

WEBSITE MONTHLY REPORTS
SALA PENSION FUND

The concerns over the failure to decisively resolve the European credit crisis continued to weigh in on the local market and foreigners once again shed their holdings of local equities. The FTSE/JSE All Share Index lost 2.5% which pushed its 2011 return down to 2.6%. The negative return in the equity market was driven by a 5.2% drop in the resources sector. Industrial shares ended the month 2.4% lower while financial shares bucked the trend and closed 1.9% higher. For the year, industrial shares were the best performers with a return of 10.5%. Financial shares gained 6.6% while resources shares ended the year in the red with a loss of 6.7%.

Domestic economic data released during the month was mixed. Retail sales remained strong, highlighting the resilience of household consumption demand that has been driving economic growth of late. In contrast, mining and manufacturing activity has been weak. Manufacturing data for October slumped on the back of lower vehicle production. Consumer price inflation rose slightly from 6.0% to 6.1% in November, breaching the upper limit of the Reserve Bank's target for the first time in 22 months. Inflation has been driven by higher food prices and transport costs. The Reserve Bank's forecast is for inflation to peak at 6.3% in the first quarter of 2012.

Bond yields had a volatile month, driven by foreign portfolio flows, but the All Bond Index firmed by 0.7% to push its year to date return to 8.8% - outperforming cash's return of 5.7%. Listed property achieved a return of 2.1% during the month that give it a year to date return of 8.9% - slightly outperforming bonds. Although depreciating mid-month, the rand clawed its way back against the US dollar to close the month marginally firmer at R8.07/dollar.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 257.6	0.9%	11.2%	-4.8%	0.0%	0.0%
Nasdaq	2 605.2	-0.6%	7.9%	-6.1%	-1.8%	-1.8%
MSCI Global Equity	1 182.6	-0.2%	7.1%	-11.2%	-7.6%	-7.6%
MSCI Emerging Mkt	916.4	-1.3%	4.1%	-20.1%	-20.4%	-20.4%
Global Bond (US\$)						
Global Bonds	519.2	1.0%	0.1%	3.2%	7.2%	7.2%
Commodity Prices						
Brent Oil (USD/Barrel)	107.2	-4.1%	1.2%	-4.1%	13.2%	13.2%
Platinum (USD/oz)	1 394.0	-10.5%	-8.6%	-19.2%	-21.2%	-21.2%
Gold (USD/oz)	1 564.4	-10.3%	-3.7%	4.2%	10.1%	10.1%
South African Mkt (Rand)						
Africa All Share	3 796.4	-2.4%	8.4%	2.1%	2.6%	2.6%
Africa Top 40	3 383.9	-3.2%	8.4%	1.3%	2.2%	2.2%
Africa Resource 20	2 649.8	-5.2%	7.7%	-3.5%	-6.7%	-6.7%
Africa Financial 15	3 532.9	1.9%	9.6%	4.8%	6.6%	6.6%
Africa Industrial 25	4 773.5	-2.4%	9.0%	5.4%	10.5%	10.5%
Africa Mid Cap	7 700.4	1.3%	8.2%	6.1%	4.7%	4.7%
Africa Small Cap	8 951.4	3.8%	6.8%	4.3%	1.1%	1.1%
All Bond Index	374.1	0.7%	3.5%	6.4%	8.8%	8.8%
Stefi Composite	265.0	0.5%	1.4%	2.8%	5.7%	5.7%
Africa SA Listed Property - (SAPY)	947.5	2.1%	3.7%	6.0%	8.9%	8.9%
MSCI Global Equity (R)		-0.8%	6.8%	6.0%	12.6%	12.6%
Global Bonds (R)		0.4%	-0.2%	23.2%	30.7%	30.7%
Rand Dollar Exchange Rate	8.07	-0.6%	-0.3%	19.3%	21.9%	21.9%

As a result of the movements in the financial markets the SALA Fund's total assets is R8 678 532 594 as at the end of December 2011. For the month of December the Active Members' portion of the total Fund returned -0.53%, DC Members returned -0.50% whilst the Pensioners Members' portion returned -0.29% p.a. Over the past 5 years to 31 December 2011 the total Fund returned 9.82% p.a.