

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

R491 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%

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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.

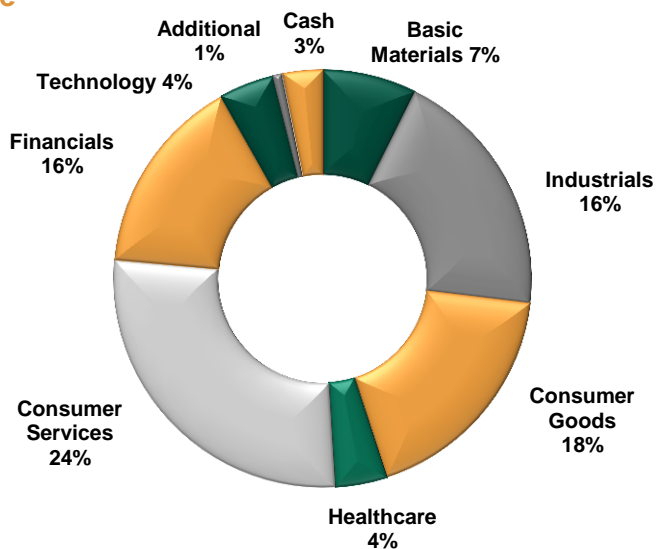
Investor profile

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	23.8%	11.4%
3 years p.a.	24.9%	20.1%
5 years p.a.	8.5%	4.3%
7 years p.a.	17.5%	13.8%
10 years p.a.	23.8%	20.2%
Volatility (since inception)	20.3%	21.2% [ALSI]

Portfolio structure



Top 10 holdings

Share	%
British American Tobacco	6.1%
Coronation Fund Managers Ltd	5.4%
Mr Price Group Ltd	5.4%
Palabora Mining Company Ltd	5.1%
The Foschini Group Ltd	4.3%
AVI Ltd	4.0%
Imperial Holdings Ltd	3.9%
Woolworths Holdings Ltd	3.5%
Santam Ltd	3.5%
Naspers Ltd	3.4%
Total	44.5%

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.

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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.

Investment manager commentary

Anthony Sedgwick

We are very pleased to have managed to extend the strong run of 2011 into the beginning of 2012 and the portfolio's return in January is favourable in comparison with the JSE Mid-Cap Index (+4.3%) and the +4.3% of the JSE Small-Cap Index is pleasing.

While we are very comfortable with the portfolio's positioning and the relative value that our stock picks offer, we do not expect the tremendous strength that we have experienced in the market since mid-August 2011 to continue for too much longer. We will do our best to remain nimble and have been quick to realise profits in some of our best performers and to rotate the proceeds into some of the laggards. In addition, we have recently found a few new small opportunities.

Regular readers will know that we have analysed and are aware of the significant challenges facing the European economy and which we feel are unlikely to be resolved for much of the next decade. In addition, four years after their banking crisis, the American economy is attempting, with mixed success, to achieve a gradual recovery with every possible supportive effort provided by the Federal Reserve. In this context, the doomsday prophets are heavily in the majority and investors are generally positioned for a very tough time. While we acknowledge these realities, we are of the view that things may turn out to be not as bad as everyone seems to expect.

Consequently, we have done our best to position the portfolio to be able to weather tough economic circumstances, while at the same time participate in the shares that will run hard should the future turn out to be a little rosier.