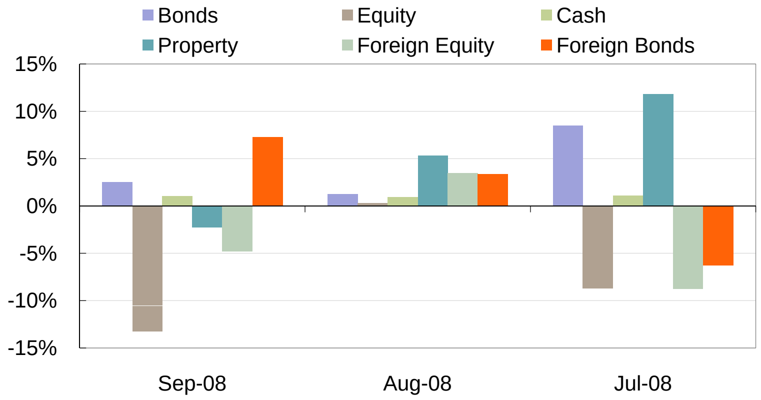
RisCura
risk and investment consulting

RisCUpdate

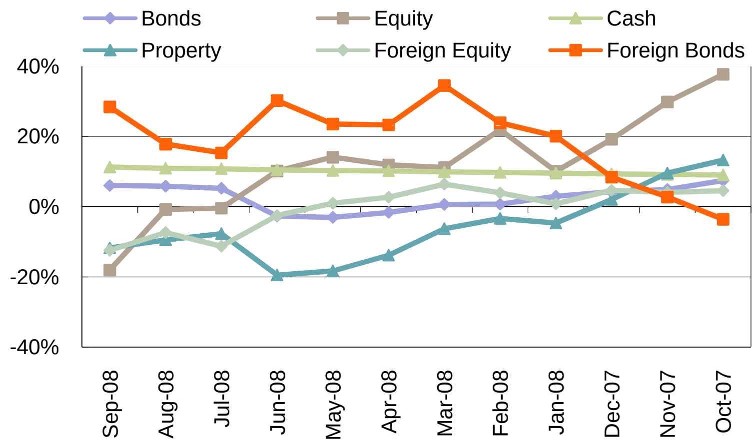
quarterly overview
30 September 2008

HOW THE DIFFERENT ASSET CLASSES PERFORMED

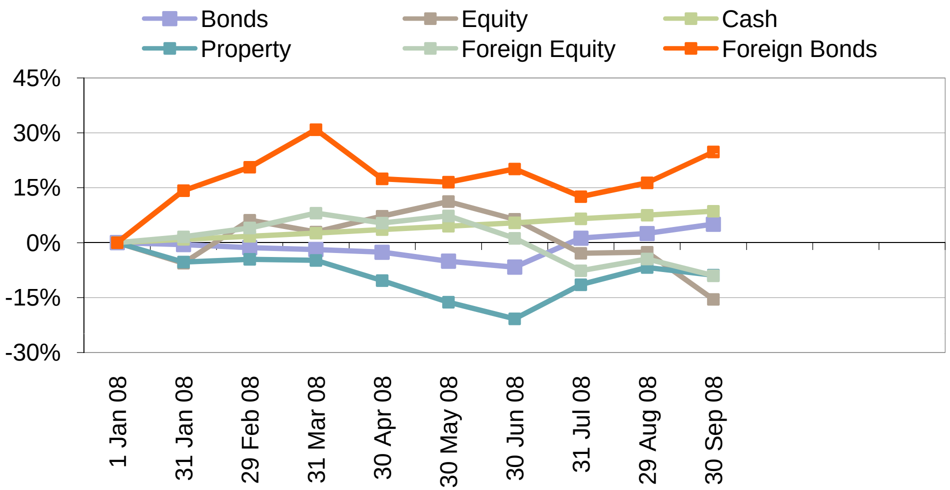
ASSET CLASS MONTHLY RETURNS



ASSET CLASS ROLLING 12-MONTH PERFORMANCE



ASSET CLASS PERFORMANCE – YEAR TO DATE

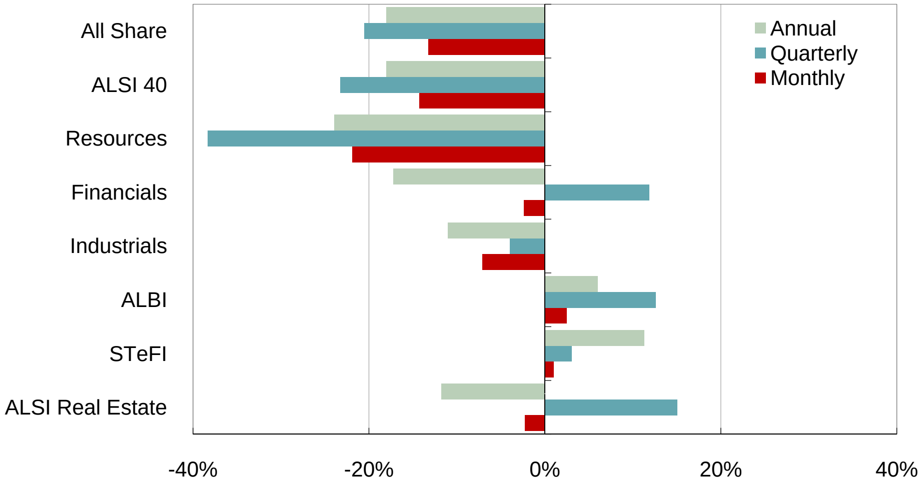


SECTOR INDICES

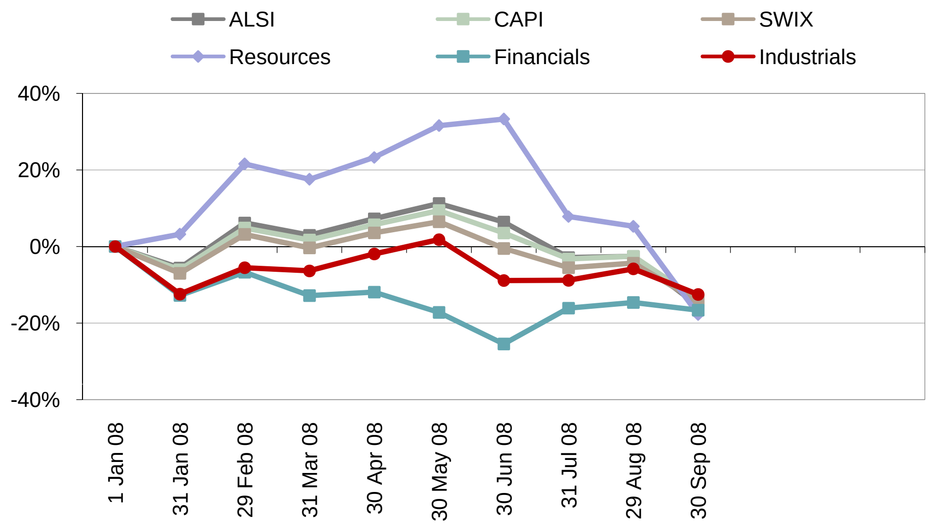
Bonds	ALBI
Equity	All Share Index
Cash	STeFI
Property	ALSI Real Estate Index
Foreign Equity	MSCI World Index
Foreign Bonds	JP Morgan Govt Bond Index

HOW THE LOCAL MARKET INDICES PERFORMED

RETURNS OF FTSE/JSE SECTORS & INDICES

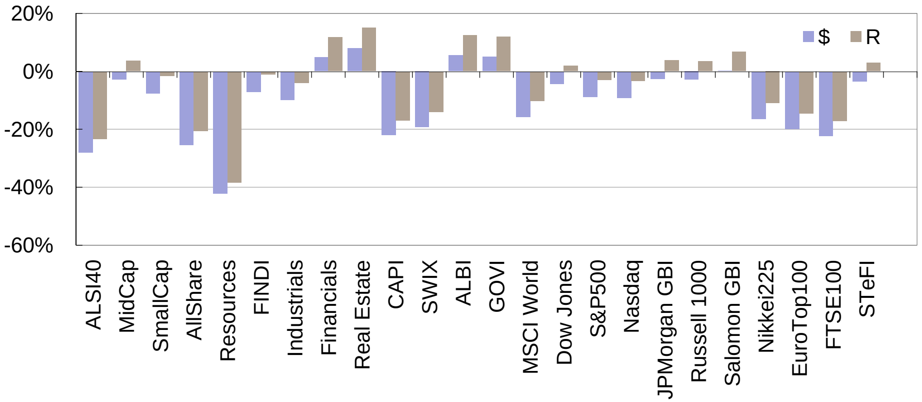


SECTOR & INDICES PERFORMANCE – YEAR TO DATE

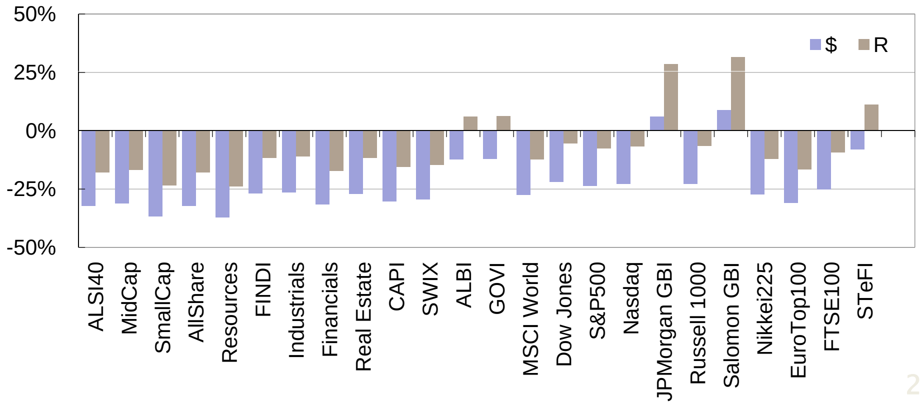


HOW THE WORLD MARKET INDICES PERFORMED

QUARTERLY RETURN OF MAJOR INDICES

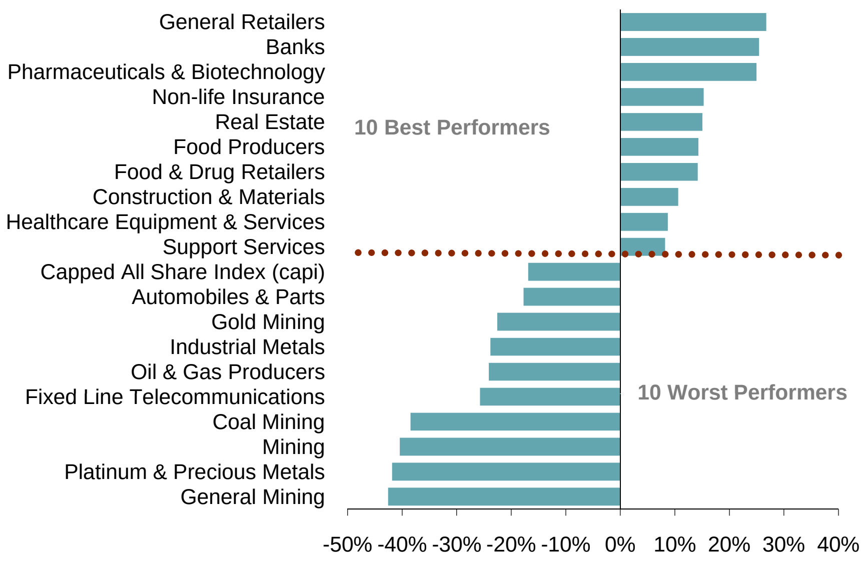


ANNUAL RETURN OF MAJOR INDICES

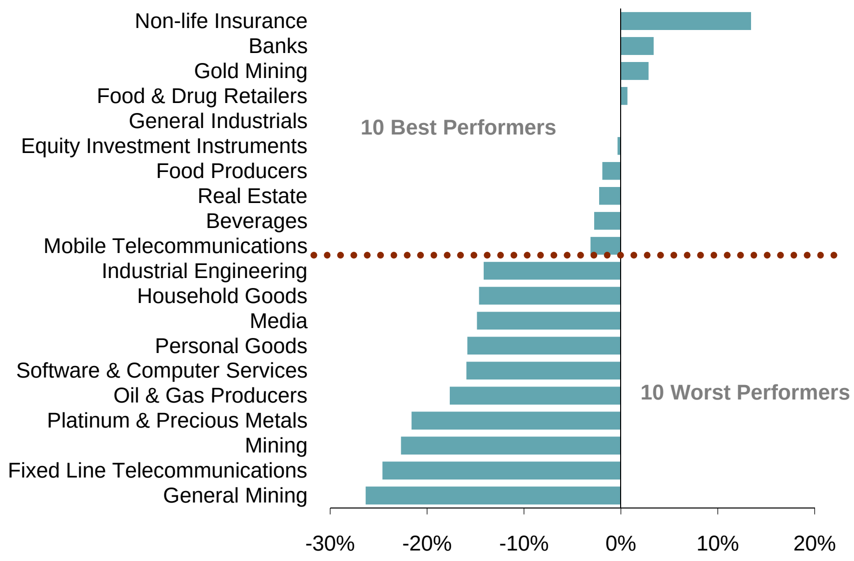


EQUITY MARKET – HOW THE EQUITY SECTORS PERFORMED

QUARTERLY INDUSTRY PERFORMANCE



MONTHLY INDUSTRY PERFORMANCE

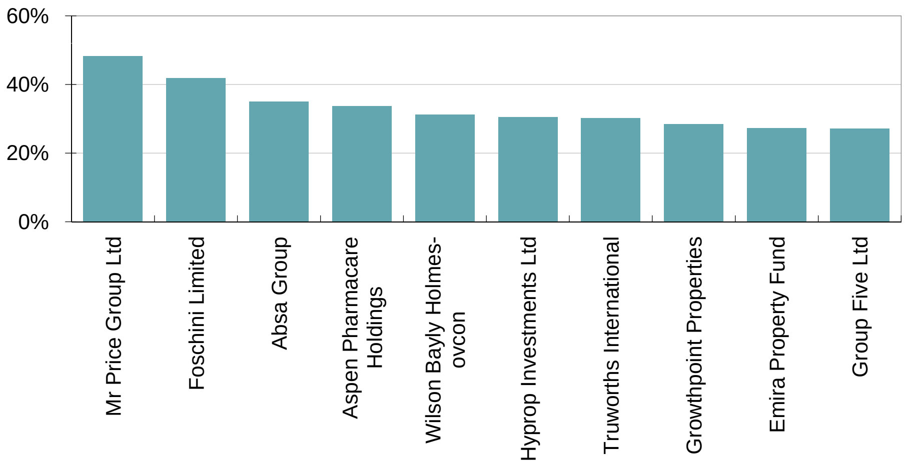


20 LARGEST SHARES BY MARKET CAP

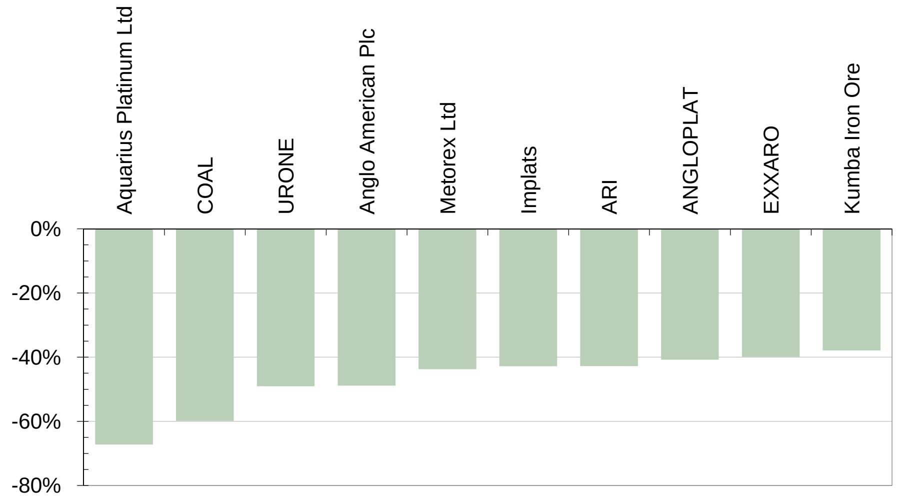
	Share	R'million		Share	R'million		Share	R'million		Share	R'million
1	BHP Billiton	419,339	6	Richemont	193,036	11	Remgro	85,311	16	Old Mutual	63,418
2	Anglo American	373,331	7	Angloplat	177,091	12	ABSA	73,463	17	Kumba	59,933
3	SABMiller	241,142	8	Standard Bank	143,000	13	Arcelor Mittal	73,103	18	Telkom	54,745
4	Sasol	233,585	9	Implats	104,842	14	Anglogold Ashanti	67,321	19	Gold Fields	52,586
5	MTN	214,520	10	First Rand	94,208	15	Naspers	64,951	20	Liberty	49,700

EQUITY MARKET – HOW SPECIFIC EQUITIES PERFORMED

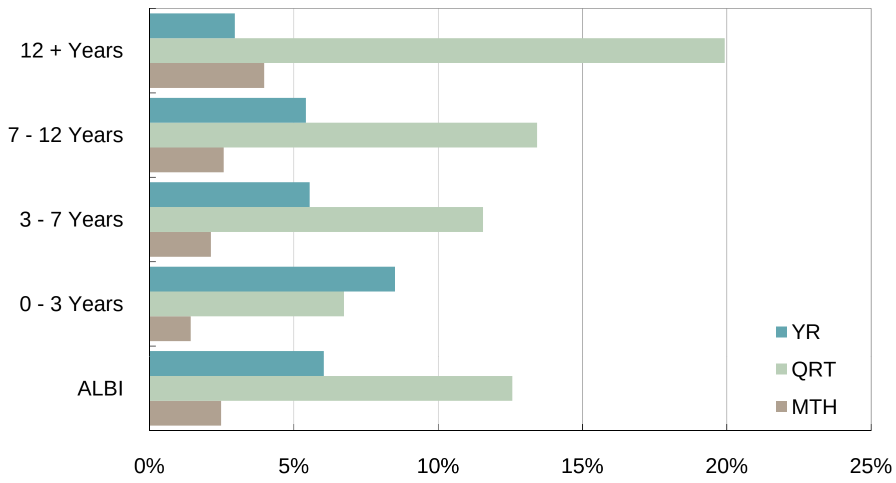
10 BEST PERFORMING STOCKS FOR QUARTER (ALSI)

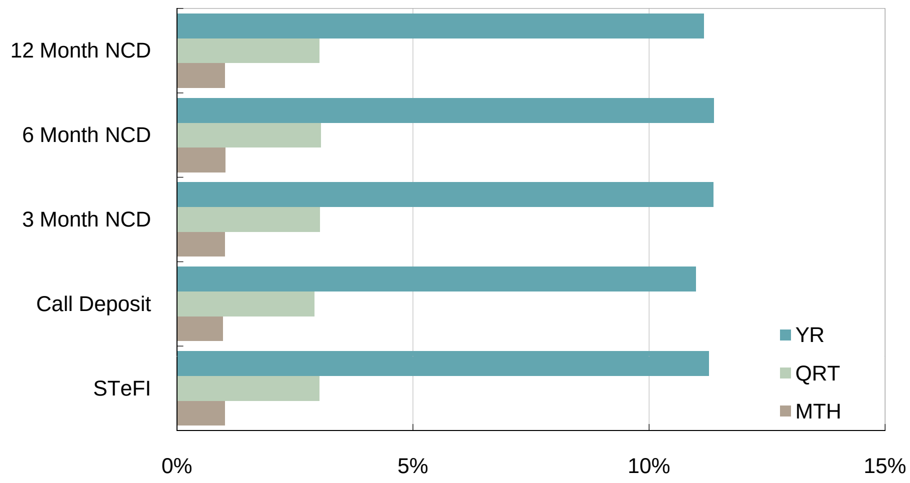


10 WORST PERFORMING STOCKS FOR QUARTER (ALSI)



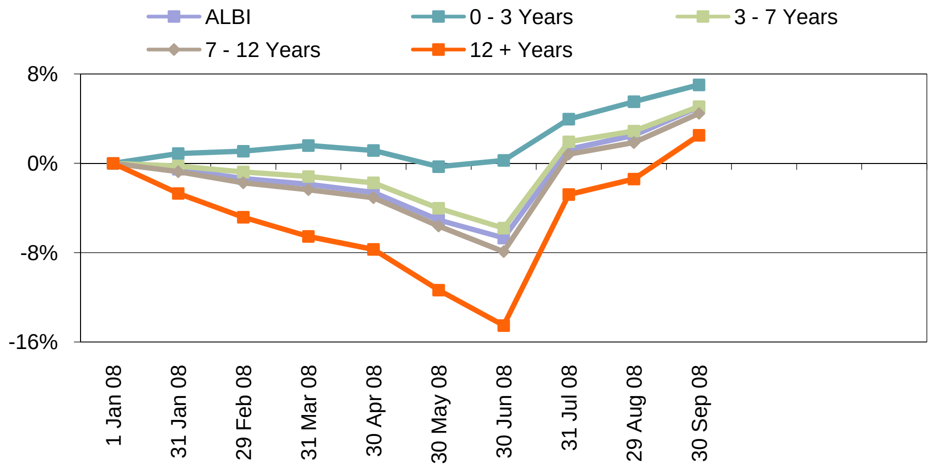
HOW THE FIXED INTEREST MARKET PERFORMED



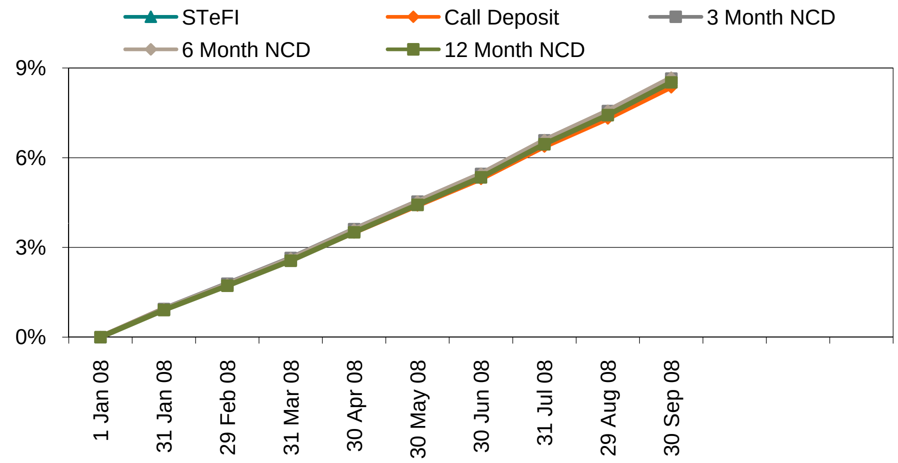


FIXED INTEREST MARKET – HOW THE DIFFERENT SECTORS PERFORMED

CUMULATIVE PERFORMANCE OF BOND SECTORS – YTD



CUMULATIVE PERFORMANCE OF CASH INDICES – YTD



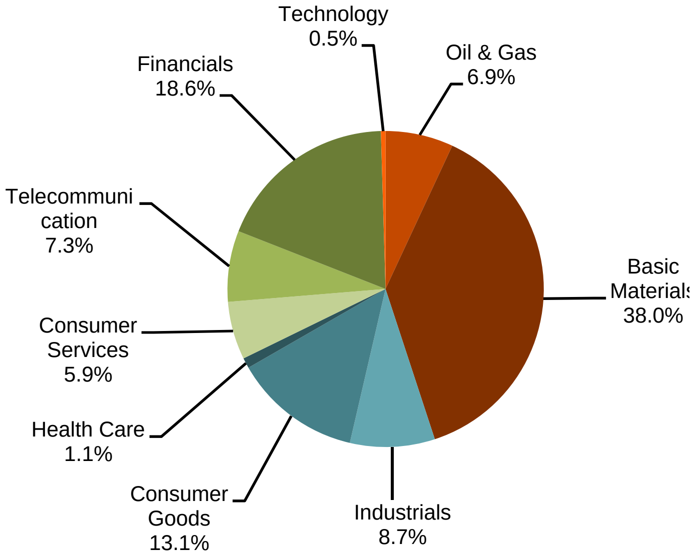
FIXED INTEREST MARKET – HOW THE CURRENCY PERFORMED

	30 Jun 08	30 Sep 08	% Change
Rand/dollar	7.81	8.33	-6.19%
Rand/pound	15.55	14.81	4.98%
Rand/euro	12.30	11.70	5.19%
Dollar/euro	1.58	1.40	-10.82%

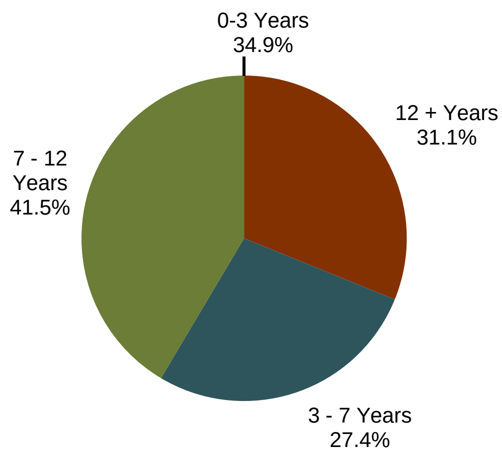
WHAT MAKES UP THE BENCHMARKS

QUARTERLY COMPOSITION OF ALL INDICES

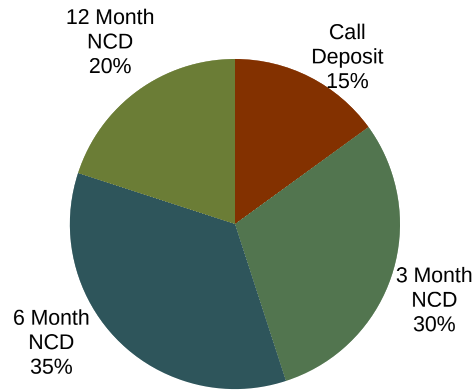
Equity – All Share



Bond – ALBI



Cash – STeFI



Market and economic update

Globally speaking

Background

- 2008 will probably be remembered for many years for the swiftness and extent of declines in so many markets, as well as the extreme market volatility experienced. The emerging markets such as Brazil, Russia, China and India were previously seen as removed from the credit crisis in the USA and Europe. However, this was not the case. The Brazilian Bovespa Index fell 37.2%, the MSCI Russian Index declined 45.3%, worse than the 15.2% loss on the MSCI World Free Index.
- The reason for the market panic is clear. People in the Anglo Saxon countries and elsewhere have experienced a long period of increased consumption based on increasing use of cheap and easy credit. Household debt to income ratios for consumers in the USA, for example, have risen to 139%, double the average debt level of their parents in the 1970's and 1980's. Bad debts are now soaring, to the extent that the solvency of many financial institutions has been threatened. This led to a crisis of confidence in the banking system. Without large scale government interventions we could have seen a collapse of the banking system. Moves to guarantee bank deposits as well as orchestrated cutting of interest rates in the USA, UK, Australia, China and elsewhere have removed the immediate threat of large scale bank failures.

Outlook

- However, the costs of excess credit extension will need to be paid, and we believe that this will dampen world economic growth for several years. Equity markets have corrected speedily and many claim that share valuations are back into what appears to be cheap territory. We caution however against using simple valuation techniques such as price earnings ratios based on historical earnings. Company profits in the short to medium term may be substantially less than we have seen in recent years.

Locally speaking

Background

- The South African market has suffered in line with other markets. The FTSE/JSE All Share Index was down 24.5% for the quarter in US $ terms and further down in October. The Resources Index was down by a hefty 41.4% in US$ terms over the period, in line with collapsing prices for our major commodity exports.
- The South African banking system is believed to be generally well regulated and well capitalized, and according it is unlikely to experience the stresses seen elsewhere.
- While South African consumers are not nearly as overdebted as those in the USA, by our own historic standards our debt levels are high. Consumers are suffering from the effects of higher food, fuel and electricity prices, as well as a higher finance burden

Outlook

- The domestic economy is likely to experience a rapid slow down. Commodity export proceeds are likely to be lower next year, with negative consequences for suppliers. Consumers will need to tighten their belts and restore their credit worthiness.
- The ZAR is vulnerable because of our large current account deficit as well as capital outflows.
- Inflation is still high, but is expected to moderate next year, unless the currency continues to fall. Given the expected moderation in inflation and the slow down in the economy we expect interest rates to be cut from the 2nd quarter next year. Money market rates are still attractive. Bonds in general offer limited value.
- As noted above equity prices have reduced substantially. Equity valuations look cheap on simple measures such as historic price earnings ratios. However, the next few years may be different from the preceding five years. We do not expect the abnormally high returns seen from equities in the previous five years to continue in the medium term. However, we do find pockets of exceptional long term value and are adding selectively to our portfolios.

Economic comment supplied ABSA Asset Management

ABSA Asset Management

Ris Cura
good thinking

RisCUpdate

Q3 2008

Performance table

Index/Sector	1Month	3Month	YTD	1Year	3Year
All Share	-4.36%	3.36%	6.38%	10.15%	32.40%
Capped All Share Index	-5.38%	1.79%	3.52%	7.51%	30.97%
Shareholder Weighted All Share Index	-6.56%	-0.16%	-0.51%	3.39%	28.73%
Top 40	-4.04%	5.29%	10.66%	15.08%	33.91%
Mid Cap	-6.73%	-9.82%	-19.56%	-19.26%	20.90%
Small Cap	-8.44%	-13.95%	-22.70%	-20.55%	24.73%
Resources	1.30%	13.39%	33.30%	39.91%	49.40%
Mining	1.91%	12.54%	32.79%	35.88%	51.13%
Gold Mining	1.36%	-4.51%	4.14%	-2.11%	11.61%
Platinum & Precious Metals	-3.63%	1.89%	31.48%	32.95%	71.10%
General Mining	3.35%	18.07%	37.91%	43.33%	56.01%
Oil & Gas	-2.54%	19.79%	37.30%	78.27%	40.55%
All Share Industrials	-10.50%	-2.70%	-8.90%	-4.32%	24.49%
Basic Materials	1.24%	12.09%	32.07%	34.54%	46.67%
Chemicals	-5.15%	-0.91%	-15.66%	-18.57%	15.24%
Construction & Materials	-10.15%	-11.37%	-18.14%	0.53%	52.83%
Forestry & Paper	-14.13%	-6.48%	-8.49%	-27.90%	9.54%
Industrial Metals	-9.19%	11.94%	61.56%	94.98%	80.99%
Industrials	-9.63%	-9.88%	-17.11%	-15.10%	23.40%
General Industrials	-11.76%	-9.12%	-11.58%	-5.58%	26.68%
Electronic & Electrical Equipment	-7.88%	-7.29%	-22.20%	-28.35%	19.47%
Industrial Engineering	-2.84%	-2.01%	-16.10%	-5.53%	36.27%
Consumer Goods	-10.27%	-2.73%	-8.20%	-0.94%	23.81%
Automobiles & Parts	-17.05%	-1.00%	-17.38%	-16.06%	4.02%
Health Care	-6.43%	-8.03%	-26.13%	-32.97%	7.79%
Beverages	-9.45%	0.59%	-6.29%	2.62%	22.32%
Food Producers	-8.67%	-1.18%	-15.37%	-15.75%	17.15%
Health Care Equipment & Services	-7.94%	-10.75%	-30.06%	-41.33%	12.55%
Pharmaceuticals & Biotechnology	-3.88%	-3.42%	-19.06%	-15.21%	9.56%
Consumer Services	-5.67%	-1.56%	-16.13%	-21.44%	15.42%
General Retailers	-8.36%	-14.53%	-26.72%	-38.34%	2.80%
Travel & Leisure	-4.15%	-18.84%	-35.14%	-33.14%	16.62%
Media	-4.15%	14.58%	-0.36%	-9.64%	26.32%
Support Services	-9.20%	-12.91%	-20.63%	-31.70%	12.08%
Industrial Transportation	-1.84%	-6.97%	-25.15%	-39.82%	-3.87%
Telecommunication	-15.17%	3.35%	-0.94%	21.33%	36.10%
Food & Drug Retailers	-5.18%	3.19%	-13.21%	6.63%	30.39%
Fixed Line Telecommunications	8.07%	12.85%	7.29%	-11.55%	19.42%
Technology	-11.73%	-8.02%	-17.36%	-20.10%	18.97%
Software & Computer Services	-11.73%	-8.02%	-17.36%	-20.10%	21.84%

RisCUpdate

Q3 2008

Index/Sector	1Month	3Month	YTD	1Year	3Year
Financials	-9.97%	-14.50%	-25.48%	-27.17%	9.65%
Banks	-8.28%	-14.76%	-23.91%	-25.27%	8.37%
Non-life Insurance	-6.58%	-6.54%	-22.18%	-12.09%	12.63%
Life Assurance	-16.69%	-13.75%	-30.57%	-31.37%	7.19%
Equity Investment Instruments	-1.26%	-9.05%	-14.13%	-17.53%	18.14%
Real Estate	-5.42%	-16.77%	-20.80%	-19.48%	10.50%
General Finance	-9.09%	-12.55%	-28.03%	-37.89%	13.24%
Financials And Industrials	-10.35%	-6.44%	-14.41%	-12.25%	19.37%
ALBI	-1.70%	-4.89%	-6.68%	-2.67%	2.89%
1-3 Years	0.56%	-1.31%	0.27%	4.42%	5.63%
3-7 Years	-1.85%	-4.68%	-5.79%	-2.41%	2.97%
7-12 Years	-2.42%	-5.67%	-7.90%	-3.84%	3.03%
12+ Years	-3.58%	-8.53%	-14.52%	-10.37%	-0.22%
STeFI	0.88%	2.73%	5.41%	10.47%	8.58%
Call Deposit	0.85%	2.65%	5.29%	10.22%	8.29%
3 Month NCD	0.89%	2.74%	5.46%	10.56%	8.61%
6 Month NCD	0.89%	2.77%	5.46%	10.55%	8.64%
12 Month NCD	0.88%	2.72%	5.34%	10.37%	8.62%
International Index / Other	1Month	3Month	YTD	1Year	3Year
S&P 500	-6.20%	-7.10%	-0.04%	-5.15%	8.04%
MSCI World	-5.70%	-6.36%	1.20%	-2.52%	12.73%
JPMorgan GBI	2.69%	-6.21%	14.89%	17.22%	7.17%
Salomon Brothers GBI	1.01%	-9.17%	20.37%	28.63%	11.55%
Dow Jones	-7.84%	-11.15%	-1.88%	-5.70%	9.05%
Euro Top 100	-5.83%	-8.27%	-2.12%	-2.06%	15.89%
Nikkei 225	-4.04%	-2.91%	6.62%	-4.11%	12.59%
FTSE 100	-3.43%	-5.41%	7.09%	10.04%	18.84%
Nasdaq	-6.73%	-3.42%	-0.86%	-1.87%	9.38%
Russell 1000	-7.74%	-9.39%	-3.10%	-12.19%	7.11%
Barclays Inflation Linked Bond Index	4.63%	6.05%	11.78%	19.40%	12.79%

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