

VPFP CPI Plus 2 Fund of Funds

MONTHLY FEEDBACK - 31 May 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.

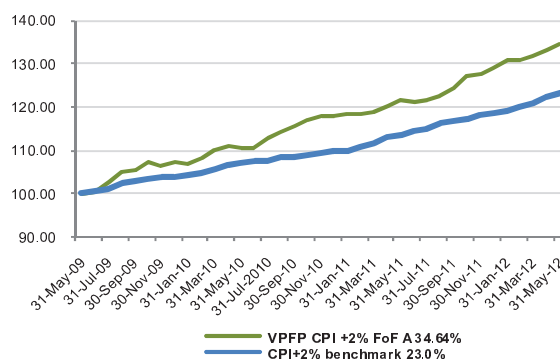
Portfolio Manager

Tom Barlow

Portfolio Comments

Global equity markets took an ugly turn, declining 9.34%. The fall was led by Emerging Markets followed by Developed Markets, posting negative returns of 11.67% and 8.99% respectively. The currency markets were also a major source of market uncertainty with the Euro losing 6.59% to the US Dollar over the on-going EU debt crisis. Moody's downgraded 21 Spanish banks following a cut in credit ratings of 26 Italian banks. It then followed suit with Denmark's biggest financial institution Danske Bank. Fears that Greece might reject its existing €130bn bailout agreement and potentially leave the EU hit investor risk appetite significantly. The US and German 10-year government bond yields slipped to record lows of 1.58% and 1.22% respectively, supported by safe-haven demand. Japan reported GDP growth at a robust annual rate of 4.10% for the first quarter. Germany's GDP surprised on the upside at 1.70%. UK's economy contracted by 0.10% and the US grew at an expected 1.90%. As a measure to support growth, China cut its Reserve Requirement Ratio to 20%. The US unemployment rate rose to 8.20% from the previous month's 8.10% while South Africa's unemployment rate increased to a worrying 25.2% over the first quarter of 2012. South Africa's labour force was up 207 000 but employment fell by 75 000 over the same period. Domestic equities shed 3.65% led by a decline in Resources of 6.86%. Industrials and Financials reflected negative returns of 3.25% and 1.24% respectively. CPI rose to 6.10% and the Repo Rate remained unchanged at 5.50%. The Rand weakened by 9.94% against the US dollar. Local bonds were down 0.01%. We remain cautious in an environment of rising uncertainty. We are currently slightly underweight local equity and have moved to a neutral offshore equity weighting. We remain underweight Government fixed interest and overweight offshore cash.

Investment Performance as at 31 May 2012

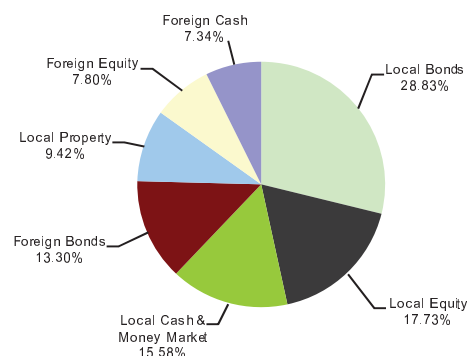


Portfolio Data

ASISA Classification	Asset Allocation - Prudential Low Equity
Portfolio Benchmark	CPI +2% (after fees)
Type of Portfolio	Retail
Portfolio Size	R 800.3 million
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 April 2011 to 31 March 2012

Asset Allocation as at 31 May 2012



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) **	
	31/12/2011
Dividend	0.16113
Interest	1.66187
Distribution	1.823

Distributions take place in June and December

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