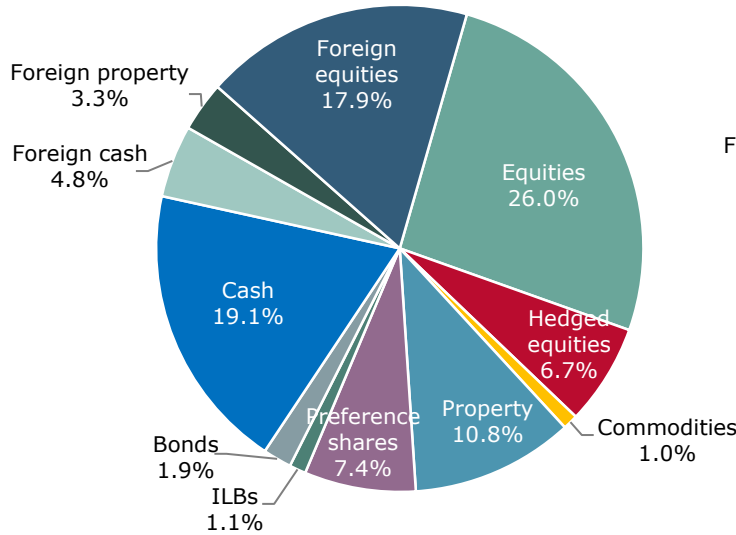


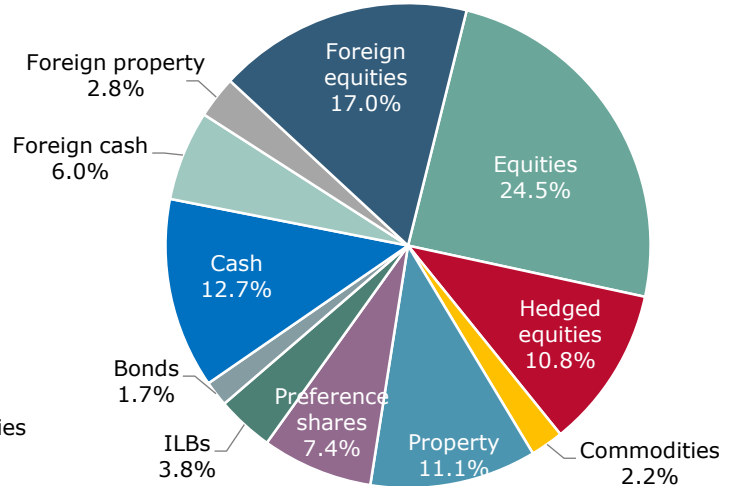
This fund is Regulation 28 compliant and can invest in a variety of domestic and international asset classes (such as equities, listed property, conventional bonds, inflation-linked bonds and cash). It is positioned in our team's best investment ideas - which emanate from our bottom-up research process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

Asset allocation

Quarter ended September 2017



Quarter ended June 2017



Top 10 holdings

Quarter ended September 2017

Zambezi Platinum Pref	5.5%
Equites Property Fund	3.3%
Datatec	3.2%
Grand City Properties	3.1%
Old Mutual	2.9%
Adcorp	2.7%
Gocompare.com	2.7%
Hospitality Property Fund	2.4%
AECI	2.2%
EPE Capital Partners	2.2%
Total	30.2%

Quarter ended June 2017

Zambezi Platinum Pref	5.5%
Equites Property Fund	3.0%
AECI	2.7%
Adcorp	2.7%
Grand City Properties	2.6%
Gocompare.com	2.4%
Old Mutual	2.3%
Northam Platinum	2.2%
Naspers	2.1%
EPE Capital Partners	2.0%
Total	27.5%

Fund size R126.09 million

NAV 2,888.50 cpu

Number of participatory interests 4,361,418

Income distributions

30 June 2017 33.05 cpu

31 December 2016 35.17 cpu

Key indicators

Economic data	End of quarter figures
Latest consumer price inflation (CPI % YoY)	4.8%
Repo rate (%)	6.8%
3m JIBAR	7.0%
10-year government bond yield	8.7%
Key asset classes (total return)	Quarterly change
MSCI World Equity (US Dollar return)	4.4%
FTSE/JSE All Share Index	8.9%
FTSE/JSE Listed Property Index	5.7%
BEASSA All Bond Index	3.7%
Commodities and currency	Quarterly change
Platinum (\$/oz)	-1.6%
Gold (\$/oz)	3.0%
Rand/US Dollar (USD)	3.7%

Policy objective The fund adhered to the policy objective as stated in the Supplemental Deed

Additional information Please read this quarterly investment report in conjunction with the minimum disclosure document for the fund

The fund returned 2.1% this quarter. Over a one-year period, the fund has returned 9.7% and was ranked first in its ASISA category. This quarter's performance was the result of exposure to local markets, good performance from our global stocks, and our exposure to cash, preference shares and property. The fund has returned 10.1% per annum since its inception in 2002.

Global economic backdrop

Meaningful and synchronized improvement in global growth has continued this quarter. Business sentiment indicators remain very strong with improvements seen this quarter across emerging markets. Global capital expenditure and trade volumes have picked up from the low levels of recent years, but may improve further if growth continues.

Developed market consumer sentiment has increased materially in 2017, although it not yet filtering into accelerating consumer spend. Headline inflation rates across the world have generally increased this year due to increases in food and energy inputs; however core inflation (stripping out these volatile food and energy effects) remains benign.

In the US, this quarter's economic performance has been materially affected by weather-related disruptions (hurricanes Harvey and Irma). Looking through these distortions, real time activity indicators show that economic growth has continued at recent run rates. Acceleration in growth now requires implementation of well-signaled corporate tax cuts, and a pick-up in business investment. Such investment has improved, but is far lower than expected given very healthy corporate profit margins, favorable borrowing conditions, and strong business sentiment.

In both Europe and Japan, GDP growth has accelerated moderately over the year and leading indicators suggest further momentum into 2018. Strong right wing electoral support in Germany and the Catalonia referendum has not dampened EU business confidence (latest manufacturing confidence readings at seven-year highs). Loan growth, though gradually increasing, is still exceptionally low versus history and remains a major inhibitor to a more robust recovery. In Japan, the labour market remains extremely tight (there are 48% more open jobs than applicants - a 27-year high). Despite as yet absent wage inflation, increased Japanese job numbers and robust consumer confidence is leading to sustained 2% plus consumption growth.

Emerging market economies have shown good momentum into 2017, with recovering business confidence in many markets (India, Indonesia, and Brazil in particular), increased exports due to improvements in global trade, generally improving trade balances, and positive outlooks for business investment. There has been a marked increase in capital flows into emerging markets which, via currency strength, is having a dampening effect on the inflation and interest rate outlooks across emerging markets. China has benefited from the positive global backdrop - showing a strong recovery in exports this year. Excessively high levels of credit growth have been somewhat reigned in and the health of the property market seems to have improved. With credit growth slowing after a period of rapid expansion, Chinese economic activity is likely to slow from current levels.

South African economic backdrop

The local economic outlook remains weak as confidence remains damaged by the actions of government and continuous news of rampant corruption in the public sector. Investment has contracted and household consumption growth has slowed to a crawl. State owned enterprises continue to be generally mismanaged, the mining sector faces a huge threat from a poorly constructed new Mining Charter and there have been signs of the hollowing out of experience within the National Treasury. Against a very favourable global growth backdrop, South Africa's growth outlook is expected to remain one of weakest amongst emerging markets. Of concern is the deteriorating health of the national fiscus, with very low growth, escalating pressure from state owned enterprises, and a worrying decrease in tax collection efficiency. Given these medium-term challenges, further rating downgrades are expected.

The outcome of the ANC elective conference in December will be very important in determining the direction of future policy and the government's capacity to effectively implement it - and hence long-term growth prospects.

Market review

For a number of years, extreme unconventional monetary stimulus in the form of price agnostic asset purchases has distorted asset prices across the globe. Bond yields remain very low, corporate bond credit spreads are extremely suppressed, and equity prices are high, especially in sectors where stable cashflows are generated (such as consumer staples) and where growth prospects are well appreciated (such as the large global technology companies). Global bond rates have risen somewhat since the second of half of 2016 from record low levels, accompanied by a welcome rise in inflation expectations. These changes in trends, which should continue as monetary conditions begin to normalise, are causing welcome increased dispersion across equities, as well as across asset classes - and are bringing about a better environment for stock pickers.

Over the quarter, developed equity markets were yet again strong across the board in dollar terms. Hong Kong (up 8.5%), Germany (up 7.7%) and France (up 7.8%) were again the outperformers. Emerging markets were also strong (up 8.0% in dollar terms).

The local equity market was also strong over the quarter (up 8.9%). Resources (up 17.7%) outperformed this quarter, with Anglo American and BHP Billiton contributing materially (up 42.2% and 22.2% respectively). Other strong performers were Kumba Iron Ore (up 39.8%) and African Rainbow Minerals (up 28.9%).

Industrials were also strong (up 8.3%), with heavyweights Naspers (up 15.0%) and Richemont (up 16%) contributing significantly, while British American Tobacco (down 4.2%) lagged. Telecommunication company performance was mixed. With the exception of Pick n Pay (down 2.4%) and Woolworths (flat), retailers were stronger after the weak previous quarter. Food producers were again weak this quarter (down 1%).

Financials were stronger this quarter, with insurers and banks also strong. Standard Bank (up 12.3%) and FirstRand (up 10.3%) outperformed, while Nedbank and Barclays Africa (both flat) continued to lag.

Bonds (up 3.7%) outperformed cash (up 1.8%) but underperformed equities (up 8.9%) over the quarter. Despite major local policy risks and a weakening economy threatening fiscal stability, strong broad-based foreign appetite for emerging market bonds, and the search for yields have continued to provide significant support to our bond market. Globally, long-term bond yields have moved sideways in the quarter, and remain materially higher than the lows of early 2016.

After a surprise July rate cut, and then a pause by the SARB, market expectations are for no further cuts this year. Currency strength and a lower oil price is dampening inflationary expectations, but this is counterbalanced by the poor structural state of the economy which increases the likelihood of further ratings downgrades, which may lead to currency weakness and higher inflation.

Fund performance and positioning

Strong contributors this quarter were Naspers, our global stocks, African Rainbow Minerals, Northam and Old Mutual. Key detractors were Clover, Master Drilling, AECI and Datatec.

Our exposure to yield asset classes (money market instruments, preference shares and local property contributed meaningfully. Equites Property Fund, a local specialist industrial REIT was a key contributor (up 19.7% for the quarter and 39.3% year to date). A strong performance from our global stocks contributed positively again this quarter.

A strong performance from our global stocks was again a large contributor this quarter. Our exposure to yield asset classes (money market instruments, local property, preference shares) also contributed positively. Local equities were the largest negative contributor to performance.

Our global holdings contributed meaningfully to performance again this quarter. Strong contributors were online luxury retailer Yoox Net-a-Porter, insurers (Just Group, Cigna and Prudential) and specialist chemical producers (Wacker Chemie and Ingevity). Detractors were Spire Healthcare and Brookdale Senior Living.

Against a global backdrop of improving economic growth, high asset prices, rising political uncertainty in many countries, and a potentially disruptive Chinese economic rebalancing, we are guarded on the outlook for financial markets. However, we are optimistic that more normal financial conditions (in particular higher real rates, inflation and levels of risk-taking) are proving to be a better environment for stock picking. The outlook for the South African economy is negatively skewed both in the short and medium term and we are appropriately positioned. We retain very high exposure to global holdings, and local mid-cap stocks where we see compelling stock-specific growth vectors coupled with low market valuations. We continue to hold positions in lower-cost platinum group metals miners.

We continue to see more attractive risk-adjusted yields in shorter-duration instruments and now have no local government bonds. We have a large hedge against our equity exposure and maintain a meaningful exposure to foreign equities.