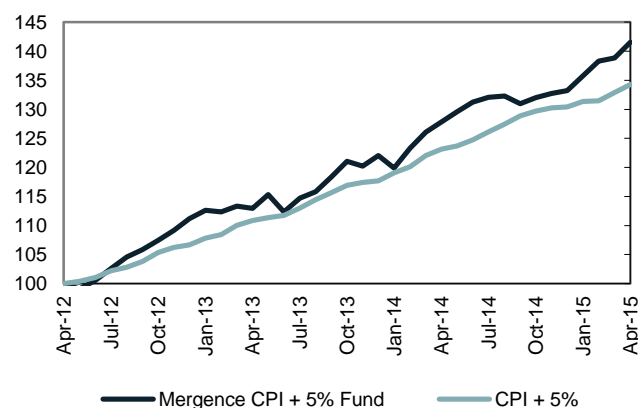




OVERVIEW

| | |
|---------------------------|---|
| Fund Purpose | Generate a real return above inflation whilst minimising medium term risk |
| Investment Style | Absolute Return |
| Benchmark | Headline Consumer Price Index + 5% |
| Investment Vehicle | Segregated |
| Inception date | July 2006 |
| Number of Months | 106 |
| Fund Size | R 1.595 billion |
| Minimum Investment | R50 million |
| Management Fee | Subject to mandate (usually between 0.50% and 1.00% per annum) |
| Performance fees | Negotiable |

3-YEAR TRACK RECORD



INVESTOR PROFILE

The Fund is suitable for institutional investors:

- who believe that the risk of monetary loss is more important than the risk of underperforming the equity markets
- who seek a real return above inflation independent of the overall equity market returns
- who seek an investment solution with a strong focus on medium term capital preservation, while aiming to produce significant growth over the long term

INVESTMENT MANDATE

The Fund is managed with an absolute return orientation, and is structured to generate a return of 5% above inflation at a low level of risk. It is broadly diversified across asset classes including equities, listed property, conventional bonds and inflation-linked bonds. The Fund employs active asset allocation and derivative hedging to manage and reduce downside risk.

INVESTMENT OBJECTIVE

The Fund is managed with the objective of producing a real return of CPI plus 5% per annum over the longer term while preserving capital over rolling 36-month periods. It may underperform relative to overall equity markets due to its focus on capital preservation and long-term capital growth.

RISK OF MONETARY LOSS

The recommended investment term for this Fund is 5 years or longer. While the return expectations should be set at periods over 5 years, the Fund is managed not to lose money over any 36-month period. As a result, declines over any 36-month period are unlikely. Note that while capital preservation is our intent, this is not a guaranteed fund.

PERFORMANCE DETAILS

| Period | Fund | CPI + 5% | ALBI | ALSI |
|-----------------|--------|----------|--------|--------|
| 1 Month | 1.97% | 1.84% | -0.49% | 4.70% |
| 3 Months | 4.26% | 3.12% | -3.74% | 7.51% |
| 6 Months | 7.23% | 4.36% | 3.32% | 11.21% |
| 1 Year | 10.75% | 9.05% | 11.53% | 14.78% |
| 3 Years | 12.28% | 10.32% | 8.13% | 20.14% |
| 5 Years | 11.16% | 10.22% | 9.28% | 17.18% |
| Since Inception | 10.46% | 11.37% | 9.02% | 14.87% |

RISK ANALYSIS

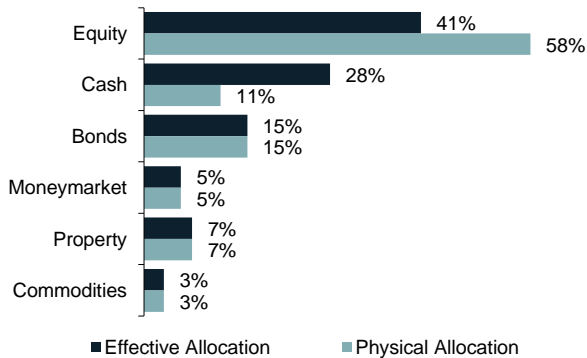
| Risk Measure | Fund |
|------------------------------|--------|
| Annualised Return | 10.46% |
| Volatility | 5.17% |
| Sharpe Ratio | 0.58 |
| Sortino Ratio | 1.02 |
| Beta to JSE All Share | 0.27 |
| Correlation to JSE All Share | 0.83 |

| Year | Fund | CPI + 5% |
|------|--------|----------|
| 2015 | 6.27% | 3.35% |
| 2014 | 9.13% | 10.80% |
| 2013 | 9.78% | 10.31% |
| 2012 | 18.15% | 10.61% |
| 2011 | 6.53% | 11.18% |
| 2010 | 9.28% | 8.49% |
| 2009 | 12.82% | 10.38% |



FUND STRUCTURE

Asset Allocation (Effective)



Top 10 Equity Holdings

| | % of Category | % of Total |
|----------------------------------|---------------|------------|
| Naspers Limited | 11.01 | 6.34 |
| MTN Group Limited | 7.16 | 4.12 |
| SabMiller Plc | 5.50 | 3.16 |
| Compagnie Financiere Richmont | 4.75 | 2.74 |
| Steinhoff International Holdings | 4.69 | 2.70 |
| BHP Billiton Plc | 4.61 | 2.66 |
| Sasol Limited | 4.18 | 2.41 |
| Firststrand Limited | 3.64 | 2.10 |
| British American Tobacco Plc | 3.49 | 2.01 |
| Discovery Holdings Limited | 3.09 | 1.78 |

MONTHLY PERFORMANCE RETURNS

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|
| 2012 | 1.9% | 1.9% | 0.4% | 2.0% | | | | | | | | |
| 2014 | -1.8% | 2.9% | 2.2% | 1.4% | 1.4% | 1.3% | 0.6% | 0.1% | -1.0% | 0.8% | 0.5% | 0.4% |
| 2013 | 1.3% | -0.2% | 0.9% | -0.4% | 2.1% | -2.6% | 2.1% | 1.0% | 2.2% | 2.3% | -0.7% | 1.5% |
| 2012 | 2.7% | 1.3% | 0.4% | 1.7% | -0.9% | 1.5% | 2.0% | 1.9% | 1.2% | 1.5% | 1.6% | 1.9% |
| 2011 | -0.6% | 1.2% | -0.1% | 2.0% | 0.0% | -0.5% | -0.1% | 1.5% | -1.1% | 3.3% | 1.1% | -0.2% |
| 2010 | -1.3% | 1.0% | 3.3% | 0.2% | -1.9% | -1.1% | 3.3% | -0.5% | 3.1% | 1.4% | -0.1% | 1.8% |
| 2009 | -0.8% | -0.2% | 0.4% | 1.4% | 2.8% | 0.2% | 1.3% | 1.6% | 0.2% | 2.4% | 1.6% | 1.3% |

Please note that there are risks associated with financial products and past performance is not necessarily an indication of future performance.

PORTFOLIO MANAGERS



Patric Ho, B Com, CA(SA)

Portfolio Manager

Patric has over 25 years investment experience having started his career in 1986 as a researcher at a large domestic stockbroker. In 1990 he joined Fedsure as Investment Manager with both research and portfolio management responsibilities. In 1995 he relocated to Australia and helped establish a specialist stock-broking operation. Patric returned to SA in 1998 and re-joined Fedsure Asset Management as Chief Investment Officer until 2001. Thereafter he was Chief Investment Officer at Eskom Pension and Provident Fund for 7 years before relinquishing this role to set up and manage an absolute return portfolio during his final 3 years at the Fund. Patric joined Mergence in 2012 as Portfolio Manager: ARF's and brings with him years of investment management experience at a senior level and a highly successful record of managing absolute return funds.



Fabian de Beer,

Chief Investment Officer

Fabian has over 25 years investment experience, having obtained his B Com at UWC majoring in Accounting and Economics, followed by a post graduate H.Dip.Ed. He has held a number of senior and executive management positions namely: Head of the Group ALM function at Standard Bank/SCMB (Treasury); senior manager of ALM/risk assessment at Eskom Treasury; senior positions at the Eskom Pension Fund of which most of the time was spent heading Investment Multi-Management and playing a major role in investment and portfolio strategy as well as asset allocation. He then joined BRAIT SA as Executive Director and lead investment manager for its Fund of Hedge Funds. In 2006, Fabian joined Mergence Investment Managers as Investment Strategist, a role he still fulfills.

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