

FUND DETAILS AT 31 DECEMBER 2009

Sector: Domestic AA - Prudential - Variable Equity Inception date: 1 October 1999 Fund managers: Ian Liddle, Duncan Artus, Delphine Govender, Andrew Lapping, Simon Raubenheimer

(Foreign assets are invested in Orbis funds)

Fund objective:

The Fund's investment strategy is to earn a higher rate of return than the market value-weighted average of funds in both the Prudential Medium Equity sector and the Prudential Variable Equity sector, excluding the Allan Gray Balanced Fund, without assuming greater risk

Suitable for those investors who:

- Seek long-term wealth creation
- Have an appetite for risk similar to the average person investing in pension funds
- Typically have an investment horizon of three years plus
- Wish to delegate the asset allocation decision to Allan Gray

R 51.46 Size: R 32 388 m Minimum lump sum per investor account: R 20 000 Minimum lump sum per fund: R 5 000 Minimum debit order per fund: R 500 Additional lump sum per fund: R 500 No. of share holdings: 58

Income distribution: 01/01/09 - 31/12/09 (cents per unit) Distributes bi-annually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

Annual management fee:

The annual management fee rate is dependent on the return of the Fund relative to its benchmark, the daily average return weighted by market value of funds in both the Domestic Asset Allocation Prudential Medium and Prudential Variable Equity categories 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 twoyear period and a maximum fee of 1.5% (excl. VAT) applies. The annual management fee is calculated on the daily value of the Fund excluding any assets invested in the Orbis funds. Assets invested in the Orbis funds incur a management fee. These along with other expenses are included in the Total Expense Ratio.

The first decade of the 21st century was a remarkable one for the Fund. It returned 20% per year for the decade, which amounts to a significant growth in the real purchasing power of Fund investors' capital, as the inflation rate averaged only about 6% per year over the same period.

Although the Fund has outperformed its benchmark, it should be recognised that the Fund's strong absolute returns are also attributable to the very strong performance of emerging markets and commodity producers from what would now seem very depressed valuations at the turn of the century. It would be extraordinary if the Fund were to enjoy a second consecutive decade of such favourable conditions; we expect real returns to prove much more elusive over the next decade.

One of the keys to long-term wealth creation is the preservation of capital in bear markets. The Fund continues to reduce its exposure to equity markets by selling shares and holding short-dated bank paper and government bonds

BALANCED FUND

TOP 10 SHARE HOLDINGS¹

Company	% of portfolio
SABMiller	7.3
Sasol	4.3
Anglogold Ashanti	4.0
British American Tobacco Plc	3.9
Remgro Limited	3.5
Sanlam	3.0
MTN Group Limited	2.3
Sappi	2.1
Compagnie Fin Richmont SA	1.9
Harmony Gold Mining Co Ltd	1.6

¹ The Top 10 share holdings at 31 December 2009. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 SEPTEMBER 20092

	Included in TER			
Total expense ratio	Trading costs	Performance component	Fee at benchmark	Other expenses
1.83%	0.08%	0.59%	1.15%	0.01%

²A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of September 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does 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 TERs. The information provided is applicable to class A units

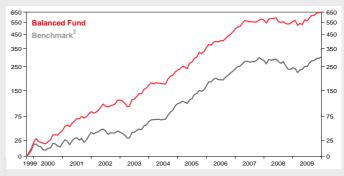
ASSET ALLOCATION AS AT 31 DECEMBER 2009

Asset class	% of portfolio		
Net SA equities	47.9		
Hedged SA equities	1.3		
Listed property	0.0		
Commodities (New Gold)	3.9		
Bonds	4.8		
Money market and cash	22.5		
Foreign	19.6		
Total	100		

Total net SA and foreign equity exposure: 59.83%.

PERFORMANCE

Fund performance shown net of all fees and expenses as per the TER disclosure Long-term cumulative performance (log scale)



% Returns	Fund	Benchmark ³
Since inception (unannualised)	649.2	301.2
Latest 10 years (annualised)	20.0	13.0
Latest 5 years (annualised)	17.6	14.0
Latest 3 years (annualised)	8.2	5.8
Latest 1 year	14.0	16.5
Risk measures (Since inception month end prices)		
Maximum drawdown ⁴	-15.4	-20.5
Percentage positive months	68.3	66.7
Annualised monthly volatility	10.5	10.8

³ The daily average return weighted by market value of funds in both the Domestic Asset Allocation Prudential Medium and Prudential Variable Equity categories excluding the Allan Gray Balanced Fund. Source: Morningstar, performance as calculated by Allan Gray as at 31 December 2009.

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Collective Investment Schemes in Securities (unit trusts) are generally medium-to long-term investments. The value of 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 accruals and less any permissible deductions from the portfolio divided by the number of units in issue. Declaration of income accruals are made biannually. Purchase and redemption requests must be received by the manager by 14:00 each business day and fund valuations take place at approximately 16:00 each business day. Forward pricing is therefore used. Performance figures are from Allan Gray Limited (GIPS compliant) and are for lump sum investments with income distributions reinvestdeductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees. 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 the manager. Commission and incentives may be paid and if so, would be included in the overall costs. The fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The manager is a member of the Association for Savings & Investment SA (ASISA). 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. Compliance with Prudential Investment Guidelines for Retirement Funds: The Fund is managed to comply with Regulation 28 of the Pension Funds Act, except for the total foreign exposure limit which is 20% (FSB Circular 3 of 2008). ASISA regards a prudential fund with foreign exposure of up to 20%, as conforming to Regulation 28 for fund classification purposes. Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management Limited does not monitor compliance with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28). The FTSE/JSE All Share Index is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE Africa Series is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Share Index values and constituent lists vests in FTSE and the JSE initive. All their rights are reserved.

⁴ Maximum percentage decline over any period.