ALLAN GRAY OPTIMAL FUND

Fact sheet at 31 May 2007

ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

Sector:	Domestic AA -Targeted Absolute Return
Inception Date:	1 October 2002
Fund Manager:	Delphine Govender

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:	1 400.13 cents
Size:	R 974 431 593
Minimum lump sum:	R 25 000
Minimum monthly:	R 2 500
Subsequent lump sums:	R 2 500
No. of share holdings:	41
Income distribution:	Bi-annually
01/01/06-31/12/06 dividend (cpu):	Total 26.55 Interest 7.13, Dividend 19.42

Total Expense Ratio*

Total Expense Ratio	Included in TER	
	Trading Costs	Performance Component
1.84%	0.19%	0.49%

*A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses (incl. VAT). It is expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2006. Included in the TER is the proportion of costs that are incurred in the performance component and trading costs. These are disclosed seperately as percentages of the net asset value.

Annual management fee:

The annual management fee rate is dependent on the return of the Fund relative to its benchmark, the daily call rate of FirstRand Bank Limited. The fee hurdle (above which a fee greater than the minimum fee of 1% is charged) is performance equal to the benchmark. The manager's sharing rate is 20% of the outperformance of the benchmark. The fee is uncapped, however a high watermark principle applies which means that should the Fund underperform it would first be required to recover the underperformance before any further performance fees are payable.

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 56.4%, outperforming the benchmark return of 40.1%. For the past 12 months, the Fund returned 9.6% compared to the benchmark return of 7.2%. At the end of May 2007, the South African stockmarket remained near all-time high levels. The level of valuation of the market is also high, as measured by the P/E ratio of over 16x. These features heighten the risk of lower potential equity returns from current levels. In this environment of an increased volatility and 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 March 2007*

JSE Code	Company	% of portfolio
AGL	Anglo	13.6
BIL	Billiton Plc	8.8
MTN	MTN Group	7.1
SAB	SAB	6.2
IMP	Impala	4.2
REM	Remgro	4.1
RCH	Richemont	3.9
SBK	Stanbank	3.5
SOL	Sasol	3.2
AMS	Angloplat	3.2

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

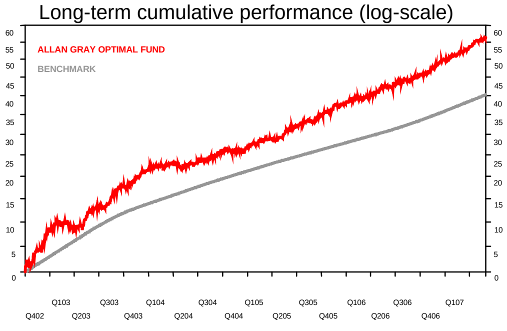
Asset Allocation

Asset Class	% of Fund
Gross SA Equities*	85.0
Derivatives	-82.7
Net SA Equities*	2.3
Hedged SA Equities	82.7
Property	1.4
Commodities (Newgold ETF)	0.0
Bonds	0.0
Money Market and Cash	13.6
Foreign	0.0
Total	100.0

*Listed property excluded.

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)	56.4	40.1
Latest 5 years (annualised)	-	-
Latest 3 years (annualised)	8.3	6.2
Latest 1 year	9.6	7.2
Risk Measures		
(Since incep. month end prices)		
Maximum drawdown**	-2.2	n/a
Annualised monthly volatility	3.0	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 (Registration Number 1998/007756/06)

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