

WEBSITE MONTHLY REPORTS

SALA PENSION FUND

FINANCIAL POSITION AND PERFORMANCE

As a result of the movements in the financial markets the SALA Fund's total assets is R9 812 504 700 as at the end of October 2012. For the month of October the Active Members' portion of the total Fund returned 2.92%, DC Members returned 2.86% whilst the Pensioners Members' portion returned 2.98% p.a. Over the past 5 years to 31 October 2012 the total Fund returned 9.09% p.a.

FINANCIAL MARKET OVERVIEW

Conditions with regards to the domestic industrial action situation remained uncertain and Standard & Poor's, the global credit rating agency became the second rating agency to downgrade South Africa's sovereign credit rating by one notch. This was despite the Finance Minister's commitment to a sound and sustainable fiscal path in his Medium Term Budget Policy Statement. He did however warn that fiscal consolidation will not take place as fast as initially anticipated and that the budget deficit will remain elevated for longer.

Although foreign investors were net sellers of domestic equities, the FTSE/JSE All Share Index registered a sharp 4.2% jump on the back of strong returns from the resources sector. Resources shares rose by 6.3% despite the lingering strike action, but they were supported by the depreciation in the rand. The rand witnessed a sharp depreciation at the start of the month, but settled 4% weaker against the greenback to close the month at R8.67 a dollar. It was the worst performing emerging market currency during October. Economic data was mixed. Retail sales remained resilient while manufacturing data slumped.

Consumer price inflation for September recorded a sharp jump from 5% to 5.5% on the back of a higher than expected increase in food prices. Together with healthy growth recorded in private sector credit extension, further interest rate cut expectations have been pared back. Foreigners remained strong buyers of South African bonds, but amidst a weaker currency environment, higher inflation and the credit rating downgrades, it was no surprise that the All Bond Index lost 0.6% during the month. Listed property was the worst performing asset class and recorded a 4.1% drop.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 412.2	-2.0%	2.4%	1.0%	12.3%	12.7%
Nasdaq	2 977.2	-4.5%	1.3%	-2.3%	14.3%	10.9%
MSCI Global Equity	1 301.5	-0.8%	4.1%	0.6%	10.1%	6.9%
MSCI Emerging Mkt	995.3	-0.7%	4.5%	-3.0%	8.6%	0.0%
Global Bond (US\$)						
Global Bonds	532.2	-0.7%	1.0%	1.8%	2.5%	2.4%
Commodity Prices						
Brent Oil (USD/Barrel)	110.2	-2.7%	3.8%	-8.1%	2.8%	1.3%
Platinum (USD/oz)	1 569.5	-5.6%	10.9%	0.0%	12.6%	-1.8%
Gold (USD/oz)	1 720.5	-2.9%	6.6%	3.4%	10.0%	0.3%
South African Mkt (Rand)						
Africa All Share	4 542.5	4.2%	8.8%	9.8%	19.7%	18.6%
Africa Top 40	4 042.8	5.0%	10.2%	10.5%	19.5%	17.4%
Africa Resource 20	2 710.5	6.3%	11.7%	2.9%	2.3%	-1.1%
Africa Financial 15	4 467.0	2.0%	4.2%	9.0%	26.4%	30.3%
Africa Industrial 25	6 381.5	4.7%	10.6%	16.9%	33.7%	31.9%
Africa Mid Cap	9 293.7	0.4%	2.0%	6.3%	20.7%	24.7%
Africa Small Cap	10 687.0	0.0%	4.2%	6.9%	19.4%	25.2%
All Bond Index	420.4	-0.6%	0.4%	7.8%	12.4%	13.2%
Stefi Composite	277.3	0.4%	1.3%	2.8%	4.6%	5.6%
Africa SA Listed Property - (SAPY)	1 201.8	-4.1%	-2.0%	14.4%	26.8%	28.3%
MSCI Global Equity (R)		3.6%	9.2%	12.3%	18.2%	16.6%
Global Bonds (R)		3.7%	6.0%	13.6%	10.1%	11.6%
Rand Dollar Exchange Rate	8.67	4.4%	4.9%	11.6%	7.4%	9.0%