

Profile Quarterly Report | December 2011

	Page
Profile Range of Funds	1
Market Overview and Fund Commentary	2
Profile Pinnacle Portfolio	3
Profile Growth Portfolio	4
Profile Balanced Portfolio	5
Profile Stable Growth Portfolio	6
Profile Capital Portfolio	7



Profile Range of Funds

RANGE DESCRIPTION

The Profile portfolios are a comprehensive range of unitised, market-linked portfolios. These policy-based portfolios are specifically designed for institutional investors and are compliant with Regulation 28 of the Pension Funds Act of South Africa.

The range comprises a suite of portfolios that cater to the full spectrum of risk and return requirements of investors. Each portfolio is able to invest across a range of local and offshore asset classes including equity, bonds, property, preference shares and commodities, as well as derivatives. Backed by a disciplined investment process, expert asset allocation and specialist expertise, these portfolios are constructed using an integrated and a holistic approach to meet the objectives of investors.

PORTFOLIO CONSTRUCTION PHILOSOPHY

In constructing a multi-asset class portfolio, Macro Strategy Investments starts by assessing the real return requirement for the fund. Using our proprietary database of long-term returns on various asset classes, a fixed asset allocation is arrived at, which would provide the required real return over the long term (10 to 20 years) with the appropriate level of risk.

Using a long-term perspective on asset class valuations and assessing the long-term macro themes at work in the global and local economies, the portfolio manager will materially adjust the portfolio so that it is optimally positioned to benefit from these factors. With this strategic outlook, over the medium term (5 to 10 years) the portfolio is expected to outperform the fixed asset allocation.

However, markets are volatile and this creates opportunities over the shorter term (one to three years) as well. These too are exploited by shorter term tactical asset allocation positions which ensure that even over the short term, the portfolios achieve competitive returns relative to peers.

PORTFOLIO MANAGER

Peter Brooke is the lead portfolio manager for these portfolios. He is the head of the Macro Strategy Investments boutique and has over a decade of experience in investment strategy.



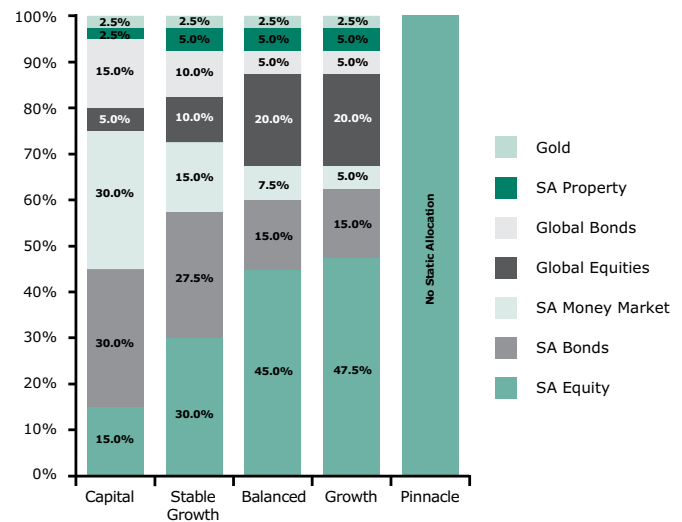
"We follow a team-based approach, with a fully integrated local equity portfolio. The team has a strong quantitative bias and this creates discipline in the investment process. As a part of OMIGSA, we are able to take advantage of the specialist expertise

of other local and global Old Mutual boutiques."

PORTFOLIOS

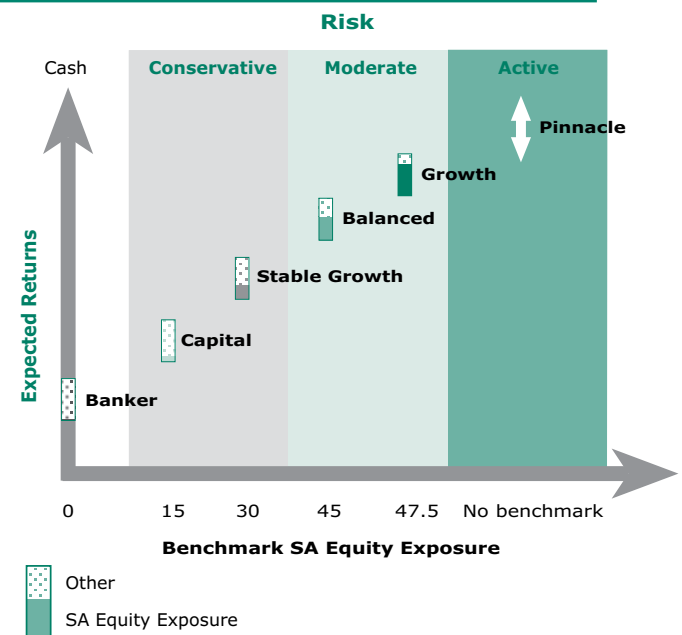
PROFILE PORTFOLIO	RISK PROFILE	REAL RETURN TARGET
Pinnacle	Active	CPI + 7%
Growth (closed)	Moderate	CPI + 6%
Balanced	Moderate	CPI + 5%
Stable Growth	Conservative	CPI + 4%
Capital	Ultra Conservative	CPI + 3%
Banker	A cash on call portfolio	No real return target

STATIC ASSET ALLOCATION



The static benchmark represents our view of the optimal long-term asset allocation per portfolio. As of 1 April 2011, changes were made to reflect the increase in the offshore allocation allowance introduced in December 2010. Please refer to the individual fact sheets for details.

RISK AND RETURN OBJECTIVES



Old Mutual Investment Group (South Africa) (Pty) Limited is a licensed financial services provider, FSP 604, approved by the Registrar of Financial Services Providers (www.fsb.co.za) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. Old Mutual Investment Group is a wholly owned subsidiary of Old Mutual (South Africa) Limited. Reg No 1993/003023/07.

The investment portfolios are market linked. Products may either be policy based or unitised in collective investment schemes. Investors' rights and obligations are set out in the relevant contracts. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full amount invested. Past performance is not necessarily a guide to future investment performance.

Market overview

2011 proved to be a highly eventful year, including political instability in North Africa and the Middle East, earthquake and tsunami devastation in Japan, and an unfolding sovereign debt crisis in the Eurozone. Further weighing on investor sentiment were anaemic job growth and a credit rating downgrade for the US, as well as fears of a sharp slowdown in China. Risk assets came under pressure although this eased somewhat during the fourth quarter. Divergent performance in equity markets was a key feature of 2011, with some markets at the epicentre of the crisis in Europe and some of the major emerging markets posting large losses for the year.

For the month of December, the FTSE/JSE All Share Index (ALSI) posted a small gain of 2.5% as its performance was bolstered by a weaker rand. Bond markets were the main beneficiaries of growth fears, with the US 10-year government bond yield declining to 1.96% after beginning the year at 3.28%. Locally, for the year, the Inflation-linked Bond Index advanced by 13% while nominal government bonds and listed property posted gains of just under 9%.

Fund performance commentary

Profile Pinnacle

Profile Pinnacle enjoyed an excellent end to 2011, outperforming peers and inflation in the fourth quarter. As highlighted previously, the fund bought equity aggressively in the third quarter market correction, so it benefitted from the market recovery. Looking forward, we expect equities to be the best-performing asset class in 2012 and the fund is fully invested. However, effective exposure is below the regulatory limit of 75% due to some derivative protection. We think this is prudent as risks still abound and we expect a volatile market.

Over the course of the year fund performance was 6.6%, which was better than the ALSI's return of 2.6% and inflation of 6.1%. However, it was disappointing relative to our expectations and reflects the underperformance of riskier assets relative to bonds. International bonds were the best-performing asset class last year despite the European debt crisis affecting countries like Italy and Spain. The fund owns no international bonds and we expect they will deliver negative real returns in the medium term. Over the last three years the fund has delivered a return of 13.7%, which is better than its inflation plus 7% target.

To deliver such high returns into the future will require strong outperformance, particularly from equity selection. To that end, Macro Strategy Investments has enhanced its equity selection team which now consists of Alida Jordaan, Arthur Karas and Warren van der Westhuizen. Profile Pinnacle will take the concentrated views of this team and integrate them into the final portfolio. The fund is well positioned for 2012.

Profile Growth

The fund has been positioned in growth assets based on reasonable equity valuations. We increased offshore exposure early in 2011 and this benefited the fund as the rand weakened. The overweight position in local inflation-linked bonds contributed to overall returns,

as this asset class performed very well in 2011. For the calendar year, the fund's returns are just ahead of inflation and it ranks in the top half of funds within its peer group. It was a difficult year for equity selection, and we are pleased to see that our equity performance rebounded strongly in the last quarter.

Profile Balanced

The fund has been positioned in growth assets based on reasonable equity valuations. We increased offshore exposure early in 2011 and this benefited the fund as the rand weakened. The overweight position in local inflation-linked bonds contributed to overall returns, as this asset class performed very well in 2011. For the calendar year, the fund's returns are just ahead of inflation and it ranks in the top half of funds within its peer group. It was a difficult year for equity selection, and we are pleased to see that our equity performance rebounded strongly in the last quarter.

Profile Stable Growth

Profile Stable Growth produced 4.3% in a quarter where the fund benefited from a rebound in both local and international equity markets. The fund marginally lagged its benchmark, with selection within international equities being a factor, while a fraction of performance was also sacrificed in order to maintain a derivative structure to preserve capital in the event of equity markets falling.

For the year the fund delivered 9.1%, well ahead of cash returns and the ALSI, but behind the benchmark and its performance objective. Bond markets had the most significant impact on the portfolio over the 12 months, with SA bonds being a positive contributor, while the low weighting in global bonds was the biggest detractor.

We continue to believe that while yields on developed market bonds might stay at extremely low levels for some time, the potential for earning excess returns from this point is limited. The fund's exposure to developed market government bonds is therefore low.

Profile Stable Growth is overweight to equity, being our most appealing asset class, and reflects our preference for international equity markets over domestic. We continue to hedge a portion of our domestic equity weighting, which is an appropriate strategy for this fund in the current unusually volatile environment.

Profile Capital

Profile Capital had a good nominal return for the quarter at 2.9%, exceeding the yield on cash but lagging the benchmark of 3.34%. Over 12 months Profile Capital delivered a return of 9.7%, well ahead of cash returns and the ALSI, and exceeding the fund's performance objective of CPI +3%.

SA bonds were the biggest single contributor to the fund's outperformance, but an underweight position in global bonds resulted in the fund lagging its benchmark. We remain confident that investing in global bonds at record low yields is not a good strategy for a conservative fund.

Going into 2012, Profile Capital holds close to benchmark weight in cash, the money market and SA bonds. We believe that equities offer the best potential risk-adjusted returns from current levels and that an overweight position is warranted. Our preference is for global equities over domestic, with combined exposure at just over 21%, after including the effect of hedging. The fund remains underweight in global bonds.

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The investment portfolios are market linked. Products may either be policy based or utilised in collective investment schemes. Investors' rights and obligations are set out in the relevant contracts. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full amount invested. Past performance is not necessarily a guide to future investment performance.



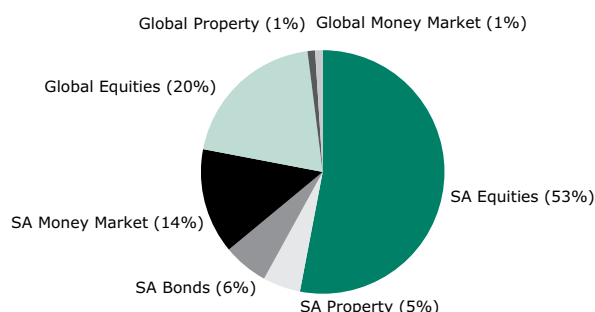
Profile Pinnacle Portfolio

INVESTMENT DESCRIPTION

The Profile Pinnacle Portfolio is an actively managed portfolio seeking to deliver superior real returns over the long term by maximising short-term asset allocation and stock selection opportunities. The portfolio complies with Regulation 28 of the Pension Funds Act, 1956.

The Profile Pinnacle Portfolio forms part of the Profile Portfolio Range, which offers a unique spectrum of five pooled, unitised investment portfolios, each of which has a different risk/return profile. The portfolio can be used either individually or in combination with the other Profile Portfolios, offering optimal investment solutions to retirement funds. In addition, funds can be switched between the five portfolios, thereby accommodating changing needs.

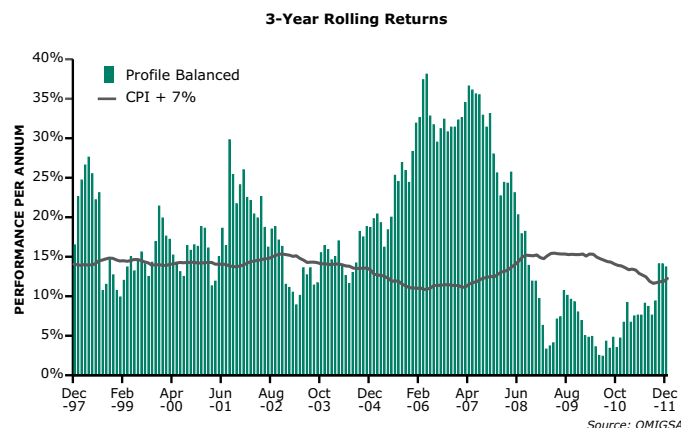
ASSET ANALYSIS TO 31/12/2011



PRINCIPAL EQUITY HOLDINGS AS AT 31/12/2011

HOLDING	SECTOR	% OF EQUITY
MTN Group	Telecommunications	9.6
Sasol	Oil & Gas	8.2
BHP Billiton	Basic Resources	7.6
Anglo American	Basic Resources	7.5
Standard Bank Group	Banks	6.3
British American Tobacco	Personal Goods	4.7
FirstRand	Banks	4.7
Foschini Group	Retail	3.0
Steinhoff	Personal Goods	2.9
Lonmin	Basic Resources	2.9
		57.4

PERFORMANCE AS AT 31/12/2011



% PERFORMANCE					
Fund	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.	10-Yr p.a.
Profile Balanced	6.2%	6.7%	13.7%	8.3%	15.7%

ADDITIONAL INFORMATION

LAUNCH DATE

January 1995

BENCHMARK

No Static Asset Allocation benchmark

RISK CATEGORY

Active

INVESTMENT OBJECTIVE

The investment objective of the portfolio is to maximise returns and achieve top decile performance as surveyed by the leading investment consultants, thus offering superior real returns over the long term. A relatively high level of risk can be expected. It has a long-term real return target of CPI + 7%.

FEES

Domestic assets: 0.65% p.a. (rebates for large funds)

International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

Fees on domestic assets exclude VAT. (VAT is deemed not payable.)

These fees do not apply to Profile YourLife.

PORTFOLIO MANAGER

Peter Brooke is the lead portfolio manager for this portfolio. He is the head of the Macro Strategy Investments boutique and has over a decade of experience in portfolio strategy. In running the portfolio, he leverages off the top-down views of Macro Strategy Investments as well as the bottom-up inputs within the asset classes, thus maximising the sources of alpha within the portfolio.

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Profile Growth Portfolio

INVESTMENT DESCRIPTION

The Profile Growth Portfolio is an actively managed portfolio with its core holding in equity to provide superior long-term growth with an above average degree of volatility. The portfolio complies with Regulation 28 of the Pension Funds Act, 1956.

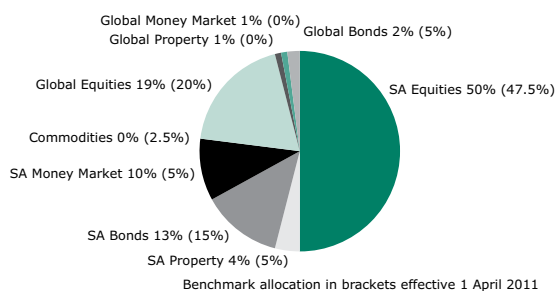
The Profile Growth Portfolio forms part of the Profile Portfolio Range, which offers a unique spectrum of five pooled, unitised investment portfolios, each of which has a different risk/return profile. The portfolio can be used either individually or in combination with the other Profile Portfolios, offering optimal investment solutions to retirement funds. In addition, funds can be switched between the five portfolios, thereby accommodating changing needs.

CHANGES TO STATIC BENCHMARK

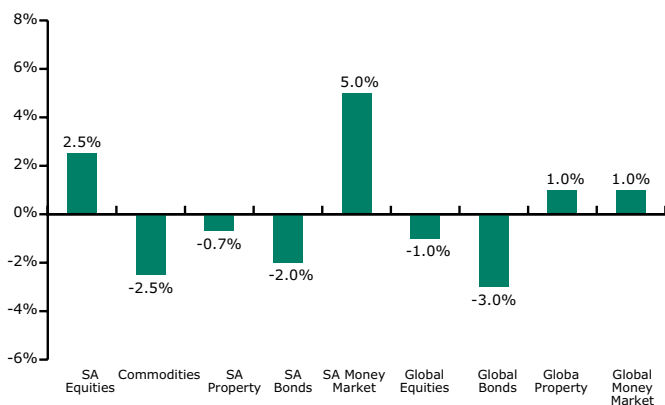
We have changed our views of the optimal long-term asset allocation for this portfolio as follows:

Asset Class	SA Equity	SA Property	SA Bonds	SA Cash	Global Equity	Global Bonds	Gold
Previous	60%	2%	18%	5%	13%	2%	0%
Current	47.5%	5%	15%	5%	20%	5%	2.5%

ASSET ANALYSIS TO 31/12/2011



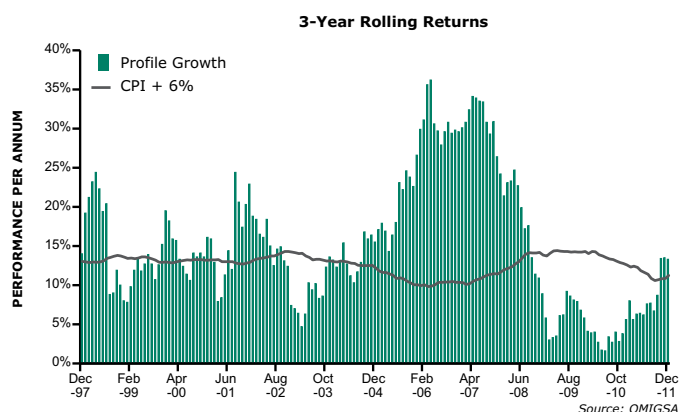
FUND TILT VS BENCHMARKS



PRINCIPAL EQUITY HOLDINGS AS AT 31/12/2011

HOLDING	SECTOR	% OF EQUITY
MTN Group	Telecommunications	8.4
Sasol	Oil & Gas	8.0
Anglo American	Basic Resources	6.1
BHP Billiton	Basic Resources	6.0
Standard Bank Group	Banks	5.7
British American Tobacco	Personal Goods	5.0
FirstRand	Banks	4.5
Old Mutual	Financials	4.0
Investec	Financials	3.0
SAB Miller	Food & Beverages	2.8
		53.5

PERFORMANCE AS AT 31/12/2011



Fund	% PERFORMANCE				
	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.	10-Yr p.a.
Fund	6.1%	7.7%	13.4%	7.7%	14.1%
Benchmark	6.4%	9.0%	15.0%	8.8%	14.1%

Note: On 1 July 2011, the benchmark for Macro Strategy Investments' equity portfolio changed from MSI's in-house benchmark to the FTSE/JSE Shareholder Weighted Index (SWIX), excluding property.

ADDITIONAL INFORMATION

LAUNCH DATE

January 1995

BENCHMARK

Static Asset Allocation benchmark

RISK CATEGORY

Moderate

INVESTMENT OBJECTIVE

The investment objective of the portfolio is to consistently achieve upper quartile performance over the medium term as surveyed by the leading investment consultants, and in line with the moderate to high risk that defines this portfolio, thus offering high real returns over the medium term. It has a long-term real return target of CPI + 6%.

FEES

Domestic assets: 0.55% p.a. (rebates for large funds)
International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

Fees on domestic assets exclude VAT. (VAT is deemed not payable.)

PORTFOLIO MANAGER

Anil Thakersee joined Macro Strategy Investments (MSI) in August 2008, and is the portfolio manager responsible for their range of balanced funds which reflect the MSI "house view". Anil has 7 years' investment management experience covering various asset classes. In running the portfolio, he leverages off the top-down views of MSI as well as the bottom-up inputs within the asset classes, thus maximising the sources of alpha within the portfolio.

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Profile Balanced Portfolio

INVESTMENT DESCRIPTION

The Profile Balanced Portfolio is an actively managed portfolio with the emphasis of asset allocation being on a balanced and an optimal spread across all asset classes to provide long-term growth. The portfolio complies with Regulation 28 of the Pension Funds Act, 1956.

The management of the Profile Balanced Portfolio is closely aligned with our Best Investment View process, giving clients an opportunity to receive the full benefit of our proven asset allocation investment track record.

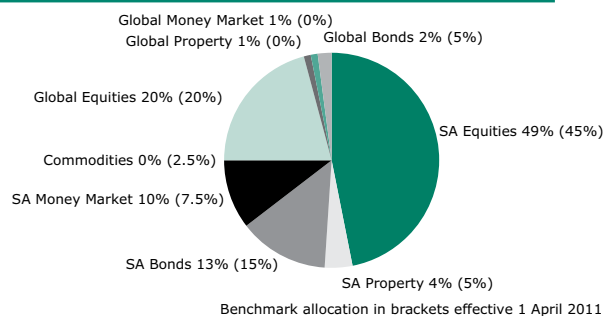
The Profile Balanced Portfolio forms part of the Profile Portfolio Range, which offers a unique spectrum of five pooled, unitised investment portfolios, each of which has a different risk/return profile. The portfolio can be used either individually or in combination with the other Profile Portfolios, offering optimal investment solutions to retirement funds. In addition, funds can be switched between portfolios, thereby accommodating changing needs.

CHANGES TO STATIC BENCHMARK

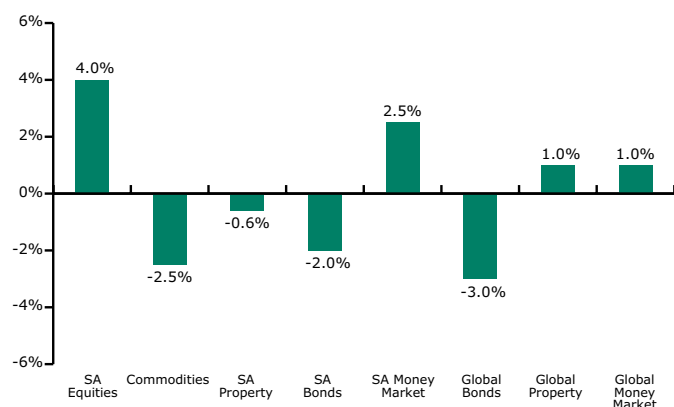
We have changed our views of the optimal long-term asset allocation for this portfolio as follows:

Asset Class	SA Equity	SA Property	SA Bonds	SA Cash	Global Equity	Global Bonds	Gold
Previous	53%	5%	21%	6%	10%	5%	0%
Current	45%	5%	15%	7.5%	20%	5%	2.5%

ASSET ANALYSIS TO 31/12/2011



FUND TILT VS BENCHMARKS



PRINCIPAL EQUITY HOLDINGS AS AT 31/12/2011

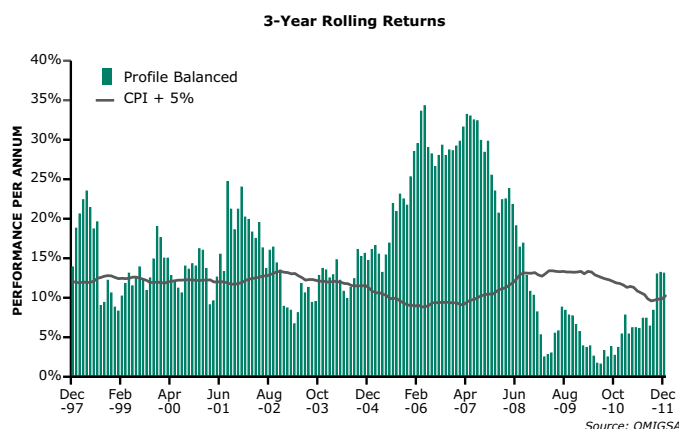
HOLDING	SECTOR	% OF EQUITY
MTN Group	Telecommunications	8.3
Sasol	Oil & Gas	7.9
Anglo American	Basic Resources	6.0
BHP Billiton	Basic Resources	5.9
Standard Bank Group	Banks	5.6
British American Tobacco	Personal Goods	4.9
FirstRand	Banks	4.4
Old Mutual	Financials	4.0
Investec	Financials	3.0
SAB Miller	Food & Beverages	2.8

52.8

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PERFORMANCE AS AT 31/12/2011



	% PERFORMANCE				
	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.	10-Yr p.a.
Fund	6.1%	7.8%	13.2%	7.7%	13.6%
Benchmark	6.3%	8.7%	14.0%	9.1%	13.9%

Note: On 1 July 2011, the benchmark for Macro Strategy Investments' equity portfolio changed from MSI's in-house benchmark to the FTSE/JSE Shareholder Weighted Index (SWIX), excluding property.

ADDITIONAL INFORMATION

LAUNCH DATE

January 1995

BENCHMARK

Static Asset Allocation benchmark

RISK CATEGORY

Moderate

INVESTMENT OBJECTIVE

The portfolio aims to deliver consistent real returns over the long term. The portfolio also aims to outperform peer funds as well as its own benchmark. It has a long-term real return target of CPI + 5%.

FEES

Domestic assets: 0.50% p.a. (rebates for large funds)
International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

Fees on domestic assets exclude VAT. (VAT is deemed not payable.)

These fees do not apply to Profile YourLife.

PORTFOLIO MANAGER

Anil Thakersee joined Macro Strategy Investments (MSI) in August 2008, and is the portfolio manager responsible for their range of balanced funds which reflect the MSI "house view". Anil has 7 years' investment management experience covering various asset classes. In running the portfolio, he leverages off the top-down views of MSI as well as the bottom-up inputs within the asset classes, thus maximising the sources of alpha within the portfolio.

Profile Stable Growth Portfolio

INVESTMENT DESCRIPTION

The Profile Stable Growth Portfolio is a conservatively managed portfolio which seeks to provide stable capital growth while aiming to protect capital. The portfolio targets a return of CPI + 4% over rolling 12-month periods while aiming to minimise capital loss over rolling 18-month periods. It holds a well-diversified mix of assets. The portfolio complies with Regulation 28 of the Pension Funds Act, 1956.

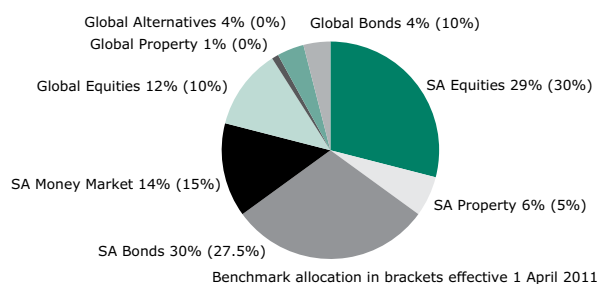
The Profile Stable Growth Portfolio forms part of the Profile Portfolio Range, which offers a unique spectrum of five pooled, unitised investment portfolios, each of which has a different risk/return profile. The portfolio can be used either individually or in combination with other Profile Portfolios, offering optimal investment solutions to retirement funds. In addition, funds can be switched between the five portfolios, thereby accommodating changing needs.

CHANGES TO STATIC BENCHMARK

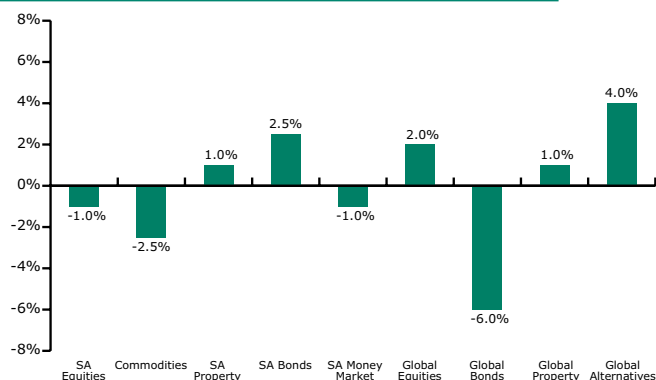
We have changed our views of the optimal long-term asset allocation for this portfolio as follows:

Asset Class	SA Equity	SA Property	SA Bonds	SA Cash	Global Equity	Global Bonds	Gold
Previous	31%	5%	30%	18%	9%	6%	0%
Current	30%	5%	27.5%	15%	10%	10%	2.5%

ASSET ANALYSIS TO 31/12/2011



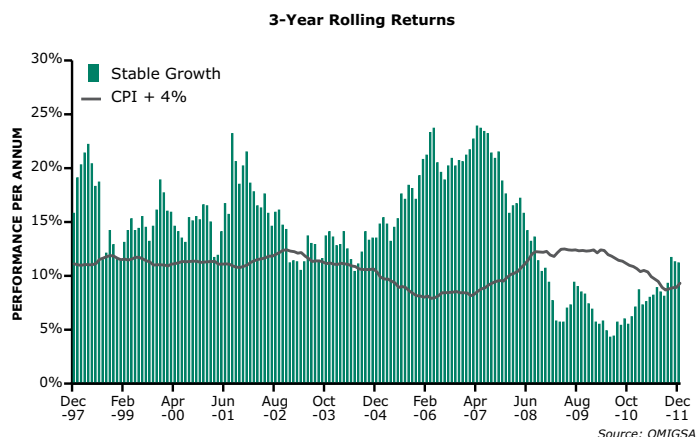
FUND TILT VS BENCHMARKS



PRINCIPAL EQUITY HOLDINGS AS AT 31/12/2011

HOLDING	SECTOR	% OF EQUITY
MTN Group	Telecommunications	8.3
Sasol	Oil & Gas	7.9
British American Tobacco	Personal Goods	6.5
Anglo American	Basic Resources	5.9
Standard Bank Group	Banks	5.9
BHP Billiton	Basic Resources	5.8
FirstRand	Financials	4.3
Investec	Financials	3.2
SABMiller	Food & Beverages	2.7
Old Mutual	Financials	2.7
		53.2

PERFORMANCE AS AT 31/12/2011



% PERFORMANCE

	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.	10-Yr p.a.
Fund	4.3%	9.1%	11.2%	8.4%	12.3%
Benchmark	4.8%	10.1%	11.6%	9.2%	12.4%

Note: On 1 July 2011, the benchmark for Macro Strategy Investments' equity portfolio changed from MSI's in-house benchmark to the FTSE/JSE Shareholder Weighted Index (SWIX), excluding property.

ADDITIONAL INFORMATION

LAUNCH DATE

January 1995

BENCHMARK

Static Asset Allocation benchmark

RISK CATEGORY

Conservative

INVESTMENT OBJECTIVE

The investment objective of the portfolio is to offer returns of CPI + 4% over rolling 12-month periods while aiming to minimise capital loss over rolling 18-month periods. The portfolio has a low level of risk.

FEES

Domestic assets: 0.45% p.a.

International assets: 0.80% p.a.

Plus: a performance fee in respect of conventional assets (can be negative) and alternative assets.

Fees on domestic assets exclude VAT. (VAT is deemed not payable.)

These fees do not apply to Profile YourLife.

PORTFOLIO MANAGER

Peter Brooke is the lead portfolio manager for this portfolio. He is the head of the Macro Strategy Investments boutique and has over a decade of experience in portfolio strategy. In running the portfolio, he leverages off the top-down views of Macro Strategy Investments as well as the bottom-up inputs within the asset classes, thus maximising the sources of alpha within the portfolio.

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Profile Capital Portfolio

INVESTMENT DESCRIPTION

The Profile Capital Portfolio is an actively managed conservative vehicle, with the core exposure being to bonds to avoid capital loss, and some exposure to equities and quoted property to provide capital growth. The portfolio complies with Regulation 28 of the Pension Funds Act, 1956.

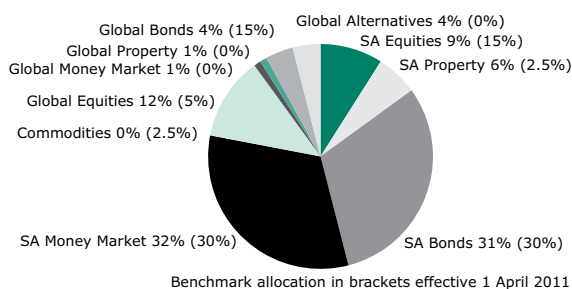
The Profile Capital Portfolio forms part of the Profile Portfolio Range, which offers a unique spectrum of five pooled, unitised investment portfolios, each of which has a different risk/return profile. The portfolio can be used either individually or in combination with the other Profile Portfolios, offering optimal investment solutions to retirement funds. In addition, funds can be switched between the five portfolios, thereby accommodating changing needs.

CHANGES TO THE STATIC BENCHMARK

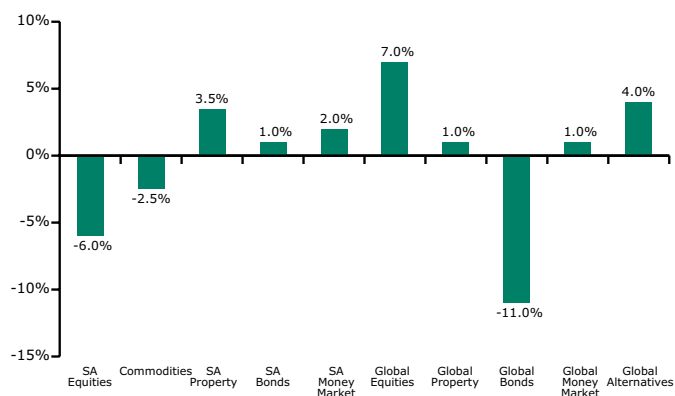
We have changed our views of the optimal long-term asset allocation for this portfolio as follows:

Asset Class	SA Equity	SA Property	SA Bonds	SA Cash	Global Equity	Global Bonds	Gold
Previous	14%	4%	34%	33%	5%	10%	0%
Current	15%	2.5%	30%	30%	5%	15%	2.5%

ASSET ANALYSIS TO 31/12/2011



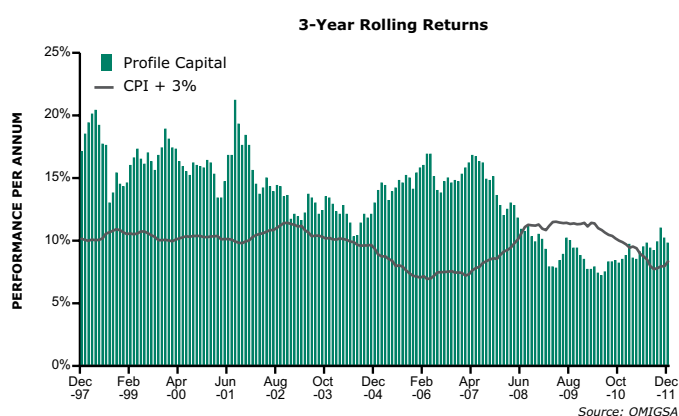
FUND TILT VS BENCHMARKS



PRINCIPAL EQUITY HOLDINGS AS AT 31/12/2011

HOLDING	SECTOR	% OF EQUITY
MTN Group	Telecommunications	8.3
Sasol	Oil & Gas	7.9
British American Tobacco	Personal Goods	6.4
Anglo American	Basic Resources	5.9
Standard Bank Group	Banks	5.8
BHP Billiton	Basic Resources	5.8
FirstRand	Banks	4.3
Investec	Financials	3.1
SABMiller	Food & Beverages	2.7
Old Mutual	Financials	2.7
		52.9

PERFORMANCE AS AT 31/12/2011



% PERFORMANCE					
	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.	10-Yr p.a.
Fund	2.9%	9.8%	9.8%	9.2%	11.4%
Benchmark	3.3%	11.0%	9.2%	9.3%	10.9%

Note: On 1 July 2011, the benchmark for Macro Strategy Investments' equity portfolio changed from MSI's in-house benchmark to the FTSE/JSE Shareholder Weighted Index (SWIX), excluding property.

ADDITIONAL INFORMATION

LAUNCH DATE

January 1995

BENCHMARK

Static Asset Allocation benchmark

RISK CATEGORY

Conservative

INVESTMENT OBJECTIVE

The investment objective of the portfolio is to offer returns in excess of returns on cash over the medium term. A relatively low level of risk can be expected. It has a long-term real return target of CPI + 3%.

FEES

Domestic assets: 0.40% p.a. (rebates for large funds)
International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

Fees on domestic assets exclude VAT. (VAT is deemed not payable.)

PORTFOLIO MANAGER

Peter Brooke is the lead portfolio manager for this portfolio. He is the head of the Macro Strategy Investments boutique and has over a decade of experience in portfolio strategy. In running the portfolio, he leverages off the top-down views of Macro Strategy Investments as well as the bottom-up inputs within the asset classes, thus maximising the sources of alpha within the portfolio.

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