

# ALLAN GRAY OPTIMAL FUND

Fact sheet at 31 May 2007

**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 separately 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.

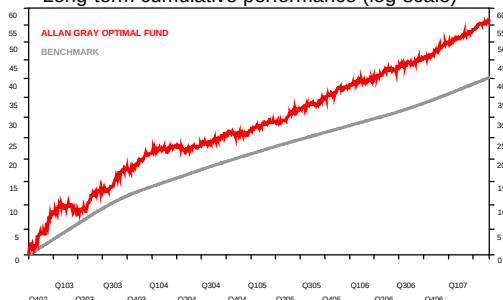
### Asset Allocation

| 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        |
| <b>Risk Measures</b>                   |              |            |
| <i>(Since incep. month end prices)</i> |              |            |
| 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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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 market value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio divided by the number of units in issue. Declaration of income accruals are made bi-annually. Different classes of units apply to the Fund and are subject to different fees and charges. Fund valuations take place at approximately 16h00 each business day. Purchase and repurchase requests may be received by the manager by 14h00 each business day. Performance figures from Allan Gray Limited (GIPS compliant) are for lump sum investments using net asset value prices with income distributions reinvested. Permissible deductions may include management fees, brokerage, MST, 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 Allan Gray Unit Trust Management Limited. Commission and incentives may be paid and if so, would be included in the overall costs. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Forward pricing is used. This Fund may be capped at any time in order to be managed in accordance with the mandate. Member of the ACI. 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 new cost. A high TER will 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 TER's.