

### **Orbis Global Equity Fund receives S&P AAA Rating**

Allan Gray's global asset management partner, Orbis, has recently earned Standard & Poor's highest fund management rating (AAA) for its Global Equity Fund. Only four other fund managers in Standard & Poor's Offshore Territories Global Equity sector, comprising 656 funds, have received this coveted rating. Since inception the Orbis Global Equity Fund has an annualised U.S. dollar return of 12.4% versus the World Index of 4.6% and the average global equity fund of 3.5%.\*

Standard & Poor's Fund Management Ratings are based on an evaluation of quantitative (historic performance, volatility, and portfolio construction) and qualitative (management, corporate status and investment process) factors that contribute to long-term performance. A fund rated AAA, such as the Orbis Global Equity Fund, demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

While we are pleased with the recognition by Standard & Poor's of our Global Equity Fund, what motivates us is providing excellence in investment management to our clients over the long-term. As passive approaches to investing continue to dominate most investor's thinking, it continues to be very important that clients understand our very different and active investment approach. Relying only on our track record in deciding to invest with us is not advised because our approach to managing money is so different.

One of the issues for clients investing with Orbis is that their investing time horizon is not aligned with our investment time horizon. We use a three to five year time horizon when buying shares and have little belief in forecasting the short-term movement of stock prices. Stock prices are determined by people's interactions and are primarily a function of sentiment rather than underlying value.

The performance of a company's historical stock price is not material in determining whether it's a good investment or not. Investors often find themselves mistaking good companies for good investments where in fact good companies' stock prices are often at price levels that make them less attractive as long-term investments. We invest in companies using the equivalent analysis a prudent businessman would when buying a company. Namely, what return can I expect and how much money could I potentially lose? The price you pay for an investment is very material in determining the eventual return of your investment as well as the possible risk of losing money. At Orbis we are most interested in those investments that are priced at large discounts to their underlying fair value.

Orbis' investment teams in Bermuda and London practice the same bottom up stock-by-stock investment approach as that practiced by the investment team at Allan Gray in Cape Town but on an international scale. Between Orbis Investment Management Limited and Allan Gray Limited we have in excess of 40 years cumulative track record in managing money using the same investment approach with favourable results.

\* 1 January 1990 – 31 October 2002

*Commentary by Craig Bodenstab, Orbis*