

FUND DETAILS AT 30 SEPTEMBER 2009

Sector: Domestic - Fixed Interest - Bond
Inception date: 1 October 2004
Fund managers: Sandy McGregor, Andrew Lapping

Fund objective:

The objective of the Fund is to provide investors with a return superior to the All Bond Index, at no greater risk, over an interest rate cycle. The Fund will seek to preserve at least the nominal value of investors' capital.

Suitable for those investors who:

- Are looking for returns in excess of that provided by money market or cash investments.
- Seek a bond 'building block' for a diversified multi-asset class portfolio.
- Are prepared to accept some risk of capital depreciation in exchange for the prospect of earning increased returns.
- Want to draw a regular income stream without consuming capital.

Price: R 10.51
Size: R 135 m
Minimum lump sum per investor account: R 20 000
Minimum lump sum per fund: R 5 000
Minimum debit order per fund: R 500
Additional lump sum per fund: R 500
No. of bond holdings: 28
Fund duration: 3.6
Yield: 9.20
Income distribution: 01/10/08 - 30/09/09 (cents per unit) Total 95.83
Distributes quarterly.

Annual management fee:

The annual management fee rate is dependent on the return of the Fund relative to its benchmark, the BEASSA Total Return All Bond Index (adjusted for fund expenses and cash flows) over a rolling one-year period. The fee hurdle (above which a fee greater than the minimum fee of 0.25% is charged) is performance equal to the benchmark. The manager's sharing rate is 25% of the outperformance of the benchmark over a rolling one-year period with a maximum fee of 0.75% (excl. VAT) per annum.

COMMENTARY

Over the first six months of 2009 the slope of the yield curve has changed from extreme inversion, with one-month rates 4% higher than 10-year bonds, to an upward slope typical of recessionary conditions. The spreads between non-government and government bonds have also widened significantly. There is now value in longer-dated bonds, which has been absent for the past three years. We have been increasing duration. The major risk facing bond investors remains the large funding requirements of government at a time when tax revenues are stagnating. The Fund's portfolio is focussed mainly on assets with maturities of less than 10 years, and its average duration is significantly less than that of the All Bond Index.

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BOND FUND

TOP 10 FUND HOLDINGS¹

JSE code	Maturity date	% of portfolio	Yield to Maturity ² 30 September 2009
R203	15/09/2017	26.4	8.745
R206	15/01/2014	14.9	8.375
R207	15/01/2020	6.6	8.910
WS04	30/05/2016	5.2	8.910
TN17	14/11/2017	3.1	10.295
ND11	17/09/2015	2.9	11.210
FRB3	15/09/2014	2.1	10.810
FRB1	31/08/2010	1.9	8.860
SBS9	07/07/2016	1.6	10.250
AIR3	09/03/2016	1.5	10.650

¹Top 10 Fund Holdings at 30 September 2009. Updated quarterly.

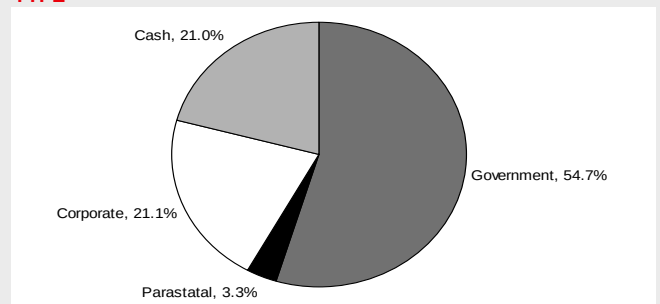
² Updated monthly.

TOTAL EXPENSE RATIO FOR THE YEAR ENDED 30 JUNE 2009³

Total expense ratio	Included in TER			
	Trading costs	Performance component	Fee at benchmark	Other expenses
0.56%	0.00%	0.18%	0.29%	0.09%

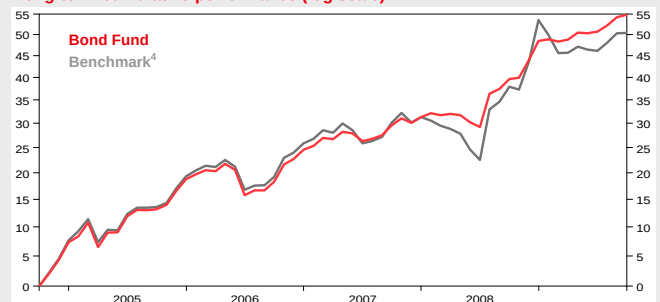
³A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio, calculated for the year to the end of June 2009. Included in the TER is the proportion of costs that are incurred by the performance component, fee at benchmark, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. The information provided is applicable to class A units.

TYPE



PERFORMANCE

Fund performance shown net of all fees and expenses as per the TER disclosure.
Long-term cumulative performance (log scale)



% Returns	Fund	Benchmark ⁴
Since inception (unannualised)	54.8	50.5
Latest 3 years (annualised)	9.4	8.0
Latest 1 year	10.9	9.1
Risk measures (Since inception month end prices)		
Percentage positive months	75.0	66.7
Annualised monthly volatility	5.1	7.3

⁴ All Bond Index. Source: I-Net Bridge, performance as calculated by Allan Gray as at 30 September 2009.