

# Kagiso Top 40 Tracker Fund

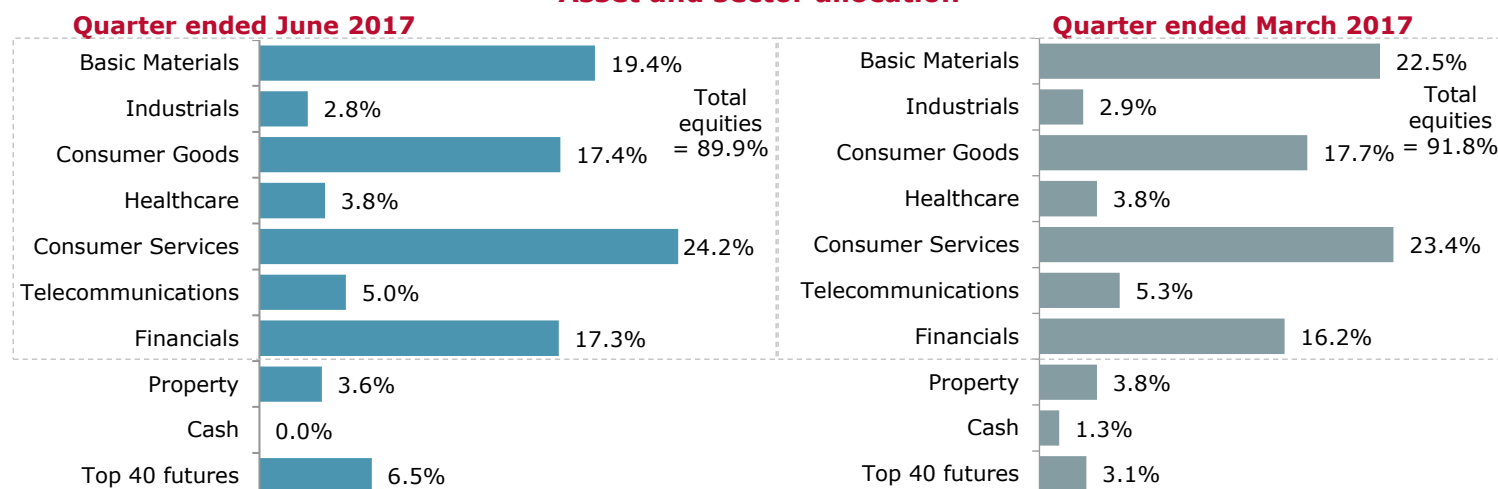
## June 2017



Date of issue: 25 July 2017

This fund aims to be fully invested in the entire stock selection of the JSE/FTSE Top 40 Index.

### Asset and sector allocation



### Top 10 holdings

#### Quarter ended June 2017

Naspers	19.0%
Richemont	9.6%
BHP Billiton	7.3%
British American Tobacco	3.9%
MTN	3.6%
Sasol	3.6%
Anglo American	3.4%
FirstRand/RMB	3.3%
Standard Bank	3.2%
Steinhoff	3.0%
<b>Total</b>	<b>59.9%</b>

#### Quarter ended March 2017

Naspers	17.7%
Richemont	9.5%
BHP Billiton	7.8%
Anglo American	4.8%
British American Tobacco	4.1%
MTN	3.9%
Sasol	3.9%
FirstRand/RMB	3.2%
Standard Bank	3.1%
Steinhoff	2.9%
<b>Total</b>	<b>60.9%</b>

**Fund size** R56.54 million

**NAV** 6,020.61 cpu

**Number of participatory interests** 939,044

#### Income distributions

30 June 2017 64.14 cpu

31 December 2016 68.24 cpu

### Key indicators

Equity markets (total return)	Quarterly change
MSCI World Equity (US Dollar return)	3.4%
MSCI Emerging Market Equity (US Dollar return)	5.5%
FTSE/JSE All Share Index	-0.4%
FTSE/JSE Resources Index	-6.1%
FTSE/JSE Financials Index	0.3%
FTSE/JSE Industrials Index	3.4%
Commodities and currency	Quarterly change
Platinum (\$/oz)	-2.5%
Gold (\$/oz)	-0.6%
Brent Crude (\$/barrel)	-8.9%
Rand/US Dollar (USD)	-2.6%

**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

There has been a fairly meaningful and synchronised improvement in global growth in 2017. Sentiment indicators remain positive, and there are now early signs that business investment is improving. Over the quarter, developed equity markets were again strong across the board in dollar terms. Hong Kong (up 8%), Germany (up 6.8%) and France (up 9.2%) were again the outperformers. Emerging markets were also strong (up 6.4% in dollar terms).

The local economic outlook has worsened over the quarter as confidence has been dented by the actions of government and continuous news of rampant corruption in the public sector. The cyclical rebounds in agriculture and mining have not been enough to offset weakness in consumption and manufacturing sectors. This challenging environment ensures that business confidence, and the private sector's appetite for investment that is necessary to create growth, is severely suppressed. A positive is that strong, broad-based emerging market inflows are supporting the Rand and, together with a weak oil price, are dampening inflation and creating room for moderate interest rate cuts.

Against this backdrop, the local equity market lost 0.4% over the quarter resulting in a low one-year return of 1.7%. Industrials (up 3.4%) outperformed again this quarter, with Naspers contributing materially (up 9.9%). With the exception of Shoprite (up 3.0%), retailers were significantly weaker (Massmart down 22.5%, Truworths down 17.4%, Woolworths down 11.8%, Pick 'n Pay down 9.1%). Food producers were also weak (index down 8.3%).

The basic materials sector closed the quarter down 7% as weaker commodity prices and a stronger currency weighted on gold and platinum shares in particular. Financials were flat (up 0.3%) with Insurers generally weaker and Banks offering a mixed performance over the quarter.

The fund performed marginally below its Benchmark, the FTSE/JSE Top 40 Index, which closed the quarter up 0.94%.