



# MONTHLY PORTFOLIO REPORT

## December 2014

### STRATEGIC OUTCOMES

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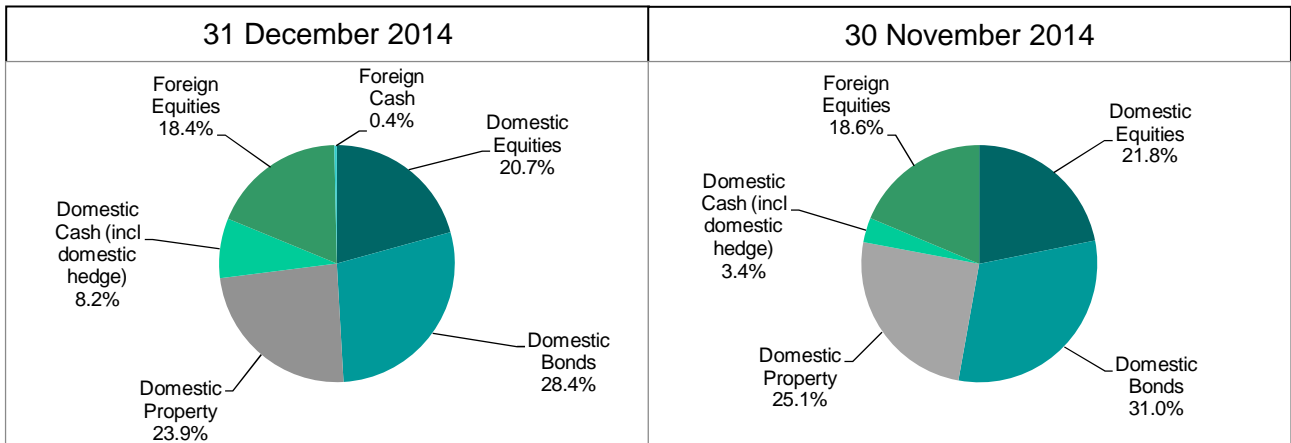
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## Asset allocation and forward portfolio income yield

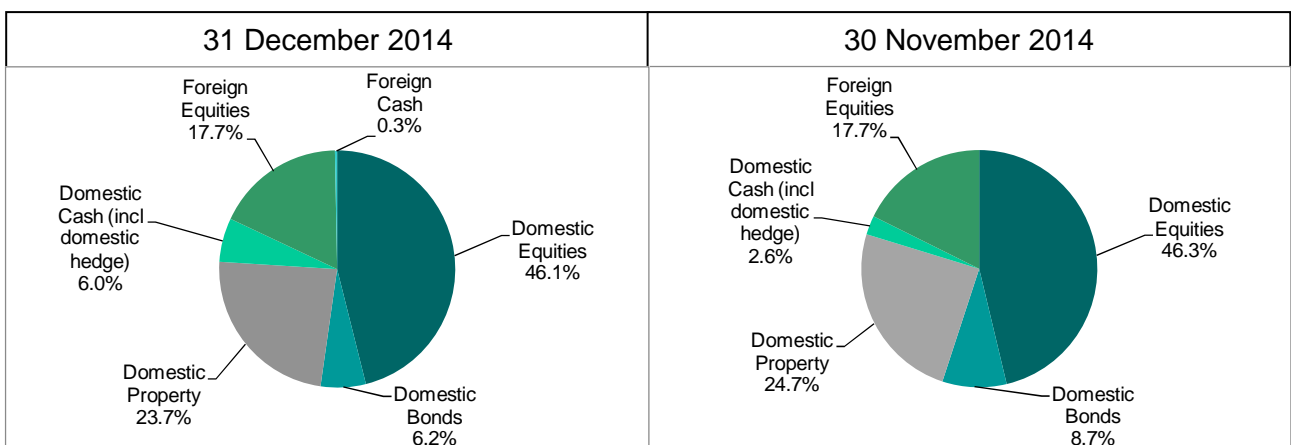
### Plexus Wealth BCI Conservative Fund



Forward portfolio income yield: 6.2% (gross)  
 3 year compound annual growth rate: 6.3%

Domestic Equities, Domestic Bonds and Domestic Property exposure was reduced in favour of Domestic Cash. A small holding in Foreign Cash was acquired.

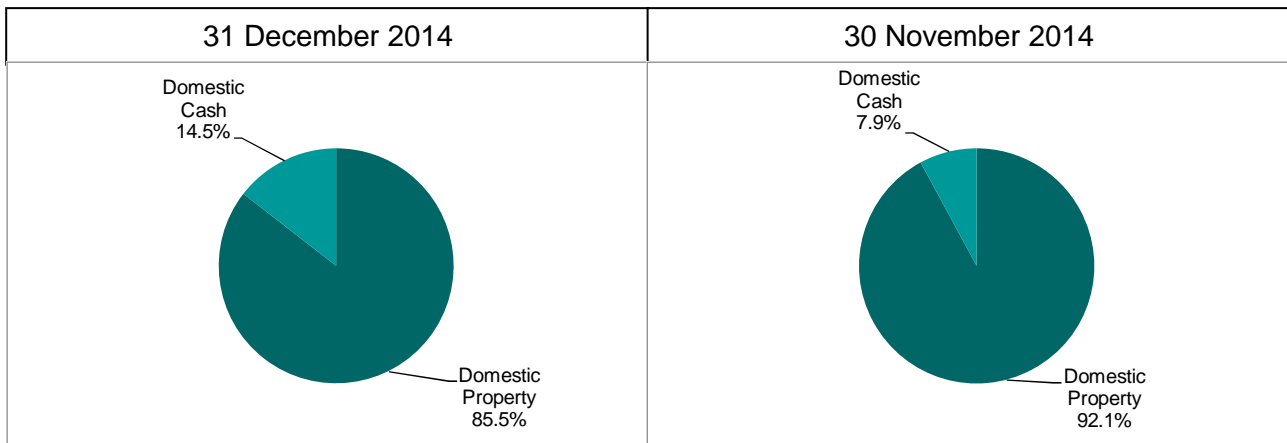
### Plexus Wealth BCI Balanced Fund



Forward portfolio income yield: 5.0% (gross)  
 3 year compound annual growth rate: 8.2%

Domestic Bonds and Domestic Property exposure was reduced in favour of Domestic Cash. A small holding in Foreign Cash was acquired.

### Plexus Wealth BCI Property Fund



Forward portfolio income yield: 5.4% (gross)  
 3 year compound annual growth rate: 8.7%

Domestic Property exposure was reduced in favour of Domestic Cash.

Notes:

The Plexus Wealth BCI Property Fund is managed by Plexus Wealth KZN. The Plexus Wealth BCI Conservative Fund and the Plexus Wealth BCI Balanced funds are managed by Grindrod Asset Management.

The gross forward income yield is the amount of income (before costs and withholding taxes), expressed as a percentage of the current price, which the portfolio is expected to deliver to investors over the next 12 months. The income growth is the expected per annum growth in the income paid to investors over the next three years. These are estimates based upon our expectations of all income (dividends, interest and distributions) to be received by the portfolio for payment to investors, assuming market conditions do not change materially over the 12-month and three-year periods. The gross forward income yield and income growth rate are indicative only and are not guaranteed. These are Grindrod Asset Management estimates.

## Performance and risk statistics

Performance to 31 December 2014					
Fund / ASISA sector	1 Month	3 Months	6 Months	1 Year	
				Fund	Benchmark
Plexus Wealth BCI Conservative Fund	0.9%	5.3%	9.2%	14.8%	9.0%
SA Multi-Asset Low Equity	0.7%	2.2%	3.3%	8.1%	
Plexus Wealth BCI Balanced Fund	1.3%	7.2%	10.9%	18.7%	11.2%
SA Multi-Asset High Equity	0.6%	2.2%	2.5%	9.1%	
Plexus Wealth BCI Property Fund	1.9%	10.2%	22.2%	32.9%	26.6%
SA Real Estate General	1.7%	10.3%	17.7%	24.8%	

Source: MoneyMate

Note: The Plexus Wealth BCI Property Fund is managed by Plexus Wealth KZN. The Plexus Wealth BCI Conservative Fund and the Plexus Wealth BCI Balanced funds are managed by Grindrod Asset Management.

The performance of the Plexus Wealth BCI Funds has proved to be excellent over the past one year and shorter periods, both against their respective benchmarks and comparable ASISA sectors. **In fact, over the one-year period, the Plexus Wealth BCI Conservative Fund and the Plexus Wealth BCI Property Fund rank first and the Plexus Wealth BCI Balanced Fund ranks second in their respective ASISA sectors.**

Since inception performance to 31 December 2014 (annualised)			
Plexus Wealth BCI Fund	Fund	Benchmark	SA Multi-Asset Low Equity
Conservative Fund (inception date 11/06/2009)	11.9%	8.4% (CPI + 3%)	10.4%
			SA Multi-Asset High Equity
Balanced Fund (inception date 24/06/2009)	14.6%	10.6% (CPI + 5%)	14.0%
			SA Real Estate General
Property Fund (Inception date 12/06/2009)	21.7%	22.4% (FTSE/JSE SA Listed Property Index)	20.2%

Source: MoneyMate

Note: Performance figures quoted are sourced from MoneyMate for the current period for lump-sum investments including income distributions at NAV to NAV basis and do not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance may differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income.

<b>Risk statistics to 31 December 2014</b>			
<b>Plexus Wealth BCI Fund</b>	<b>Inception date</b>	<b>Volatility (standard deviation of returns)</b>	<b>Maximum drawdown (since inception)</b>
<b>Conservative Fund</b>	<b>11/06/2009</b>	<b>4.30%</b>	<b>-5.50%</b>
<b>Balanced Fund</b>	<b>24/06/2009</b>	<b>6.32%</b>	<b>-6.57%</b>
<b>FTSE/JSE All Share Index</b>		<b>12.48%</b>	<b>-13.25%</b>
<b>Property Fund</b>	<b>12/06/2009</b>	<b>10.66%</b>	<b>-18.29%</b>
<b>FTSE/JSE SA Listed Property Index</b>		<b>11.55%</b>	<b>-20.02%</b>

Source: MoneyMate and I-Net Bridge

## Performance of financial markets

### Equities

Lower oil prices contributed to lower prices for energy stocks and helped drag most equity markets down during December. Concerns about Chinese and global growth generally weighed on investor sentiment and most investors chose to stay on the sidelines as the year wound down. Despite a marginally weaker December, the S&P 500 gained 11.4% in 2014, significantly outperforming most other developed markets. The US equity market was boosted by renewed investor appetite for technology stocks. In the UK, the FTSE 100 Index declined by 2.7% during 2014 and remains below the record high achieved more than 15 years ago. Most other developed markets posted single-digit returns in 2014.

Equity Indices (International)	1 Month	3 Months	1 Year
MSCI World (\$)	-1.7%	0.7%	2.9%
MSCI Emerging Markets (\$)	-4.8%	-4.9%	-4.6%
Dow Jones Industrial	-0.0%	4.6%	7.5%
S&P500	-0.4%	4.4%	11.4%
Nasdaq	-1.2%	5.4%	13.4%
London FTSE100	-2.3%	-0.9%	-2.7%
German Dax	-1.8%	3.5%	2.7%
French CAC	-2.7%	-3.3%	-0.5%
Japanese Nikkei	-0.1%	7.9%	7.1%
Hong Kong Hang Seng	-1.6%	2.9%	1.3%

Source: I-Net Bridge

It was another tough month for South Africa's resource companies, as a weaker rand failed to offset the impact of sharply lower commodity prices. Sasol's share price fell by a further 6.5%, while the prices of heavyweights Anglo American and BHP Billiton fell by 5.9% and 5.1% respectively. The FTSE/JSE All Share Index finished the year up 10.9% despite a 14.7% decline for the Resources sector. The Financial (+27.3%) and Industrial (+16.8%) sectors fared significantly better. Despite the rand weakening by 10% against the US dollar, the large dual-listed industrial companies were a drag on performance in 2014.

<b>FTSE/JSE Equity Indices (TR)</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>
All Share	-0.2%	1.4%	10.9%
SWIX	0.3%	3.8%	15.4%
Financial	0.8%	10.8%	27.3%
SA Industrial	1.0%	7.0%	16.8%
Resources	-4.7%	-19.3%	-14.7%
Mining	-4.2%	-17.0%	-15.1%
Gold Mining	7.6%	-9.4%	13.5%
Top 40	-0.5%	0.0%	9.2%
Mid-cap	1.2%	8.8%	19.6%
Small Cap	1.8%	6.6%	20.6%

Source: I-Net Bridge

## Fixed Income

Global bond yields dropped further in December as inflation expectations were lowered on the back of falling oil prices and investors rotated out of riskier assets and into sovereign bonds. The yield on 10-year US Treasury bonds dipped below 2%. However, the sharp increase in the value of the US dollar negated the positive performance from lower bond yields. Emerging-market bond yields rose (values declined) on the back of heightened risk aversion.

<b>Fixed Interest Indices (International)</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>
JP Morgan Global Government Bond Index (\$)	-0.7%	-1.3%	0.3%
Bloomberg Global Developed Sovereign Bond Index (\$)	-0.4%	-1.3%	0.1%
Bloomberg Local Emerging Market Sovereign Bond Index (\$)	-2.2%	-0.8%	3.8%

Source: I-Net Bridge

South African bond yields rose almost 40 basis points during December as investors focused on a rapidly depreciating currency and concerns regarding electricity load shedding. For the year as a whole, long bond yields declined by approximately 30 basis points on the back of lower global bond yields.



Fixed Interest Indices (Domestic)	1 Month	3 Months	1 Year
STEFI Composite Index	0.6%	1.6%	5.9%
BEASSA All Bond Index (ALBI)	-1.6%	4.3%	10.2%
Barclays Inflation-Linked Bond Index	-0.1%	2.2%	11.2%

Source: I-Net Bridge

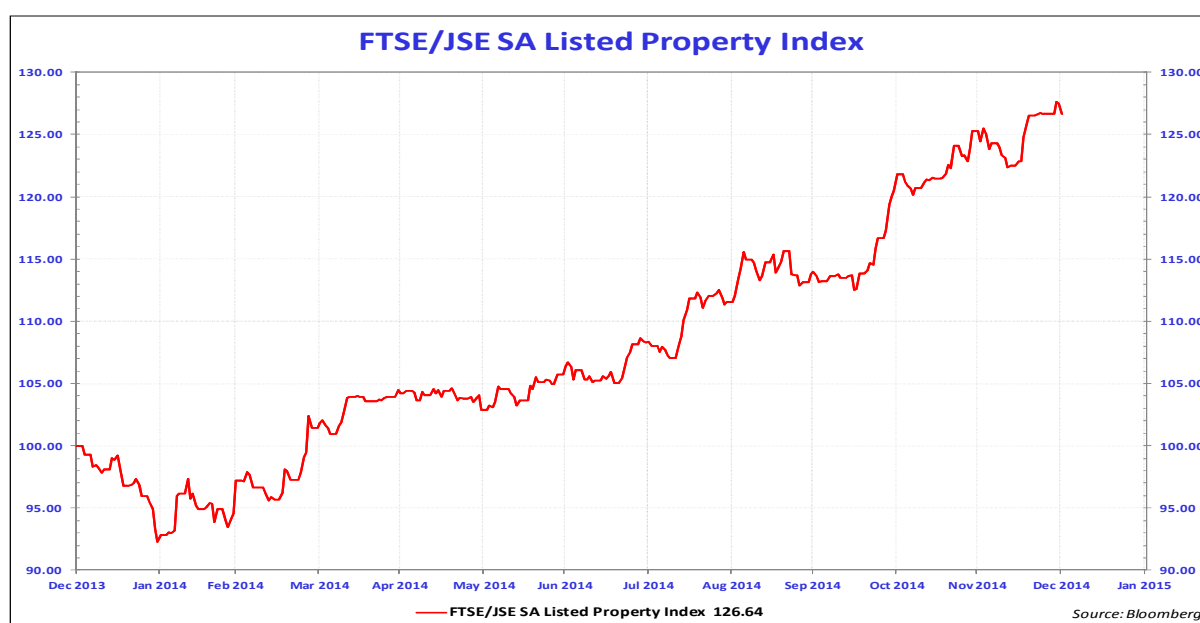
## Listed Property

Lower bond yields and improving property fundamentals helped global listed property stocks gain more than 23% in 2014 (as measured by the GPR 250 REIT Index). The outlook for global listed property remains positive with bond yields expected to remain lower for longer.

South Africa's listed property sector also continued its strong run with many companies rallying to all-time highs in December. Listed property was also once again the top-performing asset class in South Africa during 2014, gaining 26.6% for the year as a whole and 1.1% in December. The current one-year forward yield on the sector is now just 6.4% and distributions are expected to grow by 8.5% in 2015.

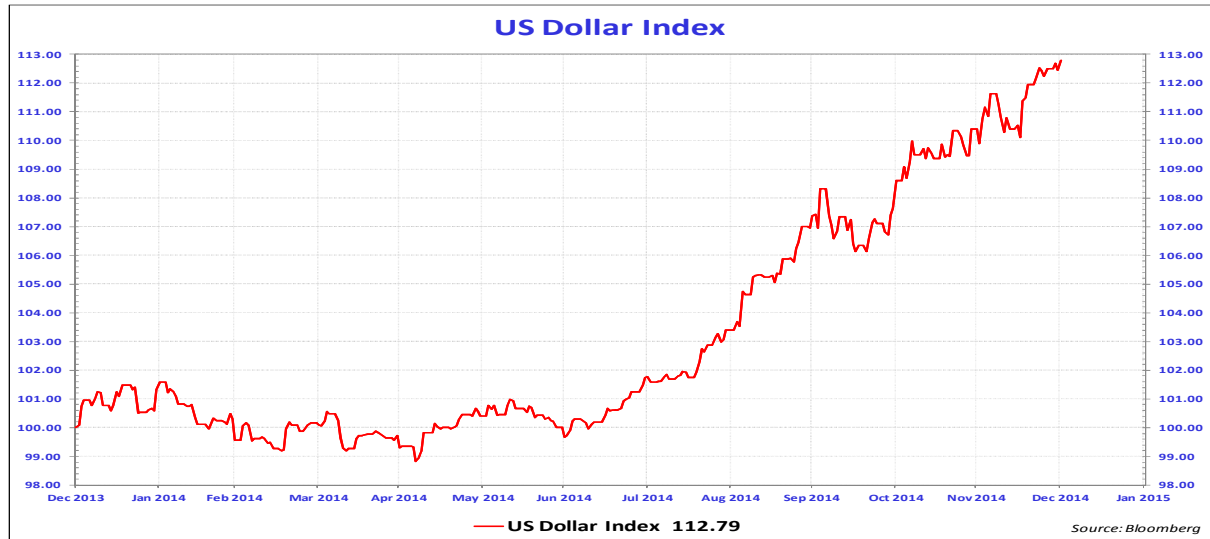
Listed Property Indices	1 Month	3 Months	1 Year
GPR 250 REIT Index (USD)	0.8%	10.1%	23.2%
FTSE/JSE SA Listed Property Index (ZAR)	1.1%	11.1%	26.6%

Source: I-Net Bridge



## Currencies

US dollar strength continued during December, with the greenback gaining 2.9% against the euro, 0.5% against the British pound and 1.0% against the Japanese yen as the US economy continued to improve and investors preferred the safe-haven of the US dollar and US treasury bonds.



The rand lost ground against all major currencies during December on the back of heightened risk aversion, concerns regarding the South African economy and Eskom's woes

Currencies (Domestic)	1 Month	3 Months	1 Year
ZAR/USD	-4.4%	-2.5%	-9.3%
ZAR/EUR	-1.6%	1.8%	3.1%
ZAR/GBP	-4.0%	1.5%	-3.6%

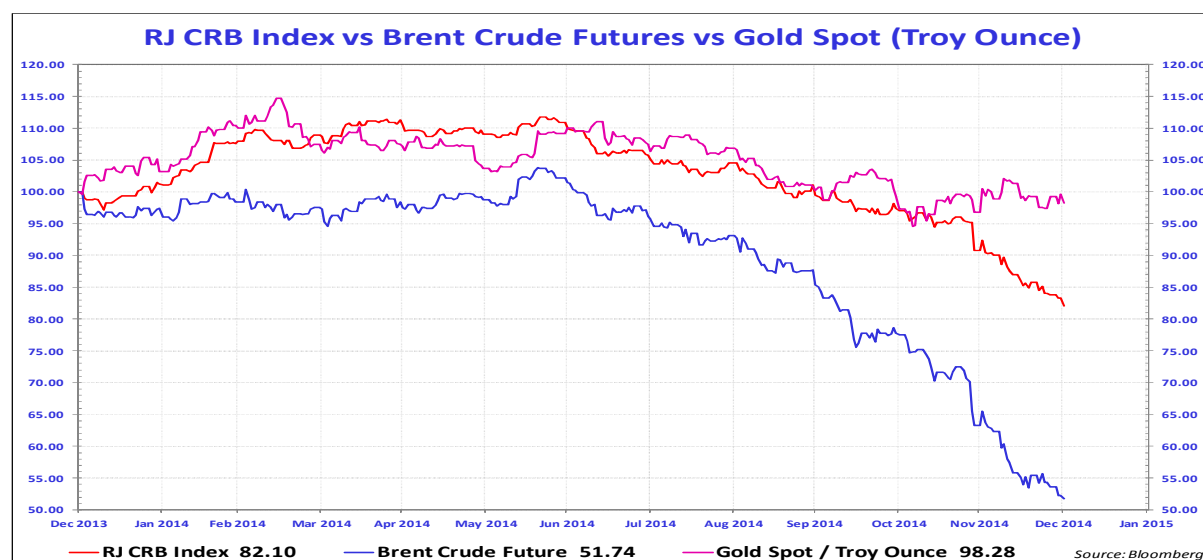
Source: I-Net Bridge

## Commodities

The rout in the global oil market continued into December, with the price of Brent Crude Futures falling a further 9.6%. Other commodity prices were also affected negatively on the back of the strong US dollar and concerns regarding the Chinese and Eurozone economies. Despite the strong dollar, the price of gold rose on the back of heightened risk aversion.

Commodities (International)	1 Month	3 Months	1 Year
RJ CRB Index (\$)	-9.6%	-17.4%	-17.9%
Brent Crude Futures (\$)	-18.3%	-39.4%	-48.3%
Gold (\$)	1.5%	-1.9%	-1.7%
London Metals Exchange Index (\$)	-3.6%	-5.7%	-7.8%

Source: I-Net Bridge



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