

MONTHLY INVESTMENT REPORT

31 March 2011

CPSA LAYWORKERS PENSION FUND

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The Fund is slightly under weight Equities, significantly under weight Bonds and Property and significantly 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

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CPSA Layworkers Pension Fund

FINANCIAL OVERVIEW

Financial assets had to contend with a wall of worry as the political turmoil in some of the MENA countries escalated, the Japanese earthquake brought about additional uncertainties and emerging markets suffered from accelerating inflation and the fear of higher interest rates. It then came as no surprise that foreigners were net sellers of South African assets during the month. What did surprise was that the FTSE/JSE All Share Index reversed its mid-month losses to end the month 0.5% higher. Financial shares led the way, closing 3% higher and they were closely followed by a 2.6% return from industrial shares. The resources sector bucked the trend and closed 2.3% lower. From the sub-sectors, the telecoms were the best performers with a return of 12.5%.

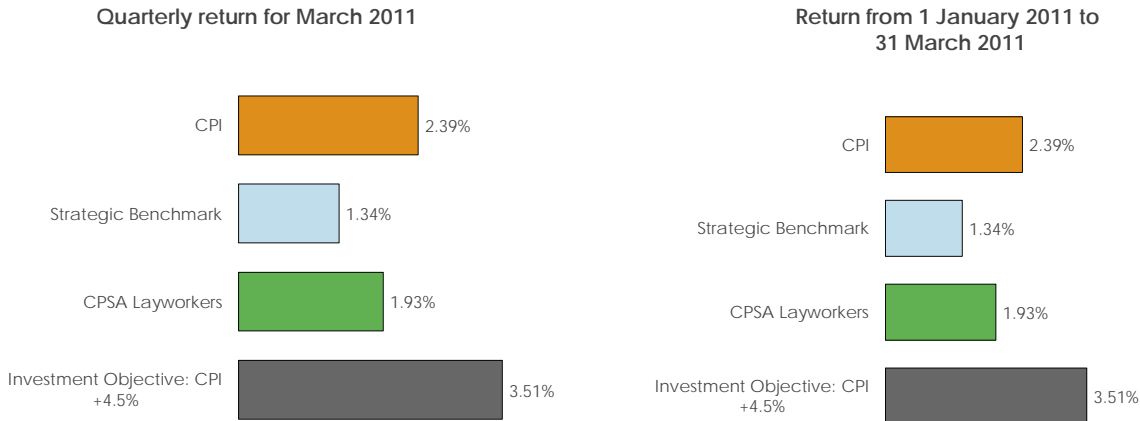
The Reserve Bank's Monetary Policy Committee left interest rates unchanged at their meeting during the month. While the governor noted that the second round inflationary impact from higher food and fuel prices have not been evident yet, she announced an upward revision to the Reserve Bank's inflation forecasts for this year and next. She does not see inflation breaching the upper limit of the targeted band. Growth expectations were also positively adjusted with growth of 3.7% expected for this year and growth of 3.9% for next year. Consumer price inflation for February showed a muted increase and the year on year growth figure remained unchanged at 3.7%. The All Bond Index recovered from its early month sell-off to close 0.5% higher and Listed Property followed suit with a 3.4% gain.

The manufacturing sector's leading indicator continued to build momentum and it should be positive for activity in this sector in the months ahead. The current account deficit narrowed to 0.4% of GDP as exports grew at a faster pace than imports did. The rand fluctuated, reaching a mid-month low of R7.17 against the dollar before closing the month 3% stronger at R6.75. The rand was the fifth strongest currency in the world during March.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 325.8	-0.1%	5.4%	16.2%	5.4%	13.4%
Nasdaq	2 781.1	0.0%	4.8%	17.4%	4.8%	16.0%
MSCI Global Equity	1 334.9	-1.2%	4.3%	13.2%	4.3%	11.2%
MSCI Emerging Mkt	1 170.9	5.7%	1.7%	8.9%	1.7%	15.9%
Global Bond (US\$)						
Global Bonds	486.9	0.3%	0.5%	-1.2%	0.5%	8.2%
Commodity Prices						
Brent Oil (USD/Barrel)	117.4	4.9%	23.9%	44.5%	23.9%	44.6%
Platinum (USD/oz)	1 766.5	-2.3%	-0.2%	6.7%	-0.2%	7.5%
Gold (USD/oz)	1 432.4	1.5%	0.8%	9.4%	0.8%	28.6%
South African Mkt (Rand)						
Africa All Share	3 742.7	0.5%	1.1%	10.7%	1.1%	15.2%
Africa Top 40	3 382.6	0.6%	2.2%	12.3%	2.2%	15.4%
Africa Resource 20	2 909.9	-2.2%	2.4%	19.3%	2.4%	12.6%
Africa Financial 15	3 355.3	3.0%	1.3%	0.4%	1.3%	5.8%
Africa Industrial 25	4 358.1	2.6%	0.9%	8.3%	0.9%	23.3%
Africa Mid Cap	7 024.3	0.2%	-4.5%	1.8%	-4.5%	14.4%
Africa Small Cap	8 387.7	-0.8%	-5.3%	5.4%	-5.3%	11.9%
All Bond Index	338.4	0.5%	-1.6%	-0.8%	-1.6%	8.3%
Stefi Composite	254.2	0.5%	1.4%	3.0%	1.4%	6.5%
Africa SA Listed Property - (SAPY)	851.0	3.4%	-2.2%	0.9%	-2.2%	15.4%
MSCI Global Equity (R)		-4.2%	6.4%	9.9%	-4.2%	3.0%
Global Bonds (R)		-2.7%	2.6%	-4.2%	2.6%	0.2%
Rand Dollar Exchange Rate	6.75	-3.0%	2.0%	-2.9%	2.0%	-7.4%

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 portfolio 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 Global Stable	Mayibentsha	AG Global Balanced	Std MM Fund
Market Value	14 971 204	3 119 252	18 411 644	1 348 945
% of Fund	24.2%	5.0%	29.7%	2.2%
Monthly Return	-0.82%	0.45%	-0.28%	0.48%
Benchmark	0.42%	1.59%	0.31%	0.48%
Out/ Under Perf	-1.24%	-1.14%	-0.59%	0.00%
Last 3 Months	2.11%	0.69%	2.70%	1.45%
Benchmark	1.27%	3.51%	2.18%	1.42%
Out/ Under Perf	0.84%	-2.83%	0.52%	0.03%
Calendar YtD	2.11%	0.69%	2.70%	1.45%
Benchmark	1.27%	3.51%	2.18%	1.42%
Out/ Under Perf	0.84%	-2.83%	0.52%	0.03%
Last 12 Months	6.62%	8.15%	12.01%	6.74%
Benchmark	5.49%	8.81%	11.74%	6.54%
Out/ Under Perf	1.13%	-0.66%	0.27%	0.20%
Since Jan 2006	n/a	n/a	103.47%	n/a
Benchmark	n/a	n/a	86.33%	n/a
Out/ Under Perf	n/a	n/a	17.14%	n/a
	Mar-07	Mar-07	Aug-02	Jun-06
Ann Since Inception	9.35%	7.18%	19.80%	8.77%
Benchmark	7.09%	12.12%	16.63%	8.89%
Out/ Under Perf	2.26%	-4.94%	3.16%	-0.12%

CPSA Layworkers Pension Fund

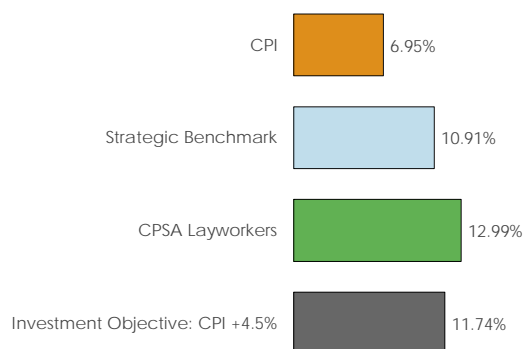
MARKET VALUES AND RETURNS

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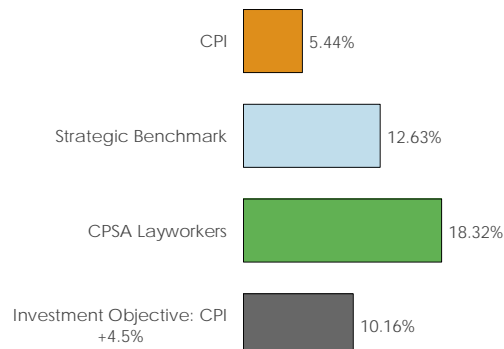
	Liberty Preferred	Liberty Liquid	Lib STMM	Total
Market Value	21 307 751	1 968 419	817 136	61 944 351
% of Fund	34.4%	3.2%	1.3%	100.0%
Monthly Return	1.77%	0.47%	0.48%	0.32%
Benchmark	1.10%	0.48%	0.48%	1.59%
Out/ Under Perf	0.68%	-0.01%	0.00%	-1.27%
Last 3 Months	1.79%	1.32%	1.45%	1.93%
Benchmark	1.14%	1.42%	1.42%	3.51%
Out/ Under Perf	0.65%	-0.10%	0.03%	-1.59%
Calendar YtD	1.79%	1.32%	1.45%	1.93%
Benchmark	1.14%	1.42%	1.42%	3.51%
Out/ Under Perf	0.65%	-0.10%	0.03%	-1.59%
Last 12 Months	11.76%	5.75%	6.63%	9.33%
Benchmark	12.15%	6.54%	6.54%	8.81%
Out/ Under Perf	-0.39%	-0.80%	0.09%	0.52%
Since Jan 2006	82.72%	13.75%	n/a	89.91%
Benchmark	52.85%	55.26%	n/a	79.08%
Out/ Under Perf	29.88%	-41.51%	n/a	10.83%
	Aug-02	Jul-04	Nov-08	Aug-02
Ann Since Inception	15.43%	3.19%	n/a	18.32%
Benchmark	n/a	8.44%	n/a	10.16%
Out/ Under Perf	n/a	-5.24%	n/a	8.16%

LONGER TERM RETURNS

Annualised Return from 1 January 2006



Annualised Return from August 2002



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.

	From Jan 06	From Jan 11
Market Value at Start	30 803 599	62 451 392
Cash In / Out Flow	961 119	(1 706 750)
Return	30 179 632	1 199 708
Current Market Value	61 944 351	61 944 351

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
2-Mar-11	AG Global Balanced	Bank Account	R 9 914.79
9-Mar-11	AG Global Stable	Bank Account	R 178 922.11
9-Mar-11	AG Global Balanced	Bank Account	R 165 690.82
16-Mar-11	AG Global Stable	Bank Account	R 7 172.68
16-Mar-11	AG Global Balanced	Bank Account	R 9 150.30
24-Mar-11	AG Global Stable	Bank Account	R 121 889.54
24-Mar-11	AG Global Balanced	Bank Account	R 138 855.53

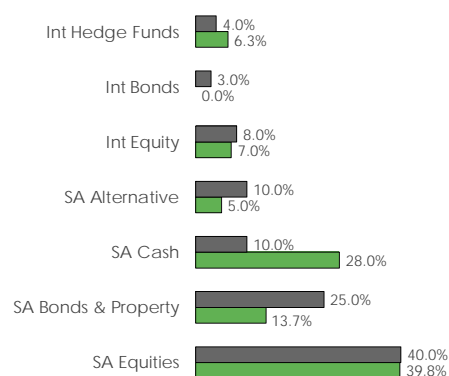
The return table below shows the monthly returns added to the portfolio. It is compared to the CPSA Layworker's Investment Objective (to outperform CPI with 4.5% per annum after fees). The Fund's rolling annualised returns are indicated in the top line.

Period	Return	CPI + 4.5%
Annualised from 08/2002	18.32%	10.16%
Apr-10	1.18%	0.55%
May-10	-1.20%	0.55%
Jun-10	-0.41%	0.37%
Jul-10	2.30%	1.00%
Aug-10	-0.59%	0.46%
Sep-10	2.44%	0.46%
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%

PORTFOLIO STRATEGY

Fund See-through Asset Allocation

■ Strategic Allocation ■ See-through Asset Allocation 2011/03/31



The CPSA Layworkers Fund is:

- slightly under weight SA Equity
- significantly under weight SA Bonds and Property
- significantly 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	AG Global Stable	Mayibentsha	AG Global Balanced	Liberty Preferred
Inception Date	Aug-02	Mar-07	Mar-07	Aug-02	Aug-02
Ann Return since Inception	10.2%	9.4%	7.2%	19.8%	15.4%
Average Monthly return	0.8%	0.2%	0.1%	1.5%	1.2%
% Positive months	63.3%	75.0%	70.2%	70.0%	70.0%
% Negative months	36.7%	25.0%	29.8%	30.0%	30.0%
Maximum Drawdown	-6.7%	-3.3%	-6.0%	-6.8%	-10.7%
Standard Deviation	6.7%	4.4%	5.6%	9.8%	11.0%

NOVARE HOUSEVIEW MATRIX - April 2011

<p>RSA Equities</p> <p>The latest reading in the local leading economic indicator is consistent with a very low probability of a meaningful economic slowdown during the next few months. Indeed, the acceleration in the indicator bodes well for GDP growth over the next quarter. This resembles the strong momentum evident in global activity indicators. In recent data, household consumption has emerged as one of the major contributors to domestic growth and this is set to continue as real disposable income is growing at a healthy rate. There are some headwinds to household expenditure, including higher energy and food prices as well as anemic home price growth. Consumer confidence remains above the long term average, however, and business confidence has also shown a marked improvement into positive territory. Company earnings have improved sharply and are set to continue increasing at a healthy rate over the next twelve months. From a forward valuation perspective, equities remain attractively valued and we remain over-weight this asset class.</p>	<p>RSA Bonds</p> <p>The domestic bond market has remained under pressure from foreign selling during the last few months as foreign investors have become worried over the outlook for emerging market inflation, and in general, have become more risk averse. The local inflation environment has remained tame, but upward pressure has emerged from sharply higher fuel and food prices. So far, little second round inflationary pressures have been evident, but the Reserve Bank has raised their inflation forecast higher for the next two years. Due to the outlook of higher inflation, market participants have raised their interest rate expectations markedly higher to such a degree that it is probably now too aggressive in factoring in tighter monetary policy. The expansionary budget proved to be bond negative as it requires a higher issuance and more guarantees drawn down. Given the higher inflation risk premium and rising global bond yields, we have moved to under-weight this asset class.</p>	<p>RSA Property, Alternatives & Cash</p> <p>Listed property yields have spiked, in conjunction with bond yields, since the start of the year. The result is that listed property has probably become oversold on a short term basis. From a longer term perspective, listed property yields look attractive compared to ten year government bond yields and current cash rates. Property income distribution growth will be timid, however, and might come under pressure from rising inflation. Tighter monetary policy potential will also not benefit this asset class. Given that occupancy rates have improved and that property income yields do provide a cushion over cash yields, we remain on-weight this asset class.</p> <p>The money market (cash) remains our least favourite asset class, given its very low yield and more attractive opportunities that can be found elsewhere.</p>																																																																
<p>International</p> <p>Recent strong economic data have managed to dominate the impact of unforeseen events and have helped to maintain equities' current bull run. Output and activity indicators suggest that the recovery in manufacturing continues to gather pace and due to payroll tax cuts and the boost to disposable income, US consumers have started to spend more freely again. In the US, the job market is showing more signs of a sustainable improvement although the housing market remains weak. The US Fed has signaled that the second round of quantitative easing will not be cut short and they will probably be hesitant in raising interest rates given the fragile housing market. In contrast, the European Central Bank has embarked on tighter monetary policy to combat rising inflation. Most emerging markets have also had to assume tighter monetary policy to ward off the effect of rampant growth, rising energy prices and already high food prices. Inflation levels remain below peak inflation levels, however. Interest rates levels that are still low in a historical context, broadening growth momentum and healthy company earnings growth are all positive for global equities and compared to bonds, equities are much more favourably priced. We remain overweight global equities.</p> <p>While underlying inflation pressures remain moderate, inflation expectations have risen. Real bond yields, however, have remained very low. We believe this is unsustainable and are moving even further underweight this asset class.</p> <p>Given the expectation of strong developed market equity returns and the current level of the rand, which should depreciate over a medium term view, we have moved over-weight offshore assets from a strategic asset allocation perspective.</p>	<p style="text-align: center;">NOVARE HOUSE VIEW: April 2011</p> <p style="text-align: center;">TACTICAL POSITIONING*</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">←</th> <th style="text-align: center;">ON-WEIGHT</th> <th style="text-align: center;">→</th> <th></th> </tr> <tr> <th></th> <th style="text-align: center;">UNDER-WEIGHT</th> <th></th> <th style="text-align: center;">OVER-WEIGHT</th> <th style="text-align: center;">PREVIOUS</th> </tr> </thead> <tbody> <tr> <td>DOMESTIC</td> <td style="background-color: red;">Under-weight</td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;"></td> <td style="background-color: lightgrey;">100%</td> </tr> <tr> <td>Equities</td> <td style="background-color: yellow;">95%</td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;">110%</td> <td style="background-color: lightgrey;">110%</td> </tr> <tr> <td>Bonds</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;"></td> <td style="background-color: lightgrey;">100%</td> </tr> <tr> <td>Property</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;">100%</td> <td style="background-color: green;"></td> <td style="background-color: lightgrey;">100%</td> </tr> <tr> <td>Alternatives</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;">100%</td> <td style="background-color: green;"></td> <td style="background-color: lightgrey;">100%</td> </tr> <tr> <td>Cash</td> <td style="background-color: red;">Under-weight</td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;"></td> <td style="background-color: lightgrey;">Under-weight</td> </tr> <tr> <td>OFFSHORE</td> <td style="background-color: yellow;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;">120%</td> <td style="background-color: lightgrey;">100%</td> </tr> <tr> <td>Equities</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;">110%</td> <td style="background-color: lightgrey;">105%</td> </tr> <tr> <td>Bonds</td> <td style="background-color: yellow;">85%</td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;"></td> <td style="background-color: lightgrey;">90%</td> </tr> <tr> <td>Alternatives</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: green;">105%</td> <td style="background-color: lightgrey;">105%</td> </tr> <tr> <td>AFRICA</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;">100%</td> <td style="background-color: green;"></td> <td style="background-color: lightgrey;"></td> </tr> </tbody> </table> <p style="font-size: small;">* positioning is as a % of strategic asset allocation</p>		←	ON-WEIGHT	→			UNDER-WEIGHT		OVER-WEIGHT	PREVIOUS	DOMESTIC	Under-weight			100%	Equities	95%		110%	110%	Bonds				100%	Property		100%		100%	Alternatives		100%		100%	Cash	Under-weight			Under-weight	OFFSHORE			120%	100%	Equities			110%	105%	Bonds	85%			90%	Alternatives			105%	105%	AFRICA		100%		
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