

## FUND DETAILS AT 30 APRIL 2011

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

### Fund objective:

The Fund aims to provide investors with a return superior to the All Bond Index, at no greater risk, over an interest rate cycle. The Fund seeks 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:** R10.72  
**Size:** R287 m  
**Minimum lump sum per investor account:** R20 000  
**Minimum lump sum per fund:** R5 000  
**Minimum debit order per fund:** R 500\*  
**Additional lump sum per fund:** R 500  
**No. of share holdings:** 41  
**Fund duration:** 4.45  
**Gross yield (before fees as at 30 June 2010):** 8.30%  
**Income distribution: 01/04/10 - 31/03/11 (cents per unit)** Total 84.40  
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

Movements in the local bond market continue to demonstrate the sensitivity of South African bonds to foreign flows. South Africa is reliant on these flows because of a low domestic savings rate and sizeable government borrowing requirement. There are indications that the downward path of inflation of the past two years is being reversed. Short-term interest rates are probably at the bottom of their cycle. Given the combination of these circumstances, we believe a cautious investment stance is appropriate. The Fund's duration remains significantly below that of its All Bond Index benchmark.

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\* Only available to South African residents.

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 trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. 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 and trustee fees. 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. Commission and incentives may be paid and if so, would be included in the overall costs. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Total Expense Ratio (TER): When investing, costs are 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 Allan Gray performance figures and values are quoted after the deduction of costs incurred within the Fund so the TER is not a new cost. Compliance with Prudential Investment Guidelines: The Fund is managed to comply with 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). Allan Gray Unit Trust Management Limited is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Limited, an authorised financial services provider, is the appointed investment manager of Allan Gray Unit Trust Management Limited. Allan Gray Unit Trust Management Limited has been approved by the Regulatory Authority of Botswana to market its unit trusts in Botswana, however the Company is not supervised or licensed in Botswana. It is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board.

# ALLAN GRAY BOND FUND

## TOP 10 SHARE HOLDINGS<sup>1</sup>

Yield to maturity<sup>2</sup>

| JSE code | Maturity date | % of portfolio | 30 April 2011 |
|----------|---------------|----------------|---------------|
| R203     | 2017/09/15    | 27.9           | 8.165         |
| WS04     | 2016/05/30    | 9.7            | 8.080         |
| R207     | 2020/01/15    | 6.6            | 8.390         |
| ES23     | 2023/01/25    | 5.4            | 9.070         |
| R186     | 2026/12/21    | 3.9            | 8.630         |
| R206     | 2014/01/15    | 3.8            | 6.910         |
| ES15     | 2015/08/30    | 3.7            | 8.145         |
| R208     | 2021/03/31    | 2.7            | 8.455         |
| AB05     | 2012/09/01    | 2.4            | 7.635         |
| MTN3     | 2015/07/13    | 2.1            | 8.970         |

1. The Top 10 share holdings at 31 March 2011. Updated quarterly.

2. Updated monthly.

## TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 MARCH 2011<sup>3</sup>

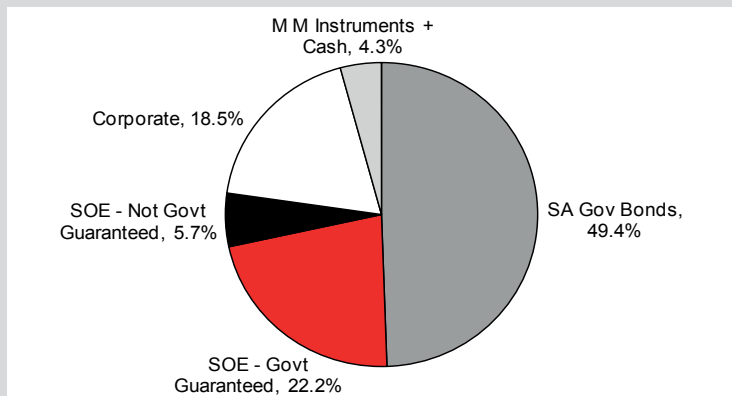
| Total expense ratio | Included in TER                        |                  |               |                |
|---------------------|----------------------------------------|------------------|---------------|----------------|
|                     | Investment management fee <sup>4</sup> |                  | Trading costs | Other expenses |
|                     | Performance component                  | Fee at benchmark |               |                |
| 0.44%               | 0.11%                                  | 0.29%            | 0.00%         | 0.04%          |

3. A Total Expense Ratio (TER) is a measure of a unit trust's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the unit trust, calculated for the year to the end of March 2011. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, STT, STRATE and insider trading levy), VAT 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.

4. Including VAT.

The investment management fee rate for the three months ending 30 April 2011 was 0.46% (annualised).

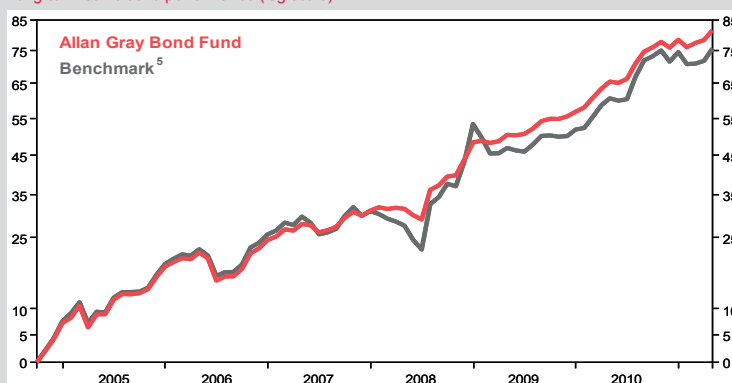
## TYPE



## PERFORMANCE

Fund performance shown net of all fees and expenses.

Long-term cumulative performance (log scale)



| % Returns                                               | Fund | Benchmark <sup>5</sup> |
|---------------------------------------------------------|------|------------------------|
| Since inception (unannualised)                          | 81.5 | 76.0                   |
| Latest 5 years (annualised)                             | 8.3  | 7.5                    |
| Latest 3 years (annualised)                             | 11.3 | 11.2                   |
| Latest 1 year                                           | 9.7  | 9.4                    |
| <b>Risk measures (Since inception month end prices)</b> |      |                        |
| Percentage positive months                              | 75.9 | 69.6                   |
| Annualised monthly volatility                           | 4.8  | 6.9                    |

5. All Bond Index (Source: I-Net Bridge), performance as calculated by Allan Gray as at 30 April 2011.