ALLAN GRAY

ALLAN GRAY BALANCED FUND

FUND DETAILS AT 30 SEPTEMBER 2010

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

Price:	R 53.87
Size:	R 38 190 m
Minimum lump sum per investor account:	R20 000
Minimum lump sum per fund:	R5 000
Minimum debit order per fund:	R 500
Additional lump sum per fund:	R 500
No. of share holdings:	75
Income distribution: 01/10/09 - 30/09/10 (cents per unit)	Total 100.81

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 two-year 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

The FTSE/JSE All Share Index advanced 8.7% in September, which means that it is now up 6.5% for the year to date. The resources sector has lagged significantly this year. We have taken advantage of this relative underperformance to add to the Fund's position in Sasol. You can read more about the investment case for Sasol in the Equity Fund commentary.

We reiterate our message to clients that we believe that real (or inflation-beating) returns will prove much more elusive over this decade than they were over the first decade of the century. This is simple mathematics based on the much higher starting prices for South African shares for this decade than we had in the early 2000s.

The Fund currently has 58.8% of its portfolio effectively exposed to the equity markets (mainly in South Africa, but 12.2% of this exposure comes from foreign equities). This net equity exposure is relatively low compared to the Fund's history. The sale of the Fund's holding in Didata to NTT will reduce net equity exposure by 1.8% within the next couple of weeks.

One factor mitigating against an even lower equity exposure is the exchange rate of the rand, which we consider unsustainably strong at the current R6.90/US$. Many of the shares in the Fund are potential beneficiaries of rand weakness - all else being equal (which is of course seldom the case in the real world!).

While the 20% of the Fund invested offshore has been a drag on recent returns, we believe that it can be a substantial contributor to future long-term returns and we thus maintain the maximum foreign exposure of 20%.

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TOP 10 SHARE HOLDINGS[1]

Company	% of portfolio
SABMiller	6.4
Sasol	6.0
Remgro	4.2
British American Tobacco	3.6
AngloGold Ashanti	3.4
Sanlam	2.7
MTN	2.3
Dimension Data	1.8
Sappi	1.5
Harmony Gold	1.5

[1] The Top 10 share holdings at 30 September 2010. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 JUNE 2010 [2]

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
1.84%	0.08%	0.57%	1.17%	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 June 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, 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 30 SEPTEMBER 2010

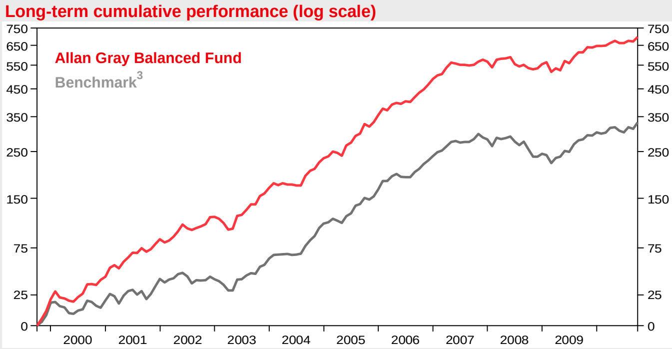
	% of portfolio		
Asset class	**Total**	**SA**	**Foreign**
Net Equities	58.8	46.6	12.2
Hedged Equities	7.9	1.2	6.7
Property	0.3	0.3	-
Commodities (Gold)	3.4	3.4	-
Bonds	9.8	9.8	-
Money Market and Bank Deposits	19.8	18.9	0.9
Total	**100.0**	**80.2**	**19.8**

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)	699.6	332.1
Latest 10 years (annualised)	19.5	13.8
Latest 5 years (annualised)	13.4	11.5
Latest 3 years (annualised)	6.9	4.1
Latest 1 year	11.7	13.2
Risk measures (Since inception month end prices)		
Maximum drawdown[4]	-15.4	-20.5
Percentage positive months	68.2	65.9
Annualised monthly volatility	10.2	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 30 September 2010.**

[4] Maximum percentage decline over any period.