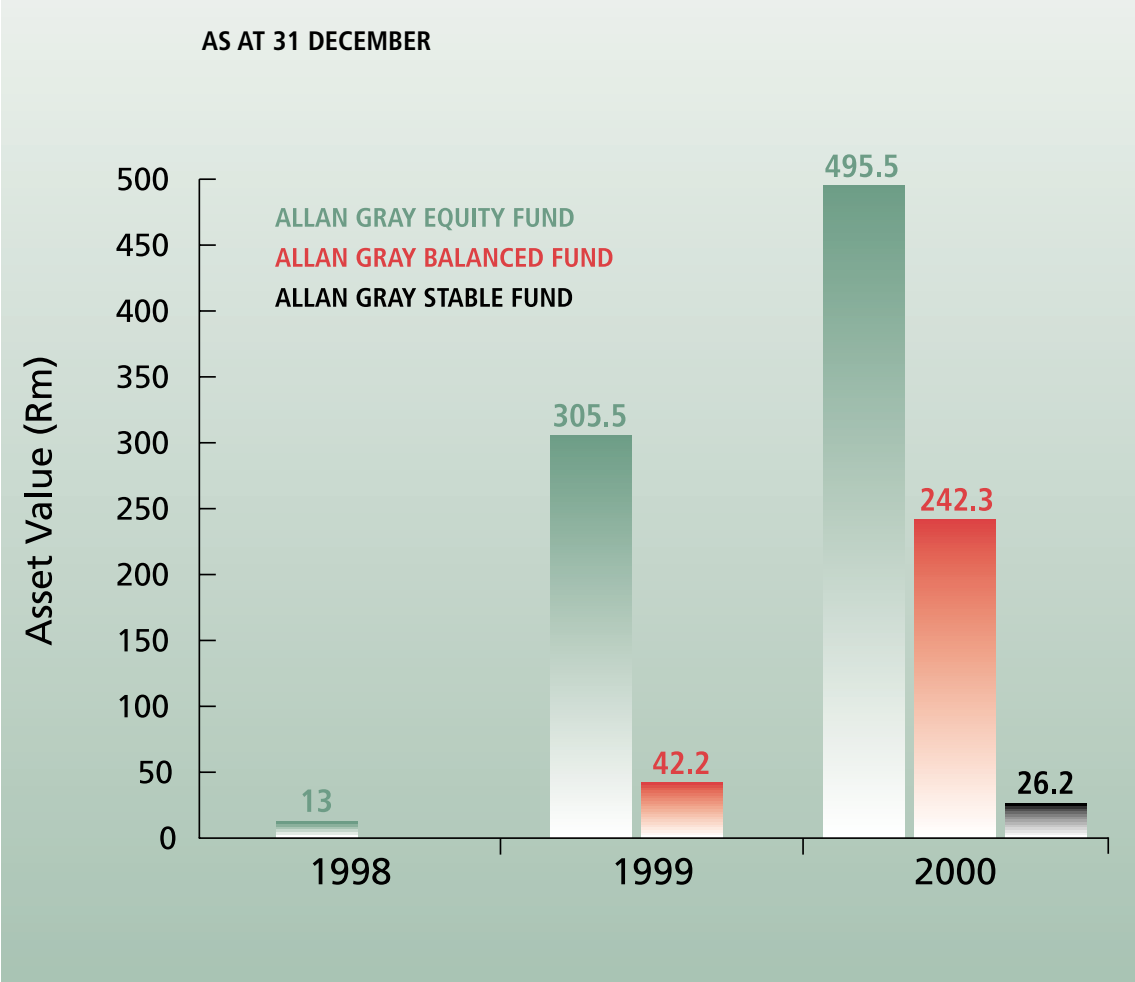


annual report unit trusts 2000

ALLAN GRAY
LONG TERM INVESTMENT MANAGEMENT

GROWTH OF ALLAN GRAY UNIT TRUSTS



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COMPANY DETAILS

MANAGEMENT COMPANY	Allan Gray Unit Trust Management Limited is a wholly owned subsidiary of Allan Gray Limited
DIRECTORS	W J C Mitchell B Com (Chairman) M Herdman M Com, CFA S C Marais Ph D (Cantab), CFA M L Ronald Dip Phil B Com, CA (SA)
PORTFOLIO MANAGEMENT	Allan Gray Limited
TRUSTEE	Firststrand Bank Limited
AUDITORS	Ernst & Young
BANKERS	First National Bank of Southern Africa Limited
HOLDING COMPANY	Allan Gray Limited
COMPANY REG. NUMBER	1998/007756/06
REGISTERED OFFICE	Marriott at Kingsmead, Kingsmead Office Park, DURBAN 4001
ADDRESS	Granger Bay Court, Beach Road, V&A Waterfront, Cape Town 8001 PO Box 51605, V&A Waterfront, 8002
TELEPHONE	(021) 415 2301
Customer Service Line	0860 000 654
FACSIMILE	(021) 415 2401
Customer Service Facsimile	0860 000 655
E-MAIL	info@allangray.co.za
INTERNET	www.allangray.co.za

CHAIRMAN'S REPORT

INTRODUCTION

Mindful of broadening the scope of our services to the investing public, we added the Allan Gray Stable Fund to our suite of unit trusts on 1 July 2000. This fund is designed very specifically for investors who require a high level of income to cater for every day living expenses. Such investors cannot afford any risk of capital loss. Typically, they have placed their capital in a bank or building society and lived off the taxed income. Sadly, their real wealth has been eroded by inflation and their standard of living has declined dramatically with the passage of time.

At Allan Gray we believe we can assist this category of investor greatly. This is because our value style of investing has consistently produced excellent returns with a low risk of monetary loss. Risk can be further reduced by limiting our investment in shares and property to those that carry the lowest business risk and trade at the highest yields. These shares provide an inflation hedge which, blended together with interest earning investments, provide income needy investors with a high yielding investment that is more able to withstand the ravages of inflation.

Our philosophy in regard to the development of unit trust products is that each product must be able to create wealth over the long term. In our opinion, faddish products based on sectoral investments such as those restricted to investing in gold shares or

technology counters, do not qualify in this regard.

Given the dual objectives of low risk and high income, our newest product, the Allan Gray Stable Fund, is somewhat limited in its scope to create wealth through its self-imposed restriction on equity exposure. However, relative to competitive products such as bank deposits, we do expect it to enhance wealth creation significantly and for this reason recommend it to its targeted customer wholeheartedly.

As can be seen below, 2000 was another rewarding year for all our unit holders. The cornerstone of our business is to invest, on your behalf, in the shares of businesses which trade below their intrinsic value. By intrinsic value we mean the value any prudent businessman would determine when considering an investment using normal valuation techniques.

Once again we must caution that 'value' is a long-term concept and that disappointing short-term returns may occur from time to time. Nevertheless, our unit holders should be comforted by our record that shows weak years are typically followed by strong periods of outperformance. We remain confident therefore that our investment process will continue to deliver the superior long-term returns our clients have come to expect from Allan Gray.

CHAIRMAN'S REPORT

ALLAN GRAY EQUITY FUND

LONG TERM INVESTMENT OBJECTIVES

To earn a higher total rate of return than the average return of the South African equity market as represented by the All Share Index, including income, without assuming greater risk.

FUND CHARACTERISTICS

Our equity fund is for clients who have decided to invest in the South African share market through the Allan Gray equity selection process. Our mandate is to invest across the broad range of shares on the JSE, selecting the most attractive shares, without assuming greater risk than the All Share Index.

To achieve this objective, the fund will be practically fully invested in shares at all times. As a result, returns are likely to be volatile, both up and down. However, history shows that long-term returns from equity investments are superior to those derived from interest-earning or property assets.

PERFORMANCE TO DECEMBER 2000

	% Annualised		
From:	Inception 1/10/98	2 Year 1/1/99	1 Year 1/1/00
Allan Gray Equity Fund	63,4	53,9	8,9
All Share Index	27,6	27,0	0,0

Our investment objective is to outperform the All Share Index. This was comfortably achieved in 2000. Our history of equity selection reveals that although our annual equity returns typically exceed the All Share Index, occasionally they underperform. The margin of outperformance since inception should be regarded as exceptional. Over the long term, the compounding effect of above-average annual returns creates real wealth. This is our mission on your behalf.

ALLAN GRAY BALANCED FUND

LONG TERM INVESTMENT OBJECTIVES

To earn a higher rate of return than the market value-weighted average of the Domestic Prudential Unit Trust Sector, excluding the Allan Gray Balanced Fund, without assuming any greater risk of monetary loss.

FUND CHARACTERISTICS

Our balanced fund is for clients who have decided to delegate to Allan Gray the allocation of their capital to the share market, interest earning assets, property or foreign assets as conditions dictate. This sectoral allocation is subject to the Prudential Investment Guidelines, as laid down in the Pension Funds Act.

The selection of counters within these broad categories is anticipated to resemble our managed retirement portfolios and, of course, in the case of shares, the Allan Gray Equity Fund.

Given the spread of investments, we are confident that returns will be less volatile than those of the equity fund, but somewhat lower over the long term.

PERFORMANCE TO DECEMBER 2000

	% Annualised	
	Inception 1/10/99	1 year 1/1/00
Allan Gray Balanced Fund	32,7	17,5
Benchmark*	15,7	1,7

* The market value-weighted average of the Domestic Prudential Unit Trust Sector excluding the Allan Gray Balanced Fund.

Our investment objective is to outperform the Domestic Prudential Unit Trust Sector. This has been comfortably achieved in 2000 and since inception. The margin of outperformance over this short period should be regarded as exceptional.

Over the long term, significant wealth is created through the compounding effect of above-average annual returns. This is our mission on your behalf.

ALLAN GRAY STABLE FUND

INVESTMENT OBJECTIVES

The Fund aims to provide a return that exceeds the return of bank deposits, especially on an after-tax basis. The Fund also aims to provide a high level of capital stability and to minimise the risk of loss over any two-year period.

FUND CHARACTERISTICS

With the risk-averse and yield-conscious investor in mind, we introduced the Allan Gray Stable Fund in July 2000 to complement the existing Allan Gray Equity Fund and Allan Gray Balanced Fund. Our Stable Fund should appeal to those individuals who seek capital security together with a high income return.

As with the Balanced Fund the sectoral allocation of this Fund is subject to the Prudential Investment Guidelines, as laid down in the Pension Funds Act. The maximum equity exposure of the Fund is limited to 60 percent. However, unless the share market offers exceptional value, the Fund's share exposure will be significantly lower. Through our proprietary analysis, shares in sound companies with good prospects are periodically uncovered which, surprisingly, generate dividend yields that approach bank deposit returns especially on an after-tax basis. Such shares are selected for their high level of tax-free income and because they tend to behave quite differently to the rest of the share market. If the overall share market rises or declines, these shares move less percentage-wise. They therefore provide an element of capital stability together with a better yield.

This Fund therefore offers the least risk and highest income amongst the Allan Gray suite of funds.

CHAIRMAN'S REPORT

PERFORMANCE TO DECEMBER 2000

	% Not annualised 6 months	
	After tax**	Pre-tax
Allan Gray Stable Fund	10,6	11,4
Call deposits + 2%	4,2*	5,5

* Benchmark

** Fund and Benchmark performance adjusted for income tax at an average tax rate of 25%.

In the short period since inception the Stable Fund has easily achieved its goal of improving on the return of bank deposits after allowing for tax.

OUTLOOK

We continue to believe the SA economy will show enhanced growth in 2001 and 2002. This will assist domestically orientated companies to deliver improved profits. Insofar as the ratings on these shares are undemanding, they hold good investment prospects. On the other hand, shares which are exposed primarily to the international economy such as Anglos, De Beers and Richemont appear to have less scope for growth in earnings and are highly rated. We therefore conclude that they hold little attraction at current prices.

Short-term interest rates are likely to rise with the improving economy. This condition holds

dangers for both the local bond and share markets. We continue to place strong emphasis on share selection in this type of environment.

Our concerns still centre around the extremely high level of share prices in the western world and the USA in particular. Now that the speculative bubble in the 'internet' and 'high tech' sectors has burst, the chances of reality returning to the markets in general has increased. South African financial markets will not be immune to such developments.



W J C Mitchell

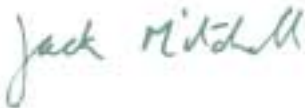
28 February 2001

ALLAN GRAY UNIT TRUSTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of the Funds' management company are responsible for the preparation of the annual financial statements and related financial information included in this report.

The annual financial statements set out on pages 9 to 20 have been approved by the Board of Directors of Allan Gray Unit Trust Management Limited and are signed on its behalf by:



W J C Mitchell

Chairman



M HERDMAN

Director

Cape Town

28 February 2001

ALLAN GRAY UNIT TRUSTS

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO THE
UNITHOLDERS OF

ALLAN GRAY EQUITY FUND

ALLAN GRAY BALANCED FUND

ALLAN GRAY STABLE FUND

We have audited the annual financial statements of the Allan Gray Unit Trust Funds set out on pages 9 to 20 for the year ended 31 December, 2000. These financial statements are the responsibility of the directors of the Funds' management company. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and

- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Funds at 31 December 2000 and the results of their operations for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Unit Trusts Control Act No. 54 of 1981 as amended, in South Africa.

The logo for Ernst & Young, featuring the company name in a green, cursive script font.

ERNST & YOUNG

Registered Accountants and Auditors
Chartered Accountants (SA)

Durban

28 February 2001

ALLAN GRAY UNIT TRUSTS

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

		EQUITY FUND		BALANCED FUND		STABLE FUND
	Note	2000	1999	2000	3 months ended	6 months ended
		R	R	R	31/12/1999	31/12/2000
					R	R
REVENUE		15 964 706	12 431 324	10 764 466	718 225	949 521
Dividends	1.1	12 818 448	9 513 921	4 744 789	106 330	136 448
Interest	1.1	3 146 258	2 917 403	6 019 677	611 895	813 073
EXPENSES		12 903 950	5 408 523	2 596 044	56 188	154 496
Audit fee		17 245	24 415	11 431	2 845	5 652
Management Company's service charge	1.5	12 864 743	5 368 108	2 571 792	52 840	147 859
Levies		21 962	16 000	12 821	503	985
NET PROFIT for the year/period		3 060 756	7 022 801	8 168 422	662 037	795 025
PROFIT DISTRIBUTION						
- 30 June	3	(1 005 085)	(2 139 763)	(3 433 165)	-	-
- 30 September	3	-	-	-	-	(336 476)
- 31 December	3	(2 055 671)	(4 883 038)	(4 735 257)	(662 037)	(458 549)
UNDISTRIBUTED PROFIT		-	-	-	-	-

ALLAN GRAY UNIT TRUSTS

BALANCE SHEETS

AT 31 DECEMBER 2000

	Note	EQUITY FUND		BALANCED FUND		STABLE FUND
		2000 R	1999 R	2000 R	1999 R	2000 R
ASSETS						
Non-current assets						
Investments at market value	9	452 224 845	285 751 658	212 566 205	38 212 087	23 686 272
Current assets						
Accounts receivable		1 813 922	2 786 155	871 184	419 331	875 307
Cash and cash equivalents		49 272 686	29 814 434	35 642 753	9 873 893	2 698 257
		503 311 453	318 352 247	249 080 142	48 505 311	27 259 836
EQUITY AND LIABILITIES						
Capital and reserves						
Capital value of the trust	9	495 493 428	305 505 404	242 281 032	42 222 520	26 218 652
Current liabilities						
Accounts payable		5 762 354	7 963 805	2 063 853	5 620 754	582 635
Unitholders for distribution		2 055 671	4 883 038	4 735 257	662 037	458 549
		503 311 453	318 352 247	249 080 142	48 505 311	27 259 836

ALLAN GRAY UNIT TRUSTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis with the exception of the unit portfolio as fully detailed in 1.2 below. All accounting policies followed are set out in the Trust Deed and comply with generally accepted accounting practice in South Africa, and are consistent with those applied in the prior year.

1.1 REVENUE RECOGNITION

Dividend income comprises dividends received from and accrued on investments for which the last date to register falls within the accounting period. This includes capitalisation issues with a cash dividend option.

Interest income is accrued for on a daily basis with the exception of interest distributions from property trusts, which are accrued at the last date to register.

1.2 INVESTMENTS

In the unit portfolio all shares and securities are valued at the last transaction price on the valuation date, or, if no transactions have taken place on the valuation date, at the highest buyers' price. Gains and losses on the revaluation of investments are credited and debited respectively to the capital value of the trust funds. Gains and losses on investments denominated in a foreign currency are credited and debited respectively to the capital value of the trust funds.

1.3 FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, receivables and payables.

1.4 FOREIGN CURRENCIES

Foreign currency income is recorded at the exchange rate ruling on the transaction date. Monetary assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the balance sheet date.

1.5 MANAGEMENT COMPANY'S SERVICE CHARGE

The Management Company's service charge is based on the daily market value of the Funds and accrues on a daily basis. Service charges per Fund are performance-based as set out in the the 'General Information for Investors' on page 31 of this report. As a consequence of the performance-fee orientation, the Management Company's service charge will typically be higher following periods where the Funds' total investment performance (income plus capital) has outperformed their respective benchmarks and lower in the case of under-performance. This ensures that the Management Company's interests are aligned with those of our unit holders.

2. AMORTISATION OF ASSETS

There are no securities included in the unit portfolio at 31 December 2000 that require amortisation.

3. DISTRIBUTION TO UNIT HOLDERS (CENTS PER UNIT)

Fund	31/12/00	30/09/00	30/06/00	31/12/99	30/06/99
Equity	11,15	-	6,85	39,68	25,74
Balanced	26,24	-	30,29	18,73	-
Stable	18,81	20,24	-	-	-

4. CAPITAL GAINS

Net realised gain credited to the capital value of the trust for the period ended 31 December 2000.

Fund	2000 R	1999 R
Equity	19 865 135	26 183 956
Balanced	62 643	106 877
Stable	101 660	-

ALLAN GRAY UNIT TRUSTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

5. CREATION AND CANCELLATION OF UNITS

	EQUITY FUND		BALANCED FUND		STABLE FUND
	2000 R	1999 R	2000 R	1999 R	2000 R
Value of units created	238 475 950	291 845 173	203 686 689	39 710 529	27 590 572
Compulsory charges on units created	1 550 094	1 896 994	1 323 963	258 118	179 339
Value of units cancelled	(82 293 936)	(87 661 447)	(23 659 471)	(1 169 149)	(2 041 031)

The Stable Fund was launched on 1 July 2000, hence there are no comparative figures.

6. REVIEW OF FLUCTUATIONS OF UNIT PRICES

FUND	SUBSCRIPTION PRICE (CENTS)		REDEMPTION PRICE (CENTS)	
	Lowest	Highest	Lowest	Highest
Year ended				
Equity Fund				
31 December 2000	2 262,26	2 863,02	2 166,52	2 742,68
31 December 1999	1 243,58	2 631,89	1 168,37	2 521,56
31 December 1998	1 000,00	1 316,72	939,52	1 211,78
Balanced Fund				
31 December 2000	1 174,21	1 428,89	1 124,66	1 368,58
31 December 1999	1 043,86	1 264,81	1 000,00	1 211,78
Stable Fund				
31 December 2000	1 044,19	1 142,48	1 000,00	1 094,25

The prices of units fluctuate in accordance with the changes in the values of the securities included in the unit portfolio.

7. DERIVATIVES

Investments in derivatives are regulated by the Financial Services Board. No derivatives were traded in any of the funds during the year under review.

8. FINANCIAL INSTRUMENTS

Currency risk

During the year the Allan Gray Balanced Fund purchased an investment in a foreign global equity fund and was therefore exposed to the risk in respect of changes in foreign exchange rates. The risk of loss due to adverse foreign exchange rate movements is monitored on an ongoing basis.

Market risk

The Funds are exposed to market risk as the value of the Funds' portfolios fluctuate in accordance with changes in the market values of the individual securities within each portfolio. Asset allocation within the Funds is continuously monitored in terms of each individual Fund's stated investment objectives.

9. SCHEDULE OF INVESTMENTS

Unless otherwise stated, all shares are ordinary shares and are quoted on stock exchanges recognised in terms of the Unit Trusts Control Act.

"Percentage (%) of issued capital" refers to the percentage of that class of share, issued by the company concerned, which is held by the Fund concerned.

EQUITY FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
RESOURCES SECTOR					
MINING RESOURCES					
DIAMONDS					
55,400	0.01	DBR	De Beers	11,080,000	2.24
GOLD					
2,156,575	0.33	AVG	Avgold	5,391,438	1.09
593,009	0.13	GFI	Gfields	15,240,331	3.08
PLATINUM					
1 124 397	0.49	NHM	Northam	17,653,032	3.56
MINING HOLDINGS & HOUSES					
658 200	0.61	AIN	Avmin	15,138,600	3.06
2,262,664	1.63	SCN	Schamin	588,293	0.11
Total MINING RESOURCES				65,091,694	13.14
NON-MINING RESOURCES					
CHEMICALS, OILS & PLASTICS					
963,900	0.15	SOL	Sasol	47,182,905	9.52
Total NON-MINING RESOURCES				47,182,905	9.52
FINANCIAL & INDUSTRIAL SECTOR					
BANKS & FINANCIAL SERVICES					
BANKS					
395,928	0.03	SBC	Stanbic	12,075,804	2.44
FINANCIAL SERVICES					
1,657,100	1.37	AMB	AMB	11,599,700	2.34
759,900	0.18	RAD	RAD	752,301	0.15
1,170,500	0.31	RAH	RA - Hold	5,267,250	1.06
Total BANKS & FINANCIAL SERVICES				29,695,055	5.99
INSURANCE					
SHORT-TERM INSURANCE					
383,700	0.16	MAF	M-&-F	6,139,200	1.24
Total INSURANCE				6,139,200	1.24
INDUSTRIAL SECTOR(1)					
INDUSTRIAL CONSUMER					
BEVERAGES					
252,300	0.60	KWV	KWV	2,649,150	0.53
CLOTHING & TEXTILE					
2,599,400	3.25	SRN	Seardel	6,238,560	1.26

ALLAN GRAY UNIT TRUSTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

9. SCHEDULE OF INVESTMENTS (continued)

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
FOOD					
2,406,296	0.63	AVI	AVI	19,226,305	3.88
1,566,400	0.71	HLH	HLH	9,414,064	1.90
242,000	0.20	HLHP	HLH 7% C/Prefs	1,548,800	0.31
2,138,900	0.65	ILV	Illovo	10,694,500	2.16
3,059,280	0.94	OTK	OTK	15,908,256	3.21
2,196,500	0.86	RBW	Rainbow	3,624,225	0.73
115,400	0.07	TBS	Tigbrands	7,501,000	1.51
RETAIL					
139,200	0.19	ELH	Ellerine	2,408,160	0.49
1,773,455	0.74	FOS	Foschini	11,704,803	2.36
951,900	3.14	HDC	Hudaco	6,710,895	1.35
1,965,100	2.24	IVT	Invicta	5,502,280	1.11
476,300	0.22	MPC	Mr Price	1,752,784	0.35
2,893,400	1.45	RAG	RAG	260,406	0.05
2,865,500	0.32	WHL	Woolies	8,309,950	1.70
Total INDUSTRIAL CONSUMER				113,454,138	22.90
INDUSTRIAL SECTOR(2)					
DIVERSIFIED INDUSTRIAL					
HOTELS & LEISURE					
958,000	1.08	KER	Kersaf	30,847,600	6.23
8,019,460	0.68	SIS	SISA	23,096,045	4.66
BLDS, CONST & ENGINEERING					
2,485,233	6.14	ART	Argent	2,733,756	0.55
446,800	3.35	CNC	Concor	1,519,120	0.31
467,400	1.56	ELB	Ed-LBate	2,851,140	0.58
933,100	1.27	GRF	Group-5	1,959,510	0.40
3,206,000	4.88	HWN	Howden	2,885,400	0.58
2,298,600	0.66	MUR	M&R - HLD	7,470,450	1.51
78,900	0.16	PPC	PPC	4,339,500	0.88
ELECTRONICS & ELECTRICAL					
146,800	0.15	ATN	Altron	968,880	0.20
2,846,800	1.49	ATNP	Altron PP	18,646,540	3.76
876,300	0.96	CNL	Control	946,404	0.19
2,353,700	0.86	POW	Powtech	8,826,375	1.78
3,514,900	3.82	UHS	Unihold	5,272,350	1.06
INFORMATION TECHNOLOGY					
497,000	0.15	CPX	Comparex	4,164,860	0.84
1,437,000	1.14	FIN	Fintech	7,687,950	1.55
1,368,700	2.46	SPS	Spescom	3,531,246	0.71
44,805,360	2.19	USK	Usko	8,064,965	1.63
MEDIA					
821,700	0.64	KGM	Kgmedia	2,054,250	0.41
PACKAGING & PRINTING					
2,649,100	2.49	APK	Astrapak	4,238,560	0.86

9. SCHEDULE OF INVESTMENTS (continued)

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
3,052,100	0.87	MDC	HEALTHCARE Medclin	15,870,920	3.20
332,300	0.98	DLV	TRANSPORT Dorbyl	7,642,900	1.54
162,900	0.39	GNR	Grincor	496,845	0.10
2,081,100	2.86	GRN	Grincor - N	6,035,190	1.22
2,270,000	0.38	MBN	Mobile - N	681,000	0.14
234,500	0.08	MOB	Mobile	72,695	0.01
296,800	1.12	PTC	Putco	534,240	0.11
82,700	0.20	TOY	Toyota	1,984,800	0.40
1,301,600	0.85	TRE	Trencor	5,076,240	1.02
36,300	0.43	WES	Wesco	1,524,600	0.30
			Total DIVERSIFIED INDUSTRIAL	182,024,331	36.73
			REAL ESTATE SECTOR		
			PROPERTY UNIT TRUSTS		
886,200	0.14	MRT	Martprop	1,533,126	0.31
910,820	0.87	SYC	Sycom	7,104,396	1.43
			Total REAL ESTATE	8,637,522	1.74
			Total EQUITIES	452,224,845	91.26
			Total LIQUIDITY	43,268,583	8.74
			Total ASSETS	495,493,428	100.00

BALANCED FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
			RESOURCES SECTOR		
			MINING RESOURCES		
			DIAMONDS		
19,400	0.00	DBR	De Beers	3,880,000	1.60
			GOLD		
843,300	0.13	AVG	Avgold	2,108,250	0.87
114,189	0.03	GFI	Gfields	2,934,657	1.21
			PLATINUM		
263,119	0.11	NHM	Northam	4,130,968	1.71
			MINING HOLDINGS & HOUSES		
75,300	0.07	AIN	Avmin	1,731,900	0.71
1,054,797	0.76	SCN	Schamin	274,247	0.12
			Total MINING RESOURCES	15,060,022	6.22
			NON-MINING RESOURCES		
			CHEMICALS, OILS & PLASTICS		
291,100	0.04	SOL	Sasol	14,249,345	5.88
			Total NON-MINING RESOURCES	14,249,345	5.88

ALLAN GRAY UNIT TRUSTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

9. SCHEDULE OF INVESTMENTS (continued)

BALANCED FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
FINANCIAL & INDUSTRIAL SECTOR					
BANKS & FINANCIAL SERVICES					
BANKS					
79,104	0.01	SBC	Stanbic	2,412,672	1.00
FINANCIAL SERVICES					
674,400	0.56	AMB	AMB	4,720,800	1.95
595,000	0.14	RAD	RAD	589,050	0.24
261,500	0.07	RAH	RA- Hold	1,176,750	0.48
Total BANKS & FINANCIAL SERVICES				8,899,272	3.67
INSURANCE					
SHORT-TERM INSURANCE					
80,000	0.03	MAF	M-&-F	1,280,000	0.53
Total INSURANCE				1,280,000	0.53
INDUSTRIAL SECTOR(1)					
INDUSTRIAL CONSUMER					
BEVERAGES					
104,400	0.25	KWV	KWV	1,096,200	0.45
CLOTHING & TEXTILE					
1,230,700	1.54	SRN	Sear del	2,953,680	1.22
FOOD					
644,800	0.17	AVI	AVI	5,151,952	2.13
200,000	0.09	HLH	HLH	1,202,000	0.50
514,200	0.16	ILV	Illovo	2,571,000	1.06
642,700	0.20	OTK	OTK	3,342,040	1.38
951,500	0.37	RBW	Rainbow	1,569,975	0.65
22,000	0.01	TBS	Tigbrands	1,430,000	0.59
RETAIL					
55,000	0.07	ELH	Ellerine	951,500	0.39
412,600	0.17	FOS	Foschini	2,723,160	1.12
154,800	0.51	HDC	Hudaco	1,091,340	0.45
616,500	0.70	IVT	Invicta	1,726,200	0.71
489,900	0.24	RAG	RAG	44,091	0.02
874,300	0.10	WHL	Woolies	2,535,470	1.05
Total INDUSTRIAL CONSUMER				28,388,608	11.72
INDUSTRIAL SECTOR(2)					
DIVERSIFIED INDUSTRIAL					
200,000	0.44	FSC	Fasic	1,514,000	0.62
HOTELS & LEISURE					
323,000	0.36	KER	Kersaf	10,400,600	4.29
2,353,300	0.20	SIS	SISA	6,777,504	2.80
BLDS, CONST & ENGINEERING					
952,481	2.35	ART	Argent	1,047,729	0.43
62,500	0.47	CNC	Concor	212,500	0.09
210,600	0.71	ELB	Ed-LBate	1,284,660	0.53

9. SCHEDULE OF INVESTMENTS (continued)

BALANCED FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
126,600	0.17	GRF	Group-5	265,860	0.11
225,300	0.34	HWN	Howden	202,770	0.08
828,700	0.24	MUR	M&R-HLD	2,693,275	1.11
27,200	0.05	PPC	PPC	1,496,000	0.62
			ELECTRONICS & ELECTRICAL		
86,700	0.09	ATN	Altron	572,220	0.24
1,250,300	0.65	ATNP	Altron PP	8,189,465	3.38
686,700	0.25	POW	Powtech	2,575,125	1.06
1,191,700	1.30	UHS	Unihold	1,787,550	0.74
			INFORMATION TECHNOLOGY		
574,500	0.46	FIN	Fintech	3,073,575	1.27
344,500	0.62	SPS	Spescom	888,810	0.37
14,463,000	0.71	USK	Usko	2,603,340	1.07
			MEDIA		
318,400	0.25	KGM	Kgmedia	796,000	0.33
			PACKAGING & PRINTING		
457,000	0.43	APK	Astrapak	731,200	0.30
151,900	0.53	BCF	Bowcalf	177,723	0.07
1,148,500	1.97	BFN	Bowcalf - N	1,297,805	0.54
			HEALTHCARE		
561,000	0.16	MDC	Medclin	2,917,200	1.20
			TRANSPORT		
102,200	0.30	DLV	Dorbyl	2,350,600	0.97
41,400	0.10	GNR	Grincor	126,270	0.05
258,300	0.36	GRN	Grincor - N	749,070	0.31
2,140,300	0.36	MBN	Mobile-N	642,090	0.27
1,156,000	0.39	MOB	Mobile	358,360	0.15
50,300	0.19	PTC	Putco	90,540	0.04
33,900	0.08	TOY	Toyota	813,600	0.34
100,000	0.07	TRE	Trencor	390,000	0.16
			Total DIVERSIFIED INDUSTRIAL	57,025,441	23.54
			REAL ESTATE SECTOR		
			PROPERTY UNIT TRUSTS		
209,500	0.13	CEN	Cenprop	523,750	0.22
3,100,000	0.49	MRT	Martprop	5,363,000	2.21
52,500	0.04	PNR	Pioneer	110,250	0.05
456,000	0.43	SYC	Sycom	3,556,800	1.46
			Total REAL ESTATE	9,553,800	3.94
			Total EQUITIES	134,456,489	55.50
			BONDS AND GILTS		
			GILTS - RSA		
10,000,000	0.00	R162	R162 15/01/2002 12.5%	10,176,000	4.20
19,500,000	0.00	R184	R184 21/12/2006 12.5%	19,586,385	8.08
			SEMI-GILTS		
3,500,000	0.00	TL08	Telkom SA 13% 2004	3,558,905	1.47
			Total BONDS AND GILTS	33,321,290	13.75

ALLAN GRAY UNIT TRUSTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

9. SCHEDULE OF INVESTMENTS (continued)

BALANCED FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
MONEY MARKET INSTRUMENTS					
5,000,000	0.00	BRTNCD	BRAIT NCD	5,000,000	2.06
5,000,000	0.00	AMBNCN	AMB NCD	5,000,000	2.06
5,000,000	0.00	RADNCD	RAD NCD	5,000,000	2.07
Total MONEY MARKET INSTRUMENTS				15,000,000	6.19
UNIT TRUSTS					
FOREIGN COLLECTIVE INVESTMENTS					
92,141	0.55	OGEF	Orbis Global Equity Fund	29,784,709	12.29
Total UNIT TRUSTS				29,784,709	12.29
LIQUID ASSETS					
RSA Cash				29,714,827	12.27
491	0.00	FI	Foreign Cash	3,717	0.00
Total LIQUIDITY				29,718,544	12.27
Total ASSETS				242,281,032	100.00

STABLE FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
RESOURCES SECTOR					
MINING RESOURCES					
GOLD					
11,000	0.00	GFI	Gfields	282,700	1.08
PLATINUM					
24,100	0.01	NHM	Northam	378,370	1.44
MINING HOLDINGS & HOUSES					
10,500	0.01	AIN	Avmin	241,500	0.92
Total MINING RESOURCES				902,570	3.44
NON-MINING RESOURCES					
CHEMICALS, OILS & PLASTICS					
19,100	0.00	SOL	Sasol	934,945	3.57
Total NON-MINING RESOURCES				934,945	3.57
FINANCIAL & INDUSTRIAL SECTOR					
FINANCIAL					
PRIVATE EQUITY FUNDS					
259,900	0.17	AQL	Aquila	192,326	0.73
Total FINANCIAL				192,326	0.73
BANKS & FINANCIAL SERVICES					
FINANCIAL SERVICES					
16,700	0.01	AMB	AMB	116,900	0.45
237,000	0.06	RAD	RAD	234,630	0.89
64,000	0.02	RAH	RA-Hold	288,000	1.10
TOTAL BANKS & FINANCIAL SERVICES				639,530	2.44

9. SCHEDULE OF INVESTMENTS (continued)

STABLE FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
INDUSTRIAL SECTOR(1)					
INDUSTRIAL CONSUMER					
11,200	0.03	KWV	KWV	117,600	0.45
FOOD					
9,300	0.00	AVI	AVI	74,307	0.28
4,100	0.00	HLH	HLH	24,641	0.09
34,600	0.03	HLHP	HLH 7% C/Prefs	221,440	0.84
65,600	0.02	ILV	Illovo	328,000	1.25
31,000	0.01	OTK	OTK	161,200	0.61
64,000	0.02	RBW	Rainbow	105,600	0.40
RETAIL					
89,700	0.04	FOS	Foschini	592,020	2.26
16,000	0.05	HDC	Hudaco	112,800	0.43
38,100	0.04	IVT	Invicta	106,680	0.41
90,000	0.01	WHL	Woolies	261,000	1.01
Total INDUSTRIAL CONSUMER				2,105,288	8.03
INDUSTRIAL SECTOR(2)					
DIVERSIFIED INDUSTRIAL					
HOTELS & LEISURE					
113,000	0.06	GDF	Goldreef	189,840	0.72
6,000	0.01	KER	Kersaf	193,200	0.74
BLDS, CONST & ENGINEERING					
129,500	0.32	ART	Argent	142,450	0.54
42,800	0.14	ELB	Ed-LBate	261,080	1.00
136,400	0.21	HWN	Howden	122,760	0.47
3,500	0.01	PPC	PPC	192,500	0.73
ELECTRONICS & ELECTRICAL					
2,000	0.00	ATN	Altron	13,200	0.05
42,900	0.02	ATNP	Altron PP	280,995	1.07
77,700	0.03	POW	Powtech	291,375	1.11
59,900	0.05	VLX	Voltex	155,740	0.59
INFORMATION TECHNOLOGY					
70,300	0.06	FIN	Fintech	376,105	1.43
31,100	0.06	SPS	Spescom	80,238	0.31
PACKAGING & PRINTING					
65,400	0.06	APK	Astrapak	104,640	0.40
120,000	0.42	BCF	Bowcalf	140,400	0.54
120,000	0.21	BFN	Bowcalf - N	135,600	0.52
HEALTHCARE					
28,800	0.01	MDC	Medclin	149,760	0.57
TRANSPORT					
4,700	0.01	DLV	Dorbyl	108,100	0.41
700	0.00	TOY	Toyota	16,800	0.06
3,300	0.04	WES	Wesco	138,600	0.54
Total DIVERSIFIED INDUSTRIAL				3,093,383	11.80

ALLAN GRAY UNIT TRUSTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

9. SCHEDULE OF INVESTMENTS (continued)

STABLE FUND

Number of shares at 31/12/2000	% of Issued Capital	JSE share code	Company	Market Value at 31/12/2000 R	% of Fund
REAL ESTATE SECTOR					
PROPERTY UNIT TRUSTS					
70,000	0.04	CEN	Cenprop	175,000	0.67
183,000	0.03	MRT	Martprop	316,590	1.21
14,800	0.01	SYC	Sycom	115,440	0.44
Total REAL ESTATE				607,030	2.32
Total EQUITIES				8,475,072	32.32
BONDS AND GILTS					
GILTS - RSA					
12,000,000	0.00	R162	R162 15/01/2002 12.5%	12,211,200	46.57
Total BONDS AND GILTS				12,211,200	46.57
MONEY MARKET INSTRUMENTS					
2,000,000	0.00	BOENCD	BOE NCD	2,000,000	7.63
1,000,000	0.00	NEDNCD	NEDBANK NCD	1,000,000	3.81
Total MONEY MARKET INSTRUMENTS				3,000,000	11.44
Total LIQUIDITY				2,532,380	9.67
Total ASSETS				26,218,652	100.00

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED
APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation of the annual financial statements and related financial information included in this report.

The annual financial statements set out on pages 23 to 30 have been approved by the Board of Directors and are signed on its behalf by:



W J C Mitchell

Chairman



M HERDMAN

Director

Cape Town

28 February 2001

CERTIFICATE BY COMPANY SECRETARY

Marriott Corporate Services (Pty) Limited, in capacity as Company Secretary, hereby confirms, in terms of the Companies Act, 1973, that for the year ended 31 December, 2000 the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



Marriott Corporate Services (Pty) Limited

Durban

28 February 2001

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF ALLAN GRAY UNIT
TRUST MANAGEMENT LIMITED

We have audited the annual financial statements of Allan Gray Unit Trust Management Limited set out on pages 23 to 30 for the year ended 31 December 2000. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and

- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company at 31 December 2000 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



ERNST & YOUNG

Registered Accountants and Auditors
Chartered Accountants (SA)

Durban

28 February 2001

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2000

The Directors have pleasure in presenting their report for the year ended 31 December 2000.

NATURE OF THE COMPANY'S BUSINESS

The principal business of the company is to manage funds registered under this scheme.

On 1 October 1998 the scheme's first unit portfolio, the Allan Gray Equity Fund, was launched as a general equity fund. The scheme's second unit portfolio, the Allan Gray Balanced Fund was launched on 1 October 1999. The scheme's third unit portfolio, the Allan Gray Stable Fund was launched on 1 July 2000.

SHARE CAPITAL

During the year Allan Gray Limited purchased from Marriott Holdings Limited its 30 percent interest in Allan Gray Unit Trust Management Limited.

The issued shareholding at 31 December 2000 was as follows:

	% Holding	Ordinary shares
Allan Gray Limited and its nominees	100	1 000 060

INVESTMENTS

In terms of the Unit Trust Control Act No. 54 of 1981, the company is required to make an investment in the Unit Trusts that it manages. At

31 December 2000 the company held 71 748 units in the Allan Gray Equity Fund with a market value of R1 934 485. (1999:71 748 units with a market value of R1 809 169), 149 031 units in the Allan Gray Balanced Fund with a market value of R2 039 613 (1999:149 031 units with a market value of R 1 805 928) and 149 031 units in the Allan Gray Stable Fund with a market value of R1 630 775.

RESULTS OF THE COMPANY

The results of the company are set out in the accompanying Income Statement. No dividend has been declared nor is any proposed for the year ended 31 December 2000.

DIRECTORS

Mr H A Davies was appointed as a director on 13 July 2000 and Mr M L Ronald was appointed as a full director (previously an alternate) on 1 November 2000.

Dr A S B Pearse and Mr M A Mun-Gavin resigned as directors on 1 November 2000 and Mr H A Davies resigned as a director on 30 November 2000.

Details of the current directors are given on page 2.

EVENTS SUBSEQUENT TO THE YEAR END

No material fact or circumstance has occurred between the accounting date and the date of this report.

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 R	1999 R
REVENUE		17 134 724	8 668 665
Service charge	1.3	13 670 521	4 755 324
Initial charge	1.3	1 608 379	1 060 308
Income from unit trust investments:			
- Dividends	1.3	57 258	68 493
- Interest	1.3	98 101	50 116
Interest received		878 035	421 532
Profit on sale of units		822 430	2 312 892
EXPENSES		11 582 548	5 065 092
Agents commission		591 054	294 689
Administration fees		390 000	315 000
Audit fees			
Fees for audit		95 127	48 655
Other services		79 410	38 448
Investment management fees	1.6	7 491 129	2 371 357
Marketing and management fee		1 560 000	1 080 000
Trustees' fees		272 924	76 843
Other operating expenses		1 102 904	840 100
PROFIT from operations		5 552 176	3 603 573
Finance cost		-	71 344
NET PROFIT before taxation for the year		5 552 176	3 532 229
Taxation	2	1 660 819	515 837
NET PROFIT for the year		3 891 357	3 016 392

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2000

	Note	2000 R	1999 R
ASSETS			
Non-current assets			
Investments	4	3 917 194	2 417 194
Current assets			
Trade receivables		210 440	93 009
Cash and cash equivalents		7 845 844	4 439 118
TOTAL ASSETS		11 973 478	6 949 321
EQUITY AND LIABILITIES			
Share capital	3	1 000 060	1 000 060
Share premium	3	2 000 000	2 000 000
Retained profit		6 898 456	3 007 099
Current liabilities			
Trade payables		667 162	426 325
Taxation		1 407 800	515 837
TOTAL EQUITY AND LIABILITIES		11 973 478	6 949 321

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2000

	Share Capital	Share Premium	Accumulated (Loss)/Profit	Total
Balance at 1 January, 1999	1 000 060	2 000 000	(9 293)	2 990 767
Net profit for the year	-	-	3 016 392	3 016 392
Balance at 1 January, 2000	1 000 060	2 000 000	3 007 099	6 007 159
Net profit for the year	-	-	3 891 357	3 891 357
Balance at 31 December, 2000	1 000 060	2 000 000	6 898 456	9 898 516

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 R	1999 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		15 983 899	5 763 748
Cash paid to suppliers		(11 341 711)	(4 672 227)
CASH GENERATED BY OPERATIONS	12.1	4 642 188	1 091 521
Finance costs		-	(71 344)
Interest received		976 136	471 648
Dividends received		57 258	68 493
Taxation paid	12.2	(768 856)	-
NET CASH INFLOW FROM OPERATING ACTIVITIES		4 906 726	1 560 318
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(1 500 000)	1 124 993
Proceeds on sale of fixed investment in unit trust		-	2 624 993
Acquisition of fixed investment in unit trust		(1 500 000)	(1 500 000)
NET INCREASE in cash and cash equivalents		3 406 726	2 685 311
CASH AND CASH EQUIVALENTS at beginning of year		4 439 118	1 753 807
CASH AND CASH EQUIVALENTS at end of year		7 845 844	4 439 118

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis. The company's accounting policies comply with South African Statements of Generally Accepted Accounting Practice and are consistent with those applied in the previous year.

1.1 INVESTMENTS

Fixed investments are held at cost.

1.2 MANAGER'S UNITS

It is not the policy of the funds' managers to maintain a stock of manager's units. Units are created as and when required.

1.3 REVENUE RECOGNITION

Income from unit trust investments comprises income received from and accrued on investments in the Allan Gray Equity Fund, the Allan Gray Balanced Fund and the Allan Gray Stable Fund for which the declaration date falls within the accounting year.

Income from initial charges is recognised when the sale of units, which gives rise to this income, takes place.

Income from service charges is based on the daily market value of the Funds and accrues on a daily basis. Service charges per Fund are performance-based as set out in the 'General Information for Investors' on page 31 of this report. As a consequence of the performance-fee orientation, service charges will typically be higher following periods where the Funds' total investment performance (income plus capital) has outperformed their respective benchmarks and lower in the case of under-performance. This ensures that the Management Company's interests are aligned with those of our unit holders.

1.4 FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include cash, investments, trade receivables and trade creditors.

1.5 DEFERRED TAX

Deferred tax is provided on the comprehensive basis, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values on the balance sheet. Current tax rates are used to determine the deferred tax balance.

1.6 INVESTMENT MANAGEMENT FEES

Investment management fees are performance-based and linked to the service charges received from the Funds to align the interests of the Investment Manager with those of the Management Company and unit holders.

2. TAXATION

	2000	1999
	R	R
S A Normal taxation		
- current	1 654 767	515 837
- prior year under provision	6 052	-
	1 660 819	515 837
Reconciliation of tax rate	%	%
Standard tax rate	30,00	30,00
Adjusted for		
Dividend income	(0,22)	(0,56)
Capital profit on sale of units	-	(14,66)
Assessed loss utilised in the current year	-	(0,18)
Prior year underprovision	0,10	-
Disallowed expenditure	0,03	-
Effective tax rate	29,91	14,60
Estimated tax losses		
At beginning of year	-	20 174
(Utilised)/incurred	-	(20 174)
At end of year	-	-

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

3. SHARE CAPITAL AND SHARE PREMIUM

	2000 R	1999 R
Authorised		
3 000 000 ordinary shares of R1 each	3 000 000	3 000 000
Issued		
1 000 060 ordinary shares of R1 each	1 000 060	1 000 060
Share Premium		
Arising on the issue of ordinary shares	2 000 000	2 000 000

4. INVESTMENTS

	2000 R	1999 R
Total cost of investments in Unit Trust Funds	3 917 194	2 417 194
Total market value of investments in Unit Trust Funds	5 604 848	3 615 097

Equity Fund

71 748 (1999 : 71 748) units in Allan Gray Equity Fund at cost	917 194	917 194
Market value at redemption price of 2 696.20 cents (1999 : 2 521.56)	1 934 469	1 809 169

Balanced Fund

149 031 (1999 : 149 031) units in Allan Gray Balanced Fund at cost	1 500 000	1 500 000
Market value at redemption price of 1 368.58 cents (1999 : 1 211.78)	2 039 608	1 805 928

Stable Fund

149 031 units in Allan Gray Stable Fund at cost	1 500 000	-
Market value at redemption price of 1 094.25 cents	1 630 771	-

5. CAPITAL RESOURCES

The company's capital resources actually employed, or immediately available for employment, for the purpose of its unit trust business at 31 December 2000 were as follows:

Shareholders' funds	9 898 516	6 007 159
Excess market value over book value of investment in the Allan Gray Equity Fund, Allan Gray Balanced Fund and Allan Gray Stable Fund units	1 687 654	1 197 903
	11 586 170	7 205 062

6. SALES AND REDEMPTIONS OF UNITS

	2000	1999
	R	R
Allan Gray Equity Fund		
Subscriptions	238 475 950	291 845 173
Redemptions	(82 293 936)	(87 661 447)
Allan Gray Balanced Fund		
Subscriptions	203 686 689	39 710 529
Redemptions	(23 659 471)	(1 169 149)
Allan Gray Stable Fund		
Subscriptions	27 590 572	-
Redemptions	(2 041 031)	-

7. CHARGES

The selling price includes a compulsory charge of 0,65% which is incurred by all investors to cover the costs of brokerage and marketable securities tax. An initial charge may also be included in the selling price and if so, is payable to the management company. This is set at a maximum of 3,25% on the sale of units, plus 82% of the VAT applied to the initial charge.

The company undertakes to repurchase any number of units offered to it on the basis of prices calculated in accordance with the requirements of the Unit Trust Control Act No.54 of 1981 and on the terms and conditions set out in the Trust Deed.

8. DERIVATIVE RISK MANAGEMENT

Regulations in terms of the Unit Trust Control Act No. 54 of 1981 were promulgated on November 19 1993, allowing the unit trusts to use derivatives (Futures and Options) as hedging instruments for efficient portfolio management.

The Funds have had no exposure to derivatives during the year.

9. FINANCIAL INSTRUMENTS

Fair value

The directors are of the opinion that the market value of financial instruments approximates fair value.

Allan Gray Unit Trust Management Limited has not lent any money during the year, therefore it has had no exposure in respect of credit risk. The company did not incur any short term borrowings during the year and therefore has had no exposure in respect of interest rate risk.

ALLAN GRAY UNIT TRUST MANAGEMENT LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

10. RELATED PARTIES

Relationships exist between Allan Gray Limited, its subsidiary Allan Gray Unit Trust Management Limited, the Allan Gray Equity Fund, the Allan Gray Balanced Fund, the Allan Gray Stable Fund and Marriott Holdings Limited which had a 30 percent shareholding in Allan Gray Unit Trust Management Limited. During the year Allan Gray Limited purchased from Marriott Holdings Limited its 30 percent interest in Allan Gray Unit Trust Management Limited.

The company holds the required investment in terms of Section 9 of the Unit Trust Control Act No. 54 of 1981 in the Allan Gray Equity Fund, the Allan Gray Balanced Fund and the Allan Gray Stable Fund.

The company received a service charge from the Funds, and paid an investment management fee and a marketing and management fee to Allan Gray Limited the holding company.

An administration fee is paid to Marriott Unit Trust Management Company Limited, a wholly owned subsidiary of Marriott Holdings Limited. These transactions were concluded at arms length. Income received and expenses paid to related parties are set out in the income statement of Allan Gray Unit Trust Management Limited. The balance owed by Allan Gray Unit Trust Management Limited to Allan Gray Limited as at 31 December 2000 is R310 625 and is disclosed as part of trade payables.

11. DIRECTORS EMOLUMENTS

No directors emoluments were paid during the year (1999 : Rnil).

12. NOTES TO CASH FLOW STATEMENT

12.1 RECONCILIATION OF NET PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS

	2000	1999
	R	R
Net profit before taxation	5 552 176	3 532 229
Adjustments for:	(1 033 394)	(2 781 689)
Interest paid	-	71 344
Interest income	(976 136)	(471 648)
Dividend income	(57 258)	(68 493)
Net profit on sale of investment in units	-	(2 312 892)
Cash generated by operations before working capital changes	4 518 782	750 540
Working capital changes	123 406	340 981
Increase in trade receivables	(117 431)	(52 184)
Increase in trade payables	240 837	393 165
Cash generated by operations	4 642 188	1 091 521

12.2 TAXATION PAID

Amount owing at the beginning of the year	515 837	-
Amount charged per the income statement	1 660 819	515 837
Amount owing at the end of the year	(1 407 800)	(515 837)
Amount paid	768 856	-

GENERAL INFORMATION FOR INVESTORS

- Copies of the audited annual financial statements of the management company and of the scheme managed by it are available, free of charge, on request by any unitholder.
- Performance is based on a lump sum investment calculated on a sell to sell basis with distributions reinvested. The source of the figures quoted is the University of Pretoria's Unit Trust Survey for the period ending 31 December 2000.
- Unit trusts are generally medium to long-term investments. The value of units may go down as well as up and past performance is not a guarantee of future results. The Funds are valued daily at 16h00.
- The buying price of units may include an initial charge up to a maximum of 3.62% (3.25% plus VAT) of the investment amount. The buying price also includes a compulsory charge of 0.65%.
- On the Allan Gray Equity Fund a performance-based service charge is levied monthly which varies between a minimum of 0.0% (plus VAT) per annum and a maximum of 3.42% (3.0% plus VAT) per annum of the daily value of the Fund.
- On the Allan Gray Balanced Fund a performance-based service charge is levied monthly which varies between a minimum of 0.57% (0.5% plus VAT) per annum and a maximum of 1.71% (1.5% plus VAT) per annum of the daily value of the Fund.
- On the Allan Gray Stable Fund a performance-based service charge is levied monthly which varies between a minimum of 0.0% (plus VAT) per annum and a maximum of 1.71% (1.5% plus VAT) per annum of the daily value of the Fund.
- Units will be repurchased by the Management Company at the ruling price in accordance with the requirements of the Unit Trust Control Act and on terms and conditions set forth in the relevant Trust Deed and paid to the unitholder.
- Units are priced using the future pricing method. Investment, redemption and switching instructions received after 12h00 on any day shall be processed on the following day (excluding weekends and public holidays) at the value of the units on the day that the instruction is processed.
- Commission and incentives may be paid and, if so, are included in the overall costs.
- Institutional investors should note that, compared to retirement funds, unit trusts operate under different tax rules. The former are not taxed on gains derived from selling securities. Whilst unit trusts are in practice also not so taxed, they do not enjoy automatic tax exemption.
- No provision for amortisation of the Fund's securities has been deemed necessary.
- Statements are mailed to all unitholders on a quarterly basis, and advices on a transaction basis (excluding debit orders).

NOTES

ALLAN GRAY UNIT TRUSTS

CHARACTERISTICS AND OBJECTIVES

	STABLE FUND	BALANCED FUND	EQUITY FUND
Maximum equity exposure	60%	75%	95%
Share orientation	A portfolio chosen for its high income yielding potential.	A portfolio selected for superior long-term returns.	A portfolio selected for superior long-term returns.
Return objectives	<ul style="list-style-type: none"> • Superior after-tax returns to bank deposits. 	<ul style="list-style-type: none"> • Superior long-term returns. 	<ul style="list-style-type: none"> • Superior long-term returns.
Risk of monetary loss	<ul style="list-style-type: none"> • Limited capital volatility • Seeks to preserve capital over any 2-year period. 	<ul style="list-style-type: none"> • Risk will be higher than the Stable Fund but less than the Equity Fund. 	<ul style="list-style-type: none"> • Risk higher than Balanced Fund but less than average General Equity fund due to our low risk investment style.
Target Market	<ul style="list-style-type: none"> • Highly risk-averse investors e.g. investors in bank deposits or money market funds. 	<ul style="list-style-type: none"> • Investors seeking long-term wealth-creation who have delegated the asset balancing decision to Allan Gray. 	<ul style="list-style-type: none"> • Investors seeking long-term wealth creation who have delegated only the equity selection function to Allan Gray.
Income	Highest income yield in the Allan Gray suite of funds.	Average income yield in the Allan Gray suite of funds.	Lowest income yield in the Allan Gray suite of funds.
Income Distribution	Distributed quarterly.	Distributed bi-annually.	Distributed bi-annually.
Compliance with Pension Fund Investment Regulations	Complies.	Complies.	Does not comply.
Fee principles	Performance-fee oriented to outperformance of taxed bank deposits. No fees if a negative return is experienced over a rolling 2-year period.	Performance-fee oriented to outperformance of the average Prudential Sector Fund.	Performance-fee oriented to outperformance of the JSE All Share Index.
Minimum lump sum investment requirement	R5,000.	R5,000.	R10,000.

ALLAN GRAY

LONG TERM INVESTMENT MANAGEMENT

MANAGEMENT COMPANY

Allan Gray Unit Trust
Management Limited
Granger Bay Court, Beach Road
V & A Waterfront, Cape Town 8001

P.O. Box 51605, V & A Waterfront,
Cape Town 8002

CONTACT DETAILS

Customer Service Line
0860 000 654
Customer Service Facsimile
0860 000 655

info@allangray.co.za
www.allangray.co.za

DIRECTORS AND MANAGEMENT

WJC Mitchell B Com (Chairman)
M Herdman M Com CFA
SC Marais PhD (Cantab) CFA
ML Ronald Dip Phil B Com CA (SA)

INVESTMENT MANAGER

Allan Gray Limited

ADMINISTRATOR

Marriott Unit Trust Management
Company Limited

TRUSTEE

Firststrand Bank Limited
PO Box 3036, Johannesburg 2000

AUDITORS

Ernst & Young



Member of the Association of Unit Trusts

Allan Gray Unit Trust
Management Limited
Reg. No. 1998/007756/06