

**VFPF CPI Plus 2% Fund of**

**MONTHLY FEEDBACK - 31 May 2008**

**Portfolio Objective**

The portfolio aims to generate positive returns over the short term while beating inflation by two percent over a three-year rolling period. The portfolio will be managed to achieve stable growth and will comply with the Prudential Investment Guidelines at all times.

**Investable Universe of Portfolio**

In order to achieve this objective, the assets normally included in the portfolio will consist of assets in liquid form and participatory interests of portfolios of collective investment schemes or other similar schemes in equity, bond, money or property markets, registered in the Republic of South Africa, or portfolios of collective investment schemes or other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the manager and trustee of a sufficient standard to provide investor protection at least equivalent to that in the Republic. The portfolio will predominantly invest in multi-asset class portfolios and is not limited to certain asset classes. The manager will be permitted to invest on behalf of the portfolio in offshore investments as permitted by legislation. The portfolio will aim to achieve a minimum of 20% and a maximum of 30% in equity exposure.

**Portfolio Manager**

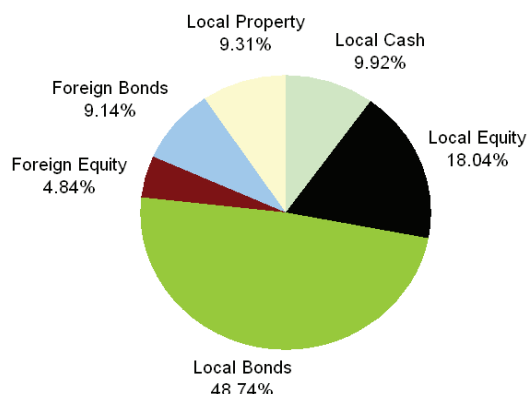
Advantage Asset Managers - Pierre de Klerk

**Portfolio Comments**

The end of May marked the end of the first two weeks of the VFPF Funds. The markets remained volatile as anticipated with continued pressure internationally from an increasing oil price and speculation around further pressure on the banking and mortgage industries. Domestically the escalation of xenophobic attacks and Tito Mboweni indicating continued aggressive usage of interest rates to curb domestic inflation resulted in continued pressure on the FINDI and bond markets.

The VFPF Funds benefitted from tight risk management procedures that have been maintained into June. We have been in close contact with our domestic managers and retain a predominantly neutral stance with regards strategic asset allocation. The common theme in domestic equities remains potential sector rotation between the resource counters and financial services counters, particularly banks. A potential further sharp decline in conditions surrounding the SA consumer presently remains a major deterrent to this switch.

**Asset Allocation as at 31 May 2008**



**Investment Performance as at 31 May 2008**

**Performance returns are not permitted for portfolios less than 1 year old.**

**Portfolio Data**

|   |  |
|---|--|
| <b>ACI Classification</b>               | Asset Allocation - Prudential Low Equity |
| <b>Portfolio Benchmark</b>              | CPIX +2% (after fees)                    |
| <b>Type of Portfolio</b>                | Retail                                   |
| <b>Portfolio Size</b>                   | R 178.6 million                          |
| <b>Launch Date</b>                      | 12/05/2008                               |
| <b>Inception Date</b>                   | 18/04/2008                               |
| <b>Minimum Investment</b>               | Lump Sum R 10 000<br>Monthly R 1 000     |
| <b>Initial Management Fee - Class A</b> | 0.00% (incl. VAT)                        |
| <b>Annual Management Fee - Class A</b>  | 0.798% (incl. VAT)                       |
| <b>Total Expense Ratio (TER)</b>        | N/A                                      |

**Price History**

|            |            |
|------------|------------|
|            | 31/05/2008 |
| <b>NAV</b> | 98.930     |

**Distribution to Investors (CPU) \*\***

|                     |            |
|---------------------|------------|
|                     | 31/05/2008 |
| <b>Dividend</b>     | -          |
| <b>Interest</b>     | -          |
| <b>Distribution</b> | -          |

*Distributions take place in June and December*

**Risk Classification**

|             |         |           |         |          |       |
|-------------|---------|-----------|---------|----------|-------|
|             | ▼       |           |         |          |       |
| <b>Risk</b> | Low     | Low-Mod   | Mod     | Mod-High | High  |
| <b>Term</b> | 1-3mths | 3mths-1yr | 1-3 yrs | 3-5yrs   | 5+yrs |
|             | ▲       |           |         |          |       |