

WEBSITE MONTHLY REPORTS
SALA PENSION FUND

Local financial markets weren't spared the carnage that took place in international markets, but the FTSE/JSE All Share Index's return of -0.3% hides most of the extreme volatility that took place intra-month. At the bottom, the All Share Index was nearly 9% lower than at the start of the month. The resources sector suffered the worst from the downward revisions to global growth – ending 1.5% lower. Given the volatile conditions, the industrial and financial sectors fared well, gaining 0.3% and 1.2% respectively.

Domestic economic growth slowed down to 1.3% in the second quarter of this year, compared to a downwardly revised 4.5% in the first quarter. The manufacturing, mining and agricultural sectors contracted during this time. In response to the slowdown in domestic economic growth and the international developments, the South African Reserve Bank has indicated that they are willing to act. This has resulted in financial market participants pricing in the full possibility of an interest rate cut by next year February, notwithstanding current high inflation. Consumer price inflation for June accelerated to 5.3%.

Local bond yields followed international bond yields lower, on the back of slower growth expectations and the potential for more accommodative monetary policy. The All Bond Index gained 3.5% and Listed Property, initially negatively impacted by the equity market sell-off, benefitted from lower bond yields to end the month 2.8% higher. The rand depreciated against the other major currencies and closed the month at R6.99 against the dollar.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 218.9	-5.7%	-9.4%	-8.2%	-3.1%	16.2%
Nasdaq	2 579.5	-6.4%	-9.0%	-7.3%	-2.8%	22.0%
MSCI Global Equity	1 211.2	-7.3%	-10.6%	-10.4%	-5.4%	12.1%
MSCI Emerging Mkt	1 033.2	-9.2%	-11.5%	-6.7%	-10.3%	6.5%
Global Bond (US\$)						
Global Bonds	526.1	2.2%	4.8%	8.3%	8.6%	9.1%
Commodity Prices						
Brent Oil (USD/Barrel)	115.4	-1.1%	-0.9%	3.1%	21.8%	54.1%
Platinum (USD/oz)	1 846.5	3.7%	0.7%	2.1%	4.3%	21.1%
Gold (USD/oz)	1 826.1	12.2%	18.9%	29.4%	28.5%	46.4%
South African Mkt (Rand)						
Africa All Share	3 634.1	-0.3%	-4.3%	-2.4%	-1.8%	16.9%
Africa Top 40	3 250.3	-0.3%	-5.0%	-3.3%	-1.8%	17.7%
Africa Resource 20	2 581.4	-1.5%	-8.8%	-13.3%	-9.1%	14.2%
Africa Financial 15	3 333.5	1.2%	-3.5%	2.3%	0.6%	8.3%
Africa Industrial 25	4 535.2	0.3%	-1.2%	6.7%	4.9%	24.4%
Africa Mid Cap	7 247.8	-0.4%	-0.1%	3.4%	-1.4%	12.4%
Africa Small Cap	8 413.1	-1.9%	-2.1%	-0.5%	-5.0%	12.4%
All Bond Index	369.1	3.5%	5.2%	9.6%	7.4%	9.0%
Stefi Composite	260.2	0.5%	1.4%	2.8%	3.8%	6.0%
Africa SA Listed Property - (SAPY)	933.2	2.8%	5.6%	13.3%	7.3%	14.6%
MSCI Global Equity (R)		-3.0%	-8.0%	-10.0%	-3.0%	6.4%
Global Bonds (R)		6.9%	7.7%	8.8%	14.8%	3.5%
Rand Dollar Exchange Rate	6.99	4.6%	2.9%	0.5%	5.7%	-5.1%

As a result of the movements in the financial markets the SALA Fund's total assets is R8 254,285,849 as at the end of August 2011. For the month of August the Active Members' portion of the total Fund returned 0.54%, DC Members returned 0.41% whilst the Pensioners Members' portion returned 0.50% p.a. Over the past 5 years to 31 August 2011 the total Fund returned 10.91% p.a.