

WEBSITE MONTHLY REPORTS
SALA PENSION FUND

In tandem with global economies, the local economy continued to lose steam heading into the second half of this year. The growth in the leading economic indicator has decelerated sharply, pointing to much slower growth conditions ahead. In response to the downside risks to domestic growth, the Reserve Bank adopted a more dovish stance and kept interest rates unchanged at their monetary policy meeting this month. The Reserve Bank cited a deterioration in their inflation outlook, but the upside breach they foresee in their forecast should prove to be temporary.

The FTSE/JSE All Share Index followed international equity markets lower and lost 2% during the month. The loss was mostly attributable to the 4.6% decline in the resources sector. Financial shares lost 2.3% and industrial shares closed marginally lower at -0.1%. There has once again been a wage negotiation stand-off between labour unions and companies. In some cases, labour unions have been demanding double the increases that companies were willing to offer, and also two to three times what the rate of inflation has been. Many employers have indicated that in response to the rapidly rising wage demands, they will be downsizing their workforces. This has been evident in the employment figures, with unemployment having risen from 25% to 25.7% in the second quarter of this year.

In reaction to lower future interest rate expectations and a drop in global bond yields, the All Bond Index gained 1.5%. The yield on the 10 year bond declined to 8.23%. Listed property found its direction from lower bond yields and closed 1.6% higher. The rand appreciated by 1.1% against the dollar, ending the month at R6.69 a dollar.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 292.3	-2.1%	-5.2%	0.5%	2.8%	17.3%
Nasdaq	2 756.4	-0.6%	-4.1%	2.1%	3.9%	22.3%
MSCI Global Equity	1 306.1	-1.9%	-5.9%	-0.2%	2.0%	16.1%
MSCI Emerging Mkt	1 137.7	-0.7%	-5.5%	1.7%	-1.2%	14.8%
Global Bond (US\$)						
Global Bonds	514.9	2.3%	2.6%	6.4%	6.3%	9.0%
Commodity Prices						
Brent Oil (USD/Barrel)	116.7	4.4%	-7.5%	17.6%	23.2%	49.4%
Platinum (USD/oz)	1 780.5	3.2%	-5.0%	-0.7%	0.6%	13.2%
Gold (USD/oz)	1 626.9	8.4%	3.9%	22.1%	14.5%	37.7%
South African Mkt (Rand)						
Africa All Share	3 645.8	-2.0%	-4.7%	0.7%	-1.5%	13.1%
Africa Top 40	3 259.0	-2.4%	-5.7%	0.1%	-1.6%	13.2%
Africa Resource 20	2 620.1	-4.6%	-10.1%	-7.4%	-7.8%	8.6%
Africa Financial 15	3 293.1	-2.3%	-4.6%	0.7%	-0.6%	2.7%
Africa Industrial 25	4 523.4	-0.1%	-0.4%	9.1%	4.7%	22.8%
Africa Mid Cap	7 276.2	0.3%	0.7%	3.9%	-1.0%	11.3%
Africa Small Cap	8 577.6	0.0%	-0.4%	0.5%	-3.1%	15.3%
All Bond Index	356.7	1.5%	3.1%	6.0%	3.8%	8.5%
Stefi Composite	259.0	0.5%	1.4%	2.8%	3.3%	6.1%
Africa SA Listed Property - (SAPY)	908.1	1.6%	2.9%	9.0%	4.4%	14.7%
MSCI Global Equity (R)		-3.0%	-4.1%	-7.0%	-3.0%	6.5%
Global Bonds (R)		1.2%	4.6%	-0.8%	7.4%	0.0%
Rand Dollar Exchange Rate	6.69	-1.1%	2.0%	-6.8%	1.0%	-8.3%

As a result of the movements in the financial markets the SALA Fund's total assets is R8213,603,392 as at the end of July 2011. For the month of July the Active Members' portion of the total Fund returned -0.678%, DC Members returned -0.63% whilst the Pensioners Members' portion returned -0.23% p.a. Over the past 5 years to 31 July 2011 the total Fund returned 11.52% p.a.