

INDEQUITY SEGREGATED PORTFOLIO REPORT

- SEPTEMBER 2010 -

Dear Client,

"Trip down memory lane"

Investors are often intrigued by the historical performance of investments in general and shares in particular.

We all "hear stories" about investors that have become "rich" by sticking to a portfolio of quality companies and also exercising patience.

We thought it will be of interest to get some facts on this, look at the details and what history will reveal to us.

Given all the really technical and in depth research we often receive we thought a lighter "trip down memory lane" would be in order.

We started the process by investigating the existing ALSI 40 (Top 40) index shares in South Africa and their historical performance. These are the largest shares by value listed on the JSE All share index and are the mainstay of our stock market.

The existing 40 shares that form part of the ALSI 40 index have changed radically over the last 23 years. We started our process purposefully before the 1987 market correction in order not to "manipulate" numbers to impress you.

Clearly there are plenty other shares that were listed before the 1987 correction that is still around, but they do not form a part of the ALSI 40 index at the moment

In addition one can mention that a lot of corporate restructuring has taken place over many years in the South African landscape.

One can think of the Rembrandt Group which spun off British American Tobacco and Richemont to shareholders and Reneitte depositary receipts. After all the unbundling and corporate action Remgro is still part of the ALSI 40 index, quite fascinating.

In all market sectors there have been plenty of corporate action over the years. Other examples are Arcelor Mittal (previously Iscor) that spun off Kumba Iron Ore and Exxaro Resources. Tiger

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Brands spun unbundled Adcock Ingram and Spar over the last few years. On balance all of these have been fruitful for investors.

The returns that one would have achieved on the shares that are in the ALSI 40 at the moment are quite phenomenal if you look at the table below: Just to mention again that only shares that have been listed since 1 September 1987 have been included in this table and they were listed on 30 September 2010.

Compound Annual Return for the period 2 October 1987 to 30 September 2010			
Share	Return	Share	Return
Bidvest	23.70%	Nedbank	13.37%
Remgro	22.10%	SABMiller	13.11%
Standard Bank	17.92%	African Rainbow Minerals	12.87%
Impala Platinum	15.30%	FTSE/JSE All Share	11.78%
Sasol	14.62%	Anglo Platinum	11.01%
Tiger Brands	13.65%	Anglo Gold	1.84%

Returns are compounded annual returns, excluding dividends

The extraordinary returns from Bidvest (23,70% annual compound return) is very pleasing and as expected the underperformers have been the gold shares, (Gold Fields and Harmony does not qualify for mentioning here but we looked at the shares and it is not happy reading).

There is a healthy combination of industrial-, mining- and financial companies that are represented in the ALSI 40 at the moment.

There are a few conclusions that can be made from the above table without getting technical:

- Equities have done well over the last 23 years.
- The inflation rate has averaged 10% over the period and hence most shares have outperformed inflation (See our comment on inflation, CPI, CPI ex food /fuel, CPI etc below):

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It is totally impossible to obtain a reliable database where dividends will be included in the performance numbers given all the corporate restructuring, capital distributions in lieu of dividends etc. Investors have earned a handsome real return on the above investments.

We have not included the official consumer price index as that yardstick's composition has changed materially and substantially over the last 23 years. In addition a CPI index or core CPI index (ex food and fuel) is different for all of us.

CPI measurements are necessary evils but have far less practical value for us as an individual. It is a required benchmark for a country but has for more limited value to you and me except than as a tool for the Monetary Policy Committee.

We have not considered risk and volatility in our analysis; no risk adjusted return is calculated as the illustration gets technical then and will not serve the purpose of this document. We do acknowledge that risk and volatility are important for ultimate risk adjusted returns though.

In previous paragraphs we stated that the starting point of our homework was prior to the 1987 market crash. Let us look at this in more detail: During the 23 year period we had the following market corrections:

- 1987 correction, the local index dropped by 43% in a few weeks from peak to bottom.
- 1998 correction, the local All share index dropped by roughly 40 % in four months.
- 2008 correction, the local index dropped by roughly 42% in eight months.

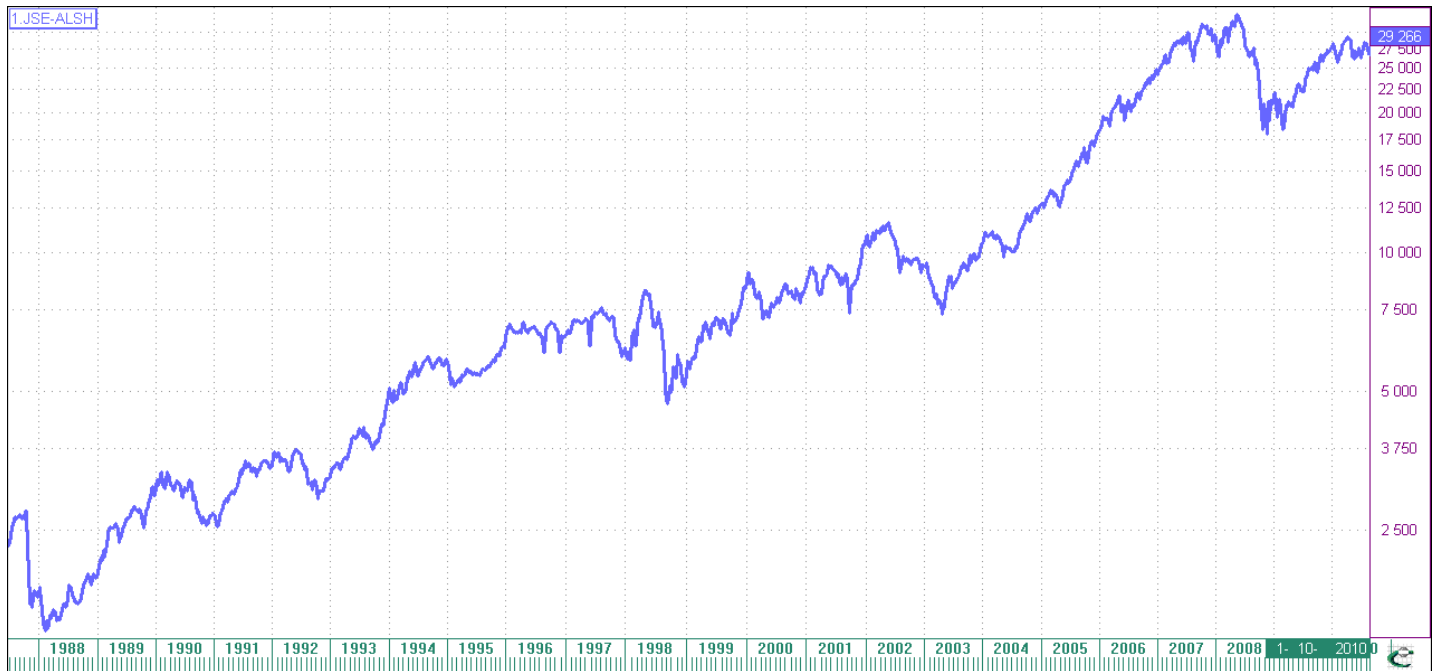
Forty percent corrections every ten years or so seem to be in the order of the day!

Fortunately we had one 18 months ago!

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The key take away for clients should be that with three corrections of about 40% each in the last 23 years your investments have still shown real growth and has outperformed inflation.

In order to play devil's advocate we also calculated returns from bottom to peak.

Let us elaborate: An investor decided to invest at the bottom (not before like the above numbers) of the 1987 correction and still owns the shares today.

We ran the numbers for Anglos and SAB miller as an example and the result is:

Anglos: 15,30% annual compound return excluding dividends.

SAB Miller: 15,59% annual compound return excluding dividends.

We will all stand in awe when reliable dividend numbers are included!

We dare to suggest to our clients and say to ourselves:

“Please relax and enjoy the ride, case closed”.

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We have a fair dose of the above companies in all client portfolios and new "winners" like Famous Brands, MTN, Coronation Fund Managers and Pioneer food group to name a few that have enhanced your performance over the last few years.

Thank you for your continued support and trust this shows to you that you can relax and that hopefully you will motivate to be clients for a lot longer! We value it highly.

Regards

A handwritten signature in cursive script that reads "J.D. Botha".

JD BOTHA

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Directors: T.C. Meyer CA(SA) (Chairman), J.D Botha (Managing Director), L Jansen van Rensburg CA(SA)

Transactions for the quarter

QUARTERLY REPORT OF THE INVESTMENT PERFORMANCE FOR THE PERIOD

26 JUNIE 2010 TO 30 SEPTEMBER 2010

**PERFORMANCE OF CLIENT PORTFOLIO
SUMMARY OF INTEREST AND DIVIDENDS RECEIVED FOR THE PERIOD ENDING 30/09/2010**

Interest	R 26 402.04
Dividends	R 64 623.56

2010/06/26 Opening Balance	R 9 039 020.00
2010/08/22 Closing Balance	R 9 105 588.25
2010/08/23 Payment - CASH	R 50 000.00
2010/08/24 Opening Balance	R 9 104 831.93
2010/09/30 Closing Balance	R 9 784 107.00

Performance of the portfolio for the period 26/06/2010 - 22/08/2010	0.74%
Performance of the portfolio for the period 24/08/2010 - 30/09/2010	7.46%
Performance of the portfolio for the quarter	8.20%
Performance of the portfolio for the year to date	8.97%
Performance of the FTSE/JSE ALSI for the quarter	7.41%
Performance of the FTSE/JSE ALSI for the year to date	4.72%

Annual current dividend income from the portfolio	R 186 123.53
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TRADES FOR THE QUARTER ENDING 30/09/2010

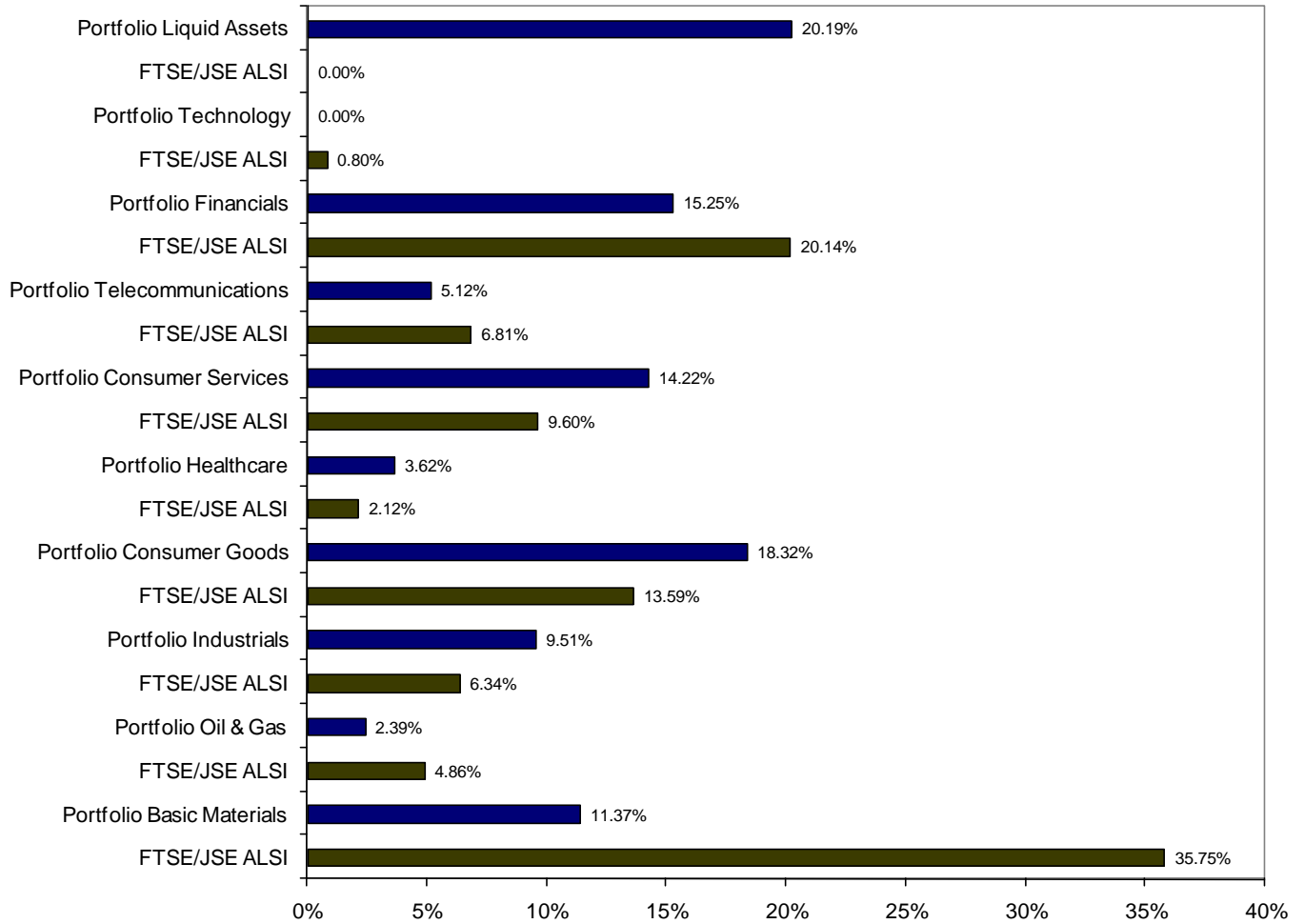
DATE	SHARE NAME	TYPE	QUANTITY	TOTAL VALUE
2010/07/09	TIGBRANDS	CAP REDUC	720	R 1 944.00
2010/07/23	NETCARE	CAP REDUC	11 100	R 2 109.00
2010/08/23	CASH	PAYMENT	-	R 50 000.00
2010/09/10	TRANSHEX	OPEN EX RIGHT	147	-

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Portfolio breakdown



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Top 10 Equity Holdings

Naspers Ltd	8.50%
SABMiller Plc	7.50%
Compagnie Fin Richemont	5.90%
Anglo American Plc	5.40%
Shoprite Hldgs Ltd	5.00%
Coronation Fund Mngrs Ltd	4.90%
British American Tobacco Plc	4.50%
Reunert Ord	4.00%
MTN Group	3.90%
New Gold Issuer Ltd	3.50%

TOTAL EQUITIES	79.81%
CASH	20.19%

Commentary

We comment on the portfolio on a quarterly basis although the client does not see any comments. The portfolio is well positioned and has quality counters.

The portfolio has performed well over the last few years and the future looks just as bright for the portfolio.

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