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| Portfolio Manager

March market highlights included some rand weakness, resulting in a rising rand crude oil price, lower consumer and producer price inflation and the decision by the South African Reserve Bank to retain its neutral policy stance. The announcement by international credit rating agency Standard & Poor's that it changed the outlook for South Africa from neutral to negative (the actual ratings were kept unchanged) had a limited impact on market sentiment. In fact, foreign buying

interest has kept pace with the global trend, lending some support to the market – with net purchases for the year to date now totalling R20.7bn (or 50% of the 2011 number). Elsewhere the slow global recovery appears to be gaining uncertain traction, making it hard for monetary authorities to seriously consider the normalisation of multi-decade low official interest rates.

A weak bias to the local fixed rate government bond market, mainly due to an unexpected large sell-off in the US Treasury market, limited the All Bond Index's monthly return to +0.10%, with long-dated bonds underperforming

short-dated bonds. Inflation-linked bonds continued their strong performance, with the official index returning +1.2%, well above the return of +0.45% offered by the money market. This month's lower fund return versus February was due to the holding of longer dated fixed rate bonds, which underperformed other assets.

Our investment view, based on an expectation of lower inflation by year-end and an unchanged repo rate, supports an increase in interest rate risk. We are particularly interested in the steep positive slope of the yield curve, which appears to have priced in too much negative news. We therefore continued to utilise market weakness to increase the holding of longer dated RSA fixed rate bonds and short- and medium-dated corporate bonds that offer a higher income. However, this implies that shorter term market volatility could have a negative impact on the market value of the fund in the interim.

The holding of inflation-linked bonds served us well over the last few months, and we will continue to slowly unwind this position into market strength and use the proceeds to fund the purchase of the other assets mentioned above. The risks associated with the above strategy – in particular, the impact of a rising crude oil price on headline CPI – mean we will only slowly unwind the inflation-linked bond holding.

ASSET HOLDINGS	30 Mar 2012	29 Feb 2012	31 Jan 2012	31 Dec 2011	30 Nov 2011	31 Oct 2011
RSA government bonds	18.4%	16.8%	11.9%	12.1%	11.6%	5.3%
Fixed rate non-government bonds	30.4%	27.6%	24.4%	19.8%	20.7%	20.6%
Floating rate non-government bonds	31.1%	31.3%	31.2%	31.4%	32.7%	32.6%
Inflation-linked bonds	9.1%	11.6%	13.2%	13.2%	12.5%	12.3%
Listed property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Preference shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Money market*	11.0%	12.7%	19.3%	23.5%	22.5%	29.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Includes cash, NCDs and JIBAR-linked bank instruments (floating rate) with a term to maturity of less than one year.

BOND COMPONENT MATURITY SPREAD	30 Mar 2012	29 Feb 2012	31 Jan 2012	31 Dec 2011	30 Nov 2011	31 Oct 2011
0-1 year	19.4%	19.0%	21.0%	16.9%	15.8%	22.2%
1-3 years	26.2%	28.8%	30.1%	29.0%	31.4%	38.3%
3-7 years	35.5%	38.5%	47.0%	49.2%	25.3%	25.3%
7-12 years	1.0%	1.1%	1.9%	4.8%	27.5%	14.2%
12+ years	17.9%	12.5%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

MODIFIED DURATION	30 Mar 2012	29 Feb 2012	31 Jan 2012	31 Dec 2011	30 Nov 2011	31 Oct 2011
Bond component	4.27	3.96	3.32	3.44	3.37	2.44
Total portfolio including CPI-linked bonds	2.35	2.36	2.05	1.98	1.95	1.28
Total portfolio excluding CPI-linked bonds	1.76	1.53	1.06	1.00	1.02	0.55
All Bond Index	5.78	5.78	5.84	5.79	5.77	5.85

	30 Mar 2012	29 Feb 2012	31 Jan 2012	31 Dec 2011	30 Nov 2011	31 Oct 2011
Average yield of interest rate assets**	7.09%	6.90%	6.59%	6.47%	6.68%	6.52%

\*\* Includes the average real yield (1.9%) of the inflation-linked bond holding.

The average fund yield increase is 7.7% when adjusting the CPI-linked bond holding by an inflation rate of 6.1%.

The portfolio performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Past performance is not necessarily an indication of future performance. The Total Expense Ratio (TER) as at 31 December 2011 was 1.14%. A fund's TER reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. Unit trusts are generally medium- to long-term investments. Past performance is no indication of future growth. It is important that you are prepared for some shorter term fluctuations as your investment moves in line with the markets. Unit trusts can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available from the company/intermediary. You can easily sell your investment at the ruling price of the day (calculated at 15h00 on a forward pricing basis). Certain funds may be capped in order to be managed in accordance with their mandates. Different classes of units apply to these portfolios and are subject to different fees and charges. Old Mutual is a member of the Association for Savings & Investment SA.

For more information on the Enhanced Income Fund please speak to your Old Mutual Unit Trusts Sales Executive or call the Service Centre at 0860 234 234.