Kagiso Protector Fund

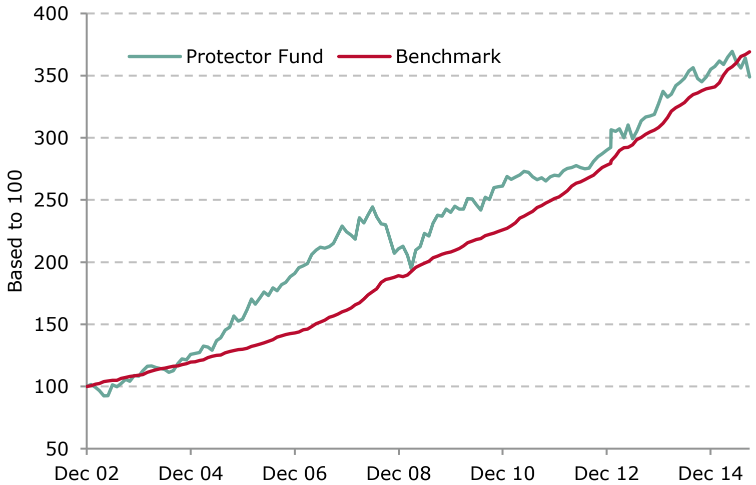
as at 30 September 2015

Performance[1]

	Fund	Benchmark	Outperformance	Highest*	Lowest*
1 year	0.4%	9.8%	-9.4%	2.2%	-2.5%
3 years	7.0%	10.5%	-3.5%	4.8%	-3.5%
5 years	6.1%	10.6%	-4.5%	4.8%	-3.5%
10 years	8.3%	11.1%	-2.8%	7.9%	-5.3%
Since inception	10.2%	10.7%	-0.5%	9.5%	-5.3%

* Highest and lowest monthly fund performance during specified period

Cumulative performance since inception



Risk statistics

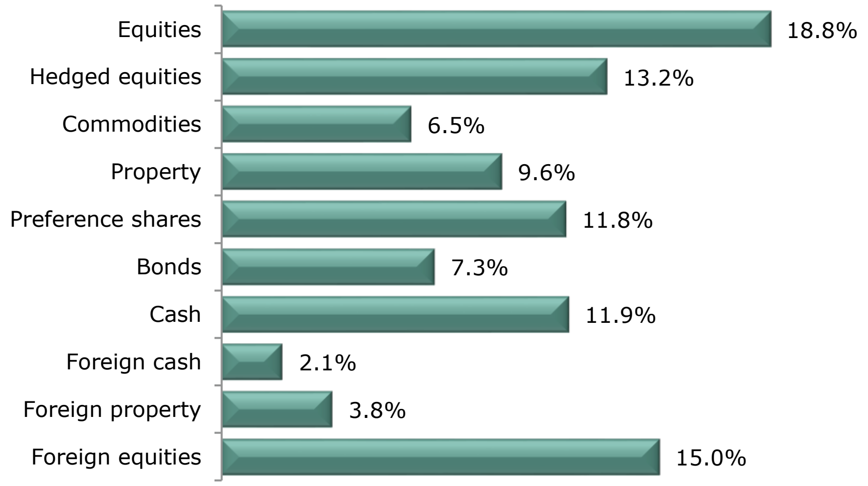
	Fund	Benchmark
Annualised deviation	8.7%	1.6%
Sharpe ratio	1.2	6.8
Maximum gain#	21.3%	27.0%
Maximum drawdown#	-20.4%	-0.9%
% Positive months	64.3%	86.4%

Consecutive months of change in the same direction

Top 10 equity holdings

	% of fund
Zambezi Platinum Pref	7.0
Delta Property Fund	2.6
Old Mutual	2.3
Tiso Blackstar Group	2.3
Standard Bank	2.1
Esure Group	1.9
Tongaat Hulett	1.8
Anglo Platinum	1.7
Metair	1.7
Adcorp	1.6
Total	25.0

Effective asset allocation exposure*



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

Portfolio Manager	Justin Floor
Fund category	South African - Multi Asset - Medium Equity
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.
Benchmark	CPI + 5%
Launch date	11 December 2002

Risk profile

Fund size	R71.1 million	
NAV	2,502.19 cents	
TER[2]	1.62%	
Distributions	30 June 2015	29.64 cpu
	31 December 2014	16.20 cpu
Fees (excl. VAT)	Initial fee:	0.00%
	Financial adviser fee:	max 3.00%
	Ongoing advice fee:	max 1.00% pa
	Management fee:	1.25% pa

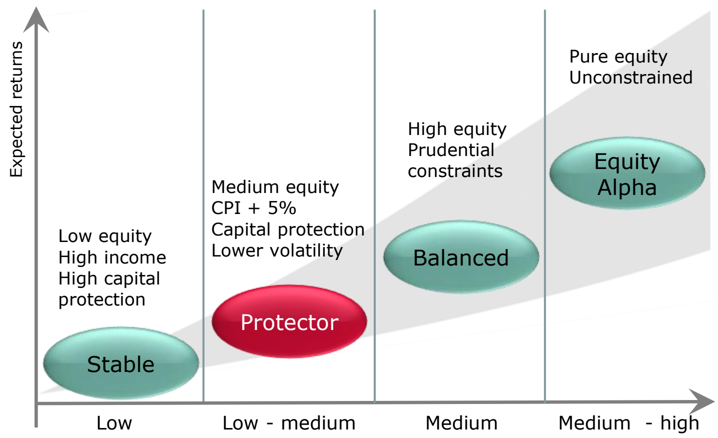
[1] Performance is quoted from Morningstar as at month-end for a lump sum investment using Class A Net Asset Value (NAV) prices with income distributions reinvested. NAV refers to the value of the fund's assets less the value of its liabilities, divided by the number of units in issue. Performance figures are quoted after the deduction of all costs incurred within the fund. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. All performances are annualised (ie the average annual return over the given time period).
[2] The Total Expense Ratio (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 September 2015. 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 TERs.

Kagiso Protector Fund

The Kagiso Protector Fund is Regulation 28 compliant and can invest in a variety of domestic and international asset classes (such as equities, listed property, conventional bonds, inflation-linked bonds and cash). It is positioned in our team's best investment ideas - which emanate from our bottom-up research process - and is actively managed to reduce volatility and downside risk. Derivative strategies are employed.

This fund is suitable for investors looking for exposure to the long-term inflation-beating characteristics of equities, with reduced downside exposure and volatility and a strong focus on capital preservation.

Risk vs reward



Portfolio Manager

Justin Floor
BBusSc, Mphil, CFA, FASSA

Justin holds a BBusBc (Hons) in Actuarial Science, Mathematical Statistics and Finance as well as an MPhil in Mathematics of Finance. He is a qualified actuary. Prior to joining us, Justin was employed as an Actuarial Specialist at Old Mutual.

Our investment philosophy

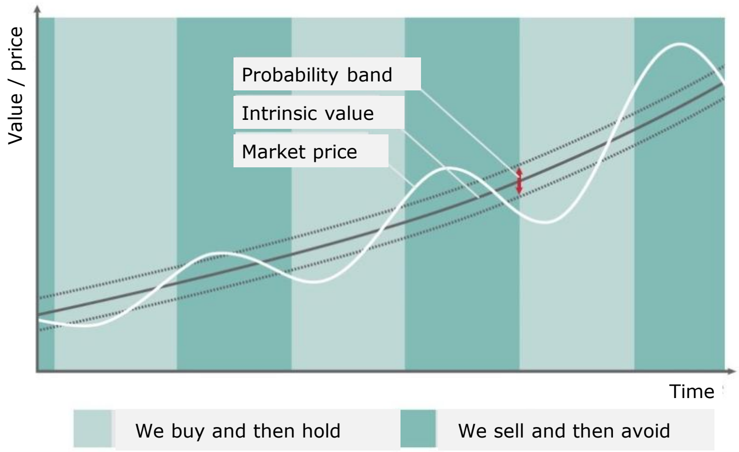
At Kagiso Asset Management, we make investment decisions based on mispricings we observe in the market. Simply put, we buy investments that are priced well below their intrinsic values and avoid those that we believe are overpriced.

Opportunities arise when market prices deviate from intrinsic value
All investments represent a set of future cash flows, which can be valued with reasonable accuracy. Over time, this intrinsic value progresses at a fairly stable pace. Asset prices, however, fluctuate considerably through time. This is largely due to self-reinforcing cycles of enthusiasm or negativity, often fuelled by an excessive focus on near-term data and news flow.

Our aim is to identify and exploit mispricings in the markets. We therefore buy investments at prices well below our estimation of their intrinsic value and hold them, while they deliver strong cash returns and until they can be sold above this value. Once sold, we avoid such overvalued investments for as long as the market price is above the intrinsic value.

The future is never certain
We recognise that there is considerable danger in operating with the comfort of a false sense of certainty and the accompanying behavioural reinforcement cycles that lead to a distorted evaluation of new information. As a result, we understand that despite our best efforts, we cannot possibly know all the facts.

This drives us to think more deeply, to work harder and to be more alert. We therefore view the future in terms of probabilities, we explore alternative scenarios, diversify our positions, hedge risk and seek out potential asymmetries.



Minimum investment	Lump sum: R5 000; Debit order: R500	Trustee	Melinda Mostert
Fund registration no	ZAE000150850		Head: Standard Bank Trustee Services

Pricing: All funds are valued and priced at 15:00 each business day and at 17:00 on the last business day of the month. Forward pricing is used. The deadline for receiving instructions is 14:00 each business day to ensure same day value.

The Kagiso unit trust fund range is offered by Kagiso Collective Investments Limited (Kagiso), registration number 2010/009289/06. Kagiso is a member of the Association for Savings and Investment SA (ASISA) and is a registered management company in terms of the Collective Investment Schemes Control Act, No 45 of 2002. Kagiso is a subsidiary of Kagiso Asset Management (Pty) Limited [a licensed financial services provider (FSP No. 784)], the investment manager of the unit trust funds.

Unit trusts are generally medium to long-term investments. The value of units will fluctuate and past performance should not be used as a guide for future performance. Kagiso does not provide any guarantee either with respect to the capital or the return of the portfolio(s). Foreign securities may be included in the portfolio(s) and may result in potential constraints on liquidity and the repatriation of funds. In addition, macroeconomic, political, foreign exchange, tax and settlement risks may apply. However, our robust investment process takes these factors into account. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Exchange rate movements, where applicable, may affect the value of underlying investments. Different classes of units may apply and are subject to different fees and charges. A schedule of the maximum fees, charges and commissions is available upon request. Commission and incentives may be paid, and if so, would be included in the overall costs. Kagiso may close a portfolio to new investors in order to manage it more effectively in accordance with its mandate.

This fact sheet in its entirety constitutes this fund's Minimum Disclosure Document, as required by the Financial Services Board. Please contact us on the details below should you require additional information on our range of funds.

Client service 0800 864 418 | Fax 088 021 671 3112 | Email clientservice@kagisoam.com | Website www.kagisoam.com

Kagiso Protector Fund - Quarterly commentary

as at 30 September 2015

KAGISO Asset Management

The Protector Fund returned -3.6% for the quarter. Over the year to end September 2015, the fund delivered 0.4%. Sharp weakness in some of the fund's key domestic stock picks has resulted in disappointing recent performance. This is expected to strongly reverse in the year ahead.

The fund is positioned to achieve its objectives of inflation-beating returns with a high degree of focus on capital preservation at this time.

Economic and market overview

Broad emerging market economic weakness is now evident, with China's unexpected slowdown feeding through to many other emerging market countries via reduced demand for the commodities that they export. Commodity prices were sharply lower over the quarter, contributing further to deflationary forces across the globe. Commodity producing country currencies, including the rand, were sharply lower.

Developed economies continue to show reasonable economic progress, with unemployment continuing to fall, but inflationary forces proving very elusive. The US, in particular, is growing well and showing labour market and housing market strength.

The large economy central banks continued to maintain accommodative policies, with near zero interest rates and ongoing quantitative easing in Europe and Japan. The US Fed postponed its expected September rate hike, ostensibly reacting to financial market weakness emanating from China's slowdown.

The South African economy continues to weaken due to the large commodity exposure, but also due to structural problems such as power constraints, labour market rigidities and socioeconomic disparities.

The SA market declined by 2.1% over the quarter, led by resources (-17.9%), as commodity prices fell sharply. Winners were particularly the large global companies, notably SABMiller (+25.8%), British American Tobacco (+17.6%), Steinhoff (+10.3%) and Richemont (+10.7%). SABMiller rose in the run up to the cash offer from AB Inbev, which was subsequently accepted in principle by the SABMiller board. The rand fell (-12.1%) over the quarter against the US dollar, assisting many of these global stocks.

Commodity companies were particularly weak, with sharp price falls in iron ore and platinum producers. Certain industrial companies, such as Massmart (-26.7%), Nampak (-23.6%) and Mr Price (-23.0%) also sharply reversed from very elevated levels, given the sluggish economy.

The ALBI was up 1.1% for the quarter, less than inflation-linkers (1.3%), while cash (STeFI) delivered 1.6%. Over the quarter, SA yields increased, with the 10-year benchmark yield increasing by 17bps over the quarter to 8.4%, given the emerging market risk aversion.

Our longer-dated bond exposure is balanced by shorter duration corporate bonds with strong credit quality. Overall we are underweight bond exposure, with the key concern being the prospect weakness if there are significant foreign investor outflows given the high foreign ownership. Our duration positioning is neutral however.

The SARB kept rates on hold at 6% for the time being, given the very weak economy, benign inflation outlook and accommodative global conditions, but remains on a gradual "policy normalization" path. However, the weakening currency and its implications for inflation are a particular cause for concern.

Fund performance and positioning

Weak resources stocks and MTN were the key detractors for this quarter. Lonmin, African Rainbow Minerals, Anglo American and Impala Platinum were the worst performers. Mondi was again a key performance contributor, along with Pick n Pay, Capital and Counties, the palladium ETF and Advtech.

Continued -

Key indicators	
Economic data	End of quarter figure
Latest consumer price inflation (CPI % YoY)	4.6%
Repo rate (%)	6.0%
3m JIBAR	6.3%
10-year government bond yield	8.4%
Key asset classes (total return)	Quarterly change
MSCI World Equity (US Dollar return)	-8.9%
FTSE/JSE All Share Index	-2.1%
FTSE/JSE Listed Property Index	6.2%
BEASSA All Bond Index	1.1%
Commodities and currency	Quarterly change
Platinum ($/oz)	-15.9%
Gold ($/oz)	-4.9%
Rand/US Dollar (USD)	13.6%

Continued -

The fund's offshore assets performed well for the quarter, with German residential property name Buwog continuing to contribute positively.

Standard Bank is one of our larger holdings and is a leading pan-African bank, with an extensive presence in 20 countries across sub-Saharan Africa. Strong growth in sub-Saharan Africa over the last decade has increased the number of bankable businesses and households, as well as levels of household income. Despite the weak commodity environment, this momentum is likely to continue and with less developed financial markets in the rest of Africa, there is far higher growth potential than in South Africa.

Over the past few years, the group has embarked on a comprehensive programme to develop a robust new IT architecture. This has depressed recent earnings and has prepared the group for better service to clients in the years ahead. We believe with the African growth potential and the IT project coming to an end, the group is well positioned to deliver superior ROEs and growth rates in earnings into the future and that this performance will be sustained over the longer term.

We remain positioned with a contrarian orientation, aiming to exploit the extreme valuation differentials on offer as a result of global monetary authorities' unconventional interventions in capital markets. Our view is that extremely low bond yields globally are causing global investors to over-price companies with stable cashflows (perceived as bond substitutes) and under-price companies with naturally variable or cyclical cashflows, when these cashflows are low.

We also hold a relatively high midcap exposure in undervalued industrial companies that seem to have escaped the strong rerating that has occurred in many of the larger industrial SA companies with strong global investor shareholdings – possibly due to their size causing them not to make the radar screens of large active global investors and the benchmarks of global passive investors.

Platinum group metal prices have significantly surprised us over the last quarter, falling substantially and placing the bulk of SA platinum miners in a negative cashflow situation. This particularly threatens miners, such as Lonmin, that have no alternative sources of cash from low cost operations and which do not have ready access to financing at this time. Consolidation within the industry, project deferrals and capacity closures have begun as a result. We continue to find significant value in the platinum miners as their share prices reflect a lower trajectory of spot metal prices than we believe is realistic, given prospective fundamental market deficits that we expect. Our analysis suggests that platinum group metal demand will continue to grow from autocatalyst fabrication, jewellery (especially in China and India) and other industrial applications. Recycling supply should peak in the next 3 years and mining supply, which is heavily concentrated in SA, remains extremely constrained by underinvestment by mining companies who need to preserve cash at a time when large parts of the industry are currently making a loss.

We are employing significant equity hedging in the fund via put option strategies. This enables us to benefit from our stock-picking ideas, without taking too much equity market risk and without needing to hold any low-yielding cash

The fund retains a high allocation to foreign equities and listed property stocks, where we find opportunity in certain large technology stocks, healthcare companies, property and casualty insurers and specific listed property exposures.

Portfolio Manager
Justin Floor