

MARKET COMMENTARY

The month of July saw Germany close the month up 6.80% following positive Eurozone sentiment post UK Brexit vote. The UK has closed off the month up 4.01% following increased speculation that a vote reversal regarding Brexit is on the cards. Emerging markets have experienced strong capital inflows following the Brexit vote as investors predict further monetary policy accommodation by major central banks. This saw China and India close the month up by 5.28% and 3.90% respectively. Commitment by the acting President to turnaround Brazil's financial woes has boosted investor confidence and resulted in Brazil ending the month up by 11.22%. Following the emerging markets story, the Rand strengthen and closed off the month up 4.91%.



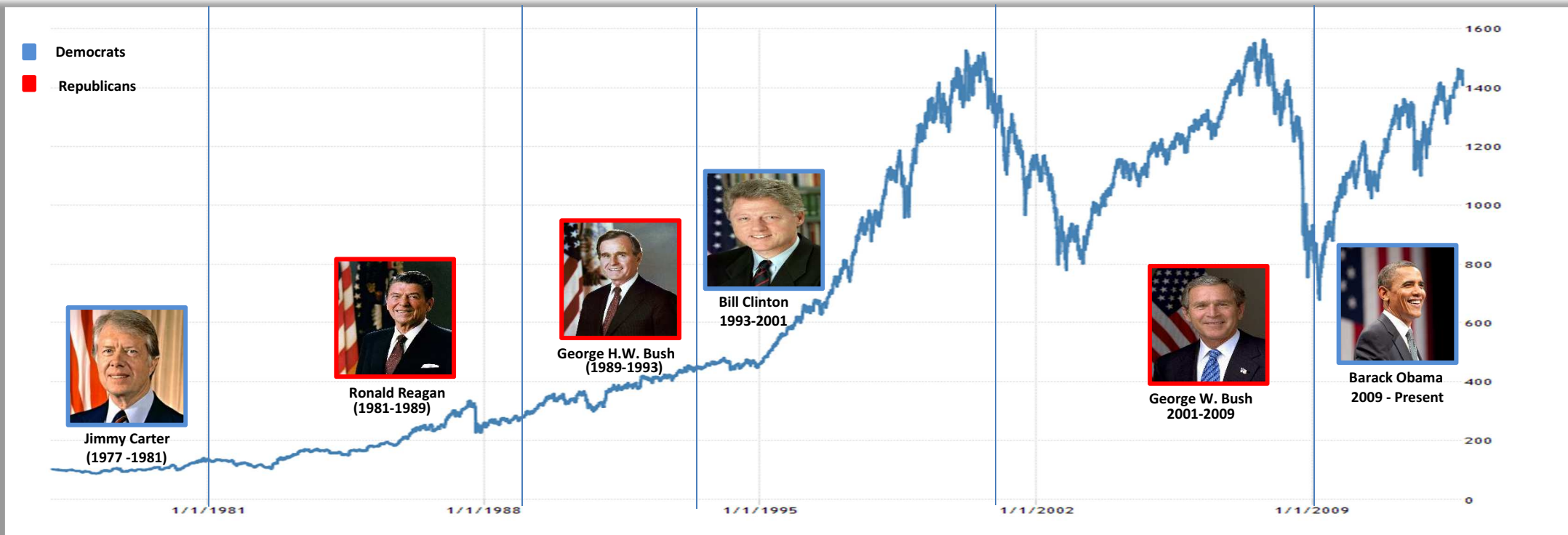
YEAR TO DATE: 31 JULY 2016

SA	• 5.54%	CASH	• 4.24%
PROPERTY	• 13.19%	BONDS	• 13.73%
INDIA	• 7.41%	RUSSIA	• 14.04%
CHINA	• -0.11%	BRAZIL	• 32.12%
INDONESIA	• 13.56%	GERMANY	• -3.78%
LONDON	• 8.45%	USA	• 5.78%



A DONALD TRUMP PRESIDENCY? : IS THE WORLD READY?

On the 16th of June 2015, Donald Trump Formally announced his candidacy for the upcoming race for presidency in the 2016 US elections. The world laughed at the thought of the brash businessman becoming the US president and leader of the free world. Fast forward to present day, what was once seen as a joke by many has now become a real possibility, we see Donald Trump pitted against former first lady Hillary Clinton in a race that is too close to call. The question beckons, does it really matter to the markets as to who is President? The graph and table below seek to demonstrate how the S&P 500 has performed under each presidency from the 20th of January 1977 to Present day.



S&P 500 Performance

Period	Term(Years)	Party	Annualised Performance	Calendar Year Post Change
1977-1981	4	Democrats	6.34%	-12.70%
1981-1993	12	Republicans	10.44%	-12.44%
1993-2001	8	Democrats	15.19%	51.19%
2001-2009	8	Republicans	-6.19%	-16.65%
2009- Present	7	Democrats	13.99%	41.33%

The adjacent table shows annualised performance of the S&P 500 has during each party's respective tenure, as well as how the US markets have performed a year after each respective party has taken office.

If past history is something that can be relied upon:

- It seems markets have a more positive reaction when Democrats are elected into Presidency as opposed to Republicans.
- Republicans presided over the global financial crisis (2008-2009) in the history of modern mankind.

Furthermore, it is also important to note that the President Herbert Hoover (a republican) was in office when the Great Depression began in 1929.

VERDICT:

A Trump presidency would certainly create a gridlock in the Senate where legislative decisions are made. His politics are so divisive in nature that the probability of both parties reaching a compromise is vastly diminished. This Political uncertainty as well as American protectionism that Trump is likely to engender, could slow down world trade and is therefore negatively affect the markets.

What Should Investors Do?

The likelihood of a Trump Presidency increases, the markets being as forward looking as they are , will price in that possibility. Remember, markets price in the probability of events and react to surprises (as with what happened during Brexit).

Best way to mitigate the uncertainty of a Trump presidency:

1. Make sure that your portfolio is well diversified (across all markets, currencies and asset classes).
2. With equities, invest in companies that have a global presence, global brand and a history of paying quality dividends
3. Stay invested, stay diversified and should markets weaken, see this as opportunity to invest further.

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