FINSOLNET

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

March/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

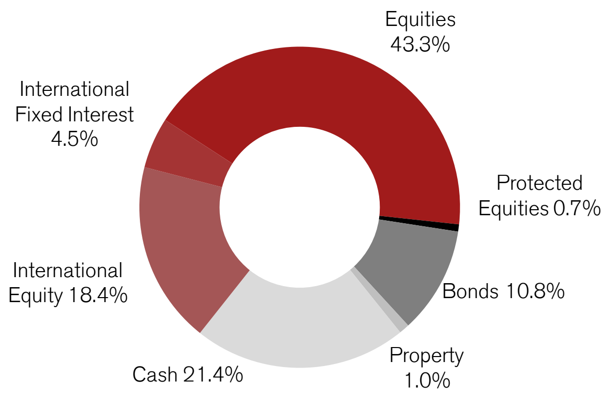
1.89%

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

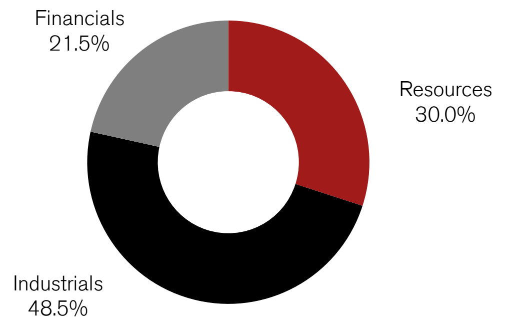
TOP 10 EQUITY HOLDINGS

Sasol Ltd	4.1%
SABMiller plc	2.5%
MTN Group Ltd	2.2%
Standard Bank Group	1.8%
New Gold Issuer Limited	1.5%
Tiger Brands Ltd	1.4%
Remgro Ltd	1.3%
Sun International Ltd	1.2%
British American Tobacco	1.2%
Assore Ltd	1.2%

ASSET ALLOCATION



EQUITY SECTORS



PERFORMANCE ANALYSIS

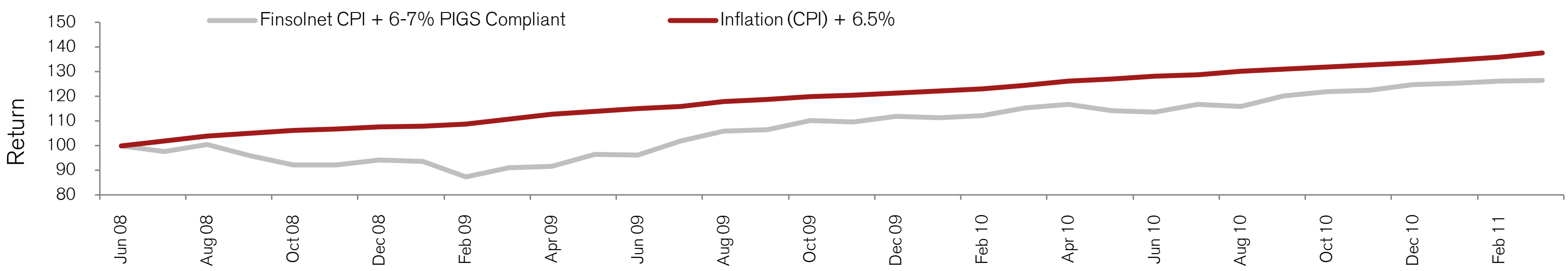
YEAR	FUND	CPI + 6.5%	DIFF
2008 (July - Dec)	-5.9%	7.5%	-13.4%
2009	19.0%	12.3%	6.7%
2010	11.3%	10.1%	1.2%

RISK ANALYSIS

	FUND	ALSI
% Positive Months	66.7%	60.6%
% Negative Months	33.3%	39.4%
Best Month	6.1%	11.0%
Worst Month	-6.7%	-13.2%
Average Negative Month	-2.1%	-5.3%
Max Drawdown	-12.9%	-37.7%
Standard Deviation	9.4%	21.4%
Downside Deviation	7.4%	14.6%

* 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%	-0.1%	2.4%	9.7%	6.1%	10.3%	
Coronation Balanced Plus Fund	24.25%	0.2%	1.4%	12.3%	9.7%	12.3%	
Nedgroup Investments Managed Fund - A	24.25%	0.2%	1.2%	9.5%	9.9%	9.2%	
Investec Opportunity Fund - A	24.25%	0.6%	1.2%	8.6%	7.2%	10.3%	
Absa Money Market Fund	3.00%	0.5%	1.4%	6.4%	8.7%	8.7%	
Finsolnet CPI + 6-7% PIGS Compliant		0.2%	1.5%	9.7%			8.9%
CPI + 6.5%		1.2%	3.0%	10.2%	12.5%	12.8%	10.9%
CPI		0.7%	1.3%	3.7%	6.0%	6.3%	4.4%

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

March reminded investors that “black swan” events do exist. The past month had a clear dichotomy to it. The concerns of the first two weeks, such as rising inflation in the wake of higher oil and food prices, the resurgence of European debt problems and geopolitical tensions took a backseat as the Japanese earthquake dominated the headlines.

Strong economic news out of the US supported the markets. Growth in the services industry, rising retail sales, growing inventories and falling unemployment all contributed to the positive sentiment. Oil and gold prices continued on an upward trajectory as protests in the Middle East and North Africa continued unabated.

Oil and food prices are the main culprits behind rising global inflation. China’s inflation, at 4.9% in February, led to another increase in banks’ reserve requirements. In the euro zone inflation, at 2.6% in March, reached the highest level in more than two years. The ECB signalled that an interest rate rise is on the cards for April. This may well have severe consequences for the peripheral debt markets which are struggling to implement austerity measures and repay debt. Portugal moved closer to a bail out when it rejected further austerity measures and announced a budget deficit of 8.6% of GDP for 2010.

On 11th March a 9.0-magnitude earthquake struck the coast of Japan. Markets fell amid fears that the humanitarian and nuclear disaster in Japan could trigger a global financial crisis. Fears about the Fukushima nuclear plant competed with concerns about the yen until the G7’s intervention in the currency markets. In the short term, the impact on the Japanese economy will be negative due to physical damage to infrastructure and the psychological trauma to the Japanese. Further out, the rebuilding effort and the liquidity provided by the Bank of Japan will stimulate the economy.

In South Africa, CPI remained unchanged in February at 3.7%, while PPI quickened more than expected to 6.7%. Although the MPC left interest rates unchanged at 5.5%, a rate hike by year-end is now widely expected. The Reserve Bank expects inflation to average 4.7% this year and 5.7% in 2012. The forecast for GDP growth has been lifted to 3.7% in 2011 and 3.9% in 2012.

The FTSE/JSE All Share Index ended the month 0.5% up, with only the Resources sector down 2.2%. The All Bond Index delivered 0.5%, while the Rand strengthened by 3% relative to the US dollar.

The aggregated strategy resulted in a portfolio predominantly invested in local and international equity (62.4%). Despite the positive returns in the domestic equity markets, the strengthening rand and disappointing, below benchmark performance by all of the fund managers resulted in a return for the month of 0.2%, in comparison to the benchmark return of 1.2%.

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%	0.7%	0.2%										**1.5%**