KAGISO ISLAMIC EQUITY

CLASS A as at 30 June 2010



PORTFOLIO MANAGER COMMENTARY

World and domestic equity markets continued the strong rally from the first quarter in 2010 until mid-April, when Greece's debt concerns again made world headlines. Since mid-April global markets have declined by between 7% to 12% as the reality of the full repercussions of the global debt orgy started to hit home. Most developed markets are grappling to come to terms with their sizeable debt burdens and are sharpening pencils to steer their respective economies to more manageable gearing levels. As Europe braces itself for austerity measures last seen before WWII, the full impact of the divisions in Europe is reflected in the weak Euro currency.

By connecting the dots, the implications for global growth and therefore corporate earnings are clear: At worst, the world is facing a second recession or, at best, a protracted period of excruciatingly slow growth as economies start to de-leverage. Global sentiment appears to be shifting from outright bullishness on prospects of a recovery to an admission that the recovery will be protracted, as is evidenced by changes to consensus earnings estimates that have now turned negative. Whilst we were early in our call to raise cash levels and focus on high quality companies with low gearing levels, this theme has not run its course and we should anticipate this view to become de riqueur fairly imminently.

The fund's relatively high cash weighting and underweight positions in resources counters contributed to relative performance for the quarter and half year to the end of June 2010. The significant decline in resources counters (minus -11.9% for the second quarter) has resulted in opportunities emerging where share prices are trading closer to their intrinsic values. However, there is a significant caveat: The extent to which the current global fiscal austerity measures impact global economic growth will ultimately dictate the pace of resources' earnings growth. We therefore remain cautious on the global diversified miners.

Illovo is one of the fund's bigger holdings and the company reported its annual results during the quarter. Illovo's investment case centres around the company's increasing exposure to the lucrative EU sugar market in addition to the group's premium-priced regional sugar markets. Illovo produces sugar in Zambia, Malawi, Tanzania, Swaziland Mozambique and South Africa, with a potential investment in Mali currently being assessed for feasibility. Most of Illovo's operations rank in the lowest quartile on the cost curve and this gives the company a clear competitive advantage over other sugar producers. The Zambian operation is expected to increase its sugar production significantly following a R1.3 billion capital expenditure program that will substantially increase Illovo's profitability in future years. We believe that Illovo's current valuation does not account for this significant earnings growth trajectory and we therefore find the share very attractively priced at current levels.

Portfolio manager Abdulazeez Davids

Client Service: 0800 22 11 77 Fax: (021) 680 2500 Email: clientservice@coronation.co.za Website: www.coronation.com

KAGISO ISLAMIC EQUITY FUND

CLASS A as at 30 June 2010

KAGISO

Domestic - Equity - General Fund category

Fund description Aims to provide steady capital growth and a total

portfolio return that is better than the average domestic

equity fund. 13 July 2009

Launch date Abdulazeez Davids Portfolio manager/s

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2010			
Domestic Assets	99.00%			
Equities	82.12%			
Oil & Gas	9.80%			
Basic Materials	24.95%			
Industrials	5.18%			
Consumer Goods	17.72%			
Health Care	7.23%			
Telecommunications	11.72%			
Technology	5.51%			
Preference Shares & Other Securities	2.53%			
Cash	14.36%			
International Assets	1.00%			
Equities	1.00%			

TOP 10 HOLDINGS

As at 30 Jun 2010	% of Fund
Sasol Ltd	9.80%
MTN Group Ltd	8.85%
Tongaat Hullett Ltd	5.59%
AECI Ltd	4.67%
Tiger Brands Ltd	4.39%
Mondi Plc	4.26%
African Rainbow Minerals Ltd	4.04%
BHP Billiton Plc	3.48%
Cipla Medpro South Africa Ltd	3.23%
Adcock Ingram Holdings	3.14%
Total	51.45%

Fund size R21.47 million NAV 121.59 cents

Domestic Equity General Funds Mean Benchmark

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%	1.29%	(2.58)%	(1.19)%							0.98%
Fund 2009								4.98%	0.45%	5.27%	(0.89)%	2.43%	12.70%
Fund 2008													0.00%

FEES (excl. VAT)

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

* 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

CORONATION

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 15n00 each business day and forward pricing is used. The manager is a member of ASISA. 'Performance is quoted from Morningstar as at 30 June 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. 'The 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 2010. 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.

Client Service: 0800 22 11 77 Fax: (021) 680 2500 Email: clientservice@coronation.co.za Website: www.coronation.com