

WEBSITE MONTHLY REPORTS
SALA PENSION FUND

The domestic market was not spared from the carnage that took place in the global financial markets, although the currency bore the biggest brunt from the capital flight. It was not only financial contagion from the Eurozone crisis that impacted the domestic market, but trade linkages have caused a marked slowdown in the economy. Economic growth decelerated from 3.2% in the final quarter of last year to 2.7% in the first quarter of this year. Many parts of the economy have started to show signs of losing momentum, including manufacturing and retail sales. Retail sales suffered a 1.2% contraction during the first quarter of this year.

The FTSE/JSE All Share Index declined by 3.6% during the month. The stock market was dragged lower by a 7.2% decline in resources shares, although both the industrial and financial sectors lost 2.2% and 1.1% respectively as well. Gold shares, after having had a torrid year, avoided the selling pressure and rose by 15.3%. Alongside the demise in the global economic outlook, the South African Reserve Bank's stance has become more dovish. Inflation figures for April surprised to the downside due to lower than expected food price inflation and headline inflation for the month printed at 6.1% year on year. Price pressures have been broadening, however.

Interest rate cut expectations grew during the month, anchoring bond yields against the global risk aversion storm. The All Bond Index closed flat for the month even though foreigners turned into net sellers of this asset class for the first time since November 2011. Listed property continued its strong performance and gained 0.6% during the month to take its twelve month return to 19.5%. The rand depreciated by 9.5% against the dollar to close at R8.50 against the greenback.

| Global Equity (US\$) | Level | 1 Month | 3 Months | 6 Months | YTD | 12 Months |
|------------------------------------|---------|---------|----------|----------|-------|-----------|
| S&P 500 | 1 310.3 | -6.3% | -4.1% | 5.1% | 4.2% | -2.6% |
| Nasdaq | 2 827.3 | -7.2% | -4.7% | 7.9% | 8.5% | -0.3% |
| MSCI Global Equity | 1 177.6 | -9.0% | -9.3% | -0.6% | -0.4% | -13.1% |
| MSCI Emerging Mkt | 906.3 | -11.7% | -16.0% | -2.4% | -1.1% | -22.4% |
| Global Bond (US\$) | | | | | | |
| Global Bonds | 522.2 | -0.1% | 0.4% | 1.6% | 0.6% | 4.0% |
| Commodity Prices | | | | | | |
| Brent Oil (USD/Barrel) | 102.8 | -14.4% | -16.3% | -8.1% | -4.2% | -11.7% |
| Platinum (USD/oz) | 1 415.0 | -9.8% | -15.7% | -9.2% | 1.5% | -22.8% |
| Gold (USD/oz) | 1 560.7 | -6.2% | -8.0% | -10.5% | -0.2% | 1.6% |
| South African Mkt (Rand) | | | | | | |
| Africa All Share | 3 989.8 | -3.6% | -2.3% | 2.5% | 5.1% | 5.1% |
| Africa Top 40 | 3 521.2 | -3.8% | -3.2% | 0.7% | 4.1% | 2.9% |
| Africa Resource 20 | 2 442.6 | -7.2% | -12.7% | -12.6% | -7.8% | -13.7% |
| Africa Financial 15 | 4 053.8 | -1.1% | 2.9% | 16.9% | 14.7% | 17.4% |
| Africa Industrial 25 | 5 340.3 | -2.2% | 3.9% | 9.2% | 11.9% | 16.3% |
| Africa Mid Cap | 8 506.7 | -2.7% | 2.8% | 11.9% | 10.5% | 17.2% |
| Africa Small Cap | 9 785.0 | -2.2% | 2.1% | 13.5% | 9.3% | 13.9% |
| All Bond Index | 389.8 | 0.0% | 1.9% | 5.0% | 4.2% | 11.1% |
| Stefi Composite | 271.1 | 0.5% | 1.4% | 2.8% | 2.3% | 5.7% |
| Africa SA Listed Property - (SAPY) | 1 056.1 | 0.6% | 5.3% | 13.8% | 11.5% | 19.5% |
| MSCI Global Equity (R) | | -0.4% | 3.2% | 4.1% | 4.9% | 8.7% |
| Global Bonds (R) | | 9.3% | 14.2% | 6.4% | 6.0% | 30.0% |
| Rand Dollar Exchange Rate | 8.50 | 9.5% | 13.8% | 4.7% | 5.4% | 25.0% |

As a result of the movements in the financial markets the SALA Fund's total assets is R9 075 781 676 as at the end of May 2012. For the month of May the Active Members' portion of the total Fund returned -0.63%, DC Members returned -0.90% whilst the Pensioners Members' portion returned -0.06% p.a. Over the past 5 years to 31 May 2012 the total Fund returned 8.47% p.a.