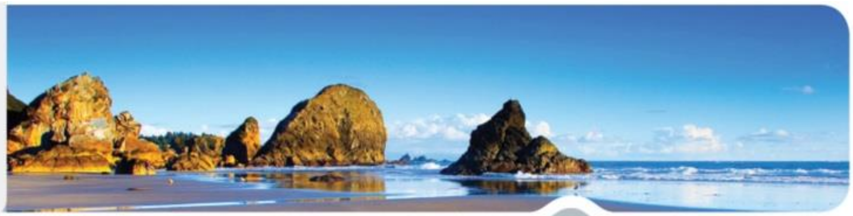

PRIVATECLIENT HOLDINGS

Perspectives | Monthly Market Review

February 2023

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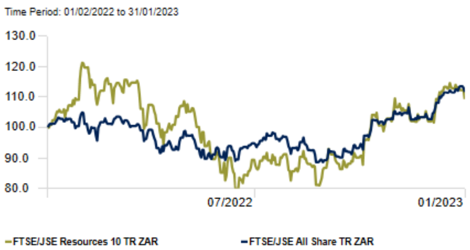
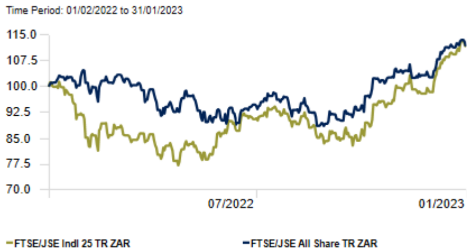
All Share

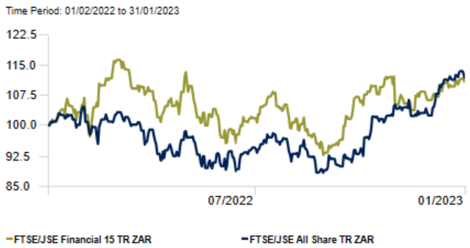
Resources



Industrials



Financials



Index	Value	Jan (%)	YTD (%)
All Share	79,477	▲ 8.9%	▲ 8.9%
S&P 500	4,077	▲ 6.3%	▲ 6.3%
FTSE 100	7,772	▲ 4.3%	▲ 4.3%
Rand/USD	17.43	▲ 2.4%	▲ 2.4%
Rand/GBP	21.45	▲ 4.8%	▲ 4.8%
Gold ($)	1,930	▲ 6.0%	▲ 6.0%
Plat ($)	1,012	▼ 5.7%	▼ 5.7%
Brent ($)	84.49	▼ 1.7%	▼ 1.7%

Market Report

The JSE Follows Global Markets Higher in January

Markets roared into 2023 seemingly without a care in the world. All market indices printed strong returns as relatively benign energy markets and a complete Covid policy reversal in China fuelled optimism for the year ahead. The Chinese U-turn was undoubtedly the single most important factor driving gains in markets, as investors judged that the reopening of that economy (and the return of mobility throughout Asia) would drive stronger economic growth, de-bottleneck supply chains, and offset slowing growth in the West.

The JSE followed global markets higher (FTSE/JSE Capped SWIX +6.96% in January), thanks mainly to the renewed optimism around China's economic growth prospects. The most direct impact of Chinese optimism fed through to the share prices of Naspers and Prosus (both +18% in January), while luxury retailer Richemont (+18.3%) rallied in the wake of a worse than expected 4Q22 trading update that disappointed based on worse-than-expected sales in China, but with guidance from management that suggested that sales in China were recovering strongly at the start of 2023. The less direct impact of Chinese optimism was felt on the local bourse via the share price rallies of diversified miners BHP Group and Anglo American (+14.7% and +10.4% in January, respectively) that bounced alongside the price of iron ore (+5.5%).

The South African economy began 2023 with concerns escalating around SA's deepening electricity crisis, with loadshedding at higher levels seemingly becoming a permanent feature and grave repercussions beginning to become evident across a range of sectors throughout the economy. The SARB's Monetary Policy Committee slowed the pace of rate hikes at their January meeting, raising rates by 25bps or 0.25% to 7.25%. The SARB's forecast shows CPI falling back towards the 4.5% mid-point later this year, but the statement listed a wide range of upside risks to the inflation outlook and emphasized the Committee's discomfort with the recent rise seen in surveyed inflation expectations.

Despite stronger-than-expected retail sales in December and a decent tourism season, the SARB also significantly downgraded their growth forecasts, with the increased intensity in load-shedding estimated to deduct a material 2% from growth in 2023. SARB forecasts now reflect a dismal 0.3% economic growth rate for 2023 (revised down from 1.1%), and only 0.7% and 1.0% for 2024 and 2025 respectively. The recent intensity in energy shortages also increases uncertainty around inflation, with increased company costs to address load-shedding anticipated to have an inflationary impact. The overhang from this negative sentiment was reflected in the ZAR which underperformed emerging market peers as global risk appetite rebounded, ending the month at 17.43 to the greenback.

EM Beats DM in a Strong Month for All Asset Classes

Following a year in which investors struggled to find any means to make gains in client portfolios, 2023 has begun in a much more optimistic fashion. The year started on a positive note for developed market stocks (MSCI World +7.1%), recording the first positive start to the year since 2019. Emerging market stocks outperformed developed market (MSCI EM +7.9%) for the third consecutive month. This was primarily due to Chinese stocks, which continue to benefit from optimism around the prospects for the world's second-largest economy as it sees economic activity normalise from a very low base as the country emerges from its zero-COVID restrictions. January was a strong month for all investors, equity markets were higher, bond yields were lower and credit spreads have tightened. While some of this can be seen as a mean-reverting reaction to last year's big losses, there are some substantial underlying reasons for the recovery in sentiment.

A key one has been the reduced likelihood of a severe recession in Europe. Much of this is down to pure luck, as unseasonally warm weather reduced the need for natural gas, sending energy prices lower and leaving storage facilities unusually well stocked for this time of year. But there was also a good response from consumers who reduced their consumption and governments who created alternative sources of supply. Another positive factor has been the abrupt ending of China's zero-Covid policy, which not only reintroduces a large element of demand into the global economy, but also improves the outlook for supply.

Even so, both influences have been more about pricing out potentially very negative scenarios rather than establishing new positive trends. We must still navigate further monetary policy tightening, as well as the lagged effects of the tightening that has already occurred.

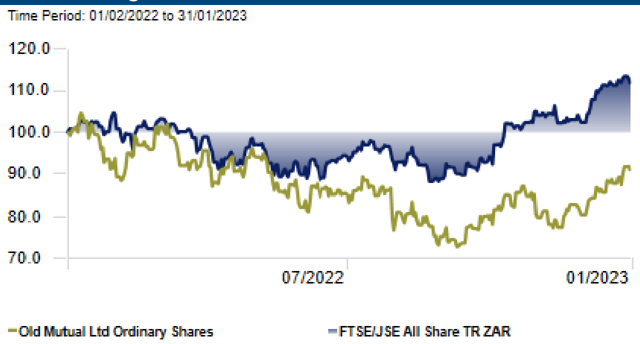
One uncertainty for 2023 is the path of corporate earnings. The Q4 2022 results season is proceeding in a relatively orderly fashion, although not without the odd shock. We find that there is now a greater dispersion of outcomes, showing that companies must stand on their own capabilities rather than being raised on a tide that lifts all boats. We believe that this puts active managers in a better place to outperform passive products because they are better suited to pick up on those companies.

Profit margins will be a key determinant of performance, especially as stickier costs and lagged cost increases run into a world where it gets harder to raise prices. So far this year the laggards of 2022 seem to be the biggest winners in January, with tech shares bouncing back strongly from a horrid 2022 (Nasdaq 100 Index +10.7% for the month after falling 32.4% in 2022), particularly some of the mega-cap tech shares (NYSE FANG+ Index +18.7% in January after falling 40% in 2022). Tesla (+41%), Meta (+24%) and Amazon (+23%) led the way among the tech mega-caps for the month, though all three remain well below the market values they carried at the start of 2022. S&P 500 companies began reporting fourth quarter earnings in January, with roughly 180 companies having released earnings by the end of January. Those companies that have reported earnings thus far saw aggregate earnings flat relative to the same period in 2021.

Brent crude oil fell slightly in January (-1.7%), ending the month at US$84.5/bbl, only marginally above the US$78/bbl level it traded at the beginning of 2022 before Russia invaded Ukraine. The Bloomberg Industrial Metals Index was up 7.7% for the month on optimism around increasing economic activity and demand from China.

Old Mutual Ltd. – Interim financial results for the period end 31th August 2022

Earnings per share	**R1.94**
Historical PE	**5.62**
EPS growth	**68.45%**
Turnover growth	**10%**
ROE	**13.65%**
Debt/Equity	**29.15%**
NAV per share	**R13.21**
Dividend yield	**6.89%**
Share price	**R10.17**



Nature of Business

Old Mutual Ltd. engages in the provision of investment, savings, insurance and banking services. It operates through the following segments: Mass and Foundation Cluster, Personal Finance and Wealth Management, Old Mutual Investments, Old Mutual Corporate, Old Mutual Insure, Rest of Africa, and Other Group Activities. The Mass and Foundation Cluster segment provides financial services to low and low-middle income customers. The Personal Finance and Wealth Management segment offers financial advice and long-term savings, investment, income and risk products and targets the middle-income market. The Old Mutual Investments segment deals with asset management. The Old Mutual Corporate segment Includes group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds. The Old Mutual Insure segment is involved in the provision of non-life insurance products. The Rest of Africa segment is composed of insurance, banking and lending, and asset management services. The Other Group Activities segment represents activities related to the management of the group's capital structure. The company was founded in 1845 and is headquartered in Cape Town, South Africa.

Latest Results

Old Mutual is one of the largest insurance groups in Africa (roughly $4bn market cap) with a diverse portfolio of operations (both life and non-life insurance). It has one of the strongest distribution channels in South Africa (agency force, broker and branch network) and has a strong share of industry new business sales. Our holding in portfolios is largely premised on a cheap and attractive valuation. Although a cheaper valuation is balanced by a weakened SA macro-economic environment (>90% of group profits from South Africa and 30% of profits are from the lower income market), we feel that sentiment is overly negative on the stock.

Dividend

The Old Mutual Limited Board declared an interim dividend of 25 cents per ordinary share which amounts to 44% of Adjusted headline earnings.

Booking Holdings Inc. – Results for the third quarter end 30th September 2022

Earnings per share	**$60.90**
Historical PE	**26.98**
EPS growth	**37.26%**
Turnover growth	**29.43%**
ROE	**52.98%**
Debt/Equity	**258.04%**
NAV per share	**$93.89**
Dividend yield	**0%**
Share price	**$1643.21**

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 does not pay a dividend to its investors.

Snippets

PCH TAX GUIDE

Finance Minister Enoch Godongwana delivered the National Budget address yesterday against a backdrop of rolling blackouts and rising inflation.

The Budget did not comprise significant tax hikes in most areas, and no tax hikes were introduced for individual income taxes. Instead, the government stated that it would provide "tax relief" by modifying personal income tax brackets and rebates to accommodate the impact of inflation. To see all the details, refer to our PCH TAX GUIDE.

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	7.40
	1 000 000 – 9 999 999.99	7.40
	10 000 000 upwards	7.40
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	7.20
	1 000 000 – 9 999 999.99	7.20
	10 000 000 upwards	7.20

Dividends Payable

Dividends in LDT order

Company	Decl	LDT	Pay	Amt	Curr
Alphamin Resources Corp. (ALPHAMIN)	30-Jan	21-Feb	10-Mar	3	CADc
Exchange Traded Funds (FNBGEQFOF)	15-Feb	21-Feb	27-Feb	23.68	ZARc
Exchange Traded Funds (FNBGLOBND)	15-Feb	21-Feb	27-Feb	2.27	ZARc
Exchange Traded Notes (NEWWVEEUR)	03-Feb	21-Feb	27-Feb	11	ZARc
Exchange Traded Notes (NEWWVEGBP)	03-Feb	21-Feb	27-Feb	29	ZARc
Exchange Traded Notes (NEWWVEUSD)	03-Feb	21-Feb	27-Feb	24	ZARc
Capital & Counties Properties PLC (CAPCO)	30-Jan	28-Feb	20-Mar	1.7	GBPp
Hudaco Industries Ltd. (HUDACO)	03-Feb	28-Feb	06-Mar	625	ZARc
Hudaco Industries Ltd. (HUDACO-A2X)	03-Feb	28-Feb	06-Mar	625	ZARc
Italtile Ltd. (ITLTILE)	13-Feb	28-Feb	06-Mar	32	ZARc
Transcend Residential Property Fund Ltd. (TRANSCEND)	13-Feb	28-Feb	06-Mar	30.38	ZARc
Textainer Group Holdings Ltd. (TEXTAINER)	14-Feb	28-Feb	15-Mar	30	USDc

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