

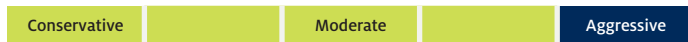
### Portfolio objective

The portfolio aims to provide an attractive income together with the possibility of capital growth, by investing in a diversified portfolio of government and non-government bonds. No attempt is made to time movements in or out of long- or short-term bonds. Value is added through a multi strategy approach and involves accessing the relative attractiveness of corporate and government bonds.

### Portfolio facts

<b>Fund Managers</b>	STANLIB Wealth Management
<b>Underlying Managers</b>	Fidelity Investments
<b>Launch Date</b>	1 November 1998
<b>Fund size</b>	R 12.56 million
<b>Classification</b>	Onshore Fixed Interest
<b>Benchmark</b>	100% SBB World Gov. Bond Index
<b>Once-off Charges</b>	
Allocation Charges and Policy Fees	As per policy quote
Bid-offer Spread	1%
<b>Recurring Charges</b>	
Liberty Active Management Fee p.a.	0.5%
Fund Manager's Management Fee p.a.	1%
Maximum Shareholders' Participation in Surplus	10%
<b>Guarantee</b>	
At Maturity	None
On Death before Maturity	The greater of: Return of premiums; 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)

Peripheral European government bonds continue to underperform and spreads relative to German government yields (the risk-free benchmark in Europe) moved to their widest levels for the year. Meanwhile, after a multi-month rally in developed market sovereign debt driven by slowing global growth, high real yielding non-G7 markets started to outperform as investors reached for yield. The break in commodity prices also helped non-G& markets since lower commodity prices will mitigate the risks of rising inflation pressures driving up core measures of inflation too.

Greek bonds performed poorly, however they are no longer part of the Citigroup World Government Bond Index. Overall, it remains to be seen what will happen with respect to the peripheral European Bond markets; currently there is not much visibility. Due to this uncertainty we remain underweight European monetary union (EMU) government debt and are monitoring policy developments closely. We prefer to own US treasury securities where possible, or high quality European government debt instead, such as that from Norway and the UK.

### Looking Ahead

We remain overweight US Dollar based on valuation and also due to our expectations for a reacceleration of US GDP growth in the second half of 2011. We believe a reacceleration of US growth would raise market expectation for a Fed exit strategy from their zero interest rate policy. Slumping risk sentiment hurt US corporate bonds in June. Fears about slowing growth in China and the United States appeared to prompt investors to take profits on their corporate bond holdings and move the money into high quality sovereign debt instead. Emerging markets bonds and currencies delivered mixed performance during June. Despite heavy intra-month volatility, many EM currencies and bonds ended June near unchanged levels.

### 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

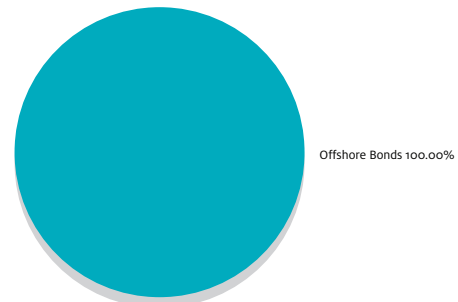
	Since inception	1 Year	3 Years	5 Years
<b>Single Premium Policies</b>				
Endowment	4.51%	0.00%	8.26%	7.08%
Retirement	5.83%	0.00%	9.23%	8.70%
<b>Annual Premium Policies</b>				
Endowment	4.19%	16.90%	8.41%	6.68%
Retirement	5.04%	18.00%	9.32%	7.90%
<b>Monthly Premium Policies</b>				
Endowment	4.34%	34.44%	10.63%	7.54%
Retirement	5.21%	35.46%	11.55%	8.80%

#### Dollar returns

	Since inception	1 Year	3 Years	5 Years
<b>Single Premium Policies</b>				
Endowment	1.65%	-14.03%	7.30%	3.73%
Retirement	2.93%	-14.03%	8.26%	5.31%
<b>Annual Premium Policies</b>				
Endowment	1.34%	0.50%	7.45%	3.34%
Retirement	2.16%	1.45%	8.35%	4.53%
<b>Monthly Premium Policies</b>				
Endowment	1.48%	15.58%	9.65%	4.18%
Retirement	2.33%	16.46%	10.56%	5.40%

**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 holdings

STANLIB Global Bond Feeder Fund - A	91.26%
Fidelity Funds- US High Yield Fund	8.74%