

Performance and risk statistics¹

	Fund	Benchmark	Outperformance
1 year	0.2%	11.5%	-11.3%
3 years	8.2%	10.4%	-2.2%
5 years	6.6%	12.0%	-5.4%
Since inception	11.5%	10.8%	0.7%

All performances annualised

	Fund	Benchmark
Annualised monthly volatility	9.6%	1.6%
Annualised monthly tracking error	9.9%	0.0%
Information ratio*	0.0	n/a
Sharpe ratio	0.3	1.5
Maximum gain [#]	9.5%	2.9%
Maximum drawdown [#]	-20.4%	-0.4%
% Positive months	60.6%	99.1%
Beta vs benchmark	-0.4	1.0

* Information ratio = $\frac{\text{outperformance}}{\text{tracking error}}$ # Maximum % increase/decline over any period

Cumulative performance since inception



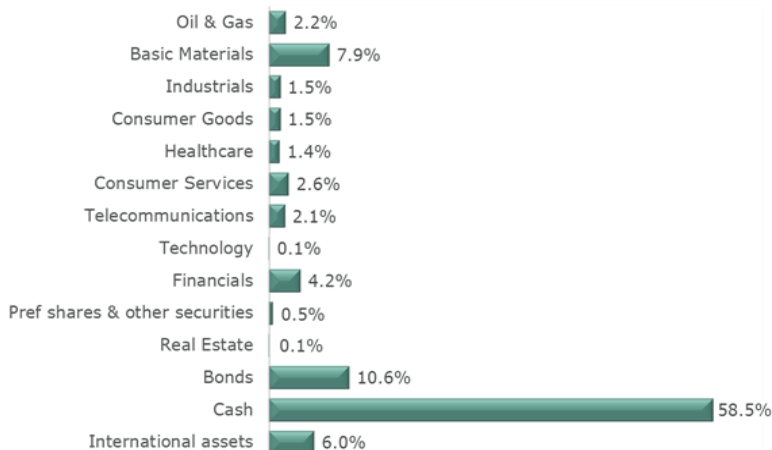
Portfolio manager Jihad Jhaveri
Fund mandate Absolute return
Fund objective To achieve reliable real rates of returns in the medium to long term, while significantly lowering the chance of rolling negative returns over a reasonably short time horizon, ie two years. It aims to do this with relatively 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 bottom-up research process.

Vehicle Pooled
Benchmark CPI + 5% pa
Launch date 11 December 2002
Fund size R153.0 million
Minimum No minimum
Commentary

Implied option volatility as measured by the South African Volatility Index (SAVI), moved down to a more reasonable 24.8% from 32.7% during the quarter. As always, we aim to minimise the cost of downside protection through an optimal blend of our dynamic asset allocation model, outright put options, and tactical cash overlays. Since inception, fund volatility has been 9.6% vs 19.0% for the FTSE/JSE Top 40 Index. Our equity asset allocation is low (currently 31% effective) and remains defensively positioned with a strong focus on quality, lower risk, attractively priced companies. During 2011 we moved significantly out of industrial shares, many of which are trading at all-time highs and anticipating very strong earnings prospects, and into selected resources stocks, especially platinum group metal miners. We hold a meaningful position in inflation-linked bonds, and have built up some exposure to select international stocks. We have a holding in platinum group metal exchange traded funds. The long-term goal is to balance the return targets (to produce strong real returns) with the risk tolerance (to minimise drawdowns). This is a challenging remit and will mean, at certain times, more of a focus on returns and, at other times, more of a focus on drawdown protection, which is the case at present.

----- Unconventional thinking. Superior performance -----

Sectoral exposure



Top ten holdings

	% of fund
MTN	5.4
Sasol	4.4
Firststrand/RMB	4.2
Standard Bank	3.3
Lonmin	3.1
Naspers	2.8
Tongaat Hulett	2.7
Mondi	2.4
Impala Platinum	2.1
AECI	1.5
Total	31.8

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¹ Fund returns are sourced from Kagiso Asset Management, and benchmark returns from I-Net. Fund performance figures are gross of management fees, net of all applicable withholding and gross of SA Capital Gains Tax. Calculation is based on a lump sum investment, with income re-invested.