

Kagiso Islamic Balanced Fund

as at 30 June 2015

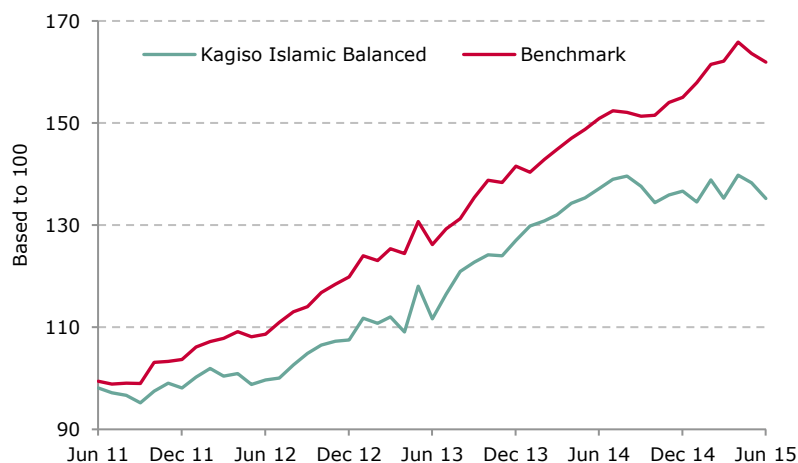


Performance¹

	Fund	Benchmark	Outperformance	Highest*	Lowest*
1 year	-1.4%	7.3%	-8.7%	3.3%	-2.6%
2 years	10.1%	13.3%	-3.2%	4.3%	-5.4%
3 years	10.7%	14.2%	-3.5%	8.2%	-5.4%
Since inception	7.5%	12.3%	-4.8%	8.2%	-5.4%

* Highest and lowest monthly fund performance during specified period

Cumulative performance since inception



Risk statistics

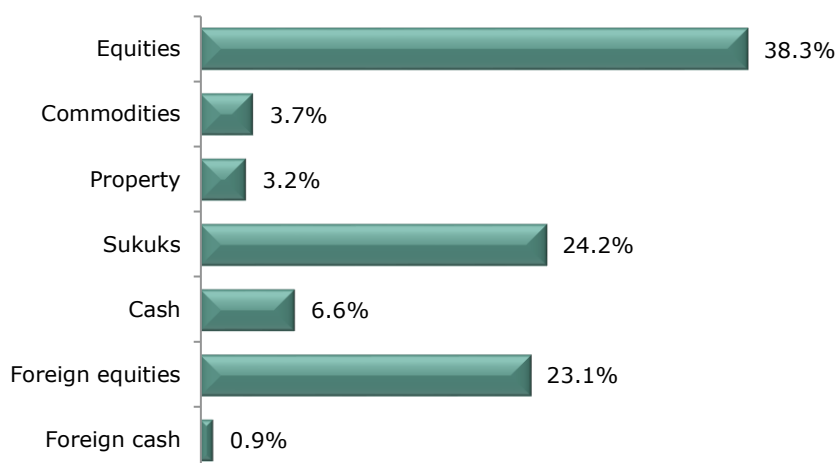
	Fund	Benchmark
Annualised deviation	7.8%	5.3%
Sharpe ratio	0.2	1.2
Maximum gain#	13.1%	14.7%
Maximum drawdown#	-5.4%	-3.5%
% Positive months	66.0%	74.0%

Consecutive months of change in the same direction

Top 10 equity holdings

	% of fund
MTN	4.7
Sasol	4.1
Tongaat Hulett	3.8
Adcorp	2.8
Anglo American	2.7
Mondi	2.7
Corning	2.6
AECI	2.5
BASF	2.5
Cisco Systems	2.2
Total	30.6

Effective asset allocation exposure



Portfolio Manager

Abdulazeez Davids

Fund category

South African - Multi Asset - High Equity

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.

Benchmark

South African - Multi Asset - High Equity funds mean

Launch date

3 May 2011

Risk profile



Fund size

R422.0 million

NAV

133.08 cents

TER²

1.49%

Distributions

30 June 2015 0.40 cpu
31 December 2014 0.07 cpu

Fees (excl. VAT)

Initial fee: 0.00%
Financial adviser fee: max 3.00%
Ongoing advice fee: max 1.00% pa
Management fee: 1.25% pa

¹ 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. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. All performances are annualised (ie the average annual return over the given time period).

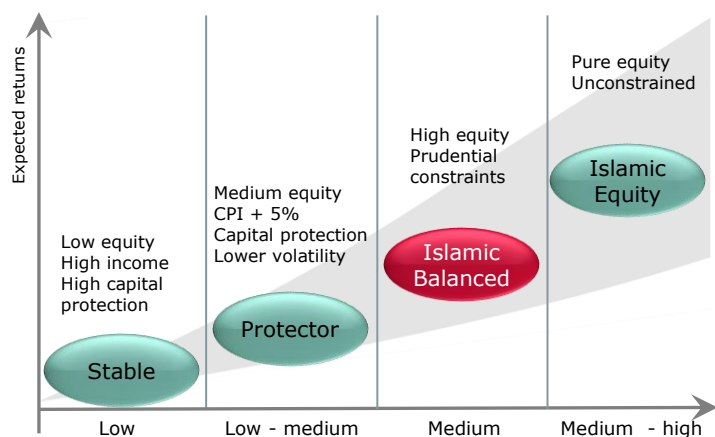
² The Total Expense Ratio (TER) is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 12-month period to end June 2015. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TERs.

The Kagiso Islamic Balanced Fund will be invested in a wide variety of domestic and international asset classes such as equity securities, sukuks and listed property, within the constraints of the statutory investment restrictions for retirement funds.

The underlying investments will comply with Sharia requirements as prescribed by the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI). The fund will not invest in any interest-bearing instruments.

This fund is suitable for Muslim investors requiring a Sharia-compliant portfolio appropriate for retirement schemes. Investors would also be seeking to build and grow their long-term retirement capital, while preserving the purchasing power thereof over the long term and limiting exposure to short-term market fluctuations.

Risk vs reward



Portfolio Manager



Abdulazeez Davids
BCom, CFA

Abdul joined Kagiso in 2008 and is Head of Research. Previously he was with Allan Gray as an investment analyst and portfolio manager.

Sharia advisory and supervisory board members

Sheikh Mohammed Tauha Karaan
 Mufti Zubair Bayat
 Mufti Ahmed Suliman

Minimum investment Lump sum: R5 000; Debit order: R500

Our investment philosophy

At Kagiso Asset Management, we make investment decisions based on mispricings we observe in the market. Simply put, we buy investments that are priced well below their intrinsic values and avoid those that we believe are overpriced.

Opportunities arise when market prices deviate from intrinsic value

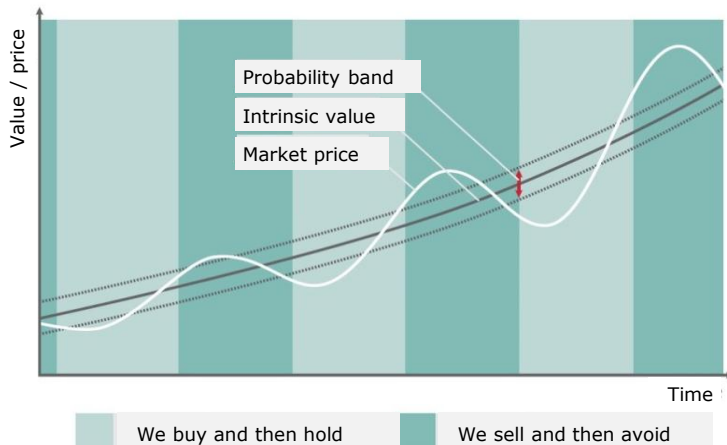
All investments represent a set of future cash flows, which can be valued with reasonable accuracy. Over time, this intrinsic value progresses at a fairly stable pace. Asset prices, however, fluctuate considerably through time. This is largely due to self-reinforcing cycles of enthusiasm or negativity, often fuelled by an excessive focus on near-term data and news flow.

Our aim is to identify and exploit mispricings in the markets. We therefore buy investments at prices well below our estimation of their intrinsic value and hold them, while they deliver strong cash returns and until they can be sold above this value. Once sold, we avoid such overvalued investments for as long as the market price is above the intrinsic value.

The future is never certain

We recognise that there is considerable danger in operating with the comfort of a false sense of certainty and the accompanying behavioural reinforcement cycles that lead to a distorted evaluation of new information. As a result, we understand that despite our best efforts, we cannot possibly know all the facts.

This drives us to think more deeply, to work harder and to be more alert. We therefore view the future in terms of probabilities, we explore alternative scenarios, diversify our positions, hedge risk and seek out potential asymmetries.



Trustee Melinda Mostert
 Head: Standard Bank Trustee Services
Fund registration no ZAE000154993

Pricing: 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 to ensure same day value.

The Kagiso unit trust fund range is offered by Kagiso Collective Investments Limited (Kagiso), registration number 2010/009289/06. Kagiso is a member of the Association for Savings and Investment SA (ASISA) and is a registered management company in terms of the Collective Investment Schemes Control Act, No 45 of 2002. 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. Kagiso does not provide any guarantee either with respect to the capital or the return of the portfolio(s). Foreign securities may be included in the portfolio(s) and may result in potential constraints on liquidity and the repatriation of funds. In addition, macroeconomic, political, foreign exchange, tax and settlement risks may apply. However, our robust investment process takes these factors into account. 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. Kagiso may close a portfolio to new investors in order to manage it more effectively in accordance with its mandate.

This fact sheet in its entirety constitutes this fund's Minimum Disclosure Document, as required by the Financial Services Board. Please contact us on the details below should you require additional information on our range of funds.

The fund returned -0.04% for the quarter and -1.4% for the 12 months to end June 2015.

Economic and market overview

While global growth dipped in the first half of 2015, it is set to make a modest comeback over the remainder of the year, partly due to the reversal of several temporary factors that depressed economic activity in the US. The Chinese government's efforts to stimulate their economy and reasonably strong economic momentum in Europe and Japan should also lift growth. Still, a persistent shortfall in aggregate demand remains the defining feature of the global economic landscape.

Market sentiment remains closely linked to US monetary policy and the timing of the first rate hike for many years. Far more important is the pace and extent of the hiking cycle and we expect this to be relatively slow and shallow. The debt crisis in Greece continues to weigh on sentiment in Europe, but appears to be relatively limited in its effect on fundamental economic activity.

The Chinese economy continued to slow in the first half of the year, as reflected in various 'real-time' measures such as railcar freight volumes, electricity output, bank lending and slowing demand for commodities. Large debt burdens in various areas of the economy are a pressing concern. The shift in economic activity from capital investment to consumption continues as per the current five-year plan.

The FTSE/JSE All Share Index touched a record peak in April before entering a more volatile period for the remainder of the quarter as negotiations between Greece and their European creditors broke down. The equity market ultimately ended the quarter largely unchanged.

SA sector winners included Support Services (+11.7%), Mobile Telecoms (+11.0%), Forestry and Paper (+10.3%), and Specialty Chemicals (+10.0%). Unsurprisingly, sector laggards included resources stocks, with the Gold (-16.8%), Industrial Metals (-13.7%) and Platinum (-8.1%) sectors hurt by falling commodity prices. Construction (-8.3%) and Fixed Telecoms (-19.0%) were also out of favour.

Fund performance and positioning

A generally weak resources sector and a weak spot platinum pricing environment once again led to share price attrition in the platinum sector. Selected platinum names were key absolute detractors for us. Mondi, and several of our mid-cap ideas such as Metair and KAP, were the fund's top performing holdings over the quarter.

The fund's exposure to certain real estate counters, particularly those with foreign operations such as Capital & Counties Properties, contributed to performance once more. The fund's offshore assets generally performed well.

Adcorp is one of the fund's compelling mid-cap holdings. It was founded in 1975 as the country's first recruitment advertising agency and has transformed into the largest workforce management player on the African continent. The Group offers workforce management, training and business process outsourcing services and solutions across a vast spectrum of industry sectors and job types with a specific focus on emerging markets and, in particular, Africa and the Asia-Pacific region. Spanning three continents and a strategic alliance with global player Randstad, the Group has an increasing global presence. Adcorp has an impressive record of creating value for its shareholders, converting a high proportion of its profits into cash and paying dividends, and adhering to high standards of corporate governance. We are confident that this business offers excellent long-term prospects at very reasonable market valuation.

We remain positioned with a contrarian orientation, aiming to exploit the extreme valuation differentials on offer as a result of global monetary authorities' unconventional interventions in capital markets. Our view is that extremely low bond yields globally are causing global investors to overprice companies with stable cash flows (perceived as bond substitutes) and underprice companies with naturally variable or cyclical cash flows, when these cash flows are low.

We also hold a relatively high mid-cap exposure in undervalued industrial companies that seem to have escaped the strong rerating that has occurred in many of the larger industrial SA companies with strong global investor shareholdings – possibly due to their size causing them not to make the radar screens of large active global investors and the benchmarks of global passive investors.

Continued -

Key indicators	
Equity markets (total return)	Quarterly change
MSCI World Equity (US Dollar return)	-0.3%
MSCI Emerging Market Equity (US Dollar return)	-0.2%
FTSE Sharia All-World Index (US Dollar return)	0.0%
Dow Jones Islamic Market World Index (US Dollar return)	0.0%
FTSE/JSE All Share Index	-0.2%
FTSE/JSE Resources Index	-4.6%
FTSE/JSE Industrials Index	2.0%
Commodities and currency	Quarterly change
Platinum (\$/oz)	-5.6%
Gold (\$/oz)	-0.9%
Brent Crude (\$/barrel)	13.4%
Rand/US Dollar (USD)	0.3%

Continued -

Platinum group metal (PGM) prices have continued to be very weak and platinum mining share prices have plumbed new depths, currently discounting weak prospective metal prices. We continue to find significant value in the platinum miners as their share prices reflect a lower trajectory of metal prices than we believe is realistic, given prospective fundamental market deficits that we expect. Our analysis suggests that PGM demand will continue to grow from autocatalyst fabrication, jewellery (especially in China and India) and other industrial applications. Recycling supply should peak in the next three years and mining supply, which is heavily concentrated in SA, remains extremely constrained by underinvestment by mining companies who need to preserve cash at a time when large parts of the industry are loss making.

The fund retains a high allocation to foreign equities, where we find opportunity in certain large technology stocks, healthcare companies, property and casualty insurers and specific listed property exposures. We are favouring companies with strong intellectual property and consequent high margins.

Portfolio Manager

Abdulazeez Davids