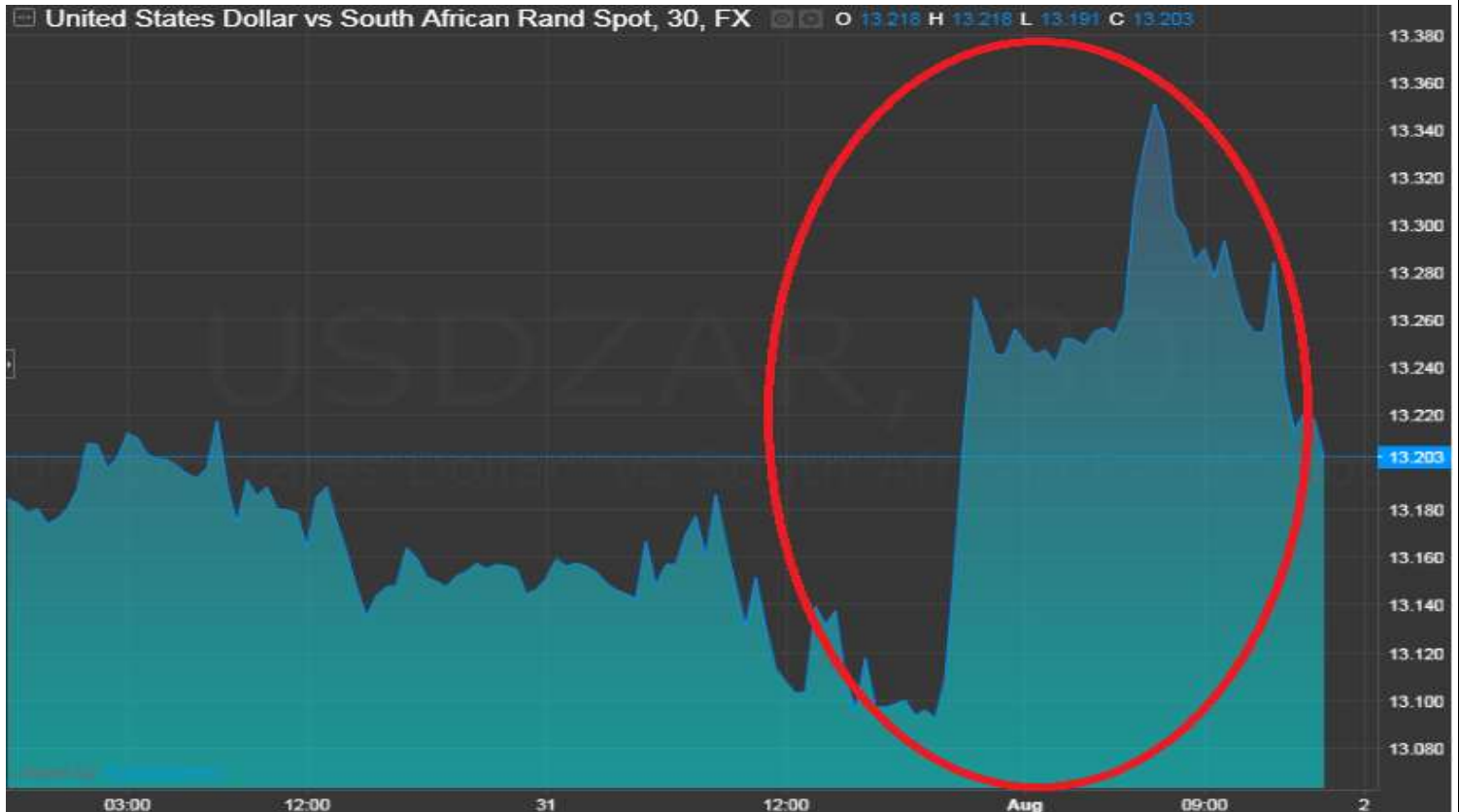


## View of the month – July 2018



Dear Investor,

Our “view of the month” picture is the **weakening Rand post Pres. Cyril Ramaphosa’s announcement on Tuesday night that the ANC would propose an amendment to the Constitution to expropriate land without compensation** (unlike share charts, this chart means the Rand is weakening when it goes up).

We request investors to please remain calm. **We suspect this announcement had very little to do with the land debate and everything to do with next year’s election.** It is a known fact that the Constitution already allows for expropriation without compensation in the public interest. The ANC has been requested to bring test cases to court but has opted to rather follow this populist route.

The thing that concerns us is that Pres. Cyril Ramaphosa is on the one hand asking for foreign direct investment (FDI) and on the other he is creating policy uncertainty with these sorts of announcements. **We feel he has therefore decided it is more important for the ANC to win the 2019 election as oppose to getting the much needed FDI to get our economy back on track.**

## **Offshore investment options**

We've had many request from investors lately wanting to understand which offshore investment options are available to them. Below a high level list of offshore investment services we provide at Vista:

- 1. Foreign denominated currency bank accounts with transparent and low conversion rates**
- 2. Offshore share portfolios**
  - a. Shares – Invest directly in shares like Google, Boeing and Visa
  - b. Exchange Traded Funds (ETFs) – Invest directly in international ETFs like S&P500, Vanguard and Biotechnology
  - c. Investment Trusts – Low cost actively managed funds like Monks, Bankers and other themed trusts
- 3. Offshore unit trust investment**
  - a. Invest in some of the best international unit trusts like Dodge & Cox, Schroder and Orbis to name a few
- 4. Offshore single stock futures (IDX)**
  - a. Through our affiliation with Intrepid Capital, investors can take leveraged positions on international shares. Traded and cleared on the Johannesburg Stock Exchange (JSE)
- 5. Local share portfolios**
  - a. Invest directly in shares in dual listed companies listed on the JSE
  - b. Invest directly in ETFs based on foreign indices and themes listed on the JSE
- 6. Capital and return guaranteed offshore products**
  - a. Investec has a product where your capital is protected and if the index is positive, you get 59% return within 3 years – The underlying investment is the Eurostoxx 50
  - b. Momentum has a product where your return is guaranteed to be a minimum of 15% over 5 years – The underlying investment is the BNP Paribas Multi-Asset Diversified Index
- 7. Offshore tax wrappers where investors are taxed at a maximum of 30% as oppose to the potential 45% tax rate for higher income earners**

## **Allan Gray Investment Summit**

During July, we attended the annual AG investment summit again. Below stock picks from the event:

- 1. Local stock picks:**
  - a. Allied Electronics Corporation (Altron) – Prudential Investment Managers
  - b. Datatec – Perpetua Investment Managers
  - c. Tsogo Sun – Perpetua Investment Managers
  - d. Pioneer Foods – Perpetua Investment Managers
  - e. British American Tobacco – Coronation Fund Managers
  - f. Anheuser-Busch InBev – Perpetua and Coronation
  - g. Glencore – Allan Gray
  - h. Northam Platinum – Coronation Fund Managers
  - i. Woolworths Holdings – Perpetua Investment Managers
- 2. Local listed property stock picks:**
  - a. Attacq – Coronation Fund Managers
  - b. Growthpoint Properties – Coronation Fund Managers
  - c. Redefine Properties – Coronation Fund Managers
- 3. Offshore stock picks:**
  - a. Facebook – Orbis Investment Management
  - b. Standard Chartered – Schroders Asset Management
  - c. Anglo American PLC – Schroders Asset Management
  - d. Peabody Energy – Orbis Investment Management
  - e. Ping An Insurance – Columbia Threadneedle Investments
  - f. Alibaba Group – Columbia Threadneedle Investments

## The markets

The red block in the table below shows the market stats for July 2018. In short the JSE All Share index was ↓-0.3% for the month (↓ -3.5% for the year). Only the **Financial sector** was positive ↑4.5% for the month. The **Industrial sector** was hit the hardest, down ↓-2% for the month. The **Resource sector** gave some of its gains back this month ↓-1.4% but still the only sector positive for the year ↑11.2%.

The biggest reason for the shocking state of our markets is the continued trade wars between the US and China. Investors are referred to our [June 2018 newsletter](#) for a good explanation of trade wars.

	Close price at 2018/07/31	Daily % change	Month to date	Year to date	Last 12 months
<b>FTSE/JSE indices</b>					
All-Share Index	57 432.46	0.2%	-0.3%	-3.5%	4.0%
All-Share Index Total Return	8 285.71	0.2%	-0.2%	-1.9%	7.2%
Resources Index	23 001.37	1.3%	-1.4%	11.2%	19.0%
Industrials Index	80 852.13	-0.6%	-2.0%	-7.2%	-2.1%
Financials Index	43 902.71	0.9%	4.5%	-7.5%	5.1%
Top 40 Index	51 315.00	0.2%	-0.4%	-2.3%	5.0%
Shareholder Weighted Index	20 938.71	0.1%	0.1%	-4.7%	5.1%
Capped Shareholder Weighted Index	23 153.93	0.6%	1.4%	-4.5%	4.2%
SA Listed Property Index	1 927.67	0.4%	-0.5%	-21.8%	-13.6%
SA Volatility Index	16.79	-1.5%	-2.2%	12.5%	13.9%
<b>Interest-bearing indices</b>					
BEASSA All Bond Index	626.08	0.1%	2.4%	6.5%	11.2%
SteFI Composite Index	399.01	0.0%	0.6%	4.2%	7.3%
Inflation-Linked Bond Index	679.18	0.1%	0.3%	-0.9%	1.8%
<b>Interest rates</b>					
Prime rate	10.00%			-2.4%	-2.4%
Repo rate	6.50%			-3.7%	-3.7%
<b>Commodities (in US dollars)</b>					
Gold price	1 218.30	-0.3%	-2.7%	-6.0%	-4.0%
Platinum price	825.07	-0.1%	-2.9%	-11.2%	-12.2%
Oil price	74.06	-1.0%	-6.5%	11.3%	40.5%
<b>Global indices (in base currency)</b>					
Dow Jones (US)	25 415.19	0.4%	4.7%	2.8%	16.1%
S&P 500 (US)	2 816.29	0.5%	3.6%	5.3%	14.0%
FTSE (UK)	4 253.31	0.5%	1.2%	0.7%	5.1%
Hang Seng (Hong Kong)	28 583.01	-0.5%	-1.3%	-4.5%	4.6%
Nikkei (Japan)	22 553.72	0.0%	1.1%	-0.9%	13.2%
CAC 40 (France)	5 511.30	0.4%	3.5%	3.7%	8.2%
DAX (Germany)	1 210.78	0.0%	4.2%	0.1%	8.0%
MSCI Emerging	1 087.46	-0.2%	1.7%	-6.1%	2.0%
MSCI Developed	2 153.10	0.2%	3.1%	2.4%	9.8%
US Volatility Index	12.83	-10.0%	-20.3%	16.2%	25.0%
<b>Exchange rates</b>					
Rand/US dollar	13.28	0.9%	-3.3%	7.3%	0.8%
Rand/euro	15.52	0.7%	-3.3%	4.4%	-0.3%
Rand/pound	17.42	-1.1%	-3.9%	4.1%	0.2%
Dollar/euro	1.17	-0.2%	0.1%	-2.6%	-1.1%

## Quote of the month

It goes without saying that there is a real need to address the injustices of the past and the slow pace of land reform has not helped. We however feel strongly that until government has proven they can manage something successful, we don't want them to be the owner of all land in South Africa.

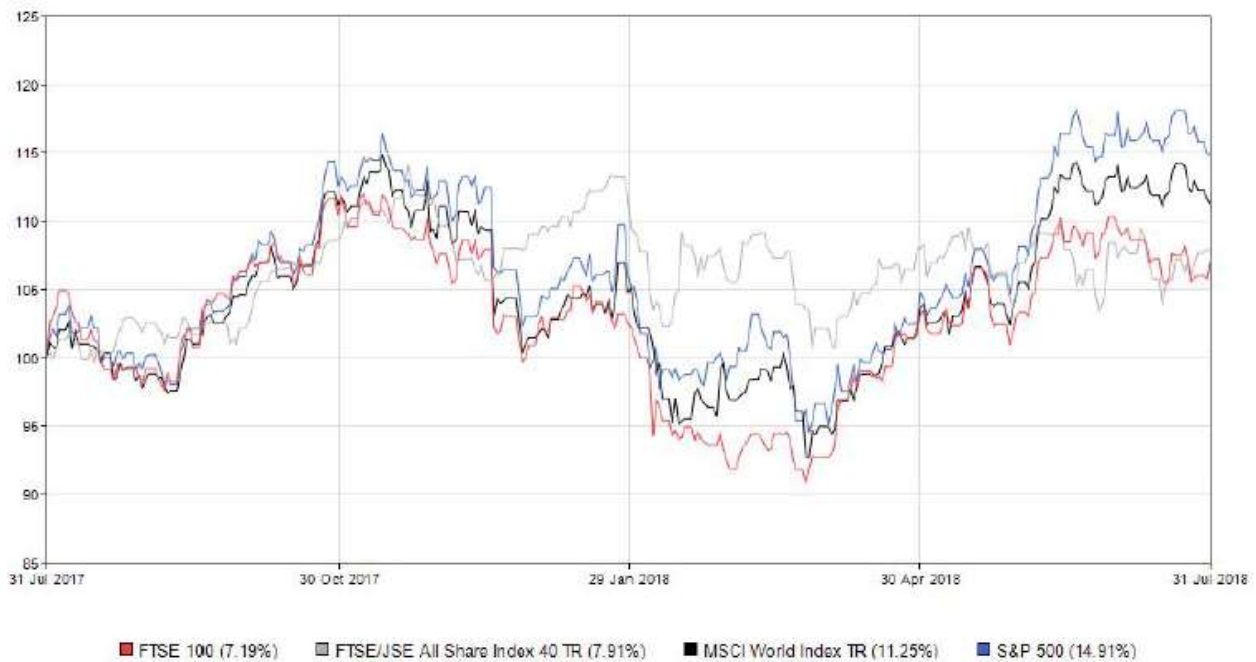
In line with this, we thought the following quote by the American political satirist and journalist, P. J. O'Rourke, to be relevant: **"Giving money and power to government is like giving whiskey and car keys to teenage boys"**

## Financial Indicators as at 31 July 2018:

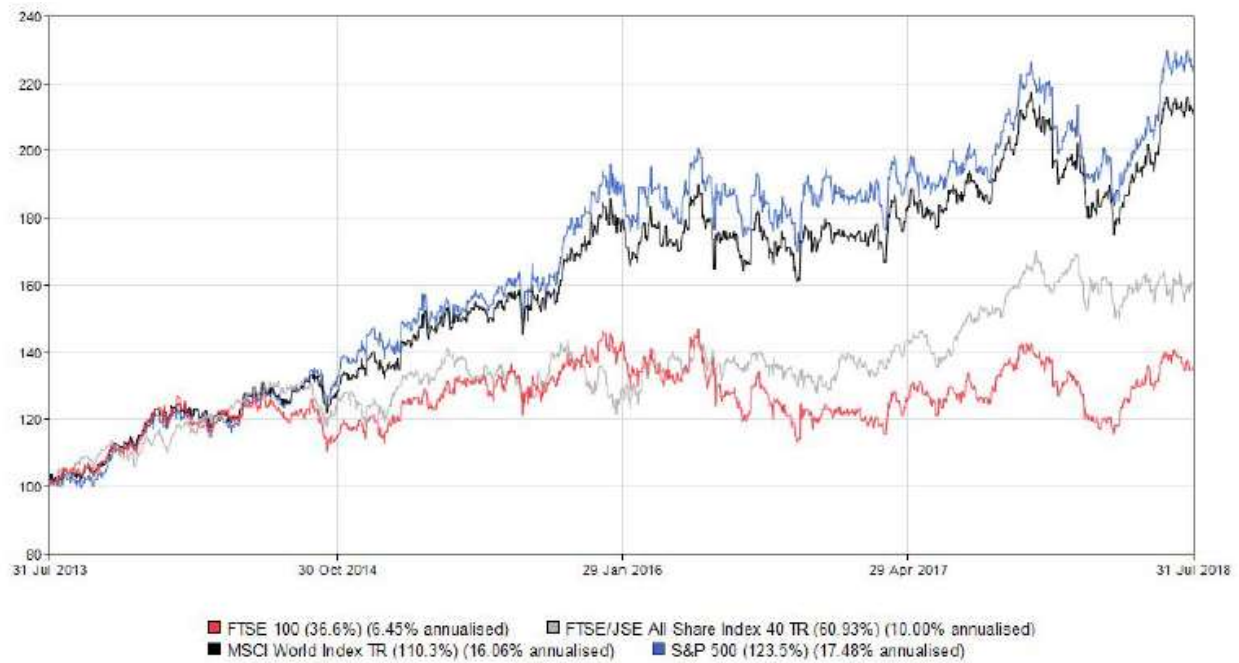
### Global indices:

Fund	1 Month (%)	3 Month (%)	1 Year (%)	3 Year (%)	3 Year annualised (%)	5 Year (%)	5 Year annualised (%)	10 Year (%)	10 Year annualised (%)	Since inception (%)	Since inception annualised (%)
FTSE 100	-2.81	3.94	7.19	1.76	0.59	36.60	6.45	69.88	5.45	6730.00	13.12
FTSE/JSE All Share Index 40 TR	-0.50	-0.09	7.91	19.96	6.26	60.93	10.00	164.04	10.22	1949.54	13.99
MSCI World Index TR	-1.76	7.27	11.25	33.34	10.08	110.30	16.06	247.26	13.28	110090.07	15.95
S&P 500	-1.22	9.67	14.91	36.15	11.39	123.50	17.46	292.94	14.70	2226.29	13.69

### Global indices – 1 Year:



## Global indices – 5 years:



## JSE Sectors:

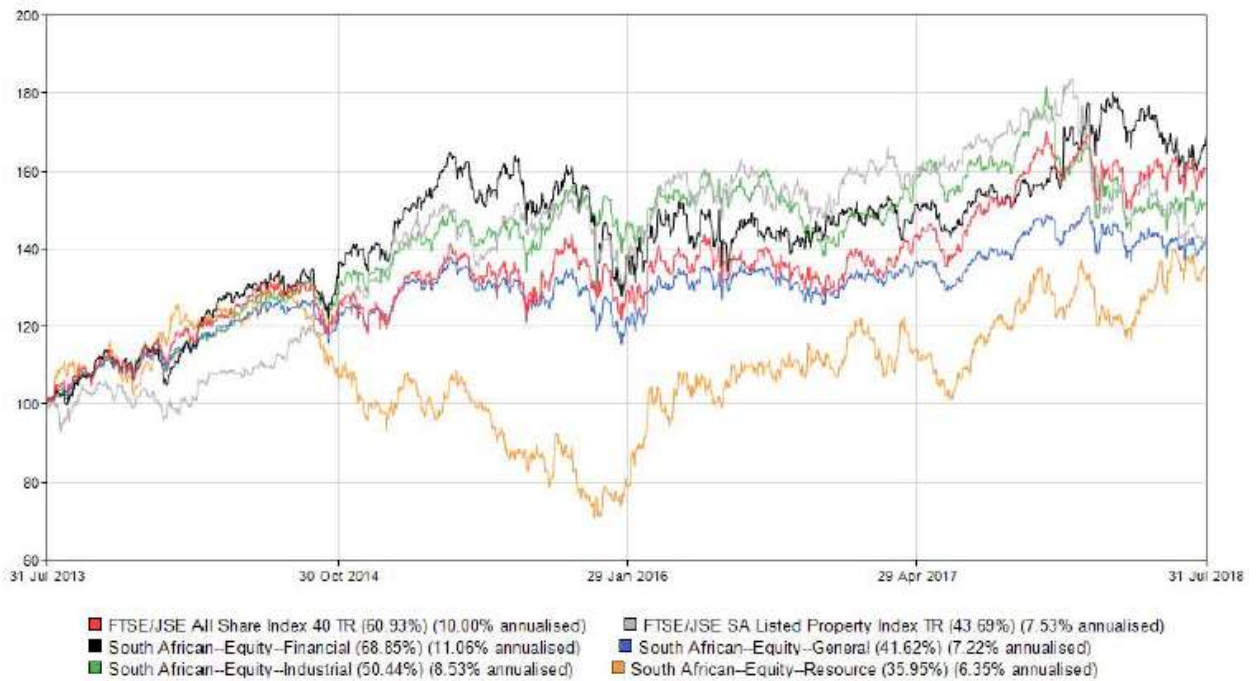
Fund	1 Month (%)	3 Month (%)	1 Year (%)	3 Year (%)	3 Year annualised (%)	5 Year (%)	5 Year annualised (%)	10 Year (%)	10 Year annualised (%)	Since inception (%)	Since inception annualised (%)
FTSE/JSE All Share Index 40 TR	-0.50	-0.09	7.91	19.96	6.26	80.93	10.00	164.04	10.22	1949.54	13.99
FTSE/JSE SA Listed Property Index TR	-0.50	-9.62	-13.59	-2.69	-0.91	43.69	7.53	270.08	14.01	921.23	18.10
South African--Equity--Financial	4.17	-4.09	11.11	6.28	2.05	68.85	11.06	258.48	13.65	1398.18	13.60
South African--Equity--General	0.52	-1.99	3.24	8.64	2.80	41.62	7.22	139.49	9.14	12045.04	16.17
South African--Equity--Industrial	-1.52	-1.46	-6.71	3.46	1.14	50.44	8.52	275.85	14.19	6184.40	17.09
South African--Equity--Resource	-1.40	6.36	17.85	55.40	15.85	35.95	6.35	25.94	2.34	6483.29	13.95



### JSE Sectors – 1 Year:



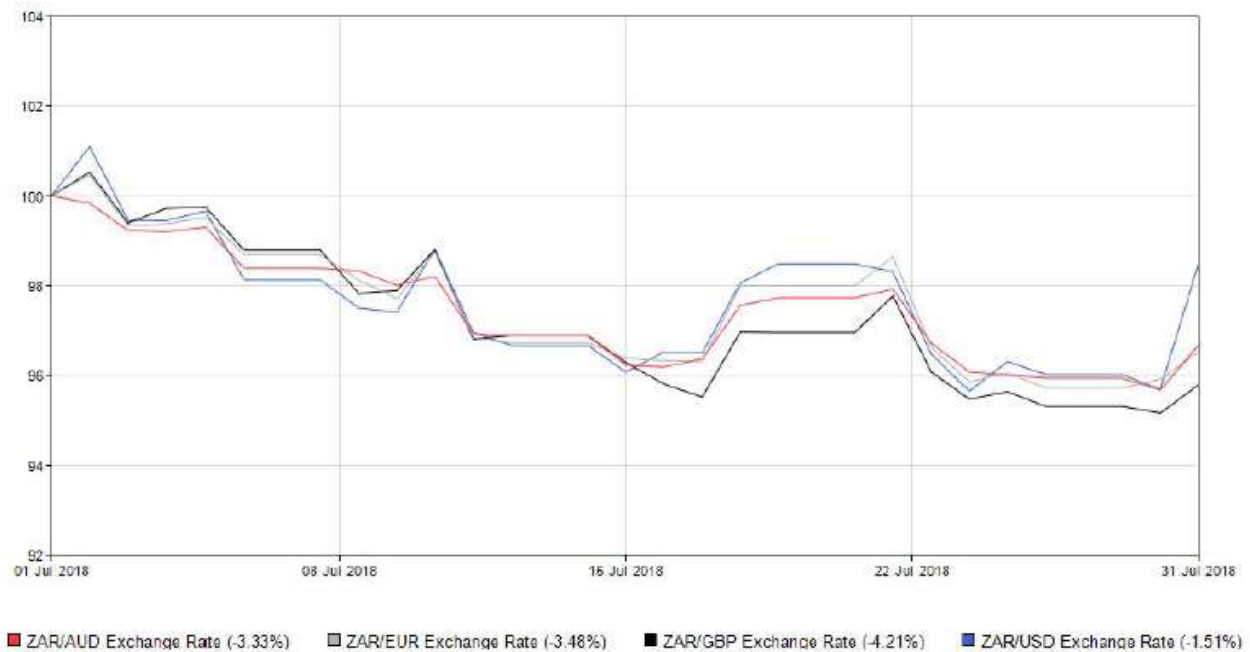
### JSE Sectors – 5 Years:



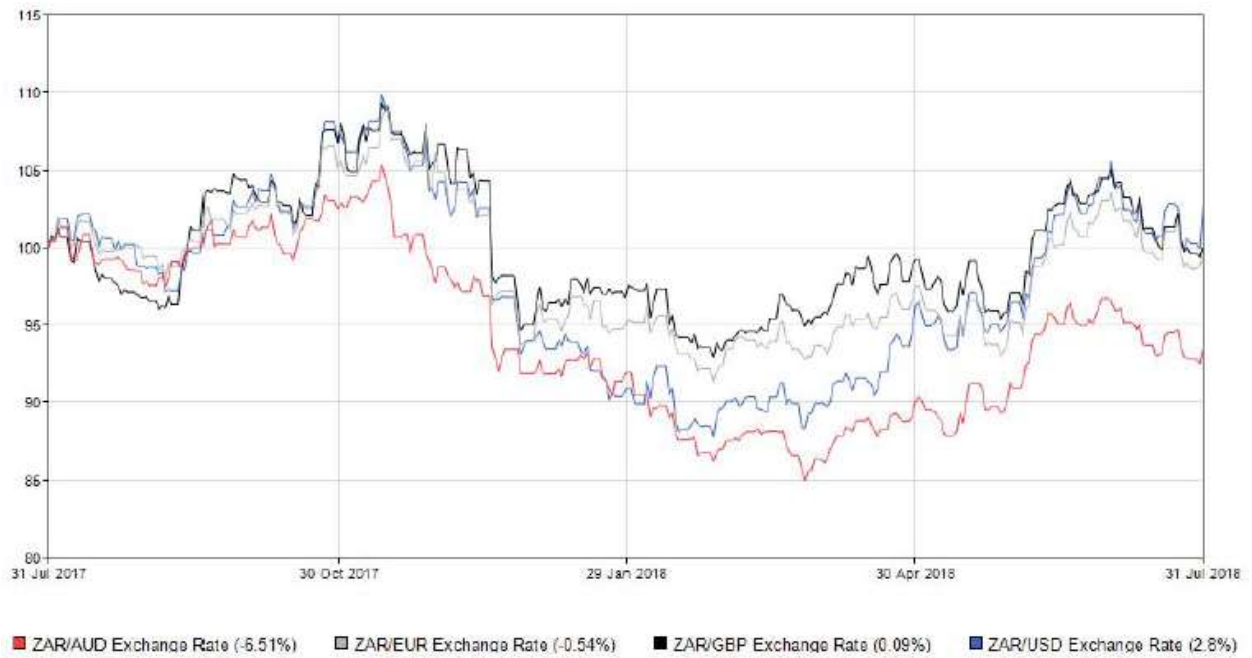
## Currencies:

Fund	1 Month (%)	3 Month (%)	1 Year (%)	3 Year (%)	3 Year annualised (%)	5 Year (%)	5 Year annualised (%)	10 Year (%)	10 Year annualised (%)	Since inception (%)	Since inception annualised (%)
ZAR/AUD Exchange Rate	-3.33	3.80	-8.51	8.09	1.99	11.11	2.13	42.58	3.62	1130.44	5.43
ZAR/EUR Exchange Rate	-3.48	2.00	-0.54	11.82	3.73	19.20	3.58	34.51	3.01	1193.16	6.69
ZAR/GBP Exchange Rate	-4.21	0.88	0.09	-12.06	-4.20	16.72	3.15	18.65	1.73	910.43	4.99
ZAR/USD Exchange Rate	-1.51	6.79	2.80	6.60	2.16	38.18	6.69	85.08	6.38	1783.14	6.38

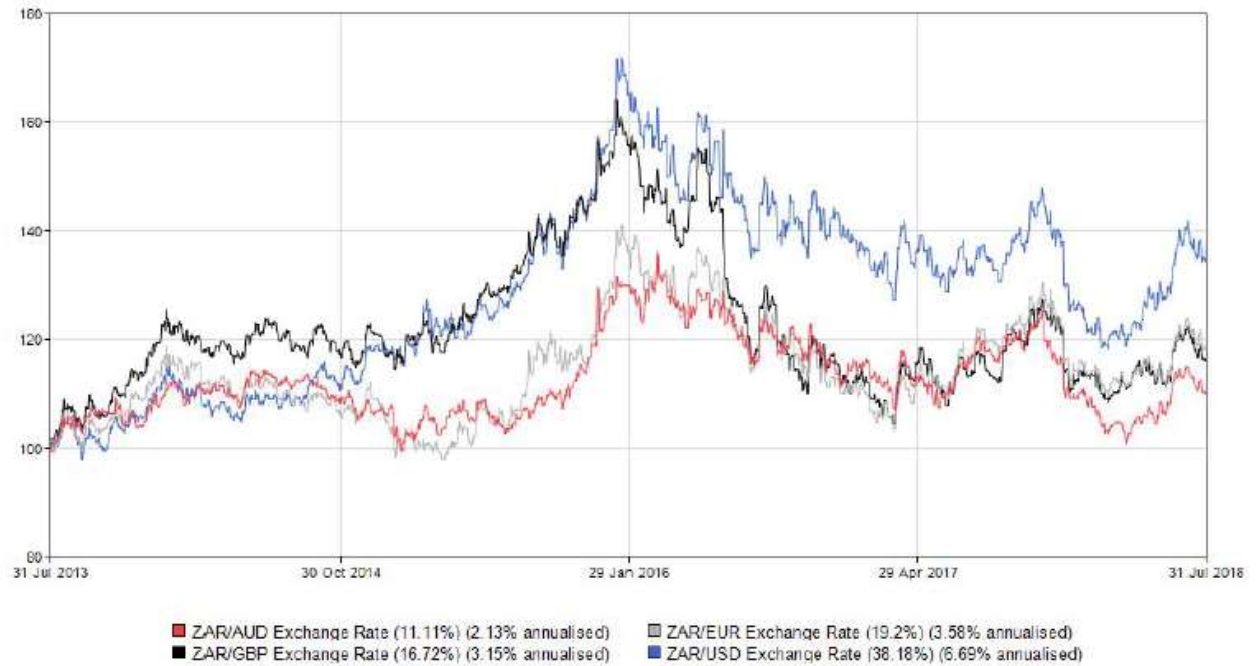
## Currencies – 1 Month:



### Currencies – 1 Year:



### Currencies – 5 Years:

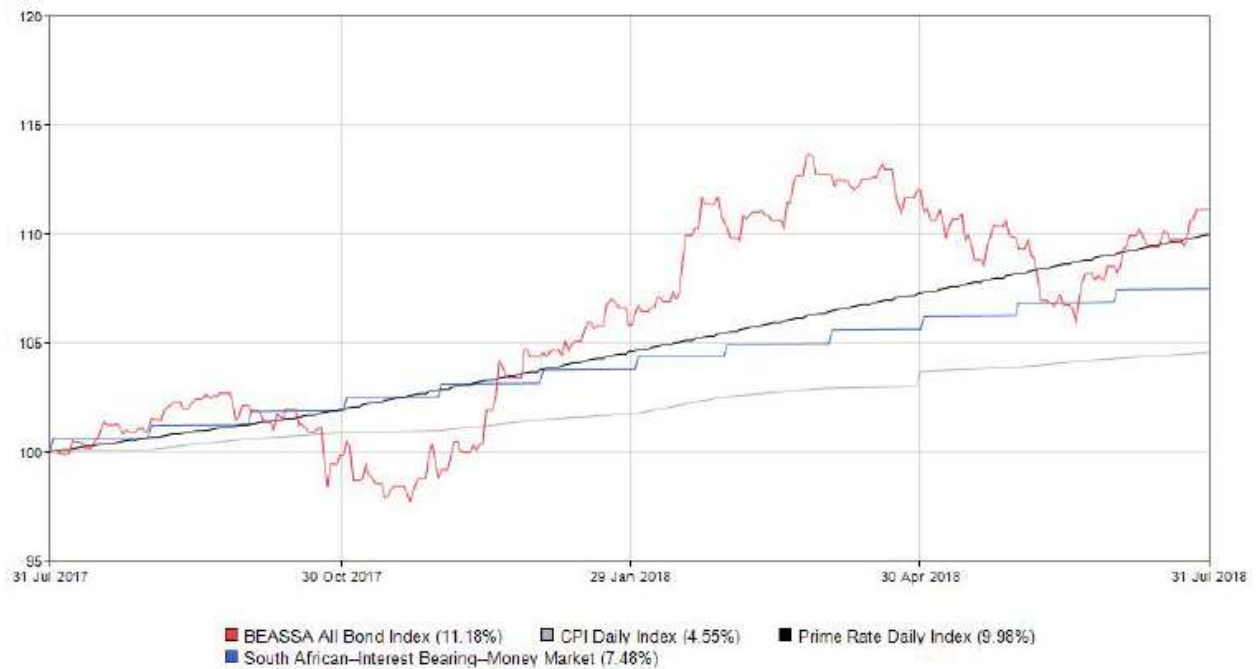




## Interest Rates:

Fund	1 Month (%)	3 Month (%)	1 Year (%)	3 Year (%)	3 Year annualised (%)	5 Year (%)	5 Year annualised (%)	10 Year (%)	10 Year annualised (%)	Since inception (%)	Since inception annualised (%)
BEASSA All Bond Index	2.44	-0.76	11.18	26.86	8.26	47.58	8.11	130.49	9.14	491.85	10.53
CPI Daily Index	0.26	0.83	4.55	15.89	5.04	29.37	5.29	68.11	5.34	7392.42	9.31
Prime Rate Daily Index	0.88	2.51	9.98	28.29	8.87	53.51	8.97	155.04	9.83	907.59	12.38
South African-Interest Bearing-Money Market	0.57	1.76	7.48	23.62	7.33	37.48	6.58	92.17	6.76	506.81	8.87

## Interest Rates – 1 Year:



Independent data provided by 

Regards,

**Vista Wealth Management**

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