

**WEBSITE MONTHLY REPORTS  
SALA PENSION FUND**

Foreign selling dragged the local financial markets lower during January. Foreign investors were major sellers of South African bonds and the repatriation of foreign exchange caused the rand to reverse its prior month's gains and depreciate to a four month low. The equity market followed other emerging market equity markets lower as inflationary fears brought the expectation of future tighter monetary policy forward. The Reserve Bank's Monetary Policy Committee (MPC) left interest rates unchanged at their meeting during the month, but their tone changed from dovish to neutral as they moderately adjusted their inflation forecasts higher. The MPC cited that downside risks still exist to their growth outlook.

Consumer price inflation improved from 3.6% in November to 3.5% in December. Higher transport costs were the main driver of inflation. Manufacturing activity has been recovering after the industrial action that crippled the sector last year and retail sales have been more buoyant than what has been expected. The leading indicator for manufacturing has remained mixed however, indicating fragile conditions still exist in that sector.

The FTSE/JSE All Share Index lost 2.2% during the month. The resources sector benefitted from higher commodity prices and the weaker exchange rate, but still closed 0.5% lower. Financials ended the month 1.3% down while industrials were the weakest performing sector with a loss of 4.1%. In general, small- and mid capitalization shares underperformed the large capitalization shares. The All Bond Index ended 2.1% lower due to foreign selling and the subsequent higher bond yields negatively impacted listed property which fell by 4.2%. The rand depreciated by 8.4% against the dollar to close at R7.18. The depreciation was more pronounced against the other major currencies and the rand lost 11.5% against the pound and 11.3% against the euro.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,286.1	2.3%	8.7%	16.8%	2.3%	19.8%
Nasdaq	2,700.1	1.8%	7.7%	19.8%	1.8%	25.7%
MSCI Global Equity	1,308.1	2.2%	7.0%	16.3%	2.2%	16.8%
MSCI Emerging Mkt	1,119.1	-2.8%	1.2%	12.9%	-2.8%	19.9%
<b>Global Bond (US\$)</b>						
Global Bonds	483.8	-0.1%	-3.2%	2.4%	-0.1%	5.8%
<b>Commodity Prices</b>						
Brent Oil (USD/Barrel)	99.3	4.8%	20.3%	27.1%	4.8%	39.7%
Platinum (USD/oz)	1,792.5	1.3%	5.0%	14.0%	1.3%	19.2%
Gold (USD/oz)	1,332.8	-6.2%	-2.0%	12.8%	-6.2%	23.3%
<b>South African Mkt (Rand)</b>						
Africa All Share	3,621.6	-2.2%	3.4%	12.3%	-2.2%	20.6%
Africa Top 40	3,254.5	-1.7%	4.2%	13.1%	-1.7%	19.8%
Africa Resource 20	2,828.2	-0.5%	6.8%	17.2%	-0.5%	19.4%
Africa Financial 15	3,271.7	-1.2%	1.0%	2.0%	-1.2%	11.7%
Africa Industrial 25	4,145.5	-4.1%	1.4%	12.6%	-4.1%	25.3%
Africa Mid Cap	7,003.2	-4.8%	-1.1%	7.2%	-4.8%	26.7%
Africa Small Cap	8,532.2	-3.6%	3.1%	14.7%	-3.6%	20.7%
All Bond Index	336.4	-2.1%	-2.4%	2.3%	-2.1%	12.2%
Stefi Composite	251.9	0.5%	1.5%	3.2%	0.5%	6.8%
Africa SA Listed Property - (SAPY)	833.4	-4.2%	-2.5%	5.3%	-4.2%	24.5%
MSCI Global Equity (R)		10.8%	9.9%	14.5%	10.8%	10.1%
Global Bonds (R)		8.3%	-0.5%	0.8%	8.3%	-0.4%
Rand Dollar Exchange Rate	7.18	8.4%	2.7%	-1.6%	8.4%	-5.8%

As a result of the movements in the financial markets the SALA Fund's total assets grew to R8,089,662,682 as at the end of January 2011. For the month of January the Active Members' portion of the total Fund returned -0.31%, DC Members returned -0.57% whilst the Pensioners Members' portion returned 0.41% p.a. Over the past 5 years to 31 January 2011 the total Fund returned 12.59% p.a.