

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

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 underand outperformance of the benchmark over a rolling two-year period and a maximum fee of 3% (excl.VAT) applies.

COMMENTARYAnglogold 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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EQUITY FUND

TOP 10 SHARE HOLDINGS AT 31 DECEMBER 2008

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 guarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 DECEMBER 2008²

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

²A 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

SECTOR ALLOCATION AT 31 DECEMBER 2008³

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	-

³The '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.

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 bi-annually. Purchase and redemption requests must be received by the manager by 14h00 each business day and fund valuations take place at approximately 16h00 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, tustee 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 ASISA. Total Expense Ratio (TER): When investing, costs are only a part of an investment overail costs. The fund may be closed to new investments at any time in order to be managed in accordance with its managets is a member of AsisA. Total expense kallo (LEX), when investments of decision. The investment objective of the Fund should be calculated 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 is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE Affice Series is the proprieting information of FTSE and the JSE. All copyrights usbissing in the FTSE/JSE All Share Index values and constituent lists veries in FTSE and the JSE individed in the JSE. All copyright is usbissing in the FTSE/JSE All Share Index values and constituent lists veries in FTSE and the JSE individed in the JSE. All copyright is usbissing in the FTSE/JSE All Share Index values and constituent lists veries in FTSE and the JSE individed in the JSE. All copyright is usbissing in the FTSE/JSE All Share Index values and constituent lists veries in FTSE and the JSE individed in the JSE. All copyright is usbissing in the FTSE/JSE All Share Index values and constituent lists veries in FTSE and the JSE. All share Index values and constituent lists 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.)

⁵ Maximum percentage decline over any period.