

ORBIS ABSOLUTE RETURN FUNDS

30 JUNE 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. Orbis Fund share prices fluctuate and are not guaranteed.*

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 30 JUNE 2001

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2001 to Date	Latest Quarter
		5 Years <small>% Annualised</small>	3 Years		
Orbis Optimal (US\$)	13.9	12.5	21.8	28.0	7.9
US\$ Bank Deposits	5.7	5.8	5.8	2.6	1.1
Average Global Equity Fund	6.5	5.4	0.9	(11.3)	1.8
Average US\$ Bond Fund	6.3	5.2	3.6	1.7	0.0

Last quarter, the Orbis Optimal (US\$) Fund gained 7.9% compared to the 1.1% return on US\$ Bank Deposits, the 1.8% gain in the Average Global Equity Fund and the nil return on the Average US\$ Bond Fund. From this quarter onwards, we will be including comparative performance information for the Average US\$ Bond Fund which consists of Standard & Poor's offshore US dollar fixed income fund sector index. Since the returns of the Fund are overwhelmingly dependent upon Orbis' stockpicking skills, they are not correlated with those of any one major asset class. Given this, there is no obvious or single benchmark for the Fund. Instead, the Fund can be viewed as an alternative asset class for inclusion in an investment portfolio. We therefore think it is helpful to evaluate the Fund's absolute performance relative to that of the three major financial asset classes of cash, equities and bonds.

Orbis Optimal is essentially an investment in the ability of the Orbis Equity Funds to outperform their benchmarks. In this regard, the second quarter saw a general continuation of the trend witnessed over the past 15 months with all of the Orbis Equity Funds outperforming their benchmarks in the quarter. The hedging strategy in Orbis Optimal continued to translate this relative outperformance into absolute returns for the Fund.

Where do we go from here? The Fund's recent returns have been extraordinary, and clearly cannot be sustained. Nevertheless, we remain enthusiastic about the Fund's longer-term prospects. It is important to recognise that the Fund's recent returns have merely restored its medium and longer-term track record which had been depressed by the speculative stockmarket bubble leading up to March 2000. Moreover, we believe the value offered by the Fund's underlying equity investments relative to their respective stockmarket indices is no less compelling now than it has been on average in the past. This theme is discussed in more detail in this quarter's report for Orbis Global.

While the valuation gap between technology, media and telecommunication shares and the rest of the market has now shrunk significantly, mid and small sized companies continue to be priced at an abnormally large discount to their larger brethren on a global basis. This depressed valuation is particularly noticeable in selected Japanese companies, one of which is discussed in the Orbis Japan Equity (Yen) Fund second quarter report. The Fund is positioned to benefit from these dynamics in two ways. Firstly, all the underlying Orbis Equity Funds currently have a strong bias towards mid and small capitalisation companies. Secondly, as shown opposite, we have increased the Fund's exposure to our selected Japanese equities to 35% of the Fund, up from 24% at the beginning of the year.

Orbis' research team and effort have never been stronger. As we learn from our mistakes and refine the Fund's investment approach, we look forward to meeting the challenge of continuing to reward our fellow members.

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

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Orbis Investment Management Limited

INVESTMENT ADVISOR
Orbis Investment Advisory Limited

CUSTODIAN
The Bank of Bermuda Limited

ORBIS OPTIMAL (US\$) FUND AT 30 JUNE 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Global Equity Fund	707,934	70
Orbis Japan Equity (US\$) Fund	186,559	19
Orbis Africa Equity (Rand) Fund	43,997	4
Orbis Japan Core Equity Fund	31,463	3
Total Equity Exposure	969,953	96
Portfolio Hedging:		
Stock Index Futures Sold:		
US: S&P 500 CME 9/2001	(325,424)	(37)
DJIA CBOT 9/2001	(50,616)	
Japan: TOPIX TSE 9/2001	(187,222)	(25)
Nikkei 225 CME 9/2001	(65,117)	
UK: FTSE 100 LIFFE 9/2001	(85,483)	(8)
South Africa: JSE All Share Top 40 SAFEX 9/2001	(56,440)	(6)
Germany: DAX Eurex 9/2001	(17,544)	(2)
Contract Value	797,315	79
Net Balances at Brokers	18,313	2
Balance Committed to Above Positions	27,782	3
Net Current Assets	14,741	1
Net Assets	1,012,476	100
Net Asset Value per Share	22,642,446 shares issued	US\$ 44.72

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	37	(37)	-	(3)
Japan	35	(25)	10	-
Europe	17	(10)	7	-
Emerging Markets	7	(6)	1	-
Total	96	(78)	18	(3)

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	80
Euro	20
Net Assets	100

ORBIS OPTIMAL (EURO) FUND AT 30 JUNE 2001

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 2 Years	2001 to Date	Latest Quarter
	% Annualised		% Not Annualised	
Orbis Optimal (Euro)	18.7	19.6	29.3	8.3
Euro Bank Deposits	3.9	4.1	2.4	1.2
Average Global Equity Fund	9.8	7.1	(1.7)	5.2
Average Euro Bond Fund	3.0	2.4	1.6	(0.2)
% change in the US dollar value of the euro	(8.1)	(9.4)	(9.8)	(3.2)

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 13.9% 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 80% US dollars and 20% euro. If Orbis Optimal (Euro) had simply hedged 100% of net assets into euro as usual, it would have included minus 20% 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 99% 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 3% Beta Adjusted Exposure to stockmarkets.

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CUSTODIAN
The Bank of Bermuda Limited

ORBIS OPTIMAL (EURO) FUND AT 30 JUNE 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Optimal (US\$) Fund	60,086	99
Net Current Assets	459	1
Net Assets	60,545	100
Net Asset Value per Share	3,621,833 shares issued	€ 16.72

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	37	(37)	-	(3)
Japan	35	(25)	10	-
Europe	16	(9)	7	-
Emerging Markets	7	(6)	1	-
Total	95	(77)	18	(3)

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	100
Net Assets	100

ORBIS LEVERAGED (US\$) FUND AT 30 JUNE 2001

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2001 to Date	Latest Quarter
		5 Years	3 Years		
	% Annualised		% Not Annualised		
Orbis Leveraged (US\$)	18.0	16.3	34.5	63.9	12.2
US\$ Bank Deposits	5.7	5.8	5.8	2.6	1.1
Average Global Equity Fund	6.5	5.4	0.9	(11.3)	1.8
Average US\$ Bond Fund	6.3	5.2	3.6	1.7	0.0

The Orbis Leveraged (US\$) Fund's second quarter results and its longer-term track record are presented in the table above. The Fund's extraordinary short-term results are pleasing but what is most gratifying is that the Fund's long-term track record has been restored, making up for the period of dismal returns experienced by the Fund during the speculative bubble that enveloped global stockmarkets for 2½ years beginning in late 1997.

As shown in the table above, we are introducing comparative performance information for the Average US\$ Bond Fund which consists of Standard & Poor's offshore US dollar fixed income fund sector index. Since the performance of the Fund is primarily dependent upon our ability to select equities which outperform their respective stockmarket indices, the Fund's returns are not correlated with those of any one major asset class. Given this, there is no obvious or single benchmark for the Fund. Instead, the Fund can be viewed as an alternative asset class for inclusion in a diversified investment portfolio. We therefore think it is helpful to evaluate the Fund's absolute performance relative to that of the three major financial asset classes of cash, equities and bonds.

The Orbis Leveraged (US\$) Fund is predominantly a leveraged investment in the Orbis Optimal (US\$) Fund with the Orbis Leveraged (US\$) Fund's incremental currency and stockmarket positions having a noticeable but relatively minor impact on the Fund's overall returns. This is amply demonstrated by reviewing the source of the Fund's returns for the first six months of this year.

The Fund's geared investment in the Orbis Optimal (US\$) Fund performed exceptionally well with that Fund gaining 28% in the year to date. Gearing this return contributed 90% of the Orbis Leveraged (US\$) Fund's 63.9% gain for the period. Incremental currency positions contributed an additional 4.6% return with the balance coming from incremental stock index futures sold by the Fund. While the Fund's incremental currency and stockmarket positions have been profitable in the year to date, we will continue to manage these positions with an eye for profit but with a low tolerance for loss.

The returns generated by the Fund over the past 15 months have been breathtaking. Despite that, as described in more detail on page 2, we are no less enthusiastic regarding the Fund's prospects from here than we have been on average in the past. Not only are recent returns largely compensating for preceding poor returns but the underlying equity portfolios have been significantly repositioned over the period. We continue to believe that these portfolios represent meaningfully better value than their respective stockmarket indices.

While most investors focus on the short term, we believe it is largely unpredictable. The Fund benefits significantly by taking a longer-term perspective. We encourage fellow members to take the same approach when investing their hard-earned money. Our aim is to reward them for doing so.

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 JUNE 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Optimal (US\$) Fund	870,567	188
Position to Manage Stockmarket Exposure:		
Stock Index Futures Sold:		
US: DJIA CBOT 9/2001	(32,758)	(7)
Contract Value	33,692	7
Balances at Brokers	731	-
Balance Committed to Above Position	1,665	-
Loans	(415,000)	(89)
Net Current Assets	6,520	1
Net Assets	463,752	100
Net Asset Value per Share	6,939,555 shares issued	US\$ 66.83

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	70	(77)	(7)	(14)
Japan	66	(47)	19	1
Europe	31	(19)	12	-
Emerging Markets	13	(11)	2	-
Total	180	(154)	26	(13)

* 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 30 JUNE 2001

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 2 Years	2001 to Date	Latest Quarter
	% Annualised		% Not Annualised	
Orbis Leveraged (Euro)	30.6	39.9	62.7	11.8
Euro Bank Deposits	3.9	4.1	2.4	1.2
Average Global Equity Fund	9.8	7.1	(1.7)	5.2
Average Euro Bond Fund	3.0	2.4	1.6	(0.2)
% change in the US dollar value of the euro	(8.1)	(9.4)	(9.8)	(3.2)

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 18.0% 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 100% 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 13% 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.

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MANAGER	INVESTMENT ADVISOR		CUSTODIAN		
Orbis Investment Management Limited	Orbis Investment Advisory Limited		The Bank of Bermuda Limited		

ORBIS LEVERAGED (EURO) FUND AT 30 JUNE 2001

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Leveraged (US\$) Fund	358,984	100
Net Current Assets	1,811	-
Net Assets	360,795	100
Net Asset Value per Share	16,203,547 shares issued	€ 22.27

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
US	70	(77)	(7)	(14)
Japan	66	(47)	19	1
Europe	31	(19)	12	-
Emerging Markets	13	(11)	2	-
Total	180	(154)	26	(13)

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	150
Japanese yen	(50)
US dollar	(1)
Russian rouble	1
Net Assets	100



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