

The Top 20 fund generated returns of 45.1% and 43.5% over the 1 and 3 year time periods to the end of June 2006. This can be compared against the FTSE/JSE Africa Top 40 benchmark returns of 55.6% and 40.3% respectively. The recent quarter was marked by significant market volatility as fears arose of excessive monetary tightening in the first world. The consequent anticipated negative impact on global growth combined with a risk re-assessment of financial assets soured the taste of global investors for emerging market assets. At the same time the rand depreciated by some 20% against the US dollar. Somewhat surprisingly, commodity prices did not experience significant declines and the net result of all of these factors was that resource shares continued to increase whilst industrial and financial shares experienced sharp declines. We believe that these price moves created opportunities to add further to the fund's industrial and financial positions.

The fund made three new purchases during the quarter: MTN, Edgars Stores and FirstRand. All of these stocks were purchased on single digit forward PE multiples. Currently MTN is trading on more than a 20% discount to our fair PE for the South African market. The market has gone from overvaluing the growth potential in this business to discounting it substantially. This pessimism has come about due to the looming end to the Nigerian tax holiday in 2007 and the purchase of Investcom for a fairly full price. The consequent flat near-term earnings outlook does not alter the fundamental cash generative nature of the business. It is our view that the business will generate substantial amounts of free cash flow over the next 5 and 10 years, driven by strong mobile subscriber growth in the African and Middle Eastern countries in which MTN now operates, including Nigeria, Cameroon, Iran, Syria, Sudan and Ghana.

Edgars and FirstRand were both victims of the panic which spread through the market in the wake of Governor Mboweni's 50 bps hike in interest rates. In our view, both companies share prices started discounting significant further hikes in interest rates and consequent negative domestic demand growth effects. Whilst we acknowledge that the domestic economic outlook has worsened over the past few months, the future would have to be very bad to render these valuations expensive. Edgars is on almost a 40% discount to what we consider a fair market PE multiple.

The fund also added to its Standard Bank and ABSA positions, to the extent that banks now make up around 15% of the fund compared to 9% at the end of March 2006. The 20% to 25% decline in banking shares over May and June would indicate that these companies generate 100% of their earnings from loans to low-end retail consumers, which is of course not the case. The South African banks generally have well diversified earnings streams, with a mix of retail vs corporate, and interest-rate linked vs fees and commissions. In addition to this, a rising interest rate environment results in interest income margin expansion and a positive endowment effect (higher interest earned on cash). Lastly, in the case of Standard Bank, a depreciating rand results in higher rand earnings from its offshore operations, which contribute around 20% of earnings. As result of all of these factors, we do not believe that there will be a significant deterioration in the earnings of banking shares over the next few years, and the severe price declines therefore provided us with an opportunity to increase the fund's banking exposure.

Whilst domestic interest rate headwinds and emerging markets concerns may persist for some time, we remain confident that all holdings in the fund are significantly undervalued and that over time this value will be recognised and translate into attractive returns for the fund.

Hugo Nelson & Gavin Joubert
Portfolio Managers

| | |
|-----------------------|---|
| Fund category | Domestic Equity Large Cap |
| Launch date | 1 October 2000 |
| Portfolio manager | Hugo Nelson & Gavin Joubert |
| Fund size | R1.1 billion |
| NAV | 4079.34 cents |
| Annual management fee | 1.00% (ex VAT) |
| Performance fee | 20% ex VAT (above benchmark, capped at 2.5% p.a.) |

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|------------------|--|
| Benchmark | FTSE/JSE Africa Top 40 Index |
| Fund description | Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and will typically hold no more than 20 large cap stocks at any point in time. |

ASSET AND SECTOR ALLOCATION

| Sector | 30 Jun 2006 |
|-----------------------------|----------------|
| Domestic Assets | 100.00% |
| Equity | 99.50% |
| Oil & Gas | 9.55% |
| Basic Materials | 11.89% |
| Consumer Goods | 15.94% |
| Consumer Services | 25.38% |
| Telecommunications | 11.32% |
| Financials | 25.42% |
| Cash | 0.50% |
| International Assets | 0.00% |

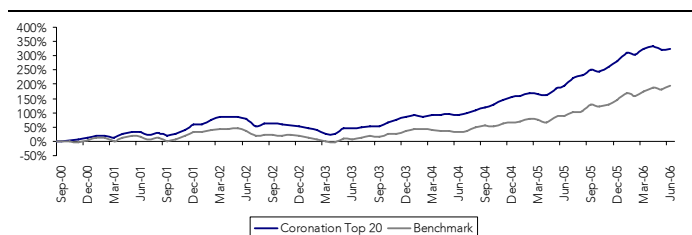
PERFORMANCE AND RISK STATISTICS

| | Fund | Benchmark |
|----------------------------------|---------|-----------|
| Year to date | 11.20% | 20.21% |
| Latest 12 months | 45.12% | 55.63% |
| Latest 36 months (annualised) | 43.54% | 40.32% |
| Latest 60 months (annualised) | 26.64% | 20.80% |
| Since inception (annualised) | 28.85% | 20.75% |
| Annual deviation since inception | 19.03% | 20.94% |
| Sharpe ratio | 1.00 | 0.52 |
| Maximum gain | 38.58% | 37.20% |
| Maximum drawdown | -22.28% | -21.54% |
| Positive months | 65.22% | 59.42% |

TOP 10 HOLDINGS

| As at 30 June 2006 | % of Fund |
|---------------------------------|---------------|
| Naspers Ltd – N ordinary shares | 10.37% |
| Sasol Ltd | 9.55% |
| Remgro Ltd | 9.37% |
| Woolworths Ltd | 9.28% |
| Richemont Securities AG | 8.03% |
| SABMiller plc | 7.91% |
| Impala Platinum Holdings Ltd | 7.83% |
| Standard Bank Group | 7.68% |
| Telkom SA Ltd | 7.34% |
| Mittal Steel Ltd | 4.06% |
| Total | 81.42% |

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

| Declaration | Payment | Amount | Dividend | Interest |
|-------------|------------|--------|----------|----------|
| 31/03/2006 | 01/04/2006 | 39.28 | 32.49 | 6.79 |
| 30/09/2005 | 01/10/2005 | 74.38 | 67.95 | 6.43 |
| 31/03/2005 | 01/04/2005 | 0.00 | 0.00 | 0.00 |
| 30/09/2004 | 01/10/2004 | 2.24 | 1.98 | 0.26 |

ANNUAL RETURNS SINCE INCEPTION

| | Fund | Benchmark | Active Return |
|------|--------|-----------|---------------|
| 2005 | 50.87% | 48.24% | 2.64% |
| 2004 | 38.94% | 23.48% | 15.47% |
| 2003 | 20.28% | 13.31% | 6.98% |
| 2002 | -4.59% | -10.69% | 6.10% |
| 2001 | 41.80% | 30.08% | 11.72% |
| 2000 | 13.23% | 2.10% | 11.13% |

MONTHLY PERFORMANCE RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|-------------|-------|--------|--------|--------|--------|-------|-------|-------|--------|--------|-------|-------|
| Fund 2006 | 7.32% | -1.85% | 4.99% | 2.85% | -3.46% | 1.27% | | | | | | |
| B'mark 2006 | 8.93% | -4.14% | 7.42% | 4.55% | -2.17% | 4.79% | | | | | | |
| Fund 2005 | 1.15% | 3.72% | -1.43% | -1.74% | 10.08% | 3.36% | 8.98% | 2.69% | 5.57% | -1.40% | 5.00% | 6.69% |
| B'mark 2005 | 1.33% | 5.86% | -0.44% | -5.83% | 10.55% | 2.99% | 6.90% | 1.90% | 10.63% | -2.47% | 1.94% | 8.06% |