

The quarter once again delivered a strong equity return while there was some rebound in the property stocks, although interest rates struggled to find direction. The rapidly depreciating rand however boosted offshore returns and those of resources shares. The fund has remained heavily exposed to equity for the quarter, with close to 80% being invested in domestic and international equity. This has paid off in generating decent returns. Within the equity portfolio however our exposure to domestic shares over resource counters has counted against us. Equities returned 6.1% for the quarter whilst the fund delivered 5.1% a great return despite not being fully invested in the equity market.

The move to introducing some international holdings at the beginning of the year was once again vindicated as the rand sold off exceptionally during the quarter. In our opinion, excessively so. However we remain comfortable with our holding as it is in international equity which we believe to offer compelling value currently.

In terms of asset allocation the fund was a reasonably big buyer of bonds for the first time, when spreads had weakened. In particular we have focused on corporate bonds where the credit risk is quantifiable and the spreads attractive. Locking in good yield in excess of 10% for 5 and 10 years seems too good an opportunity to miss. MTN bonds in particular have proved to be quite attractive. The fund has also added significantly to its property stock holdings. Initially these fell away quite sharply in June and July offering some attractive entry points. They did bounce back quite sharply, but some stocks have been unwinding these gains, again presenting opportunities to get some good yield from diversified portfolios fairly cheaply.

Our view on resources in the equity portion of the fund has detracted from the overall performance of the fund in the short term. Even though we have seen commodity prices top out, and in some cases start coming down the equities have been protected by the very sharp depreciation in the rand which we believe has been overdone to some extent. We continue to expect that the excessive prices of commodities will return to more normal levels and this will ultimately bring commodity shares back to valuations which more closely reflect their long term values. We have built up in the mean time a great portfolio of SA based businesses which have great characteristics and are priced extremely reasonably. We expect that over the medium term these shall deliver good earnings and the prices of these assets will respond accordingly.

Due to the great outlook we believe is evident in the equity market the fund remains overweight equities. While still underweight we have added to the fixed interest position and property. This has been funded from the cash position. We are confident of maintaining our long term track record of outperforming the benchmark and inflation over a rolling 3 year period.

Neville Chester
Portfolio Manager

Fund category	Domestic Asset Allocation Flexible
Launch date	2 July 2001
Portfolio manager	Neville Chester
Fund size	R869.5 million
NAV	2848.59 cents
Annual management fee	1.25% (ex VAT)
Performance fee	20% ex VAT (above hurdle, capped at 2.5% p.a.)

Benchmark	Composite Benchmark (63% equity, 22% bonds, 10% International, 5% cash)
Performance fee hurdle	Composite Benchmark + 2%
Fund description	Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2006
Domestic Assets	92.60%
Equity	71.81%
Oil & Gas	5.04%
Basic Materials	13.50%
Industrials	0.95%
Consumer Goods	6.16%
Healthcare	0.39%
Consumer Services	22.48%
Telecommunications	5.02%
Financials	18.53%
Derivatives	(0.26%)
Preference Shares & Other Securities	7.01%
Real Estate	4.87%
Fixed Interest	5.80%
Cash	3.11%
International Assets	7.40%
Equity	7.40%
Cash	0.00%

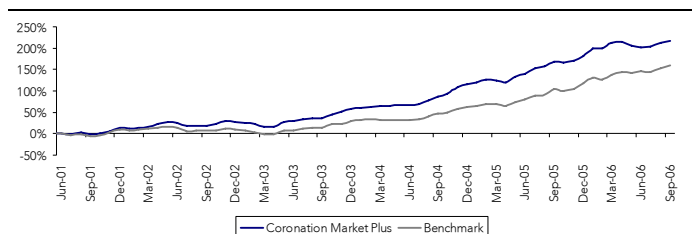
PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	12.60%	19.99%
Latest 12 months	20.39%	27.82%
Latest 36 months (annualised)	33.46%	31.66%
Latest 60 months (annualised)	26.87%	22.71%
Since inception (annualised)	25.02%	20.01%
Annual deviation since inception	11.27%	11.47%
Sharpe ratio	1.36	0.90
Maximum gain	36.32%	31.00%
Maximum drawdown	-9.98%	-10.44%
Positive months	71.43%	68.25%

TOP 10 HOLDINGS

As at 30 September 2006	% of Fund
Coronation Global Equity Fund of Funds	7.40%
Standard Bank Group Ltd	6.21%
Sasol Ltd	5.04%
Naspers Ltd – N ordinary shares	4.46%
BHP Billiton Plc	3.95%
MTN Group Ltd	3.90%
Impala Platinum Holdings Ltd	3.67%
Woolworths Holdings Ltd	3.14%
Richemont Securities AG	2.92%
Edgars Consolidated Stores Ltd	2.84%
Total	43.53%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2006	01/10/2006	38.34	28.57	9.77
31/03/2006	01/04/2006	38.93	30.49	8.44
30/09/2005	01/10/2005	38.96	28.47	10.49
31/03/2005	01/04/2005	0.29	0.12	0.17

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	33.05%	33.69%	-0.64%
2004	35.91%	26.41%	9.50%
2003	24.90%	18.15%	6.75%
2002	11.40%	-0.37%	11.76%
2001	13.87%	9.15%	4.73%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2006	6.30%	-0.01%	3.86%	1.27%	-3.24%	-0.92%	0.05%	3.16%	1.79%			
B'mark 2006	6.30%	-1.85%	4.67%	3.02%	-0.95%	1.79%	-0.83%	3.96%	2.61%			
Fund 2005	1.69%	3.26%	-1.11%	-1.82%	6.36%	2.30%	6.19%	1.55%	4.03%	-0.70%	1.95%	5.61%
B'mark 2005	0.93%	3.32%	-1.66%	-2.28%	6.29%	2.72%	5.29%	1.44%	6.45%	-1.38%	2.07%	5.83%