

The first quarter of 2005 was marked by aggressive switching in the local market as investors moved into resources due to a slightly weaker rand. While the overall market was up 5% this was all due to a very strong return from the Resources Index of 15.5%. As a result of our large underweight in resources due to overstretched valuations we slightly underperformed the market, delivering a still pleasing 4% return.

Even more pleasing was our relative return where we remained comfortably in the first quartile of general equity funds due to excellent stock selection. Although underweight resources, our big weighting in outperformers like Sasol and Impala Platinum were key to our returns.

Despite this sudden rotation into resources we remain firmly committed to our large holdings in domestic stocks. We are expecting continued strong earnings growth which has recently been confirmed by some of the strong trading updates from some of our large domestic holdings such as Tiger Brands and Foschini. Despite this excellent growth outlook, ratings remain undemanding and we believe still offer good value to the long-term investor.

Our view of a benign interest rate environment and good economic growth remains intact supported by a reasonably robust rand and good demand for commodities. The greatest risk to our portfolio would be a sudden currency shock necessitating aggressive large interest rate hikes. We do not believe this is likely and have positioned the overall portfolio to benefit from a slowly weakening rand and good domestic growth. Big positions in stocks like Telkom, Naspers, Standard Bank and Absa will benefit from this domestic growth while SABMiller, Sasol and AECL should benefit from strong underlying demand for their products as well as a slightly weaker currency.

Neville Chester
Portfolio Manager

| | |
|-----------------------|--|
| Fund category | Domestic Equity General |
| Benchmark | FTSE/JSE CAPI - All Share Index Capped at 10% |
| Launch date | 15 April 1996 |
| Portfolio manager | Neville Chester |
| Fund size | R872.9 million |
| NAV | 3400.73 cents |
| Annual management fee | 1.25% (ex VAT) |

Fund description

An emphasis on active stock selection with the aim of being fully invested in domestic equities at all times.

ASSET AND SECTOR ALLOCATION

| Sector | 31 Mar 2005 | 31 Dec 2004 |
|-----------------------------|----------------|----------------|
| Domestic Assets | 100.00% | 100.00% |
| Equity | 99.73% | 97.55% |
| Resources | 15.35% | 14.75% |
| Basic Industries | 3.93% | 4.22% |
| General Industrials | 1.58% | 1.63% |
| Non Cyclical Consumer Goods | 13.92% | 12.39% |
| Cyclical Services | 26.62% | 24.90% |
| Non Cyclical Services | 9.71% | 8.94% |
| Financials | 28.62% | 30.72% |
| Cash | 0.27% | 2.45% |
| International Assets | 0.00% | 0.00% |

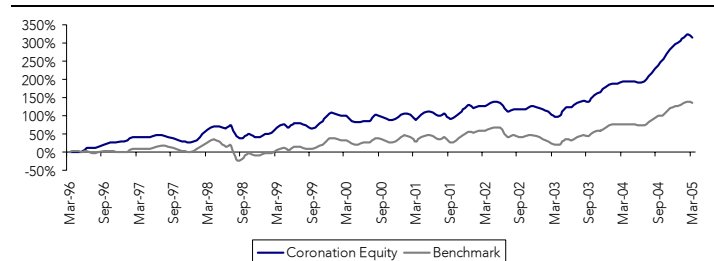
TOP 10 SHARE HOLDINGS

| | % of Portfolio |
|---------------------------------|----------------|
| Remgro Ltd | 7.33% |
| FirstRand Ltd | 7.09% |
| Standard Bank Group Ltd | 6.98% |
| Sasol Ltd | 6.48% |
| SABMiller plc | 6.09% |
| Telkom SA Ltd | 5.94% |
| Naspers Ltd – N ordinary shares | 5.57% |
| Impala Platinum Holdings Ltd | 4.27% |
| AECI Ltd | 3.93% |
| Spar Group Ltd | 3.77% |

RISK STATISTICS

| | Fund | Benchmark |
|----------------------------------|---------|-----------|
| March 2005 | -2.31% | -0.88% |
| YTD | 3.93% | 4.15% |
| Annual return since inception | 17.23% | 9.85% |
| Annual deviation since inception | 17.05% | 21.64% |
| Sharpe ratio | 0.34 | -0.03 |
| Maximum gain | 47.40% | 37.58% |
| Maximum drawdown | -20.49% | -31.35% |
| Positive months | 64.49% | 57.94% |

PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

| | Fund | Benchmark | Active Return |
|------|--------|-----------|---------------|
| 2004 | 42.87% | 33.90% | 8.98% |
| 2003 | 25.33% | 18.24% | 7.08% |
| 2002 | -2.90% | -8.55% | 5.65% |
| 2001 | 16.41% | 15.91% | 0.50% |
| 2000 | -4.76% | -1.99% | -2.77% |
| 1999 | 45.92% | 53.25% | -7.33% |
| 1998 | 12.24% | -11.32% | 23.59% |
| 1997 | -1.91% | 1.39% | -3.31% |

INCOME DISTRIBUTIONS

| Declaration | Payment | Amount | Dividend | Interest |
|-------------|------------|--------|----------|----------|
| 31/03/2005 | 01/04/2005 | 26.89 | 24.59 | 2.30 |
| 30/09/2004 | 01/10/2004 | 36.48 | 33.75 | 2.73 |
| 31/03/2004 | 01/04/2004 | 37.36 | 34.03 | 3.30 |
| 30/09/2003 | 01/10/2003 | 30.89 | 25.63 | 5.26 |

MONTHLY PERFORMANCE RETURNS FOR THE LAST THREE YEARS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|-------------|--------|--------|--------|--------|--------|--------|-------|-------|--------|-------|-------|-------|
| Fund 2005 | 2.09% | 4.21% | -2.31% | | | | | | | | | |
| B'mark 2005 | 0.78% | 4.26% | -0.88% | | | | | | | | | |
| Fund 2004 | 3.71% | 0.00% | 1.72% | 0.47% | -0.29% | -0.53% | 2.14% | 6.54% | 6.40% | 4.83% | 7.41% | 4.25% |
| B'mark 2004 | 4.58% | 0.46% | -0.32% | -1.07% | 0.32% | -1.61% | 1.54% | 7.65% | 6.06% | 1.41% | 8.55% | 2.60% |
| Fund 2003 | -2.55% | -2.24% | -6.92% | 0.94% | 11.35% | 0.58% | 5.61% | 2.11% | -1.16% | 7.63% | 3.12% | 5.68% |
| B'mark 2003 | -4.55% | -4.58% | -8.09% | 0.38% | 12.55% | -1.02% | 5.55% | 3.70% | -2.22% | 9.50% | 1.26% | 6.45% |