



FOSTER

WEALTH MANAGEMENT

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## OUR INVESTMENTS IN A TIME OF OPEN REVOLT

In a week we said farewell to struggle icon Ahmed Kathrada who was the epitome of honesty and integrity our corrupt president fired most of the competent ministers in his cabinet and replaced them with inexperienced people who will surely dance to his tune and that of his friends, the Guptas.

The Rand immediately plunged but the stock market held reasonably steady due to the fact that a number of shares benefit from a weaker Rand. Thus your investment would have dropped slightly but not significantly by the end of Friday, 31 March.

As mentioned in many previous newsflashes and newsletters our fund is well diversified, tends to benefit from a weaker Rand and is quite conservative.

What will happen in the next few weeks? If there is any indication that the new Minister of Finance will sign off on deals such as the nuclear procurement deal, the Rand will weaken significantly. This would have a largely neutral effect on our fund as some shares would decline in value but the Rand hedging effect offset that.

Pravin Gordhan used the term, “open revolt” at Ahmed Kathrada’s memorial service on Saturday, 1 April. There is, as yet, no definite indication that there will be a pushback from within the ANC, but we do know that the group of CEOs, a group that represents a large number of major corporate businesses, the Save South Africa Campaign and the ANC Veteran’s Association are all trying to make a concerted effort to persuade the President to stand down. If this should happen, the Rand will almost certainly strengthen significantly and the stock market would be encouraged to say the least.

Sometimes the thing that requires the greatest courage is to do nothing. We do not intend to change our fund at all during this time, but remain constantly vigilant.

Peter Foster

Sunday, 2 April 2017