ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

BOND FUND

FUND DETAILS AT 31 JULY 2008

Sector:	Domestic - Fixed Interest - Bond
Inception date:	1 October 2004
Fund managers:	Sandy McGregor, Andrew Lapping

Fund objective:

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.

Suitable for those investors who:

- Are looking for returns in excess of that provided by money market or cash investments.
- Seek a bond 'building block' for a diversifies multi-asset class portfolio.
- Are prepared to accept some risk of capital depreciation in exchange for the prospect of earning increased returns.
- Want to draw a regular income stream without consuming capital.

Compliance with Prudential Investment Guidelines:

Retirement Funds: The portfolio is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act. 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 by retirement funds with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28).

Price:	R 10.16
Size:	R 51 m
Minimum lump sum:	R 25 000
Minimum monthly:	R 2 500
Subsequent lump sums:	R 2 500
No. of bond holdings:	12
Fund duration:	3.06
Yield:	11.11
Income distribution: 01/07/07 - 30/06/08 (cents per unit)	Total 87.17

Distributes quarterly.

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 (adjusted for fund expenses and cash flows) over 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 duration of the Fund was below the benchmark during July and thus did not benefit to the same extent as the benchmark from the sharp rally in the bond market. However, we believe long bonds do not offer much value at these yields as we do not believe inflation is going to fall to the level the bond market is anticipating. We believe the money market instruments and the short end of the bond market offer better value. The duration of the fund is 3.06 compared to the benchmark of 4.92.

TOP 10 FUND HOLDINGS

JSE code*	Maturity date*	Yield to maturity**	% of portfolio*
R201	21/12/2014	9.215	35.8
R157	15/09/2015	9.135	5.6
R153	31/08/2010	10.210	4.5
ND11	17/09/2015	10.835	3.8
IPB2	30/12/2010	12.710	3.2
MTN1	13/07/2010	11.770	3.0
IV03	31/03/2012	12.160	2.6
SGL5	07/04/2012	13.715	2.0
SMF2	14/10/2011	12.260	1.9
LGL1	12/09/2012	11.510	1.8

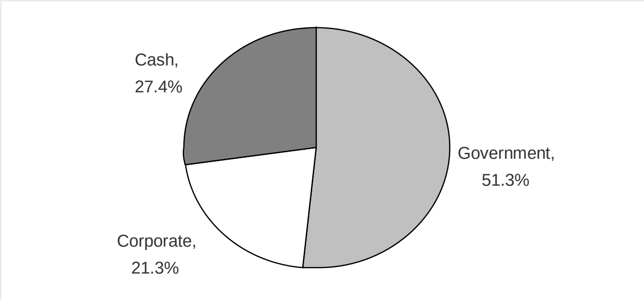
*Updated quarterly
** Updated monthly

TOTAL EXPENSE RATIO*

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
0.90%	0.00%	0.51%	0.29%	0.10%

*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 June 2008. 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.

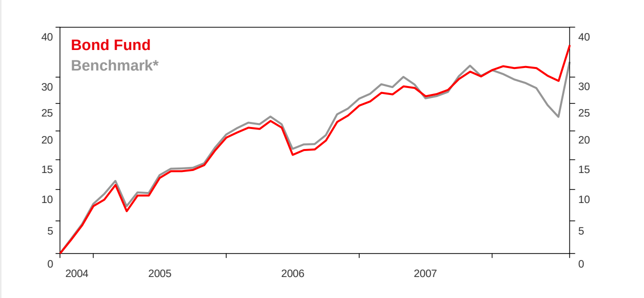
TYPE



PERFORMANCE

Fund performance shown net of all fees and expenses as per the TER disclosure.

Long-term cumulative performance (log scale)



% Returns	Fund	Benchmark*
Since inception (unannualised)	36.3	32.9
Latest 3 years (annualised)	6.4	5.4
Latest 1 year	7.5	5.2
Risk measures (Since inception month end prices)		
Percentage positive months	71.7	67.4
Annualised monthly volatility	5.5	6.9

* All Bond Index. **Source: INET, Performance as calculated by Allan Gray as at 31 July 2008.**

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