

Offshore Equity Fund

As at 31 October 2011

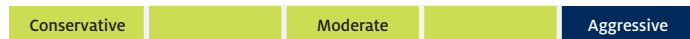
Portfolio objective

This portfolio is suitable for the investor whose policy has matured and wishes to participate in the offshore equity market without using his/her foreign exchange allowance. This portfolio aims to achieve capital growth from a worldwide portfolio of equities including major markets and smaller emerging markets. International asset allocation is based on the relative attractiveness of individual markets but is unlikely to vary significantly from the index neutral weights. Local portfolio managers select holdings within individual markets, based on the attractions of individual companies.

Portfolio facts

| | |
|--|---|
| Fund Managers | STANLIB Wealth Management |
| Underlying Managers | Fidelity Investments |
| Launch Date | December 1998 |
| Fund size | R2 392 665,52 |
| Classification | Offshore Equity |
| Benchmark | 100% MSCI World 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)

Kent Grobelaar
STANLIB Asset Management

Equity markets again fell sharply in September as fears of a return to global recession combined with continued turbulence in the Eurozone to drive investors away from all risky assets, even the previous "safe haven" of gold.

As you might expect, analysts have – after the market fall of course – become far more cautious on corporate earnings prospects, with upgrade/downgrade ratios heading rapidly to "recessionary" sub-30% levels, even though the quantum of average downgrade is at this stage still modest. Valuations have thus fallen to historically low levels with the world index currently trading at 11x 2011 earnings and (if the forecasts are to be believed) below 10x 2012.

Our approach has continued to suffer through this sharp market correction. One reason is our bias towards mid-cap companies at a time when investors are flocking to the "safety" of the largest stocks. At the same time the market has punished a large number of undervalued cyclical names without any evidence that their business prospects are materially deteriorating. Where the evidence has indeed been deteriorating we have of course already been selling. Looking ahead, investors should eventually refocus on those companies which are able to maintain high profitability and growth, which of course is what we shall continue to do.

The overall shape of the portfolio has changed somewhat over the past month with a reduction in industrial exposure in favour of consumers and services. Our largest overweight position remains in technology with a continuing substantial underweighting of financials. Our largest regional position remains our overweighting of North America, while we remain underweight in Europe and the UK.

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

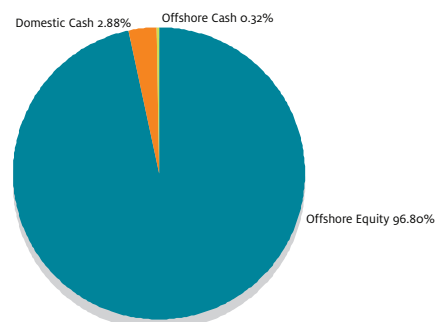
| | Since inception | 1 Year | 3 Years | 5 Years |
|---------------------------------|-----------------|--------|---------|---------|
| Single Premium Policies | | | | |
| Endowment | 1.84% | 12.57% | 2.27% | -0.60% |
| Retirement | 2.06% | 13.51% | 2.66% | -0.35% |
| Annual Premium Policies | | | | |
| Endowment | 2.01% | 12.57% | 5.04% | 1.17% |
| Retirement | 2.36% | 13.51% | 5.57% | 1.50% |
| Monthly Premium Policies | | | | |
| Endowment | 1.91% | 10.37% | 7.72% | 1.56% |
| Retirement | 2.26% | 11.18% | 8.42% | 1.93% |

Dollar returns

| | Since inception | 1 Year | 3 Years | 5 Years |
|---------------------------------|-----------------|--------|---------|---------|
| Single Premium Policies | | | | |
| Endowment | -0.67% | -1.10% | 1.74% | -3.42% |
| Retirement | -0.46% | -0.27% | 2.13% | -3.18% |
| Annual Premium Policies | | | | |
| Endowment | -0.50% | -1.10% | 4.49% | -1.71% |
| Retirement | -0.16% | -0.27% | 5.02% | -1.38% |
| Monthly Premium Policies | | | | |
| Endowment | -0.60% | -3.04% | 7.15% | -1.32% |
| Retirement | -0.26% | -2.32% | 7.85% | -0.96% |

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 High Alpha Origin Class B | 96.80% |
| Cash | 3.20% |