

**VPFP CPI PLUS 6 Fund of Funds**

**MONTHLY FEEDBACK - 31 July 2012**

**Portfolio Objective**

The portfolio aims to generate positive returns over the short term while beating inflation by six 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 60% and a maximum of 75% in equity exposure.

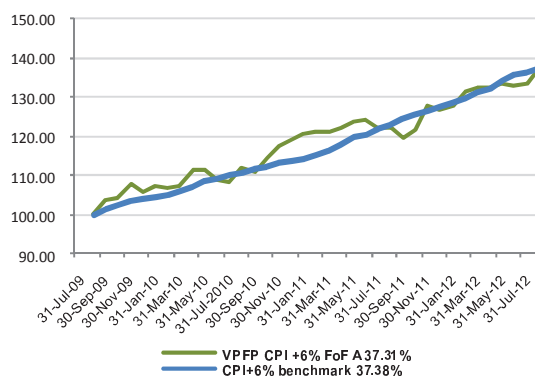
**Portfolio Manager**

Tom Barlow

**Portfolio Comments**

Global equities returned 1.82% and Global bonds returned 1.58% in Rand terms this month as the Rand weakened 1.34% against the Dollar. Global markets reacted positively when Europe's major central banks delivered a further round of monetary stimulus with the European Central Bank cutting its key lending rate to 0.75%. The Bank of England increased its asset purchase programme to £375 billion and the Bank of China cut their one-year lending rate to 6.0%. The additional stimulus provided the SARB with scope to cut SA's Repo rate to 5%. However, volatility remains and market tension mounted as the IMF/ECB/European Commission debated on whether to keep Greece hooked onto its €130bn lifeline and how to recapitalise Spain's failing banks and finance its debt. Spain's 10 year government bond yield spiked to a new high of 7.59%. The flight to safety was reflected in record-low yields in Germany and the US at 1.16% and 1.40% respectively. UK GDP collapsed to -0.80% from -0.20% in the second quarter of 2012 caused by weakness in the manufacturing and construction sectors. US GDP also slowed to 1.50% over the same period but the US Earnings Season which kicked in this month has not shown any red flags so far. China GDP slumped to 7.60%. Domestic equities gained 2.71% led by Industrials and Financials rising 5.51% and 3.79% respectively while Resources lost 1.78%. Local bonds gained 3.98%. We maintain a cautious approach in an environment of rising uncertainty and believe that adopting a more active approach will add value to our portfolios. We remain underweight Government fixed interest.

**Investment Performance as at 31 July 2012**

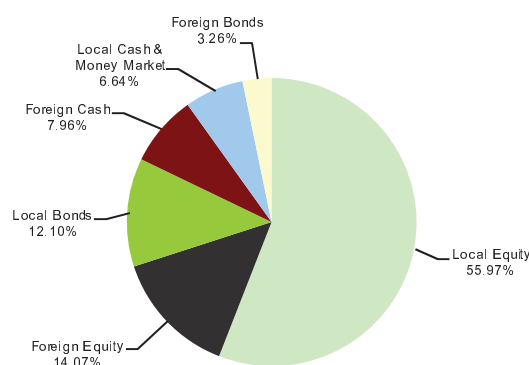


**Portfolio Data**

<b>ASISA Classification</b>	Asset Allocation - Prudential High Equity
<b>Portfolio Benchmark</b>	CPI +6% (after fees)
<b>Type of Portfolio</b>	Retail
<b>Portfolio Size</b>	R 374.7 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*</b>	1.68%

\*01 April 2011 to 31 March 2012

**Asset Allocation as at 31 July 2012**



**Risk Classification**

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

<b>Distribution to Investors (CPU) **</b>	
	<b>30/06/2012</b>
<b>Dividend</b>	0.179
<b>Interest</b>	0.283
<b>Distribution</b>	<b>0.731</b>

*Distributions take place in June and December*

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