

# Seed Flexible Fund

30 April 2012

## Fund Information

**Managers:** Ian de Lange CA (SA), Mike Browne CFA, Vincent Heys (Actuary)

**Launch Date:** 4 June 2010

**Launch Unit Price:** 100.00c

**Max Upfront Fee:** 0.00%

**Performance Fee:** None

**Min Debit Order:** R 500

**Classification:** Domestic Asset Allocation Flexible

**Distributions Declaration Dates:**

30 June and 31 December

**Current Fund Size:** R 168m

**Current Unit Price:** 120.99c

**Annual Fee:** 1.99% (incl. VAT)

**TER:** 2.17%\*

**Min Lump Sum:** R 10 000

**Distributions Declared:**

2011: 1.49 cpu

2010: 0.98 cpu

## Investment Objective

The Seed Flexible Fund aims to outperform its composite benchmark (55% Local Equity + 7.5% Local Property + 7.5% Local Bond + 15% Local Cash + 11% Global Equity + 2.5% Global Bond + 1.5% Global Property) over rolling 3 year periods.

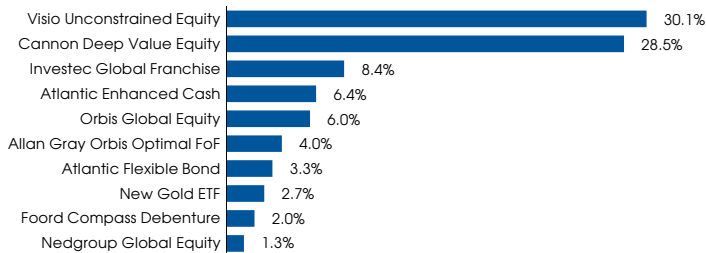
This objective will be achieved through superior manager selection and tactical asset allocation. The Seed Flexible Fund is expected to protect capital over rolling 4 year periods and outperform inflation + 5% per annum over rolling 5 year periods.

## Investment Process

The Seed Flexible Fund is a multi managed fund with 3<sup>rd</sup> party specialists managing segregated mandates. Seed is responsible for the selection of the 3<sup>rd</sup> party managers and tactical asset allocation. Seed favours owner managed asset management companies with a value biased investment process.

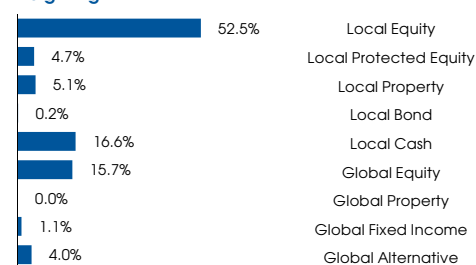
Seed alters the weightings of each asset class based on proprietary valuation models developed in-house. The Fund is managed as a Regulation 28 compliant Fund and is therefore suitable for retirement investments.

## Manager Allocation

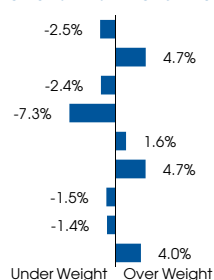


## Asset Allocation

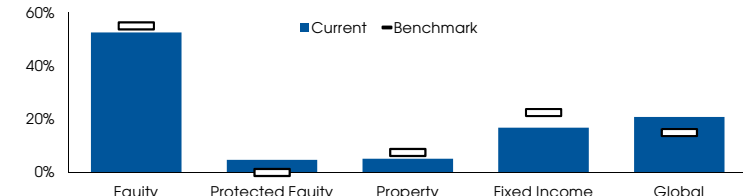
### Weighting



### Deviation from Benchmark



## Versus Benchmark



## \* Total Expense (TER) Disclosure

Please note: The TER has been calculated for the period 1 January 2011 to 31 December 2011. The TER is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies, and fees related to the management of the portfolio and underlying portfolios. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's.

## Manager's Commentary

The performance of the Seed Flexible Fund relative to its benchmark is dependant on Seed's tactical asset allocation, i.e. deviation from the benchmark's asset allocation, and the performance of the underlying 3<sup>rd</sup> party managers relative to their asset class benchmarks, i.e. ALSI, ALBI, MSCI World Equity, etc.

The Fund has been able to beat its benchmark over the past year by 1.8% as a result of the tactical decisions and manager selections both contributing positively.

Both of these factors will naturally not always contribute positively to relative performance, but by rigorously applying Seed's tactical asset allocation process the Fund should, over time, outperform its benchmark. At Seed we only allocate capital to 3<sup>rd</sup> party managers that have the proven ability to outperform their respective benchmarks which, over time, should add further to the Fund's relative performance.

Complementary 3<sup>rd</sup> party managers are blended in the Fund in an attempt to generate more consistent alpha. As a multi managed Fund, the Seed Flexible Fund shouldn't 'shoot the lights out' relative to its benchmark, but in the same token it shouldn't experience periods of severe underperformance. The aim of the Fund is to outperform its benchmark over rolling 3 year periods as consistently as possible, thereby returning in excess of CPI + 5% over the longer term.

The Seed Flexible Fund has returned CPI + 6.6% per annum since inception.

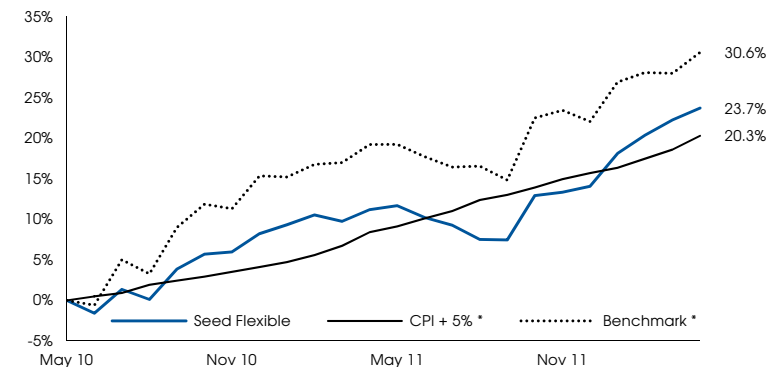
## Top Holdings

Asset Class	Manager	Percentage
Global Equity Fund	Investec Global Franchise	8.5%
Global Equity Fund	Allan Gray Orbis Equity FF	6.0%
Local Equity	Anglo American Plc	5.5%
Global Alternative FoF	Allan Gray Orbis Optimal FoF	4.0%
Local Equity	Old Mutual Plc	4.0%
Local Equity	Sasol Ltd	3.3%
Commodity	New Gold Issuer Ltd	2.7%
Local Equity	Life Healthcare Group Holdings Ltd	2.1%
Local Debenture	Foord Compass Ltd	2.0%
Global Equity Fund	Nedgroup Global Equity FF	1.3%

## Fund Metrics

	Seed Flexible	CPI + 5% *	Benchmark *
<b>Performance – Annualised</b>			
Since Launch	11.8%	10.2%	15.0%
Latest 1 Year	11.3%	11.0%	9.5%
<b>Risk – Month End Data</b>			
Maximum Drawdown	-3.8%		-3.7%
Positive Months	70%		61%
Annualised Volatility	6.2%		8.4%

## Cumulative Performance



## Notes \*

**Benchmark:** Composite total return of 55% ALSI + 7.5% SAPY + 7.5% ALBI + 15% STEFI Call + 11% MSCI World + 2.5% JPMorgan Global Bond + 1.5% MSCI Real Estate  
**CPI + 5%:** CPI data lagged by 1 Month

## FAIS Conflict of Interest Disclosure

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CIS: MET	0.35%
Management: Seed and 3 <sup>rd</sup> Party Managers	up to 1.40%
Distributor	0.00%
LISP Trail Commission	up to 0.25%
<b>Total Service Fee</b>	<b>1.75%</b>

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