

ALLAN GRAY EQUITY FUND

Fact sheet at 30 September 2007

Sector: Domestic - Equity - General
Inception Date: 1 October 1998
Fund Managers: Stephen Mildenhall, Arjen Lugtenburg, Duncan Artus, Ian Liddle, Delphine Govender, Orbis Investment Management Limited

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.

Fund Details

Price: 16 846.02 cents
Size: R 18 673 195 495
Minimum lump sum: R 10 000
Minimum monthly: R 500
Subsequent lump sums: R 500
No. of share holdings: 43
Income distribution: Bi-annually
01/07/03-30/06/04 dividend(cpu): Total 25.79: Interest 0.65,
Annual management fee: Dividend 25.14

Total Expense Ratio*

Total Expense Ratio	Trading Costs	Performance Component	Fee at Benchmark	Other Expenses
3.56%	0.15%	1.70%	1.71%	0.00%

*A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses (incl. VAT). It is expressed as a percentage of the average value of the portfolio, calculated for the year to the end of June 2007. Included in the TER is the proportion of costs that are incurred in the performance component and trading costs. These are disclosed separately as percentages of the net asset value.

The annual management fee rate is dependent on the return of the Fund relative to its benchmark, the FTSE/JSE All Share Index, over a rolling two-year period. The fee hurdle (above which a fee greater than the minimum fee of 0% is charged) is performance equal to the benchmark minus 15%. For performance equal to the benchmark a fee of 1.5% (excl.VAT) per annum is payable. The manager's sharing rate is 10% of the under- and outperformance of the benchmark over a rolling two-year period and a maximum fee of 3% (excl.VAT) applies.

Commentary

The Fund has returned 32.6% over the last year and 33.5% p.a. over the last five years. This has been an exceptional period for South African equities. While the Fund has delivered outperformance over the last five years it has lagged the return of the benchmark FTSE/JSE All Share Index over the last year. After an extended period of strong equity returns by the market it is not unusual for disparity within the market to diverge with parts of the market becoming extremely overvalued. We have previously discussed the types of investments that we are finding attractive in what is now an expensive overall market. SAB, MTN, Remgro and Richemont are the Fund's largest holdings. They are all high quality companies with good management whose earnings are likely to outperform the market and which can still be acquired at reasonably attractive prices. The Fund is however very underweight cyclical companies whose earnings are now at extremely high levels. While their earnings may go higher in the short-term, we believe that they are likely to substantially underperform the earnings growth of the Fund's holdings over the medium-term. Should these shares move from expensive to irrational levels the Fund may very well underperform its benchmark in the short-term. As you know, in terms of our investment philosophy which we have consistently applied over the last 33 years, we are willing to accept short-term underperformance by being different to the benchmark and by not buying shares that are trading above their underlying intrinsic value even if they could rise further in the short-term. This philosophy reduces the risk of capital loss and enables the Fund to take advantage of the opportunities for long-term outperformance that arise during times like this. While overall market levels imply much lower future return prospects for all equities we remain confident of our ability to outperform the benchmark index and through our proprietary fundamental research continue to find investments that should generate attractive long-term returns for our investors without assuming greater risk than the market.

Top 10 Share Holdings at 30 September 2007*

JSE Code	Company	% of portfolio
SAB	SAB	9.6
MTN	MTN Group	9.2
REM	Remgro	9.1
RCH	Richemont	7.8
SLM	Sanlam	7.1
SOL	Sasol	6.3
SBK	Stanbank	5.0
ASA	ABSA	4.5
HAR	Harmony	4.1
SAP	Sappi	3.9

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

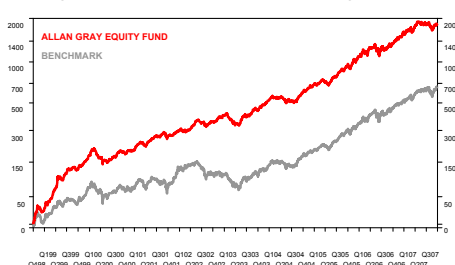
Sector Allocation at 30 September 2007*

Sector	% of Fund	ALSI
Oil & Gas	6.3	4.4
Basic Materials	16.6	43.5
Industrials	11.2	8.2
Consumer Goods	21.0	12.8
Healthcare	-	0.8
Consumer Services	11.2	5.9
Telecommunications	9.2	5.8
Financials	21.9	18.2
Technology	1.4	0.5
Other Securities	0.7	-
Fixed Interest/Liquidity	0.6	-

*The 'Sector Allocation' table is updated quarterly.

Performance (net of all fees and expenses as per the TER disclosure, including income, assumes reinvestment of dividends, on a NAV to NAV basis)

Long-term cumulative performance (log-scale)



% Returns

	Equity Fund	Benchmark*
Since Inception (unannualised)	1833.5	666.2
Latest 5 years (annualised)	33.5	29.8
Latest 3 years (annualised)	39.7	40.3
Latest 1 year	32.6	37.4
Risk Measures		
<i>(Since incep. month end prices)</i>		
Maximum drawdown**	-21.0	-34.4
Annualised monthly volatility	17.8	18.8

* FTSE/JSE All Share Index.

** Maximum percentage decline over any period.

Source: INET, performance as calculated by Allan Gray on 30 September 2007

Allan Gray Unit Trust Management Limited (Registration Number 1998/007756/06)

M Cooper, JC de Lange, RW Dower, GW Fury, IS Liddle, ED Loxton
 Tel 0860 000 654, + 27 (0)21 415 2301, Fax 0860 000 655, info@allangray.co.za, www.allangray.co.za

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