

PORTFOLIO MANAGER COMMENTARY

The FTSE/JSE All Share index (ALSI) returned 4.5% in the first quarter of 2010, mainly led by technology and financial stocks. The domestic equity market thus continued to rally, following an 11% gain in Q4 2009 on continued indications that the domestic economy is improving and a surprise rate cut in March 2010.

The local equity market has continued to outperform global developed and emerging markets in US dollar terms, with continued Rand currency strength providing a strong underpin to our market's returns over the last quarter in US dollar terms. Developed markets rallied strongly in March as further quantitative stimulus measures provided support to equity market returns. Most developed markets have now gained more than 50% over the last twelve months with emerging markets gaining on average more than 100% over the same period.

The ALSI has continued to re-rate along with other developed and emerging markets, despite poor company fundamentals. Consequently, our domestic market is currently significantly overvalued compared to its long term history. The ALSI's current price- earnings ratio of 18x is substantially above its long-term average rating of around 11.8x and even with the most optimistic earnings growth assumptions, our market appears quite expensive. Exogenous forces like foreigners' appetite for emerging and developing market equities and global economic variables will therefore continue to shape and influence our domestic market's returns in the short-term. However, because of the liquidity stimulus mentioned above, there is still scope for global markets to continue higher in the short-term before the necessary correction ensues.

The fund's relatively high cash weighting and underweight positions in Resources counters detracted from performance over the last month. However, given our view on the domestic market as outlined above, we believe that the current fund positioning remains prudent as a bulwark against capital loss for our investors. Despite the fund's underweight position in Resources, our research indicates that selected equities in the Resources sector remain attractively priced and we will continue to increase the fund's exposure to these equities.

Sasol is an example of a Resources counter that remains attractively valued by the market. Sasol is the only oil company that has successfully converted coal to liquid fuel on a commercially viable basis and continues to expand its proprietary technology to other applications. In addition, Sasol's vertically integrated business model provides some protection against the vagaries of the crude oil market. Following the collapse of oil prices from their peak levels of \$145/bbl in July 2008, sentiment towards the company has turned very negative and this has been reflected the company's share price. However, the company's solid earnings base, together with a strong balance sheet and healthy cashflow characteristics creates a defensive profile that is vastly superior and different to other Resources counters. Sasol remains one of the key holdings in the fund.

Portfolio manager
Abdulazeez Davids

KAGISO ISLAMIC EQUITY FUND

CLASS A as at 31 March 2010

KAGISO
Asset Management

Fund category	Domestic - Equity - General
Fund description	Aims to provide steady capital growth and a total portfolio return that is better than the average domestic equity fund.
Launch date	13 July 2009
Portfolio manager/s	Abdulazeez Davids

Fund size	R14.61 million
NAV	124.71 cents
Benchmark	Domestic Equity General Funds Mean

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2010
Domestic Assets	100.00%
Equities	82.06%
Oil & Gas	10.14%
Basic Materials	23.56%
Industrials	5.85%
Consumer Goods	15.45%
Health Care	7.45%
Telecommunications	10.74%
Technology	8.88%
Preference Shares & Other Securities	3.04%
Cash	14.90%

TOP 10 HOLDINGS

As at 31 Mar 2010	% of Fund
Sasol Limited	10.14%
MTN Group Ltd	9.74%
Tongaat Hullett Ltd	6.22%
Tiger Brands Ltd	5.40%
Mondi Plc	4.41%
Cipla Medpro South Africa Ltd	4.35%
AECI Ltd	4.17%
Illovo Sugar Ltd	3.83%
BHP Billiton Plc	3.78%
DATATECLTD	3.65%
Total	55.68%

MONTHLY COMMENTARY

The FTSE / JSE All Share index gained 0.37% in February 2010 in local currency terms, after falling 3.5% January, with the biggest gains from Technology (+9.9%), Consumer Services (+6.6%), HealthCare (+3.3%), Telecoms (+1.7%), Industrials (+1.4%) and Financials (+1.1%). Meanwhile, Consumer Goods (-3.2%), Oil & Gas (-1.7) and Basic Materials (-0.5%) were the only sectors with negative returns in February 2010. The rand was one of the worst performing currencies, depreciating by 0.98% against the dollar in February 2010 and 3.94% year-to-date, as the USD rebounded against global currencies. The gold price closed at \$1108/oz, up 2.76% for the month. The Kagiso Islamic Equity Fund closed the month at 121.64, a gain of 1.1% for the month.

SHARIAH ADVISORY AND SUPERVISORY BOARD

The Kagiso Islamic Equity Fund has its own Shariah supervisory board of advisors and is headed up by Sheigh Mohammad Tauha Karaan, principal of Darul 'Ulum Arabiyya wal Islamiyya.

Members:

- Sheigh Mohammad Tauha Karaan
- Mufti Zubair Bayat
- Mufti Ahmed Suliman

INVESTOR PROFILE

- The fund is suitable for Muslim investors seeking a Shariah compliant portfolio of South African equity.
- Investors who are in their wealth accumulation phase and require little investment income in the short term.
- Investors seeking exposure to the domestic equity market.
- Investors who are able to withstand short term market fluctuations in pursuit of maximum capital growth over the long term.

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(0.08)%	1.10%	2.52%										3.56%
Fund 2009								4.98%	0.45%	5.27%	(0.89)%	2.43%	12.70%

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

As this is a recently launched fund, the TER cannot be accurately determined and will be in line or higher than the quoted annual management fee.

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.

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. 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. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. The manager is a member of ASISA. ¹Performance is quoted from Morningstar as at 31 March 2010 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. ²The 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 December 2009. 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. Coronation Management Company Ltd is a registered collective investment scheme management company, providing hosting and other administrative services for unit trust funds, including Kagiso Funds.

CORONATION
FUND MANAGERS