ALLANGRAY

EQUITY FUND

FUND DETAILS AT 31 JANUARY 2009

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 132.20
Size:	R 15 120 m
Minimum lump sum:	R 10 000
Minimum monthly:	R 500
Subsequent lump sums:	R 500
No. of share holdings:	58
Income distribution: 01/01/08 - 31/12/08 (cents per unit)	Total 1465.25

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.

Income distributions are higher than normal because the Fund was a shareholder of Remgro and Richemont when they unbundled in October 2008. For more information about this, please contact our Client Service Centre or refer to our website, details of which are below.

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

Anglogold Ashanti and Harmony together accounted for more than half of the Fund's exposure to the basic materials sector at the last quarter end. Shares in the gold miners have woefully underperformed those of other commodity companies and the overall stock market since their highs in 2002/2003.

Indeed, shares in the gold miners (which are supposedly positively geared to a rising gold price) have also woefully underperformed gold itself. From 2002/2003, one would far rather have been invested in gold bars than in the gold miners such as Anglogold and Harmony.

This underperformance can be attributed to a number of factors such as poor capital allocation decisions, ill-advised hedging strategies, input costs rising faster than the gold price, and declining productivity as the mining activity in ageing deep-level mines moves deeper and further away from the vertical shafts. It is surprising that the figure of speech used to describe a very profitable business is still: 'It's a gold mine!'. Gold mining has probably been one of the least profitable industries this decade.

However, there are signs that this may be changing. At least, the stock market is now expecting some turnaround in the fortunes of the gold miners and the FTSE/JSE Gold Miners Index has rebounded by 76% from its low in November last year. This has been one of the contributors to the recent strong performance of the Fund.

Although the gold miners are now clearly closer to our estimate of their fair value than they were in November, we still see value in them and believe that they add an important dimension to the portfolio in light of the determination of many developed countries to 'print money' until the credit system recovers and economic growth resumes.

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TOP 10 SHARE HOLDINGS AT 31 DECEMBER 2008[1]

Company	% of portfolio
SABMiller	10.3
British American Tobacco	8.2
MTN Group	8.1
Anglogold Ashanti	7.5
Harmony Gold Mining Co	5.9
Sanlam	5.2
Remgro	5.2
Sasol	4.9
Sappi	4.3
Compagnie Fin Richemont SA	4.1

[1] The 'Top 10 Share Holdings' table is updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 DECEMBER 2008[2]

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
2.32%	0.10%	0.50%	1.71%	0.01%

[2]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 December 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.

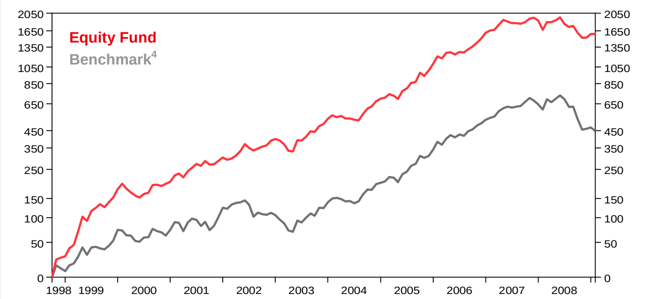
SECTOR ALLOCATION AT 31 DECEMBER 2008[3]

Sector	% of portfolio	ALSI
Oil & gas	4.9	6.4
Basic materials	24.8	38.2
Industrials	7.2	6.6
Consumer goods	24.9	11.7
Healthcare	2.0	1.3
Consumer services	6.4	7.5
Telecommunications	8.1	8.1
Financials	16.2	19.6
Technology	2.3	0.5
Fixed interest/Liquidity	2.9	-
Other	0.3	-

[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 [4]
Since inception (unannualised)	1 585.0	446.5
Latest 10 years (annualised)	28.3	16.9
Latest 5 years (annualised)	20.7	16.9
Latest 3 years (annualised)	9.0	4.2
Latest 1 year	-4.7	-22.1
Risk measures (Since inception month end prices)		
Maximum drawdown[5]	-31.3	-45.4
Percentage positive months	67.7	58.9
Annualised monthly volatility	18.2	19.8

[4] FTSE/JSE All Share Index including income. **Source: I-Net Bridge, performance as calculated by Allan Gray as at 31 December 2008.**
[5] Maximum percentage decline over any period.