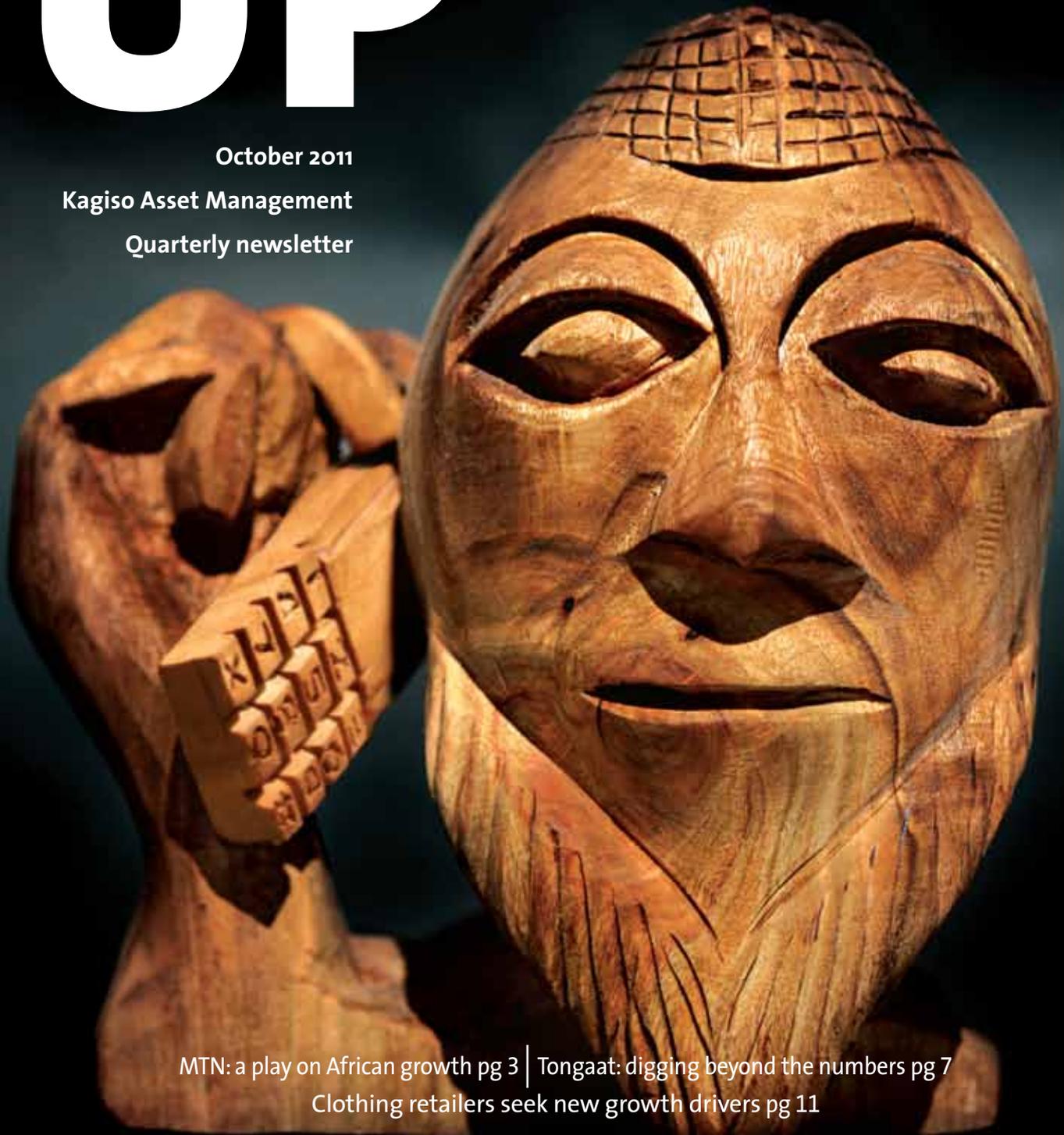


UP

October 2011

Kagiso Asset Management

Quarterly newsletter



MTN: a play on African growth pg 3 | Tongaat: digging beyond the numbers pg 7
Clothing retailers seek new growth drivers pg 11

www.kagisoam.com



01

Prevailing headwinds from the north Gavin Wood

03

MTN: a play on African growth Aslam Dalvi

07

Tongaat: digging beyond the numbers Abdul Davids

11

Clothing retailers seek new growth drivers Simon Andersen

15

Cash and kalamatas Diederick Krusinga

17

Performance table



Prevailing headwinds from the north

Gavin Wood - Chief Investment Officer

“On a recent trip to China, we were told by an economist we met that he was seeing a trend of Western immigrants moving into Beijing. In particular, he told us of the opening of an authentic new Greek restaurant in the suburb where he lives.

This anecdote provides an interesting symbol of trends at the global economic level.

Three months after the US Federal Reserve's \$600 billion QE2 stimulus program, financial markets are volatile and, as we expected, emerging market currencies and commodity prices have weakened as this flow ended.”

Prevailing headwinds from the north

US money is easy

Nevertheless, monetary policy in the world's largest economy, the US, remains accommodative in the extreme, with:

- ◆ interest rates at (effectively) zero for almost three years now and a commitment to maintain this level well into 2013,
- ◆ a commitment to re-invest the proceeds of maturing bonds owned by the Fed, ie maintain the base load stock of QE support and
- ◆ the introduction of a new program, 'Operation Twist', which will pull down long-term interest rates (and in particular home loan rates, which are predominantly fixed in the US).

Despite this unprecedented monetary stimulus, the US is still not creating sufficient jobs to dent the unemployment rate, their housing market remains moribund and consumer confidence is ebbing.

Headwinds are strong

Strong economic headwinds, mostly consequences of the excesses leading up to the 2008/2009 financial crisis, are continuing to blow in the developed countries.

The first headwind remains very high levels of government (ie taxpayer) debt. Washington DC and the southern Eurozone alternate for the headlines in this regard. These governments face the unenviable task of taming their fiscal deficits, while avoiding default, damaging their fragile economies and political backlash from their voters.

The second headwind remains an ageing population - an increasingly large body of voters, who have been promised a level of social security support in retirement that is perhaps unaffordable for future taxpayers.

The third headwind is a dysfunctional banking system, with a number of problems including residual toxic loans, regulatory uncertainty, a seeming inability to manage risk and some banks being so large that they pose systemic risk.

Emerging countries are growing

In positive contrast, lesser developed countries, where the bulk of the world's people reside, do not directly face these headwinds. These countries may, however, feel the headwinds

indirectly via reduced trade flows and perhaps reduced capital flows, especially in the short term. Particularly important are the BRIC countries, the CIVETS¹ countries, and many other non-acronymed countries in South America, Eastern Europe, Asia and Africa. In these countries, populations are generally younger, government finances are healthy and economies are growing rapidly - driven by productivity gains, improved infrastructure and favourable demographic shifts.

Our view is that the emergence of the emerging markets - the development of the developing nations - is a structural phenomenon that has strong and accelerating momentum. We see many decades ahead of self-reinforcing growth in household incomes in these countries.

Where to invest?

We are mindful of the need to apply our contrarian, valuation-based investment philosophy and process with discipline. Great opportunities will arise when our detailed fundamental research and analysis uncovers investments at prices well below the intrinsic value of their expected future cash flows.

Mispricings we uncover may be companies exposed to strong emerging market growth, but still available at an attractive price. Mispricings may also be found in companies exposed to economies facing the above mentioned economic headwinds, where their prospects are better than what is implied by their share price. We should be wary not to have our objectivity influenced by the natural human tendency towards excessive optimism, given a favourable backdrop, and over-pessimism when the news is bad.

Importantly, it is not enough to merely identify macro trends and invest according to themes without consideration for what is already reflected in market prices.

Therefore, our client portfolios may follow the Greek restaurateur to China because of the increasing consumer demand over there, or they may seek exposure to his troubled home country if the price is right.

¹ Columbia, Indonesia, Vietnam, Egypt, Turkey and South Africa (first used by Robert Ward, Economist Intelligence Unit)



MTN: a play on African growth

Aslam Dalvi - Equity Analyst

It is no surprise that investors are currently clamouring for access to emerging market growth. With the debt and fiscal problems in developed economies, investors have looked to emerging markets, where growth continues to be robust.

Despite key challenges - political instability, poor infrastructure and high income disparities - Africa has several fundamental strengths. Attractive demographics, high urbanisation rates and access to a large and untapped wealth of natural resources will see the continent continue to grow and eventually emerge as a key player in the global economy.

MTN: a play on African growth

Africa continues to remain an attractive market for mobile telecommunications operators and the sector is likely to be a key beneficiary of African growth. Relatively low mobile penetration, favourable demographics, growing household incomes and a large population size provide a favourable market for these operators.

MTN, as a dominant player in Africa, provides investors with an indirect way to participate in African growth. Despite growing competition within mobile telecommunications, MTN remains well positioned to participate in this growth.

Penetration as a driver of mobile revenues

African penetration rates, which reflect the number of mobile subscribers as a percentage of the population, remain low when compared to other emerging and developed markets (see graph below).

Focusing on key mobile markets in Africa, we estimate that mobile penetration in Nigeria is at around 53%, Ghana at 72% and Sudan at 45%. Using data from the International

Telecommunication Union (ITU), we estimate that penetration across Africa is in the region of 45%.

In addition, 'true' penetration rates across Africa are probably lower than reported for unique structural reasons. After one accounts for multiple SIM cards per subscriber, actual penetration is significantly lower. In Nigeria for example, multiple SIM cards represent approximately 30% of the market. As a result, 'true' population penetration in Nigeria is only around 37%.

A comparison of penetration rates between emerging and more mature markets, where penetration ultimately ends off above 100%, suggests that the future growth potential in African subscribers is significant.

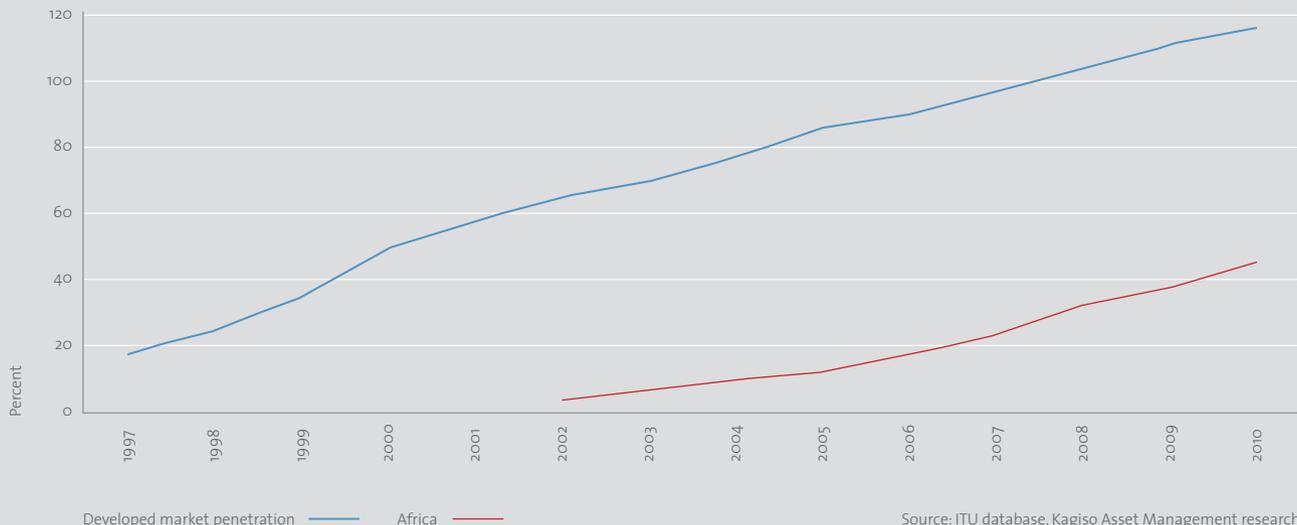
Demographics and population growth

While the penetration argument is compelling, it looks at current market sizes only and ignores demographics.

Demographics and population growth are key long-term drivers that add to the mobile growth outlook.

'Despite growing competition within mobile telecommunications, MTN remains well positioned to participate in African growth.'

Penetration rates: Africa versus developed markets



One of the most attractive features of Africa is the relatively young age of the population. The median age of the African population across key regions is approximately 20 years and compares very favourably with developed markets, where the median age is closer to 41 years.

One of the benefits of such a young population is that there is a strong correlation between economic output and population age. The argument is that output per citizen will grow as the youth start working and more actively contribute to the economy. This economic growth will ultimately see a strong rise in consumption and per capita income over time.

‘Favourable demographics and strong population growth support our view that the demand outlook for mobile services in Africa remains sound.’

A high comparative population growth rate is another key long-term driver for mobile operators in Africa. Our estimates suggest that African population growth rates are in the region of 2.5% per annum, which compares very favourably with developed and eastern emerging markets, where rates average around 0.5%. Over time, this provides a strong tailwind for

mobile operators as their subscriber markets continue to grow organically.

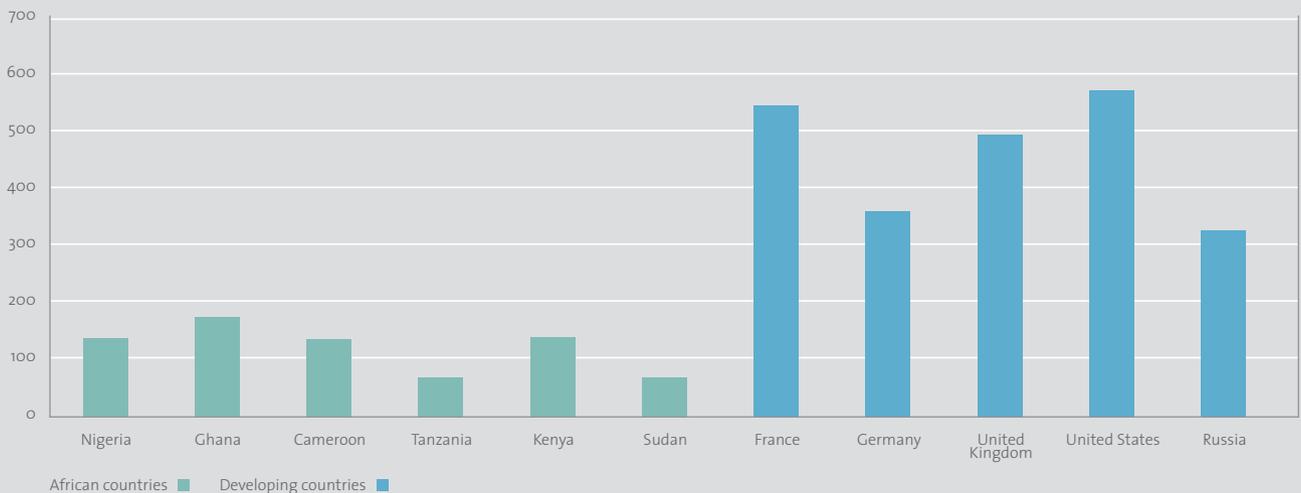
The combination of favourable demographics and strong population growth supports our view that the demand outlook for mobile services in Africa remains sound.

Rising per capita spend

In comparison to developed markets, Africa lags considerably with regards to mobile spend (see chart below). We estimate total mobile spend per subscriber in Africa averages around US\$120 dollars per year compared to developed markets, where average spend is closer to US\$460 dollars per year.

With good fundamentals supporting long-term economic growth in the region, it is inevitable that per capita mobile spend will rise in Africa. While spend is unlikely to match developed markets in the medium term, there is significant room for growth from current levels. The combination of rising

Annual dollar mobile spend per subscriber



Source: Kagiso Asset Management research, JP Morgan

MTN: a play on African growth

spend and a growing pool of subscribers will see the mobile revenue pool in Africa continue to expand.

Growth avenues

In addition to strong underlying drivers in Africa, there are opportunities for additional growth in areas such as data, financial services and business solutions. We see the data opportunity in Africa as a key growth sector going forward.

Scope for African data growth

Global data usage growth in the last decade has been very high. It is astounding that in 1995 the world had only 16 million internet users and today there are in excess of two billion users. The growth in data traffic has been even more pronounced over this period.

There have been three very important enablers for this growth: increasing access via devices, increasing broadband speeds and a shift to more bandwidth intensive data types such as video. These drivers are not unique to developed markets and should support data demand in Africa.

Internet penetration, which measures the number of internet users across all platforms as a percent of the population, for developed markets is between 50% and 70%. In contrast, penetration in Africa is around 11% - once again highlighting significant room for growth.

Key internet infrastructure providers such as Cisco highlight strong underlying fundamentals in demand for mobile data services. Estimates from their 2011 white paper on mobile data indicate that the mobile data market in Africa will more than double each year over the next five years. A large part of this

growth will come from an increase in mobile internet users, which Cisco estimates will increase significantly over this period.

With limited competition from traditional fixed line incumbents, mobile operators are well positioned to capitalise on this opportunity.

Playing in Africa

MTN is arguably the largest player in Africa with 16 African operations in total. Excluding South Africa, we estimate that these operations currently account for 55% of group revenue and close to 63% of group profits. The largest of the African operations are Nigeria and Ghana, which account for roughly 42% and 5% of group profits, respectively.

MTN is the dominant player in most of its markets, generally holding a number one or number two market position. This places the company in a strong position to benefit from continued growth in mobile markets, while still enjoying the benefits to profitability of significant scale.

Africa is however not without its challenges. While political issues and poor infrastructure are always on the agenda, more recently, rising competition has become a key risk. As a result of competition, we expect mobile tariffs to decline and we see operators like MTN losing some share and margin over the medium term.

Despite increasing competition, Africa remains attractive from a mobile revenue point of view. In line with general strong economic growth, we see the market for mobile services expanding and MTN remains well positioned to participate in this growth.

‘We see the data opportunity in Africa as a key growth sector going forward.’



Tongaat: digging beyond the numbers

Abdul Davids - Head of Research

Kagiso Asset Management’s investment process aims to identify mispricing opportunities arising from a divergence between our assessment of the intrinsic value of a company and the company value as represented by the share price.

One of the common reasons for such a divergence arises from depressed recent earnings generated by a company’s portfolio of assets that result in the true value of the asset being hidden from the market.

Tongaat: digging beyond the numbers

For investors with the necessary fortitude and skill, digging beyond the earnings numbers can unearth very rewarding long-term investment opportunities. Tongaat Hulett (Tongaat) is an excellent example of such an opportunity.

Tongaat has a very chequered history as a listed company. A former subsidiary of Anglo American (Anglos), Tongaat housed the KwaZulu-Natal-based assets of the Anglos group. These included Huletts Aluminium (subsequently unbundled and now separately listed as Hulett Aluminium), the group's sugar and starch operations and extensive land holdings. Tongaat started trading in its current form on 1 July 2007 and is still trading at a lower value today than its listing value (see graph below).

Tongaat's historic earnings generation appears quite volatile, with seasonal sugar earnings augmented by cyclical property-related profits. Nevertheless, Tongaat's current operations generated more earnings in the current financial year than in 2007, despite a severe drought in Southern Africa that

impacted on sugar profits in 2011. Over the last four years, the company has invested substantial capital in the Mozambican and Zimbabwean sugar operations, mainly to rehabilitate damaged plantations and infrastructure but also to add to capacity, notably in Mozambique.

Benefitting from EU reforms in Mozambique

In our July newsletter, we discussed the world of sugar and the impact of the European Union (EU) sugar reforms on Least Developed Countries like Mozambique. Tongaat's investment programme in Mozambique ended in the 2010 financial year and resulted in an expansion in capacity from 85 000 tons of

sugar to around 310 000 tons of sugar, or 15% of the group's capacity of two million tons. The increased tonnage can therefore easily be absorbed by the EU and regional markets.

Zimbabwe - the prodigal daughter

Despite the ongoing political turmoil in Zimbabwe, the country's economy is recovering after spiralling inflation was

'Tongaat's current operations generated more earnings in the current financial year than in 2007 despite a severe drought in Southern Africa...'

Tongaat's market value (R million)



Tongaat market capitalisation (R9 598 million)

brought under control. Tongaat's operations in Zimbabwe comprise the Triangle Sugar Corporation business and a 50% interest in Hippo Valley Estates. These operations have a combined sugar capacity of around 600 000 tons with very little investment required. The Zimbabwean businesses however are operating at less than half of their potential due to the limited supply of cane from indigenous farmers.

Going forward, Tongaat expects the cane supply to its Zimbabwean mills to grow from 414 000 tons delivered by 569 farmers to around 1.4 million tons delivered by 865 farmers by 2014.

The future

Tongaat's future earnings growth is looking very healthy: the starch and glucose business is a stable, cash-generating business and sugar profits from South Africa, Mozambique and Zimbabwe are expected to grow significantly from current depressed levels. In addition, accelerated bulk land sales and conversions will further augment future earnings.

The crippling drought in KwaZulu-Natal in 2010 has contributed to the group's sugar production declining to a multi-year low of around one million tons. The current level of production is significantly below what we would consider a normalised level of production.

Our normalised sugar production estimates are in fact below Tongaat's existing installed capacity of around two million

tons. Significantly higher sugar production and structurally higher regional and world sugar prices are expected to contribute to the substantial growth in sugar operating profits under our normalised scenario.

'The group's extensive property portfolio provides a strong, yet stable, value underpin that supports the attractive valuation of the company.'

Tongaat's land developments - the hidden value

Tongaat's extensive property portfolio provides a strong, yet stable, value underpin that supports the attractive valuation of the company. The group's real estate portfolio comprises about 13 654 hectares of bulk land, including prime seafront property on KwaZulu-Natal's North Coast.

Tongaat's sugar profits

	FY2007	FY2011	Normalised*
Sugar production (000 t)	1 119	998	1 790
Sugar operating profit	R360 million	R840 million	R1 452 million
Total operating profit	R838 million	R1 338 million	R1 896 million
Share of profit contribution to total profits	43%	63%	76%

*Based on Kagiso Asset Management's forecasts

Tongaat: digging beyond the numbers

A substantial portion of the land is not suitable for development but around 8 657 hectares have been identified as suitable for industrial, commercial or residential development use. The Zimbali development is testimony to Tongaat's successful conversion of bulk land to profitable residential and commercial use.

Following a property boom and development frenzy between 2003 and 2007, the South African property market has cooled and the KwaZulu-Natal market is no exception. Tongaat's strategy is to develop bulk land for sale to developers, with profit on sales of land included in operating profit of the group. Predictably, property related profits peaked in 2007 at R428 million before declining to current levels of R166 million.

Despite the property downturn, Tongaat is actively pursuing four key property developments that will unlock significant value for shareholders:

- ◆ **Inyaninga**- consists of around 550 hectares and is adjacent to the new King Shaka International airport. This area is key to the expansion of the Dube Tradeport and government's targets for low-cost housing.

- ◆ **Cornubia South**- comprises 345 hectares and is located between the airport and Umhlanga.

- ◆ **Tinley Manor**- consists of 880 hectares including prime coastal land.

- ◆ **Sibaya**- is located between the Sibaya casino and the coast and consists of 125 hectares.

The above four properties account for about 22% of Tongaat's property portfolio suitable for development and around 60% of its current market value based on conservative estimates. Long-term shareholders of Tongaat have the real prospect of realising more than the current market value of Tongaat through land developments and realisations alone.

An investment in Tongaat provides shareholders with exposure to an earnings recovery with the stability of a substantial, real property portfolio that should withstand the vagaries of volatile equity markets and, ultimately, reward patient shareholders.

Inyaninga and the King Shaka International airport



Inyaninga - - - -



Clothing retailers seek new growth drivers

Simon Anderssen - Equity Analyst

South African clothing retailers have navigated the last five years and the recession exceptionally well. Over the period, the five largest retailers¹ have grown sales by 61% with only Edcon reporting a decline in sales - for a single year (2010).

Furthermore, earnings from the listed retailers have outpaced earnings from the General Retail Index, suggesting that the clothing sector has, so far, been lightly affected by the recession that has claimed more than a million jobs over two years.

¹ The order in terms of sales is Edcon, Pepkor, Mr Price, The Foschini Group, Woolworths and Truworths. The first two companies are private but only Edcon publishes financials. The last four companies are listed on the JSE. All quoted figures exclude Pepkor.

Clothing retailers seek new growth drivers

Retail space growth driving market share

Over the last five years, combined clothing retail sales have increased 61%. Some retailers have captured more of that growth than others, resulting in a shift in market share. Most notable have been Mr Price and Truworths' gains in share of total sales at the expense of Edcon (see chart below).

Driving this sales growth has been the shift of 1.7 million households out of low LSMs¹ 1-3 through a combination of infrastructure-led job creation prior to the FIFA World Cup, strong public sector employment and income growth and a significant increase in government social security spending. Economic growth also supported a shift up the LSM-curve for middle and high income households.

This positive trend has justified an aggressive roll-out of retail space but the magnitude of this increase has been significant and bears consideration.

¹ Living Standards Measure is a widely used marketing research tool that segments the population into ten groups based on surveys relating to access to household services and appliances.

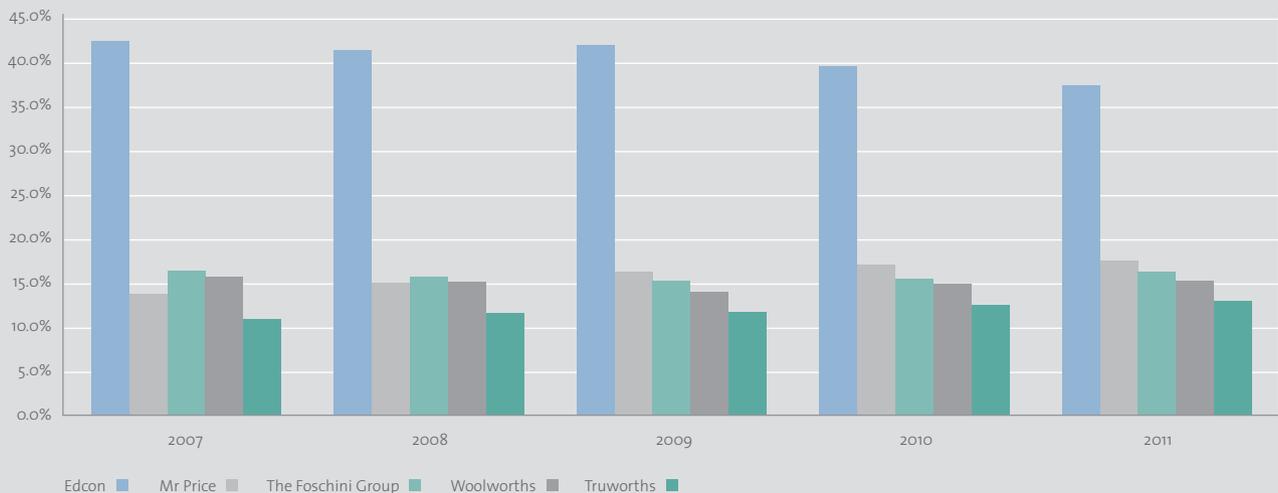
Over a period where sales have increased 61%, the combined trading footprint of these retailers has increased 48%. In basic terms this means that more than 75% of the incremental sales generated by these companies is a consequence of there simply being more trading area.

The difference stems from higher sales densities, or rands of sales per square meter, achieved by the retailers. The largest improvements have been achieved by the companies that have gained market share, these being Truworths and Mr Price.

However, if adjusted for inflation, real sales per square meter have declined across each retailer by an average of 18% (see graph on adjacent page). Although this decline does not account for a change in product mix over the period, the implication is that, while the value of goods sold per square meter has increased, the volume/number has declined. This means that incremental trading space is less productive.

'The largest gains in trading area over the last five years have been achieved by the companies that have gained market share - Truworths and Mr Price.'

Clothing retailers' share of sales



Lending support to sales

Credit has also been a major driver of sales growth. This is evident in the extent to which the debtors' books (sales not yet collected) have grown faster than sales over the last five years for the listed credit clothing retailers Foschini and Truworths (see chart on the next page).

This trend appears to suggest that credit retailers are selling more on credit than in 2006. However, this is not accurate because credit sales, as a share of total sales, have actually fallen over the five year period ending 2011.

Instead, credit retailers have gradually allowed customers to repay purchases over a longer period, thereby increasing the average term of their debtor's book. All else being equal, a longer repayment term automatically decreases the monthly instalment due and lower monthly instalments help make the purchase more 'affordable' in terms of monthly income and expense budgeting.

'Credit retailers have gradually allowed customers to repay purchases over a longer period, thereby increasing the average term of their debtor's book.'

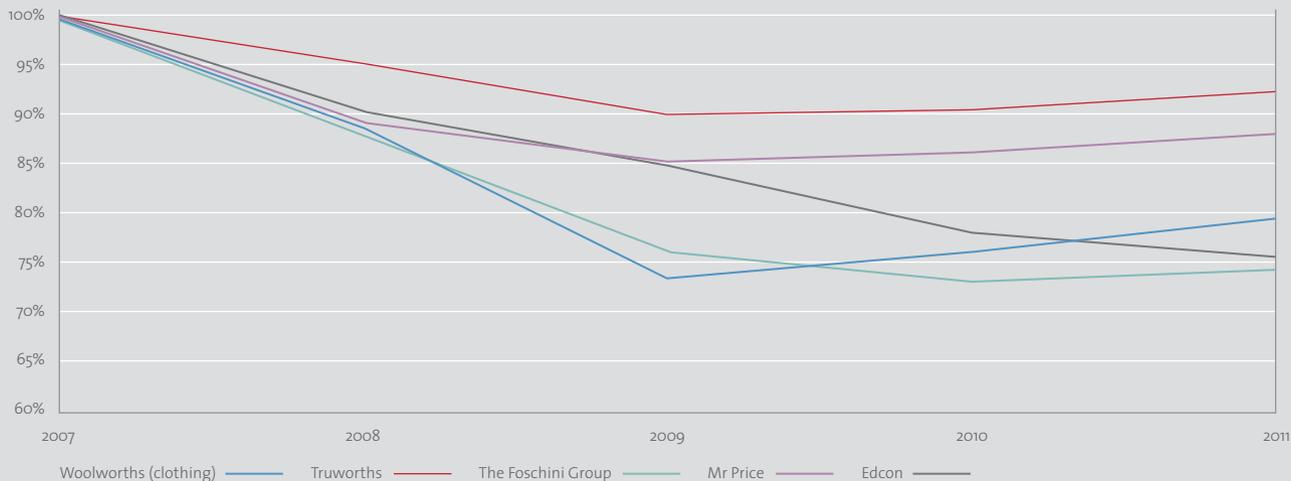
The increase in credit term has many accounting and cash flow implications. However, perhaps the most important is what this says about the consumer. In general, the need to extend the term of credit in order to meet strict National Credit Act affordability criteria is a sign that customers who buy on credit are finding it more difficult to afford clothing.

It is also worth noting that this trend of extending the term of credit granted is consistent with lending practices at most banks over the same period.

It has also coincided with a rapid increase in the amount of unsecured credit granted, over longer terms, and a decline in interest rates to historic lows. In other words, South Africans are taking on record levels of cheap debt that is not secured by any asset and it seems that this is largely being used to fund consumption.

It has also coincided with a rapid increase in the

Real sales per square meter (base = 2007)



Clothing retailers seek new growth drivers

Looking forward

Consumer spending in South Africa is facing many challenges. Growing global uncertainty translates into a weaker outlook for the domestic economy and limited opportunities to replace the one million jobs lost over the past two years. Higher electricity prices, transport costs and increasing food inflation will put pressure on discretionary spending, such as clothing.

This is a concern for an industry that has grown its reliance on credit to support sales from an inflated store base because retailers need customers to buy more than last year in order to grow sales.

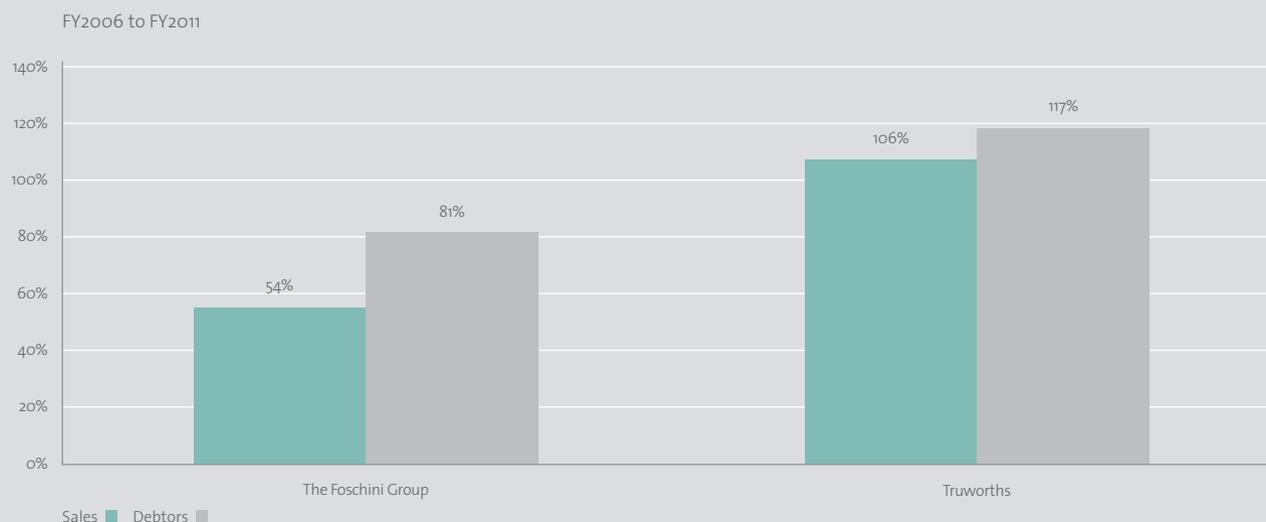
This is heightened by the likelihood that interest rates will be higher, on a two year horizon, making credit more expensive.

In conclusion

Pressure on discretionary spending makes it harder each year for clothing retailers to increase sales because customers need to up their spending with a wallet that is shrinking.

In the context of these risks, it remains to be seen whether clothing retailers can withstand the mounting pressure on discretionary spending to grow sales and continue to meet the optimistic market expectations implied in their share prices.

Five year increase in sales and debtors





Cash and kalamatas

Diederick Krusinga - Systems Analyst

A well-deserved vacation was on the cards and, for me, Greece was the perfect destination. I went to Greece filled with impressions gained from the media that the country is experiencing a severe economic crisis, only to leave with a view that the good life continues.

Greece is an amazing country with friendly people, delicious food and, best of all, breathtaking surroundings. In just over nine days, a group of friends and I managed to visit three Greek islands before setting foot in Athens on the Greek mainland.

Cash and kalamatas

During this period, we crossed 600 kilometres of sea with a total transit time of close to 20 hours, leaving us full of great memories to cherish.

Greece at its finest

The trip started with our arrival on the vibrant island of Crete, where we spent the first three days soaking up the sun and enjoying the finest things the island has to offer: beautiful beaches, awesome beach bars, an amazing choice of restaurants and cheap rental scooters.

Next on the agenda was the volcanic island of Santorini, providing us with an even more relaxed setting and spectacular views of what remains of the world's largest volcanic basin. Santorini captures the image of Greece familiar to most of us, with its amazing red sunsets, white plastered block houses and bright blue painted roofs stretching along endless kilometres of vertical cliffs.

We then headed out to the party island of Ios, where - upon arrival - we were greeted by travellers from all over the world celebrating the Swedish midsummer, which takes place on the longest day of the year.

Subtle economic cracks

Upon arriving in Greece and aware of the economic crisis there, I expected to see a somewhat rundown country and a downbeat population.

The first thing that took me by surprise was how much more expensive basic necessities were. The euro seemed too strong

for what was on offer. Along with this came the intense competition among locals to clinch a deal with tourists, whether it was a taxi driver convincing you that he is 'the best' and the 'only one' who knows how to get you from A to B, or a rental car agent trying to convince you that his competitors are below standard.

This competitive streak was at times unfortunately not accompanied by good follow-through on the service front. For example, on several occasions we experienced that restaurants looked very inviting but that the service and quality of experience was sub-standard.

Credit card crisis

Probably the biggest surprise and inconvenience was the fact that almost nobody would accept any credit card

payment, something that we had taken for granted. This hinted strongly at a major reason for some of the fiscal woes Greece now experiences.

Another sign that all is not well on the economic front was the vast number of unfinished and abandoned building sites, more than I've ever seen before in other countries - clearly debt had been plentiful and has now dried up.

My visit to Greece was both entertaining and insightful and I believe I managed to get more than just a superficial impression of the country. Despite the financial woes it is currently experiencing, Greece certainly has a lot to offer the tourist - even more so if their currency was more competitive.

'...probably the biggest surprise was the fact that almost nobody would accept any form of credit card payment...'

Kagiso Asset Management Funds

Performance to 30 September 2011	1 year	3 years ¹	5 years ¹	Since launch ¹	Launch	TER ²
Collective Investment Scheme Funds³						
Equity Funds						
Equity Alpha Fund	5.1%	13.9%	12.9%	22.7%	26-Apr-04	1.5%
Domestic Equity General Funds Mean	3.2%	9.1%	7.9%	16.2%		
Outperformance	1.9%	4.8%	5.0%	6.5%		
Islamic Equity Fund	7.5%	-	-	17.5%	13-Jul-09	1.4%
Domestic Equity General Funds Mean	3.2%			15.1%		
Outperformance	4.3%			2.4%		
Asset Allocation Funds						
Balanced Fund*	-	-	-	-	3-May-11	n/a
Domestic AA Prudential Variable Equity Funds Mean						
Outperformance						
Islamic Balanced Fund*	-	-	-	-	3-May-11	n/a
Domestic AA Prudential Variable Equity Funds Mean						
Outperformance						
Protector Fund	2.1%	6.6%	7.6%	11.7%	11-Dec-02	1.5%
CPI + 5% ⁴	10.7%	9.8%	11.8%	10.8%		
Outperformance	-8.6%	-3.2%	-4.2%	0.9%		
Stable Fund*	-	-	-	-	3-May-11	n/a
Return on deposits for amounts above R5 million+2%						
Outperformance						
Institutional Funds⁵						
Equity Funds						
Managed Equity Fund	5.8%	14.1%	12.7%	12.8%	1-Sep-06	n/a
FTSE/JSE SWIX All Share Index	4.2%	11.4%	10.0%	10.3%		
Outperformance	1.6%	2.7%	2.7%	2.5%		
Core Equity Fund	5.4%	12.6%	11.4%	19.0%	1-Nov-04	n/a
FTSE/JSE SWIX All Share Index	4.1%	11.4%	10.0%	17.8%		
Outperformance	1.3%	1.2%	1.4%	1.2%		
Asset Allocation Funds						
Balanced Fund⁶	11.1%	11.9%	-	8.5%	1-May-07	n/a
Peer Median ⁷	12.5%	11.4%		7.8%		
Outperformance	-1.4%	0.5%		0.7%		

¹Annualised; ²TER (total expense ratio) = % of average NAV of portfolio incurred as charges, levies and fees in the management of the portfolio for the rolling 12-month period to 30 September 2011; ³Source: Morningstar; net of all costs incurred within the fund; ⁴CPI for September 2011 is an estimate; ⁵Source: Kagiso Asset Management; gross of management fees; ⁶Balanced Fund and benchmark returns to 31 August 2011; ⁷Median return of Alexander Forbes SA Manager Watch: BIV Survey; *The Association for Savings & Investment SA (ASISA) code of practice requires a minimum period of six months since inception to show fund performance. These funds were only launched on 3 May 2011 and do not meet this requirement.

Disclaimer: Kagiso Asset Management (Pty) Ltd ("Kagiso") is an authorised Financial Services Provider. Any information and opinions provided herein are of a general nature and provided for information purposes only. They are not intended to address the circumstances of any particular individual or entity and do not constitute an offer or solicitation. As a result thereof, there may be limitations as to the appropriateness of any information given. It is therefore recommended that the client first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit the risk profile of the client prior to acting upon information. Kagiso endeavours to provide accurate and timely information but we make no representation or warranty, express or implied, with respect to the correctness, accuracy or completeness of the information and opinions. In the event that specific collective investment schemes in securities (unit trusts) and/or their performance is mentioned please refer to the

relevant fact sheet in order to obtain all the necessary information pertaining to that unit trust. Unit trusts are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. Performance is measured on NAV prices with income distribution reinvested. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Kagiso will not be held liable or responsible for any direct or consequential loss or damage suffered by any party as a result of that party acting on or failing to act on the basis of the information provided in this document.



Kagiso Asset Management (Pty) Limited

Fifth Floor MontClare Place
Cnr Campground and Main Roads
Claremont 7708

PO Box 1016 Cape Town 8000

Tel +27 21 673 6300 Fax +27 86 675 8501

E-mail info@kagisoam.com

Website www.kagisoam.com

Kagiso Asset Management (Pty) Limited is a licensed financial services provider (FSP No. 784) and approved by the Registrar of Financial Services Providers (www.fsb.co.za).
Reg No. 1998/015218/07.