Kagiso Protector Fund

as at 30 June 2012

KAGISO Asset Management

Performance and risk statistics[1]

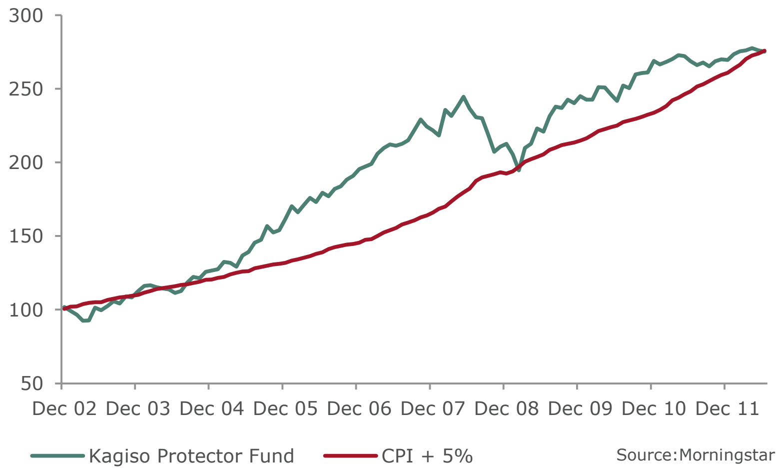
	Fund	CPI+5%	Outperformance
1 year	2.4%	10.7%	-8.3%
3 years	7.6%	10.0%	-2.4%
5 years	5.4%	11.7%	-6.3%
Since inception	11.1%	10.8%	0.4%

All performances annualised

	Fund	Benchmark
Annualised deviation	9.4%	18.7%
Sharpe ratio	0.2	0.4
Maximum gain*	21.3%	37.4%
Maximum drawdown*	-20.4%	-43.4%
% Positive months	60.5%	58.8%

*Maximum % increase/decline over any period

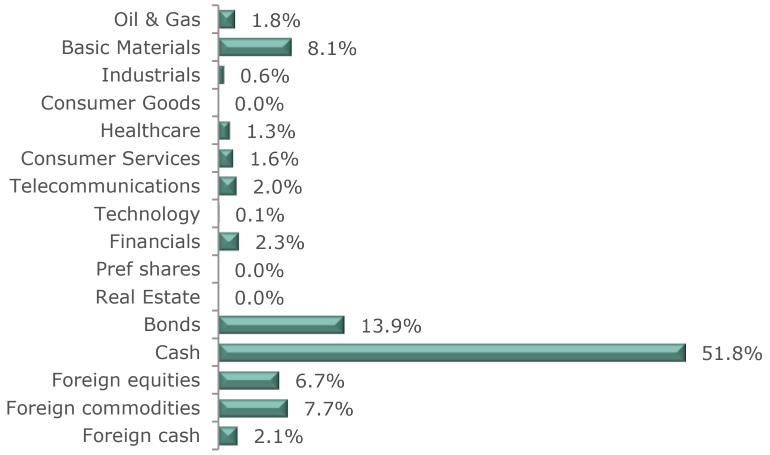
Cumulative performance since inception



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	R94.1 million
NAV	2030.50 cents
Distribution dates	30 June, 31 December
Last distribution	30 June 2012: 14.94 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*



* Please note that effective asset allocation exposure is net of derivative positions.

Top ten holdings

	% of fund
MTN	5.3
Firstrand/RMB	4.6
Sasol	3.9
Standard Bank	3.7
Naspers	3.0
Tongaat Hulett	2.8
Lonmin	2.7
Anglo American	2.0
Impala Platinum	1.5
BHP Billiton	1.4
Total	30.8

[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 June 2012. 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 South African equity market held up relatively well at aggregate level in rand terms over the quarter and touched its all-time high during the period. The weaker currency also supported the market, given the heavy weighting towards rand hedge shares in our market.

The FTSE/JSE All Share Index gained 1.0% during the quarter, with considerable sectoral diversion as resources shares (down 3.6%) substantially underperformed industrial (up 2.6%) and financial shares (up 4.6%). Foreigners were net buyers of equities again this quarter, with a particular appetite for consumer stocks.

The fund was defensively positioned from an asset allocation point of view, with hedging in place. Our equity exposure remained low (lower than 30% effective).

The Kagiso Protector Fund was down 0.4% over the quarter, but is up 2.1% for the year to date. This result has been negatively impacted by our stock selection this year. We have a large position in platinum miners – which were very weak – and a low weighting in consumer facing industrials which were very strong.

Tongaat Hulett (up 20.3%) and FirstRand (up 11.4%) were strong performers for the fund. Our exposure to Lonmin (down 20.7%), AECI (down 13.5%) and Sasol (down 6.1%) detracted from performance.

South African inflation contracted during the quarter from 6.1% in March to a 5.7% print in May. Primary drivers of this reduction have been subsiding food prices and falling oil prices. Inflation is now expected to continue to subside in the medium term and to stay below 6%. Risks to this view are sustained rand weakness above R8.50/$ and a rebound in oil prices.

We continue to hold government inflation-linked bonds, which we expect to outperform cash and offer valuable protection should inflation be higher than expected. The performance for inflation-linked bonds was 1.6% (underperforming conventional bonds at 5.2%, but beating the cash return of 1.4%).

The fund is close to its maximum limit on offshore exposure (cash and equities). The currency depreciation over the quarter has added to performance.

Implied option volatility (an indicator of the cost of hedging equities), as measured by the South African Volatility Index (SAVI), remained low over the quarter ending at just below 22%. We have used these low levels to purchase more put protection at reasonable prices. Since inception, fund volatility has been 9.5% versus 18.7% for the FTSE/JSE Top 40 Index.

We are in a period where the fund is defensively positioned and our focus is on drawdown protection.

Portfolio manager

Jihad Jhaveri