

Performance and risk statistics¹

	Fund	Benchmark	Outperformance
1 year	7.5%	3.2%	4.3%
2 years	12.9%	9.9%	3.1%
5 years	-	-	-
Since inception	17.5%	15.1%	2.4%

All performances annualised

	Fund	Benchmark
Annualised deviation	10.4%	11.6%
Sharpe ratio	1.0	0.7
Maximum gain*	18.6%	18.2%
Maximum drawdown*	-5.6%	-6.5%
% Positive months	63.0%	59.3%

*Maximum % increase/decline over any period

Cumulative performance since inception



Portfolio manager Abdulazeez Davids

Fund category Domestic - Equity - General

Fund objective

A Sharia compliant fund that aims to provide steady capital growth and a total portfolio return that is better than the average general equity fund.

Risk profile



Suitable for

Muslim investors seeking a Sharia-compliant portfolio of South African equities, who are in their wealth accumulation phase. Investors would be able to withstand short-term market fluctuations in pursuit of maximum capital growth over the long term.

Benchmark

Domestic Equity General funds mean

Launch date

13 July 2009

Fund size

R109.0 million

NAV

143.40 cents

Distribution dates

30 June, 31 December

Last distribution

30 June 2011: 0.31 cpu

Minimum investment

Lump sum: R5 000; Debit order: R500

Fees (excl. VAT)²

Initial fee: 0.00%
Financial adviser fee: max 3.00%
Ongoing advice fee: max 1.00% pa
Annual management fee: 1.00%

TER³

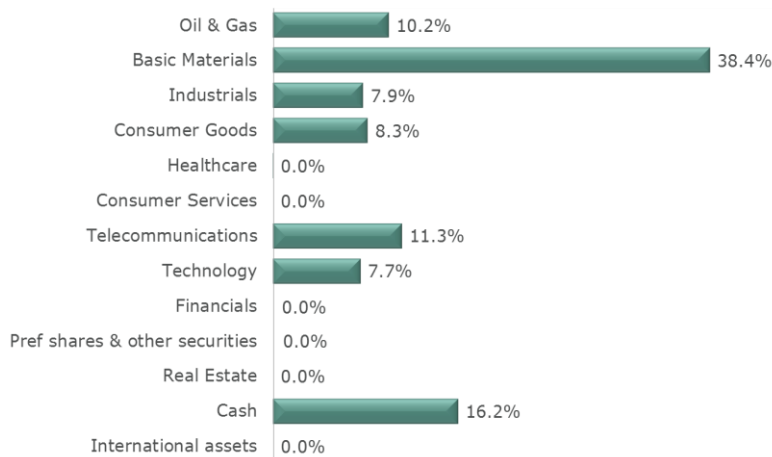
1.35% per annum

Sharia advisory and supervisory board

Members: Sheigh Mohammed Tauha Karaan
Mufti Zubair Bayat
Mufti Ahmed Suliman

Unconventional thinking. Superior performance

Effective asset allocation exposure



Top ten holdings

Company	% of fund
Sasol	10.2
MTN	8.0
Tongaat Hulett	5.3
Mondi	4.8
Anglogold Ashanti	4.3
Royal Bafokeng	4.1
AECI	3.8
Datatec	3.7
Mustek	3.5
Vodacom	3.3
Total	51.0

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). Unit trusts are generally medium- to long-term investments. The value of units may go down as well as up and 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. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total value of assets in the portfolio including any income accruals and less any permissible deductions (brokerage, Uncertificated Securities Tax, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. Instructions must reach Kagiso Collective Investments before 14:00 to ensure same day value. Fund valuations take place at approximately 15:00 each business day and forward pricing is used.

¹ Performance is quoted from Morningstar as at month-end 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 A schedule of maximum fees and charges is available on request and on our website. Fees and incentives may be paid, and if so, are included in the overall costs.

³ 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 September 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.

Commentary

The FTSE JSE All Share Index posted a total return of -5.8% for the third quarter of 2011. Of the industry groups, Technology (5.0%) was the top performer with Health Care (2.5%) in second position. Basic Materials (-10.8%) was the worst performer, followed by Oil & Gas (-6.0%), Industrials and Telecoms (both -4.6%). Gold posted a total return of 19.5% in the September quarter, after posting -13.0% in the second quarter.

The developed market debt juggernaut gathered further momentum in the third quarter, with European policymakers continuing to defer the inevitable. On reflection, the past decade can be broken up into three distinct phases:

- ◆ Phase 1, starting from the end of 1999 to 2007, saw a major build up in household and financial sector debt in the US and several European economies.
- ◆ The second phase, lasting from the start of the subprime crisis to early 2010, saw intense private sector deleveraging combined with a surge in government sector debt. In effect, as the private sector was paying back debt, the government was taking on new debt in order to prop up aggregate demand.
- ◆ The third phase – the one in which we currently find ourselves – has seen a slowdown in the pace of private sector deleveraging but an acceleration in the pace of fiscal consolidation. The non-recurrence of further economic stimulus in developed markets has exacerbated the risk of a renewed global recession (the feared double-dip) and threatens to unwind the recovery that commenced in April 2009.

Equity markets appear disappointed and frustrated by the ineffectiveness of Fed policy at a time of heightened economic and financial risks. It is even debatable whether the twist policy will help or hurt the economy. 'Operation Twist' creates no new stimulus as the Fed balance sheet will stay steady, but it flattens the yield curve. This could hurt banks which are already under stress. Furthermore, the political impasse has seriously undermined the Obama administration's ability to address the underlying problems inherent in the US economy. In addition, the horror story in Europe continues.

The advice given by the US to turn the European Financial Stability Fund (EFSF) into a bank is correct as it would allow the EFSF to draw in private sector savings as well as lever up the size of the fund on the European Central Bank's balance sheet. This is the only way to substantially enlarge the rescue fund, making it a credible source of funding to stem the debt crisis.

The extreme volatility in stock prices is symptomatic of the degree of uncertainty and risk inherent in market valuations currently and also underlines the importance of a sound investment philosophy, a robust bottom-up investment process and a regular top-down quarterly review to generate long-term outperformance for our clients.

Portfolio manager
Abdulzeez Davids