

Advantage Shari'ah Fund

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Monthly Report

October 2009



Shari'ah

advantage
asset managers

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Portfolio mandate

The portfolio has been specifically designed to comply with both the Islamic investment principles that satisfy the investment requirements of Islamic Law as well as the regulatory and performance requirements of a retirement fund investor. The primary principle underpinning the equity blend is to provide investors with risk diversification to manager investment strategies, providing a first step for a robust blend in changing market environments. The sukuk fund of fund has a very short duration component which enables the portfolio manager to manage cash flows into or out of the fund while ensuring the desired asset allocation of the fund is maintained.

Key information

Launch date	Aug 08
Portfolio volatility	12.0%
Benchmark volatility	15.8%
Active risk	7.0%

Manager allocation as at 31 October 2009

Local equity managers

Element	50.6%
Kagiso	5.9%

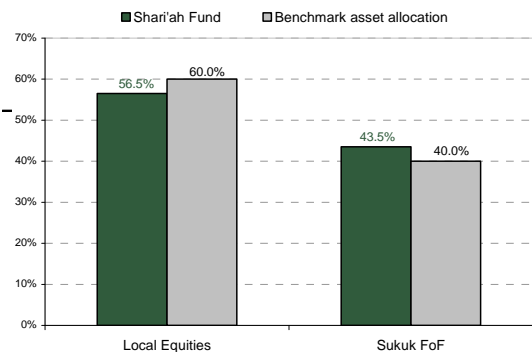
Local sukuk managers

ABSA sukuk structures	13.2%
RMB sukuk structures	20.8%
ABSA Islamic profit sharing account	9.6%

TOP 10 Holdings (in absolute terms)

Sasol	8.4%
MTN Group	8.4%
Tongaat	7.6%
Anglo Gold	6.7%
BHP Billiton	6.4%
Altech	5.7%
Altron	5.4%
AECI	5.2%
Mondi LTD	4.6%
Gold Fields	4.6%

Asset allocation as at 31 October 2009



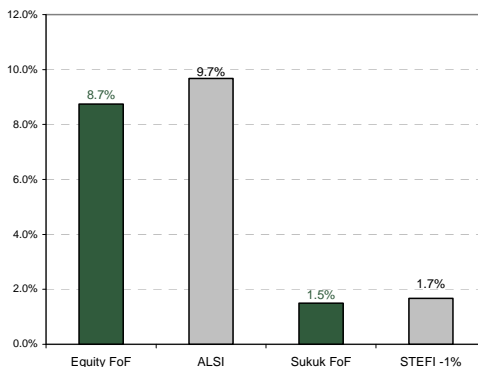
Benchmark calculation

Asset class	Benchmark
Local equities	60% JSE All Share index
Local sukuk FoF	40% STEFI -1% p.a.

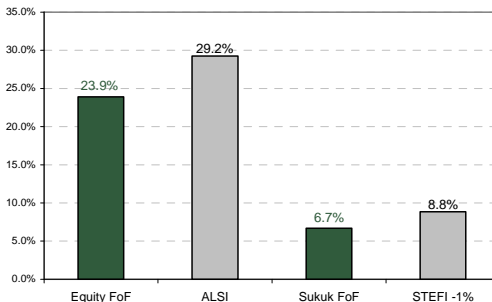
Investment strategy

This balanced multi-manager portfolio has exposure to multiple Shari'ah compliant portfolios and asset classes. The portfolio targets long term capital growth with a relatively high volatility.

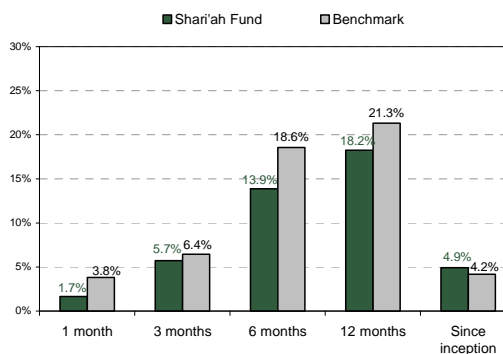
Building block performances: 3 months to 31 October 2009



Building block performances: 12 months to 31 October 2009



Performances to 31 October 2009



NOTE: Returns are gross returns, before the deduction of fees.

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 • Registered as an administrator in terms of Sec 13B of the Pension Funds Act, number 24401

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Glossary

Active risk (tracking error): This is a forecast of the difference in returns between your portfolio and its benchmark. This figure represents the amount by which you can expect your portfolio to deviate from the benchmark at 68% confidence. By positioning the portfolio to be different from the benchmark, in areas where there is expected outperformance, the fund manager is taking active risks in anticipation of deriving an active return in excess of the benchmark.

Active returns: These are the fruits from active management. Active management is the pursuit of investment returns in excess of a specified benchmark as opposed to passive management which seeks only to match the benchmark returns.

Benchmark: A portfolio that is used as a point of reference against which the performance of another portfolio is measured. The goal of an active manager is to exceed the return on the benchmark portfolio. An example of a benchmark portfolio is the JSE All Share index.

Benchmark volatility: This is an annualised forecast of the benchmark's volatility. It represents the amount that you can expect the value of the benchmark to fluctuate over a one year period at 68% confidence.

Dividend yield: Most recent annual dividend divided by the current market price.

Growth stocks: Companies that have long term growth forecasts which are significantly greater than growth in nominal GNP. Growth can come from a number of areas: leverage, acquisitions, growth in revenues per share, increased efficiency, investment of retained earnings. As such, growth stocks tend to be more volatile, lower yielding in terms of dividends paid out, smaller in terms of capitalisation, higher risk and potentially higher return.

Industry risk: Indicates the degree to which the fund manager allows the under or overweighting of industries in the fund, relative to the benchmark, to dominate the return in the fund. Typically, a fund with an industry risk figure of 1,00% or lower has little variation in industry weightings relative to the benchmark. A fund with an industry risk of 4,00% or above has aggressively either under or overweighted certain industries in the portfolio.

Information ratio: An extremely useful tool that measures the ratio of returns in excess of the benchmark in a portfolio against the degree of risk that was assumed by the manager to achieve those returns. The higher the ratio, the greater the returns and the lower the risk. A negative information ratio suggests that not only was the performance poor, but a great deal of risk was assumed by the portfolio as well. Information ratios are an excellent way to compare portfolio managers with very different styles and levels of aggressiveness.

Portfolio volatility: This is an annualised forecast of the portfolio's volatility. It represents the amount that you can expect the value of the portfolio to fluctuate over a one year period at 68% confidence.

Stock selection risk: Identifies the degree to which the fund manager allows the selection of specific companies to drive the fund's performance. The higher the number, the more aggressive the fund manager is in terms of selecting stocks that are distinctly different to the market as a whole. A stock selection risk number of around 1,00% suggests a very low stock selection bet. A figure of 4,00% and above suggests a fairly aggressive bet on specific companies. Typically, a fund with a smaller number of shares or shares that may be atypical from the market as a whole will have much higher stock selection risk. One word of caution, in the BARRA model, the stock selection risk number is also synonymous with that portion of performance that cannot be explained by the market, industry, or style movements.

Style risk: Indicates the degree to which the fund manager allows a particular investment style to dominate the performance of the fund. Examples of investment styles might be funds that concentrate on small companies, large companies, value shares, growth shares, success shares, emerging companies, blue chip shares etc. The style of a particular fund can often explain up to 90% of the active return of the fund. Funds with a style risk number of below 1,00% could be viewed as being style neutral. Funds with a figure of 4,00% or more would be seen as taking an aggressive "bet" on their particular style.

Value stocks: Value stocks have proven to be long term performers because, when bought, their prices tend to be low relative to others in the sector and low relative to companies' fundamentals. This will mean that price tends to be low relative to earnings potential, book value, sales and dividends. Companies included here may well be blue chip companies in mature industries but, buying when the price is cheap, long term performance can be expected. Tends to be a less volatile strategy than growth stock investing.

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