

ORBIS OEIC - GLOBAL BALANCED FUND

**Annual Short Report for the period
ended 31 December 2014**

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INTRODUCTION

We are pleased to present the Annual Short Report for the Orbis OEIC - Global Balanced Fund (the “Fund”) for the period ended 31 December 2014. All figures in this report are sourced from Orbis Investment Management Limited unless stated otherwise.

This report is also available online at www.orbisaccess.co.uk/reports-and-documents.

Profile

The Fund is a sub-fund of Orbis OEIC (the “Company”), a collective investment scheme authorised by the Financial Conduct Authority (the “FCA”) as a UCITS scheme, and was launched on 1 January 2014.

The Fund is available to investors resident in the UK. Each sub-fund of the Company is separately managed, charged, accounted for and assessed for tax. The assets of each sub-fund of the Company belong exclusively to that sub-fund and cannot be used to pay the debts of another sub-fund. Shareholders are not liable for the debts of the Company.

The Company is structured as an open-ended investment company, also known as an “investment company with variable capital”, or “ICVC”. FCA-authorised ICVCs are required to appoint an Authorised Corporate Director (“ACD”). The ACD is responsible for the day-to-day management of the ICVC. The Company has appointed Orbis Investment Management (Luxembourg) S.A. as its ACD. The ACD is a management company licensed and regulated by Luxembourg’s *Commission de Surveillance du Secteur Financier* and is located at 155, rue Cents, Luxembourg L-1319. The directors of the ACD are Alexander Cutler, James Dorr and Alireza Ziai.

Important Information

Past performance is not a reliable indicator of future results. Values may fall as well as rise and you may get back less than you originally invested. It is therefore important that you understand the risks involved before investing. This report does not constitute advice nor an offer to sell or a solicitation to buy shares of the Fund or other securities in the companies mentioned in it (“relevant securities”). It has not been prepared in accordance with legal requirements designed to promote the independence of investment research. Entities and employees of the Orbis Group are not subject to restrictions on dealing in relevant securities ahead of the dissemination of this review.

GLOBAL BALANCED FUND

Portfolio Manager's Report¹

Portfolio Manager: Orbis Investment Management Limited

Performance Summary

For the 12 months ended 31 December 2014, the Global Balanced Fund, Standard Share Class, grew by 4.8%, while the benchmark, comprised of 60% MSCI World Index and 40% JP Morgan Global Government Bond Index, grew by 9.7%, and the peer group sector grew by 4.9%.

The Fund was heavily invested in the Information Technology sector (21.1%). Among the largest holdings were Samsung Electronics (3.4%), Microsoft (2.6%) and Motorola Solutions (2.3%). The Financial Services sector had the Fund's second largest proportion of investments (20.8%), with top holdings being Crown Castle International (2.1%), Goldman Sachs (1.6%) and Citigroup (1.5%).

A Year in Review

In investing, one year is a pretty short period of time to make an assessment. But it is safe to say that we did not deliver good results this past year.

In the fourth quarter of the year, we added to quite a few positions that have detracted from recent performance, but only where we retain conviction in our assessment of their true value. These include energy names Apache, Chesapeake Energy, Weatherford International, and BP; cruise giant Carnival plc; Sprint and Alcoa bonds; and two stable and high yielding UK midcaps – auto insurer Admiral Group and industrial services specialist Mitie Group.

While overall performance has been disappointing, it was partially offset by a positive contribution from our currency selections. As we do for companies, we try to assess the fundamental drivers of a currency's fair value, aiming to keep the Fund invested in currencies that we expect to strengthen over the long term. In 2014, the Fund benefitted from being overweight in the US dollar and the Korean won, which appreciated versus the mix of currencies in the benchmark, and being underweight in the euro, which weakened versus the benchmark.

Outlook

By investing in undervalued, high-quality shares and bonds, we believe we can deliver on the Fund's objective. Though this year has been tough, we are confident that this approach will be rewarding over the long term.

1) Percentages in the Manager's Report are calculated in accordance with the valuation policies of the Prospectus which may apply either mid or close prices depending on the securities held.

Performance Summary

	£ Highest Share Price	£ Lowest Share Price	£ per share Net Income Distributed
Standard Share Class (Income)			
2014	10.7826	9.7817	0.2429
Fund Management Fee Free Class (Income)			
2014	10.7838	9.7818	0.2447
Refundable Fee Class (Income)¹			
2014	10.6719	9.9495	0.0000

* Past performance is not a reliable indicator of future results.

1) The Refundable Fee Class (Income) is available only to the Fee Reserve Administrator and is used for investment of the Reserve. At times during the period, there were no shares in issue. The disclosed "highest price per share" and "lowest price per share" represents the highest/lowest price during periods in which there were shares in issue.

Fund Overview

Sector Exposure¹

Sector	Weight	
	31 December 2014	30 June 2014
Information Technology	21.1%	19.5%
Financials	20.8%	21.0%
Consumer Discretionary	14.5%	14.7%
Energy	7.6%	9.8%
Telecommunication Services	6.4%	11.8%
Health Care	5.8%	4.9%
Industrials	5.8%	3.5%
Materials	5.7%	5.4%
Consumer Staples	5.1%	3.5%
Other	3.7%	2.6%
Utilities	3.5%	3.3%

Top 10 Holdings¹

Security Name	Asset Type	Weight	
		31 December 2014	30 June 2014
Samsung Electronics	Equity	3.4%	2.2%
Merck	Equity	3.3%	1.9%
Alcoa	Fixed Income	2.7%	1.8%
Microsoft	Equity	2.6%	1.7%
Carnival (UK)	Equity	2.6%	1.9%
Motorola Solutions	Equity	2.3%	1.4%
Crown Castle International	Equity	2.1%	0.7%
Mitsubishi	Equity	2.1%	1.2%
Thomas Cook Group	Fixed Income	1.9%	2.0%
General Motors	Equity	1.8%	1.6%

1) As this is the initial reporting period for the Company, there are no annual comparative figures. Comparative information will be provided in future reports.

Geographical Exposure¹

Geographical Area	Weight	
	31 December 2014	30 June 2014
North America	44.7%	37.9%
Asia	23.0%	21.4%
United Kingdom	16.1%	18.3%
Europe ex-UK	14.5%	20.4%
South and Central America	0.9%	1.2%
No Geographic Region	0.8%	0.8%

Charges (for the Standard Share Class)²

	For the year ended 31 December 2014
Ongoing charges ³	0%
Performance fee	0.02%

Important Dates

	Annual	Interim
Accounting date	31 December	30 June
Income distribution date	28 February	N/A

1) As this is the initial reporting period for the Company, there are no annual comparative figures. Comparative information will be provided in future reports.

2) For the Fund Management Fee Free Share Class and Refundable Fee Share Class, all ongoing charges were met by Orbis Investment Management Limited. There are no performance fees charged on these share classes.

3) All charges were met by Orbis Investment Management Limited.

Objectives and Risks

Investment Objective

The Fund seeks to balance income generation, capital growth, and risk of loss using a diversified global portfolio. The Fund's success or failure with regard to this objective is measured by comparing its returns with those of its Benchmark, 60% MSCI World Index and 40% JP Morgan Global Government Bond Index. This Benchmark combines indices which measure the performance of some of the largest companies listed on world stock exchanges and bonds issued by governments around the world.

Investment Policy

In pursuing its investment objective, the Fund will invest primarily in shares of publicly listed companies and fixed income instruments. These may be located anywhere in the world, in any industry and issued by governments, corporate entities, partnerships, business trusts or other issuers.

While the Fund aims to be fully invested in selected shares of such companies and fixed income instruments, it may, to the extent permitted by the Fund's investment restrictions, also invest indirectly in commodities such as metals through commodity-linked instruments as defined below. The Fund may also invest in other types of investments such as securities, cash, money market instruments, deposits, derivative instruments or other investment funds. The Portfolio Manager targets the portfolio to hold:

- 40 – 85% global equities
- < 50% fixed income instruments, cash and cash equivalents and
- 0 – 10% commodity-linked instruments.

For these purposes, fixed income instruments include debt securities with fixed and floating rates and money market instruments, and commodity-linked instruments are instruments and securities where an investor's return and the issuer's payment obligations are contingent on, or highly sensitive to, changes in the value of physical commodities (such as metals, energy and agricultural products), including, without limitation:

- a. exchange-traded funds that hold physical commodities or that enable investors to gain exposure to commodity indices;
- b. futures, forwards, options or swaps on a commodities index (but not on a single commodity); but exclude exchange-traded funds that hold transferable securities, single name securities of companies that are exposed to the physical commodities sector, or futures, forwards, options or swaps on a financial index that is not linked to physical commodities.

However, the composition of the portfolio may from time to time move outside these targets in pursuit of the Fund's investment objectives. At any given time, the Portfolio Manager will invest in a limited selection of shares and fixed income instruments, from around the world, which it considers to be most undervalued compared to its assessment of what they are worth. As a result, the Fund's holdings will often be relatively concentrated in some geographic regions or industries, while at the same time having little or no exposure to others.

From time to time the Fund uses derivatives such as futures and options on broad stockmarket indices in the regions in which the Fund is invested for efficient portfolio management purposes including with the intention of reducing the risk of loss associated with the Fund's equity investments as a result of a significant decline in the stockmarkets. This risk reduction may not be achieved.

Similarly, the Portfolio Manager actively manages the Fund's currency exposure, which can also differ greatly from the currency exposures of its Benchmark and therefore may significantly influence returns. The policy of the Portfolio Manager is to avoid net short currency positions in the Fund.

Risk Profile

Investing in stocks may offer a higher rate of return than investing in short-term and longer-term debt securities. However, the risks, including the risk of loss, associated with investments in stocks may also be higher.

Currency exposure is managed relative to the Fund's Benchmark and the value of the Fund and its performance relative to the Benchmark may be affected by currency movements.

The Fund's holdings usually differ meaningfully from the Benchmark and will often be relatively concentrated in some geographic regions or industries, while at the same time having little or no exposure to others. This means that events causing a decline in the value of holdings in industries in which the Fund is invested may have a significant effect on the Fund's value and its performance may differ significantly from the Benchmark.

The Fund's derivative use may add to the Fund's returns during periods of stockmarket declines and detract from them during periods when stockmarket returns exceed those on cash. Use of derivatives generally may result in the Fund being leveraged and can result in increased volatility in the net asset value of the Fund.

The Fund offers no capital guarantee or protection. More information in relation to risks in general may be found in the "Risk Factors" section of the Prospectus which can be found online at www.orbisaccess.co.uk/reports-and-documents.

Synthetic Risk and Reward Indicator

The Risk and Reward Indicator is a simple measure of the risk associated with investing in the Fund. The higher the rank, the greater the potential reward but the greater the risk of losing money.

For periods prior to the Fund's launch where there is no performance history, the indicator is based on the Fund's Benchmark. Historical data, such as the data used in calculating this indicator may not be a reliable indicator of the future risk profile of the Fund.

The risk and reward category may shift over time and is not a target or a guarantee. The lowest category (i.e. Category 1) does not mean a risk-free investment.

The Fund has moved from **Category 5** to **Category 4** in 2014 because the Benchmark and performance data used have shown a medium range and frequency of price movements (volatility) of the underlying investments referenced by the Fund.

Further Information

Changes to Performance Fee and Investment Objective and Policy of the Fund

As communicated in a circular to investors dated 15 September 2014, and subsequently approved at a shareholders' meeting on 30 September 2014, the ACD has changed the performance fee methodology for tracking outperformance and underperformance of the Fund from a monetary measure to a percentage-based measure.

At the same time, the investment objective and policy of the Fund was revised to simplify the language and improve clarity, particularly around the use of currency management. A change was also made to clarify the use of derivatives for efficient portfolio management purposes, to explain that this includes stock market hedging. The changes went live on 9 October 2014.

The list of eligible markets for the Fund was also updated during the year, to reflect name changes, market consolidation and some new exchanges in established markets.

For further information, please refer to the most recent Prospectus.

Our Client Support team is available to answer any questions that you may have. If you are contacting us about your account, we may ask you a few security questions first to ensure you are the true account owner.

The Annual Long Report and Accounts for the period ended 31 December 2014 is available upon request. To obtain a copy, please contact our Client Support team by visiting www.orbisaccess.co.uk/support.