

QUARTERLY  
**REPORTS**  
31 MARCH 2002



ORBIS OPTIMAL

*US\$ Fund / Euro Fund*

ORBIS LEVERAGED

*US\$ Fund / Euro Fund*

## NOTICES

*Change of Auditors.* Upon the recommendation of the Board of Directors and Management of the Funds, Ernst & Young were appointed at the Annual General Meeting of the Funds held on 23 April 2002 to replace Arthur Andersen as Auditors for the Funds for the year ending 31 December 2002.

*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 will fluctuate and are not guaranteed.

***We invite you to visit our website, [orbisfunds.com](http://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 Manager's optimal mix of hedged 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, including income.

## ORBIS OPTIMAL (US\$) FUND AT 31 MARCH 2002

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
<b>Orbis Optimal (US\$)</b>	<b>13.3</b>	<b>12.5</b>	<b>18.9</b>	<b>10.8</b>	<b>1.9</b>
US\$ Bank Deposits	5.5	5.3	5.1	3.1	0.4
Average Global Equity Fund	5.4	2.5	(3.0)	(5.9)	(0.1)
Average US\$ Bond Fund	6.1	4.7	3.5	2.4	(0.6)

Orbis Optimal aims to create absolute returns by combining the relative returns generated by the Orbis Equity Funds with those earned on cash. The Fund achieves this by investing in the Orbis Equity Funds and then reducing the stockmarket exposure primarily by selling stockmarket index futures. This leaves Orbis Optimal with the difference in returns between Orbis' selected equities and their respective stockmarkets plus the returns from cash earned from the futures sold.

Our investment approach is to apply proprietary investment research to identify companies' intrinsic values, seeking to take advantage of opportunities generated when factors such as irrational fear or exuberance cause share prices to deviate significantly from their intrinsic value. The Orbis Global Equity Fund report discusses this approach in more detail. As a result, the more equity markets are driven by emotions, the greater the opportunity for future return for the Fund. That was certainly the case in early 2000 when global markets were dominated by a speculative frenzy that was sharply focused on the technology, media and telecommunication sectors. We are pleased that the Fund was able to take advantage of this opportunity as the markets purged themselves of irrational speculation through 2000 and 2001.

In our opinion, the abnormally large sectoral dislocations that dominated western markets in early 2000 have now largely corrected. Having said that, disparity of valuations between stocks within a sector remains prevalent. This is particularly true in the case of shares of companies that operate in the same industry but which are listed on different national stock exchanges. We believe this is likely to be the source of the greatest opportunity as we look forward.

The divergence of valuations is particularly wide in the Japanese and emerging markets. The Fund's exposure to hedged portfolios in these regions reflects this. Since 31 December 2000, the Fund's hedged US portfolio has been reduced from 41% to 26% of the Fund, while the weighting in Japan and emerging markets together is up from 31% to 49% over the same period.

While the foregoing speaks about the prospects for Orbis Optimal itself, it does not address the Fund's prospects relative to the alternative asset classes of cash, equities and bonds. While down substantially from their peaks, global equities as a whole still sell at well above normal valuations and we believe present long-term investors with a below average reward/risk ratio. At the same time, US\$ Bank Deposits offer a return of 1.9% per annum while the prospective yield on 10-year US government bonds is 5.2% per annum – both hardly very appealing. We continue to be enthusiastic about the potential for the Fund as part of a balanced portfolio, especially when viewed in this context.

*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 31 MARCH 2002

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Global Equity Fund	755,515	68
Orbis Japan Equity (US\$) Fund	209,083	19
Orbis Africa Equity (Rand) Fund	56,374	5
Orbis Japan Core Equity Fund	24,843	2
<b>Total Equity Exposure</b>	<b>1,045,815</b>	<b>94</b>
<b>Portfolio Hedging:</b>		
<b>Stock Index Futures Sold:</b>		
Japan: TOPIX TSE 6/2002	(346,506)	(31)
US: S&P 500 CME 6/2002	(237,874)	(26)
DJIA CBOT 6/2002	(50,398)	
UK: FTSE 100 LIFFE 6/2002	(115,203)	(10)
South Africa: JSE All Share Top 40 SAFEX 6/2002	(102,236)	(9)
Germany: DAX Eurex 6/2002	(43,480)	(4)
Contract Value	906,570	81
Net Balances at Brokers	15,531	1
Balance Committed to Above Positions	26,404	2
Net Current Assets	42,824	4
<b>Net Assets</b>	<b>1,115,043</b>	<b>100</b>
<b>Net Asset Value per Share</b>	24,277,074 shares issued	<b>US\$ 45.93</b>

### ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	35	(31)	4	(4)
US	26	(26)	-	2
Europe	19	(14)	5	-
Emerging Markets	14	(9)	5	2
<b>Total</b>	<b>94</b>	<b>(80)</b>	<b>14</b>	<b>-</b>

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

### CURRENCY DEPLOYMENT

	% of Fund
US dollar	70
Euro	15
Australian dollar	10
South African rand	5
<b>Net Assets</b>	<b>100</b>

## ORBIS OPTIMAL (EURO) FUND AT 31 MARCH 2002

Total Rate of Return in euro:	From Inception	3 Years	Latest	Quarter
	on 30 Jun 1998	% Annualised	1 Year	% Not Annualised
<b>Orbis Optimal (Euro)</b>	<b>15.4</b>	<b>16.9</b>	<b>10.9</b>	<b>2.1</b>
Euro Bank Deposits	3.9	3.9	4.1	0.8
Average Global Equity Fund	4.8	4.2	(5.1)	2.0
Average Euro Bond Fund	3.1	2.2	2.4	(0.6)
% change in the US dollar value of the euro	(5.9)	(6.8)	(0.8)	(2.0)

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 13.3% 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 70% US dollars, 15% euro, 10% Australian dollars and 5% South African rand. If Orbis Optimal (Euro) had simply hedged 100% of net assets from US dollars into euro as usual, it would have included minus 30% exposure to the US dollar. Instead, as shown opposite, 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 virtually identical.*

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

## ORBIS OPTIMAL (EURO) FUND AT 31 MARCH 2002

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	121,784	100
Net Current Liabilities	(145)	-
<b>Net Assets</b>	<b>121,639</b>	<b>100</b>
<b>Net Asset Value per Share</b>	7,102,108 shares issued	<b>€ 17.13</b>

### ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	35	(31)	4	(4)
US	26	(26)	-	2
Europe	19	(14)	5	-
Emerging Markets	14	(9)	5	2
<b>Total</b>	<b>94</b>	<b>(80)</b>	<b>14</b>	<b>-</b>

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

### CURRENCY DEPLOYMENT

	% of Fund
Euro	95
South African rand	5
<b>Net Assets</b>	<b>100</b>

## ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2002

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
<b>Orbis Leveraged (US\$)</b>	<b>17.5</b>	<b>15.9</b>	<b>38.2</b>	<b>21.2</b>	<b>2.7</b>
US\$ Bank Deposits	5.5	5.3	5.1	3.1	0.4
Average Global Equity Fund	5.4	2.5	(3.0)	(5.9)	(0.1)
Average US\$ Bond Fund	6.1	4.7	3.5	2.4	(0.6)

The Fund's core holding in the Orbis Optimal (US\$) Fund has been and remains by far the most significant determinant of Orbis Leveraged's returns. Our view on the prospects for Orbis Optimal is discussed on page 2. In addition to its core position, Orbis Leveraged is willing to make other investments with an eye to profit provided these positions do not bring with them excessive risk exposure within the context of the overall portfolio.

For the past 18 months, the Fund has held an incremental short-yen/long-euro position. That position essentially reflected our bearish view on the yen, formed as a result of our work on Japanese equities and the Japanese stockmarket and economy. It also served to partially redenominate the Fund's borrowings into yen, allowing the Fund to benefit from Japan's near zero interest rates.

Late in the first quarter, we became increasingly concerned about the potential for the yen to appreciate. While the economic trends continued to be unfavourable for the currency, it had become highly politicised and depreciated to a level where the Fund had realised much of the potential profit originally seen in the position. We therefore eliminated the Fund's short position in the yen, which as a result no longer appears in the Currency Deployment table opposite.

By closing out the short yen position, the Fund was no longer taking advantage of the artificially depressed interest rates in Japan. Japan's massive public sector debt, continued government deficits and aggressive monetary stimulation all contributed to the yen's depreciation. The presence of these factors also reinforced our view that the level of interest rates currently discounted by the market was substantially below that which was likely to prevail in future. We therefore acted to benefit from this perceived mispricing by shorting Japanese bond futures to the extent of half of the Fund's borrowings, as illustrated in the Statement of Net Assets opposite. This position allows the Fund to benefit if the current 0.9% interest rate on 7-year Japanese government bonds rises. The risk is of course that longer-term Japanese interest rates decline even further. In this regard, in a scenario in which Japanese 7-year interest rates fall to zero, the Fund would incur a loss of just under 4% of its net asset value. We believe this is an unlikely outcome and that the Fund should be well-compensated for taking on this risk.

*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 LEVERAGED (US\$) FUND AT 31 MARCH 2002

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	852,604	193
<b>Positions to Manage Stockmarket Exposure:</b>		
<b>Stock Index Futures Sold:</b>		
US: S&P 500 CME 6/2002	(20,896)	(5)
DJIA CBOT 6/2002	(20,740)	(5)
Contract Value	42,199	10
Balances at Brokers	1,223	-
Balance Committed to Above Positions	1,786	-
<b>Incremental Position:</b>		
<b>Bond Futures Sold:</b>		
Japan: JGB 10 Year TSE 6/2002	(203,752)	(46)
Contract Value	203,028	46
Balances at Brokers	1,934	-
Balance Committed to Above Position	1,210	-
<b>Loans</b>	(413,000)	(93)
Net Current Liabilities	(633)	-
<b>Net Assets</b>	<b>441,967</b>	<b>100</b>
<b>Net Asset Value per Share</b>	6,124,588 shares issued	<b>US\$ 72.16</b>

### ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	68	(60)	8	(7)
US	49	(59)	(10)	(6)
Europe	36	(27)	9	-
Emerging Markets	27	(18)	9	4
<b>Total</b>	<b>180</b>	<b>(164)</b>	<b>16</b>	<b>(9)</b>

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

### CURRENCY DEPLOYMENT

	% of Fund
US dollar	50
Euro	25
Australian dollar	15
South African rand	9
Other	1
<b>Net Assets</b>	<b>100</b>

## ORBIS LEVERAGED (EURO) FUND AT 31 MARCH 2002

Total Rate of Return in euro:	From Inception	3 Years	Latest	Quarter
	on 30 Jun 1998	% Annualised	1 Year	% Not Annualised
<b>Orbis Leveraged (Euro)</b>	<b>26.4</b>	<b>35.2</b>	<b>20.7</b>	<b>2.8</b>
Euro Bank Deposits	3.9	3.9	4.1	0.8
Average Global Equity Fund	4.8	4.2	(5.1)	2.0
Average Euro Bond Fund	3.1	2.2	2.4	(0.6)
% change in the US dollar value of the euro	(5.9)	(6.8)	(0.8)	(2.0)

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 17.5% 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 9% 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	Orbis Investment Advisory Limited	
			CUSTODIAN	The Bank of Bermuda Limited	

## ORBIS LEVERAGED (EURO) FUND AT 31 MARCH 2002

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Leveraged (US\$) Fund</b>	333,860	100
Net Current Assets	382	-
<b>Net Assets</b>	<b>334,242</b>	<b>100</b>
<b>Net Asset Value per Share</b>	13,897,765 shares issued	<b>€ 24.05</b>

### ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	68	(60)	8	(7)
US	49	(59)	(10)	(6)
Europe	36	(27)	9	-
Emerging Markets	27	(18)	9	4
<b>Total</b>	<b>180</b>	<b>(164)</b>	<b>16</b>	<b>(9)</b>

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

### CURRENCY DEPLOYMENT

	% of Fund
Euro	125
US dollar	(50)
Australian dollar	15
South African rand	9
Other	1
<b>Net Assets</b>	<b>100</b>

