



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

Research & Product Development
FINANCIAL SERVICES


ALEXANDERFORBES
Securing your financial well-being

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 Q1 2016:

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%: STANLIB Multi-Manager Real Return entered the survey

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 Q1 2016

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

- The unexpected vote by Britain to leave the European Union (Brexit), was the dominant theme to the start of the third quarter and continues to remain very relevant as markets evolve to the news. The sharp sell-off in June, was followed by a quick recovery as investors realised that the exit will be drawn out, with downside risks expected to be absorbed via monetary stimulus by central banks. The full impact to the global economy is uncertain as negotiations begin to manage the exit. The British pound has slid by over 10% to most major currencies (18% to the USD) over the year, reflecting a devalued economy going forward.
- The Fed's position on US interest rates continues to be significant to global markets. Earlier in the year there was enough positive economic data for the Fed to have a case to hike interest rates. The unfolding Brexit situation saw a more subdued US Fed, erring on caution to potential global macro risks, and holding off on interest rate tightening. However, as more certainty around global policy is introduced into markets regarding Brexit, the US interest rate expectations is back in the spotlight.
- US elections are also very relevant to markets - both the Republican and Democrat candidates are "populist" but present social and economic policy challenges. Markets will be watching the polls closely to the build-up to November 10. Low growth rates and a change in policy behaviour may make the Fed's decision irrelevant by comparison.
- CNBC describes it as the "GDP Trifecta", as China's economy has managed a curiously singular feat for any country: Growing a steady rate of 6.7 percent for the third quarter in a row. This is in line with market expectations; but has drawn skepticism of smoothing of data. However, it is believed that the economy has stabilized; as it transitions from a manufacturing towards a consumption-led economy.

South Africa's economy grew by a better-than-expected 3.3% (seasonally adjusted and annualised) in the second quarter. Growth was primarily driven by recoveries in both the mining and manufacturing sectors with an increase in exports. With the focus already shifting to the next round of credit ratings, Moody's has stated that the probability of downgrade in November is possible, citing climbing debt and heightened political risk that could impede growth. Many analysts claim that this is already priced in the market.

COMMENTARY

- Local politics dominated news over the quarter for both the right and wrong reasons. The 2016 Local Government Elections was largely a peaceful and fair event. On the downside, political uncertainty regarding policy direction and the Finance Minister put the local currency and bond yields back under pressure.
- Over the quarter, the Reserve Bank's Monetary Policy Committee (MPC) opted to keep the repo rate unchanged at 7% per annum. In its September statement, the Reserve Bank noted, "Should current forecasts transpire, we may be close to the end of the tightening cycle". Cautiously signaling the end of the current tightening cycle.

World markets drove local markets as investors positioned themselves around the unfolding Brexit scenarios. It was initially a volatile period but markets have since shrugged off the imminent divorce of the UK and EU, as central banks played their role in stabilising the market. Over the quarter, global equities were up 5.4% (USD) for the quarter, incidentally a similar performance was achieved by European equities with UK equities up 4% (USD). Emerging markets returned 9.2% (USD) to outperform their developed counterparts. Part of the rally has seen EM currencies appreciate relative to developed markets as short term capital flight risks are obviated.

The Rand appreciated strongly against the US dollar (6.7%), Euro (5.4%) and Sterling (10.1%) over the quarter. Its performance against the US dollar made it the best performing emerging market currency over the quarter. The Rand did come under pressure in August as political turmoil involving policy direction and the finance minister. The initial announcement that SA's biggest private fixed-income money manager, Futuregrowth, would suspend loans to six of the largest state-run firms caused the rand to fall more than 1% on the day.

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 -1.0% (in ZAR terms) for the quarter due to overall global weakness and partly the currency effect. Similarly, the WGBI is down -5.8% (in ZAR terms) for the quarter.

A rally in deep value stocks was welcome relief for patient investors of this style. Equities ended the quarter slightly up, the FTSE JSE ALSI and the FTSE JSE SWIX returned 0.5% and 0.3%. Domestic performance over the quarter was primarily led by the positive returns in the Resource sector followed by Financials and Industrials sectors returning 8.1%, 0.8% and -2.0% respectively. Underperformance in the Industrial sector was driven primarily by poor returns from the Rand hedge stocks.

HOW THE MANAGERS PERFORMED OVER Q1 2016

Inter-asset volatility continues to provide opportunities to generate additional return; but the short-term nature of these opportunities brings with it other risks. A number of the Quarter 2 themes remained in force over Quarter 3. The four key contributing factors and themes year to date that led to differentiated performances amongst funds were:

- Exposure to bonds for defensive allocations
- Limiting exposure to all equity markets
- Avoiding Rand hedge stocks for local equity
- Exposure to commodities and resource shares

All four factors have continued to dominate performance over the third quarter with resource shares, in particular, continuing their upward trend to deliver over 30% over the year-to-date period. Despite strong performance in this sector, volatility continues to be concerning for absolute managers. Most asset allocations have been able to protect capital over the short term, however, with only three asset managers, out of the 38 absolute return composites across all categories, failing to protect capital during the third quarter. The Absa Asset Management Absolute Global CPI+4% portfolio returned -0.08% over the quarter while Foord Absolute and Investec Opportunity forfeited 0.77% and -1.99% respectively. All of the 38 composites have protected investor capital year to date and over the 1 year period.

There was a decline in the ability of managers to meet their objectives over the 1 year period as only 3 out of the 38 composites managed to outperform their CPI targets. This is understandable as most asset classes were unable to outperform inflation. Over the 1 year period Rand depreciation continued to be the largest risk diversification factor. Luckily for investors only four managers failed to protect capital from inflationary erosion: ABSA Global CPI+4%, OMIG Capital Builder, Foord Absolute and MMI Absolute Return (CPI+6%).

Despite a reversal of fortunes over the quarter, the Investec Opportunity fund remained the top performing fund (10.21%) over the one year period, followed closely by Coronation Absolute at 10.07%.

The performance across the CPI categories (median returns over one year) for the CPI + 3%, 4%, 5% and 6% are 8.33%, 6.45%, 7.88% and 9.12% respectively, with both the more defensive and more aggressive strategies proving to be the best performers over the period.

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	467	07 October 2016
Balondoloz Absolute Return Fund	Mar-12	V	Domestic		Y	Headline CPI + 3%		4	989	14 October 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	1	3,808	13 October 2016
Momentum Molt Real Return	Jul-03		Domestic		Y	Headline CPI + 3%		n/a	1,166	12 October 2016
Old Mutual Multi-Managers Inflation Plus 1-3%	Oct-99		Global		Y	Headline CPI + 3%		n/a	282	06 October 2016
Prescient Positive Return Fund		V	Domestic		Y	Headline CPI + 3%		9	5,144	12 October 2016
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	7	810	14 October 2016
Stanlib Inflation Plus 3% Fund	Oct-06	V	Global		Y	Headline CPI + 3%		1	755	05 October 2016
Headline CPI + 4%										
Absa Asset Management Absolute Global CPI +4%	Dec-06	V	Global		Y	Headline CPI + 4%		4	16,307	07 October 2016
Absa Asset Management Absolute Domestic CPI+4%	Aug-09		Domestic		Y	Headline CPI + 4%		12	10,385	07 October 2016
Argon Absolute Return Fund	Oct-06	V	Domestic		Y	Headline CPI + 4%	Non negative returns over 1 year rolling period.	3	1,121	14 October 2016
Investment Solutions Stable Focus	Apr-05		Domestic		Y	Headline CPI + 4%	No negative returns over rolling 12 month period	n/a	2,139	11 October 2016
Momentum Molt Absolute Strategies	Dec-03		Domestic		Y	Headline CPI + 4%		n/a	2,614	06 October 2016
Mergerence CPI + 4% Fund	Oct-09	C	Domestic		Y	Headline CPI + 4%		4	2,580	11 October 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.	1	2,245	14 October 2016
OMIG MacroSolutions Stable Growth Fund	Jul-07	V	Global		Y	Headline CPI + 4%		1	5,445	14 October 2016
Headline CPI + 5%										
Coronation Absolute	Jan-04	V	Domestic		Y	Headline CPI + 5%	Preserve capital over a rolling 12m period	10	7,018	12 October 2016
Foord Absolute	Jun-02	C	Global		Y	Headline CPI + 5%		3	815	13 October 2016
Investment Solutions Real Return Focus Local	Oct-02		Domestic		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	6,184	11 October 2016
Investment Solutions Real Return Focus Portfolio	May-03		Global		Y	Headline CPI + 5%	No negative returns over rolling 12 month period	n/a	3,846	11 October 2016
JM BUSH Absolute AllClass	Oct-06	C	Domestic		Y	Headline CPI + 5%		3	1,364	07 October 2016
Mergerence CPI +5% Fund	Jul-06	V	Domestic		Y	Headline CPI + 5%	Non-negative returns over a rolling 1-year period	1	1,434	11 October 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.	n/a	744	14 October 2016
Old Mutual Multi-Managers Inflation Plus 3-5%	Jul-03		Global		Y	Headline CPI + 5%		n/a	4,162	12 October 2016
OMIG Wealth Defender	Aug-03	C	Global		Y	Headline CPI + 5%			6,836	14 October 2016
Prudential Domestic Real Return Plus 5%	Nov-09	V	Domestic		Y	Headline CPI + 5%		4	1,397	06 October 2016
Prudential Global Inflation Plus 5%	Dec-02	V	Global		Y	Headline CPI + 5%	N/A	2	39,024	06 October 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	1,584	05 October 2016
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	14,146	05 October 2016
SIM Absolute Return	May-03		Global		Y	Headline CPI + 5%		1	579	05 October 2016
Old Mutual Multi Managers Absolute Defensive Fund	Sep-02		Global		Y	Headline CPI + 4%	Non-negative returns over rolling 1-year periods	n/a	1,007	12 October 2016
Vunani Fund Managers CPI+5%	Mar-05	V	Domestic		Y	Headline CPI + 5%		2	1,867	11 October 2016
STANLIB Multi-Manager Real Return Fund	Mar-05	V	Domestic and Global		Y	Headline CPI + 5%		n/a	1,296	14 October 2016
Headline CPI + 6%										
Coronation Absolute	Aug-99	V	Global		Y	Headline CPI + 6%	Preserve capital over a rolling 12m period	1	5,261	12 October 2016
Investec Opportunity	Aug-99	V	Global		Y	Headline CPI + 6%		14	52,377	14 October 2016
MMI - Absolute Return (CPI +6%)	Apr-12	V	Global		Y	Headline CPI + 6%		n/a	265	14 October 2016
Prudential Domestic Inflation Plus 6%	Dec-02	V	Domestic		Y	Headline CPI + 6%	N/A	4	3,693	06 October 2016
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	3	726	05 October 2016
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	1,885	13 October 2016
TOTAL									213,771	

Inflation figures lagged by one month

* Reasonable use of the survey maybe 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

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 SEPTEMBER 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%	0.39%	1.85%	6.61%	7.10%	8.94%	7.90%	8.65%	9.04%	8.67%	9.10%	8.31%	9.14%	9.20%
Balondolzi Absolute Return Fund	0.30%	1.40%	6.37%	8.28%	8.94%	*	*	*	*	*	*	*	*
Coronation Inflation Plus Fund	-0.94%	1.81%	6.11%	8.39%	9.44%	9.22%	8.65%	11.06%	8.67%	11.52%	8.31%	*	*
Momentum MoM Real Return	0.56%	1.58%	6.53%	7.52%	8.94%	7.68%	8.65%	8.31%	8.67%	7.74%	8.31%	9.30%	9.20%
Old Mutual Multi-Managers Inflation Plus 1-3%	0.22%	1.78%	5.82%	9.84%	8.94%	10.39%	8.65%	13.64%	8.67%	*	*	*	*
Prescient Positive Return Fund	0.56%	2.25%	7.50%	8.97%	8.94%	7.79%	8.65%	8.25%	8.67%	7.69%	8.31%	9.24%	9.20%
SIM Absolute	0.97%	2.65%	9.01%	9.53%	8.94%	9.01%	8.65%	9.99%	8.67%	10.40%	8.31%	10.35%	9.19%
Stanlib Inflation Plus 3% Fund	-1.09%	0.17%	6.21%	7.17%	8.94%	*	*	*	*	*	*	*	*
Headline CPI + 4%													
Absa Asset Management Absolute Global CPI +4%	-0.81%	-0.08%	3.23%	5.39%	9.94%	9.03%	9.65%	11.02%	9.67%	11.07%	9.31%	*	*
Absa Asset Management Absolute Domestic CPI+4%	0.42%	1.21%	6.28%	6.40%	9.94%	7.99%	9.65%	10.42%	9.67%	*	*	*	*
Argon Absolute Return Fund	0.49%	1.26%	7.48%	7.41%	9.94%	10.31%	9.65%	12.29%	9.67%	10.46%	9.31%	10.50%	9.20%
Investment Solutions Stable Focus	0.18%	0.62%	6.29%	6.41%	9.94%	7.47%	9.65%	8.84%	9.67%	8.73%	9.31%	10.01%	9.20%
Momentum MoM Absolute Strategies	0.97%	2.21%	8.40%	9.52%	9.94%	7.83%	9.65%	8.20%	9.67%	7.59%	9.31%	8.34%	9.20%
Mergence CPI + 4% Fund	-0.05%	1.00%	5.42%	6.50%	9.94%	7.07%	9.65%	9.40%	9.67%	*	*	*	*
OMIG Capital Builder	-0.04%	1.00%	4.90%	5.88%	9.94%	6.59%	9.65%	7.74%	9.67%	7.12%	9.31%	*	*
OMIG MacroSolutions Stable Growth Fund	-0.61%	1.50%	5.16%	7.57%	9.94%	9.37%	9.65%	11.80%	9.67%	11.32%	9.31%	*	*
Headline CPI + 5%													
Coronation Absolute	0.56%	2.19%	8.85%	7.23%	10.94%	7.27%	10.65%	10.20%	10.67%	11.15%	10.31%	11.96%	11.20%
Foord Absolute	-3.47%	-0.77%	0.50%	5.82%	10.94%	9.28%	10.65%	15.85%	10.67%	14.85%	10.31%	13.05%	11.19%
Investment Solutions Real Return Focus Local	0.36%	0.95%	7.20%	6.79%	10.94%	7.98%	10.65%	9.74%	10.67%	9.61%	10.31%	10.42%	11.19%
Investment Solutions Real Return Focus Portfolio	-0.93%	0.36%	5.20%	7.97%	10.94%	9.07%	10.65%	10.88%	10.67%	10.35%	10.31%	10.27%	11.19%
JM BUSHIA Absolute AIRCClass	0.57%	1.59%	8.65%	6.73%	10.94%	7.75%	10.65%	12.29%	10.67%	11.87%	10.31%	10.84%	11.20%
Mergence CPI +5% Fund	-0.33%	1.01%	6.95%	7.62%	10.94%	7.70%	10.65%	10.37%	10.67%	9.84%	10.31%	9.38%	11.19%
MMI - Absolute Return (CPI +5%)	-0.90%	0.48%	1.78%	4.77%	10.94%	7.76%	10.65%	10.84%	10.67%	10.92%	10.31%	8.93%	11.20%
Old Mutual Multi-Managers Inflation Plus 3-5%	-0.59%	1.46%	5.37%	10.96%	10.94%	11.42%	10.65%	16.01%	10.67%	*	*	*	*
OMIG Wealth Defender	-1.35%	0.52%	3.28%	6.35%	10.94%	9.12%	10.65%	12.28%	10.67%	11.67%	10.31%	10.73%	11.20%
Prudential Domestic Real Return Plus 5%	1.03%	1.57%	9.51%	8.84%	10.94%	10.06%	10.65%	*	*	*	*	*	*
Prudential Global Inflation Plus 5%	-0.88%	0.96%	5.65%	9.07%	10.94%	11.39%	10.65%	14.51%	10.67%	13.89%	10.31%	*	*
SIM CPI + 5%	0.83%	2.50%	8.88%	9.37%	10.94%	9.45%	10.65%	11.19%	10.67%	11.17%	10.31%	10.73%	11.20%
SIM CPI + 5% Global	-0.67%	1.40%	5.23%	9.29%	10.94%	10.51%	10.65%	12.44%	10.67%	11.69%	10.31%	11.03%	11.19%
SMM Absolute Return	-1.51%	0.58%	2.40%	7.88%	10.94%	10.19%	10.65%	11.94%	10.67%	11.19%	10.31%	11.25%	11.19%
Old Mutual Multi Managers Absolute Defensive Fund	-1.06%	0.27%	4.12%	8.81%	10.94%	10.29%	10.65%	12.37%	10.67%	11.77%	10.31%	10.85%	11.20%
Vunani Fund Managers CPI+5%	0.03%	1.00%	4.35%	7.10%	10.94%	9.06%	10.65%	12.63%	10.67%	11.98%	10.31%	10.88%	11.20%
STANLIB Multi-Manager Real Return Fund	-1.01%	1.30%	4.13%	8.09%	10.94%	8.69%	10.65%	10.72%	10.67%	10.32%	10.31%	10.79%	11.20%
MARKET STATISTICS													
Combination of old CPIX and new CPI	-0.08%	1.32%	5.58%	5.94%		5.65%		5.67%		5.31%		6.20%	
Consumer Price Inflation (Old/New combined CPI)	-0.08%	1.32%	5.58%	5.94%		5.65%		5.67%		5.31%		6.19%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	-0.08%	1.32%	5.58%	5.94%		5.65%		5.67%		5.31%		6.04%	
STFI	0.60%	1.86%	5.41%	7.12%		6.39%		6.00%		6.16%		7.32%	
Number of Participants	33	33	33	33		31		30		26		21	

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™

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

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 SEPTEMBER 2016													
	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	-1.11%	1.88%	6.69%	10.07%	11.94%	9.39%	11.65%	13.10%	11.67%	13.01%	11.31%	12.86%	12.20%
Investec Opportunity	-2.67%	-1.99%	3.73%	10.21%	11.94%	10.88%	11.65%	14.50%	11.67%	14.17%	11.31%	13.38%	12.20%
MMI - Absolute Return (CPI +6%)	-1.21%	0.36%	1.14%	5.07%	11.94%	8.18%	11.65%	*	*	*	*	*	*
Prudential Domestic Inflation Plus 6%	0.96%	1.62%	9.26%	8.81%	11.94%	10.37%	11.65%	14.24%	11.67%	14.13%	11.31%	13.32%	12.20%
SIM CPI + 6%	0.69%	2.39%	8.87%	9.43%	11.94%	9.79%	11.65%	11.97%	11.67%	11.92%	11.31%	*	*
STANLIB Absolute Plus Fund	-0.74%	0.09%	6.14%	6.88%	11.94%	9.02%	11.65%	11.45%	11.67%	11.68%	11.31%	10.28%	12.19%
MARKET STATISTICS													
Combination of old CPIX and new CPI*	-0.08%	1.32%	5.58%	5.94%		5.65%		5.67%		5.31%		6.20%	
Consumer Price Inflation (Old/New combined CPI)	-0.08%	1.32%	5.58%	5.94%		5.65%		5.67%		5.31%		6.19%	
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	-0.08%	1.32%	5.58%	5.94%		5.65%		5.67%		5.31%		6.04%	
STEFI	0.60%	1.86%	5.41%	7.12%		6.39%		6.00%		6.16%		7.32%	
Number of Participants	6	6	6	6		6		5		5		4	

Inflation figures lagged by one month

* Reasonable use of the survey maybe 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

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 SEPTEMBER 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%	3.84%	66.67%	-0.99%	-2.05%	7.90%	3.37%	80.56%	-1.88%	-2.05%	9.04%	3.23%	81.67%	-1.88%	-2.05%
Balondolzi Absolute Return Fund	3.58%	75.00%	-0.84%	-1.26%	*	*	69.44%	-1.28%	-1.26%	*	*	*	*	*
Coronation Inflation Plus Fund	5.10%	66.67%	-1.11%	-1.42%	9.22%	3.79%	75.00%	-1.11%	-1.42%	11.06%	3.76%	*	*	*
Momentum MoM Real Return	3.91%	66.67%	-1.55%	-2.06%	7.68%	3.57%	72.22%	-1.55%	-2.06%	8.31%	3.82%	73.33%	-2.55%	-2.55%
Old Mutual Multi-Managers Inflation Plus 1-3%	4.42%	66.67%	-1.17%	-1.73%	10.39%	3.36%	77.78%	-1.17%	-1.73%	13.64%	3.99%	83.33%	-1.72%	-1.73%
Prescient Positive Return Fund	3.79%	83.33%	-1.32%	-1.55%	7.79%	3.35%	75.00%	-1.32%	-1.55%	8.25%	3.75%	75.00%	-1.94%	-1.94%
SIM Absolute	3.18%	83.33%	-0.98%	-1.22%	9.01%	2.29%	91.67%	-0.98%	-1.22%	9.99%	2.14%	91.67%	-0.98%	-1.22%
Stanlib Inflation Plus 3% Fund	3.99%	83.33%	-1.26%	-1.26%	*	*	83.33%	-1.26%	-1.26%	*	*	86.67%	-1.26%	-1.26%
Headline CPI + 4%														
Absa Asset Management Absolute Global CPI +4%	4.10%	66.67%	-1.69%	-2.85%	9.03%	3.53%	72.22%	-1.98%	-2.85%	11.02%	3.52%	78.33%	-1.98%	-2.85%
Absa Asset Management Absolute Domestic CPI+4%	4.43%	66.67%	-1.69%	-2.85%	7.99%	3.99%	72.22%	-1.98%	-2.85%	10.42%	3.86%	78.33%	-1.98%	-2.85%
Argon Absolute Return Fund	5.01%	66.67%	-2.29%	-2.66%	10.31%	4.10%	77.78%	-2.29%	-2.66%	12.29%	4.15%	80.00%	-2.29%	-2.66%
Investment Solutions Stable Focus	4.48%	75.00%	-1.50%	-2.70%	7.47%	3.85%	75.00%	-1.59%	-2.70%	8.84%	3.72%	80.00%	-2.32%	-2.70%
Momentum MoM Absolute Strategies	4.89%	66.67%	-1.09%	-2.27%	7.83%	4.25%	66.67%	-2.57%	-2.74%	8.20%	4.56%	70.00%	-3.36%	-3.36%
Mergence CPI + 4% Fund	5.13%	58.33%	-1.43%	-4.03%	7.07%	4.26%	66.67%	-1.67%	-4.03%	9.40%	4.06%	*	*	*
OMIG Capital Builder	2.73%	66.67%	-0.80%	-0.86%	6.59%	2.81%	75.00%	-1.41%	-1.88%	7.74%	3.08%	76.67%	-1.94%	-1.94%
OMIG MacroSolutions Stable Growth Fund	3.90%	58.33%	-0.94%	-1.53%	9.37%	3.14%	75.00%	-0.94%	-1.53%	11.80%	3.48%	81.67%	-2.23%	-2.23%
Headline CPI + 5%														
Coronation Absolute	7.26%	66.67%	-3.44%	-6.42%	7.27%	5.66%	63.89%	-3.44%	-6.42%	10.20%	5.62%	70.00%	-3.44%	-6.42%
Food Absolute	10.15%	66.67%	-3.49%	-4.23%	9.28%	7.17%	69.44%	-3.49%	-4.23%	15.85%	8.04%	73.33%	-3.72%	-4.23%
Investment Solutions Real Return Focus Local	5.90%	66.67%	-1.96%	-3.81%	7.98%	4.87%	66.67%	-1.96%	-3.81%	9.74%	4.59%	75.00%	-2.53%	-3.81%
Investment Solutions Real Return Focus Portfolio	5.01%	66.67%	-1.12%	-1.12%	9.07%	3.84%	72.22%	-1.25%	-1.70%	10.88%	4.25%	75.00%	-2.94%	-2.94%
JM BUNHA Absolute AllClass	8.74%	50.00%	-3.67%	-7.25%	7.75%	7.59%	61.11%	-3.67%	-7.25%	12.29%	6.91%	71.67%	-3.67%	-7.25%
Mergence CPI +5% Fund	6.35%	50.00%	-1.58%	-3.74%	7.70%	5.16%	63.89%	-1.80%	-3.74%	10.37%	4.92%	70.00%	-2.56%	-3.74%
MMI - Absolute Return (CPI +5%)	5.60%	50.00%	-2.04%	-2.04%	7.76%	4.36%	66.67%	-2.04%	-2.04%	10.84%	4.54%	73.33%	-2.68%	-2.68%
Old Mutual Multi-Managers Inflation Plus 3-5%	6.30%	75.00%	-2.21%	-2.21%	11.42%	4.40%	80.56%	-2.21%	-2.21%	16.01%	5.36%	83.33%	-2.26%	-2.26%
OMIG Wealth Defender	5.86%	58.33%	-2.22%	0.00%	9.12%	4.25%	72.22%	-2.22%	0.00%	12.28%	4.54%	*	*	*
Prudential Domestic Real Return Plus 5%	7.28%	58.33%	-3.50%	-4.03%	10.06%	6.39%	69.44%	-3.75%	-4.03%	6.39%	6.39%	51.67%	-3.75%	-4.03%
Prudential Global Inflation Plus 5%	5.66%	66.67%	-1.30%	-1.30%	11.39%	4.46%	75.00%	-1.63%	-1.63%	14.51%	4.92%	80.00%	-3.57%	-3.57%
SIM CPI + 5%	4.18%	83.33%	-1.27%	-1.84%	9.45%	3.22%	83.33%	-1.27%	-1.84%	11.19%	3.19%	86.67%	-1.27%	-1.84%
SIM CPI + 5% Global	4.08%	75.00%	-0.88%	-0.88%	10.51%	2.81%	86.11%	-0.88%	-0.88%	12.44%	3.24%	90.00%	-1.36%	-1.36%
SMM Absolute Return	6.67%	66.67%	-2.33%	-2.33%	10.19%	4.56%	75.00%	-2.33%	-2.33%	11.94%	4.93%	76.67%	-2.33%	-2.33%
Old Mutual Multi Managers Absolute Defensive Fund	5.06%	66.67%	-1.44%	-1.59%	10.29%	3.47%	80.56%	-1.44%	-1.59%	12.37%	4.03%	83.33%	-1.81%	-1.81%
Vunani Fund Managers CPI+5%	5.91%	58.33%	-1.20%	-3.41%	9.06%	5.03%	69.44%	-1.61%	-3.41%	12.63%	5.53%	75.00%	-3.61%	-3.61%
STANLIB Multi-Manager Real Return Fund	6.33%	66.67%	-2.17%	-0.88%	8.69%	4.49%	66.67%	-2.17%	-1.77%	10.72%	4.52%	73.33%	-2.69%	-2.67%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.51%				5.65%	1.53%				5.67%	1.41%			
Consumer Price Inflation (Old/New combined CPI)	1.51%				5.65%	1.53%				5.67%	1.41%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.51%				5.65%	1.53%				5.67%	1.41%			
STEFI	0.15%				6.39%	0.21%				6.00%	0.22%			

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

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 SEPTEMBER 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 + 6%														
Coronation Absolute	7.58%	66.67%	-2.22%	-3.00%	9.39%	5.47%	69.44%	-2.22%	-3.24%	13.10%	6.05%	75.00%	-3.58%	-3.58%
Investec Opportunity	7.69%	58.33%	-2.67%	-3.87%	10.88%	5.53%	66.67%	-2.67%	-3.87%	14.50%	6.06%	75.00%	-3.05%	-3.87%
MMI - Absolute Return (CPI +6%)	7.01%	50.00%	-2.52%	0.00%	8.18%	5.26%	66.67%	-2.52%	0.00%	*	*	*	*	*
Prudential Domestic Inflation Plus 6%	7.98%	66.67%	-3.56%	-4.73%	10.37%	6.83%	72.22%	-3.56%	-4.73%	14.24%	6.62%	78.33%	-3.56%	-4.73%
SIM CPI + 6%	5.11%	75.00%	-1.45%	-2.40%	9.79%	3.94%	80.56%	-1.45%	-2.40%	11.97%	3.93%	85.00%	-1.45%	-2.40%
STANLIB Absolute Plus Fund	4.00%	75.00%	-1.47%	-1.69%	9.02%	3.58%	77.78%	-1.47%	-1.69%	11.45%	4.27%	76.67%	-1.47%	-1.69%
MARKET STATISTICS														
Combination of old CPIX and new CPI	1.51%				5.65%	1.53%				5.67%	1.41%			
Consumer Price Inflation (Old/New combined CPI)	1.51%				5.65%	1.53%				5.67%	1.41%			
Consumer Price Inflation (Headline CPI) [I-Net code: AECPI]	1.51%				5.65%	1.53%				5.67%	1.41%			
STEFI	0.15%				6.39%	0.21%				6.00%	0.22%			

Inflation figures lagged by one month
* Reasonable use of the survey maybe 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

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 SEPTEMBER 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%
Balondolozzi Absolute Return Fund	6.04%	*	*	*	*
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%
Old Mutual Multi-Managers Inflation Plus 1-3%	8.57%	12.40%	20.13%	18.22%	7.67%
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%
Old Mutual Multi Managers Absolute Defensive Fund	12.15%	10.14%	17.39%	15.05%	8.92%
Old Mutual Multi-Managers Inflation Plus 3-5%	10.86%	12.91%	24.94%	21.68%	8.03%
OMIG Wealth Defender	9.45%	9.16%	18.94%	16.92%	7.29%
Prudential Domestic Real Return Plus 5%	4.08%	13.51%	*	*	*
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%
Vunani Fund Managers CPI+5%	9.43%	9.46%	12.36%	22.72%	6.54%
STANLIB Multi-Manager Real Return Fund	8.40%	9.37%	13.32%	14.39%	5.78%
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

* Reasonable use of the survey maybe 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

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 SEPTEMBER 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

* 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.

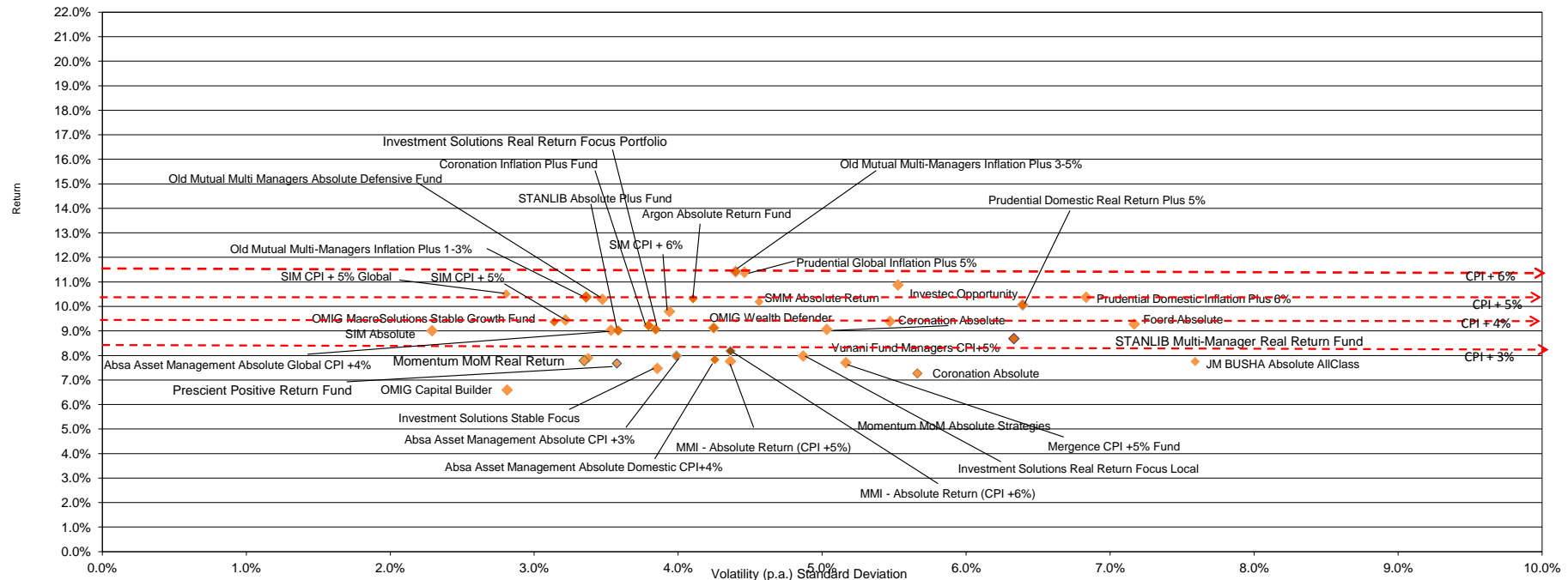
* Performance figures are shown gross of fees.

* 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

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



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

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

ABSOLUTE RETURN MANAGER WATCH™ SURVEY

EXPLANATORY NOTES

General Disclaimers :

This document has been prepared for use by clients of the Alexander Forbes Group. Any other third party that is not a client of the Alexander Forbes Group and for whose specific use this document has not been supplied, must be aware that Alexander Forbes Group shall not be liable for any damage, loss or liability of any nature incurred by any third party and resulting from the information contained herein.

The information contained herein is supplied on an "as is" basis and has not been compiled to meet any third party's individual requirements. It is the responsibility of any third party to satisfy himself or herself, prior to relying on this information that the contents meets the third party's individual requirements.

Nothing in this document, when read in isolation and without professional advice, should be construed as solicitation, offer, advice, recommendation, or any other enticement to acquire or dispose of any financial product, advice or investment, or to engage in any financial transaction or investment. A third party should consult with an authorised financial advisor prior to making any financial decisions.

Alexander Forbes has taken all reasonable steps to ensure the quality and accuracy of the contents of this document and encourages all readers to report incorrect and untrue information, subject to the right of Alexander Forbes to determine, in its sole and absolute discretion, the contents of this document. Irrespective of the attempts by Alexander Forbes to ensure the correctness of this document, Alexander Forbes does not make any warranties or representations that the content will in all cases be true, correct or free from any errors. In particular, certain aspects of this document might rely on or be based on information supplied to Alexander Forbes by other persons or institutions.

Alexander Forbes has attempted to ensure the accuracy of such information, but shall not be liable for any damage, loss or liability of any nature incurred by any party and resulting from the errors caused by incorrect information supplied to Alexander Forbes.

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.

FAIS Notice and Disclaimer: This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended. Alexander Forbes shall not be liable for any actions taken by any person based on the correctness of this information.

General :

Managers are ranked from highest to lowest active return. In some cases rankings JULY 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/>