ABRIDGED ANNUAL REPORT **2018**

TO UNIT TRUST INVESTORS FOR THE YEAR ENDED 30 JUNE 2018

ASHBURTON INVESTMENTS

A part of the FirstRand Group

Our emphasis on focus, quality and multiple sources of return will continue to prove resilient in the most challenging of market cycles.

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CEO's report

Boshoff Grobler
Chief Executive Officer

In the five years since the launch of Ashburton Investments, we have continued to grow our business and our expertise.

CEO's report

Ashburton Management Company

Ashburton Management Company launched in June 2013 and is home to the collective investment schemes in the Ashburton Investments stable. The funds in this range include retail single manager funds, multi manager funds and solutions based funds. The assets under management (AUM) at the end of June 2018 across this range was R20.7 billion, an increase of R7 billion from the previous year. Excluding the once off transfer of the Ashburton Stable Income Fund (R5.6 billion) AUM grew 9% year-on-year.

Our investment team, headed by Nkareng Mpobane, has again shown great fortitude in continued volatility and uncertainty in the markets over the past year. In the five years since the launch of Ashburton Investments, we have continued to grow our business and our expertise. And we have continued to deliver on our vision of:

- helping more people to save,
- helping people to save more effectively, and
- helping to fund Africa.

Our proposition

The principle investment philosophy for Ashburton Investments is to provide investors with real returns over the long term. To achieve this, we employ an investment strategy that invests across diverse sources of return, achieved at the most efficient risk measures. In our view, we believe that the duty of an asset manager is to carry out an ongoing assessment of the merits of an investment strategy, focussing on the appropriate risk and governance metrics, all in the best interest of the investor.

At Ashburton Investments, our investment outcome is obtained through a central investment process. It is our thesis that primary returns are obtained through asset allocation, then sector selection and lastly stock selection. Our investment process is further augmented with input from Fidelity International. This innovative collaboration has enhanced our ability to navigate the current constrained market environment. The new collaboration has added significantly to our existing partnership with the FirstRand Macro Forum, a unit in the FirstRand group responsible for collating economic data from across the group and packaging it into insightful forecasts and trends that support business decisions.

Market context

South Africa's macroeconomic operating environment for the year to 30 June 2018 was characterised by two distinctly different six-month periods. In the first half of the financial year, policy ambiguity and political uncertainty weighed on domestic risk appetite, economic activity, and investor sentiment. This resulted in significant flows into our fixed income and other low-risk products.

The macroeconomic environment in the second half of the financial year started more positively following the change in leadership of the ruling party with the appointment of President Cyril Ramaphosa. This resulted in improved foreign and domestic confidence which was expected to divert flows from conservative funds into our riskier equity offerings. Though we did see flows into these funds, they were below our expectations.

As we go into the next financial year, we believe we have a solid investment offering to meet the changing needs of investors through the various phases of the market cycle.

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CIO's report

Nkareng Mpobane

Chief Investment Officer:
Public Markets

In South Africa, we face significant fiscal challenges and a recent dip in business confidence suggests that reformation will be necessary to boost policy confidence and yield higher private sector investment.

CIO's report

It seems like much of our time as fund managers has been spent explaining to clients the flat returns coming out of our equity market these last few years. Last year appeared to kick off yet another year of lackluster growth, with the Johannesburg Stock Exchange All Share Index returning a meagre 3% in the first six months. Fortunes turned in the second half of 2017 as optimism teetered towards the dawn of a new political era. After December, a month that deserved much plaudit for democracy, markets enjoyed tailwinds from the positive ANC elective conference outcomes, returning an approximate 17% in the second half of 2017– only marred by the epic corporate fallout in Steinhoff. To this point, if nothing else, we can at least enjoy the book that has finally been published.

Overall, global equity markets delivered reasonable returns over the last 12 months to 30 June 2018 driven by, for the most part, a sustained low interest rate environment and strong economic growth. Developed markets (and China) were the clear winners over the period, returning 12% and 21% respectively (in US dollar terms).

Despite ongoing posturing by North Korea and the United States (US), strong economic data and tax reform in the US provided a boost to global markets in the second half of 2017. Unfortunately, 2018 saw volatility return to the market, as investors were unnerved by the prospect of rising interest rates, followed by fears of trade wars sparked by President Donald Trump's tariff threats. Economically, high frequency data such as housing starts and labour market indicators began to deteriorate into the second quarter of 2018.

From a monetary policy perspective, and what we believe has been and will continue to be the main driver of capital markets, the Federal Reserve started reducing its bond exposure in October and raised the federal funds rate by 75 basis point over the period. The European Central Bank left its main refinancing rate unchanged at zero percent but became more hawkish (or aware of rising inflation), resulting in policymakers guiding for an end to its bond buying programme before the end of 2018. The bank also pointed out that we could expect a shift in interest rates only in the latter part of 2019. Differently, the Bank of England increased interest rates by 25 basis points in November while the Bank of Japan left its monetary policy stance unchanged. From an asset class perspective, we have retained an underweight position in developed market fixed income assets, although reducing the underweight considering increased global risks.

In the broader emerging markets context, country specific factors as well as the mentioned wider global risks constrained gains to the mid-single digits on an aggregate basis in US dollar terms. The looming trade war between the US and China has been a specific point of nervousness, particularly as we moved into the new year, reducing the relative allure of emerging markets. This global risk which potentially leads to slowing economic growth, could have a meaningful adverse impact on emerging markets and more particularly, commodity producers.

On our shores, the initial optimism following the market friendly outcome of the ANC elective conference in December 2017 faded into the second quarter of 2018. Real gross domestic product (GDP) shrank by a seasonally adjusted 2.2% in the first quarter and the current account deficit widened to 4.8% of GDP over the same period. This prompted concerns by investors that the economic realities facing South Africa (SA) were far more difficult to solve than a simple change in leadership. As pointed out, global risk factors are likely to exacerbate our domestic realities.

The year ahead

Internationally, economic growth remains buoyant, but as mentioned above, there are growing signs of deceleration further down the line. Valuations remain relatively high and this could result in pressure on growth assets as investors come to terms with a now rising interest rate environment and tail risk events which include political uncertainty, geopolitical instability and trade wars. We nevertheless anticipate that earnings growth will see markets grind slowly higher, albeit with increased volatility. Developed market bond yields are also penned to edge gradually higher.

In SA, we face significant fiscal challenges and a recent dip in business confidence suggests that a reform will be necessary to boost policy confidence and yield higher private sector investment. We expect economic growth will remain constrained to below 2% until then. Nevertheless, equity market valuations have improved slightly with risk-free rates declining slightly. While we anticipate that equity market returns should be better than cash returns, implied risk premiums in equity markets remain below the long-term average and muted confidence indicators are impediments worth noting. An improvement in confidence and a decline in prevailing bond yields would be required to generate returns in the double-digit range for risk assets.

Our key people

Nkareng Mpobane

Chief Investment Officer: Public Markets

Nkareng Mpobane is the Chief Investment Officer for Public Markets. She has over 13 years' experience in the investment industry. Prior to her CIO role, she was appointed to the Head of Financials role for the SA investment process, responsible for all research analysis within this sector. Nkareng has a BCom degree in Economics from the University of the Witwatersrand.

Mark Appleton

Head of Multi Asset and Strategy

Mark Appleton is the Head of Multi Asset and Strategy at Ashburton Investments with a primary focus of tactical asset allocation. He has over 35 years of investment management experience. Mark is a CFA Charterholder and has a BCom degree in Economics from the University of the Witwatersrand and a post-graduate Diploma in Financial Planning from the University of the Free State.

Isabella Mnisi

Chief Investment Officer: Private Markets

Isabella Mnisi is Chief Investment Officer for Private Markets at Ashburton Investments. She is a member of the Ashburton Investments Private Equity Investment Committee and has been instrumental in the establishment of Ashburton Investments' unlisted credit, real estate and infrastructure businesses. Isabella has over 15 years' experience in the banking and investment management industry. She is a CFA charterholder and also holds a BSc (Hons) degree in Advanced Mathematics of Finance from the University of the Witwatersrand and a Masters in Commerce from the University of Johannesburg.

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Arno Lawrenz

Global Investment Strategist

Arno Lawrenz is a Global Investment Strategist at Ashburton Investments. He was co-founder, shareholder and Chief Investment Officer of Atlantic Asset Management. Arno has over 25 years of investment experience and was previously Head of Fixed Interest at both Old Mutual Investment Group (SA) and at Coronation Fund Managers.

Murray Anderson

Managing Director for Retail Business

Murray Anderson is the Managing Director for the Retail Business at Ashburton Investments and is responsible for the client engagement model and coordinating the product offerings for retail clients. He holds a BCom in Financial Management obtained from UNISA, a Diploma in Marketing from IMM – Institute of Marketing Management and is a Certified Financial Planner (CFP™).

Rudigor Kleyn

Managing Director for Institutional Business

Rudigor Kleyn is Managing Director for Institutional Business at Ashburton Investments. He joined FirstRand Bank's Group Treasury, Third Party Funds, in 2010 which later became Ashburton Investments and has over 20 years' experience in the finance industry. Rudigor is a member of the South African Institute of Chartered Accountants and is a registered Chartered Financial Analyst (CFA). He holds a BCom degree in Accounting from the University of Pretoria. He also holds a BCompt (Hons) degree and CTA from the University of South Africa.

Funds at glance

SINGLE MANAGER FUNDS

Ashburton Investments funds	ASISA category	Investment objective	Benchmark	Risk profile
Ashburton Equity Fund	South African – Equity – General	To achieve capital growth and deliver returns ahead of the FTSE/ JSE All Share Index (Total Return) over the long term.	FTSE/JSE All Share Index (Total Return)	High
Ashburton Balanced Fund	South African – Multi Asset – High Equity	To generate long-term, inflation-beating returns over a three-year period. The fund complies with Regulation 28 of the Pension Funds Act, 1956.	Market value weighted, average return of the Multi Asset – High Equity category (excluding the Ashburton Balanced Fund)	Moderate
Ashburton Targeted Return Fund	South African – Multi Asset – Low Equity	To outperform CPI+3.5% over a rolling three year period. The secondary objective is to offer stable positive returns over a 12-month rolling period. The fund complies with Regulation 28 of the Pension Funds Act, 1956.	CPI + 3.5% (net of asset management fees)	Low to moderate
Ashburton SA Income Fund	South African – Interest Bearing – Short Term	To provide relative capital stability and optimal income returns from interest earning securities.	STeFI Composite Index over a rolling 12-month period	Low
Ashburton Money Market Fund	South African – Interest Bearing – Money Market	To maximise interest income, preserve capital and provide immediate liquidity for investors. The fund complies with Regulation 28 of the Pension Funds Act, 1956.	STeFI 3-month Index	Low
Ashburton Global Flexible Fund	Global – Multi Asset – High Equity	To provide long-term capital growth through a balanced mandate of global asset allocation, with access to emerging market growth opportunities.	60% MSCI AC Index, 40% Citigroup World Government Bond Index	High
Ashburton Bond Fund	Interest Bearing – Variable Term	To provide investors with a well diversified exposure to the South African bond market.	BEASSA ALBI	Low to moderate
Ashburton Diversified Income Fund	South African – Multi Asset – Income	To achieve performance returns significantly in excess of money market funds and current account yields.	110% of STeFI Composite ZAR	Low
Ashburton Stable Income Fund	South African – Interest Bearing – Short Term	To maximise the current level of income within the restrictions set out in the investment policy, while providing high stability of capital.	STeFI Composite Index over a rolling 12-month period	Low
Ashburton Property Fund	South Africa – Real Estate – General	To achieve capital growth and deliver returns ahead of the FTSE/ JSE SA Listed Property Index (Total Return) over the long term.	BEASSA ALBI	Moderate to high

MULTI MANAGER FUNDS

Ashburton Investments funds	ASISA category	Investment objective	Benchmark	Risk profile
Ashburton Multi Manager Equity Fund	South African - Equity – General	To provide investors with above average growth in capital over the medium to long term.	FTSE/JSE All Share Index (Total Return)	High
Ashburton Multi Manager Property Fund	South African - Real Estate – General	To provide investors with inflation beating capital growth with a high income yield.	FTSE/JSE SA Listed Property Total Return	Moderate to high
Ashburton Multi Manager Prudential Flexible Fund	South African - Multi Asset – High Equity	To deliver a stable and growing capital and income base, via a balanced and diversified portfolio. The fund complies with Regulation 28 of the Pension Funds Act, 1956.	Average of the SA - Multi Asset - High Equity	Moderate to high
Ashburton Multi Manager Bond Fund	South African - Interest Bearing - Variable Term	To provide investors with a well diversified exposure to the South African bond market. The fund complies with Regulation 28 of the Pension Funds Act, 1956.	BEASSA All Bond Total Return Index	Moderate
Ashburton Multi Manager Income Fund	South African - Multi Asset - Income Portfolio	To provide investors with a high level of income and maximise returns by actively positioning the portfolio between income yielding and inflation protecting securities. The fund complies with Regulation 28 of the Pension Funds Act, 1956.	110% of the STeFI 3-month deposit	Low to moderate

SOLUTIONS

Ashburton Investments funds	ASISA category	Investment objective	Benchmark	Risk profile
Ashburton Growth Fund	South African - Multi Asset – Flexible	To achieve capital growth over the longer term and to outperform CPI+4% over rolling five-year periods.	CPI+4% over a five-year rolling period	High
Ashburton Defensive Fund	South African - Multi Asset – Flexible	To generate positive returns over the medium term, irrespective of market conditions and to outperform CPI+2% over three-year rolling periods.	CPI+2% over a three-year rolling period	Low to moderate
Ashburton Stable Fund	South African - Multi Asset – Income	To provide capital preservation in real terms over two-year rolling periods and generate income through interest bearing assets. Returns should match CPI.	CPI over two-year rolling periods	Low

FUND SOLUTIONS: EXCHANGE TRADED FUNDS

Ashburton Investments funds	ASISA category	Investment objective	Benchmark	Risk profile
Ashburton Top40 Exchange Traded Fund	South African - Equity - Large Cap	To provide investors with exposure to the South African equities market through the purchase of a JSE listed ETF.	FTSE/JSE Top40 Index	Moderate to high
Ashburton MidCap Exchange Traded Fund	South African - Equity - Mid and Small Cap	To provide investors with exposure to the South African equities market through the purchase of a JSE listed ETF.	FTSE/JSE MidCap Index	Moderate to high
Ashburton Inflation Exchange Traded Fund	South African - Interest Bearing - Variable Term	To provide investors with a real rate of return above inflation (CPI), through exposure to a diversified portfolio of government inflation-linked bonds.	Government Inflation-Linked Bond Index (GILBx)	Low
Ashburton Global 1200 Exchange Traded Fund	Global Equity - General Portfolio	To provide returns linked to the performance of the S&P Global 1200 Index.	S&P Global 1200 Index	High
Ashburton World Government Bond Exchange Traded Fund	Global - Interest Bearing - Variable Term	To provide investors with cost efficient exposure to the global bond market by tracking the Citi World Government Bond Index (WGBI).	FTSE World Government Bond Index	Moderate

FUND SOLUTIONS: TRACKER FUNDS

Ashburton Investments funds	ASISA category	Investment objective	Benchmark	Risk profile
Ashburton Enhanced Value SA Tracker Fund	Equity - General Portfolio	To provide investors with cost efficient, convenient investment with exposure to a diversified pool of equities listed on the Johannesburg Stock Exchange.	S&P Enhanced Value South Africa Index	Moderate to high
Ashburton Global 1200 SA Tracker Fund	Global Equity - General Portfolio	To provide returns linked to the performance of the S&P Global 1200 Index.	S&P Global 1200 Index	High
Ashburton GOVI Tracker Fund	Interest Bearing - Variable Term Portfolio	To provide investors with a real rate of return through cost effective exposure to a diversified portfolio of government bonds.	JSE Government Bond Index	Low
Ashburton Low Beta SA Composite Tracker Fund	Equity - General Portfolio	To track the economic performance of the S&P Low Beta SA Composite Index on an optimization basis.	S&P Low Beta South Africa Composite Index	Moderate to high
Ashburton Momentum SA Tracker Fund	Equity - General Portfolio	To provide investors with a real rate of return through cost effective exposure to a diversified portfolio of government bonds.	S&P Momentum South Africa Index	Moderate to high
Ashburton Property Tracker Fund	Real Estate - General Portfolio	To provide investors with cost effective exposure to diversified range of Top SA listed commercial real estate companies through the purchase of an index tracking unit trust.	FTSE/JSE SA Listed Property Index	Moderate to high

Market review

Market review statistics (%)	1 year to 30 June 2016		1 year to 30 June 2017		1 year to 30 June 2018	
	% change USD	% change ZAR	% change USD	% change ZAR	% change USD	% change ZAR
ALSI (Total Return)	-13.91%	4.07%	14.52%	1.79%	9.24%	15.10%
MSCI World Equities	-2.16%		18.89%		11.71%	
MSCI Emerging Markets	-11.74%		24.39%		8.58%	
S&P500 (Total Return)	3.98%		17.89%		14.36%	
FTSE 100 (Total Return) (GBP)	3.84%		16.94%		8.69%	
MSCI China (HKD)	54.64%	12.76	33.15%		21.99%	
Gold price	-15.90%		-6.07%		0.89%	
Copper price	-18.17%		22.46%		11.78%	
Platinum price	-5.29%		-9.62%		-7.83%	
Brent Crude price	-21.87%		-3.54%		65.78%	
SA Listed Property Index		5.18%		2.86%		-16.06%
SA ALBI (ZAR)		5.24%		7.93%		10.19%
3-month JIBAR		7.36%		7.34%		6.96%
R/$ exchange rate		-21.02%		6.16%		6.16%
R/GBP exchange rate		-2.58%		6.64%		6.64%
R/Euro exchange rate		-20.44%		11.46%		11.46%
ECPI		6.27%		5.11%		4.57%
Repo		7.00%		7.00%		6.50%

Source: Ashburton Investments

Our funds

Performance in our funds is delivered through a single, top down investment process which informs decisions across all investment activities and asset classes.

Ashburton Equity Fund

Investment objectives and strategy

The Ashburton Equity Fund aims to achieve capital growth and deliver returns ahead of the FTSE/JSE All Share Index (Total Return) over the long term. In order to achieve its investment objective, the fund comprises of financially sound ordinary shares. The fund predominantly invests in equities. The manager is, however, permitted to invest in fixed-income securities and offshore investments as allowed by legislation. The fund's main focus is to invest in South Africa listed equity securities.

Fund review

For the 12-month period ending 30 June 2018, the fund delivered an annualised return of 7.10% after fees and administrative expenses relative to the FTSE/JSE All Share Index performance of 15.02% on a total return basis. The fund's performance over this period was marginally behind the peer group average of 8.10%. At the end of June, the fund's assets under management totaled R562 million.

During the 12-month period, we had maintained our even weight resource sector exposure and continued to favour the diversified miners namely, Anglo American and BHP Billiton, which have contributed meaningfully to our performance. The underweight allocation to Naspers within the consumer services sector together with the stock selection within consumer services, specifically the exposure to Steinhoff, detracted from performance.

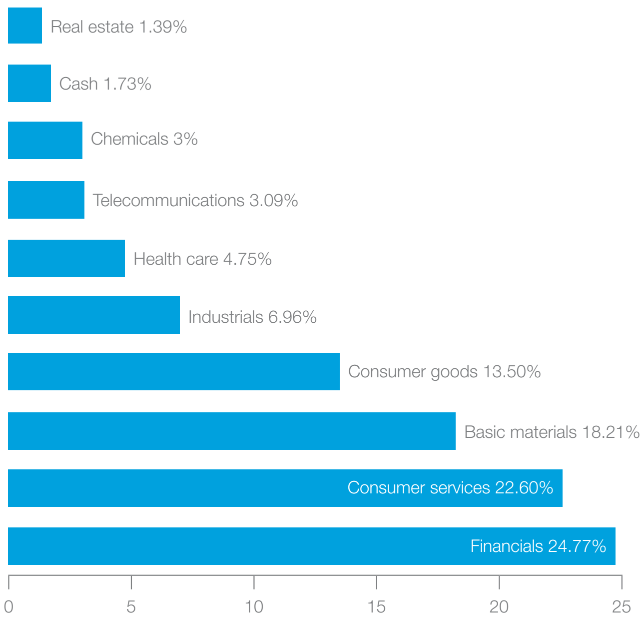
Towards the end of this period, South 32 and EOH were liquidated. South 32 had performed relatively well since its unbundling from BHP Billiton, however, we became concerned about its low life of mine and its long-term sustainability. The sale proceeds were utilised to increase the fund's exposure to South African Incorporated stocks in the industrial sector which appeared attractive given the recent selloff, particularly in Bidvest, Mr. Price Group and Vodacom stocks.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	8.23	0.09	0.87	9.19
2017-12-29	6.80	0.16	0.93	7.89
2017-06-30	5.85	0.12	0.81	6.78
2016-12-30	6.60	0.25	0.58	7.43

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

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Ashburton Balanced Fund

Investment objectives and strategy

The Ashburton Balanced Fund aims to generate long-term, inflation-beating returns over a three-year period within the legislative framework of Regulation 28 of the Pensions Fund Act and Board Notice 80 on the Collective Investment Scheme Control Act. The fund encapsulates the single manager, best investment view of Ashburton Investments South Africa.

The fund is categorised within the ASISA South African Multi-Asset High Equity class. It is able to invest in a variety of asset classes both locally and offshore. Typically, the fund holds a majority weighting in the local and foreign equity asset class. Other important asset classes comprising the fund are listed property, bonds and money-market instruments.

Fund review

The Ashburton Balanced Fund reached a five-year track record milestone in June 2018. Over the past five years and one year, the fund has achieved a second quartile ranking within the ASISA Multi-Asset High Equity category by posting a return of 8.57% and 5.18% per annum respectively. For the 2018 financial year, the fund returned 7.56%, tracking ahead of inflation (CPI of 4.38%). The total assets under management equated to R547 million at year-end, an increase of 10.95% from a year ago. The fund's returns marginally fell short (5.18% vs. 5.19% per annum) of one of its stated objective of producing inflation beating returns over a three-year rolling period. While all asset classes contributed positively to performance, majority of the risky assets failed to outperform inflation. Local vanilla bonds and cash as well offshore investments showed inflation-beating returns over this period.

Over the one-year period, all asset classes within the fund contributed positively to performance except for listed property which was the only detractor from performance. Local equities and offshore investments within the fund gained 10% and 12.1% respectively. These two asset classes made up about 67% of the total exposure during the period. Within the local equity exposure, the main contributors to performance were Naspers, Mr Price, Rand Merchant Holdings, Anglo American as well as BHP Billiton while EOH, Steinhoff and British American Tobacco detracted from performance. Although the fund's listed property exposure posted negative returns for the period, the effect on the fund was minimised by the underweight exposure (5%) to this asset class over the period. Local bonds, which was among the top performing asset classes for the year, returned 9.6%.

Local equity market valuations have been constrained by the recent up-tick in bond yields. Implied market risk premiums are a little below the long-term average but valuations are likely to be supported as business and consumer confidence improve. We currently have a small overweight local equity exposure with a healthy balance of rand hedge and South African sensitive shares.

Local bond yields have risen meaningfully in line with a deterioration in sentiment towards emerging markets. Real yields, however, are becoming increasingly attractive. While the fiscal situation will remain difficult, we think this is largely already in the price. We would therefore anticipate better than money market returns from the local bond market over the next 12 months. We maintain a slight overweight exposure to this asset class.

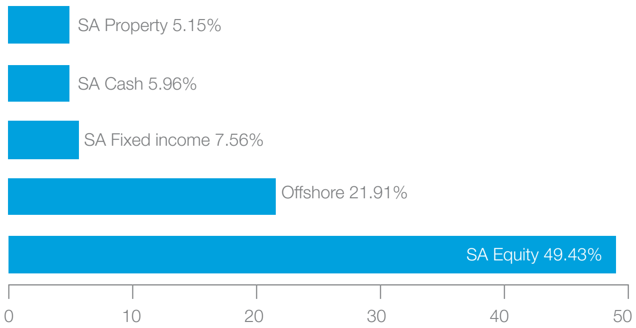
Globally, economic growth remains good but there are signs of deceleration further down the line. We retain a small underweight exposure to equities and bonds within offshore investments while we await a suitable entry point to increase risky asset exposure.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.86	1.09	0.19	2.14
2017-12-29	0.73	1.08	0.14	1.95
2017-06-30	0.67	1.14	0.13	1.94
2016-12-30	0.69	1.24	0.13	2.06

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

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Ashburton Targeted Return Fund

Investment objectives and strategy

The primary objective of the Ashburton Targeted Return Fund is to outperform CPI+3.5% over a rolling three-year period. The secondary objective is to offer stable positive returns over a 12-month rolling period. The fund comprises of a combination of assets in liquid form, money market instruments, corporate debt, equities, property shares, convertible equities, preference shares, bonds, non-equity securities, offshore assets and any other securities. The fund can have a maximum equity exposure (including global equities) of 40% and is limited to a maximum offshore exposure of 25%.

It aims to meet its objectives through a conservatively managed diversified portfolio, generating capital and income growth by focusing on active risk management and asset allocation. The fund complies with Regulation 28 of the Pension Funds Act, 1956.

Fund review

The fund returned 4.63% (net of fees) for the year ending 30 June 2018. While this was significantly better than last year's performance, it continues to be a tough environment for multi asset class funds. While inflation has started to moderate and the one-year number is better than inflation, it is only marginally ahead. The fund returned 4.83% per annum over the three-year rolling period and it has not met its primary objective of CPI+3.5% over a rolling three-year period (8.83%). This underperformance has been driven by a lacklustre return from growth assets, especially South African equities over the said timeframe. The JSE All Share Equity market gave a total return of 3.27% per annum over the last three years and under 4% per annum over the last four years.

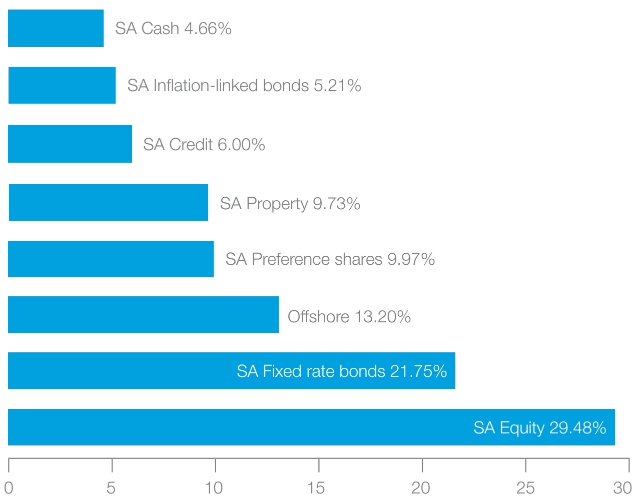
Over the last year, we have seen some spectacular share price meltdowns, the largest of which was Steinhoff. As a house, we were overweight the share which has impacted our overall equity returns. We were also exposed to both EOH and Resilient which also contributed to the one-year underperformance of our benchmark. Our significant underweight to Naspers on concentration risk and volatility also hampered our annualised equity return relative to the benchmark. The fund had assets under management (AUM) of R552 million as of the end of June 2018. This was down from R768 million a year ago.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-03-29	0.44	0.72	0.17	1.33
2018-06-29	0.46	0.76	0.13	1.35
2017-12-29	0.19	0.55	0.00	0.74
2017-09-29	0.75	0.62	0.26	1.63

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton SA Income Fund

Investment objectives and strategy

The Ashburton SA Income Fund is a specialist fund focusing on high interest-bearing investments. It aims to provide relative capital stability and optimal income returns from interest earning securities. The fund comprises a combination of bonds, fixed deposits and other interest earning securities which have a fixed maturity date and have a predetermined cash flow profile or are linked to benchmark yields. It does not invest in equity securities, real estate securities or cumulative preference shares. Duration will be limited to a maximum of two years. The fund aims to enhance returns through a combination of diversified fixed income strategies which include duration, curve, credit, inflation-linked, and also relative value opportunities.

Fund review

Global forces have been the major driver for most local asset classes over the past 12 months ending 30 June 2018, while the rehabilitation of SA Inc. has somewhat taken a backseat, where locals are said to be in Ramaphoria state. The nation's optimism has further dwindled as first quarter gross domestic product (GDP) print dismally with a seasonally-adjusted and annualised -2.2% figure. The bleak data print was attributable to a -24% contraction in the agricultural sector, while mining and manufacturing were also noteworthy detractors. Escalating trade tensions resulted in capital flight out of emerging markets. In the last quarter ending 30 June 2018, non-residents were sellers of over R64 billion of South African nominal bonds. The local currency was not shielded as it weakened over 14% for the same period.

The South African Reserve Bank (SARB) has cautioned the markets that risks to the inflation outlook are to the upside. Rising oil, rand weakness, stronger US dollar and intensifying geopolitical tension all pose a threat to the rehabilitation of SA Inc. These factors were also echoed by the rating agencies Standard & Poor's and Moody's in their recent economic update, given the reaffirmation of the nations' investment grade credit status early this year.

Internationally, it has been as turbulent. The tit-for-tat trade tariff tension has dampened sentiment and becomes a growing concern for most central banks and its impact on potential global GDP. The United States (US) seems to be the strongest growing economy at the moment, driven by its fiscal stimulus programme of cutting taxes and spending on infrastructure projects. Other economies are growing at a slower pace causing the US dollar to strengthen. Political interference in Turkey' monetary policy triggered a sell-off in the lira, which resulted in emerging markets currencies and bonds to come under pressure.

Reflecting on the past 12 months, a positive yield accrual margin relative to the benchmark and direction (duration) added to the performance of the fund. The fund's performance for the year under review was 8.78% (net of fees). Relative to its peers, the performance of the fund was ranked in the first quartile over the one, two and three-year period to end 30 June 2018. The fund's benchmark STeFI Composite Index returned 7.33% over the 12-month period to end 30 June 2018.The outperformance of the fund over its benchmark was therefore 1.45% after fees. At year-end, the fund held assets under management of R1.49 billion.

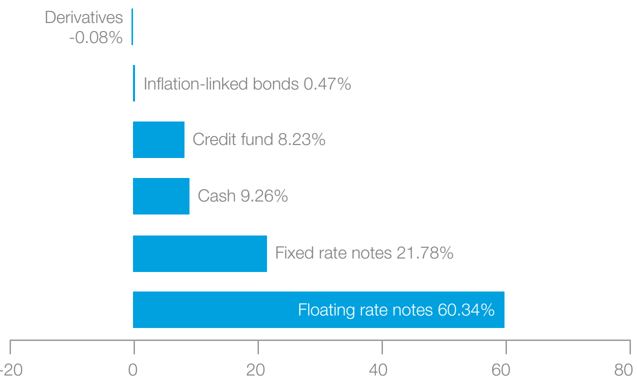
Being underweight inflation-linked bonds for the last few years has beneffited us. However, we are starting to see some value in this asset class and will slowly start to introduce it back into the portfolio as break-even trades through 5.75%. We will continue to seek high quality credit names to bolster returns relative to the risk that they add. Hopefully the country will be able to implement some much-needed structural reforms during the next 12 months to try lift the potential GDP above the current dismal 1.5%.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-03-29	0.00	2.04	0.00	2.04
2018-06-29	0.00	2.06	0.00	2.06
2017-12-29	0.00	2.07	0.00	2.07
2017-09-29	0.00	2.10	0.00	2.10

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Money Market Fund

Investment objectives and strategy

The fund seeks to maximise interest income, preserve capital and provide immediate liquidity for investors. It invests in a diversified portfolio of money market instruments. The maximum term of instruments included in the fund is limited to 13 months, and the weighted average duration should not exceed three months. The fund complies with Regulation 28 of the Pension Funds Act, 1956. The risk profile is low risk.

Fund review

The year ending 30 June 2018 was characterised by much developments and instability in the financial markets. Locally, we saw the South African Reserve Bank (SARB) reduce the repurchase repo rate for the first time in five years after the country slipped into a technical recession in 2017. The first reduction was in July 2017 where the committee cited concerns about the country's growth outlook. The second repo rate reduction was in March 2018. This decision was, however, not unanimous with four members voting for a rate cut, while three members preferred no change.

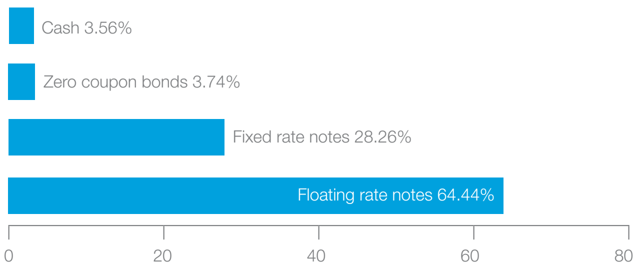
In March 2018, the Monetary Policy Committee (MPC) noted that key domestic risks that clouded the outlook have dissipated and risks to the inflation outlook are now viewed as evenly balanced. As a result, the negotiable certificate of deposits (NCDs) and floating rate instrument spreads have reset lower. The six-month NCDs have contracted 38 basis points to 7.45% from 7.83% while 12-month NCDs retraced to a low of 7.6% during the period.

Much developments in the political arena saw positive political calm arise in December 2017, dubbed Ramaphoria. The Ramaphoria state saw the nation retain its investment grade status by rating agency Moody's, who also revised the nation's outlook to stable from negative. The rating agency did, however, warn that the decision could be reversed if government's commitment to engineer and revive growth falters. Despite the new state and enthused optimism, first quarter gross domestic product reading disappointed with a seasonally-adjusted and annualised -2.2% figure. The data print was attributable to a -24% contraction in the agricultural sector, while mining and manufacturing decreased 9.9% and 6.4% respectively. Sentiment was further dampened by trade war flares as US and China embattled bilateral $50 billion worth of import tariffs. Trade tensions resulted in capital flight out of emerging markets. Non-residents sold over R30 billion of local bonds in the month of June 2018 alone.

The Ashburton Money Market Fund obtained a AA rating (as evaluated by GCR Rating Agency) in January 2018. The fund generated a 7.70% return (net of fees), outperforming its STeFI 3-month NCD benchmark by 0.71% which returned 6.99% over the 12-month period. The fund ranked in the first quartile over the one and three-year periods, while ranking in the second quartile over the five-year period. The fund grew by R670 million for the year to have assets under management of R2.9 billion.

The Forward Rate Agreement (FRA) market has now repriced and is showing a high probability of a rate hike in the second half of 2019, while no rate cut is expected for the rest of 2018. The fund will seek opportunities to add quality corporate and financial instruments that will enhance the overall yield of the fund and maintain its average weighted duration.

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Bond Fund

Investment objectives and strategy

The investment objective of the fund is to provide investors with a well-diversified exposure to the South African bond market. It will provide a high level of income and seek to enhance investment returns by the active management of interest rate, credit and duration risk. The fund seeks to outperform the All Bond Index over a rolling 36-month period.

The fund invests in high-yielding, interest bearing securities including public, parastatal, municipal and corporate bonds, inflation-linked bonds, loan stock, debentures, fixed deposits and money market instruments. The fund has flexibility to invest across the duration, credit and yield spectrum. Risks include political, economic, interest rate risk, default risk, as well as general market risk which could lead to an increase in bond yields and credit risk.

Fund review

Over the 12 months to the end of June, the South African bond market has experienced significant yield volatility. The local 10-year point traded over a 1.55% range with the constant 10-year point trading above 9.57% and down to 8%.

The rand followed by trading in a R3 range to the US dollar, topping above R14.50 and falling to close to R11.50. These market disruptions did not happen in a vacuum, and while as South Africans we may feel hard done by, compared to other emerging market economies, we have a lot to be thankful for.

Over the same period to the end of 30 June 2018, the Brazilian real depreciated 16% compared to our 9%. But even this was nothing compared to the Turkish lira down 30% and the 70% of the Argentinian peso.

As can be seen from this, South Africa's currency and bond volatility did not happen in isolation. The misguided trading policies being implemented by President Donald Trump added to global instability and the actions of local political leaders often added to the problem.

During this time, the Ashburton Bond Fund did particularly well. It comfortably beat its benchmark and most of its peers. It did so not only by being positioned mostly long versus the benchmark and peers, but by utilising opportunistic hedging strategies where we saw opportunities. We did not have the perfect year – we held on to the long positioning when we should have taken profits in March and April but while this hurt us a bit, it did not overly affect the fund.

The fund continues to utilise a portable alpha strategy in order to take advantage of Ashburton Investments' exceptional credit capabilities.

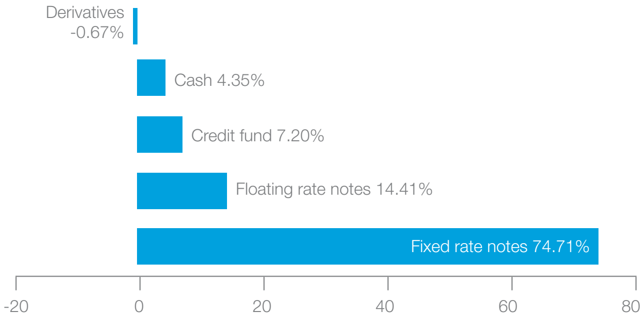
We expect that the fund will continue to perform well as we expect both bonds and credit to offer good returns relative to inflation going forward.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.00	3.87	0.00	3.87
2017-12-29	0.00	3.65	0.00	3.65
2017-06-30	0.00	4.37	0.00	4.37
2016-12-30	0.00	3.90	0.00	3.90

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

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Ashburton Global Flexible Fund

Investment objectives and strategy

The fund offers investors long-term capital growth through a balanced mandate of global asset allocation, with access to emerging market growth opportunities. To achieve this, the fund invests across a broad range of asset classes including international equities, bonds, cash and property markets. Investments are made both directly into these markets and indirectly through participatory interests in other collective investment schemes.

The fund is suited to investors seeking long-term capital growth through a multi asset strategy, investing in international assets.

Fund review

With hindsight, equity weighting within the Fund had been too low over the course of 2017, a period characterised by low volatility, low interest rates and high corporate earnings growth rates. Whilst valuations were higher than average, they were not extreme.

In early 2018, after an assessment of where the market lay, we saw fit to increase our equity weightings in the aftermath of the “flash-crash” in early February. Tied to this we initiated a partnership process with Fidelity International to strengthen our investment process – in particular on the stock selection and implementation side and one of the initial decisions we made was to exit from fund positions which we deemed to not be in keeping with the risk profile of the fund. In particular, we exited all positions in Turkey, including FX, whilst we also exited positions in minor emerging markets currencies, in a quest to focus on key strategic positions which we felt was in keeping with the return and risk appetite of the fund.

As global bond yields rose during the first half of 2018, we also took the opportunity to increase fund duration from previous very low levels, whilst still being at moderate levels. We were also cognisant of the fact that our previous legacy positions in investment grade fixed income left us exposed to concentrated industry risk, namely the energy and high tech space. Accordingly by mid-year we had replaced these positions with fully diverse holdings across the broad industry categories.

With global equity markets moving sideways for most of the year thus far, and dropping substantially more recently, we have not had the opportunity to deliver a positive return profile as global fixed income positions which would normally be considered defensive also delivered negative returns. Cash, on a risk-adjusted basis, would have been a good investment, but unfortunately, despite the upwards shift in interest rates, this would not be sufficient to deliver positive real returns.

With that global market dynamic in mind, the fund posted slightly negative returns. Yield-enhancement in fixed income space also detracted from performance, with emerging markets positions taking bad hits whilst investment grade corporate debt also moved in tandem with emerging markets.

Looking forward, we are concerned by the leading economic indicators which point to a slowdown in global growth, albeit from high levels. The US-initiated trade war appears to be gathering steam, and may prove to be a headwind for most markets. With many emerging markets leveraged to the China growth story, there are a number of key markets which could struggle should the Fed remain hawkish whilst the Trump administration pushes ahead with its America First policy and substantial fiscal stimulus. Given these rising risks, we have shifted to a slightly more defensive equity position and reduced emerging markets exposures across both equity and fixed income.

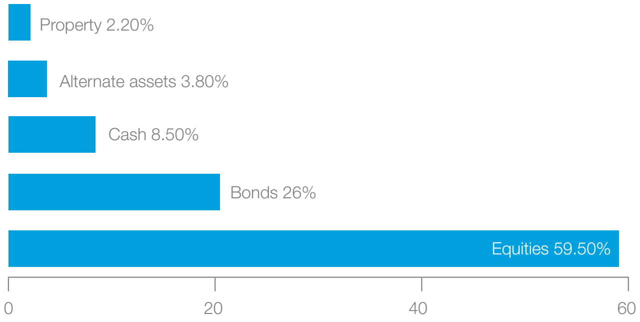
Oil price dynamics could also prove decisive in risk positioning, as the supply side of oil markets appears constrained and this may induce a higher oil price, which coming on the top of the trade war will likely prove to be disastrous for some emerging market’s. Accordingly, we retain a cash buffer within the fund and await further suitable entry points to deliver positive returns going forward.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.00	0.00	0.00	0.00
2017-12-29	0.00	0.00	0.00	0.00
2017-06-30	0.00	0.00	0.00	0.00
2016-12-30	0.19	0.17	0.00	0.36

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Property Fund

Investment objectives and strategy

The fund offers investors long-term capital growth through a balanced mandate of global asset allocation, with access to emerging market growth opportunities. To achieve this, the fund invests across a broad range of asset classes including international equities, bonds, cash and property markets. Investments are made both directly into these markets and indirectly through participatory interests in other collective investment schemes.

The fund is suited to investors seeking long-term capital growth through a multi-asset strategy, investing in international assets.

Fund review

The Ashburton Property Fund was only launched in August 2017. Since inception, the fund has declined by 16.56% before fees and has underperformed its benchmark which declined by 14.12% over the same period. A sizeable proportion of this underperformance was sustained in the last six months and is attributable to the fund's overweight exposure to Nepi-Rockcastle, Fortress-B as well as the underweight exposure to Growthpoint and Emira which outperformed the benchmark.

The listed property sector experienced a lot of volatility and atypical sharp weakness since the beginning of 2018. The sector's sell-off occurred in a bullish bond environment, which is unusual and all due to stock specific issues around the "Resilient stable". Over this period, we have reduced our exposure to these shares in favour of domestically orientated shares to reflect our view of an improvement in the local macroeconomic outlook which should, although likely to be lagged, result in improving property fundamentals especially on the retail side. Valuations for some of these stocks look attractive and we have been increasing exposure to these stock into weakness.

Over this period, the main drivers of the negative return were performance by Resilient, Nepi-Rockcastle, Fortress-B, MAS-Real Estate and Hyprop. Some of the counters that contributed positively to performance include Growthpoint, Redefine, Vukile, Hammerson as well as Investec Property Fund.

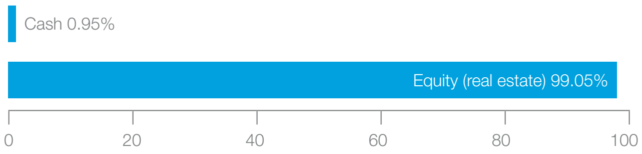
While the sector continues to be highly volatile in the short-term, solid fundamentals will result in consistent long-term returns with relatively low volatility in the long-term.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.00	0.01	0.97	0.98
2018-03-29	0.20	0.02	1.48	1.70
2017-12-29	0.00	0.10	2.41	2.51

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

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Ashburton Diversified Income Fund

Investment objectives and strategy

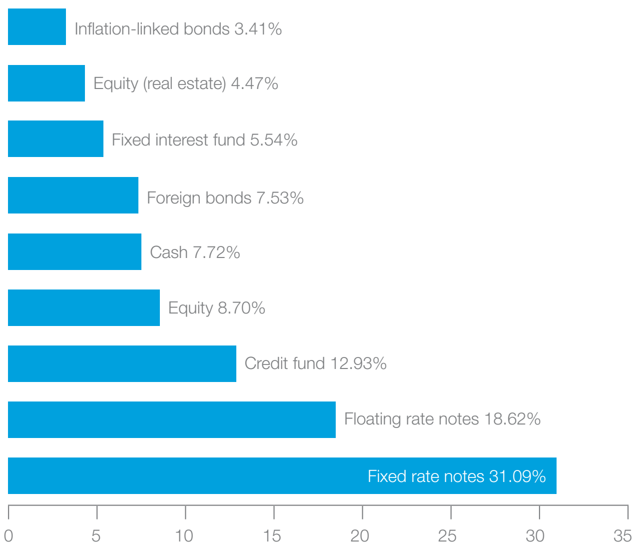
The Ashburton Diversified Income Fund is an actively managed income solution. The primary objective is to utilise the entire opportunity set available to funds in its category. It utilises asset allocation, currency diversification, credit inclusion, duration variation and derivative strategies in order to source additional returns for the fund. The goal is to provide a single solution for the fixed income component of a portfolio or the destination for the conservative investor looking for higher returns than can be attained in other income portfolios. The fund aims to achieve performance returns significantly in excess of money market funds and current account yields. The fund complies with regulations governing retirement funds. Risks include political, economic, interest rate risk, default risk as well as general market risk which could lead to an increase in bond yields and credit risk.

Fund review

The Ashburton Diversified Income Fund launched in March 2018. The purpose of the fund is to take advantage of all the opportunities in the entire fixed income spectrum.

During the months leading to the end of the financial year, the fund's returns were dominated by a depreciating rand which helped performance and increasing bond yields which detracted a bit. We are happy with the current conservative positions and participation in most asset classes thus far.

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Stable Income Fund

Investment objectives and strategy

The Ashburton Stable Income Fund is an actively managed cash fund which is designed to deliver returns that are higher than that of a traditional money market unit trust fund. This fund differs from a money market fund because the investment manager is able to invest in income generating instruments with a longer maturity than that of a traditional money market fund. The investment objective of the fund is to maximise the current level of income within the restrictions set out in the investment policy, while providing high stability of capital. It aims to achieve performance returns in excess of money market yield and current account yields.

Fund review

Over the last 12 months, the Ashburton Stable Income Fund truly showed its worth. The markets, both globally and locally, experienced significant political and economic turmoil.

Locally, the ANC elections was a primary cause of uncertainty with markets pricing in a risk of further structural degradation within the economy in the run-up. It was followed by the “Ramaphoria and Ramarealism” which lead to significant rallies in local rates alongside the rand strength, and the dramatic retracement from March together with a deterioration in emerging markets sentiment globally.

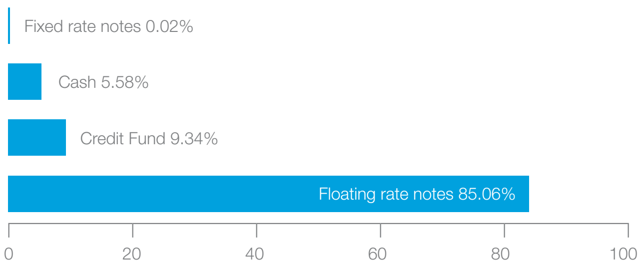
We saw significant deterioration in the financial stability of Turkey, Brazil, Argentina and Venezuela and their currencies weakened as one would expect.

The continued instability caused by the Trump presidency regarding international trade war and power relations has also added to the problem.

Through all of this, the fund continued to provide stability, liquidity and significant inflation beating returns. Its assets under management (AUM) has continued to grow, breaking through the R5 billion mark a few weeks before year-end. This was made possible due to Ashburton Investments’ significant capabilities in sourcing credit from multiple different sources. There were no significant credit events in the portfolio and at the moment, our positioning remains somewhat conservative with little risk and reduced overall credit risk.

We expect the fund to continue to attract assets. Given the recent trend in spreads and the disappointing local growth, we are hesitant to increase credit risk to compensate. The fund continues to be an excellent option for short- to medium-term cash placement or as a solution to a conservative investor.

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Multi Manager Equity Fund

Investment objectives and strategy

The fund aims to provide investors with above average growth in capital over the medium to long term. The fund has an aggressive risk profile and volatility of capital values can occur over the short term. It consists of equities in all sectors of the Johannesburg Stock Exchange (JSE), listed and unlisted financial instruments, and assets in liquid form as allowed by legislation. The fund is managed on a multi manager basis. We believe the key to successful investing lies in diversification, which reduces overall risk.

Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skill sets and adopting an active management approach.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China, and high oil prices.

In South Africa (SA), the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets, but resources shares were kept afloat by the stronger US dollar. The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data. Negative local market sentiment led asset prices lower during June, but local equities as measured by the FTSE/JSE All Share Index (ALSI) still returned a respectable 15.02% for the 12 months ending 30 June 2018. The BEASSA SA All Bond Index (ALBI) returned 10.16% over the same period. The 12+ year area of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years area was up only 7.65%. Cash, as measured by the STeFI, was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. South African listed property was the worst performing asset class with a return of -9.94% for the year.

The Ashburton Multi Manager Equity Fund returned 6.1% (net of fees) over the past year. The volatility of its returns had, however, been lower than that of the ALSI.

All the underlying managers in the Ashburton Multi Manager Equity Fund contributed positively to the fund's performance over the past year. Over this period, the manager that had the largest contribution to the fund's return is Aylett & Co Fund Managers returning 14.7%, followed by Truffle Asset Management with a return of 8.5% and Coronation Fund Managers with a return of 8.3%.

The Ashburton Multi Manager Equity Fund is ranked in the third quartile within the ASISA SA Equity General category over the past 12-month period. On a look through basis, most of our underlying managers are underweight Naspers compared to the benchmark, which contributed to the underperformance of the ALSI. Some of our underlying managers also held Steinhoff last year, which was a further detractor of performance.

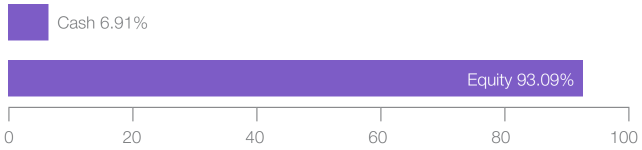
The only change made to the composition of the fund was the removal of the Foord Equity Fund during the first half of 2018.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	14.43	2.51	0.87	17.81
2017-12-29	5.17	0.54	0.37	6.08
2017-06-30	12.06	1.70	0.58	14.34
2016-12-30	4.96	0.65	0.23	5.84

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Multi Manager Property Fund

Investment objectives and strategy

The fund aims to provide investors with inflation beating capital growth with a high income yield. The fund has an aggressive risk profile and volatility of capital values can occur over the short term. The fund invests in assets in liquid form including Johannesburg Stock Exchange (JSE) listed property shares and collective investment schemes. The fund is managed on a multi manager basis. We believe the key to successful investing lies in diversification, which reduces overall risk.

Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skill sets and adopting an active management approach.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China and high oil prices.

In South Africa (SA), the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets but resources shares were kept afloat by the stronger US dollar. The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data.

Negative local market sentiment led asset prices lower during June, but local equities as measured by the FTSE/JSE All Share Index still returned a respectable 15.02% for the 12 months ending 30 June 2018. The BEASSA SA All Bond Index (ALBI) returned 10.16% over the same period. The 12+ year area of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years area was up only 7.65%. Cash, as measured by the STeFI, was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. South African listed property was the worst performing asset class with a return of -9.94% for the year.

The Ashburton Multi Manager Property Fund returned -9.9% (net of fees) over the past year. The volatility of its returns had, however, been lower than that of the FTSE/JSE SA Listed Property Index.

All the underlying managers in the Ashburton Multi Manager Property Fund suffered a drawdown over the past year. Despite the negative performances, the manager with the best performance over the past 12 months was Sesfikile Capital returning -3.2%.

No changes were made to the underlying composition of the fund.

Kindly note the benchmark of the Ashburton Multi Manager Property Fund is changing to the FTSE/JSE All Property Index (J803) (Total Return) (ALPI) from August 2018. Previously, the benchmark used to measure performance against was the FTSE/JSE SA Listed Property Index (J253).

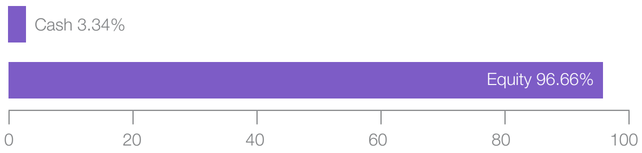
Industry developments are prompting fund managers to decide on an appropriate benchmark going forward as the JSE will discontinue the J253 at some point. We have chosen the ALPI as an appropriate, broad benchmark to measure the performance of the Ashburton Multi Manager Property Fund.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	9.80	2.37	45.44	57.61
2017-12-29	5.07	1.78	48.91	55.76
2017-06-30	2.90	1.70	46.44	51.04
2016-12-30	3.86	3.08	47.43	54.37

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Multi Manager Prudential Flexible Fund

Investment objectives and strategy

The fund aims to maximise returns in both income and capital over the medium to long term, by investing across a range of asset classes in a balanced manner while generating a reasonable level of income. To achieve its objectives, the fund invests in a flexible combination of asset classes ranging from equities, bonds, property, money market instruments and assets in liquid form. The fund may invest in listed and unlisted financial instruments and offshore investments as allowed by legislation. It may also invest in other collective investment schemes and is managed on a multi manager basis.

We believe the key to successful investing lies in diversification, which reduces overall risk. Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skill sets, and adopting an active management approach.

The fund complies with regulation 28 of the Pension Funds Act, 1956.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China and high oil prices.

In South Africa (SA), the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets, but resources shares were kept afloat by the stronger US dollar.

The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data.

South Africa also suffered the setbacks that all other emerging markets experienced. Negative local market sentiment led asset prices lower during June, with local equities as measured by the FTSE/JSE All Share Index still returned a respectable 15.02% for the 12 months ending 30 June 2018. The BEASSA SA All Bond Index returned 10.16% over the same period. The 12+ year area of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years area was up only 7.65%. Cash, as measured by the STeFI, was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. The SA listed property was the worst performing asset class with a return of -9.94% for the year.

The fund has produced third quartile performance of 6.3% (net of fees) over the past 12 months. Over this period, peers within the same ASISA Multi-Asset High Equity category have produced wide ranging returns of between -0.16% and +14.42%.

Over a three as well as a five-year period the fund has given positive returns which were higher than the benchmark returns.

All the underlying managers in the Ashburton Multi Manager Prudential Flexible Fund contributed positively to the fund's performance over the past year. Over this period, the manager that had the largest contribution to the fund's return is Perpetua Investment Managers returning 9.4%, followed by Ashburton Fund Managers with a return of 8.3% and Obsidian Capital with a return of 7.4%.

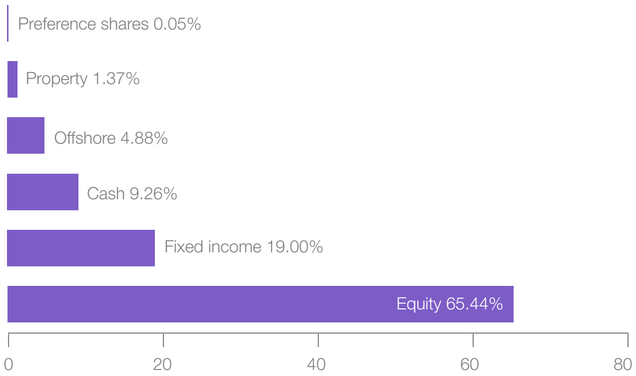
No changes were made to the underlying composition of the fund.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	17.88	11.81	1.47	31.16
2017-12-29	12.42	11.01	1.19	24.62
2017-06-30	11.13	12.00	1.68	24.81
2016-12-30	10.36	12.09	1.04	23.49

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

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Ashburton Multi Manager Bond Fund

Investment objectives and strategy

The fund aims to provide investors with well diversified exposure to the South African bond market. The fund will provide a higher level of income and seek to enhance investment returns by the active management of interest rate, credit and liquidity risk. The fund invests in assets in liquid form, and in high yielding non-equity securities and interest bearing securities. The average maturity profile will vary from time to time depending on market conditions and the fund has the flexibility to invest across the duration, credit and yield spectrum. The fund will seek to protect capital in times of bond market weakness.

The fund is managed on a multi manager basis. We believe the key to successful investing lies in diversification, which reduces overall risk. Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skill sets, and adopting an active management approach.

The fund complies with Regulation 28 of the Pension Funds Act, 1956.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China and high oil prices.

In South Africa, the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets, but resources shares were kept afloat by the stronger US dollar.

The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data.

South Africa also suffered the setbacks that all other emerging markets experienced, negative local market sentiment led asset prices lower during June, with local equities as measured by the FTSE/JSE All Share Index (ALSI) still returned a respectable 15.02% for the 12 months ending 30 June 2018. The BEASSA SA All Bond Index (ALBI) returned 10.16% over the past 12 months. The 12+ year area of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years area was up only 7.65%. Cash as measured by the STeFI was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. The SA listed property was the worst performing asset class with a return of -9.94% for the year.

Over a 12-month period, the Ashburton Multi Manager Bond Fund returned 10.1% (net of fees), as well as produced second quartile returns.

The fund has kept up with the benchmark in terms of performance over the past three and five years. The volatility of the fund`s returns has however been lower than that of the ALBI. The fund has been in the second quartile for the past five years.

All of the underlying managers in the Ashburton Multi Manager Bond Fund contributed positively to the fund`s performance over the past year. Over this period the manager that had the largest contribution to the fund's return is Vunani Fund Managers returning 12.4%, followed by Stanlib Asset Management with a return of 11.3%, and Ashburton Fund Managers with a return of 11.27%.

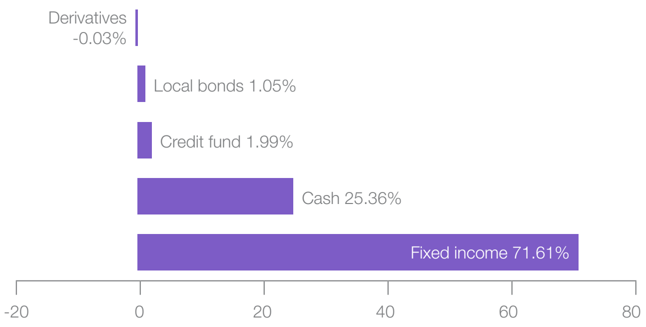
No changes were made to the underlying composition of the fund.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.00	41.85	0.00	41.85
2017-12-29	0.00	42.12	0.00	42.12
2017-06-30	0.00	42.69	0.00	42.69
2016-12-30	0.00	43.01	0.00	43.01

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Multi Manager Income Fund

Investment objectives and strategy

The fund aims to provide investors with a high level of income and maximise returns by actively positioning the fund between income yielding and inflation protecting securities. The fund invests in assets in liquid form including high yielding securities, corporate and government bonds and other fixed interest securities, money market instruments, preference shares, listed property (including international property) to a maximum of 25%, and equities (including international equity) of up to 10%, including listed and unlisted financial instruments as allowed by legislation. The fund may invest in other collective investment schemes and is managed on a multi manager basis.

We believe the key to successful investing lies in diversification, which reduces overall risk. Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skillsets, and adopting an active management approach.

The fund complies with Regulation 28 of the Pension Funds Act, 1956.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China and high oil prices. In South Africa, the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets, but resources shares were kept afloat by the stronger US dollar. The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data. South Africa also suffered the setbacks that all other emerging markets experienced. Negative local market sentiment led asset prices lower during June, with local equities as measured by the FTSE/JSE All Share Index still returning a respectable 15.02% for the 12 months ending 30 June 2018. The BEASSA SA All Bond Index returned 10.16% over the past 12 months. The 12+ year area of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years area was up only 7.65%. Cash, as measured by the STeFI, was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. South African listed property was the worst performing asset class with a return of -9.94% for the year.

Over a 12-month period, the Ashburton Multi Manager Income Fund returned 7.0% (net of fees) as well as produced fourth quartile returns.

All the underlying managers in the Ashburton Multi Manager Income Fund contributed positively to the fund's performance over the past year. Over this period the manager that had the largest contribution to the fund's return is Prescient Investment Management returning 9.36%, followed by Coronation Fund Managers with a return of 8.23% and Nedgroup Investments/Abax Investments with a return of 7.41%

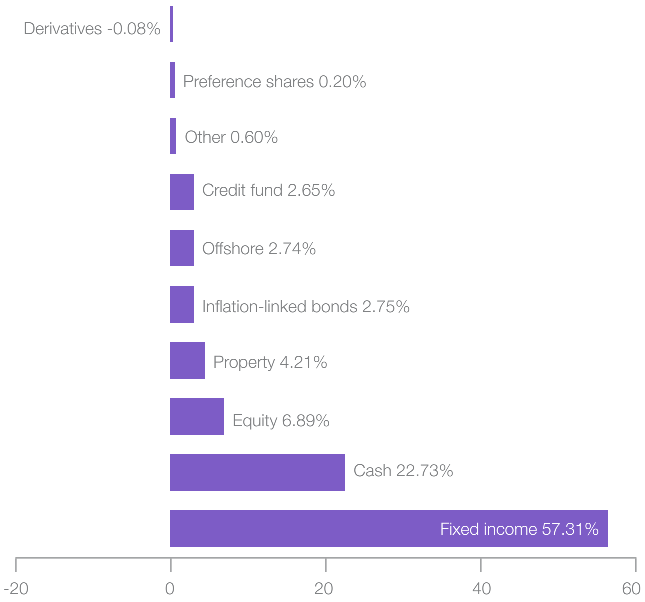
No changes were made to the underlying composition of the fund.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-03-29	0.76	17.08	1.03	18.87
2018-06-29	1.59	17.56	0.60	19.75
2017-12-29	1.02	17.93	0.55	19.50
2017-09-29	1.64	18.33	0.92	20.89

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Growth Fund

Investment objectives and strategy

The fund aims to achieve capital growth over the longer term by investing in equities and similar growth oriented instruments. The fund seeks to outperform CPI+4% over rolling five-year periods. Given the relatively aggressive benchmark and high equity exposure, the fund may be volatile over shorter time periods. It maintains an overweight asset allocation to local equities while retaining the ability to actively allocate a smaller exposure to other asset classes and may invest in collective investment schemes. The fund may invest in listed and unlisted financial instruments as allowed by legislation. It is managed on a multi manager basis.

Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skillsets, and adopting an active management approach.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China and high oil prices.

In South Africa, the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets, but resources shares were kept afloat by the stronger US dollar. The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data.

South Africa also suffered the setbacks that all other emerging markets experienced. Negative local market sentiment led asset prices lower during June, with local equities as measured by the FTSE/JSE All Share Index still returned a respectable 15.02% for the 12 months ending 30 June 2018. The BEASSA SA All Bond Index (ALBI) returned 10.16% over the same period. The 12+ year segment of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years segment was up only 7.65%. Cash, as measured by the STeFI, was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. South Africa listed property was the worst performing asset class with a return of -9.94% for the year.

The Ashburton Growth Fund returned 6.1% (net of fees) over a 12-month period and it has produced third quartile returns.

All the underlying managers in the Ashburton Growth Fund contributed positively to the fund's performance over the past year. Over this period, the manager that had the largest contribution to the fund's return is Aylette & Co Fund Managers returning 14.7%, followed by Coronation Asset Managers with a return of 9.3% and Truffle Asset Management with a return of 7.1%.

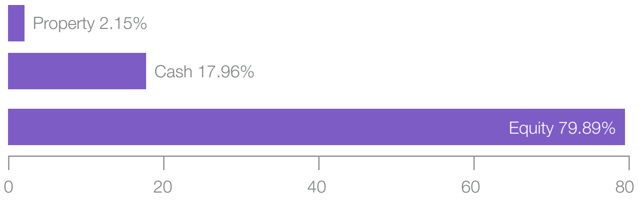
The only change made to the composition of the fund was the removal of the Foord Equity Fund during the first half of 2018.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income cpu)	Total distribution (cpu)
2018-06-29	1.40	0.24	0.05	1.69
2017-12-29	0.85	0.07	0.05	0.97
2017-06-30	2.48	0.33	0.09	2.90
2016-12-30	1.65	0.18	0.06	1.89

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Defensive Fund

Investment objectives and strategy

The fund aims to generate positive returns over the medium term, irrespective of market conditions, by way of blending fixed income, property and equity instruments. The fund will have an absolute return performance objective over the medium term, but will still be relatively conservatively managed by diversifying across a wide range of asset classes. The fund's performance objective is to outperform CPI+2% over rolling three-year periods. The fund has an active asset allocation strategy across different asset classes and may invest in listed and unlisted financial instruments as allowed by legislation. The fund also has the ability to reduce the potential volatility of the equity instruments by employing equity hedging strategies through derivatives. The fund may invest into other collective investment schemes and is managed on a multi manager basis.

Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skillsets, and adopting an active management approach.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China and high oil prices.

In South Africa, the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets, but resources shares were kept afloat by the stronger US dollar. The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data.

South Africa also suffered the setbacks that all other emerging markets experienced. Negative local market sentiment led asset prices lower during June, with local equities as measured by the FTSE/JSE All Share Index still returning a respectable 15.02% for the 12 months ending 30 June 2018. The BEASSA SA All Bond Index returned 10.16% over the past 12 months. The 12+ year segment of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years segment was up only 7.65%. Cash, as measured by the STeFI, was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. South African listed property was the worst performing asset class with a return of -9.94% for the year.

The Ashburton Defensive Fund returned 2.4% (net of fees) over a 12-month period and it has produced fourth quartile returns.

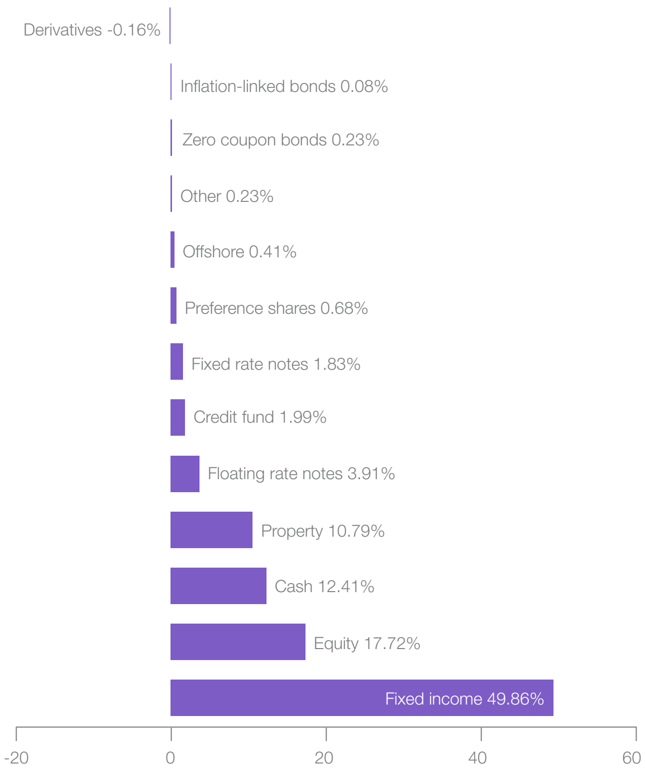
Four out of the six underlying managers in the Ashburton Defensive Fund contributed positively to the fund's performance over the past year. The bond portion of the fund gave the highest returns for the fund and the positive returns were in line with the benchmark over the 12-month period.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.21	4.82	0.99	6.02
2017-12-29	0.04	2.83	0.85	3.72
2017-06-30	0.16	5.50	0.92	6.58
2016-12-30	0.06	2.37	0.85	3.28

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Stable Fund

Investment objectives and strategy

The fund aims to provide capital preservation in real terms while generating income through exposure to mainly interest bearing assets. The fund's performance objective is for total returns to match consumer price index over rolling two-year periods. The fund has an active asset allocation strategy across money market instruments, bonds, income, property instruments and with a maximum 10% exposure to equity securities (including international equity) and preference shares. The fund may invest in listed and unlisted financial instruments as allowed by legislation and can include investment into other collective investment schemes. This conservative approach should provide stable returns at low volatility. The fund is managed on a multi manager basis.

Ashburton Investments' multi management investment philosophy is based on the belief that the potential for alpha generation comes from selecting the finest managers, combining them in a way that optimises their skillsets, and adopting an active management approach.

Fund review

Emerging markets suffered a setback in the first half of 2018 due to investor concerns over rising United States (US) interest rates, the US dollar strengthening, rising trade tensions between the US and China and high oil prices.

In South Africa, the rand depreciated sharply and bonds were caught up in the negative sentiment on emerging markets, but resources shares were kept afloat by the stronger US dollar. The positive sentiment around President Cyril Ramaphosa's election appeared to diminish after a series of weaker than expected local economic data. South Africa also suffered the setbacks that all other emerging markets experienced. Negative local market sentiment led asset prices lower during June, with local equities as measured by the FTSE/JSE All Share Index still returning a respectable 15.02% for the 12 months ending June 2018. The BEASSA SA All Bond Index returned 10.16% over the past 12 months. The 12+ year segment of the yield curve was the strongest, returning 11.24%, whereas, the three-to-seven years segment was up only 7.65%. Cash, as measured by the STeFI, was up 7.33% over the same period and inflation-linked bonds ended the year slightly positive with a return of 1.86%. South African listed property was the worst performing asset class with a return of -9.94% for the year.

The Ashburton Stable Fund returned 8.11% (net of fees) over a 12-month period and it has produced second quartile returns.

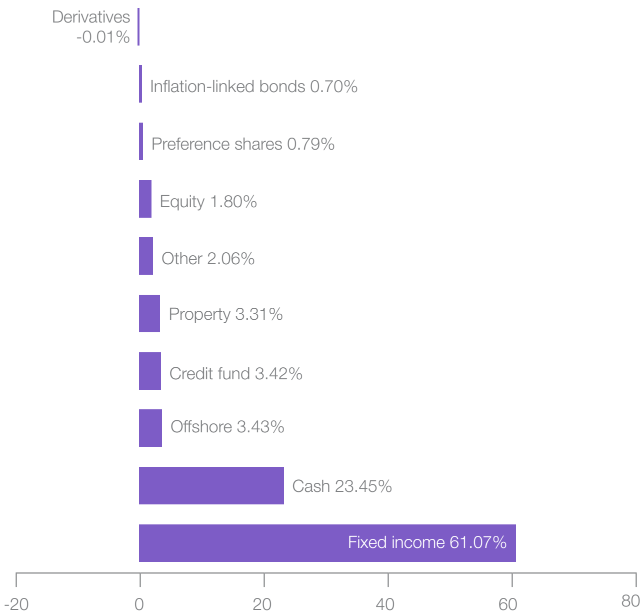
All the underlying managers in the Ashburton Stable Fund contributed positively to the fund's performance over the past year. Over this period the fund that had the largest contribution to the fund's return is Coronation Fund Managers returning 8.23%, followed by Prudential Investment Managers with a return of 7.44%, and Nedgroup Investments/Abax Investments with a return of 7.41%.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income cpu)	Total distribution (cpu)
2018-06-29	0.05	3.25	0.08	3.38
2017-12-29	0.05	3.50	0.06	3.61
2017-06-30	0.04	3.35	0.05	3.44
2016-12-30	0.12	3.57	0.07	3.76

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Top40 Exchange Traded Fund (ETF)

Investment objectives and strategy

The fund aims to provide investors with exposure to the South African equities market through the purchase of a Johannesburg Stock Exchange (JSE) listed ETF. The Ashburton Top40 ETF invests in the 40 biggest companies listed on the JSE based on their market capitalisation providing returns linked to the performance of the FTSE/JSE Top40 Index.

The fund tracks the component equities of the index in proportion to the index weightings. The FTSE/JSE Top40 Index contains 40 largest companies in terms of market capitalisation.

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered 16.46% after fees and administrative expenses relative to the FTSE/JSE Top40 Index performance of 16.75%. Fees earned from scrip lending activities are up 26% from June 2017.

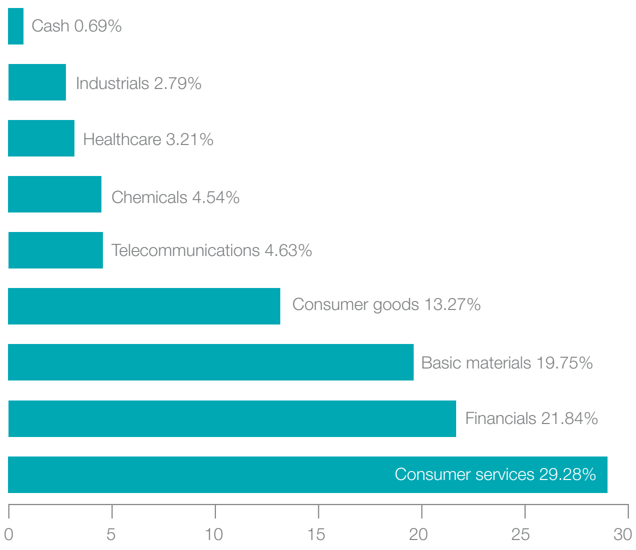
The assets under management (AUM) increased to R976.58 million, and the units in issue amounted to 18 888 332. Income distributions are done on a quarterly basis (March, June, September, December) and rebalancing on the portfolio is also done on a quarterly basis.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-08-06	28.07	0.00	3.19	31.26
2018-04-23	31.81	0.00	0.00	31.81
2018-01-29	8.42	0.00	0.00	8.42
2017-10-10	54.90	0.00	3.38	58.28

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Inflation Exchange Traded Fund (ETF)

Investment objectives and strategy

The Ashburton Inflation ETF aims to provide investors with a real rate of return above inflation, through exposure to a diversified portfolio of government inflation-linked bonds. The fund tracks the performance of the Government Inflation-Linked Bonds Index (GILBx). The GILBx invests in South African government inflation-linked bonds based on the value issued by National Treasury.

Asburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered 1.19% after fees and administrative expenses relative to the GILBx performance of 1.64%. The real yield of the underlying bonds is reported at CPI+2.43%, which has been calculated from the time of purchase of the constituent bonds.

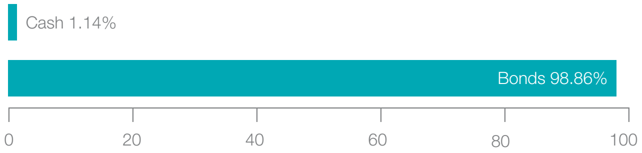
The assets under management increased to an impressive R1.09 billion. The units in issue amounted to 53 348 554. Income distributions are done on a quarterly basis (March, June, September, December) and rebalancing on the portfolio is also done on a quarterly basis.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-08-06	0.00	16.63	0.00	16.63
2018-04-23	0.00	9.56	0.00	9.56
2018-01-29	0.00	16.53	0.00	16.53
2017-10-10	0.00	10.10	0.00	10.10

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

Ashburton MidCap Exchange Traded Fund (ETF)

Investment objectives and strategy

The Ashburton MidCap ETF aims to provide investors with exposure to the South African equities market through the purchase of a Johannesburg Stock Exchange (JSE) listed ETF. The fund invests in the 41st to the 100th largest companies on the JSE in terms of market capitalisation, providing returns linked to the performance of the FTSE/JSE MidCap Index.

The fund tracks the component equities of the index in proportion to the index weightings. The FTSE/JSE MidCap Index contains 60 largest companies listed on the JSE that are not included in the Top40 Index in terms of market capitalisation.

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered 2.96% after fees and administrative expenses relative to the FTSE/JSE MidCap Index performance of 3.67%.

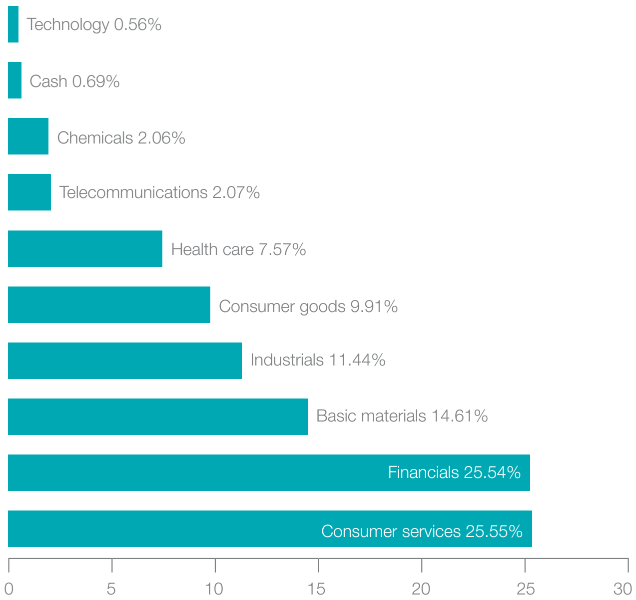
The assets under management increased to R395.44 million. The units in issue amounted to 56 000 000. Income distributions are done on a quarterly basis (March, June, September, December) and rebalancing on the portfolio is also done on a quarterly basis.

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-08-06	3.74	0.00	0.00	3.74
2018-04-23	9.44	0.00	0.00	9.44
2018-01-29	7.33	0.00	0.00	7.33
2017-10-10	5.36	0.00	0.00	5.36

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

PASSIVES: EXCHANGE TRADED FUNDS

Ashburton Global 1200 Equity Exchange Traded Fund (ETF)

Investment objectives and strategy

The Ashburton Global 1200 ETF is managed on an indexation basis and the full economic performance of the fund is aligned with that of the S&P Global 1200 Equity Index. The S&P Global 1200 Index provides efficient exposure to the global equity market. Capturing approximately 70% of global market capitalisation, it is constructed as a composite of seven headline indices, many of which are accepted leaders in their regions. These include the S&P 500® (US), S&P Europe 350, S&P TOPIX 150 (Japan), S&P/TSX 60 (Canada), S&P/ASX All Australian 50, S&P Asia 50 and S&P Latin America 40.

The Ashburton Global 1200 Equity ETF is suitable for investors seeking a cost efficient, convenient investment with exposure to international equities across developed and emerging markets. The fund offers bi-annual distributions with no prescribed fixed investment period. The fund can also act as a building block for investors to use when constructing their own portfolios.

Fund review

For the 10-month period ended 30 June 2018, the fund delivered 12.40% after fees and administrative expenses relative to the S&P Global 1200 Index performance of 15.20%.

Main exposures on a regional basis within the index were to the United States and Japan.

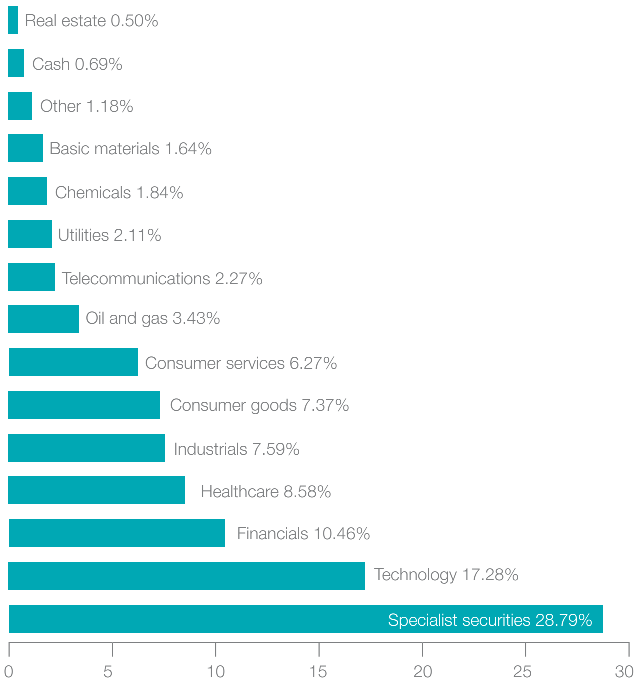
The assets under management increased to R319.95 million. The units in issue amounted to 6 860 000. Income distributions are done on a quarterly basis and rebalancing on the portfolio is also done on a quarterly basis (March, June, September, December).

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-07-31	12.51	0.00	0.00	12.51
2018-04-23	9.85	0.00	0.00	9.85
2018-01-29	0.00	0.00	0.00	0.00

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

Ashburton World Government Bond Exchange Traded Fund (ETF)

Investment objectives and strategy

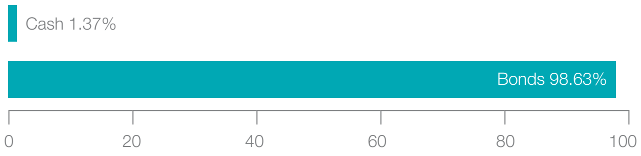
The Ashburton World Government Bond ETF provides investors with cost efficient exposure to the global bond market by tracking the Citi World Government Bond Index (WGBI). The WGBI measures the performance of fixed rate, local currency and investment grade sovereign bonds. It consists of countries that meet specific criteria for market size, credit quality and barriers to entry. The Ashburton World Government Bond ETF invests in the underlying bonds directly and not through any synthetic exposures. It is managed on an optimised basis, which considers country exposure, maturity bucket exposure, duration and convexity versus the benchmark to ensure trading efficiencies are realised. The fund has exposure to international bonds and as a result risks include, but are not limited to, currency risk, general market conditions and market volatility, economic and political risk.

Fund review

For the three-month period ended 30 June 2018, the fund delivered 7.56% after fees and administrative expenses relative to the FTSE WGBI performance of 15.20%.

The assets under management increased to R63.11 million. The units in issue amounted to 9 834 683. Income distributions are done on a quarterly basis and rebalancing on the portfolio is done monthly.

Asset allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Low Beta SA Composite Tracker Fund

Investment objectives and strategy

The Ashburton Low Beta SA Composite Tracker Fund is managed on an indexation basis and the full economic performance of the fund is aligned with that of the S&P Low Beta South Africa Composite Index. The S&P Low Beta South Africa Composite Index contains 70% of the S&P South Africa Composite Index by market cap with the lowest volatility.

The S&P South Africa Composite Index is a market capitilisation weighted index designed to measure the performance of the South African equity market and covers equities listed on the Johannesburg Stock Exchange with float-adjusted market values of US$100 million or more and annual dollar value traded of at least US$50 million.

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered -1.38% after fees and administrative expenses relative to the S&P Low Beta Index performance of -0.51%.

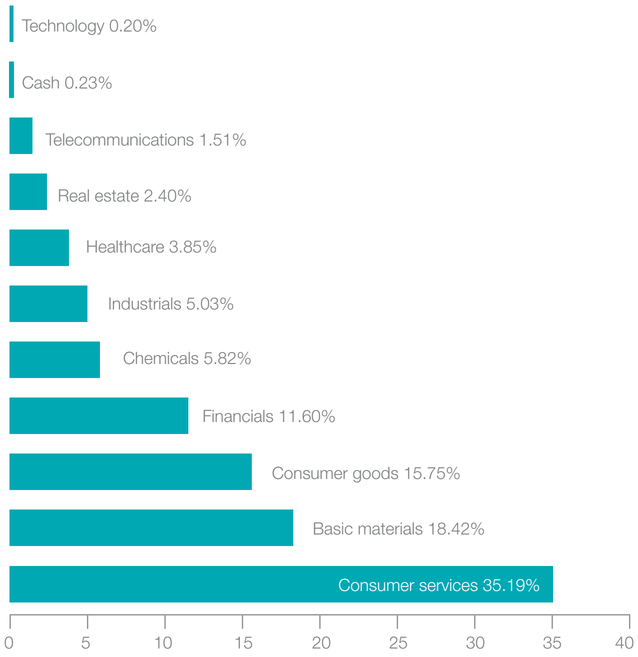
The assets under management increased to R25.69 million. The units in issue amounted to 27 806 527. Income distributions are done on a bi-annual basis (June, December) and rebalancing on the portfolio is done on a semi-annual basis (March, September).

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.88	0.00	0.13	1.01
2017-12-29	0.07	0.07	0.21	1.11
2017-06-30	0.02	0.02	0.20	1.18
2016-12-30	0.08	0.08	0.19	1.36

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

PASSIVES: TRACKER FUNDS

Ashburton Enhanced Value Tracker Fund

Investment objectives and strategy

The Ashburton Enhanced Value Tracker Fund is managed on an indexation basis and the full economic performance of the fund is aligned with that of the S&P Enhanced Value South Africa Composite Index.

The S&P Enhanced Value South Africa Composite Index is designed to measure the performance of the top quintile of stocks in the South African equity market with attractive valuations based on "value scores" calculated using three fundamental measures: book value-to-price, earnings-to-price, and sales-to-price. The maximum sector weight is set at 40% and the weight of any single constituent is capped at 10%.

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered 13.47% after fees and administrative expenses relative to the S&P Enhanced Value Index performance of 14.67%.

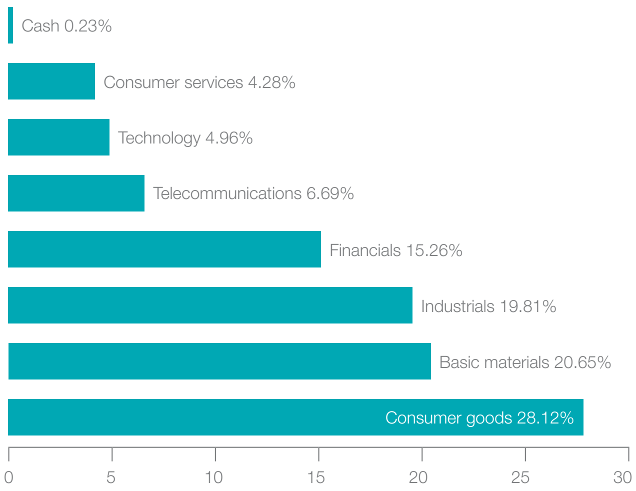
The assets under management increased to R63 million. The units in issue amounted to 50 233 506. Income distributions are done on a bi-annual basis (June, December) and rebalancing on the portfolio is done on a semi-annual basis (June, December).

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	4.22	0.00	0.38	4.60
2017-12-29	0.86	0.09	0.31	1.26
2017-06-30	1.69	0.042	0.24	1.97
2016-12-30	0.98	0.07	0.75	1.80

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

Ashburton Momentum Tracker Fund

Investment objectives and strategy

The Ashburton Momentum Tracker Fund is managed on an indexation basis and the full economic performance of the fund is aligned with that of the S&P Short Term Momentum South Africa Index. The S&P Short Term Momentum South African Index is designed to measure the performance of securities in the South African market that exhibit persistence in their relative performance

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered 8.74% after fees and administrative expenses relative to the S&P Short Term Momentum South Africa Index performance of 9.70%.

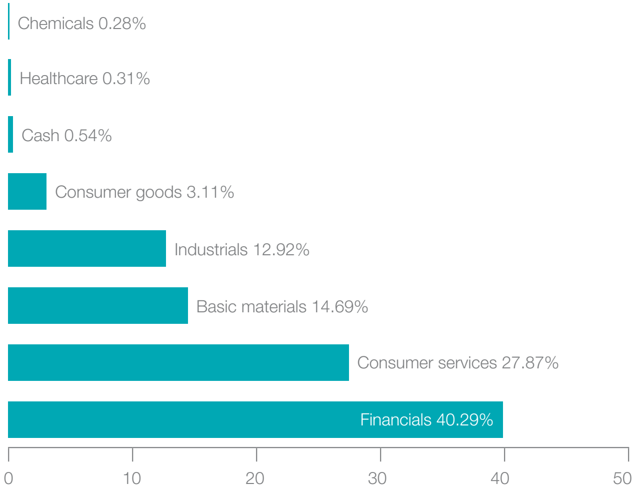
The assets under management increased to R54.87 million. The units in issue amounted to 60 257 375. Income distributions are done on a bi-annual basis (June, December) and rebalancing on the portfolio is done on a semi-annual basis (March, September).

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	1.72	0.01	0.04	1.77
2017-12-29	1.53	0.06	0.12	1.71
2017-06-30	1.55	0.02	0.36	1.93
2016-12-30	1.11	0.08	0.10	1.29

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

Ashburton GOVI Tracker Fund

Investment objectives and strategy

The Ashburton GOVI Tracker Fund is managed on an indexation basis and the full economic performance of the fund is aligned with that of the JSE Government Bond Index. This index comprises all bonds issued by the Republic of South Africa that fall into the top 10 positions of the Composite All Bond Index.

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered 8.60% after fees and administrative expenses relative to the FTSE/JSE GOVI Index performance of 9.62%.

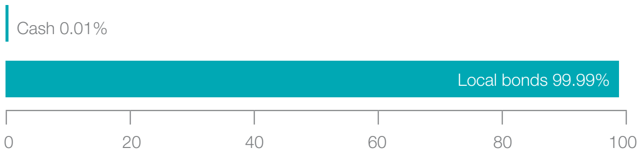
The assets under management increased to R485.74 million. The units in issue amounted to 476 567 424. Income distributions are done on a bi-annually basis (June, December) and rebalancing on the portfolio is done on a quarterly basis (March, June, September, December).

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.00	4.24	0.00	4.24
2017-12-29	0.00	4.16	0.00	4.16
2017-06-30	0.00	4.17	0.00	4.17
2016-12-30	0.00	3.97	0.00	3.97

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

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Ashburton Property Tracker Fund

Investment objectives and strategy

The Ashburton Property Tracker Fund is managed on an indexation basis and the full economic performance of the fund is aligned with that of the FTSE/JSE SA Listed Property Index (SAPY). The FTSE/JSE SAPY Index comprises the top 20 liquid companies by full market cap, in the Real Estate Investment & Services Sector and Real Estate Investment Trusts Sector, with a primary listing on the Johannesburg Stock Exchange.

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 12-month period ended 30 June 2018, the fund delivered -10.32% after fees and administrative expenses relative to the FTSE/JSE SA Listed Property Index performance of -9.94%.

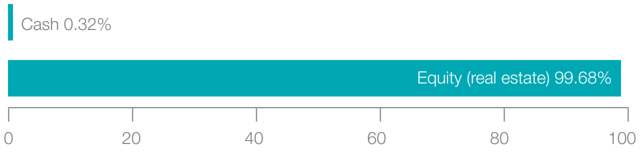
The assets under management increased to R164.65 million. The units in issue amounted to 202 110 108. Income distributions are done on a bi-annual basis (June, December) and rebalancing on the portfolio is done on a quarterly basis (March, June, September, December).

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	0.40	0.02	2.68	3.10
2017-12-29	0.09	0.04	2.79	2.92
2017-06-30	0.10	0.03	2.74	2.87
2016-12-30	0.25	0.07	2.63	2.95

Source: Finswitch, Ashburton Investments

Asset allocation (%)



Source: Maitland, Ashburton Investments

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Ashburton Global 1200 Tracker Fund

Investment objectives and strategy

The Ashburton Global 1200 Tracker Fund is managed on an indexation basis and the full economic performance of the fund is aligned with that of the S&P Global 1200 Index. The S&P Global 1200 Index provides efficient exposure to the global equity market. Capturing approximately 70% of global market capitilisation, it is constructed as a composite of seven headline indices, many of which are accepted leaders in their regions. These include the S&P 500® (US), S&P Europe 350, S&P TOPIX 150 (Japan), S&P/TSX 60 (Canada), S&P/ASX All Australian 50, S&P Asia 50 and S&P Latin America 40.

Ashburton Investments' index tracking investment philosophy is to ensure that the index performance and constituents are fully replicated within the fund, reporting minimal tracking errors in the most cost-efficient manner. The investment process ensures that the full economic performance of the fund is in line with that of the index by buying only constituent securities in the same weightings in which they are included in the index and selling only securities which are excluded from the index from time to time as a result of index reviews or corporate actions.

Fund review

For the 10-month period ended 30 June 2018, the fund delivered 15.04% after fees and administrative expenses relative to the S&P Global 1200 Index performance of 16.20%.

Main exposures on a regional basis within the index were to the United States and Japan.

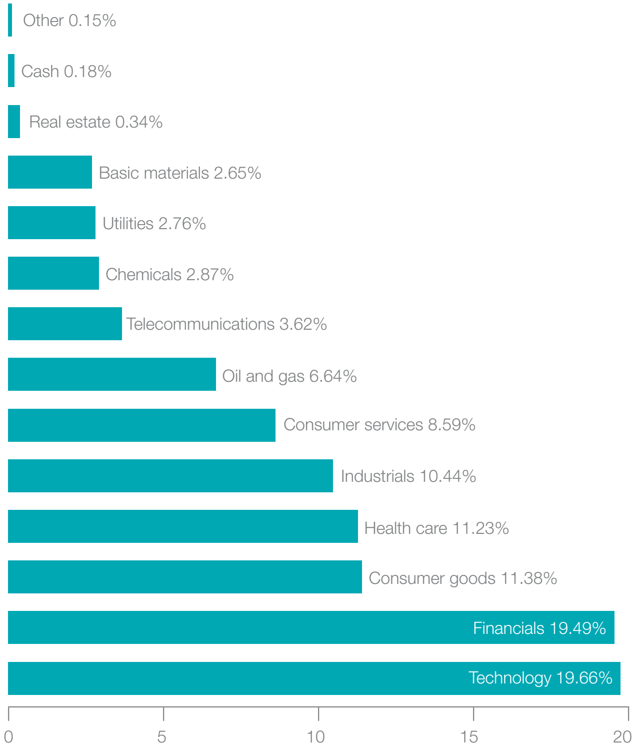
The assets under management increased to R303.82 million. The units in issue amounted to 244 752 631. Income distributions are done on a bi-annual basis (June, December) and rebalancing on the portfolio is done on a quarterly basis (March, June, September, December).

Income distribution

Distribution date	Dividend distribution (cpu)	Interest distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
2018-06-29	1.09	0.00	0.00	1.09
2017-12-29	0.64	0.05	0.00	0.69
2017-06-30	1.03	0.01	0.00	1.04
2016-12-30	0.00	0.03	0.00	0.73

Source: Finswitch, Ashburton Investments

Sector allocation (%)



Source: Maitland, Ashburton Investments

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Annual fees and TERs

For the year ended 30 June 2018

Investment	Annual management fee (excl. VAT)	Total expense ratio
Ashburton Multi Manager Bond Fund	0.85%	1.09%
Ashburton Multi Manager Equity Fund	1.25%	2.07%
Ashburton Equity Fund	1.00%	1.17%
Ashburton Balanced Fund	1.00%	1.26%
Ashburton Multi Manager Prudential Flexible Fund	1.25%	1.62%
Ashburton Multi Manager Property Fund	1.20%	1.42%
Ashburton Multi Manager Income Fund	0.95%	1.32%
Ashburton Stable Fund	0.75%	1.14%
Ashburton Money Market Fund	0.50%	0.59%
Ashburton SA Income Fund	0.65%	0.78%
Ashburton Targeted Return Fund	1.10%	1.32%
Ashburton Defensive Fund	2.40%	2.02%
Ashburton Growth Fund	2.10%	2.28%
Ashburton Global Flexible Fund	1.95%	1.76%
Ashburton Stable Income Fund	0.45%	0.55%
Ashburton Diversified Income Fund	2.10%	2.55%

For the year ended 30 June 2018

Investment	Annual management fee (excl. VAT)	Total expense ratio
Ashburton Inflation Exchange Traded Fund	0.32%	0.44%
Ashburton Top40 Exchange Traded Fund	0.09%	0.15%
Ashburton MidCap Exchange Traded Fund	0.44%	0.71%
Ashburton Global 1200 Equity Exchange Traded Fund	0.37%	0.55%
Ashburton World Government Bond Exchange Traded Fund	0.34%	0.62%
Ashburton Low Beta SA Composite Tracker Fund	0.60%	0.77%
Ashburton Enhanced Value SA Tracker Fund	0.60%	0.72%
Ashburton Momentum SA Tracker Fund	0.60%	0.71%
Ashburton GOVI Tracker Fund	0.55%	0.65%
Ashburton Property Tracker Fund	0.55%	0.64%
Ashburton Global 1200 SA Tracker Fund	0.85%	1.09%
Ashburton Property Fund	1.10%	1.37%
Ashburton Bond Fund	0.85%	1.00%

Performance summary

Investment	1 month	3 months	6 months	1 year	2 years	3 years	5 years
SA Multi Asset – High Equity							
Ashburton Balanced Fund	2.38	3.65	0.53	7.56	3.97	5.18	8.57
Ashburton Multi Manager Prudential Flexible Fund	2.11	2.70	0.92	6.29	3.81	5.02	8.71
Peer group average (121 funds)	2.01	3.52	-0.19	7.21	4.32	4.63	8.01
SA Multi Asset – Low Equity							
Ashburton Targeted Return Fund	1.80	2.34	-0.82	4.63	3.02	4.83	6.81
CPI+3.5%	0.19	1.32	2.88	4.38	4.94	5.33	5.43
SA Multi Asset – Income							
Ashburton Multi Manager Income Fund	0.75	2.00	3.72	7.04	7.34	7.69	7.33
110% of STeFI 3-month deposit	0.58	1.83	3.68	7.66	7.85	7.62	7.03
Ashburton Stable Fund	0.58	1.65	3.78	8.11	7.65	7.71	6.94
CPI	0.19	1.32	2.88	4.38	4.94	5.33	5.43
Ashburton Diversified Income Fund	0.17	1.38	N/A	N/A	N/A	N/A	N/A
BEASSA 1-3 Yr TR ZAR	0.30	0.27	2.89	7.76	8.14	7.93	7.20

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Investment	1 month	3 months	6 months	1 year	2 years	3 years	5 years
South African Multi Asset – Flexible							
Ashburton Defensive Fund	-1.04	-1.12	-4.21	2.45	3.60	4.41	6.17
CPI+2%	0.35	1.80	3.85	6.38	6.94	7.33	7.44
Ashburton Growth Fund	1.18	1.26	-2.64	6.08	3.68	2.25	8.35
CPI+4 %	0.51	2.27	4.81	8.38	8.94	9.33	9.44
Global Multi Asset - Flexible							
Ashburton Global Flexible Fund	7.35	15.97	9.43	9.73	2.82	6.44	N/A
60 MSCI AC Index, 40 Citi World Bond Index	7.74	14.50	9.95	12.84	5.05	10.89	13.33

Investment	1 month	3 months	6 months	1 year	2 years	3 years	5 years
South African Fixed Income - Variable term							
Ashburton Multi Manager Bond Fund	-0.90	-2.75	4.15	10.10	9.10	7.66	7.23
Ashburton Bond Fund	-1.32	-3.67	4.55	10.98	9.38	N/A	N/A
BEASSA All Bond Index	-1.17	-3.78	3.97	10.19	9.05	7.77	7.39
Ashburton Inflation ETF	-2.06	-4.75	-0.91	1.19	0.21	2.80	4.82
GILBx Total Return Index	-2.05	-4.61	-0.69	1.64	0.63	3.26	5.31
Ashburton GOVI Tracker B1	-1.35	-4.01	3.33	8.95	N/A	N/A	N/A
BEASSA GOVI TR ZAR	-1.28	-3.96	3.42	9.62	8.83	7.74	7.27
South African Fixed Income - Short term							
Ashburton SA Income Fund	0.30	1.23	3.92	8.78	8.84	8.43	7.41
Ashburton Stable Income Fund	0.66	2.12	4.38	8.76	8.63	8.33	7.61
STEFI Composite Index	0.55	1.74	3.52	7.33	7.48	7.27	6.70
South African Fixed Income - Money Market							
Ashburton Money Market Fund	0.60	1.83	3.72	7.70	7.77	7.54	6.84
Benchmark: STeFI 3-month deposit	0.53	1.66	3.38	6.99	7.12	6.91	6.38

Investment	1 month	3 months	6 months	1 year	2 years	3 years	5 years
South African Real Estate - General							
Ashburton Multi Manager Property Fund	-3.20	-2.40	-20.67	-9.93	-3.96	1.10	7.18
Ashburton Property Fund	-3.52	-3.69	-24.13	N/A	N/A	N/A	N/A
Ashburton Property Tracker Fund	-3.47	-2.29	-21.46	-10.32	N/A	N/A	N/A
FTSE/JSE SA Listed Property TR ZAR	-3.45	-2.19	-21.37	-9.94	-3.77	0.93	6.71
South African Equity - General							
Ashburton Equity Fund	2.04	2.45	-2.79	7.10	2.79	3.42	8.52
Ashburton Multi Manager Equity Fund	1.40	1.38	-2.38	6.14	3.37	3.27	8.94
FTSE/JSE All Share Index (TR)	2.78	4.54	-1.70	15.02	8.15	6.69	11.05
Ashburton Global 1200 Equity ETF							
South African EQ Large Cap							
Ashburton Top40 ETF	3.57	6.09	-0.62	16.46	8.55	6.48	10.91
South African Equity Large Cap							
Ashburton Top40 ETF	3.57	6.09	-0.62	16.46	8.55	6.48	10.91
FTSE/JSE Top 40 TR ZAR	3.62	6.19	-0.52	16.75	8.89	6.76	11.20
South African Equity Mid/Small Cap							
Ashburton MidCap ETF	-2.17	-7.32	-10.79	2.96	-0.39	3.17	7.60
FTSE/JSE Mid Cap TR ZAR	-2.14	-7.16	-10.53	3.67	0.36	3.81	8.35

Investment	1 month	3 months	6 months	1 year	2 years	3 years	5 years
Hedge Funds							
Ashburton Dynamic Equity Hedge Fund	-2.99	-11.34	-7.58	-26.03	-24.07	-12.32	N/A
Ashburton Dynamic Equity Retail Hedge Fund	-0.31	-14.40	-17.66	N/A	N/A	N/A	N/A
STeFI plus 2%	0.71	2.25	4.53	9.33	9.48	9.27	8.71
Ashburton Select Hedge Fund	1.35	1.12	-0.04	0.92	N/A	N/A	N/A
STeFI Composite ZAR	0.55	1.74	3.52	7.33	7.48	7.27	6.70
Global Equity General							
Ashburton Global 1200 SA Tracker Fund	7.87	16.87	10.77	15.75	N/A	N/A	N/A
Ashburton World Government Bond ETF	7.91	12.64	N/A	N/A	N/A	N/A	N/A
Ashburton Global 1200 Equity ETF	7.56	16.60	10.95	N/A	N/A	N/A	N/A
S&P Global 1200 (WM) (NTR) ZAR	7.97	17.02	11.27	16.20	N/A	N/A	N/A
South African Equity General							
Ashburton Low Beta SA Composite Track Fund	4.79	8.94	-0.56	-1.03	N/A	N/A	N/A
S&P Low Beta South Africa Composite (ZAR) NTR	4.66	8.91	-0.25	-0.51	-0.46	N/A	N/A
Ashburton Momentum SA Tracker Fund	-0.88	-5.32	-8.57	9.10	N/A	N/A	N/A
S&P Momentum South Africa Index ZAR Net Total Return	-0.90	-5.33	-8.36	9.70	-5.58	N/A	N/A
Ashburton Enhanced Value SA Tracker Fund	-1.77	-2.74	-3.16	13.86	N/A	N/A	N/A
S&P Enhanced Value South Africa Composite Index (ZAR) Net Total Return	-1.65	-2.65	-3.30	14.67	15.88	19.45	11.71

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The assets under management at the end of June 2018 across this range of funds were R20.7 billion. This represents a growth of 9%.

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FOR THE YEAR ENDED 30 JUNE 2018

	SINGLE MANAGER FUNDS									
	Ashburton Equity Fund	Ashburton Balanced Fund	Ashburton Targeted Return Fund	Ashburton SA Income Fund	Ashburton Stable Income Fund	Ashburton Diversified Income Fund	Ashburton Money Market Fund	Ashburton Global Flexible Fund	Ashburton Property Fund	Ashburton Bond Fund
Assets										
Investments designated at fair value through profit or loss	571 179 520	550 057 317	538 671 937	1 472 207 403	5 667 149 618	108 187 372	3 077 757 022	783 306 573	70 938 780	275 276 095
Trade and other receivables	11 256 963	225 286	524 149	14 150	60 880	29 634	6 530	-	3 362 087	306 144
Cash and cash equivalents	-	495 467	12 851 421	6 616 933	4 737 191	4 680 732	845 611	61 366 643		-
Total assets	**582 436 483**	**550 778 070**	**552 047 507**	**1 478 838 486**	**5 671 947 689**	**112 897 738**	**3 078 609 163**	**844 673 216**	**74 300 867**	**275 582 239**
Liabilities										
Net assets attributable to participatory interest holders	581 674 956	550 330 583	551 563 483	1 478 075 113	5 602 461 970	110 275 889	3 059 974 207	837 764 835	71 616 372	267 153 175
Trade and other payables	356 876	447 487	484 024	763 373	69 485 719	2 621 849	18 634 956	6 908 381	43 836	7 869 577
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Bank overdraft	404 651	-	-	-	-	-	-	-	2 640 659	559 487
Total liabilities	**582 436 483**	**550 778 070**	**552 047 507**	**1 478 838 486**	**5 671 947 689**	**112 897 738**	**3 078 609 163**	**844 673 216**	**74 300 867**	**275 582 239**

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FOR THE YEAR ENDED 30 JUNE 2018

	MULTI MANAGER FUNDS				
	Ashburton Multi Manager Equity Fund	Ashburton Multi Manager Property Fund	Ashburton Multi Manager Prudential Flexible Fund	Ashburton Multi Manager Bond Fund	Ashburton Multi Manager Income Fund
Assets					
Investments designated at fair value through profit or loss	191 041 455	460 024 201	285 242 189	433 284 081	911 758 576
Trade and other receivables	91 303	1 071 508	1 658 850	72 195	37 305
Cash and cash equivalents	3 851 636	13 389 725	22 130 715	24 182 149	27 985 209
Total assets	**194 984 394**	**474 485 434**	**309 031 754**	**457 538 425**	**939 781 090**
Liabilities					
Net assets attributable to participatory interest holders	194 555 615	473 804 505	306 736 374	456 961 522	933 168 532
Trade and other payables	428 779	680 929	2 295 380	576 903	6 612 558
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Total liabilities	**194 984 394**	**474 485 434**	**309 031 754**	**457 538 425**	**939 781 090**

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	SOLUTIONS FUNDS		
	Ashburton Growth Fund	Ashburton Defensive Fund	Ashburton Stable Fund
Assets			
Investments designated at fair value through profit or loss	623 897 368	650 621 610	57 852 964
Trade and other receivables	127 603	2 257 636	-
Cash and cash equivalents	7 186 438	1 104 216	871 832
Total assets	**631 211 409**	**653 983 462**	**58 724 796**
Liabilities			
Net assets attributable to participatory interest holders	630 361 975	653 155 614	58 666 342
Trade and other payables	849 434	827 848	58 454
Financial liabilities at fair value through profit or loss	-	-	-
Bank overdraft	-	-	-
Total liabilities	**631 211 409**	**653 983 462**	**58 724 796**

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2018

	EXCHANGE TRADED FUNDS				
	Ashburton Top40 Exchange Traded Fund	Ashburton Inflation Exchange Traded Fund	Ashburton MidCap Exchange Traded Fund	Ashburton Global 1200 Exchange Traded Fund	Ashburton World Government Bond Exchange Traded Fund
Assets					
Investments designated at fair value through profit or loss	844 238 438	1 076 449 952	391 442 356	179 851 489	65 342 583
Trade and other receivables	50 091 564	33 908	188 244	120 259	1 168
Cash and cash equivalents	4 772 177	10 222 924	2 315 882	1 430 264	1 163 749
Total assets	**899 102 179**	**1 086 706 784**	**393 946 482**	**181 402 012**	**66 507 500**
Liabilities					
Net assets attributable to participatory interest holders	849 775 291	1 085 646 964	393 544 589	181 220 762	66 447 321
Trade and other payables	49 326 888	1 059 820	401 893	181 250	60 179
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Total liabilities	**899 102 179**	**1 086 706 784**	**393 946 482**	**181 402 012**	**66 507 500**

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2018

	TRACKER FUNDS					
	Ashburton Low Beta SA Composite Tracker Fund	Ashburton Enhanced Value Tracker Fund	Ashburton Momentum Tracker Fund	Ashburton GOVI Tracker Fund	Ashburton Property Tracker Fund	Ashburton Global 1200 Tracker Fund
Assets						
Investments designated at fair value through profit or loss	28 627 652	69 262 671	55 410 278	471 958 358	178 198 149	315 428 257
Trade and other receivables	18 556	97 689	13 272	17 766	1 580	434 277
Cash and cash equivalents	77 396	-	332 032	3 350 312	618 866	390 140
Total assets	**28 723 604**	**69 360 360**	**55 755 582**	**475 326 436**	**178 818 595**	**316 252 674**
Liabilities						
Net assets attributable to participatory interest holders	28 711 683	69 312 286	55 739 628	475 214 602	178 774 767	316 154 999
Trade and other payables	11 921	20 302	15 954	111 834	43 828	97 675
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Bank overdraft	-	27 772	-	-	-	-
Total liabilities	**28 723 604**	**69 360 360**	**55 755 582**	**475 326 436**	**178 818 595**	**316 252 674**

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STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2018

HEDGE FUNDS

	Ashburton Select Retail Investor Hedge Fund of Funds	Ashburton Dynamic Equity Retail Investor Hedge Fund	Ashburton Dynamic Equity Qualified Hedge Fund
Assets			
Investments designated at fair value through profit or loss	65 634 224	23 777 565	92 305 758
Trade and other receivables	650 884	7 575 583	15 904
Cash and cash equivalents	-		-
Total assets	**66 285 108**	**31 353 148**	**92 321 662**
Liabilities			
Net assets attributable to participatory interest holders	66 116 379	20 545 302	48 061 567
Trade and other payables	168 729	32 789	269 298
Financial liabilities at fair value through profit or loss	-	10 775 057	43 966 268
Bank overdraft	-		24 529
Total liabilities	**66 285 108**	**31 353 148**	**92 321 662**

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STATEMENT OF COMPREHENSIVE INCOME

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	SINGLE MANAGER FUNDS									
	Ashburton Equity Fund	Ashburton Balanced Fund	Ashburton Targeted Return	Ashburton SA Income Fund	Ashburton Stable Income Fund	Ashburton Diversified Income Fund	Ashburton Money Market Fund	Ashburton Global Flexible Fund	Ashburton Property Fund	Ashburton Bond Fund
Interest income	524 445	4 160 195	2 559 372	5 251 175	18 860 631	344 481	7 778 401	442 514	65 181	524 186
Fair value gain or losses	107 870 124	36 784 653	38 305 475	84 753 222	123 557 317	2 732 593	190 047 432	113 091 425	(11 975 438)	30 457 852
Investment income	**108 394 569**	**40 944 848**	**40 864 847**	**90 004 397**	**142 417 948**	**3 077 074**	**197 825 833**	**113 533 939**	**(11 910 257)**	**30 982 038**
Other income	-	-	-	-	-	-	-	-	-	-
Operating expenses	(6 464 263)	(4 445 221)	(6 205 811)	(6 757 666)	(6 273 153)	(500 953)	(8 118 058)	(10 997 824)	(368 979)	(1 468 924)
Interest expense	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) before taxation	**101 930 306**	**36 499 627**	**34 659 036**	**83 246 731**	**136 144 795**	**2 576 121**	**189 707 775**	**102 536 115**	**(12 279 236)**	**29 513 114**
Taxation	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) before amounts attribute to participatory interest holders	**101 930 306**	**36 499 627**	**34 659 036**	**83 246 731**	**136 144 795**	**2 576 121**	**189 707 775**	**102 536 115**	**(12 279 236)**	**29 513 114**
Decrease/(Increase) in net assets attribute to participatory interest holders	(101 930 306)	(36 499 627)	(34 659 036)	(83 246 731)	(136 144 795)	(2 576 121)	(189 707 775)	(102 536 115)	12 279 236	(29 513 114)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	MULTI MANAGER FUNDS				
	Ashburton Multi Manager Equity Fund	Ashburton Multi Manager Property Fund	Ashburton Multi Manager Prudential Flexible Fund	Ashburton Multi Manager Bond Fund	Ashburton Multi Manager Income Fund
Interest income	166 053	1 166 801	938 148	1 685 991	4 295 592
Fair value gain or losses	6 975 891	(22 332 496)	23 696 145	57 280 094	78 011 367
Investment income	**7 141 944**	**(21 165 695)**	**24 634 293**	**58 966 085**	**82 306 959**
Other income	-	-	-	-	-
Operating expenses	-2 246 183	(11 756 635)	(4 353 880)	(9 151 498)	(14 260 270)
Interest expense	-	-	-	-	-
Profit/(Loss) before taxation	**4 895 761**	**(32 922 330)**	**20 280 413**	**49 814 587**	**68 046 689**
Taxation	-	-	-	-	-
Profit/(Loss) before amounts attribute to participatory interest holders	**4 895 761**	**(32 922 330)**	**20 280 413**	**49 814 587**	**68 046 689**
Decrease/(Increase) in net assets attribute to participatory interest holders	(4 895 761)	32 922 330	(20 280 413)	(49 814 587)	(68 046 689)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**

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	SOLUTIONS FUNDS		
	Ashburton Growth Fund	Ashburton Defensive Fund	Ashburton Stable Fund
Interest income	204 685	9 100 334	435 019
Fair value gain or losses	53 770 274	14 527 389	4 645 464
Investment income	**53 974 959**	**(23 627 723)**	**5 080 483**
Other income	-	-	-
Operating expenses	(11 214 732)	(10 098 520)	(690 600)
Interest expense	-	-	-
Profit/(Loss) before taxation	**42 760 227**	**13 529 203**	**4 389 883**
Taxation	-	-	-
Profit/(Loss) before amounts attribute to participatory interest holders	**42 760 227**	**13 529 203**	**4 389 883**
Decrease/(Increase) in net assets attribute to participatory interest holders	(42 760 227)	(13 529 203)	(4 389 883)
Total comprehensive income	**-**	**-**	**-**

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	EXCHANGE TRADED FUNDS				
	Ashburton Top40 Exchange Traded Fund	Ashburton Inflation Exchange Traded Fund	Ashburton MidCap Exchange Traded Fund	Ashburton Global 1200 Exchange Traded Fund	Ashburton World Government Bond Exchange Traded Fund
Interest income	160 479	255 910	89 858	240 420	38 219
Fair value gain or losses	150 102 936	6 855 954	895 763	4 716 837	7 906 497
Investment income	**150 263 415**	**7 111 864**	**985 621**	**4 957 257**	**7 944 716**
Other income	189 889	-	236 986	-	-
Operating expenses	(956 543)	(3 526 099)	(1 577 742)	-589 680	(117 500)
Interest expense	-	-	-	-	(92 895)
Profit/(Loss) before taxation	**149 496 761**	**3 585 765**	**(355 135)**	**4 367 577**	**7 734 321**
Taxation	-	-	-	-	-
Profit/(Loss) before amounts attribute to participatory interest holders	**149 496 761**	**3 585 765**	**(355 135)**	**4 367 577**	**7 734 321**
Decrease/(Increase) in net assets attribute to participatory interest holders	(149 496 761)	(3 585 765)	355 135	(4 367 577)	(7 734 321)
Total comprehensive income	-	-	-	-	-

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	TRACKER FUNDS					
	Ashburton Low Beta SA Composite Tracker Fund	Ashburton Enhanced Value SA Tracker Fund	Ashburton Momentum SA Tracker Fund	Ashburton GOVI Tracker Fund	Ashburton Property Tracker Fund	Ashburton Global 1200 SA Tracker Fund
Interest income	5 296	24 816	24 051	166 828	76 124	122 407
Fair value gain or losses	(5 539 731)	3 918 274	(2 672 842)	43 865 424	(22 925 217)	24 385 403
Investment income	**(5 534 4350**	**3 943 090**	**(2 648 791)**	**44 032 252**	**(22 849 0930**	**24 507 810**
Other income	-	-	-	-	-	-
Operating expenses	(124 049)	(201 312)	(97 500)	(1 406 369)	(342 472)	(1 411 550)
Interest expense	-	-	-	-	-	-
Profit/(Loss) before taxation	**(5 658 4840)**	**3 741 778**	**(2 746 291)**	**42 625 883**	**(23 191 565)**	**23 096 260**
Taxation	-	-	-	-	-	-
Profit/(Loss) before amounts attribute to participatory interest holders	**(5 658 484)**	**3 741 778**	**(2 746 291)**	**42 625 883**	**(23 191 565)**	**23 096 260**
Decrease/(Increase) in net assets attribute to participatory interest holders	5 658 484	(3 741 7780	2 746 291	(42 625 883)	23 191 565	(23 096 260)
Total comprehensive income	-	-	-	-	-	-

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	HEDGE FUNDS		
	Ashburton Select Retail Investor Hedge Fund Of Funds	Ashburton Dynamic Equity Retail Investor Hedge Fund	Ashburton Dynamic Equity Qualified Hedge Fund
Interest income	57 798	579 120	1 937 133
Fair value gain or losses	47 094	(5 756 635)	(23 934 116)
Investment income	**104 892**	**(5 177 515)**	**(21 996 983)**
Other income	-	-	-
Operating expenses	(524 904)	(277 183)	(1 410 459)
Interest expense	-	-	-
Profit/(Loss) before taxation	**(420 012)**	**(5 454 698)**	**(23 407 442)**
Taxation	-	-	-
Profit/(Loss) before amounts attribute to participatory interest holders	**(420 0120)**	**(5 454 698)**	**(23 407 442)**
Decrease/(Increase) in net assets attribute to participatory interest holders	**420 012**	**5 454 698**	**23 407 442**
Total comprehensive income	**-**	**-**	**-**

Trustees' report

Trustees' report

We, the Standard Bank of South Africa Limited, in our capacity as Trustee of the Ashburton Collective Investment Scheme ("the Scheme") have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended ("the Act"), for the financial year ended 30 June 2018.

In support of our report we have adopted certain processes and procedures that allow us to form a reasonable conclusion on whether the Manager has administered the Scheme in accordance with the Act and the Scheme Deed.

As Trustees of the Scheme we are also obliged to in terms of Section 70(3) of the Act, to satisfy ourselves that every statement of comprehensive income, statement of financial position or other return prepared by the Manager of the Scheme as required by Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme.

The Manager is responsible for maintaining the accounting records and preparing the annual financial statements of the Scheme in conformity with International Financial Reporting Standards. This responsibility also includes appointing an external auditor to the Scheme to ensure that the financial statements are properly drawn up so as to fairly represent the financial position of every portfolio of its collective investment scheme are in accordance with International Financial Reporting Standards and in the manner required by the Act

Our enquiry into the administration of the Scheme by the Manager does not cover a review of the annual financial statements and hence we do not provide an opinion thereon.

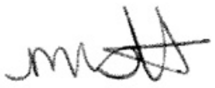
Based on our records, internal processes and procedures we report that nothing has come to our attention that causes us to believe that the accompanying financial statements do not fairly represent the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the Manager.

We confirm that according to the records available to us, no losses were suffered in the portfolios and no investor was prejudiced as a result thereof.

We conclude our report by stating that we reasonably believe that the Manager has administered the Scheme in accordance with:

(i) the limitations imposed on the investment and borrowing powers of the manager by this Act; and

(ii) the provisions of this Act and the deed.



Melinda Mostert
Standard Bank of South Africa Limited

Seggie Moodley
Standard Bank of South Africa Limited

Trustees' report

Abridged Report of the Trustee: Standard Chartered Bank Johannesburg Branch

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the

Ashburton Collective Investment Scheme in Securities Exchange Traded Funds (the "Scheme")

have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended ("the Act"), for the period 01 July 2017 up to and including 30 June 2018 ("the Report"). The Report is available from us and/or

Ashburton Management Company (RF) Proprietary Limited (the "Manager")

This letter is an abridged version of the Report.

Having fulfilled our duties as required by the Act, we confirm that the Manager of the Scheme has in general administered the Scheme:

(i) within the limitations on the investment and borrowing powers of the Manager imposed by the Act, and

(ii) in accordance with the provisions of the Act and the trust deeds.

Yours sincerely,

Chantell Kruger
Senior Manager, Trustee Services

Henning Bisschoff
Head, TB South and Southern Africa

Legal notes

Management Company

Ashburton Management Company (RF) Proprietary Limited
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Directors

Executive Directors
B Grobler

Independent Non-executive Directors
M Ramplin (Chairman)
S Yates
G Carter

Investment Manager

Ashburton Fund Managers (Proprietary) Limited

Trustees' of the Ashburton Collective

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19th Floor Main Tower Standard Bank Centre
Heerengracht Street
Cape Town, 8001

Trustee for ETFs

Standard Chartered
5th Floor, No. 4 Sandown Valley Crescent
Sandton
Gauteng, 2196

Auditors

PricewaterhouseCoopers

Disclaimer

Ashburton Management Company (RF) Proprietary Limited is an approved collective investment schemes manager of the Ashburton Collective Investment Scheme ("Ashburton CIS"). Ashburton is regulated by the Financial Sector Conduct Authority and is a full member of the Association for Savings and Investment SA (ASISA).

This document and any other information supplied in connection with the Ashburton CIS is not "advice" as defined and/or contemplated in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002 ("the FAIS Act") and investors are encouraged to obtain their own independent advice prior to buying participatory interests in CIS portfolios issued under the Ashburton CIS. Any investment is speculative and involves significant risks and therefore, prior to investing, investors should fully understand the portfolios and any risks associated with them.

Collective investment schemes in securities are generally medium to long term investments. In the event a potential investor requires material risks disclosures for the foreign securities included in a portfolio, the manager will upon request provide such potential investor with a document outlining: potential constraints on liquidity and repatriation of funds; Macroeconomics risk; Political risk; Foreign Exchange risk; Tax risk; Settlement risk; and Potential limitations on the availability of market information.

The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. Forward pricing is used and portfolio valuations take place at approximately 15h00 (14h00 for money market funds) each business day (17h00 at month and quarter end). Instructions to redeem or repurchase must reach Ashburton before 14h00 (11h00 for money market funds) to ensure same day value. For money market and short term debt portfolios the price of each participatory interest is aimed at a constant value. While a constant price is maintained the investment capital or the return of a portfolio is not guaranteed. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in extreme case, e.g. defaults by underlying issuers, it can have the effect of reducing the capital value of the portfolio. The yield is calculated using an annualised seven day rolling average as at 30 June 2018. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures. In such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. For bond and income portfolios, this is a historic/current yield as at 30 June 2018. CIS portfolios 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 investments to go up or down. A CIS portfolio may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.

Participatory interests are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the CIS portfolio divided by the number if participatory interests in issue.

All fees quoted exclude VAT except where stated differently.

The **Total Expense Ratio (TER)** is expressed as an annualised percentage of the charges, levies and fees incurred by the portfolio related to its management, for the period under review against the average NAV of the portfolio over this period. A higher TER does not necessarily imply a poor return, nor does a lower TER imply a good return. The current TER cannot be regarded as an indication of future TERs. A full detailed schedule of fees, charges and commissions is available from Ashburton on request and incentives may be paid and if so, would be included in the overall costs.

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