

Orbis Japan Equity

On 1 Jan 2018, Orbis Japan will celebrate its 20th anniversary. Over its history, it has typically held about 35 shares at a time, and cumulatively over 150. Over a third of those picks have underperformed, but out of the winners, two names stand out. The first is a company that has been in the fund both at inception and today—the drugstore operator Sundrug. The second is Sundrug’s closest peer, Tsuruha. In the history of your Fund, there are no better illustrations of our long-term, fundamental investing approach.

Initial attraction

We first looked at Sundrug in the late 1990s. At the time, we found the drugstore industry to be less mature in Japan than in the US or UK, and more attractive for investors. In those countries, one or two companies dominated the market. It was easy to see why. Larger chains have many advantages, from procurement to distribution to hiring. For a mom and pop drugstore in the US or UK, seeing CVS or Boots open across the street was a sure sign of trouble. They would have a wider product range, which they could offer at lower prices while still earning better profits. We saw no reason why the business should work differently in Japan. Yet the Japanese drugstore market was composed mostly of small operators, with the top six chains making up less than a quarter of the market. We believed industry consolidation would take place in Japan just as it had in the US and UK and it would prove rewarding for shareholders as the best-managed chains pressed their advantages.

Dating

We set about finding the best operators. Although we are value-oriented, we do not necessarily/simply buy the cheapest stock when we find an attractive sector. Our preference is to buy the best company in the industry even if it trades at a higher price multiple provided that it is still available at a large discount to our view of its intrinsic value. To complement our fundamental research, we have travelled to Japan and met on multiple occasions with the management teams of a number of drugstore companies. We found Sundrug first. In 1998, we believed the stock offered well-above-average growth potential, but traded at a below-average valuation. It has gone on to be the strategy’s largest contributor to performance, and we have held it for a total of 17 years and 5 months out of the Fund’s near-20 year history. As we continued to build our knowledge of the drugstore industry, we found another attractive company in Tsuruha. First bought for the Fund at the end of 2000, Tsuruha has been held continuously since then, and is now the second-largest contributor to performance since inception.

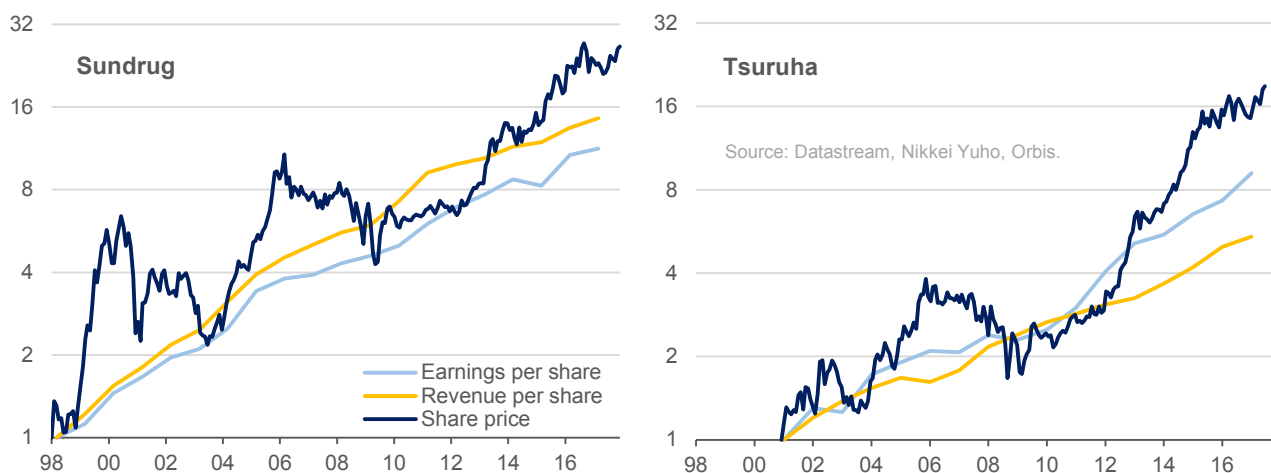
Getting married

That may seem strange. Our philosophy is to buy shares that offer a discount to intrinsic value, then—if we are right—hold them until our thesis plays out and the discount closes. If the drugstores have been such amazing performers, hasn’t the thesis played out?

It has been playing out for over 15 years—and it still is. Our work does not stop when we decide to invest in a stock. Nor does an initial purchase start a countdown to the day we will sell. We continually reassess our estimate of the intrinsic value, always with a long-term view. At each point, we compare our estimate of intrinsic value to the company’s valuation. As long as we continue to see a discount, we are willing to keep holding the stock.

Growth keeps the price reasonable

Earnings per share, revenue per share, and share price of Sundrug and Tsuruha, all rebased, first purchase to Sep 2017



Orbis Japan Equity (*continued*)

Over the long term, Sundrug has grown earnings and revenues by approximately 15% per annum. As intrinsic value has increased, so has the company's market value, but not by enough to cause us to exit the position. Tsuruha's experience has been similar, with even more rapid growth in recent years. We call such stocks "compounders"—companies that can grow earnings at above-average rates for long periods by reinvesting cash flows into profitable opportunities. The drugstore operators' compounding has resulted from a combination of attractive characteristics.

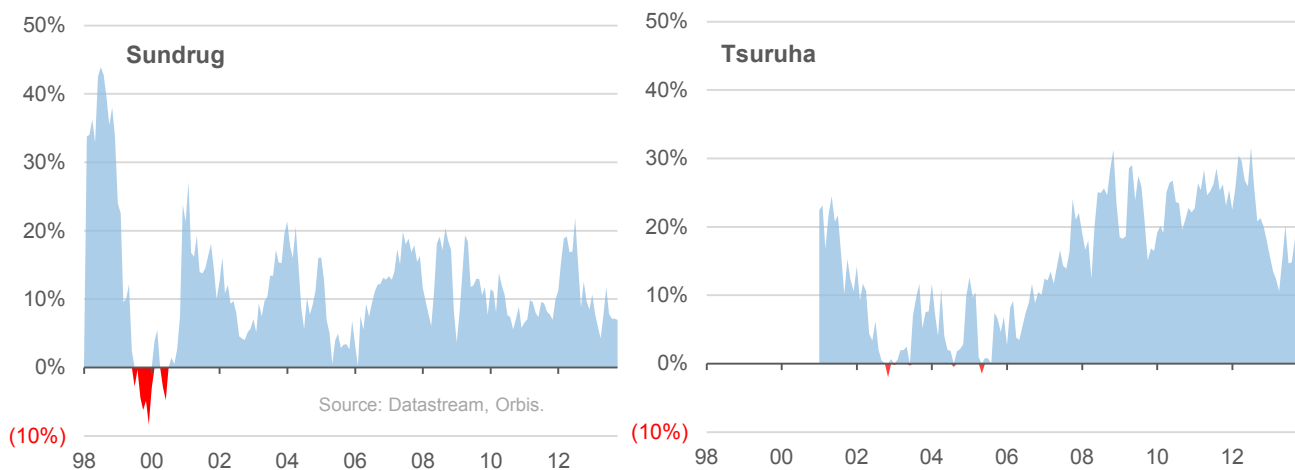
Successful Japanese drugstores have been able to capture bigger slices of a growing pie by out-competing or acquiring less efficient firms. In Sundrug's case, low costs have been a key competitive edge. Being the low-cost player in the industry allows it to offer low prices to customers whilst securing industry-leading profit margins. Management has consistently reinvested these cash flows into profitable new stores. Over time, purchases of smaller retail chains also became an additional source of growth, and the company has an excellent acquisition track record. Sundrug is exceptional at increasing the profitability of acquired chains. In 2009, the company bought Direx, a discount store chain in southern Japan. Since the acquisition, Sundrug managed to increase Direx's operating profit margin from 1.3% to above 4% by improving its operations and merchandising through means such as rolling out drugs and cosmetic products to Direx stores. Tsuruha also has a great record in acquisitions. It is often considered to be the preferred buyer when founders of smaller chains look to sell. In some cases, founders have even offered to sell their stake at a lower price to Tsuruha to accommodate the transaction. Buying smaller high-quality chains at attractive prices has supported Tsuruha's continued growth.

Remembering anniversaries

The drugstores' strong fundamental performance has meant that buying them at almost any time in the past 20 years would have been rewarding.

Compounders can deliver consistent outperformance for many years

Sundrug and Tsuruha rolling 4-year forward annualised relative return vs the TOPIX, first purchase to Sep 2013



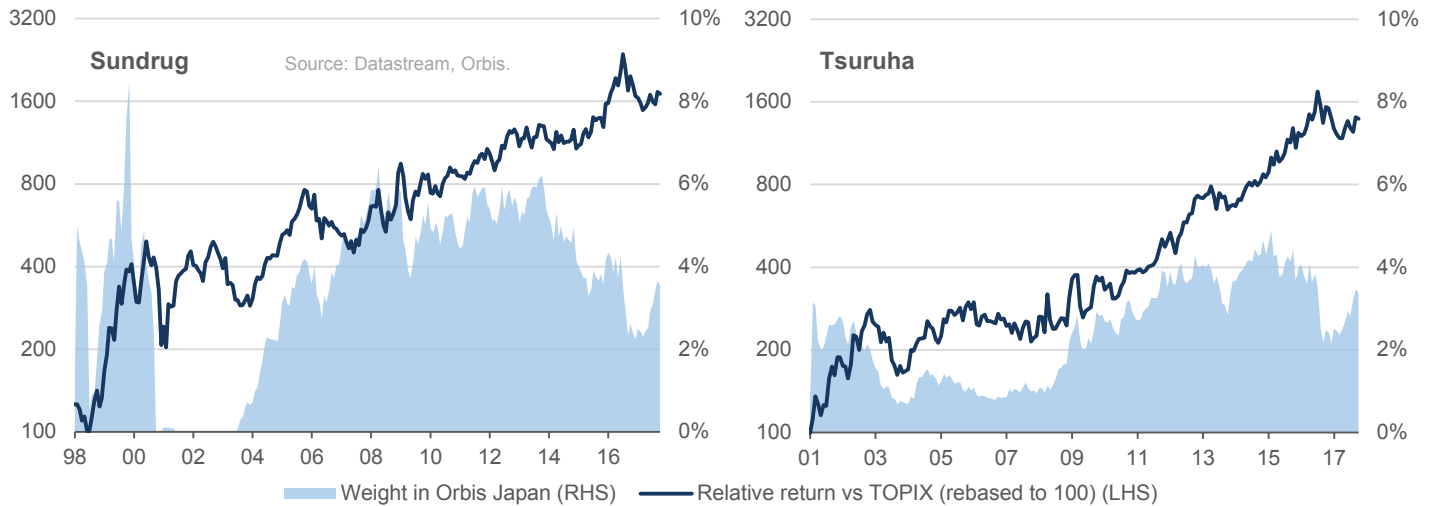
Consider early 2006, for instance. Sundrug traded at 32 times earnings—hardly a cheap multiple. But the company's growth since then has been so strong that investors in early 2006 could have paid up to 75 times earnings and still matched the return of the wider Japanese market to date.

Over the Fund's history, holdings in Sundrug and Tsuruha have varied. At times, they have been valued more highly, and at other times, the market has greatly underappreciated the companies' growth prospects. We have not been immune to that mistake. In recent years, we have trimmed the Funds' positions in the drugstores, particularly in 2014. This was painful for performance, as our trimming preceded a period of excellent performance for the drugstores and other retailers. While it is inevitable that the companies' growth will slow, we were clearly too early to trim. Simply holding on would have delivered even more pleasing returns.

Orbis Japan Equity (*continued*)

With hindsight, we were too early in trimming positions in the drugstores

Sundrug and Tsuruha weight in Orbis Japan and cumulative relative return vs TOPIX (rebased to 100 at first purchase) to Sep 2017



As Sundrug and Tsuruha have continued to post impressive growth, the market has gradually come to appreciate their fundamental quality. Today the stocks trade at over 20 times earnings—not the priciest they have ever been, but far from depressed levels. The discounts to our view of intrinsic value today are clearly narrower than they once were. But with continued opportunities for above-average growth, we continue to believe Sundrug and Tsuruha represent reasonable long-term value.

When they trade at undemanding prices, compounders can be great stocks to own. If we could find other attractively valued compounders like Sundrug and Tsuruha, we would likely hold more of them. Today, however, most companies with clear growth prospects are trading at stretched valuations, and at a high enough price, even a fast-growing company can be a poor investment. As always, we remain focused on the relationship between companies' prices and their fundamentals. Lately that has led us to favour more "value" shares in cyclical sectors. Still, the lesson of the last 20 years is not lost on us: value shares may be more attractive today, but we will always keep an eye out for the next Sundrug.

Commentary contributed by Kaori Mackay, Orbis Portfolio Management (Europe) LLP, London

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.



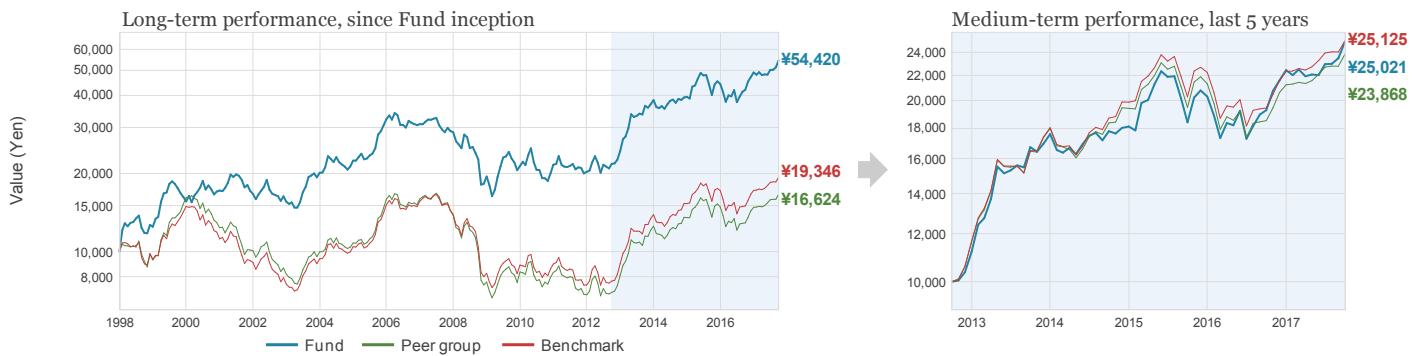
Orbis SICAV Japan Equity (Yen) Fund

The Fund is designed to remain fully invested in Japanese equities and seeks higher returns than the Japanese stockmarket, without greater risk of loss. It is predominantly exposed to the Japanese yen. The benchmark is the Tokyo Stock Price Index, including income, gross of withholding taxes ("TOPIX").

Price	¥5,442	Benchmark	TOPIX
Pricing currency	Japanese yen	Peer group	Average Japan 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	¥227 billion	UCITS IV compliant	Yes
Fund inception	1 January 1998	ISIN	LU0160128079
Strategy size	¥247 billion		
Strategy inception	1 January 1998		

See Notices for important information about this Fact Sheet

Growth of ¥10,000 investment, net of fees, dividends reinvested



Returns (%)

	Fund	Peer group	Benchmark
Annualised	<i>Net</i>		<i>Gross</i>
Since Fund inception	9.0	2.6	3.4
15 years	8.3	4.3	5.9
10 years	6.6	0.8	2.4
5 years	20.1	19.0	20.2
3 years	12.1	9.1	10.3
1 year	29.8	28.9	29.3
Not annualised			
Calendar year to date	11.4	12.4	12.5
3 months	8.9	5.0	4.7
1 month	6.4		4.3
		Year	%
Best performing calendar year since Fund inception		2013	57.0
Worst performing calendar year since Fund inception		2008	(32.4)

Sector Allocation (%)

Sector	Fund	Benchmark
Cyclicals	44	41
Consumer Non-Durables	28	22
Information and Communications	13	8
Financials	13	12
Technology	0	15
Utilities	0	2
<i>Net Current Assets</i>	<i>1</i>	<i>0</i>
Total	100	100

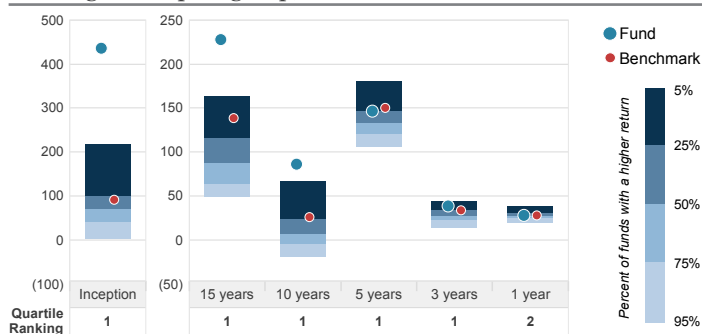
Top 10 Holdings

	Sector	%
NEXON	Information and Communications	9.1
Mitsubishi	Consumer Non-Durables	9.0
Daito Trust Construction	Cyclicals	8.1
Honda Motor	Cyclicals	7.2
Sumitomo Mitsui Fin.	Financials	6.3
Mitsubishi UFJ Financial Group	Financials	4.9
INPEX	Cyclicals	4.8
Sumitomo	Consumer Non-Durables	4.8
Toyota Motor	Cyclicals	4.5
Iida Group Holdings	Cyclicals	4.2
Total		62.8

Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Largest drawdown (%)	52	60	56
Months to recovery	90	>123 ¹	93
% recovered	100	99	100
Annualised monthly volatility (%)	18.5	18.3	17.8
Beta vs benchmark	0.9	1.0	1.0
Tracking error vs benchmark (%)	9.6	2.7	0.0

Ranking within peer group, cumulative return (%)



Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	97
Total number of holdings	28
12 month portfolio turnover (%)	49
12 month name turnover (%)	37
Active share (%)	88

Fees & Expenses (%), for last 12 months

Management fee ²	1.78
For 3 year performance in line with benchmark	1.50
For 3 year outperformance/(underperformance) vs benchmark	0.28
Fund expenses	0.10
Total Expense Ratio (TER)	1.88

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 Number of months since the start of the drawdown. This drawdown is not yet recovered.

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



Orbis SICAV Japan 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 (B.V.I.) Limited		
Inception date	1 January 1998		
Number of shares (Investor Share Class)	Yen Class:	22,496,658	Euro Class: 3,525,353
Income distributions during the last 12 months	None		

Fund Objective and Benchmarks

The Yen Classes of the Fund seek higher returns in yen than the Japanese stockmarket, without greater risk of loss. The Euro Class of the Fund seeks higher returns than the Japanese stockmarket hedged into euro, without greater risk of loss. The TOPIX (gross) (the "TOPIX Yen") is the Yen Class' benchmark, while the TOPIX (gross) hedged in euro (the "TOPIX Euro") is the benchmark of the Euro Class.

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

The Fund is actively managed and is designed to remain continuously fully invested in, and exposed to all the risks and rewards of, selected Japanese equities. The Fund identifies as Japanese equities those equities of companies which are domiciled in Japan, whose securities trade on a Japanese stockmarket or whose business is primarily located in or linked to Japan. 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.

All share classes invest in a portfolio of Japanese equities selected by the Investment Manager. However, while the currency exposure of the Yen Classes remains as fully exposed to the yen as practicable, the Euro Class is hedged into, and therefore largely exposed to, the euro. The Euro Class is designed for investors who measure their returns in euro and who wish to be invested in Japanese equities without being exposed to fluctuations in the yen-euro exchange rate.

The Fund does not seek to mirror the TOPIX Yen/TOPIX Euro and may deviate meaningfully from it in pursuit of superior long-term capital appreciation.

Since inception and over the latest 10 year period, both the Yen and Euro Classes have outperformed their respective benchmarks 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 fully invested in, and exposed to, Japanese equities at all times.
- 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 Classes, 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 TOPIX Yen or TOPIX Euro, as applicable. 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. 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 Classes 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 Investment Manager may cause the Fund to levy a fee of 0.25% 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

30 June 2017	%	30 September 2017	%
Mitsubishi	8.3	NEXON	9.1
NEXON	8.2	Mitsubishi	9.0
Daito Trust Construction	8.1	Daito Trust Construction	8.1
Nissan Motor	8.0	Honda Motor	7.2
Honda Motor	5.9	Sumitomo Mitsui Fin.	6.3
Sumitomo Mitsui Fin.	5.0	Mitsubishi UFJ Financial Group	4.9
INPEX	4.9	INPEX	4.8
Sumitomo	4.6	Sumitomo	4.8
Ship Healthcare Holdings	4.4	Toyota Motor	4.5
Nippon Television Holdings	4.3	Iida Group Holdings	4.2
Total	61.7	Total	62.8

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 Japan 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 Classes, 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 or €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. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. 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 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 (B.V.I.) 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 (B.V.I.) Limited, the Fund's Investment Manager, is licensed to conduct investment business by the Bermuda Monetary Authority.

Fund Information

Prior to 29 November 2002 the Orbis SICAV Japan Equity Fund—Yen class was a British Virgin Islands investment company, Orbis Japan Equity (Yen) Fund Limited.

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

TOPIX Stock Price Index, including income ("TOPIX"): Tokyo Stock Exchange. TOPIX hedged into euro is calculated by Orbis using an industry-standard methodology using the TOPIX which is in yen. No further distribution of the TOPIX data is permitted.

Average Fund data source and peer group ranking data source: © 2017 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 21 September 2017. 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.