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CMEFS WEEKLY INVESTMENT NEWS

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Hello and welcome to this week's edition of Investment News.

Before we go into this week's discussion, let's see how the CMEFS Flexible fund has done for the year thus far as compared to the All Share Index (ALSI)

Fund	Last week Thursday	This week Thursday
ALSI	-1.99%	-1.71%
CMEFS Flexible Fund	-0.32%	-0.17%

It really is great to be validated in one's views by such an august body as Business for South Africa (B4SA).

In a recent proposal put forward by BFSA to the Presidency to fast-track SA's economic recovery, they list achieving a secure and affordable electricity supply and full-spectrum utilisation and acceleration of e-commerce as being the two foremost priorities.

This concurs exactly with the sentiments I expressed in an earlier newsletter to you.

Without getting those two things into place first, you can basically forget about everything else.

Apparently, the plan put forward by B4SA has certain commonalities with the ANC's economic reform paper, but where they seriously parted company was that whereas:-

- BFSA's plan addressed the issue of the risk of sovereign debt default and what should be done to prevent this from happening, the ANC's economic reform paper was entirely silent on this issue.

This, to me, implies a mindset of "if we simply ignore the problem it will go away".

This worries me and says more to me about the chances of getting this beast back in its cage than any platitude in this regard issued by the ruling party.

For the life of me, I simply cannot see how the possibility of sovereign debt default can be completely ignored in a paper such as this.

If this should happen, then quite frankly we are completely, and with sincere apologies, if offended, stuffed for a good many years to come, to use a milder word than another that could be offered in its place.

If you think COVID-19 is bad for the economy, then you do not want to try a dose of Sovereign Debt default.

This again is why Cyril really now needs to 'step-up" (and I grow so tired of saying this) and stop thinking he needs to get permission from the Unions, the SA Communist Party, Ace Magashule, Nkosasana Dlamini Zuma and the like before he does anything.

Frankly, none of the above, excluding Cyril has any clue about how to run a business, let alone a country, and yet they have so much say over things they know so little about.

Um..Sir...A gentle reminder...YOU (shout) ARE (shout) THE (shout) PRESIDENT (shout even louder) for goodness sake. Again using a milder word than another that could be offered in its place.

- B4SA proposes raising funds for economic recovery from private investors, both foreign and domestic, willing to take on the risk (and there will always be someone prepared to do just this – provided they have confidence in the government) whereas the ANC's economic reform paper proposed (let's say it like it is) raiding SA's pension funds to fund the recovery in the HOPES that they will not lose this money too. (SAA?, Eskom? Denel?)

The list goes on and on.

And the current cigarette and alcohol ban is literally bleeding SA dry – and no, Mr. President, you had more than enough time and resources to accommodate both those who must insist on killing themselves and/or other people whilst drunk as well as COVID-19 patients. You just did not do your job. Again. Please stop doing this.

This worries me from the point of view that the ruling party is clearly not confident in their ability to raise the funding they need from private investors and this lack of confidence worries me.

It worries me because it speaks to either unspoken agendas and/or a tacit acknowledgment that they really do not have the necessary gumption to do what needs to be done to have private investors breaking down doors to get in on the act.

It worries me...

I trust you enjoyed the read despite the concerns expressed. We must however first face up to just what the problem is if we are ever going to be able to do anything at all about it

Until next time then, do take good care of yourselves.

Kind regards, Nine, Charles, and all of us at CMEFS.