

The Protection Specialists

## Preference Share Portfolio

### TECHNICAL OVERVIEW

September 2011

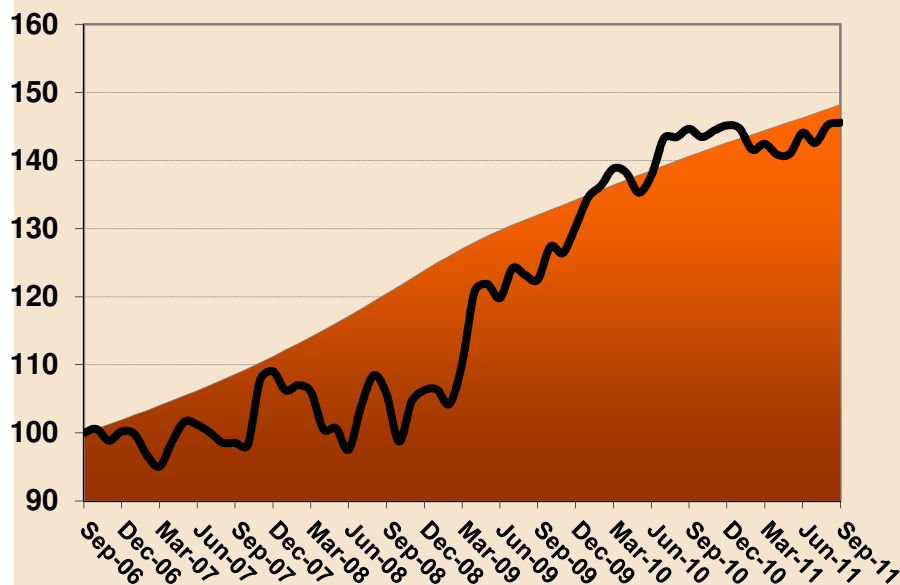
Minimum lump sum:	R500 000
Initial charge (max):	
Contego	0.57% (incl. VAT)
Advisor	3.42% (incl. VAT)
Annual service fee:	1.14% (incl. VAT)
Performance fee:	20% of the portfolio's out-performance of benchmark, calculated quarterly
Formation date:	30/09/2006
Income Declarations:	Re-Invested
Benchmark:	STFCAD
Valuation Date:	Month End

### PERFORMANCE SINCE INCEPTION

	Portfolio	STFCAD
12-Month Historic Yield	6.9%	
YTD	0.3%	3.9%
6-month	2.2%	2.6%
1-year	0.6%	5.4%
2-year *	9.0%	6.0%
3-year *	11.2%	7.2%
Return Since Inception	45.6%	48.2%
Inception Annualised Return	7.8%	8.2%
Standard Deviation	10.49%	0.6%

STFCAD

Contego Preference Share Portfolio



### MANAGER'S COMMENT

Continued concern about the European debt crisis and a slowdown in global economic growth sent equity markets down sharply in September. The MSCI World index was down -8.6%, Emerging Markets -14.6% with China the biggest loser at -16.8%. The All Share index was down -3.6% cushioned by the 13.6% depreciation of the ZAR. Resource stocks fell -4.7%, Industrials by -3.4% and Financial -3.3%. Bonds did not escape the carnage and was down -2.1% as offshore investors sold off. Listed Properties declined -2.1% while cash returned 4.7%. Gold declined -11.0%, Platinum -17.4% and Brent Oil -8.2%. Inflation was unchanged at 5.3%, however, high local unemployment and low economic growth makes a rate hike unlikely till Q2 2012. We expect a lot of uncertainty towards year-end, but expect the Euro-zone to handle their problems and the US economy to recover. We sold some property at attractive levels and moved the funds into cash. We also sold some equity at attractive levels and then reinvested at lower levels. Local equity still looks attractive at current levels.

### PORTFOLIO OBJECTIVE

The Contego Preference Share Portfolio's investment objective is to achieve a high level of current income, primarily in the form of dividends, as is consistent with the objectives of capital preservation and liquidity. The return on the portfolio will generally aim to track the local interest rate cycle. The Preference Share Portfolio is a cautious to moderate risk portfolio.

### INVESTMENT STRATEGY

The portfolio maintains an exclusive focus on South African listed preference shares. At least 80% of the portfolio will at all times be invested in instruments with at least an A1 credit rating. The primary return received from the instruments are dividends, which make the preference share portfolio highly tax efficient. The aim is to achieve superior returns through in-depth research and active trading.

### PORTFOLIO MANAGERS



Schalk Louw



Niel van der Linde

**RISK: CAUTIOUS**

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