

Orbis Japan Equity

Stockmarkets globally descended swiftly into a bear market this quarter as the coronavirus upended daily life in many parts of the world. As we calmly assess the long-term impact on the Strategy’s companies and the valuations on offer, we believe the crash created some of the most attractive opportunities in decades.

But there are more important things in life than markets. At this time, we sincerely hope that you and your families are healthy and safe, and we are doing our part to ensure the safety of our colleagues, their families, and our communities.

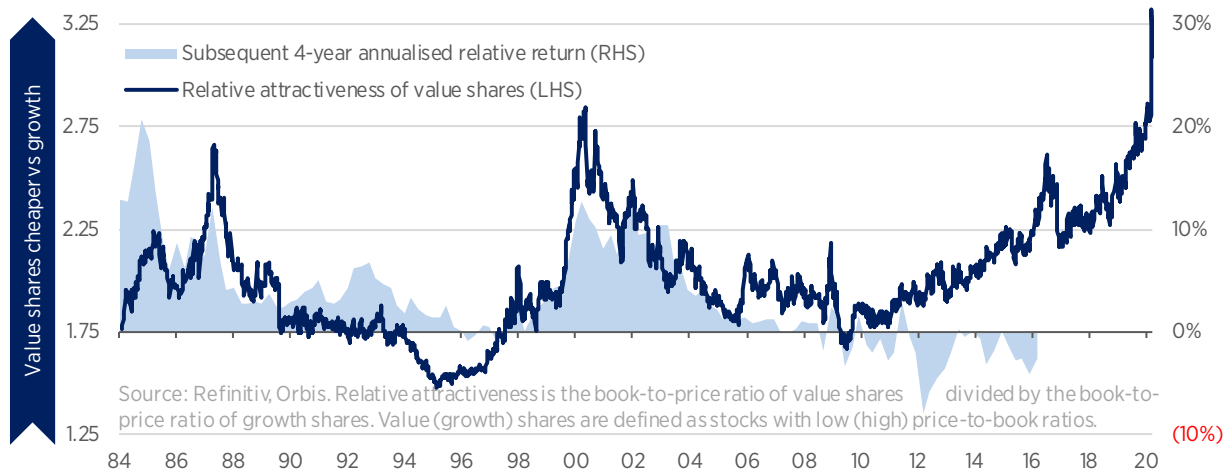
In line with government guidance, most of us at Orbis and on the Japan Equity research team are working from home. Having prepared for eventualities like this, our work has carried on as usual—we continue to cover our portfolio companies, speak to management teams, hold team meetings, and research new ideas. In the past month, we have conducted in-depth research on five companies we are considering for purchase. I have been heartened by the team’s diligence and productivity under these unusual circumstances.

By mid-March, the Japanese stockmarket had fallen 29% from its January peak, and unusually, the Orbis Japan Equity Strategy fell just as much. We are not happy with that performance. Over the Strategy’s history, we have typically outperformed in down markets in general and bear markets in particular. So what is different this time?

Coming into this year, roughly three-quarters of the portfolio was invested in shares in the cheaper part of the market. That was for good reason—our bottom-up process uncovered a number of solid companies available at steep discounts to their own history and to the wider universe. On a relative basis, such “value” shares traded near record low valuations, having underperformed more expensive shares for years. Then, in the span of a few weeks, their valuations went from approaching old records to setting new ones. By now, the chart of valuation spreads below should be familiar.

Value shares look unusually attractive in Japan

Relative attractiveness and subsequent 4-year relative return of value shares vs growth shares in the TOPIX 500, 1984 to Mar 2020



But value shares in Japan are not just attractive on a relative basis. The chart below shows their absolute valuations. For consistency, the chart plots their price-to-book ratios, but the pattern is the same no matter the metric used—value shares in Japan are cheaper than they were even during the global financial crisis or the strong yen period through 2012.

Note how the lines on both charts go vertical at the end, capturing the capitulation of the last few weeks. That is what feels different this time. In my career investing in Japan, I have rarely seen the degree of panic we saw in early March. The sell-off among value shares appears to us to be almost totally indiscriminate, with the market making little distinction between strong and weak companies, or those that will recover to thrive again one day and those that might not. The market appears to be saying that all cheap stocks must be bad companies, and that all expensive stocks must be good ones. We think that is wrong, and we are more than happy to take advantage of the resulting dysfunction.

Value is also attractive on an absolute basis

Price-to-book value of the bottom half of the TOPIX 500



Orbis Japan Equity (*continued*)

To do that, our first step has been to stress test the financial strength of the companies we hold. Over the past month, the team has gone through every company in the portfolio and analysed its balance sheet, capital needs, cash flows, and the potential for equity dilution, write-downs, and dividend cuts. To highlight just a few of our conclusions:

Profits for oil producer Inpex will suffer in the short term from sub-\$30/barrel oil prices, but the company is much better positioned than many of its industry peers. Having just ramped up its multi-year Ichthys project, Inpex now has low capital spending needs while its production costs of less than \$6/barrel and multi-decade reserve life should help it weather the storm.

Honda Motor has had to shut many of its factories globally, and auto dealers in many markets are now closed. But setting aside its financing business, Honda has \$18bn of net cash on its balance sheet, and its conservatively-run lending arm actually made an operating profit during the global financial crisis. The company has never made an annual loss. Demand for cars has likely been delayed rather than completely destroyed, and Honda's world-leading motorcycle business should also be more resilient than the market expects.

The trading companies Mitsubishi, Sumitomo, and Mitsui & Co have net debt, but they also enjoy superb credit ratings and advantaged access to credit as they sit in corporate families with Japan's megabanks. While the companies may need to take write-downs on some investments, these are not cash expenses. They did not dilute shareholders during the financial crisis, and their balance sheets are even stronger today.

In short, there is not a single stock in the portfolio where I am worried about balance sheet issues. Japan's multi-decade deleveraging effort has left its companies increasingly cash-rich, and while that can be a frustration at times, it is welcome now.

Having assured ourselves that our companies will be survivors, we have surveyed the market to see which stocks trade at the most attractive discounts to their intrinsic value. To be frank, the market has sold off so violently that almost everything looks more attractive than it did.

Some of our portfolio companies are beneficiaries of the current environment, such as the drugstores, including Tsuruha Holdings, Cosmos Pharmaceutical, Kusuri no Aoki, and Sundrug, and which represented about 15% of the portfolio at the beginning of the year. Having built up the positions in these stable, quality businesses during a period of concern about the industry early last year, they had already started to recover when the virus hit Japan. This year, they have outperformed dramatically, benefitting as customers flock to their stores for toilet paper. The boost to their fundamentals has probably made their shares more attractive.

Many of the stocks that look most extreme today were ones we already held, and we are even more enthusiastic holders at these valuations. Investors seem to be selling stocks with an uncertain short-term outlook at almost any price. Our biggest purchases have been in decent businesses with strong balance sheets whose valuations look completely detached from reality.

The most vivid example is Yamato Kogyo, an electric arc furnace steelmaker. While the business has some cyclicity, it was profitable even through the global financial crisis. Under conservative assumptions, we believe profits next year will fall by half, but remain comfortably positive. It is a decent business, and at points this month, we were paying *absolutely nothing* for it—the cash on Yamato Kogyo's balance sheet was worth more than its market capitalisation!

Today the company trades at 0.4 times its book value, and similarly exceptional value appears throughout the portfolio. Unipres trades at 0.3 times book, Sumitomo Electric Industries at 0.6 times, Honda at 0.6 times—all at or below their lowest valuations during the global financial crisis. Even after making conservative adjustments to account for tough conditions this year, our portfolio as a whole trades at a stunningly cheap 0.9 times book value. In Japan, it looks to me like we have some of the best investment opportunities since the global financial crisis.

None of this means that stocks could not fall further. While Japanese shares have bounced by 15% from their lows, they could fall much, much more. But with prices at the lows seen this month, I struggled to imagine a permanent capital loss from the portfolio's holdings. With a long-term view, I felt like I could close my eyes and buy Orbis Japan. So I did.

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

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.

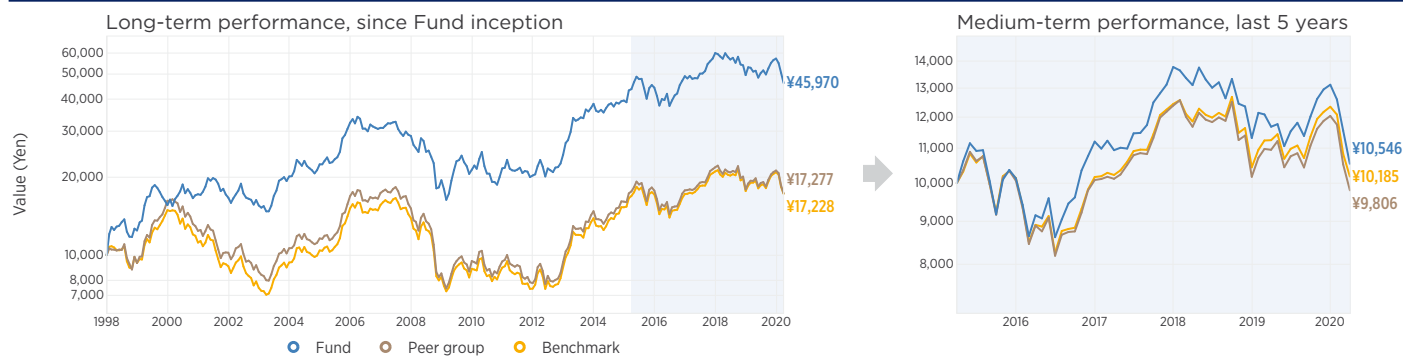
Orbis SICAV Japan Equity (Yen) Fund

Investor Share Class

The Fund is designed to be exposed to all of the risks and rewards of selected Japanese equities and seeks higher returns than the Japanese stockmarket, without greater risk of loss. It is predominantly exposed to the Japanese yen. The performance fee benchmark ("Benchmark") is the Tokyo Stock Price Index, including income, gross of withholding taxes ("TOPIX").

Price	¥4,597	Benchmark	TOPIX
Pricing currency	Japanese yen	Peer group	Average Japan Equity Fund Index
Domicile	Luxembourg	Minimum investment	US\$50,000
Type	SICAV	Dealing	Weekly (<i>Thursdays</i>)
Fund size	¥102 billion	Entry/exit fees	None
Fund inception	1 January 1998	UCITS compliant	Yes
Strategy size	¥187 billion	ISIN	LU0160128079
Strategy inception	1 January 1998		

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



Returns (%)

	Fund	Peer group	Benchmark
Annualised			
Since Fund inception	7.1	2.5	2.5
20 years	5.3	0.4	0.8
10 years	6.9	5.3	6.0
5 years	1.1	(0.4)	0.4
3 years	(1.2)	(1.0)	(0.1)
1 year	(9.7)	(10.5)	(9.5)
Not annualised			
3 months	(19.5)	(18.5)	(17.5)
1 month	(8.7)		(6.0)

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

Sector Allocation (%)

Sector	Fund	Benchmark
Cyclicals	57	37
Consumer Non-Durables	33	26
Financials	5	9
Information and Communications	2	10
Technology	0	17
Utilities	0	2
Net Current Assets	3	0
Total	100	100

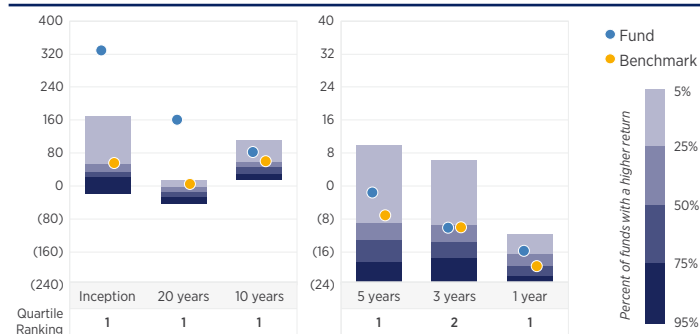
Top 10 Holdings

Company	Sector	%
TSURUHA Holdings	Consumer Non-Durables	7.6
Sumitomo	Consumer Non-Durables	7.6
Honda Motor	Cyclicals	7.4
Iida Group Holdings	Cyclicals	5.1
Sumitomo Mitsui Fin.	Financials	5.0
Toyo Tire	Cyclicals	4.7
Kubota	Cyclicals	4.5
Kusuri no Aoki Holdings	Consumer Non-Durables	4.5
Sumitomo Electric Industries	Cyclicals	4.3
NGK INSULATORS	Cyclicals	4.2
Total		54.8

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	52	59	56
Months to recovery	90	95	93
Annualised monthly volatility (%)	18.2	18.3	17.6
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 (%)



Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	93
Total number of holdings	31
12 month portfolio turnover (%)	42
12 month name turnover (%)	15
Active share (%)	90

Fees & Expenses (%), for last 12 months

Management fee ¹	1.72
For 3 year performance in line with Benchmark	1.50
For 3 year outperformance/(underperformance) vs Benchmark	0.22
Fund expenses	0.10
Total Expense Ratio (TER)	1.82

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 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:	10,393,823	Euro Class: 723,280
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 be exposed to all of 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. In addition, 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.

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 invest in, and be exposed to Japanese 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 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

31 December 2019	%	31 March 2020	%
Sumitomo	8.8	TSURUHA Holdings	7.6
TSURUHA Holdings	6.4	Sumitomo	7.6
Honda Motor	5.9	Honda Motor	7.4
Sumitomo Mitsui Fin.	5.8	Iida Group Holdings	5.1
Mitsui & Co	5.6	Sumitomo Mitsui Fin.	5.0
Iida Group Holdings	5.0	Toyo Tire	4.7
COSMOS Pharmaceutical	4.8	Kubota	4.5
Mitsubishi	4.8	Kusuri no Aoki Holdings	4.5
NGK INSULATORS	4.8	Sumitomo Electric Industries	4.3
INPEX	4.6	NGK INSULATORS	4.2
Total	56.6	Total	54.8

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

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 Depository 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 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 19 March 2020. 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.

Average Fund and Peer Group Data Changes

Morningstar is discontinuing its Global Investment Fund Sectors (GIFS) on 17 April 2020, but will continue to offer Morningstar Categories, which are aligned with GIFS. Prior to March 2020, Orbis reports used GIFS for Average Fund and Peer Group information. For reports dated 31 March 2020 or later we have replaced GIFS with Morningstar Categories, with the update applying retrospectively for all periods. For further information, please see the FAQ from Morningstar here: [Morningstar Release](#).

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-linked 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 March 2020.