

ORBIS EQUITY FUNDS

30 JUNE 2001  
**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 2000. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2001 or for future accounting periods.*

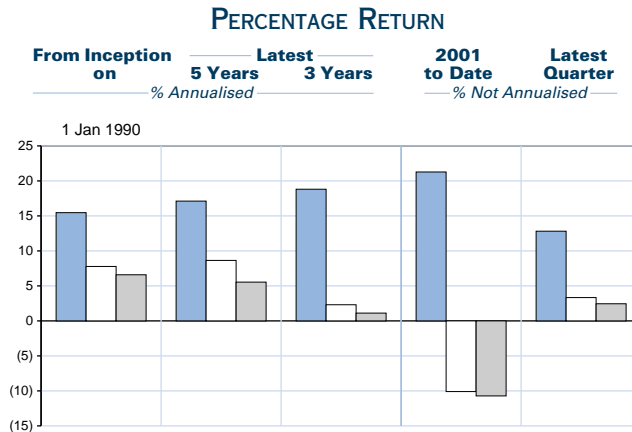
***Other.** This Report does not constitute an offer to sell, or a solicitation to buy, shares of Orbis Funds. Subscriptions are only valid if made on the basis of the current prospectus of an Orbis Fund. Certain capitalised terms are defined in the Glossary section of the Orbis Funds General Information document, copies of which are available upon request from the Manager. Past performance is not necessarily indicative of future performance. Orbis Fund share prices will fluctuate and are not guaranteed. Orbis Investment Management (B.V.I.) Limited is licensed to conduct investment business by the Bermuda Monetary Authority.*

*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 EQUITY FUNDS AT 30 JUNE 2001

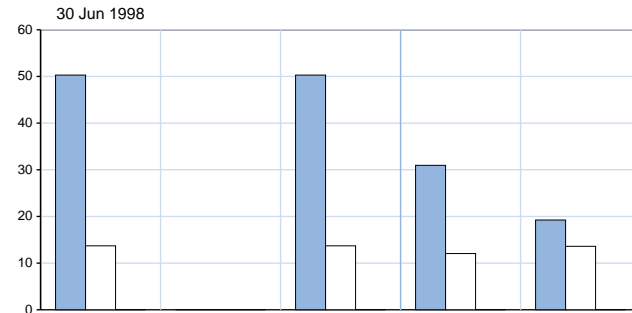
## ORBIS GLOBAL EQUITY FUND

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.



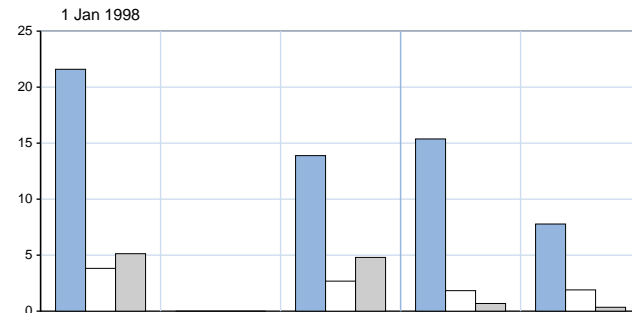
## ORBIS AFRICA EQUITY (RAND) FUND

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.



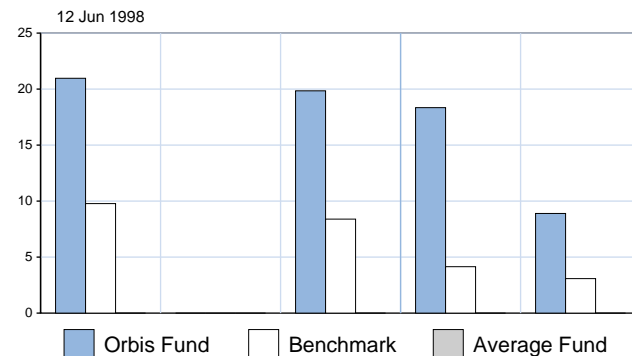
## ORBIS JAPAN EQUITY (YEN) FUND

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 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 2001

Total Rate of Return in US dollars:	From Inception	Latest		2001 to Date	Latest Quarter
	on 1 Jan 1990	5 Years	3 Years		
	% Annualised			% Not Annualised	
<b>Orbis Global Equity</b>	<b>15.5</b>	<b>17.1</b>	<b>18.8</b>	<b>21.3</b>	<b>12.8</b>
World Index	7.8	8.6	2.3	(10.1)	3.3
Average Global Equity Fund	6.5	5.4	0.9	(11.3)	1.8

The Fund's 12.8% return in the second quarter is pleasing but what is most gratifying is the Fund's longer-term track record as shown in the table above. Standard & Poor's has ranked Orbis Global as the top performing offshore global equity fund for the latest 10 years and within the top three funds over the past 3 and 5 years.

Given the Fund's recent strong performance, the pertinent question now is what are its prospects from here? The Fund's goal is to deliver superior returns over the long term without taking on greater risk. In this regard, we believe that the value of Fund's investments relative to the World Index is no less compelling now than it has been on average in the past.

In assessing the Fund's prospects, it is important to understand why we believe its recent performance is not an impediment to its future returns. Firstly, Orbis Global's recent performance is partly a result of its returns being temporarily constrained as the speculative bubble in global stockmarkets inflated from late 1997 to March 2000. During this period, while the Fund earned an absolute return of 10.7% per annum, it underperformed the World Index. When the speculative bubble burst, fundamental value drove the market again and while Orbis Global continued to earn positive returns, the World Index declined making the Fund's performance appear quite dramatic. This is of course classic behaviour for a successful long-term value investment. The longer its price is constrained from rising, the more attractive its subsequent returns.

Secondly, over the past 18 months we have changed the Fund's portfolio in response to the dramatic moves in share prices both up and down in large segments of the market. As an illustration, of the Fund's top 10 holdings in March 2000, 46% have been subsequently sold at prices which were 43% higher on average than in March 2000 and new stocks which now represent 41% of the top ten holdings were purchased at prices averaging 37% below their levels in March 2000. The herd mentality that fuelled the speculative bubble and caused these abnormally dramatic moves continues. This creates an ideal environment for research intensive, value-oriented stock pickers such as Orbis.

The essence and timelessness of our approach to achieving the Fund's goal is illustrated by a quote from John Maynard Keynes in 1942 – *“My purpose is to buy securities where I am satisfied as to assets and ultimate earning power and where the market price seems cheap in relation to these. If I succeed in this, I shall simultaneously have achieved safety-first and capital profits.”* Our approach of actively managing the Fund to invest in equities trading at a significant discount to their intrinsic value is one of the reasons why we continue to believe that the Fund will achieve superior performance to that of the World Index – both in terms of higher long-term returns and no greater loss experience. While most investors focus on the short term, we believe it is largely unpredictable. The Fund benefits significantly by taking a longer-term perspective. We encourage fellow members to do likewise when investing their hard-earned money. Our aim is to reward them for doing so.

*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 2001

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity	Market Value US\$ 000's	Fund's % Equities	Exposure to Currencies	% of World Index
<b>United States</b>		<b>53</b>	<b>51</b>	<b>56</b>
Clayton Homes	66,186	7		
CarMax Group	56,506	6		
Borders Group	48,933	5		
Circuit City Stores	31,217	3		
AT&T	24,750	2		
AVX	22,593	2		
Tecumseh - A shares	20,963	2		
Nautica Enterprises	20,332	2		
Sun International Hotels	19,743	2		
Eastman Kodak	19,582	2		
Goodyear Tire & Rubber	16,744	2		
Mutual Risk Management	16,696	2		
Scottish Annuity & Life Holdings	16,167	2		
Corning	14,705	2		
WorldCom	14,434	2		
Hewlett-Packard	14,224	2		
Xerox	11,628	1		
Big Lots	10,900	1		
Positions of less than 1%	59,674	6		
<b>Europe</b>		<b>23</b>	<b>48</b>	<b>28</b>
Scottish & Newcastle	45,025	5		
Associated British Foods	36,337	4		
Boots	32,411	3		
RMC Group	30,138	3		
WH Smith	17,973	2		
Telewest Communications	10,872	1		
Erste Bank	10,686	1		
Hornbach Holding - Preference shares	10,067	1		
Positions of less than 1%	28,425	3		
<b>Japan</b>		<b>20</b>	-	<b>9</b>
Aioi Insurance	18,804	2		
Matsumotokiyoshi	16,339	2		
Sumitomo Forestry	15,030	2		
Yamada Denki	14,293	2		
Tsutsumi Jewelry	13,469	2		
Mikuni Coca-Cola Bottling	13,409	1		
Yoshinoya D&C	12,977	1		
Mitsui Marine & Fire Insurance	12,241	1		
Santen Pharmaceutical	11,887	1		
Tohoku Electric Power	11,031	1		
Positions of less than 1%	46,651	5		
<b>Emerging Markets</b>		<b>4</b>	<b>1</b>	<b>2</b>
Samsung Electronics - Preference shares and Common shares	17,293 2,154	2		
Positions of less than 1%	16,206	2		
<b>Other</b>		-	-	<b>5</b>
<b>Net Current Liabilities</b>	(1,561)	-		
<b>Net Assets</b>	<b>948,134</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$52.20</b>		18,161,778 shares issued	

## ORBIS AFRICA EQUITY (RAND) FUND AT 30 JUNE 2001

<b>Total Rate of Return in South African rand:</b>	<b>From Inception on 30 Jun 1998</b>	<b>Latest 2 Years</b>	<b>2001 to Date</b>	<b>Latest Quarter</b>
	<i>% Annualised</i>		<i>% Not Annualised</i>	
<b>Orbis Africa Equity</b>	<b>50.3</b>	<b>35.9</b>	<b>31.0</b>	<b>19.2</b>
JSE Index	13.7	17.1	12.0	13.6
<i>% change in the US dollar value of the rand</i>	(9.5)	(13.6)	(5.7)	(0.1)

In the second quarter of 2001, the Fund rose by 19.2% compared to a rise of 13.6% in the JSE Index. The Fund's return since inception on 30 June 1998 has been 50.3% p.a. compared with 13.7% for the benchmark.

Despite the strong outperformance of the Fund relative to its benchmark for the year to date, and since inception, we continue to find stocks that offer significant value. The remarkable emphasis on short-term performance by the majority of asset management firms in South Africa enables the Fund to benefit from its longer-term investment horizon and proprietary fundamental research.

One of the important areas in the market that has driven the unlocking of shareholder value and which should continue doing so is the ongoing removal of historic control structures such as holding companies and cross-holdings. With many of these disappearing, the newly empowered management teams are increasingly being given the task of enhancing shareholder value. This has significantly reduced the timeframe for value to be unlocked. At present, more than 70% of the Fund's value by market capitalisation is represented by companies with no ultimate controlling shareholder. Several of the Fund's current holdings stand to benefit from more active attempts by management and shareholders to realise the underlying value of the company. With the changes in the law last year enabling companies to repurchase their own shares, many of these companies are returning funds to shareholders through this mechanism.

One such example is Comparex Holdings which represents 5% of the Fund. This technology company has no controlling shareholder and has management that in recent years unlocked significant value for shareholders. Near the peak of the global technology frenzy, Comparex sold its European networking business to Dimension Data (Didata), a member of the FTSE 100, for R13.7 billion (consisting of 250 million Didata shares). At the time, Comparex's European networking business had revenues of R2.3 billion and generated operating profit of a mere R111 million. Comparex distributed 80% of its Didata shares to shareholders and the rest were sold prior to the significant decline in the Didata share price. As a result, Comparex currently has significant cash holdings (R8 per share) in addition to its remaining technology businesses. It is the second largest networking company in South Africa and still has meaningful operations in Europe (storage and servers). At the present share price of R10.75, one is buying the operations of Comparex for an implied price of R1.1 billion. These businesses have revenues of R5 billion and are projected to generate normalised earnings in a couple of years of approximately R300 million per annum. Comparex's ongoing businesses are therefore being valued on an implied normalised earnings multiple of under 4. Shareholder value is being further enhanced because the company is utilising its significant cash resources to repurchase its own stock.

<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 Allan Gray Limited	<b>CUSTODIAN</b> The Bank of Bermuda Limited

## ORBIS AFRICA EQUITY (RAND) FUND AT 30 JUNE 2001

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value R 000's	% of Fund	% of JSE Index
<b>Industrial</b>		<b>61</b>	<b>34</b>
Kersaf Investments	39,942	8	
Comparex Holdings	24,955	5	
Woolworths Holdings	24,433	5	
Foschini	24,284	5	
Tiger Brands	19,825	4	
Allied Electronics - Preference shares and Common shares	14,154 5,043	4	
Dunlop Africa	17,325	3	
Toyota South Africa	15,141	3	
OTK Holdings	14,828	3	
Power Technologies	13,972	3	
Edward L Bateman	13,041	3	
Anglovaal Industries	12,410	3	
Medi-Clinic	10,467	2	
Illovo Sugar	9,655	2	
Sun International (South Africa)	7,688	2	
Hudaco Industries	6,195	1	
Positions of less than 1%	27,031	5	
<b>Resources</b>		<b>30</b>	<b>38</b>
Gold Fields	36,670	7	
Anglovaal Mining	29,720	6	
Sasol	28,433	6	
Avgold	26,852	5	
Northam Platinum	15,195	3	
Western Areas	8,897	2	
Highveld Steel & Vanadium	2,544	1	
<b>Financial</b>		<b>9</b>	<b>26</b>
AMB Holdings	23,244	5	
Real Africa Holdings	17,798	4	
Real Africa Investments	2,155	-	
<b>Real Estate</b>		<b>-</b>	<b>2</b>
<b>Net Current Assets</b>	1,721	-	
<b>Net Assets</b> (Currency exposure 100% rand)	<b>493,618</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>R 162.54</b>	3,036,850 shares issued	

## ORBIS JAPAN EQUITY (YEN) FUND AT 30 JUNE 2001

Total Rate of Return in Japanese yen:	From Inception on 1 Jan 1998	Latest 3 Years	2001 to Date	Latest Quarter
	<i>% Annualised</i>		<i>% Not Annualised</i>	
<b>Orbis Japan Equity (Yen)</b>	<b>21.6</b>	<b>13.9</b>	<b>15.4</b>	<b>7.8</b>
TOPIX	3.8	2.7	1.8	1.9
Average Japan Equity Fund	5.1	4.8	0.7	0.1
<i>% change in the US dollar value of the yen</i>	1.3	3.6	(8.3)	1.2

In the second quarter, the Fund rose 7.8% while the benchmark TOPIX rose 1.9%. This brings the total return of the Fund for the year to date to 15.4%, compared with 1.8% for the TOPIX.

Given the general level of valuations in the Japanese stockmarket, the gloomy outlook for economic growth, the lack of progress in corporate restructuring and the inherent weakness of many financial institutions' balance sheets, we remain cautious about the prospects of the overall Japanese stockmarket which is dominated by the large-cap companies. Until the outlook on these issues improves, investor sentiment and the broader market's recovery prospects are likely to be limited.

The prospects for the Fund, on the other hand, look very different. As we search for investments around the world, we find certain Japanese shares, especially among the mid and small capitalisation companies, offer some of the best risk-reward opportunities globally. This divergence between the broad market and individual shares explains why the Fund is positioned very differently from the benchmark. Specifically, the Fund has avoided NTT DoCoMo, a dominant growth stock, and most technology companies which are predominantly represented among the other big-cap names, and instead has invested in many mid and small-cap companies.

The Fund has held this position in mid and small-cap names for a while, most notably in the construction and insurance companies. These shares have performed well, are still selling at deep discounts to the tangible value of their assets but the companies have inherently low growth prospects. We are particularly excited to have recently identified a few high growth companies that we believe are attractively priced relative to their intrinsic value, again in the mid-cap arena. The retailer Yamada Denki a good example of one such company.

Strong revenue growth of 40% per annum over the last five years has thrust the company to a leading position in Japan's electronics retailing industry. This growth has been entirely organic and without acquisitions. Management has been innovative in competing with other retailers and relentless in pursuing the economies of scale that are so critical to success in the industry. The company earned a 12.5% return on equity during the past fiscal year, which is high by Japanese standards. The company's finances are strong with substantial net cash.

We expect revenue and earnings to grow in excess of 20% per annum over the next four years, yet shares in Yamada Denki sell at only 21x estimated earnings per share for the current year ending 31 March 2002. This is attractive not only relative to comparable growth stocks globally but more particularly to those in Japan. This is because in the Japanese investment environment of low growth, extreme monetary easing and negligible interest rates genuine growth stocks like Yamada Denki can be rewarded with very high valuations.

<i>DIRECTORS</i>	<i>Allan W B Gray, Chairman</i>	<i>John C R Collis</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 2001

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value ¥ 000's	% of Fund	% of TOPIX
<b>Consumer Non-Durables</b>		<b>35</b>	<b>20</b>
Santen Pharmaceutical	1,624,500	5	
Yamada Denki	1,579,980	5	
Yoshinoya D&C	1,346,200	4	
Matsumotokiyoshi	1,331,408	4	
Fast Retailing	959,140	3	
Mikuni Coca-Cola Bottling	808,840	2	
Tsuruha	716,537	2	
Kojima	516,689	2	
Kinki Coca-Cola Bottling	504,630	2	
Coca-Cola Central Japan	490,018	2	
Aoki International	463,326	2	
Positions of less than 1%	528,664	2	
<b>Cyclicals</b>		<b>26</b>	<b>34</b>
Okumura	1,303,560	4	
Sumitomo Forestry	986,595	3	
Makita	613,080	2	
Honda Motor	564,440	2	
Kyudenko	491,416	2	
Sumitomo Warehouse	456,192	2	
Nippon Hodo	450,724	2	
Raito Kogyo	388,318	1	
Japan Wool Textile	381,095	1	
Yurtec	381,017	1	
Tsutsumi Jewelry	376,740	1	
Maeda Road Construction	356,500	1	
Suzuki Motor	355,240	1	
Positions of less than 1%	869,129	3	
<b>Financials</b>		<b>23</b>	<b>16</b>
Japan Securities Finance	1,447,824	5	
Aioi Insurance	1,235,455	4	
Fuji Fire & Marine Insurance	1,045,125	3	
Mitsui Marine & Fire Insurance	657,778	2	
UFJ Holdings	603,900	2	
Asahi Bank	594,000	2	
Tsubasa Securities	547,323	2	
Kokusai Securities	390,390	1	
Nissay Dowa General Insurance	338,821	1	
Nissan Fire & Marine Insurance	228,810	1	
<b>Utilities</b>		<b>12</b>	<b>13</b>
Tohoku Electric Power	1,486,567	5	
Nippon Telegraph and Telephone	1,194,050	4	
Toho Gas	988,912	3	
<b>Technology</b>		<b>4</b>	<b>17</b>
Citizen Watch	912,760	3	
Futaba	353,177	1	
Hitachi Kokusai Electric	142,688	-	
<b>Net Current Assets</b>	3,711	-	
<b>Net Assets</b> (Currency exposure 100% yen)	<b>31,015,269</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>¥ 1,981</b>	15,654,901 shares issued	

## ORBIS JAPAN EQUITY (US\$) FUND AT 30 JUNE 2001

Total Rate of Return in US dollars:	From Inception on 12 Jun 1998	Latest 3 Years	2001 to Date	Latest Quarter
	<i>% Annualised</i>		<i>% Not Annualised</i>	
<b>Orbis Japan Equity (US\$)</b>	<b>21.0</b>	<b>19.8</b>	<b>18.3</b>	<b>8.9</b>
TOPIX Hedged	9.8	8.4	4.1	3.1
<i>% change in the yen value of the US dollar</i>	(4.7)	(3.5)	9.0	(1.2)

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
<b>Orbis Japan Equity (Yen) Fund</b>	247,720	100
Net Current Assets <i>(Mainly the result of currency hedging)</i>	1,007	-
<b>Net Assets</b>	<b>248,727</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$ 17.87</b>	13,915,337 shares issued

### DEPLOYMENT

		% of Fund
<b>Stockmarket exposure</b>	Japan	<b>100</b>
<b>Currency exposure</b>	US dollar	<b>100</b>

DIRECTORS

Allan W B Gray, Chairman

John C R Collis

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 usually 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
<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 long-term global equity investing. We favour equities with prices that are meaningfully below our assessment of their intrinsic value.



ORBIS INVESTMENT MANAGEMENT LIMITED • LPG BUILDING, 34 BERMUDIANA ROAD, HAMILTON HM 11, BERMUDA  
TELEPHONE: +1 (441) 296 3000 • FACSIMILE: +1 (441) 296 3001 • E-MAIL: [info@orbisfunds.com](mailto:info@orbisfunds.com) • WEB SITE: [www.orbisfunds.com](http://www.orbisfunds.com)