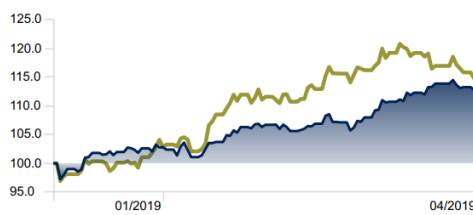

**CONTENTS:** Market Report | Company Results | Snippets | CCM Rates | Dividends Payable

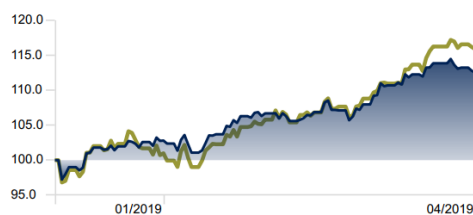
**All Share**


FTSE/JSE All Share TR ZAR

**Resources**


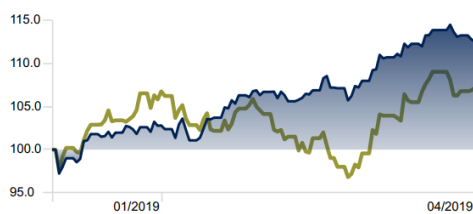
FTSE/JSE All Share TR ZAR

FTSE/JSE Resources 10 TR ZAR

**Industrials**


FTSE/JSE All Share TR ZAR

FTSE/JSE Indl 25 TR ZAR

**Financials**


FTSE/JSE All Share TR ZAR

FTSE/JSE Financial 15 TR ZAR

Index	Value	Apr (%)	YTD (%)
All Share	58,528	▲ 4.2%	▲ 12.5%
S&P 500	2,946	▲ 4.0%	▲ 18.2%
FTSE	7,418	▲ 2.3%	▲ 12.0%
Rand/USD	14.34	▼ 0.6%	▼ 0.3%
Rand/GBP	18.69	▼ 0.5%	▲ 2.0%
Gold (\$)	1,283	▼ 0.8%	▲ 0.4%
Plat (\$)	888	▲ 4.6%	▲ 11.6%
Brent (\$)	72.80	▲ 6.4%	▲ 35.3%

## Market Report

### Corporate earnings better than expected

Global markets have had a good year thus far; the JSE is up 12.5% which is in line with the broader emerging markets index, the S&P 500 had its best start since 1987, gaining 18%, and the Euro Stoxx 50 advanced 18.4%. There have been plenty of reasons for the rally in global equities: A lack of inflation, expectations of a benign interest rate environment in the near term, trade talks between the US and China progressed better than anticipated, and corporate earnings surprised on the upside.

In local markets, domestically focused stocks performed well in April. Retailers, telecoms and banks were among the best performing sectors, while rand-hedges including miners, tobacco and personal goods were among the poorest performers. Materials, which have done much of the heavy lifting year-to-date alongside Naspers, were slightly down for the month, in aggregate. Of the materials companies, Sasol was up 5.4% on the back of higher oil prices, however, the gold miners had a tough month.

### IMF lowers growth outlook for SA

The IMF reduced its growth estimates for SA by 20 basis points to 1.2% and 1.5% for 2019 and 2020 respectively. However, this was unsurprising given soft economic data:

- The ABSA Manufacturing PMI remains below the 50-point mark despite a slight increase in April to 47.2 from 45 a month earlier.
- Manufacturing production slowed by 0.6% year-on-year in February.
- Mining production registered its fourth consecutive contraction, falling 7.5% in February compared to a 3.3% fall a month earlier.

The weak mining and manufacturing data in the first two months of 2019 indicate that SA is likely to reflect a contraction in Q1 as March numbers are expected to be impacted by stage 4 load shedding.

### Economic indicators show some improvement

The IMF revised its global growth projections down to 3.3% for 2019 from 3.5% previously, mainly as a result of a sharp downward revision to global trade growth and lower developed market growth. Meanwhile, April saw some improvement in key economic indicators:

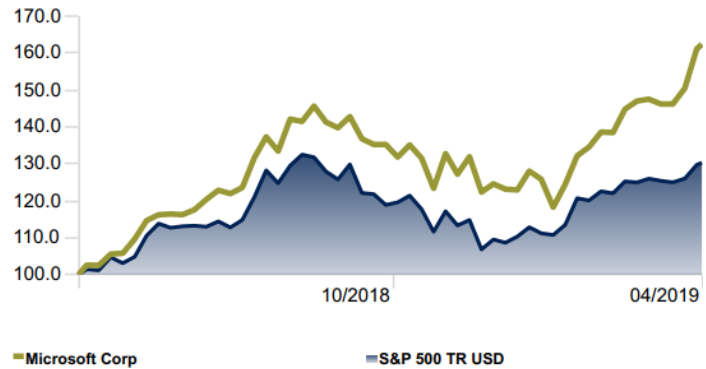
- Global PMIs reflect some improvement as markets turned more optimistic about the trade negotiations between the US and China.
- The US economy advanced 3.2% q/q in Q1 from 2.2% in Q4 of 2018, driven by sharply higher net exports and business investment.
- In Europe GDP growth stood at 0.4% q/q in the Q1 from 0.2% in Q4 of last year.

While there has been a slight up-tick in global inflation in March and April due to higher energy costs in the West and elevated food inflation in some Asian countries, the outlook remains benign, with downside risks in the form of trade uncertainty, slower growth in China, and an uncertain Brexit outcome.

## Company Results

### Microsoft Corp – Third quarter results for the period ending June 2019

Earnings per share	1.14
Historical PE	29.0
EPS growth	20.0%
Operating Income Growth	24.0%
ROE	40.1%
Debt/Equity	83.2%
NAV per share	12.4
Dividend yield	1.4%
Share price	130.6



### Nature of Business

Microsoft develops and licenses consumer and enterprise software. It is known for its Windows operating systems and Office productivity suite. The company is organized into three overarching segments: productivity and business processes (legacy Microsoft Office, cloud-based Office 365, Exchange, SharePoint, Skype, LinkedIn, Dynamics), intelligence cloud (infrastructure- and platform-as-a-service offerings Azure, Windows Server OS, SQL Server), and more personal computing (Windows Client, Xbox, Bing search, display advertising, and Surface laptops, tablets, and desktops). Through acquisitions, Microsoft owns Xamarin, LinkedIn, and GitHub. It reports revenue in product and service and other revenue on its income statement. The company was founded by William Henry Gates III in 1975 and is headquartered in Redmond, WA.

### Latest Results

Revenue was up 14% year-on-year to \$30.57 billion with strong results across all business segments; however, its Intelligent Cloud segment, which now accounts for nearly a third of revenues, grew by 24% in constant currency terms.

Demand for Microsoft's cloud offering drove commercial cloud revenue to \$9.6 billion this quarter, up 41% year-on-year. Revenue in its more mature Personal Computing Segment increased 9% in constant currency terms, driven by Windows OEM Pro revenues, which benefited from improved chip supply that met both unfulfilled second quarter and better than expected third-quarter commercial PC demand.

Ultimately group earnings per share grew by 22% in constant currency terms as margins improved despite investments into cloud engineering, LinkedIn and GitHub.

Microsoft returned \$7.4 billion to shareholders in the form of share repurchases and dividends in the third quarter of fiscal year 2019.

### Dividend

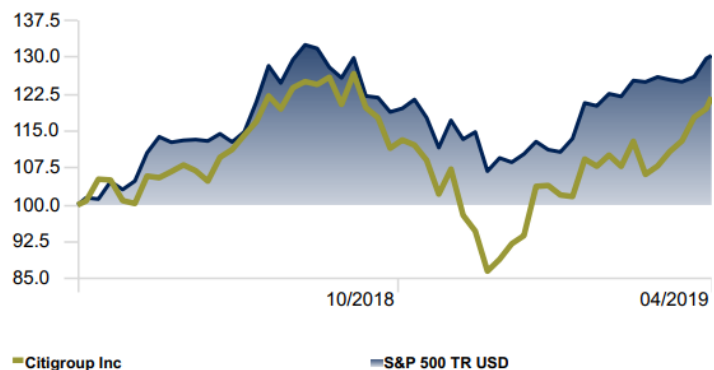
The company declared a final dividend of 72 cents per ordinary share for the period ending December 2018.

### Prospects

Q4 guidance was in line with expectations and the company expects double-digit revenue and operating income growth in FY20.

### Citigroup Inc – First quarter results for the period ending December 2019

Earnings per share	1.87
Historical PE	10.3
EPS growth	11.3%
Operating Income Growth	-1.6%
ROE	9.0%
CET 1 Ratio	13.0%
NAV per share	77.1
Dividend yield	2.4%
Share price	70.7



### Nature of Business

Citigroup is a global financial services company doing business in more than 100 countries and jurisdictions. Citigroup's operations are organized into two primary segments, the global consumer banking segment, which provides basic branch banking around the world, and the institutional clients group, which provides large customers around the globe with investment banking, cash management, and other products and services. The company was founded in 1812 and is headquartered in New York, NY.

## Latest Results

Revenues were down marginally 1.5% year-on-year mainly as a result of lower non-interest income. Excluding the impact of the Hilton portfolio sale, revenues were down 1%, primarily reflecting lower equity markets revenues, mark-to-market losses on loan hedges in its Institutional Client Group segment, and the wind-down of legacy assets in Corporate/Other.

Operating expenses were down 3% year-on-year as investments were more than offset by efficiency savings and the wind-down of legacy assets. Credit costs were up 7% reflecting loan volume growth of about 4% and seasonality.

Ultimately earnings per share surprised on the upside, increasing 11.3% year-on-year to \$1.87. The stellar performance was in part due to a 9.3% reduction in the number of shares outstanding as a result of share buybacks.

The Group made progress to improve its return on capital, with ROE edging closer to its long-term target.

## Dividend

The company declared a quarterly dividend of \$0.45 per ordinary share, which is 40% higher than a year before.

## Prospects

The company did not give specific guidance but reiterated its commitment to its capital return plans including share buybacks and dividends.

## Snippets

### 5 Common tax questions regarding investment property

**Many buyers frequently make decisions regarding property investments without a full understanding of the tax implications.** Jeremy Burman provides a list of five common tax-related questions.

- 1) The costs for my investment property exceed my profits – why do I have a tax liability?  
You will be taxed on your rental income less any allowable expenses incurred in earning this income. Costs such as capital repayments on debt are not allowed.
- 2) This is the only property I own – can I claim the primary residence capital gains exclusion when I sell the property?  
Where a property has been used both as a primary residence and as an investment property which was rented out during the course of ownership the primary residence exclusion may only be set off against the portion of the gain relating to the primary residence period.
- 3) Will I be taxed when I sell my investment property?  
An owner will be liable for tax on the capital gain that arises on the disposal of his investment property. The capital gain is calculated as the selling price less the base cost. An individual can also deduct the annual exclusion of R 40 000.
- 4) I co-own my investment property; how do I treat the rental income and capital gain for tax purposes?  
You will each be liable for tax on your ownership share of the net rental income earned and capital gain on disposal.
- 5) I own property overseas - do I need to declare the rental income I receive on this and the capital gain when I sell this?  
If you are a SA tax resident, then you are required to include your worldwide earnings in your taxable income. Equally the taxable capital gain arising on disposal of the property must be included in your taxable income in the year the property is sold.

Burman advises that the topic of tax and investment property is an in-depth one, so if you are considering purchasing an investment property, or already own an investment property but have concerns and queries regarding the tax liability, you are advised to contact a tax specialist for more information. For more information contact Jeremy Burman or Andrew Kirkman at Private Client Financial on (021) 671 1220 or on [jeremy@privateclient.co.za](mailto:jeremy@privateclient.co.za) or [akirkman@privateclient.co.za](mailto:akirkman@privateclient.co.za).

## Corporate Cash Manager Rates

FUND	BALANCE	RATE
CALL ACCOUNT	0.00 – 9 999.99	4.80
	10 000 – 24 999.99	5.30
	25 000 – 49 999.99	5.55
	50 000 – 99 999.99	5.80
	100 000 – 249 999.99	5.95
CALL MONEY FUND: <i>Individuals</i>	250 000 – 999 999.99	7.19
	1 000 000 – 9 999 999.99	7.29
	10 000 000 upwards	7.39
CALL MONEY FUND: <i>Non-Individuals</i>	250 000 – 999 999.99	6.99
	1 000 000 – 9 999 999.99	7.09
	10 000 000 upwards	7.19

## Dividends Payable

### Dividends in LDT order

<u>Company</u>	<u>Decl</u>	<u>LDT</u>	<u>Pay</u>	<u>Amt</u>	<u>Curr</u>
Atlantic Leaf Properties Ltd. (ATLEAF)	23-Apr	14-May	20-May	4.65	GBPp
Indequity Group Ltd. (INDEQTY)	23-Apr	14-May	20-May	15.72	ZARc
Master Drilling Group Ltd. (MASTRILL)	26-Mar	14-May	20-May	26	ZARc
PSG Group Ltd. (PSG)	24-Apr	14-May	20-May	304	ZARc
Vivo Energy plc (VIVO)	06-Mar	14-May	10-Jun	1.25	USDc
Investec Australia Property Fund (IAPF)	03-May	21-May	27-May	6.77	AUDc
Redefine Properties Ltd. (REDEFINE)	06-May	21-May	27-May	49.19	ZARc
Pick n Pay Stores Ltd. (PICKNPAY)	26-Apr	04-Jun	10-Jun	192	ZARc
RDI REIT P.L.C. (RDI)	25-Apr	04-Jun	25-Jun	4	GBPp
Combined Motor Holdings Ltd. (CMH)	23-Apr	11-Jun	18-Jun	115	ZARc
British American Tobacco plc (BATS)	28-Feb	25-Jun	08-Aug	50.75	GBPp
Clicks Group Ltd. (CLICKS)	17-Apr	25-Jun	01-Jul	118	ZARc
Delta EMD Ltd. (DELTA)	18-Apr	16-Jul	22-Jul	75	ZARc

### Disclaimer

*This document does not constitute an offer or the solicitation of an offer for the sale or purchase of any security. While every care has been taken in preparing this document, no representation, warranty or undertaking (express or implied) is given and neither responsibility nor liability is accepted by any member of the Private Client Group (PCH), its employees and agents, as to the accuracy of the information contained herein. Any member of PCH cannot be held liable for the use of and reliance on the opinions, estimates and findings. All opinions, estimates and findings contained in this document may be changed after distribution at any time without notice. This document has been prepared by PCH from resources believed reliable. PCH is an Investment Manager registered with the Financial Services Board. The company is a Licensed Financial Services Provider in terms of FAIS (registration number 613). The recipients of this document are urged to seek independent advice from their Private Client Holdings Wealth Manager or other independent advice with regard to the securities and investments referred to in this document.*

AS MEMBERS OF:



Directors: GAJ Alexander B Comm Hons (FAPM) (Tax) CA (SA) LLM;  
AS Ratcliffe B Comm (HDip Tax) Professional Accountant (SA) CFP



Directors: GAJ Alexander BCom Hons (FAPM) (Tax) CA (SA) LLM / AS Ratcliffe BCom (HDip Tax) Professional Accountant (SA) CFP  
Tel +27 21 671 1220, Fax +27 21 671 1149  
46 Main Rd, Claremont, 7708 | PO Box 24033, Claremont, 7735  
[www.privateclient.co.za](http://www.privateclient.co.za)