



UNIT TRUSTS
EFFECTIVE 1 FEBRUARY 2012

ALLAN GRAY

Contents

- 1 What are unit trusts?
- 2 Why unit trusts are good investment vehicles
- 3 How unit trusts can make money for investors
- 3 How unit trusts are classified
- 4 About Allan Gray
- 4 A consistent global approach
- 5 Our guiding principles
- 6 Our long-term investment philosophy
- 7 The Allan Gray approach to investment
- 8 Why invest in Allan Gray Unit Trusts?
- 9 Allan Gray Unit Trusts
- 11 How much does it cost to invest?
- 12 Frequently asked questions
- 13 Legal notes

The Unit Trusts 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.

What are unit trusts?

A collective investment scheme (also commonly referred to as a 'fund' or 'unit trust') is a form of collective investment constituted under a trust deed. As a unit trust investor, your money is pooled with that of other investors who have similar investment goals.

Unit trusts enable investors to invest in a wide range of shares, bonds and other assets using relatively small amounts of money.

Experienced investment experts (called asset or portfolio managers) use the pool of money to buy the underlying assets - shares, property, bonds, cash or a combination of these - on local or foreign markets, depending on the type of unit trust.

Each fund is split into equal portions called units. The price of these units, also called the net asset value (NAV), depends on the value of the underlying assets. Units are priced daily because the value of the underlying assets changes on a daily basis.

When an investor invests in a unit trust, units are allocated according to the amount of money invested and the price of the units on the day they are bought. Likewise, when money is invested in one of the Allan Gray Unit Trusts, the investor is buying a share of the total fund, and the investor is often referred to as a unitholder.

Unit trusts in context:

Unit trusts allow investors to invest money or other assets in a portfolio by pooling their money with other investors who have similar investment objectives. A professional asset manager uses the pooled money to invest in different financial instruments in accordance with a stated investment objective. These objectives vary, and as a result, so do the instruments and combinations of instruments that are available. If the fund is, for example, an equity fund, the asset manager will invest in shares; if the fund is a bond fund, the asset manager will invest in bonds. A balanced or asset allocation fund invests in a combination of shares, bonds and cash. The total value of the pool of invested money is divided into equal portions called units. These are created every time investors place money in the fund and are liquidated when investors withdraw money. For example, if units are worth R1 each it will cost R1000 to buy 1000 units. These units will rise or fall in value as the value of the assets held by the fund fluctuates.

Why unit trusts are good investment vehicles

Unit trusts provide access to experts

When you invest in a unit trust, the decisions about which underlying assets to buy are made by expert asset managers. They are skilled in managing money, and are usually backed by research teams that analyse particular shares or bonds and the economy in general.

They offer the benefits of diversification

The benefit of diversification is that risk is spread among investments that are uncorrelated (do not behave in the same manner) - for example, if an investor invested in a single share and if that share's price went down, the investor would be at risk of significant monetary loss. But if an investor invested in a unit trust that invests in 40 shares, and one of those shares underperforms, the effect will be minimal and could even be cancelled out if another share outperforms. Furthermore, as an individual one would need a large amount of money to buy even the smallest quantity of many different shares in order to spread your risk. However, by investing a small amount in a unit trust, an investor is able to diversify effectively.

They come with safeguards

Each unit trust is compelled by law to appoint a trustee who looks after all the cash, shares or bonds that the unit trust owns. The trustee is usually a bank or a financial institution that is not affiliated to the unit trust company or the asset manager. This means that if anything happens to the unit trust company or the asset manager (sometimes the unit trust company outsources the asset management of its funds), the investment will not be affected.

Every unit trust has a mandate or legal contract that sets out its investment aims and how it intends to invest to achieve these aims. The trustee ensures that the asset manager adheres to the investment objective in the mandate and safeguards the unit trust assets.

In addition, in terms of the Collective Investment Schemes Control Act No. 45 of 2002 that regulates unit trusts, funds are prohibited from making certain investments. For example, a unit trust fund may not invest more than 10% of the fund's money in the shares of unlisted companies. Companies not listed on the JSE Limited (JSE) do not have to abide by its requirements, which afford investors some measure of protection.

Invested money is always accessible

Investors are able to withdraw unit trust investments (convert them back into cash) whenever they need the money. There are no minimum investment periods, although it is generally best to leave money invested for three to five years in order to earn a decent return on the investment. Investment returns can be very volatile (downwards as well as upwards) over shorter periods.

It is easy to monitor and compare their performance

With unit trusts it is very easy to monitor what the units are worth and therefore how an investment is performing. Many daily newspapers publish the prices or net asset values (NAVs) of unit trusts, and it is therefore possible to monitor the value of an investment by multiplying the number of units owned by the price published in the newspaper.

Transparency

Unit trusts have transparent product fees, no penalties for surrender or discontinuation and many have negotiable financial adviser fees (or none if investors do not wish to seek financial advice and elect to invest directly with a unit trust management company). Because costs and any adviser fees / commissions are paid either on an annual basis or 'as and when' an investment is made, and are disclosed in a totally transparent manner, investors are able to monitor them and see the discrete amount that is charged. Meanwhile, more of the money contributed goes into the actual investment.

How unit trusts can make money for investors

Unit trusts make money for you in two ways:

1. Capital growth: The value (price) of the shares or underlying assets may increase and may be sold for more than the price at which they were bought.
2. Income: The underlying assets may earn interest or dividends.

The interest and dividends earned by units may be paid out to investors or may be reinvested in the fund, thereby increasing the number of units owned by the investor.

Unit trusts can, however, lose money if the prices of the underlying assets fall. As such, it is best not to invest in unit trusts using money that may be needed at short notice. This is because investors who have no choice but to sell units when the money is needed may realise a loss if the market – and therefore their unit trust investment – is down.

How unit trusts are classified

Unit trusts are classified according to the geographic areas in which they invest, in terms of the type of underlying asset (shares, bonds, property or cash) and, in some instances the investment 'style' employed or particular sector targeted.

For example, unit trusts which invest mostly in the South African stock, bond, property or cash markets, are classified as domestic unit trusts. These funds must have at least 85% of the value of the fund in local assets at all times.

Funds classified in the worldwide category are invested in South African and foreign markets. No minimum limits are set for either domestic or foreign assets.

The fund manager will change the amount it has invested locally or in foreign markets depending on its view of how these markets and the currencies may perform.

Funds classified in the foreign category must have at least 85% of their assets invested outside South Africa at all times. Foreign funds may invest across all foreign markets.

Unit trusts have become increasingly specialised in terms of their mandates and some are very sophisticated in respect of the investment instruments used. Investors should therefore take great care that the profile of the unit trust fund they select meets their specific needs and risk profile.

Allan Gray takes pride in the fact that we have not developed a large complicated range of unit trusts and have kept our range (and the choices available) more manageable for investors.

| About Allan Gray

Allan Gray is an independent investment company established in 1974 with the mission of long-term wealth creation for our investors.

In the more than 30 years that have followed, the company's investors have enjoyed considerable success through the achievement of that mission, and the company has been, and remains, South Africa's most successful investment manager measured over the long term. This investment success has led to Allan Gray becoming the country's largest privately owned and independent investment company, managing over R200 billion in investor assets.

Allan Gray offers its services to both institutional organisations and individual investors.

Our clients include individuals, retirement funds, insurance companies, trusts and foundations based throughout Southern Africa. In addition, many foreign institutions and individuals invest in Southern Africa through us.

Allan Gray is an integrated investment company, with a team of professionals performing investment management and research, trading, compliance, portfolio accounting, client service and investor administration within the same group.

We are Cape Town-based, but have a presence throughout South Africa. We also have offices in Windhoek, Namibia and Gaborone, Botswana.

| A consistent global approach

Internationally Allan Gray has a partnership with the Bermuda-based Orbis Group, which manages a range of global mutual funds and now has assets under management exceeding US\$21 billion.

The two companies share a common founder in Allan W B Gray. They also share a common investment approach and ethos. As a result of this relationship, Allan Gray is able to offer its South African investors a consistent global investment management service. The relationship with Orbis extends to a sharing of global investment ideas, advice on and management of certain portfolios. Allan Gray places all the offshore funds of its domestic investors, over which it has discretion, in the Orbis mutual funds and has an exclusive distribution agreement with Orbis in Southern Africa.

Orbis, like Allan Gray, prides itself on having achieved superior investment performance over the long term. Its success is epitomised by its flagship global equity fund which, like all the Orbis equity funds, has consistently been awarded the highest rating of AAA by the leading international fund rating agency, Standard & Poor's (S&P), and has been ranked in the top 5% of funds in the S&P universe of global equity funds since inception and over all long-term periods. Orbis is also the only manager with more than one fund rated by S&P that has achieved AAA ratings for all its equity funds.

| Our guiding principles

Belief in active management

In the long term, share prices are always determined by the economic progress of the underlying business; whereas in the short term, prices are often affected by market psychology. We believe that through discipline and patience, we can exploit this.

Commitment to fundamental research

Our investment decisions are based upon exhaustive, proprietary, fundamental research and pay little attention to consensus, our peer group or the benchmark.

Constant objectivity

We refuse to be swayed by irrational market sentiment or peer pressure and are not afraid of being contrarian.

Long-term orientation

We take a long-term view and do not try to forecast short-term events.

'Bottom-up' investing

It is our experience that understanding companies and investing in them when they present fundamental value is far more rewarding than trying to predict economic, political or share market trends.

Individual responsibility

We believe that the best investment decisions are made by individuals and not by teams or committees.

| Our long-term investment philosophy

Allan Gray seeks to earn superior long-term returns on behalf of its investors at lower-than-average risk of loss.

To achieve this, Allan Gray invests in assets (e.g. shares and bonds) that are believed to offer fundamental value. Investing based on this valuation-based approach not only offers above average returns over the long term, but also lower risk of loss. Allan Gray determines whether an asset offers fundamental value by comparing the market price of the asset to its intrinsic or underlying value. Assets that trade at prices significantly below intrinsic value are considered to be attractive. Conversely, those trading above intrinsic value offer unattractive long-term returns.

The success of this approach depends upon correctly determining the intrinsic value of the asset. The focus of Allan Gray's proprietary investment research is therefore on accurately assessing the underlying value of assets.

Analysts are trained to concentrate on understanding the economics of the underlying business of any company and to look through any financial engineering or temporary windfalls or setbacks.

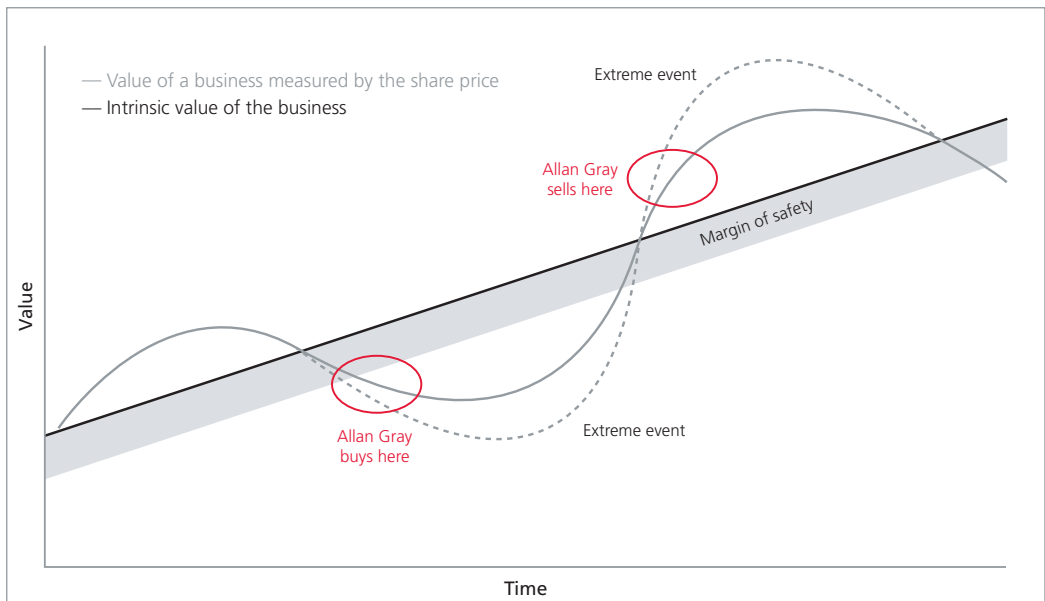
Given that the price of an asset is typically driven to well below its underlying value when it is out of favour with investors, Allan Gray's unit trusts will often differ markedly from the average. Similarly, investors' short-term returns can also be expected to be quite different from those in the market, whereas long-term returns should be significantly enhanced.

An investment approach that concentrates on fundamental value is long term in nature, the investment horizon normally being four years. This allows sufficient time for undervalued assets to return to fair valuation as the market recognises its irrational pessimism.

The Allan Gray approach to investment

The Allan Gray investment approach is:

- Rigorous, disciplined and focused
- A long-term approach, with investment horizons of at least four years
- Based on exhaustive proprietary, fundamental research
- Contrarian in that Allan Gray frequently goes against popular belief and ignores market sentiment and peer pressure
- Value-based because understanding companies and investing in them when they represent fundamental value is far more rewarding than trying to predict economic, political or share market trends



The theory of share price and fundamental / intrinsic value

In the above graph, the black line represents the intrinsic or underlying value of the business. Over time, this value should increase as earnings, dividends and net assets grow. The grey line represents the price of shares in the business, which is driven up and down by, at times, overly optimistic or overly pessimistic investors. 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.

The dotted grey line represents an extreme event in which despite being well below fair value and an asset offering a margin of safety, extreme pessimism drives the share price even lower.

At the other end of the spectrum, extreme optimism may drive the prices of already expensive assets even higher. It is during times of extreme events that Allan Gray typically underperforms. Investors require patience and confidence to withstand this underperformance and reap the rewards as prices revert to intrinsic value.

Why invest in Allan Gray Unit Trusts?

Accessibility and cost effective access to professional investment managers

Ordinary investors are able to access Allan Gray investment expertise that would not normally be within their financial reach if their money had not been pooled with that of other investors in the unit trust.

With Allan Gray Unit Trusts, the investor gains access to professional asset management expertise, a robust, well considered and consistent investment philosophy and a rigorous research framework that is used to manage money on a daily basis.

Convenience

Allan Gray Unit Trusts provide a convenient way for investors to invest in financial markets. By simply contacting a financial adviser or Allan Gray directly, investors are able to complete an application form to invest in Allan Gray Unit Trusts.

Diversification

Through the range of Allan Gray Unit Trusts available, you may invest in markets all over the world, and reap the benefits of diversification and rand hedging.

Flexibility

Allan Gray Unit Trusts are a flexible form of investment; investors can make a lump sum investment, additional investments or schedule regular investments and withdrawals. It is easy to transfer your investment to another party or invest on someone else's behalf.

Inflation beating returns

Unit trusts provide a means to beat inflation, retaining the purchasing power of your money over time. Allan Gray has a very successful long-term performance track record – providing sound inflation beating returns for investors for over 30 years.

Investor protection and trust

The Collective Investment Schemes Control Act No. 45 of 2002 governs Allan Gray Unit Trusts. Within this legal and regulatory framework, Allan Gray also

subscribes to the highest standards of integrity and our investors' trust in us is paramount. This trust which has been earned from unquestionable business ethics and honest communication.

Liquidity

As a unitholder, investors may choose to cash in a portion of their investment or all of it at any time. This means investors' money is always available.

Performance-based fees: alignment of investor interests with our own

Allan Gray has offered performance-based fees to institutional investors for over 15 years. When we developed our unit trust business in 1998 we took the decision to offer performance-based fees to our individual investors. The Allan Gray Equity Fund, launched in 1998, was the first unit trust in South Africa that was offered on a performance fee basis. We felt that taking a consistent approach to fees across our business was in line with our principle of treating all clients equally and aligning our interests with theirs. As a result of the investor support for performance-based fees, other asset managers are now implementing a performance-based fee structure. Performance-based fees, are based on an alignment of objectives between Allan Gray and our investors: our financial incentives (in the form of higher fees) for delivering outstanding performance are greater than those for growing our assets under management.

Transparency

Prices are calculated daily and published in national newspapers and on our website www.allangray.co.za. Our fee structure is transparent and is published in all our marketing material and on our website. Statements are sent to all unitholders on a quarterly basis and transaction confirmations are sent each time a transaction (excluding debit orders) is concluded.

Allan Gray's suite of funds consists of nine unit trusts. A description of each fund follows.

Allan Gray Unit Trusts

| Fund | Fund description |
|--|---|
| Allan Gray Equity Fund | The Fund invests in shares listed on the Johannesburg Stock Exchange (JSE). The Fund is typically fully invested in shares. Returns are likely to be volatile, especially over short- and medium-term periods. |
| Allan Gray Balanced Fund | The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund may buy foreign assets up to a maximum of 25% of the Fund. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 75% and we may use exchange-traded derivative contracts on stock market indices to reduce net equity exposure from time to time. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund. |
| Allan Gray Stable Fund | The Fund invests in a mix of shares, bonds, property, commodities and cash. The Fund may buy foreign assets up to a maximum of 25% of the Fund. The Fund typically invests the bulk of its foreign allowance in a mix of funds managed by Orbis Investment Management Limited, our offshore investment partner. The maximum net equity exposure of the Fund is 40%. The Fund's net equity exposure may be reduced from time to time using exchange-traded derivative contracts on stock market indices. The Fund is managed to comply with the investment limits governing retirement funds. Returns are likely to be less volatile than those of an equity-only fund or a balanced fund. |
| Allan Gray Optimal Fund | The Fund invests mainly in selected shares and it uses exchange-traded derivative contracts on stock market indices to substantially reduce its net equity exposure to within a range of 0-20%. As a result, the Fund's return depends on the level of short-term interest rates (implicit in the pricing of the sold futures contracts) and the performance of the Fund's selected shares relative to the stock market index. The Fund's return is therefore unlikely to be correlated with equity market returns. In addition, a portion of the Fund is typically invested in cash and margin deposits. |
| Allan Gray Bond Fund | The Fund invests in South African interest bearing securities. Securities include national government, parastatal, municipal, corporate bonds and money market instruments. The Fund price is sensitive to interest rate movements because of the long-term nature of the Fund's investments. The duration of the Fund may differ materially from the benchmark. The Fund is managed to comply with investment limits governing retirement funds. |
| Allan Gray Money Market Fund | The Fund invests in South African money market instruments with a term shorter than one year. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations governing retirement funds. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument in the Fund defaults. In this event losses will be borne by the Fund and its investors. |
| Allan Gray-Orbis Global Equity Feeder Fund¹ | The Fund is a feeder fund and invests only in the Orbis Global Equity Fund, managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The Orbis Global Equity Fund invests in shares listed on stock markets around the world and aims to be fully invested at all times. Returns are likely to be volatile, especially over short- and medium-term periods. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands. |
| Allan Gray-Orbis Global Fund of Funds¹ | The Fund invests in a mix of equity and absolute return funds managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 40% and 75%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of an international equity-only fund. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands. |
| Allan Gray-Orbis Global Optimal Fund of Funds¹ | The Fund invests in a mix of absolute return funds managed by Allan Gray's offshore investment partner, Orbis Investment Management Limited. The typical net equity exposure of the Fund is between 0% and 20%. The Orbis Optimal SA funds included in the Fund use exchange-traded derivative contracts on stock market indices to reduce net equity exposure. In these funds, the market exposure of equity portfolios is effectively replaced with cash-like exposure, plus or minus Orbis' skills in delivering returns above or below the market. Returns are likely to be less volatile than those of a foreign equity or balanced fund. Although the Fund is fully invested outside South Africa, the units in the Fund are priced and traded daily in rands. When considered in rands, returns of this foreign fund are likely to be more volatile than domestic funds with similar equity constraints. |

1. 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.

| Fund | Suitable for investors who: | Typical net equity exposure |
|---|---|-----------------------------|
| Allan Gray Equity Fund | <ul style="list-style-type: none"> • 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 | 100% |
| Allan Gray Balanced Fund | <ul style="list-style-type: none"> • 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 | 40% - 75% |
| Allan Gray Stable Fund | <ul style="list-style-type: none"> • 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 | 0% - 40% |
| Allan Gray Optimal Fund | <ul style="list-style-type: none"> • 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 | 0% - 20% |
| Allan Gray Bond Fund | <ul style="list-style-type: none"> • 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 | No equity exposure |
| Allan Gray Money Market Fund | <ul style="list-style-type: none"> • Require monthly income distributions • Are highly risk-averse but seek returns higher than bank deposits • Need a short-term investment account | No equity exposure |
| Allan Gray-Orbis Global Equity Feeder Fund | <ul style="list-style-type: none"> • 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 | 100% |
| Allan Gray-Orbis Global Fund of Funds | <ul style="list-style-type: none"> • 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 | 40% - 75% |
| Allan Gray-Orbis Global Optimal Fund of Funds | <ul style="list-style-type: none"> • 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 | 0% - 20% |

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).

How much does it cost to invest?

The fees are made up of once-off initial fees and ongoing annual fees:

Initial fees

The initial fee is usually made up of an administration charge and if you use a financial adviser, a fee for any advice received. Newspapers publish the maximum initial fees you will pay next to the name of the unit trust and its price.

Unlike many other unit trust management companies, Allan Gray charges no initial administration fee for the products or underlying unit trust funds when you invest.

If you use a financial adviser, an adviser fee, agreed between the investor and his/her adviser is payable. This fee is subject to a limit of between 0% and 3% (excl. VAT) deducted prior to the investment being made.

Annual fees

You also pay an annual fee when you invest in a unit trust. This is reflected in the daily price of a unit trust. The annual fee typically covers the management fees paid to the asset manager who manages and administers the portfolio. The fee also covers any costs related to running the portfolio: the bank charges, taxes, brokerage as well as fees paid to the fund's trustees and auditors.

Allan Gray annual fees are performance-based fees. They are based on the performance of your investment - if it does not do well you pay a lower fee, and if it does do well you pay more. An example of how this is calculated is shown in the table below. For more detailed information about the fees applicable to other fund manager portfolios, please refer to the Allan Gray Investment Platform Fund List and the fund specific fact sheets. These are available from your financial adviser, the Allan Gray Client Service Centre on 0860 000 654 or www.allangray.co.za

Annual adviser fees (should you have a financial adviser) are negotiable with the adviser. The annual adviser fee is limited to a maximum of 1.0% (excl. VAT) of the investment portfolio, calculated daily, charged and paid monthly in arrears unless an initial adviser fee in excess of 1.5% has been paid in which case the maximum annual fee is 0.5%. In certain instances, a fixed annual adviser fee may be included in the price of a unit trust. This is only applicable to specific classes of unit trust funds and will be clearly marked as such in the relevant fund list. It is important to be aware of the different classes of funds available that may offer variable annual fee structures.

| Example of an Allan Gray annual fee calculation | |
|--|--|
| Performance of Allan Gray Equity Fund | = 30% over the last 2 years |
| Benchmark: Performance of benchmark (FTSE/JSE All Share Index adjusted for fund expenses and cash flows) | = 10% over the last 2 years |
| Outperformance | = 20% |
| Asset management fee (exclusive of VAT) | = Standard charge rate +/- outperformance / 10 = 1.5% + 20% / 10 = 1.5% + 2% = 3.5% |
| Maximum charge rate for the Allan Gray Equity Fund | = 3% |

Frequently asked questions

Who should invest?

Different unit trusts suit different investors' financial needs and have different levels of risk. Investors should be able to find a fund that suits their primary objective whether it be capital growth or to provide an income.

How do I choose a unit trust to meet my needs?

Allan Gray does not provide advice on investments, but does present information on all our unit trusts in this brochure and on our website. Our Client Service Centre is also able to assist in answering your questions.

An investor should seek financial advice from a suitably qualified financial adviser should they be in any doubt as to the appropriateness of an investment for their personal circumstances. Our Client Service Centre is able to provide you with information about accredited financial advisers.

How do you invest?

Investors can approach Allan Gray directly or Allan Gray Unit Trusts can be bought through a financial adviser.

Allan Gray Client Service Centre:

Tel: 0860 000 654 or

021 415 2301

Fax: 0860 000 655 or

021 415 2492

Email: info@allangray.co.za

Website: www.allangray.co.za

Business address:

Portswood Square Dock Road

V&A Waterfront Cape Town 8001

Legal notes

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. Fluctuations or movements in exchange rates may also cause the value of underlying international investments to change.

Performance data is based on a lump sum investment calculated on a net asset value (NAV) to NAV basis where distributions may be reinvested for certain classes of funds.

Collective Investment Schemes may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists in a portfolio, or where assets cannot be realised to repurchase, or cancel participatory interests.

Minimum investment amounts may be raised in the future at the discretion of the Manager.

Units are priced using the forward pricing method

Investment, withdrawals and switching instructions received after 14:00 on any day shall be processed on the following day (excluding weekends and public holidays) at the value of the units on the day that the instruction is processed. Please refer to the relevant Terms and Conditions on the relevant application form. Collective Investment Schemes valuations take place at approximately 16:00 each business day.

Units will be repurchased by the Manager at the ruling price, according to the requirements of the Collective Investment Schemes Control Act No. 45 of 2002 and in line with the Terms and Conditions set out in the relevant deed, and paid to the investor.

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.

Different classes of units are subject to different fees and charges

Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commissions 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 and charges and maximum commissions is available on request from the management company. A fund of funds unit trust may only invest in other unit trusts, which levy their own charges. This could result in a higher fee structure for these Funds. Permissible deductions from the total portfolio may include bank charges, trustee/custodian fees, auditor's fees, manager's annual management fee, securities transfer tax (STT) and brokerage fees.

Unit trusts may be capped to allow them to stick to their mandates

All of the unit trusts except the Allan Gray Money Market Fund may be closed at any time. This is to allow them to be managed according to their mandates.

Initial adviser fees

The buying price of units may include an initial adviser fee of up to a maximum of 3.42% (3% plus VAT) of the investment amount. This fee is not compulsory and is negotiated independently between the unitholder and the financial adviser.

FTSE/JSE

The FTSE/JSE Africa Index Series is calculated by FTSE International Limited ('FTSE') in conjunction with the JSE Limited ('JSE') in accordance with standard criteria. The FTSE/JSE Africa Index Series is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE Africa Index Series index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved.

Allan Gray Unit Trust Management (RF) Proprietary Limited

Allan Gray Unit Trust Management (RF) Proprietary Limited is a member of the Association for Savings and Investment SA (ASISA) in South Africa. Allan Gray Proprietary Limited, an authorised financial services provider, is the appointed investment manager of Allan Gray Unit Trust Management (RF) Proprietary Limited.

Allan Gray Botswana Proprietary Limited

Allan Gray Unit Trust Management (RF) Proprietary Limited has been approved by the Regulatory Authority of Botswana to market its unit trusts in Botswana, however the Company is not supervised or licensed in Botswana. It is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board.

Legal notes

Tax notes

Institutional investors should note that, compared to retirement funds, unit trusts operate under different tax rules. While unit trusts are in practice not taxed, they do not enjoy automatic tax exemption and any taxable income earned is taxable in the hands of investors.

A transfer of units to another legal entity or natural person may result in a payment of Capital Gains Tax (excluding transfers from the Allan Gray Money Market Fund).

Communication with investors

Statements are sent to all unitholders on a quarterly basis. In addition, confirmations are sent on a transaction basis (excluding debit orders).

Copies of the audited annual financial statements of the Manager and of the unit trusts it manages are available, free of charge, on request by any investor.

ALLAN GRAY

Allan Gray Unit Trust Management (RF) Proprietary Limited

Registration Number 1998/007756/06

Registered Address: Granger Bay Court Beach Road V&A Waterfront Cape Town 8001

PO Box 51605 V&A Waterfront Cape Town 8002 South Africa

Business Address: Allan Gray Portswood Square

Dock Road V&A Waterfront Cape Town 8001 South Africa

Client Service Centre 0860 000 654 or +27 (0)21 415 2301

Client Service Fax 0860 000 655 or +27 (0)21 415 2492

Email info@allangray.co.za www.allangray.co.za

Directors

R W Dower B Sc (Eng) MBA **R J Formby** B Sc (Eng) MBA

E D Loxton B Com (Hons) MBA (Chairman) **J C Marais** B Sc **J W T Mort** BA LLB

Company Secretary

T J W Molloy B Com (Hons) CA (SA)