

## VFPF CPI Plus 2 Fund of Funds

MONTHLY FEEDBACK - 31 March 2011

### 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.

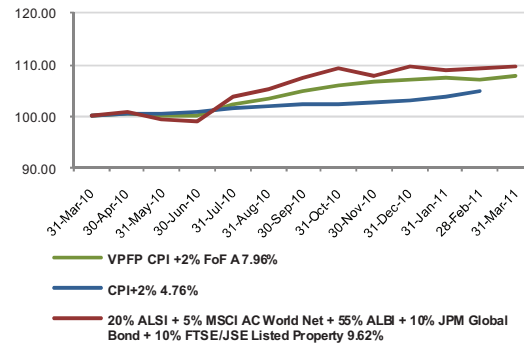
### Portfolio Manager

Celtis Capital - Tom Barlow

### Portfolio Comments

The switch from emerging markets to developed markets appeared to reverse in March as emerging markets gained 5.9%, while developed markets lost 1%. Consequently, the MSCI AC World Index declined fractionally. Global bonds returned 0.3%. US CPI rose surprisingly through the target range (1.75% to 2%) to 2.1%. Q4 GDP was revised upwards to 3.1% and unemployment fell to 8.9%. UK CPI rose above expectations to 4.4% (BoE target: 2%). EU CPI remains above the 2% target, at 2.4% with the possibility of an increase in interest rates as early as next month. Furthermore, Portugal could become the third EU member to require an EU/IMF bailout package. Across the globe, inflationary pressures persist as food and fuel prices rise. Unrelenting political turmoil across North Africa and the Middle East continues to drive the burgeoning oil price. Japan revised Q4 GDP down, to -1.3%, immediately preceding a devastating earthquake and tsunami and subsequent nuclear meltdown, which shook the world's third largest economy and unsettled markets. The JSE All Share Index ended down marginally by -0.2% led by losses in resources and industrials of -2.63% and -2.34% respectively while financials picked up 1.9%. Local bonds improved 0.5%. The rand sustained its appreciating trend to the US dollar (adding 3%) on continued US dollar weakness. Local CPI remained flat at 3.7% and the SARB kept rates on hold at 5.5%, as expected. Conversely, PPI surprised on the upside, breaking back through the upper target at 6.7%. We have reduced local property in line with the underweight government bond position. We continue to gradually increase offshore exposure on sustained rand/US dollar strength. We maintain an overweight position in offshore equities as valuations continue to look relatively attractive.

### Investment Performance as at 31 March 2011

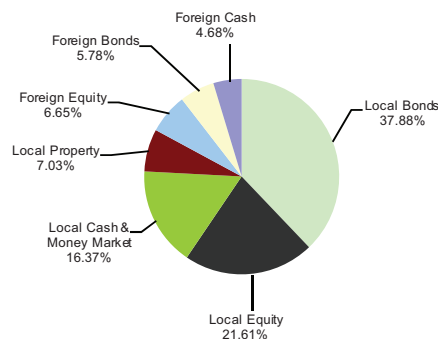


### Portfolio Data

<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 635.4 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>	1.48%

\* From 01 January 2010 to 31 December 2010

### Asset Allocation as at 31 March 2011



### Risk Classification

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

Distribution to Investors (CPU) **	
	31/12/2010
<b>Dividend</b>	0.10081
<b>Interest</b>	2.09719
<b>Distribution</b>	<b>2.198</b>

*Distributions take place in June and December*

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