

ALLAN GRAY OPTIMAL FUND

Fact sheet at 31 January 2005



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: 1186.27 cents
Size: R 1 439 907 107
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

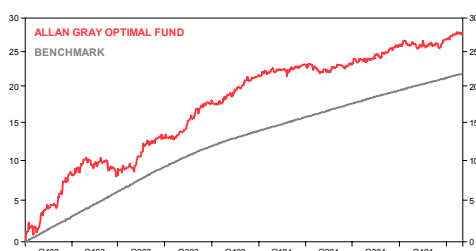
* The 'Top 10 Share Holdings' table is updated quarterly.

Asset Allocation

Asset Class	% of Fund
Equities	90.58
Derivatives	-88.63
Net Equity Exposure	1.95
Derivative - Contract Value	88.63
Money Market and Cash	9.42
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)	27.5	21.8
Latest 5 years (annualised)	-	-
Latest 3 years (annualised)	-	-
Latest 1 year	4.5	6.4
Risk Measures		
<i>(Since incep. month end prices)</i>		
Maximum drawdown**	-2.2	n/a
Annualised monthly volatility	3.9	0.8

* The daily call rate of FirstRand Bank Limited

** Maximum percentage decline over any period

Allan Gray Unit Trust Management Limited

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