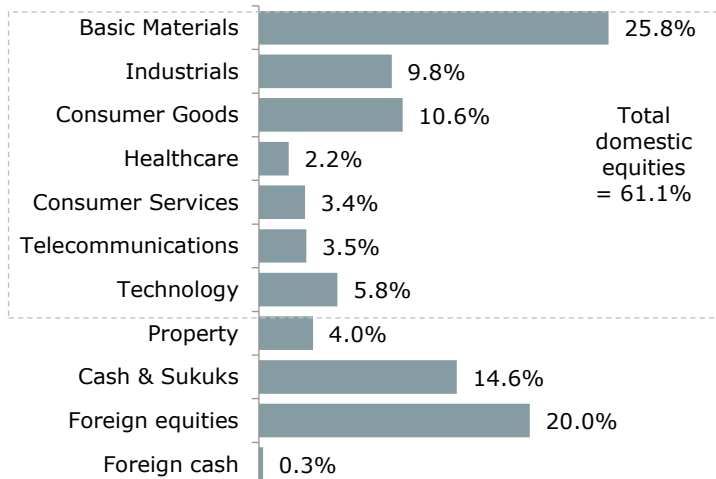
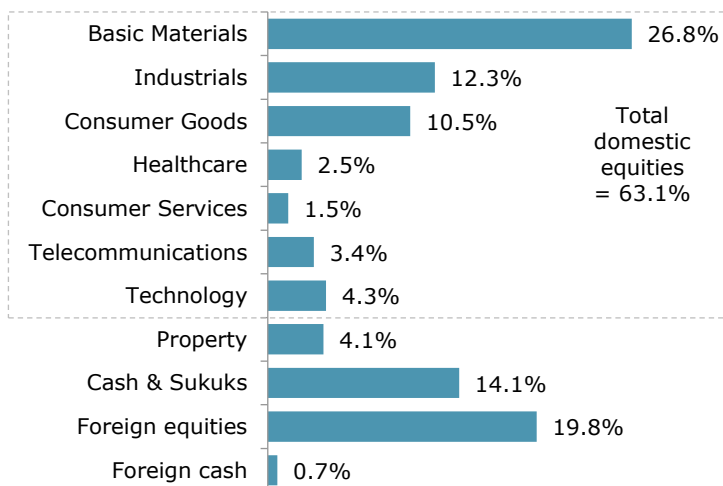


This fund will generally be fully invested in a diversified portfolio of domestic and international equity securities, subject to the statutory investment limitations. The underlying investments will comply with Sharia requirements as prescribed by the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI) and will not invest in any interest-bearing instruments.

Quarter ended September 2019

Quarter ended June 2019

Asset and sector allocation



Top 10 equity holdings*

| | |
|--------------------------|--------------|
| AECI | 3.8% |
| Northam Platinum | 3.1% |
| Metair | 3.0% |
| Sasol | 3.0% |
| Libstar | 2.8% |
| Adcorp | 2.6% |
| Mediclinic | 2.5% |
| Royal Bafokeng Platinum | 2.5% |
| Mondi | 2.1% |
| African Rainbow Minerals | 2.0% |
| Total | 27.4% |

| | |
|--------------------------|--------------|
| AECI | 3.5% |
| Metair | 3.0% |
| Datatec | 3.0% |
| Adcorp | 2.9% |
| Libstar | 2.7% |
| African Rainbow Minerals | 2.4% |
| Northam Platinum | 2.3% |
| Sasol | 2.3% |
| Mondi | 2.2% |
| Mediclinic | 2.2% |
| Total | 26.5% |

* Top holdings comprise domestic and global equities

| | |
|--|-----------------|
| Fund size | R882.34 million |
| NAV | 251.41 cpu |
| Number of participatory interests | 351,885,656 |

| | |
|-----------------------------|----------|
| Income distributions | |
| 30 June 2019 | 2.23 cpu |
| 31 December 2018 | 0.00 cpu |

Key indicators

| Equity markets (total return) | Quarterly change |
|---|------------------|
| MSCI World Index (USD) | 0.5% |
| MSCI Emerging Market Equity (US Dollar return) | -4.2% |
| FTSE Sharia All-World Index (US Dollar return) | -0.3% |
| Dow Jones Islamic Market World Index (US Dollar return) | 0.6% |
| FTSE/JSE All Share Index | -4.6% |
| FTSE/JSE Resources Index | -7.3% |
| FTSE/JSE Industrials Index | -2.3% |
| Commodities and currency | Quarterly change |
| Platinum (\$/oz) | 5.8% |
| Gold (\$/oz) | 4.5% |
| Brent Crude (\$/barrel) | -7.1% |
| Rand/US Dollar (USD) | 7.4% |

Policy objective The fund adhered to the policy objective as stated in the Supplemental Deed

Additional information Please read this quarterly investment report in conjunction with the minimum disclosure document for the fund

The fund was down this quarter (down 0.9%), outperforming the average of other general equity funds (down 3.6%). The fund has returned 6.6% pa over the last three years, which is well ahead of the peer group average (1.5% pa) and is pleasingly ranked fourth in its peer group of 131 funds. The fund has returned 10.6% pa since its inception in 2009.

Economic backdrop

Global economic growth, though still healthy, has decelerated further from the high rates of recent years largely due to a continuing moderation in Chinese growth. Growth expectations have continued to retreat this quarter as business confidence has deteriorated with accelerating US protectionism, particularly in the global manufacturing sector (especially Europe and Japan). Consequently, key central banks have abruptly ended their tightening and begun loosening monetary policy and signaling more accommodation, should economic activity deteriorate. Trade activity continues to weaken due to the ongoing trade dispute between the US and China and this seems to be dampening business confidence.

US economic growth has been strong this year, but weaker manufacturing production (due to trade tensions) and the tapering off of fiscal stimulus support is now leading to a moderation back to trend. In Europe, manufacturing and export related activity is very weak, particularly in Germany, affected by slower Chinese growth and a contracting global automotive market. Japan's recent economic resilience is somewhat due to pre-emptive consumption ahead of an impending consumer tax hike.

Overall growth in China continues to moderate as the government acts to rebalance the economy and reign in credit excesses and as export growth is affected by trade tensions. Infrastructure investment and manufacturing related growth is most affected, although the economy is somewhat shielded by domestic stimulus.

Emerging market currencies were weaker this quarter as many countries continued along the path of aggressive rate cutting. India, Indonesia and Eastern Europe continue to outperform, but growth has eased in line with global growth. Indian growth in particular has been dampened by unexpected tax rises and a clampdown on the shadow banking sector. Previous laggards (South Africa, Russia and Turkey) have seen sequential growth off very low levels.

Locally, there was a moderate recovery in growth in the second quarter as the severe electricity-supply disruptions of the first quarter abated. Nevertheless, the South African economy continues to deliver a very weak performance, with persistently low business confidence, contracting fixed investment and lackluster consumption growth amidst a steadily deteriorating labour market. Continued progress in governance improvements (strengthening of corruption fighting institutions and improving corporate governance and senior leadership at SOCs) is being accompanied by frustratingly slow economic policy action in the face of a deteriorating fiscal position.

Market review

Global markets were only moderately higher in the last quarter in US dollars (up 0.7%) with the USA (up 1.7%) and Japan (up 2.8%) offsetting declines in France (down 1.4%), Germany (down 3.8%) and the UK (down 2.2%). Emerging markets (down 4.1% in dollar terms) were weak, particularly South Korea (down 4.8%), India (down 5.2%) and South Africa (down 12.4%).

In rand terms, the local equity market was negative this quarter (down 4.6%) with the resources sector (down 7.3%) underperforming. Diversified miners were weak, while gold and platinum miners were strong again (up 12.4% and 25.8% respectively). Standout performers included Northam Platinum (up 40.9%), Impala Platinum (up 36.6%) and Harmony Gold (up 36.4%).

Financials were down 6.8%, with Discovery (down 23.5%) and the banks (down 7.8%) being particularly weak. Listed property was also weak (down 4.5%), with Intu Properties (down 38.6%) the worst.

Industrials (down 2.1%) outperformed. Large companies, including MTN (down 8.0%) and Richemont (down 4.1%), underperformed, while British American Tobacco (up 13.7%) was strong.

For several years, extreme, unconventional monetary stimulus in the form of price agnostic asset purchases have distorted asset prices across the globe. Global bond yields have retreated to very low levels (pricing in exceedingly low levels of future long-term inflation), corporate bond credit spreads are depressed, and equity prices are high, especially in large cap stocks and sectors where growth prospects are well appreciated.

US bond yields are moderately higher than the record low levels of 2016, accompanied by tentative signs of wage led rising inflation (although yields in other developed markets are now back down to record lows). Recent trade tensions between the US and its key trading partners appear to have negatively impacted the global growth outlook and central banks are now undertaking pre-emptive easing measures in an attempt to avert material economic deterioration.

Fund performance and positioning

Strong local equity contributors this quarter included Northam Platinum, Mediclinic, Royal Bafokeng Platinum and AECI. Key detractors included Sasol, Libstar, African Rainbow Minerals and Exarro.

Our global equity holdings contributed to performance with key positives being Procter & Gamble, RWE Group, Intel Corporation, and Micron Technology. Detractors were Evonik, Cisco, Siemens and Imersys.

Despite a global backdrop of reasonable, but weaker, economic growth, risks of negative trade disruptions (as Chinese economic growth continues to trend lower) and a local market facing a very weak economy - we remain positive on the outlook for our stock holdings, given very attractive market ratings relative to our assessment of their prospects.

With the outlook for the South African economy being weak in the medium term, we continue to hold material positions in unpopular or neglected areas of the SA equity market where we find idiosyncratic investment cases that offer improving prospects, not wholly dependent on the economy performing. We have high exposure to mid-cap industrial stocks where we see compelling stock-specific potential, coupled with low market prices. Over two thirds of our SA equity exposure across our funds lies outside of the top 50 largest shares. Additionally, we continue to maintain a small hedge against our equity exposure, especially in our lower risk funds.

We maintain a position well below maximum permitted limits in offshore markets, mostly because of the very exciting expected returns we see in our South African holdings and somewhat due to the relatively weak rand at present. Our global stock picks are widely diversified across (mostly) developed markets, have somewhat of a quality cyclical orientation and stand to benefit from a less negative economic environment than is reflected in their very low share prices.

An example of a compelling midcap idea is Datatec, where we expect a continued strong contribution to fund performance as it completes a major corporate restructuring. The company's has two operating businesses. Logicalis is a global leader in information technology managed services and Westcon is a global information technology hardware distributor. In 2017, Datatec sold its US and Latin American Westcon operations (roughly half of Westcon) for an attractive price, unlocking material value. The company returned around R4 billion to shareholders via a special dividend last year and over R1 billion, or roughly 20% of its market capitalisation after the deal, via an additional share buyback program. After the Westcon partial sale, Datatec retained the very large central cost base of the former (larger) Westcon group. Management are making good progress in reducing these costs, as planned, and turning around the remaining business. We expect the residual Westcon group to return to profitability over the next few months. This turnaround is revealing a substantially more valuable company than was implied by the share price 18 months ago. Ultimately, we expect further value to be unlocked via a sale of one or both of its remaining businesses.