



15/01/2007

Unaudited results for 12 month period ending 31 December 2006

		USD	Other currency equivalent			
			EUR	GBP	BWP	ZAR
12 months	Net to investors	22.1%	11.5%	10.0%	31.3%	33.3%
	Index*	17.7%				
9.70 years-compounded (22 Apr 1997 - 31 Dec 2006)	Investment officer	16.2%	15.1%	14.3%	21.8%	21.0%
	Index*	5.6%				
	NAV	\$193.71				

*Weighted index, according to the percentage of assets invested in specific markets. Currently the index comprises the S&P500, FTSE100, TSE300, Nikkei 225, Hang Seng and Dow Jones Commodity Indices.

"...so they quit, gave up the whole thing as a failure, leaving machinery and everything standing there. I bought the whole thing for a small sum, took it down and moved it to Youngstown, built the Falcan furnace and used the Welshman's machinery and everything else I could use. I had saved up \$700 of my salary and I thought I was rich enough to be an ironmaster on my own account. I found out later that \$700 was not anything like enough money to build and run a blast furnace; so after running one year I sold out..." Ironman in the late 1840's

Letter to investors:

The above reminds us that we must learn from the mistakes of others. The investment business is especially interesting in that it serves up more mistakes than successes. That is what the numbers tell you. However if you were to ask anyone in the sea of promoters then you are naturally bound to hear another story. The numbers tell us that as long as we can stay about three percent above the market average then on a rough comparison it will put us in the top 0.5% of funds out there. So the most significant part of the above performance numbers is that we managed to beat the market by more than 3%.

Still, let me not get sidetracked by the more important discussion on mistakes. I suppose it is an accurate analogy to state that we dig through the trash can of the investment world on a daily basis to find the diamonds that have been mistakenly discarded by others. The problem with this job is that it seems inevitable that you will pocket something once in a while that turn out not to be a diamond. Yet, if you stick to some very basic principles then it becomes very difficult to achieve, even for someone like me. So in the annual report due in a month or so, I will discuss how our investment principles guided us through the first 10 years. You can expect a very brief discussion in the case of bad results and a protracted patting on the back if it is good.

God Speed,

Martin van Blerk

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