

EQUITY FUND

FUND DETAILS AT 31 AUGUST 2008

Sector: Domestic - Equity - General
Inception date: 1 October 1998
Fund managers: Ian Liddle, Duncan Artus, Delphine Govender, Andrew Lapping, Simon Raubenheimer

Fund objective:
 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.

Suitable for those investors who:

- Seek long-term wealth creation.
- Are comfortable with market fluctuation i.e. short-term volatility.
- Typically have an investment horizon of five years plus.
- Seek an equity 'building block' for a diversified multi-asset class portfolio.

Price: R 160.79
Size: R16 215 m
Minimum lump sum: R 10 000
Minimum monthly: R 500
Subsequent lump sums: R 500
No. of share holdings: 51
Income distribution: 01/07/07 - 30/06/08 (cents per unit) Total 40.44
 Distributes bi-annually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

Annual management fee:

The annual management fee rate is dependent on the return of the Fund relative to its benchmark, the FTSE/JSE All Share Index including income (adjusted for fund expenses and cash flows), 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 South African stockmarket stabilised somewhat in August after falling almost 20% from its peak in June and July. So while the market pauses for breath, we can take the opportunity to review the future long-term return prospects for investors in the Fund.

Despite the recent falls, there are still many risks to investors in the South African stockmarket. One risk that we have been emphasising for more than a year now, is that company profits are high - not only in South Africa, but around the world. This is important to investors, because company profits (which hopefully translate into dividends) are the ultimate source of returns to investors in the stockmarket. The current high level of profits will make it difficult for some companies to grow their real profits (and dividends), which will result in relatively lower returns for equity investors.

However, we believe that the selection of companies in the Fund will prove much more resilient than the average company over the next five years. This may be because of their competitive advantages or the relatively stable demand patterns for their products, or it may be because their earnings are already at below-normal levels. So while we would expect overall real returns for equity investors to be considerably lower than they have been for the last five years, we remain optimistic on the Fund's potential to outperform its benchmark.

Tel 0860 000 654 or +27 (0)21 415 2301
 Fax 0860 000 655 or +27 (0)21 415 2492
 info@allangray.co.za www.allangray.co.za

TOP 10 SHARE HOLDINGS AT 30 JUNE 2008*

Company	% of portfolio
SABMiller	10.1
MTN Group	9.7
Remgro	9.4
Richemont	8.5
Sasol	7.3
Anglogold Ashanti	6.8
Harmony Gold Mining Co	5.0
African Rainbow Minerals	4.6
Sanlam	4.5
Sappi	4.1

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

TOTAL EXPENSE RATIO*

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
2.40%	0.15%	0.53%	1.71%	0.01%

*A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. It is expressed as a percentage of the average value of the portfolio, calculated for the year to the end of June 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.

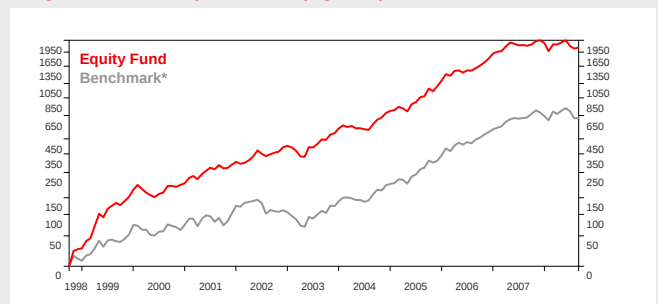
SECTOR ALLOCATION AT 30 JUNE 2008*

Sector	% of fund	ALSI
Oil & gas	7.3	6.8
Basic materials	25.0	50.1
Industrials	11.3	6.7
Consumer goods	21.8	11.5
Healthcare	1.3	0.6
Consumer services	6.1	4.3
Telecommunications	9.7	6.4
Financials	14.6	13.2
Technology	2.2	0.4
Other securities	0.5	-
Fixed interest/Liquidity	0.3	-

*The 'Sector Allocation' table is updated quarterly.

PERFORMANCE

Fund performance shown net of all fees and expenses as per the TER disclosure.
 Long-term cumulative performance (log scale)



% Returns	Fund	Benchmark*
Since inception (unannualised)	1 750.0	624.2
Latest 5 years (annualised)	27.7	28.1
Latest 3 years (annualised)	24.1	24.8
Latest 1 year	-2.5	-0.8
Risk measures (Since inception month end prices)		
Maximum drawdown**	-21.0	-34.4
Percentage positive months	68.1	59.7
Annualised monthly volatility	18.1	19.1

* FTSE/JSE All Share Index including income. Source: INET, performance as calculated by Allan Gray as at 31 August 2008.

** Maximum percentage decline over any period.

The FTSE/JSE All Share Index is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE Africa Series is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Share Index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved. Portfolios of Collective Investment Schemes in Securities (unit trusts) are generally medium to long-term investments. The value of participatory interests (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 accrual and less any permissible deductions from the portfolio divided by the number of units in issue. Declaration of income accruals are made bi-annually. Different classes of units apply to the Fund and are subject to different fees and charges. Fund valuations take place at approximately 16h00 each business day. Purchase and repurchase requests may be received by the manager by 14h00 each business day. Performance figures from Allan Gray Limited (GIPS compliant) are for lump sum investments using net asset value prices 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 Allan Gray Unit Trust Management Limited. Commission and incentives may be paid and if so, would be included in the overall costs. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Forward pricing is used. This Fund may be capped at any time in order to be managed in accordance with the mandate. Member of the ACI. 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. Retirement Funds: The Portfolio is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act, except for the overall total equity distribution limit, due to it being an equity portfolio. Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals whereby it 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.)