

Performance and risk statistics¹

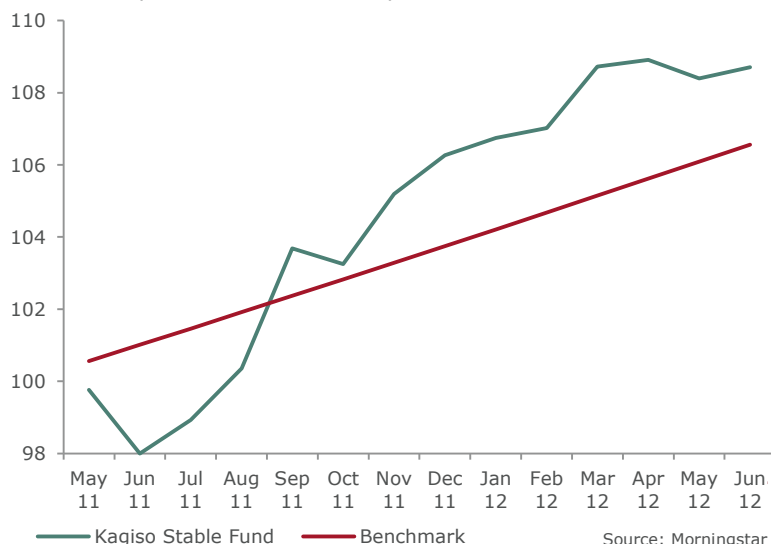
	Fund	Benchmark	Outperformance
1 year	10.9%	5.5%	5.4%
Since inception	7.4%	5.6%	1.8%

Performances annualised

	Fund	Benchmark
Annualised deviation	4.3%	0.1%
Sharpe ratio	-1.7	-51.5
Maximum gain*	5.8%	6.0%
Maximum drawdown*	-1.8%	n/a
% Positive months	76.9%	n/a

*Maximum % increase/decline over any period

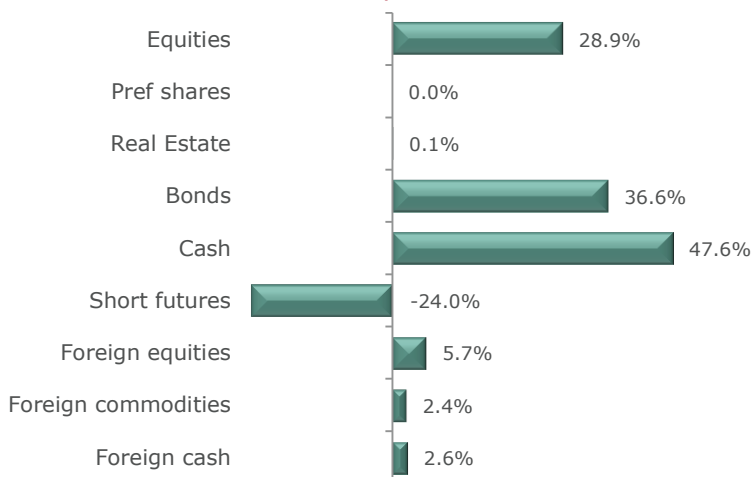
Cumulative performance since inception



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	3 May 2011
Fund size	R88.4 million
NAV	108.38 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	1.55%

Unconventional thinking. Superior performance

Effective asset allocation exposure



Top ten holdings

	% of equities
Lonmin	14.8
Kagiso Media	14.6
MTN	10.8
Tongaat Hulett	10.0
AECI	9.6
Sasol	8.9
Mustek	8.2
Standard Bank	7.6
Mondi	3.8
Pan African Resources	2.6
Total	90.9

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 June 2012. 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 South African equity market held up relatively well (up 1.0%) at aggregate level in rand terms over the quarter and touched its all-time high during the period. The bond market had a good quarter, with the ALBI up 5.2% and was the best performing asset class, due in part to a lowering in inflation expectations and additional foreign bond purchases due to South Africa's inclusion in a major global bond index.

The equity market's resilience masks a massive sectoral diversion, with financial shares (up 4.6%) and industrial shares (up 2.6%) performing strongly and resources shares continuing to head lower (down 3.6%). The weaker currency also supported the equity market, given the heavy weighting towards rand hedge shares in our market.

The rand lost 6.0% against the US dollar and 1.0% against the euro. The South African Reserve Bank kept interest rates unchanged at multi-decade lows. Money market expectations moved materially during the quarter - from expecting rate increases to a situation where an interest rate cut in 2012 is now priced in. Inflation looks to have peaked and to be securely heading into the target band. The South African economy continues to be weak, with a generally poor employment environment and economic weakness in our major trading partners.

The Kagiso Stable Fund continues to reliably deliver on its mandate of outperforming cash deposits, with very low risk of capital loss. It underperformed the average fund in its sector (the Domestic AA Prudential Low Equity sector) for the quarter, due to its defensive equity position and stock selections which detracted over the period.

Going forward, we remain defensively positioned with high effective rand cash exposure and relatively low equity exposure - mostly achieved via hedging. We have exposure to inflation-linked bonds and some foreign exposure to equities, commodity ETF's and foreign cash.

Portfolio manager

Gavin Wood