ALLAN GRAY BALANCED FUND

FUND DETAILS AT 31 MAY 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:	R57.54
Size:	R43 856 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:	79
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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TOP 10 SHARE HOLDINGS[1]

Company	% of portfolio
Sasol	7.2
SABMiller	6.3
British American Tobacco[2]	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[3]

Total expense ratio	Included in TER			
	Investment management fee[4] 1.24%		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. The investment management fee rate for the three months ending 31 May 2011 was 0.97% (annualised).

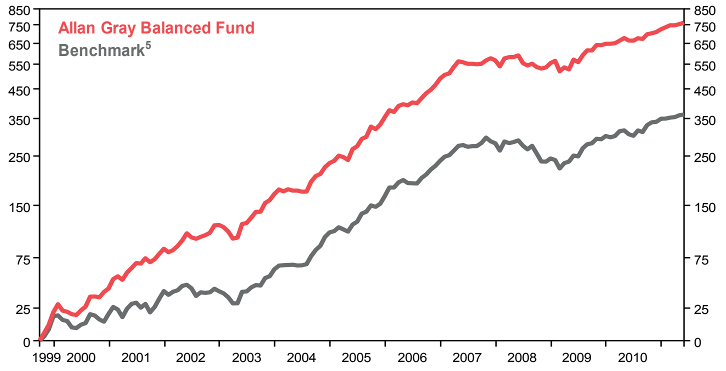
ASSET ALLOCATION AT 31 MAY 2011

Asset class	% of portfolio Total	SA	Foreign
Net Equities	56.0	40.8	15.2
Hedged Equities	11.1	3.5	7.6
Property	0.4	0.4	-
Commodities (Gold)	3.4	3.4	-
Bonds	10.7	10.7	-
Money Market and Bank Deposits	18.4	16.6	1.8
Total	**100.0**	**75.4**	**24.6**

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[5]
Since inception (unannualised)	764.6	364.2
Latest 10 years (annualised)	18.1	13.7
Latest 5 years (annualised)	11.9	9.7
Latest 3 years (annualised)	7.7	6.0
Latest 1 year	12.8	14.3
Risk measures (Since inception month end prices)		
Maximum drawdown[6]	-15.4	-20.5
Percentage positive months	69.3	67.9
Annualised monthly volatility	9.9	10.3

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 31 May 2011.
6. Maximum percentage decline over any period.

* Only available to South African residents.