

Orbis Emerging Markets Equity

Accounting for almost 70% of world stockmarkets, US dominance within passive investor portfolios is clear. But now, with a President riding roughshod over global trading norms, it's becoming clear to some that cracks are beginning to show, and the US' outsized place in many portfolios is gradually looking imprudent. What is less clear however, is how investors should respond. The prevailing narrative for some time has been that the US is the best place to invest. Not surprising, given that stocks outside the US have been trounced by their American counterparts, underperforming by over 7% p.a. since 2010. The outperformance of the US has been particularly striking against emerging markets (EMs), where returns have been pedestrian by comparison for the last decade.

The US' gain has effectively been EMs' loss, sucking capital flows away from EM stockmarkets—many of which suffer from weak domestic participation due to the nascent structure of their economies. In some instances, domestic investors with sizeable capital to invest have also rushed into the US market. In Korea, for example, holdings of US stocks were up 65% in 2024 from the prior year, dragging the local Kospi index down nearly 10%. This occurred despite the government's attempts to raise historically low valuations through the "Corporate Value-up" initiative, which aims to encourage better capital management and corporate governance from companies.

Relative performance aside, the perceived heightened geopolitical risks, weaker growth prospects, ailing currencies and inadequate governance standards have led some investors to view EMs as uninvestable. But for us, therein lies the opportunity. Decades of neglect have left EMs priced for pessimism, trading at just 13 times earnings in aggregate. At a steep 30% discount to developed markets, and a 40% discount to the US, the valuation disconnect has become extreme. But to capitalise on this opportunity, we think investors can do far better than simply buying the passive EM index. By consistently applying Orbis' long-standing investment philosophy to bottom-up stock selection, the Orbis Emerging Markets Equity Strategy has not only delivered returns in excess of the EM index, but returns that have kept pace with the broader World Index.

Orbis Emerging Markets has delivered globally competitive returns

Total returns from 1 Jan 2006, rebased to 100



Source: LSEG Datastream, MSCI, Orbis. *Data shown is the asset-weighted net-of-fee return of all share classes in the Strategy. This return may differ from the return of any individual share classes. Returns data up to 31 December 2015 reflects the asset-weighted actual net returns of all Orbis Asia ex-Japan Equity Funds. From 1 January 2016 onwards, it reflects the asset-weighted actual net returns of the Orbis Emerging Markets Equity Funds. The Benchmark consists of the MSCI Asia ex-Japan Index up to 31 December 2015 and the MSCI Emerging Markets Index thereafter.

To capture the idiosyncratic alpha opportunities in global emerging markets, we endeavour to build a concentrated, high-conviction and differentiated portfolio of the very best opportunities we can find. We are both benchmark and style agnostic, and our contrarian approach often results in a portfolio with low correlation to broader global indices.

Our deep fundamental research aims to identify companies with favourable long-term prospects, driven by the strong value proposition they provide for their customers—ultimately translating into robust cash flow generation. We prefer to entrust our clients' capital with owner-operators who have a demonstrated track record of prudent stewardship, reflected in conservative balance sheets, sensible capital allocation and aligned incentives. Critically, we aim to buy these companies when they trade at a discount to our assessment of their

Orbis Emerging Markets Equity (*continued*)

true intrinsic value. These discounts often arise either due to neglect, where the market overreacts to short-term bad news, or because the market underestimates a company's ability to compound earnings into the future. Our long-term approach allows us to see through short-term pessimism, taking advantage of discounted prices to invest through the cycle, and reap the reward when sentiment turns more positive.

Our shares trade at a discount to EM and world markets

Metrics for Orbis EM Equity, MSCI EM and MSCI World indices

	Price / earnings (forward)	Cyclically adjusted price/ earnings ratio*	Price / book (trailing)	Dividend yield	Return on equity (10-year avg)	Revenue growth (10-year avg) [†]
Orbis EM Equity	9	n/a	1	4%	18%	20%
MSCI EM Index	13	12	2	3%	16%	16%
MSCI World Index	19	23	3	2%	22%	12%

Source: Worldscope, Bloomberg, MSCI, Orbis. Data is based on a representative account for the Orbis EM Equity Strategy. In each case, numbers are calculated first at the stock level and then aggregated using a weighted average. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. *CAPE ratio is based on trailing earnings. US\$ price indices, with 10-year avg cyclically-adjusted earnings deflated by US Consumer Price Index. [†]Non-financial companies.

Today, we believe the opportunity in emerging markets looks particularly compelling. On an absolute basis, EM shares look cheap relative to their fundamentals. And on a purely quantitative basis, the valuation gap between the Orbis Emerging Markets Equity portfolio and the index remains wide, leaving us excited about the prospect for both absolute and relative returns. But looking deeper, we think there is plenty more to be excited about.

Shares in the portfolio can broadly be split into two buckets—a group of well established but lower-growth businesses, that are

generating healthy cash flows and demonstrating discipline to increasingly pay it out to shareholders, and a second group of companies that are compounding earnings at attractive rates, with a long runway to continue reinvesting in future growth.

The first group includes an attractively valued collection of stocks which offer mid- to high-single digit dividend yields, well covered by strong underlying cash flow generation. Companies like Hong Kong based **Jardine Matheson**, one of Asia's biggest and (in our view) best-run conglomerates, Jardine affiliate **Astra International**, the leader in Indonesia's automotive and mining sector, **Kiwoom Securities**, Korea's leading online broker, **Gedeon Richter**, a Hungarian pharmaceutical company, and **Hyundai Elevator**, a Korean elevator manufacturer. Typically, these are businesses with rock-solid, conservatively managed balance sheets, where we think the market has an overly negative view—either on the sustainability of current levels of cash flow generation or future capital allocation.

In the second group are stocks like **Tencent**, a Chinese internet giant, **NetEase**, a Chinese online gaming company, **Taiwan Semiconductor Manufacturing Company** (TSMC), the world's leading chipmaker, and **Wise**, an Estonia-rooted fintech company. What Tencent, NetEase, TSMC and Wise have in common—despite all being very different businesses—is that we see them as fantastic examples of the opportunity in emerging markets to buy businesses with excellent growth prospects at modest prices.

Putting it together, we own a portfolio of businesses that, collectively, trade at a significant discount to an already heavily discounted EM index yet boast superior fundamentals. On average, our stocks generate higher returns on equity, grow at faster rates, and deliver very healthy cash returns. Importantly, our rigorous stockpicking process focuses on identifying companies that we believe demonstrate robust governance standards and a strong track record of effective capital allocation.

We think it's an incredibly exciting time to be investing in emerging markets, and even more so as fundamental, long-term, contrarian stockpickers.

Commentary contributed by Saurav Das, Orbis Investment Management (Hong Kong) Limited, Hong Kong, and Stefan Sommerville, Orbis Portfolio Management (Europe) LLP, London

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Orbis SICAV Emerging Markets Equity Fund

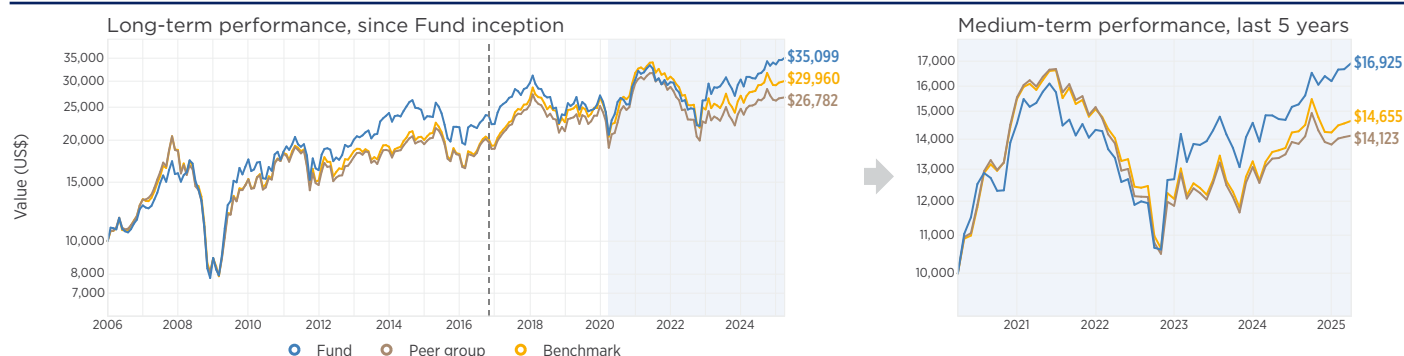
Investor Share Class

The Fund is actively managed and seeks higher returns than the average of the equity markets of the world's emerging market countries, without greater risk of loss. The performance fee benchmark ("Benchmark") is the MSCI Emerging Markets Index, including income, net of withholding taxes ("MSCI Emerging Markets Index"). Currency exposure is managed relative to that of the MSCI Emerging Markets Index.

Price	US\$33.14	Benchmark	MSCI Emerging Markets Index
Pricing currency	US dollars	Peer group	Average Global Emerging Markets Equity Fund Index
Domicile	Luxembourg	Dealing	Weekly (Thursdays)
Type	SICAV	Entry/exit fees	None
Fund size	US\$2.2 billion	UCITS compliant	Yes
Fund inception	1 January 2006	ISIN	LU0241795839
Strategy size	US\$2.3 billion		
Strategy inception	1 January 2016		
Minimum investment	US\$50,000		

On 1 November 2016, the Fund broadened its investment strategy from Asia ex-Japan equities to Emerging Market equities and changed its name from Orbis SICAV Asia ex-Japan Equity Fund to Orbis SICAV Emerging Markets Equity Fund. Performance prior to the change in strategy was achieved in circumstances that no longer apply. Please refer to the Fund's prospectus for further details.

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



Returns¹ (%)

	Fund	Peer group	Benchmark		
Annualised	Net		Gross		
Since Fund inception	6.7	5.3	5.9		
15 years	4.9	3.7	4.5		
10 years	4.1	2.8	3.6		
5 years	11.1	7.1	7.9		
3 years	8.2	0.6	1.4		
1 year	13.9	5.9	8.1		
Not annualised					
3 months	4.5	2.2	2.9		
1 month	1.5		0.6		
Annual returns to 31 Mar	2021	2022	2023	2024	2025
	53.3	(12.9)	3.6	7.4	13.9

Risk Measures,¹ since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	55	61	62
Months to recovery	20	82	81
Annualised monthly volatility (%)	21.0	19.6	19.9
Beta vs Benchmark	1.0	1.0	1.0
Tracking error vs Benchmark (%)	7.4	2.2	0.0

Fees & Expenses (%), for last 12 months

Fund expenses	0.13
Total management fee ²	2.33
Total Expense Ratio (TER)	2.46

Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
China/Hong Kong	37	37	31
Korea	19	20	9
Europe and Middle East	14	15	10
Rest of Asia	11	11	4
Taiwan	9	9	17
Africa	5	5	3
India	1	1	19
Latin America	1	2	7
Other	1	1	0
Net Current Assets	2	0	0
Total	100	100	100

Top 10 Holdings

	MSCI Sector	%
Jardine Matheson Holdings	Industrials	10.0
NetEase	Communication Services	8.7
Taiwan Semiconductor Mfg.	Information Technology	7.5
Kiwoom Securities	Financials	7.1
Wise	Financials	5.5
Naspers	Consumer Discretionary	4.8
Gedeon Richter	Health Care	4.8
Tencent Holdings	Communication Services	4.8
Astra International	Industrials	4.6
Hyundai Elevator	Industrials	3.8
Total		61.6

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	91
Total number of holdings	39
12 month portfolio turnover (%)	41
12 month name turnover (%)	17
Active share (%)	80

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 Orbis SICAV Asia ex-Japan Equity Fund and its corresponding Benchmark and peer group data used for the period before 1 November 2016.

² Total management fee consists of 1.5% per annum ± up to 1%, based on 3 year rolling outperformance/(underperformance) vs Benchmark.



Legal Notices

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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). 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 March 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' YTM, 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

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