ALLAN GRAY STABLE FUND

FUND DETAILS AT 31 OCTOBER 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 22.13
Size:	R 29 831 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: 01/10/09 - 30/09/10 (cents per unit)	Total 83.03

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

When the Stable Fund was launched in July 2000, many South African shares could be bought at low prices. The prices were low enough for us to be confident that buying these shares would generate returns significantly better than what could be earned on a bank deposit, with limited downside risk.

But then the FTSE/JSE All Share Index was trading at 7 570. Today it is trading at 31 518 - up by a multiple of four times (and that is before considering dividends earned over the 10 years).

At today's much higher prices, we cannot be nearly as confident that South African shares will beat bank deposit returns over the next few years, and we see much greater downside risk than we did in July 2000.

Mindful of its capital preservation objectives, we have reduced the Fund's net South African equity exposure to 5%. The bulk of the Fund's net equity exposure is now derived from foreign shares.

Although it is now easy to look back with the benefit of hindsight and say that South African shares were attractive in July 2000, it was not easy to do at the time. The market had gone nowhere in real terms for 13 years and the bears were in the ascendancy.

The Japanese Nikkei 225 Index is trading at a quarter of its 1989 peak and not far off the lows of the 2008/9 credit crisis. The bears have been in the ascendancy in Japan. Today we believe the Japanese market to be a more promising hunting ground for the Stable Fund than the South African market, and the bulk of the Fund's foreign net equity exposure is presently derived from selected Japanese equities.

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TOP 10 SHARE HOLDINGS[1]

Company	% of portfolio
SABMiller	3.0
Sasol	2.7
British American Tobacco	2.0
Remgro	2.0
AngloGold Ashanti	1.8
Sanlam	1.3
MTN	1.1
Sappi	0.6
Dimension Data	0.6
Standard Bank	0.6

[1] The Top 10 share holdings at 30 September 2010. Updated quarterly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 SEPTEMBER 2010[2]

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
1.35%	0.05%	0.12%	1.16%	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 September 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.

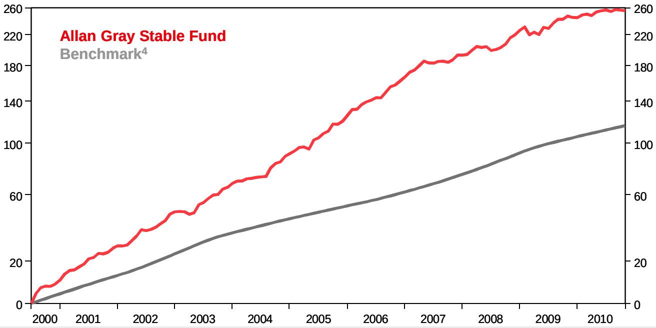
ASSET ALLOCATION AS AT 31 OCTOBER 2010

	% of portfolio		
Asset class	**Total**	**SA**	**Foreign**
Net Equities	14.5	5.0	9.5
Hedged Equities	25.5	15.6	9.8
Property	0.1	0.1	-
Commodities (Gold)	4.3	4.3	-
Bonds	7.6	7.6	-
Money Market and Bank Deposits	48.1	46.9	1.2
Total	**100.0**	**79.5**	**20.5**

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

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)	254.4	115.6
Latest 10 years (annualised)	12.7	7.7
Latest 5 years (annualised)	10.3	7.4
Latest 3 years (annualised)	7.3	7.8
Latest 1 year	2.4	5.9
Risk measures (since inception month end prices)		
Maximum drawdown[5]	-4.3	n/a
Percentage positive months	81.5	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 October 2010.**
[5] Maximum percentage decline over any period.