FP FINANCIAL PARTNERS

RMB ASSET MANAGEMENT

Weekly Review

Week ending 25th June 2010

The past week proved reasonably eventful in terms of meaningful economic, political and market related events. The UK took centre stage early on in the week as the newly appointed Chancellor George Osborne delivered on his Conservative party's pre election promise of making a concerted effort to cut the country's budget deficit. The 'emergency' budget detailed the most draconian budget cuts in at least 40 years with the objective of reducing the deficit to 2.1% of GDP by 2014/15, a significantly more ambitious plan compared to that of the previous government. A large proportion of the spending cuts (GBP32 billion) came via significant cuts to the welfare bill although tax rises (GBP8 billion) were also part of the plan with the main change being an increase in VAT from 17.5% to 20%. A levy on banks and building societies was also announced and is expected to raise around GBP2 billion per annum. The initial market reaction seemed to be relatively calm as government bonds strengthened and it seems that, depending on market sentiment, the budget has probably done enough to preserve the country's coveted AAA bond rating. The government also ratcheted GDP growth forecasts down compared to those of the previous government but a point of contention is that they still expect growth to exceed 2% beyond 2010. One of the key risks from here is whether private sector employment will pick up quickly enough so as to sufficiently compensate the sizeable reductions in public sector expenditure.

On the political front headlines over the weekend have been dominated by news from the G20 summit in Toronto. As has often been the case at these events the final outcome contained very little in terms of new agreements or commitments for change. Although all countries committed to "growth-friendly fiscal consolidation plans" there were no sanctions set for governments failing to meet the targets, and indeed the objectives of halving deficits by 2013 and stabilising the ratio of debt to GDP by 2016 are not particularly challenging in the first place given that G20 countries are already on course for achieving these goals. An exception to these commitments was granted to Japan which is in the somewhat unique situation of being able to fund almost its entire (sizeable) debt burden internally via domestic savings. Additionally, proposals for a global levy on banks were dropped and no firm decisions were made regarding the implementation of more stringent capital requirements.

Elsewhere on the political front the prime minister of Australia, Kevin Rudd, was forced to resign ahead of a leadership challenge which he had little chance of surviving. He was replaced by the country's first female prime minister, Julia Gillard, whose initial priority must be to resolve a dispute with the mining industry over a controversial resources profit tax proposal. This poorly considered initiative, which included a retrospective tax on profits, was one of the key factors in Rudd's sudden fall from grace.

Moving on to markets, last week saw a significant degree of divergence between equity and fixed income investments. While fixed income markets moved to price in a very bad scenario for Europe, equity markets, despite selling off somewhat, did not seem to reflect the same concerns. The price of insuring Greek debt rose to a level that implies a 62% probability of default within the next five years, and spreads on periphery government debt (Portugal, Spain etc.) over German Bunds increased to levels higher than those before the EU and ECB stepped in with proposals intended to calm markets.

Looking more generally across all asset classes fixed income assets made small gains with the exception of European government bonds, while equities sold off by between -2% and -4% in local currency terms across all developed regions. Global emerging markets posted a smaller loss of -0.6% further compounding the outperformance so far this month. Currency returns were mixed versus the US Dollar; Australia, Canada, South Africa and the eurozone saw their currencies weakening versus the greenback whilst the UK's and Japan's currencies gained over 1%. Broad commodity indices mostly delivered small gains or losses for the week whilst oil slipped -3.3% lower.

Source: RMB Asset Management / Bloomberg / JP Morgan / Lipper Hindsight. June 2010.

Returns to 25 June 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Equities					
United States	S&P 500 NR	**USD**	-3.6	-1.1	-2.8
United Kingdom	FTSE All Share TR	**GBP**	-3.8	-2.2	-3.8
Continental Europe	MSCI Europe ex UK NR	**EUR**	-3.1	-2.0	-2.0
Japan	Topix TR	**JPY**	-2.0	-1.5	-3.6
Australia	S&P/ASX 300 TR	**AUD**	-2.9	-0.1	-7.8
Global	MSCI World NR	**USD**	-3.2	0.1	-6.6
Global emerging markets	MSCI World Emerging markets TR	**USD**	-0.6	2.4	-3.2
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	**USD**	0.6	1.2	5.3
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	**USD**	0.4	1.3	4.2
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	**USD**	0.7	1.3	4.9
US High yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	**USD**	0.3	1.5	4.7
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	**GBP**	0.1	1.2	5.5
UK Corporate (investment grade)	Merrill Lynch Sterling Non Gilts TR	**GBP**	0.9	0.9	5.8
Euro Government Bonds	Citigroup EMU GBI TR	**EUR**	-0.1	-1.0	2.1
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	**EUR**	0.4	0.2	3.5
Euro High yield	Merrill Lynch Euro High Yield 3% constrained TR	**EUR**	0.1	0.2	5.9
Japanese Government	JP Morgan Japan Government Bond Index TR	**JPY**	0.4	0.9	1.9
Australian Government	JP Morgan Australia GBI TR	**AUD**	0.6	0.9	4.3
Global Government bonds	JP Morgan Global GBI	**USD**	0.8	1.5	-0.2
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	**USD**	0.4	1.1	-1.2
Global Convertible bonds	UBS Global Convertible Bond	**USD**	-0.7	0.7	-3.1
Emerging Market Bonds	JP Morgan EMBI +	**USD**	-0.1	1.8	4.9

Source: RMB Asset Management / Bloomberg / Lipper Hindsight. June 2010.

Returns to 25 June 2010

Asset Class/Region	Index	Currency	Week	Month to date	Year to date
Property					
US Property securities	MSCI US REIT TR	**USD**	-3.0	0.4	11.4
UK Property securities	FTSE EPRA/NAREIT United Kingdom TR	**GBP**	-2.2	-2.6	-11.5
Europe ex UK Property securities	FTSE EPRA/NAREIT Developed Europe ex UK TR	**EUR**	-0.8	4.4	-0.7
Australian property securities	FTSE EPRA/NAREIT Australia TR	**AUD**	-2.0	0.6	-0.9
Asia Property securities	FTSE EPRA/NAREIT Developed Asia TR	**USD**	0.3	3.5	-4.9
Global Property securities	FTSE EPRA/NAREIT Developed CR	**USD**	-1.6	1.7	-2.4
Currencies					
Euro		**USD**	-0.7	0.2	-14.3
Sterling		**USD**	1.2	3.1	-7.3
Yen		**USD**	1.7	2.0	4.3
Australian Dollar		**USD**	-0.6	3.1	-3.9
Rand		**USD**	-1.9	0.5	-3.8
Commodities					
Commodities	RICI TR	**USD**	0.4	2.7	-7.5
Agricultural Commodities	RICI Agriculture TR	**USD**	-0.5	1.6	-11.1
Oil	Brent Crude Index (ICE) CR	**USD**	-3.3	1.9	-2.2
Gold	Gold index	**USD**	-0.2	3.9	11.5

Source: RMB Asset Management / Bloomberg / Lipper Hindsight. June 2010.

Important notes

RMB Asset Management is the trading name for RMB Asset Management International Limited. This document does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient, and is only intended for use by original recipients and addressees. The original recipient is solely responsible for any actions in further distributing this document, and should be satisfied in doing so that there is no breach of local legislation or regulation. The information is intended solely for use by our clients or prospective clients, and should not be reproduced or distributed except via original recipients acting as professional intermediaries. This document is not for distribution in the United States.

Prospective investors should inform themselves and if need be take appropriate advice regarding applicable legal, taxation and exchange control regulations in countries of their citizenship, residence or domicile which may be relevant to the acquisition, holding, transfer, redemption or disposal of any investments herein solicited.

Any opinions expressed herein are those at the date this material is issued. Data, models and other statistics are sourced from our own records, unless otherwise stated herein. We believe that the information contained is from reliable sources, but we do not guarantee the relevance, accuracy or completeness thereof. Unless otherwise provided under UK law, RMB Asset Management does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed.

We caution that the value of investments in discretionary accounts, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not generally indicative of future performance. Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

Our investment mandates in alternative strategies and hedge funds permit us to invest in unregulated funds that may be highly volatile. Although alternative strategies funds will seek to follow a wide diversification policy, these funds may be subject to sudden and/or large falls in value. The illiquid nature of the underlying funds is such that alternative strategies funds deal infrequently and require longer notice periods for redemptions. These Investments are therefore not readily realisable. If an alternative strategies fund fails to perform, it may not be possible to realise the investment without further loss in value. These unregulated funds may engage in the short selling of securities or may use a greater degree of gearing than is permitted for regulated funds (including the ability to borrow for a leverage strategy). A relatively small price movement may result in a disproportionately large movement in the investment value. The purpose of gearing is to achieve higher returns associated with larger investment exposures, but has concomitant exposure to loss if positive performance is not achieved. Reliable information about the value of an investment in an alternative strategies fund may not be available (other than at the fund's infrequent valuation points).

Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multimanager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

RMB Asset Management International Limited (Company Registration No. 3733094) is a member of the FirstRand Group, and has its registered office at 20 Gracechurch Street, London, EC3V 0BG

RMB Asset Management International Limited is authorised and regulated by the Financial Services Authority in the United Kingdom, and is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act 37 of 2002 in South Africa.