



HGG Cautious Income & Growth PORTFOLIO COMMENTARY

SHORT-TERM PERFORMANCE

Period	Portfolio Performance	Benchmark Performance
3 Months	+2.46%	+1.32%
6 Months	+5.02%	+4.14%
12 Months	+5.72%	+7.55%

BEST / WORST CONTRIBUTORS TO PERFORMANCE OVER THE PAST QUARTER

Best Positive Contributions:

- Nedgroup Investments Property +5.85%
- Investec Cautious Managed +3.28%
- Allan Gray Optimal +3.10%

Negative Contributions:

- None

PORTFOLIO ACTIONS OVER THE PAST QUARTER

None

MARKET COMMENTARY

Just over one year ago, most South Africans were worried that the rand would further weaken, as we expected continued political instability, multiple US interest rate hikes (which will be bad for emerging market currencies), a potential SA Debt downgrade and a pedestrian global growth outlook. What we actually experienced was an unexpected result in the UK Brexit vote, Donald Trump and the Republican Party secured the US Presidency, and only one US interest rate hike after growth and employment in the US surged.

Growth expectations also improved from Japan to China and Europe. These factors and the low base in commodity prices caused a rally in value, financial and commodity-based stocks which in turn powered emerging market commodity based currencies ahead (including the SA rand). Who would have believed that the SA rand would gain 22% against the US Dollar and 32% against the UK Pound during the past 13 months?

Domestic investors experienced low single digit returns in Balanced funds over the past year and remain concerned about return expectations after two years (+3.5%) of little appreciation in our local equity market. On the plus side, SA Equities are now a lot cheaper, whilst the recent budget appears to have consolidated an optimistic view from rating agencies. Lower inflation is expected in 2017, which may lead to lower interest rates this year unless the US Federal Reserve spoils the party by increasing rates by more than 0.5% this year.

We remain optimistic about global growth and consumer spending, which should benefit more than 60% of stocks listed in our TOP 40 equity index and are positioned to benefit from any rand weakness from here on in.



Advisory
Services



Fund
Management

ROELOFF HORNE
Director & Head of Portfolio Management
South Africa



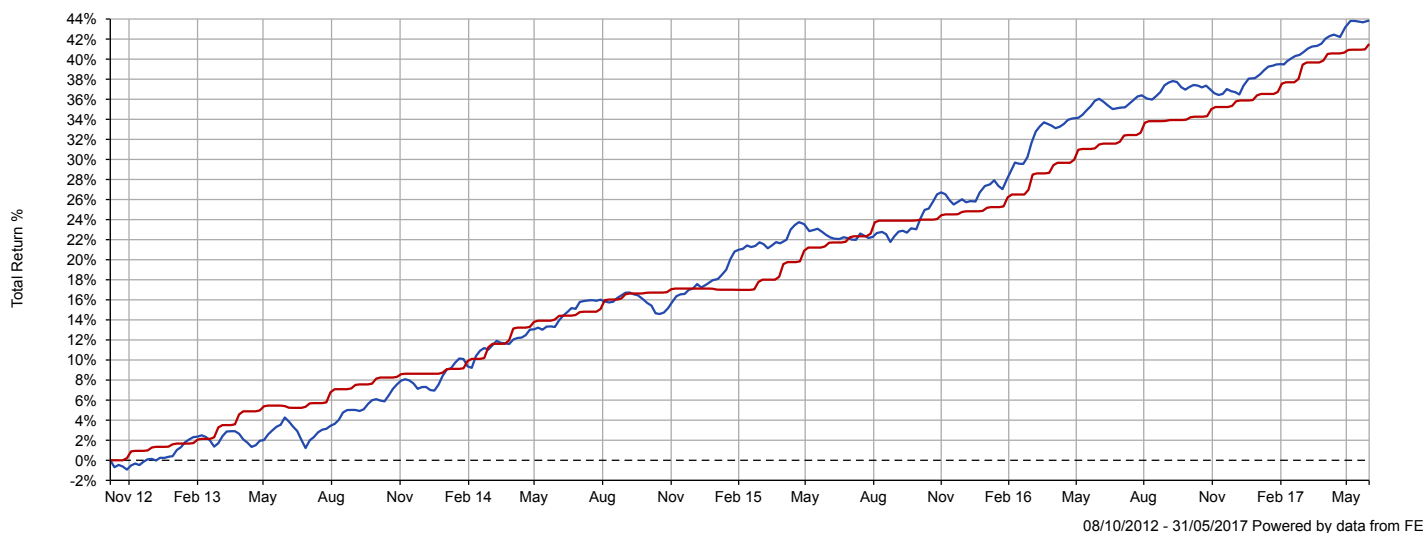
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HGG Cautious Income & Growth - Oct 12 Portfolio Summary



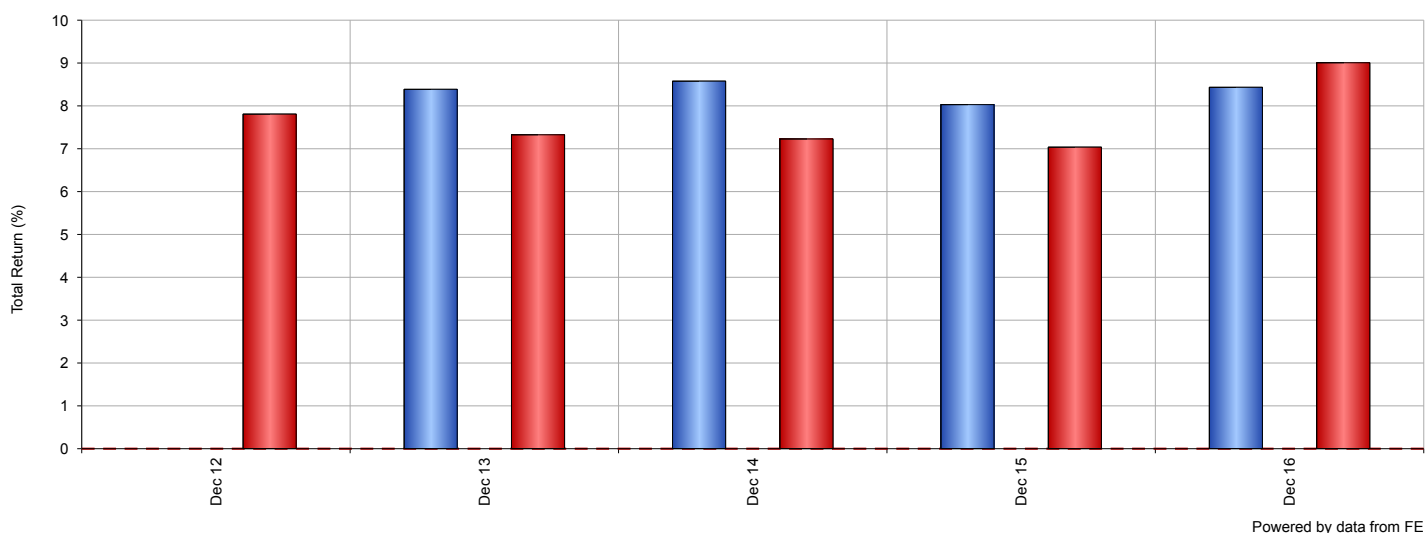
The following tables and charts illustrate the overall performance of the portfolio against its benchmark. The cumulative chart illustrates the overall performance over a maximum of five years dependant on the age of the portfolio and the table shows the overall performance broken down into specified 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 ZAR.

Cumulative Performance



Name	3 mths	6 mths	1 yr	3 yrs	5 yrs
■ HGG Cautious Income & Growth - Oct 12	2.46	5.02	5.72	26.92	n/a
■ Benchmark - CPI Excluding Owners Equivalent Rent + 2% - Jan 97	1.32	4.14	7.55	23.67	44.59

Discrete Calendar Year Performance



Name	2012	2013	2014	2015	2016
■ HGG Cautious Income & Growth - Oct 12	n/a	8.39	8.58	8.03	8.44
■ Benchmark - CPI Excluding Owners Equivalent Rent + 2% - Jan 97	7.81	7.33	7.23	7.04	9.01

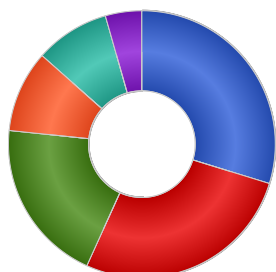
HGG Cautious Income & Growth - Oct 12

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
Money Market	29.77
South African Fixed Interest	27.00
South African Equities	19.87
Other International Equities	9.90
Property	9.05
Global Fixed Interest	4.41

Portfolio Asset Breakdown by Individual Holdings

Portfolio Holdings	Money Market (%)	South African Fixed Interest (%)	South African Equities (%)	Other International Equities (%)	Property (%)	Global Fixed Interest (%)
Coronation - Balanced Defensive P	2.47	8.55	3.37	2.78	1.50	1.33
Nedgroup - Investments Core Guarded B	5.71	4.71	4.47	2.64	1.59	0.88
Investec - Cautious Managed H	3.74	5.32	2.02	3.41	0.50	0.00
Nedgroup - Investments Flexible Income B1	4.28	7.42	0.76	-	0.49	2.06
Allan Gray - Optimal A	2.15	-	7.85	-	-	-
Investec - Money Market R	9.84	0.16	-	-	-	-
Allan Gray - Stable C	1.42	0.85	1.39	1.07	0.13	0.14
Nedgroup - Investments Property A	0.16	-	-	-	4.84	-
Total Portfolio	29.77	27.00	19.87	9.90	9.05	4.41

HGG Cautious Income & Growth - Oct 12 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
Coronation - Balanced Defensive P	20.00	1.25%	1.33%	37,296.62M	ZAR
Nedgroup - Investments Core Guarded B	20.00	0.40%	0.48%	2,974.71M	ZAR
Investec - Cautious Managed H	15.00	1.14%	1.32%	12,113.05M	ZAR
Nedgroup - Investments Flexible Income B1	15.00	0.70%	0.67%	11,727.38M	ZAR
Allan Gray - Optimal A	10.00	1.14%	2.18%	1,726.04M	ZAR
Investec - Money Market R	10.00	0.57%	0.58%	34,686.64M	ZAR
Allan Gray - Stable C	5.00	-	1.48%	43,928.33M	ZAR
Nedgroup - Investments Property A	5.00	1.14%	1.16%	3,036.10M	ZAR
Total Portfolio	100.00		1.07%		