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 Balanced

Last December, we wrote that 2018 was a disappointing year. 2019 was as well, for different reasons. Experiencing either year in isolation would be uncomfortable, but to experience them back-to-back has been tougher still. Over the past two years, the Orbis Global Balanced Strategy has returned -5.6% on a weighted-net basis[1], against a 12.5% rise in the benchmark 60/40 Index in US dollars.

As contrarian investors, we know that periods of underperformance like this are a feature, not a bug, of our approach. We've said that we can only make one guarantee—that a time will come when we will look stupid. It gives us no joy to keep that promise. But it does give us a feeling of eager anticipation when looking at the portfolio's holdings today. Challenging periods are testing to endure, but they are often the times when we find the most exciting opportunities. The current stretch of underperformance is no different.

Summary

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

Broadly, 2018 was characterised by company-specific issues leading to sharp underperformance for multiple holdings, set against a market backdrop where cash was the only major asset class to deliver a positive return and assets perceived to be stable ruled the day. In some cases, we leaned into the weakness to add to high-conviction positions, but in others, our thesis was broken and we sold. We share your disappointment that Global Balanced experienced a bigger absolute drawdown than its benchmark.

Absolute returns this year were positive, but we again materially lagged the benchmark. It has felt different, however. In 2018, returns were hit by pieces of bad news for individual companies. In 2019, we believe markets have become more stretched, driven in part by extremely low government bond yields. Many of the cheap securities we like have become even cheaper, while many of the expensive areas we've avoided have become even more expensive.

These stretched conditions leave us more—not less—excited about the portfolio. It continues to look very unlike its benchmark, especially in terms of valuation, and while that has been a bad thing over the past two years, we believe it has the potential to be a very good thing in the years to come.

2018: idiosyncratic detractors

In February 2018, valuations were telling us that investors were getting too exuberant, so we took the opportunity to sell some well-appreciated financial and industrial shares. We rotated that capital into "contrarian defensive" shares, gold, selected corporate bonds, and short-term Treasuries. For the rest of 2018, the portfolio's net stockmarket exposure was around 55%—a touch lower than its benchmark.

Our wariness proved well placed, but our security selections did not. For completely different reasons, multiple stocks underperformed. PG&E suffered from a historically damaging wildfire, XPO Logistics from a short-seller attack, Alta Mesa Resources from poor execution, Bayer from Roundup jury verdicts, and Celgene from drug pipeline mismanagement. Those factors plainly have nothing to do with the global economic cycle or general market sentiment. Yet those stocks were all hit in the fourth quarter—just as investors, convinced of an imminent global recession, were selling off stocks and corporate bonds.

2018: Idiosyncratic detractors

What hurt performance?		What have we done about it?
Stock selection was the biggest driver by far Mostly idiosyncratic detractors:		Company-specific actions:
PG&E	Camp Fire wildfire in California in Nov	Exited position as our fundamental thesis was broken
Alta Mesa	Poor execution and management credibility	Exited position as our fundamental thesis was broken
Credit Suisse	Sold off with other banks on recession fears	Added into weakness through 2018 at depressed multiple of book value
XPO	Guidance cut and short-seller attack in Dec	Added into weakness following short attack at historic low valuation
Bayer	Roundup (glyphosate) lawsuits	Added into weakness in at near-double-digit free cash flow yields
Celgene	Failed drug trial, doubts about R&D pipeline	Added into weakness through 2018, based on sustainable high cash flows
Exposure to higher yield and hedged equity rather than sovereign bonds		Maintained exposures as sovereign bonds continued to look risky for their yield
Low exposure to the US dollar		Maintained exposures as the dollar looks expensive vs other major currencies

Source: Orbis.

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 Balanced *(continued)*

When bad news hits, our job is to react calmly. The market often overreacts to bad news, which can provide us with opportunities to add to high-conviction positions on the cheap, as we did with XPO, Bayer and Celgene. But we are not blindly stubborn. Sometimes the market is right to cut its assessment of the value of a business. If new information breaks our fundamental thesis on a company, we sell, as we did with PG&E and Alta Mesa.

2019: Stretched markets

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

Broad market performance

The benchmark has been driven by stockmarkets, and in particular, the US market. This has been a headwind to relative returns, as we have had difficulty finding stock investments in the US that are as attractive as what's available elsewhere. This bottom-up competition for capital within the portfolio is backed up by our quantitative research that shows the overall US market selling at rich levels in comparison to the rest of the world. Since January 2018, the US has set multiple new records, while the rest of the world has stayed mired in a hidden bear market. Yet this year, the US has once again led the world, rising 29% against an 18% rise for stocks everywhere else. That return has come almost entirely from the US valuation premium increasing, not outsized earnings growth. The US market now trades at 22 times trailing earnings, compared to 17 times for stocks elsewhere in the world. As that gap has widened, it should not be surprising that Global Balanced's exposure to the US market has continued to decrease.

Compared to its benchmark, Global Balanced has also suffered from its zero weight in long-term government bonds. The JPM Global Govt Bond Index started the year with a yield to maturity of 1.6%—exactly the return you'd expect if yields stayed flat. The Index also carried a duration of 8 years, suggesting an 8% price decline if yields were to rise just 1%. Compensation of 1.6% for 8% (or worse) downside potential struck us as simply uninvestable, so Global Balanced held no long-term government bonds.

Yet yields continued to fall, to less than 0.8% this past August, and a mere 1.1% at year end. That has supported a nice 6% return for global government bonds, so not owning them has hurt the Strategy's relative returns. We are okay with that. In our view, buying an overpriced security in the hopes that it will get even more expensive is not prudent, and we will not do it, no matter how big it is in the benchmark. In our view, taking substantial interest rate risk for bond interest of 1% is the epitome of picking up pennies in front of a steamroller.

2019: Stretched markets—cheap getting cheaper, expensive getting richer

What hurt performance?		What have we done about it?
Security selection was again the biggest driver Several detractors were energy-related:		Company-specific actions:
CRC	Oil price volatility, misplaced fear on headlines	Added to bond position after re-interrogating credit thesis
AbbVie	Bearishness around future competition for Humira	Added into weakness at near 6% div yield as we view Humira as durable
Golar LNG	Energy price volatility, correlation ignores fundamentals	Added to position on weakness as long-term outlook is undiminished
BP	Oil price volatility, investor neglect	Added as sentiment does not reflect BP's sustainable cash flow strength
Valaris	Oil price volatility, continued offshore pessimism	Added to bond position after re-interrogating credit thesis
Shell	Oil price volatility, investor neglect	Added as sentiment runs opposite to Shell's business improvements
Most equity detractors were value stocks, suffering amid a long growth cycle		Rotated further into value as valuations became more extreme
Zero exposure to long-term government bonds		Maintained as long-term sovereigns look even more extreme and risky
Low exposure to the US stockmarket		Maintained as we are finding few attractive ideas in the US stockmarket

Source: Orbis. CRC is California Resources. Shell is Royal Dutch Shell.

Security selection

Ultimately we will live or die by our security selection, and as we'd always expect, that was the biggest driver of the Strategy's relative returns in 2019. Several of our major detractors this year have been energy-related. While oil prices are almost exactly where they were at the start of 2018, there has been plenty of volatility along the way, and this has weighed on returns for the sector. Are we just taking a gamble on the oil price?

Orbis Global Balanced *(continued)*

The answer is an emphatic "no", and some of the holdings that have been most painful to hold are good illustrations of our bottom-up research at work.

Let's start with Golar LNG, one of the Fund's smaller "energy" positions. Golar operates liquefied natural gas (LNG) tankers, but the more interesting, and valuable, part of its business is in ships that either convert gas into a liquid for transport or convert it from a liquid into a gas for consumption. For an offshore energy producer, these specialised ships can be the difference between capturing valuable gas and having to burn it off at the well site. And for a country looking to diversify its electricity sources, Golar's regasification ships can fuel gas power plants without huge onshore infrastructure. But Golar's shares trade as though its profits are tied to the same drivers as volatile oil producers. They aren't, and we bought more shares of Golar at a price that we believe represents a discount to the value of just its currently contracted assets.

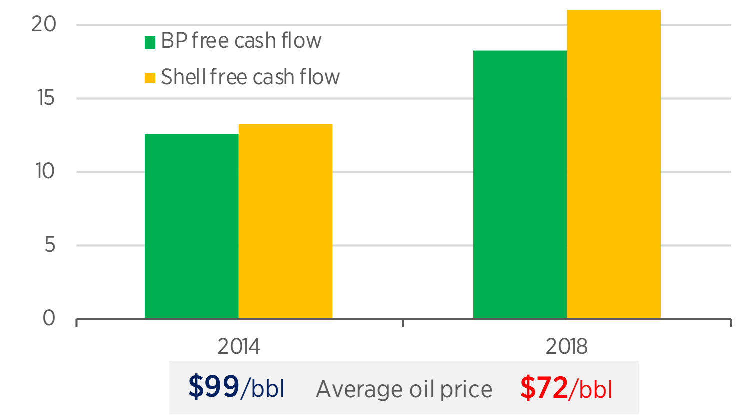
The other four major energy detractors have something in common—all produce meaningful income, either through bond coupons or through dividends. That is important in a sector as contrarian as energy is today. According to Bank of America's global fund manager survey, energy is by far the most hated sector among investors globally. Having income reduces the importance of the market agreeing with us, because we can get our return directly from the company while we wait for sentiment to recover.

At the other end of the position size spectrum, large holdings BP and Royal Dutch Shell have also underperformed this year. In our view, the biggest driver of this has been investor apathy. Many investors seem to dismiss the energy sector out of hand, some of them no doubt chastened by past losses, and others driven to do so for environmental reasons. Yet dismissing the sector generally, and the integrated majors specifically, as a punt on the oil price risks overlooking serious fundamental improvements in these businesses. Energy producers' success should not be measured by the price of oil, but by the revenues they produce minus the cost of producing them.

As the chart shows, both BP and Shell generated more free cash flow in 2018, with an average oil price of $72/bbl, than they did in 2014, when oil fetched $99/bbl. They have done that by optimising their operations, streamlining new investments, and focusing capital in projects where new barrels are more profitable than the barrels they replace. With 6.5% dividend yields and modest growth, we believe the companies can generate a long-term return of 10-12% per annum, without any improvement in the price of oil, and without a re-rating by the market. And with European oil majors trading near record low valuations relative to world markets, and 6.5% dividend yields overly generous relative to bonds, the scope for a re-rating is sizeable.

BP and Shell are fundamentally improved businesses

Free cash flow for BP and Royal Dutch Shell, USD billions



Source: S&P Capital IQ, Orbis. BP's free cash flow for 2018 adjusted to exclude the cost and profit contribution from its acquisition of BHP's US shale assets.

As for the future of oil and natural gas, public sentiment regarding both social acceptability and demand prospects seems to be at all-time low levels. Like nearly everyone, we'd love to see a world that can operate without burning fossil fuels, but we also research the prospects for and speed of this occurring, and we come away with the conclusion that demand for oil and gas will continue to grow. Simply put, countries use more energy as they become wealthier. While today's wealthy developed nations are trying to use less oil and gas, the 80% of the world's population who have never flown in an airplane and the 40% who have no access to clean cooking facilities are likely to use more as their economies develop.

The world may not want, but needs more carbon-based energy. It needs to figure out how to provide it with less carbon by-product. We see the prospect of responsible energy producers, who are also leading the technology effort to capture and sequester carbon by-product, as integral to finding the long-term solutions to the more energy / less carbon dilemma. Considerably higher valuations and share prices are on offer should the market come to agree. In the meantime, Global Balanced is capturing ample and sustainable dividend income.

Orbis Global Balanced *(continued)*

Global Balanced's energy holdings are one chunk of a larger exposure to value shares in the portfolio. As we wrote in March, valuation spreads have widened consistently in recent years, and now appear to be extreme. Work from our quantitative research team gives a similar message. If company valuations and fundamentals in the future mimic those in the past, the gap in attractiveness between the most and least attractive parts of the market appears exceptionally wide. Accordingly, over the course of this year, we have rotated more of the portfolio into value shares, and we remain excited about the value on offer in shares such as Samsung Electronics, British American Tobacco, Credit Suisse, and Honda Motor.

As always, we are not dogmatically attached to deep value shares. We are happy to buy high-quality, fast-growing businesses when they are available at attractive valuations. Indeed, we love this kind of opportunity. In 2019, such shares, including Taiwan Semiconductor Manufacturing Company, NetEase, Facebook, and Alphabet, were among the top contributors to returns. We remain happy to hold these great businesses.

Current views

To provide just one more view, it's useful to look at the Strategy's equity holdings in aggregate. In March, we shared the following characteristics. In the intervening months, the portfolio's discount vs the wider stockmarket has grown even wider on several metrics:

Our stocks now trade at an even larger discount to world stockmarkets

Valuation metrics, equities in Orbis Global Balanced and MSCI World Index

31 Dec 2019	Price / book value	Price / sales	Price / trailing earnings	Price / normal* earnings	Free cash flow yield	Dividend yield
Orbis Global Balanced	1.6	2.2	21	17	7%	3.5%
MSCI World Index	3.9	3.4	24	27	4%	2.3%

Source: Datastream, S&P Capital IQ, Orbis. Weighted median values shown for each metric apart from dividend yield. Weighted average shown for dividend yield. *Earnings normalised by applying a historical average return on equity to current book value.

If the past is any guide, this bodes well for future long-term performance. We remain as confident as ever that our approach can deliver on the Strategy's mandate over the long term, and we thank you for your trust, confidence, and patience.

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.

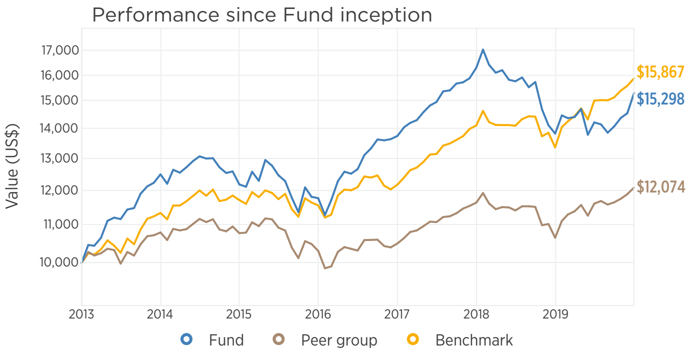
Orbis SICAV Global Balanced Fund

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$15.21
Pricing currency	US dollars
Domicile	Luxembourg
Type	SICAV
Share class	Investor Share Class
Fund size	US$4.3 billion
Fund inception	1 January 2013
Strategy size	US$4.4 billion
Strategy inception	1 January 2013

Benchmark	60/40 Index
Peer group	Average Global Balanced Fund Index
Minimum investment	US$50,000
Dealing	Weekly *(Thursdays)*
Entry/exit fees	None
UCITS compliant	Yes
ISIN	LU0891391392

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



Returns (%)

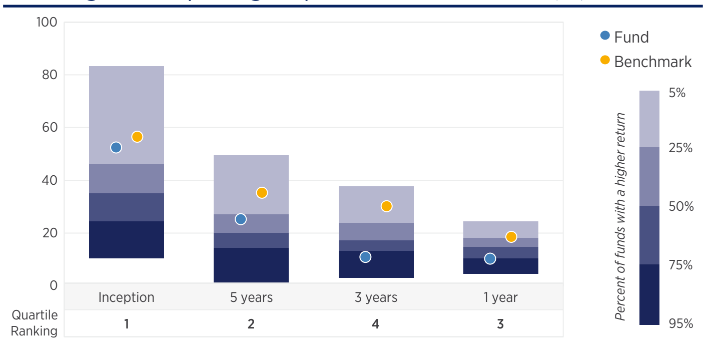
	Fund	Peer group	Benchmark
Annualised		*Net*	*Gross*
Since Fund inception	6.3	2.7	6.8
5 years	4.7	2.3	6.3
3 years	3.7	4.8	9.3
1 year	10.7	13.4	18.8
Not annualised			
3 months	8.7	3.8	4.9
1 month	5.2		1.9

	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	>23[1]	27	15
% recovered	46	100	100
Annualised monthly volatility (%)	9.1	6.4	6.9
Beta vs World Index	0.7	0.6	0.6
Tracking error vs benchmark (%)	5.2	2.1	0.0

Ranking within peer group, cumulative return (%)



Asset Allocation (%)

	North America	Europe	Asia ex-Japan	Japan	Other	Total
Fund						
Gross Equity	22	30	17	8	4	81
Net Equity	*10*	*26*	*15*	*8*	*3*	*62*
Gross Fixed Income	13	0	0	0	0	14
Net Fixed Income	*13*	*0*	*0*	*0*	*0*	*14*
Commodity-Linked						5
Total	**35**	**31**	**17**	**8**	**4**	**100**
Benchmark						
Equity	40	13	1	5	2	60
Fixed Income	18	14	0	8	1	40
Total	**58**	**26**	**1**	**13**	**2**	**100**

Currency Allocation (%)

	Fund	Benchmark
US dollar	37	55
British pound	16	6
Euro	14	17
Japanese yen	11	13
New Taiwan dollar	7	0
Norwegian krone	4	0
Other	12	9
Total	**100**	**100**

Top 10 Holdings

	Sector	%
Taiwan Semiconductor Mfg.	Information Technology	5.8
AbbVie	Health Care	5.1
SPDR Gold Trust	Commodity-Linked	5.1
BP	Energy	4.5
Samsung Electronics	Information Technology	3.6
NetEase	Communication Services	3.4
Royal Dutch Shell	Energy	3.4
British American Tobacco	Consumer Staples	3.1
XPO Logistics	Industrials	2.8
Alphabet	Communication Services	2.7
Total		**39.5**

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	66
Total number of holdings	86
12 month portfolio turnover (%)	40
12 month name turnover (%)	43

	Portfolio	Equity	Fixed Income
Active Share (%)	96	93	100

Fees & Expenses (%), for last 12 months

Management fee[2]	1.33
For 3 year performance in line with benchmark	*1.50*
For 3 year outperformance/(underperformance) vs benchmark	*(0.17)*
Fund expenses	0.09
Total Expense Ratio (TER)	**1.43**

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.

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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)	28,316,095
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 September 2019	%	31 December 2019	%
SPDR Gold Trust	5.3	Taiwan Semiconductor Mfg.	5.8
Taiwan Semiconductor Mfg.	5.2	AbbVie	5.1
BP	4.9	SPDR Gold Trust	5.1
AbbVie	4.7	BP	4.5
Celgene	4.1	Samsung Electronics	3.6
NetEase	3.7	NetEase	3.4
Royal Dutch Shell	3.6	Royal Dutch Shell	3.4
Samsung Electronics	3.0	British American Tobacco	3.1
XPO Logistics	3.0	XPO Logistics	2.8
Treasury Note 2.625% 15 Aug 2020	2.9	Alphabet	2.7
Total	**40.4**	**Total**	**39.5**

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. Copyright 2020, J.P. Morgan Chase & Co. All rights reserved. The 60/40 Index may not be copied, used, or distributed without prior written approval.

Average Fund data source: © 2020 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 26 December 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.

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.