

### **FUND DETAILS AT 30 NOVEMBER 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 140.59 R 14 325 m Size: Minimum lump sum: R 10 000 Minimum monthly: R 500 Subsequent lump sums: R 500 No. of share holdings: 59 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 underand outperformance of the benchmark over a rolling two-year period and a maximum fee of 3% (excl.VAT) applies.

## **COMMENTARY**

Global stock markets are currently extremely volatile. The South African stock market is no exception. Despite the FTSE/JSE All Share Index plumbing a new low during the month, it closed at a similar level to its October close.

It is difficult to understand why investors often seem to be buying or selling stocks at levels 5 - 10% higher or lower than what they were prepared to pay or accept the previous day. One possible explanation is that many investors are frequently reassessing their valuations of companies as the latest economic data releases give further clues as to how the global recession is going to play out. Another is that investors currently have widely divergent views and valuations. A third explanation could be that forced sellers in a deleveraging world are price insensitive.

Whatever the case may be, we continue to apply our philosophy of buying shares when they are trading at a discount to our assessment of their intrinsic value. Our assessment of the intrinsic value of a company will tend to be much more stable than the company's share price, as we try and look through economic cycles and take a long-term view when valuing the company.

Investors in the Fund hopefully take a similar long-term view on the value of the Fund's holdings. If this is the case, they should hopefully be able to reap the rewards of enduring the current stock market volatility in the fullness of time.

The Fund received its letters of allocation to subscribe to the Sappi share offer. Sappi will be using the proceeds of the share issue to buy a number of European paper mills from M-Real, in a transaction which may transform the previously unprofitable European paper industry. We view this as a positive development, but there are obviously some who disagree with us. The Fund bought additional rights to subscribe to the share issue at what we believe are very attractive prices.

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

# **EQUITY FUND**

### **TOP 10 SHARE HOLDINGS AT 30 SEPTEMBER 2008\***

| Company                | % of portfolio |
|------------------------|----------------|
| SABMiller              | 10.3           |
| Remgro                 | 9.5            |
| MTN Group              | 9.4            |
| Richemont              | 8.2            |
| Anglogold Ashanti      | 5.6            |
| Sasol                  | 5.2            |
| Sanlam                 | 5.1            |
| Harmony Gold Mining Co | 5.0            |
| Standard Bank Group    | 4.9            |
| Absa Group             | 4.1            |

<sup>\*</sup> The 'Top 10 Share Holdings' table is updated quarterly.

### **TOTAL EXPENSE RATIO\***

|                     | Included in TER |                       |                     |                |
|---------------------|-----------------|-----------------------|---------------------|----------------|
| Total expense ratio | Trading costs   | Performance component | Fee at<br>benchmark | Other expenses |
| 2.14%               | 0.08%           | 0.33%                 | 1.71%               | 0.02%          |

\*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 September 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 SEPTEMBER 2008\***

| Sector                   | % of fund | ALSI |
|--------------------------|-----------|------|
| Oil & gas                | 5.2       | 6.9  |
| Basic materials          | 22.5      | 38.0 |
| Industrials              | 11.7      | 8.7  |
| Consumer goods           | 21.1      | 13.1 |
| Healthcare               | 2.0       | 1.1  |
| Consumer services        | 6.9       | 5.9  |
| Telecommunications       | 9.4       | 7.3  |
| Financials               | 17.5      | 18.6 |
| Technology               | 2.2       | 0.5  |
| Fixed interest/Liquidity | 1.0       | -    |
| Other                    | 0.5       | -    |

<sup>\*</sup>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)                   | 1 517.6 | 462.1      |
| Latest 10 years (annualised)                     | 29.1    | 17.6       |
| Latest 5 years (annualised)                      | 22.2    | 20.2       |
| Latest 3 years (annualised)                      | 13.6    | 11.2       |
| Latest 1 year                                    | -20.7   | -27.7      |
| Risk measures (Since inception month end prices) |         |            |
| Maximum drawdown**                               | -31.3   | -45.4      |
| Percentage positive months                       | 67.2    | 59.0       |
| Annualised monthly volatility                    | 18.4    | 19.9       |

<sup>\*</sup> FTSE/JSE All Share Index including income. Source: I-Net Bridge, performance as calculated by Allan Gray as at 30 November 2008.

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. Declaration of income accruals are made binanually. Purchase and redemption requests must be received by the manager by 14h00 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. 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. The manager is a 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. The FTSE/JSE All Share Index values and constituent lists vests in FTSE and the JSE Limited rights are reserved.

<sup>\*\*</sup> Maximum percentage decline over any period.