ALLAN GRAY BALANCED FUND

Fact sheet at 30 September 2003

ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

Sector:	Domestic AA Prudential Medium Equity
Inception Date:	1 October 1999
Fund Manager:	Arjen Lugtenburg
Qualification:	M Com, CA(SA), CFA

The Fund's investment strategy is to earn a higher rate of return than the market value-weighted average of the domestic prudential unit trust sector excluding the Allan Gray Balanced Fund without assuming any greater monetary risk. Risk will be higher than the Stable Fund but less than the Equity Fund.

Fund Details

Price:	2032.92 cents
Size:	R 2 887 221 187
Minimum lump sum:	R 5 000
Minimum monthly:	R 500
Subsequent lump sums:	R 500
No. of share holdings:	81

01/07/02-30/06/03 dividend (cpu):   Total 86.24

Interest 17.55, Dividend 33.32,
S24J Accrual 35.37

Annual Management Fee: The monthly charge rate is directly related to the rolling two-year return of the fund compared with that of its benchmark. The limits are 0.57-1.71% p.a. (incl. VAT).

Commentary

The recovery in the local stockmarket continued with the FTSE/JSE ALSI up 25% from its April 2003 lows. The Allan Gray Balanced Fund benefited from this move due to its relatively large exposure to domestic shares. After this recovery we view the domestic stocks to be fairly valued, with their 11 PE ratio in line with the long-term historical average on normal levels of earnings. Our long-term return expectations for shares are now in line with historical norms of ±7% real. This still compares favourably to bonds with a real return expectation of 4.0% as depicted by the inflation linked bonds. Company earnings are likely to continue to disappoint due to the impact of the strong Rand. However further interest rate cuts should be beneficial for shares and we continue to have a relatively high share exposure.

## Top 10 Holdings (including foreign)

JSE Code	Company	% of portfolio
SOL	Sasol	4.44
TBS	Tigbrands	4.41
MTN	MTN - Group	4.31
AGL	Anglo	2.69
NPN	Naspers - N	2.66
WHL	Woolies	2.22
NCL	Nuclicks	2.20
NPK	Nampak	2.13
ECO	Edcon	1.82
HAR	Harmony	1.79

Asset Allocation

Sector	% of Fund
Shares	64.79
Property	1.26
Bonds	27.23
Money Market & Cash	5.01
Foreign	1.71
Total	100.00

Performance (net of fees, including income, assumes reinvestment of dividends, on a NAV to NAV basis)

Long-term cumulative performance (log-scale)

ALLAN GRAY BALANCED FUND
BENCHMARK
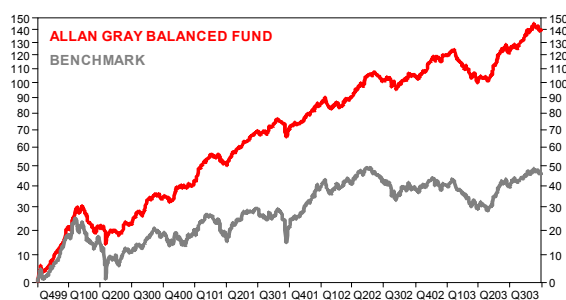
% Returns	Balanced Fund	Avg Prudential Fund
Since Inception (unannualised)	139.8	45.4
Latest 5 years (annualised)	-	-
Latest 3 years (annualised)	20.9	7.0
Latest 1 year	17.1	5.1
Risk Measures		
(Since incep. month end prices)		
Maximum drawdown*	-12.5	-19.2
Annualised monthly volatility	11.4	12.3

* Maximum percentage decline over any period

Allan Gray Unit Trust Management Limited

J C de Lange, M Herdman, E D Loxton, W J C Mitchell (Chairman), M L Ronald *(Non-Executive)*

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