

QUARTERLY  
**REPORTS**  
30 JUNE 2005



**ORBIS OPTIMAL**

*US\$ Fund / Euro Fund*

**ORBIS LEVERAGED**

*US\$ Fund / Euro Fund*

## NOTICES

**Amendment of Prospectus.** *In order to protect the interests of existing shareholders in the Orbis Absolute Return Funds, the Board of Directors of each of the Funds has decided to amend each Fund's prospectus to provide that where (i) a Fund receives a subscription, redemption or switch instruction in an amount currently representing 5% or more of the Net Asset Value of the Fund calculated on the Dealing Day on which the transaction is processed before giving effect to the transaction (but after giving effect to any contributions or redemptions in kind of securities on that Dealing Day) and (ii) the Fund incurs a similar levy as a result of its direct or indirect investment in an Orbis Equity Fund, the Fund may levy a 0.40% fee of the value of that transaction. Subject to the overall supervision and control of the Board of Directors of the Fund, the Investment Manager of the Fund will make all decisions regarding the levying of the transaction fee in accordance with the Investment Manager's published policy from time to time, a copy of which will be available from the Investment Manager or which may be downloaded from the website [www.orbisfunds.com](http://www.orbisfunds.com).*

*Copies of the new Prospectus will be available upon request and free of charge from the Fund's Manager at the address identified on the back cover of this Report. Shareholders of the Fund who wish to transact in amounts that represent 5% or more of the net asset value of the Fund may do so prior to 6 October 2005 without paying any transaction fee.*

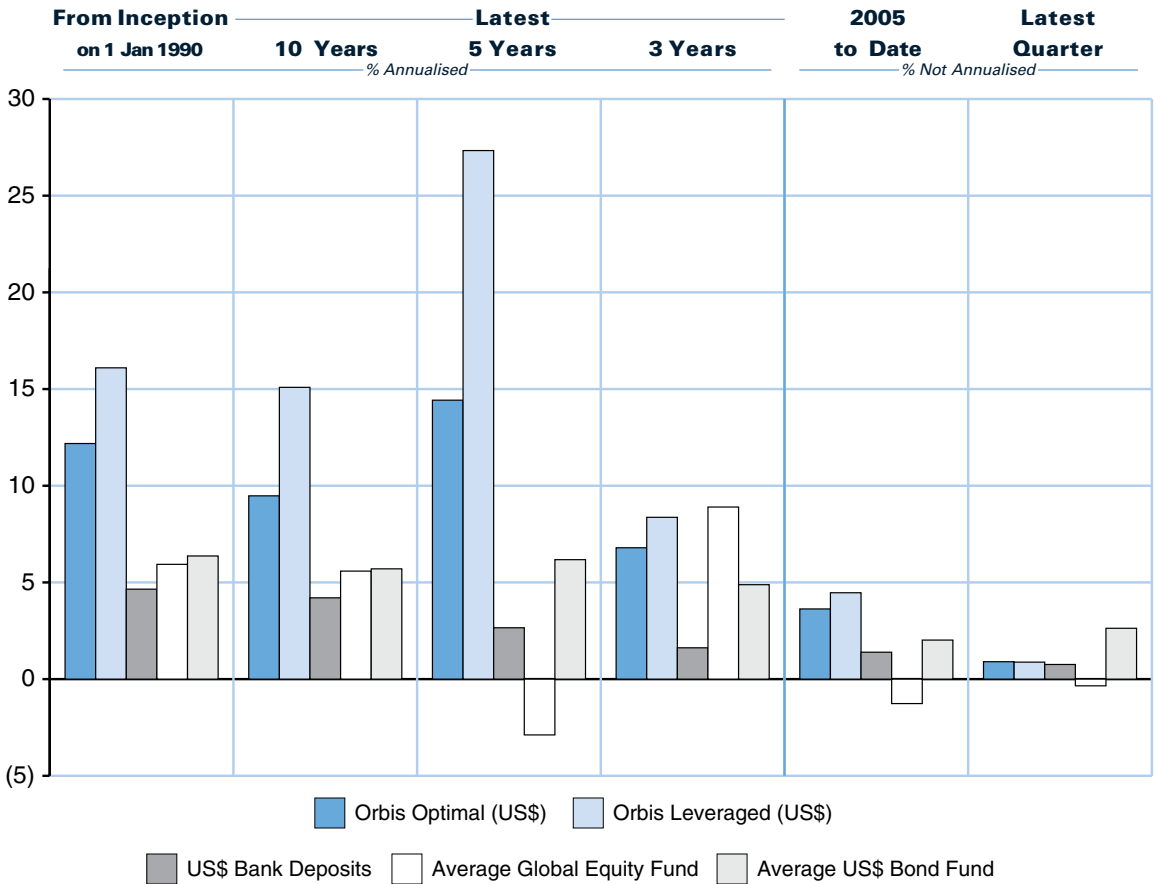
**EU Savings Directive.** *Orbis' assessment is that all of the Orbis Funds are outside of the scope of the European Union Savings Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. Payments from the Orbis Funds, including dividends and redemption proceeds, to residents of the European Union should not be subject to having tax withheld by paying agents under the Directive.*

**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.*

# ORBIS OPTIMAL AND ORBIS LEVERAGED AT 30 JUNE 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.

*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.*

## ORBIS OPTIMAL (US\$) FUND AT 30 JUNE 2005

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2005 to Date	Latest Quarter
		5 Years	3 Years		
	% Annualised		% Not Annualised		
<b>Orbis Optimal (US\$)</b>	<b>12.2</b>	<b>14.4</b>	<b>6.8</b>	<b>3.6</b>	<b>0.9</b>
US\$ Bank Deposits	4.7	2.7	1.6	1.4	0.8
Average Global Equity Fund	5.9	(2.9)	8.9	(1.3)	(0.3)
Average US\$ Bond Fund	6.4	6.2	4.9	2.0	2.6

The objective of Orbis Optimal is to produce long-term capital appreciation from a low-risk global investment portfolio. This is accomplished by investing in selected Orbis equity funds and using stockmarket index hedging to substantially eliminate the overall stockmarket exposure, thus isolating our stock picking skill (or lack thereof). As such, the aim is to focus the Fund's portfolio on those stocks that we believe are most likely to outperform their local stockmarket index, while maintaining prudent diversification. This coincides well with how we manage the Orbis Global Equity Fund. Orbis Global invests in the shares that we believe are most attractive in absolute terms and, if we are right, those shares are most often likely to be the ones that outperform the most. But there are times when we are much more enthusiastic about a share's ability to outperform its benchmark index than its ability to rise in absolute terms. In those instances, we would wish to have greater exposure to those shares in Orbis Optimal than Orbis Global is willing to hold on an unhedged basis.

The Fund's experience in Japan provides a good example of this. In 1998, the Japanese stockmarket was characterised by pervasive investor neglect coupled with the authorities continuing artificial stockmarket support activities. This created an environment where selected shares were very attractive while the major stockmarket index components were not. Our expectation for the outperformance of our shareholdings in Japan relative to the TOPIX was abnormally high although we were wary of taking on too much exposure to the Japanese stockmarket in Orbis Global. By launching the Orbis Japan Equity Fund and investing a meaningful portion of Orbis Optimal in that fund, Orbis Optimal was able to maintain a 10 to 15% higher exposure to our ability to add value in Japan than if the Fund had remained invested only in Orbis Global. This proved fruitful, as our outperformance in Japan was subsequently substantially greater than in other developed markets.

As is normal, the global stockmarket environment has again shifted. Formerly neglected shares in Japan have become less so as foreign investors have become more involved in the market. At the same time, the largest Japanese companies, with correspondingly large index weightings, have become increasingly attractive. We believe that together these shifts have returned our ability to outperform the TOPIX to more normal levels, even as the absolute return potential of Japanese shares has improved. As shown in the Equity Exposure column of the Analysis of Stockmarket Exposure opposite, Orbis Optimal has, as a result of these shifts, reduced its equity exposure in Japan to a more evenly balanced level in relation to other regions. This was easily achieved by progressively switching the Fund's investment in the Orbis Japan Equity Fund to the more diversified Orbis Global Equity Fund. Our preference for the absolute return potential of the Fund's Japanese shareholdings over those in the United States is reflected in the Fund's long 10% and short 15% exposures, respectively, shown on page 3.

*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 JUNE 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis Global Equity Fund</b>	3,155,956	83
<b>Orbis Africa Equity (Rand) Fund</b>	200,959	5
<b>Orbis SICAV - Japan Core Equity Fund</b>	45,869	1
<b>Total Equity Exposure</b>	<b>3,402,784</b>	<b>89</b>
<b>Portfolio Hedging:</b>		
<b>Stock Index Futures Sold:</b>		
US: E-mini S&P 500 CME 9/2005	(1,528,267)	(40)
Japan: TOPIX TSE 9/2005	(490,624)	(13)
Germany: DAX Eurex 9/2005	(415,959)	(11)
South Africa: JSE All Share Top 40 SAFEX 9/2005	(364,139)	(10)
UK: FTSE 100 LIFFE 9/2005	(226,449)	(6)
Korea: KOSPI 200 KSE 9/2005	(221,600)	(6)
Hong Kong: Hang Seng HKFE 7/2005	(120,675)	(3)
Contract Value	3,360,255	89
Net Balances at Brokers	242,030	6
Balance Committed to Above Positions	234,572	6
Net Current Assets	156,437	5
<b>Net Assets</b>	<b>3,793,793</b>	<b>100</b>
<b>Net Asset Value per Share</b>	63,874,208 shares issued	<b>US\$ 59.39</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	25	(40)	(15)	(15)
Japan	23	(13)	10	10
Emerging Markets	23	(19)	4	5
Europe	18	(17)	1	-
<b>Total</b>	<b>89</b>	<b>(89)</b>	<b>-</b>	<b>-</b>

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

## CURRENCY DEPLOYMENT

	% of Fund
US dollar	80
Japanese yen	16
Hong Kong dollar and other	4
<b>Net Assets</b>	<b>100</b>

## ORBIS OPTIMAL (EURO) FUND AT 30 JUNE 2005

Total Rate of Return in euro:	From Inception	Latest		2005	Latest
	on 30 Jun 1998	5 Years	3 Years	to Date	Quarter
		% Annualised		% Not Annualised	
<b>Orbis Optimal (Euro)</b>	<b>11.2</b>	<b>13.0</b>	<b>6.0</b>	<b>5.6</b>	<b>2.3</b>
Euro Bank Deposits	3.2	3.2	2.4	1.1	0.5
Average Global Equity Fund	0.1	(7.4)	1.9	10.6	6.7
Average Euro Bond Fund	4.7	5.9	6.4	3.5	2.8
% appreciation of the euro versus the US dollar	1.4	4.9	6.9	(10.7)	(6.6)

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 12.2% 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 80% US dollars, 16% Japanese yen and 4% Hong Kong 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 20% 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.*

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 (EURO) FUND AT 30 JUNE 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	618,233	101
Net Current Liabilities	(5,833)	(1)
<b>Net Assets</b>	<b>612,400</b>	<b>100</b>
<b>Net Asset Value per Share</b>	29,102,699 shares issued	<b>€ 21.04</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	25	(41)	(16)	(15)
Japan	24	(13)	11	10
Emerging Markets	23	(19)	4	5
Europe	18	(17)	1	-
<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 Fund
Euro	80
Japanese yen	16
Hong Kong dollar and other	4
<b>Net Assets</b>	<b>100</b>

## ORBIS LEVERAGED (US\$) FUND AT 30 JUNE 2005

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2005 to Date	Latest Quarter
		5 Years	3 Years		
		% Annualised		% Not Annualised	
<b>Orbis Leveraged (US\$)</b>	<b>16.1</b>	<b>27.3</b>	<b>8.4</b>	<b>4.5</b>	<b>0.9</b>
US\$ Bank Deposits	4.7	2.7	1.6	1.4	0.8
Average Global Equity Fund	5.9	(2.9)	8.9	(1.3)	(0.3)
Average US\$ Bond Fund	6.4	6.2	4.9	2.0	2.6

The Orbis Leveraged Fund is designed to provide a way to maximise exposure to our investment decisions, particularly our stock picking skill, in a way that eliminates unwanted stockmarket exposure. Leveraged does this by investing the bulk of its assets in Optimal, which in turn invests in Orbis' equity funds and hedges out aggregated stock market exposures, laying bare our stock picking skills. Leveraged also takes incremental long and short positions that we believe will enhance the Fund's risk adjusted return.

While the long-term results of this approach have been pleasing, the shorter-term performance has been left wanting, producing a fairly flat return over the past 18 months. This near-term flatness largely stems from the below historical average outperformance produced over that period by the underlying Orbis equity funds in which Optimal invests. However, such a result should not surprise as it was preceded by a period of some of the highest alpha production in the Funds' histories. Further, performance has not been aided over this recent period by the incremental positions, with Leveraged's currency, stockmarket index and bond positions producing a roughly neutral result.

While future near- and medium-term outperformance of the Fund's underlying equity holdings is always impossible to accurately predict, we are able to describe the incremental non stock-specific concentrations in the Fund and the economic and market scenarios that are likely to benefit those concentrations. Overall, the Fund is most positively exposed to advances of the major far eastern stockmarkets, including Japan and Korea, relative to the US stockmarket. In currencies, in relation to its US dollar-based mandate, Leveraged is positively exposed to the Japanese yen and Chinese yuan (through mainland Chinese stocks listed in Hong Kong and held in Orbis Global) at the expense of the US dollar, euro and the British pound. The Fund has also managed its funding costs using a significant short position in Japanese Government Bond (JGB) futures.

The future performance of Leveraged will of course always be largely determined by the overall stock picking outperformance (or underperformance) produced by our investment team. But in looking at the above incremental positions, it is clear that the Fund also stands to benefit from a recovery in the Japanese economy, where Leveraged is well positioned to capture the effect of improving economic growth in the Japanese currency, stock and bond markets. Our conviction behind the attractiveness of the Japanese stockmarket relative to the global, and primarily the US, stockmarkets is discussed in this quarter's report for the Orbis Japan Equity Fund.

*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 30 JUNE 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	1,624,948	192
<b>Incremental Position:</b>		
<b>Futures Sold:</b>		
Bond: Japan; JGB 10-Year TSE 9/2005	(813,697)	(96)
Contract Value	810,246	95
Balances at Brokers	7,141	1
Balance Committed to Above Position	3,690	-
<b>Loans</b>	(824,000)	(97)
Net Current Assets	43,386	5
<b>Net Assets</b>	<b>848,024</b>	<b>100</b>
<b>Net Asset Value per Share</b>	8,393,293 shares issued	<b>US\$ 101.04</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	47	(77)	(30)	(29)
Japan	45	(25)	20	19
Emerging Markets	44	(36)	8	10
Europe	35	(32)	3	-
<b>Total</b>	<b>171</b>	<b>(170)</b>	<b>1</b>	<b>-</b>

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

## CURRENCY DEPLOYMENT

	% of Fund
US dollar	77
Japanese yen	42
Euro	(17)
British pound	(10)
Hong Kong dollar and other	8
<b>Net Assets</b>	<b>100</b>

## ORBIS LEVERAGED (EURO) FUND AT 30 JUNE 2005

Total Rate of Return in euro:	From Inception on 30 Jun 1998	Latest		2005 to Date	Latest Quarter
		5 Years	3 Years		
		% Annualised		% Not Annualised	
<b>Orbis Leveraged (Euro)</b>	<b>19.3</b>	<b>27.2</b>	<b>9.1</b>	<b>4.2</b>	<b>0.6</b>
Euro Bank Deposits	3.2	3.2	2.4	1.1	0.5
Average Global Equity Fund	0.1	(7.4)	1.9	10.6	6.7
Average Euro Bond Fund	4.7	5.9	6.4	3.5	2.8
% appreciation of the euro versus the US dollar	1.4	4.9	6.9	(10.7)	(6.6)

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 16.1% 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.*

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 30 JUNE 2005

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Leveraged (US\$) Fund</b>	411,890	101
Net Current Liabilities	(3,219)	(1)
<b>Net Assets</b>	<b>408,671</b>	<b>100</b>
<b>Net Asset Value per Share</b>	11,894,438 shares issued	<b>€ 34.36</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	48	(78)	(30)	(29)
Japan	45	(25)	20	19
Emerging Markets	44	(36)	8	10
Europe	36	(33)	3	-
<b>Total</b>	<b>173</b>	<b>(172)</b>	<b>1</b>	<b>-</b>

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

## CURRENCY DEPLOYMENT

	% of Fund
Euro	82
Japanese yen	41
US dollar	(22)
British pound	(10)
Hong Kong dollar and other	9
<b>Net Assets</b>	<b>100</b>

