

FUND DETAILS AT 31 AUGUST 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.

Price:	R 10.47
Size:	R 126 m
Minimum lump sum per investor account:	R 20 000
Minimum lump sum per fund:	R 5 000
Minimum debit order per fund:	R 500
Additional lump sum per fund:	R 500
No. of bond holdings:	25
Fund duration:	3.6
Yield:	9.26
Income distribution: 01/07/08 - 30/06/09 (cents per unit)	Total 97.80
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

Over the first six months of 2009 the slope of the yield curve has changed from extreme inversion, with one-month rates 4% higher than 10-year bonds, to an upward slope typical of recessionary conditions. The spreads between non-government and government bonds have also widened significantly. There is now value in longer-dated bonds, which has been absent for the past three years. We have thus been increasing duration. The major risk facing bond investors remains the large funding requirements of government at a time when tax revenues are stagnating.

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BOND FUND

%

14

Maturity date

15/09/2017

21/12/2014

14/11/2017

17/09/2015

15/09/2015

09/03/2016

15/09/2014

31/08/2010

13/07/2010

30/12/2010

TOP 10 FUND HOLDINGS¹

JSF code

R203

R201

TN17

ND11

R157

AIR3

FRB3

FRB1

MTN1

IPB2

	Yield to Maturity		
of portfolio	31 August 2009		
23.9	8.680		
19.9	0.000		
3.6	10.350		
3.4	11.135		
3.1	8.580		
1.7	10.775		
1.6	10.735		

8.960

8.960

10.460

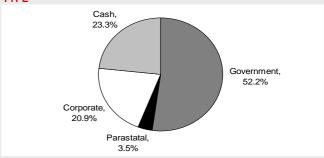
¹Top 10 Fund Holdings at 30 June 2009. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 JUNE 20093

	Included in TER			
Total expense ratio	Trading costs	Performance component	Fee at benchmark	Other expenses
0.56%	0.00%	0.18%	0.29%	0.09%

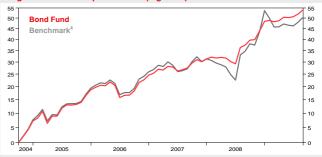
³A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of June 2009. Included in the TER is the proportion of costs 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)	54.1	50.3
Latest 3 years (annualised)	9.7	8.5
Latest 1 year	12.2	11.7
Risk measures (Since inception month end prices)		
Percentage positive months	74.6	66.1
Annualised monthly volatility	5.2	7.4

 $^{^4}$ All Bond Index. Source: I-Net Bridge, performance as calculated by Allan Gray as at 31 August 2009.

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio divided by the number of units in issue. Declarations of income accruals are made quarterly.

Purchase and redemption requests must be received by the manager by 14:00 each business day and fund valuations take place at approximately 16:00 each business day. Forward pricing is therefore used. Performance figures are from Allan Gray Limited (GIPS compliant) and are for lump sum investments with income distributions reinvested. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges, trustee fees and RSC levies. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees and charges and maximum commissions is available on request from the manager. No commissions or incentives are paid. The fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The manager is a member of the Association for Savings & Investment SA (ASISA). Total Expense Ratio (TER): When investing, case only a part of an investment decision. The investment objective of the Fund should be compared with the investor's objective and then the performance of the investment and whether it represents value for money should be evaluated as part of the financial planning process. All Alian Gray performance figures and values are quoted after the deduction of costs incurred within the Fund so the Fund so the Fund should 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. Alian Gray

² Updated monthly