

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

The domestic economy continued to lose momentum going into the second half of this year. Although second quarter GDP growth accelerated from 2.7% to 3.2%, it was largely distorted by an unsustainable jump in mining production growth. Excluding mining production, economic growth would have decelerated. The latest leading economic indicator pointed towards a further slowdown in economic activity over the next few months and follows on the International Monetary Fund's (IMF) growth forecast that was lowered to 2.6% for this year. The IMF also highlighted structural problems plaguing the domestic economy which included high unemployment and the large government wage bill. Amidst falling consumer confidence, retail and vehicle sales have remained resilient.

The FTSE/JSE All Share Index gained 2.7% during the month. It was led higher by a strong rally in industrial shares which closed 5.2% higher. Financial shares rose by 2.4% and resources shares suffered from industrial action and sharp declines in certain commodity prices to lose 0.9% during the month. The violence at the Lonmin mine casted a dark cloud over foreign sentiment towards South African investments and the fear that it will spill over to other mining companies. It is also believed that these events could have contributed to the depreciation seen in the currency. The rand depreciated by 1.5% against the dollar to close the month at R8.39/\$.

Consumer price inflation decelerated against expectations to 4.9% in July due to softer food price and administered price inflation. There are growing risks from higher future petrol and agricultural prices, however. The drought in the US has caused certain crop prices to rise steeply. Foreign investors were once again strong buyers of domestic bonds, but the All Bond Index only managed to gain 0.1% as domestic investors took advantage of price strength to sell into this foreign demand.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 406.6	2.0%	7.3%	3.0%	11.8%	15.4%
Nasdaq	3 067.0	4.3%	8.5%	3.4%	17.7%	18.9%
MSCI Global Equity	1 279.2	2.3%	8.6%	-1.5%	8.2%	5.6%
MSCI Emerging Mkt	947.3	-0.5%	4.5%	-12.2%	3.4%	-8.3%
<b>Global Bond (US\$)</b>						
Global Bonds	530.2	0.7%	1.5%	1.9%	2.1%	0.8%
<b>Commodity Prices</b>						
Brent Oil (USD/Barrel)	115.5	8.7%	12.4%	-5.9%	7.7%	0.1%
Platinum (USD/oz)	1 538.0	8.7%	8.7%	-8.4%	10.3%	-16.7%
Gold (USD/oz)	1 690.7	4.7%	8.3%	-0.3%	8.1%	-7.4%
<b>South African Mkt (Rand)</b>						
Africa All Share	4 288.1	2.7%	7.5%	5.1%	13.0%	18.0%
Africa Top 40	3 781.7	3.1%	7.4%	3.9%	11.8%	16.4%
Africa Resource 20	2 413.6	-0.5%	-1.2%	-13.7%	-8.9%	-6.5%
Africa Financial 15	4 377.9	2.1%	8.0%	11.2%	23.9%	31.3%
Africa Industrial 25	6 121.4	6.1%	14.6%	19.1%	28.2%	35.0%
Africa Mid Cap	9 175.5	0.7%	7.9%	10.9%	19.2%	26.6%
Africa Small Cap	10 547.4	2.8%	7.8%	10.1%	17.8%	25.4%
All Bond Index	419.0	0.1%	7.5%	9.6%	12.0%	13.5%
Stefi Composite	274.9	0.5%	1.4%	2.8%	3.7%	5.7%
Africa SA Listed Property - (SAPY)	1 295.4	5.6%	22.7%	29.2%	36.7%	38.8%
MSCI Global Equity (R)		3.9%	7.2%	10.6%	12.4%	26.6%
Global Bonds (R)		2.2%	0.2%	14.4%	6.2%	20.9%
Rand Dollar Exchange Rate	8.39	1.5%	-1.3%	12.3%	3.9%	19.9%

As a result of the movements in the financial markets the SALA Fund's total assets is R9 520 929 779 as at the end of August 2012. For the month of August the Active Members' portion of the total Fund returned 2.28%, DC Members returned 2.23% whilst the Pensioners Members' portion returned 1.52% p.a. Over the past 5 years to 31 August 2012 the total Fund returned 9.35% p.a.