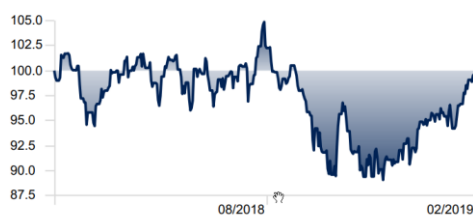


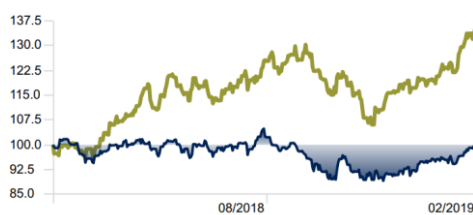
**CONTENTS:** Market Report | Company Results | Snippets | CCM Rates | Dividends Payable

### All Share



FTSE/JSE All Share TR ZAR

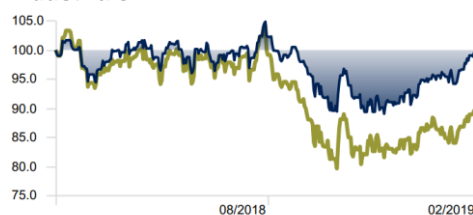
### Resources



FTSE/JSE All Share TR ZAR

FTSE/JSE Resources 10 TR ZAR

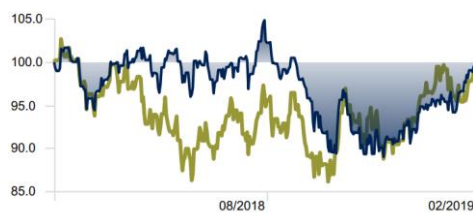
### Industrials



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	Feb (%)	YTD (%)
All Share	56,002	▲ 3.4%	▲ 6.3%
S&P 500	2,784	▲ 3.2%	▲ 11.5%
FTSE	7,075	▲ 2.3%	▲ 6.0%
Rand/USD	14.06	▲ 6.0%	▼ 2.3%
Rand/GBP	18.70	▲ 7.1%	▲ 2.1%
Gold (\$)	1,313	▼ 0.5%	▲ 2.7%
Plat (\$)	873	▲ 6.4%	▲ 9.7%
Brent (\$)	66.03	▲ 6.7%	▲ 22.7%

## Market Report

### Positive sentiment continues to lift markets

Global equity markets continued to rally in February on dovish comments by Fed policymakers and optimism surrounding a trade truce between the US and China. Local equities posted decent performance in February, recording a monthly gain of 3.41%, despite a reversal in fortunes in the property and financial sectors which gave back 5.7% and 2.1% respectively.

The positive global sentiment did not translate into portfolio inflows for SA, and the rand ended the month 6.4% weaker against the US dollar, giving up most of last month's gains and turning from the best to the worst-performing EM currency. Non-residents continued to sell SA equities, with R6.4bn in outflows; although the pace slowed significantly compared to the R14.9bn outflow recorded last month.

### Budget speech brings some clarity

The local economy was in the dark, figuratively and literally as load shedding returned, but Tito Mboweni's maiden budget speech shed some light on National Treasury's plans for Eskom, announcing conditional financial support over the next three years and its restructuring plans. Moody's is awaiting Eskom's detailed turnaround plan, including how the government plans to split its operations into three entities and how each entity would operate financially over the medium term.

SA's 2019/20 budget now includes a lower growth assumption of 1.5% for 2019, with growth expectations of 1.7% and 2.1% in 2020 and 2021 respectively. No inflationary adjustments were made to the income tax brackets, which effectively increases the tax rate for most individuals.

### A slow start to 2019

The local economy is not showing any signs of a turnaround yet as the manufacturing PMI dipped below 50 in January, while vehicle sales dropped 7.4% year-on-year, posting its biggest decline in a year. Data released in February showed that the PMI dropped even further, reflecting a decline in global trade, weaker demand from key trading partners, and uncertainty in the local economy. Similarly, the SACCI Business Confidence Index fell further as businesses remained concerned about load shedding, weak domestic demand, and policy uncertainty ahead of the elections.

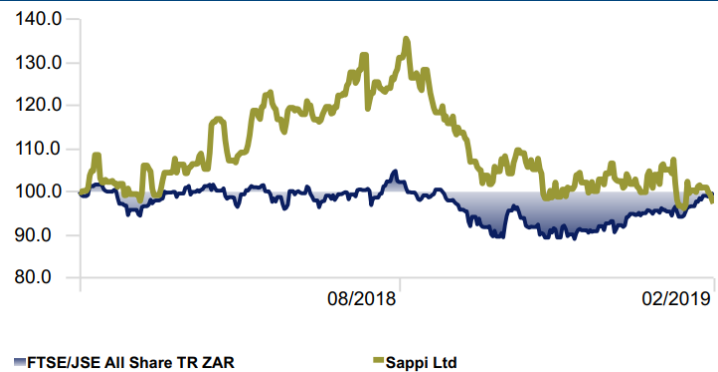
### US economy still in good shape

While the US economic expansion is long in the tooth, recent economic data still points to a healthy economy. The US economy achieved a 2.9% real GDP growth rate in 2018, which was the fastest pace since 2015. The US unemployment is still at cyclical lows; however, the job market reached an inflection point as the unemployment rate increased marginally from 3.9% to 4.0% in January. In his testimony to US Congress, Fed Chair Powell indicated that the US economy is still growing at a healthy pace but noted that he has noticed crosscurrents and conflicting signals and would therefore monitor the data closely before making policy adjustments.

## Company Results

### Sappi Ltd – First quarter results for the period ending December 2018

Earnings per share	2.14
Historical PE	8.7
EPS growth	14.2%
Operating Income Growth	21.9%
ROE	18.1%
Debt/Equity	99.6%
NAV per share	50.77
Dividend yield	3.4%
Share price	72.25



### Nature of Business

Sappi Ltd. operates as a holding company, which engages in the provision of wood-fibre-based solutions. The firm operates through the following geographical segments: Europe, North America, and Southern Africa. Its products include dissolving wood pulp, printing papers, packaging and speciality papers, casting and release papers, biomaterials, and forestry. The company was founded on December 17, 1936, and is headquartered in Johannesburg, South Africa.

### Latest Results

Sappi's results were in line with guidance, with Q1 EBITDA up by 15% and earnings per share up by 14.2% year-on-year. North American CFS volumes saw a decline of 7% year-on-year versus industry volume declines of 12% in December. Commentary from the results implies a bumpy operating climate, but Sappi remains confident that year-end EBITDA should increase year-on-year.

North America caught most off guard. Despite robust US CFS fundamentals in 2018 and pricing increasing by 13% year-on-year in Q1, volumes declined aggressively. Although the knock-on impact of trade wars was not flagged, it appears to have caused buyers to wait on the sidelines.

Europe was in line with estimates; however, the next nine months could be testing. Encouragingly, Sappi gained CWF market share, but the remainder of FY 2019 could be tricky as planned industry closures will need to coincide with demand declines of 7-8%.

### Dividend

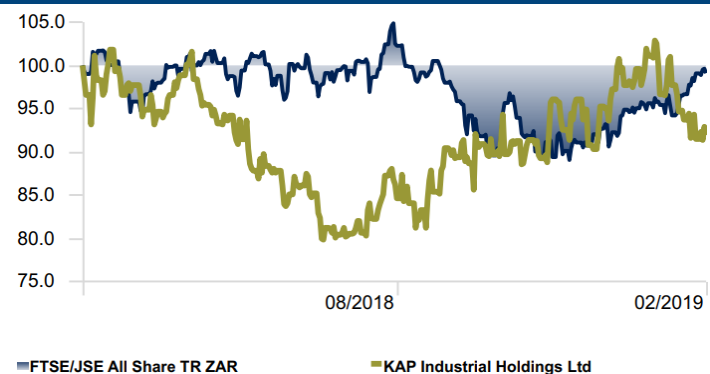
The company did not declare a dividend for the period ending December 2018.

### Prospects

The company guided for EBITDA to be higher year-on-year, with Q2 EBITDA to be slightly lower year-on-year. Incorporating conservative coated paper demand, lower DWP prices, lower sales from SA DWP mills due to inventory constraints and lower SPP margins, EBITDA is estimated to flat for 2019 as a whole.

### KAP Industrial Holdings Ltd – Interim results for the period ending December 2018

Earnings per share	0.30
Historical PE	14.8
EPS growth	6.4%
Operating Income Growth	7.0%
ROE	12.1%
Debt/Equity	64.3%
NAV per share	4.62
Dividend yield	2.9%
Share price	7.85



## Nature of Business

KAP is a diversified industrial group, operating in Southern Africa, with market-leading positions within the industrial, chemical and logistics industries. Through its various businesses, KAP produces wood-based panels, automotive components, bedding, polymers and resins. KAP's diversified logistics segment designs, implements, and manages supply chain, warehousing, and logistics services. The company was founded in 2004 and is headquartered in Stellenbosch, South Africa.

## Latest Results

In previous financial periods, the group embarked on a number of significant expansion projects at its operations and concluded a number of acquisitions, resulting in the investment of R7.8 billion over the 24 months to 30 June 2018.

KAP's results reflected a challenging economic backdrop. However, group revenue growth of 15.8% to R13.290bn for the period was a great achievement. Operating profit before B-BBEE costs and capital items increased by 6.4% to R1 508m (1H18: R1 404m) while the operating margin declined to 11.3% from 12.2%. Including B-BBEE costs associated with the Unitrans transaction, operating profit was down 6% year-on-year.

Ultimately core headline earnings per share from continuing operations increased by 6% to 30.1 cps. The group improved segmental disclosure metrics, which should improve forecast risk going forward and ultimately justify a higher rating for the stock.

## Dividend

The company did not declare a dividend for the period ending December 2018.

## Prospects

The macroeconomic and political environment in South Africa is expected to remain challenging and uncertain during the second half of the financial year in the lead-up to the national elections. KAP will continue to implement its strategy for F2019, ensuring the completion of recent expansion projects and the integration of recent acquisitions in order to extract value, generate cash and reduce debt levels, thereby strengthening its balance sheet, enhancing its competitiveness and placing it in a strong position to take advantage of growth opportunities.

## Snippets

### 2019 Budget Speech Highlights

Tito Mboweni our Finance Minister delivered his 2019 Budget Speech on 20 February 2019. Although it was a shorter address than usual here is a summary, of some of the significant points and proposals from the 2019 Budget. (For more details please follow this link: [PCH Tax Guide 2019 / 2020](#))

1. **Personal Income Tax:** The personal income tax brackets have not been changed. The tax-free thresholds increased marginally due to the increase in the rebates. A 1.1% increase in the primary, secondary and tertiary rebates for individuals, providing a small amount of relief for inflation. The change in the rebate will increase the tax-free threshold from R78 150 to R79 000.
2. **Medical Scheme Fees Tax Credits:** The medical credits have not been changed. This will be utilised to fund the National Health Programme over the next few years.
3. **Dividend Stripping Anti-Avoidance Rules:** As from 20 February 2019, additional rules governing share buy-backs and dividend stripping will apply.
4. **Review of Group Reorganisation Rules:** The rules relating to group reorganisations are being reviewed to limit abuse.
5. **Enhancements in Tax Administration:** SARS will release a discussion paper on the potential use of electronic fiscal devices, known as electronic cash registers, to assist revenue administration to monitor business transactions.
6. **Transparency in Tax Administration:** Government has started implementing urgent recommendations of the Nugent Commission. A new Commissioner will be appointed shortly, and the Large Business Centre will be re-established.
7. **Carbon Fuel Levy:** As from 5 June 2019, a carbon fuel levy at 9 cents per litre on petrol and 10 cents per litre on diesel will be introduced.
8. **Venture Capital Companies:** The rules relating to venture capital companies are being reviewed to limit abuse.
9. **Annuity - Provident Funds:** The annuity of retirement benefits for provident funds has been postponed to 1 March 2021 for further consultation at Nedlac. Should no agreement be reached the continuation of the tax deduction will be reviewed.
10. **Employment tax incentive:** In 2018, government extended the employment tax incentive by 10 years. In addition, the eligible income bands will be adjusted upwards to partially cater for inflation. From 1 March 2019, employers will be able to claim the maximum value of R1 000 per month for employees earning up to R4 500 monthly, up from R4 000 previously. The incentive value will taper to zero at the max. monthly income of R6 500.

### Other important 2019 budget proposals to note:

- Increase in sugar-tax to 2.21 cents per gram in excess of 4 grams of sugar per 100ml from 1 April 2019.
- Increase in excise duties on alcohol and tobacco products by between 7.4 per cent and 9 per cent, well above inflation. Proposals to tax electronic cigarettes and tobacco heating products.
- New items to be added to the VAT zero-rated list: white bread, cake flour and sanitary pads.
- An import tax will be introduced on scrap metal.

## 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>
Anglo American Platinum Ltd. (AMPLATS)	18-Feb	05-Mar	11-Mar	751	ZARc
City Lodge Hotels Ltd. (CITYLDG)	14-Feb	05-Mar	11-Mar	229	ZARc
BHP Group plc (BHP)	19-Feb	05-Mar	26-Mar	55	USDc
Discovery Ltd. (DISCOVERY)	21-Feb	12-Mar	18-Mar	101	ZARc
Shoprite Holdings Ltd. (SHOPRIT)	26-Feb	12-Mar	18-Mar	156	ZARc
Sasol Ltd. (SASOL)	25-Feb	12-Mar	18-Mar	590	ZARc
Woolworths Holdings Ltd. (WOOLIES)	21-Feb	12-Mar	18-Mar	92	ZARc
Anglo American plc (ANGLO)	21-Feb	12-Mar	03-May	51	USDc
Bid Corporation Ltd. (BIDCORP)	20-Feb	18-Mar	25-Mar	310	ZARc
The Bidvest Group Ltd. (BIDVEST)	04-Mar	18-Mar	25-Mar	282	ZARc
JSE Ltd. (JSE)	28-Feb	18-Mar	25-Mar	840	ZARc
Santam Ltd. (SANTAM)	28-Feb	18-Mar	25-Mar	665	ZARc
British American Tobacco plc (BATS)	28-Feb	18-Mar	08-May	50.75	GBPp

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