

Investment Options: Feroz Basa
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Value Equity Investments

**“Opportunities in an
uncertain environment”**



Agenda

- ▲ **Current** Environment
- ▲ **Value** Opportunities
- ▲ The Power of **Dividends**



2010 - What can we expect?

- ▲ US Economy shows first signs of recovery
 - Intense stimuli have started to work
 - No more large bank defaults
 - Credit markets have returned to normal
 - House prices have stabilized

- ▲ Emerging markets will remain more dynamic
 - China, Brazil & India continue to exceed expectations
 - China “engineers” a recovery
 - BRIC approaching 20% of world GDP
 - BRIC well on way to surpass G7 by 2035



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2010 - What can we expect?

- ▲ Global equity markets will have rebounded strongly
 - Looking ahead to the recovery in the US
 - Fund withdrawals will have ended long ago
 - Unusual demand for “risk-free” assets will have subsided
 - Fears shifting from deflation back to inflation
 - Massive amount of liquid assets looking for a home

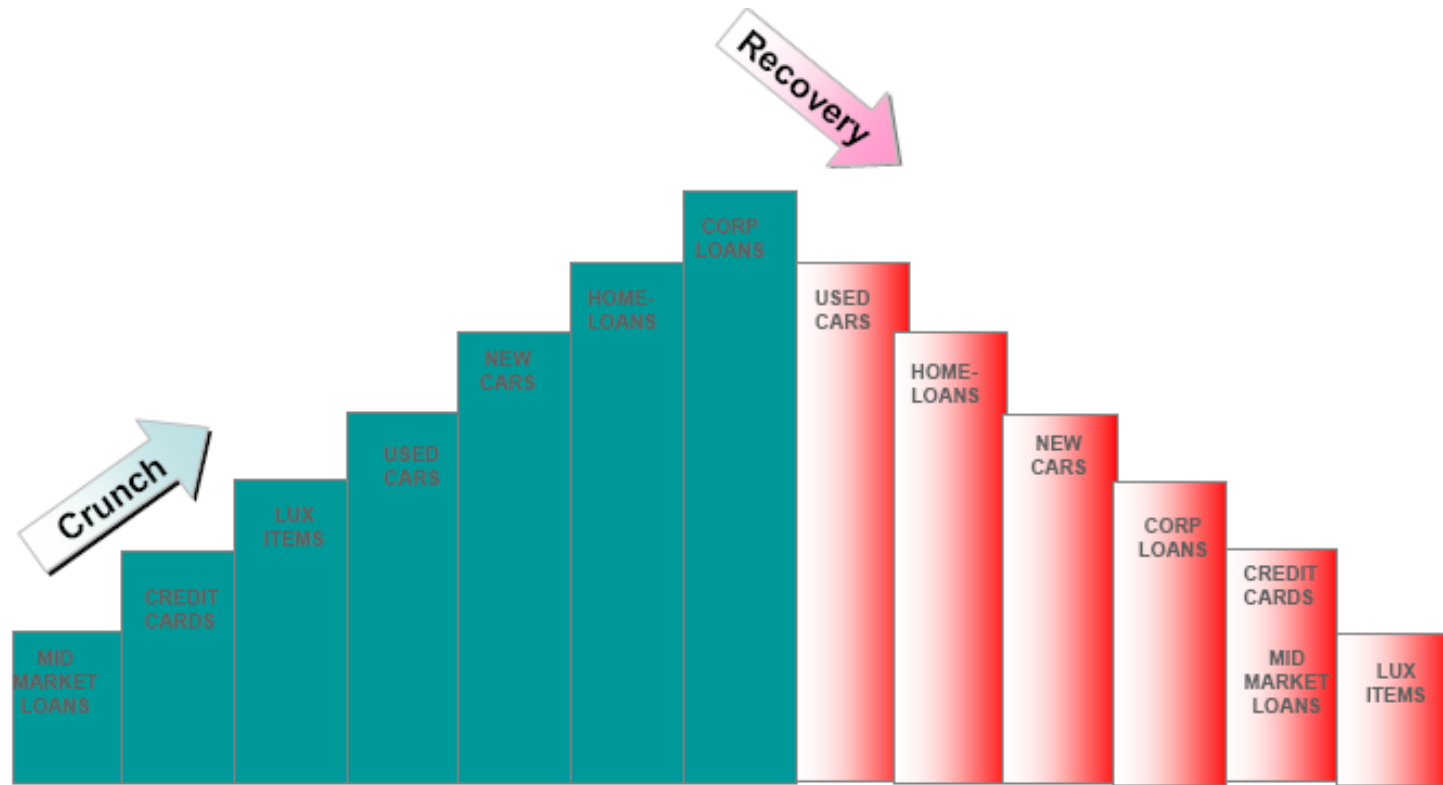


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How recovery has played out in the past



Source: Wesbank



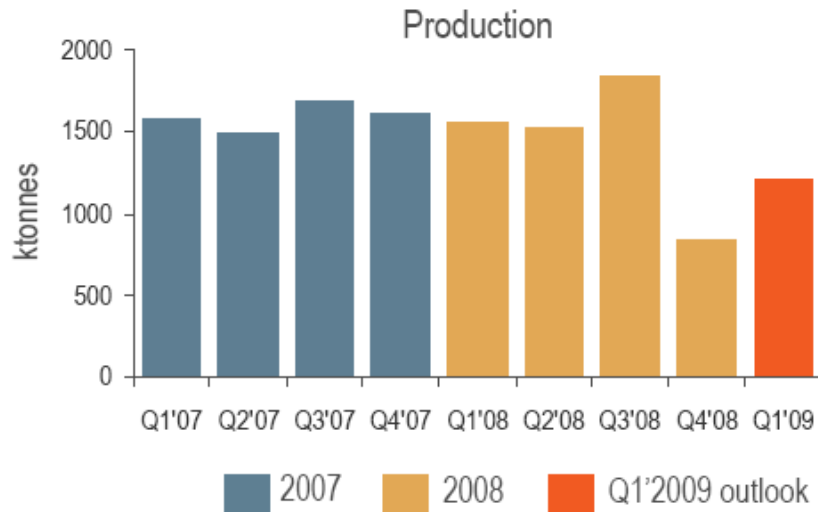
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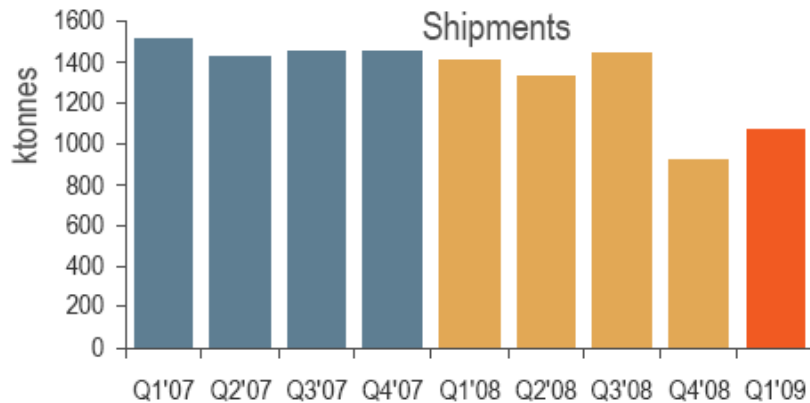
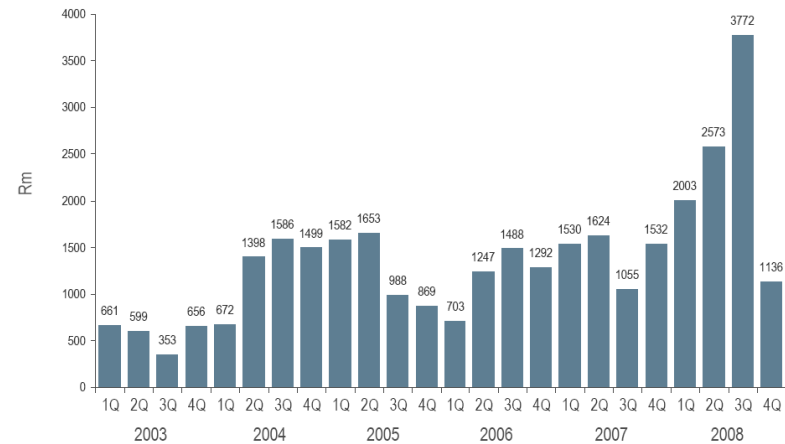
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Arcelor Mittal SA



Quarterly Headline Earnings Trend



- ▲ Very poor Q4 result
- ▲ But costs cut successfully
- ▲ Cash flow from ops. remain positive
- ▲ 25% of market cap. in cash
- ▲ Q4 annualized PE(ex cash) of less than 6 – very cheap for bottom of cycle



Source: OMIGSA

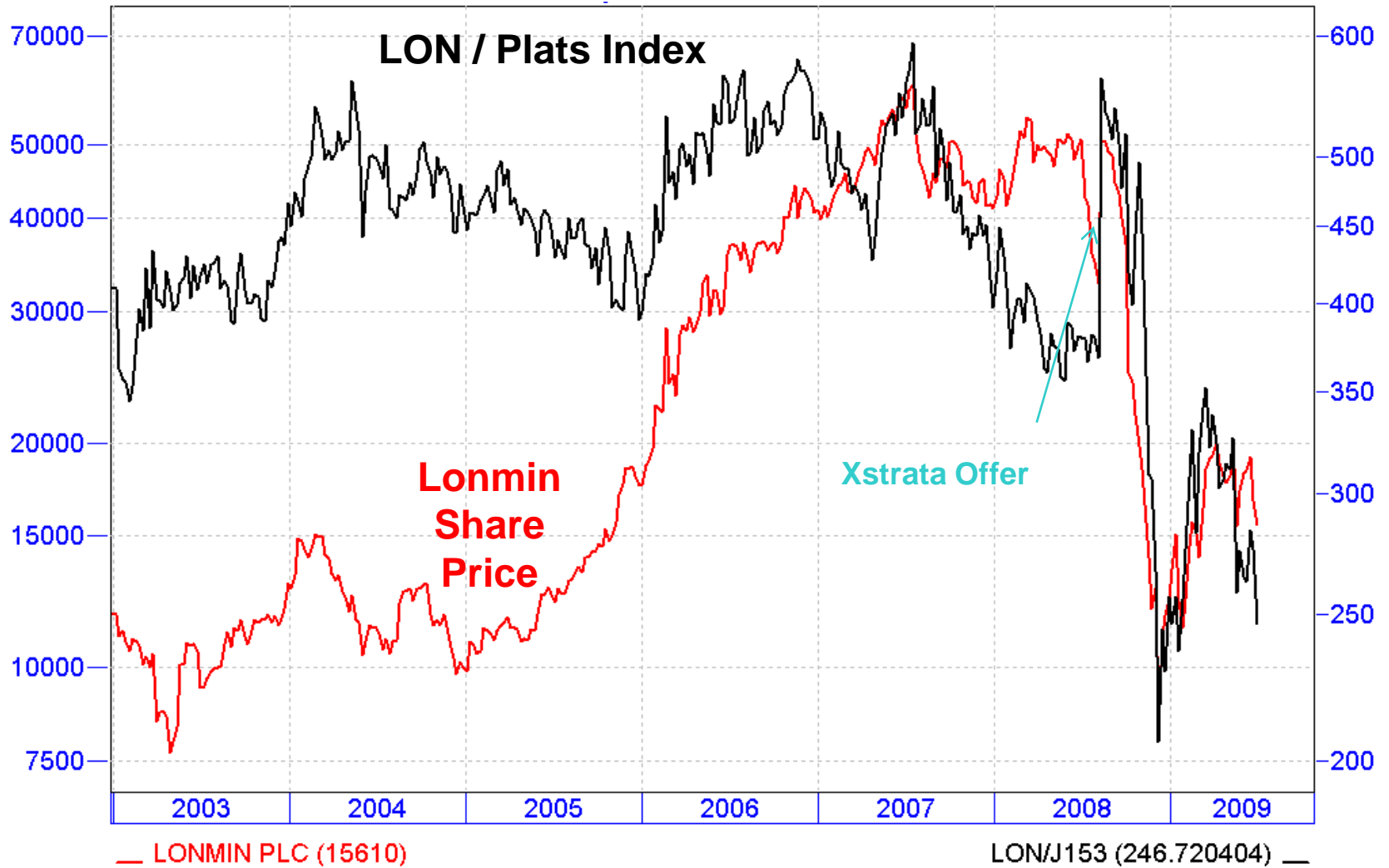


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Source: INET



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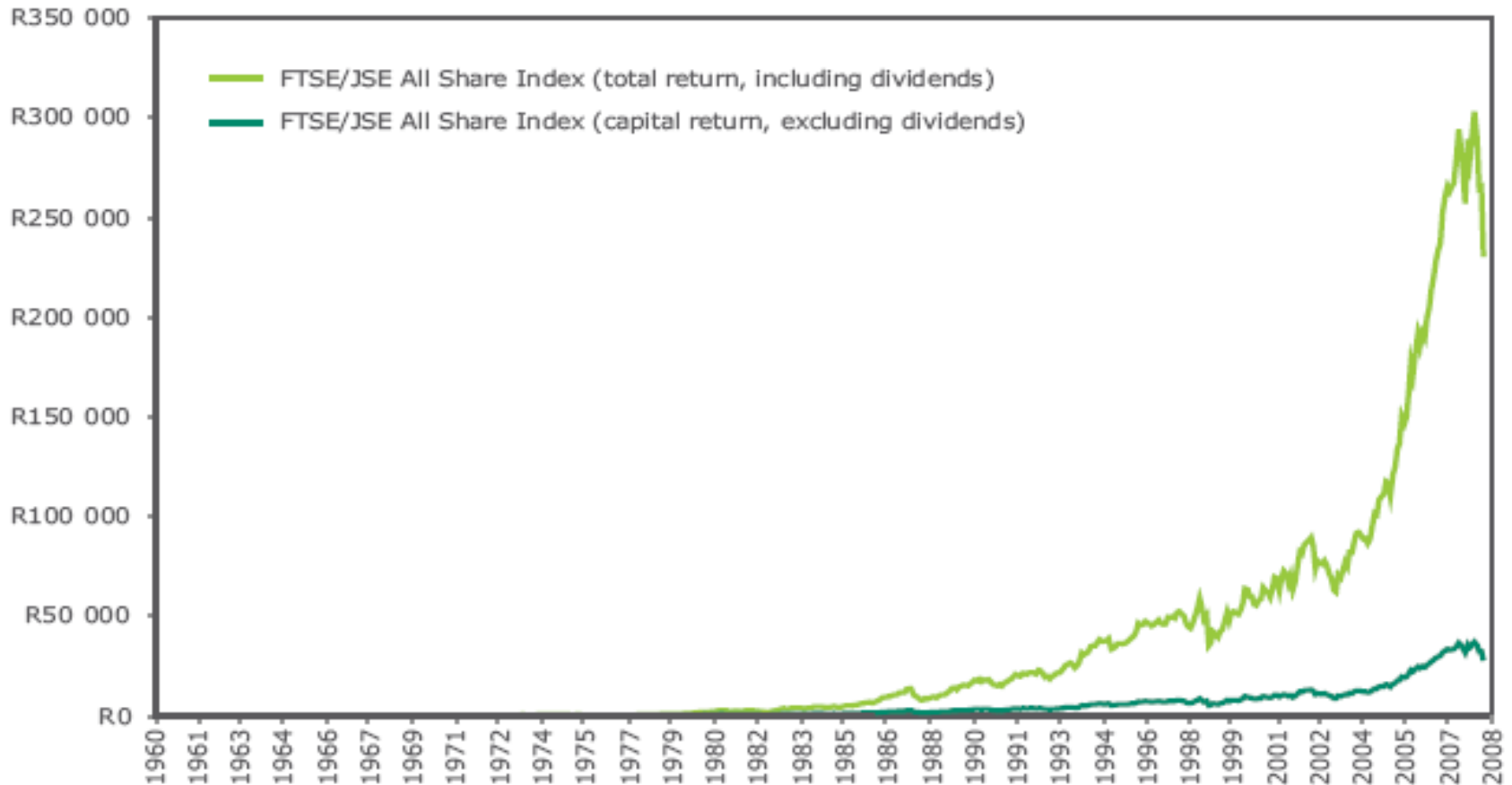
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The Power of Dividends



Dividends are a powerful driver of performance



Source: OMIGSA



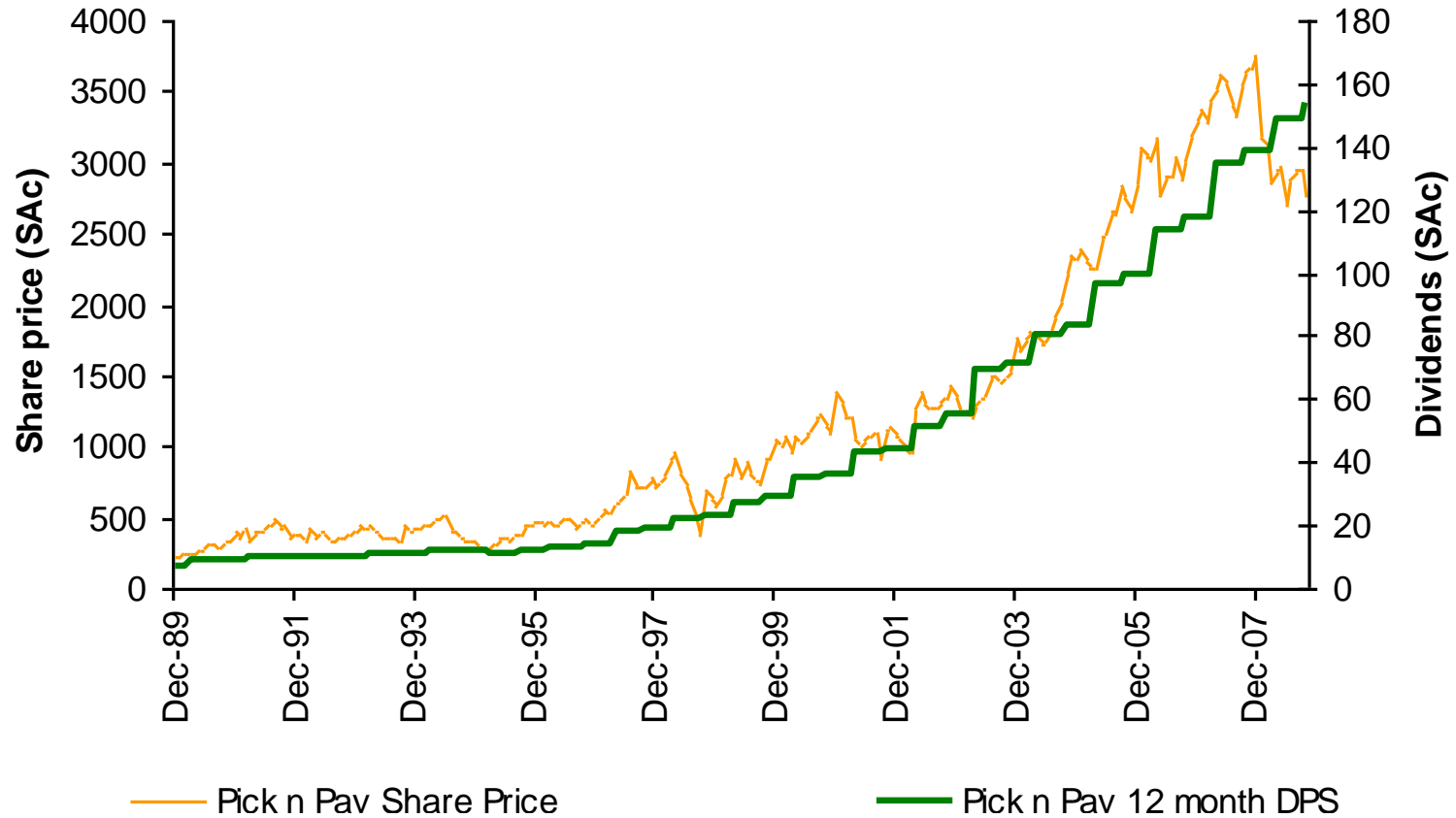
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Dividends are far more stable than share prices



Source: OMIGSA



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Who should invest using a dividend approach?

- ▲ Investors requiring an income stream
 - Retired investors
 - Those using the income to support their lifestyle
- ▲ Investors just starting to save
 - Reinvestment of the dividend provides diversification
 - Systematic reinvestment promotes a lower average share cost price
 - Could be a source of liquidity in testing economic conditions
- ▲ And everyone in between



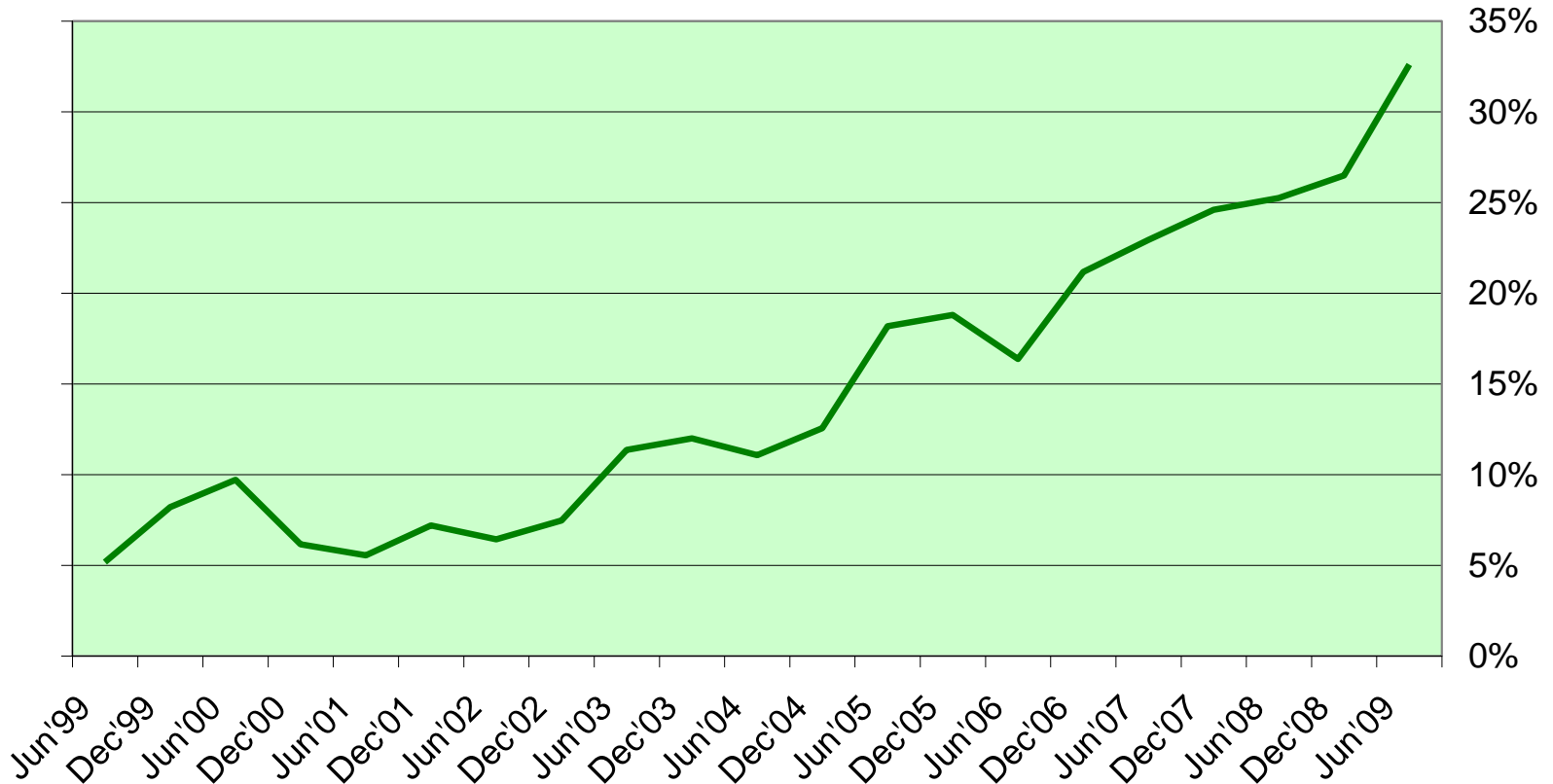
Dividend attractiveness

- ▲ Dividends are fact. They translate to money in the bank.
 - No accounting subjectivity
 - Unhealthy companies can't invent cash



HYO - Yield on Initial Investment

Dividend yield on initial investment



Source: OMIGSA



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HYO - the full story

**R100 invested at Launch 10 years ago
has already paid out R162 so far
now yielding R32.60 per annum - tax free –
And today worth R473**



High Yield Opportunity Fund

	% of fund	Dividend yield
Exxaro	6.9	4.6
ArcelorMittal	5.9	3.4
Astral	5.8	8.0
Metropolitan	5.7	9.5
African Bank	4.9	6.8
British American Tobacco	4.8	6.2
Datatec	4.4	7.1
Altron PP	4.3	6.7
Lewis	4.1	6.9
Steinhoff	4.1	5.1



As at 29 June 2009



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The End

LOSERS GUIDE TO ONLINE TRADING

I'VE DECIDED TO HANG IN FOR THE LONG TERM - MAYBE EVEN ALL DAY!



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