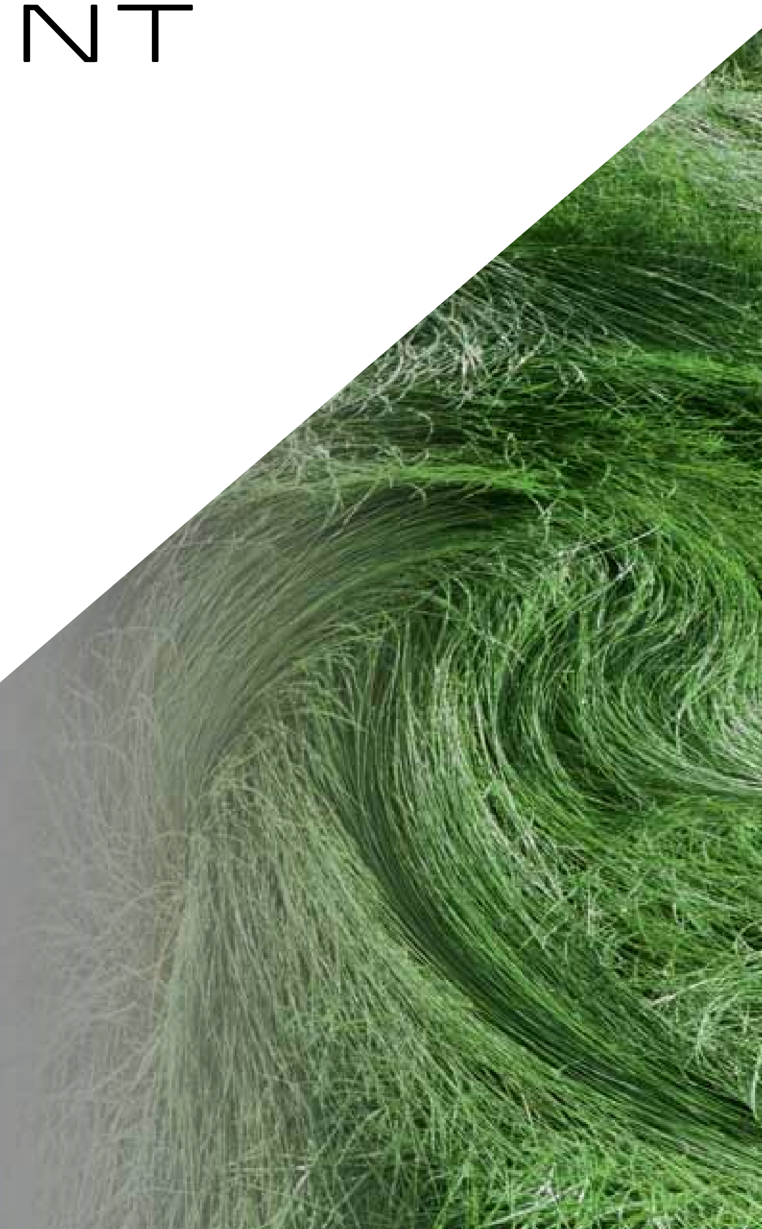
QUARTERLY NEWSLETTER
FOURTH QUARTER

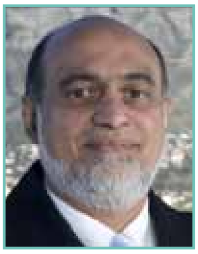
2011



ELEMENT
INVESTMENT MANAGERS

CONTENTS

ELEMENT



Anwah Nagia
DTech Publ Man (hc)

Dear Fellow Investors

As we usher in a new year, we wish all our readers a prosperous 2012 and hope that it delivers on all your hopes and dreams.

Much of what lies before us for 2012 is the product of the momentous events of 2011. The year behind us saw one of the worst earthquakes and tsunamis in Japanese history, as well as devastating quakes in New Zealand and Turkey. Last year also brought much social change in the form of the European debt crisis and the onset of the Arab Spring, both of which resulted in numerous changes of government.

The year ahead looks fraught with challenges for Europe, which faces the increasing risk of a Eurozone fall out, exacerbated by political brinkmanship. It's also the year that will see crucial elections being held in the US and in France, where the outcome of both have the potential to materially impact global economies and markets.

For me personally, it has been pleasing that our business had another year with material stability within both our investment and operations teams, combined with a significant increase in qualifications. As an example, we have had a number of analysts earn their CFA qualification in the last year, bringing the number of CFAs in our team to nine (out of 15, or 60% of our investment team).

In this quarter's investment commentary, our Chief Investment Officer, Terence Craig, discusses the key issues facing investors in 2012, namely the increasing European debt burden despite political efforts, the looming spectre of slowing growth for many of the world's developed economies, and the likelihood of domestic inflation coming through more quickly than anticipated, fuelled by rapidly rising maize prices.

Steven Barber, an investment analyst, looks at Richemont, one of the world's largest luxury goods makers. Steven explains the wealth effect that has led to impressive growth in sales in many of Richemont's brands, such as Cartier, Piaget and IWC. However, given the signs of slowing growth in some of the company's Asian growth drivers, Steven cautions against paying a high price without any margin of safety.

Brenda Lambrick, Element's resident expert on compliance issues, provides insight into the replacement of Secondary Tax on Companies (STC) by the new Dividends Withholding Tax (DWT). She highlights the changes in the application of the tax and the effect of this on investors, while reassuring that this is not an additional form of taxation.

We always welcome any feedback you may have on our newsletter or any other aspect of our business. Please email us at ian@elementim.co.za or call us on 021 426 1313 if you have any comments or questions.

Thank you for your continued support.

Element Earth Equity Fund Benchmark

The Element Earth Equity Fund will change its benchmark from FTSE/JSE All Share Index with a 50% down-weighting applied to resources (ALSI_D) to FTSE/JSE All Share Index (ALSI), from 1 May 2012.

The purpose of the benchmark is to provide investors and financial advisors with an indication of the long-term performance target of a unit trust fund. Our aim is to outperform our benchmarks consistently over the long term at lower levels of volatility.

At the time of launching the Element Earth Equity Fund, the investment restrictions applied to general equity unit trusts limited exposure to the heavily weighted resources stocks, which meant that, at the time, the basket of shares held in a unit trust could not be accurately compared to the basket of shares held in the ALSI. We, therefore, adopted the 50% down-weighting to resources to make it more comparable.

Since the launch of the fund, investment restrictions have changed and the weightings in the ALSI have become more aligned to the investment restrictions applied to general equity funds.

The Association for Savings and Investments SA (ASISA), of which we are a full member, published an amended Fund Classification Standard towards the end of 2011 that indicates the benchmark for general equity funds to be the ALSI.

Therefore, we are of the view that it makes sense to change the benchmark of the Element Earth Equity Fund to the ALSI to align with the industry standard and to have a benchmark that is more suitable and more widely used and understood.

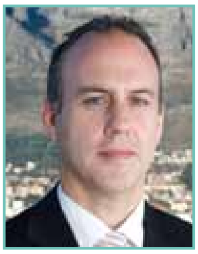
The change in benchmark will not impact the way in which the fund is managed, the performance of the fund, its long-term track record or the cost to investors. The fund is managed in accordance with its investment objective, which is to achieve long-term capital appreciation while promoting good citizenship via an overlay of constructive engagement and shareholder activism.

We have included the table below as an indication of how the historic performance of the current benchmark and the new benchmark compares.

Performance to 31 Dec 2011	Current benchmark: ALSI_D*	New benchmark: ALSI
Since inception** (annualised)	17.4%	17.3%
10 year (annualised)	15.9%	15.1%
5 year (annualised)	8.7%	8.1%
1 year	4.8%	2.6%

* FTSE/JSE All Share Index with a 50% down-weighting applied to resources
** Inception of Element Earth Equity Fund: October 2001

DEBT, MORE DEBT & DOWNGRADES



Terence Craig
B Bus Sc (Hons), CA (SA), CFA

In our newsletter of this time last year, we cautioned investors that "it is highly likely that ALSI returns will disappoint over the medium term for both local and international investors."

For the record, 2011 turned out to be a poor year for SA equity investors with the FTSE/JSE All Share Index (ALSI) providing a total return (including dividends) of +2.6% in rand (although the shareholder-weighted index, or SWIX, returned +4.3%). The ALSI return was below both the return on cash (5.7%) and the inflation rate (6.1% as at end December 2011). What may turn out to be more material for 2012 foreign flows, however, was that the ALSI return in US dollars in 2011 was –15.9% with a decrease of –19.4% since the US dollar peak was reached in early May 2011.

Inflation-linked bonds were the best performing SA asset class for 2011 with a return of 13.0%. This was followed by listed property at 8.9%, the All Bond Index at 8.8%, preference shares at 8.4%, and cash at 5.7%. It is worth noting that in 2011 all the other SA asset classes outperformed SA equities.

However, the Element performance for 2011 was mixed, with a relatively poor performance from our Equity funds (behind benchmark) contrasting with a relatively good performance from our Asset Allocation funds, in spite of our poor equity performance. According to Morningstar fund rankings, our Earth Equity Fund ended 2011 in the third quartile, while our Flexible and Balanced funds were ranked in the first quartile for 2011 in their respective unit trust categories. Both our Balanced and Real Income funds beat their benchmarks for the year. One of the core focuses of our investment team for 2012 is ensuring better relative returns for our Equity and Shari'ah funds.

As usual at the beginning of a New Year, we thought it useful to highlight certain long-term issues that our research indicates could have a material effect on our asset allocation and stock selection going forward.

1. Slowing growth and contracting economies

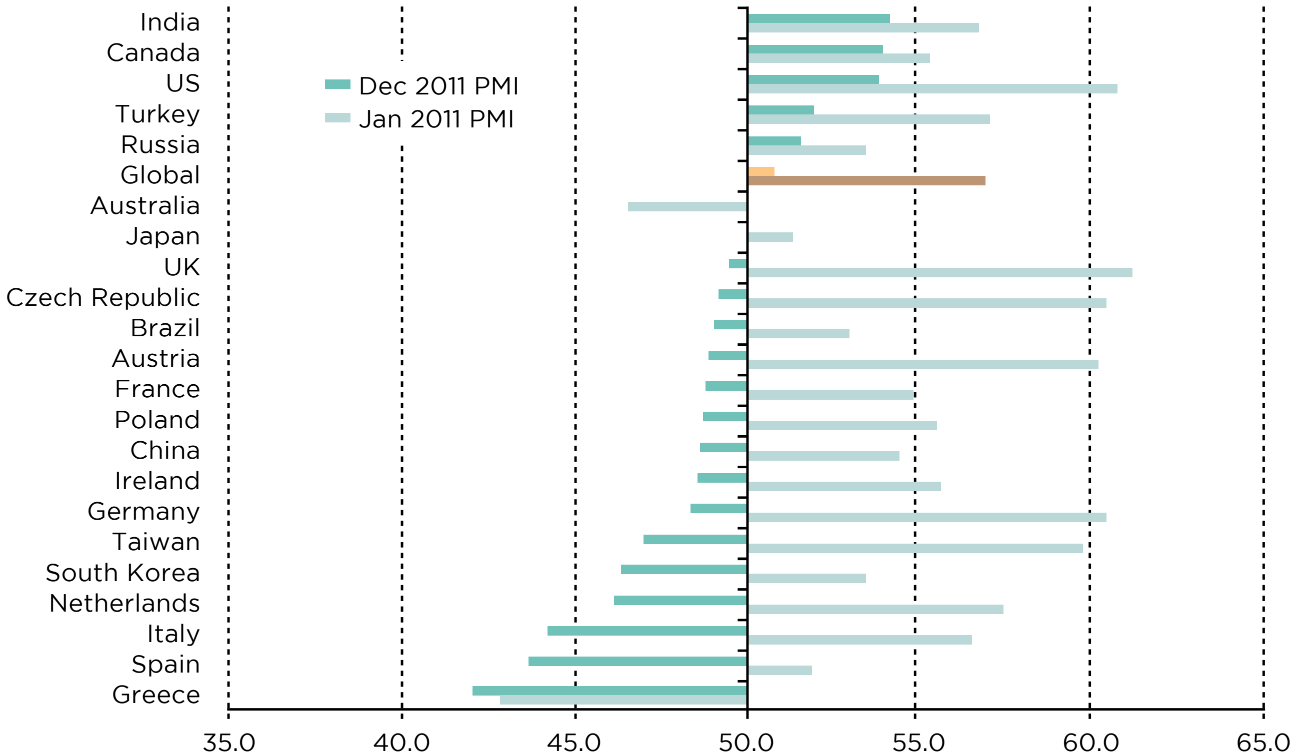
In January 2012 the World Bank cut its global GDP growth forecast by the most in the last three years to 2.5% this year, down from a June 2011 estimate of 3.6%. This compares with growth of 2.7% in 2011 and 4.1% in 2010, and a contraction of 2.3% in 2009. In addition it forecast:

- The Euro area would contract 0.3%, compared with a previous estimate of a 1.8% gain.
- The US growth outlook was cut to 2.2% from 2.9%.
- Japan's growth was cut to 1.9% from 2.6%.
- China's growth is expected to slow to 8.4%.
- India's growth was cut by 1.9% to 6.5%.

The chart below highlights the Purchasing Manufacturer Indices (PMI) for a number of countries including many in the Eurozone. A reading above 50 indicates expansion and below 50 signals contraction. The paler line indicates the PMI level at the beginning of 2011 and the darker line indicates the level as at the end of 2011.

Almost every country surveyed showed a decline in its PMI reading during 2011. However, every European country surveyed (including the UK) went from above 50 (expansion) at the beginning of 2011 to below 50 (contraction) at the end of 2011 (with the exception of Greece, which was already in contraction in January 2011). This does not bode well for global and Eurozone growth in 2012 and, in our opinion, the risks to the downside outweigh the upside.

MANUFACTURING PMI INDICES BY COUNTRY



Source: Markit

Given the level of macro uncertainty and material risks to the downside, we believe that there could well be further cuts to certain GDP forecasts as 2012 progresses, which, in turn, is likely to lead to earnings growth forecasts being cut. Asset prices anticipate future growth and if (or when) this growth does not materialise then prices are likely to adjust to reflect the slower growth outlook. We understand that the most important fundamental in investment returns is the price we pay. However, we are cautious that certain current prices still do not reflect the downside risks appropriately.

Despite the stock market euphoria that followed China's 4Q2011 GDP growth of 8.9%, we believe it is important to highlight that foreign direct investment in China declined in December 2011 from the previous month – the most since July 2009. In addition, the Chinese property market has been flashing some early warning signs for some time and in December 2011 home prices fell in 52 out of 70 cities surveyed when compared to November 2011. There appears to be complacency with respect to China's growth prospects, that the Chinese government can sort out all problems (including material overinvestment in property) and that as long as China grows the rest of the world will be "okay". We are cautious on believing "absolute truths" in investing and to date Chinese stock market moves highlight that caution is warranted with respect to expectations.

2. Debt, more debt and downgrades

- Despite the wishes, or otherwise, of politicians the material debt burden facing certain countries has not gone away. We are in the midst of a global debt crisis with most Western countries and Japan heavily indebted. It is highly likely that many of these debts will not be able to be rolled over or repaid and someone will have to take material losses. Short-term pain will be by default, longer term pain will be if the problems are postponed by devaluating currencies.
- Greece is broke and at the time of writing there still had been no resolution to the write-down Greek bondholders will have to take. The question that remains is the amount of the write-down – there is no longer an "if".
- The Eurozone is becoming increasingly polarised and we have highlighted to our clients for a number of years now, that the Euro, itself, is brittle. The recent downgrading of France and Austria from AAA status (the top investment grade rating) is likely to increase this polarisation between EU member states further. There are now five top-rated countries outside the Monetary Union (Denmark, Norway, Sweden, Switzerland and the UK) and only four within (Germany, Finland, Luxembourg and the Netherlands) – hardly a position to be arguing about monetary strength and the stability of the Euro, bearing in mind that any European Monetary Union Stability Facility borrows its own rating from its members.
- The French presidential elections are due in April 2012 (in contrast, Germany's next election date is October 2013) and France's recent downgrade could make re-election very difficult for Monsieur Sarkozy – further driving a wedge between France and Germany and potentially creating additional problems for the EU.
- The fundamental problem of having a monetary union without a fiscal union is playing itself out in Europe and is likely to deteriorate further in 2012 and beyond. It is worth highlighting that every one of the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain) had a change of government in 2011 – with both Italy and Greece now having leaders that were not democratically elected.
- We expect the spiral of downgrades, falling economic output, rising debt and then further downgrades to continue.

3. SA inflation, social burdens and taxes

We highlighted at this time last year that "it appears clear to us that the strength of the rand has had a material influence on keeping our inflation rate low and any significant weakening of our currency could see this reverse – again this would likely be much quicker than most analysts might forecast."

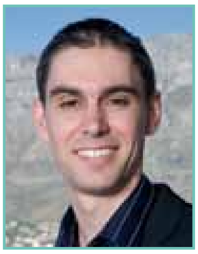
- The rand started the year at $1/R6.62 and ended the year at R8.07 – a move of 22%.
- This currency move is likely to feed into inflation during 2012 (particularly in the second half) as businesses normally cover forward 6 to 12 months.
- In addition, at the time of writing, the maize price has risen over 100% since this time last year and is likely to have a material effect on both food inflation and the overall CPI levels during 2012.
- We expect SA inflation to surprise on the upside during 2012. This will have a material impact on trade union negotiations as well as government's own target of 5% wage growth for its employees. As a result, we should expect increased industrial action and social unrest in a high-inflation environment.
- Whether the SA Reserve Bank sticks to its inflation mandate remains to be seen, but rising interest rates should not be ruled out as a possibility.
- We have highlighted the growing gap between SA registered taxpayers (approximately five million) and social grant recipients (approximately 13.5 million) that draw an ever increasing slice of the tax collections. The wider this gap becomes, the more unsustainable the payments become over the long-term.
- In addition, government faces a number of further spending pressures over the next decade (including National Health Insurance).
- As a result, we should be prepared for tax increases in SA over the medium term.

Despite the January rally that started this year in both global and local equity markets, we thought it prudent to highlight some caution from Bill Gross of PIMCO in his January 2012 newsletter. "For 2012... investors must lower return expectations. The New Normal is 'Sub', 'Para', and then some. The financial markets and global economies are at great risk."

At Element, we reiterate what we have said for some time: we are in the midst of a volatile period with respect to global markets where there are material risks to the downside. We will maintain our focus as much on preserving our investors' capital as on growing it.

We wish all our fellow investors a healthy and prosperous 2012 – the year of the (Black Water) Dragon. Let's hope the Mayans are wrong!

RICHEMONT: **MARCHING AT DOUBLE TIME**



Steven Barber
B Eng (Cum Laude)

As one of the largest luxury goods companies globally, Richemont owns some of the most prestigious brands, including Cartier (its most recognised brand) and a portfolio of exclusive high-end Swiss watch manufacturers, such as Piaget and IWC. The heritage and desirability of its brands are rivalled by few other companies. Richemont is listed on the Swiss stock exchange and has a secondary listing on the Johannesburg stock exchange by virtue of the founding family's roots in South Africa[1].

Luxury goods sales are cyclical[2] and are driven principally by the "wealth effect", a phenomenon whereby changes in the levels of consumer spending are related to actual or perceived changes in consumer wealth. In essence, if people are feeling richer, they are more likely to spend money on high-end watches or jewellery. Globally, the most material drivers of the wealth effect are:

- GDP growth. As shown in the figure below, Richemont's sales have been highly correlated to movements in global GDP growth. In periods of strong global growth, sales typically increase by a multiple of GDP growth and vice versa during periods of recession.
- Movements in stock markets and property prices. The latter is particularly relevant in China and Hong Kong[3], which contributes around 25% of Richemont's sales – a more meaningful proportion relative to other luxury goods companies.

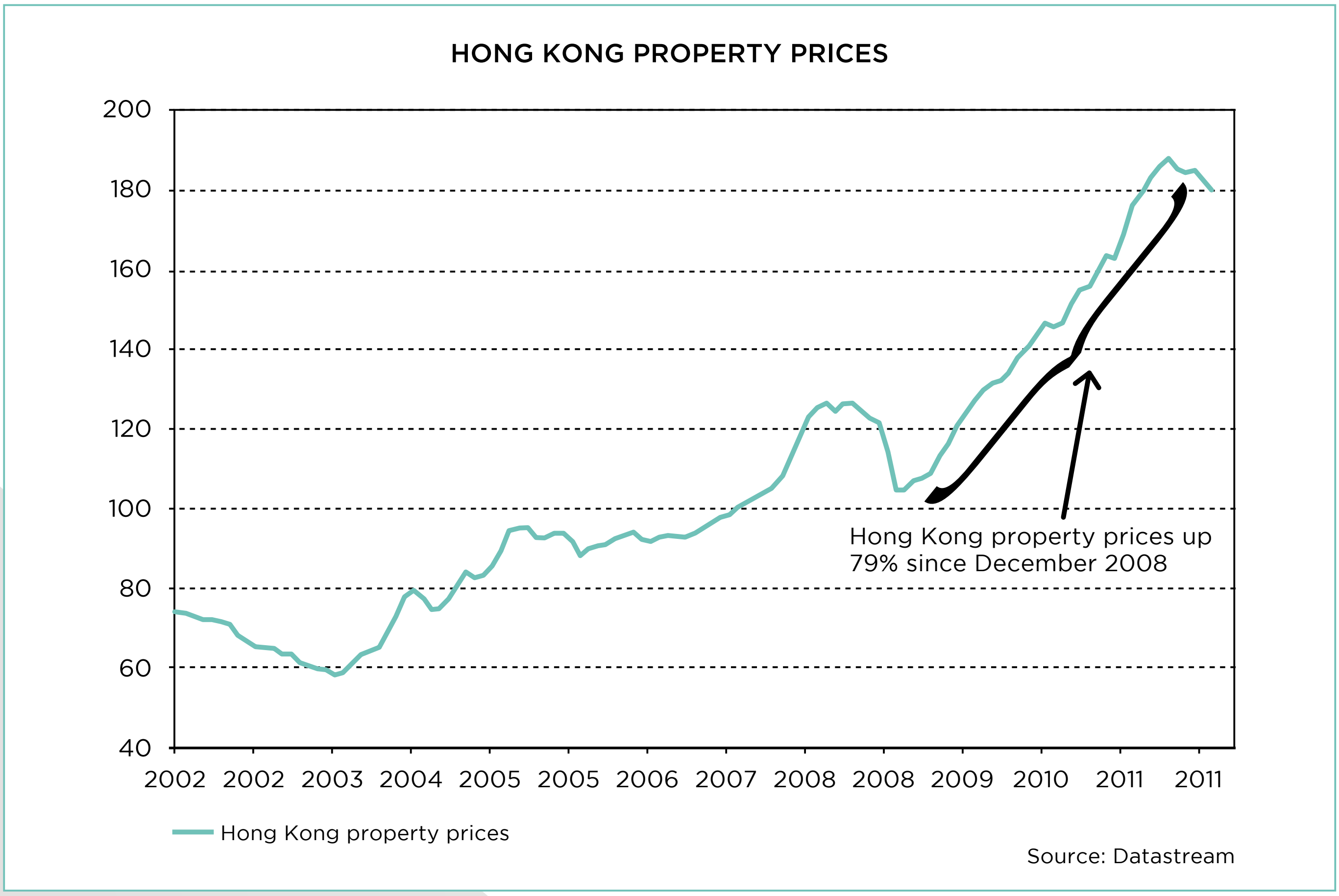
RICHEMONT: ACTUAL VS. PREDICTED REVENUE GROWTH

Source: company data, Element Investment Managers

[1] *Richemont was founded by Johann Rupert in 1988.*
[2] *With "hard" luxury such as watches and jewellery (where Richemont earns more of its sales and profits) more cyclical than "soft" luxury (leather goods, including handbags, and clothing).*
[3] *According to the Cap Gemini Merrill Lynch Global Wealth Report over 30% of net wealth in China and Hong Kong is attributable to the property market, versus a global average of some 19%.*

In the wake of the global financial crisis, Richemont has grown sales by 33% CAGR[4] over the two years ending September 2011. Sales in China and Hong Kong have been even more impressive, having grown by 51% CAGR over the same period. The most recent quarterly sales update shows that sales in the Asia-Pacific region (excluding Japan) continued to grow at 36% year-on-year.

Richemont's strong top-line growth has been aided (as shown above) by the recovery in GDP growth rates. However, we should not ignore the wealth effect of rising property prices in China and Hong Kong. Indeed, the latter have risen by almost 80% since bottoming in December 2008 (see figure below). Strong demand for its products has helped Richemont counter rising prices for precious metals and diamonds, as well as the strong Swiss franc[5]. This pricing power, selective store openings in fast growing regions, a significant exposure to the Asian consumer and the desirability of its products have all contributed to Richemont's success.



The stock has performed equally well. As the market has priced in rosy prospects for longer term structural growth offered specifically by Richemont's enviable exposure to the Chinese consumer, the Richemont share price has trebled from the lows of March 2009. This is driven by:

- continuing urbanization,
- growing levels of wealth and higher standards of living,
- government policies that encourage consumption.

[4] *Compound annual growth rate.*

[5] *Richemont's manufacturing facilities are predominantly Swiss based. A strong Swiss Franc therefore means that input costs are rising relative to selling prices for the end products in other currencies, putting pressure on margins.*

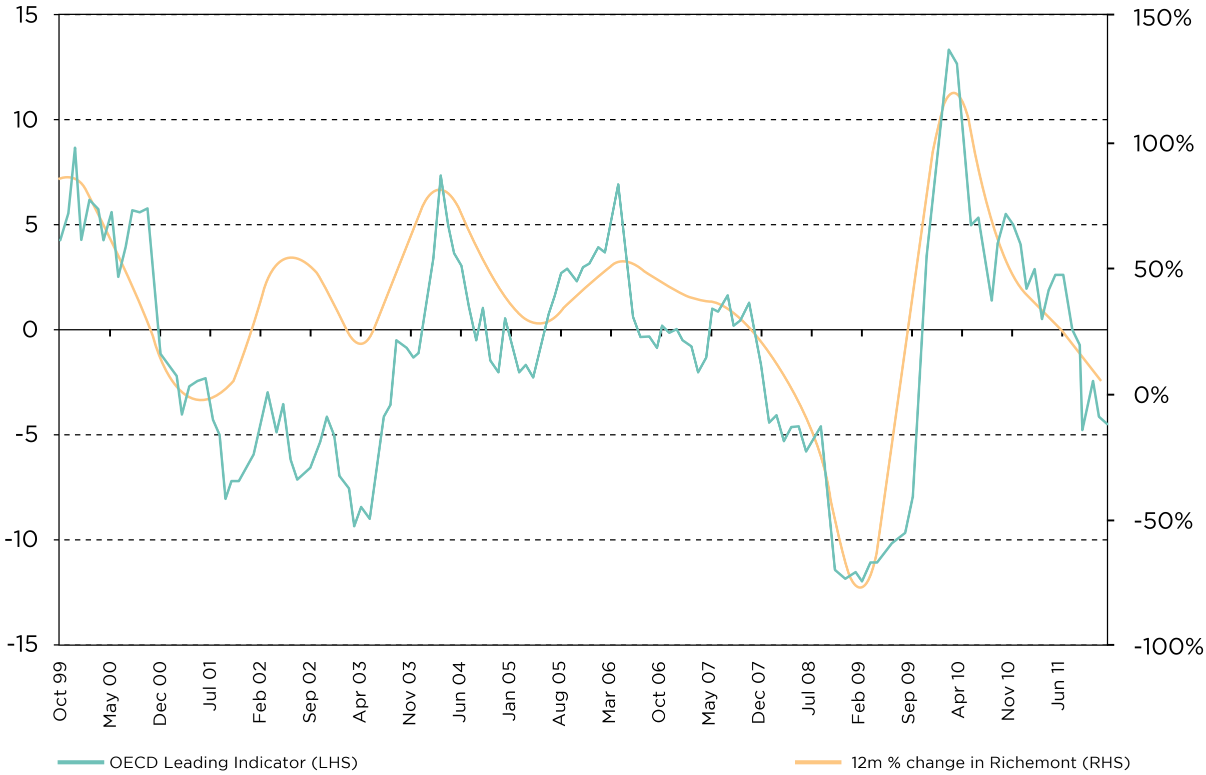
Headwinds on the horizon

While we appreciate the longer term opportunities that the stock presents, we have found the valuations of Richemont difficult to justify for some time. At the start of 2011, its price to earnings (PE) ratio was a steamy 28x and, even though this has moderated to 20x at the start of the current year (its earnings grew faster than its price in 2011[6]), it is by no means cheap.

In addition, a number of developments give us a reason to pause for thought:

- Chinese and Hong Kong property prices have started declining following material over investment in this space (refer to our Investment Commentary).
- Growth in sales of gold and silver jewellery in China, and sales of watches and jewellery in Hong Kong, have both been moderating from very high growth rates.
- The OECD composite leading indicator[7] has turned downwards, highlighting the difficulties facing the global economy. In the medium term we observe a close relationship between the OECD leading indicator and the share prices of luxury goods companies (see figure below).
- Recent sales updates from Tiffany & Co. (the US jewellery manufacturer and retailer and a competitor to Richemont in certain segments) pointed to a marked slowdown in sales in the less exclusive segment of the jewellery market.

RICHEMONT PERFORMANCE VS. OECD LEADING INDICATOR



Source: company data, Element Investment Managers

On the valuation front, the luxury goods sector does not look particularly cheap, trading at approximately a 60% premium to a broader index of European stocks. Added to this demanding valuation, the level of aggregate sell-side sentiment (as measured by broker recommendations), while off its previous highs, still remains largely bullish relative to history. As contrarian investors, positive sentiment combined with a rosy outlook can be cause for concern.

Richemont remains a world-class company with experienced management. It is a company we have held on behalf of our clients in the past and one we will most likely hold again under the right circumstances. However, the future is uncertain. What we can control is the price we pay for a stock. In the current uncertain global environment, and as long-term investors, we do not feel that there is a sufficient margin of safety to justify owning such a cyclical stock as Richemont in an environment where we feel that global growth is more likely to disappoint on the downside than the upside. We continue to be vigilant yet patient.

[6] *Richemont's 2011 return (increase in share price and dividends) at 5% was only marginally ahead of the broader South African indices.*

[7] *The OECD (Organization for Economic Cooperation and Development) composite leading indicator (CLI) is designed to provide early signals of turning points (peaks and troughs) between expansions and slowdowns of economic activity.*

INTRODUCTION OF DIVIDENDS WITHHOLDING TAX

Brenda Lambrick
Certificate in Compliance Management (UCT)

Conversion of STC to Dividends tax

In 2007, the Minister of Finance announced, as part of the reform of the STC regime, that dividends tax would replace secondary tax on companies (STC). The main reason for this change is to shift the tax liability from a tax paid at company level to a tax withheld at shareholder level. This is to align with international standards and best practice.

After passing the relevant legislation and putting the necessary foundation in place, a dividend tax implementation date of 1 April 2012 has been set by the Minister of Finance.

This is not an additional tax

This is not an additional tax for which you will be liable. Currently, South African resident companies that declare the dividends withhold the STC, currently set at 10%, before paying over the dividend to shareholders. This STC will fall away simultaneously with the introduction of dividends tax.

When is dividends tax triggered?

The dividends tax will be triggered on the date when a dividend is paid by a South African resident company or a foreign company listed on the JSE. The dividends tax percentage will be 10% of the dividend distributed.

Foreign dividends are handled separately from local dividends in the Income Tax Act and are not subject to dividends tax.

Dividends tax is paid to SARS on your behalf

With the investors in the Element Unit Trust funds being the beneficial owners of the monies invested in the funds and ultimately the recipients of the dividends, the investors will be liable for the dividends tax payable to SARS.

However, the dividends tax is categorised as a withholding tax, as the tax is withheld and paid to SARS by the company paying the dividend or by a regulated intermediary and not by the person liable for the tax. Therefore, you do not have to personally pay over the dividends tax to SARS, as this will be paid to SARS on your behalf.

Since Element Unit Trusts administer and manage the unit trust funds for our investors, it is classified as a regulated intermediary, which means that Element Unit Trusts will withhold the dividends tax from the dividend payment at the time of the unit trust fund declaring a distribution.

Element Unit Trusts will pay the distribution to the investors in the funds as we normally do, but the distribution amount will be net of the dividends tax. Element will then pay over the dividends tax to SARS on your behalf.

Distribution declarations

The Element Unit Trust funds declare distributions at the end of March and September of each year, except for the Element Real Income Fund, which declares a distribution quarterly at the end of March, June, September and December of each year.

If you are an investor in the Element Real Income Fund, the first distribution to be impacted by this new dividends tax will be the distribution declaration at the end of June 2012. For all the other Element Unit Trust funds, the first distribution to be impacted will be the distribution declaration at the end of September 2012.

For most investors, the only impact will be on the reporting of the distribution and not on the amount of the distribution. What would normally have been paid in STC, will now be withheld as dividends tax.

Reporting

At the end of February of each year, Element Unit Trusts sends IT3b certificates to its investors. The IT3b certificate reflects the income that the investors have earned in the Element Unit Trust funds for the tax year (1 March to 28 February). Going forward from the 2013 tax year, this certificate will also reflect the dividends tax that has been withheld on the dividends received by you as part of the distribution.

Does dividends tax apply to everyone?

South African resident companies, the State, provincial and local authorities, parastatal organisations exempt from tax, retirement and benefit funds, public benefit organisations and mining rehabilitation funds are all exempt from dividends tax.

In certain instances, the dividend tax rate for non-resident investors may be reduced where there is a Double Tax Agreement in place between South Africa and the country of residence. There are conditions and requirements to be met in the Double Tax Agreement in order for a reduced rate of tax to apply.

If you are an exempt entity or if you are subject to a reduced rate of tax and you are invested in our unit trust funds, you will need to submit a written declaration of your tax status to Element Unit Trusts to ensure that we do not withhold the dividends tax on your investment.

Please call our Compliance Department on 021 426 1313 should you require assistance on how to go about declaring your tax status.

FUND REPORTS

31 December 2011

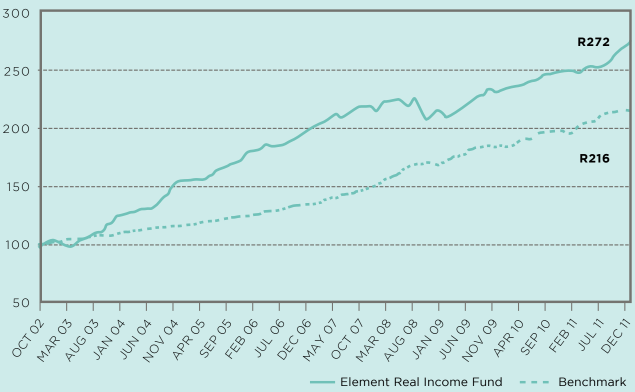
ELEMENT REAL INCOME FUND

FUND MANAGERS: Terence Craig and Matthew Kreeve

ASSET ALLOCATION

Net Equity	20%
Hedged Equity	4%
Listed Property	4%
Nominal Bonds	2%
Inflation-linked Bonds	11%
Money Market incl. Cash	30%
Foreign Equity	14%
Foreign Income	15%

Value of R100 invested at inception (income reinvested)



TOP TEN SHARE HOLDINGS

(% of equities, EXCL pref shares)

SHARE	% OF EQUITY
GRAND PARADE	14.2
OLD MUTUAL PLC	6.5
MTN GROUP	6.1
ANGLOGOLD	5.6
SASOL	5.4
ANGLOS	4.0
HCI	3.9
GOLD FIELDS	3.8
TONGAAT	3.7
REINET	3.4
TOTAL	**56.6**

INCOME DISTRIBUTION (Last 12 months) cents per unit (cpu)

Date	Distribution	Local Dividend	Foreign Dividend	Local interest	Foreign interest
March 11	1.19	0.29	0.00	0.82	0.08
June 11	1.33	0.23	0.00	1.03	0.07
September 11	1.56	0.31	0.00	1.06	0.19
December 11	1.57	0.23	0.04	1.11	0.19

PERFORMANCE (Net of fees)

	Fund	Benchmark
Since inception (un-annualised)	172.2%	115.7%
Since inception (annualised)	11.5%	8.7%
5 year (annualised)	6.4%	10.0%
3 year (annualised)	8.2%	8.3%
Last 12 months	10.2%	9.2%

CLASSIFICATION	Domestic Asset Allocation – Targeted Absolute and Real Return
FUND SIZE	R329 million
TOTAL EXPENSE RATIO	1.40%
INCEPTION DATE	October 2002
BENCHMARK	CPI+3%

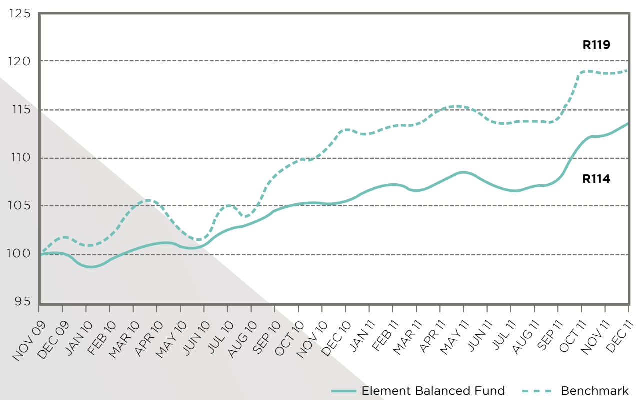
ELEMENT BALANCED FUND

FUND MANAGERS: Terence Craig and Matthew Kreeve

ASSET ALLOCATION

Net Equity	43%
Hedged Equity	4%
Listed Property	3%
Nominal Bonds	1%
Inflation-linked Bonds	5%
Money Market incl. Cash	22%
Foreign Equity	18%
Foreign Income	4%

Value of R100 invested at inception (income reinvested)



TOP TEN SHARE HOLDINGS

(% of equities, EXCL pref shares)

SHARE	% OF EQUITY
OLD MUTUAL PLC	6.9
ANGLOGOLD	6.8
MTN GROUP	6.6
SASOL	5.9
GRAND PARADE	5.1
ANGLOS	4.8
TONGAAT	4.8
GOLD FIELDS	4.6
REINET	4.6
NAMPAK	3.6
TOTAL	**53.7**

INCOME DISTRIBUTION (Last 12 months) cents per unit (cpu)

Date	Distribution	Dividend	Local interest	Foreign interest
March 11	0.59	0.22	0.34	0.03
September 11	0.94	0.35	0.52	0.07

PERFORMANCE (Net of fees)

	Fund	Benchmark
Since inception (un-annualised)	13.7%	18.9%
Since inception (annualised)	6.3%	8.7%
Last 12 months	7.7%	5.8%

CLASSIFICATION	Domestic Asset Allocation Prudential Variable Equity
FUND SIZE	R87 million
TOTAL EXPENSE RATIO	1.83%
INCEPTION DATE	November 2009
BENCHMARK	Average total return of the Prudential Variable Equity category

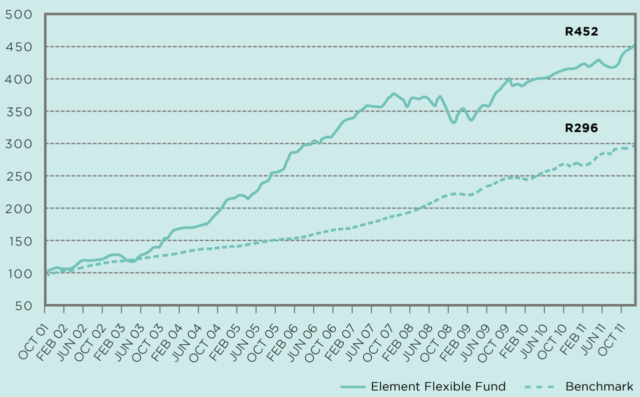
ELEMENT FLEXIBLE FUND

FUND MANAGERS: Terence Craig and Matthew Kreeve

ASSET ALLOCATION

Net Equity	44%
Hedged Equity	8%
Listed Property	5%
Nominal Bonds	1%
Inflation-linked Bonds	6%
Money Market incl. Cash	8%
Foreign Equity	19%
Foreign Income	9%

Value of R100 invested at inception (income reinvested)



TOP TEN SHARE HOLDINGS

(% of equities, EXCL pref shares)

SHARE	% OF EQUITY
OLD MUTUAL PLC	7.4
MTN GROUP	6.8
ANGLOGOLD	6.5
SASOL	5.9
GRAND PARADE	5.9
GOLD FIELDS	4.6
TONGAAT	4.6
REINET	4.5
ANGLOS	4.4
NAMPAK	3.7
TOTAL	**54.3**

INCOME DISTRIBUTION (Last 12 months) cents per unit (cpu)

Date	Distribution	Dividend	Local interest	Foreign interest
March 11	1.51	0.72	0.67	0.12
September 11	2.54	1.24	1.08	0.22

CLASSIFICATION	Domestic Asset Allocation – Flexible
FUND SIZE	R459 million
TOTAL EXPENSE RATIO	1.73%

PERFORMANCE (Net of fees)

	Fund	Benchmark
Since inception (un-annualised)	351.5%	196.0%
Since inception (annualised)	16.0%	11.3%
5 year (annualised)	6.1%	12.0%
3 year (annualised)	8.7%	10.3%
Last 12 months	8.1%	11.2%

INCEPTION DATE	October 2001
BENCHMARK	CPI+5%

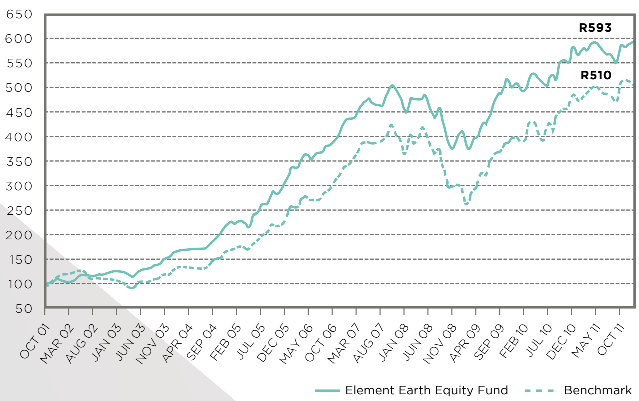
ELEMENT EARTH EQUITY FUND

FUND MANAGERS: Terence Craig and Johny Lambridis

ASSET ALLOCATION

Equity	98%
Cash	2%

Value of R100 invested at inception (income reinvested)



TOP TEN SHARE HOLDINGS

(% of equities, EXCL pref shares)

SHARE	% OF EQUITY
OLD MUTUAL PLC	7.3
MTN GROUP	6.9
ANGLOGOLD	6.5
SASOL	5.9
TONGAAT	5.0
REINET	4.8
GOLD FIELDS	4.6
ANGLOS	4.5
NAMPAK	3.8
BIDVEST	3.2
TOTAL	**52.5**

INCOME DISTRIBUTION (Last 12 months) cents per unit (cpu)

Date	Distribution	Dividend	Interest
March 11	1.26	1.12	0.14
September 11	2.92	2.64	0.28

CLASSIFICATION	Domestic General Equity
FUND SIZE	R477 million
TOTAL EXPENSE RATIO	1.73%

PERFORMANCE (Net of fees)

	Fund	Benchmark
Since inception (un-annualised)	492.6%	409.7%
Since inception (annualised)	19.1%	17.4%
5 year (annualised)	6.6%	8.7%
3 year (annualised)	13.4%	18.5%
Last 12 months	2.1%	4.8%

INCEPTION DATE	October 2001
BENCHMARK	FTSE/JSE All Share Index with 50% down-weighting applied to resources

THE ELEMENT GLOBAL EQUITY FUND WAS LAUNCHED ON 8 FEBRUARY 2011. PLEASE VISIT WWW.ELEMENTIM.CO.ZA FOR MORE DETAILS.

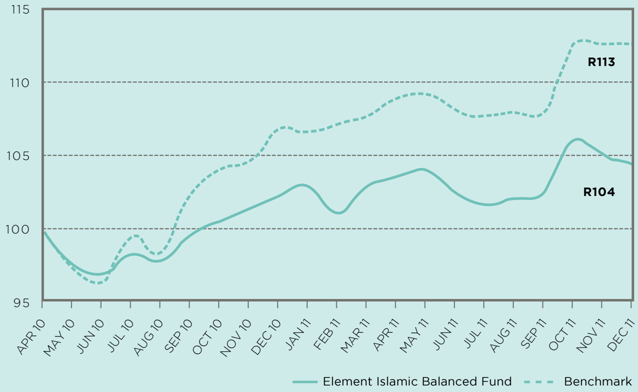
ELEMENT ISLAMIC BALANCED FUND

FUND MANAGER: Mohamed Shafee Loonat

ASSET ALLOCATION

Equity	36%
Shari'ah Compliant Fixed Income	37%
Cash	4%
Foreign Equity	23%

Value of R100 invested at inception (income reinvested)



TOP TEN SHARE HOLDINGS

(% of equities, EXCL pref shares)

SHARE	% OF EQUITY
MTN GROUP	10.6
ANGLOGOLD	9.8
SASOL	8.3
TONGAAT	6.6
GOLD FIELDS	6.2
ANGLOS	5.8
ALTRON	5.3
LIFE HEALTHCARE	4.0
LONMIN	3.6
ALTECH	3.4
TOTAL	**63.6**

INCOME DISTRIBUTION (Last 12 months) cents per unit (cpu)

Date	Distribution	Dividend
March 11	0.00	0.00
September 11	0.00	0.00

CLASSIFICATION Domestic Asset Allocation Prudential Variable Equity

FUND SIZE R80 million

TOTAL EXPENSE RATIO 1.95%

PERFORMANCE (Net of fees)

	Fund	Benchmark
Since inception (un-annualised)	4.5%	12.9%
Since inception (annualised)	2.5%	7.2%
Last 12 months	2.1%	5.8%

INCEPTION DATE April 2010

BENCHMARK Average total return of the Prudential Variable Equity category

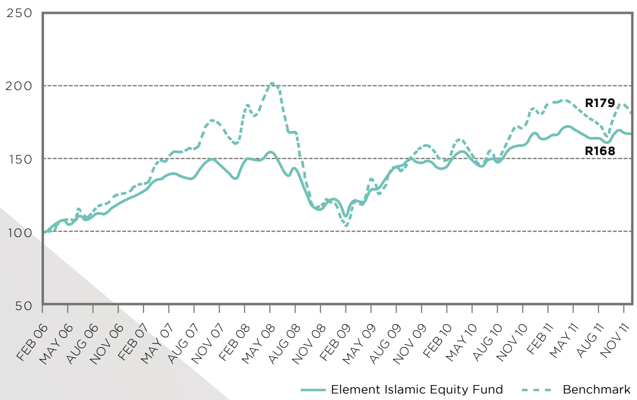
ELEMENT ISLAMIC EQUITY FUND

FUND MANAGER: Mohamed Shafee Loonat

ASSET ALLOCATION

Equity	96%
Cash	4%

Value of R100 invested at inception (income reinvested)



TOP TEN SHARE HOLDINGS

(% of equities, EXCL pref shares)

SHARE	% OF EQUITY
MTN GROUP	10.4
ANGLOGOLD	9.2
SASOL	8.7
TONGAAT	6.7
GOLD FIELDS	6.0
ALTRON	5.1
ANGLOS	4.8
LIFE HEALTHCARE	4.4
BHP BILLITON	3.7
NAMPAK	3.4
TOTAL	**62.4**

INCOME DISTRIBUTION (Last 12 months) cents per unit (cpu)

Date	Distribution	Dividend	Local Interest
March 11	0.07	0.07	0.00
September 11	1.04	1.03	0.01

CLASSIFICATION Domestic General Equity

FUND SIZE R189 million

TOTAL EXPENSE RATIO 1.75%

PERFORMANCE (Net of fees)

	Fund	Benchmark
Since inception (un-annualised)	67.6%	79.0%
Since inception (annualised)	9.1%	10.3%
5 year (annualised)	6.3%	6.7%
3 year (annualised)	11.3%	13.8%
Last 12 months	0.2%	-2.6%

INCEPTION DATE February 2006

BENCHMARK FTSE/JSE Shari'ah All Share Index

The distribution amount disclosed as interest is Shari'ah compliant income, which is deemed to be interest for Income Tax purposes.

INVESTMENT MANAGERS

Independent Active Investors

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