

# ALLAN GRAY BALANCED FUND

# Fact sheet at 30 June 2007

**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.

## Fund Details

**Price:** 5 056.40 cents  
**Size:** R 23 701 410 999  
**Minimum lump sum:** R 5 000  
**Minimum monthly:** R 500  
**Subsequent lump sums:** R 500  
**No. of share holdings:** 54  
**Income distribution:** Bi-annually  
**01/07/06-30/06/07 dividend (cpu):** Total 90.24

### Total Expense Ratio\*

Total Expense Ratio	Included in TER	
	Trading Costs	Performance Component
2.10%	0.13%	0.59%

\*A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses (incl. VAT). It is expressed as a percentage of the average value of the portfolio, calculated for the year to the end of March 2007. Included in the TER is the proportion of costs that are incurred in the performance component and trading costs. These are disclosed separately as percentages of the net asset value.

**Annual management fee:** Interest 42.49, Dividend 47.71, Foreign Interest and Dividend 0.04

The annual management fee rate is dependent on the return of the Fund relative to its benchmark, the market value-weighted average of the domestic medium equity prudential unit trust sector excluding the Allan Gray Balanced Fund, over a rolling two-year period. The fee hurdle (above which a fee greater than the minimum fee of 0.5% is charged) is performance equal to the benchmark minus 5%. For performance equal to the benchmark a fee of 1.0% (excl. VAT) per annum is payable. The manager's sharing rate is 10% of the under- and outperformance of the benchmark over a rolling two-year period and a maximum fee of 1.5% (excl. VAT) applies.

## Commentary

We continued to trim back the net equity exposure of the Fund, and by month-end it stood at 68.1% (58.9% domestic and 9.2% offshore). We are constantly evaluating the attractiveness of equities, not only relative to each other, but also relative to the other major investable asset classes such as property, commodities, bonds, cash and Hedged Equities. The allocation to Hedged Equities has been growing over the year. An investment in Hedged Equities is created by the Fund retaining ownership of its existing equities and then selling ALSI futures contracts, which trade on the JSE's SAFEX market. The futures contracts pay out cash to the seller if the value of the ALSI falls, and thus 'hedge' the risk of a fall in the overall stockmarket. We expect hedged equities to return money market returns plus the out- (or minus the under-) performance of our equities versus the ALSI. This allows the Fund to reduce equity exposure, while remaining exposed to our stockpicking skills.

## Top 10 Share Holdings at 30 June 2007\*

JSE Code	Company	% of portfolio
MTN	MTN Group	6.5
REM	Remgro	6.2
SAB	SAB	5.5
SLM	Sanlam	4.6
SBK	Stanbank	3.2
ASA	ABSA	2.8
HAR	Harmony	2.7
AMS	Angloplat	2.5
NPN	Nasionale Pers	2.3
SAP	Sappi	2.2

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

## Asset Allocation

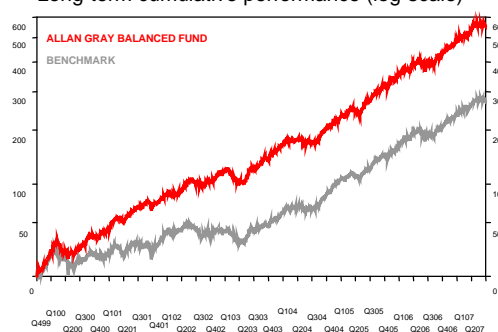
Asset Class	% of Fund
Gross SA Equities*	67.0
Derivatives	-8.1
Net SA Equities*	58.9
Hedged SA Equities	8.1
Property	1.5
Commodities (Newgold ETF)	0.8
Bonds	5.0
Money Market and Cash	11.0
Foreign	14.7
<b>Total</b>	<b>100.0</b>

\*Listed property excluded.

Total net SA and foreign equity exposure: 68.1%

## 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)	554.2	272.8
Latest 5 years (annualised)	26.6	21.2
Latest 3 years (annualised)	33.5	30.8
Latest 1 year	30.0	28.1
<b>Risk Measures</b>		
<i>(Since incep. month end prices)</i>		
Maximum drawdown**	-12.5	-19.2
Annualised monthly volatility	10.2	10.5

\* Average Prudential Fund.

\*\* Maximum percentage decline over any period.

Source: Micropal, performance as calculated by Allan Gray on 30 June 2007.

Allan Gray Unit Trust Management Limited (Registration Number 1998/007756/06)

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Collective Investment Schemes in Securities (unit trusts) are generally medium to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accrued and less any permissible deductions from the portfolio divided by the number of units in issue. Declaration of income accruals are made bi-annually. Different classes of units apply to the Fund and are subject to different fees and charges. Fund valuations take place at approximately 16h00 each business day. Purchase and repurchase requests may be received by the manager by 14h00 each business day. Performance figures from Allan Gray Limited (GIPS compliant) are for lump sum investments using net asset value prices with income distributions reinvested. Permissible deductions may include management fees, brokerage, MST, auditor's fees, bank charges, trustee fees and RSC levies. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees and charges and maximum commissions is available on request from Allan Gray Unit Trust Management Limited. Commission and incentives may be paid and if so, would be included in the overall costs. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Forward pricing is used. This Fund may be capped at any time in order to be managed in accordance with the mandate. Member of the ACI. Total Expense Ratio (TER): When investing, costs are only a part of an investment decision. The investment objective of the Fund should be compared with the investor's objective and then the performance of the investment and whether it represents value for money should be evaluated as part of the financial planning process. All Allan Gray performance figures and values are quoted after the deduction of costs incurred within the Fund so the TER is not a new cost. A high TER will not necessarily imply a poor return nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.