

Balanced Fund of Funds

As at 30 September 2011

Portfolio objective

The investment is more balanced in nature and seeks to provide capital growth through investment in a combination of equity and bond funds. The bond element in the portfolio should result in a lower level of volatility, compared with a 100 per cent equity portfolio.

Portfolio facts

Fund Managers	STANLIB Wealth Management
Underlying Managers	Stanlib Multi-Manager
Launch Date	1 November 1998
Fund size	R 23 090 444.73
Classification	Onshore Managed
Benchmark	50% FTSE/JSE All Share Index 35% All Bond Index 15% Stefi Call Deposit Index
Once-off Charges	
Allocation Charges and Policy Fees	As per policy quote
Bid-offer Spread	0.85%
Recurring Charges	
Liberty Active Management Fee p.a.	0.425%
Fund Manager's Management Fee p.a.	1.425%
Maximum Shareholders' Participation in Surplus	10%
Guarantee	
At Maturity	Return of allocations at 3% p.a.
On Death before Maturity	The greater of: Return of premiums; or The value of investments

Risk profile

Conservative	Moderate	Aggressive
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The risk profile of this portfolio has been adjusted to reflect the applicable investment guarantee. The risk profile applies, provided the investor remains in the portfolio for the duration of its guaranteed term.

Quarterly commentary (2nd quarter)

Malcolm Holmes STANLIB Multi-Manager

A flat quarter for global stock markets masked significant intra-quarter volatility. Markets seem to be caught in a tug of war between persistent sovereign debt concerns juxtaposed to strong corporate profitability, solid balance sheets and appealing valuations. Weak US employment and manufacturing data, and a return of Greek's debt woes sent markets into a plunge in June, but markets surged in equally dramatic fashion in the last week of the quarter as Greek parliament passed austerity legislation. The ALSI was marginally down (-0.6%) for the quarter, with losses in large caps and resource stocks outweighing gains in small/mid caps and industrials. Property posted a strong gain (+5.0%) boosted by a drop in local bond yields. Bonds ran hard (+3.9%) aided by substantial foreign purchases on the belief that rate hikes will begin later and be more muted than previously forecast. Income (+2.2%) and cash (+1.4%) also gained with the short end of the curve underperforming. Both global equities (+0.3%) and global bonds (+3.2%) gained in rand terms.

Following our annual benchmark optimization exercise we made some adjustments to the strategic asset allocation of the fund during the quarter. The changes to the benchmark composite return calculations were made with effect from 1 June 2011, with previous history maintained. The intention was to raise the risk/return profile to be more in line with peers. We believe that the new asset class mix will provide superior returns through the cycle. The result was a significant increase in our strategic weight to equities (local and global) at the expense of a lower strategic weight to fixed interest and foreign cash. On a see-through basis, we were overweight both local and global equities, relative to benchmark at quarter end, having made opportunistic purchases near the June lows. We topped our exposure to our Absolute Income fund following the closure of the Bond Fund last quarter. We ended the quarter with our foreign exposure marginally underweight relative to benchmark.

Disclaimer

The information contained in this document does not constitute advice by Liberty. Whilst every attempt has been made to ensure the accuracy of the information contained herein, Liberty 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, STANLIB.

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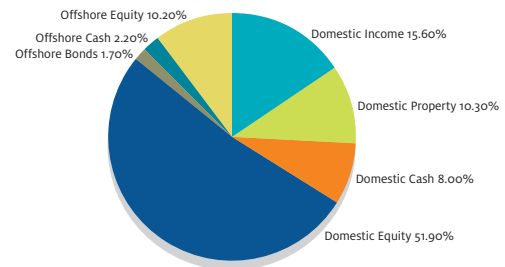
Returns

Rand returns

	Since inception	1 Year	3 Years	5 Years
Single Premium Policies				
Endowment	9.32%	2.76%	6.04%	5.45%
Retirement	10.07%	3.02%	6.62%	6.02%
Annual Premium Policies				
Endowment	8.62%	2.76%	5.60%	4.74%
Retirement	9.45%	3.02%	6.09%	5.26%
Monthly Premium Policies				
Endowment	8.39%	-1.09%	6.23%	4.50%
Retirement	9.21%	-1.03%	6.71%	5.00%

Please Note: Returns in this report are calculated on a sell-to-sell basis. Sell-to-sell returns apply to allocation (investment) amounts and are gross of any bid-offer spreads. These returns are net of tax, management fees and shareholder profit participation.

Asset allocation



Top 10 holdings

STANLIB Multi-Manager Equity Fund B2 Class	47.03%
STANLIB Multi-Manager Real Return feeder B1	14.99%
STANLIB Multi-Manager Income Fund B2	10.72%
STANLIB Multi-Manager Global Equity Fund (USD)	9.52%
STANLIB Multi-Manager Property Fund B2	9.41%
Investment Solutions High Income Fund C	3.70%
STANLIB Multi-Manager Global Bond Fund (USD)	1.65%
STANLIB USD Short Term Money Market	1.11%
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Effective manager exposure

Equity Managers

ABAX Investments (Rainmaker)
Absa Select Equity
SMM Passive
Oasis Asset Management
OMIGSA Select Equity

Real Return Managers

Coronation
Prescient
ABSA Capital
Omigsa Capital

Income Managers

Cadiz African Harvest
Cadiz African Harvest (High Yield)

Cash Managers

Investec
Prescient

Property Managers

Catalyst
STANLIB Asset Management

Bond Managers

Prescient
Investec
Coronation