

TRY THIS FOR OPTIMAL RESULTS

Allan Gray Unit Trusts have received the Registrar's approval to commence with the Allan Gray Optimal Fund on 1 October 2002. We are enthusiastic about this product as we feel it has a number of positive attributes that make it unique and ideal as part of most investors' portfolios.

Objectives and Investment Parameters

The central objective of this fund is to provide investors with a fund which provides long-term absolute (i.e. positive) returns higher than that available in the money market sector, but with less risk of loss than a stockmarket portfolio and with very little correlation to either the stock or bond market.

Investment Process

The fund buys a portfolio of select equities and reduces the stockmarket exposure inherent in these share investments by using equity derivatives. There are two primary sources of return:

- A money market equivalent return (because of the way in which derivatives are priced)
- The difference in return generated by the underlying share portfolio and the return of the broad stockmarket (stockmarket index)

The ability of this fund to provide investors with positive returns in excess of money market returns is therefore dependent on Allan Gray's ability to select shares that outperform the overall stockmarket.

Allan Gray started managing shares on behalf of clients in 1974 and over the 28 year period to 30 June 2002 has generated 28.9% p.a. compared to 18.3% p.a. for the All Share Index. The out-performance has therefore been 10.6% p.a. We therefore have a high level of confidence that our investment philosophy and approach can generate superior returns over the long term.

Further to the above, Allan Gray is in a unique position to use the know-how and experience of Orbis our offshore affiliate, to manage this fund as they have been managing a fund with a similar structure and characteristics for the last 12 years.

Target Market

Risk averse investors, Long-term investors, Retired investors, Individuals who have lump sum contractual savings and retirement schemes or Multi-Managers that desire to add an alternative investment product to their overall portfolio.

Fund Manager

Stephen Mildenhall, B Com (Hons), CA (SA), CFA. (Chief Investment Officer of Allan Gray Limited).

Benchmark

The daily call rate as supplied by Firstrand Bank Limited.

Fees

A fixed fee of 1% (excluding VAT) p.a. would apply. In addition, a performance fee of 20% of the fund's out-performance of the Benchmark calculated daily and paid monthly shall be added to the fixed fee. The fee is not limited but the high water mark principle is applicable i.e. no performance fee is payable until the price is above the previous high.

Minimum Lump Sum Investment & Debit Order

Minimum lump sum of R25 000 and a minimum debit order of R2 500 per month.

Distributions

June and December of each year.

Management reserves the right to close the fund to new investors to manage the fund in accordance with the terms of its mandate.