

ALLAN GRAY OPTIMAL FUND

Fact sheet at 31 October 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: 1 414.34 cents
Size: R 1 034 895 168
Minimum lump sum: R 25 000
Minimum monthly: R 2 500
Subsequent lump sums: R 2 500
No. of share holdings: 44
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	Included in TER			
	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 benchmark is the return on call deposits with FirstRand Bank Limited (for amounts in excess of R5m). 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 59%, outperforming the benchmark return of 45%. For the past 12 months, the Fund returned 8.8% compared to the benchmark return of 8.1%. The ALSI advanced a further 4.8% for the month of October 2007 and the P/E ratio of the market remains over 15.5x. Furthermore real earnings for the overall market are very high. We believe that given the current high absolute level of the market together with the high level of valuation and high level of earnings and then considering the current conditions apparent in global stockmarkets, there is considerable risk of capital loss from equities from current levels. In this environment, we therefore 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.

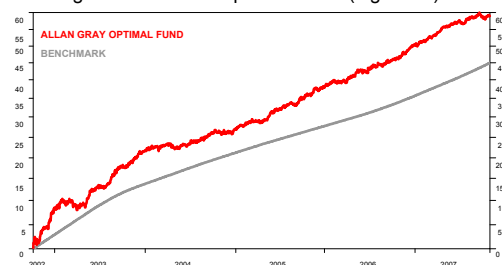
Asset Allocation

Asset Class	% of Fund
Gross SA Equities*	88.0
Derivatives	-87.6
Net SA Equities*	0.4
Hedged SA Equities	87.6
Property	1.5
Commodities (Newgold ETF)	0.0
Bonds	0.0
Money Market and Cash	10.5
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)	59.0	45.0
Latest 5 years (annualised)	9.1	7.5
Latest 3 years (annualised)	8.0	6.5
Latest 1 year	8.8	8.1
Risk Measures		
<i>(Since incep. month end prices)</i>		
Maximum drawdown**	-2.2	n/a
Annualised monthly volatility	2.9	0.6

* The return on call deposits with FirstRand Bank Limited (for amounts in excess of R5m).

** Maximum percentage decline over any period.

Source: FNB, performance as calculated by Allan Gray on 31 October 2007.

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

M Cooper, JC de Lange, RW Dower, GW Fury, IS Liddle, ED Loxton

Tel 0860 000 654, + 27 (0)21 415 2301, Fax 0860 000 655, info@allangray.co.za, www.allangray.co.za

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