

VUNANI ACTIVE BOND FUND

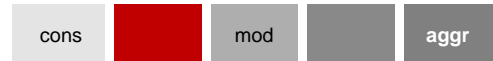
April 2011

Inception date 30 September 2007

Fund Size R 659,636,430

Benchmark All Bond Index

Risk profile



FUND INFORMATION

OBJECTIVE

The objective of this fund is to outperform the All Bond Index, at lower risk, through steady accretion of alpha.

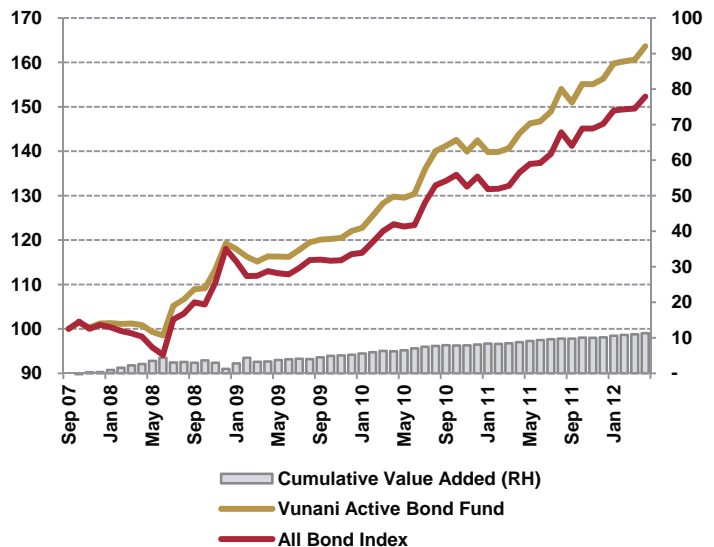
APPLICATION

The Vunani Active Bond Fund is suitable for institutional investors with an investment horizon of two or more years.

DESCRIPTION

This actively managed fund seeks to outperform the All Bond Index by utilizing strategies involving active duration, yield curve and credit spread management, as well as occasional convexity optimization. Inference is always preferred to forecasting; for this purpose, we have developed several proprietary measures of fair value.

GROWTH OF YOUR INVESTMENT



FUND MANAGEMENT

FUND MANAGER COMMENT



Rowan Williams-Short
MSc, FIFM, CFA
Portfolio Manager

T: (021) 670 4940
E: rowanws@vunanifm.co.za



Athenkosi Peter
BCom (Hons) Economics
Fixed Interest Analyst

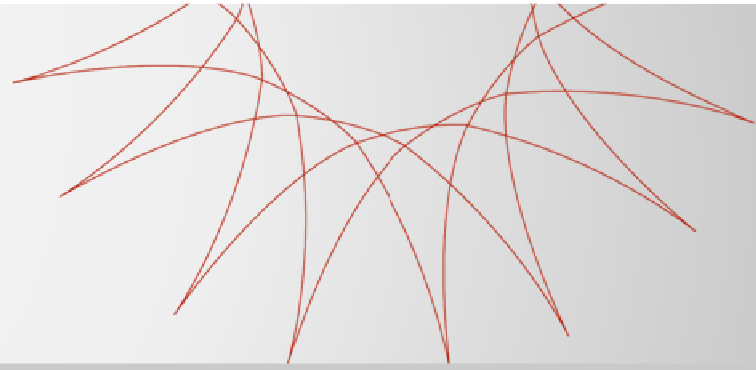
T: (021) 670 4942
E: athenkosip@vunanifm.co.za

The All Bond Index returned a healthy 1.81% in April. The Vunani GIPS Bond Composite returned 1.88%. Our bond composite has a four year, seven month track record. Over that period, it has beaten the All Bond Index by 1.72% per annum. This was achieved at a *lower* risk than the benchmark.

There was great excitement when Citi Bank announced that South Africa had become eligible for inclusion into its World Government Bond Index, based on the size of the market, its credit rating and lack of barriers-to-entry. If SA does gain entry it will become the 23rd member country and the first African constituent, and will enter with a projected weight of 0.44% of the index.

Ten year yields fell 0.23% on the announcement. However we feel that the effect of this once-off technical factor will dissipate soon, and that the market will return its focus to the outlook for inflation, which is all that is paramount when valuing vanilla government bonds. On that front, economists were once again wrong-footed when the March CPI was revealed to have been 6.0%, quite a bit lower than recent forecasts. That pleasing outcome will have a more durable effect on bond yields than inclusion to an index. In any case there is no relationship between foreign buying and selling activity and local bond prices, despite widespread market beliefs.

We regard bonds as slightly over-valued and retain a moderately short duration relative to the ALBI.



RISK AND RETURN STATISTICS to 30 April 2012

PERFORMANCE

	FUND	BENCHMARK
Month	1.9%	1.8%
1 Year	13.6%	12.7%
3 Years*	12.0%	10.5%
Since inception*	11.3%	9.6%
Year to date	4.7%	4.2%

*annualised

CALENDAR YEAR RETURNS

Year	FUND	BENCHMARK
2011	9.7%	8.8%
2010	16.7%	15.0%
2009	2.3%	-1.0%
2008	17.8%	17.0%
2007		

RISK MEASURES & FUND SUMMARY

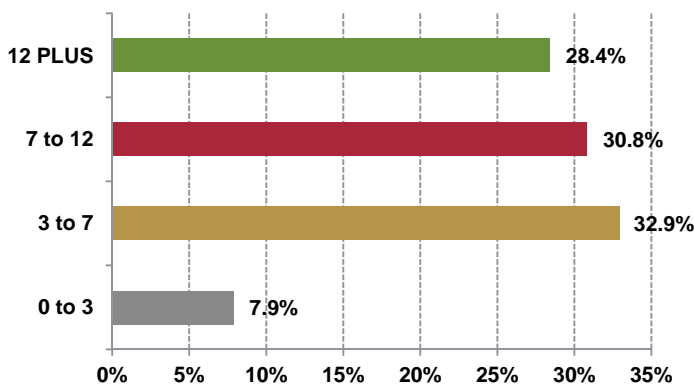
	FUND	BENCHMARK
Tracking Error	1.8%	n/a
Downside Risk	1.2%	n/a
Sharpe Ratio	0.5	0.2
Volatility	0.0%	0.0%
Information Ratio	0.9	n/a
% Positive Active Months	72.7%	n/a
% Negative Active Months	27.3%	n/a
Best Active Month	6.8%	n/a
Worst Active Month	-2.0%	n/a
Maximum Drawdown	-3.4%	-7.3%
Maximum Drawdown Period (months)	3	8
Annualised Active Returns	1.6%	n/a

MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	2.2%	0.3%	0.2%	1.9%								
2011	-1.8%	0.0%	0.6%	2.4%	1.6%	0.3%	1.5%	3.4%	-2.0%	2.7%	0.0%	0.8%
2010	0.6%	2.2%	2.3%	1.1%	-0.2%	0.7%	4.2%	3.0%	0.9%	0.9%	-1.8%	1.8%
2009	-1.1%	-1.5%	-0.9%	1.0%	0.0%	0.0%	1.3%	1.4%	0.5%	0.1%	0.2%	1.3%
2008	0.0%	-0.2%	0.1%	-0.3%	-1.6%	-0.8%	6.8%	1.4%	2.1%	0.2%	3.8%	5.2%
2007										1.4%	-1.0%	0.9%

PORTFOLIO STRUCTURE as 30 April 2012

SA BOND SECTOR ALLOCATION



TOP 10 HOLDINGS

Instrument	% OF FUND
DV23 10.00% 02/23	10.2%
TN27 8.90% 11/27	7.1%
COJ04 9.00% 06/18	6.3%
TN20 10.50% 09/20	5.8%
FRBC21 12.00% 12/18	5.3%
DV22 9.45% 02/20	4.6%
ABL11A 9.5% 09/14	4.2%
R186 10.50% 12/26	4.1%
NRA028 12.25% 11/28	3.4%
WSP2 9.00% 05/17	3.4%