



Absolute Return Manager Watch™ Survey for the month ending June 2016

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 Q2 2016:

Absolute Return Manager Watch™: CPI +3%: The Stanlib Inflation Plus 3% has entered the category

The Cadiz Inflation plus 3 fund has exited the category

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 2016

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

- Initially, volatility was driven by renewed concerns over global growth and hawkish comments from the US Fed. However, towards the end of the quarter, Britain's referendum on whether to leave or remain in the European Union (EU) and the subsequent surprise leave result dominated global market movements for the quarter. The outcome of the vote has increased volatility in global markets as the long term impact on global growth is uncertain. This is the first time a country has elected to leave the European Union.
- Initial positive US economic data saw the Fed's tone turn hawkish early in the quarter. At that point, there was enough positive data for the Fed to hike interest rates as soon as June. The increased probability of a rate hike in June and the positive economic data supported the US Dollar's appreciation against the world's major currencies over the quarter. However, mixed economic data from May combined with the then upcoming UK referendum saw the Fed opt to defer the rate hike at its June meeting.
- Growth in China remains a concern as its economy grew by 6.7% year-on-year in the first quarter of 2016. This was the lowest quarterly rate recorded over the last seven years. China's central bank confirmed that monetary policy would continue to support the economy. The announcement was made in an effort to reassure investors after data for April showed a sharp slowdown in new credit.
- The EU continues to battle with low inflation. It remained in deflationary territory, coming in at -0.1% year-on-year in May from -0.2% in April. First quarter GDP results from Europe showed that the Eurozone grew by 0.6%, when compared to the previous quarter. Over the quarter the European Central Bank (ECB) elected to keep interest rates at their current levels and rolled out their corporate sector purchasing program (CSPP). The program will supplement current stimulus measures.
- In its monetary policy meeting prior to the referendum, the Bank of England opted to kept rates unchanged at 0.5%. Inflation fell to 0.3% year-on-year in April from 0.5% in March, which was still well below the 2% target. Depressed energy and food prices have been significant contributing factors to low inflation.
- Economic data from Japan was better than expected with the Japanese economy expanding by 0.4% quarter-on- quarter in the first quarter of 2016. This was on the back of increased government spending. Inflation was the exception, as it dipped further into deflationary territory, with a decline of -0.4% year on year in May compared to -0.3% in April. Weak consumer spending and a strong Yen continued to put downward pressure on inflation. The Bank of Japan (BOJ) elected to keep interest rates at their current levels and gave no indication for future further stimulus. The decision saw a selloff in Japanese markets and an appreciation in the yen early in the quarter. After the Brexit outcome, the yen continued to appreciate against the US dollar as investors moved to safe haven assets such as the yen

COMMENTARY

•There was an initial strong recovery in crude oil prices over the April and May. The oil price hit new 2016 highs in May, briefly rising above \$50/barrel. The rally was underpinned by a decline in production in the US and concerns over short term supply because of wildfires in Canada and unrest in Nigeria's Niger Delta oil-producing region. The four-month run of higher oil prices ended in June as a result of the outcomes from the OPEC meeting that took place that month. OPEC decided not to change its output policy. It also indicated confidence in its strategy of all-out production to rebalance the market and take back market share from higher cost producers. While oil prices declined by 0.9% in June, they still gained 24.1% over the second quarter.

•South Africa avoided a credit downgrade by all three of the credit rating agencies over the quarter. The results seemed to have already been discounted by the market, with the focus already shifting to the next round of credit ratings in December. Inflation ticked up to 6.3% in June from 6.1% in May on a year on year basis. The residual item was the main contributor to the higher inflation in June. The residual item is the catch all category for all the price increases that are too small to warrant their own category. Food prices continue to be under pressure as the drought and insufficient government financial aid continues to affect the local farmers.

•Over the quarter the South African Reserve Bank elected to leave rates unchanged. The Reserve Bank revised its 2016 GDP forecast from 0.8% to 0.6%. Inflation forecasts for 2017 and 2018 were also revised downwards. The 2016 inflation forecast was slightly revised upwards to 6.7%. It still expects an inflation peak of 7.3% in the fourth quarter of 2016. Disappointingly, GDP data released from Stats SA showed that the local economy contracted 1.2% in the first quarter of 2016.

•Global equity markets delivered muted positive returns of 0.8% (in Rand terms) over the quarter. After a strong start in April, markets struggled across June, providing respite to investors. The recovery was led by emerging markets, on the back of higher commodity prices, a lower interest rate environment, and investors reacting positively to the news of further economic stimulus (China, Japan, Europe) combined with a slower than expected monetary policy tightening in the US.

Emerging market equities outperformed their developed world counterparts over the quarter. The MSCI EM Index returned 5.8% (USD) compared to the 0.4% (USD) return of the MSCI All Countries World Index as higher commodity prices and a weaker dollar helped boost emerging market returns.

Global bonds were up for the quarter (+4%) and remained stronger than equity throughout the quarter. The WGBI up 34.2% (ZAR) for the year.

The Rand appreciated over the quarter, (2.3% up against the Euro and 7.2% up against the Pound), but marginally weakened against the US Dollar, on the back of Brexit. While a strengthening Rand has been good news for local importers and investor sentiment, it was a detractor from performance for Rand hedge stocks and global assets returns for the domestic investor over the quarter. Global equity (MSCI ACWI) was down -4.0% for the quarter due to overall global weakness and partly the currency effect.

The second quarter of 2016 has been largely a reinforcement of the same themes albeit that some of them have reversed. A stronger Rand and a rally in deep value stocks were still local themes over the quarter, although equities as an asset class ended the quarter negatively. The FTSE JSE ALSI returned 1.3% and the FTSE JSE SWIX 0.4% in March. The domestic performance was primarily led by the positive returns in resources up 6.4% and Telecomms which was up 7%.

The resources sector was buoyed by the higher commodity prices. Gold, oil and platinum were all up over the quarter, providing respite for the resource bulls. Returning 6.4% over the quarter, resources was the best performing sector, compared to financials and industrials which returned -4.3% and 0.5% respectively over the quarter. The financial sector underperformed as it felt the effect of a slowing weak local economy but largely the global pressures on global banks.

Returns in the local fixed income space were positive over the quarter. The rally continues in long bonds with the All Bond Index returning 4.4% over the quarter and inflation linked bonds 4.7% as inflationary pressures ease.

All in all market direction it was a continuation of events from the first quarter of the year, punctuated with the unfolding events of Brexit.

HOW THE MANAGERS PERFORMED OVER Q2 2016

Managers that ignore volatility as a given element of their investment strategy are probably going to lose. Inter-asset volatility is providing opportunities to generate additional return; but the short-termism of these opportunities brings with it other risks. A number of the quarter one themes remained in force over Quarter 2 although some have reversed. The four key contributing factors and themes year to date that led to differentiated performances amongst funds were:

1. Exposure to bonds for defensive allocations
2. Limiting exposure to all equity markets
3. Avoiding Rand hedge stocks for local equity
4. Exposure to commodities and resource shares

That being said, local property was only down -0.4% for the quarter allowing almost all asset allocations the ability to protect capital over the short term. All but one, the Foord Absolute fund, out of the 38 absolute return composites across all categories in the survey failed to protect capital during the second quarter. All of the 38 composites have protected investor capital year to date and over the 1 year period.

There was an improvement in protecting capital from inflationary protection over the 1 year period as 28 out of the 38 composites compared to the 9 out of the 38 from last quarter. This is highly commendable as not all major asset classes were able to outperform inflation. Over the 1 year period Rand depreciation was the largest factor that diversified risk. As such, global mandates were able to outperform their domestic peers.

The Investec Opportunity fund held its place as the top performing fund (17.80%) over the one year period as maximal use of global assets and improved security selection continue to drive its performance.

Interestingly, these market conditions have seen CPI + 3 mandates perform the strongest across the various target categories. The performance across the categories (median returns over one year) for the CPI + 3%, 4%, 5% and 6% are 7.19%, 6.94%, 7.18% and 7.10% 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	GIIPS™ (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	478	08 July 2016
Coronation Inflation Plus Fund	Oct-09	V	Global	Headline CPI + 3.5%	Y	Headline CPI + 3.5%	Preserve capital over a rolling 12m period	0	3,767	13 July 2016
Momentum MoM Real Return	Jul-03		Domestic		Y	Headline CPI + 3%		n/a	1,109	12 July 2016
Old Mutual Multi-Managers Inflation Plus 1-3%	Oct-99		Global		Y	Headline CPI + 3%		n/a	296	04 July 2016
Prescient Positive Return Fund								11	5,013	14 July 2016
		V	Domestic		Y	Headline CPI + 3%				
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	10	1,142	08 July 2016
Stanlib Inflation Plus 3% Fund	Oct-06	V	Global		Y	Headline CPI + 3%		1	757	11 July 2016
Headline CPI + 4%										
Absa Asset Management Absolute Global CPI +4%	Dec-06	V	Global		Y	Headline CPI + 4%		4	18,283	08 July 2016
Absa Asset Management Absolute Domestic CPI+4%	Aug-09		Domestic		Y	Headline CPI + 4%		12	9,809	08 July 2016
Argon Absolute Return Fund	Oct-06	V	Domestic		Y	Headline CPI + 4%	Non negative returns over 1 year rolling period.	2	272	14 July 2016
Investment Solutions Stable Focus	Apr-05		Domestic		Y	Headline CPI + 4%	No negative returns over rolling 12 month period	n/a	2,038	12 July 2016
Momentum MoM Absolute Strategies	Dec-03		Domestic		Y	Headline CPI + 4%		n/a	2,505	04 July 2016
Mergence CPI + 4% Fund	Oct-09	C	Domestic		Y	Headline CPI + 4%		4	1,737	13 July 2016
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.	4	2,229	14 July 2016
OMIG MacroSolutions Stable Growth Fund	Jul-07	V	Global		Y	Headline CPI + 4%		1	5,404	14 July 2016
Headline CPI + 5%										
Coronation Absolute	Jan-04	V	Domestic		Y	Headline CPI + 5%	Preserve capital over a rolling 12m period	13	10,149	12 July 2016
Foord Absolute	Jun-02	C	Global		Y	Headline CPI + 5%		4	1,664	13 July 2016
Investment Solutions Real Return Focus Local	Oct-02		Domestic		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	6,171	12 July 2016
Investment Solutions Real Return Focus Portfolio	May-03		Global		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	3,799	12 July 2016
JM BUSHA Absolute AllClass	Oct-06	C	Domestic		Y	Headline CPI + 5%		3	1,314	08 July 2016
Mergence CPI +5% Fund	Jul-06	V	Domestic		Y	Headline CPI + 5%	Non-negative returns over a rolling 1-year period	0	1,422	13 July 2016
MMI - Absolute Return (CPI +5%)	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.	6	759	14 July 2016
Old Mutual Multi-Managers Inflation Plus 3-5%	Jul-03		Global		Y	Headline CPI + 5%		n/a	4,150	14 July 2016
OMIG Wealth Defender	Aug-03	C	Global		Y	Headline CPI + 5%			6,876	14 July 2016
Prudential Domestic Real Return Plus 5%	Nov-09	V	Domestic		Y	Headline CPI + 5%		4	1,362	06 July 2016
Prudential Global Inflation Plus 5%	Dec-02	V	Global		Y	Headline CPI + 5%	N/A	2	39,248	06 July 2016
							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	9	2,271	11 July 2016
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	7	13,858	11 July 2016
SIM CPI + 5% Global	Dec-03	V	Global		Y	Headline CPI + 5%		1	491	14 July 2016
SMM Absolute Return	May-03		Global		Y	Headline CPI + 5%				
Old Mutual Multi Managers Absolute Defensive Fund	Sep-02		Global		Y	Headline CPI + 4%	Non-negative returns over rolling 1-year periods	n/a	1,011	14 July 2016
Vunani Fund Managers CPI+5%	Mar-05	V	Domestic		Y	Headline CPI + 5%		2	1,817	11 July 2016
Headline CPI + 6%										
Coronation Absolute	Aug-99	V	Global		Y	Headline CPI + 6%	Preserve capital over a rolling 12m period	0	6,144	12 July 2016
Investec Opportunity	Aug-99	V	Global		Y	Headline CPI + 6%		14	51,242	07 July 2016
MMI - Absolute Return (CPI +6%)	Apr-12	V	Global		Y	Headline CPI + 6%		1	274	14 July 2016
Prudential Domestic Inflation Plus 6%	Dec-02	V	Domestic		Y	Headline CPI + 6%	N/A	4	2,653	06 July 2016
Prudential Global Inflation Plus 6%	Dec-02	V	Global		Y	Headline CPI + 6%	N/A	1	243	06 July 2016
							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	692	11 July 2016
SIM CPI + 6%	Jan-03	V	Domestic		Y	Headline CPI + 6%		1	1,937	13 July 2016
STANLIB Absolute Plus Fund	Dec-05	V	Domestic		Y	Headline CPI + 6%	Capital preservation over a rolling 12 month period			
				This includes multi-managers thus must be noted as possible "double-counting"						
TOTAL									214,386	

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 2016													
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%	-0.32%	1.94%	4.67%	6.49%	9.12%	7.84%	8.77%	9.04%	8.70%	9.25%	8.38%	9.19%	9.28%
Coronation Inflation Plus Fund	-0.97%	2.99%	4.22%	7.19%	9.62%	10.09%	8.77%	11.07%	8.70%	*	*	*	*
Momentum MoM Real Return	0.15%	2.39%	4.88%	6.83%	9.12%	8.94%	8.77%	7.94%	8.70%	7.93%	8.38%	9.28%	9.28%
Old Mutual Multi-Managers Inflation Plus 1-3%	-0.17%	3.88%	3.97%	8.02%	9.12%	11.35%	8.77%	13.46%	8.70%	*	*	*	*
Prescient Positive Return Fund	0.40%	2.75%	5.14%	6.85%	9.12%	8.84%	8.77%	7.74%	8.70%	7.81%	8.38%	9.26%	9.28%
SIM Absolute	0.84%	2.44%	6.20%	8.12%	9.12%	9.21%	8.77%	9.75%	8.70%	10.65%	8.38%	10.36%	9.32%
Stanlib Inflation Plus 3% Fund	0.53%	3.50%	6.03%	8.86%	9.12%	*	*	*	*	*	*	*	*
Headline CPI + 4%													
Absa Asset Management Absolute Global CPI +4%	-1.45%	1.82%	3.31%	7.88%	N/A	10.25%	9.77%	11.49%	9.70%	11.99%	9.38%	*	*
Absa Asset Management Absolute Domestic CPI+4%	0.29%	2.19%	5.01%	6.18%	N/A	8.59%	9.77%	10.44%	9.70%	*	*	*	*
Argon Absolute Return Fund	0.49%	2.84%	6.14%	7.95%	N/A	11.77%	9.77%	11.91%	9.70%	11.77%	9.38%	*	*
Investment Solutions Stable Focus	0.17%	2.65%	5.64%	6.83%	N/A	8.91%	9.77%	9.03%	9.70%	9.29%	9.38%	10.18%	9.28%
Momentum MoM Absolute Strategies	0.37%	2.48%	6.05%	7.04%	N/A	9.09%	9.77%	7.28%	9.70%	7.94%	9.38%	8.56%	9.28%
Mergence CPI + 4% Fund	-0.57%	1.41%	4.37%	5.02%	N/A	8.40%	9.77%	9.34%	9.70%	*	*	*	*
OMIG Capital Builder	-0.30%	2.11%	3.86%	4.75%	N/A	7.69%	9.77%	7.60%	9.70%	7.42%	9.38%	*	*
OMIG MacroSolutions Stable Growth Fund	-0.08%	2.62%	3.61%	7.60%	N/A	10.20%	9.77%	11.92%	9.70%	12.33%	9.38%	*	*
Headline CPI + 5%													
Coronation Absolute	-0.23%	2.56%	6.51%	3.02%	N/A	8.59%	10.77%	9.31%	10.70%	12.27%	10.38%	12.36%	11.28%
Foord Absolute	-3.49%	-0.14%	1.28%	6.03%	N/A	12.77%	10.77%	16.14%	10.70%	16.63%	10.38%	13.94%	11.32%
Investment Solutions Real Return Focus Local	0.14%	2.55%	6.19%	5.35%	N/A	9.37%	10.77%	9.46%	10.70%	10.33%	10.38%	10.69%	11.32%
Investment Solutions Real Return Focus Portfolio	-1.12%	2.22%	4.83%	8.64%	N/A	10.84%	10.77%	11.23%	10.70%	11.20%	10.38%	10.78%	11.32%
JM BUSHIA Absolute AllClass	0.82%	1.89%	6.95%	2.52%	N/A	9.41%	10.77%	11.89%	10.70%	12.60%	10.38%	10.98%	11.28%
Mergence CPI +5% Fund	-0.35%	1.78%	5.89%	5.47%	N/A	9.22%	10.77%	10.21%	10.70%	10.18%	10.38%	*	*
MMI - Absolute Return (CPI +5%)	-2.04%	0.87%	1.29%	4.85%	N/A	9.57%	10.77%	10.76%	10.70%	12.03%	10.38%	9.65%	11.28%
Old Mutual Multi-Managers Inflation Plus 3-5%	-1.17%	3.00%	3.85%	9.42%	N/A	13.10%	10.77%	15.65%	10.70%	*	*	*	*
OMIG Wealth Defender	-1.56%	1.64%	2.75%	7.16%	N/A	10.57%	10.77%	12.33%	10.70%	12.63%	10.38%	10.83%	11.28%
Prudential Domestic Real Return Plus 5%	1.16%	3.05%	7.82%	7.20%	N/A	11.09%	10.77%	*	*	*	*	*	*
Prudential Global Inflation Plus 5%	-1.30%	1.98%	4.65%	9.79%	N/A	12.98%	10.77%	14.75%	10.70%	14.98%	10.38%	*	*
SIM CPI + 5%	0.44%	2.07%	6.23%	7.31%	N/A	10.24%	10.77%	10.68%	10.70%	11.67%	10.38%	10.79%	11.28%
SIM CPI + 5% Global	-0.88%	1.91%	3.78%	10.25%	N/A	11.80%	10.77%	12.47%	10.70%	12.40%	10.38%	11.21%	11.32%
SMM Absolute Return	-2.33%	1.14%	1.80%	8.24%	N/A	11.56%	10.77%	11.62%	10.70%	12.20%	10.38%	11.51%	11.32%
Old Mutual Multi Managers Absolute Defensive Fund	-1.44%	2.40%	3.84%	10.60%	N/A	12.12%	10.77%	12.88%	10.70%	12.58%	10.38%	11.38%	11.28%
Vunani Fund Managers CPI+5%	-0.24%	2.27%	3.32%	7.12%	N/A	11.17%	10.77%	12.18%	10.70%	12.81%	10.38%	11.15%	11.28%
MARKET STATISTICS													
Combination of old CPIX and new CPI	0.17%	1.76%	4.21%	6.12%		5.77%		5.70%		5.38%		6.28%	
Consumer Price Inflation (Old/New combined CPI)	0.17%	1.76%	4.21%	6.12%		5.77%		5.70%		5.38%		6.32%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.17%	1.76%	4.21%	6.12%		5.77%		5.70%		5.38%		6.13%	
STEFI	0.59%	1.78%	3.49%	6.85%		6.20%		5.91%		6.18%		7.32%	
Number of Participants	31	31	31	31		30		29		24		18	

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	Portfolio	Portfolio	Portfolio	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Headline CPI + 6%													
Coronation Absolute	-1.79%	2.61%	4.71%	6.53%	N/A	11.36%	11.77%	12.83%	11.70%	14.38%	11.38%	13.29%	12.28%
Investec Opportunity	-1.92%	1.73%	5.84%	17.80%	N/A	14.11%	11.77%	15.64%	11.70%	16.29%	11.38%	14.20%	12.28%
MMI - Absolute Return (CPI +6%)	-2.52%	0.82%	0.77%	4.87%	N/A	10.17%	11.77%	*	*	*	*	*	*
Prudential Domestic Inflation Plus 6%	0.73%	2.59%	7.52%	6.49%	N/A	11.88%	11.77%	13.78%	11.70%	15.17%	11.38%	13.60%	12.28%
Prudential Global Inflation Plus 6%	-1.73%	2.01%	4.52%	10.03%	N/A	13.99%	11.77%	15.67%	11.70%	15.71%	11.38%	13.68%	12.32%
SIM CPI + 6%	0.14%	1.86%	6.33%	7.10%	N/A	10.97%	11.77%	11.32%	11.70%	12.66%	11.38%	*	*
STANLIB Absolute Plus Fund	0.64%	3.30%	6.05%	9.60%	N/A	11.51%	11.77%	11.49%	11.70%	12.55%	11.38%	10.52%	12.32%
MARKET STATISTICS													
Combination of old CPIX and new CPI*	0.17%	1.76%	4.21%	6.12%		5.77%		5.70%		5.38%		6.28%	
Consumer Price Inflation (Old/New combined CPI)	0.17%	1.76%	4.21%	6.12%		5.77%		5.70%		5.38%		6.32%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	0.17%	1.76%	4.21%	6.12%		5.77%		5.70%		5.38%		6.13%	
STEFI	0.59%	1.78%	3.49%	6.85%		6.20%		5.91%		6.18%		7.32%	
Number of Participants	7	7	7	7		7		6		6		5	

Inflation figures lagged by one month

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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 2016														
	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%	4.14%	58.33%	-0.99%	-2.05%	7.84%	3.56%	77.78%	-1.88%	-2.05%	9.04%	3.27%	80.00%	-1.88%	-2.05%
Coronation Inflation Plus Fund	4.71%	66.67%	-1.11%	-1.42%	10.09%	3.78%	77.78%	-1.11%	-1.42%	11.07%	3.65%	*	*	*
Momentum MoM Real Return	4.10%	66.67%	-1.55%	-2.06%	8.94%	3.78%	75.00%	-1.55%	-2.06%	7.94%	3.85%	71.67%	-2.55%	-2.55%
Old Mutual Multi-Managers Inflation Plus 1-3%	4.66%	50.00%	-1.17%	-1.73%	11.35%	3.53%	77.78%	-1.17%	-1.73%	13.46%	4.05%	81.67%	-1.72%	-1.73%
Prescient Positive Return Fund	3.86%	75.00%	-1.32%	-1.55%	8.84%	3.46%	75.00%	-1.32%	-1.55%	7.74%	3.76%	71.67%	-1.94%	-1.94%
SIM Absolute	3.22%	83.33%	-0.98%	-1.22%	9.21%	2.36%	91.67%	-0.98%	-1.22%	9.75%	2.22%	90.00%	-0.98%	-1.22%
Stanlib Inflation Plus 3% Fund	3.57%	91.67%	-1.26%	-1.26%	*	*	86.11%	-1.26%	-1.26%	*	*	88.33%	-1.26%	-1.26%
Headline CPI + 4%														
Absa Asset Management Absolute Global CPI +4%	4.12%	58.33%	-1.69%	-2.85%	10.25%	3.56%	72.22%	-1.98%	-2.85%	11.49%	3.47%	78.33%	-1.98%	-2.85%
Absa Asset Management Absolute Domestic CPI+4%	4.66%	58.33%	-1.69%	-2.85%	8.59%	4.13%	72.22%	-1.98%	-2.85%	10.44%	3.88%	78.33%	-1.98%	-2.85%
Argon Absolute Return Fund	5.02%	75.00%	-2.29%	-2.66%	11.77%	4.21%	80.56%	-2.29%	-2.66%	11.91%	4.27%	80.00%	-2.29%	-2.66%
Investment Solutions Stable Focus	4.55%	75.00%	-1.50%	-2.70%	8.91%	3.98%	77.78%	-1.59%	-2.70%	9.03%	3.72%	80.00%	-2.32%	-2.70%
Momentum MoM Absolute Strategies	5.06%	58.33%	-1.09%	-2.74%	9.09%	4.40%	69.44%	-2.57%	-2.74%	7.28%	4.65%	66.67%	-3.36%	-3.36%
Mergence CPI + 4% Fund	5.58%	58.33%	-1.67%	-4.03%	8.40%	4.37%	69.44%	-1.67%	-4.03%	9.34%	4.13%	*	*	*
OMIG Capital Builder	2.94%	58.33%	-0.80%	-1.88%	7.69%	2.92%	77.78%	-1.41%	-1.88%	7.60%	3.12%	76.67%	-1.94%	-1.94%
OMIG MacroSolutions Stable Growth Fund	4.02%	58.33%	-0.94%	-1.53%	10.20%	3.22%	77.78%	-0.94%	-1.53%	11.92%	3.43%	83.33%	-2.23%	-2.23%
Headline CPI + 5%														
Coronation Absolute	7.53%	50.00%	-3.44%	-6.42%	8.59%	5.87%	63.89%	-3.44%	-6.42%	9.31%	5.73%	65.00%	-3.44%	-6.42%
Foord Absolute	9.49%	58.33%	-3.49%	-3.49%	12.77%	6.95%	72.22%	-3.49%	-3.49%	16.14%	7.77%	73.33%	-3.72%	-3.72%
Investment Solutions Real Return Focus Local	6.04%	58.33%	-1.96%	-3.81%	9.37%	5.02%	69.44%	-1.96%	-3.81%	9.46%	4.62%	73.33%	-2.53%	-3.81%
Investment Solutions Real Return Focus Portfolio	4.86%	58.33%	-1.12%	-1.12%	10.84%	3.86%	75.00%	-1.25%	-1.70%	11.23%	4.19%	75.00%	-2.94%	-2.94%
JM BUSHA Absolute AllClass	9.08%	41.67%	-3.67%	-7.25%	9.41%	7.84%	63.89%	-3.67%	-7.25%	11.89%	7.00%	70.00%	-3.67%	-7.25%
Mergence CPI +5% Fund	6.65%	50.00%	-1.71%	-3.74%	9.22%	5.23%	69.44%	-1.80%	-3.74%	10.21%	4.97%	70.00%	-2.56%	-3.74%
MMI - Absolute Return (CPI +5%)	5.72%	41.67%	-2.04%	-2.04%	9.57%	4.48%	69.44%	-2.04%	-2.04%	10.76%	4.51%	73.33%	-2.68%	-2.68%
Old Mutual Multi-Managers Inflation Plus 3-5%	6.39%	66.67%	-2.21%	-2.21%	13.10%	4.50%	83.33%	-2.21%	-2.21%	15.65%	5.39%	81.67%	-2.26%	-2.26%
OMIG Wealth Defender	5.82%	58.33%	-2.22%	0.00%	10.57%	4.24%	75.00%	-2.22%	0.00%	12.33%	4.47%	*	*	*
Prudential Domestic Real Return Plus 5%	7.37%	50.00%	-3.50%	-4.03%	11.09%	6.68%	69.44%	-3.75%	-4.03%	6.68%	6.68%	48.33%	-3.75%	-4.03%
Prudential Global Inflation Plus 5%	5.69%	58.33%	-1.30%	-1.30%	12.98%	4.75%	75.00%	-1.63%	-2.17%	14.75%	4.86%	81.67%	-3.57%	-3.57%
SIM CPI + 5%	4.27%	75.00%	-1.27%	-1.84%	10.24%	3.36%	83.33%	-1.27%	-1.84%	10.68%	3.28%	83.33%	-1.27%	-1.84%
SIM CPI + 5% Global	3.90%	75.00%	-0.88%	-0.88%	11.80%	2.79%	88.89%	-0.88%	-0.88%	12.47%	3.18%	90.00%	-1.36%	-1.36%
SMM Absolute Return	6.57%	58.33%	-2.33%	-2.33%	11.56%	4.39%	77.78%	-2.33%	-2.33%	11.62%	4.88%	75.00%	-2.33%	-2.33%
Old Mutual Multi Managers Absolute Defensive Fund	4.59%	83.33%	-1.44%	-1.44%	12.12%	3.36%	86.11%	-1.44%	-1.44%	12.88%	3.91%	86.67%	-1.81%	-1.81%
Vunani Fund Managers CPI+5%	6.48%	50.00%	-1.54%	-3.41%	11.17%	5.32%	69.44%	-1.61%	-3.41%	12.18%	5.71%	73.33%	-3.61%	-3.61%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.54%				5.77%	1.53%				5.70%	1.40%			
Consumer Price Inflation (Old/New combined CPI)	1.54%				5.77%	1.53%				5.70%	1.40%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.54%				5.77%	1.53%				5.70%	1.40%			
STEFI	0.11%				6.20%	0.19%				5.91%	0.19%			

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 CPI-X - The benchmark numbers prior to January 2009 reflected a compound of month to month CPI-X returns. Due to the reweighting and rebasing of the CPI and discarding of the CPI-X numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPI-X 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 2016														
	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	7.68%	58.33%	-2.22%	-3.24%	11.36%	5.59%	72.22%	-2.22%	-3.24%	12.83%	6.02%	73.33%	-3.58%	-3.58%
Investec Opportunity	7.22%	66.67%	-1.92%	-1.92%	14.11%	5.22%	72.22%	-1.92%	-1.95%	15.64%	5.77%	78.33%	-3.05%	-3.05%
MMI - Absolute Return (CPI +6%)	7.10%	41.67%	-2.52%	0.00%	10.17%	5.31%	69.44%	-2.52%	0.00%					
Prudential Domestic Inflation Plus 6%	8.12%	58.33%	-3.56%	-4.73%	11.88%	7.11%	72.22%	-3.56%	-4.73%	13.78%	6.82%	76.67%	-3.56%	-4.73%
Prudential Global Inflation Plus 6%	6.27%	50.00%	-1.73%	-1.73%	13.99%	5.01%	75.00%	-1.73%	-1.80%	15.67%	5.26%	78.33%	-3.40%	-3.40%
SIM CPI + 6%	5.25%	66.67%	-1.45%	-2.40%	10.97%	4.12%	80.56%	-1.45%	-2.40%	11.32%	4.05%	81.67%	-1.45%	-2.40%
STANLIB Absolute Plus Fund	3.74%	83.33%	-1.47%	-1.69%	11.51%	3.79%	80.56%	-1.47%	-1.69%	11.49%	4.36%	75.00%	-1.47%	-1.69%
MARKET STATISTICS														
Combination of old CPI-X and new CPI	1.54%				5.77%	1.53%				5.70%	1.40%			
Consumer Price Inflation (Old/New combined CPI)	1.54%				5.77%	1.53%				5.70%	1.40%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.54%				5.77%	1.53%				5.70%	1.40%			
STEFI	0.11%				6.20%	0.19%				5.91%	0.19%			

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: AECPI) 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 2016					
	Calendar Year				
	2015	2014	2013	2012	2011
Headline CPI + 3%					
Absa Asset Management Absolute CPI +3%	5.13%	9.82%	5.53%	14.47%	9.33%
Coronation Inflation Plus Fund	7.48%	9.56%	13.61%	14.52%	10.32%
Momentum MoM Real Return	5.34%	8.51%	10.53%	9.16%	3.10%
Prescient Positive Return Fund	5.82%	7.03%	10.85%	8.45%	3.19%
SIM Absolute	6.73%	8.65%	9.80%	11.69%	10.05%
Stanlib Inflation Plus 3% Fund	6.73%	*	*	*	*
Headline CPI + 4%					
Absa Asset Management Absolute Global CPI +4%	9.54%	11.59%	9.70%	16.71%	10.60%
Absa Asset Management Absolute Domestic CPI+4%	4.96%	10.26%	8.30%	17.79%	9.07%
Investment Solutions Stable Focus	4.53%	8.98%	8.94%	12.63%	6.56%
Momentum MoM Absolute Strategies	4.91%	8.41%	6.88%	9.44%	2.79%
OMIG Capital Builder	3.39%	7.93%	9.99%	10.14%	3.45%
OMIG MacroSolutions Stable Growth Fund	8.57%	10.33%	14.27%	17.47%	8.84%
Argon Absolute Return Fund	7.19%	11.75%	10.72%	17.62%	7.45%
Headline CPI + 5%					
Coronation Absolute	0.05%	9.90%	12.76%	15.18%	4.99%
Foord Absolute	11.20%	11.15%	24.82%	26.06%	9.90%
Investment Solutions Real Return Focus Local	3.28%	10.33%	10.90%	13.67%	4.61%
Investment Solutions Real Return Focus Portfolio	8.06%	10.01%	14.72%	13.47%	7.13%
JM BUSH A Absolute AllClass	-0.29%	12.12%	12.17%	24.25%	8.31%
Mergence CPI +5% Fund	3.80%	9.13%	9.78%	18.22%	6.53%
MMI - Absolute Return (CPI +5%)	7.63%	9.65%	13.36%	17.80%	8.68%
Prudential Global Inflation Plus 5%	10.23%	13.36%	17.23%	21.31%	12.26%
SIM CPI + 5%	6.39%	9.65%	12.41%	13.88%	8.59%
SIM CPI + 5% Global	12.06%	9.82%	16.95%	13.76%	10.72%
SMM Absolute Return	11.27%	12.69%	18.11%	12.28%	4.35%
Old Mutual Multi Managers Absolute Defensive Fund	12.15%	10.14%	17.39%	15.05%	8.92%
Vunani Fund Managers CPI+5%	9.43%	9.46%	12.36%	22.72%	6.54%
MARKET STATISTICS					
Combination of old CPIX and new CPI	4.77%	5.80%	5.35%	5.60%	6.12%
Consumer Price Inflation (Old/New combined CPI)	4.77%	5.80%	5.35%	5.60%	6.12%
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	4.77%	5.80%	5.35%	5.60%	6.12%
STEFI	6.49%	5.90%	5.18%	5.55%	5.73%

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 2016					
	Calendar Year				
	2015	2014	2013	2012	2011
Headline CPI + 6%					
Coronation Absolute	6.21%	9.91%	21.20%	17.74%	7.73%
Investec Opportunity	15.53%	10.46%	16.23%	20.72%	12.59%
Prudential Domestic Inflation Plus 6%	4.33%	13.74%	13.11%	25.04%	9.97%
Prudential Global Inflation Plus 6%	11.42%	13.73%	20.57%	21.62%	11.67%
SIM CPI + 6%	6.35%	10.31%	14.15%	14.97%	8.14%
STANLIB Absolute Plus Fund	7.78%	10.02%	15.40%	12.67%	9.33%
MARKET STATISTICS					
Combination of old CPIX and new CPI*	4.77%	5.80%	5.35%	5.60%	6.12%
Consumer Price Inflation (Old/New combined CPI)	4.77%	5.80%	5.35%	5.60%	6.12%
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	4.77%	5.80%	5.35%	5.60%	6.12%
STEFI	6.49%	5.90%	5.18%	5.55%	5.73%

Inflation figures lagged by one month

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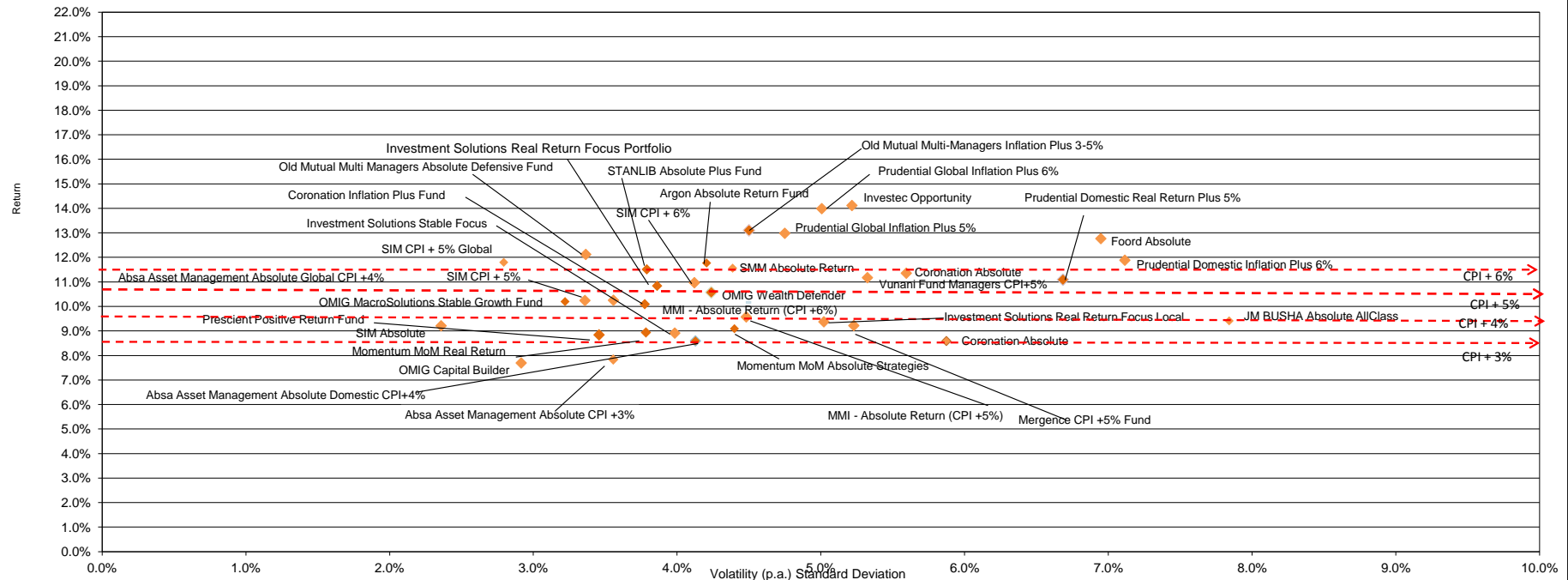
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ABSOLUTE RETURN MANAGER WATCH™ SURVEY

Volatility vs Return Scatterplot on Absolute Return Managers
for the 3 Years ended 30 June 2016



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

ABSOLUTE RETURN MANAGER WATCH™ SURVEY

EXPLANATORY NOTES

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Performance figures are shown gross of fees and taxes. Past history is not necessarily a guide to future performance.

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 JUNE be different due to return differences disguised by the rounding. Rankings are purely for illustrative purposes.

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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/>