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Goodbye 2013, Welcome 2014

SA's JSE broad equity indices returned about 20.18% and the Zimbabwean Stock Exchange mainstream industrial index closed up 33.10% for the year 2013. Interestingly mining indices were down with Zimbabwe's mining index at -31.01%.

Investment markets –How our Top 10 Equity Buys 2013 performed

Our Top 10 Equity Buys for 2013 did well apart Aveng and JD Group. It was a see-saw for most shares, but Naspers (101.77% returns) and Old Mutual (38.38%) exceed expectations. Based on our model, Naspers remained a buy at all valuation dates throughout 2013. The question was, and still is – for how long will the meteoric rise of Naspers continue? The table shows how our 2013 Top 10 Equity Buys performed.

| Economic Indicators | | | |
|---------------------|-------|-------|--------|
| | USD | Euro | Move |
| Rand | 10.35 | 14.42 | 1.47% |
| Pula | 8.65 | 11.99 | -1.92% |
| Kenya | 86.4 | 118.6 | 0.00% |
| Kwacha | 5.18 | 6.78 | 0.00% |
| Naira | 160 | 219 | 1.26% |
| | Nov | Dec | Move |
| Gold (\$) | 1253 | 1202 | -4.07% |
| Oil (\$) | 111 | 111 | 0.00% |

Move is % change monthly against USD

| Top 10 JSE Equity Buys 2014 | | | |
|-----------------------------|------------|-------------|--------------|
| | Share Code | Entry Price | Target Price |
| 1 | Mediclinic | 7600 | 13328 |
| 2 | A. Rainbow | 18900 | 25936 |
| 3 | Discovery | 8450 | 11568 |
| 4 | Crookes Br | 6600 | 8997 |
| 5 | Old Mutual | 3279 | 4319 |
| 6 | Anglo | 22900 | 28440 |
| 7 | Group Five | 4054 | 5010 |
| 8 | AECI | 12500 | 15130 |
| 9 | Barclays | 13225 | 15917 |
| 10 | MTN | 21702 | 25701 |

Prices in SA cents

| JM BUSHHA Funds Returns | |
|-----------------------------------|---------|
| Fund Name | 3 Years |
| CashPlus | 6.14% |
| BondPlus | 8.72% |
| Real Return | 12.16% |
| Absolute AllClass | 14.13% |
| Absolute Aggressive | 12.77% |
| Diversified Equity ⁽¹⁾ | 20.92% |
| Risk Averse Fund | 10.93% |
| Global Investor | N/A |
| Afro Fund | 12.16% |

Returns are annualised
(1) 33 months returns

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| | Share | Entry Price | Target Price | High | Return |
|----|-------------|-------------|--------------|--------|---------|
| 1 | Datatec | 4905 | 6760 | 6138 | 25.14% |
| 2 | Discovery | 6129 | 8450 | 10000 | 63.16% |
| 3 | JD Group | 4500 | 5941 | 4700 | 4.44% |
| 4 | Old Mutual | 2449 | 3147 | 3389 | 38.38% |
| 5 | Naspers | 54320 | 69268 | 109601 | 101.77% |
| 6 | Growthpoint | 2450 | 3074 | 3094 | 26.29% |
| 7 | Aveng | 3066 | 3835 | 3834 | 25.05% |
| 8 | MTN Group | 17760 | 21689 | 21975 | 23.73% |
| 9 | Momentum | 2217 | 2637 | 2700 | 21.79% |
| 10 | Nedbank | 18800 | 22304 | 21925 | 16.62% |

The reliability of our models is reflected in the good performance of our funds.

Economic Activities

Zimbabwe presented its US \$4.10 billion National Budget for 2014, projecting a 6.1% growth rate, almost double the 3.4% rate for 2013. This will be a tall order as companies continue to succumb to an unrelenting liquidity crunch with more than 700 companies folding and 10,000 people – according to the National Security Authority – being put out of work and condemned to an uncertain future.

After the successful US\$750 million Eurobond, Zambia continues to pick up more debt and have signed loan agreements with the African Development Bank (ADB) and the European Investment Bank. Further, the Ministry of Finance has approached bankers for US\$250 million bank syndicated loan, and if successful, it will be Zambia's first syndicated facility since 1984. External debt increased 26.72% to \$3.13 billion over a one year period ending September 2013. This year, the Zambian government intends to borrow almost \$2 billion from domestic and foreign markets. GDP is expected to register about 6.0%, below the target of 7.0% plus. Forex reserves have fallen steadily to less than the recommended 3 months import cover (which was at \$2.7 billion at end of September 2013).

South Africa's growth rate for 2013 is expected to close at 1.8% and 2014 will be below 3.0%. It would help if stability is restored within labour, and the government shows seriousness in job creation and jump-starting economic growth by cutting its spending on its executives' (ministers') luxuries.

Social and Political Developments- Leadership vacuum

We need an interpreter – a sign language interpreter, to communicate and explain the lack of political leadership that can address the social challenges and inequality SADC as a region faces once for all. Zimbabwe is now importing maize from SA after Zambia demanded upfront payment.

National elections in SA will be in about 3 months, and there will be no surprises. The ANC will remain the ruling party.