

# Select Equity Investments

## Market Neutral Hedge Fund | April 2010

Neil Brown &  
Richard Hasson  
| Boutique Heads



### INVESTMENT DESCRIPTION

The Select Equity Market Neutral Hedge Fund is an alternative investment portfolio which seeks to provide diversification from other asset classes while consistently targeting positive performance in excess of money market rates, even in adverse market conditions. This objective is achieved through identifying pricing inefficiencies in the equity market where the portfolio managers buy those stocks which are expected to increase in value and sell short those which are expected to depreciate. The fund has a maximum of 40% and a minimum of -20% net equity exposure. Gross portfolio exposure is limited to 300% with single instrument exposure limited to 20%.

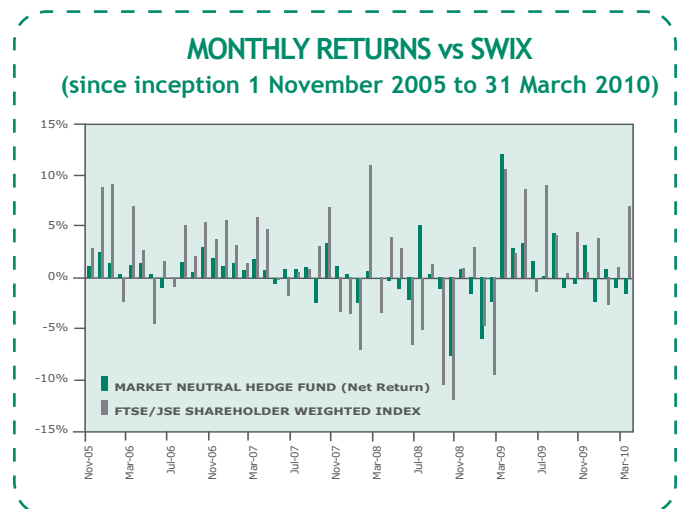
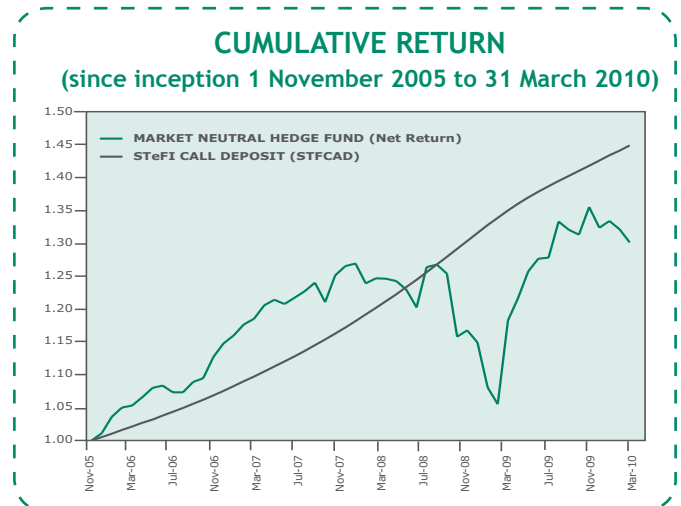
### INVESTMENT OBJECTIVE

The investment objective is to provide shareholders with long-term capital growth and total return in rands. The fund aims to limit short-term volatility of these returns via the use of hedging instruments and/or techniques as well as the active management of risk.

**Return Target:** To produce investment returns of cash (STeFI Call Deposit Index) plus 5% net of investment management fees, measured over rolling 12-month periods.

### FUND MANAGEMENT

This fund is managed by Neil Brown and Richard Hasson, joint heads of Select Equity Investments. These two award-winning fund managers offer clients a combined 29 years of investment experience and a long-term track record of delivering returns in excess of benchmark.



### MONTHLY RETURN net of fees (31 March 2010)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2005											1.1%	2.5%	3.6%
2006	1.4%	0.3%	1.2%	1.3%	0.3%	-0.9%	0.0%	1.5%	0.5%	3.0%	1.8%	1.1%	12.0%
2007	1.4%	0.7%	1.7%	0.7%	-0.5%	0.8%	0.8%	1.0%	-2.4%	3.4%	1.1%	0.3%	9.4%
2008	-2.4%	0.6%	-0.1%	-0.3%	-1.0%	-2.2%	5.1%	0.3%	-1.1%	-7.6%	0.8%	-1.5%	-9.4%
2009	-6.0%	-2.3%	12.1%	2.9%	3.3%	1.5%	0.1%	4.3%	-0.9%	-0.6%	3.2%	-2.3%	15.1%
2010	0.8%	-1.0%	-1.5%										-1.7%

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### RISK/RETURN STATISTICS (31 March 2010)

	Market Neutral Hedge Fund	STeFI Call Deposit
Return since 1 November 2005	30.1%	44.9%
Compound Annual Return	6.1%	8.8%
Rolling 12-month Return	10.0%	7.4%
% of Positive Months	64.2%	100.0%
Average Monthly Return	0.5%	0.7%
Average Monthly Gain	1.9%	0.7%
Average Monthly Loss	-1.8%	0.0%
Best Monthly Return (Maximum Gain)	12.1%	0.9%
Worst Monthly Return (Maximum Loss)	-7.6%	0.5%
Annualised Standard Deviation (Volatility)	9.5%	0.5%
Annualised Downside Deviation	5.0%	n/a
Sharpe Ratio	-0.3	n/a
Sortino Ratio	-0.5	n/a
Correlation to SWIX Index	0.5	n/a
Beta (Slope between fund and SWIX Index)	0.3	n/a
Upside Beta	0.3	n/a
Downside Beta	0.5	n/a
Maximum Drawdown	-16.9%	n/a
Months to Recover	13.0	n/a

Launch Date	Portfolio Category	Product Vehicle	Benchmark	Minimum Investment	Latest NAV
November 2005	Domestic Hedge Fund	Debenture Trust Structure	STeFI Cash	R10 million	R40 401 960

#### Contact details:

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The investment portfolios are market-linked. Products may either be policy based or unitised 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. There are specific risks associated with investing in portfolios that employ hedging strategies. Please refer to your policy, mandate or contract for detailed information regarding these risks.