

**ALLAN GRAY BALANCED FUND**
**Fact sheet at 31 December 2005**


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 medium equity 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:** 3633.61 cents  
**Size:** R 11 965 272 475  
**Minimum lump sum:** R 5 000  
**Minimum monthly:** R 500  
**Subsequent lump sums:** R 500  
**No. of share holdings:** 57

**01/01/05-31/12 dividend (cpu):** 73.47

Interest 35.49, Dividend 37.92,

Foreign Interest 0.05

**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**

2005 was another exceptional year for the Fund with a return of 36.5%. This was well ahead of its benchmark, being the average prudential fund, which returned 28.0%. Investors are again cautioned that these returns are exceptional and unlikely to be sustained into the future. These returns were mainly driven by an equity market which has now appreciated by 145% since its low in April 2003. The Fund has maintained a reasonably full exposure to the equity market for most of the year, but reduced exposure towards year-end, as we now view sections of the market to be expensive. This is especially so in the case of domestic industrial companies where we believe the market to be over optimistic on the long-term prospects for earnings growth, as levels of profitability are already at unprecedented levels. Being overweight resource shares, especially those with domestic cost basis, and the decrease in the Funds holdings of domestic industrial shares during 2004, have generally benefited the Fund. Although the valuation gap has narrowed, we remain more optimistic on the former. The Fund also maintained a full offshore weighting, especially towards Japan and Asia, where we now see more attractive valuations.

**Top 10 Share Holdings at 31 December 2005\***

JSE Code	Company	% of portfolio
SOL	Sasol	7.47
MTN	MTN	5.78
AMS	Angloplat	4.24
REM	Remgro	3.32
HAR	Harmony	2.90
SBK	Stanbank	2.77
AGL	Anglo	2.64
NPN	Naspers-N	2.43
ASA	Absa	2.09
NPK	Nampak	2.04

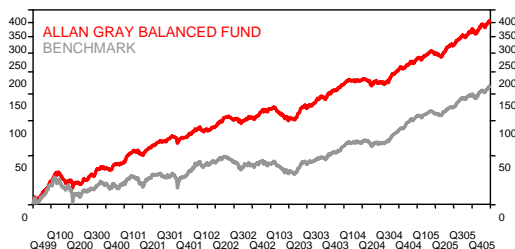
\* The 'Top 10 Share Holdings' table is updated quarterly.

**Asset Allocation**

Asset Class	% of Fund
Shares	58.35
Derivatives	-2.28
Net Equity Exposure	56.07
Derivative - Contract Value	2.28
Property	2.18
Bonds	8.45
Money Market & Cash	16.87
Foreign	14.15
<b>Total</b>	<b>100.00</b>

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

Long-term cumulative performance (log-scale)



% Returns	Balanced Fund	Avg Prudential Fund
Since Inception (unannualised)	355.4	167.0
Latest 5 years (annualised)	26.2	17.3
Latest 3 years (annualised)	27.6	24.1
Latest 1 year	36.5	28.0

**Risk Measures**

(Since incep. month end prices)

Maximum drawdown*	-12.5	-19.2
Annualised monthly volatility	10.9	11.2

\* Maximum percentage decline over any period

**Allan Gray Unit Trust Management Limited**

JC de Lange, RW Dower, GW Fury, ED Loxton, WJC Mitchell (Chairman), ER Swanepoel (Non-Executive)

Tel 0860 000 654, Fax 0860 000 655, info@allangray.co.za, www.allangray.co.za

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