

# Investment Solutions Unit Trust Limited Annual Unitholder Communication

March 2014

## CHAIRPERSON'S REPORT

This report is provided in terms of the Association of Collective Investment Schemes (CIS) Code of Good Practice to give you, the investor, an overall understanding of the financial position of the Investment Solutions funds -- yours in particular.

### HIGHLIGHTS

- Financial markets climbed to new highs in the past financial year
- The South African All Share Index (ALSI) rose 23.6%
- The rand depreciated by over 14.1% against the dollar over the year
- Investment Solutions' funds produced inflation-beating returns
- The CIS continued to attract new investors, with assets under management growing to R1.54 trillion over the period

### MARKET OVERVIEW

Financial markets reached new highs during the past year and the JSE was no exception, despite the South African economy being expected to grow by less than 2%. Financial divergences such as this were common across the globe -- essentially the effect of the extremely easy monetary policies of the major central banks that kept interest rates at zero, reinforced through massive amounts of quantitative easing (QE).

The US Federal Reserve (Fed) started tapering QE this year, which has the potential to significantly affect the SA economy and financial markets. Investors had a preview of this in January 2014 as misinterpretation of the Fed's guidance regarding future interest rates caused an emerging-market (EM) sell-off and currency depreciation. Globally, developed markets (DMs) significantly outperformed EMs, returning 19.7% in dollar terms compared with minus 1.1%.

The JSE ALSI returned 23.6% over the past 12 months, equating to 7.8% in dollars as the rand depreciated by 14.1% relative to the greenback, and performed worse against the euro and pound. The general willingness to take on more risk over the past 12 months due to loose monetary policy and zero interest rates saw

relatively flat performance from global bonds (1.4%) in dollars and the local ALBI (0.6%) in rands.

Much of the local equity market's performance was driven by the Industrial sector. Essentially, the rand-hedge shares did better than the rand-leverage shares as investors reduced exposure to SA labour. From a valuation perspective, the JSE is regarded as expensive, with Industrials now the most overvalued and Resources the cheapest. The Resource sector performed best for the first quarter as the Value style of investing was rewarded.

A slowing Chinese economy has also weighed on EM performance. The Chinese government is addressing the slowdown by introducing a mini-stimulus package in the form of rail and shanty town infrastructure upgrades and extending certain preferential tax policies.

### INDUSTRY OVERVIEW

At the end of the 12 months to 31 March 2014, the local CIS industry managed assets of R1.54 trillion and offered investors 1 053 portfolios.

It attracted net inflows of R158 billion, of which R114 billion was channelled to portfolios in the SA Multi Asset category. The SA Equity category suffered net outflows and the SA Money Market category recorded a marginal net inflow of R125 million. Portfolios in the SA Interest Bearing category recorded net inflows of R27 billion for the period. Meanwhile, locally registered foreign funds held assets under management of R212.8 billion at end-March.

There are 308 foreign currency-denominated funds on sale in SA.

### PORTFOLIO OVERVIEW

Global and local equities performed well for the year ending 31 March, with the MSCI World Index returning 37.2% in rand terms. This was a result of the index returning 19.7% in dollar terms and the rand depreciating against the greenback. As a result, the IS Multi-manager Equity fund performed strongly, returning 24.08%.

Portfolios with high exposure to equities also performed well, with the IS Multi-manager Balanced FoF ended the period 17.97% up. This portfolio also benefited from its offshore exposure, to equities in particular. The IS Performer managed portfolio slightly underperformed the IS Multi-manager Balanced FoF with a return of 16.7%. Being a local-only portfolio, it did not benefit from strong offshore market returns and rand weakness.

The portfolios with lower exposure to equities, such as the IS Stable FoF (returning 10.13%) and the IS Real Return Focus unit trust (9.56%), also delivered returns well above inflation.

After strong returns in the previous year, the Listed Property market came under pressure over the past year, with the index returning only 1.1% and the IS Property Equity Unit trust 0.64%. The Fixed Income portfolios with exposure to nominal and inflation-linked bonds struggled over the period as these asset classes delivered low returns. The IS Superior Yield portfolio again delivered returns well ahead of its benchmark.

Yours sincerely



Marilyn Ramplin

ABRIDGED FINANCIAL STATEMENT  BALANCE SHEET AS AT 31 MARCH 2014	Investment Solutions Superior Yield Unit Trust		Investment Solutions Pure Fixed Interest Unit Trust		Investment Solutions Multi-Manager Balanced Fund of Funds		Investment Solutions Multi-Manager Equity Fund of Funds		Investment Solutions Income Unit Trust Fund		Investment Solutions Property Equity Unit Trust		Investment Solutions Real Return Focus Unit Trust	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>ASSETS</b>														
<b>Current assets</b>	<b>4 146 250 893</b>	<b>3 575 039 423</b>	<b>2 355 529 269</b>	<b>1 476 900 948</b>	<b>1 007 021 200</b>	<b>321 667 878</b>	<b>159 946 745</b>	<b>145 948 502</b>	<b>1 415 318 995</b>	<b>1 092 519 131</b>	<b>5 236 513 018</b>	<b>4 770 072 827</b>	<b>288 304 630</b>	<b>355 389 517</b>
Financial assets	4 111 343 919	3 467 622 423	2 227 651 724	1 434 383 207	999 648 501	315 437 755	159 751 042	144 690 142	1 372 316 029	1 053 720 338	5 085 297 196	4 617 646 657	275 162 684	334 025 734
Trade and other receivables	90 000 000	86 207	-	11 089	-	2 080 258	-	388 419	-	1 590 646	-	-	2 589 479	329 945
Cash and cash equivalents	(55 093 026)	107 330 793	127 877 545	42 506 652	7 372 699	4 149 865	195 703	869 941	43 002 966	37 208 147	151 215 822	152 426 170	10 552 467	21 033 838
<b>TOTAL ASSETS</b>	<b>4 146 250 893</b>	<b>3 575 039 423</b>	<b>2 355 529 269</b>	<b>1 476 900 948</b>	<b>1 007 021 200</b>	<b>321 667 878</b>	<b>159 946 745</b>	<b>145 948 502</b>	<b>1 415 318 995</b>	<b>1 092 519 131</b>	<b>5 236 513 018</b>	<b>4 770 072 827</b>	<b>288 304 630</b>	<b>355 389 517</b>

<b>EQUITY AND LIABILITIES</b>														
<b>Capital and reserves</b>	<b>3 454 465 813</b>	<b>3 159 983 158</b>	<b>2 035 384 157</b>	<b>1 419 595 733</b>	<b>1 001 771 574</b>	<b>319 635 137</b>	<b>159 352 313</b>	<b>144 592 408</b>	<b>1 121 082 047</b>	<b>941 312 952</b>	<b>5 102 953 304</b>	<b>4 679 997 719</b>	<b>282 966 857</b>	<b>350 867 604</b>
Capital value of unit portfolio	3 434 989 058	3 143 116 808	2 035 016 719	1 416 217 468	1 000 970 081	319 257 667	158 785 615	144 159 416	1 119 509 051	939 318 570	5 105 446 142	4 703 118 483	279 964 601	347 383 364
Undistributed income/(accumulated loss)	19 476 755	16 866 350	367 438	3 378 265	801 493	377 470	566 698	432 992	1 572 996	1 994 382	(2 492 838)	(23 120 763)	3 002 256	3 484 240
<b>CURRENT LIABILITIES</b>	<b>691 785 080</b>	<b>415 056 265</b>	<b>320 145 112</b>	<b>57 305 215</b>	<b>5 249 626</b>	<b>2 032 741</b>	<b>594 432</b>	<b>1 356 094</b>	<b>294 236 949</b>	<b>151 206 178</b>	<b>133 559 714</b>	<b>90 075 107</b>	<b>5 337 773</b>	<b>4 521 914</b>
Financial liabilities - derivatives	672 000 000	399 000 000	233 562 439	-	-	-	-	-	273 325 347	137 235 958	-	-	-	100 882
Trade and other payables	1 397 795	1 418 103	12 650	109 842	445 209	140 418	28 063	22 294	458 100	785 548	53 092 183	350 599	-	33 770
Unitholders for distribution	18 387 285	14 638 162	86 570 023	57 195 373	4 804 417	1 892 323	566 369	1 333 800	20 453 502	13 184 673	80 467 531	89 724 508	5 337 773	4 387 261
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4 146 250 893</b>	<b>3 575 039 423</b>	<b>2 355 529 269</b>	<b>1 476 900 948</b>	<b>1 007 021 200</b>	<b>321 667 878</b>	<b>159 946 745</b>	<b>145 948 502</b>	<b>1 415 318 995</b>	<b>1 092 519 131</b>	<b>5 236 513 018</b>	<b>4 770 072 827</b>	<b>288 304 630</b>	<b>355 389 517</b>

#### INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

<b>INCOME</b>	<b>213 584 366</b>	<b>212 014 236</b>	<b>163 716 665</b>	<b>110 530 475</b>	<b>13 194 861</b>	<b>4 112 253</b>	<b>1 991 793</b>	<b>2 662 584</b>	<b>77 298 356</b>	<b>65 675 766</b>	<b>353 960 679</b>	<b>276 469 903</b>	<b>14 879 293</b>	<b>16 936 864</b>
Dividends received	-	-	-	130	5 045 380	1 699 876	1 819 287	2 671 432	-	-	86 006 899	1 601 792	5 263 597	5 763 987
Net interest received	211 058 150	211 378 987	144 150 783	110 367 223	6 738 718	1 958 670	176 079	25 167	76 719 691	66 247 627	268 064 046	274 524 345	10 171 681	11 567 131
Income adjustment on creation and cancellation of units	2 526 216	635 249	19 565 882	163 122	1 410 763	453 707	(3 573)	(34 015)	578 665	(571 861)	(110 266)	343 766	(555 985)	(394 254)
<b>EXPENDITURE</b>	<b>17 368 069</b>	<b>17 779 955</b>	<b>577 844</b>	<b>697 017</b>	<b>2 841 079</b>	<b>1 182 796</b>	<b>688 505</b>	<b>818 064</b>	<b>9 778 445</b>	<b>10 310 347</b>	<b>1 889 294</b>	<b>2 053 003</b>	<b>4 263 651</b>	<b>4 647 055</b>
Service charges	17 047 041	17 421 032	268 254	395 664	3 255 664	1 120 915	821 640	799 204	9 602 448	10 099 986	1 508 510	1 520 913	3 826 656	4 217 172
Bank/custodian charges	201 042	219 320	236 154	236 426	(463 040)	47 828	(169 168)	3 684	134 710	168 498	197 014	322 085	405 084	414 285
Auditors remuneration	119 986	139 603	73 436	64 927	-	14 053	-	6 437	41 287	41 863	168 519	209 833	10 985	15 598
Dividend withholding tax	-	-	-	-	48 454	-	36 033	8 739	-	-	15 252	172	20 926	-
<b>NET INCOME/LOSS FOR THE YEAR</b>	<b>196 216 297</b>	<b>194 234 281</b>	<b>163 138 821</b>	<b>109 833 458</b>	<b>10 353 782</b>	<b>2 929 457</b>	<b>1 303 288</b>	<b>1 844 520</b>	<b>67 519 911</b>	<b>55 365 419</b>	<b>352 071 385</b>	<b>274 416 900</b>	<b>10 615 642</b>	<b>12 289 809</b>

#### STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

<b>RETAINED EARNINGS</b>														
Balance at beginning of the year	16 866 350	22 509 665	3 378 265	3 064 983	377 470	438 029	432 992	451 635	1 994 382	1 822 546	(23 120 763)	68 525 364	3 484 240	4 690 847
Net income for the year	196 216 297	194 234 281	163 138 821	109 833 458	10 353 782	2 929 457	1 303 288	1 844 520	67 519 911	55 365 419	352 071 385	274 416 900	10 615 642	12 289 809
Income available for distribution	213 082 647	216 743 946	166 517 086	112 898 441	10 731 252	3 367 486	1 736 280	2 296 155	69 514 293	57 187 965	328 950 622	342 942 264	14 099 882	16 980 656
Capital Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income distributions	(193 605 892)	(199 877 595)	(166 149 649)	(109 520 176)	(9 929 759)	(2 990 015)	(1 169 583)	(1 863 163)	(67 941 297)	(55 193 582)	(331 443 461)	(366 063 027)	(11 097 626)	(13 496 416)
<b>(OVER)/UNDISTRIBUTED INCOME AT THE END OF THE YEAR</b>	<b>19 476 755</b>	<b>16 866 350</b>	<b>367 438</b>	<b>3 378 265</b>	<b>801 493</b>	<b>377 470</b>	<b>566 698</b>	<b>432 992</b>	<b>1 572 996</b>	<b>1 994 382</b>	<b>(2 492 838)</b>	<b>(23 120 763)</b>	<b>3 002 256</b>	<b>3 484 240</b>

#### CAPITAL VALUE OF UNIT PORTFOLIO

Balance at beginning of the year	3 159 983 158	3 539 132 357	1 419 595 733	1 238 968 742	319 635 137	128 314 906	144 592 408	137 937 469	941 312 952	787 801 754	4 679 997 720	3 505 691 483	350 867 604	354 729 161
Creation of units	2 054 922 298	837 260 028	1 281 321 216	115 402 240	651 586 901	200 381 726	9 873 881	14 160 573	920 758 876	271 819 062	2 174 238 404	487 979 630	15 824 549	31 180 820
Cancellation of units	(1 768 090 460)	(1 213 242 456)	(569 400 801)	(8 212 278)	(57 506 273)	(47 762 932)	(25 414 296)	(22 083 714)	(734 718 611)	(132 687 254)	(1 507 498 248)	(245 085 403)	(99 618 787)	(59 819 464)
Fair value changes (realised and unrealised)	5 040 412	2 476 543	(93 121 164)	73 123 747	87 631 787	38 761 995	30 166 614	14 596 723	(5 849 783)	14 207 554	(264 412 497)	1 023 058 137	16 375 476	25 983 694
(Over)/Undistributed income for the year	2 610 405	(5 643 314)	(3 010 827)	313 282	424 023	(60 559)	133 706	(18 643)	(421 387)	171 836	20 627 925	(91 646 127)	(481 985)	(1 206 607)
<b>TOTAL CAPITAL VALUE AT THE END OF THE YEAR</b>	<b>3 454 465 813</b>	<b>3 159 983 158</b>	<b>2 035 384 157</b>	<b>1 419 595 733</b>	<b>1 001 771 574</b>	<b>319 635 137</b>	<b>159 352 313</b>	<b>144 592 408</b>	<b>1 121 082 047</b>	<b>941 312 952</b>	<b>5 102 953 304</b>	<b>4 679 997 720</b>	<b>282 966 857</b>	<b>350 867 604</b>

**ABRIDGED FINANCIAL STATEMENT**
**BALANCE SHEET AS AT 31 MARCH 2014**
**ASSETS**

	Investment Solutions Institutional Equity Unit Trust		Investment Solutions Enhanced Income Unit Trust Fund		Investment Solutions Inflation-linked Bond Unit Trust Fund		Investment Solutions Performer Managed Unit Trust		Investment Solutions Stable Fund of Funds	
	2014 R	2013 R	2014 R	2013 R	2014 R	2013 R	2014 R	2013 R	2014 R	2 Months ended 31 March 2013
<b>Current assets</b>	<b>2 481 196 107</b>	<b>1 782 201 512</b>	<b>542 573 379</b>	<b>524 158 852</b>	<b>1 001 816 741</b>	<b>1 014 950 648</b>	<b>717 900 729</b>	<b>617 393 461</b>	<b>1 689 737 399</b>	<b>444 542 824</b>
Financial assets	2 396 296 604	1 731 661 774	510 621 299	487 416 432	986 133 409	1 002 852 902	633 042 880	535 601 323	1 678 801 996	434 665 899
Trade and other receivables	2 817 575	54 397	-	-	-	6 166 109	-	403 114	36 851	560 661
Cash and cash equivalents	82 081 928	50 485 341	31 952 080	36 742 420	15 683 332	5 931 637	84 857 849	81 389 024	10 898 552	9 316 264
<b>TOTAL ASSETS</b>	<b>2 481 196 107</b>	<b>1 782 201 512</b>	<b>542 573 379</b>	<b>524 158 852</b>	<b>1 001 816 741</b>	<b>1 014 950 648</b>	<b>717 900 729</b>	<b>617 393 461</b>	<b>1 689 737 399</b>	<b>444 542 824</b>

**EQUITY AND LIABILITIES**

<b>Capital and reserves</b>	<b>2 448 395 038</b>	<b>1 773 215 558</b>	<b>412 243 356</b>	<b>466 162 069</b>	<b>992 833 190</b>	<b>1 006 248 444</b>	<b>704 007 590</b>	<b>609 156 222</b>	<b>1 670 403 768</b>	<b>438 660 016</b>
Capital value of unit portfolio	2 436 621 109	1 758 815 213	413 393 070	467 234 280	993 416 248	1 006 372 979	701 815 382	606 194 354	1 668 388 511	438 683 457
Undistributed income/(accumulated loss)	11 773 929	14 400 345	(1 149 714)	(1 072 211)	(583 058)	(124 535)	2 192 209	2 961 868	2 015 257	(23 441)
<b>CURRENT LIABILITIES</b>	<b>32 801 069</b>	<b>8 985 954</b>	<b>130 330 023</b>	<b>57 996 783</b>	<b>8 983 551</b>	<b>8 702 204</b>	<b>13 893 139</b>	<b>8 237 239</b>	<b>19 333 631</b>	<b>5 882 808</b>
Financial liabilities - derivatives	-	-	122 188 043	48 108 834	-	-	-	100 882	-	-
Trade and other payables	-	773 467	2 816	46 117	44 064	131 652	469 456	147 296	705 171	194 356
Unitholders for distribution	32 801 069	8 212 487	8 139 164	9 841 832	8 939 488	8 570 552	13 423 683	7 989 061	18 628 460	5 688 452
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 481 196 107</b>	<b>1 782 201 512</b>	<b>542 573 379</b>	<b>524 158 852</b>	<b>1 001 816 741</b>	<b>1 014 950 648</b>	<b>717 900 729</b>	<b>617 393 461</b>	<b>1 689 737 399</b>	<b>444 542 824</b>

**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

<b>INCOME</b>	<b>72 024 254</b>	<b>56 190 490</b>	<b>31 627 900</b>	<b>34 079 715</b>	<b>35 024 676</b>	<b>36 362 193</b>	<b>26 415 756</b>	<b>24 188 712</b>	<b>33 619 082</b>	<b>7 070 624</b>
Dividends received	58 642 314	53 724 111	370 768	624 909	-	-	13 993 054	12 778 608	4 389 116	861 486
Net interest received	2 884 023	3 082 740	32 093 481	33 653 463	34 883 400	36 058 548	12 448 174	11 298 740	24 928 285	4 735 466
Income adjustment on creation and cancellation of units	10 497 917	(616 361)	(836 349)	(198 657)	141 276	303 645	(25 472)	111 364	4 301 471	1 473 672
<b>EXPENDITURE</b>	<b>10 974 970</b>	<b>12 179 685</b>	<b>304 906</b>	<b>487 479</b>	<b>1 183 643</b>	<b>945 279</b>	<b>2 413 461</b>	<b>2 114 292</b>	<b>4 442 822</b>	<b>1 054 047</b>
Service charges	8 610 773	11 344 333	98 878	280 981	1 011 751	769 151	1 794 158	1 590 080	5 260 106	1 026 530
Bank/custodian charges	2 166 153	756 990	190 912	185 568	135 635	131 768	537 624	497 100	(845 286)	7 994
Auditors remuneration	79 927	78 362	15 117	20 930	34 372	44 360	24 607	27 112	-	19 523
Dividend withholding tax	118 117	-	-	-	1 885	-	57 072	-	28 002	-
<b>NET INCOME FOR THE YEAR</b>	<b>61 049 284</b>	<b>44 010 805</b>	<b>31 322 994</b>	<b>33 592 236</b>	<b>33 841 033</b>	<b>35 416 914</b>	<b>24 002 295</b>	<b>22 074 420</b>	<b>29 176 260</b>	<b>6 016 577</b>

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014**

<b>RETAINED EARNINGS</b>										
Balance at beginning of the year/period	14 400 345	17 088 367	(1 072 211)	(994)	(124 535)	(153 773)	2 961 868	3 481 990	(23 441)	1 789
Net income for the year/period	61 049 284	44 010 805	31 322 994	33 592 236	33 841 033	35 416 914	24 002 295	22 074 420	29 176 260	6 016 577
Income available for distribution	75 449 629	61 099 172	30 250 783	33 591 242	33 716 497	35 263 141	26 964 163	25 556 410	29 152 819	6 018 366
Capital Transfer	-	-	-	-	-	-	-	-	-	-
Income distributions	(63 675 700)	(46 698 827)	(31 400 497)	(34 663 453)	(34 299 557)	(35 387 677)	(24 771 954)	(22 594 542)	(27 137 564)	(6 041 807)
<b>(OVER)/UNDISTRIBUTED INCOME AT THE END OF THE YEAR/PERIOD</b>	<b>11 773 929</b>	<b>14 400 345</b>	<b>(1 149 714)</b>	<b>(1 072 211)</b>	<b>(583 058)</b>	<b>(124 535)</b>	<b>2 192 209</b>	<b>2 961 868</b>	<b>2 015 257</b>	<b>(23 441)</b>

**CAPITAL VALUE OF UNIT PORTFOLIO**

Balance at beginning of the year/period	1 773 215 558	1 604 656 168	466 162 069	441 882 516	1 006 248 444	822 171 564	609 156 222	495 803 051	438 660 016	9 598 768
Creation of units	2 291 482 465	127 081 505	37 571 971	40 312 628	131 514 657	101 398 879	89 277 826	214 460 016	1 373 942 989	464 170 134
Cancellation of units	(1 972 838 860)	(219 930 721)	(85 164 334)	(21 035 962)	(118 374 861)	(11 573 615)	(77 690 673)	(174 902 139)	(216 689 180)	(58 526 443)
Fair value changes (realised and unrealised)	359 162 291	264 096 628	(6 248 847)	6 074 104	(26 096 524)	94 222 378	84 033 874	74 315 416	72 451 245	23 442 787
(Over)/Undistributed income for the year/period	(2 626 416)	(2 688 022)	(77 503)	(1 071 217)	(458 524)	29 238	(769 660)	(520 122)	2 038 698	(25 230)
<b>TOTAL CAPITAL VALUE AT THE END OF THE YEAR/PERIOD</b>	<b>2 448 395 038</b>	<b>1 773 215 558</b>	<b>412 243 356</b>	<b>466 162 069</b>	<b>992 833 190</b>	<b>1 006 248 444</b>	<b>704 007 590</b>	<b>609 156 222</b>	<b>1 670 403 768</b>	<b>438 660 016</b>

**BALANCE SHEET AS AT 31 MARCH 2014**

	Investment Solutions US Dollar Feeder Fund		Investment Solutions Global Fixed Income Feeder Fund		Investment Solutions Global Equity Feeder Fund		Investment Solutions Strategic Global Balanced Feeder Fund	
	2014 R	2013 R	2014 R	2013 R	2014 R	2013 R	3 Months ended 31 March 2014	2013 R
<b>ASSETS</b>								
<b>Current assets</b>	<b>26 939 160</b>	<b>19 297 445</b>	<b>26 198 788</b>	<b>22 598 836</b>	<b>144 352 294</b>	<b>108 561 594</b>	<b>12 533 134</b>	<b>***</b>
Financial assets	26 850 054	19 109 477	26 039 511	22 493 485	144 016 159	108 389 856	12 484 926	-
Trade and other receivables	-	105 766	-	958	-	2 787	-	-
Cash and cash equivalents	89 106	82 202	159 277	104 393	336 135	168 951	48 208	-
<b>TOTAL ASSETS</b>	<b>26 939 160</b>	<b>19 297 445</b>	<b>26 198 788</b>	<b>22 598 836</b>	<b>144 352 294</b>	<b>108 561 594</b>	<b>12 533 134</b>	<b>-</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Capital and reserves</b>	<b>26 912 267</b>	<b>19 279 689</b>	<b>26 170 372</b>	<b>22 576 285</b>	<b>144 201 429</b>	<b>108 457 312</b>	<b>12 533 134</b>	<b>-</b>
Capital value of unit portfolio	26 912 267	19 279 689	26 170 372	22 576 285	144 201 429	108 457 312	12 533 134	-
Undistributed income/(accumulated loss)	-	-	-	-	-	-	-	-
<b>CURRENT LIABILITIES</b>	<b>26 893</b>	<b>17 756</b>	<b>28 416</b>	<b>22 551</b>	<b>150 865</b>	<b>104 282</b>	<b>-</b>	<b>-</b>
Financial liabilities - derivatives	-	-	-	-	-	-	-	-
Trade and other payables	26 893	17 756	28 416	22 551	150 865	104 282	-	-
Unitholders for distribution	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26 939 160</b>	<b>19 297 445</b>	<b>26 198 788</b>	<b>22 598 836</b>	<b>144 352 294</b>	<b>108 561 594</b>	<b>12 533 134</b>	<b>-</b>

**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

<b>INCOME</b>	<b>(139 301)</b>	<b>2 220</b>	<b>5 164</b>	<b>1 897</b>	<b>9 458</b>	<b>17 433</b>	<b>405</b>	<b>-</b>
Dividends received	-	-	-	-	-	-	-	-
Net interest received	(139 301)	2 220	5 164	1 897	9 458	17 433	405	-
Income adjustment on creation and cancellation of units	-	-	-	-	-	-	-	-
<b>EXPENDITURE</b>	<b>415 573</b>	<b>252 592</b>	<b>359 830</b>	<b>307 817</b>	<b>1 629 615</b>	<b>1 131 841</b>	<b>456</b>	<b>-</b>
Service charges	366 669	202 086	310 797	257 161	1 576 420	1 077 407	-	-
Bank/custodian charges	48 904	49 663	49 033	49 663	53 195	49 663	456	-
Auditors remuneration	-	843	-	993	-	4 771	-	-
Dividend withholding tax	-	-	-	-	-	-	-	-
<b>NET INCOME/(LOSS) FOR THE YEAR</b>	<b>(554 874)</b>	<b>(250 372)</b>	<b>(354 666)</b>	<b>(305 920)</b>	<b>(1 620 157)</b>	<b>(1 114 408)</b>	<b>(51)</b>	<b>-</b>

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014**

<b>RETAINED EARNINGS</b>								
Balance at beginning of the year/period	-	-	-	-	-	-	-	-
Net income for the year/period	(554 874)	(250 372)	(354 666)	(305 920)	(1 620 157)	(1 114 408)	(51)	-
Income available for distribution	(554 874)	(250 372)	(354 666)	(305 920)	(1 620 157)	(1 114 408)	(51)	-
Capital Transfer	554 874	250 372	354 666	305 920	1 620 157	1 114 408	51	-
Income distributions	-	-	-	-	-	-	-	-
<b>(OVER)/UNDISTRIBUTED INCOME AT THE END OF THE YEAR/PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CAPITAL VALUE OF UNIT PORTFOLIO**

Balance at beginning of the year/period	19 279 689	15 992 704	22 576 285	18 021 546	108 457 312	81 837 786	-	-
Creation of units	94 337 865	925 418	499 355	386 270	4 613 105	3 594 239	12 848 596	-
Cancellation of units	(89 674 603)	(580 927)	(96 628)	(17 971)	(2 875 133)	(2 335 093)	(338)	-
Fair value changes (realised and unrealised)	2 969 316	2 942 493	3 191 360	4 186 440	34 006 145	25 360 380	(315 073)	-
(Over)/Undistributed income for the year/period	-	-	-	-	-	-	(51)	-
<b>TOTAL CAPITAL VALUE AT THE END OF THE YEAR/PERIOD</b>	<b>26 912 267</b>	<b>19 279 689</b>	<b>26 170 372</b>	<b>22 576 285</b>	<b>144 201 429</b>	<b>108 457 312</b>	<b>12 533 134</b>	<b>-</b>

PORTFOLIO INFORMATION

	Investment Solutions Superior Yield Unit Trust		Investment Solutions Pure Fixed Interest Unit Trust		Investment Solutions Multi-Manager Balanced Fund of Funds		Investment Solutions Multi-Managed Equity Fund of Funds		Investment Solutions Income Unit Trust Fund		Investment Solutions Property Equity Unit Trust		Investment Solutions Real Return Focus Unit Trust		Investment Solutions Institutional Equity Unit Trust		Investment Solutions Enhanced Income Unit Trust Fund		Investment Solutions Inflation-linked Bond Unit Trust Fund		Investment Solutions Performer Managed Unit Trust	
Income distributed for the period	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.
June 30, 2013	0.3931	-	-	-	-	-	-	-	1.5573	-	2.8159	-	-	-	-	-	1.6242	-	0.8055	-	-	-
September 30, 2013	0.4200	-	4.2229	-	1.4116	0.6233	-	1.9925	1.5954	-	4.8629	-	2.1382	1.4567	-	1.4509	1.5757	-	0.7104	-	0.5146	1.2361
December 31, 2013	0.4809	-	-	-	-	-	-	-	1.5745	-	2.5185	1.7658	-	-	-	-	1.5025	-	0.0270	-	-	-
March 31, 2014	0.5358	-	4.0990	-	0.2591	1.3693	-	1.9133	1.6530	-	4.1801	-	1.7632	1.9270	-	1.4780	1.8128	-	0.7859	-	0.4734	1.5629
<b>Benchmark</b>	<b>Short-term Fixed Interest Call Deposit Index</b>		<b>BESA All Bond Index (Total Return)</b>		<b>SA Multi-Asset - High Equity - Category Average</b>		<b>SA Equity - General - Category Average</b>		<b>ALBI 1 - 3 Year Term Split</b>		<b>FTSE/JSE SA Listed Property Index</b>		<b>Headline CPI + 5% p.a.</b>		<b>FTSE/JSE Shareholder Weighted Index</b>		<b>ALBI 1 - 3 Year Term Split</b>		<b>Barclays Capital/ Absa SA Government Inflation-linked Bond Index</b>		<b>Alexander Forbes Investable SA Large Manager Watch Median</b>	
Inception Date	17 September 2001		17 September 2001		31 July 2003		17 September 2001		30 June 2004		30 September 2004		30 September 2004		8 August 2008		14 September 2009		30 June 2009		3 January 2011	
<b>Investment Returns to 31 March 2014</b>																						
1-Year	5.96%		1.47%		17.97%		24.08%		5.82%		0.64%		9.56%		21.76%		5.04%		-0.13%		16.70%	
Benchmark	4.80%		0.61%		15.47%		20.63%		4.21%		1.12%		10.93%		24.48%		4.21%		0.62%		17.05%	
<b>Investment Returns to 31 March 2013</b>																						
1-Year	6.01%		13.20%		20.42%		12.57%		7.57%		34.54%		11.69%		18.81%		7.81%		14.72%		17.72%	
Benchmark	4.88%		14.38%		16.17%		17.30%		7.16%		37.28%		10.81%		22.02%		7.16%		17.09%		17.14%	
<b>Total Expense Ratio (TER's)</b>	<b>0.60%</b>		<b>1.18%</b>		<b>1.81%</b>		<b>1.60%</b>		<b>1.16%</b>		<b>1.48%</b>		<b>1.30%</b>		<b>1.95%</b>		<b>1.04%</b>		<b>1.16%</b>		<b>1.31%</b>	
<b>ASSET ALLOCATION</b>																						
<b>Total</b>	<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.01%</b>	
<b>Local</b>	<b>100.00%</b>		<b>100.00%</b>		<b>78.55%</b>		<b>90.78%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>99.99%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>	
Equities	0.00%		0.00%		50.12%		83.14%		0.00%		0.37%		40.59%		95.08%		-0.91%		0.00%		62.13%	
Bonds	9.62%		92.64%		7.45%		0.08%		20.65%		0.00%		22.85%		0.00%		21.17%		100.00%		9.65%	
Cash	90.38%		7.36%		13.65%		4.78%		79.35%		1.29%		27.68%		1.81%		76.23%		0.00%		20.14%	
Property	0.00%		0.00%		4.40%		2.79%		0.00%		98.34%		8.46%		1.90%		3.52%		0.00%		5.72%	
Alternatives	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.15%		0.00%		0.00%		0.00%		0.00%	
Commodities	0.00%		0.00%		2.87%		0.00%		0.00%		0.00%		0.40%		1.21%		0.00%		0.00%		2.36%	
Balanced	0.00%		0.00%		0.06%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	
<b>Global</b>	<b>0.00%</b>		<b>0.00%</b>		<b>21.45%</b>		<b>9.22%</b>		<b>0.00%</b>		<b>0.00%</b>		<b>0.01%</b>		<b>0.00%</b>		<b>0.00%</b>		<b>0.00%</b>		<b>0.00%</b>	
<b>Annual Service Fee (Incl. VAT)</b>	<b>0.60%</b>		<b>1.14%</b>		<b>0.57%</b>		<b>0.57%</b>		<b>1.14%</b>		<b>1.48%</b>		<b>1.20%</b>		<b>1.48%</b>		<b>1.00%</b>		<b>1.14%</b>		<b>1.14%</b>	

\*excluding underlying manager charges

\*\* Fund less than 1-year old

\*\*\* Fund less than 3-years old

PORTFOLIO INFORMATION

	Investment Solutions Stable Fund of Funds		Investment Solutions US Dollar Feeder Fund		Investment Solutions Global Fixed Income Feeder Fund		Investment Solutions Global Equity Feeder Fund		Investment Solutions Strategic Global Balanced Feeder Fund	
	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.	Int.	Div.
<b>Income distributed for the period</b>										
June 30, 2013	0.1251	-	-	-	-	-	-	-	-	-
September 30, 2013	0.8288	0.1642	-	-	-	-	-	-	-	-
December 31, 2013	-	-	-	-	-	-	-	-	-	-
March 31, 2014	1.0946	0.0917	-	-	-	-	-	-	-	-
<b>Benchmark</b>	<b>SA Multi-Asset - Low Equity - Category Average</b>		<b>90-day US Treasury Bill</b>		<b>Barclays Capital Global Aggregate Bond Index</b>		<b>MSCI World Equity index</b>		<b>Average Global Multi-Asset High Equity Category</b>	
Inception Date	29 February 2012		24 March 2004		23 March 2004		23 March 2004		27 January 2014	
<b>Investment Returns to 31 March 2014</b>										
1-Year	10.13%		12.33%		14.05%		31.17%		note 1	
Benchmark	9.77%		14.27%		16.05%		36.28%		note 1	
<b>Investment Returns to 31 March 2013</b>										
1-Year	15.62%		18.22%		22.97%		30.68%		note 1	
Benchmark	14.21%		20.58%		19.54%		35.72%		note 2	
<b>Total Expense Ratio (TER's)</b>	<b>1.96%</b>		<b>1.49%</b>		<b>2.09%</b>		<b>2.13%</b>		<b>note 1</b>	
<b>ASSET ALLOCATION</b>										
<b>Total</b>	<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>	
<b>Local</b>	<b>88.23%</b>		<b>0.33%</b>		<b>0.50%</b>		<b>19.75%</b>		<b>30.40%</b>	
Equities	23.54%		0.00%		0.00%		1.21%		-0.31%	
Bonds	16.76%		0.00%		0.00%		0.14%		0.14%	
Cash	41.28%		0.33%		0.50%		18.33%		30.49%	
Property	5.55%		0.00%		0.00%		0.07%		0.07%	
Alternatives	0.00%		0.00%		0.00%		0.00%		0.00%	
Commodities	1.11%		0.00%		0.00%		0.00%		0.00%	
Balanced	0.00%		0.00%		0.00%		0.00%		0.00%	
<b>Global</b>	<b>11.77%</b>		<b>99.67%</b>		<b>99.50%</b>		<b>80.25%</b>		<b>69.60%</b>	
Annual Service Fee (Incl. VAT)	0.57%		1.15%		1.25%		1.20%		0%*	

\*excluding underlying manager charges

\*\* Fund less than 1-year old

\*\*\*Fund less than 3-years old

Notes:

- The abovementioned portfolios have Total Expense Ratios (TERs) as described above. For the period from 1 April 2013 to 31 March 2014 of the average Net Asset Value of the portfolios were incurred as charges, levies and fees related to the management of the portfolios. The ratio does not include transaction costs. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.
- Past investment returns are not indicative of future returns. All returns quoted are after deduction of service charges and any other expenses (including deduction of variable service charge payable to underlying investment managers). Returns for periods exceeding one year are annualised. All returns are in Rands.
- All fees include VAT.
- The annual service fees quoted above are expressed annually but payable/charged daily and calculated on the daily market value of assets.
- From the annual service fees, Investment Solutions Unit Trusts Ltd will pay investment management fees to the selected investment managers appointed by Investment Solutions Unit Trusts Ltd.

- The investments in the unit trusts are managed by selected investment managers in a multi-manager arrangement. In addition to the fixed annual service fees, limited so-called variable service charge may be payable to some managers if the investment returns on the investments managed by them are above a challenging hurdle rate or benchmark. The variable service charge is subject to change. For sake of clarity: the variable service charge is not payable from the fixed annual service fees and are therefore levied against the relevant portfolios over and above the fixed annual service fees.
- Additional charges incurred by Investment Solutions Unit Trusts Ltd are permitted to be deducted from the unit trusts. These include trustee/custodian charges, bank charges, audit fees, UST, brokerage fees and VAT.
- Unit prices are calculated on a net-asset-value basis. The net asset value is defined as the total market value of all assets in the unit trust, including any income accrued and less any permissible deductions from the unit trust divided by the number of units in issue.
- A fund-of-funds unit trust invests only in other unit trusts, which levy their own charges. This could result in a higher fee structure for these unit trusts.
- A feeder fund unit trust is a unit trust that, apart from assets in liquid form, consists solely of units in a single portfolio of a unit trust.
- All fees are correct at the date of publication.

# Trustee Report for the Financial Year Ending 31 March 2014

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the **Investment Solutions Unit Trust Scheme** ("the Scheme") have prepared a report in terms of Section 70(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended ("the Act"), for the period 1 April 2013 up to and including 31 March 2014 ("the Report").

Having fulfilled our duties as required by the Act, we confirm that the Manager of the Scheme has in general administered the Scheme:

- i) within the limitations on the investment and borrowing powers of the Manager imposed by the Act, and
- ii) in accordance with the provisions of the Act and the trust deeds.

We do however wish to bring to your attention the following instances of where the Manager has not administered the Scheme in accordance with the said limitations and provisions:

- a) Some errors and timing differences resulted in contraventions of some of the limitations referred to in (i) and some of the provisions referred to in (ii) above. These contraventions were in our view not material and where appropriate the portfolios were compensated by the Manager for any loss (if any) that may have been suffered by the portfolios as a result on these contraventions.

We confirm that according to the records available to us, no losses were suffered in the portfolios and no investor was prejudiced as a result thereof.



**Wilfred Ntuba**  
Chief Financial Officer



**Trompie Bothma**  
Senior Manager

## Investment Solutions Unit Trusts Limited

### Directors

**CHAIRPERSON:** M Ramplin

**DIRECTORS:** M Gopal, N Nyawo, M Msimang

### Trustee and Banker

Standard Chartered Bank  
5th Floor, No 4 Sandown Valley Crescent  
Sandton, 2196  
South Africa

### Management Company

Investment Solutions Unit Trusts Limited  
Building 1, Inanda Greens Office Park  
54 Wierda Road West  
Wierda Valley  
Sandton, 2196  
**t:** +27 (11) 505-6000  
**f:** +27 (11) 263-2256  
Client Interaction Centre: 0860-001-750  
Company Number: 2001/015776/06

### External Auditors

PriceWaterhouseCoopers Inc.  
Private Bag X36, Sunninghill, 2157

### Compliance Officer

Gigi Vorlaufer  
**t:** +27 (11) 505 6033  
**f:** +27 (11) 263 0520  
**e:** zziscompliance@ishltd.co.za

Copies of the audited annual financial statements of Investment Solutions Unit Trusts Limited and of the unit trusts managed by Investment Solutions Unit Trusts Limited are available, free of charge, on request.

### Disclaimer

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down, as well as up, and past performance is not necessarily a guide to the future. Different classes of units apply to these portfolios and are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Certain portfolios may be closed. Bond and Income portfolios reflect a current yield as at the month-end date. A Feeder Fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. For Equity Portfolios, the exposure limit to a single security can be greater than is permitted for other portfolios in terms of the Collective Investment Schemes Control Act. Details are available from the company/scheme. Investment returns are calculated via Statpro Performance and Attribution. The portfolio performance is calculated for a lump sum investment on a NAV to NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Past performance is not necessarily an indication of future performance. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk. If an investment in the Fund is redeemed at an early stage, the preliminary charge paid upon purchase of Units may exceed any return on the investment in which case investors will not receive the full amount of their original investment. Unit trusts are traded at ruling prices and can engage in borrowing and securities lending. Forward pricing is used. Commission and incentives may be paid and, if so, would be included in the overall costs. The unit trust may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. The unit trusts are valued at the end of the day using the latest available prices at close of business. Unitholders may agree to pay additional ongoing advice fees to their appointed financial planners. The interests of directors and management are available on request from the manager. Completed application forms and notification of deposits must be received before 13h00 for the investment to be executed on that day. If received after the applicable cut-off time, the money will be invested at the buying price of the next day. The 13h00 cut-off time applies to redemptions and switches.

The registered office of Investment Solutions Unit Trusts Limited (Reg no 2001/015776/06) (The Manager) is Building 1, Inanda Greens Office Park, 54 Wierda Road West, Wierda Valley, PO Box 786055 Sandton 2146. Telephone number: +27 11 505 6000. The Trustee is Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196. Telephone number: +27 (0)11 217 6600.

The Manager and the Trustee are regulated by the Financial Services Board for the conduct of fund services business. Investment Solutions Limited is a member of the Association for Savings and Investments."

Investment Solutions Limited is a licenced financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended, FAIS licence number 711. This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended. These products are not guaranteed. Please be advised that there may be representatives acting under supervision. Company Registration Number: 1997/000595/06. Pension Fund Administrator No. 24/217. Long Term Insurer No. 00018/001. The address is the same as the Manager. The complaints policy and conflict of interest management policy can be found on the IS website: <http://sa.investmentsolutions.co.za>

**ASISA**

A FULL MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA