



KAGISO

Asset Management

Abridged Annual Report
2012

Unconventional thinking. Superior performance

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This year marks a key milestone in the history of our company - our 10-year anniversary. Over the years, our business has grown substantially and today we manage just under R39 billion on behalf of our clients.

Key to our success has been our ability to attract and retain the best investment professionals in the market. In an industry characterised by high staff turnover, we have retained core talent, many of whom have been with us since our inception.

Market and investment overview

The ongoing Eurozone debt crisis and concerns around weak economic growth in developed economies continue to taint the global investment landscape. Despite the weak economic outlook, our financial markets continue to set new, all-time highs and exhibit remarkably little volatility.

Numerous interventions by governments and central banks to assist their struggling economies have massively distorted asset prices and lowered prospective investment returns. We are therefore particularly vigilant at this time and will only invest where we see attractive returns on a clear, absolute

basis after careful analysis. We remain cautious over prospects for developed economies with high levels of government debt, high levels of unemployment and demographic trends moving slowly against them.

In our view, the best economic growth outlook can be found in emerging markets. As a result, we see strong growth prospects for companies focused on emerging market consumers. However, much of this optimism seems to be priced into South African consumer stocks, many of which are trading at all-time highs and are anticipating very strong earnings prospects. We believe that selected resources stocks, especially

the platinum group metal miners, are currently offering significant value, although they will remain volatile.

Despite the global uncertainty and exceptionally high levels of asset prices, we operate with conviction, think deeply and focus on valuing long-term cash flows in order to uncover investment opportunities for our clients. All of our funds continue to be appropriately positioned in our best investment ideas, based on our team's proven bottom-up investment process.

Key business highlights

Superior long-term investment performance

We are particularly proud of our Equity Alpha Fund, which has been the top performing fund in the General Equity unit trust sector for more than 90% of the time since its inception in 2004. In addition, our Islamic Equity Fund has been a strong performer against its competitors since it was launched.

Focused product range

In 2011, we extended our range of funds to include three asset allocation funds, namely the Balanced,

Islamic Balanced and Stable Funds. These funds share the same investment philosophy that underpins our equity funds, with our investment team applying our investment thinking across multiple asset classes. Our asset allocation process complements our proven equity process. I'm pleased to report that these funds have performed well since inception and they are included in this report for the first time.

Going forward, we are confident that we are well placed to continue to deliver superior investment performance for our clients.



Gavin Wood

Chairman: Kagiso Collective Investments

Trustee report

We, Absa Bank Limited, in our capacity as trustee of the Kagiso Collective Investment Scheme, hereby confirm that as required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the "Act"), we have satisfied ourselves that every income statement, balance sheet and other return prepared by the manager of the Scheme in

terms of Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

Yours sincerely,



Bennie Van Der Westhuizen
Principal
Absa Capital Custody & Trustee



Chantell Kruger
Manager
Absa Capital Custody & Trustee

20 September 2012

Unit trust performance

Performance to 30 June 2012							
	1 year	3 years ¹	5 years ¹	Since launch ¹	Launch date	TER ²	Fund size (Rm)
Equity funds³							
Equity Alpha Fund	8.4%	19.0%	8.4%	22.1%	26-Apr-04	1.46%	804.1
Domestic Equity General Funds Mean	9.3%	16.3%	5.3%	16.5%			
Outperformance	-0.9%	2.7%	3.1%	5.6%			
Islamic Equity Fund	2.3%	15.3%	-	15.3%	13-Jul-09	1.32%	148.2
Domestic Equity General Funds Mean	9.3%	16.3%		16.3%			
Outperformance	-7.0%	-1.0%		-1.0%			
Top 40 Tracker Fund	6.4%	16.4%	5.1%	13.0%	1-Aug-97	0.69%	68.2
FTSE/JSE Top 40 Index	7.1%	17.3%	5.8%	14.2%			
Outperformance	-0.7%	-0.9%	-0.7%	-1.2%			
Asset allocation funds³							
Balanced Fund	11.2%	-	-	8.2%	3-May-11	1.60%	92.3
Category Mean ⁴	9.3%			7.3%			
Outperformance	1.9%			0.9%			
Islamic Balanced Fund	1.6%	-	-	-0.3%	3-May-11	1.71%	50.5
Category Mean ⁴	9.3%			7.3%			
Outperformance	-7.7%			-7.6%			
Protector Fund	2.4%	7.6%	5.4%	11.1%	11-Dec-02	1.48%	94.1
CPI + 5%	10.5%	9.9%	11.7%	10.8%			
Outperformance	-8.1%	-2.3%	-6.3%	0.3%			
Stable Fund	10.9%	-	-	7.4%	3-May-11	1.55%	88.9
Return on large deposits ⁵	5.5%			5.6%			
Outperformance	5.4%			1.8%			

¹ Annualised; ² TER (Total Expense Ratio) = % of average NAV of portfolio incurred as charges, levies and fees in the management of the portfolio for the rolling 12-month period to 30 June 2012; ³ Source: Morningstar; ⁴ Domestic AA Prudential Variable Equity Funds Mean; ⁵ Return on deposits of R5 million plus 2% (on an after-tax basis at an assumed 25% tax rate).

Disclaimer: The Kagiso unit trust fund range is offered by Kagiso Collective Investments Limited (Kagiso), registration number 2010/009289/06, a member of the Association for Savings and Investment SA (ASISA). Kagiso is a subsidiary of Kagiso Asset Management (Pty) Limited, a licensed financial services provider and the investment manager of its unit trust funds.

Unit trusts are generally medium to long-term investments. The value of units will fluctuate and past performance should not be used as a guide for future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Exchange rate movements, where applicable, may affect the value of underlying investments. Different classes of units may apply and are subject to different fees and charges. A schedule of the

maximum fees, charges and commissions is available upon request. Commission and incentives may be paid, and if so, would be included in the overall costs. All funds are valued and priced at 15:00 each business day and at 17:00 on the last business day of the month. Forward pricing is used.

Performance is measured using Net Asset Value (NAV) prices with income distributions reinvested. NAV refers to the value of the fund's assets less the value of its liabilities, divided by the number of units in issue. Figures are quoted after the deduction of all costs incurred within the fund. Please refer to the relevant fund fact sheets for more information on the funds by visiting www.kagisoam.com.

Equity range

Equity Alpha Fund

Fund objective

To provide strong capital growth and a total portfolio return that is in the top quartile for general equity funds.

Fees (excl. VAT)

Initial fee	0.00%
Financial adviser fee (maximum)	3.00%
Ongoing advice fee (maximum)	1.00% pa
Annual management fee	1.25%

Risk profile



Income distribution Class A

31 December 2011	4.77 cpu
30 June 2012	3.64 cpu

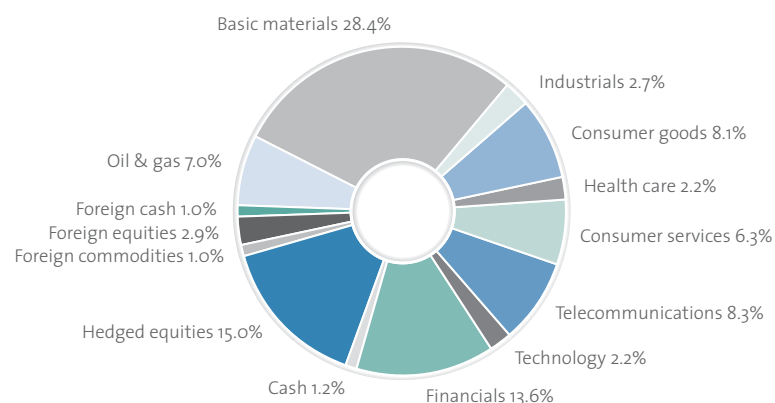
Performance¹

One year to 30 June 2012	8.4%
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¹Source: Morningstar

	Year ended 30 June 2012	Year ended 30 June 2011
Statement of comprehensive income		
Income available for distribution	45 643 711	21 636 944
Distribution	12 152 288	4 960 806
Statement of financial position		
Capital value of unit portfolio	797 635 202	310 465 567
Current liabilities	31 356 521	23 125 347
Total assets	828 991 723	333 590 914
Market value (Rm)	804.1	313.3

Effective asset allocation exposure*



*Please note that effective asset allocation exposure is net of derivative positions.

Top 10 equity holdings as at 30 June 2012

	% of fund
MTN	9.5%
Sasol	7.8%
Lonmin	7.3%
Tongaat Hulett	7.2%
Standard Bank	7.1%
FirstRand/RMB	5.9%
Mondi	5.4%
Anglo American	4.9%
AECI	4.3%
Naspers	3.9%
	63.3%

Islamic Equity Fund

Fund objective

A Sharia-compliant fund that aims to provide steady capital growth and a total portfolio return that is better than the average general equity fund.

Fees (excl. VAT)

Initial fee	0.00%
Financial adviser fee (maximum)	3.00%
Ongoing advice fee (maximum)	1.00% pa
Annual management fee	1.00%

Risk profile



Income distribution Class A

31 December 2011	1.34 cpu
30 June 2012	1.11 cpu

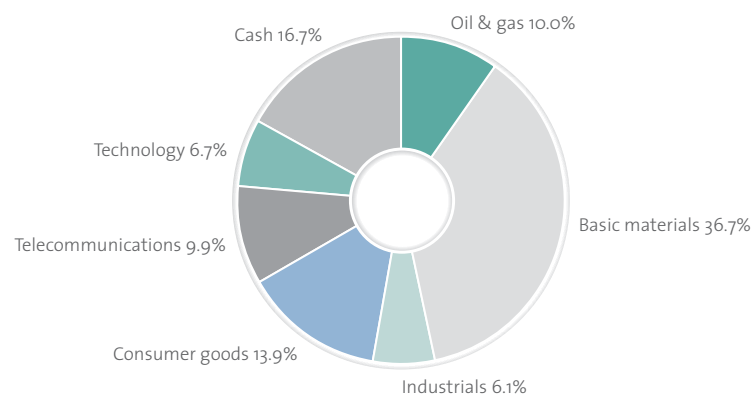
Performance¹

One year to 30 June 2012	2.3%
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¹ Source: Morningstar

	Year ended 30 June 2012	Year ended 30 June 2011
Statement of comprehensive income		
Income available for distribution	2 759 524	6 413 770
Distribution	2 191 778	211 035
Statement of financial position		
Capital value of unit portfolio	147 103 367	101 599 403
Current liabilities	5 428 450	2 490 536
Total assets	152 531 817	104 089 939
Market value (Rm)	148.2	101.8

Effective asset allocation exposure



Top 10 equity holdings as at 30 June 2012

	% of fund
Sasol	10.0%
MTN	9.9%
Anglo American	6.9%
Tongaat Hulett	6.3%
Lonmin	6.0%
Mondi	5.2%
AECI	4.2%
Richemont	3.6%
Datatec	3.4%
Mustek	3.3%
	58.8%

Top 40 Tracker Fund

Fund objective

To track the movements and replicate the performance of the FTSE/JSE Top 40 Index over time.

Fees (excl. VAT)

Initial fee	0.00%
Financial adviser fee (maximum)	0.00%
Ongoing advice fee (maximum)	0.25% pa
Annual management fee	0.50%

Risk profile



Income distribution Class A

31 December 2011	52.82 cpu
30 June 2012	65.78 cpu

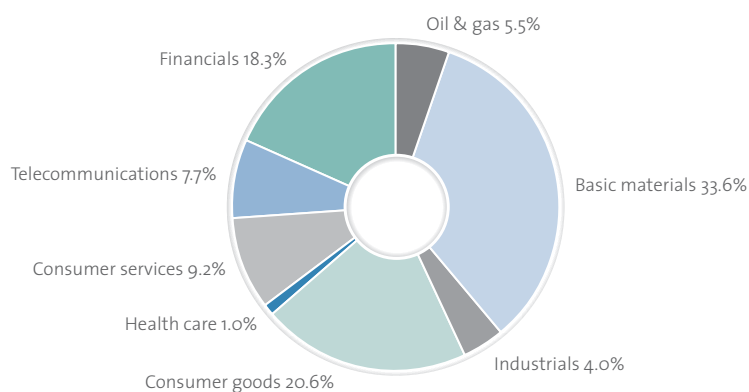
Performance¹

One year to 30 June 2012	6.4%
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¹ Source: Morningstar

	Year ended 30 June 2012	Year ended 30 June 2011
Statement of comprehensive income		
Income available for distribution	4 512 603	6 144 996
Distribution	2 072 370	857 621
Statement of financial position		
Capital value of unit portfolio	67 076 349	67 054 629
Current liabilities	1 186 501	690 912
Total assets	68 262 850	67 745 541
Market value (Rm)	68.3	67.6

Effective asset allocation exposure*



*Please note that effective asset allocation exposure is net of derivative positions.

Top 10 equity holdings as at 30 June 2012

	% of fund
BHP Billiton	12.3%
SABMiller	10.1%
Anglo American	9.0%
MTN	6.5%
Richemont	5.8%
Sasol	5.4%
Naspers	4.4%
Standard Bank	4.3%
FirstRand/RMB	3.6%
Anglogold Ashanti	2.6%
	64.0%

Asset allocation range

Balanced Fund

Fund objective

To provide investors with high, long-term capital growth within the constraints of the statutory investment restrictions for retirement funds. The fund seeks to provide a moderated exposure to volatility in the short term.

Fees (excl. VAT)

Initial fee	0.00%
Financial adviser fee (maximum)	3.00%
Ongoing advice fee (maximum)	1.00% pa
Annual management fee	1.25%

Risk profile



Income distribution Class A

31 December 2011	Nil
30 June 2012	Nil

Performance¹

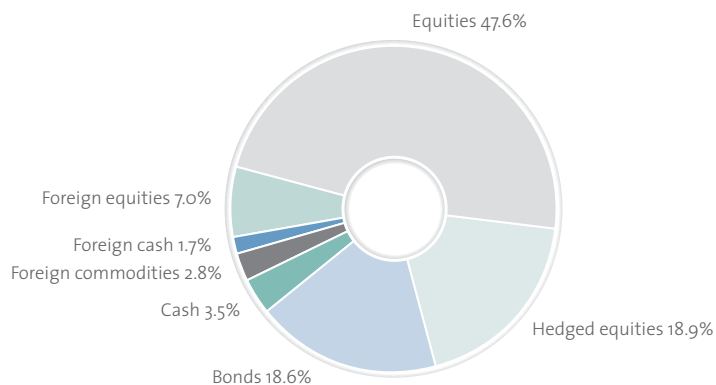
One year to 30 June 2012	11.2%
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¹ Source: Morningstar

Period ended 30 June 2012 (14 months)*	
Statement of comprehensive income	
Income available for distribution	8 087 132
Distribution	-
Statement of financial position	
Capital value of unit portfolio	92 276 232
Current liabilities	1 919 366
Total assets	94 195 598
Market value (Rm)	92.3

*This fund was launched on 3 May 2011 and the above figures reflect its financial position since inception until 30 June 2012.

Effective asset allocation exposure*



*Please note that effective asset allocation exposure is net of derivative positions.

Top 10 equity holdings as at 30 June 2012

	% of fund
MTN	6.7%
Sasol	5.3%
Lonmin	5.0%
Standard Bank	4.9%
Tongaat Hulett	4.9%
FirstRand/RMB	4.2%
Mondi	3.9%
AECI	3.4%
Anglo American	3.3%
Naspers	3.0%
Total	44.6%

Islamic Balanced Fund

Fund objective

A Sharia-compliant fund that aims to provide steady long-term returns and capital growth within the constraints of the statutory investment restrictions for retirement funds.

Fees (excl. VAT)

Initial fee	0.00%
Financial adviser fee (maximum)	3.00%
Ongoing advice fee (maximum)	1.00% pa
Annual management fee	1.25%

Risk profile



Income distribution Class A

31 December 2011	Nil
30 June 2012	Nil

Performance¹

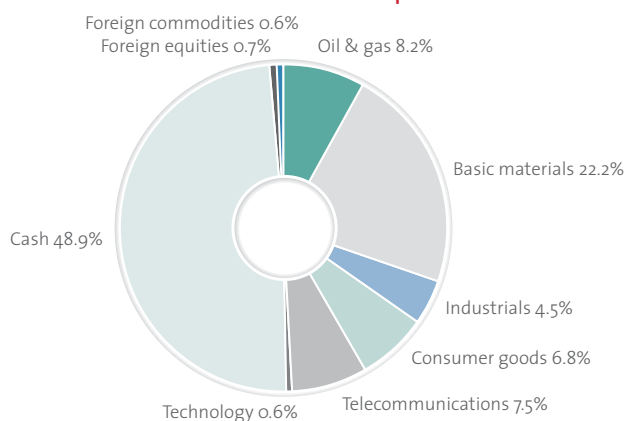
One year to 30 June 2012	1.6%
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¹ Source: Morningstar

Period ended 30 June 2012 (14 months)*	
Statement of comprehensive income	
Income available for distribution	545 749
Distribution	-
Statement of financial position	
Capital value of unit portfolio	50 538 427
Current liabilities	109 338
Total assets	50 647 765
Market value (Rm)	50.5

*This fund was launched on 3 May 2011 and the above figures reflect its financial position since inception until 30 June 2012.

Effective asset allocation exposure



Top 10 equity holdings as at 30 June 2012

	% of fund
Sasol	8.3%
MTN	7.5%
Mondi	6.1%
Tongaat Hulett	5.8%
AECI	3.6%
BHP Billiton	3.2%
Anglo American	3.1%
Nampak	2.5%
African Rainbow Minerals	1.6%
Lonmin	1.6%
	43.3%

Protector Fund

Fund objective

To provide steady capital growth and returns that are better than equity market returns on a risk-adjusted basis over the medium to longer term.

Fees (excl. VAT)

Initial fee	0.00%
Financial adviser fee (maximum)	3.00%
Ongoing advice fee (maximum)	1.00% pa
Annual management fee	1.25%

Risk profile



Income distribution Class A

31 December 2011	28.08 cpu
30 June 2012	14.94 cpu

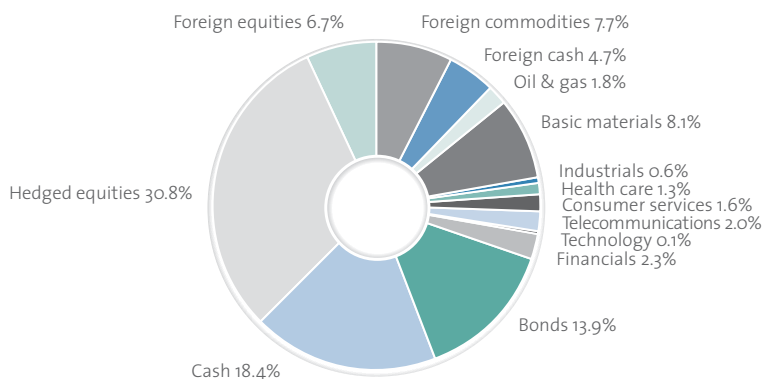
Performance¹

One year to 30 June 2012	2.4%
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¹Source: Morningstar

	Year ended 30 June 2012	Year ended 30 June 2011
Statement of comprehensive income		
Income available for distribution	4 003 565	2 178 358
Distribution	2 822 365	1 824 388
Statement of financial position		
Capital value of unit portfolio	93 372 349	69 903 509
Current liabilities	1 532 376	4 777 984
Total assets	94 904 725	74 681 493
Market value (Rm)	94.1	71.3

Effective asset allocation exposure*



*Please note that effective asset allocation exposure is net of derivative positions.

Top 10 equity holdings as at 30 June 2012

	% of fund
MTN	5.3%
FirstRand/RMB	4.6%
Sasol	3.9%
Standard Bank	3.7%
Naspers	3.0%
Tongaat Hulett	2.8%
Lonmin	2.7%
Anglo American	2.0%
Impala Platinum	1.5%
BHP Billiton	1.4%
	30.8%

Stable Fund

Fund objective

To provide total returns that are in excess of inflation over the medium term. The fund aims to provide a high level of capital stability and to minimise loss over any one-year period, within the constraints of the statutory investment restrictions for retirement funds.

Fees (excl. VAT)

Initial fee	0.00%
Financial adviser fee (maximum)	3.00%
Ongoing advice fee (maximum)	1.00% pa
Annual management fee	1.25%

Risk profile



Income distribution Class A

31 December 2011	Nil
30 June 2012	0.29 cpu

Performance¹

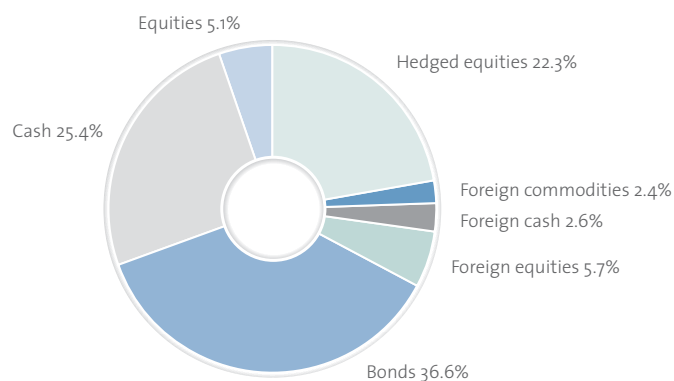
One year to 30 June 2012	10.9%
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¹ Source: Morningstar

Period ended 30 June 2012 (14 months)*	
Statement of comprehensive income	
Income available for distribution	6 343 042
Distribution	237 071
Statement of financial position	
Capital value of unit portfolio	88 618 294
Current liabilities	2 763 920
Total assets	91 382 214
Market value (Rm)	88.9

*This fund was launched on 3 May 2011 and the above figures reflect its financial position since inception until 30 June 2012.

Effective asset allocation exposure*



*Please note that effective asset allocation exposure is net of derivative positions.

Top 10 equity holdings as at 30 June 2012

	% of fund
Lonmin	4.3%
Kagiso Media	4.2%
MTN	3.1%
Tongaat Hulett	2.9%
AECI	2.8%
Sasol	2.6%
Mustek	2.4%
Standard Bank	2.2%
Mondi	1.1%
Pan African Resources	0.8%
	26.4%

Responsible investing

Kagiso Asset Management became a signatory to the **United Nations Principles for Responsible Investment (PRI)**, because of our commitment to act in the best long-term interests of our investors.

The PRI were developed to reflect the increasing relevance of environmental, social and corporate governance (ESG) issues to investment practices. The aim is to help investors consider ESG issues and investment decision-making and ownership practices, thereby improving long-term returns to beneficiaries.

We believe that ESG issues can affect the performance of investment portfolios to varying degrees, and that applying these principles may better align our investors with the broader objectives of society.

We have incorporated the PRI into our investment decision-making process to the benefit of our investors and by adhering to the following:

- ◆ We are committed to principles of good corporate governance and to ensuring that the companies in which we invest adhere to the same principles.
- ◆ We determine whether the interests of our investors would be best served by avoiding positions in companies that are considered to be poorly governed, by becoming more actively involved in these companies through discussion with management, by making our views public, by exercising our proxy voting rights or through any other means in order to enhance shareholder value.
- ◆ It must never be our intention to become involved in the management of any company's operations or to be involved on a long-term basis, and potential conflicts of interest or perceived conflicts of interest must be avoided at all costs.
- ◆ We regularly report on progress achieved towards the implementation of the principles.

A detailed document stating our position on corporate activity, governance and shareholder activism is available on request.

Copies of the 2012 audited financial statements for Kagiso Collective Investments Limited, each of the unit trust portfolios and the Annual Report by the Sharia Supervisory Board are available on request - free of charge.

Call our client service team or send an email to clientservice@kagisoam.com to request a printed or electronic copy.

Kagiso Collective Investments Limited
Company Registration Number: 2010/009289/06

Trustees
Absa Bank Limited, Private Bag X 10056, Sandton, 2146

Directors
Executive Director: RG Greaver
Non-executive Directors: GJ Wood and GL Carter

Company Secretary
Tracy-Lee Scott

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