

## FUND DETAILS AT 30 JUNE 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 683 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:** 54  
**Income distribution: 01/07/10 - 30/06/11 (cents per unit)** Total 25.48  
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

For the second calendar quarter of 2011, the FTSE/JSE All Share Index delivered a negative total return of -0.6% while over the same period this Fund achieved a positive return. For the 2011 year-to-date South African equity returns have been virtually flat and these pedestrian returns are largely reflective of both global and domestic economic uncertainties and risks that remain prevalent. Despite the unexciting equity returns this year, in absolute and relative terms South African shares continue to look expensive on most long-term valuation metrics. From current levels, we see very little margin of safety and a correspondingly high risk of loss in the average South African share and the market as a whole. Accordingly we have continued to retain a very low net equity exposure for this Fund.

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\* Only available to South African residents.

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 trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. 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 and trustee fees. 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. 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. Allan Gray Unit Trust Management Limited is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Limited, an authorised financial services provider, is the appointed investment manager of Allan Gray Unit Trust Management Limited. Allan Gray Unit Trust Management Limited has been approved by the Regulatory Authority of Botswana to market its unit trusts in Botswana, however the Company is not supervised or licensed in Botswana. It is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board.

# ALLAN GRAY OPTIMAL FUND

## TOP 10 SHARE HOLDINGS<sup>1</sup>

| Company                    | % of portfolio |
|----------------------------|----------------|
| BHP Billiton               | 11.8           |
| SABMiller                  | 10.4           |
| Anglo American             | 9.0            |
| Sasol                      | 7.6            |
| MTN                        | 4.8            |
| Compagnie Fin Richemont SA | 4.4            |
| AngloGold Ashanti          | 4.4            |
| Standard Bank              | 3.6            |
| Impala Platinum            | 3.2            |
| Sanlam                     | 2.6            |

1. The Top 10 share holdings at 30 June 2011. Updated quarterly.

## TOTAL EXPENSE RATIO FOR THE YEAR ENDED 31 MARCH 2011<sup>2</sup>

| Total expense ratio | Included in TER                        |                  |               |                |
|---------------------|----------------------------------------|------------------|---------------|----------------|
|                     | Investment management fee <sup>3</sup> |                  | 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 30 June 2011 was 1.14% (annualised).

## ASSET ALLOCATION AT 30 JUNE 2011

| Asset class                                    | % of portfolio |
|------------------------------------------------|----------------|
| Net SA Equities                                | 3.2            |
| Foreign Inward Listing on the JSE <sup>4</sup> | 0.5            |
| Hedged SA Equities                             | 84.8           |
| Property                                       | 0.3            |
| Money Market and Bank Deposits                 | 11.2           |
| <b>Total</b>                                   | <b>100.0</b>   |

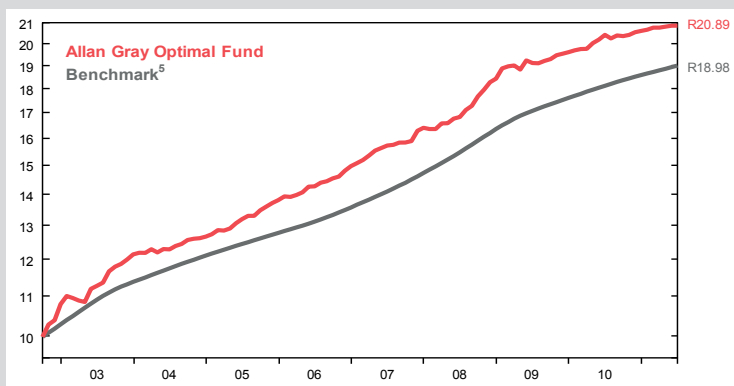
Note: There may be slight discrepancies in the totals due to rounding.

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.

Value of R10 invested at inception with all distributions reinvested



| % Returns                                               | Fund  | Benchmark <sup>5</sup> |
|---------------------------------------------------------|-------|------------------------|
| Since inception (unannualised)                          | 108.9 | 89.9                   |
| Latest 5 years (annualised)                             | 7.9   | 7.7                    |
| Latest 3 years (annualised)                             | 7.5   | 7.1                    |
| Latest 1 year                                           | 2.2   | 4.9                    |
| <b>Risk measures (Since inception month end prices)</b> |       |                        |
| Maximum drawdown <sup>6</sup>                           | -2.2  | -                      |
| Percentage positive months                              | 84.8  | 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 30 June 2011.
6. Maximum percentage decline over any period.