

QUARTERLY  
**REPORTS**  
31 MARCH 2007



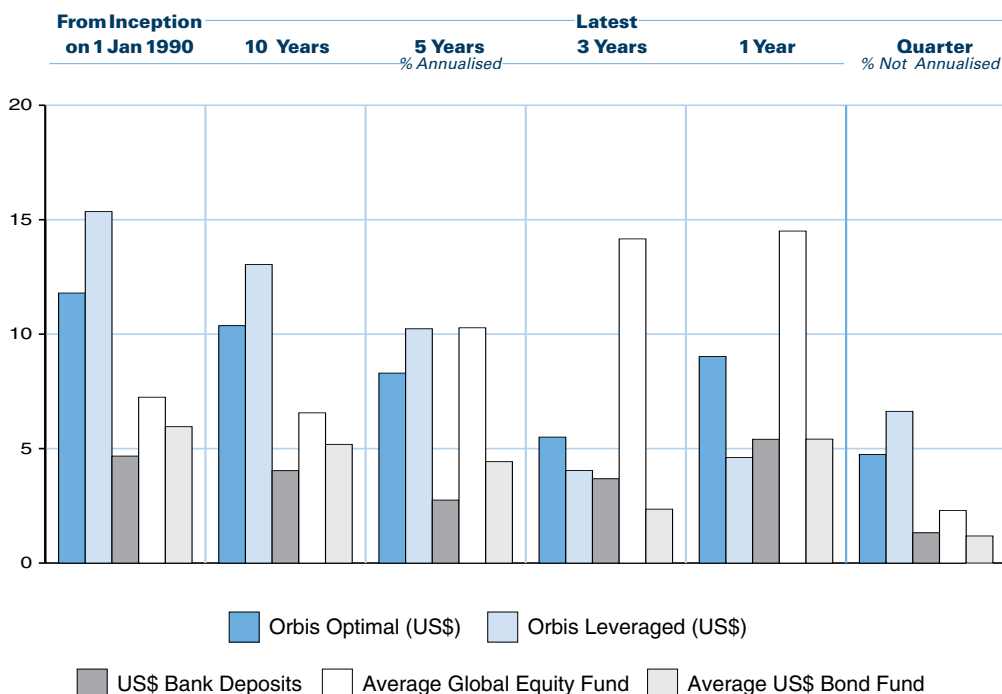
ORBIS OPTIMAL

ORBIS LEVERAGED

*We invite you to visit our website, [www.orbisfunds.com](http://www.orbisfunds.com), where you may register on-line to receive regular reports on our funds automatically by e-mail. We hope that this enables you to keep in better touch with us and with your investments.*

# ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 MARCH 2007

## 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.

### Total Rate of Return in Fund Currency:

	From Inception	Latest			
		5 Years % Annualised	3 Years	1 Year	Quarter % Not Annualised
<b>Optimal (US\$) Fund</b> (launched 1 Jan 1990)	<b>11.8</b>	<b>8.3</b>	<b>5.5</b>	<b>9.0</b>	<b>4.7</b>
<b>Leveraged (US\$) Fund</b> (launched 1 Jan 1990)	<b>15.4</b>	<b>10.2</b>	<b>4.0</b>	<b>4.6</b>	<b>6.6</b>
US\$ Bank Deposits	4.7	2.8	3.7	5.4	1.3
Average Global Equity Fund	7.2	10.3	14.2	14.5	2.3
Average US\$ Bond Fund	6.0	4.4	2.4	5.4	1.2
<b>Optimal (Euro) Fund</b> (launched 30 Jun 1998)	<b>10.0</b>	<b>6.1</b>	<b>4.0</b>	<b>4.6</b>	<b>4.0</b>
<b>Leveraged (Euro) Fund</b> (launched 30 Jun 1998)	<b>16.7</b>	<b>10.0</b>	<b>2.9</b>	<b>2.5</b>	<b>6.2</b>
Euro Bank Deposits	3.2	2.6	2.5	3.3	0.9
Average Global Equity Fund	2.5	1.2	11.1	3.9	1.1
Average Euro Bond Fund	3.6	4.1	2.0	1.0	0.1
% appreciation of the euro versus the US dollar	2.3	8.9	2.7	10.2	1.2
<b>Optimal (Yen) Fund</b> (launched 1 Jan 2006)	<b>4.6</b>			<b>5.2</b>	<b>3.5</b>
<b>Leveraged (Yen) Fund</b> (launched 1 Jan 2006)	<b>0.1</b>			<b>(1.0)</b>	<b>5.3</b>
Yen Bank Deposits	0.2			0.3	0.1
Average Global Equity Fund	18.7			14.6	1.3
Average Yen Bond Fund	(0.4)			0.9	0.1
% appreciation of the yen versus the US dollar	(0.1)			(0.1)	1.0

This year equities globally have been tremendously resilient with the FTSE World Index finishing the quarter in positive territory despite suffering a 6.2% 5-day drop. Events during the quarter included the bursting of the long festering sub-prime lending bubble in the US, a single day 9% drop in the near-speculative Shanghai stock exchange, a snap 5.1% rally in the yen against the dollar, and a spike in middle-east political tensions. Any of these events had the ability to spark a perhaps over-due correction and to increase the anxiety level of investors.

There has not been a substantial correction and, as can be seen in the chart below, even investor sentiment remains very positive. The cost of buying insurance against stockmarket declines, as represented by the VIX, and the Junk Bond Spread (both shown below), are two indicators of investor complacency, or appetite for risk. In general terms, the VIX, also known as the “fear index”, shows readings in excess of 30 during periods of high equity investor anxiety and readings below 15 during periods of equity investor complacency. The Junk Bond Spread measures the difference in yield between lower quality corporate bonds and US Government bonds, and indicates investors’ confidence in the outlook for corporate profits. Despite the aforementioned events, both measures are still near historic lows, illustrating how resilient investors’ confidence has been of late.



Markets, economies and indeed the sentiment of investors tend to move in cycles and not too infrequently, they hit extremes. Although we don’t hold ourselves out to be market timers, we cannot ignore the current sense of complacency and the risk that that implies. Should the above indicators move back toward median or even swing past, it would almost certainly be accompanied by some negative stockmarket movement.

Should a significant stockmarket downturn occur, Orbis Absolute Funds provide an opportunity for positive returns at a time when it would be more difficult for our underlying Global Equity Fund to do so. As the Absolute Funds hedge out the vast majority of stockmarket exposure, their returns have historically been largely independent of the return on global equity markets. Thus, while Optimal and Leveraged have at times produced low returns during large positive moves for equities, the same detachment could very well also hold true for flat or down equity markets. There is obviously no guarantee that this will be the case, but at the very least the Absolute Funds’ potential to deliver returns unrelated to equity returns makes them attractive and useful components of an overall investment portfolio.

<p><i>DIRECTORS</i> Allan W B Gray, Chairman    John C R Collis    Geoffrey M Gardner</p>	<p>William B Gray    William D Thomson</p>	
<p><b>MANAGER</b> Orbis Investment Management Limited</p>	<p><b>INVESTMENT ADVISOR</b> Orbis Investment Advisory Limited</p>	<p><b>CUSTODIAN</b> The Bank of Bermuda Limited</p>

## ORBIS OPTIMAL FUNDS

The Orbis Optimal Funds seek capital appreciation on a low risk global investment portfolio and are offered in a choice of dollars, euro or yen. The Orbis Optimal (US\$) Fund invests principally in selected Orbis equity mutual funds and seeks to substantially reduce the stockmarket exposure inherent in these investments through stockmarket hedging. The Orbis Optimal (Euro) and (Yen) Funds seek capital appreciation in their base currencies by investing substantially all of their assets in the Orbis Optimal (US\$) Fund and hedging most or all of their currency exposure into their base currencies by selling forward dollars into their base currencies.

## ORBIS OPTIMAL (US\$) FUND AT 31 MARCH 2007

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis Global Equity Fund</b>	4,084,329	92
<b>Orbis Africa Equity (Rand) Fund</b>	139,976	3
<b>Orbis SICAV - Japan Core Equity Fund</b>	60,854	1
<b>Total Equity Exposure</b>	<b>4,285,159</b>	<b>96</b>
<b>Portfolio Hedging:</b>		
<b>Stock Index Futures Sold:</b>		
US: E-mini S&P 500 6/2007	(1,498,180)	(39)
E-mini Russell 2000 6/2007	(225,432)	
Japan: TOPIX 6/2007	(453,237)	(10)
Hong Kong: Hang Seng 4/2007	(260,510)	(7)
H shares 4/2007	(53,384)	
UK: FTSE 100 6/2007	(301,999)	(7)
Germany: DAX 6/2007	(221,535)	(5)
South Africa: FTSE/JSE Top 40 6/2007	(232,782)	(5)
Korea: KOSPI 200 6/2007	(175,038)	(4)
France: CAC40 4/2007	(109,799)	(3)
Italy: S&P/MIB 6/2007	(96,718)	(2)
Australia: SPI 200 6/2007	(52,441)	(1)
Europe: Dow Jones Euro STOXX 50 6/2007	(17,731)	-
Contract Value	3,603,786	82
Net Balances at Brokers	189,874	4
Balance Committed to Above Positions	94,874	3
Net Current Assets	47,419	1
<b>Net Assets</b>	<b>4,427,452</b>	<b>100</b>
<b>Net Asset Value per Share</b>	64,707,191 shares issued	<b>US\$ 68.42</b>

## ORBIS OPTIMAL (EURO) AND (YEN) FUNDS AT 31 MARCH 2007

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	579,953	100
Net Current Assets	1,377	-
<b>Net Assets</b>	<b>581,330</b>	<b>100</b>
<b>Net Asset Value per Share</b>		
<b>Euro Class</b>	24,145,189 shares issued	<b>€ 23.01</b>
<b>Yen Class</b>	3,835,676 shares issued	<b>¥ 1,057</b>

**ANALYSIS OF STOCKMARKET EXPOSURE**

<b>Region</b>	<b>Equity Exposure</b>	<b>Portfolio Hedging</b>	<b>Accounting Exposure</b>	<b>Beta Adjusted Exposure*</b>
	%	%	%	%
North America	38	(39)	(1)	(2)
Europe	19	(17)	2	-
Japan	17	(10)	7	5
Asia ex-Japan	16	(11)	5	5
South Africa and Other	6	(6)	-	-
<b>Total</b>	<b>96</b>	<b>(83)</b>	<b>13</b>	<b>8</b>

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

**CURRENCY DEPLOYMENT**

	<b>% of US\$ Fund</b>	<b>% of Euro Fund</b>	<b>% of Yen Fund</b>
US dollar	66	-	-
Euro	-	70	-
Japanese yen	24	24	94
Chinese renminbi and other	10	6	6
<b>Net Assets</b>	<b>100</b>	<b>100</b>	<b>100</b>

## ORBIS LEVERAGED FUNDS

The Orbis Leveraged Funds seek capital appreciation on a leveraged global investment portfolio and are offered in a choice of dollars, euro or yen. The Orbis Leveraged (US\$) Fund uses financial leverage to invest up to 200% of its net assets, principally in selected Orbis Funds, and manages its currency and stockmarket exposure. It maintains a core position in the risk-averse Orbis Optimal (US\$) Fund. The Orbis Leveraged (Euro) and (Yen) Funds invest substantially all of their assets in the Orbis Leveraged (US\$) Fund and, by selling forward dollars into their base currencies, hedge most or all of their currency exposure into their base currencies.

## ORBIS LEVERAGED (US\$) FUND AT 31 MARCH 2007

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis Optimal (US\$) Fund</b>	2,118,303	195
<b>Incremental Position:</b>		
<b>Bond Futures Sold:</b>		
Japan: JGB 10-Year 6/2007	(1,024,741)	(95)
Contract Value	1,025,569	95
Balances at Broker	6,061	1
Balance Committed to Above Position	6,889	1
<b>Loans</b>	(1,028,000)	(95)
Net Current Liabilities	(13,244)	(1)
<b>Net Assets</b>	<b>1,083,948</b>	<b>100</b>
<b>Net Asset Value per Share</b>	9,228,944 shares issued	<b>US\$ 117.45</b>

## ORBIS LEVERAGED (EURO) AND (YEN) FUNDS AT 31 MARCH 2007

### STATEMENT OF NET ASSETS (UNAUDITED)

Security	Market Value € 000's	% of Fund
<b>Orbis Leveraged (US\$) Fund</b>	598,724	100
Net Current Assets	1,018	-
<b>Net Assets</b>	<b>599,742</b>	<b>100</b>
<b>Net Asset Value per Share</b>		
<b>Euro Class</b>	11,098,227 shares issued	<b>€ 38.68</b>
<b>Yen Class</b>	26,787,938 shares issued	<b>¥ 1,001</b>

# ORBIS LEVERAGED FUNDS AT 31 MARCH 2007

## ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
North America	74	(76)	(2)	(4)
Europe	37	(33)	4	-
Japan	34	(20)	14	10
Asia ex-Japan	31	(22)	9	10
South Africa and Other	12	(12)	-	-
<b>Total</b>	<b>188</b>	<b>(163)</b>	<b>25</b>	<b>16</b>

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

## CURRENCY DEPLOYMENT

	% of US\$ Fund	% of Euro Fund	% of Yen Fund
US dollar	60	(40)	(40)
Japanese yen	60	60	160
Chinese renminbi and other	20	20	20
Euro	(20)	80	(20)
British pound	(20)	(20)	(20)
<b>Net Assets</b>	<b>100</b>	<b>100</b>	<b>100</b>

## NOTICES

**Change of Administrator and Custodian.** During the period of our temporary closure to new investors, we have taken steps to improve our client servicing capabilities substantially. One manifestation of this is a decision to move all the administrative, transfer agency and custodial functions for most of the Funds to Citigroup. Citigroup is a leading global financial services company that does business in more than 100 countries, providing consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup's Global Transaction Services Unit is a trusted custodian with more than US\$10.5 trillion in assets under custody. It offers operational and administrative support to help its clients focus on their core activities.

In Citigroup, we believe we have found a partner that brings together a variety of high-quality services and products to provide flexible and innovative solutions to Orbis, both from the perspective of being able to service Orbis Funds domiciled in any region of the world and being able to service our clients in a first-rate manner wherever their location. Delivery of this service will necessarily involve clients' personal data being transferred between various Citigroup and Orbis offices around the world, so we are taking this opportunity to remind clients that any such data transfers will take place in accordance with the Orbis Privacy Policy, a copy of which appears on the next page.

There is much work to be done to effect a change of this magnitude and we expect to have this done by the fourth quarter of 2007. While we will endeavour to make the transition as seamless as possible, it will undoubtedly cause some inconvenience. We are convinced, however, that this positive development will allow us to excel in our ability to service clients.

As we make the transition, we expect to provide our clients with more definitive details. In the interim, no action is required on your part, but if you have any questions please contact your Orbis representative or the Investor Services Team at Orbis, at +1 441 296 3000, by e-mail at [clientservice@orbisfunds.com](mailto:clientservice@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 on +61 (0)2 8224 8600 or e-mail [clientservice@orbisfunds.com.au](mailto:clientservice@orbisfunds.com.au). Residents of South Africa should contact Allan Gray Unit Trust Limited on 0860 000 654 (toll free from within South Africa) or e-mail [clientservice@orbisfunds.co.za](mailto:clientservice@orbisfunds.co.za).

**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 [clientservice@orbisfunds.com](mailto:clientservice@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 (0)2 8224 8600 or [clientservice@orbisfunds.com.au](mailto:clientservice@orbisfunds.com.au). South African residents should contact Allan Gray Unit Trust Limited at 0860 000 654 (toll free from within South Africa) or [clientservice@orbisfunds.co.za](mailto:clientservice@orbisfunds.co.za).

**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.** HM Revenue & Customs (HRC) 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 2005. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2006 or for future accounting periods. At the end of 2004, HRC advised that beginning 1 January 2007, 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. HRC did not comment on the Orbis Optimal and Leveraged (Yen) Funds because they were launched on 1 January 2006. In the most recent budget, the UK Government confirmed legislative changes that, if enacted, would restore the eligibility of all of the Orbis Optimal and Leveraged Funds to receive distributor status. Those legislative changes would be effective 1 January 2007.

**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 PRIVACY POLICY

Our relationship with our clients is our most important asset. We understand that clients entrust us with their private information. Please take a moment to read about the steps we take to maintain that trust and our approach to privacy.

## How and why we obtain personal information

In order to provide financial products and services to our clients efficiently and accurately and to comply with legal obligations, we\* may collect non-public personal information about our clients and former clients from the following sources: (1) information we receive from Orbis Fund documentation, including applications or other forms and (2) information about clients' transactions with the Orbis Group and others (including information such as clients' holdings and transaction activity).

\* Investors in Orbis SICAV should note that Orbis SICAV is the data controller under Luxembourg law of 2 August 2002 on the protection of persons with regard to the processing of personal data.

## Our use of personal information

We maintain physical, electronic, and procedural safeguards to protect clients' non-public personal information. Our clients' personal data are not used for marketing purposes. We do not sell clients' non-public personal information to anyone. By continuing to remain invested in Orbis Funds, clients consent to their personal data, being transferred to employees and consultants responsible for client service and/or relationship management of Orbis Investment Advisory (Pty) Limited in Australia, Orbis Investment Advisory Limited in the UK, Orbis Investment Management Limited and Orbis Investment Management (B.V.I.) Limited in Bermuda and in the USA and to third party service providers as appropriate. Investors in Orbis SICAV also consent to data transfers to the sub-paying agent (Bank of Bermuda Limited) in Bermuda and the administrator, registrar, co-promoter, paying and transfer agent in Luxembourg (HSBC Securities Services (Luxembourg) S.A.) and affiliates and to any successors carrying out their functions. The transferred data comprise of the information supplied on the original application forms and switch/redemption/transfer forms, identification documentation and of transaction and account related instructions such as address changes, contract notes and trade confirmations. Such transfers take place in order to provide clients with the requested services or information efficiently and to comply with legal requirements. When such transfers take place, regulatory or tax authorities or law enforcement officials in the jurisdictions to which any data are transferred may compel the disclosure of such information.

Except under limited circumstances described herein, all entities to which personal data are transferred are required to maintain the confidentiality of such information to the extent they receive it, and to use the information only in the course of providing such services. Entities to which personal data are transferred may not disclose clients' nonpublic personal data to persons other than those identified in the previous paragraph except in the following circumstances:

- as necessary to provide the services that the client has requested or authorised, or to maintain and service the client's account;
- as required by regulatory or tax authorities or law enforcement officials who have jurisdiction over the entity, or otherwise as required by applicable law; or
- to the extent reasonably necessary to prevent fraud and unauthorised transactions.



