

FUND DETAILS AT 31 MAY 2011

Fund status: Currently restricted to existing investors only
Inception date: 1 July 1998

Fund objective:

The Fund remains predominantly invested in South African equities. It seeks to earn higher returns in South African rands than the South African stock market, without greater risk of loss. The Fund's benchmark is the FTSE/JSE Africa All Share Index, including income ('JSE Index') and its currency benchmark is 100% South African rand.

Price: 1 179.1
Size: R1 715 m
R/\$: 6.828
Minimum lump sum per investor account: US\$50 000
Load: None
Dealing day: Weekly (Thursday)

Annual investment management fee:

The annual management fee rate is dependent on the return of the Fund relative to its benchmark over a rolling three-year period. The manager's sharing rate is 25% of the out- and underperformance of the benchmark over the rolling three-year period and a minimum fee of 0.5% and a maximum fee of 2.5% (excl. VAT) applies.

COMMENTARY

The FTSE/JSE All Share Index continued to trade sideways for the month of May.

A feature of the Allan Gray Africa Equity Fund is the relative underweight position in the basic materials sector. This is even more interesting when considering that the African continent is seen by many as the new frontier for mining companies. We agree that Africa is very well endowed with minerals and the potential for production growth is large. The problem is that equity market investors have to pay a high price for this opportunity.

The Industrial commodity markets are experiencing a once in a generation boom, caused by China's growing demand for raw materials. The high prices have led to record profits and share prices for many commodity producers. We do not believe the margins these companies are generating are sustainable as the companies are investing their sizable retained earnings in new production, in time this should bring down returns. On our estimate of normal earnings we do not find much value, bar a few exceptions, in the basic materials sector at present, despite the growth potential.

TOP 10 HOLDINGS AT 31 MARCH 2011¹

Company	% of fund
Sasol	10.0
SABMiller	9.9
Remgro	7.3
MTN	5.5
AngloGold Ashanti	5.3
Coronation Fund Managers	3.9
Standard Bank	3.8
Sanlam	3.6
Reinet Investments SA	3.6
Mondi	3.5
Total	56.4

1. The 'Top 10 Holdings' table is updated quarterly.

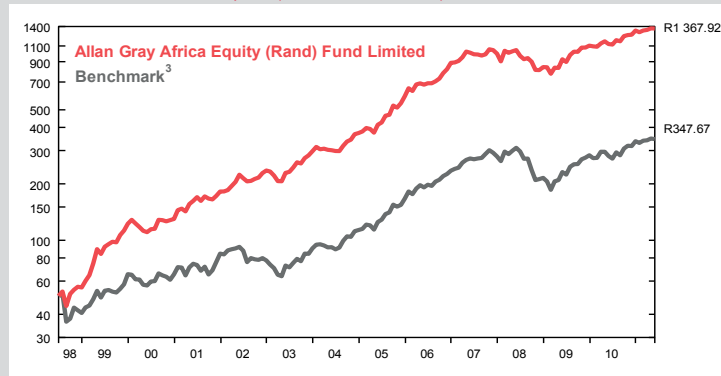
SECTOR ALLOCATION AT 31 MARCH 2011²

Sector	% of fund	JSE Index
Oil & gas	10.0	5.6
Basic materials	24.0	38.5
Industrials	12.0	5.5
Consumer goods	15.9	13.8
Healthcare	3.0	1.8
Consumer services	1.7	9.0
Telecommunications	6.4	7.0
Financials	20.3	18.7
Technology	1.1	0.3
Fixed interest/Liquidity	5.6	-
Total	100	100

2. The 'Sector Allocation' table is updated quarterly.

PERFORMANCE

Value of R50 invested at inception (dividends reinvested)



% Returns	Fund	Benchmark ³
Since inception (unannualised)	2635.8	595.3
Since inception (annualised)	29.2	16.2
Latest 10 years (annualised)	23.8	16.6
Latest 5 years (annualised)	14.9	12.7
Latest 3 years (annualised)	9.3	3.6
Latest 1 year	21.2	23.2
Unannualised		
Year to date	2.5	2.6
Month to date	-0.2	-0.8
Risk measures (Since inception month end prices)		
Maximum drawdown ⁴	26.0	42.0
Percentage positive months	63.2	60.0
Annualised monthly volatility	18.3	21.1
Beta vs JSE index	0.7	1.0
Annualised monthly tracking error	12.0	-

3. FTSE/JSE Africa All Share Index including income. Source: FTSE International Limited, performance calculated by Allan Gray as at 31 May 2011.

4. Maximum percentage decline over any period.