

## **STRENGTHENING THE INTERNATIONAL LINK**

Simon Marais recently announced his appointment as Executive Director of Orbis in London. While he will remain Chairman of Allan Gray, he will relocate to London in August. Besides the four board meetings a year, Simon predicts an equal number of additional visits to SA.

The move will strengthen the tie with our international affiliate, the Orbis Group. It should also give us an enhanced foreign perspective, thus further leveraging Orbis's global research and fund management to the best advantage of Allan Gray's South African clients. Co-ordinating the efforts of our research team in Cape Town and Orbis' approximate 20 analysts in London has obvious opportunities. In order to successfully analyse local shares; a foreign perspective on South African companies has become essential.

Simon will continue to advise on his current investment portfolios and research foreign listed South African companies; especially considering that over 40% of the South African stockmarket is listed internationally, most of it on the London Stock Exchange. He will also research shares on a global basis.

This change has obviously effected the roles of the portfolio managers locally. Before highlighting the changes, it is perhaps appropriate to explain Allan Gray's investment process. We believe that our portfolio management process is unique to the industry as we do not have dedicated portfolio managers for each client, nor do we operate on a house-view/model portfolio basis. Instead we have a process of internal split funding where the client gets a spread of investment ideas from a number of specialist portfolio managers.

This is done by notionally pooling all our clients' funds internally into a consolidated portfolio, which is then split amongst specialist asset class portfolio managers. (Note that this is an internal procedure and that the clients' assets remain registered in their own or nominee name). The portfolio managers typically manage only one or two basic "manager" portfolios which allows them to focus on what they do best i.e. selecting superior investments.

In the Quarterly Report dated 30 September 2001, Jack Mitchell referred to Simon Marais' appointment as Chairman of Allan Gray Limited. Given his broader duties, the portfolio responsibility of managing our longest standing and biggest unit trust, the Allan Gray Equity Fund was passed to Stephen Mildenhall, our Chief Investment Officer. From 1 March 2002, Simon then also handed over his other unit trust responsibilities, namely the Allan Gray Stable Fund to Stephen and the Allan Gray Balanced Fund to Arjen Lugtenburg.

**Notwithstanding the above changes in responsibilities we would like to assure all our clients that Simon, who is as passionate about investments as all of us, is still very much involved in the investment process.** All our managers believe that our mission is to create long-term wealth for all of our clients and Allan Gray remains true to this challenge. As such Simon's ideas and analysis remain influential in all our client portfolios. To assure you further of the capable hands wherein our funds lie, please find below brief biographies of the portfolio managers.

Stephen joined Allan Gray Limited on 1 June 1997 as an equity analyst and immediately made his mark on our research division. Given his exceptional talents, he was appointed a portfolio manager after only 20 months. Stephen accepted a directorship on 31 January 2001 and on 1 April of the same year, was appointed Chief Investment Officer. He has also managed the Global Equity Fund of Funds since inception. Arjen joined Allan Gray in 1991 as an investment analyst and was promoted to an equity portfolio manager in 1994. One of only three equity portfolio managers at Allan Gray, Arjen's returns have been outstanding and we look forward to his contribution on behalf of our Balanced Fund unit holders in the years ahead.

Michael Moyle has managed the Allan Gray Money Market Fund since inception on 1 July 2001. He joined Allan Gray as the Client Services Manager for offshore investments in August 1997. In December 1997, he was appointed the Quantitative Analyst and in December 1998 his duties were expanded to include derivatives and fixed income analysis.

*Contributions by*                      *Jack Mitchell: Chairman Allan Gray Unit Trusts and  
Edgar Loxton: Director*