

FLEXI PORTFOLIO PERFORMANCE REPORT



A P R I L 2 0 1 1

South African economic review

- March saw a continuation of the recovery in the rand. After selling off quite heavily in January and the first two weeks of February, the currency has firmed sharply again and was once again trading below R6.80/\$ by the end of March, having traded around R7.30/\$ in the middle of February.
- The main reasons for the rand's renewed strength are a further rise in precious metal prices, South African Reserve Bank (SARB) data that showed that SA's current account deficit had narrowed to only 0.5% of gross domestic product (GDP) during the fourth quarter of 2010, South Africa's still relatively high interest rates in the global context, and a warning from the SARB that it will act decisively against rising inflation.
- The news on the local economy over the past month was generally good. GDP growth accelerated to 4.4% annualised in the fourth quarter of last year, with consumer spending being particularly buoyant, exports recovering, and fixed investment in the economy showing early signs of bottoming out. Higher frequency monthly data, such as retail and car sales, building plans passed, and machinery imports, supported the view that the local recovery is not only on track, but may finally be spreading over a broader front. Our view that GDP growth should accelerate from 2.8% in 2010 to about 3.5% this year therefore remains unchanged.
- A relatively stable rand over the remainder of 2011, following the recent weakening, is key to inflation prospects in 2011. The surge in global food and energy prices, together with the recent weakening of the rand, has already started to put significant upward pressure on the petrol price, as well as local maize and wheat prices. While we are still forecasting a relatively moderate rise in inflation to about 5.5% by 2011 year-end from the current 3.7% and a cyclical low of 3.2%, we are concerned that inflation risks are now skewed to the upside. Interest rates will remain on hold for some time to come, but the first hike in rates may occur somewhere between the fourth quarter of 2011 and the first month or two of 2012.

The local recovery gathered momentum in the fourth quarter of 2010, and high frequency data points to a continuation of the recovery in the opening months of 2011. However, inflation pressures are rising and interest rates are expected to start rising somewhere between the fourth quarter of 2011 and the first quarter of 2012.

MARKET PERFORMANCE INCLUDING DIVIDENDS

	Last Month (%)	Year to Date (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	8 Years (% p.a.)	10 Years (% p.a.)
JSE All Share	0.5	1.1	15.2	5.8	12.6	23.1	18.1
JSE Fin & Ind	2.2	0.0	16.6	12.1	12.2	25.0	17.6
JSE All Gold	-0.7	2.1	25.0	3.7	-0.1	4.1	13.6
All Bond	0.5	-1.6	8.3	10.1	7.2	9.5	10.9
Total Cash	0.4	1.2	5.5	7.9	8.2	7.8	8.3
ALSI40	0.6	2.2	15.4	4.7	12.5	22.5	17.3
INDI25	2.6	0.9	23.3	14.1	15.9	27.5	18.0

RETIREMENT ANNUITIES TO 01/04/2011 - Refer Notes

PERFORMANCE PROFITS																		
Period	Equity %			Balanced %			Select %			SMOOTHED BONUS			STABLE FUND			CPI		
	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.		%	
1 Year	17.7	11.1	11.1	10.5	8.4	8.4	12.3	7.6	7.6	7.4	7.7	7.7	4.9	5.2	5.2	3.6		
2 Years	18.0	20.8	24.7	11.7	13.1	15.2	12.9	14.8	17.9	7.6	7.6	7.6	5.4	5.6	5.8	4.4		
3 Years	13.4	11.4	2.2	9.3	8.3	3.7	10.4	9.1	3.6	7.5	7.4	7.2	6.1	6.4	7.1	5.7		
5 Years	7.5	7.7	7.4	6.7	6.8	7.1	7.0	6.9	7.2	8.7	9.3	11.4	6.7	6.7	6.7	6.8		
8 Years	12.9	13.7	17.8	10.6	11.2	14.3	11.5	12.1	15.7	11.4	11.4	12.0	6.5	6.5	6.4	5.1		
10 Years	13.0	13.2	13.2	10.7	10.9	10.9	12.0	12.3	13.1	11.2	11.2	10.8	6.4	6.4	6.3	5.7		
15 Years	12.4	12.1	11.0	10.7	10.5	9.9	-	-	-	10.9	10.9	10.8	6.7	6.8	7.8	6.0		
20 Years	12.9	12.9	13.5	11.1	11.2	12.2	-	-	-	11.4	11.5	12.3	8.0	8.1	9.6	7.0		
25 Years	13.9	14.2	15.8	12.1	12.2	13.2	-	-	-	12.7	12.8	14.1	-	-	-	8.5		
INTERIM RATES													6.20% p.a. (0.503% p.m.)			0.343% p.m.		

ENDOWMENTS / LIFE PORTFOLIOS TO 01/04/2011 - Refer Notes

PERFORMANCE PROFITS																		
Period	Equity %			Balanced %			Select %			SMOOTHED BONUS			STABLE FUND			CPI		
	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.		%	
1 Year	17.6	10.9	10.9	9.0	6.7	6.7	11.3	7.0	7.0	6.2	6.5	6.5	2.8	3.1	3.1	3.6		
2 Years	17.4	19.5	23.1	9.5	10.5	12.2	11.7	13.5	16.3	6.4	6.4	6.4	3.4	3.7	4.0	4.4		
3 Years	12.4	10.3	1.3	7.1	6.0	1.7	9.0	7.8	2.3	6.3	6.2	6.0	4.2	4.5	5.3	5.7		
5 Years	6.6	6.8	6.7	4.9	5.1	5.6	5.8	5.7	5.7	7.5	8.1	10.3	4.9	4.9	5.0	6.8		
8 Years	11.7	12.5	16.3	8.9	9.5	12.7	10.0	10.6	14.4	10.3	10.4	11.1	4.9	4.9	5.0	5.1		
10 Years	11.8	12.0	12.0	9.2	9.4	9.7	10.7	11.0	11.8	10.3	10.2	10.0	5.0	5.0	5.2	5.7		
15 Years	11.2	10.9	9.8	9.4	9.2	8.7	-	-	-	10.1	10.1	10.2	5.6	5.7	6.8	6.0		
20 Years	11.7	11.7	12.3	9.8	9.9	10.8	-	-	-	10.6	10.6	11.3	6.7	6.8	8.2	7.0		
25 Years	12.6	12.9	14.4	10.6	10.8	11.9	-	-	-	11.7	11.8	13.1	-	-	-	8.5		
INTERIM RATES													5.00% p.a. (0.407% p.m.)			0.192% p.m.		
GUARANTEED CAPITAL FUND (CURRENT AFTER-TAX RATE)													4.50% p.a. (0.367% p.m.)					
EQUIVALENT RETURN at the tax rate of 18%													5.49% p.a. (0.446% p.m.)					
													7.50% p.a. (0.604% p.m.)			at the tax rate of 40%		

PORTFOLIO ASSET SPLIT

	Retirement Annuities						Endowments/Life					
	PP Equity %	PP Balanced %	PP Select %	Smoothed Bonus %	WW Equity %	WW Balanced %	PP Equity %	PP Balanced %	PP Select %	Smoothed Bonus %	WW Equity %	WW Balanced %
Interest-bearing	0 (0)	19 (0)	22 (0)	17 (1)	0 (0)	25 (21)	0 (0)	15 (1)	21 (0)	17 (1)	0 (0)	25 (21)
Ordinary Shares	100 (12)	67 (12)	73 (16)	57 (9)	100 (83)	75 (58)	100 (19)	71 (18)	74 (16)	57 (9)	100 (83)	75 (58)
Property	0	10	5	10	0	0	0	10	5	10	0	0
Other	0	4	0	16	0	0	0	4	0	16	0	0

Figures in brackets - international portion of sector weighting

TOP EQUITY HOLDINGS (SA)

	Name	% Split	Sector
1	MTN Group	10.2	Mobile Telecommunications
2	Sasol	7.1	Oil & Gas
3	Anglo American	6.7	General Mining
4	BHP Billiton	6.1	General Mining
5	Standard Bank	4.4	Banks
6	Naspers	3.8	Media
7	Old Mutual	3.3	Life Insurance
8	FirstRand Group	3.2	Banks
9	SABMiller	3.2	Consumer Goods
10	ABSA	2.5	Banks

Global economic overview

- March will best be remembered for the massive earthquake and subsequent tsunami that hit Japan, as well as the continuation of political troubles in the Middle East and North Africa, with the civil war in Libya particularly pertinent. Global equity markets, which had been drifting lower on the back of a rising oil price and growing inflation concerns leading up to the disaster in Japan, sold off heavily in the three days following the disaster, but then turned around strongly and ended March generally flat or moderately higher than they were at the beginning of the month.
- The sharp rebound in markets was mostly due to generally solid macro-economic data being released around the world, with data from the US looking particularly strong, and a widespread view from economists that the disaster in Japan does not hold a major threat to the global economic upturn, and that much the same holds for the higher oil price, provided it stays between US\$110 and US\$120.
- Meanwhile, global inflation concerns remain very much alive on the back of the high and rising oil price and further gains in global food prices. A number of countries, predominantly in the developing world, have already tightened monetary policy and a growing number of other central banks have started to warn about mounting inflation risks and that rates may have to be raised unless the situation improves.
- Despite the building risks and headwinds for the world economy, incoming data suggests the global expansion is alive and well, with the developed world in particular continuing to deliver marginal growth surprises. While global economic risks have risen in recent weeks, particularly relating to oil, inflation, and the hit to global activity and supply chains from the Japan disaster, we remain confident that the recent developments will not derail the global recovery. This will require, though, that calm soon return to the Middle East, allowing oil prices to ease.

Ongoing troubles in the Middle East, rising oil prices, policy tightening and the Japanese earthquake disaster have clouded the outlook for the world economy. We remain confident, though, that the expansion will not be derailed.

GLOBAL MARKET PERFORMANCES IN RAND TERMS

	Last Month (%)	Year to Date (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	8 Years (% p.a.)	10 Years (% p.a.)
MSCI World	-3.5	7.2	5.0	-5.6	4.6	8.1	3.0
JP Morgan	-2.3	2.7	-0.5	-2.5	9.6	4.4	5.7
S&P 500	-2.7	8.0	5.9	-4.2	4.1	5.4	1.2
FTSE 100	-4.9	5.8	4.5	-8.0	3.8	8.3	3.5
Nikkei 225	-11.6	-4.6	-8.7	-8.0	-2.2	5.2	-0.4
Rand/Dollar	-2.6	2.2	-8.0	-6.0	1.9	-1.9	-1.7

WORLDWIDE FUNDS - PERFORMANCE IN RAND TERMS - Refer Notes

Period	WW EQUITY %						WW BALANCED %					
	Retirement Annuities			Endowments/Life			Retirement Annuities			Endowments/Life		
	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.	M.P.	A.P.	S.P.
1 Year	12.1	3.9	3.9	11.7	3.4	3.4	8.1	3.0	3.0	8.5	3.1	3.1
2 Years	9.2	7.4	8.9	8.5	6.5	7.9	6.0	3.8	4.3	5.9	3.7	4.0
3 Years	2.6	-0.3	-9.0	1.6	-1.1	-9.9	1.2	-1.2	-6.7	1.0	-1.4	-7.1
5 Years	-1.6	-1.3	0.9	-2.8	-2.7	-1.6	-0.2	0.1	3.5	-0.7	-0.4	2.7
8 Years	2.3	2.7	5.6	1.0	1.5	4.7	3.9	4.1	6.4	2.9	3.1	5.2
10 Years	2.1	2.0	2.1	0.7	0.7	0.6	3.3	3.3	3.2	2.4	2.3	2.3

GEOGRAPHICAL SPREAD

	EQUITY PORTION %			BOND PORTION %		
	Fund	MSCI	Difference	Fund	Benchmark ⁸	Difference
United States	37.5	43.0	-5.5	39.8	36.6	3.2
Japan	9.5	7.8	1.6	7.8	24.8	-17.0
Europe ex UK	13.2	18.0	-4.8	26.8	28.4	-1.6
United Kingdom	5.9	8.3	-2.5	10.3	5.6	4.7
SE Asia & Canada	10.4	10.9	-0.5	12.8	4.3	8.5
South Africa	16.9	0.0	16.9	0.9	0.1	0.8
Other	6.7	12.0	-5.3	1.6	0.2	1.4
Total	100.0	100.0	0.0	100.0	100.0	0.0

EQUITY SECTOR SPREAD

	Fund	MSCI	US	JAPAN	UK	Europe ex UK
Cash	1.3	0.0	0.6	0.1	0.1	0.2
Consumer Discretionary	9.3	9.7	4.2	1.1	0.7	1.5
Consumer Staples	6.0	9.0	2.8	0.6	0.4	1.0
Energy	10.5	12.5	4.7	1.2	0.8	1.7
Financials	12.6	20.8	5.6	1.5	0.9	1.9
Healthcare	8.6	8.1	3.8	1.0	0.6	1.3
Industrials	10.2	10.9	4.6	1.1	0.7	1.6
Information Technology	14.1	11.6	6.4	1.6	1.0	2.2
Materials	5.7	9.0	2.6	0.6	0.4	0.9
Other	0.5	0.0	0.2	0.0	0.0	0.1
Telecom Services	2.8	4.6	1.3	0.3	0.2	0.4
Utilities	1.5	3.8	0.7	0.2	0.1	0.2
SA Rand Hedge	16.9	0.0	0.0	0.0	0.0	0.0

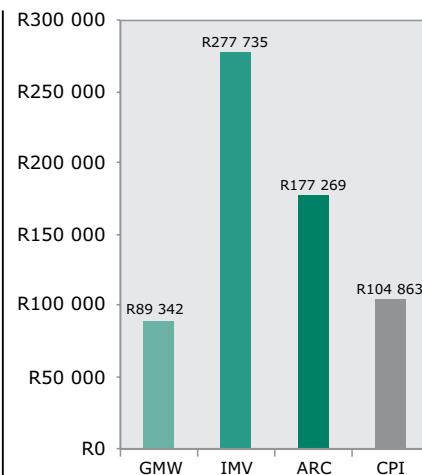
TOP EQUITY HOLDINGS (GLOBAL)

Name	Sector
1. JP Morgan Chase & Co	Financials
2. Conoco Phillips	Basic Materials
3. China Mobile	Telecommunication Services
4. iShares MSCI Japan ETF	Financials
5. Capital One Financial	Financials
6. SJM Holdings	Consumer Services
7. IBM	Electronics
8. Samsung Electronics	Electronics
9. Texas Instruments	Electronics
10. Chevron	Energy

Actual policy payouts

RETIREMENT ANNUITY (FLEXiPENSION PERF. PROFITS BALANCED) - POLICY NUMBER: 7904212

Monthly premium	R250.00
Entry date	1/4/1992
Maturity date	1/4/2011
Guaranteed Maturity Value (GMV)	R89 342.00
Illustrative Maturity Value (IMV) (@ 15%) *	R277 735.00
Illustrative Maturity Value (IMV) (@ 12%) *	R196 729.00
Total premiums paid	R57 000.00
Retirement age (anb)	65
Actual Retirement Capital (ARC)	R177 268.89
Policyholder's investment return**	10.8% p.a.
Average inflation of policy term (CPI)***	6.0% p.a.

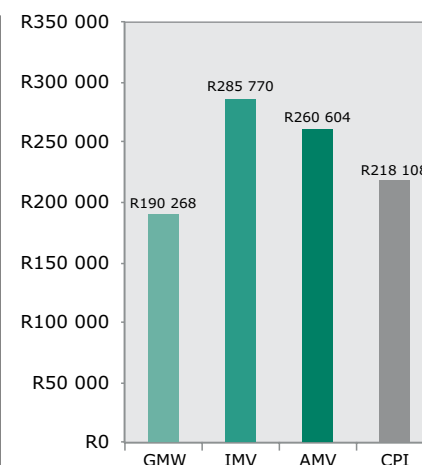


AN OPTION AT MATURITY (SINGLE LIFE ANNUITY)

One-third cash	R59 089.63
Consideration for annuity	R118 179.26
Gross annuity	R942.02
After-tax (40%) annuity	R565.21
Net return (after tax)	11.3%

PURE ENDOWMENT (FLEXiDOWMENT SMOOTHED BONUS) - POLICY NUMBER: 12618440

Monthly premium	R1 350.56
Entry date	1/4/2001
Maturity date	1/4/2011
Guaranteed Maturity Value (GMV)	R190 268.00
Illustrative Maturity Value (IMV) (@ 12%) *	R285 770.00
Illustrative Maturity Value (IMV) (@ 6%) *	R208 236.00
Total premiums paid	R162 067.20
Actual Maturity Value (AMV)	R260 604.32
Policyholder's investment return**	9.2% p.a.
Average inflation of policy term (CPI)***	5.8% p.a.

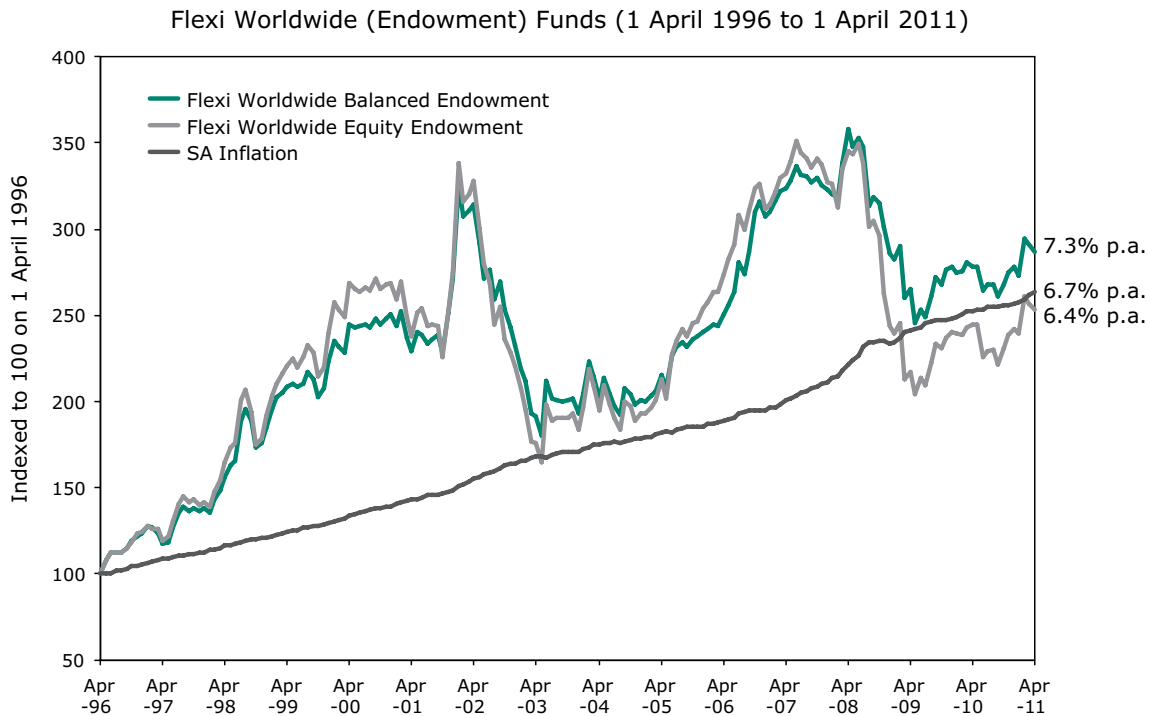


* The Illustrative Maturity Value calculation is based on the allocation amount (gross premiums minus policy charges). These were the IMV rates applicable at inception. As stipulated by the BIA, the IMV rates for new business are currently 4% and 10%, effective from 1 July 2005.

** The policyholder's investment return is based on gross premiums paid.

*** The average inflation (CPI) of policy term is based on gross premiums paid and payment mode.

WORLDWIDE FUND PERFORMANCE



The Worldwide Balanced and Worldwide Equity Funds celebrated their 15th birthdays on 1 April 2011 and achieved returns of 7.3% p.a. and 6.4% p.a. respectively.

The performance of the Worldwide Funds consists of two components. Firstly, the growth recorded in the underlying assets of the fund contributes to performance. Secondly, as these funds invest in international assets, the performance of the rand compared to other currencies will either add to or detract from the final performance recorded by the portfolio.

The Worldwide Funds provide protection against adverse movements in the rand exchange rate – that is to say, they protect the investor against a depreciation in the rand. Any rand depreciation will therefore add to the performance of the underlying assets in the portfolio – enhancing the investor's overall return.

However, when the rand strengthens, it has the potential to negate any positive performance recorded by the underlying assets of the fund, depending on the relative size of the movements.

As part of an overall balanced portfolio, these funds have a valuable role to play in terms of the diversification they offer the investor. However, this implies that the fund may not always be the best performing asset in the investor's portfolio.

Notes

1. The performance figures in the tables represent the returns earned on premiums allocated. The returns on premiums actually paid will be lower than this because they take the policy specific charges into account. For this reason examples of actual payouts are shown.
2. All returns are quoted net of investment fund charges and tax.
3. The Smoothed Bonus declaration is made up of a vesting bonus and a claim bonus. The vesting bonus portion of the total bonus cannot be removed on death or maturity of the policy. The claim bonus portion is not guaranteed and could be adjusted should investment conditions dictate.
4. M.P. = monthly premium, A.P. = annual premium, S.P. = single premium.
5. The Flexi range of products was launched on 1 September 1984. Returns for the periods starting before this date apply to policies available before the introduction of the Flexi range of products.
6. The Equity Portfolio as an investment option has only been available since February 1990. Longer term returns are based on the equity component of the Balanced Portfolio.
7. The Property Portfolio and the OMD Top 40 Index Fund returns are available at any time.
8. The MSCI World Index is the benchmark for the Worldwide Equity portion. The benchmark figures for the Worldwide Bond portion consist of 70% JP Morgan Bond Index and 30% Barclays Capital Global Bond Index.

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Retail Investment Marketing - Mutualpark
Internet website: www.oldmutual.co.za