

FUND DETAILS AT 30 NOVEMBER 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 54.71
Size: R 39 466 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

We believe that real (or inflation-beating) returns will prove much more elusive over this decade than they were over the first decade of this 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 56.8% of its portfolio effectively exposed to the equity markets (mainly in South Africa, but 12.9% of this exposure comes from foreign equities). This net equity exposure is relatively low compared to the Fund's history.

One factor mitigating against an even lower equity exposure is the exchange rate of the rand, which we consider unsustainably strong at the current R6.84/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 this maximum foreign exposure. A significant portion of the Fund's net exposure to offshore equities is derived from selected equities in Japan, where the market is trading at levels not too far above the lows of the 2008/9 credit crisis.

ALLAN GRAY BALANCED FUND

TOP 10 SHARE HOLDINGS¹

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 SEPTEMBER 2010²

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
1.80%	0.08%	0.53%	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 September 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.

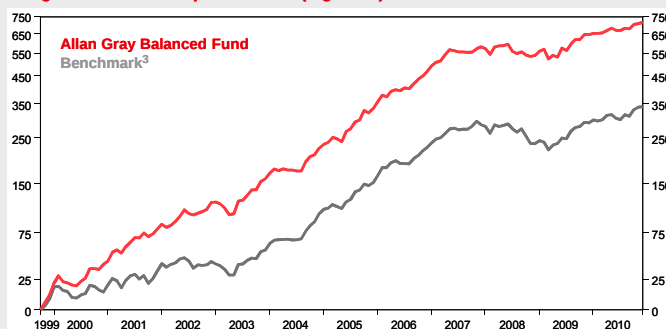
ASSET ALLOCATION AS AT 30 NOVEMBER 2010

Asset class	% of portfolio		
	Total	SA	Foreign
Net Equities	56.8	43.9	12.9
Hedged Equities	7.5	1.2	6.3
Property	0.2	0.2	-
Commodities (Gold)	3.5	3.5	-
Bonds	10.0	10.0	-
Money Market and Bank Deposits	22.0	21.1	0.9
Total	100.0	79.9	20.1

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)	712.1	341.7
Latest 10 years (annualised)	19.3	14.5
Latest 5 years (annualised)	13.4	11.8
Latest 3 years (annualised)	6.1	4.5
Latest 1 year	9.4	12.6
Risk measures (Since inception month end prices)		
Maximum drawdown ⁴	-15.4	-20.5
Percentage positive months	68.7	66.4
Annualised monthly volatility	10.2	10.5

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 November 2010.

⁴ Maximum percentage decline over any period.

Tel 0860 000 654 or +27 (0)21 415 2301
 Fax 0860 000 655 or +27 (0)21 415 2492
 info@allangray.co.za www.allangray.co.za

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 bi-annually. 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 mandate. 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 jointly. All their rights are reserved. 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.