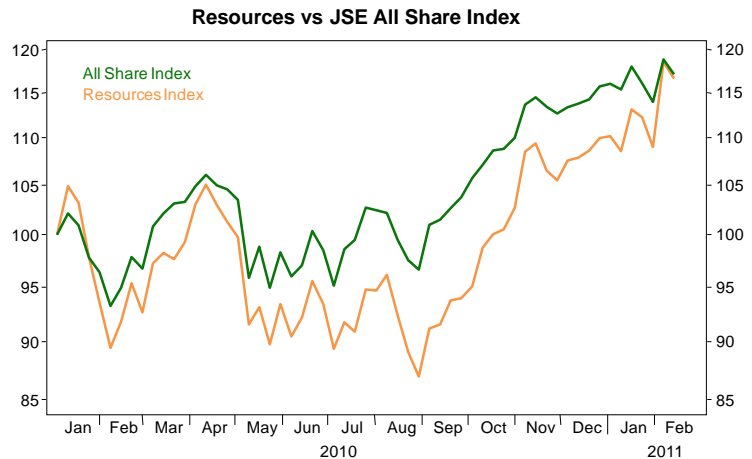


OMIGSA Comment – Anwaar Wagner, Portfolio Manager: Old Mutual Mining & Resources Fund

OM Mining & Resources Fund.....roars ahead in a tough market



The Old Mutual Mining & Resources Fund continued to outperform the benchmark, and is currently ranked **first in its peer group over both the three- and five-year periods.**



Source : I-Net

We are positioning the fund for a more challenging year ahead, given high commodity prices, high share prices, a cyclical slowdown in China and the high debt levels in some European Union (EU) countries. We have thus reduced our exposure to Assore, Exxaro, Merafe, Tongaat and Mvela Resources in favour of larger, higher quality, and/or better-priced counters such as Anglo American, BHP Billiton, Petmin, ENRC, Rio Tinto PLC, Illovo and Lonmin. This, together with the rapid de-gearing of the balance sheets of the top 10 holdings in the fund, should bode well for relative outperformance.

Meanwhile, the basic materials sector produced a return of -0.1% for January 2011, outperforming the FTSE/JSE All Share Index (ALSI)'s -2.2% return. The coal mining, forestry & paper and steel sectors managed to outperform, while the laggards included the construction, platinum and gold mining sectors.

We had previously stated that we find similarities between 2010 and 2008, and the fund was actively being positioned to take into account relatively more challenging conditions, especially the increased risk associated with high commodity and share prices. These similarities are increasingly apparent in 2011. While the very-strong rand has dampened the short-term outlook for some shares and the performance of the fund, it is also an ideal time to increase our offshore exposure to further optimise the risk-adjusted return of the fund.

04 - 10 Feb 2011 in a nutshell

Global: Global equities were a mixed bag this week, and there was a clear shift from emerging to developed economies as investors took a flight to safer assets. The S&P 500 in the US climbed 1.15%, while its European counterpart rose 1.04%, and emerging market stocks tumbled 3.88%.

South Africa: In tandem with other emerging economies, the local bourse was in the red this week, with the FTSE/JSE All Share Index (ALSI) falling 1.17%. The winner was Listed Property, collecting 1.39%.

Markets and Economics - Highlights

Global

- Home sales volume rose sharply in the final three months of 2010, aided by more stable prices on a year-over-year basis. Sales jumped 15.4% in the fourth quarter to an annual rate of 4.8 million units compared with 4.16 million a quarter earlier, the National Association of Realtors said.

- The UK's economic output increased by a 'robust' 0.6% in January after a 0.5% contraction in the final three months of last year, according to the National Institute of Economic and Social research. The good news came as the Bank of England held interest rates at 0.5% - where they have been since March 2009 – despite surging inflation.
- China raised interest rates for the third time since October last year ahead of a report that is expected to show that inflation accelerated at the fastest pace in 30 months. The benchmark one-year lending rate increased to 6.06% from 5.81% on Wednesday, the People's Bank of China said.

South Africa

- Growth in South Africa's manufacturing output slowed to just 0.2% on the year in December last year, Stats SA said. This was far below analyst forecasts and shows the vital sector is still struggling to recover from the recession in 2009. A poll had predicted a year-on-year increase of 4.1% compared with 4.6% in November.
- Although all categories of contract employment increased last month, permanent employment showed significant losses. Temporary employment increased 2.5% and agency employment was up 4.8%, a report prepared by recruitment group Adcorp Holdings showed.
- The rand dived sharply against the dollar yesterday, down by as much as 1% to R7.29 as the price of Brent Crude surged above \$100 a barrel in London, amid renewed concern that unrest in Egypt may lead to a disruption of supplies from the Middle East.

Key Indicators:

Market	Index	Movement for the period		Year to Date
		%	Index Value @ 10.02.2011	% Performance Return
United States	S & P 500 (US\$)	1.15%	1,322	5.09%
Europe	Euro Stoxx 50 (Euro)	1.04%	3,026	8.34%
Emerging Mkts	MSCI Emerg Mkts (US\$)	-3.88%	1,089	-5.39%
South Africa	FTSE/JSE All Share (ZAR)	-1.17%	32,409	0.90%
Global	MSCI (US\$)	0.68%	1,338	4.53%
ZAR/Dollar	Rand/US \$ (ZAR)	0.41%	7.26	9.83%
ZAR/Pound	Rand/£ (ZAR)	0.00%	11.68	13.29%
ZAR/Euro	Rand/Euro (ZAR)	0.10%	9.88	11.76%
JSE	Industrials	-1.48%	28,324	-6.86%
JSE	Financials	-2.24%	21,196	-2.08%
JSE	Resources 20	-0.20%	59,596	5.85%
JSE	Small Companies	0.12%	32,382	-3.97%
JSE	Listed Property	1.39%	364	-5.94%
JSE	RAFI@ ALSI	-1.31%	6,780	1.88%
JSE	RAFI@ 40	-1.21%	6,593	1.95%
JSE	SWIX	-1.72%	6,630	-1.69%

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