

SYM | mETRY's Islamic Fund offers strict Shari'ah compliance without sacrificing returns

South Africa is a melting pot of cultures and beliefs, and Islam as a religion and way of life is an integral part of the heritage and people of South Africa. SYM|mETRY Multi-Manager, a member of the Old Mutual Investment Group (SA) (OMIGSA), recognises the diverse cultures and religions of our rainbow nation and strives to develop investment products that take into account their unique requirements.

When it comes to Islamic investing, SYM|mETRY's investment approach offers Islamic investors "the best of both worlds" – solid, risk-adjusted investment returns that both beat the benchmark and comply in every way with Shari'ah Law. In this way, they ensure that investors of the Islamic faith achieve their investment goals and build financial security without compromising their religious beliefs.

Islamic Law compliance

SYM|mETRY has designed its Islamic Fund with the particular requirements of the Muslim community in mind. The fund is suitable for pension and provident funds, as well as individual investors.

As Islam makes no distinction between religion and life, Islamic Law (or the Shari'ah) covers not only ritual but also every aspect of a Muslim's life, including their financial affairs. Muslims, for example, have unique investment and insurance requirements because Islamic Law strictly prohibits them from receiving interest income and income from a range of non-permissible sources. But SYM|mETRY has successfully worked around this challenge through the use of Islamic Law-compliant investment instruments.

Regulation 28 of the South African Pension Funds Act, for example, stipulates that at least 25% of a pension fund must be invested in cash or interest-bearing investments. In this instance, the 25% is to be invested in an alternative and a non-interest-bearing asset class, called synthetic cash or "Sukuks", to provide a similar risk-return profile to fixed interest assets.

At SYM|mETRY we have gone to great lengths to ensure strict compliance

of the Islamic Fund by employing the services of an expert, independent body not affiliated to OMIGSA. SYM|mETRY and Frater Asset Management, one of South Africa's leading Islamic investment fund managers, have appointed an independent Shari'ah Supervisory Board (SSB) to monitor and certify the fund as Islamic Law compliant. The Board comprises three senior and very well respected Muftis from around South Africa, who play a supervisory role similar to that of an external auditor.

A balanced fund

The Islamic Fund invests across different asset classes to achieve a lower risk profile than an equity-only fund. In fact, the fund is comparable to a typical balanced fund with a moderate risk profile, with up to 75% of assets invested in equities (as allowed by legislation) and the balance in fixed income instruments. However, to comply with Shari'ah Law these must be non-interest-bearing asset classes (synthetic cash) to provide a similar risk-return profile to fixed income assets, without earning interest.

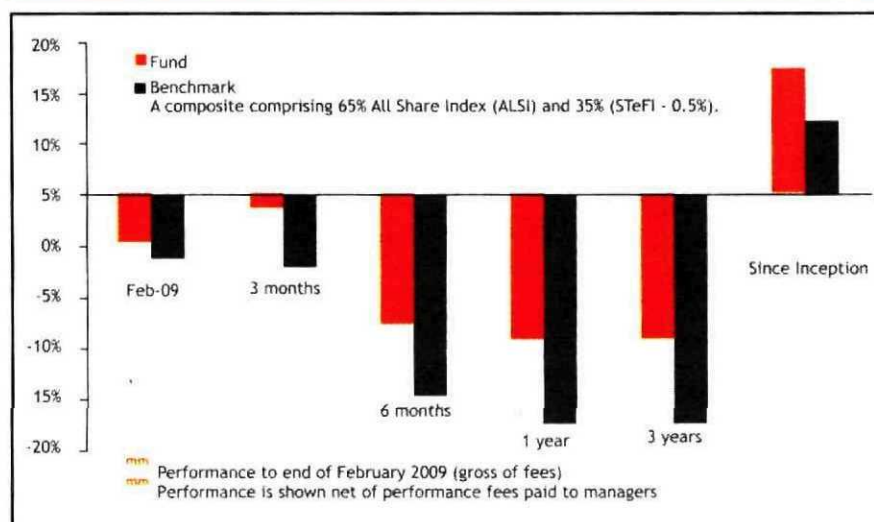
The equity portion of the portfolio, also managed by Frater Asset Management, is guided strictly by Shari'ah Law. This means that the manager avoids investing in companies associated with gambling, alcohol, pork and finance (because these businesses earn and pay interest). Given these guidelines, the fund's equity investments tend to be concentrated more in resources than those of a typical balanced fund.

The strict stock selection and screening process includes analysis of a company's level of gearing and dividend policy, dividend analysis, and the exclusion of companies that derive a large proportion of their earnings from interest income.

What is "synthetic cash" (Sukuks)?

Fixed income securities are important components in any investor's portfolio, helping to lower overall risk and providing steady returns in times of equity market turbulence. To achieve this, the Islamic Fund invests a portion of its funds in synthetic cash, taking the form of a Sukuk.

SYM | mETRY Islamic Fund vs Benchmark



Sukuk, an Arabic word meaning "certificate", is a Shari'ah-compliant alternative to fixed income securities used widely around the world. SYM|mETRY was the first to offer this unique instrument in South Africa.

In the case of the Islamic Fund, Sukuks are created to produce a return profile similar to that of cash, without actually being cash. A Sukuk structure is where a tangible asset or a permissible trading commodity is bought, and then sold at a specified value with a specified settlement date in the future. Sukuk holders are entitled to share in the revenues generated by the proceeds of sale of the underlying assets.

Uncompromising performance

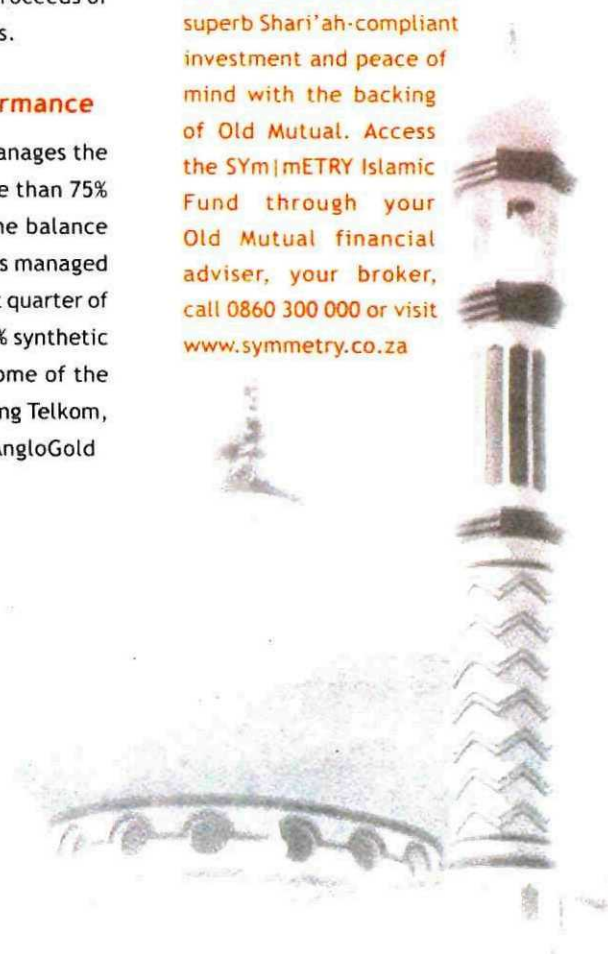
Frater Asset Management manages the fund so that there is no more than 75% invested in equities, with the balance in synthetic cash. This split is managed actively over time. In the first quarter of 2009, the fund comprised 34% synthetic cash and 66% equity, with some of the largest shareholdings including Telkom, AECI, Tongaat-Hulett and AngloGold Ashanti.

The Islamic Fund's performance history demonstrates that investors need not sacrifice returns in order to adhere to their beliefs. As shown in the accompanying graph, since its inception in September 2005 to 28 February 2009, it has returned 12.4% a

year (gross of fees), substantially outperforming its composite benchmark's return by approximately 4% a year. SYM|mETRY attributes this outperformance to active management and excellent stock selection.

Such strong risk-adjusted performance demonstrates how SYM|mETRY is able to provide Islamic investors with the returns they need to achieve their financial goals while also adhering to their beliefs. It's the "best of both worlds" that SYM|mETRY always aims to deliver to its clients.

The best of both worlds - superb Shari'ah-compliant investment and peace of mind with the backing of Old Mutual. Access the SYM|mETRY Islamic Fund through your Old Mutual financial adviser, your broker, call 0860 300 000 or visit www.symmetry.co.za



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