

Conservative International Fund of Funds

As at 31 October 2011

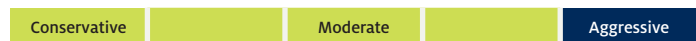
Portfolio objective

This portfolio is designed for cautious investors who are looking to avoid high levels of volatility. This portfolio invests mainly in global bond and currency market funds. The potential for capital growth is reduced by the need to provide a level of security.

Portfolio facts

Fund Managers	STANLIB Wealth Management
Underlying Managers	Fidelity Investments
Launch Date	1 November 2001
Fund size	R45 705 365,16
Classification	Offshore Managed
Benchmark	59.5% Salomon Brothers G7 Index 25.5% Salomon US Treasury Bill 3 months Index 15% Alexander Forbes Money Market Index
Once-off Charges	
Allocation Charges and Policy Fees	As per policy quote
Bid-offer Spread	1%
Recurring Charges	
Liberty Active Management Fee p.a.	0.75%
Fund Manager's Management Fee p.a.	1%
Maximum Shareholders' Participation in Surplus	10%
Guarantee	
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 (3rd quarter)

Paul Hansen
STANLIB Wealth Management

Fund Review

Sharp rand depreciation in September (13.6% versus the dollar) and during the quarter (-16.5%) rescued the rand return of the fund (+8.4%) for the quarter and for the year (+8.1%). However, dollar returns were tough (-9.4% for the quarter and -7.1% for the year) as stock markets and currencies retreated sharply, even though the dollar return was somewhat better than the MSCI World Index's -17.1% return and the MSCI Emerging Market's -23% return.

The fund has maintained a higher cash holding than benchmark, preferring cash to bonds because of the perceived overpricing of government bonds. However, this stance hurt in the past quarter because government bonds performed well amidst the European debt crisis and the American debt ceiling debacle. Bonds now look even more expensive, unless economies go into recession and deflation.

Looking Ahead

Markets (and economies) are in the hands of European politicians at this critical juncture. Will European leaders apply the right medicine to recapitalize their troubled banks and satisfactorily ring-fence the troubled countries in time to avoid another recession? Markets are very worried that they are taking far too long. In the end, it all comes down to confidence, the confidence for consumers to keep spending, instead of worrying about their jobs and the confidence of businesses to expand.

As of early October, we are hopeful that a rally is long overdue and may gradually be unfolding, because pessimism is at extreme levels and European leaders are at least acknowledging the need for action. Whether it is merely a rally in a downward moving market, no-one knows at this stage, although chartists suspect it is.

Returns

Rand returns

	Since inception	1 Year	3 Years	5 Years
Single Premium Policies				
Endowment	1.64%	8.97%	-1.02%	-0.08%
Retirement	2.47%	9.91%	-0.92%	1.53%

Annual Premium Policies

Endowment	2.10%	8.97%	1.37%	0.40%
Retirement	3.27%	9.91%	1.86%	1.61%

Monthly Premium Policies

Endowment	2.21%	15.29%	4.31%	0.87%
Retirement	3.40%	16.71%	5.01%	1.99%

Dollar returns

	Since inception	1 Year	3 Years	5 Years
Single Premium Policies				
Endowment	3.41%	10.24%	-1.54%	-2.92%
Retirement	4.26%	11.20%	-1.44%	-1.36%

Annual Premium Policies

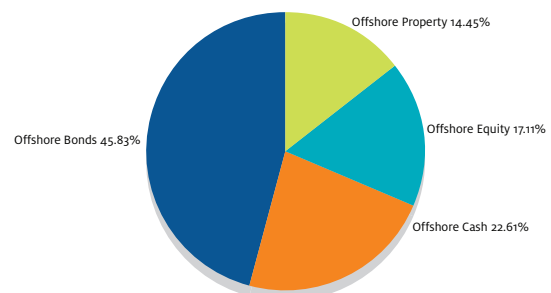
Endowment	3.89%	10.24%	0.84%	-2.45%
Retirement	5.08%	11.20%	1.32%	-1.28%

Monthly Premium Policies

Endowment	3.99%	16.64%	3.76%	-2.00%
Retirement	5.21%	18.07%	4.46%	-0.91%

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 International Conservative Fund Of	45.83%
Fidelity Funds- Euro Fund Accumulating	16.36%
STANLIB Global Property Feeder Fund (Class	14.45%
Fidelity Usd Fund : Accumulating Shares	6.25%
Fidelity Funds- Japan Fund	5.27%
Fidelity Funds- Portfolio Selector Global G	4.25%
Fidelity Funds- South East Asia Fund	3.47%
Fidelity Funds- Japan Smaller Companies Fun	3.38%
Fidelity Funds- American Growth Fund	0.74%

Disclaimer

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