

PROSPECTS

The Richard Cluver Investment Newsletter in continuous publication since 1987



October 2013

Richard Cluver is in the Caribbean this week and so cannot offer his usual commentary on the markets. The following are the normal updated predictions for October made by the ShareFinder 5 system. Richard's Predicts column will next appear on November 8 and the next issue of Prospects featuring his observations on the state of investment markets will appear on November 13.

Underperformers

Listed overleaf as usual are all shares which have been underperforming the Blue Chip averages in respect of price growth rates over the past five years. Note that all the shares listed qualify for inclusion in the ShareFinder Quality list because of their consistent dividend growth rates over many years and those listed in green under the Dividend Growth heading have been consistently delivering above-average dividend growth rates over at least the past five years. Being an underperformer is not necessarily an argument for disposing of any of these shares, but readers should note that if a share has failed to deliver above average price growth over as long a period as five years, then it is unlikely in the short to medium term to get much better. Some shares which feature in this list are gladly included in many portfolios of investors seeking dividend income rather than pure capital growth. So before you decide to

Name	Close	3 Month Price ...	5 Year Price Gr...	Dividend Grow...	Grade	Risk	Total Return
ShareFinder Blue...	5 14...	32.21	22.58	22.54	560.93	11.96	29.00
Quality List Avera...		700.24	26.82	17.20	546.4	53.43	29.02
Quality Shares List Underperformers (Based on 5yr Price Growth)							
TRUWTHS	94.79	35.14	26.75	24.33	539.6	25.66	29.95
SABMILLER	477.50	-9.53	26.58	19.36	971.2	-12.23	28.28
VUNANI	1.89	35.71	26.20	0.00	218.8	341.58	26.20
CASHBIL	152.05	55.13	26.10	23.23	309.0	3.31	28.80
AFRIMAT	12.00	221.59	25.30	-0.60	145.8	50.16	27.30
ISA	0.71	33.89	24.92	15.19	194.5	75.92	31.12
POYNTING	1.50	1 444.06	24.89	0.00	190.2	318.11	24.89
SANLAM	47.95	9.61	24.14	20.21	1 274.2	-20.56	27.04
HCI	138.00	65.74	23.83	-5.83	1 052.7	-0.42	24.63
TFG	111.99	70.62	23.76	11.57	520.6	34.40	27.56
DISTELL	131.70	42.26	23.51	9.61	287.4	-13.74	25.71
ZEDER	4.30	74.51	23.49	-0.48	-170.7	-12.58	24.39
INTEWASTE	1.11	172.41	23.48	0.00	40.0	82.59	23.48
CMH	14.00	65.79	22.85	13.92	1 077.8	34.64	27.45
STEINHOFF	36.46	310.56	22.58	-6.94	249.3	6.29	24.48
OLDMUTUAL	30.25	9.10	22.23	77.31	975.3	30.81	25.13
BIDVEST	258.00	28.82	22.17	26.35	318.5	-18.50	24.57
KAP	3.70	76.35	22.03	-10.63	142.8	15.90	23.83
DATATEC	59.31	16.79	21.91	34.97	1 383.9	33.49	21.91
CIL	21.99	75.27	21.84	0.00	124.4	64.62	21.84
VERIMARK	0.77	-29.19	21.55	-0.46	797.1	125.63	21.55
SPAR	125.10	45.23	21.44	24.19	387.7	-22.13	24.54
BRAIT	42.23	1.52	21.37	-14.51	1 316.1	38.04	21.87
SABVEST	20.50	35.18	20.69	13.21	-56.4	16.33	22.59
RESILIENT	53.07	3.21	20.59	6.38	21.9	-16.01	23.19
CONDUIT	1.50	31.48	20.50	0.00	345.5	90.60	20.50
SANTOVA	0.92	-40.97	20.37	0.00	430.4	118.42	22.67
ITLTILE	7.00	74.48	19.65	6.56	413.6	21.26	21.55
SANTAM	193.30	-3.00	19.35	20.42	170.1	-16.65	22.25
MASSMART	163.77	-17.50	18.91	12.69	475.2	-0.35	21.11
AMECOR	2.10	-7.38	17.89	5.56	86.5	36.94	21.89

MMIHLDGS	24.54	75.62	17.32	0.93	437.7	-15.83	21.72
TIGBRANDS	295.24	2.96	16.30	6.26	241.8	-28.63	18.80
RMBH	46.76	109.90	16.14	20.80	760.2	18.02	19.24
HYPROP	74.02	-8.70	14.58	10.69	---	-28.12	20.28
JSE	89.65	126.14	14.58	26.09	281.9	-2.95	16.98
SASOL	492.50	56.80	14.36	16.73	539.8	-20.94	17.36
ADVTECH	6.90	-4.49	13.98	15.18	619.2	-17.15	16.98
BILLITON	285.74	26.78	13.91	21.96	171.7	-10.48	17.21
GROWPNT	24.60	-19.24	13.85	9.41	178.1	-14.63	13.85
LEWIS	69.56	33.01	13.61	12.30	489.8	1.35	19.91
VUKILE	16.95	15.04	13.24	9.45	-34.2	-14.67	21.04
KGMEDIA	27.68	82.12	12.22	9.63	348.2	-23.99	14.82
PUTPROP	6.47	6.37	10.65	3.97	309.2	5.29	15.35
REUNERT	73.54	48.74	9.58	6.08	298.0	-5.44	13.88
EMIRA	14.68	8.13	9.52	12.04	721.7	-29.93	9.52
MUSTEK	5.30	-10.67	9.38	19.83	358.9	54.26	12.58
PREMIUM	17.20	-17.42	9.35	11.51	193.2	-11.95	16.65
FPT	8.08	25.69	8.87	8.16	260.2	-25.98	8.87
SYCOM	25.44	-4.24	7.82	6.22	604.0	-23.56	7.82
NEDBANK-P	9.75	-20.98	1.02	13.46	315.5	-60.30	7.22

ditch any of these, do your research carefully. To help you in this regard, we include a "Total Return" column which is the sum of the dividend yield and the annualised capital growth rate average over five years.

Shares to consider buying

The following shares are offered as suggested replacements for any in your portfolio that are achieving lesser growth rates than the ShareFinder Blue Chip average growth rates. The shares listed in the first block below have been selected because of their investment grade quality and their very high dividend growth rate and superior investment safety. The second block of ten offer significantly higher dividend growth rates but at the price of a greater degree of investment risk:

The shares listed in the third block below have been selected because of their investment grade quality and their very high price growth rate. These offer superior investment safety. The

Name	Close	3 Month Price ...	5 Year Price Gr...	Dividend Grow...	Grade	Risk	Total Return
ShareFinder Blue...	5 14...	32.21	22.58	22.54	560.93	11.96	29.00
Quality List Avera...		700.24	26.82	17.20	546.4	53.43	29.02

The following shares, combine exceptional fundamental quality with high historic dividend growth rates:

HOWDEN	39.50	36.80	35.28	89.26	3 807.0	45.90	36.58
MTN	198.00	28.29	14.43	51.75	1 097.2	-13.38	18.13
COMPCLEAR	3.80	38.58	12.91	51.20	715.7	9.29	19.61
CAPITEC	210.50	33.30	47.87	46.06	1 177.1	55.36	50.37
ELBGROUP	39.00	148.79	26.46	41.37	1 001.0	45.71	28.36
CLICKS	55.80	-7.17	30.44	33.16	766.7	29.17	32.84
HUDACO	99.82	36.59	11.14	32.87	702.7	-8.03	15.84
FAMBRANDS	99.78	12.86	47.89	32.11	601.8	35.35	49.99
WBHO	163.00	43.13	4.66	31.67	608.3	-2.80	6.56
EOH	72.01	201.46	57.68	28.79	917.0	64.31	58.78

Though the following shares may carry a greater degree of risk, these have achieved the highest historic dividend growth rates:

GRANPRADE	4.10	93.25	9.01	142.38	1 363.0	5.93	12.71
EXXARO	160.52	39.73	20.25	96.71	1 016.1	20.33	22.65
JDGROUP	33.41	24.23	4.14	78.80	941.1	35.67	10.04
IMPERIAL	218.45	21.79	32.97	58.18	778.7	29.56	36.17
ARM	191.70	160.86	8.59	43.77	555.2	16.78	11.19
VALUE	7.20	206.04	21.19	37.53	632.2	-0.21	23.89
A-V-I	60.50	28.15	35.39	34.77	490.1	3.38	39.09
FIRSTRAND	34.20	108.03	19.17	33.62	555.2	-9.02	22.57
ANGGOLD	129.18	-6.90	-5.99	28.46	194.4	52.55	-4.99
FONEWORX	2.55	189.88	31.42	27.54	512.5	117.78	35.42

The following shares, combine exceptional fundamental quality with high historic rates of price growth:

CAPITEC	210.50	33.30	47.87	46.06	1 177.1	55.36	50.37
ELBGROUP	39.00	148.79	26.46	41.37	1 001.0	45.71	28.36
CLICKS	55.80	-7.17	30.44	33.16	766.7	29.17	32.84
EOH	72.01	201.46	57.68	28.79	917.0	64.31	58.78
TRNPACO	17.40	7.76	31.07	25.43	555.1	23.25	35.47
SANLAM	47.95	9.61	24.14	20.21	1 274.2	-20.56	27.04
SABMILLER	477.50	-9.53	26.58	19.36	971.2	-12.23	28.28
BRIMSTON	13.09	2.77	34.24	19.02	780.7	28.84	36.14
ADAPTIT	4.00	567.34	51.31	16.19	557.7	106.22	52.51
SPURCORP	29.54	15.31	34.85	13.08	427.9	21.04	38.05

Though the following shares may carry a greater degree of risk, these have achieved the highest historic price growth:

IMPERIAL	218.45	21.79	32.97	58.18	778.7	29.56	36.17
A-VI	60.50	28.15	35.39	34.77	490.1	3.38	39.09
FONEWORX	2.55	189.88	31.42	27.54	512.5	117.78	35.42
OCEANA	85.00	-19.36	33.35	27.33	939.1	-0.62	36.95
TRENCOR	67.98	7.78	28.05	26.44	472.0	19.38	30.75
DISCOVERY	80.00	-26.19	28.53	22.57	321.1	0.71	29.83
ASSORE	417.47	152.61	31.22	18.89	696.9	32.39	32.42

ten in the fourth block generally offer significantly higher price growth rates but at the price of a greater degree of investment risk:

Unit Trusts NEXT PAGE

Unit Trusts

The topmost (green flagged) unit trusts listed below conform to the ideal that the latest annual price growth rate is greater than the average of the past five years (Half) and the five-years average is greater than that of the previous ten years (Full). In the groups that follow it should be noted that a

Name	Code	Close	Data Since	Full	Half	Last	Risk
10+ years							
	Avg:	285.10		8.22	6.69	-8.23	-7.65
▲ CORONATION INDUSTRIAL FUND	U-COR-ID	1,284.465	07/08/2002	24.098	25.881	39.715	20.082
▲ SATRIX INDI	STXIND	50.98	15/02/2002	23.67	25.82	37.67	8.53
▲ OLD MUTUAL SA CONSUMER SE...	IC-OM-CS	1,598.50	05/05/2000	22.74	23.39	29.99	0.00
▲ PSG EQUITY FUND A	U-PSG-G	79.231	04/03/1998	20.417	21.128	33.164	4.516
▲ NEDGROUP INVESTMENTS FIN...	U-NEDC-S	1,807.836	27/12/1988	18.823	20.940	25.614	19.425
▲ CORONATION FINANCIAL FUND	U-COR-FG	462.156	02/07/1998	17.061	17.255	29.703	12.278
▲ MOMENTUM FINANCIALS FUND ...	U-RMB-FS	41.345	20/07/1998	15.530	16.821	22.236	11.535
▲ STANLIB GLOBAL SCIENCE AND ...	U-LBT-GW	31.678	18/03/2002	15.054	20.905	32.727	2.343
▲ FUTUREGROWTH ALBARAKA E...	U-SO-PUR	166.438	02/07/1992	14.102	14.585	18.233	33.573
▲ SATRIX FINI	STXFIN	12.42	15/02/2002	14.02	14.21	23.71	-0.78
▲ CORONATION OPTIMUM GROW...	U-COR-OG	642.233	07/04/1999	13.658	15.913	34.266	-6.403
▲ OLD MUTUAL GLOBAL EQUITY	U-OM-GLO	136.854	17/05/1995	11.537	15.597	50.680	20.906
▲ CORONATION WORLD EQUITY Z...	U-COR-IG	594.375	18/08/1997	11.465	13.959	37.589	7.069
▲ INVESTEC WORLDWIDE FUND	U-INV-WF	61.919	02/03/1995	11.052	15.057	37.935	4.366
▲ MOMENTUM INTERNATIONAL E...	U-RMB-IE	24.126	01/07/1999	10.525	13.000	38.536	15.356
▲ INVESTEC GLOBAL EQUITY FOF A	U-INV-GM	42.615	11/10/2001	9.265	10.012	26.947	1.640
▲ STANLIB INTERNATIONAL EQUI...	U-STD-IE	14.689	02/08/2000	9.216	11.937	35.997	7.214
▲ PRUDENTIAL INFLATION PLUS F...	U-PRD-IP	30.435	05/09/2001	9.156	10.550	11.631	-51.041
▲ OLD MUTUAL INTERNATIONAL G...	U-OM-HG	37.037	12/04/2000	9.106	12.436	37.930	-7.827
▲ PRUDENTIAL GLOBAL VALUE FOF	U-PRD-G	19.236	27/03/2000	8.498	10.042	34.819	15.635
▲ OLD MUTUAL M-M WORLD HIGH ...	IC-OM-WHG	162.24	11/10/2000	8.46	11.18	41.32	1.55
▲ PRUDENTIAL GLOBAL HI YIELD B...	U-PRD-HY	23.734	02/02/2001	8.066	8.775	14.685	-15.138
▲ SANLAM GLOBAL EQUITY R	U-SAN-GF	46.033	03/10/1997	7.766	10.000	48.312	15.829
▲ OLD MUTUAL MULTI-MANAGER ...	IC-OM-WBA	184.89	11/10/2000	7.74	10.10	30.13	-12.10
▲ ABSA INTERNATIONAL	U-ABINT	31.248	08/11/1994	7.637	8.712	34.331	9.910
▲ INVESCO UK EQUITY FUND	U-OM-IEF	27.070	09/04/2002	7.563	13.637	31.280	17.400
▲ STANLIB MM INTERNATIONAL F...	U-LBTMMF	15.661	02/05/2001	7.440	10.785	31.472	38.524
▲ SANLAM DEFENSIVE FOF	U-SL-D	228.179	02/07/1998	7.205	7.421	9.206	-61.447
▲ EUROPEAN STOCKMARKET FU...	U-OM-IES	17.800	09/04/2002	7.075	9.316	23.013	14.154
▲ OLD MUTUAL WORLD EQUITY F...	IC-OM-WE	189.76	05/05/2000	7.03	8.02	32.20	10.08
▲ INVESTEC GLOBAL STRAT EQUI...	U-OMIGSV	21.320	19/09/2003	6.720	8.160	18.379	26.422
▲ FIDELITY GBL FCS GBP	U-OMIFMI	22.640	09/04/2002	6.638	11.337	14.286	-11.095
▲ UK STOCKMARKET	U-OMIUKS	19.660	09/04/2002	5.888	11.509	22.036	9.655
▲ SANLAM ASIA PACIFIC FOF	U-SAN-AP	135.899	11/10/2000	5.884	7.359	28.567	-8.842
▲ NORTH AMERICAN STOCKMKT	U-OMINAS	29.840	09/04/2002	5.215	9.827	17.527	0.355
▲ CITADEL INTERNATIONAL GRO...	U-OMICIG	11.810	09/04/2002	4.380	6.251	18.574	8.408
▲ OLD MUTUAL INT M-M WORLD HI...	IC-OM-IHG	139.80	04/10/2001	3.99	8.70	21.31	2.30
▲ GROWTH PLUS (USD)	U-OMIGPP	15.190	09/04/2002	3.948	4.668	10.232	-23.534
▲ INTERNATIONAL STOCKMKT	U-OMHS	13.590	09/04/2002	3.631	5.718	16.954	6.383
▲ OLD MUTUAL INT M-M WORLD B...	IC-OM-IWB	145.59	04/10/2001	3.59	7.92	12.72	-13.62
▲ JAPANESE STOCKMKT	U-OMIJS	7.780	09/04/2002	3.470	8.596	31.197	3.235

high ten-year growth average is seldom followed by similarly high interim growth rates which underscores the fact that it is very difficult ever to select consistently high-performing funds. Trusts with the lowest Risk number are the least price-volatile.