

PORTFOLIO MANAGER COMMENTARY

The massive rally in equity markets over the second quarter of 2009 continued into the third quarter, with the FTSE/JSE Top 40 Swix index up 13% in Q3 2009, and up 41.4% from its March 2009 lows (In Dollar terms the index has doubled from its lows).

The speed and the severity of the equity market rally (the rolling monthly return on the FTSE/JSE All Share index (ALSI) in Dollar terms at the end of August 2009, is the second best rally since 1965, after the 1982 rally) reinforces an important feature of equity investing - participation in strong equity market rallies is as important as seeking to avoid the full brunt of market declines.

Since the market peak of May 2008, the Protector Fund has succeeded in its objective of asymmetric equity market participation. By having a stronger equity participation in the rally (March 2009 to September 2009) as compared to the market crash (May 2008 to February 2009), the fund produced -3.1% (net of fees) over the entire period (May 2008 to September 2009), versus -18.2% for the FTSE/JSE Top 40 Swix index. This asymmetric profile has resulted in the fund producing solid real returns ahead of inflation over longer periods, which is its objective.

Implied option volatility as measured by the SAVI (South African Volatility index), ended the quarter at 23.2% versus the October 2008 high of 58%, and is now at pre-credit crisis levels and in line with the long-term average, indicating a sharp normalisation of the cost of equity protection and hence investor fear levels. Actual realised volatility of the fund since inception is at 10.7% versus 20% for the FTSE/ JSE Top 40 index.

It is our view that the apparent "old trend level" of very strong economic activity in the years prior to the credit crisis will not be reached again soon, due to the structural declines in global leverage. There are a number of stocks that (in our view) have risen to levels that price in a quick return to "old trend level" growth, and we aim to avoid exposure to these stocks.

Inflation (CPI) for August decreased to 6.37% (year on year) in August 2008, from a level of 11.96% a year prior. Over the quarter, inflation risk increased marginally to the downside, as the rand continued to remain strong and listed retailers provided evidence of moderating food inflation and even price decreases on the staple front. In October, reports of materially higher than expected electricity tariffs over the next few years began to impact negatively on inflation expectations. Nevertheless we still expect inflation to re-enter the 3% to 6% in 2010, albeit more towards the top end of the band.

A re-rating of the domestic market accounted for all of the gains in the ALSI index, with the PE multiple increasing from 10.6 to 14.5, as companies continued to report earnings declines and share prices continued to rise. Post the market rally, our research indicates the market as a whole is moderately expensive. There are, however significant differences in the level of valuation across sectors and stocks, and so it is still our view that long-term inflation beating returns will be achieved through exposure to carefully selected equities. The fund's protected equity mechanisms will also substantially dampen the impact of a possible market correction.

Portfolio manager

Jihad Jhaveri

KAGISO PROTECTOR

CLASS A as at 30 September 2009

Fund category	Domestic - Asset Allocation - Targeted Absolute & Real Return
Fund description	Aims to provide steady capital growth and returns that are better than market returns on a risk adjusted basis over the medium to longer-term.
Launch date	11 December 2002
Portfolio manager/s	Jihad Jhaveri

Fund size	R 4.43 million
NAV	1865.22 cents
Benchmark	Risk adjusted returns of an appropriate SA large cap index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2009
Domestic Assets	98.95%
Equities	53.28%
Oil & Gas	5.99%
Basic Materials	6.71%
Industrials	2.77%
Consumer Goods	7.22%
Health Care	0.37%
Consumer Services	5.95%
Telecommunications	10.00%
Financials	14.27%
Real Estate	0.06%
Cash	45.62%
International Assets	1.05%
Equities	1.05%

TOP 10 HOLDINGS

As at 30 Sep 2009	% of Fund
MTN Group Ltd	9.46%
Sasol Limited	5.99%
Standard Bank of SA Ltd	4.81%
FirstRand	4.16%
Naspers Ltd	3.99%
BHP Billiton Plc	2.60%
Tongaat Hullett Ltd	2.59%
Compagnie Financiere Richemont SA	2.10%
ABSA Group Ltd	1.88%
Remgro Ltd	1.77%
Total	39.35%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	26.37	6.42	19.95
31 Mar 2009	01 Apr 2009	103.26	55.33	47.93
30 Sep 2008	01 Oct 2008	59.62	10.05	49.57
31 Mar 2008	01 Apr 2008	26.93	10.56	16.37

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(3.40)%	(5.25)%	7.77%	1.33%	4.91%	(0.93)%	4.71%	2.76%	(0.34)%			
Fund 2008	(1.54)%	7.91%	(1.75)%	2.76%	2.78%	(3.27)%	(2.44)%	(0.35)%	(4.82)%	(5.34)%	1.69%	0.97%
Fund 2007	0.86%	0.90%	3.55%	1.86%	1.09%	(0.35)%	0.60%	1.14%	3.32%	3.09%	(2.01)%	(1.20)%

FEES (excl. VAT)

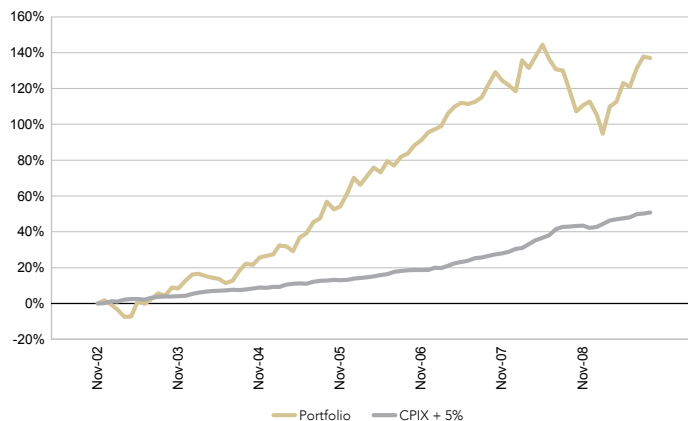
Initial Fee*	Kagiso: 0.00%
Annual Management Fee**	0.75%

* A portion of Kagiso's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

Total Expense Ratio (TER)² 1.62% per annum

PERFORMANCE AND RISK STATISTICS

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	CPIX + 5%	Outperformance
Since Inception (unannualised)	136.94%	50.66%	86.28%
Since Inception (annualised)	13.46%	11.18%	2.27%
Latest 5 years (annualised)	14.14%	11.93%	2.21%
Latest 3 years (annualised)	8.87%	13.33%	(4.46)%
Latest 1 year (annualised)	8.27%	10.41%	(2.14)%
Year to date	11.40%	9.71%	1.69%
2008	(4.09)%	15.33%	(19.42)%
2007	13.45%	13.57%	(0.12)%
2006	21.04%	9.97%	11.06%
2005	27.61%	9.03%	18.58%

RISK STATISTICS SINCE INCEPTION

	Fund	Top 40 Index
Risk adjusted returns (RAR)	1.28%	0.87%
Annualised Deviation	10.54%	20.07%
Maximum Gain	21.31%	37.42%
Maximum Drawdown	(20.38)%	(43.42)%
Positive Months	62.20%	60.98%

Risk adjusted returns (RAR) is defined as annualised returns divided by the annualised standard deviation.

Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- An initial advice fee may be negotiated to a maximum of 3% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 1% per annum (if initial advice fee greater than 1.5% is selected, then the maximum annual advice fee is 0.5%), charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. The manager is a member of ASISA. Performance is quoted from Morningstar as at 30 September 2009 for a lump sum investment using Class A NAV prices with income distributions reinvested. Performance figures are quoted after the deduction of all costs incurred within the fund. ²The 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 2009. 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. Coronation Management Company Ltd is a registered collective investment scheme management company, providing hosting and other administrative services for unit trust funds, including Kagiso Funds.