

ORBIS EQUITY FUNDS

30 SEPTEMBER 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.***

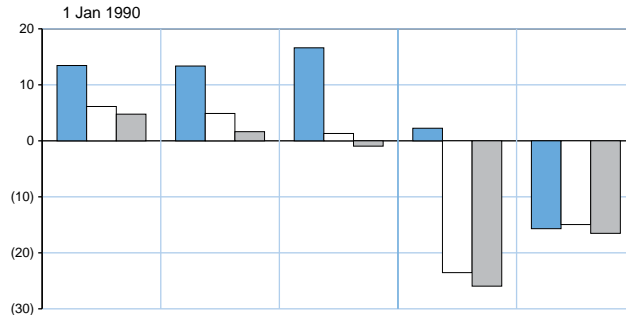
# ORBIS EQUITY FUNDS AT 30 SEPTEMBER 2001

## PERCENTAGE RETURN

From Inception on      5 Years      Latest 3 Years      2001 to Date      Latest Quarter  
 % Annualised      % Not Annualised

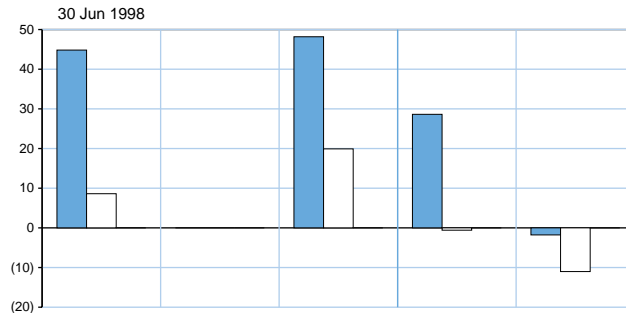
### ORBIS GLOBAL EQUITY FUND

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.



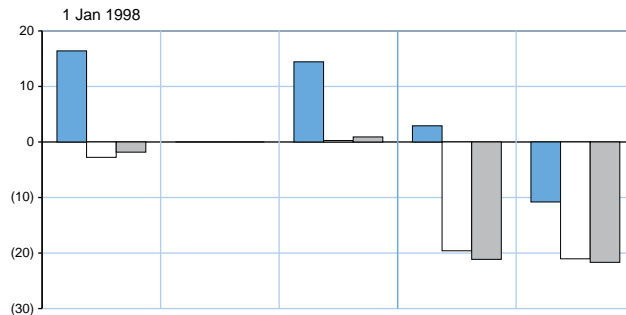
### ORBIS AFRICA EQUITY (RAND) FUND

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.



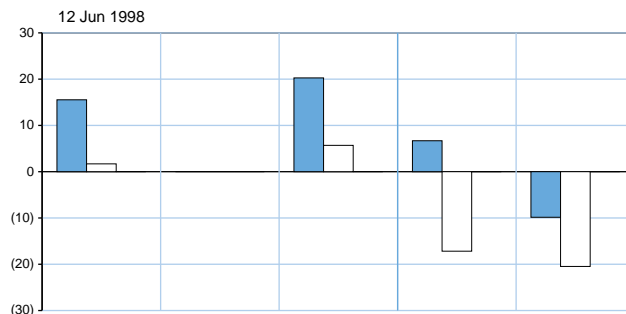
### ORBIS JAPAN EQUITY (YEN) FUND

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").



Orbis Fund      Benchmark      Average Fund

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 no other funds.

## ORBIS GLOBAL EQUITY FUND AT 30 SEPTEMBER 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>13.4</b>	<b>13.4</b>	<b>16.6</b>	<b>2.2</b>	<b>(15.7)</b>
World Index	6.1	4.9	1.3	(23.5)	(15.0)
Average Global Equity Fund	4.8	1.6	(1.0)	(26.0)	(16.5)

In the third quarter, Orbis Global fell 15.7%, while the benchmark World Index declined 15.0% and the Average Global Equity Fund lost 16.5%. For the year to date, the Fund has gained 2.2%, while the World Index and the Average Global Equity Fund are down 23.5% and 26.0%, respectively.

Global stockmarkets have fallen 34% from their peak in March 2000, making this the worst bear market since the 45% decline in 1974. Yet it is still not clear that the World Index represents an attractive investment at current levels. Our bottom-up research on individual companies also suggests there remains material risk of loss in the stockmarket indices with most large capitalisation shares remaining over-priced relative to our assessment of their intrinsic values and with their underlying fundamentals continuing to deteriorate. The fact that global stockmarkets have declined by more than a third serves more as an illustration of the irrational exuberance in March 2000 than how rational markets are now. Markets remain emotionally charged, the herd instinct is alive and well, and the tragic developments of 11 September have done nothing to reduce that.

While we do not have a stockmarket crystal ball, we believe we can learn from history. We know where we have been and where we are now, giving us some indication regarding where we might be in the broad stockmarket cycle. The bull market leading up to March 2000 took the US market to valuations not seen since 1929 and 1968. The bear markets subsequent to those periods took the S&P 500 Index down 84% and 65% in inflation-adjusted terms, respectively, and it took over 25 years to regain the previous peaks. Much is different now but the drivers of the stockmarket cycle, the rules of economics and the power of human emotion are unchanged. There is a significant probability that the recent secular bull market is over and that we are again entering a prolonged period when effective management of risk of loss will be critical to producing attractive returns. Just as the by-products of the recent bull market were indexation and a focus on the risk of underperformance, so we believe active management and concern for risk of loss will be the cornerstones of successful equity investing in the subsequent adjustment period.

Our investment philosophy focuses on investing in shares whose price is substantially below our assessment of their intrinsic value in the conviction that these shares offer both the highest prospective returns and the lowest risk of loss. This provides the Fund with what Benjamin Graham called a "margin of safety". While by no means ensuring against price declines, that margin of safety acts as a buffer against protracted stockmarket declines while at the same time allowing the Fund to participate in rising markets. The result, if the philosophy is executed effectively, is an investment portfolio that earns higher returns over the long term, particularly relative to the stockmarket indices in tough stockmarket environments. The Fund's performance over the long term and during the current bear market is a good example of this dynamic at work. We strive to meet the challenge of continuing to reward our investors, whatever the stockmarket environment may bring.

*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 SEPTEMBER 2001

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity	Market Value US\$ 000's	Fund's % Exposure to Equities	Exposure to Currencies	% of World Index
<b>United States</b>		<b>44</b>	<b>45</b>	<b>56</b>
Clayton Homes	53,158	6		
AT&T	45,465	5		
CarMax Group	39,831	4		
WorldCom	24,639	3		
Circuit City Stores	20,812	2		
Tecumseh - A shares	19,282	2		
Borders Group	17,618	2		
Lucent Technologies	14,729	2		
AVX	14,615	2		
Scottish Annuity & Life Holdings	13,514	2		
Nautica Enterprises	13,382	1		
Hewlett-Packard	13,317	1		
Sun International Hotels	12,522	1		
Corning	11,819	1		
AT&T Wireless	11,572	1		
Goodyear Tire & Rubber	11,021	1		
Xerox	9,416	1		
Positions of less than 1%	63,910	7		
<b>Europe</b>		<b>30</b>	<b>50</b>	<b>28</b>
Scottish & Newcastle	43,955	5		
Associated British Foods	37,457	4		
RMC Group	34,045	4		
Boots	33,952	4		
British Airways	17,234	2		
WH Smith	15,557	2		
Telewest Communications	12,750	1		
Cable & Wireless	10,969	1		
Erste Bank	10,661	1		
Hornbach Holding - Preference shares	10,149	1		
Positions of less than 1%	46,877	5		
<b>Japan</b>		<b>21</b>	-	<b>9</b>
Yamada Denki	23,226	3		
Aioi Insurance	19,253	2		
Matsumotokiyoshi	18,069	2		
Mitsui Marine & Fire Insurance	16,194	2		
Sumitomo Forestry	14,343	2		
Santen Pharmaceutical	12,760	1		
Yoshinoya D&C	12,333	1		
Mikuni Coca-Cola Bottling	11,891	1		
Tsutsumi Jewelry	10,016	1		
Positions of less than 1%	55,387	6		
<b>Emerging Markets</b>		<b>5</b>	<b>1</b>	<b>2</b>
Samsung Electronics - Preference shares and Common shares	12,643 5,341	2		
Gold Fields	16,140	2		
Positions of less than 1%	13,040	1		
<b>Other</b>		-	<b>4</b>	<b>5</b>
<b>Net Current Assets</b>	1,190	-		
<b>Net Assets</b>	<b>926,054</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$44.01</b>		21,042,080 shares issued	

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

Total Rate of Return in South African rand:	From Inception on 30 Jun 1998	Latest 3 Years	2001 to Date	Latest Quarter
	<i>% Annualised</i>		<i>% Not Annualised</i>	
<b>Orbis Africa Equity</b>	<b>44.8</b>	<b>48.2</b>	<b>28.6</b>	<b>(1.8)</b>
JSE Index	8.6	19.9	(0.3)	(11.0)
<i>% change in the US dollar value of the rand</i>	(11.9)	(13.1)	(15.9)	(10.9)

In the third quarter of 2001, the Fund declined by 1.8% while the JSE Index declined 11.0%. Year to date, the Fund has earned a 28.6% return compared with a 0.3% loss for the benchmark JSE Index.

The extent of the internal rotation within the South African stockmarket recently is illustrated by the fact that despite the strong relative performance of the Fund, we continue to find attractive investment opportunities. For example, we are currently finding an increasing number of attractive opportunities in information technology and media companies (including Comparex Holdings and Johnnic Communications), an area where we have had little exposure previously. The Fund's weighting in these sectors has increased to 11% versus a benchmark weighting of 3%. Whereas we previously found the valuations of the majority of the stocks in these sectors to be excessive, this is no longer the case. In many cases, these stocks have fallen significantly and in some cases are trading at valuations close to their net cash holdings.

The Fund continues to hold a significant portion of its assets in the shares of South African gold mining companies, which represented 19% of the Fund at quarter-end as shown opposite. Despite their recent price appreciation, we continue to view these shares very favourably. In our commentary for the first quarter of this year, we outlined the positive fundamentals for gold shares.

The current global uncertainty does nothing to reduce the attraction of gold shares as an investment. South African gold shares in particular are very attractively priced relative to their international peers. In addition, they stand to benefit from the current consolidation trend within the industry. This trend has continued with recent major acquisitions by some of the largest gold producers, including Barrick and AngloGold. The Fund's gold holdings (Gold Fields, Avgold, Western Areas) stand to be beneficiaries of this process given the long life and quality of their reserves. These companies are also benefiting from the recent depreciation of the South African currency because a significant portion of their costs are in rands while their revenues are in dollars. This, together with a stronger dollar gold price, has significantly enhanced the earnings prospects of these companies.

As an illustration, Gold Fields, which is the Fund's largest holding, earned 1.73 rands per share in the year ended 30 June 2001. Based on the dollar gold price and exchange rate at 30 September 2001, Gold Fields is expected to earn 4.36 rands per share and pay a dividend of 2.18 rands per share in the year ending 30 June 2002. Therefore, despite the strong price appreciation of Gold Fields shares over the latest year, they are still attractively priced at 10 times expected earnings and a 5.4% prospective dividend yield.

<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 SEPTEMBER 2001

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value R 000's	% of Fund	% of JSE Index
<b>Industrial</b>		<b>58</b>	<b>32</b>
Kersaf Investments	36,603	6	
Foschini	30,415	5	
Comparex Holdings	29,915	5	
Tiger Brands	29,547	5	
Woolworths Holdings	28,112	5	
Allied Electronics - Preference shares and Common shares	21,685 5,365	4	
OTK Holdings	20,354	3	
Power Technologies	19,042	3	
Dunlop Africa	18,700	3	
Johnnic Communications	16,009	3	
Edward L Bateman	12,880	2	
Medi-Clinic	12,102	2	
Illovo Sugar	11,709	2	
Mr Price Group	8,527	1	
Hudaco Industries	6,587	1	
Positions of less than 1%	50,288	8	
<b>Resources</b>		<b>33</b>	<b>39</b>
Gold Fields	49,589	8	
Avgold	35,623	6	
Anglovaal Mining	34,915	6	
Western Areas	32,400	5	
Sasol	32,334	5	
Northam Platinum	17,743	3	
Highveld Steel & Vanadium	2,224	-	
<b>Financial</b>		<b>9</b>	<b>26</b>
AMB Holdings	25,052	4	
Real Africa Holdings	21,109	3	
Positions of less than 1%	10,378	2	
<b>Real Estate</b>		<b>-</b>	<b>3</b>
<b>Net Current Assets</b>	1,348	-	
<b>Net Assets</b> (Currency exposure 100% rand)	<b>620,555</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>R 159.65</b>	3,887,000 shares issued	

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

Total Rate of Return in Japanese yen:	From Inception	Latest	2001	Latest
	on 1 Jan 1998	3 Years	to Date	Quarter
	% Annualised		% Not Annualised	
<b>Orbis Japan Equity (Yen)</b>	<b>16.4</b>	<b>14.4</b>	<b>2.9</b>	<b>(10.8)</b>
TOPIX	(2.8)	0.1	(19.6)	(21.0)
Average Japan Equity Fund	(1.8)	0.5	(21.1)	(21.7)
% change in the US dollar value of the yen	2.4	4.6	(4.3)	4.4

In the third quarter, the Fund declined 10.8% while the TOPIX was down 21.0% and the Average Japan Equity Fund lost 21.7%. For the year to date, the Fund has earned 2.9%, the TOPIX has lost 19.6% and the Average Japan Equity Fund has lost 21.1%.

In recent reports, we have expressed both enthusiasm about the potential to generate attractive returns from carefully selected Japanese equities and caution regarding the outlook for the market overall as represented by the TOPIX. The TOPIX's 22% decline over the past five months has changed our view of its outlook. The Japanese economy, corporate sector and financial institutions all have serious problems. Nothing much in the economy has changed yet, and we can see no short-term catalyst to prompt any immediate improvement. However, the decline in the TOPIX has shifted our previous caution about the broad market to a sense of cautious optimism as we believe the market's downside is increasingly limited. The dichotomy in longer term investment prospects between individual companies and the broad market is now less sharp.

Japan has experienced a 12-year bear market, with the TOPIX currently down over 60% since the previous peak in December 1989. We believe that many of the ingredients necessary to end this bear market are now beginning to fall into place. Japanese Prime Minister Koizumi is providing refreshingly effective leadership. Investor sentiment is very negative, speculative interest is largely absent, and many equities are being neglected by professional investors. On the individual company level, we have identified compelling value and the Fund's portfolio illustrates this. In aggregate, the Fund's equities have a dividend yield about the same as the 10-year bond yield, an earnings yield three times that of the bond yield, and a historical growth rate in shareholders' equity of 6% per annum. Those types of valuations are unattainable in other major stockmarkets around the world.

An eventual turnaround in the prolonged bear market will bring significant changes in investor psychology. Despite interest rates of effectively 0% for bank deposits and 1.4% for 10-year government bonds, a huge amount of money is invested in these assets. If equities start to offer more attractive returns again, we may see substantial money flows from bank deposits and bonds back into the stockmarket. Increased investor interest in the stockmarket should also improve market efficiency so that undervalued shares would see their intrinsic value realised much more quickly. Such a scenario would be very desirable for the Fund. However, it is difficult to time the turn in the stockmarket. Gladly, the Fund is not dependent on this. The strength of our investment philosophy, if executed effectively, is that it offers participation in the upside if the stockmarket recovers, and a margin of safety against risk of loss if the market remains weak. The track record of the Fund offers some evidence of this dynamic at work. Our bottom-up research on individual companies around the world leads us to believe that selected fundamentally attractive Japanese equities now offer the best potential return for equity investors globally.

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

## ORBIS JAPAN EQUITY (YEN) FUND AT 30 SEPTEMBER 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>21</b>
Yamada Denki	2,453,580	6	
Santen Pharmaceutical	1,977,600	5	
Yoshinoya D&C	1,603,080	4	
Matsumotokiyoshi	1,530,932	4	
Fast Retailing	962,741	2	
Tsuruha	945,959	2	
Mikuni Coca-Cola Bottling	889,812	2	
Yamanouchi Pharmaceutical	832,000	2	
Kinki Coca-Cola Bottling	481,670	1	
Aoki International	429,626	1	
Positions of less than 1%	2,451,716	6	
<b>Cyclicals</b>		<b>26</b>	<b>34</b>
Okumura	1,813,064	5	
Sumitomo Forestry	984,900	3	
Honda Motor	952,020	2	
Sumitomo Warehouse	669,260	2	
Kyudenko	573,804	2	
Nippon Hodo	511,616	1	
Toda	510,972	1	
Makita	503,100	1	
Mitsubishi Logistics	457,262	1	
Nippon Electric Glass	452,375	1	
Japan Wool Textile	425,000	1	
Yurtec	418,472	1	
Positions of less than 1%	2,092,694	5	
<b>Financials</b>		<b>19</b>	<b>17</b>
Mitsui Marine & Fire Insurance	2,016,366	5	
Aioi Insurance	1,419,275	4	
Japan Securities Finance	1,313,299	3	
Fuji Fire & Marine Insurance	1,011,142	3	
Tsubasa Securities	450,759	1	
Positions of less than 1%	1,366,934	3	
<b>Utilities</b>		<b>13</b>	<b>13</b>
Nippon Telegraph and Telephone	2,574,836	6	
Tohoku Electric Power	1,566,922	4	
Toho Gas	1,114,884	3	
<b>Technology</b>		<b>7</b>	<b>15</b>
Citizen Watch	1,199,152	3	
Positions of less than 1%	1,735,879	4	
<b>Net Current Assets</b>	85,558	-	
<b>Net Assets</b> (Currency exposure 100% yen)	<b>40,778,261</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>¥ 1,767</b>	23,073,125 shares issued	

## ORBIS JAPAN EQUITY (US\$) FUND AT 30 SEPTEMBER 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>15.5</b>	<b>20.3</b>	<b>6.7</b>	<b>(9.8)</b>
TOPIX Hedged	1.7	5.7	(17.2)	(20.5)
<i>% change in the yen value of the US dollar</i>	(5.6)	(4.4)	4.5	(4.2)

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>	340,226	100
Net Current Liabilities	(286)	-
<b>Net Assets</b>	<b>339,940</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$ 16.11</b>	21,097,333 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 Website: <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.



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