

ALLAN GRAY

FUND DETAILS AT 31 OCTOBER 2009

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.

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 15.73
Size: R 2 594 m
Minimum lump sum per investor account: R 20 000
Minimum lump sum per fund: R 5 000
Minimum debit order per fund: R 500
Additional lump sum per fund: R 500
No. of share holdings: 58
Income distribution: 01/07/08 - 30/09/09 (cents per unit) Total 119.08
 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. Income distributions are higher than normal because the Fund was a shareholder of Remgro and Richemont when they unbundled in October 2008. For more information about this, please contact our Client Service Centre or refer to our website, details of which are below.

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 94.8%, outperforming the benchmark return of 74.1%. For the 12 months ended 31 October 2009, the Fund has delivered 8.5%, in line with the benchmark return. We have seen a sharp rally in the FTSE/JSE All Share Index (ALSI) since bottoming at the beginning of March 2009 with the ALSI up 43% to the end of October 2009. The Optimal Fund with its very low net equity exposure would as a result naturally tend to lag in the context of rapidly rising equity prices.

South African interest rates, which peaked in the second half of 2008, started declining in December 2008. With the cash return implicit on future contracts being a main source of return for this Fund, investors should be aware that the lower level of absolute interest rates will naturally have a downside impact on the overall absolute level of return for the Optimal Fund going forward.

We are of the opinion that current equity prices are presently discounting very optimistic expectations in terms of the earnings outlook for several companies. On the other hand, we are more cautious in terms of our expectations for the scale and pace of recovery of both economic activity and company profits and would be decidedly more circumspect on the sustainability of current prices.

In this environment therefore, 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.

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OPTIMAL FUND

TOP 10 SHARE HOLDINGS¹

Company	% of portfolio
BHP Billiton	11.6
SABMiller	10.0
Anglo American	7.7
MTN Group	6.0
Sasol	6.9
Anglogold Ashanti	6.0
Compagnie Fin Richemont SA	4.2
Standard Bank Group	3.2
Sanlam	2.6
Remgro	2.2

¹ The Top 10 share holdings at 30 September 2009. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 SEPTEMBER 2009²

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
1.85%	0.36%	0.34%	1.14%	0.01%

²A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of September 2009. 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.

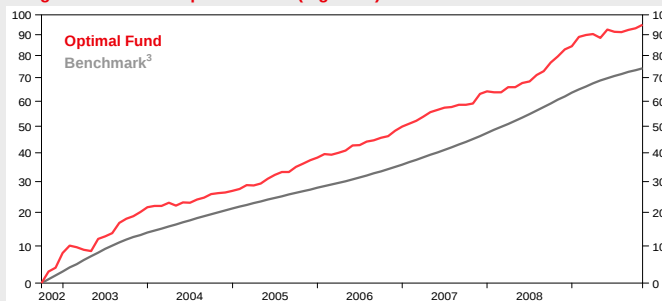
ASSET ALLOCATION AT 31 OCTOBER 2009

Asset class	% of portfolio
Net SA equities	2.6
Hedged SA equities	82.7
Listed property	0.4
Foreign	0.3
Money market and cash	14.0
Total	100

PERFORMANCE

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

Long-term cumulative performance (log scale)



% Returns	Fund	Benchmark ³
Since inception (unannualised)	94.8	74.1
Latest 5 years (annualised)	9.1	7.7
Latest 3 years (annualised)	10.1	9.1
Latest 1 year	8.5	8.5
Risk measures (Since inception month end prices)		
Maximum drawdown ⁴	-2.2	n/a
Percentage positive months	84.7	100.0
Annualised monthly volatility	3.0	0.7

³ 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 2009.

⁴ Maximum percentage decline over any period.

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 14:00 each business day and fund valuations take place at approximately 16:00 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 Association for Savings & Investment SA (ASISA). 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. The FTSE/JSE All Share Index is calculated by FTSE International Limited ("FTSE") in conjunction with the JSE Limited ("JSE") in accordance with standard criteria. The FTSE/JSE Africa Series is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE All Share Index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved.