

Kagiso Balanced Fund

June 2010

The fund's objective is to significantly outperform the median manager in the domestic retirement fund manager peer group. The fund has a balanced mandate and investments are diversified across equities, bonds and cash. The fund is actively managed and positioned in the best ideas from the Kagiso bottom-up research process. The fund is structured to comply with Regulation 28 of the Pension Funds Act.

Inception date	1 May 2007
Portfolio manager	Gavin Wood
Fund mandate	Prudential regulation compliant domestic balanced fund
Vehicle	Pooled
Benchmark	Median return of Alexander Forbes SA Manager Watch: BIV survey
Composite size	R62 million
Minimum	No minimum

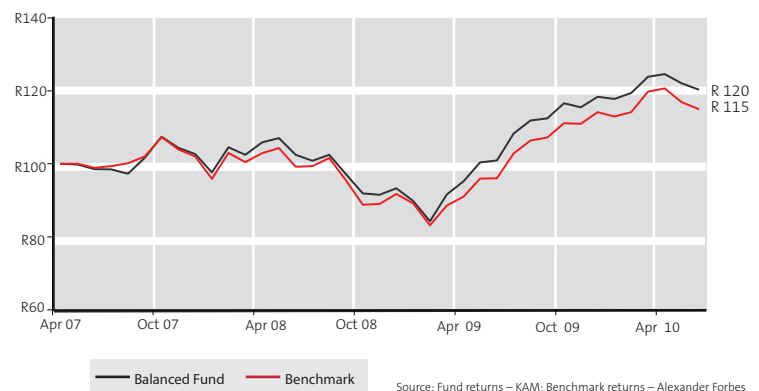
Portfolio detail

Commentary

The fund recorded a return of 6.03% since its inception to 30 June 2010, outperforming the benchmark's 4.53% by 1.50%. We have continued to reduce equity exposure in the fund to around 60% following a strong recovery in equity markets since March 2009. Within equities, the fund remains underweight in selected resources counters in particular gold shares, whilst maintaining overweight positions in financials, notably banks and selected defensive industrial shares. During the recent bond market rally we have reduced our bond exposure over the quarter in favour of cash and other money market instruments.

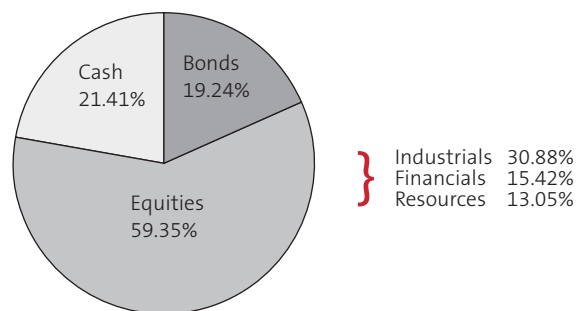
Track record

Value of R100 invested at inception (dividends reinvested)



Asset allocation exposure

As at 30 June 2010



Performance in ZAR (gross of fees)

Period	1 yr	2 yrs ¹	3 yrs ¹	Cum ^{1,2}	2008	2009
Fund	19.24%	8.38%	6.91%	6.03%	(9.14%)	26.84%
Benchmark ³	19.60%	7.61%	5.17%	4.53%	(10.14%)	24.50%
Out (under) performance	(0.35%)	0.77%	1.74%	1.50%	1.00%	2.34%

¹ Annualised; ² Inception date: 1 May 2007

³ Median return of Alexander Forbes SA Manager Watch: BIV survey

Figures to 30 June 2010

Total fund assets: 2008: R48m; 2009: R61m

Total firm assets: 2008: R8 930m; 2009: R 17 775

Source: Fund returns – KAM; Benchmark returns – Alexander Forbes

Top 10 equity holdings

As at 30 June 2010	% of Equities	% of Fund
MTN	12.15%	12.06%
Sasol	8.65%	8.59%
Naspers	8.64%	8.58%
Standard Bank	6.95%	6.90%
Tongaat Hulett	5.47%	5.43%
Discovery	4.47%	4.44%
FirstRand	4.21%	4.18%
British American Tobacco	3.78%	3.75%
SABMiller	2.97%	2.95%
RMB Holdings	2.60%	2.58%
Total	59.89%	59.46%

Risk statistics since inception

	Fund	Benchmark
Annualised monthly volatility	13.00%	13.21%
Annualised monthly tracking error	3.37%	0.00%
Information ratio ⁴	0.45	n/a
Sharpe ratio	0.02	(0.09)
Maximum gain	8.67%	7.46%
Maximum drawdown ⁵	(1.98%)	(3.13%)
% Positive months	51.35%	64.86%
Beta vs benchmark	0.95	1

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

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