

ALLAN GRAY EQUITY FUND

Fact sheet at 31 May 2006

Sector: Domestic - Equity - General
Inception Date: 1 October 1998
Fund Manager: Stephen Mildenhall
Qualification: B Com(Hons), CA(SA), CFA

The Fund aims to earn a higher total rate of return than that of the average of the South African equity market as represented by the FTSE/JSE All Share Index, including income without assuming greater risk. Risk is higher than the Balanced Fund but less than the average general equity fund due to the low risk investment style.

Fund Details

Price: 11 578.08 cents
Size: R 13 045 690 991
Minimum lump sum: R 10 000
Minimum monthly: R 500
Subsequent lump sums: R 500
No. of share holdings: 51
Income Distribution: Bi-annually
01/07/03-30/06/04 dividend (cpu): Total 25.79
Interest 0.65, Dividend 25.14

Annual Management Fee: The monthly charge rate is directly related to the rolling two-year return of the Fund compared with that of its benchmark. The limits are 0-3.42% p.a. (incl. VAT).

commentary continued...

considers that the earnings of the All Share Index are above trendline. We therefore continue to urge our investors to temper their return expectations, although we believe that our stock-picking skills should continue to generate superior performance over the benchmark over long periods of time. One of the areas where we believe that stock-picking can lead to outperformance is within Resource shares. While the Rand price of commodities such as gold and platinum has increased over the last year, this has until recently been due to a combination of higher dollar commodity prices offsetting a relatively strong Rand exchange rate. A feature of the last month has been the weakening of the Rand exchange rate. Despite the weakness, we would continue to be more confident of a weaker Rand exchange rate from these levels than higher dollar commodity prices. As detailed in previous months, the Fund holds resource shares which we believe will be larger beneficiaries of a weakening Rand than the more internationally based resource shares given the Rand cost base of companies such as the platinum and gold shares. As is often the case the short-term beneficiaries of a weakening in the exchange rate tend to be the internationally based resource shares as a result of the simple translation of an offshore determined price into Rands. History however suggests that the medium to long-term beneficiaries of such weakening are many of the holdings in the Fund. We believe that a rerating of these shares is likely as the underlying earnings become apparent.

Commentary

The valuation gap between South African shares and shares listed elsewhere has closed with South African shares trading on similar multiples to their global peers. This leaves little margin of safety in South African shares, particularly when one

Top 10 Share Holdings at 31 March 2006*

JSE Code	Company	% of portfolio
MTN	MTN	9.72
REM	Remgro	9.30
SBK	Stanbank	8.08
IMP	Impala	7.80
HAR	Harmony	6.72
AMS	Angloplat	6.11
SLM	Sanlam	5.93
SOL	Sasol	5.34
NED	Nedbank	5.10
ASA	Absa	3.95

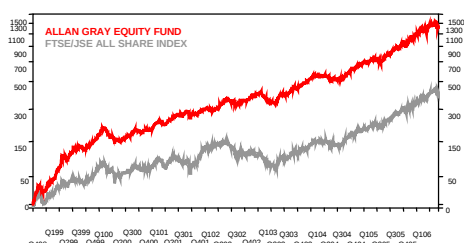
* The 'Top 10 Share Holdings' table is updated quarterly.

Sector Allocation

Sector	% of Fund	ALSI
Oil & Gas	4.38	5.93
Basic Materials	28.73	37.81
Industrials	3.01	6.05
Consumer Goods	5.11	13.21
Health	-	1.21
Consumer Services	12.18	6.96
Telecommunications	9.23	4.55
Financials	35.55	23.62
Technology	1.89	0.66
Fixed Interest/Liquidity	-0.08	-

Performance (net of fees, including income, assumes reinvestment of dividends, on a NAV to NAV basis)

Long-term cumulative performance (log-scale)



% Returns	Equity Fund	ALSI
Since Inception (unannualised)	1228.9	407.4
Latest 5 years (annualised)	30.1	20.7
Latest 3 years (annualised)	39.3	37.9
Latest 1 year	52.8	53.3
Risk Measures		
<i>(Since incep. month end prices)</i>		
Maximum drawdown*	-21.0	-34.4
Annualised monthly volatility	18.8	20.1

* Maximum percentage decline over any period

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