

## PORTFOLIO MANAGER COMMENTARY

Despite a difficult start to the year, world markets ended the year in positive territory with the MSCI World index closing the calendar year up 1.8% in dollar terms. Positive earnings surprises by companies, early signs of a sustained global economic recovery and improving sentiment saw world markets rally strongly in the second half of the year (the MSCI World index was up 22.5% in the second half of 2009).

While momentum slowed during the final quarter of the year, markets continued to post positive returns with developed markets in general having a strong final quarter. For the quarter (Q409), the S&P 500 and FTSE 100 posted a dollar return of 6.0% and 7.2% respectively.

Emerging markets continued to outperform developed markets with the MSCI Emerging Markets index closing the quarter up 8.6%. Within the emerging market universe, MSCI Chile and MSCI Israel were the top performing markets, delivering a return of 15.4% and 14.1% respectively.

Commodities were generally stronger over the quarter. Amongst base metals, zinc (up 34.0%) and copper (up 19.7%) performed strongly. On the precious metals side, rhodium (up 51.0%), palladium (up 33.7%) gold (up 8.9%) and platinum (up 13.2%) had notable moves over the quarter. The oil price ended the final quarter of the year at 79.4 dollars per barrel, 12.4% stronger than the previous quarter's closing level. The currency remained strong over the quarter, strengthening by 1.5% and closing at R7.4 to the dollar.

In line with global markets, the local bourse had a strong final quarter with the FTSE/JSE All Share index returning 11.4% in local currency terms. Resources were once again the top performing sector, supported by rising commodity prices and an improving global economic outlook. The FTSE/JSE Resources index closed the quarter up 16.7% outperforming both the financial (up 6.5%) and industrial (up 8.5%) sectors.

On a stock basis, Northam Platinum (up 46%), Anglo American Plc (up 34%) and Netcare (up 33%) were the top performers over the quarter. Construction stocks were amongst the worst performers over the quarter with Murray & Roberts (down 20%), Wilson Bayly (down 13%) and Group 5 (down 12%) all underperforming.

The fund continues to closely track its benchmark, the FTSE/JSE Top 40 index, which ended the quarter up 12.5%.

All index changes that occurred during the quarter were timeously acted upon so as to minimise the relative risk in the fund.

### Portfolio manager

Aslam Dalvi

# KAGISO TOP 40 TRACKER

CLASS A as at 31 December 2009

<b>Fund category</b>	Domestic - Equity - Large Cap
<b>Fund description</b>	Provides low-cost passive access to the JSE Limited and aim to replicate the movements of the FTSE/JSE Top 40 Index over time.
<b>Launch date</b>	23 January 1997
<b>Portfolio manager/s</b>	Aslam Dalvi

<b>Fund size</b>	R69.40 million
<b>NAV</b>	3373.61 cents
<b>Benchmark</b>	FTSE/JSE Top 40 Index

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2009
<b>Domestic Assets</b>	<b>100.00%</b>
<b>Equities</b>	<b>97.90%</b>
Oil & Gas	5.65%
Basic Materials	43.31%
Industrials	3.21%
Consumer Goods	13.47%
Health Care	0.95%
Consumer Services	4.98%
Telecommunications	7.56%
Financials	16.58%
Derivatives	2.18%
<b>Real Estate</b>	<b>1.74%</b>
<b>Cash</b>	<b>0.36%</b>

## TOP 10 HOLDINGS

As at 31 Dec 2009	% of Fund
BHP Billiton Plc	15.74%
Anglo American Plc	12.77%
SABMiller Plc	7.95%
MTN Group Ltd	6.51%
Sasol Limited	5.65%
Standard Bank of SA Ltd	4.72%
Compagnie Financiere Richemont SA	3.87%
Impala Platinum Holdings Ltd	3.82%
Naspers Ltd	3.60%
Anglogold Limited	3.31%
<b>Total</b>	<b>67.94%</b>

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	27.12	22.60	4.52
31 Mar 2009	01 Apr 2009	100.12	90.63	9.49
30 Sep 2008	01 Oct 2008	63.34	49.45	13.89
31 Mar 2008	01 Apr 2008	42.49	22.52	19.97

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(4.84)%	(10.40)%	12.27%	0.50%	11.22%	(3.84)%	10.21%	2.88%	(0.25)%	6.22%	2.99%	2.56%
Fund 2008	(4.76)%	12.44%	(2.66)%	4.81%	4.44%	(4.08)%	(10.06)%	(0.52)%	(14.19)%	(11.93)%	1.57%	0.51%
Fund 2007	1.49%	1.08%	6.72%	2.72%	1.92%	(0.55)%	1.21%	0.80%	5.37%	4.54%	(2.91)%	(4.44)%

## FEES (excl. VAT)

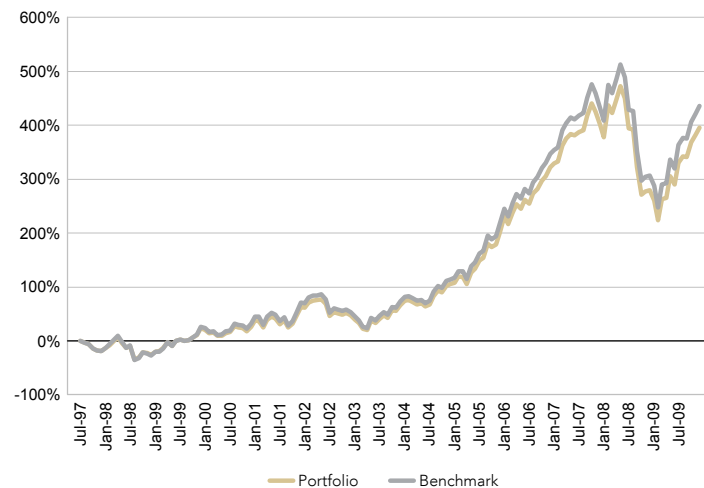
Initial Fee*	Kagiso: 0.00%
Annual Management Fee**	0.50%

\* A portion of Kagiso's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

Total Expense Ratio (TER)<sup>2</sup> 0.68% per annum

## PERFORMANCE AND RISK STATISTIC

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	395.20%	435.45%	(40.25)%
Since Inception (annualised)	13.75%	14.47%	(0.72)%
Latest 5 years (annualised)	19.32%	20.13%	(0.81)%
Latest 3 years (annualised)	5.44%	6.20%	(0.76)%
Latest 1 year (annualised)	30.56%	31.73%	(1.17)%
Year to date	30.56%	31.73%	(1.17)%
2008	(24.45)%	(23.58)%	(0.87)%
2007	18.85%	18.97%	(0.12)%
2006	40.16%	40.90%	(0.74)%
2005	47.18%	48.24%	(1.06)%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	22.29%	23.37%
Sharpe Ratio	0.11%	0.13%
Maximum Gain	36.54%	37.42%
Maximum Drawdown	(43.55)%	(43.42)%
Positive Months	59.73%	60.40%

### Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- Ongoing advice fees may be negotiated to a maximum of 0.25% per annum, charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. 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. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. The manager is a member of ASISA. <sup>1</sup>Performance is quoted from Morningstar as at 31 December 2009 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. <sup>2</sup>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 2009. 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. Coronation Management Company Ltd is a registered collective investment scheme management company, providing hosting and other administrative services for unit trust funds, including Kagiso Funds.