ANNUAL

MANAGER'S REPORT

31 DECEMBER 2014

ORBIS SICAV GLOBAL BALANCED

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The Orbis SICAV Global Balanced Fund is admitted for public marketing in Luxembourg and the United Kingdom.

PRESIDENT'S LETTER

Dear Shareholder,

2014 was a disappointing year for investors in the Orbis Funds, ourselves included. On an asset-weighted basis, the Orbis Equity Funds underperformed their benchmarks by more than 7% after fees and expenses, and our Absolute Return Funds delivered negative absolute returns. While we recognise that periods of underperformance are inevitable if we hope to deliver superior long-term results, we could have, and should have, done better on your behalf.

To put the past year's underperformance in perspective, it helps to remember what we are trying to do as investors. Simply put, we look for opportunities to buy shares for significantly less than what we believe the underlying business is worth. Quite often, these opportunities arise amidst a backdrop of pessimism, fear or neglect. While we believe that we make rational assessments of intrinsic value based on the fundamentals, we know that we can't reliably predict when sentiment will improve. Worse yet, sentiment most often continues to deteriorate for some time after we have established our position.

The rational response to falling prices should be growing enthusiasm—if you buy a stock for $60 in the belief that it is worth $100, then a subsequent decline to $50, all else being equal, should only be seen as a chance to buy more at an even bigger discount. Unfortunately human nature doesn't quite work that way. Instead, our brains often find ways to cast doubt on our initial analysis. Maybe it wasn't worth $100 after all? Maybe we overpaid at $60? Maybe it's best to just cut our losses and move on? Sometimes it is, which only makes the decision more difficult.

At Orbis, we are by no means immune to the forces of human nature. But rather than fight it, we have tried to put it to work in our favour—or at least minimise the damage. We have therefore designed our firm, our investment process and our incentive structures to give individuals the freedom to make the tough decisions that are necessary to deliver pleasing long-term performance. This means being able to stay the course—or even invest more—during the inevitable periods of frustration and poor short-term results. Of course, we will still make mistakes, but if we can help our investment decision-makers, and also our clients, remain focused on a rational assessment of the opportunities presented by the market, we believe that we can minimise the role that emotion, career risk and other behavioural pitfalls play in the equation.

In 2014, we identified several new opportunities that we believed were attractive. These included selected shares in the energy sector as well as a number of shares in Korea and Russia. All of these areas were out of favour when we initially invested—and all have since continued to underperform. While this has been costly in terms of relative performance over the past year, with few exceptions we are now more excited about their future return potential. With the benefit of hindsight, we built many of these positions too quickly. While attractive, they were not yet extreme and we should have kept more powder dry, allowing us to buy at better prices should negative sentiment grow closer to an extreme. As frustrating as this may be, it does not diminish our enthusiasm for the current positioning of your Funds. For a more detailed discussion of performance and positioning, I would encourage you to read this quarter's Fund commentaries.

Finally, I would be remiss if I didn't mention that today marks the 25th anniversary of the Orbis Funds. While this past year's performance does not put me in a celebratory mood, it is fascinating to recall what was on our minds at this time of year in 1989. With nothing to go on but our reputation and a tiny office above a temporary employment agency, our entire focus was to exceed our clients' expectations, in the hope that they might decide to stay invested with us. The existence of the firm depended on it.

Everything else we have done since then has been built one decision at a time—much like our bottom-up approach to stockpicking. The future is unpredictable, but if you make each decision based on solid principles and with a strong sense of purpose, it's amazing what can be achieved. While we will inevitably fall short at times, as we have in the past year and over even longer periods in our history, I can assure you that we will continue to strive to exceed your expectations as if our existence depends on it—because it still does.

Yours sincerely

William Gray

William B Gray

Hamilton, Bermuda
31 December 2014

GLOBAL BALANCED FUND AT 31 DECEMBER 2014

Total Rate of Return in US dollars, net of fees:	**From Inception on 1 Jan 2013**	**Latest Year**	**Latest Quarter**
	% Annualised		% Not annualised
Global Balanced, Investor Shares	**10.3**	**(2.5)**	**(4.2)**
60/40 Index*	8.2	3.3	0.2
Average Global Balanced Fund*	3.5	(0.7)	(1.4)

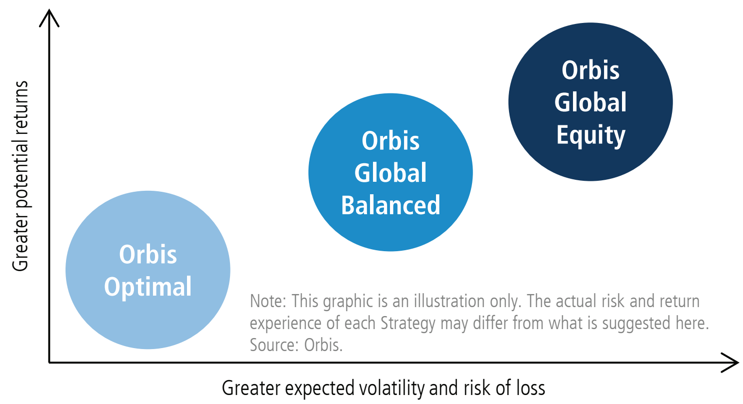
Past performance is not a reliable indicator of future results.
**See Notices page for important disclosure about the 60/40 Index and the returns of the Average Global Balanced Fund.*

Orbis Global Balanced was launched two years ago in order to meet clients' need for a fund that balances capital appreciation and income generation against risk. This "moderate risk" need is often met with fixed income funds, but our clients have asked us for an Orbis option that sits in the gap between our higher-risk, potentially higher-reward Global Equity Strategy and our lower-risk, lower-reward Optimal Strategy. We are confident that in Global Balanced we have a fund that can translate our existing investment research process into the desired balance of risk and reward.

The Fund's benchmark is a 60/40 split between the MSCI World Index and the JP Morgan Global Government Bond Index—the industry standard for moderate risk and balanced mandates. Global Balanced's long-term goal is to produce a higher return than this benchmark with a similar level of risk. To achieve this, Global Balanced has the flexibility to invest in securities such as stocks, preferred shares, bonds, and at times commodity-linked instruments. We can also attempt to reduce risk with modest levels of market hedging.

How Global Balanced fits in our family of Orbis Strategies

Illustration of risk and return of Orbis Optimal, Global Balanced, and Global Equity



Note: This graphic is an illustration only. The actual risk and return experience of each Strategy may differ from what is suggested here. Source: Orbis.

In crafting the portfolio, we draw on the same investment team used by all the Orbis Funds, but given its lower risk tolerance, we view the analysts' favoured companies with a slightly different lens for Global Balanced. Starting from the same pool of our analysts' favoured undervalued companies, for Global Balanced we prefer those attractively-priced names with more sustainable operating models, stable cash flows, and attractive dividend yields—or an underrated ability to pay ample dividends in the future. And given the Fund's ability to invest across asset classes, we can look at the whole capital structure when we find an undervalued company. In our experience, our company research process provides a fertile hunting ground for attractive fixed income securities, from which our additional fixed income research can isolate Fund-worthy bonds.

Though the Fund's holdings are guided by portfolio risk controls and kept from creating extreme asset allocations by investment guidelines, they are determined by a bottom-up competition for capital. There are no free rides or reserved slots in the portfolio—all stocks, bonds, and commodities compete with one another for space. We believe that with a disciplined process, this competition across asset classes best ensures that each of the Fund's investments is attractive in its own right and can pull its own weight. Combined with the Fund's ability to reduce stockmarket exposure through hedging, we believe this flexible approach to asset allocation gives us the best chance of delivering an appropriate level of risk without sacrificing our conviction of the investment merits of any of the Fund's holdings.

Compared to the other Orbis Funds, Global Balanced clearly has more "levers" to pull to alter the portfolio's levels of potential risk and return. But as is always the case for Orbis, the Fund's success will be determined by our individual security selections. Our core skill did not deliver good results for the Fund this past year, detracting materially from returns. This was partially offset by a positive contribution from currency selections, and by being underweight fixed income.

Top five equity contributors to gross relative returns vs MSCI World Index in 2014 (%)		Bottom five equity contributors to gross relative returns vs MSCI World Index in 2014 (%)	
Norsk Hydro	0.7	Subsea 7	(0.6)
Olam International	0.4	SeaWorld Entertainment	(0.5)
Amgen	0.4	General Motors	(0.5)
Actelion	0.4	BP	(0.4)
Novo Nordisk	0.4	Barrick Gold	(0.4)

Source: Orbis.

While periodic underperformance should be expected when pleasing long-term results are the goal, it is always painful to experience. Hopefully these occasions aren't too frequent or prolonged, and with discipline and hard work, short-term underperformance can produce wonderful opportunities to add to existing investments while they are in the bargain bin. This often happens in December, as some managers may engage in "window dressing" and dump the unpopular securities they don't want clients to see in their year-end portfolios. This quarter, we added to quite a few positions that have detracted from performance, but where we retain conviction in our thesis. 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.

Mitie Group is a leading UK provider of outsourcing services. About three quarters of its revenues and profits come from its facilities management business, where it handles everything from office cleaning and waste removal to security and data centre services. Unsexy as it is, the facilities management business has a number of attractive traits. As services become more integrated, clients become more loyal, contracts grow longer, barriers to entry rise, and economies of scale increase. As one of the largest facilities management providers in the UK, Mitie is well-positioned to benefit from these trends.

The company also has a solid track record of quality execution, entrepreneurial growth, and high profitability. Over the past 25 years, a unique source of growth has been the company's "Management Incentive Through Investment Equity" model, which also gives Mitie its name. In this model, the company invests alongside entrepreneurs in small startups, in which Mitie takes majority stakes. After the businesses have matured, Mitie buys out the founders' remaining stakes and offers them further career progression within Mitie. The approach has helped the company grow earnings by 11% per annum and dividends by 16% per annum over the past decade, while maintaining returns on capital of above 15%.

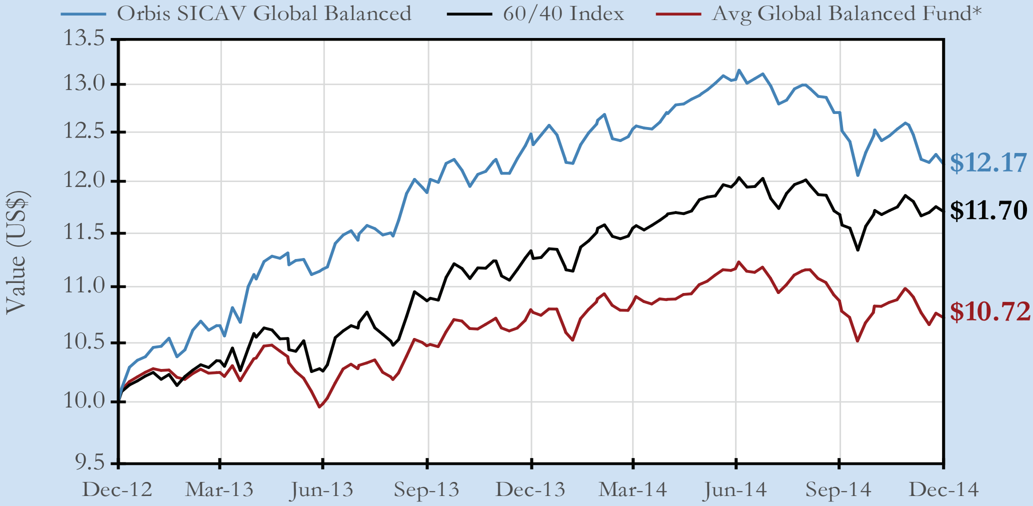
With these characteristics, we believe Mitie offers an attractive combination of long-term growth potential and ample income, while its strong execution provides a decent competitive moat. Yet the stock is available at an attractive 4% dividend yield and just over 10 times our estimate of next year's earnings. Of course, there's no free lunch—risks for Mitie include a UK recession and irrational bidders stealing business.

By investing in undervalued, high-quality shares like Mitie, we believe we can deliver on the Fund's mandate while maintaining a high degree of conviction in all of the portfolio's holdings. Though this year has been tough, we are confident that this approach will be rewarding over the long term.

Commentary contributed by Alec Cutler, Orbis Investment Management Limited, Bermuda

GLOBAL BALANCED FUND AT 31 DECEMBER 2014

TRACK RECORD: VALUE OF $10 INVESTED AT INCEPTION *(DIVIDENDS REINVESTED)*



Past performance is not a reliable indicator of future results.

**See Notices page for important disclosure about the returns of the Average Global Balanced Fund.*

ASSET ALLOCATION (%)

	North America	Europe	Asia ex-Japan	Japan	Other	Total
Gross Equity	39	26	14	8	1	**88**
Net Equity†	*28*	*25*	*14*	*6*	*1*	***74***
Fixed Income†	8	2	-	-	-	**11**
Commodity-Linked						**1**
Net Current Assets						**1**
Total	48	28	14	8	1	**100**
60/40 Index						
Equity	37	15	1	5	2	**60**
Fixed Income	16	15	-	9	-	**40**
Total	53	30	1	14	2	**100**

May not sum due to rounding

†See Fund Information section on the Notices page for important disclosure about Net Equity and Fixed Income.

TOP TEN HOLDINGS *(% OF FUND)*

Merck	3.3
Samsung Electronics	3.1
Carnival plc	2.7
Verizon Communications	2.4
Microsoft	2.4
Crown Castle International	2.2
Motorola Solutions	2.2
Mitsubishi	2.1
eBay	1.9
BP	1.8
Total	**24.1**

CURRENCY ALLOCATION (%)

	Fund	60/40 Index
US dollar	64	51
Euro	11	18
British pound	8	8
Japanese yen	7	14
Norwegian krone	3	-
Other	6	10
Total	**100**	**100**

May not sum due to rounding

NOTICES

Notice to Current and Prospective Orbis Investors. *The Orbis Global Equity, Japan Equity, Asia ex-Japan Equity, International Equity, Global Balanced and Optimal Strategies are currently accepting subscriptions from existing investors and qualified new investors. Qualified new investors must invest the minimum investment specified as follows: for the Orbis Global Equity, Asia ex-Japan Equity, International Equity, Global Balanced and Optimal Strategies, US$20 million with Orbis (across one or more funds); for the Orbis Japan Equity Strategy, US$50,000. Current Orbis Fund investors and those persons to whom we have existing commitments are not affected and may continue to make additional investments in the Orbis Funds.*

Clients investing via Allan Gray, which includes the Allan Gray Investment Platform, an Allan Gray investment pool or otherwise through Allan Gray Nominees remain subject to the investment minimums specified by the applicable terms and conditions.

We intend to accept new subscriptions into the Funds from a wider audience when we consider it appropriate to do so, and will issue notice of such change on our website, and via our automated e-mail services facility.

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Fund Information. *The country and currency classification for equity securities follows that of third party benchmark providers for comparability purposes. 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 Fund's exposures accordingly.*

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 and cash equivalents. Fixed Income regional allocation is based on the currency denomination of the instrument.

Sources. *Orbis Fund Returns: Orbis Investment Management Limited using single pricing.*

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Other. *The discussion topic for this Portfolio Manager's Report was selected, and the report was finalised and approved, by Orbis Investment Management Limited, the Fund's Portfolio Manager. Information in this Quarterly Report is based on sources believed to be accurate and reliable and provided "as is" and in good faith. While we have endeavoured to ensure the accuracy of the information herein, such information is not guaranteed as to accuracy or completeness. Neither Orbis, its affiliates, directors and employees (together, the "Orbis Group") make any representation or warranty as to accuracy, reliability, timeliness or completeness of the information in this Quarterly Report. 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 Quarterly Report.*

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