

## FUND DETAILS AT 30 APRIL 2011

**Sector:** Domestic AA - Prudential - Variable Equity  
**Inception date:** 1 October 1999  
**Fund managers:** Ian Liddle, Duncan Artus, Delphine Govender, Andrew Lapping, Simon Raubenheimer  
 (Most foreign assets are invested in Orbis funds)

### Fund objective:

The Fund aims 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 any greater-than-average risk of loss in its sector.

### 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:** R57.01  
**Size:** R43 137 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:** 78  
**Income distribution: 01/04/10 - 31/03/11 (cents per unit)** Total 122.85  
 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 earthquake and tsunami that battered Japan on 11 March, and the subsequent damage to the nuclear reactors at Fukushima are disasters for the Japanese people. We wish them well in their recovery efforts. Despite the Fund's overweight exposure to Japan within the quarter of the Fund invested in foreign markets, the Fund has weathered the storm relatively well so far.

Recent experiences in Japan, Egypt and Ireland (amongst others) raise the question of how the Fund would perform in the event of some unforeseen natural or man-made affliction in South Africa. The asset allocation table opposite shows that three-quarters of the Fund is exposed to South African assets, but this is based on a regulator's view of the world. Regulators tend to classify companies by the domicile of their headquarters or primary listing, but investors are more concerned with where a company makes its money than with the address of its head office. The divergence between the two views is widening as big companies grow into multi-national companies. Every company in our Top 10 holdings (bar Remgro) has significant assets or operations outside South Africa.

This means that the Fund is effectively more globally diversified than what is suggested by the asset allocation table. Nevertheless, investors with a global mindset and who are not constrained by Regulation 28 should be aware that the Fund's constraints still result in its exposure being significantly skewed to South Africa in relation to South Africa's importance in global financial markets.

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\* Only available to South African residents.

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 trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. 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 net cost. Compliance with Prudential Investment Guidelines: The Fund is managed to comply with Regulation 28 of the Pension Funds Act (with total foreign exposure limit of 25% as per FSB Circular 6 of 2010). 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. Allan Gray Unit Trust Management Limited has been approved by the Regulatory Authority of Botswana to market its unit trusts in Botswana, however the Company is not supervised or licensed in Botswana. It is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board.

# ALLAN GRAY BALANCED FUND

## TOP 10 SHARE HOLDINGS<sup>1</sup>

Company	% of portfolio
Sasol	7.2
SABMiller	6.3
British American Tobacco <sup>2</sup>	4.0
Remgro	3.6
AngloGold Ashanti	3.0
Sanlam	2.4
MTN	1.9
Harmony Gold	1.7
Standard Bank	1.6
Sappi	1.3

1. Top 10 share holdings at 31 March 2011. Updated quarterly.
2. In December 2010, National Treasury announced, along with the increase in foreign exposure allowance, that the holding of foreign inward listed shares, such as British American Tobacco, are to form part of an institutional investor's overall foreign allowance.

## TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 MARCH 2011<sup>3</sup>

Total expense ratio	Included in TER			
	Investment management fee <sup>4</sup>		Trading costs	Other expenses
	Performance component	Fee at benchmark		
1.35%	0.08%	1.16%	0.09%	0.02%

3. A Total Expense Ratio (TER) is a measure of a unit trust's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the unit trust, calculated for the year to the end of March 2011. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, STT, STRATE and insider trading levy), VAT 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.
4. Including VAT.

The investment management fee rate for the three months ending 30 April 2011 was 0.90% (annualised).

## ASSET ALLOCATION AT 30 APRIL 2011

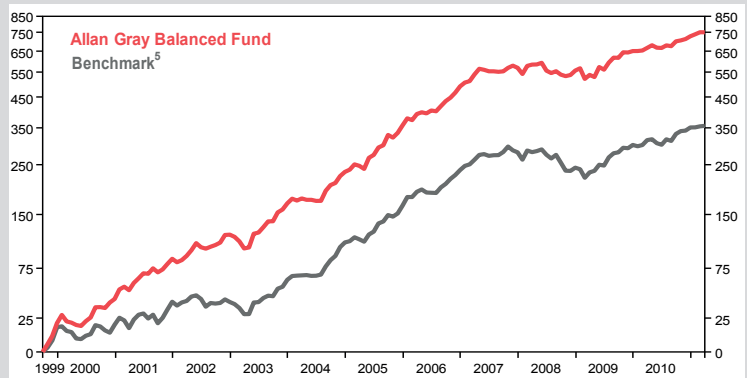
Asset class	% of portfolio		
	Total	SA	Foreign
Net Equities	56.4	41.3	15.0
Hedged Equities	11.4	3.6	7.8
Property	0.3	0.3	-
Commodities (Gold)	3.3	3.3	-
Bonds	10.0	10.0	-
Money Market and Bank Deposits	18.6	16.9	1.7
<b>Total</b>	<b>100</b>	<b>75.4</b>	<b>24.6</b>

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

## PERFORMANCE

Fund performance shown net of all fees and expenses.

Long-term cumulative performance (log scale)



% Returns	Fund	Benchmark <sup>5</sup>
Since inception (unannualised)	756.7	362.0
Latest 10 years (annualised)	18.4	14.0
Latest 5 years (annualised)	11.5	9.2
Latest 3 years (annualised)	7.7	6.3
Latest 1 year	10.0	10.8
<b>Risk measures (Since inception month end prices)</b>		
Maximum drawdown <sup>6</sup>	-15.4	-20.5
Percentage positive months	69.1	67.6
Annualised monthly volatility	10.0	10.4

5. 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 April 2011.
6. Maximum percentage decline over any period.