

Sharia-compliant investment options

The Kagiso Islamic funds are managed in accordance with Sharia investment guidelines that have been established by the leading global Islamic institutions. This compliance means that companies that do not comply with Sharia law are removed as investment options.

The **Kagiso Islamic Balanced Fund** is an ideal investment option for investors looking to build and grow their long-term retirement savings - preserving the purchasing power of capital over the long term and limiting the exposure to short-term market fluctuations.

Importantly, the fund is mindful of the avoidance of interest, or Riba, and the very experienced portfolio manager, Abdulazeez Davids, is supported by a highly-respected Sharia Advisory and Supervisory Board.

This fund aims to provide steady long-term returns and capital growth. It seeks to provide a moderated exposure to volatility in the short term.

This fund will be invested in a wide variety of domestic and international asset classes such as equity securities, sukuks and listed property, within the constraints of the statutory investment restrictions for retirement funds. The underlying investments will comply with Sharia requirements as prescribed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Responsible investing

We have a duty to act in the best long-term interests of our clients. In this fiduciary role, we believe that environmental, social and governance issues can affect the performance of investment portfolios to varying degrees across companies, sectors, regions, asset classes and through time. We support the principles as stated by the Code for Responsible Investing in South Africa (CRISA), and have been a UNPRI signatory since November 2007.

ESG factors are fully integrated into our investment research and analysis process. We have implemented a policy within the investment team, which ensures that all investment decisions are taken with cognisance of sustainability considerations, including ESG issues.

This policy includes models set up to incorporate ESG factors and assist with the analysis and research of stocks. In addition, analysts are rated for their adherence to this policy and the consideration of ESG principles when speaking to management of companies in which we may invest.

During 2019 we had 38 AGM meetings with our investee companies and voted on 782 resolutions.

Sharia Advisory and Supervisory Board

Our Islamic funds have their own Sharia Advisory and Supervisory Board, which is chaired by Sheigh Mohammad Taha Karaan, founder and principal of Dar al-'Ulum al-'Arabiyyah al-Islamiyyah.

Our Sharia advisers meet regularly with the portfolio manager to review each of the holdings in our Sharia funds. In addition to industry screens, we conduct qualitative screens to ensure that the companies' business activities are Sharia-compliant.

Non-permissible income

To ensure that our funds comply with Sharia law, we deduct all non-permissible income (interest/Riba) from the total income distribution due to investors. – we then donate this non-permissible income on behalf of our investors to the Kagiso Trust and/or other registered charitable organisations.