

OPTIMAL FUND

FUND DETAILS AT 31 OCTOBER 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 stock market 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 15.65
Size: R 1 135 m
Minimum lump sum: R 25 000
Minimum monthly: R 2 500
Subsequent lump sums: R 2 500
No. of share holdings: 54

Income distribution: 01/10/07 - 30/09/08 (cents per unit) Total 29.62
 Distributes bi-annually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

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 stock market risk and exposure by selling equity derivatives against the equity portfolio. 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.

In essence, therefore, the Fund's return comprises two components: (1) the cash return implicit in the pricing of the sold futures contracts +/- (2) the out/underperformance of the equity portfolio versus the index (i.e. the alpha). Since inception the Fund has returned 79.5%, outperforming the benchmark return of 60.5%. For the past 12 months, the Fund has delivered a pleasing 12.9% outperforming the benchmark return of 10.7% and versus a return of -30.9% from the FTSE/JSE All Share Index (ALSI). Over the past 12 months, the Fund has therefore considerably outperformed South African equities (as measured by the ALSI), by over 40%. This clearly demonstrates the core objective of the Fund, which is to deliver absolute and uncorrelated returns irrespective of the level of equity markets.

There has been considerable capital loss from the market as a whole for the year to date and while share valuations are starting to look broadly attractive, given the greater global economic landscape of uncertainty, we believe volatility will remain a key feature in respect of South African equities. In this environment, we 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, continues to make it a particularly compelling component of an investor's overall portfolio.

TOP 10 SHARE HOLDINGS AT 30 SEPTEMBER 2008*

Company	% of portfolio
BHP Billiton	8.7
Anglo American	8.0
SABMiller	7.4
MTN Group	6.3
Richemont	5.8
Sasol	4.7
Remgro	3.7
Anglogold Ashanti	3.2
Standard Bank Group	3.1
Harmony Gold Mining Co	1.7

* 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
1.43%	0.20%	0.07%	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 2008. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, 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 cannot be regarded as an indication of future TERs. The information provided is applicable to class A units.

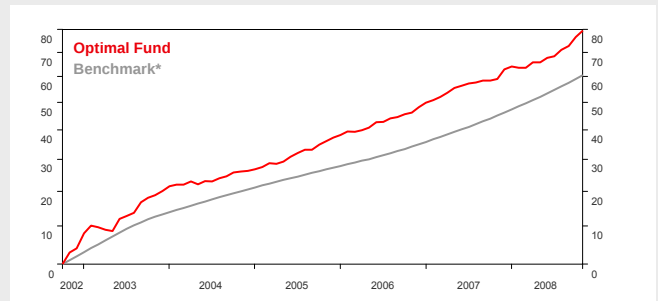
ASSET ALLOCATION

Asset class	% of fund
Net SA equities	0.3
Hedged SA equities	57.0
Listed property	0.6
Foreign	5.1
Money market and cash	37.0
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)	79.5	60.5
Latest 5 years (annualised)	8.6	7.3
Latest 3 years (annualised)	9.7	8.2
Latest 1 year	12.9	10.7
Risk measures (Since inception month end prices)		
Maximum drawdown**	-2.2	n/a
Percentage positive months	86.3	100.0
Annualised monthly volatility	2.9	0.7

* 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 31 October 2008.

** Maximum percentage decline over any period.

Tel 0860 000 654 or +27 (0)21 415 2301
 Fax 0860 000 655 or +27 (0)21 415 2492
 info@allangray.co.za www.allangray.co.za

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of 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 accruals and less any permissible deductions from the portfolio divided by the number of units in issue. Declarations of income accruals are made bi-annually. Purchase and redemption requests must be received by the manager by 14h00 each business day and fund valuations take place at approximately 16h00 each business day. Forward pricing is therefore used. Performance figures are from Allan Gray Limited (GIPS compliant) and are for lump sum investments with income distributions reinvested. Permissible deductions may include management fees, brokerage, STT, 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 the manager. Commission and incentives may be paid and if so, would be included in the overall costs. The fund may be closed to new investments at any time in order to be managed in accordance with its mandate. The manager is a 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.