

ORBIS ABSOLUTE RETURN FUNDS

31 MARCH 2001
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 2000. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2001 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.*

We invite you to visit our website, orbisfunds.com, where you may register on-line to automatically receive regular reports on our funds by e-mail. We hope that it enables you to keep in better touch with us and your investments.

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 31 MARCH 2001

Total Rate of Return	From Inception on 1 Jan 1990	5 Years % Annualised	3 Years	Latest 1 Year	Quarter % Not Annualised
In the benchmark currencies:*					
Orbis Optimal (US\$)	13.6	13.1	21.3	58.4	18.6
In US dollars:					
Orbis Optimal (US\$)	13.5	10.7	21.2	58.4	18.6
Bank Deposits*	5.8	2.9	5.7	6.6	1.4
Average Global Equity Fund	6.5	5.7	0.0	(25.8)	(12.9)

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

The 18.6% return experienced by the Orbis Optimal (US\$) Fund last quarter was truly exceptional. A comparison with the 1.4% return on Bank Deposits and the 12.9% loss experienced by the Average Global Equity Fund illustrates why one should pay little attention to short-term performance. The more relevant medium and long-term returns of the Fund and its performance comparatives are presented in the table above.

As is to be expected, the Fund's return in the latest quarter was determined predominantly by the stock selection in the underlying Orbis Equity Funds. Sixteen percentage points of the 18.6% return for the quarter came from this source. The Orbis Equity Funds all outperformed their benchmarks in the quarter as the deflation of the speculative bubble in major stockmarkets continued unabated. The associated hedging strategy in the Orbis Optimal (US\$) Fund continued to translate this relative outperformance into absolute returns for the Fund.

Clearly, the Fund's exceptional returns over the past 12 months are not representative of our expectations for the Fund looking forward. Instead, they are a reflection of how speculative and irrational stockmarkets had become in the years leading up to the first quarter of 2000. The Fund's returns were constrained as the speculative stockmarket bubble inflated, and emerged only as the speculation subsided. In managing the Fund, our approach over the last year has remained largely unchanged from previous years. It is just that the market rewarded those efforts unevenly over the period. What pleases us most about the past 12 months is that the patience of our investors over the period leading up to the speculative blow-off in March 2000 has been rewarded.

Given the performance over the past 12 months, many have asked for our opinion on the Fund's prospects. We believe it unwise to predict the short-term performance for the Fund because that would be speculation and because we invest the Fund for the long term. However, as we look forward over the next three to five years we see no less opportunity for the Fund than we have on average since its inception. Furthermore, history suggests that it would rare for the fall-out from a speculative bubble such as that which major stockmarkets experienced leading up to March 2000 to be complete after only one year.

We continue to identify opportunities that we believe offer attractive prospective long-term returns. For example, we are finding an increasing number of attractive investments in Japan, which represented 34% of the Fund's equity exposure at 31 March up from 24% at the end of 2000. This has come at the expense of the US and Europe where a number of the Fund's underlying equities appreciated strongly to levels which we believed were no longer attractive relative to their long-term intrinsic value.

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ORBIS OPTIMAL (US\$) FUND AT 31 MARCH 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Global Equity Fund	742,417	73
Orbis Japan Equity (US\$) Fund	167,856	16
Orbis Japan Core Equity Fund	29,071	3
Orbis Africa Equity (Rand) Fund	25,080	2
Total Equity Exposure	964,424	94
Portfolio Hedging:		
Stock Index Futures Sold:		
US: S&P 500 CME 6/2001	(291,466)	(38)
DJIA CBOT 6/2001	(70,054)	
NASDAQ 100 CME 6/2001	(29,574)	
Japan: TOPIX TSE 6/2001	(87,598)	(22)
Nikkei 225 CME 6/2001	(69,037)	
Nikkei 225 OSE 6/2001	(66,886)	
UK: FTSE 100 LIFFE 6/2001	(132,935)	(13)
South Africa: JSE All Share Top 40 SAFEX 6/2001	(43,187)	(5)
Germany: DAX Eurex 6/2001	(12,153)	(1)
Contract Value	808,596	80
Net Balances at Brokers	29,563	3
Balance Committed to Above Positions	35,269	4
Net Current Assets	21,575	2
Net Assets	1,021,268	100
Net Asset Value per Share	24,629,829 shares issued	US\$ 41.46

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	38	(38)	-	(8)
Japan	34	(22)	12	2
Europe	15	(14)	1	(4)
Emerging Markets	7	(5)	2	1
Total	94	(79)	15	(9)

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	79
Euro	20
Russian rouble	1
Net Assets	100

ORBIS OPTIMAL (EURO) FUND AT 31 MARCH 2001

Total Rate of Return in euro:	From Inception on 30 Jun 1998 % Annualised	Latest 1 Year	Latest Quarter % Not Annualised
Orbis Optimal (Euro)	17.1	55.2	19.4
% change in the US dollar value of the euro	(7.7)	(8.1)	(6.8)

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 13.6% pa for the 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 79% US dollars, 20% 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 21% 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 102% 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 virtually identical. For example, at the quarter-end both Funds had a total of negative 9% Beta Adjusted Exposure to stockmarkets.

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ORBIS OPTIMAL (EURO) FUND AT 31 MARCH 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Optimal (US\$) Fund	54,141	102
Net Current Liabilities <i>(mainly the result of currency hedging)</i>	(900)	(2)
Net Assets	53,241	100
Net Asset Value per Share	3,449,021 shares issued	€ 15.44

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	39	(39)	-	(8)
Japan	34	(22)	12	2
Europe	15	(14)	1	(4)
Emerging Markets	7	(5)	2	1
Total	95	(80)	15	(9)

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	99
Russian rouble	1
Net Assets	100

ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2001

Total Rate of Return	From Inception on 1 Jan 1990	5 Years % Annualised	3 Years	Latest 1 Year	Quarter % Not Annualised
In the benchmark currencies:*					
Orbis Leveraged (US\$)	17.3	15.9	33.2	157.1	46.0
In US dollars:					
Orbis Leveraged (US\$)	17.2	13.4	33.1	157.1	46.0
Bank Deposits*	5.8	2.9	5.7	6.6	1.4
Average Global Equity Fund	6.5	5.7	0.0	(25.8)	(12.9)

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

The 46.0% return of the Orbis Leveraged (US\$) Fund last quarter was unprecedented and reinforces why little attention should be paid to short-term performance. The Fund's more meaningful medium and long-term track record is presented in the table above.

The Fund's geared investment in the Orbis Optimal (US\$) Fund performed extremely well last quarter with that Fund rising by 18.6%. Gearing this return contributed the large majority of the Orbis Leveraged (US\$) Fund's return last quarter with the balance coming from mainly from incremental currency decisions. As detailed on page 2, 16 percentage points of the Orbis Optimal (US\$) Fund's 18.6% return resulted from the superior stock selection in the underlying Orbis Equity Funds.

The past 12 months have been an extraordinary period for global stockmarkets and for the Fund. The Fund's exceptional returns over the past 12 months are clearly not representative of our expectations looking forward. Instead, they are a reflection of how speculative and irrational stockmarkets had become in the years leading up to the first quarter of 2000. The Fund is predominantly a leveraged investment in Orbis' stock selection skills. Given our value driven investment approach, and with the benefit of hindsight, it should not be surprising that the Fund's recent performance is a mirror image of the global speculative stockmarket bubble that burst in March 2000. Essentially, the Fund's returns were constrained as the speculative bubble inflated, and emerged only as the speculation subsided. In managing the Fund, we have done little different over the last year than we have done in previous years. It is just that the market rewarded those efforts unevenly over the period.

We continue to identify opportunities that we believe offer attractive prospective long-term returns for the Fund. For example, we are finding an increasing number of attractively valued investments in Japan and have increased the Fund's equity exposure to Japan during the quarter. Our enthusiasm for selected Japanese equities does not extend as far as the yen. We continue to believe that policies aimed at stimulating the stagnant and deflating economy are likely, either directly or indirectly, to entail a weaker yen. Given this expected weakness, and zero short-term interest rates, the Fund has denominated roughly half its borrowings in yen. Your Fund has also become more positive on the euro following its recent decline. The euro continues to look substantially undervalued on a purchasing power parity basis. Weakness in the global economy, principally flowing from the US, has driven up the US dollar as investors sought the safety of US government bonds. This combination of a weak US economy and strong US dollar is unlikely to be sustainable in the longer term. Once these flows subside, the euro should resume its upward trend against the US dollar. The Fund's yen borrowing is now matched by positive exposure to the euro.

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ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Optimal (US\$) Fund	891,949	187
Loans	(422,000)	(88)
Net Current Assets	6,578	1
Net Assets	476,527	100
Net Asset Value per Share	8,001,732 shares issued	US\$ 59.55

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	71	(71)	-	(15)
Japan	63	(41)	22	4
Europe	28	(26)	2	(8)
Emerging Markets	13	(9)	4	2
Total	175	(147)	28	(17)

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	99
Japanese yen	(50)
Euro	50
Russian rouble	1
Net Assets	100

ORBIS LEVERAGED (EURO) FUND AT 31 MARCH 2001

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 1 Year	Latest Quarter
	% Annualised		% Not Annualised
Orbis Leveraged (Euro)	28.5	150.3	45.5
% change in the US dollar value of the euro	(7.7)	(8.1)	(6.8)

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 17.3% pa for the 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 102% 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 17% 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 99% of net assets.

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ORBIS LEVERAGED (EURO) FUND AT 31 MARCH 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Leveraged (US\$) Fund	372,981	102
Net Current Liabilities <i>(mainly the result of currency hedging)</i>	(6,782)	(2)
Net Assets	366,199	100
Net Asset Value per Share	18,383,074 shares issued	€ 19.92

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	72	(72)	-	(15)
Japan	64	(42)	22	4
Europe	29	(27)	2	(8)
Emerging Markets	13	(9)	4	2
Total	178	(150)	28	(17)

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	150
Japanese yen	(51)
Russian rouble	1
Net Assets	100



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