

ORBIS EQUITY FUNDS

QUARTERLY  
**REPORTS**  
30 SEPTEMBER 2003



ORBIS GLOBAL

ORBIS AFRICA

ORBIS JAPAN

## 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 2002. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2003 or for future accounting periods.*

***Appointment of Administrator.** The Bank of Bermuda Limited has been appointed the administrator of the Orbis Global Equity Fund, the Orbis Japan (US\$) Fund and the Orbis Africa Equity (Rand) Fund for the purposes of Regulation 8 of the Bermuda Monetary Authority (Collective Investment Scheme Classification) Regulations 1998.*

***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.*

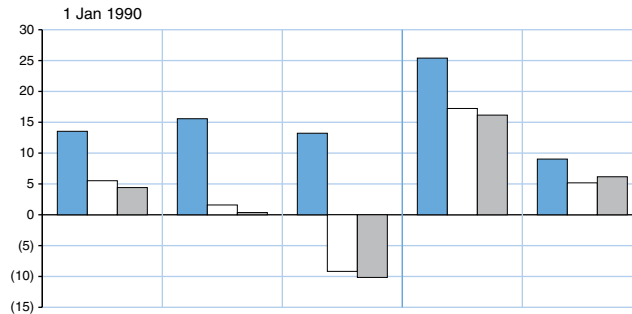
*We invite you to visit our website, [orbisfunds.com](http://orbisfunds.com), where you may register on-line to automatically receive regular reports on our funds by e-mail. We hope that it enables you to keep in better touch with us and your investments.*

**TOTAL RATE OF RETURN**

From Inception on      Latest 5 Years % Annualised      Latest 3 Years      2003 to Date % Not Annualised      Latest Quarter

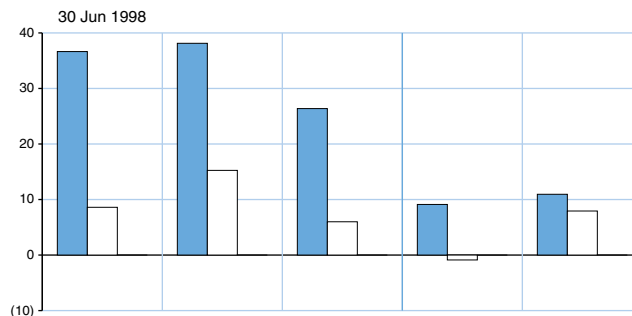
**ORBIS GLOBAL EQUITY FUND**

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.



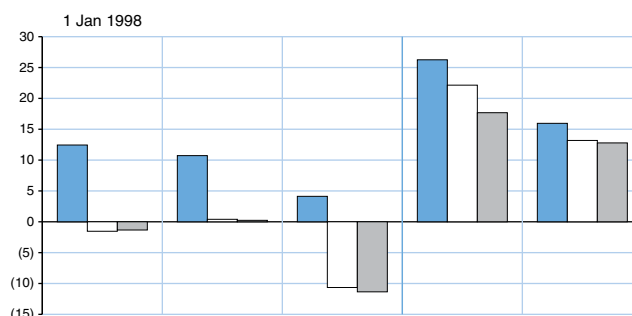
**ORBIS AFRICA EQUITY (RAND) FUND**

This Fund invests in African, usually South African, equities. The Fund's Benchmark is the 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 FUND**

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



Orbis Fund      Benchmark      Average Fund

"Average Fund" is the Average Global Equity Fund or the Average Japan Equity Fund, as applicable. Average Fund source: Standard & Poor's sector index return. Orbis Africa is not compared with other South Africa funds because its sector comprises no other funds. Orbis Japan Equity Fund is the Yen Class of the Japan Equity Fund of the Orbis SICAV. Prior to 29 November 2002, this Fund was a B.V.I. company, Orbis Japan Equity (Yen) Fund Limited. The Orbis Japan (US\$) Fund and the Euro Class of the Japan Equity Fund of the Orbis SICAV are based on the same equity portfolio as the Orbis Japan Equity Fund and therefore are not shown separately above. Total rate of return on each graph is in the Orbis Fund's base currency.

Only Orbis SICAV is admitted for public marketing in Luxembourg

## ORBIS GLOBAL EQUITY FUND AT 30 SEPTEMBER 2003

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2003 to Date	Latest Quarter
		5 Years	3 Years		
<b>Orbis Global Equity</b>	<b>13.5</b>	<b>15.6</b>	<b>13.2</b>	<b>25.4</b>	<b>9.0</b>
World Index	5.5	1.6	(9.2)	17.2	5.2
Average Global Equity Fund	4.4	0.4	(10.2)	16.2	6.2

Orbis Global's share price rose 9% and reached a new all-time high in the third quarter. Over the 3-½ year bear market in global equities, the Fund has gained 45% while the benchmark World Index has declined by 30%. While this is a dramatic illustration of the strength of the Fund's investment approach, we hasten to point out that the last 3-½ years have been a period of extraordinary opportunity for those following this approach. The spectacular decline in the price of highly popular shares with lofty valuations that used to dominate the market has dragged down the index, giving other formerly out-of-favour stocks an easy benchmark to beat. The extent of the divergence in the returns between the winning and losing stocks in the last 3-½ years has also been unusually large.

This environment provided Orbis Global with an unprecedented opportunity to outperform the benchmark World Index. We therefore stress that judging the Fund's prospects based on the past few years is as misleading as judging it based on the immediately preceding years, in which the Fund underperformed its benchmark. The abnormally large discrepancy in valuations within the market in early 2000 has now dissipated to what we believe is a more normal level. For this reason, our view of the Fund's ability to outperform the World Index from here is much closer to its track record since inception than it is to the Fund's experience over the last three or five years.

Despite the more rational market environment, one holding on which we failed to realise the full investment potential for Members was Clayton Homes, the Fund's largest holding as it entered 2003. As detailed in the Fund's 2002 third quarter report, we were very enthusiastic for the Fund to own Clayton Homes, a company we had studied for a while and whose share price had fallen significantly over the prior few months. Early this year, Clayton Homes was subject to a cash merger offer by Berkshire Hathaway, the company headed by Warren Buffett. Being an astute investor, Warren Buffett made a take-it-or-leave-it offer directly to Clayton Homes' CEO when the company was at its most vulnerable, conditional on the company not exploring alternative offers. This allowed Berkshire Hathaway to offer only a small premium to the then prevailing market price, substantially below what we considered to be the intrinsic value of the business. Despite significant resistance from independent shareholders and with less than one third of independent shareholders voting in favour, management eventually secured approval for the deal by a narrow margin. The Fund received the cash proceeds for its holdings on 29 September resulting in the 5% cash position shown opposite. While we are disappointed the Fund was forced to sell its shares in Clayton Homes at only \$12.50 per share, we believe we have learnt some lessons that we hope will reduce the probability of a similar occurrence in the future.

*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 2003

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity	Market Value US\$ 000's	Fund's % Equities	Exposure to Currencies	% of World Index
<b>Europe</b>		<b>31</b>	<b>27</b>	<b>27</b>
Bayerische Hypo-und Vereinsbank	70,920	4		
Berkeley Group	62,848	3		
RMC Group	47,996	3		
Scottish & Newcastle	43,693	2		
Karstadtquelle	42,127	2		
Douglas Holding	40,004	2		
Royal & Sun Alliance Insurance	39,542	2		
WH Smith	34,010	2		
Oce	33,825	2		
Cable & Wireless	29,715	2		
International Power	27,453	2		
Associated British Foods	22,290	1		
Hornbach Holding - Preference	21,930	1		
Positions less than 1%	61,260	3		
<b>Japan</b>		<b>25</b>	<b>14</b>	<b>9</b>
Pioneer	85,103	5		
Yamada Denki	82,702	4		
Toyota Motor	61,632	3		
Honda Motor	52,859	3		
Nippon Television Network	37,838	2		
Mitsubishi Tokyo Financial	35,290	2		
Millea Holdings	35,083	2		
Shimachu	21,450	1		
Positions less than 1%	60,225	3		
<b>United States</b>		<b>24</b>	<b>39</b>	<b>55</b>
General Motors - H	52,375	3		
Liberty Media - A	46,919	3		
HCA	44,394	2		
Copart	43,354	2		
Carnival	35,848	2		
Loews	33,160	2		
Triad Hospitals	29,523	2		
Trinity Industries	27,892	2		
AVX	27,043	1		
AT&T Wireless Services	26,300	1		
Positions less than 1%	78,634	4		
<b>Emerging Markets</b>		<b>15</b>	<b>5</b>	<b>7</b>
Samsung Electronics - Preference	95,975	5		
Sasol	62,785	3		
Samsung SDI - Preference and Common	54,303	3		
Avgold	20,782	1		
Anglogold	20,183	1		
Positions less than 1%	34,878	2		
<b>Canada</b>		-	<b>15</b>	<b>2</b>
Cash Proceeds - Clayton Homes	84,000	5		
Other Net Current Assets	3,393	-		
<b>Net Assets</b>	<b>1,871,536</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$ 57.22</b>		32,710,260 shares issued	

## ORBIS AFRICA EQUITY (RAND) FUND AT 30 SEPTEMBER 2003

Total Rate of Return in South African rand:	From Inception on 30 Jun 1998	Latest		2003 to Date	Latest Quarter
		5 Years	3 Years		
	% Annualised			% Not Annualised	
<b>Orbis Africa Equity</b>	<b>36.6</b>	<b>38.1</b>	<b>26.4</b>	<b>9.1</b>	<b>10.9</b>
JSE Index	8.6	15.2	6.0	(0.9)	7.9
% appreciation of the rand versus the US dollar	(2.8)	(3.1)	1.4	23.7	8.3

*Note: Orbis Africa Equity is not compared with the offshore sector index for South Africa funds because the sector comprises no other funds.*

The Fund rose by 10.9% in the third quarter, helped by the JSE Index's 7.9% rise. The rand's strength continued to dominate the local investment climate and there was only one significant shift in the Fund in the quarter, a 5% position in the MTN Group, which we discuss below.

Doing business in Africa can be difficult. Companies have to adapt to unstable political conditions, undeveloped infrastructures and different consumer preferences and needs. This often hampers the efforts of companies that enter African markets having done well in their domestic western markets. But it also provides great opportunities for companies that understand the African market because of local knowledge. The MTN Group is just such a company.

MTN is the second largest mobile phone operator in South Africa, a mature market with low growth but which generates high levels of free cash flow as its capital expenditure needs are small. Using its local knowledge and the free cash flow generated from its South African business, MTN has managed to establish strong positions in a number of other African countries. Four countries in which MTN has a more than 50% market share are Cameroon, Uganda, Rwanda and Nigeria. Nigeria, by far the largest market of the four, serves as a good example of the challenges of operating in Africa and MTN's competitive advantages.

Rolling out a network in Nigeria is not easy. Base stations have to be protected and often need their own electricity generator given the uncertain power supply. In fact, of the four companies that were awarded licenses in Nigeria, only MTN has managed to roll out a substantial network. But this difficulty also creates opportunity.

MTN has gained a 59% market share and is growing rapidly. Phone usage by customers is high, at least partly due to the unreliability of the fixed line networks. Given the limited competition, pricing is strong. In the last financial year, MTN's Nigerian operations swung from a loss of R262m to a profit of R1,146m – huge when one considers that MTN's entire market cap is currently only R36 billion. This year, profits will expand rapidly again and will soon reach the point where cash flow from the operations starts to exceed the capital demands of the network roll-out. Growth can continue for many years given that the mobile phone network covered only 38% of the population in March 2003.

Companies such as MTN with strong cash flow, little debt, dominant market positions and strong growth prospects are rare and often trade at very expensive prices. Yet even after a recent 50% increase in price, MTN is still trading on less than 10 times the company's earnings this year. That gives the potential of not only strong growth in earnings, but also a re-rating of those earnings should more investors recognise the opportunity.

*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 2003

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value R 000's	% of Fund	% of JSE Index
<b>Industrial and Cyclical Services</b>		<b>38</b>	<b>21</b>
Kersaf Investments	57,908	7	
Woolworths Holdings	35,460	4	
Allied Electronics - Preference and Common	31,263	4	
Foschini	25,754	3	
Comparex Holdings	22,337	2	
New Clicks Holdings	19,403	2	
Johnnic Communications	18,536	2	
Primedia - 'N' and Common	17,693	2	
Sun International	14,014	2	
Dimension Data Holdings	11,523	1	
Naspers	11,442	1	
New Africa Investments- 'N'	10,588	1	
FrontRange	10,462	1	
Mr Price Group	9,456	1	
Adcorp Holdings	9,442	1	
Rebserve Holdings	9,418	1	
Positions less than 1%	23,462	3	
<b>Resources</b>		<b>33</b>	<b>45</b>
Anglovaal Mining	57,046	7	
Avgold	55,549	6	
Sasol	52,882	6	
Western Areas	52,427	6	
Anglo American	41,149	5	
Northam Platinum	20,202	2	
Anglogold	9,469	1	
Positions less than 1%	1,580	-	
<b>Non-Cyclicals</b>		<b>15</b>	<b>11</b>
MTN Group	46,407	5	
Tiger Brands	41,460	5	
Shoprite Holdings	16,735	2	
Aspen Pharmacare Holdings	12,425	1	
Afrox Healthcare	9,482	1	
Illovo Sugar	9,159	1	
<b>Financials</b>		<b>13</b>	<b>23</b>
Standard Bank Investment	40,509	5	
Investec	27,973	3	
Real Africa Holdings	17,359	2	
Coronation Fund Managers	15,239	2	
Venfin	11,924	1	
<b>Net Current Assets</b>	<b>8,976</b>	<b>1</b>	
<b>Net Assets</b> (Currency exposure 100% rand)	<b>886,113</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>R 242.88</b>	3,648,349 shares issued	

## JAPAN EQUITY FUND AT 30 SEPTEMBER 2003

Total Rate of Return	From Inception		Latest		2003 to Date	Latest Quarter
	on 1 Jan 1998	% Annualised		5 Years		
<b>Yen Class*</b>	<b>12.4</b>	<b>10.7</b>	<b>4.1</b>	<b>26.3</b>	<b>16.0</b>	
TOPIX	(1.5)	0.4	(10.7)	22.1	13.2	
Average Japan Equity Fund	(1.3)	0.1	(11.4)	17.7	12.8	
% appreciation of the yen versus the US dollar	2.8	4.2	(1.0)	6.5	7.4	
<b>Euro Class</b> (launched 1 Jan 2003)				<b>28.3</b>	<b>16.8</b>	
TOPIX Hedged into euro				24.5	13.8	
% appreciation of the euro versus the US dollar				11.1	1.3	

\* Prior to 29 November 2002 this was Orbis Japan Equity (Yen) Fund Limited

The yen class of the Fund appreciated 16.0% during the quarter ended 30 September 2003 while the TOPIX rose 13.2%. For the year-to-date, the Fund's yen class has risen 26.3% while the TOPIX rose 22.1% and the Average Japan Equity Fund 17.7%.

The 7.4% appreciation of the yen against the U.S. dollar was undoubtedly the feature of the quarter, crystallised by the G7 proclamation that "... more flexibility in exchange rates is desirable for major countries or economic areas to promote smooth and widespread adjustments in the international financial system, based on market mechanisms." The "economic areas" clearly refer to those in the Asia Pacific region, and the "adjustments" the reduction in the U.S. trade deficit. It seems clear that the U.S. wishes to reduce its trade deficit through a weaker dollar rather than through a weaker U.S. economy reducing imports.

So far the stronger yen has had little impact on the level of the TOPIX and much more on shifts within the stockmarket. Leadership has swung sharply from the yen sensitive exporters such as electrical machinery and autos towards domestically oriented shares. Financials were prime beneficiaries with all four of the top contributors to the Fund's return for the quarter being financial shares. The Fund's overweight position in financials, as shown opposite, stood it in good stead.

In our June 2003 quarterly report, we mentioned that the intervention of the Bank of Japan on behalf of the Ministry of Finance in selling yen to prevent the currency appreciating was having a stimulatory effect on the Japanese economy and stockmarket. The G7 pronouncement does not preclude the Japanese from taking steps to "smooth" the yen appreciation and Japan spent no less than \$40.6 billion in the four weeks to 26 September 2003, and \$121.1 billion since 2 January 2003, to devalue the yen. Printing money on this scale increases the money supply, helps end deflation in Japan, and, we believe, contributes to the boom in the TOPIX.

This year the Fund's yen class has risen 41.8% from its "valuation day" low on 13 March to its high on 18 September, slightly outpacing the 39.2% appreciation of the TOPIX including income. It would be misleading to give the impression that some of these gains could not be surrendered. Nevertheless, we believe the TOPIX has entered a bull market and has only completed the first stage of a classic stockmarket advance. It is notable that the share price of the Fund's yen class reached a new all time high on 18 September. An investment in the TOPIX or the Average Japan Equity Fund at the Fund's inception on 1 January 1998 would now be worth less than half as much as an equivalent investment in the Fund.

*DIRECTORS* Allan W B Gray, Chairman Germain Birgen John C R Collis William B Gray David T Smith Jean-Claude Stoffel

**MANAGER**

Orbis Investment Management (B.V.I.) Limited

**INVESTMENT ADVISOR**

Orbis Investment Management Limited

**CUSTODIAN**

State Street Bank Luxembourg S.A.

## JAPAN EQUITY FUND AT 30 SEPTEMBER 2003

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value ¥ 000's	% of Fund	% of TOPIX
<b>Cyclicals</b>		<b>27</b>	<b>37</b>
Toyota Motor	6,487,840	5	
Honda Motor	6,312,534	5	
Toyota Industries	4,964,610	3	
Daito Trust Construction	4,647,247	3	
Mitsubishi Logistics	3,689,406	3	
Sankyo (machinery)	3,243,292	2	
Toppan Printing	2,362,365	2	
Okumura	1,740,227	1	
Positions less than 1%	4,596,601	3	
<b>Consumer Non-Durables</b>		<b>21</b>	<b>17</b>
Yamada Denki	8,134,500	6	
Secom	5,537,700	4	
Taisho Pharmaceutical	4,012,988	3	
Shimachu	3,912,300	3	
Yoshinoya D&C	2,827,440	2	
Positions less than 1%	4,957,411	3	
<b>Financials</b>		<b>21</b>	<b>15</b>
Mitsubishi Tokyo Financial	8,362,710	6	
Nikko Cordial	6,253,632	5	
Mitsubishi Securities	5,310,279	4	
Mitsui Sumitomo Insurance	3,446,940	2	
Millea Holdings	2,674,980	2	
Japan Securities Finance	2,443,988	2	
Positions less than 1%	788,800	-	
<b>Technology</b>		<b>17</b>	<b>17</b>
Pioneer	7,089,737	5	
Canon	6,797,700	5	
Mitsumi Electric	3,309,875	2	
Citizen Watch	2,118,447	2	
TDK	1,501,032	1	
Nichicon	1,459,220	1	
Positions less than 1%	1,003,104	1	
<b>Communications and Utilities</b>		<b>14</b>	<b>14</b>
Fuji Television Network	6,235,345	5	
Nippon Television Network	6,118,840	4	
NTT DoCoMo	4,548,180	3	
Nippon Telegraph & Telephone	1,898,512	1	
TV Asahi	1,517,656	1	
<b>Net Current Assets</b>	708,380	-	
<b>Net Assets</b>	<b>141,013,818</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>			
<b>Yen Class</b> (Currency exposure 100% yen)	<b>¥ 1,962</b>	68,157,567 shares issued	
<b>Euro Class</b> (Currency exposure 100% euro)	<b>€ 12.83</b>	4,358,719 shares issued	

## ORBIS JAPAN EQUITY (US\$) FUND AT 30 SEPTEMBER 2003

Total Rate of Return in US dollars:	From Inception	Latest		2003 to Date	Latest Quarter
	on 12 Jun 1998	5 Years	3 Years		
	% Annualised			% Not Annualised	
<b>Orbis Japan Equity (US\$)</b>	<b>12.2</b>	<b>14.7</b>	<b>6.9</b>	<b>26.5</b>	<b>16.0</b>
TOPIX Hedged into US dollars	2.0	4.4	(8.1)	23.4	13.5
% appreciation of the US dollar versus the yen	(4.7)	(4.0)	1.0	(6.1)	(6.9)

Orbis Japan Equity (US\$) was formed to serve investors who wish to invest in Japanese equities while remaining exposed to the dollar. As shown in the Statement of Net Assets below, the Fund's entire equity exposure comprises shares in the Luxembourg domiciled Orbis SICAV - Japan Equity Fund - Yen Class. Given this, we refer regular readers to the Orbis SICAV - Japan Equity Fund report on page 6. A further difference between the Funds is that the US\$ Fund is Bermuda domiciled and regulated whereas the Orbis SICAV is Luxembourg based and regulated. First time readers may find it informative to also read the text in italics below.

*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 SICAV - Japan Equity Fund - Yen Class when their returns are likewise expressed in dollars. The returns on Orbis Japan Equity (US\$) in dollars approximate those on the Orbis SICAV - Japan Equity Fund - Yen Class 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 SICAV - Japan Equity Fund - Yen Class</b>	141,174	99
Net Current Assets	780	1
<b>Net Assets</b>	<b>141,954</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$ 18.41</b>	7,709,694 shares issued

### DEPLOYMENT

		% of Fund
<b>Stockmarket exposure</b>	Japan	<b>99</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





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