

QUARTERLY  
**REPORTS**  
31 MARCH 2006



ORBIS OPTIMAL

ORBIS LEVERAGED

## NOTICES

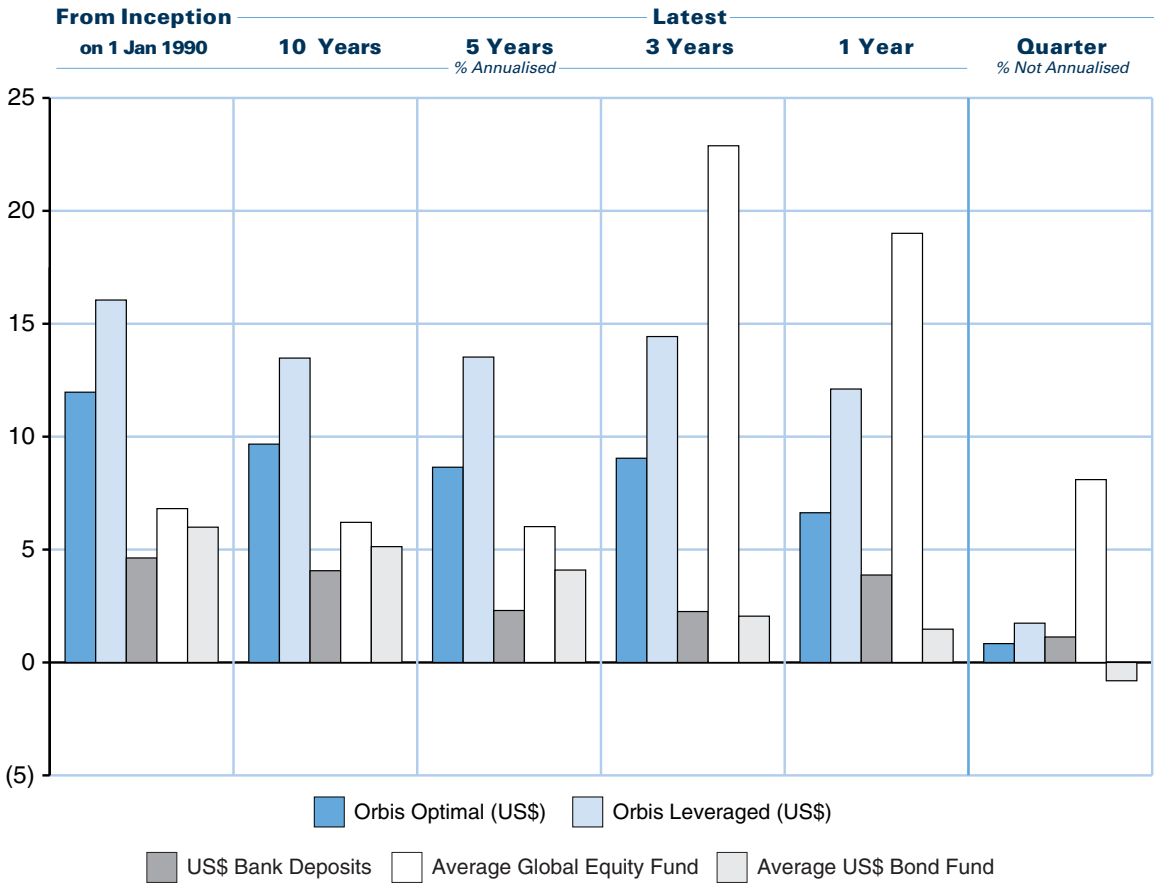
**New Investors.** *The Orbis Funds are temporarily not accepting new investors. Existing investors in an Orbis Fund are able to subscribe or switch to any of the Orbis Funds. We will reopen the Orbis Funds to new investors when we consider it appropriate to do so, and will post notice of the reopening on our website, [www.orbisfunds.com](http://www.orbisfunds.com), and via our automated e-mail services facility. If you have any questions or wish to discuss how we define new investors, and how this will be administered, please contact the Investor Services Team at Orbis, at +1 441 296 3000, by e-mail at [servicedesk@orbisfunds.com](mailto:servicedesk@orbisfunds.com), or by mail to: The Investor Services Team, Orbis Group, 34 Bermudiana Road, Hamilton HM 11, Bermuda. Residents of Australia or New Zealand should contact Orbis in Australia at +61 (02) 8224 8600 or [clientservices@orbisfunds.com.au](mailto:clientservices@orbisfunds.com.au). South African residents should contact Allan Gray Unit Trust Limited at 0860 000 654 (toll free from within South Africa) or [info@allangray.co.za](mailto:info@allangray.co.za).*

**UK Distributor Status.** *HM Revenue and Customs 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 2004. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2005 or for future accounting periods. HM Revenue and Customs has advised that for 2007, and later years, the Orbis Optimal (Euro) Fund, the Orbis Leveraged (US\$) Fund and the Orbis Leveraged (Euro) Fund will be ineligible to be certified as distributing funds in their current structure.*

**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 Investment Management Limited is licensed to conduct investment business by the Bermuda Monetary Authority.*

# ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 MARCH 2006

## TOTAL RATE OF RETURN IN US DOLLARS



The Optimal and Leveraged (Euro) and (Yen) 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 31 MARCH 2006

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
<b>Orbis Optimal (US\$)</b>	<b>12.0</b>	<b>8.6</b>	<b>9.0</b>	<b>6.6</b>	<b>0.8</b>
US\$ Bank Deposits	4.6	2.3	2.3	3.9	1.1
Average Global Equity Fund	6.8	6.0	22.9	19.0	8.1
Average US\$ Bond Fund	6.0	4.1	2.1	1.5	(0.8)

The aim of the Fund is to capture the returns generated by our stock selection, supplemented by incremental equity market and currency selection, without exposing investors to the level of volatility they would experience in an equity fund. Since its inception, Orbis Optimal has produced returns of 12.0% per annum with an annualised monthly volatility of 9.4%, and a maximum peak to trough decline of 17%, comparing favourably with the Average Global Equity Fund's 6.8% return, 14.7% volatility, and 49% decline figures.

When assessing how the Fund might be expected to perform going forward, or indeed where the returns have come from in the past, there are four components to focus on: the contribution attributable to the risk free rate (which is the return on cash that the Fund effectively earns on the futures contracts it has sold); and the contributions from equity alpha (which is the difference in returns generated by the Fund's underlying equities versus those of their local stockmarket indices), market exposure (which is the Fund's net positive or negative exposure to those stockmarkets we believe are attractively or unattractively valued respectively), and currency selection (which is the extent to which the Fund's currency positions differ from its currency benchmark). To illustrate, consider the performance attribution for the Fund for the past 5 years in the table below. From this, we can see that in the past 5 years, in addition to the contribution from the risk free rate of 2.4% per annum, 6.4% per annum was added through equity selection, 1.3% per annum through market selection, and 1.2% per annum through currency selection.

Optimal (US\$) Fund Performance Attribution				
<i>5 years to 31 March 2006</i>				
<i>contribution from</i>	Risk Free Rate	Equity Alpha	Market	Currency
United States	2.4	1.7	(0.7)	0.0
Japan		1.7	1.0	(0.3)
Great Britain		0.5	0.0	0.0
Europe ex UK		1.5	0.2	0.9
South Africa		0.8	(0.1)	0.1
Rest of World		0.0	0.8	0.6
<b>Total</b>	<b>2.4</b>	<b>6.4</b>	<b>1.3</b>	<b>1.2</b>
<b>Correlation with Alpha</b>		<b>1.0</b>	<b>0.0</b>	<b>0.1</b>

The overall return during this period is below the Fund's long-term average, but the relative contributions of Equity Alpha, Market, and Currency are not surprising. Furthermore, while the contributions from Market and Currency may seem small, it is very important to view them in the context of volatility. As can be seen on the bottom line of the table, the relatively small returns generated through Market and Currency exposures had no meaningful correlation with the returns from stock picking alpha, meaning the returns from those smaller contributors often zigged when our alpha generation zagged. So for those measuring the Fund's return in the context of its accompanying volatility, adding Market and Currency exposures has added to the Fund's overall return while adding little to its volatility, thus improving the Fund's risk adjusted return.

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# ORBIS OPTIMAL (US\$) FUND AT 31 MARCH 2006

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis Global Equity Fund</b>	3,427,913	86
<b>Orbis Africa Equity (Rand) Fund</b>	223,859	6
<b>Orbis SICAV - Japan Core Equity Fund</b>	61,978	1
<b>Total Equity Exposure</b>	<b>3,713,750</b>	<b>93</b>
<b>Portfolio Hedging:</b>		
<b>Stock Index Futures Sold:</b>		
US: E-mini S&P 500 6/2006	(1,075,939)	(27)
Japan: TOPIX 6/2006	(701,980)	(18)
Hong Kong: Hang Seng 4/2006	(416,412)	(10)
South Africa: FTSE/JSE Top 40 6/2006	(412,057)	(10)
Germany: DAX 6/2006	(279,586)	(7)
UK: FTSE 100 6/2006	(260,953)	(6)
Korea: KOSPI 200 6/2006	(145,112)	(4)
Italy: S&P/MIB 6/2006	(105,143)	(3)
France: CAC40 4/2006	(55,129)	(1)
Contract Value	3,348,738	84
Net Balances at Brokers	211,494	5
Balance Committed to Above Positions	107,921	3
Net Current Assets	169,057	4
<b>Net Assets</b>	<b>3,990,728</b>	<b>100</b>
<b>Net Asset Value per Share</b>	63,589,642 shares issued	<b>US\$ 62.76</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	27	(27)	-	-
Japan	22	(18)	4	4
Europe	17	(17)	-	-
Asia ex-Japan	17	(14)	3	5
South Africa and Other	10	(10)	-	-
<b>Total</b>	<b>93</b>	<b>(86)</b>	<b>7</b>	<b>9</b>

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

## CURRENCY DEPLOYMENT

	% of Fund
US dollar	70
Japanese yen	20
Chinese renminbi and other	10
<b>Net Assets</b>	<b>100</b>

## ORBIS OPTIMAL (EURO) AND (YEN) FUNDS AT 31 MARCH 2006

Total Rate of Return	From Inception	Latest			Quarter
		5 Years	3 Years	1 Year	
		% Annualised			% Not Annualised
<b>Euro Fund</b> (launched 30 Jun 1998)	<b>10.7</b>	<b>7.3</b>	<b>8.2</b>	<b>7.0</b>	<b>(0.1)</b>
Euro Bank Deposits	3.1	2.8	2.2	2.2	0.6
Average Global Equity Fund (in euro)	2.4	(0.6)	18.7	27.3	5.7
Average Euro Bond Fund	4.0	4.3	3.4	1.1	(1.5)
% appreciation of the euro versus the US dollar	1.3	6.6	3.5	(6.5)	2.3
<b>Yen Fund</b> (launched 1 Jan 2006)	<b>0.5</b>				
Yen Bank Deposits	0.0				
Average Global Equity Fund (in yen)	8.0				
Average Yen Bond Fund	(1.4)				
% appreciation of the yen versus the US dollar	0.1				

In effect, apart from their currency exposure, Orbis Optimal (Euro) and (Yen) are the same investment as Orbis Optimal (US\$). Given this, we refer regular readers to the Orbis Optimal (US\$) Report on page 2. First-time readers may also find it informative to read the text below.

*These Funds seek capital appreciation in their base currency on a low risk global portfolio. They invest in the Orbis Optimal (US\$) Fund and hedge most or all of their currency exposure from US dollars into their base currency. The result is that these Funds may be expected to earn returns in their base currency which usually approximate those on Orbis Optimal (US\$) in dollars, adjusted by the short-term interest rate differential between their base currency and the dollar. Page 2 shows the returns on Orbis Optimal (US\$) in dollars for various periods, including 12.0% per annum for the period since that Fund's inception on 1 January 1990.*

*The returns of Orbis Optimal (Euro) and (Yen) may also differ from those of Orbis Optimal (US\$) because the policy of these Funds is to avoid net short currency positions. For example, page 3 shows that at the quarter-end the Currency Deployment of Orbis Optimal (US\$) comprised 70% US dollars, 20% Japanese yen and 10% Chinese renminbi and other. If Orbis Optimal (Euro) and (Yen) had simply hedged 100% of net assets from US dollars into their base currency as usual, they would have included minus 30% exposure to the US dollar. Instead, as shown opposite, these Funds' hedging was adjusted in order to avoid negative dollar positions.*

*Your choice between these Funds 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 yen versus 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.*

*These Funds' deployment at the quarter-end is shown opposite. The Statement of Net Assets shows that 100% was invested in Orbis Optimal (US\$). Details of the portfolio of Orbis Optimal (US\$) are in turn disclosed on page 3. Finally, the Analysis of Stockmarket Exposure opposite looks through the investment in Orbis Optimal (US\$) at the quarter-end to present the 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 three Funds was virtually identical.*

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# ORBIS OPTIMAL (EURO) AND (YEN) FUNDS AT 31 MARCH 2006

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	553,387	100
Net Current Liabilities	(1,675)	-
<b>Net Assets</b>	<b>551,712</b>	<b>100</b>
<b>Net Asset Value per Share</b>		
<b>Euro Class</b>	24,331,058 shares issued	<b>€ 22.00</b>
<b>Yen Class</b>	2,316,267 shares issued	<b>¥ 1,005</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	27	(27)	-	-
Japan	22	(18)	4	4
Europe	17	(17)	-	-
Asia ex-Japan	17	(14)	3	5
South Africa and Other	10	(10)	-	-
<b>Total</b>	<b>93</b>	<b>(86)</b>	<b>7</b>	<b>9</b>

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

## CURRENCY DEPLOYMENT

	% of Euro Class	% of Yen Class
Euro	74	-
Japanese yen	17	91
Chinese renminbi and other	9	9
<b>Net Assets</b>	<b>100</b>	<b>100</b>

## ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2006

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest			Quarter % Not Annualised
		5 Years % Annualised	3 Years	1 Year	
<b>Orbis Leveraged (US\$)</b>	<b>16.1</b>	<b>13.5</b>	<b>14.4</b>	<b>12.1</b>	<b>1.7</b>
US\$ Bank Deposits	4.6	2.3	2.3	3.9	1.1
Average Global Equity Fund	6.8	6.0	22.9	19.0	8.1
Average US\$ Bond Fund	6.0	4.1	2.1	1.5	(0.8)

Since its inception, Orbis Leveraged has produced returns of 16.1% per annum, with an annual volatility of 19%, and a maximum peak to trough decline of 36%. The aim of the strategy has always been to provide a geared exposure to the return generated by our stock, equity market and currency selections. Members will be aware that Leveraged achieves its exposure to these factors by borrowing, investing the proceeds in Optimal, and adding a few incremental positions. While simple, unfortunately this description does not make it easy to understand the relative importance of the underlying components that drive performance. The following is an attempt to better explain the relative magnitudes of the various underlying contributors to Leveraged's performance.

The underlying contributors to Orbis Leveraged's performance can be broken into four components: equity alpha, equity market selection, currency selection and other macro selection. The most tempting approach to try to understand the relative contributions to Leveraged is by looking at their exposures in the portfolio. The sizes of these components can be approximately described as a 179% exposure to equity alpha, equity market positions that are long 17% Asian and slightly short western stockmarkets, and currency positions that are 69% long Asian and short western currencies. There is also a 93% short position in long-term Japanese government bond futures.

The weakness of using position sizes of the components that make up Leveraged as an indicator of their expected performance impact is that position sizes often have little bearing on actual contribution, as small but volatile positions can be expected to have outsized impacts, and vice versa. It is therefore useful to observe those positions in relation to their relative volatility. To help in this regard, the table below shows the volatility of each component of the Fund.

Volatility and Correlation of Components of Leveraged Experienced in the Last 5 Years		
Component	Volatility	Correlation to Equity Alpha
Equity Alpha	10.80%	
Equity Market	3.40%	-0.2
Currency	3.80%	0.1
Other Macro (Short JGB futures)	2.60%	0.2

Equity alpha remains the dominant contributor to Leveraged's performance. However, over the short term, we can expect macro factors to play a significant role at times in determining the Fund's returns. Furthermore, we see from the correlations that the contributions produced by the lower impacting components have tended to be uncorrelated to the core contribution produced by the stock picking alpha, thus providing the valuable service of increasing the expected return for the Fund without a noticeable increase in overall volatility.

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# ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2006

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	1,920,219	193
<b>Incremental Position:</b>		
<b>Bond Futures Sold:</b>		
Japan: JGB 10-Year 6/2006	(924,285)	(93)
Contract Value	934,938	94
Balances at Broker	(5,874)	(1)
Balance Committed to Above Position	4,779	-
<b>Loans</b>	(929,500)	(93)
Net Current Assets	601	-
<b>Net Assets</b>	<b>996,099</b>	<b>100</b>
<b>Net Asset Value per Share</b>	8,871,781 shares issued	<b>US\$ 112.28</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	51	(52)	(1)	-
Japan	42	(34)	8	7
Europe	34	(34)	-	(1)
Asia ex-Japan	32	(27)	5	10
South Africa and Other	20	(20)	-	-
<b>Total</b>	<b>179</b>	<b>(167)</b>	<b>12</b>	<b>16</b>

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

## CURRENCY DEPLOYMENT

	% of Fund
US dollar	60
Japanese yen	50
Chinese renminbi and other	20
Euro	(20)
British pound	(10)
<b>Net Assets</b>	<b>100</b>

## ORBIS LEVERAGED (EURO) AND (YEN) FUNDS AT 31 MARCH 2006

Total Rate of Return	From Inception	Latest			Quarter
		5 Years	3 Years	1 Year	
		% Annualised			% Not Annualised
<b>Euro Fund</b> (launched 30 Jun 1998)	<b>18.7</b>	<b>13.6</b>	<b>14.3</b>	<b>10.5</b>	<b>1.3</b>
Euro Bank Deposits	3.1	2.8	2.2	2.2	0.6
Average Global Equity Fund (in euro)	2.4	(0.6)	18.7	27.3	5.7
Average Euro Bond Fund	4.0	4.3	3.4	1.1	(1.5)
% appreciation of the euro versus the US dollar	1.3	6.6	3.5	(6.5)	2.3
<b>Yen Fund</b> (launched 1 Jan 2006)	<b>1.1</b>				
Yen Bank Deposits	0.0				
Average Global Equity Fund (in yen)	8.0				
Average Yen Bond Fund	(1.4)				
% appreciation of the yen versus the US dollar	0.1				

In effect, apart from their currency exposure, Orbis Leveraged (Euro) and (Yen) are the same investment as Orbis Leveraged (US\$). Given this, we refer regular readers to the Orbis Leveraged (US\$) Report on page 6. First-time readers may also find it informative to read the text below.

*These Funds seek capital appreciation in euro or yen on a leveraged global portfolio. They invest in the Orbis Leveraged (US\$) Fund and hedge most or all of their currency exposure from US dollars into their base currency. The result is that these Funds may be expected to earn returns in their base currency which approximate those on Orbis Leveraged (US\$) in dollars, adjusted by the short-term interest rate differential between their base currency 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 these Funds 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 yen versus 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.*

*These Funds' deployment at the quarter-end is shown opposite. The Statement of Net Assets shows that 99% was invested in Orbis Leveraged (US\$). Details of the portfolio of Orbis Leveraged (US\$) are in turn disclosed on page 7.*

*The Analysis of Stockmarket Exposure opposite looks through the investment in Orbis Leveraged (US\$) at the quarter-end to present the 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 three Funds was virtually identical.*

*Finally, the Funds' 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) and (Yen) have modified the currency exposure they derived from Orbis Leveraged (US\$) by selling dollars and buying their base currency amounting to 100% of net assets.*

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# ORBIS LEVERAGED (EURO) AND (YEN) FUNDS AT 31 MARCH 2006

## STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Leveraged (US\$) Fund</b>	482,198	99
Net Current Assets	2,796	1
<b>Net Assets</b>	<b>484,994</b>	<b>100</b>
<b>Net Asset Value per Share</b>		
<b>Euro Class</b>	12,297,570 shares issued	<b>€ 37.74</b>
<b>Yen Class</b>	2,943,010 shares issued	<b>¥ 1,011</b>

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
United States	51	(52)	(1)	-
Japan	42	(34)	8	7
Europe	33	(33)	-	(1)
Asia ex-Japan	32	(27)	5	10
South Africa and Other	20	(20)	-	-
<b>Total</b>	<b>178</b>	<b>(166)</b>	<b>12</b>	<b>16</b>

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

## CURRENCY DEPLOYMENT

	% of Euro Class	% of Yen Class
Euro	80	(20)
Japanese yen	50	150
US dollar	(39)	(40)
Chinese renminbi and other	19	20
British pound	(10)	(10)
<b>Net Assets</b>	<b>100</b>	<b>100</b>

