

MARKET MATTERS

13 January - 19 January 2012

GENERAL OVERVIEW

Global:

Data from the US, including strong corporate earnings reports and the lowest unemployment claims in almost four years, improved investor confidence. The Standard & Poor's 500 Index (S&P 500) appreciated 1.47%, the MSCI Europe rose by 3.57%, while emerging markets produced the highest return at 3.99%.

South Africa:

Positive gains were, once again, recorded for all sectors. The FTSE/JSE All Share Index (ALSI) gained 1.75%. The financial sector recorded the best gain of 3.04%.

SOUTH AFRICAN ECONOMIC NEWS

- To support the country's economic recovery, the South African Reserve Bank (SARB) kept its benchmark lending rate at a 30-year low at 5.5% for a seventh consecutive meeting. Europe's debt crisis was the main contributor in the decision, following fears that it could smother South Africa's growth. SARB Governor, Gill Marcus said that the Monetary Policy Committee (MPC) maintains a preference for a stable interest rate environment, given the conflicting pressures on monetary policy. The monetary policy's stance is "accommodative and supportive of the real economy". The outlook for domestic economic growth remains subdued.
- As a major trading partner, Europe's debt crisis has severely affected South Africa's economy, as falling levels of exports weigh on economic growth prospects. The first quarter of 2011 saw the economy grow by 4.6%, then slump to 1.3% in the second quarter and 1.4% in the third. Fourth quarter figures are not due until next month. Figures to date show a 10% drop in manufacturing exports to Europe during 2011. Exports as a whole make up 20% of the country's gross domestic product, and manufacturing is South Africa's largest earner.

GLOBAL ECONOMIC NEWS

- 2012 is off to a good start for the US economy, with unemployment benefit application numbers dwindling to a near four-year low as companies take on more workers, and inflation being subdued. Business travel is also increasing, while the housing market made a comeback after three depressing years. Economists caution that this picture is by no means an indication that the recovery is accelerating, however, they do remain optimistic.
- Europe's economy also seems to be making headway in the New Year as we start to see tentative signs of stabilisation, and money markets are coming back to life. However, European Central Bank (ECB) President, Mario Draghi warned that the region's sovereign debt crisis "can get worse." He said that this is subject to downside risk, but that the ECB was "reasonably satisfied" with the results of the unprecedented crisis-fighting step taken last month - the loan of nearly half a trillion euros of three-year cash to commercial banks. This resulted in some interbank money trading, after being frozen by banks' fearing the crisis, while longer-term market interest rates have come down.
- Fourth quarter emerging markets results presented a very dreary picture, as the Eurozone crisis weighed on markets and manufacturing output slowed, experiencing its sharpest fall since the fourth quarter of 2009. The marginal improvement in economic expansion accentuated the drop in world trade growth over the year.

MANAGER MOVEMENTS

Momentum Asset Management

Sibusiso Mabuza has been appointed as the chief executive officer of Momentum Asset Management. Sibusiso joined RMB Asset Management (RMBAM) in April 2009 as an Executive Director responsible for institutional business as well as the business' Africa ex SA operations. He was appointed as chief operating officer in February 2011 for Momentum Asset Management after the merger of RMB Asset Management and Metropolitan Asset Managers and has now been appointed CEO.

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Equities - Global							
Description	Index	Currency	Index value	Week	Month-to-date	Year-to-date	1 year
Global	MSCI World	US\$	1,233.0	2.15%	4.23%	4.23%	-6.31%
United States	S&P 500	US\$	1,315.0	1.47%	4.53%	4.53%	1.54%
Europe	MSCI Europe	US\$	1,305.0	3.57%	3.90%	3.90%	-13.69%
Britain	FTSE 100	US\$	8,888.0	2.18%	2.76%	2.76%	-8.02%
Germany	DAX	US\$	734.0	4.86%	8.74%	8.74%	-13.03%
Japan	Nikkei 225	US\$	112.3	3.04%	2.18%	2.18%	-11.75%
Emerging Markets	MSCI Emerging Markets	US\$	991.0	3.99%	8.19%	8.19%	-14.50%
Brazil	MSCI Brazil	US\$	3,197.0	4.65%	13.09%	13.09%	-15.98%
China	MSCI China	US\$	57.7	4.55%	9.28%	9.28%	-15.20%
India	MSCI India	US\$	398.1	6.68%	14.72%	14.72%	-22.40%
South Africa	MSCI South Africa	US\$	535.0	4.09%	5.73%	5.73%	-8.39%

Equities - South Africa							
Description	Index	Currency	Index value	Week	Month-to-date	Year-to-date	1 year
All Share (Capital Only)	All Share (Capital Index)	Rand	33,586.0	1.75%	5.00%	5.00%	3.15%
All Share (Total Return)	All Share (Total Return)	Rand	3,989.0	1.79%	5.08%	5.08%	6.20%
Top 40 Large Caps	Top 40	Rand	3,567.0	1.94%	5.41%	5.41%	5.66%
Mid Caps	Mid Cap	Rand	7,970.0	1.07%	3.51%	3.51%	9.90%
Small Companies	Small Cap	Rand	9,201.0	0.46%	2.79%	2.79%	4.02%
Resources	Resource 20	Rand	2,870.0	2.33%	8.31%	8.31%	-1.95%
Industrials	Industrial 25	Rand	4,882.0	1.14%	2.26%	2.26%	12.67%
Financials	Financial 15	Rand	3,759.0	3.04%	6.40%	6.40%	11.84%
Listed Property	SA Listed Property	Rand	988.8	1.68%	4.41%	4.41%	16.60%

Fixed Interest - Global							
Description	Index	Currency	Index value	Week	Month-to-date	Year-to-date	1 year
US	JPM US Gov Bond Index	US\$	530.6	-0.17%	-0.37%	-0.37%	9.73%

Fixed Interest - South Africa							
Description	Index	Currency	Index value	Week	Month-to-date	Year-to-date	1 year
All Bond	BESA ALBI	Rand	376.7	0.78%	0.74%	0.74%	11.98%
Government Bonds	BESA GOVI	Rand	377.8	0.71%	0.69%	0.69%	11.98%
Corporate Bonds	SB JSE Credit Indices	Rand	197.6	0.38%	0.55%	0.55%	22.75%
Inflation Linked Bonds	BESA CILI	Rand	168.7	0.09%	0.46%	0.46%	13.67%
Cash	STeFI Composite	Rand	265.8	0.11%	0.30%	0.30%	5.73%

Commodities							
Description	Index	Currency	Index value	Week	Month-to-date	Year-to-date	1 year
Brent Crude Oil	Brent Crude ICE	US\$	110.4	-2.77%	3.20%	3.20%	13.84%
Gold	Gold Spot	US\$	1,657.0	0.42%	5.95%	5.95%	21.13%
Platinum	Platinum Spot	US\$	1,522.0	1.60%	9.18%	9.18%	-16.74%

Currencies							
Description	Index	Currency	Index value	Week	Month-to-date	Year-to-date	1 year
ZAR/Dollar	ZAR/USD	Rand	7.91	1.82%	2.05%	2.07%	-12.85%
ZAR/Pound	ZAR/GBP	Rand	12.25	0.82%	2.29%	2.29%	-10.20%
ZAR/Euro	ZAR/EUR	Rand	10.26	0.60%	1.96%	1.96%	-10.03%
Dollar/Euro	USD/EUR	US\$	1.30	-1.54%	-0.31%	-0.31%	3.08%
Dollar/Pound	USD/GBP	US\$	1.55	-0.92%	0.12%	0.12%	3.35%
Dollar/Yen	USD/JPY	US\$	0.01	0.00%	0.00%	0.00%	-6.92%

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