Kagiso Protector Fund

as at 30 September 2011

KAGISO Asset Management

Performance and risk statistics[1]

	Fund	Benchmark	Outperformance
1 year	2.1%	10.7%	-8.6%
3 years	6.6%	9.8%	-3.2%
5 years	7.6%	11.8%	-4.2%
Since inception	11.7%	10.8%	0.9%

All performances annualised

	Fund	Benchmark
Annualised deviation	9.7%	19.0%
Sharpe ratio	0.3	0.4
Maximum gain*	21.3%	37.4%
Maximum drawdown*	-20.4%	-43.4%
% Positive months	60.4%	57.5%

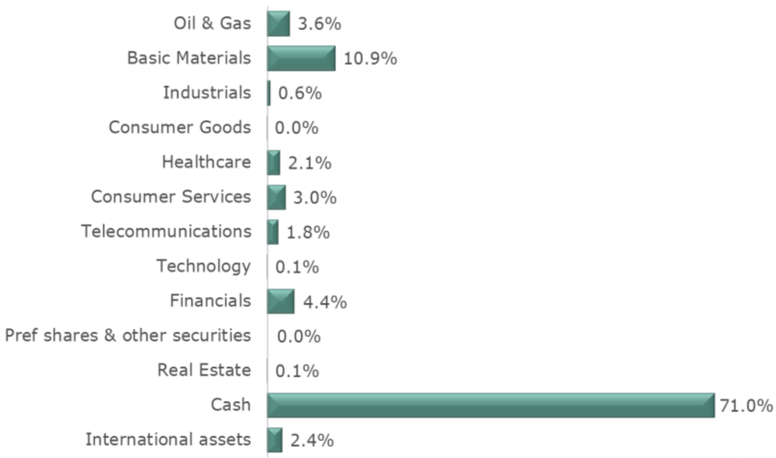
*Maximum % increase/decline over any period

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	
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	R152.3 million
NAV	1984.86 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% Financial adviser fee: max 3.00% Ongoing advice fee: max 1.00% pa Annual management fee: 1.25%
TER[3]	1.48% per annum

Unconventional thinking. Superior performance

Effective asset allocation exposure



Top ten holdings

	% of fund
Sasol	6.1
MTN	5.7
Naspers	4.3
African Rainbow Minerals	3.4
Firstrand/RMB	3.3
Standard Bank	2.7
Anglogold Ashanti	2.6
Impala Platinum	2.6
Tongaat Hulett	2.4
BHP Billiton	2.3
Total	35.4

[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 and on our website. 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.

Client service 0800 864 418 Fax +27 88 021 671 3112 E-mail clientservice@kagisoam.com Website www.kagisoam.com

Commentary

News flow in the third quarter was again dominated by the developed market debt situation, with European policymakers continuing to defer the inevitable. More importantly, the non-recurrence of further economic stimulus in the USA has predictably led to asset value declines in a number of markets. In dollar terms, European markets were down strongly (CAC 40 down 30.3%, DAX 30 down 31.0%, FTSE 100 down 15.5%). The FTSE JSE Top 40 Swix Index was down 21% in dollar terms.

Food inflation readings continue to trend higher with the August 2011 reading at 7.3% year on year, from 1.6% year on year in December 2010. If the Rand depreciation (19.7% depreciation to the dollar over the quarter) does not reverse, it is almost certain that inflation will breach the target bands next year. The deterioration in the inflation outlook has led to a strong rally in the yields of shorter-term inflation linked bonds.

Local markets were again very volatile over the quarter. The FTSE JSE Top 40 Swix Index was down 5.03% over the quarter with an intra-quarter maximum drawdown of 11.7%. Due to its defensive positioning, the fund's drawdowns were significantly lower, and the fund ended the quarter down 1.3%.

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), moved up dramatically to 32.7% from 22.7% at the start of the quarter. This means that the cost of new protection is now very high in our view. As always we will aim to minimise the cost of the fund's downside protection, through an optimal blend of our dynamic asset allocation model, outright puts and tactical cash overlays. Since inception, fund volatility has been 9.9% versus 19% 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 implementation of austerity plans.

We remain defensively positioned. Our dynamic asset allocation model is 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