

## Our Thinking

Exchange rate movements can have an enormous impact on investment returns in a global portfolio. The depreciation of the Japanese yen from late 2012 until early 2015 provides a good illustration. Over that period, a domestic investor in the Japanese stockmarket would've seen their investment roughly double in value. But due to yen weakness, a UK or US-based investor in Japanese equities would have earned only about 40% or 30% in their respective home currencies—a far worse result than their Japanese counterparts, even though they all owned exactly the same basket of stocks.

At this time last year, we wrote about how we manage currency exposures in the Orbis Funds. A hallmark of our investment approach is that we explicitly manage our currency and security selection decisions separately whenever this is practical. This allows our analysts to focus on their core strength of understanding the fundamentals of individual businesses. At the portfolio level we can then step back and ensure that the overall currency mix is positioned appropriately from a risk and reward perspective. In the case of Japan in 2012, our active currency management allowed us to hedge our exposure to the yen while maintaining exposure to a set of attractively priced Japanese businesses that our analysts favoured. It does not always work out that well—there have been periods where our currency exposures have detracted—but over the long term, our active approach to currency management has added value.

Managing currency risk is especially important in emerging markets, where exchange rate fluctuations can be even more dramatic. The risk of absolute loss also looms larger, with a long history of severe currency crises such as those in Latin America and Asia in the mid-to-late 1990s, in which acute currency declines were not uncommon. More recently, Argentina and Turkey have provided a reminder that emerging market currencies can lose value rapidly. The broader sell-off in emerging market currencies this summer was an example of a “contagion” effect as panic spread to other markets that otherwise seemed unrelated from a fundamental perspective.

Despite this potential volatility, and the challenges inherent in emerging market currency hedging, it would be a mistake to avoid these markets altogether. In fact, when other investors ignore equities in a country due to concerns over the currency, it can create attractive investment opportunities for us,

provided that we can manage that risk. China is probably the best example of this at the moment. The macroeconomic backdrop looks uncertain—with China's rapid accumulation of debt grabbing the headlines—and some of the pessimism priced into Chinese stocks is arguably warranted.

Fortunately we don't own “China” or any other market on a top-down basis. While the Chinese stockmarket contains shares in many sectors that are highly sensitive to the local economy—banks, real estate, and infrastructure to name a few—we own none of them in the Funds. Our analysts have done some early stage work on a few Chinese banks and brokers, but ultimately decided that, at the time of analysis, the risk of permanent capital loss was simply too high and better opportunities existed within these sectors elsewhere in emerging markets.

In our view, the relevant question is this: after stripping out the businesses that we believe to be of relatively low-quality, is China still cheap? The answer is an emphatic yes. We have been very selective—currently owning just a few Chinese stocks in Orbis Global—but it's more than enough for us to be excited about their potential long-term contribution to returns for our clients.

A recent example is Autohome. While this is a relatively small position in some of the Orbis Funds, it is a good example of how we are navigating the current environment in China. As one of the largest online platforms for auto sales in China, the company lies at the intersection of three areas that many investors are afraid to touch these days: technology, autos, and China macro. It's a contrarian stock in a contrarian economy. In our more optimistic view, we see a market leader with a huge potential market. At a 4% free cash flow yield, Autohome is not cheap on first glance, but we believe this is an undemanding valuation for a company with such strong growth prospects.

Autohome is also exactly the type of stock that one would miss if searching through a top-down lens. By separating our currency and equity decisions, we give our analysts the freedom to look past the short-term noise and to focus on the most compelling long-term opportunities. Of course, sentiment about Autohome and our other Chinese holdings can always get worse before it gets better. But as we've seen many times in our history, the “risky” areas where others fear to tread can often be the most rewarding over the long term.

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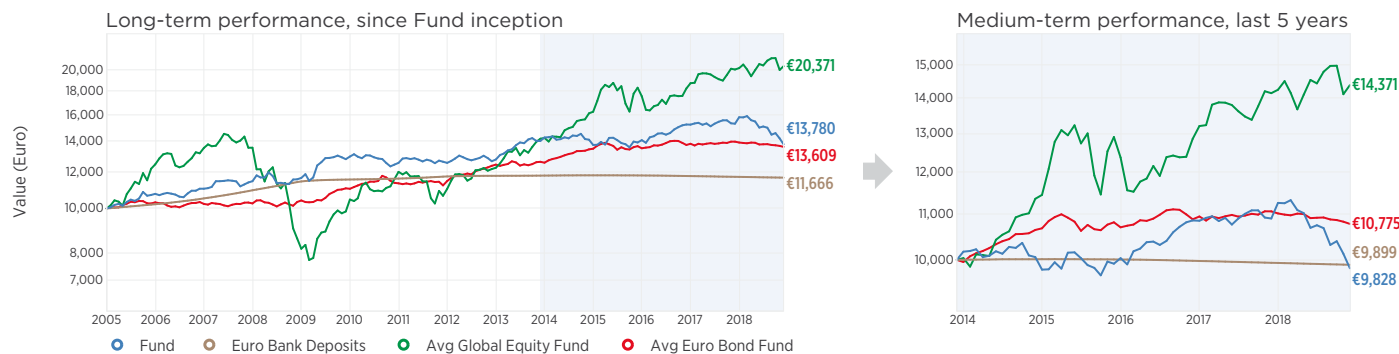
*This report does not constitute a recommendation to buy, sell or hold any interests, shares or other securities in the companies mentioned in it nor does it constitute financial advice.*

## Orbis Optimal SA Fund - Euro Standard Class

The Fund seeks capital appreciation in euro on a low risk global portfolio. It invests principally in a focused portfolio of selected global equities believed to offer superior relative value and employs stockmarket hedging to reduce risk of loss.

Price	€13.71	<b>Comparators</b>	Euro Bank Deposits
Pricing currency	Euro		Average Global Equity Fund Index
Domicile	Bermuda		Average Euro Bond Fund Index
Type	Open-ended mutual fund	<b>Minimum investment</b>	US\$50,000
Class size	€393 million	<b>Dealing</b>	Weekly (Thursdays)
Fund inception	1 January 2005	<b>Entry/exit fees</b>	None
Strategy size	€3.3 billion	<b>ISIN</b>	BMG6768M1111
Strategy inception	1 January 1990		

### Growth of €10,000 investment, net of fees, dividends reinvested



### Returns (%)

	Fund	Euro Bank Deposits	Avg Global Equity Fund	Avg Euro Bond Fund
<b>Annualised</b>	<i>Net</i>			<i>Net</i>
Since Fund inception	2.3	1.1	5.2	2.2
10 years	1.8	0.2	9.0	2.8
5 years	(0.3)	(0.2)	7.5	1.5
3 years	(0.3)	(0.4)	3.7	(0.1)
1 year	(9.8)	(0.4)	1.7	(2.6)
<b>Not annualised</b>				
Calendar year to date	(12.7)	(0.4)	1.0	(2.1)
3 months	(4.7)	(0.1)	(3.9)	(0.9)
1 month	(3.0)	0.0		
			<b>Year</b>	<b>%</b>
Best performing calendar year since Fund inception			2013	11.6
Worst performing calendar year since Fund inception			2014	(3.7)

### Stockmarket Exposure (%)

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure
North America	29	(33)	(3)	0
Japan	20	(20)	0	0
Asia ex-Japan	19	(15)	4	4
Europe	18	(16)	3	3
Other	5	(3)	2	1
<b>Total</b>	<b>91</b>	<b>(86)</b>	<b>5</b>	<b>8</b>

### Risk Measures, since Fund inception

	Fund	Euro Bank Deposits	Avg Global Equity Fund	Avg Euro Bond Fund
Largest drawdown (%)	13	1	47	5
Months to recovery	>9 <sup>1</sup>	>45 <sup>1</sup>	84	18
% recovered	0	0	100	100
Annualised monthly volatility (%)	5.0	0.5	11.9	2.7
Correlation vs FTSE World Index	0.2	(0.2)	1.0	0.2
Correlation vs Orbis Global Equity Fund relative return	0.8	0.1	0.0	0.0

### Top 10 Holdings<sup>2</sup>

	FTSE Sector	%
NetEase	Technology	5.6
AbbVie	Health Care	4.8
Sumitomo	Industrials	4.2
XPO Logistics	Industrials	3.7
Credit Suisse Group	Financials	3.2
INPEX	Oil & Gas	3.2
Celgene	Health Care	3.2
Rolls-Royce Holdings	Industrials	3.0
Mitsubishi	Industrials	2.9
Sberbank of Russia	Financials	2.9
<b>Total</b>		<b>36.7</b>

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

Base fee	0.99
Performance fee	0.61
Fund expenses	0.06
<b>Total Expense Ratio (TER)</b>	<b>1.66</b>

### Currency Allocation (%)

Euro	94
Other	6
<b>Total</b>	<b>100</b>

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.

<sup>1</sup> Number of months since the start of the drawdown. This drawdown is not yet recovered.

<sup>2</sup> Includes equity positions held indirectly.

## Orbis Optimal SA Fund

This Fact Sheet is a Minimum Disclosure Document and a monthly General Investor Report as required by the South African Financial Services Board.

<b>Manager</b>	Orbis Investment Management Limited			
<b>Inception date</b>	1 January 2005			
<b>Number of shares</b>	<b>US\$ Standard Class:</b>	46,758,768	<b>Euro Standard Class:</b>	28,635,255
<b>Income distributions during the last 12 months</b>	None			

### Fund Objective and Performance Fee Hurdles

The Fund is designed for investors seeking capital appreciation on a low risk global investment portfolio. The Fund's returns are intended to be largely independent of the returns of major asset classes such as cash, equities and bonds. The Fund's US\$ Share Classes aim to outperform US\$ Bank Deposits (compound total returns on one month US\$ deposits, currently based on the Bloomberg USDR rate), while its Euro Share Classes aim to outperform Euro Bank Deposits (compound total returns on one month Euro Deposits, currently based on the Bloomberg EUDRA rate).

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

The Fund is actively managed and augments a focussed portfolio of selected global equities with hedging of the risk of monetary loss arising from a decline in stockmarkets. It invests in shares considered to offer superior fundamental value. The lower the price of a share as compared to its assessed intrinsic value, the more attractive Orbis considers the equity's fundamental value. Orbis believes that over the long term, equity invested based on this approach offers superior returns and reduces the risk of loss.

Orbis believes the main risk of investing in its selected equities is that their prices will decline if relevant stockmarkets fall significantly. To reduce this risk, the Fund maintains a substantial core level of hedging. When Orbis' research suggests that stockmarkets are overvalued and vulnerable, the Manager increases the hedging above this core level. Similarly, when Orbis' research suggests that stockmarkets represent good value, the Manager lowers the hedging below the core level. The Manager's actions in this regard are limited and the Fund therefore always maintains a significant level of hedging to protect investors from unexpected stockmarket declines. The result is that the Fund's returns are driven mainly by the Manager's ability to select equities that outperform their respective stockmarket indices and not by the overall direction of equity markets. The Fund is therefore able to aim for absolute (or positive) returns.

Since inception and over the latest ten-year period, both the US\$ and Euro Standard Classes have outperformed their respective performance fee hurdles net of fees and delivered positive returns.

### Risk/Reward Profile

- The Fund is designed for investors seeking capital appreciation on a low risk global investment portfolio.
- Investments in the Fund may suffer capital loss.
- Investors should understand that the 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 pays the Manager a performance-based fee in respect of the

Standard Share Classes. The Fee is designed to align the Manager's interests with those of investors in the Fund.

There are two parts to the fee:

- a base fee of 1.0% per annum, paid monthly, of the total net assets of each Standard Share Class; plus
- a performance fee of 20% of the outperformance of each class of Standard share's weekly rate of return relative to its performance fee hurdle (as described in the "Fund Objective and Performance Fee Hurdles" section above), calculated and accrued on each dealing day and paid monthly. The performance fee incorporates a high water mark.

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 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 investments. However, the Manager has agreed that in the current calendar year, except for specified exclusions, operating expenses attributable to each share class will be capped at 0.15% per annum. The cap will be automatically extended for further successive one year periods unless terminated by the 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 fees described above under "Management Fee," the cost of buying and selling investments, 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 subscription or redemption fee of 0.50% 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.

### Changes in the Fund's Top 10 Holdings

31 August 2018	%	30 November 2018	%
XPO Logistics	5.6	NetEase	5.6
AbbVie	3.9	AbbVie	4.8
NetEase	3.7	Sumitomo	4.2
Sumitomo	3.7	XPO Logistics	3.7
Mitsubishi	3.6	Credit Suisse Group	3.2
Credit Suisse Group	3.2	INPEX	3.2
Rolls-Royce Holdings	3.0	Celgene	3.2
INPEX	3.0	Rolls-Royce Holdings	3.0
Celgene	2.8	Mitsubishi	2.9
Wells Fargo & Company	2.6	Sberbank of Russia	2.9
<b>Total</b>	<b>35.1</b>	<b>Total</b>	<b>36.7</b>

**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 Optimal SA 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 Manager can be contacted at +1 441 296 3000 or [clientservice@orbis.com](mailto:clientservice@orbis.com). The Fund's Custodian is Citibank N.A., New York Offices, 388 Greenwich Street, New York, New York 10013, U.S.A. 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) each Thursday (or, if a Thursday is not a business day, the preceding business day), (ii) on the last calendar day of each month (or, if that is not a weekday, the preceding weekday) and/or (iii) any other days in addition to (or substitution for) any of the days described in (i) or (ii), 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 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. The Manager provides no 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 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 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

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Total Rate of Return for Bank Deposits is the compound total return for one-month interbank deposits in the specified currency. Beta Adjusted Exposure is calculated as Equity Exposure multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.

### Notes to Help You Understand This Report

Certain capitalised terms are defined in the Glossary section of the Orbis Funds' respective Prospectuses, copies of which are available upon request from Allan Gray Unit Trust Management (RF) Proprietary Limited, a Member of the Association for Savings & Investments SA. 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 Funds' exposures accordingly. Totals presented in this Report may not sum due to rounding.

12 month portfolio turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the lesser of total security purchases or sales in the Fund over the period, divided by the average net asset value (NAV) of the Fund. Short-term fixed income instruments are not included.

12 month name turnover for the Orbis Equity and Multi-Asset Class Funds is calculated as the number of positions held by the Fund at the start of the period but no longer held at the end of the period, divided by the total number of positions held by the Fund at the start of the period. Short-term fixed income instruments are not included.

Active share is a measure of how actively managed the Orbis Equity Funds are. It is calculated by summing the absolute value of the differences of the weight of each individual stock in the specific Orbis Fund, versus the weight of each holding in the respective benchmark index, and dividing by two.

The total expense ratio has been calculated using the expenses, excluding trading costs, and average net assets for the 12 month period ending 30 November 2018.