

Legae Securities Discretionary Equity Portfolio

December 2010

Managed Account Details

Inception date: 2001

Minimum investment size: R150 000 (One hundred and fifty thousand Rands)

Stockbroker: Legae Securities (Pty) Ltd is a member of the JSE Limited and is regulated and monitored independently by the Surveillance Division of the JSE Limited. Legae Securities is responsible for securities dealing, portfolio management, administration and custodial services.

Portfolio Manager

Mik Hannes – Mik holds a BSc (Hons) in Mineral Economics, a BCom (Hons) in Quantitative Management and is a CFA charter holder. Mik started his career in the mining industry where he spent 9 years gaining experience in production, planning and project evaluation. After leaving the mining industry, Mik joined the stock-broking industry as an equity research analyst focusing on mining stocks. After 10 years as a research analyst, Mik began running private client discretionary portfolios. He has been doing this successfully and consistently for the last 7 years.

Description

To provide individual private investors the opportunity of holding customized discretionary portfolios of listed South African shares tailored to meet their unique risk and return expectations. The portfolio solutions are managed by a dedicated investment manager who is supported by the broader institutional experienced investment and risk team of Legae. This means that the portfolios will be continuously monitored, and advised on, in terms of risk, diversification and management of mandate.

Investment Philosophy

- We would categorise ourselves as “value” investors. Value is discovered via fundamental, bottom-up stock picking with a preference (majority of investments) towards companies with the following characteristics:
 - Regular dividends, high dividend yields.
 - Trading below what we believe is their intrinsic value.
 - Strong balance sheets (low gearing, high interest cover), which goes hand-in-hand with strong cashflow (cash conversion).
 - Reliable history
- Diversification: different companies, different sectors, different regions and geographies although we limit ourselves to JSE listed equities.
- Focus on industrial stocks (underweight resources and financials).
- We will only purchase shares when company valuations appear attractive. Sometimes this leads to a slow portfolio build-up.

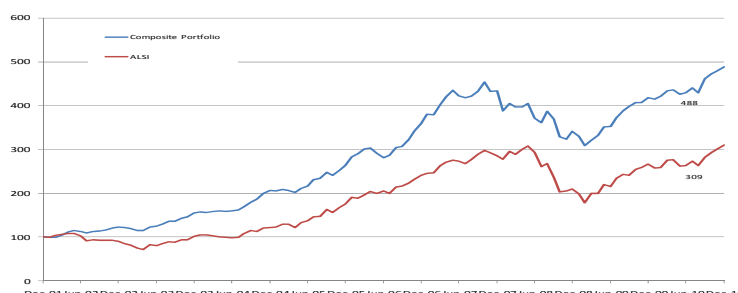
Investment Objective

- We follow a long-term investment approach, targeting investors with an investment horizon of five years or greater.
- To keep stock broking fees and taxes (CGT) to a minimum, a buy-and-hold strategy towards portfolio construction is applied. Although this can create an impression of passive investment, we believe this is the right thing to do.
- Although our internal benchmark is to beat the All Share Index (professional pride), the overriding objective is to reduce the risk of large, permanent losses through diversification and focus on value investment.

Contact Details

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Performance



| | 1 month | 3 months | 6 months | 1 year | 3 year | 5 year |
|---------------------|---------|----------|----------|--------|--------|--------|
| Composite Portfolio | 2% | 5.9% | 13.7% | 17% | 12.8% | 85.6% |
| ALSI* | 3% | 9.7% | 17.8% | 16.1% | 8.4% | 77.5% |

*ALSI price index (excl. dividends)

| Top 10 Holdings | |
|-----------------------------|-------|
| Pretoria Port Cemnt | 5.10% |
| Aveng Ltd | 3.02% |
| Pick 'n Pay Holdings Ltd | 2.43% |
| British AM Tobacco PLC | 2.39% |
| Tongaat Hulett Ltd | 2.35% |
| Hudaco Industries Ltd | 2.24% |
| Woolworths Holdings Ltd | 2.13% |
| Exxaro Resources Ltd | 1.86% |
| Sasol Ltd | 1.82% |
| Truworths International Ltd | 1.62% |

Fees

| Portfolio management fees | |
|--------------------------------|----------------|
| 0.3% per quarter excluding VAT | |
| Stockbroking fees | |
| Purchase or sale consideration | Brokerage fees |
| Up to R20 000 | 1.20% |
| Over R20 000 up to R50 000 | 0.75% |
| Over R50 001 up to R100 000 | 0.70% |
| Over R100 001 up to R500 000 | 0.65% |
| Over R500 001 up to R1 000 000 | 0.60% |
| Over R1 000 001 | 0.35% |

Note: A minimum charge of R120 brokerage is applicable to all orders or portions of orders to buy or sell the “same” security for the same principal which are executed

| | |
|--------------------------|--|
| STT | 0.25% (only on purchase transactions) |
| VAT | 14% |
| STRATE fees | Calculated at 0.005459% of the value of the deal subject to a minimum of R10.92 and a maximum of R54.59. |
| Investor protection levy | Calculated at 0.0002% and payable to the JSE. |



Disclaimer:

Legae Securities (Pty) Ltd is a member of the JSE Limited and all investment management services as provided are regulated by the provisions of the Securities Services Act, No 36 of 2004 or any replacement act or acts and that all dealings are subject to the Rules, Directives, practice and usage of the JSE Ltd. This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended. Past investment returns are not indicative of future returns. Legae Securities (Pty) Ltd shall not be liable for any actions taken by any person based on the correctness of