

FLEXI PORTFOLIO PERFORMANCE REPORT



A P R I L 2 0 1 0

South African economic review

- The local economy is not only recovering, but growth has in fact surprised strongly on the upside since the final quarter of last year. GDP growth came in at 3.2% annualised during the fourth quarter of 2009, some 0.5% better than consensus expectations. Early indicators point to another strong performance during the first quarter of 2010, and we currently estimate the actual outcome at 4% - 4.5% on an annualised basis.
- Recent firmer real economy data has resulted in consensus GDP growth forecasts for 2010 being revised up from the 2.0%-2.5% range to around 3.0%. Our own view is more optimistic at 3.5% for calendar 2010.
- Our view, expressed since early 2010, that growth may accelerate quite strongly from the second quarter of 2010, appears to be playing out earlier than we thought. The Soccer World Cup will provide a welcome additional impetus to the economy. A very promising development over the past month is growing signs that consumer spending is reviving.
- The recovery in the economy has already had a beneficial impact on government revenues, with VAT collections in particular surging. As a result, the Minister of Finance indicated only one month into the new fiscal year that the deficit may come in at 6.8% for the 2010/11 fiscal year, compared to the 7.3% predicted in the Budget Speech in February.
- The rand firmed further over the past month. While good from an inflation perspective, it will, if sustained, constrain the pace of the recovery.
- Our long-held view that interest rate risks were still skewed to the downside turned out to be correct as the South African Reserve Bank (SARB) unexpectedly lowered rates by 50 basis points at the end of March. An improved inflation outlook, flowing from the strong rand and lower than expected electricity tariff increases, was the key reason, although we suspect that concern over the impact of the strong rand on the economy also featured strongly in the decision. While not our base case, a further cut is not completely out of the question.

The local economy is recovering and indications are that it will surprise on the upside. Despite stronger recovery signs, the strong rand and good short-term inflation prospects caused the SARB to lower rates again in March. A further cut can not be ruled out completely.

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	7.9	4.5	44.1	4.6	19.9	16.2	17.1
JSE Fin & Ind	6.3	6.1	50.3	5.1	18.4	18.8	14.1
JSE All Gold	1.2	-8.2	-19.4	-7.8	7.1	-1.8	11.1
All Bond	2.2	4.5	9.1	7.6	8.3	12.2	12.8
Total Cash	0.5	1.5	6.9	9.4	8.3	8.6	8.7
ALSI40	8.1	3.8	42.6	4.3	19.4	14.7	16.9
INDI25	5.6	3.6	49.3	8.3	20.6	17.7	12.7



RETIREMENT ANNUITIES TO 01.04.2010 – Refer Notes

Period	PERFORMANCE PROFITS												SMOOTHED BONUS			STABLE FUND			CPI		
	Equity %				Balanced %				Select %				%			%					
	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	31.6	40.0	40.0		19.2	22.4	22.4		23.7	29.2	29.2		6.8	6.9	6.9	6.2	6.3	6.3	4.9		
2 Years	14.7	11.6	-1.9		9.9	8.2	1.5		12.6	10.4	1.6		6.8	6.8	6.7	7.3	7.5	8.0	6.7		
3 Years	5.8	5.8	0.0		5.5	5.6	3.1		6.3	6.2	2.1		7.4	7.9	9.0	7.6	7.6	7.7	8.0		
5 Years	7.9	9.3	14.1		7.5	8.4	12.0		8.3	9.0	12.7		10.8	11.4	13.8	7.3	7.2	6.8	6.7		
8 Years	13.6	13.7	12.0		11.3	11.4	10.1		12.8	13.0	12.5		12.1	12.0	11.3	6.8	6.8	6.6	5.9		
10 Years	13.1	13.1	11.5		11.0	11.2	10.6		12.9	13.0	12.5		11.9	11.9	12.1	6.6	6.6	6.1	6.0		
15 Years	12.4	12.3	12.5		10.9	10.9	11.4		-	-	-		12.8	12.9	13.7	7.2	7.3	8.5	6.2		
20 Years	13.1	13.0	12.9		11.5	11.5	11.7		-	-	-		13.7	13.8	14.5	-	-	-	7.6		
25 Years	14.6	15.2	17.8		13.3	13.5	15.1		-	-	-		14.4	14.5	15.0	-	-	-	9.1		
INTERIM RATES												6.20% p.a. (0.503% p.m.)						0.483% p.m.			

ENDOWMENTS/LIFE PORTFOLIOS TO 01.04.2010 – Refer Notes

Period	PERFORMANCE PROFITS												SMOOTHED BONUS			STABLE FUND			CPI		
	Equity %				Balanced %				Select %				%			%					
	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	30.0	36.8	36.8		15.3	17.9	17.9		21.3	26.6	26.6		5.6	5.7	5.7	4.4	4.8	4.8	4.9		
2 Years	12.8	9.9	-3.1		7.1	5.4	-0.7		10.4	8.7	0.1		5.6	5.6	5.5	5.6	5.9	6.4	6.7		
3 Years	4.4	4.4	-1.1		3.4	3.6	1.8		4.8	4.9	1.1		6.2	6.7	7.8	5.9	6.0	6.0	8.0		
5 Years	6.7	8.2	13.0		5.8	6.8	10.7		6.7	7.5	11.4		9.6	10.2	12.7	5.6	5.6	5.3	6.7		
8 Years	12.1	12.2	10.5		9.8	9.9	8.9		11.2	11.5	11.4		11.1	11.0	10.5	5.4	5.4	5.4	5.9		
10 Years	11.7	11.7	10.1		9.7	9.8	9.4		11.5	11.6	11.2		11.0	11.0	11.2	5.4	5.4	5.3	6.0		
15 Years	11.1	11.0	11.3		9.7	9.6	10.1		-	-	-		11.9	12.0	12.8	6.2	6.3	7.3	6.2		
20 Years	11.8	11.7	11.7		10.2	10.2	10.2		-	-	-		12.8	12.9	13.6	-	-	-	7.6		
25 Years	13.3	13.7	16.4		11.9	12.1	13.9		-	-	-		13.5	13.5	14.1	-	-	-	9.1		
INTERIM RATES												5.00% p.a. (0.407% p.m.)						0.288% 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 Bal. %	PP Select %	Smoothed Bonus %	WW Equity %	WW Bal. %	PP Equity %	PP Bal. %	PP Select %	Smoothed Bonus %	WW Equity %	WW Bal. %
Interest-bearing	0 (0)	20(1)	20(0)	20(1)	0(0)	27(27)	0(0)	17(3)	21(0)	17(3)	0(0)	27(27)
Ordinary Shares	100(13)	68(11)	72(15)	68(11)	100(83)	73(58)	100(18)	70(17)	71(15)	70(17)	100(84)	73(58)
Property	0	9	8	9	0	0	0	10	8	10	0	0
Other	0	3	0	3	0	0	0	3	0	3	0	0

Figures in brackets – international portion of sector weighting

TOP EQUITY HOLDINGS (SA)

Name	% Split	Sector
1. MTN Group	8.8	Mobile Telecommunications
2. Anglo American plc	6.1	General Mining
3. Standard Bank Group	5.6	Banks
4. BHP Billiton	5.4	General Mining
5. Sasol	5.4	Oil & Gas
6. FirstRand Group	4.3	Financials
7. Naspers-N	3.9	Media
8. Old Mutual	3.0	Life Insurance
9. ABSA Group Limited	2.8	Banks
10. Impala Platinum	2.6	Platinum & Precious Metals

Global economic overview

- The strong rebound in global equity markets during the second half of February continued in March. The Morgan Stanley World Equity Dollar Index rose by 6% in March.
- The key feature of the past month was sharply easing concerns over the budget deficit troubles in a number of European countries. The decision by the European Union to assist Greece, with some involvement from the IMF too, should Greece fail to secure sufficient borrowings from global capital markets, reduced the risk of a Greek default and/or a contagion effect onto other troubled European countries.
- Further support for markets came from ongoing evidence over a broad front that the global economic recovery remains on course, considerable upside surprises on earnings reports from many US companies reporting their results for the fourth quarter of last year, generally low inflation around the world, and the consequent growing belief that central banks are unlikely to tighten policy aggressively anytime soon.
- The same forces that supported the strong run in global equity markets over the past month also supported commodity prices, with many rebounding sharply. Importantly, with global economic activity still on the mend, demand for commodities has reportedly remained firm.
- Looking forward, we expect these broad conditions to remain in place over the remainder of the year. However, as the global recovery broadens further, policymakers will inevitably begin to tighten the extremely expansionary policies still currently in place. Some central banks have already started to raise interest rates and we expect more central banks to join as the year progresses.
- Despite recent market volatility and investor concerns, we remain of the opinion that the global recovery remains on track, although growth will remain sub-par compared with history.

Our relatively optimistic view on the global economy for 2010 is broadly playing out. The second half of the year will become more challenging for markets as policymakers begin to roll back the expansionary measures still in place.

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	1.8	3.1	18.3	-4.5	6.9	-0.8	1.6
JP Morgan	-5.9	-1.3	-18.3	7.8	8.4	2.6	7.8
S&P 500	1.5	5.0	15.5	-3.8	5.3	-3.2	0.5
FTSE 100	1.7	-0.7	22.9	-7.4	5.7	0.3	2.6
Nikkei 225	-0.2	4.5	11.6	-6.4	5.1	-1.0	-3.9
Rand/Dollar	-4.2	-0.3	-22.8	0.4	3.4	-5.3	1.2

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	16.7	14.2	14.2	14.9	12.6	12.6	9.5	5.6	5.6	8.6	5.0	5.0
2 Years	-1.1	-4.5	-14.8	-2.7	-5.6	-15.8	-2.2	-5.3	-11.2	-2.9	-5.9	-11.8
3 Years	-6.1	-6.5	-8.8	-7.3	-7.5	-9.7	-4.0	-4.8	-4.3	-4.7	-5.4	-4.9
5 Years	-2.3	-1.0	4.1	-4.2	-2.7	2.9	0.6	1.6	6.6	-0.4	0.6	5.2
8 Years	1.7	1.5	-1.9	0.2	0.0	-3.6	3.7	3.4	-0.5	2.4	2.1	-1.5
10 Years	1.4	1.4	0.5	-0.2	-0.1	-0.9	3.1	3.1	2.2	2.0	2.0	1.3

GEOGRAPHICAL SPREAD

	EQUITY PORTION %			BOND PORTION %		
	Fund	MSCI	Difference	Fund	Benchmark ⁸	Difference
United States	38.1	49.1	-11.0	45.4	36.0	9.4
Japan	9.2	10.2	-1.0	6.3	23.5	-17.2
Europe ex UK	17.8	20.2	-2.5	30.0	30.2	-0.2
United Kingdom	9.1	9.6	-0.5	9.7	5.4	4.3
SE Asia & Canada	8.2	10.8	-2.6	7.1	4.1	3.0
South Africa	17.3	0.0	17.3	0.8	0.1	0.7
Other	0.3	0.0	0.3	0.6	0.6	0.0
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	0.8	0.0	0.4	0.1	0.1	0.2
Consumer Discretionary	10.8	9.7	5.0	1.2	1.2	2.3
Consumer Staples	6.5	10.1	3.0	0.7	0.7	1.4
Energy	9.8	10.5	4.5	1.1	1.1	2.1
Financials	14.4	21.1	6.6	1.6	1.6	3.1
Healthcare	7.5	9.8	3.4	0.8	0.8	1.6
Industrials	12.1	10.8	5.6	1.3	1.3	2.6
Information Technology	10.8	12.0	5.0	1.2	1.2	2.3
Materials	5.8	7.5	2.7	0.6	0.6	1.2
Other	0.5	0.0	0.2	0.1	0.1	0.1
Telecoms Services	1.9	4.1	0.9	0.2	0.2	0.4
Utilities	1.9	4.3	0.9	0.2	0.2	0.4
Exchange Traded Funds	0.0	0.0	0.0	0.0	0.0	0.0
SA Rand Hedge	17.3	0.0	0.0	0.0	0.0	0.0

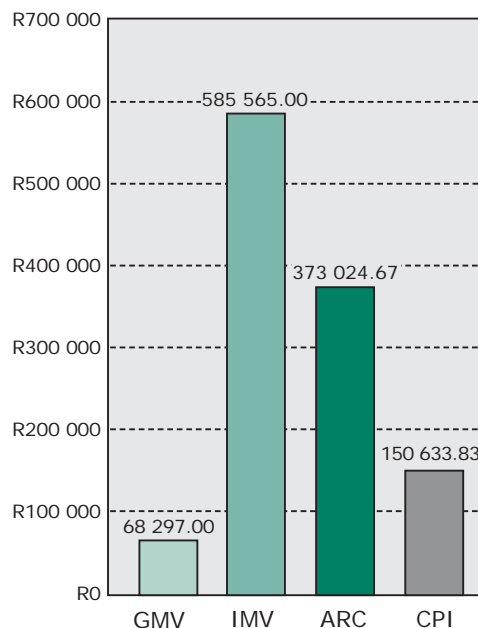
TOP EQUITY HOLDINGS (GLOBAL)

Name	Sector
1. IBM	Information Technology
2. Microsoft	Information Technology
3. BP plc	Energy
4. Royal Dutch Shell	Energy
5. Conoco Phillips	Basic Materials
6. Johnson & Johnson	Consumer Goods
7. Philip Morris International	Industrials
8. Sanofi Aventis	Healthcare
9. Nestle SA	Consumer Goods
10. Wells Fargo & Co.	Financials

Actual policy payouts

RETIREMENT ANNUITY (FLEXIPENSION PERF. PROFITS BALANCED) - POLICY NUMBER: 5267949

Single premium	R23 564.00
Entry date	1/4/1987
Maturity date	1/4/2010
Guaranteed Maturity Value (GMV)	R68 297.00
Illustrative Maturity Value (IMV) (@ 15%)*	R585 565.00
Illustrative Maturity Value (IMV) (@ 12%)*	R318 021.00
Total premiums paid	R23 564.00
Retirement age (anb)	56
Actual Retirement Capital (ARC)	R373 024.67
Policyholder's investment return**	12.8% p.a.
Average inflation of policy term (CPI)***	8.4% p.a.

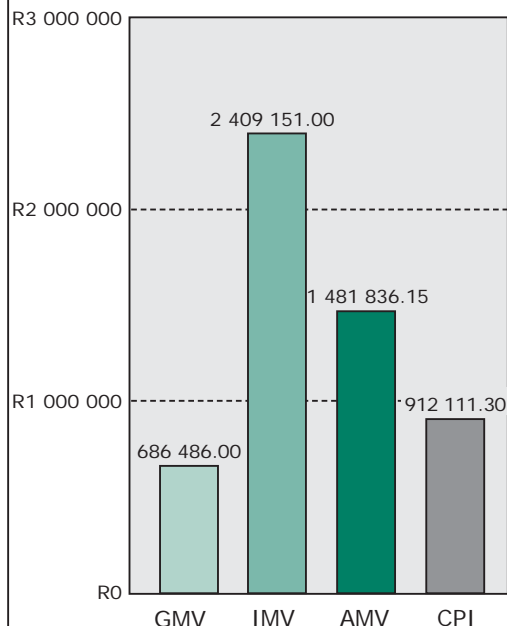


AN OPTION AT MATURITY (Single Life Annuity)

One-third cash	R124 341.56
Consideration for annuity	R248 683.11
Gross annuity	R 2 005.01
After-tax (40%) annuity	R 1 203.01
Net return (after tax)	13.3%

PURE ENDOWMENT (FLEXIDOWMENT SMOOTHED BONUS) - POLICY NUMBER: 6746155

Monthly premium	R1 891.76
Entry date	1/4/1990
Maturity date	1/4/2010
Guaranteed Maturity Value (GMV)	R686 486.00
Illustrative Maturity Value (IMV) (@ 15%)*	R2 409 151.00
Illustrative Maturity Value (IMV) (@ 12%)*	R1 670 690.00
Total premiums paid	R454 022.40
Actual Maturity Value (AMV)	R1 481 836.15
Policyholder's investment return**	10.7% p.a.
Average inflation of policy term (CPI)***	6.5% p.a.



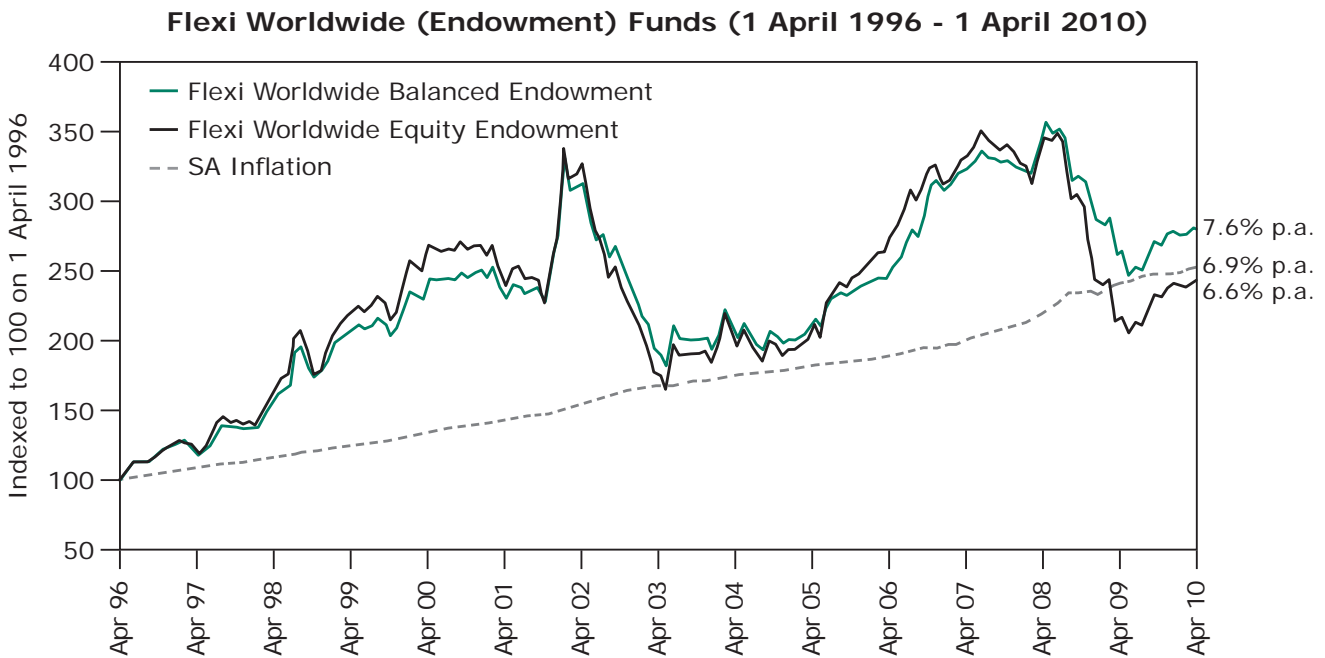
* The Illustrative Maturity Value calculation is based on the allocation amount (gross premiums minus policy charges). These were the IMV rates applicable at inception. As stipulated by the BIA, the IMV rates for new business are currently 4% and 10%, effective from 1 July 2005.

** 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.

Marketing Facts

Worldwide Fund Performance



The Worldwide Balanced and Worldwide Equity Funds celebrated their 14th birthdays on 1 April 2010 and achieved returns of **7.6% p.a.** and **6.6% 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 as 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 these funds may not always be the best performing assets 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 and S.P. = single premium.
5. The Flexi range of products was launched on 1 September 1984. Returns for 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 Global Bond Index.

April 2010

Retail Investments Marketing – Mutualpark
Internet website: www.oldmutual.co.za