



ABRIDGED
ANNUAL
REPORT **2017**

TO UNIT TRUST INVESTORS FOR
THE YEAR ENDED 30 JUNE 2017 /

 **ASHBURTON**
INVESTMENTS

A part of the FirstRand Group



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

CEO's and CIO's report

Our key people

Funds at a glance

Market review

Ashburton funds

Annual fees and TERs

Performance summary

Ashburton financials

Legal



Contents

03	CEO's report
06	CIO's report
08	Our key people
11	Funds at a glance
14	Market review
15	Ashburton Investments funds
43	Annual fees and TERs
45	Performance summary
49	Ashburton financials
50	Statement of financial position
54	Statement of comprehensive income
58	Distribution to unit holders
62	Trustee's report
64	Legal notes

CEO's report



While the economy is likely to continue to underperform and be hamstrung by a lack of confidence, low levels of private and government fixed investment expenditure and generally low commodity prices, we should not ignore some positives that are starting to appear on the horizon.

Boshoff Grobler

Chief Executive Officer

CEO's report

Ashburton Management Company

Ashburton Management Company launched in June 2013 and is the home of the collective investment schemes in the Ashburton Investments stable. The funds in this range include five multi manager funds, nine retail single manager funds and nine solutions based funds. The assets under management at the end of June 2017 across this range of funds were R13.8 billion. This represents a growth in assets under management of 4% over the year to end June 2017. Our investment team, headed by Paolo Senatore, Chief Investment Officer, has again shown fortitude in continued volatility and uncertainty in the markets over the past year. In the four years since the launch of Ashburton Investments, we have continued to grow our business, our team and our expertise. And we have continued to deliver on our vision of:

- getting those that are not saving to save,
- getting those who are saving to save more effectively, and
- helping to fund Africa.

Our proposition

We believe that, in the long term, the majority of excess returns are generated through asset allocation. As such, performance in our funds is delivered through a single, top down investment process which informs decisions across all investment activities and asset classes, where applicable.

Single Manager Funds

Our investment performance and the differentiation in our single manager funds are underpinned by the following value proposition:

- **Macro**
Superior top down asset allocation decisions.
- **Quality**
The team has a style agnostic approach to stock selection and uses a variety of qualitative and quantitative measures to ensure the quality of the portfolio.
- **Focused**
High conviction positions in a concentrated portfolio of 18-30 shares.

Fund Solutions (Multi Manager, Index Tracking and Exchange Traded Funds)

Our multi managed, index tracker and exchange traded funds (ETFs), which are beta and smart beta based, are utilised as building blocks for our outcomes based investment solutions. Our index tracker and ETF funds are managed so to minimise tracking errors to their respective benchmarks and indices at the lowest cost to investors.

We are currently in the process of listing three additional ETFs intended to provide investors with efficient exposures to global equities, global fixed income and global property assets, in a simple and cost effective manner. In addition, these funds will be used as building blocks for the new Global Horizon FNB funds. Our multi management funds utilise superior manager selection and blending techniques to deliver superior risk adjusted returns for our investors.

Hedge Funds

Ashburton Investments successfully migrated its Dynamic Equity Hedge Fund from a partnership structure into a FSB regulated Qualified Investor Hedge Fund (QIHF) on 1 November 2016. We also launched the Ashburton Select Retail Investor Hedge Fund of Funds (RIHF) ("the "Select Fund of Funds") on 3 October 2016. The Select Fund of Funds provides retail investors unique access to the top hedge funds in South Africa by expertly combining different hedge fund mandates, to provide investors a differentiated source of return.

CEO's report

Our performance

Single Manager Funds

The fund performance generated in the single manager suite of funds over the past year has been satisfactory, against the backdrop of very testing local market conditions. This highlighted by the asset class returns over the past year, wherein only vanilla bonds delivered above inflation returns.

As a result, fixed income funds enjoyed strong inflows across the industry, while equity funds experienced only moderate flows, with investor concerns around elevated equity market valuations and the political uncertainty our country faces. Looking to the future, we continue to see pockets of value in the market, with lower bond yields supporting valuations and (despite the short-term risks) we believe that our funds are well positioned to capitalise on opportunities in these pockets over the medium term.

Fund Solutions (Multi Manager, Index Tracking and Exchange Traded Funds)

While investment performance for the year was reasonable, strong longer-term performance continues to show the skill of our investment team.

Performance within the multi manager funds remains aligned to their respective benchmarks. These funds also performed very well against peers with first and second quartile rankings achieved in four of the five funds over three and five year periods.

The index tracking funds are tracking effectively against the index, achieving an average clean tracking error of under 0.12%.

Market context

“Do not save what is left after spending but spend what is left after saving”. This Warren Buffet quote neatly encapsulates our attitude towards the sanctity of savings and ensures a healthy appreciation of risk in building long-term wealth for our clients.

The past year contained many event risks that provided a lot of food for thought and significantly influenced investor sentiment. Brexit was a “risk-off” event while the Trump election and pro Euro Dutch and French elections were unambiguously positive from a risk asset sentiment perspective.

A generally favourable global backdrop presented a stark contrast to the local economy which remained bedevilled by political and policy uncertainty. Private sector investment, a key contributor to the South African economic condition, is being held back by a lack of business and consumer confidence.

Looking ahead, the prospect of potentially tightening monetary conditions globally may pose a challenge to elevated valuations while locally politics will continue to have a significant influence on the domestic investment landscape. We remain convinced that our emphasis on focus, quality and multiple sources of return will continue to prove resilient in the most challenging of market cycles.

CIO's report

The gradually accelerating global economic growth experienced over the year to June proved to be a positive underpin for global growth assets.

Paolo Senatore
Chief Investment Officer



CIO's report

In the United States (US), the unemployment rate continued to move lower while in the Eurozone there was a pick-up in growth momentum. In China, both the first and second quarters of the calendar year reflected growth ahead of expectations.

The Brexit vote and the US election were two major events that had surprising and market moving outcomes over the period. Brexit initially caused market jitters but besides a markedly weaker pound Sterling, there was little contagion. The outcome of the later French election also calmed fears that Brexit would be the precursor to a Eurozone break up. Across the Atlantic, the election of Donald Trump and the prospect of significant fiscal stimulus via lower taxes sparked a significant uplift in sentiment towards growth assets (the MSCI World Equity Market Index reflected a 19% US dollar return over the year to June). Inflation began to gradually accelerate and bonds yields edged up resulting in the Citigroup World Government Bond Index recording a negative 4.1% return over the year.

In South Africa (SA), the challenges remained as daunting as ever with politics dominating the investment landscape. While the global economic backdrop proved supportive, political uncertainty damaged both consumer and business confidence resulting in a decline in private sector fixed investment. Regrettably, South Africa found itself in a technical recession with both the fourth quarter of 2016 and the first quarter of 2017 recording declines in economic output. Domestic investment market returns were also subdued at best (under 3% returns from the JSE All Share Index over the 12 months to June). On a brighter note, subdued import demand resulted in a reduction in the current account deficit and inflation started to trend lower.

The year ahead

The issues likely to dominate investor attention going forward include the ability of President Trump and the Republicans to push through tax and other reforms, as well as the potential withdrawal of liquidity by central banks. The only central banks currently still actively involved in quantitative easing are the European Central Bank (ECB), The Bank of Japan and the Swiss National Bank. The ECB is likely to end quantitative easing in the foreseeable future and the narrative in the US is now about the timing of the next interest rate hike and the Federal Reserve's planned balance sheet reduction. To the degree that liquidity provided a key support to asset prices in the past, the potential removal of this underpin is a reason to be cautious.

In South Africa, the economic outlook remains subdued. While there is scope for a shallow rate cutting cycle, more political and policy certainty will probably be required to break into a higher growth trajectory. The ANC elective conference in December is a very significant event risk in this regard. An enduring investment principle is that the greater the uncertainty the greater the risk and the greater the risk premium one needs to bake into asset valuations. It is important to note, however, that SA markets are already reflecting high levels of uncertainty and while we choose to remain relatively conservative, we do not shy away from well diversified investment exposure in the construction of our portfolios.

On a more positive note, the make-up of SA's demographic suggests strong potential for economic growth and employment gains in the longer term. This is, however, dependent on good governance and reform. While this is a long-term objective, investment should always have a long-term underpin.

Our key people



Our key people



Paolo Senatore

Chief Investment Officer

Paolo Senatore is the Chief Investment Officer. Paolo has 22 years' industry experience and began his career in 1995 when he joined Rand Merchant Bank (RMB), gaining exposure to a number of areas within the bank. Paolo holds an MSc in Mechanical Engineering from the University of Witwatersrand.



Nkareng Mpobane

Deputy Chief Investment Officer

Nkareng Mpobane is the Deputy Chief Investment Officer. She has over 10 years' experience in the investment industry. As of January 2016, 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.



Shalin Bhagwan

Head of Institutional Business

Shalin Bhagwan is Head of Institutional Business and Liability Driven Investing (LDI) and is responsible for the client engagement model and coordinating the product offerings for institutional clients. He was previously Head of Fixed Income. Shalin has held roles such as Head of UK Liability Driven Investments (LDI) for AXA Investment Managers. Prior to AXA, Shalin spent five years as part of the LDI Executive Team at Legal & General Investment Management, where he helped build both the UK and US LDI businesses, working out of London and Chicago. He is a Fellow of the Faculty of Actuaries and graduated with a BSc (Honours in Actuarial Science and Statistics) from the University of Cape Town.

Our key people



Murray Anderson

Head of Retail Business and Fund Management

Murray Anderson is the Head of Retail Business and Fund Management and is responsible for the client engagement model and coordinating the product offerings for retail clients. Murray joined Ashburton Investments as a result of the acquisition of Atlantic Asset Management. Previously, he was the Co-Founder and Managing Director of Atlantic. Prior to Atlantic he held a number of senior distribution and marketing positions at Cadiz African Harvest, Old Mutual Asset Managers as well as RMB Asset Management and has served the industry in the past on a number of committees of the Association for Savings and Investment of South Africa. 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™).



Mark Appleton

SA Head of Multi Asset and Strategy

Mark Appleton is the South African Head of Multi Asset and Strategy with a primary focus of tactical asset allocation. He has over 31 years' of investment management experience. Mark is a CFA Charterholder and has also earned a Bachelor of Commerce degree in Economics from the University of the Witwatersrand and a post graduate Diploma in Financial Planning from the University of the Free State.



Dr Vladimir Nedeljkovic

Head of Fund Solutions

Dr Vladimir Nedeljkovic is Head of Fund Solutions. His responsibilities include outcomes based solutions, multi management and indexation and index based products. He has a BSc (Hons) degree in Electrical Engineering from the University of Belgrade, as well as a Master of Science degree in Electrical Engineering from the same institution. In 1996 he received a Doctorate of Philosophy (Ph.D.) in Applied Mathematics at the University of the Witwatersrand and in 2002 he completed an MBA from Wits Business School.

Funds at a glance

Single manager funds

Ashburton 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	The investment objective of the fund is to provide investors with a well diversified exposure to the South African bond market.	Beassa ALBI	Low to moderate
Ashburton Select Retail Investor Hedge Fund of Funds	Class B	To provide investors with a wider set of investment possibilities through the use of a combination of hedge funds.	STeFi	Moderate
Ashburton Dynamic Equity Qualified Investor Hedge Fund	Qualified Investor Hedge Fund	The fund aims to preserve capital while generating consistent real returns of STeFI plus 5% measured over a rolling 36 month period.	STeFI plus 5% per annum	Moderate to high

Multi manager funds

Ashburton 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 (Total Return)	High
Ashburton Multi Manager Property Fund	South Africa - 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. The fund complies with Regulation 28 of the Pension Funds Act, 1956.	110% of the STeFI 3 month deposit	Low to moderate

Solutions funds

Ashburton 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 out perform 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 out perform 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 a two year rolling period and generate income through interest bearing assets. Returns should match CPI.	CPI over two-year rolling periods	Low

Exchange traded funds

Ashburton 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

Tracker funds

Ashburton funds	ASISA category	Investment objective	Benchmark	Risk profile
Ashburton Property Tracker Fund	Real Estate - General Portfolio	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.	FTSE/JSE SA Listed Property Index	Moderate to high
Ashburton Enhanced Value SA Tracker Fund	Equity - General Portfolio	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.	S&P Enhanced Value South Africa Index	Moderate to high
Ashburton Low Beta SA Composite Tracker Fund	Equity - General Portfolio	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.	S&P Low Beta South Africa Composite Index	Moderate to high
Ashburton Govi Tracker Fund	Interest Bearing - Variable	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.	JSE Government Bond Index	Low
Ashburton Global 1200 Tracker Fund	Term Portfolio	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.	S&P Global 1200 Index	High
Ashburton Momentum SA Tracker Fund	Equity - General Portfolio	To provide investors with cost effective exposure to companies within the South African equity market that portray consistency in performance through the purchase of an index tracking unit trust.	S&P Momentum South Africa Index	Moderate to high

Source: Ashburton Investments

Market review

Market review statistics (%)	1 yr to 30 June 2015		1 yr to 30 June 2016		1 yr to 30 June 2017	
	% change USD	% change ZAR	% change USD	% change ZAR	% change USD	% change ZAR
ALSI (Total Return)	-8.21%	0.05%	-13.91%	4.07%	14.51%	1.77%
MSCI World Equities	2.04%		-2.16%		18.87%	
MSCI Emerging Markets	-4.80%		-11.74%		24.15%	
S&P500 (Total Return)	7.42%		3.98%		17.87%	
FTSE 100 (Total Return) (GBP)	0.17%		3.84%		16.95%	
MSCI China (HKD)	21.00%		-25.22%		33.13%	
Gold price	-37.40%		54.64%		-6.07%	
Copper price	-18.17%		-15.90%		22.99%	
Platinum price	-27.17%		-5.29%		-9.62%	
Brent Crude price	-43.41%		-21.87%		-3.54%	
SA Listed Property Index		19.70%		5.18%		2.87%
SA ALBI (ZAR)		8.21%		5.24%		7.93%
3-month JIBAR		6.14%		7.36%		-0.22%
R/\$ exchange rate		-14.40%		-21.02%		-11.22%
R/GBP exchange rate		-5.08%		-2.58%		-13.17%
R/Euro exchange rate		6.87%		-20.44%		-8.53%
ECPI		4.74%		6.27%		5.11%
Repo		5.75%		7.00%		0.00%

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.



CEO's and CIO's report
Our key people
Funds at a glance
Market review
Ashburton funds
Annual fees and TERs
Performance summary
Ashburton financials
Legal

ASHBURTON BALANCED FUND

Investment objectives and strategy

The Ashburton Balanced Fund's objective is 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 90 of the Collective Investment Schemes 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. The fund 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.

The fund targets investors who require inflation-beating returns over the medium to long term. As the fund conforms to the Regulation 28 framework the fund can service pension, provident, preservation funds and living annuities. The fund is managed within a top-down asset allocation investment process and a bottom-up instrument selection process within a team environment. The fund is Ashburton Investments' best investment view and represents a process and team-driven investment solution for investors.

Fund review

The Ashburton Balanced Fund celebrated its four-year track record in June 2017. For the 2017 financial year, the fund returned 0.5%. Over two and three-years the fund returned 4.01% and 5.33% annualised after fees and administrative expenses. At year-end, the fund held assets under management of R493 million.

The fund failed to attain an inflation-beating return (CPI 6.1%) largely due to the fact that the FTSE/JSE All Share Index posted a very modest return of 1.69% for the year to end June. Only bonds and cash produced inflation-beating returns over the same period. However, the fund has achieved its objective and generated returns in excess of inflation over a three-year period and longer.

A major driver of modest performance for the year was the strong rand which negatively impacted offshore and industrial rand-hedge share returns. Offshore investments returned -2.45%. At year-end the offshore weighting accounted for 20% of the fund. The top five shares which added to performance for the year were Naspers, South 32, Richemont, Mondi and Standard Bank. The shares which detracted from performance were Mediclinic, Steinhoff, Woolworths, Reinet and EOH. Bonds were the top-performing asset class returning 8.49% for the year.

Market movements for the year to June have been impacted by politics both in the developed world and in South Africa. The year began with the surprise UK vote to leave the European Union. The vote resulted in the resignation of the British Prime Minister David Cameron and the decision of his successor Theresa May to set into motion the processes of separation from the European Union. The net effect was a significant devaluation of the British pound (GBP) which had a knock-on effect in the

performance of South African listed industrial and financial shares with UK exposure.

In November of 2016, the Republican candidate Donald Trump was elected as the United States President. Mr Trump's election came as a surprise to many political commentators. His campaign rhetoric of putting America first, implementing significant income tax cuts and increasing infrastructure spend buoyed equity markets and commodity prices. Thus, at the end of 2016, sentiment towards markets was elevated and the trade-weighted dollar reached a high of 103.8. Subsequently, the president has made a number of controversial statements and has been largely unable to push his economic policies through the legislature. This has seen the trade weighted dollar decline from the early January high of 103.8 to 95.6 at the end of June.

Emerging markets have been a beneficiary of a weaker dollar as fund flows into these markets and specifically into bonds has resulted in positive bond performance and the strengthening of emerging market currencies.

In South Africa, political events in the past year, and specifically over the past six months, have affected business confidence negatively. The timing of the dismissal of the highly regarded Finance Minister Pravin Gordhan in March came as a surprise. This was followed by the Standard and Poor's, Fitch, and Moody's investment downgrades. Furthermore, the first quarter gross domestic product (GDP) disappointed and currently SA is in a technical recession. Gross domestic product forecasts which were between 1% and 1.4% for 2017 have slowly been paired back and currently many commentators are forecasting growth of around 0.5%, which is a little better than the 0.3% GDP growth reported for last year.

ASHBURTON BALANCED FUND

While local equity market valuations have improved, the market once again faces headwinds from a constrained economic environment. The bond market, which is relatively well anchored by a down-trending inflation rate, is also likely to be hampered by the threat of further credit rating downgrades. The opportunity cost of being overweight in cash (cash yields are high) remains relatively low at present.

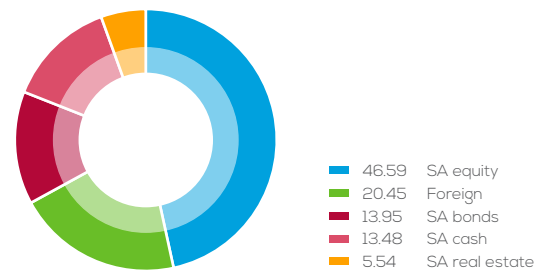
Globally, while the economic growth outlook remains positive, flattening yield curves imply some concern regarding the longer-term growth outlook. Consequently, the fund holds a neutral position in growth assets. Policy uncertainty, rising global interest rates and a trend towards nationalism and protectionism prevent a more upbeat assessment of equity market returns.

The outlook for the rand is for a gradual depreciation although risks to forecasts are significant given the fluid political dynamic and substantial event risk. Offshore investment continues to retain investment merit from a diversification perspective.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	1.24	0.74	0.13	2.11
30 Jun 2016	1.15	2.67	0.14	3.96
31 Dec 2015	0.77	0.77	0.10	1.64
30 Jun 2015	0.72	0.87	0.15	1.74

Asset allocation (%)



Source: Ashburton Investments

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 will comprise of financially sound ordinary shares. The fund will be predominantly invested 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 will be to invest in South African listed equity securities.

Fund review

For the 12-month period ended 30 June 2016, the fund returned -1.36% after fees and administrative expenses relative to the FTSE/JSE All Share Index performance total return of 1.69%. At year-end, the fund's assets under management totalled R1.1 billion. Over a three-year period to 30 June 2016, the fund ranked in the second quartile of 124 funds and has delivered an annualised return of 2.81%; ahead of the peer group average of 2.28% per annum.

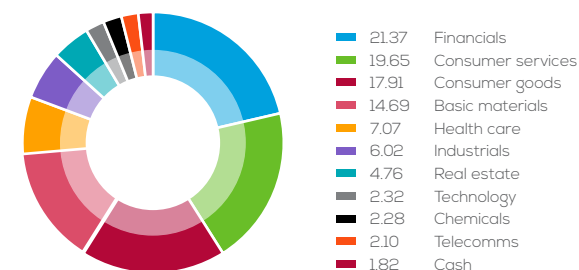
In the year, the fund maintained an overweight exposure to financials and an underweight resources position relative to the benchmark. The fund's underperformance in the past 12 months can be attributed to allocation and stock selection specifically within the industrial sector. Overall, healthcare, consumer goods and consumer services detracted from performance while the exposure to basic materials and telecommunications contributed positively to the performance of the fund.

The main contributors to performance for the year were the fund's holdings in Naspers, South 32 and Compagnie Richemont. Mediclinic, Steinhoff and Aspen were the shares which detracted the most from performance during the year.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	0.25	6.60	0.58	7.43
30 Jun 2016	0.24	31.80	0.67	32.71
31 Dec 2015	0.23	6.94	0.39	7.56
30 Jun 2015	0.23	8.34	0.54	9.11

Sector allocation (%)



Source: 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 will invest in a diversified portfolio of money market instruments. The maximum term of instruments included in the fund will be limited to 13 months, and the weighted average duration will not exceed three months. The fund complies with Regulation 28 of the Pension Funds Act, 1956. The risk profile is low.

Fund review

Over the past year, political risk has surged both domestically and internationally. Newly elected US Republican Donald Trump took to office in November 2016, and promised to put “America First”, by reducing taxes and increasing infrastructure spending. Locally, investors were concerned as rumours around a cabinet reshuffle were lingering, and by March 2017, rumours were put to rest and new minister of finance was announced.

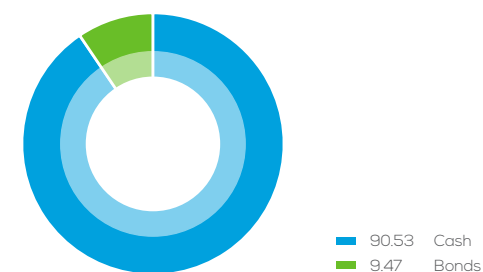
Following the reshuffle, South African credit risk was affirmed as sub investment grade by two major rating agencies, while the country skidded into a technical recession after its GDP declined by 0.7% for the first quarter of 2017 after diminishing by 0.3% in the fourth quarter of 2016.

Under this backdrop, the Ashburton Money Market Fund generated a 7.85% return (net of fees), outperforming its STeFI 3-Month NCD benchmark by 0.60% over the 12-month period. The fund ranked in the second quartile over the one, three and five-year period. The fund grew by R629 million for the year to have assets under management of R2.2 billion.

Earlier this year, the Forward Rate Agreement (FRA) curve showed a 25 basis points cut in 2017. The repurchase rate was last reduced in July 2012 by then Governor Jill Marcus to 5%. Expectation for lowering interest rates are rising on the back of a stronger local currency and dwindling inflation forecast. The Reserve Bank had forecast to re-enter its inflation target range by second quarter 2017, and expected to average 5.7% in 2017. Negotiable certificate of deposits (NCD) rates over the period have fallen, with 12-month NCD ending 37 basis points lower at 8.20% while six-month NCD rates only fell marginally by 10 basis points over the 12-month period.

The fund’s exposure was mainly weighted in fixed rate instruments with over 40% invested in negotiable certificates issued by the big four South African banks. The fund will seek opportunities to add worthy quality corporate and financial instruments that will enhance the overall yield of the fund, and maintain its average weighted duration.

Asset allocation (%)



Source: Ashburton Investments

- CEO's and CIO's report
- Our key people
- Funds at a glance
- Market review
- Ashburton funds
- Annual fees and TERs
- Performance summary
- Ashburton financials
- Legal

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

The period under review kicked off with initial shocks to the market in the wake of the largely unforeseen 'Brexit' vote. Notwithstanding global economic growth forecasts being slightly downgraded (mainly on the back of UK and European downgrades), economic data releases still seemed to surprise to the upside. Central banks continued to dominate headlines as US monetary policy held on to flat policy rates throughout the third quarter of 2016, hiking its target fund rate by 25 basis points for the first time in December 2016. In their rhetoric, the ECB as well as the Bank of Japan seemed to lead markets to speculate about whether monetary authorities would announce a significant paring back of their respective quantitative easing programmes, while more broadly driving the debate regarding the limits of monetary policy

and its efficacy in fuelling growth. For the moment, the ECB has extended its bond buying program to the end of 2017 but reduced the rate of asset purchases from R80 billion to R60 billion euros as at the beginning of the second quarter of this year.

Monetary policy decisions were not the only driving market force over the period. Political outcomes seemed to have also played a significant role in market returns, where the unexpected Trump victory resulted in US equity markets making meaningful gains towards the end of 2016 and into the first quarter of this year. This was largely on the anticipation of business-friendly policies being enacted into parliament, where sectors such as financials, healthcare and construction were expected to benefit greatly from a change in legislation. However, as we stand today no real policy changes have been successfully passed through cabinet and this administration faces an onslaught of challenging geopolitical relationships and tensions.

Across the seas, the greatest political risks for the first-half of 2017 should have been the well-publicised French elections and the closely run Dutch elections. Both outcomes were however favourable, as voters dimmed the first lights of the dawn of populism and markets breathed a sigh of relief. In opposing fashion, UK Prime Minister Theresa May triggered Article 50, legally setting Brexit in motion and thus marking the beginning of two years of economic uncertainty as the future relationship of the UK and the EU is negotiated. In our view, we anticipate that global politics will increasingly intensify the volatility witnessed in capital markets as time goes on.

Outlook

We anticipate that US economic recovery will continue (with interruptions and an elusive inflation print) and are ultimately still forecasting very accommodative rate hikes by the Federal Reserve, as they pave a path toward normalisation. United States valuations remain at elevated levels and with the incremental disappointment in fiscal policy implementation, this equity market potentially faces increased downside risk. Emerging markets will continue to be driven by Chinese fortunes, where growth in this economy presents expected downside risks. We remain more conservative on non-US equity markets in favour of Europe and Japan. India still presents growth, although economic growth is likely to come under pressure for this year due to the lingering impact of demonetisation.

Within fixed income, however, we prefer US rates based on better spread differentials relative to other developed market peers. Our current positioning has been to retain a slight underweight to developed market sovereign bonds and a neutral position on investment grade corporate bonds.

Activity

Within the 12-months to June 2017, allocation to equities has been scaled back to an average weighting of approximately 52% (relative to an average of 58% in the comparative period to June 2016). Within bonds, the weighting shifted from an average of 25% to the 12-months to June 2017 average exposure of approximately 29%. Our decisions were shaped by the

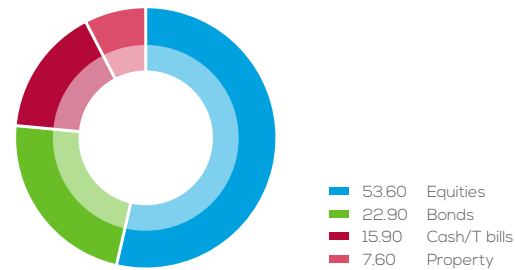
ASHBURTON GLOBAL FLEXIBLE FUND

likely disappointment in the much talked about US fiscal stimulus. As we've seen, many of the policies talked about leading up to the November 2016 presidential election have not materialised, raising the risks of a market correction across equity markets. European equities present better relative valuations, although the expectation is for economic growth to peak in 2017. We prefer non-US equities based on the valuation differential.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	0.17	0.22	0.00	0.39
30 Jun 2016	0.10	0.35	0.00	0.45
31 Dec 2015	0.00	0.00	0.00	0.00
30 Jun 2015	0.04	0.25	0.00	0.29

Asset allocation (%)



Source: Ashburton Investments

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 may comprise 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%.

The fund 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 1.44% (net of fees) for the year ending 30 June 2017. While this was a positive return in a tough environment, it was significantly less than inflation. The fund returned 5.70% per annum over the three-year rolling period and the fund has not met its primary objective of CPI + 3.5% over a rolling 3-year period (8.90%). This underperformance has been driven by a lackluster return from equity over said timeframe. The JSE All Share equity market gave a total return of 3.43% per annum over the last three years.

While the fund did underperform its relevant composite asset class benchmarks by 0.8% over the year, the poor performance was primarily driven by very benign returns from all asset classes. Over the last year, the only asset class to beat inflation was vanilla bonds with an absolute return of 8.9%. Fortunately, we spent almost the entire year in an overweight position. Unfortunately, even if we had held everything in bonds - we would not have beaten our CPI +3.5% benchmark over the one year period. Added to this, offshore assets generated a negative 2.7% return along with locally listed property. Both asset classes were severely hampered by the rand which strengthened 11% against the US dollar over a one year period. Remember that 65% of our locally listed property generates revenues from offshore.

The fund had assets under management (AUM) of R768 million as of the end of June 2017. This was down from R985 million a year ago.

The year was characterised by political events, both globally and locally. The year began with the UK trying to find its feet post the decision to exit the EU. This led to uncertainty as timelines and ramifications were discussed at length both for the UK and the EU. By the end of June 2017, we finally had clear timelines on Brexit but believe it will still create uncertainties in financial markets for the next two years.

As Brexit was unfolding, Donald Trump's surge toward ultimate presidential victory started to play out. On 8 November 2016, he was announced as the victor in a close race for the next US President. Again, uncertainty rained down as the markets tried to digest which aspect of his election rhetoric would be carried out first (either protectionism or incentivising better business conditions in the US corporate sector). The market eventually rallied

hard until March 2017, with the idea that he would announce growth orientated policies, placing "the wall" on the back-burner for a while. However, by end of June 2017, no real policies had been announced and his presidency continues to make Twitter headline news for the wrong reasons. Again, our assessment leaves us believing that the current status quo will continue to drive volatility in financial markets.

The largest political risk for the first half of 2017 should have been Dutch and French elections which were expected to be a close-run event with the populist side aspiring to break ties with the EU, however, both ended uneventfully and it appears to us that the EU will remain for the foreseeable future.

Locally, we moved into the end of 2016 thinking the bottom had been hit within SA and that GDP would start to rise in 2017, with meaningful effects being delivered in the first half of 2018. However, the cabinet reshuffle at the end of March, and more specifically the removal of the minister of finance, put paid to any meaningful economic recovery in the short term. Our sovereign rating was cut and we remain investment grade by a sliver, as we move into a closely contested ANC election at year end.

From an economic perspective, the US recovery continues (although the pace is muted) and, ultimately, we continue to expect further rate hikes in the US on their path toward normalisation. However, global inflation continues to remain largely absent and we believe this will keep a lid on aggressive rate hikes in developed markets. This will likely further the momentum behind the global carry trade and ultimately SA should remain a beneficiary of this hunt for yield.

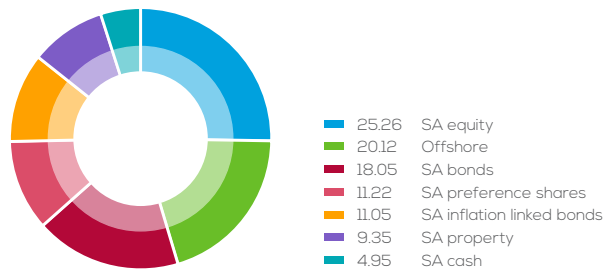
ASHBURTON TARGETED RETURN FUND

In terms of outlook, we believe that the single greatest local market driver will be the conclusion of the ANC elections in December 2017. Globally, we expect the US dollar to strengthen somewhat and for growth to continue its gentle rise.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
31 Mar 2016	0.72	0.69	0.23	1.64
30 Dec 2016	0.60	0.25	0.00	0.85
30 Jul 2015	0.72	0.82	0.20	1.74
30 Jun 2015	0.56	0.43	0.00	0.99

Asset allocation (%)



Source: Ashburton Investments

ASHBURTON SA INCOME FUND

Investment objectives and strategy

The fund is a specialist portfolio 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 a predetermined cash flow profile, or are linked to benchmark yields. The fund will 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 relative value opportunities.

Fund review

The fund's performance for the year under review was 8.90% (net of fees). Relative to its peers, the performance of the fund was ranked in the second quartile over the three-months, six-months as well as one-year period to end June 2017. Over a three-year period the fund was in the top quartile. The fund's benchmark STeFI Composite Index returned 7.63% over the 12-months period to end June 2017 (net of fees). The outperformance of the fund over its benchmark was therefore 1.27% after fees. At year end, the fund held assets under management of R875 million.

Reflecting on the past 12 months, a positive yield accrual margin relative to the benchmark, as well as good performance from alternative strategies (short-term interest rate swaps and options) have added to performance. Direction (duration) neither detracted nor added to performance as bond yields remained steady at 8.80% over the year under review, with a range of 9.25% to 8.25% on the 10-year bond. The 9.25% high was reached in November 2016 as global bond yields sold off as it became clear that the new president of the US was going to be Donald Trump and that his policies would be equity friendly, but bond unfriendly (like cutting taxes and spending more on infrastructure). Implementation of these policies have been extremely slow and difficult to pass and therefore global bonds have retraced most of the sell-off. The so called 'carry trade' or search for yield continued for the last few months as global inflation kept surprising to the downside and quantitative easing continued by some central banks.

This global search for yield pushed our 10-year bond rates down to the 8.25% low reached in March 2017 just before Finance Minister Pravin Gordhan was recalled

from the UK roadshow and subsequently fired. Since that low we have been oscillating between 8.25% and 9.0%, closing at 8.78% end June 2017.

In SA, political events in the past year, and specifically over the past six months, have affected business confidence negatively. The timing of the dismissal of the highly regarded Finance Minister Pravin Gordhan in March came as a surprise.

This was followed by the Standard and Poor's, Fitch, and Moody's investment downgrades. Furthermore, the first quarter GDP disappointed and SA is in a technical recession. Gross domestic products forecasts which were between 1% and 1.4% for 2017 have slowly been paired back and many commentators are forecasting GDP growth of around 0.5%, which is a little better than the 0.3% GDP growth reported for last year. The South African Reserve Bank's (SARB) repo rate remained unchanged at 7.0% for the whole period under review. The yield curve steepened over the course of the year as the low GDP and low inflation prints kept short dated bonds low on SARB rate cuts expectations, but longer dated bonds sold off 30 basis points on policy uncertainty and deteriorating fiscal debt metrics.

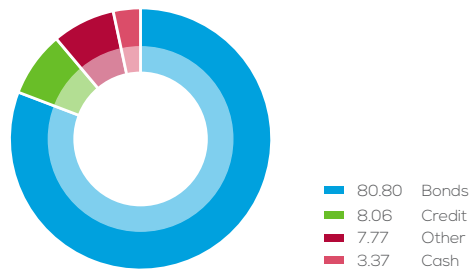
We see the current 10-year bond rate of 8.80% as fair value. Short term interest rates are expected to come down another 0.5% as our central bank cuts rates further to stimulate growth as inflation undershoots. Political uncertainty, the possible end of quantitative easing from central banks as well as possible rating downgrades should keep our longer dated bonds from rallying to much below 8.0%. We would therefore reduce some of our bond holdings in rallies to the 8.0% level, but add to our holdings at the 9.0% level as foreigners still see value in our bonds in a world of low inflation. Caution is, however, warranted in these uncertain times.

ASHBURTON SA INCOME FUND

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
31 Mar 2016	2.12	0.00	0.00	2.12
30 Dec 2016	2.10	0.00	0.00	2.10
30 Jul 2015	2.12	0.00	0.00	2.12
30 Jun 2015	1.99	0.00	0.00	1.99

Asset allocation (%)



Source: 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 portfolio has an aggressive risk profile and volatility of capital values can occur over the short term. The fund consists of equities in all sectors of the 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 skillsets, and adopting an active management approach.

Fund review

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after President Jacob Zuma firstly recalled Finance Minister Pravin Gordhan from an offshore investor trip, and then reshuffled his cabinet. The ramifications of these decisions resulted in a move by two ratings agencies early in April to downgrade South Africa's sovereign bond credit rating.

More bad news followed in June when the first quarter GDP numbers confirmed that the local economy had entered a technical recession. The release of the mining charter and the public protector report that called for changes in the SARB mandate led to a further worsening in negative investor sentiment.

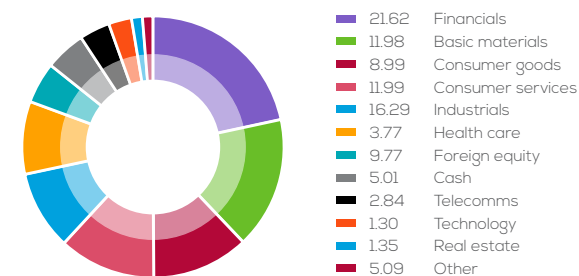
South African equities as measured by the FTSE/JSE All Share Index returned a mediocre 1.69% while the SWIX returned only 0.28% over the past year. Within local equities, the financials sector was the outperformer with a return of 2.63%. Resources returned 1.89% and industrials 1.74% over this period. The Ashburton Multi Manager Equity Fund delivered a return after fees of 0.68% over the same period.

No changes were made to the underlying constituents over the past year. The best performing underlying manager over this period was Aylett & Co. due to their overweight exposure to financials.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jul 2017	1.70	12.25	0.58	14.53
30 Dec 2016	0.65	4.96	0.23	5.84
30 Jun 2016	3.20	14.64	0.32	18.16
31 Dec 2015	0.82	7.41	0.17	8.40

Sector allocation (%)**



Source: 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 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 skillsets, and adopting an active management approach.

Fund review

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after President Jacob Zuma firstly recalled Finance Minister Pravin Gordhan from an offshore investor trip, and then reshuffled his cabinet. The ramifications of these decisions resulted in a move by two ratings agencies early in April to downgrade South Africa's sovereign bond credit rating.

More bad news followed in June when the first quarter GDP numbers confirmed that the local economy had entered a technical recession. The release of the mining charter and the public protector report that called for changes in the SARB mandate led to a further worsening in negative investor sentiment.

The FTSE/JSE SA Listed Property Index (SAPY) returned 2.82% over the 12 months to 30 June 2017. Over this period the Ashburton Multi Manager Property Fund returned 2.40% after fees.

No changes were made to the underlying constituents over the past year. Over this period, the best performing underlying manager was Sesfikile Capital with a strong benchmark-beating performance.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jun 2017	1.70	3.37	46.44	51.51
30 Dec 2016	3.08	3.86	47.43	54.37
30 Jun 2016	2.65	3.86	43.66	50.17
31 Dec 2015	2.23	4.45	38.60	45.28

Manager allocation (%)

Sesfikile	41.33
Stanlib	40.92
Ashburton Fund Managers	15.59
Cash/Liquidity	2.16

Source: 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. In order 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. 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

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after

President Jacob Zuma firstly recalled Finance Minister Pravin Gordhan from an offshore investor trip, and then reshuffled his cabinet. The ramifications of these decisions resulted in a move by two ratings agencies early in April to downgrade South Africa's sovereign bond credit rating.

More bad news followed in June when the first quarter GDP numbers confirmed that the local economy had entered a technical recession. The release of the mining charter and the public protector report that called for changes in the SARB mandate led to a further worsening in negative investor sentiment.

The SA All Bond Index was the only local asset class that managed to beat cash over the 12 months to 30 June 2017. South African equities as measured by the FTSE/JSE All Share Index returned a mediocre 1.69% while the SWIX returned only 0.28% over the past year. Within local equities, the financials sector was the outperformer with a return of 2.63%. Resources returned 1.89% and industrials 1.74% over this period.

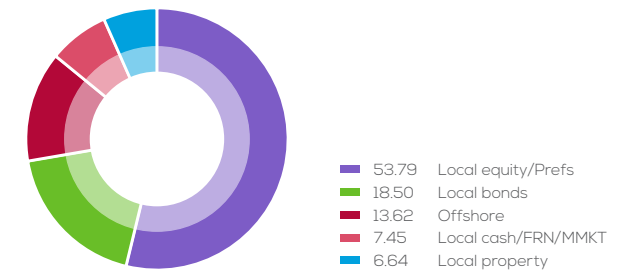
Given this backdrop, the Ashburton Multi Manager Prudential Flexible Fund with its bias towards equities performed in line with expectations, ending the 12 months to 30 June 2017 up 1.38% after fees. At quarter-end, the fund had an effective exposure of 54% to equities, 8% to cash, 19% to SA bonds, 6% to SA listed property and 14% to offshore markets.

The best performing manager over the past year has been Obsidian Capital, benefitting from their overweight exposure to financials. No changes were made to the underlying constituents during the past year.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jun 2017	12.00	12.15	1.68	25.83
30 Dec 2016	12.09	10.36	1.04	23.49
30 Jun 2016	10.19	11.79	0.87	22.85
31 Dec 2015	7.43	9.49	0.75	17.67

Asset allocation (%)



Source: Ashburton Investments

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 skillsets, and adopting an active management approach.

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

Fund review

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after

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More bad news followed in June when the first quarter GDP numbers confirmed that the local economy had entered a technical recession. The release of the mining charter and the public protector report that called for changes in the SARB mandate led to a further worsening in negative investor sentiment.

The BEASSA SA All Bond Index (ALBI) was the only local asset class that managed to beat cash over the 12 months to 30 June 2017. The ALBI returned 7.93% over the 12 months ending June with the curve shifting downwards and steepening.

The three to seven-year area of the yield curve was the strongest, returning 10.07%. In contrast, the 12+ year area was up only 7.22%. Cash as measured by the STeFI was up 7.63% over the same period and inflation linked bonds were flat.

The Ashburton Multi Manager Bond Fund outperformed the ALBI over the past year, returning 8.12% after fees.

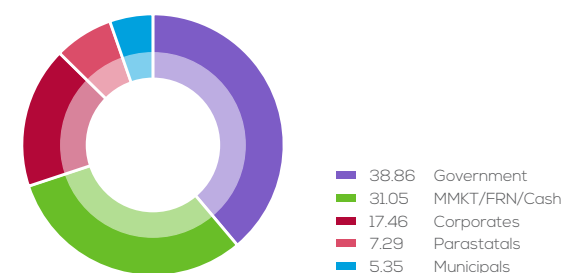
Even though all the underlying managers managed to outperform the ALBI, the segregated mandate managed by Prescient Investment Management was the outperformer for the year returning 10.33% due to them running a portfolio with very short duration relative to the ALBI.

At a look-through level, the largest issuer exposure in the fund is to the SA government (39% of the portfolio), followed by exposure to local banks, parastatals and state owned enterprises (SOEs).

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jun 2017	42.69	0.00	0.00	42.69
30 Dec 2016	43.01	0.00	0.00	43.01
30 Jun 2016	43.43	0.00	0.00	43.43
31 Dec 2015	41.15	0.00	0.00	41.15

Institutional exposure (%)



Source: 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

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after

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The BEASSA SA All Bond Index (ALBI) was the only local asset class that managed to beat cash over the 12 months to 30 June 2017. The ALBI returned 7.93% over the 12 months ending June with the curve shifting downwards and steepening. The three to seven-year area of the yield curve was the strongest, returning 10.07%. In contrast, the 12+ year area was up only 7.22%. Cash as measured by the STeFI was up 7.63% over the same period and inflation linked bonds were flat.

The Ashburton Multi Manager Income Fund returned 7.64% after fees for the year, slightly behind its benchmark of 110% of STeFI. The best performing underlying manager over this period was Prescient Investment Management, returning 9.15%.

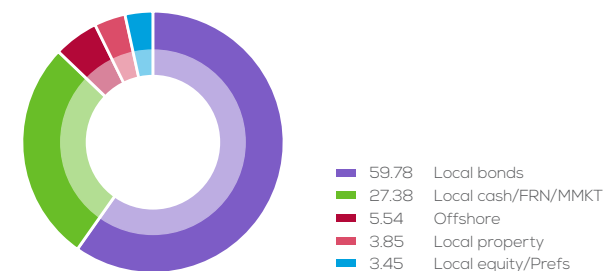
Some changes were made to the portfolio in May 2017 which involved the consolidation of the segregated portfolio that used to be managed by Atlantic Asset Management and the segregated portfolio that is managed by the fixed income team of Ashburton Fund Managers into one portfolio.

On aggregate, 60% of the assets of the fund are in bonds, 27% in money market/FRNs/cash instruments, 3% in preference shares, 4% in SA listed property and 6% in offshore assets.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jun 2017	17.76	1.14	0.24	19.14
03 Apr 2017	18.76	1.01	0.83	20.60
30 Dec 2016	19.36	1.23	0.43	21.02
30 Sep	18.98	1.46	0.82	21.26

Asset allocation (%)



Source: 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 5-year periods. Given the relatively aggressive benchmark and high equity exposure the fund may be volatile over shorter time periods. The fund 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. 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

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after President Jacob Zuma firstly recalled Finance Minister Pravin Gordhan from an offshore investor trip, and then reshuffled his cabinet. The ramifications of these decisions resulted in a move by two ratings agencies early in April to downgrade South Africa's sovereign bond credit rating.

More bad news followed in June when the first quarter GDP numbers confirmed that the local economy had entered a technical recession. The release of the mining charter and the public protector report that called for changes in the SARB mandate led to a further worsening in negative investor sentiment.

South African equities as measured by the FTSE/JSE All Share Index returned a mediocre 1.69% while the SWIX returned only 0.28% over the past year. Within local equities, the financials sector was the outperformer with a return of 2.63%. Resources returned 1.89% and industrials 1.74% over this period.

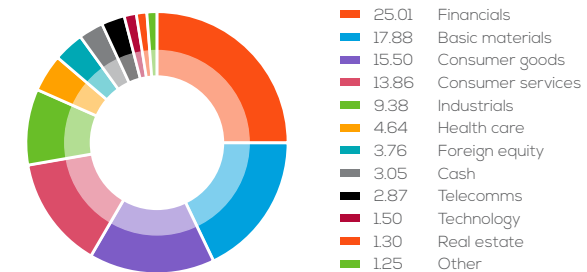
The Ashburton Growth Fund delivered a return after fees of 1.33% over the past year.

The best performing underlying manager over the past year has been Aylett & Co. due to their overweight exposure to financials.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jun 2017	0.33	2.53	0.09	2.95
30 Dec 2016	0.18	1.65	0.06	1.89
30 Jun 2016	0.59	2.42	0.06	3.07
31 Dec 2015	0.16	1.98	0.05	2.19

Sector allocation (%)



Source: 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

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after President Jacob Zuma firstly recalled Finance Minister

Pravin Gordhan from an offshore investor trip, and then reshuffled his cabinet. The ramifications of these decisions resulted in a move by two ratings agencies early in April to downgrade South Africa's sovereign bond credit rating.

More bad news followed in June when the first quarter GDP numbers confirmed that the local economy had entered a technical recession. The release of the mining charter and the public protector report that called for changes in the SARB mandate led to a further worsening in negative investor sentiment.

The BEASSA SA All Bond Index (ALBI) was the only local asset class that managed to beat cash over the 12 months to 30 June 2017. The ALBI returned 7.93% over the 12 months ending June with the curve shifting downwards and steepening. The three-seven-year area of the yield curve was the strongest, returning 10.07%. In contrast, the 12+ year area was up only 7.22%. Cash as measured by the STeFI was up 7.63% over the same period and inflation linked bonds were flat.

The FTSE/JSE SA Listed Property Index (SAPY) returned 2.82% over the 12 months to 30 June 2017.

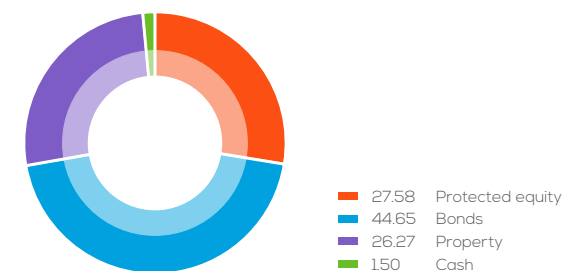
Against this backdrop, the Ashburton Defensive Fund returned 4.76% after fees, somewhat behind its CPI + 2% benchmark. The strong performance by the fixed income sector was the largest contributor to performance for the year.

At the end of February, the last Equity-Linked Deposit (in the protected equity bucket) matured, with the proceeds moved to cash. The exposure to protected equity is thus now solely gained through an investment in the Prescient Positive Return Quant Plus fund.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jun 2017	5.50	0.16	0.92	6.58
30 Dec 2016	2.37	0.06	0.85	3.28
30 Jun 2016	3.40	0.48	0.54	4.42
31 Dec 2015	2.00	0.07	0.70	2.77

Tactical asset allocation (%)



Source: 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 CPI 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

Local political-driven events overshadowed the more benign global backdrop during the first half of 2017. This was especially evident during the last week of March where market participants had to contend with sharply higher bond yields and a weakening rand after President Jacob Zuma firstly recalled Finance Minister Pravin Gordhan from an offshore investor trip, and then reshuffled his cabinet. The ramifications of these decisions resulted in a move by two ratings agencies early in April to downgrade South Africa's sovereign bond credit rating.

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The BEASSA SA All Bond Index (ALBI) was the only local asset class that managed to beat cash over the 12 months to 30 June 2017. The ALBI returned 7.93% over the 12 months ending June with the curve shifting downwards and steepening. The three to seven-year area of the yield curve was the strongest, returning 10.07%. In contrast, the 12+ year area was up only 7.22%. Cash as measured by the STeFI was up 7.63% over the same period and inflation linked bonds were flat.

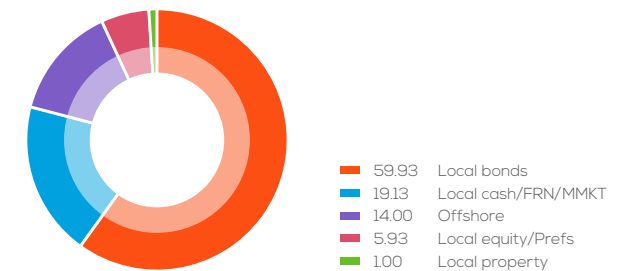
The Ashburton Stable Fund returned 7.19 % after fees for the 12 months to 30 June 2017, outperforming its CPI benchmark (measuring 5.49% over this period).

On aggregate, 60% of the assets of the fund are in bonds, 19% in money market/FRNs/cash instruments, 5.9% in preference shares, 1.0% in SA listed property and 14% in offshore assets.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Jun 2017	3.35	0.04	0.05	3.44
30 Dec 2016	3.57	0.12	0.07	3.76
30 Jun 2016	3.29	0.11	0.06	3.46
31 Dec 2015	3.15	0.14	0.05	3.34

Asset allocation (%)



Source: Ashburton Investments

ASHBURTON TOP40 EXCHANGE TRADED FUND

Investment objectives and strategy

The fund aims to provide investors with exposure to the South African equities market through the purchase of a 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 ETF tracks the component equities of the index in proportion to the index weightings. The FTSE/JSE Top40 index contains the 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 2017, the fund delivered 1.17% after fees and administrative expenses relative to the FTSE/JSE Top 40 Index performance of 1.56%. Fees earned from scrip lending activities are up 26% from June 2016.

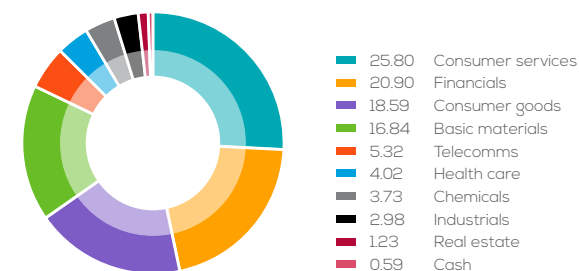
Index reviews of the FTSE/JSE Top 40 during the year resulted in constituent deletions for Capital & Counties and Brait; and the addition of the Bidvest Group, as well as Goldfields.

Top individual stock performers in the index for the year were Naspers and Richemont. The shares which detracted the most from performance during the year were exposures to the MTN Group and AngloGold Ashanti. Return contributions were driven by the consumer discretionary sector, with the main detractors being within health care and telecoms.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
10 Apr 2017	0.00	33.50	3.23	36.73
17 Jan 2017	0.00	13.90	3.84	17.74
17 Oct 2016	0.00	43.06	0.00	43.06
04 Jul 2016	0.00	23.68	0.00	23.68

Portfolio composition (%)



Source: Ashburton Investments

ASHBURTON INFLATION EXCHANGE TRADED FUND

Investment objectives and strategy

The fund aims to provide investors with a real rate of return above inflation, through exposure to a diversified portfolio of government inflation-linked bonds. The Ashburton Inflation ETF 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.

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 2017, the fund delivered (0.76)% after fees and administrative expenses relative to the GILBx Index performance of (0.38)%. 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.

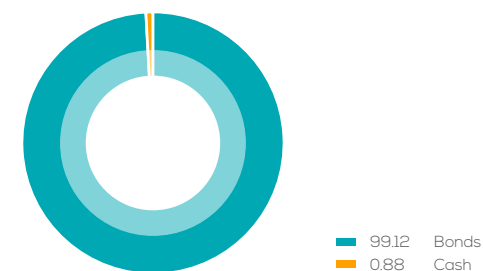
Index reviews of the GILBx Index during the year resulted in the addition of the newly issued I2029, with no other constituent additional or deletions.

The performance of the GILBx indicated that bonds maturing in excess of 12 years contributed the strongest yield. Cash balances within the fund were negligible, and all cash reserves were distributed to unit holders post year end.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Mar 2017	11.35	0.00	0.00	11.35
17 Jan 2017	16.12	0.00	0.00	16.12
12 Oct 2016	6.31	0.00	0.00	6.31
04 Jul 2016	16.83	0.00	0.00	16.83

Portfolio composition (%)



Source: Ashburton Investments

ASHBURTON MIDCAP EXCHANGE TRADED FUND

Investment objectives and strategy

The fund aims to provide investors with exposure to the South African equities market through the purchase of a JSE listed ETF. The Ashburton MidCap ETF 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 ETF tracks the component equities of the index in proportion to the index weightings. The FTSE/JSE MidCap index contains the 60 largest companies listed on the JSE that are not included in the FTSE/JSE 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 2017, the fund delivered -3.64% after fees and administrative expenses relative to the FTSE/JSE MidCap Index performance of 2.85%. Fees earned from scrip lending activities are up 42% from June 2016.

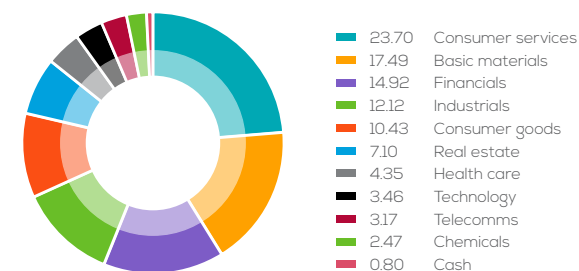
Index reviews of the FTSE/JSE MidCap during the year resulted in constituent deletions for Kumba and Lonmin; with Bidvest and Sappi moving into the Top 40. Constituent additions included Arcelormittal and Dischem.

Top individual stock performers in the index for the year were Sappi and Bidvest. Exposures to Harmony and the Life Healthcare Group detracted the most from performance. Return contributions were driven by the industrials sector, with the main detractors being within materials and consumer staples.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
31 Mar 2017	0.00	5.22	0.00	5.22
17 Jan 2017	0.00	3.30	0.00	3.30
12 Oct 2016	0.00	4.58	0.00	4.58
04 Jul 2016	0.00	2.75	0.00	2.75

Portfolio composition (%)



Source: Ashburton Investments

ASHBURTON LOW BETA 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 capitalisation 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

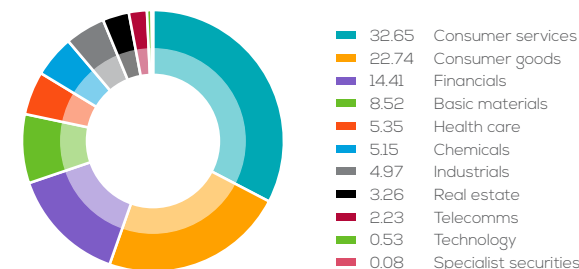
For the 12-month period ended 30 June 2017, the fund delivered -1.25% after fees and administrative expenses relative to the S&P Low Beta Index performance of -0.49%.

Top individual stock performers in the index for the year were Naspers and Richemont. The shares which detracted the most from performance during the year were exposures to the Steinhoff and SAB. Return contributions were driven by the consumer discretionary sector, with the main detractors being within healthcare and financials.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	0.02	0.96	0.20	1.18
30 Jun 2016	0.08	1.09	0.19	1.36

Portfolio composition (%)



Source: Ashburton Investments

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

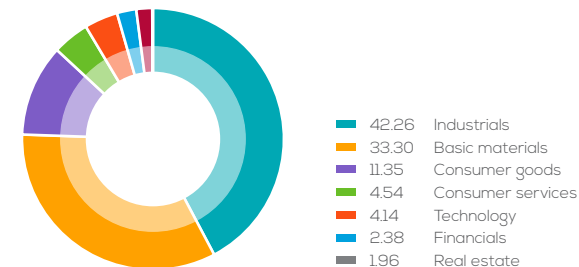
For the 12-month period ended 30 June 2017, the fund delivered 14.33% after fees and administrative expenses relative to the S&P Enhanced Value Index performance of 15.33%.

Top individual stock performers in the index for the year were Aveng and Richemont. The shares which detracted the most from performance during the year were exposures to the Brait and Lonmin. Return contributions were driven by the industrials and consumer discretionary sectors, with the main detractor being within materials.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	0.04	1.69	0.24	1.97
30 Jun 2016	0.07	0.98	0.75	1.80

Portfolio composition (%)



Source: 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 SA Index. The S&P Short Term Momentum SA 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

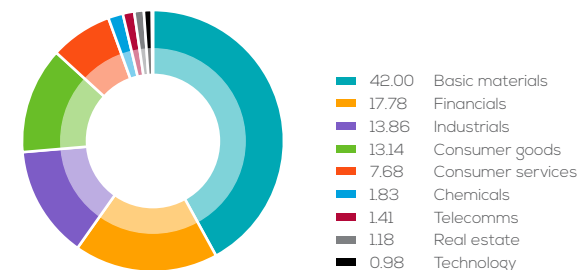
For the 12-month period ended 30 June 2017, the fund delivered -18.80% after fees and administrative expenses relative to the S&P Momentum Index performance of -18.39%.

Top individual stock performers in the index for the year were Capitec and Sappi. The shares which detracted the most from performance during the year were exposures to the Sibanye and AngloGold Ashanti. Return detractors were largely driven by the materials sector.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	0.08	1.11	0.10	1.29
30 Jun 2016	0.02	1.55	0.36	1.93

Portfolio composition (%)



Source: 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 (ALBI).

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

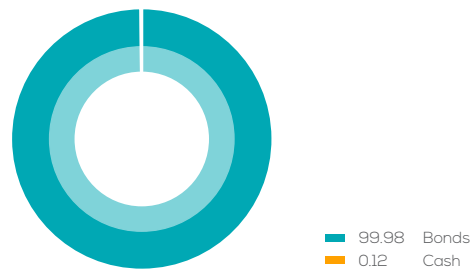
For the 12-month period ended 30 June 2017, the fund delivered 6.48% after fees and administrative expenses relative to the FTSE/JSE GOVI Index performance of 6.98%.

The performance of the GOVI Index indicated that bonds maturing in excess of 12 years contributed the strongest yield, returning 2.94% on average. In contrast, the three to seven-year returned 1.19%. Cash balances within the fund were negligible.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	4.17	0.00	0.00	4.17
30 Jun 2016	3.97	0.00	0.00	3.97

Portfolio composition (%)



Source: Ashburton Investments

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

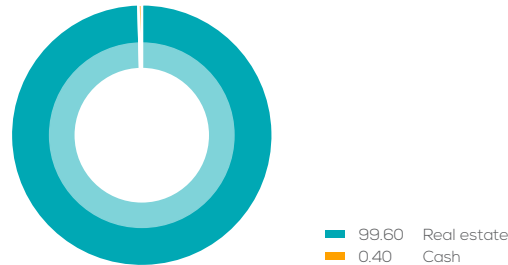
For the 12-month period ended 30 June 2017, the fund delivered 1.70% after fees and administrative expenses relative to the FTSE/JSE SA Listed Property Index performance of 2.23%.

Top individual stock performers in the index for the year were Fortress and Growthpoint. The shares which detracted the most from performance during the year were exposures to the Hyprop and Resilient.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	0.03	0.10	2.74	2.87
30 Jun 2016	0.07	0.25	2.63	2.95

Portfolio composition (%)



Source: Ashburton Investments

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 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.

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 2017, the fund delivered 3.69% after fees and administrative expenses relative to the S&P Global 1200 Index performance of 4.57%.

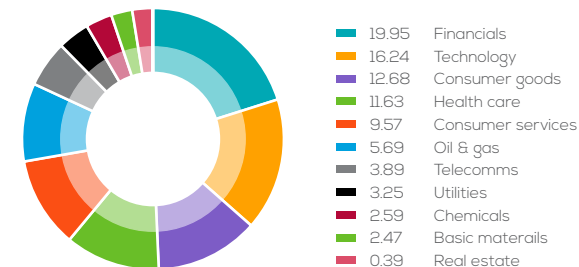
Main exposures on a regional basis within the index were to the US and Japan.

Top individual stock performers in the index for the year were Morgan Stanley and Apple. The shares which detracted the most from performance during the year were Advanced Auto Parts and Petrofac. Return contributions were driven by the financials and industrials sectors, with the main detractor being within energy.

Income distribution history

Distribution date	Interest distribution (cpu)	Dividend distribution (cpu)	Reit income (cpu)	Total distribution (cpu)
30 Dec 2016	0.01	1.03	0.00	1.04
30 Jun 2016	0.03	0.45	0.00	0.48

Sector & asset allocation (%)



Source: Ashburton Investments

Annual fees and TERs

For the year ended 30 June 2017

Group/Investment	Annual management fee (excl. VAT)	Total expense ratio
Ashburton Multi Manager Bond Fund B1	0.85%	1.11%
Ashburton Multi Manager Equity Fund A1	1.25%	2.04%
Ashburton Equity Fund A1	1.00%	1.16%
Ashburton Balanced Fund A1	1.00%	1.27%
Ashburton Multi Manager Prudential Flex Fund A1	1.25%	1.58%
Ashburton Multi Manager Property Fund A1	1.00%	1.41%
Ashburton Multi Manager Income Fund A1	0.95%	1.29%
Ashburton Stable Fund A	0.75%	1.06%
Ashburton Money Market Fund B1	0.30%	0.36%
Ashburton SA Income Fund B1	0.65%	0.78%
Ashburton Targeted Return Fund A1	1.10%	1.32%
Ashburton Defensive Fund A	1.25%	0.94%
Ashburton Growth Fund A	1.50%	1.15%
Ashburton Global Flexible Fund A1	1.50%	1.85%

Annual fees and TERs

For the year ended 30 June 2017

Group/Investment	Annual management fee (excl. VAT)	Total expense ratio
Ashburton Inflation Exchange Traded Fund A	0.32%	0.47%
Ashburton Top40 Exchange Traded Fund A	0.09%	0.17%
Ashburton Midcap Exchange Traded Fund A	0.44%	0.77%
Ashburton Low Beta SA Composite Tracker Fund A	0.60%	0.69%
Ashburton Enhanced Value SA Tracker Fund A	0.60%	0.69%
Ashburton Momentum SA Tracker Fund A	0.60%	0.70%
Ashburton GOVI Tracker Fund A	0.55%	0.63%
Ashburton Property Tracker Fund A	0.55%	0.63%
Ashburton Global 1200 SA Tracker Fund A	0.85%	1.01%

Source: Ashburton Investments

Performance summary

Group/Investment	1 year	2 years	3 years	5 years
	01/07/2017 - 31/10/2017 Return (Cumulative)	01/07/2017 - 31/10/2017 Return (Annualised)	01/07/2017 - 31/10/2017 Return (Annualised)	01/07/2017 - 31/10/2017 Return (Annualised)
SA Multi Asset – High Equity				
Ashburton Balanced Fund	0.50	4.01	5.33	N/A
Ashburton Multi Manager Prudential Flexible Fund	1.38	4.40	5.80	10.80
Peer group average (121 funds)	1.50	3.36	4.68	9.80
SA Multi Asset – Low Equity				
Ashburton Targeted Return Fund	1.44	4.93	5.70	8.61
CPI + 3.5	5.49	5.80	5.39	5.67
SA Multi Asset – Income				
Ashburton Multi Manager Income Fund	7.64	8.01	7.58	7.79
110 of STEFI 3 month deposit	8.03	7.60	7.25	6.62
Ashburton Stable A	7.18	7.50	6.97	N/A
CPI	5.49	5.80	5.39	5.67
SA Multi Asset – Flexible				
Ashburton Defensive A	4.77	5.42	6.44	N/A
CPI + 2	7.49	7.81	7.39	7.67
Ashburton Growth A	1.32	2.16	3.77	N/A
CPI + 4	9.49	9.81	9.40	9.68
Global Multi Asset - Flexible				
Ashburton Global Flexible Fund (ZAR)	-3.65	4.83	7.59	N/A
60 MSCI AC Index. 40 Citi World Bond Index	-2.20	9.92	10.17	N/A

Performance summary

Group/Investment	1 year	2 years	3 years	5 years
	01/07/2017 - 30/06/2017 Return (Cumulative)	01/07/2017 - 30/06/2017 Return (Annualised)	01/07/2017 - 30/06/2017 Return (Annualised)	01/07/2017 - 30/06/2017 Return (Annualised)
SA Fixed Income – Variable Term				
Ashburton Multi Manager Bond Fund	8.12	6.46	6.56	6.61
BEASSA All Bond Index	7.93	6.57	7.12	6.61
Ashburton Inflation ETF	-0.76	3.62	3.95	6.68
GILBx Total Return Index	-0.38	4.08	4.42	7.16
Ashburton GOVI Tracker B1	N/A	N/A	N/A	N/A
Beassa GOVI TR ZAR	8.04	6.81	7.13	6.52
SA Fixed Income – Short Term				
Ashburton SA Income Fund	8.90	8.25	7.48	7.01
STEFI Composite Index	7.63	7.24	6.92	6.29
SA Fixed Income – Money Market				
Ashburton Money Market Fund	7.85	7.46	7.06	6.32
Benchmark: STEFI 3 month deposit	7.25	6.87	6.56	6.00
SA Real Estate – General				
Ashburton Multi Manager Property Fund	2.40	7.11	14.05	14.39
FTSE/JSE Listed Property Index	2.82	6.85	13.18	13.76
Ashburton Property Tracker B1	N/A	N/A	N/A	N/A
FTSE/JSE SA Listed Property TR ZAR	2.82	6.85	13.18	13.76

Performance summary

Group/Investment	1 year	2 years	3 years	5 years
	01/07/2017 - 30/06/2017 Return (Cumulative)	01/07/2017 - 30/06/2017 Return (Annualised)	01/07/2017 - 30/06/2017 Return (Annualised)	01/07/2017 - 30/06/2017 Return (Annualised)
SA Equity – General				
Ashburton Equity B1	-1.36	1.63	2.81	11.82
Ashburton Multi Manager Equity Fund	0.68	1.86	3.27	11.38
FTSE/JSE All Share Index (TR)	1.69	2.75	3.43	12.19
Emerging Market Equity – General				
Ashburton Africa Equity Opportunities Fund	14.85	-10.18	-13.01	N/A
MSCI EFM Africa Ex ZAF PR USD	11.44	-7.76	-11.20	-0.11
SA Equity – Large Cap				
Ashburton Top40 ETF	1.17	1.81	2.27	11.86
FTSE/JSE Top 40 TR ZAR	1.56	2.09	2.53	12.15
SA Equity – Mid/Small Cap				
Ashburton MidCap ETF	-3.64	3.27	5.72	N/A
FTSE/JSE Mid Cap TR ZAR	-2.85	3.88	6.41	10.77
Hedge Funds				
Ashburton Dynamic Equity Hedge Fund	-22.06	-4.53	N/A	N/A
STeFi plus 2%	9.63	9.24	N/A	N/A
Ashburton Select Hedge Fund	N/A	N/A	N/A	N/A
STeFI Composite ZAR	7.63	7.24	6.92	6.29

Performance summary

Group/Investment	1 year	2 years	3 years	5 years
	01/07/2017 - 30/06/2017 Return (Cumulative)	01/07/2017 - 30/06/2017 Return (Annualised)	01/07/2017 - 30/06/2017 Return (Annualised)	01/07/2017 - 30/06/2017 Return (Annualised)
Global Equity – General				
Ashburton Global 1200 SA Tracker B1	N/A	N/A	N/A	N/A
S&P Global 1200 (WM) (NTR) ZAR Ashburton	N/A	N/A	N/A	N/A
SA Equity – General				
Ashburton Low Beta SA Composite Track B1	N/A	N/A	N/A	N/A
S&P Low Beta South Africa Composite (ZAR) NTR	-0.41	N/A	N/A	N/A
Ashburton Momentum SA Tracker B1	N/A	N/A	N/A	N/A
S&P Momentum South Africa Index (South African Rand) Net Total Return	-18.72	N/A	N/A	N/A
Ashburton Enhanced Value SA Tracker B1	N/A	N/A	N/A	N/A
S&P Enhanced Value South Africa Composite Index (ZAR) Net Total Return	17.10	21.92	7.69	11.95

Source: Ashburton Investments

Our financials

The assets under management at the end of June 2017 across this range of funds were R13.8bn. This represents a growth of 4%.

CEO's and CIO's report

Our key people

Funds at a glance

Market review

Asburton funds

Annual fees and TERs

Performance summary

Asburton financials

Legal

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2017

SINGLE MANAGER FUNDS

	Ashburton Equity Fund	Ashburton Balanced Fund	Ashburton Targeted Return Fund	Ashburton SA Income Fund	Ashburton Money Market Fund	Ashburton Global Flexible Fund	Ashburton Bond Fund
ASSETS							
Investments designated at fair value through profit or loss	1 106 300 116	478 390 790	728 420 451	874 487 158	2 298 985 681	1 038 493 729	221 393 641
Trade and other receivables	238 646	80 275	213 635	9 914	6 723	32 562 375	1 897
Cash and cash equivalents	21 405 726	9 525 700	39 820 028	599 372	518 767	107 120 641	174 815
Total assets	1 127 944 488	487 996 765	768 454 113	875 096 444	2 299 511 172	1 178 176 744	221 570 353
LIABILITIES							
Net assets attributable to participatory interest holders	1 127 077 302	487 600 107	767 802 423	874 598 142	2 284 822 722	1 171 156 664	221 425 528
Trade and other payables	867 186	396 659	651 690	498 302	14 688 450	7 020 080	144 825
Total liabilities	1 127 944 488	487 996 765	768 454 113	875 096 444	2 299 511 172	1 178 176 744	221 570 353

Source: Ashburton Investments

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2017

MULTI MANAGER FUNDS

	Ashburton MM Equity Fund	Ashburton MM Property Fund	Ashburton MM Prudential Flexible Fund	Ashburton MM Bond Fund	Ashburton MM Income Fund
ASSETS					
Investments designated at fair value through profit or loss	117 437 040	838 104 193	313 257 070	582 245 816	1 169 550 653
Trade and other receivables	920 575	15 676 267	5 910 199	24 574	8 034 026
Cash and cash equivalents	2 118 332	27 600 277	27 950 209	26 781 941	24 326 104
Total assets	120 475 947	881 380 738	347 117 478	609 052 331	1 201 910 783
LIABILITIES					
Net assets attributable to participatory interest holders	120 314 460	880 573 721	346 244 263	608 577 620	1 200 964 486
Trade and other payables	161 487	807 017	873 215	474 711	946 297
Total liabilities	120 475 947	881 380 738	347 117 478	609 052 331	1 201 910 783

Source: Ashburton Investments

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2017

	SOLUTIONS FUNDS			EXCHANGE TRADED FUNDS		
	Ashburton Growth Fund	Ashburton Defensive Fund	Ashburton Stable Fund	Ashburton Top40 Exchange Traded Fund	Ashburton Inflation Exchange Traded Fund	Ashburton Midcap Exchange Traded Fund
ASSETS						
Investments designated at fair value through profit or loss	666 388 503	698 659 894	58 917 986	928 848 613	597 622 108	182 302 258
Trade and other receivables	5 016 312	18 291	1 006 267	683 679	20 693	407 943
Cash and cash equivalents	4 177 761	31 667 616	1 464 221	5 333 193	5 892 816	1 669 085
Total assets	675 582 576	730 345 801	61 388 473	934 865 485	603 535 617	184 379 287
LIABILITIES						
Net assets attributable to participatory interest holders	674 697 955	729 439 591	61 331 438	934 555 015	602 934 676	184 066 607
Trade and other payables	884 621	906 210	57 035	310 469	600 940	312 680
Total liabilities	675 582 576	730 345 801	61 388 473	934 865 485	603 535 617	184 379 287

Source: Ashburton Investments

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2017

	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
ASSETS						
Investments designated at fair value through profit or loss	13 383 699	22 562 225	11 623 586	164 599 338	49 508 306	103 222 346
Trade and other receivables	7 905	1 073	15 117	1 199	1 705	148 983
Cash and cash equivalents	17 456	23 600	17 381	232 513	208 227	1 516 445
Total assets	13 409 060	22 586 898	11 656 083	164 833 050	49 718 238	104 887 774
LIABILITIES						
Net assets attributable to participatory interest holders	13 405 350	22 580 569	11 652 814	164 793 860	49 706 564	103 851 027
Trade and other payables	3 710	6 328	3 209	39 190	11 674	1 036 746
Total liabilities	13 409 060	22 586 898	11 656 083	164 833 050	49 718 238	104 887 774

Source: Ashburton Investments

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

SINGLE MANAGER FUNDS

	Ashburton Equity Fund	Ashburton Balanced Fund	Ashburton Targeted Return Fund	Ashburton SA Income Fund	Ashburton Money Market Fund	Ashburton Global Flexible Fund	Ashburton Bond Fund
Interest income	940 236	4 191 333	1 646 277	2 312 100	9 418 390	908 701	573 106
Fair value gain or losses	(5 636 145)	2 513 171	17 483 971	76 067 536	148 583 917	(39 525 399)	10 231 560
Investment income (loss)	(4 695 909)	6 704 504	19 130 248	78 379 636	158 002 307	(38 616 698)	10 804 666
Operating expenses	(11 400 775)	(4 066 529)	(7 873 392)	(5 772 527)	(6 712 775)	(18 451 476)	(1 171 345)
Profit (loss) before taxation	(16 096 684)	2 637 975	11 256 856	72 607 109	151 289 532	(57 068 173)	9 633 321
Taxation	-	-	-	-	-	-	-
Profit (loss) before amounts attributable to participatory interest holders	(16 096 684)	2 637 975	11 256 856	72 607 109	151 289 532	(57 068 173)	9 633 321
Decrease/(Increase) in net assets attributable to participatory interest holders	16 096 684	(2 637 975)	(11 256 856)	(72 607 109)	(151 289 532)	57 068 173	(9 633 321)
Total comprehensive income	-	-	-	-	-	-	-

Source: Ashburton Investments

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

MULTI MANAGER FUNDS

	Ashburton MM Equity Fund	Ashburton MM Property Fund	Ashburton MM Prudential Flexible Fund	Ashburton MM Bond Fund	Ashburton MM Income Fund
Interest income	152 385	1 288 987	1 610 878	1 394 453	1 734 212
Fair value gain or losses	1 982 397	30 441 383	8 224 281	63 969 207	98 923 023
Investment income (loss)	2 134 783	31 730 370	9 835 159	65 363 660	100 657 235
Operating expenses	(1 499 341)	(11 700 026)	(4 999 605)	(10 821 204)	(13 043 461)
Profit (loss) before taxation	635 442	20 030 345	4 835 555	54 542 456	87 613 775
Taxation	-	-	-	-	-
Profit (loss) before amounts attributable to participatory interest holders	635 442	20 030 345	4 835 555	54 542 456	87 613 775
Decrease/(Increase) in net assets attributable to participatory interest holders	(635 442)	(20 030 345)	(4 835 555)	(54 542 456)	(87 613 775)
Total comprehensive income	-	-	-	-	-

Source: Ashburton Investments

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	SOLUTIONS FUNDS			EXCHANGE TRADED FUNDS		
	Ashburton Growth Fund	Ashburton Defensive Fund	Ashburton Stable Fund	Ashburton Top40 Exchange Traded Fund	Ashburton Inflation Exchange Traded Fund	Ashburton Midcap Exchange Traded Fund
Interest income	338 657	4 726 766	161 239	200 419	134 821	40 975
Fair value gain or losses	16 051 803	34 222 877	4 808 618	14 556 627	(3 598 318)	(7 773 135)
Investment income (loss)	16 390 460	38 949 642	4 969 857	14 757 046	(3 463 497)	(7 732 159)
Operating expenses	(8 436 309)	(7 078 768)	(833 428)	(861 744)	(2 067 397)	(1 090 888)
Profit (loss) before taxation	7 954 151	31 870 874	4 136 429	13 895 302	(5 530 894)	(8 823 048)
Taxation	-	-	-	-	-	-
Profit (loss) before amounts attributable to participatory interest holders	7 954 151	31 870 874	4 136 429	13 895 302	(5 530 894)	(8 823 048)
Decrease/(Increase) in net assets attributable to participatory interest holders	(7 954 151)	(31 870 874)	(4 136 429)	(13 895 302)	5 530 894	8 823 048
Total comprehensive income	-	-	-	-	-	-

Source: Ashburton Investments

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	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	7 054	11 549	6 861	68 470	26 089	23 795
Fair value gain or losses	125 892	588 137	(1 756 215)	5 153 143	1 032 813	5 125 701
Investment income (loss)	132 946	599 686	(1 749 354)	5 221 613	1 058 902	5 149 496
Operating expenses	30 958	59 110	59 990	(246 245)	1 317	(204 991)
Profit (loss) before taxation	163 904	658 796	(1 689 364)	4 975 368	1 060 219	4 944 505
Taxation	-	-	-	-	-	-
Profit (loss) before amounts attributable to participatory interest holders	163 904	658 796	(1 689 364)	4 975 368	1 060 219	4 944 505
Decrease/(Increase) in net assets attributable to participatory interest holders	(163 904)	(658 796)	1 689 364	(4 975 368)	(1 060 219)	(4 944 505)
Total comprehensive income	-	-	-	-	-	-

Source: Ashburton Investments

DISTRIBUTIONS TO UNIT HOLDERS

For the year ended 30 June 2017

	Ashburton Equity Fund	Ashburton Balanced Fund	Ashburton Targeted Return Fund	Ashburton SA Income Fund	Ashburton Money Market Fund	Ashburton Global Flexible Fund	Ashburton Bond Fund	Ashburton MM Equity Fund	Ashburton MM Property Fund	Ashburton MM Prudential Flexible Fund	Ashburton MM Bond Fund	Ashburton MM Income Fund
Dividend declared 30 September 2016 paid 03 October 2016												
Class A; cents per security			1.72	2.16								21.24
Class B; cents per security			1.83	2.12								20.57
Class C; cents per security			1.61									7.98
Class D; cents per security												
Dividend declared 31 December 2016 paid 03 January 2017												
Class A; cents per security	7.45	2.06	0.85	2.15		-	2.99	5.66	55.06	23.06	43.01	21.01
Class B; cents per security	6.96	2.28	0.96	2.10		1.28	-	2.10	50.10	19.21	44.37	20.32
Class C; cents per security	6.41	1.91	0.74			0.36	3.90	4.65	52.47	21.48	43.03	20.89
Class D; cents per security	6.37					0.04		3.92	55.53	18.14	42.50	
Class E; cents per security	6.68					0.85						

Source: Ashburton Investments

DISTRIBUTIONS TO UNIT HOLDERS

For the year ended 30 June 2017

	Ashburton Equity Fund	Ashburton Balanced Fund	Ashburton Targeted Return Fund	Ashburton SA Income Fund	Ashburton Money Market Fund	Ashburton Global Flexible Fund	Ashburton Bond Fund	Ashburton MM Equity Fund	Ashburton MM Property Fund	Ashburton MM Prudential Flexible Fund	Ashburton MM Bond Fund	Ashburton MM Income Fund
Dividend declared 31 March 2017 paid 03 April 2017												
Class A; cents per security			1.65	2.17								20.60
Class B; cents per security			1.76	2.12								19.94
Class C; cents per security			1.54									20.60
Class D; cents per security												
Dividend declared 30 June 2017 paid 03 July 2017												
Class A; cents per security	8.18	1.93	0.85	2.16		-	4.11	14.33	51.04	24.80	42.69	19.12
Class B; cents per security	6.78	2.15	0.95	2.12		0.29	-	10.75	46.14	20.93	44.16	18.46
Class C; cents per security	6.16	1.79	0.74			-	4.37	13.31	48.84	23.20	42.73	19.07
Class D; cents per security	6.17					-		12.17	51.49	24.77	43.18	
Class E; cents per security	6.51					-						

Source: Ashburton Investments

DISTRIBUTIONS TO UNIT HOLDERS

For the year ended 30 June 2017

	Ashburton Growth Fund	Ashburton Defensive Fund	Ashburton Stable Fund	Ashburton Top40 Exchange Traded Fund	Ashburton Inflation Exchange Traded Fund	Ashburton Midcap Exchange Traded Fund	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	Ashburton Select Retail Investor Hedge Fund of Funds	Ashburton Dynamic Equity Qualified Hedge Fund
Dividend declared 30 September 2016 paid 03 October 2016														
Class A; cents per security				43.06	6.31	4.58								
Class B; cents per security														
Class C; cents per security														
Class D; cents per security														
Dividend declared 31 December 2016 paid 03 January 2017														
Class A; cents per security	0.29	2.33	3.75	17.73	16.12	3.30	0.82	1.37	0.74	3.14	2.67	0.17		1.54
Class B; cents per security	0.20	2.33	3.75				-	-	-	-	-	-		1.45
Class C; cents per security	1.97	3.28	3.75				1.37	1.81	1.29	3.97	2.95	0.48		1.26
Class D; cents per security	1.81	3.28												
Class E; cents per security														

Source: Ashburton Investments

DISTRIBUTIONS TO UNIT HOLDERS

For the year ended 30 June 2017

	Ashburton Growth Fund	Ashburton Defensive Fund	Ashburton Stable Fund	Ashburton Top40 Exchange Traded Fund	Ashburton Inflation Exchange Traded Fund	Ashburton Midcap Exchange Traded Fund	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	Ashburton Select Retail Investor Hedge Fund of Funds	Ashburton Dynamic Equity Qualified Hedge Fund
Dividend declared 31 March 2017 paid 03 April 2017														
Class A; cents per security				36.72	11.35	5.21								
Class B; cents per security														
Class C; cents per security														
Class D; cents per security														
Dividend declared 30 June 2017 paid 03 July 2017														
Class A; cents per security	1.79	5.84	3.49	22.47	17.81	5.96	1.06	1.81	1.81	4.00	2.71	0.72		2.08
Class B; cents per security	1.71	5.84	3.49				-	-	-	-	-	-		1.84
Class C; cents per security	3.33	6.60	3.44				1.19	1.97	1.93	4.17	2.87	1.05		2.76
Class D; cents per security	2.89	6.58												
Class E; cents per security														

Source: Ashburton Investments

Trustees' report

CEOs and CIOs report

Our key people

Funds at a glance

Market review

Ashburton funds

Annual fees and TERs

Performance summary

Ashburton financials

Legal

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 2017.

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;
- (ii) and the provisions of this Act and the deed;



Melinda Mostert
Head: Trustee Services



Seggie Moodley
Head: Risk & Legal
(Trustee Services)

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 (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 2016 up to and including 30 June 2017 (“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.



Dashendran Naidoo
Manager, Trustee Services



Henning Bisschoff
Head, TB SA

Standard Chartered Bank

Legal notes

Management Company

Ashburton Management Company (RF) Proprietary Limited

Registration Number: 1996/002547/07

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Directors

Executive Directors

B Grobler

V Nedeljkovic

Independent Non-executive Directors

M Ramplin (Chairman)

S Yates

G Carter

Investment Manager

Ashburton Fund Managers (Proprietary) Limited

Trustees' of the Ashburton Collective Investment Scheme

Standard Bank of South Africa Limited

19th Floor Main Tower Standard Bank Centre

Heerengracht street

Cape Town, 8001

Trustee for EFTs

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 Services Board 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 & 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 2016. 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 2016. 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 of 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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Ashburton Management Company (RF) (Proprietary) Limited (Reg No 1996/002547/07) ("Ashburton") is an approved collective investment schemes manager of the Ashburton Collective Investment Scheme ("Ashburton CIS"). Ashburton is regulated by the Financial Services Board 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 & 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 31 August 2015. 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 31 August 2015.

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 of 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.