

FUND DETAILS AT 31 JULY 2010

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 170.01
Size: R 22 834 m
Minimum lump sum per investor account: R20 000
Minimum lump sum per fund: R5 000
Minimum debit order per fund: R 500
Additional lump sum per fund: R 500
No. of share holdings: 78

Income distribution: 01/07/09 - 30/06/10 (cents per unit) Total 0.00
 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 out- and underperformance of the benchmark over a rolling two-year period and a maximum fee of 3% (excl.VAT) applies.

COMMENTARY

We strive to act with conviction when our research leads us to believe that a share is significantly undervalued. This can result in our clients collectively owning close to 25% of a company (and in rarer cases up to 30%).

Some worry that a significant shareholding in a listed company is somehow more risky than a relatively smaller position in the same company as it may prove difficult to sell that holding one day. Our experience suggests otherwise - on a number of occasions over the last decade we have been presented with the opportunity to sell our clients' entire stake in a listed company in one transaction. The recent offer made for Didata by NTT is the latest such example.

We believe that the key determinant of the risk one takes in buying a share is the price one pays. If the price one pays is too high, then the risk (of losing money) is high and vice versa if the price one pays is below intrinsic value then the risk is lower.

Thus our policy group report written in March 2000 identified Didata as an extremely unattractive and risky investment when its shares were each trading for R57.70. But subsequent reports written in April 2005 and October 2008 identified Didata as an attractive and much less risky investment when its shares were trading at R3.59 and R5.10 respectively. We were thus prepared to buy a significant stake in the company, for which NTT is now offering GBP1.20 per share (R13.68 at current exchange rates).

Of course, things don't always work out so well as they have done with Didata, but when they don't work out so well this usually has much more to do with us over-estimating intrinsic value (and thus overpaying or not selling when we should), than it has to do with the size of the position that we establish. We continue to work hard to maximise our Didata-type successes and minimise our mistakes.

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 HOLDINGS¹

Company	% of portfolio
British American Tobacco	10.8
SABMiller	10.5
Sasol	9.0
Anglogold Ashanti	7.7
Remgro	7.4
Sanlam	5.1
MTN	4.3
Mondi	4.0
Harmony Gold	3.2
Dimension Data	2.7

¹ Top 10 share holdings at 30 June 2010. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 JUNE 2010²

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
3.23%	0.11%	1.40%	1.71%	0.01%

² A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of June 2010. 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 2010³

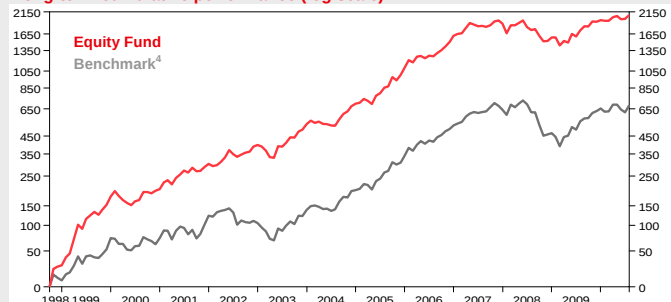
Sector	% of portfolio	ALSI
Oil & gas	9.2	4.8
Basic materials	22.2	38.0
Industrials	10.3	6.3
Consumer goods	26.9	13.7
Healthcare	2.0	1.7
Consumer services	3.0	8.8
Telecommunications	5.5	6.3
Financials	12.6	19.8
Technology	3.7	0.7
Fixed interest/Liquidity	4.1	-
Other	0.8	-

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)	2068.0	681.7
Latest 10 years (annualised)	23.3	17.2
Latest 5 years (annualised)	17.8	16.4
Latest 3 years (annualised)	4.2	2.5
Latest 1 year	18.7	19.5
Risk measures (Since inception month end prices)		
Maximum drawdown ⁵	-31.3	-45.4
Percentage positive months	66.2	59.9
Annualised monthly volatility	17.9	19.8

⁴ FTSE/JSE All Share Index including income. Source: I-Net Bridge, performance as calculated by Allan Gray as at 31 July 2010.

⁵ Maximum percentage decline over any period.