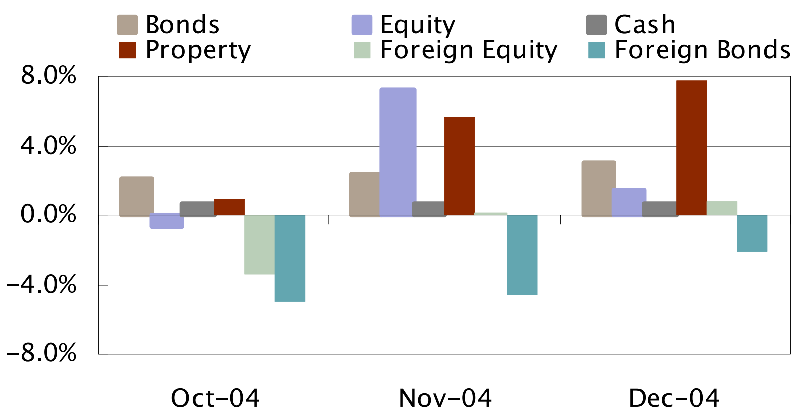
RisCUpdate

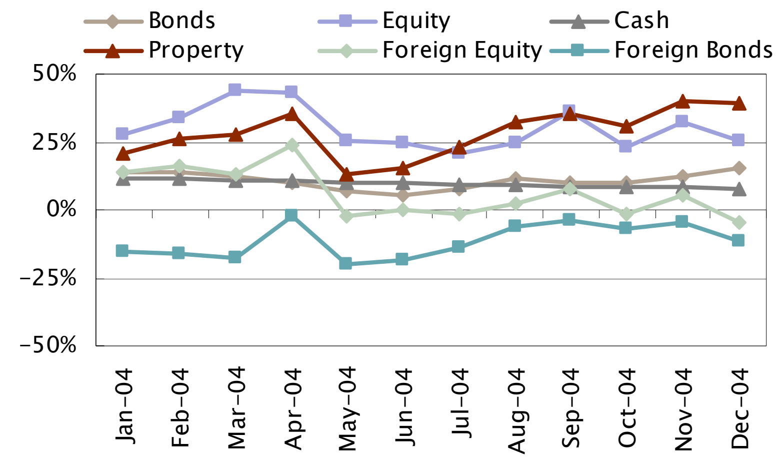
quarterly overview
30 Dec 2004

how the different asset classes performed...

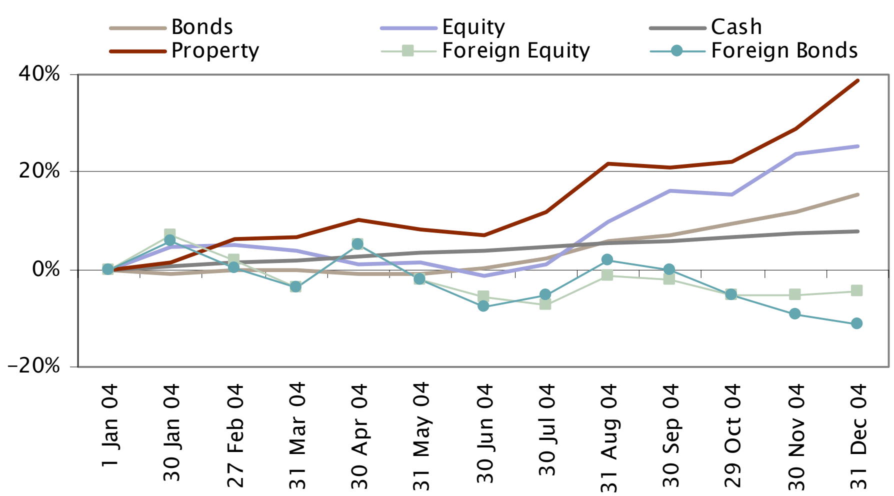
Asset Class Monthly Returns



Asset Class Rolling 12-Month Performance



Asset Class Performance – Year to Date

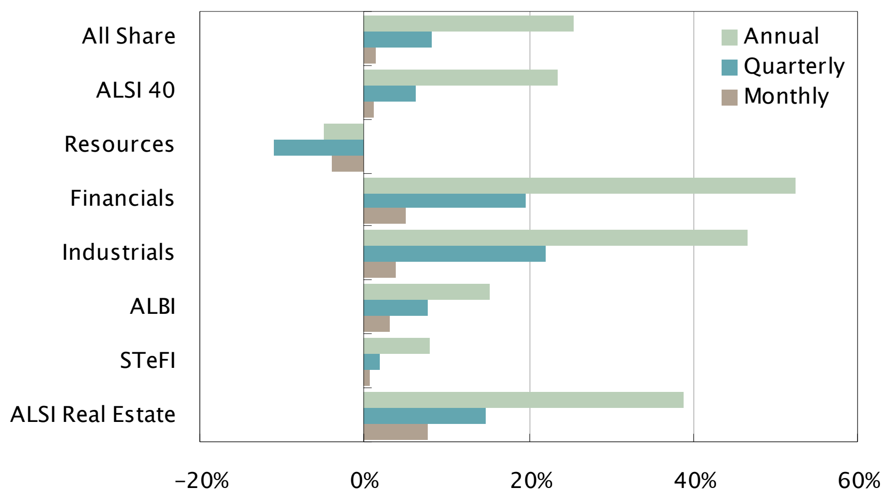


Sector Indices

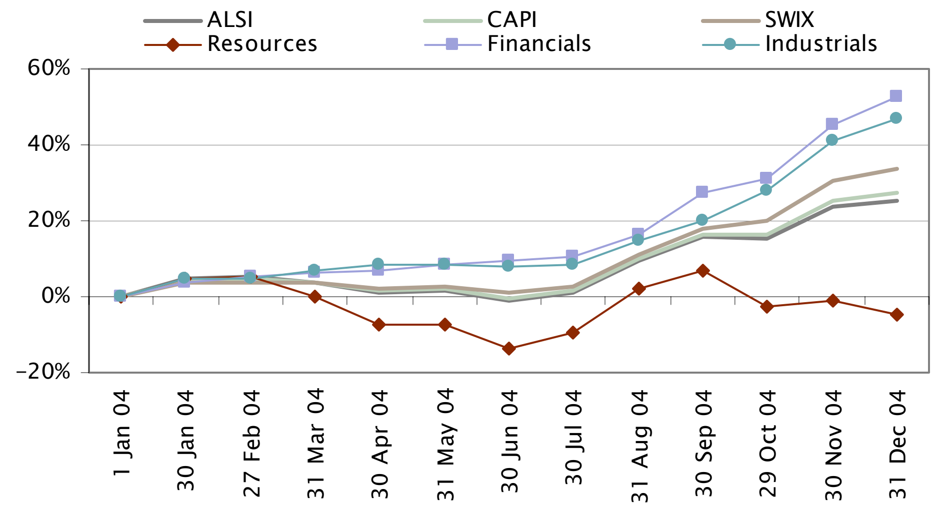
Bonds	ALBI
Equity	All Share
Cash	STeFI
Property	ALSI Real Estate
Foreign Equity	MSCI World
Foreign Bonds	JP Morgan Govt Bond

how the local market indices performed...

Compounded Returns of FTSE/JSE Sectors & Indices

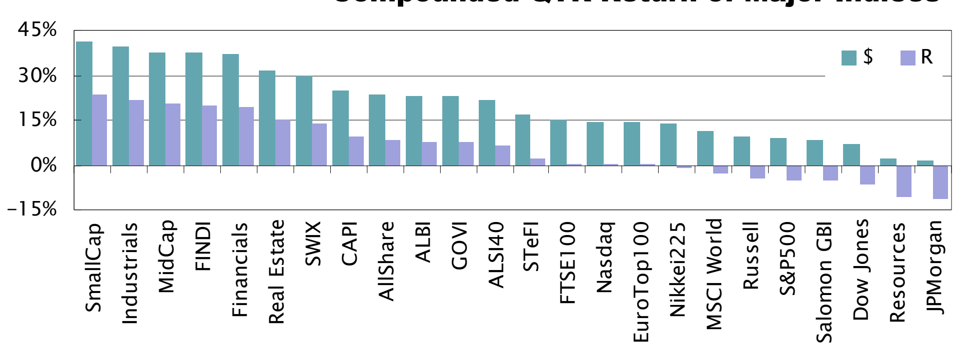


Sector & Indices Performance – Year to Date

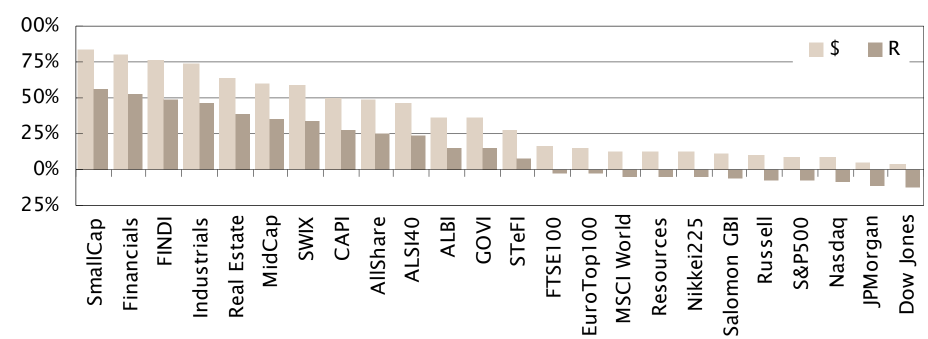


how the world market indices performed...

Compounded QTR Return of Major Indices

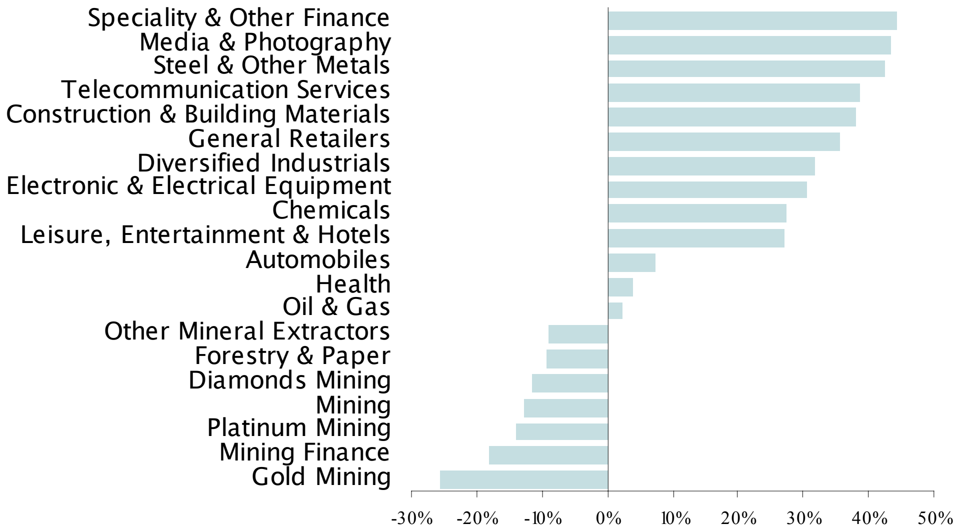


Compounded Annual Return of Major Indices

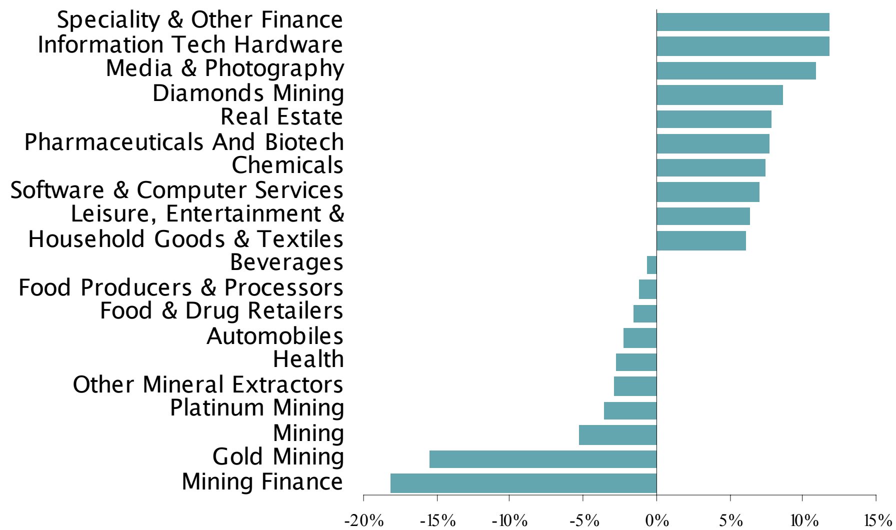


equity market - how the equity industries performed...

Quarterly Industry Performance



Monthly Industry Performance

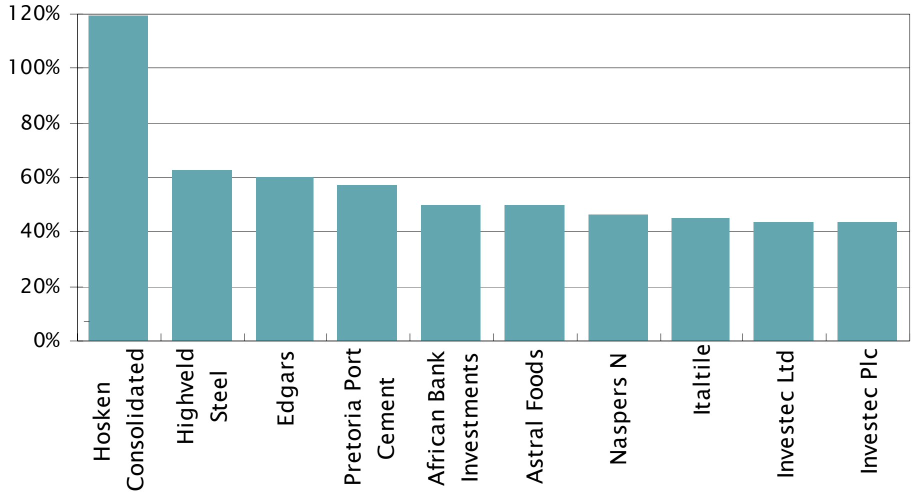


equity market top 20 shares by market cap...

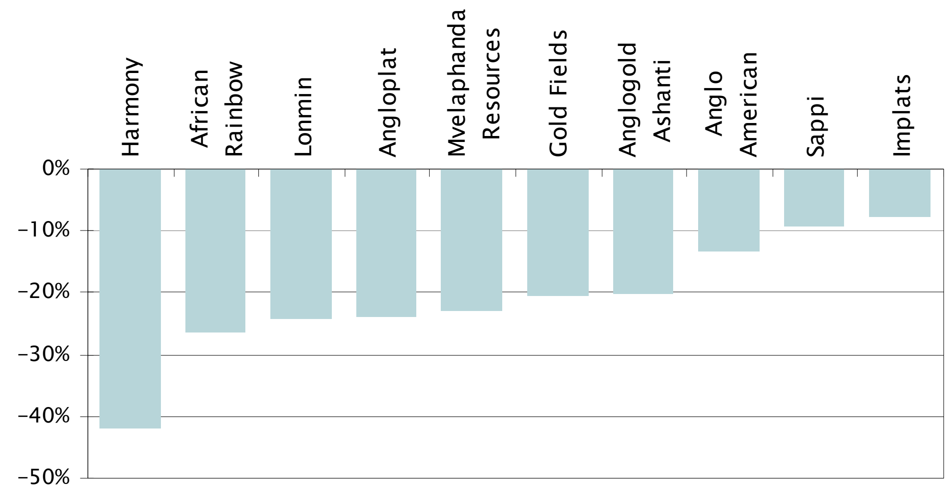
Share	R'million	Share	R'million	Share	R'million
Anglo American	199,374	MTN	72,291	Sanlam	35,978
BHP Billiton	162,898	Old Mutual	55,084	Gold Fields	34,194
Richemont Securities	98,136	Telkom	54,589	LIB-INT	33,938
SABMiller	95,876	Anglogold Ashanti	52,631	Implats	31,958
Standard Bank	88,969	ABSA	49,778	Nedcor	30,667
Sasol	81,546	Remgro	45,906	Ispat Iscor	29,197
First Rand	73,109	Angloplat	45,003		

equity market - how specific equities performed...

10 Best Performing Stocks for Quarter

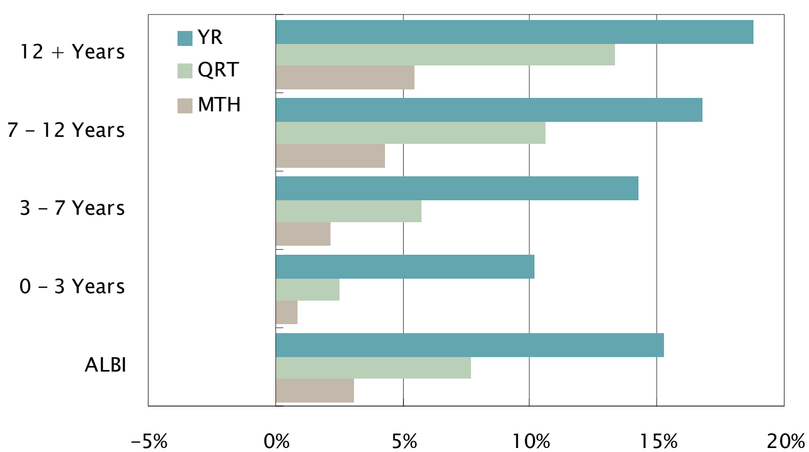


10 Worst Performing Stocks for Quarter

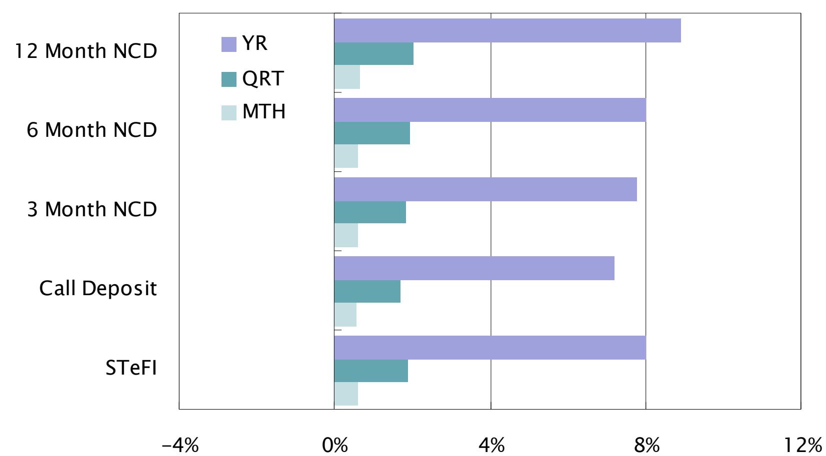


how the fixed interest market performed...

Compounded Returns of Bond Sectors

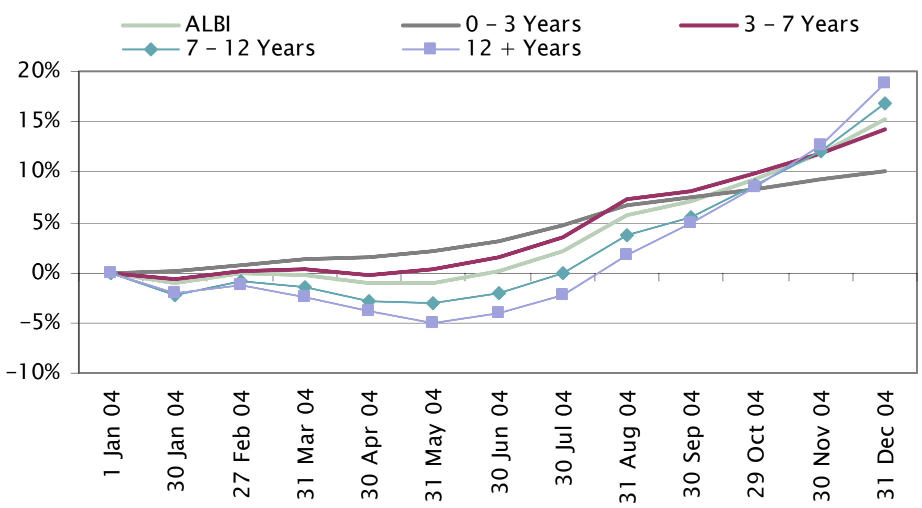


Compounded Returns of Cash Indices

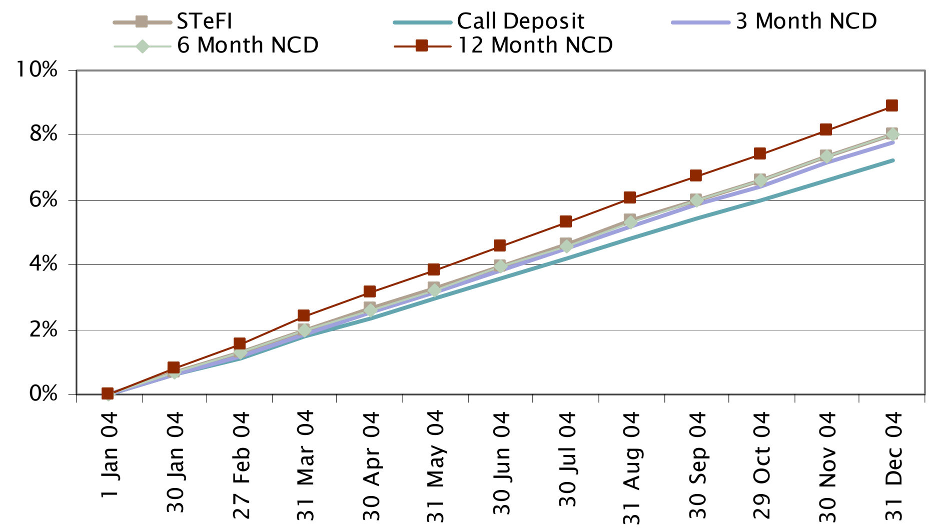


fixed interest market – how the different sectors performed…

Cumulative Performance of Bond Sectors - YTD



Cumulative Performance of Cash Indices - YTD



fixed interest market – how the currency performed…

	30 Sept 04	30 Dec 04	% Change
Rand/dollar	6.49	5.67	14.45%
Rand/pound	11.76	10.87	8.20%
Rand/euro	8.07	7.68	5.10%
Dollar/euro	1.24	1.35	8.90%

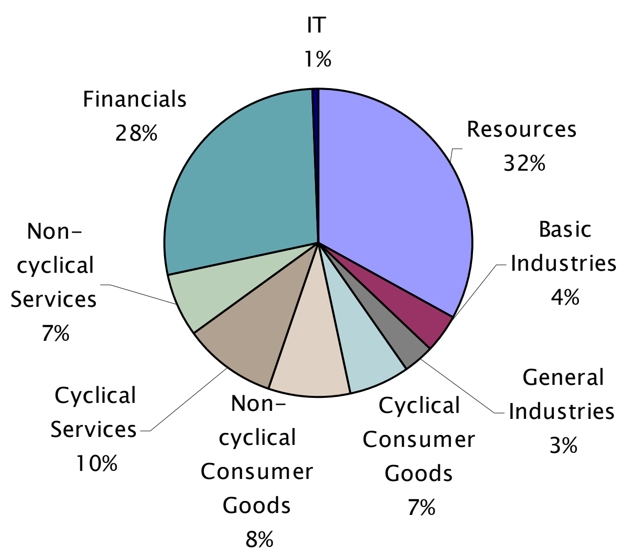
RisCura good thinking

RisCUpdate
Q4 2004

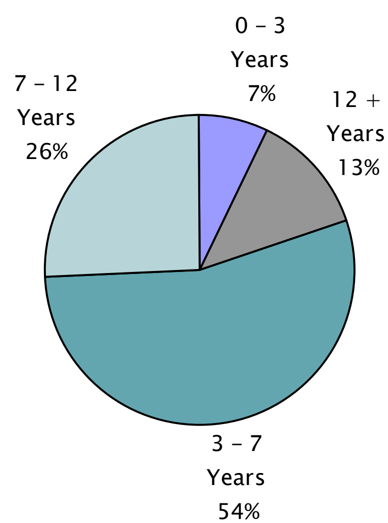
what makes up the benchmarks...

Quarterly Composition of all Indices

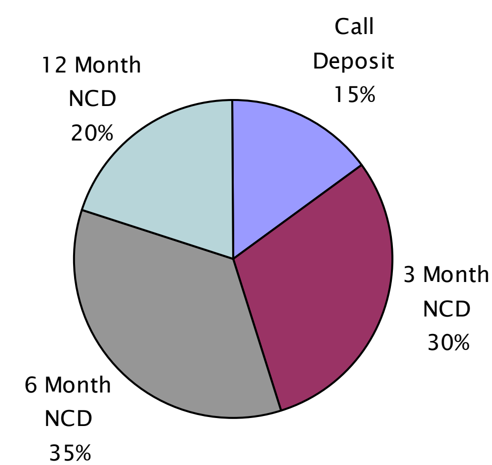
Equity – All Share



Bond - ALBI



Cash - STeFI



market and economic update...

Globally speaking...

<u>Background</u>

- World equities rallied strongly to year-end on clear cut US election results, with markets also benefiting from oil price drops.
- US bond yields rose modestly as interest rates increased but European bond yields fell in response to weak economic growth.
- The dollar weakened significantly against the Euro in response to the US burgeoning trade deficit but less against the Asian currencies.
- The oil price retreated despite Opec's production quota cuts in response to higher US inventories.
- Most industrial commodity prices are stable at high levels, with no slowdown in sight for the Chinese economy.

<u>Outlook</u>

- Rising US interest rates, deteriorating US corporate profits growth and fundamentally unsustainable domestic savings, budget and trade imbalances conspire against further US equity appreciation.
- Other equity markets appear to offer superior value as they are not as hindered by rising interest rates or above average valuations.
- US bond yields are to rise in response to the Fed's announced move to "neutral" interest rates – but Continental European yields are unlikely to follow given economic stagnation.
- Continued strong US relative economic growth will not prevent the Dollar decline – as Asian central banks' resolve to recycle their escalating surpluses into Dollars is tested by consistent Dollar weakness.
- Commodity prices are to remain firm owing to supply shortfalls despite slower world economic growth in 2005.

Locally speaking...

<u>Background</u>

- Overall, the equity market gained substantially as the domestic economy boomed but Rand sensitive exporters and commodity shares fell.
- Bond yields declined sharply as inflation remained low, heralding further interest rate cuts.
- Increased budget deficit forecast by Government – to finance higher infrastructure and social welfare expenditures.
- The Rand strengthened significantly despite a deteriorating trade balance, with foreign investors still attracted by our high interest rates, strong commodity prices and attractively-priced financial markets.
- Further Exchange Control relaxation for corporates – but this did not deflect upward Rand momentum. Very strong corporate profit growth in domestic consumption and construction-oriented companies – especially retailers.

market and economic update...

Locally speaking...

Outlook

- Equities are still attractive with valuations below international averages, strong growth in profits and further interest rate cuts a likely prospect.
- With a probable debt rating upgrade, bond yields could fall further as inflation remains well within the government 3-6% target range, allowing an easing of monetary policy.
- Rand strength may be overdone, as the deteriorating trade balance looms large but reversal may be delayed until favourable interest rate differentials diminish and after a credit rating upgrade.
- A decline in commodity prices will negatively affect the Rand.
- Economic growth could approach 5% in 2005 – consumer spending being stimulated by interest rates cuts, real wage gains, house price boom and import affordability.
- If BEE deals are mismanaged, it could be a deterrent to foreign direct investment in South Africa.
- Listed property will benefit from economic growth via rental increases as commercial property space is absorbed – industrial rents are already rising.

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