

Excelsior Multi-Manager Absolute Income Portfolio



Own your life

As at 30 November 2011

Investment strategy

The investment objective of this portfolio is to provide regular and stable income that targets inflation-beating returns over the long term, while actively managing the risk of capital loss in the short term. The portfolio intends to manage the investor's exposure to the entire fixed interest yield curve, using a flexible duration strategy, including exposure to listed property where appropriate.

Apart from assets in liquid form, the portfolio seeks to achieve its objective through investing in a spectrum of fixed interest instruments, including but not limited to short and long dated government bonds, inflation linked bonds, preference shares and listed property.

Portfolio facts

Portfolio manager	Malcolm Holmes	
Management company	STANLIB Multi-Manager	
Launch date	March 2011	
Classification	Domestic Fixed Interest Varied Specialist	
Income declaration	30 June and 31 December	
Class of units	A	B1
Minimum investment	Please consult the appropriate Liberty Excelsior product brochure	
Benchmark	100% BEASSA 1-3 year Index	
Fund size	R 742.64 million	

This portfolio is suited to the investor who:

- wants access to a highly liquid income portfolio managed on a segregated basis
- wants a portfolio invested in income producing assets and is principally focused on capital preservation
- has an investment horizon of at least 3 years
- wants limited fluctuations in returns from year to year

Risk profile

Conservative	Moderate	Aggressive
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Income distribution

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

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)

The key investment theme driving South African markets during the third quarter was the dramatic shift in interest rate expectations. In June 2011, the Forward Rate Agreement market on fixed interest instruments was priced for hike certainty by Q1 2012. By September this year, the market was actually anticipating a 50% chance of a cut in interest rates within 6 months. Clearly this benefited interest rate sensitive assets, with bonds (+2.8%), income (+3.0%), property (+2.2%) and cash(+1.4%) continuing to provide protection relative to equity exposure, which dropped by 5.8% for the quarter. We suspect that the market has picked up on the SARB's subtle policy adjustment to focus on both price stability and employment (read: growth). This has made the SARB reluctant to raise interest rates in the face of rising inflation. Globally, weakness in the US growth outlook and no improvement in the employment picture forced the Fed to announce that US interest rates would stay low through mid 2013. The hunt for yield was therefore firmly back on, which encouraged foreign investors to flood into the SA bond market, driving the yield on the SA 10 Year bond down to 7.6% by late August. September would have seen more of the same except for sudden realisation that the European Debt Crisis was deeper, bigger and harder to solve than initially thought. The lack of political urgency in finding a solution to the Greek problem fanned fears of a European led global recession. Risk aversion quickly set in causing foreign bond investors to exit the SA bond market in September, depreciating the Rand by 15% in the process.

So it was an eventful quarter, which the portfolio handled rather well under the circumstances. It outperformed the average of its peer group and over the last 12 months has produced a return of 7.5%. There were no manager changes during the quarter, following the restructuring that took place in April 2011. Prescient was the primary driver of performance for the quarter, benefiting from a larger exposure to the 1-3 year and 3-7 year part of the curve, which outperformed the other areas where Prescient had no exposure. Exposure to ILB's also benefited Prescient's return. RMBAM performed well albeit that its long duration position hurt during September.

Looking forward, it is currently not our view that interest rates will be cut in the next 6 months. We believe that the market may have overly discounted this possibility. Yields did back up in sympathy with this view during September but not enough for us to get really excited about the fixed interest market in the face of rising inflation. As highlighted in the past, we believe that the fund is well placed to handle the type of volatility experienced by the

Returns

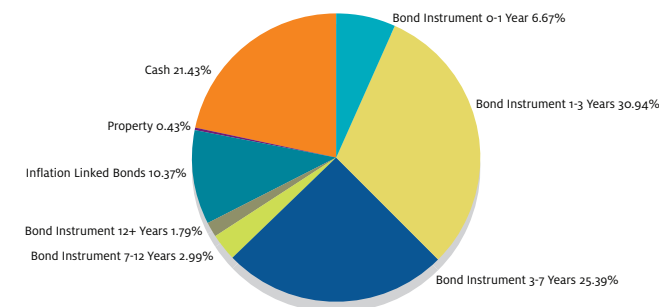
	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	8 Years
Taxed	0,83%	2,79%	3,85%	4,63%	5,17%	5,53%	5,38%
Retirement Annuity	1,24%	4,01%	5,65%	6,84%	7,61%	8,07%	7,79%
Untaxed	1,24%	4,01%	5,65%	6,84%	7,61%	8,07%	7,88%
Company	0,84%	2,80%	3,87%	4,67%	5,21%	5,55%	5,40%
Benchmark	1,26%	5,16%	8,89%	8,86%	9,00%	9,10%	8,46%
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

Investec Asset Management
Prescient Investment Management
RMB

Local income maturity allocation



Top equity holdings

FirstRnd 8.5% 010914	6.61
Investec Corp Bond Fund Z	6.09
Nedbank 10.55% 15/09/2015	5.40
AIDEUCL 5.30 START	4.72
ABSA Frn 201213	3.42
AICBCL 5.35% Start	3.10
SBK12 Fixed Rate 10.82% Callable 24/11/2016	2.89
STD 6.25% 31/03/13	2.87
SBN36 ASW J+130 310313 Sd	2.82
AIABCL 5.25% Start	2.43

Disclaimer

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Info & Queries: factsheets@liberty.co.za