

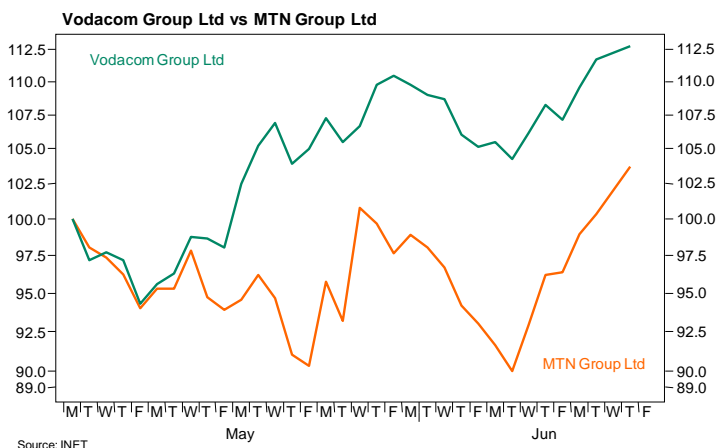
OMIGSA Comment – Cavan Osborne, Portfolio Manager: Old Mutual Industrial Fund

Vodacom roaring aheadwhile MTN slides



Within industrials, the standout performance during the month of May was Vodacom (up 9.5%) after it announced that it was increasing its dividend from 40% of its earnings to 60% -

highlighting the strong demand for 'cash cow' investments. MTN on the other hand remains focused on expanding its footprint, despite expected returns getting thinner and thinner as costs like license fees and equipment rise while call charges continue to fall. MTN fell 1% in May.



Meanwhile, the Industrial Index fell 3.5% in May, a little less than the 5.1% drop experienced by the FTSE/JSE All Share Index (ALSI). This means that the Industrial Index is now up just 2% for the year, while the ALSI is down 1%.

Two other notable performances came from SABMiller and Richemont, both reporting results to March. SABMiller dropped 8.7%, effectively giving up its strong gains in April. Investors were hoping it would forecast a strong pick-up in volumes and reduced input costs, such as barley and packaging. Instead the prospect statement said that it would be difficult to show much volume improvement in the next six months, and that input costs were likely to be similar. Richemont's share price dropped 7% after it released its results. The drop was probably more to do with concerns about the European consumer environment as the operating performance met expectations. The whole luxury goods market continues to show strong growth in China, but the key historic market of Japan continues to slide.

11 - 17 June 2010 in a nutshell

Global: Global equities rebounded strongly this week, on the belief the recovery of the global economy is sustainable, brushing aside the Greece downgrade and lacklustre economic news from the US. The S&P 500 in the US climbed 2.48% while the European market shares rallied 4.56% and emerging market stocks surged 4.41%.

South Africa: The local bourse tracked Wall Street higher this week, with the FTSE/JSE All Share Index rising 2.45%. The winners were resources, collecting 2.62%.

Markets and Economics - Highlights

Global

- US housing starts fell to a five-month low last month but industrial output rose strongly – evidence of an uneven recovery that has kept inflation at a minimum. As the government's tax incentives for home buyers expired, new home building dropped 10% to a seasonally adjusted annual rate of 593 000 units, the lowest level since December, the Commerce Department said.
- UK unemployment fell in the quarter to April, and last month jobless benefits dropped by more than economists' forecasts as the economy shook off the recession. Unemployment slipped to 2,472-million people from 2,51-million in the first quarter, the Office for National Statistics said.
- After two years of economic slowdown, the Indian economy is on the rebound with three key

sectors – industrial, services and manufacturing – expected to fare well, leading to an over 9% GDP growth in 2011, a leading economic think-tank said.

South Africa

- Retail sales did not suffer as much as initially thought during last year's recession, but are not rising fast enough to ease concerns over consumer spending, the economy's main engine. Growth in retail sales accelerated to 3.2% in April compared with the same month last year, up from a revised 2.7% in March, Statistics SA said.
- Expectations in SA's manufacturing sector plunged in the second quarter of this year, adding to concern that the rebound in the economy's second biggest sector is slowing. Details of a confidence index from the Bureau for Economic Research (BER) showed that weak domestic demand, jitters over political risk and global financial uncertainty were taking their toll on local factories.
- Motor trade sales for April increased 20.3% compared with last year, entrenching the double-digit growth seen since January and the fifth successive positive annual growth since December last year, the National Association of Automobile Manufacturers of SA said.

Key Indicators:

Market	Index	Movement for the period		Year to Date
		%	Index Value @ 17.06.2010	% Performance Return
United States	S & P 500 (US\$)	2.48%	1,116	0.08%
Europe	Euro Stoxx 50 (Euro)	4.56%	2,728	-8.03%
Emerging Mkts	MSCI Emerg Mkts (US\$)	4.41%	947	-4.29%
South Africa	FTSE/JSE All Share (ZAR)	2.45%	27,799	0.48%
Global	MSCI (US\$)	3.53%	1,113	-4.71%
ZAR/Dollar	Rand/US \$ (ZAR)	-1.30%	7.57	2.44%
ZAR/Pound	Rand/£ (ZAR)	-0.71%	11.22	-5.40%
ZAR/Euro	Rand/Euro (ZAR)	0.86%	9.38	-10.58%
JSE	Industrials	2.21%	25,482	0.94%
JSE	Financials	1.88%	19,930	3.12%
JSE	Resources 20	2.62%	49,108	-3.87%
JSE	Small Companies	0.26%	28,180	1.05%
JSE	Listed Property	0.88%	343	6.19%
JSE	RAFI@ ALSI	2.63%	5,808	0.97%
JSE	RAFI@ 40	2.36%	5,589	-0.05%
JSE	SWIX	2.81%	5,844	1.90%

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