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

All Share

Resources

Industrials

Financials


Market Report

Trade tensions flare up yet again

Markets were down across the board in August as US-China trade tensions flared up yet again, further exacerbated by softer economic indicators globally. Earlier in the month, Trump announced that additional tariffs of 10% on \$300bn worth of Chinese goods would take effect on 1 September as trade talks stalled. In response, China vowed to suspend agricultural imports from the US, with the American soybean industry being the hardest hit.

In the US, the S&P 500 retreated just over 5% from its record high in July, ending 1.8% lower for the month. Energy (-8.7%) and financials (-5.1%) bore the brunt of the sell-off, but the risk-off mood was widespread, with only 3 of the 11 sectors ending positive. In Europe, the German DAX and French CAC were down 2% and 0.7% respectively, but Asian markets were even harder hit as the Hang Seng plummeted, ending 7.4% lower in August. Hong Kong continued to be rocked by pro-democracy protestors seeking among other things, a complete withdrawal of the extradition bill.

National Treasury delivers a welcome surprise

On the local political front, National Treasury delivered a welcome surprise after it released a 77-page economic policy document entitled Economic Transformation, inclusive growth and competitiveness: towards an economic strategy for South Africa. While National Treasury still needs the buy-in from all relevant stakeholders, it was well-received by the private sector. The public has been invited to give their comments with Finance Minister Tito Mboweni saying the strategy blueprint is expected to boost growth and create jobs.

The Minister of Health, Dr Zweli Mkhize published a revised National Health Insurance (NHI) bill on 8 August, which knocked healthcare sector stocks such as Discovery and Aspen (both down 12.9%). The revised bill aims to improve the affordability of healthcare for all and reduces the private sector's slice of the pie, with hospital groups and medical aid administrators being the most impacted.

A turnaround not yet in sight

The latest PMI numbers out of the US pointed to further deceleration in both manufacturing and services, with the latter falling to just above 50 in August from 53 in the previous month. The reading pointed to the weakest expansion in the services sector since February 2016. While a reading above 50 is still considered to be expansionary, we are heading in the wrong direction, with trade tensions and weaker ex-US growth pointing to further weakness.

US consumer confidence also dipped slightly in August; however, retail sales rose by a relatively solid 0.7% month-on-month (3.4% y/y), the most in four months. Data was also weaker in Europe, especially in Germany where PMIs are at levels consistent with a recession

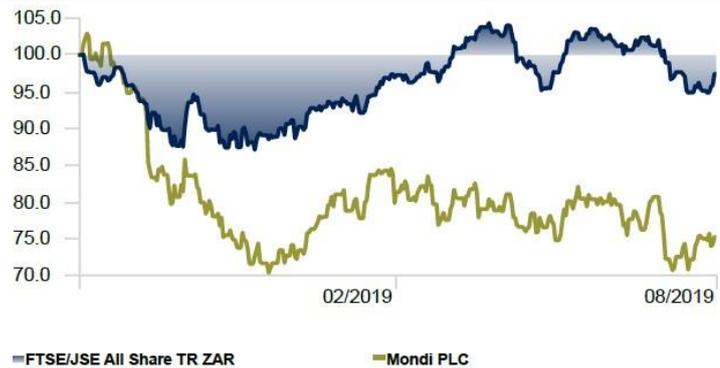
The Chinese economy is showing further weakness as factory production, consumption and property investment came in much lower than expected. However, the official PMI surprised on the upside, rising to a five-month high of 50.4 from 49.9 in July.

Index	Value	Aug (%)	YTD (%)
All Share	55,260	▼ 2.4%	▲ 6.9%
S&P 500	2,926	▼ 1.6%	▲ 18.3%
FTSE	7,207	▼ 4.1%	▲ 11.0%
Rand/USD	15.18	▲ 7.1%	▲ 5.6%
Rand/GBP	18.49	▲ 6.5%	▲ 0.9%
Gold (\$)	1,519	▲ 6.5%	▲ 18.8%
Plat (\$)	930	▲ 6.1%	▲ 16.8%
Brent (\$)	60.43	▼ 7.3%	▲ 12.3%

Company Results

Mondi Plc – Interim results for the period ending June 2019

Earnings per share	€0.962
Historical PE	9.4
EPS growth	7.8%
Operating Income Growth	28.1%
ROE	25.5%
Debt/Equity	64.4%
NAV per share	123.76
Dividend yield	4.5%
Share price	295.74



Nature of Business

Mondi PLC makes and sells packaging, paper, and paper products in three segments based on product. The fibre packaging and consumer packaging segments sell packaging products, extrusion coatings, and liners. The uncoated fine paper segment sells fine paper, newsprint paper, and pulp. Mondi's customers operate in a wide range of industries including automotive, construction, chemicals, food and beverage, personal care, medical, packaging, pet care, and printing. The majority of revenue comes from Europe.

Latest Results

Mondi delivered a strong set of results in the first half of 2019 against a backdrop of increasingly challenging global trading conditions, with underlying EBITDA of €894 million, up 5% year-on-year. Higher average selling prices, the contribution from capital investments and acquisitions, and a higher forestry fair value gain more than offset the impact of planned maintenance downtime, lower volumes in certain segments and higher costs.

Mondi reported strong performance from Fibre Packaging despite lower average containerboard prices. Kraftliner prices were 5% lower year-on-year in H1 with further weakness expected in H2, however prices appear to be stabilising with order books starting to look firmer.

Corrugated packaging did well to recover cost inflation as Mondi successfully managed to increase corrugated packaging prices to offset rising recycled containerboard costs, however recent declines in recycled containerboard prices is expected to weigh on corrugated packaging prices in H2.

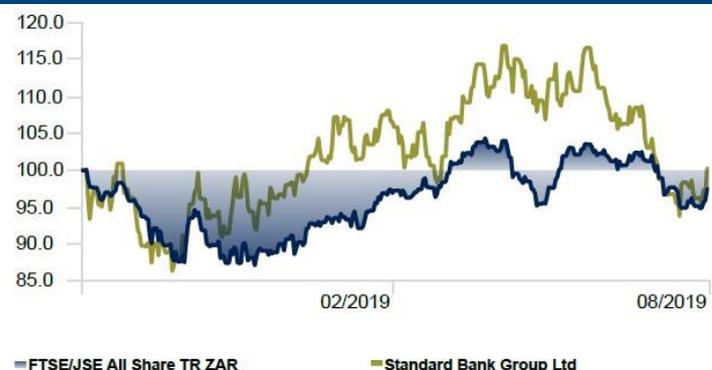
Consumer Packaging continued to lag other segments and Mondi expects the weakness to persist over the medium-term. Despite uncoated fine paper pricing declines in Europe, the group's segment managed to increase EBITDA by 10%.

Dividend

An interim ordinary dividend of 27.28 euro cents per share has been declared by the directors.

Standard Bank Group Ltd – Interim results for the period ending June 2019

Earnings per share	8.374
Historical PE	9.9
EPS growth	5.4%
Operating Income Growth	10.2%
ROE	17.5%
CE Tier 1	14.0%
NAV per share	105.11
Dividend yield	5.6%
Share price	177.26



Nature of Business

Standard Bank Group Ltd provides banking and other financial services for its customers in roughly 20 countries in sub-Saharan Africa. Its two biggest business segments are personal and business banking and corporate and investment banking. The company earns most of its income from the personal and business banking segment, where it offers credit cards, mortgages, vehicle loans, insurance, and other lending and transactional products. The company generates nearly all its income in Africa, with most coming from South Africa.

Latest Results

Standard Bank Group's African-focused strategy has delivered continued headline earnings growth, driven by the strong underlying momentum in our core operations. For the period ended 30 June 2019 headline earnings were R13.4 billion, an increase of 6% on

the prior period (1H18) and return on equity (ROE) was 16.2%. The group's capital position remained strong, with a common equity tier 1 ratio of 14.0%.

Banking activities recorded strong growth in headline earnings, increasing 10% to R12.8 billion. ROE was 17.5% in line with the prior corresponding period. Strong balance sheet growth period on period supported net interest income. Pressure on fees and continued customer migration to digital channels dampened non-interest revenue growth. Credit impairment charges increased from a low base in 1H18. Stringent cost management resulted in positive operating leverage, by growing revenue by 1.1% faster than cost.

After adjusting for currency impacts, in particular the weaker rand, group headline earnings grew 5% on a constant currency basis. On the back of continued strong earnings growth, Africa Regions' (AR) contribution to banking headline earnings grew to 34% from 32% in 1H18. The top six contributors to AR's headline earnings were Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda.

Dividend

The company declared an interim dividend of 454 cents per share, an increase of 6% on the prior period.

Snippets

National Wills Week



Email trusts@privateclient.co.za or 021 671 1220

Corporate Cash Manager Rates

FUND	BALANCE	RATE
CALL ACCOUNT	0.00 – 9 999.99	4.55
	10 000 – 24 999.99	5.05
	25 000 – 49 999.99	5.30
	50 000 – 99 999.99	5.55
	100 000 – 249 999.99	5.70
CALL MONEY FUND: <i>Individuals</i>	250 000 – 999 999.99	7.04
	1 000 000 – 9 999 999.99	7.14
	10 000 000 upwards	7.24
CALL MONEY FUND: <i>Non-Individuals</i>	250 000 – 999 999.99	6.84
	1 000 000 – 9 999 999.99	6.94
	10 000 000 upwards	7.04

Dividends Payable

Dividends in LDT order

<u>Company</u>	<u>Decl</u>	<u>LDT</u>	<u>Pay</u>	<u>Amt</u>	<u>Curr</u>
BHP Group plc (BHP)	20-Aug	03-Sep	25-Sep	78	USDc
Shoprite Holdings Ltd. (SHOPRIT)	20-Aug	03-Sep	09-Sep	163	ZARc
Naspers Ltd. (NASPERS-N)	21-Jun	10-Sep	16-Sep	715	ZARc
Standard Bank Group Ltd. (STANBANK)	08-Aug	10-Sep	16-Sep	454	ZARc
The Bidvest Group Ltd. (BIDVEST)	02-Sep	17-Sep	23-Sep	318	ZARc
Compagnie Financière Richemont SA (RICHEMONT)	17-May	17-Sep	26-Sep	20	CHFc
KAP Industrial Holdings Ltd. (KAP)	20-Aug	17-Sep	23-Sep	23	ZARc
Motus Holdings Ltd. (MOTUS)	28-Aug	17-Sep	23-Sep	250	ZARc
Old Mutual Ltd. (OMUTUAL)	02-Sep	17-Sep	14-Oct	45	ZARc
PSG Group Ltd. (PSGFIN PREF)	30-Aug	17-Sep	23-Sep	428.07	ZARc
Santam Ltd. (SANTAM)	29-Aug	17-Sep	23-Sep	392	ZARc
Woolworths Holdings Ltd. (WOOLIES)	29-Aug	17-Sep	23-Sep	98.5	ZARc
Bid Corporation Ltd. (BIDCORP)	28-Aug	23-Sep	30-Sep	330	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