

Kagiso Top 40 Tracker Fund

September 2019

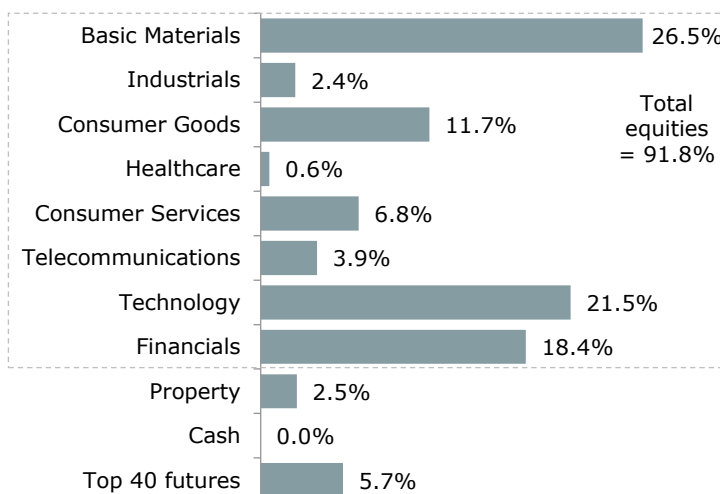
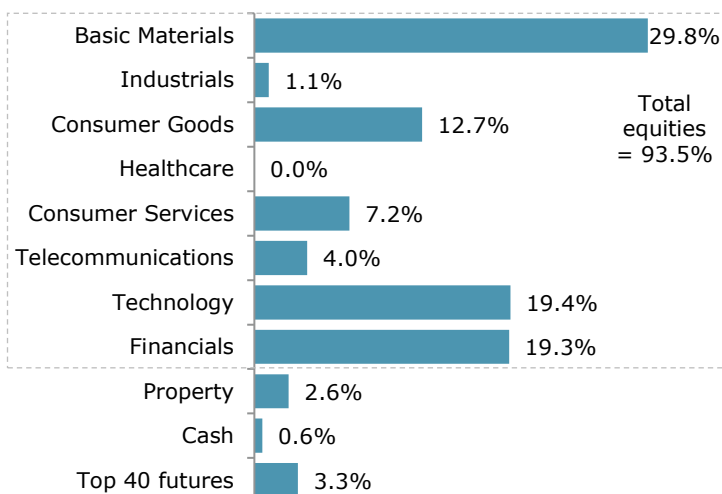
Date of issue: 22 October 2019



Quarter ended September 2019

Quarter ended June 2019

Asset and sector allocation



Top 10 equity holdings

Naspers	16.4%
BHP Group	11.2%
Richemont	9.4%
Anglo American	7.4%
FirstRand/RMB	4.2%
Standard Bank	3.7%
Prosus	3.0%
MTN	2.9%
British American Tobacco	2.7%
Sasol	2.3%
Total	63.2%

Naspers	21.6%
BHP Group	11.2%
Richemont	9.0%
Anglo American	5.9%
FirstRand/RMB	4.2%
Standard Bank	3.7%
Sasol	2.9%
MTN	2.8%
Mondi	2.3%
British American Tobacco	2.1%
Total	65.7%

Fund size R59.60 million
NAV 6 386.03 cpu
Number of participatory interests 933,304

Income distributions
 30 June 2019 116.33 cpu
 31 December 2018 94.34 cpu

Key indicators

Equity markets (total return)	Quarterly change
MSCI World Index (USD)	0.5%
MSCI Emerging Market Equity (US Dollar return)	-4.2%
FTSE/JSE All Share Index	-4.6%
FTSE/JSE Resources Index	-7.3%
FTSE/JSE Financials Index	-7.7%
FTSE/JSE Industrials Index	-2.3%
Commodities and currency	Quarterly change
Platinum (\$/oz)	5.8%
Gold (\$/oz)	4.5%
Brent Crude (\$/barrel)	-7.1%
Rand/US Dollar (USD)	7.4%

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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Growth expectations have continued to retreat this quarter as business confidence has deteriorated with accelerating US protectionism, particularly in the global manufacturing sector (especially Europe and Japan). Consequently, key central banks have abruptly ended their tightening and begun loosening monetary policy and signaling more accommodation, should economic activity deteriorate. Trade activity continues to weaken due to the ongoing trade dispute between the US and China and this seems to be dampening business confidence.

Locally, there was a moderate recovery in growth in the second quarter as the severe electricity-supply disruptions of the first quarter abated. Nevertheless, the South African economy continues to deliver a very weak performance, with persistently low business confidence, contracting fixed investment and lackluster consumption growth amidst a steadily deteriorating labour market. Continued progress in governance improvements (strengthening of corruption fighting institutions and improving corporate governance and senior leadership at SOCs) is being accompanied by frustratingly slow economic policy action in the face of a deteriorating fiscal position.

Global markets were only moderately higher in the last quarter in US dollars (up 0.7%) with the USA (up 1.7%) and Japan (up 2.8%) offsetting declines in France (down 1.4%), Germany (down 3.8%) and the UK (down 2.2%). Emerging markets (down 4.1% in dollar terms) were weak, particularly South Korea (down 4.8%), India (down 5.2%) and South Africa (down 12.4%).

In rand terms, the local equity market was negative this quarter (down 4.6%) with the resources sector (down 7.3%) underperforming. Diversified miners were weak, while gold and platinum miners were strong again (up 12.4% and 25.8% respectively). Standout performers included Northam Platinum (up 40.9%), Impala Platinum (up 36.6%) and Harmony Gold (up 36.4%).

Financials were down 6.8%, with Discovery (down 23.5%) and the banks (down 7.8%) being particularly weak. Listed property was also weak (down 4.5%), with Intu Properties (down 38.6%) the worst.

Industrials (down 2.1%) outperformed. Large companies, including MTN (down 8.0%) and Richemont (down 4.1%), underperformed, while British American Tobacco (up 13.7%) was strong.

After fees and trading costs, the fund performed marginally below its benchmark, the FTSE/JSE Top 40 Index, which closed the quarter down 5.2%.