

# Kagiso Top 40 Tracker Fund

## September 2018

Date of issue: 26 October 2018

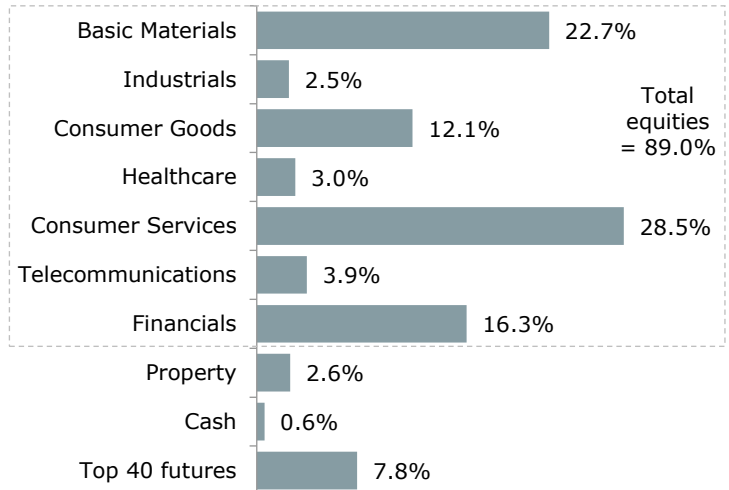
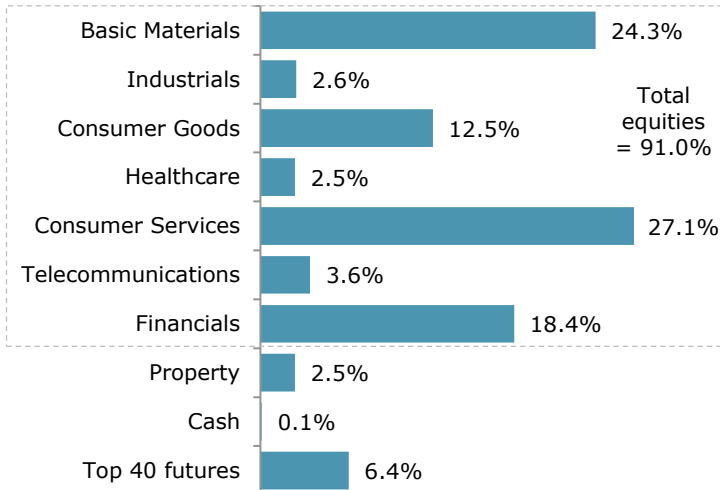


This fund aims to be fully invested in the entire stock selection of the JSE/FTSE Top 40 Index.

### Quarter ended September 2018

### Quarter ended June 2018

#### Asset and sector allocation



#### Top 10 holdings

Naspers	20.2%
BHP Billiton	10.0%
Richemont	9.2%
Anglo American	4.9%
Sasol	4.5%
FirstRand/RMB	4.2%
Standard Bank	3.5%
MTN	2.9%
Mondi	2.6%
British American Tobacco	2.5%
<b>Total</b>	<b>64.5%</b>

Naspers	21.8%
BHP Billiton	9.5%
Richemont	8.7%
Anglo American	4.5%
Sasol	4.1%
FirstRand/RMB	3.7%
Standard Bank	3.6%
MTN	2.9%
Mondi	2.6%
British American Tobacco	2.6%
<b>Total</b>	<b>64.0%</b>

**Fund size** R 62.38 million  
**NAV** 6540.17 cpu  
**Number of participatory interests** 953,882

**Income distributions**  
 30 June 2018 86.16 cpu  
 31 December 2017 77.77 cpu

#### Key indicators

Equity markets (total return)	Quarterly change
MSCI World Index (USD)	5.0%
MSCI Emerging Market Equity (US Dollar return)	-1.1%
FTSE/JSE All Share Index	-2.2%
FTSE/JSE Resources Index	4.6%
FTSE/JSE Financials Index	4.2%
FTSE/JSE Industrials Index	-8.2%
Commodities and currency	Quarterly change
Platinum (\$/oz)	-4.4%
Gold (\$/oz)	-4.8%
Brent Crude (\$/barrel)	5.5%
Rand/US Dollar (USD)	3.0%

**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

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For a number of years, extreme unconventional monetary stimulus in the form of price agnostic asset purchases has distorted asset prices across the globe. Global bond yields remain very low (pricing in extremely low levels of future long-term inflation), corporate bond credit spreads are extremely suppressed and equity prices are high, especially in sectors where growth prospects are well appreciated.

Global bond rates are rising from the record low levels of 2016, accompanied by signs of rising inflation, particularly in the US. Importantly, the rate of total global central bank asset purchases peaked in early 2017 and is steadily reducing as monetary stimulus programs are withdrawn. These changes in trend are causing a more normal (higher) level of market volatility and a welcome increase in dispersion across equities, as well as across asset classes – a better environment for stock pickers.

Over the quarter, equity markets were stronger. The US and Japan outperformed (up 7.7% and 6.3% respectively) while Hong Kong (down 2.2%) and the UK (down 1.8%) underperformed. Emerging markets were mixed (down 0.9% in dollar terms with Brazil and Russia outperforming and South Africa and Turkey weaker).

Locally, the equity market was weak (down 2.2%). Financials (up 4.2%) outperformed this quarter, with Capitec Bank, Discovery, Sanlam and FirstRand the biggest gainers. The property sector was negative again and is now down 22.2% this year.

Resources were positive again this quarter (up 4.7% and up 24.1% this year), with PGM miners outperforming (up 25.5%), while the gold sector (down 5.9%) lagged. Standout positive performers were Impala Platinum (up 44.4%), African Rainbow Minerals (up 29.4%) and Northam Platinum (up 18.0%), while Gold Fields (down 28.2%) underperformed.

Industrials were down 8.1%, with Aspen Pharmacare (down 32.0%), Tiger Brands (down 17.2%), MTN (down 14.9%) and Naspers (down 6.5%) particularly weak. The hospitals sector was also weak (down 9.8%). Standout positive performers were Bidcorp (up 12.4%) and Richemont (up 3.6%).

After fees and trading costs, the fund performed marginally below its benchmark, the FTSE/JSE Top 40 Index, which closed the quarter down 2.72%.