



Dear Investor,

Our September 2019 “View of the Month” picture is the Ndlovu Youth Choir. They originate from a very poor area in Limpopo and became famous after they made it to the finals of the reality TV competition “America’s got Talent”. The group was named Ndlovu — elephant — because the name represents strength and power. **We chose this picture as the choir represents love, unity and hope – something South Africa needs a lot of currently!** The choir showed that with hard work and determination you can become a success against all odds.

### **#ImStaying**

On 7 September, a group of South Africans set up a Facebook group called #ImStaying. Its aim: to honour all those who still believe that we, as a nation, can turn things around. The group goes on to say: “To all those who choose to stay and work together to save this beautiful country we call home! This group belongs to all willing to make a positive difference!”

**As it turns out, there are many South Africans who still believe in the Rainbow Nation, with the membership of the group rising to almost 78,000 by the weekend and then nearly doubling to 112,500 by Monday morning this week (now at over 250k).**

## **#ImGoing**

We have not seen an #ImGoing Facebook group but by the number of expats wanting to financially emigrate, we suspect it could be just as large group. **This could be fueled by the change in SA tax legislation – From 1 March 2020, SA tax residents working abroad could be required to pay tax of up to 45% on any foreign remuneration which exceeds R1m.** Many South Africans expatriates see financial emigration as a way to avoid this potential tax liability. [Click here](#) to read more about Vista Wealth's financial emigration service offering.

**If you're part of the #ImGoing group, we highly recommend you read the international markets section below.**

## **International markets**

We've always maintained that South Africa is to blame for 50% of the problems in our economy, and the other 50% is from international market uncertainty. This has never proven more accurate than what we're currently experiencing:

**US/China Trade war** – Tariffs and provocations of trade disputes between the US and China have been upsetting the global industrial and supply chain and risk undermining the global economy (specifically emerging markets) for the last couple of months. This got worse during the last week of September when it emerged that the **Trump administration officials are now also discussing ways to limit U.S. investors' portfolio flows into China.**

**US/Europe Trade war** – **A new trade war across the Atlantic between the US and Europe is brewing.** The World Trade Organization (WTO) ruled in May that Europe illegally subsidized Airbus, hurting U.S. competitor Boeing. The WTO is set shortly to allow Trump to slap tariffs worth billions of euros on European products — including wine, cheese and olives — in response.

**Brexit** – There are major moves being made on many sides of the Brexit divide. The UK **Conservative Party remains committed to leave the EU by 31 October.** But at the other end rebel MPs have drawn up plans for a second Act which would allow the Commons Speaker to bypass the Prime Minister and ask Brussels for a delay on behalf of the House of Commons. Lastly, there is the prospect of the government facing a no-confidence vote amidst ongoing talk in opposition ranks over the possibility of a caretaker government being installed to get a Brexit extension in place.

**Trexit** – Move over Brexit here comes Trexit! **“Trump’s Exit”** might eventually arrive as a result of **whistleblower complaint** that alleges Trump abused his official powers "to solicit interference" from Ukraine in the upcoming 2020 US election, and that the White House took steps to cover it up. Trump has denied any wrongdoing. A transcript released by the White House shows Trump repeatedly pushed Ukrainian President to investigate former Vice President Joe Biden, his potential 2020 political rival, and his son, Hunter Biden. **The call is now at the centre of an effort by Democrats that could see Trump impeached.**



## How to invest in these uncertain times

Over the last five years South African equity markets have lagged their counterparts in the developed world, leaving many investors looking beyond our borders for returns. However given concerns mentioned above and a possible global recession, as well as a lengthy bull market in the US, **many investors are looking for a high degree of capital protection to go along with their participation in global markets.** Below a list of current investment options with a high degree of capital protection:

Issuer	Product / Underlying investment	Term	Currency	Negative growth	Flat or Positive
Investec	<a href="#">ZAR Eurostoxx 50 Autocall</a>	Max 5 Years	ZAR*	100% capital protected on expiry provided it does not end below the barrier level	20% in Rands per annum
Investec	<a href="#">USD Eurostoxx 50 Autocall</a>	Max 5 Years	ZAR*		11.25% in USD per annum
Investec	<a href="#">USD S&amp;P 500 Autocall</a>	Max 5 Years	ZAR*		7.75% in USD per annum
Glacier	<a href="#">Global Market Leaders Enhancer: 25 major companies worldwide</a>	5 Years	USD	90% capital protected	250% participation
Investec	<a href="#">East Asian Growth Basket: 20% Nikkei 225, 45% S&amp;P500, 20% Eurostoxx50 and 15% iShares MSCI Emerging Markets ETF</a>	2.8 Years	USD / AUD	97% capital protected	5% guaranteed with 200% participation

\* ZAR instruments are just another share in your local BDA share portfolio

### Important from the table above:

- Your capital is protected to a high degree should the market not perform or crash
- There is a geared potential upside should the market perform or rally

Even though the risk averse investor thinks there is no risk associated with these capital guaranteed products, **there is a risk associated with them and it is called inflation.** By potentially only getting capital back, the investor faces the possibility of not keeping up with inflation which erodes the power of money over time. In order to combat the risk of inflation, investors are advised to utilise the above capital guaranteed investments in conjunction with an interest-bearing instrument. It is best explained by means of an example:

Assume an investor has R500k to invest. R250k would be invested in a capital protected investment as listed above. The remaining R250k would be invested in an interest-bearing instrument providing an effective interest rate of ~8% per annum. **If at the end of the instrument's investment period the market did not perform and the investors only received their capital back, the money invested in an interest-bearing instrument would have almost kept up with inflation (assuming an inflation rate of**



≈4.5%). If however the market however performed positively, the investor would receive both the high/geared upside plus the interest from the interest bearing investment.

The table below summarises the fixed interest rates available to Vista Wealth clients through our Investec Corporate Cash Manager (CCM) product offering:

Amount	R5k - R50k		R50k - R5m		R5m and above	
	*nacm	*naca	*nacm	*naca	*nacm	*naca
12 months	7.34%	7.59%	7.49%	7.75%	7.49%	7.75%
*24 months	7.29%	7.54%	7.39%	7.65%	7.44%	7.70%
*36 months	7.42%	7.68%	7.52%	7.78%	7.57%	7.84%
*48 months	7.62%	7.89%	7.72%	8.00%	7.77%	8.05%
*60 months	7.86%	8.15%	7.96%	8.26%	8.01%	8.31%

\*Interest rates as at 1 October and before intermediary fee

### **Leaderex 2019 feedback**

As indicated in our previous newsletter, Leaderex is Africa's largest gathering of business leaders, professionals and entrepreneurs. Vista Wealth presented at this prestigious event and we received positive feedback. [Click here](#) to view Henk's presentation about Retail Portfolio Management.

### **Quote of the month**

In line with uncertainty theme this month, we thought this short and to the point quote by John Maynard Keynes fitting:

**"Markets can remain irrational longer than you can remain solvent."**

### **Fuel prices – Remember to fill up before midnight tonight!**

The Department of Energy has published the fuel price changes that will become effective tomorrow 2 October 2019. The changes are as follow:

- Petrol 93 will **decrease** by 4 cents per litre
- Petrol 95 will **increase** by 18 cents per litre
- Diesel will **increase** by 25 cents per litre (both grades)
- Illuminating paraffin will **increase** by 25 cents a litre

## The markets

The red block shows the market stats for the month of September 2019. In short, it was a mixed month for the SA stock market, with the **JSE All Share Total Return index** slightly up  $\uparrow 0.2\%$  for the month ( $\uparrow 1.9\%$  for the last 12 months). The **Financial sector** was up  $\uparrow 2.1\%$  with the **Listed Property sector** slightly up  $\uparrow 0.3\%$  for the month. The **Resource sector** was the hardest hit, down  $\downarrow -2.5\%$  and the **Industrial sector** down  $\downarrow -1.3\%$  for the month.

The blue block in the table below shows the market stats for the 3<sup>rd</sup> quarter of 2019 which ended on 30 September 2019.

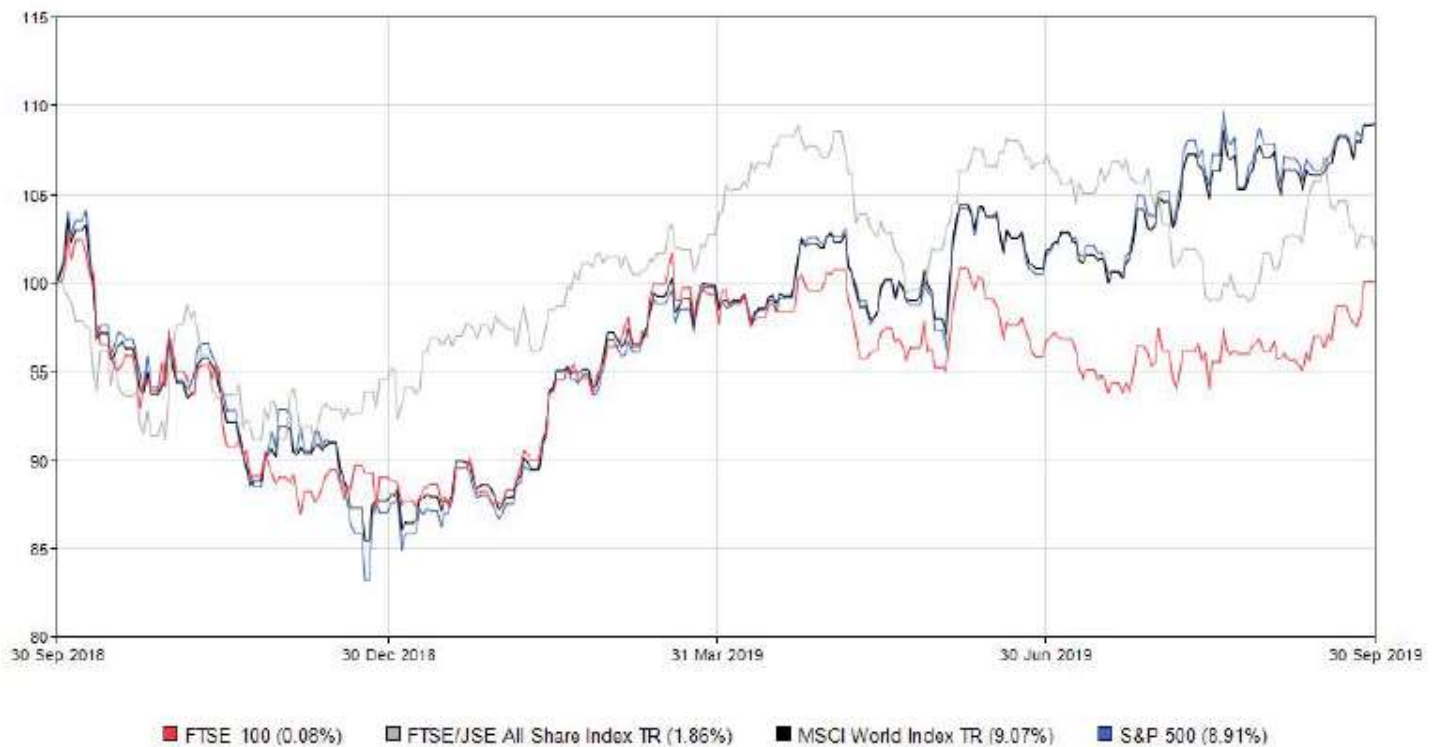
	Close price at 30/09/2019	Daily % change	Month to date	Year to date	Last 12 months
<b>FTSE/JSE indices</b>					
All-Share Index	54,824.97	-0.7%	-0.8%	4.0%	-1.6%
All-Share Index Total Return	8,277.02	-0.7%	0.2%	7.1%	1.9%
Resources Index	24,916.08	-0.5%	-2.5%	8.5%	3.5%
Industrials Index	75,356.50	-0.5%	-1.3%	7.1%	-0.3%
Financials Index	38,672.99	-1.3%	2.1%	-6.4%	-9.2%
Top 40 Index	48,813.59	-0.7%	-1.0%	4.5%	-1.4%
Shareholder Weighted Index	20,255.90	-0.9%	0.4%	4.3%	0.2%
Capped Shareholder Weighted Index	21,897.83	-0.9%	0.7%	1.4%	-2.4%
SA Listed Property Index	1,866.03	-0.7%	0.3%	1.3%	-2.7%
SA Volatility Index	16.27	-4.6%	-8.0%	-25.3%	-9.9%
<b>Interest-bearing indices</b>					
JSE Assa All Bond Index (Albi)	686.61	-0.1%	0.5%	8.4%	11.5%
SteFI Composite Index	433.28	0.1%	0.6%	5.5%	7.4%
JSE Assa SA Government ILB Index	705.27	0.0%	0.4%	3.3%	3.6%
<b>Interest rates</b>					
Prime rate	10.00%			-2.4%	0.0%
Repo rate	6.50%			-3.7%	0.0%
<b>Commodities (in US dollars)</b>					
Gold price	1,490.27	-0.4%	-2.0%	16.3%	25.0%
Platinum price	930.55	0.3%	0.0%	17.3%	14.5%
Oil price	60.78	-1.8%	3.1%	11.6%	-26.7%
<b>Global indices (in base currency)</b>					
Dow Jones (US)	26,916.83	0.4%	1.9%	15.4%	1.7%
S&P 500 (US)	2,976.74	0.5%	1.7%	18.7%	2.2%
FTSE (UK)	4,061.74	-0.2%	2.8%	10.5%	-1.6%
Hang Seng (Hong Kong)	26,092.27	0.5%	1.4%	2.3%	-6.1%
Shanghai	2,905.19	-0.9%	0.7%	16.5%	3.0%
Nikkei (Japan)*	21,755.84	-0.6%	5.1%	8.7%	-5.8%
Cac 40 (France)	5,677.79	0.7%	3.6%	20.0%	3.4%
Dax (Germany)	1,152.86	0.3%	3.4%	16.4%	-0.6%
MSCI Emerging*	1,001.00	-0.1%	1.7%	3.7%	-4.5%
MSCI Developed*	2,180.02	0.2%	1.9%	15.7%	-0.2%
US Volatility Index	16.24	-5.7%	-14.4%	-36.1%	34.0%
<b>Exchange rates</b>					
Rand/US dollar	15.14	-0.1%	-0.3%	5.5%	6.9%
Rand/euro	16.50	-0.5%	-1.1%	0.2%	0.5%
Rand/pound	18.61	-0.1%	0.8%	1.5%	0.9%
Dollar/euro	1.09	-0.4%	-0.8%	-4.9%	-6.1%
<b>Inflation indicator</b>					
CPI					4.3%

## Financial Indicators as at 30 September 2019:

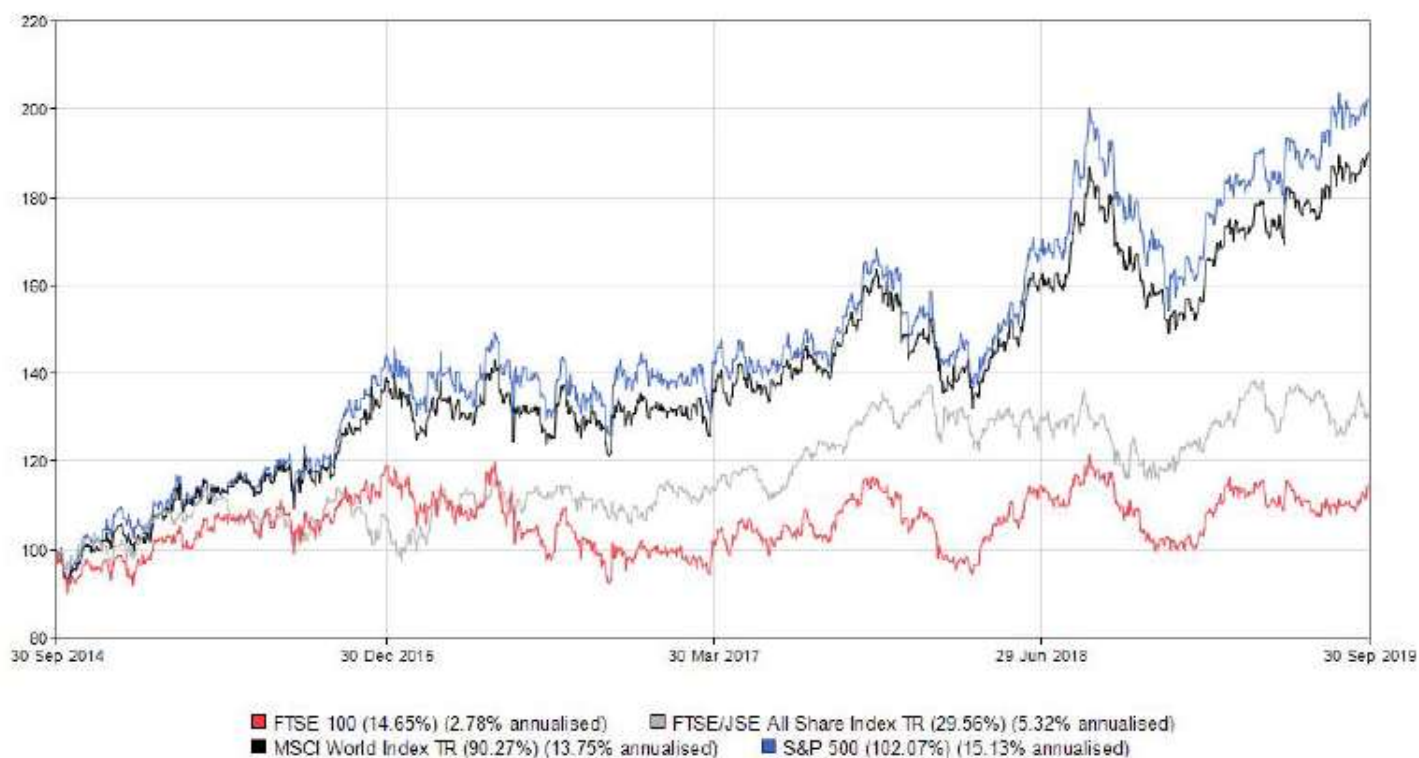
### Global indices:

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	4.17	4.44	0.08	12.16	3.91	14.65	2.78	128.70	8.64	6933.88	12.76
FTSE/JSE All Share Index TR	0.19	-4.57	1.86	15.99	5.08	29.56	5.32	196.52	11.51	210499.25	16.67
MSCI World Index TR	1.87	8.20	9.07	46.07	13.49	90.27	13.75	378.43	16.98	132176.16	15.98
S&P 500	1.00	8.40	8.91	49.13	14.28	102.07	15.13	466.07	18.97	2731.71	13.90

### Global indices – 1 Year:



## Global indices – 5 years:



## JSE Sectors:

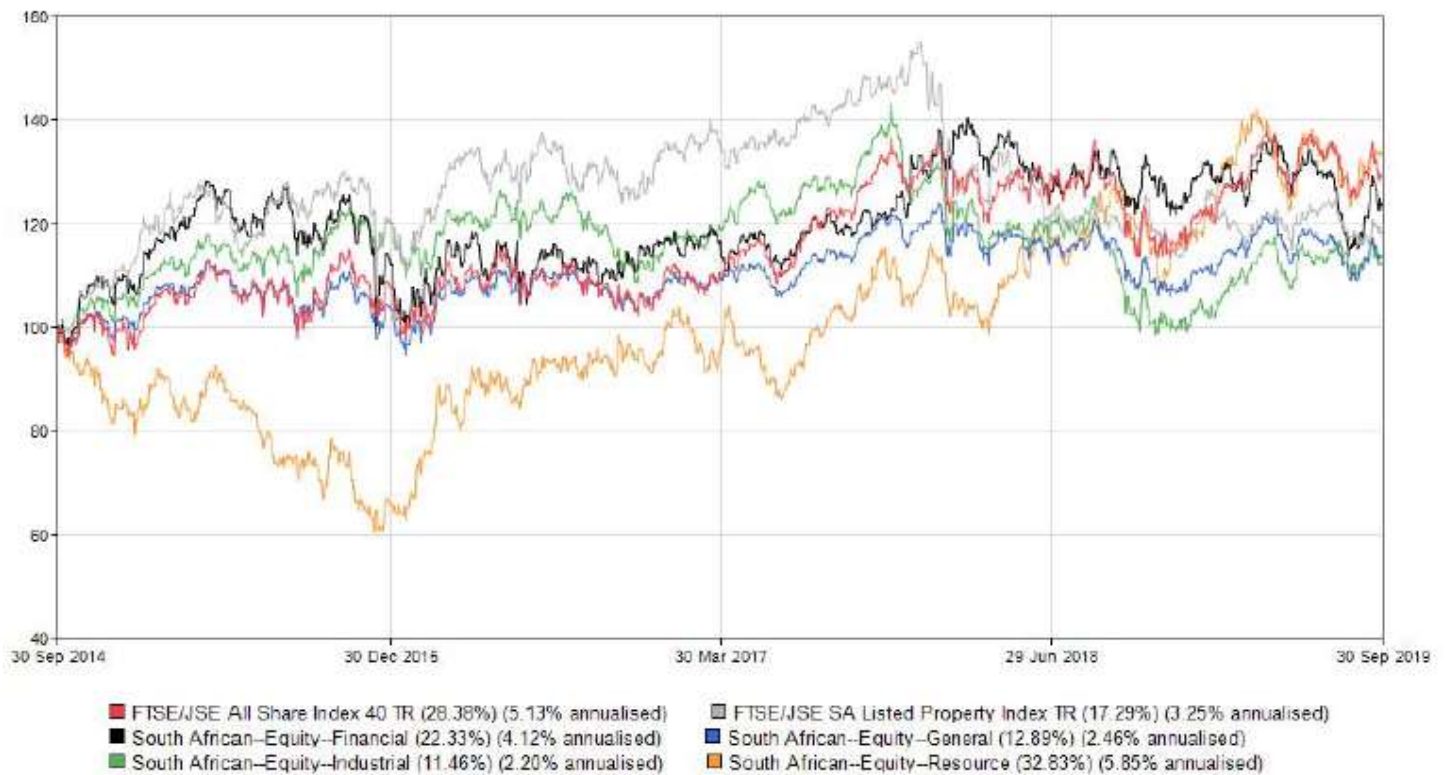
Fund	1 Month (%)	3 Month (%)	1 Year (%)	3 Year (%)	3 Year annualised (%)	5 Year (%)	5 Year annualised (%)	10 Year (%)	10 Year annualised (%)	Since inception (%)	Since inception annualised (%)
FTSE/JSE All Share Index 40 TR	0.01	-5.22	1.88	17.70	5.59	28.38	5.13	192.48	11.35	1941.52	13.26
FTSE/JSE SA Listed Property Index TR	0.30	-4.44	-2.70	-10.16	-3.51	17.29	3.25	189.33	11.23	888.57	16.35
South African–Equity–Financial	3.48	-6.72	-6.41	9.12	2.96	22.33	4.12	187.95	11.18	1293.94	12.75
South African–Equity–General	0.85	-3.79	-1.58	3.61	1.19	12.89	2.46	131.47	8.77	11706.93	15.46
South African–Equity–Industrial	-0.56	-0.88	0.68	-7.78	-2.67	11.46	2.20	216.84	12.25	5791.97	16.05
South African–Equity–Resource	0.44	-2.92	7.24	39.94	11.88	32.83	5.85	76.64	5.87	7438.17	13.91



## JSE Sectors – 1 Year



## JSE Sectors – 5 Years:



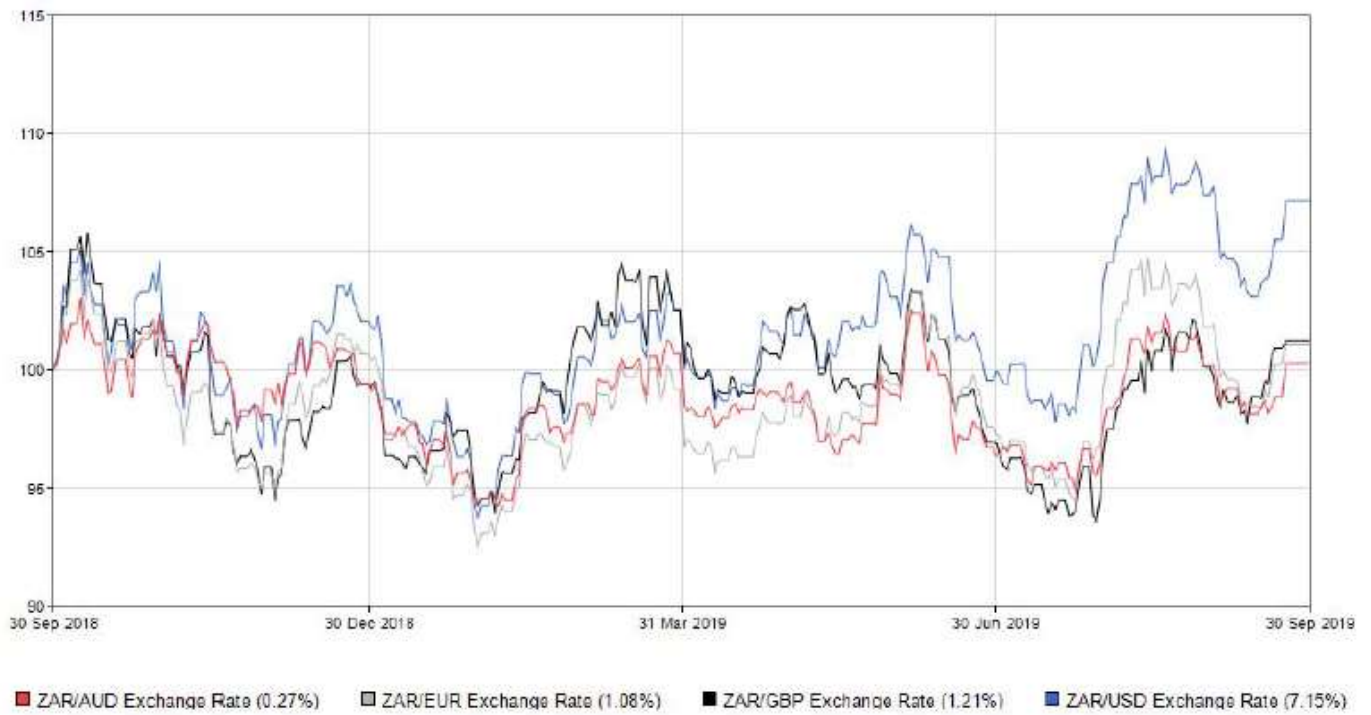
**Currencies (Positive indicates ZAR has weakened for the period, vice versa)**

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	0.12	3.70	0.27	-2.66	-0.90	3.80	0.75	56.76	4.61	1182.46	5.39
ZAR/EUR Exchange Rate	-0.68	3.58	1.08	6.38	2.09	16.03	3.02	53.31	4.37	1285.26	6.68
ZAR/GBP Exchange Rate	1.09	4.43	1.21	3.81	1.26	2.25	0.45	58.11	4.70	985.79	5.03
ZAR/USD Exchange Rate	-0.21	7.66	7.15	9.18	2.98	34.56	6.13	102.03	7.30	2010.20	6.47

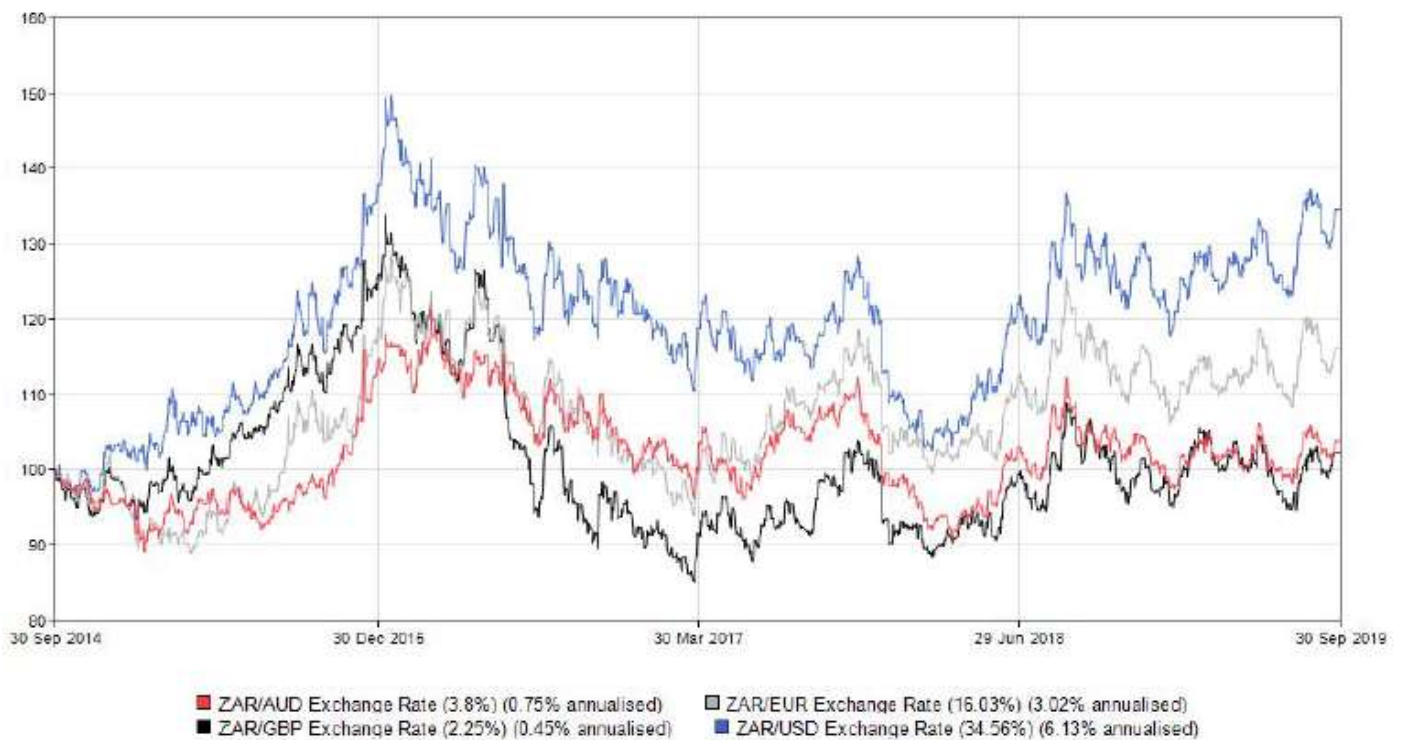
**Currencies – 1 Month (Above 100 indicates ZAR has weakened for the period, vice versa):**



**Currencies – 1 Year (Above 100 indicates ZAR has weakened for the period, vice versa):**



**Currencies – 5 Years (Above 100 indicates ZAR has weakened for the period, vice versa):**



## 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	0.53	0.78	11.48	29.16	8.92	48.82	8.29	132.10	8.80	549.07	10.39
CPI Daily Index	0.46	1.10	4.36	14.99	4.77	27.64	5.01	64.82	5.13	7789.59	9.20
Prime Rate Daily Index	0.00	1.66	9.63	30.78	9.38	54.24	9.07	142.92	9.30	1021.90	12.23
South African-Interest Bearing-Money Market	0.59	1.77	7.28	24.12	7.48	40.57	7.06	85.61	6.39	558.48	8.79

## Interest Rates – 1 Year:



Independent data provided by 

## Vista Wealth Management

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