

ORBIS ABSOLUTE RETURN FUNDS

QUARTERLY
REPORTS
30 SEPTEMBER 2003



ORBIS OPTIMAL

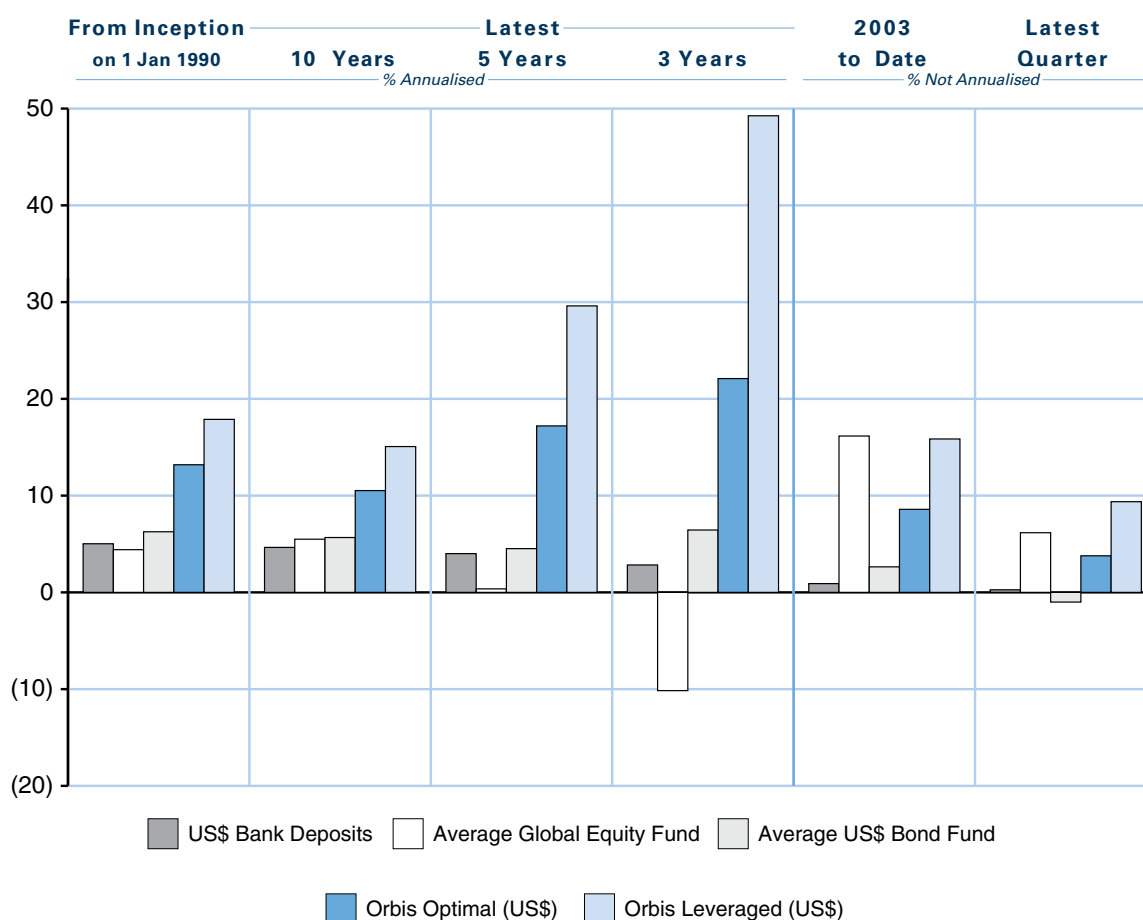
US\$ Fund / Euro Fund

ORBIS LEVERAGED

US\$ Fund / Euro Fund

ORBIS OPTIMAL AND ORBIS LEVERAGED AT 30 SEPTEMBER 2003

TOTAL RATE OF RETURN IN US DOLLARS



The Optimal and Leveraged (Euro) Funds are based on the same portfolios as the Optimal and Leveraged (US\$) Funds, respectively, and are therefore not shown separately above. Average Global Equity Fund and Average US\$ Bond Fund source: Standard & Poor's Offshore Territories sector index return.

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 2002. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2003 or for future accounting periods.

Appointment of Administrator. The Bank of Bermuda Limited has been appointed the administrator of the Orbis Optimal and Leveraged Funds for the purposes of Regulation 8 of the Bermuda Monetary Authority (Collective Investment Scheme Classification) Regulations 1998.

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 OFFSHORE FUNDS

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 based on detailed proprietary research which emphasises relative 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 FUNDS

The Luxembourg regulated Orbis Japan Equity Fund invests in Japanese equities. The Yen Class is fully exposed to the Japanese yen and has a Benchmark of the Tokyo Stock Price Index, including income (“TOPIX”). The Euro Class hedges its currency exposure into euro and has a Benchmark of the TOPIX, hedged into euro. The Orbis Japan Equity (US\$) Fund invests in the Yen Class of the Orbis Japan Equity Fund, hedges most or all of its currency exposure into US dollars and has a Benchmark of the TOPIX, hedged into US dollars.

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.

ORBIS OPTIMAL (US\$) FUND AT 30 SEPTEMBER 2003

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2003 to Date	Latest Quarter
		5 Years	3 Years		
	% Annualised		% Not Annualised		
Orbis Optimal (US\$)	13.2	17.2	22.1	8.6	3.8
US\$ Bank Deposits	5.0	4.0	2.8	0.9	0.3
Average Global Equity Fund	4.4	0.4	(10.2)	16.2	6.2
Average US\$ Bond Fund	6.3	4.5	6.4	2.6	(1.0)

The success of Orbis' investment philosophy depends on applying in-depth proprietary research to select equities that will outperform their local stockmarkets in the long term. Orbis Optimal translates these stockpicking skills into absolute returns for Members by investing in the Orbis Equity Funds and selling short stock index futures.

In order to focus our research on the best opportunities among the literally thousands of shares available to purchase globally, we have built our analyst team as a combination of regional and global industry specialists. This structure also nurtures the next generation of investment talents within Orbis by helping the relatively inexperienced analysts we often hire to make a positive contribution much more quickly. Our recent research on Nippon Television Network (NTN) is a good illustration of how the structure works.

In mid 2002, the shares of media companies began attracting our attention. On further investigation, our Asian and European regional analysts did not find the media stocks in their regions appealing. On the other hand, the work performed by one of our US regional analysts who also had prior exposure to the media industry culminated in the purchase of Liberty Media in Orbis Global, through which Orbis Optimal has a 1.6% interest. We believed Liberty Media offered attractive value relative to both the US stockmarket and other media companies around the world and on an absolute basis.

Between mid 2002 and early 2003, the share price of NTN, Japan's leading television broadcaster, had fallen by over 50%. The environment in Japan was bleak and the earnings of the company were clearly going to deteriorate but the share seemed to offer attractive long-term value. The same was also true for many other companies in Japan, leading our Japanese regional analyst to conclude that NTN did not offer compelling value relative to other stocks in Japan. So we asked our US analyst, who now knew the television broadcasting industry, to look at the company in a global context. The result of this work was that when viewed against its global comparatives NTN looked extremely attractive. The competitive dynamics of the television broadcasting industry in Japan were attractive on a global basis; yet the Japanese television broadcasters were relatively cheap. NTN's short-term earnings outlook was bleak, but its share price fully reflected that. Its balance sheet and cash flow were strong and we believed our Funds would be unlikely to lose money through an investment in NTN if conditions stayed poor. In our policy group meeting on NTN, when we combined the industry knowledge with the local knowledge of our Japanese regional specialist, we were able to develop much greater conviction in the quality of the investment and were able to act decisively in establishing a 2.3% position in Orbis Optimal through its holdings in the Orbis Global and Orbis Japan Funds.

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 2003

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Global Equity Fund	1,393,704	65
Orbis SICAV - Japan Equity Fund - Yen Class	440,438	21
Orbis Africa Equity (Rand) Fund	87,788	4
Orbis SICAV - Japan Core Equity Fund	32,089	1
Total Equity Exposure	1,954,019	91
Portfolio Hedging:		
Stock Index Futures Sold:		
Japan: TOPIX TSE 12/2003	(844,983)	(39)
US: S&P 500 CME 12/2003	(374,030)	(18)
UK: FTSE 100 LIFFE 12/2003	(242,118)	(11)
South Africa: JSE All Share Top 40 SAFEX 12/2003	(148,975)	(7)
Germany: DAX Eurex 12/2003	(145,303)	(7)
Korea: KOSPI 200 KSE 12/2003	(127,441)	(6)
Contract Value	1,956,830	91
Net Balances at Brokers	37,903	2
Balance Committed to Above Positions	111,883	5
Net Current Assets	79,633	4
Net Assets	2,145,535	100
Net Asset Value per Share	39,076,535 shares issued	US\$ 54.91

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	38	(39)	(1)	-
Europe	20	(18)	2	2
US	16	(18)	(2)	(3)
Emerging Markets	14	(13)	1	-
Total	88	(88)	-	(1)

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	83
Canadian dollar	10
Japanese yen	4
Taiwan dollar	3
Net Assets	100

ORBIS OPTIMAL (EURO) FUND AT 30 SEPTEMBER 2003

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest		2003 to Date	Latest Quarter
		5 Years	3 Years		
Orbis Optimal (Euro)	13.3	14.4	19.0	5.4	3.7
Euro Bank Deposits	3.6	3.6	3.7	1.9	0.5
Average Global Equity Fund	(3.2)	0.6	(18.1)	4.6	4.9
Average Euro Bond Fund	4.4	4.0	6.6	4.1	0.0
% appreciation of the euro versus the US dollar	1.2	(0.2)	9.7	11.1	1.3

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 83% US dollar, 10% Canadian dollars, 4% Japanese yen and 3% Taiwan dollar. If Orbis Optimal (Euro) had simply hedged 100% of net assets from US dollars into euro as usual, it would have included minus 17% 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 97% 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 30 SEPTEMBER 2003

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Optimal (US\$) Fund	395,489	97
Net Current Assets	11,153	3
Net Assets	406,642	100
Net Asset Value per Share	21,078,387 shares issued	€ 19.29

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	37	(38)	(1)	-
Europe	20	(18)	2	2
US	15	(17)	(2)	(3)
Emerging Markets	14	(13)	1	-
Total	86	(86)	-	(1)

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	93
Japanese yen	4
Taiwan dollar	3
Net Assets	100

ORBIS LEVERAGED (US\$) FUND AT 30 SEPTEMBER 2003

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2003 to Date	Latest Quarter
		5 Years	3 Years		
	% Annualised		% Not Annualised		
Orbis Leveraged (US\$)	17.9	29.6	49.3	15.9	9.4
US\$ Bank Deposits	5.0	4.0	2.8	0.9	0.3
Average Global Equity Fund	4.4	0.4	(10.2)	16.2	6.2
Average US\$ Bond Fund	6.3	4.5	6.4	2.6	(1.0)

In the past, we have often commented on the importance of a long-term perspective in evaluating potential investments. Not only is it easier to discern the underlying fundamentals of a company when viewed over the long term, but in the long term company fundamentals drive share prices while in the short term human frailties can create significant distortions. A long-term perspective is similarly useful in evaluating investment managers. While good short-term performance might indicate true investment skills, it might also only reflect luck. Some managers will do well for a few years, only to find their subsequent performance reverting back to or even dipping below the average. On the other hand, even managers with good long-term track records have periods of poor short-term performance. A manager's track record should be viewed over a full investment cycle to discern whether the manager's skills are fundamentally sound.

The Fund's performance over the past six years is a good example of this. The underlying skill set which the Fund principally relies on to generate returns is the Manager's ability to identify stocks selling at prices significantly below their intrinsic value. An effective execution of this investment approach will add value as long as the market eventually recognises how undervalued those shares are and bids their prices up. But a cheap stock can stay cheap and not rise in price. This sometimes happens in speculative market cycles, when investors, infatuated with the speculative trends of the time, simply ignore the undervalued, out-of-favour stocks and fail to appreciate their intrinsic value. Such was the case in the late 1990s. While we found many undervalued stocks to buy, the market did not reward them with higher prices. Despite our research efforts, the impact of the investment cycle proved too strong when overlaid on our stock-picking capabilities. As a result, the Fund was unable to add value over that period.

Since 2000, the deflation of the biggest speculative bubble in a generation has had the opposite effect. As valuation excesses were unwound, stock prices adjusted violently. The more extreme the deviation from intrinsic value, the bigger the subsequent recoil in share prices. This led to huge divergences between the best-performing and worst-performing stocks within the market in 2000-2002.

This environment provided us with unprecedented opportunity to add value for Members. We are pleased to have capitalised on this opportunity and restored the Fund's long-term track record to its prior levels. We would stress however that judging the Fund's prospects based on the returns of the past few years is as misleading as judging it based on those immediately preceding years in which the Fund underperformed. Investors will make a higher quality assessment by focussing on understanding the Fund's investment approach and maintaining a long-term perspective by analysing performance data covering at least a full stockmarket cycle.

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

MANAGER
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The Bank of Bermuda Limited

ORBIS LEVERAGED (US\$) FUND AT 30 SEPTEMBER 2003

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
Orbis Optimal (US\$) Fund	1,283,793	190
Incremental Positions:		
Bond and Stock Index Futures Sold:		
Japan: JGB 10 Year TSE 12/2003	(595,752)	(88)
US: S&P 500 CME 12/2003	(67,599)	(10)
Contract Value	658,391	98
Balances at Brokers	15,868	2
Balance Committed to Above Positions	10,908	2
Loans	(648,500)	(96)
Net Current Assets	29,592	4
Net Assets	675,793	100
Net Asset Value per Share	7,043,518 shares issued	US\$ 95.95

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	73	(75)	(2)	-
Europe	38	(34)	4	3
US	29	(43)	(14)	(15)
Emerging Markets	27	(25)	2	-
Total	167	(177)	(10)	(12)

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

CURRENCY DEPLOYMENT

	% of Fund
US dollar	67
Canadian dollar	20
Japanese yen	7
Taiwan dollar	6
Net Assets	100

ORBIS LEVERAGED (EURO) FUND AT 30 SEPTEMBER 2003

Total Rate of Return in euro:	From Inception on 30 Jun 1998	— Latest —		2003 to Date	Latest Quarter
		5 Years % Annualised	3 Years		
Orbis Leveraged (Euro)	25.2	27.9	49.1	16.9	9.8
Euro Bank Deposits	3.6	3.6	3.7	1.9	0.5
Average Global Equity Fund	(3.2)	0.6	(18.1)	4.6	4.9
Average Euro Bond Fund	4.4	4.0	6.6	4.1	0.0
% appreciation of the euro versus the US dollar	1.2	(0.2)	9.7	11.1	1.3

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 17.9% 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 97% 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 12% 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

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ORBIS LEVERAGED (EURO) FUND AT 30 SEPTEMBER 2003

STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
Orbis Leveraged (US\$) Fund	320,151	97
Net Current Assets	8,594	3
Net Assets	328,745	100
Net Asset Value per Share	10,111,134 shares issued	€ 32.51

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
Japan	71	(73)	(2)	-
Europe	37	(33)	4	3
US	28	(42)	(14)	(15)
Emerging Markets	26	(24)	2	-
Total	162	(172)	(10)	(12)

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

CURRENCY DEPLOYMENT

	% of Fund
Euro	100
US dollar	(32)
Canadian dollar	19
Japanese yen	7
Taiwan dollar	6
Net Assets	100

