Orbis Global Equity

Take a glance through the Orbis Global Equity Strategy's factsheet, and our largest underweight area jumps out. While the US stockmarket represents about 70% of the FTSE World and MSCI World indices, just half of the Strategy is invested in American shares. The reason is simple—the US market is much more expensive than its international peers in aggregate, and we have found more ideas elsewhere. But the US is also a big place, with nearly 2,000 companies valued at over $1 billion each. Many of those companies are excellent, and where we can find great companies at good prices, we are delighted to own them. In our view, Corpay (formerly Fleetcor), Global Payments, Interactive Brokers, Alphabet, and GXO Logistics all offer above-average returns on capital and long-term growth potential, yet trade at or below the valuation of the wider S&P 500. Two other businesses that fit that description are the managed care organisations UnitedHealth Group and Elevance Health.

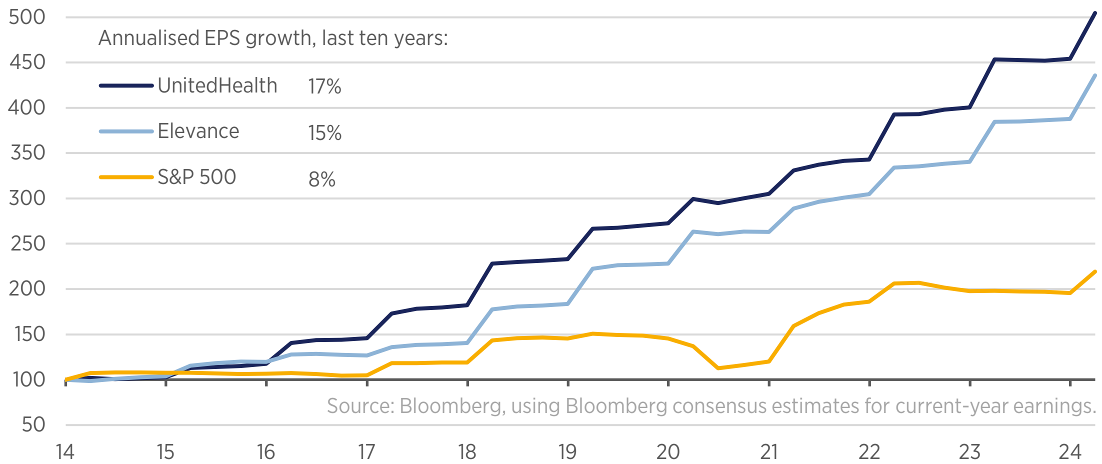
Managed care organisations (MCOs) serve the vast US healthcare market, which is more complex than those elsewhere. In the US, most working people get health insurance through their employer, and decades ago this was the MCOs' core business. For these plans, relationships with local hospitals matter far more than national bargaining power, so local scale is essential. A smaller portion of working people buy insurance individually. Those who cannot afford private insurance get coverage through Medicaid, which is run by individual states with additional funding from the federal government, and most older people receive at least part of their care through the federal government's Medicare scheme. Both Medicare and Medicaid plans can be administered by the MCOs. But the MCOs are not just insurers—they increasingly own and manage physician practices, care centres, and pharmacies, making them better placed to connect the dots for patients across this complex system.

Dealing with that complexity is hard. Insurance underwriting skill is important but insufficient. A successful MCO needs good local scale to negotiate prices with care providers and good national scale to negotiate drug prices. To meaningfully improve the efficiency of the overall system, MCOs also need to be plugged into care providers to help the system shift from fee-based care, which incentivises activity regardless of outcomes, to value-based care, which aligns costs with outcomes for patients. UnitedHealth's Optum unit has been especially successful in integrating parts of the healthcare chain to lower costs and improve care for patients. For new entrants, the healthcare market has been a tough nut to crack: Amazon, JP Morgan, and Berkshire Hathaway announced to great fanfare that they were entering the health insurance market in 2018, only to abandon the venture three years later.

With this industry setup, the MCOs benefit from two long-term tailwinds: an aging population, and increased outsourcing of Medicare and Medicaid administration. Propelled by the aging population, US healthcare spending is growing by about 5% per annum, a little faster than the wider economy, and the MCOs are getting exposure to more of that growth as they administer more Medicare and Medicaid plans and build out their health services businesses.

UnitedHealth and Elevance have delivered above-average long-term growth

Earnings per share (EPS) for UnitedHealth, Elevance, and the S&P 500, rebased, last ten years



This has been a winning formula historically, with UnitedHealth and Elevance growing earnings per share by 15-17% per annum over the last ten years. Indeed, we find the two companies rather special investment opportunities when comparing their moats, growth runways, returns on capital, historical track records, and management quality with how the stocks are priced by the market.

Orbis Global Equity *(continued)*

Today those prices look reasonable, due to pessimism we see as excessive. Concerns focus on three things: political risk, Medicare Advantage cost pressure, and company-specific headlines for UnitedHealth. We will take each of these in turn.

Political risk is a persistent worry for the companies. Plenty of countries have socialised healthcare, and that has often been seen as a risk for the MCOs. Leaning against that pessimism let us build our first positions in the companies when President Obama was initially elected in the US, and we have held UnitedHealth and Elevance continuously since 2017. We continue to believe that MCO-destroying political changes are extremely unlikely. Republicans have no interest in socialising healthcare, and Democrats would need control of the presidency, House of Representatives, and 60% control of the Senate to push through such a major societal change—even if they had a unified view internally on the best approach, which they do not. Neither Donald Trump nor Joe Biden are focused on healthcare in the upcoming election.

Moreover, while the US infamously spends more than other countries on healthcare, that is not because of the MCOs, but because healthcare professionals, drugs, medical devices, and facilities cost much more. High prices for branded drugs in the US subsidise pharmaceutical research for the whole world, the average doctor in the US makes 3.7 times as much as their UK counterpart, the typical American hospital room is private rather than having multiple beds, and average wait times are far shorter in the US than in most other places. That level of care is great for patients, but it comes with costs.

The MCO's role is to make the system more efficient—as evidenced by the government, states, and individuals increasingly choosing MCO-administered plans for Medicare and Medicaid. In 2008, a fifth of people with Medicare and Medicaid used plans administered by MCOs. Today the companies manage half of Medicare enrolment and more than half of Medicaid enrolment. The profits on these businesses are hardly rapacious, with operating margins of 2-4% for Medicaid and 3-5% for Medicare plans.

Recently, MCO-managed Medicare plans, called Medicare Advantage, have become a concern for investors. Last year, Humana, a competitor of UnitedHealth and Elevance, saw a sharp uptick in medical costs for its Medicare Advantage business. The cost increases were far in excess of how Humana had priced its policies, severely hurting its margins. Humana attributed the pressure to a resumption of procedures following a lull during the Covid pandemic, warning of an ongoing hit to profits for 2024 and 2025. Investors worried that UnitedHealth and Elevance would suffer similar problems, hurting their share prices.

Having met with all three companies since Humana's announcement, we think those worries are excessive. The reality seems simpler: Humana offered lower prices than UnitedHealth and Elevance in 2023, and that now looks like an underwriting mistake. We don't expect our portfolio companies to see pressure to the same extent as Humana. Further, the MCOs reprice their policies annually, and having been bitten once, Humana now plans to keep its pricing higher for the next two years. That gives UnitedHealth and Elevance scope to maintain their pricing while potentially winning market share.

Recently, UnitedHealth has had its own problems. In February, one of its recently-acquired units suffered a cyberattack, threatening patient data and necessitating a halt in billing and payment services to some care providers. The episode reveals a threat to the broader healthcare industry, as patient data is seen as highly valuable to bad actors. To its credit, UnitedHealth advanced more than $3 billion from its own balance sheet to help providers suffering through the outage, and it has since restored payment services. While the cyberattack was serious, we believe its perceived impact on UnitedHealth's intrinsic value will be short lived.

UnitedHealth is also the subject of a US anti-trust investigation. We struggle to see an argument that UnitedHealth has harmed its customers. Its Optum care provider business helps achieve better outcomes for patients at a lower cost. UnitedHealth connecting the dots from government programs to plan administration to care providers has been a net positive for patients and for the financial soundness of the US healthcare system.

Looking through each of those bear points, we remain confident that the companies can continue to deliver as they have in the past. Healthcare spending should continue to grow a little faster than the US economy, and the companies should continue to grow moderately faster than wider US healthcare spending as more people adopt MCO-administered Medicare and Medicaid plans, and as the leading companies take market share from their competitors within those plans. Meanwhile, we see Elevance and especially UnitedHealth taking intelligent risks in building out their own care networks, positioning them to drive better efficiency and

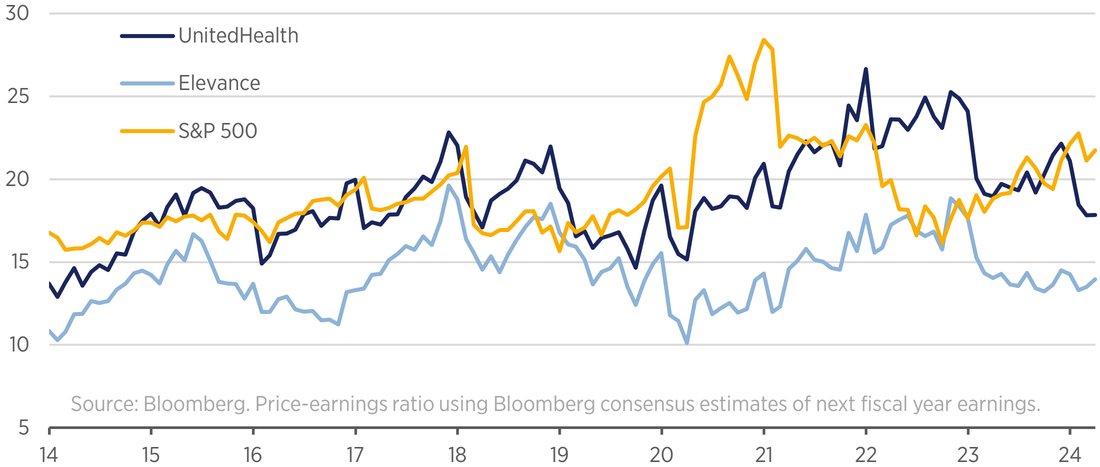
Orbis Global Equity *(continued)*

outcomes across the system—and to be rewarded for it. Stacking those up, we believe the companies can grow earnings per share by 12-15% per annum for years to come.

In the short term, the path might look less smooth. Healthcare reform could rise to the top of the election news cycle, and weakness in Medicare Advantage plans could depress sentiment. But as long-term investors, we think those risks are reflected in the companies' prices. UnitedHealth normally trades at a similar price-earnings multiple to the S&P 500. It now trades at a discount. Elevance, which has somewhat lower returns on capital than UnitedHealth, trades at an unusually large discount to the US market. In both cases, that is despite long-term growth prospects that we believe are above-average. At the portfolio level, the MCOs are also appealingly defensive, as their profits have little to do with the broader economic cycle.

UnitedHealth and Elevance are cheaper than usual vs the US market

Forward price-earnings ratio of UnitedHealth, Elevance, and the S&P 500, last ten years



Source: Bloomberg. Price-earnings ratio using Bloomberg consensus estimates of next fiscal year earnings.

In aggregate, the US market looks expensive, but it is home to thousands of companies, and hundreds of good ones. Some of those good companies, like UnitedHealth and Elevance, trade at reasonable valuations. This, to us, is the benefit of being a bottom-up investor. We can own the compelling shares, and we don't have to own the rest.

Commentary contributed by Povilas Dapkevicius and Matteo Sbalzarini, Orbis Portfolio Management (Europe) LLP, London

This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

Orbis Global Equity Fund

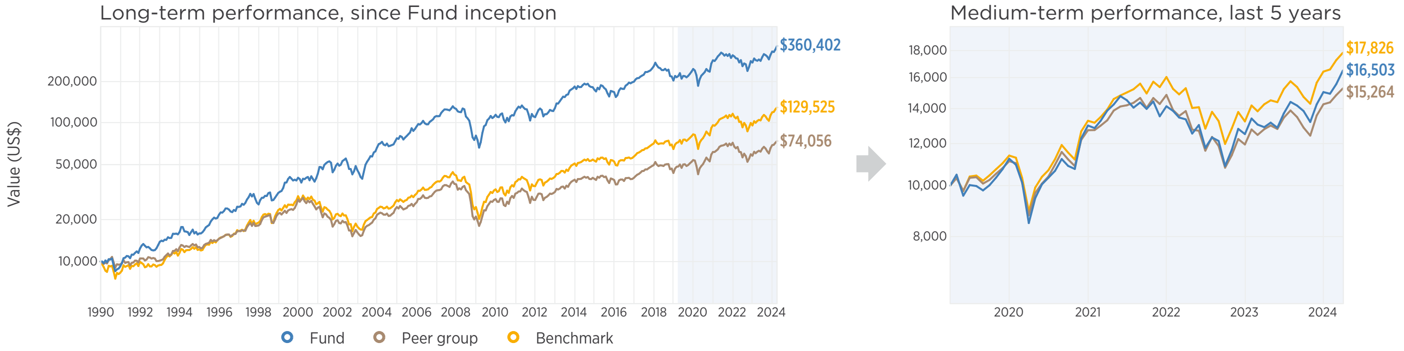
Investor Share Class

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$360.17
Pricing currency	US dollars
Domicile	Bermuda
Type	Open-ended mutual fund
Fund size	US$6.1 billion
Fund inception	1 January 1990
Strategy size	US$23.4 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



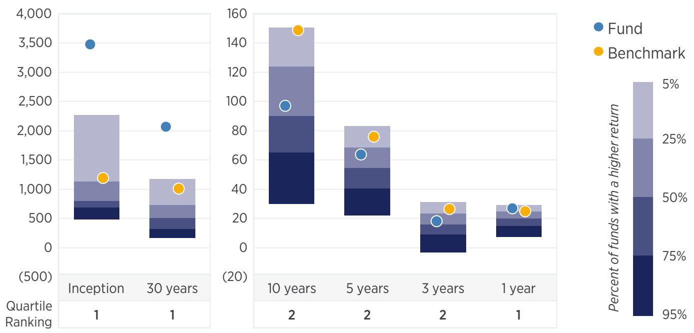
Returns (%)

	Fund	Peer group	Benchmark
Annualised		*Net*	*Gross*
Since Fund inception	11.0	6.0	7.8
30 years	10.8	6.1	8.4
10 years	7.1	6.5	9.6
5 years	10.5	8.8	12.3
3 years	6.0	4.7	8.6
1 year	28.0	19.5	25.2
Not annualised			
3 months	9.9	7.2	8.6
1 month	6.2		3.3

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Historic maximum drawdown (%)	50	52	54
Months to recovery	42	73	66
Annualised monthly volatility (%)	16.6	14.5	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 (%)



Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
Developed Markets	**84**	**95**	**95**
United States	50	48	66
United Kingdom	15	11	4
Japan	9	15	7
Continental Europe	8	13	13
Other	3	8	6
Emerging Markets	**14**	**5**	**5**
Net Current Assets	*2*	*0*	*0*
Total	**100**	**100**	**100**

Top 10 Holdings

	FTSE Sector	%
Corpay (was FLEETCOR)	Industrials	5.5
UnitedHealth Group	Health Care	3.6
Interactive Brokers Group	Financials	3.5
Global Payments	Industrials	3.4
GXO Logistics	Industrials	3.2
Sumitomo Mitsui Fin.	Financials	3.1
Alphabet	Technology	3.1
British American Tobacco	Consumer Staples	2.9
Shell	Energy	2.8
BAE Systems	Industrials	2.8
Total		**34.0**

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	64
Total number of holdings	63
12 month portfolio turnover (%)	44
12 month name turnover (%)	32
Active share (%)	93

Fees & Expenses (%), for last 12 months

Management fee[1]	1.36
For 3 year performance in line with Benchmark	*1.50*
For 3 year outperformance/(underperformance) vs Benchmark	*(0.14)*
Fund expenses	0.04
Total Expense Ratio (TER)	**1.40**

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.

Investor Notification regarding Change in Secretary and Director

Orbis Global Equity Limited, Orbis Japan Equity (US$) Fund Limited, Orbis Optimal (US$) Fund Limited, Orbis Optimal SA Fund Limited, Orbis Optimal Overlay Funds Limited, Orbis Institutional Funds Limited and Selection of Orbis Funds (together, the "Orbis Funds").

Effective 30 January 2024, James Dorr resigned as a Director of Orbis Institutional Funds Limited and as Secretary of each of the Orbis Funds. Samantha Scott has been appointed as Secretary of each of the Orbis Funds.

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.

The discussion topics for the commentaries were selected, and the commentaries were finalised and approved, by Orbis Investment Management Limited, the Funds' Manager. Information in this Report is based on sources believed to be accurate and reliable and provided "as is" and in good faith. The Orbis Group does not make any representation or warranty as to accuracy, reliability, timeliness or completeness of the information in this Report. To the maximum extent permitted by applicable law, the Orbis Group disclaims all liability (whether arising in contract, tort, negligence or otherwise) for any error, omission, loss or damage (whether direct, indirect, consequential or otherwise) in connection with the information in this Report.

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If you are an investor in Australia, pursuant to Regulation 7.1.33B of the Corporations Regulations, this document is provided to you on behalf of the relevant Orbis Funds by Orbis Investment Advisory Pty Ltd, Australia Financial Services Licence No. 237862, Australia Business Number 15 101 387 964.

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 Multi-Asset Class 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 Multi-Asset Class 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 Multi-Asset Class 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 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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