

Orbis Optimal

When the world hit pause in 2020, biotech stocks hit fast-forward. Investors chased pandemic-era breakthroughs, funnelling capital toward innovation and the promise of attractive returns. Since then, however, sentiment has sharply cooled, giving rise to what many now call the “biotech winter” as investors take their enthusiasm to warmer sectors. For bottom-up contrarians like Orbis, this chill is exhilarating—the colder the sentiment, the greater the potential for discounts to intrinsic value.

Biotechnology sector fell out of investor favour after the COVID surge

MSCI World Biotechnology Index Vs MSCI World Index, 10-year rolling relative returns (annualised)



At its core, biotechnology is the art of turning cutting-edge science—and large amounts of capital—into medicines. For investors, long-term returns hinge on two factors. First, how actual drug sales stack up against the market’s expectations. Second, the incremental returns on each additional R&D dollar invested. Businesses that excel at both compound capital; those that stumble destroy it.

Therefore, when researching biotech companies, we tilt the odds in our favour by placing emphasis on two essentials: identifying underappreciated drugs and backing disciplined management teams that have a proven ability to allocate capital effectively. The Orbis Optimal Strategy holds four companies we find to be rare businesses that embody these traits, and trade at undemanding valuations. In our view, leaving limited downside and outsized upside.

Genmab

Distinguished by its proven antibody discovery engine that has yielded eight approved medicines, Genmab is approaching patent expirations for its flagship product, Darzalex, in the late 2020s and early 2030s. Investors routinely flee when a patent cliff looms, fixating on the certain loss of legacy revenue while discounting whatever might replace it. Genmab sits squarely in that sentiment trough. Today the price of its shares hovers around 70% of the value of already-approved drugs, implying the world-class pipeline and discovery engine are worth nothing.

Meanwhile, a slate of late-stage assets and a growing roster of partnered drugs are only beginning to contribute revenue, with sales and royalties that extend well into the 2030s. The R&D machine is still run by its scientist-founder, Dr Jan van de Winkel, whose more than two-decade tenure and sizeable equity stake have fostered disciplined capital allocation and scientific excellence. The company’s recent acquisition of ProfoundBio adds antibody-drug-conjugate technology that slots neatly into Genmab’s core expertise, expanding the opportunity set without stretching the balance sheet. Yet, the market still treats Genmab as a single-product story, allowing investors to buy the stock at a price that’s lower than the value of its commercialised drugs’ cash flows alone and get a world-class discovery platform for free.

Alnylam Pharmaceuticals

This company stands at the forefront of RNA-interference (RNAi) therapeutics, a technology capable of silencing specific gene expressions and reducing harmful proteins. After decades of development, RNAi has proven safe and efficacious in serious diseases like Transthyretin amyloid cardiomyopathy (ATTR-CM). Each of Alnylam’s four marketed medicines and two partnered medicines were invented in-house—a remarkable R&D productivity streak highlighting its scientific prowess.

Earlier this year the company received regulatory approval for its next-generation ATTR-CM medicine, Amvuttra. We believe Amvuttra represents a best-in-class treatment that will significantly benefit patients.

Orbis Optimal (*continued*)

While the drug is still in the early stages of its launch, our research suggests that Amvuttra's sales will outpace consensus expectations. Alnylam's management team, steered by its CEO Dr Yvonne Greenstreet, has a solid track record of both scientific rigour and commercial execution. A stronger than expected Amvuttra sales ramp should propel Alnylam to profitability this year and cement its status among biotech giants like Vertex and Gilead.

CRISPR Therapeutics

Five years ago CRISPR was a popular stock among growth-oriented investors, known for pioneering CRISPR (Clustered Regularly Interspaced Short Palindromic Repeats) gene-editing technology. However, the biotech sentiment implosion has been so profound that we can now buy CRISPR at a significant discount to just the cash on its balance sheet plus the value of its commercialised therapy, Casgevy, which is used to treat sickle-cell disease and transfusion-dependent β -thalassemia.

Guided by scientist-CEO Dr Samarth Kulkarni, CRISPR Therapeutics became the first company to get a CRISPR-based therapy approved by regulators. Because every patient must clear eligibility screens, undergo stem-cell harvesting, and be treated at a steadily expanding network of specialised centres, uptake follows a measured, step-like curve, unlike conventional drugs that generate revenue almost immediately after approval. Our market assessment suggests Casgevy is a multibillion-dollar opportunity with a strong competitive position and no visible patent cliff. And partnering with Vertex gives Casgevy the commercial muscle it deserves while allowing CRISPR to remain research-focused. Despite this, the market's expectations remain muted, constrained by the therapy's unusual launch trajectory. That disconnect in share price is magnified by the company's healthy balance sheet: management raised substantial capital when financing was readily accessible, enabling CRISPR to keep funding high-upside research while many peers are slashing budgets.

Insmed

The newest addition to our biotech holdings, Insmed, is awaiting FDA approval for brensocatib in bronchiectasis, a chronic lung disease whose patients currently lack therapeutic treatment options and suffer a quality-of-life burden comparable with chronic obstructive pulmonary disease. We anticipate a rapid adoption curve that will push the company toward sustained profitability.

The attraction, however, goes well beyond one drug. A second pipeline asset, TPIP, just delivered what could be described as best-case scenario Phase 2 data in pulmonary arterial hypertension. With an already approved medicine, ARIKAYCE, that is indicated for the treatment of Mycobacterium avium complex lung disease, the anticipated approval of brensocatib and later TPIP (assuming successful clinical trials), Insmed is building a respiratory disease franchise. This type of disease-focused strategy has proven lucrative for other biotech companies in the past.

Despite a recent rally following TPIP's positive results, shares remain well below our estimate of their intrinsic value, leaving substantial room for multi-year appreciation. Insmed is led by its long-time CEO Will Lewis, who took the helm when the company's market capitalisation was under \$100 million. During his tenure, the company has created significant shareholder value through disciplined R&D bets. A continuation of this strategy should lead to further value creation that the market is not pricing into the shares.

The current environment of widespread scepticism and low valuations in the biotech sector is precisely the climate which contrarian investors like us find appealing. It has allowed us to assemble a portfolio of companies that we believe are exceptional. Not only are they advancing groundbreaking science and delivering life-changing therapies for patients, but they are also led by management teams we deeply respect and admire. While there will no doubt be surprises and inevitable setbacks along the way, we have established positions in these companies at prices that, in our view, provide a wide margin of safety. These businesses are well equipped to weather the current biotech winter, and when the thaw arrives, we believe they are ideally poised to deliver rewarding long-term returns for Orbis clients.

Commentary contributed by Povilas Dapkevicius and Mo Zhao, Orbis Portfolio Management (Europe) LLP, London

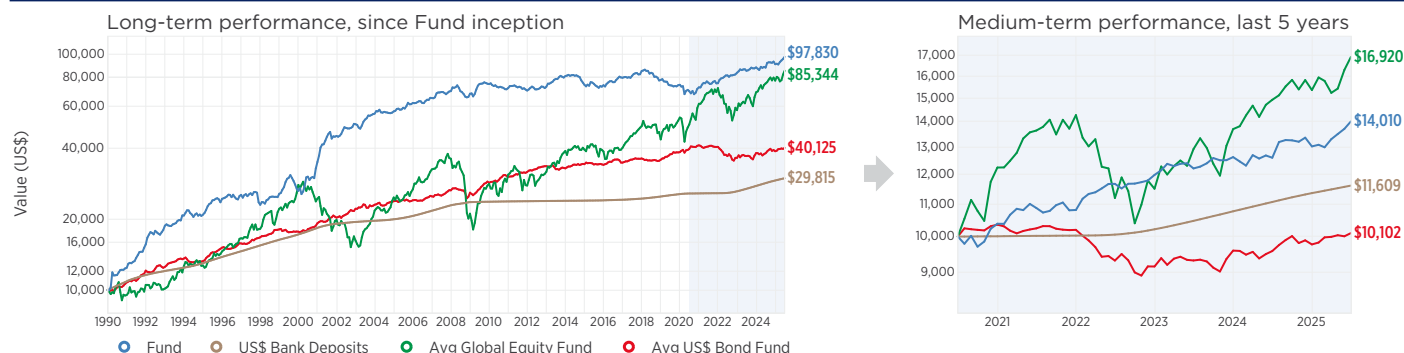
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Orbis Optimal (US\$) Fund

The Fund seeks capital appreciation in US dollars on a low risk global portfolio. It invests in Orbis' preferred mix of equities principally via investment in Orbis' equity strategies. The risk of loss is managed with stockmarket and currency hedging. The Fund's currency benchmark is 100% US dollars.

Price	US\$97.83	Comparators	US\$ Bank Deposits
Pricing currency	US dollars		Average Global Equity Fund Index
Domicile	Bermuda		Average US\$ Bond Fund Index
Type	Open-ended mutual fund	Minimum investment	US\$50,000
Fund size	US\$2.1 billion	Dealing	Weekly (Thursdays)
Fund inception	1 January 1990	Entry/exit fees	None
Strategy size	US\$3.5 billion	ISIN	BMG6766M1055
Strategy inception	1 January 1990		

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



Returns (%)

	Fund	US\$ Bank Deposits	Avg Global Equity Fund	Avg US\$ Bond Fund
Annualised	<i>Net</i>		<i>Net</i>	
Since Fund inception	6.6	3.1	6.2	4.0
35 years	6.3	3.0	6.2	4.0
10 years	2.7	2.2	7.7	1.6
5 years	7.0	3.0	11.1	0.2
3 years	6.3	4.9	14.8	2.7
1 year	11.2	4.9	13.3	5.4
Not annualised				
Calendar year to date	7.6	2.2	10.2	3.4
3 months	5.3	1.1	11.1	1.1
1 month	2.2	0.4		

Risk Measures, since Fund inception

	Fund	US\$ Bank Deposits	Avg Global Equity Fund	Avg US\$ Bond Fund
Historic maximum drawdown (%)	21	0	52	14
Months to recovery	60	n/a	73	>54 ¹
% recovered	100	n/a	100	82
Annualised monthly volatility (%)	7.5	0.7	14.4	3.7
Correlation vs FTSE World Index	0.1	0.0	1.0	0.4

Currency Allocation (%)

US dollar	82
Japanese yen	5
South African rand	4
Greater China currencies	3
Other	5
Total	100

Stockmarket Exposure (%)

Region	Equity Exposure	Stockmarket Hedging	Accounting Exposure	Beta Adjusted Exposure
Developed Markets	73	(69)	3	(3)
United States	31	(35)	(4)	(4)
Japan	19	(15)	4	0
Continental Europe	8	(10)	(2)	(3)
United Kingdom	7	(2)	5	3
Other	8	(6)	1	1
Emerging Markets	16	(7)	9	5
Total	88	(76)	12	2

Top 10 Holdings, looking through to the underlying securities

	FTSE Sector	%
Corpay	Industrials	3.7
Nebius Group (was Yandex)	Technology	3.3
QXO	Industrials	3.3
Taiwan Semiconductor Mfg.	Technology	3.1
FirstService	Real Estate	2.6
Elevance Health	Health Care	2.5
Mitsubishi Estate	Real Estate	2.4
Rolls-Royce Holdings	Industrials	2.3
Smurfit Westrock	Industrials	2.3
Ryder System	Industrials	2.2
Total		27.7

Fees & Expenses (%), for last 12 months

Management fees (from the underlying funds) ²	1.85
For performance in line with the performance fee benchmark	1.23
For out/(under)performance vs performance fee benchmark	0.62
Performance fee (for the Orbis Optimal (US\$) Fund) ³	0.04
Fund expenses	0.08
Total Expense Ratio (TER)	1.97

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 Number of months since the start of the drawdown. This drawdown is not yet recovered.

² The Fund indirectly bears the fees of the funds in which its assets are ultimately invested.

³ The Fund pays a performance-based fee of up to 0.5% per annum of the Fund's weekly net assets whenever the Fund's share price is greater than its high of more than one year earlier and the Fund's trailing one-year return exceeds that of Bank Deposits plus 5 percentage points.



Orbis SICAV Semi-Annual Report

For SICAV funds, this report contains only some of the information included in the semi-annual report of the Orbis SICAV (the “Company”) as at 30 June 2025. The semi-annual report will be available upon request and free of charge at the registered office of the Company within two months following 30 June.

Legal Notices

Past performance does not predict future returns. 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. The Fund may be exposed to risks such as liquidity, credit, counterparty, derivatives and currency/exchange rate risks. 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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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. The Fund does not seek to mirror the investment universe of the Benchmark and is thus not constrained by the Benchmark’s composition.

Risk measures are ex-post and calculated on a monthly return series. Drawdowns occur when the cumulative return of the Fund drops below its preceding peak. Months to recovery measures the number of months from the preceding peak in performance to recovery of that level of performance.

Beta compares the sensitivity of the periodic returns of a fund to those of an index. A beta of 1.0 implies that a percentage move in the index has been reflected by a similar percentage move in the fund, on average. A beta higher than 1.0 implies that a fund has proportionally more exposure to market volatility than the index.

Annualised Monthly Volatility measures the variability of monthly returns, adjusted to reflect an annual level. A higher value suggests greater volatility and risk, while a lower value indicates more stable returns.

Tracking error is a measure of the difference between a fund’s return and the return of its benchmark. Low tracking error indicates that the fund is closely following its benchmark. High tracking error indicates the opposite.

12 month portfolio turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the lesser of total security purchases or sales in the Fund over the period, divided by the average net asset value (NAV) of the Fund. Cash, cash equivalents and short-term government securities are not included.



12 month name turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the number of positions held by the Fund at the start of the period but no longer held at the end of the period, divided by the total number of positions held by the Fund at the start of the period.

Active share is a measure of the extent to which the holdings of the Orbis Equity and Balanced Funds differ from their respective benchmark's holdings. It is calculated by summing the absolute value of the differences of the weight of each individual security in the specific Orbis Fund, versus the weight of each holding in the respective benchmark index, and dividing by two. For the Balanced Funds, three calculations of active share are disclosed. The Portfolio active share incorporates the equity, fixed income, commodity-linked and other securities (as applicable) held by the Orbis Fund and compares those to the holdings of the composite benchmark. The Equity and Fixed Income active shares are calculated as if the equity and fixed income portions of the Orbis Funds are independent funds; each of those two sets of holdings is separately compared to the fully-weighted holdings in the appropriate component of the composite benchmark. Although the Balanced Funds hedge stock and bond market exposure, the active share calculations are "gross" and not adjusted to reflect the hedging in place at any point in time.

Benchmark related information is as at the date of production based on data provided by the official benchmark and/or third party data providers. There may be timing differences between the date at which data is captured and reported.

The total expense ratio has been calculated using the expenses, excluding trading costs, and average net assets for the 12 month period ending 30 June 2025.

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 a measure of the sensitivity of a bond's price to changes in interest rates. A higher duration indicates greater sensitivity to interest rate changes. 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") is the total expected return on a bond if it is held until it matures. YTM for the Fund and the JP Morgan Global Government Bond Index is the average of the portfolio's fixed income instruments' YTM, 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 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.

Sources

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