FINSOLNET

Inflation (CPI) Plus 6-7 Pigs Compliant Targeted Return Strategy

January/2011

STRATEGY OBJECTIVE

The objective of this strategy is to target an annual return of CPI plus 6%-7% over a rolling 60-month period and not to lose capital over a rolling 36-month period, while at all times remaining within prudential guidelines.

LAUNCH DATE

26 June 2008

TOTAL EXPENSE RATIO

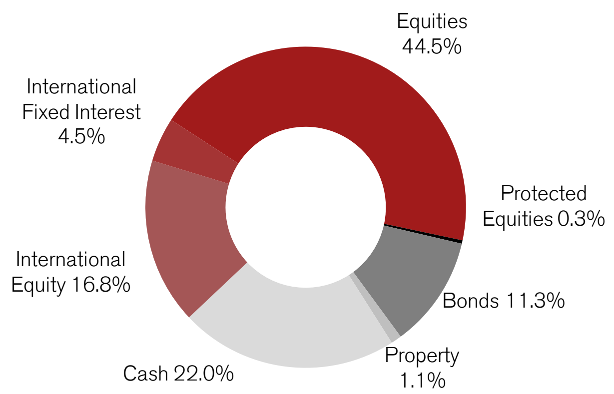
1.88%

* includes a rebate to FSP of 0.61% (incl. VAT)

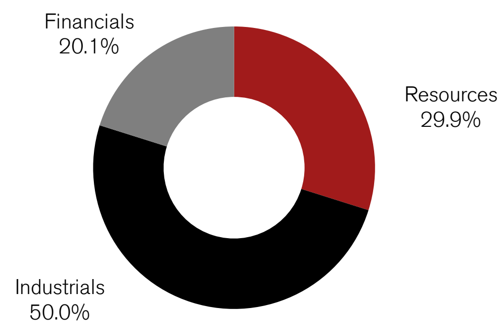
TOP 10 EQUITY HOLDINGS

Sasol Ltd	4.0%
MTN Group Ltd	2.5%
SABMiller plc	2.5%
Standard Bank Group	1.9%
New Gold Issuer Limited	1.4%
Tiger Brands Ltd	1.4%
Remgro Ltd	1.3%
Sun International Ltd	1.3%
Anglo American plc	1.2%
Assore Ltd	1.0%

ASSET ALLOCATION



EQUITY SECTORS



PERFORMANCE ANALYSIS

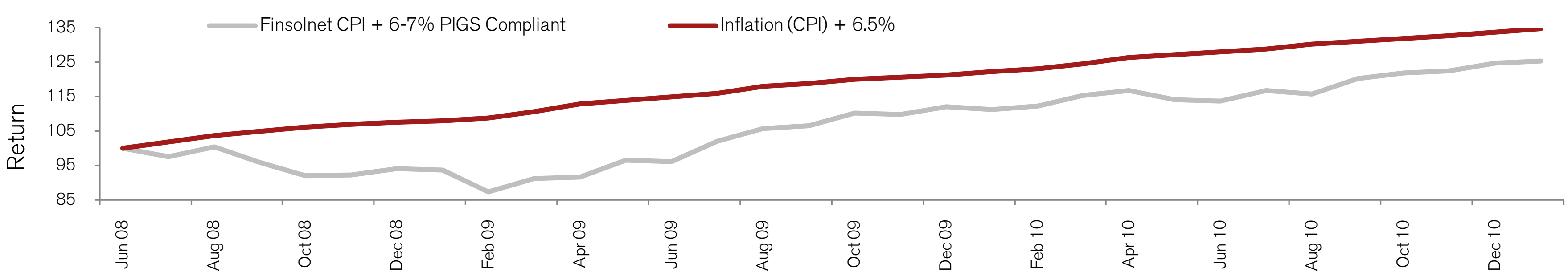
YEAR	FUND	CPI + 6.5%	DIFF
2008 (July - Dec)	-5.9%	7.5%	-13.4%
2009	19.0%	12.3%	6.7%
2010	11.3%	10.1%	1.2%

RISK ANALYSIS

	FUND	ALSI
% Positive Months	64.5%	65.2%
% Negative Months	35.5%	34.8%
Best Month	6.1%	12.5%
Worst Month	-6.7%	-13.2%
Average Negative Month	-2.1%	-3.8%
Max Drawdown	-12.9%	-40.4%
Standard Deviation	9.7%	17.9%
Downside Deviation	7.4%	11.1%

* Risk statistics are calculated since inception of the fund

CUMULATIVE PERFORMANCE GRAPH



Portfolio	Allocation	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception
Allan Gray Balanced Fund - B	24.25%	1.2%	3.8%	10.5%	7.9%	10.7%	
Coronation Balanced Plus Fund	24.25%	0.4%	2.9%	16.9%	11.2%	12.7%	
Nedgroup Investments Managed Fund - A	24.25%	0.8%	2.4%	13.6%	11.2%	9.8%	
Investec Opportunity Fund - A	24.25%	0.2%	3.0%	11.5%	9.2%	11.0%	
Absa Money Market Fund	3.00%	0.5%	1.5%	6.6%	9.0%	8.8%	
Finsolnet CPI + 6-7% PIGS Compliant		0.6%	2.9%	12.7%			9.2%
CPI + 6.5%		0.7%	2.2%	10.0%	12.8%	12.7%	10.9%
CPI		0.2%	0.5%	3.5%	6.3%	6.2%	4.4%

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THE SUM OF ALL THINGS

FUND SENSITIVITY TO EQUITY MARKET

This scatter plot indicates the sensitivity of the fund returns to those of the equity market. This analysis shows that the fund exhibits little sensitivity to the direction of the equity market.

COMMENTARY

January saw a sell-off of bonds and equities across emerging markets. The FTSE/JSE All Share Index fell by 2.2%, with the Resources sector returning -0.5%, Financials -1.2% and Industrials -4.1%. The BESA All Bond Index delivered -2.1%, while the rand weakened by a massive 8.4%.

Although January started on a positive note, China's exceptionally strong growth in the fourth quarter of 2010 and its upward trending inflation soon soured the party as investors anticipated further government intervention to slow down the Chinese economy. Commodity prices slumped in response, pulling down emerging markets globally. European sovereign debt worries hovered in the background. The rand weakened by 8.4% against the US dollar as foreign investors sold South African bonds and stocks. The sell-off was attributed to a stronger US economy which grew by an annualized 3.2% in the fourth quarter of 2010, political unrest in Tunisia and Egypt, the end of the Reserve Bank's interest rate cutting cycle and its intervention in the currency markets, and finally the uncertain business environment following the government's tacit approval of Imperial Crown Mining's acquisition of ArcelorMittal's iron ore mining rights.

However, US markets ended the month in positive territory as economic momentum trumped geopolitical risks. The US growth rate compares favourably to the UK's 0.5% contraction in the fourth quarter, but pales into insignificance when weighed against China's 9.8% over 2010. Interest rates remained on hold across the developed world.

The oil price approached US$100 a barrel amid concerns that unrest in Egypt could spread to other regional producers.

In South Africa the inflation outlook and hence interest rates seem to have bottomed. For the first time in a year, the Reserve Bank raised its inflation forecast from an average of 4.3% to 4.6% in 2011 due to a sharp surge in spot and forecast oil and food prices, reports of increasing clothing prices thanks to last year's poor cotton harvest and rising Chinese labour costs. Actual CPI headline inflation came in at a benign 3.5% for the year to December, down from 3.6% in November. Producer price inflation slowed to 5.8%. The Reserve Bank kept interest rates steady at 5.5% while announcing that it will continue to accumulate foreign exchange reserves "as and when possible" to weaken the rand. Economic growth projections for 2011 range from 3.0% to 3.4%. Buoyed by positive economic prospects, Fitch upgraded its outlook on the country from negative to stable.

The aggregated strategy resulted in a portfolio predominantly invested in local and international equity (61.6%). The sell-off in emerging markets dragged down domestic equities. However, the benefit of the weakening rand and positive performance by global equities in respect of international exposure partially offset the negative equity returns, resulting in a return of 0.6% only marginally below its benchmark of 0.7%. Since the fund began, the strategy has consistently exceeded the benchmark.

HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2008													
							-2.3%	2.8%	-4.3%	-4.1%	0.2%	2.0%	**-5.9%**
2009													
	-0.4%	-6.7%	4.3%	0.6%	5.2%	-0.4%	6.1%	3.7%	0.6%	3.5%	-0.4%	2.0%	**19.0%**
2010													
	-0.6%	0.9%	2.6%	1.2%	-2.2%	-0.4%	2.7%	-0.8%	3.8%	1.3%	0.5%	1.8%	**11.3%**
2011													
	0.6%												**0.6%**