

EMERGING MARKETS: THE MAP IS NOT THE TERRAIN

The emerging market story most investors know was written in a different era. We look at the one unfolding today.



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INTRODUCTION

Maps provide clarity by necessity, but clarity always comes at the cost of detail. A map shows a road's direction, but not the quality of its surface. It shows a city's location, but not the complexity or character of the people who inhabit it. And while contour lines indicate changes in elevation, they tell us nothing of the danger or beauty of the mountains they represent.

The old metaphor of the emerging market investor is well worn: the intrepid adventurer traversing unfamiliar ground, guided only by incomplete maps. Yet in many ways, this caricature has become stale. Emerging markets (EMs) are no longer uncharted, nor are they peripheral outposts of the global economy. They now represent roughly 60% of global GDP and 85% of the world's population, powering some of the most innovative and rapidly evolving societies on Earth.

But while the terrain has changed, the map that investors rely upon has not. For emerging markets, today's map was largely drawn in the last fifteen years: a period marked by extraordinary US dominance, currency headwinds, governance concerns, geopolitics, and prolonged emerging market underperformance.

This white paper argues that the map is now outdated. The contours of emerging markets have shifted so meaningfully that the map obscures more than it reveals. Valuations, fundamentals, policy regimes, currency dynamics, and corporate behaviour all look markedly different today from the years in which emerging markets were dismissed. Yet investor perceptions remain anchored to that earlier era.

To understand emerging markets today, investors must step back from the old map and re-engage with the actual terrain. This paper explores why the emerging market equity universe has become overlooked, why we find the opportunity set attractive, why selectivity is essential, and why emerging market equities deserve a meaningful place in a global portfolio.

Stefan Sommerville, CFA
Senior Investment Specialist

“EMERGING MARKETS ARE NO LONGER UNCHARTED, NOR ARE THEY PERIPHERAL OUTPOSTS OF THE GLOBAL ECONOMY.”



HOW THE MAP WAS DRAWN

The prevailing map of emerging markets has been shaped by the last fifteen years—a period during which emerging markets were defined less by their potential and more by their risks: long-term underperformance, elevated volatility, governance shortcomings, and political and geopolitical instability.

Each of these risks has real elements, but together they have created an overly reductive mental model. Emerging markets became associated with perpetual crises, unreliable governance, and unfulfilled promise. Meanwhile, investors became accustomed to US equity markets that delivered extraordinary returns with relatively little volatility.

The extraordinary performance of US equities from 2010 to 2025 reshaped global capital flows. Over that period, the S&P 500 compounded at 14% annually, transforming US\$100 into more than US\$700. Yet most of this return came not from growth and dividends, but from expanding valuation multiples and rising profit margins.

Valuations and profit margins are unlikely to rise indefinitely. But every year the trend continues, it draws investors ever deeper into US markets.

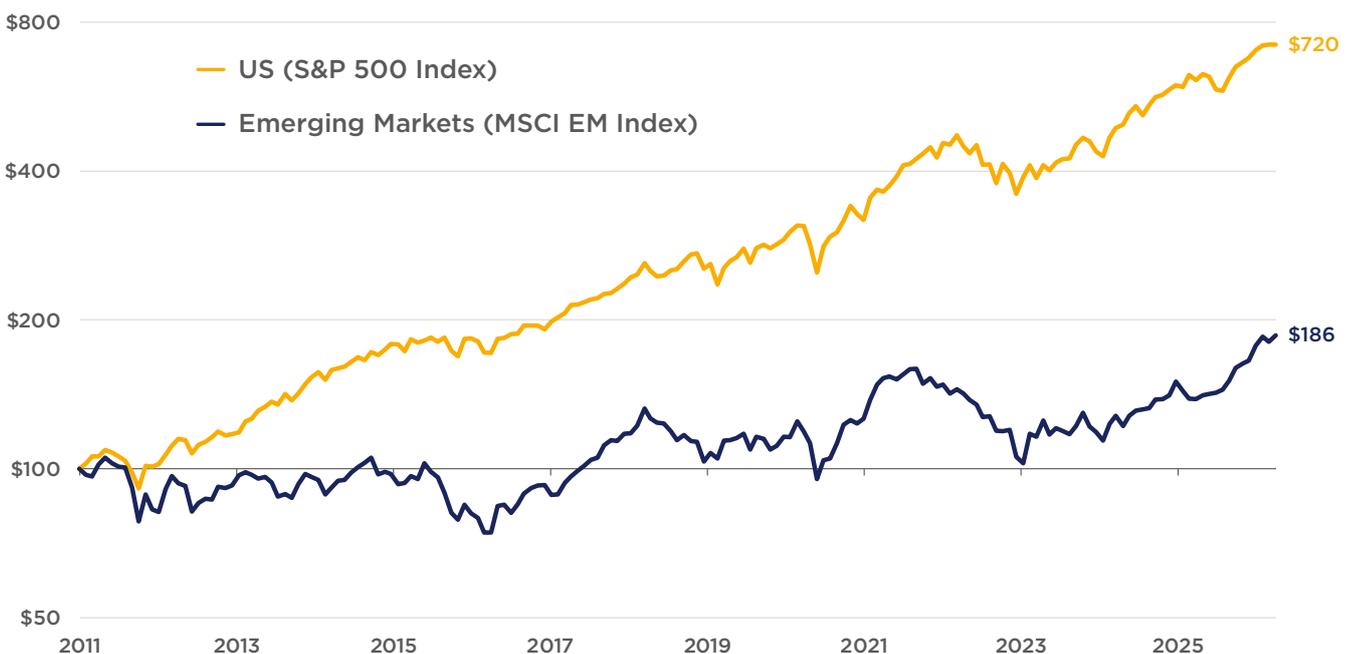
Global portfolios have become increasingly concentrated, and passive flows have amplified the trend. Indices designed to represent global diversification now allocate roughly 65% to the US—the highest proportion on record.

In contrast, emerging markets returned only around 4% per annum during the same period. A US\$100 investment in the MSCI Emerging Markets Index would have grown to just US\$186 over the 15-year period. As the performance gap widened, many investors concluded that the US possessed structural advantages unmatched by emerging markets. The narrative became self-reinforcing and global portfolios reduced their emerging market weighting to a little over 10%—far below emerging markets' 60% share of global GDP.

According to the prevailing map, persistent underperformance signalled structural weakness, even though many of the challenges faced by emerging markets were cyclical, policy-driven, or sentiment-related. The map became a caricature of the landscape.

OVER THE PAST 15 YEARS, EMS HAVE BEEN TROUNCED BY THE US

Total return in USD of US and emerging market stock markets from Dec 2010 to Dec 2025





THE TRUE TERRAIN: WHY A COMPELLING OPPORTUNITY EXISTS TODAY

When we step away from the old map and examine the terrain directly, a radically different picture emerges—one of largely depressed valuations, pockets of improving corporate fundamentals, reform momentum, and discounted currencies.



VALUATIONS

Today, valuations for emerging market equities are unusually discounted versus their peers elsewhere.

Valuations provide a useful gauge of investor sentiment, and a lens on investors' expectations for the future. They can show whether investors view the map of the last 15 years as a reliable guide to the years ahead.

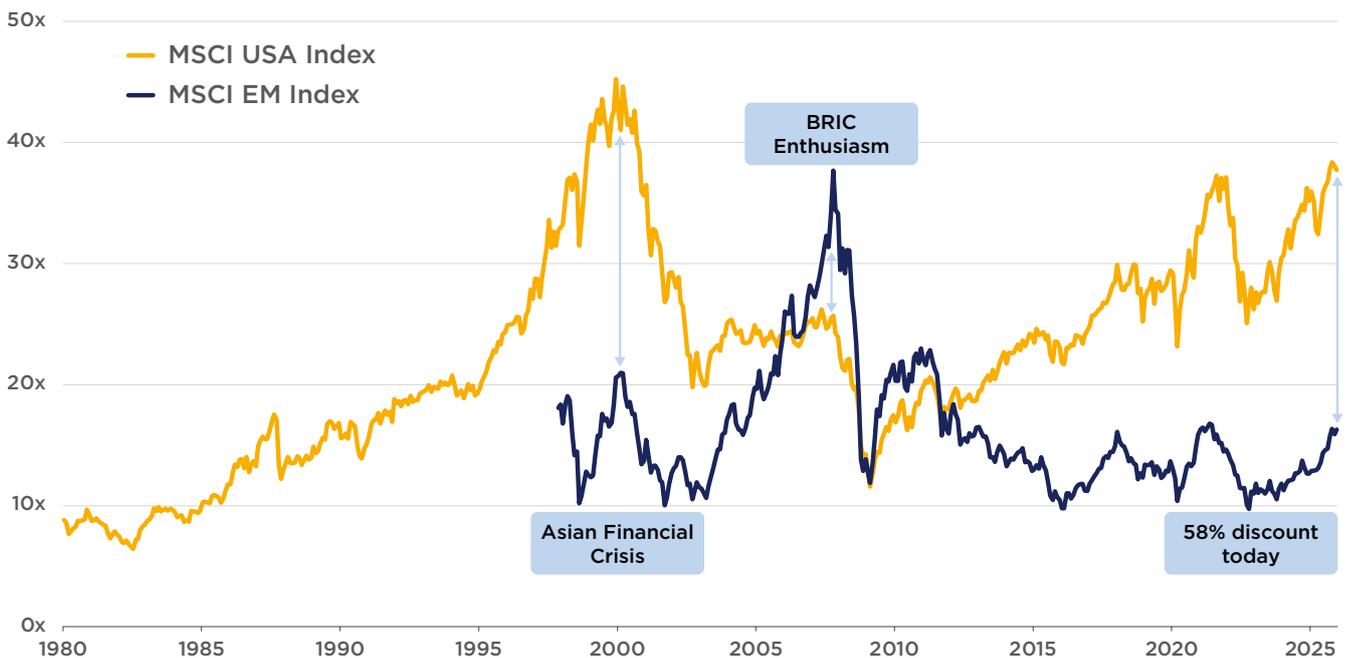
Emerging markets are currently priced at levels that reflect deep pessimism. After more than a decade of underperformance relative to developed markets, in particular the US, capital has steadily flowed out of emerging market equities.

This prolonged neglect has driven valuations to levels that, in aggregate, imply very low expectations for future returns. For some companies, those low expectations will prove justified. For many, they will not.

Using a cyclically-adjusted price-to-earnings (CAPE) ratio, we can see just how dim investors' view of the emerging market universe has become. While US shares trade on average at 38 times earnings, emerging market stocks change hands at around 16 times earnings—below their long-term average, and at a steep 60% discount to the US.

EMS TRADE AT CHEAP VALUATIONS RELATIVE TO HISTORY AND TO THE US

Cyclically-adjusted price-to-earnings (CAPE) ratio



31 Dec 2025 | Source: Minack Advisors, MSCI, National Bureau for Economic Research. CAPE ratio is based on trailing operational earnings. US\$ price indices, with index and cyclically-adjusted earnings deflated by US Consumer Price Index. Data shown for the period available. EM = Emerging Markets. BRIC = Brazil, Russia, India, and China.

The discount today is almost as wide as it has ever been and on a par with the late 1990s. At that time, US internet stocks were becoming more expensive as investors were enamoured with the idea that the internet was set to change the world, and no price was too high to participate in that growth.

Meanwhile, in emerging markets, many Asian economies were in the grip of a financial crisis, marked by ballooning debt positions, and devaluing currencies, with weak financial systems and oversight.



“WHEN US SHARES HAVE BEEN VALUED **THIS HIGHLY HISTORICALLY**, RETURNS HAVE BEEN RELIABLY LACKLUSTRE, BARELY KEEPING UP WITH INFLATION.”

Today, emerging markets face different challenges and fewer crises, while the US faces a few challenges of its own: government shutdowns, ballooning deficits and debt, state intervention in the private sector, and risks to the dollar among them. Yet all appear to be having little impact on equity valuations in the US.

Over the short term, that may not matter. But over the long term, starting valuations are among the most important drivers of returns. When US shares have been valued this highly historically, returns have been reliably lacklustre, barely keeping up with inflation.

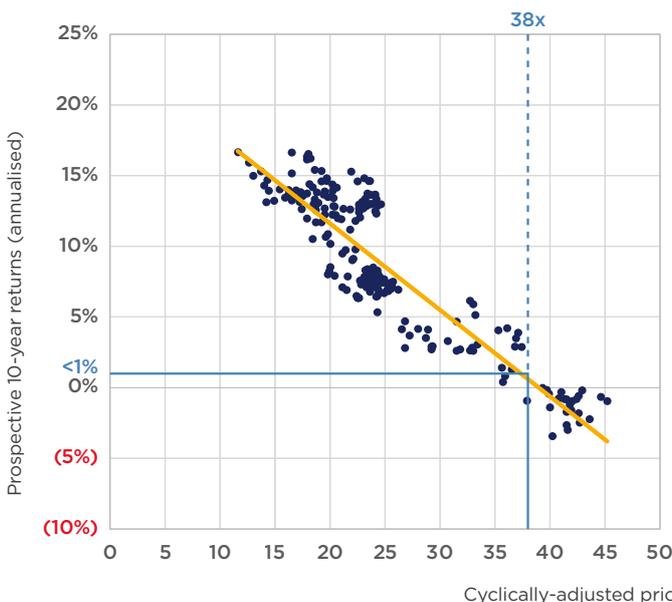
For emerging markets, valuation has been a less dominant predictor of long-term returns, leaving a wider range of outcomes from today’s starting point.

The skew of outcomes, however, looks much better. Historically, the average investor buying US shares at today’s valuations did about as well as the *unluckiest* investor who bought emerging market shares at today’s prices.

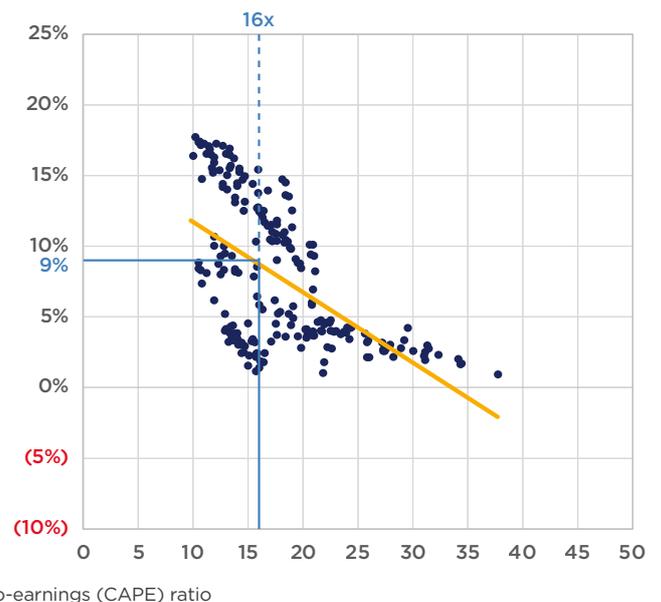
None of this is to deny the risks that have plagued emerging markets in the past. Political instability, deficient governance and state involvement are real challenges, and currency swings can magnify volatility. But these risks are visible and, in many cases, already reflected in depressed prices. Importantly, many emerging market governments now recognise these risks as well.

VALUATIONS MATTER FOR PROSPECTIVE RETURNS

United States



Emerging Markets



31 Dec 2025 | Source: Minack Advisors, MSCI, National Bureau for Economic Research. CAPE ratio is based on trailing operational earnings. US\$ price indices, with index and cyclically-adjusted earnings deflated by US Consumer Price Index. Data is monthly from 1997 to 2015. Prospective 10-year returns are total returns, calculated using monthly price series of the S&P 500 and MSCI Emerging Markets indices and annualised.



REFORMS

One of the most underappreciated changes across *some* emerging markets over the past decade has been the strengthening of policy frameworks and market institutions. While headlines often focus on episodic crises or geopolitical risks, the underlying “terrain” has evolved in ways that materially alter how several of these economies respond to shocks and generate growth. This evolution matters for investors because it reshapes both risk dynamics and long-term return potential.

Macroeconomic policymaking in many emerging economies today bears little resemblance to that of earlier cycles. Central banks have become more independent, more credible, and more transparent, with inflation-focused regimes now firmly established across much of the universe. The result has been lower inflation volatility, fewer balance-of-payments crises, and a diminished tendency for temporary shocks to morph into systemic events.

Fiscal policy has also matured, even if challenges remain. Many emerging markets have adopted clearer fiscal frameworks and institutional constraints designed to improve discipline and predictability. While debt levels in some countries rose following the pandemic, the broader shift toward transparency and rules-based policymaking has improved investor confidence.

The fiscal prudence of some emerging markets, particularly those scarred by the Asian Financial Crisis of the late 1990s, now stands in stark contrast to most developed markets, many of which are struggling with mounting levels of debt.

Alongside these macro improvements, financial systems in many emerging markets appear more resilient. The development of tools to safeguard against financial instability has reduced the vulnerabilities that historically amplified downturns in emerging markets. Domestic banking systems are generally better capitalised, and reliance on short-term foreign currency funding has broadly declined.

Beyond macroeconomic stability, structural reforms have started to improve the functioning of markets themselves. Reforms aimed at improving corporate governance, protection for minority shareholders, and broadening and deepening capital markets represent a fundamental shift. For long-term investors, it strengthens the case that emerging markets are no longer a basket of basket cases, but are increasingly able to sustain growth through changing global conditions.



CASE STUDY: SOUTH KOREA

For decades, Korean companies struggled to turn business growth into shareholder returns, and their shares traded at a persistent “Korea discount” to global peers. Weak governance, limited protection for minority shareholders, and tax policies that discouraged long-term ownership undermined confidence. Domestic savers favoured property over equities, while global investors often treated Korea as a one-stock market. By 2024, capital outflows from Korea into the US had become politically salient, and policymakers responded with a state-backed push to “Value-up” Korean companies. The goal was straightforward: improve capital discipline and reward shareholders more consistently. Early progress was visible, especially in the banking sector, but voluntary participation and weak enforcement limited the programme’s impact. As a result, broader capital market reform became a central issue in the 2025 presidential election.

The incoming administration promised to strengthen minority shareholder protections, introduce tax reforms to support equity investment, and usher in a “Kospi 5000” era—envisioning the country’s main index surpassing the 5,000 mark, a milestone since surpassed in January 2026. Parliament has also amended Korea’s Commercial Act—the laws governing Korean businesses—multiple times, and company managers now owe a fiduciary duty to shareholders, not just to the firm itself.

While uncertainty remains around execution, fiscal priorities, and trade policy, the direction of reform has improved sentiment. Importantly, these developments have created fertile ground for bottom-up investors willing to look beyond benchmarks and consensus views.

It has been encouraging to see these reforms already translating into cash returns for shareholders. KB Financial, the parent of Korea’s largest bank, has scaled back overseas acquisitions and returned capital instead. In response, its share price has more than doubled since the start of 2024. Even Samsung Electronics, long resistant to shareholder pressure, announced a ₩10 trillion (approx. US\$7 billion) buyback in 2024 to support its valuation.

Against this backdrop, there remain plenty of company-level opportunities to be excited about. Kiwoom Securities is a case in point. As Korea’s leading online broker, it has captured more than 30% of retail equity inflows in recent years while generating returns on equity of around 18%, despite intense competition. Yet, until recently, its shares have long traded near or below book value. Improved market sentiment, increased trading activity, stronger capital allocation, and potential tax reforms could materially enhance shareholder returns and valuations. Similar dynamics apply at several other Korean companies, where strong businesses trade at deep discounts due to governance concerns rather than weak fundamentals.

Korea’s reform journey is still at an early stage, and setbacks are likely. Yet the pressure for change continues to rise. For investors focused on fundamentals, Korea offers a compelling case where discounted valuations, improving capital discipline, and potential structural reform combine to tilt long-term risk-reward in their favour.



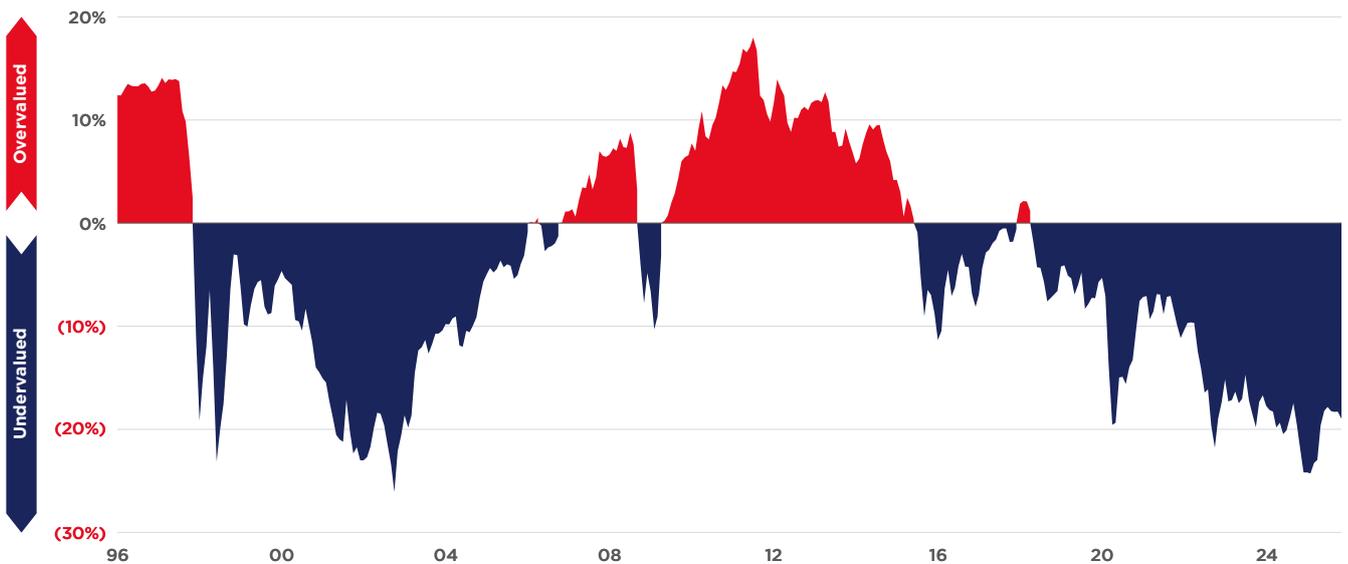
CURRENCIES

Currencies have been one of the most persistent headwinds for emerging market investors over the past decade. An extended period of US dollar strength driven by US equity outperformance, rising interest rates, and safe-haven demand has weighed heavily on emerging market currencies. For many investors, this experience has entrenched the perception that currency exposure in emerging markets is a structural risk rather than a source of return. Yet, as with other aspects of the asset class, this view increasingly reflects the map of the past rather than the terrain ahead.

Valuations across a broad range of emerging market currencies now sit well below long-term measures of fair value. Importantly, this undervaluation has emerged alongside markedly stronger fundamentals. Many emerging economies have improved external balances, adopted more credible monetary frameworks, and reduced reliance on foreign-currency borrowing. In contrast to previous cycles, currency weakness has not been accompanied by widening current account deficits or eroding policy credibility. The terrain has evolved, but the map has not.

EM CURRENCIES REMAIN NEAR MULTI-DECADE LOWS VS THE US DOLLAR

Valuation of EM currencies vs. the US\$ compared to average historical levels (based on an internal purchasing power parity model)



30 Nov 2025 | Source: LSEG Datastream, Macrobond, Orbis. Indicated valuations are the deviation from the estimated average real level of the currency over the previous 25 years, estimated by fitting exchange rates to relative consumer prices. Equally-weighted basket of Brazil, China, Indonesia, India, Korea, Malaysia, Mexico, Taiwan, and South Africa. Data is monthly and for the period 15 Jan 1996, the common inception date for all currencies, to 15 Nov 2025. EM = Emerging Markets.

At the same time, the risks embedded in the dollar itself are becoming more apparent. The world's "safest" currency has benefitted from decades of capital inflows, rising US leverage, and growing dependence on foreign savings. This has left the dollar expensive by most valuation measures and increasingly sensitive to shifts in confidence. The very forces that once made the dollar a haven now amplify the consequences of any reversal in sentiment.

Crucially, stronger policy frameworks have changed how emerging market currencies behave during periods of stress. Flexible exchange rate regimes now act as shock absorbers rather than crisis triggers,

allowing currencies to adjust without forcing abrupt policy tightening or reserve depletion. This reduces the risk that currency exposure translates into permanent capital impairment. Instead, currency volatility increasingly reflects cyclical adjustment rather than structural fragility, a sturdier foundation for the purchasing power of emerging market currencies.

For investors accustomed to viewing currency as a drag on emerging market returns, this represents a meaningful shift. Emerging market equities and local assets offer not just participation in improving fundamentals, but also optionality on currencies that are already priced for pessimism.



WHY EMERGING MARKETS DESERVE A DELIBERATE PLACE IN A GLOBAL PORTFOLIO

In an increasingly concentrated global equity universe, diversification has become both more difficult and more valuable. US equities' share of global indices has ballooned to almost two-thirds, with the 10 largest companies in the world representing roughly a quarter of passive index exposure.

Emerging markets are exposed to different economic cycles, demographic trends, and policy dynamics from those shaping developed economies. These different economic drivers flow through to a different path of equity returns. Since the inception of the MSCI Emerging Markets Index in 1988, emerging market equities have exhibited a correlation of 0.72 with developed market equities, and just 0.66 with US equities.

But the argument against an allocation to emerging market equities, despite their diversification benefits, is that this diversification comes at a cost—greater volatility. Again, investors are being led astray by the maps of the past. In fact, relative to developed markets, the volatility of emerging market returns has fallen steadily over the last decade. Perhaps surprisingly, in recent years emerging market equities have been no more volatile than their developed peers.

EMERGING MARKET EQUITIES AS A DIVERSIFIER

Correlation between monthly USD returns, from Jan 1988

	S&P 500	MSCI World	MSCI ACWI	MSCI EAFE	MSCI Europe	MSCI Emerging Markets
S&P 500	1.00					
MSCI World	0.92	1.00				
MSCI ACWI	0.91	1.00	1.00			
MSCI EAFE	0.75	0.94	0.95	1.00		
MSCI Europe	0.79	0.91	0.91	0.93	1.00	
MSCI Emerging Markets	0.66	0.72	0.76	0.71	0.69	1.00

31 Dec 2025 | Source: LSEG Datastream, Orbis. ACWI is All Country World Index. EAFE is Europe, Australasia, and Far East.



THE RELATIVE VOLATILITY OF EMERGING MARKET EQUITIES HAS FALLEN STEADILY OVER TIME

Ratio of emerging market to developed market volatility, 3-year rolling monthly returns



31 Dec 2025 | Source: Orbis, LSEG Datastream, MSCI. Emerging market returns are for the MSCI Emerging Markets Index. Developed market returns are for the MSCI World Index. Volatility calculated as the annualised standard deviation of rolling 3-year monthly returns of each index.

In a world where global portfolios are increasingly shaped by a small number of dominant markets and narratives, emerging markets offer something increasingly scarce: genuine diversification. Not by replicating developed market exposures at a discount, but by expanding the range of return drivers embedded within a portfolio. As we wander further into the varied emerging market terrain, we see that the attractions for active investors are even better.





THE CASE FOR SELECTIVITY: NAVIGATING THE TERRAIN WITH SKILL

While the map of the past may have mischaracterised emerging markets as a single, monolithic asset class, the reality on the ground has rarely been more diverse. Improvements in policy frameworks, market structures, and currency dynamics have expanded the opportunity set, but they have also widened the gap between winners and laggards.

Broad emerging market exposure, for example through passive indices, captures diversification benefits at low aggregate valuations. But, as with developed market indices, emerging market indices have themselves become concentrated. China and Taiwan make up close to 50% of the MSCI Emerging Markets Index, of which over 12% is in a single stock, Taiwan Semiconductor Manufacturing Company. A passive approach misses the fertile alpha opportunity in emerging markets.

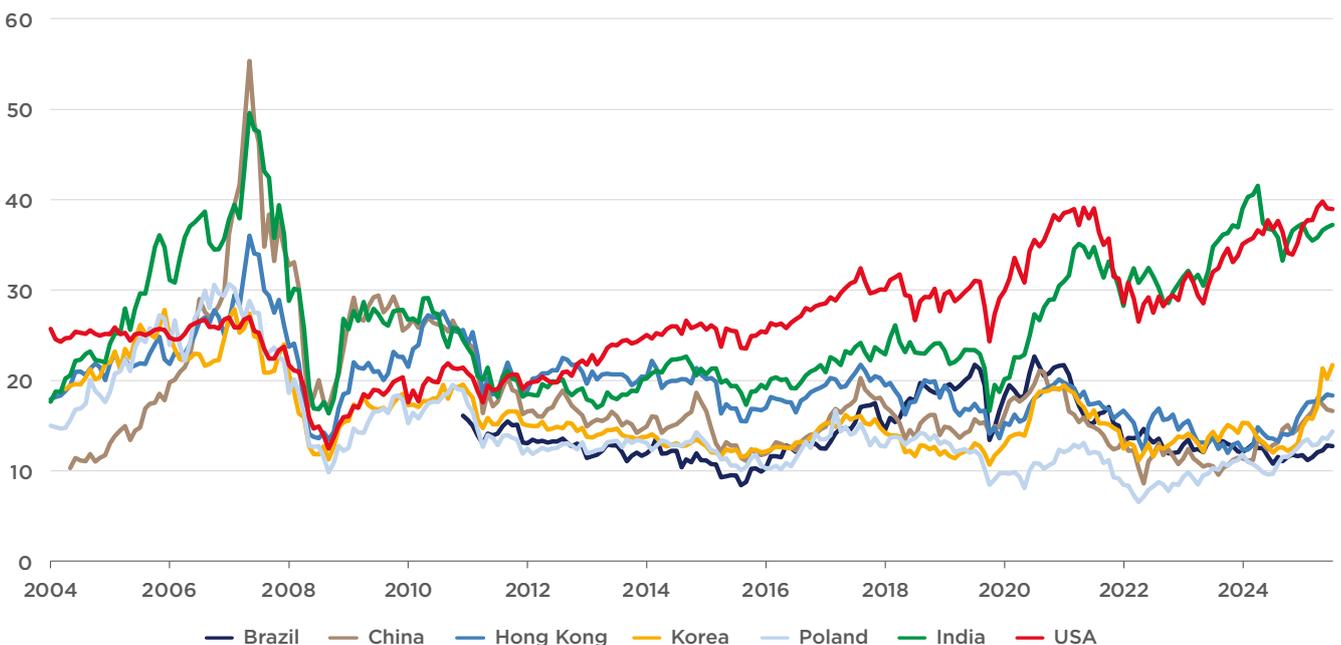
Valuation dispersions in emerging markets are unusually wide, both across countries and within them. While some markets continue to trade at deep discounts, others have felt the tailwind of positive investor sentiment and now trade at elevated valuations.

India has become an investor darling, with excitement about its impressive economic trajectory and favourable demographics. Today, India trades at a 100% premium to other emerging markets, on a par with shares in the US. Those expectations are hard to meet, never mind exceed, perhaps part of the reason Indian equities have lost ground to those in China, Korea, and Brazil over the last year.

Governance standards represent one of the most important—and most uneven—dimensions of the dispersion of opportunities. In some markets, corporate governance has improved, incentives are increasingly aligned with long-term value creation, capital allocation is more disciplined, and minority shareholders are treated as real stakeholders rather than residual claimants. Yet elsewhere, opaque ownership structures, limited disclosure, and weak accountability continue to suppress valuations and elevate risk.

VALUATION DISPERSIONS ACROSS EMERGING MARKETS ARE WIDE

Cyclically-adjusted price-to-earnings (CAPE) ratio



31 Dec 2025 | Source: Barclays, LSEG Datastream. The CAPE Ratio for each country above has been calculated by Barclays Research using levels of country-specific indices published by MSCI Inc. ("MSCI") representing the equity markets for the relevant country, adjusted for inflation using data from Datastream.



“IN AN INCREASINGLY CONCENTRATED GLOBAL EQUITY UNIVERSE, **DIVERSIFICATION** HAS BECOME BOTH MORE DIFFICULT AND **MORE VALUABLE.**”

Protection of minority shareholders is particularly critical. In markets where legal frameworks, regulatory enforcement, and market norms support minority rights, earnings growth has a far higher probability of flowing through to investors. Where such protections are weak, headline growth can coexist with value leakage through related-party transactions, excessive capital expenditure, or dilutive equity issuance.

In theory, economic expansion and rising corporate profits should compound investor returns. In practice, the translation from earnings growth to earnings per share growth varies widely. Dilution, state intervention, and poor capital allocation have often eroded per-share value, particularly in sectors dominated by state-owned enterprises.

China illustrates this dynamic clearly. While the economy remains large and innovative, with dozens of well-governed firms, significant portions of the equity market are dominated by state-owned enterprises whose objectives extend beyond shareholder value maximisation. For minority shareholders, this can result in a persistent gap between corporate profitability and per-share value creation. In the 20 years to the end of 2025, listed Chinese companies grew net profits by approximately 15% per annum. Astoundingly, only a fraction of that growth accrued to shareholders—earnings per share grew by only 5% per annum on average.

This dispersion underscores the limits of relying solely on the map of the past, and treating emerging markets as a homogenous asset class. Passive exposure gets you some excellent businesses at compelling prices—but also lots of deserving laggards. Countries, sectors, and companies sit at very different points along the reform spectrum, with materially different implications for valuation, risk, and long-term return potential.

In this context, selectivity is both a risk management tool and a source of potential alpha. It allows investors to hunt in markets where reform momentum, governance improvement, and capital discipline are converging, while avoiding areas where growth remains disconnected from shareholder returns. It also enables portfolios to exploit the inefficiencies created by outdated perceptions, rather than inheriting the inefficiencies embedded in broad benchmarks.

Ultimately, selectivity is how investors bridge the gap between the map and the terrain. The map suggests exposure to emerging markets is a binary decision, framed by macro risk and historical volatility. The terrain reveals a far more nuanced landscape, where outcomes are driven by institutional quality, governance, and the mechanics of value creation at the company level. In a world of widening dispersion, treating emerging markets as a homogenous allocation is no longer just imprecise—it is increasingly costly.



CONCLUSION: TIME TO UPDATE THE MAP

The map of emerging markets that many investors rely upon was drawn in a different era—one defined by US equity strength and emerging market stagnation. But the terrain has shifted. Emerging markets are now undervalued, under-owned, and their fundamental improvements are underappreciated. For active investors, they provide a diverse, valuation dispersed universe replete with good companies trading at compelling prices.

The question is not whether investors should embrace costly risks. It is whether they are already taking risks by relying on the old map. When the terrain changes, relying on bad maps can prove costly.

For those willing to step beyond outdated representations and engage with the terrain as it truly exists, emerging markets are home to some of the most attractive long-term opportunities in global equities today.



OVERVIEW AND HISTORY

The Orbis Emerging Markets Equity Strategy applies Orbis' contrarian, long-term philosophy to a global emerging market universe. Established in 2006 and led by Stefan Magnusson, it draws on decades of firm experience in Asian and frontier markets.

Team and Structure

A six-member, Hong Kong-based team, averaging 15 years with Orbis, covers emerging markets globally. The team combines local knowledge with Orbis' global research network and benefits from a structure that encourages independent thinking and idea ownership.

Investment Approach

- **Philosophy:** Fundamental, long-term, and benchmark-agnostic.
- **Portfolio:** Concentrated, Close to 90% of NAV held in top 20 names; two-thirds of portfolio held for more than 5 years.
- **Focus:** High-quality, durable, well-governed, cash-generative businesses trading below intrinsic value. Preference for owner-management.
- **Engagement:** Private dialogue with board members and management; preference for alignment over exclusion in responsible investing considerations.

Performance and Positioning

Since inception to 31 January 2026, the Orbis Emerging Markets Equity Strategy has returned 9.8% per annum (p.a.) after fees vs 7.4% for its benchmark.¹ Over the past five years it delivered 11.9% p.a. after fees, outpacing both the 5.3% p.a. return of the Index and the 4.3% p.a. of its peer group (as at 31 January 2026). Most of the portfolio today is invested in businesses such as NetEase, TSMC, Kiwoom Securities, Wise, and Jardine Matheson.

Scale and Capacity

Assets under management total approximately US\$3.5 billion (January 2026). Concentration allows deep engagement and meaningful stakes in portfolio companies, reinforcing long-term alignment.

Summary

Through patient ownership and disciplined valuation, the Orbis Emerging Markets team seeks to uncover undervalued, good, resilient, and well-managed businesses in overlooked markets. By applying a consistent philosophy across cycles, we believe the strategy can continue to deliver both diversification and durable value creation over the long term.

¹ The information presented is for a representative account for the Orbis Emerging Markets Strategy. On 1 Nov 2016, the Fund broadened its mandate from Asia ex-Japan equities to include all Emerging Markets equities. Its name changed accordingly, and its benchmark changed from the MSCI Asia ex-Japan Index to the MSCI Emerging Markets Index.

Past performance is not a reliable indicator of future results. The value of your investment with Orbis may fluctuate and returns are not guaranteed. Returns may decrease or increase as a result of currency fluctuations. When making an investment with Orbis, an investor's capital is at risk. Please refer to the respective prospectus or offering document for full information on the risks associated with investing. Please refer to the notices page explaining how returns are calculated. Net returns are for the Core Refundable Reserve Fee. WHT stands for withholding tax. Returns for periods of 1 year and over are annualised.



A REFINED APPROACH

In our thirty-year history of investing in emerging markets, our philosophy of fundamental, long-term, contrarian stock selection has endured. Yet, experience has taught us to focus ever more closely on things that really matter:

- **Identifying quality businesses:** We focus on businesses with durable advantages that provide products and services that ideally delight their customers. We strongly prefer companies run by owner-managers whose personal reputations are tied to the business. Solid balance sheets and healthy cash flows, allowing businesses to fund their own growth, are particularly valuable, not least during economic downturns.
- **Thinking long term:** We think like business owners, not stock traders. That means being willing to hold a good business for a decade or longer, and to wait for the market to recognise its value. In the fullness of time, attributes such as business quality and personal integrity assert themselves.
- **Engaging with management:** We aim to understand the culture of the businesses we own by spending time with the people who run them. With meaningful ownership stakes, we aim to establish constructive, long-term relationships with both management and fellow shareholders. In markets where formal protections may be weaker but improving, repeated interactions and earned trust often matter more than contractual rights.
- **Discount to intrinsic value:** The focus is on buying stocks at a meaningful discount to true long-term value. This leads us to businesses at times when they are misunderstood or underappreciated, and where our long-term view differs from the prevailing consensus.

“IN A WORLD OF WIDENING DISPERSION, TREATING EMERGING MARKETS AS A HOMOGENOUS ALLOCATION IS NO LONGER JUST IMPRECISE, IT IS INCREASINGLY COSTLY.”

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Returns

Net returns are calculated gross of all income, net of fees and expenses, and assume reinvestment of dividends. Gross returns are calculated gross of all income, net of all expenses, and assume reinvestment of dividends. Returns in currencies other than the representative account's base currency have been calculated using exchange rates used to value the representative account.

The latest average fund indices provided by Morningstar are 31 January 2026. To allow comparison of returns to a common date we have extended the average class fund index to reflect the subsequent movement of the Benchmark Index. Average fund returns are not shown for periods of a month or less as high price volatility and late fund reporting regularly cause them to be significantly restated by Morningstar.

The Average Global Emerging Markets Equity Fund index is comprised of Emerging Market equity funds, as defined by Morningstar, which invest throughout Asia, Latin America, Europe, Middle East and/or Africa. The Average Asia ex-Japan Equity index is comprised of Asia ex-Japan equity funds, as defined by Morningstar, which invest throughout Asia, but generally exclude Australia, New Zealand, and Japan.

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Strategy gross returns are our reasonable estimate of the asset-weighted actual gross returns of all portfolios following the same investment objective. Strategy net returns are based on the specified fee structure applied to the Strategy gross returns and do not represent actual net returns experienced by investors in the relevant accounts. Certain sections of this presentation may refer to a representative account for a Strategy. With respect to each Strategy, the representative account is considered to illustrate the characteristics of the overall Strategy and consists of data relating to one or more constituent accounts that employ that Strategy. Additional information about the representative accounts is available upon request.

Benchmarks

Benchmarks and indexes are shown for illustrative purposes only, may not be available for direct investment, are unmanaged, assume reinvestment of income, and have limitations when used for comparison purposes because they may have volatility, credit, or other material characteristics (such as number and types of securities) that are different from the accounts.

Sources

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