

Ferra Asset Management

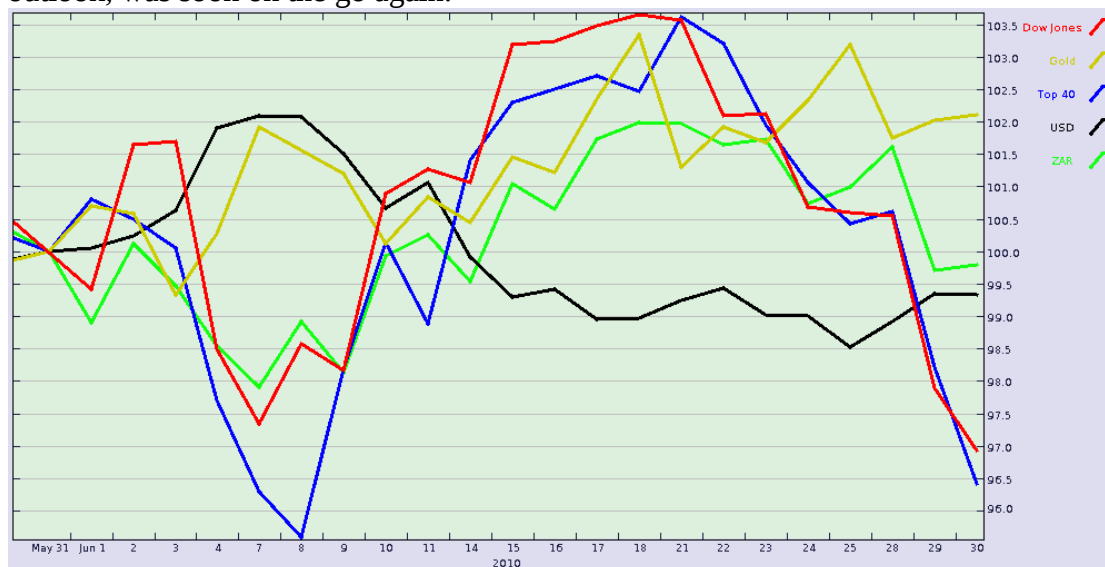
June 2010 report

Market overview

The sell off that commenced in May continued into June so that the JSE reached its low, then down 3.8% for the month, by the middle of the second week of June.

Index	Change in June	At worst level	At best level
JSE Top 40	-3.6%	-4.6%	4.3%
Spot gold	2.1%	-1.6%	4.0%
Dow Jones	-3.6%	-3.8%	4.5%
USD index	-0.7%	-1.7%	2.4%
Spot ZAR	-0.2%	-2.6%	3.8%

During this period safe haven type investments, such as gold and the US dollar, posted gains as investors fled away from risk. With markets generally at depressed levels, buyers started showing interest again and a mini rally was initiated. The rally paused briefly to keep an eye on US employment figures, released on the 10th, but, helped by slightly better than expected figures as well as an improving Chinese economic outlook, was soon on the go again.



Prices continued to climb up to and even beyond the futures close out of the 18th but, with investors once again reviewing the prospects of economic growth, the rally soon faltered. When month end was reached all the earlier gains were swallowed up and prices were once again approaching the weakest levels seen during the month.

The difference this time around, however, was that the US dollar did not regain the ground it lost during the rally and at current levels share markets actually offer some value. Commodity prices could continue to rise, especially if the US dollar remains in check, but are seen as risky at present. The current strategy is thus to accumulate shares and some commodities and hope for sentiment to once again smile on risk.



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