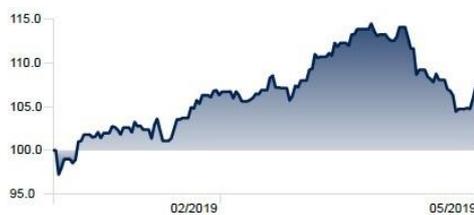
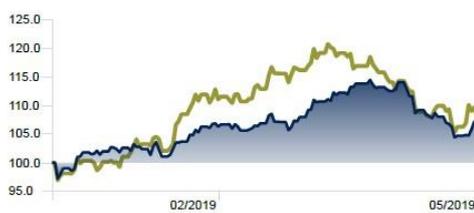



CONTENTS: Market Report | Company Results | Snippets | CCM Rates | Dividends Payable

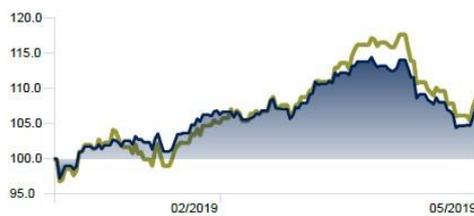
All Share


FTSE/JSE All Share TR ZAR

Resources


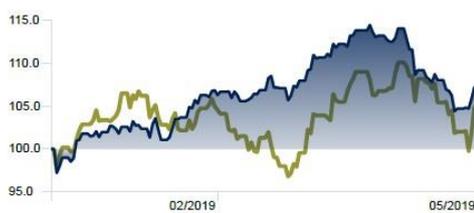
FTSE/JSE All Share TR ZAR

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	May (%)	YTD (%)
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All Share	55,650	▼ 4.8%	▲ 7.1%
S&P 500	2,752	▼ 6.4%	▲ 10.7%
FTSE	7,162	▼ 2.9%	▲ 8.8%
Rand/USD	14.56	▲ 1.5%	▲ 1.2%
Rand/GBP	18.35	▼ 1.8%	▲ 0.2%
Gold (\$)	1,306	▲ 1.8%	▲ 2.2%
Plat (\$)	793	▼ 10.8%	▼ 0.4%
Brent (\$)	64.49	▼ 11.4%	▲ 19.9%

Market Report

Sell in May and go away

After a stellar performance in the first quarter and a good start to the second quarter – the best start since 1987 for the S&P, world equity markets sold off in May with the MSCI World Index reversing more than a third of its year-to-date gains and ending nearly 6% lower.

Trade tensions between the US and China were reignited, with both countries imposing retaliatory tariffs on imports. Progress made since the start of the year unravelled as US President Trump tweeted that China “broke the deal”, setting in motion a hike in tariffs from 10% to 25% on \$200 billion of Chinese imports and renewing a threat of tariffs on a further \$300 billion of imports. In return, China retaliated with an increase in tariffs on \$60 billion of US imports.

The global risk-off sentiment weighed the most on Hong Kong-listed Chinese firms, which sold off 9% in May. Next on the list was the tech-heavy Nasdaq, which dropped 8%, with Apple and semiconductor stocks being the hardest hit. The carnage also took its toll on energy stocks, with US-listed counterparts declining 11% as Brent crude oil moved 12% lower on global growth concerns.

National election results largely market positive

The national election and subsequent cabinet appointments delivered a largely market-friendly outcome in May. However, the cabinet reshuffle suggests that the progress on structural reform is likely to remain slow. Prior to the vote, investors broadly anticipated that a strong ANC lead would be market positive as expectations of reforms led by President Cyril Ramaphosa will be boosted. The rand gained ground against the US dollar, government bond prices improved, and SA focussed stocks - such as banks and retailers - rallied post the release of the final election results.

While a strong showing by the ANC provides legroom for President Ramaphosa to implement much-needed reform, it will take time before sustained improvement is seen.

Increased likelihood of a rate cut by Q1 2020

The SARB kept rates unchanged at its meeting in May, with two of the five MPC members preferring an interest rate cut, while the rest preferred a hold. SARS' QPM model now projects one interest rate cut during the first quarter of next year, which coincides with the decline in the Reserve Bank's inflation forecasts. Inflation is now expected to average 4.5% in 2019 and to peak at 5.1% next year (previously 5.3%). Growth estimates were also revised lower for 2019 to 1.0% but kept unchanged at 1.8% and 2.0% for the next two years respectively.

The local economic backdrop is not showing clear signs of a recovery yet, as mining output continued to contract in March albeit at a slower rate of 1.1% year-on-year. It marks the fifth contraction in a row, with an average year-on-year contraction of 4.1% in the first quarter of 2019. The decline was led by the continued contractions in gold production (-17.7%) and 'other' non-metallic minerals (-8.1%).

Company Results

The Foschini Group Ltd – Year-end results for the period ending March 2019

Earnings per share	11.87
Historical PE	14.8
EPS growth	9.0%
Operating Income Growth	3.9%
ROE	19.1%
Debt/Equity	64.6%
NAV per share	60.43
Dividend yield	4.4%
Share price	176.10



Nature of Business

The Foschini Group Limited is a diverse group with a portfolio of 28 leading fashion retail brands across various lifestyle and merchandise categories. Its retail brands, which includes @home, American Swiss, Duesouth, Foschini, Hobbs, Markham, Phase Eight, Sportscene, Totalsports, and Whistles to name a few, offer clothing, jewellery, cellphones, accessories, cosmetics, sporting and outdoor apparel and equipment, and homeware and furniture from value to upper market segments throughout more than 4 034 outlets in 32 countries.

Latest Results

Retail turnover for the Group increased by 19.6% compared to March 2018 with turnover growth of 8.9% (ZAR) for TFG Africa, 31.3% (GBP) for TFG London and 58.3% (AUD) for TFG Australia. Including comparable numbers for Hobbs (TFG London) and RAG (TFG Australia) acquired during the previous financial year, turnover grew by 3.5% and 14.5% respectively for TFG London and TFG Australia. Strong comparable store turnover growth of 5.6% was achieved for TFG Africa and 7.8% for TFG Australia.

Group cash turnover, now contributing 72% of the Group's turnover, grew by 25.2% while Group credit turnover grew by 7.1%, up from 6.8% at interim. TFG Africa's cash turnover, contributing 56.7% to the segment's turnover, grew strongly at 10.3% (ZAR). Group gross margin expanded to 53.6% from 52.5% at March 2018 as key initiatives to improve input margin and reduce markdowns were implemented.

With the additional 17.2 million shares issued in the prior year, total headline earnings per share grew by 9.0% to 1 187,1 cents per share. Excluding the acquisition costs, headline earnings per share grew by 5.6%.

Dividend

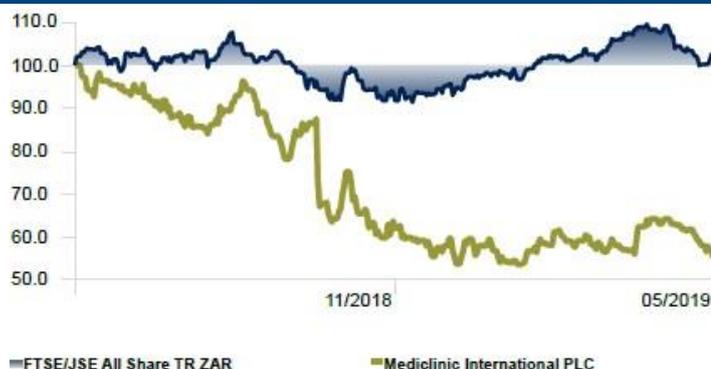
A final dividend of 450 cents per share has been declared, an increase of 7.1%.

Prospects

The outlook for trading conditions remains subdued across all three of the Group's business segments with macro factors creating uncertainty both in South Africa and the United Kingdom. The Group continues to invest throughout the cycle and has authorised capital expenditure in respect of digital transformation initiatives of approximately R500 million over the short to medium term to support the Group's focus on an enhanced customer experience.

Mediclinic International Plc – Year-end results for the period ending March 2019

Earnings per share	0.269
Historical PE	11.2
EPS growth	-10.0%
Operating Income Growth	-11.0%
ROE	-4.7%
Debt/Equity	62.9%
NAV per share	4.27
Dividend yield	2.6%
Share price	3.02



Nature of Business

Mediclinic is an international private healthcare services group with operating divisions in Switzerland, Southern Africa and the United Arab Emirates. Its core purpose is to enhance the quality of life of patients by providing acute care, specialist-orientated, multi-disciplinary healthcare services. Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, an UK-based private healthcare group. The company was founded on December 20, 2012 and is headquartered in Stellenbosch, South Africa.

Latest Results

The Group's FY19 revenue was up 2% to GBP2 932m (FY18: GBP2 876m) and adjusted EBITDA was down 4% to GBP493m (FY18: GBP515m), as expected. In constant currency terms, FY19 revenue was up 4% and adjusted EBITDA was down 2%, with the Group's adjusted EBITDA margin decreasing to 16.8% (FY18: 17.9%). The operating performance was impacted by the lower contribution from Hirslanden, offset by an improved performance in the second half of the financial year from Mediclinic Southern Africa and Mediclinic Middle East.

Adjusted depreciation and amortisation were up 12% to GBP163m (FY18: GBP145m) in line with the continued investment to upgrade and expand the asset base, supporting future growth, enhancing patient experience and clinical quality and driving efficiencies.

Adjusted earnings were down 10% to GBP198m (FY18: GBP221m), with adjusted earnings per share down 10% to 26.9 pence (FY18: 30.0 pence).

Dividend

The company proposed a final dividend of 4.7 pence per ordinary share, the same as a year before.

Prospects

- Hirslanden: Further 9m impact of TARMED outmigration, but management expects cost saving initiatives to offset reduction in tariffs. FY 20e EBITDA margin guidance of 15%
- SA: Expects volume growth of c.1%, but EBITDA margin decline of c.100bps due to lower margin contribution from Intercare and ramp-up of new Stellenbosch facility
- Middle East: Revenue growth of 10% y/y in FY 20e and EBITDA margin of c.14%

Snippets

Should you register fixed property in a trust?

In previous years it made good estate planning sense when purchasing fixed property to register this property in an inter vivos trust. This ensured that the growth of value of the property was ring-fenced within the trust and did not affect the value of an individual's estate.

This is according to David Knott, who advises that some even recommended that you should register property in a trust so as to enable the trust, and not the property, to be sold later, thereby by-passing the payment of transfer duties. "This was clearly not what Government had intended and the legislation was amended accordingly."

"Capital Gains Tax now also makes it onerous to hold fixed property in a trust. In the case of one's primary residence, it is almost always most cost efficient to register in the individual's name. This is because an individual is entitled to a rebate of R2 million off the gain when his domestic primary property is sold.

This rebate is not granted to a trust or a company, which is liable for Capital Gains Tax from the first Rand. In addition, an individual is also taxed at a lower rate to that of a trust or company."

"In the case of a second holiday home or business premises, one needs to carefully look at the circumstances – how long will the property be held, how it will be funded, the growth prospects of that asset and how it will be utilized. Before such registration takes place one should also take professional advice on all tax effects as legislation regularly changes."

For more information contact Sarah Love on (021) 671 1220 or sarah@privateclient.co.za if you have any questions.

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	7.30
	1 000 000 – 9 999 999.99	7.40
	10 000 000 upwards	7.50
CALL MONEY FUND: <i>Non-Individuals</i>	250 000 – 999 999.99	7.10
	1 000 000 – 9 999 999.99	7.20
	10 000 000 upwards	7.30

Dividends Payable

Dividends in LDT order

<u>Company</u>	<u>Decl</u>	<u>LDT</u>	<u>Pay</u>	<u>Amt</u>	<u>Curr</u>
Afrimat Ltd. (AFRIMAT)	23-May	11-Jun	18-Jun	62	ZARc
Combined Motor Holdings Ltd. (CMH)	23-Apr	11-Jun	18-Jun	115	ZARc
Investec Property Fund Ltd. (INVPROP)	14-May	11-Jun	18-Jun	73.51	ZARc
Mediclinic International plc (MEDICLINIC)	23-May	11-Jun	29-Jul	4.7	GBPp
Telkom SA SOC Ltd. (TELKOM)	27-May	11-Jun	18-Jun	249.4	ZARc
Tsogo Sun Holdings Ltd. (TSOGO SUN)	23-May	11-Jun	18-Jun	56	ZARc
Arrowhead Properties Ltd. (ARROWA)	29-May	18-Jun	24-Jun	27.8	ZARc
Gaia Infrastructure Capital Ltd. (GAIA)	31-May	18-Jun	24-Jun	14.8	ZARc
Hosken Consolidated Investments Ltd. (HCI)	23-May	18-Jun	24-Jun	210	ZARc
Mr Price Group Ltd. (MRPRICE)	31-May	18-Jun	24-Jun	424.8	ZARc
Reunert Ltd. (REUNERT)	27-May	18-Jun	24-Jun	130	ZARc
Vukile Property Fund Ltd. (VUKILE)	29-May	18-Jun	24-Jun	103.38	ZARc
Pioneer Food Group Ltd. (PNR FOODS)	20-May	25-Jun	01-Jul	105	ZARc

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