

Plexus Preference Share Portfolio 1

Fund manager	Plexus Asset Management (Pty) Ltd	Dividend payments	Accumulated or distributed
Industry sector	Dividend Income	Initial charge (Plexus & IFA)	None
Risk factor	Moderate	Annual management fee (Plexus)	Up to R1 million 0,40% (excl VAT) Above R1 million 0,33% (excl VAT) Above R2,5 million Negotiable
Minimum investment	R250 000	Annual service fee (IFA)	Maximum of 0,5% (excl VAT)
Minimum additional investment	R 50 000		
Inception date	1 April 2006	Trustee	Standard Trust Limited, PO Box 54, Cape Town, 8000

Ideal investors

The investment objective of the Portfolio is to generate a high level of tax-free income in the form of preference dividends. Capital growth is not an objective of the Portfolio. Investors are willing to tolerate some fluctuations in the value of the investment and should have a time horizon of at least one year.

Mandate

The Plexus Pref Portfolio is a focused segregated portfolio of preference shares listed on the JSE Securities Exchange. At least 75% of the shares selected will be those with a minimum A-grade rating from the rating agencies Fitch or Moody's. Only variable rate, cumulative, non-redeemable, non-participating preference shares are invested in.

Performance benchmark

Performance is measured against the average performance of Domestic – Fixed Interest – Money Market unit trusts.

Comments

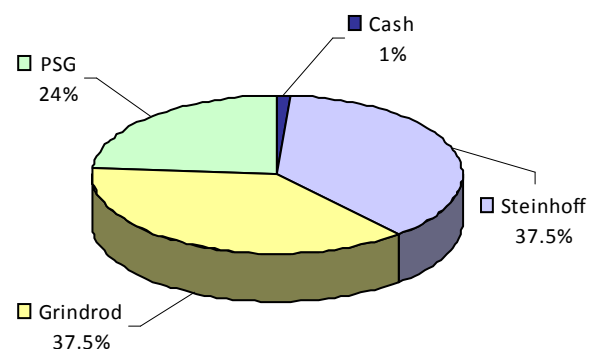
Global stock markets took a much needed breather in January. The turnaround in the 10-month upward trend (since March 2009) came in mid-January and was sparked by China where government had initiated measures to cool down the economy. This reignited investors' concerns regarding the extent and sustainability of the still fragile global economic recovery, and risk aversion returned to the markets. The MSCI World Index declined by 4,2% and the MSCI Emerging Markets Index by 5,7% in US dollars.

The FTSE/JSE All Share Index could not escape the negative investor sentiment and yielded a total return of -3,5% for the month in line with other emerging markets. Financials, however, managed to buck the trend, yielding a total return of 1,2%. The SA Industrial Index yielded a return of -2,7%. Mining shares (-6,8%) and gold shares (-8,4%) took a beating on the back of lower commodity prices. As far as market cap performance is concerned, small (-0,5%) and mid-caps (-2,1%) once again outperformed large caps (-3,8%).

The SA bond market yielded a flat return for the month of January. The shorter end of the market outperformed cash, which yielded 0,6%, but long-dated bonds (12+ years) ended up on a negative return of -0,9%.

The rand declined against all the major currencies during January mainly on the back of heightened risk aversion.

Allocation



Portfolio composition, yields and rating

Company	Weight	% of Prime	Current Yield	Weighted Current Yield	Rating
Steinhoff (SHFF)	37.5%	75.0%	9.81%	3.68%	Fitch A (positive)
Grinrod (GNDP)	37.5%	80.0%	9.25%	3.47%	Fitch A (positive)
PSG (PGFP)	24.0%	75.0%	9.10%	2.18%	No rating
Cash	1.0%				

Effective portfolio yield

Weighted average current yield	9.33%
Weighted pre-tax yield	
@ 40% marginal tax rate	15.55%
@ 30% marginal tax rate	13.33%

The weighted average current yield is based on the current dividend yield of the preference shares in the portfolio, and is gross of any initial fees such as stockbrokerage, as well as annual management and service fees. Annual fees are calculated monthly on the market value of the portfolio and are deducted from the cash held within the portfolio.

Dividend declarations (cpu & payment dates)

Company	Date
Grindrod (GNDP)	623.00 cpu (23/03/09); 522.50 cpu (14/09/09)
Steinhoff (SHFF)	585.00 cpu (29/04/09); 489.00 cpu (26/10/2009)
PSG (PGFP)	568.36 cpu (30/03/09); 450.40 (28/09/09)

Equity investments are long-term investments. Their value can rise and fall and historical performance is not necessarily a guideline for the future. Although preference shares are listed securities and trade freely, liquidity may at times, depending on market conditions, result in purchases and sales not being able to be executed immediately. All dealing expenses normally associated with the acquisition or disposal of the securities in the Plexus Pref Portfolio are for the investor's account.