

CAPITAL PRESERVATION FUND



January 2010

Portfolio Manager *Francois Finlay*

BENCHMARK

CPI +3%

INCEPTION DATE

01 Apr 97

FUND OBJECTIVES

The Cadiz Asset Management Capital Preservation Fund product range encompasses both segregated and pooled portfolios. These low risk capital preservation mandates focus on delivering strong consistent real returns over the medium to longer term, benchmarked against the CPI +3%. This product is targeted at institutional clients seeking low risk explicit capital preservation investment strategies but still want equity exposure. This mandate is ideally suited as an absolute return investment strategy for both pension and provident funds. Our capital preservation products have consistently outperformed its inflation target.

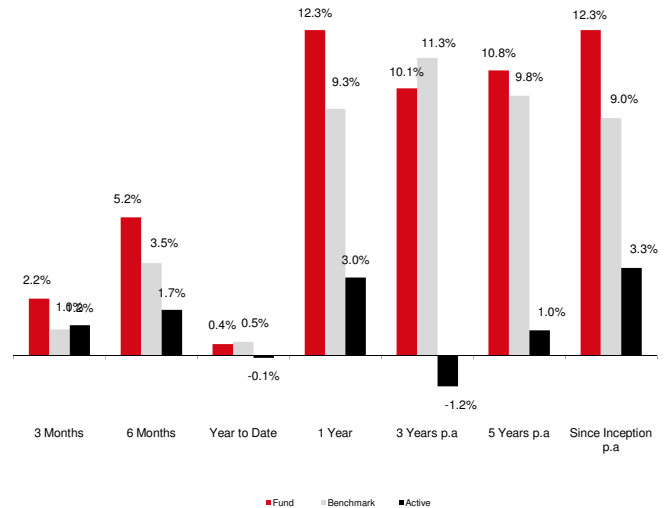
FUND COMMENTARY

The fund returned 0.48% for January, while the ALBI returned 0.27%, the ALSI - 3.50% and Cash 0.60%. Over the last 12 months cash has returned 8.50%, while the fund returned 12.72%.

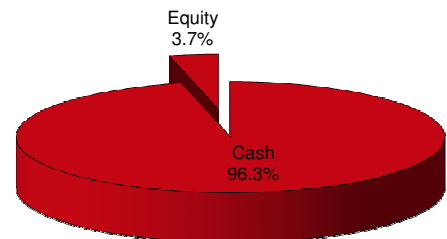
The Reserve Bank Monetary Policy Committee left the repo rate unchanged at 7% at the end of their first meeting for 2010 on the 26th of January. The decision was expected and we maintain that rates may have bottomed. But we acknowledge that there were parts of the MPC statement that were dovish. Recent comments by the Minister of Finance of an announcement related to the inflation target at this year's Budget reading further increasing the uncertainty around rate prospects. The MPC saw consumer inflation falling into the target range on a sustainable basis from March this year. Domestic economic activity was expected to remain relatively subdued, with the MPC forecasting real growth of 2% and 3% for 2010 and 2011. Car sales had its strongest January gain since 2004, with sales of new cars increasing by 26.5% in the month and 11.8% on a year ago.

With equity markets consolidating since early January 2010 and trading at levels last seen in October 2009, we have started to cautiously increase our equity holdings. We have thus been correct to be light-weight equity over the last 5 months.

PERIOD RETURNS ENDING 31 January 2010



ASSET ALLOCATION



RISK STATISTICS (3 YEARS)

	FUND	BENCHMARK	ACTIVE
Standard Deviation	2.4%	2.1%	0.3%
Tracking Error	3.0%		
Information Ratio	-0.4		

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