

shari'ah
shari'ah



Monthly investment report

June 2010



shari'ah

advantage
asset managers

Shari'ah Portfolio

June 2010

Investment portfolio mandate

The portfolio has been specifically designed to comply with 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 portfolio while ensuring the desired asset allocation of the portfolio is maintained.

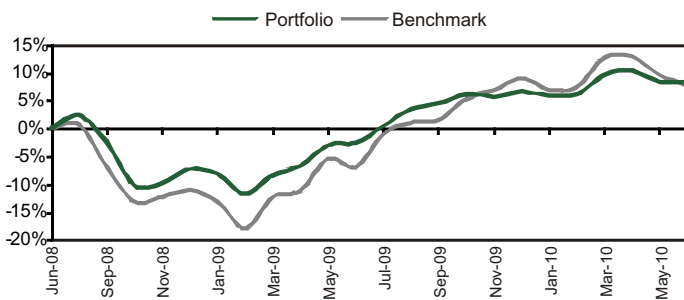
Benchmark allocation

Asset class	Allocation	Benchmark
Local equities	60%	FTSE/JSE All Share index
Local sukuk	40%	Short-term Fixed Interest Composite index less 1% a year

Investment returns

	One Month	Three Months	One Year	Three Years	Five Years	Since Inception
Portfolio	-0.2%	-1.3%	11.0%			4.2%
Benchmark	-1.7%	-4.4%	15.8%			3.9%

Cumulative returns since inception



Building block allocation and one-year returns

	Weighting	Return
Local equity building block		
Local Equity FoF	61.2%	13.6%
FTSE/JSE Africa All Share index		21.8%
Local sukuk building block		
Local sukuk FoF	38.8%	5.8%
Short-term Fixed Interest Composite index less 1% p.a.		7.5%
Total	100.0%	

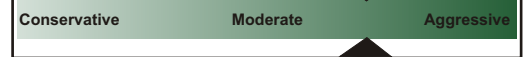
Investment strategy

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.

Investment portfolio information and risk analysis

Inception date August 2008
Investment horizon Long term (six to 12 years)

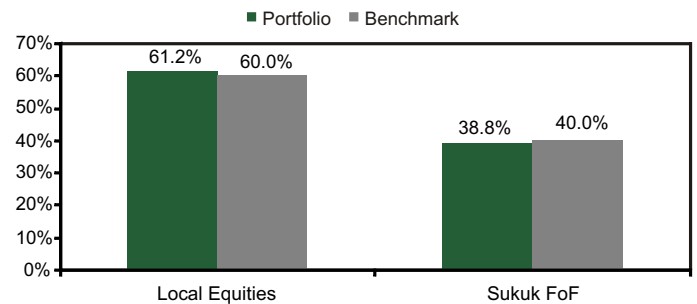
Risk profile



(Numbers based since inception)

Portfolio volatility	10.2%
Benchmark volatility	13.8%
Active risk	6.3%

Asset allocation



Investment manager allocation and one-year returns

	Weighting	Return
Local equity managers		
Element	34.7%	11.9%
Kagiso	26.5%	
FTSE/JSE Africa All Share index		21.8%
Local sukuk managers		
Absa	23.7%	
RMB	3.8%	
Albaraka Bank	7.1%	
Absa Islamic	4.2%	
Short-term Fixed Interest Composite index less 1% p.a.		7.5%
Total	100.0%	

Notes and disclaimer:

Advantage Asset Managers (Pty) Limited (Advantage), Registration Number 2004/023064/07, is a licenced financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 37 of 2002 (FAIS Act), as amended, FSP licence number 19840. This information is not advice as defined and contemplated in the FAIS Act. The company is also registered as an administrator in terms of Section 13B of the Pension Funds Act, registration number 24/401. Returns for periods exceeding one year are annualised. All returns quoted are before deduction of Advantage's policy fees. The return for the global component of a portfolio is generated at month-end using the global component's last known price. This price usually lags by one business day, except in instances where the price is updated less frequently (for example, weekly). In the case of the latter, the lag can vary and the last known price will be used at month-end. The benchmark return for the global component is always calculated on the same basis as the return for the global component to which it is linked to ensure there is consistency. Given that past investment returns may not be indicative of future returns and the value of investments will fluctuate over time, independent professional advice should always be sought before making an investment decision. The information reproduced in this document has been compiled by or arrived at by Advantage from sources believed to be reliable. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, Advantage does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary. The content of this document are confidential and remain the property of Advantage, and may not be reproduced without written permission.

Contact details:

Tel +27 86 153 8732 Fax +27 86 573 7384 Website www.advantage.am e-mail AdvantageAMCR@advantage.am
2nd Floor, 6 Merchant Place, Cnr Fredman Drive and Bute Avenue, Sandton PO Box 330, Gallo Manor, 2052

Glossary

% negative months: Number of negative active months divided by 60.

% positive months: Number of positive active months divided by 60.

Active risk (tracking error): This is a forecast of the difference in returns between the portfolio and its benchmark. This figure represents the amount by which the portfolio can be expected 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 investment manager is taking active risks in anticipation of deriving an active return above the benchmark.

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

Alpha (active return): Portfolio return less benchmark return for five years.

Annualised return: Five-year geometric average return, annualised.

Average negative active month: Arithmetic average of negative months for five years.

Average return: Five-year arithmetic average.

Benchmark: A portfolio that is used as a point of reference against which the investment returns 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 FTSE/JSE All Share index.

Benchmark volatility: This is an annualised forecast of the benchmark's volatility. It represents the amount value of the benchmark is expected to fluctuate for a one-year period at 68% confidence.

Best active month: Highest return for five years.

Beta: Sensitivity of the portfolio relative to its benchmark movements for five years.

Cumulative return: Five-year cumulative return.

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

Downside risk: Maximum cumulative loss from peak to trough for five years, this is calculated using a system called Pertrac.

Growth shares: Companies that have long-term growth forecasts which are significantly greater than growth in nominal GNP. Growth can come from a number of areas, for example leverage, acquisitions, growth in revenues per share, increased efficiency, investment of retained earnings. As such, growth shares 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 investment manager allows the under- or overweighting of industries in the portfolio relative to the benchmark, to dominate the return of the portfolio. Typically, a portfolio with an industry-risk figure of 1% or lower has little variation in industry weightings relative to the benchmark. The investment manager has aggressively either under- or overweighted certain industries in a portfolio where the portfolio has an industry risk of 4% or above.

Information ratio: An extremely useful tool that measures the ratio of returns above 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 you can expect the value of the portfolio to fluctuate for a one-year period at 68% confidence.

Standard deviation: Volatility of returns for five years.

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

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

Value shares: Value shares 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-share investing.

Worst active month: Lowest return for five years.

Year to date: Describes the investment return from 1 January to the current date.