

The Protection Specialists



The B5

Protected Equity Portfolio

"... The best of five worlds..."



Contego Asset Management (Pty) Ltd.

Reg. 2001/027929/07
FSB Registered Fund Manager (FSP: 788)

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Fund Category Domestic Asset Allocation Targeted Absolute and Real Returns
Benchmark CPI + 6%
Risk Moderate

Investment Objective

The Contego B5 Protected Equity Fund offers investors a unique investment opportunity to get the unlimited upside potential of the equity market combined with the dynamic Contego protection. Your money is invested in an actively managed basket of carefully selected equities, while it's the aim of our proven and innovative hedging strategies to protect both your capital and returns. Although the equity market has been the best performing asset class over time, it has also proven to be the most volatile. The Contego B5 therefore provides investors with the peace of mind that their money is invested in the best asset class, while providing protection against the excessive volatility and downside risk. The performance of the Contego B5 over the past few years has also proven that the strategy used can deliver positive returns regardless of the direction of the market. The objective of the fund is to deliver consistent positive real returns over the medium to longer term.

Investment Mandate

The Contego B5 consists of an actively managed basket of carefully selected equities while proven innovative hedging strategies aim to protect both your capital and returns-to-date. Value is added through stock selection and management of the dynamic protection. Stock Selection: The equity basket will be selected with a relative value bias from a carefully selected universe of high quality companies listed on the FTSE/JSE Stock Exchange. The basket of shares is managed with a tracking error of less than 5%, while risk is further reduced by avoiding major sector bets. No gearing will be used. The Contego B5 does not make use of asset allocation or market timing and the aim is to remain fully invested, but having a Protected Equity Strategy at all times. Dynamic Protection: The entire value or 100% of the equity basket of the Contego B5 will be protected at ALL times. Contego Asset Management uses SAFEX derivatives in the management of the underlying protection of their retail unit trusts.

What makes the B5 Protected Equity Fund different?

There are many absolute return funds, but the Contego B5 is the only pure absolute return equity fund. Contego has developed a unique innovative technique which successfully protects investors against excessive volatility & downside risk while locking in returns as the market rises. In the past we have often seen the equity market rise by 15-20% only to retrace the gains and end up in negative area. Now with the Contego B5 Protected Equity Fund you can protect those gains and in some instances even earn positive returns despite the equity market ending negative.

Investment Process

An innovative technique using SAFEX options provides continuous protection to the fund and locks in returns as they are made. The protection aims to preserve the investor's capital over a rolling 12-month period by providing a future dated “floor” level to the investment. SAFEX is a wholly owned subsidiary of the JSE.

Who should invest in the Contego B5 Protected Equity Fund?

The Contego B5 is suitable for investors who:

- Have a moderate risk profile;
- Require stable growth in capital to protect their wealth and lifestyle against inflation;
- Require increased exposure to growth assets, but with the benefit of downside protection;
- Feel capital preservation is important.

Why Contego?

Contego is a well-known and dynamic asset management company with years of experience and a proven track record. Contego has established themselves as the “Protection Specialists” in the market and they have developed and refined the protection technique used for the Contego protected range of funds to the point where it has consistently been delivering strong stable real returns while out-performing its benchmarks over the past years. More importantly, the Contego protected funds typically displayed much lower volatility levels compared to both the market and its peers, clearly showing that the proprietary Contego technique is successful and robust.

Risk

The Contego B5 Protected Equity Fund is a moderate risk fund. It is structured and managed to protect the equity component using SAFEX derivative instruments. The protection of the fund is actively managed and could add value for our investors during periods of volatility in the market. The derivative instruments have a cost and are subject to market fluctuations which could lead to short-term fluctuations in the fund's quoted unit price. The manager aims to deliver a positive real return over any rolling 12-month period, but the optimal investment period is 3-5 years.

GENERAL INFORMATION

Fund Category	Domestic Asset Allocation – Targeted Absolute and Real Returns
Fund Benchmark	CPI + 6%
Launch date	13 May 2005
Regulation 28	Not Compliant
Income distribution	Bi-Annually (June & December)
Investment minimum	R5 000 lump sum and/or R500 monthly debit order
Risk	Moderate

Fees (excl VAT):

Managers Charge	0.285%
Max Initial Advice Fee	3.42%
Ongoing Service Charge	1.43%
Service Charge	An ongoing service charge is levied daily on the market value of the portfolios.
Manager's Charge	0% Manager's Charge on all investments in excess of R500 000.
Performance Fee	20% (Sharing rate) of any out performance above the benchmark (hurdle rate) will be levied on high watermark basis, capped at 1.75% p.a (excl. VAT).

