

FUND DETAILS AT 31 JULY 2010

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 22.20
Size: R 30 877 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: 01/07/09 - 30/06/10 (cents per unit) Total 88.25
 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.

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 out- and underperformance 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

Although the Stable Fund has underperformed its benchmark over the latest three years, it has outperformed both the Balanced and Equity funds over the latest three year period.

This should serve to emphasise our message that real returns will prove much more elusive in the coming decade than they were over the last decade. This is simple mathematics based on the much higher starting prices for South African shares for this decade than we had in the early 2000s.

However, a number of avenues remain open for the Fund to continue providing benchmark-beating returns and adding value to our clients:

- although the Fund currently has a low net exposure to equity markets, 38.9% of the Fund remains exposed to any stock-picking alpha generated by Allan Gray and Orbis;
- the Fund retains its maximum 20% foreign exposure, which should contribute to returns in the event of rand weakness (which we regard as more likely than rand strength from the current exchange rate of R7.30/\$);
- we actively manage the portion of the Fund invested in interest bearing instruments to maximise risk-adjusted returns;
- the Fund has ample liquidity to take advantage of any weakness in the stock market should more attractive valuations emerge at some point in the future.

TOP 10 SHARE HOLDINGS¹

Company	% of portfolio
SABMiller	2.8
Sasol	2.1
Anglogold Ashanti	2.0
British American Tobacco	1.8
Remgro	1.7
Sanlam	1.1
MTN	1.0
Tongaat-Hulett	0.7
Sappi	0.6
Standard Bank	0.6

¹ The Top 10 share holdings at 30 June 2010. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 JUNE 2010²

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
1.36%	0.05%	0.12%	1.17%	0.02%

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 June 2010. 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 JULY 2010

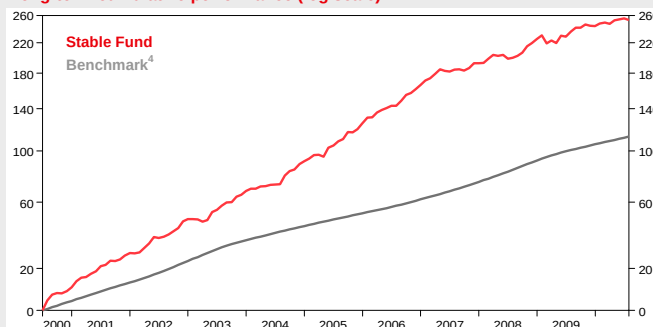
Asset class	% of portfolio		
	Total	SA	Foreign
Net Equities	14.1	6.8	7.3
Hedged Equities	24.8	14.0	10.8
Property	0.2	0.2	-
Commodities (Gold)	3.8	3.8	-
Bonds	7.1	7.1	-
Money Market and Bank Deposits	50.1	48.3	1.8
Total	100.0	80.1	19.9

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

PERFORMANCE³

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)	253.1	112.7
Latest 10 years (annualised)	12.9	7.8
Latest 5 years (annualised)	11.1	7.4
Latest 3 years (annualised)	7.4	8.0
Latest 1 year	5.2	6.0
Risk measures (since inception month end prices)		
Maximum drawdown ⁵	-4.3	n/a
Percentage positive months	82.6	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 at a rate of 25%. Source: FirstRand Bank, performance as calculated by Allan Gray as at 31 July 2010.

⁵ Maximum percentage decline over any period.

Tel 0860 000 654 or +27 (0)21 415 2301
 Fax 0860 000 655 or +27 (0)21 415 2492
 info@allangray.co.za www.allangray.co.za

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 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 quarterly. 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. Fluctuations and movements in exchange rates may also cause the value of underlying international investments to go up or down. 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, 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. Compliance with Prudential Investment Guidelines for retirement funds: The Fund is managed to comply with Regulation 28 of the Pension Funds Act, except for the total foreign exposure limit which is 20% (FSB Circular 3 of 2008). ASISA regards a prudential fund with foreign exposure of up to 20%, as conforming to Regulation 28 for fund classification purposes. 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 with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28). 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.