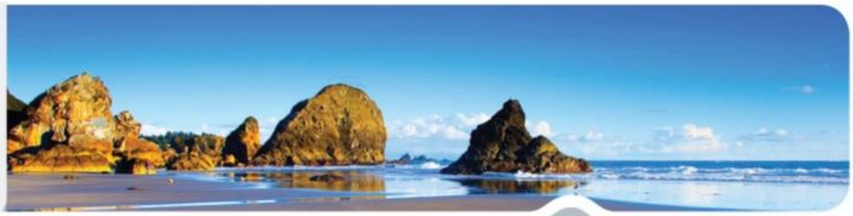
PRIVATECLIENT HOLDINGS



Perspectives | Monthly Market Review

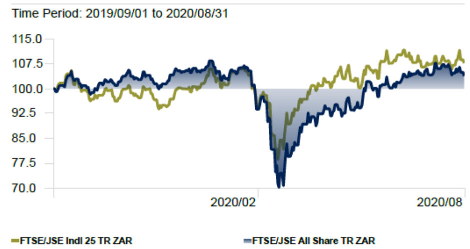
September 2020

CONTENTS: Market Report | Company Results | Snippets | CCM Rates | Dividends Payable

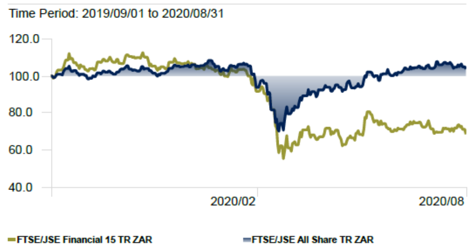
All Share

Resources

Industrials



Financials



Index	Value	Aug (%)	YTD (%)
All Share	55,476	▼ 0.3%	▼ 0.9%
S&P 500	3,500	▲ 7.2%	▲ 9.7%
FTSE 100	5,964	▲ 1.8%	▼ 19.0%
Rand/USD	16.94	▼ 0.5%	▲ 21.2%
Rand/GBP	22.68	▲ 1.5%	▲ 22.5%
Gold ($)	1,968	▲ 0.2%	▲ 29.5%
Plat ($)	936	▲ 2.6%	▼ 3.7%
Brent ($)	45	▲ 4.6%	▼ 31.4%

Market Report

Resources leading the way for a slow SA recovery

After four months of uninterrupted gains, the FTSE/JSE Shareholder Weighted All Share Index weakened in August, falling 1.03% for the month. There were not many areas of green on the JSE, with the exceptions predominantly coming from the mining sector again. On the commodities front, iron ore demand remained strong as China recorded another firm month of iron ore imports, thus helping to justify the steel-making ingredient's resilience.

The diversified miners benefitted from the 12.5% rally in the iron ore price which drove the commodity to a peak of $125/tonne – the highest level since early 2014. Platinum group metals also rallied during August, boosting most platinum miners. Gold miners, which have led the way for the local bourse rising 104% Year-To-Date, took a breather after the gold price could not hold onto brief gains above $2,000/oz as slightly higher US long-term rates dulled the metal's appeal. The movements of Prosus and Naspers diverged during the month with the former up 3.1% and the latter down 1.7%. The financial sector had yet another poor month as it was beaten down a further 4.21% leaving the sector down 34.3% since the beginning of the year. The worst performing sector of the JSE in the month of August was yet again the Listed Properties sector. That declined by 8.59% for the month increasing its Year-To-Date losses to 44.7%.

The rand continued its slow slog up from its April lows, where it spent some time above the R19/$ level. In August, the rand gained 1.5% against a weaker US dollar to end the month at R16.94/$. This reduced the rand value of gross reserves by 5.2% to R931 209 million, which is enough to cover 10 months of imports. The rand strength was mostly a function of US dollar weakness as the greenback fell against most major currencies, dropping by 2.2%, 1.3% and 1% against the British pound, the euro, and the Swiss franc, respectively. The rand ended August still 16.6% lower against the US dollar and 21.2% lower against the euro since the start of the year levels.

The amount of reserves will remain volatile in the months ahead, with most of the changes likely to reflect valuation adjustments. Investor sentiment will remain volatile and vulnerable given the poor global growth outlook. Locally, concerns about the fiscal situation, corruption allegations and weak growth prospects will continue to weigh negatively on investor confidence, reduce the attractiveness of the country's assets and potentially undermine foreign capital inflows. However, gold reserves will be supported by the higher gold price due to the precious metal's safe-haven status.

After dropping below the SA Reserve Bank's target range (of 3% to 6%) for May and June, SA inflation jumped back above 3% for July (3.2%) as fuel price hikes took hold, although this was largely in-line with expectations. SA government bond yields strengthened marginally for the month, with 10-year government bond yields ending August at 9.26%.

Big tech continues to outperform

Major global markets had a strong month, with US markets posting their best August performance in over three decades despite some turbulence during the month, likely fostered by the upcoming November presidential election. Renewed hope for COVID-19 vaccines and treatments pushed equities to fresh highs and the US held trade talks with China, which seemed to indicate that a phase-one trade deal is steadily progressing. Major economies also looked to be on a recovery track thus helping allay investor concerns. Global equity markets continued a run that has resulted in developed markets reaching new highs. The MSCI world Index had a stellar month and jumped 6.7%, pushing it into green territory for the year +5%.

The US market lead the way with the S&P 500 +7.2% in August and +9.7% since the start of the year. Out of the 500 companies that make up the S&P 500 just 6 of them make up roughly 25% of the entire index and are responsible for all the YTD performance of the index. These 6, the FAANG companies (Facebook, Amazon, Apple, Netflix, Alphabet) as well as Microsoft, are up around 50%, on average, Year-To-Date. Since its 23 March-low, the S&P is up c. 60%. The Dow Jones Industrial Average jumped 7.6% in August although it remains down slightly for the year at 0.4%. Still, both the S&P and the DJIA sealed their best August performance since 1986 and 1984 respectively, according to CNBC. The US markets' outperformance came about despite concerns around a second wave of COVID-19 infections in the coming US fall and winter as well as the ongoing stalemate in Congress regarding a stimulus package.

While the large-cap US tech stocks have done enough to carry global markets into positive territory since the beginning of the year, other regions and sectors still suffer. The UK's FTSE 100 Index and Europe's Eurostoxx 50 Index are both still far into negative territory for the year (-18.9% and -17.7%, respectively). The resurgence of COVID-19 cases in parts of Europe has had an undeniable impact on private sector activity in August. The Eurozone IHS preliminary manufacturing purchasing managers index fell slightly to 51.7 from 51.8 in July, worse than the market's expectation of an increase to 52.9. The services sector was hurt by the reintroduction of travel bans in some EU countries, which pushed the services PMI down to 50.1 from 54.7, against the consensus view of 54.5. Employment in both sectors contracted over the reporting period.

Emerging market stocks performed well enough in August to push the MSCI EM Index into green numbers for the year (+2.2% in August and +0.4% Year-To-Date), thanks largely to the performance of India and China's equity markets. At a sector level, the concentration in the recovery coming from the technology sector means that many S&P 500 sectors are still down for the year, including energy, financial and industrial stocks (-39.3%, -17.4% and -3.3%, respectively).

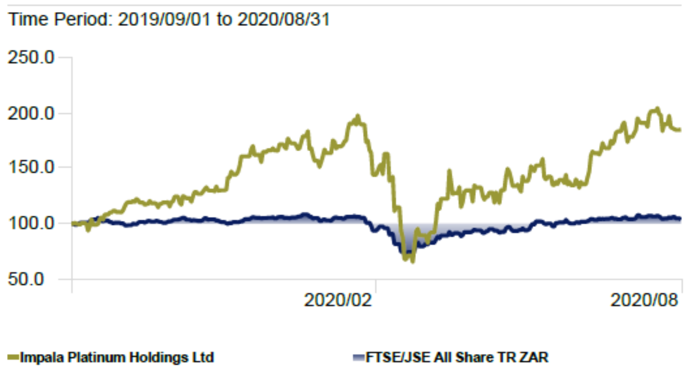
August also saw the completion of US corporate earnings reporting for the 2nd quarter of 2020, with aggregate earnings down 7% since the same time last year – which is still well ahead of expectations, but with a meaningful divergence as those companies and sectors hardest hit by the impact of the COVID-19 pandemic experienced significant losses (e.g. energy sector earnings dropped by more than 50% and financial sector earnings fell by 30% Year-On-Year as banks were forced to take enormous provisions against potential future losses).

The market's progression was briefly interrupted by concerns around the inability of US congress to agree on new stimulus measures. The release of the latest US Federal Reserve (Fed) minutes also put paid to the prospects of the Fed applying yield curve control to keep US 10-year bond rates anchored at close to 0% and, while Fed Chair Jerome Powell met expectations with the announcement of a relaxation in the Fed's approach to inflation targeting, he put a damper on rates markets by making it clear that the Fed would act to raise rates should inflation get out of control. All this resulted in US 10-year rates rising by 0.2% to end the month at 0.7% and also put the brakes on a rally in the gold price, which had seen it briefly breach $2,000/oz during the month. In Asia, Japan's Prime Minister Shinzo Abe resigned last week due to deteriorating health. However, market commentators seem to be of the view that there will not be much of a change in Japan's economic policies because of Abe's resignation. The Nikkei closed the month 6.6% higher but is still down 2.2% YTD. China's Shanghai Composite Index rose 2.6% for the month (up 11.3% YTD), slowing after an impressive 10.9% gain in July, while Hong Kong's Hang Seng gained 2.4% for August (-10.7% YTD). Chinese economic activity continued to rebound in August with the country's services sector gauge coming in at its strongest level since early 2018. However, expansion in the manufacturing industry slowed slightly with the official August manufacturing purchasing managers index (PMI) moderating to 51 from 51.1 in July. Above 50 signals expansion, while below 50 indicates contraction.

Company Results

Impala Platinum Holdings Ltd. – PRELIMINARY RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Earnings per share	**R20.75**
Historical PE	**5.6**
EPS growth	**390.5%**
Turnover growth	**43.6%**
ROE	**31.8%**
Debt/Equity	**14.5%**
NAV per share	**R79.05**
Dividend yield	**4.5%**
Share price	**R116.00**



Nature of Business

Impala Platinum Holdings Ltd. engages in the business of mining, refining, and marketing of platinum group metals. Its products include platinum, palladium, rhodium, ruthenium, iridium, gold, and silver as well as base metals such as nickel, copper, cobalt, and chrome. It operates through the following segments: Mining, Impala Refining Services, Chrome Processing, and Other. The Mining segment comprises of Impala, Zimplats, Marula, and Afplats. The Impala Refining Services includes metals purchased and toll-refined materials. The Other segment consists of South Africa, Zimbabwe, and Investment in Associates. The company was founded in 1973 and is headquartered in Northlands, South Africa.

Latest Results

In a period marked by unexpected public health and associated operational challenges, Implats recorded 14% and 11% improvements in the lost-time and total injury frequency rates, respectively. The coronavirus pandemic significantly disrupted and impacted business performance during the second half of the financial year and resulted in an opportunity cost of mine-to-market concentrate production of 290 000 6E ounces. The release of previously identified excess inventory mitigated the impact on reported production and refined 6E production declined by 8% to 2.8 million ounces.

Reported unit costs were impacted by lower volumes, additional investment in development and changes in ore mix, which impacted yield. These compounded the impact of inflationary pressures and a weaker rand, increasing stock-adjusted unit costs by 12% to R13 345 per 6E ounce. This excludes abnormal production costs of R1.3 billion. If these were included, stock adjusted unit costs would have increased by 18% to R14 067 per 6E ounce. Pricing for the Group's primary products was robust and, together with rand depreciation, drove substantial improvements in the Groups' financial performance. Revenue improved by 44% to R69.9 billion, gross profit increased to R23.3 billion and headline earnings increased to R16.1 billion – or R20.75 per share.

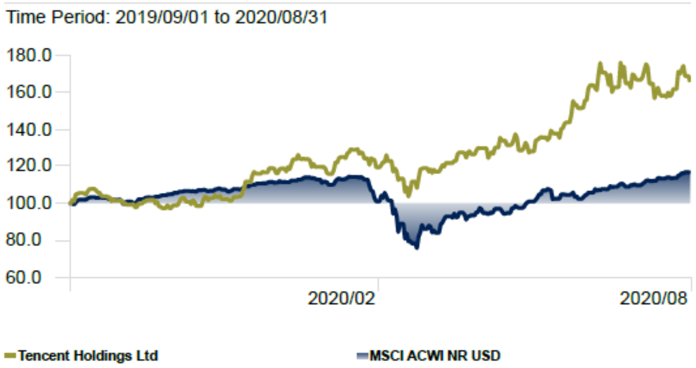
The Group generated R14.4 billion of free cash flow after capital investment of R4.2 billion and ended FY2020 with gross cash of R13.3 billion, net cash of R5.7 billion and liquidity headroom of R16.1 billion, notwithstanding the acquisition of Impala Canada, the payment of the R973 million interim dividend and expenditure incurred to induce the early conversion of the US$250 million bond.

Dividend

Shareholders are advised that the board has resolved to declare a final gross cash dividend of R4.00 per ordinary share for the financial year ended 30 June 2020. The dividend policy states that a dividend will be declared from 30% of free cash flow, pre-growth capital, for any given period, subject to the board's discretion. The final cash dividend is in addition to the interim cash dividend of R1.25 declared in February 2020, bringing the total dividend for the financial year to R5.25 per ordinary share.

Tencent Holdings Ltd. – Quarterly results for the period ending June 2020

Earnings per share	**HK$11.92**
Historical PE	**41.4**
EPS growth	**28%**
Turnover growth	**23.1%**
ROE	**24.8%**
Debt/Equity	**53.7%**
NAV per share	**HK$61.91**
Dividend yield	**0.2%**
Share price	**HK$498.60**



Nature of Business

Tencent Holdings Ltd. is an investment holding company. It operates through the following segments: Value-Added Services, FinTech and Business Services, Online Advertising, and Others. The Value-added Services segment involves online and mobile games, community value-added services, and applications across various Internet and mobile platforms. The FinTech and Business Services segment provides fintech and cloud services, which include commissions from payment, wealth management and other services. The Online Advertising segment represents display based and performance based advertisements. The Other segment consists of trademark licensing, software development services, software sales, and other services. The company was founded by Yi Dan Chen, Hua Teng Ma, Chen Ye Xu, Li Qing Zeng, and Zhi Dong Zhang on November 11, 1998 and is headquartered in Shenzhen, China.

Latest Results

Revenue from Value-Added-Services increased by 35% to RMB65,002 million for the second quarter of 2020 on a year-on-year basis. Online games revenues grew by 40% to RMB38,288 million. The increase was primarily driven by higher revenues from smart phone games in both domestic and overseas markets. Total smart phone games revenues (including smart phone games revenues attributable to Tencent's social networks business) were RMB35,988 million and PC client games revenues were RMB10,912 million for the second quarter of 2020. Social networks revenues increased by 29% to RMB26,714 million. The increase was mainly due to revenue contributions from digital content services including the live broadcast services of HUYA Inc., and music subscriptions growth, as well as revenue growth from in-game virtual item sales.

Revenues from FinTech and Business Services increased by 30% to RMB29,862 million for the second quarter of 2020 on a year-on-year basis. The increase mainly reflected revenue growth from commercial payment due to increased average daily transactions and value per transaction, from wealth management, as well as from cloud services.

Revenues from Online Advertising increased by 13% to RMB18,552 million for the second quarter of 2020 on a year-on-year basis. Social and others advertising revenues grew by 27% to RMB15,262 million. The increase was primarily due to revenue growth from our mobile advertising network, benefitting from increased traffic and a greater mix of video advertising with higher pricing, as well as increased revenues derived from Weixin Moments due to more inventories and impressions.

Dividend

A final dividend in respect of the year ended 31 December 2019 of HKD1.20 per share (2018: HKD1.00 per share) was proposed pursuant to a resolution passed by the Board on 18 March 2020 and approved by the shareholders at the 2020 AGM. Such dividend amounting to HKD11,378 million (final dividend for 2018: HKD9,463 million) was paid during the three months ended 30 June 2020. The Board did not declare any interim dividend for the six months ended 30 June 2020 and 2019.

Snippets

Can South Africans Rebuild Their Wealth After Lockdown?

Many investors had already externalised funds to mitigate the erosive impact of SA's ailing economy. But what about those who are only now looking at investing offshore? Covid has had far reaching effects so where do the clever opportunities lie for South Africans to rebuild their wealth post lockdown?

According to Andrew Ratcliffe, a director at Private Client Holdings, a smart option for investors to build a diversified offshore portfolio is through the use of ACTIVELY MANAGED CERTIFICATES (AMC's) – which have become increasingly popular for a number of reasons.

"In the past, South Africans invested offshore through options such as feeder funds and asset swaps, as well as by utilising their offshore allowances, but there are now new generation offshore investment opportunities available – such as AMC's – which offer a smart way to invest offshore and are a great building block for those looking for diversification in their portfolio's," says Ratcliffe. "AMC's, otherwise known as "Inward Listed Notes", have been around for some time but have only recently become popular, given South Africans appetite to explore alternatives in the current environment."

This kind of investment is suitable for investors who:

- Own Companies, Trusts, and Living Annuities (as well as individuals).
- Are looking for exposure to a global growth portfolio but have either utilised their annual offshore allowance or have SARB approval issues.
- Would like to replace the use of locally listed offshore passive ETF strategies with an actively managed equity instrument.
- Are able to withstand some market and currency volatility in pursuit of enhanced dollar returns over the medium to long-term.

Corporate Cash Manager Rates

FUND	BALANCE	RATE
CALL ACCOUNT	0.00 – 9 999.99	3.15
	10 000 – 24 999.99	3.15
	25 000 – 49 999.99	3.15
	50 000 – 99 999.99	3.15
	100 000 – 249 999.99	3.15
CALL MONEY FUND: *Individuals*	250 000 – 999 999.99	4.34
	1 000 000 – 9 999 999.99	4.34
	10 000 000 upwards	4.34
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	4.14
	1 000 000 – 9 999 999.99	4.14
	10 000 000 upwards	4.14

Dividends Payable

Dividends in LDT order

Company	Decl	LDT	Pay	Amt	Curr
Gold Fields Ltd. (GFIELDS)	20-Aug	08-Sep	14-Sep	160	ZARc
MultiChoice Group Ltd. (MC GROUP)	10-Jun	08-Sep	14-Sep	565	ZARc
Royal Bafokeng Platinum Ltd. (RBP CONV)	24-Aug	08-Sep	16-Sep	35000	ZARc
South32 Ltd. (SOUTH32)	20-Aug	08-Sep	08-Oct	1	USDc
Standard Bank Group Ltd. (STANBANK6.5)	20-Aug	08-Sep	14-Sep	3.25	ZARc
Standard Bank Group Ltd. (STANBANK-P)	20-Aug	08-Sep	14-Sep	333	ZARc
Standard Bank Group Ltd. (STANBANK-P-A2X)	20-Aug	08-Sep	14-Sep	333	ZARc
Tradehold Ltd. (TDH B PREF)	24-Aug	08-Sep	15-Sep	1471.6	ZARc
Tower Property Fund Ltd. (TOWER)	21-Aug	08-Sep	14-Sep	9.53	ZARc
Oryx Properties Ltd. (ORYX)	27-Mar	11-Sep	02-Oct	69.75	NADc
Absa Bank Ltd. (ABSABANK-P)	24-Aug	15-Sep	21-Sep	2741	ZARc
Compagnie FinanciFre Richemont SA (RICHEMONT)	15-May	15-Sep	23-Sep	10	CHFc
ClientFle Ltd. (CLIENTELE)	19-Aug	15-Sep	21-Sep	95	ZARc
Capitec Bank Holdings Ltd. (CAPITEC-P)	31-Aug	15-Sep	21-Sep	326.3	ZARc
Emira Property Fund Ltd. (EMIRA)	31-Aug	15-Sep	21-Sep	30.26	ZARc
Lewis Group Ltd. (LEWIS)	25-Aug	15-Sep	21-Sep	65	ZARc
Nedbank Ltd. (NEDBANK-P)	26-Aug	15-Sep	21-Sep	35.94	ZARc
PSG Group Ltd. (PSGFIN PREF)	31-Aug	15-Sep	21-Sep	326.3	ZARc

Resilient REIT Ltd. (RESILIENT)	26-Aug	15-Sep	21-Sep	100.48	ZARc
Steinhoff Investment Holdings Ltd. (SHFINV-PREF)	24-Aug	15-Sep	21-Sep	356.78	ZARc
Sibanye Stillwater Ltd. (SIBANYE-S)	27-Aug	15-Sep	21-Sep	50	ZARc
The Foschini Group Ltd. (TFG PREF)	18-Jun	15-Sep	21-Sep	6.5	ZARc
Cashbuild Ltd. (CASHBIL)	01-Sep	21-Sep	28-Sep	272	ZARc
DRDGOLD Ltd. (DRDGOLD)	01-Sep	21-Sep	28-Sep	35	ZARc
Exxaro Resources Ltd. (EXXARO)	13-Aug	21-Sep	28-Sep	643	ZARc
Exxaro Resources Ltd. (EXXARO-A2X)	13-Aug	21-Sep	28-Sep	643	ZARc
Fortress REIT Ltd. (FORTRESSA)	03-Sep	21-Sep	28-Sep	23	ZARc
Grindrod Ltd. (GRINDROD PREF)	27-Aug	21-Sep	28-Sep	381	ZARc
Impala Platinum Holdings Ltd. (IMPLATS)	03-Sep	21-Sep	28-Sep	400	ZARc
Libstar Holdings Ltd. (LIBSTAR)	02-Sep	21-Sep	28-Sep	25	ZARc
Transpaco Ltd. (TRNPACO)	01-Sep	21-Sep	28-Sep	78	ZARc
Truworths International Ltd. (TRUWTHS)	03-Sep	21-Sep	28-Sep	31	ZARc
Truworths International Ltd. (TRUWTHS-NSX)	03-Sep	21-Sep	28-Sep	31	ZARc
African Rainbow Minerals Ltd. (ARM)	31-Aug	29-Sep	05-Oct	700	ZARc
African Rainbow Minerals Ltd. (ARM-A2X)	31-Aug	29-Sep	05-Oct	700	ZARc
British American Tobacco plc (BATS)	27-Feb	29-Sep	12-Nov	52.6	GBPp

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