ALLAN GRAY BALANCED FUND

Fact sheet at 31 December 2006

ALLANGRAY
LONG TERM INVESTMENT MANAGEMENT

Sector:	Domestic AA Prudential Medium Equity
Inception Date:	1 October 1999
Fund Managers:	Stephen Mildenhall, Arjen Lugtenberg, Duncan Artus, Ian Liddle, Delphine Govender, Orbis Investment Management Limited

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:	4 619.68 cents
Size:	R 18 771 282 010
Minimum lump sum:	R 5 000
Minimum monthly:	R 500
Subsequent lump sums:	R 500
No. of share holdings:	51
Income Distribution:	Bi-annually
01/01/06-31/12/06 dividend (cpu):	91.62

Interest 48.65, Dividend 42.95,
Foreign Interest 0.02

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

Fund returns over the latest 1, 3 and 5-year periods are all over 25% p.a. in comparison with current inflation measures around 5% p.a. Long-term investors in the Fund are understandably overjoyed by these historic returns. However, we caution investors not to extrapolate returns of this magnitude for the next 5 years. There are a number of risks to future returns from South African assets:

• South African companies are very profitable in comparison with their global peers and their earnings are above trend-line.
• South African companies are trading on P/E multiples that are high in relation to their own long-term history.
• Global investors are attaching historically low risk premiums to emerging market investments.
• South Africa continues to incur a significant deficit on the current account, which suggests that the Rand is unsustainably strong.

The Fund is invested with these risks in mind, and we remain confident of the Fund's potential to outperform its benchmark over the long run.

Top 10 Share Holdings at 31 December 2006*

JSE Code	Company	% of portfolio
MTN	MTN Group	7.85
REM	Remgro	6.43
AMS	Angloplat	4.98
IMP	Impala	4.25
SLM	Sanlam	4.25
SBK	Stanbank	3.92
SAB	SAB	3.22
NED	Nedbank	2.99
ASA	ABSA	2.80
NPN	Nasionale Pers	2.69

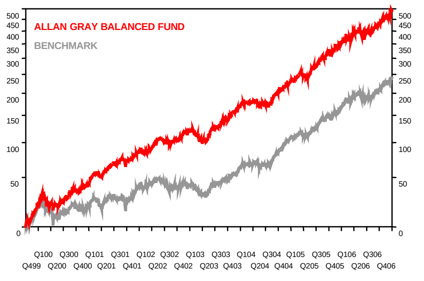
* The 'Top 10 Share Holdings' table is updated quarterly.

Asset Allocation

Asset Class	% of Fund
SA Shares	69.0
Derivatives	-5.1
Net SA Shares	63.9
Foreign Shares	8.7
SA & Foreign Net Shares	72.6
Foreign Absolute Return Funds	5.7
SA Hedged Equities	5.1
Property	1.6
Bonds	7.9
Money Market & Cash	7.1
Total	100.0

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	Benchmark*
Since Inception (unannualised)	491.3	238.9
Latest 5 years (annualised)	25.9	19.3
Latest 3 years (annualised)	29.8	27.8
Latest 1 year	29.8	27.0
Risk Measures		
(Since incep. month end prices)		
Maximum drawdown**	-12.5	-19.2
Annualised monthly volatility	10.4	10.8

* Average Prudential Fund

** Maximum percentage decline over any period.
Performance as calculated by Allan Gray.

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