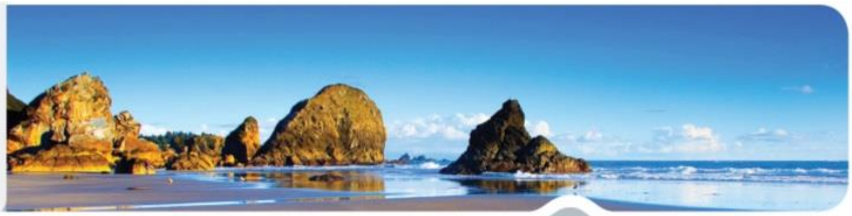
PRIVATECLIENT HOLDINGS



Perspectives | Monthly Market Review

December 2021

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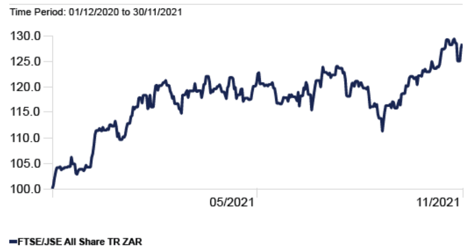
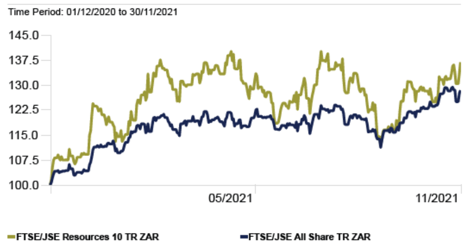
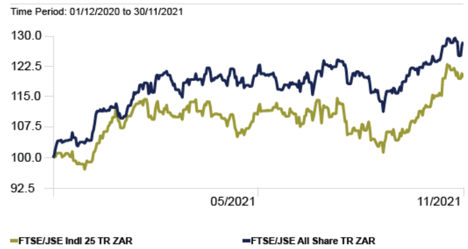
All Share



Resources



Industrials



Financials

Index	Value	Nov (%)	YTD (%)
All Share	70,475	▲ 4.5%	▲ 23.3%
S&P 500	4,567	▼ 0.7%	▲ 23.2%
FTSE 100	7,059	▼ 2.2%	▲ 13.1%
Rand/USD	16.02	▲ 5.4%	▲ 9.1%
Rand/GBP	21.20	▲ 1.7%	▲ 5.6%
Gold ($)	1,774	▼ 0.5%	▼ 6.3%
Plat ($)	927	▼ 9.1%	▼ 13.8%
Brent ($)	70.57	▼ 16.4%	▲ 36.2%

Market Report

Despite Omicron worries, the JSE ends November in the green

Stocks picked up exactly where they left off at the beginning of November, with most subindexes continuing to rise. This continued to be the case for most of November and by mid-month the JSE broke through the 71 000 level for the first time in its history. However, in the last two trading sessions most gains had been reversed due to fears over the spread of the new Covid-19 variant causing investors to flee to safety. The local stock market was one of the few global exchanges to end November in the green (FTSE/JSE Capped SWIX +1% for the month), helped in part by a weaker currency (the rand was down 4.4% against the greenback in November). The country experienced another bout of loadshedding during the month, which was a factor in the South African Reserve Bank's (SARB's) decision to revise its GDP growth forecasts lower at its November meeting. The SARB also hiked rates (by 0.25% to 3.75%) for the first time in three years. This means the prime lending rate of commercial banks now stands at 7.25%. SA's October inflation data release (+5% Year-On-Year) was in line with expectations as transport and food prices contributed half of the increases.

South Africa received a fair amount of international attention in the month of November – some of it more welcome than others. Developed world countries like the US, UK, France and Germany committed to helping the country shift to a low carbon economy. These countries, as well as the EU, committed $8.5 billion over the next five years through a range of financial instruments that typically come with more benevolent terms than normal market-related loans. But when South African scientists identified and disclosed a new Covid variant later in the month, many of these countries were quick to close their borders to SA and the rest of Southern Africa. Global stock markets also suffered a knee-jerk correction in response to the uncertainty around the new variant, later named 'Omicron'.

Finance Minister Enoch Godongwana used his maiden mini-budget speech to reiterate the government's commitment to fiscal consolidation with a combination of restrained expenditure and structural reforms aimed at lifting growth. He also announced a sizeable revenue overrun, helping government's debt ratios. Ultimately, the discovery by SA scientists of the Omicron COVID-19 variant, with the associated travel restrictions and the prospect of new mobility restrictions, was the biggest driver of local (and global) asset prices and, along with the drop in the local currency, SA 10-year government bond yields ended the month slightly higher at 10.2%.

While most domestic banks, insurers and discretionary retailers experienced mid-single digit price drops in November, the local bourse was driven higher by a handful of star performers and a standout performance from the gold miners. Local gold miners were up 25% in November, driven higher initially by a 4% spike in the US dollar price of gold as US inflation reached its highest level in over 30 years. While the US dollar price of gold reversed most of its gains to end the month down, the local gold miners were able to hang onto their strong share price gains.

Individual standout performances in November came from Richemont (+26%), MTN (+18%), and Investec (+16%). Naspers and Prosus, meanwhile, were unable to take advantage of the currency tailwind and ended the month 4% lower in aggregate, held back by ongoing negative sentiment around Chinese large-cap tech shares. Local hospitality companies, Tsogo Sun, Sun International and City Lodge were amongst the JSE's worst performers (-22%, -21% and -18%, respectively). Most of this damage was done in the last two trading days of November after Omicron news broke and restrictions were put in place.

Inflation fears and a new COVID variant weigh on markets

Risk assets drifted higher at the start of November but, ultimately, a resurgence in COVID cases, particularly in Europe, sparked new restrictions across many European markets and weighed on investor sentiment earlier in November. It was news later in the month over the identification of the new Omicron variant that proved an even larger factor, enough to see a reversal of risk appetite, leaving equity markets lower for the month (MSCI World -2.2% in November). Higher risk-averse sentiment saw rising investor preference for gold, US Treasuries and the US dollar, while riskier emerging markets were the biggest losers. The emergence of Omicron did boost global bond performance despite their weakness earlier in the month, which had been caused by unfavourable inflation prospects.

The market was obviously expecting a much faster taper of the Feds bond purchasing program because when the Federal Open Market Committee chair, Jerome Powell, announced early in November that the Fed would start shrinking the size of its bond purchases by only US$15 billion per month, US government bond yields actually drifted lower. A week later, when US inflation data surprised to the upside (US headline inflation for October of +5.9% Year-on-Year was the fastest pace of price increases since 1990), US government bonds reversed some of those gains. There is great market uncertainty over how the Fed will respond to higher for longer inflation fears. As the Fed has previously guided that tapering would be concluded before the first interest rate hike, this language opens the door for earlier rate hikes (at least by the middle of next year if not earlier), keeping the shorter ends of global yield curves under pressure. Inflationary concerns remained a common theme in November across global markets, even as global bonds saw some support on the back of risk-off sentiment. The Bank of England, meanwhile, signalled that interest rates would likely increase in the coming months in a bid to bring inflation back to within its prescribed target.

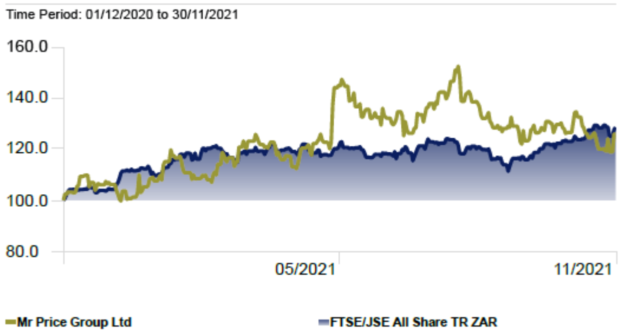
Energy prices were a key contributor to the US headline inflation surprise, with the Brent crude oil price trading around the $85 per barrel range for most of October. By mid-November, the US announced plans for a release of strategic oil reserves to cool the oil price and, in an unprecedented move, this was done in concert with other countries, including China, Japan, India, South Korea, and the UK. While the strategic reserve releases had a limited impact on the oil price, increasing concerns around the impact of more COVID-related lockdowns ultimately pushed the price of Brent crude oil 16.4% lower to end the month at $70 per barrel.

Looking at global equity market returns (all in US$), the MSCI All Country World Index returned -2.4% for the month. Developed markets outperformed emerging markets, with the MSCI World Index returning -2.2% and the MSCI Emerging Markets Index delivering -4.1%. Chinese stocks again amongst the worst performers (Hang Seng China Enterprises -6.6% for the month), although Russia was comfortably the worst-performing major EM (MSCI Russia -10.9%), with news that a build-up of Russian troops on the Ukraine border may reignite geopolitical tensions. The Bloomberg Global Aggregate Bond Index (US$) returned -0.3%, while the EPRA/NAREIT Global Property REIT Index (US$) produced -1.6%. The COVID-related wobble in markets going into month-end saw US 10-year government bonds end November 0.1% lower at 1.45% and the drop in yields was a key reason that US bank stocks were amongst the worst performers for November (S&P 500 Financials sector -5.7%), while the sharp drop in the oil price drove US energy counters down 5.2%. Semi-conductor stocks were one of the bright spots for the month, with the S&P 500 Semiconductor sector up 17% in November as better-than-expected earnings results combined with guidance for a decent runway of double-digit revenue growth.

Company Results

Mr Price Group Ltd. – Half year results for the period end 30th September 2021

Earnings per share	**R11.83**
Historical PE	**16.6**
EPS growth	**26.25%**
Turnover growth	**35%**
ROE	**28.9%**
Debt/Equity	**59%**
NAV per share	**R42.6**
Dividend yield	**3.8%**
Share price	**R201.22**



Nature of Business

Mr. Price Group Ltd. engages in clothing and retail business. It operates through the following segments: Apparel, Home, Financial and Cellular Services, and Central Services. The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories. The Home segment sells home wares. The Financial Services and Cellular segment manages the group's trade receivables and all financial services and mobile products. The Central Services segment offers information technology, internal audit, human resources, group real estate, and finance services to the trading sector. The company was founded by Laurie John Chiappini and Stewart Barnet Cohen in 1985 and is headquartered in Durban, South Africa.

Latest Results

Mr Price today released its interim results for the 26 weeks ended 2 October 2021 (the FY2022 Period). During this time the group faced a COVID-19 third wave, frequent load shedding, civil unrest causing 111 of its stores to close, and ongoing global supply chain disruptions. Despite this, the group continued its sales and earnings growth momentum and its earnings per share now exceed its pre COVID-19 levels. Total revenue increased 35.2% to R12.4bn with retail sales increasing 37.8% (comparable stores 27.3%) to R11.9bn, a strong performance considering the external disruptions during the FY2022 Period. These results were additionally supported by the inclusion of recently acquired Power Fashion, effective 1 April 2021, and Yuppiechef effective 1 August 2021.

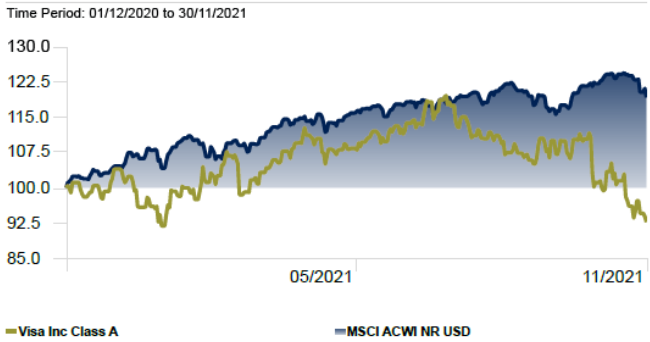
The strong retail sales performance resulted in the group gaining 210bps of market share (50bps excluding acquisitions) within its apparel and homeware segments according to the RLC. Despite the ongoing external challenges, the group's market share gains highlight the defensive nature of its business model through its compelling customer value proposition. The differentiation that it offers its customers through its merchandise fashion ability is highlighted by its largest division, Mr Price Apparel, gaining market share for 19 consecutive months.

Dividend

an interim gross cash dividend of 282.4 cents per share was declared for the 26 weeks ended 2 October 2021, a 34.4% increase against the prior year. As the dividend has been declared from income reserves, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 225.92 cents per share.

Visa Inc. – Results for financial year ending 30 September 2021

Earnings per share	$5.53
Historical PE	40.6
EPS growth	14.5%
Turnover growth	10.3%
ROE	32.5%
Debt/Equity	57.5%
NAV per share	$16.32
Dividend yield	0.6%
Share price	$222.75



Nature of Business

Visa, Inc. engages in the provision of digital payment services. It also facilitates global commerce through the transfer of value and information among global network of consumers, merchants, financial institutions, businesses, strategic partners, and government entities. It offers debit card, credit card, prepaid products, commercial payment solutions, and global automated teller machine (ATM). The company was founded by Dee Hock in 1958 and is headquartered in San Francisco, CA.

Latest Results

Visa is the #1 global card network worldwide and benefits from the ongoing global secular shift toward card-based and electronic payments. Visa's business is characterized by recurring revenues, high incremental margins, low capital expenditures, and high free cash flow. Net revenues were $24.1 billion, an increase of 10% over the prior year, primarily due to the year-over-year growth in payments volume, processed transactions and cross-border volume, helped by fewer COVID-19 restrictions, partially offset by higher client incentives.

Visa Management sees FY22 revenues increasing in the high mid-teens range, incentives at 26% - 27% of gross revenues, flat to the prior year period, and operating expenses up in the low teens range to show operating leverage. Visa's outlook points to net revenues in the low $28bn range.

Dividend

On October 22, 2021, the board of directors declared a quarterly cash dividend of $0.375 per share of class A common stock.

Snippets

Tax year-end approaching | Make the most of RA season

If you would like to take advantage of the 2021/ 2022 tax incentives offered by SARS, now is the time to act. These transactions need to be submitted to the relevant investment institution by no later than 14:00 on Monday, 28 February 2022.

These efficient tax planning and investment considerations include, but are not limited to:

1. **Retirement Annuity (RA) contributions**

Retirement annuity contributions made before the tax year-end are tax-deductible within certain legislative limits. Contributions to all retirement funds (Pension, Provident and Retirement Annuities) are deductible up to 27.5% of the greater of remuneration or taxable income, capped at an annual limit of R350 000. RA's are only accessible at retirement (under normal circumstances), and at retirement you need to purchase an annuity with at least two-thirds of the accumulated value.

- There is no income or capital gains tax applicable during the term of the investment.
- Dividends tax does not apply to RAs.
- Unclaimed or disallowed contributions may be deducted on retirement.

2. **Tax-Free Saving Account (TFSA) contributions**

TFSAs provide South African investors with a flexible way to save towards a specific goal or supplement their retirement savings. As TFSAs are not subject to income, capital gains or dividends tax, they can be a useful instrument to grow savings over the long-term. The current annual contribution limit is R36 000 (if by debit order, then a maximum of R3000 per month) and the lifetime contribution limit is R500 000. You can withdraw from a TFSA at any time, and there is no tax on withdrawals. Remember that while an RA will not form part of your estate, a TFSA will.

It is generally considered good practice to use the TFSA to supplement retirement savings, even if you have not reached your maximum allowable contribution to an RA.

3. **Annual donation tax exemption**

The annual donations tax exemption for individuals is currently R100 000 per annum.
Any natural person can make the donation, so if both you and your spouse make a donation the annual amount would be increased to R200 000. If you wish to reduce your loan account to a trust using your annual donations tax exemption, please be sure to inform your accountant, to enable them to account for the necessary paper work.

Should you be interested in taking advantage of any of the above exemptions please contact a Private Client Holdings Wealth Manager Tel: 021 671 1220. To learn more about the Private Client Holdings Wealth Managers log onto www.privateclient.co.za

Corporate Cash Manager Rates

FUND	BALANCE	RATE
CALL ACCOUNT	0.00 – 9 999.99	3.40
	10 000 – 24 999.99	3.40
	25 000 – 49 999.99	3.40
	50 000 – 99 999.99	3.40
	100 000 – 249 999.99	3.40
CALL MONEY FUND: *Individuals*	250 000 – 999 999.99	4.33
	1 000 000 – 9 999 999.99	4.33
	10 000 000 upwards	4.33
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	4.13
	1 000 000 – 9 999 999.99	4.13
	10 000 000 upwards	4.13

Dividends Payable

Dividends in LDT order					
Company	**Decl**	**LDT**	**Pay**	**Amt**	**Curr**
TWK Investments Ltd. (4ATWK)	26-Nov	10-Dec	13-Dec	114	ZARc
Arrowhead Properties Ltd. (AWAPROPA)	24-Nov	13-Dec	20-Dec	61.62	ZARc
Arrowhead Properties Ltd. (AWAPROPA)	24-Nov	13-Dec	20-Dec	58.59	ZARc
Arrowhead Properties Ltd. (AWAPROPB)	24-Nov	13-Dec	20-Dec	24.53	ZARc
Arrowhead Properties Ltd. (AWAPROPB)	24-Nov	13-Dec	20-Dec	23.19	ZARc
African Media Entertainment Ltd. (AME)	24-Nov	13-Dec	20-Dec	80	ZARc
Combined Motor Holdings Ltd. (CMH)	19-Oct	13-Dec	20-Dec	110	ZARc
eMedia Holdings Ltd. (E MEDIA)	25-Nov	13-Dec	20-Dec	22	ZARc
Vunani Capital Partners Ltd. (EXVCP)	18-Oct	13-Dec	20-Dec	3	ZARc
Frontier Transport Holdings Ltd. (FRONTIERT)	25-Nov	13-Dec	20-Dec	20	ZARc
Indluplace Properties Ltd. (INDLU)	17-Nov	13-Dec	20-Dec	28.13	ZARc
Mr Price Group Ltd. (MRPRICE)	25-Nov	13-Dec	20-Dec	282.4	ZARc
Mr Price Group Ltd. (MRPRICE-A2X)	25-Nov	13-Dec	20-Dec	282.4	ZARc
Nu-World Holdings Ltd. (NUWORLD)	27-Oct	13-Dec	20-Dec	249	ZARc
PBT Group Ltd. (PBT GROUP)	26-Nov	13-Dec	20-Dec	25	ZARc
Sirius Real Estate Ltd. (SIRIUS)	08-Nov	13-Dec	20-Jan	2.04	EURc
Tradehold Ltd. (TDH B PREF)	06-Dec	13-Dec	20-Dec	1407.63	ZARc
Trematon Capital Investments Ltd. (TREMATON)	11-Nov	13-Dec	20-Dec	30	ZARc
NWK Holdings Ltd. (NWKH)	02-Dec	17-Dec	20-Dec	25	ZARc
AYO Technology Solutions Ltd. (AYO)	30-Nov	21-Dec	28-Dec	30	ZARc
British American Tobacco plc (BATS)	17-Feb	21-Dec	09-Feb	53.9	GBPp
Capital Appreciation Ltd. (CAPPREC)	30-Nov	21-Dec	28-Dec	3.75	ZARc
Capital Appreciation Ltd. (CAPPREC-A2X)	30-Nov	21-Dec	28-Dec	3.75	ZARc
Mahube Infrastructure Ltd. (MAHUBE)	30-Nov	21-Dec	28-Dec	28	ZARc
Schroder European Real Estate Investment Trust Plc (SERE)	07-Dec	21-Dec	14-Jan	1.85	EURc
Schroder European Real Estate Investment Trust Plc (SERE)	07-Dec	21-Dec	14-Jan	4.75	EURc
Vukile Property Fund Ltd. (VUKILE)	30-Nov	21-Dec	28-Dec	40.56	ZARc
Vukile Property Fund Ltd. (VUKILE-NSX)	30-Nov	21-Dec	28-Dec	40.56	ZARc
African Equity Empowerment Investments Ltd. (AEEI)	01-Dec	28-Dec	03-Jan	10	ZARc
Sygnia Ltd. (SYGNIA)	07-Dec	28-Dec	03-Jan	80	ZARc
Sygnia Ltd. (SYGNIA-A2X)	07-Dec	28-Dec	03-Jan	80	ZARc

Disclaimer

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