

### CUSTOM COMMENTARY - ANCHOR GROUP LTD

09 Oct 14

#### Anchor Group: Acquisition of the remaining 82% shareholding In Anchor Capital Cape Town

The Anchor Group has entered into a Memorandum of Understanding for the acquisition of the remaining shareholding in Anchor Capital Cape with effect from 1 September 2014. The vendors are not related parties to the Anchor Group but are key management of Anchor Capital Cape. Anchor currently holds 18% in Anchor Capital Cape and will hold 100% pursuant to the acquisition. The purchase price is capped at R20.7mn and will be settled through the issue of Anchor shares following the completion of an earn-out period commencing 1 September 2014 until 31 December 2016. The acquisition of Anchor Capital Cape is part of the strategy of Anchor to grow its asset management business as well as ensuring that key management is retained and incentivised through ownership in Anchor. Anchor Capital Cape has over R700mn of assets under management and advice.

### CUSTOM COMMENTARY HEADLINES

- Coronation FY14 trading statement: HEPS and EPS +30-40%
- Peregrine 1H14 trading statement: HEPS and EPS +35-45%
- Peregrine: Appointment of Deloitte & Touche as joint independent sponsor
- Coronation: Lulama Boyce appointed independent non-executive director
- PSG Konsult 1H15 results: Rev +26.4% to R1.5bn; HEPS +29.2% to ZAc11.5
- GDP: 2Q14 up 0.6% QoQ as SA narrowly avoids a recession
- GDP: 1Q14 decreases 0.6% QoQ as mining strike impacts

### CUSTOM COMMENTARY - ASSET MANAGERS

03 Nov 14

#### Weekly asset management sector commentary: Week ended 31 October 2014

For the week ended 31 October 2014, the Financials Index increased 6.3% WoW and the SWIX improved 0.1% WoW. The Anchor Group and Coronation were up 5.4% and 4.4% WoW, respectively.

### COMPANY SHARE PRICE PERFORMANCE



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PEER COMPARISON

Share	Share px (c)	Mkt cap (Rmn)	% ch (1M)	% ch (12M)
Anchor	774	716.72	31.19%	68.63%
Psgkst	645	8,143.02	-10.91%	-18.35%
Coronat	9500	33,230.91	4.73%	15.04%
Pergrin	2300	4,994.39	5.75%	61.97%

SHARE PRICE 5-DAY TRADING DATA

Date	Open px (c)	Close px (c)	High (c)	Low (c)	Volume	Value (Rmn)
07/11/14	715	774	835	713	68,216	0.53
06/11/14	700	724	795	690	122,698	0.87
05/11/14	651	700	700	651	66,599	0.45
04/11/14	630	651	651	630	25,727	0.17
03/11/14	625	645	645	621	35,800	0.23

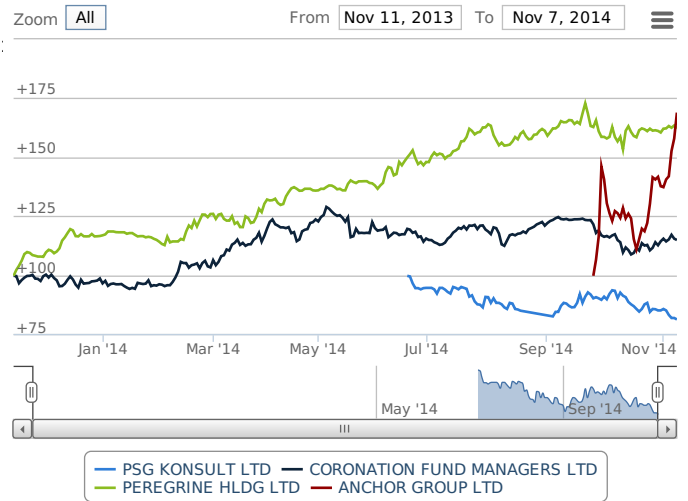
TOP-5 SECTOR TRADES BY VALUE

Share	Value Traded (Rmn)	Close Price (c)
Alexander	29.29	910
Coronat	26.72	9,500
Pergrin	21.48	2,300
Anchor	0.53	774
Prescient	0.01	90

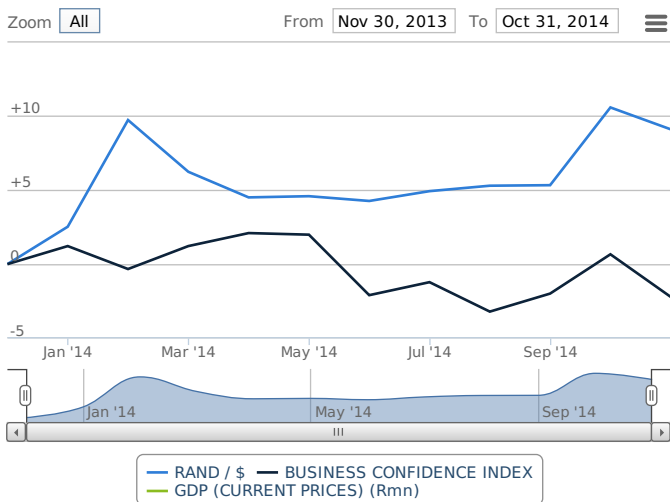
COMPANY SHARE PRICE VS SECTOR INDICES



COMPANY SHARE PRICE PERFORMANCE VS PEERS



ECONOMIC INDICATORS



COMPANY P/E (HISTORIC)



 TRADING DATA

 PREVIOUS DAY

Share	Price px (c)	% ch (1D)	Mkt cap (Rmn)	VWAP (c)	Volume	Value (Rmn)	Value % of mkt cap
Anchor	774	6.91	716.72	781	68,216	0.53	0.07
Psgkst	645	-0.77	8,143.02	650	278,717	1.81	0.02
Coronat	9,500	-0.50	33,230.91	9,514	280,857	26.72	0.08
Pergrin	2,300	-0.78	4,994.39	2,304	931,998	21.48	0.43

 PREVIOUS WEEK

Share	Price px (c)	% ch (WoW)	Mkt cap (Rmn)	VWAP (c)	Volume	Value (Rmn)	Value % of mkt cap
Anchor	645	20.00	716.72	706	319,040	2.25	0.31
Psgkst	675	-4.44	8,143.02	654	928,575	6.08	0.07
Coronat	9,453	0.50	33,230.91	9,543	7,527,127	718.33	2.16
Pergrin	2,300	-0.78	4,994.39	2,304	3,515,453	81.01	1.62

 PREVIOUS MONTH

Share	Price px (c)	% ch (MoM)	Mkt cap (Rmn)	VWAP (c)	Volume	Value (Rmn)	Value % of mkt cap
Anchor	590	31.19	716.72	599	1,499,371	8.98	1.25
Psgkst	724	-10.91	8,143.02	676	2,911,326	19.69	0.24
Coronat	9,071	4.73	33,230.91	9,290	27,523,540	2,556.81	7.69
Pergrin	2,175	5.75	4,994.39	2,286	12,070,410	275.97	5.53

 EARNINGS FORECAST DATA

Share	Currency	Share px (c)	12M high (c)	12M low (c)	P/E (x)	Forward P/E (x)	DY (%)	Forward DY (%)
Anchor	R	774	774	459	124.84	35.67	0.66	1.41
Psgkst	R	645	790	645	32.25	25.80	1.05	2.33
Coronat	R	9,500	10,650	7,800	22.84	16.38	4.72	6.11
Pergrin	R	2,300	2,450	1,420	10.74	9.66	3.70	5.17

Share	Currency	EPS FY0 (c)	EPS FY1 (c)	EPS FY2 (c)	EPS FY3 (c)	DPS FY1 (c)	DPS FY2 (c)	DPS FY3 (c)	EPS % ch	FY1	FY2
Anchor	R	6.20	21.70	27.70	33.24	10.90	13.80	16.62	250	27.65	
Psgkst	R	20.00	25.00	34.00	43.00	15.00	20.00	25.00	25	36	
Coronat	R	416.00	580.00	667.00	734.00	580.00	667.00	734.00	39.42	15	
Pergrin	R	214.10	238.00	285.00	342.00	119.00	143.00	171.00	11.16	19.75	


 MARKET PERFORMANCE: OCTOBER 2014

05 Nov 14

**A volatile October ends on a positive note:**

Despite the market's wild ride during the course of last month, October (historically the most volatile month in terms of market performance) ended on a slightly stronger note after the Bank of Japan unexpectedly announced its decision this past Friday to expand its already massive stimulus programme. This buoyed global (and local) markets, with the JSE eking out a 0.8% MoM gain despite the preceding rollercoaster ride. Earlier in the week markets had come under pressure as the US Federal Reserve (Fed) announced it would end the third round of its bond-buying stimulus measures due to its confidence in a resurgent US economy. While US momentum might have softened slightly in October, US growth remained solid (an advance estimate for 3Q GDP growth showed the economy had expanded at healthy 3.5%). Added to that, US jobless claims dropped to a 14-year low, manufacturing picked up and major US companies released generally positive earnings reports.

However, this past month was not kind to commodities as the price of US benchmark West Texas Intermediate (WTI) crude oil fell below \$80 for first time since mid-2012, while local gold shares reached their lowest levels since 2001 as a record low gold price (down 3.0% MoM and 2.7% YTD) impacted sentiment. At the same time negative news (including slow services sector growth, a cooling property sector, a dip in factory activity to a five-month low) from China, South African commodity producers' most important market, underlined the uncertain outlook for the world's second-largest economy and also weighed on sentiment. Concern that the Ebola outbreak could become a global crisis, political risk in Greece, persistent weakness in eurozone economies and the looming threat of deflation in those countries, further weighed on market sentiment. Locally, MoM the Resi-20 Index dropped 10.3% and is now down 7.5% YTD, while the FINI-15 ended the month 6.4% higher and the INDI-25 was up 4.0% MoM.

While a lower oil price was not good news for oil and energy companies the fact that it could potentially encourage increased consumer spending over the next few months emerged as a small positive. This even as Finance Minister Nhlamhla Nene's inaugural Medium Term Budget Policy Statement (MTBPS) hinted at possible higher taxes which would have a further detrimental impact on an already cash-strapped local consumer.

**Top-20 shares: October performance**

Code	Share	Market Cap (Rmn)	Closing Price 30/09/2014	Closing Price 31/10/2014	% change
CPI SJ Equity	CAPITEC BANK HOLDINGS LTD	32968	24460	29095	18.9%
CLR SJ Equity	CLOVER INDUSTRIES LTD	3558	1667	1970	18.2%
LEW SJ Equity	LEWIS GROUP LTD	6401	5650	6645	17.6%
APN SJ Equity	ASPEN PHARMACARE HOLDINGS LT	177844	33650	39344	16.9%
SYC SJ Equity	SYCOM PROPERTY FUND	6004	2575	3000	16.5%
SHP SJ Equity	SHOPRITE HOLDINGS LTD	90124	13997	15978	14.2%
MTA SJ Equity	METAIR INVESTMENTS LTD	7362	3290	3750	14.0%
BAT SJ Equity	BRAIT SE	41541	7283	8288	13.8%
EOH SJ Equity	EOH HOLDINGS LTD	12519	9470	10762	13.6%
HSP SJ Equity	HOLDSPORT LTD	1954	4010	4549.52	13.5%
BGA SJ Equity	BARCLAYS AFRICA GROUP LTD	145101	15413	17416	13.0%
WHL SJ Equity	WOOLWORTHS HOLDINGS LTD	71894	6991	7839	12.1%
CLS SJ Equity	CLICKS GROUP LTD	18840	6700	7510	12.1%
RES SJ Equity	RESILIENT PROPERTY INCOME	26255	7294	8148	11.7%
DLT SJ Equity	DELTA PROPERTY FUND LTD	3653	756	840	11.1%
TRU SJ Equity	TRUWORTHS INTERNATIONAL LTD	31520	6795	7550	11.1%
RMI SJ Equity	RMI HOLDINGS	58313	3540	3932	11.1%
HYP SJ Equity	HYPROP INVESTMENTS LTD-UTS	23287	8677	9629	11.0%
REM SJ Equity	REMGRO LTD	129773	22802	25298	10.9%
KAP SJ Equity	KAP INDUSTRIAL HOLDINGS LTD	10276	404	447	10.6%

**Source: Bloomberg. Anchor Capital**

October's top-20 performers were a mix of industrial counters (retailers, property, etc.) and financial stocks with no resource shares spotted among the top 20. Capitec's recent results demonstrated that it has strong growth drivers outside of unsecured lending as a result of its strong market-share gains in transactional banking as the group expanded its customer base by 16% to c. 5.8mn clients, with increases in the middle- and lower-income markets. This source of earnings also serves to mitigate the risk inherent in the unsecured lending book. MoM, Capitec's share price surged 18.9% to become the best performing stock on the JSE for October. This as the company reported a 21% YoY surge in 1H earnings and despite ratings agency Moody's downgrading it by two notches in September.

After a poor performance in September, Clover's share price rebounded last month as the share gained 18.2% to end October as the month's second-best performer. This followed the Competition Commission recommending the conditional approval of the merger between Clover and Dairybelle's yoghurt and long-life milk businesses. Lewis Group (+17.6%) rounded out the month's three best-performing shares as positive market reaction to the news that it would buy the Beares brand and some other stores from Ellerrine Holdings (African Bank's furniture retailer) lifted the share price.

Aspen closed the month at an all-time high of R393.44/share and was up 16.9% MoM. This after it announced a team-up with shareholder GlaxoSmithKline to extend its foothold in the lucrative Japanese market. Aspen also signed an agreement with US specialty pharmaceutical group, TesoRx to acquire licence rights to an innovative oral testosterone replacement therapy - currently a \$2.5bn-plus global market. Ahead of its delisting, Sycom Property Fund ended the month 16.5% higher. This as Acucap, which acquired more than 90% of Sycom earlier this year, and Growthpoint Properties are set to merge. Shoprite (+14.2%) reported a 12.3% YoY increase in revenue for the three months to end September, allaying broader investor concerns around a slowdown in spending in the group's core (low-LSM) customer segment due to the current economic conditions, strikes, job losses, unsecured debt burden etc. It also indicated that, despite the slow local economic growth and heavily indebted consumer, these same consumers are nevertheless still spending.



During October, auto-parts manufacturer Metair Investments (14.0% MoM) came out with a positive trading update and also indicated that it had experienced improved stability in the local original equipment market and secured a few start-stop related original equipment manufacturers (OEM) contracts. In addition, Metair assured its shareholders that no member of its group had been implicated in connection with the Competition Commission's investigation into alleged collusion within the local automotive component industry. News that Brait (+13.8%) had managed to increase its NAV per share by 8.8% to R34.75 (up 19.1% YoY) was positively received by the market, while ICT service provider EOH Holdings gained 13.6% MoM. Holdspport was up 13.5% and Barclays Africa Group ended the month 13.0% higher. The Holdspport share price soared after it said earlier in October that the proceeds of its warehouse sale would be distributed as a special dividend. Holdspport disposed of a 50% stake in its Philippi distribution centre to Redefine Properties for R42.5mn.

Woolworths and Clicks Group, which reported better-than-expected results, both gained 12.1% MoM, followed by Resilient Property Income Fund (+11.7%), Delta Property Fund, Truworths and RMI Holdings - all up 11.1% MoM. Truworths said in October that it would buy Cape Town-based Earthchild Clothing, subject to certain conditions being fulfilled. Over the past few months, local listed property funds have announced better-than-expected earnings growth under difficult market conditions with companies such as Resilient and Hyprop Investments (+11.0% MoM), delivering double-digit growth in income distributions for the June period. Rounding out the Top-20 performers, an oversold Remgro rallied, gaining 10.9% MoM and Kap Industrial Holdings ended the month 10.6% higher.

**Bottom-20 shares: October performance**

Code	Share	Market Cap (Rmn)	Closing Price 30/09/2014	Closing Price 31/10/2014	% change
NHM SJ Equity	NORTHAM PLATINUM LTD	13601	3682	3397	-7.7%
AGL SJ Equity	ANGLO AMERICAN PLC	327196	25242	23184	-8.2%
CZA SJ Equity	COAL OF AFRICA LTD	598	61	56	-8.2%
AVG SJ Equity	AVENG LTD	8663	2222	2026	-8.8%
BIL SJ Equity	BHP BILLITON PLC	1649197	31280	28318	-9.5%
LON SJ Equity	LONMIN PLC	17571	3385	3062	-9.5%
MUR SJ Equity	MURRAY & ROBERTS HOLDINGS	10220	2520	2285	-10.1%
EXX SJ Equity	EXXARO RESOURCES LTD	41136	12832	11500	-10.4%
SOL SJ Equity	SASOL LTD	364488	61335	54919	-10.5%
EQS SJ Equity	EQSTRA HOLDINGS LTD	2139	580	518	-10.7%
ACLSJ Equity	ARCELORMITTAL SOUTH AFRICA	14451	3719	3256	-12.4%
SGL SJ Equity	SIBANYE GOLD LTD	18762	2450	2100	-14.3%
MRF SJ Equity	MERAFE RESOURCES LTD	2501	120	102	-15.0%
SSK SJ Equity	STEFAN UTTI STOCKS HOLDINGS	1262	799.96	671	-16.1%
ATNP SJ Equity	ALLIED ELECTRONICS CORP-PRF	7307	2450	2040	-16.7%
GFI SJ Equity	GOLD FIELDS LTD	28500	4421	3640	-17.7%
DRD SJ Equity	DRD GOLD LTD	1118	384	309	-19.5%
HAR SJ Equity	HARMONY GOLD MINING CO LTD	7697	2470	1800	-27.1%
ELJ SJ Equity	ELLIES HOLDINGS LTD	364	177.13	128	-27.7%
ANG SJ Equity	ANGLOGOLD ASHANTI LTD	43057	13849	9350	-32.5%

Source: Bloomberg. Anchor Capital

October's worst-20 performers were almost exclusively made up of resource counters with construction stocks also featuring prominently as the slow implementation of the government's infrastructure development plan plus a decline in infrastructure spending has seen construction firms coming under pressure. Although perennial bottom-20 constituent Ellies Holdings continued its nosedive, losing a further 27.7%

MoM as the group undertakes a deeply discounted rights offer to shore up what is a shaky balance sheet, it was AngloGold Ashanti (-32.5%) which emerged as the month's worst performer. In September a shareholder rebellion forced AngloGold s to scrap its plan to sell new shares and split its South African and international assets into two separately listed companies - a move which saw the gold miner struggling to regain investor confidence. Added to that, the gold price fell to its lowest level since 2010 during October, while the platinum price sunk to month lows as a rampant US dollar weighed on these commodities. Other gold counters including Harmony Gold (-27.7%), DRDGold (-19.5%) and South Africa's second-biggest gold producer, Gold Fields (-17.7%) accounted for the rest of the bottom-5 MoM performers. This was despite Harmony guiding that it had increased its production by c. 6% in 1Q15, DRDGold saying that it lifted gold output by 8% in 1Q15 and Gold Fields stating that it was on track to meet its full-year output forecast.

Allied Electronics Pref shares lost 16.7%. Earlier in the month the company reported results which saw 1H HEPS drop 12% YoY and it also said that the next three months are expected to "be challenging". Stefanutti Stocks released a 1H15 trading statement indicating that it expects EPS to be between ZAC7.7 and ZAC15.4 higher than in 1H14 - an increase of between 20% and 40%. However this was not enough to improve investor sentiment towards construction counters and MoM the share price lost a further 16.1%.

Last month, Merafe Resources' share price fell 15.0% after the company said that it had recorded a 14% YoY drop in 3Q14 attributable ferrochrome production, while some of its mines were also shut due to a strike. The company blamed the production drop on its Glencore-Merafe Chrome Venture, where the two companies combined their chrome operations to create the largest ferrochrome producer in the world, and also on planned maintenance. YTD top performer Sibanye Gold retreated somewhat in October losing 14.3% MoM even as the company said its 3Q14 bullion output rose 12% after it acquired the Cooke operations from Gold One International Ltd. With Sibanye's share price having rocketed over the past year or so the correction was not unexpected.

Rounding out the bottom-10 performers, ArcelorMittal, which has been under significant pressure recently, saw its share price slide a further 12.4% MoM. The company faces increasing pressure from government which is calling for it to lower prices and is also planning a rival steel project of its own. The group also faces possible fines from competition authorities. ArcelorMittal has been attempting to return to profitability, after incurring a net loss of R2.1bn last year and in October it called for duties on Chinese steel imports.

Mobile capital equipment distributor, Eqstra Holdings (-10.7%), Sasol (-10.5%), Exxaro Resources (-10.4%) and Murray & Roberts (-10.0%) posted MoM double-digit declines, while Lonmin and BHP Billiton each lost 9.5% in October. Sasol's share price has been under pressure on the back of the lower oil price (good for consumers but not for oil companies), a softer rand and the announcement around its US expansion programme. Last month Sasol said that the cost of construction of an ethane cracker and

derivatives complex at its existing site in the US would be R90bn – higher than market pundits had initially expected. In October, Murray & Roberts acquired Aquamarine Water Treatment, a company that designs, manufactures and installs water-treatment solutions, for a consideration of R28mn.

Finally, looking at the remaining bottom-20 shares, Aveng fell 8.8% MoM, followed by Coal of Africa and Anglo American – both down 8.0%. Northam Platinum (down 7.7%) agreed last month to a c. \$600mn deal with black shareholders that will see it increase its black ownership to over a one-third.

**Top-20 shares: YTD**

Code	Share	Market Cap (Rmn)	Closing Price 31/12/2013	Closing Price 31/10/2014	% change
TKG SJ Equity	TELKOMSA SOC LTD	31638	2800	5856	109.1%
SGL SJ Equity	SIBANYE GOLD LTD	18762	1230	2100	70.7%
PGL SJ Equity	PALLINGHURST RESOURCES LTD	3498	288.01	470	63.2%
BAT SJ Equity	BRAIT SE	41541	5212.35	8288	59.0%
GPL SJ Equity	GRAND PARADE INVESTMENTS LTD	3463	474	711	50.0%
RES SJ Equity	RESILIENT PROPERTY INCOME	26255	5514.67	8148	47.8%
APN SJ Equity	ASPEN PHARMACARE HOLDINGS LT	177844	26872	39344	46.4%
ARL SJ Equity	ASTRAL FOODS LTD	6305	10400	15157	45.7%
RMI SJ Equity	RMI HOLDINGS	58313	2745	3932	43.2%
CIL SJ Equity	CONSOLIDATED INFRASTRUCTURE	4626	2280	3192	40.0%
CPI SJ Equity	CAPITEC BANK HOLDINGS LTD	32968	20827	29095	39.7%
MPC SJ Equity	MR PRICE GROUP LTD	60998	16374	22815	39.3%
NEP SJ Equity	NEW EUROPE PROPERTY INVEST	29114	8100	11250	38.9%
PGR SJ Equity	PEREGRINE HOLDINGS LTD	4994	1662	2299	38.3%
INL SJ Equity	INVESTEC LTD	90044	7450	10070	35.2%
ZED SJ Equity	ZEDER INVESTMENTS LTD	8403	430	580	34.9%
EOH SJ Equity	EOH HOLDINGS LTD	12519	8050	10762	33.7%
SAP SJ Equity	SAPPI LIMITED	22828	3275	4357	33.0%
MPT SJ Equity	MPACT LTD	5940	2690	3560	32.3%
INP SJ Equity	INVESTEC PLC	90044	7557	9998	32.3%

Source: Bloomberg, Anchor Capital

The top-20 YTD performers were relatively unchanged from last month in terms of constituents although October did see Telkom (+109.1% YTD) once again grabbing the top spot from Sibanye Gold (+70.7% YTD) which occupied it in September. Pallinghurst Resources (+63.2%) maintained the third-spot position it has held for a few months now. In October Telkom CEO Siphon Maseko said the group would continue to review its workforce as part of its programme to cut billions in costs. The fixed-line operator has undertaken an urgent turnaround plan to help increase its market share and also said it would close loss-making stores, and reduce its property portfolio costs. Looking at the group's share price performance YTD, the company seems to have the approval of the market on this.

Brait (+59.0% YTD), which also featured prominently among the top MoM performers came in fourth position, followed by Grand Parade Investments (+50.0%), which last month bought 35% of Mac Brothers thereby making the company a wholly-owned subsidiary. Resilient Property Income Fund (+47.8%), Aspen (+46.4%), Astral Foods (+45.7%), RMI Holdings (+43.2%) and Consolidated Infrastructure (+40.0%) accounted for the remainder of the ten best YTD performers. Astral said last week that it expects its FY14 HEPS to rocket between 90%-100%, while Consolidated Infrastructure Group reported a YoY increase in FY14 revenue of 29% to R2.6bn, with headline EPS up 36% YoY to ZAc187.8. Besides its robust performance for the month Capitec Bank has also gained 39.7% YTD, while retailer Mr Price, which in October announced 1H earnings growth of 22%, was up 39.3% YTD.

Real Estate Investment Trusts (REITs) and rand-hedge property stocks such as New Europe Property Investments (NEPI) and Resilient Property Income Fund (+32.3%) have performed well with NEPI, which is focused on Romania, up 38.9% YTD. Peregrine Holdings, which said in October it expects a 35%-45% YoY rise in 1H HEPS, has seen a 38.3% increase in its share price YTD.

Investec Ltd is up 35.2% so far this year while investment company, Zeder Investments (+34.9%) recorded strong results for the six months to August 2014, saying that the value of its underlying investments increased by 32% to R6.93/share during the period under review. EOH Holdings (+33.7%), Sappi Limited (+33.0%), MPact Ltd (+32.3%) and Investec Plc (+32.3% YTD) round out the top-20 YTD performers.

**Bottom-20 shares: YTD**

Code	Share	Market Cap (Rmn)	Closing Price 31/12/2013	Closing Price 31/10/2014	% change
IVT SJ Equity	INVICTA HOLDINGS LTD	7625	12387	10124	-18.3%
YRK SJ Equity	YORK TIMBER HOLDINGS LTD	987	365	298	-18.4%
NHM SJ Equity	NORTHAM PLATINUM LTD	13601	4200	3397	-19.1%
GND SJ Equity	GRINDROD LTD	16956	2803	2260	-19.4%
EXX SJ Equity	EXXARO RESOURCES LTD	41136	14646	11500	-21.5%
AEG SJ Equity	AVENG LTD	8663	2644	2026	-23.4%
ANG SJ Equity	ANGLOGOLD ASHANTI LTD	41057	12292	9350	-23.9%
ARI SJ Equity	AFRICAN RAINBOW MINERALS LTD	29951	18900	13590	-28.1%
AIP SJ Equity	ADCOCK INGRAM HOLDINGS LTD	8589	7090	4950	-30.2%
HAR SJ Equity	HARMONY GOLD MINING CO LTD	7697	2590	1800	-30.5%
BEL SJ Equity	BELL EQUIPMENT LTD	1304	2000	1370	-31.5%
IMP SJ Equity	IMPALA PLATINUM HOLDINGS LTD	51209	12300	8029	-34.7%
EQS SJ Equity	EQSTRA HOLDINGS LTD	2139	800	518	-35.3%
SSK SJ Equity	STEFANUTTI STOCKS HOLDINGS	1262	1040	671	-35.5%
KIO SJ Equity	KUMBA IRON ORE LTD	89666	44345	2745	-37.9%
ASR SJ Equity	ASSORE LTD	29235	34061	20469	-39.9%
LON SJ Equity	LONMIN PLC	17571	5328	3062	-42.5%
PNC SJ Equity	PINNACLE HOLDINGS LTD	2013	2315	1218	-47.4%
CZA SJ Equity	COAL OF AFRICA LTD	598	112	56	-50.0%
ELI SJ Equity	ELLIES HOLDINGS LTD	364	556	128	-77.0%

Source: Bloomberg, Anchor Capital

Resource stocks featured prominently among the worst performers YTD, although Ellies (-77.0%) was once again the overall worst performing share YTD on the JSE. It was followed by Coal of Africa (-50.0%) and Pinnacle (-47.4%). Strike-hit Lonmin (-42.5%) continued its decline as a lower platinum price and the impact of the now-ended protracted strike continued to weigh on the stock. Although iron ore recovered somewhat in October from the five-year low levels seen in September it has nevertheless battled to sustain gains as the world faces a supply glut. Iron-ore producers Assore (-39.9%) and Kumba (-37.9%) both recorded significant losses so far this year and with news emerging that Chinese steel mills were keeping their stockpiles low, concerns around cooling demand in the world's second-biggest economy (and the top global consumer of iron ore), conspired to impact sentiment and the prices of these counters.

A lack of infrastructure spending locally has seen construction and related counters including Stefanutti Stocks (-35.5%) and Bell Equipment (-31.5%) remain under pressure. While Eqstra is down 35.3% YTD, Impala Platinum has lost 34.7% of its value YTD. Impala said last month that its quarterly platinum output fell 26%, as its Rustenburg mine (the company's biggest), recovers from the five-month protracted strike which ended earlier this year. In addition its Zimbabwe assets were also impacted by safety closures. A lower gold price, stronger dollar and negative sentiment

has seen gold counters struggle this year with Harmony retreating 30.5% YTD and AngloGold Ashanti down 23.9%.

Adcock Ingram (-30.2%) has seemingly been unable to recover after it reported a sizeable loss in the first nine months of its financial year, hit by weak demand and write-downs related to its restructuring drive.

As is the case with Kumba and Assore, African Rainbow Minerals' (-28.1%), whose income is also largely derived from iron ore, saw its share price remaining under pressure as the drop in the iron-ore price wreaks havoc on the share prices of iron-ore producers.

As for the remainder of the YTD worst-performing

shares, Aveng has fallen 23.4%, while Exxaro has lost 21.5% and Grindrod is down 19.4% YTD. Northam has posted a 19.1% YTD decline with York Timber down 18.4% and Invicta Holdings losing 18.3% YTD. Grindrod and Bidvest last month issued a voluntary joint announcement saying Bidvest's proposed acquisition of Grindrod Bank had failed, adding that the companies had not reached agreement and would discontinue discussions. At the end of September, York Timber reported FY14 earnings of R49.8mn – a 53% YoY drop as a result of reduced sawmill profitability, lower margins achieved by its wholesale division and the current difficult operating environment. In a trading statement last month, Invicta Holdings said it expected normalised EPS and normalised HEPS for 1H15 to be 20% to 30% below those reported in 1H14.



 CUSTOM COMMENTARY - PEERS

 **PSG KONSULT LTD**

08 Oct 14

PSG Konsult 1H15 results: Rev +26.4% to R1.5bn; HEPS +29.2% to ZAc11.5

- › Revenue: Up 26.4% YoY to R1.5bn (1H14: R12bn).
- › Operating profit: Up 15.0% YoY to R294.9mn (1H14: R256.4mn).
- › HEPS: Up 29.2% YoY to ZAc11.5 (1H14: ZAc8.9).
- › DPS: Unchanged at ZAc4.
- › Funds under management: Up 38.7% YoY to R129bn (1H14: R93bn).

 **CORONATION FUND MANAGERS LTD**

24 Oct 14

Coronation FY14 trading statement: HEPS and EPS +30-40%

For the financial year ended 30 September 2014, Coronation says it expects HEP and EPS to be between 30% (ZAc564.2) and 40% (ZAc607.6) higher than for the prior financial year (FY13: ZAc434). In addition, diluted HEPS are expected to be between 30% (ZAc540.8) and 40% (ZAc582.4) higher than those for the prior financial year (FY13: ZAc416). Coronation's FY14 results will be released on or about 11 November 2014.

 **PEREGRINE HLDG LTD**

22 Oct 14

Peregrine 1H14 trading statement: HEPS and EPS +35-45%

For the six months ended 30 September 2014, Peregrine expects HEPS and basic EPS to be between R1.05 and R1.13 - between 35% and 45% higher than HEPS and EPS for 1H14 of R0.78 each. 1H15 results will be published on, or about, 12 November 2014.

 **ANCHOR GROUP LTD**

09 Oct 14

Anchor Group: Acquisition of the remaining 82% shareholding In Anchor Capital Cape Town

The Anchor Group has entered into a Memorandum of Understanding for the acquisition of the remaining shareholding in Anchor Capital Cape with effect from 1 September 2014. The vendors are not related parties to the Anchor Group but are key management of Anchor Capital Cape. Anchor currently holds 18% in Anchor Capital Cape and will hold 100% pursuant to the acquisition. The purchase price is capped at R20.7mn and will be settled through the issue of Anchor shares following the completion of an earn-out period commencing 1 September 2014 until 31 December 2016. The acquisition of Anchor Capital Cape is part of the strategy of Anchor to grow its asset management business as well as ensuring that key management is retained and incentivised through ownership in Anchor. Anchor Capital Cape has over R700mn of assets under management and advice.

 CUSTOM COMMENTARY - INDICATORS **GDP (CURRENT PRICES) (RMN)**

26 Aug 14

GDP: 2Q14 up 0.6% QoQ as SA narrowly avoids a recession

In 1Q14 South Africa recorded the first quarterly GDP decrease since 2009 as real GDP declined 0.6% QoQ on the back of a significant drop in economic activity in the mining and quarrying industry due to the protracted mining strike. However, GDP rebounded in 2Q14 to a QoQ growth rate of 0.6% narrowly avoiding a recession. This was slightly below Reuters consensus forecasts of a 0.9% QoQ expansion. The main contributors to the increase in economic activity were general government services and

the transport, storage and communication industry (each contributing 0.4 of a percentage point) and finance, real estate and business services (0.3 of a percentage point). Negative contributions came from the mining and quarrying industry (-0.4 of a percentage point) and the manufacturing industry (-0.3 of a percentage point). Economic activity in the mining industry recorded negative growth of 9.4% on the back of lower gold and metal ores (platinum) production, while the recovery was also compromised by the steel and engineering sector strike. Unadjusted real GDP at market prices posted a 1.0% YoY growth for 2Q14 (compared with 1.6% YoY growth in 1Q14). For the first six months of 2014 unadjusted real GDP at market prices increased by 1.3% vs 1H13.

 BENCHMARKING

Share	Currency	Share px (c)	Mkt cap (Rmn)	P/E (x)	DY (%)	P/B (x)
Anchor	R	774	716.72	124.84	0.66	0.00
Psgkst	R	645	8,143.02	32.25	1.05	0.00
Coronat	R	9,500	33,230.91	22.84	4.72	16.56
Pergrin	R	2,300	4,994.39	10.74	3.70	1.85
<b>Average</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>47.67</b>	<b>2.53</b>	<b>4.6</b>

Share	Last YE	Turnover (Rmn)	GP Margin (%)	Op Margin (%)	RoA (%)	RoE (%)	RoCE (%)	Price % ch (YoY)
Anchor	25/09/14	31.57	0.00	-77.45	22.19	59.51	-324.82	68.63
Psgkst	03/10/14	2,557.44	0.00	20.43	1.53	22.64	112.21	-18.35
Coronat	30/09/13	3,635.00	0.00	53.45	2.00	72.60	113.43	15.04
Pergrin	31/03/14	2,116.92	0.00	31.28	2.81	22.44	70.25	61.97
<b>Average</b>	<b>NA</b>	<b>2,085.23</b>	<b>0</b>	<b>6.93</b>	<b>7.13</b>	<b>44.29</b>	<b>-7.23</b>	<b>NA</b>

 BALANCE SHEET VS COMPETITORS

	Anchor	Psgkst	Coronat	Pergrin
Currency	R	R	R	R
Debt to Equity (%)	1.68	13.79	35.34	6.99
Cash Balance (Rmn)	7	709	294	1,836
Cash / Equity (%)	0.87	0.60	0.15	0.68
Stock / Turnover (%)	0.00	0.00	0.00	0.00
Debtors / Turnover (%)	0.20	0.83	0.26	0.29
Creditors / Turnover (%)	0.18	0.83	0.18	0.53
Working cap / Turnover (%)	-0.21	0.00	0.08	7.15

 VALUATION PARAMETERS

	Factor	Implied value	% Difference
<b>If valued at same Indices P/E</b>			
Jse Alternati	12.95	80	-89.6
Jse All Share	17.12	106	-86.3
Jse General F	18.02	112	-85.6
<b>If valued at same Share P/E</b>			
Psgkst	32.25	200	-74.2
Coronat	22.84	142	-81.7
Pergrin	10.74	67	-91.4
<b>If valued at same Indices DY</b>			
Jse Alternati	2.32	220	-71.6
Jse All Share	2.90	176	-77.2
Jse General F	2.81	182	-76.5
<b>If valued at average P/E since listing</b>			
	<b>0.00</b>	<b>0</b>	<b>0</b>
DCF		0.00	-


**DCF CALCULATION**
**Discount Rate Assumption**

Growth rate assumption yr 1 (%)	0.00
Growth rate assumption yr 2 (%)	0.00
Growth rate assumption yr 3 (%)	0.00
Growth rate assumption yr 4 (%)	0.00
Growth rate assumption yr 5 (%)	0.00
Beta	0.00
Risk free rate (%)	0.00
Equity risk premium (%)	0.00
Assumed Discount Rate (%)	0.00

<b>Terminal P/E (x)</b>	<b>0.00</b>
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<b>FCF / EPS</b>	<b>0.00</b>
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Year	0	1	2	3	4	5
EPS	6.20	6.2	6.2	6.2	6.2	6.2
FCF	0	0	0	0	0	0

Discount Factor	1.00	1	1	1	1	1
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<b>PV of FCF</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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TV	0
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Sum of PV FCF	0
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PV of TV	0
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<b>DCF value</b>	<b>0.00</b>
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