

BEE.conomics

Annual Survey **SEPTEMBER 2013**

Measuring the impact of transformational initiatives in the SA Fund Management sector

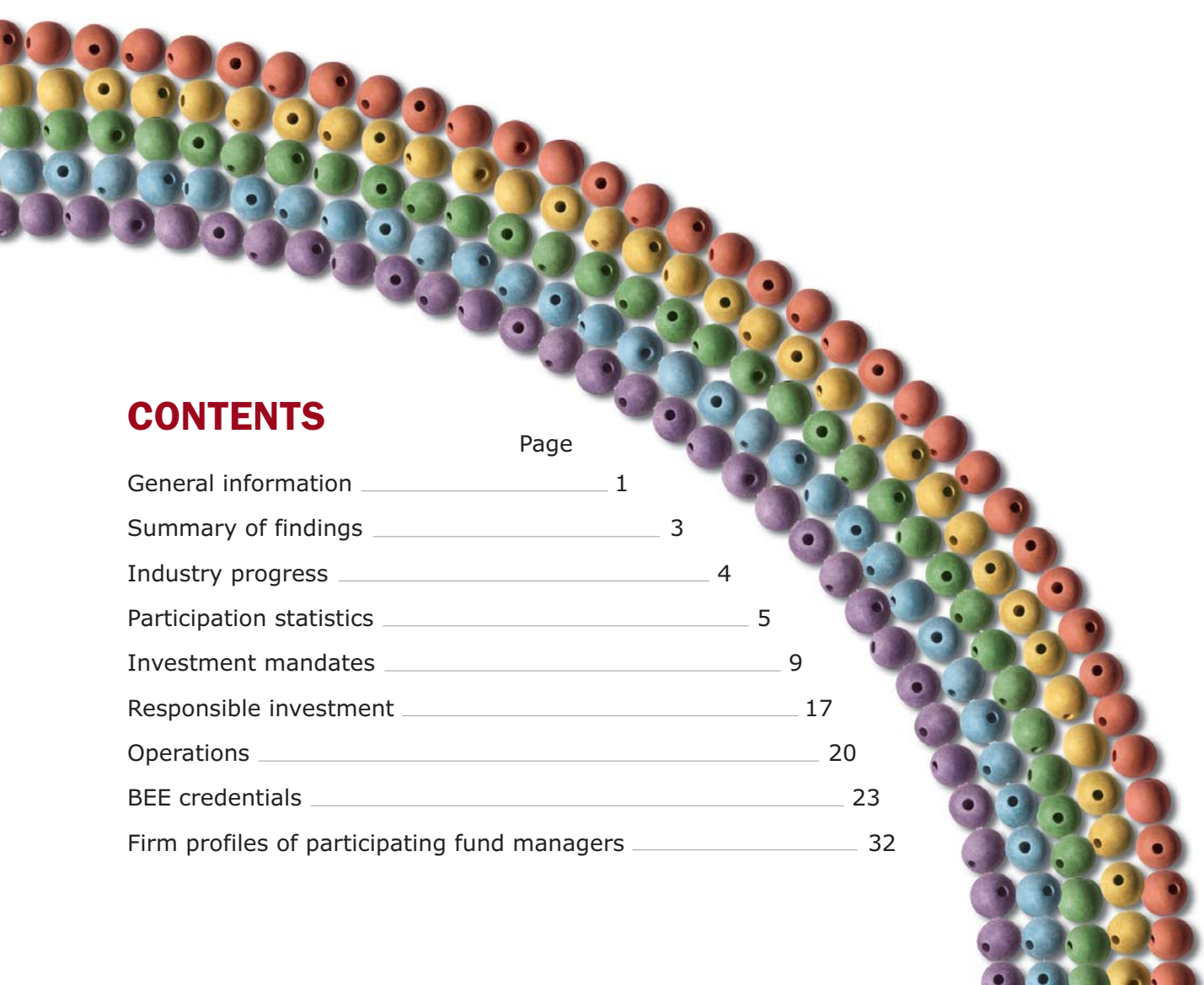


INSPIRED BY CHANGE

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INVESTMENT MANAGERS



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GENERAL INFORMATION

27four Investment Managers (Pty) Ltd

27four is one of the first dedicated providers of seed capital to start-up black fund managers in South Africa. Experience and controlling the risk is fundamental when it comes to managing a portfolio of emerging managers. We provide institutional investors with a practical and professionally risk managed investment solution to access top quality black emerging talent, thereby facilitating transformation, complying with the requirements of Regulation 28 for pension funds to have a policy around furthering BBBEE, capitalising on the industry's growth prospects and creating opportunities for highly skilled entrepreneurial black investment professionals. Since inception of our BEE Incubation Program in 2007, we have successfully seeded a number of best in class fund managers and continue to play the role of an active capital provider in the industry. New start-up firms actively seek us out.

Fifth year running

In 2009, 27four began conducting an annual, industry wide survey of black fund management firms in South Africa. The aim was to effectively measure the progress of transformation within the industry, since the advent of our new democracy. This survey has evolved and developed to become the leading source of data and statistics for policy makers and the investment community to ably evaluate and understand this sector. Furthermore, it provides institutional investors access to a new generation of black investment firms that are typically excluded from mainstream consultant searches, due to their smaller asset sizes and short tenure in business.

Having now built the most comprehensive database in the industry, for the 2013 survey, we evaluate the level of progress achieved over the past five years. We assess and quantify the extent of improvement and expansion realised between 2009 and 2013. Key areas of focus include growth in assets under management, diversity in investment offerings, responsible investment, operations and BEE facts. Our results provide significant insight into the transformation of this industry in recent years. The results also serve as a useful guide to understanding some of the successes and challenges faced by these firms as they integrate within the broader universe of larger, well established firms.

The universe of participating firms increased from 14 in 2009, to 20 in 2010, to 22 in 2011, to 25 in 2012 and to 26 in 2013, a direct result of new start-up firms emerging.

The criteria for participation and methodology used to present our findings did not change.

Criteria for participation

27four extended an invitation to fund managers that meet the following minimum BEE criteria:

- a. minimum of 50% black ownership and
- b. minimum of 50% black representation at board level and
- c. minimum of 50% black individuals in senior fund management positions where black is defined as per the dti Codes of Good Practice.

Where managers no longer meet any of these criteria they will exit the survey.

The universe of managers invited included conventional long-only managers (across all asset classes), hedge fund managers and private equity managers.

Methodology used to present our findings

- We invited 26 black firms to complete a simple questionnaire.
- Participation was voluntary.
- Managers were given two weeks to complete and submit their questionnaires.
- We received a 100% response rate.

This research Report presents the outcomes of our findings. All information presented in this Report is as at 30 June 2013.

Outcomes are presented per category. Participating firm profiles are provided at the end of the Report.

Thank you

We would like to thank the managers for their time to complete our annual BEE.economics survey and for magnanimously sharing information on their businesses. We salute them for their tenacity and resilience in achieving success in an industry where the barriers to entry remain high. We also thank our clients for their unstinting support in creating opportunities for dynamic and entrepreneurial investment professionals and facilitating positive industry change. As 27four, we will continue to source and bring to market the brightest talent and exercise prudence in the management of client assets.

Towards genuine transformation, robust growth and long-term sustainability!



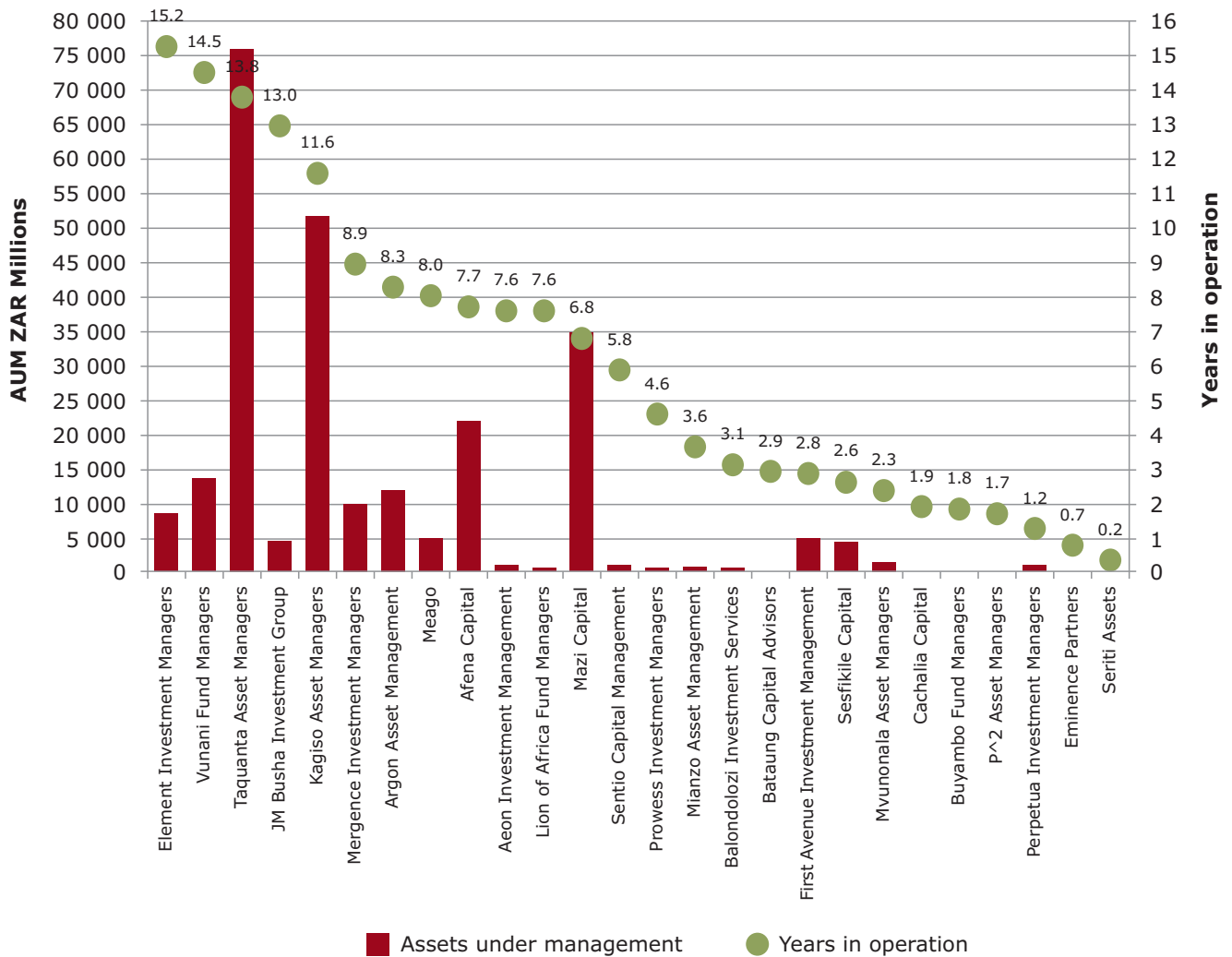
INVESTMENT MANAGERS

SUMMARY OF FINDINGS

Black fund managers manage 6.88% of an estimated total industry size of R3.68 Trillion.

- Since 2009, the number of black fund management firms has increased by 86%.
- Almost half (46%) of black managers are now based in Gauteng.
- 50% of black firms have been in business for less than 5 years while only 19% have been in business for more than 10 years.
- Total assets managed by black firms as at 30 June 2013 was valued at R253.1 Billion. This represents an increase of 37% since 30 June 2012 and 177% since 30 June 2009.
- 10 of the 26 participating firms manage a total of 94% of the industry's R253.1 Billion total, with the remaining 6% managed across 16 firms. Assets are skewed towards the larger established managers with 2 firms managing 50% of the overall total.
- Smaller newly established firms manage fewer product types than their larger more established peers who tend to manage multiple investment products.
- Equity mandates still dominate the industry and comprise 56% of overall assets with the majority of this concentrated in specialist equity mandates. This is followed by cash (24%), absolute return (7%), listed property (4%) and fixed income (3%), with the remaining balance in index tracking, hedge funds, Shari'ah, SRI, offshore and balanced products.
- There is a shortage of offshore fund management skills amongst black firms, with only 0.13% of overall assets invested outside of SA.
- Skills outside of equity management remain a challenge within black firms with far fewer dedicated fixed income and multi-asset class offerings and overall the level of skill diversification outside of conventional long-only SA equity and cash is disappointing, indicative of the concentration of skills in equity and cash management. Little innovation is apparent outside of these products and this is a continuing trend.
- Fundamental bottom-up analysis is the predominant investment philosophy employed and value orientated managers predominate.
- The largest source of assets for black fund management firms remains the SA retirement fund.
- Black managers are still under represented in the retail market with few unit trust offerings. They manage a mere 2.7% of the total value of the unit trust industry.
- Only two firms have unit trust management companies, with the majority of unit trusts white labeled.
- 85% of assets are invested as segregated mandates.
- Although most managers are agnostic between performance or fixed fees, where they have a preference, performance-based fees are preferred to fixed management fees.
- One in four South African signatories to the United Nations Principles for Responsible Investment is a black fund management firm.
- There has been no real increased awareness of incorporating environmental, social and governance factors into fund managers' investment processes despite the advent of CRISA and Regulation 28. Governance remains the dominant factor with environmental scoring the least.
- The majority of firms continue to make use of externally approved compliance officers and independent fund administrators in a continued trend of outsourcing specialist non-investment functions.
- 88% of the managers hold risk cover (Directors and Officers Liability, Professional Indemnity, Fidelity) as required by the Financial Services Board. Those managers not holding risk cover are not currently managing any third party assets.
- 58% of firms are more than 90% black owned.
- One firm is 100% owned by a black female, however overall black female ownership amongst the firms remains low and black females are poorly represented on the boards and in senior management of black fund management firms.
- The industry employs 299 people, of which 210 are black
- African males make up the largest portion of people employed.
- Black investment firms easily fulfill the dti requirements to achieve high BEE ratings, scoring most highly on ownership, employment equity and management control.

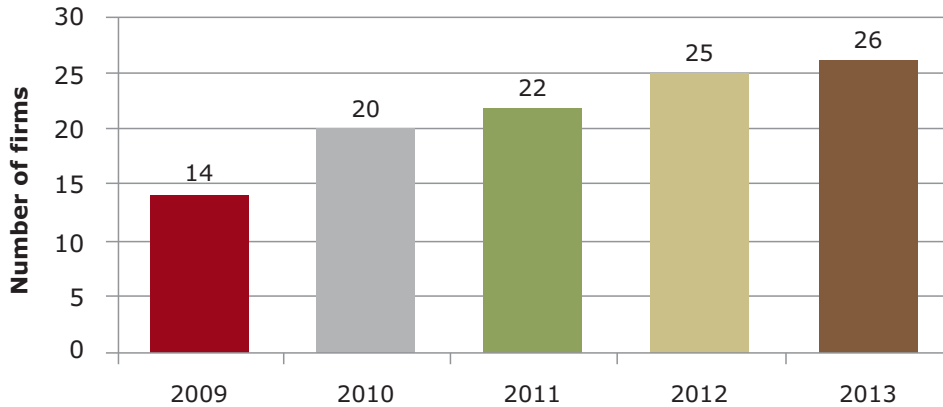
INDUSTRY PROGRESS



- The most established participant has been in business for over 15 years.
- 50% of the participants have been in business for less than 5 years.
- For those managers who are less than 5 years old, only 1 of the manager's individual assets under management exceeds R5 Billion.
- 12 of the 26 participants' individual assets under management falls below R1 Billion.
- There are 5 managers who have been in operation for greater than 10 years.
- There are 2 asset managers who at the time of publication were not managing any assets.

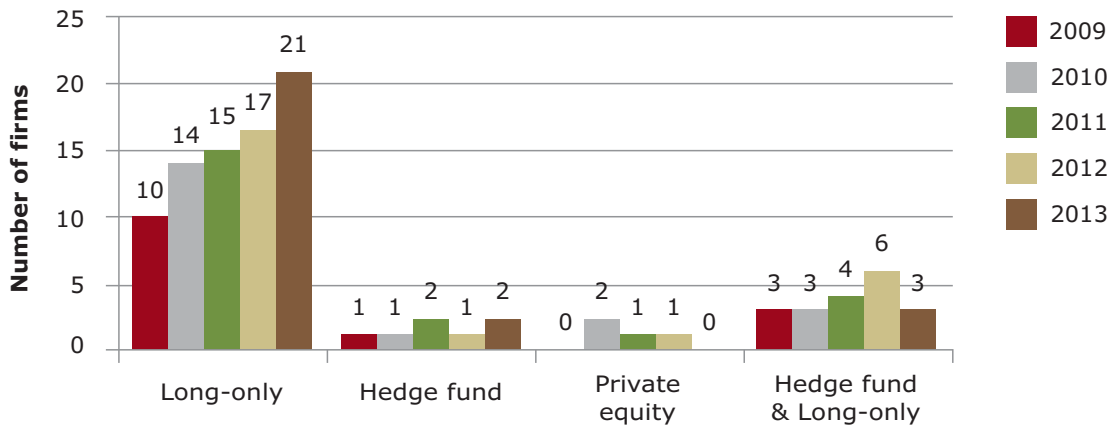
PARTICIPATION STATISTICS

a. Number of participating firms



- The 2013 response rate is comprehensive, providing a reliable dataset from which to draw conclusive statistics on the current state of transformation in the SA fund management sector.
- In 2013, private equity firm H1 Capital exited the survey. We had two new entrants, hedge fund manager Eminence Partners and long-only asset manager Seriti Assets.
- In 5 years since 2009, the number of black fund management firms has increased by 86%.
- In 2013, expansion has slowed significantly (growth of 4%).
- Over the 5 year period the most significant period of growth was between 2009 and 2010 when 43% of the growth occurred.

b. Participation by investment strategy



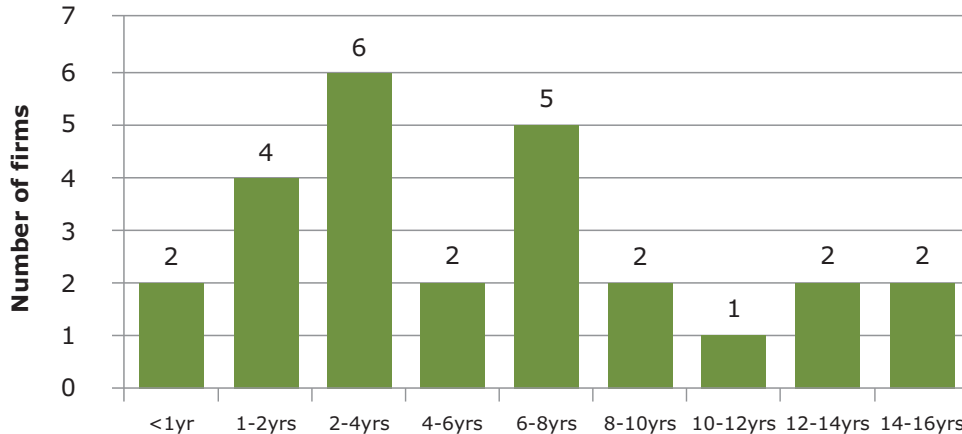
- The industry remains weighted towards conventional long-only mandates.
- There are an additional 4 firms that have a long-only offering in the past 12 months and in the 5 year period this has grown by 110%.
- In contrast, the alternative asset management space has remained flat or declined over the past 5 years.
- There is one additional hedge fund manager that has emerged while the number of firms offering both long-only and hedge funds has declined by 50%.
- Currently there are 3 asset managers who offer hedge funds along with their long-only offering.
- There are no participating companies offering products in the private equity space.

c. Participation by province



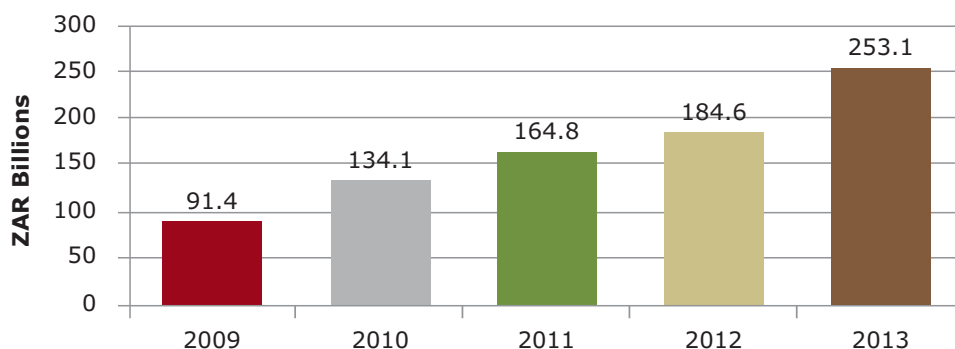
- The gap between Gauteng and Cape Town has continued to narrow since 2009. This is reflective of Gauteng's increasing share of the fund management industry as investment professionals choose to rather base themselves closer to the larger client base.
- Since 2009, Cape Town has grown by only 40% whereas Gauteng has grown by 200%.
- In 2013, Cape Town declined by 7% whereas Gauteng grew by 20%.
- 46% of firms are now Gauteng based.

d. Years in operation



- The number of new start-ups has slowed and only 8% of participants have been in business for less than 1 year.
- Almost 20% of the participants have been in business for more than 10 years.
- Half of all black asset managers have been in business for less than 5 years.
- The biggest concentration of firms is in the 2 to 4 years grouping with 23% of firms having been in existence for this long.

e. Industry size



- Total assets under management by black fund management firms as at 30 June 2013 was valued at R253.1 Billion. This is an increase over 12 months of 37% where equity markets only grew by 21% so growth has come from the awarding of new mandates.
- Over a 5 year period assets under management have grown by 177% whereas equity markets grew by just over 100%.
- According to a survey conducted by investment consultant Towers Watson, total retirement fund assets as at the end of June 2013 were approximately valued at R2.4 Trillion. The Association for Savings and Investment South Africa values the unit trust industry at R1.28 Trillion, placing the size of the overall industry at R3.68 Trillion. Of this total, black fund management firms manage approximately 6.88% of assets which has increased from 5.47% of assets in 2012.
- The stable growth in size of the industry is reflective of the implementation of transformation policies by local retirement funds. It is also indicative of the integration of black managers within the broader mainstream universe of established fund managers.

f. Top ten firms by assets under management

Fund manager	AUM (Billions)	% of Industry Assets
1 Taquanta Asset Managers	76.0	30%
2 Kagiso Asset Management	51.7	20%
3 Mazi Capital	34.7	14%
4 Afena Capital	21.9	9%
5 Vunani Fund Managers	13.3	5%
6 Argon Asset Management	11.8	5%
7 Mergence Investment Managers	9.8	4%
8 Element Investment Managers	8.4	3%
9 Meago	5.1	2%
10 First Avenue Investment Management	5.0	2%
Total	237.8	94%

- 2 black asset management firms manage 50% of the total R253.1 Billion managed by all participants which highlights definite concentration within the industry.
- 10 of the 26 participating firms manage a total of 94% of the industry's assets with the remaining 16 firms sharing the 6% balance, further highlighting the high concentration within the industry.
- There is a direct correlation between asset size and the maturity of the business, as the more established firms manage substantially more assets than the younger firms. However, there are a few businesses that have been in operation for more than 5 years that have struggled to raise significant assets.
- Only one of the firms in the top ten by assets under management has been in business for less than 5 years.



What dark continent?

Shedding light on investments in Africa.

The Pangaea Africa Fund of Funds offers global institutional investors the opportunity to participate in Africa's economic renaissance – the final frontier of investment and one of the most exciting. Utilising a rigorous fund of funds investment approach, we access the best investment talent the continent offers in order to deliver superior risk adjusted returns.

For more information on Pangaea, please email us on info@27four.com or call us on **+27 11 442 2464**. Alternatively you can visit our website at www.27four.com.



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INVESTMENT MANAGERS

27four Investment Managers (Pty) Ltd is an authorised financial services provider with license number 31045.

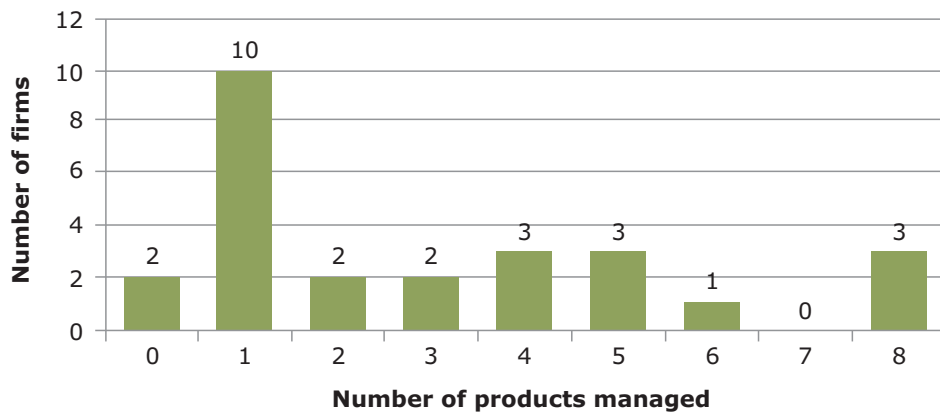
INVESTMENT MANDATES

Mandates managed by the managers broadly fit within the following thirteen product categories:

Specialist equity	Index tracker	Shari'ah
Core equity	Listed property	Private equity
Cash	Offshore	Socially Responsible Investment (SRI)
Absolute return	Balanced fund	
Fixed income	Hedge fund	

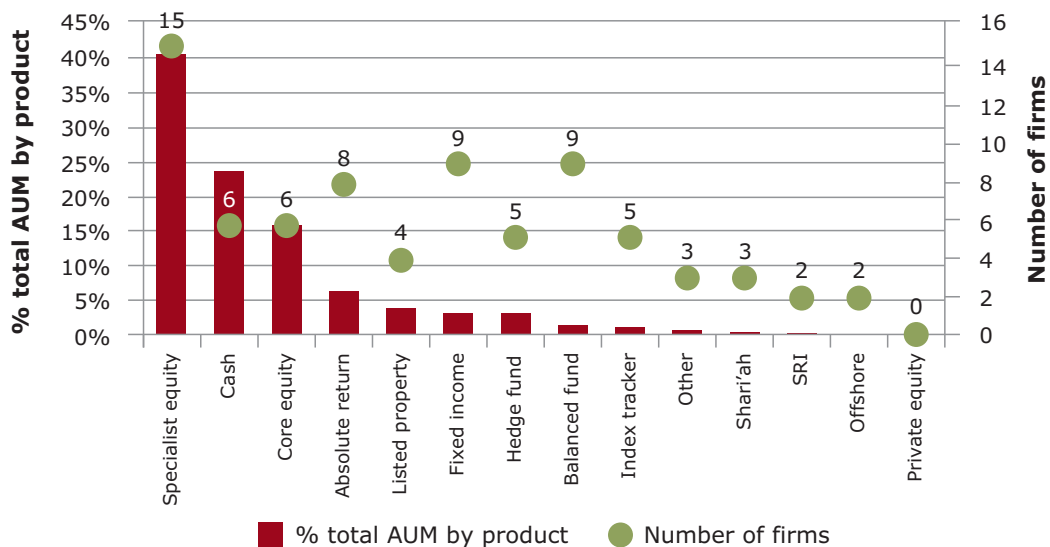
a. Firms managing multiple investment products

Fund Manager	Specialist equity	Core equity	Cash	Absolute return	Fixed income	Index tracker	Listed property	Offshore	Balanced fund	Hedge fund	Shari'ah	Private equity	SRI	Other	Total products managed
Aeon Investment Management	✓								✓						2
Afena Capital	✓								✓						2
Argon Asset Management	✓		✓	✓	✓				✓						5
Balondolozzi Investment Services	✓			✓	✓	✓									4
Bataung Capital Advisors										✓					1
Buyambo Fund Managers															0
Cachalia Capital	✓														1
Element Investment Managers		✓	✓		✓		✓	✓	✓	✓	✓				8
Eminence Partners										✓					1
First Avenue Investment Management	✓														1
JM Busha Investment Group		✓	✓	✓	✓								✓		5
Kagiso Asset Management	✓	✓	✓	✓	✓	✓			✓		✓				8
Lion of Africa Fund Managers	✓		✓		✓				✓					✓	5
Mazi Capital	✓	✓								✓	✓				4
Meago							✓								1
Mergence Investment Managers	✓			✓					✓				✓		4
Mianzo Asset Management		✓				✓								✓	3
Mvunonala Asset Managers	✓														1
P^2 Asset Managers									✓						1
Perpetua Investment Managers	✓														1
Prowess Investment Managers					✓										1
Sentio Capital Management	✓			✓						✓					3
Sereti Assets															0
Sesfikile Capital							✓								1
Taquanta Asset Managers	✓		✓	✓	✓	✓			✓						6
Vunani Fund Managers	✓	✓		✓	✓	✓	✓	✓						✓	8



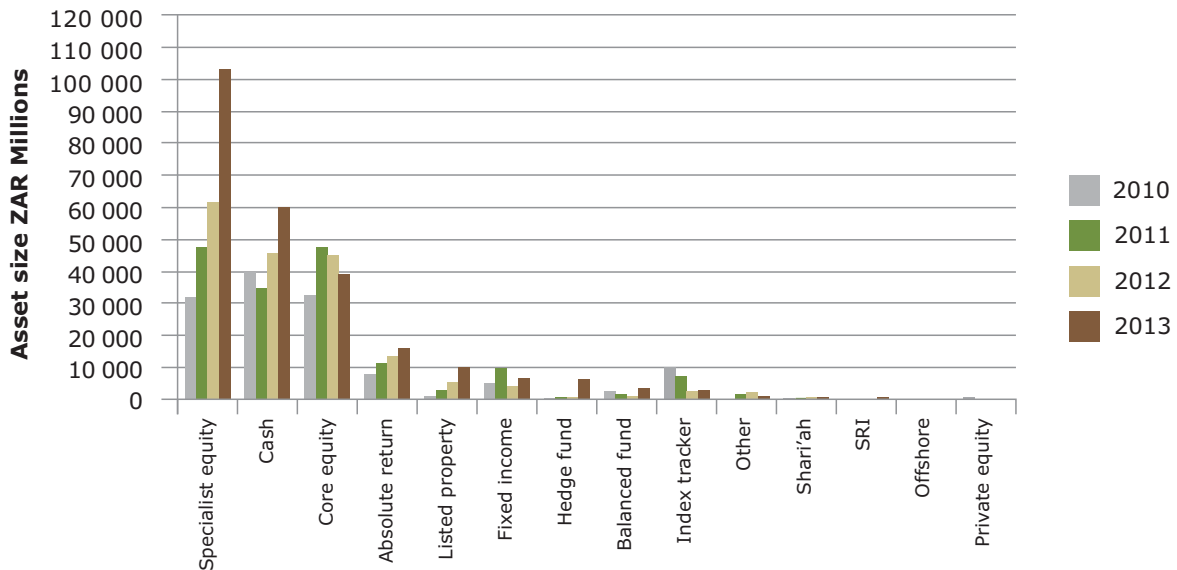
- Two of the participants were not managing any assets as at the end of June 2013.
- The majority of participants (38%) offer a single flagship product.
- The evolution of participants from offering a single product to offering multiple products is usually a function of client demand and the length of time the business has been in existence for.
- More than 70% of all firms focus on offering between one and four differentiated products.
- Seven firms manage five or more products.

b. Products currently managed



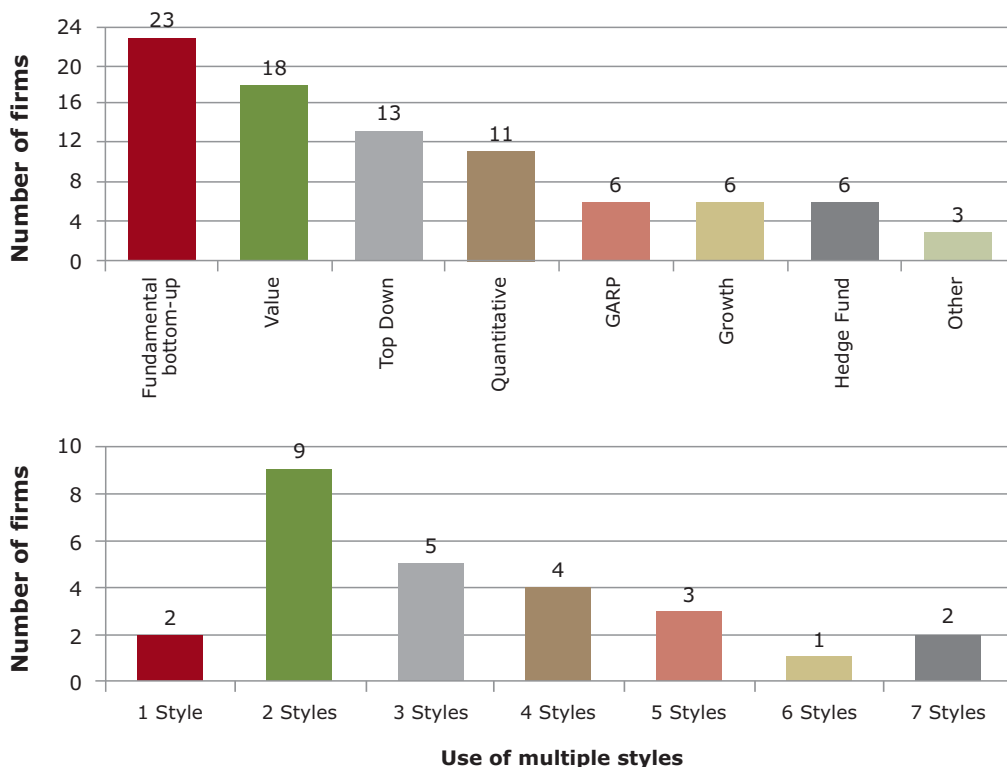
- The largest value of assets is managed in the equity and cash space with 80% of total industry assets being managed here.
- Overall the level of diversification offered outside of conventional long-only equity and cash is disappointing, indicative of the concentration of skills particularly in equity management where fees are the most compelling.
- Although there are product offerings in the multi-asset, fixed income and alternative asset space, the take up in terms of assets under management in these areas remains small.
- Niche products such as Shari'ah represent a very small component of overall assets. This area has remained static over the past year.
- Despite an increased focus on offshore investments from the broader, established asset management industry, black asset management firms manage very little assets in this space accounting for only 0.13% of total assets under management.

c. Product size



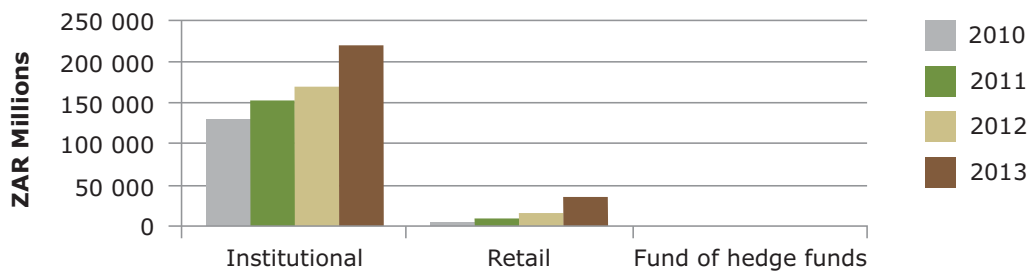
- Specialist equity mandates have been the recipients of the largest inflows in 2013, growing from just under R62 Billion to R103 Billion.
- Despite strong performance from equity markets, core equity mandates have declined in 2013 by 12% illustrating a shift to more specialist mandates and away from low tracking error portfolios.
- Absolute return funds have grown by 22% in 2013 indicating that these types of mandates are enjoying an increase in popularity.
- Cash mandates have again in 2013 seen a large inflow. Assets grew by a third for the second year in a row.
- Although still a small percentage of the total assets under management, listed property assets grew from R5.6 Billion to R9.7 Billion.

d. Investment philosophy employed



- The broadly grouped investment styles above represent the dominant investment styles employed by the universe of participating firms.
- Majority of the firms use a combination of two of the style groupings. This has consolidated since 2012 when the majority was split equally between 2 and 4 styles.
- As style can be specific to asset class and the style groupings are not necessarily exclusive, the data indicates that firms managing multiple investment products across different asset classes apply multiple investment philosophies.
- The fundamental bottom-up approach dominates the investment style used and value is still a preferred investment style to growth even though recent market conditions have not favored value investing.

e. Investor base



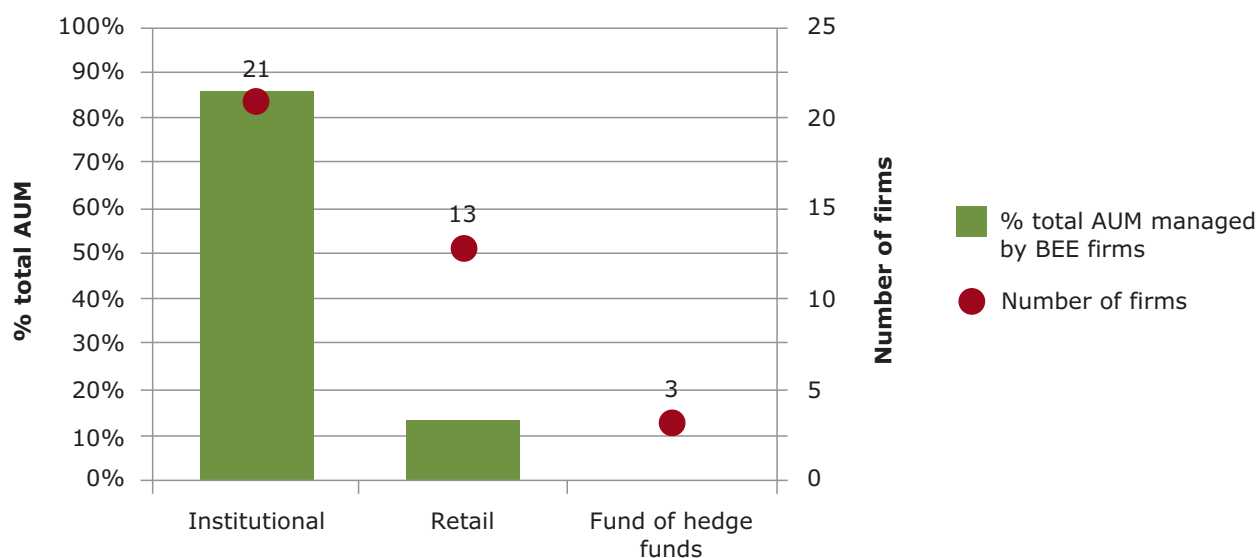
- The largest source of assets for black firms remains South African retirement funds. Given the requirement of Regulation 28 for funds to consider a BBBEE policy, many of the large retirement funds have actively implemented transformation policies and many of the managers have benefited directly from these asset inflows.
- Institutional assets grew by 29% in 2013 and at R218 Billion this is just under 10% of the institutional market.
- The retail market (unit trusts) continues to be under-represented with R34 Billion, considering that this market has grown to R1.28 Trillion in 2013 but then not all of the black asset managers have retail offerings.
- Fund of hedge funds inflows to underlying hedge funds has remained small and continues its slow decline.

f. Top five asset managers by retail assets

Top 5 Managers with Retail Assets	ZAR Millions
Taquanta Asset Managers	R 26 242
Mazi Capital	R 2 355
Kagiso Asset Management	R 1 638
Element Investment Managers	R 1 635
First Avenue Investment Management	R 1 228
Total	R 33 098

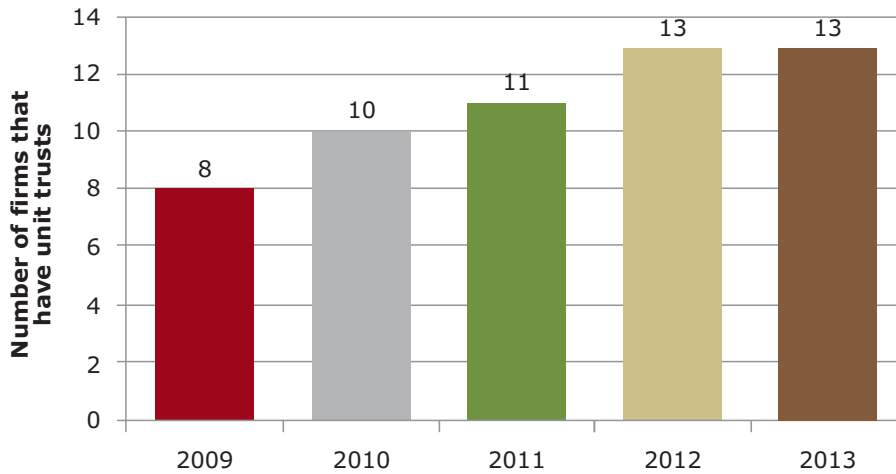
- The top 5 participants with retail assets account for 96% of all retail assets allocated to the industry with the largest manager owning 76% of this.
- This illustrates just how under-represented black firms are within the retail space, with retail assets being allocated to the more established firms within the overall asset management industry.
- Black asset management firms tend to focus their limited business development budgets to targeting the institutional market.

g. Current investor base



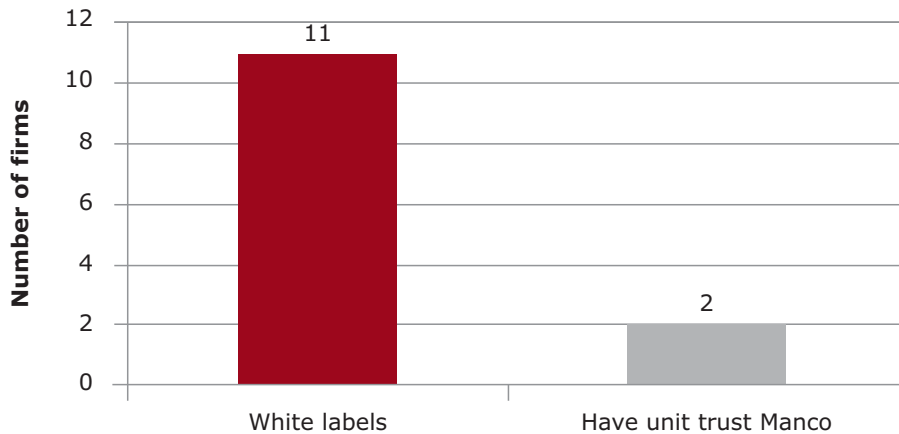
- 86% of total assets managed within the industry are managed on behalf of institutional investors.
- Retail has grown and now represents 14% as opposed to 8% in 2012 but this is still a small percentage of the overall retail market that has been accessed.
- Whilst 13 firms offer retail products, many of the unit trusts lack critical mass.
- Only 3 firms have assets from fund of hedge funds businesses which now only represents 0.13% of total assets managed within the industry.

h. Unit trusts



- The number of firms using unit trust structures as investment vehicles is half of all participants. At 13 firms, this has remained constant in 2013 from 2012.
- The vast majority of investment mandates are currently managed on a segregated basis or pooled through a life license.

i. Unit trust management companies

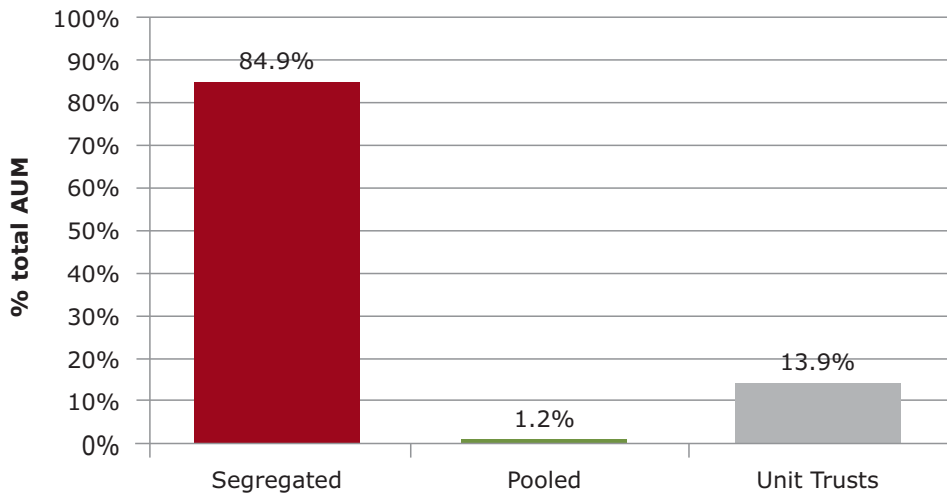


Companies that have Unit Trust Mancos:

Kagiso Asset Management
Element Investment Managers

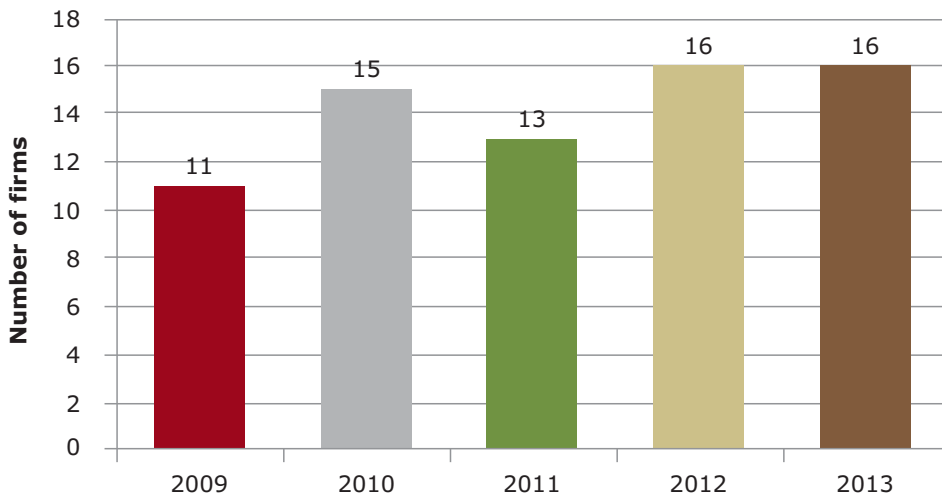
- Only 2 of the 13 firms that have unit trust offerings have their own unit trust management companies.
- The capital, operational and compliance requirements that comes with managing a unit trust management company makes white labeling more appealing.

j. Asset vehicles



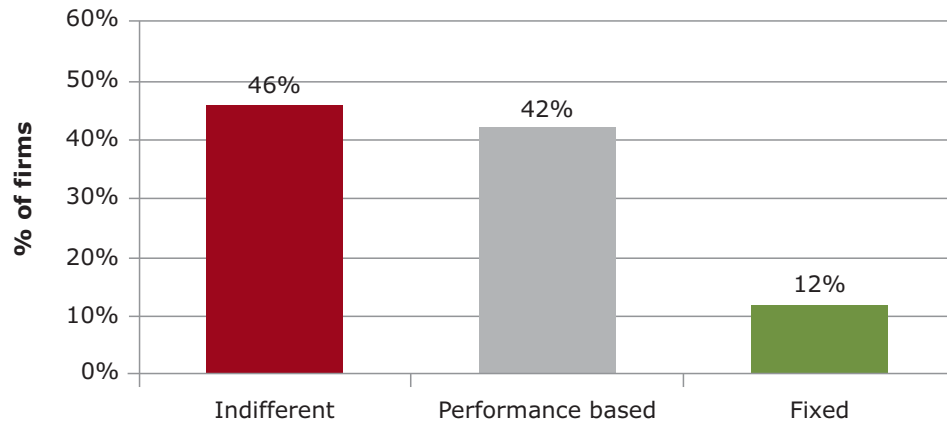
- By far the majority of mandates are still implemented on a segregated basis (regardless of asset size) which has been the continuing trend over the last 5 years.
- There remain investors who seek to minimise risk by keeping the ownership of the assets in their own name.
- Pooled mandates are administratively more efficient, especially when it comes to the management of smaller mandates.
- The majority of managers still tend to focus on attracting large bulky flows which may be indicative of a concentrated, less diversified client base.

k. Investment by principals of the firm



- The number of firms where employees invest directly into the products managed by the firm has stayed constant since 2012.
- At 16 out of 26 firms this is just over three in five firms and should ideally be higher to reflect belief and confidence in the viability of these firms.

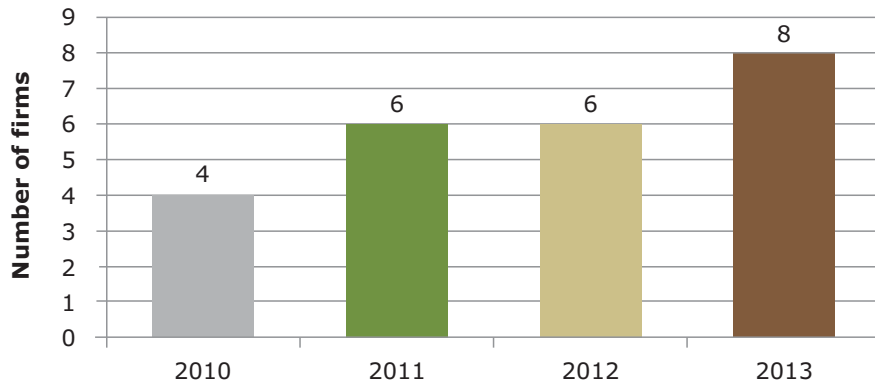
I. Fee structures



- On the whole firms, are indifferent as to whether they charge fixed or performance fees.
- Where the managers do have a preference, performance fees are by far preferred to fixed fees.
- Start-up managers tend to prefer fixed management fees for the certainty of a revenue stream on which they can strategically plan operational expenditure.
- Performance based fees are generally preferred by managers once they have reached a level of financial and operational stability.

RESPONSIBLE INVESTMENT

a. Signatories to the United Nations Principles for Responsible Investment



- The number of firms that are signatories to the UN Principles has increased to 8 in 2013.
- 31% of black firms are signatories to the UN Principles. With only 31 investment managers from South Africa that are signatories to the UN Principles, black firms are well represented, i.e. one in four South African signatories is a black fund management firm.
- There is a financial cost as well as a dedication of resources attached to becoming a signatory. For this reason only managers that embrace the UN Principles into their investment process and invest resources towards being an active participant of the global community of signatories become members. Start-up firms tend to delay becoming a signatory until they have reached critical mass and financial and operational stability.

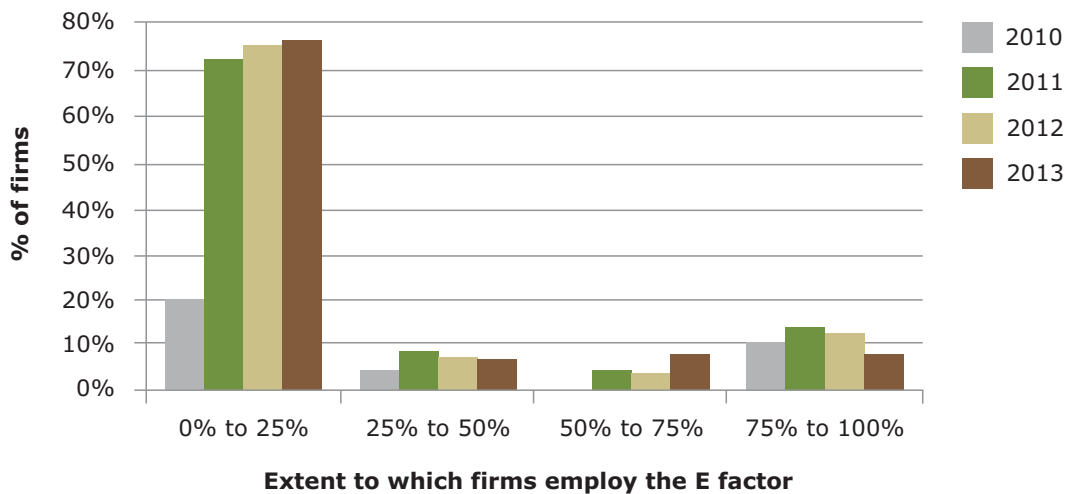
b. Current signatories to the United Nations Principles for Responsible Investment

Afena Capital
Argon Asset Management
Element Investment Managers
Kagiso Asset Management
Mazi Capital
Mergence Investment Managers
Mianzo Asset Management
Sentio Capital Management

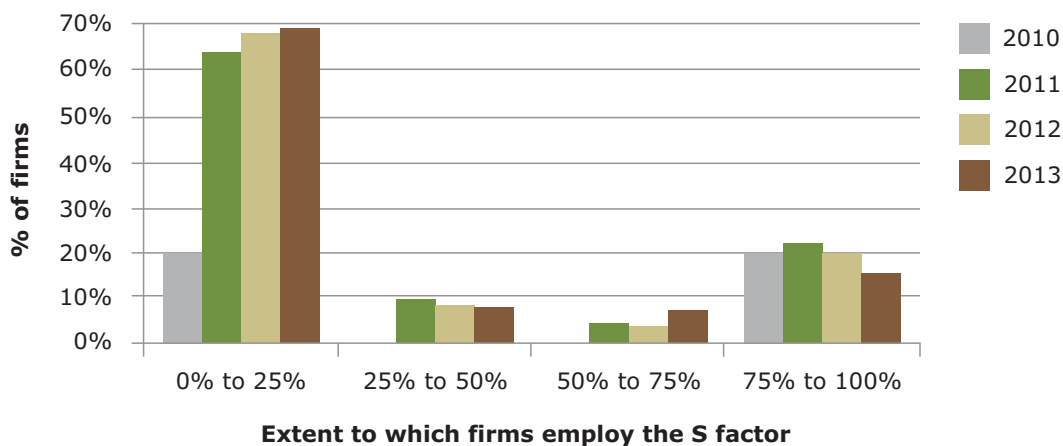
c. Extent to which firms employ ESG factors into investment decision making

- The launch of the new Code of Responsible Investing in South Africa has increased awareness of incorporating environmental, social and governance factors into fund managers' investment processes. This is further promoted by Regulation 28 of the Pension Funds Act.
- Most firms continue to grapple with ideology, methodology, process and implementation issues which they often feel should be client driven while clients in turn look to the managers for guidance.
- With limited research and resources available in this area and companies not necessarily reporting on all aspects, managers in their infancy stage do not have sufficient resources to dedicate towards specialist ESG research.
- The challenge also remains as to how to quantify the level of performance attribution related to ESG decisions especially when many investors still have a very short term time horizon when it comes to assessing manager performance.

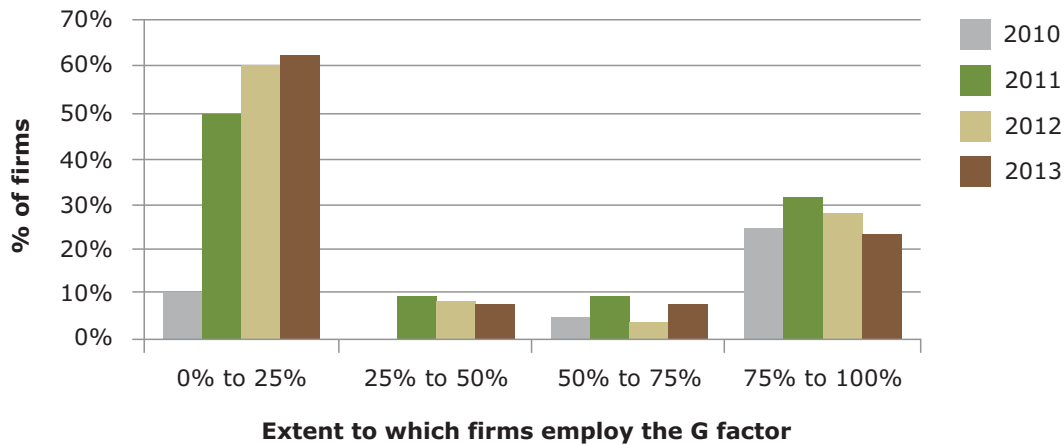
Environmental



Social



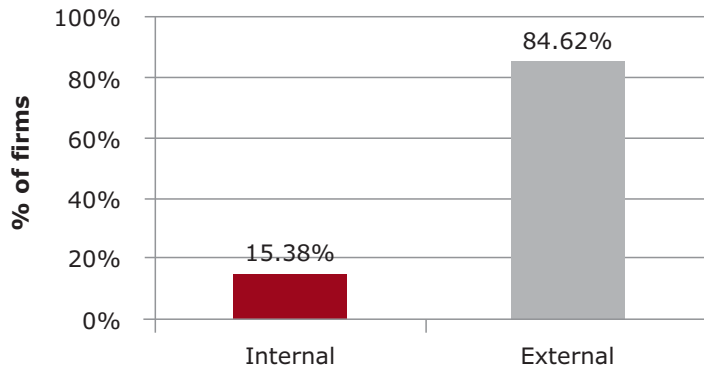
Governance



- There were no significant changes in any of the factors between 2012 and 2013. Disappointingly, there was a slight decline in the number of managers who employ the factors between 75% and 100% in their analysis.
- Governance remains the dominant factor possibly because of all the guidance that exists around how firms should be governed in terms of King III. This is also an easy reporting area for companies and analysts will generally have access to the information that they require here without too much additional research time. 23% of all participants are utilising governance factors between 75% and 100% of the time.
- Environmental factors have the lowest take up with 77% of participants only utilising environmental factors between 0% and 25%. This is indicative of the area in which the most specialized research needs to be conducted and where companies have the lowest level of transparency in their reporting.
- Generally asset managers, on insistence by asset owners incorporate proxy voting policies in mandates.
- Only two firms offer a dedicated SRI investment product.
- There is still very little middle level of participation although the 50% to 75% band increased slightly in 2013. Managers either embrace responsible investment or are incorporating it at a minimum level.

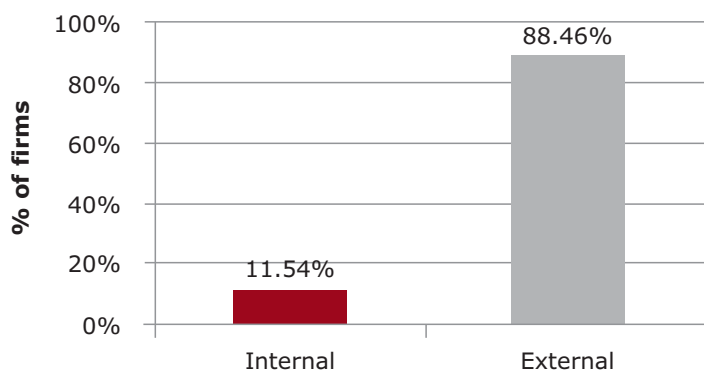
OPERATIONS

a. Compliance officer



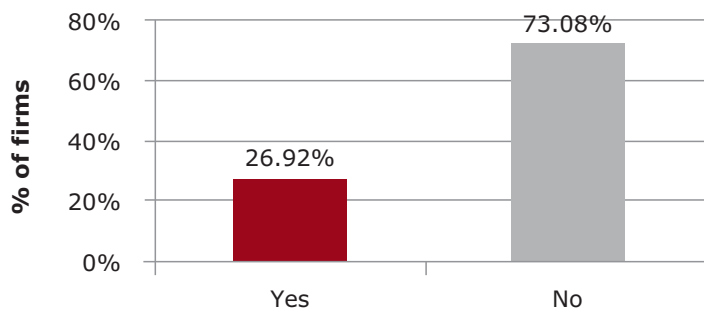
- Most of the firms make use of an external compliance officer.
- This has not shifted significantly over the 5 year period of the survey as most firms find it a more attractive option to outsource specialist non investment related skills.

b. Fund administration



- Three of the participants administer their own funds internally.
- The majority make use of third-party independent fund administrators, as has been the trend.

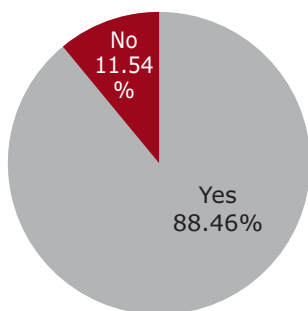
c. GIPS compliance verified by a 3rd-party



- Unchanged from last year, 7 of the 26 participating firms have their GIPS compliance verified by an external third-party.

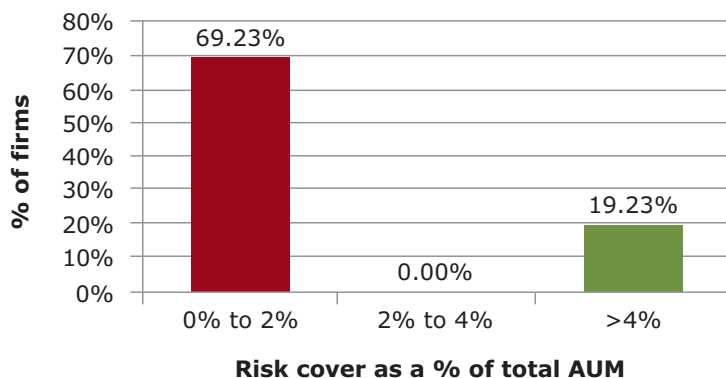
d. Insurance cover

Firms holding insurance cover:



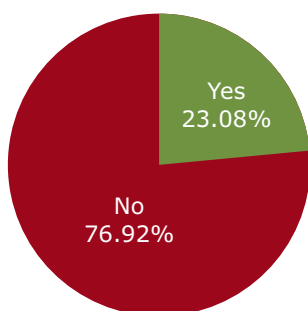
- 88% of the managers hold some form of risk cover (Directors and Officers Liability, Professional Indemnity, Fidelity) as recommended by the Financial Services Board. This is unchanged from 2012.
- Three of the recent start-ups do not hold any risk cover.

Risk cover as a % of AUM:

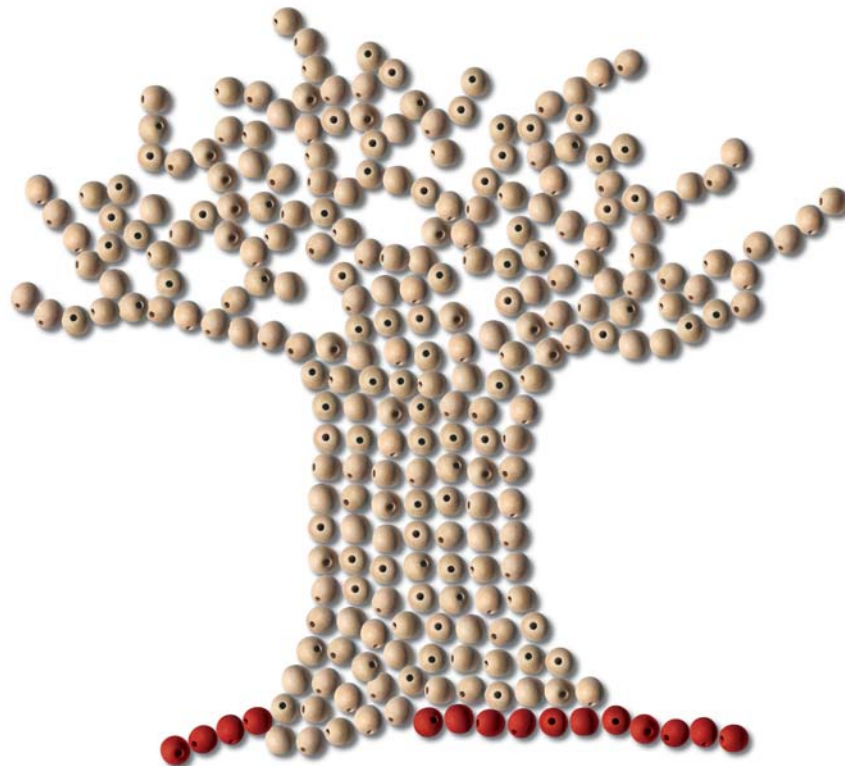


- Of the firms that do hold risk cover, 69% hold cover that is between 0% and 2% of assets under management.
- 19% of firms hold risk cover greater than 4% of AUM.
- While there is no set formula for calculating risk cover as a percentage of assets under management, the level of cover should be in line with risks inherent in the business and those firms who take on the added risk of doing their own administration should have higher levels of cover.

e. Independent risk manager



- 6 of the 26 participants make use of an external risk manager.
- This is more frequently the case where the asset manager has an offering in the hedge fund space.



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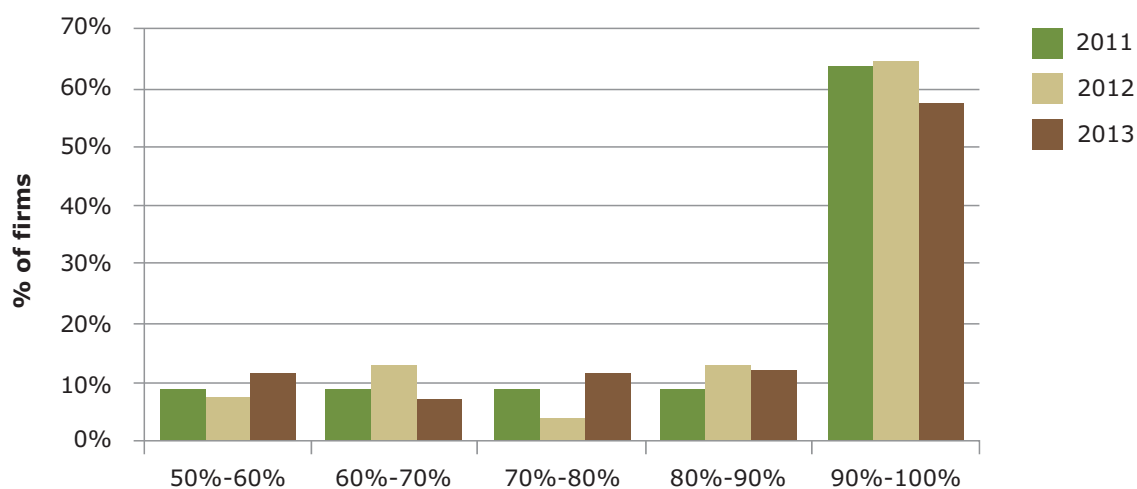
BEE CREDENTIALS

The new Financial Sector Code was gazetted on 14 November 2012 in terms of the Broad-Based Black Economic Empowerment Act of South Africa (“the B-BBEE Act”). The new code places more stringent targets on financial services companies. In this section, we provide detailed analysis on ownership and employment equity. Of particular interest is the low representation of black females within the sector.

Black is defined as African, Indian and Coloured across both male and female.

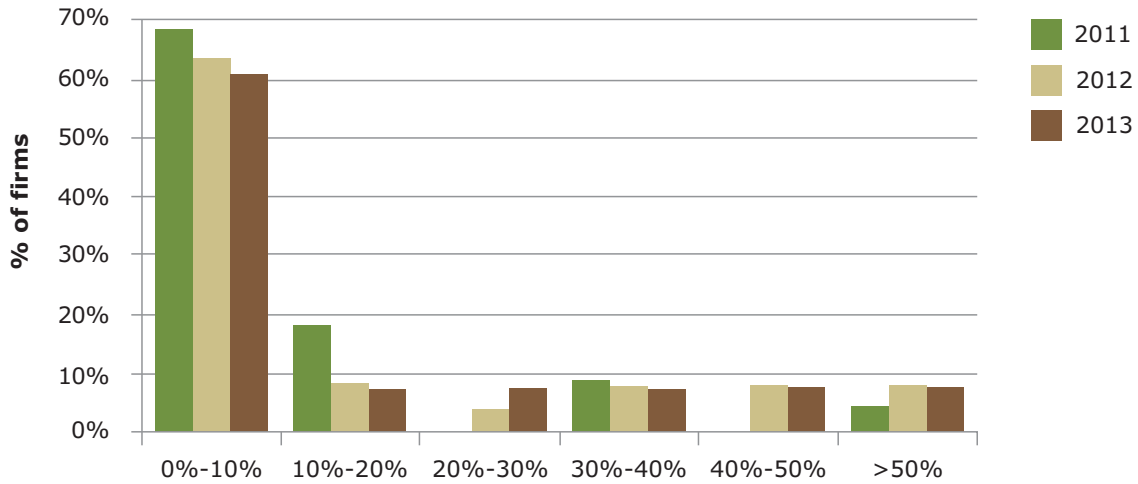
a. Ownership

i. Overall black



- The level of direct black ownership with voting rights amongst majority of the firms is high.
- 58% of firms have black ownership of greater than 90% which is slightly down from last year where this was 64% of firms.
- In 2013 there was an increase in the number of firms that have between 50% and 60% as well as between 70% and 80% black ownership.
- A challenge for many start-ups is capital to establish operations and hire resources. Many of the start-ups have brought on either established fund management or private equity companies as equity partners who can provide capital in the early stages in exchange for equity.

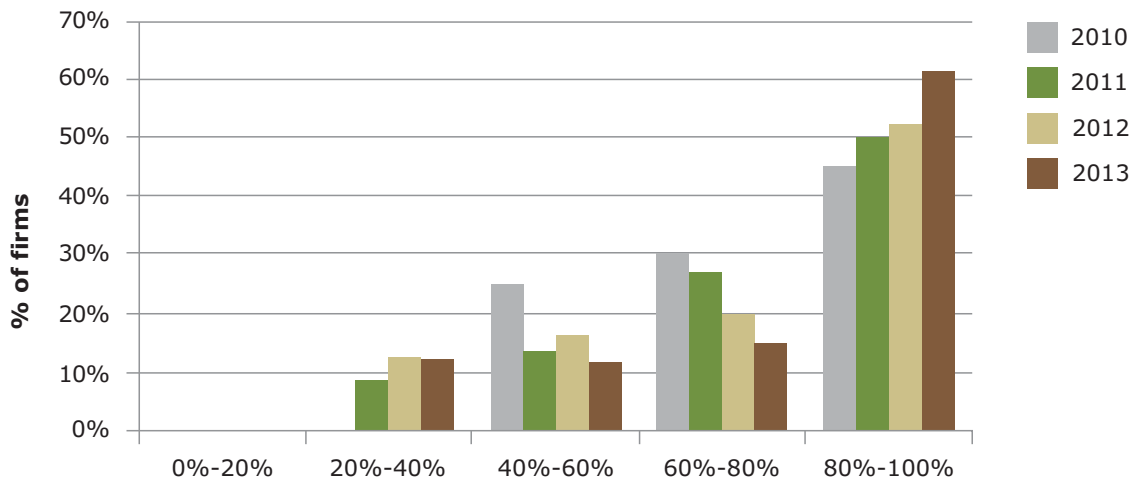
ii. Black female



- The level of black female ownership amongst all firms remains low.
- 16 firms have less than 10% black female ownership.
- 2 firms are more than 50% owned by black females.

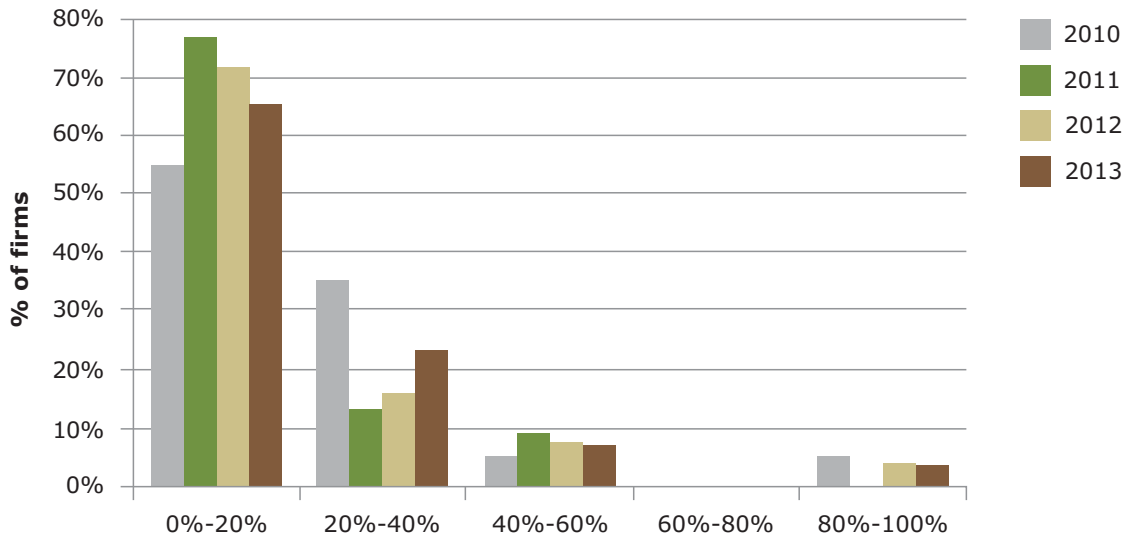
b. Board representation

i. Overall black



- The level of overall black board representation has increased in 2013.
- 62% of all participants (or 16 of the firms) have between 80% and 100% black board representation.

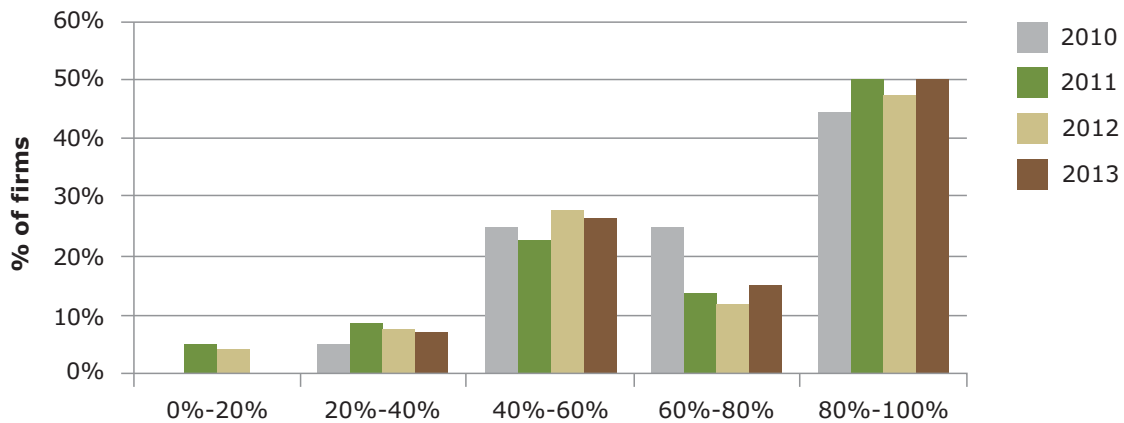
ii. Black female



- While representation has increased at the margin, black female board members are gravely under-represented within black fund management firms.
- 17 of the firms have no black female board representation.
- The number of firms that have between 80% and 100% representation is only 1 and this has not improved since 2010.

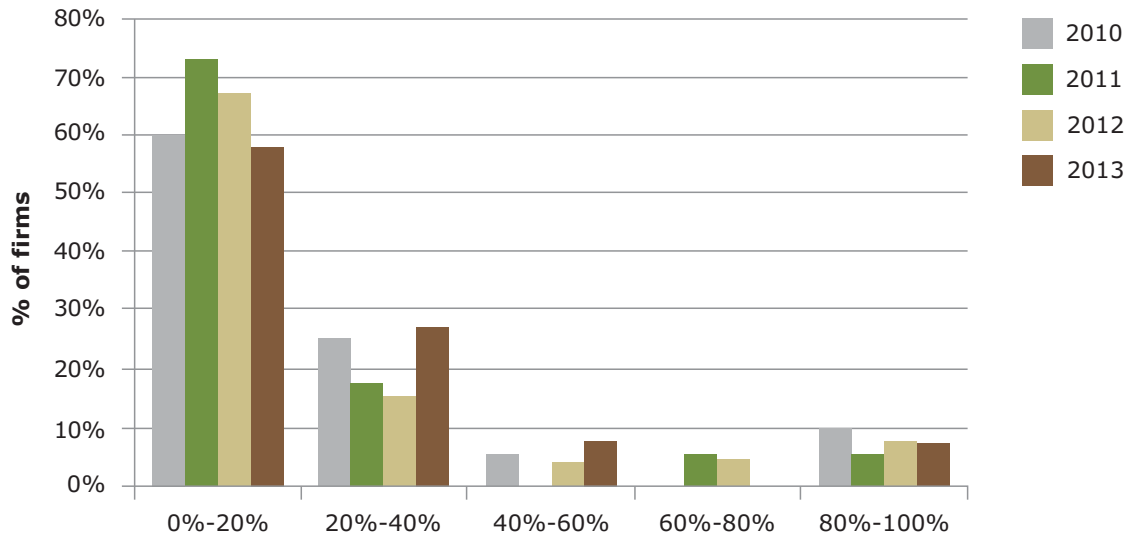
c. Senior management

i. Overall black



- Black senior managers are well represented within black fund management firms.
- Half of all of the firms have over 80% black senior management in 2013.
- This is a 2% increase since 2012 and there has also been a 3% increase in the number of firms that have between 60% and 80% black senior management.

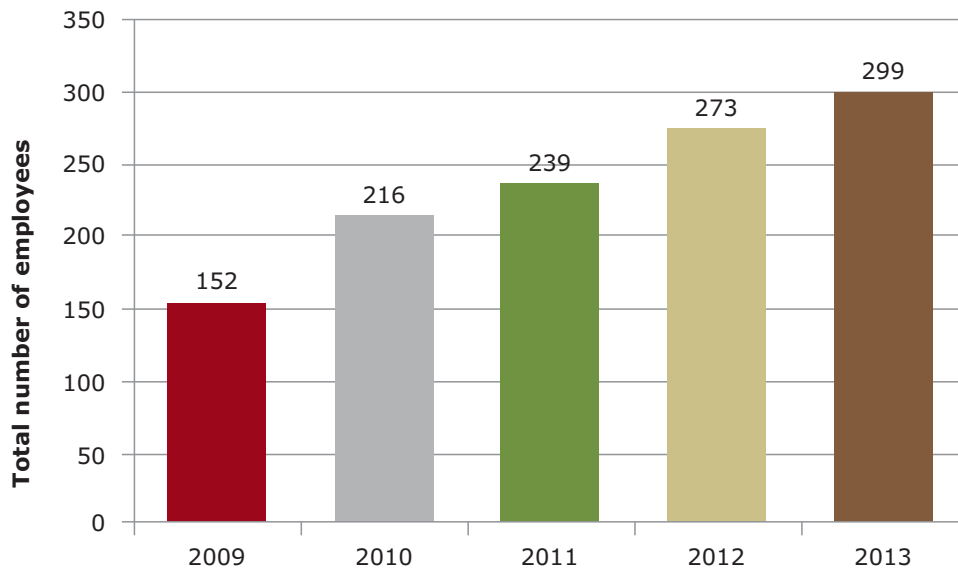
ii. Black female



- 58% of all firms have less than 20% of senior management represented by black women. In 2012 this was 68% of all participants so there has been an improvement in this area.
- There are only 2 firms where black women hold between 80% and 100% of the senior management positions.
- Overall female participation in senior management roles remains low.

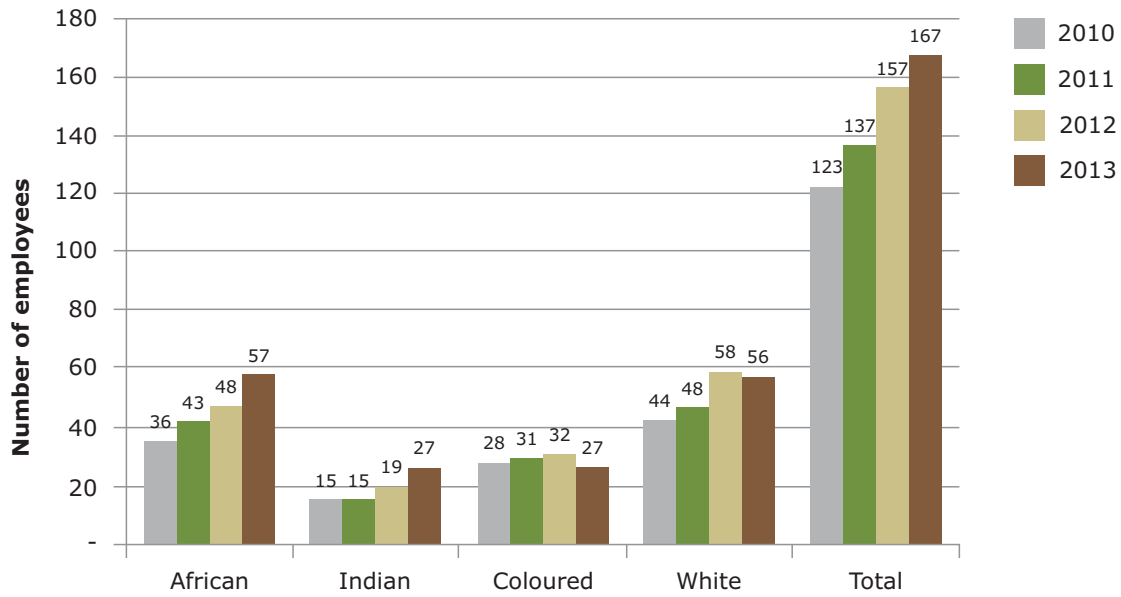
d. Employment equity

i. Total number of employees



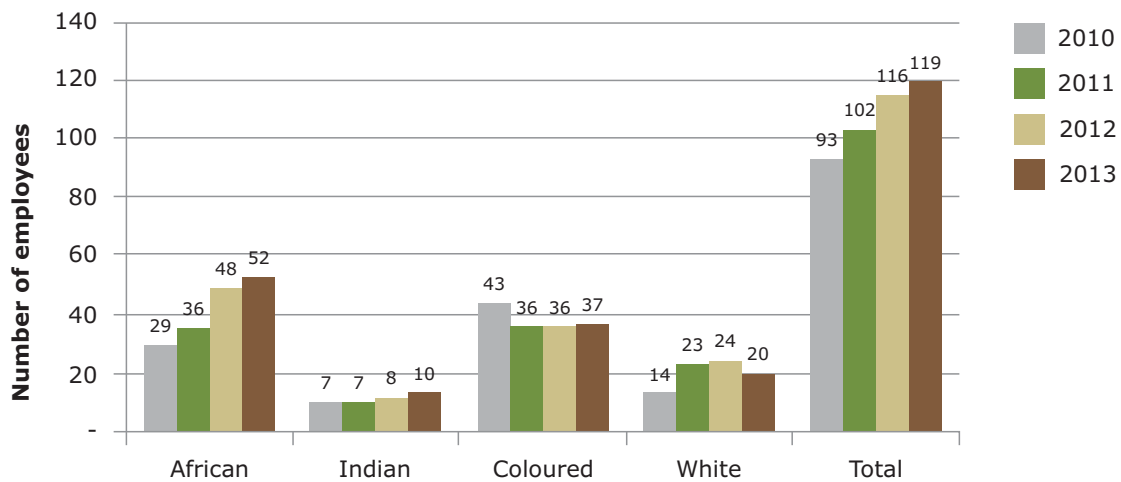
- There has been steady growth in the number of people employed within black investment firms over the last five years.
- The number of people employed at black investment firms has increased by 97% over the last 5 years as the number of firms has increased from 14 to 26
- The industry employs more males than females.

Male - South African



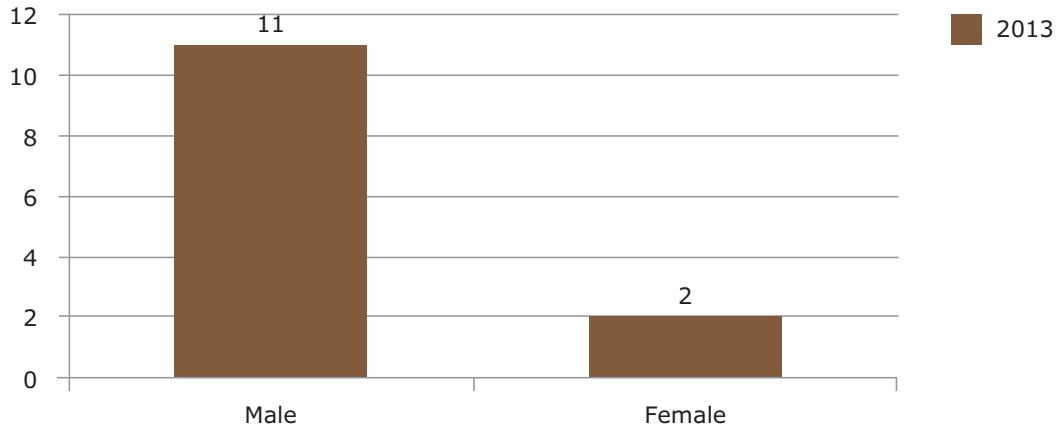
- In 2013, African males are the largest group employed in the industry.
- There has been a 42% increase in 2013 in the number of Indian males employed in the industry.
- There are 19% more African males employed since 2012.
- The number of Coloured and White males has declined slightly.

Female - South African



- There continues to be a steady increase in the number of African female employees since 2010.
- The number of Indian and Coloured women employed has risen slightly over the past 12 months.
- The number of White women employed declined over 2013.

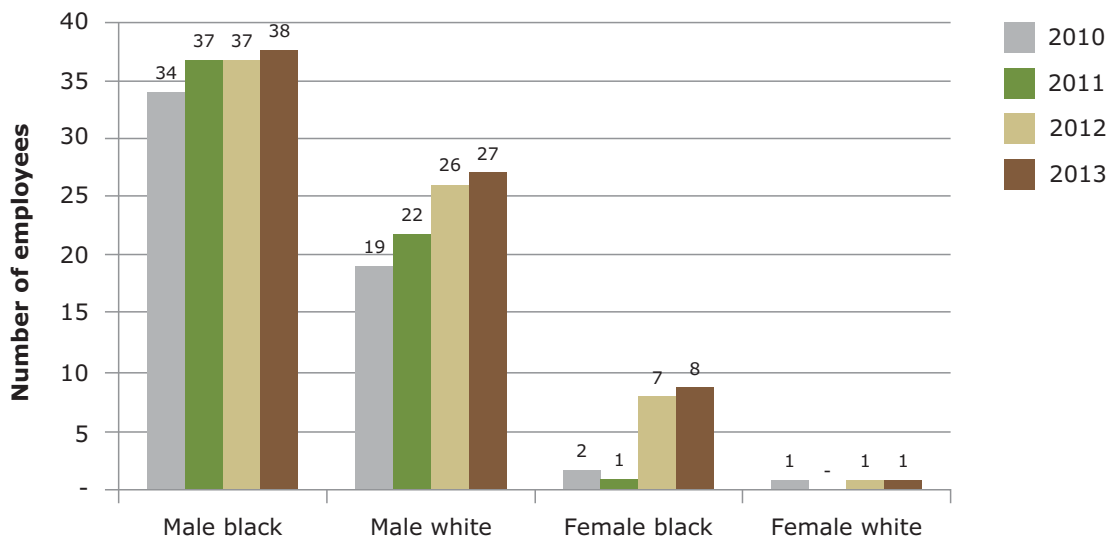
Non-South African



- Of the males employed in the industry, 11 were not from South Africa.
- Of the females employed, 2 were not born in the country.
- This is representative of the number of job seekers from the continent who are attracted to opportunities within the South African market.

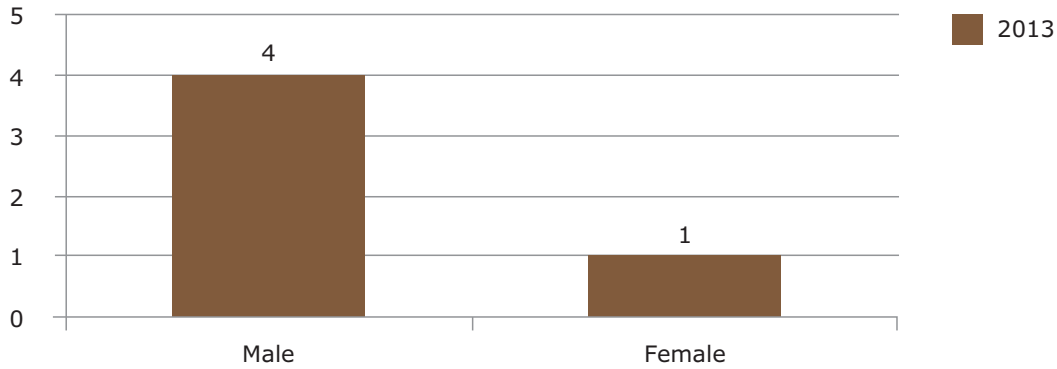
ii. Portfolio Managers

South African



- The portfolio manager role is dominated by males, both black and white, and there has been an increase in both of these groupings over the past 12 months.
- The number of female black portfolio managers increased by one in the last year.
- The number of white female portfolio managers has remained constant.

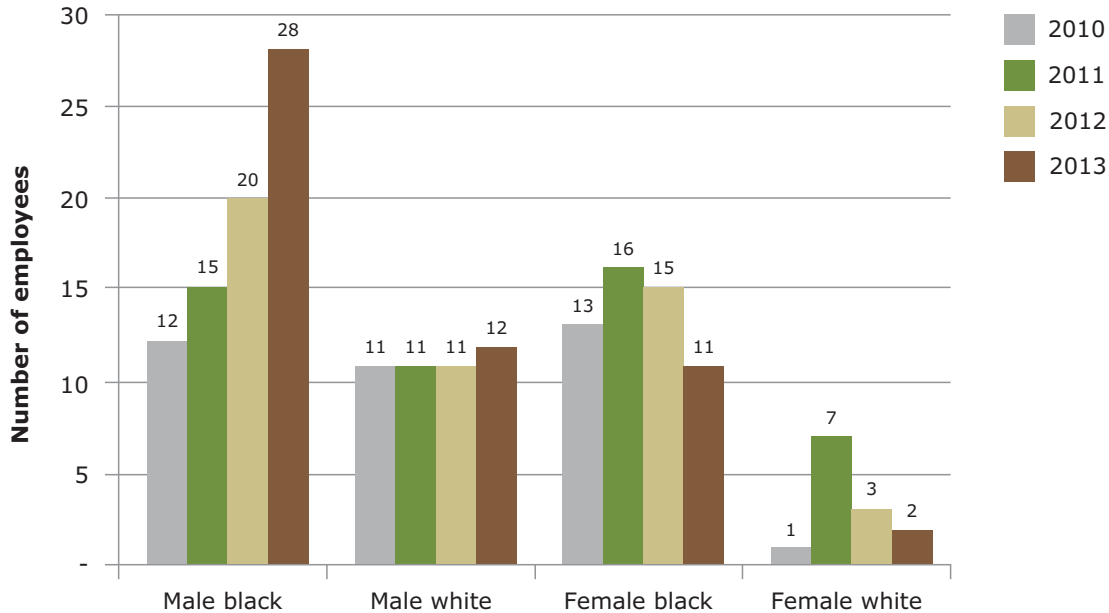
Non-South African



- Of the number of portfolio managers in the industry, 4 males and one female are non-South African.

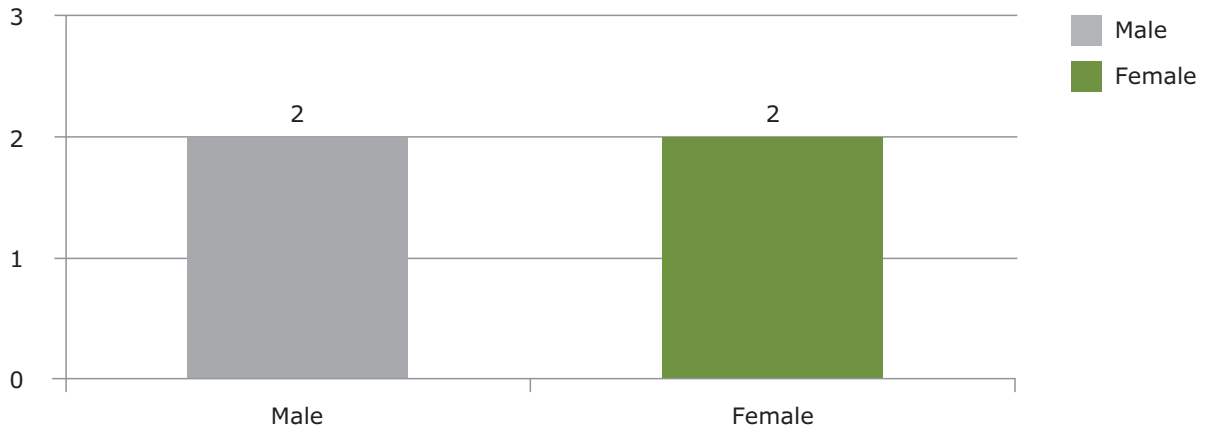
iii. Investment Analysts

South African



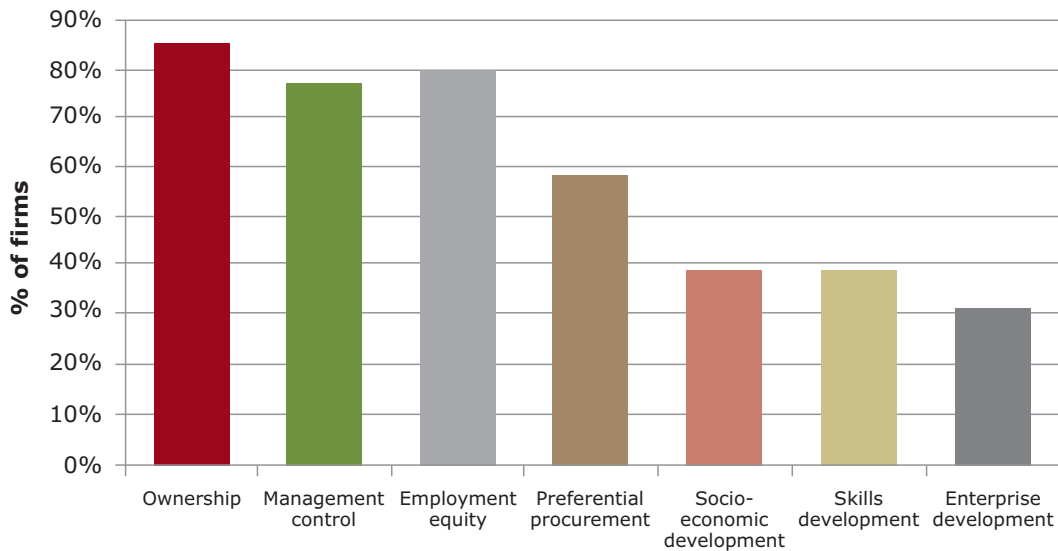
- 2013 saw a 40% increase in the number of black male analysts employed within black investment firms while the number of black female analysts fell off quite sharply.
- There was one additional white male analyst employed and one less white female analyst employed.
- While male analyst numbers continue to dominate female analyst numbers we are likely to continue to see males dominate the portfolio manager role.

Non-South African



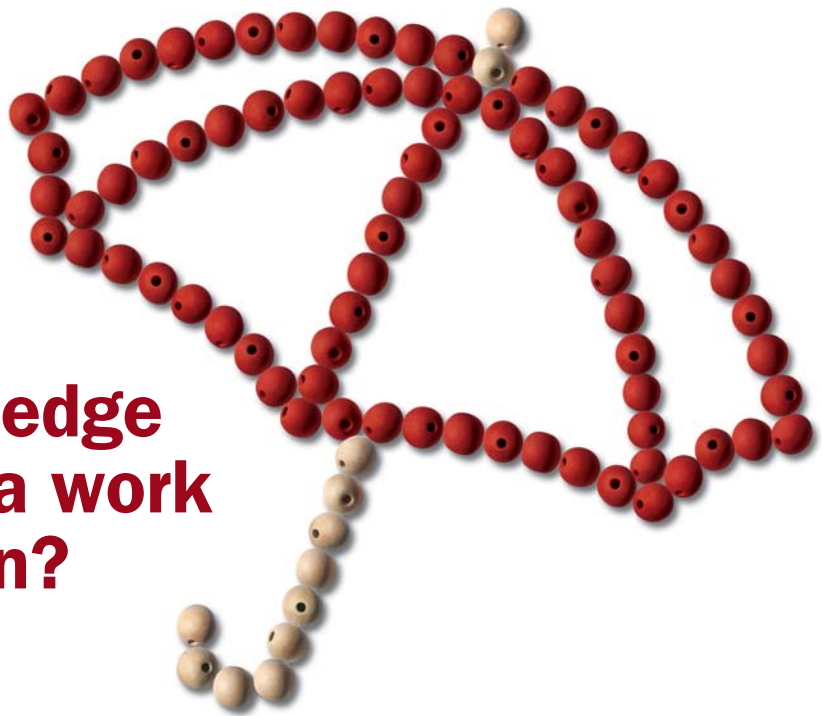
- There are two male and female analysts who are not South African employed within the industry.

e. dti targets for Black Economic Empowerment



- Black investment firms are attaining above average dti targets in terms of ownership, management control, and employment equity, contributing towards high empowerment ratings amongst the firms.
- Preferential procurement and skills development, followed by socio-economic development targets generally take priority above enterprise development. Enterprise development is pursued when firms have reached critical mass, are profitable and have built strong balance sheets. This is a trend that has not changed.

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FIRM PROFILES OF PARTICIPATING FUND MANAGERS

Name of company:	Aeon Investment Management (Pty) Ltd
Date of inception:	Dec-05
Website:	www.aeonim.co.za
Address:	4th Floor, MontClare Place, Cnr. Campground and Main Roads, Claremont, 7708
Telephone:	+27 21 670 5297/8
Email:	asief.mohamed@aeonim.co.za; funds@aeonim.co.za
Contact person:	Asief Mohamed
Title of contact person:	Portfolio Manager; CIO & Director

Name of company:	Afena Capital (Pty) Ltd
Date of inception:	Nov-05
Website:	www.afenacapital.com
Address:	5th Floor, MontClare Place, Cnr. Campground and Main Roads, Claremont, 7708
Telephone:	+27 21 657 6240
Email:	info@afenacapital.com
Contact person:	Sinenhlanhla Dlamini
Title of contact person:	Business Development Manager

Name of company:	Argon Asset Management (Pty) Ltd
Date of inception:	Apr-05
Website:	www.argonassetmanagement.co.za
Address:	1st Floor, Colinton House, The Oval, 1 Oakdale Road, Newlands, 7700
Telephone:	+ 27 21 670 6570
Email:	Luyanda@argonasset.co.za; Jeremy@argonasset.co.za
Contact person:	Luyanda Joxo or Jeremy Jutzen
Title of contact person:	Business Development Manager; Client Relationship Officer

Name of company:	Balondolozzi Investment Services (Pty) Ltd
Date of inception:	Jun-10
Website:	www.balondolozzi.co.za
Address:	3rd Floor, Old Trafford 1, Isle of Houghton, 11 Boundary Road, Houghton, 2193
Telephone:	+27 86 126 2270
Email:	pedro@balondolozzi.co.za
Contact person:	Pedro Samuel
Title of contact person:	Managing Director

Name of company:	Bataung Capital Advisors (Pty) Ltd
Date of inception:	Aug-10
Website:	www.bataungcapital.com
Address:	3 Exchange Square, 87 Maude Street, Sandton, 2146
Telephone:	+27 11 784 5977
Email:	tota@bataungcapital.co.za
Contact person:	Tota Tsotsotso
Title of contact person:	Managing Director

Name of company:	Buyambo Fund Managers (Pty) Ltd
Date of inception:	Sep-11
Website:	www.buyambofundmanagers.com
Address:	2nd Floor, 135 Main Road, Claremont, 7708
Telephone:	+27 79 838 988
Email:	wilfred@buyambofundmanagers.com
Contact person:	Wilfred Tshuma
Title of contact person:	Chief Executive Officer

Name of company:	Cachalia Capital (Pty) Ltd
Date of inception:	Aug-11
Website:	www.cachaliacapital.com
Address:	214 Hyde Gate, 27 Ruth Avenue, Hyde Park, Sandton
Telephone:	+27 11 447 3241
Email:	mashudac@cachaliacapital.com
Contact person:	Mashuda Cassim
Title of contact person:	Managing Director

Name of company:	Element Investment Managers (Pty) Ltd
Date of inception:	Apr-98
Website:	www.elementim.co.za
Address:	8th Floor, 125 Buitengracht Street, Cape Town, 8001
Telephone:	+27 21 426 1313
Email:	info@elementim.co.za
Contact person:	Mushin Jeena
Title of contact person:	Business Development Manager

Name of company:	Eminence Partners (Pty) Ltd
Date of inception:	Oct-12
Website:	www.eminencepartners.co.za
Address:	6-10 Riviera Road, Riviera Office Park, Killarney, Johannesburg
Telephone:	+27 11 646 4044
Email:	Zaakir@eminencepartners.co.za
Contact person:	Zaakir Mia
Title of contact person:	Fund Manager

Name of company:	First Avenue Investment Management (Pty) Ltd
Date of inception:	Sep-10
Website:	www.firstavenue.co.za
Address:	21 Fricker Road, Illovo, 2196
Telephone:	+27 11 772 2480
Email:	Hgiyose@firstavenue.co.za
Contact person:	Hlelo Giyose
Title of contact person:	Chief Investment Officer and Principal

Name of company:	JM BUSHA Investment Group (Pty) Ltd
Date of inception:	Jul-00
Website:	www.jmbusha.com
Address:	28 Bompas Road, Dunkeld West, 2196
Telephone:	+27 11 325 2027
Email:	Yolanda@jmbusha.com
Contact person:	Yolanda Mokhantso
Title of contact person:	Corporate Affairs Manager

Name of company:	Kagiso Asset Management (Pty) Ltd
Date of inception:	Dec-01
Website:	www.kagisoam.com
Address:	5th Floor, MontClare Place, Cnr. Campground and Main Roads, Claremont, 7708
Telephone:	+27 21 673 6306
Email:	mismay@kagisoam.com
Contact person:	Michelle Parkinson-Ismay
Title of contact person:	Head of Institutional Business Development

Name of company:	Lion of Africa Fund Managers (Pty) Ltd
Date of inception:	Dec-05
Website:	www.lionfunds.co.za
Address:	1st Floor, Building D, The Boulevard Office Park, Searle St, Woodstock, Cape Town
Telephone:	+27 21 461 8233
Email:	Sidney.mckinnon@lionfunds.co.za
Contact person:	Sidney McKinnon
Title of contact person:	Senior Portfolio Manager

Name of company:	Mazi Capital (Pty) Ltd
Date of inception:	Oct-06
Website:	www.mazicapital.co.za
Address:	The Place, 1 Sandton Drive, Ground Floor, South Wing, Sandton, 2146
Telephone:	+27 11 245 8900
Email:	malungelo@mazicapital.co.za
Contact person:	Malungelo Zilimbola
Title of contact person:	Director and Fund Manager

Name of company:	Meago (Pty) Ltd
Date of inception:	Jul-05
Website:	www.meago.co.za
Address:	Meago House, 3 3rd Avenue, Parktown North, 2193
Telephone:	+27 11 447 3658
Email:	thabor@meago.co.za
Contact person:	Thabo Ramushu
Title of contact person:	Director

Name of company:	Mergence Investments (Pty) Ltd
Date of inception:	Aug-04
Website:	www.mergence.co.za
Address:	6th Floor, The Equinox, Cnr. Main and Milton Road, Sea Point, 8005
Telephone:	+27 21 433 2960
Email:	info@mergence.co.za
Contact person:	Ronel Bantjes
Title of contact person:	Business Development Manager

Name of company:	Mianzo Asset Management (Pty) Ltd
Date of inception:	Nov-09
Website:	www.mianzo.co.za
Address:	Unit G G01, Rostra House, The Forum, North Bank Lane, Century City, 7441
Telephone:	+27 21 552 3555
Email:	info@mianzo.co.za
Contact person:	Luvo Tyandela
Title of contact person:	Managing Director

Name of company:	Mvunonala Asset Managers (Pty) Ltd
Date of inception:	Mar-11
Website:	www.mvunoam.com
Address:	5th Floor, Oxford Corner, 32a Jellicoe Avenue West, Rosebank, 2196
Telephone:	+27 11 722 1000
Email:	kgomotso.serwalo@mvunonala.co.za
Contact person:	Kgomotso Serwalo
Title of contact person:	Chief Investment Officer

Name of company:	P^2 Asset Managers
Date of inception:	Nov-11
Website:	www.p2assetmanagers.com
Address:	ICR House, Alphen Park, Main Road, Constantia, 7806
Telephone:	+27 21 794 3140
Email:	wdamaseb@p2assetmanagers.com
Contact person:	Wicliff Damaseb
Title of contact person:	Chief Investment Officer

Name of company:	Perpetua Investment Managers (Pty) Ltd
Date of inception:	Apr-12
Website:	www.perpetua.co.za
Address:	5th Floor, Sunclare Building, 21 Dreyer Street, Claremont, 7708
Telephone:	+27 21 674 4274
Email:	delphine@perpetua.co.za
Contact person:	Delphine Govender
Title of contact person:	Chief Investment Officer

Name of company:	Prowess Investment Managers (Pty) Ltd
Date of inception:	Dec-08
Website:	www.prowessinvestments.com
Address:	Unit 2, 6th Floor, Elkay House, 186 Loop Street, Cape Town, 8001
Telephone:	+27 21 801 5925
Email:	kelebogile@prowessinvestments.com
Contact person:	Kelebogile Moloko
Title of contact person:	Chief Executive Officer

Name of company:	Sentio Capital Management (Pty) Ltd
Date of inception:	Sep-07
Website:	www.sentio-capital.com
Address:	3rd Floor, No 28 Sturdee Avenue, Rosebank, 2196
Telephone:	+27 11 325 1994
Email:	tc@sentio-capital.com
Contact person:	TC von Czettritz
Title of contact person:	Business Development and Strategy

Name of company:	Seriti Assets (Pty) Ltd
Date of inception:	Apr-13
Website:	www.seritiassets.co.za (under construction)
Address:	Ground Floor, Summit Park, 495 Summit Road, Morningside, Sandton
Telephone:	+27 83 637 1525
Email:	tshepo@seritiassets.co.za
Contact person:	Tshepo Modiba
Title of contact person:	Head of Equities

Name of company:	Sesfikile Capital (Pty) Ltd
Date of inception:	Dec-10
Website:	www.sesfikilecapital.com
Address:	30 Melrose Boulevard, Melrose Arch, 2076
Telephone:	+27 11 684 2678
Email:	info@sesfikilecapital.co.za
Contact person:	Mohamed Kalla
Title of contact person:	Director

Name of company:	Taquanta Asset Managers (Pty) Ltd
Date of inception:	Sep-99
Website:	www.taquanta.com
Address:	7th Floor, Newlands Terraces, Boundary Road, Newlands, Cape Town, 7700
Telephone:	+27 21 681 5100
Email:	CPM@taquanta.com
Contact person:	Liezel Louw
Title of contact person:	Head: Client Relationships

Name of company:	Vunani Fund Managers (Pty) Ltd
Date of inception:	Jan-99
Website:	www.vunanifm.co.za
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Telephone:	+27 21 670 4900
Email:	info@vunanifm.co.za
Contact person:	Azola Zuma
Title of contact person:	Executive Director: Business Development

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