

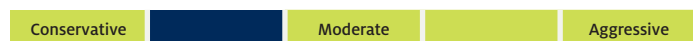
### Portfolio objective

This portfolio invests in equities and secure, high yielding fixed interest instruments, both domestic and offshore. The emphasis is on high quality shares and bonds providing an excellent balance between risk and return. The objective of the portfolio is to provide the investor with a balanced high calibre investment with security of capital. STANLIB Asset Management manages this portfolio.

### Portfolio facts

<b>Fund Managers</b>	STANLIB Asset Management
<b>Underlying Managers</b>	STANLIB Asset Management
<b>Launch Date</b>	1 January 1989
<b>Fund size</b>	R 1 612 567 585.81
<b>Classification</b>	Onshore Managed
<b>Benchmark</b>	Conventional Balanced Fund
<b>Once-off Charges</b>	
Allocation Charges and Policy Fees	As per policy quote
Bid-offer Spread	0%
<b>Recurring Charges</b>	
Liberty Active Management Fee p.a.	1.50%
Fund Manager's Management Fee p.a.	0%
Maximum Shareholders' Participation in Surplus	10%
<b>Guarantee</b>	
At Maturity	Return of allocations plus 3% p.a.
On Death before Maturity	The greater of: Return of premiums; or Return of allocations plus 3% p.a.; or The value of investments

### Risk profile



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)

#### STANLIB Asset Management

The Managed portfolio yielded another robust excess return over the benchmark for the second quarter of 2011. The portfolio continues to outperform the benchmark over the 1 and 5 year periods ending 30 June 2011, with marginal underperformance over 3 years. Over the quarter, most of the alpha generation came from positive asset allocation and stock selection within the equity and offshore blocks. The strategy regarding the Managed portfolio was unchanged in the second quarter of 2011 whereby, from a tactical asset allocation perspective, the underweight domestic equity and bond position was maintained, given the continued macro uncertainty surrounding peripheral Europe, as well as the ongoing discussions regarding the US debt ceiling and the related risk of US Treasury credit downgrades. However, the overweight offshore equity position was maintained given the relative attractiveness of offshore equity markets relative to the domestic market. The prudence in equity stock selection was retained given the continued uncertainty as to the longevity and sustainability of the global economic recovery, together with the risk of margins peaking at record levels in many sectors. The Managed portfolio also remain overweight cash and given the expectation for income generation "fully" invested in property.

While the prudent equity stock selection strategy has been a detractor from the longer-term performance of the equity block, this has been the correct call over past 12 months, as risk aversion away from high beta stocks has increased. As stated in previous reports, when required, preference has been to use Tactical Asset Allocation to assume greater beta exposure within the portfolios. At a sector level, the portfolios continue to be underweight Resources and Financials and overweight Industrials.

Although stock selection within the bond portfolios was positive, this was largely neutralised by negative sector allocation, i.e. an underweight exposure to the 12+ year area and an overweight exposure to the 7-12 year area. There does, however, still remain concern over the long term prospects of the nominal bond market as the curve is expected to normalise further.

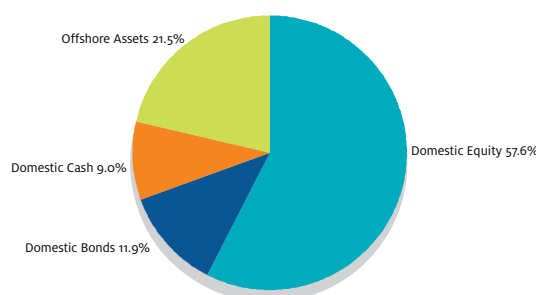
Asset allocation has been the main contributor to performance of the offshore portfolio over the past 12 months. Preference still remains offshore equity over offshore bonds and hedge funds.

### Returns

	Since inception	1 Year	3 Years	5 Years
<b>Rand returns</b>				
<b>Single Premium Policies</b>				
Endowment	13.84%	4.48%	5.14%	5.36%
Retirement	15.31%	5.08%	5.68%	5.96%
<b>Annual Premium Policies</b>				
Endowment	12.32%	4.48%	5.31%	4.36%
Retirement	13.57%	5.08%	6.04%	4.96%
<b>Monthly Premium Policies</b>				
Endowment	12.13%	1.56%	6.35%	3.90%
Retirement	13.34%	2.02%	7.35%	4.53%

**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

MTN Group Limited	10.1%
Sasol Ltd	7.8%
British American Tobacco Plc	4.9%
Anglo American Plc	4.8%
SAB Miller Plc	4.7%
New Gold	4.5%
Billiton Plc	4.2%
First Rand Ltd	4.0%
Steinhoff Int. Holdings	3.6%
Tiger Brands Limited	3.3%

### 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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