Orbis Global Equity

In your Fund's previous two quarterly commentaries, we discussed the broader stockpicking environment and the stiff headwinds facing value-oriented managers in recent years. Since then, a broad-based decline in global stockmarkets during the third quarter served as a sobering reminder that asset prices are generally high. Investing in today's financial markets reminds us of the story of the man who, on stopping to ask for directions, received the reply: "If I were you, I wouldn't start from here!"

It helps to step back and remember that we don't need to find a lot of investment opportunities, only enough to fill a portfolio. Globally, there are thousands of shares liquid enough for your Fund to choose from, yet just 75 shares accounted for 90% of the portfolio at the end of September. We also have the advantage of being unconstrained by geography, leaving us free to invest in the most compelling opportunities wherever they may be found.

While we do not make investment decisions on a top-down basis, we find that our bottom-up research on individual companies often points to greater concentrations of value in some areas of the market than others. By focusing on those opportunities which appear to offer the most compelling risk-adjusted returns, we find that our geographic and sector positions tend to change over time. It is no coincidence that this approach often produces overweight positions in unloved areas of the market, and underweights in the areas other investors most favour. Big swings in sentiment are precisely what causes share prices to deviate from their intrinsic value.

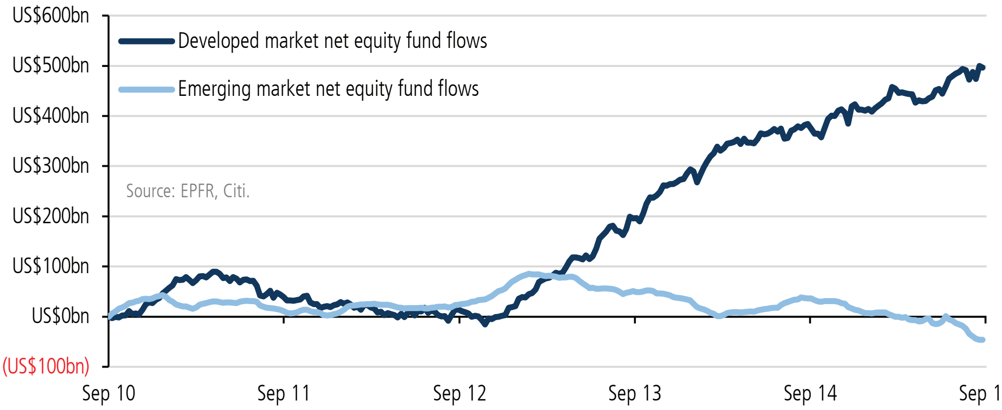
Today our research concludes that emerging markets (EMs) are fertile ground for long-term investors: not *despite* being deeply out of favour, but perhaps *because* of it. While we have no special insight into the prospects for emerging markets relative to developed markets (DMs) in the years to come, we do take issue with the current perception that shares in emerging market companies are somehow inherently more risky than their developed market peers. Clearly, emerging market shares do come with additional risks, often related to economic or political instability. But the risk that really matters to investors is not volatility but rather the possibility of permanent loss of capital, which comes about when one pays more for an asset than it is worth.

All else being equal, investors tend to put a premium on safety, and rightly so! But the higher that premium rises, the greater the risk that the investor will subsequently turn out to have paid too much. That's why when investors herd together in one direction, it's often safer to go the other way. Counterintuitively, true risk is often at its lowest just when perceived risk is at its highest.

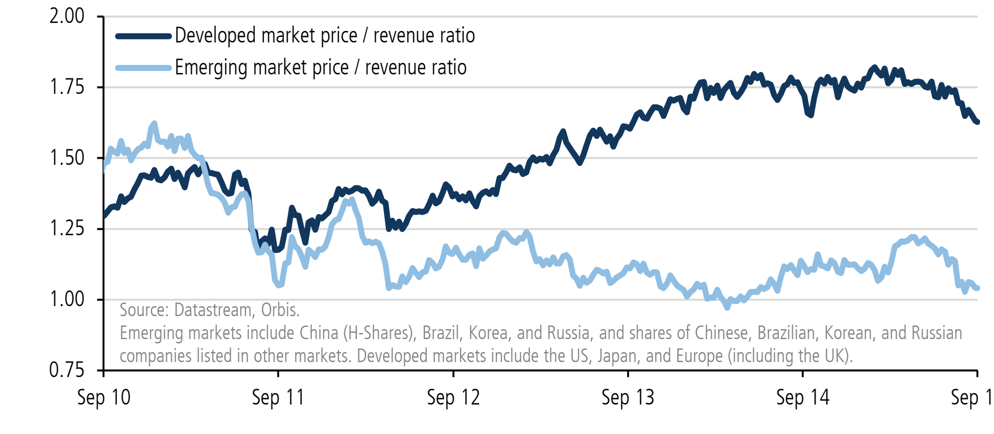
This risk of overpayment, while real, is impossible to measure on a chart. On the other hand, the herding behaviour which produces it is readily observable. The top chart shows cumulative equity fund flows and demonstrates that investors have stampeded into developed markets at the expense of their emerging peers. The price impact of such herding is also clear to see. On the bottom chart, the gap between price-to-revenue multiples in developed and emerging shares is particularly wide today relative to the past five years. Investors today are paying a

Investors have flocked to DMs, making them much more expensive than EMs

Cumulative net flows to developed and emerging market equity funds, US$ billions, Sep 2010 through Sep 2015



Price-to-revenue ratio of developed market stocks and emerging market stocks, Sep 2010 through Sep 2015



Orbis Global Equity *(continued)*

hefty premium—possibly a dangerously large premium—for the perceived "safety" of developed markets. In our view, this isn't necessary, as one doesn't have to sacrifice quality when investing in emerging markets. As is the case elsewhere in the world, we're highly selective in emerging markets, using our disciplined research process to identify the shares which we believe offer the most compelling risk-adjusted returns for long-term shareholders. In short, we find that geography is far less relevant than understanding the strength of a company's business model.

As an illustration, we would point to two current holdings in the portfolio, one in China (JD.com) and one in the US (PayPal Holdings). While the Chinese and US benchmark indices have behaved differently from each other over the long term, that's of little relevance to the bottom-up stockpicker. JD and PayPal are both driven by the growth of digitised commerce, a trend which will persist for many years to come, and we believe both are undervalued relative to their long-term prospects.

A recent spinoff from eBay, PayPal's payment network now links 170 million shoppers with 10 million merchants worldwide. PayPal is starting to rival the credit card networks which first sprang into life 50 years ago, with one big difference: it is growing much faster. What's more, the value of this growth is often overlooked. PayPal creates value for its shareholders in two ways, firstly by serving its existing users and secondly by marketing to acquire new ones. Only the first of these contributes to the company's earnings, while the second appears as a cost that drags down reported earnings. That can make the headline price-to-earnings ratio look high: currently nearly 40 times trailing 12-month earnings. But the true economic value created by growing the base of account holders is huge, in part because the larger PayPal's network becomes, the harder it is to disrupt. We therefore consider PayPal's marketing expenditure to be more of an 'investment in the business' than a 'cost', and our work suggests that returns on that investment are attractive. On this basis, we believe true economic earnings are higher than statutory accounting earnings, and that PayPal shares offer a discount to our assessment of long-term intrinsic value.

A similar analysis can be applied to JD, which is also building out its network of users, only even faster. Thanks to the August turmoil in Chinese markets, we were able to build a position in JD, a leading Chinese e-commerce player, at a price we believe will prove to have been attractive over the long term. The long-term trend in favour of online retailers at the expense of traditional merchants is just as clear in China as anywhere else, and history shows that long-term winners in retail also tend to be long-term winners in the stockmarket. Early investors in Walmart multiplied their purchasing power more than 1,000 times over, as shareholders enjoyed 20% per annum compounded real returns for more than two decades. In recent years Amazon has been on a similar trajectory. That's not to suggest that JD will turn out to be the next Walmart or Amazon, but we do find the historical comparison instructive.

One way to value an online retailer is to look at the price one pays compared to the total value of goods and services sold through the site, or "Gross Merchandise Value" (GMV) in investor jargon. Historically, investors who were able to pay less than the GMV per share for Amazon in recent years, or Walmart in its glory days, were handsomely rewarded over a period of many years. At its current market capitalisation of US$36 billion, JD is trading at 0.5 times its expected GMV, presenting an extraordinary opportunity if JD does indeed prove to be an emerging winner. To be sure, that's a big "if", but we see reasons to be optimistic based on the company's early advantages in logistics and product quality. And there's no need to take our word for their retail expertise: customers are flocking to JD at the mind-boggling rate of 50 million new users a year, a rate which even the mighty Amazon has never achieved.

We believe both JD and PayPal are attractive investments in absolute terms, and with our long-term horizon we find them highly compelling compared to other available opportunities. The average company in the World Index today finds itself operating with higher than normal profit margins and trading at a higher than normal multiple of revenues.

Of course, JD and PayPal are by no means immune to risk, and in fact both sold off sharply during this past quarter's turbulence. Indeed, we have found that the discipline of sticking to long-term value can often come at the price of short-term underperformance, particularly during periods when markets are trending strongly. Herd-like behaviour by investors can amplify and extend those periods of underperformance, often for uncomfortably long periods, but it invariably proves self-defeating in the end. That's why we believe it is critical for our analysts to look beyond simplistic valuation multiples and geographic classifications, and instead approach each investment opportunity with the mindset of a long-term business owner.

Commentary contributed by Ben Preston, Orbis Investment Advisory Limited, London

Orbis Global Equity Fund

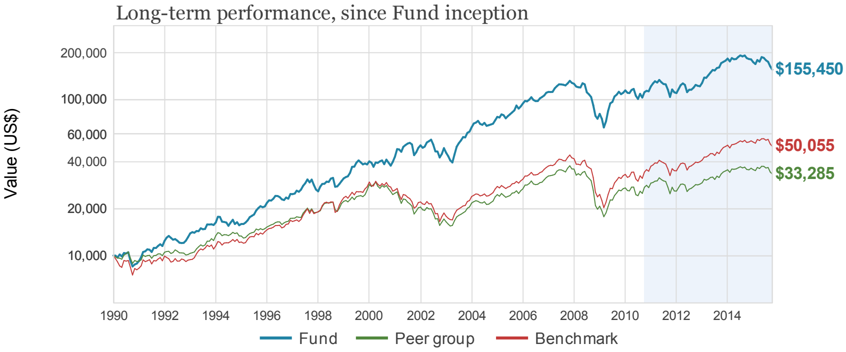
The Fund is designed to remain fully invested in global equities. It aims to earn higher returns than world stockmarkets, without greater risk of loss. The benchmark is the FTSE World Index, including income, gross of withholding taxes (“FTSE World Index”). The Fund’s currency exposure is managed relative to that of the FTSE World Index.

Price	US$155.35	**Benchmark**	FTSE World Index
Pricing currency	US dollars	**Peer group**	Average Global Equity Fund Index
Domicile	Bermuda	**Minimum investment**	US$50,000 *(Existing Orbis investors)*
Type	Open-ended mutual fund	**Dealing**	Weekly *(Thursdays)*
Fund size	US$6.9 billion	**Entry/exit fees**	None
Fund inception	1 January 1990	**ISIN**	BMG6766G1087
Strategy size	US$16.3 billion		
Strategy inception	1 January 1990		

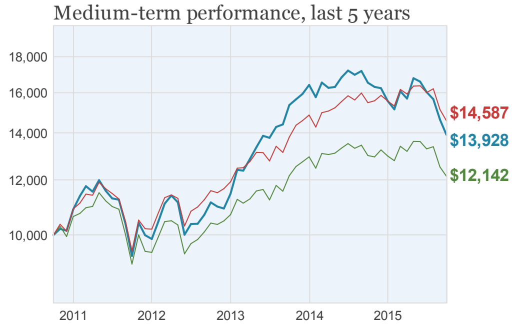
See Notices for important information about this Fact Sheet

Growth of US$10,000 investment, dividends reinvested

Long-term performance, since Fund inception



Medium-term performance, last 5 years



Returns (%)

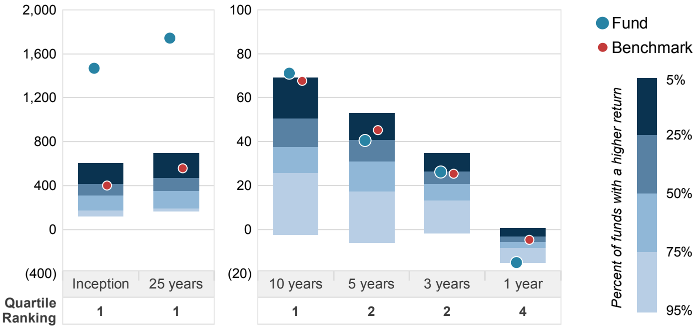
	Fund	Peer group	Benchmark
Annualised		*Net*	*Gross*
Since Fund inception	11.2	4.8	6.5
25 years	12.3	5.4	7.9
10 years	5.4	2.5	5.3
5 years	6.9	4.0	7.8
3 years	7.7	5.3	8.0
1 year	(15.8)	(6.6)	(5.8)
Not annualised			
Calendar year to date	(10.6)	(6.5)	(6.3)
3 months	(13.1)	(8.7)	(8.9)
1 month	(4.9)		(3.6)

	Year	%
Best performing calendar year since inception	2003	45.7
Worst performing calendar year since inception	2008	(35.9)

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Largest drawdown (%)	50	53	54
Months to recovery	42	>95[1]	66
% recovered	100	78	100
Annualised monthly volatility (%)	16.5	14.1	15.4
Beta vs benchmark	0.9	0.9	1.0
Tracking error vs benchmark (%)	9.3	4.6	0.0

Ranking within peer group, cumulative return (%)



Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
North America	46	58	58
Asia ex-Japan	25	7	5
Continental Europe	11	17	17
United Kingdom	9	7	8
Japan	6	9	9
Other	2	2	4
Total	**100**	**100**	**100**

Top 10 Holdings (%)

	FTSE Sector	%
NetEase	Technology	5.9
Motorola Solutions	Technology	5.5
QUALCOMM	Technology	4.2
Charter Communications	Consumer Services	3.3
Samsung Electronics	Consumer Goods	3.0
Apache	Oil & Gas	3.0
PayPal Holdings	Industrials	2.5
Time Warner Cable	Consumer Services	2.5
Liberty Global	Consumer Services	2.2
KB Financial Group	Financials	2.1
Total		**34.2**

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	57
Total number of holdings	125
12 month portfolio turnover (%)	48
12 month name turnover (%)	26
Active share (%)	91

Fees & Expenses (%), for last 12 months

Management fee[2]	2.02
For 3 year performance in line with benchmark	*1.50*
For 3 year outperformance/(underperformance) vs benchmark	*0.52*
Fund expenses	0.05
Total Expense Ratio (TER)	**2.07**

Past performance is not a reliable indicator of future results. Orbis Fund share prices fluctuate and are not guaranteed. Returns may decrease or increase as a result of currency fluctuations. When making an investment in the Funds, an investor’s capital is at risk.

[1] Number of months since the start of the drawdown. This drawdown is not yet recovered.

[2] 1.5% per annum ± up to 1%, based on 3 year rolling outperformance/(underperformance) vs benchmark.

Notice regarding a change in the Citigroup entities providing administration and custody services to Orbis Global Equity Fund Limited, Orbis Institutional Funds Limited, Orbis Japan Equity (US$) Fund Limited, Orbis Optimal SA Fund Limited, Orbis Optimal (US$) Fund Limited, Orbis Optimal Overlay Limited and Selection of Orbis Funds Limited.

In light of Citigroup's announcement of the pending sale of its hedge fund services business, including Citi Fund Services (Bermuda), Ltd., the above-named Funds have agreed that on or about 16 November 2015, Citibank International Limited, Luxembourg Branch will replace Citi Fund Services (Bermuda), Ltd. as the above-named Funds' administrator, registrar, transfer agent and accountant and Citibank, N.A., New York will replace Citibank Canada as the above-named Funds' custodian.

We believe that with these changes Citigroup will continue to provide its high quality of service to the Funds. The updated contact details (including new fax number and postal address) for each of the administrator and the custodian will be set out in the prospectus of each Fund and in the Orbis transactions forms at the time of the change.

If you have any questions about how the above may affect you please contact the Orbis Client Services Team at clientservice@orbis.com.

Legal Notices

This Report does not constitute advice nor a recommendation to buy, sell or hold, nor an offer to sell or a solicitation to buy units of the Orbis Funds or other securities in the companies mentioned in it ("relevant securities"). It has not been prepared in accordance with legal requirements designed to promote the independence of investment research. Orbis, its affiliates, directors and employees (together, the "Orbis Group") are not subject to restrictions on dealing in relevant securities ahead of the dissemination of this Report. Subscriptions are only valid if made on the basis of the current Prospectus of an Orbis Fund.

The discussion topics for the commentaries were selected, and the commentaries were finalised and approved, by either Orbis Investment Management Limited or Orbis Investment Management (B.V.I) Limited, the Funds' Manager or Portfolio Manager, as the case may be. Information in this Report is based on sources believed to be accurate and reliable and provided "as is" and in good faith. The Orbis Group does not make any representation or warranty as to accuracy, reliability, timeliness or completeness of the information in this 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 Report.

Orbis Investment Management Limited and Orbis Investment Management (B.V.I.) Limited, the Funds' Manager or Portfolio Manager, are licensed to conduct investment business by the Bermuda Monetary Authority.

Returns are net of fees, include income and assume reinvestment of dividends. Figures quoted are for the periods indicated for a $10,000, ¥10,000 and €10,000 investment (lump sum, for illustrative purposes only). Annualised returns show the average amount earned on an investment in the Fund/share class each year over the given time period.

Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of an investment in the Funds may go down as well as up, and past performance is not a reliable indicator of future results. No Manager or Portfolio Manager provides any guarantee with respect to capital or the Funds' returns. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Commission and incentives may be paid by investors to third parties and, if so, would be included in the overall costs. Performance shown is for the Fund or share class indicated. Individual investors' performance may differ as a result of investment date, reinvestment date and dividend withholding tax, as well as a levy that may apply in the case of transactions representing more than 5% of a Fund's net asset value. Any Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The Funds invest in foreign securities. Depending on their markets, trading in those securities may carry risks relating to, among others, macroeconomic and political circumstances, constraints on liquidity or the repatriation of funds, foreign exchange rate fluctuations, taxation and trade settlement.

Notes to Help You Understand This Report

Certain capitalised terms are defined in the Glossary section of the Orbis Funds' respective Prospectuses, copies of which are available upon request from Allan Gray Unit Trust Management (RF) Proprietary Limited, a Member of the Association for Savings & Investments SA. 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 Funds' exposures accordingly. Totals presented in this Report may not sum due to rounding.

12 month portfolio turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the lesser of total security purchases or sales in the Fund over the period, divided by the average net asset value of the Fund. Short-term fixed income instruments are not included.

12 month name turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the number of positions held by the Fund at the start of the period but no longer held at the end of the period, divided by the total number of positions held by the Fund at the start of the period. Short-term fixed income instruments are not included.

Active share is a measure of how actively managed the Orbis Equity Funds are. It is calculated by summing the absolute value of the differences of the weight of each individual stock in the specific Orbis Fund, versus the weight of each holding in the respective benchmark index, and dividing by two.

The total expense ratio has been calculated using the expenses, excluding trading costs, and average net assets for the 12 month period ending 30 September 2015.

Orbis Optimal SA Fund: Total Rate of Return for Bank Deposits is the compound total return for one-month interbank deposits in the specified currency. Beta Adjusted Exposure is calculated as Equity Exposure multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.

Fund Information

Orbis SICAV Global Balanced Fund: The benchmark is a composite index consisting of the MSCI World Index with net dividends reinvested (60%) and the JP Morgan Global Government Bond Index (40%). 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.

Prior to 29 November 2002, the Yen Class of the Orbis SICAV Japan Equity Fund was a British Virgin Islands investment company, Orbis Japan Equity (Yen) Fund Limited.

Fund Minimums

Minimum investment amounts in the Orbis Funds are specified in the respective Fund's Prospectus, provided that a new investor in the Orbis Funds must open an investment account with Orbis, which may be subject to minimum investment restrictions, country restrictions and/or other terms and conditions. For more information on opening an Orbis investment account, please visit www.orbis.com.

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.

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Fees and Charges

The management fees associated with the Funds vary depending upon the share class an investor purchases. Not all share classes are offered by each Fund, and the eligibility criteria for different share classes and/or different Funds vary. Each Orbis Fund's Prospectus (available on www.orbis.com) describes the management fees, share classes and eligibility criteria of that Fund. Immediately below are descriptions of the fees borne by the Funds and share classes specified, which are subject to the lengthier descriptions in the relevant Fund's Prospectus:

Shares of Orbis Global Equity Fund and Investor Share Classes of the Orbis SICAV Funds (Global Balanced, Asia ex-Japan Equity and Japan Equity): The Funds pay a performance-based fee. The fee is based on the net asset value of the Fund (share class, in the case of the Orbis SICAV Funds). The fee rate is calculated weekly by comparing the Fund's (share class, in the case of the Orbis SICAV Funds) performance over three years against its benchmark. For each percentage point of three year performance above or below that benchmark's performance, 0.04 percentage points are added to or subtracted from 1.5%, subject to (a) a maximum fee of 2.5% per annum and (b) a minimum fee of 0.5% per annum. Note: During the first three years of the Global Balanced Fund's existence, (a) returns will be calculated from the launch of the class and grossed up to represent returns over three years and (b) a portion of the fee may be refunded to the Fund pursuant to predetermined conditions.

Shares of Orbis Optimal SA Fund Limited: There are two parts to the fee: (a) a base fee of 1.0% per annum, paid monthly, of the total net assets of each share class; plus (b) a performance fee of 20% of the outperformance of each class of Fund share's weekly rate of return relative to its performance fee hurdle, calculated and accrued on each dealing day and paid monthly. The performance fee incorporates a high water mark.

A schedule of fees and charges and maximum commissions is available on request from the appropriate Manager.

Sources

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TOPIX Stock Price Index, including income ("TOPIX"): Tokyo Stock Exchange. TOPIX hedged into US$ and euro are calculated by Orbis using an industry-standard methodology using the TOPIX which is in yen. No further distribution of the TOPIX data is permitted.

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