

ORBIS OPTIMAL

US\$ Fund / Euro Fund

ORBIS LEVERAGED

US\$ Fund / Euro Fund



ORBIS ABSOLUTE RETURN FUNDS

QUARTERLY REPORTS

31 MARCH 1999

THE FAMILY OF ORBIS OFFSHORE FUNDS

ABSOLUTE RETURN FUNDS

- These Funds seek absolute (*ie positive*) returns regardless of stockmarket trends
- They invest directly or indirectly in the most appropriate mix of Orbis Equity Funds
- They manage risk of loss with discretionary stockmarket hedging
- They are able to have no net exposure to stockmarket trends
- They are differentiated from each other by their risk levels and their base currencies

ORBIS OPTIMAL (US\$) FUND

This Fund seeks capital appreciation in its base currency, the US dollar, while offering a low risk global portfolio. The Fund invests in selected Orbis Equity Funds. The risk of loss of the Fund is managed with discretionary stockmarket hedging.

ORBIS OPTIMAL (EURO) FUND

This Fund seeks capital appreciation in euro on a low risk global portfolio. The Fund supplements its sole investment, the Orbis Optimal (US\$) Fund, with currency hedging enabling the Fund to be managed in its base currency, the euro.

ORBIS LEVERAGED (US\$) FUND

This Fund seeks capital appreciation in US dollars on a leveraged global portfolio. The Fund invests up to 200% of its net assets, primarily in the Orbis Optimal (US\$) Fund. The stockmarket and currency exposure of the Fund is actively managed.

ORBIS LEVERAGED (EURO) FUND

This Fund seeks capital appreciation in euro on a leveraged global portfolio. The Fund supplements its sole investment, the Orbis Leveraged (US\$) Fund, with currency hedging enabling the Fund to be managed in its base currency, the euro.

EQUITY FUNDS

- Each Fund remains fully invested in equities selected from a specified geographic region
- Each is actively managed to outperform a "Benchmark" index of the stockmarkets in its region
- The equities are selected based on detailed proprietary research which emphasises relative value
- A Fund's portfolio may be focused and, unlike an index fund, notably different from its Benchmark
- However, the resulting risk of underperforming the Benchmark is regularly monitored

ORBIS GLOBAL EQUITY FUND

This Fund invests globally and seeks to earn higher returns than world stockmarkets. The Fund's Benchmark is the FT/S&P Actuaries World Index, including income. The Fund's currency exposure is managed relative to that of the World Index.

ORBIS AFRICA EQUITY (RAND) FUND

This Fund invests in African, usually South African, equities. The Fund's Benchmark is the Johannesburg Stock Exchange/Actuaries All Share Index, including income. The Fund does not hedge currencies, and thus is exposed to the rand.

ORBIS JAPAN EQUITY (YEN) FUND

This Fund invests in Japanese equities. The Fund's Benchmark is the Japanese stockmarket, measured by the Tokyo Stock Price Index, including income ("TOPIX"). The Fund does not hedge currencies, and thus is exposed to the yen.

ORBIS JAPAN EQUITY (US\$) FUND

This Fund invests in the Orbis Japan Equity (Yen) Fund. The Fund usually hedges most or all of its currency exposure into US dollars. The Fund's Benchmark is the Japanese stockmarket, measured by TOPIX hedged into dollars, including income.

UK Distributor Status has been granted to Orbis Optimal (US\$) Fund and Orbis Leveraged (US\$) Fund for each year from inception to 1997, inclusive. The Directors have applied for certification for fiscal 1998 for all of the Orbis Funds. Certification is granted retrospectively and cannot be guaranteed.

This Report does not constitute an offer, or a solicitation, to buy shares of Orbis Funds. Subscriptions are only valid if made on the basis of the current prospectus of an Orbis Fund.

Certain capitalised terms are defined in the Annual Reports.

Past performance is not necessarily indicative of future performance.

CHAIRMAN'S LETTER

Dear Fellow Member,

All of the Orbis Funds have made an encouraging start to 1999. During the first quarter, each of our Equity Funds performed well in relation to its peers, and markedly outperformed its designated stockmarket benchmark index. As a result, the Orbis Optimal approach of investing in these Equity Funds and selectively hedging the associated stockmarket risk was rewarding. This in turn made it profitable to leverage an investment in Orbis Optimal—which is just what Orbis Leveraged does.

During the latest quarter, **Orbis Optimal (US\$)** earned 6.8%, taking your Fund's share price to a new all time high. The Fund's return compared favourably with returns of 3.3% on the Average Global Equity Fund and 1.2% on Bank Deposits. Over the latest 12 months, Orbis Optimal (US\$) has earned 17.4%. This is pleasing for this risk averse Fund, particularly relative to the returns for the same period of 3.0% on the Average Global Equity Fund and 4.9% on Bank Deposits. On the other hand, your Fund's results for the latest three and five years have been disappointing. Although Orbis Optimal (US\$) has earned more than Bank Deposits, it has lagged the Average Global Equity Fund. This has been due to your Fund's substantial hedging while stockmarkets have risen and Orbis Global Equity's indifferent performance relative to the FT/S&P Actuaries World Index. Since its inception on 1 January 1990, Orbis Optimal (US\$) has achieved a return of 11.5% pa while the Average Global Equity Fund has earned 8.3% pa and Bank Deposits 5.8% pa.

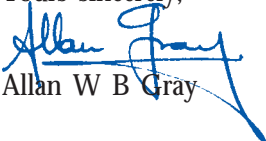
Orbis Leveraged (US\$) appreciated by 10.2% during the latest quarter, essentially by gearing the 6.8% earned by Orbis Optimal (US\$). Over the same period, the Average Global Equity Fund returned 3.3% and Bank Deposits 1.2%. For the latest 12 months, Orbis Leveraged (US\$) has earned a disappointing 8.3%. At least this exceeded the returns of 4.9% on the Average Global Equity Fund and 3.0% on Bank Deposits. It is encouraging to note that Orbis Leveraged (US\$) is benefiting from last year's structural improvements to Orbis Optimal (US\$). Nevertheless, we are well aware that the improvement in Orbis Leveraged (US\$) will need to be sustained for its intermediate-term results to be restored to satisfactory levels. In consequence the Manager is, of course, still waiving the incremental 0.5% fee payable by Orbis Leveraged (US\$). Since inception, Orbis Leveraged (US\$) has earned 11.5% pa, the Average Global Equity Fund 8.3% pa and Bank Deposits 5.8% pa.

The Orbis Absolute Return Funds offer our Members a choice of investments managed in dollars or euro. In the latest quarter, **Orbis Optimal (Euro)** earned 6.6% and **Orbis Leveraged (Euro)** 9.2%. Since inception on 30 June 1998, Orbis Optimal (Euro) has earned 7.3% while Orbis Leveraged (Euro) has declined 2.8%.

We are frequently encouraged by the additional insights we can glean as to how to optimise these Funds, despite our experience of almost ten years since the dollar Funds were launched. This quarter has been no exception, as more fully explained in the Manager's Reports on the following pages.

As always, we appreciate your support of our services.

Yours sincerely,


Allan W B Gray

Hamilton, Bermuda
20 April 1999

ORBIS OPTIMAL (US\$) AND (EURO) FUNDS

MANAGER'S REPORT AT 31 MARCH 1999

Total Rate of Return	From Inception	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
In the benchmark currencies:*	on 1 Jan 1990				
Orbis Optimal (US\$)	11.7	6.2	6.7	17.6	6.8
In US dollars:					
Orbis Optimal (US\$)	11.5	4.7	3.1	17.4	6.8
Bank Deposits	5.8	3.2	1.0	4.9	1.2
Average Global Equity Fund	8.3	9.6	10.8	3.0	3.3
		% Not Annualised			
In euro:	on 30 Jun 1998				
Orbis Optimal (Euro)	7.3				6.6

* 100% US dollars since 30 June 1998, previously 40% dollars, 40% ecu and 20% yen.

Orbis Optimal (US\$) invests in Orbis Equity Funds and selectively hedges stockmarket exposure. The Fund profits when the equities to which it is indirectly exposed outperform the stockmarkets on which the hedging is based. This was the case last quarter, helping Orbis Optimal (US\$) to earn 6.8%. Orbis Japan Equity (US\$) and Orbis Africa Equity (Rand) earned returns exceeding those of their designated benchmarks by 7.6% and 16.3%, respectively. While Orbis Global Equity also outperformed its benchmark, this was less relevant to your Fund than the fact that Orbis Global Equity's selected equities outperformed their local stockmarkets by 2.7% on average. This is because Orbis Optimal (US\$)'s stockmarket hedging was largely based on the mix of stockmarkets to which Orbis Global Equity was exposed ("matched hedging"), rather than on the stockmarkets in that Fund's benchmark. Orbis Optimal (US\$) has benefited materially since being permitted to invest in Orbis country funds in June 1998. To illustrate this, your Fund's return for the period has been more than 4% higher than if it had simply invested in Orbis Global Equity and hedged on a "matched" basis.

In the past 18 months, Orbis has devoted considerable additional resources to research and has reviewed its approach to risk management. We believe that your Fund is reaping rewards. Our research is covering a broader range of shares from within each stockmarket. This is enhancing our understanding of the risk of our equity selections underperforming their local stockmarkets. This is relevant to Orbis Optimal (US\$) because this risk presents your Fund with a risk of loss when it invests in our equity selections and hedges the associated stockmarket exposure using stock index futures. We have also improved our understanding as to how much to hedge your Fund. Orbis Optimal (US\$) has a low tolerance for risk of loss and aims for absolute, rather than stockmarket related, returns. Therefore, because stockmarket movements are volatile and unpredictable in the short term, your Fund will usually retain substantial stockmarket hedging, even if our long-term outlook is bullish. Note that despite our enthusiasm for the value offered by the equities held by Orbis Japan Equity (US\$) and Orbis Africa Equity (Rand), your Fund continued to hedge most of the associated stockmarket exposure.

Orbis Optimal (Euro) aims to invest all of its net assets in Orbis Optimal (US\$), and hedges up to 100% of net assets from US dollars into euro. As shown opposite, at the quarter-end Orbis Optimal (Euro) was 100% exposed to euro. Since its inception on 30 June 1998, Orbis Optimal (Euro) has earned 7.3% in euro, including a return of 6.6% in the latest quarter.

MANAGER	INVESTMENT ADVISOR	CUSTODIAN
Orbis Investment Management Limited	Orbis Investment Advisory Limited	The Bank of Bermuda Limited
<i>DIRECTORS</i> Allan W B Gray, Chairman	John C R Collis	Geoffrey M Gardner
	Alan Gilbertson	William D Thomson

ORBIS OPTIMAL (US\$) FUND

STATEMENT OF NET ASSETS AT 31 MARCH 1999 (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Global Equity Fund	328,829	63
Orbis Japan Equity (US\$) Fund	138,526	27
Orbis Africa Equity (Rand) Fund	27,165	5
Portfolio Hedging:		
Stock Index Futures Sold:		
Japan: TOPIX TSE 6/1999	(63,485)	(28)
Nikkei 225 OSA 6/1999	(47,727)	
Nikkei 225 CME 6/1999	(34,474)	
US: S&P 500 CME 6/1999	(103,189)	(28)
NASDAQ 100 CME 6/1999	(40,394)	
UK: FTSE 100 LIFFE 6/1999	(39,434)	(8)
South Africa: JSE All Share Top 40 SAFEX 6/1999	(30,333)	(6)
France: CAC 40 MATIF 4/1999	(17,787)	(3)
Germany: DAX DTB 6/1999	(16,385)	(3)
Spain: IBEX 35 MEFF 4/1999	(9,405)	(2)
Sweden: OMX OMLX 4/1999	(7,162)	(1)
Contract Value	398,593	77
Unrealised Loss on Open Positions	(11,182)	(2)
Net Balances at Brokers	31,440	6
Balance Committed to Above Positions	20,258	4
Net Current Assets	3,121	1
Net Assets	517,899	100
Net Asset Value per Share	18,948,926 shares issued	US\$ 27.33

ORBIS OPTIMAL (EURO) FUND

STATEMENT OF NET ASSETS AT 31 MARCH 1999 (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Optimal (US\$) Fund	6,302	102
Net Current Liabilities <i>(Mainly the result of currency hedging)</i>	(142)	(2)
Net Assets	6,160	100
Net Asset Value per Share	573,827 shares issued	€ 10.73

ORBIS OPTIMAL

(US\$) FUND

(EURO) FUND

CURRENCY DEPLOYMENT AT 31 MARCH 1999

	% of Fund	% of Fund
US dollar	100	-
Euro	-	100
Net Assets	100	100

ORBIS LEVERAGED (US\$) AND (EURO) FUNDS

MANAGER'S REPORT AT 31 MARCH 1999

Total Rate of Return	From Inception	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
In the benchmark currencies:*	on 1 Jan 1990				
Orbis Leveraged (US\$)	11.7	1.3	(1.5)	8.5	10.2
In US dollars:					
Orbis Leveraged (US\$)	11.5	(0.2)	(4.8)	8.3	10.2
Bank Deposits	5.8	3.2	1.0	4.9	1.2
Average Global Equity Fund	8.3	9.6	10.8	3.0	3.3
		% Not Annualised			
In euro:	on 30 Jun 1998				
Orbis Leveraged (Euro)	(2.8)				9.2

* 100% US dollars since 30 June 1998, previously 40% dollars, 40% ecu and 20% yen.

During the latest quarter, **Orbis Leveraged (US\$)** invested an average of 187% of net assets in Orbis Optimal (US\$), whose return was 6.8%. After borrowing costs, this geared investment helped your Fund to earn 10.2% for the quarter.

In 1998 we identified the potential rewards to Orbis Optimal (US\$) of focusing its hedged equity investments on those stockmarkets which were at the stage of their stockmarket cycles at which our style of value-orientated stock selection was most likely to succeed. At the time, we anticipated that we could exploit abnormal disparities of value that had developed in the stockmarkets of Japan and South Africa. This led to investments in Orbis Japan Equity (US\$) and Orbis Africa Equity (Rand). These have been profitable to Orbis Optimal (US\$), as discussed on page 2, and thus to your Fund.

We now perceive that conditions within the US stockmarket offer your Fund an opportunity. For years this market has been led by momentum-driven "glamour" stocks such as technology shares. Shares offering "value" have lagged markedly. As a result, a disparity has developed between the valuations of glamour and value shares within the US stockmarket. This disparity has been prolonged and now appears extreme. We find the situation analogous in many respects to that in the South African stockmarket nine months ago. Orbis Africa Equity (Rand) was able to profit from a correction in similar sharp disparities in value. Recent signs, particularly since the quarter-end, suggest that the leadership of the US stockmarket is changing to cyclical and mid-cap shares.

While value-oriented US shares lagged the US stockmarket, your Fund's return was depressed by its hedged exposure to US value shares. A change in leadership would not only eliminate this cost but also enhance the Fund's return. Note that this benefit would accrue whether the US stockmarket rises or falls. The potential impact is substantial, because a meaningful portion of your Fund is indirectly invested in hedged US equities. Of course, other factors, notably the performance of your Fund's indirect Japanese shareholdings compared with the TOPIX, remain important.

Orbis Leveraged (Euro) aims to invest all of its net assets in Orbis Leveraged (US\$), and hedges up to 100% of net assets from US dollars into euro. Last quarter, Orbis Leveraged (Euro) earned 9.2% in euro, reducing the Fund's loss since its inception on 30 June 1998 to 2.8%.

MANAGER	INVESTMENT ADVISOR	CUSTODIAN
Orbis Investment Management Limited	Orbis Investment Advisory Limited	The Bank of Bermuda Limited
<i>DIRECTORS</i> Allan W B Gray, Chairman	John C R Collis	Geoffrey M Gardner
	Alan Gilbertson	William D Thomson

ORBIS LEVERAGED (US\$) FUND

STATEMENT OF NET ASSETS AT 31 MARCH 1999 (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Optimal (US\$) Fund	430,174	186
Incremental Equity Position: First Russian Frontiers Trust	2,675	1
Position to Manage Stockmarket Exposure: Stock Index Futures Sold:		
US: S&P 500 CME 6/1999 Contract Value	(11,322) 11,321	(5) 5
Unrealised Loss on Open Position	(1)	-
Margin Balances at Broker	579	-
Balance Committed to Above Position	578	-
Investments	433,427	187
Loans	(202,000)	(87)
Net Current Assets	141	-
Net Assets	231,568	100
Net Asset Value per Share	8,468,473 shares issued	US\$ 27.34

ORBIS LEVERAGED (EURO) FUND

STATEMENT OF NET ASSETS AT 31 MARCH 1999 (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Leveraged (US\$) Fund	15,887	102
Net Current Liabilities (<i>Mainly the result of currency hedging</i>)	(317)	(2)
Net Assets	15,570	100
Net Asset Value per Share	1,601,573 shares issued	€ 9.72

ORBIS LEVERAGED (US\$) FUND (EURO) FUND

CURRENCY DEPLOYMENT AT 31 MARCH 1999

	% of Fund	% of Fund
US dollar	100	-
Euro	9	109
British pound	(10)	(10)
Russian rouble	1	1
Net Assets	100	100



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