

**VPFP CPI PLUS 4 Fund of Funds**

**MONTHLY FEEDBACK - 30 September 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.

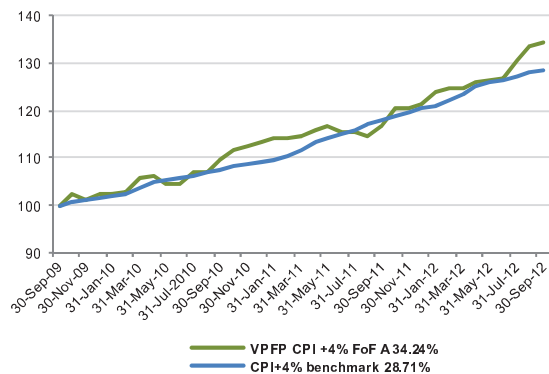
**Portfolio Manager**

Tom Barlow

**Portfolio Comments**

Policy actions by Central Banks across the world supported risk market sentiment this month. Global equity markets added a mere 0.98% in rand terms while Global bonds returned 0.90%. The EU, Japan and US saw GDP growth ebbing to -0.50%, 0.70% and 1.30% respectively as global woes continue. In an attempt to revive growth, Central Banks stepped up their fiscal stimulus: the ECB pledged to purchase short term peripheral debt on an unlimited scale; the Fed, which has been on the precipice of launching QE3, finally made the announcement to purchase \$40bn of mortgage-backed securities per month, as well as continue Operation Twist until the end of 2012 and maintain historically low interest rates until mid-2015; Japan extended their asset purchase programme by \$126bn to \$1tn; and the PBoC injected approximately \$58bn into money markets. Locally, Moody's downgraded SA government bonds by one notch to Baa1 from A3 due to the recent socio-political developments. The All Share Index returned 1.64%. Resources led gains despite the storm of labour unrest, returning 5.68%, followed by Industrial stocks which added 0.83%. Financials gained a mere 0.25%, while property lost 3.27%. Local Bonds returned 0.90%. Local CPI rose 5% and the SARB kept the Repo Rate unchanged at 5%. We perceive the current environment as uncharted and uncertain territory and thus remain cautious in our approach at this time. Offshore Equity still appears the best valued asset class at this time, and we therefore remain overweight. We maintain an underweight position in Fixed Interest. We believe that assuming 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 30 September 2012**

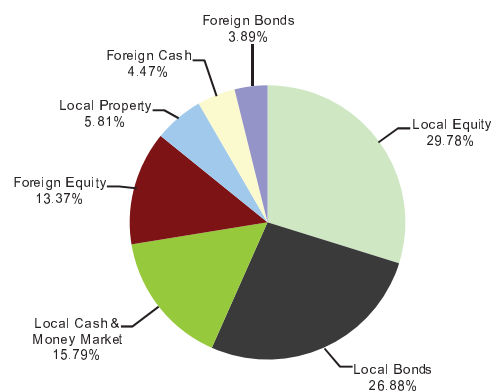


**Portfolio Data**

<b>ASISA Classification</b>	Asset Allocation - Prudential Medium Equity
<b>Portfolio Benchmark</b>	CPI +4% (after fees)
<b>Type of Portfolio</b>	Retail
<b>Portfolio Size</b>	R 1.2 billion
<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* - Class A</b>	1.61%

\*01 July 2011 to 30 June 2012

**Asset Allocation as at 30 September 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

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

*Distributions take place in June and December*

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