

Dibanisa Balanced Tracker Fund

The Dibanisa Balanced Tracker Fund is a fully diversified portfolio investing in a mix of local and offshore equities, listed property, bonds and money market instruments. The pooled fund invests in a range of index-tracking funds and aims to deliver attractive long-term investment growth.

FUND DESCRIPTION AND INVESTMENT OBJECTIVE

Investing in index-tracking building blocks provides the benefits of substantially lower fees associated with indexation funds. It also significantly reduced uncertainty of fund performance relative to the market. This two-pronged approach minimises the performance drag that fees can have on overall returns and provides greater certainty of performance within each asset class.

The rebalancing to the fund's strategic asset allocation in March every year limits the risk of incorrect asset allocation and avoids market-timing risk. By ensuring that the portfolio partakes in the intended combination of returns originating from each asset class, the fund manager increases the probability of achieving the fund's long-term real return target of 5% (CPI + 5%).

UNDERLYING FUND SELECTION

Utilising a combined management style, the underlying funds are professionally managed by experts within each of the relevant asset classes. Dibanisa Fund Managers is responsible for the portfolio's overall strategic asset allocation. Up to 25% of the portfolio can be invested in international funds.

Local Funds:

Dibanisa Fund Managers' manages the local portfolios, utilising our local equity and local bond index tracker funds. These funds are managed by a dedicated index tracking team with a proven track record of delivering returns with minimal slippage and low tracking errors relative to their respective indices. The local equity portfolio will include listed property exposure of around 2.5%.

The local money market exposure is managed by fixed income specialists, Futuregrowth Asset Management¹. Futuregrowth has one of South Africa's largest and most experienced fixed-interest team of investment professionals. The team's specialist skills set, particularly credit analysis, and duration- and yield-curve management, allows for better risk management and the ability to deliver value to client portfolios.

International Funds:

Exposure to global equities and fixed-income investments is gained via a variety of exchange traded funds (ETFs) and mutual funds that track international indices corresponding to the required portfolio allocations. Global managers include BlackRock (iShares), State Street (SPDRs), Vanguard, Claymore, Invesco (PowerShares) and OMIGSA.

A limited degree of flexibility is available to adjust the strategic allocation at each annual review to accommodate changing macro economic conditions and market valuations. This is not tactical asset allocation, but allows Dibanisa the flexibility to reposition the fund on an annual basis. For the purpose of calculating back-tested performance, only the strategic allocations were used.

FUND BUILDING BLOCKS

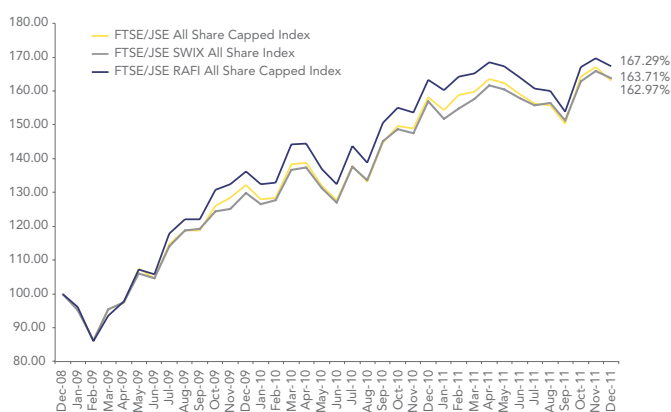
1. FTSE/JSE RAFI® All Share Capped Tracker Fund

Dibanisa Fund Managers has offered Fundamental Tracking portfolios (also called Price Indifferent Indexation) since November 2007. The FTSE/JSE RAFI® All Share Index was launched by the JSE on 12 May 2008 and is designed to reflect the performance of all the companies on the FTSE/JSE All Share Index (ALSI), weighted by fundamental values.

RAFI® index-linked products have the advantages of a quantitative active management strategy, broad diversification, economic representation, liquidity, scalability and tax efficiency with the highlights as well as the benefits of passive investment:

- ✚ Consistent, disciplined, predictable and transparent rules-based process.
- ✚ Low churn and low costs (trade impact costs, brokerage costs, fund management costs kept to a minimum).
- ✚ Buy-and-hold strategy that reduces a large amount of trading overlap.

Figure 1: Cumulative Performance over three years as at 31 December 2011



*FTSE/JSE RAFI® All Share Capped Index was launched in August 2009. Data prior to this was back-tested. Source: INET

Fund Building Blocks

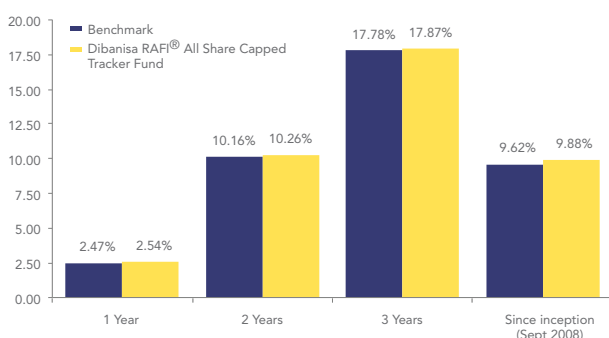
Asset Class	Fund Manager	Building Block / Benchmark	Strategic Asset Allocation	Strategic Range
Domestic Equity incl. property (2.5%)	Dibanisa	FTSE/JSE RAFI® All Share Capped Tracker Fund	57%	55 - 59%
Domestic Bonds	Dibanisa	All Bond Tracker Fund	13%	11 - 15%
Domestic Cash	Futuregrowth	Old Mutual Core Money Market Fund	10%	8 - 12%
Domestic Total			80%	75 - 85%
International Equity	Dibanisa	MSCI All Country World Index Fund	15%	12.5 - 17.5%
International Bonds/Cash	Macro Strategy Investments ¹	Old Mutual Global Money Market Fund	5%	2.5 - 7.5%
International Total			20%	15 - 25%

¹Dibanisa Fund Managers, Futuregrowth Asset Management and Macro Strategy Investments are specialist investment boutiques within Old Mutual Investment Group (SA) (OMIGSA).

RAFI uses four fundamental factors (book value, dividends, cash flows and sales), rather than prices, to weight stocks. RAFI indices take advantage of price movements by reducing the index's weightings to constituents whose prices have risen relative to other constituents, and increasing weightings to companies whose prices have fallen behind. This is effectively a buy-low/sell-high strategy that has been proven to work across various regions, countries, sectors, company sizes and time periods. Figure 1 illustrates this phenomenon, particularly during the period following a market crash, where returns exceeded those of the FTSE/JSE SWIX All Share Index due to highly undervalued companies having overweight positions within the RAFI index.

Since Dibanisa launched the RAFI ALSI Tracker Fund, it has delivered returns well within the internationally accepted tracking-error norm of 0.50%.

Figure 2: Dibanisa RAFI All Share Capped Tracker Fund versus benchmark. Annualised total returns as at 31 December 2011



2. All Bond Tracker Fund

Since 31 December 2002, Dibanisa has been managing a fund that tracks the BEASSA All Bond Index (ALBI). The fund has an annualised performance differential (slippage) over this period of only 11 basis points. Our research has shown that 70% of a typical blend of active bond managers will have a tracking error, relative to the ALBI, of less than 0.50%². It therefore makes sense to get low-cost and efficient bond exposure through a liquid investable fund that tracks the ALBI.

Figure 3: Annualised total returns as at 31 December 2011

	1 year	2 years	3 years
Dibanisa All Bond Tracker Fund	8.72%	11.69%	7.26%
BEASSA All Bond Index	8.82%	11.85%	7.39%

Source: Dibanisa and INET

3. Old Mutual Core Money Market Fund

This money market fund is managed by Futuregrowth Asset Management and is a unitised pooled fund offering institutional investors relatively stable returns through investments in non-volatile instruments. The fund is a carefully balanced and actively managed mix of short-term interest-bearing investments with terms of one year or shorter. The weighted average term-to-maturity of the fund may not exceed 90 days. The fund complies with Regulation 28 of the Pensions Fund Act, 1956. As indicated in Figure 4, the fund consistently outperformed its benchmark over various periods.

Figure 4: Annualised total returns as at 31 December 2011

	1 year	3 years	5 years
Old Mutual Core Money Market Fund	5.95%	7.69%	9.18%
Alexander Forbes STeFI 3-month	5.48%	6.89%	8.34%

Source: Dibanisa and INET

4. Dibanisa All Country World Fund

The Dibanisa All Country World Index Fund is a US dollar denominated fund. This is a globally diversified, full-replication fund managed on a traditional index-tracking basis. It provides investors with exposure to the MSCI All Country World Index (ACWI). Currently exposure to the MSCI All Country World Index is achieved via iShares MSCI ACWI Index Fund – an exchange traded fund (ETF) listed on the New York Stock Exchange.

The MSCI All Country World Index (ACWI) is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI All Country World Index currently covers around 8 500 securities across size, style and sector segments in 45 developed and emerging markets:

- Developed market countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

- Emerging market countries include Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

While South Africa is included in this index, it makes up less than 2% and therefore does not significantly alter an investor's domestic equity allocation.

5. Weighted average 3-month treasury bills

Exposure is currently achieved through the Old Mutual Global Money Market Fund. This is a registered dollar-denominated mutual fund offering institutional investors relatively stable returns through investing in non-volatile instruments with a medium to low level of risk. The fund is an actively managed, diversified portfolio of short-term debt securities in a mix of currencies.

The composite benchmark is constructed using the currency weights of the International Monetary Fund (IMF) Special Drawing Rights (SDR) basket, and capital returns and yields on each component of the basket, namely the three-month Euribor (Euro Interbank Offered Rate), Japanese Government thirteen-week financing bills, three-month UK Treasury bills and three-month US Treasury bills. The performance objective of the fund is to outperform this benchmark by 50 basis points a year over rolling three-year periods.

²Tracking Error (TE) is a statistical measure that shows how a fund's share weights differ relative to the benchmark's weights – the higher the TE, the bigger the divergence from the benchmark. In the US, an actively managed bond fund will typically have a TE of at least 2%. A fund with a 0.50% TE would be defined as a Full-Replication Index Fund – constructed almost identically to the index it tracks.

To further diversify exposure away from the rand and from equities, the Dibanisa Balanced Tracker Fund may invest in funds holding interest-bearing instruments denominated in foreign currencies, up to a maximum of 7.5% of the total portfolio value.

FEES

Minimum Investment of R10 million

Investment Management Fee on the pooled fund policy is 0.33% p.a excluding VAT.

Currently the global building block makes use of underlying funds of which the embedded cost is priced in the NAV of these funds.

THE MANAGER

Dibanisa Fund Managers is one of the largest dedicated index tracker investment houses in Africa with over R39 billion of assets under management (as at 31 December 2011). We have been in operation for almost a decade and specialise in equity and bond index tracking solutions.

Our Investment Objectives

- ✦ We seek to be a premier low-cost index provider with minimal tracking errors.
- ✦ We use cutting-edge technology-based systems and processes

to provide our clients with competitive quantitative investment solutions.

- ✦ We target clients that require a low-cost, low-risk "core" fund manager to complement their more aggressive, active satellite portfolios.
- ✦ Our strong client base includes parastatal, private sector and multi-management institutions.

Our Investment Philosophy

- ✦ We believe that traditional beta is the cornerstone to portfolio construction and cost-effective, technology-dominated tracker solutions can add significant value to a fund's overall portfolio construction.
- ✦ We track transparent, rule-based indices that can be consistently applied by an independent source, through the application of cutting-edge technology-based systems and processes.
- ✦ We use widely tested and proven methods to provide our clients with superior quantitative investment solutions, resulting in the closest possible index-matched returns.

We are fully committed to help revolutionise the South African investment market by demonstrating that an active-tracker blended portfolio can offer similar overall return characteristics to an actively managed portfolio, but probably at lower overall risks and definitely at lower costs.

Dibanisa Team

 Tendia Musikavanhu CEO - OMGXT	 Anver Dolie Deputy Chief Investment Officer	 Nonhlanhla Dube Fund Manager	 Rekha Mistry Junior Fund Manager	 Palvi Kala Junior Fund Manager	 Frank Sibiya Junior Investment Analyst	 Marinda Nel Vice President Business Development
 Craig Chambers Managing Director & Head of Investments	 Kingsley Williams Head: Product Development & Research	 Zack Bezuidenhout Product and Business Development	 Jackie Timothy Business Analyst	 Jeanne Partington Team Assistant		



Regulatory information:

Old Mutual Global Index Trackers (Pty) Ltd, trading as Dibanisa Fund Managers, is a member of the Old Mutual Investment Group (South Africa) (Pty) Ltd (OMIGSA)

This is a pooled unitised fund policy as defined in the Long-term Insurance Act, 1988. Dibanisa Fund Managers is licensed as an approved financial services provider (No. 721) in terms of section 8 of the Financial Advisory and Intermediary Services Act 37 of 2002. Reg. No. 2000/028675/07. Investors should note that share price fluctuations, exchange rates and other economic factors may have an effect on the value of investments. Performance is further affected by uncertainties in government policy, taxation, foreign exchange controls and other legal or regulatory developments. Past performance is not necessarily a guide to future investment performance. It is important that you are prepared for some shorter term fluctuations as your investment moves in line with the markets.

The portfolio performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Past performance is not necessarily an indication of future performance. The fund's TER reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

Dibanisa Fund Managers

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