

FUND DETAILS AT 31 MAY 2010

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

Price R 52.17 Size: R 35 444 m Minimum lump sum per investor account: R20 000 Minimum lump sum per fund: R5 000 R 500 Minimum debit order per fund: Additional lump sum per fund: R 500 No. of share holdings: 72 Income distribution: 01/04/09 - 31/03/10 (cents per unit) Total 98.67 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 out- and underperformance 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.

COMMENTARY

Approximately 64% of the Fund is invested in equities (either locally on the JSE, or on offshore stock markets through the Orbis mutual funds). We sell exchangetraded stock index futures to partially reduce the Fund's exposure to local and offshore equities. After taking account of this hedging activity, the Fund is presently carrying a 55.9% 'net' equity exposure

This is lower than the average net equity exposure of 65% since the inception of the Fund; and significantly lower than the 70.8% net equity exposure it was carrying at the end of the first quarter last year. It is also lower than that chosen by many of our South African peers

However, one should be careful in judging the suitability of one's exposure to the stock market based on a peer comparison. The danger is that the majority of managers will tend to be full of shares close to stock market tops and low in shares close to stock market bottoms. By way of example, a JP Morgan study shows that the average US pension fund allocated just over 30% to equities in the early 1980s, but after a 20-year bull market the average US pension fund was allocating about 60% to equities in the early 2000s.

We believe it better to allow the Fund's net equity exposure to be determined by the values we are finding in the market, rather than by following the herd. With many South African financial and industrial shares trading close to their 2007-2008 highs, and the FTSE/JSE All Share Index up 50% from its low in the first quarter of 2009, it should be no surprise that our value-based approach is resulting in a lower equity exposure for the Fund

For a discussion of the sectors of the market offering the best relative value, please refer to our Equity Fund factsheet.

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BALANCED FUND

TOP 10 SHARE HOLDINGS¹

Company	% of portfolio		
SABMiller	6.6		
Sasol	5.0		
Remgro Limited	3.9		
British American Tobacco	3.8		
Anglogold Ashanti	3.4		
Sanlam	2.9		
MTN	2.4		
Sappi	1.7		
Dimension Data	1.5		
Standard Bank	1.4		

¹ The Top 10 share holdings at 31 March 2010. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 MARCH 2010 2

	Included in TER			
Total expense ratio	Trading costs	Performance component	Fee at benchmark	Other expenses
1.88%	0.08%	0.60%	1.18%	0.02%

² A 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 March 2010. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STR, 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

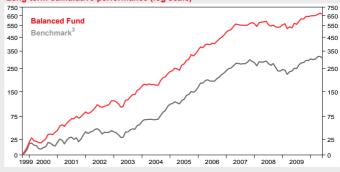
ASSET ALLOCATION AS AT 31 MAY 2010

	% of portfolio		
Asset class	Total	SA	Foreign
Net Equities	55.9	44.5	11.4
Hedged Equities	8.4	1.1	7.3
Property	0.3	0.3	-
Commodities (Gold)	3.7	3.7	-
Bonds	9.1	9.1	-
Money Market and Bank Deposits	22.7	21.3	1.4
Total	100.0	80.0	20.0

Note: There may be slight discrepancies in the totals due to rounding.

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)	666.2	305.9
Latest 10 years (annualised)	20.5	14.1
Latest 5 years (annualised)	15.9	13.0
Latest 3 years (annualised)	5.1	2.5
Latest 1 year	13.8	15.6
Risk measures (Since inception month end prices)		
Maximum drawdown ⁴	-15.4	-20.5
Percentage positive months	68.8	66.4
Annualised monthly volatility	10.3	10.6

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 May 2010.

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 ne 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 truture. Unit trust proces are calculated on a net asset value beasis, which is the total market value of all assets in the portfolio included 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 reinvested. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees. Fluctuations and movements in exchange rates may also cause the value of underlying international investments to go up or down. 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 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 region exposure of the 10% of the process. 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 All Share Index values and constituent lists vests in FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Share Index values and constituent lists vests in FTSE and the JSE. Allan Gray Unit Trust Management Limited is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Limited, an authorised financial services provider, is the appointed investment manager of Allan Gray Unit Trust Management Limited

Maximum percentage decline over any period.