

New Fund

We are pleased to announce the launch of a new offshore fund, the Allan Gray-Orbis Global Equity Feeder Fund. This Fund was launched to enhance our current offshore offering (to include an equity as well as a balanced mandate) after a significant increase in 'asset swap' capacity was made available.

The Fund will address the needs of those long-term investors who have made the 'asset allocation' decision to invest a predetermined amount in global equities. It will enable clients to invest in a Rand denominated fund with exposure to global stockmarkets and which seeks returns superior to the average of the world equity markets, without greater risk.

The Fund is benchmarked against the FTSE World Index, including income, and is best suited to investors who:

- Seek to invest a predetermined Rand amount in global equities;
- Want to gain exposure to markets and industries that are not available locally;
- Want to hedge their investment against any Rand depreciation;
- Do not have the minimum of US\$50 000 to invest in the Orbis Global Equity Fund; and
- Have already utilised their R750K offshore allowance.

As the Fund is a Rand denominated unit trust, investors will not have to utilise their R750K offshore allowance; the Fund will use Allan Gray's foreign capacity. It will also be easier for investors to invest in, and disinvest from, the Fund as they will transact in Rands and will not need to transact with offshore accounts.

The only charges to be levied are those of the underlying fund, being the Orbis Global Equity Fund (there are no initial nor ongoing charges levied on the Feeder Fund itself). These fees are performance based and range between 0.5% and 2.5%. The minimum investment amount is R25 000. Debit orders will not be allowed as the Fund may be closed from time to time due to exchange control regulations.

New Orbis Fund

The Orbis Optimal SA Fund was approved by the FSB for marketing and distribution on 30 March 2005, and is one of what are now three approved Orbis mutual funds (the others being the Orbis Global Equity Fund and the Orbis Japan Equity Fund, in three currency versions).

The Fund seeks capital appreciation on a low risk global portfolio and is offered in a choice of US dollars or euro. The Fund invests principally in a focused portfolio of selected global equities believed to offer superior relative value and employs stockmarket hedging to reduce risk of loss. The Fund's returns are intended to be largely independent of the returns of major asset classes such as cash, equities and bonds.

Much like the Allan Gray Optimal Fund, the fees on the Orbis Optimal SA Fund comprise two parts:

- A base fee of 1% per annum, paid monthly; plus
- A performance fee of 20% of the outperformance of each class's benchmark. The performance fee incorporates a high watermark principle. Thus, should the Fund underperform its benchmark over any period, it will first have to recover the underperformance before further performance fees are payable.

The investment minimums for the Fund are the same as that of the Orbis Global Equity and Japan Equity funds, i.e.: R100 000 (initially) and \$1 000 (or currency equivalent) thereafter.

Commentary by Johan de Lange, Managing Director, Allan Gray Unit Trust Management Limited