

Cumulus Moderate Fund of Funds

Fund Positioning

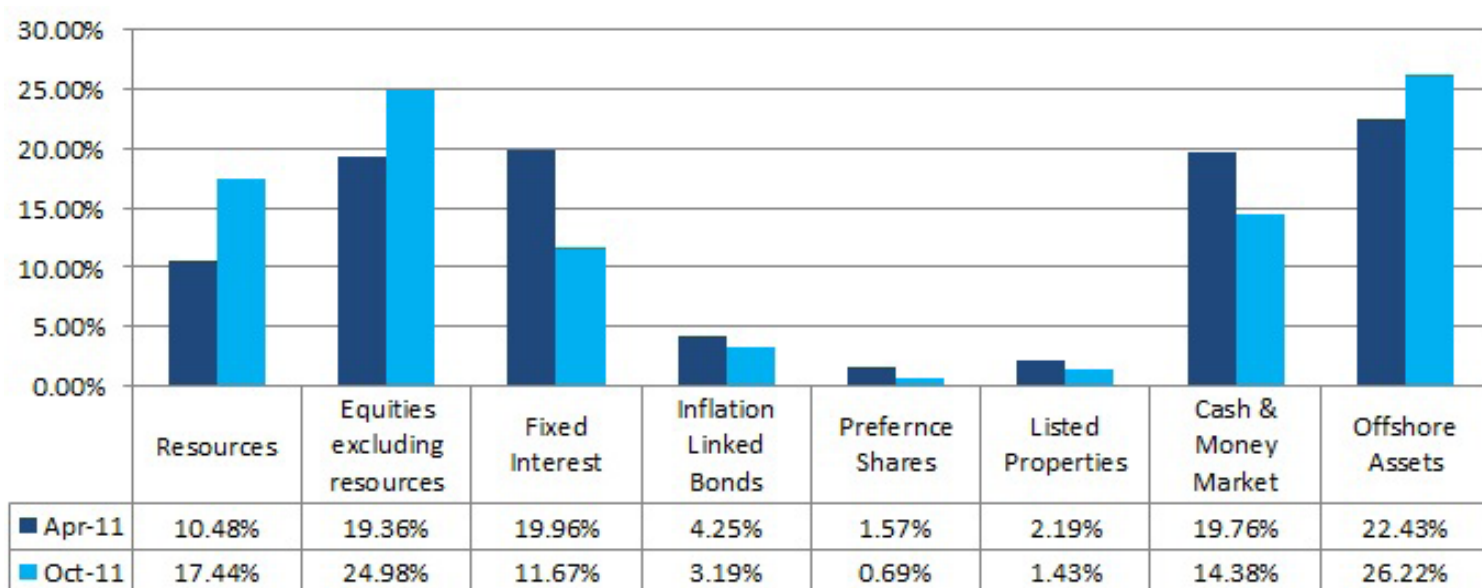
October 2011



Objectives : The provision of capital appreciation over the medium to long term, whilst being mindful of ensuring a measure of capital stability.

Universe : Investments to be included may, apart from assets in liquid form, consist solely of participatory interests in portfolios of collective investment schemes investing in equity securities, property shares, property related securities, non-equity securities, bonds, preference shares and money market instruments.

Benchmark: SteFI + 3%



Manager Comment

In mid May we upweighted the local equity content of the fund, by switching from our fixed interest holdings as also by bringing back a small portion of our offshore equity fund. This position was held until the end of July, when the holding in ABSA Rand Protector was substantially increased by reducing local equity fund holdings across the industrial and financial sectors.

This overweight equity position was held until mid September, when concerns as to the European debt situation led to our reducing this position by 25% - bringing the fund to an equity neutral position. The funds redeemed were placed into the Stanlib US Dollar Cash fund, fortuitously just before the Rand suffered its decline against the Dollar. At the same time a decision was taken to park all inflows into the fund in a Cash Plus fund, to protect the capital of investors as best possible.

The switches to ABSA Rand Protector made in April and July have come good, given the weakening of the Rand, and added considerable value to investor returns. In addition the Nedgroup Bravata fund has delivered market beating returns over the last three months. Our fixed interest managers – Coronation, Investec and Sanlam – have done well in these choppy bond markets and we saw no need to make changes to this portion of the fund.

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