

Allan Gray Money Market Fund

With the recent change to the Fund's benchmark, we thought it time to revisit the Allan Gray Money Market Fund.

The Fund was launched on 1 July 2001. Its objective is to generate as high a level of current income as is consistent with capital preservation and liquidity. In order to achieve this objective, the Fund invests in selected money market instruments with a maturity of no greater than one year and where the average term to maturity may not exceed 90 days.

The Fund is suitable for the investor who:

- is highly risk-averse and requires a high degree of capital stability, or
- seeks an ideal short-term "parking place" for surplus funds particularly in times of market volatility.

Capital preservation is of paramount importance thus a conservative approach is used in the management of the Fund. A committee consisting of portfolio managers must approve every investment before it is made. Although, this may result in the rejection of higher yield investments, we would rather err on the side of caution when it comes to the management of this Fund.

Michael Moyle (MBA, CFA) has managed the Fund since its inception.

The benchmark is the average of the Domestic Fixed Interest Money Market Unit Trust sector excluding the Allan Gray Money Market Fund. Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. The latter was chosen because its term to maturity was appropriate for the targeted risk of the Fund. Subsequent to the launch of the Fund, the money market changed in that a number of banks relinquished their banking licences and the bid-offer spreads in the market widened, making the Forbes Index less suitable for the Fund. The new peer benchmark does not share these problems and so it is expected to be a better-quality benchmark.

The fee is fixed at 0.5% per annum. The minimum lump sum amount is R50 000, and minimum monthly debit orders are R5 000 per month. Distributions are paid monthly on the first business day after month-end.

The Fund's performance to 31 March 2003 is shown in the table below:

	12 months to 31 March 2003	12 months to 31 March 2003	Since inception (unannualised)	Since inception (unannualised)
	Return	Sectoral Position	Return	Sectoral Position
The Fund	12.2	8 th out of 20 funds	20.3	8 th out of 19 funds
Alexander Forbes 3- Month Deposit Index	12.8		21.0	

Commentary by Michael Moyle, Portfolio Manager of the Allan Gray Money Market Fund

Unit trusts are medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. A schedule of fees and charges and maximum commissions is available from the management company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Member of AUT.