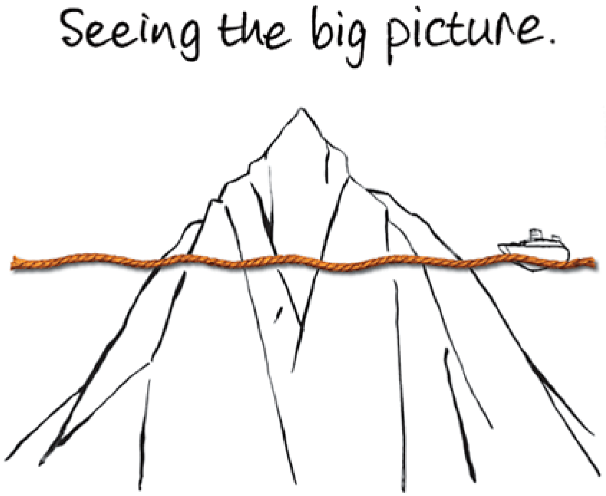
RisCura Consulting
good thinking



RisCUpdate

South African Overview

1 April 2012 – 30 June 2012

More Information:

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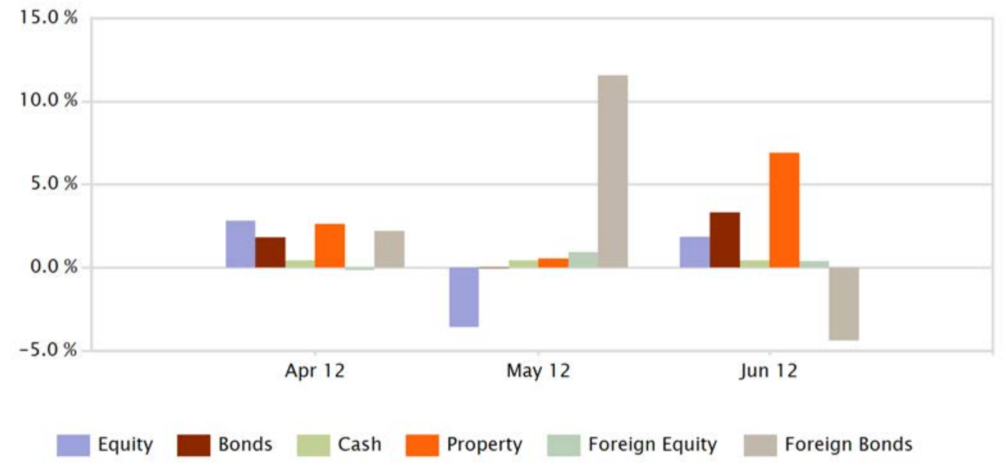
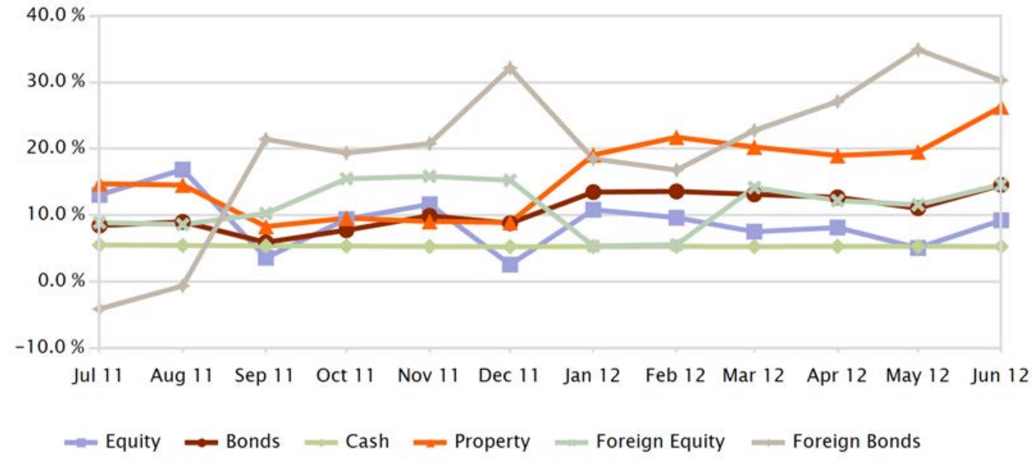
How the different asset classes performed

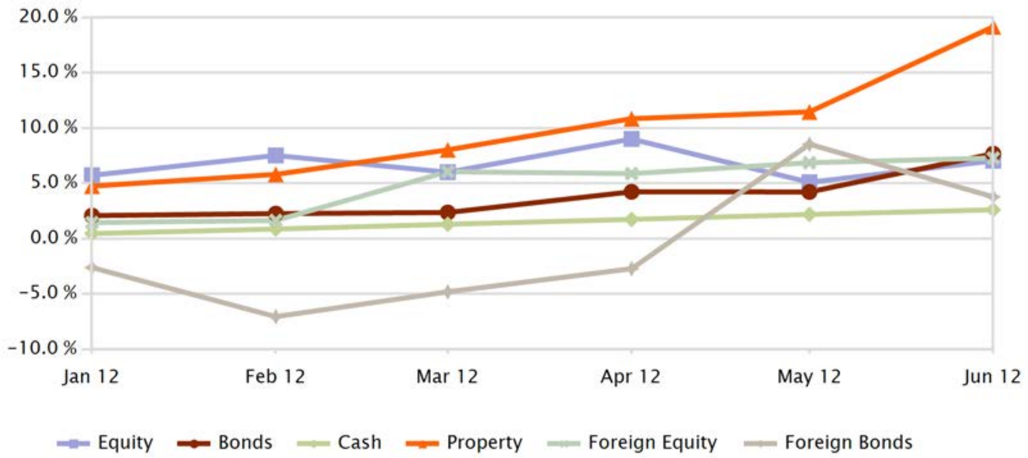
Asset class monthly returns



Asset class rolling 12-month performance



Asset class performance - year to date

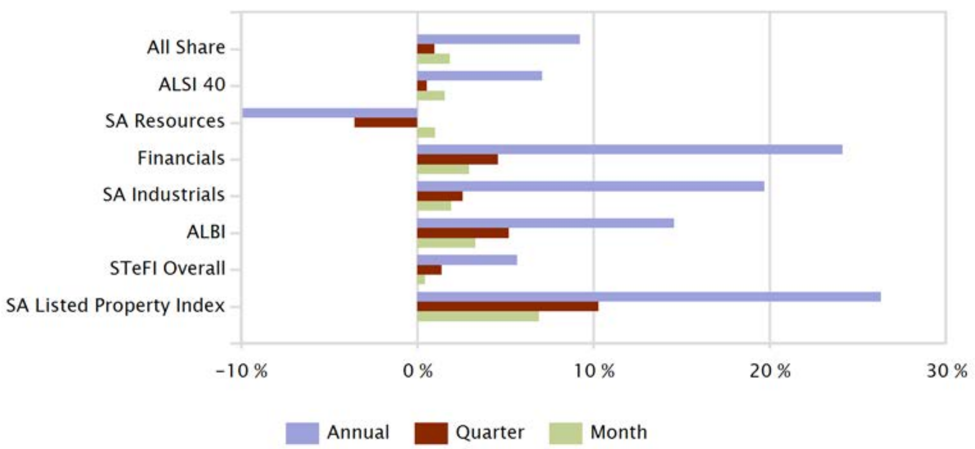


Sector Indices

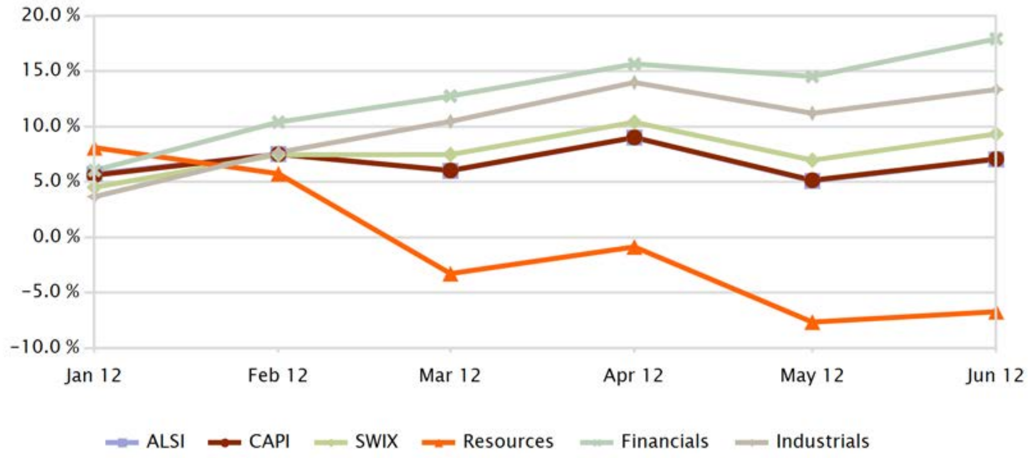
Asset Class	Index
Equity	All Share Index
Bonds	ALBI
Cash	STeFI
Property	SA Listed Property
Foreign Equity	MSCI World Index
Foreign Bonds	JPM Global Aggregate Bond Index

How the local market indices performed

Returns of FTSE/JSE sectors and indices

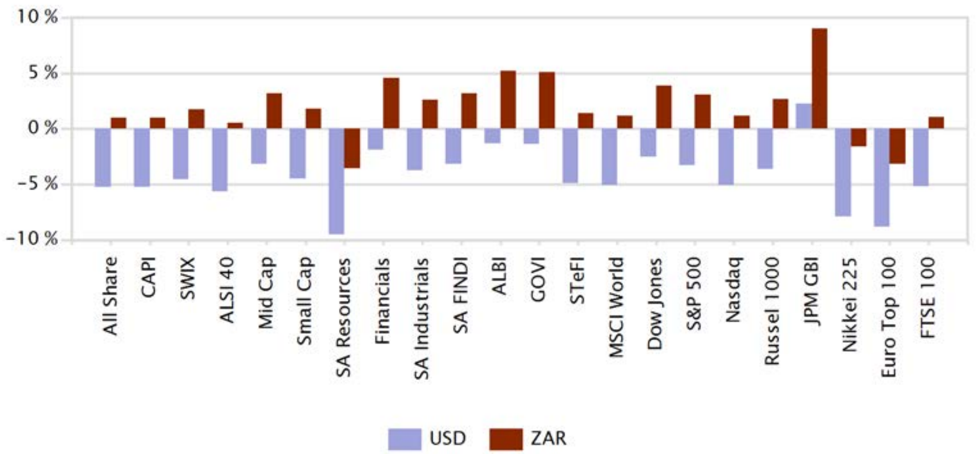


Sector and indices performance – year to date

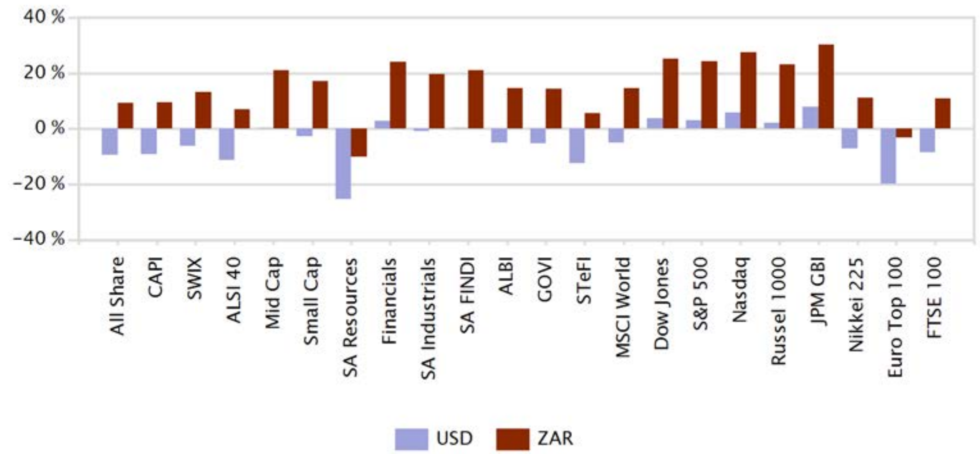


How the world market indices performed

Quarterly return of major indices

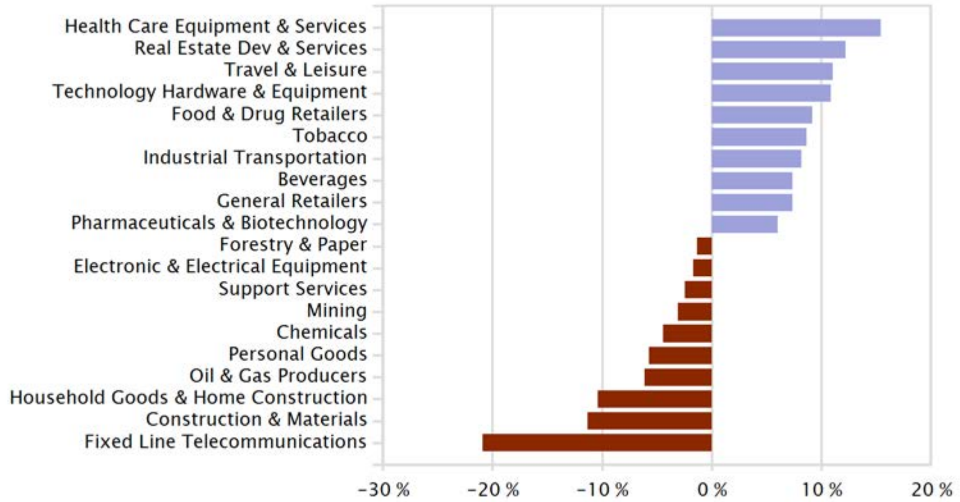


Annual return of major indices

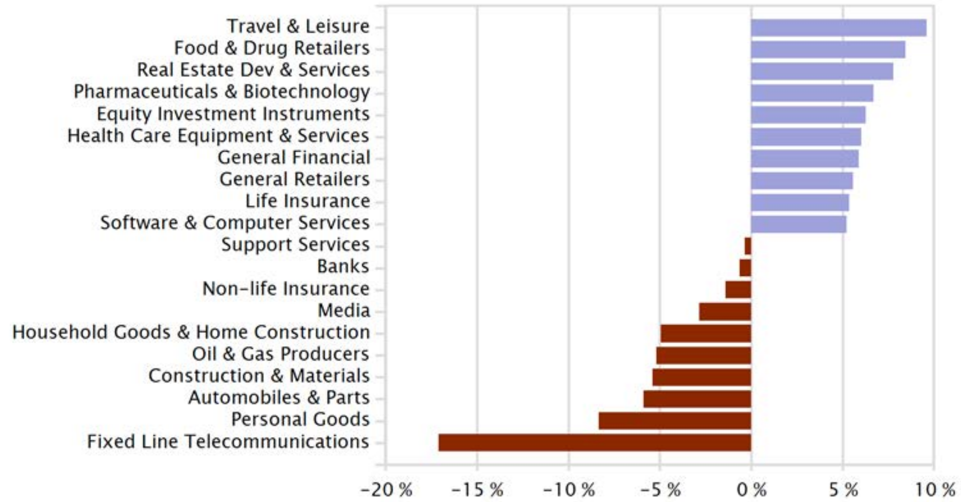


Equity market – how the equity sectors performed

Quarterly industry performance



Monthly industry performance

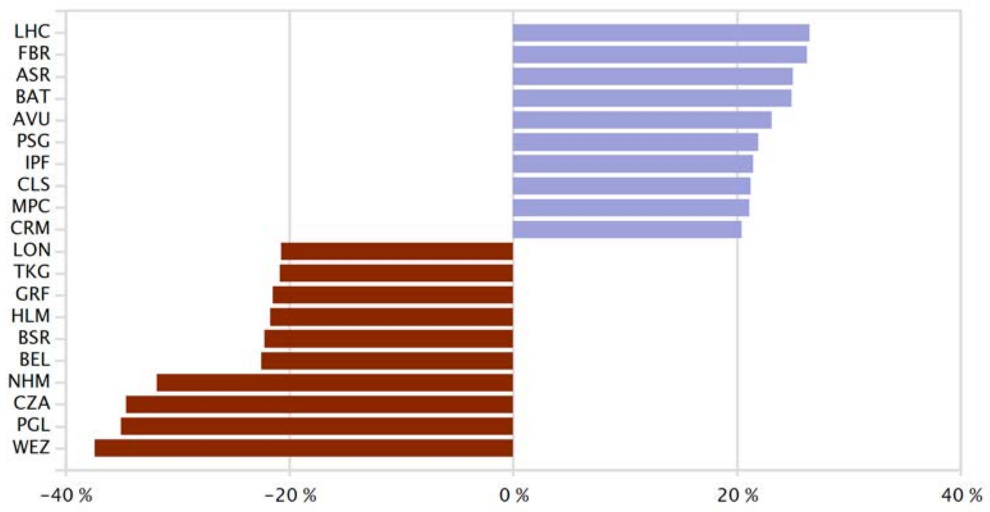


20 Largest shares by market cap

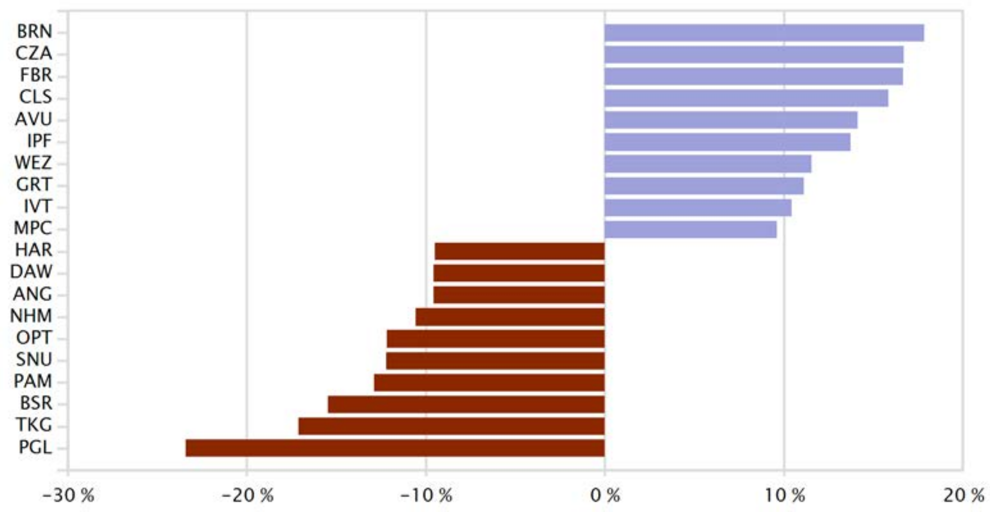
#	Share	R'million	#	Share	R'million
1	BRITISH AM. TOBACCO PLC	851,948	11	FIRSTRAND LTD	148,785
2	SABMILLER PLC	549,168	12	VODACOM GROUP LIMITED	138,231
3	BHP BILLITON PLC	502,004	13	ANGLO AMERICAN PLAT LTD	130,739
4	ANGLO AMERICAN PLC	381,300	14	ANGLOGOLD ASHANTI LTD	106,798
5	MTN GROUP LTD	265,630	15	ABSA GROUP LIMITED	101,411
6	COMPAGNIE FIN RICHEMONT	234,065	16	OLD MUTUAL PLC	94,987
7	SASOL LTD	220,753	17	NEDBANK GROUP LTD	88,251
8	NASPERS LTD -N-	179,090	18	SHOPRITE HLDGS LTD ORD	85,969
9	KUMBA IRON ORE LTD	176,675	19	IMPALA PLATINUM HLGS LD	85,439
10	STANDARD BANK GROUP LTD	176,046	20	GOLD FIELDS LTD	75,245

Equity market – how specific equities performed

Quarterly share performance

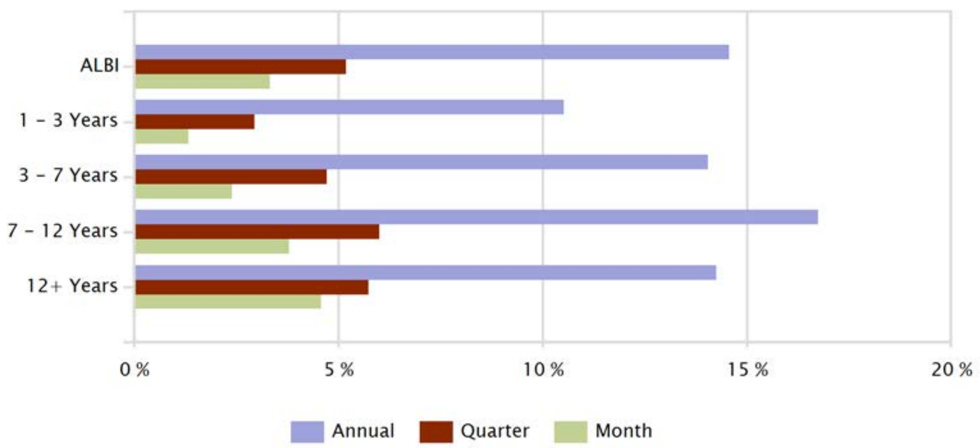


Monthly share performance

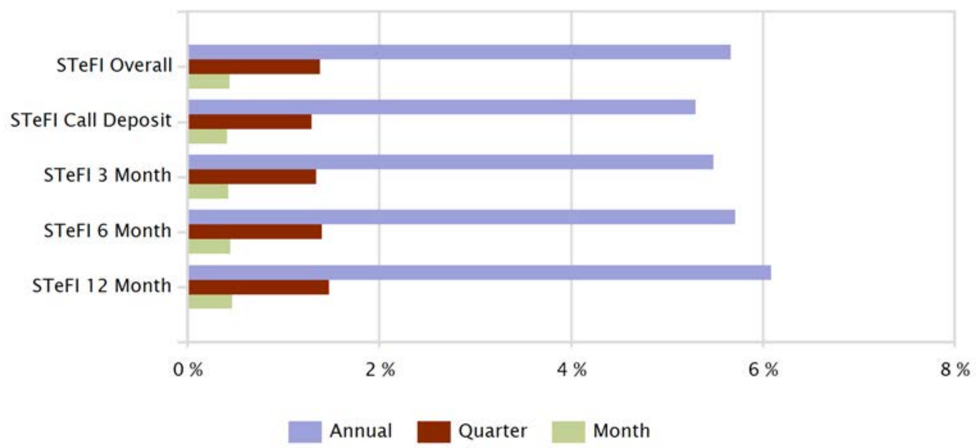


How the fixed interest market performed

Returns of bond sectors

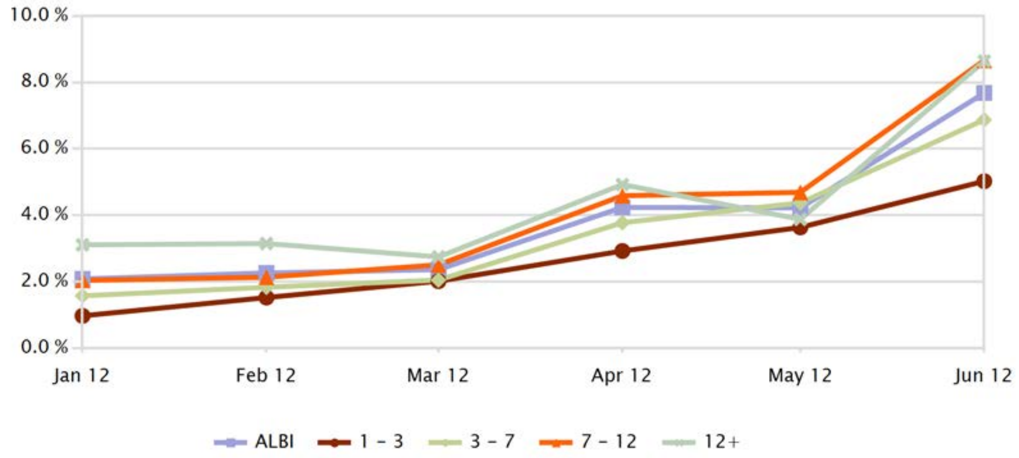


Returns of cash indices

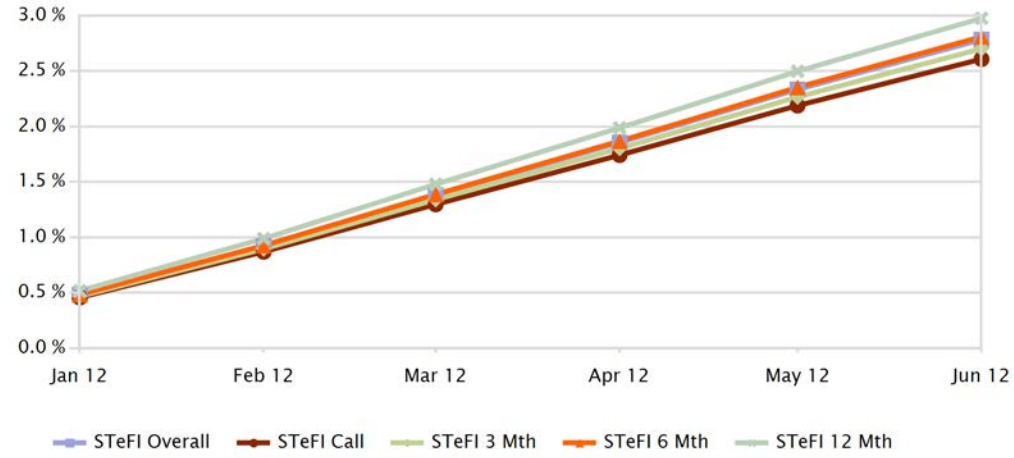


Fixed interest market – how the different sectors performed

Cumulative performance of bond sectors – YTD



Cumulative performance of cash indices – YTD

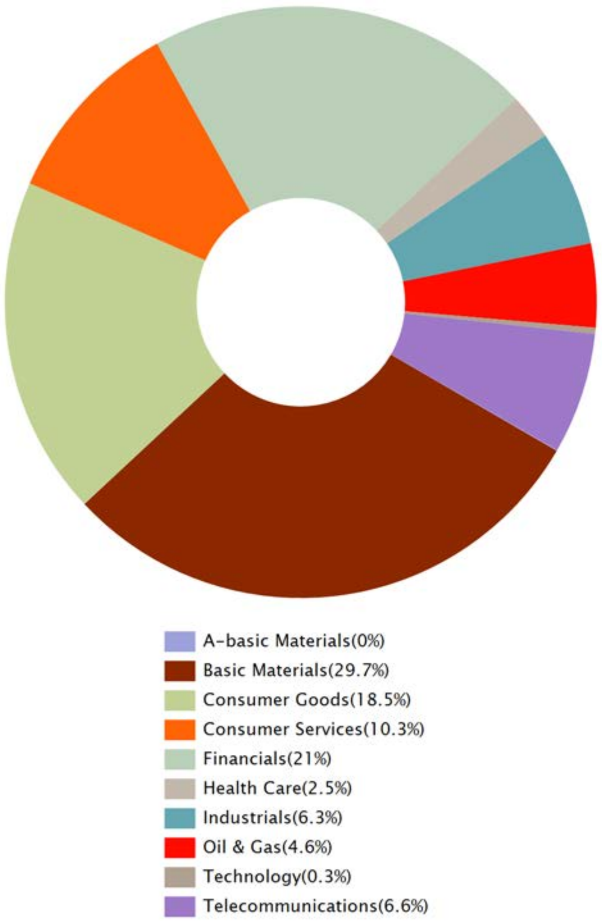


Fixed Interest Market – How the currency performed

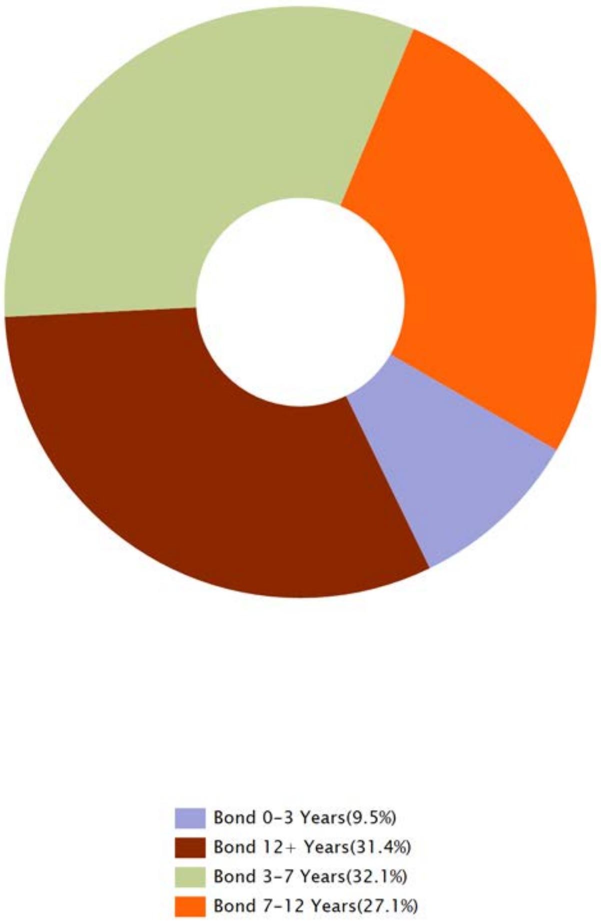
Description	Previous	Current	% Change
Rand/Dollar	7.67	8.18	6.57
Rand/Pound	12.25	12.82	4.63
Rand/Euro	10.21	10.33	1.19
Dollar/Euro	1.33	1.27	-4.70

Benchmark Composition

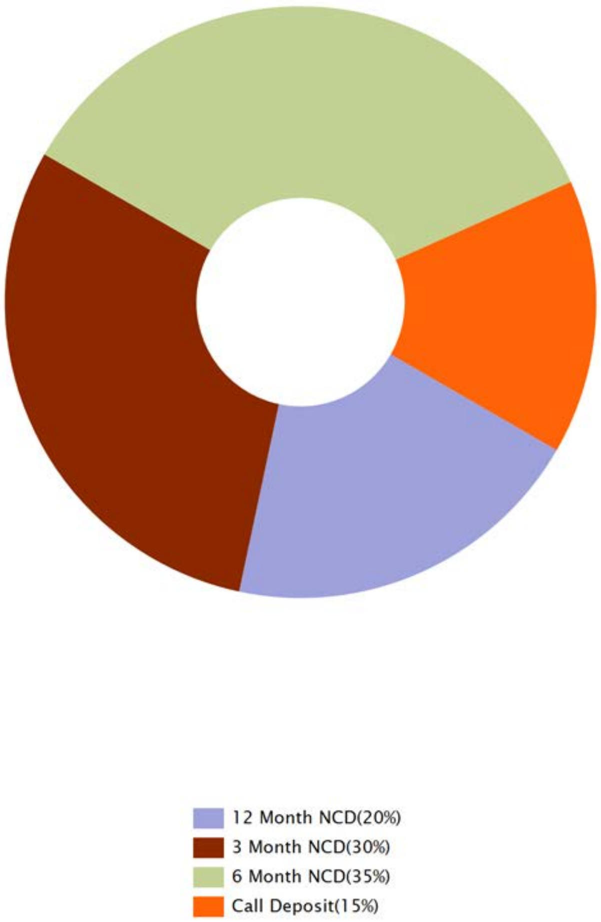
Equity – All Share



Bond – ALBI



Cash – STeFI



Market and Economic Update

Global comment

Background

- Growth concerns in America and Emerging markets added to the European woes, causing a sharp selloff in May. However, low valuation levels and better than expected policy response from the Europeans brought about some stability in June.
- With US bonds trading below 2% on the ten year yield, the US government is getting a get-out-of-jail-free card. Other factors such as increasing energy self-sufficiency, a cheap and bottoming housing market, a leading role in technology and excellent tertiary education facilities lead us to favour US equities in our international portfolio. It is hard to see Europe continuing to do anything but wallow in self disorganisation and the BRIC nations are not inspiring either.

Outlook

- We believe that stock selection based on dominating macro trends will lead to good performance. In an environment of deleveraging, which is likely to prevail for the rest of the decade, those companies that can benefit from the scarce growth opportunities will trade expensively. Cheap shares are likely to keep getting cheaper. Resolution of the larger economic concerns will take time and we will grind forward very, very slowly.

Market and Economic Update

Local comment

Background

- In amongst all the noise, there are some economic trends that we feel strongly about. Firstly, in the South African context, it is hard to see a period of considerable rand strength. The rand has depreciated over the medium-term, despite having a commodity cycle in its favour for much of this period. Our exports are undiversified and still dependent on mining. The local mining industry, in contrast to, for instance, Australia, is unable to grow volumes. The platinum and gold industries are at the forefront here. This lack of volume growth in exports had resulted in a widening of the current account deficit and the financing hereof leaves the rand vulnerable to international sentiment. We are underweight commodity shares and gold and platinum shares in particular.
- Secondly, the government is continuously engaged in the transfer of social grants and increasing employment in its own sector. It is hard to see this trend reversing. It is expensive and crowds out other areas of the economy where scarce capital could be deployed more productively. We remain overweight consumer shares relative to fixed investment stocks. We think it will be a long time until another fixed investment cycle, such as the one inspired by the World Cup, is generated again. In addition it now seems that interest rates are more likely to decline than rise, supporting the consumer shares. We have reduced our position in some of the consumer shares on valuation grounds, but remain supportive of the broader trend. We have no exposure to fixed investment.
- Thirdly, we find it hard to get excited about the South African bond market. The current account deficit makes the currency vulnerable and the lack of focus on productivity within the government sector is not confidence inspiring.

Outlook

- We reduced our exposure to equities to the mid 60% level and maintain a bond weighting in the mid-teens. It is difficult to be either to bullish or too bearish on equities. Valuations are benign, but the growth outlook is of concern. Still, most people are very bearish. We do not think conditions are currently bad enough to trigger a very strong stimulus response from the Americans which would favour commodities and gold over growth shares.
- The bond portfolio remained relatively neutral, with our holding in corporate inflation-linked debt being the differentiator. We think the valuation case for equities is superior to that of bonds. Returns will remain hard earned and lethargic. The alternative of cash is unappealing.
- We believe that growth is the scarce resource and will remain long of shares with positive earnings revisions supported by good dividends.

Performance table

Description	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)
Tobacco	4.87	8.66	12.82		
All Share	1.85	0.98	7.04	9.24	65.82
ALSI 40	1.57	0.56	5.69	7.10	61.42
Capped All Share Index	1.83	0.98	7.09	9.68	67.00
Financial 15	2.54	3.70	17.66	23.34	76.12
Financial and Industrial 30	1.98	3.19	14.57	20.47	91.82
Industrial 25	2.05	3.44	14.17	20.38	102.57
Mid Cap	3.27	3.19	14.09	21.05	93.04
Resource 20	1.33	-3.34	-6.59	-9.84	26.89
SA Listed Property Index	6.91	10.31	19.16	26.32	96.33
Shareholder Weighted All Share	2.22	1.73	9.35	13.31	70.99
Small Cap	2.83	1.81	12.41	17.29	73.96
SA Resources	1.02	-3.56	-6.71	-9.94	27.00
Coal	-0.45	-6.91	10.09	9.29	-26.23
General Mining	5.58	-1.60	-1.69	-11.97	38.95
Gold Mining	-9.22	-2.17	-16.74	0.19	4.84
Mining	2.16	-3.11	-6.17	-11.56	24.84
Oil & Gas	-5.19	-6.13	-9.79	0.60	41.03
Oil & Gas Producers	-5.19	-6.13	-9.79	0.60	41.03
Platinum & Precious Metals	1.54	-11.91	-15.70	-24.49	-14.40
SA Industrials	1.92	2.60	13.35	19.70	98.89
Automobiles & Parts	-5.87	-1.13	22.07	57.40	571.63
Basic Materials	2.22	-2.89	-4.81	-10.21	28.52
Beverages	4.93	7.37	16.54	37.84	125.70
Chemicals	0.91	-4.41	8.22	7.40	71.82
Construction & Materials	-5.39	-11.34	7.41	1.42	-6.05

Description	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)
Consumer Goods	0.26	1.95	13.03	22.32	132.26
Consumer Services	3.20	5.62	18.34	29.46	143.60
Electronic & Electrical Equipment	1.63	-1.66	10.85	7.89	50.47
Fixed Line Telecommunications	-17.11	-20.88	-34.63	-46.32	-38.11
Food & Drug Retailers	8.43	9.18	10.05	40.77	164.28
Food Producers	2.73	0.71	9.67	28.48	82.09
Forestry & Paper	3.60	-1.34	22.09	-1.41	80.44
General Industrials	3.21	1.13	16.92	24.25	96.78
General Retailers	5.57	7.34	20.51	41.64	186.41
Health Care	6.42	10.87	26.96	36.72	127.04
Health Care Equipment & Services	6.02	15.44	31.10	36.40	132.63
Household Goods & Home Construction	-4.94	-10.37	7.26	10.88	105.36
Industrial Engineering	5.08	2.30	39.37	53.06	191.21
Industrial Metals & Mining	2.90	0.83	3.28	7.14	52.20
Industrial Transportation	2.79	8.20	34.55	41.88	166.53
Industrials	1.40	-0.42	17.70	21.12	72.24
Media	-2.83	1.18	23.14	14.59	114.56
Mobile Telecommunications	3.48	1.93	2.42	5.18	38.65
Personal Goods	-8.32	-5.70	9.98	2.81	185.64
Pharmaceuticals & Biotechnology	6.68	6.02	22.46	36.95	111.25
Software & Computer Services	5.20	4.88	13.17	32.57	142.73
Support Services	-0.36	-2.44	7.11	0.72	58.95
Technology	4.98	5.60	16.57	37.10	160.11
Technology Hardware & Equipment	3.46	10.85	44.57	79.87	
Telecommunication	2.88	1.25	1.10	2.93	35.03
Travel & Leisure	9.58	11.02	15.14	15.00	46.53

Performance table continued

Description	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)
Financials	2.97	4.59	17.94	24.14	81.04
Banks	-0.62	2.73	18.76	23.77	75.49
Equity Investment Instruments	6.29	4.75	13.54	26.63	63.20
General Financial	5.90	2.84	14.34	9.39	63.45
Life Insurance	5.36	4.83	19.07	33.90	109.32
Non-life Insurance	-1.38	2.17	24.39	37.12	141.17
Real Estate Dev & Services	7.79	12.22	22.06	28.00	
Real Estate Investment Trusts	3.63	5.94	11.13	12.32	
SA Financials and Industrials	2.24	3.20	14.74	21.03	92.54
ALBI	3.32	5.20	7.68	14.56	40.17
1 - 3 Years	1.34	2.95	5.03	10.52	29.20
3 - 7 Years	2.40	4.73	6.88	14.05	38.98
7 - 12 Years	3.79	6.01	8.66	16.75	44.51
12+ Years	4.59	5.74	8.64	14.25	38.22
GOVI	3.22	5.12	7.53	14.47	39.54
STeFI Overall	0.44	1.39	2.78	5.67	20.67
STeFI Call Deposit	0.41	1.29	2.61	5.30	18.72
STeFI 3 Month	0.43	1.34	2.70	5.49	19.60
STeFI 6 Month	0.45	1.40	2.81	5.72	20.84
STeFI 12 Month	0.47	1.48	2.98	6.09	23.34

Description	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yr (%)
International Index/Other					
Dow Jones Industrials	-0.72	3.89	6.80	25.17	61.64
FTSE 100	2.49	1.06	2.26	10.99	32.07
FTSE Euro Top 100	3.49	-3.14	-0.51	-3.07	10.76
JPM Global Aggregate Bond Index	-4.39	9.02	3.78	30.31	29.68
MSCI World	0.40	1.17	7.29	14.63	44.87
Nasdaq Composite	-0.83	1.17	14.13	27.67	69.55
Nikkei 225	-0.85	-1.58	3.44	11.28	15.34
Russel 1000	-0.98	2.69	9.67	23.29	58.42
S&P 500	-0.69	3.06	9.72	24.44	57.07