GRINDROD DIVERSIFIED PREFERENCE SHARE FUND

31 December 2011

Fund information

Sector	Domestic – Fixed Interest – Varied Specialist
Size	R436m
Risk Profile	Conservative to Moderate
Benchmark	JSE Listed Preference Share Index (J251T)
Fund manager	Gareth Stobie (BCom PGDip MBA)
Minimum lump sum investment	R50 000
Minimum debit order investment	R5 000
Recommended investment term	Medium term
Valuation and transaction time	15h00
2011 Distribution	5.90 cpu
Inception date	15 January 2008
Distribution dates	Quarterly: March, June, September, December
Payment date	5 to 7 working days after declaration

Objective

Provide investors with an above average after-tax yield in the form of dividends. A minimum of 75% of the portfolio will always be invested in Preference Shares.

Benefits

- Capital stability
- Attractive yield
- Tax efficient income stream

Commentary

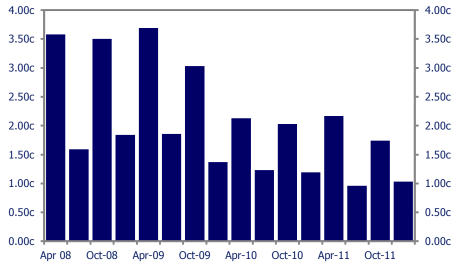
Preference shares finished the year with a strong December (Fund: + 1.52%). The fund achieved a total return of 6.97% for the year with much of the return being generated in the latter part of the year. The return of 40.91% over the last three years highlights what a good defensive hedge preference shares have been during an otherwise difficult period in the markets. We believe preference shares are fairly priced at the start of 2012 with a gross forward yield of 6.77%.

Current yield

As at	Price	Yield net of fees	Dividend Yield[1]	Yield Grossed Up[1]
31/12/2011	108.24	5.70%	6.77%[2]	11.28%[3]

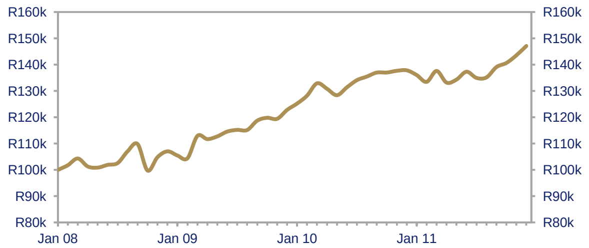
1) This yield is provided to give an indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, official interest rates and changes in costs actually experienced during the investment period. 2) This is the clean yield (net of any accrued dividend), the yield is also gross of the fund's TER. 3) Assuming tax paid at the maximum marginal tax rate of 40%.

Distribution history (quarterly)



Source: Grindrod Asset Management

R100 000 invested at inception*



*assuming distributions re-invested

Performance

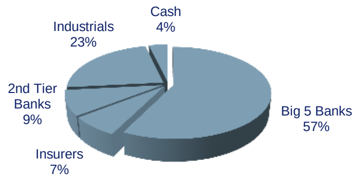
Term	Fund	Benchmark✱	Stefi (less 40% tax)ˣ
Since inception	48.9%	Not started	22.0%
Since inception (annualised)	10.6%	Not started	5.6%
1 year	7.0%	8.4%	5.7%

✱J251T new benchmark – effective May 2009 ˣOld benchmark

Top 5 holdings

Name	%
ABSA (ABSP)	17.6%
Investec (INPR/INPP/INLP/INPPR)	17.2%
Nedbank (NBKP)	8.8%
Standard Bank (SBPP)	7.2%
Discovery (DSBP)	7.0%

Diversification



Source: Grindrod Asset Management

Fees

(VAT inclusive)

Maximum initial fee	0.57%
Maximum initial manager fee	0.00%
Annual management fee	1.03%
Total expense ratio (TER)+	1.07%

+The TER has been calculated using data from 1 July 2010 until 30 June 2011. The TER is disclosed as a % of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio and underlying portfolios. The TER is adjusted for significant subsequent portfolio restructuring and fee changes. 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 TERs.

Conflict of Interest Disclosure

Please note that in most cases where the FSP is a related party to Grindrod Bank Limited (Investment Manager) and/or Metropolitan, Grindrod Bank Limited and/or the distributor earns additional fees apart from the FSP's client advisory fees. It is the FSP's responsibility to disclose additional fees to you as the client. Such fees are paid out of the portfolio's service charge, the maximum amounts paid (excl. VAT) in each instance is listed below:

Service Fee	MetCIS	Portfolio manager	Distributor	LISP/FoF rebate
0.90%	0.35%	0.75%	0.30%	0.50%

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