

# OPTIMAL FUND

## FUND DETAILS AT 29 FEBRUARY 2008

**Sector:** Domestic AA - Targeted Absolute Return  
**Inception date:** 1 October 2002  
**Fund manager:** Delphine Govender  
**Fund objective:**  
 The Fund aims to exceed the return of the Daily Call Rate of FirstRand Bank Limited.

### Suitable for those investors who:

- Seek absolute (i.e. positive) returns regardless of stockmarket trends.
- Are risk-averse and require a high degree of capital stability.
- Are retired or nearing retirement.
- Seek the diversification benefits of uncorrelated returns relative to shares or bonds.
- Wish to diversify a portfolio of shares or bonds.
- Wish to add a product with an alternative investment strategy to their overall portfolio.

**Price:** R 14.38  
**Size:** R 1 019 m  
**Minimum lump sum:** R 25 000  
**Minimum monthly:** R 2 500  
**Subsequent lump sums:** R 2 500  
**No. of share holdings:** 47  
**Income distribution: 01/01/07 - 31/12/07 (cents per unit)** Total 25.68  
**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 63.6%, outperforming the benchmark return of 49.6%. For the past 12 months, the Fund has delivered 7.6% compared to the benchmark return of 8.8%. Following a somewhat sharp decline in the overall South African stock market in January 2008, the market rebounded for the month of February and on a very short-term basis volatility is now a key characteristic of the market. Following an exceptional run in equities since early 2003, we have been cautioning our clients for some time to temper their return expectations from the market. One of the principal reasons for this caution is that we believe the overall level of company earnings and profitability is unsustainably high. We continue to believe there is considerable risk of capital loss from the market as a whole for 2008. In this environment, we therefore believe that the Optimal Fund's very low net equity exposure and corresponding potential to deliver long-term absolute returns, uncorrelated with overall equity markets, is a particularly compelling one.

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## TOP 10 SHARE HOLDINGS AT 31 DECEMBER 2007\*

| Company           | % of portfolio |
|-------------------|----------------|
| Anglo             | 11.7           |
| Billiton Plc      | 10.5           |
| SABMiller         | 8.2            |
| Richemont         | 7.5            |
| MTN Group         | 6.8            |
| Remgro            | 4.9            |
| Sasol             | 4.6            |
| Anglogold Ashanti | 3.7            |
| Sanlam            | 2.4            |
| Stanbank          | 1.9            |

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

## 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, STRATE and insider trading 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 class A units.

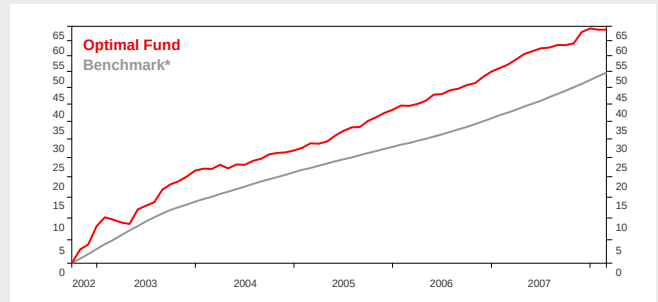
## ASSET ALLOCATION

| Asset class           | % of fund |
|-----------------------|-----------|
| Net SA equities       | 1.7       |
| Hedged SA equities    | 84.7      |
| Listed property       | 1.2       |
| Money market and cash | 12.4      |
| Total                 | 100.0     |

## PERFORMANCE

Fund performance shown net of all fees and expenses as per the TER disclosure.

### Long-term cumulative performance (log scale)



| % Returns                                               | Fund | Benchmark* |
|---------------------------------------------------------|------|------------|
| Since inception (unannualised)                          | 63.6 | 49.6       |
| Latest 5 years (annualised)                             | 8.3  | 7.3        |
| Latest 3 years (annualised)                             | 8.3  | 6.9        |
| Latest 1 year                                           | 7.6  | 8.8        |
| <b>Risk measures (Since inception month end prices)</b> |      |            |
| Maximum drawdown**                                      | -2.2 | n/a        |
| Percentage positive months                              | 84.6 | n/a        |
| Annualised monthly volatility                           | 2.9  | 0.6        |

\* The return on call deposits with FirstRand Bank Limited (for amounts in excess of R5m).  
 Source: FirstRand Bank, performance as calculated by Allan Gray as at 29 February 2008.

\*\* Maximum percentage decline over any period.

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