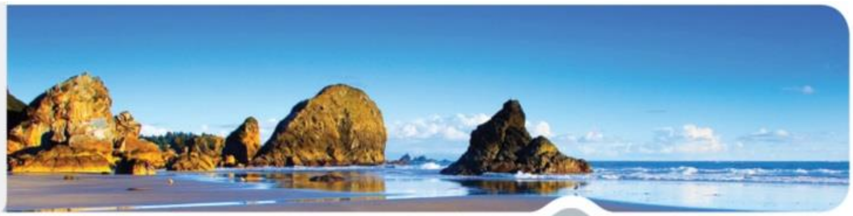

# Perspectives | Monthly Market Review

April 2023

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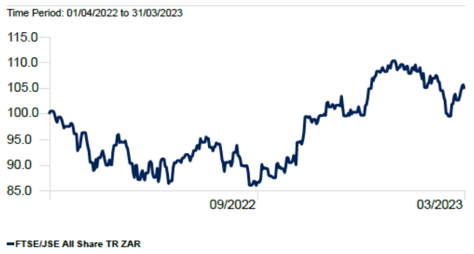
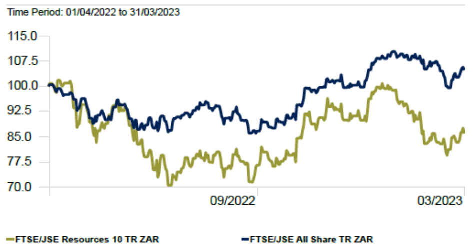
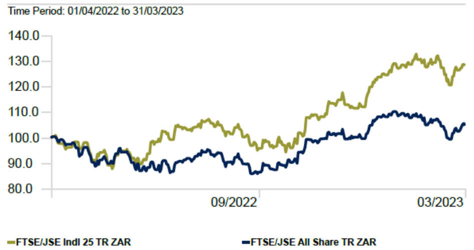
### All Share



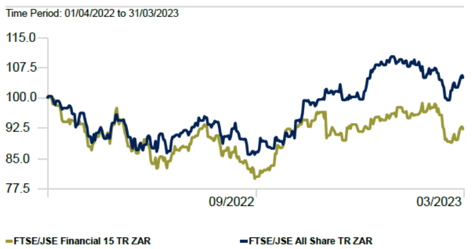

### Resources




### Industrials




### Financials




| Index | Value | Mar (%) | YTD (%) |
|---|---|---|---|
| All Share | 76,100 | ▼ 1.3% | ▲ 5.2% |
| S&P 500 | 4,109 | ▲ 3.7% | ▲ 7.5% |
| FTSE 100 | 7,632 | ▼ 2.5% | ▲ 3.6% |
| Rand/USD | 17.74 | ▼ 3.3% | ▲ 4.3% |
| Rand/GBP | 21.94 | ▼ 1.3% | ▲ 7.2% |
| Gold ($) | 1,969 | ▲ 7.7% | ▲ 8.2% |
| Plat ($) | 994 | ▲ 4.1% | ▼ 7.4% |
| Brent ($) | 79.77 | ▼ 4.9% | ▼ 7.1% |

# Market Report

### Poor Performance from the Miners Drags The JSE Lower

South African equities ended the month mostly lower (Capped SWIX -2.3% in the month), following emerging market peers, as the resources sector came under significant pressure during the month. This was despite a generally positive month for stocks geared to the domestic economy (banks +2.3%, life insurers +5.6% in February), with the notable exception of the retailers (general and discretionary retailers -4.7% for the month). Given the rand weakness, Industrials posted a resilient performance, ahead of the broader market, given the positive upward moves posted by rand hedges and index heavyweights including Anheuser-Busch InBev (+7.8%), Richemont (5.5%), and British American Tobacco (+5.5%). Financials produced a positive return, despite the weaker environment (+2.7%). The biggest drag on the local bourse in February came from the resource sector (-12.5%), weighed down by generally weaker commodity prices (aluminium -10%, gold -5%, platinum -6% and iron ore -1%). Investment companies Naspers and Prosus were also a drag on the JSE for the month (-3% in aggregate), though they fared considerably better than their biggest investment, Chinese tech conglomerate Tencent (-12% in Feb). This was thanks, at least in part, to the impact of a weaker local currency, with the rand falling 5.2% against the US dollar, bringing its decline to 7.2% since the start of the year (among the major currencies, only the Argentine peso has fared worse). When markets are more risk-averse, capital tends to move towards safer allocations, moving capital away from higher-risk emerging economies and towards the relatively safe US Dollar.

The SA Reserve Bank (SARB) has hiked interest rates by 375bps to date, while the Fed has had a 450bps hike, contributing to the weakening Rand as the relative return on risk diminishes. This change in interest rate differentials has played out a lot in the last 12 months. As the difference between the real interest rates of two countries changes, capital flows towards the country with the relatively higher real interest rate (in this case, the US). This mechanism affects the foreign exchange markets as people now demand more US Dollars in relation to Rands, increasing the value of the Dollar and decreasing the value of the Rand. With the continuing uncertainty around US inflation and the future path of short-term interest rate hikes, markets have receded into risk-off sentiment, at least in the immediate term.

This month's domestic economic news was largely focused on Finance Minister Enoch Godongwana's National Budget Speech. The most electrifying topic on the agenda was the state of crisis at the country's energy utility, Eskom. The state has committed to take on R254 billion worth of Eskom's debt over the next three years. While this commitment comes with strict guidelines aimed at improving capacity, the ongoing burden it places on the nation's fiscus is alarming. The current national debt sits at 69% of GDP, and government officials expect this level to keep rising to a peak of 75.1% of GDP by 2025. The cost of servicing national debt is roughly R366 billion, which equates to about 20% of total tax revenue collections. These numbers paint a gloomy picture of the overall national balance sheet in the long term.

### Sticky Inflation Dampens Investor Confidence

After a strong start to the year, markets gave up some of their year-to-date gains in the month of February (S&P 500 and MSCI World -2.4%). This was on the back of stronger economic data, which led market participants to become concerned about interest rates staying higher for longer, rather than the previously expected pivot in 2023. Data showing that the US added half a million jobs in January (more than twice consensus forecasts) and that US inflation slowed less than anticipated were a timely reminder that it was perhaps premature to declare that the Fed has been victorious with their fight against inflation. With interest rate markets moving to price in the possibility of at least a couple more Fed hikes over the next few months and a very low probability of any cuts in 2023, US 10-year bond yields climbed by 0.4% to 3.9%. Rising US yields also dragged the US dollar higher, with the greenback ending the month stronger against most major currencies as it more than reversed the weakness it had experienced in January.

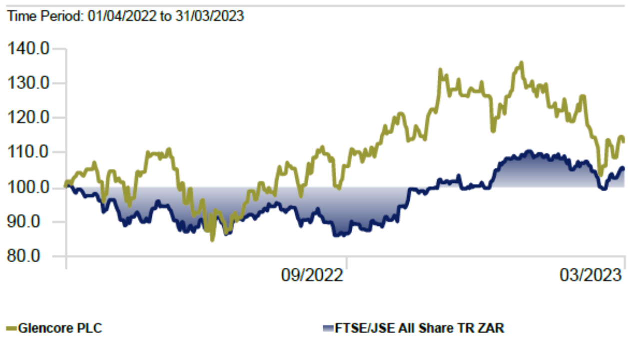
The recent rebound in China also came to an abrupt halt, as the improved sentiment on the back of the Chinese economy reopening was replaced by concerns around government debt levels and the long-term prospects for the local economy. The Nasdaq Golden Dragon Index of US-listed Chinese corporates fell 11% in February, with investors seemingly taking a breather after a 64% rally in those stocks in the three months leading up to February. The deterioration in sentiment led to the majority of major global equity markets ending the month lower, with those emerging economies reliant on global growth being the most heavily impacted.

By the end of February, most bulky US corporates had reported earnings for the fourth quarter of 2022, with S&P 500 earnings down roughly 3% Year-on-Year (or -7% when removing the hefty profits generated by the energy sector). US large-cap tech stocks were amongst the few bright spots in February, continuing a solid start to the year (NYSE FANG +3.8% in February and +23.2% since the start of the year).

In the UK, the FTSE 100 posted a modest gain of 1.8% (in GBP), despite ongoing strikes across many public sectors and persistent inflation pressures supressing economic activity. Bank of England Governor Andrew Bailey is trying his best to keep the economy buoyant, stating that interest rate hikes are not necessarily inevitable. Markets seem unconvinced, having priced in a meagre 10% probability that interest rates hikes will be placed on hold. UK consumers have been struggling for some time now due to the cost-of-living crisis, and it appears there is still a long way to go to resolve this. Current grocery inflation in the UK has reached a record high of 17.1% year on year. The BOE has stated that it expects inflation to fall from 10.1% in January to around 4% by the end of the year.

## Glencore Plc. – Annual results for the financial year end 31st December 2022

| | |
|---|---|
| **Earnings per share** | **R21.58** |
| **Historical PE** | **5.2** |
| **EPS growth** | **199%** |
| **Turnover growth** | **39.24%** |
| **ROE** | **38.38%** |
| **Debt/Equity** | **58.24%** |
| **NAV per share** | **R65.86** |
| **Dividend yield** | **6.34%** |
| **Share price** | **R114.04** |




### Nature of Business

Glencore Plc engages in the production and marketing of metal, mineral, and energy and agricultural commodities. The firm serves the automotive, steel, power generation, battery manufacturing, and oil sectors. It operates through the following segments: Marketing, Industrial, and Corporate and Other. The Marketing segment includes net sale and purchase of physical commodities, and provision of marketing and related value-add services. The Industrial segment deals with the sale of physical commodities over the cost of production and/or cost of sales. The Corporate and Other segment represents group related income and expenses. The company was founded in 1974 and is headquartered in Baar, Switzerland.

### Latest Results

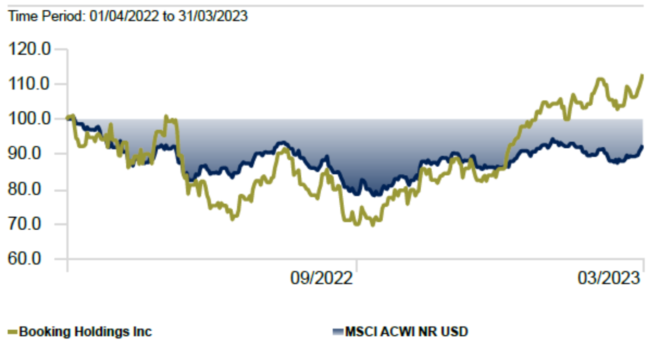
Glencore recently produced a strong set of earnings; strong free cash flow generation, balance sheet de-gearing is on track – dividend has been reinstated. Glencore is uniquely positioned with respect to clean energy/green agenda/Paris agreement/Great Reset. The company is the most highly leveraged to commodity prices of the UK diversified miners. Glencore's CEO transition in 2021 is likely to reinvigorate investor interest in the evolution of strategy, potential for non-core asset disposals and capital allocation. Unlike RIO & BHP, Glencore doesn't have exposure to iron ore, but instead has significant exposure to copper, zinc, coal, and nickel that are enjoying strong demand from the global green agenda/net zero emissions target by 2050. A holding in Glencore thus complements holdings in the other diversified miners - offering additional diversification and capital upside opportunity.

### Dividend

In Glencore's 2022 preliminary results announcement, released on the Stock Exchange News Service of the JSE Limited on 15 February 2023, the Board of Directors is recommending an aggregate distribution of US$0.44 per share in respect of the financial year ended 31 December 2022.

## Booking Holdings Inc. – Annual results for the financial year end 31st December 2022

| | |
|---|---|
| **Earnings per share** | **$76.70** |
| **Historical PE** | **26.4** |
| **EPS growth** | **170%** |
| **Turnover growth** | **55.96%** |
| **ROE** | **68.28%** |
| **Debt/Equity** | **475.02%** |
| **NAV per share** | **$1250** |
| **Dividend yield** | **0%** |
| **Share price** | **$2015.28** |



**Nature of Business**

Booking Holdings, Inc. engages in the provision of online travel and related solutions. The company offers services through the following brands: Booking.com, KAYAK, Priceline, Agoda, Rentalcars.com, and OpenTable. It provides accommodation reservations including hotels, hostels, apartments, vacation rentals, and other properties. The company was founded by Jay Scott Walker on July 18, 1997, and is headquartered in Norwalk, CT.

**Latest Results**

We previously held Booking in client portfolios, selling out in the eye of the Covid storm, where non-essential travel restrictions were being imposed by numerous governments, incl. the US & the EU. Both Booking & Expedia withdrew their guidance at the time given the lack of visibility and we sold out of BKNG to de-risk portfolios. Coming out of Covid restrictions, BKNG's most recent 1Q results were strong, & its message around summer travel also was positive. BKNG saw its highest ever quarterly gross bookings in 1Q, with gross bookings of $27B recovering to above pre-pandemics levels. We continue to believe Booking is the best positioned company in the online travel space. We think there is meaningful room for global share gains as its portion of overall travel remains at single digits. Overall, we recognize that further variants such as Omicron present near-term risk, but we believe travel demand will continue to recover in 2023 & BKNG is well positioned on the other side. As travel ultimately returns to 2019 levels, we believe focus will shift more to individual company performance and we are confident in BKNG's strong management team, execution, discipline, category leading margins, & free cash flow.

**Dividend**

Booking Holdings have not declared or paid any cash dividends on capital stock since inception and do not expect to pay any cash dividends for the foreseeable future.

## Snippets

### Managing Digital Assets Through an Estate Planner's Lens

When you think of digital assets, you may be inclined to think only of cryptocurrencies. Bitcoin was the first digital asset created in 2009, designed to be a digital currency or digital form of cash. Today, a digital asset is anything in a digital form that can create, or has, value and includes a right to use the asset. Digital assets are commonplace in our lives and include photo files, video files, audio files and graphic files. They also include everything from your social media accounts to cryptocurrency keys.

Read more

## Corporate Cash Manager Rates

| FUND | BALANCE | RATE |
|---|---|---|
| CALL ACCOUNT | 0.00 – 9 999.99 | 6.90 |
| | 10 000 – 24 999.99 | 6.90 |
| | 25 000 – 49 999.99 | 6.90 |
| | 50 000 – 99 999.99 | 6.90 |
| | 100 000 – 249 999.99 | 6.90 |
| CALL MONEY FUND: *Individuals* | 250 000 – 999 999.99 | 7.61 |
| | 1 000 000 – 9 999 999.99 | 7.61 |
| | 10 000 000 upwards | 7.61 |
| CALL MONEY FUND: *Non-Individuals* | 250 000 – 999 999.99 | 7.41 |
| | 1 000 000 – 9 999 999.99 | 7.41 |
| | 10 000 000 upwards | 7.41 |

## Dividends Payable

**Dividends in LDT order**

| Company | Decl | LDT | Pay | Amt | Curr |
|---|---|---|---|---|---|
| AECI Ltd. (AECI) | 01-Mar | 03-Apr | 11-Apr | 580 | ZARc |
| Attacq Ltd. (ATTACQ) | 14-Mar | 03-Apr | 11-Apr | 29 | ZARc |
| Heriot REIT Ltd. (HERIOT) | 14-Mar | 03-Apr | 11-Apr | 52.04 | ZARc |
| Libstar Holdings Ltd. (LIBSTAR) | 16-Mar | 03-Apr | 11-Apr | 22 | ZARc |
| MTN Group Ltd. (MTN GROUP) | 13-Mar | 03-Apr | 11-Apr | 330 | ZARc |
| Standard Bank Group Ltd. (STANBANK) | 09-Mar | 03-Apr | 11-Apr | 691 | ZARc |
| Sea Harvest Group Ltd. (SEAHARVST) | 07-Mar | 03-Apr | 11-Apr | 38 | ZARc |
| Shoprite Holdings Ltd. (SHOPRIT) | 07-Mar | 03-Apr | 11-Apr | 248 | ZARc |
| Sanlam Ltd. (SANLAM) | 09-Mar | 03-Apr | 11-Apr | 360 | ZARc |
| Sanlam Ltd. (SANLAM-A2X) | 09-Mar | 03-Apr | 11-Apr | 360 | ZARc |
| AVI Ltd. (A-V-I) | 06-Mar | 11-Apr | 17-Apr | 172 | ZARc |
| CA Sales Holdings Ltd. (CA SALES) | 22-Mar | 11-Apr | 17-Apr | 15.35 | ZARc |
| Curro Holdings Ltd. (CURRO) | 02-Mar | 11-Apr | 17-Apr | 11.08 | ZARc |

| | | | | | |
|---|---|---|---|---|---|
| Capital & Regional plc (CAPREG) | 02-Mar | 11-Apr | 02-Jun | 2.75 | GBPp |
| Growthpoint Properties Ltd. (GROWPNT) | 15-Mar | 11-Apr | 17-Apr | 64.3 | ZARc |
| Homechoice International plc (HOMCHOICE) | 14-Mar | 11-Apr | 17-Apr | 77 | ZARc |
| Lighthouse Properties plc (LIGHTPROP) | 20-Mar | 11-Apr | 20-Apr | 1.46 | EURc |
| Merafe Resources Ltd. (MERAFE) | 20-Mar | 11-Apr | 17-Apr | 13 | ZARc |
| Nedbank Group Ltd. (NEDBANK) | 07-Mar | 11-Apr | 17-Apr | 866 | ZARc |
| Old Mutual Ltd. (OMUTUAL) | 14-Mar | 11-Apr | 17-Apr | 51 | ZARc |
| OUTsurance Group Ltd. (OUTSURE) | 22-Mar | 11-Apr | 17-Apr | 56.8 | ZARc |
| Sabvest Capital Ltd. (SABCAP) | 16-Mar | 11-Apr | 17-Apr | 60 | ZARc |
| Schroder European Real Estate Investment Trust Plc (SERE) | 23-Mar | 11-Apr | 05-May | 1.85 | EURc |
| Stadio Holdings Ltd. (STADIO) | 15-Mar | 11-Apr | 17-Apr | 8.9 | ZARc |
| Paratus Namibia Holdings Ltd. (PARATUS NM) | 24-Mar | 14-Apr | 19-May | 10 | NADc |
| Absa Group Ltd. (ABSA) | 13-Mar | 18-Apr | 24-Apr | 650 | ZARc |
| ADvTECH Ltd. (ADVTECH) | 27-Mar | 18-Apr | 24-Apr | 37 | ZARc |
| Brimstone Investment Corporation Ltd. (BRIMST-N) | 07-Mar | 18-Apr | 24-Apr | 33 | ZARc |
| Brimstone Investment Corporation Ltd. (BRIMSTON) | 07-Mar | 18-Apr | 24-Apr | 33 | ZARc |
| Quilter plc (QUILTER) | 08-Mar | 18-Apr | 22-May | 3.3 | GBPp |
| Remgro Ltd. (REMGRO) | 23-Mar | 18-Apr | 24-Apr | 80 | ZARc |
| Resilient REIT Ltd. (RESILIENT) | 23-Mar | 18-Apr | 24-Apr | 203.98 | ZARc |
| South Ocean Holdings Ltd. (S.OCEAN) | 20-Mar | 18-Apr | 24-Apr | 6 | ZARc |
| Thungela Resources Ltd. (THUNGELA) | 27-Mar | 18-Apr | 24-Apr | 4000 | ZARc |
| Gemfields Group Ltd. (GEMFIELDS) | 24-Mar | 24-Apr | 12-May | 2.89 | USDc |
| Anheuser-Busch InBev SA/NV (AB INBEV) | 02-Mar | 28-Apr | 05-May | 75 | EURc |
| AECI Ltd. (AECI) | 01-Mar | 03-Apr | 11-Apr | 580 | ZARc |
| FirstRand Ltd. (FIRSTRAND) | 02-Mar | 28-Mar | 03-Apr | 189 | ZARc |
| Mondi plc (MONDIPLC) | 23-Feb | 28-Mar | 12-May | 48.33 | EURc |



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