

Our Thinking

A new look

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

Volatility returns

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

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

Hay in the needlestack

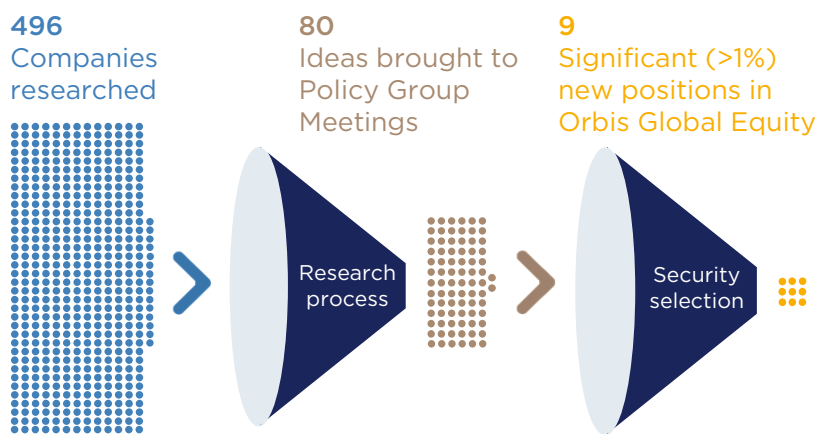
The US provides a timely illustration. According to our proprietary quantitative valuation models, investors can expect a virtually flat overall return on US stocks over the next four to five years if the future fundamentals resemble the past. So how do we get comfortable with investing about half of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

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

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

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

Filtering ideas



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

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

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

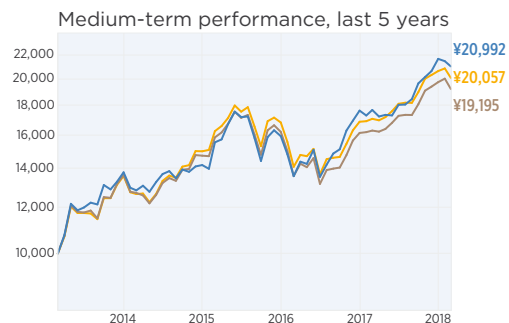
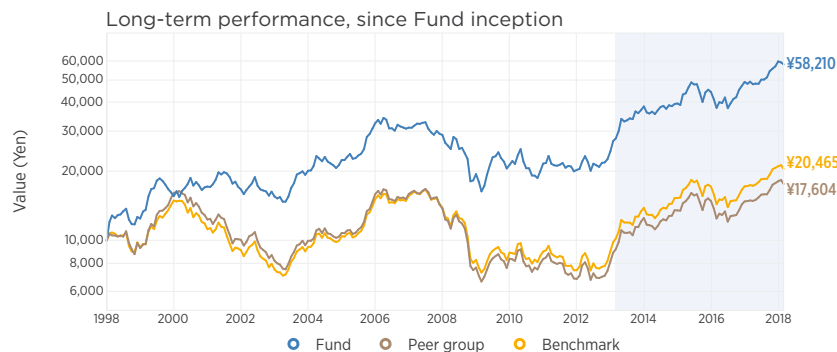
This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.

Orbis 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	¥5,821	Benchmark	TOPIX
Pricing currency	Japanese yen	Peer group	Average Japan Equity 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	¥204 billion	UCITS compliant	Yes
Fund inception	1 January 1998	ISIN	LU0160128079
Strategy size	¥218 billion		
Strategy inception	1 January 1998		

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	9.1	2.8	3.6
20 years	7.8	2.6	3.2
10 years	8.5	3.8	5.1
5 years	16.0	13.9	14.9
3 years	10.5	6.6	7.3
1 year	18.8	17.9	17.6
Not annualised			
3 months	1.9	(0.9)	(1.2)
Calendar year to date	(3.0)	(2.7)	(2.7)
1 month	(2.1)		(3.7)
		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	45	41
Consumer Non-Durables	35	23
Financials	11	12
Information and Communications	10	7
Technology	0	16
Utilities	0	2
Total	100	100

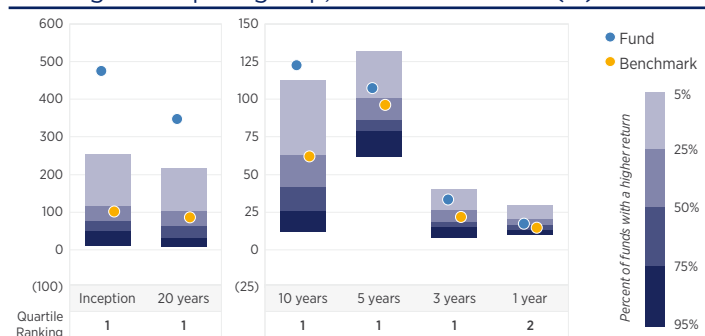
Risk Measures, since Fund inception

	Fund	Peer group	Benchmark
Largest drawdown (%)	52	60	56
Months to recovery	90	124	93
Annualised monthly volatility (%)	18.3	18.2	17.7
Beta vs benchmark	0.9	1.0	1.0
Tracking error vs benchmark (%)	9.6	2.7	0.0

Top 10 Holdings

Company	Sector	%
Mitsubishi	Consumer Non-Durables	9.6
Honda Motor	Cyclicals	7.5
Daito Trust Construction	Cyclicals	6.6
INPEX	Cyclicals	6.4
Iida Group Holdings	Cyclicals	5.7
Nissan Motor	Cyclicals	4.9
Sumitomo	Consumer Non-Durables	4.9
Mitsubishi UFJ Financial Group	Financials	4.8
Sumitomo Mitsui Fin.	Financials	4.8
Mitsui & Co	Consumer Non-Durables	4.3
Total		59.5

Ranking within peer group, cumulative return (%)



Portfolio Concentration & Characteristics

% of NAV in top 25 holdings	99
Total number of holdings	27
12 month portfolio turnover (%)	42
12 month name turnover (%)	32
Active share (%)	90

Fees & Expenses (%), for last 12 months

Management fee ¹	1.96
For 3 year performance in line with benchmark	1.50
For 3 year outperformance/(underperformance) vs benchmark	0.46
Fund expenses	0.09
Total Expense Ratio (TER)	2.05

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 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:	18,831,576	Euro Class: 2,849,498
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 and five-year periods, 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 November 2017	%	28 February 2018	%
Mitsubishi	9.7	Mitsubishi	9.6
Daito Trust Construction	7.8	Honda Motor	7.5
Honda Motor	7.2	Daito Trust Construction	6.6
NEXON	6.3	INPEX	6.4
INPEX	5.7	Iida Group Holdings	5.7
Mitsubishi UFJ Financial Group	5.1	Nissan Motor	4.9
Iida Group Holdings	5.0	Sumitomo	4.9
Sumitomo Mitsui Fin.	4.9	Mitsubishi UFJ Financial Group	4.8
Sumitomo	4.9	Sumitomo Mitsui Fin.	4.8
Nippon Television Holdings	4.1	Mitsui & Co	4.3
Total	60.7	Total	59.5

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 (B.V.I.) Limited (licensed to conduct investment business by the Bermuda Monetary Authority)

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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 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 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.

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