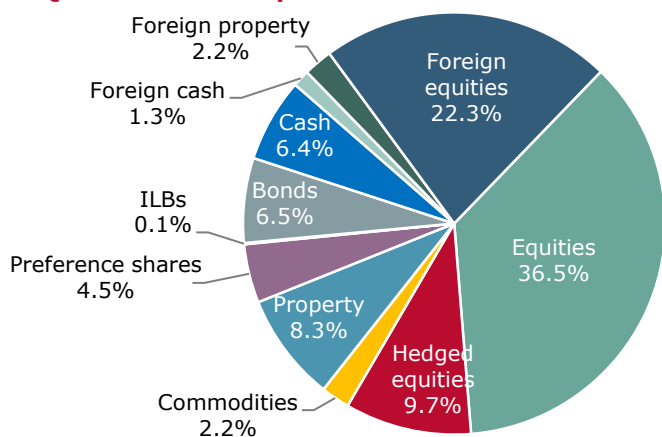


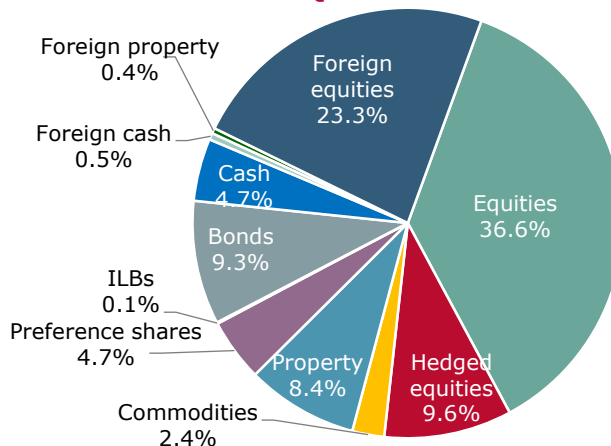
The Fund is Regulation 28 compliant and can invest in a wide variety of domestic and international asset classes (eg equities, listed property, conventional bonds, inflation-linked bonds and cash). As the fund aims to maximise returns, it will have a strong bias towards equities - typically the asset class with the highest expected long-term returns. The fund is positioned in our team's best ideas - which emanate from our bottom-up research process - and is actively managed to achieve an optimal risk/reward balance and consistent positive alpha.

Asset allocation

Quarter ended September 2016



Quarter ended June 2016



Top 10 holdings

Quarter ended September 2016

Naspers	8.1%
Old Mutual	4.9%
AECI	2.8%
Royal Bafokeng Platinum	2.7%
Equites Property Fund	2.4%
African Rainbow Minerals	2.3%
Northam Platinum	2.2%
Mondi	2.1%
Prudential plc	2.1%
Tongaat Hulett	1.9%
Total	31.5%

Quarter ended June 2016

Naspers	8.2%
Old Mutual	4.3%
FirstRand/RMB	2.9%
Equites Property Fund	2.5%
Tongaat Hulett	2.4%
AECI	2.4%
Mondi	2.1%
African Rainbow Minerals	1.8%
Softbank Group	1.7%
Royal Bafokeng Platinum	1.6%
Total	29.9%

Fund size R283.71 million

NAV 158.99 cpu

Number of participatory interests 178,117,508

Income distributions

30 June 2016 1.73 cpu

31 December 2015 1.30 cpu

Key indicators

Economic data	End of quarter figure
Latest consumer price inflation (CPI % YoY)	5.9%
Repo rate (%)	7.0%
3m JIBAR	7.4%
10-year government bond yield	8.7%
Key asset classes (total return)	Quarterly change
MSCI World Equity (US Dollar return)	4.4%
FTSE/JSE All Share Index	0.5%
FTSE/JSE Listed Property Index	-0.7%
BEASSA All Bond Index	3.4%
Commodities and currency	Quarterly change
Platinum (\$/oz)	0.3%
Gold (\$/oz)	-0.7%
Rand/US Dollar (USD)	0.0%

Policy objective The fund adhered to the policy objective as stated in the Supplemental Deed

Additional information Please read this quarterly investment report in conjunction with the minimum disclosure document for the fund

The fund returned a strong 4.1% for the third quarter of 2016, benefiting from strong performance from some of our highest conviction equity ideas, successful hedging activity, and our exposure to bonds, preference shares and cash. Very strong foreign stock selection more than offset the effects of stronger currency, and resulted in a pleasing contribution to outperformance. The fund has returned 10.2% pa since inception in 2011.

Economic backdrop

Developed economies continue to gradually improve, but growth remains subpar and inflation stubbornly low. In the US, rising employment, albeit with low wage growth, continues to benefit consumer expenditure and the energy sector is stabilising after a deep contraction. The US Federal Reserve is likely to increase interest rates again soon, with recent deferrals seemingly due to economic fragility outside of the US. European and Japanese growth is anaemic, with little credit growth, despite the backdrop of record monetary stimulus.

In China, significant fiscal stimulus has been propping up fixed asset investment and supporting GDP growth. Incrementally less profitable public projects are being undertaken and we are concerned that this inefficient growth path is not sustainable and is accompanied by rapidly increasing debt to GDP ratio. Additionally, the housing market in China, which has been in a strong upswing recently (benefiting heavy industries like cement and steel), is showing signs of a cyclical slowdown. This backdrop is negative for bulk commodity demand.

Within emerging markets, India and Indonesia are benefiting from pro-growth fiscal reforms, while Russia and Brazil are rebounding from deep recessions. The commodity price rebound, a key positive factor for many emerging markets this year, remains vulnerable to a potential Chinese investment slowdown. This quarter, the global search for yield resulted in very strong emerging market bond and equity inflows.

In South Africa, the economy remains very weak, with agriculture and mining sectors contracting of late and consumer expenditure weak. The rand is particularly important for financial markets at present, as it has strengthened this year from very weak levels, tempering inflation expectations and improving the interest rate outlook. The exchange rate remains very sensitive to political developments around moves against National Treasury and their justified focus on reducing corrupt and inappropriate state expenditure. Politically powerful vested interests are set to lose out materially if National Treasury is successful here and we expect the fight back could be strong.

Ratings agencies have placed the SA sovereign ratings on a negative outlook, with a possibility of a foreign currency downgrade below investment grade due to tepid medium-term growth prospects, a lack of progress on growth-enabling reforms, a weakening fiscal position and heightened potential threats to (currently highly regarded) state institutions. The S&P rating decision in December will be particularly closely watched and a downgrade would be negative for the rand and interest rate expectations.

Market review

Extreme unconventional monetary stimulus in the form of asset purchases continues to distort asset prices across the globe. Bond yields are near record lows and in many cases negative. Equity prices are high, especially in sectors where stable cashflows are generated, such as consumer staples.

Over the quarter, global equity markets were generally up, with particular strength from the Nasdaq index in the US, the German market and Hong Kong stocks. The local equity market gained 0.3% over the quarter, underperforming other emerging markets. After a prolonged period of weakness, we have now had three successive quarters of resource sector outperformance (up 8.1% this quarter and 36% year to date). The platinum sector was the star performer (up 22.6% this quarter and 125% year to date), outperforming gold (down 10%) and general mining (up 16.7%). Commodity prices in dollar terms were generally flat this quarter, consolidating gains in the year to date, but base metals (up over 10%) and sugar (up 13%) were particularly strong.

Industrials (down 2%) underperformed this quarter and cyclical retail shares were particularly weak: Truworths (down 15%) and Mr Price (down 26%), as these highly-rated shares have begun to disappoint on earnings growth. The healthcare sector was also weak (down 7%). Heavyweight industrials Steinhöff (down 6.8%) and British American Tobacco (down 5.1%) underperformed in line with the stronger rand, while MTN (down 16.2%) continued to be dragged lower by operational underperformance and a weaker Nigerian currency. On the positive side, Famous Brands (up 32.1%), AECI (up 26.7%), Bidvest (up 18.3%) and Tsogo Sun (up 17.1%) were strong.

Financials (up 0.8%) outperformed, (with banks up strongly - Nedbank up 22.5%, Standard Bank up 12.8%, FirstRand up 5.9% and Barclays up 8%), while insurers lagged (Old Mutual and Discovery were down 5% and 7.8% respectively although Sanlam bucked the trend and was up 5.7%).

Bonds (up 3.4%) and cash (up 1.9%) outperformed equities this quarter but the bond market was characterised by material inter-quarter volatility following political moves to undermine the work of National Treasury. Since the dramatically oversold levels of December 2015, the bond rally has been substantial (up 20.8%), due partly to the dramatic fall in developed market bond yields and the search for yield in emerging markets.

Fund performance and positioning

Strong contributors this quarter were AECI, Datatec, Royal Bafokeng Platinum as well as our global holdings (strong global stock selection more than outweighed the effects of the significantly stronger rand). Key detractors were Old Mutual, African Rainbow Minerals and Tiso Blackstar Group.

Foreign stock selection was very positive this quarter. A particularly strong contributor was the UK-listed life insurer, Prudential. Despite the vast majority of its earnings coming from outside the UK, including from an exciting growth portfolio in Asia, the share was severely down on the Brexit news, creating an attractive buying opportunity. Other contributors to performance were US pipeline owner, Kinder Morgan, chemical producer, Westlake, and Softbank (materially exposed to Chinese e-commerce company Alibaba).

On the local side, mining explosive and chemical manufacturer, AECI, has been a strong performer over the quarter in our funds. The company is one of the few remaining South African manufacturers with world-class intellectual property and globally competitive products. It is using this position to expand outside of South Africa, particularly in Africa, Indonesia and Australia. In addition to world class explosives technologies, the company has leading water purification solutions, agricultural chemicals and food additive products - all focused on attractive growth markets. AECI has a strong balance sheet, generates good cashflows and has many large growth opportunities.

Against a backdrop of weak economic growth, high asset prices, rising political uncertainty (anti-establishment populism) in many large countries and a potentially disruptive Chinese economic rebalancing, we are cautious on the outlook for financial markets.

We continue to position the fund in investment opportunities we identify from deep research and analysis, taking a long-term perspective to identify mispricings. We have a high exposure to mid-cap stocks where we see undervaluation, a large positions in the low cost PGM miners and certain PGM ETFs and very high exposure to global stock picks.

After offering value post the political events of December 2015, resurgent foreign appetite for local bonds has now compressed their yields back down to fair value. We currently see more attractive risk-adjusted yields in shorter-duration deposits, and have further switched out of bonds into money market instruments. We maintain a hedge against our South African equity exposure, and have added to positions in local cash, foreign cash and foreign property.