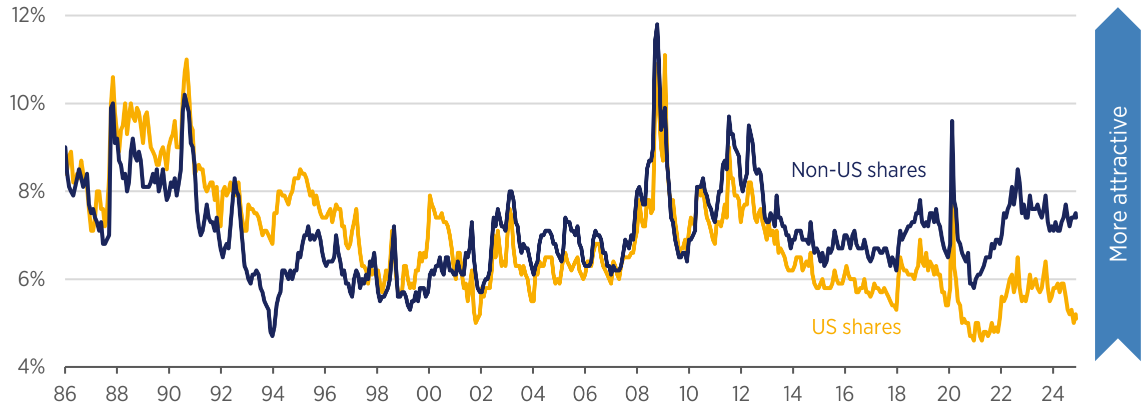
Orbis International Equity

The US market continues to attract the bulk of the world's capital. This sustained demand has led to a historically wide gap between the average US-listed stock and the rest of the world. By looking at median valuations, the below chart avoids the tech behemoths—the average US stock looks more like a mid-sized retailer than a Microsoft—yet the growth expectation embedded in said US retailer is demonstrably higher than its non-US peer.

Relative to the US, international shares look as attractive as ever

Median forward earnings* yield of US versus international shares in the FTSE World Index



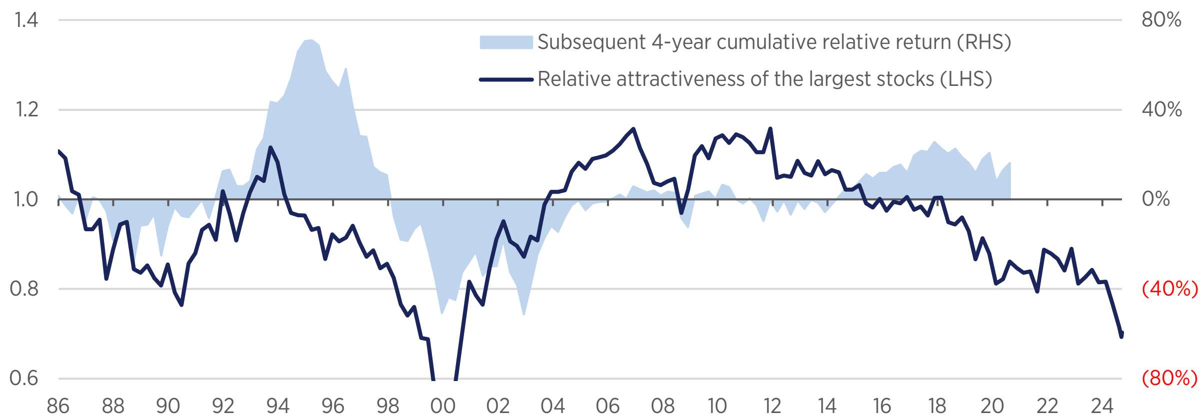
Source: LSEG Datastream, LSEG I/B/E/S Estimates, FTSE, Orbis. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. *IBES FY2 (next financial year).

Of course, the bigger stocks have been the real engine of investment returns. We simulated the performance of 10,000 portfolios, randomly selecting their holdings from a global equity index, since the start of 2017 and found that the global equity index itself outperformed 90% of the portfolios. Truly a golden age for sitting passively in cap-weighted indices. It's important to note that one of the key reasons for the explosive outperformance of the shares of larger companies (and that of major indices by extension) was the starting point. As the chart below indicates, a decade ago investors had relatively low expectations for the large-cap businesses. While their subsequent realised earnings growth was no doubt impressive in aggregate, it was the fact that this growth took the market by surprise that led to outsized equity gains.

The picture looks quite different today. Investors are now more conditioned to higher growth—expectations are higher and so too are valuations. From this new starting point, we think it will be tough to deliver the same investment results over the next decade. And with most of the world's money now crowded into a few large, correlated bets, the risk of reflexive downside is growing. One could also add currency to this narrative. Sitting near 30-year highs vs. the yen, King Dollar reigns supreme.

From current valuations, the largest stocks globally may struggle to outperform

Relative attractiveness and subsequent returns of top FTSE World Index stocks vs the whole Index



Source: LSEG Datastream, LSEG I/B/E/S Estimates, FTSE, Orbis. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. Relative attractiveness based on the median IBES next financial year earnings yield ratio between the top decile of stocks (by market capitalisation) and the entire Index.

Orbis International Equity *(continued)*

In our view, there are as many reasons to be cautious about US asset prices as there are reasons to be excited. Investors may cheer the potential long-term benefits of improving government efficiency but may be ignoring the pain necessary to get there. Investors may cheer the America-first policy of reshoring primary industry but may be ignoring the atrophied domestic skills-base and the fact that differentiated expertise partnered with global trade has been the key productivity driver for decades. Investors may cheer the prospect of billions of state-directed capital being marked for US domestic investment but may be ignoring the potential response from other states around the world, especially worrying given US dependence on foreign savings.

Given the US dominates the global equity landscape at present, and given broad-based absolute valuations are close to all-time highs, we see the need for caution in one's investment approach. A double digit annualised real return over the next decade would be a fabulous outcome in our view. We believe the best way to get there, given the generally compressed and correlated risk premia on offer across markets, is to find mispricings. A mere 20% discount to intrinsic value, realised over a 4-year period, can lift returns by more than 5% per annum—an enormous number when compounded over the long term. We have been fortunate to deliver excess returns in this range over time, and international equities have been a rich seam in that regard.

The opportunity within international markets is especially attractive today given overall lower valuations, cheaper currencies, and fewer eyeballs analysing businesses. The first two set the stage for attractive absolute returns, and the latter for excess returns through stock selection.

As noted in recent commentaries, the International Strategy's portfolio is becoming increasingly idiosyncratic as some of the large clustered mispricings of the post-pandemic era have started to diminish. What's left is still compelling. A quick tour of some of our larger holdings should give you a sense of the type of opportunities we've been finding.

Nintendo remains a core holding. It's instructive to compare it to Disney, noting that the number of "core enthusiasts" for both brands is broadly similar across the world. Despite this, Nintendo's enterprise value is only about a fifth of Disney's. This isn't a function of Disney trading too high—it looks fairly reasonable for a US company. The dislocation is due to Disney's substantially higher revenue base, an outcome of relentless focus on the monetisation of its core intellectual property (IP).

Historically, Disney has spent decades extending its brand to theme parks, merchandise, movies, and more. Indeed, this was all part of founder Walt Disney's vision dating back to the 1950s. Nintendo, on the other hand, has been much more conservative, preferring to carefully nurture its key franchises. Nintendo intentionally extracts far less revenue from its legions of hardcore fans. Indeed, Disney's streaming businesses alone generate more revenue than Nintendo's entire business. And streaming is less than 30% of Disney's revenue!

We don't expect Nintendo to close this gap anytime soon—it's hard to argue that their approach to building enduring IP has been wrongheaded—but it's clear that they are moving to meet Disney somewhere in the middle. Examples include last year's blockbuster Mario movie—which cracked the top 20 highest grossing films of all time with a $1.3 billion box office—and theme park partnerships with Universal Studios. The result should be a gradual inflection in profit while carefully preserving the brand.

In our view, another top holding—FirstService—carries similarly underappreciated growth prospects, but that's where the comparison ends. Roughly half of the business is focused on residential property management, where it is the leading provider in North America. The other half is a collection of businesses that provide essential property-related services such as restoration, fire prevention, home inspections, and painting to both residential and commercial customers. It's a durable, resilient business with predictable recurring revenue streams, a long growth runway, and a unique shareholder-centric culture. It's a particularly good example of astute "game selection", having positioned itself in markets where it has an edge over much smaller and less sophisticated local competitors. The Founder/Chairman and the CEO both have meaningful skin in the game, increasing incentives to align the company's interests with those of shareholders.

What's especially exciting to us is that FirstService operates in a niche and is not widely followed. Although most of its revenue comes from the US, the company is listed and headquartered in Canada. They do not have a dedicated Investor Relations contact, are rarely seen on the conference circuit, and you won't find the stock in any bloated US indices. As such, we believe the valuation is modest given the company's long-term prospects, and we have an opportunity to build a strong relationship with management over time.

Orbis International Equity *(continued)*

As a final example, we have followed Irish/European paper products company Smurfit Kappa for many years and have been impressed by management, in particular their emphasis on efficiency and shareholder returns. Smurfit Kappa's recent merger with WestRock piqued our interest once again. WestRock's assets have historically been undermanaged, and we believe there is an opportunity for Smurfit Kappa's team to create meaningful value through synergies and improved execution. If we are right, newly formed Smurfit Westrock could offer mid-double-digit returns from current levels—and importantly, we believe much of this will be driven by factors that are under management's control.

Overall, we are enthused by the investments that are on offer in the current environment. Amongst the International Strategy's holdings we have movie theatres, gaming, reinsurance, property management, cardboard boxes, defense, aerospace, big data, Asian e-commerce, logistics, and plain vanilla banking. It's an eclectic mix of businesses with idiosyncratic drivers, from merger efficiencies to well-managed enduring cash flows to underappreciated upside in specific niches. While the seas may well get choppy, with increasing risk, correlation, and concentration coming to the fore, we are still able to find plenty of differentiated opportunities that should deliver reasonable returns over the long term.

Commentary contributed by Graeme Forster, Orbis Investment Management Limited, Bermuda.

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

Orbis SICAV International Equity Fund

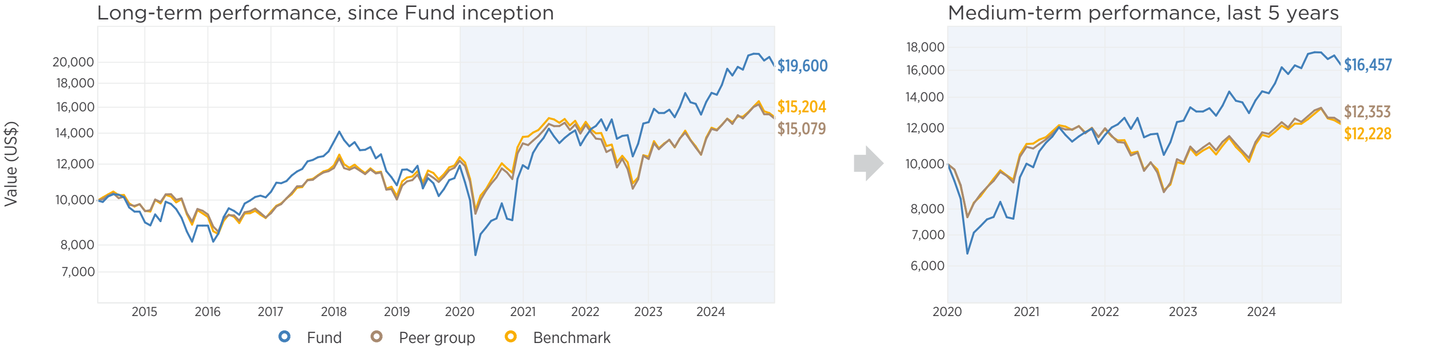
Investor Share Class

The Fund is actively managed and designed to be exposed to all of the risks and rewards of a portfolio of selected non-US equities. It aims for higher returns than a designated benchmark (“Benchmark”), namely the MSCI All Country World Index ex-USA, including income and net of withholding taxes (“MSCI ACWI ex-USA Index”). Currency exposure is managed relative to that of the MSCI ACWI ex-USA Index.

Price	US$19.60
Pricing currency	US dollars
Domicile	Luxembourg
Type	SICAV
Fund size	US$2.5 billion
Fund inception	1 April 2014
Strategy size	US$4.1 billion
Strategy inception	1 January 2009

Benchmark	MSCI ACWI ex-USA Index
Peer group	Average International Equity Fund Index
Minimum investment	US$50,000
Dealing	Weekly *(Thursdays)*
Entry/exit fees	None
UCITS compliant	Yes
ISIN	LU1056236232

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



On 1 June 2017, the Benchmark for the Orbis SICAV International Equity Fund changed from the MSCI World ex-USA Index to the MSCI All Country World Index ex-USA, both including income and net of withholding taxes. Data above and Returns for the period before 1 June 2017 relate to the MSCI World ex-USA Index.

Returns (%)

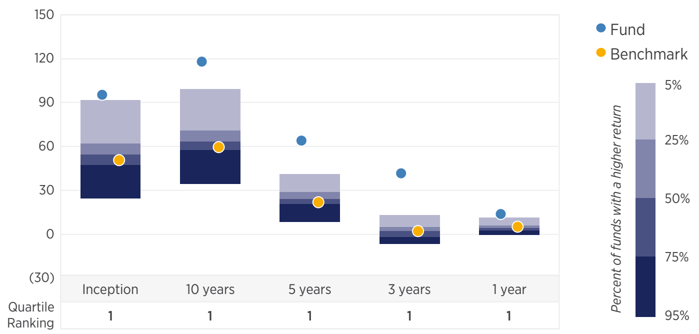
	Fund	Peer group	Benchmark
Annualised		*Net*	*Gross*
Since Fund inception	6.5	3.9	4.0
10 years	8.1	4.7	4.8
5 years	10.5	4.3	4.1
3 years	12.4	1.0	0.8
1 year	14.2	5.3	5.5
Not annualised			
3 months	(6.0)	(6.9)	(7.6)
1 month	(4.6)		(1.9)

Annual returns to 31 Dec	2020	2021	2022	2023	2024
	0.3	15.5	7.5	15.8	14.2

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	46	28	28
Months to recovery	40	31	36
Annualised monthly volatility (%)	19.1	14.5	14.7
Beta vs Benchmark	1.2	1.0	1.0
Tracking error vs Benchmark (%)	9.1	2.5	0.0

Ranking within peer group, cumulative return (%)



Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
Developed Markets	**76**	**88**	**70**
Continental Europe	19	15	31
United States	15	11	0
United Kingdom	14	14	9
Japan	10	31	14
Other	17	17	16
Emerging Markets	**23**	**12**	**30**
Net Current Assets	*1*	*0*	*0*
Total	**100**	**100**	**100**

Top 10 Holdings

	MSCI Sector	%
Nintendo	Communication Services	4.3
Cinemark Holdings	Communication Services	4.2
FirstService	Real Estate	3.7
Smurfit Westrock	Materials	3.2
RenaissanceRe Holdings	Financials	3.2
British American Tobacco	Consumer Staples	3.1
Leonardo	Industrials	3.0
Rolls-Royce Holdings	Industrials	2.8
DSV	Industrials	2.8
Bank of Ireland	Financials	2.7
Total		**33.2**

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	62
Total number of holdings	66
12 month portfolio turnover (%)	78
12 month name turnover (%)	38
Active share (%)	91

Fees & Expenses (%), for last 12 months

Fund expenses	0.11
Total management fee[1]	2.50
Total Expense Ratio (TER)	**2.61**

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] Total management fee consists of 1.5% per annum ± up to 1%, based on 3 year rolling outperformance/(underperformance) vs Benchmark.

Legal Notices

Past performance is not a reliable indicator of future results. 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. 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. Subscriptions are only valid if made on the basis of the current Prospectus of an Orbis Fund. Please refer to the respective Fund's Prospectus for full information on the risks associated with investing.

The discussion topics for the commentaries were selected, and the commentaries were finalised and approved, by Orbis Investment Management Limited, the Funds' 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. To the maximum extent permitted by applicable law, 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.

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If you are an investor in Australia, pursuant to Regulation 7.1.33B of the Corporations Regulations, this document is provided to you on behalf of the relevant Orbis Funds by Orbis Investment Advisory Pty Ltd, Australia Financial Services Licence No. 237862, Australia Business Number 15 101 387 964.

This is a marketing communication for the purposes of the Bermuda Monetary Authority's investment business rules and ESMA guidelines on marketing materials. You should consider the relevant offering documents including the Fund Prospectus and Key Information document (for a SICAV Fund) before making any final investment decisions. These offering documents are available in English on our website (www.orbis.com).

Investors in a SICAV Fund can obtain a summary of their investor rights in English on our website (www.orbis.com).

When investing in the Orbis Funds an investor acquires shares within the Fund and not in the underlying assets held within the Fund.

Fees charged reduce the potential growth of your investment. Please refer to the relevant Fund's Prospectus for detailed information on the fees and expenses attributable to the Fund and for information on date of payment of the performance fee as applicable.

The return of your investment may change as a result of currency fluctuations if the return is calculated in a currency different from the currency shown in this Report.

Notice to Persons in the European Economic Area (EEA) and the United Kingdom (UK)

Each sub-fund of Orbis SICAV, a UCITS compliant Luxembourg fund, included in this Report is admitted for public marketing in Ireland, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom. The Orbis Funds that are not Orbis SICAV Funds are alternative investment funds that are neither admitted for public marketing anywhere in the EEA nor marketed in the EEA for purposes of the Alternative Investment Fund Managers Directive. As a result, persons located in any EEA member state will only be permitted to subscribe for shares in the Orbis Funds that are admitted for public marketing in that member state or, with respect to any other Orbis Fund, under certain circumstances as determined by, and in compliance with, applicable law and persons located in the United Kingdom will only be permitted to subscribe for shares in Orbis Funds that are admitted for public marketing in the UK or as otherwise permitted under the laws of the UK.

Orbis Funds that are within the scope of the EU Directive on Administrative Cooperation (Directive 2014/107/EU) are required to report (i) certain payments made to investors that are tax-resident in an EU Member State and (ii) the annual balance of the Orbis accounts held by those investors. Under applicable automatic exchange of information provisions, this information may also be forwarded to the tax authorities in the EU Member State in which the investor is tax-resident.

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 on our website (www.orbis.com). Returns are net of fees, include income and assume reinvestment of dividends/distributions. Annualised returns show the average amount earned on an investment in the Fund/share class each year over the given time period. The country and currency classification for securities follows that of third-party providers for comparability purposes. Emerging Markets follows MSCI classification when available and includes Frontier Markets. Emerging Markets currency exposure is based on currency denomination. 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. Cash, cash equivalents and short-term government securities 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.

Active share is a measure of the extent to which the holdings of the Orbis Equity and Balanced 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 Balanced 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 Balanced 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.

Benchmark related information is as at the date of production based on data provided by the official benchmark and/or third party data providers. There may be timing differences between the date at which data is captured and reported.

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 2024.

Orbis Multi-Asset Class Funds: Net Equity is Gross Equity minus stockmarket hedging. Fixed Income refers to fixed income instruments issued by corporate bodies, governments and other entities, such as bonds, money market instruments and cash. Net Fixed Income is Gross Fixed Income minus bond market hedging. Except where otherwise noted, government fixed income securities are aggregated by time to maturity and issuer. TIPS are not aggregated with ordinary treasuries. Duration is calculated using the modified duration of the fixed income instruments in the portfolio, or the effective duration in the case of fixed income instruments with embedded options and real effective duration in the case of inflation-linked bonds. Yield to Maturity ("YTM") for the Fund and the JP Morgan Global Government Bond Index is the average of the portfolio's fixed income instruments' YTMs, weighted by their net asset value. Real YTM is used for inflation-linked bonds. The calculations are gross and exclude non-performing fixed income instruments.

Orbis SICAV Funds: The Fund expenses exclude portfolio transaction costs. The performance related management fee becomes payable to Orbis on each Dealing Day as defined in the Funds' Prospectus.

Orbis Optimal Funds: Total Rate of Return for Bank Deposits is the compound total return for one-month interbank deposits in the specified currency. Beta Adjusted Exposure is calculated as Equity Exposure multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.

Fund Information

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

Prior to 1 November 2016 the Orbis SICAV Emerging Markets Equity Fund was named the Orbis SICAV Asia ex-Japan Equity Fund, its Benchmark was the MSCI All Country Asia ex-Japan (Net) (US$) Index, and its peer group was the Average Asia ex-Japan Equity Fund Index.

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

Prior to 1 July 1998 Orbis Optimal (US$) was managed with a currency benchmark of 40% US dollars, 40% European currency units and 20% Japanese yen. On 1 July 1998 this was changed to 100% US dollars and the euro denominated Fund was launched.

Fund Minimums

Minimum investment amounts in the Orbis Funds are specified in the respective Fund's Prospectus. New investors in the Orbis Funds must open an investment account with Orbis, which is subject to a US$100,000 minimum investment, country restrictions and/or other terms and conditions. For more information on opening an Orbis investment account, please visit www.orbis.com.

Sources

 The latest average fund indices provided by Morningstar are for 24 December 2024. 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. For the purposes of extending the Average Global Equity Fund Index as a comparator of the Orbis Optimal Funds, the FTSE World Index has been used. 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.