KAGISO EQUITY ALPHA

CLASS A as at 30 September 2009

KAGISO Asset Management

PORTFOLIO MANAGER COMMENTARY

Global equity markets had another very strong quarter, with "riskier" sectors, currencies and country markets continuing to fare best. The Fund has been well positioned for this rally since the market lows in early March, but we have now moved significantly more defensive. The South African market has moved ahead of the economic reality, in our view. Over the quarter, strong stock selection in the Fund and the overweight allocation to financial and industrial stocks again saw the Fund strongly outperform peers.

The S&P 500 index was up 15%, the FTSE 100 index was up 20.8% and emerging market indices were even stronger in dollar terms (MSCI EMF up 20.1%). Economic stability across the world is now evident and systemic risks from the financial crisis have receded. Unemployment is rising in developed economies, however, and growth prospects look weak. We are concerned about levels of underlying economic activity after the inevitable withdrawal of the current unprecedented and co-ordinated fiscal and monetary stimulus.

Commodity prices were generally higher over the quarter, driven by continued Chinese inventory building, stabilising economic fundamentals (after the lows plumbed in the first quarter of 2009) and renewed direct investor interest in commodities. Oil was relatively weak (up some 1%), while copper (up 24.2%), platinum (up 8.5%) and gold (up 6.6%) were stronger.

The rand was 2.7% stronger against the dollar, with its continued strength likely to significantly dampen the profit potential from SA resources companies, who are also facing high labour and electricity cost increases. The rand is benefiting from high relative interest rates, a narrowing current account deficit, investor interest in commodity-based economies and increasing general risk appetite.

The FTSE/JSE All Share index was up 13.9%, with most of the gains coming in July. Industrials were up 16.3% and financials were up 15.6%, while resources shares lagged (up 11.1%). Foreigners were strong buyers again of SA equities in this quarter, being net buyers of R24.8bn after being net buyers of R19.4bn in the second quarter. These strong gains were despite a very weak domestic economic environment – a struggling consumer, manufacturers facing weak demand and resources companies likely to deliver very low levels of earnings in the medium-term.

MTN's merger talks with India's Bharti remained topical throughout the quarter, with resolution in the form of a cessation of the potential deal arriving dramatically in the last hours of the quarter.

The top resources stocks were Kumba Iron Ore (up 41.6%), on the back of strong export sales volumes, Mondi PLC (up 39.9%) and Lonmin (up 32.9%). The worst performers were Harmony (up 0.6%), Impala Platinum (up 3.8%) and Sasol (up 4.6%) – all disappointing the market operationally. Anglo American (up 7%) was volatile as it sought to fend off the unsolicited merger proposals from Xstrata.

Financial stocks were led higher by Investec (up 36.5%), the JSE (up 27.9%) and Nedbank (up 24.1%) on improving risk appetite. Financial share laggards were Abil (up 6.1%), Santam (up 6.2%) and the listed SA property stocks (up 12.2%). Industrial top performers were the highly economically-sensitive Datatec (up 45.2%), Imperial (up 39%) and Richemont (up 31.4%), on improving expectations of prospects. The more defensive telecommunication stocks were weak (Vodacom down 1.8% and MTN up only 3.2%) and so were Didata (down 0.4%), Raubex (down 6.2%) and Reinet (up 0.5%).

Our Fund's relative performance over the quarter was positively impacted by our underweight allocation to the resources sector, most notably the underweight positions in the gold counters and Anglo American. Generally, our industrial stock selection added positively to the Fund's outperformance, with overweights in Woolworths, Naspers and Aveng the highlights and MTN being a drag on performance. Our overweight position in financials added to outperformance, with particular contributors being Investec, the JSE and Nedbank.

Going forward, we remain more defensively positioned, with a strong focus on quality, lower risk companies, which are attractively priced. We favour companies with strong balance sheets, high franchise value and/or dominant market positions, low fixed costs and defensive earnings streams. We are avoiding companies, which have strongly rerated in expectation of high earnings growth in future – growth we believe may be elusive in the tough economic environment we expect.

The Fund remains fairly aggressively positioned in our best stock selections, based on our team's proven bottom-up stock picking process.

Portfolio manager
Gavin Wood

KAGISO EQUITY ALPHA

CLASS A as at 30 September 2009

Fund category	Domestic - Equity - General
Fund description	Aims to maintain top quartile performance in its category.
Launch date	26 April 2004
Portfolio manager/s	Gavin Wood
Fund size	R12.37 million
NAV	321.60 cents
Benchmark	Domestic Equity General Funds Mean

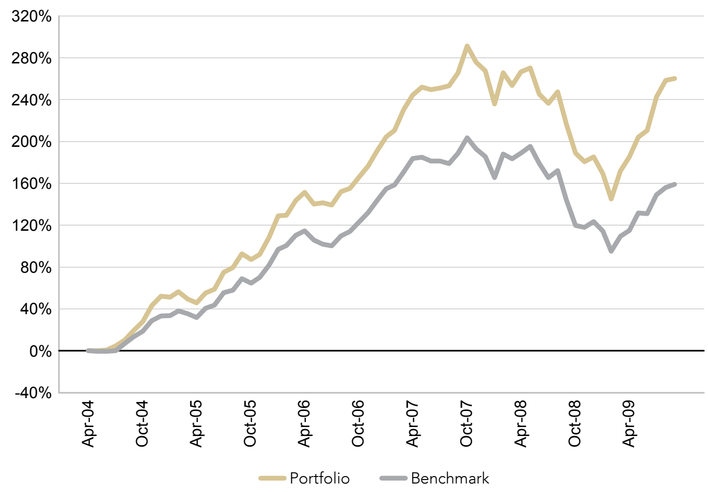
PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2009
Domestic Assets	**94.65%**
Equities	**83.62%**
Oil & Gas	5.89%
Basic Materials	12.94%
Industrials	5.23%
Consumer Goods	8.97%
Health Care	5.01%
Consumer Services	20.07%
Telecommunications	9.90%
Financials	21.58%
Technology	1.31%
Derivatives	(7.28)%
Preference Shares & Other Securities	**3.34%**
Real Estate	**0.04%**
Cash	**7.65%**
International Assets	**5.35%**
Equities	**5.35%**

PERFORMANCE AND RISK STATISTICS

CUMULATIVE PERFORMANCE SINCE INCEPTION



TOP 10 HOLDINGS

As at 30 Sep 2009	% of Fund
MTN Group Ltd	9.79%
Naspers Ltd	8.57%
FirstRand	6.02%
Sasol Limited	5.89%
Tongaat Hullett Ltd	5.42%
Standard Bank of SA Ltd	5.34%
Trans Hex Group Ltd	4.55%
1TIME HOLDINGS LIMITED	4.39%
British American Tobacco Plc	3.75%
Discovery Holdings Ltd	3.39%
Total	**57.11%**

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	260.14%	159.15%	101.00%
Since Inception (annualised)	26.69%	19.22%	7.47%
Latest 5 years (annualised)	24.66%	17.93%	6.73%
Latest 3 years (annualised)	12.15%	6.59%	5.57%
Latest 1 year (annualised)	13.61%	5.99%	7.61%
Year to date	26.20%	15.91%	10.28%
2008	(22.38)%	(21.70)%	(0.67)%
2007	26.15%	17.04%	9.11%
2006	39.90%	34.27%	5.63%
2005	36.96%	36.31%	0.65%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	5.60	5.51	0.09
30 Sep 2008	01 Oct 2008	0.33	0.31	0.02
31 Mar 2008	01 Apr 2008	2.12	1.88	0.24
28 Sep 2007	01 Oct 2007	3.26	2.42	0.84

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	17.64%	15.75%
Sharpe Ratio	0.99%	0.63%
Maximum Gain	52.10%	42.25%
Maximum Drawdown	(37.37)%	(35.71)%
Positive Months	72.31%	67.69%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(5.65)%	(8.99)%	10.90%	4.95%	6.70%	2.05%	10.29%	4.66%	0.46%			
Fund 2008	(8.68)%	8.94%	(3.30)%	3.69%	0.96%	(6.76)%	(2.52)%	3.20%	(8.72)%	(8.81)%	(2.92)%	1.69%
Fund 2007	4.50%	2.00%	6.43%	4.14%	2.26%	(0.72)%	0.41%	0.62%	3.42%	7.13%	(3.97)%	(2.16)%

FEES (excl. VAT)

Initial Fee*	Kagiso: 0.00%
Annual Management Fee**	1.00%

* A portion of Kagiso's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

Total Expense Ratio (TER)[2]	4.08% per annum

Please note that this fund was renamed from *Kagiso Active Quants* to the above, effective 1 Febuary 2009.

Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- An initial advice fee may be negotiated to a maximum of 3% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 1% per annum (if initial advice fee greater than 1.5% is selected, then the maximum annual advice fee is 0.5%), charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.