

**WEBSITE MONTHLY REPORTS
SALA PENSION FUND**

Accommodative monetary policy, not only locally but internationally, set the scene for strong financial market returns during September. The South African Reserve Bank cut interest rates by 0.5% to 6% in a unanimous decision at their meeting at the start of the month to take the repo rate to its lowest level since 1980. The decision, together with a dovish statement, was in reaction to a still fragile domestic economy and inflation that has moderated considerably. Consumer price inflation for August decelerated further to post a reading of 3.5%. The figure was well below market expectations and driven by continued disinflation in goods prices.

The FTSE/JSE All Share Index experienced its best month for the year to date, appreciating by 8.7% to close above the 29,000 level and taking its quarterly return to 13.3%. The rally was broad based across most sectors, with industrial shares performing the best, rallying 10.4%. Financial and resources shares gained 8.5% and 7.8% respectively. It was surprising to note that amidst the domestic bourse's rally, foreign investors were net sellers of domestic equities to the value of R6bn during the month. Listed property received its direction from the equity market and closed 3.5% higher.

Foreigners were, however, buyers of domestic bonds with total net purchases for the year having risen to R74bn. The All Bond Index experienced a volatile month to end 0.8% higher. Bonds were supported by the better than expected inflation figures and the sharp appreciation in the rand. The rand strengthened by 5.6% against the greenback during the month to close below the R7/\$ level at R6.95. In the Reserve Bank's Quarterly Bulletin, it was noted that the current account deficit narrowed to 2.5%, its lowest in six years, during the second quarter of this year and that it was well financed by portfolio inflows. The rand found some direction from a firmer gold price during the month. The price of gold rose to \$1,309 an ounce.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,141.2	8.8%	10.7%	-2.4%	2.3%	8.0%
Nasdaq	2,368.6	12.0%	12.3%	-1.2%	4.4%	11.6%
MSCI Global Equity	1,179.2	9.1%	13.2%	-1.8%	0.9%	4.6%
MSCI Emerging Mkt	1,075.5	10.9%	17.2%	6.5%	8.7%	17.7%
Global Bond (US\$)						
Global Bonds	493.0	2.2%	7.9%	9.5%	8.4%	6.3%
Commodity Prices						
Brent Oil (USD/Barrel)	81.3	8.5%	8.7%	0.1%	5.2%	21.6%
Platinum (USD/oz)	1,655.0	8.6%	7.9%	0.7%	12.6%	27.5%
Gold (USD/oz)	1,309.3	4.9%	5.4%	17.6%	19.4%	30.0%
South African Mkt (Rand)						
Africa All Share	3,381.1	8.7%	13.3%	4.0%	8.7%	21.1%
Africa Top 40	3,013.0	9.1%	13.4%	2.7%	6.7%	20.0%
Africa Resource 20	2,438.7	7.8%	7.1%	-5.6%	-3.6%	12.5%
Africa Financial 15	3,340.6	8.5%	15.8%	5.3%	15.7%	23.2%
Africa Industrial 25	4,025.1	10.4%	19.9%	13.8%	18.0%	29.2%
Africa Mid Cap	6,897.2	7.0%	13.2%	12.4%	22.2%	29.0%
Africa Small Cap	7,955.1	6.3%	10.1%	6.2%	12.0%	19.4%
All Bond Index	341.2	0.8%	8.0%	9.3%	14.1%	15.3%
Stefi Composite	246.8	0.5%	1.7%	3.4%	5.3%	7.2%
Africa SA Listed Property - (SAPY)	843.4	3.5%	13.7%	14.4%	25.7%	30.8%
MSCI Global Equity (R)		3.0%	2.7%	-6.3%	-5.1%	-3.1%
Global Bonds (R)		-3.5%	-2.1%	4.5%	1.9%	-1.6%
Rand Dollar Exchange Rate	6.96	-5.6%	-9.3%	-4.6%	-6.0%	-7.4%

As a result of the movements in the financial markets the SALA Fund's total assets grew to R7,808,354,303 as at the end of September 2010. For the month of September the Active Members' portion of the total Fund returned 4.01% whilst the Pensioners Members' portion returned 2.13% p.a. Over the past 5 years to 30 September 2010 the total Fund returned 14.06% p.a.