

## Behavior Matters More

What matters the most for generating solid long-term returns is often the behaviour of investors. Nothing destroys long-term returns as quickly as selling after equity prices have fallen a few percent, rushing money offshore after the rand hits a new record low or constantly trying to switch into the fund that is currently topping the performance tables. Markets are inherently volatile and returns tend to be lumpy and unpredictable, and so too is fund manager performance. The sound approach is to do the homework upfront, set an appropriate strategy with the proper allocation to local and global assets, choose a manager with a proven and repeatable track record and then stick to the plan. Our information-rich modern world can lead to poor decision-making if investors overreact to market volatility and judge fund returns over inappropriately short periods.

So while this is the halfway mark for the year, it is not the full-time whistle for investor returns. Successful investing requires lots of patience and discipline.

June 2018 was a volatile but positive month for local equity, but the FTSE/JSE All Share Index remains in negative territory for the first six months of the year.

The JSE recorded one of its best performances so far this year on Friday as the market jumped more than 3% to end Q2 of 2018.

CHART 1: FTSE/JSE ALL SHARE INDEX OVER THE PAST YEAR



Weekly update from Old Mutual Multi Managers: Dave Mohr & Izak Odendaal.

## SA's top performing global equity funds

Over the past decade, investors have been rewarded for using equity portfolios. In the 10 years since the start of June 2008, the MSCI World Index has returned 10.85% in rand terms, while the FTSE/JSE All Share Index has delivered only 9.01%. South Africans with some of their money invested internationally have also protected their global purchasing power.



Fund	10 year annualised return
Allan Gray Orbis Global Equity FF	12.25%
Old Mutual Global Equity Fund A	12.23%
Coronation Global Opportunity Equity [ZAR] FF A	11.11%
Alexander Forbes Investment Global Equity FF	10.18%
Investec Global Franchise FF A	9.31%

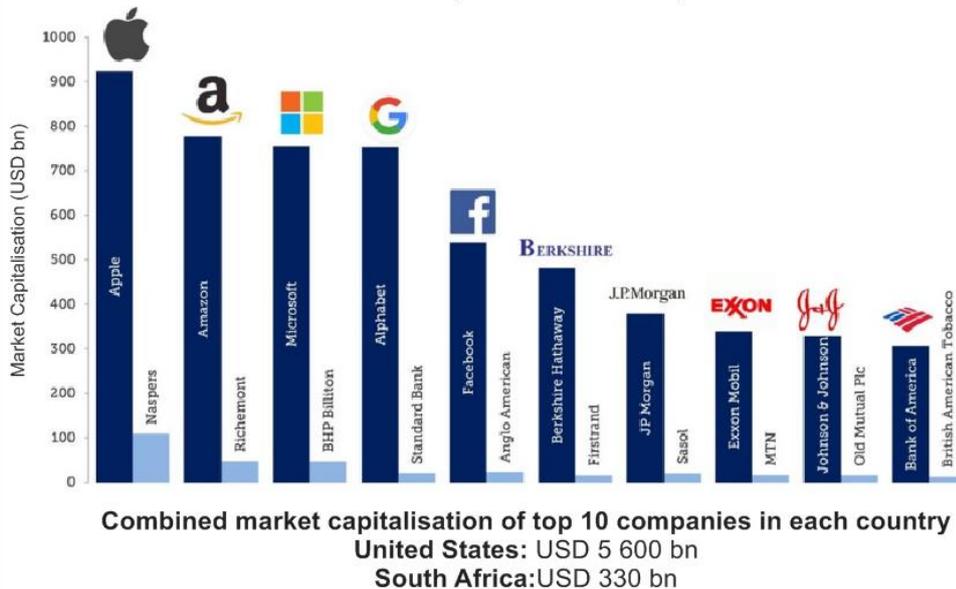


Nike Inc.'s home market is getting its mojo back, and investors are applauding. The stock surged the most in a year last Friday, reaching a record high, after North American sales rose for the first time in four quarters. The results signaled that Nike's new products are catching on with U.S. shoppers and beat the sneaker giant's forecast for unchanged sales in the region.

132 of the 200 most expensive players at the World Cup, as ranked by CIES Football Observatory, will wear Nike boots.

## The US top 10 versus the top 10 on the JSE

Graph comparing the market capitalisation of the top US companies with those listed on the JSE. (Sasfin Wealth - Nick Dakin)



## THIS AND THAT

- **Quilter** jumps on debut after being spun out of Old Mutual.
- A consortium that includes **Apple** wants to turn your smartphone into your car keys.
- **China** and the **EU** are teaming up to fight back against Trump's trade war.
- **Uber** wins back licence in London - but is put on probation.
- The **US Federal Reserve** increased interest rates by **0.25%**.
- **India** – **Amazon** may raise India investment target by \$2bn, to \$7bn.
- **Eight national teams** have won the **World Cup**, and they have added stars to their badges. They include: **Uruguay, Italy, Brazil, England, Germany, Argentina, France** and **Spain**.

- **South Africa's** real gross domestic product fell **2.2%** in the first quarter of 2018, Stats SA announced.
- **The construction unit of Samsung** built the tallest building on Earth – the Burj Khalifa in Dubai.
- **Forbes: Sports top 10 earners for 2017**
  - Floyd Mayweather – boxing (**\$285m**)
  - Lionel Messi – football (**\$111m**)
  - Cristiano Ronaldo – football (**\$108m**)
  - Conor McGregor – mixed martial arts (**\$99m**)
  - Neymar – football (**\$90m**)
  - LeBron James – basketball (**\$85.5m**)
  - Roger Federer – tennis (**\$77.2m**)
  - Stephen Curry – basketball (**\$76.9m**)
  - Matt Ryan – American football (**\$67.3m**)
  - Matthew Stafford – American football (**\$59.5m**)

## How is the petrol price compiled?

### A breakdown of the various items within the petrol price per litre

#### ▶ Basic price 750.07c

The price SA would pay to import fuel from overseas refineries up to the port.

#### ▶ Fuel levy 337c

The general tax on fuel. This increases annually in April.

#### ▶ Road Accident Fund 193c

For compensation of third party accident victims. This is increased annually in April.

#### ▶ Retail margin 187.2c

Regulated by the state and adjusted from time to time according to a formula based on the operational cost of petrol stations.

#### ▶ Zone differential in Gauteng 51.7c

SA is divided into zones based on the distance from the closest port.

#### ▶ Storage, handling and distribution 34.5c

This includes the cost of secondary storage after the fuel had been downloaded at SA ports.

Source: Department of Energy



#### ▶ Wholesale margin 34c

State-regulated and adjusted from time to time according to a formula based on the refineries' financial efficiency.

#### ▶ Demand side management levy (DSML) 10c

Introduced in 2006 to curtail the use of ULP 95 in the inland market.

#### ▶ Customs and excise 4c

The amount is divided among the Southern African Customs Union. It has remained unchanged for more than 8 years.

#### ▶ Petroleum products levy 0.33c

Collected by manufacturers and importers of petroleum products from the regulated petroleum product prices to be sold in SA included into the price structures of petrol and diesel.

#### ▶ Fuel pump rounding 0.2c

Graphics24

## Walt Disney

The operator of Tokyo Disneyland is investing 250 billion yen (US\$2.3 billion) in the biggest expansion to the Japanese resort in almost two decades as Walt Disney Co. continues to upgrade its theme parks in Asia. Oriental Land Co., which is licensed to operate the Tokyo resort, will expand the DisneySea Park to include a hotel and new areas based on movies such as "Frozen" and "Peter Pan," according to a statement last Thursday. The investment is in addition to a previously announced about 100 billion yen upgrade to DisneySea and the Disneyland Park. Walt Disney Co. also reclaimed its box-office superpowers with the arrival of "Incredibles 2," posting the best-ever opening for an animated film and easing the sting from its less well-received recent addition to "Star Wars". Disney's Pixar Animation far exceeded early expectations, with "Incredibles 2" collecting US\$180 million to blow past the US\$135 million animated-film record set by Pixar's own "Finding Dory" in 2016. Industry estimates had swelled rapidly as stellar reviews -- 94 percent positive according to Rottentomatoes.com -- flowed in, drawing excited fans over the Father's Day weekend.



**IT IS TIME!**

The 2018 Tax Season opens 1 July

Contact us today for assistance.

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Articles from: Financial Mail, Business Day, Sunday Times, STANLIB, Allan Gray, Old Mutual, Sanlam, Coronation, Ashburton, PSG, News 24 and Investec were in developing the article presented in this newsletter

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