

Orbis Japan Equity

It's been a rollercoaster of a quarter for investors in Japan. A sharp 14% drop following Trump's tariff announcement in early April, followed by an almost as steep recovery, has left the TOPIX marginally higher than where it started the year.

In the 2 April announcement, Japanese exporters to the US were slapped with a 24% blanket tariff. While the level of the tariff was quickly pared back to 10% as negotiations took place, elevated levies remain on certain products: 50% on steel and aluminium imports, and 25% on autos and auto parts. With a stockmarket that has a number of exporting heavyweights with meaningful exposure to the US, the impact of tariffs in Japan could be severe.

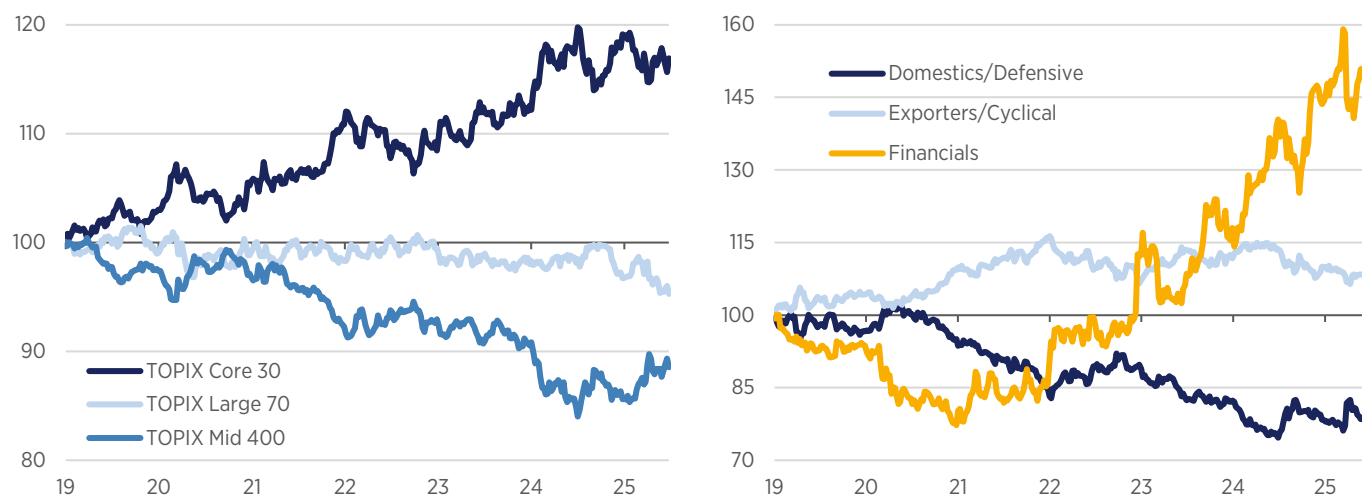
In contrast to the ride taken by the broader market, the experience for investors in the Orbis Japan Equity Strategy has been much smoother. The Strategy has delivered strong absolute and relative returns, and in particular, protected client capital on days when the market fell sharply. As a result, it has outpaced its benchmark by roughly 10% year-to-date.

A key driver of this outperformance has been the portfolio's pronounced underweight to Japan's exporters and its corresponding overweight to domestically-oriented names, which helped the Strategy sidestep much of the tariff-related volatility. The portfolio's overweight to mid-cap names has also been beneficial, as larger-cap and mega-cap stocks have lagged over the period.

But zooming out, the recent outperformance of domestic and mid-cap stocks looks more like a short-term blip. Over the medium-term, domestically-oriented businesses have underperformed both the exporters and financials, and mid-cap stocks have significantly trailed their large- and mega-cap counterparts.

Mid-caps and domestics have lagged over the medium term

Cumulative relative return vs Topix, since January 2019



Source: Orbis, LSEG Datastream, Bloomberg. Cumulative total return with gross dividends rebased to 100 at 1 Jan 2019. Statistics are compiled from an internal research database and are subject to subsequent revision due to changes in methodology or data cleaning. In each case, calculated first at the stock level and then aggregated using a weighted mean. "Domestics / defensives", "Exporters / cyclical", and "Financials" include constituents of 11, 18, and 4 sectors within the TOPIX, respectively, that display those characteristics.

In our view, this leaves plenty of room for this year's trends to persist. The yen's extreme cheapness relative to historical levels—and therefore its potential for appreciation—has pushed our overweight to domestically-oriented companies to its highest level since the inception of the Orbis Japan Equity Strategy. While the currency has strengthened somewhat year-to-date, it remains historically weak, and we continue to believe that many of Japan's exporters have been over-earning.

This quarter's tariff news—and the broader uncertainty it has introduced for exporters—has only reinforced our conviction in domestically-oriented stocks. While we claim no special insight into what policy might emerge next, the distribution of potential outcomes seems skewed toward the negative. Faced with tariffs, exporters face a menu of tough choices: either absorb tariffs and compress their margins, raise prices and suppress sales volumes, or incur substantial costs by moving production abroad. Even if companies do choose to move production elsewhere, such a transition would take years. Making such a decision in an environment where

Orbis Japan Equity (*continued*)

policy changes are predictable would be tough enough, but it's hard to say what tariffs might look like next week, let alone over the next decade.

As a result, the Orbis Japan portfolio has limited exposure to companies that would be impacted by further negative news on tariffs and the exporters that would suffer should the yen continue to strengthen. Among the shares that we do own with overseas exposure, most have limited US exposure and some could even benefit from tariffs. Others are more idiosyncratic, with tailwinds for growth that should endure despite tariffs, or are companies that can benefit from improved capital allocation initiatives.

Yamato Kogyo, a steelmaker, is a company that at first glance may seem most at risk—particularly with US steel tariffs climbing to 50%. Yet in reality, most of Yamato's profits come from a US-based joint venture with Nucor, and all of this venture's production is domestic to the US. Far from being a headwind, increased protection for US-made steel could actually improve Yamato's competitive position. The company also has a large pile of cash on its balance sheet worth close to 40% of its market cap and is increasingly returning this cash to shareholders through rising dividend payouts and share buybacks. Asahi, the brewer, is also a company with a large offshore business, but one with negligible exposure to the US. Outside of Japan, its key businesses are in Europe and Australia, where it generates a large amount of free cash flow. In the company's recently released medium term plan, they announced an intention to return more of this cash to shareholders through increased share buybacks.

Sumitomo Electric Industries is an example of a company where tariff uncertainty could be a cloud over the stock in the short-term. The company makes wire harnesses for cars—akin to a vehicle's central nervous system—and is therefore at risk of any slowdown in auto production due to tariffs. However, over the longer-term, the company is well positioned to benefit from the increasing electrical content of vehicles which require more wiring, connectors and sensors than in the past. The company is also becoming much less reliant on the auto industry, growing earnings in other areas such as its Environment & Energy business, where it sells high voltage cables and other power equipment, and its Info-communications businesses where its energy-efficient optical devices are in increasingly high-demand as datacentre operators build out capacity for generative AI.

Stanley Electric and Koito Manufacturing, which make lights for cars, also could suffer from a downturn in Japan's autos sector. While both face some near-term earnings risk, Stanley and Koito each have a huge amount of cash on their balance sheets. Encouragingly, both companies have begun returning cash to shareholders in the form of share buybacks. Koito has committed to returning more than half of its market cap over the next four years, and Stanley recently announced its largest ever buyback, amounting to close to 20% of its shares.

While we own a small number of stocks with indirect autos exposure, the portfolio has negligible direct exposure to Japan's autos sector. The industry looks particularly exposed to negative tariff news. Automakers appear to be swallowing some of the cost, and while price increases may have some benefit, it could come at the expense of sales volumes. Either way, we believe profitability for the carmakers is likely to suffer. Japanese automakers have also fallen behind Chinese peers in the development of EVs, and most have begun losing market share across Southeast Asia.

Overall, our shift away from exporters and companies exposed to US tariffs means that more than 75% of the portfolio is now invested in domestically-oriented names. Taken together, the portfolio today looks very different from its benchmark. Portfolio beta has fallen to an all-time low, at less than 0.8. Should we continue to see further market turmoil, increased uncertainty with the potential for tariffs, a weakening dollar and appreciating yen—as we have so far this year—we expect the portfolio to continue to protect client capital and deliver strong relative returns.

Commentary contributed by Brett Moshal, Orbis Portfolio Management (Europe) LLP, London

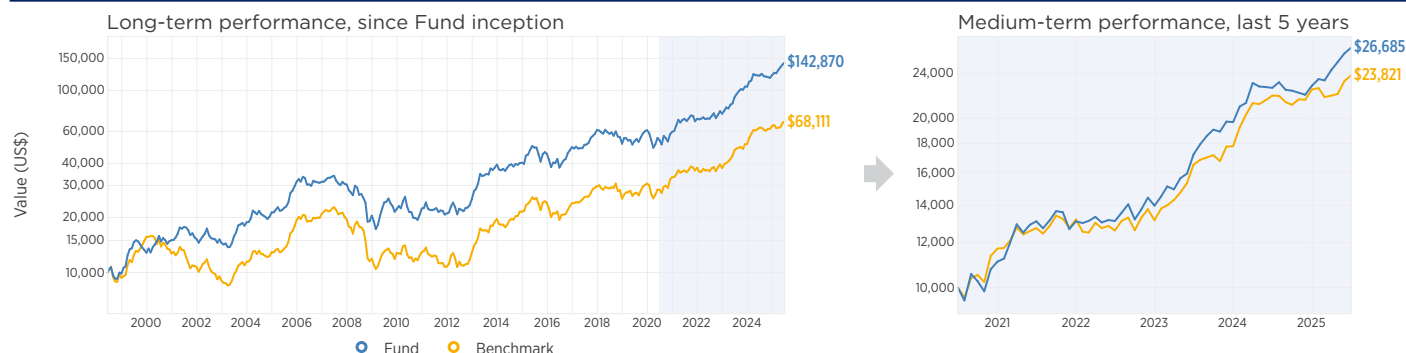
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Orbis Japan Equity (US\$) Fund

Investor Share Class

The Fund, which invests substantially all of its assets into the Orbis SICAV Japan Equity (Yen) Fund, is designed to be exposed to all of the risks and rewards of selected Japanese equities and seeks higher returns than the Japanese stockmarket, without greater risk of loss. Currency exposure is predominantly hedged into US dollars. The fund benchmark ("Benchmark") is the Tokyo Stock Price Index, including income, gross of withholding taxes ("TOPIX"), hedged into US dollars.

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



Returns (%)

	Fund	Benchmark
Annualised	<i>Net</i>	<i>Gross</i>
Since Fund inception	10.3	7.4
25 years	9.2	6.2
10 years	11.4	10.4
5 years	21.7	19.0
3 years	26.7	23.6
1 year	17.8	8.6
Not annualised		
Calendar year to date	16.8	5.9
3 months	9.5	8.6
1 month	2.3	2.3

Risk Measures, since Fund inception

	Fund	Benchmark
Historic maximum drawdown (%)	49	54
Months to recovery	70	92
Annualised monthly volatility (%)	17.2	16.8
Beta vs Benchmark	0.9	1.0
Tracking error vs Benchmark (%)	8.6	0.0

Portfolio Concentration & Characteristics¹

% of NAV in top 25 holdings	85
Total number of holdings	41
12 month portfolio turnover (%)	35
12 month name turnover (%)	22
Active share (%)	94

Price	US\$142.87	Strategy size	US\$4.0 billion
Pricing currency	US dollars	Strategy inception	1 January 1998
Domicile	Bermuda	Benchmark	TOPIX, hedged into US dollars
Type	Open-ended mutual fund	Dealing	Weekly (<i>Thursdays</i>)
Fund size	US\$158 million	Entry/exit fees	None
Fund inception	12 June 1998	ISIN	BMG676751016
Minimum investment	US\$50,000		

Sector Allocation¹ (%)

Sector	Fund	Benchmark
Consumer Non-Durables	52	23
Cyclicals	28	33
Information and Communications	7	8
Financials	7	14
Technology	3	20
Utilities	0	1
Net Current Assets	3	0
Total	100	100

Top 10 Holdings¹

	Sector	%
Mitsubishi Estate	Cyclicals	9.0
TSURUHA Holdings	Consumer Non-Durables	6.7
Daiwa House Industry	Cyclicals	6.3
SUNDRUG	Consumer Non-Durables	5.6
GMO Internet Group	Information and Communications	5.4
Asahi Group Holdings	Consumer Non-Durables	5.2
TechnoPro Holdings	Consumer Non-Durables	4.6
Persol Holdings	Consumer Non-Durables	4.0
T&D Holdings	Financials	3.7
HASEKO	Cyclicals	3.4
Total		53.8

Fees & Expenses (%), for last 12 months

Management fee ²	2.24
For 3 year performance in line with the performance fee benchmark	1.50
For 3 year out/(under)performance vs performance fee benchmark	0.74
Fund expenses	0.13
Total Expense Ratio (TER)	2.36

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 Information is for the Orbis SICAV Japan Equity Fund, in which the Fund aims to be 100% invested.

² 1.5% per annum \pm up to 1%, based on the Orbis SICAV Japan Equity (Yen) Fund's 3 year rolling outperformance/(underperformance) vs its performance fee benchmark.



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.

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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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