

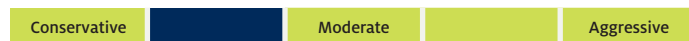
### Portfolio objective

The portfolio targets real returns, while seeking to minimise the risk of loss. The portfolio consists of a carefully structured and well-diversified mix of quality equity, property, fixed interest and other assets. The portfolio aims to produce net returns of CPI plus 2% after tax and charges. It should suit investors who require a managed portfolio with all the advantages of a guaranteed assurance policy. STANLIB Asset Management manages this portfolio.

### Portfolio facts

<b>Fund Managers</b>	STANLIB Wealth Management
<b>Underlying Managers</b>	STANLIB Asset Management
<b>Launch Date</b>	1 November 2003
<b>Fund size</b>	R107 433 299,54
<b>Classification</b>	Managed
<b>Benchmark</b>	CPI
<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.	1.5%
Fund Manager's Management Fee p.a.	0%
Maximum Shareholders' Participation in Surplus	10%
<b>Guarantee</b>	
At Maturity	None
On Death before Maturity	The greater of: Return of premiums; Return of allocations plus 4.25% 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 (3rd quarter)

**Henry Munzara**  
STANLIB Asset Management

#### Fund Review

The volatility in financial markets, especially equity, continues and the negative returns of -3.6% for the ALSI over the month, -5.8% over the quarter and -5.4% YTD hide the even more significant losses that have occurred intra period. Over this period our focus has been firmly on capital preservation (our first objective) and we have successfully delivered on this objective as markets have gyrated. What has helped us deliver on this objective has been a combination of asset class diversification (fixed income and listed property have largely posted positive returns over the period while equity lagged), equity selection (our choice of shares have lost less than the index before protection) and lastly derivative protection has made us money as markets moved lower. Capital preservation in this challenging environment is a pleasing result for us in light of the revisions that we made to our process about 18 months ago to strengthen risk management while at the same time allowing for better returns as and when financial markets become conducive to risk taking.

#### Looking Ahead

While it remains our view that asset class returns (real terms) across the board are likely to be subdued for some time and that volatility in financial markets may continue for a while still, we believe that the sell off is resulting in valuations moving into ranges that make for improved real return prospects over the medium term - our second objective. As a result while our positioning remains well balanced between growth (equity and property) and defensive assets (fixed income) we are currently assessing opportunities to increase growth asset exposure at the expense of defensive assets. A change that we have made within the quarter in the growth asset bucket is to reduce our exposure to property in favour of equity as we believe that the risk/reward balance is now firmly in favour of equity. Within the defensive asset bucket, JIBAR linked instruments remain our preference as we still see downside risk to nominal bond exposure.

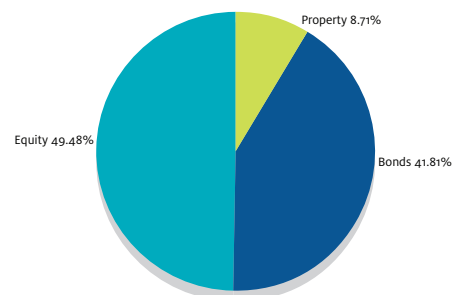
### Returns

#### Rand returns

	Since inception	1 Year	3 Years	5 Years
<b>Single Premium Policies</b>				
Endowment	7.31%	1.08%	6.04%	4.18%
Retirement	9.17%	2.34%	8.98%	6.14%
<b>Annual Premium Policies</b>				
Endowment	5.52%	1.08%	4.32%	3.70%
Retirement	7.54%	2.34%	6.98%	5.87%
<b>Monthly Premium Policies</b>				
Endowment	5.29%	1.71%	4.63%	3.71%
Retirement	7.28%	3.06%	7.10%	5.84%

**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

Life Healthcare Group Holdings	7.36%
Murray & Roberts Hldgs.	7.33%
Telkom Sa Limited	7.10%
Mtn Group Limited	7.02%
Vodacom Group Pty Ltd	6.93%
Old Mutual Plc	6.93%
Billiton Plc	6.90%
Bidvest Group Ltd	6.86%
First Rand Ltd	6.85%
Pretoria Portland Cement Co.	6.81%

### Disclaimer

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