

VPFP CPI PLUS 4 Fund of Funds

MONTHLY FEEDBACK - 31 August 2012

Portfolio Objective

The portfolio aims to generate positive returns over the short term while beating inflation by four 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 South Africa. 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 40% and a maximum of 50% in equity exposure.

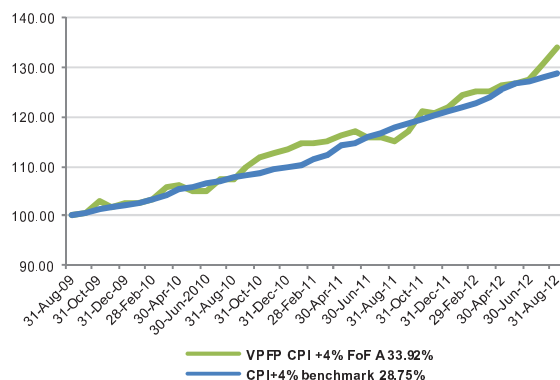
Portfolio Manager

Tom Barlow

Portfolio Comments

Global equity markets gained 4.83% while global bonds returned 3.37% in rand terms, enhanced by a further weakening of the rand to the US dollar, of 1.54%. Investors anticipate further stimulus from China, as Chinese CPI dipped to 1.80% and concerns around growth escalate. EU and UK CPI remain sticky above their inflation target of 2%, while the US saw an unexpected drop in CPI to 1.40%. The FED was largely expected to announce QE3 at its Jackson Hole meeting on 31 August. Although further easing was not explicitly announced, markets took comfort on comments from Bernanke that the Fed was prepared to take further stimulus action if necessary. The EU dipped into recession in the second quarter, in line with consensus. The ECB is widely expected to resume its easing policy when they meet on 6 September. The All Share Index continued its expansion to new record highs over the month, closing 2.94% up. Listed property led gains, returning 5.65%, followed by financial stocks which added 2.39%. Industrials gained a mere 0.23%, while the clear loser remained Resources, trailing 0.86%. Local Bonds were flat as our bond market saw some reversal of foreign inflows in recent weeks. Local CPI surprised to the downside, rising 4.90% versus the forecast 5.20%, igniting hopes for further interest rate cuts by the SARB either at its September meeting, or by the end of the year. Markets remain in vulnerable territory and it is becoming increasingly difficult to find solid value. Offshore equity still appears the best valued asset class at present, and we therefore remain slightly overweight. We maintain an underweight position in fixed interest. We seek to increase offshore exposure on rand strength. We believe that a more active investment approach, particularly in the area of instrument selection, will assist in adding value in these uncertain times.

Investment Performance as at 31 August 2012

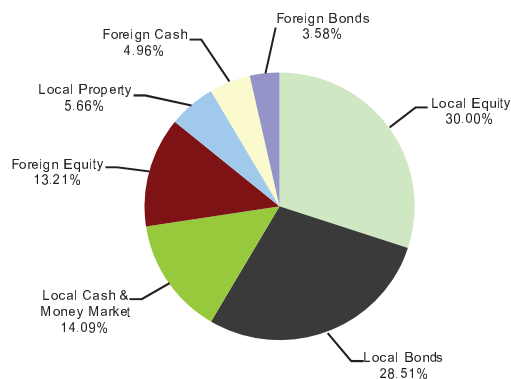


Portfolio Data

ASISA Classification	Asset Allocation - Prudential Medium Equity
Portfolio Benchmark	CPI +4% (after fees)
Type of Portfolio	Retail
Portfolio Size	R 1.2 billion
Launch Date	12/05/2008
Inception Date	18/04/2008
Minimum Investment	Lump Sum R 10 000 Monthly R 1 000
Initial Management Fee - Class A	0.00% (incl. VAT)
Annual Management Fee - Class A	0.798% (incl. VAT)
Total Expense Ratio*	1.61%

*01 July 2011 to 30 June 2012

Asset Allocation as at 31 August 2012



Risk Classification

Risk	Low	Low-Mod	Mod	Mod-High	High
	1-3mths	3mths-1yr	1-3 yrs	3-5yrs	5+yrs
Term	1-3mths	3mths-1yr	1-3 yrs	3-5yrs	5+yrs

Distribution to Investors (CPU) **	
	30/06/2012
Dividend	0.163
Interest	0.588
Distribution	0.910

Distributions take place in June and December

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