

Core Harbour Foreign Flexible Fund of Funds

September 2006

Portfolio Activity

- The fund returned 1.4% (in US Dollars) for the month, helped by strong gains in our Asian equity holdings.
- These returns were tempered by losses in our Energy holdings, but we have not reduced this holding, given our bullish views on supply shortages, as well as ever present geopolitical risks.
- During the month we increased our bond exposure. We continue to believe that US growth is going to surprise on the downside and therefore we wish to take advantage of this upcoming slowdown via our holding in bonds
- Recent poor data on the US housing market only reaffirms this view; especially statistics showing new home sales were down 21% year on year in July
- One could argue that global equities are looking attractive at the moment from a historical PE perspective, but given the rising risk of earnings disappointment we prefer to keep our underweight equity position.
- Global earnings are currently way above trend and should earnings revert to their mean, as has happened over time, equities do not look as cheap as many investors are arguing
- However, we do agree that equities are not expensive and furthermore given the large cash balance on company balance sheets, we do not think it would be prudent to further reduce our equity exposure
- On the currency front, we have increased our exposure to dollars. The dollar has tended to outperform during period of slowing global growth.

Fund Facts

• Latest price – 31/8/2006	136.56 cents
• Portfolio value:	R137.59 million
• Original buying price:	100.00 cents
• Minimum lump sum:	R5 000
• Minimum monthly investment:	R500
• Manager's upfront charge:	1.14 % (incl.VAT)
• FSP upfront commission:	3.42 % (incl.VAT)
• Annual service fee*:	1.48 % (incl.VAT)
• Formation date:	4/02/2005
• Date of income declaration:	30 June / 31 Dec
• Date of income payment:	07 July / 07 Jan
• Benchmark:	3 Month US\$ LIBOR + 3%
• Valuation time:	16h00
• Transaction time:	16h00

*plus performance fee of 10% of out performance above 10% p.a. levied on a high water basis

Absolute Performance

	12 Months	Since Launch
Core Harbour Foreign Flexible FoF	27.39%	36.56%
Benchmark (3 Month US\$ LIBOR + 3)	17.39%	25.48%

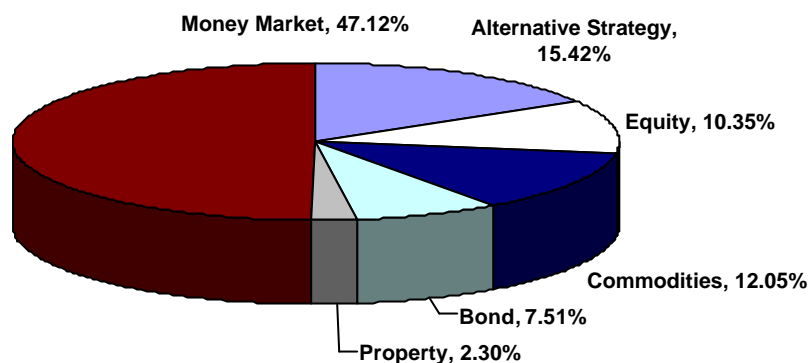
Source: MCI, Econostats and Oanda
 *All figures measured in Rands

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Asset Allocation

Top 10 Holdings



Merrill Lynch Euro Fund	23.08%
Merrill Lynch Dollar Fund	20.25%
Orbis Optimal - Euro	7.82%
Orbis Optimal - Dollar	7.60%
GinsGlobal Bond Index	7.51%
Invesco Asian Equity	6.06%
Investec Global Energy	6.06%
Investec Global Gold	6.00%
Noble Currency Fund	5.24%
Aviva Global Convertible	4.29%

Investment Objective & Fund Strategy

The Core Harbour Foreign Flexible Fund of Funds is a flexible international fund of funds. The investment objective is to secure steady long term capital growth. The portfolio is a flexible Rand denominated offshore fund of funds, investing in a combination of foreign equities, bonds and money market portfolios. Investments included in the portfolio consist primarily of units in international unit trust schemes. The portfolio is ideal for investors who wish to diversify their portfolio globally.

The Fund Management Team

Cobus Kellermann graduated with a major in Mathematical Statistics from the University of Stellenbosch and holds the Chartered Financial Analyst designation of the Association of Investment Management Research. Having spent three years at Investec Asset Management as an analyst and portfolio manager of the Investec Value Fund, Cobus joined Ankh Analytic in 2001 and was responsible for economic and fund research as well as the implementation of investment strategies within the Ankh Global Fund. He joined Optimal Fund Management as Head of Technical Research in July 2004.

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