

Skyblue Solar Flexible Fund of Funds

Fund Positioning

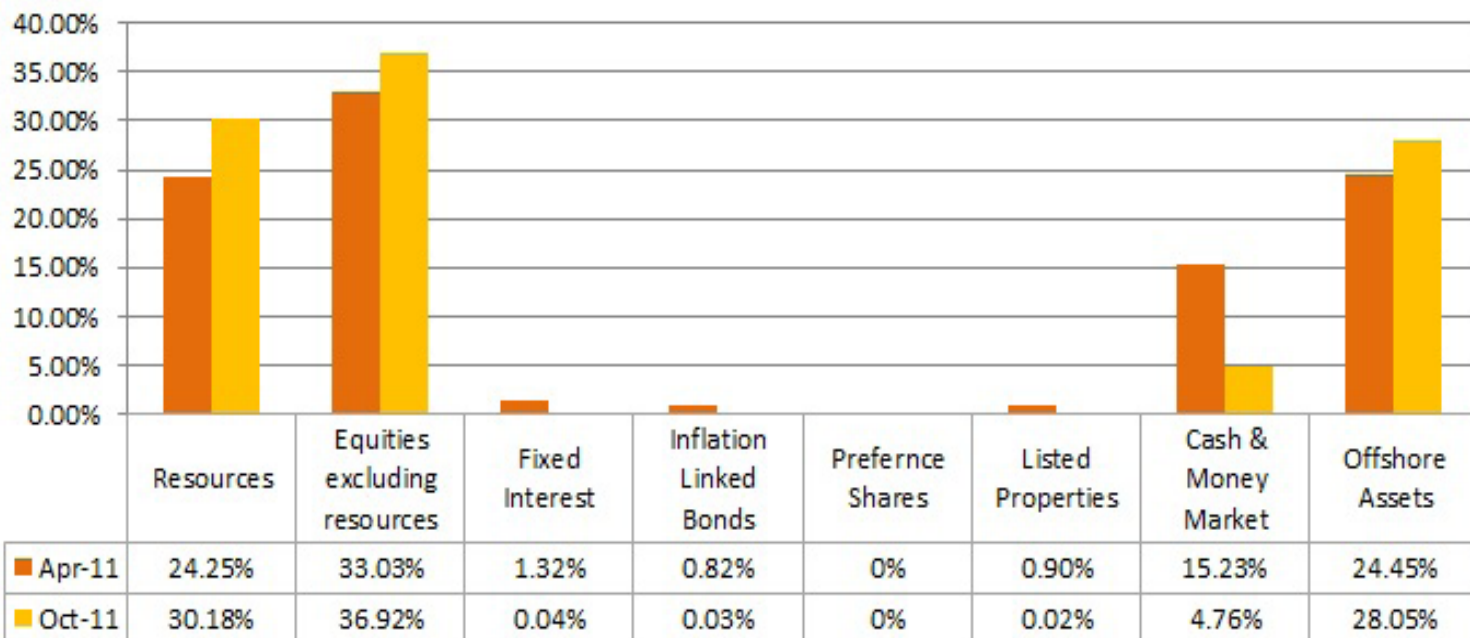
October 2011



Objectives : The generation of consistent capital appreciation in excess of money market rates plus 5% by the use of a totally flexible asset allocation strategy, incorporating all asset classes and which reflects the changing market conditions.

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. This fund was previously known as the Blue Ink Solar Flexible Fund of Funds.

Benchmark: SteFI + 5%



Manager Comment

The fund has been heavily overweight equity for the last six months, with a bias to offshore related counters. A large position in ABSA Rand Protector has added value to the fund, but this has been neutralized by the underperformance of the SIM Global Best Ideas fund. This fund, managed by well respected and world renowned manager Kokkie Kooyman, has been hit by extremely disappointing results from holdings on the Shanghai exchange in China. Lessons have been learnt and the fund has recovered strongly over September and October.

The holding in Huysamer Equity was sold out at the end of July, in favour of ABSA Rand Protector. In mid September, on concerns as to the European debt situation, the equity position was reduced by 20% - bringing the fund to a mildly overweight equity 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, for redeployment back to equity once clarity on the troublesome European situation is obtained.



skyblue
FUND MANAGERS

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