

Orbis Emerging Markets Equity

At the end of 2015, emerging market (EM) shares had meaningfully underperformed developed market (DM) shares over the previous five years. A survey of global fund managers by Bank of America Merrill Lynch found that managers' preference for DMs over EMs was the highest in the survey's 15-year history. Weak sentiment translated to flows and EMs had been disproportionately on the losing end, leaving them available at a substantial valuation discount to DMs.

EM performance has since rebounded and those same fund manager surveys now find investor sentiment to be relatively neutral. While that's an improvement from a year before, we believe it's still overly pessimistic. EM shares remain attractive on broad valuation metrics, with the MSCI EM Index trading at 1.7 times book value compared to 2.3 times book value for the MSCI World Index, despite the fact that the underlying companies have produced a similar return on equity, both in the past year and also on average over the last 20 years.

Good performance normally leaves sentiment upbeat, but there are two fears that continue to deter investors from investing in EMs. The first is the belief that EMs underperform when US interest rates rise coupled with the (understandable) view that interest rates are unsustainably low. The second fear comes from the belief that EMs underperform during bear markets coupled with the (also understandable) view that equity valuations are rich and thus the probability of a bear market is above average.

However neither of these beliefs is supported by history, and clinging to them may cause investors to miss out on what may be an attractive long-term investment opportunity in EMs.

Belief #1: EMs underperform when US interest rates rise

Since the 2008 financial crisis, authorities in the US, Europe and Japan have kept interest rates near zero and used quantitative easing in an effort to stimulate economic activity. Such an abundance of "cheap money" is arguably unprecedented and it's understandable that investors worry about what happens when monetary policy tightens.

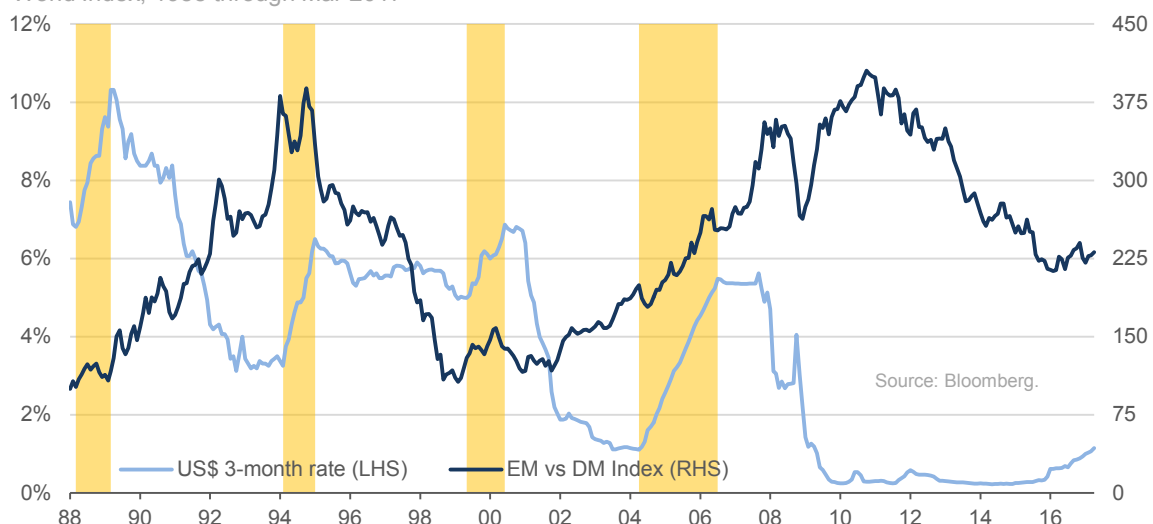
The view that EMs should underperform if US interest rates rise comes partly from the idea that EMs are speculative and that speculative investments suffer the most when higher interest rates increase the cost of borrowing and the yield offered by domestic securities. Conversely when capital becomes cheap, as it has in recent years, the belief is that speculative investments should benefit as investors seeking higher returns turn to "riskier" investments.

Pessimism also stems from the idea that higher US interest rates cause the US dollar to strengthen. This inflates the value of USD-denominated debt when measured in local currency, making it even costlier for developing countries to service that debt.

An examination of the performance of EM shares relative to DM shares since 1988 (the earliest date available for the MSCI EM Index) suggests that this has not been the case. The chart below shows that since 1988 US interest rates have increased steeply four times (highlighted in yellow) while the dark blue line shows the relative performance of EMs versus DMs during those periods. The correlation between EM relative returns and changes in US interest rates has been low both during normal market conditions and, more importantly, during periods where US interest rates have risen rapidly.

In relative terms, EMs have held up well during periods of rising US rates

3-month US\$ LIBOR vs the relative return of the MSCI Emerging Markets Index vs the MSCI (Developed) World Index, 1988 through Mar 2017





Orbis Emerging Markets Equity *(continued)*

Belief #2: EMs underperform during DM bear markets

If it were true that EM shares fared worse in DM downturns, then investors may be right to avoid them as DM valuations appear rich and a turn in the cycle could be painful. However, this claim does not appear to be supported by long-term data.

In five DM bear markets since 1900, EMs outperformed in two, tied DMs in two more, and lagged in only one—the global financial crisis. Of course not all bear markets are the same; if one started today, EMs would be starting at low relative valuations, having already experienced a significant period of underperformance, and one might hope this would protect investors to some degree. History supports this hope: there have been three DM bear markets that were preceded by significant EM underperformance. In the subsequent bear markets, EMs outperformed twice and tied with DMs once.

Conclusions

History is not on the side of investors who believe EM shares are speculative investments prone to underperformance when US interest rates rise or if DM shares enter a bear market.

As bottom-up investors, we avoid making investment decisions based on such top-down views, rather we aim to invest in individual stocks trading at a discount to their intrinsic value. As part of this bottom-up process, each stock must win its place in the portfolio by offering better long-term value than competing opportunities.

The positioning of the Orbis Global Equity Strategy therefore serves as a good measure of our view on the relative attractiveness of our preferred EM shares. Orbis Global continues to maintain a sizeable exposure to EMs, reinforcing the top-down view outlined above that they continue to offer attractive valuations. We believe that this high conviction in our preferred EM shares bodes well for the long-term return potential of the Orbis Emerging Markets Equity Strategy.

Commentary contributed by Graeme Shaw, Orbis Investment Advisory Pty Limited, Sydney

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 SICAV Emerging Markets Equity Fund

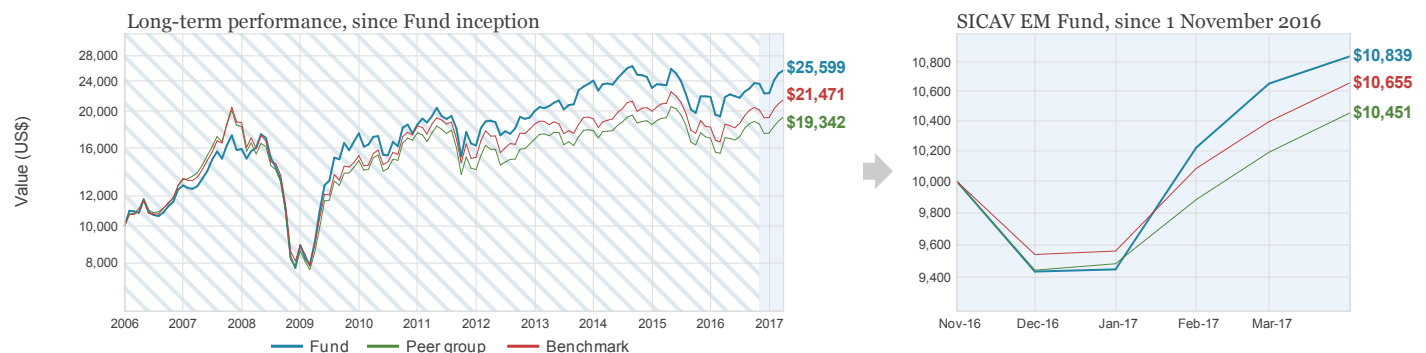
The Fund seeks higher returns than the average of the equity stock markets of the world's emerging market countries, without greater risk of loss. The benchmark is the MSCI Emerging Markets Index, including income, net of withholding tax ("MSCI Emerging Markets Index"). Currency exposure is managed relative to that of the MSCI Emerging Markets Index.

| | |
|--------------------|----------------------|
| Price | US\$24.17 |
| Pricing currency | US dollars |
| Domicile | Luxembourg |
| Type | SICAV |
| Share class | Investor Share Class |
| Fund size | US\$3.2 billion |
| Fund inception | 1 January 2006 |
| Strategy size | US\$3.2 billion |
| Strategy inception | 1 January 2016 |

| | |
|--------------------|---|
| Benchmark | MSCI Emerging Markets Index |
| Peer group | Average Global Emerging Markets Equity Fund Index |
| Minimum investment | US\$50,000 |
| Dealing | Weekly (Thursdays) |
| Entry/exit fees | None |
| UCITS IV compliant | Yes |
| ISIN | LU0241795839 |

On 1 November 2016, the Fund broadened its investment strategy from Asia ex-Japan equities to Emerging Market equities. To reflect this, the Fund changed its name from the Orbis SICAV Asia ex-Japan Equity Fund to the Orbis SICAV Emerging Markets Equity Fund, its benchmark from the MSCI All Country Asia ex-Japan (Net) (US\$) Index to the MSCI Emerging Markets Index and its peer group from the Average Asia ex-Japan Equity Fund Index to the Average Global Emerging Markets Equity Fund Index. Data for the period before 1 November 2016 relates to the Fund, and applicable benchmark and peer group, prior to the change in strategy. Please refer to the prospectus for further details.

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



The striped area in the graph above relates to the performance of the Fund, and applicable benchmark and peer group, prior to the broadening of the Fund's investment strategy from Asia ex-Japan equities to Emerging Market equities on 1 November 2016.

Returns¹ (%)

| | Fund | Peer group | Benchmark |
|---|------|-------------|--------------|
| Annualised | | <i>Net</i> | <i>Gross</i> |
| Since Fund inception | 8.7 | 6.0 | 7.0 |
| 10 years | 7.2 | 3.4 | 4.8 |
| 5 years | 6.3 | 4.0 | 4.5 |
| 3 years | 2.7 | 2.9 | 4.2 |
| 1 year | 17.5 | 13.4 | 16.0 |
| Not annualised | | | |
| Since SICAV EM (1 Nov 2016) | 8.4 | 4.5 | 6.5 |
| 3 months | 14.7 | 10.2 | 11.4 |
| 1 month | 1.8 | | 2.5 |
| | | Year | % |
| Best performing calendar year since Fund inception | | 2009 | 96.4 |
| Worst performing calendar year since Fund inception | | 2008 | (44.0) |

Risk Measures¹, since Fund inception

| | Fund | Peer group | Benchmark |
|-----------------------------------|------|------------|-----------|
| Largest drawdown (%) | 55 | 62 | 62 |
| Months to recovery | 20 | 90 | 81 |
| Annualised monthly volatility (%) | 23.1 | 21.3 | 21.9 |
| Beta vs benchmark | 1.0 | 1.0 | 1.0 |
| Tracking error vs benchmark (%) | 7.8 | 2.9 | 0.0 |

Fees & Expenses¹ (%), for last 12 months

| | |
|---|-------------|
| Management fee ² | 1.68 |
| For 3 year performance in line with benchmark | 1.50 |
| For 3 year outperformance/(underperformance) vs benchmark | 0.18 |
| Fund expenses | 0.12 |
| Total Expense Ratio (TER) | 1.80 |

Geographical & Currency Allocation (%)

| Region | Equity | Currency | Benchmark |
|----------------------|------------|------------|------------|
| China/Hong Kong | 35 | 31 | 27 |
| Korea | 28 | 29 | 15 |
| Rest of Asia | 11 | 11 | 8 |
| India | 6 | 6 | 9 |
| Europe & Middle East | 6 | 6 | 9 |
| Taiwan | 4 | 5 | 12 |
| Africa | 4 | 4 | 7 |
| Latin America | 1 | 6 | 13 |
| Other | 3 | 3 | 0 |
| Net Current Assets | 2 | 0 | 0 |
| Total | 100 | 100 | 100 |

Top 10 Holdings

| | MSCI Sector | % |
|---------------------------|------------------------|-------------|
| Baidu | Information Technology | 7.6 |
| Korea Electric Power | Utilities | 7.2 |
| NetEase | Information Technology | 5.2 |
| Kiwoom Securities | Financials | 4.5 |
| Sohu.com | Information Technology | 4.2 |
| JD.com | Consumer Discretionary | 4.0 |
| KB Financial Group | Financials | 3.8 |
| Lotte Shopping | Consumer Discretionary | 3.7 |
| Genting Berhad | Consumer Discretionary | 3.1 |
| Jardine Matheson Holdings | Industrials | 3.1 |
| Total | | 46.4 |

Portfolio Concentration & Characteristics

| | |
|--|----|
| % of NAV in top 25 holdings | 81 |
| Total number of holdings | 43 |
| 12 month portfolio turnover (%) ¹ | 54 |
| 12 month name turnover (%) ¹ | 31 |
| Active share (%) | 86 |

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 Orbis SICAV Asia ex-Japan Equity Fund and its corresponding benchmark and peer group data used for the period prior to 1 November 2016.

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



Orbis SICAV Emerging Markets 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.

| | |
|---|---|
| Manager | Orbis Investment Management (Luxembourg) S.A. |
| Portfolio Manager | Orbis Investment Management Limited |
| Inception date | 1 January 2006 |
| Number of shares (Investor Share Class) | 32,915,970 |
| Income distributions during the last 12 months | None |

On 1 November 2016, the Fund broadened its investment strategy from Asia ex-Japan equities to Emerging Market equities. To reflect this, the Fund changed its name from the Orbis SICAV Asia ex-Japan Equity Fund to the Orbis SICAV Emerging Markets Equity Fund and its benchmark from the MSCI All Country Asia ex Japan (Net) (US\$) Index to the MSCI Emerging Markets Index.

Fund Objective and Benchmark

The Fund seeks higher returns than the average of the equity stock markets of the world's emerging market countries, without greater risk of loss. The MSCI Emerging Markets Index, including income net of withholding tax, is the Fund's benchmark (the "MSCI Emerging Markets Index"). This index also includes exposure to the currencies associated with its constituent stockmarkets. The mix of currencies in the MSCI Emerging Markets Index is the Fund's "currency benchmark". The currency benchmark represents the mix of currencies in which the Fund would invest if the Portfolio Manager were impartial between all currencies. In practice, the Fund's currency exposure is managed relative to the currency benchmark.

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

The Fund is actively managed and is designed to remain continuously invested in, and exposed to all the risks and rewards of, selected Emerging Market equities. The Fund expects to be not less than 90% invested in Emerging Market equity and equity-linked investments. The Fund identifies Emerging Market equity and equity-linked investments as those investments that are issued by a corporate body or other entity domiciled or primarily located in a country represented in the MSCI Emerging Markets Index or the MSCI Frontier Markets Index (together, "Emerging Markets"), traded or listed on an exchange in an Emerging Market or issued by a corporate body or other entity whose business is significantly linked to Emerging Markets. These equities are selected using extensive proprietary investment research undertaken by the Portfolio 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 Portfolio 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 Portfolio Manager actively reviews the Fund's currency exposure and may therefore use forward currency contracts to provide protection against exchange risks in the context of the management of its assets and liabilities.

The Fund does not seek to mirror the MSCI Emerging Markets Index and may deviate meaningfully from it in pursuit of superior long-term capital appreciation.

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 aimed at investors who are seeking a portfolio the objective of which is to be invested in, and exposed to, Emerging Market securities.
- Investments in the Fund may suffer capital loss.
- Investors should understand that the Portfolio 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's various share classes bear different management fees. The fees are designed to align the Manager's and Portfolio Manager's interests with those of investors in the Fund. With respect to the Fund's Investor Share Class, the fee is structured as follows: a fee is charged based on the net asset value of the class. The fee rate is calculated weekly by comparing the class' performance over three years against the MSCI All Country Asia ex Japan (Net) (US\$) Index prior to 1 November 2016 and against the MSCI Emerging Markets Index thereafter. For each percentage point of three year performance above or below that benchmark's performance, 0.04 percentage points are added to or deducted from 1.5%, subject to the following limits:

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

For a description of the management fee borne by the Fund's other share classes, please refer to the Fund's Prospectus.

Fees, Expenses and Total Expense Ratio (TER)

The relevant class within the Fund bears all expenses payable by such class, which shall include but not be limited to fees payable to its Manager, Portfolio Manager and additional service providers, fees and expenses involved in registering and maintaining governmental registrations, taxes, duties and all other operating expenses, including the cost of buying and selling assets.

Where an investor subscribes or redeems an amount representing 5% or more of the net asset value of the Fund, the Manager may cause the Fund to levy a fee of 0.75% of the net asset value of the Fund 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 class 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 2016 | % | 31 March 2017 | % |
|----------------------|-------------|---------------------------|-------------|
| Baidu | 7.4 | Baidu | 7.6 |
| Korea Electric Power | 5.5 | Korea Electric Power | 7.2 |
| NetEase | 4.7 | NetEase | 5.2 |
| Sberbank of Russia | 4.2 | Kiwoom Securities | 4.5 |
| Kiwoom Securities | 4.2 | Sohu.com | 4.2 |
| Sohu.com | 4.1 | JD.com | 4.0 |
| KB Financial Group | 3.9 | KB Financial Group | 3.8 |
| Lotte Shopping | 3.7 | Lotte Shopping | 3.7 |
| Olam International | 3.5 | Genting Berhad | 3.1 |
| JD.com | 3.3 | Jardine Matheson Holdings | 3.1 |
| Total | 44.6 | Total | 46.4 |

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 SICAV Emerging Markets 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 Portfolio Manager can be contacted at +1 441 296 3000 or clientservice@orbis.com. The Fund's Depository is Citibank Europe plc, Luxembourg Branch, 31 Z.A. Bourmicht, L-8070 Bertrange, Luxembourg. 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 by share class, normally as of 5:30 pm (Bermuda time) (i) in the case of the Investor Share class, each Thursday (or, if a Thursday is not a business day, the preceding business day), (ii) in the case of the Refundable Reserve Fee Share Classes, the first Thursday of each calendar month and any other Thursday on which an investor transacts in such class (or, if a Thursday is not a business day, the preceding business day), (iii) on the last calendar day of each month (or, if that is not a weekday, the preceding weekday) and/or (iv) any other days in addition to (or substitution for) any of the days described in (i), (ii) or (iii), as determined by the 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 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 Investor Share Class 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. Neither the Manager nor the Portfolio Manager provides any 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 Portfolio 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 Portfolio 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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