

Our Thinking

Think like a business owner

Say you own a small stake in a company. Every day, one of your partners tells you what he thinks the business is worth, and he offers to buy your stake or sell you another on that basis. Sometimes his idea of value seems justified by the company's prospects. But other times, his excitement or fears run away with him, and the value he suggests seems little short of silly.

This partner's name is Mr Market, and this paraphrased parable is from Benjamin Graham, the father of fundamental investing. In *The Intelligent Investor*, Graham follows this setup with a question. Should you let Mr Market's daily opinions determine *your* view of the company's value? Of course not. As a part owner, you know the business inside and out, and can make up your own mind based on its financial prospects.

Graham's insight is that investing in stocks is just like having Mr Market as your partner. You have the *option* of trading with him, but you don't have to. The market is there to be used—or ignored.

To us, this mindset makes perfect sense. When we look for investments for the Funds, we think like business owners. We generally spend hundreds of hours valuing each company based on its long-term prospects, and as best we can, we ignore Mr Market unless we want to trade with him. This year offers some good illustrations of this relationship.

Sometimes we trade with Mr Market when we agree with him. This happens when investments work well, and when they don't. The cybersecurity firm Symantec is an example. We bought the stock at a discount to what we thought it was worth, but subsequent new information led us to reduce our estimate of its value. After that, Mr Market quoted us a lower price than we paid, but it looked fair, and we sold some shares.

Sometimes we don't agree because Mr Market appears too excited. This happened with the Brazilian e-commerce firm Mercadolibre. We bought from Mr Market at a low price when we regarded it as a promising industry leader but he regarded it as a dingy eBay clone. Over time, he came to share our more positive view. Eventually he became very excited—despite growing competition for the business—and quoted us a high price. We happily sold.

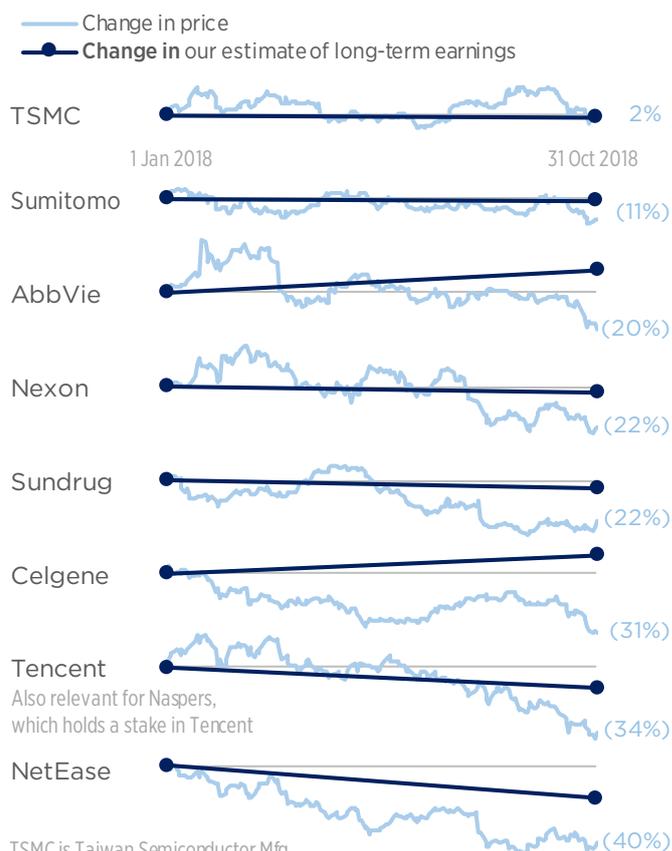
Our bread and butter, however, is buying from Mr Market when he is pessimistic, then patiently waiting for that pessimism to fade. The graphic depicts the relationship between Mr Market's view and our "business owner" view for some current companies held in the Orbis Funds. Here, the light blue lines show how each company's stock price has changed year-to-date, and the darker dots show how our long-term profit estimates have changed over roughly the same period. We remain enthusiastic about the fundamental prospects for every one of these companies, so if the dark line is going down, that doesn't mean we think earnings, or earnings growth, will be negative. It just

means our estimates aren't *quite* as bullish as they were earlier in the year. Analysing businesses is as much an art as a science, so our estimates are far from exact, but they offer a reasonable sense of how we think.

Earlier in the year, we believed all of these stocks were attractive (or they wouldn't have been considered for the Funds). In some cases, such as TSMC, neither the price nor our estimates have really changed, so we continue to find them attractive. But Mr Market is volatile. He can become fearful even if a company looks the same—or better—to a long-term business owner. That's clear for Nexon and Sundrug, where our assessments are little changed, and for AbbVie and Celgene, where our long-term estimates have risen but the companies' prices have fallen. For NetEase and Tencent, we have adjusted our view of what the businesses will earn in four years, but Mr Market's view has gone from tentative to downright despondent.

We trust our research, not Mr Market

Changes from 1 Jan to 31 Oct 2018



TSMC is Taiwan Semiconductor Mfg.

Source: Datastream, Orbis. Orbis estimates are for 2021 (or fiscal year Mar 2022) earnings per share. Changes in estimates calculated using the latest or closest available estimate for each company for Jan 2018 and Oct 2018.

We thought these companies were undervalued before, yet most of their prices have fallen. That could continue—Mr Market's mood is unpredictable. While these periods are challenging, we know what to do: stay focused on the fundamentals, and wait for Mr Market to come back to his senses.

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\$218.09	Benchmark	FTSE World Index
Pricing currency	US dollars	Peer group	Average Global Equity Fund Index
Domicile	Bermuda	Minimum investment	US\$50,000
Type	Open-ended mutual fund	Dealing	Weekly (Thursdays)
Fund size	US\$6.4 billion	Entry/exit fees	None
Fund inception	1 January 1990	ISIN	BMG6766G1087
Strategy size	US\$21.6 billion		
Strategy inception	1 January 1990		

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



Returns (%)

	Fund	Peer group	Benchmark
Annualised	<i>Net</i>		<i>Gross</i>
Since Fund inception	11.3	5.0	6.9
25 years	11.1	4.8	7.4
10 years	10.7	7.0	10.5
5 years	4.5	3.7	6.9
3 years	8.6	5.2	8.5
1 year	(9.0)	(3.1)	0.7
Not annualised			
Calendar year to date	(14.8)	(6.2)	(2.9)
3 months	(11.3)	(7.3)	(5.9)
1 month	(10.1)		(7.4)
		Year	%
Best performing calendar year since Fund inception		2003	45.7
Worst performing calendar year since Fund inception		2008	(35.9)

Geographical & Currency Allocation (%)

Region	Equity	Currency	Benchmark
North America	44	50	61
Asia ex-Japan	20	8	5
Japan	14	9	9
Continental Europe	8	17	15
United Kingdom	5	6	6
Other	10	10	4
<i>Net Current Assets</i>	<i>1</i>	<i>0</i>	<i>0</i>
Total	100	100	100

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	14.9
Beta vs benchmark	0.9	0.9	1.0
Tracking error vs benchmark (%)	9.0	4.4	0.0

Top 10 Holdings

	FTSE Sector	%
NetEase	Technology	6.9
XPO Logistics	Industrials	6.7
AbbVie	Health Care	4.9
Vale	Basic Materials	4.1
Celgene	Health Care	3.5
Anthem	Health Care	3.3
Arconic	Basic Materials	3.0
Naspers	Consumer Services	2.9
Dollar General	Consumer Services	2.7
Facebook	Technology	2.6
Total		40.5

Ranking within peer group, cumulative return (%)



Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	70
Total number of holdings	67
12 month portfolio turnover (%)	58
12 month name turnover (%)	48
Active share (%)	92

Fees & Expenses (%), for last 12 months

Management fee ¹	2.19
<i>For 3 year performance in line with benchmark</i>	<i>1.50</i>
<i>For 3 year outperformance/(underperformance) vs benchmark</i>	<i>0.69</i>
Fund expenses	0.04
Total Expense Ratio (TER)	2.23

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	29,244,223
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 ten-year period, 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 July 2018	%	31 October 2018	%
XPO Logistics	6.9	NetEase	6.9
NetEase	5.6	XPO Logistics	6.7
AbbVie	5.0	AbbVie	4.9
Facebook	4.6	Vale	4.1
Vale	3.8	Celgene	3.5
Celgene	3.3	Anthem	3.3
Arconic	2.9	Arconic	3.0
Mitsubishi	2.9	Naspers	2.9
Sberbank of Russia	2.7	Dollar General	2.7
Alphabet	2.7	Facebook	2.6
Total	40.3	Total	40.5

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.

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.

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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.

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.

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

Fund Information

Orbis SICAV Funds: The ongoing charges include a fixed annual 1.5% management fee and other Fund expenses but exclude performance fees and portfolio transaction costs. The total management fee consists of the fixed management fee and the variable performance fee.

Orbis Optimal Funds: 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.

Prior to 1 July 1998 Orbis Optimal (US\$) was managed with a currency benchmark of 40% US dollars, 40% European currency units and 20% Japanese yen. On 1 July 1998 this was changed to 100% US dollars and the euro denominated Fund was launched.

Sources

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