

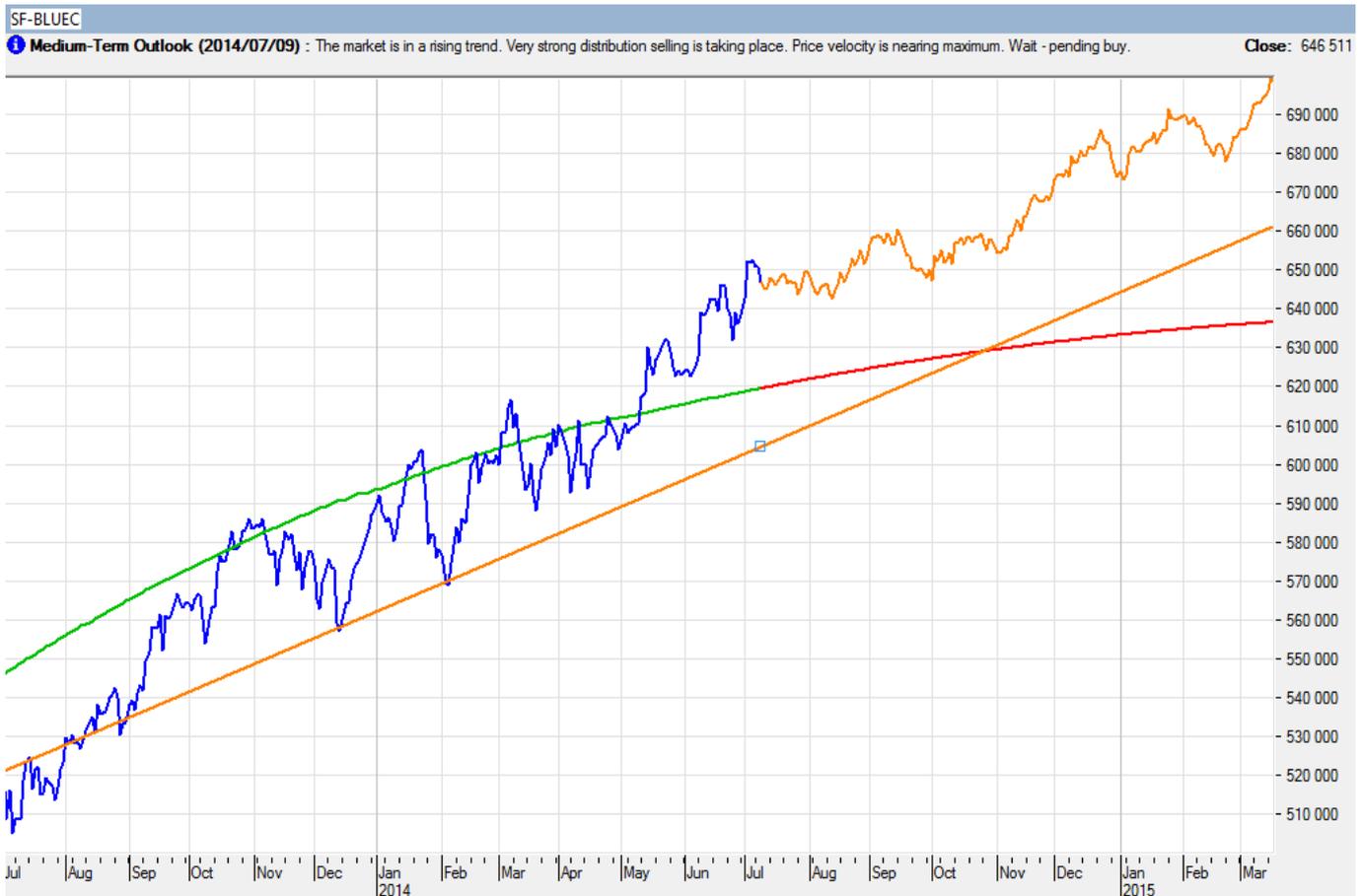
PROSPECTS

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It is always a pleasure to take up my pen again after an overseas holiday during which the markets have continued to prosper mightily and the medium-term outlook remains positive as illustrated by the performance graph below of the ShareFinder Blue Chip Index.



Furthermore, when I use a dividend yield comparison to track how expensive this market has become as illustrated in the long-term graph composite on the right, it is evident that the market has still some way to go before it appears likely to equal the average dividend yield low of 2.45 percent which it reached at the peak of the 2007 bull market. Currently the average dividend yield of all shares included in the Blue Chip Index is 2.84 percent, up from a low of 2.72 percent in early May. Neither, if ShareFinder's



usually reliable Fourier projection system is to be believed, is the yield likely to fall to its 2007 low in the foreseeable 12 months. It is, however, important not to grow to complacent about this comparison for the 2007 yield low has only been equalled twice in history, on the eve of

the 1929 share market crash and again in 2002. Furthermore, it matters little what happens in South Africa when the boom and bust cycles of practically the whole world's markets take their marching orders from the New York Stock Exchange. Seeking out dividend yield averages for New York is difficult but one can readily look up the Shiller Ratio for New York's Standard and Poors 500 Index which currently stands at 25.9 which is 56 percent higher than its historic mean of 16.6.



Ahead of the 2007 market peak the Shiller ratio peaked at 27.4 as illustrated in the graph on the right. So it is clear that we are getting perilously close to critical turning points in world markets.

* The cyclically adjusted price-to-earnings ratio, commonly known as CAPE Shiller P/E, or P/E 10 ratio, is a valuation measure usually applied to broad equity markets. It is defined as price divided by the average of ten years of earnings (Moving average), adjusted for inflation.

Now the reality of such times is that as markets move close to the end of their bull phases, the graphs tend to rise exponentially. In other words, the headiest profits are made in the final phases of all bull markets and so everyone becomes increasingly optimistic as markets soar upwards in their final phases. Furthermore, there is no perfect means of detecting in advance when such peaks are likely to occur or what event might trigger the final decline. Just understand that such an event could occur at any time soon so as always, don't take risks now.

The 2011 Prospects Portfolio

me	Price	% Ch...	Quant...	Cost	Per Share	Value	% Gain	% Portfolio	Risk	DY	DivGro	DivGroL	Return
2011 Prospects Folio		0.3%				2 266 285.28	182.6		26.29%	2.1	38.54	70.60	47.31%
*Cash						208 001.99		9.2%	1.00%				
CAPITEC	229.12	+0.1%	562 100	036.00	178.00	128 765.44	+28.7%	5.7%	27.82%	2.5	37.54	39.13	40.44%
CLICKS	64.80	-0.1%	1 700 101	320.00	59.60	110 160.00	+8.7%	4.9%	2.49%	2.3	32.95	23.61	29.63%
CORONAT	98.25	+0.7%	4 014 99	988.74	24.91	394 375.50	+294....	17.4%	61.15%	4.6	48.08	56.63	76.13%
FAMBRANDS	100.00	-0.6%	2 674 100	000.00	37.40	267 400.00	+167....	11.8%	22.68%	2.5	29.19	34.34	45.30%
HOWDEN	47.80	-0.4%	5 300 191	860.00	36.20	253 340.00	+32.0%	11.2%	33.87%	0.5	97.34	309.34	41.54%
MRPRICE	193.50	+0.4%	1 804 100	000.00	55.43	349 074.00	+249....	15.4%	26.59%	2.1	26.10	33.33	46.89%
NASPERS-N	1 317.54	+1.3%	280 100	000.00	357.14	368 911.20	+268....	16.3%	21.55%		16.30	30.01	41.81%
SHOPRIT	162.67	-0.2%	1 145 100	000.00	87.34	186 257.15	+86.3%	8.2%	-2.55%	1.8	23.13	27.24	23.95%

While the Prospects Portfolio has just made a new peak value of R2 266 285 which has ensured that it continues to outperform the Blue Chip Index by 5%, the graph on the right makes it clear that the portfolio has been in a sideways trend for most of this year. While all shares in the portfolio are up on their cost prices, there are three relative underperformers in Capitec, Clicks and Howden.



Capitec was slow to get going after purchase but of late has begun to perform well. Clicks, graphed right below, went sideways for most of 2013 but has gained 15% since February and is projected to continue rising for the rest of 2014 while Howden, having fallen during in May and June, has now recovered and is projected to continue upwards for the foreseeable future. Only one share in the portfolio currently appears to be under threat: Famous Brands which has been subject to continued selling pressure but there has been nothing in

its performance statistics to explain why this should be and so I am content for now to continue holding it.

Investment Grade Underperformers

Listed overleaf as usual are all shares which have been underperforming the Quality List 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 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.

Name	Close	3 Month Pric...	5 Year Price Gr...	Dividend Gr...	Grade	Risk	Total Ret...
Quality Shares List Underperformers (Based on 5yr Price Growth)							
SABMILLER	604.80	60.54	30.04	19.36	---	-9.15	31.58
MARSHALLS	5.90	73.93	29.67	25.08	---	4.78	30.84
DISCOVERY	96.02	36.17	29.61	22.57	---	-3.52	30.83
SANLAM	61.15	60.49	29.49	15.59	---	-10.33	32.27
PAN-AF	2.62	1.54	29.40	-5.11	---	35.32	34.41
AME	85.00	15.50	29.30	-33.33	---	25.08	32.30
RARE	5.00	-42.91	28.98	0.00	---	256.15	28.98
ASSORE	359.16	-47.10	28.68	15.33	---	21.67	30.57
A-V-I	62.80	33.45	28.42	34.77	---	-7.27	32.35
FONEWORX	2.40	17.59	28.30	36.31	---	42.55	32.55
ZEDER	5.33	142.00	28.05	-0.48	---	1.08	28.90
SPURCORP	30.80	16.36	27.71	13.08	---	-0.07	30.82
CLIENTELE	17.50	132.84	27.49	0.00	---	1.10	31.08
HCI	164.00	47.27	26.90	-6.94	---	-14.26	27.76
AMECOR	2.91	24.12	26.50	9.72	---	31.07	30.15
AFRO-C	4.45	-0.45	25.76	13.25	---	29.73	28.67
DATATEC	53.75	26.23	25.06	12.97	---	-2.09	25.06
LITHA	1.77	-47.18	25.00	0.00	---	86.11	25.00
REMGRO	231.00	57.34	24.87	-6.47	---	-20.62	26.42
ELLIES	3.30	-58.64	24.63	-33.33	2 453...	108.83	24.63
SACOIL	0.57	-21.75	24.56	0.00	---	242.44	24.56
BIDVEST	290.60	6.33	24.23	26.35	---	-16.94	26.49
KAP	4.01	36.99	24.06	-10.63	---	11.92	25.76
NETCARE	30.59	140.56	23.96	14.09	---	-10.87	25.97
BATS	647.93	34.65	23.68	15.59	---	-25.30	26.85
FIRSTRAND	41.53	49.56	23.21	33.62	---	-9.47	26.46
AECI	126.60	17.01	22.49	43.81	---	-11.12	24.61
TRNPACO	17.25	-0.58	22.44	25.43	---	-1.92	27.00
BARWORLD	100.80	-42.19	22.26	12.79	---	22.47	24.80
SHOPRIT	162.67	-9.42	22.14	23.13	---	-2.55	23.95
RESILIENT	60.04	15.31	21.41	6.38	---	-29.93	23.66
WESCOAL	1.87	-28.06	21.41	0.00	---	85.72	23.13
NAMPAK	39.60	29.78	20.52	38.08	---	-14.24	23.62
CARGO	24.50	40.72	19.82	15.59	---	-2.83	21.72
SASOL	620.01	35.70	18.80	16.73	---	-15.83	21.72
DISTELL	134.05	46.78	18.75	9.61	---	-25.57	20.89
REINET	25.90	31.73	18.75	0.00	---	-29.65	19.46
NEDBANK	236.00	32.67	18.10	19.61	---	-26.03	21.32
TFG	115.25	48.80	17.86	11.57	---	6.01	21.81
VODACOM	126.90	-16.96	17.80	12.87	---	-16.41	23.32
SANTAM	202.00	11.24	17.76	20.02	---	-16.97	20.61
RMBH	53.72	40.19	16.94	20.80	---	3.61	20.19
MMIHLDGS	25.70	0.31	16.81	0.93	---	-21.64	21.23
SPAR	127.43	18.11	16.33	17.92	---	-27.94	19.67
LIB-HOLD	127.13	-6.45	15.66	14.27	---	-28.82	19.55
TIGBRANDS	306.00	63.64	15.61	4.98	---	-22.85	18.07
BHPBILL	366.50	41.08	15.55	21.96	---	-9.02	18.44
TRUWTHS	75.30	-15.60	14.95	20.36	---	8.06	19.17
CASHBIL	136.50	64.93	14.81	23.23	---	-5.63	17.71
GROWPNT	24.30	-3.87	13.98	8.19	---	-31.93	13.98
VALUE	5.45	18.52	13.71	28.78	---	1.67	17.76
PHUMELELA	19.55	-26.28	13.70	6.81	---	15.06	17.53
VUKILE	16.14	-14.28	12.99	9.45	---	-31.91	12.99
JSE	97.50	33.18	12.84	28.41	---	-25.46	15.87
OCTODEC	21.75	47.58	12.12	17.61	---	-7.94	15.75
HUDACO	94.30	-34.39	11.56	-2.22	---	-13.81	16.49
MASSMART	145.85	64.12	11.32	6.61	---	-4.81	13.77
PREMIUM	19.09	44.48	11.13	9.96	---	-27.97	19.02
SA-CORP	4.14	13.74	10.35	4.32	---	-46.26	10.35
STANBANK	145.24	26.68	9.90	6.45	---	-32.08	13.02
SYCOM	26.75	1.22	9.82	5.90	---	-29.39	9.82
ARM	190.00	-31.75	9.26	43.77	---	9.52	11.90
B-AFRICA	166.50	40.18	7.94	12.08	---	-34.47	12.06
CAXTON	15.64	-7.69	7.79	8.75	---	-6.46	10.86
EMIRA	14.20	1.42	7.69	12.04	---	-44.15	7.69
REDEFINE	9.42	-19.04	7.52	25.56	---	-43.96	11.23
PUTPROP	7.75	48.48	6.40	3.97	---	-19.62	10.34
LEWIS	63.90	18.34	5.94	11.98	---	-15.94	12.81
NEDBANK-P	9.85	-7.76	-0.70	13.46	32.5	-63.76	5.42

Top SA Performers:

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

Name	Close	3 Month Pric...	5 Year Price Gr...	Dividend Gr...	Grade	Risk	Total Ret...	Likely Date	Likely Price	Best Buy
The following shares, combine exceptional fundamental quality with high historic dividend growth rates:										
HOWDEN	47.80	16.46	41.01	97.34	---	33.87	41.54	06/01/2015	45.58	6
COMPCLAR	4.50	45.26	12.20	51.20	---	-3.14	17.87	12/06/2015	3.55	11
CORONAT	98.25	9.57	71.56	48.08	---	61.15	76.13	15/07/2014	98.25	7
MTN-GROUP	223.07	10.42	13.35	47.50	---	-30.29	17.29	24/07/2014	215.20	24
CAPITEC	229.12	49.32	37.98	37.54	---	27.82	40.44	01/10/2014	218.49	8
CLICKS	64.80	17.61	27.36	32.95	---	2.49	29.63	06/03/2015	61.20	20
RICHEMONT	109.47	24.53	44.76	31.48	---	25.90	46.03	19/06/2015	97.05	14
FAMBRANDS	100.00	-15.24	42.75	29.19	0.0	22.68	45.30	20/04/2015	83.34	29
EOH	94.81	86.14	71.05	28.79	---	54.82	71.90	24/07/2014	93.93	3
ELBGROUP	42.50	3.38	49.85	28.28	---	44.02	51.61	08/06/2015	38.86	17

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

OLDMUTUAL	36.68	20.29	29.15	151.77	---	-0.27	32.34	30/03/2015	32.88	3
GRANPRADE	6.09	63.26	23.43	142.38	---	14.93	25.89	09/06/2015	4.12	2
ITLTILE	8.35	38.05	26.37	99.30	---	-1.83	28.08	09/06/2015	6.92	4
EXXARO	136.73	-12.55	13.74	82.26	---	6.81	17.48	15/04/2015	133.15	17
JDGROUP	25.00	27.35	-8.80	78.80	---	11.39	-4.83	03/11/2014	19.42	11
PERGRIN	21.70	56.74	24.77	73.99	---	17.28	28.69	23/06/2015	17.07	5
TRUSTCO	1.97	458.43	21.70	58.61	---	165.65	23.74	01/05/2015	1.40	1
IMPERIAL	191.75	2.44	25.22	58.18	---	15.32	28.96	13/04/2015	143.37	16
MONDIPLC	189.81	44.26	48.25	52.14	---	32.54	50.55	25/06/2015	165.56	6
CMH	11.99	-15.39	12.85	43.94	---	6.44	18.38	26/06/2015	6.01	27

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

HOWDEN	47.80	16.46	41.01	97.34	---	33.87	41.54	06/01/2015	45.58	5
CORONAT	98.25	9.57	71.56	48.08	---	61.15	76.13	15/07/2014	98.25	6
CAPITEC	229.12	49.32	37.98	37.54	---	27.82	40.44	01/10/2014	218.49	7
RICHEMONT	109.47	24.53	44.76	31.48	---	25.90	46.03	19/06/2015	97.05	11
EOH	94.81	86.14	71.05	28.79	---	54.82	71.90	24/07/2014	93.93	3
ELBGROUP	42.50	3.38	49.85	28.28	---	44.02	51.61	08/06/2015	38.86	12
SABMILLER	604.80	60.54	30.04	19.36	---	-9.15	31.58	17/07/2014	602.78	9
NASPERS-N	1 317.54	135.80	41.81	16.30	---	21.55	41.81	01/09/2014	1 243.19	2
ADAPTIT	8.18	-34.47	78.86	16.19	148 6...	123.38	79.44	17/06/2015	4.58	15
SPURCORP	30.80	16.36	27.71	13.08	---	-0.07	30.82	12/09/2014	28.15	16

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

MONDIPLC	189.81	44.26	48.25	52.14	---	32.54	50.55	25/06/2015	165.56	1
PSG	99.51	5.91	41.43	35.39	---	20.88	42.62	22/12/2014	95.32	6
MONDILTD	190.50	45.71	35.26	31.43	---	24.33	37.55	19/06/2015	167.26	2
SABVEST	31.00	40.11	38.86	29.64	---	52.97	40.12	25/07/2014	28.02	4
OCEANA	87.00	-8.91	30.31	21.29	---	2.51	33.51	01/01/2015	78.94	7
MUSTEK	7.60	41.13	34.05	19.83	---	22.43	36.28	18/07/2014	7.44	5
AFRIMAT	15.25	52.15	43.88	14.04	---	22.15	46.05	29/06/2015	11.23	3

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 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.

Name	Code	Close	Data Since	Full	Half	Last	Risk
10+ years							
	Avg:	23.08		10.16	10.69	16.69	-14.07
Sanlam Industrial R	U-SLIND	159.036	04/01/1999	23.986	27.459	36.689	38.291
Coronation Industrial	U-CNCONSG	151.868	04/01/1999	23.598	25.713	26.848	27.125
Foord Equity	U-FOEQ	79.484	27/11/2003	20.269	23.016	28.099	15.535
PSG Growth	U-PSGRO	9.501	06/01/1998	20.165	22.226	35.496	21.320
Coronation Equity	U-CNHIGRO	152.687	04/01/1999	19.992	20.610	28.516	10.728
BlueBay Visio Actinio	U-BBVISAC	6.610	07/07/2004	19.849	22.797	23.275	29.808
RMB Industrial	U-RMCONSU	9.765	02/07/1998	19.815	21.480	25.757	11.256
Nedbank Financials R	U-NISELFO	216.676	04/01/1999	18.964	23.354	29.792	24.295
Nedbank Financials A	U-NIFA	216.067	05/11/2003	18.957	23.348	29.817	25.359
Old Mutual Consumer	U-OMCONSU	22.869	01/07/1998	18.728	21.662	24.783	14.508
RMB Strategic Opportunities R	U-RMSTRAO	10.393	02/04/1997	18.149	19.555	32.835	14.701
Investec Index R	U-ININDXR	9.554	06/03/1995	17.711	17.777	25.446	5.845
PSG Equity Select FoF A	U-PSET40	7.153	02/10/2000	17.054	18.514	28.860	5.893
Old Mutual Investors	U-OMINVES	391.295	04/01/1999	17.049	18.086	29.737	11.946
Sage MultiFocus FoF	U-SAMFOCF	66.320	16/10/2000	16.965	17.514	27.067	3.551
Coronation Financial	U-CNFINGR	55.815	04/01/1999	16.948	20.146	32.517	17.319
Coronation Market Plus	U-CNMARPL	73.579	04/07/2001	16.904	17.012	20.369	-10.333
Gryphon All Share Tracker	U-GISATRK	6.265	28/01/1997	16.895	17.643	26.463	12.529
Sanlam Financial	U-SLFIN	55.549	04/08/2000	16.832	17.128	27.048	15.009
RMB Top 40 Index	U-RMTOP40	6.458	19/06/1996	16.677	16.765	28.799	12.485
Sanlam MM Equity FoF	U-SLAGRFF	66.476	05/03/1999	16.621	16.695	27.574	5.663
Coronation Smaller Companies	U-CNSPECG	70.628	04/01/1999	16.337	18.022	24.218	-1.161
Old Mutual Top 40 A	U-OMALS-A	9.289	02/02/2001	16.336	16.780	28.585	14.746
STANLIB ALSI 40 A	U-LIALS-C	5.326	20/03/2000	16.266	16.339	28.461	13.275
Metropolitan General Equity	U-MEGENEQ	15.254	22/10/1991	16.227	16.550	22.532	3.352
Mariott Dividend Growth R	U-MADIVGR	80.134	04/01/1999	16.067	17.348	17.962	-1.325
RMB Financial Services A	U-RMFINSV	4.931	02/07/1998	16.051	18.380	31.074	16.787
STANLIB MM Equity A1	U-RSEQR	8.843	15/10/1998	15.896	16.381	26.654	0.539
STANLIB MM Equity A2	U-STMMEA2	8.849	03/03/2004	15.887	16.392	26.704	1.800
PSG Flexible	U-PSF	4.201	04/11/1998	15.730	20.863	25.778	5.858
Inv Solutions MM Equity A	U-ISPUREQ	5.836	03/10/2001	15.671	15.697	32.306	-5.911
STANLIB Wealthbuilder R	U-LIWBLDR	248.738	04/01/1999	15.606	19.048	21.800	11.315
STANLIB Wealthbuilder A	U-LIWBLDA	247.596	12/07/2000	15.556	18.944	21.656	10.885
STANLIB Prosperity R	U-LIPROSR	8.241	04/08/1994	14.918	17.589	20.359	8.749
STANLIB Prosperity A	U-LIPROSA	8.192	12/07/2000	14.856	17.462	20.064	7.787
Coronation Optimum Growth	U-CNOPTGR	76.288	23/03/1999	14.610	20.552	25.875	14.643
Futuregrowth Albaraka Equity	U-FUPUREQ	18.792	06/07/1992	14.360	16.463	21.955	-8.205
Old Mutual Global Equity R	U-OMGLOER	16.672	23/05/1995	14.309	24.803	30.884	47.994
Old Mutual Global Equity A	U-OMGLOEA	16.583	03/04/2000	14.279	25.021	30.595	50.548
Prudential Prudent Allocator A	U-PRPRUAL	5.493	02/08/1999	13.990	14.666	18.104	-11.597
Blue Horizon High Dividend	U-BHHIDIV	3.779	20/11/2003	13.655	16.227	27.068	13.981
Investec Worldwide R	U-INWWR	7.486	06/03/1995	13.348	20.566	28.537	29.610
Standard Bk Namibia Managed	U-SBNMAN	3.954	06/01/2003	13.325	13.581	14.145	-16.613
STANLIB Stability R	U-STSTABR	7.033	03/03/2004	13.206	14.166	14.731	-15.005
STANLIB Stability B1	U-LISTBLC	7.030	04/08/1994	13.202	14.156	14.738	-15.393
STANLIB Stability A	U-LISTBLA	7.027	12/07/2000	13.197	14.152	14.708	-16.686
Investec Managed R	U-INMANR	8.335	18/02/1994	13.166	13.663	17.361	-19.261
Investec Managed A	U-INMANA	8.321	03/07/2000	13.166	13.619	17.181	-20.069
Investec Worldwide A	U-INWVA	7.265	03/07/2000	13.137	20.425	28.108	32.522
Inv Solutions MM Balanced FoF	U-SEQFOF	3.645	24/05/2002	13.032	14.518	18.114	-24.538
STANLIB MM High Equity FoF A	U-SBMMHEA	3.636	03/01/2002	13.015	13.194	17.556	-18.789
STANLIB European Growth A	U-SLEUGRA	3.350	03/11/1998	12.855	18.451	27.280	40.785
Old Mutual High Yield Opp A	U-OMHIYLO	18.426	05/11/1998	12.647	13.226	24.022	-8.627
Appleton Managed Flexible	U-APMANFL	59.108	01/06/1999	12.536	14.428	18.209	-19.087
STANLIB Intl Equity FoF R	U-STINEQR	1.824	03/03/2004	12.407	18.538	23.745	29.261
Inv Solutions Gbl Equity FF	U-ISGLOBE	2.955	08/07/2004	12.394	19.798	23.744	29.662
Nedbank Global Equity FF A	U-AHGLOBV	5.148	08/01/2003	12.375	19.460	25.684	0.000
Investec Global Multi-Mgr B	U-FEGLGB	5.132	25/07/2001	12.132	17.108	19.823	3.313
Investec Global Multi-Mgr A	U-FEGLGA	5.048	03/07/2001	12.037	17.551	20.105	6.051
Old Mutual Namibia Managed	U-OMNAMAN	8.304	17/11/1999	11.987	12.913	15.526	-20.149
STANLIB Intl Equity FoF A	U-SBIEQFA	1.743	03/07/2000	11.918	18.048	23.093	27.192
Old Mutual Intl Gth FoF A	U-OMIGROA	4.353	03/04/2000	11.683	18.463	24.194	13.243
Investec Global Multi-Mgr B2	U-INGMMB2	4.639	20/02/2004	11.359	17.652	20.057	11.511
Nedbank Renaissance A	U-AHWOMIN	40.554	01/12/1999	11.278	12.754	17.181	-22.818
Sanlam Namibia Mgd Prudential	U-SLNAMPR	3.804	12/07/2000	11.260	13.487	17.625	-19.133