ALLAN GRAY OPTIMAL FUND

FUND DETAILS AT 31 MAY 2011

Sector:	Domestic AA - Targeted Absolute Return
Inception date:	1 October 2002
Fund manager:	Delphine Govender

Fund objective:
The Fund aims to provide investors with long-term positive returns higher than those available in the money market sector, irrespective of stock market trends.

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:	R16.50
Size:	R2 706 m
Minimum lump sum per investor account:	R20 000
Minimum lump sum per fund:	R5 000
Minimum debit order per fund:	R 500*
Additional lump sum per fund:	R 500
No. of share holdings:	56
Income distribution: 01/04/10 - 31/03/11 (cents per unit)	Total 23.85

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, the Fund's return comprises of 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).

While the Fund has continued to deliver positive returns over the past year, compared to the cash benchmark the Fund's relative returns over this same period have been disappointing.

The key detractors from the relative returns have been :
1. The low net equity exposure in the Fund
2. The underperformance of our selection of equities versus the ALSI 40 (being the index against which the Fund's equity portfolio is hedged).

Notwithstanding that with the benefit of hindsight this defensive positioning has been early, we have not altered the Fund's current positioning as we believe that South African equities are on average in expensive territory and accordingly the risk of loss is higher than average. With an explicit mandate to minimise volatility, preserve capital (i.e. limit loss) and deliver uncorrelated returns versus equity markets, we feel the Optimal Fund is appropriately positioned to meet its objectives over the long term.

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TOP 10 SHARE HOLDINGS[1]

Company	% of portfolio
BHP Billiton	12.1
SABMiller	10.4
Anglo American	9.5
Sasol	8.6
AngloGold Ashanti	5.1
MTN	4.6
Compagnie Fin Richemont SA	3.9
Standard Bank	2.8
Remgro	2.5
Sanlam	2.5

1. The Top 10 share holdings at 31 March 2011. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 MARCH 2011[2]

Total expense ratio	Included in TER			
	Investment management fee[3] 1.14%		Trading costs	Other expenses
	Performance component	Fee at benchmark		
1.24%	0.00%	1.14%	0.09%	0.01%

2. A Total Expense Ratio (TER) is a measure of a unit trust's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the unit trust, calculated for the year to the end of March 2011. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, STT, STRATE and insider trading levy), VAT 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.
3. The investment management fee rate for the three months ending 31 May 2011 was 1.14% (annualised).

ASSET ALLOCATION AT 31 MAY 2011

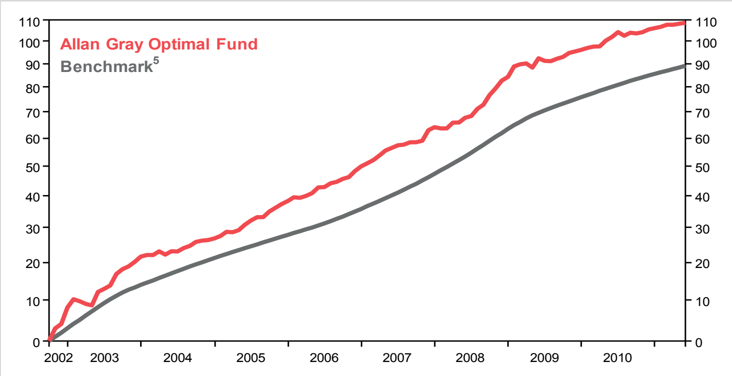
	% of portfolio
Asset class	**Total**
Net SA Equities	3.1
Foreign Inward Listing on the JSE[4]	0.5
Hedged SA Equities	85.5
Property	0.3
Money Market and Bank Deposits	10.6
Total	**100**

Note: There may be slight discrepancies in the totals due to rounding.

4. In December 2010, National Treasury announced, along with the increase in foreign exposure allowance, that the holding of foreign inward listed shares, such as British American Tobacco, are to form part of an institutional investor's overall foreign allowance.

PERFORMANCE

Fund performance shown net of all fees and expenses.
Long-term cumulative performance (log scale)



% Returns	Fund	Benchmark[5]
Since inception (unannualised)	108.8	89.2
Latest 5 years (annualised)	7.9	7.7
Latest 3 years (annualised)	7.6	7.3
Latest 1 year	3.3	5.0
Risk measures (Since inception month end prices)		
Maximum drawdown[6]	-2.2	-
Percentage positive months	84.6	100
Annualised monthly volatility	2.8	0.7

5. 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 May 2011.
6. Maximum percentage decline over any period.

* Only available to South African residents.