

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

	Fund	Benchmark	Outperformance
1 year	9.1%	8.8%	0.3%
2 years	11.5%	11.9%	-0.3%
3 years	8.3%	7.4%	0.9%
Since inception	9.1%	8.9%	0.1%

All performances annualised

	Fund	Benchmark
Annualised monthly volatility	4.9%	7.4%
Annualised monthly tracking error	3.1%	n/a
Information ratio*	0.1	n/a
Sharpe ratio	0.0	n/a
Maximum gain <sup>#</sup>	4.9%	8.5%
Maximum drawdown <sup>#</sup>	-2.1%	-2.9%
Positive months	69.6%	66.1%
Beta vs benchmark	0.6	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** South African bonds

**Fund objective** To outperform the benchmark over time. The fund offers exposure to the South African bond market and invests in a range of government, parastatal and corporate bonds. The fund is actively managed and performance is achieved by identifying investment opportunities across the interest rate spectrum. The bulk of performance is expected to be achieved via duration management with credit management also contributing.

**Vehicle** Pooled

**Benchmark** BESA All Bond Index

**Launch date** 1 May 2007

**Fund size** R41.2 million

**Minimum** No minimum

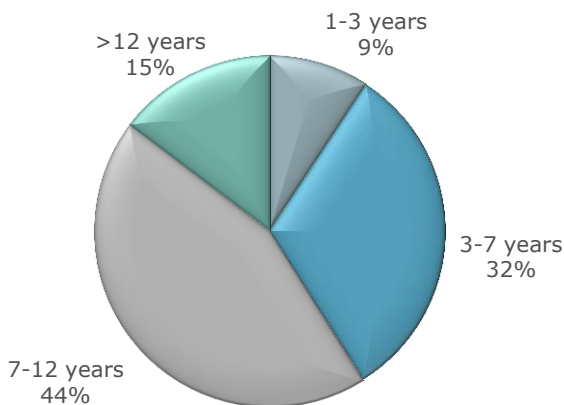
**Commentary**

The bond market had a relatively strong quarter, with the ALBI delivering a return of 3.5%, despite inflation rate expectations rising on the back of the weaker rand. Foreign demand for SA bonds and weaker macro data supported the local market and saw yields drift lower across most of the bond curve.

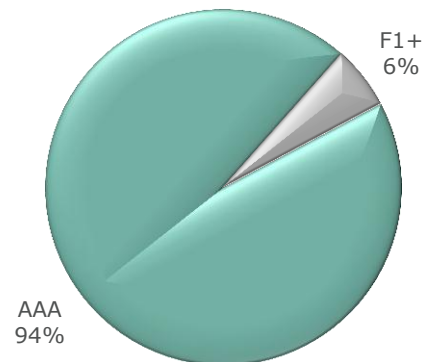
Falling rates and a short duration position in the fund saw the Kagiso Bond Fund marginally underperform its benchmark (All Bond Index) over the quarter. We continue to prefer the middle of the yield curve and are underweight the shorter (1-3 year segment) and longer end (12+ years segment) of the curve which we believe looks fairly valued.

Unconventional thinking. Superior performance

**Term exposure**



**Credit exposure**



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<sup>1</sup> 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.