee of 0.25% p.a. excl. VAT

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

For the 1-year period ending 31 December 2021

Fund	Fee for benchmark performance %	Performance fee %	Other costs excluding transaction costs %	VAT %	Total expense ratio (TER)[5,6] %	Transaction costs (incl. VAT)[5,6] %	Total investment charge (TIC) %
Allan Gray Equity Fund[1,2] (JSE code: AGEF)	1.12%	-0.54%	0.03%	0.06%	**0.67%**	0.10%	**0.77%**
Allan Gray SA Equity Fund[2] (JSE code: AGDA)	1.00%	-1.00%	0.01%	0.00%	**0.01%**	0.11%	**0.12%**
Allan Gray-Orbis Global Equity Feeder Fund[3] (JSE code: AGOE)	1.48%	-0.75%	0.05%	0.00%	**0.78%**	0.10%	**0.88%**
Allan Gray Balanced Fund[1,2] (JSE code: AGBF)	1.02%	-0.24%	0.03%	0.09%	**0.90%**	0.08%	**0.98%**
Allan Gray Tax-Free Balanced Fund[1,2,4] (JSE code: AGTBA)	1.31%	0.00%	0.04%	0.15%	**1.50%**	0.09%	**1.59%**
Allan Gray-Orbis Global Balanced Feeder Fund[3] (JSE code: AGGF)	1.48%	-0.66%	0.07%	0.00%	**0.89%**	0.09%	**0.98%**
Allan Gray Stable Fund[1,2] (JSE code: AGSF)	1.01%	0.13%	0.03%	0.15%	**1.32%**	0.06%	**1.38%**
Allan Gray Optimal Fund[2] (JSE code: AGOF)	1.00%	0.00%	0.03%	0.15%	**1.18%**	0.14%	**1.32%**
Allan Gray-Orbis Global Optimal Fund of Funds[3] (JSE code: AGOO)	1.00%	-0.01%	0.08%	0.00%	**1.07%**	0.11%	**1.18%**
Allan Gray Bond Fund[2,4] (JSE code: AGBD)	0.27%	0.00%	0.01%	0.04%	**0.32%**	0.00%	**0.32%**
Allan Gray Money Market Fund[2,4] (JSE code: AGMF)	0.25%	0.00%	0.00%	0.04%	**0.29%**	0.00%	**0.29%**

1. Assets invested in the Orbis funds incur a management fee. These, along with other expenses, are included in the total expense ratio.
2. The fees, TERs and transaction costs provided are for Class A funds only. The fees, TERs and transaction costs for other classes of the funds are available from our Client Service Centre.
3. Due to foreign exchange control regulations, the Fund may be closed from time to time. Unitholders can contact our Client Service Centre to confirm whether or not the Fund is open.
4. The Allan Gray Tax-Free Balanced Fund and Allan Gray Money Market Fund charge a fixed fee. Effective 1 December 2021, the Allan Gray Bond Fund also charges a fixed fee.
5. The total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past one- and three-year periods. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, securities transfer tax, Share Transactions Totally Electronic (STRATE) and FSCA Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are necessary costs in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager, and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and transaction costs should not be deducted again from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money. The sum of the TER and transaction costs is shown as the total investment charge (TIC).
6. TERs and transaction costs are unaudited.

Compliance with retirement fund regulations

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

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

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	Equity Fund		Global Equity Feeder Fund		Balanced Fund		Global Balanced Feeder Fund		Stable Fund	
		2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R
INVESTMENT INCOME		831 001 367	1 340 001 243	5 780 017	3 607 976	4 202 248 342	5 642 669 835	1 335 586	1 248 950	1 812 302 046	2 342 192 976
Dividends - Local		783 687 201	1 289 035 380	-	-	2 603 954 196	3 886 673 548	-	-	417 801 772	749 895 799
Dividends - Real estate investment trust income		26 489 098	17 977 765	-	-	105 388 543	61 172 183	-	-	55 165 681	84 807 877
Interest - Local		20 570 518	32 499 176	5 780 017	3 607 976	1 432 431 267	1 623 385 996	1 335 586	1 248 950	1 238 021 315	1 377 622 373
Interest - Foreign		-	-	-	-	59 813 176	63 571 402	-	-	100 962 508	110 241 357
Sundry income		254 550	488 922	-	-	661 160	7 866 706	-	-	350 770	19 625 570
OPERATING EXPENSES		125 817 023	178 279 513	1 570 038	1 929 782	855 983 769	540 578 098	990 800	1 301 210	457 882 400	160 546 759
Audit fee		180 993	153 406	63 784	61 399	208 591	176 801	70 575	59 147	185 188	156 968
Bank charges		170 742	162 537	10 469	11 505	521 217	682 506	13 999	12 781	455 742	433 728
Commitment fee		953 648	1 830 215	630 652	1 119 567	199 641	-	390 974	746 306	55 174	-
Trustee fee		1 285 633	1 149 226	865 133	737 311	5 152 199	4 860 180	515 252	482 976	1 596 386	1 627 493
Management fee		123 226 007	174 984 129	-	-	849 902 121	534 858 611	-	-	455 589 910	158 328 570
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	705 184 344	1 161 721 730	4 209 979	1 678 194	3 346 264 573	5 102 091 737	344 786	(52 260)	1 354 419 646	2 181 646 217

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Equity Fund		Global Equity Feeder Fund		Balanced Fund		Global Balanced Feeder Fund		Stable Fund	
	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R
ASSETS										
Investments	39 294 541 821	33 273 502 984	26 494 993 731	21 867 740 288	156 005 186 664	136 284 843 864	15 357 454 059	13 977 991 534	47 760 584 651	43 843 041 659
Current assets	59 430 101	77 413 119	165 663 628	334 663 125	255 595 829	205 886 561	67 195 275	63 628 680	52 894 493	67 879 363
TOTAL ASSETS	39 353 971 922	33 350 916 103	26 660 657 359	22 202 403 413	156 260 782 493	136 490 730 425	15 424 649 334	14 041 620 214	47 813 479 144	43 910 921 022
LIABILITIES										
Current liabilities	446 346 560	299 276 299	4 331 560	1 819 063	2 165 741 774	1 557 389 451	451 729	100 087	368 127 258	390 912 292
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	38 907 625 362	33 051 639 804	26 656 325 799	22 200 584 350	154 095 040 719	134 933 340 974	15 424 197 605	14 041 520 127	47 445 351 886	43 520 008 730

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	Optimal Fund		Global Optimal Fund of Funds		Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
		2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R
INVESTMENT INCOME		28 867 323	53 262 295	54 051	315 874	489 367 120	402 177 966	1 112 311 456	1 507 421 843	121 739 184	146 818 068	45 672 743	48 931 905
Dividends - Local		23 372 905	45 623 135	-	-	-	-	-	-	114 353 397	141 033 048	27 448 045	31 995 937
Dividends - Real estate investment trust income		1 184 973	-	-	-	-	-	-	-	4 247 421	1 676 820	1 147 343	505 602
Interest - Local		4 282 595	7 639 160	54 051	315 874	489 367 120	401 207 351	1 112 311 456	1 507 421 843	3 097 706	4 018 604	16 550 625	15 815 335
Interest - Foreign		-	-	-	-	-	-	-	-	-	-	517 770	550 468
Sundry income		26 850	-	-	-	-	970 615	-	-	40 660	89 596	8 960	64 563
OPERATING EXPENSES		9 296 190	10 991 830	134 238	148 526	17 622 408	18 189 754	71 343 463	73 992 413	459 130	422 946	16 896 197	12 413 319
Audit fee		180 532	154 899	69 985	59 318	124 482	105 508	145 461	123 290	122 669	103 970	114 074	96 687
Bank charges		60 855	72 831	15 503	11 442	112 663	92 975	190 986	157 871	125 878	95 580	112 915	96 193
Commitment fee		4 459	2 469	20 754	45 473	-	-	-	-	85 663	136 777	-	-
Trustee fee		28 793	35 358	27 996	32 293	192 986	158 632	853 945	926 730	124 920	86 619	53 908	41 469
Management fee		9 021 551	10 726 273	-	-	17 192 277	17 832 639	70 153 071	72 784 522	-	-	16 615 300	12 178 970
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME ITEMS	1	19 571 133	42 270 465	(80 187)	167 348	471 744 712	383 988 212	1 040 967 993	1 433 429 430	121 280 054	146 395 122	28 776 546	36 518 586

ALLAN GRAY UNIT TRUSTS

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Optimal Fund		Global Optimal Fund of Funds		Bond Fund		Money Market Fund		SA Equity Fund		Tax-Free Balanced Fund	
	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R	2021 R	2020 R
ASSETS												
Investments	782 326 328	869 659 912	925 920 348	811 178 947	6 254 691 245	5 213 052 916	23 475 719 659	26 295 373 862	3 887 251 458	2 813 946 654	1 738 423 662	1 267 639 025
Current assets	14 856 483	9 952 861	5 032 999	15 518 290	10 751 694	10 336 708	10 429 031	9 696 702	16 043 523	14 464 786	5 562 870	3 038 380
TOTAL ASSETS	797 182 811	879 612 773	930 953 347	826 697 237	6 265 442 939	5 223 389 624	23 486 148 690	26 305 070 564	3 903 294 981	2 828 411 440	1 743 986 532	1 270 677 405
LIABILITIES												
Current liabilities	13 666 296	9 285 758	70 575	259 198	141 411 734	111 165 477	94 774 695	100 371 407	81 619 665	58 970 028	21 476 880	15 632 262
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	783 516 515	870 327 015	930 882 772	826 438 039	6 124 031 205	5 112 224 147	23 391 373 995	26 204 699 157	3 821 675 316	2 769 441 412	1 722 509 652	1 255 045 143

1. Distribution schedules

	Note	2021	2020
ALLAN GRAY EQUITY FUND			
30 June			
Class A			
Cents per unit		330.8930	969.5960
Distribution paid - R		158 998 171	498 081 074
Class C			
Cents per unit		331.3694	997.3232
Distribution paid - R		119 197 311	386 737 814
Class X			
Cents per unit		332.2404	1 173.9725
Distribution paid - R		5 424 592	4 895 902
31 December			
Class A			
Cents per unit		448.7288	291.3975
Distribution paid - R		212 990 907	143 367 661
Class C			
Cents per unit		533.7653	291.8169
Distribution paid - R		186 414 888	109 685 324
Class X			
Cents per unit		635.1475	292.5847
Distribution paid - R		12 017 353	4 866 631
TOTAL DISTRIBUTION FOR THE YEAR		695 043 222	1 147 634 406
Expense/(income) on creation and cancellation of units		10 141 122	14 087 324
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		705 184 344	1 161 721 730
ALLAN GRAY-ORBIS GLOBAL EQUITY FEEDER FUND			
31 December			
Class A			
Cents per unit		1.5476	0.6366
Distribution paid - R		4 184 836	1 692 499
TOTAL DISTRIBUTION FOR THE YEAR		4 184 836	1 692 499
Expense/(income) on creation and cancellation of units		25 143	(14 305)
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		4 209 979	1 678 194

	Note	2021	2020
ALLAN GRAY BALANCED FUND			
30 June			
Class A			
Cents per unit		93.3008	266.4257
Distribution paid - R		514 755 238	1 525 289 175
Class C			
Cents per unit		103.3181	274.8600
Distribution paid - R		668 261 118	1 907 082 285
Class X			
Cents per unit		130.4402	294.4703
Distribution paid - R		63 789 881	161 338 849
31 December			
Class A			
Cents per unit		159.5677	105.3969
Distribution paid - R		875 194 941	585 948 059
Class C			
Cents per unit		170.2950	114.3382
Distribution paid - R		1 075 606 187	757 800 989
Class X			
Cents per unit		204.4115	128.5324
Distribution paid - R		109 903 723	68 950 249
TOTAL DISTRIBUTION FOR THE YEAR		3 307 511 088	5 006 409 606
Expense/(income) on creation and cancellation of units		38 753 485	95 682 131
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		3 346 264 573	5 102 091 737

	Note	2021	2020
ALLAN GRAY-ORBIS GLOBAL BALANCED FEEDER FUND			
31 December			
Class A			
Cents per unit		0.1143	-
Distribution paid - R		336 645	-
TOTAL DISTRIBUTION FOR THE YEAR		336 645	-
Shortfall of income funded by net assets attributed to unitholders	2	-	(36 115)
Expense/(income) on creation and cancellation of units		8 141	(16 145)
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		344 786	(52 260)

1. Distribution schedules continued

	Note	2021	2020
ALLAN GRAY STABLE FUND			
31 March			
Class A			
Cents per unit		22.9897	33.8100
Distribution paid - R		126 686 521	200 944 920
Class C			
Cents per unit		24.6172	35.1064
Distribution paid - R		154 812 866	244 174 329
Class X			
Cents per unit		31.2908	37.1197
Distribution paid - R		6 563 401	5 921 541
30 June			
Class A			
Cents per unit		23.6459	64.5158
Distribution paid - R		130 786 398	380 641 316
Class C			
Cents per unit		25.3173	66.0305
Distribution paid - R		156 561 358	451 547 052
Class X			
Cents per unit		32.2807	68.3040
Distribution paid - R		7 192 901	11 343 701
30 September			
Class A			
Cents per unit		36.4990	37.6982
Distribution paid - R		200 844 258	219 149 572
Class C			
Cents per unit		38.2380	39.2437
Distribution paid - R		231 235 626	259 055 966
Class X			
Cents per unit		48.1556	41.5642
Distribution paid - R		15 859 789	7 296 402
31 December			
Class A			
Cents per unit		25.2260	29.1088
Distribution paid - R		140 591 962	164 442 791
Class C			
Cents per unit		27.0775	30.6841
Distribution paid - R		161 902 858	195 324 089

	Note	2021	2020
Class X			
Cents per unit		39.1319	33.7720
Distribution paid - R		13 913 248	6 844 777
TOTAL DISTRIBUTION FOR THE YEAR		1 346 951 186	2 146 686 456
Expense/(income) on creation and cancellation of units		7 468 460	34 959 761
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		1 354 419 646	2 181 646 217

ALLAN GRAY OPTIMAL FUND

30 June			
Class A			
Cents per unit		15.6876	75.6238
Distribution paid - R		3 738 507	20 886 688
Class C			
Cents per unit		17.5610	77.6082
Distribution paid - R		2 352 763	12 052 657
31 December			
Class A			
Cents per unit		35.9602	19.9481
Distribution paid - R		8 127 469	5 123 097
Class C			
Cents per unit		37.9084	21.8084
Distribution paid - R		4 620 119	3 186 302
TOTAL DISTRIBUTION FOR THE YEAR		18 838 858	41 248 744
Expense/(income) on creation and cancellation of units		732 275	1 021 721
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		19 571 133	42 270 465

ALLAN GRAY-ORBIS GLOBAL OPTIMAL FUND OF FUNDS

31 December			
Class A			
Cents per unit		-	0.4566
Distribution paid - R		-	199 698
TOTAL DISTRIBUTION FOR THE YEAR		-	199 698
Shortfall of income funded by net assets attributed to unitholders	2	(91 712)	-
Expense/(income) on creation and cancellation of units		11 525	(32 350)
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		(80 187)	167 348

1. Distribution schedules continued

	Note	2021	2020
ALLAN GRAY BOND FUND			
31 March			
Class A			
Cents per unit		22.5561	26.1980
Distribution paid - R		104 775 416	78 914 005
Class X			
Cents per unit		57.4333	-
Distribution paid - R		303	-
30 June			
Class A			
Cents per unit		22.9999	23.3855
Distribution paid - R		113 126 773	92 676 485
Class X			
Cents per unit		23.7809	24.8998
Distribution paid - R		133	11 556 686
30 September			
Class A			
Cents per unit		23.8985	24.3176
Distribution paid - R		123 411 888	107 339 576
Class X			
Cents per unit		24.3524	25.2361
Distribution paid - R		139	4 749 255
31 December			
Class A			
Cents per unit		24.6430	23.6527
Distribution paid - R		132 101 871	107 324 598
Class X			
Cents per unit		26.3872	24.4798
Distribution paid - R		6 270 471	2 490 302
TOTAL DISTRIBUTION FOR THE YEAR		479 686 994	405 050 907
(Income)/expense on creation and cancellation of units		(7 942 282)	(21 062 695)
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		471 744 712	383 988 212
ALLAN GRAY SA EQUITY FUND			
30 June			
Class A			
Cents per unit		451.9763	1 464.1491
Distribution paid - R		16 897 149	13 675 808

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Note	2021	2020
Class C			
Cents per unit		452.5846	1 466.1172
Distribution paid - R		3 853 928	11 419 507
Class X			
Cents per unit		452.7150	1 466.5396
Distribution paid - R		22 721 510	83 776 403
31 December			
Class A			
Cents per unit		813.8448	401.8824
Distribution paid - R		28 550 816	11 647 610
Class C			
Cents per unit		814.9393	402.4230
Distribution paid - R		6 598 652	3 109 256
Class X			
Cents per unit		815.1737	402.5387
Distribution paid - R		42 229 690	21 618 948
TOTAL DISTRIBUTION FOR THE YEAR		120 851 745	145 247 532
Expense/(income) on creation and cancellation of units		428 309	1 147 590
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		121 280 054	146 395 122
ALLAN GRAY TAX-FREE BALANCED FUND			
30 June			
Class A			
Cents per unit		8.1043	26.2256
Distribution paid - R		8 536 248	23 629 629
Class C			
Cents per unit		9.1808	27.1417
Distribution paid - R		1 543 037	4 111 870
31 December			
Class A			
Cents per unit		14.8998	8.2124
Distribution paid - R		16 615 954	7 742 675
Class C			
Cents per unit		16.0415	9.1835
Distribution paid - R		2 818 365	1 442 180
TOTAL DISTRIBUTION FOR THE YEAR		29 513 604	36 926 354
(Income)/expense on creation and cancellation of units		(737 058)	(407 768)
PROFIT/(LOSS) BEFORE UNDISTRIBUTABLE INCOME		28 776 546	36 518 586

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.

	2021 R	2020 R
Allan Gray-Orbis Global Optimal Fund of Funds	91 712	-
Allan Gray-Orbis Global Balanced Feeder Fund	-	36 115

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 2021 to 31 December 2021 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
14 February 2022

IMPORTANT NOTES FOR INVESTORS

Information and content

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

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

Management Company

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

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

Performance

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Movements in exchange rates may also cause the value of underlying international investments to go up or down. The Management Company does not provide any guarantee regarding the capital or the performance of the Funds. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax.

Fund mandate

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

IMPORTANT NOTES FOR INVESTORS

Unit price

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used and fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the Management Company by 11:00 each business day for the Allan Gray Money Market Fund, and by 14:00 each business day for any other Allan Gray unit trust fund to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

Fees

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

Total expense ratios and transaction costs

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

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

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

Purchase and redemption requests must be received by the Management Company by 11:00 each business day to receive that day's price. Unit trust prices are available daily on www.allangray.co.za.

FTSE/JSE All Share Index

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

IMPORTANT NOTES FOR INVESTORS

FTSE/JSE All Bond Index

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

FTSE/JSE Capped Shareholder Weighted All Share Index

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

FTSE Russell Indices

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2022. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", "FTSE Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

J.P. Morgan Indices

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2022, J.P. Morgan Chase & Co. All rights reserved.

MSCI Index

Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Feeder fund

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

IMPORTANT NOTES FOR INVESTORS

Fund of funds

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

Foreign exposure

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

Yield

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

Compliance with Regulation 28

The Allan Gray Balanced, Stable, Money Market, Tax-Free Balanced and Bond Fund are managed to comply with Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within 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
1 Silo Square V&A Waterfront Cape Town 8001

Contact details

1 Silo Square V&A Waterfront Cape Town 8001
P O Box 51605 V&A Waterfront Cape Town 8002 South Africa

Client Service Centre

Tel 0860 000 654 / +27 (0)21 415 2301
Fax 0860 000 655 / +27 (0)21 415 2492
Email info@allangray.co.za
www.allangray.co.za

Adviser Service Centre

Tel 0860 000 653 / +27 (0)21 415 2690
Fax 0860 000 655 / +27 (0)21 415 2492
Email ifa@allangray.co.za
www.allangray.co.za

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	BCom MCom (Int Acc) CA (SA) (Independent)
J W T Mort	BA LLB (Independent)

Company Secretary

C E Solomon BBusSc (Hons) CA (SA)

Details of the individual who supervised the preparation of the annual financial statements

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

Investment Manager

Allan Gray Proprietary Limited

Trustee

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

Auditors

Ernst & Young Inc.

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

ALLANGRAY