Kagiso Protector Fund
as at March 2011

KAGISO Asset Management

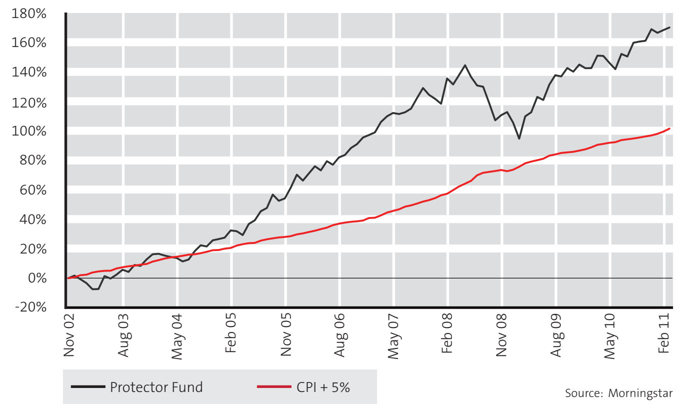
Fund category	Domestic - Asset Allocation - Targeted Absolute & Real Return
Fund description	Aims to provide steady capital growth and returns that are better than market returns on a risk adjusted basis over the medium to longer-term.
Launch date	11 December 2002
Portfolio manager	Jihad Jhaveri
Fund size	R67.60 million
NAV	2050.88 cents
Benchmark	Risk adjusted returns of an appropriate SA large cap index
Class A	

Portfolio detail
Effective asset allocation exposure

As at 31 March 2011

Domestic assets	**98.30%**
Equities	**53.47%**
Oil & Gas	5.11%
Basic Materials	12.20%
Industrials	2.37%
Consumer Goods	4.51%
Healthcare	2.15%
Consumer Services	6.72%
Telecommunications	8.26%
Technology	0.20%
Financials	13.16%
Derivatives	(1.22%)
Preference Shares & Other Securities	**(0.87%)**
Real Estate	**0.00%**
Cash	**45.71%**
International Assets	**1.70%**
Equities	1.70%

Performance and risk statistics[1]
Cumulative performance since inception



Top 10 holdings

As at 31 March 2011	% of Fund
MTN	7.23%
Sasol	5.11%
Firstrand/RMB	3.92%
Standard Bank	3.66%
Naspers	3.18%
BHP Billiton	2.16%
Impala Platinum	2.15%
ABSA	1.96%
Anglo American	1.48%
British American Tobacco	1.45%
Total	**32.28%**

Performance for various periods

	Fund	CPI + 5%	Outperformance
Since inception (unannualised)	170.13%	101.48%	68.64%
Since inception (annualised)	12.66%	10.79%	1.88%
Latest 5 years (annualised)	9.56%	11.87%	(2.31%)
Latest 3 years (annualised)	5.28%	11.29%	(6.01%)
Latest 1 year (annualised)	7.60%	8.90%	(1.30%)
Year to date	0.42%	3.82%	(3.40%)
2010	9.79%	8.48%	1.31%
2009	15.19%	11.33%	3.86%
2008	(4.09%)	15.34%	(19.42%)
2007	13.45%	13.57%	(0.12%)

Income distributions

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2010	03 Jan 2011	17.26	1.10	16.16
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	0.95
Annualised deviation	9.95%	19.34%
Maximum gain	21.31%	37.42%
Maximum drawdown[4]	(20.38%)	(43.42%)
% Positive months	62.00%	60.00%

[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
2011	(0.92%)	0.69%	0.66%									
2010	(1.01%)	0.02%	3.49%	(0.09%)	(1.84%)	(1.77%)	4.27%	(0.70%)	3.74%	0.32%	0.19%	3.02%
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%

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]	1.13% 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.

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KAGISO
Asset Management

The first quarter of 2011 was dominated by the tragic natural disaster in Japan, and the uprisings in North Africa and the Middle East. These events, though devastating from a human suffering point of view, should not (in our view) result in a major long-term derailment of the global economy.

Notwithstanding the above bad news, equity markets had a strong quarter. The S&P 500 index was up 5.4% and the MSCI World index rose 4.9%. Emerging markets underperformed developed markets in general although Japan was particularly weak (the Nikkei 225 fell by 18.7% in the aftermath of the earthquake, but recovered to end the quarter down 4.6%).

Oil prices surged over the quarter (Brent future up 24% to $117 a barrel) as the commodity began to build in a scarcity premium due the North African tensions. This, together with stubbornly high agricultural commodities, meant a strong rebound in global inflation levels, resulting in monetary policy tightening in China, India and the Eurozone. Should the "geo political" risk premium built into the oil price not unwind (or increase further), it would pose a significant threat to the world economy.

The local inflation reading remains subdued (3.72% p.a. year-on-year for February), and is not expected to exceed 6% by year-end as South Africa is shielded somewhat by a strong currency and a favourable maize crop surplus. As these fortuitous shields roll off, we see higher South African inflation risk going into 2012.

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), was relatively flat over the quarter at 22.5%, spiking to 27% at the height of the Japanese earthquake uncertainty. The cost of put protection remains reasonable in our view. As discussed in previous notes, the fund continues to look for opportunities to complement its asset allocation strategy with the selective purchase of put options, so as to increase the downside protection. Since inception, fund volatility has been 10% versus 19.4% for the FTSE/JSE Top 40 index.

Going forward, we remain cautious about developed economies that face long-term challenges in the form of high unemployment, high government debt levels and negative demographic trends. In the short- to medium-term these economies will have to grapple with the inevitable withdrawal of stimulus and the implementation of austerity plans.

We remain defensively positioned. Our dynamic asset allocation model is well complemented with outright put protection in order to manage drawdown risk. This defensive positioning is carried through into stock selection, where we favour companies with strong balance sheets, high franchise value and/or dominant market positions, low fixed costs and defensive earnings streams. We are avoiding companies which have strongly re-rated in expectation of high earnings growth in future – growth that we believe may be elusive in the tough economic environment we expect.

Portfolio manager
Jihad Jhaveri