

Performance¹

Since inception
Performances % change

| Fund | Benchmark | Outperformance |
|------|-----------|----------------|
| 6.3% | 3.8% | 2.5% |

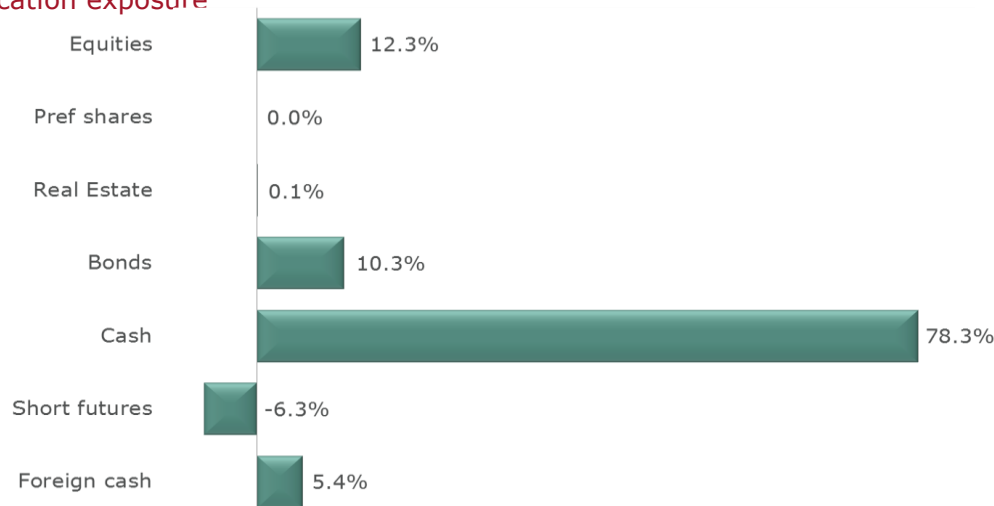
Top ten holdings

| | % of fund |
|-------------------------|--------------|
| AECI | 2.67 |
| Tongaat Hulett | 2.18 |
| Mpact | 1.23 |
| Transpaco | 1.17 |
| Kagiso Media | 1.06 |
| Advtech | 1.04 |
| Royal Bafokeng Platinum | 0.92 |
| Lonmin | 0.87 |
| JSE | 0.40 |
| Mustek | 0.38 |
| Total | 11.92 |

| | |
|-------------------------------------|---|
| 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 |  Low |
| 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 | R86.2 million |
| NAV | 106.25 cents |
| Distribution dates | 30 June, 31 December |
| Last distribution | Nil |
| 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% |
| TER³ | 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 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 from 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 December 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

The fourth quarter of 2011 was a very strong period for global equities, bouncing off their third quarter low points, amidst high volatility. Positive US economic data emerged amidst the European gloom and co-ordinated central bank measures were announced to provide Europe with much needed banking sector liquidity. Many South African companies, especially among the industrials, ended 2011 at all-time high share prices.

The US market was particularly strong (the S&P 500 Index was up by 11.2%), as was the UK market (up 8.7%), outperforming most emerging markets (MSCI Emerging Markets Index was up 4.4% in USD) and the negative Japanese market (the Nikkei Index fell 2.8%).

The Rand was little changed against the US Dollar (+0.1%) and 3.4% stronger against the Euro. The South African Reserve Bank kept interest rates unchanged at multi-decade lows, against a backdrop of rising inflation, which breached the official target in November - partly due to the weaker currency and higher transportation costs. Domestic economic growth prospects are looking softer, however.

The bond market had a relatively strong quarter, with the ALBI delivering 3.5%, despite inflation rate expectations rising on the back of the weaker rand. For 2011, bonds (ALBI: +8.8%) outperformed equities (FTSE/JSE ALSI: 2.6%).

The Kagiso Stable Fund slightly underperformed its peers in the Domestic AA Prudential Variable Equity sector for the quarter. This may be due to its very low equity and bond exposure.

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.

Going forward, we remain very defensively positioned with high rand cash balances, some high conviction equity stock picks and negligible net equity exposure. We have exposure to inflation-linked bonds and a tactically reduced foreign exposure.

Portfolio manager
Gavin Wood