



BUSINESS INFORMATION

As at 30 June 2010

Sanlam Investment Management Global



Investment Management Global

Who is SIM Global?

Sanlam is the 2nd largest life insurer in Africa, based in Cape Town, South Africa, with a market capitalisation of US\$ 8bn.

Sanlam Investment Management Global (SIM Global) is an enterprise within Sanlam Investments, the investment arm of the Sanlam Ltd business, that provides investment management services to individuals and institutions through two offshore funds.

We focus on investing in shares that are priced significantly below their intrinsic value and strive to deliver superior long-term returns.

SIM Global has a team of 14 professionals based in the main office in Cape Town and has over \$500 million funds under management.

We are a small, flat structured team which makes for efficient idea sharing and quick decision making. We do targeted research and focus on finding outperforming investments.

We are aligned with our clients' interests through low basic salaries and bonuses being invested into our funds.

At SIM Global, we believe that bottom-up stockpicking is the best way to create long-term wealth.

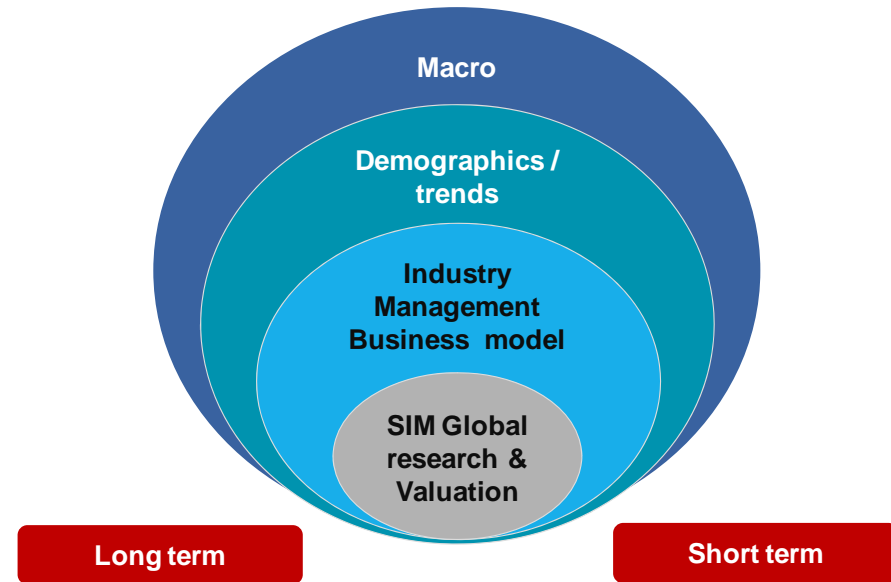
Our business model and our team's incentive program is structured to ensure that we are rewarded only when we deliver to our clients.

What makes us different?

- We bring something fresh and different to a global equity portfolio
 - We are unconstrained
 - We search off the beaten track
- We do our own research
- We have a consistent process
- We have a proven track record
- We have a big parent
- We have scale & capacity

COMPLETE ALIGNMENT OF INTERESTS WITH INVESTORS

What type of investments do we look for?



Our Investment Philosophy

- **Focus** is on finding **undervalued companies**.
- They tend to be:
 - **undiscovered companies** (generally small market cap), or
 - **turnaround** situations
 - with good **growth prospects**
 - preferably, but **not necessarily future winners**,
 - **forecast high return on capital**; low P/NAV
 - We place value on **predictable earnings** streams
- Do **own research** and **constant company visits** (+/- 1000 per year!)
- Have **concentrated portfolios**
- Are **unconstrained**, and due to **small size, nimble**

OUR APPROACH LEADS TO:

- Volatile returns in the short term
- Outperformance over long term

Sanlam Global Best Ideas Fund

Returns	Sanlam Global Best Ideas	MSCI World Index
Since inception (Sep 04)	64%	10%
Since Inception*	9%	2%
2007	12%	9%
2008	-57%	-41%
2009	76%	30%
2010 YTD (30 Jun 10)	-4%	-10%
5 Years*	5%	0%
3 Years*	-4%	-4%

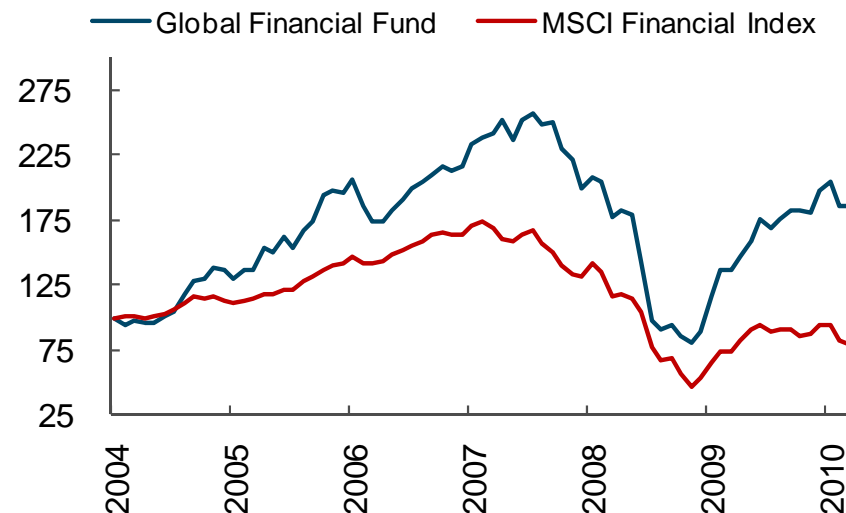
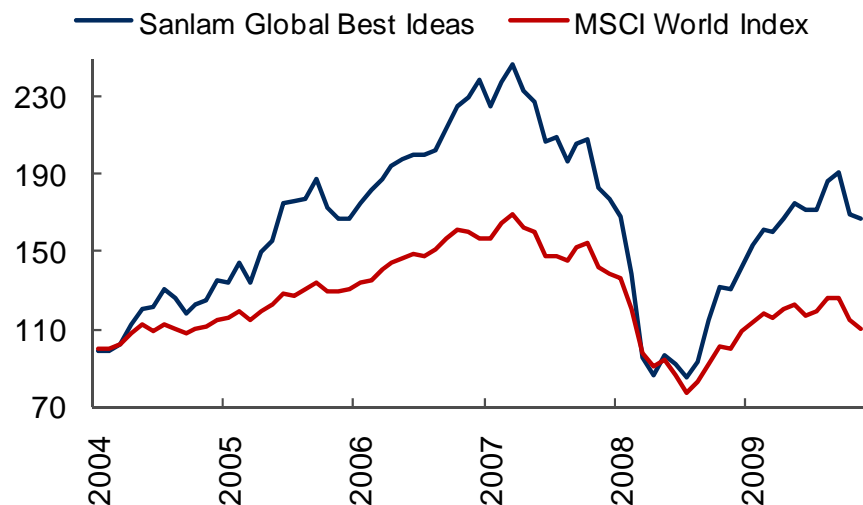
* Compounded return

Sanlam Global Financial Fund

Returns	Sanlam Global Financial Fund	MSCI World Financial Index
Since Inception (Apr 04)	86%	-20%
Since Inception*	10%	-4%
2007	19%	-8%
2008	-62%	-54%
2009	94%	31%
YTD 2010 (30 Jun 10)	2%	-12%
5 Years*	6%	-7%
3 Year*	-9%	-21%

* Compounded Return

Graphical Performance against benchmark

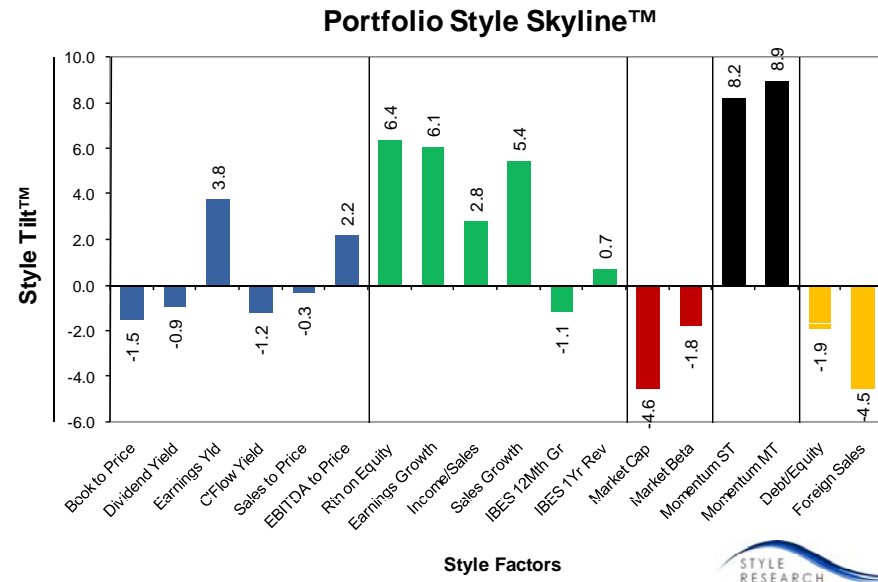
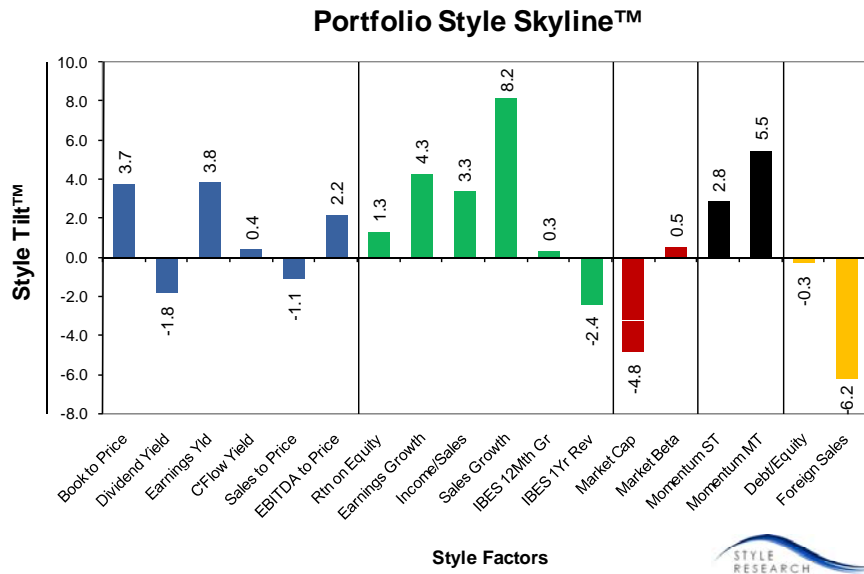


Note: Performance figures are quoted in USD on a NAV/NAV basis and calculated by Morningstar®. For the graphs the funds were based to 100 at inception and subsequent performance added cumulatively.



Investment Management Global

Style analysis provided by independent style research company



The graphs above are prepared by Style Research (an independent party) as verification of our information and shows snapshots of the style skyline of the two portfolios. The key points illustrated are:

- They style is being applied consistently. The dividend yield and Sales to Price measures are distorted due to the environment over the past two years.
- There is a value bias, with a preference for buying growth at a good price, and sometimes investing where the market is underestimating that growth in the shorter term.
- There is a mid to small cap bias and the portfolio tends to have a higher than average beta.
- Cash flow and Return on Equity feature, confirming that they are two key aspects of our research process.

Note: Updated every 6 months

Fund Objective	The aim of the Fund is to provide above average long-term capital growth.
Base Currency	US Dollars
Benchmark	MSCI World

Fund Attributes

	Financial Ratios			Market Cap		
	PE	DY	P/Book	Large Cap	Mid Cap	Small Cap
Fund	9.03	0.72	1.91	28.47%	17.94%	53.59%
Benchmark	15.95	2.66	1.63	85.74%	13.63%	0.63%

Performance Attribution

Largest Value Adders					
Country	1 year	Sector	1 year	Stock	1 year
Turkey	5.89%	Financials	7.37%	Chaoda Modern Agriculture Hold	2.88%
People's Republic of China	5.51%	Consumer Discretionary	5.92%	Great Wall Motor Co Ltd	2.36%
United States	4.16%	Consumer Staples	5.06%	Las Vegas Sands Corp	2.33%
Indonesia	3.73%	Energy	2.05%	Liberty Media Corp - Interacti	2.31%
India	2.65%	Materials	0.65%	Adira Dinamika Multi Finance P	2.27%

Largest Value Destroyers					
Country	1 year	Sector	1 year	Stock	1 year
Singapore	-1.56%	Industrials	-1.43%	Raffles Education Corp Ltd	-1.45%
United Kingdom	-1.18%	Information Technology	-0.82%	Barclays PLC	-1.03%
Ireland	-0.76%			Dell Inc	-0.95%
South Africa	-0.44%			Ingersoll-Rand Plc	-0.79%
Canada	-0.40%			DineEquity Inc	-0.74%

Risk Analysis

	Fund			Benchmark		
	1 year	3 years	5 years	1 year	3 years	5 years
Volatility	19.82%	33.46%	28.30%	17.42%	22.54%	18.42%
Tracking Error	6.31%	14.81%	13.27%	-	-	-
Beta	1.08	1.39	1.42	-	-	-
Sharpe Ratio	1.40	-0.38	0.09	0.56	-0.64	-0.20
Information Ratio	2.68	0.11	0.46	-	-	-

Fund Structure Analysis

Country Allocation	Fund	Active: Current	Active: 1 yr ago	Contr. To TE
Largest Overweights				
Turkey	15.69%	15.69%	2.96%	43.99%
Hong Kong	13.54%	12.38%	9.56%	20.58%
India	12.21%	12.21%	3.09%	11.37%
Brazil	9.94%	9.94%	3.06%	6.62%
People's Republic of China	7.73%	7.72%	6.72%	14.68%
Largest Underweights				
United States	12.78%	-35.91%	3.48%	5.65%
Japan	1.59%	-8.94%	-10.88%	-3.70%
United Kingdom	2.07%	-6.36%	-5.97%	-2.27%
Canada	0.00%	-5.05%	-4.79%	1.19%
Switzerland	0.00%	-4.19%	-3.26%	-0.31%

Sector Allocation	Fund	Active: Current	Active: 1 yr ago	Contr. To TE
Largest Overweights				
Financials	44.34%	23.87%	0.80%	63.22%
Consumer Discretionary	16.25%	6.31%	16.81%	7.02%
Consumer Staples	12.05%	1.52%	2.13%	23.69%
Largest Underweights				
Energy	0.00%	-9.99%	-2.61%	-2.67%
Industrials	2.45%	-8.52%	-1.20%	3.76%
Health Care	4.83%	-5.38%	-7.08%	1.52%
Materials	2.70%	-4.62%	-3.96%	5.91%
Utilities	0.00%	-4.39%	-4.78%	0.11%

Note

The MSCI World benchmark is used for all relative holdings based analyses. Performance attribution assumes a buy and hold inter month strategy. The effect of cash holdings at regional, sector and stock level is not reported. The ex-ante contribution to tracking error is based on the previous rolling 12 month period.

Fund Objective The aim of the Fund is to provide above average long-term capital growth.

Base Currency US Dollars

Benchmark MSCI World Financial Index

Performance Attribution

Largest Value Adders					
Country	1 year	Sector	1 year	Stock	1 year
Turkey	13.76%	Financials	32.59%	Adira Dinamika	7.43%
Indonesia	11.96%			Banrisul	3.33%
India	7.51%			Is Finansal Kiralama	2.86%
Brazil	4.40%			IsMen	2.38%
Japan	2.88%			TSKB	2.31%

Largest Value Destroyers					
Country	1 year	Sector	1 year	Stock	1 year
United Kingdom	-2.30%	Industrials	-0.55%	Barclays PLC	-0.91%
United States	-1.80%	Information Technology	-0.11%	TCF Financial Corp	-0.71%
Australia	-1.10%			SREI Infrastructure	-0.71%
Canada	-0.87%			Novae Group PLC	-0.60%
Thailand	-0.58%			Citigroup Inc	-0.56%

Risk Analysis

	Fund			Benchmark		
	1 year	3 years	5 years	1 year	3 years	5 years
Volatility	19.85%	36.67%	30.90%	23.07%	33.56%	26.89%
Tracking Error	10.77%	16.80%	15.35%	-	-	-
Beta	0.76	0.97	1.00	-	-	-
Sharpe Ratio	1.95	-0.30	0.12	0.30	-0.74	-0.41
Information Ratio	2.95	0.82	0.95	-	-	-

Fund Structure Analysis

	Fund	Active: Current	Active: 1 yr ago	Contr. To TE
Largest Overweights				
Adira Dinamika Multi Finance	8.65%	8.65%	7.23%	7.99%
Turkiye Halk Bankasi AS	6.49%	6.49%	0.00%	9.51%
Bank of India	5.75%	5.75%	0.00%	8.73%
Turkiye Garanti Bankasi AS	4.36%	4.36%	0.00%	2.95%
Indian Bank	4.36%	4.36%	0.00%	4.28%
Largest Underweights				
HSBC Holdings PLC	0.00%	-4.00%	-2.57%	-0.31%
JPMorgan Chase & Co	0.00%	-3.63%	0.11%	1.47%
Bank of America Corp	0.00%	-3.60%	2.31%	2.61%
Wells Fargo & Co	0.00%	-3.14%	-2.73%	-0.68%
Banco Santander SA	0.00%	-2.20%	-2.99%	-0.38%

Fund Attributes

	Financial Ratios			Market Cap		
	PE	DY	P/Book	Large Cap	Mid Cap	Small Cap
Fund	8.71	0.65	1.57	30.08%	17.59%	52.33%
Benchmark	15.81	2.81	1.01	86.07%	13.37%	0.00%

Note

The MSCI World Financial Index benchmark is used for all relative holdings based analyses. Performance attribution assumes a buy and hold inter month strategy. The effect of cash holdings at regional, sector and stock level is not reported. The ex-ante contribution to tracking error is based on the previous rolling 12 month period.

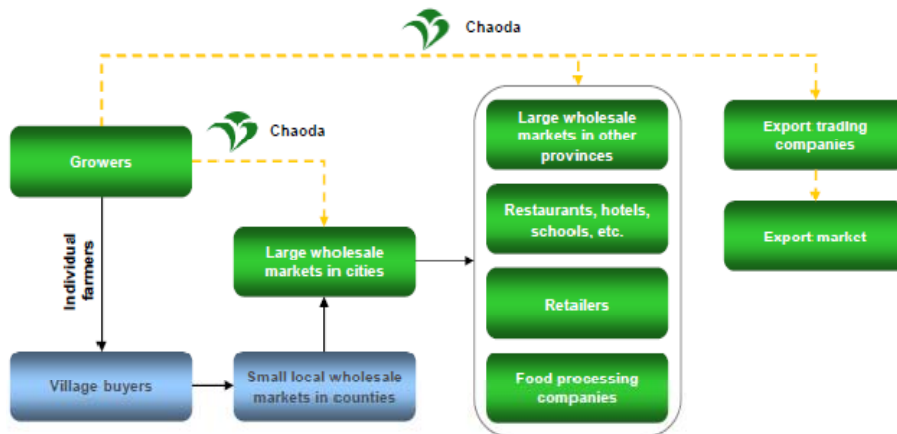
Chaoda Modern Agriculture

Chaoda growing with its simple win-win business model

By selling crops (vegetables primarily) grown on land leased from farmers Chaoda has been able to consistently grow profits over the past decade. Rural farmers in China are characterised as having small-scale, outdated farming operations with inefficient distribution methods.

Chaoda profits by consolidating this land and utilising modern technologies to achieve higher crop yields, better quality produce, improved distribution efficiency, and cost savings. Farmers leasing their land benefit from the arrangement by receiving an upfront lump sum, as well as an annual payment based on their produce – usually in excess of what they would have earned. The government also benefits from the raised standard of living and the stable employment provided by Chaoda.

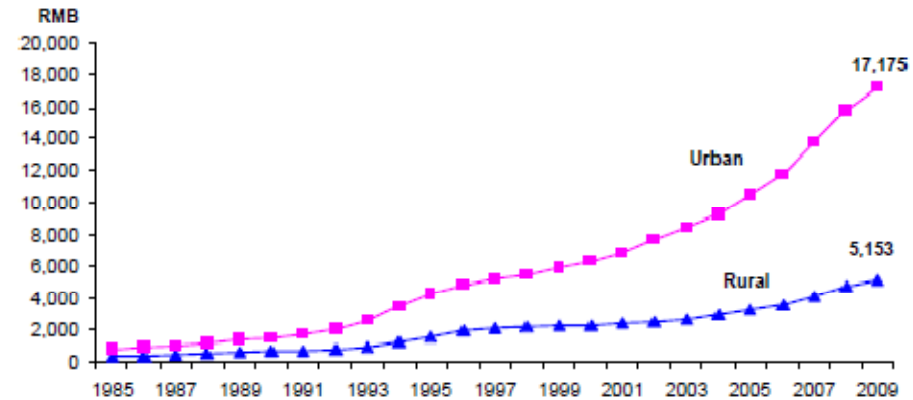
Value Creation – Improvement in Distribution Efficiency



Source: Chaoda corporate presentation, April 2010

Chaoda has grown at an amazing rate of 26% per annum over the past 12 years and still has room for expansion in the highly fragmented vegetable market – they are the market leader with only 0.5% market share (based on volume). The demand for food and vegetables has risen sharply in recent years. Urbanisation in China has led to more higher earners buying food that they did not grow themselves. This is good for Chaoda.

Per Capita Annual Income of Urban and Rural Households



Source: National Bureau of Statistics China

We like Chaoda as it meets a lot of the criteria we look for in a stock: The stock is cheap, it has a big trend behind it, its growing revenue stream is somewhat resilient to an economic downturn, it has a simple and effective business model, and it has a proven track record of success.

Chaoda's share price performance has been impacted by poor corporate governance. This can be seen in the discount which the stock trades at in comparison to its peers and the market, but we believe this discount will narrow as communication and management actions continue to meet investor approval. Chaoda is offering good growth, a relatively sheltered revenue stream and the potential to re-rate!

Guy Shirliff
Junior Equity Analyst

Sanlam Global Best Ideas Fund

Equity markets started the quarter off with a strong run in April, only to retreat sharply in May. The MSCI World index lost 13% over the quarter, with Emerging markets outperforming the broader index for the quarter and the year to date.

Within the fund, Asian holdings featured on both the winners and losers list, with several Indian and Indonesian holdings performing well in excess of the index, with positive price moves of 10%-20%. For instance, Indian Bank outperformed the MSCI index by 40% over the quarter and SKNL by over 30%. Among the Asian stocks in the portfolio which fared worse than the market were Raffles and China Essence. While we are cognisant of the impact of regional macro issues on the stock market in general, we remain focussed on finding undervalued shares even in those regions facing significant economic challenges. The biggest holding in the portfolio was in fact Chaoda, a Chinese agricultural company, and its share price showed a modest decline of 7% over the quarter, against a 22% drop in the Shanghai index.

The largest trades in the portfolio included purchases of Net1, Saraiva, Daegu Bank, Indian Bank and Net Holdings. Sales included Renault, Industrial Bank of Korea, Itau in Brazil, Chesapeake and Cemex. It has been a tough quarter, with erratic share price moves and we are pleased that the fund has been resilient during this pullback in the market. We ended the quarter with a 5% cash weighting in the fund (generally we remain fully invested) and this should enable us to take advantage of the opportunities that we are sure to see during this challenging phase in the market.

Sanlam Global Financial Fund

Our strong positive view on emerging markets helped the fund this month. The US Bank index fell by 8.3% (S&P down by 5.4%) whilst the fund was essentially flat.

Some of our large emerging market exposures really did well: In Indonesia: Bank Rakyat and BFI (+8%), Indian Overseas bank (+14%) and Bank of India (+6%); in Turkey, Halk Bank (+15%) and Is Investments (+12%) and finally in Brazil, Bannisul (+6%).

Our US holdings also did well: Berkshire Hathaway (+13%) and Worldwide Acceptance Corp (+7%), this whilst the US bank index fell 8.3%.

Unfortunately, one can never get a full strike, and we had a few investments that dragged the strong result down: Panin Life (-16%), Federal Bank in India (-8%), US Bancorp (-7%), Barclays (-12%) and GSD Holdings in Turkey (-13%).

In each case there is a specific reason why the market sold these 5 shares down, but the reasons are due to price strength in previous months and except for US Bancorp and Barclays, not fears of future earnings shocks.

We added marginally to our Korean and Indian holdings during the month and have been selling Panin Life and Federal Bank whilst the prices went up. GSD we reduced as it will take longer than we thought for the inherent value to unlock.

Our view remains that until we have certainty about economic growth in Europe, the UK and the US, banks there remain high risk investments. This despite their "optically" cheap valuations. Hence our only exposures there are Barclays (which we feel is less geared to the economic cycle) and US Bancorp (which is one of the safest and best managed large cap banks in the USA).

Our emerging market investments generally are involved in very straightforward lending in strongly growing environments and are trading on p/nav's of around 1.0. The exceptions here are Halk, Garanti and Bank Rakyat which are generating ROE's exceeding 25% which justify their higher p/nav's.

Other Information Sources

SIM Global produces a monthly **Fund Factsheet** on both funds.

We also send out a regular **Market Review** which is written by Kokkie Kooyman which summarises our current thoughts on either market movements or investment philosophy.

To be added to either or both of the distribution lists please contact **Nora Geldenhuys** on norag@sim.sanlam.com or **+27 (0) 21 950 2633**

You can also access additional information on our funds and investment options on our website: www.simglobal.co.za.

Visit our new revamped website
www.simglobal.com

The best global fund manager in the world works for us.

Congratulations to SIM Global Fund Manager Kokkie Kooyman on winning the Investment Week Global Fund Manager of the Year (Category: Financials). To invest and for more information speak to your financial intermediary, contact Sanlam Collective Investments Call Centre on 021 916 2000 or visit www.simglobal.co.za



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