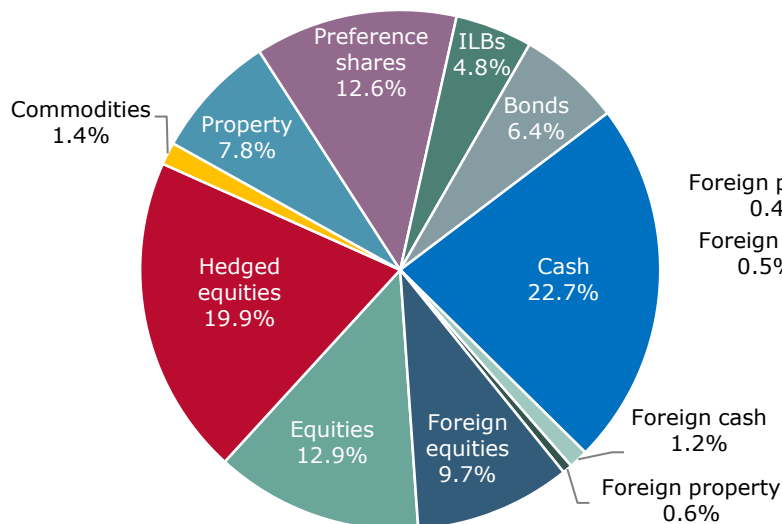


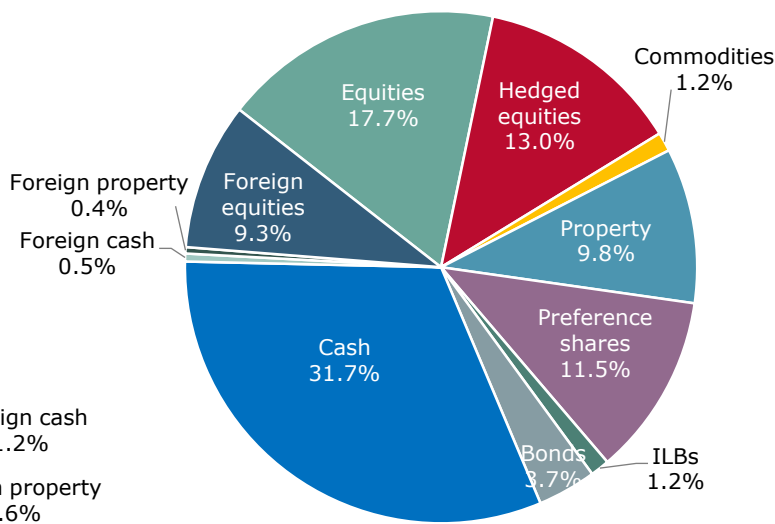
This fund is Regulation 28 compliant and can invest in a wide variety of domestic and international asset classes (such as equities, listed property, conventional bonds, inflation-linked bonds and cash). As the fund aims to maximise returns, it will have a strong bias towards equities - typically the asset class with the highest expected long-term returns. The fund is positioned in our team's best ideas - which emanate from our bottom-up research process - and is actively managed to maximise long-term returns without assuming excess risk of loss.

Asset allocation

Quarter ended March 2017



Quarter ended December 2016



Quarter ended March 2017

Zambezi Platinum Pref	4.8%
Northam Platinum	2.8%
Naspers	2.5%
Equites Property Fund	2.4%
EPE Capital Partners	2.4%
Delta Property Fund	2.1%
AECI	2.0%
Hospitality Property Fund B	1.9%
Allied Electronics	1.8%
Capital Appreciation	1.7%
Total	24.4%

Top 10 holdings

Quarter ended December 2016

Equites Property Fund	2.9%
Capital Appreciation	2.5%
Northam Platinum	2.4%
Delta Property Fund	2.3%
Hospitality Property Fund B	2.2%
Zambezi Platinum Pref	2.1%
AECI	2.1%
EPE Capital	1.9%
Investec Ltd Pref share	1.8%
Naspers	1.7%
Total	21.9%

Fund size R243.28 million

NAV 150.04 cpu

Number of participatory interest: 162,214,923

Income distributions

31 December 2016 2.79 cpu

30 June 2016 2.32 cpu

Key indicators

Economic data	End of quarter figures
Latest consumer price inflation (CPI % YoY)	6.6%
Repo rate (%)	7.0%
3m JIBAR	7.4%
10-year government bond yield	8.9%
Key asset classes (total return)	Quarterly change
MSCI World Equity (US Dollar return)	5.9%
FTSE/JSE All Share Index	-2.1%
FTSE/JSE Listed Property Index	1.3%
BEASSA All Bond Index	0.3%
Commodities and currency	Quarterly change
Platinum (\$/oz)	-12.0%
Gold (\$/oz)	-12.3%
Rand/US Dollar (USD)	-0.2%

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 3.7% for the quarter, ranked 2nd in the ASISA MA Low Equity category (and was also ranked 2nd over one year with a return of 12.6%). This performance resulted from strong local selection in our high conviction mid cap holdings and property stocks and moderate exposure to global equity holdings. The fund has returned 8.8% per annum since its inception in 2011.

Global economic backdrop

Global growth remains low, but the outlook has improved as evidenced by a further pickup in a broad array of sentiment indicators globally. So far, there has been only modest evidence of any follow through of positive sentiment into real activity, and business investment spending in particular remains lacklustre. Importantly, inflation expectations have picked up meaningfully from very low levels.

In the US, consumer and business confidence has remained extremely high post the elections. There is strong evidence of a tightening labour market, which should start feeding through into higher wage increases, with positive knock-on effects for consumption expenditure. Modest recoveries in capital spend and industrial production seems to be largely due the cyclical recovery in the oil and gas market, and expectations are high for a more broad-based rebound. President Trump has been slow to deliver on promised reforms and expansionary fiscal policy, but appears to be softening his stance on protectionism.

European growth remains slow, with the exception of Germany, Spain and Ireland, which seem to be accelerating modestly. Importantly, sentiment has improved despite an uncertain political backdrop with many key economies facing important polls in coming months and the Brexit negotiations looming.

In China, significant fiscal stimulus continues to support fixed asset investment and therefore buoy GDP growth. The stimulus has thus far been effective, providing a much improved backdrop for commodity demand. We are concerned that in the short term, a slowdown of the very buoyant property market will dampen some of the construction-led growth, and that in the medium term, the associated debt build-up makes the current economic path unsustainable.

Emerging market economies have shown good growth into 2017 so far, with Latin America swinging from contraction to reasonable growth, and South Korea, Russia and India accelerating.

South African economic backdrop

The South African economy remains weak, although improving slightly in 2017 due recoveries in agriculture and mining. Recovery expectations are further aided by a much improved inflation and interest rate outlook over the last year due to a recovery in the currency. However, it is clear that a more meaningful improvement will need increased private sector confidence and investment. This is unlikely, due to high policy uncertainty and lack of meaningful growth enabling reforms.

The dramatic events of late March, in particular the very negative leadership changes within the National Treasury, have added significantly to policy uncertainty and have materially eroded the previously high levels of investor confidence in this key institution. The subsequent foreign currency rating downgrades were therefore to be expected and further downgrades are likely if the economy continues to be weak.

These political events will, in the short term, further negatively affect business and consumer confidence. Any further currency weakness from this point is likely to negatively impact the inflation and interest rate outlook. More importantly, the medium-term economic outlook depends critically on political developments - in particular the leadership battles within the ruling party.

Market review

Extreme unconventional monetary stimulus in the form of price agnostic asset purchases has distorted asset prices across the globe for a number of years. Bond yields remain very low, and equity prices are generally high, especially in sectors where stable cashflows are generated, such as consumer staples. 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, accompanied by increased event-driven market volatility (internationally and locally) is causing welcome increased dispersion across equities, as well as across asset classes - a better environment for stock pickers.

Over the quarter, developed equity markets were strong across the board in dollar terms. Hong Kong (up 9.9%), Germany (up 8.8%) and the French market (up 7.1%) were the outperformers. Emerging markets were also very strong (up 11.5% in dollar terms).

The local equity market gained 3.8% over the quarter resulting in a one year return of just 2.5%. Industrials (up 7.1%) outperformed this quarter, with material contributions from index heavyweights (Richemont up 16.8%, British American Tobacco up 15.8%, and Naspers up 14.9%). Food producers were strong (RCL foods up 18.1% and Pioneer foods up 16.5%), as were most of the retailers (Shoprite up 13.9%, Clicks up 12.7%). The healthcare sector (hospital groups and pharmaceutical stocks) came under pressure (healthcare sector was down 7%).

The basic materials sector was positive this quarter (up 2.7%). Outperformers were Exxaro (up 31.7%), Kumba Iron Ore (up 27.6%) and Northam Platinum (up 26.9%). Financials (down 1.9%) underperformed. Bank stock performances were unusually dispersed, with Barclays Africa down 17.3%, FirstRand down 10.7%, Standard Bank down 2.5% and Nedbank up 1.4%. Insurers were generally positive.

The repo rate was unchanged this quarter (7%) but there was considerable inter-quarter movement in forward expectations. Prior to the political disruption at the end of March, the improving inflationary backdrop (primarily due to a strengthening currency) led to market expectations that the rate cycle would begin to turn this year and interest rate cuts later in the year. This situation has now reversed, and the market is now less optimistic on rate changes.

Fund performance and positioning

Strong contributors this quarter were Naspers, our global stocks, and a number of our high conviction mid-cap stocks (Northam Platinum, AECI, Master Drilling and Metair). Key detractors were FirstRand and Sun International, as well as African Rainbow Minerals and Tongaat Hulett (both of which were strong performers in 2016).

In addition to strong equity stock selection our holdings in select local property stocks also added to performance this quarter. Cash, preference shares and commodity ETFs also added moderately. Given the negative economic developments locally, and our assessment that the risks of fiscal deterioration are now materially higher, we consequently have no government bonds exposure, favouring shorter-duration credit instruments and cash instead. Hedging activities detracted marginally this quarter.

The strong rise in global stock markets, together with stock selection meant a meaningfully positive contribution from our global holdings. Strong contributors included insurer Esure and related price comparison company Gocompare.com, as well as Chinese ecommerce company JD.com.

Against a global backdrop of gradually improving global economic growth indicators, 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 cautiously optimistic that financial conditions may have now begun to normalise (in particular higher real rates, inflation and levels of risk-taking), and that there are attractive stock picking opportunities. 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, local mid-cap stocks where we see compelling stock specific drivers and low market valuations. We continue to hold positions in the low-cost PGM miners and certain PGM ETFs.

We maintain a hedge against a large part of our South African equity exposure and maintain some exposure to foreign equities and select local property. We have a large exposure to cash, preference shares, and short-term credit instruments.