



# Introductory Booklet

Orbis SICAV  
Japan Equity Fund

# ORBIS SICAV

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## DEPOSITARY, ADMINISTRATOR, DOMICILIARY, REGISTRAR AND TRANSFER AGENT

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Attention: The Orbis Service Team

For further assistance, please contact the Orbis Client Services Team at +1 441 296 3000 or by e-mail at [clientservice@orbis.com](mailto:clientservice@orbis.com).

*Dated: June 2018*

## INTRODUCTION

This booklet sets out information which is specific to the Orbis SICAV Japan Equity Fund, Yen Classes and Euro Class. The Prospectus of the Fund consists of this booklet and the Orbis SICAV General Information document. The Prospectus for the Orbis SICAV consists of these two documents and the Introductory Booklets for the other Orbis SICAV Funds. Applications for Shares of the Fund are valid only if made on the basis of the Prospectus of the Fund or the Orbis SICAV. The Orbis SICAV General Information document, other Introductory Booklets and latest annual and semi-annual reports are available from the Investment Manager and the Fund's Administrator at the locations identified in the Orbis SICAV General Information document. Certain capitalised terms used herein are defined in the Orbis SICAV General Information document.

The Fund is not a separate legal entity. All of the Orbis SICAV Funds together comprise the Orbis SICAV, a single legal entity. A separate pool of assets is maintained for each Fund and the exclusive benefit of Shareholders of that Fund and not Shareholders of other Orbis SICAV Funds. Third party liabilities attributable to a Fund are segregated and will be met only from the assets of that Fund.

This Fund offers (i) in Yen and euro for all types of investors, the Investor Share Class, (ii) in Yen for qualified Institutional Investors only, a separate Founding Refundable Reserve Fee Share Class for each registered Shareholder, (iii) in Yen for qualified Institutional Investors only, a separate Core Refundable Reserve Fee Share Class for each registered Shareholder, (iv) in Yen for qualified Institutional Investors only, a separate Zero Base Refundable Reserve Fee Share Class for each registered Shareholder, (v) in Yen for certain eligible investors (as described in the Orbis SICAV General Information document), a separate Base Refundable Reserve Fee Share Class for each registered Shareholder, (vi) in Yen for collective investment schemes portfolio-managed by the Investment Manager, Allan Gray Proprietary Limited or one of their affiliates only, as well as eligible South African tax free savings account providers who invest via Allan Gray Proprietary Limited or one of its subsidiaries, the Fixed Fee Share Class, and (vii) in Yen for collective investment schemes portfolio-managed by the Investment Manager or one of its affiliates, a separate No Fee Share Class. The Reference Currency of the Fund is yen. The Unit Currency of the Euro Class is euro.

All Classes invest in a portfolio of Japanese equities selected by the Investment Manager. However, while the currency exposure of the Yen Classes remains as fully exposed to the yen as practicable, the Euro Class is hedged into, and therefore largely exposed to, the euro. The Euro Class is designed for investors who measure their returns in euro and who wish to be invested in Japanese equities without being exposed to fluctuations in the yen-euro exchange rate.

## KEY INFORMATION

### ALL SHARE CLASSES

<b>Manager</b>	Orbis Investment Management (Luxembourg) S.A.
<b>Investment Manager</b>	Orbis Investment Management (Guernsey) Limited.
<b>Substantial transactions</b>	In order to protect the interests of existing Shareholders in the Fund, a 0.25% levy with respect to substantial subscriptions, redemptions or conversions of Shares may be levied by the Fund in accordance with the published policy of the Investment Manager, a copy of which is available upon request and on the website <a href="http://www.orbis.com">www.orbis.com</a> .
<b>Reporting</b>	Comprehensive reports are made available to Shareholders each quarter.
<b>For more information contact</b>	The Client Services Team of the Investment Manager at +1 441 296 3000 or <a href="mailto:clientservice@orbis.com">clientservice@orbis.com</a> .

The Fund offers the Share Classes listed below. For more information about the fees borne by these Share Classes and the eligibility requirements for investing, please refer to the Orbis SICAV General Information document.

### INVESTOR SHARE CLASS

<b>Management fee</b>	1.5% per annum +/- up to 1.0%, based on the 3-year rolling performance of the Yen Class versus its Performance Fee Hurdle.
<b>Performance Fee Hurdle</b>	The Tokyo Stock Price Index measured in Japanese yen, including income and before deduction of withholding taxes (the "TOPIX (gross)").
<b>Minimum initial investment</b>	US\$50,000 (or its equivalent in any Eligible Currency).
<b>Minimum subsequent investment and redemption</b>	US\$1,000 (or its equivalent in any Eligible Currency) but does not need to be in multiples of US\$1,000.
<b>Expense cap</b>	0.20% per annum (excludes management fee).
<b>Unit currencies</b>	Yen and euro.
<b>Dealing days</b>	Weekly each Thursday.
<b>Valuations</b>	Weekly on Thursday and on the last day of each calendar month.

### ALL REFUNDABLE RESERVE FEE SHARE CLASSES

<b>Dealing days</b>	The first Thursday of each calendar month and any other Thursday on which an existing or prospective investor submits valid dealing instructions.
<b>Valuations</b>	The first Thursday and the last day of each calendar month plus any additional Dealing Day.
<b>Expense cap</b>	0.15% per annum (excludes management fee).

## CORE REFUNDABLE RESERVE FEE SHARE CLASSES

<b>Management fee</b>	Base fee: 0.45% per annum, reducing to 0.30% per annum for larger amounts. Refundable performance fee: 25% of outperformance of the Class versus the Performance Fee Hurdle.
<b>Performance Fee Hurdle</b>	The Tokyo Stock Price Index measured in Japanese yen, including income and after deduction of withholding taxes (the “TOPIX (net)”).
<b>Minimum initial investment</b>	US\$20 million (or its equivalent in any Eligible Currency).
<b>Minimum subsequent investment and redemption</b>	US\$250,000 (or its equivalent in any Eligible Currency) but does not need to be in multiples of US\$250,000.
<b>Unit currency</b>	Yen.

## FOUNDING REFUNDABLE RESERVE FEE SHARE CLASSES

<b>Management fee</b>	Base fee: 0.45% per annum, reducing to 0.30% per annum for larger amounts. Refundable performance fee: 25% of outperformance of the Class versus the Performance Fee Hurdle.
<b>Performance Fee Hurdle</b>	The TOPIX (gross).
<b>Minimum initial investment</b>	US\$10 million (or its equivalent in any Eligible Currency) as long as the investor has at least US\$20 million invested with Orbis.
<b>Minimum subsequent investment and redemption</b>	US\$250,000 (or its equivalent in any Eligible Currency) but does not need to be in multiples of US\$250,000.
<b>Unit currency</b>	Yen.

## ZERO BASE REFUNDABLE RESERVE FEE SHARE CLASSES

<b>Management fee</b>	Base fee: none. Refundable performance fee: 33% of outperformance of the Class versus the Performance Fee Hurdle.
<b>Performance Fee Hurdle</b>	The TOPIX (net).
<b>Minimum initial investment</b>	US\$100 million (or its equivalent in any Eligible Currency).
<b>Minimum subsequent investment and redemption</b>	US\$250,000 (or its equivalent in any Eligible Currency) but does not need to be in multiples of US\$250,000.
<b>Unit currency</b>	Yen.

## BASE REFUNDABLE RESERVE FEE SHARE CLASSES

<b>Management fee</b>	Base fee: 0.60% per annum. Refundable performance fee: 25% of outperformance of the Class versus the Performance Fee Hurdle.
<b>Performance Fee Hurdle</b>	The TOPIX (net).
<b>Minimum initial investment</b>	US\$1 million (or its equivalent in any Eligible Currency).
<b>Minimum subsequent investment and redemption</b>	US\$25,000 (or its equivalent in any Eligible Currency) but does not need to be in multiples of US\$25,000.
<b>Unit currency</b>	Yen.
<b>Initial subscription date</b>	On the date of the first subscription in such Class.

## NO FEE SHARE CLASSES

<b>Management fee</b>	None.
<b>Performance Fee Hurdle</b>	Not applicable.
<b>Minimum initial investment</b>	US\$50,000 (or its equivalent in any Eligible Currency).
<b>Minimum subsequent investment and redemption</b>	US\$1,000 (or its equivalent in any Eligible Currency) but does not need to be in multiples of US\$1,000.
<b>Expense cap</b>	0.15% per annum.
<b>Unit currency</b>	Yen.
<b>Dealing days</b>	Weekly each Thursday.
<b>Valuations</b>	Weekly on Thursday and on the last day of each calendar month.

## FIXED FEE SHARE CLASS

<b>Management fee</b>	1.7% per annum.
<b>Performance Fee Hurdle</b>	Not applicable.
<b>Minimum initial investment</b>	US\$50,000 (or its equivalent in any Eligible Currency).
<b>Minimum subsequent investment and redemption</b>	US\$1,000 (or its equivalent in any Eligible Currency) but does not need to be in multiples of US\$1,000.
<b>Expense cap</b>	0.15% per annum (excludes management fee).
<b>Unit currency</b>	Yen.
<b>Dealing days</b>	Weekly each Thursday.
<b>Valuations</b>	Weekly on Thursday and on the last day of each calendar month.
<b>Initial subscription date</b>	On the date of the first subscription in such Class.

## INVESTOR PROFILE

The Fund is aimed at investors who are seeking a portfolio the objective of which is to be fully invested in, and exposed to, Japanese equities at all times and who therefore accept exposure to trends in the Japanese stockmarket. The Yen Classes do not hedge underlying currency exposure and are therefore aimed at investors seeking to retain the predominantly yen exposure of the Fund's equity portfolio. In contrast, the Euro Class of the Fund hedges underlying currency exposure into euro and is therefore aimed at investors seeking euro returns from the Fund's equity portfolio. The Refundable Reserve Fee Share Classes are offered to Institutional Investors and may be transferred to other investors only with the prior consent of the Board of Directors. The No Fee Share Class is offered to collective investment schemes portfolio-managed by the Investment Manager or one of its affiliates. The Fixed Fee Share Class is offered to collective investment schemes portfolio-managed by the Investment Manager, Allan Gray Proprietary Limited or one of their affiliates, as well as to eligible South African tax free savings account providers who invest via Allan Gray Proprietary or one of its subsidiaries.

## INVESTMENT OBJECTIVES

The Yen Classes of the Fund seek higher returns in yen than the Japanese stockmarket, without greater risk of loss.

The Euro Class of the Fund seeks higher returns than the Japanese stockmarket hedged into euro, without greater risk of loss.

## INVESTMENT APPROACH

**Research Driven.** The Fund is designed to remain continuously fully invested in, and exposed to all the risks and rewards of, selected Japanese equities. The Fund identifies as Japanese equities those equities of companies which are domiciled in Japan, whose securities trade on a Japanese stockmarket or whose business is primarily located in or linked to Japan. These equities are selected using extensive proprietary investment research undertaken by the Investment Manager and the Investment Advisors. Orbis devotes a substantial proportion of its business efforts to detailed "bottom up" investment research conducted with a long-term perspective, believing that such research makes superior long-term performance attainable.

**Value Orientation.** This research is intended to enable the Investment Manager to invest the Fund in equities which offer superior fundamental value. Orbis determines whether an equity offers superior fundamental value by comparing the *share price* with an assessment of the equity's *intrinsic 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. The Investment Manager believes that over the long term equity investing based on this approach offers superior returns and reduces the risk of loss. The Investment Manager generally assesses an investment's attractiveness using a three-to-five year time horizon.

**Share Selection.** Orbis aims to focus its research efforts on the most promising investment opportunities. This is facilitated, amongst other means, by using a proprietary equities screening tool based on quantitative considerations. Orbis maintains a database of key information, including company fundamentals and share prices, on approximately 13,000 of the world's most marketable stocks. The Japanese companies in the database represent the target universe on which the initial screening for the Fund's portfolio is performed. The database tracks fundamental data which, wherever possible, extends back over multiple decades in keeping with the long-term orientation of Orbis' research, and it includes share prices which are updated daily. Orbis has developed quantitative techniques which use this database to produce a projected total rate of return offered by each equity for the next three-to-five years, based on the prevailing share price. This estimate, together with an analysis of macro-economic and investment trends, provides a preliminary

assessment of those areas of research that seem most fruitful. Additional equities which appear intriguing are identified by anticipating economic and corporate developments.

This approach helps Orbis to focus its more time-consuming, non-quantitative equity research on the most promising sectors, themes and equities. Equities that are considered promising are subjected to “bottom up” investment analysis. The starting point is to eliminate those equities that have fallen out of favour for sound and enduring reasons (for example, the shares of companies which Orbis believes are poorly managed or vulnerable). Those equities that are not eliminated by this pre-screening are subjected to intensive qualitative investment research. This entails evaluation of factors such as the company’s perceived ability to generate superior growth in cash flow, earnings and dividends in the projected economic environment, the quality of management, its historical record, the company’s competitive environment, the strength of its balance sheet, and, most importantly, the extent to which the share price already reflects these factors. The result of this research process is a continuously monitored group of equities whose share prices Orbis considers most fundamentally attractive. These selected equities are included in the portfolio for the Fund. The Investment Manager emphasises each equity’s perceived risk and reward, but also monitors the correlation between the selected equities to control diversification.

The Fund will not usually aim to trade for short-term gains, although established positions may be reduced when the Investment Manager believes that a share is overbought or added to when a share is considered to be oversold.

As the Fund is designed to offer full exposure to Japanese equities, its portfolio is not adjusted to reflect Orbis’ outlook for the trend in the overall Japanese stockmarket. For example, even if Orbis expects the Japanese stockmarket to decline, the Fund does not raise cash or implement stockmarket hedging to reduce its exposure to the Japanese stockmarket.

**Currency Management.** The currency exposure of the Yen Classes is usually fully exposed to the yen. The currency exposure of the Euro Class aims to be largely hedged, usually using forward currency contracts. By selling yen forward and buying euro, the Euro Class re-deploys its currency exposure from yen into euro. To the extent that the Euro Class is not fully hedged into euro, it assumes risk. As a result, currency trading facilities permitting, the Euro Class will almost always be 100% exposed to the euro. This exposure fluctuates due to factors outside the control of the Fund and is monitored daily to adjust any hedging exceeding 105% or falling below 95% of the Net Asset Value of the Euro Class.

Any gains, losses and expenses arising from the yen to euro hedging transactions in the Euro Class are accrued and applied to the Net Asset Value of the Euro Class only.

**Exchange-Traded Derivatives.** The Fund may hold cash and cash equivalents to meet calls for variation margin related to currency management or as a result of one or more subscriptions or redemptions or for other liquidity purposes. In doing so, the Fund may purchase exchange-traded derivatives, for example futures and options on broad stockmarket indices, for investment efficiency purposes.

**Performance Benchmarks.** The Yen Classes do not track Japanese stockmarkets passively, but instead aim for superior long-term returns relative to their performance benchmark, which the Fund has designated as the TOPIX (gross) (the “Benchmark”). The Yen Classes seek to attain superior returns relative to the TOPIX (gross) in yen. The Fund does not seek to mirror the Benchmark and may deviate meaningfully from the Benchmark in pursuit of superior long-term capital appreciation.

The Euro Class seeks to outperform a Benchmark of the TOPIX (gross) hedged into euro.

**Risk Management.** The Investment Manager invests the Fund in shares whose prices are below Orbis’ assessment of their intrinsic value in the conviction that they offer the highest prospective returns and lowest risk of loss. A result of this investment approach is that the Fund’s portfolio, and consequently its short-term returns, may differ markedly from the Benchmark. However, Orbis monitors the Fund’s risk of underperforming its Benchmark by comparing the Fund’s weighting in each equity and in each industry sector with that in the TOPIX and ensuring that deviations in such



weightings, which are prompted by detailed “bottom up” investment research, are consistent with Orbis’ “top down” macroeconomic views.

**Performance Evaluation.** The Fund is a relative return fund in that it aims for higher long-term returns than its Benchmark. The Fund’s success in achieving this objective cannot be appraised simply by evaluating the Fund’s return in isolation. Instead, it is necessary to compare the Fund’s returns with those of the Benchmark. The financial statements of the Fund are prepared in yen. The Yen Classes shares are priced in yen. The Euro Class shares are priced in euro. The notes to the financial statements will identify items specific to each Class and the allocation of the Net Asset Value per Share between the Euro Class and the Yen Classes. Reports to Shareholders appraise the performance of the Euro Class and the Yen Classes relative to their respective Benchmarks. Performance statistics for the Fund and its Benchmark calculated in other major currencies are available upon request.

## **INVESTMENT RESTRICTIONS**

The Fund shall adhere to investment restrictions at least as restrictive as those prescribed under Part I of the Law of 2010 which are summarised under Appendix II of the Orbis SICAV General Information document. The following is a summary of the key investment restrictions observed by the Fund:

1. no more than 5% of the net assets of the Fund may be invested in securities issued by one issuer except that positions of up to 10% are allowed as long as not more than 40% in total is invested in positions of more than 5%;
2. the Fund’s investments in interest bearing non-equity linked securities are restricted to investment grade securities;
3. the Fund may not invest in other open-ended collective investment schemes;
4. no more than 5% of the net assets of the Fund may be invested in call warrants or call options on transferable securities unless sufficient cash or near cash to provide for the aggregate exercise price of such warrants and options is set aside;
5. the Fund may not enter into derivatives transactions to reduce its overall exposure to stockmarkets;
6. the Fund may not enter into over-the-counter or uncovered equity derivative transactions;
7. the Fund may not borrow other than on a temporary basis. Such borrowing is limited to 10% of the Fund’s Net Asset Value; and
8. the Fund’s investments may not include more than 10% of the outstanding shares of a company.



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