

Allan Gray Africa Equity (Rand) Fund Limited

ALLAN GRAY

Fund fact sheet details at 30 September 2011

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

Fund objective and benchmark

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.

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.

Fund information

Fund size: R1 648 m
Fund price: 1 134.3
R/\$: 8.09
Minimum lump sum per investor account: US\$50 000
Load: None
Dealing day: Weekly (Thursday)

Fund manager commentary

The potential overvaluation of the rand has concerned us for some time and you will see a substantial portion of the portfolio's South African shares should benefit from a weaker rand. Impala Platinum, a top 10 holding, is one example.

The revenue for the South African platinum producers is determined by a combination of the rand/US dollar exchange rate and the US dollar prices of the various platinum group metals (PGM). We are fairly cautious on the outlook for the US dollar PGM prices but we believe there is potential for further rand weakness which will benefit the mining companies.

Platinum mining is an industry where South Africa has a sustainable competitive advantage as 75% of the world's known resources are located in South Africa. The industry was unable to control costs over the past decade but Impala is the lowest cost producer. At current rand metal prices Impala does not achieve a fair return on capital; this is an unsustainable situation.

Zimbabwe is a key growth area for Impala. Unfortunately the Zimbabwean government wants locals to own at least 51% of all Zimbabwean companies. The company is negotiating with government to find a sensible solution.

Historically the company was well liked by the market because of its competitive positioning and bullish auto catalyst sentiment but the low current earnings and the uncertainties in Zimbabwe have led to negative market sentiment. This sentiment has given us opportunity to buy the share at a discount to our estimate of fair value based on mid-cycle earnings. This is despite our cautious view on US dollar metal prices.

Top 10 holdings at 30 September 2011¹

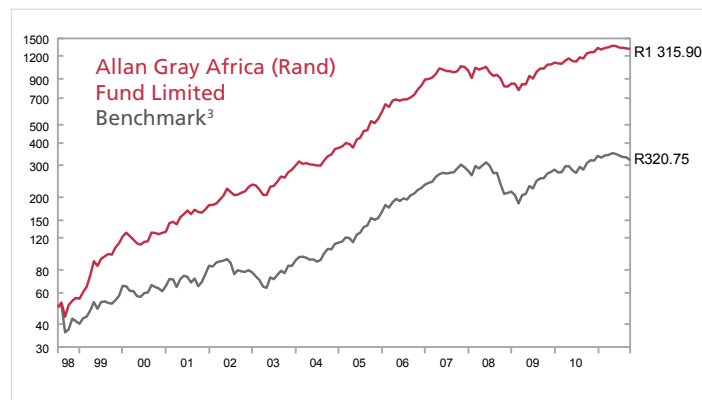
Company	% of fund
Sasol	8.7
SABMiller	6.9
Remgro	6.6
Standard Bank	4.7
Coronation Fund Managers	4.5
Reinet Investments SA	4.0
Anglo American ²	3.4
Impala Platinum	3.4
Ilovo	3.1
Pan African Resources	3.1
Total	48.4

Sector allocation at 30 September 2011¹

Sector	% of fund	JSE Index
Oil & gas	9.6	5.2
Basic materials	17.2	34.5
Industrials	19.6	5.8
Consumer goods	13.1	15.1
Healthcare	2.1	2.1
Consumer services	1.6	9.5
Telecommunications	9.4	7.5
Financials	23.5	20.0
Technology	0.0	0.3
Fixed interest/Liquidity	4.1	0.0
Total	100	100

Performance

Value of R50 invested at inception (dividends reinvested)



% Returns	Fund	Benchmark ³
Since inception (unannualised)	2531.8	541.5
Since inception (annualised)	28.0	15.1
Latest 10 years (annualised)	22.9	17.2
Latest 5 years (annualised)	12.3	8.8
Latest 3 years (annualised)	13.2	10.6
Latest 1 year	5.7	3.6
Year to date (unannualised)	-1.4	-5.4
Month to date (unannualised)	-0.8	-3.6
Risk measures (Since inception)		
Maximum drawdown ⁴	26.0	42.0
Percentage positive months	61.6	58.5
Annualised monthly volatility	18.1	20.9
Beta vs JSE index	0.7	1.0
Annualised monthly tracking error	11.9	-

- The 'Top 10 holdings' and 'Sector allocation' tables are updated quarterly and includes foreign JSE/inward listed shares.
- Including Anglo American stub certificates.
- FTSE/JSE Africa All Share Index including income. Source: FTSE International Limited, performance calculated by Allan Gray as at 30 September 2011.
- Maximum percentage decline over any period.



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Tel +1 (441) 296 3000 clientservice@orbisfunds.com www.orbisfunds.com

Shares in the Fund are available by Prospectus only. Certain capitalised terms are defined in the Prospectus. While we have endeavoured to ensure the accuracy of the information herein, such information is not guaranteed as to accuracy or completeness. Returns are net of fees, include income and assume reinvestment of dividends. Past performance is not a reliable indicator of future results. The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. When making an investment in the Fund, an investor's capital is at risk. 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. Returns may decrease or increase as a result of currency fluctuations. FTSE/JSE Africa All Share Index data source is FTSE International Limited. 'FTSE' is a trademark of the London Stock Exchange Limited and is used by FTSE International Limited under licence. Allan Gray International (Pty) Limited, an authorised financial services provider, is the appointed investment manager of the Fund. Allan Gray Proprietary Limited, an authorised financial services provider in South Africa, is the appointed investment adviser.