Quarterly Investment

Report

Columbus Retirement Fund

(Pension and Provident Sections)

Momentum Life Stages Passive Portfolio Range

31 March 2013

Economic and market commentary

Global markets

Europe

March provided investors with a reality check on just how fragile the global economic situation is. Events in Cyprus, a country that contributes an insignificant proportion to European economic growth let alone world growth, caused currencies, stock prices, commodity prices and other risky investments to act in a perverse manner, while the powers that be tried to find a resolution to the latest Eurozone issue. It was not the event itself that triggered the market volatility but rather the quite apparent lack of political will and the mixed messages sent by the European Union and the International Monetary Fund. After days of negotiations, a settlement was finally reached and agreed upon whereby deposit holders could potentially lose about 50% to 60% of their savings. This kind of settlement was the first of its kind and obviously caused the rest of Europe to ask some intriguing questions. Is this the path the Eurozone officials will follow in future, will the authorities implement the same measures or punishment to Spanish or Italian deposit holders or was this a unique settlement for a specific country? Manager of Managers hopes Europe manages to somehow address its issues and the answers to these questions never get answered!

Perhaps of greater significance is not Cyprus but the rest of Europe’s struggling economies. The latest set of data releases shows that manufacturing across Europe's major economies endured another month of mostly deep decline in March, dragging down even former bright spots. The slump among British manufacturers eased slightly, but overall purchasing managers indices (PMIs) made gloomy reading. Factories in Germany and Ireland, the relative stars of February's PMIs, fell back into decline last month. Everywhere else, the industrial rot extended. Spanish manufacturing declined at its fastest pace since October, which followed news the government will revise its economic forecasts for 2013 to show a 1% contraction, from a 0.5% decline previously. In France, factory activity retreated for a 13th month and car registrations there dived 16.4% in March, further underlining the malaise sweeping through the Eurozone's second-biggest economy.

The US

The US economy grew at a faster-than-expected 0.4% in the fourth quarter of 2012. The annualised figure was better than an earlier estimate of 0.1% growth, reflecting increased investments in plant and equipment. However, despite the upwards revision, the department warned that the economy remained "sluggish". The latest figures were a marked slowdown from the previous quarter.

The October to December figures came amid hopes that the US economic recovery is gathering steam, following a string of recent data showing rising home sales and an improving labour market.

In a report last week, the US Federal Reserve said the economy had strengthened "moderately" but still needed stimulus measures to underpin recovery. The Fed has said it would keep its policy of buying $85 billion a month of treasury bonds and mortgage-backed securities to lower borrowing costs for households and businesses.

Although US joblessness has fallen, the Fed said it wanted to see signs of a long-term trend of falling unemployment.

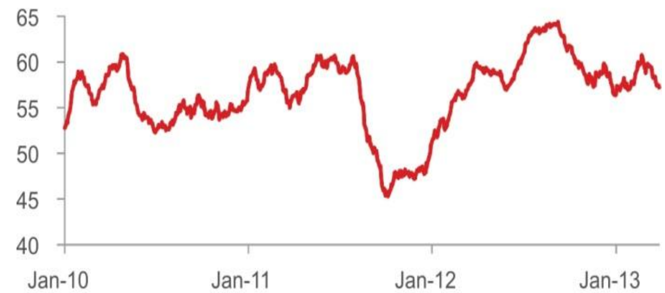
The SA economy

It was a difficult month to find any positives from the economic data released during March, as there were a number of negative surprises, which included a higher Consumer Price Index (CPI) print than forecasted, slowing credit extension numbers and a slowdown in retail and motor vehicle sales. While the South African Reserve Bank is expecting CPI to breach the upper band during the next few months, Ms Gill Marcus decided to keep interest rates on hold given SA’s pedestrian economic growth and the slowdown in economic activity. The rand also traded at a four-year low against the dollar for the month on the back of the events in Europe and further strike action (this time it was Exxaro).

The Momentum Investor Confidence Index

Investor confidence has made a downturn and dipped below the 60 points level during March. It was a difficult month to find any positives from the economic data released during March, as there were a number of negative surprises, which included a higher Consumer Price Index print than forecasted, slowing credit extension numbers and a slowdown in retail and motor vehicle sales. The rand also traded at a four-year low against the dollar for the month on the back of the events in Europe and further strike action. Foreigners are positive on SA shares and for the year to date they have bought R6 billion worth of equities. These inflows, combined with strong demand for SA bonds, will continue to support investor confidence. However, there are increased risks to the outlook for investor confidence reflected by the twin deficits – current account deficit of more than 6% and a fiscal deficit of 5.2% in 2012/13.

Daily Momentum Investor Confidence Index since January 2010



Source: I-Net Bridge

Market indices return summary

	One month	Three months	One year	Three years	Five years
Consumer Price Index			5.81%	5.21%	6.16%
Rand/dollar movement	2.25%	8.14%	19.62%	7.71%	2.47%
Rand/euro movement	0.45%	5.34%	15.30%	5.84%	-1.73%
FTSE/JSE All-Share Index (ALSI)	1.19%	2.48%	22.47%	14.89%	9.32%
FTSE/JSE Shareholder Weighted Index (SWIX)	1.22%	1.60%	22.02%	16.27%	11.04%
FTSE/JSE Financials Index	3.10%	5.90%	29.67%	18.54%	14.69%
FTSE/JSE Industrials Index	2.75%	6.31%	35.43%	25.85%	19.47%
FTSE/JSE Resources Index	-2.64%	-5.96%	0.19%	-0.11%	-3.43%
FTSE/JSE SA Listed Property Index (SAPY)	3.28%	9.14%	37.28%	23.99%	20.70%
BEASSA All Bond Index (ALBI)	0.24%	0.97%	14.41%	11.94%	11.58%
Short-term Fixed Interest Composite Index (SteFI)	0.39%	1.21%	5.37%	5.86%	7.48%

Momentum Passive Life Stage Portfolios

Portfolio description

The Life stage Investment Portfolio follows a passive investment strategy that tracks certain published indices and provides gross investment returns in line with these indices. Due to the passive nature of the investments, a very low investment management fee is payable on the portfolio. This saving in investment management fees can potentially add a significant amount to members' benefits over a long period of time. The performance of the Life stage Investment Portfolio, is underwritten by Momentum who will guarantee that members receive the returns underlying the index. This portfolio therefore offers zero tracking error. Please note that Momentum does not offer capital guarantees and the performance of the portfolio is expected to be volatile.

Investment strategy

A young member should be less concerned about the volatility of investment markets as the investment horizon of retirement savings is a long term one i.e. in excess of ten years. The largest portion of the savings of a young member should thus be in growth assets such as equities (shares) listed on the Johannesburg Securities Exchange. As a member gets closer to retirement a more conservative investment strategy should be followed to protect his/her accumulated retirement savings. An older member needs an investment strategy that will provide him/her with capital protection and to ensure that investments provide a return of at the least inflation. Thus, as a member approaches retirement, his/her accumulated retirement savings should be switched gradually from equities to more conservative asset classes.

Investment portfolio information

Inception Date	9 May 2005
Fees	CAPI40TR - 0.25% MSCI – 0.50% GOVI – 0.10% MM – 0.20% MOM CAP+ - 0.50%
Risk Profile	Low Risk up to High Risk
Regulation 28 of the Pension Funds Act	Non-linked insurance policy

Asset allocation

The proportion of each index is dependent on the term to normal retirement age for each member of the fund. The allocation at each term to normal retirement is given below.

Age	CAPI40 TR	GOVI	MSCI	MM	MOM CAP+
48 and below	60%	20%	15%	5%	0%
49	54%	21%	15%	5%	5%
50	48%	22%	15%	5%	10%
51	42%	23%	15%	5%	15%
52	36%	24%	15%	5%	20%
53	30%	25%	15%	5%	25%
54	24%	26%	12%	8%	30%
55	18%	27%	9%	11%	35%
56	12%	29%	6%	13%	40%
57	6%	30%	3%	16%	45%
58	3%	30%	0%	19%	48%
59	0%	30%	0%	20%	50%
60	0%	30%	0%	20%	50%

Momentum Passive Life Stage Portfolios

Definitions

CAPI40TR is the Capped Top 40 Total Return index published by the JSE. The index's constituents are the top forty companies in the FTSE/JSE All Share index ranked by full market capitalisation. The weight of the constituents in the index is limited to 10%.

The **GOVI** index contains the top ten Republic of South Africa government issued bonds within the ALBI (All Bond Index) and is published by the JSE Ltd.

MSCI refers to the MSCI World Index which is a market capitalisation weighted index that is designed to measure the equity market of developed markets and hence provides exposure to offshore equities. This is a Euro based total return index with net dividends (dividends are reinvested after the deduction of withholding taxes) and it is converted to Rands.

MM relates to the returns on a RMB Money Market fund.

MOM CAP+ fund aims to preserve the purchasing power of assets over time. The fund's main goals are to provide a daily capital guarantee and targeting long-term real returns.

Investment returns

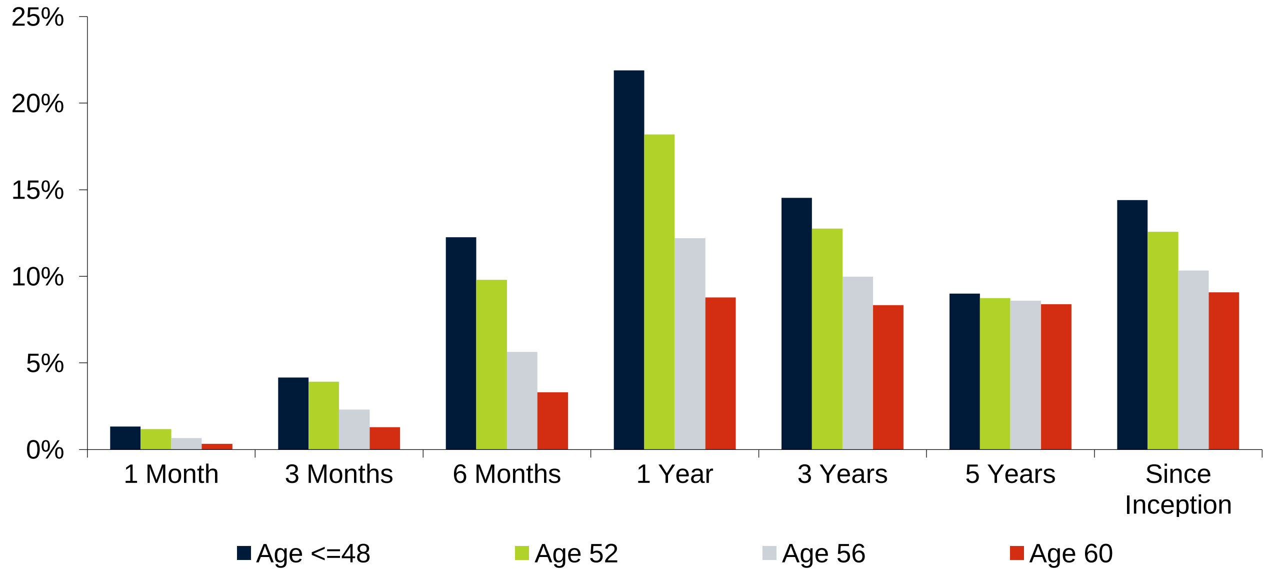
Age	1 month	3 months	6 months	1 year	3 years [1]	5 years [1]	Since Inception [1]
48 and below	1.33%	4.16%	12.26%	21.89%	14.53%	9.01%	14.40%
49	1.29%	4.10%	11.64%	20.96%	14.09%	8.96%	13.95%
50	1.25%	4.04%	11.02%	20.04%	13.65%	8.90%	13.50%
51	1.22%	3.98%	10.41%	19.12%	13.21%	8.83%	13.04%
52	1.18%	3.91%	9.79%	18.20%	12.76%	8.75%	12.56%
53	1.14%	3.85%	9.18%	17.29%	12.30%	8.65%	12.08%
54	0.98%	3.34%	7.99%	15.55%	11.52%	8.64%	11.51%
55	0.82%	2.82%	6.80%	13.83%	10.73%	8.61%	10.92%
56	0.65%	2.30%	5.63%	12.21%	9.99%	8.59%	10.33%
57	0.49%	1.79%	4.47%	10.53%	9.19%	8.52%	9.71%
58	0.35%	1.31%	3.61%	9.26%	8.60%	8.49%	9.35%
59	0.33%	1.28%	3.31%	8.79%	8.34%	8.40%	9.07%
60	0.33%	1.28%	3.31%	8.79%	8.34%	8.40%	9.07%

1. Annualised returns

Momentum Passive Life Stage Portfolios

Investment returns

The graph below illustrates the historical returns in respect of the components; more than 10 years from normal retirement age, 8 years from normal retirement age, 4 years from normal retirement age and less than one year from normal retirement age.



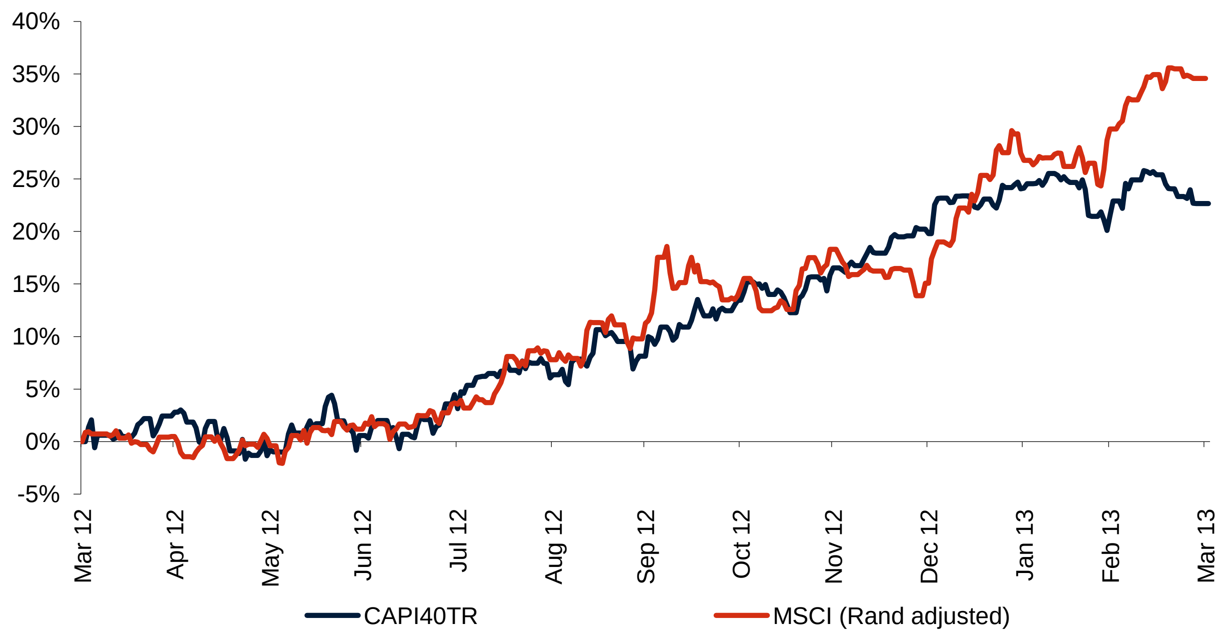
Building blocks investment returns

Index	1 month	3 months	6 months	1 year	3 years [1]	5 years [1]	Since Inception [1]
CAPI40TR[2]	0.99%	2.40%	13.45%	22.67%	14.95%	9.42%	18.20%
GOVI	0.14%	0.82%	3.44%	14.00%	11.71%	11.35%	9.32%
MSCI[4]	4.57%	16.94%	22.57%	34.57%	17.36%	4.95%	10.66%
MOM CAP+ [3]	0.41%	1.46%	3.31%	6.62%	6.78%	7.02%	9.12%
MM	0.41%	1.51%	3.06%	6.50%	7.08%	8.63%	8.73%

2 The CAPI40 portfolio was replaced by the CAPI40TR portfolio on 1 June 2009. The returns in this table reflects the CAPI40TR index returns
3 The RMB Capital Plus portfolio was replaced by the Momentum Capital Plus portfolio on 1 June 2009. The returns in this table reflects the Momentum Capital Plus returns
4 Rand adjusted

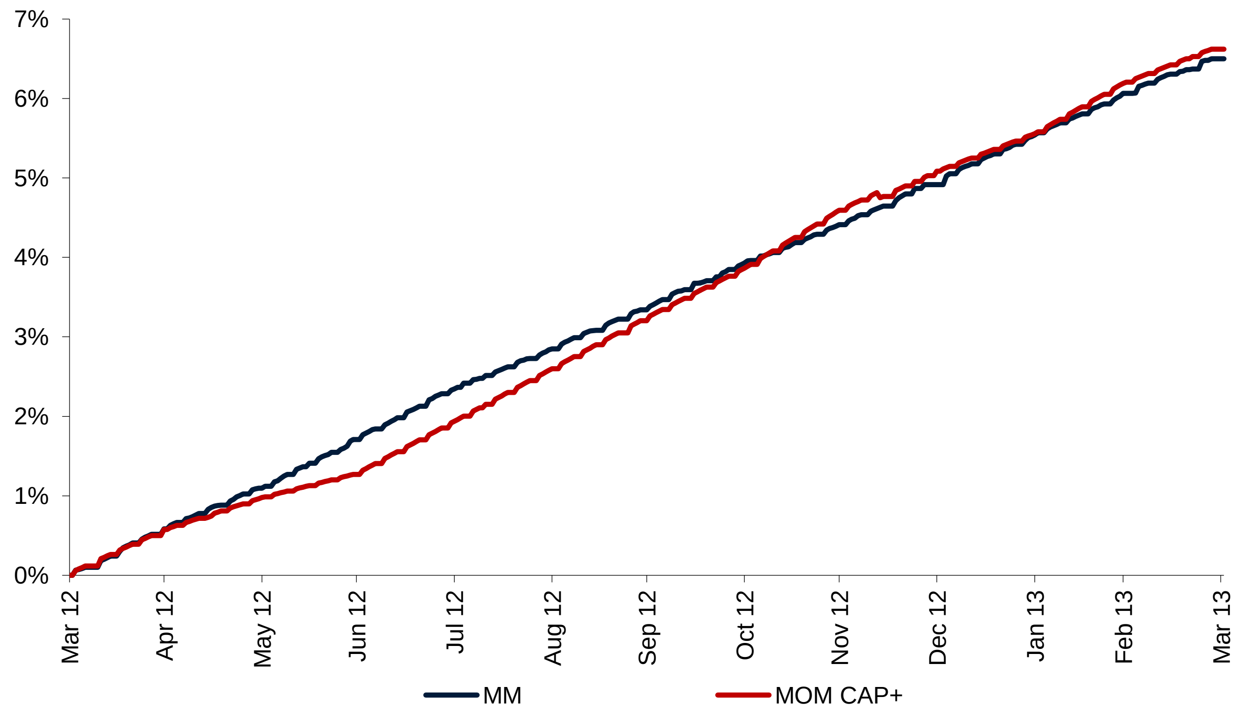
Momentum Passive Life Stage Portfolios

1 year cumulative returns: Equity



1 year cumulative returns: Bonds

1 year cumulative returns: RMB Money Market and Momentum Capital Plus



Asset values

The table below summarises the holdings in each portfolio as at 31 March 2013:

Portfolio	Pension Fund	Provident Fund
CAPI40TR	118,337,700.62	74,830,356.14
GOVI	55,894,171.39	43,630,142.78
MSCI	35,675,913.29	23,985,085.29
MM	16,992,813.51	14,755,442.48
MOM CAP +	27,413,974.90	31,035,126.38
TOTAL	**254,314,573.71**	**188,236,153.07**

Get in touch

Thomas Chauke

Tel: +27 12 684 4067

Email: Thomas.chauke@momentum.co.za

Nicolette Gropp

Tel: +27 12 673 7623

Email: nicolette.gropp@momentum.co.za