

ALLAN GRAY STABLE FUND

Fact sheet at 31 December 2006

Sector: Domestic AA Prudential Low Equity
Inception Date: 1 July 2000
Fund Manager: Stephen Mildenhall
Qualification: BCom (Hons), CA (SA), CFA

The Fund aims to achieve superior after-tax returns to bank deposits and to provide a high level of capital stability. The Fund seeks to preserve capital over any two-year period and is ideal for risk-averse investors.

Fund Details

Price: 1 982.46 cents
Size: R 14 407 360 966
Minimum lump sum: R 5 000
Minimum monthly: R 500
Subsequent lump sums: R 500
No. of share holdings: 53

Income Distribution: Quarterly
01/01/06-31/12/06 dividend (cpu): Total 59.57
Interest 49.73, Dividend 9.83,
Foreign Interest 0.01

Annual Management Fee: The monthly charge rate is directly related to the rolling two-year return of the Fund compared with that of its benchmark. The limits are 0.57-1.71% p.a. (incl. VAT). Should the Fund produce a return of 0% or worse over a 2-year rolling period, then the firm will forego all fees.

Commentary

The Fund returned 18.1% for the year compared to the benchmark return of 6.2%. The returns were assisted by strong returns from the Fund's equity investments and the impact of a weaker Rand on the foreign component of the Fund. The Fund maintains a low net share exposure given the aims of the Fund and the relatively high level of equity markets. While we believe that future return expectations from the equity market should be tempered and that they are unlikely to give as much assistance to overall returns as they have done in recent years, we nonetheless continue to find investments that should generate attractive long-term returns for our investors. In recent months we introduced a hedged equity component to the Fund. This portion of the Fund provides an "interest-like" return plus or minus the extent to which the Fund's shares out or underperform the index. We believe that in the current environment this asset class is particularly attractive and is consistent with the Fund's objective of seeking real returns with a high level of capital stability. The Fund continues to maintain its high offshore exposure as we continue to believe that the Rand will have a negative bias until South Africa's current account deficit returns to more normal levels.

Top 10 Share Holdings at 31 December 2006*

JSE Code	Company	% of portfolio
MTN	MTN Group	3.77
REM	Remgro	3.70
IMP	Impala	2.59
ASA	ABSA	2.42
SBK	Stanbank	2.14
SAB	SAB	1.97
SLM	Sanlam	1.90
FSR	Firstrand	1.48
GRY	Grayprop	1.06
AMSP	Angloplat Prefs	0.89

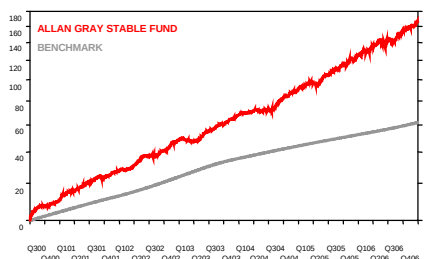
* The 'Top 10 Share Holdings' table is updated quarterly.

Asset Allocation

Asset Class	% of Fund
SA Shares	31.0
Derivatives	-5.8
Net SA Shares	25.2
Foreign Shares	7.1
SA & Foreign Net Shares	32.3
Foreign Absolute Return Funds	7.7
SA Hedged Equities	5.8
Property	2.4
Commodities- Newgold ETF	3.3
Bonds	0.6
Money Market & Cash	48.0
Total	100.0

Performance (net of fees, including income, assumes reinvestment of dividends, on a NAV to NAV basis)

Long-term cumulative performance (log-scale)



% Returns (after-tax)	Stable Fund	Benchmark*
Since Inception (unannualised)	166.1	61.9
Latest 5 years (annualised)	15.7	7.5
Latest 3 years (annualised)	16.5	6.1
Latest 1 year	18.1	6.2
Risk Measures		
<i>(Since incep. month end prices)</i>		
Maximum drawdown**	-4.2	n/a
Annualised monthly volatility	3.9	0.5

* After tax return of call deposits plus two percentage points.

** Maximum percentage decline over any period.

Performance as calculated by Allan Gray.

Allan Gray Unit Trust Management Limited

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Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (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 value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. 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 Allan Gray Unit Trust Management Limited. Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. All of the unit trusts may be capped at any time in order for them to be managed in accordance with their mandates. Member of the ACI.