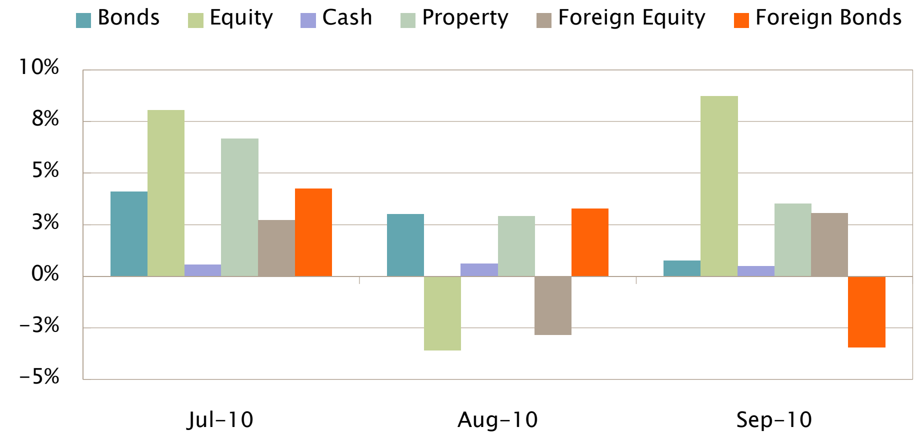
RisCura good thinking

RisUpdate

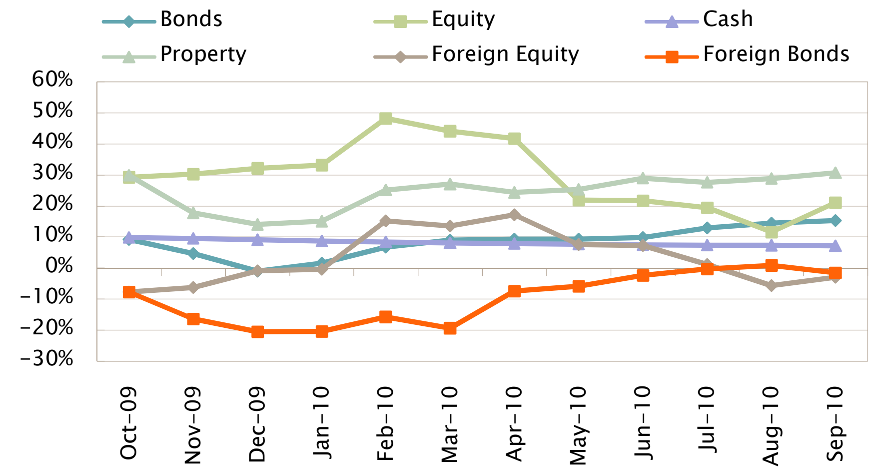
QUARTERLY OVERVIEW – 30 SEPTEMBER 2010

HOW THE DIFFERENT ASSET CLASSES PERFORMED

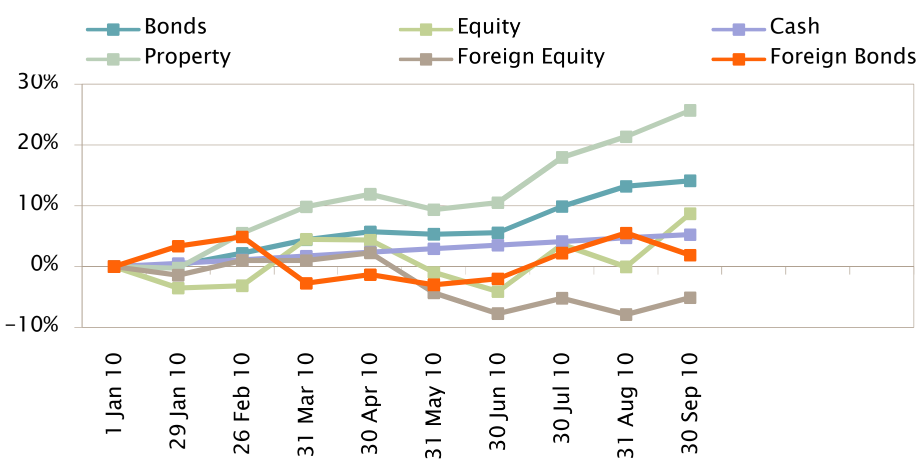
ASSET CLASS MONTHLY RETURNS



ASSET CLASS ROLLING 12-MONTH PERFORMANCE



ASSET CLASS PERFORMANCE – YEAR TO DATE

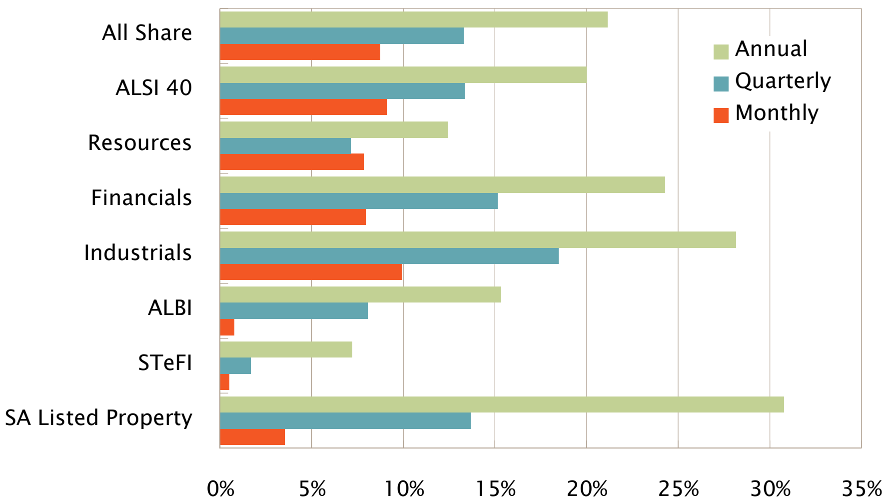


SECTOR INDICES

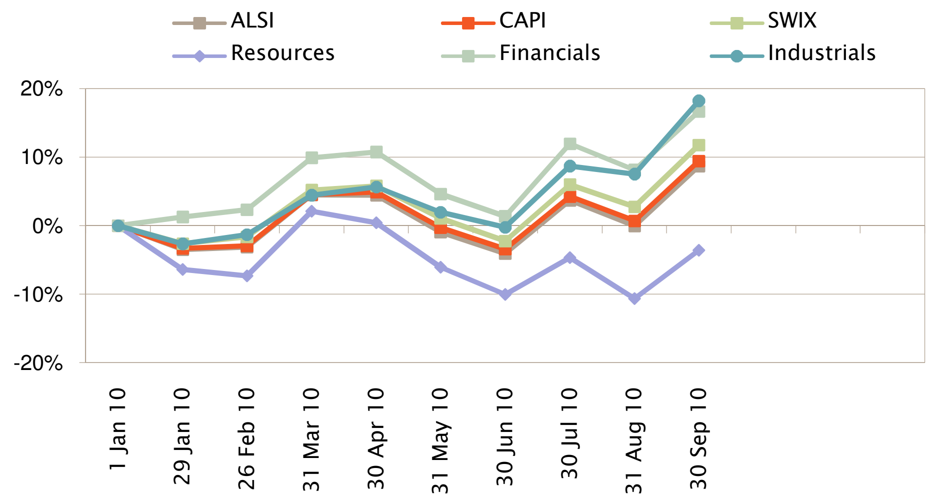
Bonds	ALBI
Equity	All Share Index
Cash	STeFI
Property	SA Listed Property
Foreign Equity	MSCI World Index
Foreign Bonds	JP Morgan Government Bond Index

HOW THE LOCAL MARKET INDICES PERFORMED

RETURNS OF FTSE/JSE SECTORS & INDICES

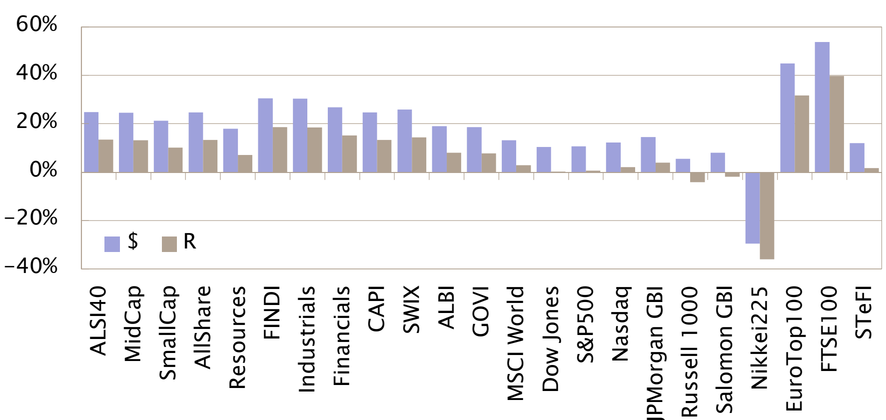


SECTOR & INDICES PERFORMANCE – YEAR TO DATE

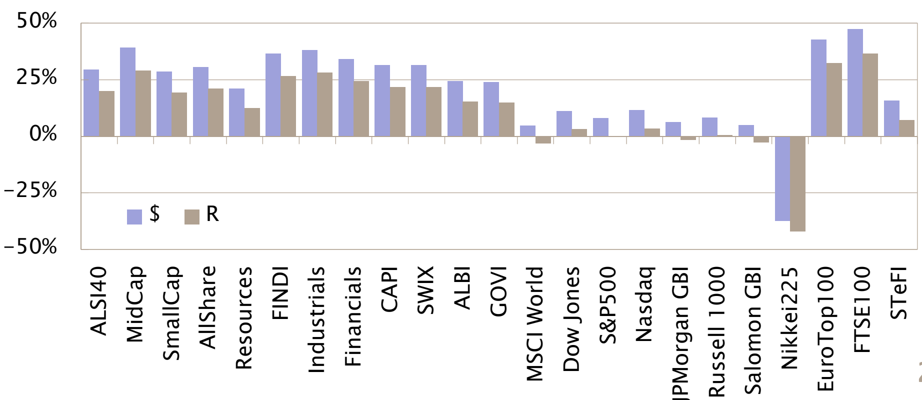


HOW THE WORLD MARKET INDICES PERFORMED

QUARTERLY RETURN OF MAJOR INDICES

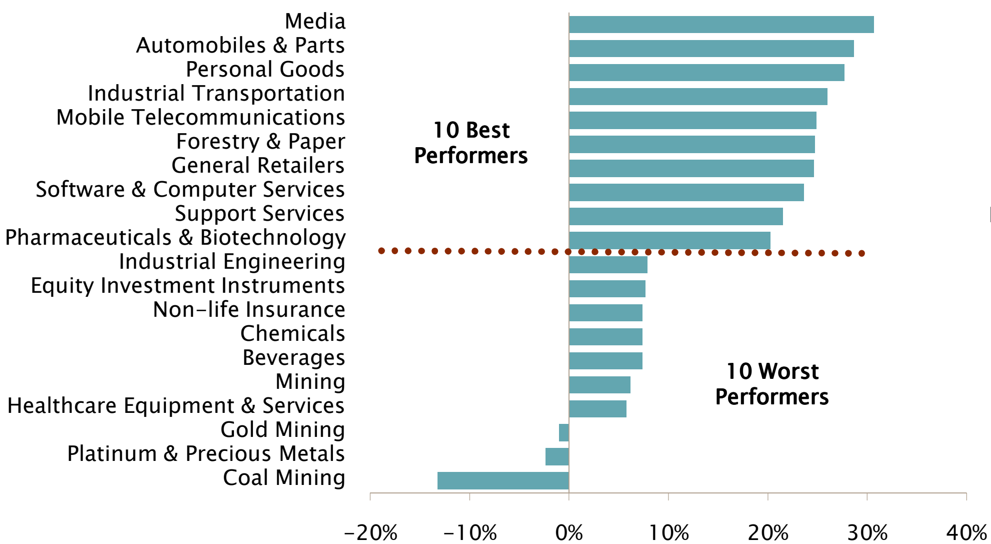


ANNUAL RETURN OF MAJOR INDICES

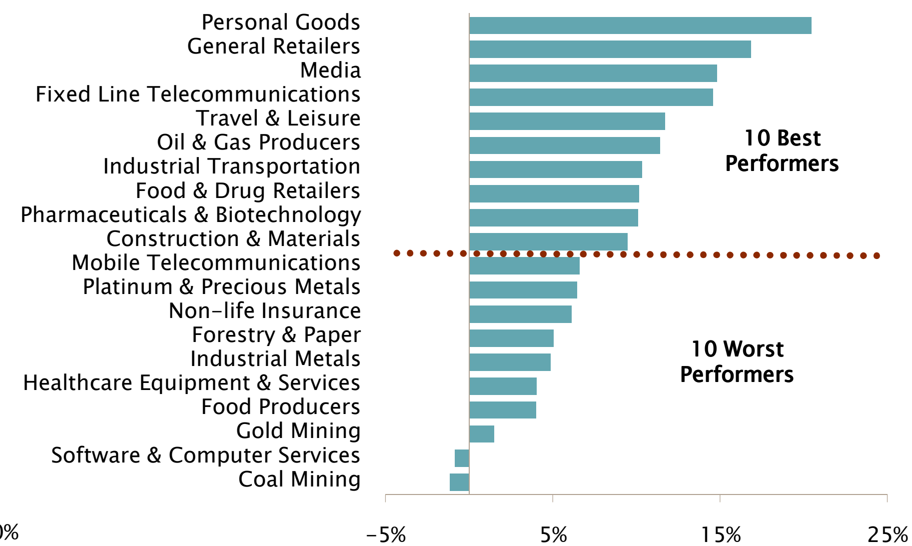


EQUITY MARKET – HOW THE EQUITY SECTORS PERFORMED

QUARTERLY INDUSTRY PERFORMANCE



MONTHLY INDUSTRY PERFORMANCE

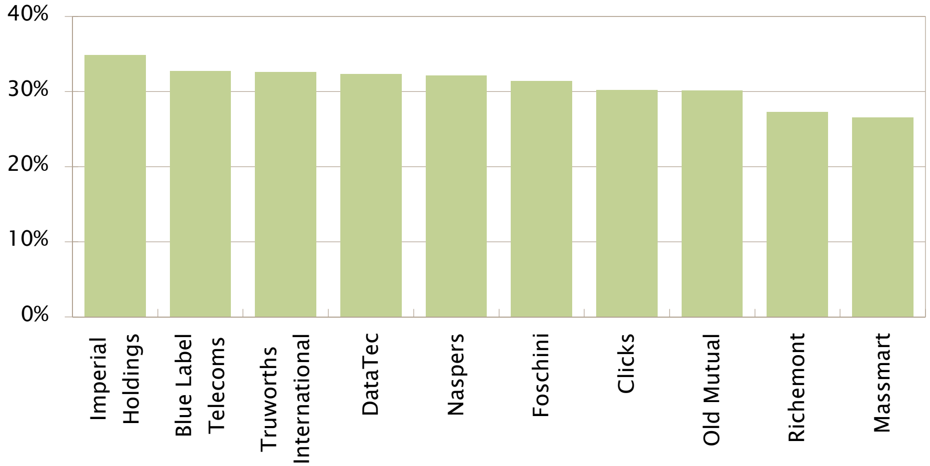


20 LARGEST SHARES BY MARKET CAP

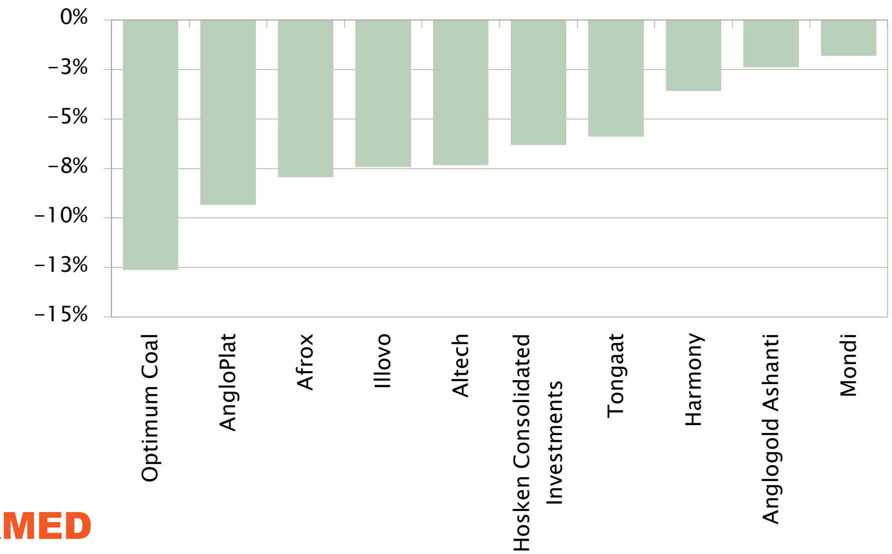
	Share	R'million		Share	R'million		Share	R'million		Share	R'million
1	British AM Tobacco	535,803	6	Sasol	200,223	11	Anglogold Ashanti	123,183	16	ABSA Group	96,240
2	BHP Billiton	502,315	7	Richemont	177,532	12	FirstRand Limited	120,990	17	Old Mutual	88,064
3	Anglo American	380,385	8	Standard Bank	175,768	13	Kumba Iron Ore	116,831	18	Nedbank	75,682
4	SAB Miller	375,481	9	Anglo Platinum	173,962	14	Implats	113,709	19	Goldfields	74,559
5	MTN Group Limited	231,939	10	Naspers	138,394	15	Vodacom	103,041	20	Sanlam	55,230

EQUITY MARKET – HOW SPECIFIC EQUITIES PERFORMED

10 BEST PERFORMING STOCKS FOR QUARTER (ALSI)

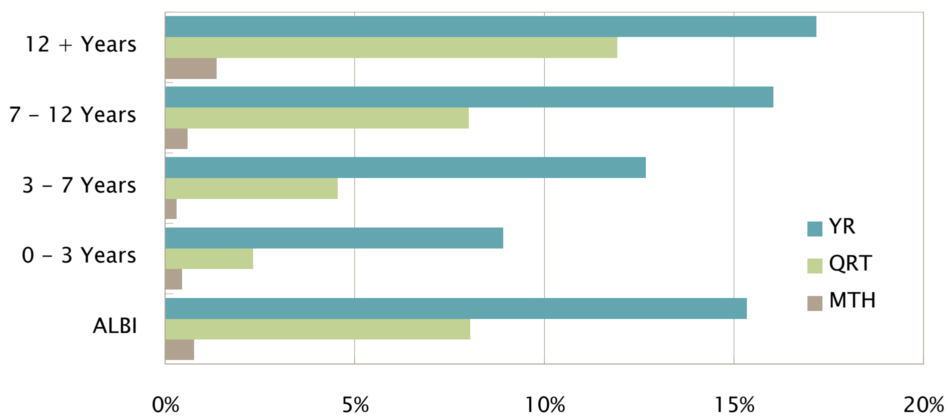


10 WORST PERFORMING STOCKS FOR QUARTER (ALSI)

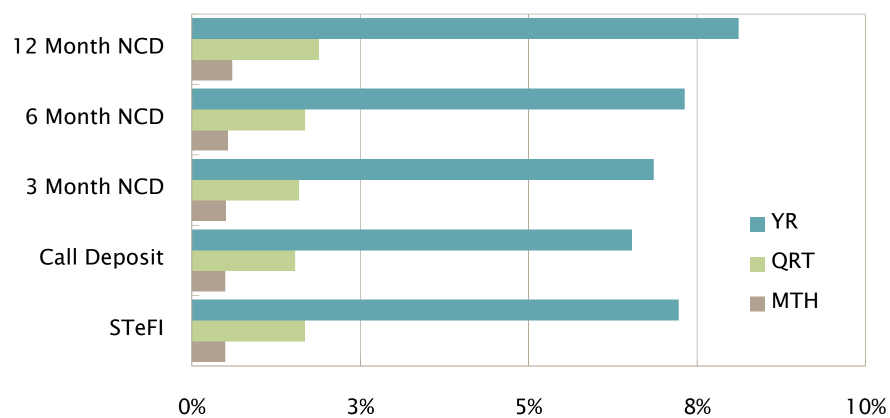


HOW THE FIXED INTEREST MARKET PERFORMED

RETURNS OF BOND SECTORS

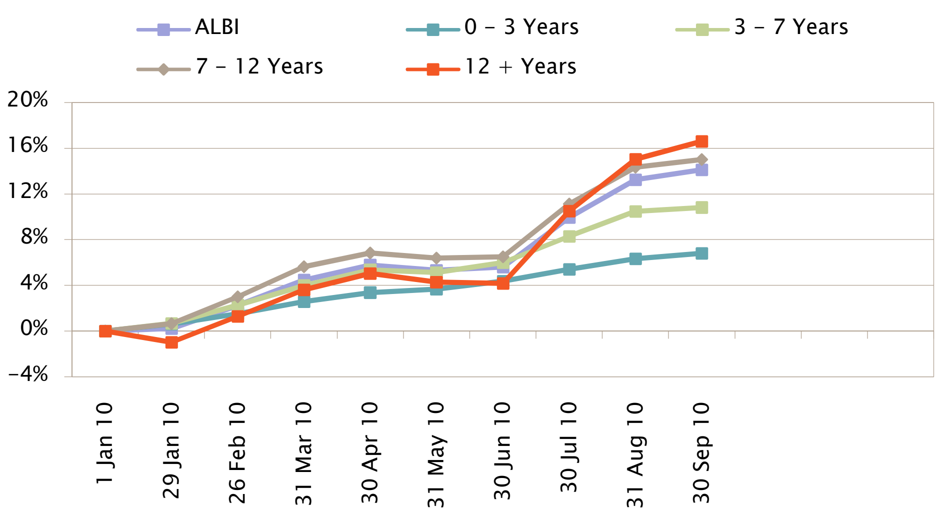


RETURNS OF CASH INDICES

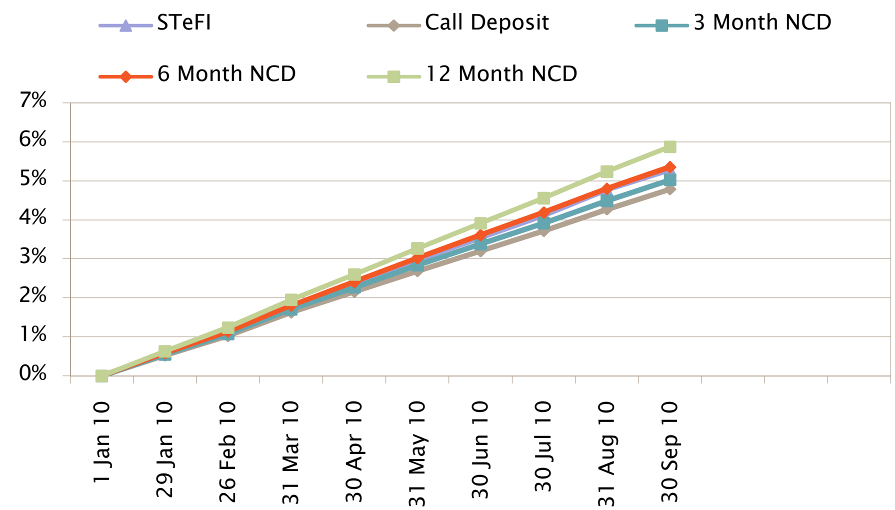


FIXED INTEREST MARKET – HOW THE DIFFERENT SECTORS PERFORMED

CUMULATIVE PERFORMANCE OF BOND SECTORS – YTD



CUMULATIVE PERFORMANCE OF CASH INDICES – YTD



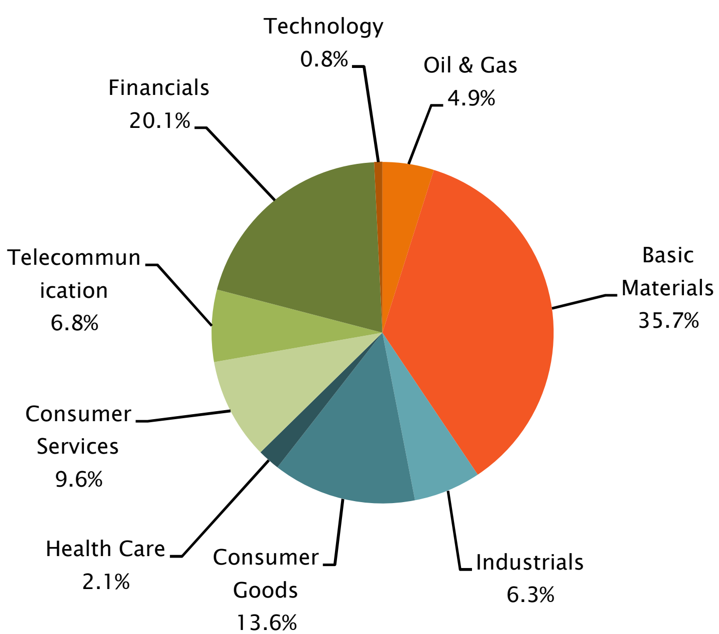
FIXED INTEREST MARKET – HOW THE CURRENCY PERFORMED

	30 Jun 10	30 Sept 10	% Change
Rand/Dollar	7.67	6.97	10.08%
Rand/Pound	11.44	10.92	4.78%
Rand/Euro	9.37	9.47	-1.08%
Dollar/Euro	1.22	1.37	11.45%

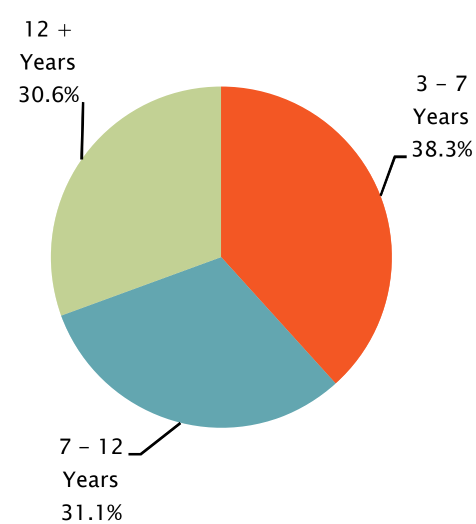
WHAT MAKES UP THE BENCHMARKS

QUARTERLY COMPOSITION OF ALL INDICES

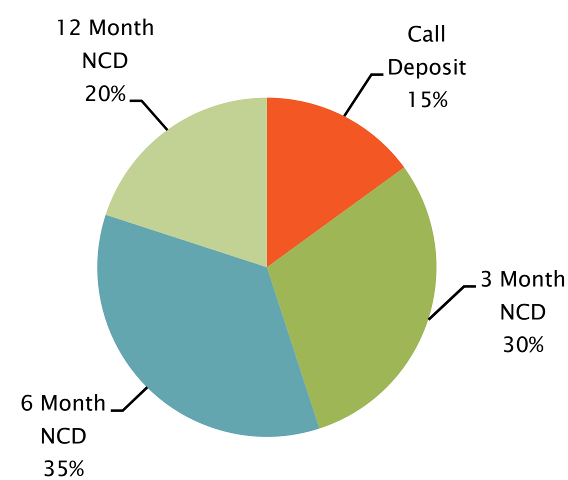
Equity – All Share



Bond – ALBI



Cash – STeFI



Market and economic update

Globally speaking

Background

- Global equity markets have rebounded over the third quarter, gaining 14.5% for the period. Nevertheless, sentiment is fickle and the markets remain sensitive to the high levels of debt in many developed countries as well as uncertainty regarding the health of the global economy.
- This is in part due to the momentum of economic recovery in the mature economies of North America, Europe and Japan slowing down. In response to events of the past three years, households and businesses are increasing their savings and reducing debt.
- European nations continue to cut their deficits through a range of austerity packages. This has led to concerns from some analysts that the lower government spend will lead to an economic slowdown.
- The Chinese economy grew rapidly over the past year as the government stimulus and high levels of credit extension led to sharply higher capital expenditure and asset prices. The Chinese government has since become concerned about the resulting imbalances and has tightened monetary conditions. This tightening has led investors to worry about the sustainability of Chinese growth and commodity prices.

Outlook

- In response to events of the past three years, households and businesses are increasing their savings and reducing debt. This is having an adverse effect on aggregate demand, causing relatively stagnant economic conditions.
- It also is providing a growing pool of money which is being invested into bonds, equities, commodities and emerging markets.
- There is increasing probability that the US Federal Reserve will recommence quantitative easing, i.e. print money, to resist these deflationary pressures, causing a significant weakening of the dollar and strengthening emerging market currencies including the rand.
- The austerity packages along with quantitative easing continue to be a manifestation of impending global deflation. This should continue to keep developed stock markets under pressure and we continue to caution investors that real returns will be hard to achieve over the next 4-5 years.

Economic comment supplied by Allan Gray
Top performing manager Q3, 2010

Market and economic update

Locally speaking

Background

- Global investors are enthusiastically buying into the theme of growing consumption in emerging markets. As a result, our local bond and equity markets have continued to benefit from the inflow of money into these emerging markets in search of higher yields and higher consumer demand.
- This is also manifested by the high levels of mergers and acquisitions taking place in our equity market e.g. Nedbank, Didata and Massmart Holdings. This widespread enthusiasm is not surprisingly pushing the price of many emerging market consumer stocks above our assessment of their intrinsic value.
- Since the World Cup, business conditions in South Africa have been subdued, although there are signs that the economy is starting to improve.
- The rand continues to appreciate due to large net foreign purchases of South African bonds, which so far this year has exceeded R60 bn.
- The strong rand has kept inflation under control. In the twelve months to August consumer prices rose 3.5%. This provided scope for the SARB to cut interest rates by a further 0.5%.

Outlook

- Private sector credit extension and domestic demand are still fairly weak. However, the former is starting to show signs of improving and this should add impetus to the improving economy.
- The short-term outlook for inflation is positive because of the strong rand, lower food prices and spare capacity in the economy. The medium to long-term inflation outlook is less positive as above inflation wage increases together with little productivity growth are not compatible with an inflation rate below 4%.
- The current account deficit is also a risk as it is currently funded by foreign inflows into the capital markets which may cease or even reverse, leading to a weaker rand.
- The high levels of inflows into our stock market continue to concern us as we worry about who will buy the shares at these high levels when foreigners leave. We also remain concerned about the sustainability of the high levels of profits that many South African companies are currently earning and we prefer to invest in companies with sustainable and steadily growing profit streams.

Economic comment supplied by Allan Gray
Top performing manager Q3, 2010

Performance table

Index/Sector	1Month	3Month	YTD	1Year	3Year
All Share	**8.74%**	**13.29%**	**8.69%**	**21.13%**	**2.27%**
Capped All Share Index	8.67%	13.30%	9.43%	21.80%	3.61%
Shareholder Weighted All Share Index	8.77%	14.33%	11.77%	21.79%	4.25%
Top 40	9.08%	13.39%	6.67%	20.00%	1.22%
Mid Cap	7.00%	13.16%	22.19%	29.00%	10.40%
Small Cap	6.28%	10.14%	11.99%	19.36%	-0.18%
Resources	**7.84%**	**7.12%**	**-3.62%**	**12.45%**	**-4.74%**
Mining	7.32%	6.16%	-4.90%	12.20%	-5.89%
Gold Mining	1.48%	-0.97%	5.96%	4.69%	-1.19%
Platinum & Precious Metals	6.45%	-2.33%	-11.31%	4.37%	-8.66%
General Mining	9.11%	10.29%	-5.75%	16.04%	-6.24%
Oil & Gas	11.40%	13.94%	5.97%	14.20%	5.25%
All Share Industrials	**9.94%**	**18.46%**	**18.18%**	**28.18%**	**9.59%**
Basic Materials	7.15%	6.98%	-3.52%	12.92%	-5.80%
Chemicals	7.42%	7.37%	15.35%	19.36%	-4.55%
Construction & Materials	9.48%	11.40%	1.63%	-6.71%	-10.28%
Forestry & Paper	5.06%	24.71%	23.01%	41.16%	-12.94%
Industrial Metals	4.87%	13.28%	6.97%	-6.53%	-4.54%
Industrials	9.04%	15.88%	14.39%	14.82%	1.30%
General Industrials	8.93%	13.68%	22.15%	18.48%	11.84%
Electronic & Electrical Equipment	6.97%	9.36%	7.68%	10.41%	-4.49%
Industrial Engineering	7.25%	7.89%	18.60%	26.44%	-11.23%
Consumer Goods	11.23%	13.68%	15.21%	36.78%	14.40%
Automobiles & Parts	9.23%	28.66%	110.61%	114.66%	-0.55%
Health Care	7.80%	14.31%	17.19%	42.00%	21.20%
Beverages	8.02%	7.37%	6.63%	28.58%	8.30%
Food Producers	4.00%	7.95%	11.71%	20.62%	11.91%
Health Care Equipment & Services	4.02%	5.78%	3.32%	32.16%	9.00%
Pharmaceuticals & Biotechnology	10.09%	20.23%	26.73%	48.17%	36.20%
Consumer Services	14.23%	24.82%	31.89%	44.87%	17.42%
General Retailers	16.86%	24.65%	52.01%	57.02%	15.26%
Travel & Leisure	11.71%	16.30%	7.44%	15.44%	-5.30%
Media	14.83%	30.67%	13.92%	32.78%	19.71%
Support Services	8.65%	21.52%	17.37%	29.73%	4.98%
Industrial Transportation	10.34%	25.95%	24.46%	40.65%	-1.73%
Telecommunication	6.86%	24.29%	11.43%	7.81%	6.18%
Food & Drug Retailers	10.16%	18.66%	45.36%	57.16%	36.07%
Fixed Line Telecommunications	14.58%	10.83%	11.72%	-3.20%	-8.70%
Technology	-0.84%	23.62%	42.90%	64.17%	11.99%
Software & Computer Services	-0.84%	23.62%	42.90%	64.17%	11.99%

Index/Sector	1Month	3Month	YTD	1Year	3Year
Financials	**7.93%**	**15.15%**	**16.68%**	**24.29%**	**3.07%**
Banks	8.97%	14.51%	15.79%	24.14%	8.51%
Non-life Insurance	6.13%	7.39%	13.72%	39.42%	12.72%
Life Assurance	8.63%	20.02%	19.93%	31.62%	-0.09%
Equity Investment Instruments	7.42%	7.69%	3.37%	18.30%	-1.46%
Real Estate	3.53%	13.67%	25.68%	30.77%	10.89%
General Finance	7.61%	13.70%	18.53%	18.64%	2.06%
Financials and Industrials	**9.29%**	**17.37%**	**17.61%**	**26.74%**	**7.31%**
ALBI	**0.76%**	**8.04%**	**14.11%**	**15.34%**	**10.08%**
1-3 Years	0.45%	2.32%	6.80%	8.91%	9.62%
3-7 Years	0.29%	4.54%	10.80%	12.67%	9.80%
7-12 Years	0.59%	8.00%	15.02%	16.04%	10.06%
12+ Years	1.36%	11.93%	16.60%	17.17%	8.79%
STeFI	**0.49%**	**1.68%**	**5.28%**	**7.23%**	**9.59%**
Call Deposit	0.49%	1.54%	4.79%	6.53%	9.03%
3 Month NCD	0.51%	1.59%	5.03%	6.85%	9.35%
6 Month NCD	0.53%	1.69%	5.36%	7.31%	9.67%
12 Month NCD	0.60%	1.89%	5.88%	8.11%	10.18%
International Index / Other	**1Month**	**3Month**	**YTD**	**1Year**	**3Year**
S&P 500	2.72%	0.58%	-3.74%	0.13%	-8.81%
MSCI World	3.06%	2.87%	-5.07%	-2.96%	-9.87%
JPMorgan GBI	-5.83%	-4.27%	0.30%	-1.34%	6.53%
Salomon Brothers GBI	-3.38%	-1.85%	0.07%	-2.75%	8.93%
Dow Jones	1.74%	0.27%	-2.69%	3.02%	-7.65%
Euro Top 100	4.27%	31.67%	27.35%	32.32%	-1.89%
Nikkei 225	1.13%	-36.02%	-45.03%	-41.98%	-31.58%
FTSE 100	7.78%	39.76%	31.45%	36.66%	5.87%
Nasdaq	5.83%	2.02%	-1.81%	3.51%	-3.83%
Russell 1000	0.97%	-4.12%	-3.99%	0.51%	-11.30%
Barclays Inflation Linked Bond Index	-0.13%	4.64%	9.99%	10.21%	12.34%

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