

2014 AUDITED  
Financial  
Statements



ORBIS GLOBAL  
EQUITY  
*Fund*

## TABLE OF CONTENTS

Directory	1
Appointments	2
Independent Auditors' Report	3
Statements of Financial Position	4
Statements of Comprehensive Income	5
Statements of Changes in Net Assets Attributable to Holders of Redeemable Fund Shares	5
Statements of Cash Flows	6
Schedule of Investments	7 - 8
Notes to the Financial Statements	9 - 18
Notices	19

# DIRECTORY

## **Registered office and mailing address**

Orbis Global Equity Fund Limited  
Orbis House  
25 Front Street  
Hamilton HM11  
Bermuda

## **Directors**

Allan W.B. Gray (Chairman)  
Orbis Investment Management Limited  
Bermuda

Allan W.B. Gray is the Chairman and a Director of the Orbis Funds and Orbis Investment Management Limited.

William B. Gray  
Orbis Investment Management Limited  
Bermuda

William B. Gray is the President and a Director of the Orbis Funds and Orbis Investment Management Limited and the Portfolio Manager of Orbis Investment Management Limited.

John C.R. Collis  
Bermuda

John C.R. Collis is a Director of the Orbis Funds.

David T. Smith  
Ecosse Limited  
Bermuda

David T. Smith is the Managing Director of Ecosse Limited.



## APPOINTMENTS

### **Manager**

Orbis Investment Management Limited\*  
Orbis House  
25 Front Street  
Hamilton HM11  
Bermuda

### **Investment Advisors**

Orbis Investment Advisory Limited  
15 Portland Place  
London W1B 1PT  
United Kingdom

Orbis Portfolio Management (Europe) LLP  
15 Portland Place  
London W1B 1PT  
United Kingdom

Orbis Gestion S.A.  
Avenue de Rumine 7  
1005 Lausanne  
Switzerland

Orbis Investment Management (U.S.), LLC  
600 Montgomery Street, Suite 3800  
San Francisco, CA 94111  
United States of America

Orbis Investment Advisory (Hong Kong) Limited  
Suites 1802-1805  
18th Floor, Chater House  
8 Connaught Road  
Central, Hong Kong

### **Auditors**

Ernst & Young LLP  
Ernst & Young Tower  
222 Bay Street, PO Box 251  
Toronto, Ontario  
Canada M5K 1J7

### **Custodian**

Citibank Canada  
123 Front Street West  
Toronto, Ontario  
Canada M5J 2M3

### **Administrator and Registrar**

Citi Fund Services (Bermuda), Ltd.  
5 Reid Street  
Hamilton HM11  
Bermuda

*\*Licenced to conduct investment business by the Bermuda Monetary Authority*

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Members of

Orbis Global Equity Fund Limited (the "Fund"):

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at 31 December 2014 and 2013, and 1 January 2013, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable Fund shares and cash flows for the years ended 31 December 2014 and 2013, and a summary of significant accounting policies and other explanatory information on pages 7 to 18.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2014 and 2013, and 1 January 2013, and its financial performance and its cash flows for the years ended 31 December 2014 and 2013 in accordance with International Financial Reporting Standards.

*Ernst & Young LLP*

Toronto, Canada  
27 January 2015

Chartered Professional Accountants  
Licensed Public Accountants

# ORBIS GLOBAL EQUITY FUND

## STATEMENTS OF FINANCIAL POSITION (US\$ 000's)

	31 December 2014	31 December 2013	1 January 2013
<b>Assets</b>			
Financial assets at fair value through profit or loss			
Securities	8,892,484	15,318,517	11,389,387
Derivatives	12,767	28,663	19,251
Cash and cash equivalents	22,310	52,735	58,721
Due from brokers	6,444	11,027	464
Subscriptions receivable	-	-	42
Dividends and other receivables	15,436	10,104	14,635
	<b>8,949,441</b>	<b>15,421,046</b>	<b>11,482,500</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss			
Derivatives	19,843	-	-
Due to brokers	7,031	19,952	43,079
Redemptions payable	-	-	7,498
Manager's fee payable	3,540	31,811	12,236
Other payables and accrued liabilities	5,385	2,120	2,195
	<b>35,799</b>	<b>53,883</b>	<b>65,008</b>
<b>Net assets attributable to holders of redeemable Fund shares</b>	<b>8,913,642</b>	<b>15,367,163</b>	<b>11,417,492</b>



William B Gray,  
on behalf of the Board of Directors

Hamilton, Bermuda  
27 January 2015

See accompanying notes on page 9

# ORBIS GLOBAL EQUITY FUND

## STATEMENTS OF COMPREHENSIVE INCOME (US\$ 000's)

For the years ended 31 December	2014	2013
<b>Income</b>		
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	(454,166)	4,853,007
Other foreign currency loss	(13,502)	(9,833)
Dividend and other	295,131	275,456
	<b>(172,537)</b>	<b>5,118,630</b>
<b>Expenses</b>		
Manager's fee	304,215	268,907
Transaction costs	24,515	18,501
Administration, custody fees and other	9,173	5,814
	<b>337,903</b>	<b>293,222</b>
<b>Profit (loss) before taxes</b>	<b>(510,440)</b>	<b>4,825,408</b>
Withholding and other taxes	56,719	50,339
<b>Increase (decrease) in net assets attributable to holders of redeemable Fund shares</b>	<b>(567,159)</b>	<b>4,775,069</b>

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE FUND SHARES (US\$ 000's)

For the years ended 31 December	2014	2013
<b>Balance at beginning of year</b>	<b>15,367,163</b>	<b>11,417,492</b>
Increase (decrease) in net assets attributable to holders of redeemable Fund shares from operations	(567,159)	4,775,069
Shareholders' activity during the year		
Subscriptions		
Orbis funds	357,199	529,647
Other shareholders	740,266	864,939
Switches between funds	178,572	224,416
Redemptions		
Orbis funds	(4,587,907)	(957,649)
Other shareholders	(1,047,375)	(1,142,711)
Switches between funds	(1,527,117)	(344,040)
<b>Balance at end of year</b>	<b>8,913,642</b>	<b>15,367,163</b>

See accompanying notes on page 9

# ORBIS GLOBAL EQUITY FUND

## STATEMENTS OF CASH FLOWS (US\$ 000's)

For the years ended 31 December	2014	2013
<b>Cash flows from operating activities</b>		
Proceeds from realisation of investments and currencies	13,450,063	11,092,164
Purchases of investments	(10,997,856)	(10,221,222)
Increase in other receivables	(5,000)	-
Dividends and other income received, net of withholding tax	236,206	229,826
Manager's fees paid	(332,486)	(249,332)
Transaction costs paid	(24,515)	(18,500)
Other expenses paid	(9,034)	(6,067)
Net cash provided by operating activities	2,317,378	826,869
<b>Cash flows from financing activities</b>		
Proceeds from subscription of redeemable Fund shares	1,276,037	1,619,043
Payments on redemption of redeemable Fund shares	(3,623,840)	(2,451,898)
Net cash used in financing activities	(2,347,803)	(832,855)
Net decrease in cash and cash equivalents	(30,425)	(5,986)
Cash and cash equivalents – Beginning of Year	52,735	58,721
<b>Cash and cash equivalents – End of Year</b>	<b>22,310</b>	<b>52,735</b>

See accompanying notes on page 9

# ORBIS GLOBAL EQUITY FUND

## SCHEDULE OF INVESTMENTS AT 31 DECEMBER 2014 (US\$ 000's)

### Securities

Security	Fair Value	% of Net Assets
<b>North America</b>		<b>47</b>
Motorola Solutions	508,276	6
eBay	414,679	5
Microsoft	270,814	3
QUALCOMM	227,595	3
Time Warner Cable	177,198	2
Liberty Global - C	171,153	2
Weatherford International	164,506	2
Alcoa	155,441	2
Valeant Pharmaceuticals International	133,892	2
Apache	133,134	1
Charter Communications	130,912	1
Carnival Corporation	124,223	1
NOW	119,809	1
Sprint	119,659	1
Amgen	110,198	1
Gilead Sciences	103,547	1
Air Products and Chemicals	99,281	1
Coca-Cola	90,680	1
Google - A	89,538	1
Positions less than 1%	881,104	10
<b>Asia ex-Japan</b>		<b>25</b>
Samsung Electronics	541,116	6
NetEase - ADR	499,228	6
KB Financial Group	179,582	2
Hana Financial Group	109,459	1
SinoPac Financial Holdings	108,719	1
Noble Group	106,751	1
Sohu.com	91,995	1
Positions less than 1%	627,844	7

See accompanying notes on page 9

# ORBIS GLOBAL EQUITY FUND

## SCHEDULE OF INVESTMENTS AT 31 DECEMBER 2014 (US\$ 000's) (CONTINUED)

### Securities *(Continued)*

Security	Fair Value	% of Net Assets
<b>Europe</b>		<b>16</b>
Gazprom - ADR	171,496	2
SAP	157,070	2
Sberbank of Russia - GDR and Common	123,832	1
Cable & Wireless Communications	115,747	1
Shire - ADR and Common	96,964	1
Positions less than 1%	798,528	9
<b>Japan</b>		<b>7</b>
INPEX	154,298	2
Positions less than 1%	456,801	5
<b>Other</b>		<b>4</b>
Positions less than 1%	327,414	4
	<b>8,892,484</b>	<b>100</b>

### Derivatives

	Unrealised Gain (Loss)	% of Net Assets
Forward currency contracts gain	12,767	-
Forward currency contracts loss	(19,843)	-

*May not sum due to rounding*

See accompanying notes on page 9

## General information

Orbis Global Equity Fund Limited (the “Fund”) is an open-ended mutual fund company incorporated in Bermuda, with its registered office at Orbis House, 25 Front Street, Hamilton, HM 11, Bermuda.

The Fund is designed to remain fully invested in global equities. It aims to earn a higher return than world stockmarkets.

Orbis Investment Management Limited has been contractually appointed as the “Manager” of the Fund.

These financial statements were authorised for issue by the Board of Directors on 27 January 2015.

## Summary of significant accounting policies

**Basis of preparation.** These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Fund adopted this basis of accounting from 1 January 2014 as required by the Canadian Accounting Standards Board and has applied it consistently in preparing the Statement of Financial Position as at 1 January 2013 and throughout all subsequent periods presented. Prior to 1 January 2014, the Fund’s financial statements were prepared in accordance with generally accepted accounting principles in Canada and Bermuda as defined in Part V of the Chartered Professional Accountants Canada Handbook (“Canadian GAAP”). The Transition to IFRS note on page 11 details the impact of the transition to IFRS on the Fund’s financial position, income and cash flows as previously reported under Canadian GAAP.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable Fund shares.

The financial statements have been prepared on a historical cost basis, except for Financial assets and liabilities held at fair value through profit or loss, which are measured at fair value.

### Financial instruments.

**Recognition.** Financial assets and financial liabilities are recognised when the Fund becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

**Measurement.** The Fund’s investments are initially recognised at fair value on the trade date. Transaction costs are expensed as incurred. Subsequent to initial recognition, investments are measured at fair value. Changes in their fair value, together with realised gains and losses on disposal calculated using the average cost method, are included in the Statements of Comprehensive Income as Net gain (loss) on financial assets and liabilities at fair value through profit or loss.

The fair value of investments traded in active markets is based on their quoted market price at the Fund’s valuation point, where that price falls within the bid-ask spread. Should the price not fall within the bid-ask spread, the Manager may determine the point within the bid-ask spread that is most representative of fair value. The fair value of investments not traded in an active market, including over-the-counter derivatives or securities currently or temporarily unlisted, is determined using valuation techniques which include consideration of recent arm’s length transactions, the fair value or indicative quotes of other instruments substantially the same, projected earnings and trading multiples, option pricing models and company-specific facts and circumstances, adjusted to reflect illiquidity or restrictions on sale. The valuation techniques employed make maximum use of market inputs and are consistent with accepted methodologies for pricing financial instruments.

Should any price be unavailable or be considered unrepresentative of fair value, a price considered fair by the Manager will be used.

Cash and cash equivalents and all other receivables and payables are classified under IFRS as loans and receivables and other financial liabilities, which are short-term in nature are measured at amortised cost which approximates fair value.

**Classification.** The Fund's investments are categorised under IFRS as at fair value through profit or loss as follows:

(i) ***Designated as at fair value through profit or loss upon initial recognition***

Financial instruments designated upon initial recognition as being managed and having their performance evaluated on a fair value basis in accordance with the Fund's investment strategy, which includes equity securities held by the Fund.

(ii) ***Held for trading***

Derivatives held by the Fund, which include forward currency contracts, are classified as held for trading unless they are designated as effective hedging instruments as defined by *IAS 39 Financial Instruments: Recognition and Measurement*. The Fund does not designate any of its derivative instruments as hedges for hedge accounting purposes.

**Offsetting.** Financial assets and financial liabilities are offset when the Fund has a legally enforceable right to offset recognised amounts and either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Foreign currency translation.** These financial statements are presented in US dollars, the Fund's functional and presentation currency, being the currency in which performance is measured and reported and in which shares are issued and redeemed.

Transactions in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated using exchange rates prevailing at the year-end.

In the Statements of Comprehensive Income, translation gains and losses on financial instruments at fair value through profit or loss are included in Net gain (loss) on financial assets and liabilities at fair value through profit or loss. Other translation gains and losses are included in Other foreign currency loss.

**Cash and cash equivalents.** Cash and cash equivalents include cash and other highly liquid investments held for meeting short-term cash commitments.

**Due from and due to brokers.** Amounts due from brokers represent receivables for securities contractually sold but not yet settled while amounts due to brokers represent payables for securities contractually purchased but not yet settled.

**Income and expenses.** Income and expenses are recorded on an accrual basis. Dividends are accrued on the ex-dividend date of the dividend once the ex-date and amount are known with reasonable certainty.

**Taxes.** There are no Bermuda income, profit, capital, capital gains, estate or inheritance taxes payable by the Fund or its shareholders in respect of shares in the Fund. The Bermuda Government has undertaken that, in the event that any such Bermuda taxes are levied in Bermuda in the future, the Fund and its shares will be exempt from such taxes until 31 March 2035. Income and capital gains on the Fund's investments, however, may be subject to withholding or capital gains taxes in certain countries. In the Statements of Comprehensive Income, income and gains are recorded gross of tax with taxes shown separately.

**Accounting estimates and assumptions.** The preparation of financial statements requires management to make estimates and assumptions concerning the future. Actual results may differ from these estimates.

The most significant use of assumptions and estimation applied in preparing these financial statements relate to the determination of the fair value of financial instruments. The Fund may hold financial instruments which are not quoted in active markets, such as over-the-counter derivatives. The fair value of these instruments may be determined using valuation techniques based on observable market prices from reputable pricing sources or indicative pricing. Where such valuation techniques have been applied, they are validated and periodically reviewed. Changes in relevant assumptions could affect the fair values reported in the financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and changes in tax laws on withholding or capital gain taxes. Differences in the assumptions made, or changes to such assumptions, could necessitate future adjustments to taxes already recorded.

**Standards issued but not yet effective.** The final version of *IFRS 9 Financial Instruments*, was issued by the IASB in July 2014 and will replace *IAS 39 Financial Instruments: Recognition and Measurement*. *IFRS 9* introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. *IFRS 9* is effective for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Fund is in the process of assessing the impact of *IFRS 9* and has not yet determined when it will adopt the new standard.

## **Transition to IFRS**

Upon transition to IFRS, the Fund adopted a voluntary exemption to designate financial assets and liabilities at fair value through profit or loss. All financial assets and liabilities so designated were previously carried at fair value under Canadian GAAP.

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows whereas IFRS does not provide for any such exemption.

Fund shares and Founders' shares were classified as equity under Canadian GAAP. Upon transition to IFRS, both the Fund and Founders' shares are classified as liabilities as the Fund has a contractual obligation to redeem these shares upon request by the shareholder. These shares do not meet the exemption criteria for classification as equity as stated in *IAS 32 Financial Instruments: Presentation*. Other than presentation, there was no impact to the net assets of the Fund.

The following reclassifications were made to the 2013 comparative amounts on the Statements of Comprehensive Income to conform to IFRS financial statement presentation:

Withholding taxes of US\$50,161 thousand, previously netted against Dividend income, and capital gains taxes of US\$178 thousand, previously netted against Net gain (loss) on financial assets at fair value through profit or loss, have been combined and presented separately as Withholding and other taxes.

Transaction costs of US\$18,501 thousand, previously included in Net gain (loss) on financial assets at fair value through profit or loss have been presented separately as Transaction costs.

## Fair value measurement

**Fair value hierarchy.** The table below categorises the Fund's financial instruments measured at fair value within a three level fair value hierarchy, based on the lowest level input significant to the fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input significant to the fair value measurement is unobservable.

	Level 1	Level 2	Total
	US\$ 000`s	US\$ 000`s	US\$ 000`s
<b>31 December 2014</b>			
Financial assets at fair value through profit or loss			
Securities	8,892,484	-	8,892,484
Forward currency contracts	-	12,767	12,767
Financial liabilities at fair value through profit or loss			
Forward currency contracts	-	(19,843)	(19,843)
<b>31 December 2013</b>			
Financial assets at fair value through profit or loss			
Securities	15,318,517	-	15,318,517
Forward currency contracts	-	28,663	28,663
<b>1 January 2013</b>			
Financial assets at fair value through profit or loss			
Securities	11,389,387	-	11,389,387
Forward currency contracts	-	19,251	19,251

**Valuation techniques.** Listed equities and derivatives whose fair value is based on quoted market prices are classified as Level 1 investments. Forward currency contracts are valued at their mid-market prices, determined using valuation techniques that incorporate market observable inputs including foreign exchange spot and forward rates, and are classified as Level 2 investments.

The Fund may occasionally invest in securities which are currently or temporarily unlisted. In determining their fair value, the Manager employs valuation techniques which make maximum use of market inputs and are consistent with accepted methodologies for pricing financial instruments. These securities may be classified as either Level 2 or Level 3 based on whether the lowest level input significant to the fair value measurement is observable or unobservable.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. There were no transfers between levels during the year ended 31 December 2014 or 31 December 2013.

Net gain (loss) on financial assets and liabilities at fair value through profit or loss.

<b>For the years ended 31 December</b>	2014	2013
	US\$ 000's	US\$ 000's
Realised gains		
Securities	2,518,634	2,113,655
Derivatives	95,818	293,751
Change in unrealised gains (losses)		
Securities	(3,032,879)	2,436,189
Derivatives	(35,739)	9,412
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	(454,166)	4,853,007

**Derivative financial instruments.** Subject to its investment restrictions, the Fund may utilise derivative financial instruments, primarily to manage its exposure to currency risk. The Fund only invests in such instruments if they are sufficiently marketable such that an objective market price may be obtained from a third party and they can be realised within a period considered acceptable. Thus, the instruments used are usually forward currency contracts. The Fund has entered into agreements whereby all of its currency transactions with the counterparty to that agreement can be netted in various events of default. On the Statements of Financial Position, unrealised gains and losses on forward currency contracts are offset only when they share the same maturity date, settle in the same currency and are held with the same counterparty.

The following table provides details of the forward currency contracts held by the Fund.

Currency	Maturity date	Contract value	Contract value	Market value	Unrealised gains losses		Net unrealised gain (loss)
		000's	US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
<b>31 December 2014</b>							
CNY	13 February 2015	(1,014,000)	(162,578)	(164,253)	-	(1,675)	(1,675)
CNY	10 April 2015	(627,000)	(101,107)	(100,926)	429	(248)	181
CNY	12 June 2015	(572,000)	(92,167)	(91,561)	606	-	606
EUR	13 February 2015	215,228	268,277	260,548	2,167	(9,896)	(7,729)
EUR	10 April 2015	125,000	153,992	151,394	-	(2,598)	(2,598)
EUR	12 June 2015	154,400	190,815	187,127	-	(3,688)	(3,688)
GBP	13 February 2015	11,530	21,097	17,957	1,396	(4,536)	(3,140)
GBP	10 April 2015	(2,310)	(1,596)	(3,596)	1,752	(3,752)	(2,000)
GBP	12 June 2015	18,650	29,252	29,017	-	(235)	(235)
JPY	13 February 2015	(5,683,000)	(59,678)	(47,449)	16,683	(4,454)	12,229
JPY	10 April 2015	(19,100,273)	(151,145)	(159,567)	2,323	(10,745)	(8,422)
JPY	12 June 2015	(14,405,300)	(120,709)	(120,434)	275	-	275
KRW	9 January 2015	-	(12,404)	-	14,573	(2,169)	12,404
KRW	13 February 2015	(393,750,000)	(356,609)	(359,296)	123	(2,810)	(2,687)
KRW	12 March 2015	(33,791,712)	(31,161)	(30,798)	363	-	363
KRW	10 April 2015	(196,515,000)	(177,950)	(178,910)	-	(960)	(960)
			(603,671)	(610,747)	40,690	(47,766)	(7,076)
<b>31 December 2013</b>							
EUR	13 June 2014	725,545	991,708	998,276	6,740	(172)	6,568
GBP	13 June 2014	81,120	132,365	134,213	2,226	(378)	1,848
JPY	13 June 2014	(94,205,273)	(917,178)	(895,352)	23,228	(1,402)	21,826
KRW	13 June 2014	(160,080,000)	(149,425)	(151,004)	-	(1,579)	(1,579)
			57,470	86,133	32,194	(3,531)	28,663
<b>1 January 2013</b>							
EUR	7 June 2013	372,400	494,505	491,917	26	(2,614)	(2,588)
GBP	7 June 2013	22,800	36,975	36,991	1,635	(1,619)	16
JPY	7 June 2013	(142,412,173)	(1,662,681)	(1,643,781)	19,781	(881)	18,900
KRW	7 June 2013	209,549,336	191,845	194,768	3,393	(470)	2,923
			(939,356)	(920,105)	24,835	(5,584)	19,251

## Financial risk management

The Fund's investment activities expose it to a variety of financial risks: market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's prospectus. The investments of the Fund are managed by the Manager in accordance with the investment strategy and investment guidelines of the Fund.

### Market risk.

**Currency risk.** Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund holds securities denominated in foreign currencies whose value will fluctuate due to changes in exchange rates. For this reason, part of the Manager's research effort is devoted to forecasting currency trends. Taking into account these expected trends, the Manager actively reviews the Fund's currency exposure. Those currencies held but considered vulnerable may to some extent be sold in favour of those considered more attractive, generally using forward currency contracts. The Fund's currency deployment therefore frequently differs significantly from the geographic deployment of its selected equities. The Fund does not designate any forward currency contracts as hedges.

The table below summarises the main foreign currencies to which the Fund had exposure at the year-end:

	% of net assets		
	31 December 2014	31 December 2013	1 January 2013
Euro	11	14	11
British pound	7	8	9
Korean won	7	7	9
Greater China currencies	5	8	11

The impact on the Fund's net assets of a 5% movement in all foreign currencies to which the Fund was exposed as at 31 December 2014 would have been 2.4% (31 December 2013 – 2.6%; 1 January 2013 – 2.5%).

**Interest rate risk.** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly the Fund is not subject to significant levels of risk due to fluctuations in the prevailing levels of market interest rates.

**Price risk.** Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from currency or interest rate risk.

The Fund is exposed to price risk arising from its investments in equity securities. The Manager attempts to mitigate price risk through the use of a consistent and carefully considered investment approach, based on extensive proprietary investment research, appropriate diversification of investments and equity selection in accordance with the investment guidelines of the Fund. In constructing the portfolio, the Manager assesses not only each equity's perceived risk and reward but also, in order to manage risk further by appropriate diversification, its correlation with the rest of the portfolio. The Manager also takes into account the composition of the Fund's performance benchmark, the FTSE World Index and monitors the Fund's risk of underperforming its benchmark by comparing the Fund's weighting in each industry, stockmarket and currency with that of the benchmark and ensuring that deviations in such weightings, which are prompted by detailed "bottom up" research, are not inconsistent with the Manager's "top down" macroeconomic view. The maximum

risk resulting from the Fund's financial instruments is equal to their fair value.

The following table details the Fund's equity exposure by geographic region:

	% of net assets		
	31 December 2014	31 December 2013	1 January 2013
North America	47	49	43
Asia ex-Japan	25	19	20
Europe	16	18	21
Japan	7	10	15
Other	4	4	1
Total	100	100	100

Considering the historical correlation between the return of the equities held by the Fund at year-end and the returns of their respective stockmarket indices, the estimated impact on the Fund's net assets of a 5% change in those markets as at 31 December 2014 would have been 4.8% (31 December 2013 – 5.0%; 1 January 2013 – 5.2%). Historical correlation may not be representative of future correlation. Actual results may differ and those differences could be material.

**Credit risk.** Credit or counterparty risk arises from the potential inability of a counterparty to a financial instrument to perform its contractual obligations, resulting in a financial loss to the Fund.

Credit risk arises primarily from the Fund's forward currency contracts, cash and cash equivalents and amounts due from brokers. The maximum exposure to credit risk at the year-end is the carrying value of these financial assets.

The Manager seeks to reduce the Fund's credit risk to the extent practicable by dealing only with counterparties which have investment grade ratings from a recognised rating agency; arranging for equity transactions to be settled "delivery versus payment" whenever possible; and, to limit its risk to the amount of any net unrealised gain, by entering into agreements whereby all its currency transactions with the counterparty to that agreement can be netted.

**Liquidity risk.** Liquidity risk is the risk that the Fund will not be able to generate sufficient cash resources to meet its obligations as they fall due.

For the Fund, exposure to liquidity risk may arise from the requirement to meet cash redemption requests, normally payable within 5 business days of any weekly Dealing Day. Along with the Orbis SICAV Funds – Asia ex-Japan Equity, Global Equity and Japan Equity, the Fund has entered into an uncommitted multi-currency line of credit which may be drawn upon for the purpose of paying redemptions. The maximum which may be drawn across all these funds is US\$500 million and for each fund cannot exceed 10% of its net asset value.

The majority of the Fund's investments are actively traded on a stock exchange and can be readily disposed of. The Fund also invests in derivative contracts traded over-the-counter. These may not be able to be liquidated quickly at an amount close to their fair value to meet liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

Fund shares are redeemable weekly on demand at the holder's option, financial liabilities at fair value through profit or loss include forward currency contracts with maturity dates as disclosed in the Derivative financial instruments note on page 13 and all other payables are due within one month. Although the Fund shares are redeemable on demand, the Manager does not envisage that will be representative of their actual cash outflows, as holders of these instruments will typically retain them for the medium to long term.

## Cash and cash equivalents

At the year-end, cash and cash equivalents are comprised of:

	31 December 2014	31 December 2013	1 January 2013
	US\$ 000's	US\$ 000's	US\$ 000's
Cash	7,310	52,735	58,721
USTreasury bills	15,000	-	-
Total cash and cash equivalents	22,310	52,735	58,721

## Net assets attributable to holders of redeemable shares

The Fund issues two classes of redeemable shares, Fund and Founders' shares, both of which are classified as financial liabilities. Notwithstanding that the net assets attributable to holders of redeemable Fund shares are classified as a liability in these financial statements, the Manager considers those net assets to represent the Fund's capital. The amount of such net assets can change significantly due to changes in the value of the Fund's investments and from weekly subscriptions or redemptions placed at the discretion of the holders of the redeemable Fund shares. The Fund is not subject to any externally imposed capital requirements.

The Fund's authorised share capital comprises 200 million redeemable Fund shares and 12,000 redeemable Founders' shares each with a par value of US\$1 per share. Fund shares participate pro rata in the Fund's net assets and dividends, are redeemable at the holders' option at their net asset value per share on any weekly Dealing Day and are non-voting. At the year-end they are carried at their redemption value which is equivalent to their net asset value. Founders' shares do not participate in the Fund's net assets, are redeemable at the holder's option at par value only after all Fund shares have been redeemed and carry the right to vote. All authorised Founders' shares are issued, fully paid, carried at their par value of, in thousands, US\$12 (31 December 2013 - US\$12; 1 January 2013 - US\$12) and included in Other payables and accrued liabilities on the Statements of Financial Position. There were no transactions in Founders' shares in 2014 or 2013.

Fund share transactions, in thousands of shares, were as follows:

<b>For the years ended 31 December</b>	<b>2014</b>	<b>2013</b>
Balance at beginning of year	83,908	89,307
Subscriptions		
Orbis funds	1,942	3,491
Other shareholders	4,048	5,364
Switches between funds	962	1,521
Redemptions		
Orbis funds	(25,397)	(6,208)
Other shareholders	(5,708)	(7,336)
Switches between funds	(8,444)	(2,231)
Balance at end of year	51,311	83,908

The Net Asset Value per Fund share at 31 December 2014 was US\$173.72.

During the year ended 31 December 2014, redemptions of US\$4,325,014 thousand were settled partly through the delivery of equity investments.

## **Related party transactions**

The Manager of the Fund, Orbis Investment Management Limited, is paid a fee which can vary between 0.5% to 2.5% per annum of weekly net assets, determined by the Fund's rate of return versus its benchmark.

The shareholders have approved director's fees to each of John Collis and David Smith of US\$30,000 for 2014 (2013 – US\$30,000 to John Collis). No other directors have received any remuneration or other direct benefit material to them.

At the year-end, other Orbis funds held, in thousands of shares, 10,377 (31 December 2013 – 33,829; 1 January 2013 – 36,546) in the Fund. Other related parties, which include institutional and other clients managed on a discretionary basis and the directors and officers of the Orbis funds and of their Investment Managers and Investment Advisors, held, in thousands of shares, 5,703 (31 December 2013 – 9,653; 1 January 2013 – 11,841) in the Fund, excluding their indirect holdings via other Orbis Funds.

## NOTICES

**Annual General Meeting.** Notice is hereby given that the Annual General Meeting of Orbis Global Equity Fund Limited (the “Fund”) will be held at the offices of Orbis Investment Management Limited, Orbis House, 25 Front Street, Hamilton HM 11, Bermuda on 31 March 2015 at 10:00 am. Members are invited to attend and address the meeting. The Agenda will comprise the following:

- Review of Minutes of the Annual General Meeting of Members of the Fund held on 31 March 2014
- Review of 2014 audited financial statements
- Proposed re-appointment of Allan W B Gray, John C R Collis, William B Gray and David T Smith as Directors of the Fund
- Approval of proposed Director's fees for the year to 31 December 2015 to each of Messrs Collis and Smith of US\$30,000
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2015

By Order of the Board, James J Dorr, Secretary

**Notice to Persons in the European Economic Area (EEA).** The Fund is an alternative investment fund that is neither admitted for public marketing anywhere in the EEA nor marketed in the EEA for purposes of the Alternative Investment Fund Managers Directive. As a result, persons located in any EEA member state will only be permitted to subscribe for shares in the Fund under certain circumstances as determined by, and in compliance with, applicable law.

**EU Savings Directive.** Orbis’ assessment is that the Fund is effectively exempt from the application of the European Union Savings Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. Payments from the Fund, including dividends and redemption proceeds to residents of the European Union, should not be subject to having tax withheld by paying agents under the Directive.

**Supplemental Disclosure under the Distance Marketing of Financial Services Directive.** Disclosure requirements arising from the European Council Distance Marketing Directive (No. 2002/65/EC) apply to financial services supplied at a distance to consumers in the European Union. The Fund has determined that for the purposes only of meeting the Directive requirements, the Luxembourg Distance Marketing of Consumer Financial Services Law of 2006 shall apply to the establishment of relations with prospective and current Members entitled to the benefit of the Directive. The Fund is required to provide specified information to prospective and current Members. This specified information, which is provided in English, is contained in the Fund's Prospectus, Application Form and (for Members who elect to view their account online at [www.orbis.com](http://www.orbis.com)) the terms of use of Orbis’ website. These services are not a type of financial service to which cancellation rights apply.

**Other.** This Report does not constitute a financial promotion, a recommendation, an offer to sell or a solicitation to buy shares or units of the Fund. Subscriptions are only valid if made on the basis of the current Prospectus of the Fund. Certain capitalised terms are defined in the Glossary section of the Fund's Prospectus, a copy of which is available upon request. Orbis Investment Management Limited is licensed to conduct investment business by the Bermuda Monetary Authority.

