

Excelsior Shari'ah Equity Portfolio

As at 31 December 2011



Portfolio objective

The Fund aims to generate capital growth over the medium to long term, whilst conforming to the religious and cultural beliefs of Muslim investors. The Fund invests in a mix of South African and foreign equity securities, including financial instruments, and when appropriate, other securities such as non-equity securities as may be permitted by the Shari'ah Standards of the Accounting and Auditing Organization for Islamic Financial Institutions.

Portfolio facts

Portfolio manager	Suhail Mohamed & Shawn Stockigt
Management company	STANLIB
Launch date	July 2007
Portfolio type	Single Manager
Portfolio size	R 103,067,136
Benchmark	100% FTSE/JSE All Share Index

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 to achieve real returns 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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No adjustment has been made to the above risk profile for the guaranteed version of the portfolio. If a 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.

What return is this portfolio designed to achieve?

Expected return*	CPI + 4.5%
Investment horizon	10 years

The Consumer Price Index (CPI) measures the increase in the price of the basket of goods an average family would buy over a specified period of time.

* Expected return is after the deduction of tax but before any Liberty Life charges and fees have been deducted.

Quarterly commentary (3rd quarter)

Global activity has weakened and become more uneven, confidence levels have fallen sharply, and the risk of a default in Greece has risen significantly. Economic growth in the Euro-area has stalled and China is trying to implement a managed slowdown in order to quell inflation and control the pace of housing development. Risks in emerging and developing economies currently seem slightly less severe than in developed markets, mainly because of their relatively sound economic fundamentals, especially low government debt levels. Restoring confidence to the Euro-area will require a combination of a credible long-term fiscal adjustment programme, further pro-growth measures and an adequate crisis management framework for the Euro-area.

South African economy has lost momentum

South Africa's most recent economic data suggests that the economy has lost momentum. SA's GDP rose by a disappointing and weak 1.3%/q, annualised, in Q2 2011. In Q3 2011 the Business Confidence index fell sharply. This is the second consecutive quarterly decline in the index, highlighting the softening of domestic business conditions and reflects the fact that the economy appears to have lost significant momentum in the past 6 months. Consequently, for 2011, we have revised our GDP forecast down to 3.1% from 3.6% previously. In order to move the SA economy to a sustainably higher rate of expansion over the next few years, there is going to have to be a far more significant improvement in the level of fixed investment activity and job creation. According to data provided by the SA Reserve Bank, fixed investment spending in South Africa has fallen to a mere 18.9% of GDP, which is well below the recent peak of 24.6% of GDP achieved in Q4 2008.

In August 2011, headline CPI inflation remaining unchanged at 5.3%/y. However, there are still some upside risks to SA inflation. These include mainly administered prices, although the latest round of wage agreements could also reflect in a broadening of inflation. The extent to which these price pressures will impact core/underlying inflation will be heavily influenced by the strength of the domestic economy, as well as the Rand exchange rate. There is little doubt that the relative strength of the Rand in 2010 cushioned SA from some potentially damaging price pressure, but this could change going into 2012. The latest international economic developments dictate that the Reserve Bank keep interest rates on hold for a very extended period. However, the current upward trend in inflation reduces the chances of a cut in domestic interest rates. We expect the MPC to keep interest rates on hold in the short-term, but there is a small risk that the MPC could opt to cut rates, if the SA economy continues to significantly lose momentum.

South Africa's financial markets also continue to be heavily influenced by global developments. It is a highly traded currency and has become a proxy for global risk. Changes in global risk appetite are, unfortunately, quickly reflected in the value of Rand, leading to the Rand being one of the most volatile currencies in the world. Currently the world appears to be hobbled by the painfully slow environment in which legislative processes operate. In both the Euro-area and the US, the lack of clarity and conviction in solving the crisis means the major economies are slowly rolling towards the edge of the cliff as legislators argue with each other about who gets the front seat. This slow and largely ineffective government response to key economic issues continues to compound the global financial crisis. In the meantime the South African economy is pushed and pulled by the vagaries of the global financial system.

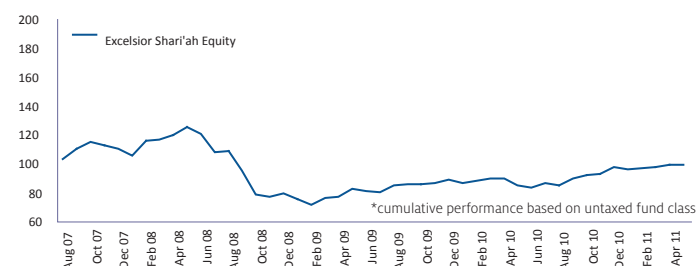
Disclaimer

The information contained in this document does not constitute advice by Liberty Life. Whilst every attempt has been made to ensure the accuracy of the information contained herein, Liberty Life cannot be held responsible for any errors that may occur. Past performance cannot be relied on as an indicator of future performance. Investment performance will depend on the growth in the underlying assets, which will be influenced by inflation levels in the economy and prevailing market conditions. Source: Liberty Life, STANLIB.

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Performance

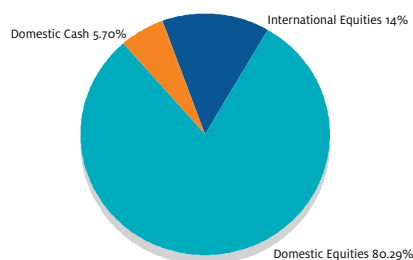


Returns

	3 Months	6 Months	1 Year	2 Years	3 Years
Taxed	6.78%	-0.50%	0.32%	4.60%	6.67%
Retirement Annuity	7.40%	-0.54%	0.34%	5.03%	7.33%
Untaxed	7.40%	-0.54%	0.34%	5.03%	7.33%
Company	6.24%	-0.46%	0.29%	4.24%	6.12%
Benchmark	9.16%	5.60%	9.18%	17.93%	21.99%
Inflation	1.18%	2.66%	6.12%	4.84%	5.17%

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.

Sector allocation



*asset allocation based on untaxed fund class

Top ten equity holdings

MTN Group	11.7%
Anglo American Plc	8.2%
Sasol	7.8%
BHP Billiton Plc	7.8%
Omnia Holdings	6.0%
Adcock	5.9%
Life Healthcare Grp	5.4%
Kumba Iron Ore	5.2%
Nampak	5.0%
Advtech	4.6%

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