

Performance and risk statistics¹

	Fund	Benchmark	Outperformance
1 year	4.3%	4.3%	0.1%
3 years	19.0%	17.9%	1.1%
5 years	9.8%	8.7%	1.2%
Since inception	19.5%	18.4%	1.0%

All performances annualised

	Fund	Benchmark
Annualised monthly volatility	16.7%	16.8%
Annualised monthly tracking error	2.1%	n/a
Information ratio*	0.5	n/a
Sharpe ratio	0.7	n/a
Maximum gain [#]	11.3%	10.9%
Maximum drawdown [#]	-35.7%	-37.0%
% Positive months	62.8%	65.1%
Beta vs benchmark	1.0	1.0

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

Cumulative performance since inception



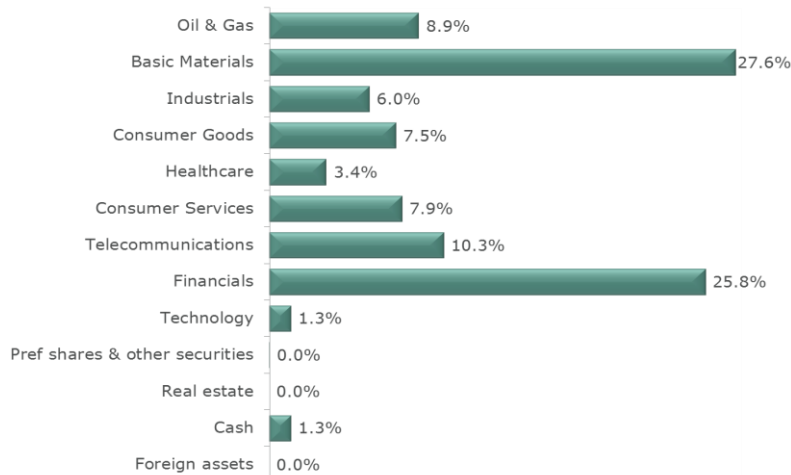
Portfolio manager	Gavin Wood
Fund mandate	South African equities - core
Fund objective	To maximise performance within a reasonably tight tracking error constraint. The fund aims to be fully invested in South African equities on a consistent basis, and conservatively positioned in the best ideas from the Kagiso bottom-up research process. Significant emphasis is placed on risk management relative to benchmark.
Vehicle	Pooled
Benchmark	FTSE/JSE SWIX Index (J403)
Launch date	1 November 2004
Fund size	R8.1 billion
Minimum	No minimum

Commentary

The fourth quarter was a very strong period for global equities, bouncing off their third quarter low points, amidst high volatility. Positive US economic data emerged amidst the European gloom and co-ordinated central bank measures were announced to provide Europe with much needed banking sector liquidity. The US and UK markets were particularly strong, outperforming most emerging markets and the negative Japanese Nikkei. Commodity prices were mixed, but oil prices were up due to ongoing Middle East instability and slightly stronger economic news. Gold, platinum and most other commodities relevant to South African miners were significantly down, while copper was up. The Rand was little changed against the US Dollar and stronger against the Euro. Interest rates were unchanged against a backdrop of rising inflation, which breached the official target in November - partly due to the weaker currency and higher transportation costs. Domestic economic growth prospects are looking softer, however. We remain defensively positioned with a strong focus on quality, lower risk companies, which are attractively priced. Over the last year we have moved the portfolio 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.

Unconventional thinking. Superior performance

Sectoral exposure



Top ten holdings

	% of fund
MTN	9.6
Sasol	8.8
Firststrand/RMB	6.9
Naspers	5.9
Standard Bank	5.3
BHP Billiton	4.8
Impala Platinum	4.6
Anglo American	3.8
Mondi	3.6
Absa	3.3
Total	56.6

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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.