Kagiso Protector Fund

as at 31 March 2016

Date of issue: 20 April 2016

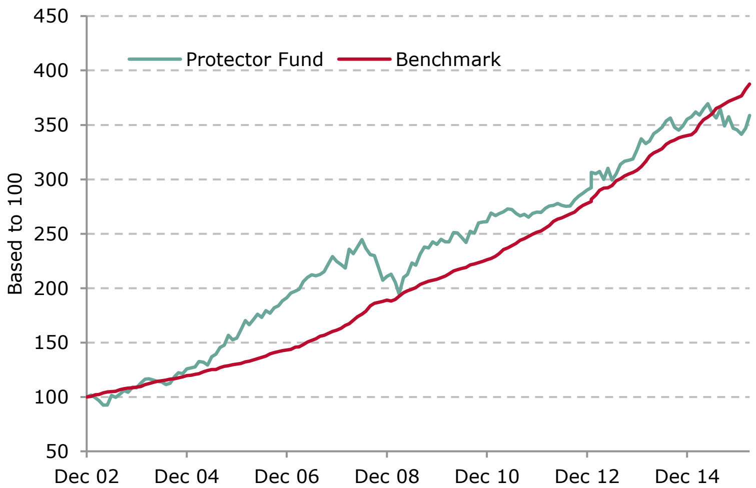
KAGISO Asset Management

Performance[1]

	Fund	Benchmark	Outperformance	Highest*	Lowest*
1 year	0.0%	10.4%	-10.4%	3.4%	-4.2%
3 years	5.3%	10.1%	-4.8%	3.4%	-4.2%
5 years	5.8%	10.4%	-4.6%	4.8%	-4.2%
10 years	7.7%	11.2%	-3.5%	7.9%	-5.3%
Since inception	10.1%	10.7%	-0.6%	9.5%	-5.3%

* Highest and lowest monthly fund performance during specified period

Cumulative performance since inception*



Risk statistics

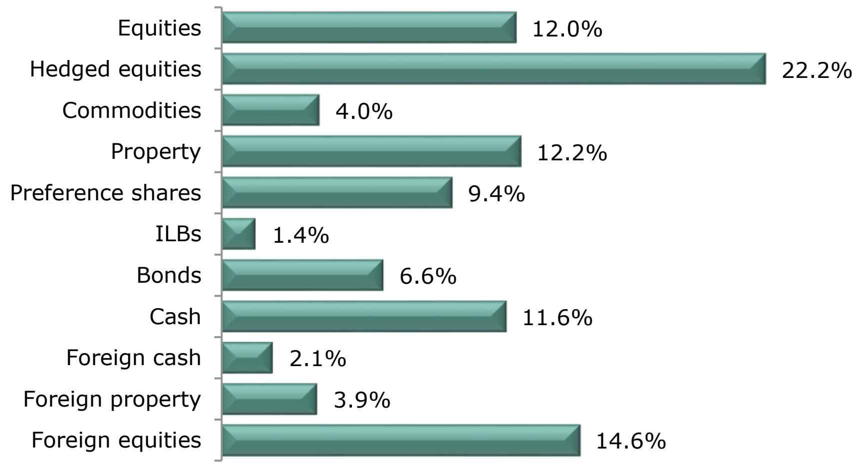
	Fund	Benchmark
Annualised deviation	8.7%	1.6%
Sharpe ratio	1.2	n/a
Maximum gain#	21.3%	27.0%
Maximum drawdown#	-20.4%	-0.9%
% Positive months	63.8%	86.3%

Consecutive months of change in the same direction

Top 10 equity holdings

	% of fund
Zambezi Platinum Pref	5.6
Old Mutual	3.9
Equites Property Fund	2.9
Anglo Platinum	2.6
FirstRand/RMB	2.3
Delta Property Fund	2.2
Tongaat Hulett	2.0
HCA Holdings	1.9
Tiso Blackstar Group	1.8
Naspers	1.8
Total	27.0

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
NAV	2,547.22 cents

Risk profile

Fund size	R73.2 million	
TER[2]	2.22%	
TC[3]	0.35%	
Distributions	31 December 2015	24.87 cpu
	30 June 2015	29.64 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 December 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.
[3] Transaction Costs (TC) are a neccessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.
* For illyustrative purposes only.

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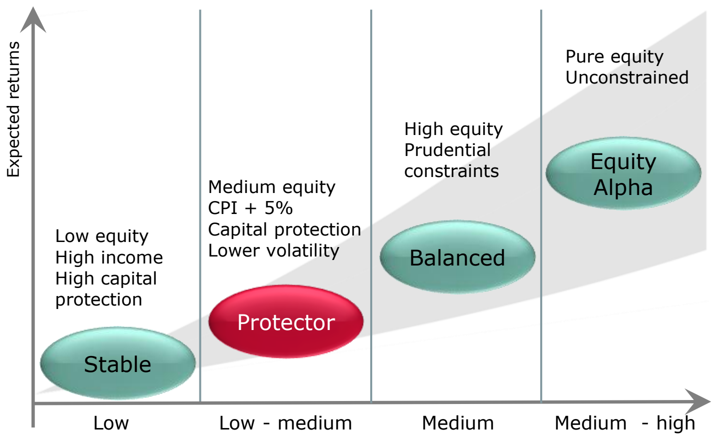
Kagiso Protector Fund

KAGISO Asset Management

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.

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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

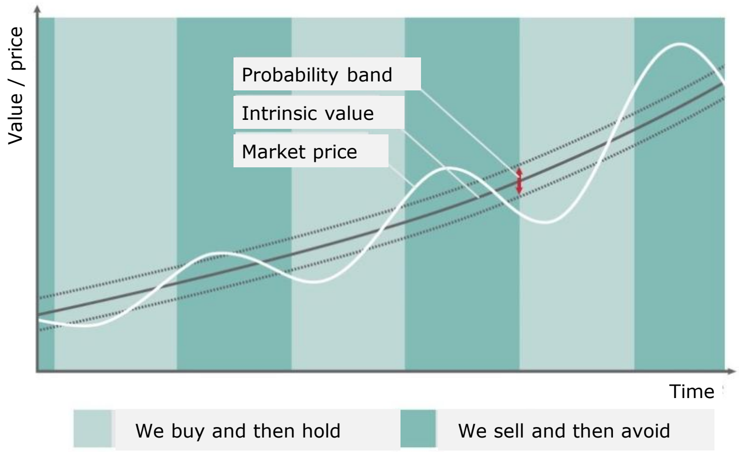
All investments represent a set of future cash flows, which can be valued with reasonable accuracy. Over time, this intrinsic value progresses at a fairly stable pace. Asset prices, however, fluctuate considerably through time. This is largely due to self-reinforcing cycles of enthusiasm or negativity, 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
			melinda.mostert@standardbank.co.za

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 fund returned 3.9% for the first quarter of 2016. This represents a substantial improvement from recent disappointing performance represents a good start in regaining lost ground.

The fund benefited from strong performance in some of our highest conviction ideas and benefited from the opportunities presented in the volatility of the prior December.

The fund has returned 10.1% pa since inception in 2011, ahead of both cash and inflation.

Economic and market overview

The quarter had a turbulent start, with a substantial sell-off in January and February followed by a large rally in March.

Of note and concern was increasing evidence that negative interest rate policies pursued by the ECB and the Bank of Japan appear to be failing, with the respective currencies strengthening (in Japan's case very substantially) and stock markets falling.

After December's US rate hike, the first in almost 10 years, market expectations of further 2016 US rate hikes faded in response to slightly weaker economic data. The US dollar weakened as a result.

Rating agencies S&P and Moody's have placed SA sovereign ratings on review due to continuing risks to South Africa's medium-term growth prospects and the lack of progress on growth-enabling reforms. A foreign currency rating downgrade to below investment grade rating is likely sometime this year (and appears to be largely priced in). While less likely, a downgrade of the local currency rating to sub-investment grade would be far more serious and is likely to lead to South Africa's exclusion from key global government bond indices with the risk of substantial capital repatriation on the part of foreign bond investors and associated currency weakness.

The rand strengthened 4.7% against the US dollar over the quarter from extremely low levels reached during December's Finance Minister crisis.

Local equity markets gained 3.9% in the first quarter driven primarily by resources stocks. Industrial metals stocks (+93.1%), gold stocks (+92.8%) and platinum stocks (+74.6%), stood out as particularly strong.

Unsurprisingly, rand-sensitive global sectors, including personal goods (-12.6%), forestry & paper (-6.6%) and beverages (- 4.5%) were among the weakest sectors.

Fund performance and positioning

Key contributors this quarter were Amplats, FirstRand and Standard Bank while Metair, Adcorp and Sun International detracted.

Bonds started the year with strength, with the ALBI returning 6.6% for the quarter Inflation-linkers delivered 2.1%, while cash (STeFI) delivered 1.7%.

The fund benefited from the additional bonds added in mid-December. Currently, the longer-dated bond exposure is balanced by shorter duration corporate bonds with strong credit quality. Valuations remain attractive with yields at healthy spreads above expected inflation. Despite this we have less bonds than we could have, with the key concern being the potential for weakness if there are significant bond selling by foreigners on the back of a local currency downgrade below investment grade and subsequent exclusion from bond indices. We are keeping some powder dry for any dislocations in the months to come.

Continued -

Key indicators	
Economic data	End of quarter figure
Latest consumer price inflation (CPI % YoY)	7.0%
Repo rate (%)	7.0%
3m JIBAR	7.2%
10-year government bond yield	9.0%
Key asset classes (total return)	Quarterly change
MSCI World Equity (US Dollar return)	-0.9%
FTSE/JSE All Share Index	3.9%
FTSE/JSE Listed Property Index	10.1%
BEASSA All Bond Index	6.6%
Commodities and currency	Quarterly change
Platinum ($/oz)	9.7%
Gold ($/oz)	16.2%
Rand/US Dollar (USD)	-5.2%

KAGISO Asset Management

Continued -

Foreign stock selection was disappointing this quarter, with notable detractors being US packaging firm Westrock, Old Mutual Asset Management, and Brookdale Senior Living. Contributors to performance were fashion retailer Michael Kors, US hospital group HCA holdings and energy pipeline firm, Kinder Morgan.

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

African Rainbow Minerals (ARM) has rebounded strongly after substantial weakness last year. ARM extracts and beneficiates iron ore, manganese ore, chrome ore, platinum group metals, copper, nickel and coal. ARM also has an investment in gold mining through its shareholding in Harmony.

ARM's assets are well positioned on global cost curves and the group features a strong balance sheet, providing flexibility for surviving the current depressed commodity price environment. The company is well-positioned to take advantage of inexpensive asset sales in the current distressed resources environment and is well-positioned for the expected normalisation in commodity prices. It is the premier empowerment partner for large, global miners such as Glencore and Vale, which is an additional strength for deal-making in the South African mining industry context.

The fund retains an 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.

The fund is positioned in undervalued shares with excellent prospects for superior returns. While the external environment is continually shifting we continue to apply our process and valuation-driven philosophy with focus and discipline, keeping a vigilant eye out for mispriced opportunities.

Portfolio Manager
Justin Floor