



In the worldwide investment community, US analytics company Morningstar is regarded as the go-to resource to seek out the comparative performance of the world's top investment funds. Thus, when Biznews columnist Alec Hogg said this week that South African fund manager Simon Peche's performance put his Ranmore funds into Morningstar's top one percent, I took notice.

I went onto Ranmore's web site and found the following graph in which its fund performance (Green) is compared on a base 100 construct with the performance of the MSCI World Index (blue) which has grown by 60.85 percent over the past five years and the Morningstar Peer Group average (yellow) gain of 40.45 percent. All were calculated in US Dollars. Against those the Ranmore fund is shown to have achieved a five-year gain of 70.16 percent.



Now of course readers of this column are all too familiar with the performance of my own four Prospects portfolios and, also noting that our New York, London and Sydney portfolios are just four years old this December, I wondered why Alec was making such a fuss over 70.16 percent in five years when our New York portfolio had gained 270 percent in four years?

Since I customarily do the first draft of this column every Wednesday, I have fired this off to both Alec Hogg and the Ranmore people for comment. Meanwhile, here is our New York performance graph overlain with a green trend line to highlight its compound annual growth rate of 25.49 percent and a red line to approximate what the Ranmore fund would have done at 10.3 percent compound:



On Ranmore's website they note that, "The fund has returned an annualised 10.3% per year since inception, well ahead of inflation. This return grew \$100 into \$441."

To be fair, the Prospects portfolios are at a distinct advantage over commercial competitors because they are neither lumbered by management fees nor brokerage charges since they are virtual creations inasmuch as I, once a month, merely pencil in potential sales and purchases and the prices that need to be achieved before I will regard transactions as having occurred.

I do that in order that my readers may place mirror-image orders with their brokers in advance of pending transactions, but that does also mean that there is some degree of self-fulfilling prophecy about these transactions because I enjoy a very large readership of thousands of investors who follow these recommendations and their collective actions are thus obviously able to move markets!

I have, furthermore, frequently stressed to readers that the three overseas portfolios are just four years old, having been started in December 2019, and so it is also unfair to compare them with others that have been in existence for decades.

However, we have followed the same formula with our original JSE-based South African Prospects Portfolio which I launched in January 2011 with an original investment of R1-million.

Back then we took ten months to place that original sum, buying when my ShareFinder software indicated they were cheapest, Shoprite, Famous Brands, Mr Price, Naspers, Hyprop, Wilson Bayly, Absa and Capitec and earned R46 000 in dividends and interest in the interim.

Of that original, only Capitec and Mr Price still remain but we did hold most of them for many years since my readers do not like paying Capital Gains Tax. Thus, with very few exceptions we have always invested in Blue Chips which, by my definition, are shares of companies that have delivered constantly-rising dividends for no less than ten previous years. Here is what it has since achieved:

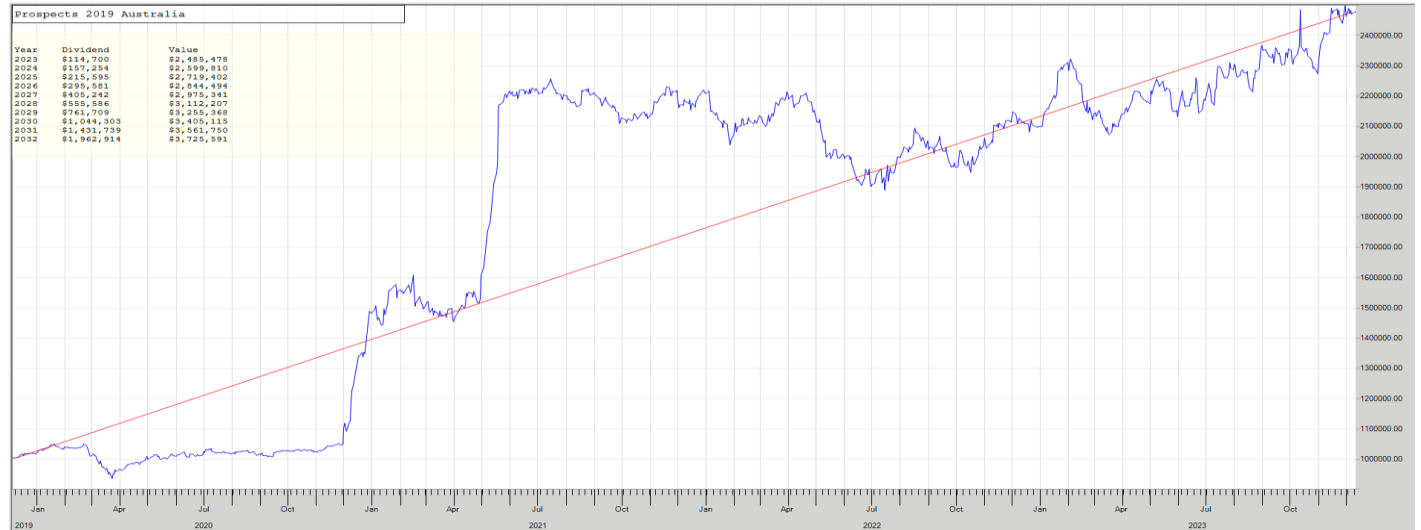


We have just completed 13 years with the South African Prospects portfolio and, as you can read from the tabulation, our original R1-million has now grown to R5 458 225 representing a compound annual average growth rate of 13.95 percent and is delivering an aggregate 3.2 percent dividend yield which implies that its Total Return is currently 17.15 percent.

To emphasise that these are no mere flash in the pan, our London Prospects Portfolio is currently delivering compound 22.36 percent together with an aggregate dividend yield of 1.76 percent to make a Total Return of 24.12 percent:



And finally, our Australian portfolio has delivered a compound annual average growth rate of 25.34 percent together with a dividend yield currently delivering 0.46 percent to offer a Total Return of 25.8 percent.



The month ahead:

New York's SP500: I correctly predicted continuing gains until late December followed by a dip to mid-January and that view remains unchanged though the weaker phase now seems much closer!

Nasdaq: I correctly predicted continued gains until a brief seasonal pause which I wrongly expected to get under way this past week. Now I see it postponed to Christmas with the uptrend resuming by January 15 to peak on January 29 ahead of a three-month decline.

London's Footsie: I correctly predicted a continuation of the brief recovery until Christmas ahead of a very cruel January.

France's Cac 40: I was too pessimistic here sensing an imminent market peak. However I believe it has merely been delayed and could begin now into mid-January followed by a two-week recovery ahead of three months of declines.

Hong Kong's Hangsen: I correctly predicted that the long-term decline since January is likely to continue until the end of March when a long-recovery is likely to start.

Japan's Nikkei: I correctly saw weakness. Now I see gains until the end of the month ahead of declines until May.

Australia's All Ordinaries: I correctly predicted further gains with the market now likely to peak in early January followed by losses until mid-March.

JSE Top 40 Index: I wrongly saw gains until mid-February. The sudden brief bout of weakness will likely, however, be over by Monday when strength is likely to return until mid-February.

ShareFinder JSE Blue Chip Index: I correctly warned that a retreat would happen lasting until mid-January when the trend is likely to turn positive again until July.

Rand/Dollar: I correctly predicted brief weakness until year-end within an overall strengthening trend likely to last all next year.

Rand/Euro: Ditto the Euro. I correctly predicted the start of a long recovery beginning December 6 and lasting to early March. But watch out for brief weakness from around January 4 to the 19th.

The Predicts accuracy rate on a running average basis since January 2001 has been 87.09 percent. For the past 12 months it has been 91.12 percent.