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 Japan Equity

Over the last few years, these commentaries have featured a recurring theme—the widening spread between "value" and "growth" shares in Japan. In 2019, the cheap shares in Japan continued to get cheaper vs their more expensive compatriots. As we noted last quarter, this was a headwind for performance this year, as most of the portfolio has been invested in ideas in the cheaper half of the market. But it leaves us excited about the portfolio today. To revisit our favourite chart, valuation spreads in Japan are now close to the extremes of the tech bubble:

Value shares look unusually attractive in Japan

Relative attractiveness of value shares vs growth shares in the TOPIX 500, 1984 to Dec 2019

Source: Datastream, Orbis. Relative attractiveness is the book-to-price ratio of value shares divided by the book-to-price ratio of growth shares. Value (growth) shares are defined as stocks with low (high) price-to-book ratios.

As this spread has widened, we have rotated more of the portfolio into value shares, and today they represent 75% of the Strategy. Within this value bucket, there are multiple clusters of opportunities that we continue to find attractive. We have discussed almost all of these over the past three years: trading companies Mitsubishi, Sumitomo, and Mitsui, automaker Honda, auto parts makers NGK Insulators and NGK Spark Plug, tyre makers including Toyo Tire, oil and gas producers INPEX and Japan Petroleum Exploration, and homebuilder Iida Group Holdings.

Every spread has two sides, however. The gap in price between value and growth shares is unusually wide, and in our view the value side looks attractive. So what about the growth side?

Even a moribund economy can have some great growth businesses, and Japan has its fair share. We'd love to own them, but we believe their prices today are a bit silly. Here is a sample of some growth shares with valuations we find particularly eye-watering.

When the numbers get this big, it can be hard to get a sense of whether a high price is justified, so let's break down an example. GMO Payment Gateway trades at over 100 times earnings, with expected growth of 27% per annum. With growth that rapid, the company would roughly double earnings in three years. Even if earnings double, however, the shares would have to maintain a valuation of 50 times earnings *just to keep the share price flat*—a return of exactly zero. Now, maybe the company can grow that quickly for a lot longer than three years, in which case it might be able to sustain its

Growth at an unreasonable price

	Sector	Trailing P/E ratio	Forward P/E ratio	Consensus 3y growth
Infomart	Software	145	123	26
GMO Payment Gateway	IT Services	105	82	27
M3	Health care technology	109	94	17
Nidec	Electrical equipment	40	40	20
Monotaro	Distributors	76	64	20
SMS	Professional services	62	51	20
Nihon M&A Center	Professional services	68	57	20
Keyence	Electronic equipment	41	45	7

Source: Datastream, Nikkei Yuho, IBES, Orbis. P/E is price / earnings. Sectors are GICS Level 3 classifications. Forward P/E ratio based on consensus estimates. Consensus 3-year growth is the expected 3-year compound annual % growth rate in earnings.

Orbis Japan Equity *(continued)*

sky-high valuation. But investors in the business had better be confident in that growth. With the valuation this high, there is little margin for error, and enormous scope for disappointment if growth is anything less than amazing.

Even among growth businesses we don't own, some look more reasonable than others. Large-cap stocks Fast Retailing (Uniqlo) and Recruit Holdings both offer 12% expected growth and trade at 36 times forward earnings—a lofty valuation, to be sure, but not stratospheric like those in the table. And as we have said before, we are not value investors, but value-oriented investors. We are happy to buy companies, like drugstore operators Tsuruha Holdings and Cosmos Pharmaceutical, that offer growth at a reasonable price. Unfortunately, today such opportunities are outnumbered by stocks that offer growth at what appears to us to be an unreasonable price.

And it is not just growth shares that look stretched—plenty of companies also offer stability at an unreasonable price. Again, the stocks in the following table have been selected for their sky-high price multiples.

These traditionally defensive stocks, such as household product and pharmaceutical names, appear very richly valued. In fairness, we would have said that a year, or two years, or three years ago as well, and these sectors have continued to perform well. As a result, many shares we found expensive a year ago are now downright exorbitant. (As a curious aside, many railroads in Japan offer free ticket and discount programs to shareholders. These shareholder "perks" can be generous enough to make a purchase rational for an individual—but they are of little use to a return-focused investor!)

Stability at an unreasonable price

	Sector	Trailing P/E ratio	Forward P/E ratio	Consensus 3y growth
Oriental Land	Hotels and leisure	54	58	8
Shiseido	Personal products	51	39	20
Nippon Paint Holdings	Specialty chemicals	40	40	9
Daiichi Sankyo	Pharmaceuticals	50	52	0
Sysmex	Health care equipment	38	39	6
Kikkoman	Food products	40	37	8
Kobayashi Pharmaceutical	Personal products	41	37	6
Odakyu Electric Railway	Road & Rail	28	29	3

Source: Datastream, Nikkei Yuho, Orbis. P/E is price / earnings. Sectors are GICS Level 3 classifications. Forward P/E ratio based on consensus estimates. Consensus 3-year growth is the expected 3-year compound annual % growth rate in earnings.

To put these shares into context globally, consider Alphabet (Google). The company is widely regarded as an excellent business, and our analysts estimate it can grow by 12-15% per annum. How much are investors paying for one of the world's best businesses? 27 times earnings—far less than Japan's high-growth businesses, and far less even than some Japanese businesses with much lower expected growth. Something seems out of joint.

In aggregate, valuations among Japan's fastest-growing and most-stable businesses just seem too expensive, so we are happy to limit exposure to them. We are simply not confident that they trade at a discount to their intrinsic value.

But a shortage of confidence is not a confident short. If a stock appears overvalued, we don't spend much time trying to understand it. Time is our scarcest resource, and our investment process is structured to let us focus our efforts on the ideas that look most compelling. As a result, we are all but certain to miss a few big winners (including in the tables above!) when their growth ends up being even better than the market's lofty expectations.

That is okay. We are not trying to own every stock that goes on to beat the market, but only a relative handful of stocks where our intensive, bottom-up research process gives us conviction that there is a sufficient discount to intrinsic value. There are thousands of stocks listed in Japan, with several hundred of them large and marketable enough to be large positions in the portfolio. From them, we only typically hold around 30 high conviction names.

Today, that portfolio continues to have a bias towards value. In aggregate the shares in the portfolio trade at 1.0 times tangible book value and 12 times earnings, with similar fundamentals to the TOPIX, just cheaper.

Orbis Japan Equity *(continued)*

Notably, the portfolio also compares favourably with both the "value" and "growth" halves of the market. It trades at similar multiples to the value half, with better fundamentals, and it has similar fundamental quality to the growth half, with drastically lower valuations. Whilst Orbis Japan had underperformed by approximately 1% vs the benchmark over the last year on a weighted-net basis[1], we retain conviction in the portfolio, especially if trends over recent years were to reverse.

Our stocks look attractive vs "value" and "growth"

Weighted median values	Value	Orbis Japan	Growth
Price / tangible book value	0.9	1.0	2.9
Price / earnings	11	12	22
Dividend yield (%)	3.1	2.9	1.5
Average return on equity (%)*	7	9	10
Book value growth (% p.a.)**	8	9	8
Revenue growth (% p.a.)**	3	4	4

Source: Datastream, Worldscope, Orbis. *Historical return on average tangible equity, calculated over the last ten years. **Compound annual growth rate over the last ten years. Value stocks are the cheaper half of TOPIX constituents by price-to-book ratio, growth stocks are the more expensive half.

The opportunity set always changes, and as it does, so will the portfolio. We have no aversion to owning growth stocks. We own some today, and there have been times in the past, such as from 2008 to 2013, where the portfolio held a growth bias. We have no doubt that a time will come when your portfolio will once again be chock-full of compelling growth ideas—but only when the prices justify it. For now, we remain excited by the value we see in value shares.

Commentary contributed by Brett Moshal, Orbis Portfolio Management (Europe) LLP, London

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.

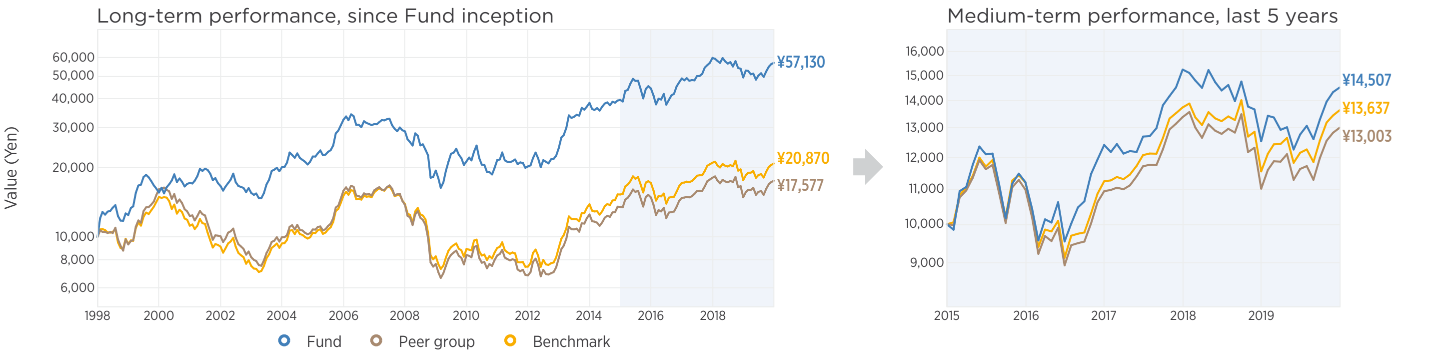
This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

Orbis SICAV
Japan Equity (Yen) Fund

The Fund is designed to remain fully invested in Japanese equities and seeks higher returns than the Japanese stockmarket, without greater risk of loss. It is predominantly exposed to the Japanese yen. The benchmark is the Tokyo Stock Price Index, including income, gross of withholding taxes ("TOPIX").

Price	¥5,713	**Benchmark**	TOPIX
Pricing currency	Japanese yen	**Peer group**	Average Japan Equity Fund Index
Domicile	Luxembourg		
Type	SICAV	**Minimum investment**	US$50,000
Share class	Investor Share Class	**Dealing**	Weekly *(Thursdays)*
Fund size	¥126 billion		
Fund inception	1 January 1998	**Entry/exit fees**	None
Strategy size	¥196 billion	**UCITS compliant**	Yes
Strategy inception	1 January 1998	**ISIN**	LU0160128079

Growth of ¥10,000 investment, net of fees, dividends reinvested



Returns (%)

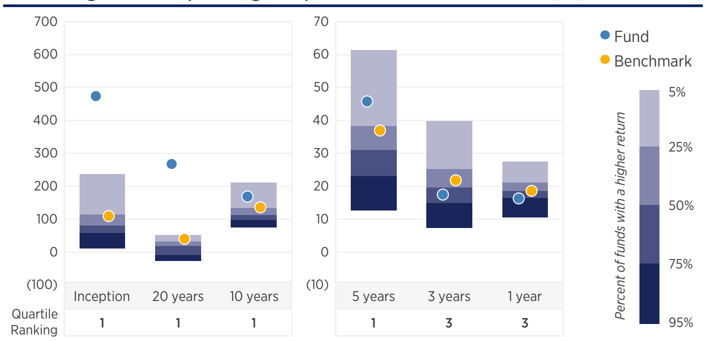
	Fund	Peer group	Benchmark
Annualised	Net	Net	*Gross*
Since Fund inception	8.2	2.6	3.4
20 years	6.7	0.4	1.7
10 years	10.4	7.7	8.9
5 years	7.7	5.4	6.4
3 years	5.4	5.9	6.7
1 year	15.8	18.0	18.1
Not annualised			
3 months	9.1	8.6	8.6
1 month	1.3		1.4

	Year	%
Best performing calendar year since Fund inception	2013	57.0
Worst performing calendar year since Fund inception	2008	(32.4)

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	52	60	56
Months to recovery	90	124	93
Annualised monthly volatility (%)	18.1	18.0	17.5
Beta vs benchmark	0.9	1.0	1.0
Tracking error vs benchmark (%)	9.3	2.6	0.0

Ranking within peer group, cumulative return (%)



Sector Allocation (%)

Sector	Fund	Benchmark
Cyclicals	50	38
Consumer Non-Durables	38	25
Financials	6	10
Information and Communications	5	9
Technology	0	17
Utilities	0	2
Net Current Assets	*2*	*0*
Total	**100**	**100**

Top 10 Holdings

	Sector	%
Sumitomo	Consumer Non-Durables	8.8
TSURUHA Holdings	Consumer Non-Durables	6.4
Honda Motor	Cyclicals	5.9
Sumitomo Mitsui Fin.	Financials	5.8
Mitsui & Co	Consumer Non-Durables	5.6
Iida Group Holdings	Cyclicals	5.0
COSMOS Pharmaceutical	Consumer Non-Durables	4.8
Mitsubishi	Consumer Non-Durables	4.8
NGK Insulators	Cyclicals	4.8
INPEX	Cyclicals	4.6
Total		**56.6**

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	95
Total number of holdings	30
12 month portfolio turnover (%)	30
12 month name turnover (%)	11
Active share (%)	91

Fees & Expenses (%), for last 12 months

Management fee[1]	1.85
For 3 year performance in line with benchmark	*1.50*
For 3 year outperformance/(underperformance) vs benchmark	*0.35*
Fund expenses	0.10
Total Expense Ratio (TER)	**1.94**

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

See Notices for important information about this Fact Sheet.

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

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Orbis SICAV Japan Equity Fund

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

Manager				Orbis Investment Management (Luxembourg) S.A.
Investment Manager				Orbis Investment Management Limited
Inception date				1 January 1998
Number of shares (Investor Share Class)	**Yen Class:**	11,007,004	**Euro Class:**	1,057,977
Income distributions during the last 12 months				None

Fund Objective and Benchmarks

The Yen Classes of the Fund seek higher returns in yen than the Japanese stockmarket, without greater risk of loss. The Euro Class of the Fund seeks higher returns than the Japanese stockmarket hedged into euro, without greater risk of loss. The TOPIX measured in Japanese yen (including income and before deduction of withholding taxes) (the "TOPIX Yen") is the Yen Class' benchmark, while the TOPIX Yen hedged into euro (the "TOPIX Euro") is the benchmark of the Euro Class.

The Fund does not seek to mirror the TOPIX Yen/TOPIX Euro and may deviate meaningfully from them in pursuit of superior long-term capital appreciation.

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

The Fund is actively managed and is designed to remain continuously fully invested in, and exposed to all the risks and rewards of, selected Japanese equities. The Fund identifies as Japanese equities those equities of companies which are domiciled in Japan, whose securities trade on a Japanese stockmarket or whose business is primarily located in or linked to Japan. These equities are selected using extensive proprietary investment research undertaken by the Investment Manager and its investment advisors. Orbis devotes a substantial proportion of its business efforts to detailed "bottom up" investment research conducted with a long-term perspective, believing that such research makes superior long-term performance attainable. The lower the price of a share as compared to its assessed intrinsic value, the more attractive Orbis considers the equity's fundamental value. The Investment Manager believes that over the long term, equity investing based on this approach offers superior returns and reduces the risk of loss.

All share classes invest in a portfolio of Japanese equities selected by the Investment Manager. However, while the currency exposure of the Yen Classes remains as fully exposed to the yen as practicable, the Euro Class is hedged into, and therefore largely exposed to, the euro. The Euro Class is designed for investors who measure their returns in euro and who wish to be invested in Japanese equities without being exposed to fluctuations in the yen-euro exchange rate.

Since inception and over the latest ten- and five-year periods, both the Yen and Euro Classes have outperformed their respective benchmarks net of fees. The Fund will experience periods of underperformance in pursuit of its objective of creating long-term wealth for investors.

Risk/Reward Profile

- The Fund is aimed at investors who are seeking a portfolio the objective of which is to be fully invested in, and exposed to, Japanese equities at all times.
- Investments in the Fund may suffer capital loss.
- Investors should understand that the Investment Manager generally assesses an equity investment's attractiveness using a three-to-five year time horizon.

Management Fee

As is described in more detail in the Fund's Prospectus, the Fund'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 Classes, 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 Yen class' performance over three years against the TOPIX Yen. For each percentage point of three year performance above or below that performance, 0.04 percentage points are added to or deducted 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 service 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 Classes 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 0.25% of the net asset value of the Fund 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	%
Sumitomo	9.8	Sumitomo	8.8
TSURUHA Holdings	8.1	TSURUHA Holdings	6.4
COSMOS Pharmaceutical	5.7	Honda Motor	5.9
Honda Motor	5.4	Sumitomo Mitsui Fin.	5.8
Sumitomo Mitsui Fin.	5.4	Mitsui & Co	5.6
Mitsui & Co	5.1	Iida Group Holdings	5.0
Iida Group Holdings	4.9	COSMOS Pharmaceutical	4.8
NGK Insulators	4.6	Mitsubishi	4.8
Mitsubishi	4.5	NGK Insulators	4.8
Sundrug	4.1	INPEX	4.6
Total	**57.7**	**Total**	**56.6**

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 Japan Equity Fund

Change to the Investment Manager of the Orbis SICAV Japan Equity Fund

Historically, the investment management of the Orbis SICAV's Asian strategies has been delegated to Orbis Investment Management (Guernsey) Limited[1] ("Orbis Guernsey"), while the investment management of the Orbis SICAV's other strategies has been delegated to Orbis Investment Management Limited ("Orbis Bermuda"). Orbis Bermuda has been the Investment Advisor for the Orbis SICAV Japan Equity Fund (the "Fund").

Effective January 2020 and subject to regulatory approval, the provision of investment management services to the Fund will be rationalised by replacing Orbis Guernsey with Orbis Bermuda. Importantly, this change will have no impact on the Fund's strategy, risk profile or fees.

The Orbis SICAV prospectus provides further details regarding Orbis Bermuda, which will cease to act as Investment Advisor in respect of the Fund as of the date of its appointment as Investment Manager.

[1] formerly Orbis Investment Management (B.V.I.) Limited

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 Classes, 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 or €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. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. 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 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

Prior to 29 November 2002 the Orbis SICAV Japan Equity Fund—Yen class was a British Virgin Islands investment company, Orbis Japan Equity (Yen) Fund Limited.

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

TOPIX Stock Price Index, including income ("TOPIX"): Tokyo Stock Exchange. TOPIX hedged into euro is calculated by Orbis using an industry-standard methodology using the TOPIX which is in yen. No further distribution of the TOPIX data is permitted.

Average Fund data source and peer group ranking data source: © 2020 Morningstar. 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.