

Excelsior Global Conservative Portfolio



As at 31 December 2011

Portfolio objective

This Portfolio will hold funds which when combined create a conservative portfolio with a very low exposure to traditional equities and no exposure to alternative investment holdings.

Portfolio facts

Portfolio manager	Kent Grobbelaar
Management company	STANLIB Multi-Manager
Launch date	June 2005
Portfolio type	Multi-Manager
Portfolio size	R 5,783,548
Benchmark	20% MSCI World Index 50% JP Morgan Global Bond Index 30% US \$ Overnight London Interbank Bid rate

The performance of the portfolio benchmark over time provides the basis against which the portfolio manager will be measured.

Please consult the current portfolio grid for any current restrictions on the availability of portfolios for new business and switching.

Who should invest in this portfolio

This portfolio is suited to the investor who:

- wants exposure to non South African assets and to currencies other than the Rand

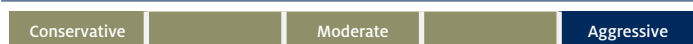
For the Dollar investor who:

- has an investment horizon of at least 3 years
- is prepared to accept limited fluctuations in returns from year to year

For the Rand investor who:

- has an investment horizon of at least 10 years
- is prepared to accept significant fluctuations in returns from year to year

Risk profile (local)



Risk profile (global)



No adjustment has been made to the above risk profile for the guaranteed version of the portfolio. If guarantee is selected on the portfolio, then the risk profile will be lower, provided the investor remains in the guaranteed portfolio for the duration of its guaranteed term.

Quarterly commentary (3rd quarter)

Global Equity markets declined strongly over the third quarter, with the MSCI AC World IMI index falling 17.9%. Performance of international equities has been relatively good for the third quarter. Defensive sectors remained dominant during the period, which particularly benefited Aberdeen and Veritas, with their biases towards consumer staples and healthcare. The other three managers started the quarter well, but their cyclical positions detracted, particularly stock selection within the financials and materials sectors. Capital International's significant overweight in emerging markets also detracted from performance. It was tough going for world equity markets in the third quarter as concerns regarding the ongoing sovereign debt crisis in Europe and the US coupled with poor economic data resulted in declines for the period. Investors were already nervous, as actions by governments and monetary authorities had to date in no way gone far enough to tackle the declining global economy. This was exacerbated by downgrades by the various rating agencies, not only of the peripheral eurozone countries, but also of the US, which was downgraded to AA+ with a negative outlook. Investors sought safe-haven assets: the spot price of gold reached all-time highs of over \$1,900 an ounce and US and German long bond yields eased significantly. Unsurprisingly, the flight-to-safety saw large caps outperform small caps globally, although there was no notable bias in style terms.

Since the sharp fall in equities in early August, markets have been moving in a fairly large trading range, trying to find some support despite still very high volatility. Risk aversion remains elevated as uncertainty persists on the economic front and on euro sovereign debt. We do not believe in a tail risk event as in 2008 (the situation today is different and risks are well identified) but the persistence of tensions on euro sovereign debt could leave some lasting damage on European banks with potentially serious consequences for the global economy. High volatility will persist as long as there is no progress on the political front, and given the difficulty of finding consensus among European leaders, this could take some time. It makes sense to remain cautious for the time being – while equity valuations are looking attractive, there is a risk of further market corrections in the short term. The volatile third quarter saw investors move away from equities, towards 'safe-haven' assets including gold and bonds in response to fears that acute problems in the European banking sector could have a profound impact on global economic growth. Despite the downgrade of US sovereign debt by S&P (which, was essentially symbolic as the AAA rating had not been changed since it was awarded 70 years ago) the rating nevertheless remains very good, and US creditors also reaffirmed their confidence in US securities. In local currency terms, this translated into strong performance for US sovereign debt as a whole. US investment grade corporates also fared well over the quarter, due to continuing strong fundamentals on the corporate front. Despite the problems in the eurozone, the flight to safety saw the German 10-year Bund yield ease substantially by 114bp over the quarter to 1.9% at the end of September. The Dollar benefitted from its status as the world's reserve currency, outperforming other safe-haven currencies such as the Swiss Franc, although the Japanese yen still remained strong despite September's underperformance against the greenback. Commodity-related currencies fared poorly, as copper and oil prices fell in response to the rise in risk aversion and the reduced prospects for global economic growth.

Fears of a double dip recession for the US economy, which had been a feature of the two summer months following a significant deterioration in consumer and corporate confidence ebbed somewhat in September, with the publication of more encouraging economic data. That said, investors are now aware that major Western economies are likely to experience a low growth phase of close to zero as a result of the current financial turbulence, with the negative consequences it could have on investment and consumption. We do not see at this stage indications of a prolonged or deep recession, although Europe definitely appears more vulnerable to recession risk than the US. There is an expectation that Greek debt will need further restructuring – the two year rate reached an astonishing level of 65% reflecting a very high probability of default. Bond valuations are looking expensive relative to equities, but further corrections could occur in the short term, which may see bond markets extend their gains.

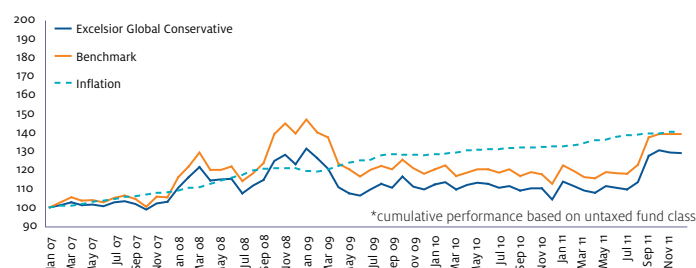
Disclaimer

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Performance

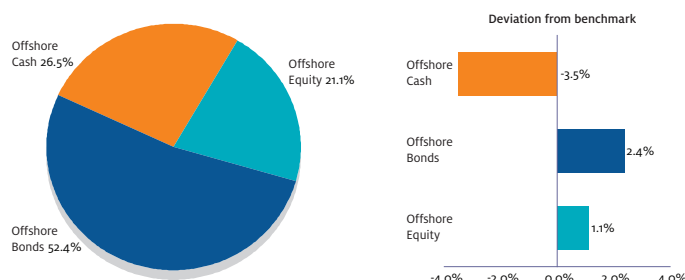


Returns

	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years
Taxed	1.07%	15.66%	21.98%	7.89%	1.33%	5.32%
Retirement Annuity	1.17%	16.72%	23.59%	8.46%	1.53%	5.70%
Untaxed	1.17%	16.72%	23.59%	8.46%	1.53%	5.70%
Company	0.98%	14.73%	20.57%	7.39%	1.16%	4.99%
Benchmark	5.17%	13.40%	21.30%	9.67%	4.08%	4.84%
Inflation	1.18%	2.66%	6.12%	4.84%	5.17%	7.11%

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. They are applicable to single contributions and are for Excelsior 300 and 500 Series products for the periods above. Investment returns for periods less than one year are not annualised.

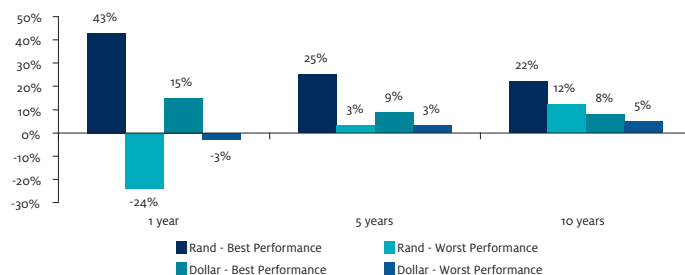
Asset allocation



*asset allocation based on untaxed fund class

Return volatility

The graph below indicates the volatility of annual investment returns for an investor in this portfolio. The highest and lowest annual returns over 1, 5 and 10 year intervals have been shown based on the portfolio being invested in the benchmark. The calculations are based on investment returns during the 20 years from 01/01/2007.



No allowance has been made for the impact of tax or charges and fees in calculating these returns.

Info & Queries: factsheets@liberty.co.za