

# Kagiso Core Equity Fund

June 2010

**KAGISO**  
Asset Management

The fund's objective is 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.

<b>Inception date</b>	1 November 2004
<b>Portfolio manager</b>	Gavin Wood
<b>Fund mandate</b>	South African equities – core
<b>Vehicle</b>	Pooled
<b>Benchmark</b>	FTSE/JSE SWIX index (J403)
<b>Composite size</b>	R6 078 million
<b>Minimum</b>	No minimum

## Portfolio detail

### Commentary

The fund recorded a return of 19.72% since its inception to 30 June 2010, outperforming the benchmark's 18.45% by 1.27%. Most developed markets are grappling with their sizeable debt burdens and are sharpening pencils to steer their respective economies to more manageable gearing levels. The implications for global growth and hence corporate earnings are clear: at worst, the world is facing a second recession or at best a protracted period of slow growth as economies start to de-leverage. Global sentiment appears to be shifting from outright bullishness on a recovery to an admission that the recovery will be slow. Our investment strategy is to invest in companies with sound balance sheets and strong cashflow generation abilities.

## Sectoral exposure

### As at 30 June 2010

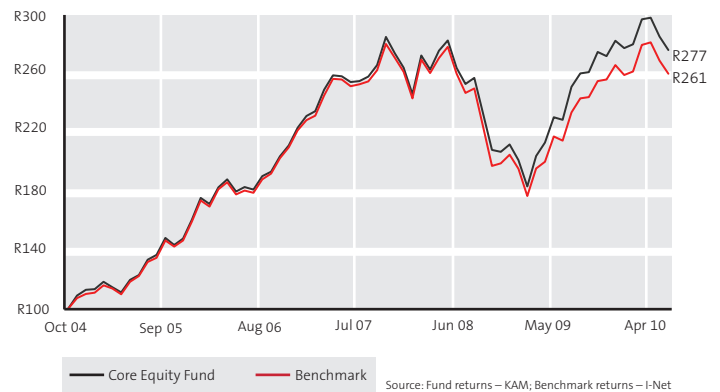
<b>Domestic assets</b>	<b>100.00%</b>
◆ <b>Equities</b>	<b>98.61%</b>
Oil & Gas	7.93%
Basic Materials	19.48%
Industrials	10.60%
Consumer Goods	11.94%
Healthcare	4.05%
Consumer Services	6.64%
Telecommunications	11.19%
Financials	25.86%
Technology	0.93%
◆ <b>Preference Shares &amp; Other Securities</b>	<b>0.00%</b>
◆ <b>Real Estate</b>	<b>0.00%</b>
◆ <b>Cash</b>	<b>1.39%</b>
◆ <b>International Assets</b>	<b>0.00%</b>
Equities – inwardly listed on JSE Securities Exchange	

## Top 10 holdings

<b>As at 30 June 2010</b>	<b>% of Fund</b>
MTN	10.26%
Sasol	7.93%
Standard Bank	6.46%
Naspers	5.93%
Impala Platinum	4.31%
FirstRand	4.14%
SABMiller	3.78%
BHP Billiton	3.78%
Anglo American	3.77%
Tongaat Hulett	3.13%
<b>Total</b>	<b>53.48%</b>

## Track record

### Value of R100 invested at inception (dividends reinvested)



## Performance in ZAR (gross of fees)

Period	1 yr	2 yr	3 yrs <sup>1</sup>	5 yrs <sup>1</sup>	Cum <sup>1,2</sup>	2006	2007	2008	2009
Fund	20.84%	2.31%	2.81%	17.64%	19.72%	39.11%	18.40%	(19.91%)	33.51%
Benchmark <sup>3</sup>	21.32%	0.00%	1.11%	16.36%	18.45%	39.26%	18.05%	(21.67%)	29.91%
Out (under) performance	(0.48%)	2.32%	1.69%	1.28%	1.27%	(0.15%)	0.35%	1.76%	3.60%

<sup>1</sup> Annualised; <sup>2</sup> Inception date: 1 November 2004

<sup>3</sup> FTSE/JSE SWIX index (J403); Figures to 30 June 2010

Total fund assets: 2006: R1 758m; 2007: R2 813m; 2008: R2 262m; 2009: R3 222m

Total firm assets: 2006: R4 704m; 2007: R6 267m; 2008: R8 930m; 2009: R17 725m

Source: Fund returns – KAM; Benchmark returns – I-Net

## Risk statistics since inception

	Fund	Benchmark
Annualised monthly volatility	17.56%	17.60%
Annualised monthly tracking error	2.22%	0.00%
Information ratio <sup>4</sup>	0.57	n/a
Sharpe ratio	0.76	0.68
Maximum gain	11.33%	10.94%
Maximum drawdown <sup>5</sup>	(7.40%)	(7.57%)
% Positive months	64.71%	67.65%
Beta vs benchmark	0.99	1

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

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