

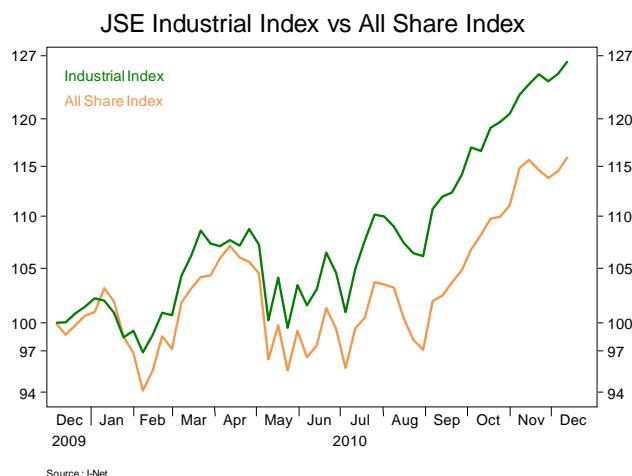
OMIGSA Comment – Cavan Osborne, Portfolio Manager: Old Mutual Industrial Fund

Industrialsstellar performers of the year!



Following the 0.4% rise in November, the Industrial Index is up 24% for the year. This compares well with the FTSE/JSE All Share Index (ALSI) which is up 12%. During the month, a number of companies released results, with many saying that the economic outlook was improving.

The star performers in the industrial sector for the 11 months have been Richemont (+11%), Barloworld (+14%), Nampak (+12%) and JD Group (+11%). For the six months to September, Richemont reported sales up 37% in euro terms, with its operating profit surging 90%. Richemont's sales are being driven by continued growing demand from the Chinese and a recovery in US sales. Barloworld's share price was boosted by Caterpillar's move to acquire mining equipment manufacturer Bucyrus. The acquisition will mean that Caterpillar will now be able to offer the full range of 'yellow metal' needed for both surface and underground mining. This will likely benefit Barloworld, as it is the Caterpillar dealer in Southern Africa, Siberia, Spain and Portugal. Investors seem confident that Nampak can continue its turnaround. Most of the retailers, including furniture retailer JD Group, reacted positively to the prime interest falling to 9%, the first time since 1974.



Despite the South African Reserve Bank (SARB) cutting the interest rate by 0.5%, building and construction firms remained under pressure. During the month, Aveng fell 7%, Murray and Roberts dropped 11% and PPC was down 3%. It seems that investors are concerned that the super profits earned in the lead-up to the Soccer World Cup are not going to be repeated.

03 - 09 Dec 2010 in a nutshell

Global: Global equities advanced for a second week in a row this week, on better-than-expected data from the US. The S&P 500 in the US rose 0.90%, while the European market shares gained 2.16% and emerging market stocks were 0.27% in the black.

South Africa: In tandem with its global peers, the local bourse ran strongly this week, with the FTSE/All Share Index collecting 1.52%. Industrials were laggards, dropping 0.21%.

Markets and Economics - Highlights

Global

- US retail sales rose 2.6% for the week ended 4 December compared with a year earlier, but shoppers slowed their pace after a Black Friday (day after Thanksgiving) splurge. Sales fell 2.1% from the previous week, according to the ICSC-Goldman Sachs weekly chain store index.
- European finance ministers have ruled out immediate aid for Portugal and Spain or an increase in the R6.9 trillion crisis fund as they count on European Central Bank (ECB) bond purchases to calm debt-spooked markets.
- Emerging markets economies were likely to continue seeing "robust capital inflows" over the medium term. The capital inflows were also likely to cause further appreciated of the market's currencies, said a local bank.

South Africa

- Growth in household spending and income accelerated in the third quarter of this year, but the economy was still not growing fast enough to generate more jobs, the SA Reserve Bank said.
- SA Reserve Bank Governor Gill Marcus warned that austerity programmes in Europe could derail the global recovery and were of "particular concern" to SA's economy, which has close trade ties to the bloc. In a grim assessment of the global environment, Ms Marcus said SA's recovery remained fragile, with growth "disappointing" despite a boost to demand from the Soccer World Cup.
- Retail sales rose 6.1% year on year in October and are expected to be strong over November and December, spurred by festive season spending and lower interest rates. But next year sales could be softer due to continued high debt levels and job insecurity, said Stats SA.
- Motor trade sales for October rose 13.9% year on year from 14.7% in September, data from Statistics SA showed. This was the 10th successive month of double-digit growth seen since January, and the 11th successive positive annual growth since December last year.

Key Indicators:

Market	Index	Movement for the period		Year to Date
		%	Index Value @ 09.12.2010	% Performance Return
United States	S & P 500 (US\$)	0.90%	1,233	10.57%
Europe	Euro Stoxx 50 (Euro)	2.16%	2,841	-4.22%
Emerging Mkts	MSCI Emerg Mkts (US\$)	0.27%	1,117	12.89%
South Africa	FTSE/JSE All Share (ZAR)	1.52%	31,618	14.28%
Global	MSCI (US\$)	1.13%	1,251	7.11%
ZAR/Dollar	Rand/US \$ (ZAR)	-0.58%	6.86	-7.17%
ZAR/Pound	Rand/£ (ZAR)	0.65%	10.81	-8.85%
ZAR/Euro	Rand/Euro (ZAR)	-0.33%	9.08	-13.44%
JSE	Industrials	-0.21%	29,636	17.39%
JSE	Financials	1.02%	21,099	9.17%
JSE	Resources 20	1.66%	55 307	8.27%
JSE	Small Companies	1.01%	32,592	16.88%
JSE	Listed Property	1.32%	384	18.89%
JSE	RAFI® ALSI	1.34%	6,511	13.20%
JSE	RAFI® 40	1.28%	6,349	13.54%
JSE	SWIX	1.61%	6,625	15.52%

 Editor: kbuthlezi@omigsa.com

OMIGSA: Tel. 021 509 7622

www.omigsa.com

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