



ALUSI
SPECTRUM BALANCED
FUND OF FUNDS

31/12/2016

Conscious investing for
a brighter tomorrow

INVESTMENT OBJECTIVE

The **ALUSI SPECTRUM BALANCED FUND OF FUNDS** is a diversified, multi-asset class fund. The objective of the Fund is to deliver returns of CPI + 4% over a rolling 36 month period aiming at income and capital growth with a medium risk profile.

INVESTMENT MANDATE

The **ALUSI SPECTRUM BALANCED FUND OF FUNDS** complies with Regulation 28 of the Pensions Fund Act. A Fund of Funds approach is adopted, i.e. investments comprise of underlying portfolios of qualifying collective investment schemes only. The majority of underlying collective investment schemes portfolios is managed directly or indirectly by top tier BEE managers. The portfolio is permitted to hedge any exchange rate risks to which the portfolio may be exposed.

PORTFOLIO DIAGNOSTICS

| | |
|--------------------------|--------|
| Current Unit NAV | 1.14 |
| Fund Size | R36.1m |
| % Positive Months | 57.89% |
| Fund St Dev (Annualised) | 7.11% |
| Average Monthly Return | 0.51% |
| Best Rolling 1 Year | 14.24% |
| Worst Rolling 1 Year | 0.68% |

PORTFOLIO BREAKDOWN

| | |
|---|---------|
| South African Equity General | 0.00% |
| South African Multi Asset Income | 0.00% |
| South African Interest Bearing Short Term | 0.00% |
| South African Real Estate General | 0.00% |
| Global Equity General | 0.00% |
| Global Multi Asset Flexible | 0.00% |
| FNB Bank Account | 100.00% |

MARKET PERFORMANCE (%)

| | 1m | 3m | 6m | YTD |
|----------------------------|--------|--------|--------|--------|
| SWIX All Share Index (ZAR) | 1.98% | -3.22% | -2.92% | 4.13% |
| All Bond Index (ZAR) | 1.54% | 0.32% | 3.76% | 15.42% |
| Cash (Stefi) | 0.61% | 1.86% | 3.75% | 7.37% |
| MSCI BRIC Index | -1.18% | -3.76% | 7.42% | 12.37% |
| S&P 500 (USD) | 1.97% | 3.82% | 7.82% | 11.95% |

Source: Bloomberg

MONTHLY PERFORMANCE RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Year | *BM |
|------|--------|-------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| 2016 | -3.78% | 0.66% | 4.85% | 0.64% | 2.86% | -1.81% | 1.15% | 0.83% | -0.81% | -2.02% | -0.76% | -0.84% | 0.68% | 10.81% |
| 2015 | 1.41% | 3.17% | -0.11% | 3.33% | -1.41% | -0.53% | -0.31% | -2.37% | -0.47% | 6.04% | -0.41% | 0.44% | 8.81% | 8.96% |
| 2014 | -2.49% | 2.50% | 1.15% | 0.04% | 3.49% | 1.74% | 0.30% | 0.57% | -1.36% | 0.78% | 0.78% | -0.58% | 6.98% | 10.56% |
| 2013 | | | | | | | | | | | 0.16% | 2.58% | 2.74% | 1.57% |

Please note:

* Current month benchmark is an estimate as CPI figure unavailable until mid-month / prior month benchmark has been updated with actual return.

** The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax.

*** The performance figures have been restated with effect from 01 April 2014. All performance figures have been calculated by IDS, the third party independent administrator.

FUND INFORMATION

Inception date

1 November 2013

Fund category

Prudential Variable Equity

Strategy

Managed Fund of Funds

Structure

Registered SA CIS in securities

Fund Manager

Alusi Asset Management

Management Company

Alusi Management Company

Benchmark

CPI+4%

Currency

South African Rand

Minimum

R1,000,000

Fees

Initial fee: Nil

Ongoing advice: Nil

Management fee:

0.65% per annual plus VAT levied monthly

Performance fee:

20% performance fee on outperformance of CPI+4%

TER (Annualised)

2.03% (December 2016)

Income Distribution

Quarterly: 1 Mar, 1 Jun, 1 Sep & 1 Dec

2015 Dec: not complete

2016 Mar: 0.66 cpu

2016 Jun: 0.98 cpu

2016 Sep: 0.70 cpu

2016 Dec: 0.50 cpu

Administrator

IDS Group

Custodian

FNB

Auditor

PWC

RISK PROFILE

LOW

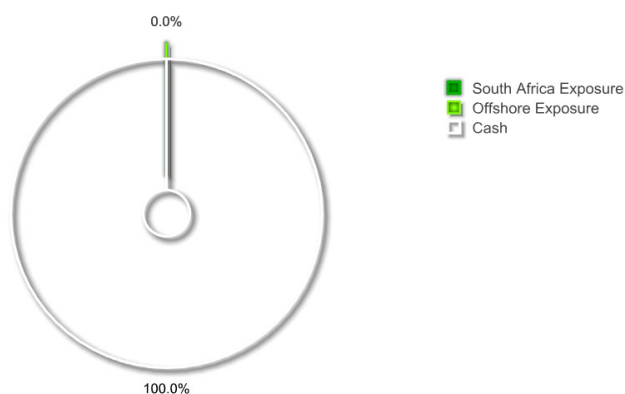
MODERATE

HIGH

Generally, **MODERATE RISK** portfolios hold more equity exposure than low risk portfolios but less than high risk portfolios. Therefore the expected volatility is higher than the low risk portfolios but less than the high risk portfolios. The probability of losses are higher than that of the low risk portfolios, but less than high risk portfolios. Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

The portfolio includes various asset classes which are exposed to specific risks. The equity asset class is exposed to the greatest risk of short term loss through market risk, management risk, liquidity risk, competition risk and legislative risk. These risks are balanced with other asset classes to ensure that risk is moderated (namely, cash, bonds and property). These asset classes are not as volatile as equities but run the risk of credit and counterparty risk.

GEOGRAPHIC BREAKDOWN



Full redemptions from all underlying funds submitted during December 2016 for the shut down of the Alusi Spectrum Balanced Fund of Funds as at 31 December 2016.

TER BREAKDOWN

TER Breakdown (Q4 2016):

| | |
|----------------------|--------------|
| Management fee | 0.65% |
| Performance fees | 0.00% |
| Transaction cost | 0.00% |
| Audit fees | 0.13% |
| Other cost (excl TC) | 0.99% |
| VAT | 0.25% |
| Total TER | 2.03% |

The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.

ASSET ALLOCATION

Asset allocation is the process of dividing investments among different kinds of assets, such as equities, bonds, property and cash, to optimise the risk-reward trade-off based on an investors specific situation and objectives. Asset allocation is a key concept in financial planning and money management.

MULTI-MANAGER ALLOCATION

The multi-manager approach to investment is now one of the mainstream areas of the asset management industry. The approach harnesses the expertise of specialist managers, from throughout the world, and combines them to produce funds structured to outperform within a disciplined, risk-controlled framework.

History proves that no fund manager can be good at everything at all times. When coupled with increasingly complex and dynamic markets, this means that investments need to be actively managed and continuously monitored by dedicated investment professionals. Multi-management permits maximum flexibility in active management and allows access to institutional quality investment expertise.

Contact Details

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IMPORTANT INFORMATION

Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance.

Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists.

A schedule of fees and charges and maximum commissions is available on request from the management company, Alusi Management Company (Pty) Ltd (Alusi). Commission and incentives may be paid and if so, would be included in the overall costs.

The Alusi Managed Fund of Funds is not a guaranteed fund. The Fund Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees.

The Manager retains full legal responsibility for any third-party-named portfolio.

Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

Performance has been calculated using net NAV to NAV numbers with income reinvested. Annualised performance figures represent the geometric average return earned by the fund over the given time period expressed as a percentage. Cumulative performance figures have been used to present fund performance. Fund performance has been disclosed monthly and compounded annually. Fund performance is expressed in a percentage format. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the reinvestment date. Other fees include the permissible deductions of brokerage, STT, VAT, bank charges, trustees and custodian fees incurred in the ordinary course of running the Fund.

CIS prices are calculated daily and published daily on the Morningstar website - code ASBA1, ISIN ZAE000185120. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. A Fund of Funds unit trust only invests in other unit trusts, which levy their own charges, which could result in a higher fee structure for these portfolios. Forward pricing is used.

Funds are valued daily at 16:00. Instructions must reach Alusi before 12:00 to ensure same day value.

Alusi Management Company (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Services Board in terms of the Collective Investment Schemes Control Act. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate.

For any additional information such as fund prices, application forms, etc. please contact alusiclientservices@alusi.co.za

Alusi Management Company (Pty) Ltd, Company Registration Number: 2008/023212/07, is a member of the Association for Savings and Investment SA (ASISA) and a Collective Investment Scheme (CIS) licence holder. The Trustees are FirstRand Bank Limited, PO Box 7713, Johannesburg 2000.

CONTACT DETAILS

Management Company:

Alusi Management Company (Pty) Ltd, **Company Registration Number:** 2008/023212/07 **Physical Address:** Edge House, 3 Heuwelkruin Close, Durbanville, 7550
Postal Address: P O Box 4188, Tygervalley 7536 **Telephone number:** +2721 976 1012 **Email Address:** alusiclientservices@alusi.co.za **Website:** www.alusi.co.za

Fund Manager:

Alusi Asset Management (Pty) Ltd, **Company Registration Number:** 2009/011108/07 an authorised Financial Services Provider (FSP 43346) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision.

Physical Address: Edge House, 3 Heuwelkruin Close, Durbanville, 7550 **Postal Address:** P O Box 4188, Tygervalley 7536 **Telephone number:** +2721 976 1012 **Email Address:** alusiclientservices@alusi.co.za **Website:** www.alusi.co.za

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