

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

April 2010

Please note that Advantage Asset Managers has moved to a new premises in Sandton. Our new address is as follows: 2nd Floor; 6 Merchant Place; Cnr Fredman Drive and Bute Avenue; Sandton; 2196. Also note that our new reception number is 086 153 8732 and our new Client Service Desk number is 086 123 8238.



advantage
asset managers

Economic and market commentary

April 2010

Commentary

Financial markets

After a sterling 7.9% return in March, the FTSE JSE All Share index managed a paltry -0.06% return for April. The ALSI initially enjoyed a strong run of about 3% in April but reversed these gains as news flow out of Greece turned decidedly negative on the back of default fears. Gold enjoyed a 5% rally to \$1169 per ounce on the back of investors seeking a safe haven from the uncertainty in Europe. Lower inflation outcomes for March and a fairly stable exchange rate benefited local bonds as the All Bond index returned 1.26% for the month. Listed property, which has bond like characteristics, also benefited; rewarding investors with a return of 1.85%. Returns from international markets were quite mixed with US markets delivering good returns on the back of a strong earnings reporting season and positive economic growth while European markets struggled due to developments in Greece.

The scope for further interest rate cuts are limited

Consumer price inflation has fallen to levels last seen in 2006 as the reading in March fell to 5.1% year-on-year. Food inflation is now only growing at 0.5% from the previous year and importantly, underlying inflation¹ is also now growing at 5.4% over the year. Producer price inflation for March came in at 3.7% year-on-year, slightly lower than consensus expectations of 3.9%. Falling maize prices have had a deflationary impact on agricultural food prices; pipeline price pressures remain contained as agricultural food inflation is still running at -8.2% from the previous year. Manufacturing food inflation is contracting at -1.5% year-on-year to March 2010. Despite these positive outcomes, recent utterances from the Governor of the Reserve Bank, Gill Marcus, at the Bureau for Economic Research, point to the end of the interest rate cutting cycle. Specifically, she stated that the scope for further easing was limited although this was dependent on future risks that might change that outlook. Some of the risks that the Governor highlighted included the volatility of the rand as well as the still fragile domestic economy².

IMF revises up global economic growth

The IMF released its latest World Economic Outlook (WEO) within which it revised up global GDP by 0.3% to 4.2% for 2010. The WEO notes that the global recovery is proceeding better than had initially been expected but that the recovery remained tepid in many advanced economies. As for most emerging economies, the recovery was solid, particularly in emerging Asia. The strength of the Chinese economy was recently reflected in their 11.9% economic growth rate for the first quarter of 2010.

The WEO highlighted a number of downside risks to their forecasts relating to public debt growth in advanced economies. They state that in the near term, a risk is that, if unchecked, market concerns about sovereign liquidity and solvency in Greece could turn into a full blown and contagious sovereign debt crisis. Furthermore, the main concern is that room for policy maneuvering in many advanced economies has either been largely exhausted or is much more

limited, leaving the fragile recoveries exposed to new shocks. In addition, bank exposures to real estate continue to pose downside risks, mainly in the United States and parts of Europe.

The Greek tragedy plays out

Eurostat, the European Union's statistical offices, recently announced that Greece's budget deficit for 2009 was 13.6% of GDP (higher than the previously reported 12.7% of GDP) and that Greece's government debt to GDP ratio had reached 115%. More alarming though was a note from Eurostat stating that it had reservations on the quality of the data reported by Greece and that further investigations were underway, which would lead to even more negative revisions.

Ratings agencies did not take kindly to these announcements; Bloomberg reports that Standard & Poor's (S&P) lowered Greece's credit rating to BB+ from BBB+ and warned that bondholders could recover as little as 30% of their initial investment, if the country restructures its debt. This downgrade marked the first time a euro member has lost investment grade rating (to junk bond rating) since the currency's 1999 debut; Greek bond yields spiked up violently on the back of these developments.

By the end of the month, Reuters reported that investors were finally calmed by the negotiation of a multi year bailout package for Greece and also agreement by this beleaguered nation to further austerity measures. Reuters reports that trade unions in Greece are vehemently opposed to austerity measures that may include Athens raising sales taxes, scrapping bonuses and enforcing a three year pay freeze. Furthermore, the Greek social affairs minister confirmed that pensions would be reformed in an attempt to save the country from collapse; reforms could include raising the retirement age and reducing pensions paid by state controlled corporations. News reports now suggest that Greece's aid package could be worth 100 – 130 billion euros over three years, as opposed to the initial plan of 45 billion euro aid for 2010 alone.

Economic recovery in the US affirmed

The Statement released by the Federal Open Market Committee (FOMC) highlighted that economic activity had continued to strengthen and that the labour market was beginning to improve. Also that household spending had picked up but remained constrained by high unemployment, modest income growth, lower housing wealth and tight credit. Financial markets were cheered by the Committee's commitment to maintain the target range for the federal funds rate at 0 to 0.25%; highlighting that conditions warranted exceptionally low levels of the federal funds rate for an extended period.

Companies on the S&P 500 index have reported first quarter earnings for 2010 and Bloomberg news reports 79.4% of the companies that have reported topped projections and beat analysts' estimates. Positive economic growth of 3.2% for the first quarter was largely attributable to consumer spending on durable goods and services perking up. These developments

¹CPI excluding food, non alcoholic beverages and petrol

²www.inet.co.za

Economic and market commentary (continued)

in the US led to the Dow Jones Industrial Average returning 1.4% for the month while European bourses like the CAC 40 in Paris were down 4% in April on the back of uncertainty in Greece.

Impact on financial markets

Developments in April continue to point towards what will be a most volatile year for financial markets. What remains critical is focussing on investments that are backed by strong fundamentals. A clear example of this is that despite the fallout in Greece, the appetite for emerging market bonds remains strong. In South Africa, for the year to April, foreigners have bought R32 billion worth of bonds on the back of a very attractive yield and good local fundamentals. We continue to believe that the global economic recovery is in place but sovereign debt will remain a key risk in some advanced economies.

Azola Lowan, CFA
Senior Research Analyst
Advantage Asset Managers

S1 –S4 Capital Protection Portfolio

April 2010

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.

Asset allocations

	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

The equity exposure of the fund is linked to the return achieved by the largest forty shares listed on the JSE Securities Exchange, the FTSE / JSE TOP40 TRADEABLE (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 April 2010 are reflected. These indicate the potential return of the structure, should the markets close at the current levels at expiry.

S1	Jan-10		Apr-10		July-09		Oct-09	
	Floor	Cap	Floor	Cap	Floor	Cap	Floor	Cap
Equity	100.00%	123.52%	100.00%	120.50%	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 April 2010	1.04%		0.16%		15.47%		9.29%	

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 April 2010	10.38%		8.70%	

S1 –S4 Capital Protection Portfolio

April 2010

S3	Apr-10		July-09		Oct-09	
	Floor	Cap	Floor	Cap	Floor	Cap
Equity	92.50%	Uncapped	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 April 2010	-1.48%		20.92%		9.10%	

S4	Apr-10	
	Floor	Cap
Equity	100.00%	102.40%
Bond	101.01%	101.00%
Combined	100.35%	-
Expiry return as at 30 April 2010	0.35%	

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Advantage Asset Managers Registration Number 2004/023064/07
 • Authorised as a financial services provider (FSP) under the Financial Advisory and Intermediary Services Act, 2002 number 19840
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Performance report - April 2010

Protector	1 Month	3 Months	6 Months	12 Months	36 Months*	60 Months*
Local Money Market	0.66%	2.07%	4.03%	8.79%	10.04%	9.15%
<i>Benchmark</i>	0.58%	1.75%	3.61%	7.90%	9.90%	8.93%
Global Money Market	0.52%	1.36%	2.22%	6.23%	9.06%	9.00%
<i>Benchmark</i>	0.40%	0.81%	1.35%	4.57%	9.19%	8.88%
Absolute Strategies	0.71%	3.00%	3.92%	12.82%	6.95%	13.00%
<i>CPI +4%</i>	1.14%	2.74%	4.03%	9.30%	12.60%	11.11%
Guaranteed Fund (MSG)**	0.40%	0.70%	1.00%	1.56%	6.10%	8.70%
<i>Benchmark</i>	0.60%	1.54%	3.20%	10.43%	12.33%	11.05%
Guaranteed Fund (MSB)**	0.60%	0.80%	1.10%	1.66%	5.51%	7.88%
<i>Benchmark</i>	0.60%	1.54%	3.20%	10.43%	12.33%	11.05%
Real Return	0.48%	2.52%	4.54%	11.24%	10.89%	16.43%
<i>Benchmark</i>	1.06%	2.49%	3.53%	8.25%	11.91%	10.70%

*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 April 2010.

Market indices

	1 Month	% Change at 3 months	% Change at 12 months	% Change at 36 months	% Change at 60 months
CPI*	0.82%	1.74%	5.11%	7.77%	6.05%
Headline CPI**	0.82%	1.74%	5.11%	8.30%	6.86%
R/\$ Exchange rate	-0.27%	2.47%	14.89%	-1.54%	-3.77%
All Share index	-0.06%	8.21%	41.77%	3.39%	21.18%
Shareholder Weighted index (SWIX)	0.58%	8.62%	40.69%	3.12%	20.78%
Financials	0.77%	9.36%	45.05%	-1.90%	14.64%
Industrials	1.19%	8.57%	44.16%	6.14%	22.31%
Resources	-1.64%	7.30%	37.97%	3.21%	23.84%
MSCI World index (All Countries)***	1.02%	5.20%	20.20%	-7.61%	6.33%
Citigroup Composite index	-0.69%	-5.64%	-8.99%	7.06%	7.29%
ALBI	1.26%	5.48%	9.34%	7.35%	7.96%
STeFI	0.58%	1.75%	7.90%	9.90%	8.93%

*For March 2010 - 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 January 2009 and new basket post January 2009.

**For March 2010 -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

April 2010

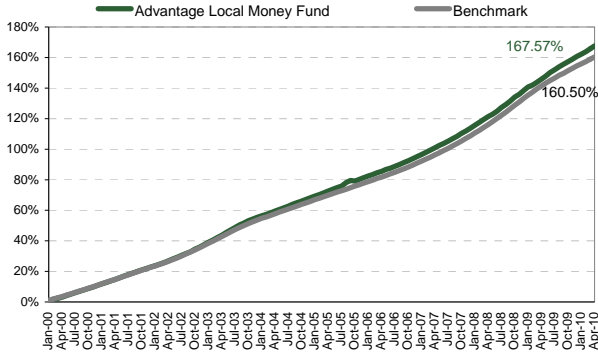
Investment objective

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.

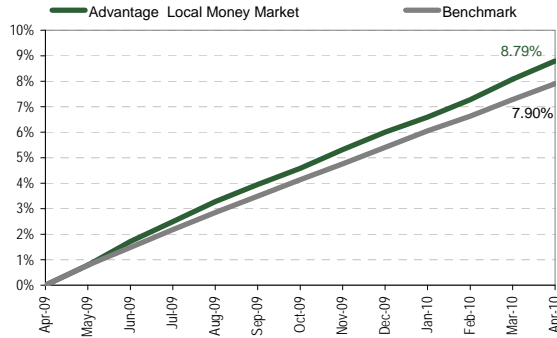
Portfolio characteristics

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

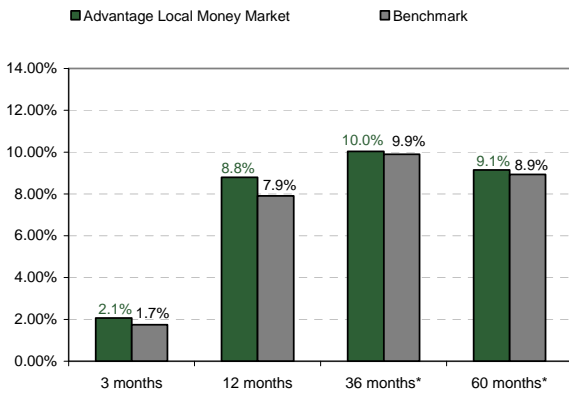
Monthly cumulative returns to 30 April 2010



1 year cumulative performance to 30 April 2010



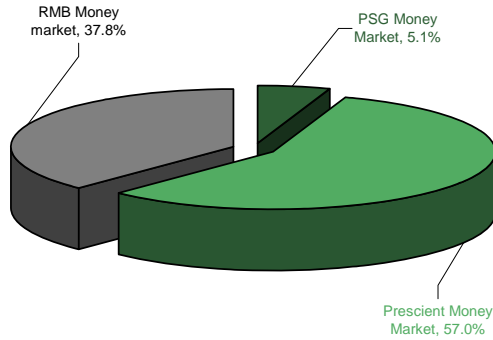
Performance as at 30 April 2010



*Annualised

Manager allocation as at 30 April 2010

PSG Money Market	5.1%
Prescient Money Market	57.0%
RMB Money market	37.8%



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

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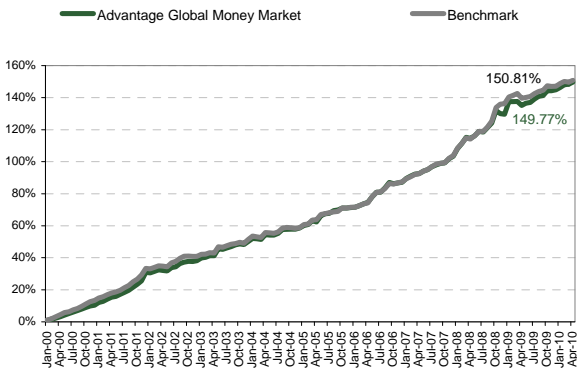
Advantage Global Money Market Portfolio

April 2010

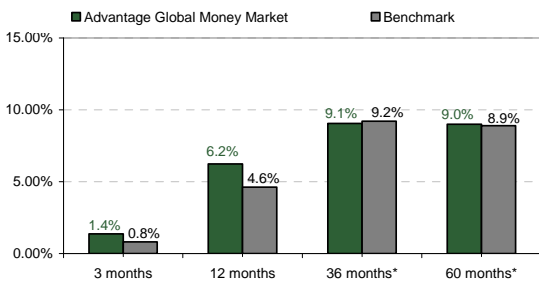
Investment objective

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 April 2010



Performance as at 30 April 2010



*Annualised

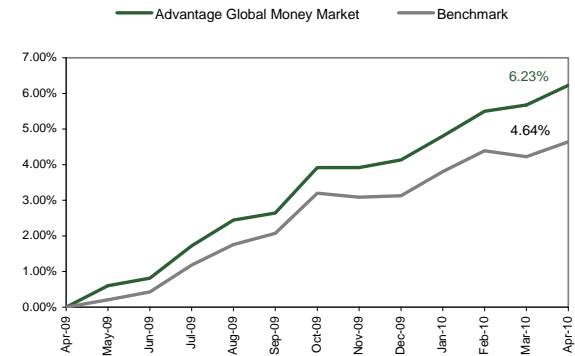
Manager allocation as at 30 April 2010

PSG Money Market	4.6%
Prescient Money Market	50.9%
RMB Money Market	33.8%
RMBI	10.7%

Portfolio characteristics

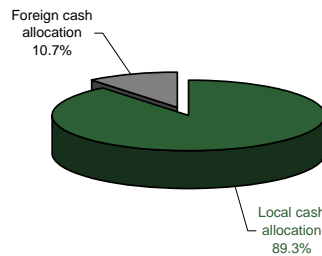
Launch date	Dec 99
Risk profile	Conservative
Investment horizon	0-3 Years
Benchmark	30 Day \$ Libor (7.5%), STeFi (85%) 30 Day Eur (7.5%)

1 year cumulative performance to 30 April 2010

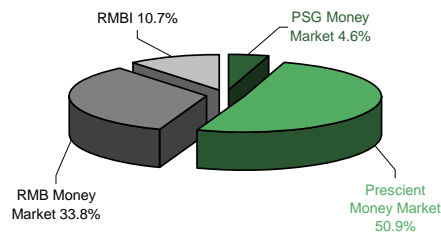


Asset allocation as at 30 April 2010

Local cash allocation	89.3%
Foreign cash allocation	10.7%
Total cash allocation	100.0%



Manager allocation as at 30 April 2010



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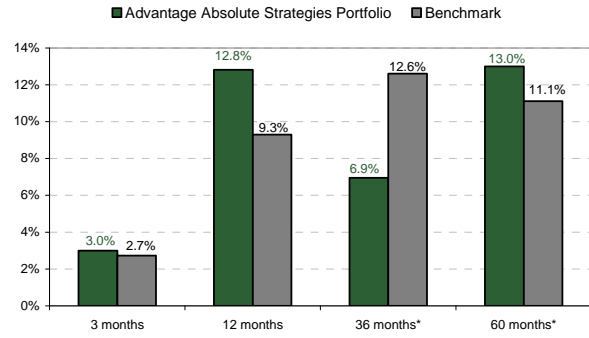
Advantage Absolute Strategies Portfolio

April 2010

Background

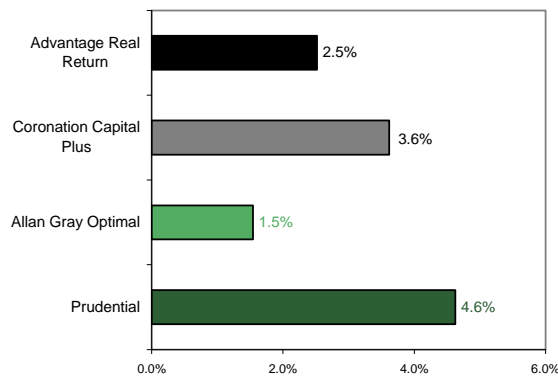
The Advantage Absolute Strategies Portfolio has been designed to provide retirement fund members with real returns over the long term, and not to lose money in the short term. The performance of the fund is benchmarked to CPI + 4% per annum over any rolling three year period.

Performance as at 30 April 2010

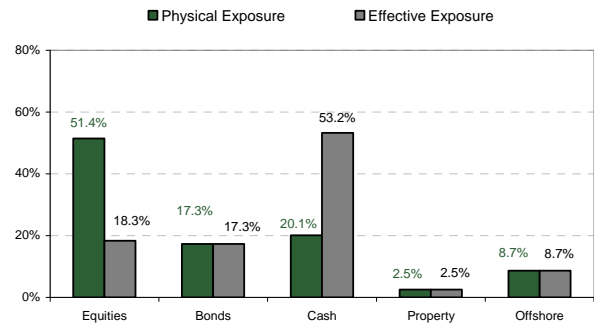


*Annualised

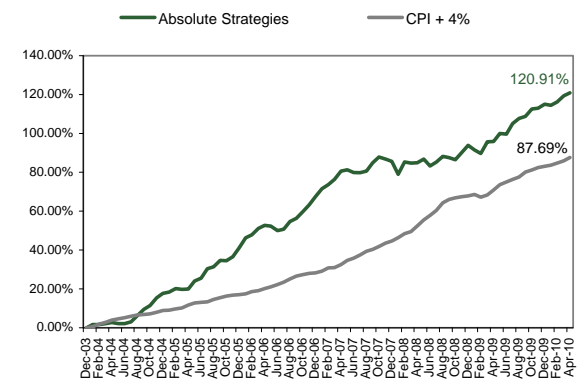
Manager performances as at 30 April 2010



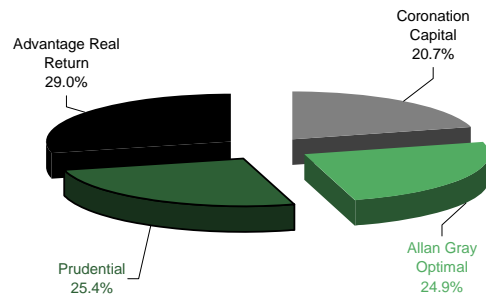
Asset allocation as at 30 April 2010



Cumulative returns since inception



Manager allocations as at 30 April 2010



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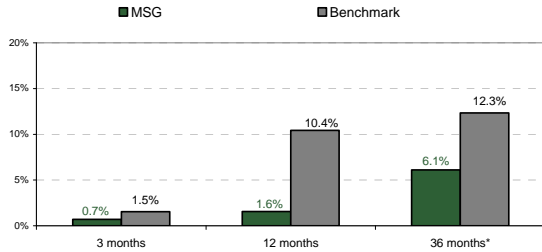
Advantage MSG Portfolio

April 2010

Investment objective

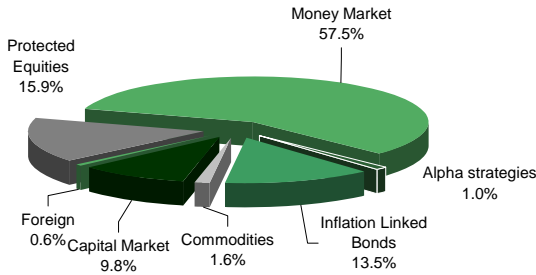
The Advantage Guaranteed Portfolio offer members of pension and provident funds exposure to a diversified basket of equities, bonds and cash investments. At the same time they limit the effect of fluctuating investment returns of the underlying investments. The Guaranteed Portfolios allow significant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

Momentum Structured Growth Performance as at 30 April 2010



*Annualised

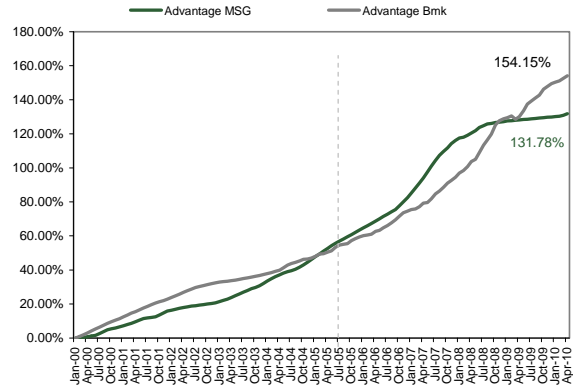
Physical exposure as at 30 April 2010



Asset class return comparison

	3 months	12 months	36 months
MSG	0.7%	1.6%	6.1%
Cash (STeFI)	1.7%	7.9%	9.9%
Bonds(ALBI)	5.5%	9.3%	7.4%
Equities (All Share)	8.2%	41.8%	3.4%

Cumulative returns to April 2010



..... Converted to Monthly Bonus

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.

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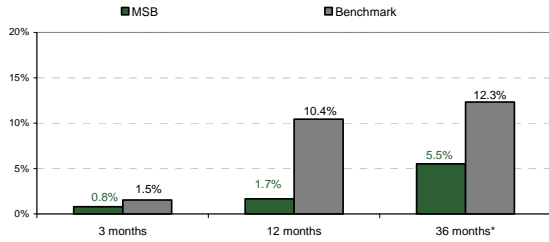
Advantage MSB Portfolio

April 2010

Investment objective

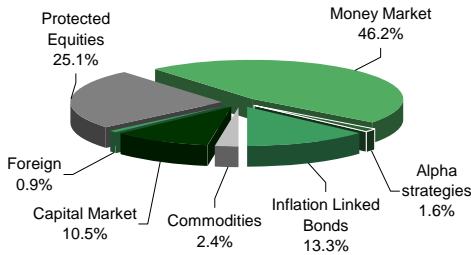
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Momentum Secure Bonus Performance as at 30 April 2010



*Annualised

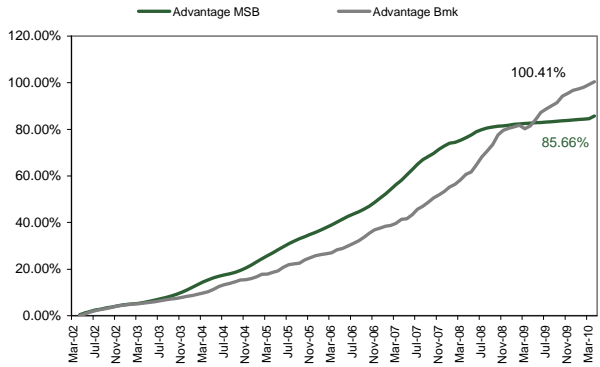
Physical exposure as at 30 April 2010



Asset class return comparison

	3 months	12 months	36 months
MSB	0.8%	1.7%	5.5%
Cash (STeFI)	1.7%	7.9%	9.9%
Bonds(ALBI)	5.5%	9.3%	7.4%
Equities (All Share)	8.2%	41.8%	3.4%

Cumulative returns to April 2010



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.

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

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Advantage Asset Managers Registration Number 2004/023064/07

• 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

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Advantage Real Return Portfolio

April 2010

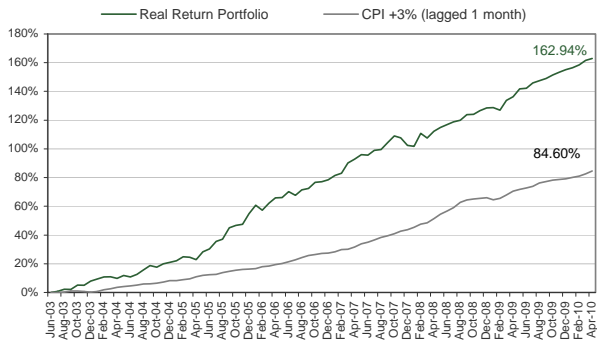
Portfolio mandate

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.

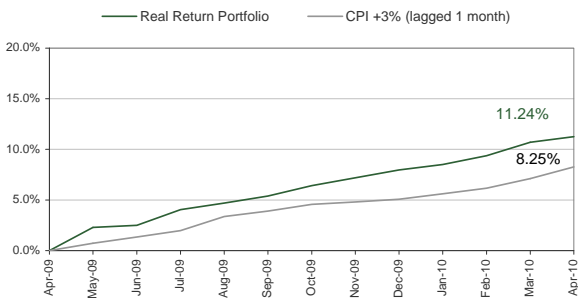
Key information

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

Cumulative returns since inception



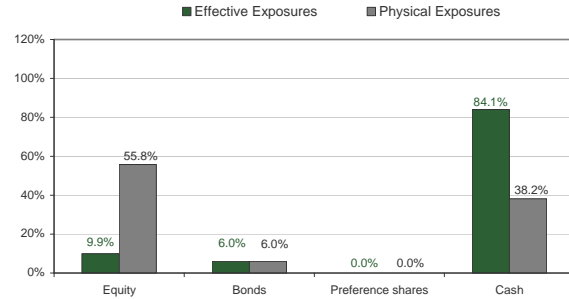
Cumulative returns over the past 12 months



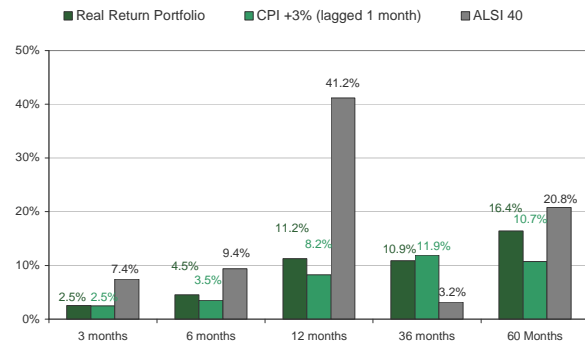
Investment strategy

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 April 2010*



Performance summary to 30 April 2010



*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

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.

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