

Investment strategy

The investment strategy is to maximise the allocation of investment receipts towards retirement funding investments, and to objectively select and manage investment manager allocations on its members' behalf to maximise investment returns at an appropriate level of risk.

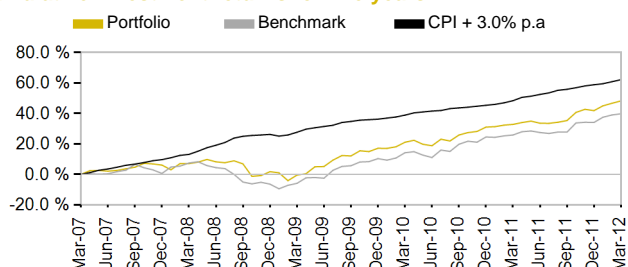
Benchmark allocation

Asset Class	Allocation	Benchmark
Local equities	42.50%	FTSE/JSE Shareholder Weighted All-Share Index
Local bonds	12.50%	Bond Exchange Association of SA All Bond Index
Local cash	27.50%	Short-term Fixed Interest Composite Index
Global	17.50%	Global composite benchmark

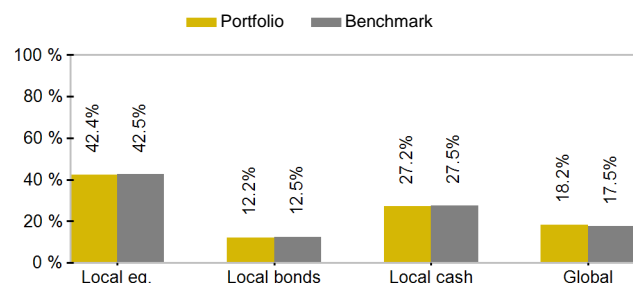
Investment returns

	One Month	Three Months	One Year	Three Years	Five Years	Since Inception
Portfolio	1.06%	4.51%	11.63%	14.21%	8.19%	15.33%
Benchmark	0.56%	4.24%	11.08%	14.11%	6.93%	14.17%

Cumulative investment returns for five years



Asset allocation



Comments

From August 2011, the global benchmark was changed to 60% MSCI All Countries World Index (lagged) and 40% Citigroup World Government Bond Index (lagged). The underlying equity investment managers have been aligned across all the three Destiny portfolios: Moderate, Conservative and Defensive. The global allocation was changed from 15% to 17.5% in January 2011.

In 2010, Allan Gray implemented a hard close on its mandate, which means the manager is not accepting daily cash flows from its existing clients. Coronation has recently notified all its existing clients that it will be implementing a soft close on its equity mandate, which is expected to take place in early 2012. Further details will be provided by Coronation.

The total expense ratio is made up of the underlying investment managers' fees and Momentum Manager of Manager's policy fee but excludes GIB's annual asset platform fee which is a maximum of 0.75% (exclusive of VAT).

Investment returns are based on a combination of actual and back-tested returns from May 2003. The majority of the back-tested returns are based on actual building-block returns as most have lengthy track records.

Investment portfolio mandate

This investment portfolio is aimed at long-term capital preservation, insulated from extreme volatility. The exposure to bonds and cash will increase in times of uncertainty. The portfolio is managed in compliance with Prudential Investment Guidelines as well as being comprehensively managed to comply with the limits of Annexure A to Regulation 28 of the Pension Funds Act.

Investment portfolio information and risk analysis

Inception date: June 2008
Investment horizon: Medium to long term



	Portfolio	Benchmark
Total expense ratio (TER) (Calculation based on five-year period)	0.62%	0.62%
Volatility	7.3%	7.3%
Maximum drawdown	-12.7%	-16.4%
Active risk	8.0%	
Sharpe ratio	0.0	-0.2
Information ratio	0.2	
Beta	0.4	

Largest 10 local equity holdings

	% of portfolio	% of equity
SABMiller Plc	1.9%	7.4%
Sasol Limited	1.6%	6.3%
BHP Billiton Plc	1.5%	5.9%
MTN Group Limited	1.3%	5.0%
Standard Bank Group Limited	1.2%	4.7%
Anglo American PLC	1.1%	4.3%
Remgro Limited	0.9%	3.6%
Aspen Pharmacare Holdings Limited	0.8%	3.1%
Sanlam Limited	0.6%	2.5%
Naspers Limited	0.6%	2.3%
Total	11.5%	45.1%

Investment manager allocation and returns

	One Month	One Year	Weighting
Local equity managers			
Allan Gray	-0.45%	10.67%	17.0%
Coronation	-0.13%	9.12%	15.1%
Foord	1.04%	21.15%	11.4%
FTSE/JSE Shareholder Weighted All Share Index	0.02%	11.62%	
Local bond managers			
Momentum Asset Management	0.27%	13.82%	6.2%
Prescient	0.32%	13.46%	6.4%
BEASSA All Bond Index	0.12%	13.17%	
Local cash managers			
Momentum Asset Management	0.54%	6.99%	15.0%
Prescient	0.51%	6.17%	9.9%
Liquidity			0.8%
Short-term Fixed Interest Composite Index	0.45%	5.66%	
Global manager			
Allan Gray Life	4.97%	14.55%	18.2%
60% MSCI All Countries World Index (lagged) and 40% Citigroup World Government Bond Index (lagged)	2.66%	16.97%	
Total			100%

This investment portfolio is administered and managed by Momentum Manager of Managers (Pty) Ltd
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The company is also registered as an administrator in terms of Section 13B of the Pension Funds Act, registration number 24/401. Investment returns for periods exceeding one year are annualised. All returns quoted are before deduction of fees, except where a portfolio includes underlying investments where fees are deducted from the return, but after the deduction of performance-based fees. The return for the global component of a portfolio is generated at month-end using the global component's last known price. The return for Consumer Price Index (CPI) is to the end of the previous month. The investment manager returns shown in the table are based on the history of Momentum Manager of Managers' investment in that particular investment manager's portfolio, and not necessarily when the investment manager was included in this portfolio. Given that past 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. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, the company 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.