



Truth or Dare *(to be different)*

FIONA JEFFERY
MAY 2024

Past performance is not a reliable indicator of future results.
This is a marketing communication as defined in ESMA guidelines.



The truth (in our view)

To outperform,
you have to be different



The truth (in our view)

Markets as concentrated as ever

Areas of concentration look pricey

Painful if trends shift

Dare to be different now



The truth (in our view)

Markets as concentrated as ever

Areas of concentration look pricey

Painful if trends shift

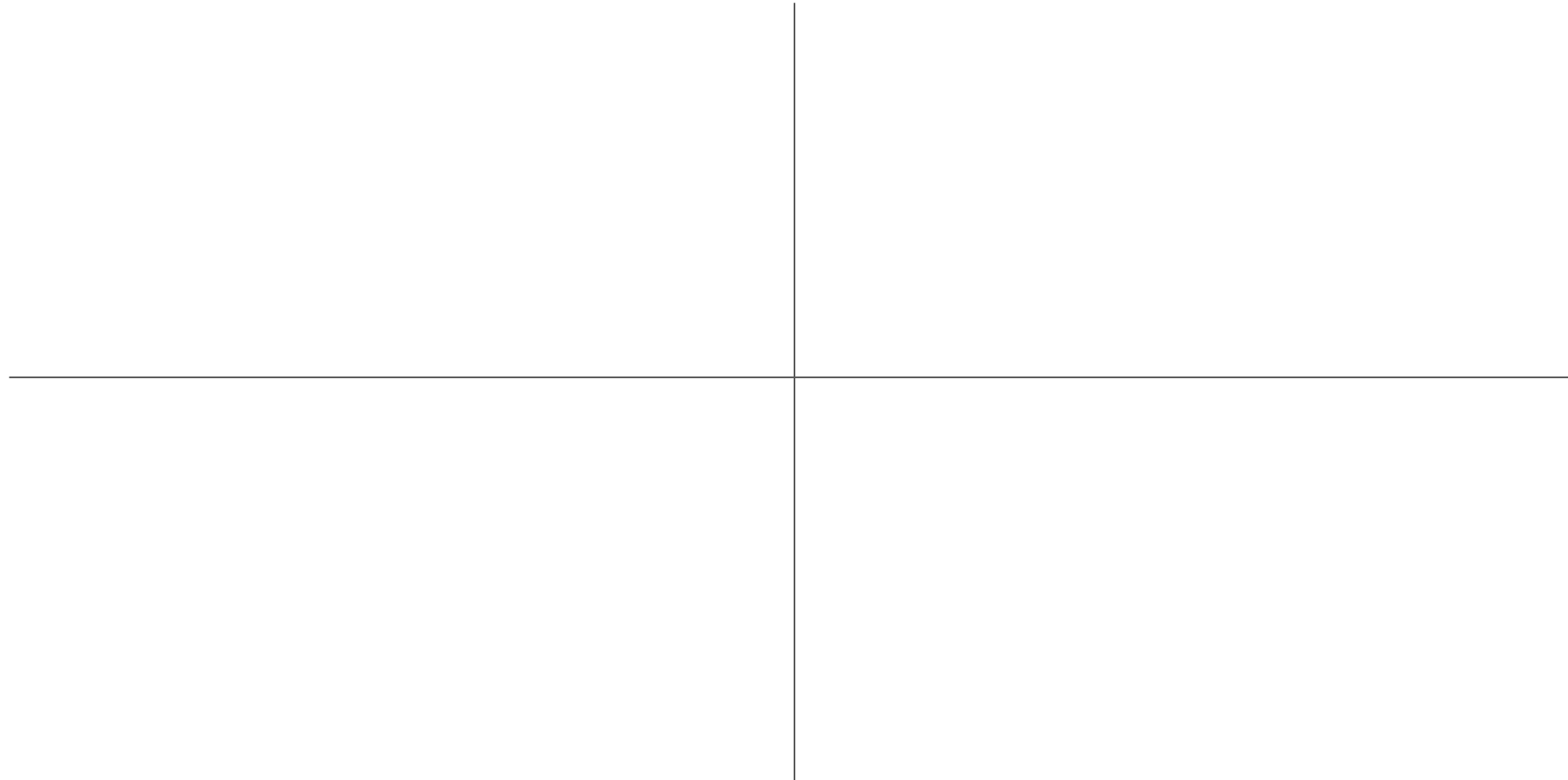
Dare to be different now



Introducing the quadrants



More cyclical



More expensive

Introducing the quadrants



More cyclical



Value



Value

More expensive

Introducing the quadrants



More cyclical



Value cyclical



Value defensive

More expensive

Introducing the quadrants



Introducing the quadrants



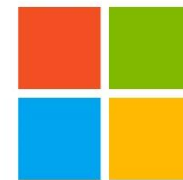
Introducing the quadrants



More cyclical



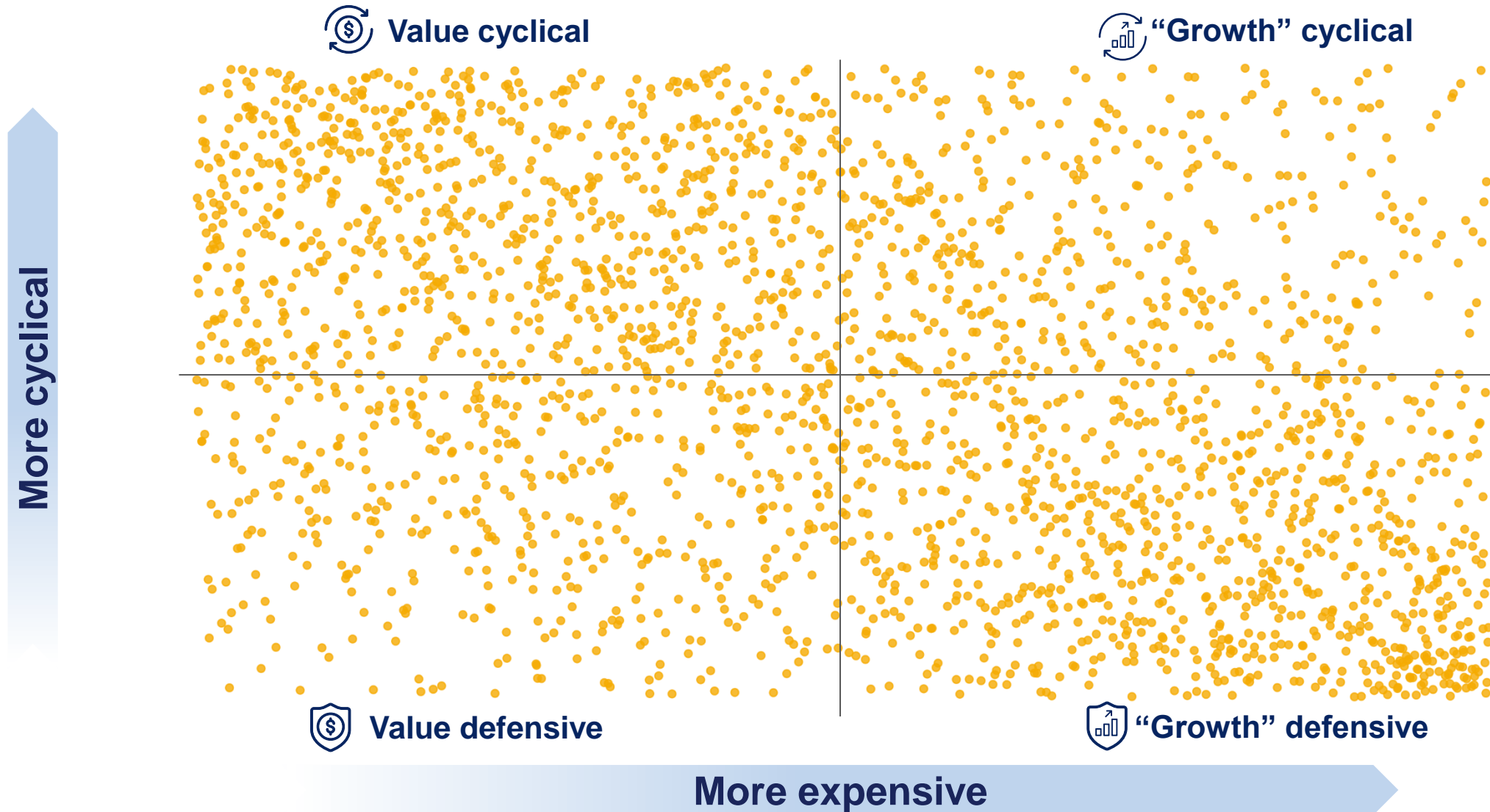
AT&T



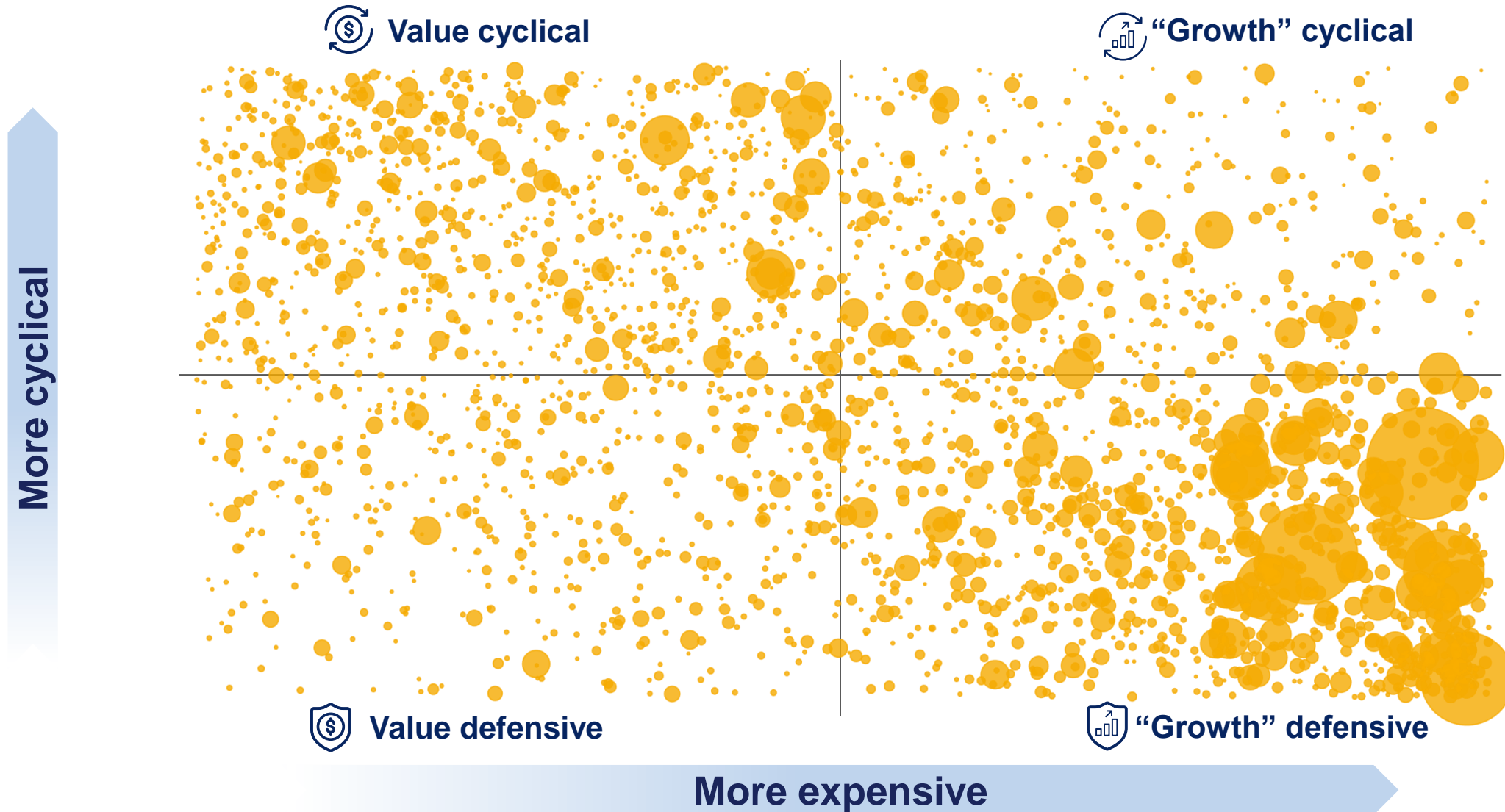
Microsoft

More expensive

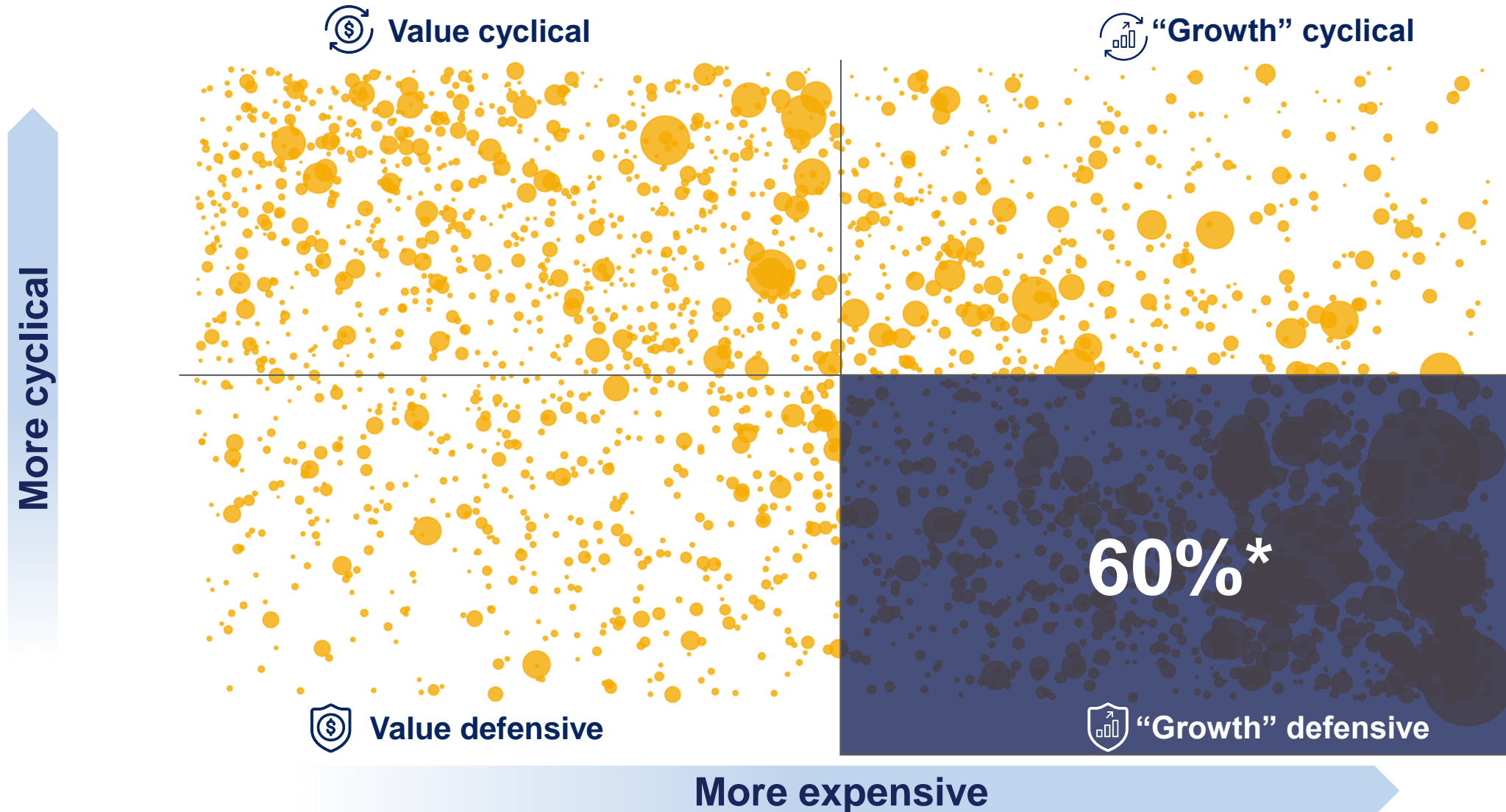
Under the microscope: FTSE World Index in March 2024



Under the microscope: FTSE World Index in March 2024



Under the microscope: FTSE World Index in March 2024



31 Mar 2024 | Source: Various industry sources, Company information, Orbis. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. Each circle represents a constituent stock of the FTSE World Index. Area of circle represents relative weight of each stock in the FTSE World Index. Stocks in the FTSE World Index are ranked based on their valuations (normalised earnings yield, free cash flow yield and book to price, based on trailing 12 month fundamentals) and their beta to a basket of global bond yields (as a proxy for cyclicity). *The weight of the FTSE World Index in the "growth" defensive quadrant.

Rise of the tech giants exposes the problem of index distortions

Investors need to check whether passive investment vehicles deliver the diversification they want

RUPAK GHOSE



Apple, Microsoft, Amazon, Alphabet, Nvidia, Meta and Tesla account for about 29 per cent of the market cap of the S&P 500 and 60 per cent of the Nasdaq 100 © Carlo Allegri/Reuters

Global dominance of biggest stocks rises to highest in decades

US equities, led by 'Magnificent Seven', now account for more than 70% of global developed markets

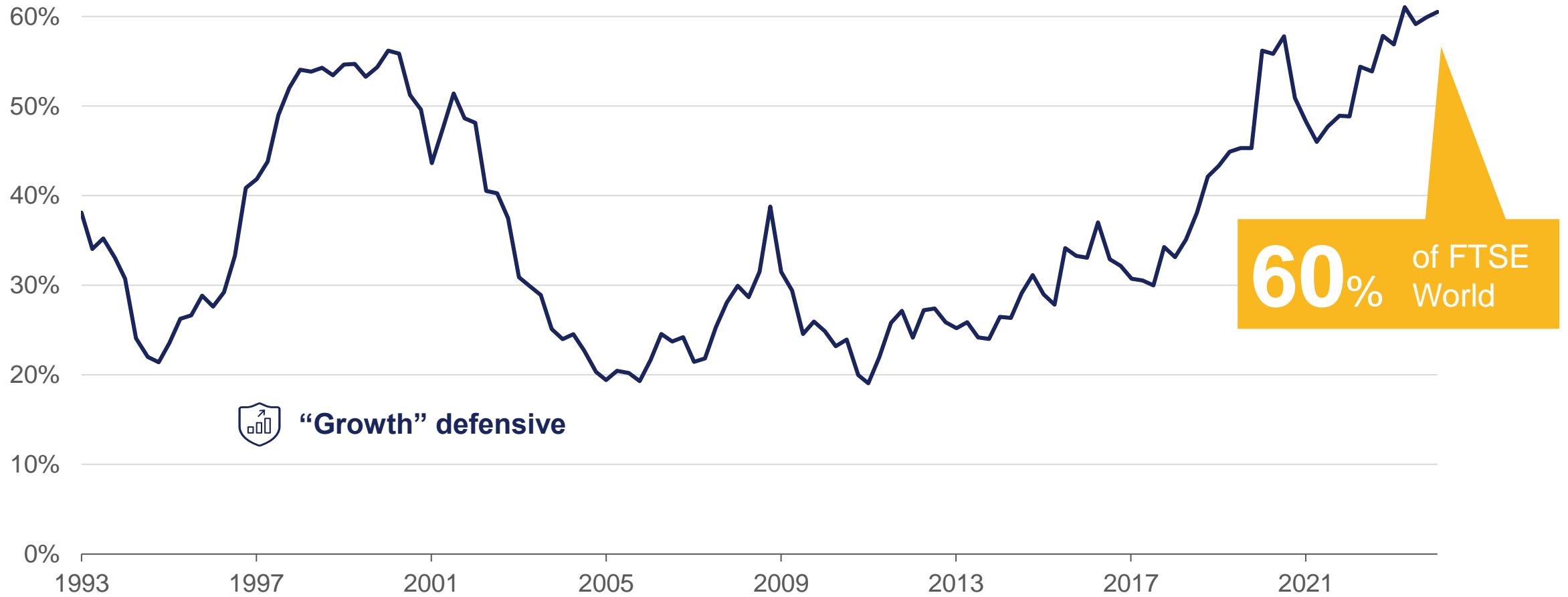


Microsoft alone accounts for more than 4 % of the global MSCI ACWI index, leading the trend towards greater market concentration © AFP via Getty Images

Concentration in “growth” defensive is near record highs



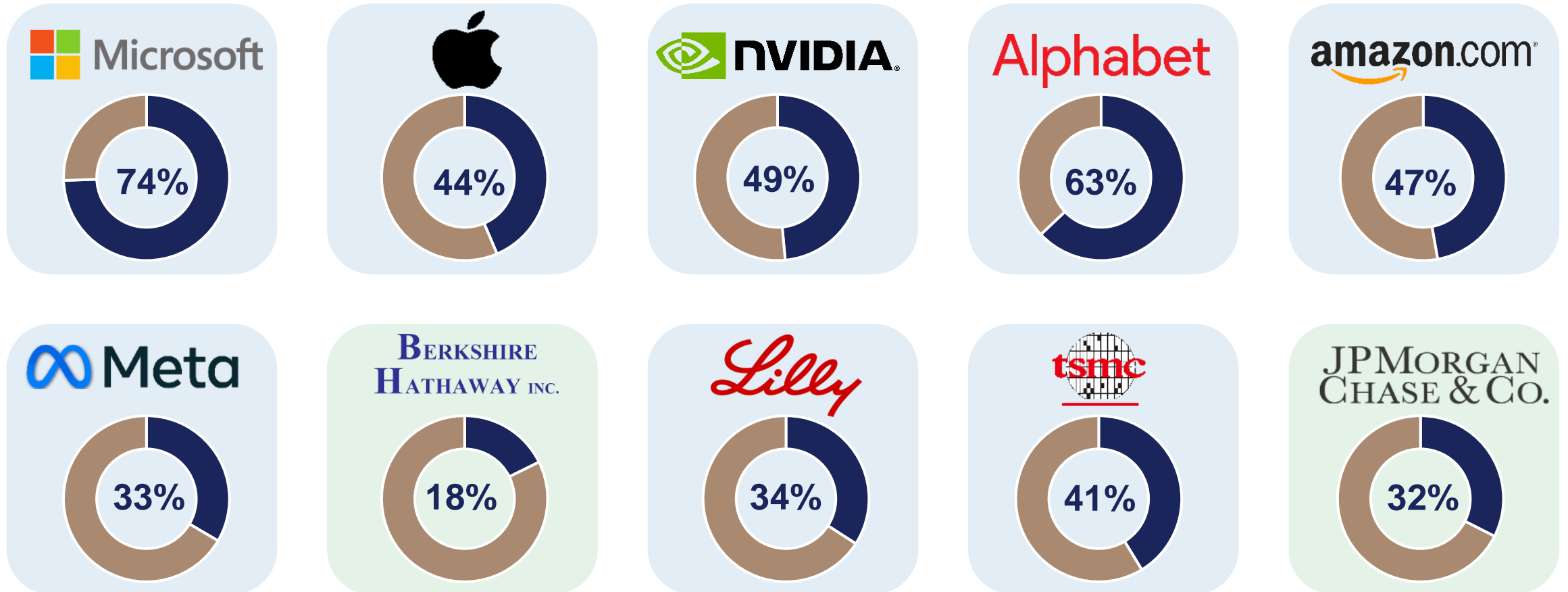
The “growth” defensive quadrant as a proportion of the FTSE World Index



The largest stocks are widely held by our peers...



Top 10 companies in the FTSE World Index and the proportion of peers that own them



Peers = eVestment 'Global All Cap Core Equity' universe

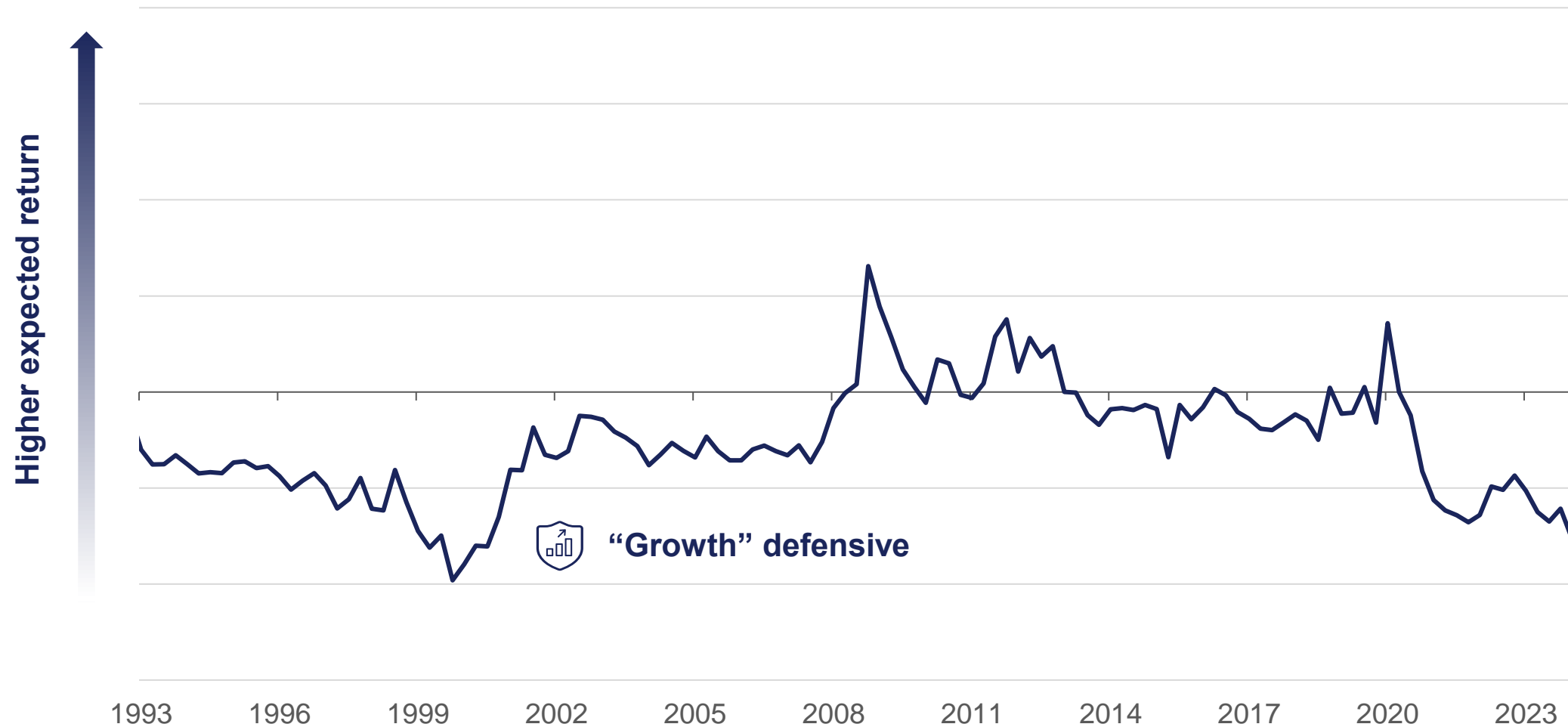
Companies in the "growth" defensive quadrant

31 Mar 2024 | Source: eVestment, Various industry sources, Company information, Orbis. Portfolio Ownership (%) is the percentage of products within the universe that hold the security. Count of Products that hold a Security / Total Universe Products that Reported holdings. Top 10 companies in the FTSE World Index as at 31 Mar 2024. Ownership data is the latest available as at 31 Dec 2023. eVestment and its affiliated entities (collectively, "eVestment") collect information directly from investment management firms and other sources believed to be reliable; however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Stocks in the FTSE World Index are characterised based on their valuations (normalised earnings yield, free cash flow yield and book to price, based on trailing 12 month fundamentals) and their beta to a basket of global bond yields (as a proxy for cyclical). Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning.

The valuation gap between “growth” defensive and the rest is wide



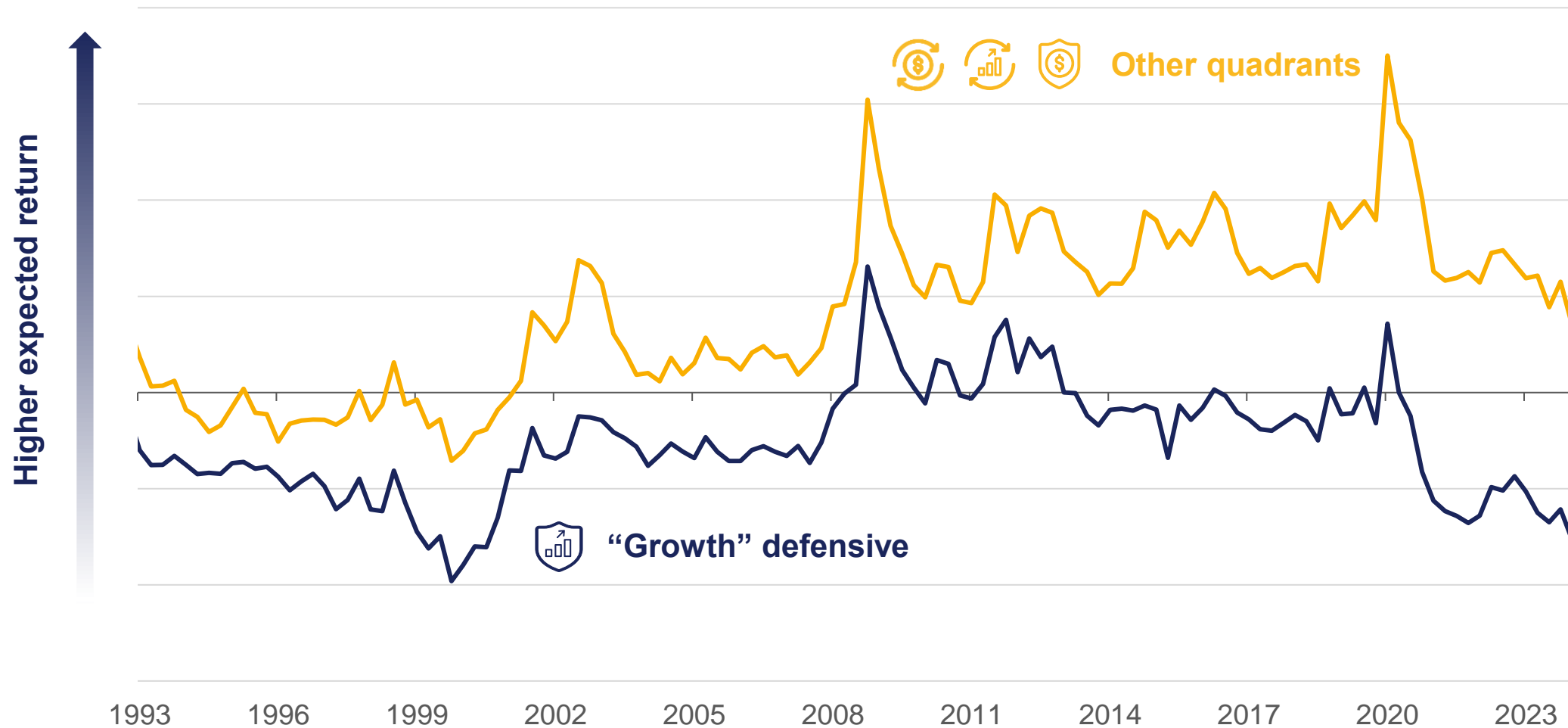
The expected return of the “growth” defensive quadrant and the other quadrants



The valuation gap between “growth” defensive and the rest is wide



The expected return of the “growth” defensive quadrant and the other quadrants



31 Mar 2024 | Source: Various industry sources, Company information, Orbis. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. Expected returns are estimated using an internal proprietary model. Stocks in the FTSE World Index are characterised based on their valuations (normalised earnings yield, free cash flow yield and book to price, based on trailing 12 month fundamentals) and their beta to a basket of global bond yields (as a proxy for cyclicality). Expected return is calculated as a weighted mean for each respective grouping and assumes a 4-year time horizon.

The truth (in our view)

Markets as concentrated as ever

Areas of concentration look pricey

Painful if trends shift

Dare to be different now





Source: Unsplash

Anyone under:

39

years old

has *only* professionally seen:

**Stocks
beat cash**

(since Dec 2007)

over a five-year period

Anyone under:

39

years old

42

years old

has *only* professionally seen:

**Stocks
beat cash**

(since Dec 2007)

**Tech beat
the market**

(since May 2004)

over a five-year period

Anyone under:

39

years old

42

years old

43

years old

has *only* professionally seen:

**Stocks
beat cash**

(since Dec 2007)

**Tech beat
the market**

(since May 2004)

**Growth
beat value**

(since Dec 2004)

over a five-year period

Anyone under:

39

years old

42

years old

43

years old

58

years old

has *only* professionally seen:

**Stocks
beat cash**

(since Dec 2007)

**Tech beat
the market**

(since May 2004)

**Growth
beat value**

(since Dec 2004)

**Inflation
below 4%**

(since Sep 1988)

over a five-year period

Leadership usually changes with each market shift



Top 10 globally by market capitalisation

Japan Bubble

Dec 1989

-  Nippon Telegraph
-  Industrial Bank of Japan
-  Sumitomo Bank
-  Fuji Bank
-  Mitsubishi Bank
-  Exxon
-  Dai-Ichi Kangyo Bank
-  General Electric
-  Tokyo Electric
-  Sanwa Bank


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-  Tokyo Electric
-  Sanwa Bank

TMT Bubble

Mar 2000

-  Microsoft
-  Cisco
-  General Electric
-  Intel
-  NTT Mobile Comm.
-  Vodafone
-  Exxon Mobil
-  Nippon Telegraph
-  Walmart
-  Nokia

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-  Exxon Mobil
-  Nippon Telegraph
-  Walmart
-  Nokia

GFC / China Bubble

Oct 2007

-  Exxon Mobil
-  General Electric
-  China Mobile
-  ICBC
-  Microsoft
-  Gazprom
-  Royal Dutch Shell
-  China Petroleum
-  China Construction Bank
-  China Life Insurance

Leadership usually changes with each market shift



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Japan Bubble

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Oct 2007

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-  General Electric
-  China Mobile
-  ICBC
-  Microsoft
-  Gazprom
-  Royal Dutch Shell
-  China Petroleum
-  China Construction Bank
-  China Life Insurance

Everything Bubble

Dec 2021

-  Apple
-  Microsoft
-  Alphabet
-  Amazon
-  Meta Platforms
-  Nvidia
-  Berkshire
-  Taiwan Semiconductor
-  Tesla
-  Tencent

Leadership usually changes with each market shift



Top 10 globally by market capitalisation

8 of 10 remain
at Mar '24

Japan Bubble

Dec 1989

-  Nippon Telegraph
-  Industrial Bank of Japan
-  Sumitomo Bank
-  Fuji Bank
-  Mitsubishi Bank
-  Exxon
-  Dai-ichi Kangyo Bank
-  General Electric
-  Tokyo Electric
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TMT Bubble

Mar 2000

-  Microsoft
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GFC / China Bubble

Oct 2007

-  Exxon Mobil
-  General Electric
-  China Mobile
-  ICBC
-  Microsoft
-  Gazprom
-  Royal Dutch Shell
-  China Petroleum
-  China Construction Bank
-  China Life Insurance

Everything Bubble

Dec 2021

-  Apple
-  Microsoft
-  Alphabet
-  Amazon
-  Meta Platforms
-  Nvidia
-  Berkshire
-  Taiwan Semiconductor
-  Tesla
-  Tencent



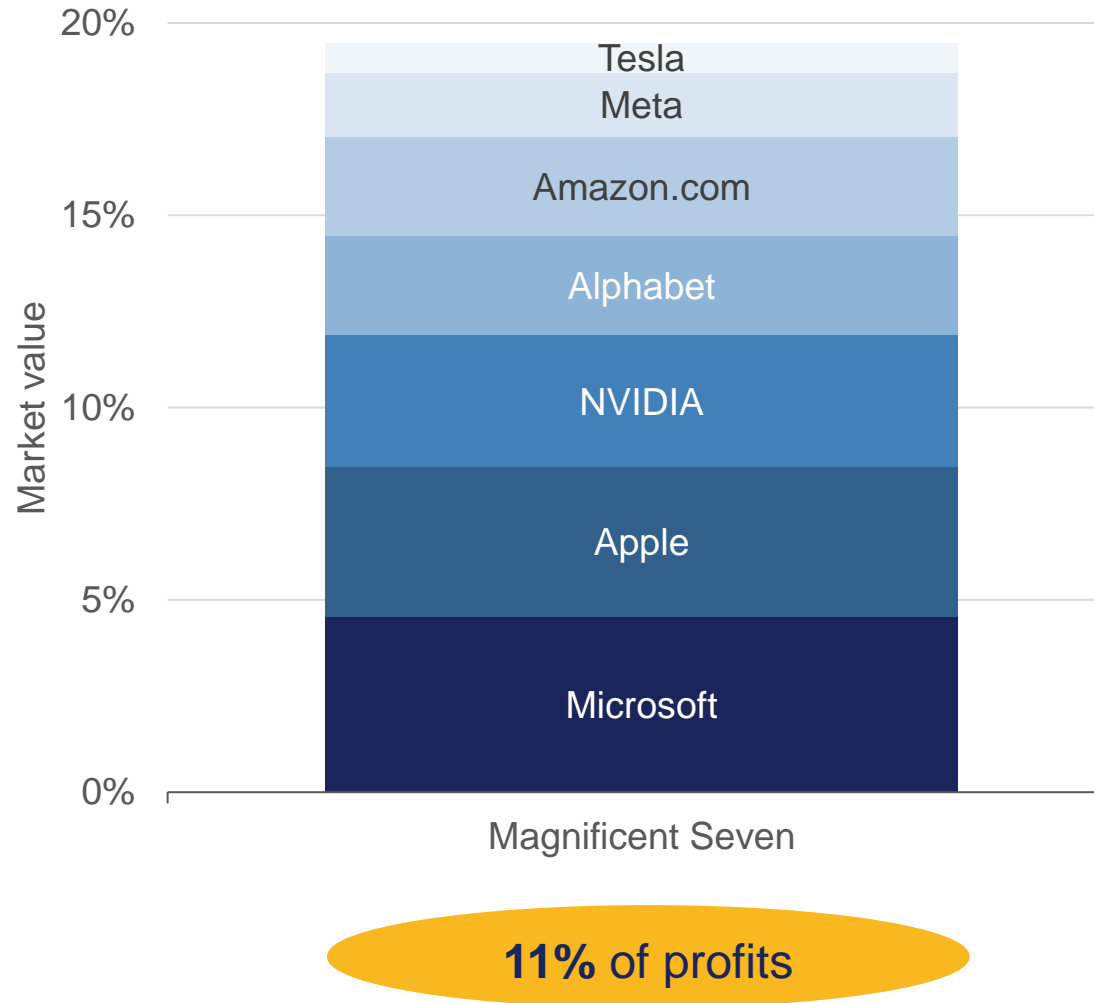
**Dare to be
different now**



'Magnificent 7' vs 'Foreign 5': same market value, half the profits



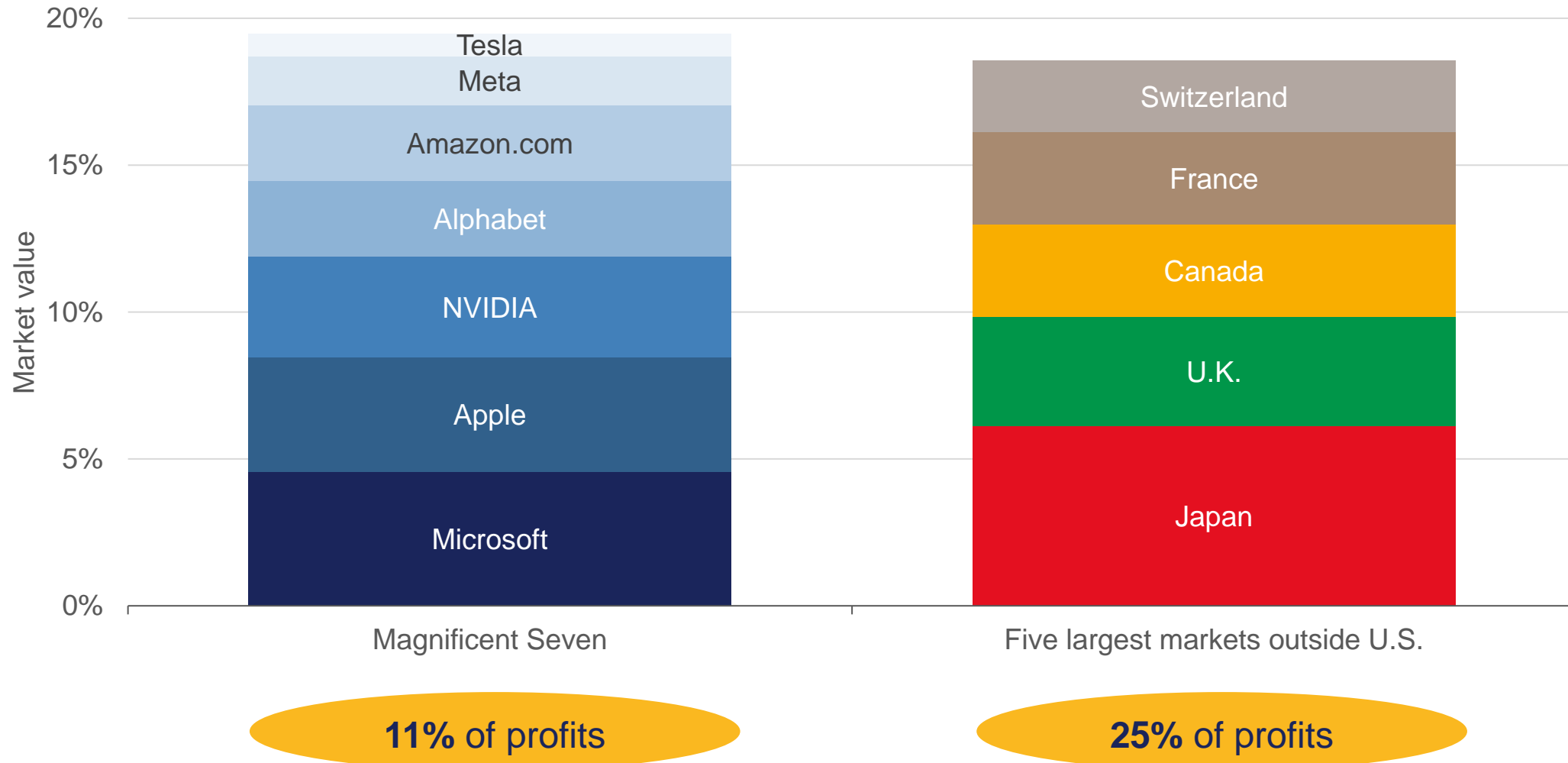
Contribution of market value and profit* to MSCI World Index



'Magnificent 7' vs 'Foreign 5': same market value, half the profits

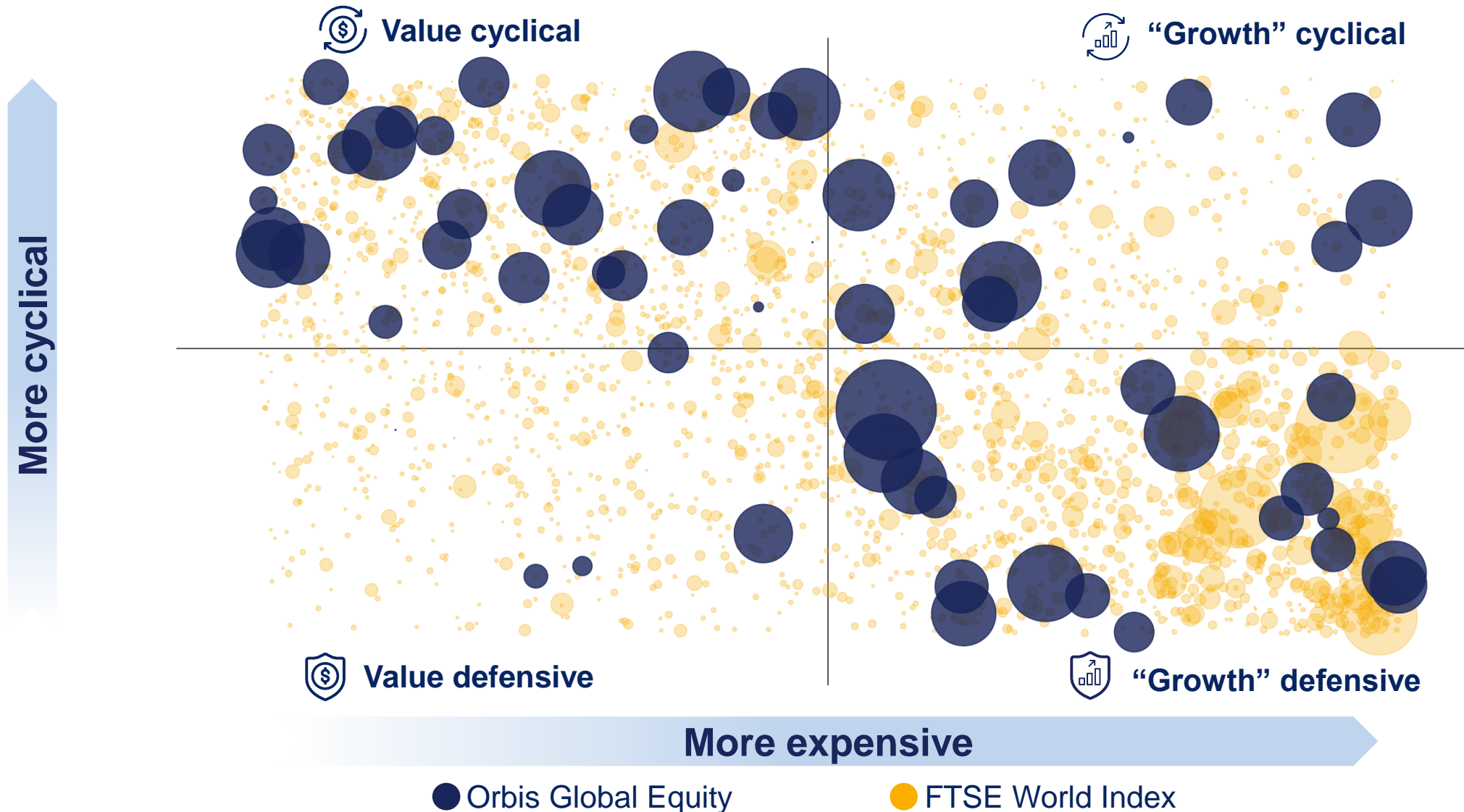


Contribution of market value and profit* to MSCI World Index

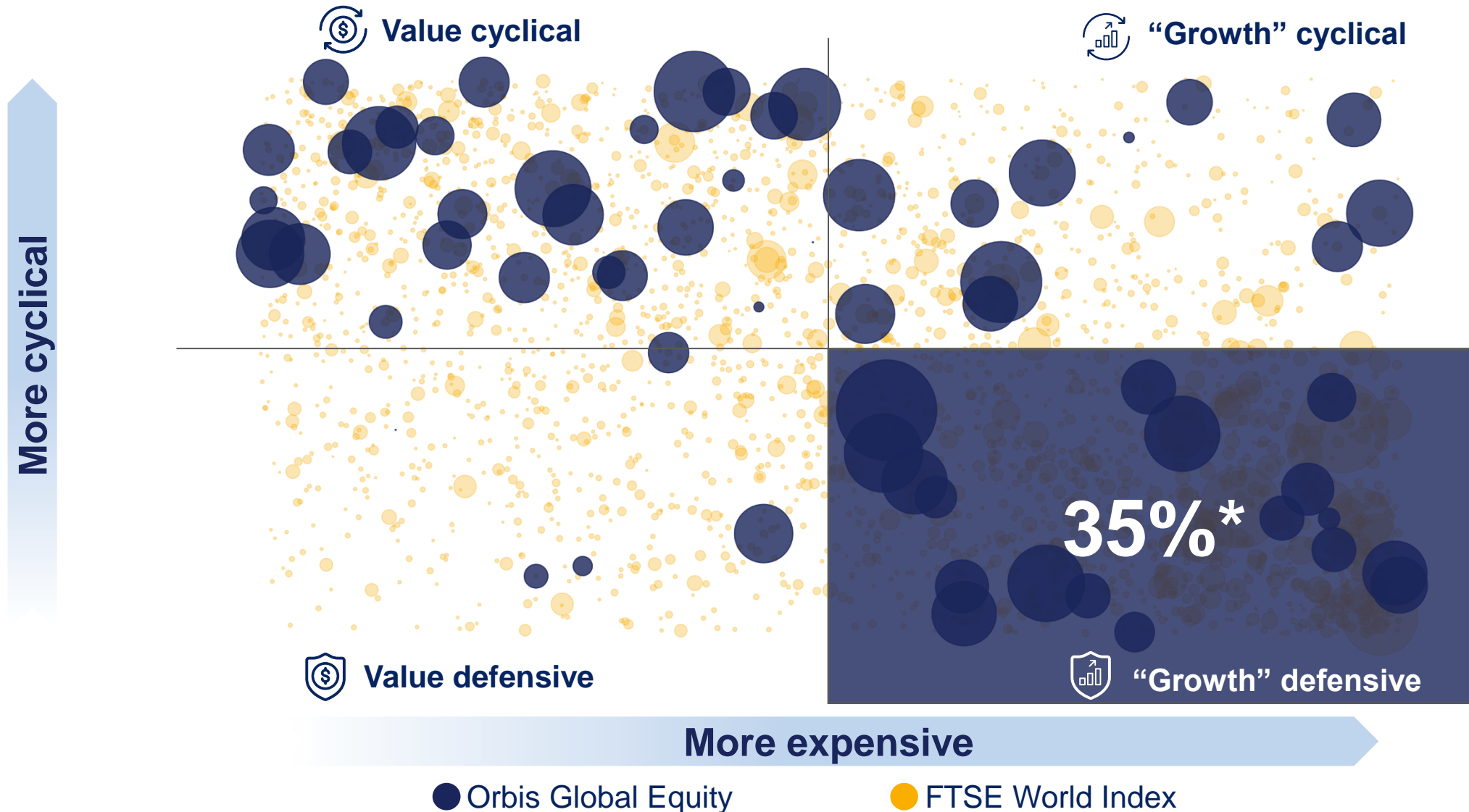


31 Mar 2024 | Source: MSCI, various industry sources, Company information, Orbis. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. *Represents contribution to MSCI World Index consensus net income estimates for the current fiscal year.

Orbis Global Equity: a different approach

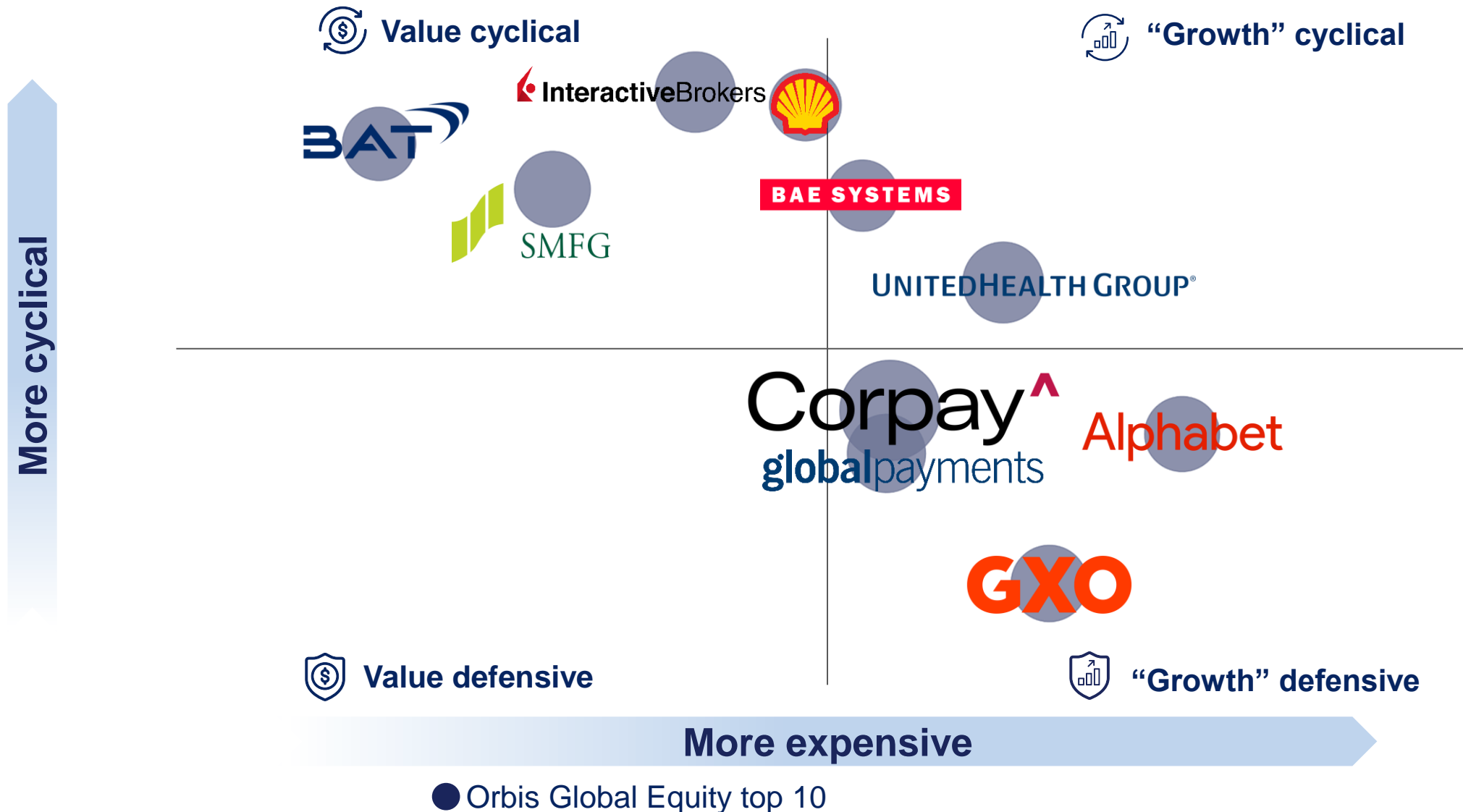


Orbis Global Equity: a different approach



31 Mar 2024 | Source: Various industry sources, Company information, Orbis. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. Each circle represents a constituent stock of the FTSE World Index. Area of yellow circle represents relative weight of each stock in the FTSE World Index. Area of blue circle represents relative weight of each stock in the Orbis Global Equity Fund. Stocks in the FTSE World Index are ranked based on their valuations (normalised earnings yield, free cash flow yield and book to price, based on trailing 12 month fundamentals) and their beta to a basket of global bond yields (as a proxy for cyclicity). *The weight of the Orbis Global Equity Fund in the "growth" defensive quadrant.

Orbis Global Equity: a different approach

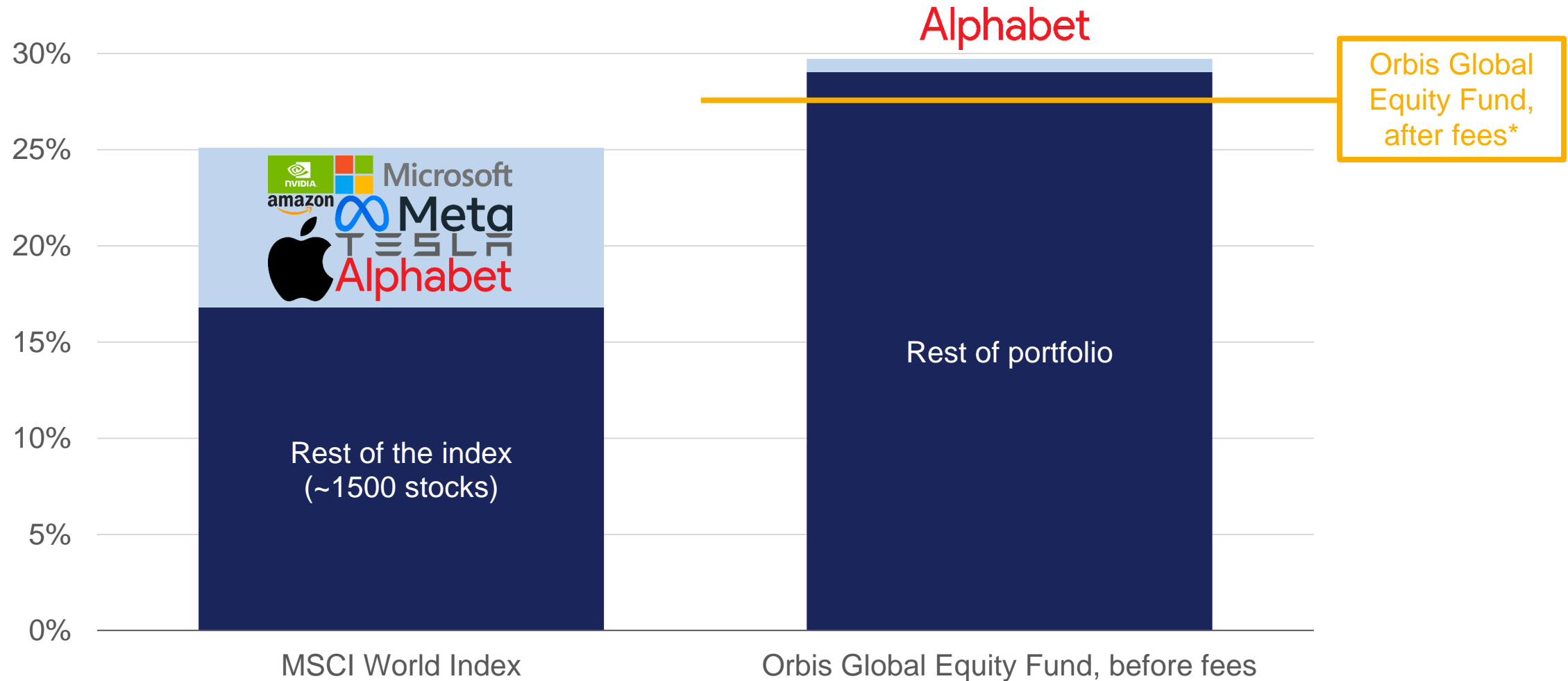


31 Mar 2024 | Source: Various industry sources, Company information, Orbis. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. Each circle represents a constituent stock of the FTSE World Index. Area of yellow circle represents relative weight of each stock in the FTSE World Index. Area of blue circle represents relative weight of each stock in the Orbis Global Equity Fund. Stocks in the FTSE World Index are ranked based on their valuations (normalised earnings yield, free cash flow yield and book to price, based on trailing 12 month fundamentals) and their beta to a basket of global bond yields (as a proxy for cyclicity).

Orbis Global Equity: idiosyncratic exposures drove returns



Total return (in USD) for the 12 months to 31 March 2024



31 Mar 2024 | Source: Orbis, MSCI. Past performance is not a reliable indicator of future results. The value of your investment with Orbis may fluctuate and returns are not guaranteed. Returns may decrease or increase as a result of currency fluctuations. When making an investment with Orbis, an investor's capital is at risk. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. MSCI World Index is net of withholding tax. *Net returns are for the Shared Investor Refundable Reserve Fee Share Classes, which inception on 14 May 2020, but continued to charge the fee that the Investor Share Classes would have charged with reference to the FTSE World Index for Orbis Global Equity until 15 May 2023.

Dare to be different now

Expect change

**Look outside areas of
biggest concentration**

**Now is the time to
be different**



Notices (1 of 3)



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Collective Investment Schemes

Certain Orbis funds are eligible for public promotion in South Africa. Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of an investment in any Fund may go down as well as up, and past performance is not a reliable indicator of future results. The Funds' managers provide no guarantee with respect to capital or any Fund's returns.

CIS are traded at ruling prices and can engage in borrowing and scrip lending. Performance is calculated for the Fund specified. Commission and incentives may be paid by investors to third parties, and if so, would be included in the overall costs. Individual investors' performance may differ as a result of investment date, reinvestment date, and dividend withholding tax, as well as a levy that may apply in the case of transactions representing more than 5% of a Fund's net asset value. Any Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The Funds invest in

foreign securities. Depending on their markets, trading in those securities may carry risks relating to, among others, macroeconomic and political circumstances, constraints on liquidity or the repatriation of funds, foreign exchange rate fluctuations, taxation and trade settlement.

Prices

Share prices are calculated on a net asset value basis by share class.

Certain share classes of the Orbis Funds trade weekly and others trade on each Business Day. Unit prices as well as a schedule of fees, charges and maximum commissions can be obtained free of charge by contacting Allan Gray Unit Trust Management (RF) Proprietary Limited or from www.allangray.co.za.

Performance

Performance figures are for lump sum investments with income distributions reinvested. Where annualised performance is mentioned, this refers to the average return per year over the period.

Funds and Share Classes

Except as may be provided under "Temporary Change in Fee Calculation for the Shared Refundable Reserve Fee Share Classes".

For additional detail about share classes and fees, please refer to the relevant fund's prospectus. Subscriptions are only valid if made on the basis of the current prospectus of an Orbis fund.

Shared Investor RRF Share Classes of Orbis Global Equity Fund and of the Orbis SICAV Funds (Global Balanced, Emerging Markets Equity and Japan Equity) and Shared Institutional RRF Share Classes of the Orbis SICAV Global Balanced Fund:

Base Fee: Calculated and accrued daily at a rate of 1.1% per annum of the Class' net asset value.

Refundable Performance Fee: When the performance of the class (after deducting the base fee) beats the performance fee benchmark of the class over the period from one dealing day to the next, 25% of the value of the outperformance is paid into a reserve and reinvested into the respective fund. If the value of the reserve is positive on any dealing day, the Investment Manager is entitled to a performance fee in an amount capped at the lesser of an annualised rate of a) one-third of the reserve's net asset value; and b) 2.5% of the net asset value of the respective share class. Fees paid from the reserve to the Investment Manager are not available to be refunded as described below.

When the performance of the class (after deducting the base fee) trails the performance fee benchmark of the class over the period from one dealing day to the next, 25% of the value of the underperformance is refunded from the reserve to the respective class. If at any time sufficient value does not exist in the reserve to provide the refund, a reserve recovery mark is set, and subsequent underperformance is tracked. Such relative losses must be recovered before any outperformance results in any payment to the reserve.

Notices (2 of 3)



Shared Investor RRF Share Classes (A) of Orbis Global Equity Fund and of the Orbis SICAV Funds (Global Balanced, Emerging Markets Equity and Japan Equity):

Base Fee: Calculated and accrued daily at an annualised rate of 0.8% per annum of the Class' net asset value. Investors are subject to an additional administrative fee, as they separately agree with Allan Gray Proprietary Limited (or its affiliates) from time to time. The Investment Manager or one of its affiliates is entitled to receive a separate fee from Allan Gray Proprietary Limited or one of its affiliates in connection with this administrative fee, related to services the Investment Manager and its affiliates provide to Allan Gray Proprietary Limited or its affiliates.

Refundable Performance Fee: When the performance of the class (after deducting the base fee and an additional 0.3% per annum, which is deemed to be representative of the aforementioned administrative fee) beats the performance fee benchmark of the class over the period from one dealing day to the next, 25% of the value of the outperformance is paid into a reserve and reinvested into the respective fund. If the value of the reserve is positive on any dealing day, the Investment Manager is entitled to a performance fee in an amount capped at the lesser of an annualised rate of a) one-third of the reserve's net asset value; and b) 2.5% of the net asset value of the respective share class. Fees paid from the reserve to the Investment Manager are not available to be refunded as described below.

When the performance of the class (after deducting the base fee and the aforementioned additional 0.3% per annum) trails the performance fee benchmark of the class over the period from one dealing day to the next, 25% of the value of the underperformance is refunded from the reserve to the respective class. If at any time sufficient value does not exist in the reserve to provide the refund, a reserve recovery mark is set, and subsequent underperformance is tracked. Such relative losses must be recovered before any outperformance results in any payment to the reserve.

AG Base Fee Share Classes of Orbis Global Equity Fund and of the Orbis SICAV Funds (Global Balanced, Emerging Markets Equity and Japan Equity): 1.1% per annum, adjustable up to a maximum of 2.5% or down to a minimum of 0.5% based on 25% of annualised outperformance or underperformance of the Class versus the Performance Fee Benchmark (calculated geometrically) over a 2-year rolling period.

Standard Share Classes of Orbis Optimal SA Fund Limited: There are two parts to the fee: (a) a base fee of 1.0% per annum, paid monthly, of the daily net assets of each share class; plus (b) a performance fee of 20% of the outperformance of each class of Fund share's daily rate of return relative to its performance fee benchmark, calculated and accrued on each dealing day and paid monthly. The performance fee incorporates a high water mark.

Standard Share Classes (A) of Orbis Optimal SA Fund Limited: There are two parts to the fee: (a) a base fee of 0.7% per annum, paid monthly, of the daily net assets of each share class; plus (b)

a performance fee of 20% of the outperformance of each class of Fund share's daily rate of return relative to its performance fee benchmark, calculated and accrued on each dealing day and paid monthly. The performance fee incorporates a high water mark. Investors are subject to an additional administrative fee, as they separately agree with Allan Gray Proprietary Limited (or its affiliates) from time to time

Returns

Net returns for Orbis Funds are calculated gross of all income, net of fees and expenses, and assume reinvestment of dividends. Gross returns are calculated gross of all income, net of all expenses, and assume reinvestment of dividends. Returns in currencies other than the Fund's base currency have been calculated using exchange rates used to value the Orbis Funds.

Country and Currency Classifications

The country and currency classification for equity securities follows that of third party benchmark providers for comparability purposes. 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.

Notices (3 of 3)



Sources (when relevant)

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