

QUARTERLY  
**REPORTS**  
31 MARCH 2005



ORBIS OPTIMAL

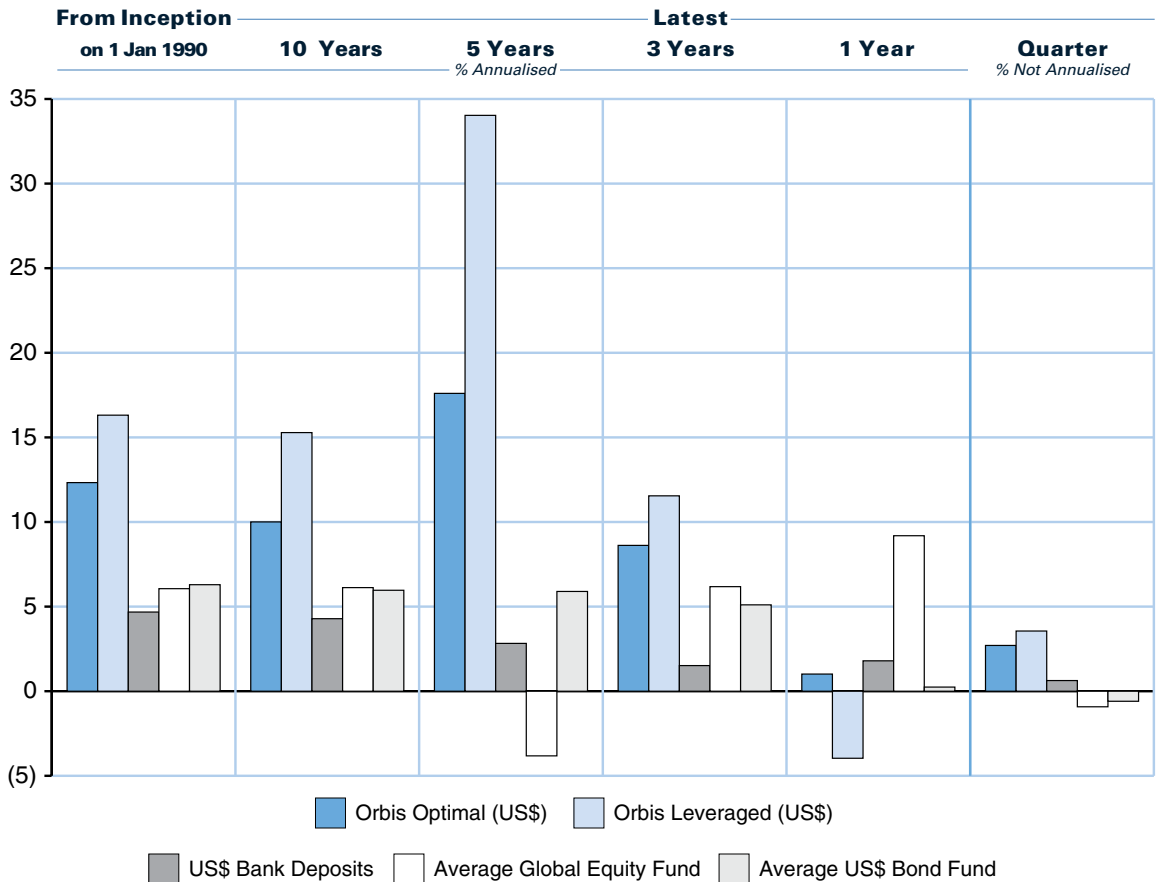
*US\$ Fund / Euro Fund*

ORBIS LEVERAGED

*US\$ Fund / Euro Fund*

# ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 MARCH 2005

## 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 Internationally Marketed sector index.

**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 2003. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2004 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](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 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 in equities 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 (*i.e. positive*) returns regardless of stockmarket trends
- They invest directly or indirectly in the Manager’s optimal 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.

## ORBIS OPTIMAL (US\$) FUND AT 31 MARCH 2005

| Total Rate of Return<br>in US dollars: | From Inception<br>on 1 Jan 1990 | Latest                  |            |            | Quarter<br>% Not Annualised |
|--|---------------------------------|-------------------------|------------|------------|-----------------------------|
|  |                                 | 5 Years<br>% Annualised | 3 Years    | 1 Year     |                             |
| <b>Orbis Optimal (US\$)</b>            | <b>12.3</b>                     | <b>17.6</b>             | <b>8.6</b> | <b>1.0</b> | <b>2.7</b>                  |
| US\$ Bank Deposits                     | 4.7                             | 2.8                     | 1.5        | 1.8        | 0.6                         |
| Average Global Equity Fund             | 6.1                             | (3.8)                   | 6.2        | 9.2        | (0.9)                       |
| Average US\$ Bond Fund                 | 6.3                             | 5.9                     | 5.1        | 0.2        | (0.6)                       |

In the Orbis Global report, we discussed the shrinking valuation gap between the most and least loved stocks in the market and the resultant dearth of compelling traditional value ideas. This, as well as current overall valuation levels being above average, has many value-oriented equity managers currently holding significant cash balances. We have never felt comfortable holding significant cash balances in an equity fund. We agree that equity price levels are occasionally so high that, on the margin, cash presents the fundamental investor with a more attractive risk/reward payoff than additional equity exposure. On the other hand, we know equity prices occasionally go a lot higher for a lot longer than one might expect. This dilemma presents fundamental, absolute return driven equity investors with a significant challenge. The group of Orbis Optimal Funds is our response to this challenge. They provide us and our fellow Orbis Fund investors with the ability to eliminate global stockmarket exposure while avoiding many of the major disadvantages of holding cash in a portfolio.

The effect of shifting a significant portion of an equity portfolio to cash can be split into two components. Firstly, a shift in asset class exposure from stockmarkets to cash and secondly, an elimination of any exposure to the potential for selected equities to outperform or underperform stockmarkets. We have much more confidence in our ability to add value through share selection than in our ability to “time” stockmarkets. In fact, our ability to add value by asset allocation doesn’t approach anywhere near the 7.7% per annum superior performance (after all fees and expenses) that the Orbis Global Equity Fund has had versus global stockmarkets since the Fund’s inception over 15 years ago. Given that, for us, shifting to cash in an equity portfolio is nothing short of throwing out the baby (being the potential value added through equity selection) with the bath water (being the potential value added through asset allocation). The option of investing in the Orbis Optimal Funds, being an investment in Orbis’ equity selection skills but without the associated stockmarket exposure, allows Orbis investors to avoid this problem.

There are other advantages of being able to change between asset classes in this way. Optimal reduces its stockmarket exposure by selling stock index futures rather than individual equities, thereby substantially reducing transaction costs. Having Optimal as part of the Orbis Fund Family also reduces the temptation for our research efforts to be distracted by the asset allocation decision, allowing them to remain focused on the more productive equity selection decision. In addition, with stockmarket tops being so difficult to time correctly, the difference between adding and destroying value through asset allocation often comes down to the ability of someone to maintain their position over an extended period of time when things go against them. The ability to largely eliminate stockmarket risk, yet maintain exposure to stock picking skill, may in turn increase Orbis investors’ ability to sustain an appropriate asset allocation decision in the face of adverse short-term market behaviour.

*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

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The Bank of Bermuda Limited

# ORBIS OPTIMAL (US\$) FUND AT 31 MARCH 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

| Security  | Market Value<br>US\$ 000's | % of<br>Fund      |
|---|----------------------------|-------------------|
| <b>Orbis Global Equity Fund</b>                 | 3,145,939                  | 84                |
| <b>Orbis Africa Equity (Rand) Fund</b>          | 197,691                    | 5                 |
| <b>Orbis SICAV - Japan Core Equity Fund</b>     | 47,738                     | 1                 |
| <b>Total Equity Exposure</b>                    | <b>3,391,368</b>           | <b>90</b>         |
| <b>Portfolio Hedging:</b>                       |                            |                   |
| <b>Stock Index Futures Sold:</b>                |                            |                   |
| US: E-mini S&P 500 CME 6/2005                   | (1,430,450)                | (38)              |
| Japan: TOPIX TSE 6/2005                         | (586,945)                  | (16)              |
| Germany: DAX Eurex 6/2005                       | (563,684)                  | (15)              |
| South Africa: JSE All Share Top 40 SAFEX 6/2005 | (301,728)                  | (8)               |
| UK: FTSE 100 LIFFE 6/2005                       | (261,654)                  | (7)               |
| Korea: KOSPI 200 KSE 6/2005                     | (234,606)                  | (6)               |
| Contract Value                                  | 3,452,099                  | 92                |
| Net Balances at Brokers                         | 121,547                    | 3                 |
| Balance Committed to Above Positions            | 194,579                    | 5                 |
| Net Current Assets                              | 163,109                    | 5                 |
| <b>Net Assets</b>                               | <b>3,749,056</b>           | <b>100</b>        |
| <b>Net Asset Value per Share</b>                | 63,696,696 shares issued   | <b>US\$ 58.86</b> |

## ANALYSIS OF STOCKMARKET EXPOSURE

| Region           | Equity<br>Exposure | Portfolio<br>Hedging | Accounting<br>Exposure | Beta Adjusted<br>Exposure* |
|------------------|--------------------|----------------------|------------------------|----------------------------|
|                  | %                  | %                    | %                      | %                          |
| Japan            | 25                 | (16)                 | 9                      | 10                         |
| North America    | 23                 | (38)                 | (15)                   | (15)                       |
| Europe           | 22                 | (22)                 | -                      | -                          |
| Emerging Markets | 20                 | (14)                 | 6                      | 5                          |
| <b>Total</b>     | <b>90</b>          | <b>(90)</b>          | <b>-</b>               | <b>-</b>                   |

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

## CURRENCY DEPLOYMENT

|                         | % of<br>Fund |
|-------------------------|--------------|
| US dollar               | 82           |
| Japanese yen            | 12           |
| Taiwan dollar and other | 6            |
| <b>Net Assets</b>       | <b>100</b>   |

## ORBIS OPTIMAL (EURO) FUND AT 31 MARCH 2005

| Total Rate of Return<br>in euro:                | From Inception<br>on 30 Jun 1998 | Latest                  |            |            | Quarter<br>% Not Annualised |
|---|----------------------------------|-------------------------|------------|------------|-----------------------------|
|   |                                  | 5 Years<br>% Annualised | 3 Years    | 1 Year     |                             |
| <b>Orbis Optimal (Euro)</b>                     | <b>11.3</b>                      | <b>15.6</b>             | <b>6.3</b> | <b>0.5</b> | <b>3.2</b>                  |
| Euro Bank Deposits                              | 3.3                              | 3.3                     | 2.5        | 2.1        | 0.5                         |
| Average Global Equity Fund                      | (0.9)                            | (9.5)                   | (7.0)      | 3.7        | 3.6                         |
| Average Euro Bond Fund                          | 4.4                              | 5.4                     | 6.1        | 4.1        | 0.7                         |
| % appreciation of the euro versus the US dollar | 2.5                              | 6.3                     | 14.2       | 5.2        | (4.4)                       |

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 12.3% per annum 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 82% US dollars, 12% Japanese yen and 6% Taiwan dollars and other. If Orbis Optimal (Euro) had simply hedged 100% of net assets from US dollars into euro as usual, it would have included minus 18% 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 101% 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.*

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# ORBIS OPTIMAL (EURO) FUND AT 31 MARCH 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

| Security                         | Market Value<br>€ 000's  | % of<br>Fund   |
|----------------------------------|--------------------------|----------------|
| <b>Orbis Optimal (US\$) Fund</b> | 652,331                  | 101            |
| Net Current Liabilities          | (6,864)                  | (1)            |
| <b>Net Assets</b>                | <b>645,467</b>           | <b>100</b>     |
| <b>Net Asset Value per Share</b> | 31,388,107 shares issued | <b>€ 20.56</b> |

## ANALYSIS OF STOCKMARKET EXPOSURE

| Region           | Equity<br>Exposure | Portfolio<br>Hedging | Accounting<br>Exposure | Beta Adjusted<br>Exposure* |
|------------------|--------------------|----------------------|------------------------|----------------------------|
|                  | %                  | %                    | %                      | %                          |
| Japan            | 26                 | (16)                 | 10                     | 10                         |
| North America    | 23                 | (39)                 | (16)                   | (15)                       |
| Europe           | 22                 | (22)                 | -                      | -                          |
| Emerging Markets | 20                 | (14)                 | 6                      | 5                          |
| <b>Total</b>     | <b>91</b>          | <b>(91)</b>          | <b>-</b>               | <b>-</b>                   |

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

## CURRENCY DEPLOYMENT

|                         | % of<br>Fund |
|-------------------------|--------------|
| Euro                    | 77           |
| Japanese yen            | 17           |
| Taiwan dollar and other | 6            |
| <b>Net Assets</b>       | <b>100</b>   |

# ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2005

| Total Rate of Return<br>in US dollars: | From Inception<br>on 1 Jan 1990 | Latest                  |             |              | Quarter<br>% Not Annualised |
|--|---------------------------------|-------------------------|-------------|--------------|-----------------------------|
|  |                                 | 5 Years<br>% Annualised | 3 Years     | 1 Year       |                             |
| <b>Orbis Leveraged (US\$)</b>          | <b>16.3</b>                     | <b>34.0</b>             | <b>11.5</b> | <b>(4.0)</b> | <b>3.6</b>                  |
| US\$ Bank Deposits                     | 4.7                             | 2.8                     | 1.5         | 1.8          | 0.6                         |
| Average Global Equity Fund             | 6.1                             | (3.8)                   | 6.2         | 9.2          | (0.9)                       |
| Average US\$ Bond Fund                 | 6.3                             | 5.9                     | 5.1         | 0.2          | (0.6)                       |

Orbis Leveraged's ability to generate returns is based primarily on the skill of its investment manager, rather than movements in stock or bond markets, or interest rates. Provided absolute returns are satisfactory, a lack of linkage between the return of the Fund and that of any major asset class adds to the Fund's value as part of a balanced portfolio. Indeed, as one can see from the table below, Leveraged has almost no correlation to any major asset class or hedge fund style grouping. The Fund's monthly correlation with the World Index is minus 0.2 since the Fund's inception, indicating that on average the monthly returns of the Fund have moved in the opposite direction of global stockmarkets and only 20% of the amount of movement could be explained by the movement of those markets, for all practical purposes equating to an immaterial correlation.

| All returns are to 31 March 2005   |             | Correlation of Monthly Returns (%) |                  |                            |                              |                             |                             |                       |                  |                       |              |                        |              |               |
|------------------------------------|-------------|------------------------------------|------------------|----------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------|------------------|-----------------------|--------------|------------------------|--------------|---------------|
|                                    |             | Major Asset Classes                |                  |                            |                              |                             | Hedge Fund Research Indices |                       |                  |                       |              |                        |              |               |
|                                    |             | Optimal (US\$)                     | Leveraged (US\$) | Cash<br>US\$ Bank Deposits | Equities<br>FTSE World Index | Bonds<br>Avg US\$ Bond Fund | HFR Performance Index       | Convertible Arbitrage | Emerging Markets | Equity Market Neutral | Event Driven | Fixed Income Arbitrage | Macro        | Market Timing |
| FTSE World Index                   | 6.9         | (0.1)                              | (0.2)            | (0.0)                      | 1.0                          | (0.0)                       | 0.8                         | 0.3                   | 0.7              | 0.1                   | 0.7          | (0.0)                  | 0.4          | 0.7           |
| Orbis Global Equity Fund           | 14.6        | 0.4                                | 0.4              | (0.0)                      | 0.8                          | 0.1                         | 0.6                         | 0.3                   | 0.6              | 0.1                   | 0.6          | 0.1                    | 0.4          | 0.0           |
| <b>Orbis Optimal (US\$) Fund</b>   | <b>12.3</b> | <b>1.0</b>                         | <b>0.9</b>       | <b>0.1</b>                 | <b>(0.1)</b>                 | <b>0.0</b>                  | <b>0.0</b>                  | <b>0.1</b>            | <b>0.0</b>       | <b>0.0</b>            | <b>0.1</b>   | <b>0.1</b>             | <b>(0.0)</b> | <b>(0.0)</b>  |
| <b>Orbis Leveraged (US\$) Fund</b> | <b>16.3</b> | <b>0.9</b>                         | <b>1.0</b>       | <b>0.1</b>                 | <b>(0.2)</b>                 | <b>0.0</b>                  | <b>0.0</b>                  | <b>0.1</b>            | <b>0.0</b>       | <b>0.0</b>            | <b>0.1</b>   | <b>0.2</b>             | <b>0.1</b>   | <b>(0.1)</b>  |

The combination of a lack of correlation to global equity markets and satisfactory absolute returns is rare in the investing world and a powerful attribute. Investing in an asset whose long-term performance is comparable to equity returns, but whose performance is just as likely to zig when the market is zagging and vice versa, can greatly lower the volatility of a diversified portfolio without giving up any return. Indeed, even within the Orbis Family of Funds, Leveraged's correlation with Global, the equity fund that underlies it, is still a low 0.4.

We believe that Leveraged's lack of correlation with major asset classes is indicative of our underlying emphasis on long-term fundamental value and relative disinterest in short-term benchmark-relative performance. Our investment focus is squarely on using rigorous fundamental analysis, and disciplined implementation, to maximise the likelihood of achieving rewarding long-term outperformance. And as Optimal largely hedges away the Orbis Equity Funds' stockmarket exposure and Leveraged gears the result nearly two-to-one, both the long-term outperformance and short-term uncorrelated volatility are isolated and amplified.

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# ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

| Security                                   | Market Value<br>US\$ 000's | % of<br>Fund       |
|--|----------------------------|--------------------|
| <b>Orbis Optimal (US\$) Fund</b>           | 1,699,377                  | 194                |
| <b>Incremental Positions:</b>              |                            |                    |
| <b>Futures Sold:</b>                       |                            |                    |
| Bond: Japan; JGB 10-Year TSE 6/2005        | (836,513)                  | (96)               |
| Stock Index: US; E-mini S&P 500 CME 6/2005 | (86,787)                   | (10)               |
| Contract Value                             | 915,677                    | 105                |
| Balances at Brokers                        | 17,293                     | 2                  |
| Balance Committed to Above Positions       | 9,670                      | 1                  |
| <b>Loans</b>                               | (836,000)                  | (95)               |
| Net Current Assets                         | 2,442                      | -                  |
| <b>Net Assets</b>                          | <b>875,489</b>             | <b>100</b>         |
| <b>Net Asset Value per Share</b>           | 8,741,340 shares issued    | <b>US\$ 100.16</b> |

## ANALYSIS OF STOCKMARKET EXPOSURE

| Region           | Equity<br>Exposure | Stockmarket<br>Positions | Accounting<br>Exposure | Beta Adjusted<br>Exposure* |
|------------------|--------------------|--------------------------|------------------------|----------------------------|
|                  | %                  | %                        | %                      | %                          |
| Japan            | 49                 | (30)                     | 19                     | 20                         |
| North America    | 43                 | (84)                     | (41)                   | (39)                       |
| Europe           | 43                 | (43)                     | -                      | -                          |
| Emerging Markets | 40                 | (28)                     | 12                     | 9                          |
| <b>Total</b>     | <b>175</b>         | <b>(185)</b>             | <b>(10)</b>            | <b>(10)</b>                |

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

## CURRENCY DEPLOYMENT

|                         | % of<br>Fund |
|-------------------------|--------------|
| US dollar               | 90           |
| Japanese yen            | 35           |
| British pound           | (18)         |
| Euro                    | (17)         |
| Taiwan dollar and other | 10           |
| <b>Net Assets</b>       | <b>100</b>   |

## ORBIS LEVERAGED (EURO) FUND AT 31 MARCH 2005

| Total Rate of Return<br>in euro:                | From Inception<br>on 30 Jun 1998 | Latest                  |             |              | Quarter<br>% Not Annualised |
|---|----------------------------------|-------------------------|-------------|--------------|-----------------------------|
|   |                                  | 5 Years<br>% Annualised | 3 Years     | 1 Year       |                             |
| <b>Orbis Leveraged (Euro)</b>                   | <b>19.9</b>                      | <b>33.8</b>             | <b>12.4</b> | <b>(3.7)</b> | <b>3.5</b>                  |
| Euro Bank Deposits                              | 3.3                              | 3.3                     | 2.5         | 2.1          | 0.5                         |
| Average Global Equity Fund                      | (0.9)                            | (9.5)                   | (7.0)       | 3.7          | 3.6                         |
| Average Euro Bond Fund                          | 4.4                              | 5.4                     | 6.1         | 4.1          | 0.7                         |
| % appreciation of the euro versus the US dollar | 2.5                              | 6.3                     | 14.2        | 5.2          | (4.4)                       |

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 16.3% per annum 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 101% 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.*

*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 31 MARCH 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

| Security                           | Market Value<br>€ 000's  | % of<br>Fund   |
|------------------------------------|--------------------------|----------------|
| <b>Orbis Leveraged (US\$) Fund</b> | 424,258                  | 101            |
| Net Current Liabilities            | (3,245)                  | (1)            |
| <b>Net Assets</b>                  | <b>421,013</b>           | <b>100</b>     |
| <b>Net Asset Value per Share</b>   | 12,333,046 shares issued | <b>€ 34.14</b> |

## ANALYSIS OF STOCKMARKET EXPOSURE

| Region           | Equity<br>Exposure | Stockmarket<br>Positions | Accounting<br>Exposure | Beta Adjusted<br>Exposure* |
|------------------|--------------------|--------------------------|------------------------|----------------------------|
|                  | %                  | %                        | %                      | %                          |
| Japan            | 49                 | (30)                     | 19                     | 20                         |
| North America    | 44                 | (85)                     | (41)                   | (39)                       |
| Europe           | 43                 | (43)                     | -                      | -                          |
| Emerging Markets | 40                 | (28)                     | 12                     | 9                          |
| <b>Total</b>     | <b>176</b>         | <b>(186)</b>             | <b>(10)</b>            | <b>(10)</b>                |

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

## CURRENCY DEPLOYMENT

|                         | % of<br>Fund |
|-------------------------|--------------|
| Euro                    | 83           |
| Japanese yen            | 35           |
| British pound           | (18)         |
| US dollar               | (10)         |
| Taiwan dollar and other | 10           |
| <b>Net Assets</b>       | <b>100</b>   |

