

WEBSITE MONTHLY REPORTS
SALA PENSION FUND

Local election fever might have stolen the limelight during the month (with the ANC losing support against the DA), but the financial market was a hive of activity in its shadow. While GDP growth figures indicated that economic growth accelerated from 4.5% during the final quarter of last year to 4.8% in the first quarter of this year, leading economic indicators are pointing to slower growth conditions ahead. The stronger growth during the quarter was driven by robust activity in the manufacturing sector, but in the latest reading, manufacturing growth had started to slow down. The sell-off in the commodity market at the start of the month and the slower global growth expectations caused resources shares to shed 2.9% during the month. The FTSE/JSE All Share Index ended only 0.8% lower for the month as it was buoyed by a flat performance from financial shares and a 1% gain from industrials.

Consumer price inflation for April, at 4.2%, was much lower than what was expected. Inflation is forecasted to continue to accelerate with a temporary breach above the targeted 6% level expected next year. Although the Reserve Bank's inflation outlook has deteriorated and their commentary has become more hawkish, they left interest rates unchanged at their last meeting. The market's interest rate hike expectations have also moderated over the last three months, and this, together with lower international bond yields, pulled domestic bond yields lower and caused the All Bond Index to rally by 1.5%. The strong rand continues to have a disinflationary impact on consumer prices, but it depreciated by 3.7% during the month to close at R6.80 a dollar. During the month, the rand breached the R7 a dollar level, but it was supported by renewed foreign risk appetite and the news that the Massmart/Wal-Mart deal will go through. In the latest labour force survey, it was revealed that the unemployment rate edged up to 25%.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,345.2	-1.4%	1.4%	13.9%	7.0%	23.5%
Nasdaq	2,835.3	-1.3%	1.9%	13.5%	6.9%	25.6%
MSCI Global Equity	1,354.6	-2.4%	0.2%	13.5%	5.8%	25.4%
MSCI Emerging Mkt	1,168.0	-3.0%	5.4%	8.6%	1.4%	26.1%
Global Bond (US\$)						
Global Bonds	502.1	0.0%	3.4%	5.2%	3.7%	12.2%
Commodity Prices						
Brent Oil (USD/Barrel)	116.4	-7.8%	4.0%	35.0%	22.9%	58.2%
Platinum (USD/oz)	1,833.5	-2.2%	1.4%	10.4%	3.6%	17.5%
Gold (USD/oz)	1,535.6	-1.9%	8.8%	10.9%	8.0%	26.3%
South African Mkt (Rand)						
Africa All Share	3,797.0	-0.8%	2.0%	8.9%	2.6%	23.2%
Africa Top 40	3,421.5	-1.0%	1.8%	10.3%	3.3%	24.2%
Africa Resource 20	2,830.1	-2.9%	-4.9%	7.3%	-0.4%	19.1%
Africa Financial 15	3,453.2	0.0%	6.0%	9.7%	4.2%	15.3%
Africa Industrial 25	4,589.9	1.0%	8.0%	12.4%	6.2%	33.4%
Africa Mid Cap	7,256.1	0.4%	3.5%	1.7%	-1.3%	17.8%
Africa Small Cap	8,592.1	-0.2%	1.6%	1.5%	-3.0%	16.2%
All Bond Index	351.0	1.4%	4.2%	3.9%	2.1%	11.4%
Stefi Composite	256.6	0.5%	1.4%	2.9%	2.4%	6.3%
Africa SA Listed Property - (SAPY)	883.5	0.1%	7.3%	3.8%	1.6%	20.3%
MSCI Global Equity (R)		1.2%	-2.1%	8.8%	1.2%	11.3%
Global Bonds (R)		3.8%	1.0%	0.9%	6.5%	-0.4%
Rand Dollar Exchange Rate	6.80	3.7%	-2.3%	-4.1%	2.7%	-11.3%

As a result of the movements in the financial markets the SALA Fund's total assets grew to R8,369,965,573 as at the end of May 2011. For the month of May the Active Members' portion of the total Fund returned 0.47%, DC Members returned 0.37% whilst the Pensioners Members' portion returned 0.44% p.a. Over the past 5 years to 31 May 2011 the total Fund returned 12.59% p.a.