

**WEBSITE MONTHLY REPORTS**  
**SALA PENSION FUND**

Renewed international risk appetite helped to drive domestic financial asset prices higher during January and get 2012 off to a good start. An improvement in US economic data, the stabilisation in the European debt crisis and better than expected news from China helped to lift investor sentiment. The slight deterioration in domestic economic conditions was largely ignored. The FTSE/JSE All Share Index rose 5.7% and was lifted by an 8.3% surge in the resources sector which benefitted from improved global growth conditions. Financial and industrial shares rose by 6.5% and 3.6% respectively.

The South African Reserve Bank left interest rates unchanged at their last meeting, but the Governor's tone became more hawkish. The peak in inflation has been revised upwards and the inflation rate is not seen falling below 6% before 2013. While the inflation outlook has been revised upwards, growth estimates have been adjusted downwards. Growth estimates for 2012 from most economists range between 2.5% and 3% - below the long term trend growth rate. Much depends on household spending which has continued to remain robust in recent months. The latest retail sales figure, although decelerating somewhat, has been firm and vehicle sales continued to improve.

International investors' demand for emerging market bonds and the stronger rand helped the All Bond Index to deliver 2.1% for the month. This compares to a 4.8% return from the listed property sector which benefitted from declining bond yields and a strong run in the equity market. The rand flexed its muscle and appreciated by 3.5% against the US dollar to close January at a three month low of R7.79. The rand strengthened against all the major currencies during the month.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 312.4	4.4%	4.7%	1.6%	4.4%	2.0%
Nasdaq	2 813.8	8.0%	4.8%	2.1%	8.0%	4.2%
MSCI Global Equity	1 240.9	4.9%	1.9%	-5.0%	4.9%	-5.1%
MSCI Emerging Mkt	1 019.4	11.2%	2.4%	-10.4%	11.2%	-8.9%
<b>Global Bond (US\$)</b>						
Global Bonds	525.9	1.3%	1.2%	2.1%	1.3%	8.7%
<b>Commodity Prices</b>						
Brent Oil (USD/Barrel)	110.6	3.2%	1.7%	-5.2%	3.2%	11.5%
Platinum (USD/oz)	1 587.0	13.8%	-0.8%	-10.9%	13.8%	-11.5%
Gold (USD/oz)	1 739.1	11.2%	1.4%	6.9%	11.2%	30.5%
<b>South African Mkt (Rand)</b>						
Africa All Share	4 013.8	5.7%	4.8%	10.1%	5.7%	10.8%
Africa Top 40	3 587.4	6.0%	4.2%	10.1%	6.0%	10.2%
Africa Resource 20	2 869.9	8.3%	4.7%	9.5%	8.3%	1.5%
Africa Financial 15	3 763.9	6.5%	9.8%	14.3%	6.5%	15.0%
Africa Industrial 25	4 942.7	3.5%	2.2%	9.3%	3.5%	19.2%
Africa Mid Cap	8 032.2	4.3%	7.8%	10.4%	4.3%	14.7%
Africa Small Cap	9 337.9	4.3%	9.4%	8.9%	4.3%	9.4%
All Bond Index	381.8	2.1%	2.8%	7.0%	2.1%	13.5%
Stefi Composite	266.2	0.5%	1.4%	2.8%	0.5%	5.7%
Africa SA Listed Property - (SAPY)	992.5	4.7%	5.9%	9.3%	4.7%	19.1%
MSCI Global Equity (R)		1.3%	-0.1%	10.7%	1.3%	3.0%
Global Bonds (R)		-2.2%	-0.9%	19.0%	-2.2%	18.0%
Rand Dollar Exchange Rate	7.79	-3.5%	-2.0%	16.5%	-3.5%	8.6%

As a result of the movements in the financial markets the SALA Fund's total assets is R8 919 731 608 as at the end of January 2012. For the month of January the Active Members' portion of the total Fund returned 2.68%, DC Members returned 2.83% whilst the Pensioners Members' portion returned 1.75% p.a. Over the past 5 years to 31 January 2012 the total Fund returned 9.82% p.a.