Kagiso Protector Fund

December 2009

KAGISO Asset Management

The fund's objective is to achieve reliable real rates of returns of the medium to long-term, while significantly lowering the chance of rolling negative returns over a reasonably short time horizon i.e. two years. It aims to do this with relatively low portfolio volatility and with low potential for severe downside movements. In order to achieve this objective the fund uses a dynamic asset allocation strategy to reduce volatility and downside risk and is positioned in the best ideas from the Kagiso botton-up research process.

Inception date	11 December 2002
Portfolio manager	Jihad Jhaveri
Fund mandate	Absolute return
Vehicle	Pooled
Benchmark	Risk adjusted returns of an appropriate SA large cap index
Performance target	CPI + 5% p.a.
Composite size	R4 million
Minimum	No minimum

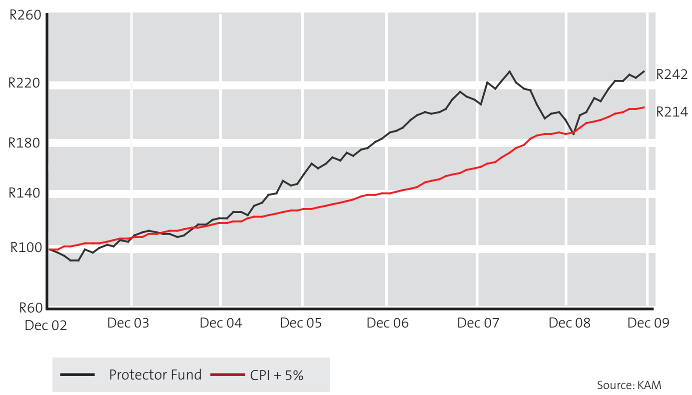
Portfolio Detail

Commentary

The Kagiso Protector Fund outperformed the CPI + 5% by 2.0% since its inception. The FTSE/JSE Top 40 SWIX index was up 9.87% over the quarter, building on its massive recovery rally. Since the market peak of May 2008, the fund has succeeded in its objective of asymmetric equity market participation, resulting in the fund producing solid real returns ahead of inflation over longer periods. Going forward, it is still our view that long-term inflation beating returns will be achieved through exposure to carefully selected equities. The fund's protected equity mechanisms will also substantially dampen the impact of a market correction and will benefit the fund from possible market volatility.

Track Record

Value of R100 invested at inception (dividends reinvested)



Source: KAM

Effective asset allocation exposure

As at 31 December 2009

Domestic assets	**100.00%**
◆ **Effective equities**	**58%**
◆ **Effective cash**	**42%**

Performance in ZAR (net of fees)

Period	1 yr	3 yrs[1]	5 yrs[1]	Cum[1,2]	2006	2007	2008	2009
Fund	15.19%	7.82%	14.24%	13.49%	21.05%	13.45%	(4.09%)	15.19%
CPI + 5%	10.37%	13.72%	12.10%	11.46%	10.25%	13.96%	15.70%	10.37%
Out (under) performance	4.82%	(5.90%)	2.14%	2.03%	10.79%	(0.51%)	(19.79%)	4.82%

[1] Annualised; [2] Inception date: 11 December 2002

Figures to 31 December 2009

Total fund assets: 2006: R82m; 2007: R84m; 2008: R7m; 2009: R 4m

Total firm assets: 2006: R4 704m; 2007: R6 267m; 2008: R8 930m; 2009: R 17 725m

Source: KAM

Top 10 holdings

As at 31 December 2009	% of Fund
MTN	8.23%
Sasol	5.14%
Standard Bank	4.06%
Naspers	3.88%
Tongaat Hulett	2.64%
FirstRand	2.37%
Impala Platinum	1.76%
Richemont Securities	1.71%
Absa Group	1.71%
BHP Billiton	1.71%
Total	33.21%

Risk statistics since inception

	Fund	Top 40 Index
Risk adjusted returns (RAR)	1.28%	0.95%
Annualised monthly volatility	10.53%	19.80%
Annualised monthly tracking error	10.66%	0.00%
Information ratio[4]	0.19	n/a
Sharpe ratio	0.62	0.60
Maximum gain	9.49%	14.67%
Maximum drawdown[5]	0.00%	-12.70%
% Positive months	61.90%	62.35%
Beta vs benchmark	0.08	1

[4] Information ratio = $\frac{\text{outperformance}}{\text{tracking error}}$ [5] Maximum % decline over any period

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