ALLAN GRAY BOND FUND

Fact sheet at 31 May 2005

ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

Sector:	Domestic - Fixed Interest - Bond
Inception Date:	1 October 2004
Fund Managers:	Jack Mitchell (B Com) and Sandy McGregor B Sc, BA (Hons)

The objective of the Fund is to provide investors with a return superior to the All Bond Index, at no greater risk, over an interest rate cycle. The Fund will seek to preserve at least the nominal value of investors' capital.

Fund Details

Price:	1050.62 cents
Size:	R 13 301 496
Minimum lump sum:	R 25 000
Minimum monthly:	R 2 500
Subsequent lump sums:	R 2 500
No. of bond holdings:	8

01/04/04-31/03/05 dividend (cpu): Total 38.87
Int 21.41, S24J Acc 17.46

Annual Management Fee: Performance fee orientated to outperformance of the All Bond Index over a one-year rolling period. The limits are 0.285 - 0.855% p.a. (incl. VAT)

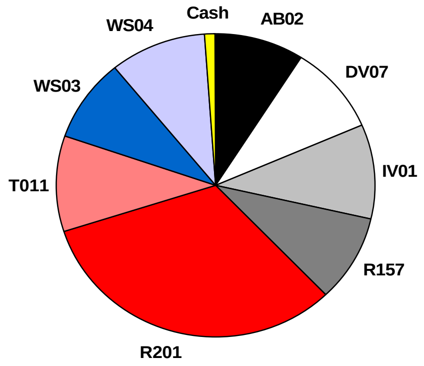
Commentary

In its first eight months the Fund has underperformed its benchmark of the All Bond Index, returning 9.0% (unannualised) versus 9.9% for the Index. The reason for the underperformance was that the managers avoided the very long government bond, the R186 maturing in 2025, which is priced at a significantly lower yield than 10-year bonds. The managers continue to feel that the R186 is mispriced notwithstanding that the yield gap has contracted and the Fund still has no holding in this ultra long bond. More recently some 10-year bonds have also been sold in favour of the R153 medium-term bond which has further reduced the risk of the portfolio. This was considered prudent given the possible change in direction of the Rand in the second quarter of 2005. The duration of the Fund is currently 4.5 versus 5.0 for the Index. This means that the Fund will continue to underperform given its current holdings should the bond market remain strong, but will outperform if the bond market is weak.

Fund Holdings at 31 March 2005*

JSE Code	Maturity date	Coupon rate	% of portfolio
R201	21/12/2014	8.75%	32.23
T011	01/04/2010	16.50%	10.14
IV01	31/03/2012	16.00%	9.95
WS04	30/05/2016	12.50%	9.59
DV07	30/09/2010	14.50%	9.56
R157	15/09/2015	13.50%	9.20
WS03	15/09/2010	13.00%	9.15
AB02	22/03/2009	14.25%	9.07
Cash	-	-	1.11

*The 'Fund Holdings' table is updated quarterly.



Performance (net of fees, including income, assumes reinvestment of dividends, on a NAV to NAV basis)

Graph will be available after a one-year track record.

% Returns	Bond Fund	All Bond Index
Since Inception (unannualised)	9.0	9.9
Latest 5 years (annualised)	-	-
Latest 3 years (annualised)	-	-
Latest 1 year	-	-

Allan Gray Unit Trust Management Limited
JC de Lange, GW Fury, ED Loxton, WJC Mitchell (Chairman), ER Swanepoel *(Non-Executive)*
Tel 0860 000 654, Fax 0860 000 655, info@allangray.co.za, www.allangray.co.za