



MGD Wealth Portfolio Solutions - Manager Spotlight January 2012 - Orbis Australia

About the Manager

Orbis Australia (Orbis) is part of the global Orbis Group which was created in 1989 as a global fund manager. Orbis Australia is privately owned by both the Orbis Group and senior executives within Orbis Australia.

About the Fund

The Orbis/SM Australia Equity Fund was launched in 2006, and invests in ASX listed securities.

Why have we chosen Orbis?

We believe that Orbis' contrarian, deep value and benchmark unaware approach fits well with our own investment philosophy.

The Manager is also skilful in identifying and profiting from many deep value opportunities, such as Australian Property Trusts in 2009.

Philosophy on investing

Philosophically, Orbis believe that markets are not always efficient or rational and that investors are driven by emotions and easily succumb to herd instincts. As a result, many companies are out of favour, misunderstood and spurned by investors because of excessive pessimism. Orbis invest for the long term and aim to buy \$1 worth of these businesses for 50c or less.

Investment process

The investment process covers three main principles:

Long term: Orbis typically adopts a five to ten year horizon when it decides to invest in a share and focuses all its efforts on understanding the intrinsic value of a company, rather than to try and forecast the next share price move.

Fundamental: Orbis focuses on the underlying business fundamentals such as competitive position, return on capital and sensible management rather than macro-economic variables. They are currently focusing their research to look for companies with "real" assets, good yields and corporate strength and stability with earnings that are linked to inflation.

Contrarian: As an investor you are only likely to be able to buy a share cheaply if there is a compelling reason for the

existing investors to sell the share to you. Therefore, Orbis tend to own shares that are often widely disliked by the broking community and vilified in the popular press.

Investment talent

Simon Marais, Portfolio Manager

Before joining the Orbis Group in 2002, Simon spent more than 10 years with Orbis's sister company, Allan Gray Limited, of which 4 years was in the role of Chief Investment Officer and Executive Chairman. He retains the role of non executive Chairman of Allan Gray Limited. Between 2002 and 2004, Simon headed Orbis's research investment team in London, before permanently relocating to Sydney.

Prior to joining Allan Gray Limited, Simon conducted research in theoretical physics at Cambridge. He holds a Master of Science (Stellenbosch), Doctor of Philosophy (Cantab.), and is a CFA Charterholder.

Simon Mawhinney, Analyst

Simon Mawhinney joined Orbis in 2006 as an Analyst. He joined Orbis from Alliance Bernstein, where he held a role in Finance from 2004 to 2005. From 2001 to 2003, Simon worked in the Equity Markets group at Macquarie Bank. He also worked at Deloitte and Touche in the Financial Institutions Services team from 1998 to 2001.

Simon holds a Bachelor of Business Science (First Class Honours) with majors in Finance and Business Strategy and a postgraduate Diploma in Accounting (University of Cape Town). He is a CFA Charterholder.

To learn more about the Orbis/SM Australia Equity Fund visit: www.orbisfunds.com.au.