ALLAN GRAY BOND FUND

Fact sheet at 31 December 2007

ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

Category: Domestic - Fixed Interest - Bond
Inception Date: 1 October 2004
Fund Managers: Sandy McGregor, Andrew Lapping

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:	1 046.18 cents
Size:	R 74 327 422
Minimum lump sum:	R 25 000
Minimum monthly:	R 2 500
Subsequent lump sums:	R 2 500
No. of bond holdings:	17
Fund duration:	2.95
Yield:	9.67
Income distribution:	Quarterly
01/01/07-31/12/07 dividend (cpu):	Total 84.41: Interest 84.41

Total Expense Ratio*

Total Expense Ratio	Included in TER			
	Trading Costs	Performance Component	Fee at Benchmark	Other Expenses
0.61%	0.00%	0.18%	0.29%	0.15%

*A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. It is expressed as a percentage of the average value of the portfolio, calculated for the year to the end of September 2007. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, UST, levy, strate and ITLevy) 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 can not be regarded as an indication of future TER's. The information provided is applicable to class A funds.

Annual management fee:

The annual management fee rate is dependent on the return of the Fund relative to its benchmark, the BEASSA Total Return All Bond Index over (adjusted for fund expenses and cash flows) a rolling one-year period. The fee hurdle (above which a fee greater than the minimum fee of 0.25% is charged) is performance equal to the benchmark. The manager's sharing rate is 25% of the outperformance of the benchmark over a rolling one-year period with a maximum fee of 0.75% (excl. VAT) per annum.

Commentary

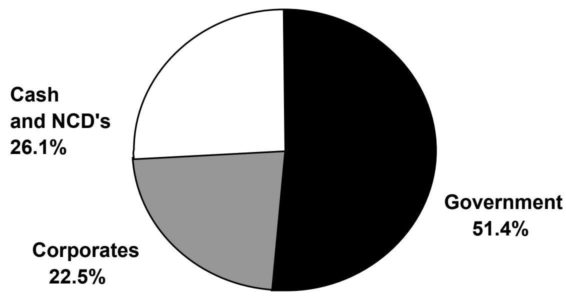
The yield curve remains extremely inverted, with short-dated bonds and deposits offering significantly higher yields than long-dated bonds. The Portfolio is biased to the short end of the yield curve where we see more value.

Top 10 Fund Holdings

JSE Code*	Maturity date*	Yield to maturity**	%of portfolio*
R201	21/12/2014	8.555	19.2
R153	31/08/2010	9.370	17.7
R157	15/09/2015	8.500	14.4
ND11	28/08/2008	10.200	2.7
IPB2	30/12/2010	10.675	2.2
MTN1	13/07/2010	10.520	2.1
AGO1	28/08/2008	11.495	2.0
SPG1	25/06/2008	11.705	1.9
IV03	31/03/2012	10.525	1.8
SMF1	27/06/2013	10.505	1.8

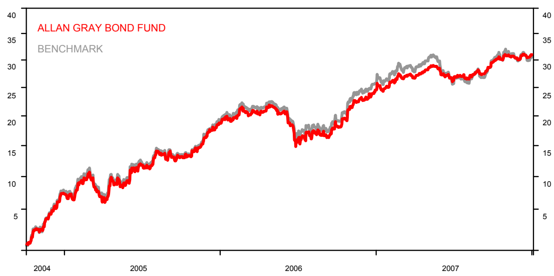
* Updated quarterly.
** Updated monthly.

Type



Performance (shown net of all management fees and other expenses)

Long-term cumulative performance (log-scale)



% Returns	Bond Fund	Benchmark*
Since Inception (unannualised)	31.3	31.3
Latest 5 years (annualised)	-	-
Latest 3 years (annualised)	7.0	6.8
Latest 1 year	5.4	4.3

* All Bond Index.

Source: INET, performance as calculated by Allan Gray on 31 December 2007.

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