

Excelsior Multi-Manager Equity Portfolio



Own your life

As at 30 November 2011

Investment strategy

This portfolio's objective is to provide investors with access to a fully invested equity portfolio managed on a segregated basis. The portfolio employs a multi-manager investment approach that should result in consistent returns over time, lower risk and enhanced diversification benefits. The portfolio seeks to achieve growth in capital and income and relies on the stock picking abilities of the selected managers to outperform the benchmark. This portfolio is not permitted to make any direct or indirect foreign investments.

Portfolio facts

Portfolio manager	Malcolm Holmes	
Management company	STANLIB Multi-Manager	
Launch date	October 1998	
Classification	Domestic Equity General	
Income declaration	30 June and 31 December	
Class of units	A1	B1
Minimum investment	Please consult the appropriate Liberty Excelsior product brochure	
Benchmark	Domestic Equity General Sector Average	
Fund size	R 1'593.65 million	

This portfolio is suited to the investor who:

- wants to achieve real returns of 4.5% p.a. over their investment horizon after the deduction of tax but before any Liberty Life charges and fees have been deducted
- has an investment horizon of at least 10 years
- is prepared to accept significant fluctuations in returns from year to year

Risk profile

Conservative	Moderate	Aggressive
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Income distribution

	Paid in the last 12 months	Paid during 2010	2010 payments as a % of year end price
Class A	5.01 cpu	9.16 cpu	1.64%

Please note: To existing Excelsior investors, income is earned through the declaration of new units and not paid in cash. The distributions are before an allowance for any applicable tax has been deducted.

Quarterly commentary (3rd quarter)

Our fear of a market related de-rating on the back of a deteriorating global growth picture came to fruition in Q3. Not only was US growth revised downwards, but in a surprising move Standard and Poor's downgraded the fiscal prospects of the US and a lack of political leadership in Europe threatened to convert a spiraling European Debt crisis into a global recession. The whirlwind of economic noise created during the quarter contributed to significant uncertainty and weakness in risk assets. The depreciation of the rand and other EM currencies relative to the Dollar, the collapse in commodity prices, the drop in the US 10 year Treasury yield to below 2% and ultimately the 5.8% fall in the JSE All Share index were all indicative of this lack of confidence.

Albeit that the Fund outperformed the market for the quarter, it underperformed the peers primarily because we have a more sanguine view of the current economic environment (we are looking through the noise) and are positioned to benefit from continued corporate earnings growth (+15% over next 12 months) and attractive valuations (11x forward PE). On an earnings yield of 7.5%, we also find equities attractive relative to bonds. Signs of improved global environment are starting to emerge in the growth, employment and tax receipt statistics in the US and together with a rebound in Japan we are expecting 2nd half global growth to be better than the 1st half. We suspect that greater clarity on a more defined solution to the European debt crisis will emerge in the 4th quarter and should this transpire, then the overweight position in resources in the Fund will be well rewarded. This position is coming primarily from Polaris, although we note with interest that many equity managers in South Africa are finding this part of the market attractive on valuation grounds.

At a manager level, ABSA protected well, benefiting from a higher exposure to interest rate sensitive investments, whilst OMIGSA struggled given their greater exposure to economic sensitive assets like Anglos, Lonmin and Arcelor Mittal. Looking forward, and assuming our view on the world transpires, then we believe the overall portfolio is well positioned for a re-rating of equities.

Returns

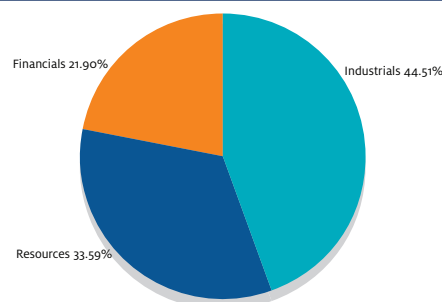
	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	8 Years
Taxed	4,68%	-0,02%	6,11%	10,89%	14,58%	5,55%	15,44%
Retirement Annuity	4,78%	-0,01%	6,25%	11,18%	15,04%	5,72%	16,10%
Untaxed	4,78%	-0,03%	6,24%	11,13%	15,00%	5,70%	16,10%
Company	4,58%	-0,01%	5,99%	10,65%	14,24%	5,53%	14,93%
Inflation	1,10%	2,93%	6,04%	4,69%	5,10%	7,04%	5,86%

Please Note: The above investment returns are after four-fund tax has been deducted but before any Liberty Life charges have been deducted, with applicable distributions reinvested and are on a sell-to-sell basis. The performances above are inclusive of any underlying manager charges. They are applicable to single contributions and are for Excelsior 200, 300 and 500 Series products (where applicable) for the periods above. Investment returns for periods less than one year are not annualised.

Underlying portfolio investment managers

ABAX Investments (Rainmaker)
 ABSA Select Equity
 Oasis Asset Management
 OMIGSA Select Equity
 STANLIB Multi-Manager

Portfolio analysis



Top ten equity holdings

Anglo American Plc	8.00
MTN Group Limited	7.28
Sasol Ltd	6.57
BHP Billiton Plc	5.98
Naspers Ltd	4.52
Standard Bank Group Limited	3.81
ABSA Group Ltd	3.00
Old Mutual Plc	2.93
Anglogold Ltd	2.66
Mr Price Group Limited	2.28

Disclaimer

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