

# ALLAN GRAY OPTIMAL FUND

# Fact sheet at 30 September 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:** 1 409.54 cents  
**Size:** R 996 804 278  
**Minimum lump sum:** R 25 000  
**Minimum monthly:** R 2 500  
**Subsequent lump sums:** R 2 500  
**No. of share holdings:** 43  
**Income distribution:** Bi-annually  
**01/07/06-30/06/07 dividend (cpu):** Total 24.92  
 Interest 7.63, Dividend 17.29

### Total Expense Ratio\*

Total Expense Ratio	Trading Costs	Performance Component	Fee at Benchmark	Other Expenses
1.83%	0.19%	0.48%	1.14%	0.02%

\*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 June 2007. 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 58.4%, outperforming the benchmark return of 43.9%. For the past 12 months, the Fund returned 8.9% compared to the benchmark return of 7.9%. Following what was a volatile August 2007 for the SA stockmarket, the month of September was more decisive with the market increasing by over 4.5% for the month, to reach all-time record levels by the end of September 2007. The P/E ratio of the market has increased to over 15.5x. We believe that given the current high absolute level of the market together with the high level of valuation and then considering the current conditions apparent in global stockmarkets, volatility will remain a feature of the South African stockmarket for some time. This heightens 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 30 September 2007\*

JSE Code	Company	% of portfolio
AGL	Anglo	13.5
BIL	Billiton Plc	12.0
SAB	SAB	8.4
RCH	Richemont	7.5
MTN	MTN Group	6.1
SOL	Sasol	4.7
REM	Remgro	4.7
SLM	Sanlam	2.2
SBK	Stanbank	2.1
ANG	Anglo	2.0

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

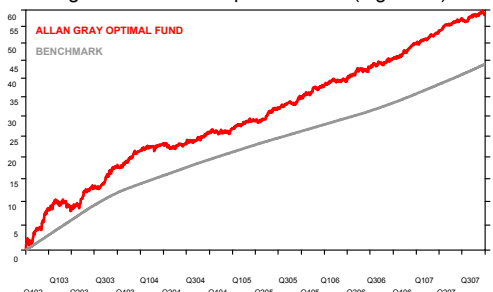
## Asset Allocation

Asset Class	% of Fund
Gross SA Equities*	88.0
Derivatives	-87.8
Net SA Equities*	0.2
Hedged SA Equities	87.8
Property	1.6
Commodities (Newgold ETF)	0.0
Bonds	0.0
Money Market and Cash	10.4
Foreign	0.0
Total	100.0

\*Listed property excluded.

## Performance (net of all fees and expenses as per the TER disclosure, 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)	58.4	43.9
Latest 5 years (annualised)	9.6	7.6
Latest 3 years (annualised)	8.0	6.4
Latest 1 year	8.9	7.9
<b>Risk Measures</b>		
<i>(Since incep. month end prices)</i>		
Maximum drawdown**	-2.2	n/a
Annualised monthly volatility	2.9	0.6

\* The daily call rate of FirstRand Bank Limited.

\*\* Maximum percentage decline over any period.

Source: FNB, performance as calculated by Allan Gray on 30 September 2007.

## Allan Gray Unit Trust Management Limited (Registration Number 1998/007756/06)

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