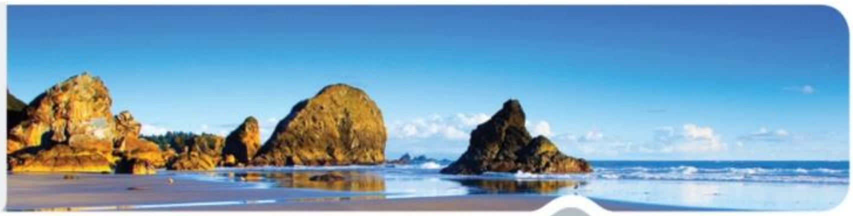

Perspectives | Monthly Market Review

February 2021

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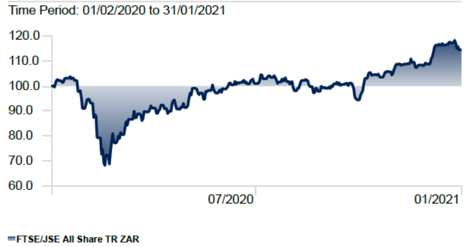
All Share



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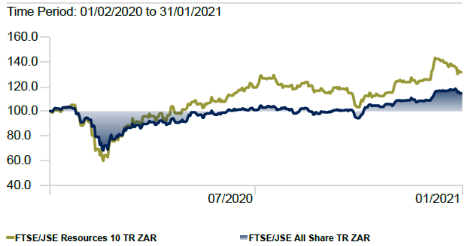
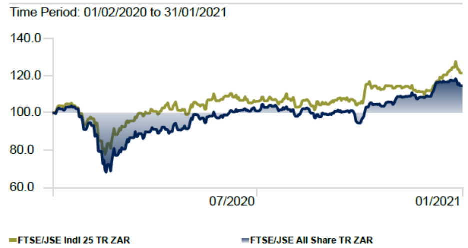
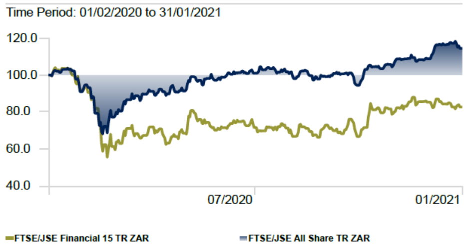


Industrials



Financials



Index	Value	Jan (%)	YTD (%)
All Share	62,472	▲ 5.2%	▲ 5.2%
S&P 500	3,714	▼ 1.0%	▼ 1.0%
FTSE 100	6,407	▼ 0.8%	▼ 0.8%
Rand/USD	15.05	▲ 2.5%	▲ 2.5%
Rand/GBP	20.67	▲ 2.9%	▲ 2.9%
Gold ($)	1,847	▼ 2.4%	▼ 2.4%
Plat ($)	1,076	▲ 0.0%	▲ 0.0%
Brent ($)	55.88	▲ 7.9%	▲ 7.9%

Market Report

The spread of a second wave mutes global economic recovery

The resurgence of coronavirus infections disrupted the economic recovery somewhat in the fourth quarter of last year, but progress in the development of vaccines has improved growth prospects. The second wave has proven to be more severe than the first, driven in some countries by a variant of the virus that is about 70% more infectious. Confirmed global infections have breached 100 million, while deaths are edging towards 2.2 million. The larger economies will continue to lead the global upturn, with China remaining the fastest-growing economy among them. Merchandise trade volumes are edging higher, but trade in services will still be depressed beyond 2021 unless the rollout of vaccines eliminates the pandemic quickly. The return to pre-Covid global output levels is unlikely in the foreseeable future due to the destruction of some production capacity. Stimulatory measures on the monetary and fiscal fronts will be key determinants of the pace of rebound across economies.

Encouragingly, global new cases have moderated sharply in recent days. Chances of a double-dip global recession have been reduced by adjustments to the new ways of working, while the rollout of vaccines has increased the chances of a stronger recovery as economic activity normalises. The pace of rebound, however, will depend on the efficacy of the vaccines and the speed of the rollout. Poorer nations, on the other hand, will undoubtedly require both financial and logistical assistance in the distribution of the vaccines. As such, the recovery will be uneven, with countries that distribute vaccines more rapidly expected to recover much faster.

Developed markets disappointed by month-end, getting the year off to a negative start (MSCI World -1% in January). US Federal Reserve Chair Jerome Powell provided a cautious tone on the likely pace of the US economic recovery and investors were rattled by some unusual stock moves catalysed by a group of retail investors using a discussion forum on Reddit called “WallStreetBets”. While investors were grappling with the unusual stock market moves, governments were scrambling to roll out COVID-19 vaccination programmes, with roughly 100 million vaccinations being administered around the world by the end of January. Around 80% of vaccinations have been administered in the US, Europe (including the UK), and China, with the US having vaccinated almost 10% of the population by the end of January, while the EU lagged with less than 3% of the population vaccinated.

Investors anticipating more fiscal stimulus with Democratic control of the Senate drove US 10-year government bond yields above 1% for the first time since the pandemic started. US 4Q20 corporate earnings season kicked off in January, with one-third of S&P 500 companies reporting earnings during the month. Companies that reported saw aggregate earnings up 4%. The best-performing sector for January was the energy sector (+3.8%) as a surprise production cut by Saudi Arabia saw the price of Brent crude rise 7.9% for the month.

Emerging Markets (EMs) had a better start to 2021 than Developed Markets (MSCI EM +3.1%), but this was largely thanks to Asian EMs, particularly China, with Hong Kong listed Chinese corporates up 4.4% in January. Other EMs fared poorly, with Brazil, Russia, and India’s stock markets falling by 3.3%, 2.7%, and 2.5% for the month respectively. EM currencies also had a poor month against a strong US dollar as the Brazilian real, Mexican peso and Russian ruble fell by 4.9%, 3.4% and 2.4% in January, respectively.

JSE scores a third-consecutive month in the green

South African equities outperformed global and EM peers, with the All-Share Index gaining 5.2% for the month. Resources benefited from a weaker rand and industrials gained as the global economy continues to normalise. The outlook for the South African economy has improved slightly: it is estimated that the economy contracted by 7.1% in 2020 (versus initial estimates of -8%) and will rebound by 3.6% in 2021. The IMF, however, has continued to express serious concerns about the country's level of indebtedness. Investors will keenly eye the February Budget Speech for indications of the path government chooses to take in addressing these concerns. Expectations are that numerous tax hikes are on the cards, particularly with regard to so-called sin-goods and services. Another Value Added Tax (VAT) hike, however, is highly unlikely, given the pressure under which South African consumers find themselves.

The South African Reserve Bank (SARB) kept the repo rate unchanged (as broadly expected) at 3.5% following its January Monetary Policy Committee Meeting. The SARB has indicated that the slow pace of economic growth means that inflation is likely to remain rangebound. It has, however, cited concerns about a weaker rand, higher oil prices and an increase in administered prices as reasons for staying its hand on additional rate cuts. The most recent core inflation print, for December, still showed the local economy experiencing very little inflationary pressure at 3.3%, in line with expectations and right towards the bottom of the SARB's target inflation range. Bond yields were fairly stable for the month as SA 10-year government bond yields ended January largely unchanged at 8.7%.

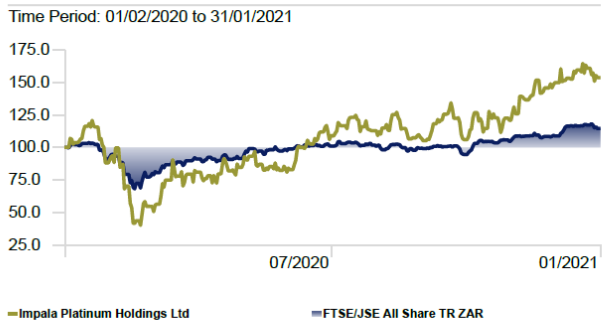
South Africans suffered a full month of level 3 lockdown restrictions to start 2021, leaving them without access to alcohol, beaches, and parks for January, with movement restrictions appearing to have helped the country past the peak of its recent second wave COVID-19 outbreak. As South Africans awaited details on their vaccine rollout programme, local stocks managed to string together a third-consecutive positive month for the first time in 2 years (FTSE/JSE Capped SWIX +3.1% in January), with the local market rallying by 20% since the end of October 2020, to claw its way back above pre-pandemic highs.

Naspers and Prosus were back to leading from the front, up 15% and 9% for the month respectively. Diversified materials also performed strongly in January (+5%) as production updates showed that weak volumes in 2020, as a result of pandemic disruptions, were balanced out by higher commodity prices and a weaker rand. Amongst those stocks sensitive to domestic economic activity, it was a mixed bag, with banks and insurers having a disappointing month (DSY -16.2%, FSR -6.2% and NED – 5.5%), while retailers delivered decent monthly returns (WHL +13.6%, SPP +2.4% and MRP +1.3%). Most consumer retail companies reported festive season sales updates in January, which generally surprised the market positively, driving a particularly strong rally in some of the more credit-driven retailers such as Lewis and Truworths, which were each up by more than 20% in January.

Company Results

Impala Platinum Goldings Ltd. – Results for the 6 months ending 30 June 2020

Earnings per share	**R20.75**
Historical PE	**5.6**
EPS growth	**390%**
Turnover growth	**49.29%**
ROE	**31.8%**
Debt/Equity	**14.5%**
NAV per share	**R79.05**
Dividend yield	**2.3%**
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

The Covid-19 pandemic significantly disrupted and impacted business performance during the second half of the financial year. While operational preparedness for Covid-19 began in earnest in January 2020, operational disruptions began to manifest at the end of Q3 FY2020 and were a marked feature of Q4 FY2020, resulting in an opportunity cost of 290 000 ounces 6E in concentrate production.
The Group delivered marginally lower mine-to-market 6E concentrate volumes of 2.5 million ounces, a 5% decline from the comparable period. Maiden contributions from Impala Canada and stable deliveries from the Group's Zimbabwean mines offset the impact of Covid-19 on South African production. Operational continuity at the Group's processing assets resulted in a release of excess inventory. Group refined 6E production declined 8% to 2.8 million ounces. Platinum volumes declined by 12% to 1.3 million ounces, while palladium volumes were 2% lower at 892 000 ounces.

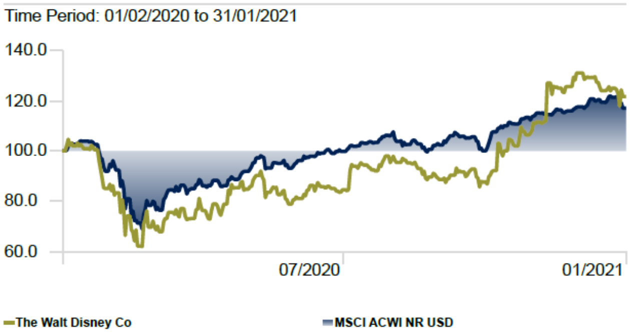
Pricing for primary products was robust and, together with rand depreciation, drove substantial improvements in the Group's financial performance. Revenue improved by 44% to R69.9 billion, gross profit increased to R23.3 billion and headline earnings increased to R16.1 billion – or 2 075 cents per share – compared to headline earnings of R3.0 billion or 423 cents per share in the prior year.

Dividend

The payment of the R973 million interim dividend (125 cents per share) and a final dividend of 400 cents per ordinary share was approved, resulting in a total dividend of 525 cents per share for FY2020.

The Walt Disney Co. – First quarter results ending 31 December 2020

Earnings per share	**$0.02**
Historical PE	**-**
EPS growth	**-98%**
Turnover growth	**-7.2%**
ROE	**-5.7%**
Debt/Equity	**69.3%**
NAV per share	**$47.20**
Dividend yield	**0%**
Share price	**$181.18**



Nature of Business

The Walt Disney Co. is a diversified international family entertainment and media enterprise. It operates through the following segments: Media Networks, Parks, Experiences and Products, Studio Entertainment and Direct-to-Consumer and International (DTCI). The Media Networks segment includes cable and broadcast television networks, television production and distribution operations, domestic television stations, radio networks and stations. The Parks, Experiences and Products segment owns and operates the Walt Disney World Resort in Florida; the Disneyland Resort in California; Aulani, a Disney Resort & Spa in Hawaii; the Disney Vacation Club; the Disney Cruise Line; and Adventures by Disney. The Studio Entertainment segment produces and acquires live-action and animated motion pictures, direct-to-video content, musical recordings and live stage plays. This segment distributes films primarily under the Walt Disney Pictures, Pixar, Marvel, Lucasfilm and Touchstone banners. The DTCI segment licenses the company's trade names, characters and visual and literary properties to various manufacturers, game developers, publishers and retailers throughout the world. It also develops and publishes games, primarily for mobile platforms, and books, magazines and comic books. This segment also distributes branded merchandise directly through retail, online and wholesale businesses. The company was founded by Walter Elias Disney on October 16, 1923 and is headquartered in Burbank, CA.

Latest Results

Results in the quarter ended January 2, 2021 were adversely impacted by the novel coronavirus (COVID-19). The most significant impact was at the Disney Parks, Experiences and Products segment where since late in the second quarter of fiscal 2020, the parks and resorts have been closed or operating at significantly reduced capacity and cruise ship sailings have been suspended.

All things considered, Disney once again beat expectations across most of its segments and surpassed consensus estimates for Disney+ subscribers in the quarter, coming in at 94.9m for FQ1 versus consensus of 92m. Commentary was favourable as management looks to the Disney+ launch in Singapore on February 23, the introduction of Star (which will be included in the Disney+ app, so likely a notable driver of subscriptions), and an upcoming robust content drop including The Falcon and the Winter Soldier on March 19 as incremental drivers ahead. Management maintain their expectations for 110m Disney+ subscribers by FQ2 end and 140m for F2021.

Dividend

The Walt Disney Company announced on 12th November 2020 that it will continuing the suspension of its semi-annual cash dividend. Investors did not receive a dividend in July 2020 and did not get a cash payout in January 2021 either. The company's board of directors attributed its decision to "the ongoing impact of COVID-19 and the Company's decision to prioritize investment in its direct-to-consumer initiatives."

Snippets

Take action this financial year end…

The financial year end is approaching fast. Now is the time to take advantage of the 2020 / 2021 tax exemptions. These transactions need to be made before the 25th of February 2021. These efficient tax planning and investment considerations include, but are not limited to:

1. Annual donation tax exemption
2. Retirement Annuity (RA) contributions
3. Tax-Free Savings Account (TFSA) contributions

Please click here to read more

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	3.83
	1 000 000 – 9 999 999.99	3.83
	10 000 000 upwards	3.83
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	3.63
	1 000 000 – 9 999 999.99	3.63
	10 000 000 upwards	3.63

Dividends Payable

Dividends in LDT order

Company	Decl	LDT	Pay	Amt	Curr
FirstRand Ltd. (FIRSTRANDB-P)	29-Jan	16-Feb	22-Feb	253.59	ZARc
Hudaco Industries Ltd. (HUDACO)	29-Jan	16-Feb	22-Feb	410	ZARc
Hudaco Industries Ltd. (HUDACO-A2X)	29-Jan	16-Feb	22-Feb	410	ZARc
MiX Telematics Ltd. (MIXTEL)	28-Jan	16-Feb	22-Feb	4	ZARc
Octodec Investments Ltd. (OCTODEC)	02-Feb	16-Feb	22-Feb	100	ZARc

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Directors: GAJ Alexander BCom Hons (FAPM) (Tax) CA (SA) LLM / AS Ratcliffe BCom (HDip Tax) Professional Accountant (SA) CFP
Tel +27 21 671 1220, Fax +27 21 671 1149
46 Main Rd, Claremont, 7708 | PO Box 24033, Claremont, 7735
www.privateclient.co.za