Orbis Global Balanced

The money bubble
$14.8 trillion of bonds globally trade at negative yields. We mentioned that in June, but we didn't explain exactly what it means or who on earth would buy a negative-yielding bond. Here, we attempt an explanation. Understanding this story is worthwhile—because the current state of bond markets makes little practical sense, and because what happens in bond markets affects the rest of the investing world.

First we'll discuss exactly what it means for a bond to have a negative yield, then we'll walk through the buyers of those bonds, and finally we'll highlight some alternatives that we find to be much more attractive investments.

What is a negative-yielding bond?
When people say a bond has a negative yield, they mean it has a negative yield to maturity—the rate of return you'll get if you buy the bond now and hold it until it's repaid. This reflects the cash interest payments, as well as the difference between the bond's price today and the par value to be repaid at maturity. Consider this bond that Germany auctioned last week:

Negative-yielding bond example: German Bund

Auction date	Bond	Coupon	Maturity segment	Average price	Average yield
25 Sep 2019	Bund	0.00%	10 year	€106.22	(0.61%)

Source: Federal Republic of Germany – Finance Agency.

Note that the coupon isn't negative. If you buy one of these bonds, you don't have to send money to the German government every six months. But with a zero coupon, paying anything more than par (100) is going to lead to a negative return.

As we can see, that's exactly what happened. Buyers paid the German government €106.22 for a promise to get back €100.00 ten years from now. Holding the bond to maturity will result in a guaranteed loss of 0.61% per annum.

To us, that's nuts! Why would you buy an asset for the safety of guaranteed payments when those payments guarantee a negative return?

Who buys negative-yielding bonds?
There are exceptions, but generally speaking:

> *Making money is the only reason to buy a stock, but just one of many reasons to buy a bond.*

In our view, the biggest driver of the bubble in bonds has not been profit-focused buyers, but organisations who have other motives for buying bonds:

1. *Central banks*, for whom pushing yields down is the whole point.
2. *Banks*, who have been cajoled by regulators and pushed by central banks to hold government bonds.
3. *Life insurers and pension funds*, who need bonds for timing reasons, and who have also been "incentivised" by regulators to hold government bonds.
4. *Passive mutual funds*, who indiscriminately buy negative-yielding bonds in their index because they don't have a choice.
5. *Long-term pessimists*, who have extremely bearish views about the long-term outlook for stocks.
6. *Short-term speculators*, who hope to flip bonds to someone else at a higher price, even if the bonds aren't worth holding long term.

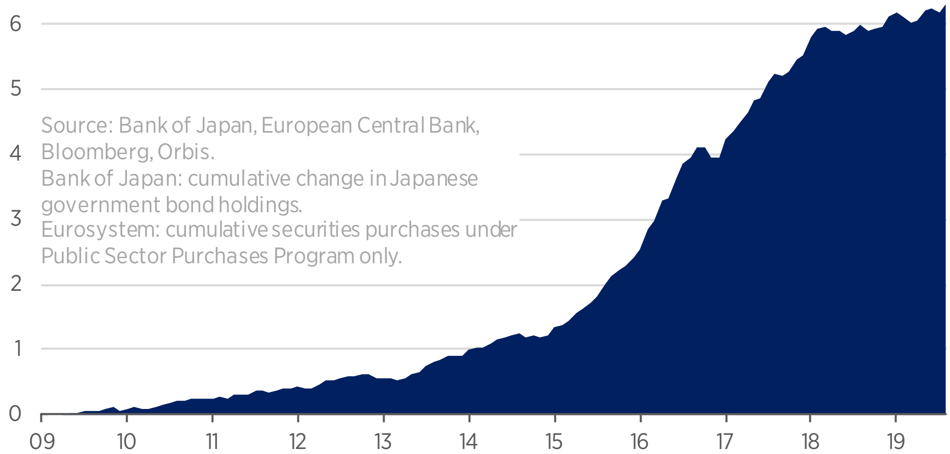
As the following chart shows, central banks have been particularly active buyers, often with freshly-printed money—so-called "quantitative easing". Setting aside the US, where yields are still positive, the European

Orbis Global Balanced *(continued)*

Central Bank (ECB) and the Bank of Japan (BoJ) have bought over $6 trillion of government bonds since the financial crisis. Today, the overwhelming majority of the government bonds held by the ECB carry negative yields, as do all but the longest-term bonds held by the BoJ. That's of no concern to the central banks, however—for them, pushing down yields is the whole point of buying bonds!

Central banks have bought trillions of dollars of bonds

Bank of Japan and Eurosystem cumulative purchases of local government bonds since Dec 2008, USD trillions, to Aug 2019



Source: Bank of Japan, European Central Bank, Bloomberg, Orbis.
Bank of Japan: cumulative change in Japanese government bond holdings.
Eurosystem: cumulative securities purchases under Public Sector Purchases Program only.

Banks, life insurers, pension funds and passive mutual funds have also bought negative-yielding bonds for non-profit-motivated reasons. Over a quarter of Vanguard's $138 billion Total International Bond Index Fund, for example, is invested in negative-yielding Japanese and European bonds. The bonds are in the fund's index, so as a passive investor, it has no choice but to buy.

Rather than go into detail about the motivation of each of the other "personality types" of bond buyers, however, we'd like to elaborate on the last two. Their motivations are particularly interesting, as they exhibit free will and are trying to make a direct profit from buying these bonds.

Long-term pessimists

Some long-term active funds choose to hold negative-yielding debt, and we have spent time thinking about the possible rationale for such a position. What do you need to believe to find government bonds attractive at today's yields?

One possibility is that these investors are very pessimistic on the long-term prospects for the global economy, and so corporate profits, and so equity and credit investments. If the world enters a protracted recession, interest rates and inflation could stay depressed for a long time—or even dip into deflation—and in such an environment, losing a little bit of money on a government bond might be preferable to losing more money in stocks or corporate bonds.

We find it hard to be that pessimistic. The world has gone through wrenching periods before, yet companies have been able to recover and earn profits. In the depths of the global financial crisis, for instance, US bond investors expected inflation of 0.0% per annum for the next 10 years. Since the Great Depression, that has never happened over a ten-year period, or even a three-year period. Since 2009, US inflation has hovered between positive 1.5% and 2.0% per year, and by the end of 2011, public companies globally had surpassed their previous peak in profits.

It's also not enough to think that inflation and interest rates will stay low. If yields simply stay at their current low levels, government bonds will return a measly 0.8% per annum (the yield to maturity on the JPM Global Government Bond Index). It is only through continuously falling yields generating capital gains that government bonds have generated decent returns lately. From here, getting a good return would require yields to go even more negative. It's possible, but we're not prepared to bet on it.

And buying government bonds today is a bet. When yields go down, prices go up, as has been the recent pattern. But the reverse is also true—if yields go up, prices will go down. This is likely if growth recovers or inflation rises. Today, the JPM Global Government Bond Index has a duration of 8.6 years, suggesting 8.6% downside for every 1 percentage point rise in yields. This is the other reason we struggle to find long-term

Orbis Global Balanced *(continued)*

government bonds attractive. Even if you're extremely bearish on stocks and credit, long-term sovereigns aren't the only place to hide. You can just hold cash instead, without any of the interest rate risk.

Short-term speculators

The trouble with cash is that it is so boring. Leaving aside currency returns, when stocks go up, cash is flat. When stocks go down, cash is flat. Whatever happens to every other asset class, cash is flat. Its correlation to everything is zero.

Because of this, cash offers good downside protection, but no potential for returns. Government bonds do offer that upside potential. To take the most extreme case, Austria's 2.1% coupon 100-year bond has appreciated by over 70% since its issuance in 2017! This price behaviour creates the opportunity for shorter-term profits, and this exciting potential lowers the bar to buying bonds for some.

Say a fund manager looks at negative-yielding bonds today and concludes, as we do, that they are untouchable as buy-and-hold investments. No matter! If the fund manager merely believes that the stockmarket environment will get scarier before it gets better, they might buy those unattractive bonds anyway with a plan to sell them later at a higher price to a buyer that's panicking for safety.

That's fair enough as a bet, but it's not how we operate. Buying an overpriced asset in the hope that it will get even more expensive is not investment; it's speculation.

Better alternatives

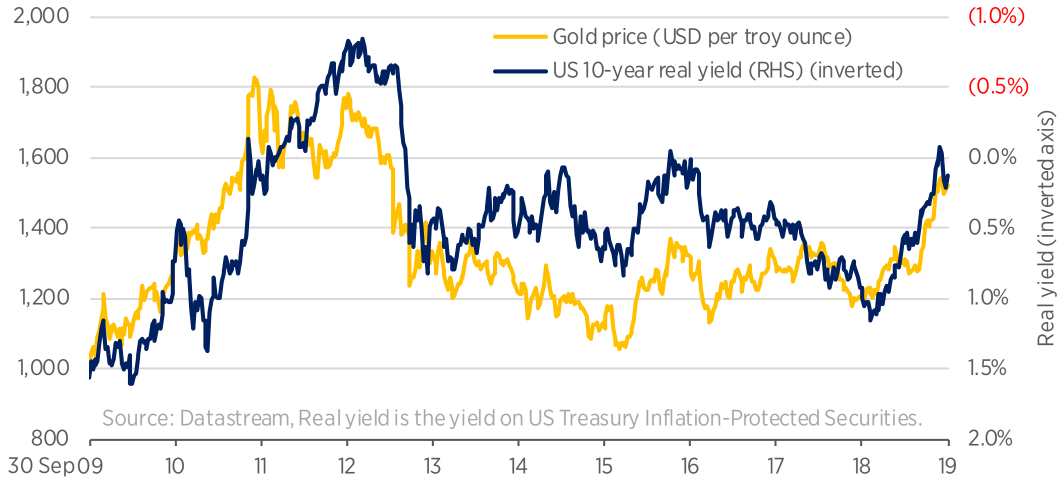
Both of these groups should be proud of themselves. They've produced good returns through their investments in government bonds over the past year. We have avoided them, feeling that their very low yields and high interest rate risk made holding them akin to picking up pennies in front of steamroller. We've been wrong—holding them has been like picking up nickels. It's still a steamroller, though.

We would encourage the thus far successful pessimists and speculators to look at two areas that we find carry much better risk-reward prospects. Orbis Global Balanced carries nearly 10% of the portfolio in gold and gold producers, and has much of the equity portion of the Fund invested in higher-yielding and out-of-favour shares.

Gold shines as brightly as bonds in some environments, and far brighter in others. If you like bonds because you believe real (inflation-adjusted) yields will decline, you'll love gold, which performs very well when real yields fall. As added bonuses, gold has a strongly negative correlation with stocks in stockmarket crashes, and gold production has been waning as the best mines get depleted and new ones are hard to come by after thousands of years of exploration. Gold also has the capacity to do very well should inflation return, whereas inflation is driving the steamroller where bonds are concerned!

The gold price is closely correlated to changes in real yields

Gold price and US 10-year real yield, last ten years



Source: Datastream, Real yield is the yield on US Treasury Inflation-Protected Securities.

The other opportunities we find attractive are higher-yielding contrarian stocks. If central banks continue to do everything they can to prevent a recession, leading growth, inflation, and yields to stay low in a zombie-like economic environment, eventually yield-hunters should come to appreciate the high-yielding stocks we own.

Orbis Global Balanced *(continued)*

They've thus far not been bid up by the yield hungry, but they certainly have the right characteristics—high dividend yields, and we believe high sustainability.

Well-covered yields, but not well-loved

	Earnings yield (%)*	Indicated dividend yield (%)
BP	8.5	6.2
AbbVie	11.1	5.7
Royal Dutch Shell B	8.5	6.1
Bayer	5.2	4.3
British American Tobacco	9.9	6.7
Mitsubishi	13.0	4.7
ING Groep	13.5	7.1
BMW	13.0	5.5

Source: Datastream, Orbis. *Calculated using Orbis analyst estimates of current year earnings. Earnings yield is 1/ price-earnings ratio.

However, they have an overwhelmingly better chance than government bonds of also doing well should inflation return. Most all of our "yielders" are economically cyclical and/or have demonstrated the ability to increase prices at or above inflation. As an added bonus, many of our yielders have been very out of favour and are selling for very low valuations (although for those that we've owned for part of the trip down, it hasn't always felt like a bonus!).

One sense check we did recently may be useful for describing the unloved-yielder opportunity. We looked at the dividend and bond yields of some of our holdings. The results are pretty dramatic to our eye:

A different signal from the bond market

	Earnings yield (%)*	Indicated dividend yield (%)	Bond issue	Bond yield to worst / notes
BP	8.5	6.2	2031	0.6%
Royal Dutch Shell B	8.5	6.1	All EUR issues have yields <0.2% All CHF issues have negative yields	
Bayer	5.2	4.3	2075	1.2% (€1.75bn issue)
BMW	13.0	5.5	All EUR issues have yields <0.6% All CHF issues have yields <0.1%	

Source: Datastream, Factset, Orbis. *Calculated using Orbis analyst estimates of current year earnings. Earnings yield is 1/ price-earnings ratio.

So while the equity market expresses significant doubts about these companies' futures by demanding high dividend yields, the usually-more-paranoid bond market is suggesting that these companies will have absolutely no trouble paying their bills for years and decades to come.

Opportunities like these leave us enthusiastic about our approach of building the portfolio from the bottom-up, sourcing opportunities across asset classes. Rather than being "stuck" holding risky, negative-yielding government bonds, we can invest in attractive securities which offer good prospective returns in a wider range of environments.

Commentary contributed by Alec Cutler, Orbis Investment Management Limited, Bermuda

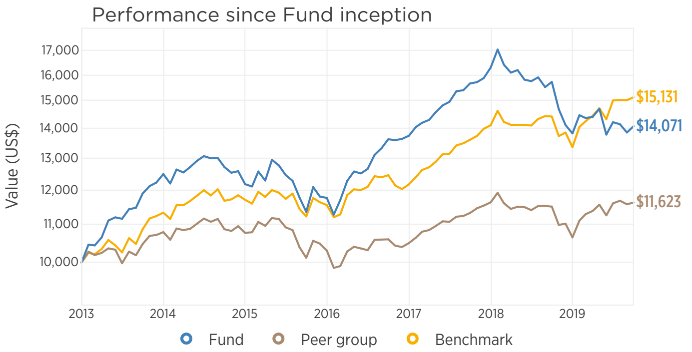
This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

Orbis SICAV
Global Balanced Fund

The Fund seeks to balance appreciation of capital, income generation and risk of loss with a diversified global portfolio of equity, fixed income and commodity-linked instruments. It aims to earn higher long-term returns than its benchmark, which is comprised of 60% MSCI World Index with net dividends reinvested and 40% JP Morgan Global Government Bond Index ("60/40 Index"), each in US dollars.

Price	US$13.99	**Benchmark**	60/40 Index
Pricing currency	US dollars	**Peer group**	Average Global Balanced Fund Index
Domicile	Luxembourg	**Minimum investment**	US$50,000
Type	SICAV	**Dealing**	Weekly *(Thursdays)*
Share class	Investor Share Class		
Fund size	US$4.0 billion		
Fund inception	1 January 2013	**Entry/exit fees**	None
Strategy size	US$4.1 billion	**UCITS compliant**	Yes
Strategy inception	1 January 2013	**ISIN**	LU0891391392

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



Returns (%)

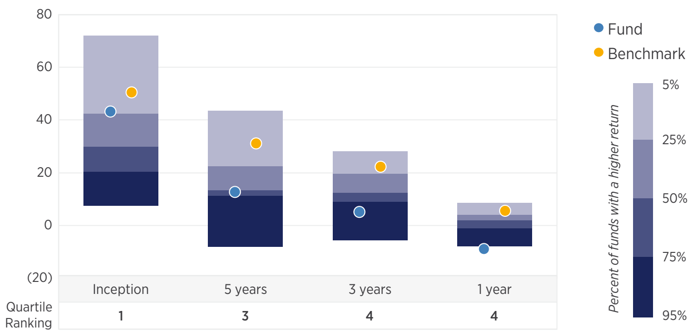
	Fund	Peer group	Benchmark
Annualised	Net	Net	*Gross*
Since Fund inception	5.2	2.3	6.3
5 years	2.1	1.3	5.3
3 years	1.1	3.1	6.7
1 year	(10.5)	1.0	5.0
Not annualised			
Calendar year to date	1.8	9.1	13.3
3 months	(1.0)	0.2	0.8
1 month	1.6		0.7

	Year	%
Best performing calendar year since Fund inception	2013	24.8
Worst performing calendar year since Fund inception	2018	(15.2)

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	19	12	9
Months to recovery	>20[1]	27	15
% recovered	9	100	100
Annualised monthly volatility (%)	9.1	6.4	7.0
Beta vs World Index	0.7	0.6	0.6
Tracking error vs benchmark (%)	5.1	2.1	0.0

Ranking within peer group, cumulative return (%)



Asset Allocation (%)

	North America	Europe	Asia ex-Japan	Japan	Other	Total
Fund						
Gross Equity	23	28	16	7	4	78
Net Equity	*12*	*23*	*14*	*7*	*3*	*58*
Gross Fixed Income	16	0	1	0	0	17
Net Fixed Income	*16*	*0*	*1*	*0*	*0*	*17*
Commodity-Linked						5
Total	**39**	**28**	**17**	**7**	**4**	**100**
Benchmark						
Equity	40	13	1	5	2	60
Fixed Income	18	14	0	8	1	40
Total	**57**	**26**	**1**	**13**	**2**	**100**

Currency Allocation (%)

	Fund	Benchmark
US dollar	39	55
British pound	17	6
Euro	14	17
Japanese yen	11	13
New Taiwan dollar	6	0
Other	12	9
Total	**100**	**100**

Top 10 Holdings

	Sector	%
SPDR Gold Trust	Commodity-Linked	5.3
Taiwan Semiconductor Mfg.	Information Technology	5.2
BP	Energy	4.9
AbbVie	Health Care	4.7
Celgene	Health Care	4.1
NetEase	Communication Services	3.7
Royal Dutch Shell	Energy	3.6
Samsung Electronics	Information Technology	3.0
XPO Logistics	Industrials	3.0
Treasury Note 2.625% 15 Aug 2020	Government Bond	2.9
Total		**40.4**

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	69
Total number of holdings	78
12 month portfolio turnover (%)	48
12 month name turnover (%)	46

Fees & Expenses (%), for last 12 months

Management fee[2]	1.58
For 3 year performance in line with benchmark	*1.50*
For 3 year outperformance/(underperformance) vs benchmark	*0.08*
Fund expenses	0.09
Total Expense Ratio (TER)	**1.68**

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] Number of months since the start of the drawdown. This drawdown is not yet recovered.

[2] 1.5% per annum ± up to 1%, based on 3 year rolling outperformance/(underperformance) vs benchmark.

Orbis SICAV Global Balanced 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. Please note that all references to the "Investor Share Class" in this document exclude the "Institutional Investor Share Class" referred to in the Fund's Prospectus.

Manager	Orbis Investment Management (Luxembourg) S.A.
Investment Manager	Orbis Investment Management Limited
Inception date	1 January 2013
Number of shares (Investor Share Class)	28,764,621
Income distributions during the last 12 months	None

Fund Objective and Benchmark

The Fund seeks to balance appreciation of capital, income generation and risk of loss with a diversified global portfolio of equities, fixed income instruments and commodity-linked instruments. It aims for higher long-term returns than its designated combined equity and bond performance benchmark, which is comprised of 60% MSCI World Index with net dividends reinvested and 40% JP Morgan Global Government Bond Index, each expressed in US$ (the "60/40 Index" or "benchmark").

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

The Fund is actively managed and invests in equities, fixed income instruments and commodity-linked instruments. Fund weightings among the different asset classes are determined based on their appreciation, income and risk of loss potential, with appropriate diversification. The Investment Manager may cause the Fund to be under or over the targets described in the remainder of this section when it considers this to be in the Fund's best interest.

Equities. The Investment Manager targets the Fund to hold 40-90% of its net asset value in a pool of global equities, including some which may provide exposure to real estate. The Fund invests in shares considered to offer fundamental value and dividend paying potential that is superior to its benchmark. 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 the main risk of investing in equities is that their prices will decline if relevant stockmarkets fall significantly. To reduce this risk, when Orbis' research suggests that stockmarkets are overvalued and vulnerable, the Investment Manager will reduce exposure to, or hedge, stockmarket risk. When Orbis' research suggests that stockmarkets represent good value, the Investment Manager will increase exposure to stockmarket risk by decreasing the amount of any hedging. The Investment Manager intends to limit the Fund's exposure to stockmarkets net of hedging to 75% of its net asset value. Furthermore, the Fund may buy and sell exchange-traded equity options for investment efficiency purposes, but only to the extent the Fund is capable of meeting its payment or delivery obligations related to such options, for example, by holding the underlying security.

Fixed Income Instruments. The Investment Manager targets the Fund to hold 10-50% of its net asset value in fixed income instruments issued by corporate bodies, governments and other entities. These are selected to provide current income, liquidity and portfolio diversification for the purpose of reducing risk of loss. When Orbis' research suggests that bond markets are overvalued and vulnerable, the Investment Manager will reduce exposure to, or hedge, bond market risk. When Orbis' research suggests that bond markets represent good value, the Investment Manager will increase exposure to bond market risk by decreasing the amount of that hedging. The Investment Manager intends to limit aggregate hedging of the Fund's stockmarket and bond market exposure to no more than 30% of its net asset value. The Fund's fixed income selections in aggregate may differ significantly from the benchmark in duration and credit quality and may include instruments of issuers that are under bankruptcy or similar judicial reorganisation, notably distressed debt. In addition, the Fund may invest in money market instruments, cash and cash equivalents.

Commodity-linked Instruments. The Investment Manager targets the Fund to hold 0-10% of its net asset value in commodity-linked instruments, which may provide the Fund with indirect exposure to commodities. The Fund will gain exposure to commodities if the Investment Manager's investment research process identifies a commodity or class of commodities as being more attractive than overall equity and fixed income opportunities, taking into account any risk reduction benefits of diversification.

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, the Investment Manager actively reviews the Fund's currency exposure. In doing so, it places particular focus on managing the Fund's exposure to those currencies less likely to hold their long-term value.

The Investment Manager may cause the Fund to be under or over the asset allocation and hedging targets and limits described above where it considers this to be in the best interest of the Fund.

Since inception, the Fund (net of fees) has underperformed its benchmark. The Fund will experience periods of underperformance in pursuit of its objective of creating long-term wealth for investors. The Fund's holdings usually differ meaningfully from the 60/40 Index.

Risk/Reward Profile

- The Investment Manager aims to contain the risk of monetary loss to a level that is below the risk of loss experienced by global equity funds but higher than that experienced by government bond funds and cash deposits over the long term. Investors should be aware that this expected reduction in risk of loss comes at the expense of long-term expected return.
- While the Investment Manager expects the Fund's investment approach to result in volatility below that of a typical global equity fund, the Fund's net asset value will fluctuate, and the Fund will experience periods of volatility and negative returns; investments in the Fund may suffer capital loss.
- Investors should understand that the Investment Manager generally assesses an investment's attractiveness over a three-to-five year time horizon.

Management Fee

As is described in more detail in the Fund's Prospectus, the Fund's various share classes bear different management fees. The fees are designed to align the Manager's and Investment Manager's interests with those of investors in the Fund. With respect to the Fund's Investor Share Class, the fee is structured as follows: a fee is charged based on the net asset value of the class. The fee rate is calculated weekly by comparing the class' performance over three years against the 60/40 Index. 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

For a description of the management fee borne by the Fund's other share classes, please refer to the Fund's Prospectus.

Fees, Expenses and Total Expense Ratio (TER)

The relevant class within the Fund bears all expenses payable by such class, which shall include but not be limited to fees payable to its Manager, Investment Manager and additional services providers, fees and expenses involved in registering and maintaining governmental registrations, taxes, duties and all other operating expenses, including the cost of buying and selling assets. However, the Manager and the Investment Manager have agreed that in the current calendar year, except for specified exclusions, operating expenses attributable to the Fund's Investor Share Class will be capped at 0.20%. Please refer to the Fund's Prospectus for a description of the fee cap applicable to its other share classes. Each cap will be automatically extended for further successive one year periods unless terminated by the Manager or the Investment Manager at least three months prior to the end of the then current term. The operating expenses that are capped are all expenses, excluding the Manager's and Investment Managers' fees described above under "Management Fee," the cost of buying and selling assets, interest and brokerage charges.

Where an investor subscribes or redeems an amount representing 5% or more of the net asset value of the Fund, the 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 class 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 June 2019	%	30 September 2019	%
SPDR Gold Trust	5.0	SPDR Gold Trust	5.3
BP	4.9	Taiwan Semiconductor Mfg.	5.2
Taiwan Semiconductor Mfg.	4.6	BP	4.9
NetEase	4.3	AbbVie	4.7
AbbVie	4.2	Celgene	4.1
Celgene	3.8	NetEase	3.7
Royal Dutch Shell	3.8	Royal Dutch Shell	3.6
Samsung Electronics	2.5	Samsung Electronics	3.0
XPO Logistics	2.5	XPO Logistics	3.0
Sprint Capital 8.75% 15 Mar 2032	2.4	Treasury Note 2.625% 15 Aug 2020	2.9
Total	**38.0**	**Total**	**40.4**

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 SICAV Global Balanced 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 Depositary is Citibank Europe plc, Luxembourg Branch, 31 Z.A. Bourmicht, L-8070 Bertrange, Luxembourg. 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 by share class, normally as of 5:30 pm (Bermuda time) (i) in the case of the Investor Share Class and Institutional Investor Share Class, each Thursday (or, if a Thursday is not a business day, the preceding business day), (ii) in the case of the Refundable Reserve Fee Share Classes, the first Thursday of each calendar month and any other Thursday on which an investor transacts in such class (or, if a Thursday is not a business day, the preceding business day), (iii) on the last calendar day of each month (or, if that is not a weekday, the preceding weekday) and/or (iv) any other days in addition to (or substitution for) any of the days described in (i), (ii) or (iii), as determined by the 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 Investor Share Class 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. Neither the Manager nor the Investment Manager provides any 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 Information

The benchmark is a composite index consisting of the MSCI World Index with net dividends reinvested (60%) and the JP Morgan Global Government Bond Index (40%).

Net Equity is Gross Equity minus stockmarket hedging. Fixed Income refers to fixed income instruments issued by corporate bodies, governments and other entities, such as bonds, money market instruments and cash and cash equivalents. Fixed Income regional allocation is based on the currency denomination of the instrument. Net Fixed Income is Gross Fixed Income minus bond market hedging.

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

The 60/40 Index returns are calculated by Orbis using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "as is" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilising any MSCI Data, models, analytics or other materials or information. JP Morgan Global Government Bond Index (the "GBI"): Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The GBI is used with permission. The 60/40 Index may not be copied, used, or distributed without prior written approval.

Average Fund data source: © 2019 Morningstar, Inc. All rights Reserved. Such information (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The latest average fund indices provided by Morningstar are for 19 September 2019. To allow comparison of returns to a common date we have extended the average equity and multi-asset class fund indices to reflect the subsequent movement of the applicable benchmark indices. Average fund returns are not shown for periods of a month or less as high price volatility and late fund reporting regularly cause them to be significantly restated by Morningstar.

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 how actively managed the Orbis Equity Funds are. It is calculated by summing the absolute value of the differences of the weight of each individual stock in the specific Orbis Fund, versus the weight of each holding in the respective benchmark index, and dividing by two.

The total expense ratio has been calculated using the expenses, excluding trading costs, and average net assets for the 12 month period ending 30 September 2019.