

QUARTERLY
REPORTS
30 SEPTEMBER 2002



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 2001. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2002 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, 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 with no greater risk. 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 South African equities. The Fund's Benchmark is the FTSE/JSE Africa 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 30 SEPTEMBER 2002

Total Rate of Return in US dollars:	From Inception	Latest		2002 to Date	Latest Quarter
	on 1 Jan 1990	5 Years	3 Years		
	% Annualised			% Not Annualised	
Orbis Optimal (US\$)	13.2	13.3	18.8	8.1	(0.1)
US\$ Bank Deposits	5.3	4.9	4.5	1.3	0.4
Average Global Equity Fund	3.2	(4.6)	(12.2)	(21.7)	(15.3)
Average US\$ Bond Fund	6.5	5.1	6.4	7.1	4.6

Thanks to Orbis Optimal's Portfolio Hedging, the Fund declined only 0.1% during the last quarter while the World Index fell 18.2%. This low sensitivity to stockmarket returns will not be a surprise to Members who are familiar with the Fund's investment policy, which aims to leave the Fund with little sensitivity to the return of stockmarkets overall, despite the fact that the Fund has most of its assets invested in equities.

The Analysis of Stockmarket Exposure opposite illustrates how this is achieved. Taking the Japanese stockmarket for example, the second column in the table shows that the Fund has 40% Equity Exposure in Japan. This reflects the 40% of the Fund's assets that are indirectly invested in Japanese equities. The next column, headed Portfolio Hedging, shows that the Fund also holds a Portfolio Hedging position that gives it a negative 30% exposure to Japanese equities. This is achieved through the short sale of Japanese stock index futures having a current face value equivalent to 30% of the Fund's net assets as shown in the Statement of Net Assets. The negative stockmarket exposure of this position serves to offset the impact of stockmarket movements on the Fund's Japanese equity holdings. The extent of this offset is illustrated by the columns headed Accounting Exposure and Beta Adjusted Exposure. For Japan, the Fund's Accounting Exposure of 10% represents the Equity Exposure of 40% less the Portfolio Hedging of 30%. In recognition of the fact that not all equities are equally sensitive to a move in the relevant stockmarket index, we present Beta Adjusted Exposure to more accurately reflect the Fund's sensitivity to stockmarket movements. In the case of Japan, because the Fund's equities are less sensitive than the average equity to movements in that market, your Fund's exposure to Japanese stockmarket movements falls to 3% of assets. This means for example that a 1% move in the Japanese stockmarket is expected to be reflected by only a 0.03% move on average in the price of the Fund.

The same analysis is also shown for the North American, European and Emerging Markets exposures held by the Fund. The resulting Total Beta Adjusted Exposure shows that the Fund has only a 5% sensitivity to the movements of stockmarkets overall. The Fund's returns are therefore not dependent on the rise or fall of stockmarkets but rather on our ability to select equities that outperform their respective stockmarket indices.

In summary, as a matter of policy the Fund aims to retain little exposure to stockmarket movements overall. This allows Members who have confidence in our stock picking skills to take advantage of them in the knowledge that their investment has no meaningful stockmarket exposure. Those who want stockmarket exposure as well as access to our stock picking should invest in one of the Orbis Equity Funds. Making this decision of how much to be exposed to stockmarkets is an important one and is further discussed in the Orbis Leveraged Fund Report on page 6.

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

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The Bank of Bermuda Limited

ORBIS OPTIMAL (US\$) FUND AT 30 SEPTEMBER 2002

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Global Equity Fund	898,387	64
Orbis Japan Equity (US\$) Fund	298,460	21
Orbis Africa Equity (Rand) Fund	75,658	6
Orbis Japan Core Equity Fund	25,421	2
Total Equity Exposure	1,297,926	93
Portfolio Hedging:		
Stock Index Futures Sold:		
Japan: TOPIX TSE 12/2002	(361,209)	(30)
Nikkei 225 CME 12/2002	(57,906)	
US: S&P 500 CME 12/2002	(307,051)	(24)
DJIA CBOT 12/2002	(27,101)	
UK: FTSE 100 LIFFE 12/2002	(140,815)	(10)
Germany: DAX Eurex 12/2002	(64,904)	(5)
South Africa: JSE All Share Top 40 SAFEX 12/2002	(64,033)	(5)
Korea: KOSPI 200 KSE 12/2002	(43,415)	(3)
Contract Value	1,120,937	81
Net Balances at Brokers	33,962	2
Balance Committed to Above Positions	88,465	6
Net Current Assets	8,260	1
Net Assets	1,394,651	100
Net Asset Value per Share	28,620,112 shares issued	US\$ 48.73

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	40	(30)	10	3
North America	22	(24)	(2)	-
Europe	19	(15)	4	-
Emerging Markets	12	(8)	4	2
Total	93	(77)	16	5

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	75
Euro	15
Canadian dollar	10
Net Assets	100

ORBIS OPTIMAL (EURO) FUND AT 30 SEPTEMBER 2002

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 3 Years	2002 to Date	Latest Quarter
	<i>% Annualised</i>		<i>% Not Annualised</i>	
Orbis Optimal (Euro)	14.5	16.6	6.0	0.5
Euro Bank Deposits	3.8	4.0	2.5	0.8
Average Global Equity Fund	(4.4)	(9.8)	(29.5)	(15.0)
Average Euro Bond Fund	4.2	5.4	5.4	3.5
<i>% change in the US dollar value of the euro</i>	<i>(2.4)</i>	<i>(2.6)</i>	<i>11.0</i>	<i>(0.4)</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 13.2% 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 75% US dollars, 15% euro and 10% Canadian dollars. If Orbis Optimal (Euro) had simply hedged 100% of net assets from US dollars into euro as usual, it would have included minus 25% 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 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.

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

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ORBIS OPTIMAL (EURO) FUND AT 30 SEPTEMBER 2002

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Optimal (US\$) Fund	257,879	99
Net Current Assets	2,165	1
Net Assets	260,044	100
Net Asset Value per Share	14,630,409 shares issued	€ 17.77

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	40	(30)	10	3
North America	22	(24)	(2)	-
Europe	18	(14)	4	-
Emerging Markets	12	(8)	4	2
Total	92	(76)	16	5

*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 SEPTEMBER 2002

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2002 to Date	Latest Quarter
		5 Years	3 Years		
	% Annualised		% Not Annualised		
Orbis Leveraged (US\$)	17.6	19.1	38.4	12.0	(0.9)
US\$ Bank Deposits	5.3	4.9	4.5	1.3	0.4
Average Global Equity Fund	3.2	(4.6)	(12.2)	(21.7)	(15.3)
Average US\$ Bond Fund	6.5	5.1	6.4	7.1	4.6

The Fund declined 0.9% last quarter while the World Index fell 18.2%. This lack of sensitivity to the return of stockmarkets overall reflects the portfolio hedging policy employed by the Fund's core Orbis Optimal investment. That policy aims to leave the Optimal Fund with little sensitivity to the return on stockmarkets overall and is more fully explained in the report on page 2.

The fact that your Fund does not have significant stockmarket exposure does not mean we believe the asset allocation decision between equities and cash should not be made. Quite the contrary. While the short-term stockmarket outlook is largely unpredictable, the magnitude of long-term stockmarket cycles is so large that we believe investors can make productive decisions regarding how much to invest in equities at particular points in time. As this Fund does not perform this asset allocation function, we thought it might be constructive to share our perspective on the outlook for equity markets and where we think the opportunities and risks lie.

We believe the best way to form a view regarding a stockmarket's outlook is to examine where it is today and where it has been in relation to the underlying fundamentals. Stockmarket cycles are largely products of human nature with the same human frailties that create a boom leading to the inevitable subsequent bust and vice versa, each somewhat proportional to the other. The Japanese stockmarket is currently 71% lower than its peak over 12 years ago. Domestic investors, both individual and institutional, have deserted equities and have sought refuge in fixed income. Cash deposits yield 0.02% and 10-year government bonds 1.13%. Notably, the average dividend yield on the TOPIX is 1.1% and Nomura's March 03 estimated median earnings yield for TOPIX stocks (ex financials) is 4.7%. Japanese shares are selling at low ratings on depressed earnings – the classic time to buy. As discussed in our Japan Equity (Yen) Fund report, we consider our selected Japanese shares attractive, not only relative to equities globally, but also relative to other asset classes such as bank deposits, bonds and alternative investments such as hedge funds.

Western stockmarkets are down 48% from their March 2000 peak. The extent of this decline and their short-term oversold condition means a sizeable bounce is likely. Such bounces are invariably large or long enough to convince most investors that the market has seen its bottom. Our longer-term perspective is less encouraging because western equity valuations have not experienced a full cycle contraction given the extent of their overvaluation at their peak.

Members who agree with our outlook for equities are reminded that the Fund's Beta Adjusted Exposure remains relatively low in all regions, as shown opposite in the Analysis of Stockmarket Exposure. Thus just as the stockmarket hedging by Orbis Optimal protected Members from significant loss during the past quarter's dramatic decline in global equities, the Fund will not benefit from any stockmarket resurgence, Japanese or otherwise.

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ORBIS LEVERAGED (US\$) FUND AT 30 SEPTEMBER 2002

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Optimal (US\$) Fund	842,937	192
Incremental Position:		
Bond Futures Sold:		
Japan: JGB 10 Year TSE 12/2002	(198,282)	(45)
Contract Value	198,932	45
Balances at Broker	169	-
Balance Committed to Above Position	819	-
Loans	(408,000)	(93)
Net Current Assets	2,945	1
Net Assets	438,701	100
Net Asset Value per Share	5,575,601 shares issued	US\$ 78.68

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	77	(58)	19	6
North America	43	(46)	(3)	-
Europe	36	(28)	8	-
Emerging Markets	23	(15)	8	4
Total	179	(147)	32	10

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	55
Euro	25
Canadian dollar	20
Net Assets	100

ORBIS LEVERAGED (EURO) FUND AT 30 SEPTEMBER 2002

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest 3 Years	2002 to Date	Latest Quarter
	<i>% Annualised</i>		<i>% Not Annualised</i>	
Orbis Leveraged (Euro)	25.6	36.2	12.5	(0.6)
Euro Bank Deposits	3.8	4.0	2.5	0.8
Average Global Equity Fund	(4.4)	(9.8)	(29.5)	(15.0)
Average Euro Bond Fund	4.2	5.4	5.4	3.5
<i>% change in the US dollar value of the euro</i>	<i>(2.4)</i>	<i>(2.6)</i>	<i>11.0</i>	<i>(0.4)</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 17.6% 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 99% 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 10% 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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ORBIS LEVERAGED (EURO) FUND AT 30 SEPTEMBER 2002

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Leveraged (US\$) Fund	288,488	99
Net Current Assets	3,604	1
Net Assets	292,092	100
Net Asset Value per Share	11,096,049 shares issued	€ 26.32

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	75	(57)	18	6
North America	43	(45)	(2)	-
Europe	36	(28)	8	-
Emerging Markets	23	(15)	8	4
Total	177	(145)	32	10

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	125
US dollar	(45)
Canadian dollar	20
Net Assets	100

