

# THE FAIRFUND TRUST

## QUARTERLY INVESTMENT REPORT AS AT 30 SEPTEMBER 2011



**FAIRHEADS**

Benefit Services

Fairheads Benefit Services is an authorised financial services provider

### INTRODUCTION

The Fairfund Trust is registered with the Master of the High Court and was established in 1991 to manage death benefits payable in terms of section 37C of the Pension Funds Act. In addition, death and disability payments from unapproved funds (e.g. group life), MVA claims and other policies may also be administered in the trust.

The Fairfund Trust operates as an umbrella trust catering for sub-accounts, creating a sub-account for each beneficiary, providing a legal vehicle that ensures benefits are conservatively and professionally invested and managed on behalf of the beneficiaries.

### INVESTMENT STRATEGY

The Fairfund Trust has a documented investment policy statement approved by the trustees. Included in the investment policy statement are an initial asset allocation model and an annual asset reblend model which set out the investment parameters for each beneficiary. These two models are based on life stage principles with 36 and 48 different investment combinations respectively.

Each beneficiary is categorised as either of the following:

1. Regular discretionary / fixed payment / maximum income
2. Capitalised income (no regular payment)

A combination of three investment vehicles is used to achieve the above objectives. These vehicles are:

### Call

Standard Bank Institutional Money Market Proposition is a registered collective investment scheme. A percentage of funds are required to be held short term for liquidity. Investment fees are 0.15% p.a. (ex VAT)

### Income fund

Prescient Income Provider Fund is a registered collective investment scheme. The investment objective is to maximise income by achieving returns in excess of the money market and interbank call rate while maintaining a high degree of liquidity and capital preservation. Investment fees are 0.25% p.a. (ex VAT)

### Balanced fund

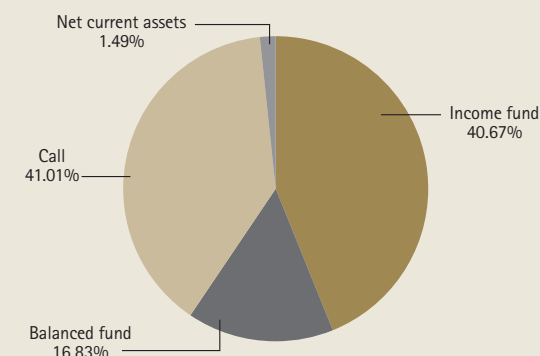
The Allan Gray Balanced Fund is a registered collective investment scheme. Where beneficiary sub-accounts have capital in excess of that necessary to generate income, a portion of the benefit is invested for capital appreciation (subject to certain criteria i.e. amount of capital available and time horizon). The balanced fund must have a prudential mandate to achieve long-term capital growth within an environment of moderate risk. Investment fees are charged on a performance basis with a minimum of 0.5% p.a. and maximum performance fee of 1.5% p.a. (ex VAT)

### ASSET CONSULTANTS

Riscura Solutions (Pty) Ltd are the appointed independent asset consultants to the fund. Their main responsibilities are ensuring the appropriateness of the asset allocation model and monitoring the performance of the investment managers. Riscura reports on a quarterly basis to the trustees.

### ASSET ALLOCATION

R1,127,225,914 (Market Value)



### PERFORMANCE 30 SEPTEMBER 2011

	3 mth	1 yr	3 yr	5 yr
<b>CALL &amp; FIXED DEPOSITS</b>				
Standard Bank Institutional Money Market Proposition	1.46	6.34	8.31	9.15
Benchmark (STeFI Composite Index)	1.40	5.91	7.80	8.67
<b>INCOME FUND</b>				
Prescient Income Provider Fund	4.80	11.52	10.06	10.82
Benchmark (Bond)	3.01	8.53	9.62	9.09
(Call)	1.13	4.65	6.49	7.74
Best of BEASSA 1-3 Year Bond Index or Call (IBCR)				
<b>BALANCED FUND</b>				
Allan Gray	3.6	10.4	11.3	10.5
Benchmark	-0.3	5.9	8.7	8.2

**“The overall asset allocation is merely the summation of individual members’ investment blend.”**