

Profile Namibia Quarterly Report | June 2010

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Market overview

The FTSE/JSE All Share Index (ALSI) lost 8.2% in the second quarter as global markets suffered a reversal in sentiment. Sovereign debt concerns in Europe intensified as Greece, Spain and Portugal experienced downgrades in their credit ratings, which sent the euro sharply lower. Economic data released during the quarter caused investors to question the durability of the economic recovery. China raised reserve requirements, the US housing data showed that the sector remains fragile, and there was uncertainty about the impact of the US financial reform bill. These were the headline concerns.

While market volatility has increased and could stay high over the short term, we attach a fairly low probability to a double-dip recession. Looking through this for long-term investors (such as those building a pension fund), equity markets look reasonably priced on an absolute basis and attractively priced on a relative basis, especially should recession fears prove unfounded. Global bond yields (developed markets largely) fell sharply on safe haven buying and recession fears; the US ten-year yield declined 90 basis points (bps). However, local bonds returned 1.1%, underperforming cash for the quarter.

Fund performance commentary

Profile High Growth

Profile High Growth suffered a tough quarter as markets panicked about the potential for a double-dip back into recession. Year to date the FTSE/JSE All Share Index (ALSI) has now fallen 4.1% while developed markets fell 6.2%, dragging High Growth's performance into negative territory. We are happy that the fund only captured 40% of the ALSI's fall in the first half of 2010, but are disappointed by its relative performance. The problem was not the amount of shares, but rather the type of shares. For instance, the sharp sell-off in ArcelorMittal as a result of the Kumba Iron Ore issue negatively affected the fund.

Looking forward, we expect the underperformance to reverse. Firstly, the local equity portfolio has double the upside of the market based on our analysts' fundamental valuations. Secondly, the international assets of the fund are fully invested in equity, with a strong bias to emerging markets. Based on our longer term valuation work this will generate a much better return than bonds and cash, which did well in the last quarter.

During the quarter the fund used the opportunity of market weakness to increase equity exposure. We also continue to actively trade domestic bonds to maximise value in a lower return environment.

Profile Balanced

The last quarter has been a difficult period for the fund. While overall asset allocation was fairly neutral, stock selection has detracted in the short term. Much of this can be explained by the underweight position in retail shares, many of which have had a very strong run over this period. While we continue to be positive about the economic recovery, we are also conscious of the debt burden among consumers and that a period of deleveraging needs to occur. As a result we have been cautious on this sector. Our view remains unchanged; we see better potential for capital

gains and dividend income, and these are our areas of focus. We believe dividend yields will be an important factor in total returns going forward, and see this as a theme for the next five years. The Profile Balanced Fund has produced a return of 15.2% for the 12-month period ending June 2010.

Profile Capital

Profile Capital managed to preserve capital during the quarter, despite the 8.2% decline in the FTSE/JSE All Share Index (ALSI). This is a function of its very conservative mandate, an underweight position in local shares, high cash holding and the astute purchase of inflation-linked bonds in the first quarter of 2010. The fund has delivered an 11.8% return over the last 12 months, which is still comfortably above cash (7.4%) and inflation (4.6%). However, it requires a better return from equity markets in the second half of 2010 to sustain this.

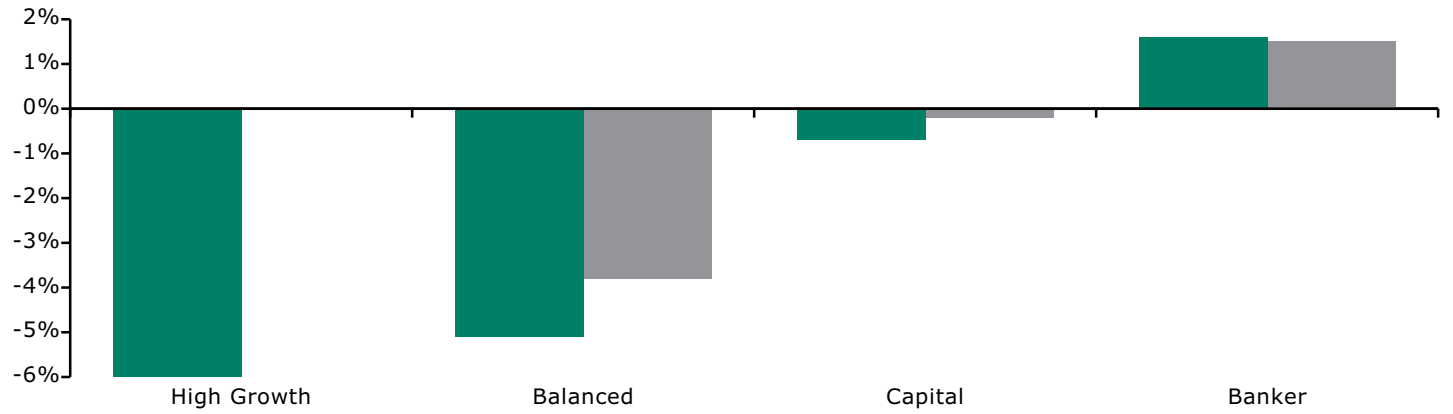
At the start of the second quarter, the fund was cautiously positioned in South Africa with an underweight position in equities and a large exposure to cash (43%). However, during the quarter, decreased risk appetite (increased fear) meant equities and bonds sold off. The fund took advantage of these lower prices to add to both the equity and bond positions, resulting in the cash position falling by 15%. The fund has a protective structure in place but, with the recent purchases, it is now positioned for an improvement in equity markets.

International assets, which comprise 18% of the total fund assets, provide diversification and will also protect investors from inflation caused by rand weakness. Due to the very low returns available on offshore government bonds and cash deposits, these assets are invested in equities, credit and alternatives. Therefore, the fund did not benefit from the rally in international bonds in the quarter, and the international assets detracted from performance. We are not concerned by this as international equities will outperform bonds in the medium term.

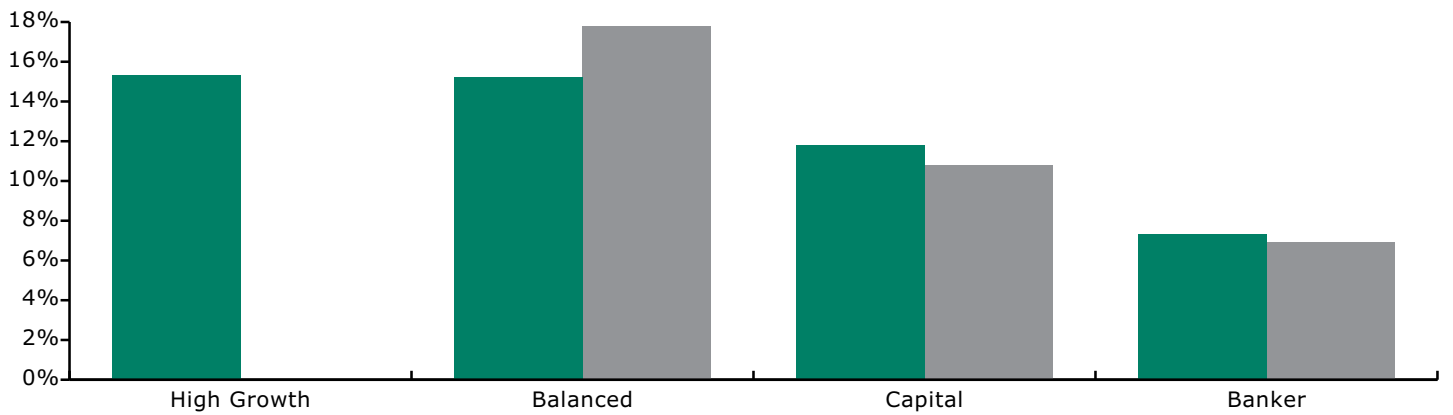
Profile Namibia Investment Performance

3 MONTHS

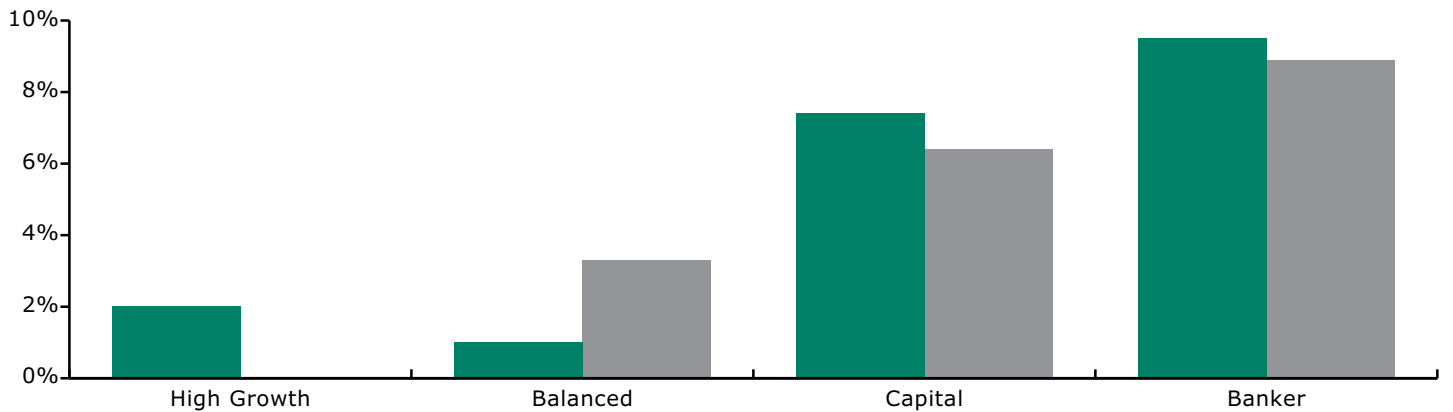
Fund Benchmark



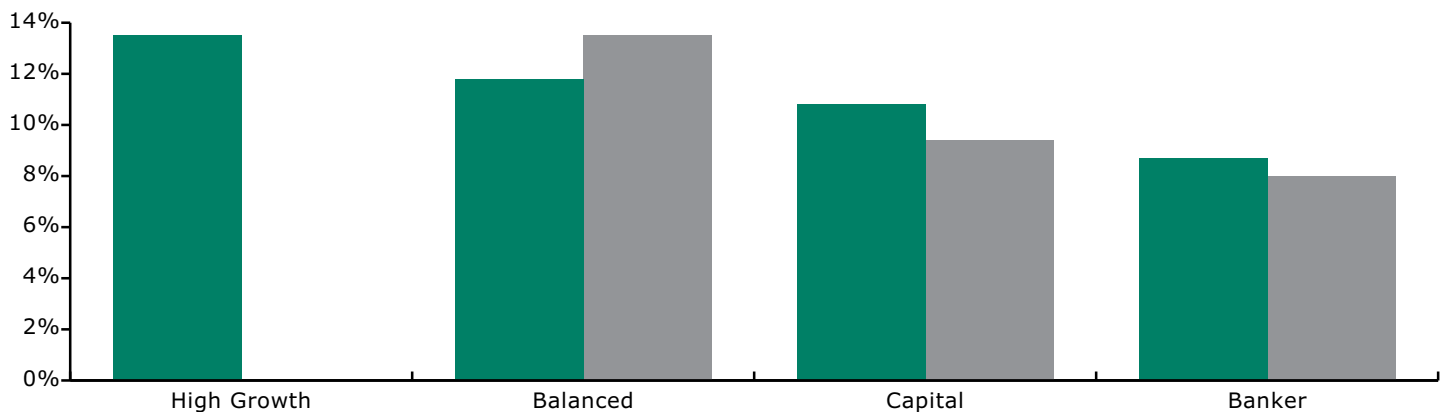
1 YEAR



3 YEARS



5 YEARS



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The investment portfolios are market-linked. Products may either be policy based or utilised in collective investment schemes. Investors' rights and obligations are set out in the relevant contracts. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full amount invested. Past performance is not necessarily a guide to future investment performance.

Namibian Profile High Growth Portfolio

INVESTMENT DESCRIPTION

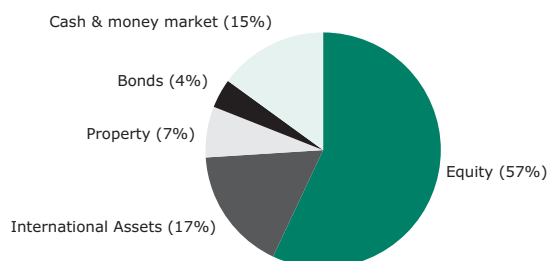
The High Growth Portfolio invests in equities, bonds and property. The portfolio maximises short market opportunities and involves a moderate level of risk.

REVIEW OF 2nd QUARTER

Profile High Growth suffered a tough quarter as markets panicked about the potential for a double-dip back into recession. Year to date the FTSE/JSE All Share Index (ALSI) has now fallen 4.1% while developed markets fell 6.2%, dragging High Growth's performance into negative territory. We are happy that the fund only captured 40% of the ALSI's fall in the first half of 2010, but are disappointed by its relative performance. The problem was not the amount of shares, but rather the type of shares. For instance, the sharp sell-off in ArcelorMittal as a result of the Kumba Iron Ore issue negatively affected the fund.

Looking forward, we expect the underperformance to reverse. Firstly, the local equity portfolio has double the upside of the market based on our analysts' fundamental valuations. Secondly, the international assets of the fund are fully invested in equity, with a strong bias to emerging markets. Based on our longer term valuation work this will generate a much better return than bonds and cash, which did well in the last quarter. During the quarter the fund used the opportunity of market weakness to increase equity exposure. We also continue to actively trade domestic bonds to maximise value in a lower return environment.

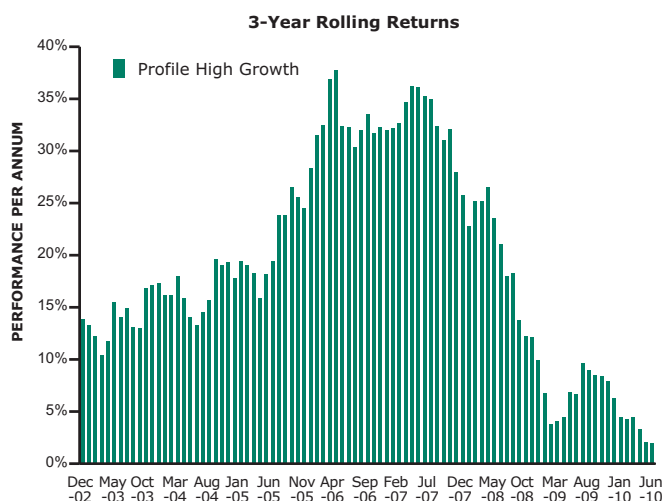
ASSET ANALYSIS TO 30/06/2010



CURRENT PRINCIPAL HOLDINGS AS AT 30/06/2010

HOLDING	SECTOR	% OF FUND
Truworths Nam	Consumer Services	6.9
Standard Bank Nam	Banks	6.7
MTN Group	Mobile Telecommunications	6.6
Anglo American Nam	Basic materials	5.8
Sasol	Oil & Gas	5.3
FirstRand Nam	Financials	5.2
Barloworld Nam	Consumer Services	4.6
Investec Ltd Nam	Financials	3.8
British American Tobacco Nam	Consumer Goods	3.0
Richemont Nam	Consumer Goods	2.8
		50.8

PERFORMANCE 30/06/2010



Source: OMIGSA

% PERFORMANCE				
	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.
Fund	-6.0%	15.3%	2.0%	13.5%

ADDITIONAL INFORMATION

LAUNCH DATE

July 1999

BENCHMARK

None

RISK CATEGORY

Moderate to high

INVESTMENT OBJECTIVE

The investment objective of the portfolio is to consistently achieve upper-quartile performance over the medium term as surveyed by the leading investment consultants, and in line with the moderate to high risk that defines this portfolio, thus offering high real returns over the medium term.

FEES

Domestic assets: 0.70% p.a. (rebates for large funds)

International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

PORTFOLIO MANAGERS

Peter Brooke & Tyrone van Wyk

Namibian Profile Balanced Portfolio

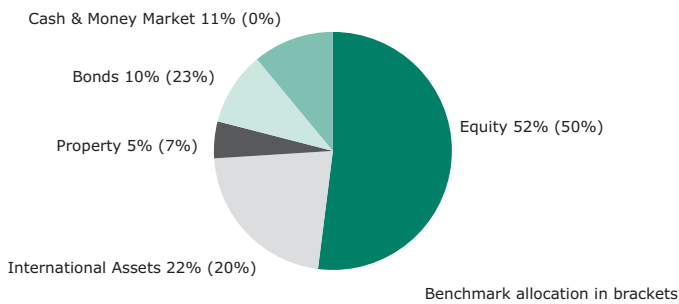
INVESTMENT DESCRIPTION

The Balanced Portfolio has an optimal and a balanced spread across the major asset classes, namely equities, bonds and property. However, its exposure to equities is lower than that of the High Growth Portfolio. The portfolio involves a medium level of risk.

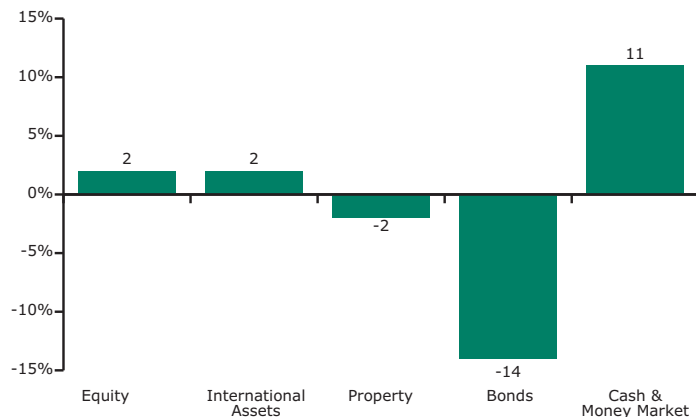
REVIEW OF 2nd QUARTER

The last quarter has been a difficult period for the fund. While overall asset allocation was fairly neutral, stock selection has detracted in the short term. Much of this can be explained by the underweight position in retail shares, many of which have had a very strong run over this period. While we continue to be positive about the economic recovery, we are also conscious of the debt burden among consumers and that a period of deleveraging needs to occur. As a result we have been cautious on this sector. Our view remains unchanged; we see better potential for capital gains and dividend income, and these are our areas of focus. We believe dividend yields will be an important factor in total returns going forward, and see this as a theme for the next five years. The Profile Balanced Fund has produced a return of 15.2% for the 12-month period ending June 2010.

ASSET ANALYSIS TO 30/06/2010



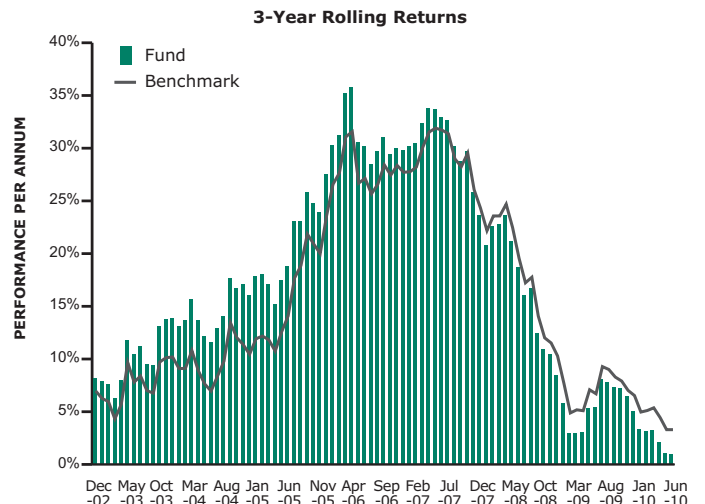
FUND TILT VS BENCHMARKS



CURRENT PRINCIPAL HOLDINGS AS AT 30/06/2010

HOLDING	SECTOR	% OF FUND
Standard Bank Nam	Banks	7.6
MTN Group	Mobile Telecommunications	6.9
Sasol	Oil & Gas	6.4
FirstRand Nam	Financials	5.9
Anglo American Nam	Basic Materials	5.2
Investec Ltd Nam	Financials	4.4
BHP Billiton	Basic Materials	3.0
British American Tobacco	Consumer Goods	3.0
Richemont	Consumer Goods	2.7
SABMiller	Consumer Goods	2.6
		47.8

PERFORMANCE 30/06/2010



Source: OMI GSA

	% PERFORMANCE			
	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.
Fund	-5.1%	15.2%	1.0%	11.8%
Benchmark	-3.8%	17.8%	3.3%	13.5%

ADDITIONAL INFORMATION

LAUNCH DATE

April 1998

BENCHMARK

Internal benchmark

RISK CATEGORY

Medium

INVESTMENT OBJECTIVE

The portfolio aims to deliver consistent real returns over the long term. The portfolio also aims to outperform peer funds as well as its own benchmark.

FEES

Domestic assets: 0.55% p.a. (rebates for large funds)

International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

PORTFOLIO MANAGERS

Peter Brooke & Tyrone van Wyk

Namibian Profile Capital Portfolio

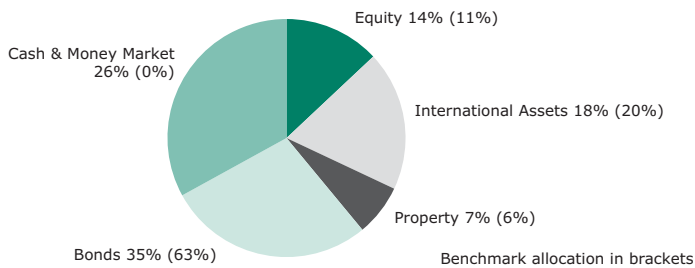
INVESTMENT DESCRIPTION

The Capital Portfolio has a core exposure to bonds and cash, and some exposure to equities and quoted property. The portfolio is an ultra-conservative multi-asset class portfolio, and it seeks largely to provide capital protection, with some exposure to growth assets.

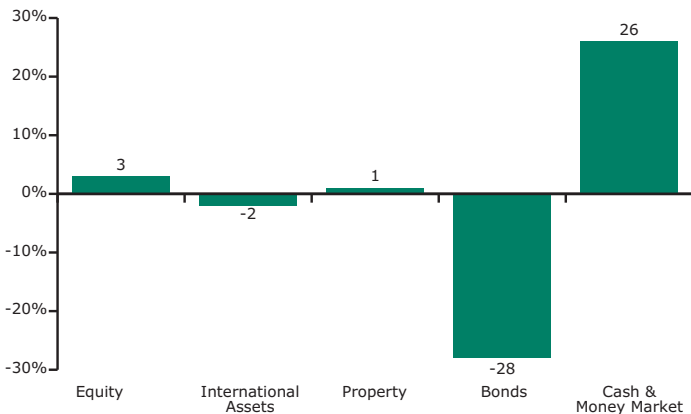
REVIEW OF 2nd QUARTER

Profile Capital managed to preserve capital during the quarter, despite the 8.2% decline in the FTSE/JSE All Share Index (ALSI). This is a function of its very conservative mandate, an underweight position in local shares, high cash holding and the astute purchase of inflation-linked bonds in the first quarter of 2010. The fund has delivered an 11.8% return over the last 12 months, which is still comfortably above cash (7.4%) and inflation (4.6%). However, it requires a better return from equity markets in the second half of 2010 to sustain this. At the start of the second quarter, the fund was cautiously positioned in South Africa with an underweight position in equities and a large exposure to cash (43%). However, during the quarter, decreased risk appetite (increased fear) meant equities and bonds sold off. The fund took advantage of these lower prices to add to both the equity and bond positions, resulting in the cash position falling by 15%. The fund has a protective structure in place but, with the recent purchases, it is now positioned for an improvement in equity markets. International assets, which comprise 18% of the total fund assets, provide diversification and will also protect investors from inflation caused by rand weakness. Due to the very low returns available on offshore government bonds and cash deposits, these assets are invested in equities, credit and alternatives. Therefore, the fund did not benefit from the rally in international bonds in the quarter, and the international assets detracted from performance. We are not concerned by this as international equities will outperform bonds in the medium term.

ASSET ANALYSIS TO 30/06/2010



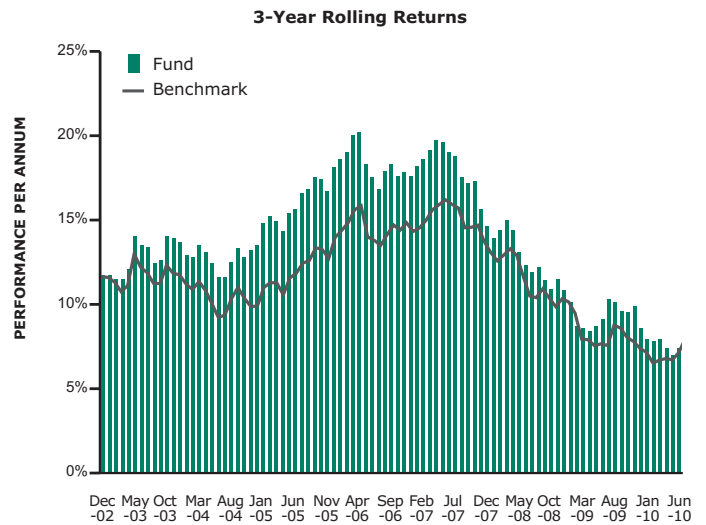
FUND TILT VS BENCHMARKS



CURRENT PRINCIPAL HOLDINGS AS AT 30/06/2010

HOLDING	SECTOR	% OF FUND
Redefine Income Fund	Real Estate	8.1
Growthpoint	Real Estate	7.2
MTN Group	Mobile Telecommunications	5.3
Sasol	Oil & Gas	4.5
Standard Bank Nam	Banks	4.4
Panprop	Real Estate	4.1
British American Tobacco	Consumer Goods	3.6
Resilient	Real Estate	3.6
FirstRand Nam	Financials	3.5
Richemont	Consumer Goods	3.3
		47.7

PERFORMANCE 30/06/2010



Source: OMIGSA

	% PERFORMANCE			
	3-Mth	1-Yr p.a.	3-Yr p.a.	5-Yr p.a.
Fund	-0.7%	11.8%	7.4%	10.8%
Benchmark	-0.2%	10.8%	6.4%	9.4%

ADDITIONAL INFORMATION

LAUNCH DATE

July 1999

BENCHMARK

Internal benchmark

RISK CATEGORY

Low

INVESTMENT OBJECTIVE

The investment objective of the portfolio is to offer returns in excess of returns on cash over the medium term. A relatively low level of risk can be expected.

FEES

Domestic assets: 0.40% p.a. (rebates for large funds)

International assets: 0.80% p.a.

Plus: a performance fee in respect of alternative assets.

PORTFOLIO MANAGERS

Peter Brooke & Tyrone van Wyk