



INVEST

Technical analysis

The world's MSCI Global Index  
higher between March and December  
1998, a negative divergence with  
higher price highs that suggested  
buying pressure was waning and  
that a correction could be expected.



The Moving Average Convergence Divergence indicator consists of two moving averages (rolling above and below a  
A buy signal occurs when the faster (solid) line crosses above the slower (dashed) line, a sell is given when the converse

Share price

Sept 20 US\$66.50  
1951 20 Volume 4 828,400

This chart illustrates two different  
types of triangles. Between October  
and around September 1998 price  
formed a descending triangle. The  
triangle's formation based on this at

ABRIDGED  
ANNUAL REPORT

2010



**KRUGER**  
International



**Sanlam**

Collective Investments



## Dear Investor

Notwithstanding this seeming improvement in the global economy's fortunes during 2010, there were few who would have predicted that the FTSE/JSE All Share Index would generate a return of 32.16% in 2009 and another 19.58% in 2010 – all of this while the world was going through its toughest global crisis since the Great Depression!

In fact, the market (ex-dividends) gained 81% by the end of last year after hitting its low point of 17 814 in the wake of the crisis on 20 November 2008. The equity market's performance last year was led by the industrial sector (up 24%), followed by financials (ahead 16.6%), with the resource sector the laggard (12.3%).

While our industry experienced record net inflows of R109 billion last year, 55% of these were into the fixed interest unit trust sector, comprising money market, income, bond and varied income specialist funds. That meant that by the end of the year 47% of the industry's domestic assets under management were invested in this sector of the unit trust market and thus most investors did not share in the high double-digit growth in the equity market during the year to end-December.

Total assets under management in the SA unit trust industry increased a phenomenal 23.6% during the year to R927 billion, with the bulk of the net inflows (R36 billion) recorded in the last quarter of the year.

### SCI developments

Within this context, Sanlam Collective Investments (SCI) attracted total net inflows of R4.4 billion in 2010, which saw our assets under management increase by a healthy 17% to R67.3 billion. Our Sanlam Alternative Income Fund experienced another good year with net inflows of R580 million. This fund remains the biggest fund in our stable with assets under management of R6.5 billion as at end of 2010.

Sanlam Investment Management's (SIM's) unit trusts were once again well supported by both retail and institutional investors (multi-managers) with total net inflows of R2.8 billion. The SIM Active Income Fund in the Fixed Income Varied Specialist category achieved the largest share of the net inflows (i.e. R1.2 billion). The SIM Value Fund, managed by Ricco Friedrich, also proved another popular choice and attracted net inflows of close to R600 million. The SIM Managed Solution funds remained the investment option of choice for Sanlam's distribution channel and this range of five risk-profiled unit trusts now has more than R3 billion of assets under management.

Investment performance reflected the benefits of SIM's investment approach. More than 80% of SIM's funds under management outperformed their benchmarks on a one-year rolling basis and 93% on a rolling three-year basis. Our equity performance was strong and SIM's fixed interest portfolios delivered significant excess performance compared with their benchmarks.

The following unit trusts were launched during the course of last year:

- SIM Low Equity Fund;
- Five risk-profiled Sanlam Multi Manager International (SMMI) funds; and
- SIM Equally Weighted Top 40 Index Fund.

For further information on our range of unit trusts, please visit [www.sanlamcollectiveinvestments.com](http://www.sanlamcollectiveinvestments.com)

The positive surprises delivered by financial markets were brought about by low interest rates, artificial liquidity, the mispricing of risk and relatively cheap valuations. So while conditions may appear to have improved, risks have merely changed and most asset classes are looking fair to expensive. That means investors should be cautious and have realistic expectations for 2011.

The management of SCI thank you for your continued support and look forward to helping you meet your investment objectives, whatever they may be, during the years ahead.

San-Marie Greeff  
**Chief Executive Officer**  
 Sanlam Collective Investments

*San-Marie Greeff was appointed as Sanlam Collective Investment's CEO in June 2010.*

## Report: Trustees

Report in terms of Section 70 (f) of the Collective Investment Scheme Control Act (act), Act 45 of 2002 for the period 01 January 2010 to 31 December 2010 - Sanlam Collective Investments Schemes

As Trustees of the Sanlam Collective Investment Schemes, we advise that we have controls in place to give us reasonable assurance that the following are being complied with by the Manager:

- The limitations imposed on the investment and borrowing powers of the Managers by this Act and
- The provisions of the Act and Deeds

Human error and timing differences resulted in some compliance contraventions, which were however immaterial. We confirm that the portfolios incurred no losses as a result, and no unit holder has been prejudiced by any contraventions.

MP Geale

**The Standard Bank of South Africa Limited - Corporate and Investment Banking - Investor Services**

18 March 2011

## SUMMARISED INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2010

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Kruger Balanced Fund of Funds	Kruger Flexible Fund of Funds	Kruger Global Fund of Funds	Kruger Prudential Fund of Funds
Income	(R'000) 50,405	(R'000) 15,305	(R'000) (647)	(R'000) 21,223
Expenditure	6,774	1,454	283	4,069
Operating profit/(loss) for the year before finance costs	43,631	13,851	(930)	17,154
Distribution of income	5,826	378	61	2,652
Change in net assets attributable to unit holders	37,805	13,473	(991)	14,502

### DISTRIBUTION PER UNIT (cents)

	<b>21.62 (A)</b>	<b>4.97 (A)</b>	<b>1.96 (A)</b>	<b>24.50 (A)</b>
	<b>23.90 (A1)</b>	<b>7.50 (A1)</b>	<b>2.73 (A1)</b>	<b>26.84 (A1)</b>
	<b>25.19 (B)</b>	<b>8.94 (B)</b>	<b>3.34 (B)</b>	<b>28.19 (B)</b>
	<b>7.03 (C)</b>	<b>- (C)</b>	<b>- (C)</b>	<b>12.39 (C)</b>

### CONDENSED STATEMENT OF FINANCIAL POSITION

	(R'000)	(R'000)	(R'000)	(R'000)
<b>Net assets attributable to unit holders</b>	<b>456,257</b>	<b>111,697</b>	<b>29,032</b>	<b>200,968</b>
Trade and other payables	35	34	34	37
Related parties payable	572	123	24	320
Distributions payable	965	315	-	43
<b>Liabilities other than net assets attributable to unit holders</b>	<b>1,572</b>	<b>472</b>	<b>58</b>	<b>400</b>
Investments	443,971	101,246	24,683	191,857
Accrued income & debtors	14	11	1	6
Cash and bank balances	13,844	10,912	4,406	9,505
<b>Total Assets</b>	<b>457,829</b>	<b>112,169</b>	<b>29,090</b>	<b>201,368</b>

### PORTFOLIO COMPOSITION

	(%)	(%)	(%)	(%)
Basic Materials	-	-	-	-
Consumer Goods	-	-	-	-
Consumer Services	-	-	-	-
Financials	-	-	-	-
Health Care	-	-	-	-
Industrials	-	-	-	-
Oil & Gas	-	-	-	-
Real Estate	-	-	-	-
Telecommunications	-	-	-	-
Technology	-	-	-	-
International Assets	0.03	9.71	70.11	0.06
Other Securities	-	-	-	23.92
Holdings in Collective Investments Schemes - Local	80.76	80.58	25.28	47.63
Holdings in Collective Investments Schemes - International	-	-	-	-
Liquid Assets	19.21	9.71	4.61	28.39
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### INVESTMENT PERFORMANCE

	(%)	(%)	(%)	(%)
One year up to 31/12/2010	11.22	15.02	(2.94)	9.92
One year up to 31/12/2009	13.57	16.34	2.20	10.50
<b>All-share Index 2010: 19.58% 2009: 32.16%</b>				

### FEES:

	(%)	(%)	(%)	(%)
Maximum Initial fee (including VAT)	-	-	-	-
Service fee (including VAT)	0.94 (A)	0.94 (A)	0.91 (A)	0.94 (A)
	0.74 (A1)	0.74 (A1)	0.71 (A1)	0.74 (A1)
	0.62 (B)	0.62 (B)	0.54 (B)	0.62 (B)
	2.28 (C)	2.28 (C)	2.21 (C)	2.28 (C)
Total Expense Ratio (TER)	1.98 (A)	2.49 (A)	2.25 (A)	2.05 (A)
	1.78 (A1)	2.28 (A1)	2.04 (A1)	1.84 (A1)
	1.70 (B)	2.17 (B)	1.85 (B)	1.73 (B)
	3.37 (C)	3.88 (C)	3.51 (C)	3.39 (C)

	31 March 2010 (c)	30 June 2010 (c)	30 September 2010 (c)	31 December 2010 (c)
<b>DISTRIBUTION PER UNIT</b>				
Kruger Balanced Fund of Funds A	1.79	12.64	3.02	4.17
Kruger Balanced Fund of Funds A1	2.34	13.20	3.58	4.78
Kruger Balanced Fund of Funds B	2.65	13.52	3.91	5.11
Kruger Balanced Fund of Funds C	-	7.03	-	-
Kruger Flexible Fund of Funds A	-	0.10	-	4.87
Kruger Flexible Fund of Funds A1	-	1.33	-	6.17
Kruger Flexible Fund of Funds B	-	2.02	-	6.92
Kruger Flexible Fund of Funds C	-	-	-	-
Kruger Global Fund of Funds A	-	1.96	-	-
Kruger Global Fund of Funds A1	-	2.73	-	-
Kruger Global Fund of Funds B	-	3.34	-	-
Kruger Global Fund of Funds C	-	-	-	-
Kruger Prudential Fund of Funds A	7.33	1.50	15.20	0.47
Kruger Prudential Fund of Funds A1	7.88	2.09	15.79	1.08
Kruger Prudential Fund of Funds B	8.21	2.42	16.12	1.44
Kruger Prudential Fund of Funds C	3.54	-	8.85	-