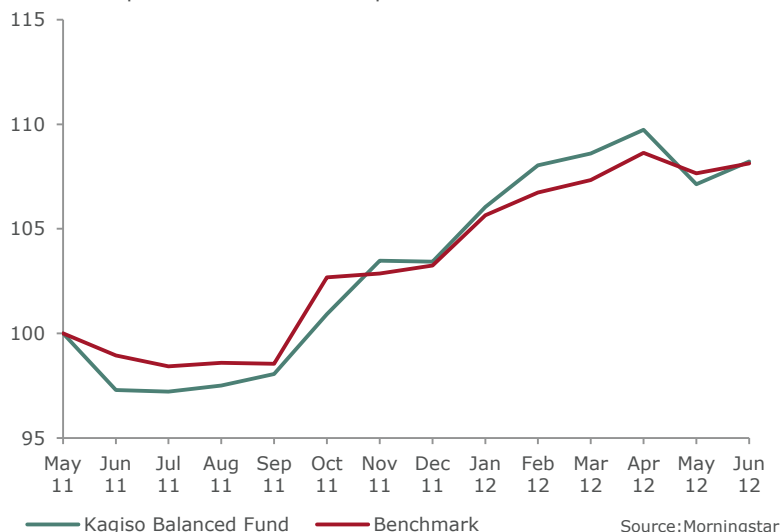



## Performance and risk statistics<sup>1</sup>

	Fund	Benchmark	Outperformance
1 year	11.2%	9.3%	2.0%
Since inception	8.2%	7.3%	0.9%
Performances annualised			
	Fund	Benchmark	
Annualised deviation	6.0%	4.9%	
Sharpe ratio	0.3	0.4	
Maximum gain*	6.4%	10.2%	
Maximum drawdown*	-2.8%	-1.6%	
% Positive months	69.2%	69.2%	

\*Maximum % increase/decline over any period

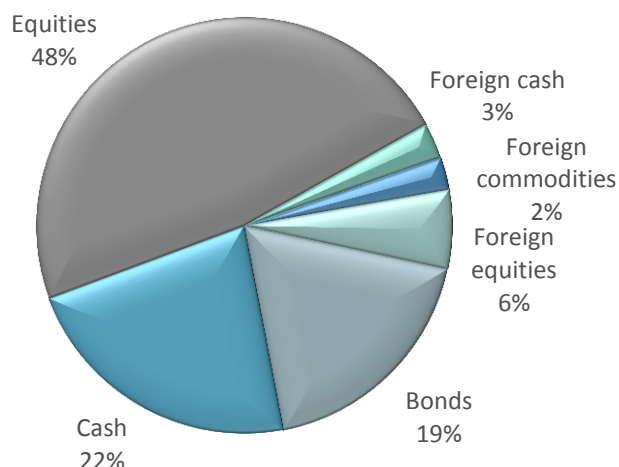
### Cumulative performance since inception



<b>Portfolio manager</b>	Gavin Wood
<b>Fund category</b>	Domestic - Asset Allocation - Prudential - Variable Equity
<b>Fund objective</b>	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.
<b>Risk profile</b>	 Medium
<b>Suitable for</b>	Investors who are building up and growing their long-term retirement capital while seeking capital growth. Investors would also be seeking to preserve the purchasing power of their capital over the long-term, with a time horizon of 3 years or longer.
<b>Benchmark</b>	Domestic AA Prudential Variable Equity funds mean
<b>Launch date</b>	3 May 2011
<b>Fund size</b>	R92.3 million
<b>NAV</b>	109.65 cents
<b>Distribution dates</b>	30 June, 31 December
<b>Last distribution</b>	Nil
<b>Minimum investment</b>	Lump sum: R5 000; Debit order: R500 pm
<b>Fees (excl. VAT)<sup>2</sup></b>	Initial fee: 0.00% Financial adviser fee: max 3.00% Ongoing advice fee: max 1.00% pa Annual management fee: 1.25%
<b>TER<sup>3</sup></b>	1.60%

Unconventional thinking. Superior performance

## Asset allocation exposure



## Top ten holdings

	% of equities
MTN	10.1
Sasol	8.0
Lonmin	7.5
Standard Bank	7.4
Tongaat Hulett	7.4
Firststrand/RMB	6.3
Mondi	5.9
AECI	5.1
Anglo American	5.0
Naspers	4.5
<b>Total</b>	<b>67.2</b>

The Kagiso unit trust 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). Unit trusts are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total value of assets in the portfolio including any income accruals and less any permissible deductions (brokerage, Uncertificated Securities Tax, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. Instructions must reach Kagiso Collective Investments before 14:00 to ensure same day value. Fund valuations take place at approximately 15:00 each business day and forward pricing is used.

<sup>1</sup> Performance is quoted from Morningstar as at month-end for a lump sum investment using Class A NAV prices with income distributions reinvested. Performance figures are quoted after the deduction of all costs incurred within the fund.

<sup>2</sup> A schedule of maximum fees and charges is available on request and from our website. Fees and incentives may be paid, and if so, are included in the overall costs.

<sup>3</sup> The TER is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 12-month period to end June 2012. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.

## Commentary

The South African equity market held up relatively well (up 1.0%) at aggregate level in rand terms over the quarter and touched its all-time high during the period. The bond market had a good quarter, with the ALBI up 5.2% and was the best performing asset class, due in part to a lowering in inflation expectations and additional foreign bond purchases due to South Africa's inclusion in a major global bond index.

The equity market's resilience masks a massive sectoral diversion, with financial shares (up 4.6%) and industrial shares (up 2.6%) performing strongly and resources shares continuing to head lower (down 3.6%). The weaker currency also supported the equity market, given the heavy weighting towards rand hedge shares in our market.

Global equity markets were generally lower, with the S&P 500 in the US down by 3.3%, Japan's Nikkei down 10.7%, the MSCI Emerging Markets index down 8.8% (in US dollar terms).

The rand lost 6.0% against the US dollar and 1.0% against the euro. The South African Reserve Bank kept interest rates unchanged at multi-decade lows. Money market expectations moved materially during the quarter - from expecting rate increases to a situation where an interest rate cut in 2012 is now priced in. Inflation looks to have peaked and to be securely heading into the target band. The South African economy continues to be weak, with a generally weak employment environment and economic weakness in our major trading partners.

The Kagiso Balanced Fund underperformed the average fund in its sector (the Domestic AA Prudential Variable Equity sector) for the quarter, due to its defensive equity position and stock selections which detracted over the period.

Looking ahead, we remain cautious over prospects for the developed economies, with high levels of government debt, high levels of unemployment and demographic trends moving slowly against them.

Going forward, we remain defensively positioned with high effective rand cash exposure and relatively low equity exposure - partly achieved via hedging. We have exposure to inflation-linked bonds and some foreign exposure to equities, commodity ETF's and foreign cash. Within South African equities, we have a strong focus on attractively priced companies and have a high resource sector exposure at the expense of very highly priced industrials.

## Portfolio manager

Gavin Wood