Kagiso Islamic Equity Fund

as at 31 March 2016

Date of issue: 8 April 2016

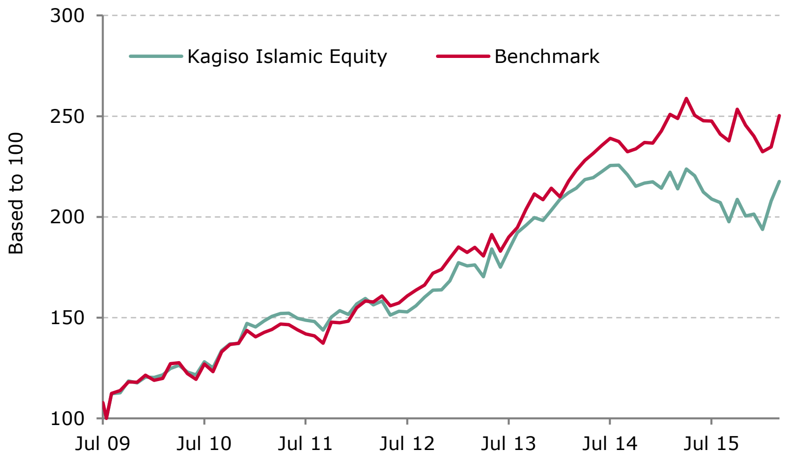
KAGISO Asset Management

Performance[1]

	Fund	Benchmark	Outperformance	Highest*	Lowest*
1 year	1.7%	0.5%	1.2%	7.3%	-4.6%
3 years	7.3%	10.6%	-3.3%	8.1%	-4.9%
5 years	7.6%	11.6%	-4.0%	8.1%	-4.9%
Since inception	12.2%	14.6%	-2.4%	8.1%	-4.9%

* Highest and lowest monthly fund performance during specified period

Cumulative performance since inception*



Risk statistics

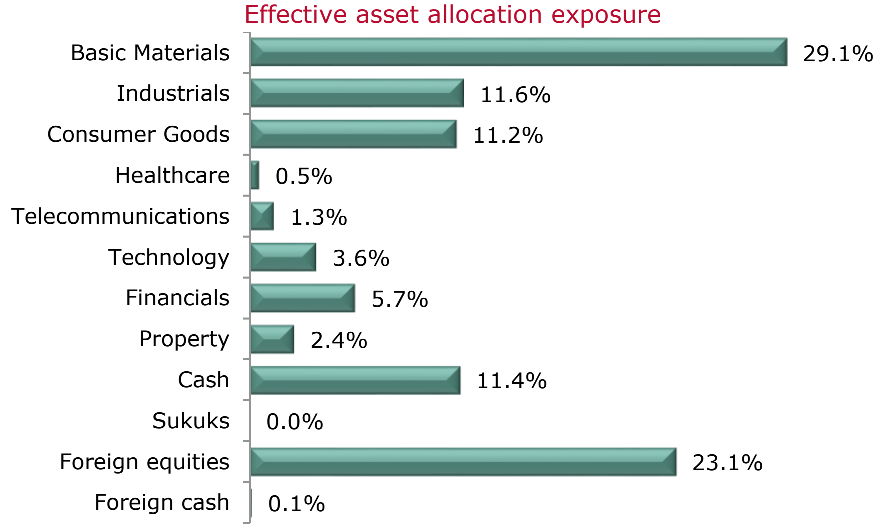
	Fund	Benchmark
Annualised deviation	10.6%	10.3%
Sharpe ratio	0.6	0.8
Maximum gain#	18.6%	18.7%
Maximum drawdown#	-14.1%	-10.2%
% Positive months	64.2%	61.7%

Consecutive months of change in the same direction

Top 10 holdings

	% of fund
Tongaat Hulett	4.9
Mondi	4.4
Sasol	3.7
Anglo Platinum	3.5
Fortress Income Fund	3.1
AECI	3.0
African Rainbow Minerals	2.9
Cisco Systems	2.8
Umicore	2.8
Royal Bafokeng Platinum	2.7
Total	33.8

Effective asset allocation exposure



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.
Benchmark	South African -Equity - General funds mean
Launch date	13 July 2009
Fund size	R700.8 million

Risk profile	Medium - high	
NAV	205.32 cents	
TER[2]	1.24%	
TC[3]	0.25%	
Distributions	31 December 2015	1.07 cpu
	30 June 2015	1.03 cpu
Fees (excl. VAT)	Initial fee:	0.00%
	Financial adviser fee:	max 3.00%
	Ongoing advice fee:	max 1.00% pa
	Management fee:	1.25% pa

[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. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. All performances are annualised (ie the average annual return over the given time period).
[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 2015. 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.
[3] Transaction Costs (TC) are a neccessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.
* For illustrative purposes only.

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Kagiso Islamic Equity Fund

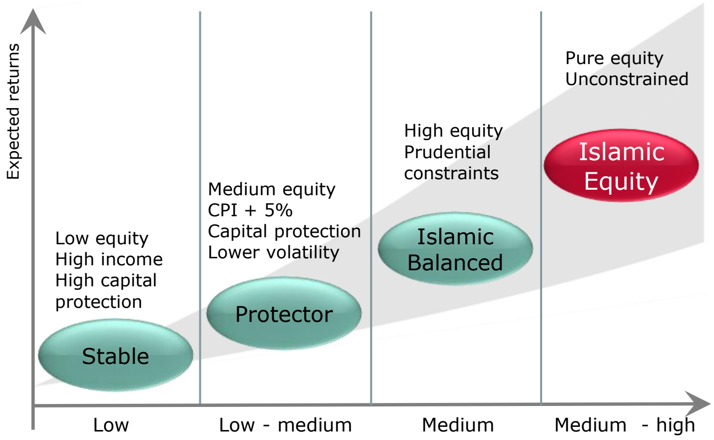
KAGISO Asset Management

The Kagiso Islamic Equity Fund will generally be fully invested in a diversified portfolio of domestic and international equity securities, subject to the statutory investment limitations.

The underlying investments will comply with Sharia requirements as prescribed by the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI). The fund will not invest in any interest-bearing instruments.

This fund is 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.

Risk vs reward



Portfolio Manager

Abdulazeez Davids
BCom, CFA

Abdul joined Kagiso in 2008 and is Head of Research. Previously he was with Allan Gray as an investment analyst and portfolio manager.

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Sharia advisory and supervisory board members

Sheigh Mohammed Tauha Karaan
Mufti Zubair Bayat
Mufti Ahmed Suliman

Minimum investment — Lump sum: R5 000; Debit order: R500

Our investment philosophy

At Kagiso Asset Management, we make investment decisions based on mispricings we observe in the market. Simply put, we buy investments that are priced well below their intrinsic values and avoid those that we believe are overpriced.

Opportunities arise when market prices deviate from intrinsic value

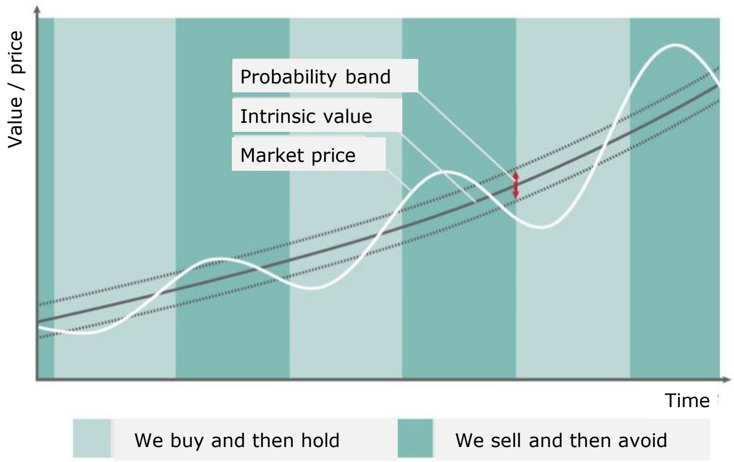
All investments represent a set of future cash flows, which can be valued with reasonable accuracy. Over time, this intrinsic value progresses at a fairly stable pace. Asset prices, however, fluctuate considerably through time. This is largely due to self-reinforcing cycles of enthusiasm or negativity, often fuelled by an excessive focus on near-term data and news flow.

Our aim is to identify and exploit mispricings in the markets. We therefore buy investments at prices well below our estimation of their intrinsic value and hold them, while they deliver strong cash returns and until they can be sold above this value. Once sold, we avoid such overvalued investments for as long as the market price is above the intrinsic value.

The future is never certain

We recognise that there is considerable danger in operating with the comfort of a false sense of certainty and the accompanying behavioural reinforcement cycles that lead to a distorted evaluation of new information. As a result, we understand that despite our best efforts, we cannot possibly know all the facts.

This drives us to think more deeply, to work harder and to be more alert. We therefore view the future in terms of probabilities, we explore alternative scenarios, diversify our positions, hedge risk and seek out potential asymmetries.



Trustee — Melinda Mostert - Head: Standard Bank Trustee Services
melinda.mostert@standardbank.co.za

Fund registration no — ZAE000150843

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The fund returned 8.0% for the quarter outperforming the benchmark by 3.8%, and 1.7% for the 12 months to end March 2016.

Economic and market overview

The new year had a turbulent start, featuring one of the worst stock market sell-offs since the financial crisis of 2008. At first, markets focused on slowing growth in China and vulnerabilities in emerging market economies more broadly. Increased anxiety about global growth drove the price of oil and emerging market exchange rates sharply lower and catalysed a flight to safety into core bond markets. The turbulence spilled over to advanced economies, as flattening yield curves and widening credit spreads made global investors ponder recessionary scenarios.

Underlying some of the turbulence was market participants' growing concern over the dwindling options for policy support in the face of the weakening growth outlook. With fiscal space tight and structural policies largely dormant, central bank measures are seen to be approaching their limits.

Consistent with its statutory mandate, the US Federal Open Market Committee seeks to foster maximum employment and price stability, and against this backdrop, the Committee decided in March to maintain the target range for the federal funds rate at 0.25%-0.5%. The stance of US monetary policy therefore remains accommodative, and furthermore, the committee asserts that future policy will evolve cautiously as needed, taking cognisance of global economic and financial developments.

In late January 2016, the Bank of Japan surprised markets with the introduction of negative interest rates, after the European Central Bank had announced a possible review of its monetary policy stance and the Federal Reserve issued stress test guidance allowing for negative interest rates.

The balance of risks for emerging markets is still tilted to the downside. Lower oil and other commodity prices (notwithstanding the commodity-rally in Q1 2016) could provide some upside to demand by commodity importers, but they complicate the outlook for commodity exporters, some of which already face strained initial conditions. The Chinese authorities face difficult trade-offs in their objectives of achieving a transition to more consumption-driven growth without activity slowing too much, while also reducing financial vulnerabilities and implementing reforms to strengthen the role of market forces in the economy.

Locally, the SA economy still remains vulnerable to portfolio inflows slowing, and perhaps reversing, given the high current account and fiscal deficits. The rand appreciated by 4.7% vs the US dollar for the full quarter, and even strengthened to below R15/US$ for a brief while, driven by international risk-on sentiment, post the Fed chair's seemingly dovish rhetoric.

Rating agencies S&P and Moody's have placed SA currency on review due to continuing risks to South Africa's medium-term growth prospects and its fiscal stabilisation plans, against a backdrop of a weak investment climate and anaemic global demand. To curtail downgrade scenarios, the sovereign would need to show evidence of progress in planned structural reforms and fiscal consolidation envisioned in the 2016/17 Budget Review.

The best performing local equity sectors in the first quarter of 2016 were resources in general, but industrial metals (+93.1%), gold (+92.8%), platinum (+74.6%), general mining (+12.5%) stood out as particularly strong.

Unsurprisingly, rand-hedge sectors, including personal goods (-12.6%), forestry & paper (-6.6%), beverages (-4.5%) and tobacco (+1.1%) were among the weakest sectors.

Fund performance and positioning

Key contributors this quarter were Amplats, African Rainbow Minerals and Royal Bafokeng Platinum, while Metair, Capco, and Mustek were the main detractors.

Foreign stock selection was disappointing, with notable detractors being packaging solutions firm Westrock, and Westlake Chemical Corporation. Contributors to performance were our positions in healthcare group HCA holdings and energy pipeline firm, Kinder Morgan.

Continued -

Key indicators	
Equity markets (total return)	Quarterly change
MSCI World Equity (US Dollar return)	-0.9%
MSCI Emerging Market Equity (US Dollar return)	5.4%
FTSE Sharia All-World Index (US Dollar return)	0.9%
Dow Jones Islamic Market World Index (US Dollar return)	0.6%
FTSE/JSE All Share Index	3.9%
FTSE/JSE Resources Index	13.2%
FTSE/JSE Industrials Index	-0.7%
Commodities and currency	Quarterly change
Platinum ($/oz)	9.7%
Gold ($/oz)	16.2%
Brent Crude ($/barrel)	7.4%
Rand/US Dollar (USD)	-5.2%

KAGISO Asset Management

Continued -

African Rainbow Minerals (ARM), one of our top ten holdings, is a leading South African diversified mining and minerals company with long-life, low unit cost operations. It has been one of the stellar performers for the year to date in our portfolios. ARM extracts and beneficiates iron ore, manganese ore, chrome ore, platinum group metals, copper, nickel and coal. ARM also produces manganese and chrome alloys and has an investment in gold through its shareholding in Harmony.

ARM's strategic imperative is that all its operations should be positioned below the 50th percentile of each commodity's respective global cost curve. Impressively, this has materialised in all but two of its operations. ARM strives to continuously improve productivity through technology, mining and processing efficiencies and continuous training.

Given their positioning on global cost curves, ARM maintains competitiveness and offers strong financial flexibility in a challenging global environment characterised by a strong USD and, concomitantly, weaker USD commodity prices. We regard the investment case as compelling in the current landscape, and the share could prove even more value accretive should commodity prices offer even a modest improvement from current levels.

We remain positioned with a contrarian orientation, aiming to exploit the extreme valuation differentials on offer as a result of global monetary authorities' unconventional interventions in capital markets, and the concomitant rise of price-agnostic market participants. Our view has for a long time been that extremely low bond-yields globally are causing global investors to over-price companies with stable cashflows (perceived as bond substitutes) and under-price companies with naturally variable or cyclical cashflows, when these cashflows are low.

Portfolio Manager
Abdulazeez Davids