Orbis Global Equity

The past decade has been difficult for active fund managers, and the litany of explanations is familiar. Central banks are manipulating markets and pushing up asset prices. Passive funds and algorithmic traders are driving up correlations and pushing down dispersion. Growth shares are outperforming value shares. Over the last five years, the median global equity manager has underperformed the MSCI World Index and many value-oriented global equity managers have done even worse.

Orbis Global has fared better in the face of these headwinds, but this naturally prompts the question of how we have managed to do so. While many factors have contributed, we believe that our focus on intrinsic value and the independent nature of our research process have enabled us to remain flexible and resilient at a time when the traditional rules of the game no longer seem to apply.

In his excellent book *The Art of Learning*, former junior chess prodigy and International Master Josh Waitzkin observed: *"The stronger chess player is often the one who is less attached to a dogmatic interpretation of the principles."* While the Orbis investment philosophy is firmly rooted in a set of core principles—taking a long-term perspective, analysing individual companies, focusing on intrinsic value, and demanding a margin of safety—we have never been dogmatic in our interpretation of these principles.

For instance, we are not dogmatic about valuation methods (e.g. discounted cash flow, multiples, replacement value) or levels (e.g. maximum multiple of earnings, minimum dividend yield). Nor are we dogmatic about investment style or factors such as "value" or "growth". Instead we recognise that markets are dynamic and discounts to intrinsic value can arise in all types of businesses. While this may frustrate those who want to categorise our investment style, we believe it affords us the agility to uncover opportunities in a variety of market environments. Indeed, we have historically outperformed in both value and growth markets.

One thing we do insist on is a significant discount to our estimate of intrinsic value—defined as the value of a business to a long-term buyer who will own it in its entirety and hold it in perpetuity—but even then we allow our analysts flexibility to use their independent judgement and creativity.

An important consequence of this less dogmatic approach is greater resilience when the traditional rules of the game appear to break down. In chess, Waitzkin would seek to create chaos by radically deviating from convention. His opponents, who were often schooled strictly in the traditional principles, would struggle amid the chaos. Leveraging an exceptional foundation in the fundamentals, innate creativity, and a less dogmatic interpretation of the way the game was "supposed to be" played, Waitzkin was able to exploit the opportunities created in the disorder.

This reminds us of the current market environment, in which longstanding "rules" have been upended. For instance, there remain trillions of dollars of sovereign bonds with negative nominal yields, something that shouldn't happen according to conventional economic models. Central banks have printed extraordinary amounts of money, yet inflation in the real economy has been absent until recently. Growth stocks have outperformed value stocks for the longest stretch on record. At the same time, the extraordinary growth of passive funds and the rise of algorithmic traders are impacting the market in ways that are still difficult to understand.

The result is a strange and confusing environment for those who rely exclusively on rigid or formulaic interpretations of what worked in the past. But amid the confusion, we believe compelling investment opportunities remain for those who think differently and aren't afraid to look in less obvious places.

The US market is a good example. By any traditional valuation measures, the US market looks expensive. Yet Orbis Global has retained meaningful exposure to the US market in recent years, and our stock selections there have added significant value. We have done this by being highly selective, taking a longer-term view than most, and by focusing on company-specific circumstances that others have overlooked or misunderstood.

XPO Logistics, currently the largest holding, is a good illustration. It has been the largest contributor to Orbis Global's performance over the past 12 months and is among its top ten contributors since inception in 1990. Today, at $102 per share, XPO's price has more than quadrupled since our initial purchase in 2013.

But it was hardly an obvious opportunity at the time. The company had negative tangible book value, negative earnings before interest, tax, depreciation, and amortisation (EBITDA), negative cash from operations, and

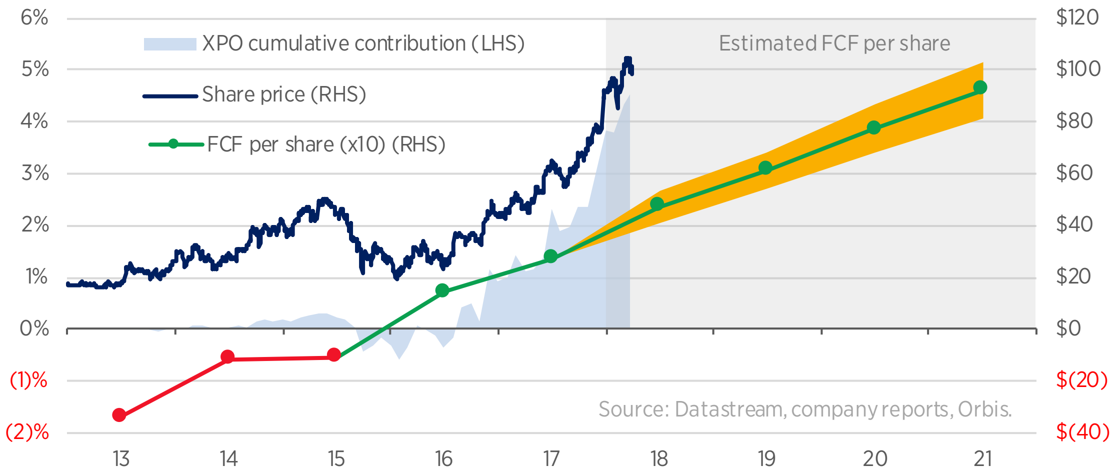
Orbis Global Equity (continued)

negative free cash flow (FCF). Through our fundamental research, however, we developed deep conviction in management's ability to create significant long-term value for shareholders through the company's aggressive acquisition strategy in the transportation and logistics industry. And by taking a longer-term perspective than others, and developing insight into management's skill, alignment, and integrity, we were able to recognise the long-term potential of the investment.

In fact, the opportunity wasn't even obvious to us at the time. Many of our analysts vocally challenged the thesis and argued that we should sell the position. It is probably fair to say that a firm with a consensus-based system would probably not have owned XPO. Similarly, those with more dogmatic approaches to valuation or style would also likely have avoided the stock. And it would have been hard for many to stick with the position during the uncomfortable period when it wasn't adding value in the short term. As the chart shows, performance doesn't come in a straight line and that's why a long-term perspective is so critical. Fortunately for clients, our process and culture embrace individual decision-making and accountability, and we empower stockpickers to express unpopular views and to stick with them in the moments of greatest opportunity.

XPO: share price does not reflect continued growth in free cash flow

XPO Logistics price, free cash flow (FCF), and cumulative contribution to the relative returns of the Orbis Global Equity Strategy, 2013 to Mar 2018, with estimates through 2021



What is particularly exciting to us in this instance is that, despite such strong performance over the past several years, we believe that XPO continues to present an attractive long-term investment opportunity. Through strategic vision, savvy capital allocation, and strong execution, chief executive Brad Jacobs and his team have built XPO into a global logistics leader with highly differentiated technology and capabilities in the area of contract logistics.

In particular, the opportunity to provide logistics services to e-commerce customers, which now comprise nearly a third of XPO's revenue, is driving approximately 10% per annum organic revenue growth for XPO. In turn, this is likely to fuel mid-teens growth in EBITDA and 20-30% growth in FCF as the company is able to leverage its fixed infrastructure and drive efficiencies. With the stock currently trading at about a 4% FCF yield on 2018 estimates, we see good potential for an annualised return of 25% or more over the next several years.

Importantly, this enthusiastic outlook for XPO's prospects does not give any credit for management's ability to create incremental value through additional acquisitions, something management is actively pursuing. With an exceptional track record in this regard, highly aligned interests, and a tiny 1.5% share of the trillion dollar global logistics market, XPO offers exciting long-term prospects for continued highly accretive capital deployment.

This is not to suggest, however, that we haven't found any traditional "value" stocks. An example here would be AbbVie, one of the world's largest biopharmaceutical companies. AbbVie derives more than 60% of its revenue from its blockbuster drug Humira, which treats several autoimmune diseases. Despite robust growth, the market is sceptical that AbbVie's earnings are sustainable given the perceived threat of biosimilars to Humira and doubts about the company's drug pipeline. Consequently, the market is pricing AbbVie at a bargain 12 times our estimate of 2018 earnings and a 4% indicated dividend yield. In contrast to the market's cautious view, we've developed conviction through our fundamental research that not only are biosimilars less of a threat to Humira than is perceived, but AbbVie's drug pipeline is also underappreciated. While not every pipeline drug

Orbis Global Equity (continued)

will succeed, we see good potential for AbbVie's collective portfolio of future drugs to drive sustained earnings and revenue growth over the long term. And due to the uncorrelated nature of these factors with the overall economy, we see an attractive return profile for AbbVie under a wide range of scenarios.

Of course, we are not always right in our assessments. Consider Arconic, a leading manufacturer of highly engineered, lightweight metal products for the global aerospace industry. The company has struggled over the past year in the face of a distracting proxy contest, management turnover, and significant operational challenges as the company works to meet aggressive production schedules for an unprecedented number of new aircraft engines. Unsurprisingly, Arconic shares have underperformed the World Index by more than 20% over the past year and the position was a top detractor for Orbis Global over that period. Despite these challenges, we remain positive on the company's prospects and have added to the position substantially as the discount to our assessment of intrinsic value has widened.

We continue to believe that Arconic is a company with excellent assets, strong customer relationships, and great potential that has suffered primarily from poor governance and poor management. Fortunately, both have been dramatically improved in the past year, including a new chairman, a new CEO, and a substantially reconstituted board that we believe is much more aligned with shareholders. While the company's shares are not an obvious bargain at 19 times 2017 earnings, we see substantial opportunity for idiosyncratic improvements over the next several years as past investments yield results and new management works to improve operations. Looking forward a few years, we believe Arconic can earn between $2.50 and $3.00 per share. If we are right, the current share price of $23 will prove to be a bargain.

These stocks—XPO, AbbVie, and Arconic—are examples of how our investment approach, grounded in core principles but undogmatic in their interpretation, has enabled us to find compelling opportunities amid a challenging environment. Not all of these will perform equally well, but we are confident that your capital is well-positioned overall to avoid permanent loss—and our investment team stands ready for any new challenges that the market throws at us in the future.

Commentary contributed by Matthew Adams, Orbis Investment Management (U.S.) LLC, San Francisco

This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

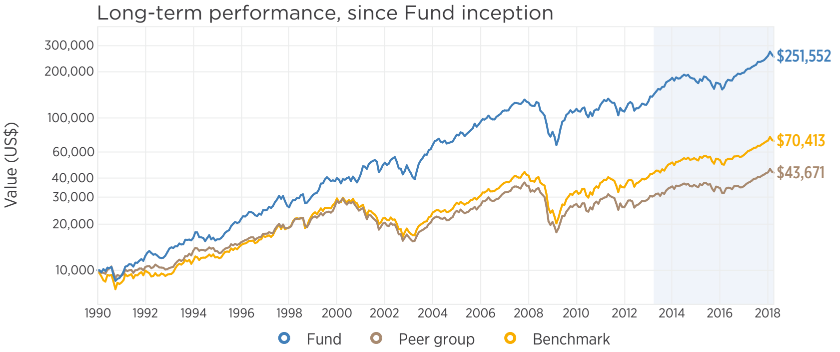
Orbis Global Equity Fund

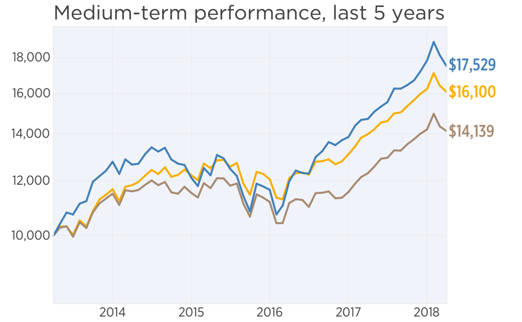
The Fund is designed to remain fully invested in global equities. It aims to earn higher returns than world stockmarkets, without greater risk of loss. The benchmark is the FTSE World Index, including income, gross of withholding taxes ("FTSE World Index"). Currency exposure is managed separately to equity exposure.

Price	US$251.39
Pricing currency	US dollars
Domicile	Bermuda
Type	Open-ended mutual fund
Fund size	US$7.7 billion
Fund inception	1 January 1990
Strategy size	US$24.4 billion
Strategy inception	1 January 1990

Benchmark	FTSE World Index
Peer group	Average Global Equity Fund Index
Minimum investment	US$50,000
Dealing	Weekly *(Thursdays)*
Entry/exit fees	None
ISIN	BMG6766G1087

Growth of US$10,000 investment, net of fees, dividends reinvested





Returns (%)

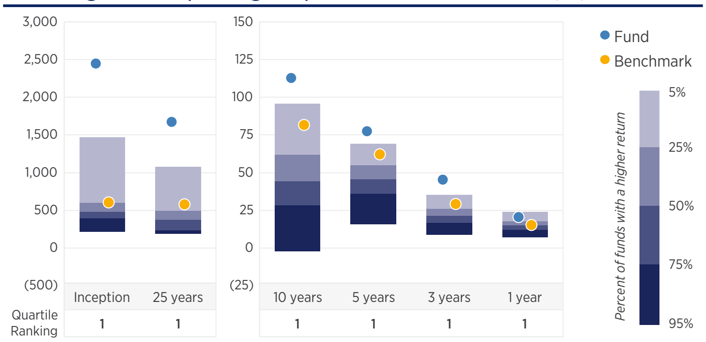
	Fund	Peer group	Benchmark
Annualised		*Net*	*Gross*
Since Fund inception	12.1	5.4	7.2
25 years	12.1	5.7	8.0
10 years	7.7	2.9	6.3
5 years	11.9	7.2	10.0
3 years	12.8	6.5	8.8
1 year	19.1	15.0	15.0
Not annualised			
3 months	(1.8)	(0.5)	(0.9)
1 month	(3.5)		(2.0)

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

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Largest drawdown (%)	50	53	54
Months to recovery	42	113	66
Annualised monthly volatility (%)	16.1	13.8	15.0
Beta vs benchmark	0.9	0.9	1.0
Tracking error vs benchmark (%)	9.0	4.4	0.0

Ranking within peer group, cumulative return (%)



Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
North America	49	48	58
Asia ex-Japan	18	9	6
Japan	13	9	9
Continental Europe	9	21	16
United Kingdom	5	5	6
Other	7	7	5
Net Current Assets	*1*	*0*	*0*
Total	**100**	**100**	**100**

Top 10 Holdings

	FTSE Sector	%
XPO Logistics	Industrials	6.9
AbbVie	Health Care	4.5
NetEase	Technology	4.5
Symantec	Technology	4.2
Sberbank of Russia	Financials	3.7
Arconic	Basic Materials	3.0
Mitsubishi	Industrials	2.7
Vale	Basic Materials	2.6
NIKE	Consumer Goods	2.6
Naspers	Consumer Services	2.3
Total		**37.0**

Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	65
Total number of holdings	74
12 month portfolio turnover (%)	57
12 month name turnover (%)	45
Active share (%)	93

Fees & Expenses (%), for last 12 months

Management fee[1]	2.04
For 3 year performance in line with benchmark	*1.50*
For 3 year outperformance/(underperformance) vs benchmark	*0.54*
Fund expenses	0.04
Total Expense Ratio (TER)	**2.09**

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.

See Notices for important information about this Fact Sheet.

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

Orbis Global Equity Fund

This Fact Sheet is a Minimum Disclosure Document and a monthly General Investor Report as required by the South African Financial Services Board.

Investment Manager	Orbis Investment Management Limited
Inception date	1 January 1990
Number of shares	30,625,354
Income distributions during the last 12 months	None

Fund Objective and Benchmark

The Fund is designed for investors who have made the "asset allocation" decision to invest a predetermined amount in global equities. It seeks higher returns than the average of the world's equity markets, without greater risk of loss. The Fund aims for higher returns than a designated equity performance benchmark, namely the FTSE World Index, including income.

How We Aim to Achieve the Fund's Objective/Adherence to Objective

The Fund is actively managed and seeks to remain fully invested in and exposed to global stockmarkets. It invests in equities considered to offer superior fundamental value. These equities are selected using extensive proprietary investment research undertaken by the Investment Manager and its investment advisors. Orbis devotes a substantial proportion of its business efforts to detailed "bottom up" investment research conducted with a long-term perspective, believing that such research makes superior long-term performance attainable. The lower the price of a share as compared to its assessed intrinsic value, the more attractive Orbis considers the equity's fundamental value. The Investment Manager believes that over the long term, equity investing based on this approach offers superior returns and reduces the risk of loss.

Exchange rate fluctuations significantly influence global investment returns. For this reason, part of Orbis' research effort is devoted to forecasting currency trends. Taking into account these expected trends, the Investment Manager actively reviews the Fund's currency exposure. Those currencies held but considered vulnerable may be sold in favour of those considered more attractive, generally using forward contracts. The Fund's currency deployment therefore frequently differs significantly from the geographic deployment of its selected equities.

The Fund does not seek to mirror its benchmark but may instead deviate meaningfully from it in pursuit of superior long-term returns.

Since inception and over the latest 10 and five-year periods, the Fund has outperformed its benchmark net of fees. The Fund will experience periods of underperformance in pursuit of its objective of creating long-term wealth for investors.

Risk/Reward Profile

- The Fund is designed for investors who have made the "asset allocation" decision to invest a predetermined amount in global equities.
- Investments in the Fund may suffer capital loss.
- Investors should understand that the Investment Manager generally assesses an equity investment's attractiveness using a three-to-five year time horizon.

Management Fee

As is described in more detail in the Fund's Prospectus, the Fund pays the Investment Manager a performance-based fee. The fee is designed to align the Investment Manager's interests with those of investors in the Fund.

The fee is based on the net asset value of the Fund. The fee rate is calculated weekly by comparing the Fund's 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 the following limits:

- Maximum fee: 2.5% per annum
- Minimum fee: 0.5% per annum

Fees, Expenses and Total Expense Ratio (TER)

The Fund bears operating costs, including the costs of maintaining its stock exchange listing, Bermuda government fees, legal and auditing fees, reporting expenses, the cost of preparing its Prospectus and communication costs. Finally, the Fund incurs costs when buying or selling underlying investments.

Where an investor subscribes or redeems an amount representing 5% or more of the net asset value of the Fund, the Investment Manager may cause the Fund to levy a fee of 0.40% of the net asset value of the Fund's shares being acquired or redeemed.

The annual management fees charged are included in the TER. The TER is a measure of the actual expenses incurred by the Fund over a 12 month period, excluding trading costs. Since Fund returns are quoted after deduction of these expenses, the TER should not be deducted from the published returns. Expenses may vary, so the current TER is not a reliable indicator of future TERs.

Changes in the Fund's Top 10 Holdings

31 December 2017	%	31 March 2018	%
XPO Logistics	6.4	XPO Logistics	6.9
AbbVie	4.2	AbbVie	4.5
Charter Communications	3.7	NetEase	4.5
NetEase	3.6	Symantec	4.2
Arconic	3.3	Sberbank of Russia	3.7
Sberbank of Russia	3.3	Arconic	3.0
Symantec	3.2	Mitsubishi	2.7
Imperial Brands	2.8	Vale	2.6
Mitsubishi	2.8	NIKE	2.6
British American Tobacco	2.5	Naspers	2.3
Total	**35.7**	**Total**	**37.0**

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.

Orbis Global Equity Fund

Additional Information

South African residents should contact Allan Gray Unit Trust Management (RF) Proprietary Limited at 0860 000 654 (toll free from within South Africa) or offshore_direct@allangray.co.za to receive, free of charge, additional information about a proposed investment (including Prospectus, application forms, annual reports and a schedule of fees, charges and maximum commissions). The Investment Manager can be contacted at +1 441 296 3000 or clientservice@orbis.com. The Fund's Custodian is Citibank N.A., New York Offices, 388 Greenwich Street, New York, New York 10013, U.S.A. All information provided herein is subject to the more detailed information provided in the Fund's Prospectus.

Share Price and Transaction Cut Off Times

Share prices are calculated on a net asset value basis, normally as of 5:30 pm (Bermuda time) (i) each Thursday (or, if a Thursday is not a business day, the preceding business day), (ii) on the last calendar day of each month (or, if that is not a weekday, the preceding weekday) and/or (iii) any other days in addition to (or substitution for) any of the days described in (i) or (ii), as determined by the Investment Manager without notice.

Subscriptions are only valid if made on the basis of the Fund's current Prospectus. To be processed on a given dealing day: subscription requests into an Orbis Fund that is not an Orbis SICAV Fund must be submitted by 5:00 pm on that dealing day; subscription requests into an Orbis Fund that is an Orbis SICAV Fund must be submitted by 5:30 pm; redemption requests from an Orbis Fund that is not an Orbis SICAV Fund must be submitted by 12 noon; redemption requests from an Orbis Fund that is an Orbis SICAV Fund must be submitted by 5:30 pm; requests to switch from an Orbis Fund that is not an Orbis SICAV Fund to a different Orbis Fund that is also not an Orbis SICAV Fund must be submitted by 12 noon; requests to switch from an Orbis SICAV Fund into a different Orbis Fund that is not an Orbis SICAV Fund must be submitted by 5:00 pm; requests to switch from an Orbis Fund that is not an Orbis SICAV Fund to a different Orbis Fund that is an Orbis SICAV Fund must be submitted by 12 noon; and requests to switch from an Orbis Fund that is an Orbis SICAV Fund to a different Orbis Fund that is also an Orbis SICAV Fund must be submitted by 5:30 pm. All times given are Bermuda time, and all requests must be properly completed and accompanied by any required funds and/or information.

Share prices, updated weekly, are available

- from the Allan Gray Unit Trust Management (RF) Proprietary Limited's website at www.allangray.co.za,
- from the Orbis website at www.orbis.com,
- by e-mail, by registering with Orbis for this service at the Orbis website at www.orbis.com, and
- from Bloomberg.

Legal Notices

Returns are net of fees, include income and assume reinvestment of dividends. Figures quoted are for the periods indicated for a $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. This Report does not constitute advice nor a recommendation to buy, sell or hold, nor an offer to sell or a solicitation to buy interests or shares in the Orbis Funds or other securities in the companies mentioned in it.

Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of an investment in the Fund may go down as well as up, and past performance is not a reliable indicator of future results. The Investment Manager provides no guarantee with respect to capital or the Fund's 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. 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 the Fund's net asset value. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The Fund invests 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.

The discussion topics for the commentaries were selected, and the commentaries were finalised and approved, by Orbis Investment Management Limited, the Fund's Investment Manager. 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, the Fund's Investment Manager, is licensed to conduct investment business by the Bermuda Monetary Authority.

Fund Information

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 Fund's exposures accordingly.

Fund Minimum

Minimum investment amounts in the Fund are specified in the 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.

Sources

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