

## INFLATION (CPI) PLUS 2-3 TARGETED RETURN STRATEGY

### Monthly Fund Report – For portfolio over rolling 24-month period as at 31 July 2010

**INVESTMENT MANAGER**

Absa Investment Management Services (AIMS)

**LAUNCH DATE**

22 September 2003

**TOTAL EXPENSE RATIO**

0.94%

**STRATEGY BENCHMARK**

Inflation (CPI) plus 2%-3%

**STRATEGY OBJECTIVE**

The objective of this strategy is to target an annual return of CPI plus 2%-3% over a rolling 24-month period and not to lose capital over a rolling 12-month period, while at all times remaining within Prudential guidelines.

**AIMS MULTI MANAGEMENT INVESTMENT METHODOLOGY**

- The purposeful application of a sound investment philosophy
- Selection of the most appropriate underlying investment managers
- Strategic asset allocation based on the investment houseview
- Blending of the various investment styles in accordance with market circumstances
- Monthly portfolio and investment manager performance analysis

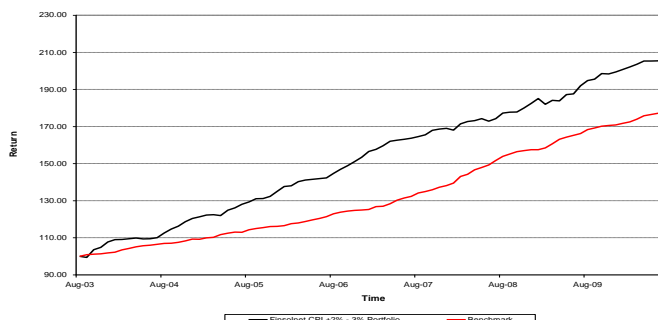
**COMMENTARY**

The portfolio outperformed its benchmark during the 3-month period, returning 1.18% against the benchmark return of 0.98%. The portfolio continues to outperform its benchmark since inception.

Over the 3-month period to the end of July 2010, the FTSE/JSE All Share Index returned -0.73%, the All Bond Index returned 3.97%, cash returned 1.72% and the South African Property Index returned 5.41%. During the same period, international equities returned -9.71% and international fixed interest returned 5.33%. Local property was the best performing asset class followed by international bonds. The Rand appreciated by 1.25% against the US dollar over the period having a negative impact on the international equity exposure within the portfolio.

**PERFORMANCE**

Portfolio	Inception (22/09/2003)	3 Month	1 Year AGR	2 Year AGR	3 Year AGR	5 Year AGR
Allan Gray Stable B		0.08%	4.76%	8.32%	7.19%	10.69%
Coronation Capital Plus B2		1.23%	12.77%	13.54%	7.82%	12.52%
Investec Absolute Income A		2.08%	9.02%	9.85%	10.11%	9.35%
Nedgroup Inv Flexible Inc R		1.56%	6.42%	9.26%	10.06%	9.80%
Absa Capital Gains Tax Fund		1.67%	7.12%	9.02%	9.59%	8.85%
<b>Targeted Return Strategy CPI +2-3 (since inception)</b>	107.70%	1.18%	8.19%	9.17%	8.25%	10.16%
Benchmark	77.48%	0.98%	6.81%	8.18%	10.29%	9.46%
CPI	49.31%	0.36%	4.21%	5.54%	7.60%	6.79%

**PERFORMANCE GRAPH**

**EFFECTIVE ASSET ALLOCATION**

Asset Class	%
Equities	12.26%
Protected Equities	3.14%
Bonds	24.25%
Property	1.84%
Cash	44.91%
International Equity	5.70%
International Fixed Interest	7.91%

**UNDERLYING FUNDS**

Portfolio	Weighting
Allan Gray Stable B	24.25%
Coronation Capital Plus B2	24.25%
Investec Absolute Income A	24.25%
Nedgroup Inv Flexible Inc R	24.25%
Absa Capital Gains Tax Fund	3.00%
Volatility	3.11%

CPI ended the month at 4.21% and remained below the target range set by the SARB. The portfolio is currently meeting all of its performance objectives.