



Absolute Return Manager Watch™ Survey for the month ending June 2014

Research & Product Development
FINANCIAL SERVICES



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 Q2 2014:

Absolute Return Manager Watch™: CPI +3%: No change in the participants of this category

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

Absolute Return Manager Watch™: CPI +5%: OMIG Wealth Defender has entered this category in April 2014

Absolute Return Manager Watch™: CPI +6%: No change in the participants of this category

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 Q2 2014

All asset classes performed positively over the past quarter and “risk-on” investor sentiment provided additional fuel to emerging markets. Globally, the inflation outlook has remained benign leading to falling bond yields in developed markets.

Global developed equity markets finished the quarter off strongly, with the MSCI World Index gaining 5.1% for Q2 2014, which was 3.7% stronger than Q1’s performance (1.4%). US Equities rallied 5.1% in Q2 2014 despite deteriorating economic growth, i.e. downward revision of Q1 2014 growth from -1% to -2.9%. Clearly, the low interest rate environment and strong company earnings in the U.S. market were able to buoy equity market performance.

European equities displayed a similar picture, gaining 3.7% for the quarter, which was 1.5% higher than Q1 2014. As in the US, an expansionary monetary policy to curb potential deflation aims to incentivize European banks to lend to investors in order to bolster inflation and growth in the region.

In a reversal of the prevailing trend, global emerging equity markets outperformed developed equity markets over the quarter. The MSCI EM Index rose 6.7% for the quarter due to reduced geopolitical risk, benign global liquidity and attractive company valuations. In particular, geopolitical risk in Ukraine has fallen for the short-term due to peaceful elections. The election of Narendra Modi in India has also been positive due to his reputation as a pro-market reformer.

Global bonds rose for the quarter (2.3%) as yields fell in a number of major developed markets. In particular, the 10-year yields in the UK, US, Europe and Japan fell this quarter. Lower yields are being driven by a benign inflation outlook and continue to spur flows into riskier fixed income markets.

The local equity market (i.e. ALSI) performed well over the quarter much to the surprise of investors, returning 7.2% compared to the 4.3% achieved in Q1 2014. Stocks with good earnings diversification continued to underpin the local equity market’s performance, in part due to their currency exposure. Industrials led the way, rising 9.1% for the quarter, outperforming Financials (7.8%) and Resources (2.9%). This is in stark contrast to the performance on a year to date basis, where Industrials (9.9%) still lag Financials (14.4%) and Resources (13.8%).

Local bonds (ALBI) performed in line with global bonds, realizing 2.5% for the quarter, up from the Q1 2014 performance figure (0.9%). Most of the gains for the past quarter were driven by moderating expectations of interest rate hikes.

Falling bond yields and strong equity market performance have both supported the listed property sector. Listed property (SAPY) rose by 4.4% this quarter to end off the first half of 2014 strong (up 6.3% YTD).

The platinum strike ended in June, with workers returning to their posts in the last week of June. Production losses are unlikely to be reversed in the short term. Primarily due to the strike, there has been a 24.7% decline in platinum mining activity thus far this year. This had been a key contributor to the poor Q1 GDP figure (-0.6%).

Local cash (STeFI) returned 1.3% for the quarter, only 0.1% higher than Q1 2014’s figure (1.2%). Notwithstanding the Reserve Bank’s hike in interest rates, money market returns remain low.

COMMENTARY

HOW THE MANAGERS PERFORMED OVER Q2 2013

The quarter saw all asset classes perform positively with local equities delivering the highest returns, with the SWIX rising 6.7%. Industrials returned to pre-eminence, outperforming Resources by over 6%. Property posted stronger returns over the quarter (4.4%) as opposed to Q1 (1.8%) returning 6.0% over one year. Fixed income markets improved relative to the previous quarter with the ALBI returning 2.5%, Inflation Linked Bonds (ILB's) 5.9% and Local cash 1.3%.

The rand's depreciation against the dollar supplemented global returns this quarter, bringing them to a muted total of 6.3% for the MSCI World Index. In contrast, global bonds returned a more robust total, with the Citi World Government Bond Index rising 3.5%.

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.

The absolute return funds across all categories in the survey have protected capital during 2014 (year to date); and further, all but 2 funds protected the investor from inflationary erosion.

The asset class performances have been more stable and thus making it easier for managers' tactical views to materialize. With Equity being the best performing asset class, managers with the highest effective local equity exposure should have performed best. It is also not surprising that domestic mandates performed marginally better than their global peers.

The performance gradient between each category over one year is 11.9%, 14.1%, 16.5% and 18.5% although this has narrowed significantly for the last six months to 5.2%, 6.2%, 6.5% and 6.9% respectively.

The Cadiz range of funds has been struggling over the last quarter and 6 months with the Cadiz Equity Ladder fund further generating negative returns due to trading and hedging costs. STANLIB and SIM also struggled on some of their absolute return strategies but not across all portfolios. Coronation on the other had a much stronger quarter as their repositioning of strategy has started to payoff.

The Foord Absolute Return fund in the CPI +5% category is a statistical outlier 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 11.6%, 13.8%, 16.7% and 18.7% 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	763	04 July 2014
Cadiz Inflation Plus 3	Oct-06	V	Domestic		Y	Headline CPI + 3%		5	2 367	14 July 2014
Coronation Inflation Plus Fund	Oct-09	V	Global	Headline CPI + 3.5%	Y	Headline CPI + 3.5%	Preserve capital over a rolling 12m period	1	2 479	14 July 2014
Momentum MoM Real Return	Jul-03	V	Domestic		Y	Headline CPI + 3%		n/a	1 389	14 July 2014
Prescient Positive Return Fund	Jan-99	V	Domestic		Y	Headline CPI + 3%		14	6 510	14 July 2014
Prescient Positive Return Medical Aid Fund	May-02	V	Domestic		Y	Headline CPI + 3%		8	977	14 July 2014
SIM Absolute	Dec-01	V	Domestic		Y	Headline CPI + 3%	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	4	639	03 July 2014
SIM Absolute Return Income Fund	May-04	V	Domestic		Y	Headline CPI + 3%	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	3	5 112	03 July 2014
Taquanta Absolute	Jun-01	V	Domestic		Y	Headline CPI + 3%		6	895	11 July 2014
Vunani Fund Managers CPI +3 %	Mar-05	V	Domestic		Y	Headline CPI + 3%		2	181	09 July 2014
Headline CPI + 4%										
Absa Asset Management Absolute Global CPI +4%	Dec-06	V	Global		Y	Headline CPI + 4%		3	20 416	04 July 2014
Absa Asset Management Absolute Domestic CPI+4%	Aug-09		Domestic		Y	Headline CPI + 4%		9	9 576	04 July 2014
Argon Absolute Return	Oct-06	V	Domestic		Y	Headline CPI + 4%	Non negative returns over 1 year rolling period.	3	890	11 July 2014
Investment Solutions Stable Focus	Apr-05		Domestic		Y	Headline CPI + 4%	No negative returns over rolling 12 month period.	n/a	1 819	14 July 2014
Momentum MoM Absolute Strategies	Dec-03		Domestic		Y	Headline CPI + 4%		n/a	1 937	14 July 2014
OMIG Capital Builder	Mar-08	V	Domestic		Y	Headline CPI + 4%	Targets both positive returns every quarter and CPI+4% pa, or Cash+3% pa over rolling 3-year periods.	1	1 845	10 July 2014
OMIG MacroSolutions Stable Growth Fund	Jul-07	V	Global		Y	Headline CPI + 4%		1	3 640	10 July 2014
Headline CPI + 5%										
Cadiz Inflation + 5%	Feb-06	V	Domestic		Y	Headline CPI + 5%		2	640	14 July 2014
Coronation Absolute	Jan-04	V	Domestic		Y	Headline CPI + 5%	Preserve capital over a rolling 12m period	11	8 772	14 July 2014
Foord Absolute	Jun-02	C	Global		Y	Headline CPI + 5%		4	1 499	14 July 2014
Investment Solutions Real Return Focus Local	Oct-02		Domestic		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	6 705	14 July 2014
Investment Solutions Real Return Focus Portfolio	May-03		Global		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	3 870	14 July 2014
JIM BUSH Absolute AllClass	Oct-06	C	Domestic		Y	Headline CPI + 5%		3	1 261	04 July 2014
Mergence CPI +5% Fund	Jul-06	V	Domestic		Y	Headline CPI + 5%	Non-negative returns over a rolling 1-year period	2	1 678	14 July 2014
Momentum AM CPI+5% Global Fund	Nov-03	V	Global		Y	Headline CPI + 5%	CPI +5% (gross of fees) over a rolling 3-year period, and a low probability of losing capital over a rolling 1-year period.	n/a	574	14 July 2014
Prudential Domestic Real Return Plus 5%	Nov-09	V	Domestic		Y	Headline CPI + 5%		3	1 008	03 July 2014
Prudential Global Inflation Plus 5%	Dec-02	V	Global		Y	Headline CPI + 5%	N/A	1	24 354	03 July 2014
OMIG Wealth Defender	Aug-03	C	Global		Y	Headline CPI + 5%		4	5 774	10 July 2014
SIM CPI + 5%	Jan-07	V	Domestic		Y	Headline CPI + 5%	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	8	1 628	03 July 2014
SIM CPI + 5% Global	Dec-03	V	Global		Y	Headline CPI + 5%	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	8	10 636	03 July 2014
SMM Absolute Return	May-03		Global		Y	Headline CPI + 5%		1	502	10 July 2014
STANLIB AM Absolute	Jul-01	V	Global		Y	Headline CPI + 5%	Capital preservation over a rolling 12 month period	1	3 867	14 July 2014
STANLIB Domestic Absolute Return	Mar-04	V	Domestic		Y	Headline CPI + 5%	Capital preservation over a rolling 12 month period	1	327	14 July 2014
SymmETRY Absolute Defensive Fund	Sep-02		Global		Y	Headline CPI + 4%	Non-negative returns over rolling 1-year periods	n/a	1 177	10 July 2014
Vunani Fund Managers CPI+ 5	Mar-05	V	Domestic		Y	Headline CPI + 5%		3	1 308	09 July 2014
Headline CPI + 6%										
Cadiz Equity Ladder Fund	Aug-01	V	Domestic		Y	Headline CPI + 6%		2	709	14 July 2014
Coronation Absolute	Aug-99	V	Global		Y	Headline CPI + 6%	Preserve capital over a rolling 12m period	11	7 912	14 July 2014
Investec Opportunity	Aug-99	V	Global		Y	Headline CPI + 6%		15	53 157	14 July 2014
Momentum AM (CPI+6% Global)	Apr-12	V	Global		Y	Headline CPI + 6%		n/a	365	14 July 2014
Prudential Domestic Inflation Plus 6%	Dec-02	V	Domestic		Y	Headline CPI + 6%	N/A	3	2 017	03 July 2014
Prudential Global Inflation Plus 6%	Dec-02	V	Global		Y	Headline CPI + 6%	N/A	2	469	03 July 2014
SIM CPI + 6%	Jan-03	V	Domestic		Y	Headline CPI + 6%	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	2	488	03 July 2014
STANLIB Absolute Plus Fund	Dec-05	V	Domestic		Y	Headline CPI + 6%	Capital preservation over a rolling 12 month period	1	1 413	14 July 2014
				THIS INCLUDES THIRP managers thus must be noted as possible "double-counting"						
TOTAL									203 546	

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 JUNE 2014													
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%	1.25%	4.09%	5.66%	9.64%	9.63%	10.46%	8.93%	10.19%	8.39%	10.03%	9.52%	10.06%	*
Cadiz Inflation Plus 3	0.51%	2.08%	4.40%	10.07%	9.63%	11.38%	8.93%	*	*	*	*	*	*
Coronation Inflation Plus Fund	1.43%	4.71%	5.98%	15.23%	10.13%	13.43%	8.93%	*	*	*	*	*	*
Momentum MoM Real Return	1.46%	4.02%	6.59%	14.95%	9.63%	9.22%	8.93%	8.69%	8.39%	9.42%	9.52%	12.67%	*
SIM Absolute	0.68%	2.51%	4.63%	10.66%	9.63%	10.60%	8.93%	11.53%	8.39%	10.02%	9.52%	12.11%	8.97%
SIM Absolute Return Income Fund	0.71%	2.48%	4.09%	7.51%	9.63%	8.05%	8.93%	8.78%	8.39%	9.29%	9.52%	*	*
Prescient Positive Return Medical Aid Fund	1.23%	3.96%	6.13%	15.98%	9.63%	9.35%	8.93%	9.23%	8.39%	10.07%	9.54%	13.34%	9.01%
Prescient Positive Return Fund	1.53%	3.86%	5.84%	14.99%	9.63%	8.91%	8.93%	8.49%	8.39%	9.23%	9.54%	12.73%	9.01%
Taquantia Absolute	0.69%	1.07%	3.35%	7.02%	9.63%	5.73%	8.93%	7.50%	8.39%	8.59%	9.54%	8.83%	9.01%
Vunani Fund Managers CPI +3	1.23%	3.02%	5.43%	12.50%	9.63%	10.91%	8.93%	11.10%	8.39%	8.83%	9.54%	*	*
Headline CPI + 4%													
Absa Asset Management Absolute Global CPI +4%	1.51%	4.39%	6.22%	12.72%	N/A	13.16%	9.93%	13.19%	9.39%	12.14%	10.52%	*	*
Absa Asset Management Absolute Domestic CPI+4%	1.32%	4.10%	6.26%	12.00%	N/A	12.75%	9.93%	*	*	*	*	*	*
Investment Solutions Stable Focus	1.50%	4.05%	6.30%	14.12%	N/A	10.82%	9.93%	10.47%	9.39%	10.66%	10.52%	*	*
Momentum MoM Absolute Strategies	0.91%	2.88%	5.51%	13.58%	N/A	7.53%	9.93%	8.36%	9.39%	7.49%	10.52%	11.32%	9.01%
OMIG Capital Builder	1.28%	3.09%	5.90%	14.13%	N/A	9.63%	9.93%	8.56%	9.39%	*	*	*	*
OMIG MacroSolutions Stable Growth Fund	1.39%	3.77%	5.52%	13.78%	N/A	14.30%	9.93%	13.92%	9.39%	10.83%	10.52%	*	*
Argon Absolute Return	1.33%	4.64%	7.79%	18.38%	N/A	14.17%	9.93%	13.06%	9.39%	9.09%	10.54%	*	*
Headline CPI + 5%													
Cadiz Inflation + 5%	0.35%	1.51%	4.66%	12.74%	N/A	12.95%	10.93%	14.95%	10.39%	12.79%	11.54%	*	*
Coronation Absolute	1.46%	5.43%	7.69%	17.75%	N/A	12.80%	10.93%	15.63%	10.39%	12.26%	11.54%	17.78%	11.01%
Ford Absolute	2.13%	4.95%	6.98%	22.54%	N/A	21.77%	10.93%	20.20%	10.39%	12.94%	11.52%	20.28%	10.97%
Investment Solutions Real Return Focus Local	1.62%	4.77%	6.97%	15.66%	N/A	11.59%	10.93%	11.96%	10.39%	10.40%	11.52%	14.24%	10.97%
Investment Solutions Real Return Focus Portfolio	1.71%	4.59%	6.46%	16.33%	N/A	13.30%	10.93%	12.43%	10.39%	10.17%	11.52%	13.65%	10.97%
JM BUSH Absolute AllClass	1.94%	5.14%	7.91%	18.21%	N/A	16.54%	10.93%	15.67%	10.39%	11.54%	11.54%	13.61%	11.01%
Mergence CPI +5% Fund	1.29%	4.12%	7.53%	16.81%	N/A	13.39%	10.93%	12.06%	10.39%	9.29%	11.52%	*	*
Momentum AM CPI+5% Global Fund	1.80%	4.06%	6.24%	16.91%	N/A	13.99%	10.93%	14.50%	10.39%	8.45%	11.54%	12.96%	11.01%
Prudential Domestic Real Return Plus 5%	1.69%	4.99%	7.61%	15.82%	N/A	*	*	*	*	*	*	*	*
OMIG Wealth Defender	1.15%	4.40%	6.16%	16.91%	N/A	*	*	*	*	*	*	*	*
Prudential Global Inflation Plus 5%	1.67%	4.89%	7.28%	18.33%	N/A	17.74%	10.93%	16.86%	10.39%	12.84%	11.52%	*	*
SIM CPI + 5%	0.99%	3.10%	5.77%	14.35%	N/A	12.34%	10.93%	13.08%	10.39%	10.34%	11.52%	*	*
SIM CPI + 5% Global	0.96%	3.21%	5.68%	15.64%	N/A	14.19%	10.93%	13.40%	10.39%	10.45%	11.52%	13.12%	10.97%
SMM Absolute Return	1.21%	4.76%	7.24%	16.66%	N/A	13.33%	10.93%	13.46%	10.39%	11.07%	11.52%	13.07%	10.97%
STANLIB AM Absolute	0.75%	3.09%	4.70%	13.07%	N/A	12.12%	10.93%	10.21%	10.39%	7.94%	11.52%	11.40%	10.97%
STANLIB Domestic Absolute Return	0.85%	3.24%	4.85%	12.76%	N/A	12.23%	10.93%	10.55%	10.39%	8.37%	11.52%	11.73%	10.97%
SYmmETRY Absolute Defensive Fund	1.42%	3.84%	6.74%	17.29%	N/A	15.10%	10.93%	13.78%	10.39%	10.37%	11.54%	14.01%	11.01%
Vunani Fund Managers CPI+ 5	1.64%	4.13%	6.77%	18.54%	N/A	15.29%	10.93%	14.94%	10.39%	10.89%	11.54%	*	*
MARKET STATISTICS													
Combination of old CPIX and new CPI	0.18%	1.96%	4.09%	6.63%		5.93%		5.39%		6.54%		6.01%	
Consumer Price Inflation (Old/New combined CPI)	0.18%	1.96%	4.09%	6.63%		5.93%		5.39%		6.52%		5.97%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.18%	1.96%	4.09%	6.63%		5.93%		5.39%		6.39%		5.49%	
STEFI	0.49%	1.42%	2.75%	5.45%		5.47%		6.02%		7.39%		7.46%	
Number of Participants	35	35	35	35		33		30		29		18	

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.

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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	-0.34%	1.11%	3.46%	14.83%	N/A	3.79%	11.93%	8.94%	11.39%	11.90%	12.52%	*	*
Coronation Absolute	1.59%	4.94%	6.90%	20.76%	N/A	16.94%	11.93%	17.50%	11.39%	12.93%	12.54%	18.27%	12.01%
Investec Opportunity	1.87%	4.75%	8.52%	19.41%	N/A	18.45%	11.93%	18.24%	11.39%	13.18%	12.54%	18.28%	12.01%
Momentum AM (CPI+6% Global)	1.97%	4.23%	6.65%	18.67%	N/A	*	*	*	*	*	*	*	*
Prudential Domestic Inflation Plus 6%	1.75%	5.19%	8.13%	18.70%	N/A	17.34%	11.93%	17.90%	11.39%	13.86%	12.52%	17.63%	12.01%
Prudential Global Inflation Plus 6%	1.78%	5.02%	7.69%	20.42%	N/A	18.97%	11.93%	17.70%	11.39%	13.41%	12.52%	16.28%	11.97%
SIM CPI + 6%	1.18%	3.52%	6.61%	16.79%	N/A	13.48%	11.93%	14.51%	11.39%	11.00%	12.52%	*	*
STANLIB Absolute Plus Fund	1.18%	3.61%	7.10%	18.09%	N/A	13.62%	11.93%	14.27%	11.39%	11.02%	12.52%	*	*
MARKET STATISTICS													
Combination of old CPIX and new CPI*	0.18%	1.96%	4.09%	6.63%		5.93%		5.39%		6.54%		6.01%	
Consumer Price Inflation (Old/New combined CPI)	0.18%	1.96%	4.09%	6.63%		5.93%		5.39%		6.52%		5.97%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.18%	1.96%	4.09%	6.63%		5.93%		5.39%		6.39%		5.49%	
Consumer Price Inflation excluding OER [I-Net code: AECPIXU]	0.18%	1.95%	4.28%	6.82%		6.11%		5.53%		6.55%		6.02%	
STEFI	0.49%	1.42%	2.75%	5.45%		5.47%		6.02%		7.39%		7.46%	
Number of Participants	8	8	8	8		7		7		7		4	

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: AFCPI) 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 JUNE 2014														
	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%	4.04%	83.33%	-1.88%	-1.88%	10.46%	3.21%	83.33%	-1.88%	-1.88%	10.19%	2.59%	88.33%	-1.88%	-1.88%
Cadiz Inflation Plus 3	3.47%	83.33%	-0.70%	-0.70%	11.38%	3.68%	80.56%	-1.54%	-1.54%	*	*	*	*	*
Coronation Inflation Plus Fund	3.51%	91.67%	-1.10%	-1.10%	13.43%	3.46%	91.67%	-2.28%	-2.28%	*	*	*	*	*
Momentum MoM Real Return	3.51%	83.33%	-1.02%	-1.02%	9.22%	3.94%	72.22%	-2.55%	-2.55%	8.69%	3.28%	76.67%	-2.55%	-2.55%
Prescient Positive Return Fund	3.35%	83.33%	-0.92%	-0.92%	8.91%	4.10%	72.22%	-1.94%	-1.94%	8.49%	3.36%	76.67%	-1.94%	-1.94%
Prescient Positive Return Medical Aid Fund	3.65%	83.33%	-1.34%	-1.34%	9.35%	4.33%	72.22%	-2.06%	-2.06%	9.23%	3.63%	76.67%	-2.06%	-2.06%
SIM Absolute	2.06%	91.67%	-0.59%	-0.59%	10.60%	2.01%	88.89%	-0.59%	-0.59%	11.53%	2.10%	91.67%	-0.59%	-0.59%
SIM Absolute Return Income Fund	1.48%	91.67%	-0.36%	-0.36%	8.05%	1.07%	97.22%	-0.36%	-0.36%	8.78%	1.14%	96.67%	-0.36%	-0.36%
Taquantia Absolute	1.48%	91.67%	-0.44%	-0.44%	5.73%	1.13%	91.67%	-0.44%	-0.44%	7.50%	1.17%	95.00%	-0.44%	-0.44%
Vunani Fund Managers CPI +3	4.06%	83.33%	-1.39%	-1.46%	10.91%	4.15%	86.11%	-2.84%	-2.84%	11.10%	3.89%	83.33%	-2.84%	-2.84%
Headline CPI + 4%														
Absa Asset Management Absolute Domestic CPI+4%	4.47%	75.00%	-1.98%	-1.98%	12.75%	3.74%	83.33%	-1.98%	-1.98%	*	*	*	*	*
Absa Asset Management Absolute Global CPI +4%	3.69%	83.33%	-1.40%	-1.40%	13.16%	3.42%	86.11%	-1.68%	-1.68%	13.19%	3.44%	88.33%	-1.68%	-1.68%
Argon Absolute Return	3.77%	83.33%	-1.14%	-1.14%	14.17%	4.25%	80.56%	-1.60%	-1.60%	13.06%	4.66%	78.33%	-2.03%	-2.03%
Investment Solutions Stable Focus	3.81%	83.33%	-1.41%	-1.41%	10.82%	3.52%	83.33%	-2.32%	-2.32%	10.47%	3.00%	88.33%	-2.32%	-2.32%
Momentum MoM Absolute Strategies	3.09%	83.33%	-0.43%	-1.06%	7.53%	4.57%	69.44%	-3.36%	-3.36%	8.36%	3.94%	73.33%	-3.36%	-3.36%
OMIG Capital Builder	2.74%	91.67%	-0.69%	-0.69%	9.63%	3.31%	80.56%	-1.94%	-1.94%	8.56%	3.44%	75.00%	-1.96%	-1.96%
OMIG MacroSolutions Stable Growth Fund	2.63%	91.67%	-0.26%	-0.99%	14.30%	3.33%	91.67%	-2.23%	-2.23%	13.92%	4.07%	86.67%	-2.23%	-2.23%
Headline CPI + 5%														
Cadiz Inflation + 5%	5.24%	75.00%	-1.53%	-1.53%	12.95%	5.84%	75.00%	-2.71%	-3.30%	14.95%	6.12%	76.67%	-2.71%	-3.30%
Coronation Absolute	4.15%	83.33%	-1.06%	-1.36%	12.80%	5.18%	72.22%	-2.99%	-2.99%	15.63%	5.71%	76.67%	-2.99%	-2.99%
Foord Absolute	6.08%	83.33%	-2.17%	-2.17%	21.77%	7.95%	77.78%	-3.72%	-3.72%	20.20%	8.28%	75.00%	-4.36%	-6.25%
Investment Solutions Real Return Focus Local	4.59%	83.33%	-1.94%	-1.94%	11.59%	4.23%	80.56%	-2.53%	-2.53%	11.96%	4.00%	81.67%	-2.53%	-2.53%
Investment Solutions Real Return Focus Portfolio	2.98%	83.33%	-0.48%	-1.39%	13.30%	4.22%	77.78%	-2.94%	-2.94%	12.43%	3.89%	80.00%	-2.94%	-2.94%
JM BUSHA Absolute AllClass	7.40%	83.33%	-3.62%	-3.62%	16.54%	6.12%	80.56%	-3.62%	-3.62%	15.67%	6.09%	78.33%	-3.62%	-3.62%
Mergence CPI +5% Fund	4.60%	83.33%	-1.79%	-1.79%	13.39%	4.60%	75.00%	-2.56%	-2.56%	12.06%	4.77%	70.00%	-2.56%	-3.00%
Momentum AM CPI+5% Global Fund	5.23%	83.33%	-1.09%	-1.23%	13.99%	4.20%	80.56%	-2.68%	-2.68%	14.50%	5.35%	78.33%	-2.68%	-7.10%
OMIG Wealth Defender	3.18%	91.67%	-0.79%	0.00%	*	*	*	*	*	*	*	*	*	*
Prudential Domestic Real Return Plus 5%	7.52%	75.00%	-3.75%	-3.75%	*	*	*	*	*	*	*	*	*	*
Prudential Global Inflation Plus 5%	5.06%	83.33%	-1.63%	-2.17%	17.74%	4.97%	88.89%	-3.57%	-3.57%	16.86%	5.13%	83.33%	-3.57%	-3.57%
SIM CPI + 5%	3.06%	100.00%	0.30%	0.00%	12.34%	3.16%	94.44%	-1.36%	-1.36%	13.08%	3.39%	90.00%	-1.36%	-1.36%
SIM CPI + 5% Global	2.14%	91.67%	-0.99%	-0.99%	14.19%	3.27%	86.11%	-1.03%	-1.03%	13.40%	3.47%	85.00%	-1.03%	-1.03%
SMM Absolute Return	2.64%	91.67%	-0.07%	-1.40%	13.33%	4.84%	77.78%	-2.29%	-2.29%	13.46%	4.47%	80.00%	-2.29%	-2.29%
STANLIB AM Absolute	3.36%	83.33%	-1.31%	-1.31%	12.12%	3.90%	88.89%	-1.56%	-1.56%	10.21%	4.14%	76.67%	-1.59%	-1.59%
STANLIB Domestic Absolute Return	4.27%	83.33%	-1.86%	-1.86%	12.23%	3.91%	83.33%	-1.86%	-1.86%	10.55%	4.27%	76.67%	-2.21%	-2.21%
SymmENTRY Absolute Defensive Fund	2.04%	100.00%	0.33%	-0.38%	15.10%	3.98%	91.67%	-1.81%	-1.81%	13.78%	3.97%	86.67%	-1.81%	-1.81%
Vunani Fund Managers CPI+ 5	4.94%	83.33%	-1.46%	-1.46%	15.29%	5.87%	80.56%	-3.61%	-3.61%	14.94%	5.81%	76.67%	-3.61%	-3.61%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.43%				5.93%	1.27%				5.39%	1.23%			
Consumer Price Inflation (Old/New combined CPI)	1.43%				5.93%	1.27%				5.39%	1.23%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.43%				5.93%	1.27%				5.39%	1.23%			
STEFI	0.09%				5.47%	0.10%				6.02%	0.25%			

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 JUNE 2014														
	1 Year				3 Year Return (p.a.)	3 Years				5 Year Return (p.a.)	5 Years			
	Volatility	% positive months	Worst month	Maximum drawdown		Volatility	% positive months	Worst month	Maximum drawdown		Volatility	% positive months	Worst month	Maximum drawdown
	Headline CPI + 6%													
Cadiz Equity Ladder Fund	6.17%	66.67%	-1.24%	-7.97%	3.79%	8.43%	55.56%	-5.81%	-12.05%	8.94%	9.22%	56.67%	-5.81%	-12.05%
Coronation Absolute	3.55%	91.67%	-0.24%	-1.35%	16.94%	5.81%	80.56%	-3.58%	-3.58%	17.50%	6.02%	80.00%	-3.58%	-3.58%
Investec Opportunity	2.84%	91.67%	-0.17%	-1.56%	18.45%	5.57%	88.89%	-3.05%	-3.05%	18.24%	6.39%	85.00%	-3.05%	-3.05%
Momentum AM (CPI+6% Global)	4.13%	83.33%	-0.85%	0.00%	*	*	*	*	*	*	*	*	*	*
Prudential Domestic Inflation Plus 6%	7.43%	75.00%	-3.54%	-3.54%	17.34%	6.68%	80.56%	-3.54%	-3.54%	17.90%	6.83%	81.67%	-3.54%	-3.54%
Prudential Global Inflation Plus 6%	4.73%				18.97%	5.30%				17.70%	5.50%			
SIM CPI + 6%	3.65%	91.67%	-1.20%	-1.20%	13.48%	3.89%	86.11%	-1.44%	-1.44%	14.51%	4.51%	81.67%	-1.44%	-1.70%
STANLIB Absolute Plus Fund	3.75%	83.33%	-0.70%	-0.70%	13.62%	4.77%	72.22%	-1.23%	-1.23%	14.27%	5.12%	71.67%	-1.23%	-1.61%
	MARKET STATISTICS													
Combination of old CPIX and new CPI	1.43%				5.93%	1.27%				5.39%	1.23%			
Consumer Price Inflation (Old/New combined CPI)	1.43%				5.93%	1.27%				5.39%	1.23%			
Consumer Price Inflation (Headline CPI) (I-Net code: AECPI)	1.43%				5.93%	1.27%				5.39%	1.23%			
STEFI	0.09%				5.47%	0.10%				6.02%	0.25%			

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 JUNE 2014					
	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%
Momentum MoM Absolute Strategies	6.88%	9.44%	2.79%	9.29%	10.93%
OMIG Capital Builder	9.99%	10.14%	3.45%	6.31%	12.15%
OMIG MacroSolutions Stable Growth Fund	14.27%	17.47%	8.84%	12.04%	14.26%
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	10.90%	13.67%	4.61%	13.82%	16.09%
Investment Solutions Real Return Focus Portfolio	14.72%	13.47%	7.13%	10.76%	12.99%
JM BUSHA Absolute AllClass	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 JUNE 2014					
	Calendar Year				
	2013	2012	2011	2010	2009
Headline CPI + 6%					
Cadiz Equity Ladder Fund	0.73%	7.78%	0.29%	8.50%	42.63%
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 Plus 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 Absolute Plus 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

* 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".

* While all possible care is taken in the compilation of the Survey, reliance is placed on information received from Investment Managers.

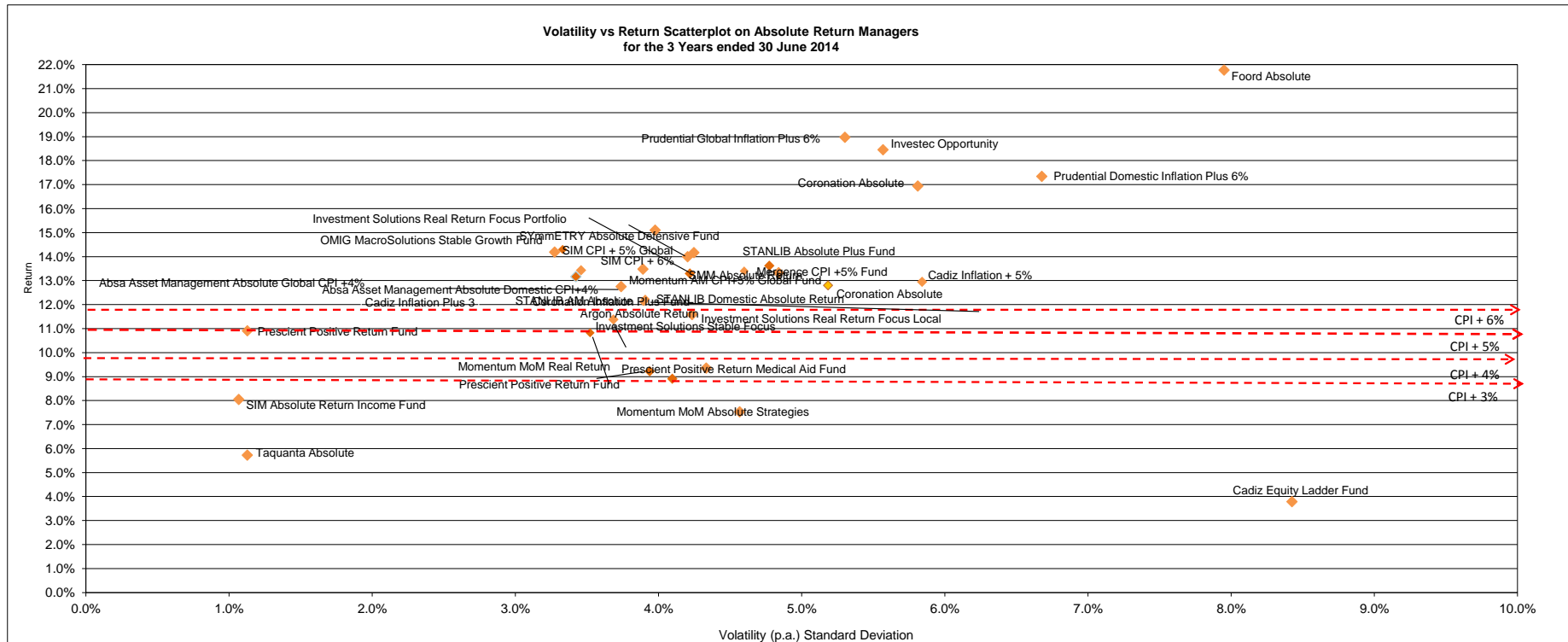
* The rankings and statistical information have been supplied for illustrative purposes only.

* 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



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

ABSOLUTE RETURN MANAGER WATCH™

EXPLANATORY NOTES

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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/>