



Richard Cluver Predicts

In our 23rd year of service to the investing public of South Africa



Volume: 23

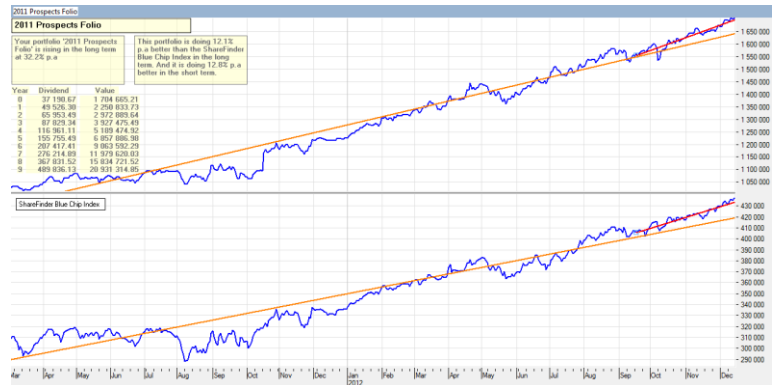
Issue: 37

21 December 2012

We need to apologise. Our move to new offices in Kloof last week went like clockwork except for one vital thing: the technical people involved in ensuring our phone number remained the same old 031 2621722 let us down, in effect making it impossible for you to contact us except via e-mail. A new temporary number 087 230 9812 will operate for the foreseeable future

This is the last Predicts column of 2012. I will resume writing on Friday, January 4. So it is fitting to both look back on a satisfactory investment year and ahead to a bright future.

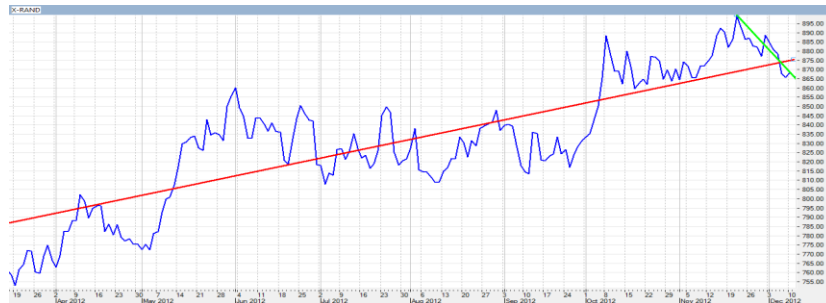
The composite on the right illustrates how well our Prospects portfolio performed. It has been gaining at an annual rate of 32.2 percent compound since we launched it towards the end of January 2011. In the 12 months to December 21 that growth rate accelerated to an astonishing 41 percent and over the past three months it accelerated even further to an annualized rate of 45 percent. It is, I believe, a fitting tribute to the share selection methods we employ here at RCIS to note that over the same 12-month period the JSE Top 40 Index achieved 20.2 percent...just half our rate! Furthermore, for those of my readers who are dependent upon dividend income to fund their lifestyles, it is also satisfying to note that the portfolio dividend growth rate over the past 12 months has been 33.17 percent.



| Name | Price | % Change | Quantity | Cost | Per Share | Value | % Gain | % Portfolio | Risk | DY | DivGro | DivGroL | Return |
|-----------------------------|--------|-------------|----------|------------|-----------|---------------------|-------------|-------------|---------------|------------|--------------|--------------|---------------|
| 2011 Prospects Folio | | 0.4% | | | | 1 704 665.17 | 73.6 | | 21.97% | 2.2 | 33.17 | 20.05 | 35.31% |
| *Cash | | | | | | 8 693.46 | | 0.5% | 1.00% | | | | |
| A-V-I | 59.00 | -1.7% | 3 000 | 165 090.00 | 55.03 | 177 000.00 | +7.2% | 10.4% | -4.55% | 2.9 | 64.72 | 35.63 | 26.99% |
| CAPITEC | 188.50 | +0.8% | 562 | 100 036.00 | 178.00 | 105 937.00 | +5.9% | 6.2% | 39.20% | 2.3 | 47.39 | 35.63 | 38.95% |
| CLICKS | 64.56 | -0.8% | 1 700 | 100 300.00 | 59.00 | 109 752.00 | +9.4% | 6.4% | 15.24% | 2.1 | 29.19 | 21.56 | 37.17% |
| CORONAT | 40.55 | +1.1% | 4 014 | 99 988.74 | 24.91 | 162 767.70 | +62.8% | 9.5% | 59.46% | 4.3 | 30.26 | | 42.92% |
| FAMBRANDS | 69.80 | -1.0% | 2 674 | 100 000.00 | 37.40 | 186 645.20 | +86.6% | 10.9% | 16.08% | 2.8 | 37.94 | 30.25 | 31.54% |
| MASSMART | 188.65 | +0.3% | 736 | 100 000.00 | 135.87 | 138 846.40 | +38.8% | 8.1% | -15.41% | 2.0 | 12.69 | 24.36 | 23.61% |
| MRPRICE | 137.47 | +3.0% | 1 804 | 100 000.00 | 55.43 | 247 995.88 | +148.0% | 14.5% | 28.68% | 2.2 | 27.49 | 33.21 | 47.40% |
| MASPERS-N | 537.99 | -0.2% | 280 | 100 000.00 | 357.14 | 150 637.20 | +50.6% | 8.8% | 10.39% | 0.6 | 18.81 | 29.03 | 28.36% |
| PINNACLE | 17.81 | +2.1% | 10 638 | 99 997.20 | 9.40 | 189 462.78 | +89.5% | 11.1% | 64.51% | 1.7 | 32.02 | | 31.20% |
| SHOPRIT | 198.19 | -0.3% | 1 145 | 100 000.00 | 87.34 | 226 927.55 | +126.9% | 13.3% | 4.33% | 1.3 | 31.23 | 27.47 | 38.87% |

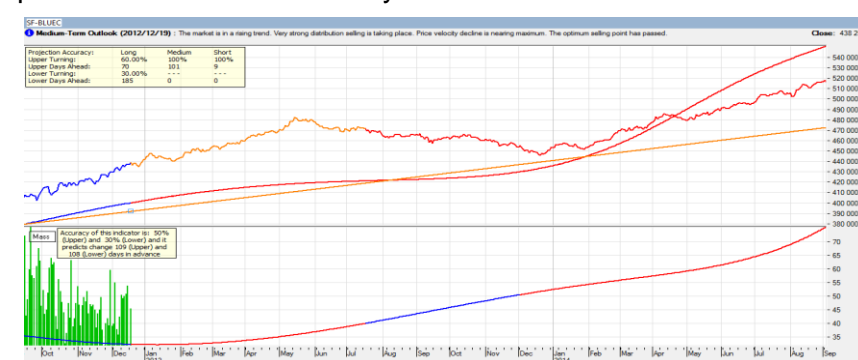
Considering the Total Return average of 35.31 which heads the column on the extreme right, it is reasonable to assume that the portfolio will grow by that amount in the year ahead; that is from a present value of R1.7-million to at least R2.3-million by the end of December 2013.

Notwithstanding my gloomy column last week in which I detailed the potential peril of our balance of trade deficit and, noting that since November 22 the Rand had been recovering at a rapid clip, I am going to take an optimistic view of the year ahead, noting that the biggest single current issue of concern on the global economic front, the US Fiscal Cliff, is now very close to resolution. Moreover, recent figures from China have indicated a resumption of economic growth that is likely to pervade most of Asia. Europe remains a basket case where any change is now likely to be at least positive. Collectively then, the economic outlook for the world remains patchy but modestly inclined towards improvement.



Here at home, the consensus following the ANC's Bloemfontein pow wov is also guardedly positive with the new emphasis accorded to the national development plan putting a spring into the step of local businessmen who hope this might be a step towards a business-friendly administration in the future.

So, I am guardedly optimistic and, note the green trend line on my topmost graph. The Rand has been gaining strength in quite spectacular fashion over the past fortnight which suggests that the outside world has moved towards similar optimism. And with that in mind I have pushed ShareFinder to produce an ultra-long-term projection of the likely performance of blue chip shares for the next 21 months. Note, with the Mass



indicator confirming the prediction, the programme sees the market continuing upwards until mid-May next year before going into a sideways consolidation mode until the end of the year. But the year 2014 looks like the year we might look forward towards when a quite spectacular bull market appears likely. In a nutshell, investors who play their cards well over the next two years look likely to profit mightily.

The month ahead:

New York's SP500: I correctly predicted that New York would run out of steam and continue down until around December 19. Now I expect gains until the end of the year.

London's Footsie: I correctly predicted gains. Now I expect the market to trend down until early January.

JSE Industrial Index: I correctly predicted gains. Now I see a weaker trend until early January.

Top40 Index: I correctly predicted a recovery which I expect to continue erratically until the end of January.

ShareFinder Blue Chip Index: I correctly predicted gains which I expect to continue for the foreseeable future.

The Rand: I correctly predicted gains. Now I see a weaker phase until the end of the year followed by further gains in January

Golds: I correctly predicted brief weakness. Now I expect an upward trend until late January.

Bonds: I wrongly predicted weakness. Now I expect gains until well into January.

The Predicts accuracy rate on a running average basis over the past 460 weeks has been 81.47%.

Richard Cluver