

Fund managers: Ian Liddle, Duncan Artus, Delphine Govender, Andrew Lapping, Simon Raubenheimer
Inception date: 1 October 1998
Class: A

Fund description

The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods.

ASISA unit trust category: Domestic - Equity - General

Fund objective and benchmark

The Fund aims to outperform the South African equity market over the long term, without taking on greater risk. The Fund's benchmark is the FTSE/JSE All Share Index including income.

How we aim to achieve the Fund's objective

We seek to buy shares offering the best relative value while maintaining a diversified portfolio. We thoroughly research companies to assess their intrinsic value from a long-term perspective. This long-term perspective enables us to buy shares which are shunned by the stock market because of their unexciting or poor short-term prospects, but which are relatively attractively priced if one looks to the long term. We invest in a selection of shares across all sectors of the JSE, and across the range of large, mid and smaller cap shares.

Suitable for those investors who

- Seek exposure to JSE-listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility
- Are prepared to take on the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio

Minimum investment amounts

Minimum lump sum per investor account: R20 000
 Minimum lump sum per fund: R5 000
 Minimum debit order per fund*: R500
 Additional lump sum per fund: R500

*Only available to South African residents.

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.

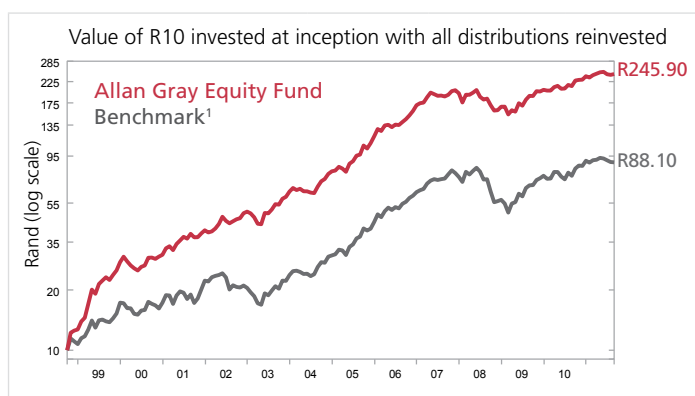
Fund information on 31 August 2011

Fund size: R26 077m
Fund price: R190.55
Number of share holdings: 90

Income distributions for the last 12 months

To the extent that income earned in the form of dividends and interest exceeds expenses in the Fund, the Fund will distribute any surplus biannually.	31 Dec 2010	30 Jun 2011
Cents per unit	47.5663	179.2718

Performance net of all fees and expenses



% Returns	Fund	Benchmark ¹	CPI inflation ²
<i>Unannualised:</i>			
Since inception	2359.1	781.0	101.5
<i>Annualised:</i>			
Since inception	28.1	18.3	5.6
Latest 10 years	20.4	16.5	5.9
Latest 5 years	11.8	10.1	6.9
Latest 3 years	10.0	6.8	5.2
Latest 2 years	13.5	14.3	4.5
Latest 1 year	15.0	16.9	5.3
Risk measures (since inception)			
Maximum drawdown ³	-31.3	-45.4	n/a
Percentage positive months ⁴	66.5	58.7	n/a
Annualised monthly volatility ⁵	17.3	19.3	n/a

1. FTSE/JSE All Share Index including income (Source: I-Net Bridge), performance as calculated by Allan Gray as at 31 August 2011.
2. This is based on the latest numbers published by I-Net Bridge.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 May 2008 to 27 October 2008 and maximum benchmark drawdown occurred from 22 May 2008 to 20 November 2008. Drawdown is calculated on the total return of the Fund/benchmark (i.e. including income).
4. The percentage of calendar months in which the Fund produced a positive monthly return since inception.
5. The standard deviation of the Fund's monthly return. This is a measure of how much an investment's return varies from its average over time.

Total expense ratio (TER)

The TER for the year ending 30 June 2011 is 1.74% and included in this is performance fee of -0.08% and trading costs of 0.10%. The annual management fee rate for the three months ending 31 August 2011 was 2.14% (annualised). These figures are inclusive of VAT, where applicable. Fund returns are quoted after deduction of costs incurred within the Fund so the TER should not be deducted from Fund returns (refer to page 2 for further information).

Fund manager quarterly commentary as at 30 June 2011

There is widespread optimism on the continuing growth of the South African consumer. A minority share in Massmart is now trading close to the premium price Walmart recently paid for control of the dominant South African mass merchandiser (equivalent to 26 times earnings). But what about the South African producer? South Africans' consumption binge can continue for as long as creditors (especially foreign creditors) are willing to fund private sector credit extension and public sector deficits. But in the long run, consumption will need to be funded by production. Not all, but many of the companies which harness the efforts of South Africans to produce goods and services to trade with other countries are presently struggling with many challenges including rapidly rising electricity and labour costs, an inflexible labour regime and a strong rand. These challenges are well known so this is a natural place to look for value that the market is missing, and we have added to our positions in a few selected mining companies. If these challenges prove to harm the long-term productive potential of South African companies and their employees, then they will most probably harm their long-term potential to consume too. The Fund continues to be significantly underweight South African retail shares.

Top 10 share holdings on 30 June 2011 (updated quarterly)

Company	% of portfolio
British American Tobacco	10.9
Sasol	10.4
SABMiller	10.3
Remgro	7.5
Anglogold Ashanti	4.6
Sanlam	4.6
Standard Bank	4.2
MTN	4.1
Mondi	3.7
Impala Platinum	2.9
Total	63.2

Sector allocation on 30 June 2011 (updated quarterly)

Sector	% of portfolio	% of ALSI
Oil & gas	10.6	5.1
Basic materials	21.2	36.8
Industrials	11.5	5.7
Consumer goods	26.0	14.5
Health care	2.2	1.9
Consumer services	2.6	9.1
Telecommunications	5.6	7.4
Financials	15.2	19.2
Technology	1.2	0.3
Other	2.0	-
Money Market and Bank Deposits	2.0	-
Total	100.0	100.0

Note: There may be slight discrepancies in the totals due to rounding.

11.3% of the Fund is invested in foreign inward listed shares on the JSE as at 30 June 2011. These holdings form part of an institutional investor's overall foreign allowance.

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Disclaimer

The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. 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 copyright subsisting in the FTSE/JSE All Share Index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved. Allan Gray Unit Trust Management Limited ("the Company") is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Limited, an authorised financial services provider, is the appointed investment manager of the Company. The Company is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board. The Company has been approved by the Regulatory Authority of Botswana to market its unit trusts in Botswana, however it is not supervised or licensed in Botswana.

Unit price

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. Forward pricing is used and Fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the manager by 14:00 each business day to receive that day's price.

Fees

A schedule of fees, 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.

TER

*TERs are shown for class A units only

The Total Expense Ratio (TER) is the percentage of the fund's average assets under management that has been used to pay the fund's operating expenses over the past year. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), trading costs (including brokerage, STT, STRATE and insider trading levy), VAT and other expenses. Since unit trust expenses vary, the current TER cannot be used as an indication of future TERs. All Allan Gray performance figures are quoted after the deduction of costs incurred within the Fund so the TER is not a new cost. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. TERs should then be used to evaluate whether the Fund performance offers value for money.

Performance

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. Performance figures are from Allan Gray Limited (GIPS compliant) and are for lump sum investments with income distributions reinvested.