

**Peer Group:**

South African Equities

**Fund Manager/Adviser:**

Orbis Investment Management Limited

**Location:**

Bermuda, Cape Town

**Launch Date:** June 1998

**Fund Size (May 2009):**

US\$127m

**Group Contact No:**

+1 (441) 296 3000

**Website:**

www.orbisfunds.com

**S&P ID Number:** EM307175

**Share class screened:**

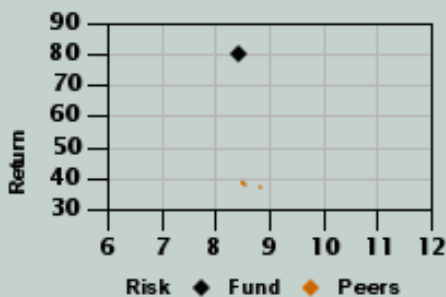
Ord



**INVESTMENT STYLE**

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

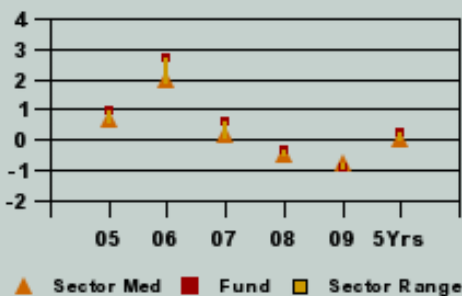
**RISK RETURN (STD DEVIATION) OVER 5 YEARS**



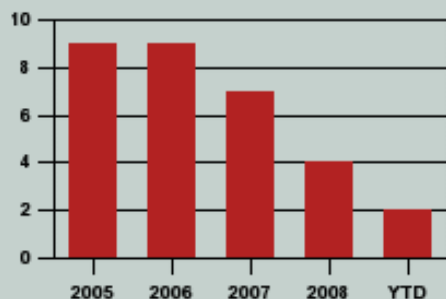
**3 YEAR RISK CHARACTERISTICS**

Maximum Drawdown (%)	Low	-51.0
Volatility	Low	30.7
Correlation	Low	1.0
Beta	Low	0.9

**SHARPE RATIO VS PEER GROUP**



**CALENDAR YEAR DECILE RANKS**



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

Further information on S&P's fund coverage can be found at

[www.FundsInsights.com](http://www.FundsInsights.com)

Performance Data Source - © 2009 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 31/03/2009 on NAV to NAV basis, with gross income reinvested, in US Dollars.

**STANDARD & POOR'S OPINION (JUNE 2009)**

Orbis African Equity (Rand) Fund is managed by Bermuda-based William Gray. It reflects a multi-manager product run by Orbis's sister company Allan Gray Limited (AGL) based in Cape Town, South Africa.

Both companies were launched by Allan Gray and share the same investment philosophy and quant-guided research-driven approach, with long-term investment horizons and a dedicated value style.

Although AGL has a multi-manager approach, the fund is highly concentrated with 90% of the portfolio held in 19 out of 33 holdings. As one of the largest investors in the region, the group has aggregated holdings of between 20% and 30% in some 22 companies, although not all are held in this portfolio. The group does become involved at board level where necessary and this falls to the portfolio

manager rather than a separate corporate department.

The fund's long-term performance is very strong compared to its benchmark index. The longer-term peer group is so small that comparison is not meaningful. More recently the fund has suffered from taking a defensive stance too early, moving to underweight resources in 2006. While this was a major benefit in 2008, it has led to periods of underperformance. Although volatility and maximum drawdown are both high relative to competitor portfolios, they are low against the benchmark and the annualised beta of the portfolio is a very low 0.7.

We retain a high regard for the quality of AGL's connections in South Africa and for the quality of its research. The fund retains its S&P AA rating.

**FACT FILE**

**Group:** Orbis Investment Management was established in Bermuda to manage the Orbis mutual funds. The original family of three funds was launched in January 1990. The group has offices and analysts in a number of locations, including Bermuda, London, San Francisco, Sydney, Seoul and Vancouver.

**Team:** This fund is run on an internal multi-manager approach, leveraging the ideas of Allan Gray's research team of over 20 analysts. Their focus is guided by initial quantitative screens.

**Fund Manager:** Five managers run separate portfolios, selecting stocks independently from the buy list agreed by the policy group of fund managers and senior analysts.

**Style:** The long-term value approach focuses on companies trading at a significant discount to their intrinsic value. There is often a mid-cap bias.

**Performance:** Over the five years to 31/03/2009, the fund has returned 80.2%, compared with 38.2% for the sector median and 54.9% for the index, ranking 1/5.

**FUND MANAGER & TEAM**

The five portfolio managers, based in Cape Town, draw on company research provided by Allan Gray Limited, Orbis's sister company, and a research team of more than 20 equity analysts.

William Gray - BComm, MBA (Harvard), CFA, joined Orbis Bermuda in 1993, having worked with Orbis in London and its predecessor company in Hong Kong.

Ian Liddle - B Bus Sc (University of Cape Town), CFA, joined Allan Gray in 2001, becoming a portfolio manager in January 2005 and rising to CIO in February 2008.

Duncan Artus - B Bus Sc (University of Cape Town), CFA, joined the group in 2001 becoming a portfolio manager in January 2005.

Delphine Govender - CFA, spent three years working as an analyst before joining the group in 2001. She became portfolio manager in January 2005.

Simon Raubenheimer - B Comm (University of Cape Town), CFA, joined the group in 2002, becoming a portfolio manager in July 2008.

Andrew Lapping - B Sc, B Com (University of Cape Town), CFA, joined the group in 2001 as a fixed interest trader moving to the research department in 2003 and becoming a portfolio manager in February 2008.

## PORTFOLIO CHARACTERISTICS

No. of holdings	33
Turnover ratio (%)	30
% in top 10	63

## TOP 10 HOLDINGS (01/05/09)

	%
MTN Group *	10.3
SABMiller *	10.1
Sasol	9.3
AngloGold Ashanti	7.9
Sanlam	4.6
Compagnie Financière Richemont	4.4
Remgro *	4.3
Standard Bank Group	4.3
Northam Platinum *	4.0
Sappi *	4.0

\* In top 10 holdings a year ago

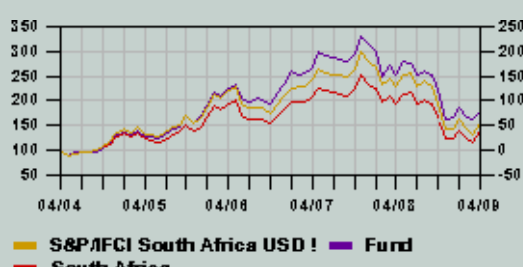
## ALLOCATION BREAKDOWN (01/05/09)

	Fund %
Cash	0.0
Consumer discretionary	10.0
Consumer staples	18.0
Energy	9.0
Financials	18.0
Healthcare	3.0
Industrials	0.0
Information technology	3.0
Materials	28.0
Telecommunications	11.0
Utilities	0.0

## PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	-20.4%	80.2%
Standard & Poor's Peer Median	-27.6%	38.2%
Index**	-29.5%	54.9%
Fund Rank	1/5	1/5
Standard Deviation	30.7	-
Relative Standard Deviation	1.0	-
Volatility Adjusted Ranking	1/5	-

## CUMULATIVE PERFORMANCE



## ORBIS AFRICA EQUITY (RAND) FUND

Peer Group: South African Equities



## MANAGEMENT STYLE

• A research-driven approach targets stocks trading at significant discount to their long-term intrinsic value. Screens and a 30-year proprietary database are used to generate ideas for research on the basis of discount to intrinsic value. The screen identifies highest expected three- to five-year returns, incorporating house macroeconomics and investment data.

• Analysts assess industries and competitors as well as individual companies for sustainability of cashflow, earnings and growth trends. There is a high degree of company contact.

• The policy group collectively tests the investment case presented by the analyst

and approves a buy list of around 40-50 names. Each portfolio manager is a generalist and selects a highly focused independent portfolio from this list. There is no sell list. As CIO, Ian Liddle may occasionally persuade another manager to adjust his portfolio, or manage the overall construction by adjusting his own, but this is rare.

• The final portfolio holds around 30 names. Risk is controlled by in-depth company analysis. There are quarterly reviews of portfolio deviations from the benchmark. Turnover tends to be very low. Currency (rand) is not hedged.

## PORTFOLIO REVIEW

At the beginning of May, the fund's top 10 concentration had increased to 63% (60% last year), with 19 of the 33 holdings accounting for 90% of the portfolio. Turnover has been very low.

This very highly focused portfolio retained strongly defensive positioning, which it adopted before the downturn in 2007. Although the tracking error against the JTSE/JSE Africa All-Share benchmark was 12.8%, the beta was exceptionally low at 0.7. The team's view was that the market had possibly

not yet bottomed and the stocks selected at least looked able to offer better returns than cash over the next four to five years.

The fund was strongly overweight consumer staples, energy and, to a lesser extent, telecoms. It was underweight materials and financials.

The fund has used its potential to invest outside South Africa very sparingly, totalling only 1.2%.

## PERFORMANCE ANALYSIS (JULY 2009)

Peer group comparison is rather misleading given the size of the sector. Against its benchmark, the fund has fared well, with annualised returns twice those of the index (net basis) since launch in 1998. Compared with index, volatility and maximum drawdown have been low, but against the peer group they have been high.

The fund started to go defensive in the first half of 2006, reducing resources in favour of gold mining and consumer staples. This was about a year too early. Having maintained the

defensive stance ever since, the fund outperformed the benchmark strongly in the second half of 2007 and in 2008. It missed the top of the bull market in resources and has underperformed again in the rally since March.

The biggest single stock disappointment has been Sappi in which AGL has a 30% holding. The team considers that they simply invested too early and retain a long-term belief in the stock.

## DISCRETE PERFORMANCE (CALENDAR YEARS)

	2005		2006		2007		2008		YTD 31/03/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	40.0	1/5	36.0	1/5	15.6	2/5	-37.4	4/5	-3.7	5/5
Index**	29.9		21.4		19.2		-39.5		-5.3	
Median	21.9		18.9		14.5		-36.2		-2.3	

\*\* S&P/IFCI South Africa USD

All of the views expressed in this research report accurately reflect our committee's views regarding any and all of the subject securities or issuers. No part of the committee's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. © [2009] The McGraw-Hill Companies, Ltd trading as Standard & Poor's ("S&P") 20 Canada Square, Canary Wharf, London, E14 5LH Tel: +44 (0)20-7176 3800. All rights reserved. No part of this publication shall be reproduced, stored in any retrieval system or transmitted in any form electronic or otherwise without the prior written consent of S&P. Any part of the publication by S&P of which this page is a part is made accessible subject to the terms and conditions which are accessible at the url address below ("S&P Terms") - by accessing and viewing this page and/or pages associated with or attached to it you accept the S&P Terms. Go to <http://www.funds-info.standardandpoors.com> Performance Data Source - © 2009 Morningstar, Inc. All Rights Reserved. The performance information contained herein: (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. Past performance is no guarantee of future results.