

Capital Preservation Fund

As at 30 November 2011

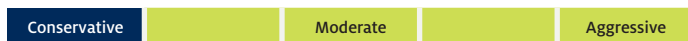
Portfolio objective

This portfolio is for the investor whose policy has matured or is nearing maturity and has no tolerance for risk, or needs a short-term, tax efficient investment vehicle. The portfolio is invested into a diversified portfolio of approved money market instruments issued by South African Government parastatals, corporates and banking institutions. This portfolio seeks to maximise interest income, preserve the portfolio's capital and provide immediate liquidity. Returns are associated with deposits and should normally be higher than call accounts.

Portfolio facts

Fund Managers	STANLIB Wealth Management
Underlying Managers	STANLIB Asset Management
Launch Date	1 November 1998
Fund size	R 176 267 175,78
Classification	Onshore Cash
Benchmark	3 month STEFI
Once-off Charges	
Allocation Charges and Policy Fees	As per policy quote
Bid-offer Spread	0%
Recurring Charges	
Liberty Active Management Fee p.a.	0.75%
Fund Manager's Management Fee p.a.	0.75%
Maximum Shareholders' Participation in Surplus	0%
Guarantee	
At Maturity	Return of premiums
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)

Ansie van Rensburg
STANLIB Asset Management

For the quarter under review, the Reserve bank left its benchmark interest rate unchanged at 5.5 percent, in line with market expectations. On the contrary, however, there seems to be growing sentiment for the Monetary Policy Committee to pursue more accommodative measures, to stimulate domestic growth in the wake of further global economic pressures experienced in the Euro-zone as well as the United States of America. At the September MPC meeting governor Gill Markus stated that a rate cut had been discussed. However, following the Rand depreciation of 18 percent during the last quarter, it's worst performance since 2001, such discussions were abated due to the effect of such a depreciation on the inflation trajectory.

Sustained Rand weakness will prevent further rate cuts; however, if the oil price continues to decline and global food prices follow the same trend, the resultant inflation projection would allow the SARB sufficient room to cut rates, buoyed by the current state of the ailing domestic economy. South Africa is likely to see GDP growth of around 3 percent this year, but the high unemployment rate of above 25 percent remains a concern.

GDP growth in quarter three is likely to remain benign. The Kagiso PMI (an indicator of manufacturing activity) increased to 50.7 in September, albeit positive, the employment index remains below 50. CPI inflation was unchanged at 5.3 percent, but Producer price inflation gathered momentum to record a print of 9.6 percent.

The Forward-Rate Agreements (FRAs) continue to assign a high probability of a rate cut at the November MPC. Gill Markus has made mention of the fact that the Euro-zone crisis will take a considerable period of time to recover and for the economic region to gather thrust, further supporting the stance for further economic stimulation. However, the STANLIB view is that interest rates will remain flat for a prolonged period of time, with possible cuts over the medium term.

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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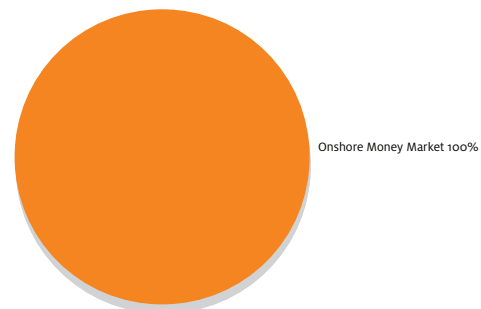
Returns

Rand returns

	Since inception	1 Year	3 Years	5 Years
Single Premium Policies				
Endowment	5.39%	2.11%	3.23%	4.15%
Retirement	6.99%	3.96%	5.59%	6.91%
Annual Premium Policies				
Endowment	4.46%	2.11%	2.83%	3.58%
Retirement	6.45%	3.96%	5.03%	6.15%
Monthly Premium Policies				
Endowment	4.38%	2.03%	2.61%	3.45%
Retirement	6.40%	3.85%	4.70%	5.97%

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

Money Market Portfolio managed by STANLIB 100%