President's Letter

This year marks Orbis' 30th anniversary. We are proud of the returns we have delivered for our clients since inception and are excited about our potential to add value looking forward. But our performance in recent years has been well below our standards, so we are hardly in the mood to celebrate. More personally, the passing of Allan Gray, my father and the firm's founder, leaves me with both a heavy heart and a deep sense of determination.

From an investment perspective, 2019 was largely a year of more of the same with many now long-standing market trends extending even further. Continuing to lean against those trends was again painful, although mitigated somewhat by robust absolute returns for equities and bonds.

Many of the most rewarding investments in 2019 were those that the market considered "safe" or "predictable". A shining example in this regard is Austria's "century" bond. Owners of this bond entered 2019 with the prospect of a 1.75% annualised return over the next 98 years—particularly poor compensation for taking on such long-dated risk in our view. As it happened, they closed the year with a price return of over 35%, having gained as much as 80% when the price of the bond peaked in August.

The Austrian bond is much more than an amusing anecdote. Many of the biggest winners in global equity and bond markets in 2019 fell into this category—those with relatively predictable long-term futures—with their prices also rising sharply. While we have invested in such assets in the past, today the premium one must pay for predictability looks excessive. In contrast, the prices of investments in companies with less predictable and often more volatile cash flow streams, currently much more common in the Orbis Funds, performed far less well… again.

While this has been frustrating, it leaves us more optimistic for future relative returns. Asset prices can only rise faster than their underlying fundamentals for so long. The longer prices outpace fundamentals, the wider valuation gaps become, making risk profiles increasingly asymmetric. While the underlying fundamentals may remain safe and predictable, a rising valuation gap will eventually change any investment into a risky and volatile one as price becomes increasingly sensitive to any change in expectations. Even with an unchanged annual coupon, the price of the Austrian century bond rose by more than 35% in 2019. The converse is of course true for companies with valuations that assume less predictable fundamentals, which is what creates the opportunity for attractive relative returns.

All of this may sound obvious, but it never feels that way when the prices of predictable assets have risen as much as they have in recent years. It feels good to own them, and not owning them is extremely uncomfortable. But maintaining a disciplined focus on the relationship between intrinsic value and price is what successful long-term investing is all about. Some even say that value-oriented investing works because it hurts. Extended stretches of underperformance can test the patience of a firm's clients, its investment team and its owners—but that's what makes it so rewarding for those who can stick with it.

Nobody understood that better than Allan. He developed the distinctive investment philosophy that has been in place at Orbis since 1989 and at our sister company in South Africa since 1973. Allan's most enduring legacy might be the investment philosophy and approach he instilled in our investors, and the stable and aligned ownership structure that he put in place before his retirement in 2016.

On the pages that follow, you will find a selection of the investment insights that have resonated most with those currently on the Orbis team who worked closely with Allan over the years. Thanks to Allan, Orbis is well-positioned for the challenges that lie ahead.

William Gray

William B Gray

Allan's Legacy - Investment Thinking

Our founder Allan Gray developed the distinctive investment philosophy that has been in place at Orbis since 1989 and at our sister company in South Africa since 1973. He also had an immeasurable impact on several generations of investment professionals at both firms. Below is a small selection of the investment insights that have resonated most with those who worked with Allan over the years.

Allan loved to be contrarian. He deliberately forced himself to consider the opposite perspective. When a stock was on its knees, he'd encourage me to explore how well things could turn out: "Let your bullish juices flow!" At those times, he'd say, the onus is on the bears to justify the very low price by showing why the company or sector or country will never recover. And when things were going really well, that's when he'd be completely focused on the downside.

Working closely with Allan in the 2000s, he was very excited about Japan, in part because it had been in a bear market for over a decade and all hope had been lost. Allan was a big believer in cycles. All companies and industries go through good and bad times, which follow each other "as night follows day". He taught me that part of the benefit of leaning against the cycle is that not only are you getting a discount because of poor sentiment, you're also putting fundamentals on your side. Ideally you can find an above-average company at a weak point in its cycle, when sentiment and earnings are near a low ebb and likely to improve. That's something I've worked hard to instil in my team. Of course, you can always be wrong, but Allan was never afraid of that. He knew that the decisions you get right can do really well, more than making up for the smaller losses on the ones you get wrong. That's the magic of being contrarian.

– Ben Preston

Allan was so incredibly immersed in the art of investing. When I first arrived in Bermuda, he used to give me a lift to work, and his mind would be on the portfolio while mine was still on breakfast! He told me he rarely yawned at work because it was all so fascinating. He was also a huge believer in the importance of individual decision making and independent thought.

This hit home to me during a critical point for one of our holdings. The shares were down substantially on negative news and a group of us got together to discuss it. As views were expressed, the uncertainty of the situation felt contagious, spreading around the room just as it had spread around the wider market. A few hours later I asked Allan his view given the concerns raised in the meeting—"It's a helluva buy," he said. He saw opportunity where everyone else saw risk and was proven correct (as he so often was) as time passed and the clouds lifted. I suspect the ability and mental fortitude to tune out the emotion of the crowd and capitalise upon fleeting moments of extreme opportunity is what separates the great from the good. It is the reason we prize individual decision making so dearly. Few investors possess Allan's calm contrarian conviction and independence of thought, so when you find someone who has those traits, you have to give them the freedom to act.

– Graeme Forster

Allan was remarkable for his ability to be incredibly granular and to do so in a way that uncovered hidden insight. He would bring a company's annual report to the investment meeting and grill you about the goodwill valuation in footnote 13 on page 154. He would use management's seemingly ancillary accounting decisions to draw inferences about their transparency and integrity.

But he also had an uncanny ability to zoom out and see the big picture. He loved to find "blue sky" that Mr. Market wasn't pricing. While Allan always invested on a firm foundation of business value, he got incredibly jazzed when he saw undervalued potential, and his enthusiasm was infectious. One example was in 2002 or 2003 when Allan asked me to look at a Japanese company. They had a solid yet mature core business, but were launching a new initiative of which many were sceptical. Allan handed me some reports and circled back just two hours later full of enthusiasm to press for my view. I responded: "Allan, I think it's interesting but likely rather niche." What was the initiative? Digital cameras embedded in mobile phones! Situations with unpriced potential can be amazing asymmetric investments. Allan often had the vision to see them, and as he liked to say, "You have to go for the jugular" when you see them. And he did.

– Adam Karr

Allan’s Legacy - Investment Thinking *(continued)*

What struck me most about Allan—and not just from an investment perspective—was his ability to be passionate about his views, but hold them very lightly. Even when Allan had high conviction in a particular idea he would continue to poke and prod, and then he’d come in a few days or weeks later espousing a 180-degree different view. That’s what truly separated Allan from the average investor. So often investors convince themselves about something and tell everyone about it and end up being stuck with an entrenched stance. Allan never had that problem. He sought out evidence that went against his views. I think he was able to do that because he was both confident and humble—self-assured, but also comfortable enough in his own skin to happily admit being wrong. That’s a very rare commodity these days.

As an investor, I’d describe Allan as an “omnivore”—it was impossible to put him in any investment style or philosophy bucket. I saw him do deep value and I saw him get excited about pure growth. But he was most excited with stocks that were value-oriented yet also had an exciting growth story that could emerge. That was the sweet spot for Allan.

– Alec Cutler

Allan was, by way of example, an extraordinary teacher. Having had the good fortune of working closely with him, what are some of my lessons?

Allan was focused on the future rather than the past, and was excited by technological progress. He liked to listen to the ideas of young people—always with curiosity and an eagerness to learn. Allan would bring the best out of people, no matter their background. During my years in Bermuda I remember with fondness the beautifully-arranged dinners at his home where he would, in his gentle style, thoroughly put me and the analyst team (and often our spouses) through the wringer on various topics. Perhaps contrary to perception, he would focus on understanding “the best” rather than “the cheapest” company in a given sector. Whilst valuations certainly played an essential role, he would be on the lookout for outstanding businesses and entrepreneurs—people who, like him, believed that if something is worth doing, it is worth doing it very (very) well.

– Stefan Magnusson

It’s easy for investors to be constrained by short-term thinking and to anchor on the present. Allan was particularly skilled at thinking about how the world could look different in the future—at thinking about a much wider range of possible outcomes. He loved the idea of a “free option” in an investment thesis—the blue-sky upside that you didn’t pay anything for. He was also sceptical of companies that had grown without adding much value for customers or society. Nowadays such a focus on sustainability would fall under the “ESG” banner, and Allan was ahead of his time in that sense. He also knew instinctively that great businesses with great management teams can be “compounders” that you can own for a very long time.

– Henry Allen

Allan was very aware of his own confirmation biases, and he would always encourage me to question where I could be wrong. So if I spoke to an analyst, Allan would say, don’t speak to someone who shares your view—rather speak to someone who has a contrary view. Speak to those that are “sells”. And when you speak to them, don’t try to challenge them, but rather hear and listen to their view and see if there’s something to it.

Allan was also very big on the concept of having flexibility of mind. He saw absolutely no shame in doing a 180-degree turn if you learnt some information you didn’t like. I recall him once being super fired up about Mabuchi Motor and getting me to work the whole weekend on it. On Sunday, I was driving somewhere with my baby daughter in the back seat and had to stop the car on the side of the road so I could speak to Allan about my report. Although I had recommended we buy, he had changed his mind!

That’s just how he was. *No sooner had Allan bought a stock*, he’d be phoning you as though we should be selling it. Eventually you learned that he was testing your conviction, and his own conviction. He wanted to be sure that we had explored every possible angle on the stock.

– Brett Moshal

Allan's Legacy - Investment Thinking *(continued)*

I joined Orbis in 2010, so Allan and I didn't overlap a huge amount. But when I'm working on a new investment idea, it's often his voice that I hear in the back of my mind. That's how deeply Allan's thinking is embedded in the Orbis DNA. And I think if you asked the people in our team who never worked with him directly at all, they would say similar things. We do all pass it down.

One that stands out is Allan's frequent advice to "dream a little"—don't just buy cheap stocks and expect them to go back to normal, look for those that can do extraordinary things in the future if their situation improves. Those were some of his biggest winners—and some of my best ideas have shared that characteristic. Allan also used to say that you can basically ignore half the market because there's not much point focusing on the areas that are doing well. Instead your focus should be on the most compelling opportunities. He used to say, "If you're not excited about an idea, you are wasting your time." While I never heard him use the term "capital cycle", he would often say that "the prosperity of good times by definition produces the tough times." That's something I've seen time and again. It's better to invest during the tough times and have the wind at your back.

– Edward Blain

Allan's starting assumption about other people was always that they are clever and hard-working. That happens to be a positive way of looking at the world, but it also has important investment implications. It explains why Allan was so adamant about the perishability of ideas. If you are trying to outperform the market, you will be up against very smart people who are also working very hard. That drove Allan to ensure that he was doing everything as well as possible and focusing on the things that really matter. For example, it explains why we track analyst performance in such great detail and have incentives that reward them for long-term thinking. The logic there is that it's not enough to have smart people who work hard—you also need to have an organisational structure that allows you to capture what your people are capable of achieving. If you build a firm that is focused on short-term performance, that will only incentivise them to focus on the best ideas for the next quarter or year. Instead Allan created an environment where people can genuinely focus on long-term investing and get on with that job with as little burden as possible.

– Nick Purser

One of the first companies Allan asked me to analyse after I started working at Allan Gray Investment Counsel in 1980 was Tiger Oats. One Monday he asked me to "take a look" at the company. Over the course of the next few days I looked at a few annual reports and began outlining the business units. Allan came into my office that Friday and asked me what I thought. I told him that I had a basic framework ready and was going to start filling in some additional information and financial analysis over the coming couple of weeks. He thanked me and got up to leave. As he left the office he paused and said, "This week we invested half-a-percent of our client funds in Tiger Oats. Can you let me know if we should sell it or make it a 5% position?" I called my fiancée and explained that I would not be home much that weekend. I had a full report and recommendation on Allan's desk by Monday morning. He had not said so explicitly, but he had communicated a clear lesson: There is nothing as perishable as a good investment idea.

– Jonathan Brodie

This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

Orbis Global Equity

As 2019 draws to a close, we are more excited about Orbis Global's positioning and its ability to outperform world markets than we have been for some time. But we recognise that the past two years have been stressful and our upbeat message may be testing your patience. While the Strategy's absolute weighted-net[1] return in US dollars was a healthy 22% this year, it failed to keep up with the blistering 28% pace set by the FTSE World Index and was especially disappointing following the underperformance of 2018.

Nonetheless, we are optimistic about the prospect for future relative returns. We see compelling value in the portfolio's holdings, and valuations have only become more stretched in the areas of the market we are actively avoiding. No matter how many times we have seen this before, it never gets any easier, so we owe you an explanation for our underperformance and the actions we have taken.

At times like this, it is natural to look for things that have gone wrong, so let's start there. Before the outperformance we've seen in the last quarter, there were 17 stocks in Orbis Global that detracted significantly from performance over the relative drawdown period from March 2018 through July 2019. The events that have caused these stocks to lag had no common theme—making them "idiosyncratic" in industry parlance.

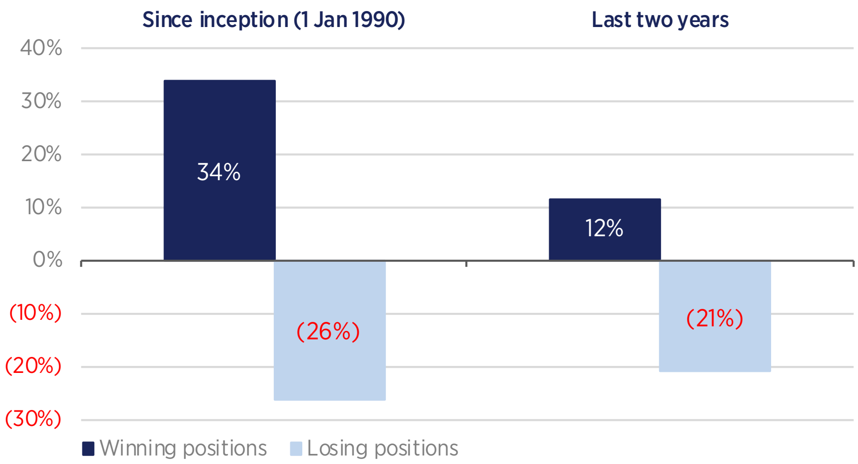
So how did we react? There is no magic formula. We do not automatically sell losers nor do we always add to them. Instead we take any new facts into consideration, we further interrogate the fundamentals, and we assess the relationship between price and our view of intrinsic value. Then we act accordingly. In some cases, we lose conviction and in others we come away even more enthusiastic.

Out of these 17 major detractors, we continue to hold 11 and have sold out of 6. In three cases—NetEase, AbbVie and XPO Logistics—we took the opportunity to increase our exposure. While it is too early to tell whether this was the right decision, these stocks have all recovered significantly from their lows.

But detractors are an inevitable part of investing—at best we will only be right about 60% of the time over the long term. The bigger problem over the past two years has been an unusually short supply of winners to offset the losers. Since inception, our "batting average" has been approximately 53%. Over the past two years, just a third of our picks have outperformed. Worse yet, the winners have not added as much value as they have historically, as the chart at right shows. Since inception, our average winner has outperformed by 34%, but over the last two years, it has outperformed by just 12%, while our losers have lagged by about as much as they have historically.

Lack of winners over the last two years

Mean relative price performance vs FTSE World Index.



Source: Orbis. Data is for a representative account of the Orbis Global Equity Strategy. Mean relative performance is calculated for stocks with an average position >0.01% over their respective holding periods.

What accounts for the dearth of big winners? It may not sound particularly insightful to say that we haven't been invested in parts of the market which have done well—but that's really what it comes down to. Among the best-performing areas of the market have been growth stocks, US large caps, and shares exhibiting low volatility. We have been underweight all three.

While this has been painful, we believe it is in the best interests of our clients to be disciplined and avoid these areas at a time when valuations are as stretched as they are today. In recent commentaries, we have written about the valuation gap between Growth and Value, but the most extreme examples can be found amongst the low-volatility shares, many of which are also based in the US. These include household names such Coca-Cola, Pepsi, Procter & Gamble, Nestlé and Diageo—better known for its Guinness and Johnnie Walker brands.

Given the investment environment today where more than $11 trillion of bonds have negative yields, many asset owners are struggling to find a new safe haven. As they try to find an alternative for their bond exposure, one of the common alternatives they have sought is the stock market. But as reluctant equity investors, they

1 This is the asset-weighted net-of-fee return of all share classes in the Strategy. This return may differ from the return of any individual share class.

Orbis Global Equity *(continued)*

are turning to the equities which are most bond like—very defensive, stable businesses which have a reliable dividend. These low-volatility shares have attracted so much investor demand that their share prices have been pushed to extraordinarily high valuations. The magnitude of this mispricing becomes apparent with a glance at the table below.

Stable stocks appear expensive, with stretched fundamentals

Selected large, low-volatility shares	Return (last two years, %)^	Price/ earnings (trailing)	Price/ earnings (normal)*†	Average revenue growth (%)†	Net debt/ Equity (%)†	Dividend yield (trailing, %)
Accenture	42	27	32	7	(39)	1.3
Coca-Cola	29	30	38	(2)	157	2.8
Diageo	21	24	28	5	139	2.1
Honeywell International	26	22	34	3	34	1.7
McDonald's	21	25	36	2	N/A±	2.1
Nestlé	33	33	32	0	75	2.3
Nextera Energy	63	35	46	(4)	110	1.8
PepsiCo	21	17	29	2	189	2.6
Procter & Gamble	45	76	35	2	44	2.3
Visa	67	34	46	16	12	0.6
Median	**31**	**29**	**34**	**2**	**75**	**2.1**
FTSE World Index	**16.5**	**23**	**28**	**6**	**35**	**1.9**
Orbis Global Equity‡	**(1.1)**	**17**	**18**	**8**	**52**	**2.5**

Source: Datastream, Worldscope, Orbis. In each case, calculated first at the stock level and then aggregated using a median or weighted median. ^Total return in USD, not annualised. *Earnings normalised by multiplying each company's trailing revenue-to-price multiple by its median 10 year net profit margin. †For non-financial companies. ‡Valuation and fundamental data for a representative account of the Orbis Global Equity Strategy. Returns are for the Strategy on weighted-net basis. ±Not meaningful as McDonald's has negative equity.

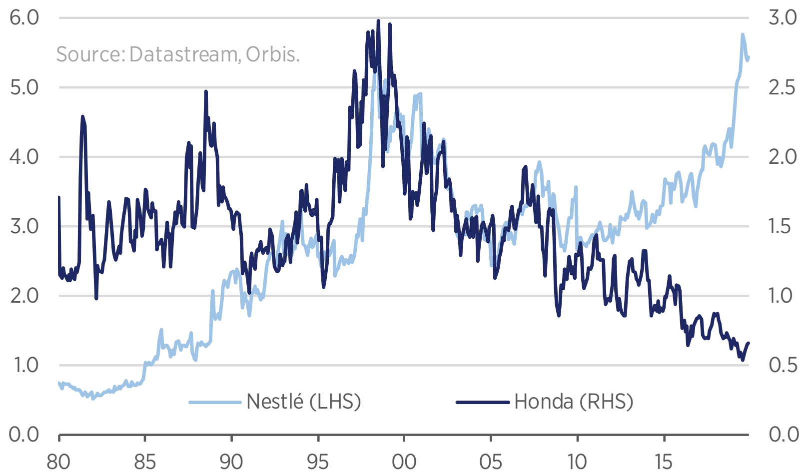
This is a frightening picture for a value-oriented investor. In aggregate, these businesses are trading significantly above the market averages, have delivered less-than-average growth historically, and, though they are perceived as safe havens, have more than twice as much debt as the average stock. This does not bode well for future returns.

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

To end with a specific example, we can compare one of Global's top 10 holdings (Honda Motor) with one of the market's current favourites (Nestlé). Neither company needs much in the way of an introduction. Comparing the two businesses, Nestlé's long-term return on equity has been about twice that of Honda's. So it wouldn't be surprising to see that through much of history, Nestlé has traded at roughly twice the price-to-book value multiple of Honda, as shown in the chart at right.

Honda vs Nestlé—a steep price for stability

Price-to-book ratio of Honda and Nestlé, 1980 to Dec 2019



Orbis Global Equity *(continued)*

Note that the left axis, which shows Nestlé's price-to-book, is twice that of the right axis, which shows Honda's price-to-book. Where the two lines meet, Nestlé trades at twice the price-to-book multiple of Honda. What is striking however is the recent divergence in valuations. Today, Nestlé trades at 8 times the price-to-book multiple of Honda!

One could argue that car companies face greater risk of disruption today than food and beverage companies. The cash flows of a more "stable" business like Nestlé should also command a higher valuation in a low interest rate environment, and in a recession, these stable shares could outperform for the very reason that they are perceived to be defensive. But those explanations only go so far. The current valuation gap between the two companies looks extreme and unsustainable to us.

Of course, this is just one example, but it is indicative of a broader theme. Orbis Global's holdings trade at just 18 times normalised earnings on average vs 28 times for the benchmark and 34 times for the low-volatility shares in the table, despite having better future growth prospects and a higher dividend yield. There seems to be such an unquenchable thirst for stability and safety at the moment that valuations no longer matter. They still matter to us.

We can't tell you when the market will come to share our view. But we don't have to because the long-term fundamentals are on our side. Stocks are not just pieces of paper; they represent real businesses that can grow and return cash to shareholders. When valuation gaps are this extreme, there comes a point when our selected shares can produce satisfactory returns just by delivering dividends and ongoing earnings growth. A re-rating, if it happens, would be icing on the cake.

So when we compare the areas where we have invested your capital to those that we have steered clear of, we can't help thinking of a quote by former world chess champion Garry Kasparov: "Losing can persuade you to change what doesn't need to be changed, and winning can convince you everything is fine even if you are on the brink of disaster."

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

Commentary contributed by Matthew Spencer, Orbis Investment Management Limited, Bermuda

This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

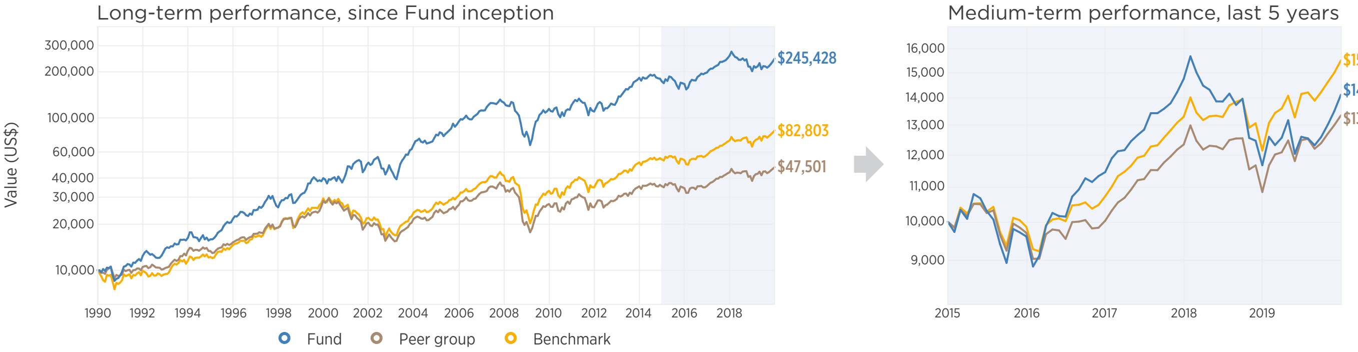
Orbis Global Equity Fund

The Fund is designed to remain fully invested in global equities. It aims to earn higher returns than world stockmarkets, without greater risk of loss. The benchmark is the FTSE World Index, including income, gross of withholding taxes ("FTSE World Index"). Currency exposure is managed separately to equity exposure.

Price	US$245.27
Pricing currency	US dollars
Domicile	Bermuda
Type	Open-ended mutual fund
Fund size	US$6.6 billion
Fund inception	1 January 1990
Strategy size	US$23.8 billion
Strategy inception	1 January 1990

Benchmark	FTSE World Index
Peer group	Average Global Equity Fund Index
Minimum investment	US$50,000
Dealing	Weekly *(Thursdays)*
Entry/exit fees	None
ISIN	BMG6766G1087

Growth of US$10,000 investment, net of fees, dividends reinvested



Returns (%)

	Fund	Peer group	Benchmark
Annualised	Net		*Gross*
Since Fund inception	11.3	5.3	7.3
25 years	11.6	5.2	8.0
10 years	7.9	5.7	9.6
5 years	7.1	5.9	9.2
3 years	7.3	10.0	13.1
1 year	21.1	23.1	27.7
Not annualised			
3 months	12.2	7.8	9.0
1 month	4.6		3.4

	Year	%
Best performing calendar year since Fund inception	2003	45.7
Worst performing calendar year since Fund inception	2008	(35.9)

Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
North America	31	38	62
Asia ex-Japan	21	11	5
Japan	14	13	8
Continental Europe	12	18	15
United Kingdom	10	11	5
Other	8	8	4
Net Current Assets	*3*	*0*	*0*
Total	**100**	**100**	**100**

Top 10 Holdings

	FTSE Sector	%
NetEase	Technology	8.3
British American Tobacco	Consumer Goods	5.7
XPO Logistics	Industrials	5.5
AbbVie	Health Care	5.0
Sberbank of Russia	Financials	3.5
Honda Motor	Consumer Goods	3.3
Bayerische Motoren Werke	Consumer Goods	3.0
Anthem	Health Care	2.7
Sumitomo	Industrials	2.6
Taiwan Semiconductor Mfg.	Technology	2.5
Total		**42.0**

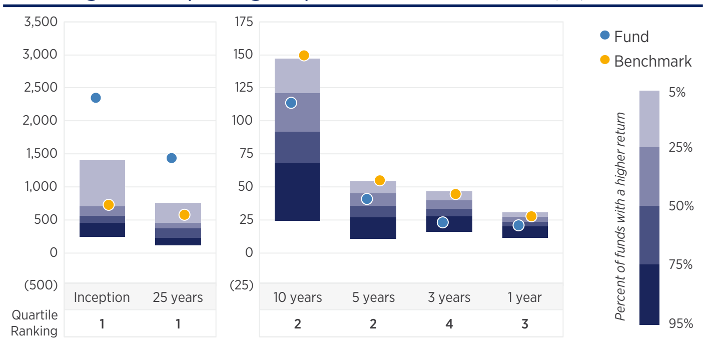
Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	50	53	54
Months to recovery	42	113	66
Annualised monthly volatility (%)	16.1	13.8	14.9
Beta vs benchmark	0.9	0.9	1.0
Tracking error vs benchmark (%)	8.9	4.3	0.0

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	72
Total number of holdings	58
12 month portfolio turnover (%)	30
12 month name turnover (%)	30
Active share (%)	91

Ranking within peer group, cumulative return (%)



Fees & Expenses (%), for last 12 months

Management fee[1]	1.18
For 3 year performance in line with benchmark	*1.50*
For 3 year outperformance/(underperformance) vs benchmark	*(0.32)*
Fund expenses	0.05
Total Expense Ratio (TER)	**1.22**

Past performance is not a reliable indicator of future results. Orbis Fund share prices fluctuate and are not guaranteed. Returns may decrease or increase as a result of currency fluctuations. When making an investment in the Funds, an investor's capital is at risk.

See Notices for important information about this Fact Sheet.

[1] 1.5% per annum ± up to 1%, based on 3 year rolling outperformance/(underperformance) vs benchmark.

Orbis Global Equity Fund

This Fact Sheet is a Minimum Disclosure Document and a monthly General Investor Report as required by the South African Financial Sector Conduct Authority.

Investment Manager	Orbis Investment Management Limited
Inception date	1 January 1990
Number of shares	26,806,064
Income distributions during the last 12 months	None

Fund Objective and Benchmark

The Fund is designed for investors who have made the "asset allocation" decision to invest a predetermined amount in global equities. It seeks higher returns than the average of the world's equity markets, without greater risk of loss. The Fund aims for higher returns than a designated equity performance benchmark, namely the FTSE World Index, including income and before the deduction of withholding taxes.

How We Aim to Achieve the Fund's Objective/Adherence to Objective

The Fund is actively managed and seeks to remain fully invested in and exposed to global stockmarkets. It invests in equities considered to offer superior fundamental value. These equities are selected using extensive proprietary investment research. Orbis devotes a substantial proportion of its business efforts to detailed "bottom up" investment research conducted with a long-term perspective, believing that such research makes superior long-term performance attainable. The lower the price of a share as compared to its assessed intrinsic value, the more attractive Orbis considers the equity's fundamental value. The Investment Manager believes that over the long term, equity investing based on this approach offers superior returns and reduces the risk of loss.

Exchange rate fluctuations significantly influence global investment returns. For this reason, part of Orbis' research effort is devoted to forecasting currency trends. Taking into account these expected trends, Orbis actively reviews the Fund's currency exposure. In doing so, Orbis places particular focus on managing the Fund's exposure to those currencies considered less likely to hold their long-term value. The Fund's currency deployment therefore frequently differs significantly from the geographic deployment of its selected equities.

The Fund does not seek to mirror its benchmark but may instead deviate meaningfully from it in pursuit of superior long-term capital appreciation.

Since inception, the Fund has outperformed its benchmark net of fees. The Fund will experience periods of underperformance in pursuit of its objective of creating long-term wealth for investors.

Risk/Reward Profile

- The Fund is designed for investors who have made the "asset allocation" decision to invest a predetermined amount in global equities.
- Investments in the Fund may suffer capital loss.
- Investors should understand that the Investment Manager generally assesses an equity investment's attractiveness using a three-to-five year time horizon.

Management Fee

As is described in more detail in the Fund's Prospectus, the Fund pays the Investment Manager a performance-based fee. The fee is designed to align the Investment Manager's interests with those of investors in the Fund.

The fee is based on the net asset value of the Fund. The fee rate is calculated weekly by comparing the Fund's performance over three years against its benchmark. For each percentage point of three year performance above or below that benchmark's performance, 0.04 percentage points are added to or subtracted from 1.5%, subject to the following limits:

- Maximum fee: 2.5% per annum
- Minimum fee: 0.5% per annum

Fees, Expenses and Total Expense Ratio (TER)

In addition to the fees payable to its Investment Manager, the Fund bears operating costs, including the costs of maintaining its stock exchange listing, Bermuda government fees, legal and auditing fees, reporting expenses, the cost of preparing its Prospectus and communication costs. Finally, the Fund incurs costs when buying or selling underlying investments.

Where an investor subscribes or redeems an amount representing 5% or more of the net asset value of the Fund, the Investment Manager may cause the Fund to levy a fee of 0.40% of the net asset value of the Fund's shares being acquired or redeemed.

The annual management fees charged are included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a 12 month period, excluding trading costs. Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns. Expenses may vary, so the current TER is not a reliable indicator of future TERs.

Changes in the Fund's Top 10 Holdings

30 September 2019	%	31 December 2019	%
NetEase	8.7	NetEase	8.3
XPO Logistics	6.2	British American Tobacco	5.7
AbbVie	5.1	XPO Logistics	5.5
British American Tobacco	4.5	AbbVie	5.0
Sberbank of Russia	3.7	Sberbank of Russia	3.5
Autohome	3.1	Honda Motor	3.3
Honda Motor	3.1	Bayerische Motoren Werke	3.0
Sumitomo	3.0	Anthem	2.7
Facebook	2.7	Sumitomo	2.6
Naspers	2.7	Taiwan Semiconductor Mfg.	2.5
Total	**42.7**	**Total**	**42.0**

Past performance is not a reliable indicator of future results. Orbis Fund share prices fluctuate and are not guaranteed. Returns may decrease or increase as a result of currency fluctuations. When making an investment in the Funds, an investor's capital is at risk.

Orbis Global Equity Fund

Additional Information

South African residents should contact Allan Gray Unit Trust Management (RF) Proprietary Limited at 0860 000 654 (toll free from within South Africa) or offshore_direct@allangray.co.za to receive, free of charge, additional information about a proposed investment (including Prospectus, application forms, annual reports and a schedule of fees, charges and maximum commissions). The Investment Manager can be contacted at +1 441 296 3000 or clientservice@orbis.com. The Fund's Custodian is Citibank N.A., New York Offices, 388 Greenwich Street, New York, New York 10013, U.S.A. All information provided herein is subject to the more detailed information provided in the Fund's Prospectus.

Share Price and Transaction Cut Off Times

Share prices are calculated on a net asset value basis, normally as of 5:30 pm (Bermuda time) (i) each Thursday (or, if a Thursday is not a business day, the preceding business day), (ii) on the last calendar day of each month (or, if that is not a weekday, the preceding weekday) and/or (iii) any other days in addition to (or substitution for) any of the days described in (i) or (ii), as determined by the Investment Manager without notice.

Subscriptions are only valid if made on the basis of the Fund's current Prospectus. To be processed on a given dealing day: subscription requests into an Orbis Fund that is not an Orbis SICAV Fund must be submitted by 5:00 pm on that dealing day; subscription requests into an Orbis Fund that is an Orbis SICAV Fund must be submitted by 5:30 pm; redemption requests from an Orbis Fund that is not an Orbis SICAV Fund must be submitted by 12 noon; redemption requests from an Orbis Fund that is an Orbis SICAV Fund must be submitted by 5:30 pm; requests to switch from an Orbis Fund that is not an Orbis SICAV Fund to a different Orbis Fund that is also not an Orbis SICAV Fund must be submitted by 12 noon; requests to switch from an Orbis SICAV Fund into a different Orbis Fund that is not an Orbis SICAV Fund must be submitted by 5:00 pm; requests to switch from an Orbis Fund that is not an Orbis SICAV Fund to a different Orbis Fund that is an Orbis SICAV Fund must be submitted by 12 noon; and requests to switch from an Orbis Fund that is an Orbis SICAV Fund to a different Orbis Fund that is also an Orbis SICAV Fund must be submitted by 5:30 pm. All times given are Bermuda time, and all requests must be properly completed and accompanied by any required funds and/or information.

Share prices, updated weekly, are available

- from the Allan Gray Unit Trust Management (RF) Proprietary Limited's website at www.allangray.co.za,
- from the Orbis website at www.orbis.com,
- by e-mail, by registering with Orbis for this service at the Orbis website at www.orbis.com, and
- from Bloomberg.

Legal Notices

Returns are net of fees, include income and assume reinvestment of dividends. Figures quoted are for the periods indicated for a $10,000 investment (lump sum, for illustrative purposes only). Annualised returns show the average amount earned on an investment in the Fund/share class each year over the given time period. This Report does not constitute advice nor a recommendation to buy, sell or hold, nor an offer to sell or a solicitation to buy interests or shares in the Orbis Funds or other securities in the companies mentioned in it.

Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of an investment in the Fund may go down as well as up, and past performance is not a reliable indicator of future results. The Investment Manager provides no guarantee with respect to capital or the Fund's returns. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Commission and incentives may be paid by investors to third parties and, if so, would be included in the overall costs. Individual investors' performance may differ as a result of investment date, reinvestment date and dividend withholding tax, as well as a levy that may apply in the case of transactions representing more than 5% of the Fund's net asset value. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The Fund invests in foreign securities. Depending on their markets, trading in those securities may carry risks relating to, among others, macroeconomic and political circumstances, constraints on liquidity or the repatriation of funds, foreign exchange rate fluctuations, taxation and trade settlement.

The discussion topics for the commentaries were selected, and the commentaries were finalised and approved, by Orbis Investment Management Limited, the Fund's Investment Manager. Information in this Report is based on sources believed to be accurate and reliable and provided "as is" and in good faith. The Orbis Group does not make any representation or warranty as to accuracy, reliability, timeliness or completeness of the information in this Report. The Orbis Group disclaims all liability (whether arising in contract, tort, negligence or otherwise) for any error, omission, loss or damage (whether direct, indirect, consequential or otherwise) in connection with the information in this Report.

Fund Minimum

Minimum investment amounts in the Fund are specified in the Fund's Prospectus, provided that a new investor in the Orbis Funds must open an investment account with Orbis, which may be subject to minimum investment restrictions, country restrictions and/or other terms and conditions. For more information on opening an Orbis investment account, please visit www.orbis.com.

Clients investing via Allan Gray, which includes the Allan Gray Investment Platform, an Allan Gray investment pool or otherwise through Allan Gray Nominees, remain subject to the investment minimums specified by the applicable terms and conditions.

Sources

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Clarification on the ability to hold cash, and amendments to the investment restrictions in the prospectuses of the following Orbis Funds; Orbis Global Equity Fund and certain subfunds of the Orbis SICAV, namely the Global Equity Fund, Japan Equity Fund and Emerging Markets Equity Fund.

The amendments, which are expected to come into effect on or before 1 February 2020, subject to regulatory approval where necessary, have two objectives, both of which relate to the Funds' investment approach.

The first is to clarify these Funds' ability to hold cash, as we have already done in the prospectuses of other Orbis Funds. The revised text is clear on this flexibility, which we believe enhances our ability to meet the Funds' investment objectives, which have not changed.

The second concerns these Funds' ability to use exchange-traded derivatives. Presently, the Funds may only buy exchange-traded derivatives. The change will allow the Funds to more effectively manage exposure to stockmarkets by also enabling them to sell those derivatives when we believe it to be consistent with the Funds' investment objectives. Selling exchange-traded derivatives can avoid unintended exposure to stockmarkets when a Fund has experienced redemptions and has not yet raised sufficient cash to pay the redemptions. Implementing this second change required deleting an investment restriction in certain Funds, which prohibited them from using derivatives to reduce exposure to stockmarkets.

Both amendments increase the Funds' ability to lower their long equity exposure in instances where we believe reduced exposure is preferable and consistent with the Funds' investment objectives.

If you have any questions regarding the above, please contact the Orbis Investor Services Team at clientservice@orbis.com.

Notes to Help You Understand This Report

Certain capitalised terms are defined in the Glossary section of the Orbis Funds' respective Prospectuses, copies of which are available upon request from Allan Gray Unit Trust Management (RF) Proprietary Limited, a Member of the Association for Savings & Investments SA. The country and currency classification for equity securities follows that of third party benchmark providers for comparability purposes. Based on a number of factors including the location of the underlying business, Orbis may consider a security's classification to be different and manage the Funds' exposures accordingly. Totals presented in this Report may not sum due to rounding.

Risk measures are ex-post and calculated on a monthly return series. Months to recovery measures the number of months from the preceding peak in performance to recovery of that level of performance.

12 month portfolio turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the lesser of total security purchases or sales in the Fund over the period, divided by the average net asset value (NAV) of the Fund. Short-term fixed income instruments are not included.

12 month name turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the number of positions held by the Fund at the start of the period but no longer held at the end of the period, divided by the total number of positions held by the Fund at the start of the period. Short-term fixed income instruments are not included.

Active share is a measure of the extent to which the holdings of the Orbis Equity and Multi-Asset Class Funds differ from their respective benchmark's holdings. It is calculated by summing the absolute value of the differences of the weight of each individual security in the specific Orbis Fund, versus the weight of each holding in the respective benchmark index, and dividing by two. For the Multi-Asset Class Funds, three calculations of active share are disclosed. The Portfolio active share incorporates the equity, fixed income, commodity and other securities (as applicable) held by the Orbis Fund and compares those to the holdings of the composite benchmark. The Equity and Fixed Income active shares are calculated as if the equity and fixed income portions of the Orbis Funds are independent funds; each of those two sets of holdings is separately compared to the fully-weighted holdings in the appropriate component of the composite benchmark. Although the Multi-Asset Class Funds hedge stock and bond market exposure, the active share calculations are "gross" and not adjusted to reflect the hedging in place at any point in time.

The total expense ratio has been calculated using the expenses, excluding trading costs, and average net assets for the 12 month period ending 31 December 2019.