

QUARTERLY  
**REPORTS**  
30 SEPTEMBER 2004



ORBIS GLOBAL

ORBIS AFRICA

ORBIS JAPAN

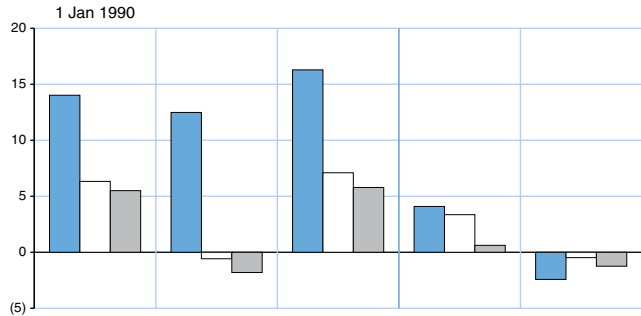
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## TOTAL RATE OF RETURN

**From** **Latest** **2004** **Latest**  
**Inception on** **5 Years** **3 Years** **to Date** **Quarter**  
 % Annualised % Not Annualised

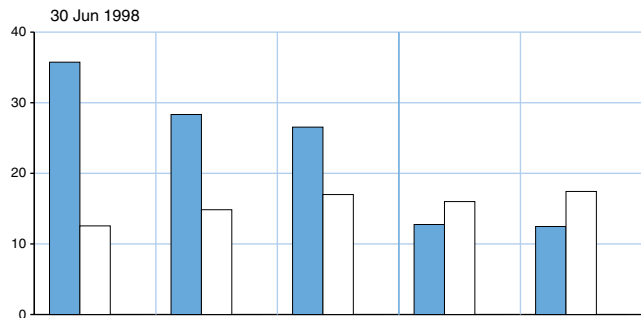
### ORBIS GLOBAL EQUITY FUND

This Fund invests in equities 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.



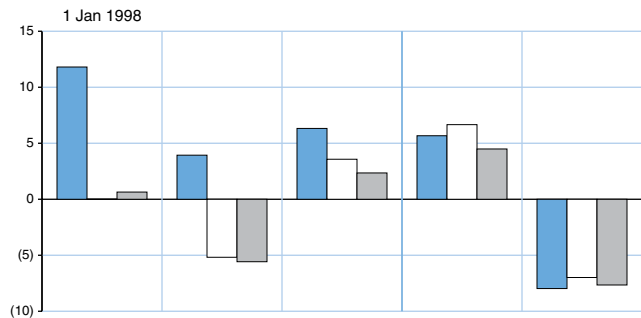
### ORBIS AFRICA EQUITY (RAND) FUND

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 in Sector

*Average Fund source: Standard & Poor's sector index return. Orbis Africa is not compared with other South Africa funds because its sector includes no other funds. Orbis Japan Equity Fund is the Yen Class of the Japan Equity Fund of the Orbis SICAV. 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 2004

Total Rate of Return in US dollars:	From Inception on 1 Jan 1990	Latest		2004 to Date	Latest Quarter
		5 Years % Annualised	3 Years		
<b>Orbis Global Equity</b>	<b>14.0</b>	<b>12.5</b>	<b>16.3</b>	<b>4.1</b>	<b>(2.4)</b>
World Index	6.3	(0.6)	7.1	3.4	(0.5)
Average Global Equity Fund	5.5	(1.8)	5.8	0.6	(1.2)

We discussed in the 2002 Annual Report how a consistent application of the Fund's investment philosophy will lead its portfolio to emphasise different types of companies over time as the opportunities presented by the market shift. Such a shift has taken place over the past few years as illustrated in the table below. Most notable is the extent to which the disparities in valuations within the market in March 2000 have narrowed. Between 2000 and today, the valuation of the most expensive companies has fallen considerably, driving a significant shrinking of the range of valuation within the market. For example, while the most highly valued 20% of companies in the World Index had a price/net book value of over 10.6 in March 2000, that number has subsequently shrunk to 8.8 while that measure for the median and cheapest 20% of companies has not changed significantly. A similar result can be seen in the shift in price to earnings ratios.

Source: Orbis estimates	Price / Net book value		Price / Last year's earnings	
	Mar 2000	Sep 2004	Mar 2000	Sep 2004
Top 20%	10.6	8.8	106	39
Median	2.7	2.8	25	20
Bottom 20%	1.2	1.4	12	13

The extent of valuation disparities in the market in early 2000 caused the Fund to be highly concentrated in the shares of cheap out-of-favour companies resulting in a portfolio with a very different composition from the World Index. Given the subsequent shift in relative valuations, one would expect a portfolio invested in the most attractive value, wherever it may present itself, to have shifted its composition and become more balanced versus the Index. In fact, as shown below, the portfolio's weighted average price/net book value and price/last year's earnings ratios have both risen noticeably since March 2000 and the portfolio's historical earnings growth rate has risen from being below to more in line with that of the Index. Despite the shrinking valuation gap between the Fund and the Index, the table below shows the Fund's portfolio remains valued at a significant discount to the Index while having experienced a similar historical growth rate in business fundamentals. This supports our view that the Fund has increased its exposure to quality companies with superior fundamentals that are selling on average at a discount to the Index.

Source: Orbis estimates *based on data going back up to 30 years	Mar 2000		Sep 2004	
	Orbis Global	World Index	Orbis Global	World Index
Price / Net book value	1.3	4.6	1.8	3.8
Price / Last year's earnings	13	>28	15	20
Historical book value growth* (%)	9	9	9	10
Historical earnings growth* (%)	11	16	12	12

While the Fund's portfolio is still more attractively valued than the average equity, it is not as attractively valued in absolute terms as it was in March 2000. Despite that, continued cash offers for some of the companies in the portfolio are a sign that they are still attractively valued relative to cash. In fact, the 2% cash position shown opposite is the result of one of the Fund's holdings, RMC Group, being sold after a cash offer was made for the company.

*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 2004

## STATEMENT OF NET ASSETS (UNAUDITED)

Equity	Market Value US\$ 000's	Fund's % Equities	Exposure to Currencies	% of World Index
<b>Europe</b>		<b>29</b>	<b>23</b>	<b>29</b>
Bayerische Hypo-und Vereinsbank	168,997	4		
Hypo Real Estate	162,163	4		
Berkeley Group	150,179	4		
International Power	107,591	3		
DSM	75,716	2		
Hagemeyer - Common and Convertible bonds	72,084	2		
Douglas Holding	63,428	2		
Scottish & Newcastle	62,045	1		
Oce	55,325	1		
Royal & Sun Alliance Insurance	55,260	1		
WH Smith	46,260	1		
Associated British Foods	44,444	1		
Tesco	42,830	1		
Cable & Wireless	42,404	1		
Positions less than 1%	56,165	1		
<b>United States</b>		<b>27</b>	<b>42</b>	<b>52</b>
NRG Energy	127,305	3		
Comcast - A	100,034	2		
Liberty Media International - A	92,828	2		
First Data	83,868	2		
Costco	81,873	2		
Triad Hospitals	79,591	2		
Health Management Associates	77,146	2		
Reliant Energy	74,370	2		
McKesson	65,783	2		
DIRECTV	64,291	2		
Liberty Media - A	61,289	1		
HCA	46,772	1		
Positions less than 1%	159,351	4		
<b>Japan</b>		<b>24</b>	<b>24</b>	<b>9</b>
Mitsubishi Tokyo Financial	160,427	4		
Daito Trust Construction	99,323	3		
Secom	74,744	2		
Yamada Denki	67,116	2		
Fuji Television Network	66,028	2		
Toppan Printing	58,779	1		
Takeda Pharmaceutical	58,128	1		
Toyota Motor	57,442	1		
Toyota Industries	53,570	1		
Dai Nippon Printing	51,851	1		
Nippon Television Network	49,436	1		
Honda Motor	47,000	1		
Positions less than 1%	168,672	4		
<b>Emerging Markets and Other</b>		<b>18</b>	<b>11</b>	<b>10</b>
Samsung Electronics - Preference and Common	197,400	5		
Sasol	159,198	4		
Samsung SDI - Common and Preference	118,627	3		
Kangwon Land	70,484	2		
AngloGold Ashanti - ADR and Common	42,063	1		
Positions less than 1%	148,450	3		
<b>Net Current Assets</b>	84,563	<b>2</b>		
<b>Net Assets</b>	<b>4,152,693</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$ 69.21</b>		60,001,931 shares issued	

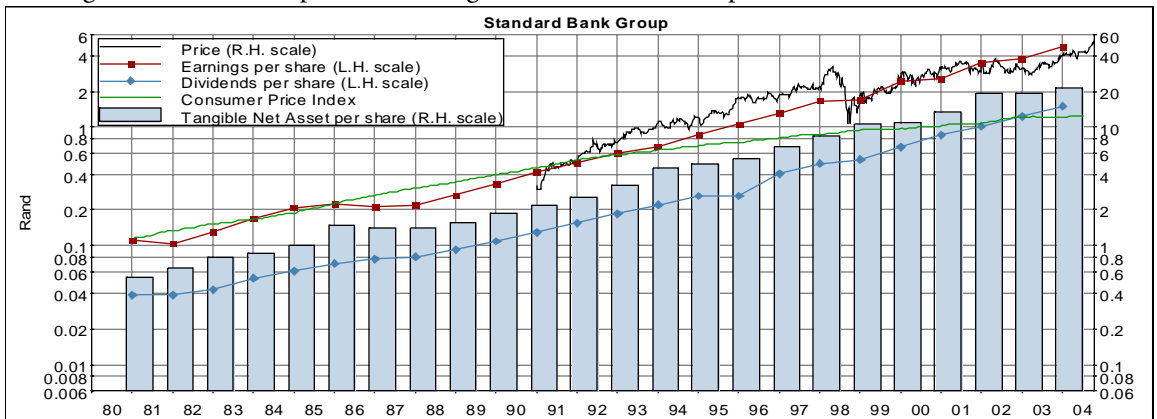
# ORBIS AFRICA EQUITY (RAND) FUND AT 30 SEPTEMBER 2004

Total Rate of Return in South African rand:	From Inception	Latest		2004	Latest
	on 30 Jun 1998	5 Years	3 Years	to Date	Quarter
	% Annualised				
<b>Orbis Africa Equity</b>	<b>35.7</b>	<b>28.3</b>	<b>26.5</b>	<b>12.8</b>	<b>12.5</b>
JSE Index	12.6	14.8	17.0	16.0	17.4
% appreciation of the rand versus the US dollar					
	(1.2)	(1.4)	11.8	3.6	(4.6)

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

The Fund's biggest purchases over the past year have been of bank shares, leading to a doubling in the Fund's exposure to banks during 2004. This is the highest weighting in bank shares the Fund has had since it was launched in 1998.

The chart below for Standard Bank Group ("Standard"), South Africa's largest bank, summarises some of the key business fundamentals of a company – in this case Tangible Net Asset Value, Earnings and Dividends per share – together with the share price.



As one can see from the chart, Standard has had a great operating history. All operating variables have shown consistent, real increases over time. Importantly this growth has been organic and funded internally. The bank has maintained a strong balance sheet and has issued few shares. Return on capital has averaged over 20% over the past two decades. Any retentions (earnings not paid out as dividends) have found their way into increases in tangible assets – an important consideration in these days of frequent adventurous accounting.

In the mid-1990s these positive aspects of Standard (and other banks) were well recognised by the market. The price (black line) moved well above the fundamentals peaking just about the time of the Fund's launch in 1998. Over the next six years, Standard managed to more than double its asset value while earnings and dividends tripled. Yet a year ago, the share price was no higher than its prior peak. This gave us the opportunity to buy a quality operation at a decent price. We believe the current strong fundamentals will continue and see earnings increases of 15% to 20% for a number of years. After a number of South African banks ran into trouble recently, competition has decreased and pressure on margins has eased. In addition, South Africans have low levels of borrowings and house prices only recently started to increase significantly. More recently, bank share prices have jumped after an announcement by Barclays Bank of the UK that it is considering a takeover of ABSA Group, another bank held in the Fund.

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

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Allan Gray Limited

**CUSTODIAN**  
The Bank of Bermuda Limited

# ORBIS AFRICA EQUITY (RAND) FUND AT 30 SEPTEMBER 2004

## STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value R 000's	% of Fund	% of JSE Index
<b>Resources</b>		<b>32</b>	<b>40</b>
Sasol	127,598	9	
Harmony Gold Mining	87,353	6	
African Rainbow Minerals	52,826	4	
AngloGold Ashanti - Common and ADR	50,122	4	
Anglo American	44,100	3	
Western Areas	29,191	2	
Northam Platinum	26,526	2	
Banro	20,079	2	
Positions less than 1%	714	-	
<b>Industrial and Cyclical Services</b>		<b>28</b>	<b>21</b>
Sun International	72,175	5	
Allied Electronics - Preference and Common	34,402	2	
FrontRange	28,991	2	
Johnnic Communications	28,152	2	
Naspers	27,189	2	
Remgro	23,645	2	
Nampak	22,628	2	
New Clicks Holdings	22,480	2	
Woolworths Holdings	22,228	2	
Net1 UEPS Technologies	20,863	2	
Primedia - 'N' and Common	18,849	1	
Adcorp Holdings	17,683	1	
Positions less than 1%	36,159	3	
<b>Financials</b>		<b>22</b>	<b>25</b>
Standard Bank Group	74,253	6	
RMB Holdings	43,225	3	
FirstRand	43,115	3	
Investec - Plc and Group	28,308	2	
ABSA Group	27,778	2	
Nedcor	23,265	2	
Real Africa Holdings	21,609	2	
Coronation Fund Managers	18,913	1	
VenFin	15,106	1	
<b>Non-Cyclicals</b>		<b>17</b>	<b>14</b>
Tiger Brands	79,879	6	
MTN Group	70,682	5	
Aspen Pharmacare Holdings	27,938	2	
Shoprite Holdings	22,386	2	
Illovo Sugar	15,260	1	
Positions less than 1%	9,884	1	
<b>Net Current Assets</b>	<b>16,053</b>	<b>1</b>	
<b>Net Assets</b>	<b>1,351,607</b>	<b>100</b>	<b>100</b>
<i>(Currency exposure 98% rand, 2% Canadian dollar)</i>			
<b>Net Asset Value per Share</b>	<b>R 311.84</b>	4,334,235 shares issued	

## JAPAN EQUITY FUND AT 30 SEPTEMBER 2004

Total Rate of Return	From Inception	Latest		2004 to Date	Latest Quarter
		5 Years % Annualised	3 Years		
<b>Yen Class</b> (launched 1 Jan 1998)*	<b>11.8</b>	<b>3.9</b>	<b>6.3</b>	<b>5.7</b>	<b>(8.0)</b>
TOPIX	0.0	(5.2)	3.6	6.7	(7.0)
Average Japan Equity Fund	0.6	(5.6)	2.3	4.5	(7.7)
% appreciation of the yen versus the US dollar	2.6	(0.7)	2.8	(2.4)	(1.1)
<b>Euro Class</b> (launched 1 Jan 2003)	<b>22.2</b>			<b>7.7</b>	<b>(7.3)</b>
TOPIX Hedged into euro	21.1			8.4	(6.5)
% appreciation of the euro versus the US dollar	10.2			(1.2)	2.0

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

In both the latest quarter and for 2004 to date, the Fund underperformed the TOPIX. This inevitably occurs from time to time in any equity portfolio that seeks long-term outperformance by investing in shares judged to be underpriced and which therefore differs materially from the benchmark, which is representative of the overall stockmarket. While little has changed for the Japanese economy's long-term prospects, investor expectations for the economy were reduced during the past quarter. Corporate profits continued to be strong as labour costs per unit of output fell a remarkable 6%, spurred by a 5% rise in labour productivity. Modest deflation continued. The TOPIX and the Fund declined 7.0% and 8.0%, respectively, even as yields on 10-year Japanese Government Bonds ("JGBs") declined from 1.79% to 1.45% pa.

Toyota Industries ("TI") is an example of the investment opportunities that we continue to identify in Japan. At 31 March 2004 (the date of TI's most recent financial statements), each TI share sold for ¥2475 and was backed by tangible net assets of ¥2887. ¥2332 of this represented marketable securities, primarily shares in Toyota Motor ("TM") and its related companies. The market value of these securities was ¥3448 per TI share, before deducting ¥1116 for unrealised capital gains taxes, which TI is unlikely to incur as it is not expected to sell these holdings. The remaining tangible net assets of ¥555 per TI share support TI's global leadership in compressors for auto air conditioners and in materials handling equipment which, inter alia, produced ¥78 per share in earnings last year, a 14.0% pa after tax return. Thus each share of TI, selling for ¥2475, was backed by assets of ¥4003. At 30 September, TI represented even better value with its share price stagnating at ¥2505 while the prices of underlying investments rose from 31 March.

Almost all analysts report a historical price/earnings ratio for TI of 22.9. However, reported earnings include only the ¥45 dividend and not the ¥349 earnings per share on TM shares. If the retained earnings of TM and related companies attributable to TI shares were included, the PE ratio for TI declines to 7.6. Shares of TM are attractive in their own right. Soaring gasoline prices are helping sales of fuel efficient Toyota cars, particularly the gas-electric hybrid Prius, for which TI is the sole supplier of the patented DC-DC converter and the electric compressor for its air conditioners. TM earned a 14.2% pa return on shareholders' equity and its shares sell for 1.7 times net assets. With an earnings yield of 8.3% and dividend yield of 1.1% pa, TM shares are a compelling long-term investment relative to the 1.45% pa yield on 10-year JGBs. In our opinion, while TM shares are attractive, those of TI are startlingly attractive, especially as our research leads us to expect its earnings growth to outperform that of TM over the next two years.

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**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 2004

### STATEMENT OF NET ASSETS (UNAUDITED)

Equity (Ranked by sector)	Market Value ¥ 000's	% of Fund	% of TOPIX
<b>Cyclicals</b>		<b>48</b>	<b>38</b>
Daito Trust Construction	11,146,878	6	
Toyota Industries	10,259,979	6	
Sankyo (machinery)	8,581,680	5	
Dai Nippon Printing	7,119,420	4	
Nintendo	7,118,788	4	
Toppan Printing	6,703,281	4	
Honda Motor	6,500,382	4	
Mitsubishi Logistics	5,806,064	4	
Maruichi Steel Tube	3,879,927	2	
Toyota Motor	3,077,224	2	
Heiwa	2,818,116	2	
Toda	2,415,556	1	
Okumura	2,056,500	1	
Nippon Oil	1,742,365	1	
Positions less than 1%	3,014,428	2	
<b>Consumer Non-Durables</b>		<b>22</b>	<b>18</b>
Secom	8,456,640	5	
Yamada Denki	6,708,140	4	
Shimachu	6,198,332	4	
Canon Sales	5,513,568	3	
Sundrug	3,862,152	2	
Tsuruha	2,429,620	1	
Aoki International	2,116,057	1	
Positions less than 1%	3,203,522	2	
<b>Financials</b>		<b>14</b>	<b>16</b>
Mitsubishi Tokyo Financial	10,165,978	6	
Nikko Cordial	5,033,667	3	
Nomura Holdings	4,478,475	2	
Sumitomo Trust & Banking	2,950,952	2	
Sumitomo Mitsui Financial Group	1,776,600	1	
<b>Communications and Utilities</b>		<b>9</b>	<b>13</b>
Fuji Television Network	7,302,624	4	
Nippon Television Network	6,830,600	4	
TV Asahi	2,056,260	1	
<b>Technology</b>		<b>7</b>	<b>15</b>
Citizen Watch	5,732,727	4	
Canon	5,160,834	3	
Positions less than 1%	454,308	-	
<b>Net Current Assets</b>	836,943	-	
<b>Net Assets</b>	<b>173,508,587</b>	<b>100</b>	<b>100</b>
<b>Net Asset Value per Share</b>			
<b>Yen Class</b> (Currency exposure 100% yen)	<b>¥ 2,124</b>	78,160,153 shares issued	
<b>Euro Class</b> (Currency exposure 100% euro)	<b>€ 14.20</b>	3,859,200 shares issued	

## ORBIS JAPAN EQUITY (US\$) FUND AT 30 SEPTEMBER 2004

Total Rate of Return in US dollars:	From Inception	Latest		2004 to Date	Latest Quarter
	on 12 Jun 1998	5 Years	3 Years		
		% Annualised			
<b>Orbis Japan Equity (US\$)</b>	<b>11.9</b>	<b>7.2</b>	<b>8.0</b>	<b>7.1</b>	<b>(7.4)</b>
TOPIX Hedged	3.4	(1.9)	5.3	7.7	(6.6)
<i>% appreciation of the US dollar versus the yen</i>	<i>(4.2)</i>	<i>0.7</i>	<i>(2.7)</i>	<i>2.5</i>	<i>1.1</i>

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)

Security	Market Value US\$ 000's	% of Fund
<b>Orbis SICAV - Japan Equity Fund - Yen Class</b>	171,863	99
Net Current Assets	1,133	1
<b>Net Assets</b>	<b>172,996</b>	<b>100</b>
<b>Net Asset Value per Share</b>	<b>US\$ 20.27</b>	8,535,868 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

## 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 2003. Certification is granted retrospectively, therefore there can be no assurance that the Orbis Funds will be certified as distributing funds for fiscal 2004 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.

As a result of HSBC's acquisition of The Bank of Bermuda Limited in February 2004, the Registrar of Orbis SICAV, Bank of Bermuda (Luxembourg) S.A., has changed its name to HSBC Securities Services (Luxembourg) S.A. effective 1 October 2004. The registered address of Orbis SICAV and the Registrar has also changed to 40, avenue Monterey, L-2163 Luxembourg. Please note that Registrar's telephone numbers and SWIFT address remain the same.

*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.*

