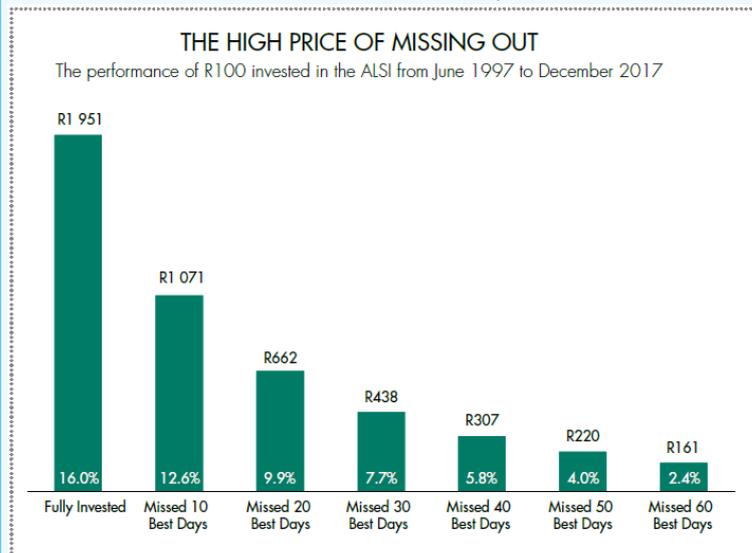


Uncertainty around the world has spoil the good start to the year.

After a flying start to the year, world stock markets pulled back at the end of January and drifted sideways in February. It's interesting that a number of the Fund Houses that we use were so positive in January, but in February some have been saying that the stock around the world was over-heated, and that they are not surprised that there has been a market correction. The "Land grab" has put a dent into the SA Economy, as foreigners and South African businesses are now waiting to see which way the Government is going to go before they start investing again. The Rand is certainly showing signs of strain and looks like it will go over R 12 to the Dollar.

The Stockbrokers and Fund Managers are still punting South African shares. Below is an exercise that Old Mutual did which illustrates why one should stay invested in the JSE and not exit the market for any reason.



R 100 invested in the JSE ALSI from June 1997 to December 2017.

- Fully invested, 16% annual return R 1 951
- Missed 10 of the best days, 12.6% R 1 071
- Missed 30 of the best days, 7.7% R 438
- Missed 60 of the best days, 2.4% R 161

Meanwhile, Trump is creating a Trade War with America's economic trading partners, wanting to impose tariffs that have not been warmly received. Brexit is taking forever, with the European Union digging their heels in and advising the UK that they cannot have the same trading agreement that they have had in the past. From an investment point of view, we long for some

stability and more importantly, direction from the Government, spelling out ways that they are going to encourage growth.

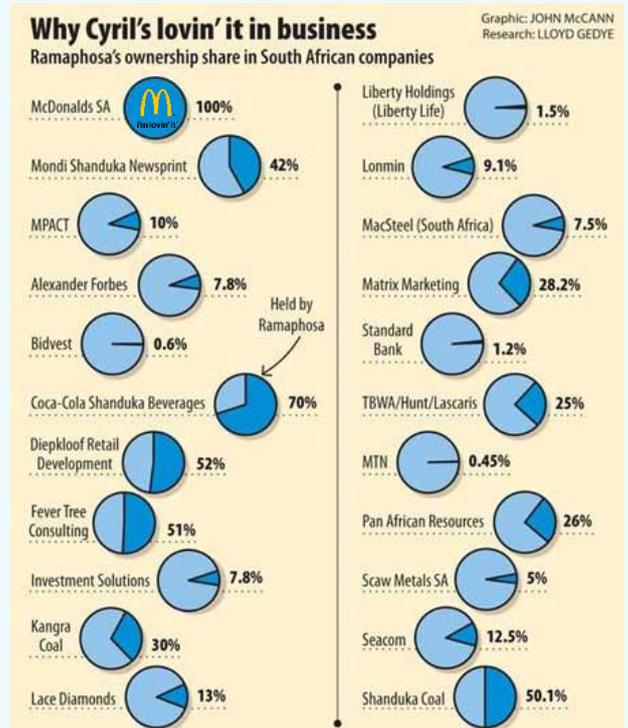
So what shares are the top Equity Fund Managers buying?

Looking at the top 10 holdings of the funds listed below, as of the 31 December 2017.

Kagiso, Coronation Top 20, Allan Gray Equity, Nedgroup Rainmaker, Investec Equity, Prudential Equity, Investec Value, PSG Equity, Coronation Equity, Foord Equity.

Eight of the above ten funds were invested in NASPERS, with only Investec Value and PSG Equity not holding Naspers. 6 of the funds had British American Tobacco, 6 had Old Mutual, 4 had MTN, 3 had Sasol, Anglo's and Northam Platinum. 2 funds were invested in Billiton, Tongaat, Richemont and INTU Properties.

Different shares made up the balance of the top 10 holdings on each of the 10 funds. It's probably the most divided that the Fund Managers have been in a long time, as in the past there were at least shares that overlapped in all 10 funds.



THIS AND THAT

- The International Energy Agency recently indicated that they are expecting renewable electricity generation to rise by over 1/3rd by the year 2022, and in order for this to happen the following materials are needed: **LITHIUM, COBALT, COPPER, SILICON AND WATER.**

- Relative size of World Stock Markets

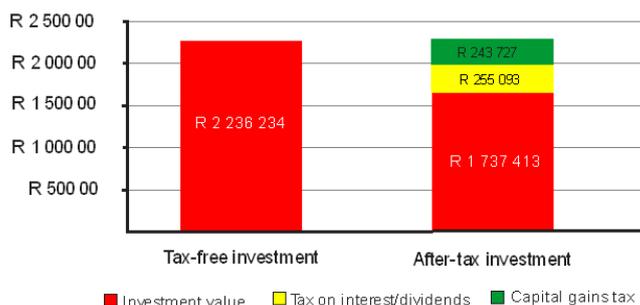
<u>1899</u>	<u>vs</u>	<u>2017</u>
15%	USA	51.3%
11.5%	FRANCE	3.3%
3.3%	SOUTH AFRICA	Under 1%
25%	UK	6.1%
13%	GERMANY	3.2%

- Anglo America has cut its worldwide mines from 68 to 37, and in South Africa from 31 to 17. South Africa still remains the largest source of earnings.
- Economists predict 25 basis points cut in interest rates in March.
- Rating agencies back the Budget.
- SA consumers price inflation come out at 4.4% in January 2018, down from 4.7% in December 2017.
- Difference between Investment Management and Financial Advice
 - Investment management is about asset allocation, expected returns, risk tolerance and time horizons.
 - Financial advice is about the use of debt, savings plans, tax efficiency, estate planning and ensuring your insurance needs are taken care of.

BENEFITS OF TAX FREE INVESTMENTS

See graph below: Investing in the same fund and the same annual investment amount. There is a R 498 820 greater return by investing in a tax-free investment compared to a normal unit trust over 15 years.

Graph 1: Benefits of tax-free investments



Source: Prudential Investment Managers

- "The internet "World Population 7.593billion with 55% of the population using the internet, 5.135billion are mobile users, which accounts for 68% of the population.
- Markus Jooste has been summoned to Parliament on 28 March, having missed the January session.
- Woolworths writes down R 7billion of David Jones assets.
 - 2017 Revenue R 69 451million
 - Woolworths clothing – R 13 913million
 - Woolworths food – R 27 199million
 - David Jones - \$ 17 169million
 - Country Road - \$ 10 867million
 - Woolworths Logistics – R 597 million
 - Treasury – R 69million
 - Intergraph's – R 363million
- Capitec share price bounces back after Viceroy Research's report.
- Amazon reports profits of nearly US \$2billion, the largest in its history
- Uber is taking a bet on electric bikes, and has partnered with Jump, an electric bike start-up company.
- Salaries of World Leaders
 - Lee Hsien Loong US \$2.2million (Singapore)
 - Malcolm Turnbull US \$403 745(New Zealand)
 - Donald Trump US \$400 000 – he donates the full amount to Government department (USA)
 - Cyril Ramaphosa US \$311 300 – proposed (RSA)
 - Justin Trudeau US \$267 415(Canada)
 - Theresa May US \$198 500(UK)
 - Xi Jinping US \$20 593(China)
- VAT to 15% will bring in R22billion for the Government



- Some stats on the Nelson Mandela Stadium
 - Seats 46 000
 - Completed in 30 months – 6 800 jobs
 - Opened 7 June 2009
 - Change rooms 10
 - Total Length of piles installed 21km
 - Concrete 31 000m²
 - Hospitality suites 49
 - Steel reinforcement 3 000m
 - Flood lights 256
 - Gates 17
 - Food/ Beverage 32
 - Grass – Desso Grass Master System, 3% of surface is covered by these artificial Scribes



FIND US ON



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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