



CMEFS WEEKLY NEWSLETTER – FRIDAY 05/11/2021

In this edition: Election Results/WhatsApp group/Prudential changes its name/Market Outlook

Hello everyone and welcome to this week's edition of our newsletter. Before we go into this week's news, let's see how the CMEFS Flexible fund has done for the year to date as compared to the All-Share Index (ALSI), Money Market Funds, and inflation, bringing all fees to account.

From 1 Jan to	ALSI actual return to date as %	ALSI projected annual return for the full year as %	CMEFS Flexible Fund actual return to date as %	CMEFS Flexible Fund projected annual return for the full year as %	Money Market actual return to date as %	Money Market projected annual return for the full year as %	Cost of Living Increase for the period as %
End Jan	5.04	82.90	0.55	6.95	0.21	2.52	0.34
End Feb	11.33	95.02	1.05	6.78	0.39	2.34	1.02
End Mar	11.83	47.32	1.27	5.47	0.61	2.45	1.71
End Apr	12.00	36.00	1.91	6.15	0.83	2.48	2.39
End May	12.27	29.45	1.99	5.09	1.05	2.53	2.47
End June	10.58	21.16	2.31	4.90	1.26	2.52	2.73
End Jul	14.66	25.12	3.03	5.47	1.47	2.52	3.84
End Aug	11.45	17.17	3.64	5.72	1.68	2.53	4.26
End Sep	6.90	9.20	3.76	5.25	1.91	2.54	4.52
End Oct	12.36	14.83	3.94	4.94	2.14	2.57	
04/11/2021	14.25	17.10	4.03	4.97	2.18	2.62	

Election results

Much has already been said about the poor showing (an understatement) of the ANC in the recent municipal elections, so I will not say much more other than to make the following comments: -

1. The results bear out my comment in an earlier newsletter that the ANC are essentially a spent force. Period.



2. For those of you who are concerned about South Africa becoming Zimbabwe 2, keep in mind that
 - a. 325 parties contested this election as opposed to Zimbabwe's "3" (Actually 1)
 - b. that the elections were by and large accepted as free and fair by the vast majority of South Africans
 - c. that they took place peacefully, before, during and after the elections (Yes, there were pockets of violence, even murders, but none state sanctioned)
 - d. that the outcome has been amicably accepted by all political parties
 - e. that the electorate has sent out a clear signal that the EFF have gone as far as they probably ever will, in the process showing that they have very little tolerance for radicalism. This, in itself, is FANTASTIC news!

Going forward, government by coalition seems to be what will be the order of the day, and it is hoped that Parliament will move swiftly on the process of drafting the necessary legislation and regulations governing how these coalitions are to work. There is presently no such legislation and regulation in place as up until now, none was necessary given the ANC's past majorities.

Again, interesting times ahead.

CMEFS Wealth Client WhatsApp Broadcast group:

Some general info

1. To be part of this group, you MUST have me listed as a contact on your cellphone. If I am not listed as a contact on your cellphone then you will not receive any broadcasts I send to you even if I add you to the group on my phone. This is a WhatsApp thing and has nothing to do with me. My cellphone number is 0833015880
2. Once you are on the group and receiving broadcasts, you can reply to me only. Your reply to me will not be seen by anyone else in the group, so it's not the same as being part of a normal WhatsApp group where you can chat to any member of the group.

Broadcast Group Update

Not too much progress on this front I'm afraid, but a start has been made with my first few clients having been added and my first notification having gone out.

If for no other reason than good manners, I do need to ask permission to add new members to the group, so I will shortly be sending out SMS messages from our bulk SMS application asking clients if they want to join.

Not all at once, of course, but a few at a time.

Prudential changes its name:

Nothing in this industry stays the same.

And so it has come to pass that the “Man from the Pru” is officially no more. (Interestingly enough I started out in this industry working for Prudential Life and for those of my clients who came on board with me at that time, I was their “Man from the Pru.”)

Following a take-over of the Prudential Group in the UK and now in SA by M&G, the name “Prudential” in front of anything to do with the Prudential will, from the 15th November, be replaced with M&G.

So, if for example you were invested with Prudential Portfolio Managers Unit Trusts Scheme in their Prudential Inflation Plus Fund, going forward you will receive correspondence from M&G Investments Unit Trusts (South Africa) Scheme giving details of your investment with them in their M&G Inflation Plus Fund. And so on.

Other than the change of name though, ALL ELSE WILL REMAIN THE SAME, so there is no need for any panic or concern on your part.

There is also nothing that you need to do other than be cognisant of the change of name going forward.

Market Outlook:

The US Fed has FINALLY announced that it is going to start the tapering of its bond purchase program this month although it has balked at raising interest rates despite massive upward pressure on inflation rates in the US which they regard as a “temporary phenomenon that will shortly pass.”

I don't agree with them, but what do I know.

Meanwhile, the price of US stocks has now risen to the point where, when measured across **ALL** (quite literally **ALL**, as in excluding none) well known and well-established metrics, the only way forward is for nominal returns on investments in the US market to be **less than zero** over the next 10 years or so at least, OR for the market to correct downward of a magnitude that will make the crash of 2008 look tame.

This is why I remain as conservatively invested as I presently am, despite the low and dare I say rather (for the time being) pedestrian returns. I am keeping my ammunition dry for the opportunity that will arise, and arise it will.

But when will the great “reset” take place, whatever form it takes? Frankly, I have no idea. It appears that for as long as the Fed CAN continue to print money and keep interest rates at or near zero, then they can continue to maintain the illusion that all is well when the patient is actually dying, or worse still, dead.

It seems that the poet TS Eliot was so right when he observed that “Humankind cannot stand very much reality.”

I trust you enjoyed the read. Until next time then, do take good care of yourselves. Kind regards. Nine, Charles and the team at CMEFS.