Orbis Optimal

As we have written in previous commentaries, the past decade or so has been an extraordinary time to be broadly invested in global equities or “beta”. A simple passive strategy would have delivered per annum returns of 15% since the global financial crisis lows of 2009, well above historical averages and putting many a traditional active stockpicker to shame.

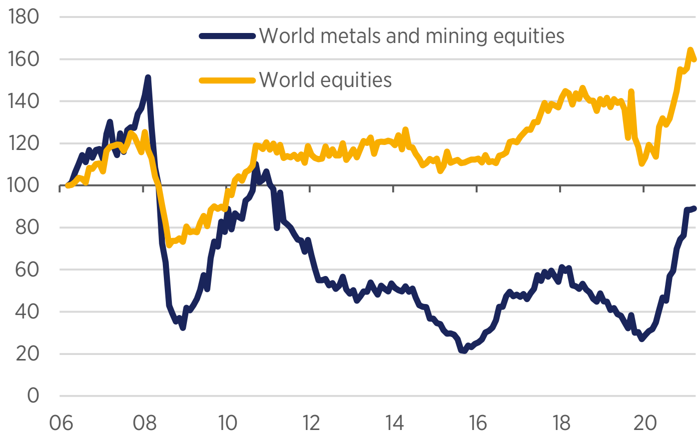
In a sense, it has become a self-reinforcing dynamic. The more attractive the returns offered by cheap and widely available beta, the more capital has flowed into passive strategies at the expense of active management. By some estimates about 40% of money is managed passively today versus less than 5% in the mid-1990s.

Perhaps counterintuitively, we believe this creates more opportunity for active stock selection to add value, not less. Markets should arguably become less efficient over time if there are fewer participants engaged in active price discovery. Indeed we are seeing ample signs of it in the current environment. At a time of historically low rates and abundant liquidity, it should be very difficult to find businesses with high cash yields and inflation protection. And yet we’ve had no trouble finding opportunities that appear to offer unusually good value.

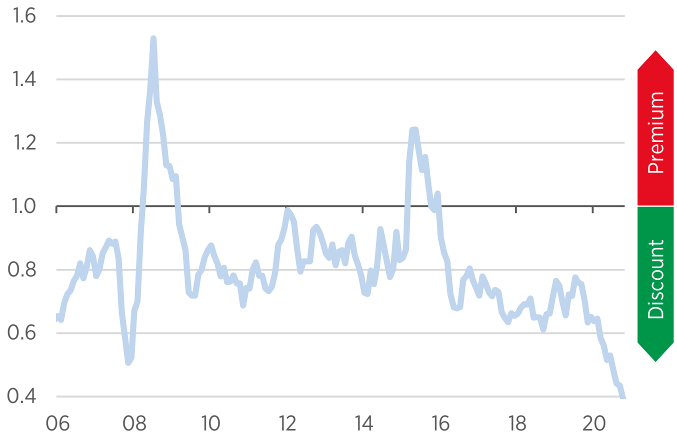
As an example, we can see this by looking at the commodity sector. Shares of these businesses have been one of the few investments to lose money over the past two decades while almost everything else has been in a historic bull market. As shown in the charts below, earnings of metals and mining companies have improved sharply over the past year—driven partly by reopening in the wake of the pandemic—yet the sector’s valuations relative to global equities are the cheapest they have been since the global financial crisis. Valuations in the sector remain very low, with free cash flow yields in the teens for many producers.

Metals and mining equities are trading at new lows despite earnings uptick

Earnings per share (rebased) for world metals and mining equities and world equities



Price-to-earnings ratio for world metals and mining equities relative to that of world equities



Source: Refinitiv. Earnings per share (in USD) rebased to 100 from 30 September 2006. World metals and mining equities is the Datastream Developed Markets Industrial Metals and Mining Index. World equities is the Datastream Developed Markets Index. In the right chart, when the line is below one, world metals and mining equities are trading at a discount to world equities. When the line is above one, world metals and mining equities are trading at a premium to world equities.

The combination of sustainable positive change coupled with deep scepticism is typically a very favourable one for investors. So what is the market missing? The traditional perception of commodities is that a lump of metal is a lump of metal. By definition, there is little room for differentiation. But it looks to us like we are at an interesting inflection point. First, companies, governments, and—most importantly—consumers are starting to care a lot more about how and where products are sourced. Whether it’s the beans used to make coffee or the materials used to build cars or iPhones, we believe it is a trend that is here to stay and will likely intensify. Secondly, and just as importantly, technology is making it easier than ever to reliably track goods back to their origin. Where were they sourced? Which countries, companies, processes did they pass through? The capacity to do this is now becoming very real.

Put these two developments together—a greater desire to identify the origin of what we consume and the ability to do so with precision—and we believe this combination will lead to both structurally higher commodity prices and greater price differentiation. For the first time we are seeing governments, companies and consumers get very serious about sourcing “low externality” products from responsible producers.

Orbis Optimal *(continued)*

It's a trend that we see across a variety of commodities. Volvo and Mercedes-Benz are now starting to use "fossil-free" steel, which is made using hydrogen and renewable energy rather than coal. Apple is buying aluminium for its iPhones from a joint venture between Alcoa and Rio Tinto that is pioneering a new smelting technique that does away with carbon anodes. And the copper industry's "Copper Mark" assurance framework aims to promote responsible production in the same way that the Forest Stewardship Council (FSC) does with wood and paper products.

These dynamics could have significant implications for commodity prices. Over the long term, commodity prices are ultimately driven by the cost of production. Prices tend to be set by the marginal producer—i.e. the company with the highest costs—while the lowest-cost producers enjoy the highest profit margins. Those who have generated substantial externalities (such as high emissions from cheap coal power) have enjoyed fatter margins than they perhaps should have, while more responsible producers have been "penalised" with higher cost structures. But as the world pays more attention to externalities, the competitive landscape could change dramatically. If "dirty" producers are forced to pay their true share of the cost, the cleanest may find themselves at the low end of a cost curve that is both higher and steeper.

In addition to selected producers, key beneficiaries of this trend include commodity trading firms. As commodity prices perhaps become less "commoditised" (more price differentiation), the traders of these commodities should benefit, as there will be higher value-add in matching buyers with sellers. Some examples here include the Japanese trading companies that we've written about in previous commentaries, notably Sumitomo and Mitsubishi. At a time when global equities look fairly expensive, these businesses offer double-digit free cash flow yields with embedded growth.

The more difficult question to answer is if and when markets will come to share our enthusiasm. While we believe the trend toward passive investing is creating interesting opportunities such as those discussed here, it is potentially also slowing the usual reversion process. There are more gaps between price and intrinsic value to exploit, but these gaps are also taking longer to close. This isn't unusual—weak price discovery both creates and perpetuates inefficiency—but we are more than happy to exercise patience given the returns offered for doing so are currently unusually high.

Commentary contributed by Graeme Forster, Orbis Investment Management Limited, Bermuda

Orbis Optimal SA Fund

Euro Standard Class (A)

The Fund seeks capital appreciation on a low risk global portfolio. It invests principally in a focused portfolio of selected global equities believed to offer superior relative value and employs stockmarket hedging to reduce risk of loss.

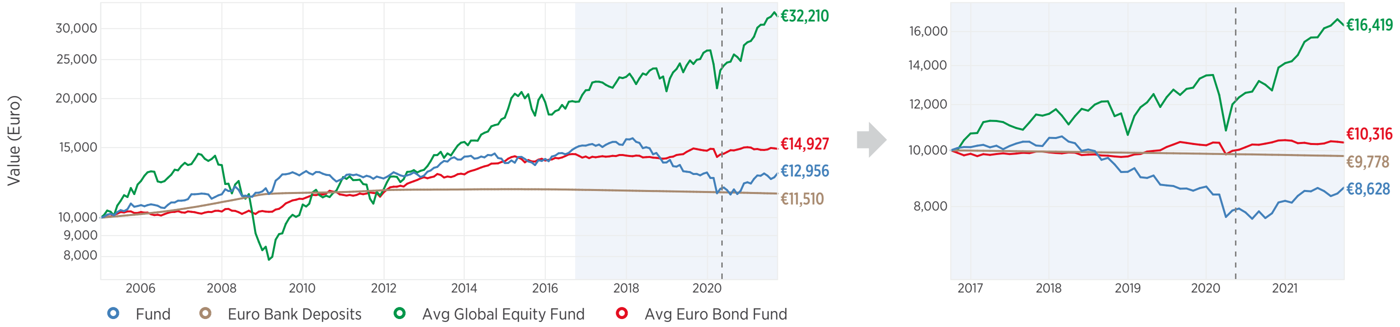
Price	€12.89
Pricing currency	Euro
Domicile	Bermuda
Type	Open-ended mutual fund
Minimum investment	US$50,000
Dealing	Weekly *(Thursdays)*
Entry/exit fees	None
ISIN	BMG6768M1525

Comparators	Euro Bank Deposits Average Global Equity Fund Index Average Euro Bond Fund Index
Class size	€9.5 million
Class inception	14 May 2020
Fund inception	1 January 2005
Strategy size	€2.2 billion
Strategy inception	1 January 1990

Growth of €10,000 investment, net of fees, dividends reinvested

Long-term performance,[1] since Fund inception

Medium-term performance,[1] last 5 years



The Euro Standard Class (A) incepted on 14 May 2020 (date indicated by dashed line above). Information for the Fund for the period before the inception of the Euro Standard Class (A) relates to the Euro Standard Class.

Returns[1] (%)

	Fund	Euro Bank Deposits	Avg Global Equity Fund	Avg Euro Bond Fund
Annualised	*Net*		*Net*	
Since Fund inception	1.6	0.8	7.2	2.4
15 years	1.1	0.7	6.3	2.5
10 years	0.3	(0.2)	11.5	2.6
5 years	(2.9)	(0.4)	10.4	0.6
3 years	(3.8)	(0.5)	10.6	1.8
	Class	**Euro Bank Deposits**	**Avg Global Equity Fund**	**Avg Euro Bond Fund**
Since Class inception	8.4	(0.5)	27.0	2.7
1 year	12.9	(0.5)	26.5	0.4
Not annualised				
Calendar year to date	5.4	(0.4)	16.2	(0.9)
3 months	1.4	(0.1)	1.2	0.4
1 month	2.4	0.0		

	Year	Net %
Best performing calendar year since Fund inception	2013	11.6
Worst performing calendar year since Fund inception	2018	(12.6)

Risk Measures,[1] since Fund inception

	Fund	Euro Bank Deposits	Avg Global Equity Fund	Avg Euro Bond Fund
Historic maximum drawdown (%)	28	2	46	5
Months to recovery	>43[2]	>79[2]	72	15
% recovered	34	0	100	100
Annualised monthly volatility (%)	5.7	0.5	12.8	2.7
Correlation vs FTSE World Index	0.4	(0.2)	1.0	0.4
Correlation vs Orbis Global Equity Fund relative return	0.8	0.1	0.0	0.0

Stockmarket Exposure (%)

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure
Developed Markets	**72**	**(74)**	**(2)**	**3**
United States	23	(25)	(2)	0
Japan	19	(19)	0	1
United Kingdom	13	(12)	1	2
Continental Europe	7	(9)	(2)	0
Other	9	(9)	0	0
Emerging Markets	**18**	**(12)**	**6**	**6**
Total	**90**	**(87)**	**3**	**8**

Top 10 Holdings[3]

	FTSE Sector	%
British American Tobacco	Consumer Staples	4.0
UnitedHealth Group	Health Care	3.3
Mitsubishi	Industrials	3.3
Woodside Petroleum	Energy	3.1
Drax Group	Utilities	2.9
Sberbank of Russia	Financials	2.4
NetEase	Consumer Discretionary	2.3
Korea Investment Holdings	Financials	2.3
Taiwan Semiconductor Mfg.	Technology	2.1
Olam International	Consumer Staples	2.0
Total		**27.8**

Currency Allocation (%)

Euro	91
Other	9
Total	**100**

Fees & Expenses (%), for last 12 months

Base fee	0.70
Performance fee	0.00
Fund expenses	0.07
Total Expense Ratio (TER)	**0.77**

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] Fund data for the period before 14 May 2020 relates to the Euro Standard Class.
[2] Number of months since the start of the drawdown. This drawdown is not yet recovered.
[3] Includes equity positions held indirectly.

Orbis Optimal SA Fund

US$ Standard Class (A) and Euro Standard Class (A)

This Fact Sheet is a Minimum Disclosure Document and a monthly General Investor Report as required by the South African Financial Sector Conduct Authority.

Manager				Orbis Investment Management Limited
Fund Inception date				1 January 2005
Class Inception date				14 May 2020
Number of shares	**US$ Standard Class (A):**	3,574,562	**Euro Standard Class (A):**	737,919
Income distributions during the last 12 months				None

Fund Objective and Performance Fee Benchmarks

The Fund is designed for investors seeking capital appreciation on a low risk global investment portfolio. The Fund's returns are intended to be largely independent of the returns of major asset classes such as cash, equities and bonds. The Fund's US$ Share Classes aim to outperform US$ Bank Deposits (compound total returns on one month US$ deposits, currently based on the Bloomberg USDRA rate), while its Euro Share Classes aim to outperform Euro Bank Deposits (compound total returns on one month Euro Deposits, currently based on the Bloomberg EUDRA rate).

How We Aim to Achieve the Fund's Objective/Adherence to Objective

The Fund is actively managed and augments a focused portfolio of selected global equities with hedging of the risk of monetary loss arising from a decline in stockmarkets. It invests in shares considered to offer superior fundamental value. The lower the price of a share as compared to its assessed intrinsic value, the more attractive Orbis considers the equity's fundamental value. Orbis believes that over the long term, equity invested based on this approach offers superior returns and reduces the risk of loss.

Orbis believes the main risk of investing in its selected equities is that their prices will decline if relevant stockmarkets fall significantly. To reduce this risk, the Fund maintains a substantial core level of hedging. When Orbis' research suggests that stockmarkets are overvalued and vulnerable, the Manager increases the hedging above this core level. Similarly, when Orbis' research suggests that stockmarkets represent good value, the Manager lowers the hedging below the core level. The Manager's actions in this regard are limited and the Fund therefore always maintains a significant level of hedging to protect investors from unexpected stockmarket declines. The result is that the Fund's returns are driven mainly by the Manager's ability to select equities that outperform their respective stockmarket indices and not by the overall direction of equity markets. The Fund is therefore able to aim for absolute (or positive) returns.

The net returns of both the US$ and Euro Standard Class (A) Classes from their inception on 14 May 2020, stitched with the net returns of the US$ and Euro Standard Classes respectively from the Fund's inception to 14 May 2020, have outperformed their respective performance fee benchmarks and delivered positive returns.

Risk/Reward Profile

- The Fund is designed for investors seeking capital appreciation on a low risk global investment portfolio.
- Investments in the Fund may suffer capital loss.
- Investors should understand that the Manager generally assesses an equity investment's attractiveness using a three-to-five year time horizon.

Management Fee

The Fund's share classes bear different management fees. The fees are designed to align the Investment Manager's interests with those of investors in the Fund.

There are two parts to the fee applicable to the Standard Share Class (A) Classes:

1. a base fee of 0.7% per annum, paid monthly, of the total net assets of each Standard Share Class (A); plus
2. a performance fee of 20% of the outperformance of each class of Standard Share Class (A)'s weekly rate of return relative to its performance fee benchmark (as described in the "Fund Objective and Performance Fee Benchmarks" section above), calculated and accrued on each dealing day and paid monthly. The performance fee incorporates a high water mark.

Investors in the Standard Share Class (A) Classes of the Fund separately pay an administrative fee directly to Allan Gray Proprietary Limited or one of its affiliates. 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. The amount of this fee may vary, but will not exceed 0.3% per annum. For purposes of determining the return on which the performance fee is calculated for the Standard Share Class (A) Classes, the administrative fee is deemed to be the maximum possible fee of 0.3% per annum, which then is deducted, along with the base fee, for purposes of calculating the gross return.

For a description of the management fee borne by the Fund's other share classes, please refer to the Fund's prospectus.

Fees, Expenses and Total Expense Ratio (TER)

The relevant class within the Fund bears all expenses payable by such class, which shall include but not be limited to fees payable to its Manager and additional service providers, fees and expenses involved in registering and maintaining governmental registrations, taxes, duties and all other operating expenses, including the cost of buying and selling investments. However, the Manager has agreed that in the current calendar year, except for specified exclusions, operating expenses attributable to each share class will be capped at 0.15% per annum. The cap will be automatically extended for further successive one year periods unless terminated by the Manager at least three months prior to the end of the then current term. The operating expenses that are capped are all expenses, excluding the Manager's fees described above under "Management Fee," the cost of buying and selling investments, interest and brokerage charges.

Where an investor subscribes or redeems an amount representing 5% or more of the net asset value of the Fund, the Manager may cause the Fund to levy a subscription or redemption fee of 0.50% of the net asset value of the Fund's shares being acquired or redeemed.

The annual management fees charged are included in the TER. The TER is a measure of the actual expenses incurred by the class over a 12 month period, excluding trading costs. Since Fund and Class returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns.

Changes in the Fund's Top 10 Holdings

30 June 2021	%	30 September 2021	%
British American Tobacco	4.7	British American Tobacco	4.0
UnitedHealth Group	3.1	UnitedHealth Group	3.3
Mitsubishi	3.1	Mitsubishi	3.3
NetEase	3.0	Woodside Petroleum	3.1
Woodside Petroleum	2.6	Drax Group	2.9
Korea Investment Holdings	2.5	Sberbank of Russia	2.4
Taiwan Semiconductor Mfg.	2.5	NetEase	2.3
Honda Motor	2.3	Korea Investment Holdings	2.3
Drax Group	2.3	Taiwan Semiconductor Mfg.	2.1
XPO Logistics	2.2	Olam International	2.0
Total	**28.3**	**Total**	**27.8**

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.

Orbis Optimal SA Fund

Additional Information

South African residents should contact Allan Gray Unit Trust Management (RF) Proprietary Limited at 0860 000 654 (toll free from within South Africa) or offshore_direct@allangray.co.za to receive, free of charge, additional information about a proposed investment (including Prospectus, application forms, annual reports and a schedule of fees, charges and maximum commissions). The Manager can be contacted at +1 441 296 3000 or clientservice@orbis.com. The Fund's Custodian is Citibank N.A., New York Offices, 388 Greenwich Street, New York, New York 10013, U.S.A. All information provided herein is subject to the more detailed information provided in the Fund's Prospectus.

Share Price and Transaction Cut Off Times

Share prices are calculated for the (i) Investor Share Class(es), (ii) Shared Investor Refundable Reserve Fee Share Class(es), (iii) Shared Investor Refundable Reserve Fee Share Class(es) (A), (iv) Standard Share Class(es) and (v) Standard Share Class(es) (A) on a net asset value basis by share class, normally as of 5:30 pm (Bermuda time), (a) each Thursday (or, if a Thursday is not a business day, the preceding business day), (b) on the last business day of each month and/or (c) any other days in addition to (or substitution for) any of the days described in (a) or (b), as determined by the Investment Manager or Manager (as indicated in the Fund's prospectus) without notice.

Subscriptions are only valid if made on the basis of the Fund's current Prospectus. To be processed on a given dealing day: subscription requests into an Orbis Fund that is not an Orbis SICAV Fund must be submitted by 5:00 pm on that dealing day; subscription requests into an Orbis Fund that is an Orbis SICAV Fund must be submitted by 5:30 pm; redemption requests from an Orbis Fund that is not an Orbis SICAV Fund must be submitted by 12 noon; redemption requests from an Orbis Fund that is an Orbis SICAV Fund must be submitted by 5:30 pm; requests to switch from an Orbis Fund that is not an Orbis SICAV Fund to a different Orbis Fund that is also not an Orbis SICAV Fund must be submitted by 12 noon; requests to switch from an Orbis SICAV Fund into a different Orbis Fund that is not an Orbis SICAV Fund must be submitted by 5:00 pm; requests to switch from an Orbis Fund that is not an Orbis SICAV Fund to a different Orbis Fund that is an Orbis SICAV Fund must be submitted by 12 noon; and requests to switch from an Orbis Fund that is an Orbis SICAV Fund to a different Orbis Fund that is also an Orbis SICAV Fund must be submitted by 5:30 pm. All times given are Bermuda time, and all requests must be properly completed and accompanied by any required funds and/or information.

Share prices, updated weekly, are available:

- by e-mail, by registering with Orbis for this service at the Orbis website at www.orbis.com,
- for the Shared Investor RRF Share Class(es) (A) and Standard Share Class(es) (A), from the Allan Gray Unit Trust Management (RF) Proprietary Limited's website at www.allangray.co.za, and
- for the Shared Investor RRF Share Class(es), Standard Share Class(es), and Investor Share Class(es), from the Orbis website at www.orbis.com.

Legal Notices

Returns are net of fees, include income and assume reinvestment of dividends. Figures quoted are for the periods indicated for a $10,000 or €10,000 investment (lump sum, for illustrative purposes only). Annualised returns show the average amount earned on an investment in the Fund/share class each year over the given time period. 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.

Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of an investment in the Fund may go down as well as up, and past performance is not a reliable indicator of future results. The Manager provides no guarantee with respect to capital or the Fund's returns. CIS are traded at ruling prices and can engage in borrowing and scrip lending. 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 the Fund's net asset value. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The Fund invests 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.

The discussion topics for the commentaries were selected, and the commentaries were finalised and approved, by Orbis Investment Management Limited, the Fund's 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. 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.

Fund Minimum

Minimum investment amounts in the Fund are specified in the Fund's Prospectus, provided that a new investor in the Orbis Funds must open an investment account with Orbis, which may be 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.

Clients investing via Allan Gray, which includes the Allan Gray Investment Platform, an Allan Gray investment pool or otherwise through Allan Gray Nominees, remain subject to the investment minimums specified by the applicable terms and conditions.

Sources

FTSE World Index: FTSE International Limited ("FTSE") © FTSE 2021. FTSE is a trademark of the London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.

Average Fund data source: © 2021 Morningstar. All Rights Reserved. Such information (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The latest average fund indices provided by Morningstar are for 23 September 2021. To allow comparison of returns to a common date we have extended the average equity and multi-asset class fund indices to reflect the subsequent movement of the applicable benchmark indices. For the purposes of extending the Average Global Equity Fund Index as a comparator of the Orbis Optimal SA Fund, the FTSE World Index has been used. Average fund returns are not shown for periods of a month or less as high price volatility and late fund reporting regularly cause them to be significantly restated by Morningstar.

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.

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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 upon request from Allan Gray Unit Trust Management (RF) Proprietary Limited, a Member of the Association for Savings & Investments SA. 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 and cash equivalents 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. Cash and cash equivalents are not included.

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.

The total expense ratio has been calculated using the expenses, excluding trading costs, for the 12 month period ending 30 September 2021.