MONTHLY INVESTMENT REPORT

30 September 2011

CPSA LAYWORKERS PENSION FUND

FINANCIAL OVERVIEW

MARKET VALUES AND RETURNS

FUND SPECIFIC ANALYSIS

PORTFOLIO STRATEGY

MANAGER PERFORMANCE

FUTURE STRATEGY

The Fund is over weight Equities, under weight Bonds and Property and over weight SA Cash.

The Fund is fairly conservatively positioned to take advantage of current volatile market conditions.

The Fund is in the process to investigate individual member default options to form part of its investment strategy.

FUND MANAGER Leo Vermeulen

FUND ADMINISTRATOR Nuraan Desai

Monthly Investment Report
30 September 2011

CPSA Layworkers Pension Fund

FINANCIAL OVERVIEW

Local asset prices plunged amidst concerns over global economic stagnation and a potential Greek default. The FTSE/JSE All Share Index ended, during a very volatile month, 3.6% lower. It was a broad based sell-off with resources 4.7% lower and financial and industrial shares down 3.3% and 3.4% respectively. The rand posted its largest daily loss since October 2008 and depreciated by 15.7% against the dollar during the month. It closed at R8.09 against the dollar.

The rand's sharp depreciation right before the Reserve Bank's Monetary Policy Committee meeting might have swayed some members from calling for an interest rate cut. The Reserve Bank left interest rates unchanged, but revised their economic growth forecasts lower. This is in conjunction with the deterioration in the growth of the leading economic indicator. The manufacturing sector is already struggling, with a 6% year on year contraction experienced in July. The manufacturing sector has continued to shed jobs, according to the latest employment data, while the public sector has been the employer of last resort. In contrast, consumer demand has been resilient according to growth in retail sales.

Even though inflation for August, at 5.3%, surprised to the downside, local bonds suffered severe withdrawals from international investors. Foreign investors withdrew more than R18bn from the bond market. The All Bond Index lost 2.1% - the same as the decline in the listed property sector during the month.

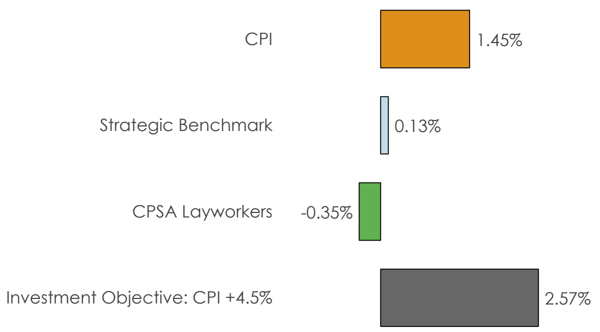
Global Equity (US$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 131.4	-7.2%	-14.3%	-14.7%	-10.0%	-0.9%
Nasdaq	2 415.4	-6.4%	-12.9%	-13.1%	-9.0%	2.0%
MSCI Global Equity	1 104.1	-8.8%	-17.1%	-17.3%	-13.7%	-6.4%
MSCI Emerging Mkt	880.4	-14.8%	-23.2%	-24.8%	-23.5%	-18.1%
Global Bond (US$)						
Global Bonds	518.5	-1.4%	3.1%	6.5%	7.1%	5.2%
Commodity Prices						
Brent Oil (USD/Barrel)	105.9	-8.2%	-5.3%	-9.7%	11.8%	30.4%
Platinum (USD/oz)	1 525.5	-17.4%	-11.6%	-13.6%	-13.8%	-7.8%
Gold (USD/oz)	1 624.4	-11.0%	8.2%	13.4%	14.3%	24.1%
South African Mkt (Rand)						
Africa All Share	3 502.8	-3.6%	-5.8%	-6.4%	-5.4%	3.6%
Africa Top 40	3 120.4	-4.0%	-6.6%	-7.8%	-5.8%	3.6%
Africa Resource 20	2 460.0	-4.7%	-10.4%	-15.5%	-13.4%	0.9%
Africa Financial 15	3 222.4	-3.3%	-4.4%	-4.0%	-2.7%	-3.5%
Africa Industrial 25	4 380.7	-3.4%	-3.2%	0.5%	1.4%	8.8%
Africa Mid Cap	7 114.1	-1.8%	-2.0%	1.3%	-3.3%	3.1%
Africa Small Cap	8 383.9	-0.3%	-2.3%	0.0%	-5.3%	5.4%
All Bond Index	361.4	-2.1%	2.8%	6.8%	5.1%	5.9%
Stefi Composite	261.4	0.5%	1.4%	2.8%	4.3%	5.9%
Africa SA Listed Property - (SAPY)	913.4	-2.1%	2.2%	7.3%	5.0%	8.3%
MSCI Global Equity (R)		5.5%	-0.7%	-0.9%	5.5%	8.9%
Global Bonds (R)		14.0%	23.4%	27.6%	30.9%	22.3%
Rand Dollar Exchange Rate	8.09	15.7%	19.7%	19.8%	22.3%	16.3%

Monthly Investment Report
30 September 2011

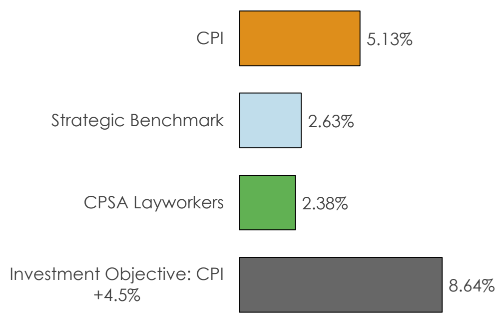
CPSA Layworkers Pension Fund

MARKET VALUES AND RETURNS

Quarterly return for September 2011



Return from 1 January 2011 to 30 September 2011



The table below is the return matrix for the CPSA Layworkers Pension Fund's investment portfolio. It shows the various manager returns as well as that of the total portoflio for various periods and compares it with their respective benchmarks. The benchmark used for the portfolio is in line with its investment objective, which is CPI + 4.5% p.a. before fees.

	AG Equity	Mayibentsha	Futuregrowth IBF	Std MM Fund
Market Value	24 194 927	3 032 125	7 691 839	2 079 377
% of Fund	38.7%	4.9%	12.3%	3.3%
Monthly Return	-0.67%	-0.28%	-1.01%	0.45%
Benchmark	-3.61%	0.79%	-2.09%	0.45%
Out/ Under Perf	2.94%	-1.07%	1.08%	0.00%
Last 3 Months	n/a	-0.15%	n/a	1.33%
Benchmark	n/a	2.57%	n/a	1.40%
Out/ Under Perf	n/a	-2.72%	n/a	-0.08%
Calendar YtD	n/a	2.34%	n/a	4.18%
Benchmark	n/a	8.64%	n/a	4.28%
Out/ Under Perf	n/a	-6.30%	n/a	-0.10%
Last 12 Months	n/a	5.67%	n/a	5.88%
Benchmark	n/a	10.43%	n/a	5.91%
Out/ Under Perf	n/a	-4.76%	n/a	-0.02%
Since Jan 2006	n/a	n/a	n/a	n/a
Benchmark	n/a	n/a	n/a	n/a
Out/ Under Perf	n/a	n/a	n/a	n/a
	Aug-11	**Mar-07**	**Sep-11**	**Jun-06**
Ann Since Inception	-0.12%	6.75%	-1.01%	8.46%
Benchmark	-3.92%	11.91%	-2.09%	8.59%
Out/ Under Perf	3.80%	-5.15%	1.08%	-0.14%

CPSA Layworkers Pension Fund

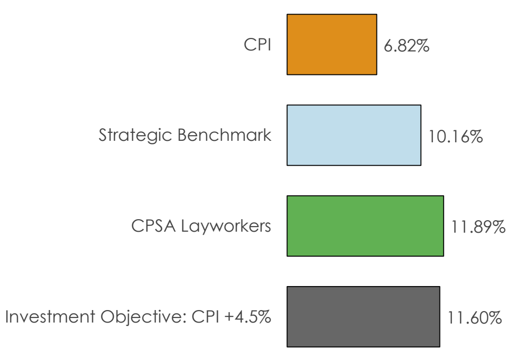
MARKET VALUES AND RETURNS

The table below is the return matrix for the CPSA Layworkers Pension Fund's investment portfolio. It shows the various manager returns as well as that of the total portoflio for various periods and compares it with their respective benchmarks. The benchmark used for the portfolio is in line with its investment objective, which is CPI + 4.5% p.a. before fees.

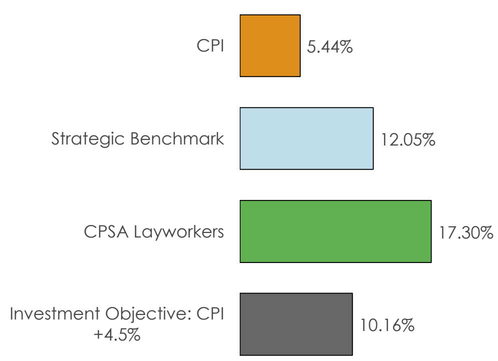
	Liberty Preferred	Liberty Liquid	Lib STMM	Total
Market Value	21 804 489	1 997 122	1 648 764	62 448 642
% of Fund	34.9%	3.2%	2.6%	100.0%
Monthly Return	0.39%	0.43%	0.45%	-0.29%
Benchmark	0.16%	0.45%	0.45%	0.79%
Out/ Under Perf	0.23%	-0.02%	0.00%	-1.08%
Last 3 Months	0.14%	1.33%	1.36%	-0.35%
Benchmark	0.60%	1.40%	1.40%	2.57%
Out/ Under Perf	-0.46%	-0.08%	-0.05%	-2.92%
Calendar YtD	2.58%	4.01%	4.23%	2.38%
Benchmark	2.87%	4.28%	4.28%	8.64%
Out/ Under Perf	-0.29%	-0.27%	-0.05%	-6.26%
Last 12 Months	9.10%	5.43%	5.80%	5.88%
Benchmark	8.83%	5.91%	5.91%	10.43%
Out/ Under Perf	0.28%	-0.47%	-0.11%	-4.55%
Since Jan 2006	84.14%	16.77%	n/a	90.75%
Benchmark	55.45%	59.64%	n/a	87.95%
Out/ Under Perf	28.68%	-42.87%	n/a	2.80%
	Aug-02	Jul-04	Nov-08	Aug-02
Ann Since Inception	14.62%	3.34%	n/a	17.30%
Benchmark	n/a	8.25%	n/a	10.16%
Out/ Under Perf	n/a	-4.90%	n/a	7.14%

LONGER TERM RETURNS

Annualised Return from 1 January 2006



Annualised Return from August 2002



Monthly Investment Report
30 September 2011

CPSA Layworkers Pension Fund

FUND SPECIFIC ANALYSIS

The cash flow table below, gives an indication of the Rand value that has been added to the CPSA Layworker's portfolio. The added value is divided between cash in/out flows and the return achieved on the Fund's investments since January 2006 and January 2011.

The return table below shows the monthly returns added to the portoflio. It is compared to the CPSA Layworker's Investment Objective (to outperform CPI with 4.5% per annum after fees). The Fund's rolling annualised returns are indicated in the top line.

	From Jan 06	From Jan 11
Market Value at Start	30 803 599	62 451 392
Cash In / Out Flow	1 195 961	(1 471 908)
Return	30 449 081	1 469 157
Current Market Value	62 448 642	62 448 642

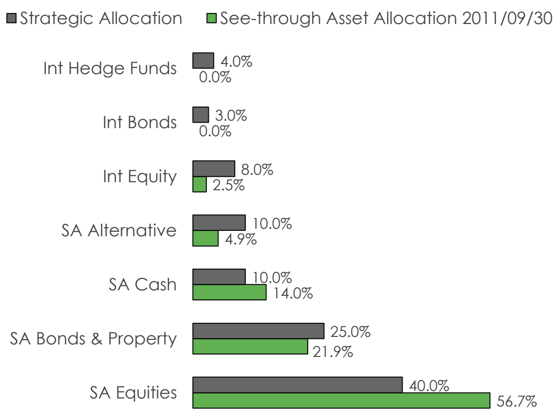
The table below gives a recent history of money flows between managers, as well as portfolio in or out flows.

Date	Transferred From	Tranferred To	Amount
31-Aug-11	AG Equity	Bank Account	5 874.49
1-Sep-11	Mayibentsha	Bank Account	12 676.72
5-Sep-11	AG Equity	Bank Account	250 539.09
5-Sep-11	Futuregrowth	Bank Account	3 490.71
12-Sep-11	Futuregrowth	Bank Account	1 065.53
12-Sep-11	Futuregrowth	Bank Account	46 034.76
14-Sep-11	AG Equity	Bank Account	35 092.31

Period	Return	CPI + 4.5%
Annualised from 08/2002	17.30%	10.16%
Oct-10	1.01%	0.55%
Nov-10	0.82%	0.55%
Dec-10	1.55%	0.54%
Jan-11	0.99%	0.81%
Feb-11	0.60%	1.07%
Mar-11	0.32%	1.59%
Apr-11	0.91%	0.63%
May-11	0.66%	0.88%
Jun-11	-0.76%	0.80%
Jul-11	0.06%	1.22%
Aug-11	-0.12%	0.54%
Sep-11	-0.29%	0.79%

PORTFOLIO STRATEGY

Fund See-through Asset Allocation



The CPSA Layworkers Fund is:

- over weight SA Equity
- under weight SA Bonds and Property
- over weight SA Cash
- under weight SA Alternatives
- under weight international

The CPSA Layworkers Pension Fund will maintain its conservative position in the months to come, as local equity valuations can be considered to be on the high side.

MANAGER COMPARISON

Manager	ALBI	Mayibentsha	Liberty Preferred
Inception Date	Aug-02	Mar-07	Aug-02
Ann Return since Inception	10.4%	6.8%	14.6%
Average Monthly return	0.8%	0.1%	1.1%
% Positive months	63.3%	70.2%	70.0%
% Negative months	36.7%	29.8%	30.0%
Maximum Drawdown	-6.7%	-6.0%	-10.7%
Standard Deviation	6.7%	5.6%	11.0%

NOVARE HOUSEVIEW MATRIX – September/October 2011

RSA Equities

Industrial action and the global growth slow-down have put the brakes on the domestic economy. The union strikes have crippled the manufacturing sector and confidence levels (both business and consumer) have fallen. Data from the second quarter of this year indicated that the growth deceleration has been caused by cyclical components and that growth in the non-cyclical sectors of the economy actually strengthened. Although the employment backdrop remains weak, income growth has been strong and this has supported retail sales and household spending. Company earnings growth has also been robust so far, and although they are expected to moderate, equities are supported by attractive valuations. The Reserve Bank will have to keep monetary policy accommodative given the economic backdrop and this should add further support to the domestic equity market, but the economic backdrop will remain fragile given growing risks and hence we have pared back our overweight equity position.

RSA Bonds

Foreign investors have remained strong buyers of the local bond market for the last few months, but we are aware that portfolio flows can reverse very quickly. Domestic inflation will be pushed by higher administered prices and wage negotiations, but rand strength and low core inflation should keep it contained. The Reserve Bank should keep interest rates unchanged, although there is the possibility that they might cut rates given the fragile global environment and its knock-on effects on domestic growth. The bond market has already started to discount the possibility of an interest rate cut by early 2012. The more accommodative interest rate environment, growth slow-down and low international bond yields all support current bond valuations, although great upside potential is limited. We remain on-weight bonds.

RSA Property, Alternatives & Cash

The listed property market has benefitted from falling bond yields and the possibility of lower interest rates. There have, however, been downgrades to forecasted earnings in recent months and distribution growth has been, and is expected to remain, within single digits. This is in line with its long term average growth. There has been a lot of corporate action within the listed property sector and this has resulted in some cost savings. Further cost savings have come from restructuring of debt and interest costs. Quality portfolios continue to outperform and we have witnessed a downward trend in these portfolios' vacancy rates. The gap between bond yields and listed property yields have narrowed. We remain on-weight listed property.

The money market (cash) remains our least favourite asset class, given its very low yield and more attractive opportunities that can be found elsewhere.

International

In a very short period, the global economic landscape has changed drastically. What initially seemed like a mid-cycle slowdown, turned out to be a substantive and broad based loss of economic momentum. Financial markets' violent reaction to recent data and events can be seen as a sign that investors have lost confidence in the decision makers and their ability to revive their economies. Global growth expectations have been revised lower to a large degree, especially for developed market economies, and the probability for recession has once again increased. In reaction, major central banks have given their commitment to continue to provide monetary stimulus to the affected economies, although investors fear that the tools available to the central banks are ineffective. While many economic variables have deteriorated, some remain positive. In the US, consumer demand has held up well and companies have been extremely profitable. Industrial production has also remained robust in light of forward looking indicators that have lost momentum.

Global equity valuations remain undemanding, and they will benefit from the ultra-low monetary policy. Although profit margins are at historical highs and should deteriorate, companies should continue to grow earnings. However, given all the global uncertainties and the small margin of error for policy makers, we have cut down our overweight position on equities to neutral.

US treasuries have benefited from a flight to safety, lower interest rates for longer and slower growth expectations. At current levels, they are overvalued, but there are few catalysts that can cause a spike in yields any time soon. We still prefer credit bonds and a short overall duration exposure.

NOVARE HOUSE VIEW: Sep / Oct 2011

TACTICAL POSITIONING*

	UNDER-WEIGHT	←	ON-WEIGHT	→	OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight					***Under-weight***
Equities				105%		110%
Bonds			100%			100%
Property			100%			100%
Alternatives			100%			100%
Cash	Under-weight					Under-weight
OFFSHORE				**120%**		***120%***
Equities			100%			105%
Bonds		85%				85%
Alternatives				115%		110%
AFRICA			***100%***			

* positioning is as a % of strategic asset allocation