

**VPFP CPI Plus 2 Fund of Funds**

**MONTHLY FEEDBACK - 30 April 2012**

**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.

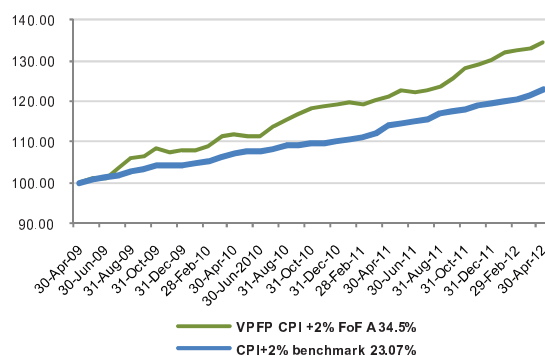
**Portfolio Manager**

Tom Barlow

**Portfolio Comments**

The offshore market ended lower this month as investors adopted a cautious approach amid a mixed bag of economic data as renewed concerns over Europe offset the Bank of Japan's announcement of a fresh 10-trillion-yen easing plan, in the wake of a downgrade of Spanish debt. Global markets slid 1.39%, with Developed and Emerging markets losing 1.37% and 1.48% respectively. Global bonds added 1.48%. Spain's 10 year bond yield peaked above 6.00% after the S&P cut its credit rating to BBB. Italy's 10 year bond yield also rose sharply to 5.75% as the country struggles to maintain recently introduced austerity measures. Germany's 10 year bond yield sank to 1.64% on safe-haven demand. The IMF revised their global growth forecasts for 2012 up for most major economies. However first quarter growth has been somewhat disappointing thus far, with US GDP up 2.2%, China growing 8.1% and UK stagnant with 0% growth. Unemployment in the EU rose to a record high of 10.8%. The US economy added 120 000 jobs as unemployment dropped to 8.2%. Domestic equities performed well posting a return of 2.52% led by a rise in Resources of 2.25%, while Financials added 1.98% and Industrials grew 0.96%. CPI declined to 6.00%, in line with expectations. The Rand weakened by 1.36% against the US dollar. Local bonds added 1.83% after Citigroup announced the possible inclusion of South African Government Bonds in its World Government Bond Index. We remain cautious in an environment of rising uncertainty. Offshore equity remains our largest overweight position and we maintain our underweight position in Government fixed interest, both local and offshore.

**Investment Performance as at 30 April 2012**

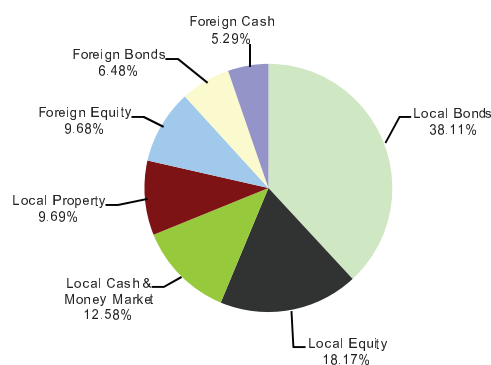


**Portfolio Data**

<b>ASISA Classification</b>	Asset Allocation - Prudential Low Equity
<b>Portfolio Benchmark</b>	CPI +2% (after fees)
<b>Type of Portfolio</b>	Retail
<b>Portfolio Size</b>	R 771.4 million
<b>Launch Date</b>	12/05/2008
<b>Inception Date</b>	18/04/2008
<b>Minimum Investment</b>	Lump Sum R 10 000 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*</b>	1.59%

\* 01 January 2011 to 31 December 2011

**Asset Allocation as at 30 April 2012**



**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

Distribution to Investors (CPU) **	
	31/12/2011
Dividend	0.16113
Interest	1.66187
Distribution	1.823

*Distributions take place in June and December*

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