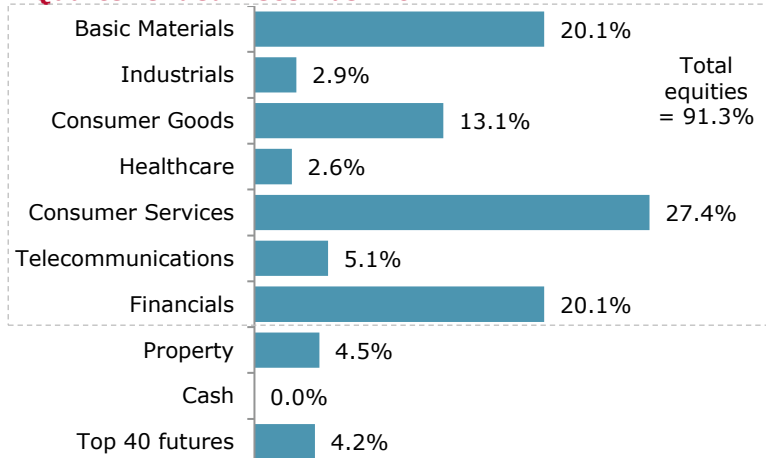


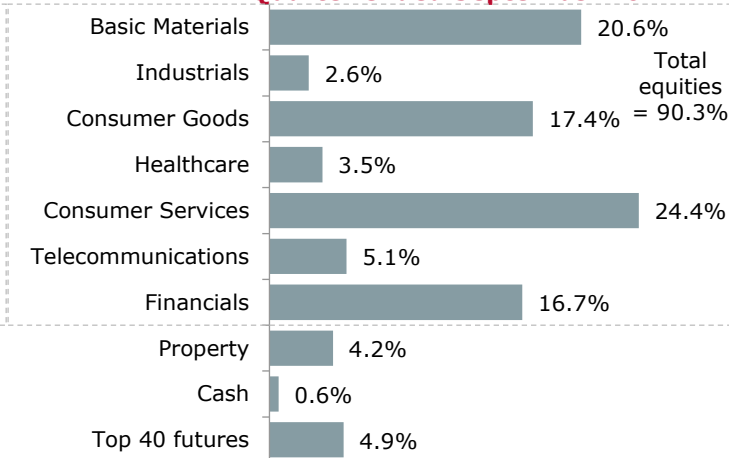
This fund aims to be fully invested in the entire stock selection of the JSE/FTSE Top 40 Index.

**Asset and sector allocation**

**Quarter ended December 2017**



**Quarter ended September 2017**



**Top 10 holdings**

**Quarter ended December 2017**

Naspers	22.5%
Richemont	8.7%
BHP Billiton	8.0%
FirstRand/RMB	4.1%
Anglo American	3.9%
Standard Bank	3.8%
MTN	3.7%
Sasol	3.6%
British American Tobacco	3.1%
Old Mutual	2.8%
<b>Total</b>	<b>64.2%</b>

**Quarter ended September 2017**

Naspers	19.8%
Richemont	9.9%
BHP Billiton	7.9%
Anglo American	4.3%
British American Tobacco	4.0%
MTN	3.6%
FirstRand/RMB	3.3%
Sasol	3.2%
Standard Bank	3.2%
Mondi	2.8%
<b>Total</b>	<b>62.0%</b>

**Fund size** R63.78 million

**NAV** 6,963.60 cpu

**Number of participatory interests** 915,962

**Income distributions**

31 December 2017 77.77 cpu

30 June 2017 64.14 cpu

**Key indicators**

Equity markets (total return)	Quarterly change
MSCI World Equity (US Dollar return)	5.1%
MSCI Emerging Market Equity (US Dollar return)	7.1%
FTSE/JSE All Share Index	7.4%
FTSE/JSE Resources Index	3.6%
FTSE/JSE Financials Index	19.2%
FTSE/JSE Industrials Index	4.7%
Commodities and currency	Quarterly change
Platinum (\$/oz)	1.9%
Gold (\$/oz)	1.4%
Brent Crude (\$/barrel)	17.1%
Rand/US Dollar (USD)	-8.6%

**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

## Kagiso Top 40 Tracker Fund December 2017



Over the quarter, developed equity markets were yet again strong in dollar terms. Japan (up 12.1%), Hong Kong (up 8.8%) and the USA (up 6.6%) were outperformers. Emerging markets were also strong (up 7.5% in dollar terms). 2017 has been an exceptionally strong year for equity markets, with the MSCI World Free Index up 23.1% over the year.

Against a very favourable global growth backdrop, South Africa's economic growth was weak in 2017 (0.8% expected) as both consumer and business confidence was damaged by policy actions of government and continuous news of corruption in the public sector. Private investment relative to GDP is very depressed and household consumption growth is slow. The health of the national fiscus has deteriorated due to very low growth, escalating pressure from state owned enterprises, and a worrying decrease in tax collection efficiency.

Although the reformists' apparent win at the ANC elective conference in December was deeply compromised and extremely narrow, it does hopefully avert the worst case scenarios and provide increased confidence for a positive change in the direction of future policy.

Locally, the equity market was again strong over the quarter (up 7.4%). Financials (up 19.2%) outperformed this quarter, with Discovery, FirstRand and Barclays Africa contributing materially (up 33.1%, 32.7% and 30.9% respectively).

For the quarter, Industrials were up 4.7%, with heavyweight Naspers (up 18.2%) and the retailers (Foschini up 45.4%, Mr Price up 37.7% and Massmart up 25.1%) contributing, while Steinhoff detracted as allegations of fraud led to the stock declining 92% over the quarter. Telecommunication company performance was mixed (Telkom down 16.9%, Vodacom down 7.2%, while MTN was up 9.8%) and food producers recovered this quarter (up 18.9%). Resources were positive (up 3.7%), with standout positive performances from Kumba Iron Ore (up 72%) and African Rainbow Minerals (up 31.6%).

For the 2017 year, all sectors performed strongly (industrials up 25.6%, financials up 24.4% and resources up 16.8%). Large caps (up 23.2%) significantly outperformed mid-caps and small caps (up 7.4% and 3.0% respectively).

After fees and trading costs, the fund performed marginally below its benchmark, the FTSE/JSE Top 40 Index, which closed the quarter up 6.7% and the year up 23.1%.