

STABLE FUND

FUND DETAILS AT 30 JUNE 2008

Sector: Domestic AA - Prudential - Low Equity
Inception date: 1 July 2000
Fund manager: Ian Liddle
Fund objective:

The Fund aims to provide a return that exceeds the return on call deposits plus 2%; on an after-tax basis at a rate of 25%. It also seeks to provide a high level of capital stability and to minimise the risk of loss over any two-year period.

Suitable for those investors who:

- Are risk-averse and require a high degree of capital stability.
- Require a reasonable income but also some capital growth.
- Are retired or nearing retirement.
- Seek to preserve capital over any two-year period.

Compliance with Prudential Investment Guidelines:

Retirement Funds: The Portfolio is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28).

Price: R 21.20
Size: R 20 998 m
Minimum lump sum: R 5 000
Minimum monthly: R 500
Subsequent lump sums: R 500
No. of share holdings: 50
Income distribution: 01/07/07 - 30/06/08 (cents per unit) Total 98.49
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 of call deposits (for amounts in excess of R5m) with FirstRand Bank Limited plus 2%, on an after-tax basis at a rate of 25%, over a rolling two-year period. The fee hurdle (above which a fee greater than the minimum fee of 0.5% is charged) is performance equal to the benchmark minus 5%. For performance equal to the benchmark a fee of 1.0% (excl. VAT) per annum is payable. The manager's sharing rate is 10% of the under- and outperformance of the benchmark over a rolling two-year period and a maximum fee of 1.5% (excl. VAT) applies. The annual management fee is calculated on the daily value of the Fund excluding any assets invested in the Orbis Funds. Assets invested in the Orbis Funds incur a management fee. These along with other expenses are included in the Total Expense Ratio.

COMMENTARY

The Fund retains a cautious view on the JSE equity market, which has now declined by around 15% from its May peak. The total net equity exposure of the Fund is 21.2%.

Just under half the Fund is invested in money market and cash instruments with a further quarter invested in local and foreign hedged equities. The hedged equities provide a cash return, which we believe will be augmented by our stockpicking skills over the long-term. However, any short-term underperformance of our selected equities will detract from this return.

The Fund's position in AngloGold Ashanti increased significantly when it followed its rights to subscribe to the company's share offering in June. We believe that AngloGold's successful rights offering is a positive development for the company, which will give it much more flexibility in allocating capital to early deliveries into its hedge book and its promising exploration and development projects, particularly those in Colombia (where it has already found some prospects in a permit area twice the size of the Kruger National Park). We are attracted to the following aspects of AngloGold: a new management team with a value based approach, a portfolio of assets with unrealised potential, a promising exploration pipeline and a declining hedge book. We believe that AngloGold offers better value than the big diversified miners such as Anglo American and BHP Billiton, which are currently earning unsustainably high profits. You can read more about the investment case for AngloGold Ashanti in our June 2008 Quarterly Commentary.

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TOP 10 SHARE HOLDINGS AT 30 JUNE 2008*

Company	% of portfolio
Remgro	3.8
Sasol	3.2
SABMiller	3.1
MTN Group	3.1
AngloGold Ashanti	3.0
Richemont	2.5
Sanlam	1.8
African Rainbow Minerals	1.3
Standard Bank Group	1.3
ABSA	1.2

* 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
1.85%	0.10%	0.53%	1.16%	0.06%

*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 March 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, UST, 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

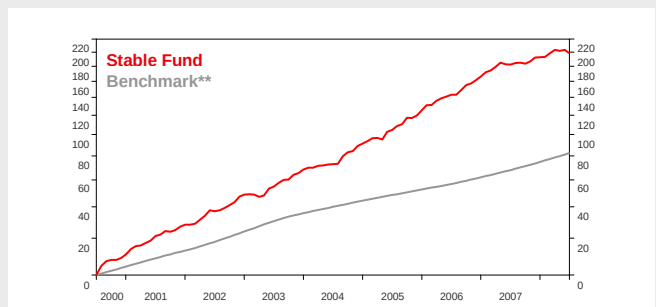
Asset class	% of fund
Net SA equities	16.2
Hedged SA equities	15.9
Listed property	1.5
Commodities (Newgold ETF)	2.7
Bonds	0.1
Money market and cash	48.9
Foreign	14.7
Total	100.0

Total net SA and foreign equity exposure: 21.2%.

PERFORMANCE*

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

Long-term cumulative performance (log scale)



% Returns (after-tax)	Fund	Benchmark**
Since inception (unannualised)	198.3	82.6
Latest 5 years (annualised)	14.0	7.0
Latest 3 years (annualised)	13.4	7.2
Latest 1 year	5.6	8.8
Risk measures (Since inception month end prices)		
Maximum drawdown***	-4.2	n/a
Percentage positive months	85.4	100.0
Annualised monthly volatility	3.9	0.5

Fund and benchmark performance adjusted for income tax at a rate of 25%.

** The return of call deposits (for amounts in excess of R5m) with FirstRand Bank Limited plus 2%; on or after-tax basis at a rate of 25%. Source: FirstRand Bank, performance as calculated by Allan Gray as at 30 June 2008.

*** Maximum percentage decline over any period.

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 market value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio divided by the number of units in issue. Declaration of income accruals are made quarterly. Different classes of units apply to the Fund and are subject to different fees and charges. Fund valuations take place at approximately 16h00 each business day. Purchase and repurchase requests may be received by the manager by 14h00 each business day. Performance figures from Allan Gray Limited (GIPS compliant) are for lump sum investments using net asset value prices with income distributions reinvested. Permissible deductions may include management fees, brokerage, UST, 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 Allan Gray Unit Trust Management Limited. Commission and incentives may be paid and if so, would be included in the overall costs. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Forward pricing is used. This Fund may be capped at any time in order to be managed in accordance with the mandate. 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.