

Performance and risk statistics¹

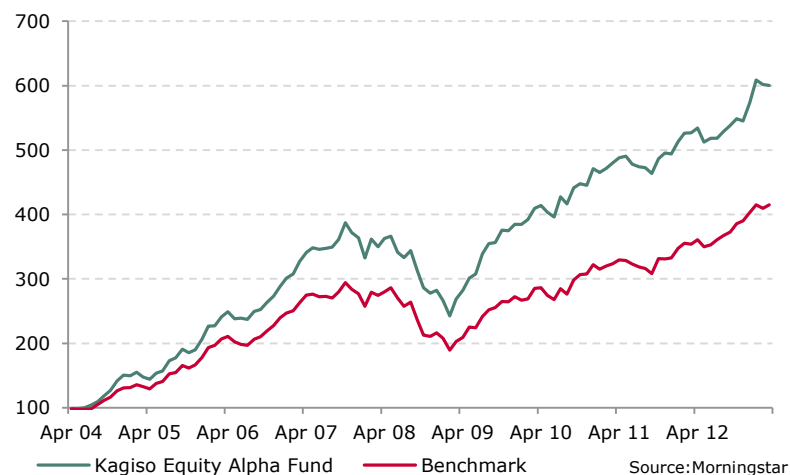
	Fund	Benchmark	Outperformance
1 year	14.0%	17.3%	-3.3%
3 years	13.6%	13.3%	0.3%
5 years	11.4%	8.6%	2.8%
Since inception	22.0%	17.1%	4.9%


All performances annualised

	Fund	Benchmark
Annualised deviation	15.0%	13.7%
Sharpe ratio	-0.5	-0.6
Maximum gain*	54.9%	40.4%
Maximum drawdown*	-37.4%	-35.6%
% Positive months	67.6%	65.7%

*Maximum % increase/decline over any period

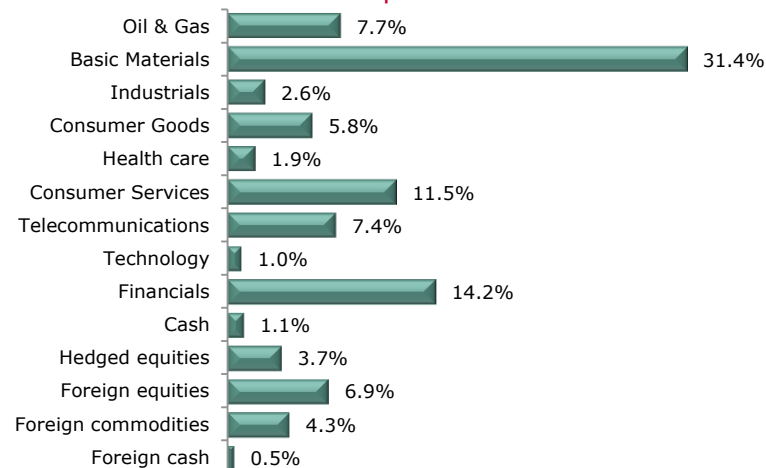
Cumulative performance since inception



Portfolio manager	Gavin Wood
Fund category	South African - Equity - General
Fund objective	To provide strong capital growth and a total portfolio return that is in the top quartile for general equity funds.
Risk profile	 Medium - High
Suitable for	Investors who are in their wealth accumulation phase, seeking exposure to the domestic equity market. A typical investor would be able to withstand short-term market fluctuations in pursuit of maximum capital growth over the long term.
Benchmark	South African - Equity - General funds mean
Launch date	26 April 2004
Fund size	R748.3 million
NAV	518.12 cents
Distribution dates	30 June, 31 December
Last distribution	31 December 2012: 3.14 cpu
Minimum investment	Lump sum: R5 000; Debit order: R500
Fees (excl. VAT)	Initial fee: 0.00% Financial adviser fee: max 3.00% Ongoing advice fee: max 1.00% pa Annual management fee: 1.25%
TER²	1.48% per annum

Unconventional thinking. Superior performance

Effective asset allocation exposure*



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

Top ten equity holdings

Equity Holding	% of fund
Standard Bank	8.8
Sasol	7.9
Lonmin	7.9
MTN	7.0
Tongaat Hulett	5.9
Naspers	5.7
Firststrand/RMB	5.5
Anglo American	5.2
AECI	4.8
Mondi	4.6
Total	63.2

¹ The Kagiso unit trust fund range is offered by Kagiso Collective Investments Limited (Kagiso), registration number 2010/009289/06, a voting 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 (FSP No. 784)), the investment manager of the 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. The deadline for receiving instructions is 14:00 each business day in order to ensure same day value.

² Performance is quoted from Morningstar as at month-end for a lump sum investment using Class A 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. Performance figures are quoted after the deduction of all costs incurred within the fund.

³ The Total Expense Ratio (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 March 2013. 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 TERs.

Commentary

The global economy continued its slow crawl during the first quarter of 2013. The endemic debt crisis in the Eurozone reared its head in Cyprus, as a further symptom of the economic problems in the developed world. Developed market central banks continue to pour stimulus into the markets at an unprecedented rate in their continuing attempt to support the recovery. The Bank of Japan's recently announced 'Quantitative and Qualitative Monetary Easing Programme' had an immediate impact on risk assets around the globe.

Locally, weak export demand, buoyant but slowing consumer spending, slow infrastructure development and chronic labour unrest in the mining, transport and agricultural sectors all contributed to a sluggish economy. This, along with a high current account deficit, negatively affected the rand, which was the worst performing emerging market currency over the quarter. During this period, the rand lost 8.1% and 5.3% respectively against the US dollar and the euro.

Developed equity markets rebounded strongly during the quarter. Positively interpreted comments from the US Federal Reserve officials contributed to US equities gaining 10%, propelling the S&P 500 index to a new high. The Japanese equity market was a strong performer, with the Nikkei 225 index gaining 19.3%. European equities gained 5% during the period, underperforming the global market as the events in Cyprus seemed to dampen investor sentiment. The MSCI Emerging Markets index was down 9.7% (in US dollar terms).

Despite deteriorating macroeconomic fundamentals, the South African equity market continued to set new records, with the FTSE/JSE All Share index reaching an all-time high of 40984 in March. Given the debt woes and weak economic activity plaguing developed economies, South Africa has attracted significant foreign investment over the last few years. During the quarter, foreigners bought R3 billion of SA equities and R14.1 billion of SA bonds. Foreign investors now own more than one-third of the local bond market and of the shares trading on the JSE Securities Exchange – an all-time record for both asset classes.

The FTSE/JSE All Share index gained 2.5% over the quarter, with industrials up 6.3%, and financials up 5.9%. Resources (down 6.0%) continued to be weighed down by weakening commodity prices in part from weaker Chinese demand, as their economic growth moderates. However, the weaker rand should provide some support to resources earnings in the short term.

Most commodities relevant to South African miners lost ground in US dollar terms. Gold was down 4.6% and copper lost 7.1%. Platinum, however, was up 3.5%. The oil price (Brent Crude) rose above US\$120/barrel for the first time in almost a year, but fell back as the US showed strong inventory figures, ending the quarter 2.2% lower.

The rand's depreciation has placed upward pressure on inflation expectations. The revised Consumer Price Inflation basket has now been implemented and inflation rose to 5.9% at its most recent reading for February. The effects of a weaker rand, rising food prices, rising administered prices such as fuel and electricity and real wage increases are the main upside risks to inflation, which we expect to breach the South African Reserve Bank's target band in mid-2013.

The Kagiso Equity Alpha Fund significantly outperformed the average fund in the South African Equity General sector over the quarter. This outperformance was driven by strong stock-selection as many of our highest conviction positions were rewarded. The absence of many expensive industrial shares (particularly retailers), which had a poor quarter, also contributed significantly to relative outperformance. The fund is number two in the Domestic Equity General sector since its inception in April 2004 – a testament to the value of our investment philosophy and process over the long term.

Strong performers for the fund over the quarter were Mondi (up 36.5%), AECI (up 27.9%), Sasol (up 12.3%) and Tongaat Hulett (up 7.6%), while our exposure to Impala Platinum (down 18.9%), MTN (down 6.2%) and Anglo American (down 6.0%) detracted from performance.

Looking ahead, we continue to be cautious given the contradiction between vulnerable global and local economies and a market at all-time highs. Ever-increasing monetary stimulus is continuing to distort local asset prices in certain sectors and the risk of permanent capital losses remains elevated.

The fund continues to be positioned in our best ideas, based on our team's proven bottom-up stock-picking process. Significant hedging provides capital protection in an increasingly expensive market.

Portfolio manager

Gavin Wood