

FUND DETAILS AT 31 MARCH 2009

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 diversified 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 10.58
Size: R 103 m
Minimum lump sum: R 25 000
Minimum monthly: R 2 500
Subsequent lump sums: R 2 500
No. of bond holdings: 22
Fund duration: 2.8
Yield: 10.00
Income distribution: 01/04/08 - 31/03/09 (cents per unit) Total 97.05
 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 very weak economy is one of the most significant factors being taken into account by the SARB in determining interest rates. Since December it has reduced rates by 2.5 per cent with further cuts probable. Increasingly the term structure of interest rates is being determined by the large funding requirements of government and the parastatals. Since January long bond yields have increased in response to these pressures. We believe that the yield curve has not yet fully normalised to reflect these pressures. Accordingly the portfolio continues to be focused on short to medium term maturities.

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TOP 10 FUND HOLDINGS AT 31 MARCH 2009¹

JSE code	Maturity date	% of portfolio	Yield to Maturity ² 31 March 2009
R201	21/12/2014	22.6	8.235
R203	15/09/2017	10.0	8.550
TN17	14/11/2017	4.1	10.460
ND11	17/09/2015	3.8	11.080
R157	15/09/2015	3.6	8.180
FRB3	15/09/2014	1.8	10.580
FRB1	31/08/2010	1.5	9.670
MTN1	13/07/2010	1.5	9.990
IPB2	30/12/2010	1.3	9.390
SMF2	14/10/2011	1.0	9.140

¹ Updated quarterly

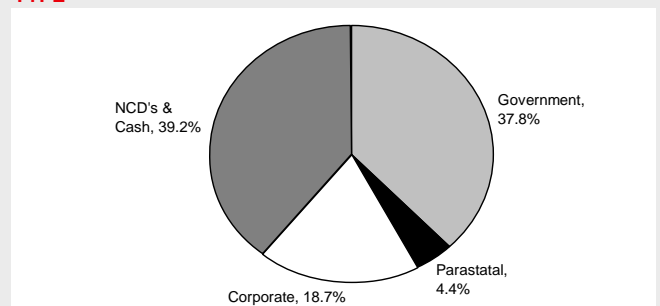
² Updated monthly

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 DECEMBER 2008²

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
0.89%	0.00%	0.50%	0.29%	0.10%

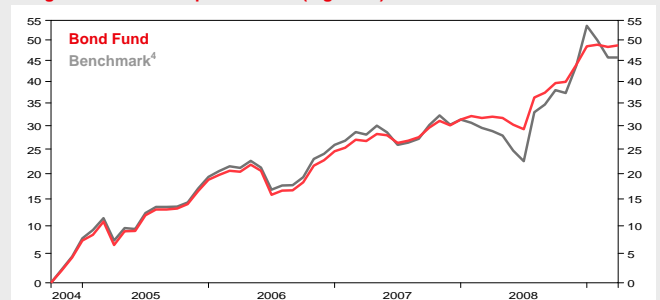
³A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2008. Included in the TER is the proportion of 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 ⁴
Since inception (unannualised)	48.7	45.7
Latest 3 years (annualised)	7.3	6.3
Latest 1 year	12.7	13.1
Risk measures (Since inception month end prices)		
Percentage positive months	74.1	66.7
Annualised monthly volatility	5.4	7.7

⁴ All Bond Index. Source: I-Net Bridge, performance as calculated by Allan Gray as at 31 March 2009.