



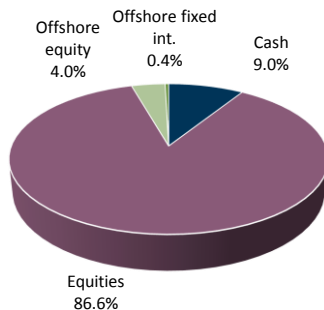
## Fund Objective

This fund aims to achieve a stable income and capital growth by investing in a balanced portfolio of collective investments. The fund is diversified across the major asset classes. As a flexible fund, this investment is ideally suited for aggressive investors who want to earn a real return. In this regard, the fund aims to provide investors with positive returns in excess of inflation (CPI) + 7% over the long-term with a focus on capital growth. This fund also provides manager diversification which should help the portfolio to have a lower volatility than similar mandated single manager portfolios.

## About The Fund

<b>Classification</b>	Domestic – AA Flexible
<b>Risk rating</b>	Aggressive
<b>Benchmark</b>	Inflation (CPI) + 7% over a rolling 5 year period
<b>Launch date</b>	18/07/2005
<b>Opening price</b>	1000.00 cents per unit
<b>Initial fee</b>	Class A: 0%
<b>Annual service fee (incl. VAT)</b>	Class A: 0.94%
<b>Total Expense Ratio</b>	Class A: 2.13%
<b>Income declaration dates</b>	30 June and 31 December
<b>Income price dates</b>	2nd working day in July and January
<b>Last two distributions (Class A)</b>	30/06/11: 8.23 cents per unit 31/12/11: 12.33 cents per unit
<b>Valuation time of fund</b>	17:00
<b>Trading closing time</b>	15:00
<b>Minimum investment</b>	Lump Sum: R 5 000 / Monthly: R500
<b>Fund size</b>	R159.0 million
<b>Trustee</b>	Standard Bank of SA.

## Asset Allocation



## Underlying Fund Managers

Underlying Funds	Fund Manager	% of Portfolio
Prudential Equity	Gary Quinn/Chris Wood	41.5
Satrix40	Satrix	9.3
SatrixDivi	Satrix	8.0
Stanlib ALSI40	Patrick Mamathuba	33.9
Cash		7.3

## Portfolio Performance (net of fees, annualized)

	1 year	3 years	5 years
Kruger Flexible Fund of funds	9.67%	17.12%	2.87%
Benchmark	13.10%	11.26%	12.97%

## Portfolio Manager's Comment

**International:** The month of March turned out to be a mixed month for markets. The positive sentiment continued for developed markets, mainly on the back of continuing positive US economic data. Emerging markets on the other hand faltered somewhat amid the lingering concern about a deeper than expected pullback in the Chinese economy, coupled with the potential side effects of the floundering European Union and the widespread debt crisis it is trying to deal with. Right now Spain has re-emerged as the problem child, just as the Greek situation has been addressed. The all-important US employment report for March added to the caution as far less than the expected 205 000 new jobs (120 000) were generated. The news was countered by the March unemployment number which improved to 8.2% from the previous 8.3%. Expectations for a subdued first quarter US corporate results season also weigh on markets – average earnings is expected to increase by only 1% while profit margins are expected to narrow further. Developed markets continued to steam ahead in March with the MSCI World Index gaining by 1.29% (11.56% ytd), the S&P 500 and the Dow Jones Industrial Indices by 3.29% and 2.01% (12.59% and 8.14% ytd) respectively. The MSCI Emerging Markets Index contracted by 3.33% (14.08% ytd) - all in US dollars.

**Local:** The SA economy continues on a steady growth path, mainly driven by household income growth on the one hand, but constrained in many ways by factors such as insufficient infrastructure spending due to manpower and energy constraints and the inability of second tier government to deliver big projects on time. Economic recovery remains fragile as primary economic indicators such as employment statistics, manufacturing, retail spending, the Kagiso PMI and private credit demand continue to chug along without creating real excitement. In the light of the foregoing and with inflation remaining subdued at around the 6% level, interest rates are likely to be kept on hold in line with international central banks. The FTSE/JSE All Share Equity Index reflected the softer undertone of global emerging markets in March by recording a moderate loss of 1.41% (+6.01% ytd). With the exception of the Kruger Flexible portfolio which declined in line with the JSE by 1.26% (+6.46% ytd), the other 3 Kruger portfolios recorded solid gains – Balanced by 0.82% (+4.35% ytd), Prudential by 1.33% (+3.54% ytd) and Global by 4.38% (+4.59% ytd).

**Asset Allocation:** The importance of individual risk profiling and a diversified investment portfolio based on a scientific investment process cannot be over emphasized. Aligned with the reigning market conditions, we continue to manage our portfolios actively.

## The Kruger Investment Committee

Hein Kruger: Chief Investment Officer  
Errol Keller: Portfolio Manager  
Johan Marais: Investment Committee member  
Analytics Consulting: Investment Consultant

## Additional Fund Information

- Kruger International is approved by the Financial Services Board to act as the investment manager of the Kruger Funds. Kruger International may also provide advice relating to investments in the Kruger Funds.
- The annual fees for the A class referred to above exclude the annual management fees levied by the underlying funds. The annual fees include an annual fee of 0.20% (excl. VAT) payable to Kruger International, an annual fee of 0.50% (excl. VAT) payable to Sanlam Collective Investments, and an annual fee of 0.125% (excl. VAT) payable to Analytics Consulting.
- In order to consolidate and aggregate all of Kruger International's offshore activities and scale, the local Kruger Fund's may invest in the foreign Kruger Fund's. Kruger International may earn an annual fee of up to 0.20% (exc. VAT where applicable) from this investment.
- At least 80% of the assets will be invested in South Africa at all times, up to 20% of the assets may be invested offshore at any point in time.
- A fund of fund is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios.
- Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.
- The fund manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.
- Total Expense Ratio (TER): For the period from 1 January 2011 to 31 December 2011 TER's of the average net asset value of the portfolio were incurred as charges, levies and fees relating to the management of the portfolio. 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's.
- Please note that in most cases where the FSP is a related party to the portfolio manager, the portfolio manager and/or 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.

Collective investments are generally medium to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments 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 any permissible deductions from the portfolio. Portfolio performance is calculated on a NAV to NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. The source is Money Mate. Actual investment performance will differ based on the initial fees applicable and the actual investment date. A schedule of fees and charges and maximum commissions is available from the manager/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. Different classes of units apply to these portfolios and are subject to different fees and charges. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. The following charges are levied against the portfolio: Brokerage, auditor's fees, bank charges and trustee fees. A fund of funds unit trust only invests in other unit trusts, which levy their own charges, which could result in a higher fee structure for these funds. Company scheme: Sanlam Collective Investments Ltd, P O Box 30 Sanlamhof 7532/Sanlam Head Office, 2 Strand Road, Bellville 7530. Sanlam Collective Investments and Kruger International are respectively full and affiliate members of the Association for Savings & Investment SA (ASISA).