Lifestyle Managed Portfolio

As at 30 September 2011

LIBERTY
Own your life

Portfolio objective

This Portfolio is a managed portfolio, which provides a guaranteed minimum return at specific dates. It combines the objectives of superior performance and prudent risk management. The Portfolio provides diversified exposure to local equities, bonds and properties, as well as to equities and bonds denominated in foreign currencies. The underlying investment performance guarantees provide the investor with a well-balanced relationship between potentially high returns and low risk.

Portfolio facts

Portfolio manager	Robin Eagar
Management company	STANLIB
Launch date	January 1983
Portfolio type	Single Manager
Portfolio size	R 4,837,730,815
Guarantee available	An optional guarantee is available on this portfolio

The performance of the portfolio benchmark over time provides the basis against which the portfolio manager will be measured.

Please consult the current portfolio grid for any current restrictions on the availability of portfolios for new business and switching.

Who should invest in this portfolio

This portfolio is suited to the investor who:

- wants a balanced high calibre investment with security of capital
- wants to invest in equities and secure high yielding fixed interest instruments, both domestic and offshore
- has an investment horizon of at least 8 years
- is prepared to accept high fluctuations in returns from year to year

Risk profile

Conservative		Moderate		Aggressive

No adjustment has been made to the above risk profile for the guaranteed version of the portfolio. If a guarantee is selected on the portfolio, then the risk profile will be lower, provided the investor remains in the guaranteed portfolio for the duration of its guaranteed term.

What return is this portfolio designed to achieve?

Expected return*	CPI + 3.5%
Investment horizon	8 years

The Consumer Price Index (CPI) measures the increase in the price of the basket of goods an average family would buy over a specified period of time.

* Expected return is after the deduction of tax but before any Liberty Life charges and fees have been deducted.

Quarterly commentary (2nd quarter)

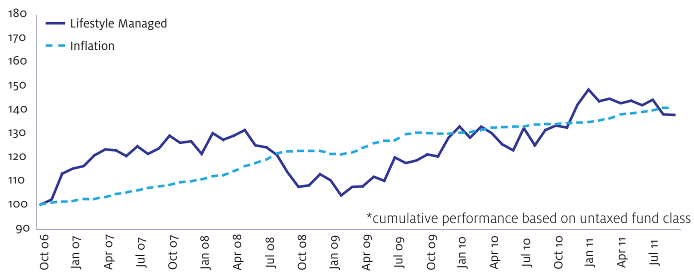
The Managed portfolio yielded another robust excess return over the benchmark for the second quarter of 2011. The portfolio continues to outperform the benchmark over the 1 and 5 year periods ending 30 June 2011, with marginal underperformance over 3 years. Over the quarter, most of the alpha generation came from positive asset allocation and stock selection within the equity and offshore blocks. The strategy regarding the Managed portfolio was unchanged in the second quarter of 2011 whereby, from a tactical asset allocation perspective, the underweight domestic equity and bond position was maintained, given the continued macro uncertainty surrounding peripheral Europe, as well as the ongoing discussions regarding the US debt ceiling and the related risk of US Treasury credit downgrades. However, the overweight offshore equity position was maintained given the relative attractiveness of offshore equity markets relative to the domestic market. The prudence in equity stock selection was retained given the continued uncertainty as to the longevity and sustainability of the global economic recovery, together with the risk of margins peaking at record levels in many sectors. The Managed portfolio also remain overweight cash and given the expectation for income generation "fully" invested in property.

While the prudent equity stock selection strategy has been a detractor from the longer-term performance of the equity block, this has been the correct call over past 12 months, as risk aversion away from high beta stocks has increased. As stated in previous reports, when required, preference has been to use Tactical Asset Allocation to assume greater beta exposure within the portfolios. At a sector level, the portfolios continue to be underweight Resources and Financials and overweight Industrials.

Although stock selection within the bond portfolios was positive, this was largely neutralised by negative sector allocation, i.e. an underweight exposure to the 12+ year area and an overweight exposure to the 7-12 year area. There does, however, still remain concern over the long term prospects of the nominal bond market as the curve is expected to normalise further.

Asset allocation has been the main contributor to performance of the offshore portfolio over the past 12 months. Preference still remains offshore equity over offshore bonds and hedge funds.

Performance

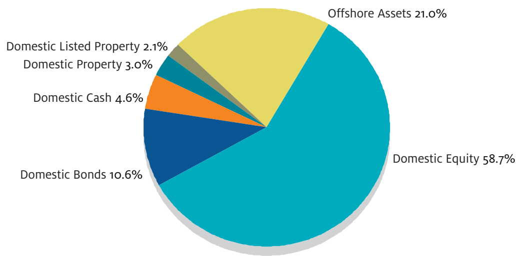


Returns

	3 Mths	6 Mths	1 Yr	2 Yrs	3 Yrs	5 Yrs	8 Yrs	10 Yrs
Taxed	-0.68%	-0.23%	5.04%	6.81%	5.23%	5.13%	12.05%	10.74%
Retirement Annuity	-0.98%	-0.55%	4.79%	7.83%	6.68%	6.24%	13.44%	11.98%
Inflation	1.46%	3.50%	5.34%	4.09%	4.84%	6.93%	5.61%	6.03%

The above investment returns are after four-fund tax and any ongoing management fees have been deducted, with applicable distributions reinvested and are on a sell-to-sell basis. They are applicable to single contributions and are for the periods above. Investment returns for periods less than one year are not annualised.

Asset allocation



*asset allocation based on untaxed fund class

Top ten equity holdings

Mtn Group Limited	10.1%
Sasol Ltd	7.6%
Anglo American Plc	4.7%
Sab Miller Plc	4.5%
Billiton Plc	4.3%
First Rand Ltd	4.0%
New Gold	3.9%
Steinhoff Int. Holdings	3.1%
Tiger Brands Limited	2.9%
Compagnie Fin Richemont	2.5%

Info & Queries: factsheets@liberty.co.za

Disclaimer