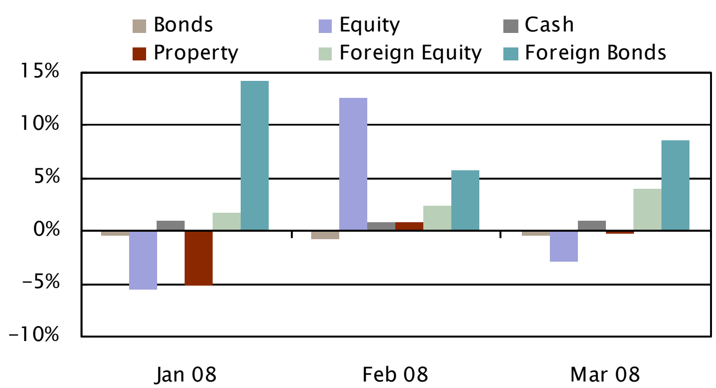
RisCura good thinking

RisCUpdate

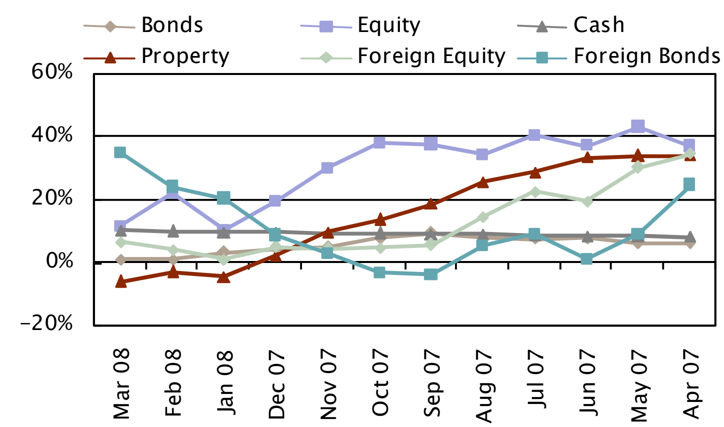
quarterly overview
31 Mar 2008

How the different asset classes performed

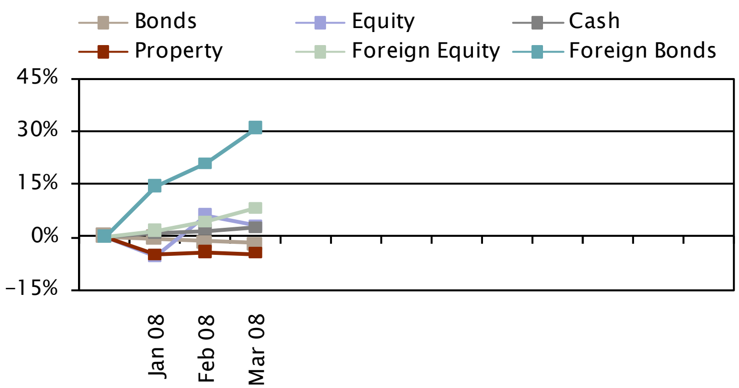
Asset Class Monthly Returns



Asset Class Rolling 12-Month Performance



Asset Class Performance – Year to Date

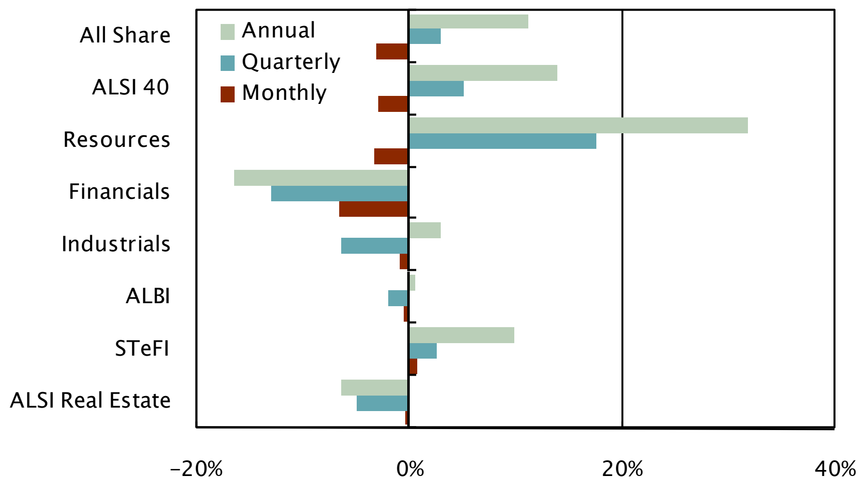


Sector Indices

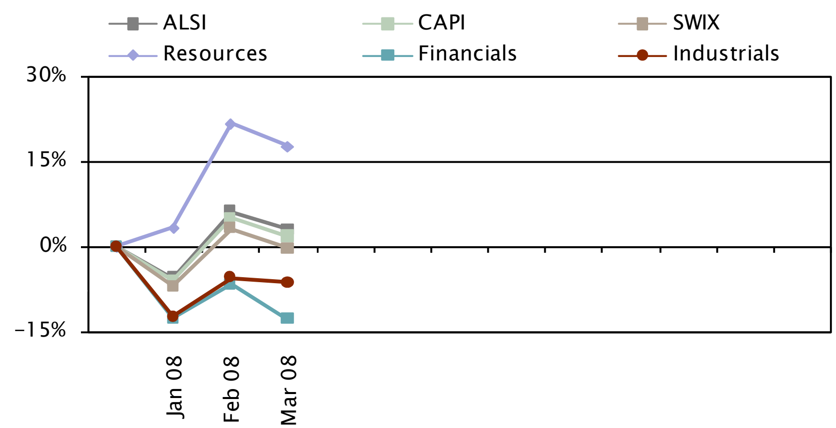
Bonds	ALBI
Equity	All Share
Cash	STeFI
Property	ALSI Real Estate
Foreign Equity	MSCI World
Foreign Bonds	JP Morgan Govt Bond

How the local market indices performed

Returns of FTSE/JSE Sectors & Indices

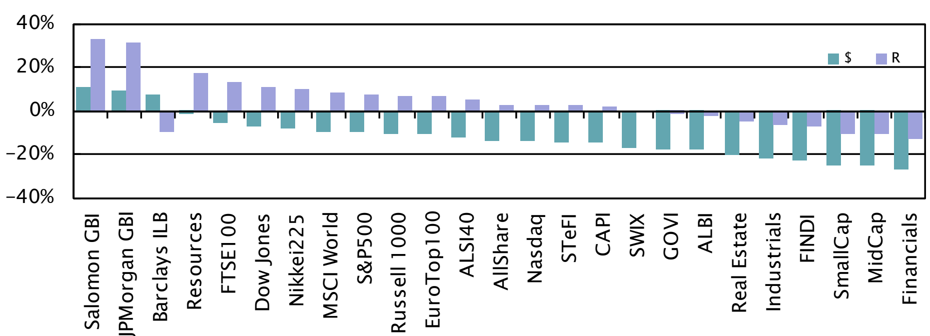


Sector & Indices Performance – Year to Date

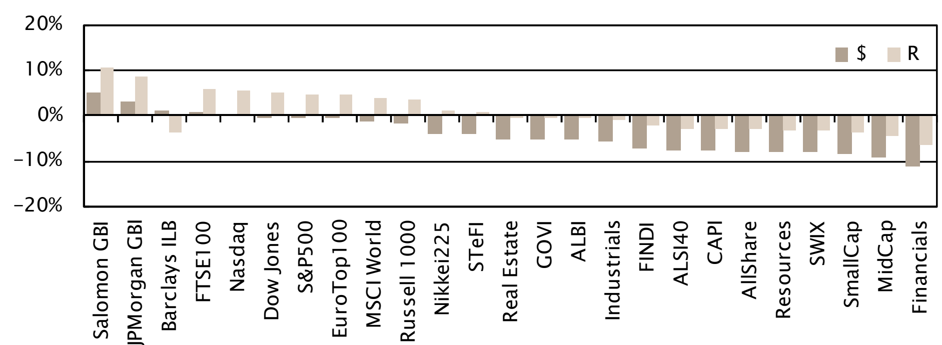


How the world market indices performed

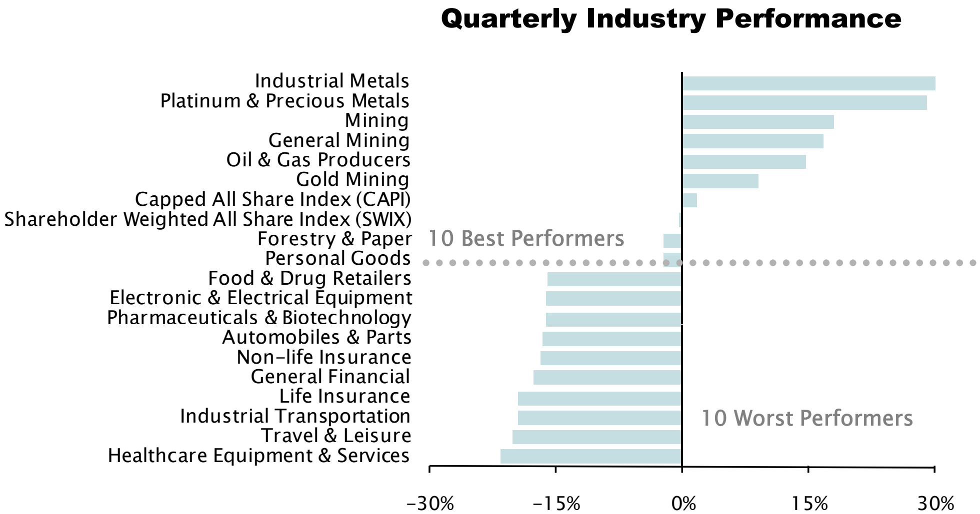
Quarterly Return of Major Indices

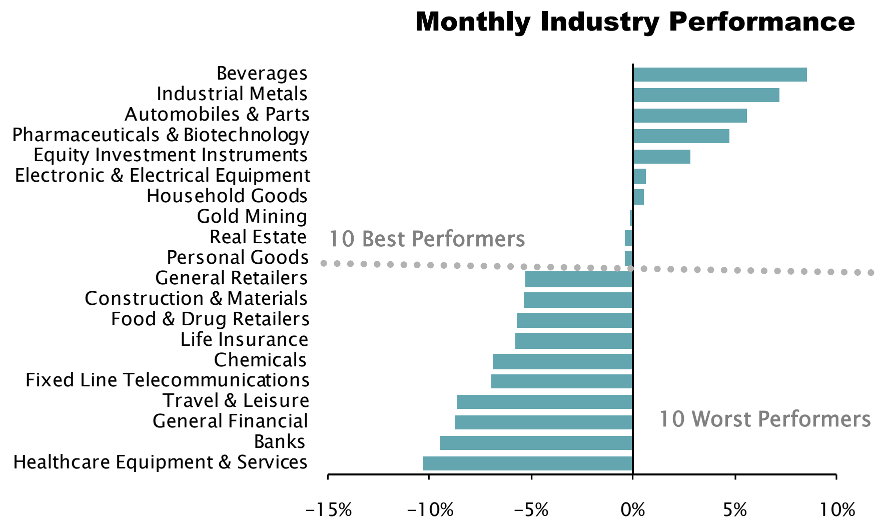


Annual Return of Major Indices



Equity market – how the equity sectors performed

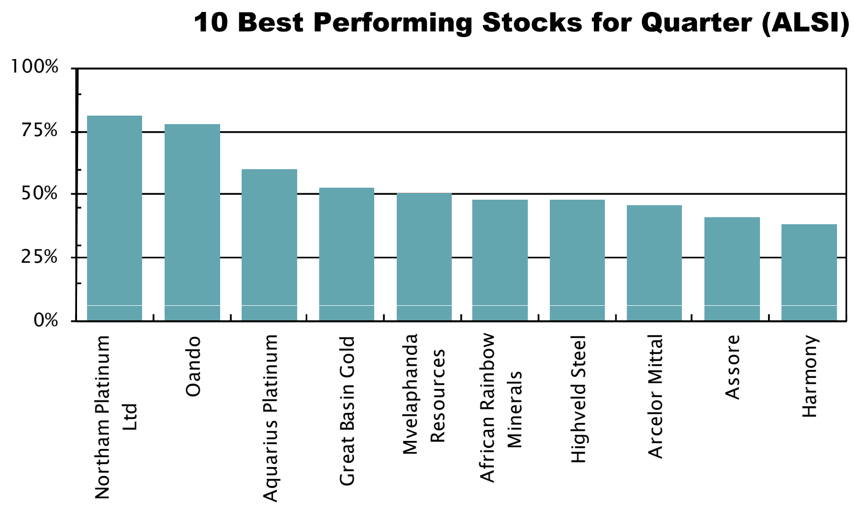


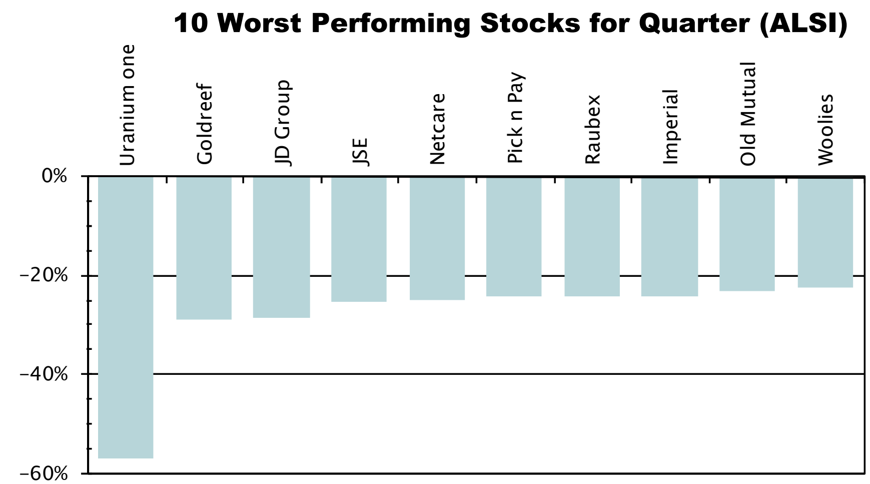


20 largest shares by market cap

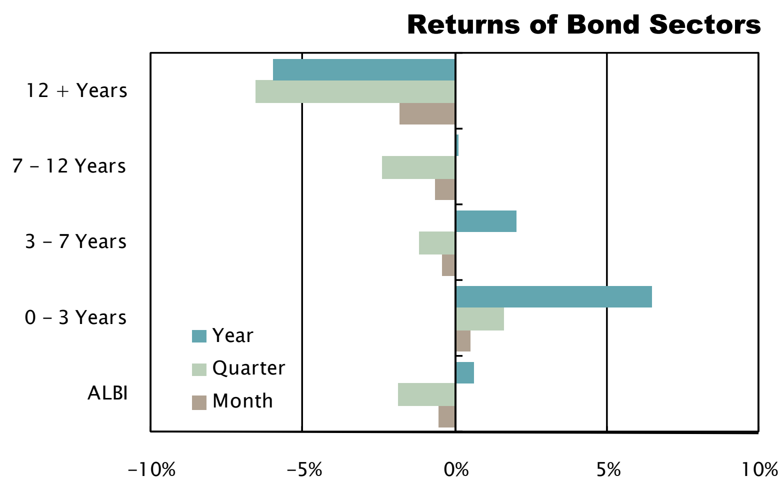
	Share	R'million		Share	R'million		Share	R'million		Share	R'million
1	Anglo American	645,270	6	Richemont	235,683	11	Old Mutual	97,367	16	Anglogold	75,541
2	BHP Billiton	533,260	7	MTN	229,380	12	FirstRand	90,192	17	Goldfields	75,042
3	Angloplat	281,704	8	Implats	197,684	13	Remgro	87,973	18	Telkom	68,910
4	SABMiller	266,481	9	Standard Bank	134,589	14	Arcelor Mittal	87,813	19	ABSA	68,894
5	Sasol	245,266	10	Kumba	98,144	15	Lonmin	77,100	20	Liberty Int	56,164

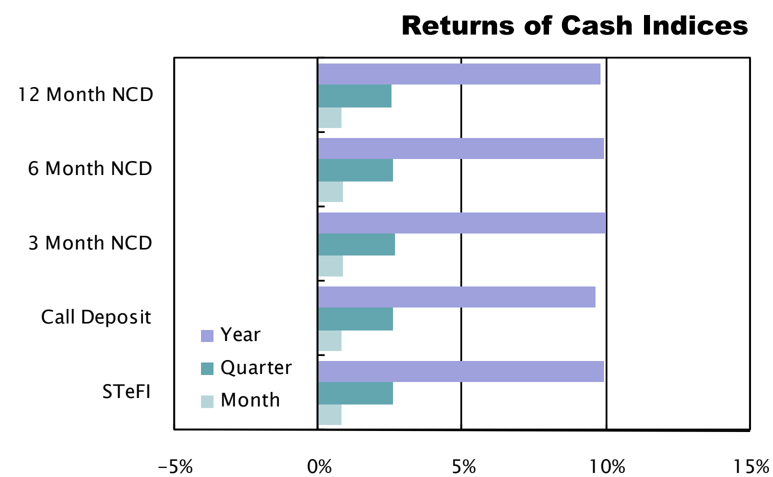
Equity market – how specific equities performed



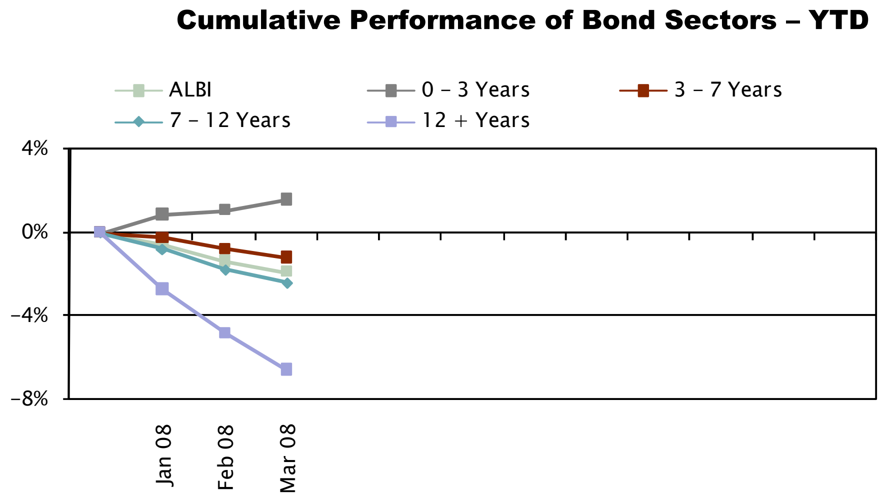


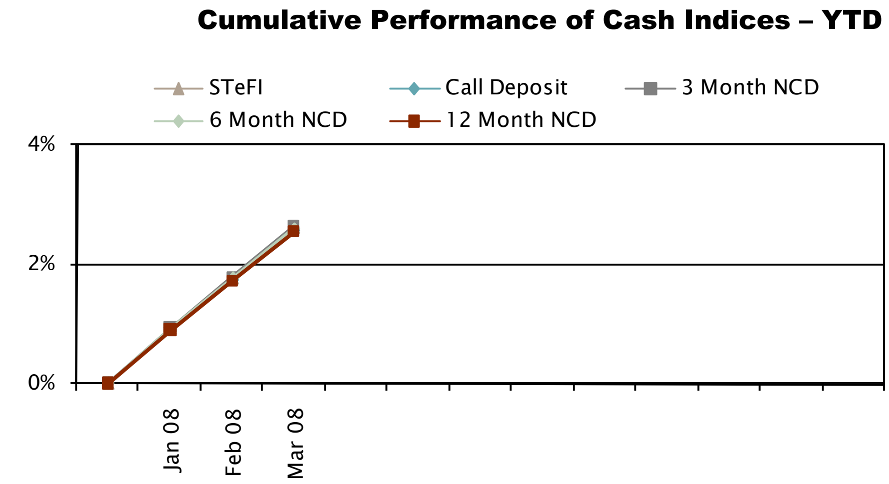
How the fixed interest market performed





Fixed interest market – how the different sectors performed





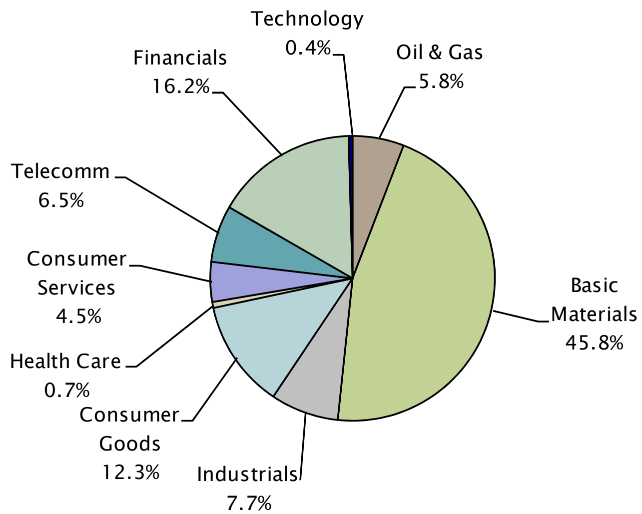
Fixed interest market – how the currency performed

	31 Dec 07	31 Mar 08	% Change
Rand/dollar	6.81	8.14	-16.29%
Rand/pound	13.62	16.16	-15.74%
Rand/euro	10.01	12.83	-22.00%
Dollar/euro	1.48	1.58	7.42%

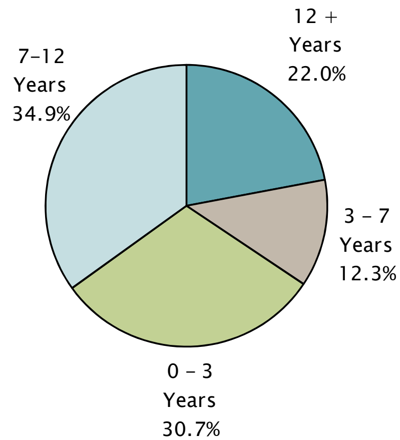
What makes up the benchmarks

Quarterly Composition of All Indices

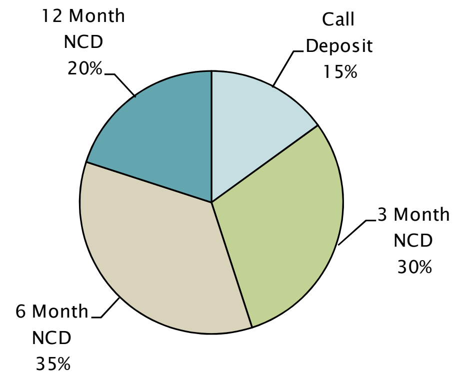
Equity – All Share



Bond – ALBI



Cash – STeFI



Market and economic update

Globally speaking

Background

- Over the last quarter, global equity markets have experienced significant uncertainty. This was in part due to the sub-prime crisis, which caused extreme market volatility.
- The Fed responded with substantial cuts in interest rates and a massive liquidity injection into the financial system. Probably their main concern was not so much the economy heading into recession, but rather the threat huge sub-prime losses pose to the banking system.
- Lower rates will provide relief both to distressed borrowers and the banks, providing higher margins to restore the eroded capital base.
- Fears that losses could be as high as $500bn have eroded billions of market value off banking and financial shares.
- The strains caused by the US current account deficit and the Chinese and oil producer surplus have been aggravated by the sub-prime crisis.

Outlook

- Growth of the global economy seems to be slowing into 2008.
- The critical issues for 2008 are whether growth in the emerging markets will counteract the slowdown in the OECD, and the impact of the massive liquidity injection by central banks into the money markets to counteract the adverse effects of the sub-prime crisis.
- Unless there is a massive revaluation of the Yuan, large scale liquidity will continue, initially causing asset inflation, but ultimately having an impact on the prices of goods and services.
- We believe that global markets are currently on high earnings and valuations are stretched – as a result we don't expect above average returns in the next 4-5 years.

Locally speaking

Background

- Our local equity market has not been spared the volatility suffered by its global counterparts.
- This increased volatility is attributable to external factors, primarily the US sub-prime mortgage concerns and the resultant global shift in investor funds away from risky assets. This event serves as a reminder of how closely integrated global equity markets have become.
- The commodity boom continues to fuel investor appetite for base metal companies, especially Anglo American and BHP Billiton, the main drivers of the index in the past quarter.
- Our view is that prices for base metals are currently well above what we consider normal. Not only are the earnings of these companies high, but the market is also assigning a high multiple to these earnings. We do not consider these conditions to be sustainable over the medium to long-term.

Market and economic update

Outlook

- The South African economy is slowly losing momentum.
- The rand is vulnerable to further weakness given the very large current account deficit, and the reliance on fickle equity and bond market inflows to support the currency.
- However, with a big increase in export prices, the current account deficit can reduce significantly, which could restore a degree of stability to the rand at least in the short term.
- The secondary effects of high food and oil prices are materialising in the form of strong upward pressure on wages.
- Should these persist, the SARB may be forced to raise interest rates much higher to bring inflation back into the targeted range.
- We continue to caution investors not to extrapolate returns achieved over the last 4 years into the future. At current levels, the market is not priced for good returns.
- The fixed interest duration of our balanced mandates remains conservatively short given our concerns about inflationary pressures. Accordingly we favour short dated bonds and money market instruments.

Economic comment supplied by Allan Gray ALLANGRAY INTELLIGENT INVESTING

Performance table

Index/Sector	1Month	3Month	YTD	1Year	3Year
All Share	-3.04%	2.92%	2.92%	11.14%	34.03%
Capped All Share Index	-3.00%	1.69%	1.69%	9.84%	33.32%
Shareholder Weighted All Share Index	-3.41%	-0.35%	-0.35%	6.27%	31.92%
Top 40	-2.86%	5.10%	5.10%	13.97%	34.73%
Mid Cap	-4.45%	-10.79%	-10.79%	-7.85%	27.86%
Small Cap	-3.69%	-10.17%	-10.17%	2.50%	35.87%
Resources	-3.30%	17.55%	17.55%	31.83%	47.47%
Mining	-3.30%	17.99%	17.99%	28.62%	48.24%
Gold Mining	-0.06%	9.06%	9.06%	-12.21%	16.49%
Platinum & Precious Metals	-2.99%	29.03%	29.03%	29.45%	80.12%
General Mining	-3.87%	16.80%	16.80%	36.58%	49.59%
Oil & Gas	-3.46%	14.62%	14.62%	63.55%	43.08%
All Share Industrials	-0.87%	-6.37%	-6.37%	2.96%	28.37%
Basic Materials	-3.05%	17.82%	17.82%	28.24%	39.60%
Chemicals	-6.80%	-14.88%	-14.88%	-7.19%	18.02%
Construction & Materials	-5.34%	-7.64%	-7.64%	24.64%	62.77%
Forestry & Paper	-2.84%	-2.14%	-2.14%	-9.76%	10.73%
Industrial Metals	7.24%	44.33%	44.33%	92.24%	59.96%
Industrials	-3.23%	-8.02%	-8.02%	-0.53%	28.96%
General Industrials	-1.71%	-2.70%	-2.70%	9.62%	31.01%
Electronic & Electrical Equipment	0.62%	-16.09%	-16.09%	-21.76%	26.63%
Industrial Engineering	-2.61%	-14.37%	-14.37%	9.08%	43.18%
Consumer Goods	2.62%	-5.62%	-5.62%	8.84%	30.91%
Automobiles & Parts	5.63%	-16.54%	-16.54%	-22.13%	7.13%
Leisure Goods					
Health Care	-5.15%	-19.68%	-19.68%	-25.39%	13.73%
Beverages	8.59%	-6.84%	-6.84%	13.50%	24.56%
Food Producers	-4.39%	-14.36%	-14.36%	-11.09%	21.59%
Health Care Equipment & Services	-10.32%	-21.64%	-21.64%	-31.45%	21.41%
Pharmaceuticals & Biotechnology	4.79%	-16.20%	-16.20%	-13.31%	16.49%
Consumer Services	-5.13%	-14.80%	-14.80%	-19.72%	18.17%
General Retailers	-5.20%	-14.27%	-14.27%	-32.71%	10.75%
Travel & Leisure	-8.64%	-20.08%	-20.08%	-11.84%	25.12%
Media	-3.62%	-13.04%	-13.04%	-17.56%	26.28%
Support Services	-3.78%	-8.86%	-8.86%	-17.64%	17.61%
Industrial Transportation	-4.21%	-19.54%	-19.54%	-33.50%	-1.08%
Telecommunication	-1.44%	-4.15%	-4.15%	17.94%	36.74%
Food & Drug Retailers	-5.64%	-15.89%	-15.89%	15.78%	32.29%
Fixed Line Telecommunications	-6.95%	-4.93%	-4.93%	-15.77%	16.34%
Technology	-4.73%	-10.16%	-10.16%	-4.93%	26.48%
Software & Computer Services	-4.73%	-10.16%	-10.16%	-4.93%	29.87%

RisCUpdate

Q1 2008

Index/Sector	1Month	3Month	YTD	1Year	3Year
Financials	**-6.57%**	**-12.84%**	**-12.84%**	**-16.28%**	**17.59%**
Banks	-9.42%	-10.74%	-10.74%	-18.36%	16.48%
Non-life Insurance	-4.84%	-16.74%	-16.74%	-0.78%	19.39%
Life Assurance	-5.78%	-19.50%	-19.50%	-14.94%	11.63%
Equity Investment Instruments	2.83%	-5.58%	-5.58%	-4.20%	26.10%
Real Estate	-0.31%	-4.84%	-4.84%	-6.28%	20.50%
General Finance	-8.72%	-17.70%	-17.70%	-28.49%	23.88%
Financials And Industrials	**-2.75%**	**-8.52%**	**-8.52%**	**-3.98%**	**24.51%**
ALBI	**-0.53%**	**-1.88%**	**-1.88%**	**0.64%**	**6.23%**
1-3 Years	0.51%	1.60%	1.60%	6.50%	7.28%
3-7 Years	-0.41%	-1.17%	-1.17%	2.03%	6.17%
7-12 Years	-0.63%	-2.36%	-2.36%	0.12%	7.01%
12+ Years	-1.81%	-6.54%	-6.54%	-5.99%	4.59%
STeFI	**0.83%**	**2.61%**	**2.61%**	**9.89%**	**8.23%**
Call Deposit	0.81%	2.58%	2.58%	9.64%	7.93%
3 Month NCD	0.84%	2.65%	2.65%	10.00%	8.25%
6 Month NCD	0.84%	2.62%	2.62%	9.95%	8.28%
12 Month NCD	0.82%	2.56%	2.56%	9.82%	8.33%
International Index / Other	**1Month**	**3Month**	**YTD**	**1Year**	**3Year**
S&P 500	4.58%	7.61%	7.61%	4.35%	13.49%
MSCI World	3.89%	8.07%	8.07%	6.41%	17.66%
JPMorgan GBI	5.34%	22.50%	22.50%	18.85%	13.02%
Salomon Brothers GBI	10.60%	32.52%	32.52%	33.70%	17.05%
Dow Jones	5.17%	10.43%	10.43%	11.27%	15.06%
Euro Top 100	4.52%	6.71%	6.71%	12.02%	21.16%
Nikkei 225	1.10%	9.81%	9.81%	-3.77%	14.62%
FTSE 100	5.93%	13.22%	13.22%	20.08%	22.70%
Nasdaq	5.55%	2.65%	2.65%	5.50%	14.15%
Russell 1000	3.45%	6.94%	6.94%	-2.42%	13.71%
Barclays Inflation Linked Bond Index	-3.85%	-9.93%	-9.93%	-6.18%	24.18%

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