

## Our Thinking

### A new look

As you may have noticed, we recently introduced a fresh new look for the Orbis logo and our client materials. Everything else at Orbis—our investment approach, our business operations and our commitment to client service—remains the same. We hope that you will enjoy our new look as well as the video content and other improved features on our website at [www.orbis.com](http://www.orbis.com)

### Volatility returns

After an unusually upbeat January, the mood changed earlier this month with a significant uptick in volatility and a sharp sell-off in global equities. Yet an investor in the MSCI World Index in US dollars who fell asleep on New Years' and just woke up would see that their investment is slightly up. As we noted in last month's commentary, doing nothing is often a very sensible strategy for clients to take when faced with overwhelming short-term noise.

At those times, it's our job as stockpickers to remain focused on the things we can control. This means continually assessing and evaluating both the merits of current portfolio holdings as well as new ideas. In doing so, we think like business owners and ask ourselves how much we would pay to buy the whole company based on its fundamentals. This "bottom up" lens helps us stay focused on the long term and avoid emotional pitfalls. More importantly, we think it also produces greater potential to add value when compared to a simplistic top-down decision to be "in or out" of a particular stockmarket.

### Hay in the needlestack

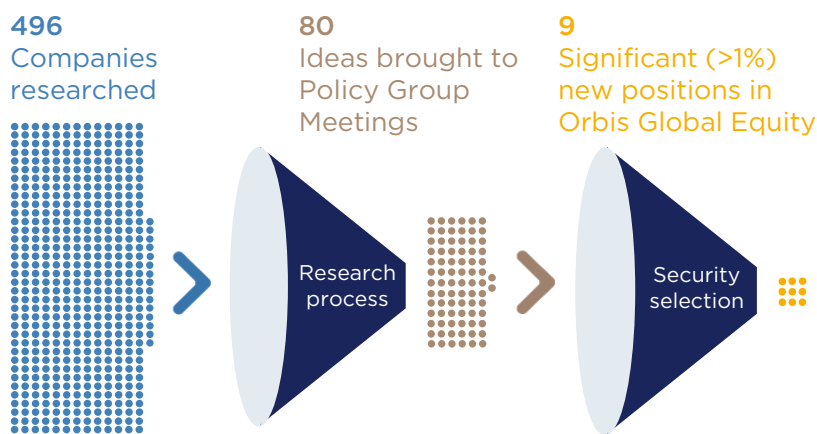
The US provides a timely illustration. According to our proprietary quantitative valuation models, investors can expect a virtually flat overall return on US stocks over the next four to five years if the future fundamentals resemble the past. So how do we get comfortable with investing about half of the Orbis Global Equity Strategy in the US? The short answer is that the US is a big place and we only need a few good ideas. A longer answer is that future fundamentals don't always resemble the past, and we believe there is tremendous opportunity to add value with superior analysis of individual companies.

To put some numbers on it, there are about 2,750 stocks in our global investible universe with a market capitalisation of US\$5 billion or more. That's a lot to choose from, and even an expensive market environment is bound to have its share of bargains. So the key point for clients is that even in today's

environment we have no shortage of ideas and can afford to eliminate all but the most compelling ones. In the US, we have found about 25 holdings (out of the roughly 800 >\$5bn stocks) that we believe offer compelling return prospects on a risk-adjusted basis.

From a global perspective, we analysed a total of 496 companies in 2017. Our research process has three distinct phases and seeks to eliminate the weakest ideas at each step. A total of 80 companies passed through this three-stage filter and were vigorously debated by our investment team. Only 9 stocks—less than 2% of those entering the process—went on to become significant positions in the Orbis Global Equity Strategy.

#### Filtering ideas



Source: Orbis. Data is for calendar year ended 31 December 2017.

Importantly, we searched for ideas across all areas of the market including those that we generally consider unattractive. In past commentaries, we have often mentioned that traditional "defensive" sectors—Consumer Staples, Health Care and Utilities—appear expensive, and this is confirmed by our bottom-up research. We researched 101 such stocks in 2017 and only bought one new position: Bristol-Myers Squibb in the US. We also struggled to find new positions in the banking sector. We researched 36 banks and got serious about four of them, but ultimately didn't take meaningful positions in any because none compared favourably to our existing holdings.

What looked attractive? Newly established positions range from companies that make shoes (NIKE) to airplane parts (Arconic) and have little in common apart from trading at discounts to our estimate of their intrinsic value. Not all of them will contribute to performance, and there is no doubt that we have missed some stocks that will go on to become big winners, but overall we are confident that disciplined application of our investment process will continue to produce plenty of strong ideas regardless of short-term developments.

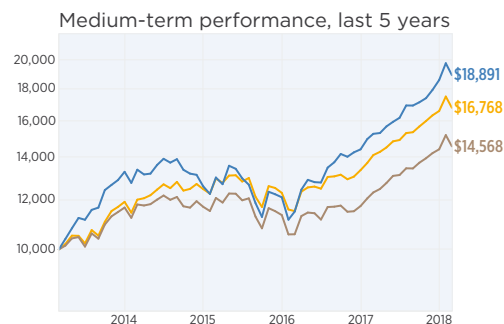
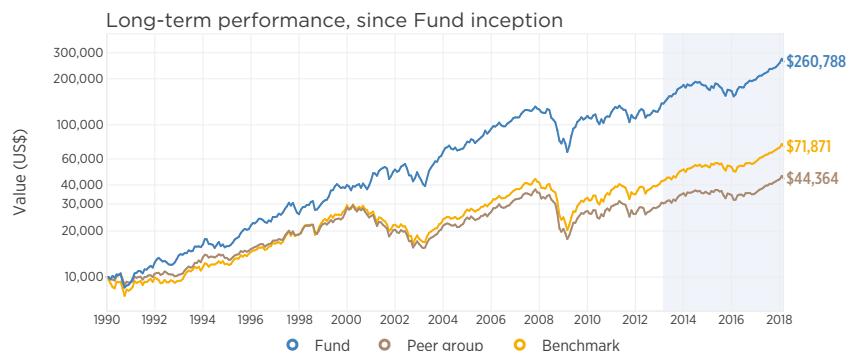
*This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.*

# 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.

<b>Price</b>	US\$260.62	<b>Benchmark</b>	FTSE World Index
<b>Pricing currency</b>	US dollars	<b>Peer group</b>	Average Global Equity Fund Index
<b>Domicile</b>	Bermuda	<b>Minimum investment</b>	US\$50,000
<b>Type</b>	Open-ended mutual fund	<b>Dealing</b>	Weekly (Thursdays)
<b>Fund size</b>	US\$7.9 billion	<b>Entry/exit fees</b>	None
<b>Fund inception</b>	1 January 1990	<b>ISIN</b>	BMG6766G1087
<b>Strategy size</b>	US\$25.0 billion		
<b>Strategy inception</b>	1 January 1990		

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



## Returns (%)

	Fund	Peer group	Benchmark
<b>Annualised</b>	<i>Net</i>		<i>Gross</i>
Since Fund inception	12.3	5.4	7.3
25 years	12.4	5.9	8.3
10 years	8.1	2.9	6.4
5 years	13.6	7.8	10.9
3 years	13.3	6.5	9.0
1 year	23.9	18.3	18.8
<b>Not annualised</b>			
3 months	5.6	2.5	2.8
Calendar year to date	1.8	1.1	1.2
1 month	(4.3)		(4.0)
		<b>Year</b>	<b>%</b>
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	49	49	58
Asia ex-Japan	16	8	6
Japan	12	9	9
Continental Europe	9	21	16
United Kingdom	5	5	6
Other	7	7	5
Net Current Assets	1	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

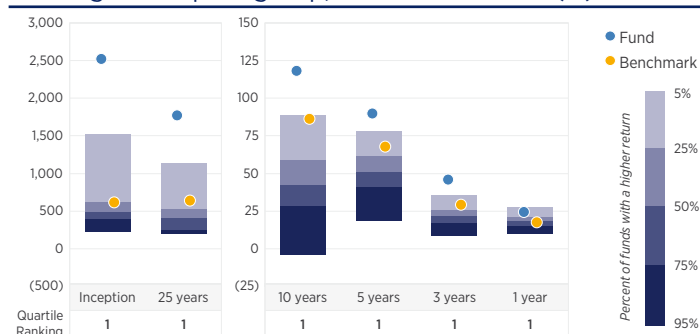
## Top 10 Holdings

	FTSE Sector	%
XPO Logistics	Industrials	6.8
AbbVie	Health Care	5.1
Sberbank of Russia	Financials	4.2
Symantec	Technology	4.2
NetEase	Technology	3.9
Arconic	Basic Materials	2.9
Charter Communications	Consumer Services	2.8
Mitsubishi	Industrials	2.8
Vale	Basic Materials	2.6
Naspers	Consumer Services	2.6
<b>Total</b>		<b>37.8</b>

## 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	4.5	0.0

## Ranking within peer group, cumulative return (%)



## Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	67
Total number of holdings	74
12 month portfolio turnover (%)	58
12 month name turnover (%)	46
Active share (%)	92

## Fees & Expenses (%), for last 12 months

Management fee <sup>1</sup>	1.97
For 3 year performance in line with benchmark	1.50
For 3 year outperformance/(underperformance) vs benchmark	0.47
Fund expenses	0.04
<b>Total Expense Ratio (TER)</b>	<b>2.02</b>

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.

<sup>1</sup> 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.

<b>Investment Manager</b>	Orbis Investment Management Limited
<b>Inception date</b>	1 January 1990
<b>Number of shares</b>	30,423,737
<b>Income distributions during the last 12 months</b>	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

30 November 2017	%	28 February 2018	%
XPO Logistics	5.7	XPO Logistics	6.8
AbbVie	4.3	AbbVie	5.1
Charter Communications	3.6	Sberbank of Russia	4.2
NetEase	3.4	Symantec	4.2
Sberbank of Russia	3.3	NetEase	3.9
Anthem	3.2	Arconic	2.9
Arconic	3.1	Charter Communications	2.8
Imperial Brands	2.6	Mitsubishi	2.8
Symantec	2.6	Vale	2.6
British American Tobacco	2.6	Naspers	2.6
<b>Total</b>	<b>34.3</b>	<b>Total</b>	<b>37.8</b>

**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 Investment Management Limited (licensed to conduct investment business by the Bermuda Monetary Authority)

Contact details for Allan Gray • Tel 0860 000 654 or +27 (0)21 415 2301 • Fax 0860 000 655 or +27 (0)21 415 2492 • info@allangray.co.za • www.allangray.co.za

# 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](mailto: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](mailto: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](http://www.allangray.co.za),
- from the Orbis website at [www.orbis.com](http://www.orbis.com),
- by e-mail, by registering with Orbis for this service at the Orbis website at [www.orbis.com](http://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](http://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

FTSE World Index: FTSE International Limited ("FTSE") © FTSE 2018. FTSE is a trademark of the London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.

Average Fund data source and peer group ranking data source: © 2018 Morningstar. All Rights Reserved. Such information (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The latest average fund indices provided by Morningstar are for 22 February 2018. To allow comparison of returns to a common date we have extended the average equity and multi-asset class fund indices to reflect the subsequent movement of the applicable benchmark indices. Average fund returns are not shown for periods of a month or less as high price volatility and late fund reporting regularly cause them to be significantly restated by Morningstar.