

Performance and risk statistics¹

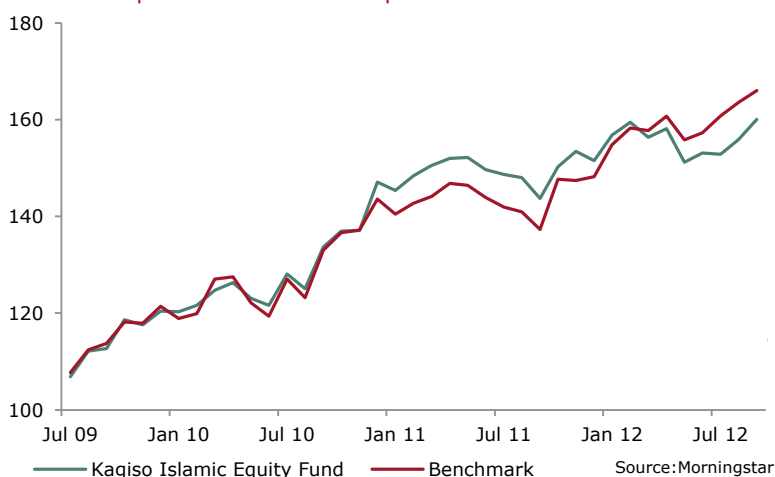
	Fund	Benchmark	Outperformance
1 year	11.4%	21.0%	-9.6%
2 years	9.4%	11.8%	-2.3%
3 years	12.4%	13.5%	-1.0%
Since inception	15.6%	16.9%	-1.3%

All performances annualised

	Fund	Benchmark
Annualised deviation	9.4%	10.3%
Sharpe ratio	0.8	0.8
Maximum gain*	17.6%	16.6%
Maximum drawdown*	-5.6%	-6.5%
% Positive months	63.2%	63.2%

*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

R161.0 million

NAV

157.18 cents

Distribution dates

30 June, 31 December

Last distribution

30 June 2012: 1.11 cpu

Minimum investment

Lump sum: R5 000; Debit order: R500

Fees (excl. VAT)

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

TER²

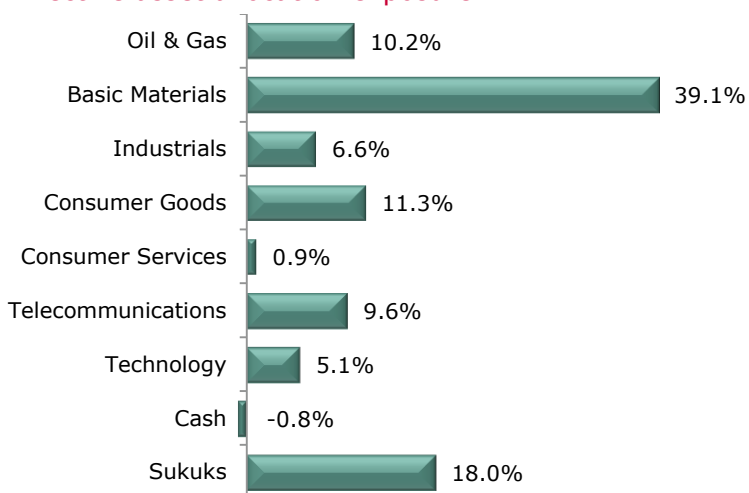
1.31% per annum

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 equity holdings

Equity Holding	% of fund
Sasol	10.2
MTN	9.6
Mondi	7.2
Lonmin	5.3
Anglo American	4.8
BHP Billiton	4.0
AECI	4.0
Tongaat Hulett	4.0
Impala Platinum	3.6
African Rainbow Minerals	3.3
Total	55.8

The Kagiso unit trust fund range is offered by Kagiso Collective Investments Limited (Kagiso), registration number 2010/009289/06, a voting member of the Association for Savings and Investment SA (ASISA). Kagiso is a subsidiary of Kagiso Asset Management (Pty) Limited [a licensed financial services provider (FSP No. 784)], the investment manager of the unit trust funds.

Unit trusts are generally medium to long-term investments. The value of units will fluctuate and past performance should not be used as a guide for future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Exchange rate movements, where applicable, may affect the value of underlying investments. Different classes of units may apply and are subject to different fees and charges. A schedule of the maximum fees, charges and commissions is available upon request. Commission and incentives may be paid, and if so, would be included in the overall costs. All funds are valued and priced at 15:00 each business day and at 17:00 on the last business day of the month. Forward pricing is used. The deadline for receiving instructions is 14:00 each business day in order to ensure same day value.

¹ Performance is quoted from Morningstar as at month-end for a lump sum investment using Class A Net Asset Value (NAV) prices with income distributions reinvested. NAV refers to the value of the fund's assets less the value of its liabilities, divided by the number of units in issue. Performance figures are quoted after the deduction of all costs incurred within the fund.

² The Total Expense Ratio (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 2012. 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

This quarter was characterised by significant labour unrest within the local resources sector, which placed South Africa high on the international news agenda. The unprecedented tragedy that occurred at Lonmin's Marikana mine was the catalyst for further strikes, which have subsequently spread to other sectors of the local economy. Despite this, the South African equity market held up well over the quarter and reached an all-time high during September.

Globally, most developed economies continue to grapple with slower economic activity and high unemployment. The US economic weakness has brought about yet further quantitative easing measures by the Fed. The economy has become a key focal point of the upcoming US presidential elections and the US faces automatic fiscal tightening in 2013, unless further action is taken to extend current fiscal stimulus measures.

Economic weakness persists in Europe, with the latest data indicating that this region went into contraction during the second quarter of this year. GDP growth in the world's second-largest economy, China, has begun to slow. Given that its major trading partners are facing tough economic conditions, the South African economy continues to be weak, with the situation exacerbated by recent labour unrest.

Global markets were generally up during the quarter, with the exception of Japan, which was down 1.5%. The US (S&P 500 Index) was up 5.8%, the UK (FTSE 100 Index) was up 3.1% and the MSCI Emerging Markets Index was up 7.9% (in US dollar terms).

The FTSE/JSE All Share Index gained 7.3% during the quarter, with the recent material sectoral diversion continuing - industrials were up 10.5%, financials were up 6.5% and resources were up 2.9%. Foreigners were net sellers of equities, particularly in the resources sector where they appeared to be unnerved by the labour challenges facing miners. However, this sell-off was offset by significant foreign inflows into our bond market. Foreign investors continued to favour local consumer-oriented industrial shares, causing these exceptionally expensive shares to accelerate upwards to new all-time highs.

Commodity prices strengthened this quarter, with most commodities relevant to South African miners gaining - platinum was up 16.8%, gold was up 11.1% and copper was up 6.8%. After a significant fall last quarter, the oil price (Brent Crude) increased by 16.1%.

The rand weakened by 1.8% against the US dollar and 3.2% against the euro. Inflation has dropped back into the upper region of the South African Reserve Bank's target band, where we expect it to remain in the medium term. The Reserve Bank dropped the repo rate by 50bps in July, and left it unchanged at their most recent Monetary Policy Committee meeting. Interest rates are currently at multi-decade lows.

The Kagiso Islamic Equity Fund outperformed the average fund in the Domestic General Equity sector for the quarter due to our large positions in Sasol, Tongaat and Mondi. While our current overweight position in resources shares and underweight position in industrials has affected our short-term performance, we believe it is appropriate to position our clients in deeply undervalued shares in anticipation of strong capital gains and avoid the permanent capital losses we expect in vastly overvalued shares. MTN (up 16.1%) and Mondi (up 21.5%) were strong performers for the fund, while our exposure to Lonmin (down 25.1%) and Anglo American (down 8.8%) detracted from performance.

Looking ahead, we remain cautious over prospects for developed economies with high levels of government debt, high levels of unemployment and demographic trends moving slowly against them. On the positive side, we believe that there are strong prospects for companies focused on emerging market consumers, although much of this optimism seems to be priced into South African consumer stocks.

We remain defensively positioned from an asset allocation point of view, with significant non-equity positions in place. The fund continues to be appropriately positioned in our best stock selections, based on our team's proven bottom-up stock picking process.

Portfolio manager
Abdulazeez Davids