

Investment Objective and Strategy

The fund's objective is to achieve long-term capital appreciation and generate regular income by investing in a diversified portfolio of local and foreign equities, highly rated debt and other fixed income securities. Debt and fixed income securities selection will be based on low risk of interest and capital defaults, and equities will include both high yield and growth stocks. The fund suits investors willing to accept some degree of short-term volatility in the value of their investment. Such risk will however be lower than in pure equity funds, due to the fixed income component. In order to meet investors' expectations, the fund manager will carefully select and actively manage the portfolio such as to outperform long-term investment trends.

Fund Manager's Comment

The NMF General Fund recorded a return of 1% over the month under review and significantly outperformed its benchmark. It should be highlighted that the composite benchmark registered a decrease of 0.1%.

The Fund continued to be rebalanced during the month with a further allocation to fixed income investments. Dividend Yield stood at 3.55%.

August was characterized by a month of significant volatility. Concerns about a double dip recession caused the major financial markets to retreat sharply. The MSCI AC World Index shed 3.5% during the month. Locally, the indices remained range bound. We also note that local Treasury Bill yields continued their decline. The weighted average yield on the 364- day Treasury Bill amounted to 3.29% at end-August, representing a 16% decrease when compared to the previous month.

Looking ahead, we believe that the financial markets will remain volatile. Emerging market currencies and indices are however more likely to outperform given better fundamentals. Nonetheless, we consider price volatility as an opportunity for us to realize attractive returns via our active management strategy. We will sell securities which look overvalued and also purchase positions in down markets. Our gradual higher exposure to bonds and other fixed income securities should enable unitholders to benefit from a long-term source of income.

Key Facts

Fund Type:
Balanced

Fund Launch Date:
30th June 1990

Fund Size:
Rs. 526.5 m

Prices:
Issue *: Rs 49.51
Repurchase: Rs. 49.02
NAV: Rs 49.51

Minimum Investment:
Lump Sum: Rs 5,000
Regular Savings: Rs 500

Dividend Declaration:
Interim: December / Final: June

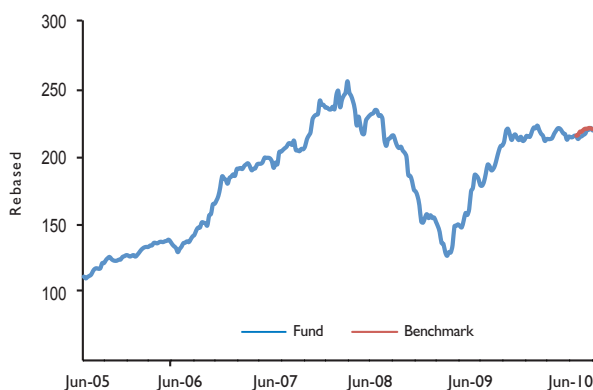
Pricing /Valuation Frequency:
Weekly (Wednesday)

Fee Structure:
Initial Service Charge *: 1%
Exit Fee: 1%
Annual Management Fee: 1.25%

Number of holdings: 75

*** Initial Service Charge is nil until 31 December 2010.**

Performance Since 30 June 2005



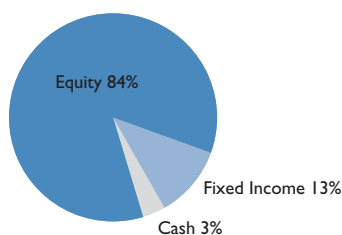
Fund Performance

	Fund Annualised Return	Fund Cumulative Return	*Benchmark Cumulative return
1 mth	n/a	1.0 %	-0.1 %
6 mths	n/a	3.6 %	n/a
YTD	n/a	2.0 %	n/a
1 year	13.0 %	13.0 %	n/a
3 years	2.4 %	7.4 %	n/a
5 years	13.0 %	84.1 %	n/a

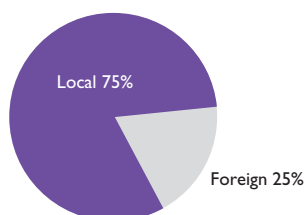
*Composite Benchmark: 50% SEMTRI, 10% DEMTRI, 10% MSCI World, 10% Local Bank Savings rate and 20% USD 3-months LIBOR.

All performance information is stated on a NAV-to-NAV basis. As from 01 January 2010, performances also include dividends declared by the fund.

Asset Allocation



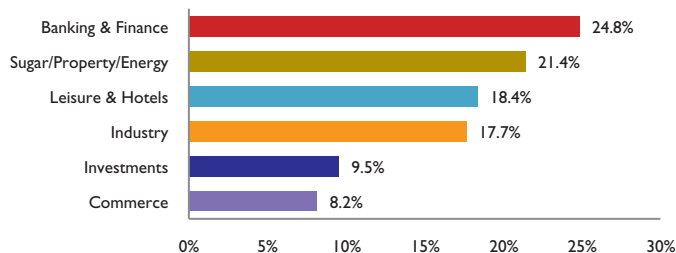
Geographical Allocation



Last 5 Financial Years Annual Returns

	Returns (%)	Dividend/unit (Rs.)
30.06.09 to 30.06.10	17%	1.76
30.06.08 to 30.06.09	-19%	0.77
30.06.07 to 30.06.08	11%	0.65
30.06.06 to 30.06.07	51%	0.76
30.06.05 to 30.06.06	21%	0.61

Local Sector Equity Allocation



Top 5 Holdings

1 Mauritius Commercial Bank	Banking	7.5 %
2 Sun Resorts Ltd	Hotels	5.9 %
3 State Bank of Mauritius	Banking	5.8 %
4 LIM Asia Arbitrage Fund	Foreign Equity	5.5 %
5 United Basalt Products	Industry	5.5 %

Contact Details

The National Mutual Fund Ltd | MUA Building| 4, Leoville L'Homme Street, Port-Louis | Tel: + 230 212 2520 / 207 5500 - Fax: + 230 212 2519
Email: nmf@mauritiusunion.com - Web site: www.nmf.mu - Business Reg. No. C10006190