

QUARTERLY  
**REPORTS**  
30 SEPTEMBER 2002



ORBIS GLOBAL EQUITY

*Fund*

ORBIS AFRICA EQUITY

*Rand Fund*

ORBIS JAPAN EQUITY

*Yen Fund / US\$ Fund*

## COMMON CHARACTERISTICS OF THE ORBIS EQUITY FUNDS

<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.
<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>	Ernst & Young
<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.

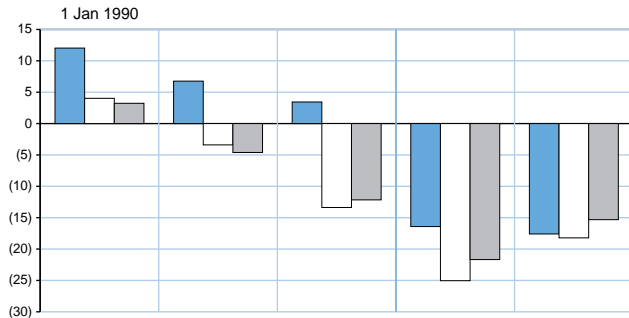
*We invite you to visit our website, [orbisfunds.com](http://orbisfunds.com), where you may register on-line to automatically receive regular reports on our funds by e-mail. We hope that it enables you to keep in better touch with us and your investments.*

PERCENTAGE RETURN

From Inception on      Latest 5 Years      Latest 3 Years      2002 to Date      Latest Quarter  
 % Annualised      % Not Annualised

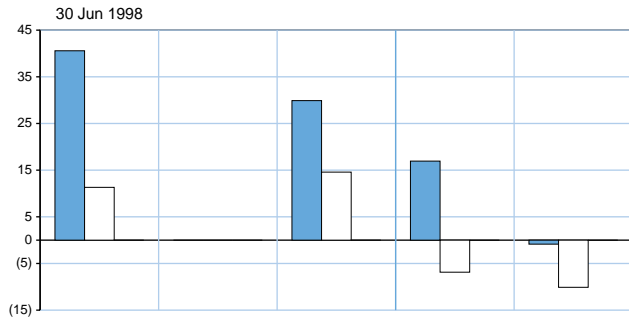
ORBIS GLOBAL EQUITY FUND

This Fund invests globally and seeks to earn higher returns than world stockmarkets with no greater risk. Its Benchmark is the FTSE World Index, including income (“World Index”). The Fund’s currency exposure is managed relative to that of the World Index.



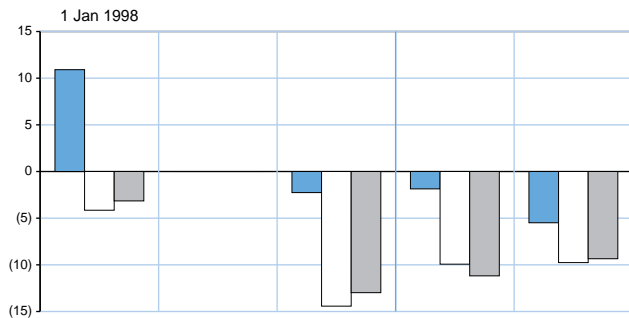
ORBIS AFRICA EQUITY (RAND) FUND

This Fund invests in South African equities. The Fund’s Benchmark is the FTSE/JSE Africa All Share Index, including income (“JSE Index”). The Fund does not hedge currencies, and thus is exposed to the rand.



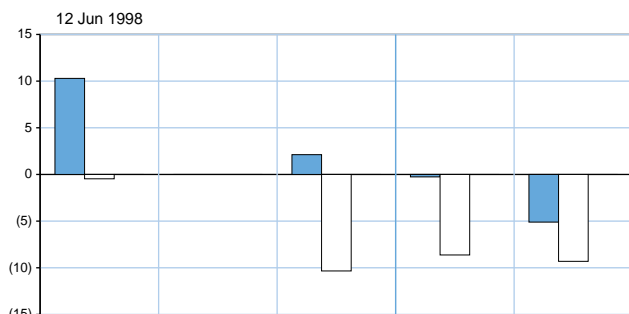
ORBIS JAPAN EQUITY (YEN) FUND

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 (Rand) is not compared with the sector index for South African funds because the sector comprises no other funds.

## ORBIS GLOBAL EQUITY FUND AT 30 SEPTEMBER 2002

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2002 to Date	Latest Quarter
		5 Years	3 Years		
		% Annualised		% Not Annualised	
<b>Orbis Global Equity</b>	<b>12.0</b>	<b>6.8</b>	<b>3.4</b>	<b>(16.4)</b>	<b>(17.6)</b>
World Index	4.0	(3.4)	(13.4)	(25.0)	(18.2)
Average Global Equity Fund	3.2	(4.6)	(12.2)	(21.7)	(15.3)

In the third quarter, the Fund declined 17.6% while the World Index fell by 18.2%. Declines of that magnitude are sobering and warrant discussion. As always, some past mistakes became clear during the quarter. In some cases, such as Goodyear Tire where our investment thesis did not develop as expected and whose potential pension obligations have become a bigger concern, our assessed intrinsic value fell by even more than an already significant share price decline, causing us to sell the position mid-quarter at a significant loss. In many more cases, however, our assessment of intrinsic value has either not changed dramatically or declined less than the share price and the Fund has retained or even increased its holding.

A good example is one of the Fund's major holdings, Clayton Homes, a company we highlighted in our 31 March 2001 quarterly report. Having built a sizeable holding when Clayton's share price was depressed by the effects of the technology-led stockmarket bubble, Orbis Global cut its holding by 30% after the share price appreciated sharply, despite significant growth in size of the Fund itself. With hindsight, we did not cut the position enough – the share price has fallen 37% since January 2002. The Fund has however used the opportunity to rebuild, at very reasonable prices, a sizeable position in a company we know well, doubling its holding since the beginning of 2002. Clayton is the leader in the US manufactured housing industry which is mature and therefore relatively predictable though cyclical. It has successfully executed an innovative vertically integrated business model, which is demonstrably far superior and very difficult to duplicate. The benefits of this business model have been particularly noticeable during the industry's current three-year downturn, the most severe since the 1970s. During this time, industry shipments are down over 50%, capacity has shrunk by 40% and every major player is facing financial distress, except Clayton. Instead, the company has remained solidly profitable and used the downturn to grow market share from 8% to 11%, still leaving ample room for future growth. Clayton has grown organically, is well financed and is run by a stable, seasoned management team who own 27% of the company. Shares in Clayton, priced on an earnings yield of 9% per annum off depressed earnings, are selling well below our assessed intrinsic value. We believe normalised earnings are more than 40% above current levels and expect them to grow at least 10% per annum through our four-year investment horizon.

Recent stockmarket developments remind us of the prevalence of investment cycles and the importance of keeping a cool head and a sharp focus on long-term intrinsic value. With US, UK and German share prices down 47%, 46% and 66% from their peaks, respectively, we are again being kept busy with many potential opportunities. Still, the current bear market is relatively young, so while a significant rally is likely, we remain cautious. Japanese share prices are also down 71% from their peak and are at levels last seen 17 years ago. While the market is still falling sharply, we are finding very compelling value in many Japanese companies, which represent 26% of the Fund. We are convinced these will prove to be rewarding investments at current prices.

*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 2002

## 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>34</b>	<b>36</b>	<b>55</b>
Clayton Homes	69,088	6		
AT&T	37,199	3		
Circuit City Stores	35,433	3		
Liberty Media - A	29,279	3		
CarMax Group	25,019	2		
Trinity Industries	22,794	2		
AT&T Wireless Services	20,903	2		
Hewlett-Packard	19,632	2		
MIH	16,672	1		
General Motors - H	16,175	1		
Tecumseh - A	15,840	1		
Borders Group	14,007	1		
Allegheny Technologies	11,831	1		
Copart	11,724	1		
Positions less than 1%	52,683	5		
<b>Europe</b>		<b>29</b>	<b>40</b>	<b>28</b>
Scottish & Newcastle	54,557	5		
Associated British Foods	40,328	3		
RMC Group	31,815	3		
Boots	31,617	3		
WH Smith	26,499	2		
Cable & Wireless	22,032	2		
Bayerische Hypo-und Vereinsbank	20,064	2		
Royal & Sun Alliance Insurance	18,562	2		
Hornbach Holding - Preference	16,273	1		
SGS Societe Generale de Surveillance	15,627	1		
Douglas Holding	14,158	1		
Oce	12,120	1		
Selfridges	11,697	1		
Positions less than 1%	25,275	2		
<b>Japan</b>		<b>26</b>	<b>9</b>	<b>9</b>
Yamada Denki	73,941	7		
Denso	46,196	4		
Millea Holdings	36,960	3		
Honda Motor	23,235	2		
Matsumotokiyoshi	20,720	2		
Sumitomo Forestry	15,901	1		
Toyota Motor	14,135	1		
Yoshinoya D&C	12,994	1		
Positions less than 1%	54,668	5		
<b>Other</b>		<b>10</b>	<b>-</b>	<b>6</b>
Sasol	58,490	5		
Samsung Electronics - Preference	50,671	4		
Positions less than 1%	10,299	1		
<b>Canada</b>		<b>1</b>	<b>15</b>	<b>2</b>
Fairfax Financial Holdings	8,649	1		
<b>Net Current Assets</b>	1,050	-		
<b>Net Assets</b>	<b>1,166,812</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$42.53</b>		27,437,583 shares issued	

## ORBIS AFRICA EQUITY (RAND) FUND AT 30 SEPTEMBER 2002

<b>Total Rate of Return in South African rand:</b>	<b>From Inception on 30 Jun 1998</b>	<b>Latest 3 Years</b>	<b>2002 to Date</b>	<b>Latest Quarter</b>
	<i>% Annualised</i>		<i>% Not Annualised</i>	
<b>Orbis Africa Equity</b>	<b>40.6</b>	<b>29.9</b>	<b>16.9</b>	<b>(0.9)</b>
JSE Index	11.3	14.6	(6.9)	(10.1)
<i>% change in the US dollar value of the rand</i>	(12.5)	(17.1)	13.7	(2.7)

The third quarter, and indeed the 2002 calendar year to date, have seen significant declines in many of the large capitalisation shares on the Johannesburg Stock Exchange. Anglo American, Richemont and Anglo Platinum, representing 25% of the benchmark FTSE/JSE Africa All Share Index, have declined on average 27% in 2002 through to 30 September. This compares to a price decline before dividends of 9.4% for the JSE Index. These dramatic price declines contributed to the outperformance of Orbis Africa over this period because the Fund had virtually no exposure to the shares of these companies. Including dividends, the Fund returned 16.9% year-to-date versus a loss of 6.9% for the JSE Index.

The decline in price of many of the large capitalisation shares has meant that we are now finding increasing value in the broad South African stockmarket. This is best illustrated by the price/earnings multiple of the 40 largest shares by capitalisation on the JSE which is now the same as for the overall market at 10.6 times trailing earnings.

The broadening in value and very weak international stock markets have also meant that we are starting to find more attractive dual-listed shares whose primary listing is outside South Africa. As shown opposite, the Fund now has an initial stake in Anglo American. That company accounts for 15% of the JSE Index, your Fund's benchmark. After being very highly priced for the past few years, Anglo American now offers decent value trading at 10 times earnings and yielding a dividend of 4% per annum. Similar situations of value exist for other shares which are listed both on the JSE and on foreign exchanges and we are in the early stages of building positions in these stocks.

We continue to favour the shares of South African domestic industrial companies whose earnings are still below normal levels, but their strong relative performance has reduced the extent of expected future relative outperformance from the Fund's positions in these stocks. For example since the first quarter, two of Orbis Africa's largest holdings, Tiger Brands (food) and Foschini (retail), have outperformed the JSE Index by more than 30% and 60%, respectively.

From current levels, we are optimistic and expect attractive real returns from the overall market in South Africa over the long term. Therefore, despite our reduced expectations of outperformance for some of the Fund's holdings, our increased enthusiasm for the market overall means we remain upbeat about Orbis Africa's prospects.

*DIRECTORS* Allan W B Gray, Chairman John C R Collis William B Gray Simon C Marais Stephen C Mildenhall

**MANAGER**  
Orbis Investment Management Limited

**INVESTMENT ADVISORS**  
Orbis Investment Advisory Limited  
Allan Gray Limited

**CUSTODIAN**  
The Bank of Bermuda Limited

# ORBIS AFRICA EQUITY (RAND) FUND AT 30 SEPTEMBER 2002

## STATEMENT OF NET ASSETS (UNAUDITED)

Equity <i>(Ranked by sector)</i>	Market Value R 000's	% of Fund	% of JSE Index
<b>Industrial and Cyclical Services</b>		<b>44</b>	<b>19</b>
Woolworths Holdings	53,719	6	
Foschini	49,963	5	
Kersaf Investments	40,284	4	
Edgars Consolidated Stores	35,828	3	
MIH Holdings	33,139	3	
Naspers	29,078	3	
Allied Electronics - Preference and Common	24,575	3	
New Clicks Holdings	17,068	2	
Johnnic Communications	15,963	2	
Primedia - 'N' and Common	14,879	2	
Comparex Holdings	13,322	1	
Mr Price Group	13,227	1	
FrontRange	11,218	1	
Hudaco Industries	10,912	1	
Positions less than 1%	66,422	7	
<b>Resources</b>		<b>30</b>	<b>49</b>
Sasol	71,472	7	
Avgold	68,097	7	
Anglovaal Mining	57,468	6	
Western Areas	52,563	5	
Northam Platinum	27,620	3	
Anglo American	19,056	2	
<b>Financials</b>		<b>16</b>	<b>22</b>
Standard Bank Investment	37,476	4	
Coronation - 'N' and Common	37,157	4	
RMB Holdings	35,920	3	
Real Africa Holdings	26,651	3	
AMB Holdings	16,917	2	
<b>Non-Cyclicals</b>		<b>10</b>	<b>10</b>
Tiger Brands	45,871	5	
Shoprite Holdings	20,588	2	
Illovo Sugar	14,804	1	
Medi-Clinic	12,592	1	
Positions less than 1%	6,335	1	
<b>Net Current Assets</b>	986	-	
<b>Net Assets</b> <i>(Currency exposure 100% rand)</i>	<b>981,170</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>R 203.21</b>	4,828,415 shares issued	

## ORBIS JAPAN EQUITY (YEN) FUND AT 30 SEPTEMBER 2002

<b>Total Rate of Return in Japanese yen:</b>	<b>From Inception on 1 Jan 1998</b>	<b>Latest 3 Years</b>	<b>2002 to Date</b>	<b>Latest Quarter</b>
	<i>% Annualised</i>		<i>% Not Annualised</i>	
<b>Orbis Japan Equity (Yen)</b>	<b>10.9</b>	<b>(2.3)</b>	<b>(1.9)</b>	<b>(5.5)</b>
TOPIX	(4.1)	(14.4)	(9.9)	(9.8)
Average Japan Equity Fund	(3.2)	(13.0)	(11.2)	(9.3)
<i>% change in the US dollar value of the yen</i>	1.5	(4.4)	8.1	(1.9)

During the third quarter, the Fund declined 5.5%, the TOPIX fell 9.8% and the World Index plunged 18.2%. Year-to-date the declines were 1.9%, 9.9% and 25.0%, respectively.

We sense that it is the strong and improving fundamentals behind the shares in the Fund's portfolio that accounts for the Fund's relative resilience in the present unfavourable environment. At 30 September, shares of half of the companies in the portfolio shown opposite sold at less than their net asset value. This category of shares dominated the Fund's portfolio in its early years. About 18 months ago, quality growth companies such as the leading consumer electronics retailer Yamada Denki, and drug store chains Matsumotokiyoshi and Tsuruha, became significant in the portfolio. Most recently, a combination of improved earnings and lower share prices in major multi-nationals such as Honda Motor, Denso and Pioneer have earned them significant representation in the portfolio. It is this increasing breadth of Japanese equities which now meet our investment standards that makes us more enthusiastic than ever regarding the Fund's prospects.

Many well-financed companies are repurchasing their shares from banks that are selling off their cross-held shareholdings. Given the low prevailing share prices, and the fact that bank deposits yield only 0.02% per annum, these repurchases add substantial shareholder value. For example, Okumura repurchased 5.4% of its outstanding shares at ¥380 per share. The company's realistically assessed net asset value per share is ¥707, of which no less than ¥545 comprises cash and marketable securities net of all debt. Similarly, since June 2002, Raito Kogyo repurchased 5.7% of its shares at ¥334 per share, a discount of 59% to its net asset value per share of ¥818. Since 1 April 2002, 21 of the 59 companies represented in the Fund's portfolio have repurchased shares.

Despite the desperate environment in Japan, we are convinced that Japanese equities offering sound fundamental value will recover from current depressed share price levels. After almost 13 years of a bear market, all vestiges of speculation have been wrung out of the system, corporate restructuring is becoming more common and there are tentative signs that corporate profits in major sectors such as autos and consumer electronics are responding favourably to a slight improvement in sales. Our research leads us to expect that the profits of companies such as those represented in the Fund's portfolio will exceed the subdued expectations of the Japanese investment community. Should this happen, and confidence improve, the ratings of the shares would very likely increase resulting in attractive, perhaps even startling, investment returns. We consider your Fund's portfolio attractive, not only relative to equities globally, but also relative to other asset classes such as bank deposits, bonds and alternative investments such as hedge funds.

*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 2002

## STATEMENT OF NET ASSETS (UNAUDITED)

Equity <i>(Ranked by sector)</i>	Market Value ¥ 000's	% of Fund	% of TOPIX
<b>Consumer Non-Durables</b>		<b>38</b>	<b>21</b>
Yamada Denki	5,028,870	7	
Shimachu	2,927,237	4	
Matsumotokiyoshi	2,375,880	4	
Yoshinoya D&C	2,091,285	3	
Nippon Meat Packers	1,895,400	3	
Softbank	1,513,730	2	
Tsuruha	1,441,125	2	
Taisho Pharmaceutical	1,309,720	2	
Mikuni Coca-Cola Bottling	889,988	1	
Santen Pharmaceutical	880,686	1	
SKY Perfect Communications	808,720	1	
Positions less than 1%	5,157,871	8	
<b>Cyclicals</b>		<b>37</b>	<b>37</b>
Honda Motor	3,627,494	5	
Denso	2,716,743	4	
NGK Spark Plug	2,406,736	3	
Sankyo	2,115,456	3	
Okumura	1,927,572	3	
Daito Trust Construction	1,828,039	3	
Toyota Motor	1,408,500	2	
Mitsubishi Logistics	1,247,142	2	
Sumitomo Forestry	1,221,051	2	
Sumitomo Warehouse	1,081,765	2	
Keisei Electric Railway	1,062,160	2	
Toyota Industries	773,448	1	
Positions less than 1%	3,758,800	5	
<b>Technology</b>		<b>12</b>	<b>16</b>
Pioneer	2,080,689	3	
Nichicon	1,478,855	2	
Citizen Watch	1,249,092	2	
Olympus Optical	1,069,800	2	
Kyocera	1,037,495	1	
Futaba	854,000	1	
Positions less than 1%	591,822	1	
<b>Financials</b>		<b>9</b>	<b>15</b>
Millea Holdings	2,488,800	4	
Mitsubishi Securities	1,520,431	2	
Japan Securities Finance	1,393,175	2	
UFJ Tsubasa Securities	612,300	1	
<b>Utilities</b>		<b>4</b>	<b>11</b>
Tohoku Electric Power	1,523,426	2	
Toho Gas	1,498,544	2	
<b>Net Current Liabilities</b>	(24,642)	-	
<b>Net Assets</b> <i>(Currency exposure 100% yen)</i>	<b>68,869,205</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>¥ 1,635</b>	42,122,869 shares issued	

## ORBIS JAPAN EQUITY (US\$) FUND AT 30 SEPTEMBER 2002

<b>Total Rate of Return in US dollars:</b>	<b>From Inception on 12 Jun 1998</b>	<b>Latest 3 Years</b>	<b>2002 to Date</b>	<b>Latest Quarter</b>
	<i>% Annualised</i>		<i>% Not Annualised</i>	
<b>Orbis Japan Equity (US\$)</b>	<b>10.3</b>	<b>2.1</b>	<b>(0.3)</b>	<b>(5.1)</b>
TOPIX Hedged	(0.5)	(10.3)	(8.6)	(9.3)
<i>% change in the yen value of the US dollar</i>	(3.9)	4.6	(7.5)	1.9

In effect, apart from its currency exposure, Orbis Japan Equity (US\$) is the same investment as Orbis Japan Equity (Yen). Given this, we refer regular readers to the Orbis Japan Equity (Yen) report on page 6. First time readers may find it informative to also read the text in italics below.

*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)

<b>Equity</b>	<b>Market Value US\$ 000's</b>	<b>% of Fund</b>
<b>Orbis Japan Equity (Yen) Fund</b>	461,674	100
Net Current Liabilities	(1,616)	-
<b>Net Assets</b>	<b>460,058</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$ 15.24</b>	30,194,719 shares issued

### DEPLOYMENT

		<b>% of Fund</b>
<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

### **Redomiciliation of the Orbis Japan Funds**

*Orbis Japan Equity (Yen) Fund Limited and Orbis Japan Equity (US\$) Fund Limited are British Virgin Island companies. The directors of those Funds propose to redomicile Orbis Japan Equity (Yen) Fund Limited as a Luxembourg SICAV (a variable capital investment company) and Orbis Japan Equity (US\$) Fund Limited as a Bermuda mutual fund company. The Orbis Japan Equity (Yen) Fund will be one of two sub-funds of the Luxembourg SICAV (a so called "umbrella fund"), the other being Orbis Japan Core Equity Fund Limited, which will be merged with Orbis Japan Equity (Yen) Fund Limited immediately prior to transferring to Luxembourg. The Orbis Japan Funds' custodian will continue to be State Street Bank and Trust Company or one of its subsidiaries. The Funds' administrator will continue to be The Bank of Bermuda Limited or one of its subsidiaries. These changes are expected to be effected prior to year-end and are not expected to have any material impact on how the Funds are managed. The Investment Manager of the Orbis Japan Funds will bear the one-time costs associated with these changes.*

### **Amendment of Orbis Japan Equity (Yen) and Orbis Africa Equity (Rand) Investment Restrictions**

*At present, the investment restrictions of each of the Orbis Japan (Yen) Equity Fund and Orbis Africa Equity (Rand) Fund include the following:*

- 1. no more than 10% of the property of the Fund may be invested in securities which are not traded on or under the rules of a stockmarket or stock quotation system.*

*The Orbis Africa Equity (Rand) Fund restrictions include the following additional provisions:*

- 2. the Fund may sell stockmarket index futures or enter into transactions in other contracts with the intention of hedging its stockmarket exposure to the extent of no more than 20% of the net asset value of the Fund, and*
- 3. the Fund may not borrow other than to meet redemptions or finance dividend payments or margin deposits. Such borrowing is limited to 10% of the Fund's net asset value and amounts borrowed to meet redemptions or finance dividend payments must be repaid within 90 days.*

*Effective 31 October 2002, the investment restrictions of each of these Funds will be amended (i) in paragraph 1 above to change the percentage to 5% and insert after the words "or stock quotation system" the words "that is a full member of the International Federation of Stock Exchanges", (ii) to provide that investments in interest bearing non-equity linked securities are restricted to investment grade securities, (iii) to provide that the Fund's property may not be invested in other open-ended collective investment schemes; (iv) to provide that the Fund may not enter into derivatives transactions to reduce its overall exposure to stockmarkets, (v) to provide that the Fund may not enter into over-the-counter or uncovered equity derivative transactions and (vi) to provide that no more than 5% of the Fund may be invested in call warrants or call options unless sufficient cash or near cash to provide for the aggregate exercise price of such warrants and options is set aside.*

*Also effective 31 October 2002, the investment restrictions of the Orbis Africa Equity (Rand) Fund will be amended (i) to delete paragraph 2 above, and (ii) in paragraph 3 above to delete the ability of the Fund to borrow to finance dividend payments or margin deposits.*

*These changes are not expected to have any material impact on how the Funds are managed and are being made to allow the Funds and Orbis Optimal (US\$) Fund Limited to be promoted within South Africa.*

**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 2001. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2002 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.*

