

WEBSITE MONTHLY REPORTS
SALA PENSION FUND

Although leading indicators continue to point to slower domestic economic conditions in the months ahead, real activity has remained relatively robust. This has been evident in retail sales, vehicle sales and manufacturing activity. But in response to their lower growth and inflation forecasts, the Reserve Bank's Monetary Policy Committee cut interest rates somewhat surprisingly to a 40 year low of 5% at their last meeting. Consumer price inflation has been moderating, but the 5.5% reading for June remained at the upper end of the Reserve Bank's targeted zone of 3-6%. The slower growth in annual inflation has largely been as a result of decelerating food price inflation.

The FTSE/JSE All Share Index closed 2.7% higher for the month. The disparity between underlying sectors' returns were large. The industrial sector gained 5.9% while the resources sector dropped by 2%. For the year to date, the industrial sector's share prices are now 20.9% higher compared to those in the resources sector which are 8.5% lower.

The bond and listed property markets benefitted from continued foreign investor demand as well as the cut in interest rates. The All Bond Index rose by 4% as bond yields dropped to historical lows and the market started to price in the probability of a further lowering in interest rates. Foreign appetite resulted in the strongest two-monthly net portfolio inflows into the domestic bond market in history. Offshore investors bought R34bn worth of domestic bonds during this period. Listed property share prices leapt a massive 8.6% during the month. The foreign flows into the bond market were not enough to stem the depreciation in the rand which weakened by 1.5% to close the month at R8.26 against the US dollar.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 379.3	1.3%	-1.3%	5.1%	9.7%	6.7%
Nasdaq	2 939.5	0.2%	-3.5%	4.5%	12.8%	6.6%
MSCI Global Equity	1 250.6	1.2%	-3.4%	0.8%	5.7%	-4.2%
MSCI Emerging Mkt	952.5	1.6%	-7.2%	-6.6%	3.9%	-16.3%
Global Bond (US\$)						
Global Bonds	526.7	1.0%	0.8%	0.2%	1.4%	2.3%
Commodity Prices						
Brent Oil (USD/Barrel)	106.2	9.5%	-11.5%	-4.0%	-0.9%	-9.0%
Platinum (USD/oz)	1 415.0	-2.3%	-9.8%	-10.8%	1.5%	-20.5%
Gold (USD/oz)	1 614.7	1.1%	-3.0%	-7.2%	3.2%	-0.7%
South African Mkt (Rand)						
Africa All Share	4 173.7	2.7%	0.9%	4.0%	9.9%	14.5%
Africa Top 40	3 667.9	2.6%	0.2%	2.2%	8.4%	12.5%
Africa Resource 20	2 425.6	-2.0%	-7.9%	-15.5%	-8.5%	-7.4%
Africa Financial 15	4 285.9	3.1%	4.6%	13.9%	21.3%	30.1%
Africa Industrial 25	5 769.0	5.9%	5.6%	16.7%	20.9%	27.5%
Africa Mid Cap	9 110.8	3.7%	4.2%	13.4%	18.3%	25.2%
Africa Small Cap	10 257.1	1.9%	2.6%	9.8%	14.6%	19.6%
All Bond Index	418.7	4.0%	7.4%	9.7%	11.9%	17.4%
Stefi Composite	273.7	0.5%	1.4%	2.8%	3.3%	5.7%
Africa SA Listed Property - (SAPY)	1 226.1	8.6%	16.7%	23.5%	29.4%	35.0%
MSCI Global Equity (R)		2.7%	2.8%	6.9%	8.3%	18.3%
Global Bonds (R)		2.5%	7.2%	6.2%	3.8%	26.4%
Rand Dollar Exchange Rate	8.26	1.5%	6.4%	6.0%	2.4%	23.5%

As a result of the movements in the financial markets the SALA Fund's total assets is R9 361 306 272 as at the end of July 2012. For the month of July the Active Members' portion of the total Fund returned 2.39%, DC Members returned 2.36% whilst the Pensioners Members' portion returned 1.54% p.a. Over the past 5 years to 31 July 2012 the total Fund returned 8.98% p.a.