

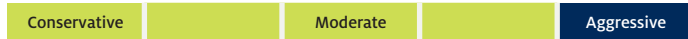
Portfolio objective

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

Fund Managers	STANLIB Wealth Management
Underlying Managers	Fidelity Investments
Launch Date	1 November 1998
Fund size	R14 344 590.73
Classification	Onshore Fixed Interest
Benchmark	100% SBB World Gov. Bond 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.	0.5%
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



Quarterly commentary (3rd quarter)

Our investment strategy this year has been built on expecting a period where the asset inflation of the past two years would be consolidated and correlations realigned. We have referred to it previously as a "risk reset."

Our portfolios have managed the recent consolidation phase very well because we executed a broad-based de-risking of the portfolio ahead of the third-quarter's risk reset. This included: reducing exposure to investment-grade corporate credit and mortgage-backed securities; maintaining long-duration exposure in high quality sovereigns; hedging currency risk associated with richly valued, commodity linked currencies; and maintaining no exposure to the euro and a significant overweight in the U.S. dollar. These actions were the right move for the risk reset that took place in the third quarter.

As well as our portfolios did by not owning the euro and overweighting the dollar, our non-dollar currency investments outside of the euro and yen succumbed to the fear of another Lehman-style meltdown. The result was that the biggest contributors to returns came from holdings in sovereign long-term debt especially in the US, UK and Australia.

Going forward the immediate judgment call is on European economic policy. The European financial crisis is clearly a systemic risk. Yet, the potential for a complete unravelling of the financial system seems to us a non-trivial but low probability outcome.

From a valuation perspective, it is clear that price risk is building up in high-quality duration. Many of the developed-country long term sovereign credits that helped with performance this year have become very expensive. We have started to shed some duration exposure and under more normal circumstances we would move to shorten maturities. Conditions, however, are anything but normal.

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	4.98%	0.00%	5.59%	7.38%
Retirement	6.48%	0.00%	6.57%	9.21%

Annual Premium Policies

Endowment	3.95%	15.77%	6.01%	6.03%
Retirement	4.85%	17.09%	7.13%	7.47%

Monthly Premium Policies

Endowment	4.08%	28.31%	9.34%	6.83%
Retirement	5.01%	30.30%	10.56%	8.26%

Dollar returns

	Since inception	1 Year	3 Years	5 Years
Single Premium Policies				
Endowment	2.27%	-12.14%	5.04%	4.33%
Retirement	3.73%	-12.14%	6.01%	6.10%

Annual Premium Policies

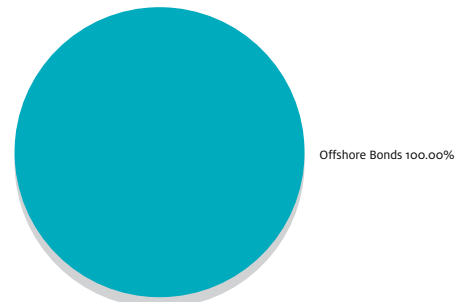
Endowment	1.26%	1.71%	5.45%	3.01%
Retirement	2.14%	2.87%	6.57%	4.42%

Monthly Premium Policies

Endowment	1.39%	12.73%	8.77%	3.79%
Retirement	2.30%	14.48%	9.99%	5.18%

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%