20 January 2012

Dear Investor

The word "dramatic" summarises last year appropriately. World events included the political unrest in North Africa and the Middle East, the fear of another Chernobyl brought on by an earthquake in Japan, earthquakes in Christchurch New Zealand in February and October, the USA potentially defaulting on its debt when it smashed through its legal debt ceiling limit of $14.3 trillion and is currently sitting at $15.2 trillion, and then of course the ongoing and escalating European debt crisis which will almost undoubtedly result in at least one European country either defaulting on its debt and/or be kicked out of the Eurozone. World markets were equally dramatic with returns ranging from being marginally positive in the US and New Zealand to heavily negative in the case of Japan, China, Australia and Europe.

Within the GCI Funds we are pleased that since the move in August, the performance of the Balanced, Flexible and Worldwide funds continues to be steadily positive with all funds up by over 4%. The Balanced and the Flexible continue to be invested on the same basis as the yet-to-be launched Stable Fund would be and, with the current global risks, is likely to remain so until the Stable Fund is launched. In the past week we have had positive feedback from the FSB and expect to open the Stable Fund, which will aim to outperform money market by 2% over a rolling 12 month basis, during February.

Those of you who are invested in the Worldwide Flexible Fund of Fund would have received a ballot letter from the fund administrators, Metropolitan, to approve the move for it to become the Worldwide Flexible Fund. The effect of approving the ballot will be:

- The fund will invest in shares as opposed to unit trusts
- The overall cost of the fund will reduce by about 1%
- The performance over time is expected to be significantly better
- The fund will be used as a low cost equity component within the other funds

tel: **+27 11 768 1022** fax: **086 634 6177** web: www.gci.co.za email: admin@gci.co.za
932 Fred Struben Drive Helderkruin Roodepoort 1724 Johannesburg PO Box 5357 Weltevreden Park 1715
Directors GD Cook, AS Cook VAT 4680202605 FAIS Discretionary FSP No 821 Co Reg No 1999/016234/07
JOHANNESBURG

Geoff

In 2000, Geoff and I joined to start GCI and over the past 11 years we have managed to add significant value coupled with low risk to our growing list of clients. R100 invested with us in June 2000 would today be worth over R475, a growth of over 15% per annum. It is therefore with sadness that after slowing down over the past few months, Geoff has now decided to officially retire and pursue other interests such as his love for motorcycling. Geoff still lives a few hundred meters from the head office, is invested with GCI and continues to offer assistance whenever needed.

Tax and Legislation Changes

The 29th February is the end of the tax year for individuals and most companies. You should receive your tax certificates by June so if you haven't please give us a call to arrange them for you.

Dividend Withholding Tax (DWT) will replace the current secondary tax on companies (STC) on 1 April 2012. DWT is a tax that investors will pay on South African dividends they receive while STC was a tax paid by the company that declared and paid the dividend. SARS will levy a DWT at a rate of 10% of the gross dividend. The administrator that your funds are with will be obliged to withhold and pay DWT to SARS on your behalf. South African companies, public benefit organisations and retirement funds are exempt from paying DWT.

Foreign Investment Allowance remains at R4million per annum for individuals however investors may now use their R1million per annum Single Discretionary Allowance for Foreign Investment purposes without having to obtain a SARS Tax Clearance Certificate. SARS Tax Clearance Certificates are still required for the R4m Foreign Investment Allowance.

We wish you a great 2012 and look forward to continue delivering monthly reports that give you a reason to smile.

Kind regards

Alex Cook
Chief Executive

tel: **+27 11 768 1022** fax: **086 634 6177** web: www.gci.co.za email: admin@gci.co.za
932 Fred Struben Drive Helderkruin Roodepoort 1724 Johannesburg PO Box 5357 Weltevreden Park 1715
Directors GD Cook, AS Cook VAT 4680202605 FAIS Discretionary FSP No 821 Co Reg No 1999/016234/07

JOHANNESBURG