

**VFPF CPI PLUS 4% Fund of Funds**

**MONTHLY FEEDBACK - 31 JULY 2008**

**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**

Advantage Asset Managers - Pierre de Klerk

**Portfolio Comments**

Volatility in world asset prices continued throughout the month of July. The month saw world oil and broader commodity prices decline which had a positive effect on world equity prices as the market anticipated weaker demand finally translating into lower, medium term inflationary pressures.

The domestic market experienced a complete "reversal of fortunes" with interest rate sensitive stocks (banks, retailers and the property sector) showing significant outperformance over the resource heavyweights. Fixed interest instruments also benefitted greatly from the reduction in the oil price with the All Bond Total Return Index up 8% for the month and the JSE Real Estate Index up over 18%.

The diversification and risk management strategies employed have ensured the portfolios delivered adequate performance relative to benchmark with significant lower levels of risk. The overweight inflation linked bonds and cash relative to property has detracted from performance while the underlying equity managers all added value relative to the JSE All Share Index.

We remain concerned about the levels of inflation experienced domestically (as confirmed by the June CPI figure coming in higher than forecasted) and therefore continue to hold the overweight inflation-linked bond position and underweight domestic property. We furthermore believe that an active approach to domestic equities is required given the continued sectoral rotation being experienced.

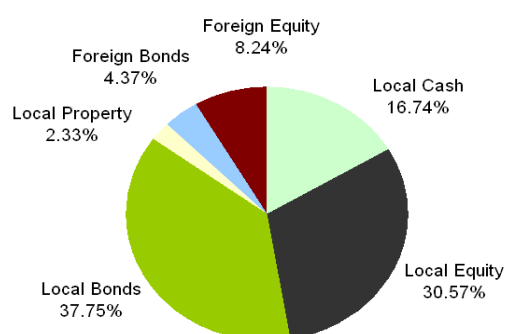
**Investment Performance as at 31 July 2008**

**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 +4% (after fees)
<b>Type of Portfolio</b>	Retail
<b>Portfolio Size</b>	R 244.7 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 (TER)</b>	N/A

**Asset Allocation as at 31 July 2008**



**Price History**

	31/05/2008	30/06/2008	31/07/2008
<b>NAV</b>	99.080	96.700	<b>95.990</b>

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

	30/06/2008
<b>Dividend</b>	-
<b>Interest</b>	0.01
<b>Distribution</b>	<b>0.01</b>

*Distributions take place in June and December*

**Risk Classification**

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