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All Share

Time Period: 01/09/2020 to 31/08/2021


Resources

Time Period: 01/09/2020 to 31/08/2021


Industrials

Time Period: 01/09/2020 to 31/08/2021


Financials

Time Period: 01/09/2020 to 31/08/2021



Index	Value	Aug (%)	YTD (%)
All Share	67,428	▼ 1.7%	▲ 15.9%
S&P 500	4,523	▲ 3.0%	▲ 21.6%
FTSE 100	7,120	▲ 2.1%	▲ 13.3%
Rand/USD	14.47	▼ 1.1%	▼ 1.5%
Rand/GBP	19.91	▼ 2.1%	▼ 0.9%
Gold (\$)	1,815	▲ 0.1%	▼ 4.1%
Plat (\$)	1,014	▼ 3.2%	▼ 5.7%
Brent (\$)	72.99	▼ 4.4%	▲ 40.9%

Market Report

JSE manages to eke out a positive return despite a commodities sell-off

South Africans greeted some good news in August, with the country coming out of lockdown level 4, and the vaccination programme opened up to the 18-34 age group. This has spurred cautious optimism that a shred of normality will be restored sooner than some analysts had predicted. The take-up of the vaccine, however, remains worryingly slow, and government and social media platforms are making a concerted effort to dismiss misinformation and fearmongering regarding its safety and efficacy.

August was another strong month for the local equity market (FTSE/JSE Capped SWIX +2% in the month) with the local exchange ending the month 15.9% higher since the start of the year. SA inc, stocks geared towards the domestic economy, were the biggest hitters in August (+12%), as a slew of results showed the companies comfortably exceeding expectations. Financials were amongst the best performers with the index up 12.4% for the month as earnings reports showed that local banks were able to undo credit impairments much faster than initially expected, with credit losses recorded at levels well below expectations. Domestic SA saw a continued decline in Covid cases per day as the third wave appeared to have peaked. Worryingly, evidence is that the virus continues to mutate, and new variants have been identified within SA. "Meanwhile, unemployment has reached a new record high at 34.4% for the second quarter of 2021. The expanded definition of unemployment, which includes discouraged workers (people who have given up on looking for work) stood at 44.4%." Effectively, nearly half of the country's working-age population are without ongoing means of support. Moreover, the impacts of the recent riots and looting are still being quantified. A recent press release from the office of the Premier of Gauteng estimates that, in Gauteng alone, the costs have topped R5 billion, with approximately 18 000 jobs being lost as a result of the unrest. Despite this news and the high reported unemployment rate, the rand recovered intramonth weakness against the US dollar and domestic shares followed this lead, buoyed also by upward revision of the SA GDP, and by strong July tax collections (mainly from the mining houses). Uncertainty around the shifting Chinese regulatory environment also continued to weigh on local index heavyweights, Naspers and Prosus, as Chinese gaming company, Tencent, their largest underlying investment, dropped towards month-end on reports that Chinese regulators would ratchet up the regulatory restrictions on youth gaming. During August, investors were also given the opportunity to exchange Naspers shares for those of Prosus in the latest attempt by management to try and compress the deep discount the companies trade at relative to the value of their underlying investments. The share exchange offer ended up being widely accepted by shareholders (as expected) and helped Prosus (-2.7%) significantly outperform Naspers (-12.1%) in August.

Miners were also a drag on the local bourse last month as the price of diversified miners followed iron ore lower, but some of the biggest declines were amongst the platinum group miners. The prices of platinum (-3.4%), palladium (-7.2%), and rhodium (-4.9%) all fell, as shortages of memory chips continued to weigh on vehicle product with Toyota the latest motor manufacturer to announce production cuts (of up to 40%) for September. The resource sector as a whole gave up all of the previous month's gains and then some (-5%), with resource prices coming under pressure globally. Despite the decline in oil prices, however, South African motorists were in for a bumpy ride as petrol prices increased by 95c per litre during the month. SA government bond yields initially followed global yields higher but drifted lower to end the month largely unchanged as inflation data came in below expectations, likely through the worst of the transitory spike, and removing any pressure for the SA Reserve Bank to hike rates imminently.

A long-awaited cabinet reshuffle by President Ramaphosa saw the surprise exit of Tito Mboweni as Finance Minister (FM), replaced by Enoch Godongwana, a senior seasoned ANC politician. The new FM should bring policy continuity with a commitment to fiscal consolidation and focus on investor friendly structural reforms and infrastructure roll out plans. Minister Godongwana is also already well known to the National Treasury team which is a key positive.

Delta variant and China weigh on global economy

Global markets continued their march higher in August (MSCI World +2.5%) for the seventh-consecutive month. US equities were again leading from the front (S&P 500 +3% and now +21.6% since the start of the year). The month started well with better-than-expected US payroll data resulting in US 10-year bond yields spiking and driving the S&P 500 financial sector (+5.1% in August) higher on the prospect of higher net interest margins for banks. Emerging Market (EM) equities bounced back during August, with the MSCI EM Index delivering 2.6% in US Dollar terms. Despite posting a solid monthly return emerging markets were hampered by further weakness in Chinese equities. The Chinese regulatory authorities continued their mission to rein in the formidable technology companies, especially those sharing data with the USA, and those that seek to commercially exploit the desire for improved education and healthcare amongst the working class in China. Effects of Chinese policy action also spilled over into the commodity sector where authorities placed restrictions on steel exports to 2020 levels finally weighed on the rampant iron ore price, bringing it closer to sustainable levels.

European equity markets posted positive returns, with the STOXX All Europe closing 2.3% higher. The European Union saw its infection rate stabilise, but the World Health Organisation has noted that the high transmission rate of the delta variant is “deeply worrying” and called for the intensification of vaccination campaigns. In the meantime, given a steady increase in US coronavirus infections, the European Council has removed the US from its so-called safe list for travel.

The secular growth and industry disruption themes remain the biggest driver of extraordinary returns. A recent report by Bank of America points out that the combined market cap of the FAANG+ stocks (Facebook, Apple, Amazon, Netflix, Google and Tesla) equate to the third-largest economy in the world by GDP. Treasury yields pushed higher, as demand for riskier assets such as equities dragged bond prices lower. There are also increasing calls for the US Federal Reserve Bank to start decreasing its asset purchase programme, as the economic recovery takes hold. Fed President Jerome Powell, however, in his much-anticipated speech at Jackson Hole, gave no signal that the bank would deviate from its accommodative monetary policy earlier than anticipated (late 2021, early 2022). Jobs growth slowed during August, although the unemployment rate fell to a new pandemic-era low. One thing that will need to be monitored looking forward, is that federal aid will expire early in September. This means that millions of Americans will lose jobless benefits and it could result in a sharp pullback in spending.

Chinese companies posted robust earnings for the June quarter, reporting a more than 30% increase in earnings per share. Resources, semiconductors, and new-energy vehicle companies posted the strongest earnings growth, but Chinese consumer companies remained under pressure. Chinese regulatory changes continued throughout August and the tightening regulatory cycle has led to some investor uncertainty and market volatility. The regulatory clampdown follows a five-year blueprint, released by the authorities mid-month. It covers areas such as national security, technology, and monopolies; and sectors ranging from food and drugs to big data and artificial intelligence. Investors are struggling to make sense of the regulatory assault: over the past year, Chinese authorities have launched anti-monopoly investigations into some of the largest tech companies in the nation, such as Alibaba Group Holdings. The most recent sector to suffer has been the after-school tutoring sector (at an estimated worth of USD 100 billion), where profit-taking has now been banned. Investors consequently dumped shares of sectors that had received criticism in state media, fearing draconian regulation – from digital gaming to e-cigarettes to baby formula to property to alcohol. There was a broad-based sell-off on the commodities front. Gold prices remained relatively flat, but other precious metals were substantially lower. The biggest losers amongst the commodity sector were iron ore, where prices plummeted by 13.9%, and oil, which took a 5% dive. This is partly due to easing supply-side constraints, with OPEC agreeing to a gradual supply increase, and partly a reflection of a slower-than-expected pick-up in industrial demand.

Company Results

Standard Bank Group Ltd. – Interim results for the six months end 30 June 2021

Earnings per share	R7.10
Historical PE	10.2
EPS growth	101.6%
Turnover growth	5.5%
ROE	13.3%
Debt/Equity	20%
NAV per share	R115.09
Dividend yield	4.7%
Share price	R127.61



Nature of Business

Standard Bank Group Ltd. is a holding company, which engages in the business of providing banking and financial services. The firm offers transactional banking, saving, borrowing, lending, investment, insurance, risk management, wealth management, and advisory services. It operates through the following business units: Personal and Business Banking, Corporate and Investment Banking, Central and Other; Banking Activities, Other Banking Interest, and Liberty. The Personal and Business Banking business unit offers banking and other financial services to individual customers and small to medium sized enterprises. The Corporate and Investment Banking business unit provides corporate and investment banking services to governments, parastatals, larger corporate, financial institutions and international counterparties. The company was founded in 1969 and is headquartered in Johannesburg, South Africa.

Latest Results

The first six months of 2021 were another exceptionally difficult period for many of the banking industry's clients, staff and stakeholders but we are now hopeful that the worst phase of the pandemic is behind us. Notwithstanding these continuing strains, some early signs of recovery are evident in the Standard Bank Group's financial results for the first half of 2021 (1H21). The underlying business segments have strong momentum and, relative to this time last year, the group has seen a recovery in client activity, an improved outlook and lower impairment charges. The group's South African business recorded a strong recovery, particularly in the Consumer and High Net Worth (CHNW) client segment.

Group headline earnings were R11.5 billion, an increase of 52% on 1H20, and ROE was 12.9% (1H20: 8.5%). The group's capital

position remained robust, with a common equity tier 1 capital adequacy (CET1) ratio as at 30 June 2021 of 13.5%. Credit impairment charges halved but remained above 1H19 levels. Consequently, Standard Bank Activities' reported headline earnings of R10.9 billion, up 41% on 1H20, and a return on equity (ROE) of 13.3% (1H20: 9.5%). Liberty returned to profitability and ICBCS continued to perform well.

Dividend

Taking into account the momentum in the underlying business segments and the group's strong capital position, the SBG Board has declared an interim dividend of 360 cents per share, representing a 50% dividend pay-out ratio.

Alibaba Group Holding Ltd. – Results for the 1st quarter ending 30 June 2021

Earnings per share	HK\$7.84
Historical PE	27.6
EPS growth	-2.1%
Turnover growth	40.7%
ROE	16.8%
Debt/Equity	15.4%
NAV per share	HK\$54.03
Dividend yield	0%
Share price	HK\$220



Nature of Business

Alibaba Group Holding Ltd. engages in providing online and mobile marketplaces in retail and wholesale trade. It operates through the following business segments: Core Commerce; Cloud Computing; Digital Media & Entertainment; and Innovation Initiatives and Others. The Core Commerce segment comprises of platforms operating in retail and wholesale. The Cloud Computing segment consists of Alibaba Cloud, which offers elastic computing, database, storage and content delivery network, large scale computing, security, management and application, big data analytics, a machine learning platform, and other services provide for enterprises of different sizes across various industries. The Digital Media & Entertainment segment relates to the Youku Tudou and UC Browser business. The Innovation Initiatives and Others segment includes businesses such as AutoNavi, DingTalk, Tmall Genie, and others. The company was founded by Chung Tsai and Yun Ma on June 28, 1999 and is headquartered in Hangzhou, China.

Latest Results

Alibaba started the new fiscal year by delivering a healthy quarter. For the June quarter, global annual active consumers across the Alibaba Ecosystem reached 1.18 billion, an increase of 45 million from the March quarter, which includes 912 million consumers in China. Net cash provided by operating activities in the quarter ended June 30, 2021 was RMB33,603 million (US\$5,204 million), a decrease compared to RMB50,099 million in the same quarter of 2020. Free cash flow, a non-GAAP measurement of liquidity, in the quarter ended June 30, 2021 decreased to RMB20,683 million (US\$3,203 million), from RMB36,570 million in the same quarter of 2020. The year-over-year decreases were mainly due to the partial settlement in the amount of RMB9,114 million (US\$1,412 million) of the RMB18,228 million Anti-monopoly Fine and a decrease in profit as a result of investments in key strategic areas.

Dividend

Tencent pays a very small dividend yield of 0.4% per year. The majority of the company's earnings is reinvested into the business for future growth and development of its technology

Snippets

TOP WEALTH MANAGER IN SA 2021

Private Client Holdings has been awarded Top Wealth Manager of the Year for the boutique firm category by Intellidex Top Private Banks & Wealth Managers 2021 published by Financial Mail Investors Monthly.

Blue Chip spoke to Grant Alexander, founder of Private Client Holdings.

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: <i>Individuals</i>	250 000 – 999 999.99	3.98
	1 000 000 – 9 999 999.99	3.98
	10 000 000 upwards	3.98
CALL MONEY FUND: <i>Non-Individuals</i>	250 000 – 999 999.99	3.78
	1 000 000 – 9 999 999.99	3.78
	10 000 000 upwards	3.78

Dividends Payable

Dividends in LDT order					
Company	Decl	LDT	Pay	Amt	Curr
<u>Emira Property Fund Ltd. (EMIRA)</u>	<u>18-Aug</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>66.65</u>	<u>ZARc</u>
<u>Gold Fields Ltd. (GFIELDS)</u>	<u>18-Aug</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>210</u>	<u>ZARc</u>
<u>MultiChoice Group Ltd. (MC GROUP)</u>	<u>10-Jun</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>565</u>	<u>ZARc</u>
<u>NEPI Rockcastle plc (NEPIROCK)</u>	<u>19-Aug</u>	<u>07-Sep</u>	<u>16-Sep</u>	<u>17.64</u>	<u>EURc</u>
<u>NEPI Rockcastle plc (NEPIROCK-A2X)</u>	<u>19-Aug</u>	<u>07-Sep</u>	<u>16-Sep</u>	<u>17.64</u>	<u>EURc</u>
<u>Novus Holdings Ltd. (NOVUS)</u>	<u>16-Jul</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>50</u>	<u>ZARc</u>
<u>Reinet Investments SCA (REINET)</u>	<u>25-May</u>	<u>07-Sep</u>	<u>15-Sep</u>	<u>25</u>	<u>EURc</u>
<u>South32 Ltd. (SOUTH32)</u>	<u>19-Aug</u>	<u>07-Sep</u>	<u>07-Oct</u>	<u>3.5</u>	<u>USDc</u>
<u>South32 Ltd. (SOUTH32)</u>	<u>19-Aug</u>	<u>07-Sep</u>	<u>07-Oct</u>	<u>2</u>	<u>USDc</u>
<u>Standard Bank Group Ltd. (STANBANK6.5)</u>	<u>19-Aug</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>3.25</u>	<u>ZARc</u>
<u>Standard Bank Group Ltd. (STANBANK-P)</u>	<u>19-Aug</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>267.28</u>	<u>ZARc</u>
<u>Standard Bank Group Ltd. (STANBANK-P-A2X)</u>	<u>19-Aug</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>267.28</u>	<u>ZARc</u>
<u>Tradehold Ltd. (TDH B PREF)</u>	<u>24-Aug</u>	<u>07-Sep</u>	<u>15-Sep</u>	<u>1424.55</u>	<u>ZARc</u>
<u>Tower Property Fund Ltd. (TOWER)</u>	<u>20-Aug</u>	<u>07-Sep</u>	<u>13-Sep</u>	<u>22.44</u>	<u>ZARc</u>
<u>Absa Group Ltd. (ABSA)</u>	<u>16-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>310</u>	<u>ZARc</u>
<u>Absa Bank Ltd. (ABSABANK-P)</u>	<u>16-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>2470.14</u>	<u>ZARc</u>
<u>Adcock Ingram Holdings Ltd. (ADCOCK)</u>	<u>25-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>90</u>	<u>ZARc</u>
<u>ARB Holdings Ltd. (ARB)</u>	<u>19-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>32.5</u>	<u>ZARc</u>
<u>ARB Holdings Ltd. (ARB)</u>	<u>19-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>10</u>	<u>ZARc</u>
<u>Italtile Ltd. (ITLTILE)</u>	<u>26-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>25</u>	<u>ZARc</u>
<u>Italtile Ltd. (ITLTILE)</u>	<u>26-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>50</u>	<u>ZARc</u>
<u>KAP Industrial Holdings Ltd. (KAP)</u>	<u>20-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>15</u>	<u>ZARc</u>
<u>Nedbank Group Ltd. (NEDBANK-NSX)</u>	<u>11-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>433</u>	<u>ZARc</u>
<u>Nedbank Group Ltd. (NEDBANK)</u>	<u>11-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>433</u>	<u>ZARc</u>
<u>Resilient REIT Ltd. (RESILIENT)</u>	<u>26-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>226.11</u>	<u>ZARc</u>
<u>Standard Bank Group Ltd. (STANBANK)</u>	<u>19-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>360</u>	<u>ZARc</u>
<u>Standard Bank Group Ltd. (STANBANK-A2X)</u>	<u>19-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>360</u>	<u>ZARc</u>
<u>Sabvest Capital Ltd. (SABCAP)</u>	<u>20-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>20</u>	<u>ZARc</u>
<u>Standard Bank Group Ltd. (STANBANK-NSX)</u>	<u>19-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>360</u>	<u>ZARc</u>
<u>Sibanye Stillwater Ltd. (SIBANYE-S)</u>	<u>26-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>292</u>	<u>ZARc</u>
<u>The Foschini Group Ltd. (TFG PREF)</u>	<u>10-Jun</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>6.5</u>	<u>ZARc</u>
<u>Woolworths Holdings Ltd. (WOOLIES)</u>	<u>26-Aug</u>	<u>14-Sep</u>	<u>20-Sep</u>	<u>66</u>	<u>ZARc</u>
<u>Compagnie FinanciFre Richemont SA (RICHEMONT)</u>	<u>21-May</u>	<u>20-Sep</u>	<u>29-Sep</u>	<u>20</u>	<u>CHFc</u>
<u>DRDGOLD Ltd. (DRDGOLD)</u>	<u>25-Aug</u>	<u>20-Sep</u>	<u>27-Sep</u>	<u>40</u>	<u>ZARc</u>
<u>British American Tobacco plc (BATS)</u>	<u>17-Feb</u>	<u>28-Sep</u>	<u>11-Nov</u>	<u>53.9</u>	<u>GBPp</u>
<u>Exxaro Resources Ltd. (EXXARO)</u>	<u>12-Aug</u>	<u>28-Sep</u>	<u>04-Oct</u>	<u>2077</u>	<u>ZARc</u>

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