

MONTHLY INVESTMENT REPORT

31 January 2011

CPSA PROVINCIAL PENSION FUND

■ FINANCIAL OVERVIEW

■ FUND SPECIFIC ANALYSIS

■ MARKET VALUES AND RETURNS

■ PORTFOLIO STRATEGY

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FUTURE STRATEGY

- The Fund is currently under weight SA Equities, Bonds and Alternatives, but over weight Property, SA Cash and Internationals.
- The Fund remains conservatively positioned to take advantage of the current volatile market conditions.

Fund Manager: Leo Vermeulen
Fund Administrator: Nuraan Desai
Novare Actuaries & Consultants



CPSA Provincial Pension Fund

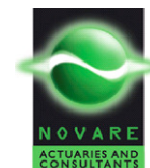
FINANCIAL OVERVIEW

Foreign selling dragged the local financial markets lower during January. Foreign investors were major sellers of South African bonds and the repatriation of foreign exchange caused the rand to reverse its prior month's gains and depreciate to a four month low. The equity market followed other emerging market equity markets lower as inflationary fears brought the expectation of future tighter monetary policy forward. The Reserve Bank's Monetary Policy Committee (MPC) left interest rates unchanged at their meeting during the month, but their tone changed from dovish to neutral as they moderately adjusted their inflation forecasts higher. The MPC cited that downside risks still exist to their growth outlook.

Consumer price inflation improved from 3.6% in November to 3.5% in December. Higher transport costs were the main driver of inflation. Manufacturing activity has been recovering after the industrial action that crippled the sector last year and retail sales have been more buoyant than what has been expected. The leading indicator for manufacturing has remained mixed however, indicating fragile conditions still exist in that sector.

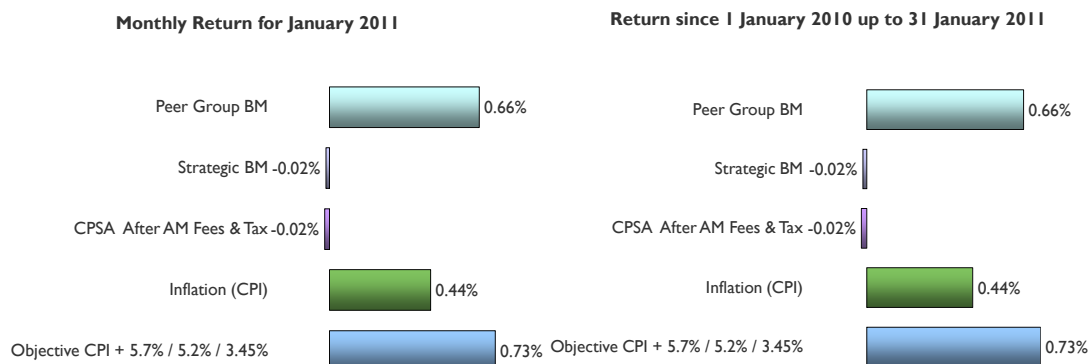
The FTSE/JSE All Share Index lost 2.2% during the month. The resources sector benefitted from higher commodity prices and the weaker exchange rate, but still closed 0.5% lower. Financials ended the month 1.3% down while industrials were the weakest performing sector with a loss of 4.1%. In general, small- and mid capitalization shares underperformed the large capitalization shares. The All Bond Index ended 2.1% lower due to foreign selling and the subsequent higher bond yields negatively impacted listed property which fell by 4.2%. The rand depreciated by 8.4% against the dollar to close at R7.18. The depreciation was more pronounced against the other major currencies and the rand lost 11.5% against the pound and 11.3% against the euro.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,286.1	2.3%	8.7%	16.8%	2.3%	19.8%
Nasdaq	2,700.1	1.8%	7.7%	19.8%	1.8%	25.7%
MSCI Global Equity	1,308.1	2.2%	7.0%	16.3%	2.2%	16.8%
MSCI Emerging Mkt	1,119.1	-2.8%	1.2%	12.9%	-2.8%	19.9%
Global Bond (US\$)						
Global Bonds	483.8	-0.1%	-3.2%	2.4%	-0.1%	5.8%
Commodity Prices						
Brent Oil (USD/Barrel)	99.3	4.8%	20.3%	27.1%	4.8%	39.7%
Platinum (USD/oz)	1,792.5	1.3%	5.0%	14.0%	1.3%	19.2%
Gold (USD/oz)	1,332.8	-6.2%	-2.0%	12.8%	-6.2%	23.3%
South African Mkt (Rand)						
Africa All Share	3,621.6	-2.2%	3.4%	12.3%	-2.2%	20.6%
Africa Top 40	3,254.5	-1.7%	4.2%	13.1%	-1.7%	19.8%
Africa Resource 20	2,828.2	-0.5%	6.8%	17.2%	-0.5%	19.4%
Africa Financial 15	3,271.7	-1.2%	1.0%	2.0%	-1.2%	11.7%
Africa Industrial 25	4,145.5	-4.1%	1.4%	12.6%	-4.1%	25.3%
Africa Mid Cap	7,003.2	-4.8%	-1.1%	7.2%	-4.8%	26.7%
Africa Small Cap	8,532.2	-3.6%	3.1%	14.7%	-3.6%	20.7%
All Bond Index	336.4	-2.1%	-2.4%	2.3%	-2.1%	12.2%
Stefi Composite	251.9	0.5%	1.5%	3.2%	0.5%	6.8%
Africa SA Listed Property - (SAPY)	833.4	-4.2%	-2.5%	5.3%	-4.2%	24.5%
MSCI Global Equity (R)		10.8%	9.9%	14.5%	10.8%	10.1%
Global Bonds (R)		8.3%	-0.5%	0.8%	8.3%	-0.4%
Rand Dollar Exchange Rate	7.18	8.4%	2.7%	-1.6%	8.4%	-5.8%



CPSA Provincial Pension Fund

MARKET VALUES AND RETURNS



The table below (and on the following page) is the return matrix for the CPSA. 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 + 5.7% p.a. and CPI + 5.2% p.a. from 1 January 2009.

	Investec Contrarian	Allan Gray	FG IBF	Liberty Cash
Market Value	166,091,910	376,580,503	51,092,696	36,448,895
% of Fund	20.9%	47.5%	6.4%	4.6%
Benchmark	JSE SWIX	AFGLMW	All Bond Index	n/a
Monthly Return	-2.97%	0.87%	-0.94%	0.44%
Benchmark	-3.29%	0.66%	-2.14%	n/a
Out/ Under Performance	0.32%	0.21%	1.20%	n/a
Last 3 Months	3.21%	3.77%	0.17%	3.16%
Benchmark	2.17%	3.19%	-2.42%	n/a
Out/ Under Performance	1.04%	0.58%	2.60%	n/a
Calendar YtD	-2.97%	0.87%	-0.94%	0.44%
Benchmark	-3.29%	0.66%	-2.14%	n/a
Out/ Under Performance	0.32%	0.21%	1.20%	n/a
Last 12 Months	19.11%	13.70%	16.86%	10.08%
Benchmark	20.03%	15.85%	12.20%	n/a
Out/ Under Performance	n/a	-2.14%	4.66%	n/a
Since July 2005	n/a	159.25%	73.58%	28.38%
Benchmark	n/a	122.05%	52.09%	n/a
Out/ Under Performance	n/a	37.20%	21.49%	n/a
	Sep-09	Jul-01	Dec-03	Feb-02
Ann Since Inception	17.39%	19.90%	10.95%	5.99%
Benchmark	18.94%	15.49%	8.80%	n/a
Out/ Under Performance	-1.55%	4.41%	2.14%	n/a



CPSA Provincial Pension Fund

MARKET VALUES AND RETURNS (CONTINUED)

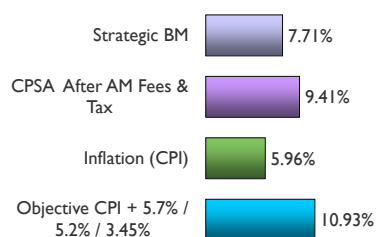
	Sortino	FG CPF	NBAIUS	Mayibentsha	Total
Market Value	28,527,920	15,771,861	50,683,613	67,665,963	792,863,362
% of Fund	3.6%	2.0%	6.4%	8.5%	100.0%
Benchmark	JSE Listed Property	JSE Listed Property	60% MSCI/40% JPMGGB	CPI + 4.5%	CPI + 5.7% / 5.2%
Monthly Return	-4.12%	0.72%	8.27%	-0.56%	-0.02%
Benchmark	-4.19%	-4.19%	9.79%	0.81%	0.73%
Out/ Under Performance	0.07%	4.91%	-1.52%	-1.37%	-0.75%
Last 3 Months	-2.29%	4.09%	4.60%	1.02%	2.78%
Benchmark	-2.53%	-2.53%	5.69%	1.91%	1.66%
Out/ Under Performance	0.24%	6.62%	-1.08%	-0.89%	1.12%
Calendar YtD	-4.12%	0.72%	8.27%	-0.56%	-0.02%
Benchmark	-4.19%	-4.19%	9.79%	0.81%	0.73%
Out/ Under Performance	0.07%	4.91%	-1.52%	-1.37%	-0.75%
Last 12 Months	25.09%	11.22%	5.60%	9.35%	13.39%
Benchmark	24.51%	24.51%	6.19%	8.30%	7.22%
Out/ Under Performance	0.58%	-13.29%	-0.59%	1.05%	6.18%
Since July 2005	n/a	n/a	50.25%	80.07%	129.82%
Benchmark	n/a	n/a	35.68%	81.17%	87.71%
Out/ Under Performance	n/a	n/a	14.58%	-1.10%	42.11%
	Jul-07	May-07	Mar-04	May-03	Jul-02
Ann Since Inception	10.51%	14.06%	6.25%	14.06%	16.44%
Benchmark	11.45%	8.81%	5.53%	9.79%	11.07%
Out/ Under Performance	-0.94%	5.25%	0.72%	4.27%	5.37%

LONGER TERM RETURNS

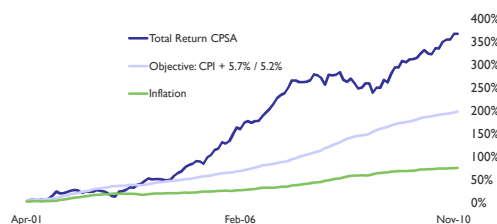
The Fund's Investment Objective is set over 3 year rolling periods. Longer term returns should be used to assess the Fund's performance when compared to its set Investment Objectives as short term market volatility may distort short term performance measurement.

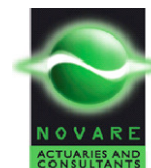
The cumulative graph below shows the Fund performance since 1 Jan 2001. It is benchmarked against its Investment Objective i.e. CPI + 5.7% / 5.2% as well as inflation.

Last 36 Months Annualised Return



Cumulative Returns since 1 Jan 2001





CPSA Provincial Pension Fund

FUND SPECIFIC ANALYSIS

The **Return Table** below shows the monthly returns added to the portfolio. It is compared to the Fund's Investment Objective (i.e. to outperform CPI plus 5.7% / 5.2% / 3.45% per annum) and its strategic Benchmark.

Period	CPSA Net of Fees & Tax	Objective: CPI + 5.7% / 5.2% / 3.45%	Strategic Benchmark	Market Value History
Last 12 Months	13.39%	7.22%	14.86%	
Feb-10	0.64%	0.92%	0.96%	713,597,229
Mar-10	2.50%	1.10%	4.10%	731,227,654
Apr-10	1.54%	0.46%	0.54%	741,661,620
May-10	-1.76%	0.46%	-2.79%	729,329,034
Jun-10	-0.34%	0.28%	-1.66%	721,420,318
Jul-10	3.13%	0.91%	4.83%	749,619,542
Aug-10	-0.14%	0.37%	-1.11%	746,526,266
Sep-10	3.31%	0.37%	4.47%	770,822,869
Oct-10	1.12%	0.46%	2.47%	775,686,122
Nov-10	-0.01%	0.46%	-0.60%	773,318,900
Dec-10	2.81%	0.46%	3.09%	787,749,353
Jan-11	-0.02%	0.73%	-0.02%	792,863,361

The **Cash Flow Table** below, gives an indication of the Rand value that has been added to the CPSA portfolio. The added value is divided between cash in/out flows and the return achieved on the Fund's investments over various periods.

	Since Jun 03	Since Jan 04	From 1 Jan 06	From 1 Jan 09	From 1 Jan 10	From 1 Jan 11
MV at Start	265,026,619	301,386,988	475,182,236	632,511,105	713,063,136	787,749,354
Cash In/Out Flow	(107,473,989)	(98,105,637)	(74,001,339)	(24,798,924)	(15,145,280)	5,287,787
Return	635,310,731	589,582,010	391,682,464	185,151,180	94,945,505	(173,780)
Current MV	792,863,361	792,863,361	792,863,361	792,863,361	792,863,361	792,863,361

Attribution Analysis measures the value added through stock and asset class selection, where the Fund's actual returns are compared to its benchmark return. The Asset Allocation out/under performance is the extra return achieved by the Fund by using tactical deviation from its long term strategic asset allocation. The Stock Selection out/under performance is the extra return achieved by the various Asset Managers of the Fund, by selecting equities/holdings which are different from the underlying benchmark indices.

	Last 12 Months	Last 3 Months	Last Month
CPSA Provincial PF Return	13.39%	2.78%	-0.02%
Total Out/(Under) Performance of Benchmark	-1.47%	0.32%	-0.01%
Out/(Under) Performance due to Asset Allocation	-0.50%	0.35%	0.52%
Out/(Under) Performance due to Stock Selection	-0.96%	-0.03%	-0.53%
Residual Term	0.00%	0.00%	0.00%

The Fund's **Value at Risk** i.e. expected maximum loss over 20 working days at a 95% probability can be seen in the table. Compared to the sum of the individual Managers Value at Risk, it shows the diversification benefit achieved by combining various investment mandates.

Portfolio Expected Return	0.73%
Portfolio Standard Deviation	1.14%
Individual Portfolio VaR	3.24%
Portfolio VaR	1.88%
Total Amount VaR	14,881,500

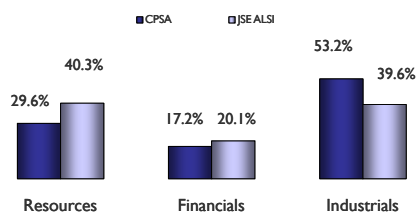


CPSA Provincial Pension Fund

FUND SPECIFIC ANALYSIS (CONTINUED)

Most recent strategic changes

Date	Transferred From:	Transferred To:	Amount
01-Dec-08	Mayibentsha	Liberty Cash	5,000,000
09-Apr-09	Stanlib IF	Bank Account	17,217,066
29-Jul-09	Fraters	Inv Contrarian	54,232,927
29-Jul-09	RMB Equity	Inv Contrarian	64,264,231
02-Sep-09	Allan Gray	Bank Account	10,000,000
10-Mar-10	Allan Gray	Bank Account	3,000,000
29-Jun-10	Allan Gray	Bank Account	5,000,000
11-Aug-10	Allan Gray	Bank Account	5,000,000
07-Oct-10	Allan Gray	Bank Account	5,000,000
23-Dec-10	Allan Gray	Bank Account	20,000,000
07-Jan-11	Bank Account	Investec Equity	10,000,000

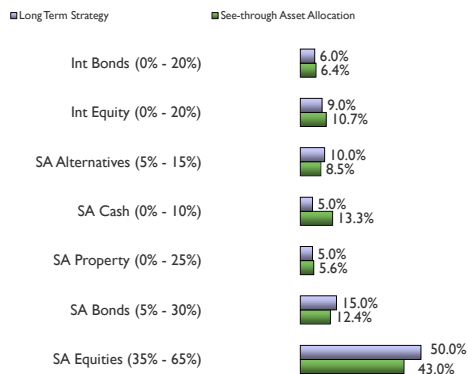


The Fund is currently underweight Resources, slightly underweight Financials and overweight Industrials. For the month of January, Resources was the best performing sector (-0.5%), followed by Financials (-1.2%), and Industrials (-4.1%).

CPSA Top 15 Shares	% of CPSA Equities	% JSE ALSI
SASOL	12.73%	4.85%
SAB	9.70%	6.60%
MTN GROUP	6.84%	5.59%
REMGRO	5.22%	1.17%
ANGLO	4.83%	10.03%
REINET INV SCA	4.65%	0.63%
HARMONY	4.21%	0.79%
STANBANK	4.01%	4.51%
ANGLOGOLD ASHANTI	3.66%	2.71%
SAPPI	3.12%	0.43%
SANLAM	2.98%	1.43%
JD GROUP	2.90%	0.20%
TELKOM	2.43%	0.24%
STEINHOFF	2.30%	0.77%
VODACOM	2.26%	0.65%

PORTFOLIO STRATEGY

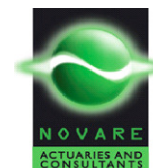
Strategic vs. Actual Asset Allocation



The CPSA Pension Fund is currently:

- under weight equities
- under weight bonds
- slightly over weight property
- over weight cash
- under weight alternatives, and
- over weight international

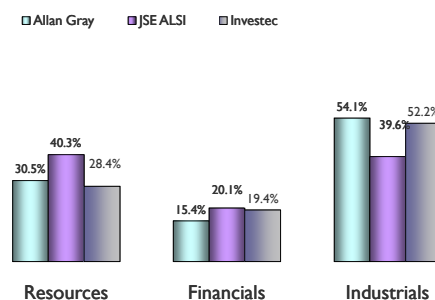
The Fund is fairly conservatively positioned to take advantage of current volatile market conditions.



CPSA Provincial Pension Fund

MANAGER PERFORMANCE

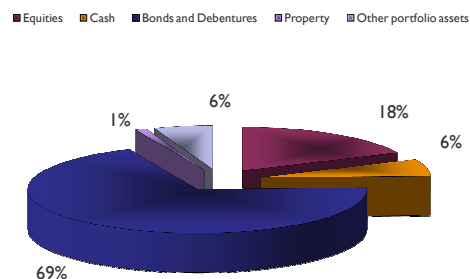
Equity Manager	Allan Gray	Investec Contrarian
Inception Date	Jul-01	Sep-09
Classification	Concentrated	Concentrated
Benchmark	AFGLMW	JSE SWIX
Return since Inception	469.27%	25.50%
Benchmark	297.49%	27.86%
Annualised Return	19.90%	17.39%
Benchmark	15.49%	18.94%
Information ratio	n/a	(0.15)
Sharp Ratio	n/a	0.22



Allan Gray and Investec were underweight Resources and significantly overweight Industrials at the end of January 2011. Sector allocation and stock selection still remains critical in the current economic environment.

Manager	Mayibentsha	FG CPF	FG IBF	Sortino
Inception Date	May-03	May-07	Dec-03	Jul-07
Return since inception	177.1%	63.8%	110.5%	43.1%
Ann Return since inception	14.1%	14.1%	10.9%	10.5%
Avg Monthly return	1.11%	1.12%	0.89%	0.96%
% + months	78.5%	95.6%	74.4%	58.1%
% - months	21.5%	4.4%	25.6%	41.9%
Max Drawdown	-6.0%	-1.4%	-5.1%	21.7%
Std Deviation	5.5%	n/a	6.2%	5.1%

Mayibentsha Strategic Asset Allocation



Foreign selling dragged the local financial markets lower during January. The equity market followed other emerging market equity markets lower as inflationary fears brought the expectation of future tighter monetary policy forward. The JSE All Share Index ended at -2.15% while the SA All Bond Index ended also in the red, down -2.14% for January. Despite this, market neutral strategies in both equity and fixed income disciplines performed well. Equity long/short funds and multi-strategy funds delivered diverse returns, certain funds being negatively impacted by market movements. These funds' performances were cushioned by other constituents having a strong month helping Mayibentsha to limit losses. Almost without exception, all managers continue to maintain low levels of net exposure, contributing to the funds of funds continued defensive positioning going into February.

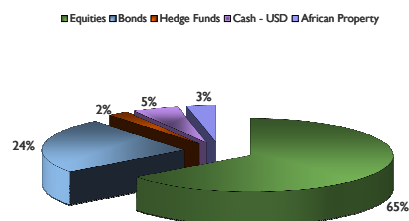


CPSA Provincial Pension Fund

INTERNATIONAL MANAGER PERFORMANCE

Fund Name : Novare Global Balanced Fund Institutional
Manager : IFG Fund Administration Jersey Limited
Investment Advisor : Novare Investments (Pty) Limited
Custodian : BNP Paribas
Auditors : PricewaterhouseCoopers CI LLP
Trustee : BNP Paribas
Domiciled : Jersey, Channel Islands
Inception Date : March 2004
Benchmark : 60% MSCI Global Equity Index
 : 40% JP Morgan World Government Bond Index

NBAIUS Asset Allocation



	1 Month	3 Months	Year to Date	Since Mar 04
NBAIUS	8.27%	4.60%	8.27%	52.07%
Benchmark	9.79%	5.69%	9.79%	45.06%
Out/Under perf	-1.52%	-1.08%	-1.52%	7.01%
MSCI GEI	10.78%	9.95%	10.78%	31.97%
JPM WGBI	8.30%	-0.52%	8.30%	57.18%
Rand / \$ *	8.40%	2.73%	8.40%	7.82%

* Negative change indicates Rand strength

Underlying Managers of NBAIUS	Fund Allocation	3 Months	Year to Date	Last 12 Months	Since Mar 04
Global Equity	64.8%				
Morgan Stanley Global Brands (SICAV)	17.67%	2.3%	6.7%	5.5%	71.5%
Sarasin Global Thematic	9.11%	9.3%	7.4%	11.0%	0.0%
Templeton Global Equity	14.90%	9.5%	13.5%	10.6%	0.0%
Franchise Partners	15.79%	4.9%	7.9%	0.0%	0.0%
EMM Africa	3.01%	3.7%	6.0%	0.0%	0.0%
MSCI Emerging Markets	4.37%	2.0%	n/a	0.0%	n/a
Global Bonds & Property	27.6%				
Franklin Templeton Global Bond	11.53%	3.6%	7.7%	5.0%	0.0%
Franklin Templeton Global Total Return	6.29%	4.3%	8.4%	8.8%	0.0%
PIMCO Total Return Bond	6.51%	0.6%	8.8%	0.1%	0.0%
Grand Towers	3.29%	n/a	n/a	n/a	n/a
Global Alternative	2.3%				
Woodbine	2.07%	2.2%	5.7%	-4.9%	0.0%
Quellos ILF Ltd	0.23%	1.0%	5.4%	-12.6%	0.0%
Global Cash	5.2%				
Cash	0.29%				
Franklin Templeton Liquidity	4.94%				

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