

Ermitage Asset Selection Portfolio



As at 30 November 2011

Portfolio objective

Through a multi-manager portfolio of low-risk arbitrage funds, the Portfolio is designed to provide investors with consistent returns over time. It aims to generate returns of 2 – 3 times US Dollar cash per annum over the medium term, or longer, with low volatility and low correlation with equity and bond markets.

Portfolio facts

Management company	Liberty Ermitage Management (Bermuda) Ltd
Launch date	December 1996
Portfolio type	Multi-Manager
Portfolio size	R 169,548,435
Currency	US Dollar (Euro portfolio is also available)
Benchmark	100% Salomon Brothers World Government Index

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 exposure to non South African assets and to currencies other than the Rand

For the Dollar investor who:

- wants to target a return of 2 to 3 times Dollar cash over rolling 3 year periods
- has an investment horizon of at least 5 years

For the Rand investor who:

- has an investment horizon of at least 10 years
- is prepared to accept significant fluctuations in returns from year to year

Risk profile (Rand investor)



Risk profile (Dollar investor)



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.

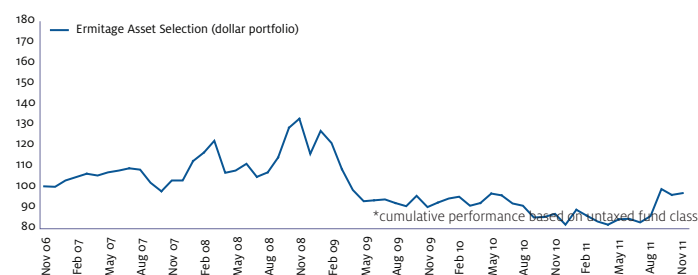
Quarterly commentary (3rd quarter)

December was another good month for many of our portfolios, despite the turbulence in most bonds markets. Having seen a similar profile of positive returns in November when both bonds and equities sold off, we are pleased to see the consistency of return whereby we made money with equities and bonds moving in opposite directions.

As absolute return investors, the above scenario of widely divergent outcomes in the underlying markets continues to suggest that for most products (i.e., other than those with a specific directional mandate), we should avoid taking large outright directional positions in markets. Instead we should look for asset classes and geographies that offer us the best opportunity to make money from inefficiencies, anomalies, and mis-pricings rather than outright directional beta. As a result, across our products we have an overarching theme in preferring nimble trading managers that can reposition to differing market conditions as they find themselves.

From a strategy perspective, as previously mentioned, we have adjusted our model portfolios to increase our allocation to emerging markets (but only to managers that we believe can trade opportunistically, and we have avoided pure beta players), and commodities where we see ongoing opportunities (similarly, our commodity managers have proven their ability to make money in down as well as up months for the underlying).

Performance



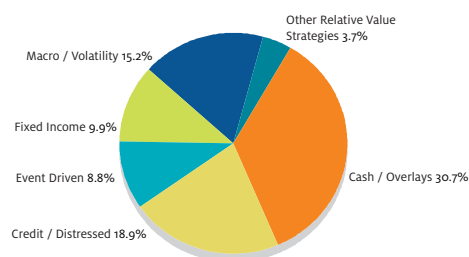
Returns

Dollar based portfolio	3 Mths	6 Mths	1 Year	2 Years	3 Years	5 Years
Taxed	11.86%	13.58%	10.60%	3.37%	-9.38%	-0.62%
Retirement Annuity	12.95%	14.85%	11.56%	3.66%	-10.00%	-0.67%
Untaxed	12.95%	14.85%	11.56%	3.66%	-10.00%	-0.67%
Company	10.93%	12.50%	9.77%	3.12%	-8.83%	-0.57%
In dollar terms	-3.10%	-3.80%	-2.51%	-1.08%	-3.14%	-2.98%

Euro based portfolio	3 Mths	6 Mths	1 Year	2 Years	3 Years	5 Years
Taxed	5.29%	6.67%	14.28%	-1.88%	-8.05%	-0.83%
Retirement Annuity	5.70%	7.19%	15.50%	-2.01%	-8.55%	-0.89%
Untaxed	5.70%	7.19%	15.50%	-2.01%	-8.55%	-0.89%
Company	4.93%	6.21%	13.23%	-1.76%	-7.60%	-0.76%

Please Note: The above investment returns are after four-fund tax has been deducted but before any Liberty Life charges have been deducted, with applicable distributions reinvested and are on a sell-to-sell basis. They are applicable to single contributions and are for Excelsior 300 and 500 Series products for the periods above. Investment returns for periods less than one year are not annualised.

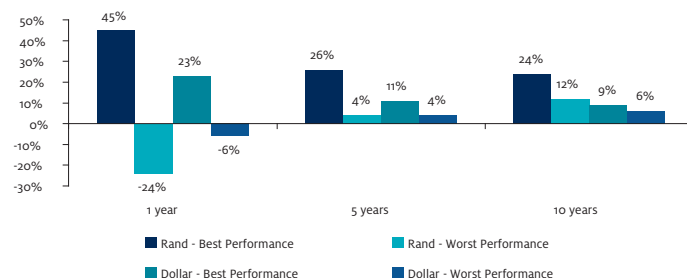
Strategy allocation



*asset allocation based on untaxed fund class

Return volatility

The graph below indicates the volatility of annual investment returns for an investor in this portfolio. The highest and lowest annual returns over 1, 5 and 10 year intervals have been shown based on the portfolio being invested in the benchmark. The calculations are based on investment returns during the 20 years to 01/01/2007.



No allowance has been made for the impact of tax or charges and fees in calculating these returns.

Disclaimer

The information contained in this document does not constitute advice by Liberty Life. Whilst every attempt has been made to ensure the accuracy of the information contained herein, Liberty Life 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 Life, STANLIB.

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