ORBIS ABSOLUTE RETURN FUNDS

ANNUAL

REPORTS

31 DECEMBER 2012

ORBIS OPTIMAL

ORBIS LEVERAGED

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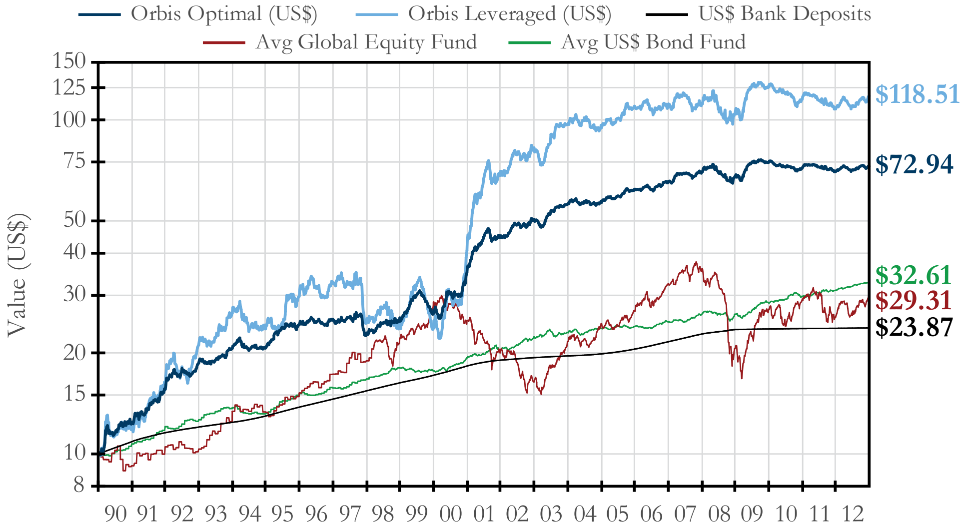
ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 DECEMBER 2012

TRACK RECORD: VALUE OF US$10 INVESTED AT INCEPTION *(DIVIDENDS REINVESTED)*



The Optimal and Leveraged (Euro) and (Yen) Funds are based on the same portfolios as the Optimal and Leveraged (US$) Funds, respectively, and are therefore not shown separately above. Average Global Equity Fund and Average US$ Bond Fund source: Morningstar, Inc.

Total Rate of Return in Fund Currency, net of fees:	**From Inception**	**Latest 20 Years**	**10 Years**	**5 Years**	**3 Years**	**1 Year**	**Quarter**
		% Annualised					*% Not Annualised*
Optimal (US$) Fund (launched 1 Jan 1990)	**9.0**	**7.0**	**3.7**	**0.9**	**(0.9)**	**3.8**	**(0.2)**
Leveraged (US$) Fund (launched 1 Jan 1990)	**11.3**	**9.0**	**3.6**	**1.2**	**(2.0)**	**9.4**	**2.2**
US$ Bank Deposits	3.9	3.5	2.1	0.8	0.2	0.2	0.1
Average Global Equity Fund	4.8	5.3	5.9	(3.9)	2.6	13.3	2.8
Average US$ Bond Fund	5.3	4.8	3.8	4.5	4.8	5.3	0.5
Optimal (Euro) Fund (launched 30 Jun 1998)	**6.4**		**2.9**	**1.5**	**(0.5)**	**2.8**	**(0.6)**
Leveraged (Euro) Fund (launched 30 Jun 1998)	**9.8**		**3.4**	**1.2**	**(2.1)**	**8.6**	**1.9**
Euro Bank Deposits	2.6		2.1	1.5	0.6	0.3	0.0
Average Global Equity Fund	0.7		3.6	(2.0)	5.4	11.1	0.1
Average Euro Bond Fund	3.6		3.2	4.0	4.1	8.6	2.0
% appreciation of the euro versus the US dollar	*1.3*		*2.3*	*(2.0)*	*(2.7)*	*1.9*	*2.7*
Optimal (Yen) Fund (launched 1 Jan 2006)	**(0.2)**			**(1.0)**	**(1.7)**	**5.3**	**1.3**
Leveraged (Yen) Fund (launched 1 Jan 2006)	**(1.1)**			**0.2**	**(2.4)**	**8.9**	**2.1**
Yen Bank Deposits	0.3			0.3	0.1	0.1	0.0
Average Global Equity Fund	(3.0)			(8.6)	0.2	27.7	14.3
Average Yen Bond Fund	1.1			1.6	2.1	5.9	1.4
% appreciation of the yen versus the US dollar	*4.5*			*5.2*	*2.3*	*(11.3)*	*(10.0)*

We invite you to visit our website, www.orbisfunds.com, where you may register online to receive regular reports on our Funds automatically by e-mail. We hope that this enables you to keep in better touch with us and with your investments.

PRESIDENT'S LETTER

Dear Member,

As a client, your job is often much tougher than ours. When picking stocks, we have the luxury of making decisions based purely on fundamentals. When choosing an investment manager, however, you are faced with the unenviable task of assessing people, and doing so with relatively little information and a lot of noisy data. The least I can do is shed some light on how we assess our own performance as investors and as a firm.

From an investment perspective, 2012 was a wholly unsatisfying year. When weighted by assets, Orbis' clients earned a return that was 0.6% ahead of the relevant benchmarks after deducting all fees, expenses and dividend withholding taxes. Our clients' weighted absolute return was 13.7%. This is the third consecutive year that relative performance has been below reasonable expectations. We simply must do better.

We have reason to be optimistic. In what has been a challenging environment for stockpickers in recent years, we are increasingly excited about the shares in your Funds. Valuation dispersions have increased noticeably of late and are now higher than normal, albeit not at extreme levels. In our experience, this has been as good a predictor of prospective long-term relative returns as any. All else being equal, greater dispersion should make it easier to find compelling value. But don't just take my word for it. This year's Annual Manager's Reports provide a great opportunity to hear firsthand about the attractiveness of some of the largest holdings in the portfolios from the analysts who are closest to them.

It is every bit as important to consider what the Funds don't own. Bubbles emerge from time to time, and avoiding exposure to them is one of the most predictable ways of achieving superior returns in the long term. The current bubble in 'low risk' assets such as cash, and particularly long-term bonds is one of the largest we have seen. Although not yet a bubble, areas of the stockmarket that are perceived to be 'safe', such as consumer staples, have also become very popular. The problem with bubbles is that they are unpredictable in both size and duration, which comes with the significant risk of shorter-term underperformance for those who seek to avoid them. We are very excited about the opportunity for the Orbis Funds to deliver value to clients over the long term by outperforming these asset classes significantly from current levels.

From an operational perspective, we reached a number of important milestones in 2012. We substantially reinforced our independent risk management, internal audit and compliance capabilities, and introduced ongoing monitoring of our key operating controls by an external auditor for the first time. While almost invisible externally, these continued operational improvements provide us with significant comfort as stewards of your capital. It can be easy to underestimate the importance of things like accurate and timely reporting, but they can provide telling insight into the strength of an internal control environment. After years of investing in our assurance capabilities, I am pleased with the results thus far, but also mindful of the need for constant vigilance on your behalf.

Of course, what matters most is where we go from here. As long-standing clients will know, periodic underperformance is a normal part of our investment approach. The magnitude of the current period of underperformance is nothing we haven't seen before, but the duration has been longer than usual. Although we know these periods are inevitable, and we try to embrace them as the price we must pay to produce superior long-term results, they are no less trying. While relative performance is notoriously difficult to predict, we are cautiously optimistic for the reasons discussed above and in this quarter's commentaries.

If I were forced to rely on a single number to assess our overall performance, it would be the gross redemption rate – the percentage of assets under management that our clients withdraw from Orbis each year. I know of no other single measure that better captures whether or not we have earned your trust and confidence. Gross redemption rates in 2012 were 12% – a positive result by industry standards. We have had the privilege of particularly steadfast clients, for which we are enormously thankful. Far from taking this for granted, we are all the more determined to excel on your behalf. You can rest assured that our feet are always to the fire, and we wouldn't have it any other way.

Yours sincerely,

William Gray

William B Gray

Hamilton, Bermuda
31 December 2012

ORBIS OPTIMAL AND ORBIS LEVERAGED AT 31 DECEMBER 2012

The fate of Continental Europe has dominated the news cycle for much of 2012. Many global investors have been reluctant to touch shares in the region simply out of fear of the unknown. In particular, the appropriate level of overall valuations in Europe remains highly uncertain. In many ways, however, your Fund is an ideal vehicle for navigating this type of environment.

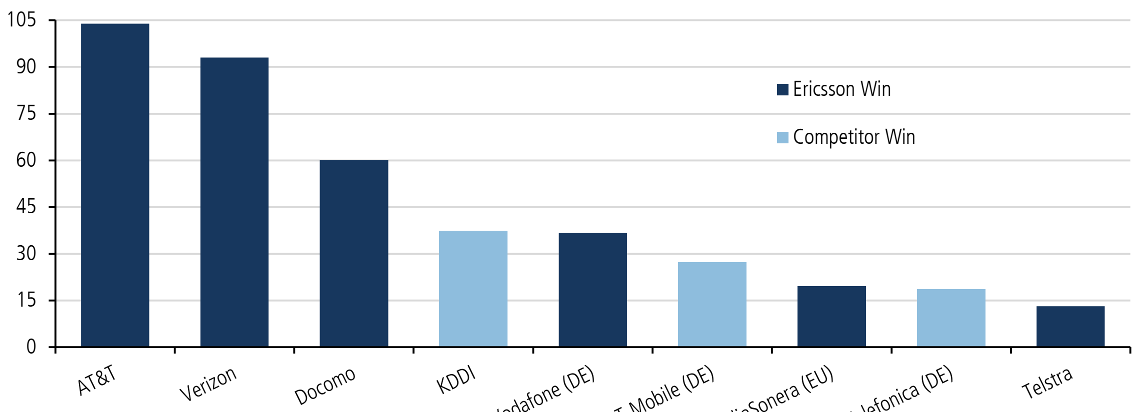
If anything, market disruption tends to increase valuation dispersion, which can create opportunities for judicious individual stock selection to generate value for our Members. By hedging most of its stockmarket exposure, Optimal can also avoid the fate of the proverbial rabbit caught in the headlights amid the risk that might otherwise come with being more broadly invested in European shares. Optimal's structure allows us to capitalise on the company-specific opportunities identified by our analysts, while avoiding much of the inherent stockmarket risk. Although we have been able to uncover a selected number of attractive shares, Optimal's Continental European equity exposure has been below that of the FTSE World Index this year.

Members may be surprised to learn that we have not found more opportunities in the chaos of the euro crisis. After all, Europe would seem to be a prime hunting ground for contrarian investors like us. It is important to remember that our stockpicking process is guided by the old investing maxim: 'the first rule of making money is to not lose money'. The reality is that many European companies entered the euro crisis with excessive financial leverage. We prefer to focus on investment ideas where we believe that a company's prospects are likely to be positive and sustainable over the long term, based purely on their own merits and the fundamental economics of the business. We do not want to simply count on politicians or bureaucrats promising to 'do whatever it takes' to preserve the euro.

Telefonaktiebolaget LM Ericsson (Ericsson), Optimal's second-largest holding and one that has been in the portfolio since 2008, is an example of one of the stocks in Europe that we believe is a compelling opportunity in both an absolute and relative sense. Famous for its square and unattractive mobile phones at the time of the tech bubble, Ericsson is now a markedly different company, focused entirely on the transmission hardware used by mobile phone companies and the accompanying intellectual property. More than 40% of the world's mobile traffic now passes through Ericsson's network equipment. As such, we believe the company is well placed to meet consumer demand for increased and higher quality data capacity on mobile devices. Ericsson spotted the trend toward the next standard, called Long Term Evolution (LTE), in the middle of the last decade and invested heavily. LTE widens the 'pipe' by which data can be transmitted by up to 20-30 times. Thanks to its technological superiority, Ericsson has taken the lion's share of new LTE contract wins, as evidenced by the following chart.

Ericsson: winning the world's biggest LTE contracts

LTE contract wins by network size (millions of subscribers)

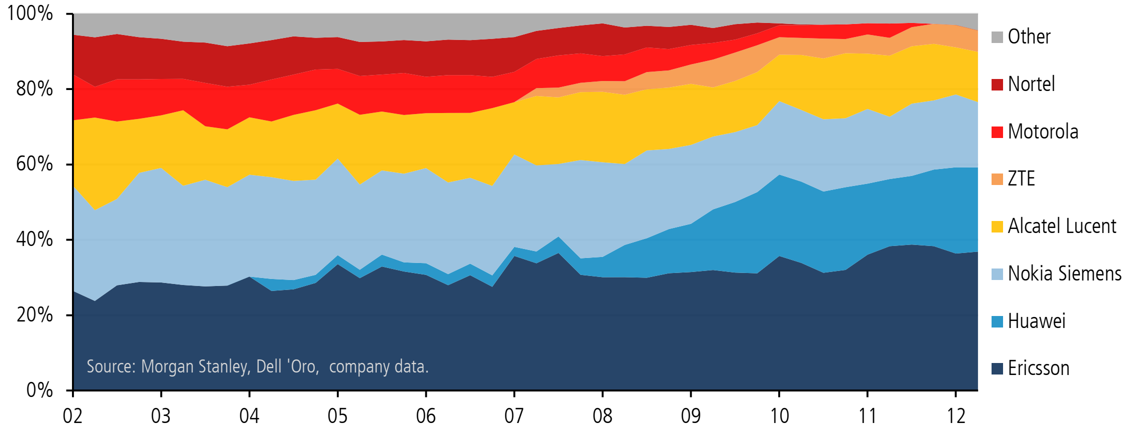


Source: Ericsson, company data. Data as at 30 April 2012.

We anticipate that the company's market share in the installed base—the equipment in the mobile phone towers—will be increasingly important in the coming years, as the capacity upgrade path for network operators moves from adding additional boxes to upgrading the software in the existing ones so they can handle more traffic. Ericsson's current profitability is depressed as a result of pursuing a strategy akin to Gillette's razor blade approach. In the same way that Gillette makes most of its money selling blades rather than razors, Ericsson sells its equipment cheaply to win market share, which allows it to secure the highly profitable subsequent spending on network software upgrades. This should pay off handsomely as operators respond to squeezing mobile capacity by investing in their existing network equipment. Competing on both quality and price, Ericsson has managed to increase its market share in the face of robust competition from China's Huawei, the giant-killer of the 2000s. In addition, Ericsson is the largest player in the outsourced service market, running actual networks for operators. This business accounts for approximately 30% of overall revenues, of which two-thirds are recurring and in the form of long-term contracts.

Ericsson is still the largest player in a consolidating market

Global wireless equipment market share, 2002 to April 2012



Ericsson's current market value is about 215 billion Swedish kronor (US$33 billion). On first glance, at more than twice its tangible book value of SEK 97 billion, it might not appear very cheap; however, this valuation ignores its patents and intellectual property. Ericsson has spent around SEK 150 billion on research and development over the last five years and it now owns 25% of the essential patents for LTE technology. If we ascribe a fair value to the existing royalty stream, which should ramp up significantly over time, we believe this would result in an adjusted book value of SEK 217 billion, which is in line with Ericsson's current market value. By 2016, we estimate that Ericsson could be generating earnings of SEK 9 a share, versus SEK 5 in 2013. Valued on a modest multiple of 12 times earnings, that would justify a share price of around SEK 108 in 2016, or nearly 70% higher than where it stands today. While we wait patiently for our investment thesis to play out, we can take some comfort from Ericsson's near 4% dividend yield.

With a strong balance sheet, net cash equal to approximately 25% of its market capitalisation, and a management team focused on making good long-term decisions, Ericsson is an example of a high-quality company trading at a significant discount to its intrinsic value. Whether, as many currently believe, the dream of closer European fiscal and political integration lies in tatters, or whether recent events are steps on the way to the formation of a 'United States of Europe', the resulting stockmarket volatility should allow us to continue to identify compelling opportunities like Ericsson. When coupled with the ability to hedge broader stockmarket risk, the result is a Fund that offers an all-weather alternative to cash and bonds for investors wishing to avoid the risk inherent in a long-only fund. Optimal's 23-year history has shown that this disciplined approach can deliver attractive long-term results in even the most uncertain of environments.

Commentary contributed by Tim Ashton, Orbis Gestion S.A., Lausanne, and Tamryn Lamb, Orbis Portfolio Management Europe LLP

ORBIS OPTIMAL FUNDS AT 31 DECEMBER 2012

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Portfolio Hedging	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
North America	23	(26)	(3)	-
Europe	23	(19)	4	5
Japan	22	(16)	6	5
Asia ex-Japan	11	(9)	2	-
Other	7	(4)	3	-
Total	**86**	**(74)**	**12**	**10**

** Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Portfolio Hedging.*

CURRENCY DEPLOYMENT

	US$ Fund	Euro Fund	Yen Fund
	%	%	%
US dollar	85	-	-
Euro	-	95	-
Japanese yen	-	-	84
Korean won	5	4	5
Greater China currencies	5	-	6
Other	5	1	5
Total	**100**	**100**	**100**

ORBIS LEVERAGED FUNDS AT 31 DECEMBER 2012

ANALYSIS OF STOCKMARKET EXPOSURE

Region	Equity Exposure	Stockmarket Positions	Accounting Exposure	Beta Adjusted Exposure*
	%	%	%	%
North America	45	(51)	(6)	-
Europe	45	(36)	9	10
Japan	42	(31)	11	9
Asia ex-Japan	21	(18)	3	1
Other	14	(8)	6	-
Total	**167**	**(144)**	**23**	**20**

** Equity Exposure, multiplied by a Beta determined using Blume's technique, minus Stockmarket Positions.*

CURRENCY DEPLOYMENT

	US$ Fund	Euro Fund	Yen Fund
	%	%	%
US dollar	90	(10)	(10)
Euro	8	108	8
Japanese yen	(27)	(27)	73
Korean won	10	10	11
Greater China currencies	10	10	10
Swedish krona	5	5	4
Other	4	4	4
Total	**100**	**100**	**100**

See accompanying notes

ORBIS OPTIMAL FUNDS

The Orbis Optimal Funds seek capital appreciation on a low risk global investment portfolio and are offered in a choice of dollars, euro or yen. The Orbis Optimal (US$) Fund invests principally in selected Orbis equity mutual funds and seeks to substantially reduce the stockmarket exposure inherent in these investments through stockmarket hedging. The Orbis Optimal (Euro) and (Yen) Funds seek capital appreciation in their base currencies by investing substantially all of their assets in the Orbis Optimal (US$) Fund and hedging most or all of their currency exposure into their base currencies by selling forward dollars into their base currencies.

ORBIS OPTIMAL (US$) FUND AT 31 DECEMBER 2012

STATEMENT OF NET ASSETS

Number Held	Security	Fair Value US$ 000's	% of Fund*
13,926,638	**Orbis Global Equity Fund**	1,780,521	54
14,128,613	**Orbis SICAV - Japan Equity Fund - Yen Class**	396,927	12
31,579,882	**Orbis SICAV - Europe Equity Fund**	391,145	12
1,175,114	**Allan Gray Africa Equity Fund**	216,291	7
4,350,640	**Orbis SICAV - Japan Core Equity Fund**	54,568	2
	Total Equity Funds	2,839,452	86
	Portfolio Hedging:		
	Stock Index Futures Sold:		
(10,061)	US: E-mini S&P 500 3/2013	(714,331)	(26)
(1,837)	E-mini Russell 2000 3/2013	(155,520)	
(5,277)	Japan: TOPIX 3/2013	(524,080)	(16)
(3,361)	UK: FTSE 100 3/2013	(319,052)	(10)
(535)	Germany: DAX 3/2013	(134,408)	(4)
(1,794)	China: H shares 1/2013	(132,532)	(4)
(2,644)	South Africa: FTSE/JSE Top 40 3/2013	(109,723)	(3)
(798)	Korea: KOSPI 200 3/2013	(99,821)	(3)
(1,834)	France: CAC40 1/2013	(88,105)	(3)
(1,987)	Europe: Dow Jones Euro STOXX 50 3/2013	(68,538)	(2)
(648)	Singapore: MSCI Singapore 1/2013	(38,211)	(1)
(217)	Australia: SPI 200 3/2013	(26,046)	(1)
(864)	Malaysia: FTSE KLCI 1/2013	(23,797)	(1)
	Contract Value	2,383,728	72
	Balances at Brokers	179,063	5
	Balance Committed to Above Positions	128,627	4
	Net Current Assets	324,405	10
	Net Assets	**3,292,484**	**100**

Net Asset Value per Share **US$ 72.94** 45,140,432 shares issued

(At 31 December 2011: US$ 70.29; 49,973,642 shares issued)

* *Individual security and stock index future weightings may not sum to subtotals due to rounding.*

ORBIS OPTIMAL (EURO) AND (YEN) FUNDS AT 31 DECEMBER 2012

STATEMENT OF NET ASSETS

Number Held	Security	Fair Value € 000's	% of Fund
6,235,986	**Orbis Optimal (US$) Fund**	344,833	99
	Net Current Assets	2,790	1
	Net Assets	**347,623**	**100**

Net Asset Value per Share

Euro Class	**€ 24.45**	14,026,126 shares issued
Yen Class	**¥ 988**	540,327 shares issued

(At 31 December 2011: Euro Class € 23.78; 15,493,524 shares issued)
Yen Class ¥ 938; 769,173 shares issued)

See accompanying notes

ORBIS LEVERAGED FUNDS

The Orbis Leveraged Funds seek capital appreciation on a leveraged global investment portfolio and are offered in a choice of dollars, euro or yen. The Orbis Leveraged (US$) Fund uses financial leverage to invest up to 200% of its net assets, principally in selected Orbis Funds, and manages its currency and stockmarket exposure. It maintains a core position in the risk-averse Orbis Optimal (US$) Fund. The Orbis Leveraged (Euro) and (Yen) Funds invest substantially all of their assets in the Orbis Leveraged (US$) Fund and, by selling forward dollars into their base currencies, hedge most or all of their currency exposure into their base currencies.

ORBIS LEVERAGED (US$) FUND AT 31 DECEMBER 2012

STATEMENT OF NET ASSETS

Number Held	Security	Fair Value US$ 000's	% of Fund
3,999,623	**Orbis Optimal (US$) Fund**	291,732	194
	Loans*	(143,500)	(95)
	Net Current Assets	1,846	1
	Net Assets	**150,078**	**100**

Net Asset Value per Share **US$ 118.51** 1,266,428 shares issued

(At 31 December 2011: US$ 108.33; 1,704,852 shares issued)

* *The effective interest rate that the Fund is bearing on its outstanding borrowings at year-end is 1.84% per annum. The Fund is charged interest at LIBOR plus 1.25%.*

ORBIS LEVERAGED (EURO) AND (YEN) FUNDS AT 31 DECEMBER 2012

STATEMENT OF NET ASSETS

Number Held	Security	Fair Value € 000's	% of Fund
385,393	**Orbis Leveraged (US$) Fund**	34,626	100
	Net Current Assets	4	-
	Net Assets	**34,630**	**100**

Net Asset Value per Share

Euro Class	**€ 38.74**	601,194 shares issued
Yen Class	**¥ 928**	1,398,262 shares issued

(At 31 December 2011: Euro Class € 35.68; 944,348 shares issued)
Yen Class ¥ 852; 1,662,769 shares issued)

See accompanying notes

Statement of Cash Flows

For the Years Ended 31 December:	US$ 000's 2012	US$ 000's 2011
Cash Flows from Operating Activities:		
Proceeds from sale of investments and currencies	93,472	215,982
Purchases of investments	(5,471)	(3,067)
Interest and other borrowing costs	(2,512)	(5,518)
Other expenses	(337)	(169)
Net Cash Provided by Operating Activities	85,152	207,228
Cash Flows from Financing Activities:		
Net redemptions paid	(48,285)	(99,406)
Net loan repayments	(36,500)	(108,000)
Net Cash Used In Financing Activities	(84,785)	(207,406)
Net Increase (Decrease) in Cash	367	(178)
Cash - Beginning of Year	199	377
Cash - End of Year	**566**	**199**

See accompanying notes

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

	Orbis Optimal				Orbis Leveraged			
	(US$)		(Euro) and (Yen)		(US$)		(Euro) and (Yen)	
Reporting Currency (MILLIONS):	**US$**		**€**		**US$**		**€**	
For the Years Ended 31 December:	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Investment Income:	1	3	-	-	-	-	-	-
Interest and Dividends	1	3	-	-	-	-	-	-
Expenses:	1	1	-	-	3	6	-	-
Interest and Other Borrowing Costs	-	-	-	-	3	6	-	-
Other	1	1	-	-	-	-	-	-
Net Investment Income (Loss)	-	2	-	-	(3)	(6)	-	-
Net Gain (Loss) from Investments and Currencies:	124	(92)	10	(4)	17	(8)	2	(3)
Realised	(148)	342	5	9	21	44	-	5
Unrealised	272	(434)	5	(13)	(4)	(52)	2	(8)
Increase (Decrease) in Net Assets Resulting from Operations	124	(90)	10	(4)	14	(14)	2	(3)
Members' Activity During the Year:								
Subscriptions:								
Orbis Funds	206	439	-	26	1	11	-	-
Other Members	194	375	60	41	-	-	-	-
Switches Between Funds	298	359	48	6	3	3	-	-
Redemptions:								
Orbis Funds	(469)	(871)	(46)	(70)	(23)	(55)	-	-
Other Members	(484)	(309)	(50)	(48)	(20)	(49)	(11)	(30)
Switches Between Funds	(90)	(32)	(50)	(95)	(10)	(7)	(4)	(4)
Decrease in Net Assets	(221)	(129)	(28)	(144)	(35)	(111)	(13)	(37)
Net Assets at Beginning of Year	3,513	3,642	376	520	185	296	48	85
Net Assets at End of Year	3,292	3,513	348	376	150	185	35	48

See accompanying notes

General

The Orbis Absolute Return Funds seek absolute returns regardless of stockmarket trends by investing directly or indirectly in the Manager's optimal mix of hedged Orbis Equity Funds. The Orbis Optimal Funds seek capital appreciation through a low risk global portfolio and are managed in US dollar, euro or Japanese yen through two Bermuda companies, Orbis Optimal (US$) Fund Limited ("Optimal (US$)") and Orbis Optimal Overlay Funds Limited ("Optimal Overlay"). The Orbis Leveraged Funds seek capital appreciation on a leveraged global portfolio and are also managed in US dollar, euro or Japanese yen through two Bermuda companies, Orbis Leveraged (US$) Fund Limited ("Leveraged (US$)") and Orbis Leveraged Overlay Funds Limited ("Leveraged Overlay").

On 1 January 2006, Orbis Optimal (Euro) Fund Limited and Orbis Leveraged (Euro) Fund Limited each launched a Japanese Yen share class and were renamed Orbis Optimal Overlay Funds Limited and Orbis Leveraged Overlay Funds Limited, respectively. Throughout this report these Funds may also be referred to as "Optimal (Euro) and (Yen)" or "Leveraged (Euro) and (Yen)", respectively.

Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada and Bermuda. The Funds' significant accounting policies are as follows:

Investments. Investments are recorded as of the trade date and are stated at their fair values. Investments in Orbis Funds are valued at their year-end Net Asset Value per share, while other marketable securities, including futures and options, are valued at their closing prices and forward currency contracts at their mid prices. If these prices are unavailable or considered unrepresentative of fair value, a price considered fair by the Manager will be used. Futures contracts are stated at their full face market value with the net of the market and contract values representing their unrealised gain or loss. The amounts realised may differ from these valuations due to variations in pricing, exchange rates, trading volumes and regulations. At the year-end, the cost of investments, in millions, was for Optimal (US$) US$2,178 (2011 - cost US$2,676, market US$3,016), for Optimal Overlay €323 (2011 - cost €358, market €380), for Leveraged (US$) US$231 (2011 - cost US$297, market US$364) and for Leveraged Overlay €30 (2011 - cost €44, market €48).

Foreign Currency Translation. Assets, liabilities and forward currency contracts denominated in foreign currencies are translated into the Reporting Currency shown on page 9 using exchange rates prevailing at the year-end. Income and expenses in foreign currencies are translated into the Reporting Currency at the exchange rates prevailing at the dates of the transactions. Translation exchange gains and losses are included in the Statement of Operations.

Income and Expenses. The accrual basis is used to recognise income and expenses. Dividends are accrued on the ex-date of the dividend, net of withholding taxes. Realised gains and losses on investments are based on average cost. All income and expenses which can be allocated directly to individual share classes are charged to those share classes. Income and expenses which do not relate specifically to a particular share class are allocated between the share classes pro rata to their Net Asset Values.

Accounting Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Current Assets or Liabilities. Net current assets or liabilities include primarily unrealised gains or losses on forward currency contracts, cash including US$390 million in Optimal (US$), amounts due to brokers including US$50 million in Optimal (US$), amounts due to shareholders and other miscellaneous accounts receivable and payable, the individual amounts of which are not significant in relation to the total net assets of the Fund except for certain balances which will be disclosed elsewhere in these financial statements.

Future Accounting Standards. The Accounting Standards Board of the Canadian Institute of Chartered Accountants expect that investment companies, which includes the Orbis Optimal and Leveraged Funds, will be adopting International Financial Reporting Standards effective 1 January 2014.

Taxes

There are no Bermuda income, profit, capital, capital gains, estate or inheritance taxes payable by the Funds or their Members in respect of shares in the Funds. The Bermuda Government has undertaken that, in the event that any such taxes are levied in the future, the Funds and their shares will be exempt from such taxes until 31 March 2035.

Share Capital

Optimal (US$)'s authorised share capital comprises 200 million Fund shares and 12,000 issued Founders' shares, all with a US$1 par value. Each of the other Funds' authorised share capital comprises 100 million Fund shares and 12,000 issued Founders' shares, all with a US$1 par value. Each Fund's authorised share capital remains unchanged from 31 December 2011. Fund shares participate pro rata in their Fund's net assets and dividends, are redeemable, and are non-voting. Founders' shares do not participate in their Fund's portfolio, are redeemable at par value only after all Fund shares have been redeemed, and carry the right to vote. If a Fund is wound up or dissolved, the Founders' shares will participate only to the extent of their par value.

Fund share transactions, in thousands of shares, were as follows:

	Optimal (US$)		Optimal Overlay (Euro)		Optimal Overlay (Yen)	
	2012	2011	2012	2011	2012	2011
Balance at beginning of year	49,974	50,617	15,494	20,898	769	1,832
Subscriptions						
Orbis Funds	2,882	5,984	7	1,674	-	-
Other Members	2,716	5,203	2,476	1,080	9	10
Switches Between Funds	4,122	4,951	2,025	157	-	237
Redemptions						
Orbis Funds	(6,554)	(12,073)	(1,918)	(1,685)	-	(845)
Other Members	(6,744)	(4,258)	(2,035)	(2,825)	(63)	(171)
Switches Between Funds	(1,256)	(450)	(2,023)	(3,805)	(175)	(294)
Balance at end of year	45,140	49,974	14,026	15,494	540	769

	Leveraged (US$)		Leveraged Overlay (Euro)		Leveraged Overlay (Yen)	
	2012	2011	2012	2011	2012	2011
Balance at beginning of year	1,705	2,559	944	1,815	1,663	1,898
Subscriptions						
Orbis Funds	11	94	-	-	-	-
Switches Between Funds	26	21	10	-	-	4
Redemptions						
Orbis Funds	(203)	(484)	-	-	-	-
Other Members	(180)	(422)	(293)	(789)	(47)	(90)
Switches Between Funds	(93)	(63)	(60)	(82)	(218)	(149)
Balance at end of year	1,266	1,705	601	944	1,398	1,663

Material Contracts

At year-end, the following Funds had forward currency contracts settling on 7 June 2013 having net contract and net market values as set out below. These contracts expose the Funds to credit risk arising from the potential inability of a counterparty to perform under the terms of a contract. To limit its risk to the amount of any net unrealised gain, each Fund has entered into agreements whereby all its currency transactions with the counterparty to that agreement can be netted.

		Base Currency		
Currency	Contract Value	Contract Value	Market Value	Unrealised Gain (Loss)
Optimal (US$)	000's	US$ 000's	US$ 000's	US$ 000's
AUD	(15,749)	(16,252)	(16,200)	52
CHF	(70,110)	(75,732)	(76,786)	(1,054)
EUR	(312,660)	(406,703)	(413,005)	(6,302)
GBP	(209,703)	(335,884)	(340,222)	(4,338)
JPY	(42,532,660)	(519,347)	(490,930)	28,417
TWD	(632,000)	(21,914)	(22,007)	(93)
ZAR	(1,852,750)	(205,906)	(214,510)	(8,604)
		(1,581,738)	(1,573,660)	8,078
Optimal Overlay		€ 000's	€ 000's	€ 000's
CAD	(3,800)	(2,888)	(2,891)	(3)
CNY	(136,700)	(16,444)	(16,422)	22
HKD	(12,790)	(1,251)	(1,251)	-
JPY	448,572	3,991	3,925	(66)
KRW	(4,300,000)	(2,982)	(3,031)	(49)
SEK	(62,300)	(7,038)	(7,240)	(202)
SGD	(3,920)	(2,430)	(2,433)	(3)
TWD	750	20	20	-
USD	(427,320)	(325,587)	(323,498)	2,089
		(354,609)	(352,821)	1,788
Leveraged (US$)		US$ 000's	US$ 000's	US$ 000's
EUR	9,245	12,068	12,212	144
GBP	(290)	(460)	(470)	(10)
JPY	(3,484,360)	(42,378)	(40,218)	2,160
		(30,770)	(28,476)	2,294
Leveraged Overlay		€ 000's	€ 000's	€ 000's
GBP	(5)	(8)	(6)	2
JPY	1,288,486	11,481	11,275	(206)
USD	(30,518)	(23,214)	(23,103)	111
		(11,741)	(11,834)	(93)

Commitments

Leveraged (US$) has a multi-currency line of credit, secured by a pledge of its assets, which expires on 2 December 2014. At 31 December 2012, US$143.5 million (2011 - US$180 million) was drawn of the committed amount of US$165 million (2011 - US$270 million). Interest was charged at LIBOR plus 1.25% (2011 - 1.25%), totaling 1.80% (2011 - 1.70%) per annum and there was a commitment fee of 0.25% (2011 - 0.25%) on undrawn balances.

Related Party Transactions

Orbis Investment Management Limited has been contractually appointed as "Manager" of the Funds. Optimal (US$) pays the Manager a performance-based fee of up to 0.5% per annum of weekly net assets whenever that Fund's price exceeds its maximum price in the period from the date of inception to the date one year prior to the date of calculation, and its trailing one-year return exceeds that of Bank Deposits plus 5%. Optimal (Euro) and (Yen), Leveraged (US$) and Leveraged (Euro) and (Yen) do not directly pay a fee to the Manager. To the extent that they directly or indirectly invest in other Orbis Funds, these Funds indirectly bear the management fees paid by such other funds. Each Orbis Equity Fund directly or indirectly pays a performance-based fee. At 31 December 2012 and 2011, there was no management fee payable by Orbis Optimal (US$).

The Manager has agreed that for the year ended 31 December 2012, the operating expenses of the Funds will be capped at 0.15% per annum for each of Optimal (US$), (Euro) and (Yen) and at 0.30% per annum for each of Leveraged (US$), (Euro) and (Yen). For this purpose, operating expenses include those incurred by each fund directly and also indirectly through their investments in other Orbis Funds and exclude the Manager's fee, brokerage and transaction costs and interest and other borrowing costs. At the year-end, the amount receivable from the Manager in respect of expenses incurred in excess of the cap was, in thousands, €5 (2011 - €15) by Optimal (Yen), €14 (2011 - nil) by Leveraged (Euro) and €9 (2011 - €7) by Leveraged (Yen).

At the year-end, other Orbis funds held, in thousands of shares, 15,835 (2011 - 19,507) in Optimal (US$), 1,699 (2011 - 3,610) in Optimal (Euro) and 385 (2011 - 577) in Leveraged (US$). Other related parties, which include institutional and other clients managed on a discretionary basis and the Directors and Officers of the Orbis funds and of their Managers and Investment Advisors, held, in thousands of shares, 7,986 (2011 - 18,028) in Optimal (US$), 4,813 (2011 - 7,320) in Optimal (Euro), 28 (2011 - 123) in Optimal (Yen), 49 (2011 - 129) in Leveraged (US$), 48 (2011 - 49) in Leveraged (Euro) and 54 (2011 - 237) in Leveraged (Yen).

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Members of
Orbis Optimal (US$) Fund Limited,
Orbis Optimal Overlay Funds Limited,
Orbis Leveraged (US$) Fund Limited ("Leveraged (US$)"), and
Orbis Leveraged Overlay Funds Limited
(collectively the "Funds")

We have audited the accompanying statements of net assets of the Funds (companies incorporated with limited liability in Bermuda) on pages 6 and 7 as at 31 December 2012, the statement of cash flows for Leveraged (US$) on page 8 and the related statements of operations and changes in net assets on page 9 for the year then ended, and a summary of significant accounting policies and other explanatory information on pages 10 to 13.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Canada and Bermuda and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Canada and Bermuda. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the Funds as at 31 December 2012 and the results of their operations and the changes in their net assets and the cash flows for Leveraged (US$) for the year then ended in accordance with accounting principles generally accepted in Canada and Bermuda.

Ernst + Young Ltd.

Hamilton, Bermuda
30 January 2013

Ernst & Young Ltd.
Chartered Accountants

NOTICES

Annual General Meetings

Notice is hereby given that the Annual General Meetings of Orbis Optimal (US$) Fund Limited, Orbis Optimal Overlay Funds Limited, Orbis Leveraged (US$) Fund Limited and Orbis Leveraged Overlay Funds Limited (the "Orbis Funds") will be held at the offices of Orbis Investment Management Limited, Orbis House, 25 Front Street, Hamilton HM 11, Bermuda on 28 March 2013 at 11:00 a.m. Members are invited to attend and address these meetings. The Agendas comprise the following:

- Review of Minutes of the Annual General Meetings of Members of the Orbis Funds held on 30 March 2012
- Review of audited financial statements in the 2012 Annual Reports
- Proposed re-appointment of Allan W B Gray, John C R Collis and William B Gray as Directors of the Orbis Funds
- Approval of proposed Director's fees for the year to 31 December 2013 to Mr Collis of US$12,500 for Orbis Optimal (US$) Fund Limited, US$10,000 for Orbis Leveraged (US$) Fund Limited, and US$1,000 for each of Orbis Optimal Overlay Funds Limited and Orbis Leveraged Overlay Funds Limited
- Proposed re-appointment of Ernst & Young as Auditors for the year to 31 December 2013

By Order of the Boards, James J Dorr, Secretary

Notice to Current and Prospective Orbis Investors

The Orbis Global Equity, Japan Equity, Asia ex-Japan Equity and Optimal Strategies are currently accepting subscriptions from existing investors and qualified new investors. Qualified new investors must invest the minimum investment specified as follows: for the Orbis Global Equity and Optimal Strategies, US$50 million with Orbis (across one or more funds); for the Orbis Japan Equity Strategy, US$50,000; and for the Orbis Asia ex-Japan Equity Strategy, US$25 million. Current Orbis Fund investors and those persons to whom we have existing commitments are not affected and may continue to make additional investments in the Orbis Funds, other than the Orbis Leveraged Funds which remain closed.

We intend to accept new subscriptions into the Funds from a wider audience when we consider it appropriate to do so, and will issue notice of such change on our website, and via our automated e-mail services facility.

If you have any questions regarding our opening, please contact the Investor Services Team at Orbis, at +1 (441) 296 3000, by e-mail at clientservice@orbisfunds.com or by mail to: The Investor Services Team, Orbis Group, Orbis House, 25 Front Street, Hamilton HM 11, Bermuda. Residents of Australia or New Zealand should contact Orbis in Australia at +61 (0)2 8224 8604 or clientservices@orbisfunds.com.au. South African residents should contact Allan Gray Unit Trust Management Limited at +27 86 000 0654 (toll free from within South Africa) or clientservice@orbisfunds.co.za.

Sources

Orbis Fund Returns: Orbis Investment Management Limited using single pricing and Average Fund: Morningstar, Inc. All rights reserved. Average Fund data (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from the use of this information. Total Rate of Return for Bank Deposits is the compound total return for one-month interbank deposits in the specified currency.

EU Savings Directive

Orbis' assessment is that all of the Orbis Funds are effectively exempt from the application of the European Union Savings Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments. Payments from the Orbis Funds, including dividends and redemption proceeds, to residents of the European Union should not be subject to having tax withheld by paying agents under the Directive.

Reporting Fund Status

The United Kingdom HM Revenue & Customs has approved each of the Orbis Optimal (US$) Fund, Orbis Leveraged (US$) Fund, Orbis Optimal Overlay Funds Limited (previously Orbis Optimal (Euro) Fund Limited - Euro and Yen Class) and Orbis Leveraged Overlay Funds Limited (previously Orbis Leveraged (Euro) Fund Limited - Euro and Yen Class) as a Reporting Fund with effect from 1 January 2011. Prior to that date and from their inception, each of the Funds had received certification as a distributing fund from HM Revenue & Customs ("Distributor Status").

As Reporting Funds, investors will no longer receive annual distributions from the Funds and UK investors may be liable to tax annually on their share of Fund income, without receiving a distribution of that income from the Fund. Within six months of their respective year-ends, the Funds will make available, on the website www.orbisfunds.com, a report providing relevant fund income information for UK investors' tax purposes.

Unlike Distributor Status, which was subject to a retrospective application and certification process at the end of each year, a Fund will continue to qualify as a Reporting Fund unless and until it fails to comply with the relevant requirements. The Directors intend to manage the Funds in such a way that under existing United Kingdom legislation they should continue to qualify as Reporting Funds. However, there can be no assurance that a Fund will continue to qualify as a Reporting Fund.

Supplemental Disclosure under the Distance Marketing of Financial Services Directive

Disclosure requirements arising from the European Council Distance Marketing Directive (No. 2002/65/EC) apply to financial services supplied at a distance to consumers in the European Union. The Orbis Funds have determined that for the purposes only of meeting the Directive requirements, the Luxembourg Distance Marketing of Consumer Financial Services Law of 2006 shall apply to the establishment of relations with prospective and current Members entitled to the benefit of the Directive. The Orbis Funds are required to provide specified information to prospective and current Members. This specified information, which is provided in English, is contained in the Orbis Funds' Prospectuses, Application Form and (for Members who sign up for Orbis' online portfolio services facility at www.orbisfunds.com) the Orbis Funds Portfolio Services Agreement. These services are not a type of financial service to which cancellation rights apply.

Risk Warnings

Past performance is not a reliable indicator of future results. The Orbis Funds do not guarantee the preservation of capital or any rate of return and when making an investment in any of the Orbis Funds, your capital is at risk. This Report provides general information only and not financial product or investment advice. You should consider the relevant Prospectus in deciding whether to acquire, or to continue to hold, your investment. Where Fund prices are based in a currency other than the currency of your country of residence, exchange rate fluctuations may impact the Fund's returns when converting back to your base currency.

Other

The discussion topic for this report was selected, and the report was finalised and approved, by the Fund's Manager (Orbis Investment Management Limited). Information in this Report is based on sources believed to be accurate and reliable and provided "as is" and in good faith. While we have endeavoured to ensure the accuracy of the information herein, such information is not guaranteed as to accuracy or completeness. Neither Orbis, its affiliates, directors and employees (together Orbis Group) make any representation or warranty as to accuracy, reliability, timeliness or completeness of the information in this Report. The Orbis Group disclaims all liability (whether arising in contract, tort, negligence or otherwise) for any error, omission, loss or damage (whether direct, indirect, consequential or otherwise) in connection with the information in this Report.

This Report does not constitute a financial promotion, a recommendation, an offer to sell or a solicitation to buy shares or units of the 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. Orbis Investment Management Limited is licensed to conduct investment business by the Bermuda Monetary Authority. Approved for issue in the United Kingdom by Orbis Investment Advisory Limited, Orbis House, 5 Mansfield Street, London England W1G 9NG; a firm authorised and regulated by the Financial Services Authority.

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