

ALLAN GRAY

PRODUCT RANGE

EFFECTIVE 1 SEPTEMBER 2015

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All information contained in this brochure is subject to legislation applicable at the time and is also subject to change. For more detailed information please refer to the terms and conditions of the relevant products. Please also visit our website www.allangray.co.za or call our Client Service Centre on 0860 000 654.

Allan Gray is not authorised to and does not provide financial advice. However, we believe in the merits of independent investment advice. If investors are not comfortable making their own investment decisions, or do not have the time, we suggest they engage the services of an independent financial adviser (IFA).

ABOUT ALLAN GRAY

WE ARE AFRICA'S LARGEST PRIVATELY OWNED INVESTMENT MANAGEMENT COMPANY

Established in South Africa and investing on behalf of clients since 1974, Allan Gray has grown to become Africa's largest privately owned investment management company.

Our purpose is to help investors build wealth over the long term. We seek to earn the trust of our clients by providing superior long-term investment performance, outstanding client service and holding ourselves to the highest ethical standards.

OUR SUCCESS IS LINKED TO OUR INVESTORS' SUCCESS

We pride ourselves on having achieved superior investment performance for our clients over the long term at lower-than-average risk of loss. Our future success depends on our continuing ability to help you achieve your investment objectives.

WE OFFER OUR SERVICES TO BOTH INDIVIDUAL INVESTORS AND INSTITUTIONS

Our clients include individuals, retirement funds, insurers, trusts, companies and foundations. They invest through segregated portfolios or in our focused range of unit trusts, retirement products and life insurance investment pools.

WE ARE AN INTEGRATED INVESTMENT COMPANY

We have a team of professionals performing investment management and research, trading, compliance, portfolio accounting, client service and investor administration within the same group.

OUR HEADQUARTERS ARE IN CAPE TOWN, BUT WE HAVE A PRESENCE IN SEVERAL AFRICAN COUNTRIES

We have offices in Cape Town, Johannesburg, Pretoria and Durban within South Africa. Outside of South Africa, we are in Windhoek, Namibia; Gaborone, Botswana; and Lagos, Nigeria.

WE ARE ASSOCIATED WITH THE ORBIS GROUP

Allan W B Gray founded both Allan Gray and Orbis. We share the same investment approach, commitment to long-term wealth creation and ethos. The relationship we have with Orbis extends to a sharing of global investment ideas, advice on and management of certain portfolios. Orbis is a global asset manager based in Bermuda with offices around the world.

INDEPENDENT FINANCIAL ADVISERS

We believe in the merits of independent investment advice for those who lack the knowledge and skill to make investment decisions unaided. If you are not comfortable making your own investment decisions, or do not have the time, we suggest you engage the services of an independent financial adviser.

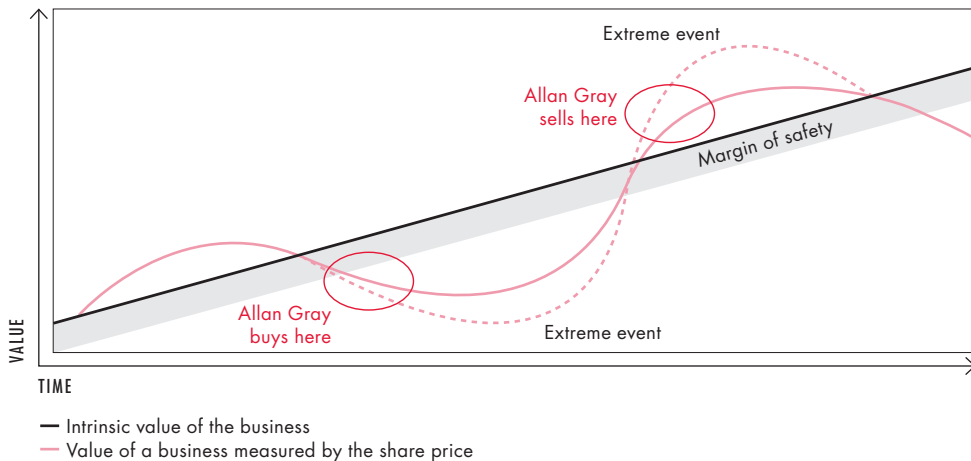
THE ALLAN GRAY APPROACH TO INVESTMENT

THE ALLAN GRAY INVESTMENT PHILOSOPHY

At the core of our investment philosophy, we simply use our analysis of the fundamentals of a business to determine its intrinsic or underlying value or worth. We then compare this with the price the market places on this (the share price). If we can buy the shares of the business for a lower price than we believe they are worth, we will do so.

The Allan Gray investment approach is:

- Rigorous, disciplined and focused
- Long-term, with investment horizons of at least four years
- Based on exhaustive proprietary, fundamental research
- Contrarian, in that Allan Gray frequently goes against popular belief and ignores market sentiment and peer pressure
- Value-based, because understanding companies and investing in them when they represent fundamental value is far more rewarding than trying to predict economic, political or share market trends



THE THEORY OF SHARE PRICE AND FUNDAMENTAL / INTRINSIC VALUE

In the graph above, the black line represents the intrinsic or underlying value of the business. Over time, this value should increase as earnings, dividends and net assets grow. The red line represents the price of shares in the business, which is driven up and down by, at times, overly optimistic or overly pessimistic investors. By investing as close to the point where the price is discounting the greatest pessimism, not only is the potential return maximised, but the margin of safety is greatest as the extent to which the price can fall further is minimised. The dotted red line represents an extreme event in which despite being well below fair value and an asset offering a margin of safety, extreme pessimism drives the share price even lower.

At the other end of the spectrum, extreme optimism may drive the prices of already expensive assets even higher. It is during times of extreme events that Allan Gray typically underperforms. Investors require patience and confidence to withstand this underperformance and reap the rewards as prices revert to intrinsic value.

ALLAN GRAY PRODUCT PRINCIPLES AND BENEFITS

EXCELLENT INVESTMENT TRACK RECORD

Since establishment, Allan Gray has consistently achieved superior returns at lower-than-average risk of loss. Our performance track record has been achieved by consistently applying a simple, clearly defined investment philosophy based on sound business principles. We pride ourselves on the quality of our in-house fundamental research, which is acknowledged to be the most rigorous in the industry.

VALUE FOR MONEY

Our core source of income is an investment management fee charged on assets under management. We aim to provide our investors with superior performance after deducting our investment management fee.

TRANSPARENCY

Our fee structure is transparent and is published in our marketing material and on our website. Statements are sent to all unit holders on a quarterly basis and transaction confirmations are sent each time a transaction (excluding debit orders) is concluded.

SIMPLICITY

We provide access to a limited, uncomplicated range of products and underlying unit trusts. Simplicity extends to our product names: we call them what they are.

FLEXIBILITY

You may switch between the underlying unit trusts at any time.

TOTAL INTEGRITY

Your trust in us is paramount. Trust is earned from unquestionable business ethics and honest, transparent communication – not promising what we cannot deliver. We act by a strongly held set of values.

CLIENT-FOCUSED

We always put our clients' interests first and avoid (not manage) conflicts of interest. We try to build our clients' trust and confidence in us through offering excellent client service. We design our products and fees so that they tie our success to that of our clients.

PRODUCTS AVAILABLE FROM ALLAN GRAY

WHEN YOU INVEST WITH ALLAN GRAY THERE ARE TWO DECISIONS TO MAKE:

1. Which product(s) may be appropriate for your circumstances

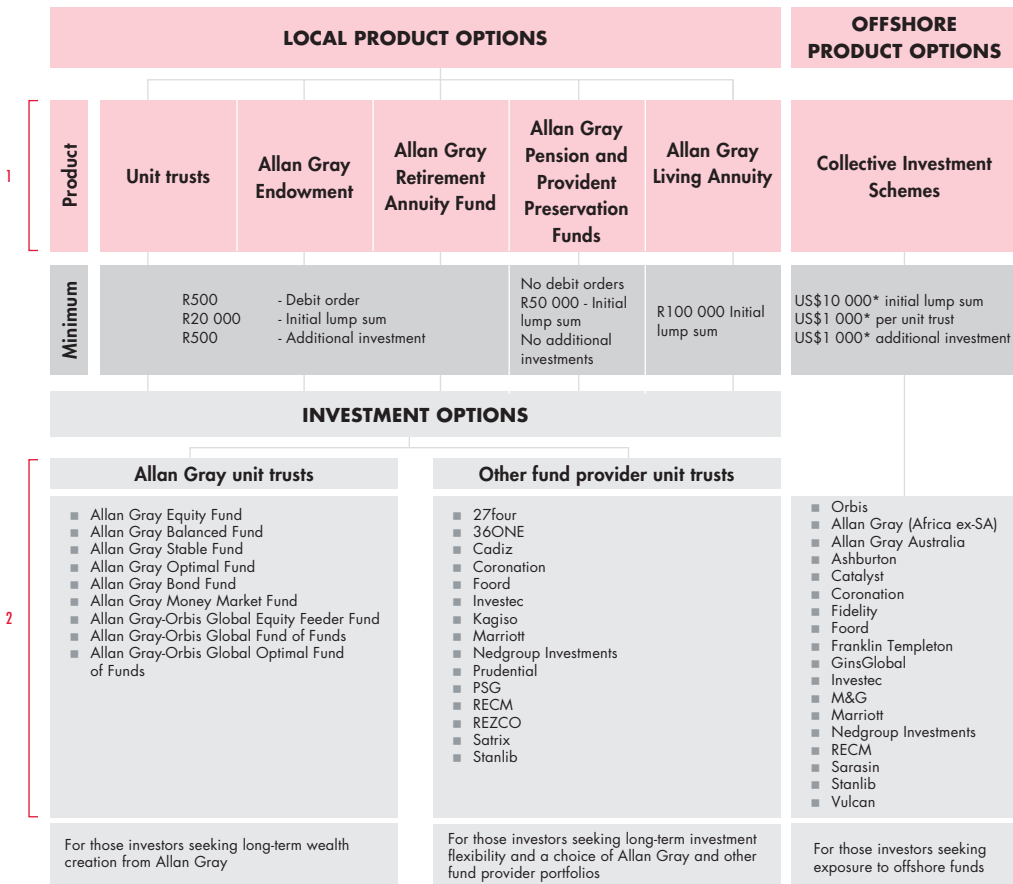
Investors should assess their personal risk profile and investment goals in the context of their other investments. When deciding which product may be most suitable, investors should consider factors such as when they would like to access their investment, tax implications and estate planning advantages. Investors who are not comfortable making their own investment decisions, or do not have the time, may wish to consider using an independent financial adviser (IFA).

2. Which underlying unit trust(s) your money should be invested into

Investors may choose to invest in a range of Allan Gray unit trusts and unit trusts from other fund providers available on the Allan Gray investment platform, or a range of offshore unit trusts.

The diagram below illustrates the product and investment options

This brochure provides information about the Allan Gray product range (displayed in the pink blocks below). For more information about Allan Gray unit trusts please see the Characteristics and Objectives table on our website. Please also refer to our Unit Trust brochure. For more information on other fund providers' unit trusts, please refer to our investment platform fund lists and individual fund factsheets, available on our website, www.allangray.co.za.



*or foreign currency equivalent EUR, GBP, JPY, AUD.

Due to foreign exchange control regulations, funds may close from time to time. This information is subject to change. Please refer to www.allangray.co.za for up to date information.

ALLAN GRAY UNIT TRUSTS

WHAT ARE UNIT TRUSTS?

A collective investment scheme (also commonly referred to as a 'fund' or 'unit trust') is a form of collective investment constituted under a trust deed. As a unit trust investor, your money is pooled with that of other investors who have similar investment goals.

Unit trusts enable investors to invest in a wide range of shares, bonds and other assets using relatively small amounts of money. Experienced investment experts (called asset or portfolio managers) use the pool of money to buy the underlying assets – shares, property, bonds, cash or a combination of these – on local or foreign markets, depending on the type of unit trust.

WHY CHOOSE ALLAN GRAY UNIT TRUSTS?

Ordinary investors are able to access Allan Gray investment expertise that would not normally be within their financial reach if their money had not been pooled with that of other investors in the unit trust.

With Allan Gray unit trusts, investor gain access to professional asset management expertise, a robust, well considered and consistent investment philosophy and a rigorous research framework that is used to manage money on a daily basis.

WHO CAN INVEST IN AN ALLAN GRAY UNIT TRUST?

Investors who are looking for:

- **Convenience:** Allan Gray unit trusts provide investors with a convenient way to invest in financial markets
- **Diversity:** Through the range of Allan Gray unit trusts an investor can invest in markets all over the world
- **Flexibility:** Investors can make a lump sum investment, ad hoc additional investments and withdrawals
- **Liquidity:** Investors can cash in a portion of their investment or all of it at any time

HOW CAN AN INVESTOR INVEST IN ALLAN GRAY UNIT TRUSTS?

There are two ways an investor can invest in Allan Gray unit trusts:

- Directly through Allan Gray Unit Trust Management (RF) Proprietary Limited: Allan Gray's suite of nine funds only
- Through Allan Gray's investment platform: Allan Gray's funds and a selection of unit trusts from other fund managers

HOW MUCH DOES IT COST TO INVEST?

There are three types of fees that may be applicable to your investment, which are calculated and deducted from your investment differently:

- Fund management fees, which vary between unit trusts
- Administration fees, which may be charged separately or incorporated into the fund management fee
- Financial adviser fees, which are negotiated between you and your adviser

FUND MANAGEMENT AND ADMINISTRATION FEES

Fund management fees are charged by the fund manager for investment research and selecting the underlying assets. The fee type varies between unit trusts and may be fixed or performance based. Most of the Allan Gray unit trusts charge performance-based fees, which are dependent on the out- or underperformance of the unit trust in relation to its benchmark, within a specified minimum-maximum range. (For more details on individual unit trust fees, please see the relevant fund factsheets.)

Fund management fees are usually the biggest expense in operating a unit trust. Other fund expenses include VAT and other operating costs. All these expenses are deducted from the total value of the unit trust's assets in order to calculate the unit price, and are therefore already accounted for in the unit trust's published performance figures. The expenses for the last 12 months, including the fund management fee, are shown on the unit trust's fund factsheet as the total expense ratio (TER).

For Allan Gray unit trusts, annual administration fees are incorporated into the fund management fee. Therefore, they are not charged separately and do not need to be deducted again.

FINANCIAL ADVISER FEES

These fees are agreed between you and your adviser for financial advice and services provided. They are deducted from your investment, either before the investment is made (initial fees) or from your investment account by selling units (annual fees).

When investing with Allan Gray, initial adviser fees are subject to a maximum of 3% (excl. VAT). The annual fee may be up to 1% (excl. VAT) of your investment, unless an initial fee in excess of 1.50% (excl. VAT) is selected, in which case the maximum annual fee is 0.50% (excl. VAT).

COMPARING FEES PER UNIT TRUST

TER for fund management plus administration: You can use this to compare costs between funds, despite the differences in fee type and structure. It is important to understand that this is not a separate fee that will be deducted from your account.

HOW CAN AN INVESTOR MAKE CONTRIBUTIONS?

Investors may make the following contributions to the investment account (the account through which the unit trusts are administered):

- Initial lump sum
- Additional lump sum
- Recurring monthly contributions via debit order on the 1st or 15th of each month. Allan Gray needs to receive debit order instructions by 14:00, three business days before the selected date. Any instructions received after the cut-off date will be processed the following month

MINIMUM INVESTMENT AMOUNTS

ALLAN GRAY UNIT TRUST MANAGEMENT (RF) PROPRIETARY LIMITED AND ALLAN GRAY INVESTMENT PLATFORM	
Lump sum	Debit order
<ul style="list-style-type: none">■ R20 000 initial lump sum per account■ R500 additional lump sum	<ul style="list-style-type: none">■ R500 per month■ Escalation rate of 0%, 2.5%, 5%, 10%, 15% or 20% per year

HOW CAN AN INVESTOR MAKE WITHDRAWALS?

- Investors may withdraw some or all of their investment by selling units
- Investors may also schedule regular withdrawals for income purposes on a monthly, quarterly, half-yearly or yearly basis
- Investors may only schedule regular withdrawals if they have more than R20 000 in their account. There is no minimum regular withdrawal amount
- Units purchased via direct debit or debit order cannot be sold within 32 business days of each investment date
- Units purchased with a cheque deposit cannot be sold within 14 business days of the investment date
- Regular withdrawals are paid on the 27th of the month or the first business day thereafter
- Allan Gray needs to receive all regular withdrawal instructions by 14:00 six business days before the monthly payment date

If the market value of the investment account decreases below the required minimum balance after the withdrawal(s), Allan Gray may ask the investor to withdraw the remaining balance.

TIMELINE FOR BUYING AND SELLING UNITS IN A UNIT TRUST

ALLAN GRAY UNIT TRUST MANAGEMENT (RF) PROPRIETARY LIMITED			
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the Manager	Shows on investor statement
Before 14:00 (day 1)	Day 1	The price at the close of day 1	Day 2
After 14:00 (day 1)	Day 2	The price at the close of day 2	Day 3

Unit prices are calculated daily at 16:00 by taking the total value of all assets of the unit trusts, including any income accrual less permissible deductions, and dividing that by the number of units in the unit trust.

ALLAN GRAY INVESTMENT PLATFORM			
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the fund manager	Shows on investor statement*
Before 14:00 (day 1)	Day 1	The price at the close of day 2	Day 3
After 14:00 (day 1)	Day 2	The price at the close of day 3	Day 4

*For certain unit trusts there will be an additional business day for the units to show on the investor's statement.

SWITCHING

- Switching involves selling units in one unit trust in order to buy units in another investors can switch between unit trusts as their needs change, usually at no additional cost
- If an investor wants to switch from an Allan Gray unit trust which he/she owns through Allan Gray Unit Trust Management (RF) Proprietary Limited, to a fund from another manager, he/she will first have to transfer to the Allan Gray investment platform

TIMELINE FOR SWITCHING UNIT TRUSTS

ALLAN GRAY UNIT TRUST MANAGEMENT (RF) PROPRIETARY LIMITED			
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the Manager	Shows on investor statement
Before 14:00 (day 1)	Day 1	The price at the close of day 1	Day 2
After 14:00 (day 1)	Day 2	The price at the close of day 2	Day 3

ALLAN GRAY INVESTMENT PLATFORM SWITCHING UNIT TRUSTS MANAGED BY THE SAME FUND MANAGER				
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the fund manager	Fund manager buys units	Shows on investor statement*
Before 14:00 (day 1)	Day 1	The price at the close of day 2	Day 2	Day 3
After 14:00 (day 1)	Day 2	The price at the close of day 3	Day 3	Day 4

ALLAN GRAY INVESTMENT PLATFORM SWITCHING UNIT TRUSTS MANAGED BY DIFFERENT FUND MANAGERS						
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the fund manager	Allan Gray receives money from the fund manager	Allan Gray pays the money to the new fund manager	Fund manager buys units	Shows on investor statement*
Before 14:00 (day 1)	Day 1	The price at the close of day 2	Day 4	Day 4	Day 4	Day 5
After 14:00 (day 1)	Day 2	The price at the close of day 3	Day 5	Day 5	Day 5	Day 6

*For certain unit trusts there will be an additional business day for the units to show on the investor's statement.

ALLAN GRAY RETIREMENT ANNUITY FUND

WHAT IS THE ALLAN GRAY RETIREMENT ANNUITY FUND?

The Allan Gray Retirement Annuity Fund is a savings vehicle for investors looking for a flexible, tax-efficient way to save for retirement. Investors can only access their money when they retire.

WHO CAN INVEST IN AN ALLAN GRAY RETIREMENT ANNUITY FUND?

The Allan Gray Retirement Annuity Fund may be suitable for investors:

- Who are self employed and who are not members of a pension fund or provident fund
- Whose employers are not making any contributions to a pension fund or provident fund on their behalf
- Who receive variable income which is not taken into account when their contributions to a pension or provident fund are calculated
- Who wish to supplement their existing retirement savings
- Who wish to save for retirement in a tax-efficient way

HOW CAN A MEMBER MAKE CONTRIBUTIONS?

A member may make the following contributions to the Fund:

- Initial lump sum
- Additional lump sum
- Recurring monthly contributions via debit order
- Transfers from other retirement funds

He/she may also stop contributing to the Fund at any time.

MINIMUM INVESTMENTS	
Lump sum	Debit order
<ul style="list-style-type: none">■ R20 000 initial lump sum per account■ R500 additional investment■ If the investor is transferring into an existing account, the minimum initial lump sum of R20 000 will have to be met.	<ul style="list-style-type: none">■ R500 per month■ Escalation rate of 0%, 2.5%, 5%, 10%, 15% or 20% per year.

WHEN CAN A MEMBER RETIRE AND/OR ACCESS THE BENEFIT?

A member cannot retire from the Fund before the age of 55 years unless he/she is permanently disabled. The member must submit a retirement notification form when he/she wants to retire from the Fund.

WHEN IS THE BENEFIT AVAILABLE?	
Retirement (after age 55)	A maximum of one-third of the member's benefit in the Allan Gray Retirement Annuity Fund can be taken as cash. The remainder of the benefit must be used to purchase a compulsory pension-providing vehicle such as the Allan Gray Living Annuity. If the benefit is equal to or less than R75 000 across all Allan Gray Retirement Annuity Fund investment accounts, the full amount can be taken as cash. This is subject to tax.
Withdrawal (before age 55)	A member whose benefit in the Allan Gray Retirement Annuity Fund is R7 000 or less and is not making any recurring debit order contributions towards the Fund may take the benefit in cash.
Death prior to retirement	When a member of the Allan Gray Retirement Annuity Fund dies, legislation requires the Trustees to determine who the dependants are. If no dependants are found, the benefit will be paid to the nominated beneficiary(s). In the event that a beneficiary was not nominated, the benefit will be paid to the deceased member's estate.
Permanent disability prior to retirement (this must be approved by the trustees)	A maximum of one-third of the member's benefit in the Allan Gray Retirement Annuity Fund can be taken as cash. The remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity. If the benefit is equal to or less than R75 000 across all Allan Gray Retirement Annuity Fund investment accounts, the full amount can be taken as cash. This is subject to tax.
Emigration	Members who emigrate can withdraw their full benefit. They do not have to wait until their retirement date to access their benefit in the Allan Gray Retirement Annuity Fund. This is subject to tax, according to the 'withdrawal benefit' table on page 18.

WHAT IS THE TAX TREATMENT OF THE ALLAN GRAY RETIREMENT ANNUITY FUND CONTRIBUTIONS AND BENEFITS?

What portion of a member's total contributions is tax deductible?

A member is allowed the greater of the following three tax deductions:

- R1 750
- R3 500 less any contributions made to a pension fund
- 15% of his/her non-retirement funding income less allowable deductions

What are the other tax implications?

- At retirement no tax is payable on the two-thirds portion of the Allan Gray Retirement Annuity Fund or the full amount that is transferred to a pension-providing vehicle such as the Allan Gray Living Annuity
- The cash portion at retirement is taxed according to the table on page 20
- The withdrawal benefit (for a member emigrating) is taxed according to the 'withdrawal benefit' table on page 18
- You do not pay tax on any interest or dividends received by the Allan Gray Retirement Annuity Fund. Any capital gain realised is excluded from capital gains tax

TRANSFER OF A MEMBER'S BENEFIT TO OR FROM ANOTHER RETIREMENT ANNUITY FUND

- Members may transfer their benefits in another retirement annuity fund to the Allan Gray Retirement Annuity Fund
- Members may also transfer their benefits in the Allan Gray Retirement Annuity Fund to another retirement annuity fund

These transfers are subject to the requirements of the transferring and transferer retirement annuity funds and legislation at the time.

CAN THE ALLAN GRAY RETIREMENT ANNUITY FUND BE USED TO SECURE A LOAN?

Members of the Allan Gray Retirement Annuity Fund cannot cede their benefits.

WHAT HAPPENS IF A MEMBER DIES BEFORE RETIREMENT?

Once the trustees have made their allocations (see table on page 11), there are various options available to dependants and beneficiaries in terms of how they can receive their benefit.

The options are:

- Transfer their benefit to a living or life annuity (which is exempt from estate duty)
- Take a cash lump sum (from which tax may be deducted)
- Take a combination of a cash lump sum and a compulsory annuity

Tax on lump sum death benefit

The member is liable for the tax on any lump sum that his/her dependants/beneficiaries choose to receive in cash. The tax amount will be recovered from the lump sum before the payment is made.

ALLAN GRAY GROUP RETIREMENT ANNUITY SYSTEM

OVERVIEW

The Allan Gray Group Retirement Annuity System recognises that many employers wish to encourage their staff to make provision for their future retirement – but at the same time, recognises that their staff may encounter change in their personal lives, employment and their financial requirements.

The Allan Gray Group Retirement Annuity enables employers to make a retirement savings solution available to their staff:

- Based on individual membership of the Allan Gray Retirement Annuity Fund
- With the benefits of group-based administration (a minimum of five employees is required)

HOW DOES THE ALLAN GRAY GROUP RA WORK?

Each employee individually applies to become a member of the Allan Gray RA. Then each month, each member's agreed monthly contribution is received by Allan Gray, from the employer, on a group basis. As individual members of the Allan Gray RA, members choose their investment portfolios and receive quarterly statements.

The Allan Gray Group RA:

- Caters for individual needs without the complexity of many group retirement funding arrangements (but any risk protection should be provided separately)
- Enables staff to monitor and manage their own retirement savings
- Offers access to Allan Gray's proven expertise and experience in managing retirement fund money
- Offers access to personalised client service and a direct point of contact
- Offers access to customised member education about the importance of saving for retirement
- Enables employers to offer their staff a tax-efficient, flexible and hassle-free way to save for their retirement

CONTRIBUTION MINIMUMS

R500 per month, per member. If the average of all the contributions is in excess of R1 000 per month for the group, there is flexibility to reduce the minimum contribution to R250 per month for certain employees.

BENEFITS FOR EMPLOYERS

1. Clear individual accountability

Each employee becomes a member of the Allan Gray RA in their individual capacity. As such, each member must make specific investment choices. This makes it clear that it is ultimately the responsibility of each member to save adequately for his/her own retirement.

2. Flexibility for staff in the context of an increasingly mobile workforce

When a member leaves an employer, he/she remains a member of the Allan Gray RA and can:

- Continue to contribute to his/her retirement savings (as long as the prevailing minimum requirements are met)
- Stop contributing without any penalties and start contributing again if desired

3. Helps employers fulfil their retirement savings obligation to their employees

Employers are able to ensure that their employees' contributions are in fact applied to retirement savings (as opposed to paying employees cash as part of their remuneration package and placing the responsibility on them to make provision themselves).

4. Cost management

It enables employers to manage the increasing costs associated with existing employee pension/provident funds and umbrella funds.

5. Simplified administration

Monthly administration is done via a dedicated Group RA website.

6. Employee engagement

- Access to online reporting facilities, quarterly statements and informative articles will increase employees' awareness and engagement
- Allan Gray can provide member training and investor education

THINGS TO BE AWARE OF THAT MAY BE DIFFERENT TO 'TRADITIONAL' GROUP RETIREMENT ARRANGEMENTS

It is important to note that there are no insured death or disability benefits available for members of the Allan Gray RA under the Fund. Any risk protection or additional benefits of this nature would have to be sourced and provided separately.

The Conditions of Membership and Allan Gray RA rules apply to all members, whether their contributions are administered on a group basis or not. This means that (among other conditions of membership) a member may:

1. Take responsibility for their own retirement savings

Individuals are members of the Allan Gray RA in their own right. An Allan Gray RA allows members to choose underlying investments that suit their individual needs, with the help of an independent financial adviser, if necessary. An Allan Gray RA is portable – members can take their RA with them if they leave their employer and set up a debit order from their own bank account. An Allan Gray RA is like a personal pension plan.

2. Stop and start contributions at any time without any penalties

3. Transfer any benefits under the Allan Gray RA to another approved retirement annuity fund of their choice at any time without penalty

4. Not 'cash in' any benefit if they leave their current employer, in contrast to many occupational retirement schemes

Members may only take a withdrawal benefit from the Allan Gray RA if they are no longer contributing to the Allan Gray RA and the market value of the underlying investments of all their investment accounts in the Allan Gray RA is less than R7 000 (or any other amount determined by legislation or regulatory authorities from time to time). Members may also take a withdrawal benefit if the member has emigrated from South Africa and their emigration is recognised by the South African Reserve Bank.

5. Only access their accumulated benefit when they retire from the Allan Gray RA at any date after they reach age 55

The Allan Gray RA provides for early retirement (before age 55) only if the member becomes permanently disabled.

ALLAN GRAY PENSION PRESERVATION AND PROVIDENT PRESERVATION FUNDS

WHAT ARE THE ALLAN GRAY PENSION PRESERVATION AND PROVIDENT PRESERVATION FUNDS?

The Allan Gray Pension Preservation and Provident Preservation Funds are savings vehicles for investors looking for a tax-efficient way to preserve existing retirement benefits when they leave a pension or provident fund at resignation from employment or when transferring from another preservation fund.

WHO CAN INVEST IN AN ALLAN GRAY PENSION PRESERVATION OR PROVIDENT PRESERVATION FUND?

A member who has built up existing benefits from retirement savings as a member of a pension or provident fund and is planning a change in his/her employment may wish to consider using an Allan Gray Pension Preservation or Provident Preservation Fund. The change in employment can be a result of retrenchment, resignation, any other cause of termination of employment, leaving the fund without leaving employment (e.g. a merger), or the existing fund closing. A non-member spouse may transfer the pension interest allocated to him/her in terms of a divorce order against his/her former spouse's employer fund to a preservation fund.

WHAT ARE THE MINIMUM INVESTMENTS?

- R50 000 lump sum
- No additional contributions allowed
- No debit orders allowed

WHEN CAN A MEMBER RETIRE AND/OR ACCESS THE BENEFIT?

A member cannot retire from the Fund before the age of 55 years unless he/she is permanently disabled. The member must submit a retirement notification form when he/she wants to retire from the Fund.

WHEN WILL THE BENEFIT BECOME AVAILABLE?	
Retirement (after age 55)	<p>The Allan Gray Pension Preservation Fund: A maximum of one-third of the member's benefit in the Allan Gray Pension Preservation Fund can be taken as cash. The remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity. If the gross benefit is equal to or below R75 000 across all the Allan Gray Pension Preservation Fund investment accounts, the entire benefit can be taken in cash.</p> <p>The Allan Gray Provident Preservation Fund: The member's total benefit in the Allan Gray Provident Preservation Fund can be taken as cash. If only part is taken in cash, the remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity.</p>
Withdrawal (before age 55)	<p>The Allan Gray Pension Preservation and Provident Preservation Funds allow for a once-off withdrawal. This can be a partial or full withdrawal of the member's benefit in the Fund prior to retirement, provided there are no restrictions in place from the transferring fund and subject to the requirements of legislation and the regulatory authorities.</p>
Death prior to retirement	<p>When a member of an Allan Gray Pension or Provident Fund dies, legislation requires the trustees to determine who the dependants are. If no dependants are found, the benefit will be paid to the nominated beneficiary(s). In the event that a beneficiary was not nominated, the benefit will be paid to the deceased member's estate.</p>
Permanent disability prior to retirement (this must be approved by the trustees)	<p>The Allan Gray Pension Preservation Fund: A maximum of one-third of the member's benefit in the Allan Gray Pension Preservation Fund can be taken as cash. The remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity. If the gross benefit is equal to or below R75 000 across all the Allan Gray Pension Preservation Fund investment accounts, the entire value can be taken in cash.</p> <p>The Allan Gray Provident Preservation Fund: The member's total benefit in the Allan Gray Provident Preservation Fund can be taken as cash. If only part is taken in cash, the remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity.</p>

WHAT IS THE TAX TREATMENT OF THE ALLAN GRAY PENSION PRESERVATION AND PROVIDENT PRESERVATION FUNDS AND BENEFITS?

Tax on withdrawal benefit before retirement

All withdrawal benefits received before retirement are taxed according to the table below.

WITHDRAWAL BENEFIT	
Taxable income from lump sum benefits	Rate of tax
R0 - R25 000	0% of taxable income
R25 001 - R660 000	R0 + 18% of taxable income above R25 000
R660 001 - R990 000	R114 300 + 27% of taxable income above R660 000
R990 001 and above	R203 400 + 36% of taxable income above R990 000

As shown in the table above, the member is allowed a once-in-a-lifetime tax-free withdrawal benefit before retirement.

What are the other tax implications?

- The cash portion of the benefit at retirement is taxed according to the table on page 20
- You do not need to pay tax on the interest and dividends the Preservation Fund receives
- Any capital gain realised in the Preservation Fund is excluded from capital gains tax

TRANSFERS TO OR FROM ANOTHER PRESERVATION FUND

A member of an employer retirement fund or Preservation Fund can transfer from that fund to an Allan Gray Pension or Provident Preservation Fund. Transfers are source specific and are subject to the requirements of legislation and the regulatory authorities.

CAN THE ALLAN GRAY PRESERVATION FUNDS BE USED TO SECURE A LOAN?

Members of the Allan Gray Preservation Funds cannot cede their benefits.

WHAT HAPPENS IF A MEMBER DIES BEFORE RETIREMENT?

Once the trustees have made their allocations (see table on page 17), there are various options available to dependants and beneficiaries in terms of how they can receive their benefit.

The options are:

- Transfer their benefit to a living or life annuity (which is exempt from estate duty)
- Take a cash lump sum (from which tax may be deducted)
- Take a combination of a cash lump sum and a compulsory annuity

Tax on lump sum death benefit

The member is liable for the tax on any lump sum that his/her dependants/beneficiaries choose to receive in cash. The tax amount will be recovered from the lump sum before the payment is made.

UNDERLYING INVESTMENT OPTIONS, FEES AND TAX

WHAT ARE THE UNDERLYING INVESTMENT OPTIONS?

Members may choose any of the unit trusts offered on the Allan Gray local investment platform, subject to fund rules and offshore capacity.

These include:

- Allan Gray unit trusts: both local and rand-denominated offshore funds subject to availability (see Characteristics and Objectives table, available on our website)
- Unit trusts from other fund providers (see our local fund list, available on our website)
- The investment allocation for all investments must comply with retirement fund regulations (Regulation 28 of the Pension Fund Act)

Regulation 28 sets out the maximum exposures that retirement funds may have to various asset classes. The most important asset class limits are:

- 75% in equities
- 25% in property
- 25% in foreign assets

HOW MUCH DOES IT COST TO INVEST?

FEES		
	Initial (excluding VAT)	Annual (excluding VAT)
Platform fee	No initial platform fee.	Annual administration fees are charged on the market value across all local platform investments linked to your investor number. We charge an annual administration fee (excluding VAT) of a maximum of 0.5% on the first R1.5m invested and 0.2% on the balance over R1.5m. For any investments in Allan Gray unit trusts we charge a flat annual administration fee (excluding VAT) of 0.2%. The annual administration fee is decreased by any manager fee discount. If the manager fee discount is larger than the annual administration fee, you will receive additional units in your account.
Fund fee	Currently 0% to 0.25% depending on the unit trust selected	Varies according to the underlying unit trust(s) selected.
Financial adviser fee	Maximum 3.00% per contribution. If an annual fee in excess of 0.5% is selected, the initial fee is limited to 1.5%	Maximum 1.00% per year of the investment. If an initial fee in excess of 1.50% is selected, the annual fee is limited to 0.50% per year.

You may choose to have your annual administration and annual financial adviser fees deducted from your Allan Gray Money Market Fund. This will be known as your preferred fee unit trust.

WHAT ARE THE TAX SAVINGS AT RETIREMENT?

RETIREMENT BENEFIT	
Taxable income from lump sum benefits	Rate of tax
R0 - R500 000	0% of taxable income
R500 001 - R700 000	R0 + 18% of taxable income above R500 000
R700 001 - R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 + 36% of taxable income above R1 050 000

This table is based on your cumulative cash amount from all retirement annuities and preservation funds.

In addition, a retired member may receive the following portion of his/her retirement lump sum tax free:

- Contributions to the Fund that were not tax deductible when contributed
- Contributions made to a public sector fund (e.g. The Government Employees Pension Fund) on or before 1 March 1998

ALLAN GRAY ENDOWMENT

WHAT IS AN ALLAN GRAY ENDOWMENT?

The Allan Gray Endowment is a savings policy for investors who want to grow their money and benefit from an estate planning tool.

WHO CAN INVEST IN AN ALLAN GRAY ENDOWMENT?

The Allan Gray Endowment may be suitable for investors who:

- Have a high marginal tax rate
- Have medium- to long-term investment objectives
- Are comfortable with a five-year minimum investment term
- Want to be able to nominate a beneficiary to take ownership of the investment so that it is not tied up in their estate and save on executor fees

WHO IS INVOLVED?		
	Term	Definition
Owner	Policyholder	The person(s) who legally owns the policy. Ownership of the policy may be transferred to another person or legal entity at any time.
	Beneficiary for ownership	The person the policyholder nominates to become an owner of the policy after his/her death. There may be only one beneficiary for ownership per policyholder.
Lives assured	Life assured/last life assured	The life assured is the person on whose life payment of the benefit depends. There may be more than one life assured. The last life assured under the policy outlives the other lives assured (if any). The policy will only end when this person dies.
Recipient of investment proceeds	Policyholder	The policyholder can make withdrawals from the policy when the investment term ends. One full or partial withdrawal is allowed during a restriction period.
	Beneficiary for proceeds	If the policyholder is a natural person and the last life assured and dies, the beneficiary for proceeds is the person who will receive the proceeds of the policy.

The Allan Gray Endowment is issued by Allan Gray Life Limited within the framework of the Long-term Insurance Act. It is administered by Allan Gray Investment Services Proprietary Limited.

CONTRIBUTIONS TO THE ALLAN GRAY ENDOWMENT

Lump sum	Debit order
<ul style="list-style-type: none"> ■ R20 000 initial lump sum per account ■ R500 additional investment 	<ul style="list-style-type: none"> ■ R500 per month ■ Escalation rate of 0%, 2.5%, 5%, 10%, 15% or 20% per year

HOW CAN A POLICYHOLDER MAKE CONTRIBUTIONS AND WHAT ARE THE MINIMUM INVESTMENTS?

- Initial lump sum
- Additional lump sum
- Recurring monthly contributions via debit order

An endowment policy is legally required to have a minimum five-year term (restriction period)

A restriction period is a period in which there are restrictions on the withdrawals a policyholder may make from the policy. This applies to:

- The first five years of the policy, starting from the day that the investment is processed, or
- Five years from the first day of any month during which the 120% rule takes effect

The 120% rule takes effect when your contributions in any policy year are greater than 120% of the higher of any of the previous two policy years' total contributions. Allan Gray Life Limited will accept these contributions into the same policy and extend the restriction period (if the investor is already in a restriction period) or start a new five-year restriction period on the entire policy.

HOW CAN A POLICYHOLDER MAKE WITHDRAWALS?

A policyholder may make a withdrawal from the policy and these will be processed through the investment account by selling units. Capital gains tax (CGT) may be withheld in terms of the ruling legislation at the time of the withdrawal.

During any restriction period, the policyholder may make one withdrawal. The maximum amount the policyholder may withdraw is the lesser of:

- His/her contributions, including any market value in the policy the day before the restriction period started, plus 5% compound interest, or
- The market value of the investment account

If the policy is not in a restriction period:

- The policyholder may withdraw part or all of the value of the policy, which is the market value in the investment account less fees and charges, and/or
- The policyholder may schedule regular withdrawals from the policy

Withdrawal values during the restriction period

- Where the market value is greater than the withdrawal value, and the difference between the two is less than R2 500, the full market value may be paid out.

CAN THE POLICYHOLDER CANCEL THE POLICY?

The policyholder has the right to cancel the policy by writing to Allan Gray Investment Services Proprietary Limited at its head office within 30 calendar days of receipt of the policy document by the policyholder or financial adviser. However, if the policyholder was paid any benefits, or changed his/her selected unit trusts within this cool-off period, the right to cancel expires.

WHAT IS THE TAX TREATMENT OF THE ALLAN GRAY ENDOWMENT?

In terms of income tax legislation, Allan Gray Life Limited is required to pay income tax, dividend withholding tax and capital gains tax (CGT) at a rate which depends on how the investor is classified. For this purpose, the investor is classified as a natural person, company, or an untaxed policyholder. Trusts are taxed according to the classification of the beneficiary. If there is more than one beneficiary then the classification associated with the highest tax rate will apply.

Income tax (including dividend withholding tax) is incurred and recovered from the policy when income distributions made within a unit trust are received.

If an investor is classified as a natural person, the dividends will be taxed at a rate of 15% regardless of their country of residence. Investors classified as a company or an untaxed policyholder, are exempt.

Allan Gray Life Limited pays tax on any capital gains that may arise. This means that on the sale of units to pay a benefit from the policy, the benefit may be reduced by a provision for CGT. Any sale of units to pay fees or charges, or a sale of units to effect a switch from one unit trust to another, may create a CGT liability which will be recovered from the policy benefit when it is paid out.

WHO CAN INVEST AND WHAT TAX RATES APPLY?

Policyholder	Tax income (interest, net rental income and foreign dividends)	Net capital gains tax inclusion rate
Natural person	30%	33.3%
Company/Closed Corporation	28%	66.6%
Non tax-paying organisation	0%	0%
Trusts*	Look through principle	Look through principal

*If the policyholder is a trust, the income tax deducted is determined by the legal status of the trust's highest tax paying beneficiary.

WHAT HAPPENS IF THE POLICYHOLDER BECOMES INSOLVENT?

If the policyholder becomes insolvent, subject to certain conditions, the total endowment policy value payable may be protected from creditors.

CAN THE POLICY BE USED AS SECURITY?

- The policy may be ceded as security
- Allan Gray Life Limited does not grant loans on security of the policy, however the policy may be offered as security for a loan from another person or institution

ALLAN GRAY LIVING ANNUITY

WHAT IS THE ALLAN GRAY LIVING ANNUITY?

The Allan Gray Living Annuity gives investors flexibility – within certain regulatory limits – to select an annuity best suited to their income needs after retirement. A living annuity provides investors with a regular income which is not guaranteed, and which is funded by growth on capital and income from interest and dividends.

WHO CAN INVEST IN ALLAN GRAY LIVING ANNUITY?

- An investor can purchase an Allan Gray Living Annuity at retirement with the pension benefits originating from his/her pension, provident, preservation or retirement annuity fund, subject to the rules of the originating fund
- Dependants or nominees who receive a death benefit can purchase an Allan Gray Living Annuity with the funds allocated to them when a retirement fund member dies, subject to the rules of the originating fund

WHAT ARE THE MINIMUM INVESTMENTS?

R100 000 lump sum.

HOW CAN AN ANNUITANT RECEIVE AN INCOME?

Units are sold to pay the annuitant an income. The annuitant must select his/her own income level and frequency at the start of the policy and may only change it at every subsequent anniversary date.

Current regulations (as of March 2007) require the annuitant to select an income level between 2.5% and 17.5% per year. The income is expressed either as a rand amount or as a percentage of the value of the investment account. The frequency of the payment may be monthly, quarterly, biannually or annually, as requested by the annuitant.

If the total market value of the investment account is less than the minimum amount prescribed by legislation, the policyholder may fully withdraw the amount under the policy. Allan Gray Life Limited may request that the policyholder fully withdraw the amount.

WHAT ARE THE TAX IMPLICATIONS?

- The regular income payments are deemed to be the annuitant's sole source of income and are taxed according to South Africa's income tax tables
- If the value of the investment account is less than the minimum allowed amount, and is commuted for cash, tax may be deducted in line with South African Revenue Service (SARS) rules
- The annuitant does not need to pay tax on interest and dividends within the living annuity

WHAT ARE THE OPTIONS AVAILABLE TO BENEFICIARIES AT DEATH OF THE ANNUITANT?

- The beneficiary can choose to receive the death benefit as an annuity or cash lump sum payment; or as a combination of an annuity and a cash lump sum payment
- If the beneficiary is not a natural person, including a trust, the death benefit must be taken as a cash lump sum payment
- If no beneficiary has been nominated, the death benefit can be paid as a lump sum into the deceased's estate

TRANSFERS TO OR FROM ANOTHER LIVING ANNUITY

The annuitant may request that the value of his/her living annuity be transferred to or from another long-term insurer. Such a transfer is subject to the requirements of the regulatory authorities and the insurer that the annuitant is transferring to or from.

CAN THE ALLAN GRAY LIVING ANNUITY BE USED TO SECURE A LOAN?

An annuitant cannot cede his/her benefit.

UNDERLYING INVESTMENT OPTIONS AND FEES

WHAT ARE THE UNDERLYING INVESTMENT OPTIONS?

Investors may choose any of the unit trusts offered on the Allan Gray local investment platform, subject to fund rules and offshore capacity. These include:

- Allan Gray unit trusts: both local and rand-denominated offshore funds (see Characteristics and Objectives table, available on our website)
- Unit trusts from other fund providers (see our local fund list, available on our website)

HOW MUCH DOES IT COST TO INVEST?

FEES		
	Initial (excluding VAT)	Annual (excluding VAT)
Platform fee	No initial platform fee	Annual administration fees are charged on the market value across all local platform investments linked to your investor number. We charge an annual administration fee (excluding VAT) of a maximum of 0.5% on the first R1.5m invested and 0.2% on the balance over R1.5m. For any investments in Allan Gray unit trusts we charge a flat annual administration fee (excluding VAT) of 0.2%. The annual administration fee is decreased by any manager fee discount. If the manager fee discount is larger than the annual administration fee, you will receive additional units in your account.
Fund fee	Currently 0% to 0.25% depending on unit trust funds selected	Varies according to the underlying unit trust(s) selected

FINANCIAL ADVISER FEES		
	Initial (excluding VAT)	Annual (excluding VAT)
Allan Gray Endowment Policy	Maximum 3.00% per contribution. If an annual fee in excess of 0.5% is selected, the initial fee is limited to 1.5%	Maximum 1.00% per year of the investment. If an initial fee in excess of 1.50% is selected, the annual fee is limited to 0.50% per year.
Allan Gray Living Annuity	Maximum 1.50% per year deducted prior to the investment being made	Maximum 1.00% per year of the investment unit trust

You may choose to have your annual administration and annual financial adviser fees deducted from your Allan Gray Money Market Fund. This will be known as your preferred fee unit trust.

INVESTING OFFSHORE THROUGH ALLAN GRAY

WHO CAN INVEST IN OFFSHORE UNIT TRUSTS THROUGH ALLAN GRAY?

Investors who wish to diversify their portfolios by investing offshore in unit trusts denominated in foreign currencies (EUR, GBP, USD, JPY and AUD) may do so through the Allan Gray offshore investment platform. This investment will form part of the investor's foreign investment allowance if they convert their South African (SA) rands to invest. The following investors can invest:

- African residents (i.e. private individuals) over the age of 18
- South Africans who live temporarily in another country but who have not emigrated for tax purposes are still deemed to be SA residents according to SARB
- Offshore trusts that can demonstrate that at least 80% of their beneficiaries are SA residents
- South African testamentary trusts provided they have received approval from the SARB to retain investments offshore

Before investment, it is your responsibility to obtain a tax clearance certificate from the South African Revenue Services (SARS) for amounts greater than R1 million in any given year. You also need to convert your rands to one, or a combination, of Allan Gray's accepted foreign currencies i.e. EUR, GBP, USD, JPY or AUD. You can do this yourself or you can use a foreign exchange administrator. To help streamline the process at Allan Gray, we have negotiated preferential rates with an independent foreign exchange provider who can assist you with applying for tax clearance certificates; currency conversions; and transferring foreign currency into our offshore bank accounts. If you wish to make use of these foreign exchange administration services, please indicate this during the 'Invest Now' process or on your application form.

WHAT ARE THE UNDERLYING INVESTMENT OPTIONS?

Investors may choose any of the portfolios offered on the offshore investment platform fund list, available on our website.

HOW MUCH DOES IT COST TO INVEST?

FEES		
	Initial (excluding VAT)	Annual (excluding VAT)
Platform fee	0%	The Allan Gray investment platform fee is a maximum of 0.50% less any rebate received from a fund provider. If Allan Gray receives a rebate from a fund provider, this is disclosed and passed on to investors.
Fund fee	Varies per underlying unit trust	Varies per underlying unit trust
Financial adviser fee	Maximum 3.00% per contribution. If an annual fee in excess of 0.5% is selected, the initial fee is limited to 1.5%	Maximum 1.00% per year of the investment unit trust. If an initial fee in excess of 1.50% is selected, the annual fee is limited to 0.50% per year.
Exit fee	Varies per fund	

HOW ARE ANNUAL ADMINISTRATION AND FINANCIAL ADVISER FEES PAID?

The investor may choose to have their annual administration and financial adviser fees withdrawn:

- Proportionately across all unit trusts, or
- From any money market fund on the offshore platform

In addition to foreign currency money market funds, the Allan Gray Money Market Fund (ZAR) is also available for this purpose. A minimum of US\$1 000 (or foreign currency equivalent) applies per unit trust. If you select the Allan Gray Money Market Fund (ZAR) the investment minimum amount of R10 000 applies.

The Allan Gray Money Market Fund (ZAR) will give investors the opportunity to deduct fees in rands instead of reducing their offshore investment (for which they used their foreign allowance). Investors may however only select the Allan Gray Money Market Fund (ZAR) if their financial adviser has selected to be paid in rands.

MINIMUM INVESTMENTS	
Lump sums only	US\$10 000* initial lump sum US\$1 000* per unit trust US\$1 000* additional investment per unit trust *or foreign currency equivalent EUR, GBP, JPY, AUD

HOW CAN AN INVESTOR MAKE WITHDRAWALS?

The investor may withdraw some or all of his/her investment by selling the units or shares in the investment account. The withdrawal minimum is US\$1 000 (or foreign currency equivalent) per unit trust. The remaining balance must not be less than US\$1 000, otherwise the entire value must be withdrawn.

TIMELINE FOR BUYING AND SELLING UNITS

The timing for buying and selling units varies depending on the investor's choice of unit trust. Please see the offshore investment platform fund list, available on our website.

IMPORTANT INFORMATION FOR INVESTORS

Allan Gray Unit Trust Management (RF) Proprietary Limited (the 'Management Company') is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002. Allan Gray Proprietary Limited (the 'Investment Manager'), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA). Collective Investment Schemes in Securities (unit trusts or funds) are generally medium- to long-term investments. Except for the Allan Gray Money Market Fund, where the Investment Manager aims to maintain a constant unit price, the value of units may go down as well as up. Past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of its unit trusts. Funds may be closed to new investments at any time in order for them to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending.

Performance

Performance figures are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax. Movements in exchange rates may also be the cause of the value of underlying international investments going up or down. Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund, divided by the number of units in issue. Forward pricing is used. Unit trust prices are available daily on www.allangray.co.za. Permissible deductions may include management fees, brokerage, Securities Transfer Tax (STT), auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from the Management Company.

Benchmarks

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Understanding the funds

Investors must make sure that they understand the nature of their choice of funds and that their investment objectives are aligned with those of the Fund/s they select.

A feeder fund is a unit trust that invests in another single unit trust which charges its own fees. A fund of funds is a unit trust that invests in other unit trusts, which charge their own fees. Allan Gray does not charge any additional fees in its feeder fund or funds of funds.

The Allan Gray Money Market Fund is not a bank deposit account. The Fund aims to maintain a constant price of 100 cents per unit. The total return an investor receives is made up of interest received and any gain or loss made on instruments held by the Fund. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument defaults. In this event investors may lose some of their capital. To maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. The yield is calculated according to the applicable ASISA Standards. Excessive withdrawals from the Fund may place it under liquidity pressure; if this happens withdrawals may be ring-fenced and managed over a period of time.

Total expense ratios (TERs)

The total expense ratio (TER) is the percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past year. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), trading costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSB Investor Protection Levy), VAT and other expenses. Since Fund returns are quoted after the deduction of these expenses, the TER should not be deducted from published returns. As unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money.

Additional information for retirement fund members and investors in the Living Annuity and Endowment

The Allan Gray Retirement Annuity Fund, the Allan Gray Pension Preservation Fund and the Allan Gray Provident Preservation Fund are all administered by Allan Gray Investment Services Proprietary Limited, an authorised administrative financial services provider and approved under s13B of the Pension Funds Act as a benefits administrator. The Allan Gray Living Annuity and the Allan Gray Endowment are underwritten by Allan Gray Life Limited, also an authorised financial services provider and licensed under the Long-Term Insurance Act 52 of 1998. The underlying investment options of the Allan Gray individual life and retirement products are portfolios of Collective Investment Schemes in Securities (unit trusts or funds).

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Directors

Executive

M Cooper	BBusSc FIA FASSA
R W Dower	BSc (Eng) MBA
I S Liddle	BBusSc (Hons) CFA
T Mhlambiso	AB MBA JD

Non-Executive

W B Gray	BCom MBA CFA (Irish)
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