ALLANGRAY

# MONEY MARKET FUND

## FUND DETAILS AT 31 DECEMBER 2008

| | |
|---|---|
| **Sector:** | Domestic - Fixed Interest - Money Market |
| **Inception date:** | 1 July 2001 |
| **Fund managers:** | Andrew Lapping |

**Fund objective:**

The Fund aims to preserve capital, maintain liquidity and generate a high level of income. The benchmark of the Fund is the Domestic Fixed Interest Money Market sector excluding the Allan Gray Money Market Fund.

While capital losses are unlikely, they can occur if, for example, one of the issuers of the assets underlying the fund defaults. In this event, losses will be borne by the Fund and its investors.

**Suitable for those investors who:**

- Require monthly income distributions.
- Want to find a short-term safe haven for funds during times of market volatility.
- Are highly risk-averse.

**Compliance with Prudential Investment Guidelines:**

Retirement Funds: The Portfolio is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28).

| | |
|---|---|
| **Price:** | R 1.00 |
| **Size:** | R 9 569 m |
| **Minimum lump sum:** | R 50 000 |
| **Minimum monthly:** | R 5 000 |
| **Subsequent lump sums:** | R 5 000 |
| **Monthly yield at month end:** | 0.99% |
| **Annual management fee:** | Fixed fee of 0.25% (excl. VAT) per annum |

## COMMENTARY

Money market interest rates have stabilised since the November, December rally. The 12 month NCD (negotiable certificates of deposit) is now discounting 400 basis points of interest rate cuts. The market is pricing in these aggressive interest rate actions because of the very positive outlook for inflation. Consumer price inflation should fall rapidly over the next few months as the benefits of lower commodity prices are realised. The second driver of the positive inflation outlook is the re-weighting of the CPI basket which takes place in January.

We have allowed the duration of the Fund to fall over the past month as the risk-reward equation does not favour buying long-dated assets. We believe the 400 basis points of rate cuts that longer-dated money market assets are anticipating is a best-case scenario. The Monetary Policy Committee could possibly be more conservative and reduce interest rates to a lesser extent, favouring a shorter duration.

The duration of the fund is 62 days.

## DISTRIBUTIONS

**ACTUAL PAYOUT (cents per unit)**

| Jan 2008 | Feb 2008 | Mar 2008 | Apr 2008 | May 2008 | Jun 2008 |
|---|---|---|---|---|---|
| 0.90 | 0.85 | 0.92 | 0.91 | 0.96 | 0.95 |

| Jul 2008 | Aug 2008 | Sep 2008 | Oct 2008 | Nov 2008 | Dec 2008 |
|---|---|---|---|---|---|
| 1.01 | 1.03 | 0.99 | 1.01 | 0.97 | 0.99 |

## TOTAL EXPENSE RATIO AS AT 30 SEPTEMBER 2008[1]

| Total expense ratio | Included in TER | | | |
|---|---|---|---|---|
| | Trading costs | Performance component | Fee at benchmark | Other expenses |
| 0.30% | 0.00% | 0.00% | 0.29% | 0.01% |

[1]A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. It is expressed as a percentage of the average value of the portfolio, calculated for the year to the end of September 2008. 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.

## EXPOSURE BY ISSUER

| | |
|---|---|
| **Government and Parastatals** | |
| RSA | 22.0 |
| Transnet | 4.7 |
| TCTA | 0.7 |
| Total | 27.4 |
| **Corporates** | |
| Anglo American | 4.8 |
| SAB | 4.4 |
| Toyota | 2.5 |
| Mercedes | 2.1 |
| Unilever | 1.9 |
| Total | 15.7 |
| **Bank Deposits**[5] | |
| ABSA | 14.5 |
| Nedbank | 13.7 |
| Standard | 12.6 |
| FirstRand | 8.7 |
| Citibank | 3.8 |
| Investec | 3.6 |
| Total | 56.9 |
| **Total** | **100** |

[5] Bank Deposits include negotiable certificates of deposit (NCD's), fixed deposties and call deposites

## PERFORMANCE

Fund performance shown net of all fees and expenses as per the TER disclosure.

| **% Returns** | **Fund** | **Benchmark** [2] |
|---|---|---|
| Since inception (unannualised) | 98.3 | 98.1 |
| Latest 5 years (annualised) | 8.8 | 8.6 |
| Latest 3 years (annualised) | 9.7 | 9.5 |
| Latest 1 year | 12.1 | 11.9 |

[2] Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. The current benchmark is the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund. **Source: Micropal, performance as calculated by Allan Gray as at 31 December 2008.**


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