

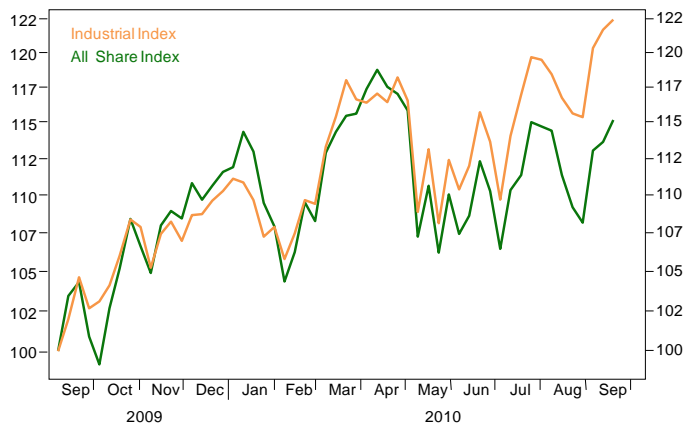
OMIGSA Comment – Cavan Osborne, Portfolio Manager: Old Mutual Industrial Fund

MTN advanceson dividend payout increase announcement



Within industrials, MTN was the only large cap stock to advance in August, adding 3% following its announcement that it would be increasing its dividend payout due to reduced growth opportunities in the mobile telecommunications industry. Stocks that retreated during the month were SABMiller (down 5%) and Naspers (down 4%). Both Richemont and British American Tobacco (BAT) were flat.

JSE All Share vs Industrial Index



Source: i-Net

Meanwhile, the FTSE/JSE All Share Index (ALSI) dropped 3.6% in August – erasing all its gains for the year. Although the Industrial Index fell by 1.1% in August, it is still up in excess of 7% for the year. During the month, the big loser was Kumba Iron Ore, down 9%, after the government stepped in to mediate its dispute with ArcelorMittal SA.

The strong rand and continued low inflation figures mean that there is a growing expectation that the South African Reserve Bank (SARB) will reduce rates again in November, which it did on 9 September by 50 basis points (bps). This did help some of the interest rate-sensitive companies such as the retailers and Imperial. Imperial reported strong results for the year to June 2010, boosted by huge market share gains in the new cars, particularly with the Hyundai brand. Car sales have remained strong in July and August. There has, however, probably been some buying ahead of the new emission tax on cars that is effective as of September 2010. For the year-to-date, new vehicle sales are up 25%.

10 - 16 Sept 2010 in a nutshell

Global: Global bourses were in the black this week, on positive retail numbers from the US which boosted investor sentiment and tempered fears of a “double-dip” recession. The S&P 500 in the US rose 1.90%, while the European market shares edged up 0.11% and emerging market stocks gained 2.18%.

South Africa: The local market tracked Wall Street higher and gold shares rallied on uncertainty around the financial markets and global economy this week, with the FTSE/JSE All Share Index climbing 1.72%. The winners were resources, collecting 2.11%.

Markets and Economics - Highlights

Global

- Sales at retailers in the US posted their largest gain in five months last month on strong receipts at garages and clothing outlets, further assuaging fear of a double-dip recession in the world’s biggest economy. Total retail sales rose 0.4%, adding to data such as private payrolls and manufacturing for last month that have pointed to a tentative improvement in the economy after a recent soft patch.
- European industrial production unexpectedly stagnated in July, adding to signs that the euro region’s export-led recovery is losing momentum. In June, output fell 0.2%, the European Union statistics office said.
- India’s central bank raised interest rates more aggressively than expected yesterday – by 25 basis points to 6% - keeping up its fight against inflation, but signalled it may be nearing a

pause in its current tightening cycle.

South Africa

- Consumer confidence was stable at higher levels in the third quarter of this year, suggesting the economy's main engine will shift into higher gear in the coming months. The FNB-BER consumer confidence index crept up to +15 – the same level as in the first quarter – from +14 in the second quarter of this year.
- Retail confidence is on the mend, but there are still areas of weakness in the sector, which means growth in sales during the third quarter will be lower than in the same period last year, the Bureau for Economic Research (BER) said.
- A marked decrease in sales volumes last month points to a decline in all major components of trade activity, according to the trade activity index released by the South African Chamber of Commerce and Industry.

Key Indicators:

Market	Index	Movement for the period		Year to Date
		%	Index Value @ 16.09.2010	% Performance Return
United States	S & P 500 (US\$)	1.90%	1,125	0.89%
Europe	Euro Stoxx 50 (Euro)	0.11%	2,785	-6.11%
Emerging Mkts	MSCI Emerg Mkts (US\$)	2.18%	1,031	4.20%
South Africa	FTSE/JSE All Share (ZAR)	1.72%	28,465	2.89%
Global	MSCI (US\$)	1.67%	1,157	-0.94%
ZAR/Dollar	Rand/US \$ (ZAR)	-0.97%	7.13	-3.52%
ZAR/Pound	Rand/£ (ZAR)	0.18%	11.14	-6.07%
ZAR/Euro	Rand/Euro (ZAR)	1.97%	9.33	-11.06%
JSE	Industrials	2.02%	26,453	4.79%
JSE	Financials	1.44%	20,948	8.39%
JSE	Resources 20	2.11%	47,843	-6.34%
JSE	Small Companies	1.93%	29,558	6.00%
JSE	Listed Property	0.81%	373	15.48%
JSE	RAFI® ALSI	1.76%	5,967	3.74%
JSE	RAFI® 40	1.71%	5,722	2.32%
JSE	SWIX	1.64%	6,027	5.09%

Editor: kbuthlezi@omigsa.com

OMIGSA: Tel. 021 509 7622

www.omigsa.com

The information in this document is obtained from OMIGSA, Morningstar and Reuters as at 16 Sept 2010. While every effort has been made to ensure the accuracy of information contained on this document, the Old Mutual, the Old Mutual Investment Group, its associated companies, its Directors or employees provide no representation or warranty, express or implied, regarding the accuracy, completeness or correctness of information contained in this website. Any opinion expressed is intended for general information, and is subject to change at any time without notice. Old Mutual Investment Group (South Africa) (Pty) Limited is a licensed financial services provider, FSP 604, approved by the Registrar of Financial Services Providers (www.fsb.co.za) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. Old Mutual Investment Group is a member of Old Mutual South Africa Limited. Reg No 1993/003023/07.