

## Performance and risk statistics<sup>1</sup>

	Fund	Benchmark	Outperformance
1 year	18.2%	20.2%	-2.1%
2 years	18.7%	19.9%	-1.2%
3 years	11.6%	11.7%	-0.1%
Since inception	8.8%	8.1%	0.7%

All performances annualised

	Fund	Benchmark
Annualised monthly volatility	11.9%	12.3%
Annualised monthly tracking error	3.0%	n/a
Information ratio*	0.2	n/a
Sharpe ratio	0.0	n/a
Maximum gain <sup>#</sup>	8.7%	7.5%
Maximum drawdown <sup>#</sup>	-6.2%	-7.0%
% Positive months	54.0%	64.0%
Beta vs benchmark	0.9	1.0

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

Cumulative performance since inception



**Portfolio manager** Gavin Wood

**Fund mandate** Prudential regulation compliant domestic balanced fund

**Fund objective** 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.

**Vehicle** Pooled

**Benchmark** Median return of Alexander Forbes SA Manager Watch: BIV Survey

**Launch date** 1 May 2007

**Fund size** R274.1 million

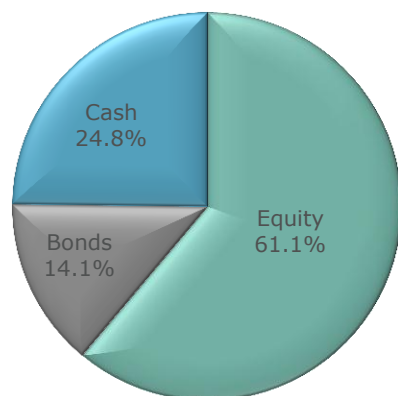
**Minimum** No minimum

### Commentary

The second quarter of 2011 exhibited further volatility as global economic data releases showed a slowing in the world economy, particularly in the overly-indebted USA and Europe, but also in China. Western governments continue to grapple with their financial positions, with the European periphery and the US, making the headlines in this regard. Consumer confidence in the US has weakened as the jobs and housing markets remain very weak. Inflation concerns are heightened by the rise in commodity prices and, consequently, monetary policy has been tightening further in a number of economies. This is very much in line with our long held bearish view on the world economy post the financial crisis. Equity markets had a flattish quarter and, on average, emerging markets underperformed developed markets slightly. Commodity prices were very volatile but mostly weaker over the quarter; the rand was firm against developed market currencies. The bond market had a particularly strong quarter, with the ALBI delivering 3.9% as foreign buying of South African bonds returned in size. The fund remains appropriately positioned in our best stock selections, based on our team's proven bottom-up stock-picking process.

Unconventional thinking. Superior performance

## Asset allocation exposure



Industrials	24.5%
Financials	13.0%
Resources	23.7%

## Top ten holdings

	% of fund
Sasol	9.7
MTN	9.7
Firststrand/RMB	6.9
Mondi	6.6
Tongaat Hulett	5.9
Naspers	5.6
Standard Bank	5.1
Impala Platinum	3.7
African Rainbow Minerals	3.5
AECI	3.4
<b>Total</b>	<b>60.0</b>

Kagiso Asset Management (Pty) Limited is a licensed financial services provider under the Financial Advisory and Intermediate Services Act No. 37 of 2002 ('FAIS') (FSP No. 784) and is approved by the Registrar of Financial Services Providers (www.fsb.co.za). Registration No. 1998/015218/07. Kagiso is a member of the Association for Savings and Investment SA (ASISA). 'The Firm' refers to Kagiso Asset Management, which is a subsidiary of Kagiso Trust Investments. The availability of a complete list and description of all of the firm's composites is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. Kagiso takes no responsibility for any information contained herein or attached. Such information is not intended to, nor does it constitute, financial, tax, legal, investment or other advice, including but not limited to 'advice' as that term is defined in FAIS. Kagiso does not guarantee the suitability or potential value of any information found in this communication. The user of this communication should consult with a qualified financial advisor before relying on any information found herein and before making any decision or taking any action in reliance thereon. The user of any of this information should be aware that market fluctuations and changes in rates of exchange may have an effect on the value, price or income of investments. As the performance of financial markets fluctuates, an investor may not retain the full amount invested. Past performance is not necessarily a guide to future investment performance. The management fee for the fund is as follows: flat fee of 0.60% pa.

<sup>1</sup> Fund returns are sourced from Kagiso Asset Management, and benchmark returns from Alexander Forbes. 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.