

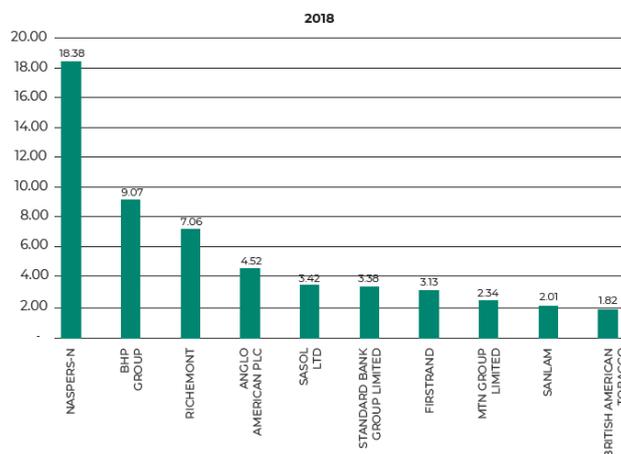
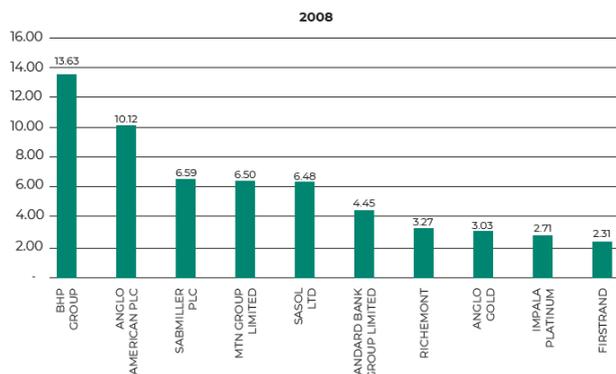
What the 10-year challenge teaches us about investing

Old Mutual, through their private client securities division, decided to give the 10-year challenge an investment slant by looking at how local and global markets have changed over the last decade. Here's a look at what their findings have shown:

Single stock concentration

Graph 1 represents the South African equity market's "10yearchallenge". The graph shows the ten largest shares at the end of 2008 alongside the ten largest shares a decade later. The obvious change that most investors will point to is the dominant position Naspers now holds at an 18% weight in the index. Interestingly, at a 14% weighting a decade ago, Billiton was not that far off from where Naspers is today. As far back as Old Mutual can recall, our market seems to have always had a dominant company or sector that has driven most of the returns. Naspers has certainly done that over the last decade, contributing about 12% of the JSE ALSI price return. Impressive, when considering that a decade ago its weight in the JSE ALSI was just 2%.

GRAPH 1: TEN LARGEST JSE LISTED COMPANIES' WEIGHT CONTRIBUTION TO ALSI: 2008 VS 2018



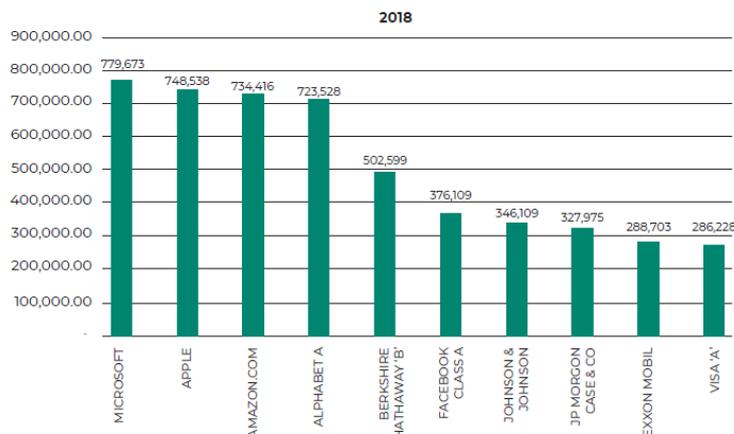
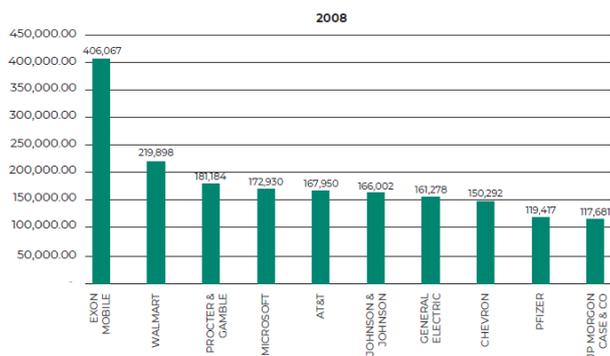
The rise of technology

Looking at the US equity market - which makes up close to 70% of the global equity market capitalisation, it is clear to see that the winning theme over the last decade has been technology. Today, five of the ten largest S&P 500 companies are tech companies. Interestingly, some of the largest technology companies today have barely been around for 20 years, which further highlights how quickly technology is evolving. This raises the interesting question of which of the current tech companies will still be dominant (or existent?) a decade from now.

Defensive growth

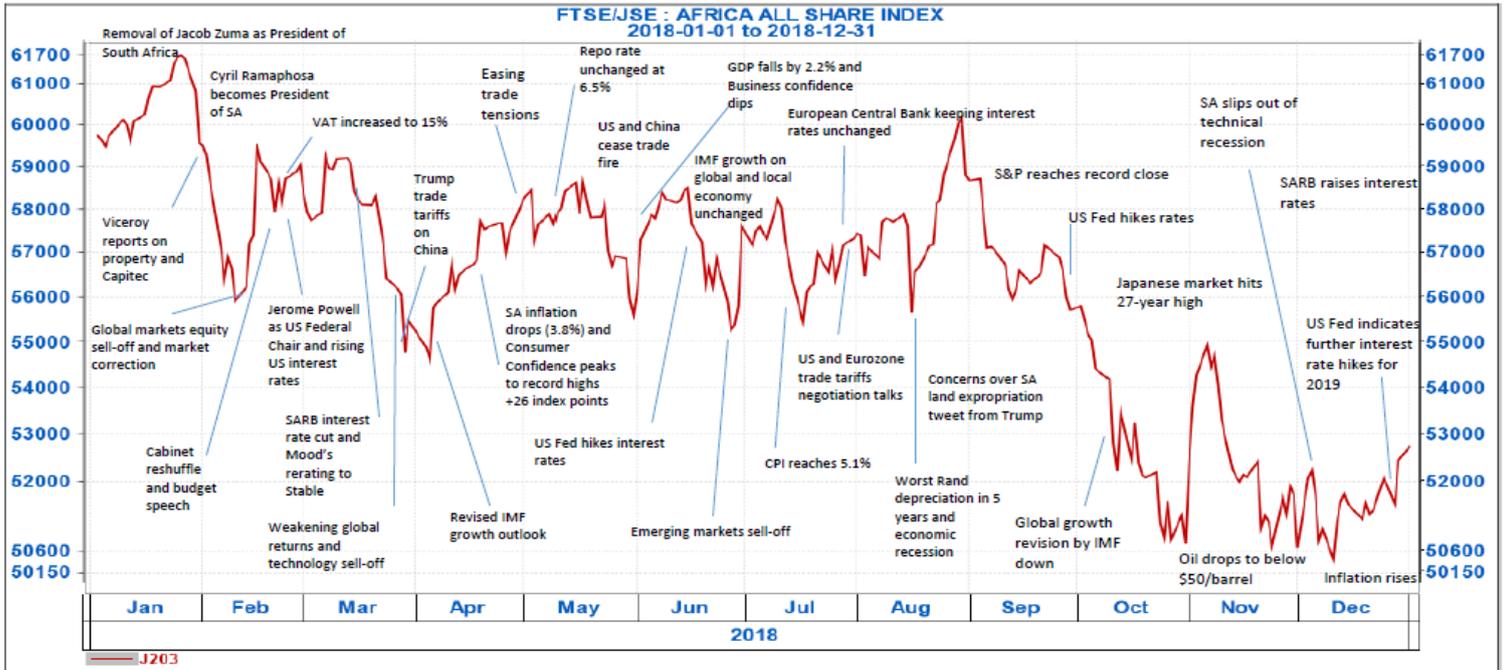
Of the four global shares that have retained a spot in the top ten over the decade, Johnson & Johnson (J&J) is one that would surprise many people. Firstly, it is the only company that can be considered a 'defensive' on the 2018 list – Pfizer, AT&T and Procter & Gamble have all fallen off the list over the past decade. Secondly, J&J do not cater to a high growth industry like technology. And yet, the company has retained its position and generated respectable shareholder returns despite already being a behemoth a decade ago. There are plenty more lessons that can be gathered from how market constituents have changed over the last decade. This alone demonstrates how dynamic markets are over time and highlights the importance of understanding the bigger picture themes that play out over years. At a time when short-termism prevails, looking at one's investment portfolio, or the market, over the real long term certainly gives an interesting perspective and some important lessons to take into the next 10 years. #20yearchallenge.

GRAPH 2: TEN LARGEST S&P 500 LISTED COMPANIES BY MARKET CAP: 2008 VS 2018



REVIEW OF 2018 YTD

FTSE/JSE - AFRICA ALL SHARE INDEX
2018-01-01 to 2018-12-31



glacier
by Sanlam

THIS AND THAT

- Ethiopia has the fastest-growing economy on the African continent.
- Kenya has the World's biggest mobile money platform.
- The Seychelles passport is known as the most powerful passport in Africa because it allows holders to travel to 96 countries without a visa.
- Botswana is the world's biggest diamond-producing country in terms of value. It produces about 17.7% of the total global diamond production.
- South Africa is the second country in the world to have hosted the FIFA, Cricket and Rugby World Cups.
- Cape Town houses are worth 34% more than they were three years ago.
- Discovery forks out R32 Million a month in rent for their Sandton Headquarters.

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- Proof of residence (click here to view list of acceptable documentation)
- Proof of income tax number

Kindly schedule an appointment in order for us to prepare further documentation that requires your signature.

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