



MACHRIE CPI +3% P.A. REG 28 PORTFOLIO COMMENTARY

SHORT-TERM PERFORMANCE

Period	Portfolio Performance	Benchmark Performance
3 Months	+2.27%	+3.40%
6 Months	+4.09%	+5.53%
12 Months	+3.99%	+9.41%

BEST / WORST CONTRIBUTORS TO PERFORMANCE OVER THE PAST QUARTER

Best Positive Contributions:

- Allan Gray Optimal +5.27%
- Nedgroup Investments Stable +3.37%
- Coronation Balanced Defensive +3.07%
- Prudential Inflation Plus +2.33%

Negative Contributions:

- None

PORTFOLIO ACTIONS OVER THE PAST QUARTER

None

MARKET COMMENTARY

Our portfolios had sacrificed short-term performance in the pursuit of constructing durable anti-fragile diversified portfolios that could absorb a dramatic change in the strong international equity market momentum and an appreciating ZAR over the last year. Patient investors are now rewarded as our portfolios were well positioned going into the news flow on a cabinet minister reshuffle, which caused S&P Global to downgrade SA sovereign currency rating to a 'junk' (sub-investment grade) category. This downgrade only affects 10% of SA's issued foreign currency debt and not the remaining 90% ZAR denominated debt, which is still deemed to be investment grade. Based on our Ppeer group analysis studying the effects of a sovereign downgrade as experienced in other Third World countries, we can expect the following economic knock-on effects:

Real GDP growth slows, SA budget deficit widens, continued currency depreciation, sovereign credit spreads widen, CPI Inflation and Interest rate increases and Bond Yields move higher. Some of these effects are already priced in asset prices and the level of the ZAR Rand. The real risk lies in GDP slipping into recessionary territory which can last for almost 2 years. This can cause further unemployment.

The diversified nature of our funds and portfolios are built to withstand multiple future outcomes. Our portfolios have almost zero percent exposure to SA Government Debt and are constructively exposed to domestic money market, offshore assets, commodities and SA companies with rand hedge characteristics which should protect our portfolios well in the short term, while it is currently serving producing as short-term capital gains. If/when the facts change, we will change apply our minds to them, then react in a composed and measured manner



Advisory
Services



Fund
Management

ROELOFF HORNE
Director & Head of Portfolio Management
South Africa



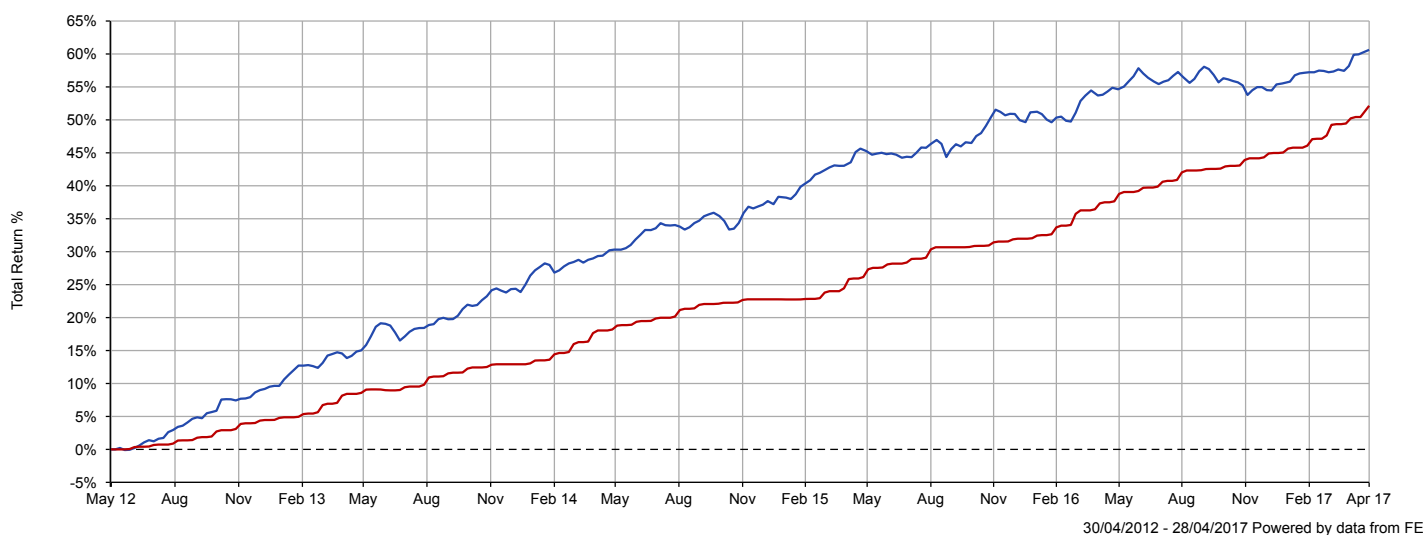
www.mitonoptimal.com

Machrie - SA CPI + 3% p.a. Reg 28 Strategy - Feb 05 Portfolio Summary



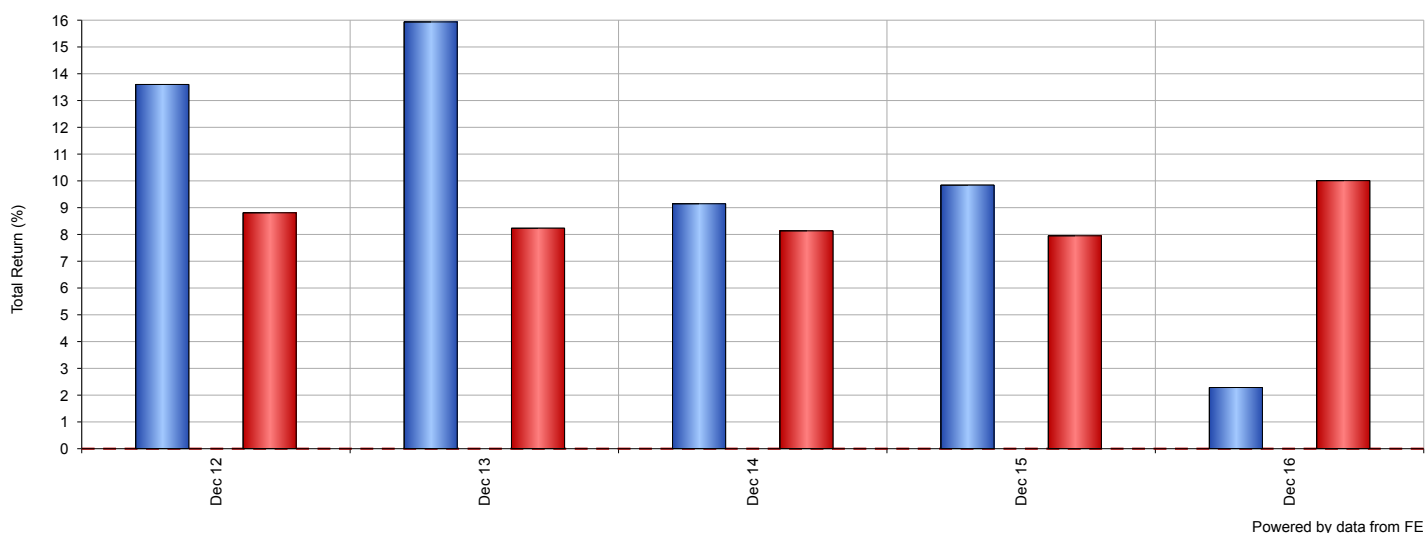
The following tables and charts illustrate the overall performance of the portfolio against its benchmark. The cumulative chart illustrates the overall performance over a maximum of five years dependant on the age of the portfolio and the table shows the overall performance broken down into specified periods. The discrete table and chart illustrates how the portfolio has performed against the benchmark during whole calendar years. All performance is to the latest month end and in composite currency.

Cumulative Performance



Name	3 mths	6 mths	1 yr	3 yrs	5 yrs
■ Machrie - SA CPI + 3% p.a. Reg 28 Strategy - Feb 05	2.27	4.09	3.99	23.33	60.63
■ Benchmark - CPI Excluding Owners Equivalent Rent + 3% - Jan 97	3.40	5.53	9.41	28.00	52.14

Discrete Calendar Year Performance



Name	2012	2013	2014	2015	2016
■ Machrie - SA CPI + 3% p.a. Reg 28 Strategy - Feb 05	13.60	15.94	9.15	9.85	2.29
■ Benchmark - CPI Excluding Owners Equivalent Rent + 3% - Jan 97	8.81	8.24	8.14	7.95	10.01

Machrie - SA CPI + 3% p.a. Reg 28 Strategy - Feb 05

Portfolio Composition



This report displays some key information regarding holdings within your portfolio, such as fees and maintenance charges.

Composition

Portfolio Holdings	% Weight	AMC	TER	Fund Size	Fund Size Currency
MitonOptimal - IP Prudential Fund of Funds B2	35.00	0.86%	1.96%	259.88M	ZAR
MI-PLAN IP - Inflation Plus 3 B5	15.00	0.86%	1.22%	95.41M	ZAR
Allan Gray - Stable C	12.50	-	1.48%	43,911.57M	ZAR
Coronation - Balanced Defensive P	12.50	1.25%	1.33%	37,930.33M	ZAR
Nedgroup - Investments Stable A	10.00	0.00%	1.29%	28,482.24M	ZAR
Prudential - Inflation Plus A	10.00	1.43%	1.58%	38,436.86M	ZAR
Allan Gray - Optimal A	5.00	1.14%	2.18%	1,665.72M	ZAR
Total Portfolio	100.00		1.62%		

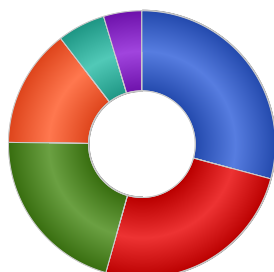
Machrie - SA CPI + 3% p.a. Reg 28 Strategy - Feb 05

Portfolio Asset Allocation by Holding



This report illustrates the contribution of the individual portfolio holdings to the overall portfolio asset allocation.

Asset Allocation



Name	% Weight
South African Fixed Interest	29.19
South African Equities	25.17
Money Market	20.85
Other International Equities	14.37
Global Fixed Interest	5.79
Property	4.63

Portfolio Asset Breakdown by Individual Holdings

Portfolio Holdings	South African Fixed Interest (%)	South African Equities (%)	Money Market (%)	Other International Equities (%)	Global Fixed Interest (%)	Property (%)
MitonOptimal - IP Prudential Fund of Funds B2	9.58	8.85	6.94	3.51	4.57	1.55
MI-PLAN IP - Inflation Plus 3 B5	5.50	2.42	4.42	2.27	-	0.39
Allan Gray - Stable C	1.81	3.36	4.08	2.67	0.27	0.31
Coronation - Balanced Defensive P	5.49	1.99	1.59	1.82	0.64	0.96
Nedgroup - Investments Stable A	2.57	1.89	2.98	2.10	-	0.46
Prudential - Inflation Plus A	4.25	2.26	0.27	1.99	0.31	0.92
Allan Gray - Optimal A	-	4.40	0.57	-	-	0.03
Total Portfolio	29.19	25.17	20.85	14.37	5.79	4.63