

# ALLAN GRAY

## FUND DETAILS AT 28 FEBRUARY 2009

**Sector:** Domestic - Fixed Interest - Money Market  
**Inception date:** 1 July 2001  
**Fund manager:** 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.
- Have retired and have invested in a living annuity product. Underlying growth in the fund and distributions are not taxed in a living annuity.

### 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 9 782 m  
**Minimum lump sum:** R 50 000  
**Minimum monthly:** R 5 000  
**Subsequent lump sums:** R 5 000  
**Monthly yield at month end:** 0.85%  
**Annual management fee:** Fixed fee of 0.25% (excl. VAT) per annum

### COMMENTARY

The money market yield curve has stabilised since the sharp rally in interest rates after the February 5 Monetary Policy Committee (MPC) decision to reduce rates by 100 basis points. The market is pricing in a further 300 basis points of interest rate cuts. If the MPC makes these rate reductions the Repo Rate will be 50 points above the level of 2005/2006.

We agree with the markets anticipation of interest rate cuts in the near term. Where we differ is that we are more cautious on the medium-to long-term inflation outlook. We have reduced the duration of the Fund to 65 days as we are not willing to take the interest rate risk of the longer-dated instruments.

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

## MONEY MARKET FUND

### DISTRIBUTIONS

ACTUAL PAYOUT (cents per unit)

Mar 2008	Apr 2008	May 2008	Jun 2008	Jul 2008	Aug 2008
0.92	0.91	0.96	0.95	1.01	1.03

Sep 2008	Oct 2008	Nov 2008	Dec 2008	Jan 2009	Feb 2009
0.99	1.01	0.97	0.99	0.97	0.85

### TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 DECEMBER 2008<sup>1</sup>

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%

<sup>1</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 December 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	13.1
Transnet	4.5
Denel	1.5
TCTA	1.2
ACSA	1.0
Total	21.3
Corporates	
Anglo American	4.9
SAB	4.2
Unilever	3.7
Toyota	3.3
Mercedes	3.1
Total	19.2
Bank Deposits <sup>2</sup>	
ABSA	15.9
Standard	13.3
Nedbank	9.0
FirstRand	8.7
Investec	6.8
Citibank	3.7
Total	57.4
Accruals	
	2.1
Total	
	100

<sup>2</sup> Bank Deposits include negotiable certificates of deposit (NCD's), fixed deposits and call deposits

### PERFORMANCE

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

% Returns	Fund	Benchmark <sup>3</sup>
Since inception (unannualised)	101.9	101.7
Latest 5 years (annualised)	8.9	8.7
Latest 3 years (annualised)	10.0	9.8
Latest 1 year	12.2	12.0

<sup>3</sup> 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: Morningstar, performance as calculated by Allan Gray as at 28 February 2009.

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. Past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which, for money market funds, is the total book value of all assets in the portfolio divided by the number of units in issue. The Fund aims to maintain a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument held. In most cases this will have the effect of increasing or decreasing the daily yield, but in some cases, for example in the event of a default on the part of an issuer of any instrument held by the fund, it can have the effect of a capital loss. Such losses will be borne by the Fund and its investors and in order to maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. Declaration of income accruals are made daily and paid out monthly. Purchase and repurchase 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, trustee fees and RSC levies. 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. No commissions or incentives are paid. The manager is a member of ASISA. Total Expense Ratio (TER): When investing, costs are only a part of an investment decision. The investment objective of the Fund should be compared 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 net cost.