

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.**



Monthly Report

November 2009



protector

advantage
asset managers

S1 –S4 Capital Protection Portfolio

November 2009

Portfolio mandate

These low-risk balanced portfolios are designed to ensure that returns are never below a predetermined level over a 3 month or 1 year period. For annual portfolios market-related growth is achieved through exposure to a balanced portfolio of equities (65%), bonds (33%) and a 2% component in cash for liquidity purposes. The quarterly balanced portfolio has a 65% equity and 35% bond asset allocation. Performance expectations are limited to certain predetermined minimum and maximum levels. New quarterly and annual investment portfolios are implemented four times a year and are open to new investments at the end of each calendar quarter. Maturing portfolios are rolled into new quarterly or annual investments, at which time any growth for the preceding term is locked in and new annual and quarterly minimum and maximum returns are set.

| | S1 | S2 | S3 | S4 |
|------------------------------------|-----|-----|-----|-----|
| TOPI 40 | 65% | 65% | 65% | 65% |
| Combination of SA Government Bonds | 33% | 33% | 33% | 35% |
| Cash | 2% | 2% | 2% | - |

Investment implementation

Securities Exchange, the FTSE/JSE Top 40 Tradable (.JTOPI). The capital protection level for the equity exposure is predetermined and is set at different levels for the different portfolios (see table below). Bond exposure is acquired through an investment in a combination of SA government bonds. These bonds have a similar combined duration and profile to the overall South African bond market, are highly liquid and can be economically integrated into a structured portfolio. The S4 structure has a 100% protection factor and applies for a three-month term (see table below). Overall performance is bounded by each asset class minimum and maximum return. The S1, S2 and S3 portfolios have a 2% cash allocation. In order to be conservative, we assume growth of 0% on the cash allocation.

Expiry returns as at 30 November 2009 are reflected. These indicate the potential return of the structure, should the markets close at the current levels at expiry.

| S1 | Jan-09 | | Apr-09 | | July-09 | | Oct-09 | |
|--------------------------------------|----------------|----------|----------------|----------|----------------|----------|----------------|----------|
| | Floor | Cap | Floor | Cap | Floor | Cap | Floor | Cap |
| Equity | 100.00% | 124.03% | 100.00% | 117.70% | 100.00% | 130.00% | 100.00% | 121.80% |
| Bond | 100.00% | Uncapped | 100.00% | Uncapped | 105.00% | Uncapped | 100.00% | Uncapped |
| Combined | 100.00% | - | 100.00% | - | 101.65% | - | 100.00% | - |
| Expiry return as at 30 November 2009 | 13.85% | | 11.56% | | 14.58% | | 4.87% | |

| S2 | July-08 | | Oct-09 | |
|--------------------------------------|----------------|----------|----------------|----------|
| | Floor | Cap | Floor | Cap |
| Equity | 106.00% | 121.08% | 104.50% | 111.15% |
| Bond | 106.00% | Uncapped | 104.50% | Uncapped |
| Combined | 105.88% | - | 104.41% | - |
| Expiry return as at 30 November 2009 | 10.38% | | 6.63% | |



S1 –S4 Capital Protection Portfolio

November 2009

| S3 | Apr-09 | | July-09 | | Oct-09 | |
|--------------------------------------|---------------|----------|---------------|----------|---------------|----------|
| | Floor | Cap | Floor | Cap | Floor | Cap |
| Equity | 92.50% | 125.51% | 92.50% | 138.35% | 92.50% | 144.00% |
| Bond | 100.00% | Uncapped | 105.00% | Uncapped | 100.00% | Uncapped |
| Combined | 95.13% | - | 96.78% | - | 95.13% | - |
| Expiry return as at 30 November 2009 | 16.96% | | 15.93% | | 4.83% | |

| S4 | Oct-09 | |
|--------------------------------------|----------------|---------|
| | Floor | Cap |
| Equity | 100.00% | 103.18% |
| Bond | 101.01% | 101.01% |
| Combined | 100.35% | - |
| Expiry return as at 30 November 2009 | 2.42% | |

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- Authorised as a financial services provider (FSP) under the Financial Advisory and Intermediary Services Act, 2002 number 19840
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Performance report - November 2009

| Protector | 1 Month | 3 Months | 6 Months | 12 Months | 36 Months* | 60 Months* |
|-------------------------------|---------|----------|----------|-----------|------------|------------|
| Local Money Market | 0.70% | 1.98% | 4.49% | 9.77% | 10.16% | 9.15% |
| <i>Stefi</i> | 0.60% | 1.85% | 3.95% | 9.52% | 10.08% | 8.94% |
| Global Money Market | 0.00% | 1.44% | 3.29% | 6.21% | 9.36% | 9.12% |
| <i>Benchmark</i> | -0.11% | 1.28% | 2.85% | 4.66% | 9.78% | 9.29% |
| Guaranteed Fund (MSG)** | 0.10% | 0.30% | 0.55% | 1.36% | 8.55% | 9.75% |
| <i>Benchmark</i> | 0.70% | 2.03% | 5.32% | 8.10% | 13.40% | 13.92% |
| Guaranteed Fund (MSB)** | 0.10% | 0.30% | 0.55% | 1.26% | 7.34% | 8.81% |
| <i>Benchmark</i> | 0.70% | 2.03% | 5.32% | 8.10% | 13.40% | 13.92% |
| Real Return | 0.73% | 2.41% | 4.81% | 11.79% | 12.67% | 16.14% |
| <i>Benchmark</i> | 0.25% | 1.39% | 4.06% | 7.98% | 12.02% | 10.75% |
| Advantage Absolute Strategies | 0.19% | 2.53% | 6.50% | 11.91% | 9.27% | 13.04% |
| <i>CPI +4%</i> | 0.33% | 1.64% | 4.56% | 9.03% | 12.56% | 11.07% |
| R5 Money Market Portfolio | 0.71% | 1.99% | 4.50% | 10.28% | 10.56% | 9.30% |
| <i>Benchmark</i> | 0.60% | 1.85% | 3.95% | 9.52% | 10.08% | 8.94% |

- *Annualised
- **The Guaranteed Portfolio (MSB and MSG) performance figures are net of all fees.
- Performance figures are nominal, gross, and non-annualised (except where indicated otherwise).
- The benchmark for the Real Return Portfolio is based upon CPI lagged by a month plus 3% p.a.
- All returns to 30 November 2009.

Market indices

| | 1 Month | % Change at 3 months | % Change at 12 months | % Change at 36 months | % Change at 60 months |
|-------------------------------------|---------|----------------------|-----------------------|-----------------------|-----------------------|
| CPI* | 0.00% | 0.65% | 4.85% | 8.26% | 6.82% |
| Headline CPI** | 0.00% | 0.65% | 5.93% | 7.65% | 5.93% |
| R/\$ Exchange rate | 5.24% | 4.72% | 35.07% | -1.23% | -4.95% |
| All Share index | 2.13% | 8.54% | 30.33% | 6.95% | 19.90% |
| Shareholder Weighted index (SWIX) | 0.46% | 5.33% | 28.81% | 6.88% | 19.07% |
| Financials | -1.24% | 3.28% | 22.94% | 0.06% | 12.70% |
| Industrials | -0.16% | 6.34% | 32.66% | 10.42% | 20.05% |
| Resources | 5.88% | 13.18% | 31.74% | 6.93% | 23.72% |
| MSCI World index (All Countries)*** | -5.78% | -0.36% | 7.42% | -6.79% | 6.44% |
| Citigroup Composite index | -2.07% | 1.19% | -13.32% | 9.35% | 10.38% |
| ALBI | 0.10% | -0.04% | 4.62% | 6.58% | 7.51% |
| STeFI | 0.60% | 1.85% | 9.52% | 10.08% | 8.94% |

*For September 2009 - Due to the reweighting of the CPI from January 2009, this number reflects a compound of month on month CPI returns. The historical numbers used are the official month on month numbers based on a composite of the old basket prior to Jan 2009 and new basket post January 2009.
 **For September 2009 - These figures reflect the historically adjusted returns for the new CPI basket.
 *** MSCI World index (All Countries) return adjusted to correspond with international investment prices received.

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Advantage Local Money Market Portfolio

November 2009

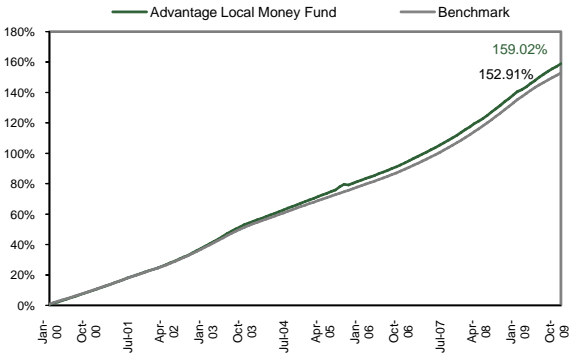
Investment objective

The Advantage Local Money Market Portfolio provides preservation of capital and maintenance of liquidity. The portfolio is exclusively invested in South African money market instruments and other cash or near cash instruments. It will exhibit very low levels of volatility. The lower volatility is at the expense of higher long term returns due to the absence of equity and other long term growth investments.

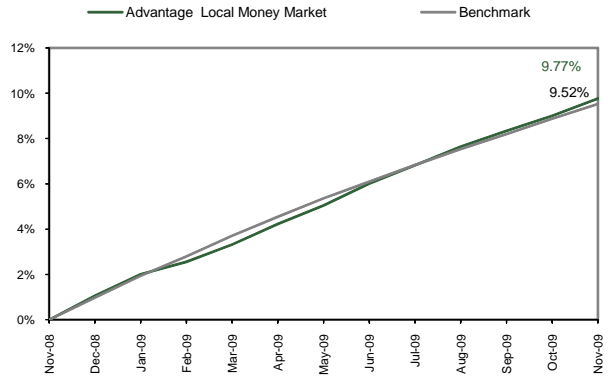
Portfolio characteristics

| | |
|--------------------|--------------|
| Launch date | Dec 99 |
| Risk profile | Conservative |
| Investment horizon | 0-3 Years |
| Benchmark | STeFI* |

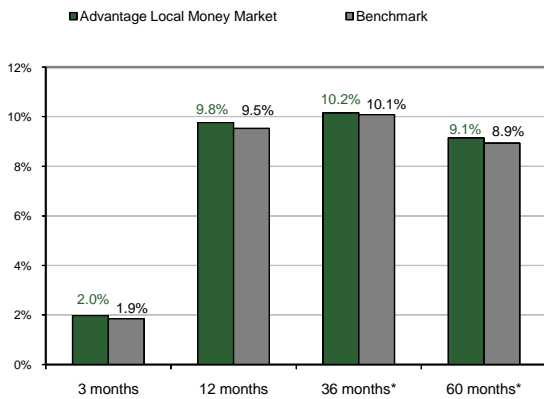
Monthly cumulative returns to 30 November 2009



1 year cumulative performance to 30 November 2009



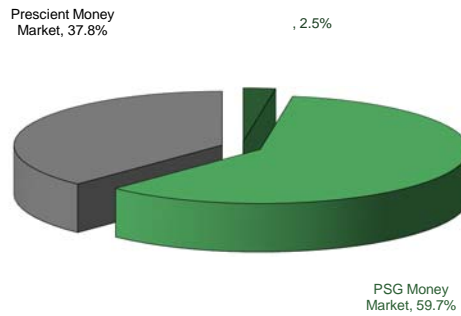
Performance as at 30 November 2009



*36 months and 60 months annualised

Manager allocation as at 30 November 2009

| | |
|------------------------|-------|
| PSG Money Market | 2.5% |
| Prescient Money Market | 59.7% |
| RMB Money market | 37.8% |



Portfolio comments

Headline inflation continued to fall on a year-on-year basis and is currently within the target range, at 5.8%. The MPC left the repo rate unchanged at 7% at the November meeting.

Both Prescient and RMB has performed well during November, with RMB performing better than the SteFi composite benchmark and Prescient performing in line with the benchmark. At the end of November, the market was pricing in flat rates going forward, with the chance of rates starting to rise in about 12 months time. Both the managers currently see more value in the shorter end of the yield curve.

Eugen Botha - Portfolio Manger

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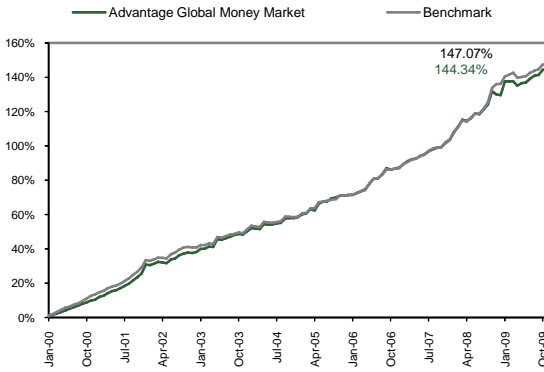
Advantage Global Money Market Portfolio

November 2009

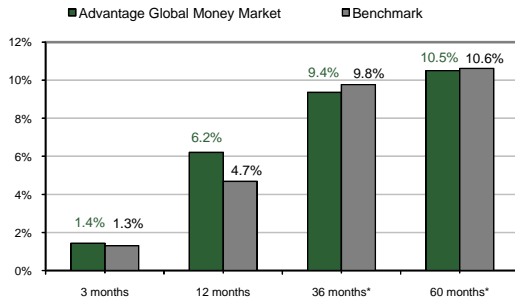
Investment objective

The Advantage Global Money Market Portfolio provides preservation of capital and maintenance of liquidity. The portfolio is invested in South African money market instruments and other cash or near cash instruments as well as international cash instruments. It will exhibit volatility due to exchange rates, but will provide some shelter against currency risk. The return will be lower due to the absence of equity and other long term capital growth asset classes.

Monthly cumulative returns to 30 November 2009



Performance as at 30 November 2009



*Annualised

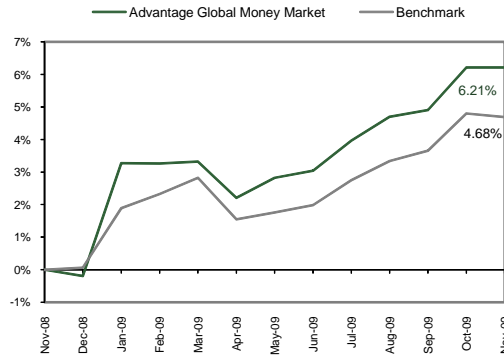
Manager allocation as at 30 November 2009

| | |
|------------------------|-------|
| PSG Money Market | 2.2% |
| Prescient Money Market | 52.7% |
| RMB Money Market | 33.4% |
| RMBI | 11.8% |

Portfolio characteristics

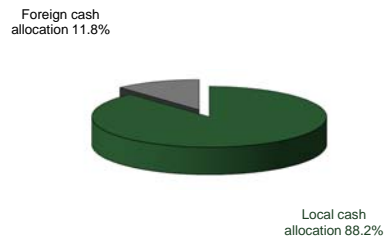
| | |
|--------------------|---|
| Launch date | Dec 99 |
| Risk profile | Conservative |
| Investment horizon | 0-3 Years |
| Benchmark | 7 Day \$ Libor (11.25%), STeFi (85%) 7 Day Eur (3.75%) |

1 year cumulative performance to 30 November 2009

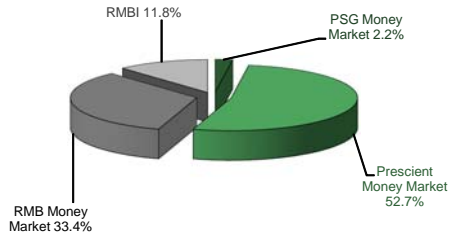


Asset allocation as at 30 November 2009

| | |
|-------------------------|--------|
| Local cash allocation | 88.2% |
| Foreign cash allocation | 11.8% |
| Total cash allocation | 100.0% |



Manager allocation as at 30 November 2009



Portfolio comments

The global Money Market had a particularly good month, outperforming its benchmark by 11bps. Most of the performance was due to the good performance in the local portion of the fund. The rand strengthened by about 5% for the month of November and this resulted in the global portion returning a negative number as a result of this exchange rate movement. As a result, the fund as a whole returned 0% for the month.

Eugene Botha - Portfolio Manager

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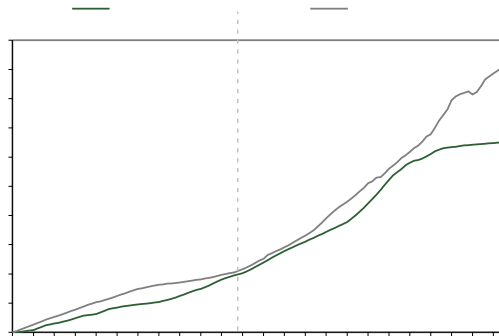
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Eugene Botha - Portfolio manager

Advantage MSB Portfolio

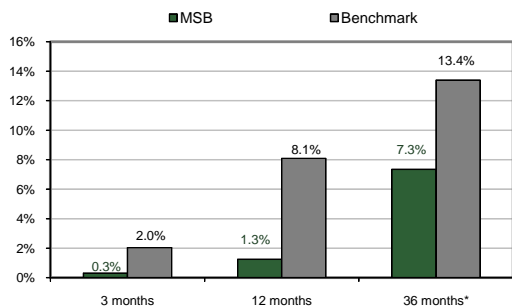
November 2009

Investment objective

The Advantage Guaranteed Portfolio offer members of pension and provident funds exposure to a diversified basket of equities, bonds and cash investments. At the same time they limit the effect of fluctuating investment returns of the underlying investments. The Guaranteed Portfolios allow significant exposure to the equity market, whilst protecting investors against the natural volatility associated with direct equity investments.

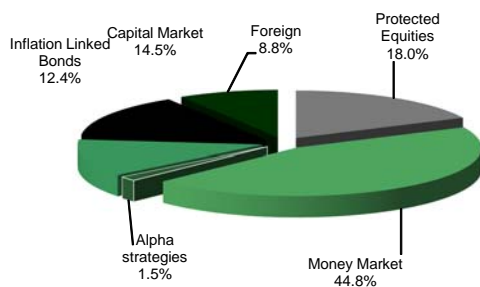
Momentum Secure Bonus

Performance as at 30 November 2009



*Annualised

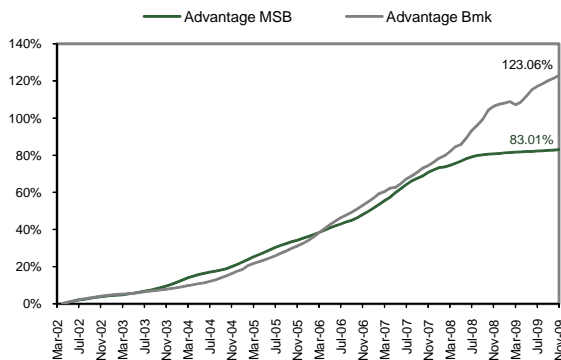
Physical exposure as at 30 November 2009



Asset class return comparison

| | 3 Months | 12 Months | 36 Months |
|----------------------|----------|-----------|-----------|
| MSB | 0.3% | 1.3% | 7.3% |
| Cash (STeFI) | 1.9% | 9.5% | 10.1% |
| Bonds (ALBI) | 0.0% | 4.6% | 6.6% |
| Equities (All Share) | 8.5% | 30.3% | 7.0% |

Cumulative returns to November 2009



Alpha strategies

Alpha strategies uses derivative instruments in order to achieve returns above cash, while at the same time substantially reducing market risk.

Protected equity

Protected equity is a derivative strategy that prevents losses in the value of an equity portfolio, while retaining exposure to potential positive returns.

Portfolio comments

The guaranteed portfolio declared a bonus of 0.1% for the month of November 2009. This fund lags the CPI +4% benchmark considerably over the 12 to 24 month time periods due to the fact that the CPI has increased so considerably recently as well as the fact that asset classes that outperformed the CPI benchmark over these periods were few and far between. The equity market specifically has not shown many opportunities over the past two years.

During October and November, the Capital Market exposure was increased at the expense of Cash Plus strategies.

Eugene Botha - Portfolio manager

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Advantage Real Return Portfolio

November 2009

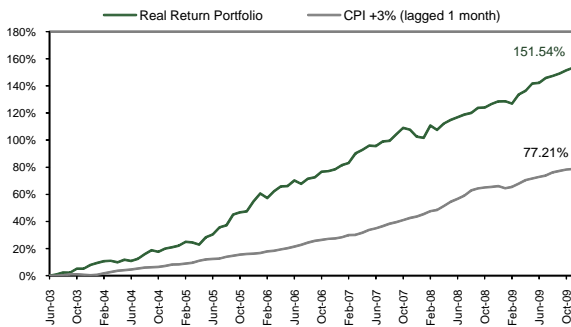
Portfolio mandate

The asset allocation is dynamically managed. The portfolio aims to generate sustainable positive returns and immunise the fund from downside risk, so that capital is protected over any 12 month rolling period. The return objective is to beat inflation over rolling 36 month periods. The portfolio has a low risk profile and short to medium investment term of 1 to 3 years. The portfolio conforms to Prudential Investment Guidelines.

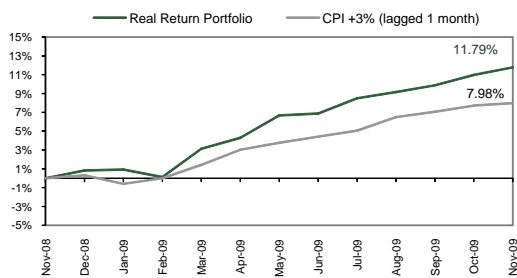
Key information

Launch date July 2003
 Investment horizon Short term (1 - 3 years)
 Benchmark CPI + 3% lagged 1 month**

Cumulative returns since inception



Cumulative returns over the past 12 months



*Effective exposures refers to the exposure participation in down markets and physical exposure refers to the exposure participation in up markets
 **Benchmark changed from CPI +4% to CPI +3% lagged by 1 month, effective from 1 June 2008

Portfolio comments

The fund had a positive November 2009, returning 0.73%. The market has continued its rally with the FTSE/JSE Top 40 index returning 3.03% for the month. This gain was mainly driven by an increase in the demand for Resource shares as a result of strong commodity prices. Given the market rally, Prescient feels that the risk adjusted pricing of equities relative to cash has deteriorated and thus have reduced protected equity content considerably.

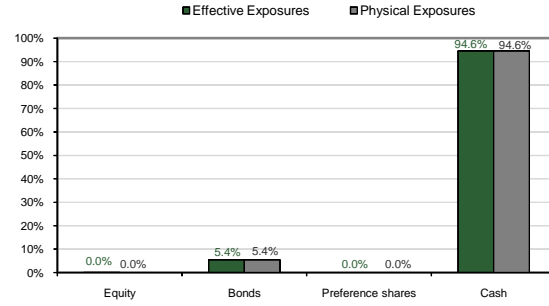
Physical equity exposure in the funds is approximately 55% and this position has been hedged out with futures. The portfolio thus has close to zero effective equity exposure. The remainder of the assets is invested in floating rate money market assets and inflation linked bonds where Prescient aims to invest where the highest yield can be gained and focuses on increasing and protecting the minimum returns for the fund rather than participating in market movements.

Eugene Both - Portfolio Manager

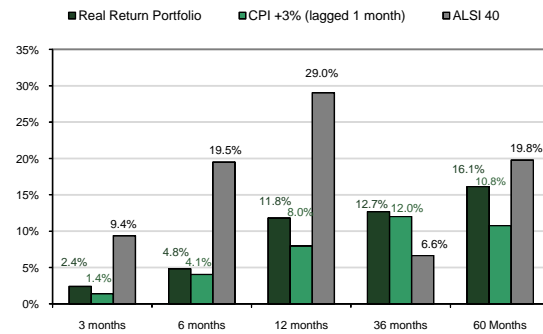
Investment strategy

The Real Return Fund is registered as a collective investment scheme which invests in a spread of equities, bonds, cash and appropriate derivative instruments. The portfolio uses an objective asset allocation process, determined by relative pricing and risk targets. Where opportunities exist, returns are locked in, raising the return profile through hedging and the applicable use of derivative instruments. Enhancement strategies are applied to each asset class to achieve incremental performance over time.

Asset allocation as at 30 November 2009*



Performance summary to 30 November 2009



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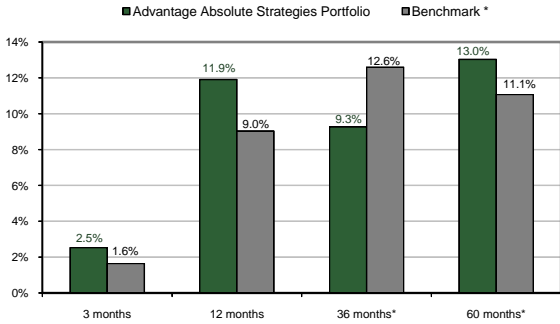
Advantage Absolute Strategies Portfolio

November 2009

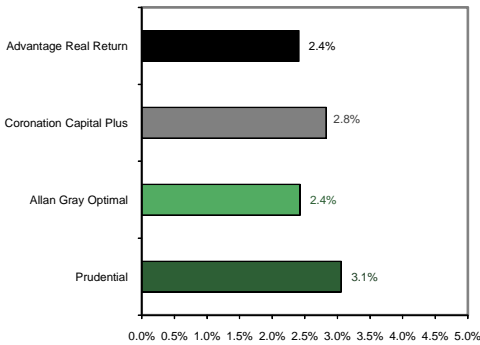
Background

The Advantage Absolute Strategies Portfolio has been designed to provide retirement fund members with real returns over the long term, and not to lose money in the short term. The performance of the fund is benchmarked to CPI +4% per annum over any rolling three year period.

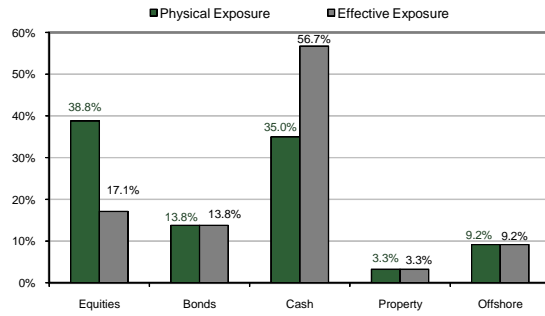
Performance as at 30 November 2009



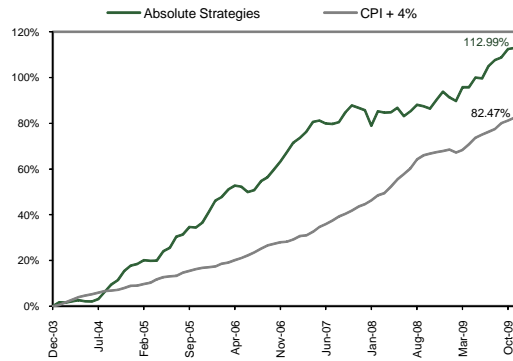
Manager performances as at 30 November 2009



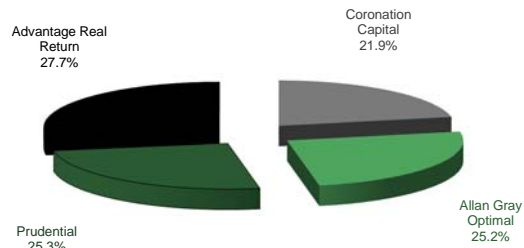
Asset allocation as at 30 November 2009



Cumulative returns since inception



Manager allocations as at 30 November 2009



Portfolio comments

The Absolute Strategies returned 0.19% for the month of November. The more aggressive funds in the blend, Coronation and Prudential, detracted slightly from performance, while the more cash laden funds contributed most to the positive performance.

Even though the funds have participated in the positive equity performance over the past couple of months, all the funds are still very cautious of the equity market and have protection strategies in place.

The fund is currently ahead of its CPI performance target over the shorter periods. We should see the longer term performance change around as well inflation retracts back to its target levels and stays there.

Eugene Botha - Portfolio manager

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

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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.

Contact details:

