

Kagiso Islamic Equity Fund

as at March 2011



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 Abdulzeez Davids
Fund size R85.01 million
NAV 150.56 cents
Benchmark Domestic Equity General Funds Mean
Class A

Portfolio detail

Effective asset allocation exposure

As at 31 March 2011

Domestic assets	96.44%
◆ Equities	78.81%
Oil & Gas	10.20%
Basic Materials	32.37%
Industrials	9.37%
Consumer Goods	5.51%
Healthcare	0.00%
Consumer Services	0.00%
Telecommunications	14.04%
Technology	7.32%
Financials	0.00%
Derivatives	0.00%
◆ Preference Shares & Other Securities	3.26%
◆ Real Estate	0.00%
◆ Cash	14.37%
◆ International Assets	3.56%
Equities	3.56%

Top 10 holdings

As at 31 March 2011

	% of Fund
Sasol	10.20%
MTN	9.81%
Mondi	6.71%
AECI	4.66%
Nampak	4.53%
Vodacom	4.23%
Mustek	4.18%
Assore	4.16%
Tongaat Hulett	3.92%
PAN African Resources	3.56%
Total	55.98%

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

Monthly performance returns

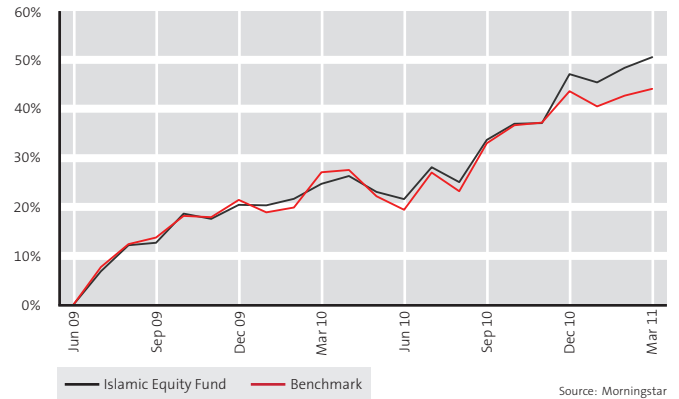
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	(1.15%)	2.06%	1.46%										2.36%
2010	(0.08%)	1.10%	2.52%	1.29%	(2.58%)	(1.19%)	5.35%	(2.37%)	6.89%	2.47%	0.10%	7.29%	22.17%
2009							6.85%	4.98%	0.45%	5.27%	(0.89%)	2.43%	20.41%

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 ULSP's as a payment for administration and distribution services.	
Total Expense Ratio (TER) ²	1.42% per annum

Performance and risk statistics¹

Cumulative performance since inception



Performance for various periods

	Fund	Benchmark	Outperformance
Since inception (unannualised)	50.58%	44.11%	6.47%
Since inception (annualised)	26.35%	23.22%	3.13%
Latest 1 year (annualised)	20.75%	13.41%	7.34%
Year to date	2.36%	0.33	2.03%
2010	22.17%	18.28%	3.89%
2009	20.41%	21.43%	(1.02%)

Risk statistics since inception

	Fund	Benchmark
Annualised deviation	10.60%	12.24%
Sharpe ratio	1.83	1.33
Maximum gain	18.61%	18.16%
Maximum drawdown ³	(3.74%)	(6.37%)
% Positive months	71.43%	71.43%

³ Maximum % decline over any period

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. ¹Performance is quoted from Morningstar as at 31 March 2011 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 March 2011. 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.

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The Kagiso Islamic Equity Fund returned 2.4% for the quarter and 20.7% for the 12-month period to 31 March 2011, outperforming the peer mean benchmark by 7.4% over the 12-month period. It is furthermore pleasing to note that since its inception on 13 July 2009, the fund has achieved a cumulative return of 50.5% to 31 March 2011.

Global events at the beginning of March (Japan earthquake and tsunami; Middle East upheavals) dominated world markets in the first quarter of 2011, with nervous investors selling off equities as a knee-jerk reaction. However, equity markets quickly rebounded and are now trading at levels similar to before the financial crisis in 2008. Commodity prices, specifically oil prices, rose sharply in anticipation of constrained supply and expectations of increased demand from Japanese rebuilding efforts. Domestically, the first quarter saw a big recovery in corporate earnings, mainly as a result of a strong recovery (60%) in resources earnings. However, this growth rate in earnings is not likely to recur, given the outlook for the key earnings drivers. Despite the earnings recovery, domestic valuations are still very high relative to long-term averages and many stocks are trading close to their all-time highs.

We have expressed our caution on the domestic equity market's valuation in previous communications, noting that earnings multiples are too high relative to what we think a fair multiple for our domestic market should be. We further caution investors that South African companies, especially industrial companies, have experienced an almost 100% growth in earnings between 2004 and 2009 and this growth in earnings is unlikely to recur over the next five years. A 'stimulus package' of substantial cuts in interest rates, lower inflation, strong nominal GDP growth and a weaker currency propelled earnings to unprecedented levels. The current economic environment of multi-decade low interest rates, and relatively benign inflation is unlikely to persist. In our research and portfolio construction process we are highly cognisant of not rewarding companies for past earnings performance that was entirely fortuitous and not the result of a genuine competitive advantage or management skill. Whilst this could be perceived as conservatism, it has enabled us to successfully avoid recent corporate earnings disasters and thus protect the value of our clients' investments.

150.56

Portfolio Manager
Abdulazeez Davids