

Orbis Emerging Markets Equity

Latin America represents 12% of the MSCI Emerging Markets Index, but shares from the region currently comprise just over 1% of the Orbis Emerging Markets Equity Strategy.

At first glance Latin American shares look expensive, trading at close to 20 times trailing earnings—a more than 20% premium to the emerging markets (EM) average—in spite of a long-term record of below-average growth in earnings per share. Moreover, almost 60% of the market is comprised of financial or commodity stocks (vs. 30% in Asia), which typically command lower valuation multiples than those in other areas of the market, like technology and consumer stocks. This does not appear to be a promising starting point for long-term investors.

It is also important to assess potential equity returns relative to local interest rates. For example, a 12% expected annual return may look attractive if interest rates are 2%, but if you can get a 10% return by simply holding cash, it starts to lose its appeal. Partly due to a history of higher inflation, interest rates are typically higher in Latin America than in emerging markets more broadly. They are currently 3-4 percentage points higher than the emerging markets average, which increases the hurdle rate for potential equity investments. Furthermore, higher interest rates translate into higher currency hedging costs.

Investors often seem to look at Latin America as a bet on the broader economy. Many shares get indiscriminately beaten down on bad news, creating attractive investment opportunities, and then see their valuations shoot up to unsustainable levels on good economic news. For instance, the Brazilian market has experienced boom-and-bust cycles in part due to its commodity-driven economy and related exposure to Chinese demand. Today it finds itself back in favour with the Bovespa Index trading at price-to-book valuations only previously surpassed in the ebullience that preceded the global financial crisis, when Brazil was the largest EM stockmarket.

Mexico has always been close to home for US investors, whose large inflows significantly raised the valuations of Mexican equities from 2004 to 2014. We have found few attractive opportunities there in recent years, as valuations have remained relatively high. While staying flat in absolute terms, Mexican shares have lagged the broader EM Index by 50% over the last two years. A large portion of Mexico's recent underperformance has resulted from a weaker currency rather than lower equity valuations, and our lack of enthusiasm for Mexican shares does not extend to its currency.

We view the Mexican peso as attractively valued, most probably driven by investor concerns over the outlook for NAFTA and the threat of populism. While there are certainly risks in Mexico, we see them as adequately discounted in the peso's current price. Consequently, despite its lack of exposure to Mexican shares and as a partial counterbalance to our hedging the Chinese currency, the Strategy holds an approximately 4% exposure to the peso, very slightly above Mexico's weight in the MSCI Emerging Markets Index.

As bottom-up investors, we invest in individual stocks, not the entire stockmarket, and expensive markets can still contain attractive stocks. Our finding few compelling opportunities in the region is not for lack of effort. Over the past two years across our research teams globally, we have closely analysed about 50 Latin American stocks. This represents about one quarter of the EM companies researched by Orbis analysts in that time.

Despite these intensive efforts, we identified few opportunities in Latin America that we consider potentially more attractive than the ideas already held in the portfolio. Sul América, a leading Brazilian health insurer, is an exception. We established a position in the stock in mid-2017 because short-term concerns gave us the opportunity to purchase shares in a strong health insurance franchise at a price that did not reflect its potential for sustained, profitable growth.

Insurance penetration is low in Brazil—less than 4% of gross domestic product compared with around 8% in developed countries—but insurance stocks underperformed sharply throughout 2016 due in part to a drop in interest rates. When interest rates fall sharply, insurers' recurring investment income is lower than they expected when they priced their policies, which hurts their profits. In addition, Brazil's rising unemployment due to a deep recession has forced many companies and individuals to cancel their health plans temporarily. With unease lingering, customers have over-utilised their plans due to uncertainty about whether they will be able to afford them in the future. This increase in claims has further compressed operating margins.

We bought Sul América against this backdrop of weak profitability and sentiment. The company reprices its policies every year, which allows it to respond to lower interest rates by raising insurance premiums. It has also proved its resilience before, managing not to lose money during the global financial crisis or during the

Orbis Emerging Markets Equity (continued)

most severe recession suffered by Brazil in decades; the company's return on equity stayed above 14% during both shocks. We believe Sul América can continue to prove its mettle in the face of a challenging operating environment. Its customer retention rate of more than 90% is evidence of its strong pricing power and the stickiness of its customer base.

Indeed, as it becomes harder for smaller players to meet growing capital requirements in a tough economic environment, bigger players such as Sul América tend to gain market share. A down-cycle makes capital more scarce which, coupled with the introduction of higher capital requirements, leaves many operators struggling to stay afloat. This effectively offers the benefit of industry consolidation without the merger and acquisition costs it would otherwise take to get smaller operators out of the market, rewarding well-capitalised operators.

The company is poised to benefit from a number of structural changes. Private insurance firms stand to gain from a rollback in public services and, with the Brazilian senate passing a 20-year cap on public spending in late 2016, the private healthcare pie looks to be steadily growing. Demographic changes are also likely to provide a tailwind, with the population of adults aged over 60 expected to double in the next 20 years. We also consider corporate governance risk to be low: Sul América has been controlled for more than 120 years by the Larragoiti family, which continues to own approximately 30% of the company and has historically acted in shareholders' best interests.

We believe we have found a good business with attractive long-term growth prospects trading at a reasonable price. Amid a weak industry cycle and poor sentiment, we were able to purchase shares in Sul América at a valuation of less than ten times earnings.

This is a good example of the bottom-up stockpicking that drives the Strategy's geographical exposures. At present we have found more attractive opportunities elsewhere in emerging markets, most notably in Asia, rather than in Latin America. That allocation will change over time, as share prices move relative to our assessment of intrinsic value. For now, we continue our patient research of opportunities in the Latin American region, as well as across the broader emerging market universe, and are confident that we can act swiftly when meaningful discounts to intrinsic value present themselves.

Commentary contributed by Stefan Magnusson and Andres Vazquez, Orbis Investment Management (Hong Kong) Limited, Hong Kong

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.

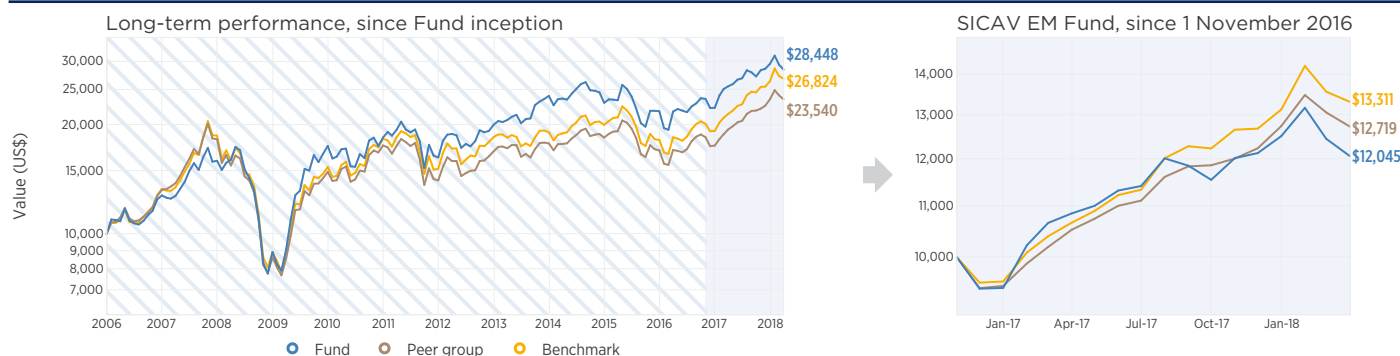
Orbis SICAV Emerging Markets Equity Fund

The Fund seeks higher returns than the average of the equity 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 taxes ("MSCI Emerging Markets Index"). Currency exposure is managed relative to that of the MSCI Emerging Markets Index.

| | | | |
|---------------------------|----------------------|---------------------------|---|
| Price | US\$26.86 | Benchmark | MSCI Emerging Markets Index |
| Pricing currency | US dollars | Peer group | Average Global Emerging Markets Equity Fund Index |
| Domicile | Luxembourg | Minimum investment | US\$50,000 |
| Type | SICAV | Dealing | Weekly (<i>Thursdays</i>) |
| Share class | Investor Share Class | Entry/exit fees | None |
| Fund size | US\$3.3 billion | UCITS compliant | Yes |
| Fund inception | 1 January 2006 | ISIN | LU0241795839 |
| Strategy size | US\$3.4 billion | | |
| Strategy inception | 1 January 2016 | | |

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 | 8.9 | 7.2 | 8.4 |
| 10 years | 5.9 | 4.3 | 5.3 |
| 5 years | 6.6 | 6.4 | 7.8 |
| 3 years | 6.7 | 7.0 | 8.5 |
| Since SICAV EM (1 Nov 2016) | 14.1 | 18.6 | 22.4 |
| 1 year | 11.1 | 20.9 | 24.9 |
| Not annualised | | | |
| 3 months | (3.6) | (0.1) | 1.4 |
| 1 month | (3.1) | | (1.9) |
| | | 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 (%) | 22.4 | 20.5 | 21.3 |
| Beta vs benchmark | 1.0 | 1.0 | 1.0 |
| Tracking error vs benchmark (%) | 7.7 | 3.0 | 0.0 |

Fees & Expenses¹ (%), for last 12 months

| | |
|---|-------------|
| Management fee ² | 1.48 |
| For 3 year performance in line with benchmark | 1.50 |
| For 3 year outperformance/(underperformance) vs benchmark | (0.02) |
| Fund expenses | 0.11 |
| Total Expense Ratio (TER) | 1.59 |

Geographical & Currency Allocation (%)

| Region | Equity | Currency | Benchmark |
|----------------------|------------|------------|------------|
| China/Hong Kong | 31 | 27 | 30 |
| Korea | 21 | 22 | 15 |
| Africa | 12 | 12 | 7 |
| Europe & Middle East | 10 | 10 | 8 |
| Rest of Asia | 10 | 10 | 8 |
| Taiwan | 8 | 8 | 12 |
| India | 3 | 3 | 8 |
| Latin America | 1 | 5 | 12 |
| Other | 3 | 3 | 0 |
| Net Current Assets | 1 | 0 | 0 |
| Total | 100 | 100 | 100 |

Top 10 Holdings

| | MSCI Sector | % |
|---------------------------|------------------------|-------------|
| NetEase | Information Technology | 9.8 |
| Naspers | Consumer Discretionary | 8.4 |
| Kiwoom Securities | Financials | 6.1 |
| Korea Electric Power | Utilities | 5.4 |
| JD.com | Consumer Discretionary | 5.2 |
| Taiwan Semiconductor Mfg. | Information Technology | 4.6 |
| Jardine Matheson Holdings | Industrials | 4.4 |
| British American Tobacco | Consumer Staples | 4.1 |
| Olam International | Consumer Staples | 3.7 |
| Genting Berhad | Consumer Discretionary | 3.5 |
| Total | | 55.3 |

Portfolio Concentration & Characteristics

| | |
|---------------------------------|----|
| % of NAV in top 25 holdings | 91 |
| Total number of holdings | 35 |
| 12 month portfolio turnover (%) | 50 |
| 12 month name turnover (%) | 26 |
| Active share (%) | 89 |

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 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. |
| Investment Manager | Orbis Investment Management Limited |
| Inception date | 1 January 2006 |
| Number of shares (Investor Share Class) | 32,982,601 |
| Income distributions during the last 12 months | None |

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 Investment 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 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 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 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 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 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's various share classes bear different management fees. The fees are designed to align the Manager's and Investment 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, Investment 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 2017 | % | 31 March 2018 | % |
|---------------------------|-------------|---------------------------|-------------|
| NetEase | 10.2 | NetEase | 9.8 |
| Naspers | 8.8 | Naspers | 8.4 |
| JD.com | 5.9 | Kiwoom Securities | 6.1 |
| Korea Electric Power | 5.3 | Korea Electric Power | 5.4 |
| Kiwoom Securities | 4.6 | JD.com | 5.2 |
| Baidu | 3.9 | Taiwan Semiconductor Mfg. | 4.6 |
| Jardine Matheson Holdings | 3.8 | Jardine Matheson Holdings | 4.4 |
| Taiwan Semiconductor Mfg. | 3.8 | British American Tobacco | 4.1 |
| Newcrest Mining | 3.6 | Olam International | 3.7 |
| MediaTek | 3.4 | Genting Berhad | 3.5 |
| Total | 53.4 | Total | 55.3 |

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)

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 Investment 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 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 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 Investment 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 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

MSCI: The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).

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