

**WEBSITE MONTHLY REPORTS
SALA PENSION FUND**

The local consumer got an early Christmas present when the Reserve Bank's Monetary Policy Committee announced a 0.5% interest rate cut in response to a sharp downward adjustment to their own inflation forecasts. Their actions took the prime overdraft rate to 9%, its lowest level since 1974. The announcement came ahead of disappointing third quarter GDP growth data which indicated that the economy decelerated and grew by a smaller than expected 2.6% during the quarter. The previous quarter's growth figure was revised lower from 3.2% to 2.8%.

The domestic equity market fared well amidst all the global turmoil and the FTSE/JSE All Share Index lost only 0.5% after it was up by more than 4% mid-month. The consumer goods sector was the best performing of the sub-indices as it rose by 4%, aided by the interest rate cut. Of the major sectors, industrials performed the best with a 0.1% loss, while resources and financials ended 0.4% and 2.9% lower respectively. During the month, foreign investors rotated out of domestic bonds into equities that resulted in R9.6bn worth of net foreign portfolio inflows into the equity market.

The bond market gave back some of its strong earlier year gains as investors were spooked by developments in peripheral Europe and the domestic inflation rate which increased for the first time in ten months. Consumer price inflation rose by 3.4% from 3.2% the previous month. The All Bond Index lost 2% but is still up 13% for the year to date. Listed property closed 0.5% lower. The rand pushed back above the R7 a dollar level and depreciated by 1.6% to close the month at R7.09 against the dollar. On a trade weighted basis, the rand performed well as it appreciated against both the euro and pound sterling.

| Global Equity (US\$) | Level | 1 Month | 3 Months | 6 Months | YTD | 12 Months |
|------------------------------------|---------|---------|----------|----------|-------|-----------|
| S&P 500 | 1,180.6 | -0.2% | 12.5% | 8.4% | 5.9% | 7.8% |
| Nasdaq | 2,498.2 | -0.4% | 18.2% | 10.7% | 10.1% | 16.5% |
| MSCI Global Equity | 1,193.6 | -2.3% | 10.4% | 10.5% | 2.1% | 3.9% |
| MSCI Emerging Mkt | 1,075.9 | -2.7% | 10.9% | 16.1% | 8.7% | 12.9% |
| Global Bond (US\$) | | | | | | |
| Global Bonds | 477.2 | -4.5% | -1.1% | 6.7% | 4.9% | -0.4% |
| Commodity Prices | | | | | | |
| Brent Oil (USD/Barrel) | 86.2 | 4.5% | 15.2% | 17.2% | 11.7% | 12.9% |
| Platinum (USD/oz) | 1,661.0 | -2.7% | 9.0% | 6.4% | 13.0% | 14.2% |
| Gold (USD/oz) | 1,384.8 | 1.9% | 11.0% | 13.9% | 26.3% | 17.4% |
| South African Mkt (Rand) | | | | | | |
| Africa All Share | 3,485.4 | -0.5% | 12.1% | 13.1% | 12.0% | 15.3% |
| Africa Top 40 | 3,102.0 | -0.7% | 12.3% | 12.6% | 9.8% | 12.8% |
| Africa Resource 20 | 2,637.6 | -0.4% | 16.6% | 11.0% | 4.2% | 6.9% |
| Africa Financial 15 | 3,146.5 | -2.9% | 2.2% | 5.1% | 9.0% | 12.1% |
| Africa Industrial 25 | 4,083.6 | -0.1% | 12.0% | 18.7% | 19.7% | 23.6% |
| Africa Mid Cap | 7,135.0 | 0.8% | 10.7% | 15.9% | 26.4% | 31.8% |
| Africa Small Cap | 8,466.9 | 2.3% | 13.1% | 14.5% | 19.2% | 25.1% |
| All Bond Index | 337.9 | -2.0% | -0.2% | 7.3% | 13.0% | 14.4% |
| Stefi Composite | 249.4 | 0.5% | 1.6% | 3.3% | 6.4% | 7.0% |
| Africa SA Listed Property - (SAPY) | 850.8 | -0.5% | 4.4% | 15.9% | 26.8% | 28.8% |
| MSCI Global Equity (R) | | -0.8% | 6.3% | 2.3% | -2.1% | -0.5% |
| Global Bonds (R) | | -3.0% | -4.8% | -1.3% | 0.5% | -4.6% |
| Rand Dollar Exchange Rate | 7.09 | 1.6% | -3.8% | -7.4% | -4.1% | -4.2% |

As a result of the movements in the financial markets the SALA Fund's total assets grew to R7,889,073,740 as at the end of November 2010. For the month of November the Active Members' portion of the total Fund returned -0.76% whilst the Pensioners Members' portion returned -0.43% p.a. Over the past 5 years to 30 November 2010 the total Fund returned 13.92% p.a.