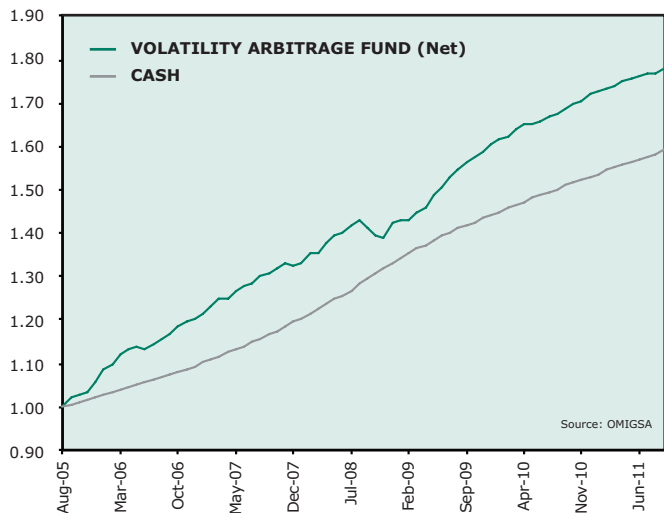


# Volatility Arbitrage Fund

ALL DATA TO 30 SEPTEMBER 2011

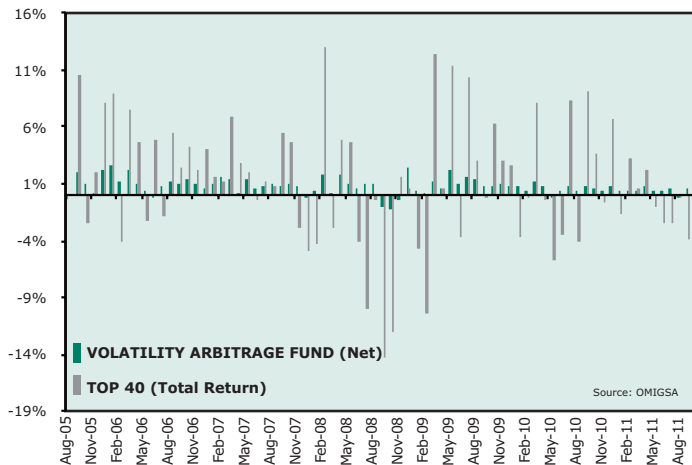
## FUND DESCRIPTION

The Volatility Arbitrage Fund is an actively managed, derivative based fund which aims for positive returns in most market conditions, and long-term capital growth, while minimising short-term volatility. The fund uses a structured and systematic investment approach to exploit arbitrage opportunities both within equity derivatives and between derivative and equity markets. The fund targets a net return of cash + 5% p.a., a standard deviation of less than 4% and a maximum monthly loss of 1%. This market neutral fund targets a correlation to the JSE All Share Index of less than 0.4.



## PERFORMANCE (net)

Year	2005	2006	2007	2008	2009	2010	2011
Jan	2.70%	1.03%	0.32%	0.46%	0.69%	0.38%	
Feb	1.28%	1.55%	1.83%	0.06%	0.33%	0.35%	
Mar	2.24%	1.29%	0.10%	1.16%	1.22%	0.30%	
<b>Q1</b>	<b>6.35%</b>	<b>3.92%</b>	<b>2.25%</b>	<b>1.68%</b>	<b>2.26%</b>	<b>1.02%</b>	
Apr	0.96%	0.25%	1.75%	0.66%	0.76%	0.68%	
May	0.29%	1.39%	0.99%	2.15%	-0.06%	0.43%	
Jun	-0.33%	0.59%	0.67%	1.03%	0.42%	0.40%	
<b>Q2</b>	<b>0.92%</b>	<b>2.24%</b>	<b>3.45%</b>	<b>3.89%</b>	<b>1.12%</b>	<b>1.52%</b>	
Jul	0.83%	0.80%	0.94%	1.67%	0.72%	0.48%	
Aug	1.15%	0.99%	0.94%	1.30%	0.32%	-0.09%	
Sep	1.94%	0.97%	0.75%	-1.09%	0.81%	0.73%	0.57%
<b>Q3</b>	<b>2.97%</b>	<b>2.57%</b>	<b>0.78%</b>	<b>3.83%</b>	<b>1.78%</b>	<b>0.96%</b>	
Oct	0.94%	1.46%	0.90%	-1.28%	0.79%	0.63%	
Nov	0.26%	0.94%	0.68%	-0.40%	1.00%	0.41%	
Dec	2.29%	0.59%	-0.25%	2.43%	0.83%	0.81%	
<b>Q4</b>	<b>3.52%</b>	<b>3.01%</b>	<b>1.33%</b>	<b>0.70%</b>	<b>2.65%</b>	<b>1.86%</b>	
<b>Annual Total</b>	<b>13.84%</b>	<b>10.43%</b>	<b>7.35%</b>	<b>12.59%</b>	<b>7.20%</b>		



## RISK AND RETURN (net annualised)

	VOLATILITY ARBITRAGE FUND	FTSE/JSE TOP 40 TOTAL RETURN INDEX	
Return	9.9%	14.0%	Since Inception
Volatility	2.5%	19.2%	
Sharpe Ratio	0.8	0.3	
Beta	0.08		
Upside beta	0.09		1 year
Downside beta	0.09		
Return	5.5%	3.6%	
Volatility	0.8%	10.7%	
Sharpe Ratio	0.1	-0.2	

## SINCE INCEPTION ANALYSIS

	VOLATILITY ARBITRAGE FUND	FTSE/JSE TOP 40 TOTAL RETURN INDEX
Maximum Losing Month	-1.3%	-14.3%
Maximum Drawdown	-2.8%	-43.4%
Months to Recover	2	22
Average Monthly Return	0.8%	1.2%
% of Positive Months	90.4%	57.5%
Average Gain	0.9%	4.9%
Average Loss	-0.5%	-3.7%
Maximum Gain (monthly)	2.7%	13.0%

## PERFORMANCE TARGET

STeFI call deposit Rand cash return + 5% p.a., net of fees, on a rolling 12-month basis

## ASSET MANAGEMENT FEE

0.25% p.a. (excluding VAT) base fee and a performance-related fee.

The performance fee will be equal to 17.5% (excluding VAT) of any positive performance (net of base fees) subject to a preferred return of cash and a high-water mark. This fee will be accrued and calculated on a monthly basis and deducted twice per annum, when applicable.

## FUND MANAGER(S)

**John Gilchrist:** John is a qualified CA (SA) and holds an MBA (with distinction) from INSEAD (France). He has thirteen years' investment experience, and joined OMIGSA in November 2004 as a portfolio manager. Prior to joining the Old Mutual Investment Group, he was Head of South African Derivatives at a major international bank, and served on the JSE SAFEX financial derivatives committee.

**Nelisiwe Nzama:** Nelisiwe holds a B Com (Acc) and B Com (Hons) Actuarial Science. She joined OMIGSA in August 2006 as an Investment Structuring Analyst. She possesses strong technical and quantitative modeling skills. Before joining OMIGSA, Nelisiwe worked as a senior actuarial assistant at Old Mutual Retail Product Development.

## REVIEW OF SEPTEMBER 2011

Global equity markets suffered further sharp losses in September 2011, weighed down by the on-going Europe debt crisis and fears of a global economic slowdown. The FTSE/JSE Top 40 Index continued its downward slide, losing 4.0% over the month. This brings the year-to-date losses on the Index to 5.8%.

All three major sectors contributed to the performance with the resource sector being the worst performer, declining 4.7% over the month. Industrials and financials were down 3.4% and 3.3% respectively. The dispersion at stock level was low in September with a -12.0% average return for the worst five Top 40 constituents versus a +5.9% average return for the best five constituents.

The SA Volatility Index (an indicator of uncertainty and risk aversion) rose sharply to end the month at 32.7%. However, the 20-day realised volatility only rose marginally to end the month at 32.0%.

The fund delivered 0.6% for the month.

## FUND FACTS

NAV	R331 million
Launch date	1 September 2005
Currency	SA Rand
Administrator	JP Morgan
Auditor	KPMG
Liquidity	Monthly
Legal structure/vehicle	Debenture/Trust structure

## CONTACT DETAILS

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