

## FUND DETAILS AT 30 NOVEMBER 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 180.67  
**Size:** R 24 692 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:** 81

**Income distribution:** 01/10/09 - 30/09/10 (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

The Fund has maximum exposure to Sasol. Sasol is currently trading on 12.4 times its last reported earnings, which we believe to be below normal, and on a dividend yield of 3.2%. These simple value metrics compare favourably with the FTSE/JSE All Share Index, which is trading on 17.0 times earnings and a 2.2% dividend yield.

Further factors which we believe strengthen the investment case for Sasol relative to other shares on the JSE include:

- There is considerably more scope for Chinese oil consumption to grow relative to its own economy and relative to global consumption, than there is for growth in Chinese consumption of steel-making materials and base metals (and also less downside risk to Chinese oil consumption);
- Future growth in the supply of oil is more constrained than it is for iron ore, which is a key profit contributor for most diversified mining companies;
- Sasol has started to take a sharper look at its costs and efficiencies;
- Sasol has a considerably longer reserve life than many of its oil and gas peers;
- A weaker rand increases Sasol's profits (all other things being equal);
- Low natural gas prices make Sasol's GTL (gas to liquids) technology a relatively more attractive alternative to LNG (liquefied natural gas) for countries aiming to monetise their stranded gas reserves.

As always there are risks in equity investments. Sasol is planning to spend approximately R40 billion on capital expenditure over the next couple of years. This equates to circa R62 per share compared to the current share price of circa R328 per share. There is always a risk of large capital projects disappointing.

But we believe that investors are adequately rewarded for taking on this risk at the current price.

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

## TOP 10 SHARE HOLDINGS<sup>1</sup>

| Company                  | % of portfolio |
|--------------------------|----------------|
| British American Tobacco | 10.7           |
| Sasol                    | 10.3           |
| SABMiller                | 10.2           |
| Remgro                   | 7.7            |
| AngloGold Ashanti        | 6.3            |
| Sanlam                   | 5.0            |
| Mondi                    | 4.8            |
| MTN                      | 4.4            |
| Dimension Data           | 2.9            |
| Harmony Gold             | 2.7            |

<sup>1</sup> Top 10 share holdings at 30 September 2010. Updated quarterly.

## TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 SEPTEMBER 2010<sup>2</sup>

| Total expense ratio | Included in TER |                       |                  |                |
|---------------------|-----------------|-----------------------|------------------|----------------|
|                     | Trading costs   | Performance component | Fee at benchmark | Other expenses |
| 3.30%               | 0.11%           | 1.47%                 | 1.71%            | 0.01%          |

<sup>2</sup> 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 September 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.

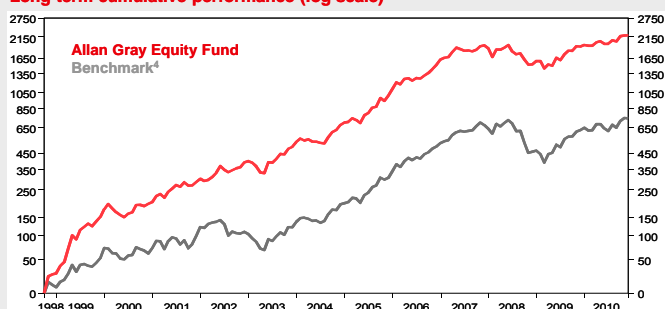
## SECTOR ALLOCATION AT 30 SEPTEMBER 2010<sup>3</sup>

| Sector                   | % of portfolio | ALSI |
|--------------------------|----------------|------|
| Oil & gas                | 10.5           | 4.9  |
| Basic materials          | 22.1           | 35.8 |
| Industrials              | 10.5           | 6.3  |
| Consumer goods           | 26.0           | 13.6 |
| Healthcare               | 1.8            | 2.1  |
| Consumer services        | 2.6            | 9.6  |
| Telecommunications       | 5.9            | 6.8  |
| Financials               | 11.4           | 20.1 |
| Technology               | 4.1            | 0.8  |
| Fixed interest/Liquidity | 4.3            | -    |
| Other                    | 0.9            | -    |

<sup>3</sup> 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 <sup>4</sup> |
|---|--------|------------------------|
| Since inception (unannualised)                          | 2204.0 | 744.9                  |
| Latest 10 years (annualised)                            | 22.8   | 18.0                   |
| Latest 5 years (annualised)                             | 15.9   | 15.6                   |
| Latest 3 years (annualised)                             | 4.2    | 2.8                    |
| Latest 1 year   | 14.7   | 15.3                   |
| <b>Risk measures (Since inception month end prices)</b> |        |                        |
| Maximum drawdown <sup>5</sup>                           | -31.3  | -45.4                  |
| Percentage positive months                              | 66.4   | 59.6                   |
| Annualised monthly volatility                           | 17.7   | 19.7                   |

<sup>4</sup> FTSE/JSE All Share Index including income. Source: I-Net Bridge, performance as calculated by Allan Gray as at 30 November 2010.

<sup>5</sup> Maximum percentage decline over any period.