Kagiso Protector Fund

as at September 2010

KAGISO Asset Management

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	Jihad Jhaveri
Fund size	R3.80 million
NAV	2001.94 cents
Benchmark	Risk adjusted returns of an appropriate SA large cap index
Class A	

Portfolio detail

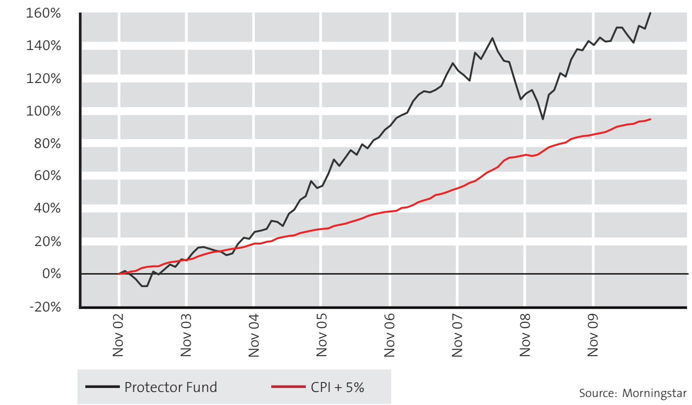
Effective asset allocation exposure

As at 30 September 2010

Domestic assets	**97.62%**
Equities	**49.64%**
Oil & Gas	3.21%
Basic Materials	11.03%
Industrials	4.64%
Consumer Goods	6.01%
Healthcare	1.70%
Consumer Services	9.15%
Telecommunications	8.23%
Financials	12.69%
Derivatives	(7.02%)
Preference Shares & Other Securities	**0.56%**
Real Estate	**0.40%**
Cash	**47.03%**
International Assets	**2.38%**
Equities	2.38%

Performance and risk statistics[1]

Cumulative performance since inception



Source: Morningstar

Top 10 holdings

As at 30 September 2010	% of Fund
MTN	7.70%
Standard Bank	4.32%
Naspers	4.25%
Sasol	3.21%
FirstRand	3.01%
Nampak	2.47%
British American Tobacco	2.38%
AECI	2.32%
ABSA	2.13%
Lonmin	2.04%
Total	**33.85%**

Performance for various periods

	Fund	CPI + 5%	Outperformance
Since inception (unannualised)	159.77%	95.11%	64.67%
Since inception (annualised)	12.96%	10.84%	2.12%
Latest 5 years (annualised)	10.63%	11.69%	(1.06%)
Latest 3 years (annualised)	5.35%	12.23%	(6.88%)
Latest 1 year (annualised)	9.64%	8.43%	1.20%
Year to date	6.03%	6.90%	(0.87%)
2009	15.19%	11.33%	3.86%
2008	(4.09%)	15.33%	(19.42%)
2007	13.45%	13.57%	(0.12%)
2006	21.04%	9.97%	11.06%

Income distributions

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2010	01 Oct 2010	12.95	3.88	9.07
31 Mar 2010	01 Apr 2010	13.66	2.96	10.70
30 Sep 2009	01 Oct 2009	26.37	6.42	19.95
31 Mar 2009	01 Apr 2009	103.26	55.33	47.93

Risk statistics since inception

	Fund	Top 40 Index
Risk adjusted returns (RAR)[3]	1.27%	0.90%
Annualised deviation	10.20%	19.79%
Maximum gain	21.31%	37.42%
Maximum drawdown[4]	(20.38%)	(43.42%)
% Positive months	60.64%	59.57%

[3] Risk adjusted returns (RAR) is defined as annualised returns divided by the annualised standard deviation

[4] Maximum % decline over any period

Monthly performance returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	(1.01%)	0.02%	3.49%	(0.09%)	(1.84%)	(1.77%)	4.27%	(0.70%)	3.74%			
2009	(3.40%)	(5.25%)	7.77%	1.33%	4.91%	(0.93%)	4.71%	2.76%	(0.34%)	2.41%	(1.02%)	2.01%
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%

Fees (excluding VAT)

Initial fee	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 administration and distribution services.

Total Expense Ratio (TER)[2]	2.96% per annum

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.

Kagiso Protector Fund

as at September 2010

KAGISO Asset Management

The S&P 500 index reversed its second quarter loss with a gain of 10.7% over the quarter largely on the expectation of sustained monetary support i.e. quantitative easing. In general, emerging markets fared better than developed markets in local currency terms, and even better in dollar terms, with strong emerging market capital inflows causing significant emerging market currency strength. The MSCI Emerging Market index ended the quarter up 18.2% in dollar terms, with the South African market outperforming the average.

The local FTSE/JSE Top 40 SWIX index ended the quarter up 14.86% in local currency terms, and given the significant rand appreciation was up 25.4% in dollar terms. Year to date the Kagiso Protector Fund has managed to capture a satisfactory 6.02% versus 9.53% for the FTSE/JSE Top 40 SWIX index. This was achieved with lower volatility by participating more in the up months and less in the down periods.

Implied option volatility (an indicator of the cost of protecting a portfolio at current market levels), as measured by the South African Volatility index (SAVI) dropped materially to below 23.5% at the end of September from around 30% at the start of the quarter. Since inception the fund volatility has been 10.6% versus 19.7% for the FTSE/JSE Top 40 index.

Globally, inflation is expected to remain subdued in the medium-term, primarily as a result of excess capacity. In South Africa the upward pressure of administered price increases (electricity and municipal rates) should be countered by the strong rand. We expect CPI to remain below 6% over the next two years.

The current rating of the FTSE/JSE All Share index (price-earnings ratio of 16.7X and still above its long-term average of 11.8X) suggests that the market as a whole is still expensive, even after accounting for strong future earnings growth, reinforcing the need for judicious stock selection. We are wary of certain valuations in the local market, particularly in the sectors that have attracted the bulk of the foreign capital inflow. The fund continues to be positioned so as to produce long-term returns in excess of inflation, whilst protecting against any potential downside and high volatility in the equity markets.

Portfolio manager
Jihad Jhaveri

Client Service 0800 864 418 Fax +27 86 673 9294 E-mail clientservice@kagisoam.com Website www.kagisoam.com