

Kagiso Protector Fund

June 2010

The fund's objective is 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 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 bottom-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

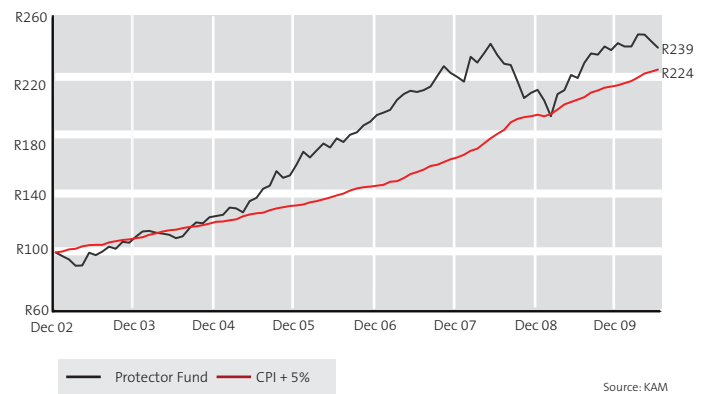
Portfolio detail

Commentary

Implied option volatility (an indicator of the cost of portfolio insurance), as measured by the South African Volatility index (SAVI) dropped to below 19% in April, the lowest level since 2007 and well below the credit crisis peak of 58% in October 2008. Investor fear levels which were well below average in April increased substantially as the SAVI ended the quarter close to 30%. Globally, inflation is expected to remain subdued in the medium-term, primarily as a result of excess capacity. In South Africa the upward pressure of administered price increases (electricity and municipal rates) should be countered by low food inflation and still low import inflation. The Kagiso Protector Fund continues to be positioned so as to produce long-term returns in excess of inflation, whilst protecting against any potential downside and high volatility in the equity markets.

Track record

Value of R100 invested at inception (dividends reinvested)



Effective asset allocation exposure

As at 30 June 2010

Domestic assets	100.00%
◆ Effective equities	38%
◆ Effective cash	62%

Performance in ZAR (net of fees)

Period	1 yr	3 yrs ¹	5 yrs ¹	Cum ^{1,2}	2006	2007	2008	2009
Fund	9.45%	4.59%	11.78%	12.34%	21.05%	13.45%	(4.09%)	15.19%
CPI + 5%	9.95%	13.19%	12.12%	11.38%	10.25%	13.96%	15.70%	10.37%
Out (under) performance	(0.49%)	(8.60%)	(0.34%)	0.97%	10.79%	(0.51%)	(19.79%)	4.82%

¹ Annualised; ² Inception date: 11 December 2002

Figures to 30 June 2010

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 30 June 2010

	% of Fund
MTN	5.59%
Sasol	3.31%
Standard Bank	2.82%
Naspers	2.67%
FirstRand	1.89%
Impala Platinum	1.86%
Richemont Securities	1.68%
Absa Group	1.47%
BHP Billiton	1.41%
Tongaat Hulett	1.28%
Total	23.96%

Risk statistics since inception

	Fund	Top 40 Index
Risk adjusted returns (RAR)	1.19%	6.33%
Annualised monthly volatility	10.35%	1.80%
Annualised monthly tracking error	10.46%	0.00%
Information ratio ⁴	0.09	n/a
Sharpe ratio	0.57	2.75
Maximum gain	9.49%	2.75%
Maximum drawdown ⁵	(3.66%)	0.00%
% Positive months	60.00%	98.89%
Beta vs benchmark	0.18	1

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