

ALLAN GRAY OPTIMAL FUND
Fact sheet at 31 December 2006

Sector: Domestic AA Targeted Absolute Return
 Inception Date: 1 October 2002
 Fund Manager: Delphine Govender
 Qualification: BCom, 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: 1 357.39 cents
Size: R 863 397 744
Minimum lump sum: R 25 000
Minimum monthly: R 2 500
Subsequent lump sums: R 2 500
No. of share holdings: 40

Income Distribution: Bi-annually
01/01/06-31/12/06 dividend (cpu): 26.55
 Interest 7.13, Dividend 19.42

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 stockmarket risk by using equity derivatives. As a result the Fund's return should not be correlated with equity markets but it is dependent rather on the level of short-term interest rates and the ability of the Fund's equity portfolio to outperform the underlying benchmark equity index. Since inception the Fund has returned 49.8% outperforming the benchmark return of 35.8%. For the past 12 months, the Fund returned 8.4% compared to the benchmark return of 6.2%. The South African stockmarket has had a very strong run for the year, with the ALSI up approximately 41.2% from 1 January 2006 to 31 December 2006, and is now trading at near record levels. The high absolute level of the market as well as the high level of valuation for the market as measured by the P/E ratio of 17x does heighten the risk of lower potential equity returns from current levels. In this environment of an increasing risk of capital loss from overall equity markets, we believe that the Optimal Fund's potential to deliver long-term absolute returns, uncorrelated with overall equity markets, is a particularly attractive one.

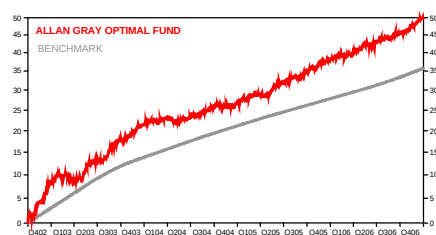
Top 10 Share Holdings at 31 December 2006*

JSE Code	Company	% of portfolio
AGL	Anglo	13.41
BIL	Billiton Plc	7.77
MTN	MTN Group	7.09
SAB	SAB	6.60
RCH	Richemont	4.61
REM	Remgro	4.52
IMP	Impala	4.39
SOL	Sasol	3.79
SBK	Stanbank	3.54
NPN	Nasionale Pers	2.90

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

Asset Allocation

Asset Class	% of Fund
SA Shares	90.1
Derivatives	-87.1
Net SA Shares	3.0
SA Hedged Equities	87.1
Property	0.9
Money Market & Cash	9.00
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)	49.8	35.8
Latest 5 years (annualised)	-	-
Latest 3 years (annualised)	7.2	6.0
Latest 1 year	8.4	6.2

Risk Measures

(Since incep. month end prices)

Maximum drawdown**	-2.2	n/a
Annualised monthly volatility	3.1	0.7

* The daily call rate of FirstRand Bank Limited.

** Maximum percentage decline over any period.

Performance as calculated by Allan Gray.

Allan Gray Unit Trust Management Limited

M Cooper, JC de Lange, RW Dower, GW Fury, IS Liddle, ED Loxton
 Tel 0860 000 654, Fax 0860 000 655, info@allangray.co.za, www.allangray.co.za

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.