

*ADIEU, O soldier!  
You of the rude campaigning, "which we shared,"  
The rapid march, the life of the camp,  
The hot contention of opposing fronts – the long  
manoeuvre,  
Red battles with their slaughter – the stimulus – the  
strong, terrific game,  
Spell of all brave and manly hearts – the trains of Time  
through you, and like of you, all  
fill'd, With war, and war's expression.*

*From "Adieu to a Soldier"  
by Walt Whitman (1819 – 1892)*

The theme of this quarter's report, as you may already have guessed from the title, is farewells. But first let's consider the facts of quarter two.

The fund returned 8.17% versus the FTSE/JSE Resources Index return of 8.84%. Our Sasol (24%), Impala (14%), Amplats (24%), Delta (26%) and AngloGold Ashanti (11%) holdings contributed to overall performance. Mittal Steel (-26%), BHP Billiton (2%), Anglo American (7%) and AECI (6%) all underperformed.

The zero holding in Sappi continued to add value as Sappi declined 3% in the quarter, and we remain negative on this counter. The low exposure to geared gold shares did not hurt much with the rand weakening by 7% and the dollar gold price strengthening by 2%. Harmony did have a bounce (17%) which we missed out on, however we remain of the view that this gold company is over-valued. Goldfields returned 5%.

During the quarter we sold our Amplats holding due to this counter reaching our fair value. We remain exposed to platinum metal fundamentals through Impala, where valuation remains attractive.

Delta announced the sale of their non-EMD businesses for R27 a share and will be returning this to shareholders.

Mittal Steel performed poorly on the back of a steel cycle which is rolling over. We remain of the view that the business is undervalued based on mid-cycle valuation metrics and thus will hold on to our exposure.

We now get to the farewells. Firstly, we say goodbye to cheap oil! Mr Hubbard, a geophysicist, correctly predicted that US oil production would peak in 1970 - the so-called Hubbard Peak. We are evidently staring down the barrel of the global Hubbard Peak! Hence, US\$60 per barrel of oil and Sasol being the largest position in the fund at 21%!

Secondly, we say au revoir to the European Union and the euro with it. The US dollar has been rampant since the French said "non!". The dollar gold price has, for the time being, disconnected from its recent tight relationship to the euro/dollar throwing all but the gold bull into a fair degree of consternation. We remain of the view that the dollar cannot maintain this level of resurgence versus the euro and that those who hold gold are merely waiting for sanity to prevail.

And now, let me leave you with the second and final stanza from "Adieu to a Soldier".

*Adieu, dear comrade!  
Your mission is fulfill'd – but I, more warlike,  
Myself, and this contentious soul of mine,  
Still on our own campaigning bound,  
Through untried roads, with ambushes, opponents lined,  
Through many a sharp defeat and many a crisis – often  
baffled,  
Here march, ever marching on, a war fight out – aye here,  
To fiercer, weightier battles give expression.*

**Hugo Nelson and Henk Groenewald**  
Portfolio Managers

Fund category	Domestic Equity Resources & Basic Industries
Launch date	1 October 1999
Portfolio manager	Hugo Nelson & Henk Groenewald
Fund size	R30.38 million
NAV	3285.58 cents
Annual management fee	1.00% (ex VAT)

**Benchmark  
Fund description**

Resources & Basic Industries Sector Mean  
Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.

**ASSET AND SECTOR ALLOCATION**

Sector	30 Jun 2005	31 Mar 2005
<b>Domestic Assets</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Equity</b>	<b>96.51%</b>	<b>92.41%</b>
Resources	69.91%	65.48%
Basic Industries	14.39%	14.55%
General Industrials	7.96%	5.34%
Financials	0.57%	0.52%
Specialist Securities	0.57%	0.43%
Futures	3.11%	6.09%
<b>Cash</b>	<b>3.49%</b>	<b>7.59%</b>
<b>International Assets</b>	<b>0.00%</b>	<b>0.00%</b>

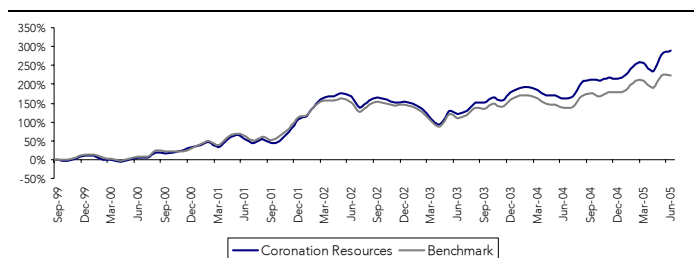
**PERFORMANCE & RISK STATISTICS**

	Fund	Benchmark
Year to date	23.06%	16.77%
Latest 12 months	47.97%	37.20%
Latest 36 months (annualised)	13.22%	8.91%
Latest 60 months (annualised)	30.14%	26.72%
Since inception (annualised)	26.66%	24.28%
Annual deviation since inception	24.24%	23.45%
Sharpe ratio	0.81	0.72
Maximum gain	93.37%	75.65%
Maximum drawdown	-23.81%	-23.54%
Positive months	60.87%	57.97%

**TOP 10 SHARE HOLDINGS**

	% of Fund
Sasol Ltd	21.42%
Anglo American plc	14.73%
Impala Platinum Holdings Ltd	13.86%
BHP Billiton plc	12.01%
Mittal Steel South Africa Ltd	8.37%
Delta Electrical Industries Ltd	7.96%
AECI Ltd	6.02%
AngloGold Ltd	5.47%
Sallies Ltd	2.84%
Anglo American Platinum Ltd	0.57%
<b>Total</b>	<b>93.25%</b>

**CUMULATIVE PERFORMANCE SINCE INCEPTION**



**INCOME DISTRIBUTIONS**

Declaration	Payment	Amount	Dividend	Interest
31/03/2005	01/04/2005	38.06	30.33	7.73
30/09/2004	01/10/2004	30.39	24.57	5.82
31/03/2004	01/04/2004	17.72	11.70	6.02
30/09/2003	01/10/2003	42.17	24.94	17.23

**ANNUAL RETURNS SINCE INCEPTION**

	Fund	Benchmark	Active Return
2004	13.37%	6.94%	6.42%
2003	9.23%	6.09%	3.14%
2002	23.18%	16.02%	7.16%
2001	55.61%	70.68%	-15.07%
2000	20.09%	17.94%	2.15%
1999	10.92%	12.76%	-1.84%

**MONTHLY PERFORMANCE RETURNS**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	3.00%	8.37%	0.67%	-5.79%	12.94%	2.93%						
B'mark 2005	2.39%	9.27%	-0.16%	-6.31%	10.93%	0.58%						
Fund 2004	4.06%	0.40%	-2.70%	-4.08%	-0.55%	-2.77%	2.06%	13.19%	2.76%	-1.06%	2.98%	-0.59%
B'mark 2004	3.64%	0.54%	-3.21%	-4.74%	-1.80%	-3.53%	1.59%	12.10%	2.57%	-2.45%	4.00%	-0.85%