



# Amity Conserver Fund of Funds

December 2011

## PORTFOLIO OBJECTIVE

The primary investment objective of the portfolio is to provide the investor with a high level of income and stable capital growth.

## INVESTMENT STRATEGY

Investments to be included in the Amity Conserver Fund of Funds will, apart from assets in liquid form, consist solely of participatory interests and other forms of participation of local and global collective investment schemes, or other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the manager and trustee of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective. The portfolio invests in equity securities, property securities, non-equity securities, preference shares, bonds, money market instruments and assets in liquid form.

## COMMENTARY

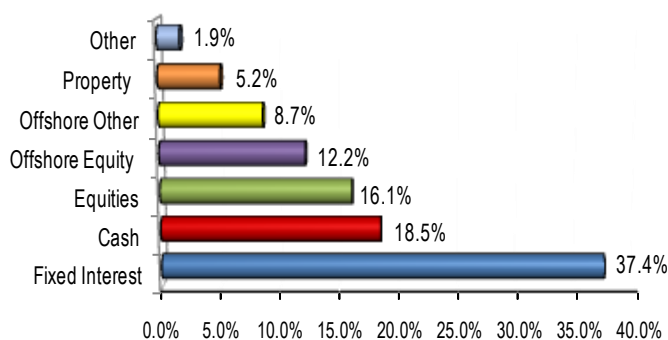
Further intensification of the European debt crisis in the latter half of 2011 resulted in an increasingly opaque global macro economic outlook and rising levels of negative investor sentiment. This was much to the benefit of fixed interest asset classes, which saw the local bond market returning 3.45% in the final quarter of the year and 8.80% for the year. With local inflation ending the year at a rate of 6%, this translates into an real return of close on 3% from this asset class, far exceeding the negative real return of 3% delivered by the local equity market.

Globally, the same trend was repeated with safe haven assets as represented by developed market government bonds returning 7% in USD terms, while equities as shown by the MSCI World Equity Index lost 5%.

Despite posting rather relative muted returns compared to 2010, the local property market was the top performing asset class with a nominal return of 8.93% for the year and 3.73% in the final quarter of the year. On a forward looking basis, healthy contractual escalations from this asset class, coupled with projected rental distributions within the region of 5% to 7% will be sufficient to support a forward yield of 8%. This is an attractive real return opportunity relative to cash. Cash as measured by the SteFI composite index returned 5.73% for the year. Should inflation sustain its current uptrend, Cash as an asset class is set to remain un-attractive from a real return point of view.

Local investors with some offshore exposure would have benefitted from the significant weakening of the rand over the year. The rand weakened by 21.90% against the US dollar and by 18.34% against the Euro over the year. At current levels, the rand is trading within its fair valuation levels, but given how highly volatile it is, it remains difficult to form realistic expectations regarding its outlook.

## ASSET ALLOCATION as at 31 December 2011



## PERFORMANCE as at 31 December 2011

	FUND	BENCHMARK
1 yr	10.29%	7.77%
2 yr annualised	8.34%	7.64%
3 yr annualised	8.40%	8.58%
Since Inception (05/02/08)	33.41%	44.63%
Since inception annualised	7.67%	9.91%

## TECHNICAL OVERVIEW

Portfolio value:	R229.3m
Original buying price:	100 cents
Minimum lump sum:	R10 000
Min. monthly investment:	R500
Manager's upfront charge (max):	0.00% (incl. VAT)
FSP upfront comm. (max):	0.00% (incl. VAT)
Annual service fee*:	1.14% (incl. VAT)
Formation date:	05 February 2008
Date of income declaration:	31 Mar / 30 June 30 Sep / 31 Dec
Date of income payment:	07 April / 07 Jul 07 Oct / 07 Jan
2010 Distribution:	2.90 cpu
2011 Distribution:	2.08 cpu
Benchmark:	CPI +3% p.a.
Valuation time:	08h30 (T+1)
Transaction time:	15h00
Classification:	Domestic AA Prudential Low Equity Conservative/Moderate Zee de Gersigny
Risk:	
Portfolio Manager:	

### Deposits can be made at any ABSA Bank

Account Number:	4069 861 407
Bank Code:	31 21 09
Bank:	ABSA
Please fax deposit slip to:	(021) 940 4856

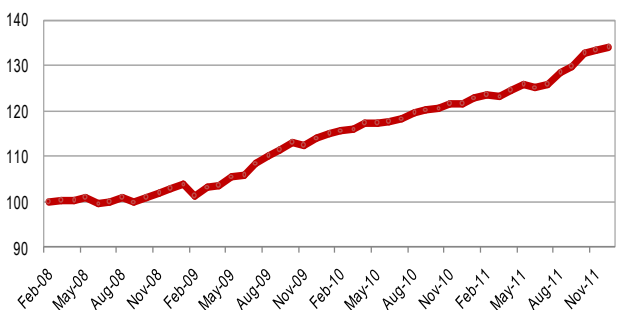
### Contact Details

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## PORTFOLIO HOLDINGS as at 31 December 2011

Allan Gray Stable	25.2%
ABSA Absolute A	25.1%
Coronation Balanced Defensive	24.8%
Prudential Inflation Plus	24.8%
Total Cash % Money Market	0.1%

## PERFORMANCE SINCE INCEPTION



**METROPOLITAN**  
COLLECTIVE INVESTMENTS



Custodian: Standard Executors & Trustees: Tel (021) 401-2286. Metropolitan Collective Investments Limited Parc du Cap Mispel Road Bellville, PO Box 925 Bellville 7535 Tel (021) 940-5981 Fax (021) 940-5885 Call Centre, Tel: 0860 100 279 Registration No 1991/03741/06.

Collective Investments are generally medium to long term investments. The value of participating interests may go down as well as up and past performance is not necessarily a guide to the future. Collective Investments are traded at ruling prices and can engage in scrip lending. Forward pricing is used. A schedule of fees and charges and maximum commissions is available on request from company/scheme. Commission and incentives may be paid and if so, are included in the overall cost. This fund may be closed to new investors. A fund of funds collective investments may invest in other collective investments, which levy their own charges, which could result in a higher fee structure for these portfolios. Graphs and performance figures are sourced from MoneyMate for lump sum investments including income distribution, at NAV to NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Collective Investment prices are calculated on a net asset value basis and auditor's fees, bank charges and trustee fees are levied against the portfolio. The portfolio manager may borrow up to 10% of portfolio NAV to bridge insufficient liquidity. The performance fee FAQ document is kept as a public document at Metropolitan Head office. Metropolitan Collective Investments Ltd is a Full member of the Association of Savings & Investments SA (ASISA).



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### FAIS Conflict of Interest Disclosure

Please note that in most cases where the FSP is a related party to Amity Wealth Pty (Ltd) and/or Metropolitan, Amity Wealth Pty (Ltd) and/or the distributor earns additional fees apart from the FSP's client advisory fees. It is the FSP's responsibility to disclose additional fees to you as the client.

Such fees are paid out of the portfolio's service charge and ranges anything between (excl VAT):

MetCI	Amity Wealth Pty (Ltd)	Distributor	LISP	Service Fee (Excl. VAT)
Up to 0.35%	Up to 0.05%	Up to 0.70%	Up to 0.00%	Up to 1.00%

### Total Expense Ratio (TER)

Portfolio ongoing fees	Class A
- Portfolio ongoing fee	1.00%
- Underlying portfolios and Other costs	0.96%
- Performance fees	0.00%
	<b>1.96%</b>
- VAT	0.27%
<b>Total TER</b>	<b>2.23%</b>

**Please note:** the TER has been calculated using data from 1 October 2010 until 30 September 2011. The TER is disclosed as % of the average Net Asset Value of the portfolio that were incurred as charges, levies and fees related to the management of the portfolio and underlying portfolios. The TER is adjusted for significant subsequent portfolio restructurings and/or fee changes.

**A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's.**

### Terms and Conditions

#### Term of investment:

The suggested *minimum term* of investment in this fund is 3 years.

#### Terms, conditions and exclusions:

- Investments in unit trusts are generally long term investments and historic performance should never be seen as a guarantee of future performance.
- The investment return from this portfolio cannot be compared to other, more conservative investment portfolios, e.g. money in the bank or guaranteed investments.
- The investment capital is not guaranteed over the investment term and the value of the investment may go up and down depending on market conditions.
- This fund is managed with the specific aim of limiting the downside over any 12 months to a maximum drawdown in the portfolio of -2%.
- If any income and/or withdrawals by the client from this fund are higher than the net growth of the portfolio, it will have a negative impact on the investor's investment capital.
- This portfolio is aimed at achieving higher investment returns than money in a fixed deposit or money market funds, which would attract higher investment risks than those associated with more stable investment portfolios.
- Income is declared in the fund on a six-monthly basis.
- Any investment in the fund may be withdrawn by the investor by giving written notice.
- There are no penalties in the **Amity Conserver Fund of Funds** for early withdrawal of funds.
- The current material tax implications in terms of current legislation are as follows:
  - Interest declared in the fund is taxable. Certain tax exemptions may apply.
  - Dividends are not taxable in terms of current legislation.
  - Capital and/or income payable from this investment will be dealt with in accordance with the legislation that applies from time to time.

#### Fees:

The **Amity Conserver Fund of Funds** fee structure includes the following items:

- All management fees, Brokerage, Auditor's fees, Bank charges, Trustees fees, and performance fees.

The fees as disclosed above **exclude**:

- Financial Advisor fees (if applicable)
- Linked Investment Service Provider (if applicable)

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COLLECTIVE INVESTMENTS



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