



THE FAIRFUND UMBRELLA BENEFICIARY FUND

QUARTERLY INVESTMENT REPORT AS AT 30 SEPTEMBER 2011

INTRODUCTION

The Fairfund Umbrella Beneficiary Fund is registered with the Financial Services Board as a pension fund organisation. The fund commenced operation in January 2009 when the new legislation governing s37C of the Pension Funds Act became effective.

The Fairfund Umbrella Beneficiary Fund operates as an umbrella fund catering for member accounts for each member (dependant), providing a legal vehicle that ensures benefits are conservatively and professionally invested and managed on behalf of the members. The fund is required to operate in terms of Regulation 28 of the Pension Funds Act.

INVESTMENT STRATEGY

The Fairfund Umbrella Beneficiary Fund 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 member. These two models are based on life stage principles with 36 and 48 different investment combinations respectively.

Each member 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 is 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

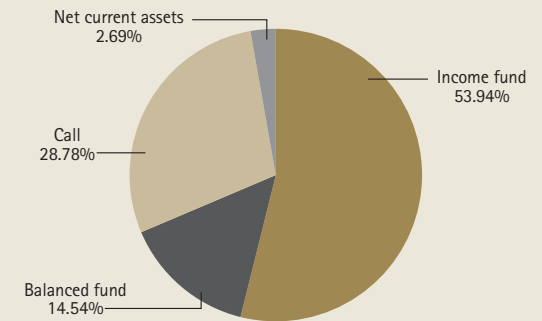
The Allan Gray Balanced Fund is a registered collective investment scheme. Where member accounts have capital in excess of that necessary to generate income, a portion of the benefit is invested for capital appreciation (subject to certain criteria i.e. amount of capital available and time horizon). 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

R427,683,445 (Market Value)



PERFORMANCE 30 SEPTEMBER 2011

	3 mth	1 yr	3 yr	5 yr
CALL & FIXED DEPOSITS				
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
INCOME FUND				
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)				
BALANCED FUND				
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.”