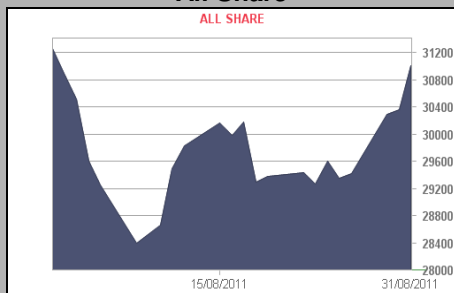
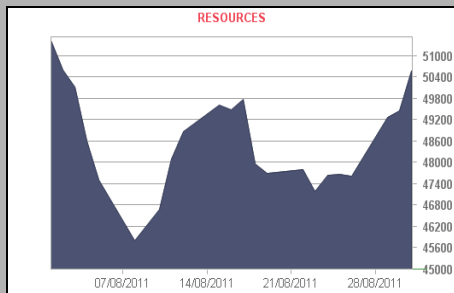


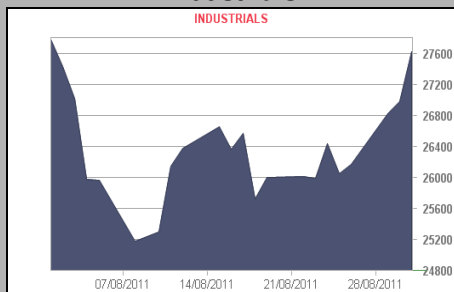
All Share



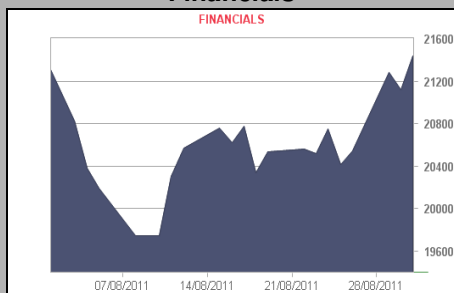
Resources



Industrials



Financials



Market Indicators 31 August 2011

Index	Value	Monthly Move (%)
All Share	31006	▼0.65%
Resources	50578	▼1.74%
Industrials	27630	▼0.25%
Financials	21436	▲1.1%
S&P 500	1213	▼6.75%
FTSE	5395	▼7.23%
Rand/USD	7.07	▼5.01%
Rand/GBP	11.51	▼4.73%
USD/Euro	1.44	▼0.78%
Gold (\$)	1825	▲13.11%
Platinum (\$)	1845	▲3.71%
Brent Oil (\$)	115.8	▼0.41%

The above candlestick data represents the daily movement of each index for the past month. Blue represents upward movement and red represents downward movement.

Market Report

There's a saying that it is impossible to analyse fear. We witnessed this throughout the month of August as markets became gripped by fear and produced some dramatic swings in values. The first week of August saw our local JSE All Share drop by a staggering 9%! Similar drops were experienced across global equity markets that saw the US's S&P 500 plunge 12.9% in a week and the UK's FTSE100 drop by a whopping 13%. This was a clear risk move as investors world wide decided that the growing concerns regarding the global economic recovery and developed market sovereign debt levels warranted a move to safer asset classes such as US Treasury Bonds and gold. Our local equity market managed to make a timely recovery, ending the month only slightly down at 0.65%, which is quite an achievement considering the severity of the crashes earlier the month

To make some sense of the vast amount of fear and uncertainty instilled in global markets over the last while, we need to take a closer look at what went wrong with the global recovery. As recently as six months ago economic pundits and forecasters were expecting global economic growth to be comfortably above trend in 2011, especially for the US, and surveys of business activity were hitting new peaks. While concerns regarding the weak condition of western economies were still raised back then, it did not seem likely that those concerns would become large enough to prevent a return to pre-recession economic trends. Of course, as we now know, those expectations were extremely complacent. GDP growth in the US and most of the developed world has slumped to dire levels and the risk of a double-dip has increased to 30% according to forecasters like Goldman Sachs and JP Morgan. Both supply and demand side forces have come into play to stifle the global recovery over the last few months. It is important to look at whether the causative factors are likely to prove temporary or permanent as this will provide somewhat of clearer picture of what lies ahead. The natural disasters in Japan and the political disruptions in the Middle East weighed on supply side activity in the developed world through supply chain disruptions and spikes in energy prices. The good news is that these forces seem to be only temporary as the supply shock in Japan is rapidly correcting itself and the release of oil stocks have allowed oil prices to subside. It is the demand side forces that are likely to stick around for the next while as the era of fiscal easing has come to an end in the developed world in order to tackle the excessive levels of debt plaguing sovereign balance sheets. The period following the financial crisis of 2008 has been coined by many as the 'age of deleveraging' as households and companies focussed on paying off debts and getting their books in order. The problem is that when faced with temporary shocks such as fuel price hikes, indebted households are unable to dip into savings to make ends meet and instead have to reduce their spending. With the US consumer making up 70% of the US economy and an essential part of the global economy, the weakening in consumption levels has been one of the main causes of the global slowdown. The good news is that policy holders still have some tools left to boost growth, as was reiterated by Fed Chairman Ben Bernanke at the recent economic symposium in Jackson Hole. A greater sense of consensus among European leaders have also calmed bond markets and should allow for a more concerted effort in dealing with the debt debacle going forward.

Our local money market has had somewhat of a mind-shift in recent weeks as it now very confidently expects short term interest rates to stay on hold or even drop over the next 12 months or so due to lower growth expectations both domestically and abroad. We somehow find ourselves somewhere in the middle of the 'state of economic affairs' spectrum. While we are far too good to be lumped in with the developed nation bunch, as our local economy should retain enough momentum to churn out about 3-3.5% GDP growth compared to 1-2% expected for the US & Europe, we are not quite within reach of the high flying Emerging market class who is expected to grow at around 6-7%. What is concerning though is that a big part of the reason for our economy not running at full potential is our own fault. Production lost due to strike action, fixed investment held back by electricity caps, rail limitations and public sector manpower shortages as well as demoralising debates about nationalisation are some of the headwinds suppressing growth. We can only hope that (at least some of our) politicians and policymakers share our concerns as these issues need to be dealt with in order for our economy to return to healthy levels of 'pro-employment' growth.

Company results

MTN Group Ltd (Interim):

HEPS 470.1c ; PE 14.3 ; Dividend yield 4.6% ; details hereunder...

Woolworths Hld Ltd (Year-end):

HEPS 214.9c ; PE 15.4 ; Dividend yield 4.3% ; details hereunder...

Trading updates

Share	Price	Increase / Decrease	Expected change in HEPS
Exxaro	17900	Increase	951-1055cps
Litha	260	Increase	20-40%
Gijima	62	Decrease	21-23cps
Ciplamed	630	Increase	20-27%
WBHO	9625	Decrease	15-25%

Snippets

Are you invested in the right product?...

Corporate Cash Management Rates

Up to 5.39% net – Call Deposits

Effective rates from 5.00% to 6.10% - Fixed Deposits

Company Results

MTN Group Ltd – Interim results for the period ended June 2011

Headline EPS	470.1c
Historical PE	14.3
HEPS growth	7.2%
Turnover growth	1.0%
ROE	24.3%
NAV per share	4146.2c
Dividend yield	4.6%
Share price	R139.40



The MTN Group Limited (MTN Group) is a multinational telecommunications group offering cellular network access and business solutions.

MTN reported a good set of results for the interim ended June 2011. However, results were dampened by a stronger average Rand Dollar exchange. Total subscribers grew by 7.5% to 152.3m. Group revenue improved by 1% to R56.5bn mainly driven by strong growth in the South African and Iranian operations. Airtime and subscription revenue declined by 2.8% to R37.4bn but remained the largest contributor to total revenue at 66%. Interconnect revenue increased by 3.8% to R8.6bn attributable to higher incoming traffic in Nigeria. Data revenue rose significantly by 24.1% to R3.6bn as most of the larger operations enhanced their propositions from both network and product perspective. Data growth was still primarily driven by South Africa. Data revenue and SMS revenue now represent 6.3% and 6% of total revenue, respectively. Adjusted operating profit came in 1% higher at R18bn. Consequently, adjusted HEPS increased by 7% to 470.1 cents.

Dividend

The group lowered its dividend cover resulting in the interim dividend declared rising substantially by 81% to 273 cps. Cash generation was healthy for the period under review.

Prospects

MTN is a quality company and offers healthy cash generation, high margins, above average ROE and a strong balance sheet. Whilst some emerging markets still have relatively low mobile penetration rates, its larger operations have started to mature. In this environment MTN has benefited from effective cost management in the current period. This aspect remains essential as the group's topline is likely to come under pressure in the period ahead. Looking ahead, management is confident about the existing opportunities within its operations as well as its ability to maintain and grow its market share. The group will continue to evolve its business model to better support ICT convergence and cost optimisation. The group is taking precautionary measures, where necessary, regarding the countries that are affected by local political unrests. Given MTN's strong financial position, the group has increased its dividend payment policy to 65% of annual adjusted HEPS.

Woolworths Holdings Ltd – Year-end results for the period ended June 2011

Headline EPS	214.9c
Historical PE	15.4
HEPS growth	36.7%
Turnover Growth	9.4%
ROE	49.2%
NAV per share	530.7c
Dividend yield	4.3%
Share price	R34.19



The group is an investment holding company with its core business focusing on the provision of retail and financial services to upper and middle income groups mainly in South Africa but also in Africa, Australia and New Zealand.

Woolworths delivered another strong set of results for the 52 weeks ended June 2011, despite a tougher overall retail environment both locally and in Australia. Total revenue increased by 9% to R25.6bn, as Woolworths retail reported good profit growth due to increased volumes and margin expansion in both Clothing & GM and Food. Clothing and Footwear in South Africa increased by 11.5%, with comparable sales up 9.4%, benefiting from volume growth of 8.2%. The Food business reported a strong performance, growing ahead of the market. Gross profit managed to grow by 16% supported by strong margin growth in the Clothing & GM unit through improved procurement, resulting in an improved gross margin of 34.8%. Adjusted operating profit grew 33% to R2.1bn due to good cost management. Ultimately, adjusted HEPS grew by 37% from 157.2 cents to 214.9 cents. The second half contributed 53% or 114.1 cents, representing the significant growth (48%) over the previous period.

Dividend

Cash generation remained strong due to improved working capital for the period. A final dividend of 93cps was declared, 39% higher than the prior period, bringing the total dividend up to 143.5cps.

Prospects

Woolworths is a quality retailer with an impressive track record and an attractive portfolio of operations. The group's buyout of its franchises and refinements in its strategy coupled with further operational efficiencies should sustain earnings growth in the short term. Management expects the economic challenges faced by the United States and the Eurozone to adversely affect the rate of growth in the South African economy, with particular emphasis on consumer confidence. However, the group feels they will continue to benefit from improved sourcing, tight cost control and the full year integration of the franchise stores. The group has also initiated a number of strategies to minimise any downside risk, such as increasing the number of competitive opening price points, range balancing to emphasise value and absolute focus on cost.

When deciding which investment product best suits your needs, consider when you'll need to access your investment, how it will be taxed and what happens to it in the event of your death, says Rob Formby, director of retail operations at Allan Gray.

Different products fulfill different purposes. "Unit trusts make good medium to long term investments and are appropriate if you want to grow your money, but also want to be able to access it before you retire," he says. By pooling your money with other investors with similar investment objectives unit trusts allow you access to companies dedicated to managing money. This is typically done via a range of assets such as shares, bonds, property and cash, depending on the fund's mandate.

If you're saving for retirement, consider a retirement annuity fund (RA), which allows you to save in a flexible, tax-efficient manner, but doesn't generally allow withdrawals before you retire. Many RAs use unit trusts as their underlying investments. If you've been saving for retirement in a pension or provident fund with an employer, and leave that employer, a preservation fund allows you to preserve and grow your existing retirement benefits in a tax-efficient manner. You are typically allowed one withdrawal before you retire. A living annuity allows you to draw an income from your investment after you retire. "The important question to consider with living annuities is how much can you comfortably draw in a sustainable way," Formby says.

An endowment policy has certain tax advantages, but restricts withdrawals and additional contributions. "It can be a good medium-long term investment for higher income earners with a high marginal tax rate. But your money will be tied up for five years, as that's the minimum investment term for these products." Often legislation limits your choice of products. For example, if you want to preserve your retirement savings when leaving your employer, you can only transfer your money to either a retirement annuity or a preservation fund. And your choice of products can make quite a big difference to what will happen when you die, especially if you have dependants.

In the event of your death unit trusts are like any other asset and should be included in your comprehensive will. "Remember that South African law freezes joint accounts upon your death until your estate is wound up."

Living annuities and endowments are technically forms of life insurance. Living annuities do not attract estate duty, they do not need to wait for your estate to be wound up, and funds are paid out to your named beneficiaries who can choose to continue to draw an annuity. Endowments will form part of your estate. "Your RA investments are technically a type of pension fund. When you die, the trustees of all of your pension fund investments are not bound by your will and have to consider the needs of your dependants before your nominated beneficiaries. This can take some time," Formby concludes.

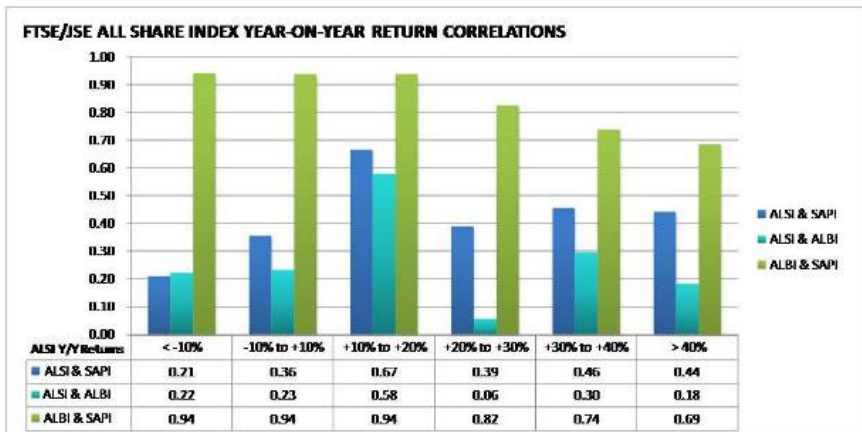
Listed property's performance: is it correlated more with bonds or equities?

Real estate unit trust funds have been in the limelight of late owing to their strong performance numbers at the end of the June quarter. "Not only did the sector take top position for the June quarter, but it was also the top-performing sector over the past three and five years," says Paul Stewart, managing director of Plexus Asset Management.

This prompted the Plexus research team to analyse the relationship between the domestic equity market (the FTSE/JSE All Share Index), JSE-listed real estate (the FTSE/JSE SA Listed Property Index) and local bonds (the BESA All Bond Index). Year-on-year returns based on total return data were calculated for each asset class on a rolling monthly basis for the period from the end of March 2003 to the end of July 2011, amounting to 101 observations. These were then grouped based on year-on-year equity market performance figures. The group ranges were: less than -10%; between -10% and +10%; between +10% and +20%; between +20% and +30%; between +30% and +40%; and more than +40% (see table below), amounting to a more or less even dispersion of observations for each.

"As can be expected, the correlations between the equity (ALSI) and bond (ALBI) markets proved to have the weakest relationship, especially during periods in which equities performed well, as is most apparent for performance figures in the 20% to 30% range," says Stewart.

"What can also be observed is that the correlations between the bond (ALBI) and real estate (SAPI) markets proved to be much greater than those witnessed between equities and real estate. For the bond/real estate pair, the relationship proved to be strongest during negative equity markets and gradually weakened as year-on-year equity performance increased."



According to Stewart, the opposite proved to be true for the real estate/equity pair, which exhibited weaker correlations during negative equity markets and stronger correlations during positive periods, specifically between the 10% to 20% range, which exhibited the strongest relationship among the positive periods. "This implies that real estate is generally affected by factors similar to those of bonds, but starts behaving slightly more like equities as equity markets start exhibiting highly favourable returns," says Stewart. Stewart says the current uncertainty in global financial markets has resulted in more subdued performance from equity markets, with year-on-year performance gearing down to 13,1% as at the end July 2011 from June's 24,6%.

"If the current global climate of risk aversion results in a continuation of the recent bouts of relatively weak month-on-month performances, it is not unlikely that year-on-year equity returns could be confined to the three lower bands of the study (ie those below the 20% level). If this proves to be the case, this study would imply that bond-related factors could play a much greater role than equity-related factors in determining real estate returns over the next couple of months, especially so for year-on-year equity returns below the 10% level," says Stewart.

* The opinion and comment in this newsletter is opinion and comment only and does not in any way constitute financial advice. For any financial decision please consult one of our PCH professional financial advisers.

Corporate Cash Manager Rates

Cash Manager Rates at 01 September 2011				
FUND	BALANCE	RATE	FEE	NET RATE
CALL ACCOUNT	0.00 - 9.999.99	5.00	1.60	3.40
	10.000 - 24.999.99	5.00	1.10	3.90
	25.000 - 49.999.99	5.00	0.85	4.15
	50.000 - 99.999.99	5.00	0.60	4.40
	100.000 - 249.999.99	5.00	0.45	4.55
CALL MONEY FUND	250.000 - 499.999.99	5.49	0.35	5.14
	500.000 - 999.999.99	5.49	0.25	5.24
	1.000.000 - 9.999.999.99	5.49	0.15	5.34
	10.000.000 upwards	5.49	0.10	5.39

Dividends payable

Dividends in LDT order					
Company	Decl	LDT	Pay	Amt	Curr
Compagnie FinanciFre Richemont SA (RICHEMONT)	19-May	09-Sep	15-Sep	4.5	CHFc
City Lodge Hotels Ltd (CITYLDG)	12-Aug	09-Sep	19-Sep	104	ZARc
Distell Group Ltd (DISTELL)	24-Aug	09-Sep	19-Sep	132	ZARc
Growthpoint Properties Ltd (GROWPNT)	24-Aug	09-Sep	19-Sep	67.1	ZARc
Harmony Gold Mining Company Ltd (HARMONY)	15-Aug	09-Sep	19-Sep	60	ZARc
Impala Platinum Holdings Ltd (IMPLATS)	25-Aug	09-Sep	19-Sep	420	ZARc
Massmart Holdings Ltd (MASSMART)	25-Aug	09-Sep	19-Sep	134	ZARc
MTN Group Ltd (MTN GROUP)	17-Aug	09-Sep	19-Sep	273	ZARc
Shoprite Holdings Ltd (SHOPRIT)	23-Aug	09-Sep	19-Sep	165	ZARc
Woolworths Holdings Ltd (WOOLIES)	25-Aug	09-Sep	19-Sep	93	ZARc
The Bidvest Group Ltd (BIDVEST)	29-Aug	16-Sep	26-Sep	255	ZARc
Capitec Bank Holdings Ltd (CAPITEC-P)	31-Aug	16-Sep	26-Sep	340.3	ZARc
Exxaro Resources Ltd (EXXARO)	18-Aug	16-Sep	26-Sep	300	ZARc
Naspers Ltd (NASPERS-N)	27-Jun	16-Sep	26-Sep	270	ZARc
Santam Ltd (SANTAM)	31-Aug	16-Sep	26-Sep	200	ZARc
Sun International Ltd (SUNINT)	29-Aug	16-Sep	26-Sep	120	ZARc
The Foschini Group Ltd (TFG PREF)	26-May	16-Sep	26-Sep	6.5	ZARc
Group Five Ltd (GROUP 5)	15-Aug	23-Sep	03-Oct	20	ZARc
Cipla Medpro South Africa Ltd (CIPLAMED)	25-Aug	30-Sep	10-Oct	6.5	ZARc
Capital Shopping Centres Group PLC (CAPSHOP)	02-Aug	07-Oct	22-Nov	5	GBPp
Discovery Holdings Ltd (DISCOVERY)	01-Sep	07-Oct	17-Oct	48	ZARc
Old Mutual plc (OLDMUTUAL)	05-Aug	07-Oct	30-Nov	1.5	GBPp

FULL CONTACT DETAILS			
CAPE TOWN		PRETORIA	
46 Main Road Claremont 7708	PO Box 24033 Claremont 7735	142 Gillies Road, Glenwood Village Lynnwood Glen 0081	PO Box 74924 Lynnwood Ridge 0040
Tel: +27 21 671 1220	Fax: +27 21 671 1149	Tel: +27 12 361 1929	Fax: +27 12 361 1929
E-MAIL: info@privateclient.co.za		WEB: www.privateclient.co.za	

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