ALLAN GRAY

STABLE FUND

FUND DETAILS AT 31 OCTOBER 2009

Sector:	Domestic AA - Prudential - Low Equity
Inception date:	1 July 2000
Fund manager:	Ian Liddle
	(Foreign assets are invested in Orbis funds.)

Fund objective:
The Fund aims to provide a return that exceeds the return on call deposits plus 2%, on an after-tax basis, at an assumed 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.

Price:	R 22.26
Size:	R 29 553 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:	40
Income distribution: 01/07/08 - 30/09/09 (cents per unit)	Total 196.75
Average annual management fee for August (excl VAT)	1.17%

Distributes quarterly. 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 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. If however, the Fund's cumulative return over a rolling two-year period is equal to or less than 0%, no annual management fee will be charged. 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 South African stock market advanced to new highs for the year. The FTSE/JSE All Share Index rose by almost 10% from its early-October low to its late-October high. The Fund accelerated the reduction of its net equity exposure by selling shares and hedging its stock market exposure into the rising market. The Fund's net equity exposure is now down to 14.1% (from 18.2% a month ago) and its net exposure to SA Equities is down to 6.4% (from 10.5% a month ago).

As stated in the Fund objective above: the Fund seeks to provide a high level of capital stability. The Fund benefited from increasing its equity exposure earlier in the year, but we once again believe it is prudent for the Fund to carry fairly low exposure to the equity markets.

The Fund's potential to beat its benchmark over the short term will always be somewhat constrained when equity market valuations are high, but Fund investors probably need no reminding that call deposit returns can be very attractive in the event of a bear market.

The Fund retains the ability to outperform its benchmark if its selected equities outperform the FTSE/JSE ALSI40 Index (which forms the basis of the equity hedge); from the foreign portion of the Fund should the rand weaken; or from investing in alternative asset classes such as the Newgold debenture.

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TOP 10 SHARE HOLDINGS[1]

Company	% of portfolio
SABMiller	2.8
Anglogold Ashanti	2.0
British American Tobacco	1.9
Sasol	1.6
Remgro	1.5
MTN Group	1.3
Sanlam	1.1
Compagnie Fin Richemont SA	0.9
Sappi	0.8
Standard Bank Group	0.7

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

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 SEPTEMBER 2009[2]

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
1.36%	0.07%	0.14%	1.14%	0.01%

[2] A 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.

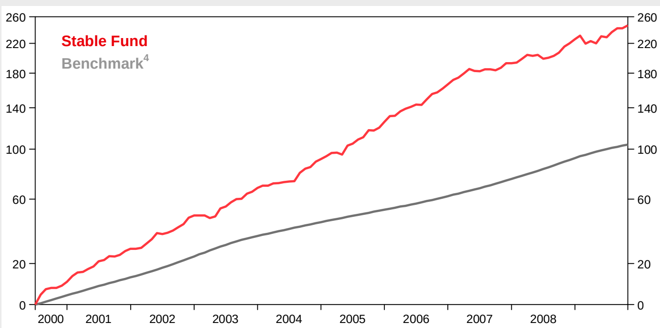
ASSET ALLOCATION AS AT 31 OCTOBER 2009

Asset class	% of portfolio
Net SA equities	6.4
Hedged SA equities	13.7
Listed property	0.0
Commodities (New Gold)	4.1
Money market and cash	55.5
Foreign	20.3
Total	100

Total net SA and foreign equity exposure: 14.1%.

PERFORMANCE[3]

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 [4]
Since inception (unannualised)	246.0	103.6
Latest 5 years (annualised)	13.4	7.3
Latest 3 years (annualised)	10.4	8.3
Latest 1 year	9.8	7.9
Risk measures (since inception month end prices)		
Maximum drawdown[5]	-4.3	n/a
Percentage positive months	84.8	100.0
Annualised monthly volatility	4.2	0.5

[3] Fund and benchmark performance adjusted for income tax at a rate of 25%.
[4] The return of call deposits (for amounts in excess of R5m) with FirstRand Bank Limited plus 2%; on an after-tax basis a rate of 25%. **Source: FirstRand Bank, performance as calculated by Allan Gray as at 31 October 2009.**
[5] Maximum percentage decline over any period.