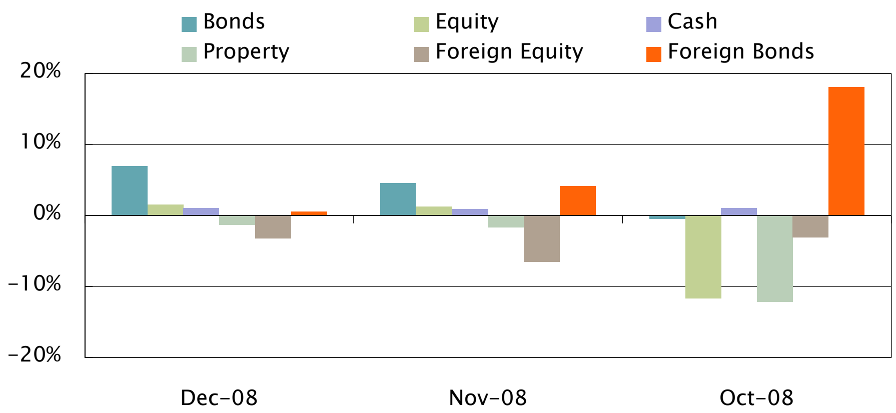
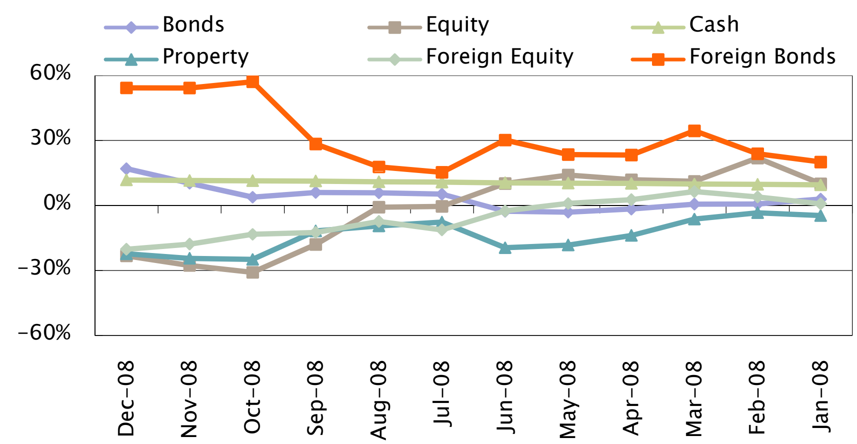
# HOW THE DIFFERENT ASSET CLASSES PERFORMED

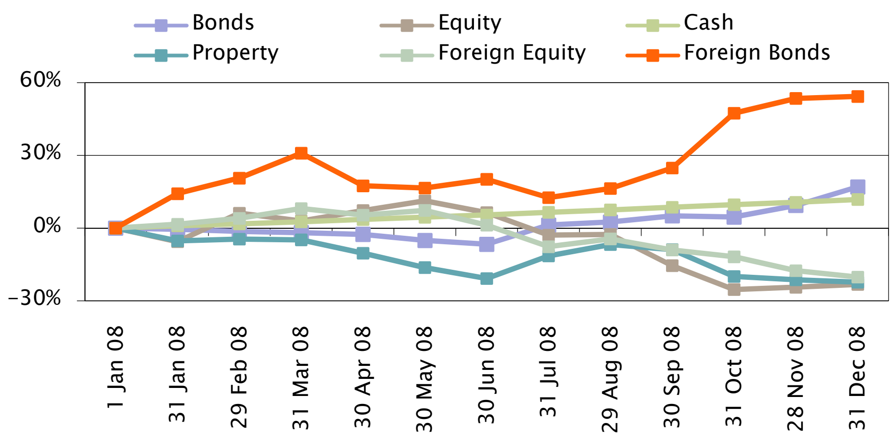
## ASSET CLASS MONTHLY RETURNS




## ASSET CLASS ROLLING 12-MONTH PERFORMANCE




## ASSET CLASS PERFORMANCE – YEAR TO DATE




## SECTOR INDICES

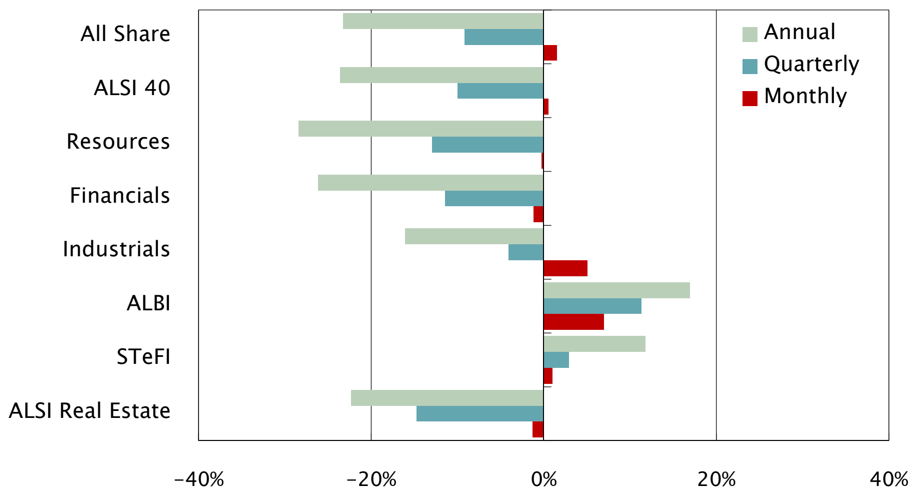
| | |
|---|---|
| Bonds | ALBI |
| Equity | All Share Index |
| Cash | STeFI |
| Property | ALSI Real Estate Index |
| Foreign Equity | MSCI World Index |
| Foreign Bonds | JP Morgan Govt Bond Index |

RisCura
risk and investment consulting

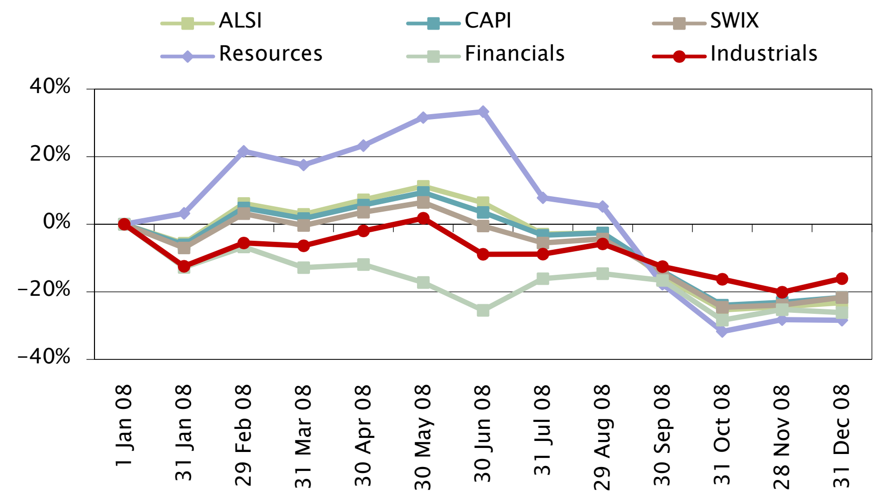
RisCUpdate
Q4 2008

# HOW THE LOCAL MARKET INDICES PERFORMED

## RETURNS OF FTSE/JSE SECTORS & INDICES

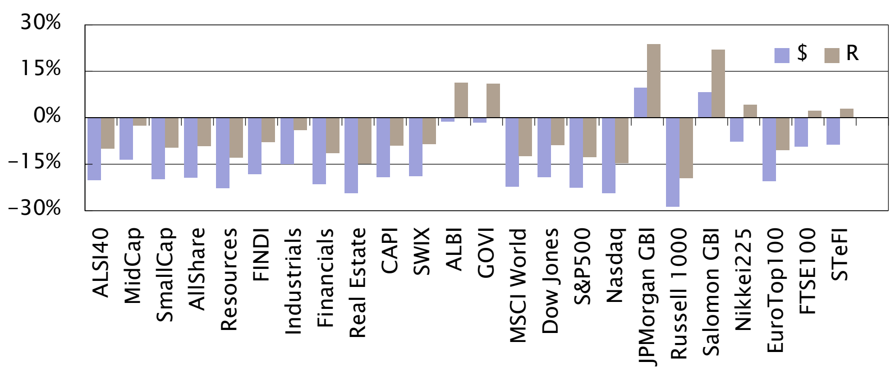



## SECTOR & INDICES PERFORMANCE – YEAR TO DATE

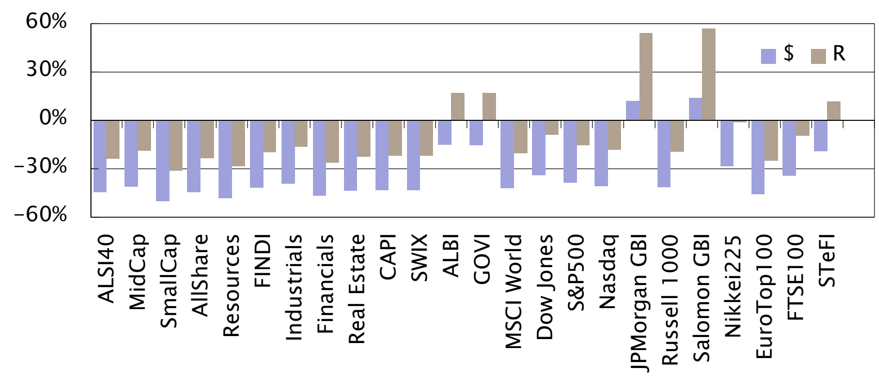



# HOW THE WORLD MARKET INDICES PERFORMED

## QUARTERLY RETURN OF MAJOR INDICES

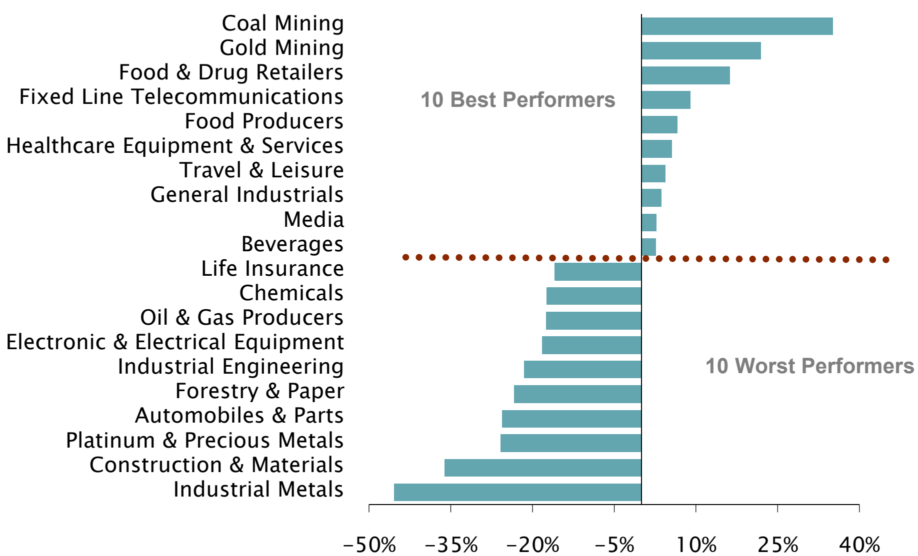



## ANNUAL RETURN OF MAJOR INDICES

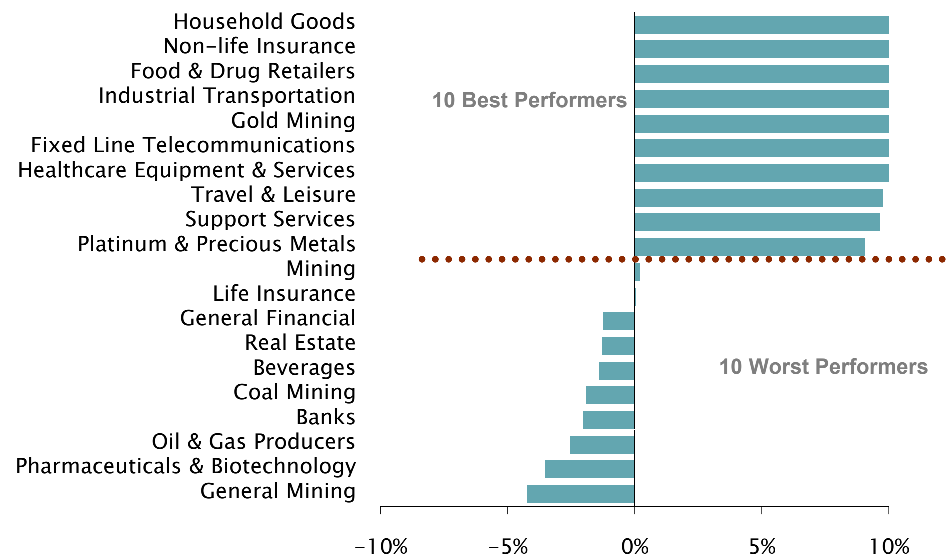


# EQUITY MARKET – HOW THE EQUITY SECTORS PERFORMED

### QUARTERLY INDUSTRY PERFORMANCE




### MONTHLY INDUSTRY PERFORMANCE

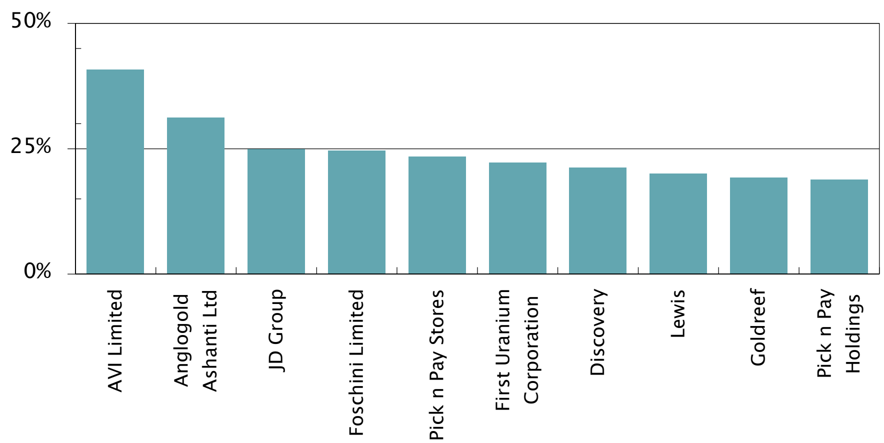



# 20 LARGEST SHARES BY MARKET CAP

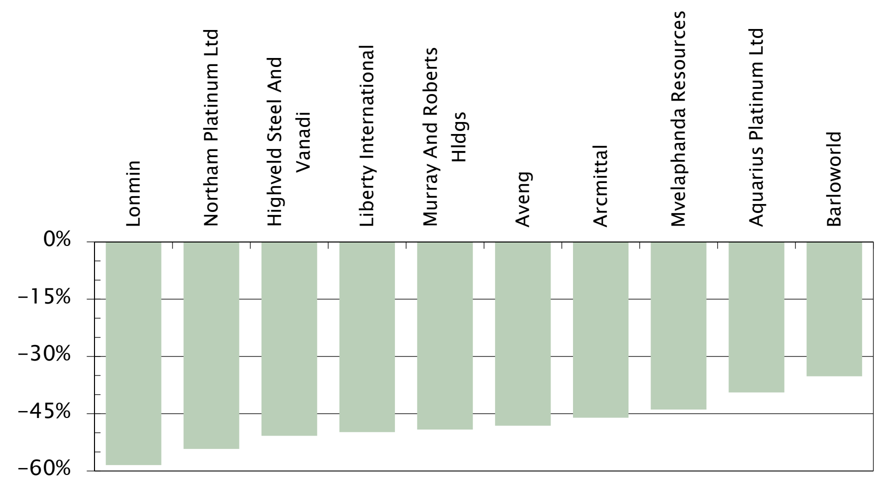
| | Share | R'million | | Share | R'million | | Share | R'million | | Share | R'million |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | British AM Tobacco | 496,657 | 6 | Sasol | 178,307 | 11 | Anglo Ashanti | 89,078 | 16 | Telkom | 59,630 |
| 2 | BHP Billiton | 396,292 | 7 | Standard Bank | 126,576 | 12 | Implats | 85,263 | 17 | Kumba | 51,756 |
| 3 | Anglo American | 283,342 | 8 | Angloplat | 123,234 | 13 | ABSA | 73,572 | 18 | Nedbank | 44,784 |
| 4 | SABMiller | 244,655 | 9 | Richemont | 93,699 | 14 | Naspers | 67,093 | 19 | Old Mutual | 41,911 |
| 5 | MTN | 202,679 | 10 | FirstRand | 90,827 | 15 | Gold Fields | 60,033 | 20 | Harmony | 40,803 |

# EQUITY MARKET – HOW SPECIFIC EQUITIES PERFORMED

## 10 BEST PERFORMING STOCKS FOR QUARTER (ALSI)

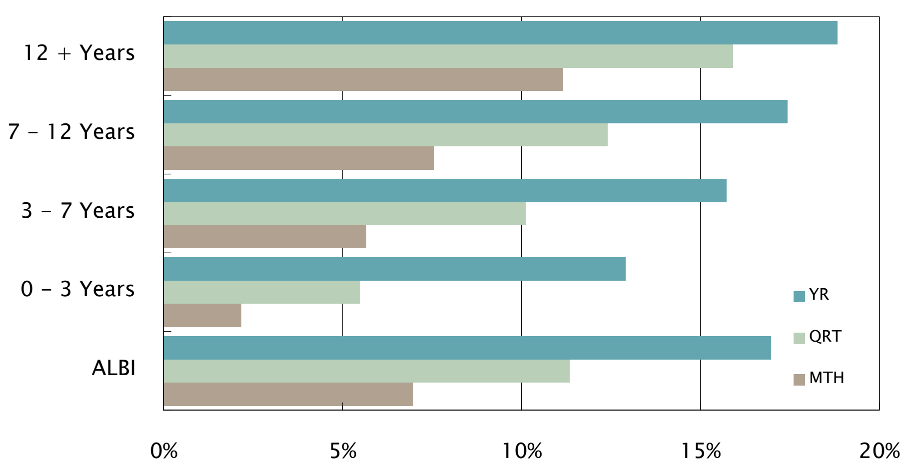



## 10 WORST PERFORMING STOCKS FOR QUARTER (ALSI)

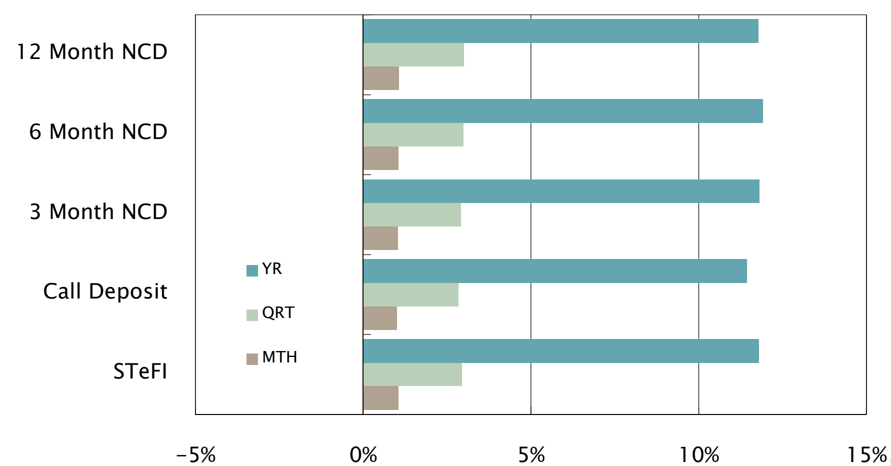



# HOW THE FIXED INTEREST MARKET PERFORMED

## RETURNS OF BOND SECTORS

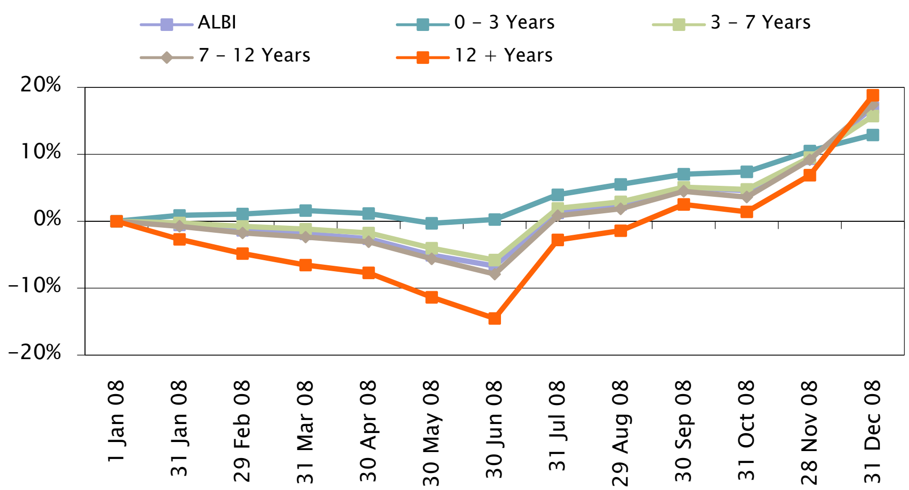



## RETURNS OF CASH INDICES

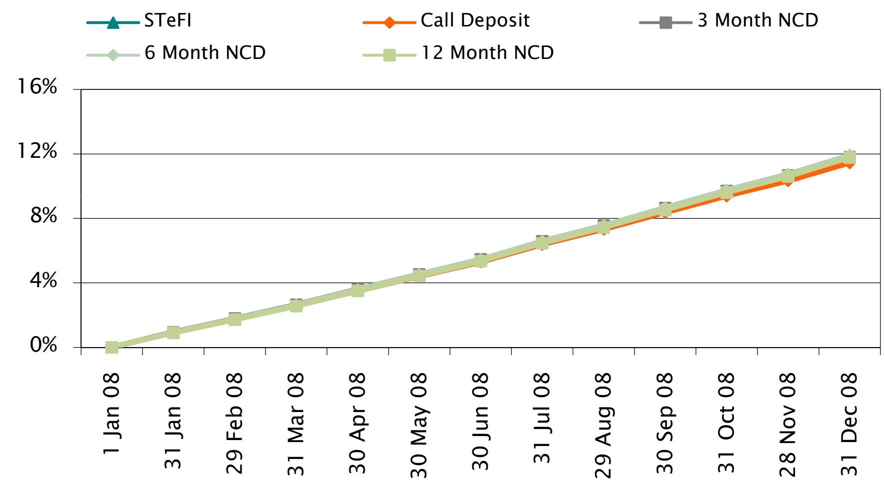


# FIXED INTEREST MARKET – HOW THE DIFFERENT SECTORS PERFORMED

## CUMULATIVE PERFORMANCE OF BOND SECTORS – YTD




## CUMULATIVE PERFORMANCE OF CASH INDICES – YTD



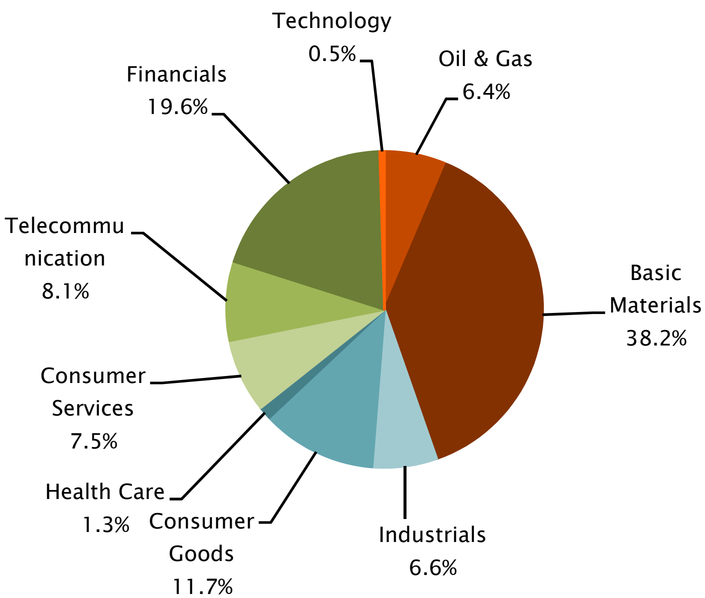

# FIXED INTEREST MARKET – HOW THE CURRENCY PERFORMED

| | 30 Sep 08 | 31 Dec 08 | % Change |
|---|---|---|---|
| Rand/dollar | 8.33 | 9.39 | -11.27% |
| Rand/pound | 14.81 | 13.60 | 8.90% |
| Rand/euro | 11.70 | 13.22 | -11.55% |
| Dollar/euro | 1.40 | 1.41 | 0.32% |

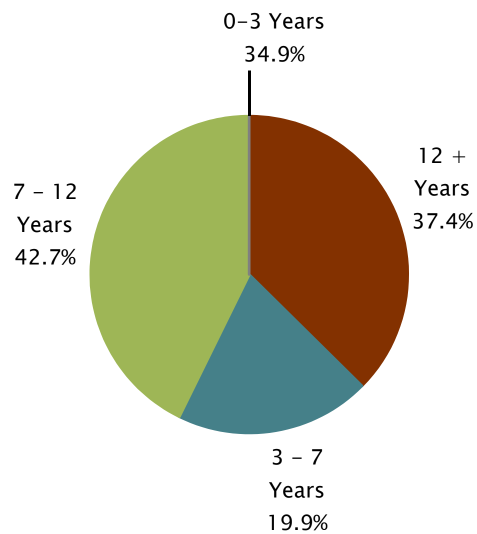
# WHAT MAKES UP THE BENCHMARKS

## QUARTERLY COMPOSITION OF ALL INDICES

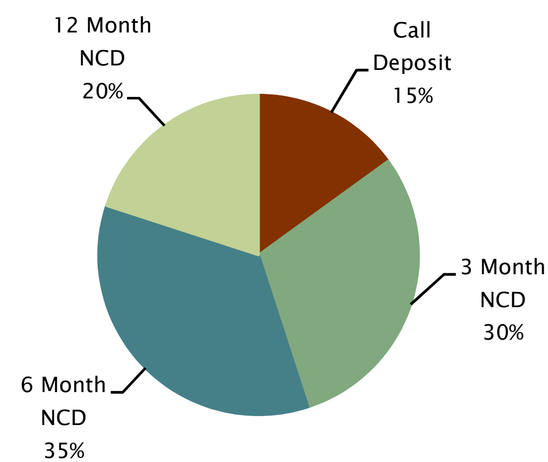
### Equity – All Share




### Bond – ALBI




### Cash – STeFI



# Market and economic update

## Globally speaking

### Background

- In the fourth quarter of 2008, the market continued experiencing a significant increase in volatility, largely attributable to the effects of the credit crisis which started unravelling in the latter part of 2007.
- Following the collapse of Lehman Brothers on 14 September 2008 the recession in Europe and the United States caused by the sub-prime crisis has become a global phenomenon.
- The extent and severity of the crisis has taken market participants and regulators by surprise, prompting the involvement by central banks into the global capital markets to try and rescue ailing victims of the crisis and in the process try to prevent what could be a complete meltdown of the global financial system.
- In response central banks have aggressively slashed interest rates, and in Japan and the US rates are now almost at zero.
- The US Fed and the Bank of Japan have embarked on a programme of quantitative easing or printing money.

### Outlook

- There has been a sudden deterioration in global growth prospects.
- With world trade contracting by about 30% between August and November, it looks as if the world is entering a severe and prolonged recession.
- In particular, economic activity in emerging markets has slowed. Many thought the emerging markets would continue to grow robustly despite the problems in the OECD.
- This coupled with a collapse in commodity prices, most notably oil, and rising unemployment has dramatically reversed the inflation outlook.
- Markets are now worried about deflation, and this, together with the dramatic decline in central bank lending rates, has triggered a major rally in global bond markets.
- Initially the financial crisis strengthened the dollar as investors repaid debt and repatriated foreign investments. However more recently the dollar has weakened as concerns mount about the massive printing of money by the Fed.
- While the central banks are acting aggressively to maintain market liquidity and to ensure that bank deposits remain secure, they cannot rapidly rebuild the balance sheets of European and American banks.
- As a result, we believe that world stock markets are going to continue experiencing increased volatility and prospect for real returns in the next 4-5 years in not as favourable.

Economic comment supplied by Allan Gray
Top performing manager Q4, 2008

ALLANGRAY
INTELLIGENT INVESTING

# Market and economic update

## Locally speaking

### Background

- The close integration of global equity markets has meant that our local market has not been spared from the rise in global risk aversion as investors move away from 'risky' assets into cash and government bonds.
- Commodity prices which are highly correlated with global growth have declined significantly, prompting a sell off in the currencies and share markets of commodity producing countries such as South Africa.
- The dollar value of our exports has declined by about one third between August and November, both due to falling commodity prices and to a contraction in volumes.
- The second half of the year saw a reversal in the relative price movements of the key sectors, which had been a characteristic of the market (ALSI) in the first six months of the year.
- Sharply falling commodity prices have caused a significant retreat in prices of most Resource companies, as investors realised that their current high level of earnings would not be sustainable.

### Outlook

- An open economy such as South Africa's is extremely vulnerable to the collapse of world trade and we can expect a significant deterioration in business conditions in the first half of 2009.
- Consumer spending is subdued and private sector capital spending will decline as projects are postponed or cancelled.
- This is a hostile environment for corporate earnings. As a result company profits and dividends will be under pressure.
- In common with the rest of the world, South Africa's inflation prospects have improved dramatically. The South African Reserve Bank is out of step with its peers elsewhere, having only cut rates by 0.5 per cent.
- This will change as inflation heads towards the six per cent target in the first half of 2009. However CPI inflation remains vulnerable to the rand exchange rate. The collapse in South Africa's exports is a serious threat to the country's economic stability.
- Many domestically focused businesses are still reporting levels of profitability that remain high by historical standards. We believe that the downside to these earnings has not been fully discounted by the current level of some share prices.
- Based on these concerns we our equity exposure continues to be highly concentrated in high quality, stable, diversified companies and companies who have missed or lagged the recent commodity cycle and as a result have below normal earnings.
- This explains our overweight position in selected gold (Anglogold Ashanti and Harmony) and paper companies (Sappi and Mondi).
- The fixed interest duration of our balanced mandates remains conservatively short as we favour short dated bonds and money market instruments.
- We continue to caution investors that the future level of real returns is highly unlikely to be like that of the 2003 to 2007 period.

Economic comment supplied by Allan Gray
Top performing manager Q4, 2008

ALLANGRAY
INTELLIGENT INVESTING

# Performance table

| Index/Sector | 1Month | 3Month | YTD | 1Year | 3Year |
|---|---|---|---|---|---|
| All Share | 1.52% | -9.17% | -23.23% | -23.23% | 8.92% |
| Capped All Share Index | 1.89% | -8.92% | -21.65% | -21.65% | 9.49% |
| Shareholder Weighted All Share Index | 2.98% | -8.51% | -21.67% | -21.67% | 8.80% |
| Top 40 | 0.58% | -10.00% | -23.58% | -23.58% | 8.61% |
| Mid Cap | 8.30% | -2.49% | -18.70% | -18.70% | 11.02% |
| Small Cap | 1.84% | -9.61% | -31.20% | -31.20% | 9.93% |
| Resources | -0.22% | -12.93% | -28.41% | -28.41% | 9.99% |
| Mining | 0.19% | -11.96% | -30.35% | -30.35% | 10.00% |
| Gold Mining | 12.96% | 21.96% | -1.63% | -1.63% | -2.79% |
| Platinum & Precious Metals | 9.05% | -25.80% | -43.26% | -43.26% | 10.98% |
| General Mining | -4.24% | -15.21% | -32.83% | -32.83% | 12.10% |
| Oil & Gas | -2.54% | -17.47% | -13.99% | -13.99% | 11.03% |
| All Share Industrials | 5.07% | -4.06% | -16.08% | -16.08% | 11.93% |
| Basic Materials | 0.44% | -13.49% | -30.59% | -30.59% | 9.69% |
| Chemicals | 7.95% | -17.34% | -29.87% | -29.87% | 1.85% |
| Construction & Materials | 2.57% | -36.11% | -42.14% | -42.14% | 22.32% |
| Forestry & Paper | 5.31% | -23.36% | -38.99% | -38.99% | -4.58% |
| Industrial Metals | 2.56% | -45.35% | -32.72% | -32.72% | 19.12% |
| Industrials | 5.08% | -13.49% | -26.18% | -26.18% | 9.21% |
| General Industrials | 2.18% | 3.68% | -8.94% | -8.94% | 17.91% |
| Electronic & Electrical Equipment | 4.17% | -18.23% | -35.37% | -35.37% | 2.47% |
| Industrial Engineering | 2.75% | -21.50% | -44.90% | -44.90% | 14.83% |
| Consumer Goods | 3.14% | 11.25% | -5.86% | -5.86% | 15.83% |
| Automobiles & Parts | 0.80% | -25.56% | -49.40% | -49.40% | -15.38% |
| Health Care | 3.24% | -1.78% | -17.01% | -17.01% | 5.23% |
| Beverages | -1.41% | 2.61% | -11.80% | -11.80% | 14.17% |
| Food Producers | 8.72% | 6.61% | 3.14% | 3.14% | 15.02% |
| Health Care Equipment & Services | 10.65% | 5.56% | -19.76% | -19.76% | 8.52% |
| Pharmaceuticals & Biotechnology | -3.53% | -8.45% | -7.40% | -7.40% | 1.83% |
| Consumer Services | 7.69% | -2.56% | -10.36% | -10.36% | 8.49% |
| General Retailers | 6.87% | -9.28% | -15.73% | -15.73% | -1.04% |
| Travel & Leisure | 9.77% | 4.37% | -29.79% | -29.79% | 9.87% |
| Media | 6.95% | 2.76% | -1.77% | -1.77% | 13.17% |
| Support Services | 9.65% | -1.24% | -15.17% | -15.17% | 6.21% |
| Industrial Transportation | 13.13% | -7.29% | -36.55% | -36.55% | -13.97% |
| Telecommunication | 4.99% | -3.99% | -14.47% | -14.47% | 17.59% |
| Food & Drug Retailers | 14.61% | 16.18% | 15.16% | 15.16% | 33.22% |
| Fixed Line Telecommunications | 12.26% | 8.92% | -13.18% | -13.18% | 0.56% |
| Technology | 7.38% | -14.78% | -35.53% | -35.53% | 1.34% |
| Software & Computer Services | 7.38% | -14.78% | -35.53% | -35.53% | 2.98% |

| Index/Sector | 1Month | 3Month | YTD | 1Year | 3Year |
|---|---|---|---|---|---|
| Financials | -1.19% | -11.43% | -26.17% | -26.17% | 1.10% |
| Banks | -2.03% | -6.07% | -10.33% | -10.33% | 5.61% |
| Non-life Insurance | 16.62% | -10.90% | -20.07% | -20.07% | 7.20% |
| Life Assurance | 0.02% | -15.93% | -46.94% | -46.94% | -9.05% |
| Equity Investment Instruments | 2.73% | -5.51% | -28.26% | -28.26% | 1.11% |
| Real Estate | -1.29% | -14.74% | -22.31% | -22.31% | 6.15% |
| General Finance | -1.25% | -7.05% | -31.33% | -31.33% | -1.07% |
| Financials And Industrials | 2.85% | -6.72% | -19.68% | -19.68% | 8.03% |
| ALBI | 6.98% | 11.35% | 16.97% | 16.97% | 8.75% |
| 1-3 Years | 2.17% | 5.49% | 12.90% | 12.90% | 8.50% |
| 3-7 Years | 5.66% | 10.12% | 15.72% | 15.72% | 8.56% |
| 7-12 Years | 7.54% | 12.40% | 17.43% | 17.43% | 8.99% |
| 12+ Years | 11.16% | 15.91% | 18.83% | 18.83% | 8.08% |
| STeFI | 1.04% | 2.95% | 11.79% | 11.79% | 9.48% |
| Call Deposit | 1.01% | 2.84% | 11.44% | 11.44% | 9.19% |
| 3 Month NCD | 1.03% | 2.91% | 11.81% | 11.81% | 9.52% |
| 6 Month NCD | 1.05% | 2.99% | 11.92% | 11.92% | 9.56% |
| 12 Month NCD | 1.06% | 3.00% | 11.78% | 11.78% | 9.49% |
| International Index / Other | 1Month | 3Month | YTD | 1Year | 3Year |
| S&P 500 | -5.36% | -12.72% | -15.26% | -15.26% | 2.32% |
| MSCI World | -3.23% | -12.29% | -20.21% | -20.21% | 2.71% |
| JPMorgan GBI | -3.83% | 19.62% | 50.46% | 50.46% | 19.24% |
| Salomon Brothers GBI | 1.21% | 21.99% | 56.82% | 56.82% | 26.37% |
| Dow Jones | -6.66% | -8.84% | -8.85% | -8.85% | 6.63% |
| Euro Top 100 | 0.19% | -10.37% | -24.98% | -24.98% | 4.86% |
| Nikkei 225 | 3.32% | 4.16% | -1.09% | -1.09% | 2.09% |
| FTSE 100 | 7.62% | 2.26% | -9.28% | -9.28% | 11.66% |
| Nasdaq | -3.56% | -14.65% | -18.09% | -18.09% | 1.92% |
| Russell 1000 | -8.66% | -19.56% | -19.28% | -19.28% | 0.72% |
| Barclays Inflation Linked Bond Index | 0.75% | 3.05% | 13.62% | 13.62% | 10.85% |

## Contact us...

**Cape Town**
5th Floor, Montclare Place, cnr Main & Campground Road,
Claremont, 7735
PO Box 23983, Claremont, 7735
Tel: +27 21 673 6999
Fax: +27 21 673 6998

**Johannesburg**
Ground floor, 23 Melrose boulevard, Melrose Arch, 2076
Postnet suite 116, Private Bag X1, Melrose Arch, 2076
Tel: +27 11 214 9800
Fax: +27 11 214 9801

www.riscura.com