

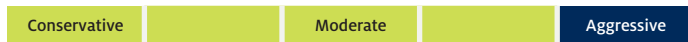
Portfolio objective

This portfolio is an actively managed mix of high performance local and international unit trusts. A maximum of 70% of the market value of the portfolio is invested in equities, with the balance being invested in fixed interest and cash. The objective of the portfolio is to provide the investor with a high quality of portfolio combining both South African and international growth potential with guarantees on maturity at five years or more.

Portfolio facts

Fund Managers	Stanlib Asset Management
Underlying Managers	Fidelity Investments
Launch Date	1 July 1998
Fund size	R4 992 184,47
Classification	Worldwide Managed
Benchmark	50% Focused Fund of Funds 50% International Fund of Funds
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 Asset 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 (+2.6%) for the quarter and for the year (+6.1%). However, dollar returns were nasty (-14.3% for the quarter and -8.8% 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.

Despite their faster growth and stronger banking systems, the emerging market currencies got dumped, particularly in September, including Brazil, South Africa, South Korea and Russia as European banks withdrew funds and as investors headed for supposed safety in US Treasury Bills. So emerging market returns in dollars were very weak in September and in the quarter, as were European returns, with the top 50 shares in Europe (DowJonesEuroStoxx50 Index) almost back to the March 2009 lows, especially the banking shares. The mounting debt crisis in Europe, poorly managed by the Europeans, as well as the debt and over-spending crisis in the US, almost as poorly handled there, has severely dented consumer and business confidence.

So our overweight in Emerging Markets (29% of equities versus 13% for the benchmark) hurt the fund, whereas our overweight in Japan (18% of equities versus 7% for the benchmark) helped the fund, because Japan's currency remained strong against the dollar, helping the Japanese stock market decline in dollars by 11.6%, well below the 17.1% of the MSCI World Index.

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.

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

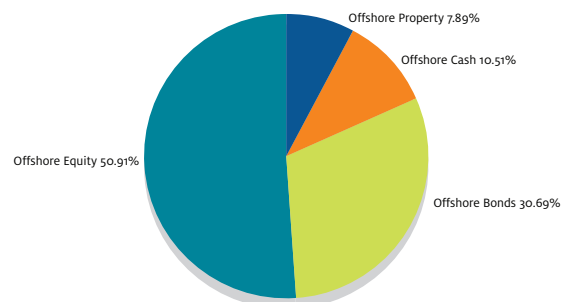
	Since inception	1 Year	3 Years	5 Years
Single Premium Policies				
Endowment	1.04%	8.82%	-0.98%	-1.84%
Retirement	1.34%	9.82%	-0.66%	-1.58%
Annual Premium Policies				
Endowment	1.17%	8.82%	1.66%	-0.44%
Retirement	1.56%	9.82%	2.15%	-0.09%
Monthly Premium Policies				
Endowment	1.36%	13.04%	4.32%	0.11%
Retirement	1.75%	14.44%	5.00%	0.51%

Dollar returns

	Since inception	1 Year	3 Years	5 Years
Single Premium Policies				
Endowment	-1.17%	-4.40%	6.06%	-3.29%
Retirement	-0.87%	-3.52%	6.40%	-3.03%
Annual Premium Policies				
Endowment	-1.04%	-4.40%	8.89%	-1.91%
Retirement	-0.66%	-3.52%	9.41%	-1.56%
Monthly Premium Policies				
Endowment	-0.86%	-0.69%	11.73%	-1.36%
Retirement	-0.47%	0.54%	12.47%	-0.97%

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 International Conservative Fund Of	30.69%
Fidelity Funds- Portfolio Selector Global G	25.46%
Fidelity Funds- Japan Fund	15.52%
Fidelity Funds - America Fund (Class A)	10.44%
STANLIB Global Property Feeder Fund (Class	9.92%
Fidelity USD Fund : Accumulating Shares	7.89%
	0.06%