



## REAL INCOME FUND

31 May 2009

# FRATER

UNIT TRUSTS

The Fraters Real Income Fund is a domestic asset allocation fund that will provide investors with the opportunity to achieve moderate capital appreciation with a high level of income. The fund is actively managed and aims to achieve the highest sustainable income payout that is possible without eroding the fund's inflation adjusted capital base. The fund aims to grow this income and the underlying capital of the fund in line with inflation (CPI). Fraters signed the United Nations Principles for Responsible Investment (PRI) in May 2006. In signing the PRI, we have committed to adopt and implement them where consistent with our fiduciary responsibilities. We believe that this improves our ability to meet commitments to investors as well as better align our investment activities with the broader interests of society. Fraters is the first South African investment manager to sign the PRI.

Sector	Domestic Asset Allocation Targeted Absolute and Real Return	Minimum lump sum / debit order	R10 000 / R1 000
Portfolio manager	Frater Asset Management – Terence Craig and Matthew Kreeve		
Launch date	October 2002	Maximum initial advisor fee	3.42% (incl. VAT)
Current size	R564 million	Annual management fee	1.37% (incl. VAT)
Benchmark	CPI+3%	NAV price (cents)	151.00

PORTFOLIO			TRACK RECORD	
Performance and risk statistics			Value of R100 invested at inception (income reinvested)	
	Fund	*Benchmark		
Since inception (un-annualised)	119.0%	78.2%		
Last 12 months	-2.6%	10.7%		
3 year (annualised)	5.7%	11.3%		
5 year (annualised)	10.8%	9.6%		
5 year volatility	5.0%	2.2%		
Maximum drawdown (since inception)	-7.7%	-1.0%		
5 year Sortino Ratio	0.37	0.24		
<p><b>*Stats SA has replaced CPIX with CPI.</b> Performance figures quoted are CPIX+3% up to December 2008 and CPI+3% from January 2009, for period ended May 2009, for a lump sum investment, using NAV-NAV prices with income distributions reinvested. Source: Frater Asset Management</p> <p><b>TER: 1.39%</b> The Fraters Real Income Fund Class A has a Total Expense Ratio (TER) of 1.39% pa. This means 1.39% of the average Net Asset Value of the portfolio was incurred as charges, levies and fees. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER.</p>				

ASSET ALLOCATION	SECTOR WEIGHTINGS (% of equities, excl pref shares)

TOP 10 HOLDINGS (% of equities, excl pref shares)				INCOME DISTRIBUTION			
	%		%	Date	Distribution (cpu)	Dividend (cpu)	Interest (cpu)
HOWDEN	7.2	MEDI-CLINIC	4.2	<b>Dec 2008</b>	1.85	0.52	1.33
ANGLOGOLD	6.1	ALTECH	4.1	<b>Mar 2009</b>	3.45	1.71	1.74
BUSINESS CONNEXION	5.5	MONDI LTD	4.1	The Fraters Real Income Fund declares a distribution quarterly.			
GOLD FIELDS	5.2	MTN GROUP	4.0				
SASOL	4.6	TELKOM SA	4.0				
		<b>TOTAL</b>	<b>49.0</b>				

STATUTORY INFORMATION	CONTACT DETAILS	
Performance figures include income distributions and are calculated after management fees. FRATER ASSET MANAGEMENT is approved by the Financial Services Board as a Discretionary Financial Services Provider (licence number 663).	Natalie Smith or Ian Jones	e-mail: <a href="mailto:info@fraters.co.za">info@fraters.co.za</a>
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Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS prices are calculated on a net asset value basis which is the total value of all assets in the portfolio including any income accrual and less all permissible deductions from the portfolio. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of participatory interests apply to these portfolios and are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. The funds are valued daily at 15h00. The portfolios may be closed. Frater Unit Trust Management Company Limited is a member of the Association for Savings & Investment SA (ASISA).



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## **Change from CPIX to CPI**

Minister of Finance, Trevor Manuel, announced that as from 1 January 2009 CPI for all urban areas would replace CPIX as the targeted inflation measure.

This change now brings the South African CPI in line with international standards, by dropping interest rates on mortgage bonds as the indicator of changes in housing costs, and including Owner's Equivalent Rent, which is based on rentals paid for similar housing.

The primary objective of the Fraters Real Income Fund is to achieve a high income yield that endeavours to grow in line with inflation and with potential for capital growth.

The Fraters Real Income Fund, therefore, used CPIX as a benchmark for achieving this objective. Seeing that Stats SA will no longer be publishing CPIX, the inflation benchmark will be the new CPI index.

The benchmark returns reflected on our fund fact sheet will reflect the published month to month CPIX returns up to December 2008, the last published rate. From January 2009 the numbers will reflect the increases in the new CPI index.

Please feel free to contact Fraters on 021 426 1313 or your financial advisor should you wish further clarity regarding this change.