Kagiso Islamic Equity Fund
as at December 2010

KAGISO Asset Management

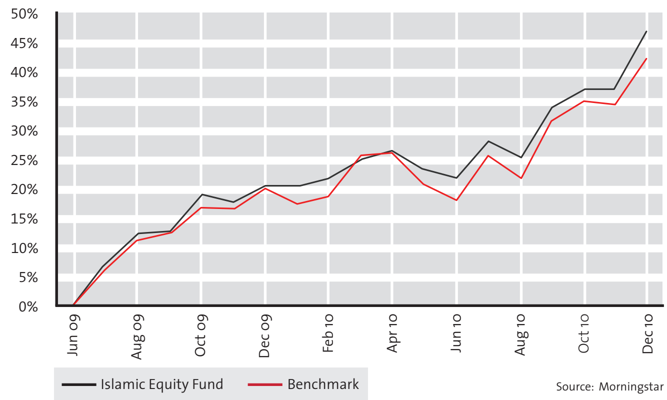
Fund category	Domestic - Equity - General
Fund description	Aims to provide steady capital growth and a total portfolio return that is better than the average domestic equity fund.
Launch date	13 July 2009
Portfolio manager	Abdulazeez Davids
Fund size	R64.13 million
NAV	147.09 cents
Benchmark	Domestic Equity General Funds Mean
Class A	

Portfolio detail
Effective asset allocation exposure

As at 31 December 2010

Domestic assets	96.82%
◆ Equities	80.88%
Oil & Gas	9.77%
Basic Materials	30.76%
Industrials	7.69%
Consumer Goods	7.01%
Healthcare	1.42%
Consumer Services	2.49%
Telecommunications	14.23%
Technology	7.52%
◆ Preference Shares & Other Securities	2.78%
◆ Cash	13.16%
◆ International Assets	3.18%
Equities	3.18%

Performance and risk statistics[1]
Cumulative performance since inception



Top 10 holdings

As at 31 December 2010	% of Fund
MTN	10.09%
Sasol	9.77%
Mustek	5.54%
Nampak	5.31%
Tongaat Hulett	4.81%
Mondi	4.21%
Vodacom	4.14%
AECI	4.07%
Assore	3.86%
Lonmin	3.78%
Total	55.6%

Performance for various periods

	Fund	Benchmark	Outperformance
Since inception (unannualised)	47.11%	42.05%	5.06%
Since inception (annualised)	29.35%	26.36%	2.99%
Latest 1 year (annualised)	22.17%	18.53%	3.64%
Year to date	22.17%	18.53%	3.64%

Sharia advisory and supervisory board

The Kagiso Islamic Equity Fund has its own Sharia 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

Risk statistics since inception

	Fund	Benchmark
Annualised deviation	11.16%	12.71%
Sharpe ratio	1.99	1.51
Maximum gain	18.61%	16.61%
Maximum drawdown[3]	(3.74%)	(6.37%)
% Positive months	72.22%	66.67%

3 Maximum % decline over any period

Monthly performance returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	(0.08%)	1.10%	2.52%	1.29%	(2.58%)	(1.19%)	5.35%	(2.37%)	6.89%	2.47%	0.10%	7.29%	22.17%
2009							6.85%	4.98%	0.45%	5.27%	(0.89%)	2.43%	20.41%

Fees (excluding VAT)

Initial fee	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 administration and distribution services.

Total Expense Ratio (TER)[2]	1.56% per annum

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.

The Kagiso unit trust range is offered by Kagiso Collective Investments Limited, ("Kagiso") registration number 2010/009289/06, a member of the Association for Savings and Investment SA (ASISA). Kagiso Collective Investments Limited is a subsidiary of Kagiso Asset Management to which the investment of its unit trust funds is outsourced. The Kagiso Islamic Equity Fund is a Collective Investment Scheme portfolio (unit trust) registered in terms of the Collective Investment Schemes Control Act under the Kagiso Unit Trust Scheme. 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 Kagiso Collective Investments before 2pm 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. [1]Performance is quoted from Morningstar as at 31 December 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. [2]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 December 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.

Client Service 0800 864 418 Fax +27 86 673 9294 E-mail clientservice@kagisoam.com Website www.kagisoam.com

Kagiso Islamic Equity Fund

as at December 2010

KAGISO
Asset Management

The South African and global equity markets continued to recover from the 2008 meltdown in 2010, with developed market liquidity providing strong stimulus to global markets, especially emerging markets. The relentless pursuit of growth-adjusted yields in emerging markets to compensate for meagre yields in developed markets have resulted in investors totally ignoring and discounting economic and political fundamentals in these emerging markets.

Developed market funds, driven by the greed and the expectations of superior risk-adjusted returns from emerging markets, have contributed to 2010 being a record year for emerging market inflows. Emerging market valuations have consequently risen to near record highs as a wall of money chases limited opportunities. The warning signals for emerging markets are clear: are we likely to see a repeat of 1998, when immediately after emerging markets posted record gains, the emerging markets bubble burst and it took six years to recover?

The strong focus on emerging markets did not pass South Africa unnoticed in 2010. With a fairly liquid and developed equity and foreign exchange market, South Africa can be regarded as a suitable proxy of emerging markets and the local market benefitted from increased foreign participation, most notably in the industrial sector. Whilst foreigners have been very wary of the impact of a strong currency on South African resources stocks and are generally shying away from all financial stocks, industrial stocks have been a key beneficiary of this re-acquaintance by foreigners. Consequently, industrials valuations are at record highs, with cyclical and consumer focussed stocks key beneficiaries. The combination of rising share prices and potentially declining profits is therefore expected to exacerbate the valuation gap relative to fair value for domestic stocks. Unfortunately, consensus earnings growth forecasts have yet to adjust for the stronger rand environment and as such appear very optimistic.

The Kagiso Islamic Equity Fund returned 10.1% for the quarter and 22.2% for the calendar year 2010, outperforming the peer mean benchmark by 3.9% over the twelve month period. It is furthermore pleasing to note that since its inception on 13 July 2009, the fund has achieved an annualised return of 29.4%, outperforming the benchmark by 3.2% over the period. The fund remains defensively positioned away from overpriced domestic cyclical industrial and selected resources shares in favour of our investment team's best investment opportunities, utilising our proprietary research process.We remain confident that the current fund positioning is appropriate to generate sustainable long-term returns for investors.

Portfolio manager
Abdulazeez Davids