

20 July 2021

## Dear Valued Clients

We are already halfway through 2021, and so far, markets are being kinder to investors than in 2020!

### CREDO WEALTH PRESENTATION

We recently shared our discussions with Credo Wealth, our preferred offshore fund manager, with you via a link to a recording. For those that did not see this presentation or discussion, the main themes remained quite similar to what we communicated in our previous few newsletters:

1. Global Economies have bounced back on large stimulus packages and successful vaccine rollout programs.
2. Global Markets have recovered well and in the USA in particular are at new highs.
3. Technology Stocks and "Growth Stocks" in general trade at very full valuations.
4. We believe that the Value Investment Style will trump the Growth Style in the coming years (Credo is a Value Style Manager).
5. Inflation is likely to pick up globally but how long this persists remains to be seen. Inflation is not expected to be hyper-inflation.
6. Money in the bank and bonds will lose purchasing power to inflation.
7. Investments in stocks where the companies can put up prices to cater for inflation will provide security against this loss of real value.

### OBJECTIVE-DRIVEN FINANCIAL ADVICE

We noted in the Credo presentation that although we have consistently recommended an offshore element in your financial plans, it is not appropriate for all clients. Financial planning is objective driven, and a high-income objective is difficult to achieve in the offshore markets other than by selling units to create an income. Exchange rate fluctuations also require a longer-term cash flow management. However, for clients looking for long term growth, and especially those who feel that emigration could be part of their future plans, offshore funds and portfolios are to be strongly considered.



#### KZN

Unit 1D, 100 on Armstrong, 100 Armstrong  
Avenue, La Lucia 4051  
☎ +27 (0) 31 940 0470  
☎ +27 (0) 31 584 6288  
PO Box 1285, Hyper by the Sea, 4053.

#### WESTERN CAPE

3 Herold Street  
Stellenbosch, 7600  
☎ +27 (0) 21 200 0407  
☎ +27 (0) 31 584 6288  
✉ info@plexuswealth.co.za

#### GAUTENG

The Business Exchange, 116 Oxford Road,  
Rosebank, Johannesburg  
☎ +27 (0) 105953889  
☎ +27 (0) 866 414 885  
🌐 www.plexuswealth.co.za

## SOUTH AFRICA

In South Africa the news was also a lot better during the second quarter, with the trend against corruption gaining momentum. The drama of Zuma going to jail is a triumph for the judicial system and our constitution.

Following the end of the quarter, the fallout has been dramatic to say the least and represents an inopportune step backwards on the road towards recovery. We will this week be airing a Plexus Wealth Q&A session with well-known political analyst Justice Malala, so we will leave the detail to that. Suffice to say that unemployment remains the main long-term issue for South Africa, with the social issues that come with this.

Our country continues to post large trade surpluses (broadly speaking the value of our exports exceed our imports). This, among other factors, resulted in the Rand trading at close to 13.50 to the USD during June, which could hardly have been imagined this time last year.

The Trade Surplus is as a result of the surge in the price of some of our major mining products – iron ore, platinum group metals and other industrial metals as examples. Huge profits in the sector will bolster government finances through increased corporate tax collections. This makes our SA government bonds look attractive as the probability of default dissipates.



## PLEXUS WEALTH BCI FUND PERFORMANCE

The performance of our Plexus Wealth funds for the second quarter of 2021 was pleasing and is summarised in the table below. The funds are invested in quality companies, and we remain confident on future prospects for growth and income generation.

Fund name	Q2 % return	Rankings vs. other funds in the sector
Plexus Wealth BCI Conservative Fund	4.94%	4/159
Plexus Wealth BCI Balanced Fund	5.38%	5/205
Plexus Wealth BCI Property Fund	12.14%	7/38
Plexus Wealth BCI Flexible Property Income Fund	15.14%	1/63



#### PRODUCT NEWS

In June we launched our first offshore protected growth note, which offers investors a capital guarantee for most scenarios and up to 43% growth over the 5-year term of the note in USD. The demand for the product was encouraging and we are grateful for the support from our clients that chose to invest.

We also believe this strategy forms an important part of many portfolios, especially for investors who value capital preservation or wish to balance this more conservative product with their moderate to assertive growth funds or portfolios

#### DATA PRIVACY

At Plexus Wealth, a big part of what we do is sharing the latest relevant information with our clients. We are happy that you are part of that distribution list, but we want to make 100% sure you are equally happy and want to hear from us.

If you want to continue to receive our latest information, including our newsletters, then there is no further action required on your part. If you do not want to continue receiving our emails, please click on 'unsubscribe' at the bottom of the email. The protection of your personal information is important to us. You can find out more about your rights in our latest Privacy Policy which is available on request.

#### STAYING THE DISTANCE

The last year has certainly reminded us that it pays to stay the distance and that selling in the middle of a global crisis is a risky decision. There will be bumps along the way for sure, but as long as your financial plan is consistent with your objectives, it will work in the long term.

We look forward to assisting you with any queries and hope to see you all in person within a few months.

Please give your advisor a call to discuss further.

Tel: + 27 (0) 31 940 0470

All the best from James, Eric, Connie, Don, Jon, Amanda and the team at Plexus Wealth