



Absolute Return Manager Watch™ Survey for the month ending June 2015

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 2015:

Absolute Return Manager Watch™: CPI +3%: The Taquanta Absolute and SIM Absolute Return Income Funds exited the survey during the second quarter of 2015.

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

Absolute Return Manager Watch™: CPI +5%: No change in the participants of this category

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

It should be noted that historic performance is not an indication of future performance nor is it a direct indicator of skill. Many of the participating funds use peer relative performance benchmarks and not investable benchmarks. The current positioning and exposure of funds, is more relevant to an investment strategy. Please use and interpret all information within this survey cautiously and consult an expert advisor to ensure that your fund's assets and fund strategies are appropriately matched to its liabilities.

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 2015

The dominant economic themes that influenced markets and portfolio management strategy were:

- Greece's financial woes and its inability to service its debt have resulted in a default and require a structured bailout program in order for the country to survive. As a member of the Euro common currency, its performance is intrinsically linked to the other major economies of Europe such as Germany and France. Greece could potentially exit from the Euro which has severe ramifications for both the country and region. With a society against austerity measures, a breakdown in trust resulted in protracted negotiations and impacted investor confidence. European debt, equity and currency markets have all seen increased volatility and negative returns towards the end of the quarter.
- Japan's stronger stimulus programs (QE) in the face of flailing growth and fears of stagflation has resulted in a devaluation of the yen and has positively impacted the Japanese equity markets
- Further economic statistics confirmed that the Chinese economy is slowing. June also saw the Chinese equity market, which was up 122% over the last year, come to a grinding halt losing 13% in a week. China is also seeking to shift its economy towards consumption and will have a decreased demand for commodities in the future.
- Mixed signs of recovery of the US economy have delayed the interest rate hike expected after the QE program ended. With a deteriorating European and slowing Chinese economy, the Dollar has quietly strengthened across almost all major competitive currencies. As such, its equity markets remain muted as its pricing competitiveness wanes.
- The SA economic outlook continues to look bleak, with electricity shortfalls and load shedding, difficulties in the labour market and persistent unemployment concerns. GDP growth has dropped to 2% and credit agencies have warning that credit downgrades could be applied in the future unless SA is able to implement growth enhancing economic reforms.
- The Rand depreciated by c.15% to the US Dollar over the last year, which helped close the deficit but has increased inflationary risks. The South African Reserve Bank has for some time been hawkish on a rate hike, with the market pricing a 25bps hike in July.
- The slump in global commodity prices has significantly hurt companies in the Resource sector. Impending job cuts is more negative news for the country.

Developed equity markets continued its positive momentum, with the MSCI world index up 0.5% (U.S. Dollars), driven by a resurgent Japanese market (3.1% MSCI Japan), a positive but slowing performance in U.S. equity markets (+0.3%), with a reversal in European markets (+0.7% MSCI Europe) after a disappointing 2014. Emerging markets were also better but more sluggish up 0.8% (MSCI EM Markets) after +2.3% in the first quarter. Global government bonds remained under pressure on increasing expectations of rate increases notwithstanding a delay by the US Fed to increase rates; the Citibank WGB Index losing -1.5%. The local currency remained stable for much of the quarter against the dollar and did not provide the required diversification sought in these market conditions, with the MSCI All Countries returning +0.7% and the WGB Index up -1.4% in Rand terms.

COMMENTARY

Local equity markets finished the quarter marginally down, after local indices tapered off from new highs in March. The contradictory environment pervades as deteriorating local economic conditions are still disjointed from equity market performances. The FTSE JSE All Share Index (ALSI) returned -0.2% for the quarter, while the FTSE JSE Shareholder Weighted All Share Index (SWIX) returned -0.1% for the quarter.

The dispersion in performance between the two major equity benchmarks continues to widen to 5.4% over 1 year from 4.5% in 2014. At an exposure level the major difference between the two indices is that the ALSI holds only 6% more in Resources than the SWIX, and underweight to Financials (5%) and Industrials (1%). Financial shares outperformed Resources by a staggering 49% over 12 months somewhat disguised by the new categorization by the JSE of Sasol from Resources to Industrials. The second quarter saw Resource shares lose more value ending down -4.9% for the quarter, Financials down -2.3% as increasing interest rate and inflationary expectations could impact lending levels and debt recovery. The cross sectional performance of shares over the quarter remained high with 33% performance differential across just the Top 40 shares. Brait excluded from this calculation returned 47.7% amidst corporate action.

The South Africa's Central Bank Monetary Policy Committee (MPC) kept rates on hold through the quarter but hiked rates by 25bp at the time of this survey going to print. Inflation was low at 4.7% y-o-y with strong indications of increasing over the year and possibly breaching the MPC's upper target of 6%. The rate hike is an intervention against prevailing dollar strength and 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.

Interest rate markets had a mixed bag of returns; nominal bonds down -1.4%. Inflation linked bonds performing better in an increasing inflation environment up 1.6% and the best performing major asset for the quarter. The long end of the SA 10 year government bond curve (bonds maturing >12 years) weakened by almost 50bp since March as long term inflation forecasts changed and the probability of imminent rate hikes increased.

The local property market lost significant momentum and went from the best performing asset class in the first quarter to the worst losing -6.2%. Cash returns were strong with the STeFI returning +1.4%. All in all managers would have struggled to find returns this quarter with asset allocation being a strong differentiator.

HOW THE MANAGERS PERFORMED OVER Q1 2015

After a much simpler first quarter where Equities outperformed fixed income, almost all major asset classes bar cash, inflation linked securities and global equities lost value this quarter. As a result those managers that maintained a defensive stance in their portfolios should have outperformed. However, choosing nominal bonds and specifically property would have gotten the manager a poor start. However, nothing was clear cut to describe performance adequately over the quarter. There were many decisions that one needed to get correct and amidst these the bulk of the managers only got some right. The top contributing factors to difference in performance remain:

- 1.Asset allocation - Cash was king amidst dismal markets
- 2.Being relatively overweight the local resource sector
- 3.Security (and style) selection biases

Fund managers would have had a difficult task of balancing risk and return for their clients while protecting their portfolios from capital losses.

Ten of forty-three absolute return composites across all categories in the survey failed to protect capital during the first quarter but only one portfolio eroded capital over 1 year. Ten composites failed to protect the investor from inflationary erosion over 1 year.

ReCM continues to struggle through this cycle, again the only fund to lose value over a 1 year period. It has an unusually high growth exposure relative to its traditional approach with 73% in growth assets and struggles with further disappointing returns. The Fund's top 5 resource stocks remained weak in the face of global growth concerns and a slowing Chinese economy.

Prudential's Real Return composites continued to deliver very strong returns over the year, outperforming all inflation performance objectives and Prudential was the best performing manager in the CPI + 5% and 6% categories. The biggest contributor to their strong performance was their stock selection within and the weighting of domestic equity. Within their higher target offerings, the larger weighting to international equity was the second biggest contributor, while their weighting to inflation-linked bonds was the second biggest contributor in the lower targeting offering.

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 7.7%, 7.2%, 8.0% and 7.4% respectively. In addition, strategies that include global exposure have in general performed better than local only portfolios.

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	651	01 July 2015
Cadiz Inflation Plus 3	Oct-06	V	Domestic		Y	Headline CPI + 3%		4	1 521	14 July 2015
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	2 692	14 July 2015
Momentum MoM Real Return	Jul-03		Domestic		Y	Headline CPI + 3%		n/a	1 088	14 July 2015
Old Mutual Multi-Managers Inflation Plus 1-3%	Oct-99		Global		Y	Headline CPI + 3%		n/a	487	13 July 2015
Prescient Positive Return Fund	Jan-99	V	Domestic		Y	Headline CPI + 3%		14	5 663	14 July 2015
Prescient Positive Return Medical Aid Fund	May-02	V	Domestic			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	6	846	14 July 2015
SIM Absolute	Dec-01	V	Domestic		Y	Headline CPI + 3%		4	725	06 July 2015
Headline CPI + 4%										
Absa Asset Management Absolute Global CPI +4%	Dec-06	V	Global		Y	Headline CPI + 4%		3	20 051	01 July 2015
Absa Asset Management Absolute Domestic CPI+4%	Aug-09		Domestic		Y	Headline CPI + 4%		9	9 791	01 July 2015
Argon Absolute Return Fund	Oct-06	V	Domestic		Y	Headline CPI + 4%	Non negative returns over 1 year rolling period.	3	1 036	14 July 2015
Investment Solutions Stable Focus	Apr-05		Domestic		Y	Headline CPI + 4%	No neagative returns over rolling 12 month period	n/a	2 214	16 July 2015
Momentum MoM Absolute Strategies	Dec-03		Domestic		Y	Headline CPI + 4%		n/a	2 176	14 July 2015
Mergence CPI + 4% Fund	Oct-09	C	Domestic		Y	Headline CPI + 4%		4	1 356	16 July 2015
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	1 896	14 July 2015
OMIG MacroSolutions Stable Growth Fund	Jul-07	V	Global		Y	Headline CPI + 4%		1	4 400	14 July 2015
Headline CPI + 5%										
Cadiz Inflation + 5%	Feb-06	V	Domestic		Y	Headline CPI + 5%		1	277	14 July 2015
Coronation Absolute	Jan-04	V	Domestic		Y	Headline CPI + 5%	Preserve capital over a rolling 12m period	13	9 467	14 July 2015
Foord Absolute	Jun-02	C	Global		Y	Headline CPI + 5%		4	1 575	09 July 2015
Investment Solutions Real Return Focus Local	Oct-02	C	Domestic		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	6 052	16 July 2015
Investment Solutions Real Return Focus Portfolio	May-03		Global		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	3 775	16 July 2015
JM BUSHIA Absolute AllClass	Oct-06	C	Domestic		Y	Headline CPI + 5%		3	1 397	08 July 2015
Mergence CPI +5% Fund	Jul-06	V	Domestic		Y	Headline CPI + 5%	Non-negative returns over a rolling 1-year period	1	1 354	16 July 2015
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	893	15 July 2015
Old Mutual Multi-Managers Inflation Plus 3-5%	Jul-03		Global		Y	Headline CPI + 5%		n/a	4 423	13 July 2015
OMIG Wealth Defender	Aug-03	C	Global		Y	Headline CPI + 5%		4	6 592	10 July 2015
Prudential Domestic Real Return Plus 5%	Nov-09	V	Domestic		Y	Headline CPI + 5%		3	1 065	03 July 2015
Prudential Global Inflation Plus 5%	Dec-02	V	Global		Y	Headline CPI + 5%	N/A	2	34 058	03 July 2015
RECM Balanced Full Discretion Composite	Jul-03	V	Global		Y	Headline CPI + 5%			4 109	13 July 2015
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	1 761	06 July 2015
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	7	9 381	06 July 2015
SIMM Absolute Return	May-03		Global		Y	Headline CPI + 5%		1	450	08 July 2015
STANLIB AM Absolute	Jul-01	V	Global		Y	Headline CPI + 5%	Capital preservation over a rolling 12 month period	1	3 728	13 July 2015
STANLIB Domestic Absolute Return	Mar-04	V	Domestic		Y	Headline CPI + 5%	Capital preservation over a rolling 12 month period	1	281	13 July 2015
Old Mutual Multi Managers Absolute Defensive Fund	Sep-02		Global		Y	Headline CPI + 4%	Non-negative returns over rolling 1-year periods	n/a	1 021	13 July 2015
Vunani Fund Managers CPI+ 5	Mar-05	V	Domestic		Y	Headline CPI + 5%		3	1 785	13 July 2015
Headline CPI + 6%										
Coronation Absolute	Aug-99	V	Global		Y	Headline CPI + 6%	Preserve capital over a rolling 12m period	1	6 987	14 July 2015
Investec Opportunity	Aug-99	V	Global		Y	Headline CPI + 6%		14	45 327	13 July 2015
Momentum AM (CPI+6% Global)	Apr-12	V	Global		Y	Headline CPI + 6%		n/a	256	15 July 2015
Prudential Domestic Inflation Plus 6%	Dec-02	V	Domestic		Y	Headline CPI + 6%	N/A	4	2 230	03 July 2015
Prudential Global Inflation Plus 6%	Dec-02	V	Global		Y	Headline CPI + 6%	N/A	1	261	03 July 2015
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	553	06 July 2015
STANLIB Absolute Plus Fund	Dec-05	V	Domestic	This includes multi-managers thus must be noted as possible "double-counting"	Y	Headline CPI + 6%	Capital preservation over a rolling 12 month period	1	2 679	13 July 2015
TOTAL									208 332	

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 JUNE 2015													
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%	0.60%	1.13%	3.34%	7.41%	7.57%	9.06%	8.57%	9.59%	8.39%	9.78%	8.52%	9.46%	*
Cadiz Inflation Plus 3	-0.28%	0.48%	3.80%	4.12%	7.57%	9.00%	8.57%	10.58%	8.39%	*	*	*	*
Coronation Inflation Plus Fund	-0.40%	0.92%	4.50%	8.03%	8.07%	12.27%	8.57%	12.32%	8.39%	*	*	*	*
Momentum MoM Real Return	0.17%	1.10%	3.42%	5.28%	7.57%	9.97%	8.57%	8.03%	8.39%	8.61%	8.52%	11.49%	*
Old Mutual Multi-Managers Inflation Plus 1-3%	-0.37%	0.82%	4.50%	9.94%	7.57%	*	*	*	*	*	*	*	*
Prescient Positive Return Medical Aid Fund	0.47%	1.57%	5.81%	7.92%	7.57%	11.06%	8.57%	8.85%	8.39%	9.41%	8.64%	12.26%	9.07%
Prescient Positive Return Fund	0.38%	1.23%	4.06%	5.23%	7.57%	9.66%	8.57%	7.78%	8.39%	8.34%	8.64%	11.42%	9.07%
SIM Absolute	0.32%	1.74%	4.83%	8.87%	7.57%	9.76%	8.57%	10.68%	8.39%	10.54%	8.52%	11.07%	9.10%
Headline CPI + 4%													
Absa Asset Management Absolute Global CPI +4%	0.15%	0.74%	4.90%	10.21%	N/A	11.97%	9.57%	12.37%	9.39%	12.05%	9.52%	*	*
Absa Asset Management Absolute Domestic CPI+4%	0.30%	0.27%	3.58%	7.54%	N/A	10.76%	9.57%	11.62%	9.39%	*	*	*	*
Argon Absolute Return Fund	0.38%	0.45%	5.39%	9.27%	N/A	12.48%	9.57%	12.01%	9.39%	10.00%	9.64%	*	*
Investment Solutions Stable Focus	-0.03%	-0.21%	3.37%	5.97%	N/A	9.83%	9.57%	9.30%	9.39%	10.44%	9.52%	11.58%	9.07%
Momentum MoM Absolute Strategies	-0.07%	-0.03%	3.94%	6.79%	N/A	8.47%	9.57%	7.68%	9.39%	8.22%	9.52%	9.76%	9.07%
Mergence CPI + 4% Fund	-0.26%	0.43%	4.40%	5.82%	N/A	*	*	*	*	*	*	*	*
OMIG Capital Builder	0.37%	0.46%	2.51%	4.48%	N/A	9.33%	9.57%	8.17%	9.39%	7.54%	9.52%	*	*
OMIG MacroSolutions Stable Growth Fund	-0.47%	-0.15%	4.54%	9.31%	N/A	13.16%	9.57%	13.16%	9.39%	11.62%	9.52%	*	*
Headline CPI + 5%													
Cadiz Inflation + 5%	-0.77%	-0.54%	3.14%	2.95%	N/A	10.21%	10.57%	12.21%	10.39%	12.01%	10.64%	*	*
Coronation Absolute	-0.75%	0.28%	3.44%	5.56%	N/A	12.19%	10.57%	12.34%	10.39%	13.66%	10.64%	14.70%	11.07%
Foord Absolute	-1.10%	0.77%	6.22%	10.36%	N/A	19.22%	10.57%	18.50%	10.39%	14.51%	10.52%	17.30%	11.10%
Investment Solutions Real Return Focus Local	-0.12%	0.02%	4.11%	7.38%	N/A	11.68%	10.57%	10.60%	10.39%	11.24%	10.52%	12.75%	11.10%
Investment Solutions Real Return Focus Portfolio	-0.45%	0.07%	4.26%	7.74%	N/A	12.89%	10.57%	11.31%	10.39%	10.88%	10.52%	12.35%	11.10%
JM BUSH Absolute AllClass	0.42%	-0.04%	4.02%	8.08%	N/A	14.99%	10.57%	14.83%	10.39%	11.70%	10.64%	12.53%	11.07%
Mergence CPI +5% Fund	-0.14%	-0.01%	4.20%	5.75%	N/A	11.34%	10.57%	11.43%	10.39%	9.31%	10.52%	*	*
Momentum AM CPI+5% Global Fund	-0.39%	-0.35%	3.99%	7.32%	N/A	12.80%	10.57%	12.80%	10.39%	11.05%	10.64%	10.76%	11.07%
Old Mutual Multi-Managers Inflation Plus 3-5%	-0.59%	0.66%	5.22%	10.66%	N/A	*	*	*	*	*	*	*	*
OMIG Wealth Defender	-0.26%	1.02%	4.95%	7.91%	N/A	*	*	*	*	*	*	*	*
Prudential Domestic Real Return Plus 5%	0.12%	0.19%	4.68%	10.42%	N/A	*	*	*	*	*	*	*	*
Prudential Global Inflation Plus 5%	-0.41%	0.32%	5.07%	11.01%	N/A	16.44%	10.57%	16.01%	10.39%	13.59%	10.52%	*	*
RECM Balanced Full Discretion Composite	-3.96%	-1.72%	-5.59%	-12.54%	N/A	*	*	*	*	*	*	*	*
SIM CPI + 5%	0.29%	1.69%	5.32%	9.18%	N/A	11.77%	10.57%	12.04%	10.39%	11.23%	10.52%	*	*
SIM CPI + 5% Global	-0.31%	1.40%	5.49%	9.62%	N/A	13.37%	10.57%	12.90%	10.39%	11.15%	10.52%	11.95%	11.10%
SMM Absolute Return	-0.77%	0.31%	4.65%	9.96%	N/A	14.95%	10.57%	12.26%	10.39%	12.16%	10.52%	12.08%	11.10%
STANLIB AM Absolute	0.03%	1.05%	3.99%	4.45%	N/A	9.53%	10.57%	9.91%	10.39%	7.88%	10.52%	9.68%	11.10%
STANLIB Domestic Absolute Return	0.57%	2.21%	5.55%	7.28%	N/A	10.03%	10.57%	10.64%	10.39%	8.51%	10.52%	10.42%	11.10%
Old Mutual Multi Managers Absolute Defensive Fund	-0.64%	0.96%	5.30%	8.65%	N/A	14.19%	10.57%	12.89%	10.39%	11.60%	10.64%	12.28%	11.07%
Yunani Fund Managers CPI+ 5	0.40%	1.05%	5.55%	8.21%	N/A	13.76%	10.57%	13.84%	10.39%	11.95%	10.64%	12.38%	11.07%
MARKET STATISTICS													
Combination of old CPIX and new CPI	0.26%	2.60%	2.88%	4.57%		5.57%		5.39%		5.64%		6.07%	
Consumer Price Inflation (Old/New combined CPI)	0.26%	2.60%	2.88%	4.57%		5.57%		5.39%		5.52%		6.10%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.26%	2.60%	2.88%	4.57%		5.57%		5.39%		5.64%		5.75%	
STEF1	0.55%	1.59%	3.15%	6.31%		5.67%		5.78%		6.80%		7.33%	
Number of Participants	36	36	36	36		30		30		27		19	

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 2015													
	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%													
Coronation Absolute	-1.19%	0.61%	4.40%	7.34%	N/A	15.76%	11.57%	14.66%	11.39%	14.59%	11.64%	15.42%	12.07%
Investec Opportunity	-1.42%	-0.73%	3.80%	5.65%	N/A	14.47%	11.57%	15.11%	11.39%	13.08%	11.64%	15.30%	12.07%
Momentum AM (CPI+6% Global)	-0.70%	-0.70%	4.16%	7.44%	N/A	*	*	*	*	*	*	*	*
Prudential Domestic Inflation Plus 6%	0.11%	0.19%	5.34%	10.81%	N/A	16.00%	11.57%	16.63%	11.39%	14.50%	11.52%	15.57%	12.07%
Prudential Global Inflation Plus 6%	-0.56%	0.33%	5.84%	11.78%	N/A	17.98%	11.57%	17.00%	11.39%	14.28%	11.52%	14.78%	12.10%
SIM CPI + 6%	0.28%	1.60%	5.58%	9.24%	N/A	12.95%	11.57%	13.14%	11.39%	12.03%	11.52%	*	*
STANLIB Absolute Plus Fund	0.30%	1.11%	4.29%	7.14%	N/A	12.98%	11.57%	12.76%	11.39%	11.28%	11.52%	*	*
MARKET STATISTICS													
Combination of old CPIX and new CPI*	0.26%	2.60%	2.88%	4.57%		5.57%		5.39%		5.64%		6.07%	
Consumer Price Inflation (Old/New combined CPI)	0.26%	2.60%	2.88%	4.57%		5.57%		5.39%		5.52%		6.10%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.26%	2.60%	2.88%	4.57%		5.57%		5.39%		5.64%		5.75%	
Consumer Price Inflation excluding OER [I-Net code: AECPIXU]	0.26%	2.60%	2.88%	4.57%		5.66%		5.51%		5.66%		6.08%	
STEFI	0.55%	1.59%	3.15%	6.31%		5.67%		5.78%		6.80%		7.33%	
Number of Participants	7	7	7	7		6		6		6		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 2015													
	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%	2.51%	91.67%	-1.06%	-1.06%	9.06%	3.25%	86.11%	-1.88%	-1.88%	9.59%	2.78%	86.67%	-1.88%	-1.88%
Cadiz Inflation Plus 3	4.52%	58.33%	-2.00%	-2.97%	9.00%	3.78%	75.00%	-2.00%	-2.97%	10.58%	3.93%	*	*	*
Coronation Inflation Plus Fund	2.82%	75.00%	-0.40%	-0.79%	12.27%	3.63%	86.11%	-2.28%	-2.28%	12.32%	3.14%	*	*	*
Momentum MoM Real Return	3.51%	75.00%	-1.41%	-1.41%	9.97%	3.99%	77.78%	-2.55%	-2.55%	8.03%	3.58%	73.33%	-2.55%	-2.55%
Old Mutual Multi-Managers Inflation Plus 1-3%	2.83%	83.33%	-0.41%	-0.78%	*	*	*	*	*	*	*	*	*	*
Prescient Positive Return Medical Aid Fund	2.54%	66.67%	-0.87%	-0.87%	11.06%	4.04%	75.00%	-1.94%	-1.94%	8.85%	3.67%	71.67%	-1.94%	-1.94%
Prescient Positive Return Fund	2.93%	83.33%	-0.57%	-0.57%	9.66%	4.01%	80.56%	-2.06%	-2.06%	7.78%	3.54%	76.67%	-2.06%	-2.06%
SIM Absolute	1.68%	100.00%	0.08%	0.00%	9.76%	1.71%	94.44%	-0.59%	-0.59%	10.68%	2.01%	91.67%	-0.59%	-0.59%
Headline CPI + 4%														
Absa Asset Management Absolute Global CPI +4%	2.96%	83.33%	-1.52%	-1.52%	11.97%	3.43%	83.33%	-1.98%	-1.98%	12.37%	3.16%	85.00%	-1.98%	-1.98%
Absa Asset Management Absolute Domestic CPI+4%	3.28%	91.67%	-1.23%	-1.23%	10.76%	3.73%	88.89%	-1.68%	-1.68%	*	3.61%	90.00%	-1.68%	-1.68%
Argon Absolute Return Fund	3.49%	83.33%	-1.35%	-1.35%	12.48%	3.61%	83.33%	-1.60%	-1.60%	12.01%	4.05%	80.00%	-1.67%	-1.67%
Investment Solutions Stable Focus	3.49%	75.00%	-1.59%	-1.62%	9.83%	3.83%	80.56%	-2.32%	-2.32%	9.30%	3.25%	83.33%	-2.32%	-2.32%
Momentum MoM Absolute Strategies	4.93%	66.67%	-2.57%	-2.64%	8.47%	4.50%	75.00%	-3.36%	-3.36%	7.68%	4.25%	71.67%	-3.36%	-3.36%
Mergence CPI + 4% Fund	3.37%	66.67%	-1.06%	-2.32%	*	*	*	*	*	*	*	*	*	*
OMIG Capital Builder	2.50%	83.33%	-1.41%	-1.41%	9.33%	3.23%	83.33%	-1.94%	-1.94%	8.17%	3.09%	78.33%	-1.94%	-1.94%
OMIG MacroSolutions Stable Growth Fund	2.90%	83.33%	-0.47%	-0.74%	13.16%	3.45%	88.89%	-2.23%	-2.23%	13.16%	3.32%	90.00%	-2.23%	-2.23%
Headline CPI + 5%														
Cadiz Inflation + 5%	6.58%	50.00%	-2.18%	-4.09%	10.21%	5.74%	66.67%	-2.18%	-4.09%	12.21%	6.15%	73.33%	-2.71%	-4.09%
Coronation Absolute	5.16%	58.33%	-1.62%	-2.36%	12.19%	5.25%	72.22%	-2.99%	-2.99%	12.34%	5.39%	71.67%	-2.99%	-2.99%
Foord Absolute	4.04%	75.00%	-1.10%	-1.34%	19.22%	7.21%	77.78%	-3.72%	-3.72%	18.50%	7.28%	76.67%	-3.72%	-3.72%
Investment Solutions Real Return Focus Local	4.27%	66.67%	-1.83%	-1.95%	11.68%	4.43%	77.78%	-2.53%	-2.53%	10.60%	4.11%	78.33%	-2.53%	-2.53%
Investment Solutions Real Return Focus Portfolio	3.42%	83.33%	-1.25%	-1.70%	12.89%	4.41%	80.56%	-2.94%	-2.94%	11.31%	3.80%	81.67%	-2.94%	-2.94%
JM BUSH A Absolute AllClass	6.99%	66.67%	-3.24%	-3.24%	14.99%	6.55%	77.78%	-3.62%	-3.62%	14.83%	6.31%	76.67%	-3.62%	-3.62%
Mergence CPI +5% Fund	3.94%	75.00%	-1.80%	-1.94%	11.34%	4.48%	77.78%	-2.56%	-2.56%	11.43%	4.53%	70.00%	-2.56%	-2.56%
Momentum AM CPI+5% Global Fund	3.34%	83.33%	-1.58%	-1.96%	12.80%	4.20%	83.33%	-2.68%	-2.68%	12.80%	4.48%	80.00%	-2.68%	-2.68%
Old Mutual Multi-Managers Inflation Plus 3-5%	3.21%	83.33%	-0.74%	-1.32%	*	*	*	*	*	*	*	*	*	*
OMIG Wealth Defender	2.98%	75.00%	-0.86%	0.00%	*	*	*	*	*	*	*	*	*	*
Prudential Domestic Real Return Plus 5%	5.33%	83.33%	-2.32%	-2.43%	*	*	*	*	*	*	*	*	*	*
Prudential Global Inflation Plus 5%	3.28%	83.33%	-1.22%	-1.63%	16.44%	5.08%	86.11%	-3.57%	-3.57%	16.01%	4.52%	86.67%	-3.57%	-3.57%
RECM Balanced Full Discretion Composite	11.39%	33.33%	-6.43%	-0.86%	*	*	*	*	*	*	*	*	*	*
SIM CPI + 5%	2.50%	91.67%	-0.31%	-0.31%	11.77%	2.75%	94.44%	-1.36%	-1.36%	12.04%	3.12%	93.33%	-1.36%	-1.36%
SIM CPI + 5% Global	1.86%	83.33%	-0.44%	-0.44%	13.37%	2.97%	88.89%	-1.03%	-1.03%	12.90%	2.99%	86.67%	-1.03%	-1.03%
SMM Absolute Return	2.87%	83.33%	-0.77%	-1.10%	14.95%	4.65%	83.33%	-2.29%	-2.29%	12.26%	4.22%	80.00%	-2.29%	-2.29%
STANLIB AM Absolute	3.29%	66.67%	-1.28%	-1.28%	9.53%	4.20%	77.78%	-1.56%	-1.56%	9.91%	3.95%	78.33%	-1.56%	-1.56%
STANLIB Domestic Absolute Return	3.98%	66.67%	-1.57%	-2.39%	10.03%	4.00%	77.78%	-1.86%	-2.39%	10.64%	3.92%	76.67%	-1.86%	-2.39%
Old Mutual Multi Managers Absolute Defensive Fund	2.81%	75.00%	-0.64%	-0.66%	14.19%	4.05%	83.33%	-1.81%	-1.81%	12.89%	3.62%	86.67%	-1.81%	-1.81%
Vunani Fund Managers CPI+ 5	4.26%	75.00%	-1.61%	-1.61%	13.76%	5.20%	77.78%	-3.61%	-3.61%	13.84%	5.56%	76.67%	-3.61%	-3.61%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.69%				5.57%	1.49%				5.39%	1.34%			
Consumer Price Inflation (Old/New combined CPI)	1.69%				5.57%	1.49%				5.39%	1.34%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.69%				5.57%	1.49%				5.39%	1.34%			
STEFI	0.11%				5.67%	0.16%				5.78%	0.16%			

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 JUNE 2015														
	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%														
Coronation Absolute	4.37%	66.67%	-1.19%	-1.87%	15.76%	5.98%	77.78%	-3.58%	-3.58%	14.66%	5.36%	78.33%	-3.58%	-3.58%
Investec Opportunity	4.24%	58.33%	-1.42%	-1.95%	14.47%	5.78%	75.00%	-3.05%	-3.05%	15.11%	5.31%	81.67%	-3.05%	-3.05%
Momentum AM (CPI+6% Global)	3.82%	83.33%	-1.74%	0.00%										
Prudential Domestic Inflation Plus 6%	5.86%	83.33%	-2.60%	-2.60%	16.00%	6.45%	83.33%	-3.54%	-3.54%	16.63%	6.42%	83.33%	-3.54%	-3.54%
Prudential Global Inflation Plus 6%	3.70%	83.33%	-1.25%	-1.80%	17.98%	5.21%	88.89%	-3.40%	-3.40%	17.00%	4.84%	85.00%	-3.40%	-3.40%
SIM CPI + 6%	3.07%	83.33%	-0.78%	-0.78%	12.95%	3.43%	88.89%	-1.44%	-1.44%	13.14%	4.00%	83.33%	-1.44%	-1.44%
STANLIB Absolute Plus Fund	3.58%	75.00%	-0.99%	-1.12%	12.98%	4.41%	77.78%	-1.20%	-1.20%	12.76%	4.65%	73.33%	-1.23%	-1.23%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.69%				5.57%	1.49%				5.39%	1.34%			
Consumer Price Inflation (Old/New combined CPI)	1.69%				5.57%	1.49%				5.39%	1.34%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.69%				5.57%	1.49%				5.39%	1.34%			
STEFI	0.11%				5.67%	0.16%				5.78%	0.16%			

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 2015					
	Calendar Year				
	2014	2013	2012	2011	2010
Headline CPI + 3%					
Absa Asset Management Absolute CPI +3%	9.82%	5.53%	14.47%	9.33%	10.27%
Cadiz Inflation Plus 3	4.72%	8.60%	16.80%	7.64%	15.08%
Coronation Inflation Plus Fund	9.56%	13.61%	14.52%	10.32%	15.95%
Momentum MoM Real Return	8.51%	10.53%	9.16%	3.10%	8.60%
SIM Absolute	8.65%	9.80%	11.69%	10.05%	13.51%
Prescient Positive Return Medical Aid Fund	8.24%	11.87%	8.71%	3.44%	8.95%
Prescient Positive Return Fund	7.03%	11.14%	8.30%	3.22%	8.18%
Headline CPI + 4%					
Absa Asset Management Absolute Global CPI +4%	11.59%	9.70%	16.71%	10.60%	12.72%
Absa Asset Management Absolute Domestic CPI+4%	10.32%	8.33%	17.46%	9.07%	*
Investment Solutions Stable Focus	8.98%	8.94%	12.63%	6.56%	10.50%
Momentum MoM Absolute Strategies	8.41%	6.88%	9.44%	2.79%	9.29%
OMIG Capital Builder	7.93%	9.99%	10.14%	3.45%	6.31%
OMIG MacroSolutions Stable Growth Fund	10.33%	14.27%	17.47%	8.84%	12.04%
Argon Absolute Return Fund	11.75%	10.72%	17.62%	7.45%	10.32%
Headline CPI + 5%					
Cadiz Inflation + 5%	4.47%	9.58%	21.65%	5.81%	19.70%
Coronation Absolute	9.90%	12.76%	15.18%	4.99%	21.54%
Foord Absolute	11.15%	24.82%	26.06%	9.90%	15.44%
Investment Solutions Real Return Focus Local	10.33%	10.90%	13.67%	4.61%	13.82%
Investment Solutions Real Return Focus Portfolio	10.01%	14.72%	13.47%	7.13%	10.76%
JM BUSH Absolute AllClass	12.12%	12.17%	24.25%	8.31%	14.48%
Mergence CPI +5% Fund	9.13%	9.78%	18.22%	6.53%	9.37%
Momentum AM CPI+5% Global Fund	9.65%	13.36%	17.80%	8.68%	13.41%
Prudential Global Inflation Plus 5%	13.36%	17.23%	21.31%	12.26%	13.18%
SIM CPI + 5%	9.65%	12.41%	13.88%	8.59%	14.12%
SIM CPI + 5% Global	9.82%	16.95%	13.76%	10.72%	10.04%
SMM Absolute Return	12.69%	18.11%	12.28%	4.35%	13.44%
STANLIB AM Absolute	5.16%	9.56%	16.31%	7.02%	7.58%
STANLIB Domestic Absolute Return	6.57%	8.67%	18.40%	6.63%	7.96%
Old Mutual Multi Managers Absolute Defensive Fund	10.14%	17.39%	15.05%	8.92%	10.71%
Vunani Fund Managers CPI+ 5	9.46%	12.36%	22.72%	6.54%	15.02%
MARKET STATISTICS					
Combination of old CPIX and new CPI	5.80%	5.35%	5.60%	6.12%	3.58%
Consumer Price Inflation (Old/New combined CPI)	5.80%	5.35%	5.60%	6.12%	3.58%
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	5.80%	5.35%	5.60%	6.12%	3.58%
STEFI	5.90%	5.18%	5.55%	5.73%	6.93%

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 2015					
	Calendar Year				
	2014	2013	2012	2011	2010
Headline CPI + 6%					
Coronation Absolute	9.91%	21.20%	17.74%	7.73%	17.45%
Investec Opportunity	10.46%	16.23%	20.72%	12.59%	12.94%
Prudential Domestic Inflation Plus 6%	13.74%	13.11%	25.04%	9.97%	18.03%
Prudential Global Inflation Plus 6%	13.73%	20.57%	21.62%	11.67%	13.59%
SIM CPI + 6%	10.31%	14.15%	14.97%	8.14%	15.52%
STANLIB Absolute Plus Fund	10.02%	15.40%	12.67%	9.33%	14.12%
MARKET STATISTICS					
Combination of old CPIX and new CPI*	5.80%	5.35%	5.60%	6.12%	3.58%
Consumer Price Inflation (Old/New combined CPI)	5.80%	5.35%	5.60%	6.12%	3.58%
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	5.80%	5.35%	5.60%	6.12%	3.58%
STEFI	5.90%	5.18%	5.55%	5.73%	6.93%

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.

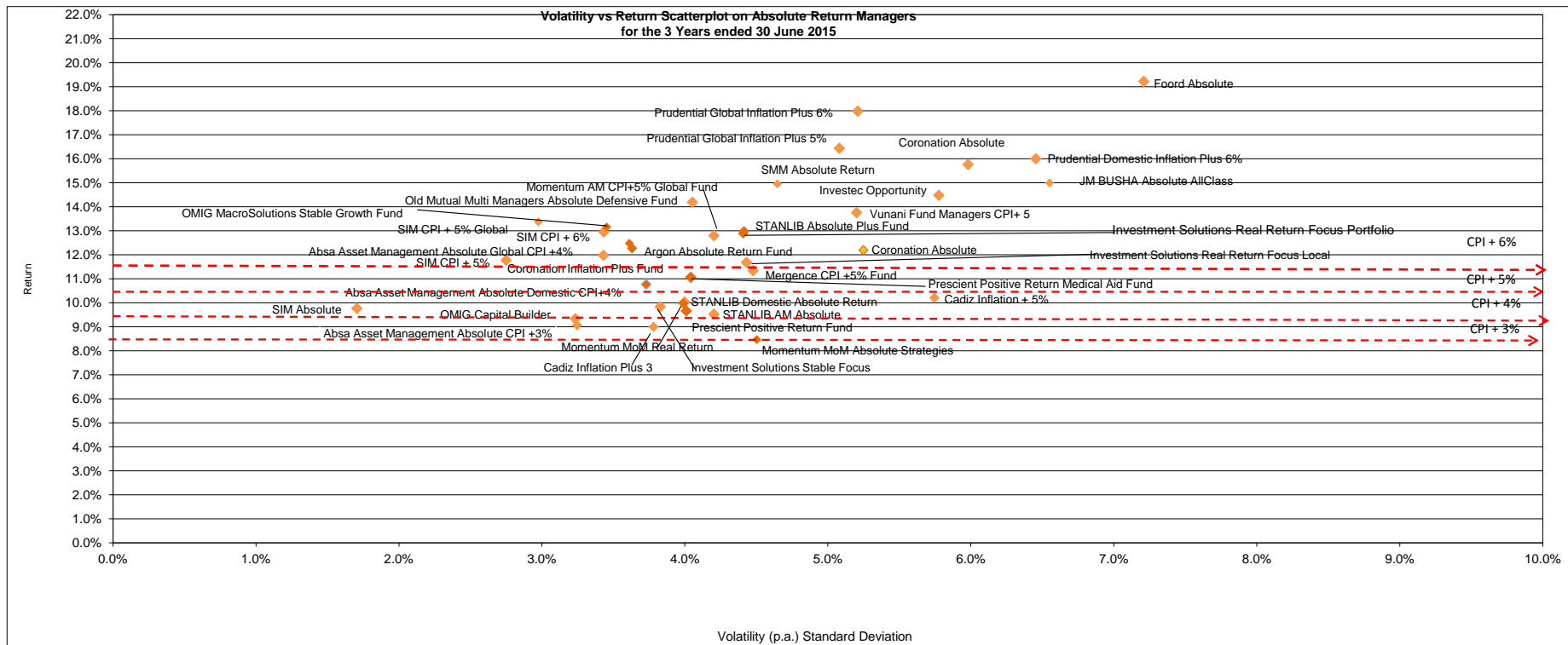
* The rankings and statistical information have been supplied for illustrative purposes only.

* 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™

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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/>