

The Top 20 fund generated returns of 29.97% and 44.04% over the 1 and 3 year time periods to the end of September 2006. This can be compared against the FTSE/JSE Africa Top 40 benchmark returns of 36.72% and 39.65% respectively. The recent quarter was marked by significant currency weakness as global growth fears persisted. Strangely the rand performed worse than even the Thai baht despite Thailand having suffered a military coup de tat. Dollar commodity prices remained weak and in some cases outweighed the beneficial impact of the currency on commodity producers. Gold shares were among the worst performing of the Top 40 shares for the quarter. As always these short term gyrations create opportunities.

We added to our Edgars position during the quarter and the fund now has a 6% position in this company. Edgars is the largest clothing retailer in South Africa, with a strong brand and an excellent management team. Consequently they have the ability to exploit their size and franchise value. They have a long credit history on lower and middle LSM groups which represents an untapped financial services opportunity. It is our view that the concern which the market has on the quality of their book is overdone. They were ahead of the market in taking pain on their book and we do not expect the bad debt charges to balloon out of control. From a long term perspective (25 year history) the earnings are not high and margins are not high in a global context. The market is telling us that the earnings of the company are about to decline significantly, but we believe that Edgars will in fact grow its earnings albeit at a slower pace than in the recent past.

We bought Netcare up to 6% of the fund in the quarter. Hospitals are tollgate businesses. They trade on superior multiples globally and have great earnings visibility. Netcare has recently acquired half of the largest hospital group in the UK and funded this purchase virtually entirely with debt. Furthermore this debt arrangement is entirely without recourse to the South African balance sheet. This represents an incredible free option. In addition to very favourable healthcare trends in the UK market, we anticipate that Netcare management will drive efficiencies in their new acquisition which will deliver value over the next few years. These benefits will crystallise in cash generation which will allow the degearing of the balance sheet thus creating a unique investment opportunity. Very little of the investment case we have outlined is discounted in the current price of the company.

BHP Billiton was also bought in the quarter and currently represents 5% of the fund. While we remain pessimists on the dollar commodity cycle we believe that BHP Billiton has begun discounting significantly lower dollar metal prices – having declined in value by 26% in hard currency. We are not completely convinced that the worst possible outcome is currently discounted and hence our reluctance to invest more of your capital in this company. We also perceive risk in the fact that the value of the company as expressed in rands has not declined as dramatically and were the rand to strengthen from current weak levels this would be negative for the share price as expressed in rands.

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 and Gavin Joubert**  
Portfolio Managers

Fund category	Domestic Equity Large Cap
Launch date	1 October 2000
Portfolio manager	Hugo Nelson and Gavin Joubert
Fund size	R1.2 billion
NAV	4315.92 cents
Annual management fee	1.00% (ex VAT)
Performance fee	20% ex VAT (above benchmark, capped at 2.5% p.a.)

<b>Benchmark</b>	FTSE/JSE Africa Top 40 Index
<b>Fund description</b>	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.

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2006
<b>Domestic Assets</b>	<b>100.00%</b>
<b>Equity</b>	<b>99.28%</b>
Oil & Gas	9.22%
Basic Materials	16.20%
Consumer Goods	11.76%
Healthcare	6.07%
Consumer Services	24.95%
Telecommunications	7.95%
Financials	23.13%
<b>Cash</b>	<b>0.72%</b>
<b>International Assets</b>	<b>0.00%</b>

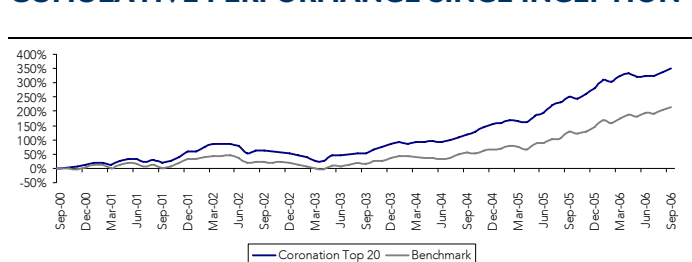
### PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	17.66%	27.25%
Latest 12 months	29.97%	36.72%
Latest 36 months (annualised)	44.04%	39.65%
Latest 60 months (annualised)	30.85%	25.72%
Since inception (annualised)	27.48%	20.95%
Annual deviation since inception	18.66%	20.61%
Sharpe ratio	1.01	0.54
Maximum gain	38.58%	37.20%
Maximum drawdown	-22.28%	-21.54%
Positive months	65.28%	59.72%

### TOP 10 HOLDINGS

As at 30 September 2006	% of Fund
Naspers Ltd – N ordinary shares	9.82%
Sasol Ltd	9.22%
Woolworths Ltd	9.08%
Standard Bank Group	7.99%
Impala Platinum Holdings Ltd	7.86%
Remgro Ltd	7.22%
Richemont Securities AG	6.83%
Network Healthcare Holdings Ltd	6.07%
Edgars Consolidated Stores Ltd	6.05%
Telkom SA Ltd	5.81%
<b>Total</b>	<b>75.95%</b>

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2006	01/10/2006	99.38	95.65	3.73
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

### 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%	-0.31%	3.44%	2.61%			
B'mark 2006	8.93%	-4.14%	7.42%	4.55%	-2.17%	4.79%	-1.92%	5.38%	2.42%			
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%