

ORBIS ABSOLUTE RETURN FUNDS

30 SEPTEMBER 2000
Quarterly
REPORTS



ORBIS OPTIMAL

US\$ Fund / Euro Fund

ORBIS LEVERAGED

US\$ Fund / Euro Fund

NOTICES

***UK Distributor Status.** The Board of Inland Revenue has certified each of the Orbis Funds as a distributing fund for the purposes of Chapter V of Part XVII of the United Kingdom Income and Corporation Taxes Act 1988 from the Fund's inception until 31 December 1999. The Directors intend to apply for such certification for fiscal 2000 for all of the Orbis Funds. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2000 or for future accounting periods.*

***Other.** This Report does not constitute an offer to sell, 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 Glossary section of the Orbis Funds General Information document, copies of which are available upon request from the Manager. Past performance is not necessarily indicative of future performance.*

Members and other authorised persons who wish to receive the Orbis Absolute Return Funds Quarterly Reports by e-mail are invited to send their requests to g.gardner@orbisfunds.com

THE FAMILY OF ORBIS 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 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 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 exposures of the Fund are 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 using detailed proprietary research which emphasises fundamental 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 FTSE 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 therefore is exposed to the Japanese yen.

ORBIS JAPAN EQUITY (US\$) FUND

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

ORBIS OPTIMAL (US\$) FUND AT 30 SEPTEMBER 2000

Total Rate of Return	From Inception	Latest		2000 to Date	Latest Quarter
	on 1 Jan 1990	5 Years	3 Years		
	% Annualised			% Not Annualised	
In the benchmark currencies:*					
Orbis Optimal (US\$)	11.0	7.1	6.2	14.5	(0.3)
In US dollars:					
Orbis Optimal (US\$)	10.8	4.2	5.0	14.5	(0.3)
Bank Deposits*	5.8	2.2	4.2	4.8	1.7
Average Global Equity Fund	8.9	11.5	9.5	(4.7)	(3.6)

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

In the third quarter, the Orbis Optimal (US\$) Fund lost 0.3%. Although this was better than the return of the Average Global Equity Fund, which fell 3.6%, we are disappointed that it lagged the 1.7% return on Bank Deposits. For the year-to-date, the Fund is up 14.5%, exceeding the returns of Bank Deposits and the Average Global Equity Fund.

Despite the Fund's flat performance last quarter, we are encouraged by what we believe is unfolding in the US stockmarket. In the past year, global markets have seen a massive speculative bubble focused on Internet and technology stocks. We believe we are now witnessing a deflation of that bubble, starting in Japan and increasingly also in the US. A few of the mega-cap glamour stocks that led the US market up in 1999 have already come down significantly this year, often on the back of disappointing short-term results. For example, for the nine months ended 30 September, Microsoft was down 48% and Lucent 59%. Some of the major Internet stocks have fared even worse.

The unwinding in the US so far has been gradual and selective. Instead of a rapid deflation of the speculative bubble and a widespread decline in share prices, the weakness is occurring only in individual equities with deteriorating short-term fundamentals. The isolated weakness in individual equities, in the absence of widespread declines in the major stockmarket indices, suggests that the speculative froth in the market has not dissipated; money is simply rotating into other stocks with strong and improving short-term fundamentals. In this environment, the performance of our US stocks has improved and contributed significantly to recent returns. The real payoff for the Fund will come however when the unravelling of US stockmarket excesses becomes more pervasive.

Since the relative return of the Fund's equities is the key driver of its performance, we try to capitalise on stock-picking opportunities by shifting the Fund's assets to markets where we can capture the best potential relative returns. This was our principal motivation for launching our Japan and Africa Funds in 1998. Your Fund has invested in those Funds since their launch to your Fund's benefit.

The improving relative returns of the Orbis Global Fund's US stocks and our optimism about their potential have led that Fund to significantly increase its weighting in the US. As a result, this has caused a shift of more of your Fund's assets into the US in the latest quarter. As shown opposite, at quarter-end US equities constituted the Fund's biggest geographic concentration at 38%, up from 31% at 30 June, while Japanese equities dropped to 31% from 43%. This further positions your Fund to benefit if, as we expect, the unwinding of the speculative excesses in the US market gathers pace and fundamental value drives share performance again.

DIRECTORS Allan W B Gray, Chairman John C R Collis Geoffrey M Gardner William B Gray William D Thomson

MANAGER
Orbis Investment Management Limited

INVESTMENT ADVISOR
Orbis Investment Advisory Limited

CUSTODIAN
The Bank of Bermuda Limited

ORBIS OPTIMAL (US\$) FUND AT 30 SEPTEMBER 2000

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Global Equity Fund	366,832	67
Orbis Japan Equity (US\$) Fund	120,678	22
Orbis Africa Equity (Rand) Fund	24,989	5
Total Equity Exposure	512,499	94
Portfolio Hedging:		
Stock Index Futures Sold:		
US: S&P 500 CME 12/2000	(174,420)	(34)
NASDAQ 100 CME 12/2000	(12,635)	
Japan: Nikkei 225 OSE 12/2000	(52,626)	(23)
TOPIX TSE 12/2000	(45,823)	
Nikkei 225 CME 12/2000	(29,730)	
UK: FTSE 100 LIFFE 12/2000	(35,226)	(7)
South Africa: JSE All Share Top 40 SAFEX 3/2001	(31,395)	(6)
Germany: DAX Eurex 12/2000	(6,677)	(1)
Contract Value	402,008	73
Net Balances at Brokers	1,219	-
Balance Committed to Above Positions	14,695	2
Put Options:		
US: S&P 500 CBOE, Strike 1500, 3/2001	3,498	1
Option Premium	3,498	1
Net Current Assets	17,213	3
Net Assets	547,905	100
Net Asset Value per Share	18,155,795 shares issued	US\$ 30.18

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	38	(40)	(2)	(14)
Japan	31	(23)	8	(3)
Europe	17	(8)	9	4
Emerging Markets	8	(6)	2	-
Total	94	(77)**	17	(13)

* This is Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.
 ** Put option exposure is on a delta adjusted basis; face value basis provides an additional 5% hedging.

CURRENCY DEPLOYMENT

	% of Fund
US dollar	84
Euro	15
Russian rouble	1
Net Assets	100

ORBIS OPTIMAL (EURO) FUND AT 30 SEPTEMBER 2000

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 1 Year	2000 to Date	Latest Quarter
	<small>% Annualised</small>		<small>% Not Annualised</small>	
Orbis Optimal (Euro)	6.2	2.3	13.4	0.3
<i>% change in the US dollar value of the euro</i>	<i>(9.1)</i>	<i>(17.4)</i>	<i>(12.2)</i>	<i>(7.3)</i>

In effect, apart from its currency exposure, Orbis Optimal (Euro) is the same investment as Orbis Optimal (US\$). Given this, we refer regular readers to the Orbis Optimal (US\$) Fund report on page 2. First time readers may find it informative to also read the text below in italics.

This Fund seeks capital appreciation in euro on a low risk global portfolio. It invests in the Orbis Optimal (US\$) Fund and hedges most or all of its currency exposure from US dollars into euro. The result is that this Fund may be expected to earn returns in euro which usually approximate those on Orbis Optimal (US\$) in dollars, adjusted by the short-term interest rate differential between the euro and the dollar. Page 2 shows the returns on Orbis Optimal (US\$) in dollars for various periods, including 11.0% pa for the over ten-year period since that Fund's inception on 1 January 1990.

The returns of Orbis Optimal (Euro) may also differ from those of Orbis Optimal (US\$) because the policy of these Funds is to avoid net short currency positions. For example, page 3 shows that at the quarter-end the Currency Deployment of Orbis Optimal (US\$) comprised 84% US dollars, 15% euro and 1% Russian rouble. If Orbis Optimal (Euro) had simply hedged 100% of net assets into euro as usual, it would have included minus 16% exposure to the US dollar. Instead, as the Currency Deployment opposite shows, this Fund's hedging into euro was adjusted in order to avoid a negative dollar position.

Your choice between this Fund and Orbis Optimal (US\$) should be dictated by the base currency in which you wish us to manage your investment. The above table shows the fluctuations in the exchange rate between the euro and the dollar for various periods (the ecu was used prior to 1 January 1999). The table highlights that these exchange rate fluctuations can be substantial and that it is therefore important to select an investment managed in the base currency best suited to your needs.

The Fund's deployment at the quarter-end is shown opposite. The Statement of Net Assets shows that 100% of Orbis Optimal (Euro) was invested in Orbis Optimal (US\$). Details of the portfolio of Orbis Optimal (US\$) are in turn disclosed on page 3.

Note that Orbis Optimal (US\$), and therefore Orbis Optimal (Euro), can include sufficient stockmarket hedging to materially reduce or even eliminate all stockmarket exposure, and thus can target positive returns regardless of the current trend in stockmarkets (or any other asset class). This is why we refer to the Orbis Optimal Funds as "Absolute Return Funds".

Finally, the Analysis of Stockmarket Exposure opposite looks through the investment in Orbis Optimal (US\$) at the quarter-end to present Orbis Optimal (Euro)'s indirect exposure to stockmarkets. A comparison between this table and the corresponding one for Orbis Optimal (US\$) on page 3 confirms that, aside from currency exposure, the investment exposure of the two Funds was identical. For example, at the quarter-end both Funds had a total of negative 13% Beta Adjusted Exposure to stockmarkets.

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

ORBIS OPTIMAL (EURO) FUND AT 30 SEPTEMBER 2000

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Optimal (US\$) Fund	9,295	100
Net Current Assets	12	-
Net Assets	9,307	100
Net Asset Value per Share	812,393 shares issued	€ 11.46

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	38	(40)	(2)	(14)
Japan	31	(23)	8	(3)
Europe	17	(8)	9	4
Emerging Markets	8	(6)	2	-
Total	94	(77)**	17	(13)

* This is Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.

** Put option exposure is on a delta adjusted basis; face value basis provides an additional 5% hedging.

CURRENCY DEPLOYMENT

	% of Fund
Euro	99
Russian rouble	1
Net Assets	100

ORBIS LEVERAGED (US\$) FUND AT 30 SEPTEMBER 2000

Total Rate of Return	From Inception	Latest		2000	Latest
	on 1 Jan 1990	5 Years	3 Years		
	% Annualised			% Not Annualised	
In the benchmark currencies:*					
Orbis Leveraged (US\$)	10.5	2.0	(3.1)	21.3	(4.3)
In US dollars:					
Orbis Leveraged (US\$)	10.4	(0.7)	(4.2)	21.3	(4.3)
Bank Deposits*	5.8	2.2	4.2	4.8	1.7
Average Global Equity Fund	8.9	11.5	9.5	(4.7)	(3.6)

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

The Orbis Leveraged (US\$) Fund dropped 4.3% in the latest quarter while the Average Global Equity Fund fell 3.6% and Bank Deposits earned 1.7%. The Orbis Optimal (US\$) Fund, which formed an average of 194% of your Fund's net assets in the last quarter, produced a lacklustre performance. In addition, the Fund's incremental positions reversed the small gains they made in the first half of the year. We are disappointed with this performance, although some consolidation following the Fund's exceptional 30% rise in the second quarter is not surprising. Nevertheless, we are encouraged by what we see unfolding in the US stockmarket and our improving recent performance there.

We have observed in our previous reports that your Fund is positioned to benefit when global share prices cease to be driven by speculative influences and are instead determined rationally by long-term company fundamentals. This has been the case in Japan for a while and in South Africa since 1998. In comparison to Japan and South Africa, the apparent unwinding of the excesses currently underway in the US has been more gradual and selective. Instead of a rapid purge of the speculation and an accompanying widespread decline in share prices, the US stockmarket is down only fractionally this year, even though the share prices of some industry leaders, such as Microsoft, Intel, Dell and Procter & Gamble, have declined more than 50% from their current year peaks. Many heavily-weighted popular stocks with improving short-term fundamentals, such as EMC, Nortel and Sun Microsystems, remain very highly valued due to strong speculative interest. While the Fund has benefited from the unwinding of the excesses to some extent, the real payoff will come when the unwinding becomes more pervasive, speculative capital is forced out of the market, and fundamental value again drives share prices. In anticipation of this, over the last 12 months we have increased the dependency of the Fund, through its geared investment in the Orbis Optimal (US\$) Fund, on the relative performance of our US equities from 43% to 73% of gross assets.

We believe the euro will appreciate strongly and maintain the Fund's long euro position, although we now choose to hold that position at the expense of the yen rather than the US dollar. Last quarter saw the euro dropping to record lows and a concerted intervention by all the major central banks. While the long-term fundamentals are supportive for the euro, short-term capital flows, driven substantially by imbalances in global asset prices, have been against it. We expect the unwinding of the excesses in global equity markets to help change that.

While we are encouraged by the Fund's good performance this year, we recognise that it has a lot of ground to make up for its dismal returns over the past five years. In light of this, we continue to waive our 0.5% pa fee payable by each of the Orbis Leveraged and Optimal US\$ Funds.

DIRECTORS Allan W B Gray, Chairman John C R Collis Geoffrey M Gardner William B Gray William D Thomson

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ORBIS LEVERAGED (US\$) FUND AT 30 SEPTEMBER 2000

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Optimal (US\$) Fund	485,080	191
Put Options to Manage Stockmarket Exposure:		
US: S&P 500 CBOE, Strike 1500, 12/2000	2,398	1
Investments	487,478	192
Loans	(244,200)	(96)
Net Current Assets	10,142	4
Net Assets	253,420	100
Net Asset Value per Share	8,776,340 shares issued	US\$ 28.88

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	73	(89)	(16)	(38)
Japan	59	(44)	15	(6)
Europe	32	(15)	17	8
Emerging Markets	15	(11)	4	2
Total	179	(159)**	20	(34)

* This is Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Stockmarket Positions.

** Put option exposure is on a delta adjusted basis; face value basis provides an additional 17% hedging.

CURRENCY DEPLOYMENT

	% of Fund
US dollar	99
Japanese yen	(25)
Euro	24
Russian rouble	2
Net Assets	100

ORBIS LEVERAGED (EURO) FUND AT 30 SEPTEMBER 2000

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 1 Year	2000 to Date	Latest Quarter
	<i>% Annualised</i>		<i>% Not Annualised</i>	
Orbis Leveraged (Euro)	(0.8)	(5.8)	18.9	(4.8)
<i>% change in the US dollar value of the euro</i>	<i>(9.1)</i>	<i>(17.4)</i>	<i>(12.2)</i>	<i>(7.3)</i>

In effect, apart from its currency exposure, Orbis Leveraged (Euro) is the same investment as Orbis Leveraged (US\$). Given this, we refer regular readers to the Orbis Leveraged (US\$) Fund report on page 6. First time readers may find it informative to also read the text below in italics.

This Fund seeks capital appreciation in euro on a leveraged global portfolio. It invests in the Orbis Leveraged (US\$) Fund and hedges most or all of its currency exposure from US dollars into euro. The result is that this Fund may be expected to earn returns in euro which approximate those on Orbis Leveraged (US\$) in dollars, adjusted by the short-term interest rate differential between the euro and the dollar. Page 6 shows the returns on Orbis Leveraged (US\$) in dollars for various periods, including 10.5% pa for the over ten-year period since that Fund's inception on 1 January 1990.

Your choice between this Fund and Orbis Leveraged (US\$) should be dictated by the base currency in which you wish us to manage your investment. The above table shows the fluctuations in the exchange rate between the euro and the dollar for various periods (the ecu was used prior to 1 January 1999). The table highlights that these exchange rate fluctuations can be substantial and that it is therefore important to select an investment managed in the base currency best suited to your needs.

The Fund's deployment at the quarter-end is shown opposite. The Statement of Net Assets shows that 101% of Orbis Leveraged (Euro) was invested in Orbis Leveraged (US\$). Details of the portfolio of Orbis Leveraged (US\$) are in turn disclosed on page 7.

Note that Orbis Leveraged (US\$), and therefore Orbis Leveraged (Euro), can include sufficient stockmarket hedging to materially reduce or even eliminate all stockmarket exposure, and thus can target positive returns regardless of the current trend in stockmarkets (or any other asset class). This is why we refer to the Orbis Leveraged Funds as "Absolute Return Funds".

The Analysis of Stockmarket Exposure opposite looks through the investment in Orbis Leveraged (US\$) at the quarter-end to present Orbis Leveraged (Euro)'s indirect exposure to stockmarkets. A comparison between this table and the corresponding one for Orbis Leveraged (US\$) on page 7 confirms that, aside from currency exposure, the investment exposure of the two Funds was virtually identical. For example at the quarter-end, both Funds had a total of negative 34% Beta Adjusted Exposure to stockmarkets.

Finally, this Fund's Currency Deployment is shown at the foot of the opposite page, while that for Orbis Leveraged (US\$) is on page 7. A comparison of the two shows that at the quarter-end Orbis Leveraged (Euro) had modified the currency exposure it derived from Orbis Leveraged (US\$) by selling dollars and buying euro amounting to 100% of net assets.

DIRECTORS Allan W B Gray, Chairman John C R Collis Geoffrey M Gardner William B Gray William D Thomson

MANAGER
Orbis Investment Management Limited

INVESTMENT ADVISOR
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The Bank of Bermuda Limited

ORBIS LEVERAGED (EURO) FUND AT 30 SEPTEMBER 2000

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Leveraged (US\$) Fund	184,311	101
Net Current Liabilities	(1,272)	(1)
Net Assets	183,039	100
Net Asset Value per Share	18,646,187 shares issued	€ 9.82

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	74	(90)	(16)	(38)
Japan	60	(44)	16	(6)
Europe	32	(15)	17	8
Emerging Markets	15	(11)	4	2
Total	181	(160)**	21	(34)

* This is Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Stockmarket Positions.

** Put option exposure is on a delta adjusted basis; face value basis provides an additional 17% hedging.

CURRENCY DEPLOYMENT

	% of Fund
Euro	124
Japanese yen	(25)
Russian rouble	2
US dollar	(1)
Net Assets	100



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