



RETIREMENT PRODUCTS
EFFECTIVE 19 MARCH 2012

ALLAN GRAY

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The Retirement Products brochure is printed on LumiSilk, a paper made from trees grown specifically for paper manufacturing. The paper is certified by the Forest Stewardship Council (FSC), an organisation which promotes responsible management of the world's forests.

The Allan Gray approach to investment

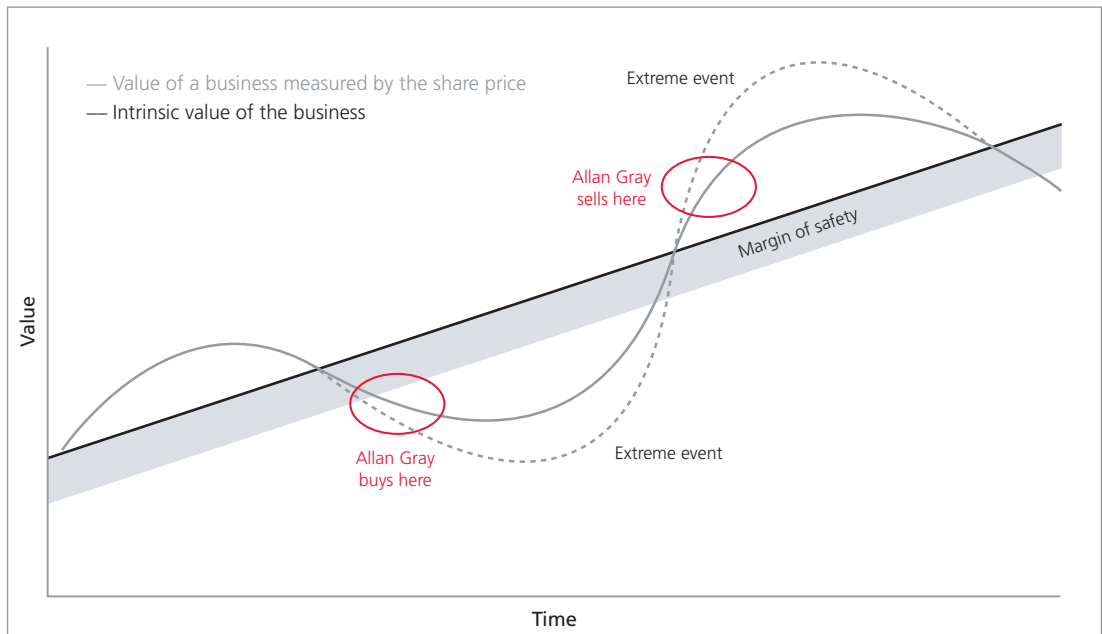
Our analysts spend little time trying to forecast short-term share market and economic trends. History shows that predictions of this nature have a low probability of success. Instead, they concentrate their energies on research. This enables them to determine the fair value of businesses and the underlying value of their shares.

Understanding companies and investing in them when they represent fundamental value, although long-term in nature, is far more rewarding than trying to predict economic, political or share market trends.

In summary, the Allan Gray philosophy involves acquiring shares when they are priced below their intrinsic value, and selling them when they move above fair value. Our investment philosophy is best described in the graph below.

Over time the intrinsic value (black line shown in the diagram) of any growth asset should appreciate in value as earnings, dividends and net assets grow. In the short term, prices move around intrinsic value as market sentiment swings from optimism to pessimism.

By investing as close to the point where the price is discounting the greatest pessimism, not only is the potential return maximised, but the margin of safety is greatest as the extent to which the price can fall further is minimised.



Product principles and benefits

Excellent investment track record

Since its establishment in 1974, Allan Gray has consistently achieved superior returns at lower-than-average risk of loss. Our performance track record has been achieved by consistently applying a simple, clearly defined investment philosophy based on sound business principles. We pride ourselves on the quality of our in-house fundamental research, which is acknowledged to be the most rigorous in the industry.

Value for money

Our core source of income is an investment management fee charged on assets under management. We aim to provide our investors with superior performance after deducting our investment management fee.

Simplicity of choice

We provide access to an uncomplicated range of unit trusts. These are designed to enable you to easily select an underlying unit trust to suit your risk profile.

Transparency

All fees are fully disclosed and we will keep you regularly informed on all aspects of your investment.

Flexibility

You may switch between the unit trusts at any time.

Trust

Your trust in us is paramount. We aim to earn and retain your trust through unquestionable business ethics and honest communication.

Freedom

You may transfer your investment to any other approved retirement product subject to prevailing legislation.

Prompt service

We take great pride in providing an efficient, personalised service, which we continually strive to improve.

Description of products

Allan Gray Retirement Annuity Fund

The Allan Gray Retirement Annuity Fund encourages you to save for retirement by offering a flexible, tax-efficient way to invest. You can make single and/or regular investments, and stop or start your contributions at any time without penalty.

Allan Gray Preservation Funds

The Allan Gray Pension Preservation and Allan Gray Provident Preservation Funds are used for tax-efficient preservation of benefits of employees who cease to be members of approved retirement funds as a result of:

- Resignation, retrenchment or dismissal
- The winding-up of a retirement fund
- Transferring existing preserved benefits to one of the Allan Gray preservation funds

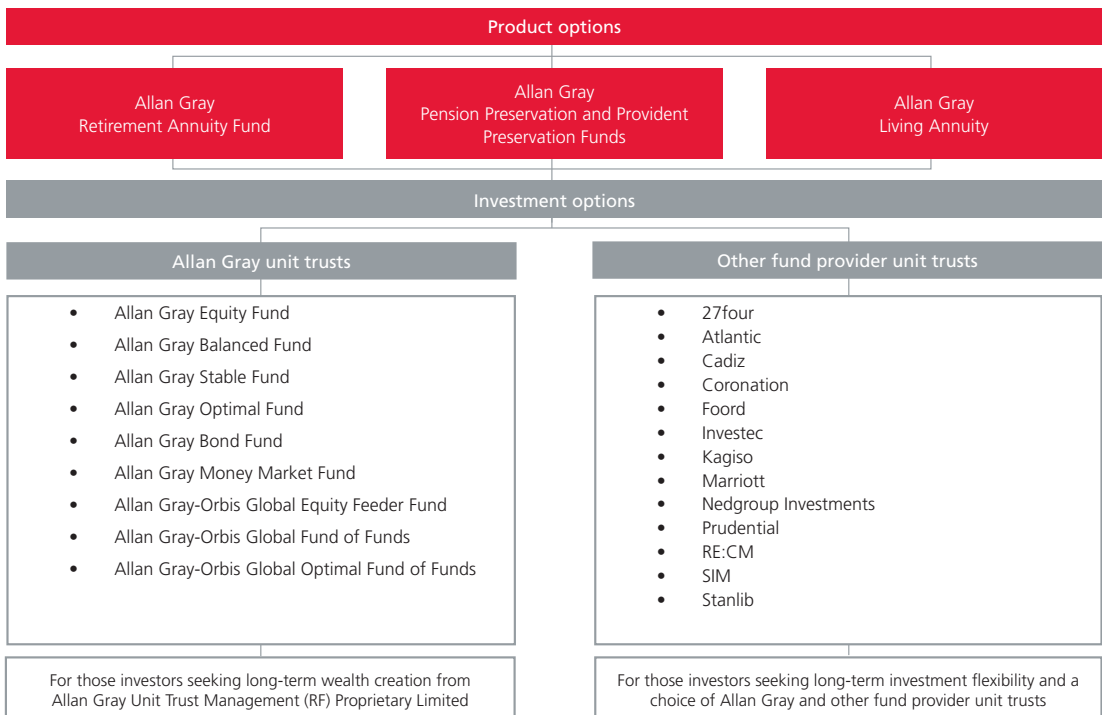
Allan Gray Living Annuity

The Allan Gray Living Annuity caters for members of pension, provident, preservation or retirement annuity funds who require an income when they retire from any of these funds. The Allan Gray Living Annuity allows investors to select the underlying investments, choose the income level (subject to prevailing regulatory limits) that suits their needs and leave the remaining investments to their nominated beneficiaries on their death.

Communication

Allan Gray is committed to keeping investors informed on all matters concerning their investment. Standard reporting features for investors include:

- A welcome letter - for new investors only
- Transaction confirmations - to confirm details of transactions completed (debit orders and withdrawals to pay fees are reported on quarterly)
- Confirmation of investment particulars - to confirm personal details and other key investor information including account information, investment instructions and changes in investor details
- Quarterly statement - quarterly statement of opening balance, movements during the quarter and closing balance(s)
- Monthly transaction statement - monthly statement of opening balance, movements during the quarter and closing balance(s) on a request basis only



For more detailed information about the underlying unit trust options please refer to the Allan Gray Investment Platform Fund List and the relevant fund fact sheets available from your financial adviser, the Allan Gray Client Service Centre on 0860 000 654 or www.allangray.co.za.

Allan Gray investment options

Below is a summary of the Allan Gray investment options. There are other unit trusts available from a range of providers. For a comprehensive list of these, including risks, objectives and other features please refer to the Allan Gray Investment Platform Fund List available from the Allan Gray Client Service Centre on 0860 000 654 or www.allangray.co.za

Allan Gray Equity Fund

The Equity Fund invests in a focused portfolio of JSE-listed shares selected for their perceived superior fundamental value. It is designed to achieve long-term capital appreciation at no greater-than-average stock market risk.

The Equity Fund is suitable for those investors who:

- Seek exposure to JSE-listed equities to provide long-term capital growth
- Are comfortable with stock market fluctuation, i.e. short- to medium-term volatility
- Are prepared to take on the risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as an equity 'building block' in a diversified multi-asset class portfolio

Allan Gray Balanced Fund

The Balanced Fund invests in a portfolio that can include shares, interest-bearing securities, listed property and international assets. As such the Balanced Fund is suitable for investors who wish to delegate both the equity selection and asset allocation decisions to Allan Gray. The returns of the Balanced Fund can be expected to be more stable than those of the Equity Fund.

The Balanced Fund is suitable for those investors who:

- Seek steady long-term capital growth
- Are comfortable with taking on some risk of market fluctuation and potential capital loss, but typically less than that of an equity fund
- Wish to invest in a unit trust that complies with retirement fund investment limits
- Typically have an investment horizon of more than three years

Allan Gray Stable Fund

The Stable Fund consists of a portfolio of bonds, cash and shares, with the basis for share selection being the provision of a high income yield with a low probability of negative performance. It aims to produce returns superior to bank deposits on an after-tax basis.

The Stable Fund is suitable for those investors who:

- Are risk-averse and require a high degree of capital stability
- Seek both above-inflation returns over the long term, and capital preservation over any two-year period
- Require some income but also some capital growth
- Wish to invest in a unit trust that complies with retirement fund investment limits

Allan Gray Optimal Fund

The objective of the Optimal Fund is to provide investors with long-term absolute (i.e. positive) returns higher than those available in the money market sector, but with less risk of loss than a share portfolio. In order to achieve this objective, the Optimal Fund will invest in a portfolio of select shares and reduce the stock market exposure inherent in these shares by hedging (i.e. using equity derivative instruments).

The Optimal Fund is suitable for those investors who:

- Seek steady absolute (i.e. positive) returns regardless of stock market trends
- Require a high degree of capital stability
- Wish to invest in a product that offers uncorrelated returns relative to shares or bonds as a 'building block' in a diversified multi-asset class portfolio

Allan Gray Bond Fund

The objective of the Bond Fund is to provide investors with a return superior to the All Bond Index, at no greater risk, over an interest rate cycle. The Bond Fund will seek to preserve at least the nominal value of investors' capital. The Bond Fund invests in a combination of South African interest-bearing securities including public, parastatal, corporate and inflation-linked bonds, fixed deposits, money market instruments and cash.

The Bond Fund is suitable for those investors who:

- Seek a bond 'building block' for a diversified multi-asset class portfolio
- Are looking for returns in excess of those provided by money market or cash investments
- Are prepared to accept more risk of capital depreciation than in a money market or cash investment

Allan Gray Money Market Fund

The Fund aims to preserve capital, maintain liquidity and generate a competitive level of income. The benchmark of the Fund is the Domestic Fixed Interest Money Market sector excluding the Allan Gray Money Market Fund.

While capital losses are unlikely, they can occur if, for example, one of the issuers of the assets underlying the fund defaults. In this event losses will be borne by the Fund and its investors.

The Money Market Fund is suitable for those investors who:

- Require monthly income distributions
- Are highly risk-averse but seek returns higher than bank deposits
- Need a short-term investment account

Allan Gray-Orbis Global Equity Feeder Fund

This is a rand-denominated Fund feeding directly into the FSB registered Orbis Global Equity Fund. It enables investors to invest in a rand-denominated fund with exposure to global stock markets. The Fund seeks superior returns than the average of the world equity markets, without greater risk.

The Global Equity Feeder Fund is suitable for those investors who:

- Seek exposure to diversified international equities to provide long-term capital growth
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with global stock market and currency fluctuation and risk of capital loss
- Typically have an investment horizon of more than five years
- Wish to use the Fund as a fully invested global equity 'building block' in a diversified multi-asset class portfolio

Due to foreign exchange control regulations, the Fund is closed from time to time. Unitholders may contact the Allan Gray Client Service Centre to confirm whether or not the Fund is open.

Allan Gray-Orbis Global Fund of Funds

This is a rand-denominated balanced offshore Fund investing in selected Orbis funds. Orbis is Allan Gray's global asset management partner. The Fund aims to generate superior long term returns.

The Global Fund of Funds is suitable for those investors who:

- Seek long-term capital growth from a diversified international equity portfolio without being fully exposed to stock market risk
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with taking on some risk of market and currency fluctuation and potential capital loss, but typically less than that of an equity fund
- Typically have an investment horizon of more than five years
- Wish to use the Fund as a foreign medium equity 'building block' in a diversified multi-asset class portfolio

Due to foreign exchange control regulations, the Fund is closed from time to time. Unitholders may contact the Allan Gray Client Service Centre to confirm whether the Fund is open.

Allan Gray-Orbis Global Optimal Fund of Funds

This is a rand-denominated low risk offshore fund that invests in a mix of the Orbis Optimal SA funds which seek capital appreciation in their respective currencies. Orbis is Allan Gray's global asset management partner. The Fund seeks capital appreciation on a low risk global portfolio. The Fund's returns are largely independent of the returns of major asset classes such as cash, equities and bonds.

The Global Optimal Fund of Funds is suitable for those investors who:

- Seek steady absolute returns ahead of those of cash measured in global currencies
- Wish to invest in international assets without having to personally expatriate rands
- Are comfortable with taking on the risk of currency fluctuation, but prefer little exposure to stock market risk
- Wish to use the Fund as a foreign absolute return 'building block' in a diversified multi-asset class portfolio

Due to foreign exchange control regulations, the Fund is closed from time to time. Unitholders may contact the Allan Gray Client Service Centre to confirm whether or not the Fund is open.

Compliance with Prudential Investment Guidelines:

Allan Gray Balanced, Stable, Bond and Money Market funds

The Funds are managed to comply with Regulation 28 of the Pension Fund Act. Exposures in excess of the limit will be corrected immediately, except where due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management (RF) Proprietary Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

Fee structure

Initial fees

- Allan Gray does not charge an initial fee for the product or the underlying Allan Gray unit trusts

Annual fees

- No annual administration fee is charged monthly if the underlying portfolios are managed by Allan Gray
- If Allan Gray receives a fee discount from a fund provider, this is disclosed and passed on to investors
- Annual management fees vary depending on the portfolio selected
- For more detailed information about the fees applicable to Allan Gray unit trusts and other fund manager unit trusts, please contact your financial adviser, the Allan Gray Client Service Centre on 0860 000 654 or www.allangray.co.za.

Other fees

- No cancellation fee
- No switching fee is levied

Financial adviser fees (where applicable)

An adviser fee, agreed between the investor and his/her adviser, is payable. This fee is limited as follows:

- An initial fee of between 0% and 3% (excl. VAT) except on the Allan Gray Living Annuity which has a maximum of 1.5%
- An annual fee of between 0% and 1% (excl. VAT). Where an initial fee of higher than 1.5% is selected, the maximum annual fee is limited to 0.5% (excl. VAT)

ALLAN GRAY

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The Allan Gray Retirement Annuity Fund, the Allan Gray Pension Preservation Fund and the Allan Gray Provident Preservation Fund are all administered by Allan Gray Investment Services Proprietary Limited, an authorised administrative financial services provider. The Allan Gray Living Annuity is underwritten by Allan Gray Life Limited, an authorised financial services provider.

The underlying investment options of the Allan Gray individual life and retirement products are unit trusts. Collective Investment Schemes (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may change in line with market movements. Past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which, for money market funds, is the total book value of all assets in the portfolio divided by the number of units in issue. The Allan Gray Money Market Fund aims to maintain a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument held. In most cases this will have the effect of increasing or decreasing the daily yield, but in some cases, for example in the event of a default on the part of an issuer of any instrument held by the fund, it can have the effect of a capital loss. Such losses will be borne by the Allan Gray Money Market Fund and its investors and in order to maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. Fluctuations or movements in exchange rates may also cause the value of underlying international investments to change. Unit trusts are traded at ruling prices. Commissions and incentives may be paid and if so, would be included in the overall costs. Different classes of units apply to the Allan Gray Equity, Balanced, Stable and Optimal Funds only and are subject to different fees and charges. A detailed schedule of fees, charges and maximum commissions is available on request. Forward pricing is used. A fund of funds unit trust may only invest in other unit trusts, which levy their own charges, that could result in a higher fee structure for these portfolios. A feeder fund is a unit trust fund that, apart from assets in liquid form, consists solely of units in a single portfolio of a collective investment scheme. All of the unit trusts except the Allan Gray Money Market Fund may be capped at any time in order for them to be managed in accordance with their mandates. Allan Gray Unit Trust Management (RF) Proprietary Limited is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Proprietary Limited, an authorised financial services provider, is the appointed investment manager of Allan Gray Unit Trust Management (RF) Proprietary Limited.