2009

ANNUAL REPORT

UNIT TRUSTS

ALLAN GRAY

Contents

The Allan Gray Unit Trusts Annual Report is printed on LumiSilk, a paper made from trees grown specifically for paper manufacturing.
The paper is certified by the Forest Stewardship Council (FSC), an organisation which promotes responsible management of the world's forests.

Chairman's Report

MARKET COMMENTARY 2009

The past 12 months have certainly been kinder to investors than 2008 was. Although world markets are not yet near their peak levels of late 2007, the FTSE World Index measured in US dollars is up 73% from its low in March 2009. This recent strong performance has been shared by most stock markets around the world, but especially emerging markets, which are up over 100% from their lows. As South Africa forms a part of the group of emerging stock markets, it is no surprise that the FTSE/JSE All Share Index is up 119% in US dollars from its lows. A significant part of this rise can be attributed to a stronger local currency; from a local investor's perspective the market is only up 53% in rand terms from its low in March.

Slowly recovering from the global financial crisis

Globally business conditions continue to improve with relatively few countries still in recession. However, there is an increasing disparity between the developing world, particularly in Asia, and the mature economies of North America, Europe and Japan. The former have returned to the strong growth path they have enjoyed for the past decade. The latter continue to grapple with the consequences of the financial excesses which triggered the global financial crisis. Massive fiscal deficits, in many cases financed by printing money, have to be brought under control. December witnessed a significant rise in government bond yields which suggests that market participants are growing increasingly concerned about the willingness of governments to control spending.

South Africa's economic recovery has lagged the rest of the world, as it normally does. In the third quarter of 2009 the economy grew at an annual rate of 0.9%, ending three quarters of contraction. As an emerging market and commodity producer, the country's prospects for 2010 are encouraging. However, there are significant constraints which will make it difficult to resume the strong growth of recent years, including the financing of large fiscal and current account deficits. Treasury estimates the public sector will need to borrow R250 billion per year over the next three years. One of South Africa's most important competitive advantages has been cheap electricity. The economy will now have to adjust to much higher electricity costs, which could also have an adverse effect on growth.

The strong rand is having a beneficial effect on inflation which should fall within its 3–6% target range during the first quarter of 2010. At the very least, this should enable the South African Reserve Bank ('SARB') to hold interest rates at current levels through 2010.

As we have seen again in 2009, the fortunes of our stock market are heavily influenced by global events. Foreign inflows into South African equities reached R75 billion in 2009. This helps to boost share prices and supports the currency, leading to attractive returns for foreign investors. Low global interest rates have made emerging markets even more attractive to investors seeking higher yields.

We are cautious about earnings prospects

We have been surprised by the extent and speed of the recovery in share prices. Our market is trading on a price to earnings ('P/E') ratio of 17.3, above its historic average of 11.8. This fairly high valuation indicates that investors are optimistic about the prospects for earnings to grow – thus justifying the higher price paid for those earnings. Our bottom-up company analysis makes us less optimistic about the earnings prospects for many South African companies. As a result, our funds have continued to lower their allocation to shares in South Africa. Our portfolio remains overweight high-quality, defensive companies such as SABMiller and British American Tobacco and underweight global and domestic focused cyclical companies, such as the diversified mining companies, construction companies and retailers. The bias towards defensive companies resulted in our funds lagging their benchmarks – the Allan Gray Equity Fund returned 21.6% compared to the market's return of 32.1% in 2009. This relative equity underperformance, together with our cautious asset allocation, resulted in a return of 14.0% for the Allan Gray Balanced Fund, versus 16.5% for the average fund in the sector. The Allan Gray Stable Fund continued to provide capital stability to investors, returning 5.6% in 2009.

Lagging a strongly rising market is not unusual given our investment approach, and we continue to focus our efforts on identifying the most attractive long-term investments based on bottom-up fundamental research. We believe this approach will deliver superior returns to clients over the long term. However, we caution that the timing and magnitude of performance is unpredictable over the short term. This may even be truer today given the imbalances present in the world.

OVERVIEW OF FUNDS

Net flows into our funds were R18 billion in 2009. Assets under management as at 31 December 2009 were R106 billion.

We are pleased to report that the number of unitholders who entrust us with their investments continues to increase.

Specific information on each of our funds follows in order of fund inception. All rankings are calculated by Morningstar.

Allan Gray Equity Fund

CATEGORY

Domestic – Equity – General

PORTFOLIO MANAGERS

Ian Liddle, Duncan Artus, Delphine Govender, Andrew Lapping, Simon Raubenheimer

LONG-TERM INVESTMENT OBJECTIVE

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

FUND CHARACTERISTICS

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

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

MAXIMUM NET EQUITY EXPOSURE

100%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has a low income yield and distributes income biannually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

The Equity Fund is suitable for those investors who:

- Seek long-term wealth creation
- Are comfortable with market fluctuation i.e. short-term volatility
- Typically have an investment horizon of five years plus
- Seek an equity 'building block' for a diversified multi-asset class portfolio

Annual management fee (excluding VAT)	
Performance fee on the under/outperformance of the benchmark (adjusted for fund expenses and cash flows) over a two-year rolling period.	
Minimum fee:	0.00%
Fee at benchmark:	1.50%
Sharing rate:	10.00%
Maximum fee:	3.00%

Total Expense Ratio for the year ended 31 December 2009

	Total Expense Ratio[1]	Included in Total Expense Ratio			
		Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units	3.09%	0.13%	1.24%	1.71%	0.01%
Class B units	4.36%	0.13%	1.26%	2.96%	0.01%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units and Class B units.

Performance to 31 December 2009	Since inception 1 October 1998 Unannualised (%)	Since inception 1 October 1998 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Allan Gray Equity Fund[1]	1 948.4	30.8	**21.6**
Benchmark[2]	654.1	19.7	**32.1**
Sector median[3]	542.2	18.0	**26.0**
Outperformance of benchmark	1 294.3	11.1	**-10.5**

[1] Fund performance to 31 December 2009 shown net of all management fees and expenses as per the TER disclosure.
[2] FTSE/JSE All Share Index including income (Source: I-Net Bridge). Benchmark performance calculated by Allan Gray as at 31 December 2009.
[3] Domestic Equity General Sector

FUND PERFORMANCE COMMENTARY

The first decade of the 21st century was a remarkable one for the Equity Fund. It returned an average of 22.1% per year for the decade, which amounts to a significant growth in the real purchasing power of Fund investors' capital, as the consumer price inflation rate averaged only about 6% per year over the same period.

Focused on identifying long-term opportunities

However, the Fund has underperformed its benchmark over the past year, returning 21.6% compared to the FTSE/JSE All Share Index's return of 32.1% in 2009. Relative to its peers, the Equity Fund ranked 57th out of 76 funds in 2009, but since inception it is ranked first of 20 funds.

As already mentioned, lagging a strongly rising market is not unusual given our investment approach, and we continue to focus our efforts on identifying the most attractive long-term investments based on bottom-up fundamental research. We remain confident that our investment approach will translate into long-term outperformance.

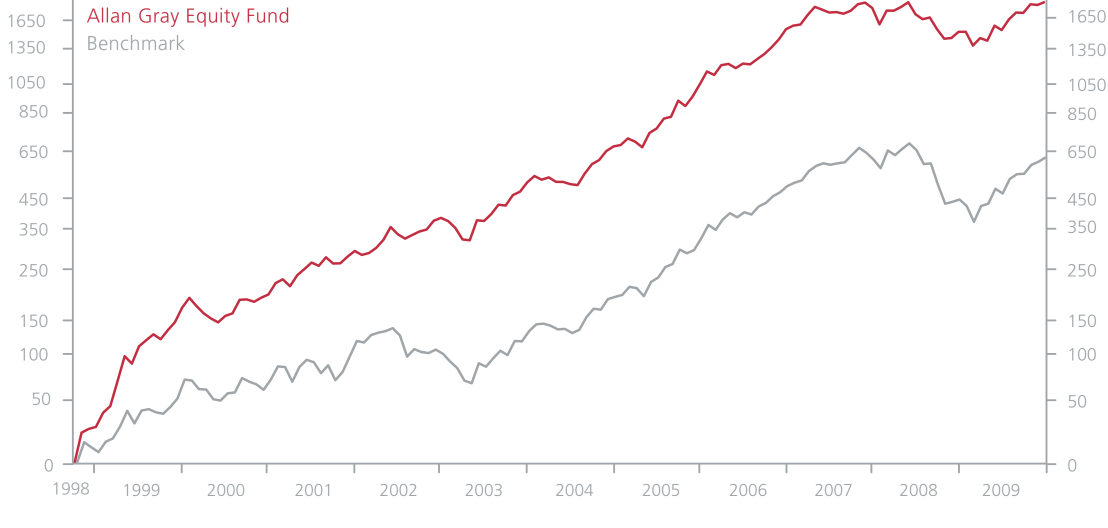
In terms of our investment philosophy, we are willing to accept short-term underperformance by being different from the benchmark and by not buying shares that are trading above their underlying intrinsic value, even if they could rise further in the short term. This philosophy reduces the risk of capital loss and enables the Equity Fund to take advantage of the opportunities for long-term outperformance that arise during these times.

We continue to seek opportunities for the Equity Fund to invest in companies which we find to be relatively undervalued, and which thus offer the best prospects for long-term capital preservation.

Looking ahead

Although the Fund has outperformed its benchmark over the past decade, it should be recognised that the Fund's strong absolute returns are also attributable to the very strong performance of emerging markets and commodity producers from what would now seem very depressed valuations at the turn of the century. It would be extraordinary if the Fund were to enjoy a second consecutive decade of such favourable conditions; we expect real returns to prove much more elusive over the next decade.

Long-term cumulative performance (log scale)



Allan Gray Balanced Fund

CATEGORY

Domestic – Asset Allocation – Prudential Variable Equity

PORTFOLIO MANAGERS

Ian Liddle, Duncan Artus, Delphine Govender, Andrew Lapping and Simon Raubenheimer (Foreign assets are invested in Orbis funds)

LONG-TERM INVESTMENT OBJECTIVE

The Fund aims to earn a higher rate of return than the market value-weighted average of funds in both the Prudential Medium Equity sector and the Prudential Variable Equity sector excluding the Allan Gray Balanced Fund, without assuming greater risk.

FUND CHARACTERISTICS

The Balanced Fund invests in a portfolio that can include shares, interest-bearing securities, listed property and international assets. As such, the Balanced Fund is suitable for investors who wish to delegate both the equity selection and asset allocation decisions to Allan Gray.

Given the spread of investments, we expect returns to be less volatile than those of the Equity Fund, but somewhat lower over the long term.

MAXIMUM NET EQUITY EXPOSURE

75%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has an average income yield and distributes income biannually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

The Balanced Fund is suitable for those investors who:

- Seek long-term wealth creation
- Have an appetite for risk similar to the average person investing in pension funds
- Typically have an investment horizon of three years plus
- Wish to delegate the asset allocation decision to Allan Gray

Annual management fee (excluding VAT)[1]	
Performance fee on the under/outperformance of the benchmark over a two-year rolling period.	
Minimum fee:	0.50%
Fee at benchmark:	1.00%
Sharing rate:	10.00%
Maximum fee:	1.50%

[1] The annual management fee is calculated on the daily value of the Fund excluding any assets invested in the Orbis funds. Assets invested in the Orbis funds incur a management fee. These, along with other expenses are included in the Total Expense Ratio. The Manager earns service fees from Orbis in respect of the marketing of Orbis funds in South Africa including investments in Orbis funds made through this fund.

	Total Expense Ratio[1]	Included in Total Expense Ratio			
		Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units	1.86%	0.08%	0.60%	1.16%	0.02%
Class B units	3.11%	0.08%	0.60%	2.41%	0.02%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units and Class B units.

Retirement funds:

Regulation 28 refers generally to limits imposed on exposure to certain asset classes and individual shares and instruments.

The Fund is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act, except for total foreign exposure limit which is 20% (FSB Circular 3 of 2008). ASISA regards a prudential collective investment scheme portfolio with foreign exposure of up to 20%, as conforming to Regulation 28 for fund classification purposes.

Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals, in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28). It is the responsibility of each retirement fund to monitor this exposure.

Performance to 31 December 2009	Since inception 1 October 1999 Unannualised (%)	Since inception 1 October 1999 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Allan Gray Balanced Fund[1]	649.2	21.7	**14.0**
Benchmark[2]	301.2	14.5	**16.5**
Outperformance of benchmark	348.0	7.2	**-2.5**

[1] Fund performance to 31 December 2009 shown net of all management fees and expenses as per the TER disclosure.
[2] The daily average return weighted by market value of funds in both the Domestic Asset Allocation Prudential Medium and Prudential Variable Equity categories excluding the Allan Gray Balanced Fund (Source: Morningstar). Benchmark performance calculated by Allan Gray as at 31 December 2009.

FUND PERFORMANCE COMMENTARY

The first decade of the 21st century was equally remarkable for the Balanced Fund. It returned an average of 20% per year over the period, compared with a consumer price inflation rate which averaged around 6% per year over the same period.

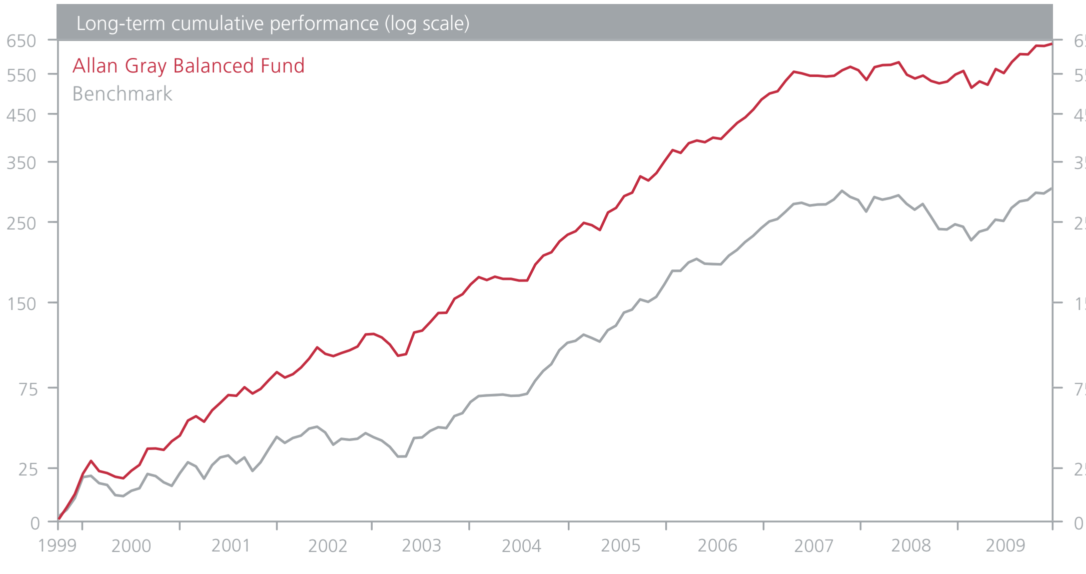
However, over the past year, our relative equity underperformance (see Equity Fund commentary) resulted in a return of 14.0% for the Fund, versus 16.5% for the average fund in the sector. The Fund was placed 28th out of 49 of its peers in 2009. Its performance since inception on 1 October 1999 has been exceptional and the Balanced Fund is ranked first out of 11 funds for this period.

Equity exposure has been reduced

While we have no special ability to predict the future, and are particularly cautious about making comments on short-term return expectations, we believe that there is a significant probability that there will be more attractive opportunities to invest in equities in the future than we are identifying in the market at present. We have adjusted the asset allocation of the Balanced Fund accordingly over the past year, and the year-end net equity exposure of just under 60% is significantly below both the allowed maximum of 75% and the net equity exposure of around 71% for the Fund in the first quarter.

Looking ahead

Although the Fund has outperformed its benchmark over the past decade, its strong absolute returns were driven partly by the same underlying factors that contributed to the Equity Fund's performance, which we do not expect to be repeated for a second consecutive decade.



Allan Gray Stable Fund

CATEGORY

Domestic – Asset Allocation – Prudential Low Equity

PORTFOLIO MANAGER

Ian Liddle (Foreign assets are invested in Orbis funds)

LONG-TERM INVESTMENT OBJECTIVE

The Fund aims to provide a return that exceeds the return on call deposits plus 2%, on an after-tax basis at an assumed rate of 25%. It also seeks to provide a high level of capital stability and to minimise the risk of loss over any two-year period.

MAXIMUM NET EQUITY EXPOSURE

40%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has a high income yield and distributes income quarterly. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

FUND CHARACTERISTICS

With the risk-averse and yield-conscious investor in mind, the Allan Gray Stable Fund was introduced to complement the existing Allan Gray Equity Fund and Allan Gray Balanced Fund. The Fund consists of a portfolio of bonds, cash and shares, with the basis for share selection being the provision of a high income yield with a low probability of negative performance.

In line with the Allan Gray Balanced Fund, the asset allocation of the Fund is subject to Regulation 28, as laid down in the Pension Funds Act (see below). In terms of the Fund's industry classification, the maximum equity exposure is limited to 40%. However, unless the stock market offers exceptional value, the Portfolio's share exposure is likely to 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 not only for the high level of tax-free income, but also because they tend to behave quite differently from the rest of the stock market. If the overall stock market rises or declines, these shares tend to move less in percentage terms. They therefore provide an element of capital stability together with a better yield. This Fund therefore offers a higher income stream with a low risk of permanent capital loss.

The Stable Fund is suitable for those investors who:

- Are risk-averse and require a high degree of capital stability
- Require a reasonable income but also some capital growth
- Are retired or nearing retirement
- Seek to preserve capital over any two-year period

Annual management fee (excluding VAT)[1]	
Performance fee on the under/outperformance of the benchmark over a two-year rolling period.	
Minimum fee:	0.50%
Fee at benchmark:	1.00%
Sharing rate:	10.00%
Maximum fee:	1.50%

No fee is charged if the Fund's cumulative return over a two-year period is equal to or less than 0%.

[1] The annual management fee is calculated on the daily value of the Fund excluding any assets invested in the Orbis funds. Assets invested in the Orbis funds incur a management fee. These, along with other expenses are included in the Total Expense Ratio. The Manager earns service fees from Orbis in respect of the marketing of Orbis funds in South Africa including investments in Orbis funds made through this fund.

Total Expense Ratio for the year ended 31 December 2009

	Total Expense Ratio[1]	Included in Total Expense Ratio: Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units	1.30%	0.05%	0.09%	1.14%	0.02%
Class B units	2.55%	0.05%	0.09%	2.39%	0.02%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units and Class B units.

Retirement funds:

Regulation 28 refers generally to limits imposed on exposure to certain asset classes and individual shares and instruments.

The Fund is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act, except for total foreign exposure limit which is 20% (FSB Circular 3 of 2008). ASISA regards a prudential collective investment scheme portfolio with foreign exposure of up to 20%, as conforming to Regulation 28 for fund classification purposes.

Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals, in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28). It is the responsibility of each retirement fund to monitor this exposure.

Performance to 31 December 2009	Since inception 1 July 2000 Unannualised (%)	Since inception 1 July 2000 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Allan Gray Stable Fund[1] (tax adjusted)	243.6	13.9	**5.6**
Benchmark[2]	105.7	7.9	**7.3**
Outperformance of benchmark	137.9	6.0	**-1.6**

[1] Fund and benchmark performance adjusted for income tax at a rate of 25%. Fund performance to 31 December 2009 shown net of all fees and expenses as per the TER disclosure.

[2] Return of call deposits (for amounts in excess of R5 million) with FirstRand Bank Limited plus 2%; on an after-tax basis at a tax rate of 25% (Source: FirstRand Bank). Benchmark performance calculated by Allan Gray as at 31 December 2009.

FUND PERFORMANCE COMMENTARY

The South African stock market's remarkably strong performance over the past 10 years provided the Stable Fund with a fair tailwind in its efforts to beat call deposit returns. We are pleased to report that the Fund harnessed this tailwind to good effect, as can be seen from its long-term performance numbers.

However, over the past year the Stable Fund has underperformed its benchmark, with returns of 5.6% against the benchmark's 7.3%. The rand strengthened from a rand/US$ rate of 9.42 to 7.40 over the year which was a significant drag on the Fund's returns from its offshore investments in the Orbis Funds. It was placed 44th out of 50 funds in 2009 in its category, but is first since inception.

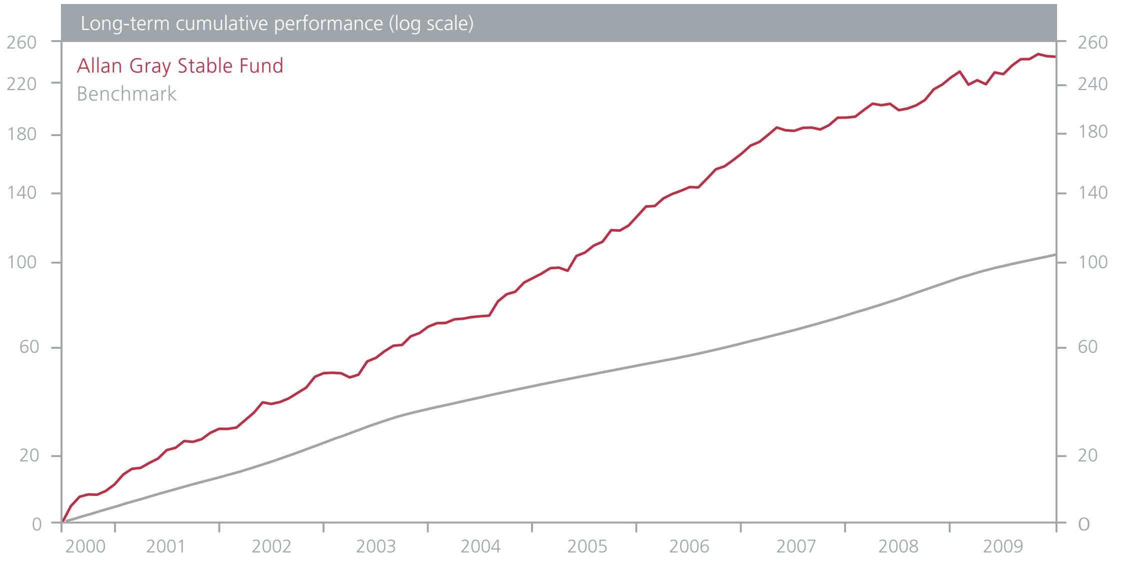
Equity exposure has been reduced

We believe that the safest but also the most rewarding strategy for the Stable Fund is to invest where the value is exceptional. As stated above, we believe that there is a significant probability of more attractive equity investment opportunities in the future than we are identifying in the market at present. Therefore, although the Fund benefited from increasing its net equity exposure in the first quarter of 2009 to over 30%, we once again believe it is prudent for the Fund to carry fairly low exposure to the equity markets.

Looking ahead

It would be extraordinary if the Fund were to enjoy a second consecutive decade of strong tailwinds; it will be harder to generate real returns over the next decade. It is important for Fund investors to recognise that although we are constantly searching for attractive investment opportunities, there will be times when equity market valuations are high, which means that the opportunities to beat call deposit returns are limited.

In such circumstances, it is essential for investors to remain patient and not to chase after the seemingly easy returns being offered by a momentum market. One of the keys to long-term wealth creation is the preservation of capital in bear markets. It is possible that the hedged equity component (both domestic and foreign) of the Fund may prove to have more potential for a positive contribution to Fund returns than the overall direction of stock markets for at least the early part of the next decade.



Allan Gray Money Market Fund

CATEGORY

Domestic – Fixed Interest – Money Market

PORTFOLIO MANAGER

Andrew Lapping

LONG-TERM INVESTMENT OBJECTIVE

The Fund aims to provide a return that exceeds the simple average of the Domestic Fixed Interest Money Market Unit Trust sector, excluding the Allan Gray Money Market Fund. It also aims to provide a high degree of capital stability with minimal risk of loss.

FUND CHARACTERISTICS

The Fund aims to preserve capital, maintain liquidity and generate a high level of income. The Fund invests in selected South African Money Market instruments providing a high income yield and a high degree of capital stability.

While capital losses are unlikely, they can occur if, for example, one of the issuers of the assets underlying the fund defaults. In this event, losses will be borne by the Fund and its investors. The Fund is managed to comply with Regulation 28 of the Pension Funds Act (see below).

MAXIMUM NET EQUITY EXPOSURE

0%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has a high income yield and distributes income daily and pays monthly.

The Money Market Fund is suitable for those investors who:

- Want to find a short-term safe haven for funds during times of market volatility
- Are highly risk-averse
- Require monthly income distributions

Annual management fee (excluding VAT)	
Fixed fee	0.25%

Total Expense Ratio for the year ended 31 December 2009

	Total Expense Ratio[1]	Included in Total Expense Ratio			
		Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units	0.30%	0.00%	0.00%	0.29%	0.01%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units.

Retirement funds:

Regulation 28 refers generally to limits imposed on exposure to certain asset classes and individual shares and instruments.

The Fund is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act.

Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals, in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28). It is the responsibility of each retirement fund to monitor this exposure.

Performance to 31 December 2009	Since inception 1 July 2001 Unannualised (%)	Since inception 1 July 2001 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Allan Gray Money Market Fund[1]	116.5	9.5	**9.2**
Benchmark[2]	116.2	9.5	**9.1**
Outperformance of benchmark	0.3	0.0	**0.1**

[1] Fund performance to 31 December 2009 shown net of all fees and expenses as per the TER disclosure.
[2] Since inception to 31 March 2003, the benchmark was the Alexander Forbes 3-Month Deposit Index. The current benchmark is the Domestic Fixed Interest Money Market Collective Investment Scheme sector excluding the Allan Gray Money Market Fund (Source: Morningstar). Benchmark performance calculated by Allan Gray as at 31 December 2009.

FUND PERFORMANCE COMMENTARY

In this category the difference in performance between funds is usually small. The Money Market Fund outperformed its benchmark in 2009 by a small margin and achieved a position of seventh out of 21 funds. Since inception on 1 July 2001 it is ranked fifth out of 14 funds.

The Fund is managed with the primary goal of capital preservation. We achieve this through investing in assets that have low credit risk and good liquidity. The secondary goal of the Fund is to achieve a good interest yield. We accomplish this through duration management and by taking advantage of opportunities in the money market yield curve. Despite our efforts to minimise the Fund's credit risk there is still a risk of capital loss if one of the underlying assets defaults.

Interest rate and inflation outlook

The Monetary Policy Committee has left interest rates unchanged for the past six months – a fairly long period of stability by historical norms. Since the August 2009 interest rate cut, the inflation outlook has improved with consumer price inflation moving into the target range of 3–6% and the rand continuing to strengthen. Credit extension is also weak, adding further weight to the possibility of an interest rate cut.

As a result of the improvement in the inflation outlook we think the probability of an interest rate cut in the near term is fairly high. For this reason we believe there is good value in the long end of the money market yield curve, and the duration of the Fund is 83 days, close to the maximum allowable 90 days.

Allan Gray Optimal Fund

CATEGORY

Domestic – Asset Allocation – Targeted Absolute Return

PORTFOLIO MANAGER

Delphine Govender

LONG-TERM INVESTMENT OBJECTIVE

The Fund aims to exceed the return of the Daily Call Rate of FirstRand Bank Limited.

MAXIMUM NET EQUITY EXPOSURE

20%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has a low income yield and distributes income biannually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

FUND CHARACTERISTICS

The objective of the Fund is to provide investors with long-term absolute (i.e. positive) returns higher than that available in the money market sector, but with less risk of loss than a share portfolio. In order to achieve this objective, the Allan Gray Optimal Fund will invest in a portfolio of select shares and reduce the stock market exposure inherent in these shares by hedging (i.e. using equity derivative instruments).

The Optimal Fund may be appropriate for the investor who wishes to avoid the volatility generally associated with stock and bond markets, but still wants exposure to specialist stockpicking skills and seeks a positive rate of return which is higher than that of cash.

This unique Fund is designed to carry a low risk of capital loss. The Fund's return should not be correlated with equity markets, being dependent instead on the ability of the Fund's equity portfolio to outperform the underlying equity index (ALSI 40) against which the portfolio is constructed.

The Optimal Fund is suitable for those investors who:

- Seek absolute (i.e. positive) returns regardless of stock market trends
- Are risk-averse and require a high degree of capital stability
- Are retired or nearing retirement
- Seek the diversification benefits of uncorrelated returns relative to shares or bonds
- Wish to diversify a portfolio of shares or bonds
- Wish to add a product with an alternative investment strategy to their overall portfolio

Annual management fee (excluding VAT)	
Performance fee on the outperformance of the benchmark. A high watermark structure applies.	
Minimum fee:	1.00%
Fee at benchmark:	1.00%
Sharing rate:	20.00%
Maximum fee:	uncapped

Total Expense Ratio for the year ended 31 December 2009

		Included in Total Expense Ratio			
	Total Expense Ratio[1]	Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units	1.50%	0.29%	0.06%	1.14%	0.01%
Class B units	2.79%	0.29%	0.09%	2.39%	0.02%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units and Class B units.

Performance to 31 December 2009	Since inception 1 October 2002 Unannualised (%)	Since inception 1 October 2002 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Allan Gray Optimal Fund[1]	96.2	9.7	**6.5**
Benchmark[2]	75.9	8.1	**7.6**
Outperformance of benchmark	20.2	1.6	**-1.2**

[1] Fund performance to 31 December 2009 shown net of all fees and expenses as per the TER disclosure.
[2] The return on call deposits with FirstRand Bank Limited (for amounts in excess of R5 million) (Source: FirstRand Bank). Benchmark performance calculated by Allan Gray as at 31 December 2009.

FUND PERFORMANCE COMMENTARY

The Optimal Fund invests in a portfolio of equities and substantially reduces stock market risk and exposure by selling equity derivatives against the equity portfolio. As a result, the Fund's return should not be correlated with equity markets, but it is dependent rather on the level of short-term interest rates and the ability of the Fund's equity portfolio to outperform the underlying benchmark equity index.

In essence, therefore, the Fund's return comprises two components: (1) the cash return implicit in the pricing of the sold futures contracts +/- (2) the out/underperformance of the equity portfolio versus the index (i.e. the alpha).

Since inception on 1 October 2002 the Fund has returned 96.2%, outperforming the benchmark's return of 75.9%. However, for the 12 months ended 31 December 2009, the Fund delivered 6.5%, below the benchmark's 7.6%.

This is unsurprising as the Optimal Fund, with its very low net equity exposure of just 3.8% at year-end, tends to lag in the context of rapidly rising equity prices – and the FTSE/JSE All Share Index (ALSI) rallied sharply in 2009, ending the year up more than 30%. In addition, the equity component of the Fund is invested in more defensive shares which have underperformed the market as a whole since the first quarter of this year.

The funds in this sector are not ranked because they are so different from one another. This makes direct comparisons inappropriate.

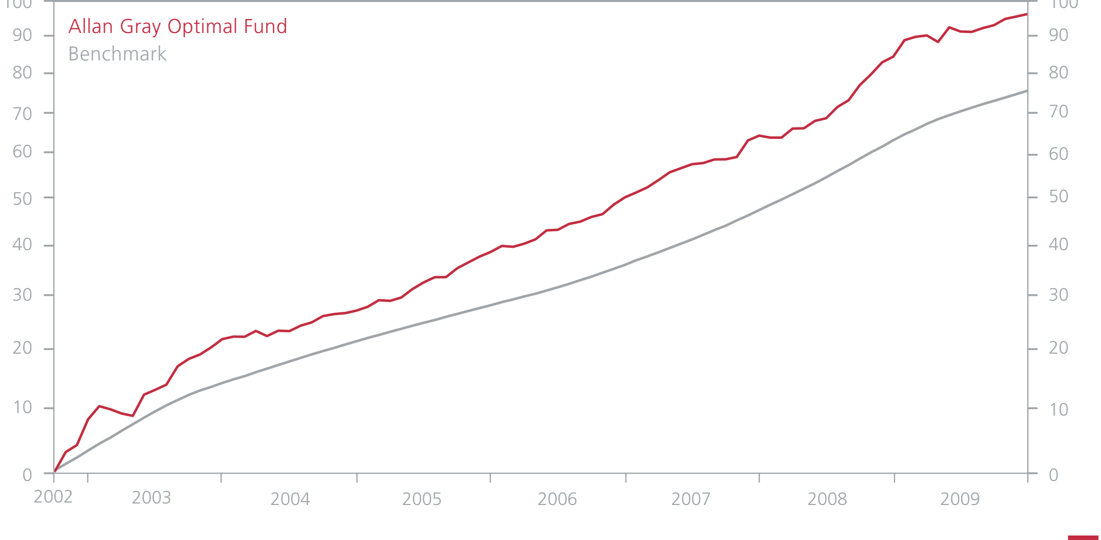
The market is looking overvalued at present

We believe that current broader equity prices are presently discounting very optimistic expectations in terms of the earnings' outlook for several companies, especially cyclical companies. We are more cautious in terms of our expectations for the scale and pace of recovery of both economic activity and company profits, and are more circumspect on the sustainability of current equity prices.

With an explicit mandate to minimise volatility, preserve capital (i.e. limit loss) and deliver uncorrelated returns versus equity markets, we feel the Optimal Fund is appropriately positioned to meet its objectives over the long term. It is important for investors to remember that given that the Fund does contain an equity component – albeit a small one – it is possible for the Fund to deliver a negative return over very short periods of time.

Since the inception of the Fund 87 months ago, there have been approximately 13 separate months where a negative monthly return has been recorded. We remain assured, however, that this does not compromise the long-term objective of seeking to deliver absolute returns.

Long-term cumulative performance (log scale)



Allan Gray-Orbis Global Fund of Funds

CATEGORY

Foreign – Asset Allocation – Flexible

PORTFOLIO MANAGER

Ian Liddle (The underlying Orbis funds are managed by Orbis)

LONG-TERM INVESTMENT OBJECTIVE

The Fund aims to earn a higher rate of return than the benchmark of 60% of the FTSE World Index and 40% of the JP Morgan Government Bond Global Index, at no greater than average risk of loss in its sector.

FUND CHARACTERISTICS

This is a rand-denominated balanced offshore fund investing in selected Orbis funds. Orbis is Allan Gray's global asset management partner.

The Fund was launched to cater for rand investors wishing to gain exposure to international investments. The Fund allows them access to some investments that are not available locally. The Fund will always hold at least 85% of its assets offshore. Given the spread of investments, we expect that returns will be less volatile than those of the Allan Gray-Orbis Global Equity Feeder Fund, but somewhat lower over the long term.

MAXIMUM NET EQUITY EXPOSURE

100%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has a low income yield and distributes income annually. To the extent that the total expenses exceed the income earned in the form of dividends and interest, the Fund will not make a distribution.

The Global Fund of Funds is suitable for those investors who:

- Wish to hedge their investments against any rand depreciation
- Want to gain exposure to markets and industries that are not necessarily available locally
- Wish to invest in rands but benefit from offshore exposure
- Would like to invest in an offshore balanced fund

Annual management fee (excluding VAT)

No annual management fee. The underlying funds levy their own charges, and these charges along with other expenses are included in the Total Expense Ratio. The Manager earns service fees from Orbis in respect of the marketing of Orbis funds in South Africa including investments in Orbis funds made through this fund.

Total Expense Ratio for the year ended 31 December 2009

Total Expense Ratio[1]	Included in Total Expense Ratio			
	Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units 2.23%	0.15%	0.73%	1.28%	0.07%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units.

Performance to 31 December 2009 in US dollars

	Since 3 February 2004 Unannualised (%)	Since 3 February 2004 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Fund return in US dollars[1]	53.5	7.4	**22.1**
Benchmark return in US dollars[2]	39.0	5.6	**21.0**
Outperformance of benchmark	14.5	1.8	1.1

Performance to 31 December 2009 in rands

	Since 3 February 2004 Unannualised (%)	Since 3 February 2004 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Fund return in rands[1]	61.5	8.4	**-3.9**
Benchmark return in rands[2]	46.2	6.6	**-4.8**
Outperformance of benchmark	15.3	1.8	1.0

[1] Fund performance shown to 31 December 2009 in US dollars or rands as indicated net of all fees and expenses as per the TER disclosure.
[2] 60% of the FTSE World Index and 40% of the JP Morgan Government Global Bond Index (Source: Bloomberg). Benchmark performance calculated by Allan Gray as at 31 December 2009.

FUND PERFORMANCE COMMENTARY

The Allan Gray-Orbis Global Fund of Funds changed from an equity-only fund to an asset allocation fund on 3 February 2004. Historical performance commentary is restricted to this date. The Fund invests in a balanced portfolio of Orbis equity and absolute return funds. Performance relative to the benchmark since 3 February 2004 has been good, with the Fund attaining first place out of 10 funds in its category. In 2009 it was placed 12th out of 28 funds.

Global equities are looking overvalued

In July 2009 the Fund began to reduce its equity exposure in favour of the Orbis Optimal SA (US$) Fund into a rising stock market. The Fund's effective net equity exposure (including the net equity exposure inherent in the underlying Orbis Optimal SA Funds) at year-end was 48%; significantly reduced from 66% at the end of the first quarter. As with domestic equities, we believe that there is a significant probability that there will be more attractive opportunities to invest in global equities in the future than at present.

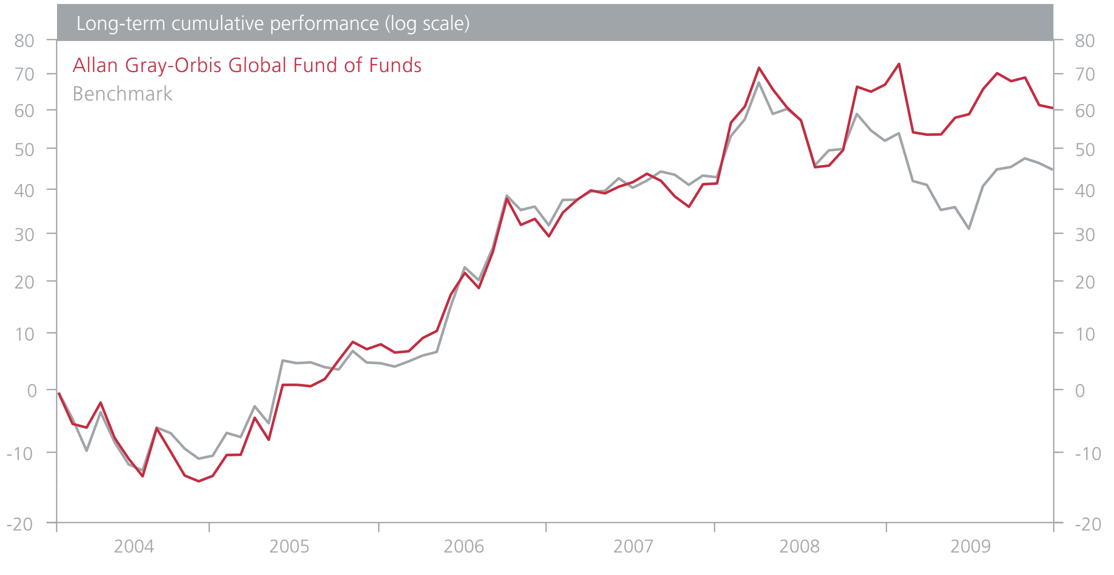
Focus on Asia

The Fund remains overweight in selected Japanese companies, but underweight Japanese exporters. It remains overweight in the Asia ex-Japan region as it continues to identify equities in these markets, especially domestic Chinese companies, which have underperformed the region and are geared to the strong growth of the country's middle class. The Fund's overweight position in the Asia ex-Japan region has contributed positively to performance as this region continues to lead the market and economic recovery.

Lower return expectations

The outperformance of Orbis' stock selections against their local markets and the Optimal SA Funds' net long exposure to Asia ex-Japan equities benefited the Optimal SA Funds' performance in 2009. Due to the nature of the Optimal SA Funds, they continue to represent an appropriate, uncorrelated alternative for a diversified foreign portfolio. The Optimal SA Funds' returns are somewhat dependent on cash returns due to the hedging employed. Over the past 10 years, the US Dollar Bank Deposit rate has been as high as 6.7%; it now sits very close to zero. In this environment of low interest rates, the expectations for the Optimal SA Funds' returns should be lower.

Although performance in dollars for the Fund has been strong, the rand has strengthened considerably over the last year thus detracting from the performance of the Fund in rands to such a degree that rand returns for 2009 were negative. On the flipside, any potential devaluation of the rand will benefit the Fund's future rand returns.



Allan Gray Bond Fund

CATEGORY

Domestic – Fixed Interest – Bond

PORTFOLIO MANAGERS

Sandy McGregor, Andrew Lapping

LONG-TERM INVESTMENT OBJECTIVE

The Fund aims to provide investors with a return superior to the All Bond Index, at no greater risk, over an interest-rate cycle. The Fund seeks to preserve at least the nominal value of investors' capital.

FUND CHARACTERISTICS

The Allan Gray Bond Fund invests in a combination of South African interest-bearing securities including public, parastatal, corporate and inflation-linked bonds, fixed deposits, money market instruments and cash.

This Fund was launched to enhance the Allan Gray product offering for savers seeking longer-term security of income and capital. The Fund is managed to comply with Regulation 28 of the Pension Funds Act (see below).

MAXIMUM NET EQUITY EXPOSURE

0%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has a high income yield and distributes income quarterly.

The Bond Fund is suitable for those investors who:

- Are looking for returns in excess of that provided by money market or cash investments
- Seek a bond 'building block' for a diversified multi-asset class portfolio
- Are prepared to accept some risk of capital depreciation in exchange for the prospect of earning increased returns
- Want to draw a regular income stream without consuming capital

Annual management fee (excluding VAT)	
Performance fee on the outperformance of the benchmark (adjusted for fund expenses and cash flows) over a one-year rolling period.	
Minimum fee:	0.25%
Fee at benchmark:	0.25%
Sharing rate:	25.00%
Maximum fee:	0.75%

Total Expense Ratio for the year ended 31 December 2009

Total Expense Ratio[1]		Included in Total Expense Ratio			
		Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units	0.62%	0.00%	0.25%	0.29%	0.08%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units.

Retirement funds:

Regulation 28 refers generally to limits imposed on exposure to certain asset classes and individual shares and instruments.

The Fund is managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act.

Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals, in which case they will be corrected within a reasonable time period. Allan Gray Unit Trust Management Limited does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 9 of Annexure A to Regulation 28). It is the responsibility of each retirement fund to monitor this exposure.

Performance to 31 December 2009			
	Since inception 1 October 2004 Unannualised (%)	Since inception 1 October 2004 Annualised (%)	**1-year performance 31 December 2009 Annualised (%)**
Allan Gray Bond Fund[1]	56.8	8.9	**5.7**
Benchmark[2]	52.1	8.3	**-1.0**
Outperformance of benchmark	4.7	0.6	**6.6**

[1] Fund performance to 31 December 2009 shown net of all fees and expenses as per the TER disclosure.
[2] All Bond Index (Source: I-Net Bridge). Benchmark performance calculated by Allan Gray as at 31 December 2009.

FUND PERFORMANCE COMMENTARY

The performance difference between funds in this category tends to be limited. Nonetheless, since inception in 2004 and over the latest one-year period, the Bond Fund's performance has been pleasing, with the Fund outperforming its benchmark. In 2009 it was ranked first out of 17 funds and is ranked second out of 16 funds since inception.

We favour bonds with a short- to medium-term duration

The Medium-Term Budget Policy Statement of 27 October 2009 estimated that the public sector borrowing requirement will be in excess of R250 billion per year until 2013. Funding these deficits will be a formidable challenge and will put upward pressure on interest rates, especially on the long end of the yield curve.

Accordingly, we continue to favour bonds with a short- to medium-term duration, and the average duration of the Fund is substantially less than that of the All Bond Index ('ALBI') benchmark.

Long-term cumulative performance (log scale)

Allan Gray-Orbis Global Equity Feeder Fund

CATEGORY

Foreign – Equity – General

PORTFOLIO MANAGER

Ian Liddle (The underlying Orbis funds are managed by Orbis)

LONG-TERM INVESTMENT OBJECTIVE

The Fund aims to outperform the FTSE World Index at no greater than average risk of loss in its sector.

FUND CHARACTERISTICS

The Fund invests directly into the Orbis Global Equity Fund. It caters for rand investors wishing to invest in an Orbis selection of international shares. It provides access to investments that might not be available locally. Returns are likely to be volatile.

MAXIMUM NET EQUITY EXPOSURE

100%

INCOME YIELD AND INCOME DISTRIBUTION

The Fund has a low income yield and distributes income annually. To the extent that the total expenses exceeded the income earned in the form of dividends and interest, the Fund will not make a distribution.

The Global Equity Feeder Fund is suitable for those investors who:

- Would like to invest in global shares and benefit from offshore exposure
- Want to gain exposure to markets and industries that are not necessarily available locally
- Would like to hedge their investments against any rand depreciation

Annual management fee

No annual management fee. The Orbis Global Equity Fund levies its own charges, and these along with other expenses are included in the Total Expense Ratio. The Manager earns service fees from Orbis in respect of the marketing of Orbis funds in South Africa including investments in Orbis funds made through this fund.

Total Expense Ratio for the year ended 31 December 2009

		Included in Total Expense Ratio			
	Total Expense Ratio[1]	Trading costs	Performance component	Fee at benchmark	Other expenses
Class A units	2.48%	0.16%	0.78%	1.49%	0.05%

[1] A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of December 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to Class A units.

Performance to 31 December 2009 in US dollars	Since inception 1 April 2005 Unannualised (%)	Since inception 1 April 2005 Annualised (%)	1-year performance 31 December 2009 Annualised (%)
Fund return in US dollars[1]	44.4	8.0	**42.1**
Benchmark return in US dollars[2]	20.4	4.0	**34.4**
Outperformance of benchmark	24.1	4.0	**7.6**

Performance to 31 December 2009 in rands	Since inception 1 April 2005 Unannualised (%)	Since inception 1 April 2005 Annualised (%)	1-year performance 31 December 2009 Annualised (%)
Fund return in rands[1]	71.6	12.0	**11.8**
Benchmark return in rands[2]	43.0	7.8	**5.8**
Outperformance of benchmark	28.5	4.2	**6.1**

[1] Fund performance to 31 December 2009 in US dollars or rands as indicated shown net of all fees and expenses as per the TER disclosure.
[2] FTSE World Index (Source: Bloomberg). Benchmark performance calculated by Allan Gray as at 31 December 2009.

FUND PERFORMANCE COMMENTARY

Since inception on 1 April 2005, the Allan Gray-Orbis Global Equity Feeder Fund has outperformed its benchmark, and has been positioned first out of 21 funds in its category. It was ranked second out of 26 funds for the year to end of December 2009.

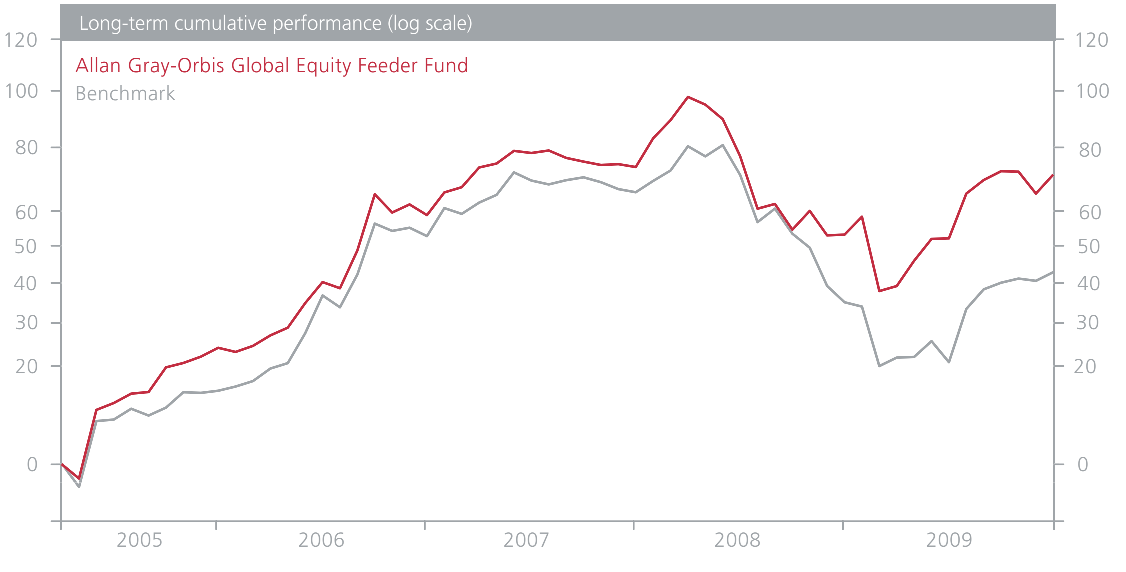
Different opportunities drive performance from year to year

The Fund's return for the past 12 months to December 2009 was 42.1% in US dollars versus the return of 34.4% for the benchmark. An analysis of the Fund's return over the past two years shows how different opportunities can drive performance. The Fund's outperformance over 2008 was entirely driven by currency decisions, with stock selection contributing negatively. The exact opposite was true in 2009, with the outperformance driven by strong stock selection, and currency decisions detracting.

Asian story

Similar to the Allan Gray-Orbis Global Fund of Funds, the Fund remains overweight in selected Japanese companies, but underweight Japanese exporters. It is overweight in the Asia ex-Japan region as it continues to identify equities in these markets, especially domestic Chinese companies, which have underperformed the region and are geared to the strong growth of the country's middle class. The Fund's overweight position in the Asia ex-Japan region has contributed positively to performance as this region continues to lead the market and economic recovery.

Although performance in dollars for the Fund has been strong, the rand has strengthened considerably over the period thus detracting from the performance of the Fund in rands.



Corporate Governance Report

The directors of Allan Gray Unit Trust Management Limited ('the Company') endorse the Code of Corporate Practices and Conduct (the 'Code') as set out in the King II Report issued in March 2003. By supporting the Code, the directors recognise the need to conduct the affairs of the affairs of the Company with openness, integrity and accountability.

Where appropriate, the principles advocated by the Code are dealt with at group level by the Company's ultimate holding company, Allan Gray Group Limited ('Allan Gray'). As a subsidiary of Allan Gray, the Company is subject to their corporate governance measures.

BOARD OF DIRECTORS

The board of directors' role is to direct, control and monitor the business affairs of the Company while at the same time protecting the interests of all investors. The board is responsible for risk management.

In fulfilling this responsibility, the board, amongst other functions:

- provides strategic direction and in so doing reviews, evaluates and gives guidance on strategies, policies and business plans;
- reviews management reports and monitors ongoing performance against plans, budgets and targets;
- monitors development of the process to identify key risk areas and key performance indicators;
- monitors compliance with sound business practice and management of those non-financial aspects which are relevant to its business; and
- ensures that there is open and timeous communication with the investors.

The board of directors consists of four executive directors and two non-executive directors. The roles of chairman and chief operating officer are separate.

All directors have access to the advice and services of the company secretary.

AUDIT COMMITTEE

The board of directors meets at least twice a year and is assisted by Allan Gray's audit committee. The audit committee, chaired by a non-executive Allan Gray director, meets at least four times per annum.

The audit committee is responsible for ensuring compliance with relevant laws and regulations as well as the Code.

STAFF TRAINING AND EMPLOYMENT EQUITY

The Company is dedicated to providing exceptionally good training and development for all employees. The Company will continue to contribute to the broader Southern African community in a meaningful way. In particular, the Company recognises that positive action is needed by the business community to address the skills shortage in Southern Africa.

The Company promotes equal opportunity in the workplace and is committed to eliminate unfair discrimination in any employment policy or practice.

The Company recognises that additional corrective steps need to be taken in order that those who have been historically disadvantaged by unfair discrimination are able to derive full benefit from an equitable employment environment.

CODE OF ETHICS

Allan Gray subscribes to certain main themes of the CFA Institute's Code of Ethics and Standards of Professional Conduct. The themes have been incorporated into existing policies. Adherence to these policies by all Allan Gray employees is monitored by the compliance department.

Allan Gray directors and employees are required to maintain the highest ethical standards.

Trustees' Report on the Allan Gray Unit Trust Scheme

As trustees to the Allan Gray Unit Trust Scheme ('the Scheme'), we are required in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) ('CISCA') to report to unitholders on the administration of the Scheme during each annual accounting period.

We therefore confirm that for the period 1 January 2009 to 31 December 2009 the Scheme has been administered:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the manager by CISCA; and
(ii) in accordance with the provisions of CISCA and the relevant Deeds.

There were no material instances of compliance contraventions, and no losses incurred by any funds as a result thereof, during the year.

Nelia de Beer
Trustee Manager: Unit Trusts
FNB Custody Services
First National Bank, a division of FirstRand Bank Limited

Johannesburg
4 February 2010

Approval of the Annual Financial Statements

For the year ended 31 December 2009

The directors of Allan Gray Unit Trust Management Limited are responsible for the preparation of the annual financial statements and related financial information included in this report.

The annual financial statements for the year ended 31 December 2009 set out on pages 22 to 55 have been approved by the board of directors of Allan Gray Unit Trust Management Limited and are signed on its behalf by:

ED Loxton
Chairman

Cape Town
10 March 2010

RW Dower
Director

Cape Town
10 March 2010

Independent Auditor's Report to the Unitholders of

Allan Gray Equity Fund
Allan Gray Balanced Fund
Allan Gray Stable Fund
Allan Gray Money Market Fund
Allan Gray-Orbis Global Fund of Funds
Allan Gray Optimal Fund
Allan Gray Bond Fund
Allan Gray-Orbis Global Equity Feeder Fund
(the 'Allan Gray Unit Trust Funds' or the 'Funds')

Report on the financial statements

We have audited the annual financial statements of the Allan Gray Unit Trust Funds, which comprise the chairman's report, the Statements of Financial Position as at 31 December 2009, the Statements of Comprehensive Income, the Statements of Changes in Net Assets Attributable to Unitholders and Statements of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 55.

Directors' responsibility for the financial statements

The directors of Allan Gray Unit Trust Management Limited are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Deeds. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Allan Gray Unit Trust Funds as at 31 December 2009, and of the financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Deeds.

Ernst & Young

Ernst & Young Inc.
Registered Auditor

Cape Town
10 March 2010

Statements of Comprehensive Income

For the year ended 31 December 2009

	NOTES	EQUITY FUND		BALANCED FUND		STABLE FUND	
		2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
REVENUE	1.3.1	443 745 441	1 872 095 087	932 887 920	2 345 900 687	1 448 934 847	2 131 189 152
Dividends		404 670 698	1 854 682 702	376 068 590	1 927 285 304	158 052 076	922 222 777
Interest – Local		37 747 297	13 696 451	554 288 933	414 251 532	1 290 537 708	1 207 083 564
Bonds		–	–	83 034 895	65 999 005	32 355	5 332 953
Money market instruments		–	–	423 036 771	298 744 084	1 227 783 786	1 137 503 621
Cash and cash equivalents		37 747 297	13 696 451	48 217 267	49 508 443	62 721 567	64 246 990
Interest – Foreign investments		–	–	–	142 236	–	118 021
Sundry income		1 327 446	3 715 934	2 530 397	4 221 615	345 063	1 764 790
OPERATING EXPENSES		522 807 962	373 878 373	407 650 457	367 193 885	268 257 853	330 763 693
Audit fee		83 852	63 937	97 400	74 270	85 914	65 508
Bank charges		137 497	101 114	169 190	172 030	190 675	174 879
Trustee fees		993 376	933 189	1 531 051	1 379 262	1 475 227	1 195 924
Management fee		521 593 237	372 780 133	405 852 816	365 568 323	266 506 037	329 327 382
OPERATING (LOSS)/PROFIT before income adjustments		(79 062 521)	1 498 216 714	525 237 463	1 978 706 802	1 180 676 994	1 800 425 459
Income adjustments on creation and cancellation of units	1.3.2	641 140	2 832 637	32 102 633	295 117	45 177 069	(3 952 143)
(LOSS)/PROFIT before undistributable income items	2	(78 421 381)	1 501 049 351	557 340 096	1 979 001 919	1 225 854 063	1 796 473 316
Investment transaction costs on investments at fair value through profit or loss		–	–	(13 963)	(126 511)	(151 934)	(171 504)
Realised gains/(losses) on disposal of available-for-sale investments	1.3.5	729 997 109	1 706 357 026	1 225 330 849	1 163 175 481	542 843 652	595 361 068
(Losses)/gains on investments at fair value through profit or loss	1.3.5	–	–	(25 755 627)	849 685 649	(353 004 986)	1 363 454 783
Foreign exchange gains/(losses) on monetary assets	1.3.6	–	–	3 571 938	156 265 867	(10 283 210)	142 246 724
Impairment on available-for-sale investments	1.3.5	(790 158 125)	–	(1 498 269 090)	–	(469 060 185)	–
OPERATING (LOSS)/PROFIT for the year		(138 582 397)	3 207 406 377	262 204 203	4 148 002 405	936 197 400	3 897 364 387
FINANCE COSTS - Distributions to unitholders	2	(7 752 091)	(1 504 559 196)	(557 340 096)	(1 979 001 919)	(1 225 854 063)	(1 796 473 316)
UNDISTRIBUTED (LOSS)/PROFIT for the year		(146 334 488)	1 702 847 181	(295 135 893)	2 169 000 486	(289 656 663)	2 100 891 071
OTHER COMPREHENSIVE INCOME							
Unrealised gains/(losses) on available-for-sale investments		3 651 719 675	(4 052 003 625)	3 110 292 215	(3 476 163 224)	829 592 514	(894 150 810)
Reclassification adjustment for realised (gains)/losses on available-for-sale investments included in profit or loss		(729 997 109)	(1 706 357 026)	(1 225 330 849)	(1 163 175 481)	(542 843 652)	(595 361 068)
Reclassification adjustment for impairment on available-for-sale investments	1.3.5	790 158 125	–	1 498 269 090	–	469 060 185	–
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		3 565 546 203	(4 055 513 470)	3 088 094 563	(2 470 338 219)	466 152 384	611 379 193

MONEY MARKET FUND		GLOBAL FUND OF FUNDS		OPTIMAL FUND		BOND FUND		GLOBAL EQUITY FEEDER FUND	
2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
882 092 608	810 889 953	5 819 025	8 044 965	70 525 994	98 877 784	10 959 300	7 045 917	1 425 318	940 657
–	–	3 765 326	6 136 830	38 880 393	75 972 865	–	–	–	–
882 092 608	810 889 953	2 053 699	1 826 322	31 571 841	22 789 574	10 959 300	7 045 917	1 425 318	924 076
2 855 797	5 657 266	–	–	–	–	7 411 784	4 279 814	–	–
854 765 797	765 739 344	–	–	230 897	21 615 853	3 170 310	2 546 957	–	–
24 471 014	39 493 343	2 053 699	1 826 322	31 340 944	1 173 721	377 206	219 146	1 425 318	924 076
–	–	–	81 813	–	–	–	–	–	16 581
–	–	–	–	73 760	115 345	–	–	–	–
28 067 823	19 964 053	406 852	377 110	27 676 845	18 453 959	722 801	623 231	220 873	188 768
71 329	54 521	34 464	26 280	84 128	64 148	61 104	46 594	33 262	25 360
76 160	91 784	31 465	14 230	76 885	75 310	21 700	20 508	16 282	6 145
546 733	401 971	340 923	336 600	127 928	59 778	6 828	4 122	171 329	157 263
27 373 601	19 415 777	–	–	27 387 904	18 254 723	633 169	552 007	–	–
854 024 785	790 925 900	5 412 173	7 667 855	42 849 149	80 423 825	10 236 499	6 422 686	1 204 445	751 889
–	–	778 335	(606 042)	10 738 826	5 306 416	855 321	620 000	202 333	34 252
854 024 785	790 925 900	6 190 508	7 061 813	53 587 975	85 730 241	11 091 820	7 042 686	1 406 778	786 141
–	–	–	–	(167 111)	(59 890)	–	–	–	–
–	–	217 015 803	506 986 012	80 601 146	119 913 631	(369 784)	(2 976 945)	(15 122 252)	17 970 879
–	–	–	–	(448 689 930)	198 997 169	–	–	–	–
–	–	761 563	646 427	–	–	–	–	(12 951 610)	2 455 072
–	–	–	–	(42 828 967)	–	–	–	–	–
854 024 785	790 925 900	223 967 874	514 694 252	(357 496 887)	404 581 151	10 722 036	4 065 741	(26 667 084)	21 212 092
(854 024 785)	(790 925 900)	(6 190 508)	(7 061 813)	(53 587 975)	(85 730 241)	(11 091 820)	(7 042 686)	(1 406 778)	(786 141)
–	–	217 777 366	507 632 439	(411 084 862)	318 850 910	(369 784)	(2 976 945)	(28 073 862)	20 425 951
–	–	(261 062 465)	902 615 402	524 154 673	(161 040 516)	(3 480 374)	797 169	357 778 904	(356 207 548)
–	–	(217 015 803)	(506 986 012)	(80 601 146)	(119 913 631)	369 784	2 976 945	15 122 252	(17 970 879)
–	–	–	–	42 828 967	–	–	–	–	–
–	–	(260 300 902)	903 261 829	75 297 632	37 896 763	(3 480 374)	797 169	344 827 294	(353 752 476)

Statements of Financial Position

As at 31 December 2009

	NOTES	EQUITY FUND 2009 R	EQUITY FUND 2008 R	BALANCED FUND 2009 R	BALANCED FUND 2008 R	STABLE FUND 2009 R	STABLE FUND 2008 R
ASSETS							
Investments	1.3.5; 8	21 500 779 237	15 102 382 087	32 668 418 984	23 953 838 375	30 930 941 628	21 961 440 788
Available-for-sale investments		20 949 779 237	14 632 382 087	25 304 163 461	19 911 425 186	13 557 623 746	10 658 333 747
Listed instruments		18 709 484 738	12 987 255 835	17 202 024 112	13 852 917 270	7 383 607 478	6 040 925 004
Listed bonds		–	–	1 603 890 938	466 004 487	–	2 161 436
Foreign investments		2 240 294 499	1 645 126 252	6 498 248 411	5 592 503 429	6 174 016 268	4 615 247 307
Money market investments classified as loans and receivables		–	–	6 688 724 114	3 305 413 189	16 289 562 302	10 607 107 041
Cash and cash equivalents held for investment purposes		551 000 000	470 000 000	675 531 409	737 000 000	1 083 755 580	696 000 000
Accounts receivable*		41 024 932	10 779 919	82 183 689	77 240 449	81 567 194	125 075 596
Interest receivable		3 166 430	4 552 886	3 798 195	6 124 703	5 499 525	5 566 409
Cash and cash equivalents		9 497 900	12 901 667	10 785 039	11 785 729	17 108 484	14 049 753
TOTAL ASSETS		21 554 468 499	15 130 616 559	32 765 185 907	24 048 989 256	31 035 116 831	22 106 132 546
LIABILITIES							
Accounts payable*		117 035 613	64 104 451	377 329 298	96 944 111	520 352 019	152 515 978
Distribution payable to unitholders		–	1 465 419 233	274 847 848	1 789 691 312	268 317 698	992 666 191
TOTAL LIABILITIES, excluding net assets attributable to unitholders		117 035 613	1 529 523 684	652 177 146	1 886 635 423	788 669 717	1 145 182 169
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		21 437 432 886	13 601 092 875	32 113 008 761	22 162 353 833	30 246 447 114	20 960 950 377

* Accounts receivable and accounts payable are interest-free and are settled within 30 days.

MONEY MARKET FUND		GLOBAL FUND OF FUNDS		OPTIMAL FUND		BOND FUND		GLOBAL EQUITY FEEDER FUND	
2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
8 726 962 159	9 561 064 057	6 692 022 430	5 829 922 548	2 762 051 660	1 291 329 192	160 988 334	110 223 065	3 703 126 210	2 584 045 964
–	257 930 066	6 692 022 430	5 829 922 548	2 346 688 804	1 001 667 095	132 101 194	60 407 955	3 703 126 210	2 584 045 964
–	–	–	–	2 339 243 014	992 059 810	–	–	–	–
–	257 930 066	–	–	–	–	132 101 194	60 407 955	–	–
–	–	6 692 022 430	5 829 922 548	7 445 790	9 607 285	–	–	3 703 126 210	2 584 045 964
8 543 962 159	9 241 133 991	–	–	–	–	23 887 140	44 815 110	–	–
183 000 000	62 000 000	–	–	415 362 856	289 662 097	5 000 000	5 000 000	–	–
–	215 597 135	12 840 180	–	22 708 700	2 665 485	–	193 403	513 086	–
1 595 160	953 599	149 502	71 930	2 146 106	3 006 693	23 176	63 537	72 383	76 671
8 810 723	6 446 528	35 123 030	15 264 367	10 368 606	10 466 714	1 062 633	769 718	16 945 559	4 404 599
8 737 368 042	9 784 061 319	6 740 135 142	5 845 258 845	2 797 275 072	1 307 468 084	162 074 143	111 249 723	3 720 657 238	2 588 527 234
192 766 012	215 439 714	31 583 447	648 292	25 771 086	8 293 401	230 852	1 709 975	11 974 975	740 617
53 431 472	93 510 091	6 190 508	7 061 813	20 382 607	77 994 743	3 219 184	2 565 642	1 406 778	786 141
246 197 484	308 949 805	37 773 955	7 710 105	46 153 693	86 288 144	3 450 036	4 275 617	13 381 753	1 526 758
8 491 170 558	9 475 111 514	6 702 361 187	5 837 548 740	2 751 121 379	1 221 179 940	158 624 107	106 974 106	3 707 275 485	2 587 000 476

Statements of Changes in Net Assets Attributable to Unitholders

For the year ended 31 December 2009

	EQUITY FUND		BALANCED FUND		STABLE FUND	
	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
Opening balance	**13 601 092 875**	18 661 984 198	**22 162 353 833**	25 055 211 341	**20 960 950 377**	20 644 301 542
Increase/(decrease) in net assets attributable to unitholders	**3 565 546 203**	(4 055 513 470)	**3 088 094 563**	(2 470 338 219)	**466 152 384**	611 379 193
Undistributed (loss)/profit for the year	**(146 334 488)**	1 702 847 181	**(295 135 893)**	2 169 000 486	**(289 656 663)**	2 100 891 071
Other comprehensive income	**3 711 880 691**	(5 758 360 651)	**3 383 230 456**	(4 639 338 705)	**755 809 047**	(1 489 511 878)
Net creations/(cancellations) during the year	**4 270 793 808**	(1 005 377 853)	**6 862 560 365**	(422 519 289)	**8 819 344 353**	(294 730 358)
Closing balance	**21 437 432 886**	13 601 092 875	**32 113 008 761**	22 162 353 833	**30 246 447 114**	20 960 950 377

MONEY MARKET FUND		GLOBAL FUND OF FUNDS		OPTIMAL FUND		BOND FUND		GLOBAL EQUITY FEEDER FUND	
2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
9 475 111 514	3 541 424 019	**5 837 548 740**	4 976 855 803	**1 221 179 940**	1 033 649 659	**106 974 106**	72 726 747	**2 587 000 476**	2 752 769 192
–	–	**(260 300 902)**	903 261 829	**75 297 632**	37 896 763	**(3 480 374)**	797 169	**344 827 294**	(353 752 476)
–	–	**217 777 366**	507 632 439	**(411 084 862)**	318 850 910	**(369 784)**	(2 976 945)	**(28 073 862)**	20 425 951
–	–	**(478 078 268)**	395 629 390	**486 382 494**	(280 954 147)	**(3 110 590)**	3 774 114	**372 901 156**	(374 178 427)
(983 940 956)	5 933 687 495	**1 125 113 349**	(42 568 892)	**1 454 643 807**	149 633 518	**55 130 375**	33 450 190	**775 447 715**	187 983 760
8 491 170 558	9 475 111 514	**6 702 361 187**	5 837 548 740	**2 751 121 379**	1 221 179 940	**158 624 107**	106 974 106	**3 707 275 485**	2 587 000 476

Statements of Cash Flows

For the year ended 31 December 2009

	NOTES	EQUITY FUND		BALANCED FUND		STABLE FUND	
		2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES							
Interest received		39 133 752	9 577 993	502 529 307	412 758 455	1 265 631 121	1 156 105 402
Dividends received		404 670 698	1 872 938 793	376 068 590	1 946 109 791	158 052 076	923 480 990
Sundry income		1 327 446	3 715 934	2 530 397	4 221 615	345 063	1 764 790
Distributions paid		(1 473 171 324)	(39 139 959)	(2 072 183 560)	(469 203 111)	(1 950 202 556)	(1 019 067 947)
Cash (used)/generated by operations before working capital changes	4	(522 166 822)	(371 045 736)	(371 975 886)	(210 632 901)	(233 363 994)	(192 469 112)
Working capital changes	4	22 686 149	14 232 592	275 441 947	12 064 725	411 344 443	(183 341)
NET CASH (OUTFLOW)/INFLOW from operating activities		(1 527 520 101)	1 490 279 617	(1 287 589 205)	1 695 318 574	(348 193 847)	869 630 782
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investments		(8 945 893 929)	(7 047 137 055)	(24 832 126 740)	(28 087 465 781)	(46 382 647 649)	(54 480 088 506)
Proceeds on disposal of investments		6 199 216 455	6 558 932 991	19 259 726 828	26 973 976 163	37 904 272 664	54 047 328 216
NET CASH (OUTFLOW)/INFLOW from investing activities		(2 746 677 474)	(488 204 064)	(5 572 399 912)	(1 113 489 618)	(8 478 374 985)	(432 760 290)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net proceeds/(payments) from creation and cancellation of units		4 270 793 808	(1 005 377 853)	6 862 560 365	(422 519 289)	8 819 344 353	(294 730 358)
NET CASH INFLOW/(OUTFLOW) from financing activities		4 270 793 808	(1 005 377 853)	6 862 560 365	(422 519 289)	8 819 344 353	(294 730 358)
NET (DECREASE)/INCREASE in cash and cash equivalents		(3 403 767)	(3 302 300)	2 571 248	159 309 667	(7 224 479)	142 140 134
CASH AND CASH EQUIVALENTS at the beginning of the year		12 901 667	16 203 967	11 785 729	8 741 929	14 049 753	14 156 343
Foreign exchange loss/(gain) on monetary assets		–	–	(3 571 938)	(156 265 867)	10 283 210	(142 246 724)
CASH AND CASH EQUIVALENTS at the end of the year		9 497 900	12 901 667	10 785 039	11 785 729	17 108 484	14 049 753

MONEY MARKET FUND		GLOBAL FUND OF FUNDS		OPTIMAL FUND		BOND FUND		GLOBAL EQUITY FEEDER FUND	
2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
958 535 100	632 462 055	1 976 127	2 047 168	32 432 428	21 037 917	8 540 329	7 112 009	1 429 606	957 251
–	–	3 765 326	6 136 830	38 880 393	76 438 239	–	–	–	–
–	–	–	–	73 760	115 345	–	–	–	–
(894 103 404)	(727 947 873)	(7 061 813)	(4 352 396)	(111 200 111)	(19 176 831)	(10 438 278)	(6 077 719)	(786 141)	(1 853 596)
(28 067 823)	(19 964 053)	1 133 046	(336 725)	(16 938 019)	(13 147 543)	132 520	(3 231)	(12 970 150)	2 300 556
192 923 433	(1 495 131)	18 094 975	4 217 942	(2 565 530)	8 265 126	(1 285 720)	476 755	10 721 272	1 134 381
229 287 306	(116 945 002)	17 907 661	7 712 819	(59 317 079)	73 532 253	(3 051 149)	1 507 814	(1 605 413)	2 538 592
(28 055 204 989)	(32 639 955 891)	(4 153 452 195)	(2 865 261 660)	(8 076 477 585)	(4 320 302 818)	(233 366 008)	(182 449 729)	(1 817 352 055)	(549 116 095)
28 812 222 834	26 822 484 202	3 031 051 411	2 651 594 061	6 681 052 749	4 092 834 807	181 579 697	147 712 126	1 043 099 103	591 681 352
757 017 845	(5 817 471 689)	(1 122 400 784)	(213 667 599)	(1 395 424 836)	(227 468 011)	(51 786 311)	(34 737 603)	(774 252 952)	42 565 257
(983 940 956)	5 933 687 495	1 125 113 349	201 667 486	1 454 643 807	149 633 518	55 130 375	33 450 190	775 447 715	(62 016 240)
(983 940 956)	5 933 687 495	1 125 113 349	201 667 486	1 454 643 807	149 633 518	55 130 375	33 450 190	775 447 715	(62 016 240)
2 364 195	(729 196)	20 620 226	(4 287 294)	(98 108)	(4 302 240)	292 915	220 401	(410 650)	(16 912 391)
6 446 528	7 175 724	15 264 367	20 198 088	10 466 714	14 768 954	769 718	549 317	4 404 599	23 772 062
–	–	(761 563)	(646 427)	–	–	–	–	12 951 610	(2 455 072)
8 810 723	6 446 528	35 123 030	15 264 367	10 368 606	10 466 714	1 062 633	769 718	16 945 559	4 404 599

Notes to the Annual Financial Statements

For the year ended 31 December 2009

1. ACCOUNTING STANDARDS AND POLICIES

1.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at either fair value or amortised cost, in accordance with International Financial Reporting Standards ('IFRS'). These financial statements are presented in South African rands being the functional currency of the Funds. The accounting policies have been applied consistently to all the years presented.

1.2 IFRS

The Funds have adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB that are relevant to their operations and effective for annual accounting periods ended 31 December 2009.

The significant accounting policies adopted in the preparation of the financial statements are set out below and are in accordance with and comply with IFRS.

The following new or revised IFRS statements, interpretations and amendments applicable to the Funds were adopted during the current financial year.

Statements/interpretations/amendments		Effective date Years beginning on/after	Impact
IAS 1	Presentation of Financial Statements	1 Jan 2009	Changes to the terminology used and presentation and layout of financial statements
IAS 32 & IAS 1 Amendments	Financial Instruments: Presentation and Presentation of Financial Instruments – Puttable Financial Instruments and Obligations Arising on Liquidation	1 Jan 2009	No impact; the units issued by the funds include a contractual obligation to make distributions to unitholders, therefore continue to be classified as liabilities
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about fair value and liquidity risk.	1 Jan 2009	Enhanced disclosure about fair value and liquidity risk

The following new or revised IFRS statements, interpretations and amendments applicable to the Funds have been issued but are not yet effective.

Statements/interpretations/amendments		Effective date Years beginning on/after	Expected impact
IAS 24	Related Party Disclosures	1 Jan 2011	No material impact
IFRS 9	Financial Instruments	1 Jan 2013	New standard that forms the first part of a three part project to replace IAS 39 Financial Instruments: Recognition and Measurement. Therefore the expected impact cannot be determined at this stage.

A number of other changes, that are effective for accounting periods ended after 31 December 2009, have been issued by the IASB and IFRIC. However, these are not considered relevant to the Funds' operations.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

1. ACCOUNTING STANDARDS AND POLICIES (Continued)

1.3 Accounting policies

The Funds have identified the accounting policies that are most significant to their business operations and the understanding of their results. These accounting policies are set out below and have been consistently applied.

1.3.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Funds.

Dividend income comprises dividends accrued on equity investments for which the last date to register falls within the accounting period.

Interest income is accrued for on a daily basis using the effective interest method. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its carrying value. Interest income includes income from cash and cash equivalents, debt securities and money market instruments.

1.3.2 Income adjustments

Income adjustments on creation/cancellation of units represents the income portion of the price received or paid when units are created or cancelled. The income portion of the price received by the Fund on creation of units is, in effect, a payment by unitholders for entitlement to a distribution of income that was earned by the Fund before they joined. The income portion of the price paid to unitholders when units are cancelled is, in effect, compensation for the income distribution they will forfeit when exiting the Fund before the distribution date. The income adjustment on creation or cancellation of units is recognised when units from which it arises are either purchased or sold.

1.3.3 Taxation and deferred taxation

Taxation and deferred taxation are not recognised in the financial statements of the Funds as the Funds are all exempt from tax under the current taxation laws of South Africa.

1.3.4 Expenses

Any interest expense is recognised on an accrual basis using the effective interest method.

All other expenses are recognised in profit or loss on an accrual basis.

1.3.5 Financial instruments

Financial assets and liabilities

Classification

The Funds classify their investments in debt and equity securities and unit trusts as *available-for-sale financial assets*, related derivatives as financial assets at *fair value through profit or loss* and money market instruments as *loans and receivables.*

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are intended to be held for an indefinite period of time, and that may be sold in response to needs of liquidity or changes in interest rates, exchange rates or equity prices. Investments in bonds, equities and unit trusts are classified as *available-for-sale* assets.

Financial instruments at fair value through profit or loss

Financial assets classified as *financial assets at fair value through profit or loss* are designated as such upon initial recognition. This designation is based on the Funds' intention to hold and sell such financial assets for its benefit. Derivatives are categorised as held for trading and are not designated as effective hedging instruments in terms of IAS 39. Derivatives are used for hedging purposes in accordance with the Collective Investment Schemes Control Act, No. 45 of 2002.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Money market instruments are classified as *loans and receivables*.

Recognition and measurement

A 'regular way' contract is one that requires the delivery

Notes to the Annual Financial Statements

For the year ended 31 December 2009

1. ACCOUNTING STANDARDS AND POLICIES (Continued)

1.3.5 Financial instruments (Continued)

Recognition and measurement (Continued)

of an asset within the time frame established, generally by regulation or convention within the marketplace concerned. Regular way purchases and sales of financial assets are recognised using trade date accounting. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date. The trade date is the date that an entity commits itself to purchase or to sell an asset.

Financial instruments are recognised on the trade date at fair value, plus, in the case of assets not *at fair value through profit or loss*, directly attributable transaction costs. The Funds determine the classification of their financial instruments on initial recognition, when the Fund becomes a party to the contract governing the instrument.

Available-for-sale financial assets

Available-for-sale financial assets are subsequently carried at fair value. Fair value is determined as the quoted price at the reporting date. Gains and losses arising from changes in the fair value are recognised in other comprehensive income, with the exception of foreign exchange gains or losses on monetary items; these are recognised immediately in profit or loss. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss.

Interest on *available-for-sale* debt instruments is calculated using the effective interest method and is recognised in profit or loss.

Dividends on *available-for-sale* equity instruments are recognised in profit or loss when the entity's right to receive payment is established.

Financial instruments at fair value through profit or loss

Financial assets designated as at *fair value through profit or loss* are measured at fair value. Subsequent to initial recognition, investments at *fair value through profit or loss* are marked to market on a daily basis with changes in fair value taken through profit or loss as gains and losses.

Determination of fair value

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques.

An analysis of fair values of financial instruments and further details as to how they are measured, are provided in note 8.2.

Loans and receivables

Money market instruments are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when loans and receivables are derecognised or impaired, and through the amortisation process.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in value. Balances held for the purposes of meeting short-term cash commitments rather than for investment or other purposes are current assets and disclosed separately on the face of the Statement of Financial Position. Margin deposits are aggregated with cash balances held for investment purposes and are disclosed as cash and cash equivalents held for investment purposes on the face of the Statement of Financial Position. Margin deposits are not readily available for use by the Funds as they are held as collateral to cover losses that the Funds may incur from their derivative trades. Details on margin deposits may be found in note 8.3.

Subsequent to initial recognition cash and cash equivalents, accounts receivable, accounts payable and distributions payable to unitholders are measured at amortised cost using the effective interest method.

Accounts receivable and accounts payable

Accounts receivable and accounts payable are interest free and settled within 30 days.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

1. ACCOUNTING STANDARDS AND POLICIES (Continued)

1.3.5 Financial instruments (Continued)

Accounts receivable and accounts payable (Continued)

Accounts receivable include balances due from brokers. Accounts payable include balances due to brokers and accrued expenses.

Derecognition of financial assets and liabilities

A financial asset is derecognised when the:

- Contractual rights to receive cash flows from the asset have expired;
- Funds retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- Funds have transferred their contractual rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have not retained control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

A financial asset and a financial liability are offset, and the net amount presented in the Statement of Financial Position, only when the Funds currently have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expense items are only offset to the extent that their related instruments have been offset in the Statement of Financial Position.

Impairment of financial assets

The Funds assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced directly. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its original amortised cost at the reversal date.

Available-for-sale financial investments

In the case of *available-for-sale* equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. A decrease of 30% in fair value is seen as significant and a period of 12 months or more as prolonged. If evidence of impairment exists, the cumulative loss previously recognised in other comprehensive income is reclassified from other comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as *available-for-sale* increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its original amortised cost at the date of reversal.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

1. ACCOUNTING STANDARDS AND POLICIES (Continued)

1.3.5 Financial instruments (Continued)

Available-for-sale financial investments (Continued)

In 2008, the Allan Gray Equity, Balanced, Optimal and Stable Funds received in specie dividends in the form of Reinet and British American Tobacco shares to the value of R5.2 billion from their investments in Remgro and Richemont following an unbundling in those two companies.

Subsequent to the unbundling the market values of Remgro and Reinet declined reflecting the value paid out as dividends. As the original book values of these investments were not affected by the dividends, an impairment on available-for-sale investments has been recognised in the Statements of Comprehensive Income. It is important to highlight that investors in the affected Funds received a corresponding amount of value via the dividends, which are reflected in the 2008 Statements of Comprehensive Income.

1.3.6 Foreign currencies

Foreign currency items are recorded at the exchange rate ruling on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the reporting date or when settled. Gains and losses arising from the translation of these monetary assets and liabilities are recognised in profit or loss.

Non-monetary assets classified as *available-for-sale* investments are also translated at rates of exchange ruling at the reporting date. Unrealised gains and losses arising from the translation of these assets are included in unrealised gains and losses on *available-for-sale* investments and are recognised in other comprehensive income. Realised foreign exchange gains and losses are aggregated with realised gains and losses on disposal of *available-for-sale* investments in the Statements of Comprehensive Income.

1.3.7 Realised gains and losses on investments

Realised gains and losses on investments are calculated as the difference between sales proceeds and original purchase price on a weighted average basis.

1.3.8 Management fee

The management fee is the fee paid by each Fund to Allan Gray Unit Trust Management Limited (the 'Manager') for the management of the Funds and the administration of unitholder transactions. Management fees are either performance-based or fixed and are calculated and accrued based on the daily market value of the portfolios.

1.3.9 Distributions paid

Distributions paid represent profits paid to unitholders at each distribution date. Distributable profits are determined by deducting operating expenses incurred from the revenue earned by the Fund since the last distribution date.
Where Fund operating expenses exceed revenue earned during the distribution period, the shortfall is funded by reducing the non-distributable portion of the Funds' net assets attributable to unitholders.

Distributions to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

1.3.10 Net assets attributable to unitholders

Units issued by the Funds are classified as financial liabilities and disclosed as net assets attributable to unitholders. The value of net assets attributable to unitholders is what is commonly known as the capital value of the Fund. This terminology used in the financial statements was necessitated by the adoption of IFRS. This reclassification, however, has no impact on the value that the unitholder is entitled to on liquidation of units. This financial liability (as defined by IAS 32) is carried at fair value, being the redemption amount representing the unitholders' right to a residual interest in the Funds' assets.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

1. ACCOUNTING STANDARDS AND POLICIES (Continued)

1.3.11 Critical judgement in applying the Funds' accounting policies

The funds follow the guidance of IAS 39 to determine when an *available-for-sale* asset is impaired. In making this judgement the Funds evaluate, among other factors the duration and extent to which the fair value of an investment is less than its cost. Factors such as industry and sector performance changes in technology, and operational and financing cash flows are considered.

1.3.12 Financial results

The results of operations for the year are prepared in terms of International Financial Reporting Standards ('IFRS') and are set out in the accompanying Statements of Comprehensive Income and Statements of Cash Flows for the year ended 31 December 2009 as well as the Statements of Financial Position as at 31 December 2009.

1.3.13 Events subsequent to year-end

There were no significant events subsequent to year-end.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

2. DISTRIBUTIONS PAID

	Notes	2009	2008
Distributions paid are calculated to the fourth decimal place.			
Allan Gray Equity Fund			
30 June			
Class A			
Cents per unit		**6.6661**	40.4359
Distribution paid – R		**7 752 091**	39 139 963
31 December			
Class A			
Cents per unit		**–**	1 424.8102
Distribution paid – R		**–**	1 392 163 061
Class B			
Cents per unit		**–**	1 342.6356
Distribution paid – R		**–**	73 256 172
Total distribution for the year		**7 752 091**	1 504 559 196
Shortfall of income funded by net assets attributed to unitholders	3	**(86 173 472)**	(3 509 845)
Distributable (deficit)/profit for the year		**(78 421 381)**	1 501 049 351
Allan Gray Balanced Fund			
30 June			
Class A			
Cents per unit		**53.0709**	41.5056
Distribution paid – R		**272 665 774**	185 402 233
Class B			
Cents per unit		**25.1265**	9.8249
Distribution paid – R		**9 826 474**	3 908 374
31 December			
Class A			
Cents per unit		**45.5988**	371.0489
Distribution paid – R		**269 068 645**	1 661 657 842
Class B			
Cents per unit		**14.5126**	340.9437
Distribution paid – R		**5 779 203**	128 033 470
Total distribution for the year		**557 340 096**	1 979 001 919
Allan Gray Stable Fund			
31 March			
Class A			
Cents per unit		**32.5863**	23.7892
Distribution paid – R		**308 917 290**	198 645 077
Class B			
Cents per unit		**25.9407**	17.2128
Distribution paid – R		**32 392 632**	24 811 117
30 June			
Class A			
Cents per unit		**27.6436**	28.0418
Distribution paid – R		**282 963 485**	239 329 385
Class B			
Cents per unit		**20.9592**	21.3525
Distribution paid – R		**26 674 301**	28 983 960

Notes to the Annual Financial Statements

For the year ended 31 December 2009

2. DISTRIBUTIONS PAID (Continued)

	Notes	2009	2008
Allan Gray Stable Fund (Continued)			
30 September			
Class A			
Cents per unit		24.5761	33.5906
Distribution paid – R		283 845 106	278 246 396
Class B			
Cents per unit		17.6592	26.9254
Distribution paid – R		22 743 551	33 791 189
31 December			
Class A			
Cents per unit		20.0864	102.9300
Distribution paid – R		251 785 641	875 438 297
Class B			
Cents per unit		13.1124	96.0373
Distribution paid – R		16 532 057	117 227 895
Total distribution for the year		1 225 854 063	1 796 473 316
Allan Gray-Orbis Global Fund of Funds			
31 December			
Class A			
Cents per unit		1.2635	1.7241
Total distribution for the year		6 190 508	7 061 813
Allan Gray Optimal Fund			
30 June			
Class A			
Cents per unit		22.0876	12.8814
Distribution paid – R		32 465 319	7 512 921
Class B			
Cents per unit		12.4797	3.8571
Distribution paid – R		740 049	222 577
31 December			
Class A			
Cents per unit		11.9762	96.9916
Distribution paid – R		20 254 655	73 242 927
Class B			
Cents per unit		2.1524	87.2913
Distribution paid – R		127 952	4 751 816
Total distribution for the year		53 587 975	85 730 241
Allan Gray Bond Fund			
31 March			
Class A			
Cents per unit		25.1050	21.7428
Distribution paid – R		2 446 633	2 039 924
30 June			
Class A			
Cents per unit		23.2748	22.5212
Distribution paid – R		2 560 802	1 109 368
30 September			
Class A			
Cents per unit		22.1317	24.1014
Distribution paid – R		2 865 201	1 327 752

Notes to the Annual Financial Statements

For the year ended 31 December 2009

2. DISTRIBUTIONS PAID (Continued)

	2009	2008
Allan Gray Bond Fund (Continued)		
31 December		
Class A		
Cents per unit	**20.7282**	25.3175
Distribution paid – R	**3 219 184**	2 565 642
Total distribution for the year	**11 091 820**	7 042 686
Allan Gray-Orbis Global Equity Feeder Fund		
31 December		
Class A		
Cents per unit	**0.6487**	0.4646
Total distribution for the year	**1 406 778**	786 141

Allan Gray Money Market Fund

The Allan Gray Money Market Fund distributes on a daily basis. This distribution is paid over to unitholders on a monthly basis. These daily distribution details have not been disclosed on this note because of the frequency of the distributions.

Investments applied to the funding of distribution payable to unitholders

In the event of a cash shortfall to fund distributions, the Funds have access to liquid assets classified as cash and cash equivalents held for investment purposes to honour their obligations to unitholders. The following Funds were in this position at reporting date:

2009	EQUITY FUND	BALANCED FUND	STABLE FUND
Distribution payable to unitholders	**–**	**274 847 848**	**268 317 698**
Distribution to be reinvested	**–**	**(254 521 912)**	**(248 578 975)**
Distribution expected to be paid in cash	**–**	**20 325 936**	**19 738 723**
Less: Current account cash balance	**–**	**(10 785 039)**	**(17 108 484)**
Cash and cash equivalents held for investment purposes ring-fenced in the event of a cash shortfall at distribution date	**–**	**9 540 897**	**2 630 239**

2008	EQUITY FUND	BALANCED FUND	STABLE FUND
Distribution payable to unitholders	1 465 419 233	1 789 691 312	992 666 191
Distribution to be reinvested	(1 342 859 297)	(1 644 169 317)	(903 267 823)
Distribution expected to be paid in cash	122 559 936	145 521 995	89 398 368
Less: Current account cash balance	(12 901 667)	(11 785 729)	(14 049 753)
Cash and cash equivalents held for investment purposes ring-fenced in the event of a cash shortfall at distribution date	109 658 269	133 736 266	75 348 615

Notes to the Annual Financial Statements

For the year ended 31 December 2009

3. SHORTFALLS OF DISTRIBUTABLE PROFITS

The following amounts have been transferred from the net assets attributable to unitholders to fund shortfalls in distributable profits in terms of section 51.2 of the Deed.

	EQUITY FUND	
	2009 R	2008 R
Allan Gray Equity Fund A & B Class (June)	**3 638 445**	3 509 845*
Allan Gray Equity Fund A & B Class (December)	**82 535 027**	–
Total shortfalls for the year	**86 173 472**	3 509 845

*This temporary shortfall of income in the Allan Gray Equity Fund B Class reversed before year-end.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

4. NOTES TO THE STATEMENTS OF CASH FLOWS

	EQUITY FUND		BALANCED FUND		STABLE FUND	
	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
CASH GENERATED BY OPERATIONS						
Profit for the year	(138 582 397)	3 207 406 377	262 204 203	4 148 002 405	936 197 400	3 897 364 387
Adjusted for:						
Impairment on available-for-sale investments	790 158 125	–	1 498 269 090	–	469 060 185	–
Investment transaction costs on investments at fair value through profit and loss	–	–	13 963	126 511	151 934	171 504
Sundry income	(1 327 446)	(3 715 934)	(2 530 397)	(4 221 615)	(345 063)	(1 764 790)
Interest income	(37 747 297)	(13 696 451)	(554 288 933)	(414 393 768)	(1 290 537 708)	(1 207 201 585)
Dividend income	(404 670 698)	(1 854 682 702)	(376 068 590)	(1 927 285 304)	(158 052 076)	(922 222 777)
Realised (gains)/losses on disposal of available-for-sale investments	(729 997 109)	(1 706 357 026)	(1 225 330 849)	(1 163 175 481)	(542 843 652)	(595 361 068)
Losses/(gains) on investments at fair value through profit or loss	–	–	25 755 627	(849 685 649)	353 004 986	(1 363 454 783)
Cash (used)/generated by operations before working capital changes	(522 166 822)	(371 045 736)	(371 975 886)	(210 632 901)	(233 363 994)	(192 469 112)
WORKING CAPITAL CHANGES						
(Increase)/decrease in accounts receivable	(30 245 013)	(4 975 267)	(4 943 240)	(4 650 638)	43 508 402	(82 281 650)
Increase/(decrease) in accounts payable	52 931 162	19 207 859	280 385 187	16 715 363	367 836 041	82 098 309
Working capital changes	22 686 149	14 232 592	275 441 947	12 064 725	411 344 443	(183 341)

Notes to the Annual Financial Statements

For the year ended 31 December 2009

MONEY MARKET FUND		GLOBAL FUND OF FUNDS		OPTIMAL FUND		BOND FUND		GLOBAL EQUITY FEEDER FUND	
2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R	2009 R	2008 R
854 024 785	790 925 900	223 967 874	514 694 252	(357 496 887)	404 581 151	10 722 036	4 065 741	(26 667 084)	21 212 092
–	–	–	–	42 828 967	–	–	–	–	–
–	–	–	–	167 111	59 890	–	–	–	–
–	–	–	–	(73 760)	(115 345)	–	–	–	–
(882 092 608)	(810 889 953)	(2 053 699)	(1 908 135)	(31 571 841)	(22 789 574)	(10 959 300)	(7 045 917)	(1 425 318)	(940 657)
–	–	(3 765 326)	(6 136 830)	(38 880 393)	(75 972 865)	–	–	–	–
–	–	(217 015 803)	(506 986 012)	(80 601 146)	(119 913 631)	369 784	2 976 945	15 122 252	(17 970 879)
–	–	–	–	448 689 930	(198 997 169)	–	–	–	–
(28 067 823)	(19 964 053)	1 133 046	(336 725)	(16 938 019)	(13 147 543)	132 520	(3 231)	(12 970 150)	2 300 556
215 597 135	(202 048 244)	(12 840 180)	3 609 592	(20 043 215)	9 747 570	193 403	(167 814)	(513 086)	422 151
(22 673 702)	200 553 113	30 935 155	608 350	17 477 685	(1 482 444)	(1 479 123)	644 569	11 234 358	712 230
192 923 433	(1 495 131)	18 094 975	4 217 942	(2 565 530)	8 265 126	(1 285 720)	476 755	10 721 272	1 134 381

Notes to the Annual Financial Statements

For the year ended 31 December 2009

5. RECONCILIATION OF UNITS

R	EQUITY FUND	BALANCED FUND	STABLE FUND
2009			
Opening balance	**103 123 170**	**485 207 639**	**971 880 709**
Net units created/(cancelled) during the year	**30 559 242**	**144 363 961**	**407 218 097**
Closing balance	**133 682 412**	**629 571 600**	**1 379 098 806**
2008			
Opening balance	108 998 716	493 849 841	986 801 186
Net units (cancelled)/created during the year	(5 875 546)	(8 642 202)	(14 920 477)
Closing balance	103 123 170	485 207 639	971 880 709

6. REVIEW OF FLUCTUATIONS OF UNIT PRICES

Cents	EQUITY FUND	BALANCED FUND	STABLE FUND
2009			
Class A			
Lowest	**11 654.08**	**4 235.79**	**2 093.32**
Highest	**16 146.06**	**5 172.76**	**2 236.91**
Class B			
Lowest	**11 128.72**	**4 225.27**	**2 091.29**
Highest	**15 500.54**	**5 143.00**	**2 234.34**
2008			
Class A			
Lowest	12 557.99	4 497.31	2 070.17
Highest	18 313.01	5 360.56	2 278.32
Class B			
Lowest	12 002.69	4 477.72	2 068.45
Highest	17 795.99	5 336.06	2 272.66

n/a denotes funds without B-Class units

The prices of units fluctuate in accordance with the changes in the market values of the investments included in the portfolio.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

MONEY MARKET FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	BOND FUND	GLOBAL EQUITY FEEDER FUND
9 475 111 513	**409 690 793**	**80 896 857**	**10 133 362**	**169 159 316**
(983 940 955)	**80 157 903**	**94 073 783**	**5 392 497**	**47 648 535**
8 491 170 558	**489 848 696**	**174 970 640**	**15 525 859**	**216 807 851**
3 541 424 017	412 025 596	71 645 512	7 104 620	158 654 195
5 933 687 496	(2 334 803)	9 251 345	3 028 742	10 505 121
9 475 111 513	409 690 793	80 896 857	10 133 362	169 159 316

MONEY MARKET FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	BOND FUND	GLOBAL EQUITY FEEDER FUND
100.00	**1 277.52**	**1 514.95**	**1 011.11**	**1318.75**
100.00	**1 508.65**	**1 584.31**	**1 067.12**	**1766.7**
n/a	**n/a**	**1 514.64**	**n/a**	**n/a**
n/a	**n/a**	**1 574.48**	**n/a**	**n/a**
100.00	1 193.98	1 429.24	958.54	1 425.63
100.00	1 610.88	1 618.39	1 081.68	2 000.80
n/a	n/a	1 426.98	n/a	n/a
n/a	n/a	1 609.55	n/a	n/a

Notes to the Annual Financial Statements

For the year ended 31 December 2009

7. RELATED PARTY TRANSACTIONS

All transactions with related parties are conducted at arm's length. Outstanding balances bear no interest, are unsecured and are settled within 30 days of invoice date.

The Manager earns a management fee for managing and administering the Funds. Management fees per fund are either performance-based or fixed. As a consequence of the performance fee orientation, management fees will typically be higher following periods where the Funds' total investment performance (income plus capital appreciation) have outperformed their respective benchmarks and lower in the case of underperformance. This ensures that the Manager's interests are aligned with those of unitholders.

During the year, the Funds collectively paid management fees of R1 249.3 million, including VAT to the Manager (2008: R1 105.9 million). At 31 December 2009, the balance due to the Manager is detailed as follows:

	VAT inclusive	VAT inclusive
	2009 R	2008 R
Allan Gray Equity Fund	**48 391 781**	41 318 966
Allan Gray Balanced Fund	**41 322 459**	31 737 584
Allan Gray Stable Fund	**27 188 470**	28 612 323
Allan Gray Optimal Fund	**2 708 368**	3 404 440
Allan Gray Bond Fund	**115 810**	27 226
Allan Gray Money Market Fund	**2 052 479**	2 278 374
	121 779 367	107 378 913

The Directors of the Manager have acquired and hold units in the Funds. These units were valued at R52 904 893 at 31 December 2009 (2008: R72 608 657). During the year, the directors' share of distributions paid by the Funds on their attributable unit holdings amounted to R1 865 748 (2008: R129 074).

The Manager holds discretionary investments in the Funds. These units were valued at R27 739 654 at 31 December 2009 (2008: R27 739 557). During the year, the Manager's share of distributions paid by the Funds on their attributable unit holdings amounted to R1 178 654 (2008: R287 101).

8. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the annual financial statements.

8.1 Financial risk management policies and objectives

The Funds maintain positions in a variety of derivative and non-derivative financial instruments as dictated by each Fund's specific investment management strategy. The Funds' investment portfolios may comprise listed equity and debt investments, investments in other funds, unlisted money market instruments and short-term cash deposits. Asset allocation is determined by the Funds' Manager who manages the distribution of the assets to achieve the Funds' investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored daily by Allan Gray's compliance department.

Market risk

The Funds' investing activities expose unitholders to various types of risk that are associated with the financial instruments and markets in which the Funds invest. Market risk is defined as 'the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices' and includes interest rate, foreign currency and other price risks.

The table on page 45 shows the Funds' exposure to price and interest rate risks, split into the different types of financial instruments held by the Funds at reporting date. The analysis only relates to instruments subject to those specific risks.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Market risk (Continued)

	EQUITY FUND	BALANCED FUND	STABLE FUND	MONEY MARKET FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	BOND FUND	GLOBAL EQUITY FEEDER FUND
2009 – R'000								
Subject to price risk	20 949 779	23 700 272	13 557 624	–	6 692 022	2 346 689	–	3 703 126
Local instruments	18 709 485	17 202 024	7 383 608	–	–	2 339 243	–	–
Foreign instruments*	2 240 294	6 498 248	6 174 016	–	6 692 022	7 446	–	3 703 126
Subject to interest rate risk	551 000	8 968 147	17 373 318	8 726 962	–	415 363	160 988	–
Money market and cash investments	551 000	7 364 256	17 373 318	8 726 962	–	415 363	28 887	–
Bonds	–	1 603 891	–	–	–	–	132 101	–
Total investments	21 500 779	32 668 419	30 930 942	8 726 962	6 692 022	2 762 052	160 988	3 703 126

	EQUITY FUND	BALANCED FUND	STABLE FUND	MONEY MARKET FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	BOND FUND	GLOBAL EQUITY FEEDER FUND
2008 – R'000								
Subject to price risk	14 632 382	19 445 421	10 656 172	–	5 829 923	1 001 667	–	2 584 046
Local instruments	12 987 256	13 852 918	6 040 925	–	–	992 060	–	–
Foreign instruments*	1 645 126	5 592 503	4 615 247	–	5 829 923	9 607	–	2 584 046
Subject to interest rate risk	470 000	4 508 417	11 305 269	9 561 064	–	289 662	110 223	–
Money market and cash investments	470 000	4 042 413	11 303 108	9 303 134	–	289 662	49 815	–
Bonds	–	466 004	2 161	257 930	–	–	60 408	–
Total investments	15 102 382	23 953 838	21 961 441	9 561 064	5 829 923	1 291 329	110 223	2 584 046

*Included in foreign instruments is cash held in foreign currency for investment in foreign mutual funds.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Unitholders are exposed to changes in the market values of the individual investments underlying each Fund. The security selection and asset allocation within each of the Funds is monitored daily by the Manager in terms of each individual Fund's stated investment objectives. Allan Gray's compliance department monitors compliance with applicable regulations (for example Regulation 28 of the Pension Funds Act, No. 24 of 1956 where applicable ('Regulation 28') and the CISCA (as amended from time to time) and the investment mandate on a daily basis. In addition, price risk may be hedged using derivative financial instruments such as futures contracts.

Exposure to price risk is mainly through listed instruments.

There has been no change to the Funds' exposure to price risk or the manner in which it manages and measures the risk. The following analysis indicates the possible exposure of net assets attributable to unitholders to price risk, until such time as the investments are sold. The table also illustrates the effect of reasonably possible changes in fair value of investments for price risk, assuming that all other variables remain constant. Note that changes in the fair value of available for sale investments will impact other comprehensive income whilst changes in the fair value of derivative hedging instruments will impact profit or loss. It follows that the actual results may differ from the sensitivity analysis below and the difference could be material. The disclosure provides information on the risks to which unitholders are exposed and is not indicative of future performance.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Price risk (Continued)

2009 – R'000	EQUITY FUND	BALANCED FUND	STABLE FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	GLOBAL EQUITY FEEDER FUND
Investments subject to price risk	20 949 779	23 700 272	13 557 624	6 692 022	2 346 689	3 703 126
Analysed as follows:						
Local Instruments						
Net exposure	18 709 485	16 775 777	3 046 870	–	95 972	–
Gross instruments	18 709 485	17 202 024	7 383 608	–	2 339 243	–
Hedged instruments	–	(426 247)	(4 336 738)	–	(2 243 271)	–
+ or - 5%	935 474	838 789	152 344	–	4 799	–
+ or - 10%	1 870 949	1 677 578	304 687	–	9 597	–
+ or - 20%	3 741 897	3 355 155	609 374	–	19 194	–
Foreign Instruments						
Foreign exposure	2 240 294	6 498 248	6 174 016	6 692 022	7 446	3 703 126
+ or - 5%	112 015	324 912	308 701	334 601	372	185 156
+ or - 10%	224 029	649 825	617 402	669 202	745	370 313
+ or - 20%	448 059	1 299 650	1 234 803	1 338 404	1 489	740 625

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Price risk (Continued)

2008 – R'000	EQUITY FUND	BALANCED FUND	STABLE FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	GLOBAL EQUITY FEEDER FUND
Subject to price risk	14 632 382	19 445 421	10 656 172	5 829 923	1 001 667	2 584 046
Analysed as follows:						
Local Instruments						
Net exposure	12 987 256	13 852 918	6 040 925	–	82 335	–
Gross instruments	12 987 256	13 852 918	6 040 925	–	992 060	–
Hedged instruments	–	–	–	–	(909 725)	–
+ or - 5%	649 363	692 646	302 046	–	4 117	–
+ or - 10%	1 298 726	1 385 292	604 093	–	8 234	–
+ or - 20%	2 597 451	2 770 584	1 208 185	–	16 467	–
Foreign Instruments						
Foreign exposure	1 645 126	5 592 503	4 615 247	5 829 923	9 607	2 584 046
+ or - 5%	82 256	279 625	230 762	291 496	480	129 202
+ or - 10%	164 513	559 250	461 525	582 992	961	258 405
+ or - 20%	329 025	1 118 501	923 049	1 165 985	1 921	516 809

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Interest rate risk

The value of the Funds' holding in listed interest-bearing investments varies in accordance with changes in the prevailing market interest rates. The risk of loss due to adverse interest rate movements is monitored daily by the Manager. All Funds are exposed to interest rate risk as a result of cash balances held, however, the Funds that are significantly exposed to interest rate risk are those that invest in bonds (the Allan Gray Balanced Fund, the Allan Gray Bond Fund and the Allan Gray Stable Fund) and money market instruments (the Allan Gray Bond Fund, the Allan Gray Balanced Fund, the Allan Gray Stable Fund, the Allan Gray Money Market Fund and the Allan Gray Optimal Fund). See note 8.4 for maturity profiles of interest-bearing investments.

The table below illustrates the effect of reasonably possible changes in prevailing interest rates, with all other variables held constant. The effect on initial margin deposits on derivative investments is factored into the calculation. This analysis ignores operating bank accounts in the underlying funds. Modified duration is used to estimate the change in the net assets attributable to unitholders as a result of a change in interest rate. The actual results may differ from the sensitivity analysis and the difference could be material. The disclosure provides information on the risks to which unitholders are exposed and is not indicative of future performance.

R'000	2009			2008		
Sensitivity to changes in interest rates	Investment value	+ or - 0.50%	+ or - 1.00%	Investment value	+ or - 0.50%	+ or - 1.00%
Allan Gray Balanced Fund	**8 968 147**	**42 903**	**85 806**	4 508 417	16 755	33 509
Allan Gray Stable Fund	**17 373 318**	**21 116**	**42 232**	11 305 268	10 774	21 548
Allan Gray Bond Fund	**160 988**	**2 744**	**5 488**	110 223	1 337	2 674

The Allan Gray Money Market Fund investments do not change as a result of a change in interest rates. The Allan Gray Equity Fund, the Allan Gray-Orbis Global Fund of Funds, the Allan Gray Optimal Fund and the Allan Gray-Orbis Global Equity Feeder Fund all have cash balances that attract variable interest rates. Fluctuations in prevailing interest rates would therefore have no effect on those cash balances. However, there would be changes to the interest income of the Funds and due to the temporary nature of these balances the effect of any such changes would be immaterial.

Foreign currency risk

The Allan Gray Balanced Fund, the Allan Gray Stable Fund, the Allan Gray-Orbis Global Fund of Funds, the Allan Gray-Orbis Global Equity Feeder Fund and the Allan Gray Optimal Fund invest in foreign mutual funds. For the purposes of IFRS disclosure, currency risk is not considered to arise from financial instruments that are non-monetary items, however to the extent that these Funds hold cash in foreign currencies, they expose unitholders to risk in respect of changes in foreign exchange rates. The risk of loss due to adverse foreign exchange rate movements is monitored daily by the Manager.

The table on page 50 illustrates the effect of reasonably possible changes in exchange rates, with all other variables held constant. The actual results may differ from the sensitivity analysis and the difference could be material. The disclosure provides information on the risks to which unitholders are exposed and is not indicative of future performance.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Foreign currency risk (Continued)

R'000	2009		2008	
	Dollar-denominated	Euro-denominated	Dollar-denominated	Euro-denominated
Allan Gray Balanced Fund	132 928	10 501	–	–
+ or - 5%	6 646	525	–	–
+ or - 10%	13 293	1 050	–	–
+ or - 20%	26 586	2 100	–	–
Allan Gray Stable Fund	127 596	47 296	–	–
+ or - 5%	6 380	2 365	–	–
+ or - 10%	12 760	4 730	–	–
+ or - 20%	25 519	9 459	–	–
Allan Gray-Orbis Equity Feeder Fund	5 924	–	14 549	–
+ or - 5%	296	–	727	–
+ or - 10%	592	–	1 455	–
+ or - 20%	1 185	–	2 910	–
Allan Gray-Orbis Global Fund of Funds	9 873	–	–	–
+ or - 5%	494	–	–	–
+ or - 10%	987	–	–	–
+ or - 20%	1 975	–	–	–

The Allan Gray Balanced Fund, Allan Gray Stable Fund, Allan Gray-Orbis Equity Feeder Fund and Allan Gray-Orbis Global Fund of Funds use foreign currency to purchase investments in foreign mutual funds. During the prior year these four Funds were exposed to unusually high exchange rate fluctuations and as such realised greater than normal foreign exchange gains and losses on monetary assets. These are shown separately in the Statements of Comprehensive Income.

Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk management rests with the Manager which has built an appropriate liquidity risk management framework for the management of each of the Funds' short-, medium- and long-term funding and liquidity management requirements. The Funds manage their liquidity risk by investing in marketable securities listed on recognised exchanges which may be sold in an active market at any point in time.

The Funds have access to overdraft facilities with one of the major banks. CISCA allows the Funds to utilise these facilities in cases where insufficient liquidity exists in a portfolio or where assets cannot be realised to repurchase participatory interests. Borrowings may not exceed 10% of the market value of such a portfolio at the time of borrowing. Allan Gray's compliance department monitors compliance with the applicable regulations. The contractual value of accounts payable, distribution payable and net assets attributable to unitholders is carrying value. The maturity for accounts payable and distribution payable is less than 30 days and net assets attributable to unitholders are payable on demand.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Liquidity risk (Continued)

In aggregate the Funds have an overdraft facility of R400 million with First National Bank. This is limited to 10% of the market value of the borrowing Fund. None of the Funds were in overdraft at 31 December 2009.

The Funds' main concentration of liquidity risk lies with the net assets attributable to unitholders and distributions payable to unitholders, as disclosed on the face of the Statements of Financial Position and note 2.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

The Funds expose unitholders to credit risk as a result of transacting with various institutions. Risk is mitigated by transacting on recognised exchanges where it is possible and practical. An interest rate policy committee manages credit risk by setting exposure limits for counterparties, issuers and financial instruments.

Allan Gray's compliance department monitors compliance with applicable regulations (for example Regulation 28 and CISCA) and the investment mandate on a daily basis. Maximum exposure to individual instruments does not exceed those set out by the regulations mentioned above.

The carrying amount of financial assets recorded in the financial statements represents unitholders' maximum exposure to credit risk.

At 31 December 2009 the Funds did not consider there to be any significant concentration of credit risk which needed to be provided for.

Accounts receivable are considered to be of a high credit quality.

The table on page 52 provides an analysis of the credit quality of interest-bearing investments at reporting date. Fitch ratings are used to describe the credit quality. Ratings are presented in ascending order of credit risk.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.1 Financial risk management policies and objectives (Continued)

Credit risk (Continued)

2009	EQUITY FUND	BALANCED FUND	STABLE FUND	MONEY MARKET FUND	OPTIMAL FUND	BOND FUND
National long-term credit ratings						
AAA	–	9%	–	–	–	56%
AA+	–	–	–	–	–	5%
AA	–	4%	–	–	–	9%
AA-	–	4%	–	–	–	9%
A+	–	1%	–	–	–	2%
A	–	–	–	–	–	1%
A-	–	–	–	–	–	–
National short-term credit ratings						
F1+	35%	66%	89%	94%	1%	13%
F1	65%	15%	11%	6%	99%	5%
F2	–	1%	–	–	–	–
	100%	100%	100%	100%	100%	100%

2008	EQUITY FUND	BALANCED FUND	STABLE FUND	MONEY MARKET FUND	OPTIMAL FUND	BOND FUND
National long-term credit ratings						
AAA	–	2%	–	–	–	37%
AA+	–	1%	–	–	–	0%
AA	–	2%	–	–	–	10%
AA-	–	5%	–	–	–	6%
A+	–	–	–	–	–	–
A	–	–	–	–	–	–
A-	–	–	–	–	–	1%
National short-term credit ratings						
F1+	88%	83%	91%	95%	47%	44%
F1	12%	7%	9%	5%	53%	2%
F2	–	–	–	–	–	–
	100%	100%	100%	100%	100%	100%

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.2 Fair value

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices. Loans and receivables are usually held for the instruments' entire life, for periods not exceeding a year. The fair value of these instruments closely approximates the carrying amount. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques.

The directors are of the opinion that the fair value of all remaining financial instruments approximates the carrying amount in the Statement of Financial Position as these balances are due within 30 days.

The amendment to IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy.

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Investments in listed instruments, bonds and foreign instruments are measured at fair value, based on quoted prices in active markets. Therefore these are classified within Level 1. The table below shows the fair values of these instruments at 31 December 2009.

2009 R'000	EQUITY FUND	BALANCED FUND	STABLE FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	BOND FUND	GLOBAL EQUITY FEEDER FUND
Listed instruments	18 589 682	17 122 569	7 374 928	–	2 329 708	–	–
Foreign instruments	2 240 294	6 498 248	6 174 016	6 692 022	7 446	–	3 703 126
Listed bonds	–	1 603 891	–	–	–	132 101	–
Total	20 829 976	25 224 708	13 548 944	6 692 022	2 337 154	132 101	3 703 126

The Funds hold investments in suspended instruments. These are classified within Level 2. The table below shows the fair values of these instruments at 31 December 2009.

2009 R'000	EQUITY FUND	BALANCED FUND	STABLE FUND	GLOBAL FUND OF FUNDS	OPTIMAL FUND	BOND FUND	GLOBAL EQUITY FEEDER FUND
Listed instruments	119 803	79 455	8 679	–	9 535	–	–

8.3 Derivative instruments

Derivatives are used for hedging purposes in accordance with CISCA. Derivatives are not designated as effective hedging instruments in terms of IAS 39 and are classified as investments at fair value through profit or loss.

Investments in derivatives are regulated by the Financial Services Board. Submissions were made to the Financial Services Board at the end of each quarter during the period under review in terms of CISCA Notice 1503 of 2005.

The fair value of derivative instruments are calculated using quoted prices.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.3 Derivative instruments (Continued)

In terms of the South Africa Futures Exchange ('SAFEX') requirements, margin deposits are pledged as collateral for derivatives held. Margin deposits are included in cash and cash equivalents for investment purposes.

Short exposure is the value of the Funds' commitment to sell a derivative instrument at contract maturity. Short exposures and margin deposits at 31 December were:

	Margin deposit 2009 R'000	Short exposure 2009 R'000	Margin deposit 2008 R'000	Short exposure 2008 R'000
Allan Gray Stable Fund	**259 756**	**4 336 738**	–	–
Allan Gray Balanced Fund	**25 531**	**426 247**	–	–
Allan Gray Optimal Fund	**134 363**	**2 243 271**	75 662	909 725

8.4 Interest-bearing instruments

Allan Gray Balanced Fund

Maturities	< 1 year R	1 to 3 years R	3 to 7 years R	> 7 years R	Total R
Bonds	139 852 828	171 736 280	577 183 397	715 118 433	1 603 890 938
Money market instruments	6 688 724 114	–	–	–	6 688 724 114
Money at call	675 531 409	–	–	–	675 531 409
Non-interest bearing equity investments	–	–	–	–	23 700 272 523
Total investments per Statement of Financial Position	7 504 108 351	171 736 280	577 183 397	715 118 433	32 668 418 984

Accounts payable and accounts receivable are not interest-bearing.

Coupon rates on bonds are fixed and range between 5.50% and 16.00%. Yields on the money market instruments are fixed and range between 7.10% and 8.58% and money at call earns variable interest at rates ranging between 6.85% and 7.00%.

Allan Gray Stable Fund

Maturities	< 1 year R	1 to 3 years R	3 to 7 years R	> 7 years R	Total R
Bonds	–	–	–	–	–
Money market instruments	16 289 562 302	–	–	–	16 289 562 302
Money at call	1 083 755 580	–	–	–	1 083 755 580
Non-interest bearing equity investments	–	–	–	–	13 557 623 746
Total investments per Statement of Financial Position	17 373 317 882	–	–	–	30 930 941 628

Accounts payable and accounts receivable are not interest-bearing. Yields on the money market investments are fixed and range between 7.10% and 8.58% and money at call attracts variable interest at rates ranging between 6.90% and 7.00%.

Notes to the Annual Financial Statements

For the year ended 31 December 2009

8. FINANCIAL INSTRUMENTS (Continued)

8.4 Interest-bearing instruments (Continued)

Allan Gray Money Market Fund

Maturities	< 1 year	1 to 3 years	3 to 7 years	> 7 years	Total
	R	R	R	R	R
Bonds	–	–	–	–	–
Money market instruments	8 543 962 159	–	–	–	8 543 962 159
Money at call	183 000 000	–	–	–	183 000 000
Non-interest bearing equity investments	–	–	–	–	–
Total investments per Statement of Financial Position	8 726 962 159	–	–	–	8 726 962 159

Accounts payable and accounts receivable are not interest-bearing.

Yields on the money market instruments are fixed and range between 7.12% and 8.69% and money at call earns a variable interest rates ranging between 6.90% and 7.00%.

Allan Gray Bond Fund

Maturities	< 1 year	1 to 3 years	3 to 7 years	> 7 years	Total
	R	R	R	R	R
Bonds	5 640 589	10 789 712	60 244 676	55 426 217	132 101 194
Money market instruments	23 887 140	–	–	–	23 887 140
Money at call	5 000 000	–	–	–	5 000 000
Non-interest bearing equity investments	–	–	–	–	–
Total investments per Statement of Financial Position	34 527 729	10 789 712	60 244 676	55 426 217	160 988 334

Accounts payable and accounts receivable are not interest-bearing.

Coupon rates for the bond portfolio are fixed and range between 7.25% and 16.00%. Yields on the money market instruments are fixed and range between 7.90% and 9.75% and money at call earns variable interest at rates ranging between 6.90% and 7.00%.

Other funds

The Allan Gray Equity Fund had money at call amounting to R551 000 000 at 31 December 2009, earning variable interest at rates ranging between 6.85% and 7.00%.

The Allan Gray Optimal Fund had money at call amounting to R415 362 856 at 31 December 2009, earning variable interest at rates ranging between 6.90% and 7.00%.

The Allan Gray Global Fund of Funds and the Allan Gray Global Equity Feeder Fund did not hold any interest bearing investments at 31 December 2009.

Approval of the Annual Financial Statements

For the year ended 31 December 2009

The directors of Allan Gray Unit Trust Management Limited (the 'Company' and 'Manager') are responsible for the preparation of the annual financial statements and related financial information included in this report.

The annual financial statements for the year ended 31 December 2009 set out on pages 59 to 76 have been approved by the board of directors and are signed on its behalf by:

E D Loxton
Chairman

Cape Town
10 March 2010

R W Dower
Director and Public Officer

Cape Town
10 March 2010

Certification by the Company Secretary

For the year ended 31 December 2009

I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 31 December 2009 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.

T J W Molloy
Company Secretary

Cape Town
10 March 2010

Independent Auditor's Report to the Members of Allan Gray Unit Trust Management Limited

Report on the financial statements

We have audited the annual financial statements of Allan Gray Unit Trust Management Limited, which comprise the directors' report, the Statement of Financial Position as at 31 December 2009, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 59 to 76.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, No. 61 of 1973 as amended, in South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst + Young

Ernst & Young Inc.
Registered Auditor

Cape Town
10 March 2010

Report of the Directors

For the year ended 31 December 2009

The directors of the Company have pleasure in presenting their report for the year ended 31 December 2009.

Nature of the Company's business

The principal business of the Company is to manage the Allan Gray unit trust funds (the 'Funds') registered under the Allan Gray Unit Trust Scheme (the 'Scheme') in accordance with the Collective Investment Schemes Control Act No. 45 of 2002 ('CISCA').

Name of Fund	Fund Launch Date
Allan Gray Equity Fund	1 October 1998
Allan Gray Balanced Fund	1 October 1999
Allan Gray Stable Fund	1 July 2000
Allan Gray Money Market Fund	1 July 2001
Allan Gray Optimal Fund	1 October 2002
Allan Gray-Orbis Global Fund of Funds	3 February 2004
Allan Gray Bond Fund	1 October 2004
Allan Gray-Orbis Global Equity Feeder Fund	1 April 2005

Results of the Company

The results of the Company are set out in the accompanying Statement of Comprehensive Income and Statement of Cash Flows for the year ended 31 December 2009 and the Statement of Financial Position as at 31 December 2009.

Dividends

Declaration date	Rands per share
14 April 2009	224.99
6 October 2009	164.99

In 2009 the Company declared total dividends of R390 million (2008: R318.5 million).

Directors

The changes to the board of directors during the year were as follows:

- Mr G W Fury (resigned with effect 30 June 2009); and
- Mr R Formby (appointed with effect 11 August 2009).

Full details of the current directors are given on the back page.

Events subsequent to the year-end

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

The Company's investment in unit trust funds

Investment in units	2009		2008	
	Units	Fair value	Units	Fair value
Allan Gray Balanced Fund	**273 855**	**14 093 609**	273 855	13 524 757
Allan Gray-Orbis Global Fund of Funds	**996 418**	**13 646 045**	996 418	14 214 800

Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 R	2008 R
INCOME			
REVENUE	3.1	1 199 546 537	1 075 729 248
Management fees	14	1 095 912 046	970 065 083
Income from the Company's investment in unit trust funds			
Dividends		968 409	130 274
Interest		210 245	155 735
Interest earned		15 065 727	22 554 040
Service charges	14	87 390 110	82 824 116
OTHER INCOME		–	11 915 107
Net foreign exchange gain		–	11 915 107
OPERATING COSTS		603 886 210	526 408 017
Linked investment service provider costs		236 305 537	217 684 438
Audit fees			
Fees for audit		436 753	410 267
Other services		47 339	–
Net foreign exchange loss		9 454 126	–
Fees charged by the holding company	14	343 311 515	289 876 058
Other operating expenses		14 330 940	18 437 254
DONATION	14	29 734 596	28 427 191
FINANCE COSTS		–	96 285
PROFIT before taxation		565 925 731	532 712 862
Taxation expense	4	197 091 209	180 998 024
PROFIT for the year		368 834 522	351 714 838
OTHER COMPREHENSIVE INCOME			
Fair value adjustment on available-for-sale investments		97	1 636 431
Income taxation relating to components of other comprehensive income	4	(14)	(178 011)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		83	1 458 420
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		368 834 605	353 173 258

Statement of Financial Position

As at 31 December 2009

	Notes	2009 R	2008 R
ASSETS			
Non-current assets			
Available-for-sale investments	5	**27 739 654**	27 739 557
Current assets		**286 641 464**	364 508 491
Trade and other receivables	6	**181 716 052**	179 881 224
Cash and cash equivalents	7	**73 580 648**	157 438 115
Taxation receivable		**31 344 764**	27 189 152
TOTAL ASSETS		**314 381 118**	392 248 048
EQUITY AND LIABILITIES			
Total equity attributable to equity holders		**227 035 686**	248 201 081
Share capital	8	**1 000 060**	1 000 060
Share premium	8	**2 000 000**	2 000 000
Revaluation reserve		**11 002 731**	11 002 648
Accumulated profit		**213 032 895**	234 198 373
Non-current liabilities			
Deferred taxation liability	9	**1 659 597**	1 659 583
Current liabilities			
Trade and other payables	10	**85 685 835**	142 387 384
TOTAL EQUITY AND LIABILITIES		**314 381 118**	392 248 048

Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital R	Share premium R	Revaluation reserve R	Accumulated profit R	Total equity attributable to equity holders R
Balance at 31 December 2007	1 000 060	2 000 000	9 544 228	200 983 535	213 527 823
Transactions with equity holders:					
Ordinary dividend	–	–	–	(318 500 000)	(318 500 000)
Change in total comprehensive income	–	–	1 458 420	351 714 838	353 173 258
Fair value adjustment on available-for-sale investments	–	–	1 458 420	–	1 458 420
Profit for the year	–	–	–	351 714 838	351 714 838
Balance as at 31 December 2008	**1 000 060**	**2 000 000**	**11 002 648**	**234 198 373**	**248 201 081**
Transactions with equity holders:					
Ordinary dividend	**–**	**–**	**–**	**(390 000 000)**	**(390 000 000)**
Change in total comprehensive income	**–**	**–**	**83**	**368 834 522**	**368 834 605**
Fair value adjustment on available-for-sale investments	**–**	**–**	**83**	**–**	**83**
Profit for the year	**–**	**–**	**–**	**368 834 522**	**368 834 522**
Balance as at 31 December 2009	**1 000 060**	**2 000 000**	**11 002 731**	**213 032 895**	**227 035 686**

Statement of Cash Flows

For the year ended 31 December 2009

	Notes	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations before working capital changes	15.1	**549 681 350**	509 872 813
Working capital changes	15.2	**(58 536 377)**	46 613 892
Cash generated from operations		**491 144 973**	556 486 705
Interest received		**15 275 972**	22 709 775
Dividends received		**968 409**	130 274
Dividends paid		**(390 000 000)**	(318 500 000)
Taxation paid	15.3	**(201 246 821)**	(206 507 103)
NET CASH FLOW FROM OPERATING ACTIVITIES		**(83 857 467)**	54 319 651
NET (DECREASE)/INCREASE in cash and cash equivalents		**(83 857 467)**	54 319 651
CASH AND CASH EQUIVALENTS at beginning of year		**157 438 115**	103 118 464
CASH AND CASH EQUIVALENTS at end of year	7	**73 580 648**	157 438 115

Notes to the Financial Statements

For the year ended 31 December 2009

1. COMPANY DETAILS

Allan Gray Unit Trust Management Limited is an unlisted limited interest company incorporated and domiciled in South Africa. The address of its registered office is disclosed on the back page of the financial statements. The principal business activities of the Company are described in the report of the directors.

2. ACCOUNTING STANDARDS

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value, in accordance with International Financial Reporting Standards ('IFRS') and the Companies Act, No. 61 of 1973 as amended, in South Africa. These financial statements are presented in South African rands. The accounting policies have been applied consistently in the current and prior years unless specifically stated.

2.2 IFRS

The Company has adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board (the 'IASB') and the International Financial Reporting Interpretations Committee (the 'IFRIC') of the IASB that are relevant to its operations and effective for annual accounting periods ended 31 December 2009.

The significant accounting policies adopted in the preparation of the financial statements are set out below and are in accordance with and comply with IFRS.

The following new IFRS statements, interpretations and amendments applicable to the Company were adopted during the year:

Standards		Effective date: Years beginning on or after	Impact
IAS 1	Presentation of financial statements	1 Jan 2009	Changes to the terminology used and the presentation and layout of financial statements
IFRS 7	Amendment regarding disclosure about financial instruments	1 Jan 2009	Additional disclosure regarding fair value measurements and liquidity risk
IAS 39 and IFRS 7	Amendment regarding allowable reclassifications of financial instruments	1 July 2008	No impact identified
IAS 32 and IAS 1	Amendment regarding puttable financial instruments and obligations arising on liquidation	1 Jan 2009	No impact identified

Notes to the Financial Statements

For the year ended 31 December 2009

2. ACCOUNTING STANDARDS (Continued)

2.2 IFRS (Continued)

The following new and revised IFRS statements, interpretations and amendments applicable to the Company have been issued but are not yet effective:

Standards		Effective date: Years beginning on or after	Impact
IAS 24	Related party disclosures	1 Jan 2011	No material impact expected
IFRS 9	Financial instruments	1 Jan 2013	Full impact to be determined on completion of remaining project phases by the IASB

2.3 Use of estimates, assumptions and judgements

The preparation of the financial statements may necessitate the use of estimates, assumptions and judgements. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the reporting date, the actual outcome may differ from these estimates.

No critical estimates and judgements were applied in preparing these financial statements.

3. ACCOUNTING POLICIES

The Company has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are set out below and have been consistently applied in the current and prior years.

There are no accounting policies involving complex or subjective decisions or assessments which require management to make judgements based on information and financial data that may change in future periods.

3.1 Revenue

Revenue excludes any value added taxation ('VAT') and includes management fees from managing and administering the unit trust portfolios, service fees for the marketing of Orbis Investment Management Limited's ('Orbis') products, interest income and income distributions from investments in unit trusts.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. All transactions with related parties are conducted at arm's length.

Management fees accrue on a daily basis and are based on the daily market values of the Fund portfolios.

Service fees from Orbis are recognised monthly on an accrual basis based on the average market value of assets invested in Orbis funds through the agency of the Company.

Interest income is recognised on an accrual basis using the effective interest method.

Income from unit trust investments is recognised on declaration date.

3.2 Taxation

Taxation receivable/payable

Taxation assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from

Notes to the Financial Statements

For the year ended 31 December 2009

3. ACCOUNTING POLICIES (Continued)

3.2 Taxation (Continued)

Taxation receivable/payable (Continued)

or paid to the taxation authorities. The taxation rates and taxation laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Taxation expense

The taxation expense in the Statement of Comprehensive Income represents the sum of the normal taxation, deferred taxation and secondary tax on companies ('STC'). The normal taxation is based on taxable profit for the year. Taxable profit may differ from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes permanent differences.

STC is recognised as part of the taxation expense in the Statement of Comprehensive Income when the related dividend is declared. To the extent that it is probable that dividends will be declared against which any unused STC credits can be utilised, a deferred taxation asset is recognised for STC credits.

3.3 Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit, based on the expected manner of recovery or settlement. Deferred taxation is accounted for using the liability method. Deferred taxation liabilities are generally recognised for all taxable differences. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated using the taxation rates and taxation laws that are enacted or substantively enacted by the reporting date.

Deferred taxation is charged or credited to income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred taxation is dealt with in other comprehensive income.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off taxation assets against taxation liabilities and when they relate to income taxes levied by the same taxation authority and there is an intention to settle taxation assets and liabilities on a net basis.

3.4 Expenses

Expenses are recognised when they are incurred. Any interest expense is recognised on an accrual basis using the effective interest rate method. All transactions with related parties are conducted at arm's length.

3.5 Financial assets

Financial assets are classified as either *loans and receivables* or *available-for-sale* financial assets. Financial assets are recognised on the trade date at fair value, plus directly attributable transaction costs. Detail on how fair value is determined may be found in note 12. The Company determines the classification of its financial assets on initial recognition when it becomes a party to the contract governing the instrument, according to the nature and purpose of the financial instrument.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as such. After initial recognition, *available-for-sale* financial assets are measured at fair value with gains or losses being recognised in other comprehensive income and as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in income. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the reporting date and the associated gains and losses are determined excluding any interest and dividends.

Notes to the Financial Statements

For the year ended 31 December 2009

3. ACCOUNTING POLICIES (Continued)

3.5 Financial assets (Continued)

Available-for-sale financial assets (Continued)

Available-for-sale investments consist of discretionary holdings in the Funds. All investments are designated as available-for-sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently measured at amortised cost using the effective interest method, except for short-term items where the recognition of interest would be immaterial. Losses are recognised in income when the *loans and receivables* are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables

Trade and other receivables, which are interest free, are classified as loans and receivables and are generally settled within 30 days. Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Provision is made where there is objective evidence (such as the probability of insolvency or significant financial difficulty of the debtor), at year-end, that the Company will not be able to collect the debts. Any bad debts are written off when identified. Losses are recognised in income when the loans and receivables are derecognised or impaired.

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are held for the purposes of meeting short-term cash commitments rather than for investment.

Derecognition of financial assets

A financial asset is derecognised where the:

- Contractual rights to receive cash flows from the asset have expired;
- Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is then reduced directly. The amount of the loss is recognised in income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any such reversal of an impairment loss is recognised in income, to the extent that the carrying value of the asset does not exceed its original amortised cost at the reversal date.

Available-for-sale financial investments

A significant or prolonged decline in the fair value of the instrument below its cost is considered to be objective evidence of impairment. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in other comprehensive income, is transferred from other comprehensive income to income. Reversals in respect of equity instruments classified as available-for-sale are not recognised. Reversals of impairment losses on debt instruments are reversed through income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in income.

Notes to the Financial Statements

For the year ended 31 December 2009

3. ACCOUNTING POLICIES (Continued)

3.6 Financial liabilities

Financial liabilities are classified as financial liabilities *held at amortised cost.* Financial liabilities are recognised on the trade date at fair value plus directly attributable transaction costs. The Company determines the classification of its financial liabilities on initial recognition, when it becomes a party to the contract governing the instrument, according to the nature and purpose of the financial instrument.

Financial liabilities held at amortised cost

Trade and other payables

Trade and other payables are initially recognised at original invoice amount and are subsequently stated at amortised cost by applying the effective interest method. Trade and other payables are settled within 30 days and are interest free. Any gains on derecognition are recognised in income.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised when the Company becomes a party to the contract. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in income.

3.7 Foreign currencies

Transactions in foreign currencies are recorded at the prevailing exchange rates on the date of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Exchange differences arising on the settlement and translation of monetary items are included in income in the period in which they arise.

3.8 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

3.9 Contingencies

In the event that there may ever be (1) possible obligations that arise from past events the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company or (2) present obligations of the Company that arise from past events where it is not probable that an outflow of economic benefits will be required to settle the obligation that arises from past events or where the amount of the obligation cannot be measured reliably, then a liability is not recognised in the Statement of Financial Position but rather disclosed in the notes to the financial statements.

Possible assets of the Company whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company are not recognised in the Statement of Financial Position and are only disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Notes to the Financial Statements

For the year ended 31 December 2009

4. TAXATION EXPENSE

	2009 R	2008 R
SA normal taxation		
current year	**158 188 050**	149 167 585
secondary tax on companies	**38 903 159**	31 830 439
	197 091 209	180 998 024
Reconciliation of taxation rate:	%	%
Standard taxation rate	**28.00**	28.00
Adjusted for:		
Exempt income	**(0.05)**	(0.01)
Non-deductible expenses	**–**	0.01
Secondary taxation on companies	**6.87**	5.98
Effective taxation rate	**34.82**	33.98
Recognised in other comprehensive income		
Income taxation relating to components of other comprehensive income:		
Deferred taxation		
Fair value adjustments on revaluation of available-for-sale financial instruments	**14**	178 011

5. AVAILABLE-FOR-SALE INVESTMENTS

It is not the policy of the Manager to maintain a trading stock of units. Units are created as and when required.

	2009		2008	
	Cost R	Fair value R	Cost R	Fair value R
Available-for-sale investments				
Allan Gray Balanced Fund				
273 855 units (2008: 273 855)	**5 721 649**	**14 093 609**	5 721 649	13 524 757
Allan Gray-Orbis Global Fund of Funds				
996 418 units (2008: 996 418)	**9 355 677**	**13 646 045**	9 355 677	14 214 800
	15 077 326	**27 739 654**	15 077 326	27 739 557

Available-for-sale investments consist entirely of investments in unit trust funds, and therefore have no fixed maturity date or coupon rate. These are discretionary investments held by the Company to optimise the long-term return of the investment and may be redeemed at any point in time.

6. TRADE AND OTHER RECEIVABLES

	2009 R	2008 R
Investment income due	**142 542**	1 271 555
Receivables from related parties – refer to note 14	**172 004 173**	165 204 609
Other receivables	**9 569 337**	13 405 060
	181 716 052	179 881 224

Receivables are interest free and they are generally settled within 30 days.

Notes to the Financial Statements

For the year ended 31 December 2009

7. CASH AND CASH EQUIVALENTS

	2009 R	2008 R
Operating cash in the current account	**162 288**	252 570
First National Bank call account	**73 418 360**	157 185 545
	73 580 648	157 438 115

In terms of section 105 of CISCA, investments into and out of unit trust funds managed by the management company must be processed through trust bank accounts. These bank accounts belong to unitholders and therefore are not reflected in the balance sheet of the management company. Unitholder cash awaiting investment at 31 December 2009 amounted to R32 568 230 (2008: R18 000 667).

8. SHARE CAPITAL AND SHARE PREMIUM

	2009 R	2008 R
Authorised		
3 000 000 ordinary shares of R1 each	**3 000 000**	3 000 000
Issued and fully paid		
1 000 060 ordinary shares of R1 each	**1 000 060**	1 000 060
Share premium account		
Arising on the issue of ordinary shares	**2 000 000**	2 000 000

9. DEFERRED TAXATION

	2009 R	2008 R
Opening balance	**1 659 583**	1 481 572
Charged directly to equity	**14**	178 011
Closing balance	**1 659 597**	1 659 583

A deferred taxation liability arises on revaluation of the Company's investments in units based on capital gains since 1 October 2001. Deferred taxation has been calculated using an inclusion rate of 50% and a tax rate of 28% (resulting in an effective rate of 14%).

10. TRADE AND OTHER PAYABLES

	2009 R	2008 R
Payables to related parties – refer to note 14	**60 644 171**	118 556 883
Accruals and other payables	**25 041 664**	23 830 501
	85 685 835	142 387 384

Payables are interest free and they are settled within 30 days.

Notes to the Financial Statements

For the year ended 31 December 2009

11. CANCELLATION OF UNITS

The Company undertakes to repurchase units in accordance with the requirements of the CISCA, and on terms and conditions set out in the Funds' trust Deeds.

12. FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise:

- Available-for-sale investments: These investments consist of discretionary holdings in the Funds.
- Cash and cash equivalents: Cash arises from operating activities and is used to fund working capital requirements and distributions to equity participants.
- Trade and other receivables: These arise from daily operations.
- Trade and other payables: These arise from daily operations.

Available-for-sale investments are reviewed by the board periodically to ensure that they are consistent with the Company's risk strategy. Cash and cash equivalents are reviewed weekly and are invested to earn the most favourable interest rates. Trade and other payables and trade and other receivables arise from daily operations and are managed in such a way to achieve an operating cycle of not more than 30 days.

12.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

At the reporting date, credit risk consisted principally of service fees due from the Funds, management fees due from Orbis and short-term cash deposits. Maximum credit exposure for these financial instruments is the carrying value per the Statement of Financial Position since all the balances are unsecured. The Funds and Orbis are both related parties of the Company (see note 14 for details). During the year, the Company deposited short-term cash surpluses with one of the major banks in the country and this institution is considered to be of high quality credit standing.

There has been no change in the Company's credit risk management policy.

At 31 December 2009 the Company did not consider there to be any significant concentration of credit risk which needed to be provided for. All assets are considered to be of good credit quality. All financial assets disclosed in the financial statements are neither past due nor impaired.

12.2 Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Available-for-sale investments consist of discretionary holdings in the Funds which are subject to market fluctuations. The investments' actual risk and return profile are monitored and reviewed from time to time to ensure that they remain in line with the Company's risk appetite and long-term capital management framework.

The Company's price risk policy remains unchanged from previous years.

No sensitivity analysis has been prepared in respect of market movements as any reasonable variation is not expected to have a material impact on the financial results.

At 31 December 2009 the Company did not consider there to be any significant concentration of price risk.

12.3 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest risk rate on financial assets relates to cash and call instruments held as part of daily operations (see note 7 for details).

The interest rate risk is monitored by the Company to determine appropriate financial instruments allocations.

Notes to the Financial Statements

For the year ended 31 December 2009

12. FINANCIAL RISK MANAGEMENT (Continued)

12.3 Interest rate risk (Continued)

There has been no change in the interest rate risk management policies of the Company.

Money on call earns interest at fixed rates ranging between 6.55% and 6.85%. Money on call matures within one month of the reporting date. At 31 December 2009 money in the current account was earning interest at a rate of 6%.

Interest rate risk analysis

All interest-bearing instruments attributable to shareholders are subject to variable interest linked to the South African prime interest rate.

No sensitivity analysis has been prepared for the Company in respect of interest earned on cash and cash equivalents as any reasonable variation is not expected to have a material impact on the financial results as any significant cash balances held at year-end are distributed as a dividend.

12.4 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk as a result of foreign cash held.

Monitoring of the exchange rate takes place in order to ensure that currency risk, including the financial impact, is minimised at all times and that the amounts held remain appropriate for the Group's requirements and risk profile. Trade and other receivables include balances of US$8 776 541 (2008: US$7 453 022). Of this balance, US$5 334 714 (2008: US$5 217 563) was held in a local US dollar bank account on behalf of the Company; and US$3 441 827 (2008: US$2 235 459) was receivable directly from Orbis.

At 31 December 2009 the Company did not consider there to be any significant concentration of currency risk which needed to be provided for.

The following table illustrates the effect on profit of reasonable possible changes in exchange rates, with all other variables held constant. The actual results may differ from the sensitivity analysis and the difference could be material.

% rate change	2009 R'm	2008 R'm
+-5%	3.2	3.5
+-10%	6.5	7.0
+-20%	12.9	14.0

12.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Company liquidity risk comprises trade and other payables which arise from daily operations. These liabilities are settled on 30-day terms. The Company actively manages its liquidity risk by continuously assessing its projected cash outflows and considering the level of liquid assets necessary in relation thereto. The Company's liquidity risk is further managed by holding financial assets for which there is a liquid market and by holding sufficient deposits at a recognised financial institution to meet any upcoming negotiated liquidity requirements. There has been no change in the Company's liquidity risk management policy.

The undertaking of the Company to repurchase units in accordance with the requirements of the CISCA and on terms and conditions set out in the Funds' trust Deeds exposes the Company to liquidity risk. This risk is mitigated by stringent cash management and capacity for substantial banking facilities at reporting date. The Funds in aggregate have an overdraft facility of R400 million with First National Bank. This facility is subject to regulatory limits on the borrowing of collective investments schemes in terms of the CISCA. None of the Funds were in overdraft at 31 December 2009.

12.6 Capital adequacy risk

The CISCA requires that a manager must, on an ongoing basis, maintain in liquid form the capital for the matters and risks determined by the Registrar of Collective Investment Schemes (the 'Registrar'). Notice 2072 of 2003 prescribes the calculation of the capital required and requires that a calculation of the capital position as at the last business

Notes to the Financial Statements

For the year ended 31 December 2009

12. FINANCIAL RISK MANAGEMENT (Continued)

12.6 Capital adequacy risk (Continued)

day of each calendar month, be submitted to the Registrar within 14 business days after the end of such calendar month.

The required capital, as defined by Notice 2072 of 2003, consists of three components: basic capital, seed capital and position risk capital.

The basic capital component is the greater of R600 000 or a sum equivalent to 13 weeks of the Manager's fixed cost calculated as the previous financial year's fixed costs divided by four. At 31 December 2009 this capital requirement was R71 043 433.

The requirement that seed capital of R1 million be invested by the Manager does not apply as the prescribed amount of R1 million may be reduced by 10% for every R1 million invested by unitholders (independent from the Manager) in a portfolio. At 31 December 2009 the Manager did not have any investments held as seed capital.

Position risk capital is a sum equivalent to a percentage (10% for a money market portfolio, 15% for an income portfolio and 25% for all other portfolios) of the amount paid by the Manager for units in a portfolio administered by itself.

The Company satisfied the capital requirements and its reporting obligations under Notice 2072 of 2003. The quantum of dividends declared during the year was limited to the liquid resources of the Company as calculated in accordance with the capital adequacy requirements stipulated by Notice 2072 of 2003.

12.7 Fair value

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices. As a result, all investments held at fair value are classified as 'Level 1' in the fair value hierarchy as set out in IFRS7 Financial Instruments: disclosures. Loans and receivables are held for periods not exceeding a year and these are usually held for the instruments' entire life, meaning that the fair value of these instruments closely approximates the carrying amount.

The directors are of the opinion that the fair value of all remaining financial instruments approximates the carrying amount in the Statement of Financial Position as these balances are due within 30 days.

13. CAPITAL MANAGEMENT STRATEGY

The Company's capital structure comprises its share capital and share premium. The Company's capital strategy is based on changing economic conditions in order to provide maximum benefit to equity participants.

The Company does not have a target gearing ratio and instead focuses on determining the most efficient use of surplus funds. Changes in operations are traditionally funded from the Company's retained earnings.

14. RELATED PARTIES

Relationships exist between Allan Gray Unit Trust Management Limited, its holding company Allan Gray Limited, fellow subsidiaries Allan Gray Investment Services Limited ('AGIS') and Allan Gray Life Limited, the Funds, the Allan Gray Orbis Foundation and Orbis. All transactions with related parties are conducted at arm's length and settlement terms are not more favourable than those arranged with third parties. Settlement terms are within two weeks of receipt of the invoice.

Transactions with the holding company

The Company has appointed its holding company as investment manager of the Funds and to undertake certain company administrative and marketing functions and the day-to-day administration of local unit trusts.

Fees charged by Allan Gray Limited for all services rendered during the year amounted to R343.3 million (2008: R289.9 million). The balance owed by Allan Gray Unit Trust Management Limited to Allan Gray Limited as at 31 December 2009 was R49.9 million (2008: R110.9 million).

Dividends paid to Allan Gray Limited amounted to R390 million during the year (2008: R318.5 million).

Payments to Allan Gray Investment Services Limited

In May 2005, AGIS launched a retail investment platform with the aim of giving investors direct access to a range of investment funds. This platform supports a focused range of funds, including the Allan Gray suite of unit trust funds.

Notes to the Financial Statements

For the year ended 31 December 2009

14. RELATED PARTIES (Continued)

Payments to Allan Gray Investment Services Limited (Continued)

In October 2005, the Allan Gray endowment and retirement products were also migrated onto the platform.

The Company pays AGIS a monthly fee, based on funds invested in bulk by direct clients and those investing via the endowment and retirement products administered by the AGIS platform. Total fees incurred during the year amounted to R107.6 million (2008: R82 million). The balance owed by the Company to AGIS at 31 December 2009 was R10.7 million (2008: R7.7 million).

Allan Gray Orbis Foundation

The Company has, as part of the Group's initiative to social upliftment and black empowerment, made a commitment to donate 5% of its annual pre-tax income to deserving social causes. To this end the Company made a contribution of R29.7 million (2008: R28.4 million) to the Allan Gray Orbis Foundation in 2009.

Mahesh Cooper, a director of the Company, also serves as Trustee of the Allan Gray Orbis Foundation.

Allan Gray Unit Trust Funds

The Company earns a management fee for managing and administering the Funds. Management fees per fund are either performance-based or fixed. As a consequence of the performance fee orientation, management fees will typically be higher following periods where the Funds' total investment performance (income plus capital appreciation) has outperformed their respective benchmarks and lower in the case of underperformance.

The Company earned total management fees of R1 095.9 million (2008: R970.1 million) from the Funds. The balance owed by the Funds to the Company at 31 December 2009 was R106.8 million (2008: R94.2 million) and is detailed as follows:

	VAT exclusive balances			
	Management fees earned		Amounts receivable from the unit trust funds	
	2009 R	2008 R	2009 R	2008 R
Allan Gray Equity Fund	**457 542 404**	326 964 238	**42 448 931**	36 264 403
Allan Gray Balanced Fund	**356 011 227**	320 671 786	**36 247 771**	27 839 842
Allan Gray Stable Fund	**233 766 597**	288 900 138	**23 849 544**	25 118 094
Allan Gray Optimal Fund	**24 024 476**	16 013 085	**2 375 761**	2 986 349
Allan Gray Bond Fund	**555 411**	484 434	**101 588**	23 882
Allan Gray Money Market Fund	**24 011 931**	17 031 402	**1 800 420**	1 998 574
	1 095 912 046	970 065 083	**106 824 015**	94 231 144

Allan Gray Life Limited

Living Annuity and Endowment policies issued by Allan Gray Life Limited invest in the unit trust funds at arm's length.

Orbis Investment Management Limited

A related party relationship exists between the Allan Gray group and Orbis by virtue of a common shareholder with significant influence. Allan Gray Unit Trust Management Limited earns service fees in respect of the marketing of Orbis products as approved in terms of section 65 of CISCA.

Notes to the Financial Statements

For the year ended 31 December 2009

14. RELATED PARTIES (Continued)

Orbis Investment Management Limited (Continued)

Service fees of R87.4 million (2008: R82.8 million) were earned during the year from Orbis of which R64.7 million (2008: R70 million) was outstanding at 31 December 2009. The fees are received by Allan Gray Group Limited in a local US dollar-denominated bank account. At 31 December 2009 the outstanding balance due from Allan Gray Group Limited was R39.3 million (2008: R48.9 million); and the balance due from Orbis was R25.4 million (2008: R21.1 million).

Directors' fees

As mentioned above, the Company has appointed its holding company as investment manager of the Funds and to undertake certain company administrative and marketing functions and the day-to-day administration of the Funds. This service entails having certain of the holding company's employees serving on the board of directors from time to time. Messrs E D Loxton, J C de Lange, R W Dower, G W Fury, R Formby (executive directors), M Cooper and I S Liddle (non-executive directors) are all employed by the holding company and they were directors of the Company during the year. Below is an analysis of aggregate amounts paid to them by the holding company, and recovered by the holding company for time spent on Allan Gray Unit Trust Management Limited's activities during the year:

	2009 R	2008 R
Payments to executive directors:		
Cash salary	**2 705 952**	1 938 947
Medical aid contributions	**81 595**	71 412
Group life and disability benefit	**17 079**	10 303
Retirement annuity contribution	**78 308**	38 450
Bonuses and performance-related payments	**331 965**	–
Share-based payment	**5 459 232**	2 630 639
	8 674 131	4 689 751
Payments to non-executive directors:		
Cash salary	**40 429**	36 585
Medical aid contributions	**941**	793
Group life and disability benefit	**181**	131
Retirement annuity contribution	**2 998**	801
Share-based payment	**187 726**	77 507
	232 275	115 817
	8 906 406	4 805 568
IAS 24 disclosure		
Short-term employee benefits	**8 825 100**	4 766 317
Post-employment benefits	**81 306**	39 251
	8 906 406	4 805 568

Notes to the Financial Statements

For the year ended 31 December 2009

15. NOTES TO THE STATEMENT OF CASH FLOWS

	2009 R	2008 R
15.1 Operating profit before working capital changes		
Profit before taxation	**565 925 731**	532 712 862
Adjustments for:		
Interest income	**(15 275 972)**	(22 709 775)
Dividend income	**(968 409)**	(130 274)
	549 681 350	509 872 813
15.2 Working capital changes		
Increase in trade and other receivables	**(1 834 828)**	(35 836 293)
(Decrease)/increase in trade and other payables	**(56 701 549)**	82 450 185
	(58 536 377)	46 613 892
15.3 Taxation paid		
Amount receivable at the beginning of the year	**(27 189 152)**	(1 680 073)
Amount charged through income	**197 091 209**	180 998 024
Amount receivable at end of year	**31 344 764**	27 189 152
Amount paid	**201 246 821**	206 507 103

Notes

Collective Investment Schemes (unit trusts) are generally medium- to long-term investments. The value of participatory interest (units) may go down as well as up. Past performance is not necessarily a guide to the future. Fluctuations or movements in exchange rates may also be the cause of the value of underlying international investments going up or down.

Performance data is based on a lump sum investment calculated on a net asset value ('NAV') to NAV basis where distributions may be reinvested for certain classes of funds.

Collective Investment Schemes may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists in a portfolio, or where assets cannot be realised to repurchase, or cancel participatory interests.

Minimum investment amounts may be raised in the future at the discretion of the Manager.

Money market funds are not risk-free investments

Unit trust prices are calculated on a NAV basis, which, for money market funds, is the total book value of all assets in the portfolio divided by the number of units in issue. The Allan Gray Money Market Fund aims to maintain a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument held. In most cases this will have the effect of increasing or decreasing the daily yield, but in some cases, for example in the event of a default on the part of an issuer of any instrument held by the Fund, it can have the effect of a capital loss. Such losses will be borne by the Allan Gray Money Market Fund and its investors and in order to maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses.

Units are priced using the forward pricing method

Investment, withdrawals and switching instructions received after 14:00 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. Please refer to the relevant Terms and Conditions on the relevant application form. Collective Investment Schemes valuations take place at approximately 16:00 each business day.

Units will be repurchased by the Manager at the ruling price, according to the requirements of the Collective Investment Schemes Control Act and in line with the Terms and Conditions set out in the relevant deed, and paid to the investor.

Different classes of units are subject to different fees and charges

Commissions may be paid and if so, would be included in the overall costs. Different classes of units apply to the Allan Gray Equity, Balanced, Stable and Optimal Funds only and are subject to different fees and charges. A detailed schedule of fees and charges and maximum commissions is available on request from the management company. A fund of funds unit trust may only invest in other unit trusts, which levy their own charges. This could result in a higher fee structure for these Funds. Permissible deductions from the total portfolio may include bank charges, trustee/custodian fees, auditor's fees, Manager's annual management fee (inclusive of VAT), securities transfer tax (STT) and brokerage fees.

Unit trusts may be capped to allow them to stick to their mandates

All of the unit trusts except the Allan Gray Money Market Fund may be closed at any time. This is to allow them to be managed according to their mandates. Allan Gray Unit Trust Management Limited is a member of the Association for Savings and Investment SA ('ASISA').

Initial adviser fees

The buying price of units may include an initial adviser fee of up to a maximum of 3.42% (3% plus VAT) of the investment amount. This fee is not compulsory and is negotiated independently between the unitholder and the financial adviser.

Allan Gray charges a performance-based fee for the Equity Fund

On the Allan Gray Equity Fund a performance-based fee is levied daily on the Class A units which varies between a minimum of 0.0% per annum and a maximum of 3.42% (3.0% plus VAT) per annum of the daily value of the Fund. For the Class B units the above fees vary between 1.71% (1.5% plus VAT) and 4.67% (4.1% plus VAT). Declarations of net income accruals are made biannually.

Allan Gray charges a performance-based fee for the Balanced Fund

On the Allan Gray Balanced Fund a performance-based fee is levied daily on the Class A units, 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 excluding any assets invested in the Orbis funds. Assets invested in the Orbis Funds incur a management fee in the underlying funds only. These, along with other expenses, are included in the Total Expense Ratio. For the Class B units the above fees vary between 1.82% (1.6% plus VAT) and 2.96% (2.6% plus VAT). Declarations of net income accruals are made biannually.

Notes

Allan Gray charges a performance-based fee for the Stable Fund

On the Allan Gray Stable Fund a performance-based fee is levied daily on the Class A units, 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, excluding any assets invested in the underlying Orbis funds only. Assets invested in the Orbis funds incur a management fee. These, along with other expenses, are included in the Total Expense Ratio. For the Class B units the above fees vary between 1.82% (1.6% plus VAT) and 2.96% (2.6% plus VAT). Declarations of net income accruals are made quarterly.

Allan Gray charges a performance-based fee for the Bond Fund

On the Allan Gray Bond Fund a performance-based fee is levied daily which varies between a minimum of 0.285% (0.25% plus VAT) per annum and a maximum of 0.855% (0.75% plus VAT) per annum of the daily value of the Fund. Declarations of net income accruals are made quarterly.

Allan Gray charges a fixed fee for the Money Market Fund

On the Allan Gray Money Market Fund a fixed fee of 0.285% (0.25% plus VAT) per annum is levied daily on the daily value of the Fund. Declarations of net income accruals are made daily and paid out monthly.

The Allan Gray-Orbis Global Fund of Funds charges no fee but the underlying Orbis funds charge their own fees

On the Allan Gray-Orbis Global Fund of Funds no fee is levied by Allan Gray. The Allan Gray-Orbis Global Fund of Funds, being a fund of funds, only invests in other Orbis funds. The underlying Orbis funds levy their own charges, and these along with other expenses are included in the Total Expense Ratio. Declarations of net income accruals are made annually.

The Orbis Global Equity Feeder Fund charges no fee, but the underlying fund, the Orbis Global Equity Fund, charges its own fees

On the Allan Gray-Orbis Global Equity Feeder Fund no fee is levied by Allan Gray. The Allan Gray-Orbis Global Equity Feeder Fund, being a feeder fund, only invests in the Orbis Global Equity Fund. The Orbis Global Equity Fund levies its own charges, and these along with other expenses are included in the Total Expense Ratio. Declarations of net income accruals are made annually.

Allan Gray charges a combination of fixed and performance-based fees for the Optimal Fund

On the Allan Gray Optimal Fund a fixed fee of 1.14% (1% plus VAT) for class A units and 2.39% (2.10% plus VAT) for the class B units per annum is levied daily on the daily value of the Fund. In addition, a performance fee based on 20% (excluding VAT) of the daily outperformance to the benchmark is also levied. However, a high watermark principle applies in that no fees are charged in times of underperformance, until such time as the underperformance is recovered. Declarations of net income accruals are made biannually.

Tax notes

Institutional investors should note that, compared to retirement funds, unit trusts operate under different tax rules. While unit trusts are in practice not taxed, they do not enjoy automatic tax exemption, and any taxable income earned is taxable in the hands of unitholders.

A transfer of units to another legal entity or natural person may result in a payment of Capital Gains Tax (excluding transfers from the Allan Gray Money Market Fund).

Communication with unitholders

Statements are sent to all unitholders on a quarterly basis. In addition, advices are sent on a transaction basis (excluding debit orders).

Copies of the audited annual financial statements of the Manager and of the unit trusts it manages, are available, free of charge, on request by any unitholder.

FTSE/JSE disclaimer

The FTSE/JSE Africa Index Series is calculated by FTSE International Limited ('FTSE') in conjunction with the JSE Limited ('JSE') in accordance with standard criteria. The FTSE/JSE Africa Index Series is the proprietary information of FTSE and the JSE. All copyright subsisting in the FTSE/JSE Africa Index Series index values and constituent lists vests in FTSE and the JSE jointly. All their rights are reserved.

Notes

Notes

MANAGEMENT COMPANY

Allan Gray Unit Trust Management Limited
Reg. No. 1998/007756/06
Granger Bay Court Beach Road
V&A Waterfront Cape Town 8001

CONTACT DETAILS

Portswood Square Dock Road
V&A Waterfront Cape Town 8001
PO Box 51605 V&A Waterfront
Cape Town 8002 South Africa

Client Service Centre
0860 000 654 / +27 (0)21 415 2301
Client/IFA Service Facsimile
0860 000 655 / +27 (0)21 415 2492
IFA Service Centre
0860 000 653 / +27 (0)21 415 2690
info@allangray.co.za / ifa@allangray.co.za
www.allangray.co.za

DIRECTORS

Executive Directors

J C de Lange B Proc CFP
R W Dower B Sc (Eng) MBA
R Formby B Sc (Eng) MBA
E D Loxton B Com (Hons) MBA (Chairman)

Non-executive Directors

M Cooper B Bus Sc FIA FASSA
I S Liddle B Bus Sc (Hons) CFA

COMPANY SECRETARY

T J W Molloy B Com (Hons) CA (SA)

INVESTMENT MANAGER

Allan Gray Limited is an authorised Financial Services Provider.

TRUSTEE

First National Bank, a division of FirstRand Bank Limited
PO Box 7713 Johannesburg 2000
South Africa

AUDITORS

Ernst & Young Inc.

Allan Gray Unit Trust Management Limited is a member of the Association for Savings & Investment SA (ASISA)

ince.motiv