

Editorial Comment

Mike Borland, director, FIRSTGLOBAL GROUP

As the words of Bob Dylan's famous 1964 song say, "For the Times They are a Changing"—and have we not witnessed over the past decade that change (especially in our financial world) is one of the few constants that we have? And in this changing financial landscape lie many challenges and the need for vigilance — or "being constantly attentive and responsive to signs of opportunity, activity or danger".

Whilst we see the World's general economic recovery progress slowly there are many other things that are of interest and concern. To name a few in no particular order, increasing tensions between Russia and Ukraine, the impending SA election, the indication that SA interest rates have turned the corner and appear to be heading "North" — both good news for retired investors and not such great news for borrowers.

Whilst the Financial World is apparently a safer place than has been the case over the past 5 years, we need to be ever aware of the unpredictable regional and worldwide market volatility and risk, and to recognise the need for increased support, advice and vigilance in the management of individuals' wealth and investments.

In this edition, we consider, in two articles, these risks and possible strategies to manage them. Hennie Fourie reminds us that SA investors no longer have "boundaries" to investing offshore and that, at the moment, one should consider ones options of investing abroad. We also look at relevant changes to tax treatment of retirement contributions and related issues, and compare the two board categories of retirement annuities, and finally our FGAM investment team provide us with an update on our Funds. Enjoy the read.



Investments Without Borders

Hennie Fourie, director, FIRSTGLOBAL GROUP

Emerging markets and their currencies are experiencing extreme volatility. The Rand was not spared and in true South African fashion, investors are once again re-considering adding to their offshore exposures.

Some of challenges facing high net worth families have a currency golden thread running through them. It is not uncommon for our clients to have children or grandchildren living abroad. Visiting them has become very expensive, not to mention funding their studies offshore. It is imperative to consider these realities when allocating capital geographically.

Most South Africans believe the Springboks will win and the rand will get stronger. I do not believe anybody knows the answers to these two crucial South African issues. What I do know is that at FIRSTGLOBAL Asset Management we use offshore investment solutions that will help navigate and capitalize on the opportunities presenting themselves offshore.

Expanding Your Investment Horizons

Research suggests that by allocating an appropriate

portion of a portfolio to offshore investments, South Africans, can maximise return while simultaneously minimising risk.

Due to the strong performance of the domestic South African market versus the disappointing performance of its international peers between 2001 and 2011, such advice could illicit scepticism. The scoreboard has however changed and offshore exposure rewarded investors handsomely during 2012, 2013 and year to date.

There are a number of reasons why investors should still consider an offshore investment:

Reducing risk: South Africa is an emerging market, and relatively small in size within the global context. When developed markets sneeze, emerging markets tend to catch the flu, never mind a cold.

Size and variety: Due to the relative scale of the offshore investment universe, an offshore exposure is crucial for a diversified portfolio. Where the JSE offers around 100 investible shares, the offshore investment universe expands the range of choice to around 20 000 investible shares.

Investors can also gain exposure to industries that might not be well represented in South Africa, information technology; energy and utilities to name a few.

Rand hedge: An offshore investment allows investors to diversify out of rand into hard currency. This is of particular benefit for high net worth individuals who have an international presence or children living abroad and hence non ZAR liabilities. The rand is a very liquid currency in international trader terms and this is part of the reason for its extremely volatile behaviour. It is important that offshore portfolios are diversified between various currencies and geographies.

Relative valuation: Equity valuations show that the JSE All Share Index appears almost fully priced relative to its history – as well as relative to many offshore markets. In contrast, valuations of offshore markets are compelling.

Investors should seek exposure to a selection of highly capable global investment managers who has a broad range of asset classes and currencies to their disposal.



Above picture from left to right (Dr. John Swart (FIRSTGLOBAL Asset Management), Stephen Mildenhall (Contrarius Fund Management) Hendrik Fourie (FIRSTGLOBAL Asset Management) in London

For much of the past 12 months, performance of our FIRSTGLOBAL offshore funds was driven by two key themes:

the outperformance of equities relative to government bonds and the strong performance of our underlying managers. On this first point, our core thesis – which we have maintained for some time – has proven correct in this most recent cycle: namely, that certain areas of the fixed income markets have been and remain in many cases expensive, leading us to disinvest, while global equities offered greater value prompting us to increase our allocation. In this environment, alongside the excellent performance of our underlying managers, the core asset allocation decisions to be overweight equities, property securities and (where necessary) cash, with a large corresponding underweight to high quality government bonds, have proven well-founded.

We believe in using specialist third-party managers to select securities in areas of the markets that we believe to be attractively valued. It is pleasing to note that our manager selection team has succeeded in identifying some of the best investment managers from around the world. All four equity managers (Contrarius, Momentum, Orbis and Sands) succeeded in outperforming the return of the global equity market, with Contrarius leading the pack.

Investments without borders is within reach of all South Africans in a more relaxed exchange control environment where every tax payer can invest R5million rand offshore on an annual basis.

Important note: Whilst a yardstick allocation to offshore investment is often given as “approximately 35%” it is vitally important that each investor’s investment strategy is considered in the light of his or her own specific circumstances. This would include, inter alia, age and stage of life, financial means and the extent of wealth, primary financial needs in local currency terms, family situation and possible need to regularly visit overseas relatives, and so on. For more detailed information, kindly contact your dedicated Wealth Manager.



Are Markets Now Reasonably Safe?

Tristan Hanson, head of asset allocation at Ashburton International

A distinct ‘post-crisis’ feel is in the Davos air at this year’s World Economic Forum, with many of the topics under discussion representing longer-term, structural themes – sustainable growth, the environment, technology, science and demography are such examples. There seems to be genuine relief that the financial and European debt crises are behind us.

But one panel discussion today did look back on the financial crisis, asking “Are markets safer now?” than before the Lehman crisis. Comparing today’s financial system to that which delivered the worst financial shock for 80 years (arguably ever) was a laughably low hurdle to set, as host Martin Wolf acknowledged, so the debate was framed in terms of, “Is the system reasonably safe?” with

‘markets’ referring to banks and financial institutions.

Unsurprisingly, Douglas Flint (HSBC Chairman) and Anthony Jenkins (Barclays CEO) argued markets are much safer now, citing improvements in market infrastructure and oversight, increased resilience to shocks and better incentive structures. Taking the other side was Stanford finance professor, Anat Admati and hedge fund investor, Paul Singer. For them, leverage remains too high, the financial system undercapitalised and subject to a multitude of risks, from huge derivative positions, concentration risk, opacity, government subsidies and bad incentives to the distortions created by Quantitative Easing (QE).

Overall, the audience agreed that the system is now safer with 62% voting in favour versus 38% against.

What should we make of this?

There clearly has been some progress to solidify financial institutions since the Lehman crisis – capital levels and liquidity buffers have improved markedly and progress is being made on the supervisory and regulatory front, although it remains a work in progress with a variety of proposals and ideas on the table.

But we set ourselves too low a hurdle if we choose the 2007 financial system as the benchmark. So, as Martin Wolf asked, "The system is safer, but is it safe enough?"

The world economy remains more highly leveraged than ever before. What progress has been made in reducing private sector debt in certain areas has largely been offset by sharply rising public sector debt. Accordingly, the global economy remains driven by asset prices. Any severe shock to asset prices would risk another economic crisis, even if the system is more robust than in 2007/08.

Professor Admati makes a convincing argument that banking is exceptional as an industry in respect of the massive leverage that is permitted. She is right that requiring banks to hold substantially more capital (20% common equity ratios anyone?) would make them safer. It also makes sense to ring-fence certain activities (retail banking from investment banking) and reducing proprietary risk-taking (a la the Volcker rule), although the issues are complicated.

The trouble is that, generally speaking, regulations to make banks safer have been working in the opposite direction of

an economic recovery, which is so badly needed too. Imposing yet further tougher capital requirements and other regulations would further dampen the global recovery.

Other problems such as TBTF (too big to fail) or massive and sometimes opaque derivative positions (just look at the London Whale debacle at JP Morgan) remain a concern and regulators need to continue working to mitigate the risks they pose. The break-up of the larger universal or investment banks may ultimately be desirable. Other ownership structures such as the old City partnerships model could also be investigated, but may no longer be viable unless there is radical change to the system that would level the playing field for smaller institutions.

As a longer-term goal, it is hard to argue with the aim of making banking safer still, having witnessed the destruction caused by the financial crisis. But this needs to be done with care if we are to avoid persistently weak growth. A further cost is likely to be a higher cost of borrowing for the rest of the economy, but this is arguably a price worth paying if sensible measures can reduce the risk of the kind of crisis we experienced in 2007/08.

As a final point, in our view, the world economy is less vulnerable now than probably any time in the past decade. Growth is accelerating, imbalances have lessened somewhat and the financial system is safer than it was. But this doesn't mean more cannot and should not be done to make it safer still. If nothing else, though, we need to recognise that in today's sophisticated financial world, the issues are highly complex and decisions to improve the long-term health of the financial system (and therefore the world economy) must not be rushed and must be made for the right reasons.



The PSG Angle: The Value of Flexibility

Anet Ahern, PSG Asset Management

Already in the infancy of 2014, market events have tested the resolve and resilience of investors with a sell-off in emerging market currencies, increased stock market volatility and a surprise rate hike here in SA.

It is completely understandable that investors would question their investment strategy during times like these.

Many wonder how their portfolio would stand up to more interest rate hikes and lament the fact that they may not have had enough hard currency assets. There are times when our various markets and asset classes spend extended periods of time moving – or not moving – in a constant direction. During these periods portfolio construction will be relatively stable.

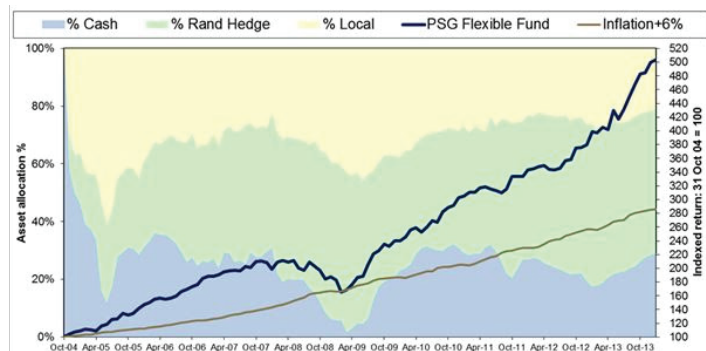
There are however other times when, over the short- or medium-terms, these moving parts are in a state of considerable flux, portfolio construction can be required to change at short notice and a firm hand is required on the tiller.

A few of the options available to investors during uncertain market times include the following:

- Run to safety and sit in cash. Some of the disadvantages of this choice include getting the timing wrong both on exiting and re-entering long-term growth asset classes and the resultant opportunity cost of being out of the equity market at the wrong time. There is the added complications of triggering CGT events and having to pay tax on the interest earned on the cash.
- Stick with your current strategy. This is not a bad option, as long as your strategy was a solid one for your needs to begin with. You can take advantage of rand cost averaging if you are a regular contributor to your portfolio and you reduce the risk of trying to time the market. However, you may need to vasbyt for a while and watch opportunities pass you by as the temporary market downturn plays itself out.
- The third option is to include a fund with a flexible mandate in your strategy. With these funds the

manager has sufficient flexibility in the mandate to address your three main concerns- rising interest rates (by holding more cash and avoiding bonds and other interest rate sensitive shares if they don't offer value), a weaker rand (by taking full advantage of the offshore allocation and picking global shares that offer good value) and a volatile stock market (by applying the cash to the equity market as lower prices provide opportunity and vice versa).

The chart below shows how the PSG Flexible Fund has taken advantage of its flexible mandate over time, best illustrated in the cash and rand hedge weightings in the fund. Notice, in particular, the low weighting in cash at the time of maximum pessimism and maximum value in 2009.

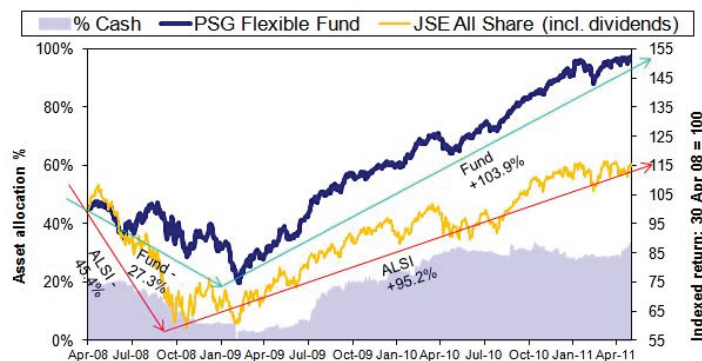


Source: PSG Asset Management Research

To our minds, a flexible mandate is of little use if the fund manager is not fully aware of risks and valuations. An added comfort to you as an investor in such a fund should be that the valuations of the equity portion of the fund should be lower than that of the SA equity market, and at a level where long term investors are prepared to stay

invested.

The chart below shows the draw-down of the PSG Flexible Fund relative to the JSE/FTSE All Share Index between April 2008 and April 2011. As can be seen, when the All Share Index (ALSI) had a 45% pull-back, the PSG Flexible Fund only declined by just 27%. By the time the ALSI had returned to its previous high some 3 years later, the PSG Flexible Fund had already significantly exceeded its previous high and did so in a considerably shorter period.



Source: PSG Asset Management Research

Flexibility in itself is a powerful ally during uncertain times, but it is the eye on valuations and risk that has made the PSG Flexible Fund a great companion for all markets.

Editor's note: It is this type of flexibility that is very much a part of the management of our FGAM Saturn, Venus, International Flexible, Global Growth and Cautious Funds.

Note: The PSG Angle is an electronic newsletter of PSG Asset Management. To subscribe or read more, please go to www.psgam.co.za.

The Recent Budget Announcements and Tax Reform

Editor's note

At last it seems that we have some clarity going forward with regard to the tax treatment of contributions by or on behalf of members of Pension, Provident and Retirement Annuity. There has also been a significant change in the future accessibility to Provident Fund proceeds on retirement. These (and other changes) all come into effect on 01 March 2015 and have potentially far reaching effects on many individuals and their retirement and pre-retirement planning.

These are most important changes that should be considered in the light of your particular needs and circumstances.

Alignment of Retirement Fund Contributions

As from March 2015, the tax treatment of pension, retirement annuity and provident funds will be changed so that contributions made by the employer will be a fringe benefit.

The total contributions deductible by an employee is limited to the greater 27.5% of the greater of remuneration or taxable income (excluding lump sums received) but capped at an annual limit of R350000. Excess contributions are carried forward to the next year of assessment. All fund-to-fund transfers have no tax consequences.

New Annuitisation Rules

Pension, retirement annuity and provident funds will all be subject to the one-third lump sum and two-thirds annuity rules, unless the lump sum is below R150 000.

Lump sums from provident funds will be apportioned to ensure that contributions prior to 01 March 2015 and the resultant growth may be paid out as a lump sum not subject to the new annuitisation rules.

No limit is placed on the employer with regard to the deduction claimable for contributions made to these funds on the employee's behalf.



A Relook at Retirement Annuities: How do they Compare?

Hugo Malherbe, Product Specialist: PPS Investments

We all know how important it is to save towards a secure retirement, and for many investors the retirement annuity (RA) remains the savings vehicle of choice when doing so. It is therefore important not only that investors ensure they are saving enough, but also that they evaluate exactly how they go about doing so.

What are the options?

There are two broad categories of RAs.

The first is a traditional RA, which is underwritten by an insurer and offers a policy-based savings solution. An investor commits a lump sum investment for a set investment term, or is required to pay an agreed investment premium (which may escalate annually) at regular intervals over the full period of a set investment term.

The second is a new generation, unit trust based RA, which is offered by an investment company. By allowing investors to invest directly into unit trusts, this type of RA does not involve the issuing of a policy. Investors may therefore also choose to make lump sum or debit order contributions, but do not have to commit to remaining in that particular RA or upholding debit order contributions for any specific period.

A unit trust based RA offers significant benefits when compared to a policy-based RA. A unit trust based RA is:

1. Generally cheaper

A policy-based RA typically charges certain fees upfront: A number of costs and service charges (eg advice fees and servicing costs) over the predetermined investment period are calculated. This total cost is then spread and charged in monthly instalments. Should an investor choose to move to a different RA or reduce debit order contributions before reaching the predetermined end date of the investment, he or she will be held responsible for settling the outstanding monthly fees set to be charged in future, as calculated at the onset of the investment. The recoupment of the outstanding fees is presented as a termination charge.

Certain policy-based RAs use a bonus payment or loyalty reward structure. Investors receive a payment after certain investment period and upon completion of the predetermined investment period. These loyalty bonus payments are typically funded by high initial and ongoing administration fees. Should an investor choose to move to a different RA or reduce debit order amounts, the bonus payments are withheld or foregone. Investors need to carefully consider the implications of these higher charges versus the benefit of future bonus payment on their final retirement savings value.

A unit trust based RA tends to be more cost effective,

offering 'as and when' fee structures (typically charged monthly, for that particular month only). Importantly, unit trust based RAs do not impose termination charges. Investors are therefore free to move their RAs to a different product provider or to change or reduce debit order contributions without penalty should their personal circumstances change. Administration fees are generally more competitive and investors are able to negotiate advice fees with their intermediaries.

2. More transparent

A policy-based RA tends to lump all fees together, making it difficult for investors to tell exactly which fees they're being charged and how much each individual fee amounts to. The comparatively complicated structure of these products may further make it difficult to understand the exact nature of the investment and all its implications.

A unit trust based RA offers a simpler structure, which clearly sets out exactly how much investors are paying, precisely what they're paying for and how their savings are being invested.

3. More flexible

Due to the possibility of a termination charge or foregone future bonus payments, investors in a policy-based RA are afforded less flexibility to move between product providers or make certain changes to their investments.

On the other hand, as a unit trust based RA poses no potential termination fees it offers investors the flexibility to move to a different product provider or alter investment contributions as needed. This becomes especially important when investors are faced with unforeseen events, such as an unexpected loss of income, retrenchment or other immediate financial priorities.

Should an investor wish to invest in a unit trust based RA, it is critical to ensure that the RA under consideration is in fact a new generation, non-underwritten offering. Small tweaks to old generation RAs – in some instances referred to as the 'new generation' of an existing offering – may lead investors to assume that these products are unit trust based RAs. However, while the product may be slightly improved, the pricing model and restrictions placed on investors will remain largely unchanged.

An investor's choice of RA and a careful evaluation of its features and fee structure are therefore important considerations in the retirement planning process. Ultimately, an investor's chosen savings vehicle could have a significant impact on their overall level of retirement funding.

The opinion and comment in this newsletter is opinion and comment only and is not in any way personal financial advice. For all saving, retirement and financial decisions please contact a professional financial planner.



FG Asset Management | Investment Update

by Klaas Venter, Chief Investment Officer, and Adri Viljoen, Investment Analyst



The FG IP JUPITER Income Fund of Funds returned 0.66% year to date and 5.06% over the last 12 months, slightly behind the Stefi Composite benchmark return of 1.06% and 5.21% respectively. The Jupiter fund continues to be in the first or second quartile of peer performance over all rolling 12-month periods since January 2012. All flexible income funds struggled over the last year and the Jupiter fund still outperformed the average fund in the category both for the year to date and over the last 12 months. The local bond market experienced its worst year since 2009, affected by the US Federal Reserve's tapering announcement in May 2013 as well as the unexpected 50 basispoint interest rate hike by the local South African Reserve Bank in January 2014. Given the sharp sell-off in the bond market since May 2013, local government bonds are now starting to offer more value and all of the underlying managers have increased the duration in their portfolios over the last 6 months, with the Prudential Fund now having the highest duration. While this increased duration may lead to slightly higher monthly volatility in the Jupiter fund, the likelihood of outperforming cash over 12-18 month periods are higher, given the higher income yield on these longer dated instruments relative to cash.

The FG IP VENUS Cautious Fund of Funds declined by 0.06% year to date and returned 9.79% over the last 12 months, underperforming the benchmark category average for the year to date but outperforming the average fund over the last 12 months. The fund is a first or second quartile performer over all rolling 3-year periods since inception. The decision to increase offshore exposure in the fund early in 2013 continued to benefit investors in this fund as the rand weakened by a further 2.85% in 2014 and global equities added 3% in USD terms for the year to date. The biggest detractor from performance over the last quarter and year has been the exposure to local listed property, although exposure remains below 10% of the total fund. Local listed property securities have sold off aggressively over the last 12 months in anticipation of the rise in interest rates. The underlying fundamentals for the sector remain sound and most firms have reported distribution growth in excess of inflation recently and we will keep our exposure to this asset class as it adds to diversification in the fund. Small changes were made to the income funds during the last three months, while all the other funds are currently at their strategic weights.

The FG IP SATURN Flexible Fund of Funds declined by 0.07% year to date and returned 11.44% over the last 12 months, underperforming the benchmark category average for the year to date but outperforming the average fund over the last 12 months. The Coronation and Investec Funds added most to performance for the year to date. We continued with our strategy to add boutique managers to the fund and Rezco was added in February as the fourth boutique manager and a position in their Value Trend fund was taken. The three boutique manager funds who qualify for Plexcrown ratings (an indication of long-term risk

adjusted performance) have all been awarded the highest rating (5) in the fourth quarter of 2013 and been ranked number 1(36ONE), 2(Visio) and 3 (Rezco) respectively. The Visio fund, with a high exposure to local equities, has underperformed over the short term, but we remain confident that all of these managers will add value in the medium to longer term.

The FG IP MERCURY Equity Fund of Funds returned 0.18% year to date and 10.86% over the last 12 months, underperforming the FTSE/JSE All Share return over both periods. As reported in the previous Global Brief, we have increased our exposure to active managers over the last three months. A position in the Foord Equity Fund and Prudential Equity Fund was taken, while the Gryphon All Share Tracker Fund was added as a measure to control costs. Foord Asset Management have a significant long term track record of outperforming the local equity market over meaningful periods as is evident in the 5 Plexcrown rating, while the Prudential Fund invest in local as well as global equities, an attractive quality, given the view that the local market as a whole is expensive. The addition of the Prudential fund has increased the exposure to global equities from 1% at the end of 2013 to 4% at time of writing. Market performance for 2014 to date and over the last 12 months was fairly concentrated. The top five performing shares (Naspers, Richemont, BHP Billiton, Sasol, Steinhoff) contributed 67% of the 17% total return of the All Share Index over the last 12 months.

The FG IP INTERNATIONAL Flexible Fund of Funds returned 4.05% year to date and 28.66% over the last 12 months. Due to the lag in pricing of the FGAM funds, shorter term performance comparisons are not useful. The decision to lower the exposure to emerging markets in both the FGAM funds early in 2013 added to performance over the last six months as equities of developed markets continued to outperform emerging market peers. The underweight exposure to global bond markets further added to performance as global bond yields moved higher after the US Federal Reserve began tapering their bond purchase program in January 2014. The global economy and especially the develop world, is gaining traction with the US economy expected to remain strong this year, while Europe is also slowly recovering, recording positive GDP growth in the final quarter of 2013 for the first time since 2011 and the UK continuously surprising on the upside. Emerging markets are facing more problems as many countries had to raise interest rates recently to defend their weakening currencies at a time when economic growth is below trend. Emerging markets have erased all of the relative outperformance since the onset of the financial crisis and are starting to show attractive long-term opportunities. Uncertainty however remains high, notably around the strength of the Chinese economy and at present we leave the decision of when to add to emerging markets to our underlying global managers.

Performance and quartile rankings in sector for periods until 15 March 2014

Index	Year to date	6 Months	1 Year	3 Years*	5 Years*
FG IP Jupiter Income FoF	0.66%	3.01%	5.06%	7.75%	7.77%
Cadiz Absolute Yield Fund	0.85%	3.27%	5.67%	8.53%	8.99%
Coronation Strategic Income Fund	0.47%	3.37%	5.79%	9.56%	9.71%
Prudential Enhanced Income Fund	0.65%	3.11%	4.91%	8.50%	<i>not started</i>
SIM Active Income Fund	0.77%	2.67%	5.42%	7.01%	7.86%
SA Multi Asset Income Category Average	0.41%	2.92%	4.57%	7.16%	7.66%
STEFI Composite Index	1.06%	2.58%	5.21%	5.44%	6.26%
FG IP Venus Cautious FoF	-0.06%	5.17%	9.79%	11.71%	11.70%
36One MET Equity Fund	-0.31%	8.33%	22.51%	<i>not started</i>	<i>not started</i>
Cadiz Absolute Yield Fund	0.85%	3.27%	5.67%	8.53%	8.99%
Coronation Strategic Income Fund	0.47%	3.37%	5.79%	9.56%	9.71%
Coronation Optimum Growth Fund	-1.52%	11.63%	28.81%	27.04%	21.93%
Coronation Top 20 Fund	0.33%	5.51%	19.56%	21.51%	25.36%
Investec Diversified Income Fund	0.54%	2.39%	4.71%	8.56%	<i>not started</i>
Nedgroup Investments Entrepreneur Fund	-1.47%	2.97%	11.89%	26.35%	27.61%
Nedgroup Investments Flexible Income Fund	0.67%	4.33%	7.27%	8.80%	8.08%
Nedgroup Investments Opportunity Fund	0.95%	7.71%	12.53%	16.32%	16.77%
Prudential Enhanced Income Fund	0.65%	3.11%	4.91%	8.50%	<i>not started</i>
Prudential Enhanced SA Tracker Fund	-4.24%	0.33%	-1.58%	17.78%	19.92%
SIM Active Income Fund	0.77%	2.67%	5.42%	7.01%	7.86%
SA Multi Asset Low Equity Category Average	0.36%	4.67%	8.57%	11.21%	11.05%
FG IP Saturn Flexible FoF	-0.07%	5.25%	11.44%	14.60%	16.60%
36One MET Flexible Opportunity Fund	-2.03%	5.41%	15.57%	25.35%	28.94%
ABSA Absolute Fund	-0.71%	2.71%	5.05%	10.57%	10.88%
Coronation Market Plus Fund	0.60%	7.31%	18.22%	20.06%	21.96%
Investec Opportunity Fund	1.32%	5.62%	10.47%	14.58%	15.89%
Rezco Value Trend Fund	-0.82%	5.79%	17.04%	24.24%	18.59%
Truffle Flexible Fund	-1.01%	7.77%	16.79%	20.01%	<i>not started</i>
Visio MET Actinio Fund	-4.73%	3.68%	12.46%	23.09%	25.42%
SA Multi Asset Medium Equity Category Average	0.52%	5.55%	10.84%	12.58%	13.79%
FG IP Mercury Equity FoF	0.18%	4.36%	10.86%	17.58%	20.47%
36One MET Equity Fund	-0.31%	8.33%	22.51%	<i>not started</i>	<i>not started</i>
Coronation Top 20 Fund	0.33%	5.51%	19.56%	21.51%	25.36%
Foord Equity Fund	0.35%	7.58%	20.89%	24.36%	26.57%
Gryphon All Share Tracker Fund	0.09%	6.61%	16.36%	18.96%	21.32%
Nedgroup Investments Entrepreneur Fund	-1.47%	2.97%	11.89%	26.35%	27.61%
Prudential Equity Fund	0.15%	8.27%	19.60%	20.92%	21.98%
SIM Rafi 40 Index Fund	1.97%	8.38%	13.80%	<i>not started</i>	<i>not started</i>
FTSE/JSE Africa All Share (Total Return)	0.95%	7.87%	17.35%	19.02%	22.02%
SA Equity General Category Average	0.77%	7.24%	15.15%	16.83%	20.56%
FG IP International Flexible FoF	4.05%	16.97%	28.66%	21.01%	11.44%
*Data longer than 12 months are annualised	1 st quartile	2 nd quartile	3 rd quartile	4 th quartile	

Asset Allocation at 28 February 2014

Fund	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG IP Jupiter Income FoF	0%	4%	26%	64%	5%
FG IP Venus Cautious FoF	19%	8%	20%	33%	21%
FG IP Saturn Flexible FoF	39%	5%	17%	16%	23%
FG IP Mercury Equity FoF	89%	1%	0%	6%	4%
FG IP International Flexible FoF	0%	0%	0%	6%	94%

Quarterly Performance of general indices

Index	Asset Class	1Q 2013	2Q 2013	3Q 2013	4Q 2013	Year to date 2014*
STEFI Composite Index	Local Cash	1.25%	1.26%	1.28%	1.30%	1.06%
Beassa ALBI Total Return	Local Bonds	0.91%	-2.27%	1.91%	0.13%	-0.27%
JP Morgan World Govt Bond index (USD)	Global Bonds	-2.80%	-3.08%	2.68%	-1.26%	-1.76%
FTSE/JSE Africa All Share (Total Return)	Local shares	2.48%	-0.22%	12.53%	5.53%	0.95%
MSCI AC World (USD)	Global Shares	5.98%	-1.18%	7.38%	6.93%	3.17%
FTSE/JSE SA Listed Property (Total Return)	Local Property	9.14%	-0.35%	-1.31%	0.99%	-4.29%
US Dollar/South African Rand (+ weaker, - stronger)	Exchange Rate	8.71%	7.04%	1.62%	3.24%	2.85%

*(Return until 15 March 2014)

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