Global performance factsheet

OAM Global Growth Portfolios
GBP Sterling

FEB 2011

Introduction

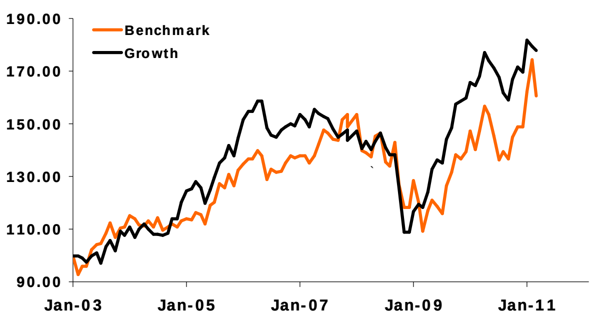
Overberg Asset Management specializes in the management of individual global portfolios, tailored to the investment objectives of each client. In the current and foreseeable climate, we are building client portfolios around closed-end funds, which give low-cost access to global investment opportunities at measurable risk and alpha. Closed-end funds are publicly quoted companies, representing leading international fund managers and offering access to traditional as well as alternative asset classes - they have become the investment choice of London's "City" professionals. As an independent company, Overberg can set objective standards in its selection of closed-end funds. Your portfolio will be in the safe custody of London-based Charles Stanley stockbrokers, and managed from here in S.A. Constant availability and a quick and flexible response are fundamental to our client relationships. Clients have access to their latest investment positions via a daily update on the Charles Stanley website. We produce customised statements and investment reports to specific requirements.

Technical Details

- FSB approved
- Base currency: GB Pounds
- Minimum investment: R500,000 equivalent
- Benchmark: FTSE Global 100
- Asset Allocation: flexible mix of closed-end funds, bonds and cash

Investment Objectives:

Growth Portfolio: conservative growth; using medium risk strategy; consistent annual returns with low volatility.



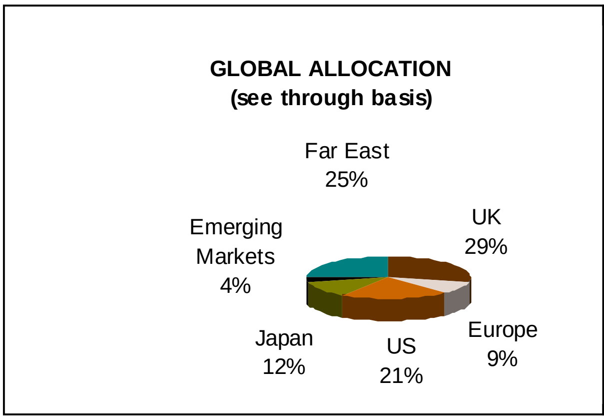
(As calculated by Overberg 28 February 2011)

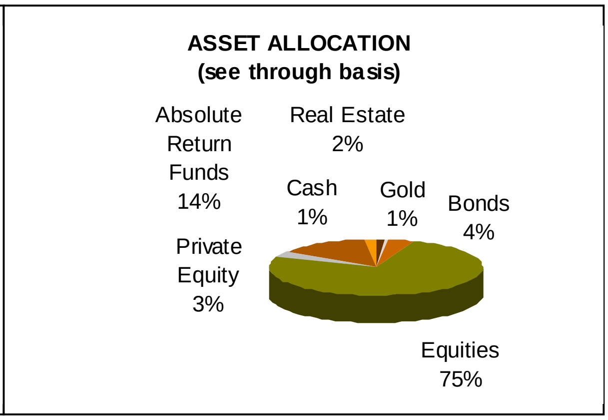
	Growth %	Benchmark %
Annualised Total Return	7.30	6.12
2003	10.76	15.13
2004	12.44	-0.98
2005	21.69	18.22
2006	1.34	2.21
2007	-4.11	11.35
2008	-20.88	-16.24
2009	42.05	14.76
2010	9.81	9.92
YTD	-2.17	-0.79

*Since January 2003: All performance figures include income and are net of fees and expenses

Growth 2011	Growth %	Benchmark %
January	-1.18	7.59
February	-1.01	-7.78

	%
Annualised Income Yield	1.51
Best 3 Months	7.28 7.23 7.05
Worst 3 Months	-13.41 -9.14 -6.33





Commentary

Global equity markets have got off to a flying start since the start of the year, particularly developed markets. The three key drivers have been improving economic growth momentum, better than expected company earnings and a continuation of extremely loose monetary policy. Valuations meanwhile have been compelling both in terms of earnings price and asset price multiples. Equity yields are also low compared with bond rates. Although the valuation or yield gap between bonds and equities has narrowed over the past 3 months it still remains high by historical standards. Meanwhile sentiment has also improved reflected by a significant increase in fund flows into equity funds.

Upgrades to global economic growth forecasts are likely to continue in spite of rapidly rising oil, commodity and food prices, helped by continued recovery in global credit markets and steady improvement in the large developed economies, especially the US, Japan and Germany. Sooner or later however this recovery will inevitably lead to a normalisation of monetary policy. Rising interest rates are never popular with equity market investors. Nonetheless, while the start of monetary policy normalisation undoubtedly creates short-term volatility, the event ultimately proves to be a buying opportunity.

Among developed markets futures are currently pricing in the first Bank of England (BOE) rate hike in June, followed by the European Central Bank (ECB) in July, and the US Federal Reserve in December. During past tightening phases the initial Fed increase tends to cause the greatest disruption, prompting average equity market declines over the following 3-4 months of 5% to 10%. However, this period of initial weakness is normally followed by a resumption of the bull trend as monetary tightening is generally the confirmation of a broadening recovery. Markets will inevitably be on edge as we approach mid-year and the end of the Fed's $600 billion quantitative easing program. Pre-emptive equity disinvestment could become a self-fulfilling prophecy if enough investors subscribe to it.

However, the fact that interest rates are so unusually low provides grounds for optimism. They can rise by a fairly significant amount and still remain at or below previous cycle troughs. Yield curves are extremely steep providing space for rate hikes at the short-end. Moreover, real interest rates are negative, the credit cycle is restarting, and the velocity of money is picking up. These factors point to an economic environment which can easily accommodate a normalisation in monetary policy. Historically, the Fed has tended to be the early mover raising rates ahead of the BOE and ECB, thereby setting the tone for risky assets and producing a greater impact than its counterparts in Europe. This time around the likelihood that the BOE and ECB move first could give them more weight.

There are concerns meanwhile that the trend of increasing company profit margins may be coming to an end. Latest quarterly results showed many companies reporting rising input cost pressures. However, this does not necessarily indicate the end of the rising margin trend. On the contrary input prices and profit margins have historically shown a strong positive correlation. Strong revenue growth should support further operating leverage, and a significant proportion of companies will be gaining greater pricing power as utilization rates improve.