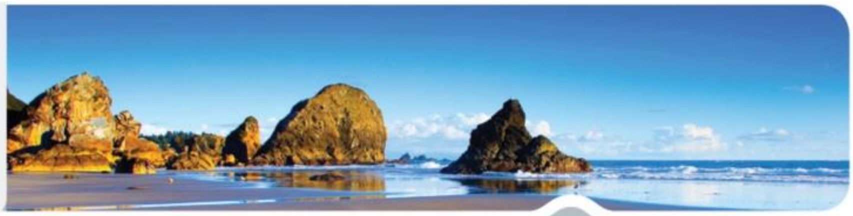

Perspectives | Monthly Market Review

December 2020

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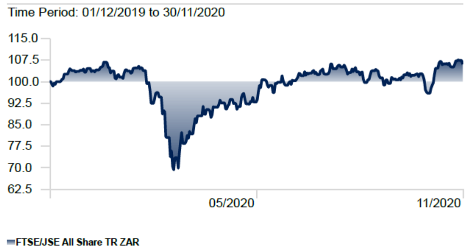
All Share



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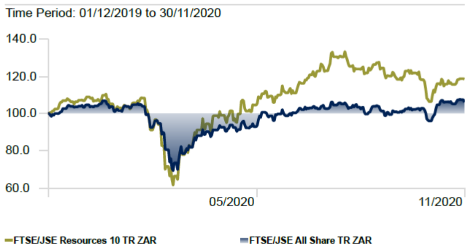
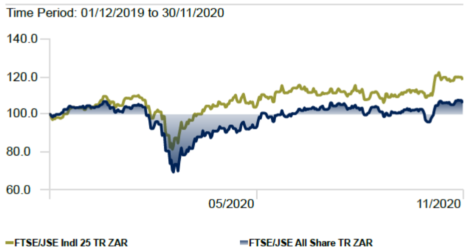
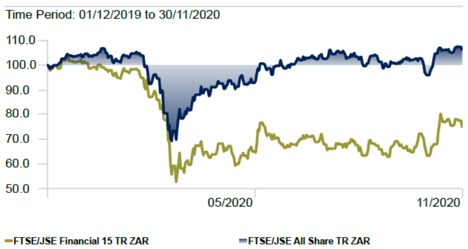


Industrials



Financials



Index	Value	Nov (%)	YTD (%)
All Share	57,092	▲ 10.5%	▲ 2.6%
S&P 500	3,622	▲ 10.9%	▲ 14.0%
FTSE 100	6,266	▲ 12.7%	▼ 14.4%
Rand/USD	15.48	▼ 4.8%	▲ 10.7%
Rand/GBP	20.66	▼ 1.7%	▲ 11.5%
Gold ($)	1,776	▼ 5.4%	▲ 16.9%
Plat ($)	964	▲ 14.1%	▼ 0.8%
Brent ($)	48	▲ 27.0%	▼ 27.9%

Market Report

The US election and vaccine news provide a catalyst for November rebound

November was an outstanding month for equities around the world. The first ten months of 2020 had already provided sufficient excitement to satisfy a whole career in the investment industry… and then came November! Thankfully, the catalysts for the month's activity were generally positive – at least for most investors, if not for Donald Trump. The highly contested US Presidential Election, which initially appeared to have incumbent, Donald Trump, defying the odds to win a second presidential term. With results too close to call for the better part of a week, Democratic challenger Joe Biden slowly clawed his way back into contention and appears to have comfortably won the presidency. Donald Trump's defeat in the US Presidential election provided the first boost to risk assets for the month. This was quickly followed, on three consecutive Mondays, by the release of data from a trio of SARS-CoV-2 vaccine trials, all of which reported efficacy rates well above levels that the majority of investors had dared hope for. Attention now turns to how quickly the vaccines can be approved, manufactured, distributed and administered on a broad scale. There are still some logistical challenges, particularly with the more effective Moderna and Pfizer/Biotech vaccines, which require storage at -70 degrees Celsius. The less effective AstraZeneca/Oxford vaccine, which is still 70% effective, can be stored at regular fridge temperature and is considerably less expensive.

The prospect of a vaccine-induced return to some form of normality saw a huge rally in some recently out-of-favour assets. European stocks were amongst the best performers in November (Eurostoxx 50 +18%), as were some emerging markets (MSCI Russia +20.8%, Brazilian Bovespa +15.9%). However, despite these large moves, all those markets remain in the red since the beginning of the year. Energy stocks were the beneficiaries of a 27% bounce in the price of Brent crude oil in the month of November.

In the US, equity markets traded at record highs, with the three major US indices all recording fantastic gains. The Dow Jones hit an all-time high as it broke through the 30,000 level for the first time, ending the month 11.8% higher. The S&P 500 also hit new highs during the month up 10.8% and Year-To-Date it is 12.1% higher, closing 27 November at 3,638.38 – a record close for the index. After the tech-heavy Nasdaq registered its second monthly decline in October, it followed sentiment in November and recovered the previous two months losses and then some, hitting record highs last month, closing November 11.8% higher (+36.0% Year-To-Date). This lead Developed Markets to their best month since January 1975 (MSCI World +12.8% for the month), putting global equity markets well on track to end the year up by double digits (MSCI World +11.2%) – a remarkable feat given the thirty odd percent sell-off experienced during February and March. While some Emerging Markets fared extremely well in the month, most underperformed Developed Markets in November (MSCI EM +9.2%), with Chinese stocks the main stragglers.

Despite the strong risk appetite in November, interest rates were mostly stagnant, with US 10-year government bond yields ending the month unchanged at 0.85%. However, the US dollar was weaker against most currencies, particularly Emerging Market currencies (Brazilian real +7.7%, Mexican peso +5% and South African rand +4.8%).

SA's covid numbers spike but so did the markets

After three consecutive negative months, South African investors benefited from global risk-on sentiment in November. Equity indices posted substantial gains, with the ALSI closing 10.5% higher, driven by a return of global risk appetite for previously out-of-favour cyclical stocks. All domestic asset classes ended the month in the green, somewhat unusual in such a chaotic year. The All Bond Index gained 3.2%, and the struggling listed property sector posted a double-digit gain (up 18.4% for the month).

As the prospect of an earlier-than-expected COVID-19 vaccine rollout drove hope for economic normalisation in the foreseeable future. Local banks and insurers were up 19.3% and 16.5% in the month, respectively, along with a 15% rally in small-cap stocks. Miners were also a beneficiary of the economic-normalisation rally with the only laggards being gold shares, which were down 17% Month-on-Month as demand for the safe-haven metal dwindled, leaving it 14% off its recent highs at month-end ($1,777/oz). The resources subsector gained 10.9%, with losses in goldminers offset by substantial gains in platinum miners. Northam Platinum gained over 13% for the month.

The South African Reserve Bank's (SARB) Monetary Policy Committee left interest rates unchanged at its latest meeting, citing a largely stable inflation outlook. SARB Governor Lesetja Kganyano indicated that even though there are no demand-side pressures evident in a weak economic environment, and food inflation is likely to remain modest, the SARB is hesitant to bank on a stronger rand and weaker dollar. Exchange rate pressures could still result from heightened fiscal risks. The rand was notably stronger during November but is still down roughly 9.4% against the Greenback for the year.

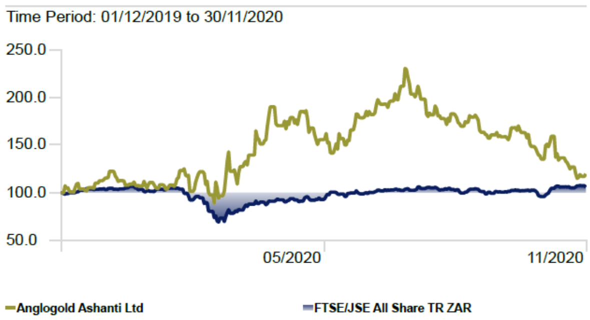
During November, two of the three major ratings agencies, Moody's and Fitch, downgraded the country's sovereign debt by one notch. It sinks the rating further into junk status. While it does not affect South African issuances' inclusion in major investable indices, it does signal a significant loss of confidence. It also means that a rise out of junk status is unlikely in the medium term. Markets, however, were little moved by the news, bolstered up instead by the wave of global optimism.

South Africa is in the grip of a second wave of COVID-19 infections, putting the country's nascent economic recovery at risk. Emerging hotspots include the Western Cape's Garden Route and the Eastern Cape's major metropoles. Toward month-end it became increasingly likely that regional lockdowns and/or tighter regulations would be imposed to combat the resurgence of the virus. The matter is made more difficult by many factors, one of which is "coronavirus fatigue". Another factor which is likely to translate into increased transmission rates is that many people who work in major cities traditionally return home for the festive season. This is particularly likely to be the case for travel between the Western Cape and Eastern Cape.

Company Results

AngloGold Ashanti Ltd. – Results for the 6 months ending 30 June 2020

Earnings per share	R25.28
Historical PE	41.0
EPS growth	69.4%
Turnover growth	7.9%
ROE	22.0%
Debt/Equity	95.8%
NAV per share	R125.62
Dividend yield	-
Share price	R505.59



Nature of Business

AngloGold Ashanti Ltd. is a mining and exploration company. It explores, mines, and produces gold. The company was founded in 1944 and is headquartered in Johannesburg, South Africa.

Latest Results

AngloGold Ashanti withstood COVID-19-related disruptions to deliver a solid first half production performance and a surge in free cash flow generation to $177m, most of it coming in the three months to June 2020. Free cash flow rose to an inflow of $177m for the first six months of the year, compared to an outflow of $31m in the same period last year. Of that amount, $173m was generated in the second quarter of the year. Free cash flow before growth capital, the metric on which dividends are calculated, rose 376% - or nearly fivefold - to $324m. Production in the six months ended 30 June 2020 was 1.469Moz at a total cash cost per ounce of $810/oz, compared to 1.554Moz at $792/oz for the first six months of last year.

The adverse impacts of COVID-19 on production in the first half of the year was limited to an estimated 85,000oz, of which 63,000oz related to the South African operations. AISC were impacted by $53/oz. Adjusted EBITDA for the first six months of the year increased by 59% to $1.096bn compared to $689m during the first half of last year, helped by a 26% year-on-year increase in the gold price received and weaker local currency impacts.

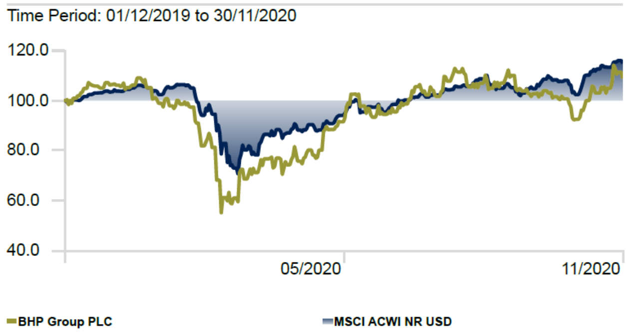
Free cash flow before growth capital – the metric on which dividends are calculated – increased significantly to $324m in the first half of 2020, compared to $68m for the same period in 2019. Cash flows were impacted by VAT that continues to be locked up at Geita and Kibali, with balances owing at the end of June 2020 of $131m and $71m respectively. At the end of June 2020, the Company's attributable share of the outstanding cash balances awaiting repatriation from the Democratic Republic of the Congo (DRC)amounted to $293m.

Dividend

The Company will now pay shareholders 20% of its free cash flow before accounting for growth capital expenditure, increased from 10% previously. The Company will also double the frequency of payouts from the current annual dividend declaration to semi-annual payments. Proceeds from asset sales are excluded from this formula.

BHP Group Plc – Results for the financial year ending 30 June 2020

Earnings per share	£1.25
Historical PE	13.2
EPS growth	-5%
Turnover growth	-0.4%
ROE	16.6%
Debt/Equity	56.4%
NAV per share	£7.77
Dividend yield	5.6%
Share price	£16.54



Nature of Business

BHP Group Plc engages in the exploration, development, production, processing and marketing of minerals, and oil and gas. It operates through the following segments: Petroleum, Copper, Iron Ore, and Coal. The Petroleum segment focuses on exploration, development, and production of oil and gas. The Copper segment includes mining of copper, silver, lead, zinc, molybdenum, uranium, and gold. The Iron Ore segment focuses only on mining of iron ore. The Coal segment is the mining of metallurgical coal and thermal energy coal. The company was founded on June 29, 2001 and is headquartered in London, the United Kingdom.

Latest Results

BHP's relentless focus on their five priority areas – safety; portfolio; capital discipline; culture and capability; and social value – has enabled the company to meet the global challenges of the crisis from a position of strength and to deliver a strong set of financial results in FY2020. The steadfast efforts of management, their high-quality portfolio and disciplined approach to capital allocation enabled the Board to declare US$1.20 per share in dividends for the year.

Profit after taxation attributable to BHP shareholders decreased from a profit of US$8.3 billion in FY2019 to a profit of US$8.0 billion in FY2020. Revenue of US$42.9 billion decreased by US$1.4 billion, or 3 per cent, from FY2019. This decrease was primarily attributable to lower average realised prices for coal, petroleum and copper, and lower volumes due to natural field decline at Petroleum and lower grade at Escondida and Spence, combined with planned maintenance across a number of assets. This was partially offset by higher average realised prices for iron ore, record production at WAIO, record average concentrator throughput at Escondida and improved operational stability. Lower average realised prices decreased Underlying EBITDA by US$1.1 billion in FY2020 reflecting lower average realised prices for metallurgical and energy coal, petroleum and copper, partially offset by higher average realised prices for iron ore and nickel.

Dividend

The Board declared a final dividend to shareholders of US$0.55 per share, taking the annual dividend distribution to US$1.20 per share. This is the third year in a row BHP have returned more than US$6 billion to shareholders, highlighting the resilience of their portfolio and people.

Snippets

Thank you from PCH

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	3.96
	1 000 000 – 9 999 999.99	3.96
	10 000 000 upwards	3.96
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	3.76
	1 000 000 – 9 999 999.99	3.76
	10 000 000 upwards	3.76

Dividends Payable

Dividends in LDT order

Company	Decl	LDT	Pay	Amt	Curr
Arrowhead Properties Ltd. (AWAPROPA)	25-Nov	21-Dec	28-Dec	58.69	ZARc
Arrowhead Properties Ltd. (AWAPROPA)	25-Nov	21-Dec	28-Dec	56.77	ZARc
Arrowhead Properties Ltd. (AWAPROPB)	25-Nov	21-Dec	28-Dec	15.45	ZARc
Arrowhead Properties Ltd. (AWAPROPB)	25-Nov	21-Dec	28-Dec	17.54	ZARc
Capital Appreciation Ltd. (CAPPREC)	02-Dec	21-Dec	28-Dec	2.5	ZARc
Exchange Traded Funds (DCCUS2)	04-Dec	21-Dec	28-Dec	803	ZARc
Mahube Infrastructure Ltd. (MAHUBE)	30-Nov	21-Dec	28-Dec	18	ZARc
Liberty Holdings Ltd. (LIBHOLD11)	30-Nov	28-Dec	04-Jan	5.5	ZARc
Oceana Group Ltd. (OCEANA)	03-Dec	28-Dec	04-Jan	293	ZARc
Oceana Group Ltd. (OCEANA-NSX)	03-Dec	28-Dec	04-Jan	293	ZARc
Sygnia Ltd. (SYGNIA)	08-Dec	28-Dec	04-Jan	70	ZARc
Sygnia Ltd. (SYGNIA-A2X)	08-Dec	28-Dec	04-Jan	70	ZARc

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