overberg
asset management

Global performance factsheet

OAM Global Income Portfolios
GBP Sterling

MAR 2011

Introduction

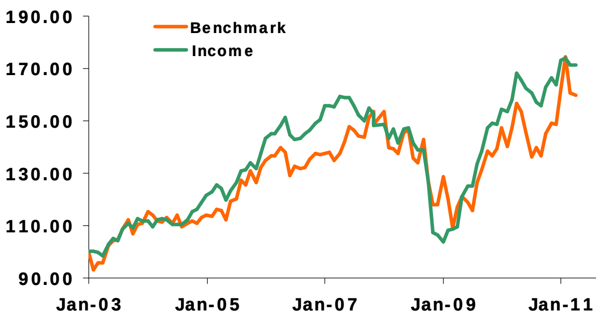
Overberg Asset Management specializes in the management of individual global portfolios, tailored to the investment objectives of each client. In the current and foreseeable climate, we are building client portfolios around closed-end funds, which give low-cost access to global investment opportunities 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:

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



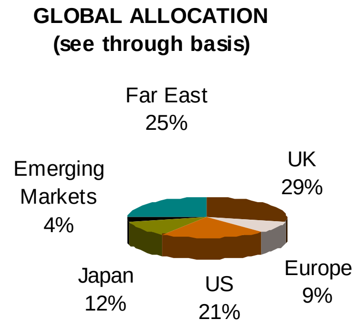
(As calculated by Overberg 31 March 2011)

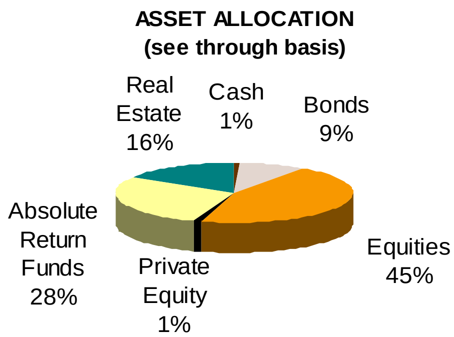
	Income %	Benchmark%
Annualised Total Return	6.75	5.99
2003	11.89	15.13
2004	8.64	-0.98
2005	18.00	18.22
2006	8.49	2.21
2007	-4.40	11.35
2008	-30.30	-16.24
2009	49.11	14.76
2010	11.92	9.92
YTD	-0.91	-1.31

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

Growth 2011	Income %	Benchmark %
January	0.46	7.59
February	-1.52	-7.78
March	0.15	-0.53

	%
Annualised Income Yield	2.31
Best 3 Months	10.40 6.78 6.54
Worst 3 Months	-15.41 -8.73 -4.34





Commentary

Macro-economic data has lost some momentum over the past month, attributed to the spike in oil prices and the devastating earthquake in Japan. There has been a notable decline in the new orders to inventory ratio in global manufacturing purchasing managers' indices. Japan's industrial production is expected to contract at an 18% annualized rate in the 2nd quarter. Meanwhile the IMF has lowered its growth forecasts across most economies including the US.

The momentum loss is likely however to be temporary. Every economic downturn has been led by an inversion in bond yield curves which is far from being the case currently. In the US, both the steepness of the 10-year to Fed funds rate and 30-year to 10-year rate suggest strong underlying economic buoyancy. Global real interest rates are also in extreme negative territory, which is inconsistent with an imminent economic downturn. The Euro-zone economy is growing strongly and the recently upgraded euro-zone financial stability package is likely to reduce systemic risk. The yield spread between German bunds and Spanish sovereign bonds has narrowed considerably since the start of the year. Even Japan's contraction is likely to be temporary. As a guide, the loss of activity following the Kobe disaster in 1995 recovered within five months. Monetary tightening in Far Eastern and emerging markets meanwhile has been ongoing for over 12 months and is arguably close to running its course. Although China's consumer inflation rate has risen sharply over the past few months, it is expected to start declining from mid-year.

While macro-economic concerns remain abundant, these are in stark contrast to the view among bottom-up stock analysts. Companies are generating substantial amounts of cash and balance sheets are robust. Earnings are continuing to be upgraded together with the outlook for dividend growth, share buybacks and merger and acquisition activity. Company profit margins have not yet peaked in this economic cycle. Low unit labour costs are compensating for rising raw material costs, while pricing power continues to strengthen. Equity markets have a lot further to go given that historically they have only peaked over a year after the peak in company profit margins.

Equity markets should have further to go. It is not typical for bull markets to end amid such pessimism towards equities. Fund flows into equities are still at an early stage in this cycle. Credit markets, which provide a reliable early warning signal are currently in a strong recovery mode showing little sign of stress. Finally interest rate yield curves remain steep and real rates are negative, not a typical precursor of prolonged market weakness. The current outlook continues to favour a "buy on the dips" rather than a "sell on the rallies' approach