



Profile Balanced Portfolio

Multi-asset class solutions: the Profile range

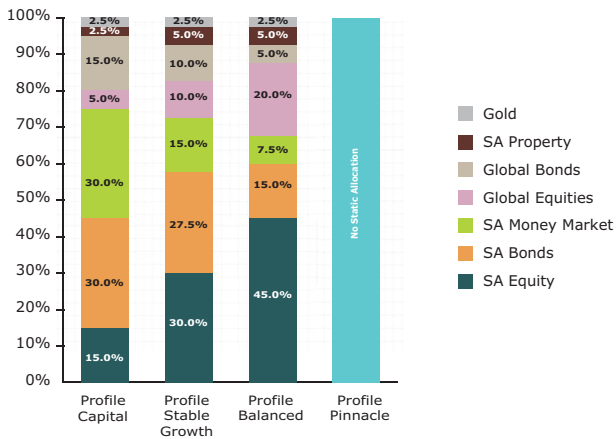
The suite of Profile portfolios is a comprehensive range of unitised, market-linked portfolios that span the risk/return spectrum. These policy-based investments are specifically designed for institutional investors and are compliant with Regulation 28 of the Pension Funds Act of South Africa.

Within the parameters of their mandates, the Profile portfolios invest across a range of local and offshore asset classes including equity, interest-bearing instruments, property, convertibles, commodities and derivatives.

There are four portfolios in the Profile portfolio range, from very conservative to aggressive. The investor may also switch between these funds within the range on a seamless basis to correspond with their changing risk profile.

Static benchmark asset allocation

The static benchmark represents our view of the optimal long-term asset allocation per portfolio.



Portfolio manager



Anil Thakersee joined Macro Strategy Investments in August 2008, and is the portfolio manager responsible for our range of balanced funds which reflect the Macro Strategy Investments "house view". Anil has 8 years' investment management experience covering various asset classes.

In managing the portfolio, he leverages off the top-down views of the Macro Strategy Investments team as well as the bottom-up inputs of specialists within each asset class, in order to maximise investment performance.

Market overview

The local equity market, as measured by the FTSE/JSE Shareholder Weighted All Share Index (SWIX), was flat for the month, yet gained 7.5% for the quarter. Emerging market equities (-3.3%) underperformed their developed market counterparts (1.3%) in March, but remain the outperformer for the year to date, with a return of 14.1% versus the 11.7% from developed market equities.

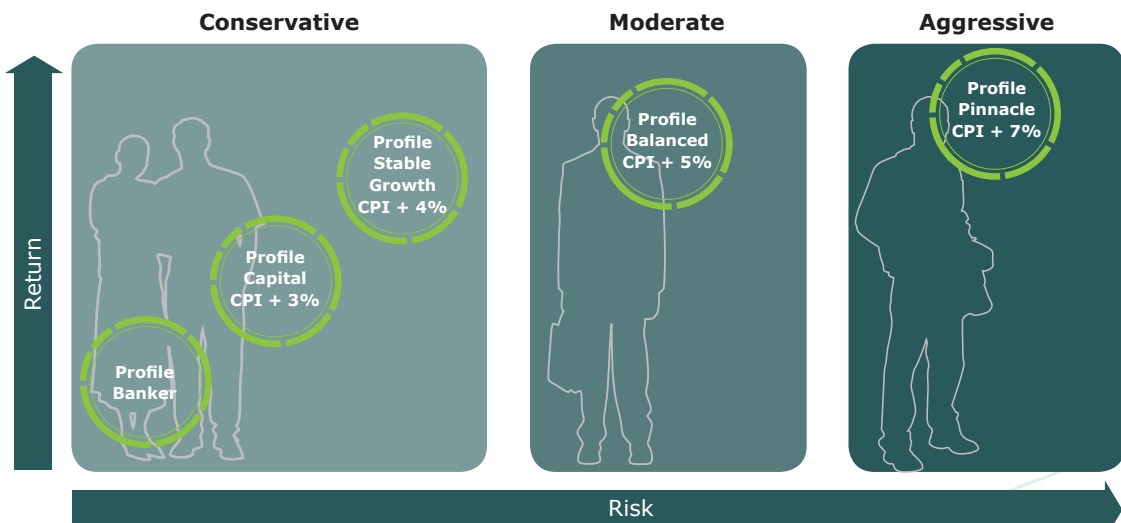
The rand is 2% - 5% stronger against the major currencies, compared to the end of 2011, but weakened by 2.5% in March. The local listed property sector has delivered good returns of 2.1% and 8.0% for the month and quarter, respectively. The local bond market eked out a 0.1% return for the month and has returned 2.4% this quarter, outperforming local cash by 1.0%.

Fund performance commentary

Profile Balanced produced a return of 5.9% for the quarter, as the fund benefited from a rebound in both local and international equity markets. The fund has comfortably outperformed its benchmark over the quarter, largely as a result of being underweight to international government bonds. We continue to believe that, while yields on developed market bonds might stay at extremely low levels for some time, the potential for earning excess returns from this point is limited. The fund's exposure to developed market government bonds is therefore low. For the year, Profile Balanced delivered a return of 12.1%, well ahead of cash returns and the FTSE/JSE All Share Index (ALSI), yet slightly below benchmark.

Profile Balanced Fund is overweight to equity, which is our favoured asset class, and reflects our preference for international equity markets over domestic. In recent months we have added to SA bonds and gold, the commodity. SA bonds offer an attractive carry on cash yields and the sharp weakness in gold in the early part of the year provided an opportunity to add this asset class, which we see acting as an important diversifier.

Risk and return objectives



Profile Balanced Portfolio

This is an actively managed and a moderate risk portfolio with an emphasis on providing investors with compelling real returns over the long term by investing in an optimal spread of local and international asset classes. While the bias is towards growth assets, the portfolio manager will allocate to other asset classes to exploit market opportunities and to achieve diversification.

Closely aligned with our 'Best Investments View' process, this portfolio offers our clients the opportunity to receive the full benefit of our proven investment track record.

This portfolio is ideal for investors who are prepared to accept the potential for short-term market fluctuations in pursuing significant real growth relative to inflation over the long term. The portfolio complies with Regulation 28 of the Pension Funds Act.

Additional information

Launch date

January 1995

Benchmark

Static asset allocation benchmark

Risk category

Moderate

Investment objective

The portfolio aims to deliver competitive and consistent real returns with a target of CPI + 5% per annum over the long term. The fund also aims to outperform its composite index benchmark.

Fees

Domestic assets: 0.50% p.a. (rebates for large funds)

International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

Fees on domestic assets exclude VAT. (VAT is deemed not payable.)

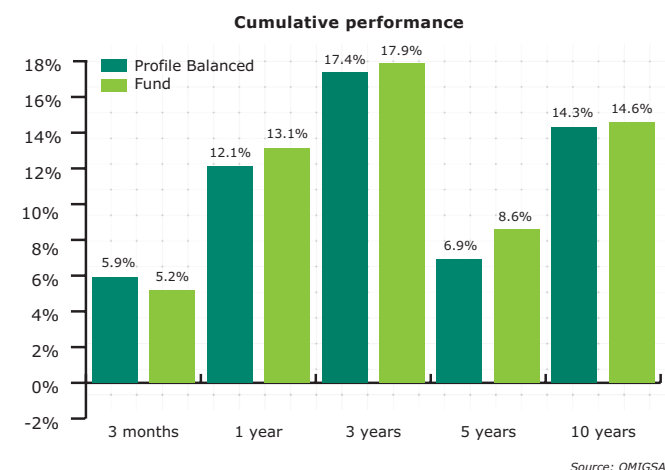
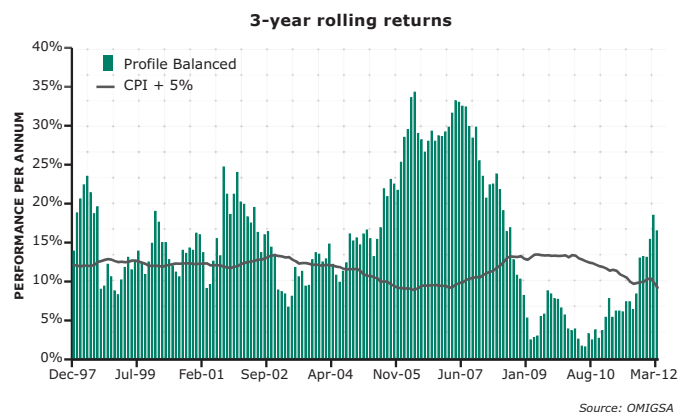
Principal holdings as at 31/03/2012

Holding	Sector	% of equity
MTN Group	Telecommunications	8.0
Anglo American	Basic Resources	6.7
Sasol	Oil & Gas	6.7
Standard Bank Group	Banks	6.0
BHP Billiton	Basic Resources	5.7
FirstRand	Banks	4.6
Old Mutual	Financials	4.3
Investec	Banks	3.9
British American Tobacco	Personal Goods	3.1
SABMiller	Food & Beverages	2.7
		51.7

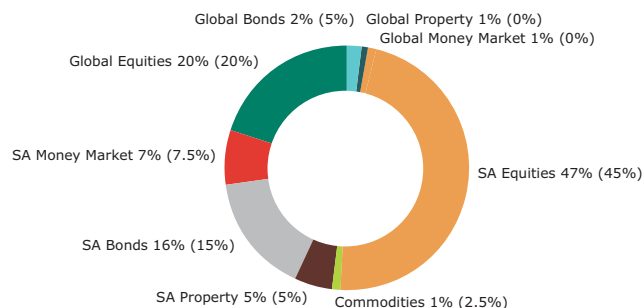
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The investment portfolios are market linked. Products may either be policy based or utilised in collective investment schemes. Investors' rights and obligations are set out in the relevant contracts. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full amount invested. Past performance is not necessarily a guide to future investment performance.

Performance as at 31/03/2012



Asset analysis to 31/03/2012



Fund tilt vs benchmarks

