# ALLAN GRAY OPTIMAL FUND

**Fact sheet at 31 December 2004**

ALLANGRAY
LONG TERM INVESTMENT MANAGEMENT

| | |
|---|---|
| Sector: | Domestic AA Targeted Absolute Return |
| Inception Date: | 1 October 2002 |
| Fund Manager: | Stephen Mildenhall |
| Qualification: | B Com(Hons), CA(SA), CFA |

This is a long-term absolute return fund for the investor who wishes to avoid the volatility generally associated with stock and bond markets, but still wants exposure to specialist stockpicking skills and to enjoy a positive rate of return which is higher than that of cash. This is a low risk fund.

## Fund Details

| | |
|---|---|
| **Price:** | 1192.05 cents |
| **Size:** | R 1 496 609 749 |
| **Minimum lump sum:** | R 25 000 |
| **Minimum monthly:** | R 2 500 |
| **Subsequent lump sums:** | R 2 500 |
| **No. of share holdings:** | 50 |
| **01/01/04-31/12/04 dividend (cpu):** | Total 26.39 |

Interest 7.63, Dividend 18.76

**Annual Management Fee:** Fixed fee of 1% (excl. VAT) per annum. Performance-fee of 20% of the daily outperformance of the benchmark. In times of underperformance, no performance fees are charged until the underperformance is recovered.

## Commentary

The Fund invests in a portfolio of equities and substantially reduces stock market risk by using equity derivatives. As a result, the Fund's return should not be correlated with equity markets but it is rather dependent on the level of short-term interest rates and the ability of the Fund's equity portfolio to outperform the underlying benchmark equity index. Within the portfolio of equities that the funds invests in, the overweight positions include banking and resources shares, which remain attractively priced on a normalised basis. Short-term interest rates appear to have stabilised at lower levels and the interest rate dependent portion of returns is unlikely to reduce further.

## Top 10 Share Holdings at 31 December 2004*

| JSE Code | Company | % of portfolio |
|---|---|---|
| AGL | Anglo | 11.71 |
| BIL | Billiton | 7.93 |
| SBK | Stanbank | 7.08 |
| SOL | Sasol | 6.73 |
| MTN | MTN - Group | 6.05 |
| FSR | Firstrand | 4.61 |
| RCH | Richemont | 4.07 |
| ASA | Absa | 4.03 |
| SAB | SAB -Brews | 3.92 |
| HAR | Harmony | 3.74 |

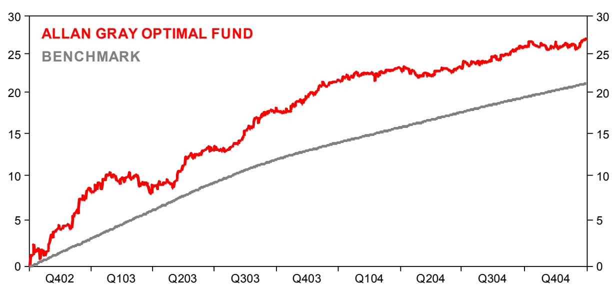
* The 'Top 10 Share Holdings' table is updated quarterly.

## Asset Allocation

| Asset Class | % of Fund |
|---|---|
| Equities | 90.06 |
| Derivatives | -84.23 |
| Net Equity Exposure | 5.83 |
| Derivative - Contract Value | 84.23 |
| Money Market and Cash | 9.94 |
| Total | 100.00 |

## Performance (net of fees, including income, assumes reinvestment of dividends, on a NAV to NAV basis)

Long-term cumulative performance (log-scale)




| % Returns | Optimal Fund | Benchmark* |
|---|---|---|
| Since Inception (unannualised) | 26.8 | 21.2 |
| Latest 5 years (annualised) | - | - |
| Latest 3 years (annualised) | - | - |
| Latest 1 year | 4.3 | 6.4 |
| **Risk Measures** | | |
| *(Since incep. month end prices)* | | |
| Maximum drawdown** | -2.2 | n/a |
| Annualised monthly volatility | 4.0 | 0.7 |

* The daily call rate of FirstRand Bank Limited

** Maximum percentage decline over any period


**Allan Gray Unit Trust Management Limited**

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Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from Allan Gray Unit Trust Management Limited. Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. All of the unit trusts may be capped at any time in order for them to be managed in accordance with their mandates. Member of the ACI.