

Risk rating



General information

Sector

Domestic EQ Smaller Companies

Benchmark

Smaller Companies Unit Trust Mean

Investment manager

Anthony Sedgwick

Abax Investments

(previously Polaris Capital)

Appropriate term

Minimum 5 - 7 years

Market value

R527 million

Inception date

1 November 1997

Minimum investments

Lump sum: R10,000

Monthly debit order: R500

Income distribution

31 December

December 2011 distribution: 15.87 cpu

Fees (including VAT)

Initial fees: 0%

Financial adviser fee: max 3.42%

Annual management fee: 1.71%

Total expense ratio²

1.75%

Contact Client Service Centre

Tel 0860 123 263 (RSA only)

+27 21 416 6011 (outside RSA)

Fax 0861 119 733 (RSA only)

+27 11 263 6067 (outside RSA)

Website www.nedgroupinvestments.co.zaEmail info@nedgroupinvestments.co.za

Portfolio objective

A specialist equity portfolio that seeks to offer investors long-term capital growth by actively investing in the shares of small- and medium-sized companies listed on the JSE. A minimum of 75% of the portfolio's assets will be invested in domestic equities at all times.

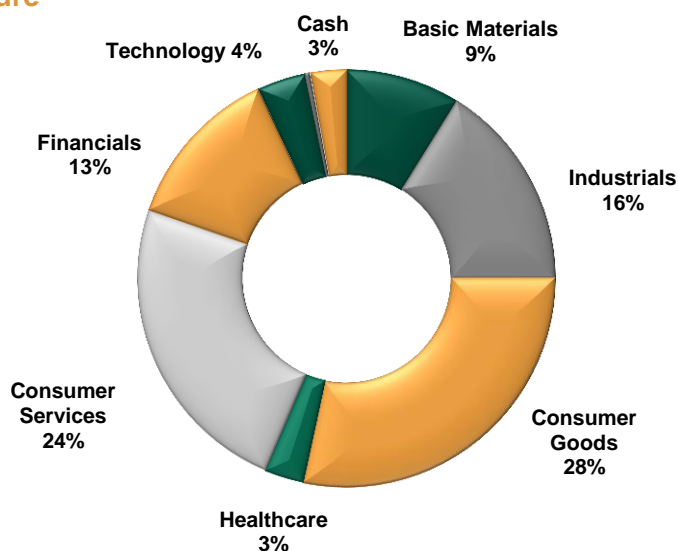
Investor profile

The portfolio is suitable for investors who require specific exposure to small- and mid-cap sector shares as part of their overall investment strategy, with maximum capital appreciation as their primary goal over the long term. Investors should have a high tolerance for short-term market volatility in order to achieve long-term objectives. Due to its specialist nature, the portfolio will typically display higher volatility than a general equity portfolio.

Performance and risk measure¹

Period	Portfolio	Benchmark
1 year	13.5%	3.1%
3 years p.a.	21.6%	17.2%
5 years p.a.	8.8%	4.8%
7 years p.a.	16.8%	13.2%
10 years p.a.	22.9%	19.3%
Volatility (since inception)	20.3%	21.2% [ALSI]

Portfolio structure



Top 10 holdings

Share	%
British American Tobacco	6.8%
Mr Price Group Ltd	5.3%
Coronation Fund Managers Ltd	5.1%
Palabora Mining Company Limited	4.7%
The Foschini Group Ltd	4.6%
AVI Ltd	4.1%
Santam Ltd	3.7%
Imperial Holdings Ltd	3.6%
Woolworths Holdings Ltd	3.5%
Holdsport Ltd	3.4%
Total	44.7%

Please note: Differences may exist due to rounding.

DISCLAIMER:

Unit trusts are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Different classes of units may apply to these portfolios and are subject to different fees and charges. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, Uncertificated Securities Tax, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. A schedule of maximum fees and charges is available on request from us. Fees and incentives may be paid, and if so, are included in the overall costs. Portfolios are valued daily at 15:00. Instructions must reach us before 14:00 (11:00 for Nedgroup Unity Market Fund) to ensure same day value.

A member of the Association for Savings & Investment SA. Nedgroup Collective Investments Limited: Co. Reg. No. 1997/001569/06. Address: PO Box 1510, Cape Town, 8000
Trustees: The Standard Bank of South Africa Limited, PO Box 54, Cape Town, 8000

¹ Data source: © 2011 Morningstar Inc. All rights reserved. Based on a lump sum investment, using NAV-NAV prices with income distributions reinvested.

² Total Expense Ratio (TER): The annualised TER shown above is for the 12 month period to 30 September 2011. This percentage of the average Net Asset Value of the portfolio 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.

Investment manager commentary**Anthony Sedgwick**

In comparison with the highly volatile months we have become accustomed to, December 2011 was relatively stable with the seasonal decrease in trading volumes around the holiday period having the usual impact.

We are very pleased to have managed to end the year on a good note with the portfolio outperforming in December in comparison with the JSE Mid-Cap Index +1.3% and the +3.8% of the JSE Small-Cap Index. On a longer term basis, we are even happier to have produced a return of 13.5% for the year to 31 December 2011 that compares favourably with the JSE All Share's +2.6%, the JSE Mid-Cap Index +4.7% and the +1.1% of the JSE Small Cap Index. In addition, the portfolio finished first among its peer group of unit trusts over one year. We'll do our best to try and maintain the track record and assure investors of our best attention to this goal.

As we look ahead to 2012, our investment view is as follows and investors who are regular readers of our monthly commentary should not detect any surprises.

We have confidence that the emerging economies of the world (albeit dominated by China that very encouragingly has started to relax its monetary tightening stance), buoyed by growth in their domestic consumers will have growing economies. In contrast, we are increasingly skeptical of the European politician's ability to negotiate and implement an orderly and realistic debt repayment program and believe that in any event, its implementation will doom their broader economy to little if any growth for several years to come. Four years after their financial crisis, the US economy is showing some signs of life, but we expect these to be lackluster. As a consequence, we believe a healthy defensive component of the portfolio is warranted (despite these being the winners in 2011), offset by select large positions which offer significant value and will be the winners should things turn out to be a little better than our bearish expectations.