

FUND DETAILS AT 31 AUGUST 2010

Sector: Domestic - Equity - General Inception date: 1 October 1998
Fund managers: lan 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 167.69

 Size:
 R 22 630 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:
 79

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

Global investors are enthusiastically buying into the theme of growing consumption in emerging markets. This widespread enthusiasm is not surprisingly pushing the price of many emerging market consumer stocks above our assessment of their intrinsic value

Shoprite is a good example. It traded at an annual volume-weighted average price of R6.91 per share in 2003 after declining steadily from its previous peak of R13 per share in 1998. At the current price of R97/share, Shoprite is trading on a high 21.5 times last year's profits (which are more than 7 times higher than they were in 2003). For some time the Fund has been trimming its exposure to Shoprite as the share appreciated and now it no longer holds the share.

While it would obviously have been enjoyable to ride Shoprite's stellar performance all the way to the top, our long-term clients would not be surprised to hear that we sold Shoprite 'too early'. This is consistent with our time-tested method of constantly seeking to sell shares trading at our estimate of fair value and replace them with other shares trading at a discount to their intrinsic value.

While the Fund holds very little exposure to the retail stocks which are generally trading at high multiples on high earnings, it does still maintain a significant exposure to the emerging market consumer through companies like SABMiller, British American Tobacco, Sanlam, MTN, Sun International, Nampak and Illovo. The key difference being that these companies still trade on relatively attractive valuations.

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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 2010 2

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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 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	-

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)	2038.5	653.7		
Latest 10 years (annualised)	22.0	15.7		
Latest 5 years (annualised)	17.2	15.1		
Latest 3 years (annualised)	4.1	1.1		
Latest 1 year	11.9	11.7		
Risk measures (Since inception month end prices)				
Maximum drawdown ⁵	-31.3	-45.4		
Percentage positive months	65.7	59.4		
Annualised monthly volatility	17.8	19.8		

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

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 14:00 each business day and fund valuations take place at approximately 16:00 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 and trustee fees. 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 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 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 long Gray Unit Trust Management Limited is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Unit Trust Management Limited is a member of the Association for Savings & Investment SA (ASISA).

⁵ Maximum percentage decline over any period.