

ALLAN GRAY OPTIMAL FUND

Fact sheet at 31 December 2007

Category: 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: 1 459.47 cents
Size: R 1 045 091 023
Minimum lump sum: R 25 000
Minimum monthly: R 2 500
Subsequent lump sums: R 2 500
No. of share holdings: 47
Income distribution: Bi-annually
01/01/07-31/12/07 dividend (cpu): Total 25.68
Interest 8.90, Dividend 16.78

Total Expense Ratio*

Total Expense Ratio	Included in TER			
	Trading Costs	Performance Component	Fee at Benchmark	Other Expenses
1.78%	0.17%	0.45%	1.14%	0.02%

*A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. It is expressed as a percentage of the average value of the portfolio, calculated for the year to the end of September 2007. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, UST, levy, strate and IT levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's. The information provided is applicable to a class A fund.

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 and exposure 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 64%, outperforming the benchmark return of 47.3%. For the 2007 calendar year, the Fund has delivered reasonable outperformance, returning 9.5% compared to the benchmark return of 8.5%. The overall South African stockmarket returned 19.2% for 2007, a return considerably higher than we would have initially expected. Given the current high absolute level of the market together with the high level of valuation and especially the high level of earnings and also considering the current volatile conditions apparent in global stockmarkets, we believe there is considerable risk of capital loss from the market as a whole for 2008. In this environment, we therefore believe that the Fund's potential to deliver long-term absolute returns, uncorrelated with overall equity markets, is a particularly compelling one.

Top 10 Share Holdings at 31 December 2007*

JSE Code	Company	% of portfolio
AGL	Anglo	11.7
BIL	Billiton plc	10.5
SAB	SAB Miller plc	8.2
RCH	Richemont	7.5
MTN	MTN Group	6.8
REM	Remgro	4.9
SOL	Sasol	4.6
ANG	Anglogold Ashanti	3.7
SLM	Sanlam	2.4
SBK	Stanbank	1.9

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

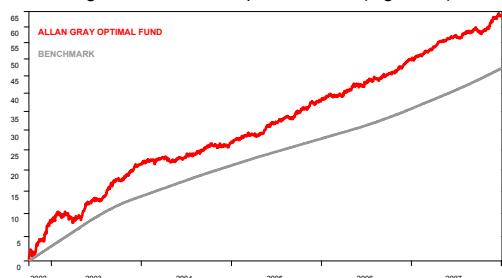
Asset Allocation

Asset Class	% of Fund
Gross SA Equities*	85.1
Derivatives	-84.2
Net SA Equities*	0.9
Hedged SA Equities	84.2
Property	1.4
Commodities (Newgold ETF)	0.0
Bonds	0.0
Money Market and Cash	13.5
Foreign	0.0
Total	100.0

*Listed property excluded.

Performance (shown net of all management fees and other expenses.)

Long-term cumulative performance (log-scale)



% Returns

	Optimal Fund	Benchmark*
Since Inception (unannualised)	64.0	47.3
Latest 5 years (annualised)	8.7	7.4
Latest 3 years (annualised)	9.0	6.7
Latest 1 year	9.5	8.5
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 December 2007.

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

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