Quarterly general investor report

Kagiso Islamic Global Equity Feeder Fund
March 2019

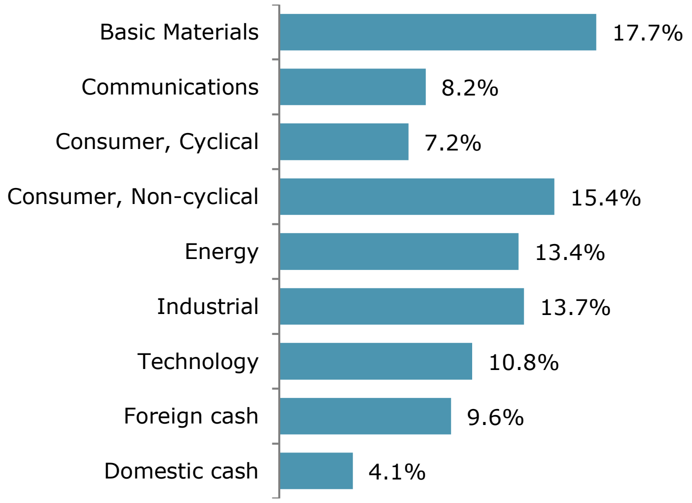
Date of issue: 29 April 2019

This is a feeder fund and will be fully invested in the dollar-denominated Kagiso Islamic Global Equity Fund, which invests in a diversified portfolio of 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 March 2019 | **Quarter ended December 2018**

Asset and sector allocation

Quarter ended March 2019



Quarter ended December 2018

Not available for December, launched January 2019

Top 10 equity holdings

Quarter ended March 2019

Cisco Systems	4.6%
DowDuPont	4.4%
Siemens	4.1%
Intel	3.8%
National Oilwell Varco	3.4%
LyondellBasell	3.0%
Evonik	2.9%
Covestro	2.9%
Continental	2.6%
Royal Dutch Shell	2.5%
Total	34.2%

Quarter ended December 2018

Not available for December, launched January 2019

Fund size R6.17 million
NAV 108.45 cpu
Number of participatory interests 5,688,829

Income distributions

31 December 2018	N/A
30 June 2018	N/A

Key indicators

Equity markets (total return)	Quarterly change
MSCI World Index (USD)	12.5%
MSCI Emerging Market Equity (US Dollar return)	9.9%
FTSE Sharia All-World Index (US Dollar return)	11.8%
Dow Jones Islamic Market World Index (US Dollar return)	14.1%
FTSE/JSE All Share Index	8.0%
FTSE/JSE Resources Index	16.2%
FTSE/JSE Industrials Index	8.8%
Commodities and currency	**Quarterly change**
Platinum ($/oz)	6.8%
Gold ($/oz)	0.8%
Brent Crude ($/barrel)	27.0%
Rand/US Dollar (USD)	0.8%

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

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No performance available yet

Economic backdrop

Global economic growth has decelerated from recent very high rates, but remains healthy, albeit with some notable weak spots such as Europe. Strengthening developed region labour markets are providing support to consumer expenditure. Inflation rate normalization to higher levels has stalled somewhat. Key central banks have therefore paused their slow tightening measures and are signaling a more accommodative monetary policy if economic data deteriorate.

The trade war initiated by the US continues to have an impact on trade activity (front loading of orders in advance of tariff implementation and direct reductions in certain categories) and seems to be dampening business confidence.

Above trend growth for the US economy is continuing this year, but fiscal stimulus support has begun to taper off. In Europe and Japan, growth has decelerated, primarily due to weaker export related activity, particularly related to China.

Chinese government measures to rebalance the economy, reign in credit excesses and reduce pollution resulted in a marked deceleration in infrastructure and manufacturing-related growth in 2018. Authorities have responded with domestic stimulus, which seems to have brought a stabilisation in growth, albeit at the expense of necessary de-gearing. There is more divergence in growth rates amongst emerging economies based on relative fundamentals. Fairly strong growth is expected in Poland, Brazil, India and Emerging Asia, with positive inflation and interest rate outlooks. Laggards, Argentina, Turkey (contracting) and South Africa (very low growth), remain weak.

Market review

Global markets rebounded strongly this quarter (up 12.6% in dollar terms) erasing most of last quarter's losses with the USA (up 13.6%), the UK (up 11.6%) and France (up 11.1%) outperforming. Emerging markets (up 10.0% in dollar terms) were generally strong, particularly China (up 17.7%).

For a number of years, extreme, unconventional monetary stimulus, in the form of price agnostic asset purchases, has distorted asset prices across the globe. Global bond yields remain very low (pricing in exceedingly low levels of future long-term inflation), corporate bond credit spreads are depressed and equity prices are still fairly high, especially in sectors where growth prospects are well appreciated.

Global bond rates have risen from the record low levels of 2016, accompanied by tentative signs of rising inflation, particularly in the US (although bond rates have retreated in the last six months). Importantly, the rate of total global central bank asset purchases peaked in early 2017 and is steadily reducing as monetary stimulus programs are withdrawn (although the expected pace of reduction is now somewhat slower than previously). These conditions are bringing about a more normal (higher) level of market volatility and a welcome increase in dispersion across equities, as well as across asset classes – a better environment for stock pickers.

Fund performance and positioning

Certain abnormally weak stock performances detracted significantly from performance this quarter. Key negative contributors were Nisshinbo and Covestro, while Corning outperformed.

Our fund is mainly positioned in companies listed in the USA, Europe and Japan covering a broad range of diversified sectors. Some examples of the global structural themes underpinning some of our holdings include an ageing population (hospitals, pharmaceuticals), online disruption (e-commerce, payments, logistics), tomorrow's workforce (automation and robotics), special situations (spin-offs/asset sales) and future mobility (energy storage, components and consumables).

Despite a global backdrop of reasonable economic growth, eventually tightening monetary policy, risks of negative 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 attractive valuations.