

ORBIS EQUITY FUNDS

30 JUNE 2000  
**Quarterly**  
REPORTS



ORBIS GLOBAL EQUITY

*Fund*

ORBIS AFRICA EQUITY

*Rand Fund*

ORBIS JAPAN EQUITY

*Yen Fund / US\$ Fund*

## NOTICES

**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 1999. The Directors intend to apply for such certification for fiscal 2000 for all of the Orbis Funds. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2000 or for future accounting periods.*

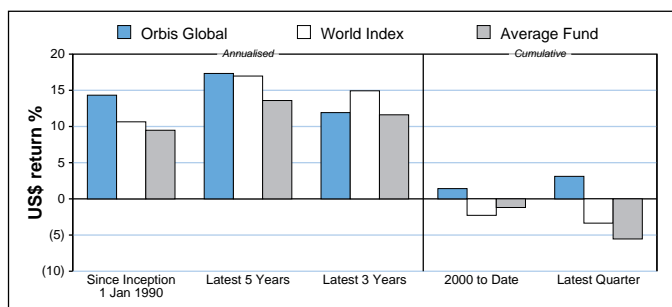
**Other.** *This Report does not constitute an offer to sell, or a solicitation to buy, shares of Orbis Funds. Subscriptions are only valid if made on the basis of the current prospectus of an Orbis Fund. Certain capitalised terms are defined in the Glossary section of the Orbis Funds General Information document, copies of which are available upon request from the Manager. Past performance is not necessarily indicative of future performance.*

*Members and other authorised persons who wish to receive the Orbis Equity Funds Quarterly Reports by e-mail are invited to send their requests to [g.gardner@orbisfunds.com](mailto:g.gardner@orbisfunds.com)*

## ORBIS EQUITY FUNDS

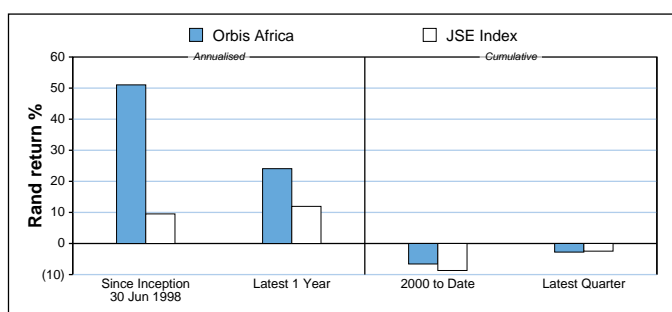
### ORBIS GLOBAL EQUITY FUND

This Fund invests globally and seeks to earn higher returns than world stockmarkets. The Fund's Benchmark is the FTSE World Index, including income ("World Index"). The Fund's currency exposure is managed relative to that of the World Index.



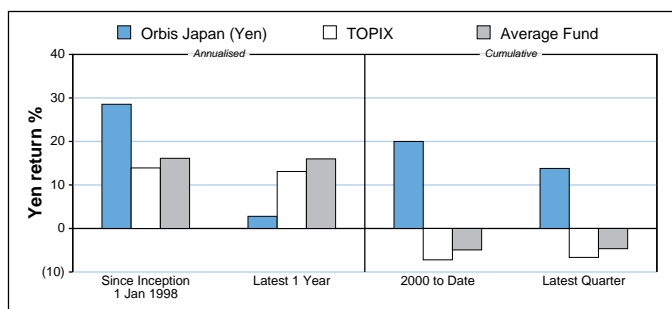
### ORBIS AFRICA EQUITY (RAND) FUND

This Fund invests in African, usually South African, equities. The Fund's Benchmark is the Johannesburg Stock Exchange/Actuaries All Share Index, including income ("JSE Index"). The Fund does not hedge currencies, and thus is exposed to the rand.



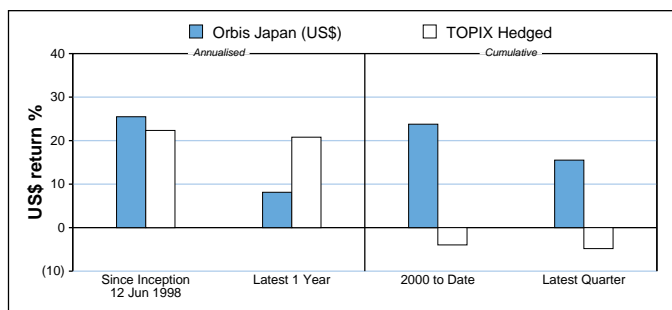
### ORBIS JAPAN EQUITY (YEN) FUND

This Fund invests in Japanese equities. The Fund's Benchmark is the Japanese stockmarket, measured by the Tokyo Stock Price Index, including income ("TOPIX"). The Fund does not hedge currencies, and therefore is exposed to the Japanese yen.



### ORBIS JAPAN EQUITY (US\$) FUND

This Fund invests in the Orbis Japan Equity (Yen) Fund. The Fund hedges most or all of its currency exposure into US dollars. The Fund's Benchmark is the Japanese stockmarket, measured by the TOPIX hedged into US dollars, including income ("TOPIX Hedged").



References to the "Average Fund" are to the Average Global Equity Fund and the Average Japan Equity Fund, as applicable. Average Fund source: Standard & Poor's Micropal sector index return for the respective sector. Orbis Japan Equity (US\$) is not comparable with the Average Japan Equity Fund in dollars for reasons given on page 8. Orbis Africa Equity is not compared with the sector index for African funds because the sector comprises only one other fund.

## ORBIS GLOBAL EQUITY FUND AT 30 JUNE 2000

Total Rate of Return in US dollars:	From Inception	Latest		2000 to Date	Latest Quarter
	on 1 Jan 1990	5 Years	3 Years		
	% Annualised			% Not Annualised	
Orbis Global Equity	14.3	17.3	11.9	1.4	3.1
World Index	10.6	17.0	14.9	(2.3)	(3.4)
Average Global Equity Fund	9.5	13.6	11.6	(1.2)	(5.5)

In the second quarter, Orbis Global Equity rose by 3.1% while the World Index fell by 3.4% and the Average Global Equity Fund fell 5.5%. This performance, together with the Fund's long-term track record, demonstrates the benefits of following our approach of actively managing the Fund to invest in equities trading at a significant discount to their intrinsic value that are likely to rise to close the gap. We believe this will continue to result in the Fund achieving superior performance to that of the World Index—both in terms of higher long-term returns and no greater loss experience.

To achieve superior returns, the Fund may deviate meaningfully from its benchmark through stock selection. The World Index is market capitalisation weighted. A company's intrinsic value is not relevant to its weighting in the Index—only its current market valuation is relevant. This means that when the prices of shares appreciate, their weights in the World Index go up. Continued good performance by these shares, especially if they are weighted heavily in indices, places pressure on investment managers to include them in their portfolios. If managers capitulate to this pressure, their portfolios more closely track their benchmarks. Your Fund does not engage in this behaviour if the price increase is not justified by a rise in intrinsic value. This explains why, at times such as these when the gap between fundamental values offered by the most and least favoured stocks is at an extreme, the Fund's portfolio of attractively valued shares differs sharply from the World Index and the Average Global Equity Fund.

The significance is that under such circumstances the Fund should be expected to perform very differently to the World Index and the Average Global Equity Fund which closely tracks that benchmark. When the World Index soars in a speculative environment, such as occurred in the past year, your Fund tends to underperform. Later, as in the past quarter, when the World Index falls, the Fund tends to outperform the Index. Thus, while the Fund's discipline of value investing causes its returns to be volatile *relative to the World Index*, we expect the Fund's absolute returns to show less volatility than the World Index or the Fund's competitors over the complete market cycle. We believe that Members who resist short-term underperformance pressures will be vindicated when the Fund continues making more money and losing less than the World Index over the long term.

The recent performance of the Japanese stockmarket demonstrates the consequences of investing in the momentum-driven mega-cap shares that dominate stock indices. After a speculative surge in late 1999, a sense of reality has returned to the Japanese stockmarket since March 2000 with shares that had appreciated massively to ridiculously high valuations plummeting. While Japanese stockmarket indices and the Average Japan Equity Fund suffered losses, contrarian investors, including the Fund, who ignored short-term underperformance considerations by buying shares selected for their perceived value and avoiding over-priced glamour shares, were well rewarded.

**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 GLOBAL EQUITY FUND AT 30 JUNE 2000

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity	Market Value US\$ 000's	Fund's % exposure to Equities	Fund's % exposure to Currencies	% of World Index
United States		46	41	51
Clayton Homes	36,327	6		
Loews	32,166	5		
Sun International Hotels	27,034	5		
Eastman Kodak	25,436	4		
Tecumseh - A shares	21,041	4		
Callaway Golf	18,299	3		
American Freightways	14,964	3		
Fleetwood Enterprises	12,975	2		
Caterpillar	10,671	2		
Scottish Annuity & Life Holdings	9,225	2		
CarMax Group	8,419	1		
PartnerRe	8,307	1		
OpenTV	6,193	1		
Newmont Mining	6,055	1		
Positions of less than 1%	32,607	6		
Japan		26	13	13
Tsutsumi Jewelry	15,475	3		
Mikuni Coca-Cola Bottling	13,888	2		
Shimachu	13,665	2		
Kinden	11,115	2		
Kinki Coca-Cola Bottling	9,317	2		
Tohoku Electric Power	8,887	2		
Sumitomo Marine & Fire Insurance	8,864	2		
Hisamitsu Pharmaceutical	7,882	1		
Daiichi Pharmaceutical	7,364	1		
Fuji Electric	6,688	1		
Positions of less than 1%	47,031	8		
Europe		23	45	29
RMC Group	18,913	3		
Royal & Sun Alliance Insurance	18,316	3		
Associated British Foods	14,166	3		
Hornbach Holding - Preference shares	13,180	2		
Marks and Spencer	13,132	2		
Eidos	11,473	2		
Erste Bank	9,829	2		
SIG Swiss Industrial	9,598	2		
Scottish & Newcastle	8,418	1		
J Sainsbury	7,872	1		
Positions of less than 1%	9,350	2		
Emerging Markets		5	1	2
Samsung Electronics - Preference shares	12,612	2		
OTK Holdings	8,251	1		
Eastern European Trust	6,184	1		
Positions of less than 1%	5,651	1		
Other		-	-	5
Net Current Assets	735	-		
Net Assets	587,575	100	100	100
Net Asset Value per Share	US\$40.77		14,412,738 shares issued	

## ORBIS AFRICA EQUITY (RAND) FUND AT 30 JUNE 2000

Total Rate of Return in South African rand:	From Inception on 30 Jun 1998 <i>% Annualised</i>	Latest 1 Year	2000 to Date <i>% Not Annualised</i>	Latest Quarter
Orbis Africa Equity	51.0	24.1	(6.6)	(2.8)
JSE Index	9.5	12.0	(8.7)	(2.5)
<i>% change in the US dollar value of the rand</i>	<i>(6.1)</i>	<i>(11.3)</i>	<i>(9.3)</i>	<i>(3.8)</i>

The Fund declined 2.8% during the latest quarter and marginally underperformed the benchmark JSE Index, which declined 2.5%. As indicated above, over other periods the Fund has satisfactorily outperformed its benchmark.

The progressive and substantial relaxation of exchange control within South Africa over the past few years has been skilfully conceived and implemented, resulting in a much sounder stockmarket and economy. The stimulative effect that South African institutional funds have had on the rating of shares on the JSE has diminished as the overseas investment limit has been gradually raised to 15% of total assets. Overseas investment has reduced the funds available for local investment and returned South African share prices to attractive levels relative to developed and other emerging markets.

Renewed portfolio investment by foreign investors is now likely to be the catalyst for any upsurge on the JSE. Continued strength in the global economy and commodity prices would probably stimulate international investors' interest in South Africa's major resource stocks, such as its platinum producers, to the benefit of the overall economy and stockmarket. However, instability in Zimbabwe continues to deter foreign investment.

During the quarter, we increased the weighting of platinum shares in the Fund's portfolio to reflect our enthusiasm for platinum producers, partly because they face better business prospects than producers of most other commodities. The ownership of platinum reserves is extremely concentrated, a situation that is unlikely to change. Over the past decade, platinum consumption has grown almost 5% per year. Future growth in consumption looks favourable with increasing demand for platinum for use in jewellery and pollution control devices, and prospective demand for its use in fuel cells.

Anglo American Platinum (Amplats) is the world's largest producer of platinum group metals and has a market capitalisation of US\$6.1 billion. It controls unmined reserves exceeding 140 years of production at current rates. In anticipation of increased demand, Amplats plans to raise production by 75% over the next six years. Amplats currently has a market share of 38% but intends to increase this by supplying more than 50% of the expected growth in demand. Its dominant position among platinum producers enables it to manage its expansion so that over time the market will remain in balance, thereby ensuring the continuing profitability of its business. At present, Amplats sells at less than eight times current year earnings estimates and has a prospective dividend yield of 8%.

Northam Platinum has higher operational gearing and sells for 4.5 times current year earnings estimates. Accumulated tax losses mean that its mining income will remain untaxed for many years. It is expanding production by 30%. Both companies are debt free and can fund their expansions with retained earnings.

<b>DIRECTORS</b>	<i>Allan W B Gray, Chairman</i>	<i>John C R Collis</i>	<i>William B Gray</i>	<i>Simon C Marais</i>
<b>MANAGER</b>	Orbis Investment Management Limited	<b>INVESTMENT ADVISORS</b>	Orbis Investment Advisory Limited	<b>CUSTODIAN</b>
		Allan Gray Limited		The Bank of Bermuda Limited

## ORBIS AFRICA EQUITY (RAND) FUND AT 30 JUNE 2000

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by JSE Index sector)	Market Value R 000's	% of Fund	% of JSE Index
Industrial		61	39
OTK Holdings	25,262	8	
Naspers	25,024	8	
Dunlop Africa	15,455	5	
Kersaf Investments	14,672	4	
Anglovaal Industries - Common shares and Convertible debentures	9,720 3,456	4	
Tiger Brands	12,768	4	
Allied Technologies	9,716	3	
Pick 'n Pay Holdings	9,296	3	
Foschini	8,605	3	
Woolworths Holdings	8,590	3	
Edward L Bateman	8,372	3	
Toyota South Africa	6,956	2	
Medi-Clinic	6,460	2	
Aveng - Common shares and Convertible debentures	5,355 1,094	2	
Hudaco Industries	6,077	2	
Hunt Leuchars & Hepburn Holdings	5,105	2	
Power Technologies	4,982	1	
Unihold	4,241	1	
Positions of less than 1%	2,801	1	
Resources		34	33
De Beers Consolidated Mines	30,690	10	
Sasol	26,390	8	
Anglo American Platinum	15,437	5	
Avgold	15,321	5	
Northam Platinum	9,003	3	
Gold Fields	6,179	2	
Highveld Steel & Vanadium	3,558	1	
Financial		5	26
AMB Holdings	16,824	5	
Real Estate		-	2
Net Current Assets	1,253	-	
Net Assets (Currency exposure 100% rand)	318,662	100	100
Net Asset Value per Share	R 110.34	2,887,964 shares issued	

## ORBIS JAPAN EQUITY (YEN) FUND AT 30 JUNE 2000

Total Rate of Return in Japanese yen:	From Inception on 1 Jan 1998 <i>% Annualised</i>	Latest 1 Year	2000 to Date <i>% Not Annualised</i>	Latest Quarter
Orbis Japan Equity (Yen)	28.5	2.8	20.0	13.8
TOPIX	13.9	13.1	(7.2)	(6.7)
Average Japan Equity Fund	16.1	16.0	(4.9)	(4.6)
<i>% change in the US dollar value of the yen</i>	<i>8.7</i>	<i>14.4</i>	<i>(3.5)</i>	<i>(3.0)</i>

The second quarter of 2000 was the first complete calendar quarter since the wild speculation in the Japanese stockmarket ended earlier this year. As a sense of reality returned to the market, shares that had appreciated massively to ridiculously high valuations—thereby assuming heavy weightings in the TOPIX—plummeted and dragged that index lower. Despite the decline in the TOPIX, over two-thirds of the 1,406 shares in the TOPIX appreciated as their earnings increased with the improving economy. Having avoided speculating on many of the glamour mega-cap shares, the Fund appreciated 13.8% during the quarter while the TOPIX declined 6.7% and the Average Japan Equity Fund dropped 4.6%. Despite your Fund's favourable performance in 2000 to date, and since inception, it still has ground to make up to equal the TOPIX and competition over the latest year.

Our cautious outlook for the TOPIX, expressed in our last report, continues. We expect the mega-cap stocks that dominate the TOPIX will decline further to more appropriate valuations. Shares of the majority of Japanese companies remain attractively priced. We favour domestically focused companies which will be the main beneficiaries of the gradual, but sustainable, economic improvement now taking place in Japan. The Fund continues to be significantly under-represented in technology shares which we consider overpriced and exposed to the economic slowdown we expect in the US. Also, we believe the global cycle in electronic components is near its peak and the next several quarters will expose the earnings cyclicality of many companies within this industry.

In the latest 12 months, global stockmarkets have been dominated by momentum and speculation. This has led to a massive disparity between the valuations afforded to the most and least favoured shares. Out-of-favour shares sell at relatively low multiples of earnings, cash flow and net assets. Their market capitalisations and resulting influence on index levels are correspondingly low. The opposite is true of favoured shares. Furthermore, out-of-favour shares are held mostly by long-term investors and have lower turnover than glamour shares. Investing or divesting a substantial amount therefore has a vastly greater impact on the price of an out-of-favour share than a favoured one. Thus shifts in leadership between glamour shares and value shares can create very sharp fluctuations in their relative prices. Contrarian investors, who buy shares at below their intrinsic value and avoid glamour shares priced well above their intrinsic value, can be extremely well rewarded as speculative excesses are wrung from stockmarkets and money flows back into the value shares. This is what happened in the South African stockmarket in 1998, is now happening in the Japanese stockmarket, and in our opinion, is about to happen in the US stockmarket. This may have further reverberations for the Japanese stockmarket which often follows the trends of its US counterpart. Your Fund is well positioned to benefit if the distortions associated with the recent speculative surge in the Japanese stockmarket continue to correct over the next few months.

<i>DIRECTORS</i>	<i>Allan W B Gray, Chairman</i>	<i>John C R Collis</i>	<i>Faith A Conyers</i>	<i>William B Gray</i>
<b>MANAGER</b>	<b>INVESTMENT ADVISOR</b>	<b>CUSTODIAN</b>		
Orbis Investment Management (B.V.I.) Limited	Orbis Investment Management Limited	State Street Bank and Trust Company		

## ORBIS JAPAN EQUITY (YEN) FUND AT 30 JUNE 2000

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value ¥ 000's	% of Fund	% of TOPIX
Consumer Non-Durables		35	21
Santen Pharmaceutical	903,680	6	
Kinki Coca-Cola Bottling	695,130	4	
Shimachu	690,750	4	
Mikuni Coca-Cola Bottling	624,834	4	
Sundrug	606,879	4	
Fuji Coca-Cola Bottling	481,866	3	
Hokkaido Coca-Cola Bottling	380,567	2	
Daiichi Pharmaceutical	376,600	2	
Aoki International	329,682	2	
Hisamitsu Pharmaceutical	326,200	2	
Yoshinoya D&C	177,120	1	
Towa Pharmaceutical	100,920	1	
Cyclicals		32	29
Sumitomo Forestry	666,655	4	
Okumura	593,280	4	
Tsutsumi Jewelry	532,683	3	
Toyo Seikan Kaisha	485,100	3	
Nippon Hodo	463,600	3	
Maeda Road Construction	408,858	3	
Nippon Kayaku	399,905	2	
Raito Kogyo	379,657	2	
Yurtec	325,486	2	
Seino Transportation	267,000	2	
Kyudenko	223,300	1	
Kyodo Printing	193,516	1	
Toda	181,800	1	
Japan Wool Textile	178,080	1	
Financials		20	15
Mitsui Marine & Fire Insurance	501,840	3	
Sanwa Bank	473,760	3	
Dai-Tokyo Fire & Marine Insurance	349,856	2	
Chugoku Bank	332,667	2	
Nippon Fire & Marine Insurance	285,824	2	
Hachijuni Bank	234,513	2	
San-in Godo Bank	173,052	1	
Positions of less than 1%	869,242	5	
Utilities		8	13
Tohoku Electric Power	858,000	5	
Toho Gas	414,000	3	
Technology		5	22
Fuji Electric	853,760	5	
Net Current Assets	58,179	-	
Net Assets (Currency exposure 100% yen)	16,397,841	100	100
Net Asset Value per Share	¥ 1,872	8,759,962 shares issued	

## ORBIS JAPAN EQUITY (US\$) FUND AT 30 JUNE 2000

Total Rate of Return in US dollars:	From Inception on 12 Jun 1998 <i>% Annualised</i>	Latest 1 Year	2000 to Date <i>% Not Annualised</i>	Latest Quarter
Orbis Japan Equity (US\$)	25.5	8.1	23.8	15.5
TOPIX Hedged	22.4	20.7	(4.0)	(4.9)
<i>% change in the yen value of the US dollar</i>	<i>(14.0)</i>	<i>(12.6)</i>	<i>3.6</i>	<i>3.1</i>

This Fund invests in Orbis Japan Equity (Yen) and hedges most or all of the resulting currency exposure into US dollars. Orbis Japan Equity (Yen) in turn is fully invested in the portfolio of Japanese equities shown on page 7 and, like most Japanese equity funds, remains exposed to the Japanese yen.

Orbis Japan Equity (US\$) was formed to serve investors who wish to invest in Japanese equities while remaining exposed to the dollar. The Fund's currency hedging reduces or eliminates the effect on its share price of fluctuations in the yen/dollar exchange rate. Most Japanese equity funds do no currency hedging and therefore their returns are, when translated into dollars, directly influenced by these exchange rate fluctuations. As the statistics above show, these fluctuations are often large. The result is that this Fund's dollar returns above are not comparable with those of the Average Japan Equity Fund or those of Orbis Japan Equity (Yen) when their returns are likewise expressed in dollars.

The returns on Orbis Japan Equity (US\$) *in dollars* approximate those on Orbis Japan Equity (Yen) *in yen*, adjusted for the short-term interest rate differential between the US and Japan.

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity	Market Value US\$ 000's	% of Fund
Orbis Japan Equity (Yen) Fund	154,381	99
Net Current Assets <i>(Mainly the result of currency hedging)</i>	1,225	1
Net Assets	155,606	100
Net Asset Value per Share	US\$ 15.93	9,768,130 shares issued

### DEPLOYMENT

		% of Fund
Stockmarket exposure	Japan	99
Currency exposure	US dollar	100

**DIRECTORS** Allan W B Gray, Chairman John C R Collis Faith A Conyers William B Gray

**MANAGER** Orbis Investment Management (B.V.I.) Limited **INVESTMENT ADVISOR** Orbis Investment Management Limited **CUSTODIAN** State Street Bank and Trust Company

## COMMON CHARACTERISTICS OF THE ORBIS EQUITY FUNDS

<b>Structure</b>	Open-ended mutual fund companies
<b>Dealing costs</b>	None. No front or back end load. No bid to offer spread.
<b>Manager's fee</b>	Performance based. The fee is accrued weekly in the range of 0.5% to 2.5% per annum, depending on the fund's three year performance compared to that of its benchmark.
<b>Minimum initial investment</b>	US\$50,000 or the equivalent in any major currency
<b>Subscriptions / redemptions</b>	Weekly, each Thursday
<b>Registrar and transfer agent</b>	The Bank of Bermuda Limited Attention: The Orbis Service Team Corporate Trust Department 6 Front Street Hamilton, Bermuda Telephone: +1 (441) 299 6000 Facsimile: +1 (441) 299 6555
<b>Auditors</b>	Arthur Andersen & Co
<b>Prices available from</b>	Telephone: +1 (441) 296 3002 Internet: <a href="http://www.orbisfunds.com">www.orbisfunds.com</a> Newspapers: Financial Times, International Herald Tribune Reuters page: ORBIS Bloomberg: ORBGLEF BH, ORBAFRI BH, ORBJEYA BH, ORBJEUA BH
<b>For further information</b>	Contact Geoffrey Gardner or Helene Simmons of Orbis. Please refer to the back cover for contact information.
<b>Investment style</b>	Orbis specialises in global equity investing. We favour equities with prices that are meaningfully below our assessment of their intrinsic value.



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