Orbis Global Equity

Our investment approach is designed to capitalise on gaps between stock prices and the intrinsic value of the businesses they represent. The bigger the gap, the more attractive the opportunity. Normally, the stockmarket sets the price while we focus on analysing the fundamentals of the business.

Viewed through that lens, our investment in QXO may seem unusual on both fronts. In this case, there was no public market price—we invested through a private placement—and there was no business to analyse, just a $5 billion cash pile that has yet to be deployed.

And yet, QXO is now the largest position in the Orbis Global Equity Strategy at nearly 7% of the portfolio.

Why? Because in a deeper sense, QXO is a great example of what we do. In fact, it is remarkably similar to another investment we made almost 12 years ago—one which became the second-biggest contributor to the Strategy's performance over the past decade. At the time, the analyst recommending the stock wrote that it was "...a bit venture capital-like in that we are betting on an entrepreneur, a business plan, and a pile of cash".

That investment was XPO Logistics, with a market value of just $468 million when the line above was written in 2012. Since then, XPO has evolved into three separate companies that are collectively worth more than $20 billion. Its shares returned 17x over the last 14 years, tripling the S&P 500's tech-fuelled boom.

The entrepreneur behind both XPO and QXO is Brad Jacobs. Although we were just getting to know Brad in 2012, XPO was his third rodeo. Prior to XPO, he founded and ran United Rentals, and prior to that United Waste Systems. All three stocks handily beat the S&P 500 during (and after) Brad's tenure as CEO.

Brad Jacobs has a strong track record

	Time period	Company return*	S&P 500 return*
WM Waste Management	1992-1997	7x	2x
United Rentals	1997-2007	2.2x	1.6x
XPO	2011-2024	17x	5x

Source: LSEG Datastream, Orbis. United Waste was acquired by USA Waste, in turn acquired by Waste Management. *Returns represent total price returns in US dollars for each company and S&P 500 over the referenced time period, expressed as a multiple of ending price compared to starting price. Time periods are as follows: Waste Management 11 December 1992 to 29 August 1997, United Rentals 19 December 1997 to 31 August 2007 and XPO 2 September 2011 to 30 September 2024 (including contributions from spin-offs GXO Logistics and RXO).

We meet with more than our share of CEOs each year, and Brad is among the best we have seen. Over the years, he has consistently created shareholder value with a repeatable "playbook" for capital allocation and operational excellence. He also has a knack for building enduring teams that can continue to add value long after he has stepped down from day-to-day involvement. And perhaps most importantly, he always puts his own money on the line—$900 million in the case of QXO—which creates an unusually strong alignment of interests with fellow shareholders.

That said, it would be too simplistic to say that our investment in QXO is merely a bet on Brad. There are many great companies run by great CEOs that we don't own because the price isn't right. We invested in QXO via a private placement in July 2024 at $9.14 per share, representing a 40% premium to book value. This was actually a smaller premium than we paid for access to XPO's cash pile back in 2012, so this time we are getting a better deal.

It would also be too simplistic to say we are giving Brad a blank cheque. We would not have invested if we didn't share his enthusiasm for the specific opportunity that QXO is targeting—the building products distribution industry. It may not sound exciting—neither did XPO's trucking business—but that is often precisely what creates the opportunity. The industry is highly fragmented, with thousands of sub-scale distributors lacking a national footprint and leveraging antiquated technology (if any). In many ways it is reminiscent of the early days of XPO.

At the beginning, XPO was in the truck brokerage business, connecting businesses that needed to move freight with the truckers who could do the moving. At XPO's inception, just 6% of those transactions were handled digitally, with the rest done by phone or fax. By 2023, the brokerage business—now a standalone company known as RXO—was 96% digital and has been an industry leader in that regard.

In building products distribution, only about 4% of transactions are currently handled digitally, very similar to the truck brokerage business a decade ago. As with XPO, there is enormous scope to leverage technology to dramatically improve the customer experience.

Orbis Global Equity *(continued)*

Building products distribution is also large (roughly $800 billion across US and Europe) and fast-growing (7% per annum over the last 5 years). Fragmented competition should yield ample M&A opportunities, where QXO can create substantial value by improving the operations of acquired businesses. As with XPO, there is also a large logistics and warehousing component. And disruption risk is low—no matter how compelling ChatGPT 5.0 may be, it won't provide your contractor with the tiles for your new bathroom. But you can bet that QXO will figure out clever ways to use AI to improve its own supply chain technology.

Stepping back, it would be hard to come up with a better fit for the Brad Jacobs playbook.

At this stage, the obvious challenge with analysing QXO is that it is mostly just a pile of cash and we don't know exactly what they intend to buy. What we do know is that QXO is currently looking at about a dozen potential acquisitions, and that they will deploy substantial amounts of capital going forward into acquisitions while keeping leverage low.

Based on our assessment of the opportunity, we think QXO could be worth 2-5x book value, well above the 1.4x we paid. We get there by exploring a range of scenarios, and without getting too deep into the details, two critical variables are how much capital they can deploy and what rate of return they earn on that capital.

The table provides a simple illustration. We believe QXO's valuation can end up in the shaded zone, which assumes that 80-90% of profits are reinvested and can earn 15-20% returns. If QXO—or any company—can do that over the longer term, they should be able to command a premium multiple. Said differently, a dollar in the hands of a skilled capital allocator like Brad Jacobs should be worth significantly more than a dollar in the hands of the average CEO.

QXO implied fair price-to-book multiple

Return on equity	Retention rate on net income			
	70%	80%	90%	100%
12.5%	1.3	1.3	1.3	1.3
15.0%	2.1	2.2	2.3	2.4
17.5%	3.1	3.4	3.7	4.0
20.0%	4.6	5.1	5.6	6.3
22.5%	6.5	7.4	8.4	9.5

Source: Orbis estimates.

To be clear, our investment with XPO didn't deliver value in a straight line, and we don't expect QXO will be any different. As with the logistics business, there is a substantial cyclical element to building products and a severe recession would be negative for the business. Over the long term, however, it could present an opportunity if the downturn allows QXO to scoop up acquisitions at favourable prices. Brad has also shown a willingness to make strategic pivots when opportunity presents, which can surprise the market and create volatility. At one point in 2015, XPO shares experienced a 40% peak-to-trough decline when the market was spooked by an acquisition that represented a shift away from its "asset-light" model and toward owning trucks. Although it worked out nicely in the end, it was not without a great deal of short-term pain.

The range of outcomes is wide, but we believe that risk is mitigated by the attractive price we paid, our extensive understanding of Brad's playbook, the attractive attributes of the industry, and Brad's intention to run the company with modest leverage.

While our focus here has been on the newest "XO" in the portfolio, we would emphasise that we remain just as enthusiastic about the others, which together account for almost another 8% of the portfolio. Brad continues to have substantial interests in XPO, RXO and GXO Logistics—collectively worth about $500 million. Despite their strong performance over the years, we believe that each of these three companies continues to offer a compelling and asymmetric investment opportunity over our investment horizon.

Our founder, Allan Gray, often used a colourful expression to underscore the importance of acting with conviction when you believe you have an edge—"Go for the jugular". The XO companies look unusually attractive to us, we know them unusually well, and we believe they deserve an unusually large position.

Commentary contributed by John Christy, Orbis Investments (Canada) Ltd., Vancouver and Eric Marais, Orbis Investment Advisory Pty Limited, Sydney

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Orbis Invest Differently

Fact Sheet at 30 September 2024

Orbis Global Equity Fund

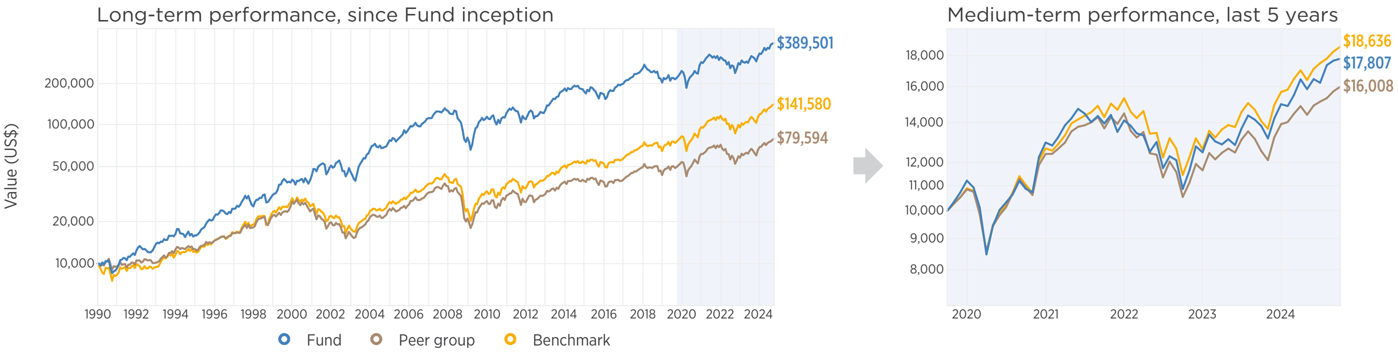
Investor Share Class

The Fund is designed to be exposed to all of the risks and rewards of selected global equities. It aims to earn higher returns than world stockmarkets, without greater risk of loss. The performance fee benchmark ("Benchmark") of the Class is the FTSE World Index, including income, gross of withholding taxes ("FTSE World Index"). Currency exposure is managed separately to equity exposure.

Price	US$389.25
Pricing currency	US dollars
Domicile	Bermuda
Type	Open-ended mutual fund
Fund size	US$6.3 billion
Fund inception	1 January 1990
Strategy size	US$24.0 billion
Strategy inception	1 January 1990

Benchmark	FTSE World Index
Peer group	Average Global Equity Fund Index
Minimum investment	US$50,000
Dealing	Weekly *(Thursdays)*
Entry/exit fees	None
ISIN	BMG6766G1087

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



Returns (%)

	Fund	Peer group	Benchmark
Annualised		*Net*	*Gross*
Since Fund inception	11.1	6.2	7.9
30 years	11.2	6.2	8.5
10 years	7.8	7.3	10.3
5 years	12.2	9.9	13.3
3 years	8.5	5.4	9.3
1 year	28.9	27.5	32.5
Not annualised			
Calendar year to date	18.8	15.2	18.7
3 months	9.5	5.7	6.4
1 month	0.7		1.8

Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
Developed Markets	**80**	**93**	**95**
United States	53	51	67
United Kingdom	13	9	4
Continental Europe	8	13	12
Japan	3	13	6
Other	3	8	6
Emerging Markets	**16**	**7**	**5**
Net Current Assets	*4*	*0*	*0*
Total	**100**	**100**	**100**

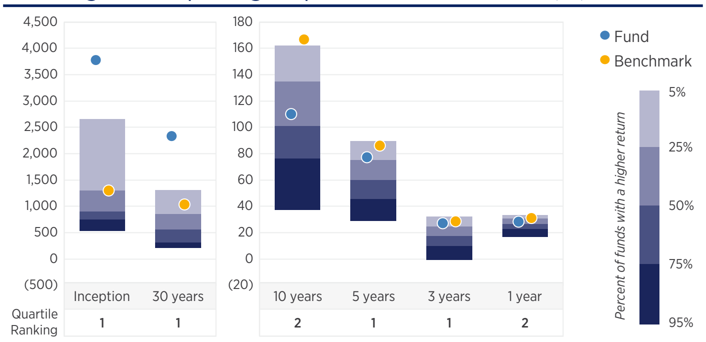
Top 10 Holdings

	FTSE Sector	%
QXO	Technology	6.8
Corpay (was FLEETCOR)	Industrials	5.2
UnitedHealth Group	Health Care	5.1
Interactive Brokers Group	Financials	3.8
RXO	Industrials	3.1
GXO Logistics	Industrials	3.0
Global Payments	Industrials	2.8
Alphabet	Technology	2.8
KB Financial Group	Financials	2.6
Shinhan Financial Group	Financials	2.6
Total		**37.7**

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	50	52	54
Months to recovery	42	73	66
Annualised monthly volatility (%)	16.5	14.4	15.4
Beta vs Benchmark	0.9	0.9	1.0
Tracking error vs Benchmark (%)	8.7	4.1	0.0

Ranking within peer group, cumulative return (%)



Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	66
Total number of holdings	66
12 month portfolio turnover (%)	49
12 month name turnover (%)	38
Active share (%)	92

Fees & Expenses (%), for last 12 months

Management fee[1]	1.41
For 3 year performance in line with Benchmark	*1.50*
For 3 year outperformance/(underperformance) vs Benchmark	*(0.09)*
Fund expenses	0.04
Total Expense Ratio (TER)	**1.45**

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.

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.

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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).

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 30 September 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

TOPIX: JPX Market Innovation & Research, Inc. TOPIX hedged into US$ and euro are calculated by Orbis using an industry-standard methodology using the TOPIX which is in yen. No further distribution of the TOPIX data is permitted.

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