

## Our Thinking

There are few guarantees in investing. Yet we can make one: in the future, as in the past, there will be periods when we underperform. We are in one such period now in several Strategies, including our Global Equity Strategy, which is illustrative given its breadth.

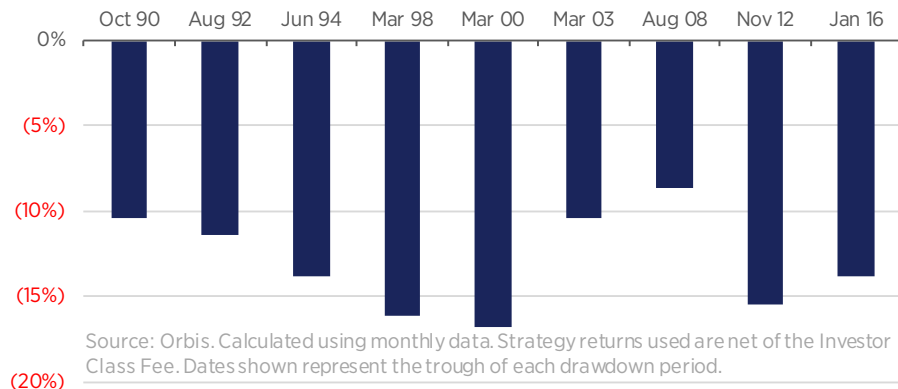
These periods are a normal part of our approach, but as co-investors in the Funds, we know that doesn't make them any more comfortable. This discomfort, however, is one reason why our approach can add value over the long term. Markets reward investors who can be patient and control their emotions. Put differently, contrarian investing works because it hurts.

### Underperformance is a normal part of active investing

In April, we wrote that volatility in absolute returns is a normal part of investing. Absolute returns are our focus when we think about risk, and ultimately they matter most. But we also spend time thinking about relative returns—how the Funds are performing compared to their benchmarks. With our active approach, the Funds' portfolios look very different from their benchmarks, and with very different portfolios, their returns necessarily trace very different paths. Inevitably, the benchmark's path sometimes looks better.

### Underperformance is normal: we have seen nine worse periods

Worst peak-to-trough drawdowns in the relative return of the Orbis Global Equity Strategy vs the FTSE World Index, Jan 1990 to Jul 2018



The current underperformance (~8% since 31 Jan) in the Global Equity Strategy is normal in the context of its history. As the chart shows, the Strategy has experienced nine worse periods since its inception in 1990—about one every three years on average. In each case, returns recovered and the Strategy reached a new high of outperformance.

What can we take from this? For one, performance can get worse. Though our stock selections were ultimately vindicated, performance in the run-up to the tech bubble in 2000 was painful indeed. But perhaps more importantly, the chart confirms that underperformance is an inevitable feature of our approach.

Another feature of our approach is that, in good times and bad, we expect our performance to be driven by our individual stock selections. That has been the case

recently. Just four shares, each of which is held in at least one other Strategy, explain most of the Global Equity Strategy's year-to-date underperformance:

Shares of Symantec, a cybersecurity software developer, fell 33% after an announcement about an internal accounting investigation. As we wrote in May, the company subsequently offered reassurance that the financial impact would not be material, but the episode has left investors feeling uncertain.

NetEase is a long-held Chinese online game and internet company. The stock dropped amid market volatility in February, then again in May as the company reported lower margins due to increased marketing investments. Supportive of the long-term strategy, we bought more at various prices as the stock fell 16% from its pre-results level. It has since recovered much of its May decline.

Arconic's stock sold off when the aerospace parts maker cut its profit guidance in late April. This month, it recovered most of that drop on reports that private equity firms have offered to buy the company. It appears we aren't alone in thinking that Arconic trades at an attractive discount to its true long-term value.

Most publicly, Facebook shares fell nearly 20% the day after the company forecasted lower growth and margins than investors expected. Before the earnings call, the stock had been the Global Equity Strategy's biggest contributor to year-to-date returns; it is now a detractor.

In every case, our response is the same. We continue to apply our disciplined approach, analysing each business to judge whether it trades at an attractive discount to its true value. And at all times, we retain a long-term perspective.

### The reward for patience

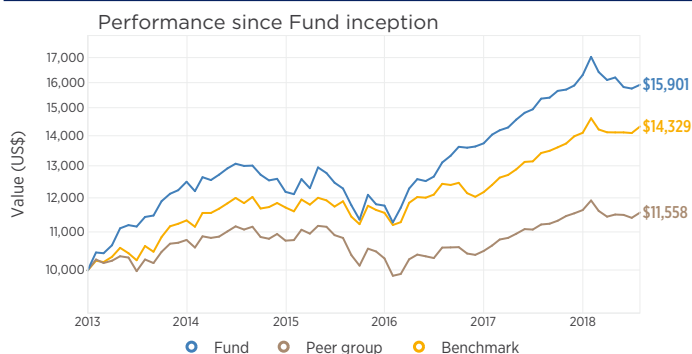
Periodic underperformance isn't unique to us. Earlier this year, our sister firm Allan Gray Australia performed a [fascinating thought experiment](#). What if you knew which fund would be the best performer over the next five years? And what if you could pick the winner every five years for as long as you invest? Armed with this perfect foresight, an investor could have achieved nearly double the Australian market's annualised return over 35 years, leaving them with more than 14 times the final wealth of an index investment. But along the way, they would've gone through some deeply uncomfortable periods. More than once, they went four years without outperforming, and at times, they underperformed the market by as much as 39%. The lesson? At its best, active management can make an enormous difference for investors. But realising that difference requires patience.

*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 Global Balanced Fund

The Fund seeks to balance appreciation of capital, income generation and risk of loss with a diversified global portfolio of equity, fixed income and commodity-linked instruments. It aims to earn higher long-term returns than its benchmark, which is comprised of 60% MSCI World Index with net dividends reinvested and 40% JP Morgan Global Government Bond Index ("60/40 Index"), each in US dollars.

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



## Returns (%)

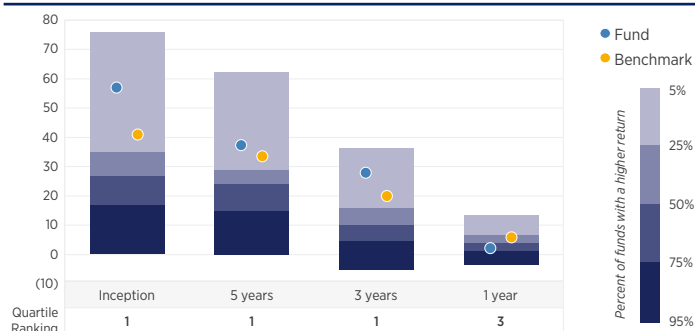
	Fund	Peer group	Benchmark
<b>Annualised</b>			
	Net		Gross
Since Fund inception	8.7	2.6	6.7
5 years	6.8	2.4	6.2
3 years	9.0	2.1	6.4
1 year	3.5	3.0	6.9
<b>Not annualised</b>			
Calendar year to date	(2.4)	(0.6)	1.6
3 months	(1.8)	0.5	1.5
1 month	1.0		1.7

	Year	%
Best performing calendar year since Fund inception	2013	24.8
Worst performing calendar year since Fund inception	2015	(3.4)

## Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Largest drawdown (%)	14	12	7
Months to recovery	25	27	22
Annualised monthly volatility (%)	8.3	6.1	6.5
Beta vs World Index	0.7	0.6	0.6
Tracking error vs benchmark (%)	4.4	2.1	0.0

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



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.

Price	US\$15.81	Benchmark	60/40 Index
Pricing currency	US dollars	Peer group	Average Global Balanced Fund Index
Domicile	Luxembourg	Minimum investment	US\$50,000
Type	SICAV	Dealing	Weekly (Thursdays)
Share class	Investor Share Class	Entry/exit fees	None
Fund size	US\$4.2 billion	UCITS compliant	Yes
Fund inception	1 January 2013	ISIN	LU0891391392
Strategy size	US\$4.2 billion		
Strategy inception	1 January 2013		

## Asset Allocation (%)

	North America	Europe	Asia ex-Japan	Japan	Other	Total
<b>Fund</b>						
Gross Equity	30	23	12	9	5	77
Net Equity	16	20	10	8	4	58
Gross Fixed Income	18	1	0	0	0	19
Net Fixed Income	18	1	0	0	0	19
Commodity-Linked						4
<b>Total</b>	<b>48</b>	<b>24</b>	<b>12</b>	<b>9</b>	<b>5</b>	<b>100</b>
<b>Benchmark</b>						
Equity	39	14	1	5	2	60
Fixed Income	17	15	0	8	1	40
<b>Total</b>	<b>55</b>	<b>28</b>	<b>1</b>	<b>13</b>	<b>2</b>	<b>100</b>

## Currency Allocation (%)

	Fund	Benchmark
US dollar	45	53
Euro	14	19
British pound	14	7
Japanese yen	12	13
Other	14	9
<b>Total</b>	<b>100</b>	<b>100</b>

## Top 10 Holdings

	Sector	%
AbbVie	Health Care	4.5
BP	Energy	4.4
Treasury Note 1.125% 28 Feb 2019	Government Bond	4.1
Royal Dutch Shell	Energy	3.7
SPDR Gold Trust	Commodity-Linked	3.5
Bristol-Myers Squibb	Health Care	3.2
Taiwan Semiconductor Mfg.	Information Technology	2.9
NetEase	Information Technology	2.8
XPO Logistics	Industrials	2.7
Alphabet	Information Technology	2.4
<b>Total</b>		<b>34.2</b>

## Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	60
Total number of holdings	90
12 month portfolio turnover (%)	58
12 month name turnover (%)	45

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

Management fee <sup>1</sup>	2.17
For 3 year performance in line with benchmark	1.50
For 3 year outperformance/(underperformance) vs benchmark	0.67
Fund expenses	0.10
<b>Total Expense Ratio (TER)</b>	<b>2.27</b>

## See Notices for important information about this Fact Sheet.

<sup>1</sup>1.5% per annum  $\pm$  up to 1%, based on 3 year rolling outperformance/(underperformance) vs benchmark.

## Orbis SICAV Global Balanced Fund

This Fact Sheet is a Minimum Disclosure Document and a monthly General Investor Report as required by the South African Financial Services Board. Please note that all references to the "Investor Share Class" in this document exclude the "Institutional Investor Share Class" referred to in the Fund's Prospectus.

<b>Manager</b>	Orbis Investment Management (Luxembourg) S.A.
<b>Investment Manager</b>	Orbis Investment Management Limited
<b>Inception date</b>	1 January 2013
<b>Number of shares (Investor Share Class)</b>	26,602,826
<b>Income distributions during the last 12 months</b>	None

### Fund Objective and Benchmark

The Fund seeks to balance appreciation of capital, income generation and risk of loss with a diversified global portfolio. It aims for higher long-term returns than its designated combined equity and bond performance benchmark, which is comprised of 60% MSCI World Index with net dividends reinvested and 40% JP Morgan Global Government Bond Index, each expressed in US\$ (the "60/40 Index").

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

The Fund is actively managed and invests in equities, fixed income instruments and commodity-linked instruments. Fund weightings among the different asset classes are determined based on their income, appreciation and risk of loss potential, with appropriate diversification. The Investment Manager may cause the Fund to be under or over the targets described in the remainder of this section when it considers this to be in the Fund's best interest.

**Equities.** The Investment Manager targets the Fund to hold 40-90% of its net asset value in a pool of global equities. The Fund invests in shares considered to offer fundamental value and dividend paying potential that is superior to its benchmark. 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 the main risk of investing in equities is that their prices will decline if relevant stockmarkets fall significantly. To reduce this risk, when Orbis' research suggests that stockmarkets are overvalued and vulnerable, the Investment Manager will reduce exposure to, or hedge, stockmarket risk. When Orbis' research suggests that stockmarkets represent good value, the Investment Manager will increase exposure to stockmarket risk by decreasing the amount of any hedging. The Fund may utilise exchange-traded derivatives for investment efficiency purposes by helping the Fund to be continuously fully exposed to equities (within the Investment Manager's targets) at all times. Furthermore, the Fund may buy and sell exchange-traded equity options for investment efficiency purposes, but only to the extent the Fund is capable of meeting its payment or delivery obligations related to such options, for example, by holding the underlying security.

**Fixed Income Instruments.** The Investment Manager targets the Fund to hold 10-50% of its net asset value in fixed income instruments issued by corporate bodies, governments and other entities. These are selected to provide current income, liquidity and portfolio diversification for the purpose of reducing risk of loss. When Orbis' research suggests that bond markets are overvalued and vulnerable, the Investment Manager will reduce exposure to, or hedge, bond market risk. When Orbis' research suggests that bond markets represent good value, the Investment Manager will increase exposure to bond market risk by decreasing the amount of that hedging. The Fund's fixed income selections in aggregate may differ significantly from the benchmark in duration and credit quality. In addition, the Fund may invest in money market instruments, cash and cash equivalents.

**Commodity-linked Instruments.** The Investment Manager targets the Fund to hold 0-10% of its net asset value in commodity-linked instruments, which may provide the Fund with indirect exposure to commodities. The Fund will gain exposure to commodities if the Investment Manager's investment research process identifies a commodity or class of commodities as being more attractive than overall equity and fixed income opportunities, taking into account any risk reduction benefits of diversification.

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.

Since inception and over the latest five-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. The Fund's holdings usually differ meaningfully from the 60/40 Index.

### Risk/Reward Profile

- The Investment Manager aims to contain the risk of monetary loss to a level that is below the risk of loss experienced by global equity funds but higher than that experienced by government bond funds and cash deposits over the long term. Investors should be aware that this expected reduction in risk of loss comes at the expense of long-term expected return.
- Investments in the Fund may suffer capital loss.
- Investors should understand that the Investment Manager generally assesses an investment's attractiveness over 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 60/40 Index. 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

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 services 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. However, the Manager and the Investment Manager have agreed that in the current calendar year, except for specified exclusions, operating expenses attributable to the Fund's Investor Share Class will be capped at 0.20%. Please refer to the Fund's Prospectus for a description of the fee cap applicable to its other share classes. Each cap will be automatically extended for further successive one year periods unless terminated by the Manager or the Investment Manager at least three months prior to the end of the then current term. The operating expenses that are capped are all expenses, excluding the Manager's and Investment Managers' fees described above under "Management Fee," the cost of buying and selling assets, interest and brokerage charges.

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 0.40% 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 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

30 April 2018	%	31 July 2018	%
AbbVie	4.6	AbbVie	4.5
BP	4.0	BP	4.4
Treasury Note 1.125% 28 Feb 2019	3.8	Treasury Note 1.125% 28 Feb 2019	4.1
Royal Dutch Shell	3.5	Royal Dutch Shell	3.7
SPDR Gold Trust	3.3	SPDR Gold Trust	3.5
Bristol-Myers Squibb	3.1	Bristol-Myers Squibb	3.2
XPO Logistics	2.7	Taiwan Semiconductor Mfg.	2.9
Mitsubishi	2.2	NetEase	2.8
Alphabet	2.1	XPO Logistics	2.7
Samsung Electronics	2.1	Alphabet	2.4
<b>Total</b>	<b>31.5</b>	<b>Total</b>	<b>34.2</b>

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# Orbis SICAV Global Balanced 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 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 and Institutional 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](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 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.

## Fund Information

The benchmark is a composite index consisting of the MSCI World Index with net dividends reinvested (60%) and the JP Morgan Global Government Bond Index (40%).

Net Equity is Gross Equity minus stockmarket hedging. Fixed Income refers to fixed income instruments issued by corporate bodies, governments and other entities, such as bonds, money market instruments and cash and cash equivalents. Fixed Income regional allocation is based on the currency denomination of the instrument. Net Fixed Income is Gross Fixed Income minus bond market hedging.

## 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

The 60/40 Index returns are calculated by Orbis using end of day index level values licensed from MSCI ("MSCI Data"). For the avoidance of doubt, MSCI is not the benchmark "administrator" for, or a "contributor", "submitter" or "supervised contributor" to, the blended returns, and the MSCI Data is not considered a "contribution" or "submission" in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided "as is" without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilising any MSCI Data, models, analytics or other materials or information. JP Morgan Global Government Bond Index (the "GBI"): Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The GBI is used with permission. Copyright 2018, J.P. Morgan Chase & Co. All rights reserved. The 60/40 Index may not be copied, used, or distributed without prior written approval.

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