



Absolute Return Manager Watch™ Survey for the month ending December 2013

Research & Product Development
FINANCIAL SERVICES


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COMMENTARY

SURVEY NOTES

The Absolute Return Manager Watch™ Surveys focuses on multi-asset class mandates that targets performance above the SA headline inflation rate (CPI), while simultaneously seeking to protect capital over a 12 month period. It is made up of 4 Categories; with the following being material changes over 2013:

Absolute Return Manager Watch™: CPI +3%: The Cadiz Capital Preservation Fund was voluntarily removed in March 2013. The Symmetry Absolute Cautious Fund (April 2013) and the Momentum AM CPI+3% Domestic Fund (March 2013) was removed in as it failed to meet the minimum Assets under Management (AuM) requirement. The Prescient Positive Return Fund moved from the CPI + 5% category in July 2013.

Absolute Return Manager Watch™: CPI +4%: No change in the participants of this survey

Absolute Return Manager Watch™: CPI +5%: The Prescient Positive Return Fund moved to the CPI + 3% category in July 2013.

Absolute Return Manager Watch™: CPI +6%: Momentum AM Capital Enhancer Fund entered the Survey in November 2013.

It should be noted that historic performance is not indication of future performance nor is it a direct indicator of skill. Many of these funds use Inflation relative benchmarks and not investable benchmarks. The current positioning and exposure of funds, is more relevant to an investment strategy. Please use all information within this survey and interpretations therefrom cautiously and use an asset consultant when matching your liabilities to appropriate assets. Due to the nature of the absolute return objective relative performance is not a valid comparison over short periods.

SOURCES OF PERFORMANCE

Absolute Return portfolios usually build and implement their investment strategies such that the portfolio is resilient to strong negative equity market moves and is able to capture the risk premia of the invested asset classes to deliver real returns above inflation.

They may use a multitude of methods to achieve this goal; some of the more popular strategies being asset allocation modeling (strategic and tactical), dynamic risk modeling, explicit hedging strategies; and fixed income strategies. Its primary driver of return is that over the medium term the asset classes will realise its risk premia and therefore real return.

MARKET DYNAMICS THAT INFLUENCED PERFORMANCE AND STRATEGY OVER 2013

2013 started with the local equity market indices reaching new highs and the year ended with the local equity market indices reaching another new all-time high. Yet local equity markets were not the most important element; the story of the portfolio performances lies in the details that transpired in between; with a constant swing between “risk on - risk off” investment behaviour. 2013 epitomised a year where even good investment decisions were punished over short periods of time.

The major investment themes were driven by international markets. Five years on from the 2008 financial crisis still sees the intervention policies and strategies applied to stabilize global capital markets and restore confidence remain significant drivers of investment decision making and valuation.

The Euro crisis returned to the fore in the first half of the year. In March; Cyprus defaulted requiring the Euro countries to implement a bailout plan and contain the contagion. Shortly thereafter, Greece with high unemployment, poor GDP growth and economic austerity measures, challenged the index definitions of developed and emerging nations by being the first country to be downgraded. Spain and Portugal remain fragile with similar problems.

The immediate impact on markets was a drop in commodity prices and a withdrawal of foreign investment from emerging markets. Emerging markets throughout the world had a devaluation of currency to the US\$, Euro and other major developed currencies. Oil prices remained steady and the signs of increased local inflation emerged. Interest rate expectations increased and bond markets yielded negative real returns. This introduced further risk into local capital markets; specifically bonds.

The second half of the year started in an equally jittery fashion when US Federal Reserve Bank Governor Ben Bernanke announced that the pace of bond purchases will slow later in the year, forcing him to make a restatement to the market as investors panicked. The domestic currency and bond markets remained volatile through this period as yields rose and the Rand depreciated.

Although realised inflation peaked at over 6% during the course of the third quarter, CPI was 5.3% for the year. Like cash, the bond markets in general delivered negative real rates for investors. The deteriorating domestic inflation outlook continues to place the market in the fragile position of sustained negative real rates. With the deteriorating economic framework, South Africa was under threat of credit downgrade. The medium term budget speech by the Minister of Finance was prudent and stabilized market expectations.

The South Africa's Central Bank Monetary Policy Committee (MPC) has left the repo rate unchanged at 5.0% over the course of 2013. The themes affecting the interest rate policy has remained consistent: concerns about the weak rand; rising inflation; labour conflicts and wage increases; moderate to weak economic growth, a wider current account deficit, and stubborn unemployment.

The US Fed announcement in Mid-December that it will reduce its bond purchases signaled the beginning of the tapering program. South Africa together with Turkey, Indonesia, Brazil and India have been labeled the “fragile five” and are expected to be impacted the most by the US tapering program due to weak economic fundamentals. Outflows from our equity and bond markets by foreigners over the last few months have been at its highest since the 2008 crisis.

COMMENTARY

HOW THE MANAGERS PERFORMED OVER 2013

With local equities delivering 21.4% (JSE All Share Index), SA Property Index 8.4%; bonds barely making a positive return for the year (All Bond Index returning 0.6%) and cash at under 5% over the same period; high asset allocations to equities would be a dominant determinant of local portfolio performance. For Global portfolios, the diversification brought by currency depreciation would have helped the portfolios perform strongly (Global Bonds - Citi World Government Bonds Index 18.5%, and Global Equities - MSCI All Countries World Index 46.4%).

Fund managers would have had the arduous task of balancing risk and return for its clients as being highly exposed to equities and foreign assets while simultaneously protecting the portfolio from capital loss and although proven correct by market returns, was not necessarily the prudent decision.

The absolute return funds across all categories in the survey have protected capital during 2013; and further, all but 2 funds protected the investor from inflationary erosion.

Funds with global asset exposure had a distinct performance advantage over domestic only product offerings. However, not all funds that were allowed global assets utilized this advantage effectively to translate it into performance. ABSA's CPI+4% fund, and Stanlib's CPI+5% fund only managed to have an additional return of 1.35% and 0.89% respectively against its domestic-only parallel product offering.

Managers applying more traditional balanced type of strategies utilising asset allocation techniques would have also performed better than the peer group as it would have allowed them higher exposures to equities which had been the best performing asset. This would also include strategies that use derivatives to hedge out equity risk. With the FTSE JSE All Share index up 21.4% for the year and put option pricing relatively cheap; managers would be able to capture stronger asset class returns. Prescient Positive Return Fund which adopts a quantitative strategy captured 55% of the market upside. Stanlib Dynamic Return; which merges active asset and security selection with quantitative techniques of risk management and hedging was another strategy that was effective and competitive under the prevailing market conditions.

The Cadiz Equity Ladder Fund which has not performed to objective over the past year had a highly erratic performance versus other funds in the survey. The fund's strategy to be almost fully invested in equities and simultaneously using options to protect it on the downside is not working. It would appear that the equity portfolio is mismatched to the hedge being used. A value or resource biased strategy would have structurally underperformed over 2013.

The Foord Absolute Return fund in the CPI +5% category is a statistical outlier by almost 4 standard deviations over 3 years and has the highest downside risk attributes amongst its peers. The performance of the Foord Absolute Return fund would have made it a better offering than its own Global balanced fund over one year, and would be the second best Global balanced fund over 3 years only to itself. This seems inconsistent with a fund managed to a CPI+5% target and its direct performance to its balanced offering cannot be coincidental.

Interestingly, the performance across the categories are not linear as suggested by the performance targets, reflecting that the strategies change significantly as higher real returns are targeted. The median returns over one year for the CPI + 3%, 4%, 5% and 6% are 9.2%, 9.7%, 11.94% and 14.78% respectively.

ABSOLUTE RETURN MANAGER WATCH™ SURVEY

Objective - The portfolios in this Survey comply with Regulation 28 and represent products targeted at real returns with a CPI Objective.

GENERAL INFORMATION										
	Portfolio Inception date	GIPS™ (Verified/ Compliant)	Global / Domestic Mandate	Notes	Managed Ito Regulation 28? (Y/N)	CPI/X Target Return	Dual objective (if applicable)	No. of funds in composite	Portfolio Size (R m)	Admin - efficiency : Date data submitted
INVESTMENT MANAGERS										
Headline CPI + 3%										
Absa Asset Management Absolute CPI +3%	Oct-02	V	Domestic		Y	Headline CPI + 3%		1	982	07 January 2014
Cadiz Inflation Plus 3	Oct-06	V	Domestic		Y	Headline CPI + 3%		5	2 486	15 January 2014
Coronation Inflation Plus Fund	Oct-09	V	Global	Headline CPI + 3.5%	N	Headline CPI + 3.5%	Preserve capital over a rolling 12m period	1	2 433	09 January 2014
Momentum MoM Real Return	Jul-03		Domestic		Y	Headline CPI + 3%		n/a	194	10 January 2014
							SIM targets low volatility real returns that match the upside return objective (e.g. CPI+X %) over rolling three-year periods. At the same time, they target not to lose capital over rolling one-year periods			
SIM Absolute	Dec-01	V	Domestic		Y	Headline CPI + 3%		3	386	07 January 2014
							SIM targets low volatility real returns that match the upside return objective (e.g. CPI+X %) over rolling three-year periods. At the same time, they target not to lose capital over rolling one-year periods			
SIM Absolute Return Income Fund	May-04	V	Domestic		Y	Headline CPI + 3%		3	5 343	07 January 2014
Prescient Positive Return Medical Aid Fund	May-02	V	Domestic		Y	Headline CPI + 3%		7	866	10 January 2014
Prescient Positive Return Fund	Jan-99	V	Domestic		Y	Headline CPI + 3%		14	6 838	10 January 2014
Taquantia Absolute	Jun-01	V	Domestic		Y	Headline CPI + 3%		6	1 093	10 January 2014
Vunani Fund Managers CPI +3 %	Mar-05	V	Domestic		Y	Headline CPI + 3%		2	224	14 January 2014
Headline CPI + 4%										
Absa Asset Management Absolute Global CPI +4%	Dec-06	V	Global		Y	Headline CPI + 4%		3	23 000	07 January 2014
Absa Asset Management Absolute Domestic CPI+4%	Aug-09		Domestic		Y	Headline CPI + 4%		9	8 847	07 January 2014
Investment Solutions Stable Focus	Apr-05		Domestic		N	Headline CPI + 4%	No negative returns over rolling 12 month period	n/a	1 854	10 January 2014
Momentum MoM Absolute Strategies	Dec-03		Domestic		Y	Headline CPI + 4%		n/a	2 331	10 January 2014
							Targets both positive returns every quarter and CPI+4% pa, or Cash+3% pa over rolling 3-year periods.			
OMIG Capital Builder	Mar-08	V	Domestic		Y	Headline CPI + 4%		1	1 685	10 January 2014
OMIG MacroSolutions Stable Growth Fund	Jul-07	V	Global		Y	Headline CPI + 4%		1	3 392	10 January 2014
Argon Absolute Return	Oct-06	V	Domestic		Y	Headline CPI + 4%	Non negative returns over 1 year rolling period.	3	842	10 January 2014
Headline CPI + 5%										
Cadiz Inflation + 5%	Feb-06	V	Domestic		Y	Headline CPI + 5%		1	370	15 January 2014
Coronation Absolute	Jan-04	V	Domestic		Y	Headline CPI + 5%	Preserve capital over a rolling 12m period	11	8 698	09 January 2014
Foord Absolute	Dec-00	C	Global		Y	Headline CPI + 5%		4	1 405	14 January 2014
Investment Solutions Real Return Focus Local	Oct-02		Domestic		N	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	1 854	10 January 2014
Investment Solutions Real Return Focus Portfolio	May-03		Global		N	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	3 803	10 January 2014
JIM BUSH Absolute AllClass	Oct-06	C	Domestic			Headline CPI + 5%		3	1 248	16 January 2014
Mergence CPI +5% Fund	Jul-06	V	Domestic		Y	Headline CPI + 5%	Non-negative returns over a rolling 1-year period	2	1 565	13 January 2014
							CPI +5% (gross of fees) over a rolling 3-year period, and a low probability of losing capital over a rolling 1-year period.			
Momentum AM CPI+5% Global Fund	Nov-03	V	Global		Y	Headline CPI + 5%		n/a	562	10 January 2014
Prudential Global Inflation Plus 5%	Dec-02	V	Global		Y	Headline CPI + 5%	N/A	1	19 879	06 January 2014
							SIM targets low volatility real returns that match the upside return objective (e.g. CPI+X %) over rolling three-year periods. At the same time, they target not to lose capital over rolling one-year periods			
SIM CPI + 5%	Jan-07	V	Domestic		Y	Headline CPI + 5%		8	1 589	07 January 2014
							SIM targets low volatility real returns that match the upside return objective (e.g. CPI+X %) over rolling three-year periods. At the same time, they target not to lose capital over rolling one-year periods			
SIM CPI + 5% Global	Dec-03	V	Global		Y	Headline CPI + 5%		9	9 569	07 January 2014
SMM Absolute Return	May-03		Global		Y	Headline CPI + 5%		1	477	13 January 2014
STANLIB AM Absolute	Jul-01	V	Global		Y	Headline CPI + 5%	Capital preservation over a rolling 12 month period	1	4 009	13 January 2014
STANLIB Domestic Absolute Return	Mar-04	V	Domestic		Y	Headline CPI + 5%	Capital preservation over a rolling 12 month period	1	320	13 January 2014
SymmETRY Absolute Defensive Fund	Sep-02		Global		Y	Headline CPI + 5%	Non-negative returns over rolling 1-year periods	n/a	1 148	14 January 2014
Vunani Fund Managers CPI+ 5	Mar-05	V	Domestic		Y	Headline CPI + 5%		2	1 312	14 January 2014
Headline CPI + 6%										
Cadiz Equity Ladder Fund	Aug-01	V	Domestic		Y	Headline CPI + 6%		2	745	15 January 2014
Coronation Absolute	Aug-99	V	Global		Y	Headline CPI + 6%	Preserve capital over a rolling 12m period	11	7 790	09 January 2014
Investec Opportunity	Aug-99	V	Global		Y	Headline CPI + 6%		15	49 478	13 January 2014
Momentum AM Capital Enhancer Fund	Apr-12	V	Global		Y	Headline CPI + 6%		n/a	345	10 January 2014
Prudential Domestic Inflation + 6%	Dec-02	V	Domestic		Y	Headline CPI + 6%	N/A	3	2 068	06 January 2014
Prudential Global Inflation Plus 6%	Dec-02	V	Global		Y	Headline CPI + 6%	N/A	2	450	06 January 2014
							SIM targets low volatility real returns that match the upside return objective (e.g. CPI+X %) over rolling three-year periods. At the same time, they target not to lose capital over rolling one-year periods			
SIM CPI + 6%	Jan-03	V	Domestic		Y	Headline CPI + 6%		2	444	07 January 2014
STANLIB Dynamic Return Fund	Dec-05	V	Domestic		Y	Headline CPI + 6%	Capital preservation over a rolling 12 month period	1	962	13 January 2014
				This includes multi-managers thus must be noted as possible "double-counting"						
TOTAL									182 884	

Inflation figures lagged by one month

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ABSOLUTE RETURN MANAGER WATCH™ SURVEY

Objective - The portfolios in this Survey comply with Regulation 28 and represent products targeted at real returns with a CPI Objective.

Benchmark Methodology CPI - Due to the reweighting and rebasing of the CPI from January 2009 the benchmark numbers reflect a compound of month to month CPI returns. The historical month to month numbers used in calculations are the official month to month numbers based on the old basket prior to January 2009 and new basket post January 2009. The adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

Benchmark Methodology CPIX- The benchmark numbers prior to January 2009 reflected a compound of month to month CPIX returns. Due to the reweighting and rebasing of the CPI and discarding of the CPIX numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPIX prior to January 2009 and the new CPI basket post January 2009. The CPI excluding owners equivalent rent (I-Net code: AECPIX) and adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

INVESTMENT DATA TO THE END OF DECEMBER 2013													
PERFORMANCE DATA													
	Month	Quarter	Year to Date	1 Year		3 Years		5 Years		7 Years		10 Years	
	Portfolio	Portfolio	Portfolio	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Headline CPI + 3%													
Absa Asset Management Absolute CPI +3%	0.82%	2.06%	5.53%	5.53%	8.35%	9.72%	8.69%	9.98%	8.08%	9.59%	9.49%	9.85%	*
Cadiz Inflation Plus 3	1.46%	1.75%	8.60%	8.60%	8.35%	10.94%	8.69%	*	*	*	*	*	*
Coronation Inflation Plus Fund	2.05%	4.27%	13.61%	13.61%	8.85%	12.80%	8.69%	*	*	*	*	*	*
Momentum MoM Real Return	1.28%	2.52%	10.53%	10.53%	8.35%	7.55%	8.69%	8.57%	8.08%	9.86%	9.49%	12.12%	*
SIM Absolute	1.09%	2.47%	9.80%	9.80%	8.35%	10.51%	8.69%	11.63%	8.08%	10.52%	9.49%	12.03%	8.78%
SIM Absolute Return Income Fund	0.65%	1.61%	6.64%	6.64%	8.35%	7.94%	8.69%	8.61%	8.08%	9.27%	9.49%	*	*
Prescient Positive Return Medical Aid Fund	1.69%	3.21%	11.87%	11.87%	8.35%	7.95%	8.69%	9.12%	8.14%	10.59%	9.50%	12.98%	8.88%
Prescient Positive Return Fund	1.48%	2.86%	11.14%	11.14%	8.35%	7.50%	8.69%	8.49%	8.14%	9.74%	9.50%	12.35%	8.88%
Taquantia Absolute	0.42%	1.16%	4.58%	4.58%	8.35%	5.90%	8.69%	8.08%	8.14%	8.84%	9.50%	8.97%	8.88%
Vunani Fund Managers CPI +3	1.33%	2.19%	7.57%	7.57%	8.35%	9.95%	8.69%	10.53%	8.14%	8.85%	9.50%	*	*
Headline CPI + 4%													
Absa Asset Management Absolute Global CPI +4%	1.24%	2.71%	9.70%	9.70%	N/A	12.29%	9.69%	12.33%	9.08%	12.39%	10.49%	*	*
Absa Asset Management Absolute Domestic CPI+4%	1.09%	2.39%	8.33%	8.33%	N/A	11.54%	9.69%	*	*	*	*	*	*
Investment Solutions Stable Focus	1.44%	2.52%	8.94%	8.94%	N/A	9.35%	9.69%	10.40%	9.08%	10.83%	10.49%	*	*
Momentum MoM Absolute Strategies	1.31%	1.69%	6.88%	6.88%	N/A	6.84%	9.69%	7.83%	9.08%	7.77%	10.49%	10.95%	8.88%
OMIG Capital Builder	1.89%	3.46%	9.99%	9.99%	N/A	7.81%	9.69%	8.36%	9.08%	*	*	*	*
OMIG MacroSolutions Stable Growth Fund	1.84%	3.86%	14.27%	14.27%	N/A	13.47%	9.69%	13.34%	9.14%	*	*	*	*
Argon Absolute Return	1.69%	4.27%	10.72%	10.72%	N/A	11.85%	9.69%	11.22%	9.14%	9.67%	10.50%	*	*
Headline CPI + 5%													
Cadiz Inflation + 5%	1.98%	1.36%	9.58%	9.58%	N/A	12.15%	10.69%	14.94%	10.14%	13.36%	11.50%	*	*
Coronation Absolute	1.98%	3.13%	12.76%	12.76%	N/A	10.89%	10.69%	15.30%	10.14%	12.60%	11.50%	17.38%	10.88%
Foord Absolute	2.55%	5.05%	24.82%	24.82%	N/A	20.03%	10.69%	18.73%	10.08%	13.83%	11.49%	19.53%	10.78%
Investment Solutions Real Return Focus Local	1.44%	2.86%	10.69%	10.69%	N/A	9.59%	10.69%	11.70%	10.08%	10.75%	11.49%	13.72%	10.78%
Investment Solutions Real Return Focus Portfolio	2.08%	3.74%	14.72%	14.72%	N/A	11.73%	10.69%	11.78%	10.08%	10.53%	11.49%	13.06%	10.78%
JM BUSHIA Absolute AllClass	1.99%	2.99%	12.17%	12.17%	N/A	14.71%	10.69%	14.67%	10.14%	11.47%	11.50%	13.11%	10.88%
Mergence CPI +5% Fund	1.54%	3.13%	9.78%	9.78%	N/A	11.40%	10.69%	11.27%	10.08%	9.74%	11.49%	*	*
Momentum AM CPI+5% Global Fund	2.29%	4.18%	13.96%	13.96%	N/A	13.21%	10.69%	13.63%	10.14%	8.74%	11.50%	12.74%	10.88%
Prudential Global Inflation Plus 5%	2.50%	4.71%	17.23%	17.23%	N/A	16.87%	10.69%	15.17%	10.08%	13.00%	11.49%	*	*
SIM CPI + 5%	1.58%	3.22%	12.41%	12.41%	N/A	11.81%	10.69%	12.84%	10.08%	*	*	*	*
SIM CPI + 5% Global	1.91%	4.20%	16.95%	16.95%	N/A	13.78%	10.69%	12.46%	10.08%	10.97%	11.49%	12.95%	10.78%
SMM Absolute Return	2.22%	4.20%	18.11%	18.11%	N/A	11.44%	10.69%	13.26%	10.08%	11.34%	11.49%	12.60%	10.78%
STANLIB AM Absolute	1.10%	2.69%	9.56%	9.56%	N/A	10.89%	10.69%	9.52%	10.08%	8.17%	11.49%	11.45%	10.78%
STANLIB Domestic Absolute Return	0.86%	2.03%	8.67%	8.67%	N/A	11.12%	10.69%	10.39%	10.08%	8.81%	11.49%	*	*
SYMMETRY Absolute Defensive Fund	1.92%	4.31%	17.39%	17.39%	N/A	13.73%	10.69%	12.52%	10.14%	10.74%	11.50%	13.42%	10.88%
Vunani Fund Managers CPI+ 5	2.15%	3.79%	12.36%	12.36%	N/A	13.67%	10.69%	14.11%	10.14%	10.89%	11.50%	*	*
MARKET STATISTICS													
Combination of old CPIX and new CPI	0.10%	0.77%	5.35%	5.35%		5.69%		5.14%		6.50%		5.88%	
Consumer Price Inflation (Old/New combined CPI)	0.10%	0.77%	5.35%	5.35%		5.69%		5.08%		6.49%		5.78%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.10%	0.77%	5.35%	5.35%		5.69%		5.29%		6.22%		5.19%	
STEFI	0.45%	1.30%	5.18%	5.18%		5.49%		6.49%		7.62%		7.59%	
Number of Participants	33	33	33	33		33		30		27		17	

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Benchmark Methodology CPIX - The benchmark numbers prior to January 2009 reflected a compound of month to month CPIX returns. Due to the reweighting and rebasing of the CPI and discarding of the CPIX numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPIX prior to January 2009 and the new CPI basket post January 2009. The CPI excluding owners equivalent rent (I-Net code: AECPIX) and adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

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	Month	Quarter	Year to Date	1 Year		3 Years		5 Years		7 Years		10 Years	
	Portfolio	Portfolio	Portfolio	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Headline CPI + 6%													
Cadiz Equity Ladder Fund	2.03%	0.74%	0.73%	0.73%	N/A	2.88%	11.69%	11.00%	11.08%	*	*	*	*
Coronation Absolute	2.49%	5.10%	21.20%	21.20%	N/A	15.41%	11.69%	16.75%	11.14%	13.52%	12.50%	17.87%	11.88%
Investec Opportunity	1.52%	2.97%	16.23%	16.23%	N/A	16.47%	11.69%	16.80%	11.14%	13.28%	12.50%	17.95%	11.88%
Momentum AM Capital Enhancer Fund	2.85%	4.98%	14.16%	14.16%	N/A	*	*	*	*	*	*	*	*
Prudential Domestic Inflation + 6%	2.22%	3.70%	13.11%	13.11%	N/A	15.86%	11.69%	16.56%	11.08%	13.96%	12.49%	17.04%	11.88%
Prudential Global Inflation Plus 6%	2.81%	5.44%	20.57%	20.57%	N/A	17.87%	11.69%	15.90%	11.08%	13.52%	12.49%	15.77%	11.78%
SIM CPI + 6%	1.83%	3.63%	14.15%	14.15%	N/A	12.38%	11.69%	14.09%	11.08%	*	*	*	*
STANLIB Dynamic Return Fund	1.55%	2.94%	15.40%	15.40%	N/A	12.44%	11.69%	13.98%	11.08%	10.76%	12.49%	*	*
MARKET STATISTICS													
Combination of old CPIX and new CPI*	0.10%	0.77%	5.35%	5.35%		5.69%		5.14%		6.50%		5.88%	
Consumer Price Inflation (Old/New combined CPI)	0.10%	0.77%	5.35%	5.35%		5.69%		5.08%		6.49%		5.78%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.10%	0.77%	5.35%	5.35%		5.69%		5.29%		6.22%		5.19%	
Consumer Price Inflation excluding OER [I-Net code: AECPIXU]	0.00%	0.67%	5.47%	5.47%		5.86%		5.24%		6.49%		5.87%	
STEFI	0.45%	1.30%	5.18%	5.18%		5.49%		6.49%		7.62%		7.59%	
Number of Participants	8	8	8	8		7		7		5		4	

Inflation figures lagged by one month

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ABSOLUTE RETURN MANAGER WATCH™ SURVEY

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Benchmark Methodology CPI - Due to the reweighting and rebasing of the CPI from January 2009 the benchmark numbers reflect a compound of month to month CPI returns. The historical month to month numbers used in calculations are the official month to month numbers based on the old basket prior to January 2009 and new basket post January 2009. The adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

Benchmark Methodology CPIX - The benchmark numbers prior to January 2009 reflected a compound of month to month CPIX returns. Due to the reweighting and rebasing of the CPI and discarding of the CPIX numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPIX prior to January 2009 and the new CPI basket post January 2009. The CPI excluding owners equivalent rent (I-Net code: AECPIX) and adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

INVESTMENT DATA TO THE END OF DECEMBER 2013														
	1 Year				3 Years				5 Years					
	Volatility	% positive months	Worst month	Maximum drawdown	3 Year Return (p.a.)	Volatility	% positive months	Worst month	Maximum drawdown	5 Year Return (p.a.)	Volatility	% positive months	Worst month	Maximum drawdown
Headline CPI + 3%														
Absa Asset Management Absolute CPI +3%	3.33%	75.00%	-1.43%	-1.76%	9.72%	2.70%	83.33%	-1.43%	-1.76%	9.98%	9.98%	88.33%	-1.43%	-1.76%
Cadiz Inflation Plus 3	3.16%	75.00%	-0.57%	-0.57%	10.94%	3.68%	80.56%	-1.54%	-1.54%	*	*	*	*	*
Coronation Inflation Plus Fund	4.97%	91.67%	-2.28%	-2.28%	12.80%	3.25%	94.44%	-2.28%	-2.28%	*	*	*	*	*
Momentum MoM Real Return	5.17%	66.67%	-2.55%	-2.55%	7.55%	3.75%	69.44%	-2.55%	-2.55%	8.57%	8.57%	76.67%	-2.55%	-2.55%
SIM Absolute	1.70%	91.67%	-0.26%	-1.94%	10.51%	1.88%	88.89%	-0.33%	-1.94%	11.63%	2.45%	90.00%	-1.29%	-1.94%
SIM Absolute Return Income Fund	0.94%	100.00%	0.18%	-2.06%	7.94%	0.94%	97.22%	-0.06%	-2.06%	8.61%	8.61%	96.67%	-0.11%	-2.06%
Prescient Positive Return Medical Aid Fund	5.92%	66.67%	-2.06%	-0.26%	7.95%	4.09%	72.22%	-2.06%	-0.33%	9.12%	3.73%	75.00%	-2.06%	-1.53%
Prescient Positive Return Fund	5.75%	66.67%	-1.94%	0.00%	7.50%	3.95%	69.44%	-1.94%	-0.06%	8.49%	3.52%	76.67%	-1.94%	-0.11%
Taquant Absolute	1.27%	83.33%	-0.25%	-0.25%	5.90%	0.89%	94.44%	-0.25%	-0.25%	8.08%	1.38%	95.00%	-0.27%	-0.27%
Vunani Fund Managers CPI +3	4.83%	83.33%	-2.84%	-2.84%	9.95%	4.01%	86.11%	-2.84%	-2.84%	10.53%	3.91%	80.00%	-2.84%	-2.87%
Headline CPI + 4%														
Absa Asset Management Absolute Global CPI +4%	3.80%	83.33%	-1.68%	-1.58%	12.29%	3.13%	88.89%	-1.68%	-1.58%	12.33%	3.52%	88.33%	-2.12%	*
Absa Asset Management Absolute Domestic CPI+4%	3.75%	75.00%	-1.58%	-1.68%	11.54%	3.37%	83.33%	-1.58%	-1.68%	*	*	*	*	-1.12%
Investment Solutions Stable Focus	4.72%	75.00%	-2.32%	-1.60%	9.35%	3.22%	83.33%	-2.32%	-1.67%	10.40%	3.24%	86.67%	-2.32%	-11.15%
Momentum MoM Absolute Strategies	5.83%	66.67%	-3.36%	-2.32%	6.34%	4.49%	69.44%	-3.36%	-2.32%	7.83%	4.23%	70.00%	-3.36%	-2.32%
OMIG Capital Builder	4.26%	75.00%	-1.94%	-3.36%	7.81%	3.27%	75.00%	-1.94%	-3.36%	8.36%	3.70%	73.33%	-1.96%	-3.36%
OMIG MacroSolutions Stable Growth Fund	4.68%	91.67%	-2.23%	-1.94%	13.47%	3.38%	91.67%	-2.23%	-1.94%	13.34%	4.71%	85.00%	-3.64%	-1.96%
Argon Absolute Return	4.17%	75.00%	-1.60%	-2.23%	11.85%	4.32%	75.00%	-1.67%	-2.23%	11.22%	5.47%	73.33%	-4.42%	-4.68%
Headline CPI + 5%														
Cadiz Inflation + 5%	5.59%	66.67%	-1.86%	-1.86%	12.15%	5.78%	77.78%	-2.71%	-3.30%	14.94%	14.94%	76.67%	-6.30%	-11.07%
Coronation Absolute	6.60%	66.67%	-2.99%	-2.99%	10.89%	5.16%	69.44%	-2.99%	-2.99%	15.30%	6.39%	75.00%	-3.70%	-8.70%
Foord Absolute	10.45%	66.67%	-3.72%	-3.72%	20.03%	7.92%	77.78%	-3.72%	-3.72%	18.73%	9.00%	73.33%	-5.99%	-19.00%
Investment Solutions Real Return Focus Local	5.15%	75.00%	-2.53%	-2.53%	9.59%	3.88%	77.78%	-2.53%	-2.53%	11.70%	4.09%	80.00%	-2.53%	-2.53%
Investment Solutions Real Return Focus Portfolio	6.48%	66.67%	-2.94%	-2.94%	11.73%	4.24%	77.78%	-2.94%	-2.94%	11.78%	4.20%	80.00%	-2.94%	-2.94%
JM BUNSA Absolute AIClass	5.69%	75.00%	-1.98%	-1.98%	14.71%	5.47%	77.78%	-1.98%	-1.98%	14.67%	6.26%	75.00%	-3.19%	-13.01%
Mergence CPI +5% Fund	5.14%	66.67%	-2.56%	-2.56%	11.40%	4.41%	66.67%	-2.56%	-2.56%	11.27%	4.67%	68.33%	-2.56%	-5.41%
Momentum AM CPI+5% Global Fund	5.23%	75.00%	-2.68%	-2.68%	13.21%	4.20%	80.56%	-2.68%	-2.68%	13.63%	6.47%	75.00%	-5.16%	-18.21%
Prudential Global Inflation Plus 5%	7.00%	83.33%	-3.57%	-3.57%	16.87%	4.78%	86.11%	-3.57%	-3.57%	15.17%	5.99%	80.00%	-4.64%	-8.22%
SIM CPI + 5%	3.24%	91.67%	-1.03%	-1.36%	13.21%	2.99%	86.11%	-1.03%	-1.36%	13.63%	3.97%	83.33%	-2.53%	-3.57%
SIM CPI + 5% Global	4.35%	91.67%	-1.36%	-1.03%	13.78%	3.35%	91.67%	-1.36%	-1.03%	12.46%	4.13%	85.00%	-3.11%	-4.92%
SMM Absolute Return	7.27%	75.00%	-2.29%	-2.29%	11.44%	4.90%	75.00%	-2.29%	-2.29%	13.26%	13.26%	78.33%	-3.28%	-5.13%
STANLIB AM Absolute	4.61%	75.00%	-1.56%	-1.56%	10.89%	3.92%	83.33%	-1.56%	-1.56%	9.52%	4.46%	76.67%	-3.23%	-5.33%
STANLIB Domestic Absolute Return	3.76%	75.00%	-0.83%	-0.83%	11.12%	3.76%	77.78%	-0.83%	-1.13%	10.39%	5.36%	75.00%	-4.99%	-11.20%
SYmmETRY Absolute Defensive Fund	6.09%	75.00%	-1.81%	-1.81%	13.73%	4.17%	88.89%	-1.81%	-1.81%	12.52%	4.52%	83.33%	-3.19%	-3.19%
Vunani Fund Managers CPI+ 5	6.81%	66.67%	-3.61%	-3.61%	13.67%	5.93%	77.78%	-3.61%	-3.61%	14.11%	5.97%	73.33%	-3.61%	-8.87%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.51%				5.69%	1.19%				5.14%	1.36%			
Consumer Price Inflation (Old/New combined CPI)	1.51%				5.69%	1.19%				5.08%	1.42%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.51%				5.69%	1.19%				5.29%	1.26%			
STEFI	0.09%				5.49%	0.10%				6.49%	0.44%			

Inflation figures lagged by one month

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Benchmark Methodology CPIX - The benchmark numbers prior to January 2009 reflected a compound of month to month CPIX returns. Due to the reweighting and rebasing of the CPI and discarding of the CPIX numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPIX prior to January 2009 and the new CPI basket post January 2009. The CPI excluding owners equivalent rent (I-Net code: AECPIX) and adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

INVESTMENT DATA TO THE END OF DECEMBER 2013														
	1 Year					3 Years				5 Years				
	Volatility	% positive months	Worst month	Maximum drawdown	3 Year Return (p.a.)	Volatility	% positive months	Worst month	Maximum drawdown	5 Year Return (p.a.)	Volatility	% positive months	Worst month	Maximum drawdown
Headline CPI + 6%														
Cadiz Equity Ladder Fund	10.74%	50.00%	-5.81%	-12.05%	2.88%	8.40%	52.78%	-5.81%	-12.05%	11.00%	12.58%	55.00%	-8.20%	-13.70%
Coronation Absolute	8.95%	75.00%	-3.58%	-3.58%	15.41%	5.91%	77.78%	-3.58%	-3.58%	16.75%	6.62%	80.00%	-4.00%	-7.71%
Investec Opportunity	8.36%	66.67%	-3.05%	-3.05%	16.47%	5.74%	86.11%	-3.05%	-3.05%	16.80%	7.67%	81.67%	-6.74%	-15.91%
Momentum AM Capital Enhancer Fund	6.13%	83.33%	-2.94%	0.00%	*	*	*	*	*	*	*	*	*	*
Prudential Domestic Inflation + 6%	6.72%	75.00%	-3.37%	-3.37%	15.86%	6.11%	80.56%	-3.37%	-3.37%	16.56%	7.39%	78.33%	-4.88%	-9.12%
Prudential Global Inflation Plus 6%	7.21%	91.67%	-3.40%	-3.40%	17.87%	5.17%	83.33%	-3.40%	-3.40%	15.90%	6.34%	78.33%	-4.64%	-8.22%
SIM CPI + 6%	4.18%	91.67%	-1.44%	-1.44%	12.38%	3.74%	83.33%	-1.44%	-1.44%	14.09%	5.45%	78.33%	-3.83%	-8.52%
STANLIB Dynamic Return Fund	6.15%	66.67%	-1.20%	-1.20%	12.44%	4.83%	69.44%	-1.23%	-1.23%	13.98%	5.49%	70.00%	-1.68%	-7.81%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.51%				5.69%	1.19%				5.14%	1.36%			
Consumer Price Inflation (Old/New combined CPI)	1.51%				5.69%	1.19%				5.08%	1.42%			
Consumer Price Inflation (Headline CPI) (I-Net code: AECPI)	1.51%				5.69%	1.19%				5.29%	1.26%			
STEFI	0.09%				5.49%	0.10%				6.49%	0.44%			

Inflation figures lagged by one month

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Benchmark Methodology CPIX - The benchmark numbers prior to January 2009 reflected a compound of month to month CPIX returns. Due to the reweighting and rebasing of the CPI and discarding of the CPIX numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPIX prior to January 2009 and the new CPI basket post January 2009. The CPI excluding owners equivalent rent (I-Net code: AECPIX) and adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

INVESTMENT DATA TO THE END OF DECEMBER 2013					
	Calendar Year				
	2013	2012	2011	2010	2009
Headline CPI + 3%					
Absa Asset Management Absolute CPI +3%	5.53%	14.47%	9.33%	10.27%	10.48%
Cadiz Inflation Plus 3	8.60%	16.80%	7.64%	15.08%	*
Coronation Inflation Plus Fund	13.61%	14.52%	10.32%	15.95%	*
Momentum MoM Real Return	10.53%	9.16%	3.10%	8.60%	11.67%
SIM Absolute	9.80%	11.69%	10.05%	13.51%	13.17%
SIM Absolute Return Income Fund	6.64%	8.56%	8.63%	10.72%	8.51%
Prescient Positive Return Medical Aid Fund	11.87%	8.71%	3.44%	8.95%	12.86%
Prescient Positive Return Fund	11.14%	8.30%	3.22%	8.18%	11.83%
Taquantia Absolute	4.58%	6.13%	6.99%	10.13%	12.79%
Vunani Fund Managers CPI +3	7.57%	15.83%	6.67%	11.25%	11.58%
Headline CPI + 4%					
Absa Asset Management Absolute Global CPI +4%	9.70%	16.71%	10.60%	12.72%	12.04%
Absa Asset Management Absolute Domestic CPI+4%	8.33%	17.46%	9.07%	*	*
Investment Solutions Stable Focus	8.94%	12.63%	6.56%	10.50%	13.51%
OMIG Capital Builder	9.99%	10.14%	3.45%	6.31%	12.15%
Argon Absolute Return	10.72%	17.62%	7.45%	10.32%	10.25%
Headline CPI + 5%					
Cadiz Inflation + 5%	9.58%	21.65%	5.81%	19.70%	18.84%
Coronation Absolute	12.76%	15.18%	4.99%	21.54%	22.94%
Foord Absolute	24.82%	26.06%	9.90%	15.44%	18.18%
Investment Solutions Real Return Focus Local	10.69%	13.67%	4.61%	13.81%	16.09%
Investment Solutions Real Return Focus Portfolio	14.72%	13.48%	7.13%	10.76%	12.99%
JM BUSH Absolute AIClass	12.17%	24.25%	8.31%	14.48%	14.75%
Mergence CPI +5% Fund	9.78%	18.22%	6.53%	9.37%	12.79%
Momentum AM CPI+5% Global Fund	13.36%	17.80%	8.68%	13.41%	15.11%
Prudential Global Inflation Plus 5%	17.23%	21.31%	12.26%	13.18%	12.12%
SIM CPI + 5%	12.41%	13.88%	8.59%	14.12%	15.30%
SIM CPI + 5% Global	16.95%	13.76%	10.72%	10.04%	10.99%
SMM Absolute Return	18.11%	12.28%	4.35%	13.44%	18.70%
STANLIB AM Absolute	9.56%	16.31%	7.02%	7.58%	7.40%
STANLIB Domestic Absolute Return	8.67%	18.40%	6.63%	7.96%	10.66%
SYmmETRY Absolute Defensive Fund	17.39%	15.05%	8.92%	10.71%	10.75%
Vunani Fund Managers CPI+ 5	12.36%	22.68%	6.55%	15.04%	14.52%
MARKET STATISTICS					
Combination of old CPIX and new CPI	5.35%	5.60%	6.12%	3.58%	5.09%
Consumer Price Inflation (Old/New combined CPI)	5.35%	5.60%	6.12%	3.58%	4.79%
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	5.35%	5.60%	6.12%	3.58%	5.83%
STEFI	5.18%	5.55%	5.73%	6.93%	9.13%

Inflation figures lagged by one month

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Benchmark Methodology CPIX - The benchmark numbers prior to January 2009 reflected a compound of month to month CPIX returns. Due to the reweighting and rebasing of the CPI and discarding of the CPIX numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPIX prior to January 2009 and the new CPI basket post January 2009. The CPI excluding owners equivalent rent (I-Net code: AECPIX) and adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

INVESTMENT DATA TO THE END OF DECEMBER 2013					
	Calendar Year				
	2013	2012	2011	2010	2009
Headline CPI + 6%					
Cadiz Equity Ladder Fund	0.73%	7.78%	0.29%	8.50%	*
Coronation Absolute	21.20%	17.74%	7.73%	17.45%	20.15%
Investec Opportunity	16.23%	20.72%	12.59%	12.94%	21.84%
Prudential Domestic Inflation + 6%	13.11%	25.04%	9.97%	18.03%	17.19%
Prudential Global Inflation Plus 6%	20.57%	21.62%	11.67%	13.59%	12.45%
SIM CPI + 6%	14.15%	14.97%	8.14%	15.52%	17.89%
STANLIB Dynamic Return Fund	15.40%	12.67%	9.33%	14.12%	18.57%
MARKET STATISTICS					
Combination of old CPIX and new CPI*	5.35%	5.60%	6.12%	3.58%	5.09%
Consumer Price Inflation (Old/New combined CPI)	5.35%	5.60%	6.12%	3.58%	4.79%
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	5.35%	5.60%	6.12%	3.58%	5.83%
STEFI	5.18%	5.55%	5.73%	6.93%	9.13%

Inflation figures lagged by one month

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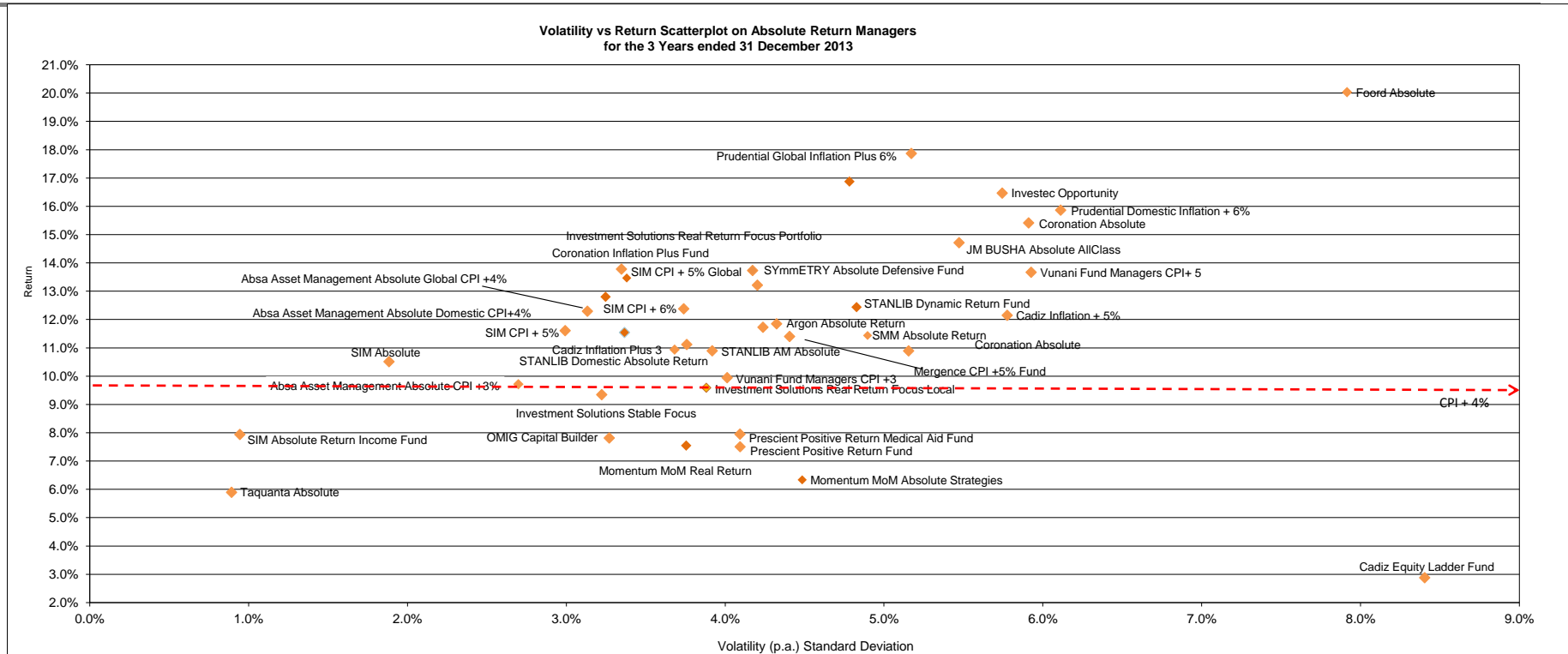
* The rankings and statistical information have been supplied for illustrative purposes only.

* Performance figures are shown gross of fees.

* Performance should not be judged over a short period of time.

* Past performance is not necessarily a guide to future performance.

ABSOLUTE RETURN MANAGER WATCH™ SURVEY



* Reasonable use of the survey may be made for purposes of comment and study provided that full acknowledgement is made to "Alexander Forbes Research & Product Development".

** Please see final page for Disclaimers and Glossary **

ABSOLUTE RETURN MANAGER WATCH™

EXPLANATORY NOTES

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Quantitative figures are calculated on 3 year performance returns.

Performance should not be judged over a short period of time.

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General :

Managers are ranked from highest to lowest active return. In some cases rankings may be different due to return differences disguised by the rounding. Rankings are purely for illustrative purposes.

GIPS™ is a trademark owned by the CFA Institute.

Statistical Definitions :

The Median is the value above or below which half the managers fall.

The Upper Quartile is the value above which one quarter of the managers fall.

The Lower Quartile is the value below which one quarter of the managers fall.

Risk Analysis Definitions :

"Volatility" is the annualised standard deviation of the manager's monthly returns.

"Volatility" is a measure of the variability of the manager's returns.

"Return to Risk" is the return divided by the

"Volatility"

"Return to Risk" is a measure of the return earned per unit of risk taken.

"Active return" is the return earned by the manager less the return on the benchmark.

"Active Return" is a measure of the value that the

manager has added or detracted over the

benchmark return.

"Tracking Error" is the annualised standard deviation of the monthly "Active Returns".

"Tracking Error" is a measure of the variability of the manager's returns relative to the benchmark returns.

"Information Ratio" is the "Active Return" divided by the "Tracking Error".

"Information Ratio" is a measure of the value added per unit of risk taken relative to the benchmark.

"Sortino Ratio (Capital Loss)" measures whether the return in excess of a zero benchmark was sufficient to cover the downside volatility/risk inherent in the investment ie whether capital was indeed preserved.

"Sortino Ratio (Inflation)" measures whether the return in excess of an inflationary benchmark was sufficient to cover the downside volatility/risk inherent in the investment ie whether capital was protected in real terms.

GIPS™ - Global Investment Performance Standards

Ethical principles to achieve full disclosure and fair presentation of investment performance

In South Africa GIPS™ SA requires managers to obtain a verification certificate on compliance

GIPS™ - Status:

C - Indication that manager is compliant but not verified

V - Indication that manager is verified

More information can be obtained from <http://www.gipstandards.org/>