Kagiso Islamic Equity Fund

as at 31 December 2013

KAGISO Asset Management

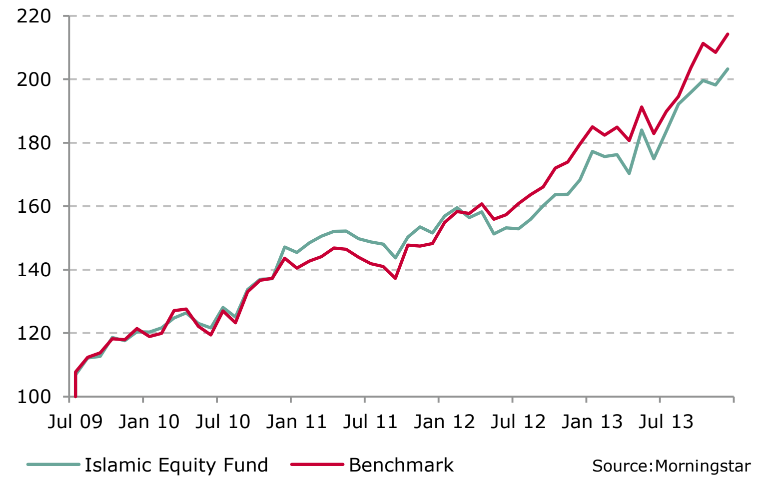
Performance and risk statistics[1]

	Fund	Benchmark	Outperformance
1 year	20.8%	19.4%	1.4%
2 years	15.8%	20.3%	-4.5%
3 years	11.4%	14.3%	-2.9%
Since inception	17.1%	18.5%	-1.4%

	Fund	Benchmark
Annualised deviation	10.3%	10.5%
Sharpe ratio	1.1	1.2
Maximum gain*	18.6%	18.7%
Maximum drawdown*	-5.6%	-6.5%
% Positive months	66.7%	66.7%

*Maximum % increase/decline over any period

Cumulative performance since inception



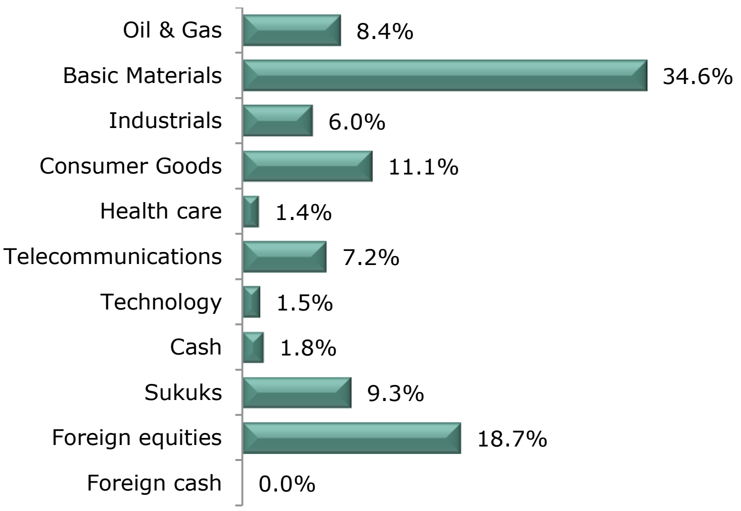
Portfolio manager	Abdulazeez Davids
Fund category	South African - Equity - General
Fund objective	A Sharia compliant fund that aims to provide steady capital growth and a total portfolio return that is better than the average general equity fund.
Risk profile	Medium - High
Suitable for	Muslim investors 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	South African - Equity - General funds mean
Launch date	13 July 2009
Fund size	R332.6 million
NAV	196.31 cents
Distribution dates	30 June, 31 December
Last distribution	31 December 2013: 0.90 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%
TER[2]	1.28%

Sharia advisory and supervisory board members:

Sheigh Mohammed Tauha Karaan
Mufti Zubair Bayat
Mufti Ahmed Suliman

Unconventional thinking.

Effective asset allocation exposure



Top ten equity holdings

	% of fund
Sasol	8.4
Anglo American	7.0
MTN	6.3
Tongaat Hulett	5.0
Mondi	4.2
Microsoft Corporation	3.8
Anglo Platinum	3.8
Lonmin	3.5
Intel Corporation	3.2
Samsung Electronics	3.2
Total	48.4

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. All performances are annualised.
[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 December 2013. 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 TERs.

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Kagiso Islamic Equity Fund - Quarterly commentary

as at 31 December 2013

KAGISO Asset Management

The fund returned 3.8% for the quarter and 20.8% in 2013. The fund's objective of providing steady capital growth over the long term and a total portfolio return that is better than the average general equity fund has been achieved.

Economic and market overview

In mid-December, the US Federal Reserve announced that it was slowing the pace of its monthly asset purchases by US$10bn. Surprisingly, this was followed by a strong rally in risky assets. As the Fed begins the journey towards eventual policy tightening, other developed market central banks are becoming increasingly accommodative. In particular, Japan has launched a massive asset purchase programme in pursuit of elusive inflation and the European Central Bank is considering further stimulus measures.

Many developed economies are beginning to show signs of a more consistent recovery. The US is showing signs of stronger industrial production and an improved labour market, while most European countries have emerged from recessions. Japan's economy is responding well to Abenomics and its weaker currency, but will need to overcome an increase in consumption tax later this year. Meanwhile, deflation risk is a concern in an environment of significant spare capacity.

Locally, the SA economy remains vulnerable to portfolio inflows slowing and perhaps reversing, given the high current account and fiscal deficits. Growth continues to stutter along, hampered by labour disruptions, electricity shortages and an overburdened consumer. Inflation remains remarkably constrained, with pressures from the weaker currency showing no signs of emerging through consumer prices yet.

After a fairly lacklustre first half of 2013, SA equity markets recorded a very strong latter half. This was mainly driven by industrial companies where, once again, share prices significantly outpaced the growth in earnings. In a change from previous years, listed property underperformed the equity market, coming under pressure in the wake of rising bond yields.

Fund performance and positioning

Sasol (up 10.3%) contributed positively to quarterly performance, while Anglo American (down 6.9%) and Tongaat Hulett (down 5.3%) detracted.

The weaker rand, coupled with good stock selection in foreign investments, aided performance. In particular, our positions in Microsoft (up 12.4% in USD) and Intel (up 17.7% in USD) contributed significantly to the fund's performance.

Looking ahead, while the unwinding of stimulus will be a slow process, the reality is that any slowing (and ultimately reduction) represents a significant change in the flow of liquidity to markets. This will have implications for several asset classes and we will continue to avoid those assets that have benefited disproportionately from quantitative easing over the last few years. Currently, our market continues to set record highs, with much of the contribution coming from stocks that we believe have inflated valuations. Share prices of SA's global industrial stocks, in particular, continue to rise ahead of earnings growth.

We continue to be positioned in our best ideas, based on our team's proven bottom-up stock-picking process.

Portfolio manager
Abdulazeez Davids

Key indicators	
Equity markets (total return)	Quarterly change
MSCI World Equity (US Dollar return)	7.6%
MSCI Emerging Market Equity (US Dollar return)	1.5%
FTSE Sharia All-World Index (US Dollar return)	-6.5%
Dow Jones Islamic Market World Index (US Dollar return)	-6.9%
FTSE/JSE All Share Index	5.5%
FTSE/JSE Resources Index	2.6%
FTSE/JSE Industrials Index	7.1%
Commodities and currency	Quarterly change
Platinum ($/oz)	-2.3%
Gold ($/oz)	-9.3%
Brent Crude ($/barrel)	2.7%
Rand/US Dollar (USD)	3.2%