

COMMUNIQUÉ



From the desks of Cliff Morris (CEO) and Chantal Redding (MD) for our clients, business associates and friends

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EXECUTIVE TEAM



Clifford R Morris - CEO



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BCom CFP CIO



Lallitha Premjith - Director



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BSc.Act.Sci (Fin.Maths Hon)

CLIENT COMMUNICATION

Dear Clients, Business Contacts & Friends,

Having weathered the storm of 2008 together we can now face a more positive 2009.

South Africa has, in general, coped with the global financial pressures better than expected and with the Budget Speech (11 February), Confederation Cup & the return leg of the Aussie cricket tour impending we are preparing for a most optimistic first six months of the year.

However, "caution" is still my key word for the beginning of 2009.

Best regards,
Chantal & Staff

CHINESE PROVERB "CRISIS EQUALS OPPORTUNITY"

Dear friends, clients and business associates.

I had intended to write this article in December, but I think I was just feeling washed out by the very rough seas the world was experiencing and couldn't bring myself to write something with a positive tone. With the New Year well under way and a new President in the White House things are looking somewhat better. I am not fortunate enough to have the gift of accurate foresight, however I do, like everyone else I know, have perfect hindsight. In exercising this hindsight I am able to look back at decisions made and assess the impact of these decisions. One of the major portfolio management decisions I took in 2008 was to move into a defensive position through the use of selected Hedge Funds and thereby minimise the crippling loss of capital many other portfolios have suffered.

At the time I took this decision the markets had only shown minor signs of a 'speed wobble' and it was not at all clear that the impending financial disaster was fast approaching and in a magnitude not seen for almost 80 years.

Again I am faced with having to make decisions, still without the benefit of perfect foresight. As in the past I will make the decisions based on a blend of financial analysis, past experience and a good dose of common sense. I have on many an occasion stated to our investors that if I am to be accused of anything in terms of management style it is that "I enter the market too early and exit the market too early". It is during these particular periods that I have to endure the most criticism. "Why did you get out of equities? They are doing so well" or on the other side "Why are you back into the market, everything is down and out?" The reality of the situation is that if one holds back on a decision until you have absolute clarity the opportunity is, in all likelihood, gone.

In keeping with the Chinese proverb that all crisis equals opportunity, I want to re-assure each and every investor in Sirius that we are fully focused on opportunity and as we move into 2009 I will be exercising the decisions that I believe will benefit investors.

Contrary to what one would interpret, now is possibly the best time to be making investments with a single caveat, you might be at the party a bit too early.

As surely as the sun rises in the east and sets in the west, financial markets will rise and fall. This current crisis will pass and the investors who were able to control their emotions will be the winners.

Cliff Morris
Florida USA.
P.S. Party hats available at Sirius House in Kloof.

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"The wish for instant gratification undermines the strengths of both individual & collective enterprise"

Marsha Sinetar

FUND FACTS



BALANCED GROWTH FUND ★

December: 0.34% 12 Month: -8.18%

The Sirius Balanced Growth Fund ended 2008 on a positive note, posting a marginal gain of 0.34%, bringing the year to date return to -8.40%. This compares extremely favourably with the JSE All Share Index return of -26% over 2008. The Advantage Focused Equity Portfolio, which gained 3.09%, was the main contributor to this positive return. Listed Property continued its recovery in December. The Catalyst Property Equity Fund posted a gain of 2.60%. The underlying hedge funds, the Orange Jupiter and Orange Hedged Equity Fund ended down for the month, posting losses of 0.29% and 2.31% respectively.



INCOME FUND ★

December: 0.25% 12 Month: 0.78%

The Sirius Income Fund posted a marginal gain of 0.25% during December, bringing the year to date return to a remarkable 0.80%, as compared to return on the JSE All Share Index (down 26% for 2008). Amongst the underlying managers, the Orange Jupiter (hedge) Fund and the Orange Hedged Equity Fund ended down for the month, posting losses of 0.29% and 2.31% respectively. Positive contributors for the month came from the Advantage Real Return Fund (0.07%), the Orange Mercury (Hedge) Fund (0.11%) and Catalyst Property Equity (2.60%), as listed property continued its recovery in December.



GLOBAL FUND ★

December: 0.62% 12 Month: 1.46%

The Sirius Global Fund ventured into positive territory, posting a gain of 0.62%, bringing the year to date returns to an impressive 2.05%. This compares extremely favourably with the MSCI World Index return of -43% over 2008. The Sirius Global Active Fund, which gained 5.53% in Rands, was the main contributor to this positive return. The Orange Jupiter (Hedge) Fund posted a marginal loss of 0.29%.



GLOBAL ACTIVE FUND ★

December: 3.05% 12 Month: -21.70%

The Sirius Global Active Fund ended 2008 on a positive note, posting a gain of 3.05%. Amongst the underlying managers, the Franklin Templeton Emerging market BRIC fund was the biggest contributor to this positive performance, posting a gain of 10.76% for December. Other positive contribution came from the Mirzam Capital Appreciation Fund (up 4.27%) and the MAN AHL Diversified Fund (up 5.08%). The Glanmore Property Fund continues to struggle, posting a loss of 5.74%. The MAN AHL Diversified Fund took the plaudits as best performing underlying manager for 2008, adding an incredible 30.22%!

UPCOMING SEMINARS

February 5th 09h30:

SIRIUS BROKER SEMINAR

How hedge funds add value to your portfolio

Speakers: Jacques du Plessis *Orange Capital*
Haseena Essa *Sirius Financial Navigation*

February 12th 09h30:

CLIENT SEMINAR

The benefits of hedge funds in your investment portfolio

Speakers: Jacques du Plessis *Orange Capital*
Haseena Essa *Sirius Financial Navigation*