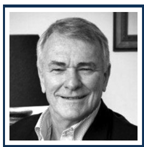
GLOBAL BRIEF
First Quarter 2013



Editorial comment

Mike Borland, director, FIRSTGLOBAL GROUP

In spite of continued volatility we have seen our local JSE All Share, the Dow and S&P 500 and other equity indices reaching new or close to new highs - again - and as a result most investors will be pleased with their investment performances.

Key measures of the health of the US economy are starting to point towards a sustained recovery in the World's richest nation. Economic growth, which is desperately needed, remains elusive in Europe, where austerity measures by various governments are hurting economies and the region as a whole. The SA equity market's exposure to European subsidiary earnings is small and not a restraint to the advance of the index earnings at this point. Our local market valuations do appear to be stretched, especially when compared with those of certain offshore markets.

The calm, which had come over the European capital markets in Q1:13, was disrupted by the stalemate in the recent Italian election and reinforced by the proposed bail-out deal for Cyprus.

In a previous edition of Global Brief, we made mention of the expectation that allowable deductions on Retirement Annuity contributions were to have increased from the (long standing) current formula (15% of non retirement funding income) with effect 1 March 2013. This is not the case and a revised formula will in all probability only be introduced in 2015, i.e. the status quo of the "15% formula" stands.

The whole question of Trusts, which was comprehensively canvassed in a recent Global Brief edition, has again received the attention of the Fiscus in the recent budget announcements and we believe that a follow on article is relevant enough to be included in this edition of Global Brief. We include a Financial Lexicon that should assist readers to understand certain "financial parlance", and finally we include an article that seeks to establish the very important link between health and vitality on the one hand, and financial wellbeing on the other.

Enjoy the read.

Estate Planning Essentials: The Taxation of Trusts

By Tiny Carroll, Glacier Fiduciary Services

This circular explores the taxation of trusts, being one of the forthcoming attractions announced in the Minister of Finance's 2013 Budget Speech.

Reforming the taxation of trusts

The shortfalls in revenue collections have prompted Treasury to seek (what they perceive to be) other sources of income. In this regard, Treasury proposes to "tighten up on revenue collections" by adopting measures which include, amongst others, "the curtailing tax avoidance associated with trusts and the taxation of trusts" (one almost wants to say "Again!").

It was announced that several legislative measures to curtail tax avoidance associated with trusts, will be introduced during 2013/14.

The proposals are vague and to say the least, confusing. Currently the proposals do little more than abolish the conduit principle. (The conduit principle means that income retains its identity when it flows through a trust in the same year in which it accrues.)

We set out one possible interpretation for your consideration.

The proposals

Government is proposing legislative changes to address the following:

- Discretionary trusts should no longer act as flow-through vehicles. Taxable income and loss (including capital gains and losses) should be fully calculated at trust level with distributions acting as deductible payments to the extent of current taxable income. Beneficiaries will be eligible to receive tax-free distributions, except where they give rise to deductible payments (which will be included as ordinary revenue).
- Trading trusts will similarly be taxable at the entity level, with distributions acting as deductible payments to the extent of current taxable income.
- Distributions from off shore foundations will be treated as ordinary revenue. This amendment targets schemes designed to shield income from global taxation.
- The use of trusts to avoid estate duty.
- The proposals will not apply to trusts established to attend to the legitimate needs of minor children or people with disabilities.

Comment

Doing away with the conduit-pipe principle

Income Tax

While the devil will be in the detail, the provisions as set out above appear to achieve little more than:

- prevent the soon to be abolished basic interest exemption from being passed on to trust beneficiaries, and
- create more opportunities for income splitting than is currently possible under the section 7 provisions.

Example 1

Trust receives interest income of R100 and distributes it to the beneficiaries.

Current
On the assumption that section 7 doesn't apply, the income received by the beneficiaries will be treated as interest (retained its nature by virtue of the conduit principle) and qualify for the basic interest exemption in the hands of each beneficiary.

New
On the assumption that section 7 doesn't apply, the income received by the beneficiaries will be treated as normal income (conduit principle scrapped) and will not qualify for the basic interest exemption. In both instances the distribution is deductible from the trust's income.

Example 2

Trust receives interest income of R100 and distributes it to the beneficiaries but the beneficiaries are the minor children of a planner who made an interest free loan to the trust. Assume that all the income is attributable to the planner's "gratuitous disposition" (the interest free loan).

Current
Even though the income is received by the beneficiaries it will be treated as the income of the planner/donor-parent and will be taxed in his hands in terms of section 7(3). Income splitting is therefore avoided.

New
The conduit principle and section 7(3) don't apply. What was interest will now be taxed in the hands of the beneficiaries as normal income – income splitting is achieved.

It appears that, in future, the type of income arising in the trust and by implication the type of investment will be crucial. In this regard endowment policies owned by the trust, be they local or offshore trusts, will provide an attractive investment option because they:

- don't give rise to taxable income in the trust;
- are taxed at a lower income tax rate that the trust; and
- pay CGT on gains within the life office portfolio at lower rates than trusts and individuals who have marginal rates higher than 30%.

Capital Gains Tax

Currently it is possible, where the deed authorises it, for trustees to vest capital gains (not losses) in beneficiaries. Doing so allows for the gain to be taxed at the individual's effective CGT rate, with an annual exclusion, instead of the trust's higher effective rate, without any exclusion.

Comment

The decision, by trustees, to vest a gain in a beneficiary should never be the automatic response to gains arising in a trust.

We continue to recommend that the trustees take advice before merely distributing gains to beneficiaries. The protection of trust assets and the protection of the beneficiaries' interests must be weighed against potential tax savings. In addition to exposing the trust assets to the creditors of a beneficiary with a vested right to trust assets is that the value of the vested benefit becomes an asset in the estate of the beneficiary for estate duty purposes.

Example

ABC makes a capital gain on the disposal of an asset.

Option 1
The gain is taxed at trust level.

Gain	R1 000 000
CGT	R 266 666
After tax	R 733 400

Option 2
The gain is vested in a single beneficiary and the beneficiary dies while the gain remains vested in his estate.

Gain	R1 000 000
CGT	R 133 333
Estate Duty	R 173 340 (20% on balance after CGT)
After tax	R 693 267

Singling out trading/business trusts

According to the proposals a trust will be viewed as a trading trust if it either:

- conducts a trade, or
- beneficial ownership interests in the trusts are freely transferable.

Comment

The announcements indicate that trading trusts will also be taxable at trust level with deductible payments to beneficiaries being limited to current taxable income. These provisions are no different from those proposed for "non-trading" trusts – the need for any distinction is therefore unclear at this stage.

Are trading trusts trusts at all?

The real nature of a trading trust is open to debate because:
Business/trading trusts are usually entered into by parties seeking all the benefits of limited liability (to protect their personal estates against creditors of the "business"/ undertaking) but without the normal disclosure requirements associated with limited liability. However, in Land and Agricultural Bank of South Africa v Parker it was stated that: "trusts were designed essentially to protect the weak and to safeguard the interests of those who are absent or dead". Further that "the trustee is appointed and accepts office to exercise fiduciary responsibility over property on behalf of and in the interests of another".

These statements indicate a distinct element of risk averseness. The conduct of a business enterprise, on the other hand, is all about risk taking, and the exposure of assets to risk for the purpose of making a profit for the benefit of the participants. If therefore it is one's intention to conduct a business for profit, can it be said that one had the intention to establish a trust, or was the intention to establish a business undertaking?

If the intention is to create a limited liability business undertaking then no trust intention exists and as a result, no trust has come into existence.

The tightening up on the provisions around business trusts should be welcomed (if we knew what they were). Consideration should, however, be given to allowing business trusts to migrate to other undertaking-forms such as private companies, or to the extent that it is still possible to CC's. These transfers could be treated similarly to the concessionary regime which allowed for the transfer of fixed properties from trusts and companies and which expired at the end of December 2012.

Conclusion

Trustees and trust beneficiaries are urged to adopt a wait and see approach. At this stage these are only proposals and it may be worth bearing in mind that the first proposals around business trusts were made by the Margo commission in 1988.

SIM's Need-to-Know Financial Lexicon

Source: Sim.Sense Magazine, Sanlam Investment Management

INVESTING

Risk-on, Risk-off (RoRo)
A situation where investor risk tolerance drives share price behaviour on stock markets. Quite often risk-on, risk-off behaviour follows global markets, where periods of perceived low financial risk encourage investors to take risk, therefore creating a risk-on situation, and periods of perceived high financial risk cause investors to take less risk, creating a risk-off situation. Risk-on, Risk-off is the concept of investor sentiment fluctuating in a herd-like manner depending on the risk environment. This investor behaviour is more likely to occur in times of economic uncertainty.

Dash For Trash
When investors flock to a class of securities or other assets, bidding up prices to beyond what can be justified by valuation or other fundamental measures. While the dash-to-trash effect can occur within any type of security, the phrase is typically used to describe low-quality stocks and high-yield bonds, both of which an be subject to periods of overbuying in the markets.

Alpha
A risk-adjusted measure of investment performance, alpha measures the excess of return over the level of risk borne.

Beta
A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. You can think of beta as the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market.

Smart Beta
A smart beta fund tracks a style index or uses a mechanical investing strategy to provide the returns associated with a particular strategy without incurring the expense of active management. For example, by tracking a value style index, the fund can benefit from the value cycle.

ECONOMICS

Austerity Measures
A state of reduced spending and increased frugality in the financial sector. Austerity measures generally refer to the measures taken by governments to reduce expenditures in an attempt to shrink their growing budget deficits.

Quantitative Easing
A government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. Quantitative easing increases the money supply by flooding financial institutions with capital, in an effort to promote increased lending and liquidity.

POLITICS

Realpolitik
A pragmatic view of the real political world. This term is used in the US to refer to power politics, while in Germany it is used to describe realistic versus idealistic politics. It is associated with the nationalism of the 19th century and was coined by Ludwig von Rochau, a German writer and politician in 1853.

Fiscal Cliff
A combination of expiring Bush-era tax cuts and across-the-board government spending cuts were scheduled to become effective end December 2012 – and would have cost taxpayers $600bn, threatening to tip the US back into official recession. However, on January 1 the US Congress managed to temporarily avert this by agreeing on a partial budget deal, with the fight likely to continue in February and March.

REGULATORY ENVIRONMENT

Moral Hazard
The tendency of individuals, firms, and governments, once insured against some contingency, to behave in a manner that makes that contingency more likely. "Moral hazard" has been said to arise when the government steps in to prevent a firm from failing. The rescue is seen as encouraging the firm (and others like it) to engage in risky behavior in the future since the firm (and others like it) expect to earn a handsome profit if a loan or investment turns out well, but to be bailed out by the government (taxpayers) if the initiative turns out badly. Government rescue does not protect the firm's shareholders, who may see their investment wiped out, but it does protect the firm's creditors and some or all of management.

Too-big-to-fail
Implicit government backing that protects large banking organisations from the normal discipline of the marketplace because of concern that their failure would be unacceptably disruptive to the economy. Such firms may be extremely important to particular markets and may be interconnected in complex transactions with many other firms. Market participants expect the government to rescue such a firm rather than permit it to go into bankruptcy.

Basel III
One of the most important reforms to come out of the sub-prime financial crisis, Basel III increases the extent of capital reserves that world banks must hold to cushion them against potential losses. At the beginning of January, however, the Basel III liquidity requirements were relaxed, which was good for banks globally.

EXOTIC FINANCIAL TERMS

Frugalista
A person who keeps up with current fashion trends without spending large amounts of money, either by shopping at second-hand stores, vintage shops, eBay, discount online retailers or other resources, such as Gumtree.
True frugalistas may extend this ethos to other areas of their life by keeping their entertainment, food and living costs to a minimum. This can be achieved by growing their own produce, sewing their own clothing, eating out rarely and seeking out entertainment that is free or not going out at all.

Zombie Households
Zombie households refer to homeowners who are in debt and who have seen the value of their homes and savings fall. Yet, they are saved from bankruptcy and repossession because the interest rates on their mortgages are so low. However, if interest rates move back up to normal levels, it is possible that these individuals will not be able to service their debt.

Sources: Investopedia and Financial Times Lexicon, Federal Reserve Bank of Boston

The Physical Fiscal Connection - An extract from the book "Never Retire"

By Dan Benson, Financial Planner turned Author

Getting away for rest is a key component of our second pillar of financially independent retirement: a commitment to health and vitality. Now I realize that some good readers may question the connection between health and financial freedom, so let me share four reasons why we're discussing health and vitality here:

- Good health keeps the mind and body fresh, alert, and strong. A sound mind and strong body help you do your job well. When you do your job well, you earn the money to save and invest for your future.
- Good health helps you avoid huge, asset-draining medical expenses now and down the road.
- Good health will also help supply the energy and vitality you will want in order to enjoy the active, fully engaged life style of New Retirement. Your commitment to health and vitality will help you thrive.
- And the bonus: Health and vitality make you feel good. Physically, mentally, emotionally, and spiritually, you feel more alive. Upbeat. Energetic. Ready to eat prob-

lems for breakfast. Please understand, I don't contend that feeling good is essential to a fulfilling life because there are countless people who accomplish wonders despite chronic pain, disability, and ill-health. But when you think about it, these amazing people rise above their limitations because they make the most of what they do have. They radiate vitality because vitality is really an attitude of mind and soul, a conscious decision to regard life positively and enthusiastically regardless of how they may feel physically. We would all do well to emulate them.

I'm not a doctor, nor do I play one on TV. Neither am I a physiologist or nutritionist. But as a personal finance specialist who believes there's a definite connection between physical fitness and fiscal fitness, I would be remiss if we did not devote at least a few moments to this important topic. In fact, we'll keep it brief by limiting our discussion to a quick 'n' easy "Top Ten List" for health and vitality – the essentials we might all want to keep in mind to help us make the most of midlife, pre-retirement, and New Retirement.

TOP TEN HABITS FOR HEALTH AND VITALITY

1. ***Go to sleep.*** That's right, it starts with sleep. A decade ago scientists pooh-poohed the age-old advice that we need eight hours' sleep each night. However, recent multiple studies have concluded that Ma and Grandma were right: Most of us do need at least eight hours, and we're not getting it. In fact, we're a sleep-deprived society, which goes a long way toward explaining sleepiness, crankiness, exhaustion, susceptibility to illness, depression, road rage, and how some politicians get elected. Sound sleep – at least eight hours' worth – seems to be foundational to sound health.
2. ***Give yourself a break.*** Give yourself frequent minibreaks during the day to decompress. If possible, get away from your work station: shift your mind into neutral; do some deep breathing; and stretch to loosen neck, shoulder, and back muscles. You'll feel refreshed after just a couple of minutes. Try, too, to take at least one longer breaker at midday for a brief, vigorous walk. Don't let yourself think about work – use the time to watch people in the park, to enjoy God's creation, or perhaps to pray for friends and family.
3. ***Enjoy these healthy foods as often as you can.*** Studies show the following foods to be especially effective in supplying your body and brain with the nutrients they need for strength and efficiency – while helping prevent problems such as cancer, heart attack, diabetes, and stroke: fresh fruits, fresh vegetables, whole grains, olive oil, nuts, salmon and tuna, and green and black tea.
4. ***Cut back on (or cease) some unhealthy habits.*** Do you smoke? Over-imbibe alcohol, coffee, soft drinks? Stay up too late at night? Overdo high-fat foods and snacks? Eat too much chocolate? (I realize that for some of us there's no such thing as "too much chocolate," but I must be fair.) Pick one unhealthy habit that you'd like to change – just one for now – and dedicate yourself to making the change permanent. You can do it!
5. ***Laugh.*** Ah, the incredible, cleansing, soothing power of laughter. Several years back, author Norman Cousin's set the medical establishment on its ear when he documented how, after doctors gave him little hope of overcoming his debilitating disease, he found healing in laughter. In the face of agony, he watched movie after movie of the Marx Brothers, Laurel and Hardy, and other classic comedies – and he laughed. Laughed so much that his body hurt less… and less… and he regained his functionality for several more years.

We now know that, inside Cousins's body, his laughter was releasing powerful endorphins to strengthen both mind and body. If endorphins are that strong against actual illness and agony, imagine what they can do to help strengthen and rejuvenate us for the stresses of our own daily lives. All we need to do is laugh and let them do their job.

Laughter's a big part of this thing we call vitality. It helps keep both the body and the spirit upbeat. Look for the humor, then let 'er rip!

6. ***Supplement your nutrition.*** The consensus among nutritionists is that in today's high-stress, high pollution world, good foods alone fall short of providing the quantity and balance of vitamins, minerals, and other nutrients we need. So it makes good sense to supplement out food intake each day with a high-potency multivitamin and mineral formula. As we grow older, we'll want to pay special attention to our intake of calcium for bone density and to vitamin C, E, and beta carotene for their antioxidant benefits. There's also a lot of encouraging news regarding the effectiveness of certain herbal supplements, among them Ginkgo biloba for enhanced mental alertness; St. John's wort for emotional stability; and phytoestrogen, a kinder, gentler hormone replacement therapy for women in midlife. You may find it worthwhile to consult a nutritionist about your particular life style and needs, as Kathy and I have done.
7. ***Get away from it all – soon and often.*** A psychologist friend of mine contends that America is centuries behind Europe and other parts of the world when it comes to vacations and holidays. They take six to eight weeks; we take one to three. When life gets tough, they break away and relax; we work harder. We may not be able to change the vacation policy at our places of employment, but we can take full advantage of whatever vacation time we do have. Don't feel the slightest smidgen of guilt about taking every moment you're entitled to. You've more than earned it. Get away from it all, enjoy your family and the world outside your window, and inhale the blessing of rejuvenation. Jesus' example, of course, was right on the money: breaking away to rest is time well invested.
8. ***Exercise.*** A brisk thirty-minute walk, jog, bike ride, or aerobic workout as least three days a week for the cardiovascular system. A moderate resistance workout (dumbbells, barbells, or weight machines) a minimum of three days each week for muscle tone and strength. Find a routine you like, do it faithfully for three straight weeks, and you'll be hooked- it's called "positive addiction." Aerobic and resistance training are both essential for your physical health. They also work wonders for your morale!

9. ***Make water your favourite beverage.*** Lots of it. At least eight –ounce glasses a day. More before, during, and after exercise. Sheri Rose Shepherd's Eating for Excellence Cookbook (Multnomah, 1999) states the reason well; "Water puts oxygen into your blood and the blood brings oxygen to your brain. It cleans out your colon, flushes out the fat, relieves water retention, creates beautiful skin, gives you more energy, removes toxins from your body, and is essential to your health."
10. ***Cover yourself.*** I recently saw a very effective poster issued by the American Cancer Society. It showed a daredevil rock climber hanging one-handed from an overhang thousands of feet above the ground – and with no safety rope. The caption read: Can you believe this maniac? No sunscreen.

Ask any dermatologist and he or she will confirm that instances of skin cancer, especially the killers such as malignant melanoma, are increasing at an alarming rate worldwide. Those tans we thought were so cool-looking when we were kids are now proving lethal. Now there's no such thing as a healthy suntan.

I must admit I'm a bit biased here: My dad was one of melanoma's many victims. It's not a pleasant way to die, but Dad did so bravely and with dignity. If you're going to spend time outside, especially during the sun's peak hours from 10 A.M. to 3 P.M., do yourself and your loved ones a big favor: Cover as much skin as possible. What you can't cover, use a sunscreen of SPF 30 or higher.

FG Asset Management | Investment Update

by Klaas Venter, Chief Investment Officer, and Adri Viljoen, Investment Analyst

The FG IP JUPITER Income Fund of Funds returned 1.5% year to date and 8.56% over the last 12 months, outperforming the benchmark STeFI Composite Index as well as the average of the SA Multi Asset Income category over both periods. The fund is now in the first or second quartile over all measurement periods since inception. No changes were made to the fund during the period as all managers performed in line with expectations. The Coronation Strategic Income and Prudential Enhanced Income funds, the only two underlying funds with mandated offshore exposure benefited from rand weakness, both in 2013 and towards the latter part of 2012. The higher yields offered by corporate issuers benefited all funds and the funds were able to maintain a short duration (little exposure to interest rate risk) while recording returns above normal cash instruments. Conservative exposure to listed property securities contributed to the outperformance as well. No further interest rate cuts are expected this year and returns are likely to be slightly lower than in 2012, but still above that of ordinary bank deposits.

The FG IP VENUS Cautious Fund of Funds returned 2.59% year to date and 12.61% over the last year, returning slightly less than the average fund in the low equity sector. Investors were compensated through lower volatility however. The new ASISA classification system saw the sector constituents increase to over 100 funds. The fund maintained a conservative position to risk assets and currency volatility throughout 2012 and 2013 and did not benefit to the full extent from recent rand weakness, due to a relatively low allocation. The allocation to listed property securities contributed positively to the fund performance year to date and over the last 12 months. The switch between Investec Opportunity Income Fund (100% local assets) and Investec Diversified Income Fund (20% offshore assets allowed) is now complete, while exposure to the Nedgroup Opportunity Fund was increased as well. Many global equities are trading on better valuations than local peers and during the next quarter we will decrease our local equity exposure in favour of global equities. Total exposure to risk assets will remain nearly unchanged.

The FG IP SATURN Flexible Fund of Funds returned 4.93% year to date and 17.94% over the last 12 months outperforming the average of the medium equity over both periods. The new ASISA classification system saw the sector constituents almost double to 86 funds. The fund remains in the first or second quartile over all measurement periods since inception. The Coronation Market Plus fund contributed most to the performance over both periods. This fund has moved into the Worldwide Flexible category and the mandate allows it to invest up to 35% in global assets. There are a few "boutique" managers who have proved their skill over the last few years, consistently providing above average results in part due to their smaller fund size. We have identified 36One Asset Management as one of these "boutiques" and will allocate a portion of the SATURN fund to their Flexible Opportunity fund. To keep within the fund's new total equity limit of 60% we will replace the ABSA Balanced Fund with the lower risk ABSA Absolute Fund, also managed by Errol Shear.

The FG IP MERCURY Equity Fund of Funds returned 3.63% year to date and 18.59% over the last twelve months, returning slightly less than the All Share Index. The MERCURY fund has outperformed the average general equity fund over the last 1, 3 and 5 years. The new ASISA classification system resulted in the sector containing 172 funds at present. During the period under review, we increased exposure to the 36One MET Equity Fund, managed by Evan Walker. Evan previously managed the Momentum Small-Mid Cap Fund to which we had exposure and he will still follow the same investment process at 36One as he did at Momentum, but will now be able to invest across the whole index. We also increased exposure to resources during the sell-off in February to bring the fund exposure closer to benchmark.

The FG INTERNATIONAL Flexible Fund of Funds benefited from continued rand weakness year to date after the currency weakened substantially during 2013. The fund has returned 12.37% year to date and a handsome 29% over the last 12 months, outperforming the sector average by a small margin in both periods. The new classification saw some funds in the sector being reclassified and the remaining funds have for the most part comparable mandates. The rand weakened against all major currencies on the back of extremely weak trade data, with a record trade deficit of R24bn recorded in January 2013. Changes to the fund were completed in December and the fund now has exposure to the FGAM Global Cautious and Growth Fund as well as the Investec Global Strategic Managed Fund. The FG International fund is diversified across regions and asset classes, with exposure to developed and emerging market equities, global property as well as selective bond holdings.

Performance and quartile rankings in sector for periods to 15 March 2013

Index	Year to date	6 Months	1 Year	3 Years*	5 Years*
FG IP Jupiter Income FoF	**1,50%**	**4,01%**	**9,52%**	**8,56%**	**9,01%**
Atlantic Enhanced Income Fund	1,30%	3,72%	8,68%	7,98%	8,75%
Cadiz Absolute Yield Fund	1,73%	4,39%	10,24%	9,69%	10,58%
Coronation Strategic Income Fund	1,78%	4,97%	12,08%	10,97%	10,73%
Prudential Enhanced Income Fund	1,72%	4,47%	11,38%	10,82%	not started
SIM Active Income Fund	1,30%	3,46%	7,83%	8,41%	9,60%
SA Multi Asset Income Category Average	1,22%	3,56%	7,85%	8,14%	8,76%
FG IP Venus Cautious FoF	**2,59%**	**6,00%**	**12,61%**	**11,31%**	**9,75%**
Coronation Top 20 Fund	7,35%	14,92%	25,05%	18,44%	16,43%
Investec Diversified Income Fund	1,92%	4,26%	10,11%	9,41%	not started
Nedgroup Flexible Income Fund	1,44%	4,08%	8,68%	8,62%	8,93%
Nedgroup Opportunity Fund	3,52%	8,94%	19,44%	14,52%	8,47%
Nedgroup Value Fund	1,60%	8,73%	15,39%	15,38%	13,89%
Prudential Enhanced SA Tracker Fund	6,29%	8,71%	31,19%	23,76%	20,94%
SIM Active Income Fund	1,30%	3,46%	7,83%	8,41%	9,60%
SA Multi Asset Low Equity Category Average	3,69%	7,09%	13,23%	10,55%	9,03%
FG IP Saturn Flexible FoF	**4,93%**	**10,71%**	**17,94%**	**13,55%**	**10,02%**
Absa Balanced Fund	3,06%	8,33%	14,09%	12,22%	9,88%
Coronation Market Plus Fund	8,46%	15,45%	24,57%	17,74%	13,65%
Investec Opportunity Fund	4,06%	10,78%	19,67%	14,62%	11,62%
Prescient Balanced Quantplus Fund	3,27%	7,52%	13,61%	10,55%	9,87%
SA Multi Asset Medium Equity Category Average	4,08%	8,32%	14,13%	11,71%	8,66%
FG IP Mercury Equity FoF	**3,63%**	**11,61%**	**18,59%**	**17,51%**	**9,58%**
36One MET Equity Fund	8,76%	17,99%	34,31%	not started	not started
Coronation Top 20 Fund	7,35%	14,92%	25,05%	18,44%	16,43%
Nedgroup Investments Entrepreneur Fund	7,02%	16,13%	31,10%	26,36%	13,91%
Nedgroup Investments Mining and Resources Fund	3,65%	3,80%	3,16%	6,49%	0,51%
SIM Dividend + Index Fund	0,85%	9,59%	13,53%	not started	not started
SIM Equally Weighted Top 40 Fund	1,10%	11,14%	18,54%	not started	not started
SIM Rafi 40 Index Fund	4,14%	11,89%	18,69%	not started	not started
SA Equity General Category Average	4,54%	11,02%	16,91%	14,51%	8,94%
FG IP International Flexbile FoF	**12,37%**	**19,82%**	**29,29%**	**11,30%**	**3,72%**
Colour key	*1st quartile*	*2nd quartile*	*3rd quartile*	*4th quartile*	

*Data longer than 12 months are annualised

FG IP Mercury Equity FoF

Fund	Formation Date	Manager	Size (R)	Benchmark
FG IP Mercury Equity Fund of Funds	08/2005	FGAM	447 mn	FTSE/JSE All Share Total Return Index
36One MET Equity Fund	07/2012	Cy Jacobs & Evan Walker	599 mn	FTSE/JSE SWIX Total Return Index
Coronation Top 20 Fund Nedgroup Investments	10/2000	Neville Chester and Pallavi Ambekar	14 807 mn	FTSE/JSE Africa Top 40 Index
Entrepreneur Fund	11/1997	Anthony Sedgwick (Abax)	1 148 mn	Small Cap Sector Average
Nedgroup Investments Mining and Resources Fund	09/1994	Prudential Portfolio Managers	573 mn	Resources Sector Average
SIM Dividend + Index Fund	08/2011	Helena Conradie	478 mn	FTSE/JSE Dividend+ Index
SIM Equally Weighted Top 40 Fund	10/2010	Helena Conradie	216 mn	FTSE/JSE Equally Weighted Top 40 Index
SIM Rafi 40 Index Fund	08/2011	Helena Conradie	98 mn	FTSE/JSE RAFI40 Index

Quarterly Performance of general indices

Index	Asset Class	1Q 2011	2Q 2012	3Q 2012	4Q 2012	Year to date 2013*
STEFI Composite Index	Local Cash	1,38%	1,39%	1,36%	1,30%	1,03%
Beassa ALBI Total Return	Local Bonds	2,36%	5,20%	4,99%	2,62%	0,61%
Citigroup World Govt Bond index (USD)	Global Bonds	*-0,51%*	0,92%	2,99%	0,45%	4,40%
FTSE/JSE Africa All Share (Total Return)	Local shares	6,01%	0,98%	7,26%	10,34%	4,47%
FTSE/JSE Africa Swix Top 40 (Total Return)	Local shares	6,58%	1,24%	7,55%	10,87%	2,29%
FTSE/JSE Africa Small Cap (Total Return)	Local shares	10,40%	1,81%	6,23%	7,99%	6,20%
MSCI AC World (USD)	Global Shares	11,28%	*-6,36%*	6,13%	4,63%	14,97%
FTSE/JSE SA Listed Property (Total Return)	Local Property	8,03%	10,31%	10,98%	2,75%	6,55%
US Dollar/South African Rand (+ weaker, - stronger)	Exchange Rate	*-5,08%*	6,79%	1,59%	2,16%	8,25%

*(Data up to 15 March 2013)

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