ALLAN GRAY

EQUITY FUND

FUND DETAILS AT 31 AUGUST 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 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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TOP 10 SHARE HOLDINGS[1]

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]

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 2010 [3]

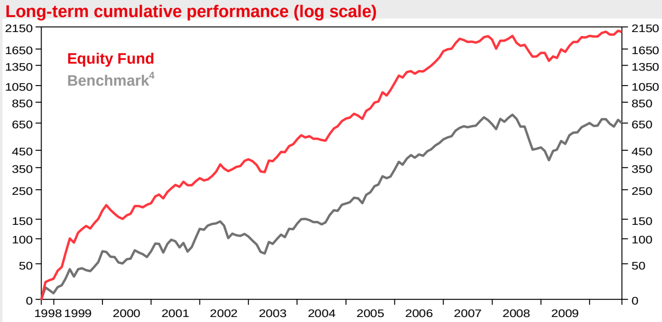
Sector	% of portfolio	ALSI
Oil & gas	9.2	4.8
Basic materials	22.2	38.0
Industrials	10.3	6.3
Consumer goods	26.9	13.7
Healthcare	2.0	1.7
Consumer services	3.0	8.8
Telecommunications	5.5	6.3
Financials	12.6	19.8
Technology	3.7	0.7
Fixed interest/Liquidity	4.1	-
Other	0.8	-

[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)	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.**
[5] Maximum percentage decline over any period.