Q2

30 June 2005

Quarterly Commentary

ALLAN GRAY

INTELLIGENT INVESTING

Inside this issue

Front cover: Johan de Lange, Jocelyn Hathaway and Rob Dower of Allan Gray Investor Services.

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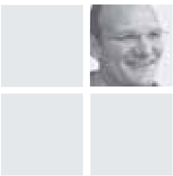


Greg Fury, Chief Operating Officer, Allan Gray Limited

Comments from the Chief Operating Officer

It has once again been a very busy and exciting quarter with a number of long planned initiatives being brought to fruition at the firm and very pleasing investment performance.

At various points in our economic history we have witnessed circumstances that have created extreme highs or lows in profitability in specific sectors - which has also driven valuations in those sectors to extremes. One such example of this was in 2001, when market sentiment and fluctuations in the Rand/Dollar exchange rate lead to a significant increase in valuations of companies in the export and resource sectors. In **INVESTMENT PERSPECTIVE** Duncan Artus cautions against extrapolating recent history which may be a reflection of unusual circumstances rather than a permanent or secular change in business conditions. He explains how we have positioned our clients' portfolios to take advantage of a normalising of relative profitability between domestically focused companies and those whose profitability has diminished in the face of a strong currency in recent times.

The best way to explain the investment philosophy shared by Allan Gray and Orbis is by way of its application to a stock we find attractive. Orbis, like Allan Gray, is less concerned about what another investor (the market) is prepared to pay for its share in a business than what the business managers are doing today to ensure future profits, which drive intrinsic value. In **OFFSHORE UPDATE**, Craig Bodenstab and Sean Peche use Takeda Pharmaceuticals, Japan's largest pharmaceutical company, as an example of a business that meets Orbis' investment criteria.

In an important article on a very topical investment issue, Mahesh Cooper and Chris du Toit show in **INSTITUTIONAL UPDATE** how Allan Gray has been successful in making asset allocation decisions and has therefore added real value to balanced portfolios. This runs somewhat counter to the prevailing consensus in favour of using specialist asset class managers rebalanced periodically to a strategic asset allocation benchmark. He shows that Allan Gray's bottom-up approach to asset allocation has added meaningful value over time and why we are confident it will continue to do so.

In the **RETAIL UPDATE** we cover two new initiatives. 12 months ago we began a project to re-evaluate the administration of our existing range of retail investment products. Last quarter we updated you on the completion of the first phase of this project, taking in-house the administration of our unit trusts. This quarter Jocelyn Hathaway provides some context for this development and outlines the next steps in 'in sourcing' to improve the overall quality and cost of service to our clients. Johan de Lange and Rob Dower also provide an overview of the Allan Gray investment platform that was launched this quarter.

In an article in our **BUSINESS SERVICES UPDATE**, Brian Stanley explains what Enterprise-wide Risk Management or ERM is. Allan Gray believes that a rigorous approach to risk management with active support and involvement of management is required to ensure that any risks that could impact adversely on our clients are mitigated. If you haven't already seen it, then do look out for the new Allan Gray television advert and the associated print campaign currently running in all major newspapers. Tracy Hirst explains the rationale behind the campaign in the Marketing article.

Finally, in **STOP PRESS**, 'Something is stirring in the gold market', Jack Mitchell gives us some insight into historical and recent movements in the gold price and poses a question about whether the recent movements arise out of investor concerns about the dollar, euro, and the yen. Will this prompt some investors to use gold as an alternative currency?

INVESTMENT PERFORMANCE As usual our mistakes tend to be buying (and selling) a bit too early. We remain very comfortable with this as, even if the market doesn't agree with us and pushes the prices of companies we favour lower, this loss of value tends to be temporary as shares invariably recover to reflect their true value. The loss of value on mistakes in the other direction tend to be more permanent. Nonetheless it is pleasing to see that the performance of our clients' portfolios has been strong in both relative and absolute terms in the recent period - with much the same portfolios that delivered slight underperformance in 2004.

As usual we provide full detail in the performance section at the back of the QC, but in our largest mandates, Global Balanced and Domestic Equity, our portfolios have delivered 36.6% and 49.4% over the past 12 months, against their respective benchmarks which delivered 31.1% and 44.3%. As we have done for some time, we continue to caution investors that most asset classes have enjoyed remarkable returns over the past several years and are at levels that are high in historical terms. We therefore encourage you to have realistic expectations, as the recent history of returns is unlikely to be sustained over the next several years.

I hope that you enjoy this issue of our Quarterly Commentary.

Kind regards

Greg Fury

Duncan Artus, Portfolio Manager, Allan Gray Limited

The shift in value

EXECUTIVE SUMMARY The fluctuations in the Rand/Dollar exchange rate over the past four years have had a significant and varying effect on the near term profitability of businesses across various industries in the South African market. In 2001 the market favoured businesses in the resource and export sectors while Allan Gray expected many domestic industrials to benefit from the Rand's weakness over the medium-term. Now record profits are being reported in this sector. In Allan Gray's view, these high returns are unlikely to be sustainable over the medium-term and clients' exposure has been increased in businesses that will benefit from a normalising of relative profitability between the domestically focused companies and those whose profitability has diminished in the face of a strong currency.

A bottom-up approach to investing often identifies investment opportunities among businesses that are in the same or related industries. This is often due to a common set of circumstances that impact on current levels of profitability, causing it to deviate, sometimes widely, from a more normal or sustainable level.

We therefore pay careful attention to businesses and/or industries that have experienced a rapid increase or decline in profitability over their recent history. We are particularly intrigued when the share prices of businesses discount a continuation of these trends or circumstances into perpetuity, when our fundamental research suggests otherwise.

THE SHIFT IN VALUE OVER THE LAST THREE YEARS
The fluctuations in the Rand/Dollar exchange rate over the past four years have had a significant and varying effect on the short-term profitability of businesses across various industries in our market. This changing profitability has led to changes in the prices investors have been prepared to pay for these businesses.

In the fourth Quarterly Commentary of 2001 (Investment Commentary section), we set out the rationale for our then large overweight position in domestically focused industrial shares. This is summarised below.

At the time, the market favoured businesses operating in the resource and export sectors due to the positive impact of the weakening exchange rate on their short-term profitability. It placed high valuations on these businesses by extrapolating the common condition driving the high profitability - extreme Rand weakness - well into the future. Due to the extrapolations over a longer time period, the valuations of long life resource companies are particularly affected by swings in variables that are discounted in valuations.

Concurrently, the market sold down many industrial businesses whose profitability was depressed well below their long-term levels. However, we expected many domestic industrials to benefit from the Rand's weakness over the medium-term by becoming more competitive either in terms of exports or import replacement.

Table 1 highlights in Rand terms the substantial change in the value the market placed on domestic cyclical industrial shares versus the platinum and gold counters over the last three years by comparing their combined market capitalisations (adjusted for share issues) in April 2002 to those in April 2005.

TABLE 1

A valuation comparison

Cyclical Industrials	30 April 2002 Market Cap (Rbn)	30 April 2005 Market Cap (Rbn)
• Naspers	2.7	23.0
• Bidvest	14.6	21.8
• Barworld	13.8	20.9
• Imperial	10.8	20.6
• Steinhoff	6.7	14.6
• Edcon	1.5	13.7
• JD Group	1.9	10.9
• Nampak	6.4	10.0
• Massmart	2.5	8.7
• Foschini	1.8	8.6
• Woolies	3.8	8.4
• Truworths	2.1	7.8
• Other	29.7	64.7
• Adjust: net cash raised		-21.0
Total	98.3	212.7
Percentage change		116%
Cycl.Ind/Gold & Plat	0.31	1.4

Gold & Platinum	30 April 2002 Market Cap (Rbn)	30 April 2005 Market Cap (Rbn)
• Angloplat	109.6	52.0
• Anglogold	64.2	51.6
• Impala	45.8	33.7
• Goldfields	60.2	30.0
• Harmony	20.1	15.3
• Other	17.3	11.2
• Adjust: net cash raised		-45.3
Total	317.2	148.5
Percentage change		-53%
Cycl.Ind/Gold & Plat	3.2	0.7

IN MANY INSTANCES DOMESTIC PROFITABILITY IS NOW HIGH Much of the relative movement in price indicated by Table 1 was driven by the significant outperformance (48%) of industrial earnings relative to the market. In our opinion, many industrial companies' profits are now at or near cyclical highs with well above average profit margins on above average sales volumes.

Graph 1 highlights pre-interest margins (operating profits on sales) of a sample of industrial businesses maintained by Inet over the last 25 years*. Margins are currently near historic peak levels in nominal terms after bottoming midway through 2000.

Volumes of products being sold in the local economy are also at or near historic peak levels. Record retail, cement and motor vehicle sales are being reported regularly. With volumes having grown significantly faster than assets, economy of scale benefits have already accrued to the bottom line. Historically, it has been difficult to grow volumes from these levels.

This confluence of circumstances supporting the high returns is unlikely to be sustainable over the medium-term. Customers will eventually demand a share of the benefits from economies of scale and lower funding cost that businesses have enjoyed due to structurally lower inflationary and interest rates conditions as happened elsewhere in the world. Even if volumes do indeed continue to grow from these historically high levels, we expect it to be more challenging to grow profits.

THE CURRENT DISPARITY IN PROFITABILITY IS UNSUSTAINABLE Despite the fact that the resource, export, agricultural sectors and businesses subject to import replacement (all major sources of employment in our economy) continue to suffer with earnings at depressed levels, the consumer economy has been buoyant. This is unbalanced growth. The consumer economy is being financed partly by a meaningful expansion in credit (real growth in mortgages is running at over 20%) and a trade deficit. At current exchange rates, an ever-greater proportion of goods will be imported by businesses, in turn requiring ever more investment inflows to fund a growing gap between exports and imports.

Of concern is that a reasonable portion of the capital inflows financing net imports have gone into the stockmarket. The timing has been favourable as global investors in search of yield (risk spreads are at very low levels) have directed funds into riskier asset classes including emerging markets such as South Africa. These investors can change their minds very quickly as they have demonstrated in the past.

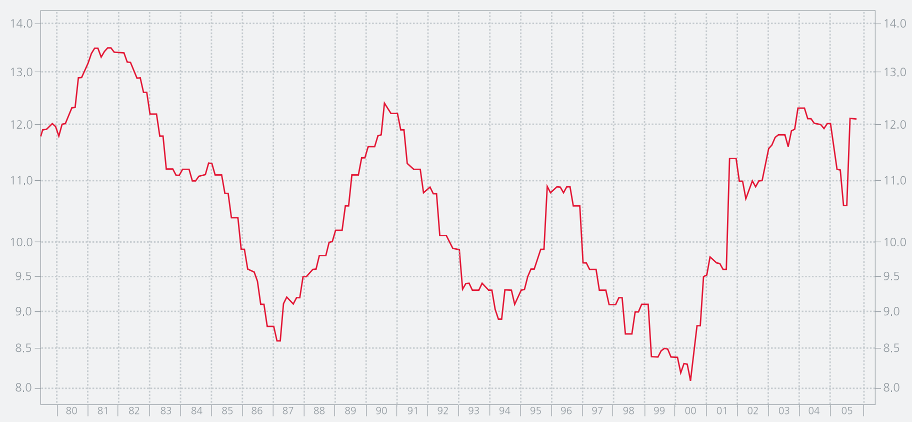
For some time we have communicated to our clients that, in our opinion, the Rand was overvalued at levels close to R6 to the US dollar (and even at current levels). Whilst we have little idea of when a correction will take place, the forces are gaining momentum.

CONCLUSIONS Giving businesses the benefit of a structurally lower inflation and interest rate environment when valuing their listed shares but not simultaneously adjusting their nominal levels of profitability could lead to overestimating their intrinsic value.

Our clients' portfolios have increased exposure to businesses that will benefit from a normalising of the relative profitability between the domestically focused companies and those whose profitability has diminished in the face of a strong currency.

GRAPH 1

Industrial pre-interest margins (%)



Source: Inet

* THIS SERIES DOES CONTAIN A LIMITED NUMBER OF RESOURCE-BASED COMPANIES.

Craig Bodenstab, Head of Global Trading, Orbis
Sean Peche, Investment Analyst, Orbis

Japan and pharmaceuticals

EXECUTIVE SUMMARY Most investors prefer commentaries that concentrate on short-term investment prospects. After all, we live in a society where emphasis is placed on delivering increasingly better results in a shorter period. Craig Bodenstab and Sean Peche of Orbis argue that successful investment often involves waiting for many years for the best returns. Orbis is less concerned about what another investor is prepared to pay for its share in a business than what the business managers are doing today that hopefully will ensure future profits. The writers identify Takeda Pharmaceuticals, Japan's largest pharmaceutical company, as a business that Orbis finds attractively priced.

We constantly remain focused on the long-term investment prospects of the companies our funds own rather than the ups and downs of the stockmarket. As a result, writing investment commentaries that concentrate on the short-term, which most readers prefer, has been and continues to be challenging for us. Nonetheless, we appreciate the enormous pressure that investors and advisers are under to deliver consistent, positive performance, particularly in the short-term. After all, we live in a world where technology allows us to do most things quicker and more efficiently than before so why not expect the same for investment management? In our opinion, investing may be one of the exceptions.

"...investing successfully is aided greatly by making a few well thought-out and researched decisions, followed by waiting, often for many years."

We believe that investing successfully is aided greatly by making a few well thought-out and researched decisions, followed by waiting, often for many years. Continuously changing one's mind certainly makes Wall Street wealthier through trading commissions but is likely to impact negatively on the final return an investor realises.

Unlike many investors, we consider our funds' investments in companies as fractional ownership of a business rather than just ownership in stocks. As business owners, we are less concerned about what another investor is prepared to pay for our share in the business on any given day than what the business managers are doing today that hopefully will ensure future profits. John Maynard Keynes, the celebrated British economist, essentially said, "Don't try to figure out what the market is doing. Figure out a business you understand, and concentrate." We share his view on this topic.

"Continuously changing one's mind certainly makes Wall Street wealthier through trading commissions but is likely to impact negatively on the final return an investor realises."

In our commentaries, we like to talk about companies because we look at the world of investing from the bottom up, one company at a time. Our analysts do not try to analyse markets but rather to value businesses. They try to determine what a company is worth, in a similar way to how the company would be priced in a private sale. Just figuring out what a company is worth is not enough to make a great investment. In order to protect our investors from those many times when our analysis is wrong, we need to buy shares at a discount to that assessed value. This is where the stockmarket plays its role. The market provides investment opportunities to patient investors like us. We do not try to predict when that may happen, but rather, when the market offers us shares in a company at a price we think offers a great margin of safety and attractive returns, we buy. We have learned that, if we are correct on the value we have identified, this should be reflected in a higher relative price over the long-term. We have also learned that our ability to predict short-term price moves is not sufficient to generate superior performance and, as such, we are very patient.

"Our analysts do not try to analyse markets but rather to value businesses."

Takeda Pharmaceutical is a Japanese company that we believe the market is valuing at an attractive price: a price at which we believe we are being paid to take the risk of ownership. As a global investor, Orbis has the luxury of a large investment universe that we continually filter in search of compelling investment opportunities. Globalisation and increasing cross-border trade have meant that many industries today operate internationally, thus requiring global industry analysis, something we have been doing since Orbis started in 1990.

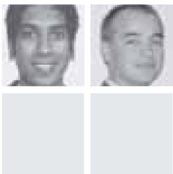
The late 1990s were a time of strong growth for the pharmaceutical industry following the launch of a number of novel blockbuster drugs, changes to regulations in the US allowing pharmaceutical companies to advertise their drugs, and high pricing. However, in recent times, conditions have become much more challenging. The patents for many of the current blockbuster drugs will be expiring over the next few years, new drug pipelines are relatively bare and research and development costs have increased considerably. Moreover, competition from the launch of many 'me too' type drugs and regulated pricing structures instituted by a number of governments have put pressure on prices. Quite often in challenging environments like this, opportunity presents itself. We believe Takeda Pharmaceutical fits this description.

Takeda Pharmaceutical is Japan's largest pharmaceutical company, ranking 15th among global peers when measured by sales. Takeda has very strong domestic and international drug franchises in several major growth markets such as type II diabetes, hypertension, gastroesophageal reflux disease and prostate cancer. Takeda also has a number of drugs in late stage development with significant growth potential for treating common medical conditions such as insomnia and irritable bowel syndrome. The market opportunity for Takeda's insomnia drug is enormous with an estimated 25% of the population of the seven major pharmaceutical markets suffering from insomnia. Yet historically, doctors and patients have been reluctant to prescribe and take insomnia drugs due to their very adverse addictive side effects. Clinical trials have shown Takeda's drug to have similar efficacy to competing drugs but without the adverse addictive side effects so often associated with this class of drugs. This will be a very important competitive advantage in this fast growing market.

In the past, Japanese pharmaceutical companies have not had a direct marketing presence in profitable western markets, which meant they had to 'out-license' their drugs to global majors such as Pfizer and Eli Lilly. However, in 1998 Takeda established its own direct sales and marketing presence in the US through which the company will launch all future drugs. This should increase Takeda's profit margins over time.

Takeda has increased its dividend for the past 12 consecutive years and the prospective dividend yield is nearly 2% p.a. Compare this to the yields within Japan on 10-year government bonds of 1.2% p.a. and cash of 0% p.a. Moreover, Takeda's strong cash generation can support an even higher dividend and the company is facing increased pressure from shareholders to raise the dividend payout ratio further. Takeda has some $16 billion of cash and investments on its balance sheet earning just 1% p.a. Putting this into perspective, Takeda has more net cash than industry giants Johnson & Johnson, Pfizer, Merck, Eli Lilly, Schering Plough and Forest Labs combined. Takeda plans to use this cash to improve further its drug development pipeline and we think share buybacks are increasingly likely over our investment horizon. This cash war chest amounts to 37% of Takeda's market capitalisation and, stripping out this cash, the company trades on less than 10 times expected earnings. We think this is compelling value for a business with a strong market position, improving prospects and a first class management team who are focused on creating long-term shareholder value.

We believe that, if we can assemble an investment portfolio of companies like Takeda, despite occasional misjudgments, we can add value over the long-term for patient investors in our funds.



Mahesh Cooper and Chris du Toit, Allan Gray Limited

Specialist versus Balanced: Do investment managers add value to asset allocation?

EXECUTIVE SUMMARY The writers ask whether local investment managers are successful at asset allocation decisions and add value to balanced portfolios or whether it is better to use specialist asset class managers rebalanced to a strategic asset allocation benchmark. Their analysis shows why Allan Gray continues to favour balanced portfolios over specialist portfolios. And they show that Allan Gray's bottom-up stock selection approach to asset allocation has added, and is expected to continue adding, meaningful value over time to those clients who have given Allan Gray balanced mandates.

Those who participate in the ongoing debate around specialist versus balanced portfolios often misquote articles or apply results incorrectly to answer questions that research on the subject did not set out to answer. This research is frequently US-based with conclusions often being broadly applied to the local market without its applicability to the South African market being investigated. However, the question remains whether, locally, investment managers successfully perform the asset allocation decision and add value to balanced portfolios.

The management of the assets of a retirement fund requires two investment decisions:

1. What proportion to invest in the different asset classes, e.g. 60% in equities, 30% in bonds and 10% in cash? This is called the asset allocation decision.
2. What shares to invest in to make up the equity component (or bonds to make up the bond component). This is called the stock selection decision.

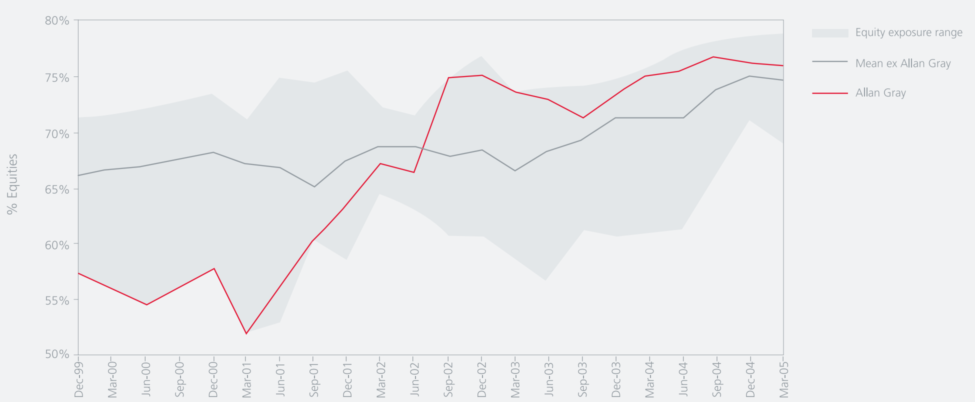
The active versus passive (indexation) investment debate is around who should make the stock selection decision: the asset manager or the market index.

The specialist versus balanced portfolio debate focuses on who should make the asset allocation decision: the trustees guided by their consultants or the investment manager.

- Under a specialist approach, the trustees determine a 'strategic' asset allocation in consultation with their asset consultants. This takes into account the liability profile of the fund, the historic asset class returns and historic variability in those returns. Specialist portfolios are then awarded to investment

GRAPH 1

Equity exposure over time: Allan Gray versus the market



Source: Alexander Forbes Large Manager Watch

managers requiring them to focus only on stock selection. When the asset allocation deviates from the 'strategic' benchmark as a result of performance of the different assets, the portfolio is rebalanced back to the benchmark.
- Asset allocation under a balanced approach is determined by the investment manager assessing expected future asset class returns and expected variability in returns based on the reasonability of current asset class prices. The investment manager takes cognisance of the retirement fund's liability profile through the individual asset class maximums and minimums included in the fund's investment mandate.

It is often argued that it is better to use specialist asset class managers rather than a balanced manager. One argument for this approach is that an investment manager cannot be an expert in all asset classes and picking the 'best of breed' of each asset class and combining them in a strategic mix of asset classes should outperform a balanced mandate with an individual manager. The second is that investment managers don't add value through asset allocation.

To determine the merits of this position, one must answer two questions:
- Do investment managers of balanced portfolios take meaningful active asset allocation decisions?
- If so, do these asset allocation decisions add value over time?

We can only attempt to answer these questions for Allan Gray - as the skills and methods among various managers differs widely.

QUESTION 1: DOES ALLAN GRAY TAKE MEANINGFUL ASSET ALLOCATION DECISIONS? Allan Gray does take active asset allocation decisions. However, we do not apply a top-down strategic asset allocation to our clients' balanced portfolios. Instead, our asset allocation is the result of our bottom-up stockpicking process where the attractiveness of a share is compared first to the expected returns from bonds or cash, before it is compared to other shares. To the extent that we can find attractively priced equities trading at a discount to intrinsic value, our balanced portfolio will have a higher exposure to equities. When equities are highly rated and trading above their intrinsic value, our balanced portfolio would 'retreat' to cash (or bonds, if appropriately priced).

Graph 1 on page 6 illustrates our effective equity exposure (as shown by the red line) in relation to the average manager's equity exposure, excluding Allan Gray (as shown by the grey line). The grey area shows the range of equity allocation across the managers surveyed[1]. The red line illustrates that our bottom-up stock selection process results in active asset allocation positions and that we tend to be around the average only when moving through the band. Interestingly, this process means that, at times when the market is expensive on average, our balanced portfolios may still have a high weighting to equities if we can identify shares that are still cheap. An example of this would have been in late 2001/2002 when the weakening Rand drove the large Rand-hedge stocks, which dominate the index, to very expensive levels. Domestic industrial companies however were offering exceptional value and our portfolios had a relatively high equity allocation to these cheap shares.

As a result, our stock selection decision includes an asset allocation decision. Traditional attribution analysis is unable to allocate performance to this implicit asset allocation decision - it combines it with performance from stock selection - and therefore produces misleading results.

QUESTION 2: HAS ALLAN GRAY ADDED VALUE THROUGH THE ASSET ALLOCATION DECISIONS INHERENT IN OUR BOTTOM- UP STOCKPICKING PROCESS? Traditional asset allocation attribution analysis requires:
- A top-down strategic asset allocation benchmark to measure against the mix of assets selected by the asset manager at different points in time;
- A distinct (often short) period over which the effectiveness of the asset allocation decision is measured.

As discussed above, we do not follow a top-down approach to asset allocation and do not adopt a strategic asset allocation for our balanced portfolios.

With respect to the investment horizon, Allan Gray typically takes a longer term view. We select equities based on their discount to intrinsic value and on their expected four-year total rate of return. This means that, if we are finding sufficient equities to be attractively priced and hence have a higher weighting in equities, this is based on a four-year view rather than an expectation that these equities will perform well over the next quarter.

We therefore performed an analysis that would attribute the value of the stock selection and the asset allocation decision over long periods of time.

We chose to perform the analysis on our domestic balanced portfolio since January 1990. Given the regulatory constraints, historically and currently, around retirement funds investing

[1] SOURCE: ALEXANDER FORBES LARGE MANAGER WATCH

offshore, we ignored foreign assets. Also, whilst we have managed balanced portfolios since 1978, prior to 1990 regulations stipulated a minimum amount that pension funds must hold in government and other prescribed bonds, which rendered the asset allocation decision less important and blurred any results.

We did not want to compare the portfolio to a benchmark consisting of some arbitrary asset allocation, as our portfolio managers would not have taken cognisance of such a benchmark when selecting stocks through our bottom-up process. Rather, we decided to look at all possible combinations of equity and bond asset allocations assuming the cash allocation was fixed at 10%.

The result of this analysis - described in more detail in the accompanying box - is encouraging. In addition to the 6.28% outperformance per annum from stock selection over the 15-year period of analysis, Allan Gray was able to add 0.67% per annum from asset allocation.

In case this level of outperformance seems insignificant (because it is overwhelmed by our stockpicking skills) we offer the following analysis. Consider a R100 million domestic balanced portfolio invested with Allan Gray in 1990. This R100 million would have grown to R 2.2 billion in 2005 with Allan Gray versus R 896 million in a strategic asset allocation portfolio (invested in the respective indices) of equivalent absolute risk. The value added by Allan Gray through stock selection equates to R 1.1 billion and the value added through asset allocation equates to R 175 million. This is illustrated in Table 1.

TABLE 1

Summary of value added by Allan Gray on a domestic balanced portfolio from 1/1/1990 to 31/3/2005

Attribution of value	R millions	Return p.a.(%)
Market value in 1990	R100	
+Market growth	R796	15.46%
+Value added by Allan Gray through stock selection	R1 113	6.28%
+Value added by Allan Gray through asset selection	R175	0.67%
Market value in 2005	R2 184	22.41%

Table 2 compares the value added by Allan Gray for different long-term periods. It demonstrates the ability of Allan Gray to add value to our domestic balanced portfolios through both stock selection as well as asset allocation over long periods of time. Because our process is driven by bottom-up stock selection, it is only natural that the bulk of our long-term outperformance is derived from stock selection. However, this bottom-up stock selection does result in a meaningful long-term value being added by asset allocation.

TABLE 2

Summary of value added by Allan Gray on a domestic balanced portfolio over time

Returns to 31 March 2005	Since 1978	15-year	10-year	5-year
Benchmark Portfolio	18.56%	15.46%	14.34%	15.11%
+Value added by Allan Gray through stock selection	5.97%	6.28%	8.61%	8.11%
+Value added by Allan Gray through asset allocation	0.20%	0.67%	0.55%	0.36%
Allen Gray Domestic Balanced Portfolio	24.73%	22.41%	23.50%	23.58%

We continue to favour balanced portfolios over specialist portfolios because a balanced portfolio allows the investment manager to select the most attractive assets across all asset classes. The alternative is to be forced in a specialist portfolio to hold the most attractive securities in that asset class, even when they themselves may be expensive.

"... we continue to believe that a well-managed balanced portfolio is an appropriate vehicle for a retirement fund to achieve reasonable absolute returns over time (say CPI + 5%) at acceptable levels of absolute risk."

We believe that our bottom-up stock selection approach to asset allocation has added, and is expected to continue adding, meaningful value over time to those of our clients who have given us balanced mandates. And we continue to believe that a well-managed balanced portfolio is an appropriate vehicle for a retirement fund to achieve reasonable absolute returns over time (say CPI + 5%) at acceptable levels of absolute risk.

[2] ANNUALISED ABSOLUTE RISK IS DEFINED AS THE ANNUALISED VOLATILITY (STANDARD DEVIATION) OF MONTHLY RETURNS. ABSOLUTE RISK IS THE RISK OF CAPITAL LOSS OR THE RISK OF LOSING MONEY. AT ALLAN GRAY WE FOCUS ON REDUCING THE RISK OF CAPITAL LOSS AND HENCE STRIVE FOR A LOW ABSOLUTE RISK.

Using the actual asset class returns achieved by Allan Gray in domestic balanced portfolios, we calculated the annualised return and the absolute risk[2] for each possible asset allocation combination. This effectively shows the return-risk point that a retirement fund would have achieved if it had selected a fixed asset allocation and rebalanced to this allocation quarterly, with Allan Gray managing the stock selection within each asset class.

The results, shown in Table 3, were then plotted to create the Allan Gray Efficient Frontier. This is shown as the black line in Graph 2. In the table, we have highlighted in grey the two portfolio return-risk points with the lowest and highest equity exposure. These portfolios correspond to the two ends of the Allan Gray Efficient Frontier and are shown as black dots on Graph 2.

TABLE 3

Resulting annualised return and absolute risk from 1/1/1990 to 31/3/2005 for each asset allocation combination

Asset Class Combinations

Equities	Bonds	Cash	Corresponding Annualised return	Corresponding Annualised risk
0%	90%	10%	16.6%	7.0%
1%	89%	10%	16.7%	7.0%
2%	88%	10%	16.8%	6.9%
•	•	•	•	•
•	•	•	•	•
88%	2%	10%	23.3%	18.4%
89%	1%	10%	23.3%	18.6%
90%	0%	10%	23.5%	18.8%

We then plotted an Index Efficient Frontier (grey line in Graph 2) using the indices' returns of the different asset classes (i.e. FTSE/JSE All Share Index for equities, BESA All Bond Index for bonds and the Alexander Forbes Money Market Index for cash). This effectively shows each return-risk point that a retirement fund would have achieved if it had selected the asset allocation and rebalanced to this allocation quarterly whilst invested in each of the relevant indices.

The actual annualised return and absolute risk of the Allan Gray Domestic Balanced Portfolio (shown as a red diamond on Graph 2) was then compared with the two efficient frontiers. Dropping a perpendicular line from the Allan Gray Domestic Balanced Portfolio allows one to attribute performance between stock selection and asset allocation by comparing it to the efficient frontiers for an equal level of absolute risk.

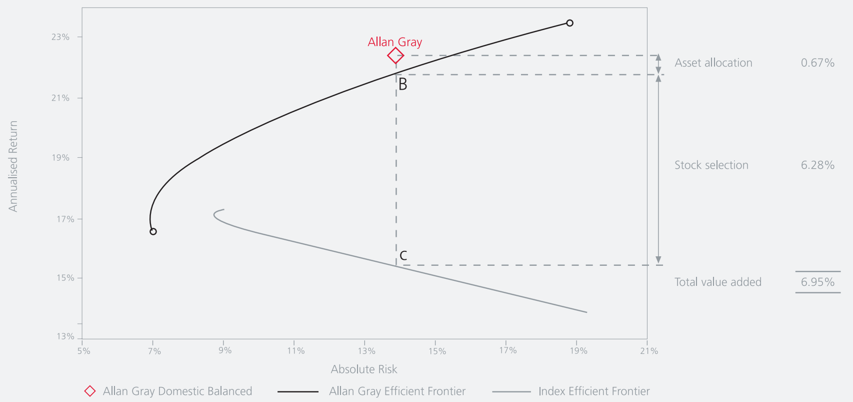
The percentage return by which the Allan Gray Domestic Balanced Portfolio outperformed the Index Efficient Frontier for the same level of absolute risk is the total value added by Allan Gray over a specialist asset allocation portfolio that invests in the respective indices. Over the 15-year period of analysis, Allan Gray was able to add 6.95% outperformance per annum over such a specialist asset allocation portfolio.

The percentage return between the Allan Gray Efficient Frontier and the Index Efficient Frontier for the same level of absolute risk is the value added by Allan Gray through stock selection (as shown by the line between points B and C on Graph 2). Both portfolios used a 'strategic' asset allocation approach but one used Allan Gray's asset class returns and the other used the returns from the respective indices. The graph shows that, over the 15-year period of analysis, Allan Gray was able to add 6.28% outperformance from stock selection.

The percentage return by which the Allan Gray Domestic Balanced Portfolio outperformed the Allan Gray Efficient Frontier, shown by the line from the red diamond to point B, is the value added through asset allocation. This shows the extent to which, the Allan Gray Domestic Balanced Portfolio was able to outperform a 'strategic' asset allocation approach (using the returns achieved by Allan Gray for the various asset classes), for the same risk of capital loss. Over the 15-year period of analysis, Allan Gray was able to add 0.67% per annum from asset allocation.

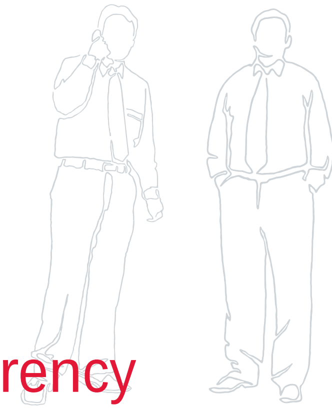
GRAPH 2

Attribution of value added on Domestic Balanced Portfolio by Allan Gray from 1990 to 2005



Source: Alexander Forbes Large Manager Watch


Rob Dower and Johan de Lange, Directors, Allan Gray Investor Services



Setting new standards in transparency

On 1 June 2005 Allan Gray announced a significant initiative: the launch of a retail investment platform that provides a range of unit trusts to Independent Financial Advisers (IFAs) and their investors. Such platforms are commonly known as LISPs (linked investment services providers) in South Africa.

The platform will provide IFAs and their clients with access to Allan Gray's funds as well as to a focused range of funds from other select fund providers. It provides consolidated reporting on total portfolios and the ability to buy, sell and switch between the funds offered.

The decision to develop the platform is the result of extensive research and a long-term decision to entrench and expand our position in the retail investment market. We think that platforms will increasingly dominate distribution as investors want choice of funds and managers, and the flexibility to adjust portfolios and switch easily between funds. They also require consolidated reporting across a portfolio of funds. In a low inflation environment, access to simple, transparent and flexible products that will help investors grow their money in a cost effective manner is essential. Similar cost, consumer and regulatory pressures forced rapid change in other global retail investment markets in similar circumstances.

Allan Gray entered the retail investment arena in 1998 with the launch of a focused suite of unit trusts. Thereafter, it developed product wrappers including a retirement annuity, living annuity, an endowment policy and preservation funds, with the Allan Gray unit trusts as the underlying investment options. The launch of the platform forms part of a distribution strategy and does not change or impact on the core Allan Gray investment philosophy. The same investment philosophy, the same people and the same processes remain in place whilst the core Allan Gray brand values (the commitment to excellence, transparency, integrity and simplicity) have informed and driven the way we have developed the platform proposition. We also tested this new development in research with our clients and found generally strong support for the concept of Allan Gray as a broader investment specialist.

FEE STRUCTURE In line with Allan Gray's approach to the retail market to date, Allan Gray Investor Services will set new standards in terms of transparency, service and fees. The platform:

- Charges no initial fee.
- Standardises annual administration fees at 0.5% (50 basis points) of assets.
- Doesn't levy any switching fees or additional product wrapper fees.
- Will not charge redemption or surrender penalties or fixed monthly or annual subscriptions.
- Any discount received by the platform from fund providers will be passed directly on to investors.

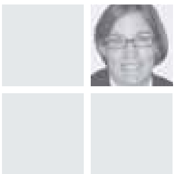
Similarly, Allan Gray will not charge any initial fee on investments in any of its own funds. Most other asset managers will continue to charge 0.25% on initial investments into their funds available through Allan Gray Investor Services. The platform will also ensure consistency of pricing across product wrappers as they are developed.

Notwithstanding the lower fees, the most important aspect of the fee structure is that there is total transparency of all fees paid by the investor as well as the fact that any discount received by the platform from fund providers will be passed directly on to investors. The disclosure of rebates or discounts paid by fund providers to LISPs has long been a point of contention to investors and IFAs, whilst our approach is to be completely transparent. Whatever saving a participating asset management house agrees to will be passed onto the client and the entire fee structure will be clearly visible to IFAs and their clients. This structure is unique and will substantially reduce investment costs and increase investor confidence. In simple terms, for the first time the total fees paid and who they are paid to will be visible to investors.

Investors seek and deserve the confidence that at each stage of the investment process there is transparency of the costs involved. We believe that opaque and complicated pricing structures that are difficult to understand and explain will soon be a thing of the past.

FUND RANGE Allan Gray's aim is to support a focused range of less than 50 funds, including the Allan Gray suite of unit trusts. Our research has shown that while IFAs and their clients want choice, they prefer it to be manageable. Allan Gray will not endorse the funds on its platform either from a qualitative or a quantitative perspective but rather the limited number of funds to the platform will be selected according to the demands of IFAs and investors. For reasons of liquidity, funds must have a minimum size to qualify for the platform. More equity-oriented than fixed interest funds will be offered due to the greater degrees of difference in returns and therefore the need for more choice in equity-oriented funds.

A number of factors favour Allan Gray's entry into the platform arena at this juncture. Firstly, platform technology has evolved substantially since the inception of the industry in the early 1990s. Being a late entrant has given us both cost and functionality advantages over those with legacy systems, products and distribution models. Furthermore, we have built up strong relationships with IFAs and currently manage in excess of R15 billion in retail client assets under advice from IFAs. We see the platform as a further evolution in our service to investors and IFAs.



Jocelyn Hathaway, Head of Operations, Allan Gray Investor Services

Building an integrated and scaleable long-term solution

EXECUTIVE SUMMARY Twelve months ago, Allan Gray embarked on a journey to re-evaluate its administration solutions for its full suite of retail products. This quarter, Jocelyn Hathaway, gives us some insight into the overall development of a more integrated and scaleable long-term solution aimed at linking our administration processes more closely to our client service team; and improving the quality and cost of service to our clients.

When Allan Gray launched its retail investment products with the introduction of its first unit trusts in 1998 and a range of retirement and life based products shortly thereafter, administration was not 'core' to the business strategy. We therefore arranged outsourced administration relationships. Due to the specialized requirements of supporting specific product sets, three different outsourced relationships had evolved to meet Allan Gray's needs.

With the unprecedented success of Allan Gray's retail business, volumes provided impetus to seek a more integrated and scaleable long-term solution for the administration requirements as a whole. Allan Gray began the process of re-evaluating its administration solutions and investigating possible alternatives in order to build an integrated and scaleable long-term solution for its full suite of products.

Key criteria in the evaluation of alternatives included:
- Opportunities to improve overall quality and cost of service to clients;
- Ability of the solution to support integration of processing across its entire range of retail products, which would facilitate amongst other things improved and faster reporting to our clients;
- Scaleability of the solution - the ability of the solution to support substantial growth in business volumes as well as the addition of new products;
- Ability of the solution to integrate easily to web based servicing and reporting tools for clients and advisers, including consolidated reporting and instruction management;
- Track record of any solution supplier internationally in delivery against specific requirements.

After a thorough investigation of a number of possible alternatives, Allan Gray licensed the software application Flexcube Investor Services from provider iFlex Solutions during January 2005. The agreed plan was to roll out the solution on a phased basis to support the administrative requirements of Allan Gray's full suite of retail products, replacing all previous administrative arrangements.

After an intensive three-month project, Allan Gray's unit trust administration was migrated to the new system and we are proud to report that despite a few minor hiccups, the migration of the entire unitholder registry and set of IFA records from the previous administrative platform was a seamless process, virtually invisible to our clients. This project concluded Phase 1 of the broader retail administration rollout.

Allan Gray's investment platform for discretionary investments, Allan Gray Investor Services, was launched successfully during May 2005, completing Phase 2, and offshore administration will be integrated over the next few months to complete Phase 3. Finally, Phase 4 of the rollout will include the migration of life and retirement fund products onto the platform as well as the introduction of full online transactional functionality for the Allan Gray Investor Services investment platform.

The significance of this project for our investors is clear: we are committed to building a sustainable long-term investment business around investor and IFA needs and believe that we have the right mix of talent, technology and the commitment to set new standards in administration for our clients. This will fulfill our long-term goal of enabling our investors to access Allan Gray investment products and performance efficiently and at the lowest possible cost.

JOCELYN HATHAWAY Jocelyn started her career at Allan Gray in 1992 after graduating from UCT with a B Com (Acc). She left Allan Gray to gain experience at NIB, Investec Asset Management and Old Mutual in various disciplines before re-joining Allan Gray during 2004 as Head of Operations for Allan Gray Investor Services.

Brian Stanley, Risk Manager, Allan Gray Limited

Enterprise-wide Risk Management

INTRODUCTION In a complex world with growing uncertainty and rapid change, companies have been forced to take a fresh look at optimising their risk management approach.

Experience shows that effective risk management does not eliminate risk, but rather provides structures to assess and pragmatically manage risk to ensure the long-term success of an organisation.

Allan Gray is currently redefining the role of risk management in achieving strategic objectives and increasing value. Our core business is centred on long-term wealth creation for our clients and as such our risk management framework is focused largely on ensuring that risks that can impact adversely on the achievement of this critical objective are mitigated adequately. Allan Gray's risk management approach follows local and international Enterprise-wide Risk Management (ERM) guidelines, with our approach tailored to suit our people, unique business processes and technology.

WHAT IS ERM? ERM provides a consistent, structured, disciplined process for identifying, measuring and managing risk on a company-wide basis. Effective risk management structures help staff at all levels of the organisation to make better decisions when faced with uncertainty. ERM should drive the initiation of new projects that mitigate identified risks (risk considered a threat) as well as building and strengthening differentiation and competitiveness (risk seen as an opportunity).

Wherever possible, ERM should be embedded within existing organisational structures and procedures rather than being an add-on activity. Having a large, separate, central risk function is arguably a sign that risk management has not been adequately embedded within the organisation. Successful ERM projects ensure that risk management is an integral part of the management process, with risk factored into strategic planning, process changes and new projects, as well as all business-as-usual operations.

THE 6 PILLARS OF ERM The following pillars outline Allan Gray's interpretation of key risk structures and processes that need to be designed, implemented and embedded in order to manage risk successfully on a company-wide basis.

RISK ORGANISATIONAL STRUCTURE The organisational structure clarifies the authority and responsibility for risk management, providing an organisation with layered lines of defence against threats. While the directors are ultimately accountable for risk management, Allan Gray believes that all staff should own their part of the risk of doing business. Staff at all levels of the organisation are supported in this role by specialist risk functions - including Risk, Compliance, Internal and External Audit. Ultimately, the Audit Committee is responsible for providing risk oversight.

THE REMAINING ERM PILLARS ERM principles suggest that business unit heads act as key risk owners, responsible for co-ordinating and driving all risk management activities in their respective area of specialisation. This is in line with the central ERM theory that risks are managed where they are understood best. It follows that each business unit head has a key role to play in driving the activities encapsulated in the remaining ERM pillars, namely:

- Providing input into strategy and objective setting in their respective area.
- Facilitating the risk assessment process with business unit staff.
- Co-ordinating detailed risk responses and control projects.
- Completing ongoing risk monitoring activities.
- Providing senior management with detailed risk reporting.

BENEFITS Allan Gray's ERM strategy is expected to result in a number of benefits, including:

- Providing a consistent approach for dealing with all risks on a company-wide basis.
- Ensuring that risk management processes become explicit rather than remaining implicit or intuitive.
- Helping the company maximise its results from all risk management functions, by establishing formal structures that motivate staff to respond swiftly and decisively to all risk exposures.
- Assisting in establishing the company's risk appetite, providing useful parameters for enhanced decision-making.
- Minimising surprises, losses and costs - ensuring stakeholder protection and enhanced shareholder value.
- Establishing processes that require all material business change to be subject to adequate risk identification, assessment and management.
- Promoting greater visibility of risk across the group.

CRITICAL SUCCESS FACTORS Allan Gray believes the following factors are vital for ERM to succeed in any organisational setting:

- Education and awareness.
- Open channels for communication of risk information and knowledge sharing.
- Board commitment and support.
- A strong Corporate Governance platform.
- Sound strategic planning, with performance measurement and management.
- Rigorous project and change management discipline.
- Linking clear responsibility and accountability for risk management to the performance appraisal process and ultimately reward structures.

CONCLUSION With the increase in high profile corporate failures, all stakeholders are demanding to know more about the risks facing organisations and require assurance that management are taking steps to protect their interests. Directors are ultimately accountable for risk management and are responsible for providing this assurance. Allan Gray believes that a rigorous, structured approach to risk management - with active support and involvement from senior management - is the only way to ensure that company Directors can make credible risk representations to key stakeholders with any level of confidence and integrity. This is just one of many sound business reasons why Allan Gray is committed to an ERM framework.

Tracy Hirst, Marketing Manager, Allan Gray Limited

Marketing update: “So long Pretty Percy...”

Allan Gray’s advertising strategy continues to be built around the characteristics of the firm and not around its investment performance. The campaigns have followed a consistent theme of contrasting Allan Gray with the world around it and showing how we differ in the ways that matter. Looking back to 2003, we ran the ‘Commitment’ television commercial and its associated print campaign. The commercial highlighted the scarcity of commitment in our modern world, contrasting this with our long-standing commitment to our investment philosophy. (This is expanded upon in the Quarterly Commentary 3, 2003.) In 2004 we launched the television commercial titled 'Emotions', which acknowledged the role emotions play in all our lives, but showed the importance of remaining rational when investing. It was supported by a print campaign based on the theme ‘the more things change, the more we stay the same’. This showed how everyday objects and elements in life (such as fashion, toys and music) change constantly but that there are certain eternal truths that should not be tampered with.

THE 2005 CAMPAIGN Building on the success of these two campaigns, 2005 saw the launch of a new Allan Gray advertising campaign. The new campaign had to be an evolution (whilst still creating a singularly distinctive look, feel and tone of voice that have become synonymous with the brand) rather than a departure of where we had been - touching on corporate values and Allan Gray's unrivalled track record.

THE TELEVISION AD The commercial continues in the Allan Gray vein of tapping into emotive human truths to demonstrate the way we do business and what we offer investors.

This time, in an engaging way, the commercial visually counterpoints the many other things in life that inevitably come to an end. Director Brett Wild of Picture Tree used macro lenses to achieve super-slow motion shots of objects expiring, relationships ending, gold fish dying, televisions exploding and toy aeroplanes crashing. The result is a very intimate view of the things in life that Allan Gray's track record outlives.

We aimed to provide people with a visual perspective of the world that they would not normally have and poignantly show the inevitability of endings, so highlighting the benefit of constancy: Allan Gray’s consistently sound track record over a long period of time.

Instead of the familiar Allan Gray voice narration, the new commercial features the vocal and piano skills of a young up-and-coming South African talent, Melissa van der Spuy. Produced by advertising agency, King James, the track helps add a new dimension to the commercial that’s sure to stay with audiences.

THE PRINT CAMPAIGN In today’s media environment where there is less and less differentiation, it was felt that the new print campaign had to be arresting visually - almost impossible to miss - without losing the essence of the Allan Gray brand. It was designed to support the new television commercial, without being the same. The advertisements use big, bold images that are sure to attract attention in the media environments in which they are placed. They capture a slice of life and relate it back to one of Allan Gray's core strengths. These include our 31-year-and-counting unrivalled track record; predictability; commitment to our investment philosophy and our constancy in all aspects of decision-making.

IN CONCLUSION This new campaign represents a further step in Allan Gray’s brand building campaign that began four years ago in response to the increasing ‘retailisation’ of the retirement fund industry, as individuals are taking increasing responsibility for their funds’ investment decisions and in support of our move into the retail investment arena.

“A voice close to angelic.”
“Vocal chords close to puberty.”
“There’s a lot to be said for constancy.”

“Your son’s matric dance date.”
“Your very rare award-winning orchid.”
“Not everything lasts like our investment philosophy.”

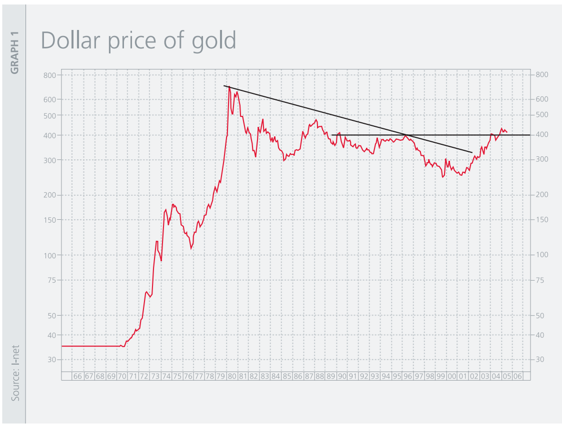
Jack Mitchell, Director, Allan Gray Limited

Something is stirring in the gold market

"Fools rush in where angels fear to tread."

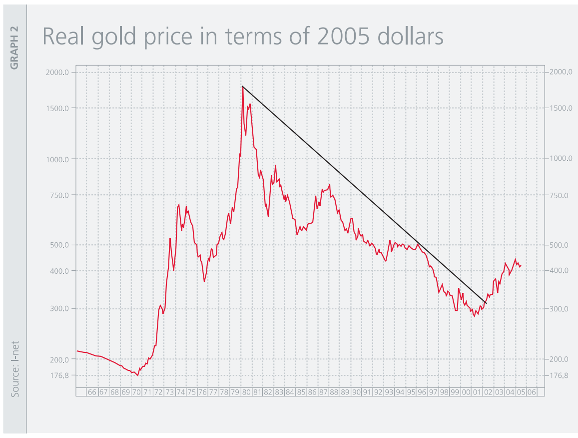
The above quote represents the perils of forecasting in general but especially of forecasting the gold price. Aligned with this is a quote from Warren Buffett, "Forecasters tell you more about themselves than the future". Nobody I can recall has got it vaguely right over any length of time and I doubt that anybody ever will. Gold prices are very much influenced by currency movements, human emotions and, of course, enormous above-ground stocks. Remember, practically all the gold ever mined is still held in some form or another.

Having said that, as a caveat so to speak, the gold price is giving indications that its hibernation of the past 16 years is over. The dollar price of gold is followed widely and that can be seen in Graph 1 below. From a broad perspective, the break above $400 per oz was a noteworthy event.

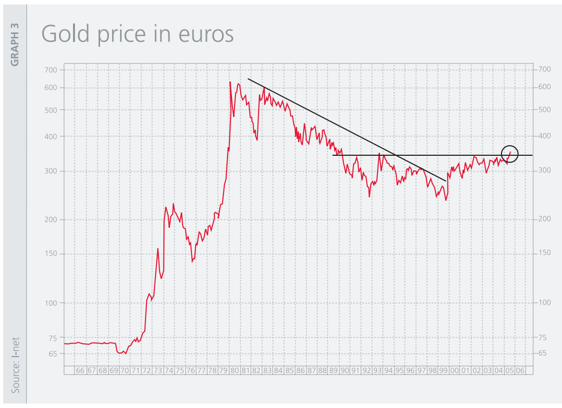


In real terms, the gold price had dropped some 80% from its peak in 1980 to the trough in 2001 (Graph 2). Since then, a modest recovery has taken place and the real price currently equates to levels seen as far back as 1973. This was after the USA closed the 'gold window' in 1971.

Gold still seems to possess broad monetary characteristics in that, for instance, if the dollar is weak the gold price tends to be firmer and vice versa. In this respect, the gold price in euros and, prior to the euro, in the deutschmark (Graph 3), has been much flatter in structure since 1990 than the price expressed in dollars. In other words, when the dollar was strong, pushing the dollar gold price down, the euro was weak, holding the euro gold price up and vice versa.



Just recently the dollar gold price has been reasonably strong while the dollar has also been firm against the euro. As a result, the euro price of gold has broken out of a 16-year base and appears to be headed higher. This is also true for the yen price of gold (not shown).



Could it be that all three major currencies, the dollar, the euro and the yen, hold major concerns for investors going forward, prompting some investors to use gold as a possible alternative?

At Allan Gray, we have been intrigued with the unfolding supply and demand characteristics of the gold market for some time now, which we read as a positive background to the gold price. Accordingly, all share portfolios are well represented in gold stocks.

Allan Gray Limited Global Mandate Share Returns vs FTSE/JSE All Share Index

PERIOD	ALLAN GRAY*	FTSE/JSE ALL SHARE INDEX	OUT/(UNDER) PERFORMANCE
1974 (from 15.6)	-0.8	-0.8	0.0
1975	23.7	-18.9	42.6
1976	2.7	-10.9	13.6
1977	38.2	20.6	17.6
1978	36.9	37.2	-0.3
1979	86.9	94.4	-7.5
1980	53.7	40.9	12.8
1981	23.2	0.8	22.4
1982	34.0	38.4	-4.4
1983	41.0	14.4	26.6
1984	10.9	9.4	1.5
1985	59.2	42.0	17.2
1986	59.5	55.9	3.6
1987	9.1	-4.3	13.4
1988	36.2	14.8	21.4
1989	58.1	55.7	2.4
1990	4.5	-5.1	9.6
1991	30.0	31.1	-1.1
1992	-13.0	-2.0	-11.0
1993	57.5	54.7	2.8
1994	40.8	22.7	18.1
1995	16.2	8.8	7.4
1996	18.1	9.4	8.7
1997	-17.4	-4.5	-12.9
1998	1.5	-10.0	11.5
1999	122.4	61.4	61.0
2000	13.2	0.0	13.2
2001	38.1	29.3	8.8
2002	25.6	-8.1	33.7
2003	29.4	16.1	13.3
2004	31.8	25.4	6.4
2005 (to 30.6)	15.3	13.6	1.7
Annualised to 30.6.2005			
From 1.7.2004 (1 year)	50.1	44.3	5.8
From 1.7.2002 (3 years)	30.1	13.6	16.5
From 1.7.2000 (5 years)	31.9	16.6	15.3
From 1.7.1995 (10 years)	26.1	13.2	12.9
Since 1.1.1978	30.7	21.0	9.7
Since 15.6.1974	29.0	17.8	11.2
Average outperformance			11.2
No. of calendar years outperformed			24
No. of calendar years underperformed			6

*NOTE: ALLAN GRAY COMMENCED MANAGING PENSION FUNDS ON 1.1.1978. THE RETURNS PRIOR TO 1.1.1978 ARE OF INDIVIDUALS MANAGED BY ALLAN GRAY, AND THESE RETURNS EXCLUDE INCOME. LISTED PROPERTY IS INCLUDED FROM 1 JULY 2002.

AN INVESTMENT OF R10 000 MADE WITH ALLAN GRAY ON 15 JUNE 1974 WOULD HAVE GROWN TO **R27 351 111** BY 30 JUNE 2005. BY COMPARISON, THE RETURNS GENERATED BY THE FTSE/JSE ALL SHARE INDEX OVER THE SAME PERIOD WOULD HAVE GROWN A SIMILAR INVESTMENT TO **R1 613 886.**

Allan Gray Limited Global Mandate Total Returns vs Consulting Actuaries Survey (CAS)

PERIOD	ALLAN GRAY	CAS*	OUT/(UNDER) PERFORMANCE
1978	34.5	28.0	6.5
1979	40.4	35.7	4.7
1980	36.2	15.4	20.8
1981	15.7	9.5	6.2
1982	25.3	26.2	-0.9
1983	24.1	10.6	13.5
1984	9.9	6.3	3.6
1985	38.2	28.4	9.8
1986	40.3	39.9	0.4
1987	11.9	6.6	5.3
1988	22.7	19.4	3.3
1989	39.2	38.2	1.0
1990	11.6	8.0	3.6
1991	22.8	28.3	-5.5
1992	1.2	7.6	-6.4
1993	41.9	34.3	7.6
1994	27.5	18.8	8.7
1995	18.2	16.9	1.3
1996	13.5	10.3	3.2
1997	-1.8	9.5	-11.3
1998	6.9	-0.6	7.5
1999	80.0	41.2	38.8
2000	21.7	6.6	15.1
2001	44.0	22.3	21.7
2002	13.4	-2.2	15.6
2003	21.5	16.6	4.9
2004	21.8	22.2	-0.4
2005 (to 30.6)	13.3	9.4	3.9
Annualised to 30.6.2005			
From 1.7.2004 (1 year)	36.6	31.1	5.5
From 1.7.2002 (3 years)	21.1	14.7	6.4
From 1.7.2000 (5 years)	26.7	15.1	11.6
From 1.7.1995 (10 years)	23.6	14.7	8.9
Since 1.1.1978	24.3	18.1	6.2
Average outperformance			6.2
No. of calendar years outperformed			22
No. of calendar years underperformed			5

*THE RETURN FROM 1 APRIL 2005 IS AN ESTIMATE.

AN INVESTMENT OF R10 000 MADE WITH ALLAN GRAY ON 1 JANUARY 1978 WOULD HAVE GROWN TO **R3 984 725** BY 30 JUNE 2005. THE RETURNS GENERATED BY THE AVERAGE OF THE CONSULTING ACTUARIES SURVEY OVER THE SAME PERIOD WOULD HAVE GROWN A SIMILAR INVESTMENT TO **R967 136**.

Annualised performance in percent per annum to 30 June 2005

	SECOND QUARTER (unannualised)	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION	ASSETS UNDER MANAGEMENT R millions	INCEPTION DATE
SEGREGATED RETIREMENT FUNDS							
GLOBAL BALANCED MANDATE	7.9	36.6	21.1	26.7	24.3	23,379.4	01.01.78
Mean of Consulting Actuaries Fund Survey *	6.3	31.1	14.7	15.1	18.1		
DOMESTIC BALANCED MANDATE	8.3	42.0	26.1	27.0	24.6	13,699.4	01.01.78
Mean of Alexander Forbes Domestic Manager Watch *	6.2	39.8	20.3	18.5	18.8		
EQUITY-ONLY MANDATE	9.8	49.4	28.7	30.7	22.3	25,892.1	01.01.90
FTSE/JSE All Share Index	7.2	44.3	13.6	16.6	13.9		
GLOBAL NAMIBIA BALANCED MANDATE	7.9	34.7	20.8	26.2	21.7	2,875.5	01.01.94
Mean of Alexander Forbes Namibia Average Manager *	6.3	34.8	16.3	16.2	14.2		
EQUITY-ONLY RELATIVE MANDATE	8.0	45.1	20.1	22.7	24.5	4,040.8	19.04.00
Resource adjusted FTSE/JSE All Share Index	6.9	45.1	15.6	14.1	15.3		
POOLED RETIREMENT FUNDS							
ALLAN GRAY LIFE GLOBAL BALANCED PORTFOLIO	8.1	36.9	21.6	-	25.2	6,357.4	01.09.00
Mean of Alexander Forbes Large Manager Watch *	6.3	36.9	16.4	-	15.4		
ALLAN GRAY LIFE DOMESTIC BALANCED PORTFOLIO	8.3	43.5	26.4	-	25.1	4,340.0	01.09.01
Mean of Alexander Forbes Domestic Manager Watch *	6.2	39.8	20.3	-	18.8		
ALLAN GRAY LIFE DOMESTIC EQUITY PORTFOLIO	10.1	51.1	28.9	-	29.3	2,377.6	01.02.01
FTSE/JSE All Share Index	7.2	44.3	13.6	-	14.3		
ALLAN GRAY LIFE DOMESTIC ABSOLUTE PORTFOLIO	9.4	35.3	27.9	-	30.0	496.2	06.07.01
Mean of Alexander Forbes Domestic Manager Watch *	6.2	39.8	20.3	-	17.8		
ALLAN GRAY LIFE DOMESTIC STABLE PORTFOLIO	5.1	24.3	18.5	-	18.6	222.7	01.12.01
Alexander Forbes Three-Month Deposit Index plus 2%	2.2	9.6	12.2	-	12.3		
ALLAN GRAY LIFE FOREIGN PORTFOLIO	5.3	13.0	-2.0	-	-2.2	523.3	23.01.02
60% of the MSCI and 40% of the JP Morgan Government Bond Index	7.5	18.7	-4.2	-	-6.8		
ALLAN GRAY LIFE DOMESTIC OPTIMAL PORTFOLIO	3.6	9.1	-	-	9.8	148.9	04.12.02
Daily Call Rate of Nedcor Bank Limited	1.4	6.1	-	-	8.2		
ALLAN GRAY LIFE GLOBAL ABSOLUTE PORTFOLIO	9.3	33.8	-	-	21.5	286.8	01.03.04
Mean of Alexander Forbes Large Manager Watch *	6.3	36.9	-	-	25.9		
ALLAN GRAY LIFE DOMESTIC MEDICAL SCHEME PORTFOLIO	4.4	21.9	-	-	19.4	584.0	01.05.04
Consumer Price Index plus 3% p.a.	1.3	6.1	-	-	6.0		
FOREIGN-ONLY (RANDS)**							
ORBIS GLOBAL EQUITY FUND (RANDS)	8.9	22.2	0.2	14.3	21.7	3,533.8	01.01.90
FTSE World Index (Rands)	8.6	20.5	-3.9	-1.1	13.6		
ORBIS JAPAN EQUITY (US$) FUND (RANDS)	6.5	11.7	-3.1	7.1	16.2	234.3	12.06.98
Tokyo Stock Price Index (Rands)	7.8	10.4	-6.9	-2.5	8.1		
GLOBAL BALANCED MANDATE (RANDS) - FOREIGN COMPONENT	5.3	13.9	-1.8	21.5	17.4	3,225.4	23.05.96
60% of the MSCI and 40% of the JP Morgan Government Bond Index Global (Rands)	7.5	18.7	-4.2	2.3	11.8		
UNIT TRUSTS **					Figures below unannualised		
EQUITY FUND (AGEF)	***	43.9	25.9	27.8	795.6	8,079.1	01.10.98
FTSE/JSE All Share Index		44.3	13.6	16.6	240.8		
BALANCED FUND (AGBF)	***	36.0	22.9	24.9	273.8	8,601.3	01.10.99
Average Prudential Fund (excl. AGBF)		34.1	16.7	14.9	124.2		
STABLE FUND (AGSF)	***	18.4	14.3	15.4	104.7	4,384.7	01.07.00
After-tax return of call deposits plus two percentage points		6.0	8.0	8.2	48.4		
MONEY MARKET FUND (AGMF)	***	7.4	9.8	-	45.3	647.2	03.07.01
Domestic fixed interest money market unit trust sector (excl. AGMF)		7.3	9.8	-	46.0		
GLOBAL FUND OF FUNDS (AGGF) ****	***	13.2	-	-	1.4	881.7	03.02.04
60% of the FTSE World Index and 40% of the JP Morgan Government Bond Index Global (Rands)		18.9	-	-	5.1		
OPTIMAL FUND	***	7.4	-	-	32.2	1,269.8	01.10.02
Daily call rate of FirstRand Bank Ltd		5.9	-	-	24.5		

* THE RETURNS FROM 1 APRIL 2005 ARE ESTIMATED FROM VARIOUS INDICES AS THE RELEVANT SURVEY RESULTS HAVE NOT YET BEEN RELEASED.
** THE RETURNS FOR THE FOREIGN ONLY FUNDS, THE UNIT TRUSTS AND THEIR RESPECTIVE BENCHMARKS ARE NET OF INVESTMENT MANAGEMENT FEES.
*** UNAVAILABLE DUE TO ACI REGULATIONS.
**** AS OF 3 FEBRUARY 2004, THE BENCHMARK IS DISPLAYED. THE BENCHMARK WAS THE MORGAN STANLEY CAPITAL INTERNATIONAL INDEX (IN RANDS) PRIOR TO THIS DATE.

Segregated Portfolios

RETIREMENT FUND INVESTMENT MANAGEMENT IN SOUTH AFRICA
Allan Gray manages retirement fund portfolios on a segregated basis where the minimum portfolio size is R200 million. These mandates are of a balanced or asset class specific nature. Portfolios can be managed on an absolute or relative risk basis.

RETIREMENT FUND INVESTMENT MANAGEMENT IN NAMIBIA
Allan Gray Namibia manages large retirement funds on a segregated basis.

PRIVATE CLIENTS
Allan Gray manages segregated portfolios for individuals where the minimum portfolio size is R20 million.

Namibia Pooled Portfolio - Allan Gray Namibia Investment Trust

This fund provides investment management for Namibian retirement funds in a pooled vehicle that is similar to that for segregated Namibian retirement fund portfolios. The minimum investment requirement is N$5 million.

South African Pooled Portfolios - Allan Gray Life Limited

(THE MINIMUM INVESTMENT PER CLIENT IS R20 MILLION. INSTITUTIONAL CLIENTS BELOW R20 MILLION ARE ACCOMMODATED BY OUR REGULATION 28 COMPLIANT UNIT TRUSTS.)

Risk-profiled Pooled Portfolios

	STABLE PORTFOLIO	BALANCED PORTFOLIO	ABSOLUTE PORTFOLIO
Investor Profile	• Highly risk-averse institutional investors, e.g. investors in money market funds.	• Institutional investors with an average risk tolerance.	• Institutional investors seeking superior absolute returns (in excess of inflation) over the long-term with a higher than average short-term risk tolerance.
Product Profile	• Conservatively managed pooled portfolio. • Investments selected from all asset classes. • Shares selected with limited downside and a low correlation to the stockmarket. • Modified duration of the bond portfolio will be conservative. • Choice of global or domestic-only mandate.	• Actively managed pooled portfolio. • Investments selected from all asset classes. • Represents Allan Gray's 'houseview' for a balanced mandate. • Choice of global or domestic-only mandate.	• Moderately aggressive managed pooled portfolio. • Investments selected from all asset classes. • Will fully reflect the manager's strong investment convictions and could deviate considerably in both asset allocation and stock selection from the average retirement portfolio. • Choice of global or domestic-only mandate.
Return Characteristics/ Risk of Monetary Loss	• Superior returns to money market investments. • Limited capital volatility. • Strives for capital preservation over any two-year period.	• Superior long-term returns. • Risk will be higher than Stable Portfolio but less than the Absolute Portfolio.	• Superior absolute returns (in excess of inflation) over the long-term. • Risk of higher short-term volatility than the Balanced Portfolio.
Benchmark	• Alexander Forbes three-month Deposit Index plus 2%.	• Mean performance of the large managers as surveyed by consulting actuaries.	• Mean performance of the large managers as surveyed by consulting actuaries.
Fee Principles	• Fixed fee, or performance fee based on outperformance of the benchmark.	• Fixed fee, or performance fee based on outperformance of the benchmark.	• Performance fee 0.5% p.a. plus (or minus) 25% of the out/underperformance of the portfolio relative to the benchmark, subject to an overall minimum of 0% p.a.

THESE RISK-PROFILED PORTFOLIOS COMPLY WITH REGULATION 28 OF THE PENSION FUNDS ACT.

South African Pooled Portfolios - Allan Gray Life Limited (contd.)

Asset Class Pooled Portfolios

	MONEY MARKET	BOND MARKET	LISTED PROPERTY	EQUITY	FOREIGN
Investor Profile	• Institutional investors requiring management of a specific money market portfolio.	• Institutional investors requiring management of a specific bond market portfolio.	• Institutional investors requiring management of a specific listed property portfolio.	• Institutional investors requiring management of a specific equity portfolio.	• Institutional investors requiring management of a specific foreign portfolio.
Product Profile	• Actively managed pooled portfolio. • Investment risk is managed using modified duration and term to maturity of the instruments in the portfolio. • Credit risk is controlled by limiting the exposure to individual institutions and investments.	• Actively managed pooled portfolio. • Modified duration will vary according to interest rate outlook and is not restricted. • Credit risk is controlled by limiting the exposure to individual institutions and investments.	• Actively managed pooled portfolio. • Portfolio risk is controlled by limiting the exposure to individual counters.	• Actively managed pooled portfolio. • Represents Allan Gray's 'houseview' for a specialist equity-only mandate. • Portfolio risk is controlled by limiting the exposure to individual counters.	• Actively managed pooled portfolio. • Investments are made in equity and absolute return foreign mutual funds managed by Orbis. • Represents Allan Gray's houseview for a foreign balanced mandate.
Return Characteristics/ Risk of Monetary Loss	• Superior returns to the Alexander Forbes three-month Deposit Index. • Low capital risk. • High flexibility. • Capital preservation. • High level of income.	• Superior returns to that of the FTSE/JSE All Bond Index plus coupon payments. • Risk will be higher than the Money Market Portfolio but less than the Equity Portfolio. • High level of income.	• Superior returns to that of the Alexander Forbes Listed Property Index (adjusted). • Risk will be no greater than that of the benchmark and will be lower than the Equity Portfolio. • High level of income.	• Superior returns to that of the FTSE/JSE All Share Index including dividends. • Risk will be no greater than that of the benchmark. • Higher than average returns at no greater than average risk for an equity portfolio.	• Superior returns to that of the benchmark at no greater than average absolute risk of loss.
Benchmark	• Alexander Forbes three-month Deposit Index.	• FTSE/JSE All Bond Index plus coupon payments.	• Alexander Forbes Listed Property Index (adjusted).	• FTSE/JSE All Share Index including dividends.	• 60% Morgan Stanley Capital International Index, 40% JP Morgan Global Government Bond Index.
Fee Principles	• Fixed fee of 0.2% p.a.	• Fixed fee of 0.35% p.a.	• Fixed fee of 0.75% p.a.	• Performance fee based on outperformance of the benchmark.	• No fee charged by Allan Gray. Unit prices of underlying mutual funds reflected net of performance fees charged by Orbis.

THESE ASSET CLASS PORTFOLIOS COMPLY WITH THE ASSET CLASS REQUIREMENTS OF REGULATION 28 OF THE PENSION FUNDS ACT.

Other Pooled Portfolios

	OPTIMAL PORTFOLIO
Investor Profile	• Institutional investors wishing to diversify their existing investments with a portfolio that not only has no/low correlation to stock or bond market movements, but also strives to provide a return in excess of that offered by money market investments. • Institutional investors with a high aversion to the risk of capital loss.
Product Profile	• Seeks absolute returns. • Actively managed pooled portfolio consisting of shares and derivative instruments. • Shares selected that offer fundamental value. • Risk of shares underperforming the market is carefully managed. • Stockmarket risk reduced by using derivative instruments.
Return Characteristics/ Risk of Monetary Loss	• Superior returns to bank deposits. • Little or no correlation to stock or bond markets. • Low risk of capital loss. • Low level of income.
Benchmark	• Daily call rate of Nedcor Bank Limited.
Fee Principles	• Fixed fee of 0.5% plus 20% of the outperformance of the benchmark.

Orbis Mutual Funds*

Offshore Products

	ORBIS GLOBAL EQUITY FUND	ORBIS JAPAN FUNDS (YEN, EURO AND US$ FUND CLASSES)	ORBIS OPTIMAL SA FUND (EURO AND US$ FUND CLASSES)
Type of Fund	US$ denominated Equity Fund which remains fully invested in global equities.	Invests in a relatively focused portfolio of Japanese equities. The Euro and US$ funds hedge the resulting Japanese yen exposure into the relevant currency with the result that the returns are managed in those currencies.	The Fund invests in a focused portfolio of selected global equities that offer superior relative value. It employs stockmarket hedging to reduce the risk of loss. The Fund's returns are intended to be independent of the returns of major asset classes such as cash, equities or bonds.
Investment Objective	Aims to earn higher returns than world stockmarkets. Its benchmark is the FTSE World Index, including income. The Fund's currency exposure is managed relative to that of the benchmark.	Orbis Japan Equity (Yen) Fund – seeks higher returns in yen than the Japanese stockmarkets, without greater risk of loss. Orbis Japan Equity (Euro) Fund - seeks higher returns in euro than the Japanese stockmarkets hedged into euro, without greater risk of loss. Orbis Japan Equity (US$) Fund - seeks higher returns in US$ than the Japanese stockmarkets hedged into US$, without greater risk of loss.	The Fund seeks capital appreciation on a low risk global portfolio.
Structure	Open-ended Bermuda mutual fund company (similar to a unit trust in South Africa).	Open-ended collective investment shemes.	Open-ended Bermuda mutual fund company (similar to a unit trust in South Africa).
Dealing Costs	None. No front-end fee (initial charge) or transaction charges (compulsory charge).		
Manager's Fee	0.5% - 2.5% per annum depending on performance.	0.5% - 2.5% per annum depending on performance.	Base fee of 1% per annum, paid monthly, plus a performance fee of 20% of the outperformance of the benchmark of each fund class. The performance fee incorporates a high watermark.
Subscriptions/ Redemptions	Weekly each Thursday.		
Reporting	Comprehensive reports are distributed to members each quarter.		
Client Service Centre	Allan Gray Client Services on 0860 000 654.		

* PLEASE NOTE THAT THESE ARE NOT RAND-DENOMINATED UNIT TRUSTS SO A PROSPECTIVE INVESTOR IS REQUIRED TO HAVE EXCHANGE CONTROL APPROVAL.

Individual Retirement Products

	Pre-retirement		Post-retirement
	RETIREMENT ANNUITY	PENSION OR PROVIDENT PRESERVATION FUND	LIVING ANNUITY*
Description	• Enables saving for retirement with pre-tax money. • Contributions can be at regular intervals or as single lump sums. • Ideal for the self-employed or employees who want to make additional contributions to an approved retirement vehicle.	• Preserves the pre-tax status of a cash lump sum that becomes payable from a pension (or provident) fund at termination of employment. • A single cash withdrawal can be made from the Preservation Fund prior to retirement.	• Provides a regular income from the investment proceeds of a cash lump sum that becomes available as a pension benefit at retirement. • A regular income of between 5% and 20% per year of the value of the lump sum can be selected. • Ownership of the annuity goes to the investor's beneficiaries on his/her death.
Investment Options	The contribution(s) to any one of these products can be invested in any combination of unit trusts.		
Minimum Investment Size	R 20 000 lump sum R 1 000 monthly	R 50 000 lump sum	R 100 000 lump sum
Initial Fee	None	None	None
Annual Administration Fee	0.4% (VAT included)	0.4% (VAT included)	0.4% (VAT included)
Investment Management Fee**	Depends on the combination of unit trusts selected as investment options.	Depends on the combination of unit trusts selected as investment options.	Depends on the combination of unit trusts selected as investment options.
Switching Fee	None	None	None

* ALLAN GRAY LIVING ANNUITY IS UNDERWRITTEN BY ALLAN GRAY LIFE LIMITED.
** FOR ANNUAL INVESTMENT MANAGEMENT FEES OF ALLAN GRAY UNIT TRUSTS, PLEASE REFER TO THE UNIT TRUST APPLICATION FORM, WHICH CAN BE DOWNLOADED FROM THE WEBSITE WWW.ALLANGRAY.CO.ZA, OR SEE THE SECTION ON PAGES 22 AND 23 OF THIS DOCUMENT ON UNIT TRUSTS.

Discretionary Products **Retail**

Endowment Policy*	
Description	• An investment policy ideally suited to investors with medium- to long-term investment objectives who want capital growth with after-tax returns. • Ideal for investors interested in a 5-year savings plan.
Investment Options	Can be invested in any combination of unit trusts.
Minimum Investment Size	R 20 000 lump sum R 1 000 monthly recurring investment
Initial Fee	None
Annual Administration Fee	0.4% (VAT Included)
Investment Management Fee**	Depends on the combination of unit trusts selected as investment options.
Switching Fee	None

* THE ENDOWMENT POLICY IS UNDERWRITTEN BY ALLAN GRAY LIFE LIMITED.
** FOR ANNUAL INVESTMENT MANAGEMENT FEES OF ALLAN GRAY UNIT TRUSTS, PLEASE REFER TO THE UNIT TRUST APPLICATION FORM, WHICH CAN BE DOWNLOADED FROM THE WEBSITE WWW.ALLANGRAY.CO.ZA, OR SEE THE SECTION ON PAGES 22 AND 23 OF THIS DOCUMENT ON UNIT TRUSTS.

Unit Trusts - Characteristics & Objectives

	EQUITY FUND	BALANCED FUND	STABLE FUND	BOND FUND
Benchmark	FTSE/JSE All Share Index including income.	Average (market value-weighted) of the Domestic Prudential Medium Equity Sector excluding the Allan Gray Balanced Fund.	After-tax return of call deposits (for amounts in excess of R1m) with FirstRand Bank Limited plus 2%.	All Bond Index.
Maximum Net Equity Exposure	100%	75%	60%	0%
Portfolio Orientation	A share portfolio selected for superior long-term returns.	A portfolio (which can include all asset classes) selected for superior long-term returns.	A portfolio (which can include all asset classes) chosen for its high income yielding potential. The intention is to keep the equity portion significantly below 60%.	A portfolio invested in a combination of South African interest-bearing securities including bonds, loan stock, debentures, fixed deposits, money market instruments and cash.
Return Objectives	Superior long-term returns.	Superior long-term returns.	Superior after-tax returns compared to bank deposits.	Superior returns compared to the All Bond Index.
Risk of Monetary Loss	Risk higher than the Balanced Fund but less than average general equity fund due to Allan Gray's investment style.	Risk higher than the Stable Fund but less than the Equity Fund. This is a medium risk fund.	• Low risk. • Limited capital volatility. • Seeks to preserve capital over any two-year period.	Low risk, higher than the Money Market Fund, but lower than the Balanced Fund.
Target Market	• Investors seeking long-term wealth creation. • Investors should be comfortable with market fluctuations i.e. short-term volatility. • Typically the investment horizon is five-year plus.	• Investors seeking long-term wealth creation. • Investors seeking a three-year plus investment. • Investors who wish to substantially comply with the Prudential Investment Guidelines of the Pension Funds Act (Reg. 28).	• Risk-averse investors. • Investors who wish to substantially comply with the Prudential Investment Guidelines of the Pension Funds Act (Reg. 28). • Investors who require a regular income.	• Investors seeking returns in excess of that provided by income funds, the money market funds or cash. • Investors who are prepared to accept some risk of capital loss in exchange for the prospect of increased returns. • Investors who want to draw a regular income stream without consuming capital.
Income Yield	Low income yield.	Average income yield.	High income yield.	High income yield.
Income Distribution	Distribute bi-annually.	Distribute bi-annually.	Distribute quarterly.	Distribute quarterly.
Compliance with Reg.28 of the Pension Funds Act (Prudential Investment Guidelines)	Does not comply.	Complies.	Complies.	Complies.
Fee Principles (Financial Adviser fees are agreed between the client and IFA)	Performance fee for outperformance of the FTSE/JSE All Share Index over a two-year rolling period.	Performance fee for outperformance of the average Domestic Prudential Medium Equity Sector Fund over a two-year rolling period.	Performance fee for outperformance of taxed bank deposits. No fees if there is a negative return experienced over a two-year rolling period.	Performance fee for outperformance of the All Bond Index over a one-year rolling period.
Minimum Lump Sum Investment Requirement (See page 21 for retirement product and endowment minimums)	R10 000 lump sum and/or R500 per month debit order.	R5 000 lump sum and/or R500 per month debit order.	R5 000 lump sum and/or R500 per month debit order.	R25 000 lump sum and/or R2 500 per month debit order.
Portfolio Manager	Stephen Mildenhall	Arjen Lugtenburg	Stephen Mildenhall	Jack Mitchell and Sandy McGregor

	OPTIMAL FUND	MONEY MARKET FUND	GLOBAL FUND OF FUNDS	GLOBAL EQUITY FEEDER FUND
	Daily call rate of FirstRand Bank Limited. (for amounts in excess of R1m).	Simple average of the Domestic Fixed Unit Trust Sector excluding Allan Gray Money Market Fund.	60% of the FTSE World Index and 40% of the JP Morgan Global Government Bond Index.	FTSE World Index.
	15%	0%	100%	100%
	A portfolio of carefully selected equities. The stockmarket risk inherent in these share investments will be substantially reduced by using equity derivatives.	Invested in selected money market instruments providing a high income yield.	Invested in selected Orbis funds. The Fund will always hold minimum 85% of its assets offshore.	A Rand-denominated fund feeding directly into the FSB registered Orbis Global Equity Fund.
	Superior returns compared to bank deposits.	Superior money market returns.	Superior long-term returns.	Superior long-term returns.
	• Low risk. • Little or no correlation to stock or bond markets.	• Low risk. • High degree of capital stability.	Risk similar to Balanced Fund but less than average foreign balanced mandate.	Risk higher than the Global Fund of Funds.
	• Risk-averse investors. • Investors who wish to diversify a portfolio of equities or bonds. • Retirement schemes and multi-managers who wish to add a product with an alternative investment strategy to their overall portfolio.	• Highly risk-averse investors. • Investors seeking a short-term "parking place" for their funds.	Investors: • seeking to invest locally in Rands and benefit from offshore exposure. • wanting to gain exposure to markets and industries that are not available locally. • who desire to hedge their investments against any Rand depreciation.	Investors: • seeking to invest in global equities in Rands and benefit from offshore exposure. • wanting to gain exposure to markets and industries that are not available locally. • who desire to hedge their investments against any Rand depreciation. • that do not have the minimum required to invest directly in the Orbis Global Equity Fund.
	Low income yield.	High income yield.	Low income yield.	Low income yield.
	Distribute bi-annually.	Distribute monthly.	None.	Annually if applicable.
	Does not comply.	Complies.	Does not comply.	Does not comply.
	Fixed fee of 1.0% (excl. VAT) per annum, plus performance fee of 20% of the daily outperformance of the benchmark. In times of underperformance no performance fees are charged until the underperformance is recovered.	Fixed fee of 0.25% (excluding VAT) per annum.	No fee. The underlying funds, however, have their own fee structure.	No fee. The underlying fund, however, has its own fee structure.
	R25 000 lump sum and/or R2 500 per month debit order.	R50 000 lump sum and/or R5 000 per month debit order.	R25 000 lump sum. No debit orders are permitted.	R25 000 lump sum. No debit orders are permitted.
	Stephen Mildenhall	Michael Moyle	Stephen Mildenhall	Stephen Mildenhall. (William Gray is the Portfolio Manager of the Orbis Global Equity Fund)

Notes

INTELLIGENT INVESTING

KINGJAMES rsvp