

# Ferra Asset Management

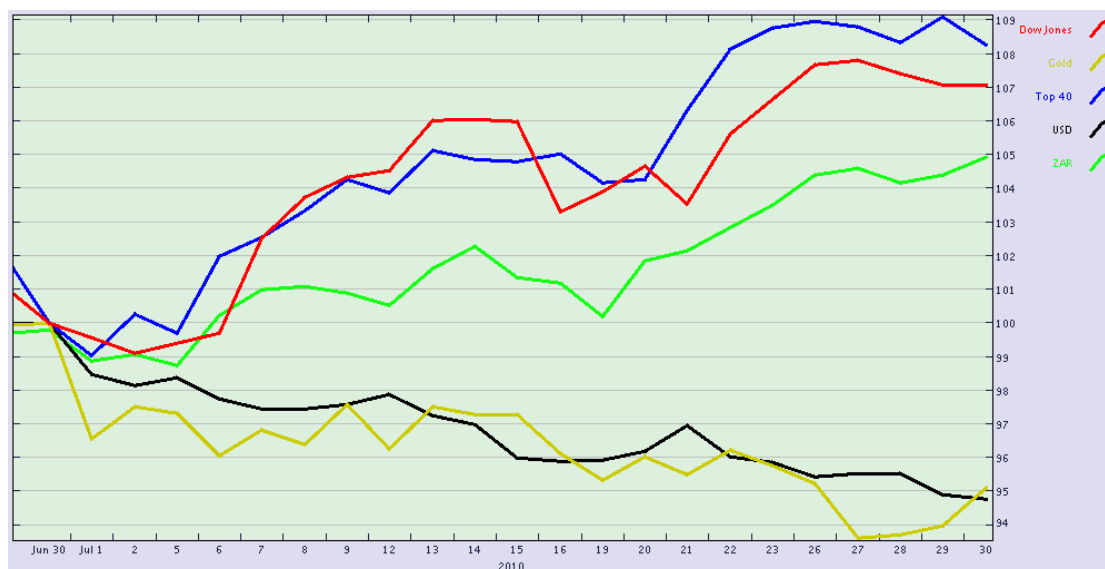
## July 2010 report

### Market overview

The promise of a recovery helped the market in July to erase the damage done during the previous two months and to end on a very positive tone.

Index	Change in July	At worst level	At best level	Year to date
JSE Top 40	+8.3%	-1.7%	+9.6%	+0.9%
Spot gold	-4.9%	-5.1%	+2.0%	+7.7%
Dow Jones	+7.1%	-1.1%	+8.9%	+0.4%
USD index	-5.2%	-5.5%	+0.1%	+4.7%
Spot ZAR	+4.9%	-0.8%	+6.3%	+1.4%

As mentioned in the previous report, the view at the outset of July was that equities offered value while commodities are risky. Despite the weakening seen in the US dollar during July, gold lost its safe haven appeal and had a terrible month. This is not, however, true for other commodities and during this time the Deutsche Bank liquid commodity index rose by 5.7% helped, like equities, by the promise of a recovery.



The hoped for economic recovery certainly seems to be approaching, but especially the equity market seems overextended and is deemed a sell at current levels. Against this a small commodity position makes sense and that summarises Ferra's strategy at present. Risk levels have been dropped and, as measured by the value at risk methodology, are now approaching levels last seen in May, so that the environment is more benign than before and allows for a higher level of risk taking. The major risk is no longer the economic recovery, but rather how long it will take to affect the broad economy and especially the US labour market. From a portfolio management perspective, the biggest risk is that the market jumped the gun to find itself in an overvalued position at present and as a result exposures remain relatively low.



FERRA ASSET MANAGEMENT (PTY) LTD  
Reg No 2000/00949/07

PO Box 31840, Waverley, 0135  
1191 Breyer Avenue, Waverley  
www.ferra4models.com  
Tel/Fax 012 332 1319  
FSP No 37404

Directors: MG Ferreira, M Ferreira