EQUITY RANGE

Nedgroup Investments Rainmaker Fund

January 2012

Risk rating

1 2 3 **4** 5

General information

Sector
Domestic EQ General

Benchmark
General Equity Unit Trust Mean

Investment managers
Tim Allsop & Omri Thomas
Abax Investments (previously Polaris Capital)

Appropriate term
Minimum 5 - 7 years

Market value
R14 514 million

Inception date
3 July 2000

Minimum investments
Lump sum: R10,000
Monthly debit order: R500

Income distribution
31 December
December 2011 distribution: 115.39 cpu

Fees (including VAT)
Initial fees: 0%
Financial adviser fee: max 3.42%
Annual management fee: 1.71%

Total expense ratio[2]
1.72%

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.za
Email info@nedgroupinvestments.co.za

Portfolio objective

The portfolio seeks to offer investors long-term capital growth through active stock selection within the South African equity market. A minimum of 75% of the portfolio's assets will be invested in domestic equities at all times.

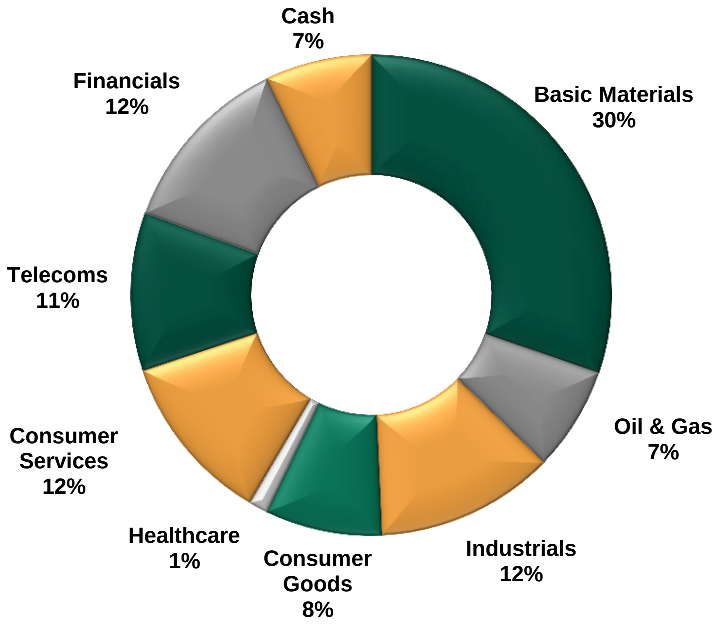
Investor profile

The portfolio is suitable for investors seeking exposure to the domestic equity market with maximum capital appreciation as their primary goal over the long term. Investors should have a tolerance for short-term market volatility in order to achieve long-term objectives.

Performance and risk measure[1]

Period	Portfolio	Benchmark
1 year	12.3%	10.3%
3 years p.a.	20.2%	18.8%
5 years p.a.	8.7%	7.1%
7 years p.a.	**16.8%**	**15.5%**
10 years p.a.	20.9%	17.0%
Volatility (since inception)	14.9%	18.8% [ALSI]

Portfolio structure



Top 10 holdings

Share	%	BHP Billiton Plc	5.6%
Naspers Ltd-N-	10.3%	Anglo American Platinum Corp Ltd	4.3%
MTN Group Ltd	9.9%	Investec Plc	3.7%
Anglo American Plc	9.0%	Trencor Ltd	3.1%
Sasol Ltd	7.0%	Old Mutual Plc	3.1%
Anglogold Ashanti Ltd	6.1%	**Total**	**62.1%**

NEDGROUP INVESTMENTS

Please note: Differences may exist due to rounding.

[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 31 December 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.

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Investment manager commentary

Tim Allsop & Omri Thomas

Equity markets had a strong start to 2012, with the JSE All Share Index (ALSI) gaining 5.7% in January. During the month, the ALSI reached an all-time high. Basic Materials (+8.7%) and Industrials (+8.1%) were the best performing industry groups. Telecoms (-5.0%) was the only industry group to post a negative total return over the month. The performance of holdings in BHP Billiton (+12.7%), Imperial (+12.2%) and Naspers (+10.9%) was pleasing, whereas MTN (-7.3%) and British American Tobacco (-5.6%) detracted from our performance.

Although enormous challenges lie ahead (particularly in the eurozone), recent data have renewed hopes that the global economy can avoid another recession. The US has managed to sustain its recent improvement in macro data with solid GDP (2.8% in the fourth quarter) and employment data (unemployment rate dropped to 8.3%). Data for China has also been encouraging:

> CPI inflation has moderated to a 15-month low of 4.1%;
> The economy expanded 8.9% in the fourth quarter of 2011; and
> The Purchasing Managers' Index rose to 50.5 in January – all readings consistent with a soft landing.

Despite improved newsflow from the two largest economies in the world (US and China), eyes are fixed on Europe. The eurozone crisis remains a significant risk and all nations have a strong interest in the resolution of the crisis as warned by the World Bank: "Developing countries should take steps to plan for a global economic meltdown on a par with 2008-09 if the European sovereign debt crisis escalates".

Turning to South Africa, the improved risk appetite saw the rand exchange rate appreciate by 3.5% against the US dollar in January. As anticipated, the SARB left the policy rate unchanged at 5.5%. The same factors, which have played a role in keeping interest rates unchanged at recent MPC meetings, are still at play - balancing the concerns of the soft state of the domestic economy and inflation (which remains above the upper end of the targeted range).

Global equity markets continue to be boosted by injections of liquidity into the world's financial system. However, one should not lose sight of the fact that the fundamental problems confronting developed economies, especially in Europe, have not disappeared. We have thus positioned the portfolio in a "barbell" fashion; balancing the need for safety, ie high-quality companies that should demonstrate earnings resilience in the face of emerging headwinds, together with exposure to lowly rated resource companies that appear best positioned to rebound if the macro backdrop turns out better than expected.

The portfolio currently trades on a forward rolling Price/Earnings (P/E) ratio of 9.9x and a dividend yield of 3%, with an anticipated 12-month forward earnings per share growth of 13.1%.