

The Weekly Focus

A market and economic update

06 September 2010



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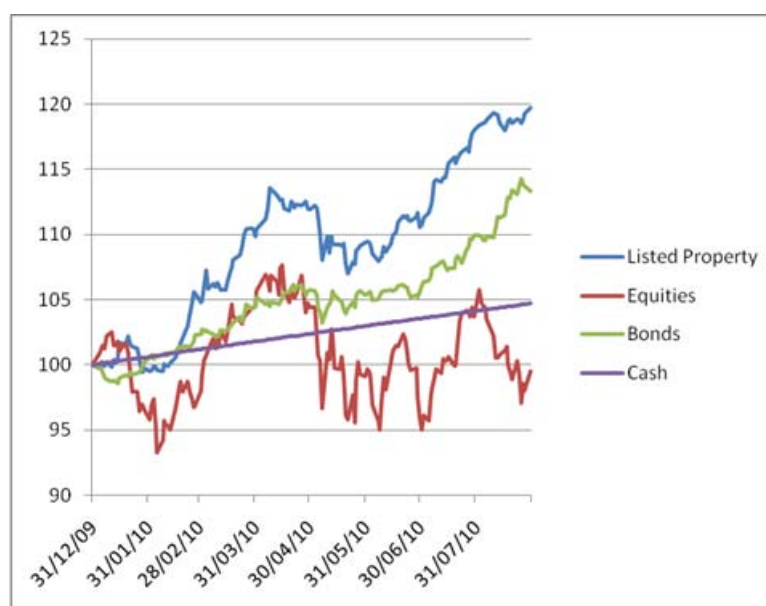
Newsflash

The rand has jumped sharply back to the 7.20 level to the dollar

Market Comment

- In just the last 10 days, foreigners have invested a whopping R9.9bn in SA government bonds (chasing our juicy yields) and another R5.3bn in our equity market (7.3% of the MSCI Emerging Markets Index), making a total of R15.2bn that has entered SA.
- With risk aversion fading once again (investors more upbeat following some positive economic reports last week), the US dollar has weakened against most currencies and the rand has jumped sharply back to the 7.20 level to the dollar. This places it under “threat” of breaking the key 7.20-7.90 range that has prevailed for many months. Should the rand trade firmly and for a few days under the 7.20 level, it may rapidly move towards 6.80. This is great for most importers and for SA Inc type shares (financial, listed property, banking, consumer-related), it is good for our inflation (lowers the rand price of petrol and basic foods like maize and wheat) and therefore is another argument for a rate cut this week. It is bad for exporters, for mining and other rand-hedge shares and for our manufacturing base.
- The year-to-date numbers tell the story (see chart below of major SA asset classes, as of the end of July 2010): the JSE Industrial Index is up 8.2% so far in 2010 (as of Friday’s close), the Banks Index is up 6.6%, while the Resources Index is down 8.8%, despite the smart bounce last week. Most offshore funds are struggling return-wise (in rands). Also our bond market has had a powerful rally, as has our listed property market.

SA Asset Class 2010-to-date Returns (to end August)



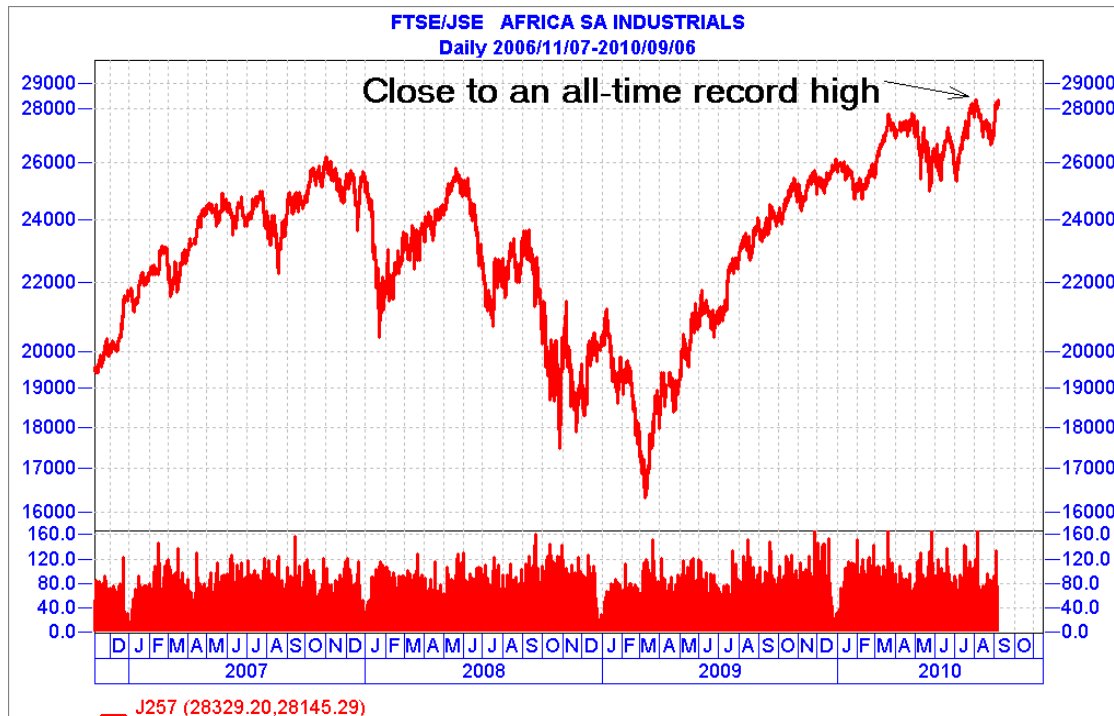
Source: I-Net Bridge

- At this stage, although US, UK, Japanese and European government bond yields may bounce back a tad from their recent extremely low levels - the US ten year government bond yield bounced from 2.4 to 2.7% last week - it is unlikely that the ongoing global hunger and hunt for yield is going to fade away soon, meaning that SA bond yields of close to 8% may continue to attract foreign buying for the foreseeable future. This is because offshore inflation rates remain very low (amidst the threat of deflation) and global growth remains weak, at least in almost all developed economies.
- As was reported last week on Bloomberg's financial news service, "South Africa's perfect debt storm lures record foreign buying". They noted that international buyers are buying more South African bonds than at any time in the past 15 years, lured by low inflation offshore, a stronger rand and much higher interest rates in SA than in developed markets - and many other emerging markets too. Bloomberg's quoted an offshore emerging market bond manager in London saying that SA bonds are in a perfect storm - yields are high, inflation is low and the Reserve Bank is one of the only central banks in the world that can still realistically contemplate cutting rates. The stronger the rand, the better the returns for offshore investors, which of course causes more buying (classic bull market).
- In fact the JSE reports that foreign investors have bought more SA bonds this year than in the previous 15 years combined (R70.7bn so far)....plus R26.8bn of our equities, making R97.5bn in total.
- US, European and UK bond yields are still entrenched in an 18 year bull market, where yields have fairly consistently declined (and prices have risen accordingly). Of course, it will come to an end somewhere along the line, once global growth and inflation pick up.
- Although 7.20 is pretty solid resistance, meaning it may not give way, one needs to be aware that on balance the rand could see more buyers than sellers in the near future (three to six months). Bear in mind, too, that the purchase of Didata shares by the huge Japanese NTT company will also bring a fair amount of money into SA to buy out local shareholders.
- What does one do with one's offshore investments, such as the rand-based offshore funds? Does it make sense to sell these funds at 7.16 to the dollar, when the exchange rate was 10.20 just 18 months ago? Probably not; the reverse may be true, that one averages down gradually, i.e. buys more if the rand does get to 6.80.
- At this stage, the rand uptrend against the euro remains intact (9.27/euro), meaning the rand could conceivably strengthen further. Against the pound, the rand is broadly trending sideways.
- Meanwhile, the US dollar had strengthened from \$1.34 to \$1.26/euro and is now weakening again as risk-taking picks up (\$1.29). On balance, we currently favour sterling and the euro to the dollar. The dollar peaked at around 1.18 to the euro earlier in 2010 and - apart from the fairly brief recent bout of strengthening - appears to be renewing its down-trend.

Next leg of Global Equity Bull Market beginning?

- As we showed recently on our STANLIB/Liberty Fund Focus roadshow, despite the huge negativity surrounding the recent after-shock of the 2008 financial earthquake - that occurred during May-August this year - the MSCI World Index of mostly developed stock markets is still up some 64% (excluding dividends) in dollar terms from the low eighteen months ago (9th March 2009) and the MSCI Emerging Markets Index is still up 120% (excluding dividends) from its low point in late 2008. In simple terms, those numbers are big/impressive (sure, not nearly as good in rand terms because of the huge jump in the rand); they are more reminiscent of a bull market that has been taking a breather than of a bear market.
- Now that the long-drawn summer months offshore are finally over and most investors and asset managers are back at their desks, refreshed from their long holidays, could the next leg of this bull market have started last week?
- The JSE All Share Index is up around 5% in rand terms over the past week or so, while the S&P 500 Index is up 3.7% (Financials up 6%) and the FTSE Index in London is up 5.3%. The Chinese stock market is firm, Japan is bouncing back nicely and most emerging markets are doing much better.
- The point is valuations offshore are attractive, for both developed markets and emerging markets (forward PE's of around 11-12), assuming no "double-dip" of course...and the cost of money remains near record lows, potentially a powerful cocktail.
- As 60 year-old Bill Miller, CIO of Legg Mason Capital Management and a legend in his time as a fund manager in the US, said last week in an article he wrote for the Financial Times: "US large capitalization shares represent a once-in-a-lifetime opportunity, in my opinion, to buy the best quality companies in the world at bargain prices. The last time they were this cheap relative to bonds was 1951."
- Guy Monson, Managing Partner and CIO of Sarasin, agrees that large cap shares are an "absolute bargain" at these levels and with "astonishingly conservative balance sheets" he believes investors can expect a "wall of dividends" from these companies (as reported on Citywire Global).
- US market analyst, Elaine Garzarelli, notes that her quantitative system remains bullish at this stage and one of the system's indicators, the "sentiment indicator", shows the number of bullish advisors in the US at 29.4%, the lowest reading on record (a number above 75% is bearish). As she says, "many retail investors and analysts are bearish and have been sitting on the sidelines since the crisis. In fact, fewer than 29% of share recommendations worldwide are "buys", according to Bloomberg's, the lowest level in thirteen years. This bearishness is good news, as sentiment is a contrary indicator." As an investor, you would rather be part of the minority than the (bearish) majority or crowd.

- Garzarelli also notes (as has BCA Research) that a trading range, such as we've had since late April, is normal after the initial surge in a new cyclical bull market. It is just a question of how long the trading range lasts. Is it close to being breached on the upside, or do we have more of the same to come?
- The Fed's comment that they would do whatever is necessary to keep the recovery intact has reassured markets. Garzarelli believes they do still have a number of powerful tools to deploy to combat any fallback into recessionary conditions, such as the creation of a special facility to provide credit to certain sectors of the economy.
- BCA Research says that despite the apparent absence of a catalyst to help shares break out of their trading range, the path of least resistance for shares appears to be upwards over the next few months. Why? Because the rest of the world has been performing stronger than expected and that could pull the US out of its "soft spot" rather quickly.
- What about the SA stock market? If the global stock markets turn upwards again (break out of their trading ranges), then it is likely that our market will follow. Already the JSE Industrial Index (J257, see chart below) is within a whisker of breaking its all-time record high. With its second biggest share, MTN, looking good on the charts, and the biggest share, SAB Miller, due for a rally, the probability is quite high that it will do so, especially with the third biggest share, Richemont, at an all-time record high today, even in strong rand terms.



Source: I-Net Bridge

Paul Hansen
 (Director: Group Advisory Services - Investments)

Economic Update

- **SA growth in broad money supply (M3)** was recorded at a growth rate of 3.7%/y, while private sector credit rose by an encouraging and fairly robust 1.1%/m (+R22.25bn). (Consumer credit up a relatively encouraging 0.6%/m and by 5.3%/y). In the first seven months of the year, consumer credit has risen by R36.5 billion (mostly in the form of mortgage finance).

There has been some concern that credit demand has not been gaining any significant upward momentum. Certainly, credit growth has generally lagged the overall economic recovery. However, during most upswings, the initial part of the recovery is driven by a rise in incomes and not a rise in credit. Credit demand, typically, emerges a little later in the recovery. This delay in credit growth is currently being compounded by the fact that the banking sector is still digesting a surge in bad debts relating to the previous credit excesses, so they have maintained a fairly cautious approach to extending credit.

- In August 2010, the **Kagiso PMI** manufacturing index rose to 50.3 index points, up from 49.5 in July. This was in-line with market expectations. The index had slipped worryingly below the key 50 level in June and July. In that regard the latest reading is more encouraging, but hardly indicative of strong or even solid growth in manufacturing.

The improvement in the PMI index reading for August 2010 reflected an encouraging rise in new orders (up to 52.0 from 48.5), as well as a pick-up in expected business conditions (up to 59.6 from 57.7). The prices paid component edged higher to 60.6 from 59.4, reflecting the overall trend in PPI inflation reading, but not high enough to raise any serious concerns about significant upward pressure in producer inflation. The employment component remained discouragingly below 50, but at least it has moved up from a recent low of 45.9 in June 2010.

- **Net foreign buying of SA equities** has continued at a solid pace this year. Year-to-date (up until end August 2010) foreigners have bought a net R25.7 of SA equities, with a net increase in each of the past 19 months. The foreign buying in 2010 (year-to-date) is at about half the level of inflows that occurred during the same time period in 2009.

Amazingly, since the beginning of 2004, foreigners have bought a net R264 billion of SA equities, and it is estimated that they own approximately 25% to 28% of the JSE. Despite the persistently strong foreign inflows into the SA equity market over the past year, our understanding is that many emerging market foreign investors remain only around neutral or marginally underweight South Africa. SA has a weight of around 7% in the MSCI Emerging Market Equity index.

In terms of the bond market, foreign inflows have been spectacular, totalling around R63bn year-to-date (INET data). This is a record inflow and is clearly part of the global 'search-for-yield' trade which has boosted most emerging market securities markets and strengthened most emerging market currencies. Since 2004, foreigners have bought a net R48.5bn of SA bonds. Foreign bond investors tend to adopt a trading strategy when dealing with SA's bond market (which creates risk for the local currency in both directions), while the foreign equity investors have much more of an accumulate and hold strategy.

- In June 2010, **US house prices**, as measured by the Case Shiller Composite 20 Index, rose by a modest 0.28%m/m (seasonally adjusted). This is the third consecutive monthly increase in US house prices and the 10th monthly increase in the last 12 months. Over the past year, US house prices are up 5.0%/y.

In general, the US house price data has shown some improvement over the past year, despite disastrous housing activity indicators (for example new home sales, existing home sales, housing starts and building permits passed). This apparent anomaly is probably explained by the fact that the housing affordability index has increased very noticeably over the past 18 months. The index, which takes into account three key factors, namely the price of the house, the interest charge and household income, was measured at 158.9 in June 2010, which is not far from the peak in April 2009.

- In August 2010, the **ISM manufacturing index** rose to 56.3 from 55.5 in July. The ISM index has been above the key 50 index level for the past 13 consecutive months and above the long-term (since 1948) average of 52.6 for 11 consecutive months.

The improvement in the ISM manufacturing index during August 2010 was mainly due to a healthy rise in the production index (up to 59.9 from 57.0) as well as a very solid increase in the employment index (up to 60.4 from 58.6). On the downside, the critical new orders component of the ISM fell further to 53.1 from 53.5 in July. In terms of month-over-month improvement, the Production and Employment Indexes experienced the greatest gains, while new orders continued to grow but at a slightly slower rate. August represents the 13th consecutive month of growth in U.S. manufacturing"

The breadth and depth of on-line retailing is clearly expanding at a rapid pace, and the level of activity is expected to continue to outpace the overall performance of US retailing activity. Using the most recent trends, the sector could reach 10% of total retailing within 5 years.

Interestingly, the US Department of Commerce has significantly expanded its coverage of E-Commerce activity in the US, including data on electronic shopping. They produce a monthly update of activity as well as a quarterly overview of the sector through the US Census Bureau. E-commerce sales are sales of goods and services where an order is placed over the Internet, extranet, Electronic Data Interchange (EDI) network, electronic mail, or other online system. Payment may or may not be made online.

According to the latest report, which was released on 17 August, US E-Commerce retailing amounted to \$39.7bn in Q2 2010, which is equivalent to 4.1% of total US retail sales. The current level of activity is the largest on record; both in absolute terms and as a proportion of total retail spend. Back in Q1 2000, the sector amount to \$5.8bn or 0.8% of total retailing. While the growth in E-Commerce activity has been impressive in a short period, it is still a relatively small component of total retail activity.

In terms of growth rates, the sector has achieved some spectacular results. Since 2000 the sector has grown by a total of 477% or at an average annual rate of 19.2%. In the early 2000s the sector experienced annual growth rates (in nominal terms) of around 30%. It then went into a brief and fairly shallow recession in 2008/2009, but has since recovered noticeably. In Q2 2010 (the latest data), sales grew by 13.7%y/y, and have averaged an annual growth rate of 14.3%y/y over the past nine months.

- In August 2010, the **US unemployment** rate edged higher to 9.6%, from 9.5% in July. The increase was mostly because of a slight uptick in the labour market participation rate. The US unemployment rate had moved up from a low of 4.4% in March 2007, to a peak of 10.1% in October 2009. Since October 2009 the rate of unemployment has generally fluctuated in a narrow range around 9.7%.

During the month non-farm payrolls fell by 54 000. The previous two months data (June and July 2010) was revised up by a total of 123 000, which is a fairly substantial revision. The main reason for the reduction in employment in August was a 114 000 decline in the number of temporary employees working on Census 2010. The private sector gained 67 000 jobs in August, which was more than expected (market expected +40 000). In the first eight months of 2010 the US private sector has added 763 000 jobs, which is a relatively modest gain given the stage of the economic recovery, but a vast improvement on the 4 million jobs lost during the same time in 2009.

The job market is likely to take a number of years to fully recover, especially when one considers that the previous two employment booms in the US were driven by very specific industry dynamics, namely the growth in the hi-tech sector (1994 to 2000), which ultimately led to a bubble in technology stocks, and the growth in the housing market (2003 to 2007), which ultimately led to a structural oversupply of housing and the credit crisis.

Kevin Lings and Laura Jones
(STANLIB Economics)

Weekly Market Analysis

Currencies/ indices/ commodities	Friday's Close 03/09/10	Weekly Move (%)	YTD (%)
Indices			
*MSCI World - US Dollar	1131.49	3.88	-3.16
*MSCI World - Rand	8134.34	2.01	-6.09
*MSCI Emerging Market - US Dollar	1003.75	3.47	1.44
*MSCI Emerging Market - Rand	7216.01	1.62	-1.62
All Share Index - US Dollar	3899.10	6.38	4.28
All Share Index - Rand	27942.89	4.50	1.00
All Bond Index	338.74	-0.39	13.26
Listed Property J253	806.88	0.80	20.24
Currencies			
US Dollar/Rand	7.17	-1.77	-2.37
Euro/Rand	9.26	-0.37	-11.77
Sterling/Rand	11.09	-1.96	-6.67
Euro/US Dollar	1.29	1.27	-10.39
Commodities			
Oil Brent Crude Spot Price (\$/bl)	75.98	-0.18	-1.58
Gold Price \$/oz	1246.95	0.71	13.68
Platinum Price S/oz	1553.50	1.24	5.72

Source: I-Net Bridge

* MSCI - Morgan Stanley Capital International

Rates

These rates are expressed in nominal and effective terms and should be used for indication purposes ONLY.

Standard Bank Money Market Fund

Nominal: 6.82% per annum

Effective: 7.03% per annum

STANLIB is required to quote an effective rate which is based upon a seven-day rolling average yield for Money Market Portfolios. The above quoted yield is calculated using an annualised seven-day rolling average as at 03 September 2010. This seven-day rolling average yield may marginally differ from the actual daily distribution and should not be used for interest calculation purposes. We however, are most happy to supply you with the daily distribution rate on request, one day in arrears. The price of each participatory interest (unit) is aimed at a constant value. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the portfolio.

STANLIB Cash Plus Fund

Effective Yield: 7.09%

STANLIB Dividend Income Fund

Effective Yield: 4.94%

STANLIB is required to quote a current yield for Income Portfolios. This is an effective yield. The above quoted yield will vary from day to day and is a current yield as at 03 September 2010. The net (after fees) yield on the portfolio will be published daily in the major newspapers together with the "all-in" NAV price (includes the accrual for dividends and interest). This yield is a snapshot yield that reflects the weighted average running yield of all the underlying holdings of the portfolio. Monthly distributions will consist of dividends (currently tax exempt) and taxable interest. Interest will also be exempt from tax to the extent that investor's are able to make use of the applicable interest exemption as currently allowed by the Income Tax Act. The portfolio's underlying investments will determine the split between dividends and interest.

The Manager has received a circular, (CISCA Circular No.11), from the Registrar of Collective Investment Schemes regarding a joint investigation of National Treasury, SARS and the FSB, which is currently in progress with regard to dividend income fund type portfolios. The Manager is obliged, in terms of this circular, to bring the following to your attention with regard to this investigation. The outcome of the investigation could affect certain structures and SPVs (special purpose vehicles) used by underlying investments of these types of portfolios, which may result in possible adverse tax consequences, and may require amendments to existing legislation. The abovementioned regulators still have concerns which could impact negatively on the future of these portfolios and the continuation of these portfolios can therefore not be guaranteed. The Manager however do not believe that there is any current cause for concern regarding the STANLIB Dividend Income Fund and should there be a more definitive outcome from the investigation investors in our STANLIB Dividend Income Fund will be informed timeously of any legislative changes that may affect their investment.

Liberty Investments' Life Annuities

Current Rates for 06th August - 10th September 2010

Payments are assumed to be paid monthly in advance with no guarantee period or annual escalation in income. Ages indicated assume client is the exact age shown. No tax has been deducted.							
Gender		Male			Female		
Age last birthday		55	60	65	55	60	65
Contribution	R 100,000	R 726	R 790	R 872	R 655	R 700	R 763
	R 250,000	R 1,837	R 1,998	R 2,203	R 1,658	R 1,771	R 1,928
	R 500,000	R 3,687	R 4,011	R 4,422	R 3,330	R 3,557	R 3,871
	R 1,000,000	R 7,389	R 8,037	R 8,860	R 6,673	R 7,127	R 7,757

The table above shows the monthly annuity that an annuitant will receive for life in return for the single premium in the left hand column. Note that the annuity depends on the annuitant's exact age and gender.

The rates above were calculated assuming maximum commission and will be enhanced if a commission discount is selected.

Glossary of terminology

Bonds	A bond is an interest-bearing debt instrument, traditionally issued by governments as part of their budget funding sources, and now also issued by local authorities (municipalities), parastatals (Eskom) and companies. Bonds issued by the central government are often called "gilts". Bond issuers pay interest (called the "coupon") to the bondholder every 6 months. The price/value of a bond has an inverse relationship to the prevailing interest rate, so if the interest rate goes up, the value goes down, and vice versa. Bonds/gilts generally have a lower risk than shares because the holder of a gilt has the security of knowing that the gilt will be repaid in full by government or semi-government authorities at a specific time in the future. An investment in this type of asset should be viewed with a 3 to 6 year horizon.
Cash	An investment in cash usually refers to a savings or fixed-deposit account with a bank, or to a money market investment. Cash is generally regarded as the safest investment. Whilst it is theoretically possible to make a capital loss investing in cash, it is highly unlikely. An investment in this type of asset should be viewed with a 1 to 3 year horizon.
Collective Investments	Collective investments are investments in which investors' funds are pooled and managed by professional managers. Investing in shares has traditionally yielded unrivalled returns, offering investors the opportunity to build real wealth. Yet, the large amounts of money required to purchase these shares is often out of reach of smaller investors. The pooling of investors' funds makes collective investments the ideal option, providing cost effective access to the world's stock markets. This is why investing in collective investments has become so popular the world over and is considered a sound financial move by most investors.
Compound Interest	Compound interest refers to the interest earned on interest that was earned earlier and credited to the capital amount. For example, if you deposit R1 000 in a bank account at 10% and interest is calculated annually, your balance will be R1 100 at the end of the first year and R1 210 at the end of the second year. That extra R10, which was earned on the interest from the first year, is the result of compound interest ("interest on interest"). Interest can also be compounded on a monthly, quarterly, half-yearly or other basis.
Dividend Yields	The dividend yield is a financial ratio that shows how much a company pays out in dividends each year relative to its share price. The higher the yield, the more money you will get back on your investment.
Dividends	When you buy equities offered by a company, you are effectively buying a portion of the company. Dividends are an investor's share of a company's profits, given to him or her as a part-owner of the company.
Earnings per share	Earnings per share is a measure of how much money the company has available for distribution to shareholders. A company's earnings per share is a good indication of its profitability and is generally considered to be the most important variable in determining a company's share price.
Equity	A share represents an institution/individual's ownership in a listed company and is the vehicle through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase and this translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares/equities are usually considered to have the potential for the highest return of all the investment classes, but with a higher level of risk i.e. share investments have the most volatile returns over the short term. An investment in this type of asset should be viewed with a 7 to 10 year horizon.

Financial Markets	Financial markets are the institutional arrangements and conventions that exist for the issue and trading of financial instruments.
Fixed Interest Funds	Fixed interest funds invest in bonds, fixed-interest and money market instruments. Interest income is a feature of these funds and, in general, capital should remain stable.
Gross Domestic Product (GDP)	The Gross Domestic Product measures the total volume of goods and services produced in the economy. Therefore, the percentage change in the GDP from year to year reflects the country's annual economic growth rate.
Growth Funds	Growth funds seek maximum capital appreciation by investing in rapidly growing companies across all sectors of the JSE. Growth companies are those whose profits are in a strong upward trend, or are expected to grow strongly, and which normally trade at a higher-than-average price/earnings ratio.
Industrial Funds	Industrial funds invest in selected industrial companies listed on the JSE, but excluding all companies listed in the resources and financial economic groups.
Investment Portfolio	An investment portfolio is a collection of securities owned by an individual or institution (such as a collective investment scheme). A funds ' portfolio may include a combination of financial instruments such as bonds, equities, money market securities, etc. The theory is that the investments should be spread over a range of options in order to diversify and spread risk.
JSE Securities Exchange	The primary role of the JSE Securities Exchange is to provide a market where securities can be freely traded under regulated procedures.
Price to earnings ratio	Price to earnings ratio or p:e ratio, is calculated by dividing the price per share by the earnings per share. This ratio provides a better indication of the value of a share, than the market price alone. For example, all things being equal, a R10 share with a P/E of 75 is much more "expensive" than a R100 share with a P/E of 20.
Property	Property has some attributes of shares and some attributes of bonds. Property yields are normally stable and predictable because they comprise many contractual leases. These leases generate rental income that is passed through to investors. Property share prices however fluctuate with supply and demand and are counter cyclical to the interest rate cycle. Property is an excellent inflation hedge as rentals escalate with inflation, ensuring distribution growth, and property values escalate with inflation ensuring net asset value growth. This ensures real returns over the long term.
Resources and Basic Industries Funds	These funds seek capital appreciation by investing in the shares of companies whose main business operations involve the exploration, mining, distribution and processing of metals, minerals, energy, chemicals, forestry and other natural resources, or where at least 50 percent of their earnings are derived from such business activities, and excludes service providers to these companies.
Smaller Companies Funds	Smaller Companies Funds seek maximum capital appreciation by investing in both established smaller companies and emerging companies. At least 75 percent of the fund must be invested in small- to mid-cap shares which fall outside of the top 40 JSE-listed companies by market capitalisation.
Value Funds	These funds aim to deliver medium- to long-term capital appreciation by investing in value shares with low price/earnings ratios and shares which trade at a discount to their net asset value.

Sources: Unit Trust and Collective Investments (September 2007), The Financial Sector Charter Council, Personal Finance (30 November 2002), Introduction to Financial Markets, Personal Finance, Quarter 4 2007, Investopedia (www.investopedia.com) and The South African Financial Planning Handbook 2004.

Disclaimer

The price of each unit of a domestic money market portfolio is aimed at a constant value. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the portfolio. Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. An investment in the participations of a CIS in securities is not the same as a deposit with a banking institution. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments Ltd (the Manager). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. TER is the annualised percent of the average Net Asset Value of the portfolio incurred as charges, levies and fees. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. Portfolios are valued on a daily basis at 15h30. Investments and repurchases will receive the price of the same day if received prior to 15h30. Liberty is a full member of the Association for Savings and Investments of South Africa. The Manager is a member of the Liberty Group of Companies.

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the art and science of investing

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