

2017 AUDITED
Financial
Statements



ORBIS OPTIMAL
Funds

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DIRECTORY

Registered office and mailing address

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Orbis Optimal Overlay Funds Limited
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25 Front Street
Hamilton HM 11
Bermuda

Directors

William Gray (Chairman)
Orbis Investment Management Limited
Bermuda

William Gray is the President and a Director of the Orbis Funds and President of Orbis Investment Management Limited.

John C. R. Collis
Consultant
Bermuda

John C. R. Collis is a Director of the Orbis Funds.

E. Barclay Simmons
ASW Law Limited
Bermuda

E. Barclay Simmons is the Chief Executive Officer of ASW Law Limited and a Director of the Orbis Funds.

David T. Smith
Ecosse Limited
Bermuda

David T. Smith is the Managing Director of Ecosse Limited and a Director of the Orbis Funds.



APPOINTMENTS

Investment Manager

Orbis Investment Management Limited*
Orbis House
25 Front Street
Hamilton HM 11
Bermuda

Investment Advisors to the Investment Manager

Orbis Investment Advisory Limited
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London NW1 6QG
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Orbis Portfolio Management (Europe) LLP
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Custodian

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Administrator and Registrar

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* Licensed to conduct investment business by the Bermuda Monetary Authority

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Members of

Orbis Optimal (US\$) Fund Limited and Orbis Optimal Overlay Funds Limited

(collectively the "Funds"):

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position as at 31 December 2017, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable fund shares and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information on pages 7 and 8 and 12 to 21.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at 31 December 2017, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada
23 January 2018

Chartered Professional Accountants
Licensed Public Accountants

ORBIS OPTIMAL (US\$) FUND

STATEMENT OF FINANCIAL POSITION (US\$ 000's)

As at 31 December	2017	2016
Assets		
Financial assets at fair value through profit or loss		
Equity funds	2,585,038	2,377,786
Derivatives	4,170	12,364
Cash and cash equivalents	147,783	219,541
Subscriptions receivable	1,209	14,608
Receivable for investment sold	8,975	192
Margin balances paid	132,945	151,296
	2,880,120	2,775,787
Liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives	63,960	40,128
Redemptions payable	817	2,647
Manager's fees payable	244	-
Other payables and accrued liabilities	93	148
	65,114	42,923
Net assets attributable to holders of redeemable Fund shares	2,815,006	2,732,864



William Gray,
on behalf of the Board of Directors
23 January 2018

See accompanying notes on page 13

ORBIS OPTIMAL (US\$) FUND

STATEMENT OF COMPREHENSIVE INCOME (US\$ 000's)

For the year ended 31 December	2017	2016
Income		
Net gain on financial assets and liabilities at fair value through profit or loss	173,171	196,584
Other foreign currency gain (loss)	10,131	(5,718)
Dividends and interest	6,201	5,852
	189,503	196,718
Expenses		
Manager's fees	1,934	-
Transaction costs	1,921	1,179
Administration, custody fees and other	448	457
	4,303	1,636
Increase in net assets attributable to holders of redeemable Fund shares	185,200	195,082

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE FUND SHARES (US\$ 000's)

For the year ended 31 December	2017	2016
Balance at beginning of year	2,732,864	2,776,658
Increase in net assets attributable to holders of redeemable Fund shares from operations	185,200	195,082
Shareholders' activity during the year		
Subscriptions		
Orbis funds	242,488	276,340
Other shareholders	46,225	108,544
Switches between funds	38,616	43,744
Redemptions		
Orbis funds	(298,485)	(340,677)
Other shareholders	(53,480)	(179,633)
Switches between funds	(78,422)	(147,194)
Balance at end of year	2,815,006	2,732,864

See accompanying notes on page 13

ORBIS OPTIMAL (US\$) FUND

STATEMENT OF CASH FLOWS (US\$ 000's)

For the year ended 31 December	2017	2016
Cash flows from operating activities		
Proceeds from realisation of investments and currencies	222,602	638,377
Purchases of investments	(209,554)	(415,297)
Increase in receivable for investment sold	(8,783)	(192)
Decrease (increase) in net margin balances paid	18,351	(33,246)
Interest received	1,699	1,394
Interest paid	(470)	(518)
Manager's fees paid	(1,690)	-
Operating expenses paid	(2,425)	(1,685)
Net cash provided by operating activities	19,730	188,833
Cash flows from financing activities		
Proceeds from subscription of redeemable Fund shares	340,729	414,019
Payments on redemption of redeemable Fund shares	(432,217)	(664,857)
Net cash used in financing activities	(91,488)	(250,838)
Net decrease in cash and cash equivalents	(71,758)	(62,005)
Cash and cash equivalents – beginning of year	219,541	281,546
Cash and cash equivalents – end of year	147,783	219,541

See accompanying notes on page 13

ORBIS OPTIMAL (US\$) FUND

SCHEDULE OF INVESTMENTS AT 31 DECEMBER 2017 (US\$ 000's)

Equity Funds

Security	Fair Value	% of Net Assets
Orbis Institutional Global Equity (OFO) Fund	1,470,352	52
Orbis SICAV - Japan Equity Fund - Investor Yen Class	544,688	19
Orbis SICAV - International Equity Fund - Institutional Investor Class	335,219	12
Allan Gray Africa Equity Fund	185,811	7
Orbis Institutional Emerging Markets Equity L.P. - Core Refundable Reserve Fee Class	48,966	2
Total equity funds	2,585,038	92

May not sum due to rounding

Derivatives

	Unrealised
Stock index futures gain	3,485
Purchased put options fair value	685
Total derivative assets	4,170
Stock index futures loss	(29,100)
Forward currency contracts loss	(34,860)
Total derivative liabilities	(63,960)

Stock Index Futures Sold

Contract	Fair Value	Unrealised Gain (Loss)
US: E-mini S&P 500 3/2018	(690,943)	(8,633)
E-mini Russell 2000 3/2018	(196,442)	(3,039)
Japan: Nikkei 225 3/2018	(409,119)	(3,311)
TOPIX 3/2018	(329,587)	(5,632)
UK: FTSE 100 3/2018	(127,949)	(3,636)
South Africa: FTSE/JSE Top 40 3/2018	(106,070)	(1,940)
Australia: SPI 200 3/2018	(100,746)	(335)
Switzerland: SMI 3/2018	(69,064)	(215)
Europe: Euro STOXX 50 3/2018	(57,667)	1,360
Korea: KOSPI 200 3/2018	(48,966)	(687)
Germany: DAX 3/2018	(48,404)	914
China: H shares 1/2018	(45,942)	(437)
Hong Kong: Hang Seng 1/2018	(39,098)	(607)
Netherlands: AEX 1/2018	(31,358)	432
France: CAC40 1/2018	(21,918)	355

See accompanying notes on page 13

ORBIS OPTIMAL (US\$) FUND

SCHEDULE OF INVESTMENTS AT 31 DECEMBER 2017 (US\$ 000's) (CONTINUED)

Stock Index Futures Sold (Continued)

Contract	Fair Value	Unrealised Gain (Loss)
Singapore: MSCI Singapore 1/2018	(17,613)	(130)
Canada: S&P/TSX 60 3/2018	(7,152)	(106)
Taiwan: MSCI Taiwan 1/2018	(3,734)	(56)
Sweden: OMXS30 1/2018	(2,303)	59
India: CNX Nifty 1/2018	(1,901)	(10)
Italy: FTSE MIB 3/2018	(914)	37
Total	(2,356,890)	(25,615)

May not sum due to rounding

Purchased Put Options

Contract	Fair Value
US: S&P 500, Strike 2550, 16/2/2018	333
S&P 500, Strike 2450, 16/2/2018	152
S&P 500, Strike 2550, 16/1/2018	97
S&P 500, Strike 2440, 19/1/2018	65
S&P 500, Strike 2310, 19/1/2018	39
Total	685

May not sum due to rounding

Forward Currency Contracts

Currency	Contract Value	Contract Value	Fair Value	Unrealised Gain (Loss)
	000's	US\$ 000's	US\$ 000's	US\$ 000's
AUD	(118,769)	(91,636)	(92,644)	(1,008)
CAD	(20,981)	(16,739)	(16,684)	55
CHF	(59,580)	(61,614)	(61,673)	(59)
CNH	(932,180)	(139,238)	(142,280)	(3,042)
EUR	(112,905)	(134,148)	(136,202)	(2,054)
GBP	(103,873)	(139,803)	(140,897)	(1,093)
JPY	(97,844,093)	(874,797)	(873,261)	1,535
KRW	(146,528,000)	(130,249)	(137,430)	(7,181)
MXN	571,300	29,615	28,392	(1,223)
ZAR	(2,586,030)	(184,813)	(205,602)	(20,789)
		(1,743,421)	(1,778,281)	(34,860)

May not sum due to rounding

See accompanying notes on page 13

ORBIS OPTIMAL OVERLAY FUNDS - OPTIMAL (EURO) AND (YEN)

STATEMENT OF FINANCIAL POSITION (€ 000's)

As at 31 December	2017	2016
Assets		
Financial assets at fair value through profit or loss		
Orbis Optimal (US\$) Fund	770,290	815,277
Derivatives	4,398	229
Cash and cash equivalents	822	718
	775,510	816,224
Liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives	311	7,226
Redemptions payable	-	244
Other payables and accrued liabilities	42	50
	353	7,520
Net assets attributable to holders of redeemable Fund shares	775,157	808,704



William Gray,
on behalf of the Board of Directors
23 January 2018

See accompanying notes on page 13

ORBIS OPTIMAL OVERLAY FUNDS - OPTIMAL (EURO) AND (YEN)

STATEMENT OF COMPREHENSIVE INCOME (€ 000's)

For the year ended 31 December	2017	2016
Income		
Net gain on financial assets and liabilities at fair value through profit or loss	17,325	64,326
Other foreign currency gain (loss)	482	(78)
	17,807	64,248
Expenses		
Administration, professional fees and other	103	114
	103	114
Increase in net assets attributable to holders of redeemable Fund shares	17,704	64,134

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE FUND SHARES (€ 000's)

For the year ended 31 December	2017	2016
Balance at beginning of year	808,704	758,382
Increase in net assets attributable to holders of redeemable Fund shares from operations	17,704	64,134
Shareholders' activity during the year		
Subscriptions		
Orbis funds	84,994	97,480
Other shareholders	14,429	6,612
Switches between funds	13,168	13,891
Redemptions		
Orbis funds	(137,838)	(47,247)
Other shareholders	(8,756)	(21,606)
Switches between funds	(17,248)	(62,942)
Balance at end of year	775,157	808,704

See accompanying notes on page 13

ORBIS OPTIMAL OVERLAY FUNDS - OPTIMAL (EURO) AND (YEN)

STATEMENT OF CASH FLOWS (€ 000's)

For the year ended 31 December	2017	2016
Cash flows from operating activities		
Proceeds from realisation of investments and currencies	222,961	124,136
Purchases of investments	(171,252)	(110,654)
Interest paid	-	(1)
Operating expenses paid	(110)	(121)
Net cash provided by operating activities	51,599	13,360
Cash flows from financing activities		
Proceeds from subscription of redeemable Fund shares	112,591	117,983
Payments on redemption of redeemable Fund shares	(164,086)	(131,550)
Net cash used in financing activities	(51,495)	(13,567)
Net increase (decrease) in cash and cash equivalents	104	(207)
Cash and cash equivalents – Beginning of Year	718	925
Cash and cash equivalents – End of Year	822	718

See accompanying notes on page 13

ORBIS OPTIMAL OVERLAY FUNDS - OPTIMAL (EURO) AND (YEN)

SCHEDULE OF DERIVATIVES AT 31 DECEMBER 2017 (€ 000's)

Forward Currency Contracts

Currency	Contract Value	Contract Value	Fair Value	Unrealised Gain (Loss)
	000's	€ 000's	€ 000's	€ 000's
HKD	(87,412)	(9,364)	(9,349)	15
JPY	9,039,175	67,327	67,248	(79)
SGD	(10,365)	(6,398)	(6,473)	(75)
USD	(767,992)	(640,050)	(635,824)	4,226
		(588,485)	(584,398)	4,087

May not sum due to rounding

See accompanying notes on page 13

General information

Orbis Optimal (US\$) Fund Limited (“Optimal (US\$)”) and Orbis Optimal Overlay Funds Limited (“Optimal Overlay”) (collectively the “Funds” or singularly a “Fund”) are open-ended mutual fund companies incorporated in Bermuda, with their registered office located at Orbis House, 25 Front Street, Hamilton, HM 11, Bermuda.

The Funds seek capital appreciation on a low risk global portfolio by investing in Orbis’ preferred mix of equities principally via investment in Orbis’ equity strategies. The risk of loss is managed with stockmarket hedging. The Funds are managed in US dollar, euro or Japanese yen.

Throughout the financial statements the euro and Japanese yen share classes of Optimal Overlay may also be referred to as “Optimal (Euro) and (Yen)”.

Orbis Investment Management Limited has been contractually appointed as the Investment Manager of the Funds.

These financial statements were authorised for issue by the Board of Directors on 23 January 2018.

Summary of significant accounting policies

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

All references to net assets throughout this document refer to net assets attributable to holders of redeemable Fund shares.

The financial statements have been prepared on a historical cost basis, except for Financial assets and liabilities held at fair value through profit or loss, which are measured at fair value.

Financial instruments.

Recognition. Financial assets and financial liabilities are recognised when the Fund becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

Measurement. The Fund's investments are initially recognised at fair value on the trade date. Transaction costs are expensed as incurred. Subsequent to initial recognition, investments are measured at fair value. Changes in their fair value, together with realised gains and losses on disposal calculated using the average cost method, are included in the Statement of Comprehensive Income as Net gain (loss) on financial assets and liabilities at fair value through profit or loss.

The fair value of investments traded in active markets is based on their quoted market price, where it falls within the bid-ask spread, at the Fund’s valuation point. Should the price not fall within the bid-ask spread, the Investment Manager may determine the point within the bid-ask spread that is most representative of fair value. The fair value of investments in funds is based on their net asset value at the year-end date as this is the price at which the Fund would transact in these shares. The fair value of investments not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques commonly applied by market participants, making the maximum use of market inputs and assumptions based on existing market conditions. Should any price be unavailable or considered unrepresentative of fair value, a price considered fair by the Investment Manager will be used.

Cash and cash equivalents and all other receivables and payables are classified under IFRS as loans and receivables and other financial liabilities, which are short-term in nature, are measured at amortised cost which approximates fair value.

Classification. The Funds' investments are categorised under IFRS as at fair value through profit or loss as follows:

(i) ***Designated as at fair value through profit or loss upon initial recognition***

Financial instruments designated upon initial recognition as being managed and having their performance evaluated on a fair value basis in accordance with each Fund's investment strategy, which includes investments in funds.

(ii) ***Held for trading***

Derivatives held by the Funds, which include forward currency and futures contracts, are classified as held for trading unless they are designated as effective hedging instruments as defined by *International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement*. The Funds do not designate any of their derivative instruments as hedges for hedge accounting purposes.

Offsetting. Financial assets and financial liabilities are offset when the Fund has a legally enforceable right to offset recognised amounts and either intend to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Foreign currency translation. The Funds' functional and presentation currencies are, for Optimal (US\$) the US dollar and for Optimal Overlay the euro, being the currencies in which the majority of the Fund's shares are issued and redeemed.

Transactions in foreign currencies are translated using exchange rates prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated using exchange rates prevailing at the year-end.

In the Statement of Comprehensive Income, translation gains and losses on financial instruments at fair value through profit or loss are included in Net gain (loss) on financial assets and liabilities at fair value through profit or loss. Other translation gains and losses are included in Other foreign currency gain (loss).

Cash and cash equivalents. Cash and cash equivalents includes cash and other highly liquid investments held for meeting short-term cash commitments.

Margin balances paid and received. Margin balances in respect of futures positions represent the initial margin paid, net of any variation margin paid or received and may consist of cash and US Treasury bills. Margin balances in respect of forward currency contracts represent cash variation margin paid or received.

Income and expenses. Income and expenses are recorded on an accrual basis. All income and expenses which can be allocated directly to individual share classes are charged to those share classes. Income and expenses which do not relate specifically to a particular share class are allocated between the share classes pro rata to their Net Asset Values.

Taxes. There are no Bermuda income, profit, capital, capital gains, estate or inheritance taxes payable by the Funds or their shareholders in respect of shares in the Funds. The Bermuda Government has undertaken that, in the event that any such Bermuda taxes are levied in Bermuda in the future, the Funds and their shares will be exempt from such taxes until 31 March 2035.

Accounting estimates and assumptions. The preparation of financial statements requires management to make estimates and assumptions concerning the future. Actual results may differ from these estimates.

The most significant use of assumptions and estimation applied in preparing these financial statements relate to the determination of the fair value of financial instruments. The Funds may hold financial instruments which are not quoted in active markets, such as over-the-counter derivatives. The fair value of these instruments may be determined using valuation techniques based on observable market prices from reputable pricing sources or indicative pricing. Where such valuation techniques have been applied, they are validated and periodically reviewed. Changes in relevant assumptions could affect the fair values reported in the financial statements.

Standards issued but not yet effective. *IFRS 9 Financial Instruments* will replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting and is effective beginning 1 January 2018. The Funds have determined there will be no material implications to the Funds' financial statements from adopting IFRS 9.

Fair value measurement

Fair value hierarchy. The table below categorises the Funds' financial instruments measured at fair value within a three-level fair value hierarchy, based on the lowest level input significant to the fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input significant to the fair value measurement is unobservable.

Optimal (US\$)	Level 1 US\$ 000's	Level 2 US\$ 000's	Total US\$ 000's
31 December 2017			
Financial assets at fair value through profit or loss			
Equity funds	-	2,585,038	2,585,038
Stock index futures	3,485	-	3,485
Purchased put options	685	-	685
Financial liabilities at fair value through profit or loss			
Forward currency contracts	-	(34,860)	(34,860)
Stock index futures	(29,100)	-	(29,100)
31 December 2016			
Financial assets at fair value through profit or loss			
Equity funds	-	2,377,786	2,377,786
Forward currency contracts	-	10,029	10,029
Stock index futures	2,335	-	2,335
Financial liabilities at fair value through profit or loss			
Forward currency contracts	-	(1,321)	(1,321)
Stock index futures	(38,807)	-	(38,807)

All of Optimal Overlay's financial instruments are Level 2 investments.

Valuation techniques. Listed derivatives whose fair value is based on quoted market settlement prices are classified as Level 1 investments. Investments in funds whose fair value is based on their net asset value per share, are classified as Level 2 investments. Forward currency contracts are valued at their mid-market prices, determined using valuation techniques which incorporate market observable inputs including foreign exchange spot and forward rates, and are classified as Level 2 investments.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. There were no transfers between levels during the year ended 31 December 2017 or 31 December 2016.

Net gain (loss) on financial assets and liabilities at fair value through profit or loss

For the year ended 31 December	2017	2016
Optimal (US\$)	US\$ 000's	US\$ 000's
Realised gains (losses)		
Equity funds	678,844	222,299
Derivatives	(487,886)	(96,051)
Change in unrealised gains (losses)		
Equity funds	15,738	92,937
Derivatives	(33,525)	(22,601)
Net gain on financial assets and liabilities at fair value through profit or loss	173,171	196,584
Optimal (Euro) and (Yen)	€ 000's	€ 000's
Realised gains (losses)		
Optimal (US\$)	17,350	24,587
Derivatives	62,804	(22,568)
Change in unrealised gains (losses)		
Optimal (US\$)	(73,913)	65,771
Derivatives	11,084	(3,464)
Net gain on financial assets and liabilities at fair value through profit or loss	17,325	64,326

Derivative financial instruments. Subject to its investment restrictions, the Funds may utilise derivative financial instruments, primarily to manage their exposure to currency and to stockmarket risk. The Funds only invest in such instruments if they are sufficiently marketable such that an objective market price may be obtained from a third party and they can be realised within a period considered acceptable. Thus, the instruments used are usually exchange traded stock index futures contracts, exchange traded options and forward currency contracts.

Each Fund has entered into agreements whereby all its currency transactions with the counterparty to that agreement can be netted and, following various events of default, futures counterparties and or the Fund may set-off amounts due to be paid to or by it. On the Statement of Financial Position, unrealised gains and losses on forward currency contracts are offset only when they share the same maturity date, settle in the same currency and are held with the same counterparty. At 31 December 2017, the gross unrealised gains and (losses) on the forward currency contracts held by the Funds were, in thousands, for Optimal (US\$) US\$12,832 and US\$(47,692) respectively (2016 – US\$27,800 and US\$(19,092)) and for Optimal (Euro) and (Yen) €4,855 and €(768) respectively (2016 – €2,810 and €(9,807)).

Financial risk management

Each Fund's investment activities expose it to a variety of financial risks: market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Investments are managed by the Investment Manager in accordance with the investment policy and investment restrictions of the Fund described in the Funds' prospectus.

Market risk.

Currency risk. Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of its investments in equity funds, each Fund indirectly holds securities denominated in foreign currencies whose value will fluctuate due to changes in exchange rates. Their currency exposures are therefore managed, principally by using forward currency contracts to sell unwanted currency exposure arising from its indirect equity investments. For Optimal (US\$), such currency sales are normally in favour of the US dollar. Optimal (Euro) and (Yen) invest substantially all of their assets in Optimal (US\$) and hedge most or all their currency exposure by selling forward US dollars into euro and Japanese yen, respectively. The Funds may include exposure to other currencies if the prospective returns from doing so are expected to justify the associated risk.

At 31 December 2017, Optimal (US\$)'s total exposure to foreign currencies was 11% (2016 – 13%) with no significant exposure to any single currency. The main foreign currency to which Optimal Overlay had exposure was Japanese yen at 9% (2016 – 16%). The impact on net assets of a 5% movement in all foreign currencies to which the Funds are exposed, relative to their functional currencies as at 31 December 2017 would have been, for Optimal (US\$) 0.5% (2016 – 0.6%), and for Optimal Overlay 0.9% (2016 – 1.2%).

Interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Funds' financial assets and liabilities are non-interest bearing. Accordingly, the Funds are not subject to significant levels of risk due to fluctuations in the prevailing levels of market interest rates. Cash, cash equivalents and margin balances earn interest at market rates.

Price risk. Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from currency risk or interest rate risk.

Optimal (US\$) is exposed to price risk arising from its indirect investments in equity securities and its direct investments in index futures. To protect investors from the risk of monetary loss arising from unexpected stockmarket declines, it augments its equity exposure obtained by investing in equity funds with a substantial core level of hedging, principally by holding a basket of stockmarket-based derivatives. The result is that Optimal (US\$)'s returns are driven mainly by Orbis' ability to select equities that outperform their respective stockmarket indices and not by the overall direction of equity markets. Optimal (US\$) never seeks to profit from an overall decline in world stockmarkets by establishing a net negative exposure to overall world stockmarkets. As Optimal Overlay invests substantially all of its net assets in Optimal (US\$), it has the same exposure to price risk.

The following table details Optimal (US\$)'s stockmarket exposure by geographic region at the year-end:

	% of net assets					
	2017			2016		
	Equity Exposure	Portfolio Hedging	Accounting Exposure	Equity Exposure	Portfolio Hedging	Accounting Exposure
Japan	30	(26)	4	29	(26)	3
North America	22	(33)	(11)	22	(29)	(7)
Europe	13	(13)	1	13	(10)	3
Asia ex-Japan	13	(6)	8	14	(9)	5
Other	13	(7)	5	9	(6)	3
	91	(85)	6	86	(80)	6

May not sum due to rounding

Considering the historical correlation between the returns of the underlying equities held by the equity funds at year-end and the returns of their respective stockmarket indices, the estimated impact on each Fund's net assets of a 5% change in those markets as at 31 December 2017 would have been 0.4% (2016 – 0.1%). Historical correlation may not be representative of future correlation. Actual results may differ and those differences could be material.

Credit risk. Credit or counterparty risk arises from the potential inability of a counterparty to a financial instrument to perform its contractual obligations, resulting in a financial loss to the Funds.

Credit risk arises primarily from the Funds' forward currency and futures contracts, cash and cash equivalents, margin balances paid and amounts due from brokers. The maximum exposure to credit risk at the year-end is the carrying value of these financial assets, net of any variation margins received.

The Investment Manager seeks to reduce each Fund's credit risk to the extent practicable by dealing only with counterparties that meet our strict contractual terms and trading practices, designed to mitigate counterparty insolvency risk; and, to limit its risk to the amount of any net unrealised gain, by entering into agreements whereby all their currency transactions with the counterparty to that agreement can be netted.

Liquidity risk. Liquidity risk is the risk that the Funds will not be able to generate sufficient cash resources to meet their obligations as they fall due.

For the Funds, exposure to liquidity risk may arise from the requirement to meet cash redemption requests, normally payable within five business days of any weekly Dealing Day, and daily margin calls on stock index futures and on forward contracts for specified currencies.

The Funds invest the majority of their assets in other funds which are redeemable weekly. The majority of the equity funds' investments are actively traded on a stock exchange and can be readily disposed of. The Funds also invest in derivative contracts traded over-the-counter. These may not be able to be liquidated quickly at an amount close to their fair value to meet liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

Fund shares are redeemable weekly on demand at the holder's option. Financial liabilities at fair value through profit or loss include forward currency and futures contracts which mature within six and three months, respectively, of the year-end. All other payables are due within one month.

Cash and cash equivalents

At the year-end cash and cash equivalents for Optimal (US\$) are comprised of:

	2017 US\$ 000's	2016 US\$ 000's
Cash	50,924	28,226
USTreasury bills	96,859	191,315
Total cash and cash equivalents	147,783	219,541

Margin balances paid and received

At the year-end, margin balances paid by Optimal (US\$), in thousands, in respect of futures positions were US\$126,365 (2016 – US\$151,296) and in respect of forward currency contracts were US\$6,580 (2016 – nil).

Net assets attributable to holders of redeemable shares

Each Fund issues two classes of redeemable shares, Fund and Founders' shares, both of which are classified as financial liabilities. Notwithstanding that the net assets attributable to holders of redeemable Fund shares are classified as a liability in these financial statements, the Investment Manager considers those net assets to represent each Fund's capital. The amount of such net assets can change significantly due to changes in the value of each Fund's investments and from weekly subscriptions or redemptions placed at the discretion of the holders of the redeemable Fund shares. The Funds are not subject to any externally imposed capital requirements.

At 31 December 2017 and 2016, Optimal (US\$)'s authorised share capital comprises 200 million redeemable Fund shares and 12,000 redeemable Founder's shares and Optimal Overlay's authorised share capital comprises 100 million redeemable Fund shares and 12,000 redeemable Founders' shares, all with a US\$1 par value.

Fund shares participate pro rata in their Fund's net assets and dividends, are redeemable at the holder's option at their net asset value per share on any weekly Dealing Day and are non-voting. At the year-end they are carried at their redemption value which is equivalent to their net asset value. Founders' shares do not participate in their Fund's net assets, are redeemable at the holder's option at par value only after all Fund shares have been redeemed and carry the right to vote. All authorised Founders' shares are issued, fully paid, carried at their par value of, in thousands, US\$12 (2016 – US\$12) for Optimal (US\$) and €10 (2016 – €11) for Optimal Overlay and are included in Other payables and accrued liabilities on the Statement of Financial Position. There were no transactions in Founders' shares in 2017 or 2016.

Fund share transactions for the year, in thousands of shares, were as follows:

	Optimal (US\$)		Optimal Overlay			
			(Euro)		(Yen)	
	2017	2016	2017	2016	2017	2016
Balance at beginning of year	34,299	37,513	24,601	24,693	15,213	16,164
Subscriptions						
Orbis funds	2,980	3,604	3,041	3,091	253	1,959
Other shareholders	566	1,405	521	226	11	74
Switches between funds	471	566	475	507	1	53
Redemptions						
Orbis funds	(3,611)	(4,501)	(2,816)	(699)	(6,973)	(2,974)
Other shareholders	(657)	(2,367)	(298)	(807)	(65)	(62)
Switches between funds	(951)	(1,921)	(624)	(2,410)	(9)	(1)
Balance at end of year	33,097	34,299	24,900	24,601	8,431	15,213

The Net Asset Value per Fund share at 31 December 2017 was:

Optimal (US\$)	US\$85.05
Optimal (Euro)	€28.18
Optimal (Yen)	¥1,180

Investments in funds

The Funds meet the definition of investment entities within *IFRS 10 Consolidated Financial Statements* and measure their investments in other funds at fair value through profit or loss. Orbis Optimal (US\$)'s investments in other funds are as detailed in the Schedule of Investments. Optimal Overlay invests in Optimal (US\$).

The table below presents additional information on each Fund's investments in other funds at the year-end. The Orbis SICAV funds are domiciled in Luxembourg, Orbis Institutional Emerging Markets Equity L.P. in the United States and all other funds in Bermuda. Each fund's principal place of business is the same as its domicile. Each share of an Orbis SICAV fund, along with all other shares in issue irrespective of the Class or Fund to which they belong, is entitled to one vote at all general meetings of shareholders. The percentage of voting rights held by Optimal (US\$) in Orbis SICAV is provided below. All other investments are in non-voting securities.

	Ownership %		Voting rights %	
	2017	2016	2017	2016
Optimal (US\$)				
Orbis Institutional Global Equity (OFO) Fund	100.0	-		
Orbis Institutional Emerging Markets Equity L.P.	100.0	100.0		
Orbis Global Equity Fund	-	15.3		
Orbis SICAV - Japan Equity Fund	25.7	30.0	2.2	3.0
Orbis SICAV - International Equity Fund	23.8	31.4	5.3	7.0
Orbis SICAV - Japan Core Equity Fund	-	100.0	-	0.4
Orbis SICAV - Emerging Markets Equity Fund	-	3.2	-	0.9
Allan Gray Africa Equity Fund	68.7	90.6		
	Ownership %		Voting rights %	
	2017	2016	2017	2016
Optimal Overlay				
Orbis Optimal (US\$) Fund	32.8	31.4		

Related party transactions

Optimal (US\$) pays Orbis Investment Management Limited, its Investment Manager, a performance-based fee of up to 0.5% per annum of weekly net assets whenever the Fund's price exceeds its maximum price in the period from the date of inception to the date one year prior to the date of calculation, and its trailing one-year return exceeds that of Bank Deposits plus 5%. Optimal (Euro) and (Yen) do not directly pay a fee to the Investment Manager. To the extent that they directly or indirectly invest in other funds, all Funds indirectly bear the management fees paid by such other funds. Each equity fund directly or indirectly pays a performance-based fee.

The Shareholders have approved Director's fees for 2017 to each of John Collis, Barclay Simmons and David Smith of US\$12,500 (2016 – US\$12,500) for Optimal (US\$) and US\$1,000 (2016 – US\$1,000) for Optimal Overlay. No other directors have received any remuneration or other direct benefit material to them.

The Investment Manager has agreed that for the year ended 31 December 2017, the operating expenses of each Fund will be capped at 0.15% per annum (2016 – 0.15%). For this purpose, operating expenses include those incurred by each Fund directly and also indirectly through their investments in other funds and exclude the Manager's fee, brokerage and transaction costs and interest and other borrowing costs.

At the year-end, other Orbis funds held, in thousands of shares, 23,997 (2016 – 24,141) in Optimal (US\$), 13,945 (2016 – 12,990) in Optimal (Euro) and 7,794 (2016 – 14,513) in Optimal (Yen). Other related parties, which include institutional and other clients managed on a discretionary basis and the directors and officers of the Orbis funds and of their Investment and Sub-Portfolio Managers and Investment Advisors held, in thousands of shares, 2,356 (2016 – 2,015) in Optimal (US\$), 6,572 (2016 – 6,305) in Optimal (Euro) and 28 (2016 – 145) in Optimal (Yen).

Comparative figures

Certain of the comparative figures have been reclassified in order to conform with current year presentation.

NOTICES

Annual General Meetings. Notice is hereby given that the Annual General Meetings of Orbis Optimal (US\$) Fund Limited and Orbis Optimal Overlay Funds Limited (collectively the "Funds" or singularly a "Fund") will be held at the offices of Orbis Investment Management Limited, Orbis House, 25 Front Street, Hamilton HM 11, Bermuda on 29 March 2018 at 10:00 am. Members are invited to attend and address the meetings. The Agendas will comprise the following:

- Review of Minutes of the Annual General Meeting of Members of the Fund held on 31 March 2017
- Review of 2017 audited financial statements
- Appointment of the Directors of the Fund
- Approval of Director's fees for the year to 31 December 2018
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2018

By Order of the Boards, James Dorr, Secretary

Notice to Persons in the European Economic Area (EEA). The Funds are alternative investment funds that are neither admitted for public marketing anywhere in the EEA nor marketed in the EEA for purposes of the Alternative Investment Fund Managers Directive. As a result, persons located in any EEA member state will only be permitted to subscribe for shares in the Funds under certain circumstances as determined by, and in compliance with, applicable law.

Supplemental Disclosure under the Distance Marketing of Financial Services Directive. Disclosure requirements arising from the European Council Distance Marketing Directive (No. 2002/65/EC) apply to financial services supplied at a distance to consumers in the European Union. The Funds have determined that for the purposes only of meeting the Directive requirements, the Luxembourg Distance Marketing of Consumer Financial Services Law of 2006 shall apply to the establishment of relations with prospective and current Members entitled to the benefit of the Directive. The Funds are required to provide specified information to prospective and current Members. This specified information, which is provided in English, is contained in the Fund's Prospectus, account opening form, application form and (for Members who elect to view their account online at www.orbis.com) the Orbis Funds Portfolio Services Agreement. These services are not a type of financial service to which cancellation rights apply.

Other. This Report does not constitute a financial promotion, a recommendation, an offer to sell or a solicitation to buy shares of the Funds. Subscriptions are only valid if made on the basis of the current Prospectus of the Funds. Certain capitalised terms are defined in the Glossary section of the Funds' respective Prospectuses, copies of which are available upon request. Orbis Investment Management Limited is licensed to conduct investment business by the Bermuda Monetary Authority.

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