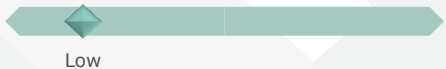


Performance and risk statistics

The Association for Savings & Investment SA (ASISA) code of practice requires a minimum period of six months since inception to show fund performances and, therefore, this fund does not yet meet this requirement.

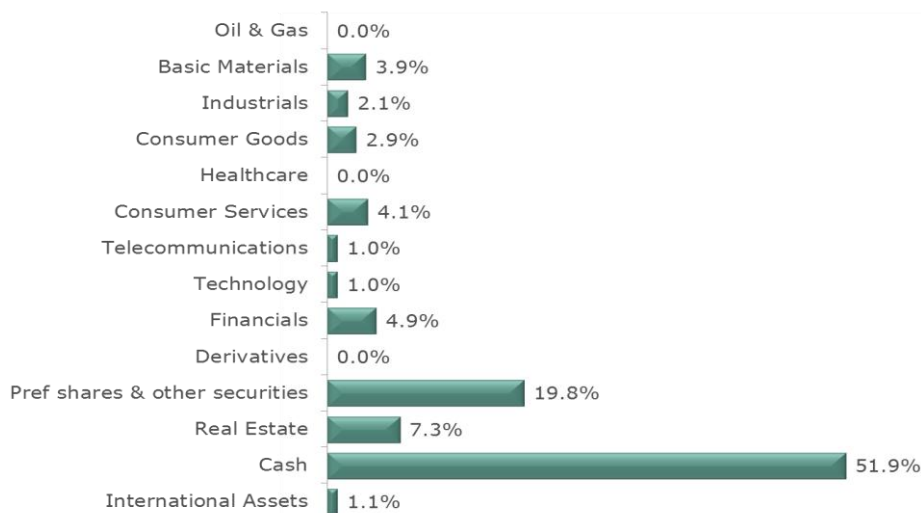
Top ten holdings

	% of fund
Kagiso Media	3.1
Tongaat Hulett	2.9
Growthpoint Prop Ltd	2.1
Resilient Prop Inc Fund	2.1
Fountainhead Prop Trust	2.0
Bowler Metcalf Ltd	1.1
Pan African Resources	1.1
Discovery	1.0
Datatec Ltd	1.0
Mvelaphanda Group Ltd	1.0
Total	17.5

Portfolio manager	Gavin Wood
Fund category	Domestic - Asset Allocation - Prudential - Low Equity
Fund objective	To provide total returns that are in excess of inflation over the medium term. It seeks to provide a high level of capital stability and to minimise loss over any one year period, within the constraints of the statutory investment restrictions for retirement funds.
Risk profile	 <p>Low</p>
Suitable for	Investors who are risk averse and require a high degree of capital stability while requiring a reasonable income and some capital growth. A typical investor would be retired or nearing retirement and seeking to preserve capital over any one year period.
Benchmark	The return on deposits for amounts in excess of R5 million plus 2% (on an after-tax basis at an assumed 25% tax rate).
Launch date	1 May 2011
Fund size	R1.0 million
NAV	97.99 cents
Distribution dates	30 June, 31 December
Last distribution	N/A
Minimum investment	Lump sum: R5 000; Debit order: R500
Fees (excl. VAT)¹	Initial fee: 0.00% Annual management fee: 1.25%
TER²	N/A

Unconventional thinking. Superior performance

Effective asset allocation exposure



The Kagiso unit trust range is offered by Kagiso Collective Investments Limited ('Kagiso') registration number 2010/009289/06, a member of the Association for Savings and Investment SA (ASISA). Unit trusts are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total value of assets in the portfolio including any income accruals and less any permissible deductions (brokerage, Uncertificated Securities Tax, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. Instructions must reach Kagiso Collective Investments before 14:00 to ensure same day value. Fund valuations take place at approximately 15:00 each business day and forward pricing is used.

¹ A schedule of maximum fees and charges is available on request from us. Fees and incentives may be paid, and if so, are included in the overall costs.

² 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 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.

Commentary

This fund was launched on 1 May 2011 and, consequently, we will not be providing specific commentary as this is an incomplete quarter of performance. We look forward to delivering on client expectations of strong performance, in line with our low risk mandate, in the years to come.

The second quarter of 2011 exhibited further volatility as global economic data releases showed a slowing in the world economy, particularly in the overly-indebted USA and Europe, but also in China – as monetary policy was further tightened. Western governments continue to grapple with their financial positions, with the European periphery and the US making the headlines in this regard. Consumer confidence in the US has weakened as the jobs and housing markets remain very weak.

Inflation concerns are heightened by the rise in commodity prices, especially oil and food. Consequently, monetary policy has been tightening further in a number of economies, notably China and the Eurozone. These developments are very much in line with our long held bearish view on the world economy post the financial crisis.

The rand was firm against developed market currencies – flat against the US dollar and 2.3% stronger against the euro. The euro seemed to retrace recent strength due to ongoing fiscal solvency and liquidity concerns in its highly indebted periphery. This weakness was despite continuing tightening in Eurozone monetary policy. The South African Reserve Bank kept interest rates unchanged at multi-decade lows, but rising cost-push inflation pressures indicate that the next interest rate move is up – the timing of which will depend on local economic conditions.

The FTSE/JSE All Share Index was down 0.6% during the quarter, with significant sectoral diversions: resources shares (-5.7%) significantly underperformed industrial shares (+3.7%). Within the quarter, equity markets experienced significant volatility, with the last week's significant bounce rescuing what could have been a very negative quarter.

The bond market was particularly strong, with the ALBI delivering 3.9% as foreign buying of South African bonds returned in size.

Looking ahead, we remain cautious over prospects for the developed economies, with high levels of government debt, high levels of unemployment, stimulus removal and austerity measures looming and demographic trends moving slowly against them. On the positive side, we believe that there are strong prospects for companies focused on emerging market consumers, although much of this optimism seems to be priced into South African consumer stocks.

Going forward, we are defensively positioned with below average weight in equities and bonds and a high cash position. Within equities, we have a strong focus on quality, lower risk companies, which are attractively priced. Within cash, we have a high weighting to US dollar cash deposits.

Portfolio manager

Gavin Wood