Kagiso Protector Fund
as at 30 June 2011

KAGISO Asset Management

Performance and risk statistics[1]

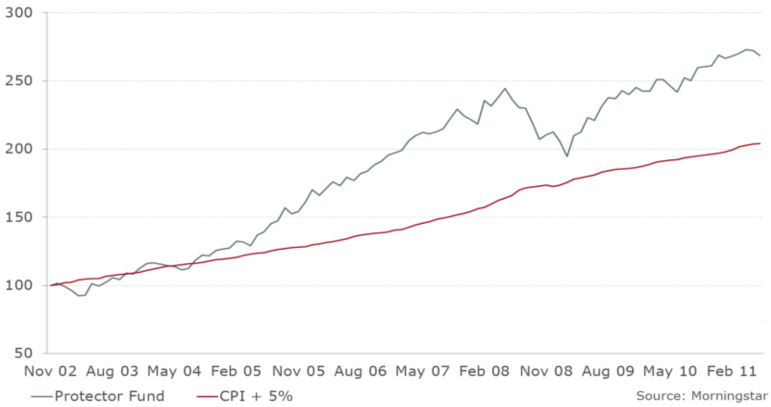
	Fund	Benchmark	Outperformance
1 year	11.1%	9.4%	1.7%
3 years	4.3%	10.3%	-5.9%
5 years	8.4%	11.7%	-3.3%
Since inception	12.2%	10.7%	1.5%

All performances annualised

	Fund	Benchmark
Annualised deviation	9.8%	19.1%
Sharpe ratio	0.3	0.4
Maximum gain*	21.3%	37.4%
Maximum drawdown*	-20.4%	-43.4%
% Positive months	61.2%	59.2%

*Maximum % increase/decline over any period

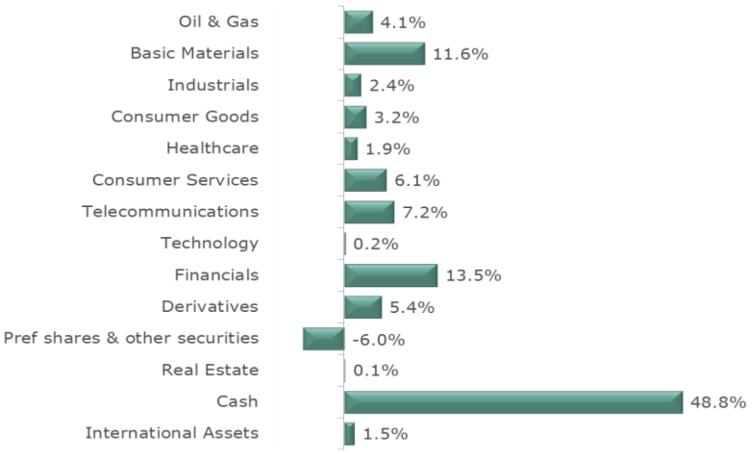
Cumulative performance since inception



Portfolio manager	Jihad Jhaveri
Fund category	Domestic - Asset Allocation - Targeted Absolute & Real Return
Fund objective	To provide steady capital growth and returns that are better than equity market returns on a risk adjusted basis over the medium to longer term.
Risk profile	 Low - Medium
Suitable for	Investors looking for exposure to the long-term inflation-beating characteristics of domestic equities, with reduced downside exposure and volatility and a strong focus on capital preservation.
Benchmark	Risk-adjusted returns of an appropriate SA large cap index
Launch date	11 December 2002
Fund size	R71.1 million
NAV	2040.07 cents
Distribution dates	30 June, 31 December
Last distribution	30 June 2011: 29.30 cpu
Minimum investment	Lump sum: R5 000; Debit order: R500
Fees (excl. VAT)[2]	Initial fee: 0.00% Annual management fee: 0.75%* *NB This fee was increased to 1.25% pa with effect from 1 July 2011
TER[3]	1.03% per annum

Unconventional thinking. Superior performance

Effective asset allocation exposure



Top ten holdings

	% of fund
MTN	6.3
Sasol	4.1
Firstrand/RMB	3.2
Standard Bank	2.9
Naspers	2.8
Brait S.A.	2.5
Impala Platinum	2.3
BHP Billiton	2.0
African Rainbow Minerals	1.8
Tongaat Hulett	1.7
Total	29.5

The Kagiso unit trust range is offered by Kagiso Collective Investments Limited ('Kagiso') registration number 2010/009289/06, a member of the Association for Savings and Investment SA (ASISA). Unit trusts are generally medium- to long-term investments. The value of units may go down as well as up and 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. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total value of assets in the portfolio including any income accruals and less any permissable deductions (brokerage, Uncertificated Secutiries Tax, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. Instructions must reach Kagiso Collective Investments before 14:00 to ensure same day value. Fund valuations take place at approximately 15:00 each business day and forward pricing is used.

[1] Performance is quoted from Morningstar as at month-end 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.

[2] A schedule of maximum fees and charges is available on request from us. Fees and incentives may be paid, and if so, are included in the overall costs.

[3] The 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 [month] 2011. 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.

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Commentary

The second quarter of 2011 was dominated by economic developments in Europe, with the market digesting the effects of austerity measures and sovereign debt downgrades. In addition, it became apparent that the all-important Chinese contribution to the global recovery was not without risk: authorities began to aggressively tighten monetary policy in response to rising inflation, which will slow down their economy.

Emerging markets had only a mildly negative quarter, with gains in the first two months largely offsetting a sharp drop in June. In total return dollar terms the MSCI Emerging Markets Index was down 1% for the quarter and the MSCI China Index down 1.7%. Developed markets benefited from an element of safe haven buying and fared a lot better with the S&P 500 up 0.1%, the FTSE 100 up 1.7%, the Nikkei 224 up 3.3% and the DAX 30 up 7%.

Local inflation readings have surprised on the upside, with the May CPI reading at 4.6% year on year, with food inflation the primary contributor at 6.6% year on year. The pick-up in food inflation was expected and was due to the lagged feed-through of high global agricultural commodity prices. South Africa's recent food inflation pick-up has been relatively mild compared to those of other countries as we have been shielded by a strong currency and a favourable maize crop surplus. We see higher South African inflation risk going into 2012 as these fortuitous factors roll off.

Markets were volatile over the quarter. Although the FTSE JSE Top 40 Swix Index was down only 0.7%, its intra-quarter maximum drawdown was a significant 7.9%. Due to its position in put options, the fund's intra-quarter drawdown was significantly lower. 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), ended the quarter unchanged at 22.7% after spiking to 24.6% during the market fall in June. 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 9.9% versus 19.2% 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