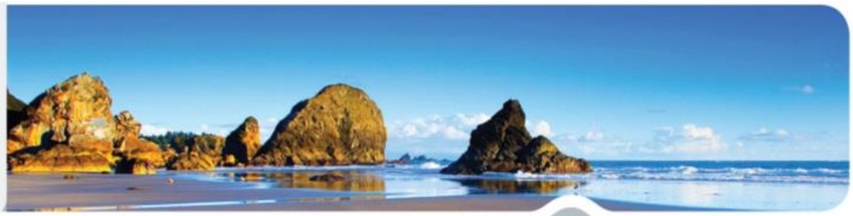


PRIVATECLIENT HOLDINGS

Perspectives | Monthly Market Review

July 2020

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

All Share

Time Period: 2019/07/01 to 2020/06/30

Resources

Time Period: 2019/07/01 to 2020/06/30

Industrials

Time Period: 2019/07/01 to 2020/06/30

Financials

Time Period: 2019/07/01 to 2020/06/30

Index	Value	June (%)	YTD (%)
All Share	54,362	▲ 7.7%	▼ 3.2%
S&P 500	3,100	▲ 2.0%	▼ 3.1%
FTSE 100	6,170	▲ 1.7%	▼ 16.9%
Rand/USD	17.38	▼ 1.4%	▲ 24.3%
Rand/GBP	21.47	▼ 1.5%	▲ 15.9%
Gold ($)	1,793	▲ 3.2%	▲ 18.0%
Plat ($)	841	▼ 3.4%	▼ 13.5%
Brent ($)	41	▲ 16.5%	▼ 37.7%

Market Report

Another good month for global equity markets

The global equity markets continued their sharp V-shaped recovery since March, posting their third-straight positive monthly performance to end the 1st half of the year on a strong footing. Developed markets had their best quarter since 2009 with the MSCI world up 19.4%, while the S&P 500 Index recorded its best quarter since 1998, up 20.5%. US payroll data started June off on a positive note, revealing US employers had added 2.5 million jobs in May and the unemployment rate had dropped to 13.3%. The big surprise was that the consensus estimate predicted that the economy would lose 8 million jobs and the unemployment rate would rise to 19.8% from 14.7% the month before. The strong jobs data helped steer a shift into value stocks as the Russell Value Index outperformed the Russell Growth Index by 6% in the first week of June. However, that rotation was short lived with the growth index ending the month 5% ahead as corona virus cases began to spike around the world.

Regionally, the US markets underperformed in June with the S&P 500 up 2% for the month, behind Europe (Eurostoxx +6.4%) and emerging markets (MSCI EM +7.4%). However, the tech-heavy Nasdaq 100 index persisted as the most consistent performer and rose 6.4% for the month and jumped 30.6% in the second quarter of this year – its best quarter since 2001. Here it is worth noting that, while these performances may sound impressive, the DJIA recorded its worst first six months of any calendar year since the 2008 global financial crisis and because of the nature of the sector and the effects of this pandemic it is easy to see why.

While Europe was pulled in different directions over the course of June by the continually alarming COVID-19 headlines, infections generally remained under control allowing economic activity to continue to normalise. Although, in the US, the aggressive reopening of the economy caused a re-acceleration of new cases, leaving several states needing to consider tightening movement restrictions once again. Concerns around a second wave of infections caused a slight wobble in markets mid-month, talk of more stimulus got markets back on track as US President Donald Trump floated the prospect of another $1 trillion of fiscal stimulus, possibly via payroll tax cuts, and the US Federal Reserve announced details of its corporate bond buying programme, which exceeded expectations and kept bond yields anchored around record lows. The release of US May retail sales, that were up 17.7% for the month (ahead of expectations of an 8.4% increase), added to the positive sentiment. US housing market activity showed a quick recovery in May, while June consumer confidence data, released on the 30th June, exceeded consensus economist forecasts, recording its biggest jump since 2011.

Brent crude oil rallied 16.5% during June as OPEC+ delivered better-than-expected news on supply cuts. Having agreed to cut the equivalent of about 10% of global oil supply in May and June, the cuts were due to start rolling off in June, but OPEC+ agreed to extend the 10% cuts until at least July. In addition, some of the smaller producers who have been flouting the supply cuts will now make those up over the next few months. The price per barrel reached $41.15 by month-end, but despite a massive move in May and its June gains, year-to-date oil is down c. 38%.

JSE up as gold stocks run hard

The JSE outperformed most other major stock markets despite some hiccups along the way, with the FTSE/JSE All Share Index up 7.7% for the month of June, making +23.2% for the 2nd quarter of 2020 and down only 3.2% since the beginning of the year. The All Share Index was propelled higher towards its start of year mark by strong share price gains from various large-cap constituents including index heavy weights Prosus +12.9% and Naspers +13.4%. Miners were also seen doing some of the heavy lifting for the month with the resources sector up 8.6% as AngloGold Ashanti rose 19.1%, Sibanye Stillwater +16.5%, Anglo American Platinum (Amplats; +13.0%), and Anglo American +9.8%. However, gold miners were the big winners in the sector as they rallied c. 20% due to gold approaching $1,800/oz – a level not breached since

2011, when the US credit rating got downgraded amidst negotiations regarding its debt ceiling. The gold price has been buoyed by uncertainties around the COVID-19 pandemic which continues to cloud the global economy, feeding gold's appeal as a safe-haven investment.

The very beaten up Sasol also rallied strongly in June, up 46.1%, along with oil up 16.5% and due to the prospect that it may avoid a capital raise. In June, several SA companies either raised capital or announced their intention to do so. After Mr Price started the trend in May, Foschini's, Harmony Gold, Transaction Capital, Curro and Pepkor were announcing plans to strengthen their balance sheets. Amongst the shares with foreign earnings there were mixed trading updates – British American Tobacco revised its revenue guidance lower, expecting a 3% impact from COVID-19 for the year, with duty-free purchases of tobacco hit particularly hard as international travel ground to a halt. Bidcorp surprised the market with its trading update, particularly its ability to control costs as revenue plummeted and it was upbeat about the prospects of a recovery in its core markets. The rand strengthened by 1.1% in June to close at R17.35/$1. Year-to-date the local currency is down c. 24% vs the USD.

Economic releases in June included first quarter 2020 economic growth, which was negative for the third-consecutive quarter. Although it was down 2% for the quarter it was better than the expected 4% decline. Most economic data releases related to the pre-lockdown economy, although April inflation came in as expected at 3%. The much-anticipated adjustment budget speech by Finance Minister Tito Mboweni was relatively low on detail, likely pushed to October's Medium Term Budget Policy Statement where demonstrable traction with infrastructure investment plans and the necessary savings could make it a catalyst for domestic business and consumer sentiment to improve. The speech was generally well received and came with a plan to get government borrowing under control once the necessary COVID-19 borrowing spike is behind us. However, as always, the execution of fiscal austerity will be key to the eventual outcome.

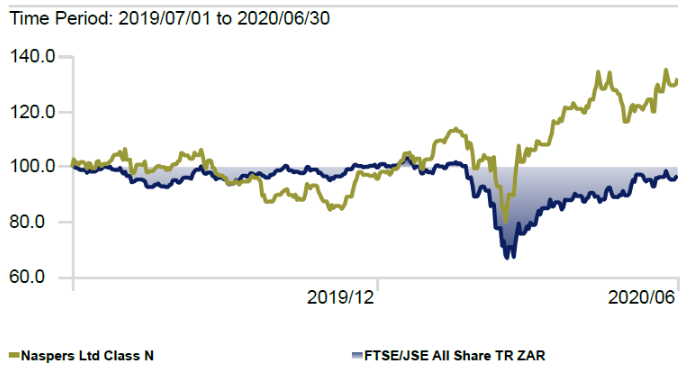
The economic picture the minister painted was bleak – GDP is now expected to decline by 7.2% in 2020, while growth in 2021 is forecast at a negligible 2.1%. The government deficit is also projected to be a record-breaking 15.7%. The nation's fiscus is indeed in dire straits with economists agreeing that the pandemic, along with government's response to the crisis, has dealt a devastating blow to SA's already weakened finances. The supplementary budget showed substantial deterioration in the country's fiscal and debt situation and growth prospects remain weak. This might result in further downgrades of the sovereign's credit ratings, which will reduce the attractiveness of the country's assets and potentially undermine foreign capital inflows. However, gold reserves will be boosted by higher prices given gold's safe-haven status as investors remain cautious of exposure to risky assets.

The Reserve Bank continued to buy government bonds in June. However, bond purchases amounted to a lower - R5.1 billion, compared with R11.4 billion and R10.2 billion in April and May respectively. The total value of government bonds held by the Reserve Bank amounts to a record of R35.9 billion, with securities worth R27.8 billion bought so far this year alone.

Company Results

Naspers Ltd. – Final results for the year ending March 2020

Earnings per share	**R103.4**
Historical PE	**24.0**
EPS growth	**-25.2%**
Turnover growth	**30.7%**
ROE	**11.7%**
Debt/Equity	**17.6%**
NAV per share	**R891.60**
Dividend yield	**0.2%**
Share price	**R2553.71**



Nature of Business

Naspers Ltd. is a global consumer internet group and the technology investors in the world. It operates through the following business segments: Ecommerce, Social and internet platforms, media and Corporate. The company was founded on May 12, 1915 and is headquartered in Cape Town, South Africa.

Latest Results

The past financial year has seen the Naspers group transform as they executed several significant strategic initiatives, which management believe will unlock significant value over time. Operationally, the group ended the year in a position of strength with accelerating revenue growth in its ecommerce portfolio, improved profitability and a substantial net cash position with sufficient liquidity. Underpinning these results, Tencent continued to report resilience in an uncertain macro-environment.

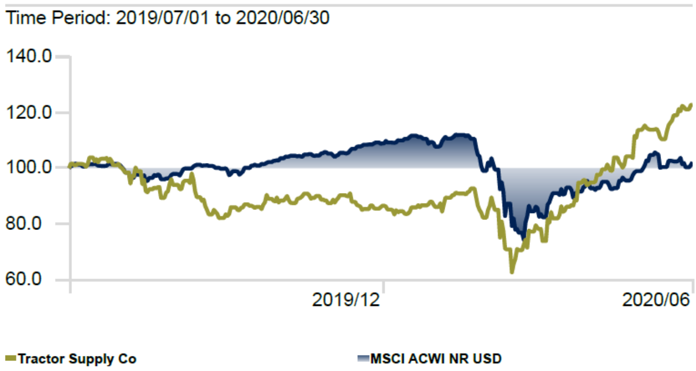
Group revenue, measured on an economic-interest basis, was US$22.1bn, reflecting growth of 17% from continuing operations. Measured similarly, and including the stepped-up investment in Food Delivery, group trading profit grew 13% year on year to US$3.7bn. Tencent grew revenues by a healthy 16% year on year. Driven by Classifieds, Etail, and Payments and Fintech, the ecommerce business posted strong performance. Overall revenue growth in ecommerce, adjusted for acquisitions and disposals, grew 32% in local currency, a 6% acceleration year on year. This was led by the Food Delivery segment, which grew orders 102% and revenues by 99%, and strong growth in Classifieds, up 48%. Tencent's profitability improved 17%. Trading losses in ecommerce rose to US$964m, reflecting the company's investment in Food Delivery to grow markets and sustain their leading positions. Excluding the increased investments in Food Delivery, and Payments and Fintech as well as acquisitions and disposals, ecommerce trading losses reduced by 24% or US$76m in local currency.

Dividend

If confirmed by shareholders at the annual general meeting on Friday 21 August 2020, dividends will be payable to shareholders recorded in the books on Friday 27 November 2020 and paid on Monday 30 November 2020. The board has recommended an annual gross dividend of 580 cents (2019: 715 cents) per listed N ordinary share.

Tractor Supply Co. – Quarterly results for the period ending March 2020

Earnings per share	$0.71
Historical PE	17.5
EPS growth	13.4%
Turnover growth	7.5%
ROE	35.9%
Debt/Equity	172.9%
NAV per share	$13.26
Dividend yield	1.4%
Share price	$84.55



Nature of Business

Tractor Supply Co. engages in the retail sale of farm and ranch products. It operates retail farm & ranch stores and focuses on supplying the lifestyle needs of recreational farmers and ranchers, as well as tradesmen and small businesses. The firm operates the retail stores under the names: Tractor Supply Company, Del's Feed & Farm Supply, and Petsense. Its product categories includes equine, livestock, pet, and small animal; hardware, truck, towing, and tool; heating, lawn and garden items, power equipment, gifts, and toys; recreational clothing and footwear; and maintenance products for agricultural and rural use. The company was founded by Charles E. Schmidt, Sr. in 1938 and is headquartered in Brentwood, TN.

Latest Results

Net sales for the first quarter of 2020 increased 7.5% to $1.96 billion from $1.82 billion in the first quarter of 2019. Gross profit increased 7.5% to $661.2 million from $615.0 million in the prior year's first quarter, and gross margin was 33.8%, essentially flat to the prior year's first quarter. Net income increased 9.0% to $83.8 million in the first quarter of 2020 from $76.8 million in the prior year's first quarter, and diluted earnings per share increased 12.7% to $0.71 from $0.63 in the first quarter of 2019.

The Company repurchased approximately $263.2 million of its common stock and paid quarterly cash dividends totalling $40.9 million, returning $304.1 million of capital to shareholders in the first quarter of 2020. The Company opened 20 new Tractor Supply stores and closed one Del's store in the first quarter of 2020 compared to 10 new Tractor Supply store openings and one Petsense store opening in the prior year's first quarter.

Dividend

The company paid out $1.36 per share in December of 2019. This is 13% higher than the $1.20 paid out in the year before. The company declared a quarterly dividend on $0.35 per share which was payed on the 9th of June 2020.

Snippets

PCH NinetyOne Webinar with Jeremy Gardiner Wednesday 15 July 2020

Ninety One

Previously Investec Asset Management

WEBINAR INVITATION

July 2020

THE NEW ABNORMAL

Please join **Andrew Ratcliffe of Private Client Holdings** and **Jeremy Gardiner of Ninety One** (previously Investec Asset Management) on a journey around the world as we look at the devastation the coronavirus has left in its wake thus far and examine how we keep the South African economy, which was almost on life support pre-Corona, alive after lockdown ends.

Date: Wednesday 15th July 2020
Time: 14h30
Zoom link: Click here to register

NUMBERS ARE NOT LIMITED, you are welcome to share this link with others. If you have any questions please do not hesitate to contact Michelle Hawson on 021 671 1220 ext. 233 or email: michelle@privateclient.co.za

Corporate Cash Manager Rates

FUND	BALANCE	RATE
CALL ACCOUNT	0.00 – 9 999.99	3.40
	10 000 – 24 999.99	3.40
	25 000 – 49 999.99	3.40
	50 000 – 99 999.99	3.40
	100 000 – 249 999.99	3.40
CALL MONEY FUND: *Individuals*	250 000 – 999 999.99	5.04
	1 000 000 – 9 999 999.99	5.04
	10 000 000 upwards	5.04
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	4.84
	1 000 000 – 9 999 999.99	4.84
	10 000 000 upwards	4.84

Dividends Payable

Dividends in LDT order					
Company	**Decl**	**LDT**	**Pay**	**Amt**	**Curr**
African Equity Empowerment Investments Ltd. (AEEI)	18-Jun	07-Jul	13-Jul	10	ZARc
African and Overseas Enterprises Ltd. (AF&OVR 6%PP)	22-Jun	07-Jul	13-Jul	6	ZARc
British American Tobacco plc (BATS)	27-Feb	07-Jul	19-Aug	52.6	GBPp
Exchange Traded Funds (CSPROP)	02-Jul	07-Jul	13-Jul	5.87	ZARc
Exchange Traded Funds (CTOP50)	02-Jul	07-Jul	13-Jul	24.88	ZARc
Castleview Property Fund Ltd. (CASTLEVIEW)	23-Jun	07-Jul	13-Jul	15.34	ZARc
Castleview Property Fund Ltd. (CASTLEVIEW)	23-Jun	07-Jul	13-Jul	0.87	ZARc
Exchange Traded Funds (DIVTRX)	02-Jul	07-Jul	13-Jul	46.18	ZARc
Exchange Traded Funds (GLODIV)	02-Jul	07-Jul	13-Jul	10.46	ZARc
Exchange Traded Funds (PREFTRAX)	02-Jul	07-Jul	13-Jul	28.27	ZARc
Reunert Ltd. (REUNERT)	18-Jun	07-Jul	13-Jul	65	ZARc
Rex Trueform Group Ltd. (REX TRUE6%)	22-Jun	07-Jul	13-Jul	6	ZARc
Exchange Traded Funds (SMART)	02-Jul	07-Jul	13-Jul	56.8	ZARc
Sirius Real Estate Ltd. (SIRIUS)	01-Jun	07-Jul	20-Aug	1.8	EURc
Stor-Age Property REIT Ltd. (STOR-AGE)	22-Jun	07-Jul	13-Jul	57.16	ZARc
Telkom SA SOC Ltd. (TELKOM)	22-Jun	07-Jul	13-Jul	50.08	ZARc
Capital Appreciation Ltd. (CAPPREC)	01-Jun	14-Jul	20-Jul	2.75	ZARc
Marshall Monteagle PLC (MARSHALL)	29-Jun	14-Jul	24-Jul	1.9	USDc
Primeserv Group Ltd. (PRIMESERV)	17-Jun	14-Jul	20-Jul	1.5	ZARc
Schroder European Real Estate Investment Trust Plc (SERE)	24-Jun	14-Jul	31-Jul	0.93	EURc
TeleMasters Holdings Ltd. (TELEMASTR)	29-Jun	14-Jul	20-Jul	1.6	ZARc
Alexander Forbes Group Holdings Ltd. (AFORBES)	08-Jun	21-Jul	27-Jul	50	ZARc
Alexander Forbes Group Holdings Ltd. (AFORBES)	08-Jun	21-Jul	27-Jul	12	ZARc
Investec Bank Ltd. (IBRPREF1)	01-Jul	21-Jul	27-Jul	1074.42	ZARc
Stenprop Ltd. (STENPROP)	03-Jul	21-Jul	14-Aug	3.38	GBPp
Runway Property Group Ltd. (ZXRUNWAY)	30-Jun	24-Jul	28-Jul	61.62	ZARc

Directors: GAJ Alexander BCom Hons (FAPM) (Tax) CA (SA) LLM / AS Ratcliffe BCom (HDip Tax) Professional Accountant (SA) CFP
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