

Our Thinking

Just over a year ago, Bloomberg summed up a dismal 2018 by noting that “US stocks ended the worst year since the financial crisis”. It was a painful year to endure, with global equities losing nearly 20% from peak to trough, ending the year down 9%.

The mood could not have been more different a few weeks ago when CNBC declared that “The stock market boomed in 2019... A hot technology sector and easy money from the Fed repeatedly sent markets to all-time highs.” The MSCI World Index returned 28% last year.

But imagine you had just slept through it all. On waking up, your annualised return for the two-year period would have been 8%—a solid result, but one more worthy of a shrug than a wince or a cheer. Such a “Sleeping Beauty” investment approach would have some powerful behavioural advantages. It would guarantee that you could tune out the market noise, stay focused on the long term, and avoid the trap of emotional decisions.

Most importantly, your investment results would be more likely to be driven by fundamentals rather than sentiment. The reality is that most businesses evolve at a much slower pace than the frenetic market chatter and price gyrations would suggest. Despite all the apparent complexity in the financial world, there are just three sources of equity returns: fundamental growth, changes in valuations, and dividends.

What drove equity returns in 2018 and 2019?

USD returns for the MSCI World Index, %	2018	2019	Two-year period†
Total return	(8.7)	27.7	16.5
Fundamental growth*	14.8	(4.4)	9.7
Change in valuation**	(22.0)	31.0	2.2
Dividends***	1.9	2.0	4.0

Source: Bloomberg, Orbis. Total returns include reinvested dividends (net of withholding tax). †31 Dec 2017 to 31 Dec 2019, not annualised.

*Growth in trailing 12-month earnings per share.

**Change in the trailing 12-month price-earnings ratio.

***Impact of reinvested dividends on the index total return.

This framework can give us a more useful picture of the past two years. For fundamentals, we can look at earnings growth, and for valuations, we can look at the change in the price-earnings ratio that investors are willing to pay for those earnings.

In 2018, earnings growth was actually pretty good—about 15%—but valuations collapsed by 22% as the market’s price-earnings ratio fell from 20 to 16. The opposite was true in 2019. Earnings *declined* by 4%, but investors were significantly more upbeat, pushing up price-earnings multiples by 31%, from 16 to 21. Dividends gently boosted returns by 2% in both years.

The most interesting part of this example comes when you look at the full two-year period. The cumulative return of more than 16% can be explained largely by earnings growth (10 percentage points) and the dividend yield (4 percentage points). The change in valuation had only a small impact—just 2 percentage points—as the euphoria of 2019 and the despondency of 2018 essentially cancelled each other out.

Of course, it doesn’t always work out quite that neatly. A Sleeping Beauty investor who fell asleep at the peak of the tech bubble in March 2000 and woke up in the darkest hour of the global financial crisis in March 2009 would have experienced a rude awakening indeed. So while it’s often helpful to ignore the noise, the one thing you can’t afford to ignore is valuations. If you can identify a good business trading at a low multiple, you can look forward to both earnings growth *and* a potential re-rating as you slumber. If nothing else, you can reduce the risk of paying too much and waking up with a permanent loss of capital.

Benjamin Graham, who pioneered the profession of security analysis in the 1930s, famously described the stockmarket as a “voting machine” rather than a “weighing machine”, at least in the short run. Investors cast their votes each day with their buying and selling decisions, and the results—share prices—can swing with the moods of the crowd. In the fullness of time, however, it’s the weight of the fundamentals that ultimately determines the real value of an investment.

This is why we focus so much of our time on analysing the fundamentals of individual companies. If we can understand what drives a company’s profits, and how it might allocate those profits to support growth or dividends, we can estimate the true value of the business, and compare that estimate to the company’s share price. This long-term perspective helps us to filter out much of the short-term noise in markets. We certainly don’t have the luxury of sleeping through the noise, but we do have the freedom to stay focused on the things that we believe really matter.

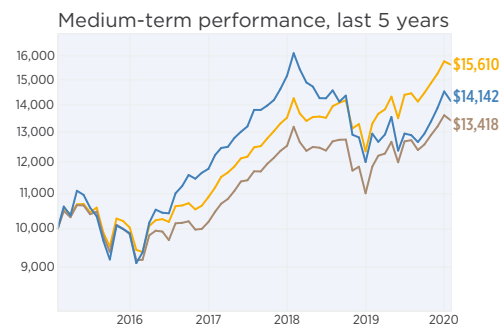
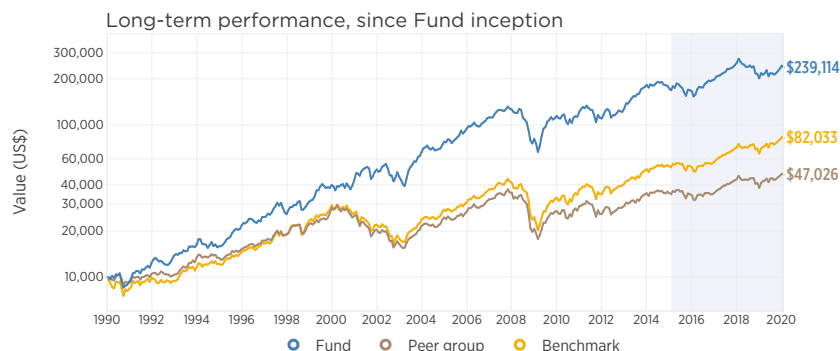
This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

Orbis Global Equity Fund

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

Price	US\$238.96	Benchmark	FTSE World Index
Pricing currency	US dollars	Peer group	Average Global Equity Fund Index
Domicile	Bermuda	Minimum investment	US\$50,000
Type	Open-ended mutual fund	Dealing	Weekly (Thursdays)
Fund size	US\$6.3 billion	Entry/exit fees	None
Fund inception	1 January 1990	ISIN	BMG6766G1087
Strategy size	US\$22.9 billion		
Strategy inception	1 January 1990		

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



Returns (%)

	Fund	Peer group	Benchmark
Annualised	<i>Net</i>		<i>Gross</i>
Since Fund inception	11.1	5.3	7.2
25 years	11.4	5.3	8.0
10 years	8.0	6.1	10.0
5 years	7.2	6.1	9.3
3 years	5.0	8.6	11.8
1 year	9.3	13.4	17.4
Not annualised			
3 months	5.7	4.1	5.1
1 month	(2.6)		(0.9)
		Year	%
Best performing calendar year since Fund inception		2003	45.7
Worst performing calendar year since Fund inception		2008	(35.9)

Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
North America	32	39	62
Asia ex-Japan	20	10	5
Japan	15	14	8
Continental Europe	12	18	15
United Kingdom	11	11	5
Other	8	8	4
Net Current Assets	2	0	0
Total	100	100	100

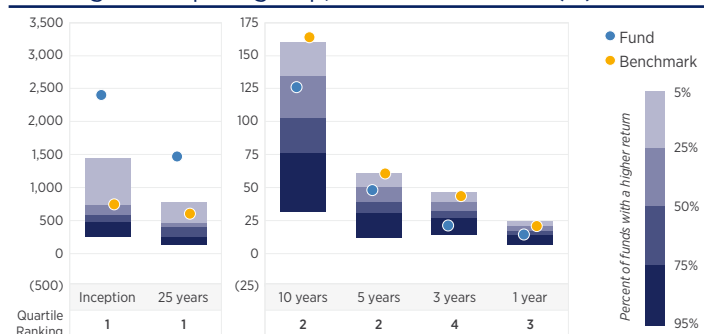
Risk Measures, since Fund inception

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

Top 10 Holdings

	FTSE Sector	%
NetEase	Technology	8.3
XPO Logistics	Industrials	6.3
British American Tobacco	Consumer Goods	6.1
AbbVie	Health Care	4.9
Sberbank of Russia	Financials	3.5
Honda Motor	Consumer Goods	3.1
Bayerische Motoren Werke	Consumer Goods	2.8
Sumitomo	Industrials	2.7
Alphabet	Technology	2.6
Naspers	Technology	2.5
Total		42.9

Ranking within peer group, cumulative return (%)



Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	73
Total number of holdings	58
12 month portfolio turnover (%)	29
12 month name turnover (%)	30
Active share (%)	91

Fees & Expenses (%), for last 12 months

Management fee ¹	1.09
For 3 year performance in line with benchmark	1.50
For 3 year outperformance/(underperformance) vs benchmark	(0.41)
Fund expenses	0.05
Total Expense Ratio (TER)	1.13

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

See Notices for important information about this Fact Sheet.
¹ 1.5% per annum ± up to 1%, based on 3 year rolling outperformance/(underperformance) vs benchmark.

Orbis Global Equity Fund

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

Investment Manager	Orbis Investment Management Limited
Inception date	1 January 1990
Number of shares (Investor Share Class)	26,497,703
Income distributions during the last 12 months	None

Fund Objective and Benchmark

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

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

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

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

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

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

Risk/Reward Profile

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

Management Fee

As is described in more detail in the Fund’s Prospectus, the Fund’s share classes bear different management fees. The fees are designed to align the Investment Manager’s interests with those of investors in the Fund.

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

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

Fees, Expenses and Total Expense Ratio (TER)

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

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

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

Changes in the Fund’s Top 10 Holdings

31 October 2019	%	31 January 2020	%
NetEase	8.7	NetEase	8.3
XPO Logistics	5.8	XPO Logistics	6.3
AbbVie	5.2	British American Tobacco	6.1
British American Tobacco	4.9	AbbVie	4.9
Sberbank of Russia	3.4	Sberbank of Russia	3.5
Honda Motor	3.4	Honda Motor	3.1
Sumitomo	3.0	Bayerische Motoren Werke	2.8
Autohome	2.8	Sumitomo	2.7
Facebook	2.8	Alphabet	2.6
Bayerische Motoren Werke	2.8	Naspers	2.5
Total	42.8	Total	42.9

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

Orbis Global Equity Fund

Additional Information

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

Share Price and Transaction Cut Off Times

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

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

Share prices, updated weekly, are available

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

Legal Notices

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

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

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

Fund Minimum

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

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

Sources

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Notice regarding Annual General Meetings of Orbis Global Equity Fund Limited, Orbis Institutional Funds Limited, Orbis Japan Equity (US\$) Fund Limited, Orbis Optimal (US\$) Fund Limited, Orbis Optimal Overlay Funds Limited and Selection of Orbis Funds Limited

Notice is hereby given that the Annual General Meeting of each of Orbis Global Equity Fund Limited, Orbis Institutional Funds Limited, Orbis Japan Equity (US\$) Fund Limited, Orbis Optimal (US\$) Fund Limited, Orbis Optimal Overlay Funds Limited and Selection of Orbis Funds Limited (each a "Company") will be held at the offices of Orbis Investment Management Limited, Orbis House, 25 Front Street, Hamilton HM 11, Bermuda on 31 March 2020 at 10:00 am. Members of these Companies are invited to attend and address the meeting. The Agenda for each Company will comprise the following:

- Review of Minutes of the Annual General Meeting of Members of the Company held on 29 March 2019
- Review of the 2019 audited financial statements
- Appointment of the Directors of the Company
- Approval of Director's fees for the year to 31 December 2020
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2020

By Order of the Board, James J Dorr, Secretary

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.

Effective February 2020, the amendments 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 Client Services Team at clientservice@orbis.com.

Notice regarding Orbis Global Equity Fund Limited

The Bye-Laws of Orbis Global Equity Fund Limited (the "Company") have been amended. These amendments include making provision for refundable reserve fee share classes in the capital structure of the Company. The Company will now offer three new share classes that will be available to eligible South African investors, namely a Shared Investor Refundable Reserve Fee Share Class, a Shared Investor Refundable Reserve Fee Share Class (A) and an AG Base Fee Share Class. Details of the share classes are set out in the prospectus of the Company available at www.orbis.com and a copy of the amended Bye-Laws may be obtained from the Investment Manager, Orbis Investment Management Limited.

Notice regarding Orbis SICAV Emerging Markets Equity Fund and Orbis SICAV Japan Equity Fund

The Orbis SICAV Emerging Markets Equity Fund and Orbis SICAV Japan Equity Fund will now offer three new share classes that will be available to eligible South African investors, namely a Shared Investor Refundable Reserve Fee Share Class, a Shared Investor Refundable Reserve Fee Share Class (A) and an AG Base Fee Share Class. Details of the share classes are set out in the prospectus of the Orbis SICAV available at www.orbis.com.

Notice regarding Orbis Optimal SA Fund Limited

The Orbis Optimal SA Fund Limited (the "Company") will now offer two new share classes, namely a US\$ Standard Share Class and a Euro Standard Share Class (A). Additionally, the fixed fee charged in the Fixed Fee Share Classes will be reduced from 1.7% to 1.5% per annum. Details of these share classes are set out in the prospectus of the Company available at www.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 January 2020.