

## Orbis Emerging Markets Equity

To our investors:

Emerging markets have tested investors' patience for decades. In our experience, that discomfort is not a flaw—it is where opportunity begins.

We are pleased to report that the Strategy returned 51% this year net of fees<sup>1</sup> in US dollar terms, beating a rising market<sup>2</sup> by thirteen percentage points. Returns came from three familiar sources: businesses earning higher profits, paying dividends, and being priced somewhat less pessimistically than before. The Strategy has compounded 11% per year over the past five years net of fees<sup>1</sup>, outperforming the market<sup>2</sup> by close to seven percentage points per annum.

In 2025, gains were largely driven by stocks we have owned for a decade or more, such as Kiwoom, Jardine Matheson, NetEase, and Tencent. Wisdom from Charlie Munger springs to mind: "The big money is not in the buying and selling, but in the waiting."

After a considerable period in the doldrums, emerging markets attracted renewed interest, in part due to several long-standing issues beginning to ease. In Korea, tax and corporate governance reforms started to narrow the 'Korea Discount.' In China, a shift by domestic investors toward equities, as property and interest-linked alternatives disappointed, supported a recovery in Chinese and Hong Kong shares. Stockmarket performance in Eastern Europe and South Africa was also particularly strong.

Despite the recent excitement, emerging markets remain out-of-favour. Over the past fifteen years, the MSCI Emerging Markets Index, with dividends reinvested, has returned merely 4% per year; a \$100 investment would have grown to roughly \$180. Over the same period, an investment in the MSCI World Index would have more than quadrupled, whilst an investment in the S&P 500 would have risen more than sevenfold.

Today, many US shares are priced in a way that leaves little room for disappointment, whilst emerging markets appear priced for it. Moreover, having lived through the Asian Financial Crisis of 1997–1999, most emerging market economies have become fiscally conservative—in sharp contrast to much of the developed world today. We believe that a number of emerging market currencies look undervalued and may therefore offer a tailwind to equity returns. Whereas this provides useful context, our decisions are grounded in business fundamentals, not market forecasts.

In our thirty-year history of investing in emerging markets, our philosophy of fundamental, long-term, contrarian stock selection has endured. Yet, experience has taught us to focus ever more closely on things that really matter:

- **Identifying superior businesses.** We focus on businesses with durable advantages that provide products and services that ideally delight their customers. We strongly prefer companies run by owner-managers whose personal reputations are tied to the business. Solid balance sheets and healthy cash flows, allowing businesses to fund their own growth, are particularly valuable, not least during economic downturns.
- **Thinking long-term.** We think like business owners, not stock traders. That means being willing to hold a good business for a decade or longer, and to wait for the market to recognise its value. In the fullness of time, attributes such as business quality and personal integrity assert themselves.
- **Engaging with management.** We aim to understand the culture of the businesses we own by spending time with the people who run them. With meaningful ownership stakes, we aim to establish constructive, long-term relationships with both management and fellow shareholders. In markets where formal protections may be weaker, repeated interactions and earned trust often matter more than contractual rights.
- **Discount to intrinsic value.** The focus is on buying stocks at a meaningful discount to true long-term value. This leads us to businesses at times when they are misunderstood or underappreciated, and where our long-term view differs from the prevailing consensus.

<sup>1</sup> This 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 class.

<sup>2</sup> MSCI Emerging Markets Index, including dividends.

## Orbis Emerging Markets Equity (continued)

We spend little time forecasting economies. Instead, the focus is on buying businesses at sensible prices and owning them for a long time. Periods of weak performance are often the price paid for that discipline. From time to time, the best investment opportunities are found in emerging markets-related businesses listed or headquartered elsewhere; we judge each case on its own merits. Conviction is measured by asking ourselves whether we would be comfortable owning a business even if the stockmarket were to close tomorrow and not reopen for the next five years.

We own a focused collection of businesses, diversified across countries and industries. Capital is concentrated because superior, undervalued businesses we truly understand and trust are rare, not because outcomes are predictable. This approach suits investors who value patience and selectivity over activity. Approximately two-thirds of the current portfolio is invested in businesses we have owned for over five years. We believe that our companies are of higher quality and have better long-term growth prospects than average, yet the portfolio trades at only twelve times this year's estimated earnings, a 20% discount to the MSCI Emerging Markets Index overall.

Our Hong Kong-based emerging markets investment team is small, drawn from a range of backgrounds, and experienced—with some members having originally worked in Bermuda alongside our founder, Allan Gray. Clients benefit from Orbis' global resources whilst we make independent, long-term investment decisions for the Emerging Markets Strategy. All team members invest their own savings alongside our clients, on the same terms. Our goal is simple: with integrity, ingenuity, and hard work, we aim to be good long-term partners to our clients and to the businesses we own, and to compound our own and our clients' capital over time.

Emerging markets can be volatile, as short-termism, greed, and fear tend to be amplified. We see this not as a risk to be avoided, but as a wellspring of opportunity. As Allan said: "Tuning out the emotion of the crowd to capitalise upon fleeting moments of extreme opportunity is what separates the great from the good."

Rational investing. In an emotional world.

Commentary contributed by Stefan Magnusson, Orbis Investment Management (Hong Kong) Limited.

# 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\$48.60	Benchmark	MSCI Emerging Markets Index
Pricing currency	US dollars		
Domicile	Luxembourg	Peer group	Average Global Emerging Markets Equity Fund Index
Type	SICAV		
Fund size	US\$3.0 billion	Dealing	Weekly (Thursdays)
Fund inception	1 January 2006	Entry/exit fees	None
Strategy size	US\$3.1 billion	UCITS compliant	Yes
Strategy inception	1 January 2016		
Minimum investment	US\$50,000	ISIN	LU0241795839

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



## Returns<sup>1</sup> (%)

	Fund	Peer group	Benchmark		
<b>Annualised</b>		Net	Gross		
Since Fund inception	8.5	6.4	7.0		
15 years	7.1	4.3	5.1		
10 years	9.0	6.6	7.9		
5 years	11.2	3.1	4.2		
3 years	25.1	15.1	16.4		
1 year	53.3	30.9	33.6		
<b>Not annualised</b>					
3 months	3.4	3.9	4.7		
1 month	4.1		3.0		
<b>Annual returns to 31 Dec</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
	(1.6)	(11.6)	15.2	11.0	53.3

## Risk Measures,<sup>1</sup> since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	55	61	62
Months to recovery	20	82	81
Annualised monthly volatility (%)	20.9	19.3	19.7
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 <sup>2</sup>	2.50
Total Expense Ratio (TER)	2.63

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.

## Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
China/Hong Kong	34	34	28
Korea	19	20	13
Europe and Middle East	16	16	8
Taiwan	10	10	21
Rest of Asia	9	9	4
Africa	6	6	4
Latin America	2	2	7
India	1	1	15
Other	0	2	0
<i>Net Current Assets</i>	2	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Top 10 Holdings

	MSCI Sector	%
Jardine Matheson Holdings	Industrials	10.0
Taiwan Semiconductor Mfg.	Information Technology	9.1
Kiwoom Securities	Financials	8.3
Wise	Financials	6.4
NetEase	Communication Services	5.9
Samsung Electronics	Information Technology	5.1
Astra International	Industrials	5.0
Gedeon Richter	Health Care	4.9
Tencent Holdings	Communication Services	4.9
Naspers	Consumer Discretionary	4.9
<b>Total</b>		<b>64.5</b>

## Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	92
Total number of holdings	38
12 month portfolio turnover (%)	56
12 month name turnover (%)	11
Active share (%)	77

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

<sup>2</sup> 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 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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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](http://www.orbis.com)). Investors in a SICAV Fund can obtain a summary of their investor rights in English on our website ([www.orbis.com](http://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](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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