

## Orbis Optimal

### Looking back at 2025

The Orbis Optimal Strategy is managed by a small team, each running a concentrated portfolio of differentiated businesses. We look for underappreciated, misunderstood or unloved companies that trade at a meaningful discount to our estimate of intrinsic value. Owning these and hedging out market risk allows us the opportunity to generate idiosyncratic alpha that translates into returns that beat cash and are uncorrelated with market movements.

When we say “unloved”, US biotechnology has been a clear example of what this means. After peaking during the pandemic period, many US pharmaceutical and biotech names sold off as investors grappled with policy uncertainty and political debate about the cost of care. The Trump administration’s “Make America Healthy Again” agenda added to the uncertainty, causing a broad selloff that punished businesses indiscriminately.

Such selloffs can create attractive entry points. We bought a basket of biotech businesses with best-in-class medicines, deep scientific capabilities and high-calibre management teams. At the lows, these traded below a conservative assessment of the value of their probable cashflows, giving no credit for future successes. Povilas Dapkevicius and Mo Zhao discussed some of these, namely Genmab, Alnylam and Insmed, in the Strategy’s second quarter commentary. Each positively contributed to Strategy performance in 2025, and we believe they continue to offer a meaningful gap between price and value.

Defence was another area where prices and fundamentals diverged. While prices of healthcare businesses overreacted to perceived negative administration changes, prices of defence businesses underreacted to a significant shift in the geopolitical and policy environment. The ongoing war in Ukraine, changing US priorities, and rapid technological change have transformed defence companies from “running to stand still” to “running to catch up”. Their revenue, margins and returns have responded accordingly, as have their share prices. Holdings such as Leonardo, Mitsubishi Heavy Industries and BAE Systems were strong contributors. Unlike our biotech holdings, price appreciation in these companies closed the discount to value. We sold them and recycled capital into other opportunities.

Our Japan investment team has an impressive track record of alpha generation. Readers are encouraged to read the Orbis Japan Equity commentaries to get an appreciation for their approach and views in Japan. Mitsubishi Estate was one of the larger contributors in the Strategy and illustrates the kind of ‘simple but effective’ thesis we like: irreplaceable premium properties, improving rental dynamics as Japan experiences inflation for the first time in decades, and a starting valuation materially below our estimate of net asset value. We found similar value across other Japanese businesses where operational improvements and better capital allocation are translating into higher returns for shareholders.

Beyond these themes, it is worth calling out a handful of idiosyncratic holdings that contributed to stockpicking alpha, showing thesis validation despite market noise. Barry Callebaut, the world’s leading manufacturer of chocolate and cocoa products, was overly penalised for higher cocoa prices, even though the resulting industry stress may ultimately strengthen its role in the supply chain. British American Tobacco’s next-generation nicotine products continue to gain traction, while investor attention remains fixed on the slow decline in cigarette volumes. Tesco’s scale and loyalty ecosystem are helping it outcompete supermarket peers, supporting resilient cashflows and shareholder returns.

Africa exposure was also an important contributor to the Orbis Optimal Strategy, demonstrating the value of the portfolio’s ability to retain targeted exposures to the most attractive regional stockmarkets and currencies. Years of being ignored by global investors led to extreme regional mispricings. This was epitomised by Nigerian banks that one could, and still can, buy at low single-digit earnings multiples despite enviable track records of durable returns. We patiently waited for the gap between price and value to close and were rewarded this year as the trend of neglect finally reversed and African indices were amongst the best performing globally in US dollar terms.

What did we get wrong? US health insurers, Elevance Health and UnitedHealth, did poorly. We have followed the industry for many years, developing an appreciation for the quality of the businesses, but also for the macro driven nature of sentiment towards the sector. The fundamentals of these businesses change slowly while perceptions of their value change suddenly. This year, share prices reacted negatively to political noise, accusations of prioritising profit over patient care, and poor management decisions. We trimmed our position in response to initial concerns but did not sell entirely, which hurt performance. We subsequently added at

## Orbis Optimal (continued)

lower prices and remain confident that these businesses will continue compounding shareholder value. The wider discount simply amplifies the upside potential.

US cycicals also underperformed our expectations. Higher interest rates and stretched affordability have weighed on housing-related businesses. Economically sensitive areas like transport, packaging and discretionary consumption are in the depths of a downturn linked to weakness in the bottom part of the “K-shaped” US economy. We underestimated the duration of this downturn. While we cannot predict when it will turn, it reliably has in the past. Our focus is on finding companies where management is protecting and, ideally, increasing long-term value per share through the downturn. The Strategy owns a range of companies that fit this description, including Corpay, Fortune Brands Innovations, FirstService (a Canadian company with significant US revenue), RXO and Smurfit Westrock. We are excited about their future potential.

It would be remiss to not mention AI. The Strategy has limited exposure to the headline beneficiaries but does own Taiwan Semiconductor Manufacturing Company (TSMC) and Nebius. TSMC needs little, if any, introduction. Netherlands-based Nebius previously was part of the Russian technology business Yandex, before selling its Russian assets, severing all ties with the country, and developing into an international AI-focused cloud infrastructure business. Its CEO and Chairman were both involved with Yandex’s founding and have strong track records of building successful businesses. Our respect for the Nebius team helped us appreciate its potential before it was recognised by the market.

It would also be remiss to not mention China. The Strategy’s Greater China exposure is concentrated in world class businesses at large discounts to value. Some of these, such as Netease and Jardine Matheson, performed well as earnings exceeded expectations following value enhancing management actions. Others such as Anta Sports have been disappointing. We remain cognisant of the risks within China but believe these are offset by the value within our holdings, and the Strategy’s ability to hedge out regional currency and market risk.

Looking ahead, we are optimistic—not because we expect markets to be calm, but because volatility is often the source of opportunity. We continue to find businesses where we believe price and value are meaningfully misaligned. If these perform as we expect, the Strategy should continue to generate pleasing absolute returns with low correlation to broad market movements.

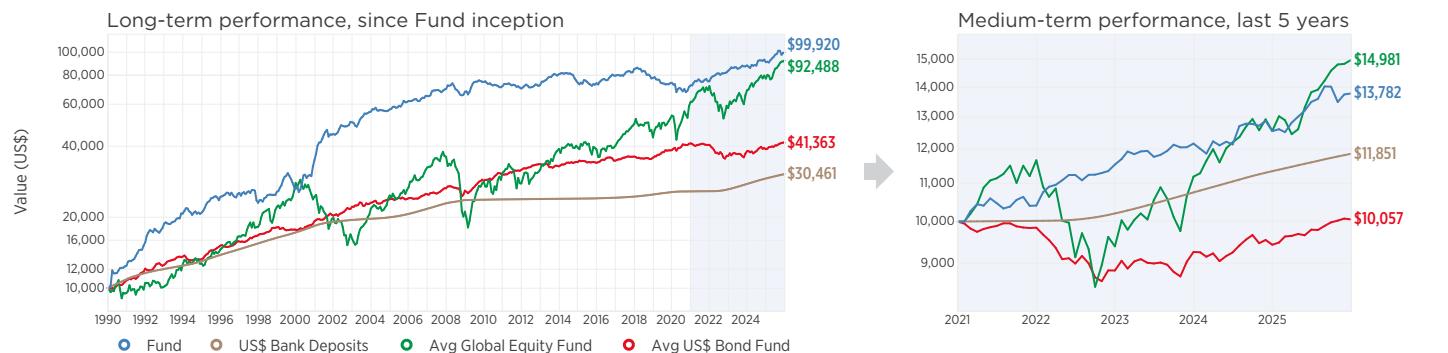
Thank you for trusting us to protect and grow your wealth.

Commentary contributed by Mark Dunley-Owen, Orbis Investment Management Limited, Bermuda

## Orbis Optimal (US\$) Fund

The Fund seeks capital appreciation in US dollars on a low risk global portfolio. It invests in Orbis' preferred mix of equities principally via investment in Orbis' equity strategies. The risk of loss is managed with stockmarket and currency hedging. The Fund's currency benchmark is 100% US dollars.

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



### Returns (%)

	Fund	US\$ Bank Deposits	Avg Global Equity Fund	Avg US\$ Bond Fund
<b>Annualised</b>	<b>Net</b>			
Since Fund inception	6.6	3.1	6.4	4.0
35 years	6.1	3.0	6.7	3.9
10 years	3.0	2.4	9.1	2.0
5 years	6.6	3.5	8.4	0.1
3 years	6.1	5.1	16.8	4.4
1 year	9.9	4.4	19.4	6.6
<b>Not annualised</b>				
3 months	(1.7)	1.0	2.7	0.8
1 month	0.3	0.3		

### Risk Measures, since Fund inception

	Fund	US\$ Bank Deposits	Avg Global Equity Fund	Avg US\$ Bond Fund
Historic maximum drawdown (%)	21	0	52	14
Months to recovery	60	n/a	73	58
Annualised monthly volatility (%)	7.5	0.7	14.3	3.7
Correlation vs FTSE World Index	0.1	0.0	1.0	0.4

### Currency Allocation (%)

US dollar	80
Japanese yen	6
Greater China currencies	5
South African rand	3
Other	6
<b>Total</b>	<b>100</b>

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.

<sup>1</sup> The Fund indirectly bears the fees of the funds in which its assets are ultimately invested.

Price	US\$99.92	Comparators	US\$ Bank Deposits
Pricing currency	US dollars	Average Global Equity Fund Index	Average US\$ Bond Fund Index
Domicile	Bermuda		
Type	Open-ended mutual fund	Minimum investment	US\$50,000
Fund size	US\$2.4 billion	Dealing	Weekly (Thursdays)
Fund inception	1 January 1990	Entry/exit fees	None
Strategy size	US\$3.8 billion	ISIN	BMG6766M1055
Strategy inception	1 January 1990		

### Stockmarket Exposure (%)

Region	Equity Exposure	Stockmarket Hedging	Accounting Exposure	Beta Adjusted Exposure
Developed Markets	76	(72)	4	(4)
United States	37	(41)	(4)	(5)
Japan	18	(14)	4	0
Continental Europe	7	(4)	3	1
United Kingdom	5	(4)	1	0
Other	9	(9)	0	0
Emerging Markets	12	(5)	7	4
<b>Total</b>	<b>88</b>	<b>(77)</b>	<b>10</b>	<b>0</b>

### Top 10 Holdings, looking through to the underlying securities

	FTSE Sector	%
Corpay	Industrials	3.8
Taiwan Semiconductor Mfg.	Technology	3.1
FirstService	Real Estate	2.9
Motorola Solutions	Telecommunications	2.6
Mitsubishi Estate	Real Estate	2.6
Ryder System	Industrials	2.4
Smurfit Westrock	Industrials	2.3
Genmab	Health Care	2.2
Techtronic Industries	Industrials	2.2
Asahi Kasei	Basic Materials	2.1
<b>Total</b>		<b>26.2</b>

### Fees & Expenses (%), for last 12 months

Management fees (from the underlying funds) <sup>1</sup>	1.85
For performance in line with the performance fee benchmark	1.25
For out/(under)performance vs performance fee benchmark	0.60
Performance fee (for the Orbis Optimal (US\$) Fund) <sup>2</sup>	0.12
Fund expenses	0.08
<b>Total Expense Ratio (TER)</b>	<b>2.05</b>

<sup>2</sup> The Fund pays a performance-based fee of up to 0.5% per annum of the Fund's weekly net assets whenever the Fund's share price is greater than its high of more than one year earlier and the Fund's trailing one-year return exceeds that of Bank Deposits plus 5 percentage points.



## Legal Notices

**Past performance does not predict future returns. 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. The Fund may be exposed to risks such as liquidity, credit, counterparty, derivatives and currency/exchange rate risks. Please refer to the respective Fund's Prospectus for full information on the risks associated with investing.

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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.

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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](http://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. The Fund does not seek to mirror the investment universe of the Benchmark and is thus not constrained by the Benchmark's composition.

Risk measures are ex-post and calculated on a monthly return series. Drawdowns occur when the cumulative return of the Fund drops below its preceding peak. Months to recovery measures the number of months from the preceding peak in performance to recovery of that level of performance.

Beta compares the sensitivity of the periodic returns of a fund to those of an index. A beta of 1.0 implies that a percentage move in the index has been reflected by a similar percentage move in the fund, on average. A beta higher than 1.0 implies that a fund has proportionally more exposure to market volatility than the index.

Annualised Monthly Volatility measures the variability of monthly returns, adjusted to reflect an annual level. A higher value suggests greater volatility and risk, while a lower value indicates more stable returns.

Tracking error is a measure of the difference between a fund's return and the return of its benchmark. Low tracking error indicates that the fund is closely following its benchmark. High tracking error indicates the opposite.

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 2025.

**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 a measure of the sensitivity of a bond's price to changes in interest rates. A higher duration indicates greater sensitivity to interest rate changes. 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") is the total expected return on a bond if it is held until it matures. 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 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](http://www.orbis.com).

### Sources

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