ANTLER
FINANCIAL SERVICES

in association with

RICHTON
EMPLOYEE BENEFIT CONSULTANTS

Market Commentary – early November 2008

INTERNATIONAL HERALD TRIBUNE

Circulated to Antler investment clients

It seems appropriate to repeat the cartoon I used in our May 2008 newsletter – October 2008 will be remembered as one of the historic worldwide market crashes. Emotion and reflex action has fuelled a precipitous decline in global equity markets. The Rand has been one of the casualties of global risk-aversion. There remains an extreme shortage of good news in the economic world, so let me start by paying attention to the little that there has been. The oil price has declined from well above $160 per barrel to just above $60. This drop has been largely moderated by the falling Rand, but we are seeing the first signs of inflation having peaked and interest rate reductions in 2009 are looking likely.

Reviewing the path forward, a possibly extended period of consolidation can be expected while we wait to see how company earnings will be impacted by the expected recession.

Economics 101

What can I possibly do to protect my capital during this period?
The short answer is simply – SPEND LESS. History has shown that selling equities to protect capital is tantamount to slaughtering the herd to protect the beef (Securing what you have but ensuring no growth can take place in future).

The point
Research conducted by Prudential Portfolio Managers has shown that since the year 1900 Equities are the only asset class that has provided inflation-beating returns OVER EVERY SINGLE 10-year rolling period. Bonds failed to match inflation in 20% of the above periods, and Cash failed to match inflation in 26% of these periods.

History has an annoying habit of repeating itself, meaning that equities remain a critical portion of every investor's portfolio.

What does risk profiling have to do with this?
Your portfolio has been designed to give you a long-term return of inflation + *x*. With inflation being cyclical in nature, to target a return of 12% would be meaningless with inflation at 13%, but would be significant if inflation fell to 5%. Your real return over time must be positive in order for any wealth to be generated. The more risk you can tolerate, the higher your real return target can be.

	1 Jan	**05 Nov**	**Year to date (%)**	**Change since last letter (%)**
SA MARKETS				
All Share	28958	20951	**-27.65**	**-24.37**
Financials	22654	15245	**-32.70**	**-18.38**
Industrials	29824	22527	**-24.46**	**-13.53**
Resources	30448	20352	**-33.16**	**-35.53**
Listed Property	354	272	**-23.29**	**-11.11**
Gold Mining Index	2309	1707	**-26.10**	**-4.85**
Platinum Index	99	44	**-55.32**	**-53.19**
EXCHANGE RATES				
R/$	6.81	9.80	**43.80**	**27.44**
R/€	9.97	12.68	**27.18**	**12.31**
R/£	13.64	15.56	**14.08**	**11.46**
GLOBAL MARKETS				
Dow Jones Industrial	13265	9139	**-31.10**	**-20.83**
US S&P 500 Index	1468	1006	**-31.51**	**-21.59**
UK FTSE 100 Index	6457	4531	**-29.83**	**-19.62**
French CAC 40 Index	5614	3618	**-35.55**	**-19.30**
Hang Seng Index	27813	14384	**-48.28**	**-31.41**
German DAX Index	8067	5167	**-35.95**	**-19.54**
Japanese Nikkei 225	15654	9115	**-41.77**	**-28.61**
US Nasdaq Index	2652	1682	**-36.60**	**-28.97**
MSCI ($)	1589	983	**-38.13**	**-26.91**

What do you suggest I do?
SPEND LESS – This may seem a simple and unrealistic answer, but by cutting living expenses wherever possible allows you one of 2 alternatives:
1) Invest more into either debt or the markets (while interest rates are high and equity prices low)
2) A reduced draw from your current investments (meaning greater growth over time)
If you can squeeze your spending now, you will find yourself in a significantly better position in the future. The markets will recover, and you don't want to find yourself standing on the sidelines when that happens. Short term pain is required for long term gain, and economies exercised now will lead to success in future. Consider the current market to be a *massive sale of potentially great value available at significantly reduced prices.*

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Any changes to my portfolio?
We remain committed to our fund managers, but are reviewing their investment mandates at present. We have historically avoided, and will continue to avoid the additional layer of fees associated with 'wrap' and 'white label' funds wherever possible. We expect most asset classes to remain volatile for at least the next 18 months, and as such are in negotiations with the managers to create revised portfolios under more flexible mandates. We do not believe changes are urgent or even necessary at this point, but we will keep you posted as to the outcome.

Notice of Developments

-Discovery Health needs your plan revisions by 12 December if you are planning to upgrade or downgrade your medical aid plan in 2009.
-Momentum Myriad has enhanced its Functional Impairment and disability benefits to include 'Activities of Daily Work' as an additional claimable benefit to insured lives who undergo a conversion to the new benefits at what appears to be a minimal cost difference.
-Discovery Life has new 'integrated' benefits attached to healthy lives who are Vitality members, allowing large increases to sums insured at very low rates. Please let me know if you fall into this category
-All of the life insurers are running their usual year end 'specials' at the moment, so please get in touch if your insurances portfolio could use a facelift.

As usual, please feel free to contact my office should you want to discuss/review any aspect of your investment holdings.

Once again, please remember us for the following services:
- Your/Your company group risk portfolio (Life insurance; disability cover; dread disease cover)
- Group Retirement Funds
- Further investment and retirement planning needs
- Fiduciary services (Wills and trusts)
- Offshore investment services
- Tax affairs and returns
- Short term insurance needs

If you are happy with our service, please keep us in mind when discussing financial affairs with family, friends and colleagues – all referrals are acted on immediately, and will be dealt with to the best of our ability.

Until next time.

Kind Regards,

Anton C Muller CFP™

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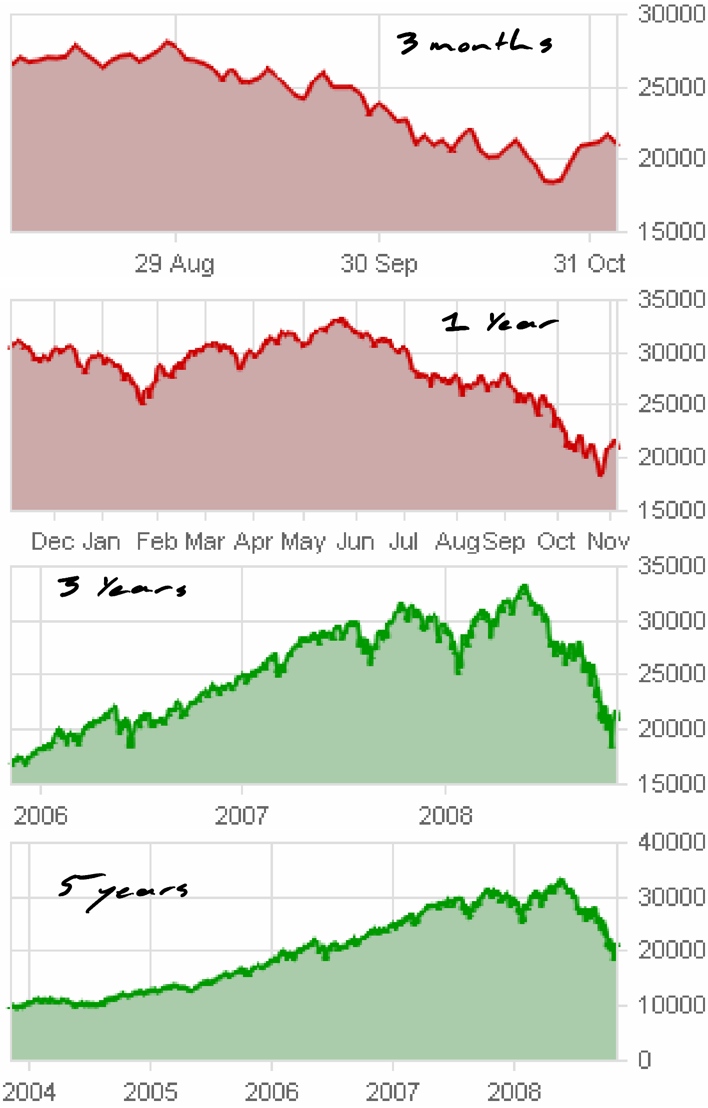
All Share Index



Rand / Dollar Exchange Rate