

2016 AUDITED
Financial
Statements



ORBIS INSTITUTIONAL
GLOBAL EQUITY
Fund

TABLE OF CONTENTS

Directory	1
Appointments	2
Independent Auditors' Report	3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Net Assets Attributable to Holders of Redeemable Fund Shares	5
Statement of Cash Flows	6
Schedule of Investments	7 - 8
Notes to the Financial Statements	9 - 18
Notices	19

DIRECTORY

Registered office and mailing address

Orbis Institutional Global Equity Fund
Orbis Institutional Funds Limited
Orbis House
25 Front Street
Hamilton HM 11
Bermuda

Directors

William B Gray (Chairman)
Orbis Investment Management Limited
Bermuda

William B Gray is the President and a Director of the Orbis Funds and Orbis Investment Management Limited and Chief Investment Officer of Orbis Investment Management Limited. He was appointed Chairman of the Orbis Funds effective 31 March 2016.

John C R Collis
Consultant
Bermuda

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

James J Dorr
Orbis Investment Advisory Limited
London, United Kingdom

James J Dorr is the General Counsel and Secretary of the Orbis Funds and Orbis Investment Management Limited.

E Barclay Simmons
ASW Law Limited
Bermuda

E Barclay Simmons is the Chief Executive Officer of ASW Law Limited and was appointed a Director of the Orbis Funds effective 31 March 2016.

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 Manager

Orbis Investment Advisory Limited
28 Dorset Square
London NW1 6QG
United Kingdom

Orbis Portfolio Management (Europe) LLP**
28 Dorset Square
London NW1 6QG
United Kingdom

Orbis Investment Management (U.S.), LLC
600 Montgomery Street, Suite 3800
San Francisco, CA 94111
United States of America

Orbis Investment Advisory (Hong Kong) Limited**
Suites 1802-1805
18th Floor, Chater House
8 Connaught Road
Central, Hong Kong

Auditors

Ernst & Young LLP
Ernst & Young Tower
222 Bay Street, PO Box 251
Toronto, Ontario
Canada M5K 1J7

Custodian

Citibank N.A., New York Offices
390 Greenwich Street
New York, New York 10013
United States of America

Administrator and Registrar

Citibank Europe plc
Luxembourg Branch
31, Z.A. Bourmicht
L-8070 Bertrange
Luxembourg

* Licensed to conduct investment business by the Bermuda Monetary Authority

** Appointed Sub-Portfolio Manager effective 1 January 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Orbis Institutional Funds Limited and the Members of

Orbis Institutional Global Equity Fund (the "Fund"):

We have audited the accompanying financial statements of the Fund, which comprise the statement of financial position as at 31 December 2016, 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 to 18.

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 Fund's 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 Fund's 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 Fund as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada
25 January 2017

Chartered Professional Accountants
Licensed Public Accountants

ORBIS INSTITUTIONAL GLOBAL EQUITY FUND

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

As at 31 December	2016	2015
Assets		
Financial assets at fair value through profit or loss		
Securities	3,712,294	3,549,502
Derivatives	16,465	5,207
Cash and cash equivalents	91,427	8,947
Due from brokers	5,206	4,315
Manager's fees refunded	2,814	-
Due from Manager	-	193
Dividends and other receivables	6,367	5,440
	3,834,573	3,573,604
Liabilities		
Financial liabilities at fair value through profit or loss		
Derivatives	12,308	870
Due to brokers	20,907	7,939
Redemptions payable	512	-
Manager's fees payable	1,119	3,412
Other payables and accrued liabilities	293	435
	35,139	12,656
Net assets attributable to holders of redeemable Fund shares	3,799,434	3,560,948



William B Gray,
on behalf of the Board of Directors
24 January 2017

See accompanying notes on page 9

ORBIS INSTITUTIONAL GLOBAL EQUITY FUND

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

For the year ended 31 December	2016	2015
Income		
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	624,777	(74,684)
Other foreign currency gain (loss)	(479)	(725)
Dividends and other	75,000	65,616
	699,298	(9,793)
Expenses		
Manager's fees	102,344	15,646
Transaction costs	3,680	4,464
Administration, custody fees and other	1,763	1,877
	107,787	21,987
Profit (loss) before taxes	591,511	(31,780)
Withholding and other taxes	24,621	13,114
Increase (decrease) in net assets attributable to holders of redeemable Fund shares	566,890	(44,894)

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

For the year ended 31 December	2016	2015
Balance at beginning of year	3,560,948	3,698,771
Increase (decrease) in net assets attributable to holders of redeemable Fund shares from operations	566,890	(44,894)
Shareholders' activity during the year		
Subscriptions		
Shareholders	305,497	200,209
Switches between funds	49,615	936,575
Redemptions		
Shareholders	(511,495)	(811,026)
Switches between funds	(172,021)	(418,687)
Balance at end of year	3,799,434	3,560,948

See accompanying notes on page 9

ORBIS INSTITUTIONAL GLOBAL EQUITY FUND

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

For the year ended 31 December	2016	2015
Cash flows from operating activities		
Proceeds from realisation of investments and currencies	1,956,091	1,958,661
Purchases of investments	(1,593,182)	(1,908,910)
Dividends and other income received, net of withholding tax	49,241	53,177
Manager's fees paid	(12,584)	(14,276)
Rebate of Manager's fees charged to Orbis fund received	-	1,498
Transaction costs paid	(3,493)	(4,754)
Other expenses paid	(1,906)	(2,099)
Net cash provided by (used in) operating activities	394,167	83,297
Cash flows from financing activities		
Proceeds from subscription of redeemable Fund shares	190,758	1,048,670
Payments on redemption of redeemable Fund shares	(502,445)	(1,139,290)
Net cash provided by (used in) financing activities	(311,687)	(90,620)
Net increase (decrease) in cash and cash equivalents	82,480	(7,323)
Cash and cash equivalents – Beginning of Year	8,947	16,270
Cash and cash equivalents – End of Year	91,427	8,947

See accompanying notes on page 9

ORBIS INSTITUTIONAL GLOBAL EQUITY FUND

SCHEDULE OF INVESTMENTS AT 31 DECEMBER 2016 (US\$ 000's)

Securities

Security	Fair Value	% of Net Assets
North America		52
Charter Communications	215,999	6
QUALCOMM	183,848	5
XPO Logistics	148,970	4
Apache	141,441	4
Motorola Solutions	127,988	3
Berkshire Hathaway - B	103,284	3
Anthem	76,772	2
Microsoft	71,462	2
CDK Global	68,113	2
The Priceline Group	67,733	2
Wells Fargo & Company	59,736	2
Aetna	59,343	2
PayPal Holdings	56,183	1
Citigroup	54,899	1
AbbVie	53,259	1
Celgene	46,719	1
Humana	46,458	1
Dell Technologies - V	39,124	1
American International Group	38,257	1
Fidelity National Financial	38,108	1
Positions less than 1%	295,322	8
Europe		18
Sberbank of Russia	160,421	4
Rolls-Royce Holdings	67,960	2
Gazprom - ADR	48,212	1
Bayerische Motoren Werke	38,383	1
Positions less than 1%	358,191	9
Asia ex-Japan		15
NetEase - ADR	87,191	2
JD.com - ADR	75,989	2
KB Financial Group	71,320	2
Samsung Electronics	53,240	1
Baidu - ADR	43,982	1
Positions less than 1%	237,418	6
Japan		9
INPEX	45,051	1
Mitsubishi	42,323	1
Nissan Motor	39,791	1
Positions less than 1%	195,882	5

May not sum due to rounding

See accompanying notes on page 9

ORBIS INSTITUTIONAL GLOBAL EQUITY FUND

SCHEDULE OF INVESTMENTS AT 31 DECEMBER 2016 (US\$ 000's) (CONTINUED)

Securities *(Continued)*

Security	Fair Value	% of Net Assets
Other		4
Newcrest Mining	47,439	1
Itaú Unibanco Holding - Preference - ADR	39,621	1
Positions less than 1%	66,863	2
	3,712,294	98

May not sum due to rounding

Derivatives

	Unrealised Gain (Loss)
Forward currency contracts gain	16,465
Forward currency contracts loss	(12,308)

Forward Currency Contracts

Currency	Contract Value	Contract Value	Fair Value	Unrealised Gain (Loss)
	000's	US\$ 000's	US\$ 000's	US\$ 000's
CAD	154,620	116,940	115,242	(1,699)
CNH	(1,544,200)	(225,204)	(217,499)	7,705
CNY	(190,300)	(27,777)	(26,776)	1,001
DKK	913,973	134,702	130,167	(4,535)
EUR	246,332	269,109	260,411	(8,698)
GBP	(55,318)	(70,122)	(68,317)	1,805
JPY	2,965,830	28,601	25,483	(3,118)
KRW	(187,802,786)	(168,694)	(155,504)	13,190
MXN	1,648,000	80,027	78,533	(1,494)
		137,581	141,739	4,157

May not sum due to rounding

See accompanying notes on page 9

General information

Orbis Institutional Global Equity Fund (the “Fund”) was formed on 5 February 2004 and is a sub-fund of Orbis Institutional Funds Limited (the “Company”). The Company was incorporated on 5 December 2003 in the British Virgin Islands. On 1 October 2014, the Company continued from the British Virgin Islands into Bermuda, became a Bermuda mutual fund, registered as a segregated accounts company and changed its name from “Orbis Institutional SPC Limited” to “Orbis Institutional Funds Limited”. The Company’s registered office is located at Orbis House, 25 Front Street, Hamilton, Bermuda.

The Fund is designed to remain fully invested in global equities. It aims to earn a higher return than world stockmarkets.

Orbis Investment Management Limited has been contractually appointed as the “Manager” of the Fund.

These financial statements were authorised for issue by the Board of Directors on 24 January 2017.

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 Manager may determine the point within the bid-ask spread that is most representative of fair value. The fair value of investments not traded in an active market, including over-the-counter derivatives or securities currently or temporarily unlisted, is determined using valuation techniques which include consideration of recent arm’s length transactions, the fair value or indicative quotes of other instruments substantially the same, projected earnings and trading multiples, option pricing models and company-specific facts and circumstances, adjusted to reflect illiquidity or restrictions on sale. The valuation techniques employed make maximum use of market inputs and are consistent with accepted methodologies for pricing financial instruments. Should any price be unavailable or be considered unrepresentative of fair value, a price considered fair by the 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 Fund's 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 the Fund's investment strategy, which include equity securities held by the Fund.

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

Derivatives held by the Fund, which include forward currency contracts, are classified as held for trading unless they are designated as effective hedging instruments as defined by *IAS 39 Financial Instruments: Recognition and Measurement*. The Fund does not designate any of its 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 intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Foreign currency translation. These financial statements are presented in US dollars, the Fund's functional and presentation currency, being the currency in which performance is measured and reported and in which shares are issued and redeemed.

Transactions in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. 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.

Due from and due to brokers. Amounts due from brokers represent receivables for securities contractually sold but not yet settled while amounts due to brokers represent payables for securities contractually purchased but not yet settled.

Income and expenses. Income and expenses are recorded on an accrual basis. Dividends are accrued on the ex-date of the dividend once the ex-date and amount are known with reasonable certainty. 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 Fund or its shareholders in respect of shares in the Fund. The Bermuda Government has undertaken that, in the event that any such Bermuda taxes are levied in Bermuda in the future, the Fund and its shares will be exempt from such taxes until 31 March 2035. Income and capital gains on the Fund's investments, however, may be subject to withholding or capital gains taxes in certain countries. In the Statement of Comprehensive Income, income and gains are recorded gross of tax with taxes shown separately.

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 Fund 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.

Uncertainties also exist with respect to the interpretation of complex tax regulations and changes in tax laws on withholding or capital gain taxes. Differences in the assumptions made, or changes to such assumptions, could necessitate future adjustments to taxes already recorded.

Standards issued but not yet effective. The final version of *IFRS 9 Financial Instruments*, was issued by the IASB in July 2014 and 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. *IFRS 9* is effective for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Fund is in the process of assessing the impact of *IFRS 9* and has not yet determined when it will adopt the new standard.

Fair value measurement

Fair value hierarchy. The table below categorises the Fund's 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.

	Level 1 US\$ 000's	Level 2 US\$ 000's	Total US\$ 000's
As at 31 December 2016			
Financial assets at fair value through profit or loss			
Securities	3,712,294	-	3,712,294
Forward currency contracts	-	16,465	16,465
Financial liabilities at fair value through profit or loss			
Forward currency contracts	-	(12,308)	(12,308)
As at 31 December 2015			
Financial assets at fair value through profit or loss			
Securities	3,549,502	-	3,549,502
Forward currency contracts	-	5,207	5,207
Financial liabilities at fair value through profit or loss			
Forward currency contracts	-	(870)	(870)

Valuation techniques. Listed equities and derivatives whose fair value is based on quoted market prices are classified as Level 1 investments. Forward currency contracts are valued at their mid-market prices, determined using valuation techniques that incorporate market observable inputs including foreign exchange spot and forward rates, and are classified as Level 2 investments.

The Fund may occasionally invest in securities which are currently or temporarily unlisted. In determining their fair value, the Manager employs valuation techniques which make maximum use of market inputs and are consistent with accepted methodologies for pricing financial instruments. These securities may be classified as either Level 2 or Level 3 based on whether the lowest level input significant to the fair value measurement is observable or unobservable.

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 2016 or 31 December 2015.

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

For the year ended 31 December	2016	2015
	US\$ 000's	US\$ 000's
Realised gains (losses)		
Securities	176,755	18,007
Derivatives	(9,702)	(6,706)
Change in unrealised gains (losses)		
Securities	457,904	(82,944)
Derivatives	(180)	(3,041)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	624,777	(74,684)

Derivative financial instruments. Subject to its investment restrictions, the Fund may utilise derivative financial instruments, primarily to manage its exposure to currency risk. The Fund only invests 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 forward currency contracts.

The Fund has entered into agreements whereby all its currency transactions with the counterparty to that agreement can be netted in various events of default. 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 2016, the gross unrealised gains and (losses) on the forward currency contracts held by the Fund were, in thousands, US\$34,753 and US\$(30,596) respectively (2015 - US\$15,436 and US\$(11,099)).

Financial risk management

The 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.

The investments of the Fund are managed by the Manager in accordance with the investment policy and investment restrictions of the Fund described in the Fund's 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.

The Fund holds securities denominated in foreign currencies whose value will fluctuate due to changes in exchange rates. For this reason, part of the Manager's research effort is devoted to forecasting currency trends. Taking into account these expected trends, the Manager actively reviews the Fund's currency exposure. Those currencies held but considered vulnerable may to some extent be sold in favour of those considered more attractive, generally using forward currency contracts. The Fund's currency deployment therefore frequently differs significantly from the geographic deployment of its selected equities.

The table below summarises the main foreign currencies to which the Fund had exposure at the year-end:

	% of net assets	
	2016	2015
Euro	10	6
Japanese yen	9	9
British pound	6	7
Russian rouble	6	5

The impact on the Fund's net assets of a 5% movement against the US dollar in all currencies to which the Fund was exposed as at 31 December 2016 would have been 2.5% (2015 – 2.0%).

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 Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to significant levels of risk due to fluctuations in the prevailing levels of market interest 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 or interest rate risk.

The Fund is exposed to price risk arising from its investments in equity securities. The Manager attempts to mitigate price risk through the use of a consistent and carefully considered investment approach, based on extensive proprietary investment research, appropriate diversification of investments and equity selection in accordance with the investment guidelines of the Fund. In constructing the portfolio, the Manager assesses not only each equity's perceived risk and reward but also, in order to manage risk further by appropriate diversification, its correlation with the rest of the portfolio. The Manager also takes into account the composition of the Fund's performance benchmark, the MSCI World Index and monitors the Fund's risk of underperforming its benchmark by comparing the Fund's weighting in each industry, stockmarket and currency with that of the benchmark and ensuring that deviations in such weightings, which are prompted by detailed "bottom up" research, are not inconsistent with the Manager's "top down" macroeconomic view. The maximum risk resulting from the Fund's financial instruments is equal to their fair value.

Considering the historical correlation between the return of the equities held by the Fund at year-end and the returns of their respective stockmarket indices, the estimated impact on the Fund's net assets of a 5% change in those markets as at 31 December 2016 would have been 4.9% (2015 – 4.7%). 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 Fund.

Credit risk arises primarily from the Fund's forward currency contracts, cash and cash equivalents and amounts due from brokers. The maximum exposure to credit risk at the year-end is the carrying value of these financial assets.

The Manager seeks to reduce the Fund's credit risk to the extent practicable by dealing only with counterparties which have investment grade ratings from a recognised rating agency; arranging for equity transactions to be settled "delivery versus payment" whenever possible; and, to limit its risk to the amount of any net unrealised gain, by entering into agreements whereby all its currency transactions with the counterparty to that agreement can be netted.

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

For the Fund, exposure to liquidity risk may arise from the requirement to meet cash redemption requests, normally payable within five business days of any Dealing Day. The Fund, along with twelve other Orbis funds, has entered into an uncommitted multi-currency line of credit which may be drawn upon for the purpose of paying redemptions. The maximum which may be drawn across all funds is US\$500 million and for each fund cannot exceed 10% of its Net Asset Value. Drawdowns bear interest at market rates and cannot be outstanding for more than seven business days. The facility expires on 22 November 2017.

The majority of the Fund's investments are actively traded on a stock exchange and can be readily disposed of. The Fund also invests 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 contracts which mature within six months of the year-end, and all other payables are due within one month. Although the Fund shares are redeemable on demand, the Manager does not envisage that will be representative of their actual cash outflows.

Cash and cash equivalents

At the year-end, cash and cash equivalents are comprised of:

	2016 US\$ 000's	2015 US\$ 000's
Cash	46,981	2,956
USTreasury bills	44,446	5,991
Total cash and cash equivalents	91,427	8,947

Net assets attributable to holders of redeemable shares

As a Bermuda segregated accounts company, the Company may establish and maintain separate Funds within which all assets and liabilities attributable to each segregated portfolio or segregated account, as applicable, and their respective classes of shares are held. The assets and liabilities of each Fund are legally segregated from the assets and liabilities of any and all other Funds within the Company under the Segregated Accounts Companies Act 2000 of Bermuda. Fund assets shall not be available or used to meet liabilities to, and shall be protected from, any creditors of the Company who are not creditors of that Fund.

At 31 December 2016 and 2015 the authorised share capital of the Company comprises of 12,000 Founders' shares of par value US\$1 each and 500 million Fund shares of par value US\$0.0001 each.

Fund shares may be issued in one or more classes or series of shares. At 31 December 2016, the Fund offers Base, Core, Founding, and Zero Base Refundable Reserve Fee shares, each of which may have different management fees or eligibility requirements. Within each of those share classes, individual share classes or individual series within a share class are issued to investors to facilitate calculation of the management fees. Fee Reserve Fund shares are issued to the Manager in relation to the performance fee.

Fund and Fee Reserve shares participate pro rata in the net assets and dividends of the Company attributable to those classes of shares. These shares are redeemable at their net asset value and are non-voting. Founders' shares do not participate in the Funds' portfolios, are redeemable at their par value only after all Fund and Fee Reserve shares have been redeemed, and carry the right to vote. If the Company is wound up or dissolved, the Founders' shares would participate only to the extent of their par value. All of the authorised Founders' shares have been issued.

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

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

	Fund shares								Fee Reserve shares	
	Base		Core		Founding		Zero Base			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Balance at beginning of year	1,395	539	2,955	2,179	12,700	15,457	2,513	1,699	135	196
Subscriptions										
Shareholders	49	58	533	126	143	420	55	-	692	388
Switches between funds	72	1,205	208	1,522	14	1,624	-	864	1	12
Redemptions										
Shareholders	(302)	(407)	(79)	(872)	(1,599)	(2,560)	(179)	(50)	(391)	(450)
Switches between funds	(33)	-	(233)	-	(700)	(2,241)	-	-	(11)	(11)
Balance at end of year	1,181	1,395	3,384	2,955	10,558	12,700	2,389	2,513	426	135

The Net Asset Value per share in US\$ and the number of shares in issue, in thousands, at 31 December 2016 was:

Base shares	Net Asset Value per Share	Shares*
Class A-14	203.02	5
Class A-15	199.50	55
Class A-16	198.32	499
Class A-19	194.28	142
Class C-13	202.40	8
Class C-15	201.57	25
Class C-16	200.72	87
Class F-6	201.76	48
Class F-7	200.20	35
Class F-9	194.09	5
Class G-8	199.40	33
Class G-9	198.35	5
Class L-4	203.06	36
Class L-5	201.28	133
Class P-6	202.31	13
Class P-8	194.05	7
Class P-9	194.04	6
Class T-9	193.85	16
Class U-9	201.72	15
Class W-4	202.36	6
		1,181
Core shares		
Class A-13	203.65	538
Class C-18	201.49	239
Class G-7	203.42	296
Class H-1	194.82	63
Class K-6	202.90	590
Class N-6	197.82	371
Class P-5	202.98	234
Class P-10	195.96	158
Class P-11	198.75	48
Class S-13	201.56	136
Class T-7	201.87	212
Class U-10	202.02	186
Class V-3	199.96	199
Class V-5	200.03	114
		3,384

	Net Asset Value	
<u>Founding shares</u>	<u>per Share</u>	<u>Shares*</u>
Class A-5	215.61	80
Class A-11	205.36	122
Class C-3	217.05	191
Class C-7	220.26	1,278
Class D-2	223.52	201
Class E-1	221.01	1,127
Class I-2	213.92	558
Class J-2	210.55	307
Class M-2	219.43	719
Class M-6	210.38	276
Class N-4	202.91	109
Class O-10	200.09	123
Class O-11	200.10	265
Class R-5	217.04	44
Class S-3	219.56	545
Class S-5	220.11	577
Class S-10	202.06	57
Class T-3	213.55	920
Class U-4	203.60	221
Class U-6	203.38	80
Class U-7	205.25	230
Class U-8	205.17	211
Class V-1	211.83	2,171
Class W-2	211.16	143
		<u>10,558</u>
<u>Zero Base shares</u>		
Class C-6	220.55	918
Class C-14	203.29	781
Class Q-1	210.12	689
		<u>2,389</u>
Fee Reserve shares	262.92	426

**May not sum due to rounding*

During the year ended 31 December 2016, redemption switches of US\$125,631 thousand were settled partly through the delivery of equity investments.

Related party transactions

The Manager is paid a base fee by the Base Refundable Reserve Fee shares of 0.60% and, by each of the Core and Founding Refundable Reserve Fee shares of between 0.30% and 0.45% per annum of their net assets. The Zero Base Refundable Reserve Fees do not pay a base fee. The Base, Core and Founding Refundable Reserve Fee shares each pay a performance related fee of 25%, and the Zero Base Refundable Reserve Fees shares a fee of 33% of the share class' rate of return versus its performance fee hurdle since the last Dealing Day. At each Dealing Day, the Manager is issued Fee Reserve shares to the extent of any performance fee accrued. The performance fee is partially refundable in the event of future underperformance, with the refund limited to the value of the Fee Reserve shares related to each investor's Refundable Reserve Fee shares and the fee subject to a high water mark should the available refund be exhausted. The Fee Reserve shares bear no fee.

For each investor in the Base, Core and Founding Refundable Reserve Fee share classes, when the value of the related Fee Reserve shares exceeds 3% and 7% of the total Net Asset Value of their Refundable Reserve Fee shares, the Manager is paid in cash at the rate of 1% and 2% per annum, respectively, of the total Net Asset Value of those Refundable Reserve Fee shares. For each investor in the Zero Base Refundable Reserve Fee share classes, payment is made at the rate of 0.75% per annum of the total Net Asset Value of their Refundable Reserve Fee shares, and increased to 1.75% and 2.75% per annum when the value of the related Fee Reserve shares exceeds 3% and 7%, respectively, of the total Net Asset Value of those Refundable Reserve Fee shares.

The Manager has agreed that for the year ended 31 December 2016, the operating expenses of the Fund, excluding the Manager's fees, brokerage and transaction costs and interest, will be capped at 0.15% per annum (2015 – 0.15%).

The Company pays Director's fees of US\$7,500 per annum to each of John Collis, Barclay Simmons and David Smith (2015 - US\$7,500 to each of John Collis and David Smith). No other directors have received any remuneration or other direct benefit material to them.

The Manager holds all the Fee Reserve shares.

Comparative figures

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

NOTICES

Annual General Meeting. Notice is hereby given that the Annual General Meeting of Orbis Institutional Funds Limited (the "Company") will be held at the offices of Orbis Investment Management Limited, Orbis House, 25 Front Street, Hamilton HM 11, Bermuda on 31 March 2017 at 10:00 am. Members are invited to attend and address the meeting. The Agenda will comprise the following:

- Review of Minutes of the Annual General Meeting of Members of the Company held on 31 March 2016
- Review of 2016 audited financial statements
- Appointment of the Directors of the Company
- Approval of Director's fees for the year to 31 December 2017
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2017

By Order of the Board, James J Dorr, Secretary

Notice to Persons in the European Economic Area (EEA). The Fund is an alternative investment fund that is 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 Fund 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 Fund has 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 Fund is 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 Fund. Subscriptions are only valid if made on the basis of the current Prospectus of the Fund. Certain capitalised terms are defined in the Glossary section of the Fund's Prospectus, a copy of which is available upon request. Orbis Investment Management Limited is licensed to conduct investment business by the Bermuda Monetary Authority.



ORBIS INVESTMENT MANAGEMENT LIMITED • ORBIS HOUSE, 25 FRONT STREET, HAMILTON HM 11, BERMUDA.

TELEPHONE: +1 (441) 296 3000 • FACSIMILE: +1 (441) 296 3001 • E-MAIL: clientservice@orbis.com • WEB SITE: www.orbis.com