



protector

The African shield is symbolic of defence while the rook represents a fortified stronghold that guards and protects the chess player's most valuable assets. **Keep your funds securely stored in a guarded place with our Protector portfolios.**

Protector range

Absolute Strategies Portfolio

The Advantage Absolute Strategies Portfolio has been designed to provide retirement fund members with real returns comparable to inflation measures over the longer term, rather than relative to a specified benchmark or any other asset class performance.

About the Protector range

The Protector range provides a broad array of options for investors who prefer to target either absolute return or minimise downside risk. The Protector range provides risk-targeted solutions to address investors' concerns about:

- Definitive control of downside risk
- Matching inflation
- Loss of capital in absolute terms

This range provides either implicit or explicit solutions to clients, as well as variations within each group.

Investment objective

The Advantage Absolute Strategies Portfolio has two objectives:

- To provide long term returns of 4% above the CPI Index (inflation) over rolling 3 years, before costs and taxes; and
- To provide positive returns in the short to medium term, rolling 12 months

Portfolio mandate

This portfolio has been designed to provide retirement fund members with real returns over the long term, and not lose money in the short term.

The portfolio invests across all asset classes within

the ambit of Regulation 28 of the Pensions Funds Act of 1956. The portfolio utilises derivatives only for hedging purposes and does not run any speculative positions.

Investment strategy

The Advantage Absolute Strategies portfolio is a multi-manager portfolio with four distinct underlying managers. Our defining philosophy is that each of the four underlying portfolios displays a specific strategy designed to benefit investors over both the short and longer term. The multi-managed portfolio offers diversification by blending the managers whose differing absolute returns strategies create the ideal mix to take advantage of specific market conditions as well as long-term market trends. Over the longer term, the Advantage Absolute Strategies portfolio is designed to maximise long-term performance by limiting short-term losses. The effectiveness of this strategy is most visible during periods of high market volatility. However, the portfolio is structured in such a manner that investors will benefit from the strategy during less volatile investment periods.

Investor profile

Time horizon

- Medium term (3 - 5 years)

Needs

- Inflation beating returns
- Limited negative short term returns
- Low volatility returns
- Participate in the market upside (equity biased portfolio)

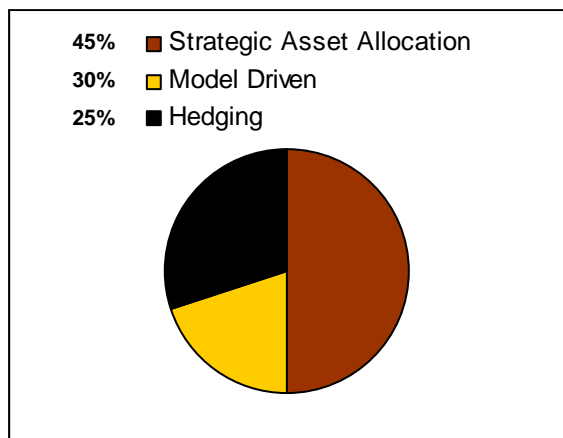
Risk meter

LOW HIGH



Asset allocation

The portfolio has a strategic asset allocation and benchmark of:



Benchmark

Consumer Price Index (CPI) + 4% rolling 36 months

Investment philosophy

Conventional wisdom suggests a higher reliance on portfolios with a fixed interest bias during periods when the equity market de-rates. Typically, fixed income investments comprise a large portion of low risk portfolios which, while beneficial to investors in the short term, is contrary to the long-term investment strategy of most retirement funds, and may be to the detriment of investors when the market re-rates.

The Absolute Strategies Portfolio is unique in this regard, in that it has been designed with an equity bias in mind. This strategy embraces the concept of long term investing. Over the short term market conditions may favour certain investment classes, but the difficulty is in timing the market to switch perfectly between these classes.

The Advantage Absolute Strategies Portfolio is based on three underlying strategies where each strategy displays a specific theme designed to benefit investors over both the short and longer term. The benefit of a multi-managed portfolio is the diversification benefits achieved by blending the different managers whose differing absolute returns strategies create the ideal mix to take advantage of specific market conditions as well as long-term market trends. These strategies can be described as follows:

Market neutral strategy: This is an active portfolio in which the market has been hedged out. The portfolio has a market beta of zero and its sole return drive is the manager's ability to generate alpha. Thus, the expected return of this strategy is cash plus manager alpha. This is the most conservative strategy. This strategy is expected to tread water during strong bull markets and outperform during bear markets, when stock selection is likely to add value.

Strategic asset allocation strategy: This portfolio derives its returns from the manager's asset allocation views. Here the manager will have a long term view on which asset/s are likely to out perform in the near future and alter the portfolio's strategic exposure accordingly. In the short term, the manager employs tactical trade using derivatives to exploit asset mispricing as and when it occurs. We expect this portfolio to perform well in trending (up or down) or highly volatile markets where asset mispricing is often prevalent.

Quantitative (momentum driven) strategy: In this portfolio asset exposures are driven by quantitative models. The manager will often move between asset classes in response to the market movements. Thus, these funds engage in short term (daily) trading. We expect this portfolio to perform very well in trending low volatility markets.

Note: The portfolio complies with the prudent investment guidelines set out in Regulation 28 of the Pension Funds Act. This fact sheet does not purport to offer advice or make any recommendation. Always consult with your professional advisor before making any investment related decision.

- Authorised as a financial services provider (FSP) under the Financial Advisory and Intermediary Services Act, 2002 number 19840
 - Registered as an administrator in terms of Sec 13B of the Pension Funds Act, number 24/401
- E&OE

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