



4 October 2019

Dear Investor

STEADY AS WE GO

Whilst the JSE was all over the place in September (+5.34% to -0.94%) it ended with a return of +0.19% for the month. The Olympiad unit trusts yielded +0.49% in a smooth uptrend. From 28 April 2019, day we invested in local bonds/cash, till end of September 2019 the returns, net of management fees, have been:

Olympiad BCI Managed	+3.15%
Olympiad BCI WW Flex	+3.02%
JSE TR (ALSI)	-5.44%
SA Listed Property TR	-3.46%

(Source: Morningstar. TR – Total Return)

As Buffett told his fellow shareholders, you pay me for results not activity, I need to tell you the same.

January 2018 to date has not been the time to be aggressive for the following reasons:

1. US stockmarkets have only once been more expensive.
2. Inverted yield curve in USA i.e. when rates on short term bonds are higher than on long term bonds (normally 10yrs). Every US recession over the last 60 years was preceded by an inverted yield curve.
3. Higher interest rates in US coupled with record amount of US Corporate Debt. Poorly managed companies could survive at 0% interest rates maybe not so at 2%+.
4. US/China/Japan/UK/ Europe etc trade disagreements. Like in the late 1920's the threat of a US trade war resulted in businesses delaying investment/expansion decisions with a negative impact on the global economy.
5. Manufacturing is contracting around the World. Consumers are still holding up but for how long?

Before getting too despondent we should note the following:

1. Relatively high interest rates in RSA. For example Government Bond (10yr) yielding 8.35% pa is well above the 5.7% pa average return from other emerging countries. The rate on US and UK 10 yr Government bonds are 1.64% and 0.47% respectively. Countries like Germany, Japan, Netherlands, Switzerland and Ireland offer negative rates i.e. you pay them to keep your money varying from -0.78% to -0.03%.

2. The need for basic materials/minerals by countries like China and India should over med/long term support the economies of RSA, Canada, Australia etc. With economic growth rates 2,5x to 2x higher than that of the USA, China and India need basic materials. For example the current annual goal set by China is to urbanise about 900,000 people per month.

So globally and locally (even under poor mangement) history will probably repeat itself with the two growth asset classes, property and businesses/stockmarkets, outperforming bonds and cash over the medium/long term.

Please feel free to contact me should you have any questions or comments.

Kind regards

ANTON VAN NIEKERK

B.Econ (Hons) FSA™

CEO / Chief Investment Officer

Anton Cell: 082 455 9575

www.olympiad.co.za