Robert Cowen Investments

Growing families' wealth since 1982

Authorised Financial Services Provider FSCA Licence No. 701

Newsletter

end April 2020

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The Family Office

You are welcome to pass this newsletter on to friends who may wish to learn more about investment.

To be added to our email, contact eric@rcinv.co.za

"They say time changes things, but you actually have to change them yourself." ~ Andy Warhol

"Time changes everything except something within us which is always surprised by change." ~ Thomas Hardy

Visit our website: www.rcinv.co.za for back copies of the newsletter, background information, etc.

Highlights of this newsletter are:

- A month in markets - April 2020
- Disruption is rife, but so too are the investment opportunities - by Eric Lappeman
- How COVID-19 is changing our behavioural and consumption patterns - by Eric Lappeman
- The latest Coronavirus Scenarios - by Clem Sunter
- Currency Corner - April 2020
- Charts/Memes of the month - April 2020
- Meet the RCI team - Monthly RCI staff profile - Gontse Dikeledi
- RCI Unit Trusts
- RCI - 'The Family Wealth Office' - What we offer

A few interesting articles to read when you are done with this month's newsletter:

Why the oil price went negative

A recent Anchor webinar, for those who may have missed it…
Jonathan Oppenheimer - The SA Future Trust

* Note: For all those clients who wish to be added to the Anchor research and news mailing list, kindly let us know and we will gladly add you.

* If you know of anybody who would like their financial affairs looked at, please do not hesitate to send them our contact details and we will ensure we get back to them with a proposal plan. They can contact us at eric@rcinv.co.za or 0825613124.

A Month in Markets - April 2020

After the severe pullback witnessed in mid-March, markets rebounded strongly in April, despite poor economic data suggesting the world is headed for a recession. COVID-19 continued to spread globally, but the market chose to focus on the countries showing daily new infection rates starting to fall and who are now planning to gradually reopen their economies. This, in conjunction with central banks introducing very significant stimulus measures to reduce the damage caused by the economic shutdown, restored some positive sentiment to markets.

Volatility subsided from extreme levels. Developed stock markets outperformed emerging markets once again and the same can be said for the growth vs value trade. The S&P500 index returned 12.8% and has now recovered close to 60% of its prior decline, this is despite 1st quarter GDP falling 4.8%. The JSE All Share increased 14% in ZAR. This was helped in part by the global equity rally as well as a stimulus package announced by the Reserve Bank earlier in the month. The rand also gave up further ground to the US dollar to close at R18.49. This helped all three funds perform very well for the month. The RCI Worldwide Flexible Fund and RCI Growth Fund closed up 12.1% and 14.4% for the month and are ***now ranked 1st and 2nd*** in their category respectively.

On the commodity front, we witnessed another month of gains in gold (now up 10.8% for the Y-T-D), while we witnessed a solid recovery in oil for the month. Certain shares on the JSE also witnessed rather substantial moves, both up and down. Gold shares enjoyed another good month, while Sasol rebounded strongly off its lows. On the other hand, market participants took profits on some of the food retailers.

** Despite the strong rebound in April, considerable uncertainty remains over the trajectory of global growth over the coming quarters. A lot will depend on the extent to which economies can successfully reopen. We remain concerned that the coming earnings season will expose the harsh economic realities that lie ahead.*

MONTHLY MARKET MATRIX

Indicator	Closing level	Monthly Move	Y-T-D
Equities			
MSCI World Index (USD)	**2053**	**11,0%**	**-12,3%**
S&P500 (USD)	2912	12,8%	-9,3%
FTSE 100 (GBP)	5901	4,3%	-20,8%
Nikkei (JPY)	20194	6,7%	-13,8%
MSCI Emerging Markets Index (USD)	**925**	**9,2%**	**-16,6%**
JSE All Share Index (ZAR)	50337	14,0%	-10,4%
JSE All Share Index (USD)	50337	9,9%	-33,8%
JSE Capped Swix All Share Index (ZAR)	19326	14,2%	-16,2%
RCI BCI Worldwide Flexible Fund (ZAR)	159,07	12,1%	25,0%
RCI BCI Flexible Fund (ZAR)	303,8	12,4%	-13,2%
RCI BCI Growth Fund (ZAR)	143,13	14,4%	20,7%
Bonds			
US 10 Year Treasury	0,64	0,6%	11,0%
SA 10 Year Govt Bond	10,30	3,9%	-8,8%

Indicator	Closing level	Monthly Move	Y-T-D
Currency			
USD/ZAR	18,49	-3,7%	-24,4%
GBP/ZAR	23,26	-5,1%	-20,2%
EUR/ZAR	20,20	-3,3%	-22,3%
Commodities			
Gold Spot (US$/oz)	1 688	5,6%	10,8%
Palladium PM-fix (US$/oz)	1 986	-13,9%	4,3%
Platinum Spot (US$/oz)	786	7,5%	-19,3%
Copper Cash LME (US$/ton)	5 160	4,5%	-16,1%
Iron Ore (US$/ton)	80	2,4%	-7,1%
Brent Crude ($/Barrel)	25	11,1%	-61,7%

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MAJOR MOVES IN SHARES

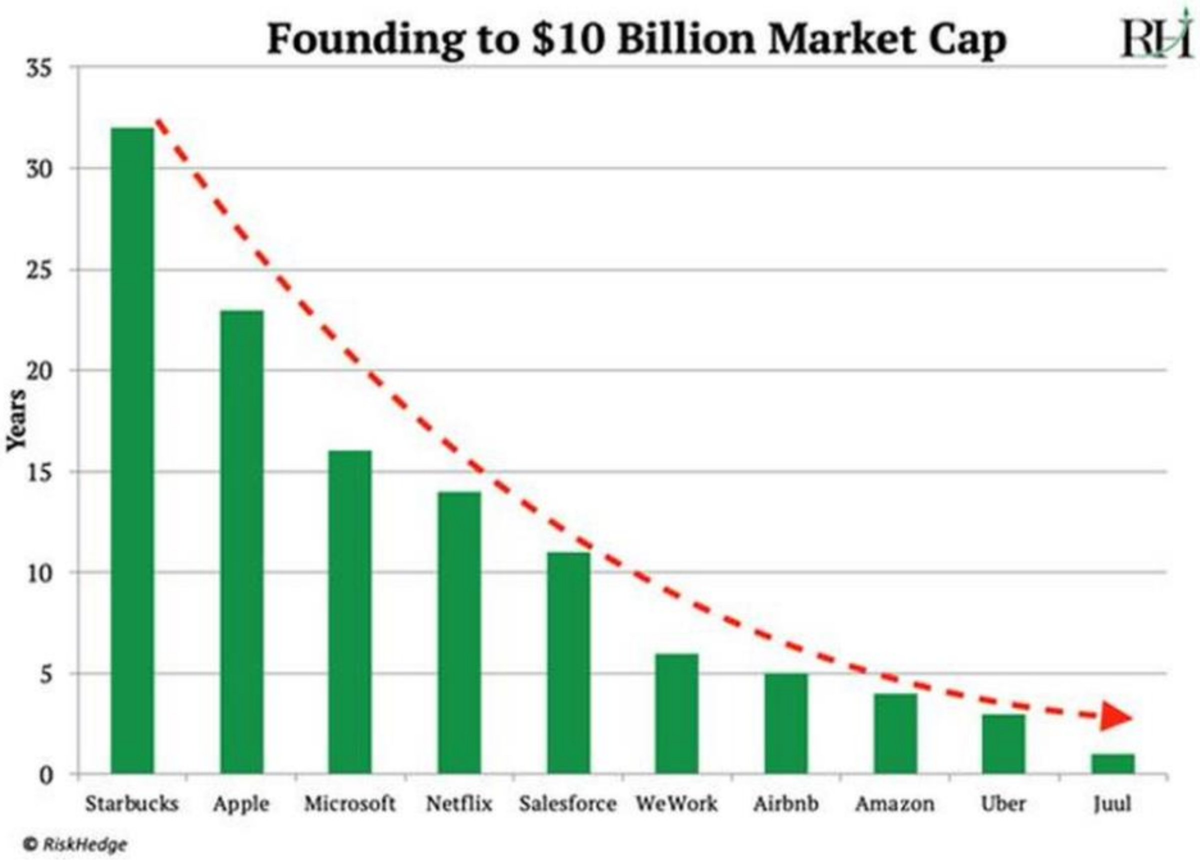
Gainers	
SASOL	136,3%
HARMONY	74,0%
DRDGOLD	68,6%
SIBANYE STILLWATER	67,3%
GOLD FIELDS	53,7%
PAN AFRICAN RESOURCES	48,8%
IMPALA PLATINUM	48,1%
ANGLOGOLD ASHANTI	45,6%
FORTRESS	39,3%
NEDBANK	38,7%

Laggers	
DIS-CHEM	-17,2%
SHOPRITE	-14,3%
CLICKS	-10,5%
ITALTILE	-9,2%
REUNERT	-7,7%
HAMMERSON	-4,7%
PICK N PAY STORES	-4,3%
REDEFINE	-4,2%
LIFE HEALTHCARE	-3,3%
SPAR	-2,7%

Disruption is rife, but so too are the investment opportunities.

By Eric Lappeman

The world is a faster, more complicated place than it used to be. It also means that the once stalwart businesses of the world are being replaced by disrupters at a quicker pace than ever. There is no time to sit on your hands. The world is changing and we need to change with it, or else risk being left behind…



Source: Risk Hedge

Today's truly disruptive companies are building their fortunes faster than ever before. That means that some investors are getting rich faster than before.

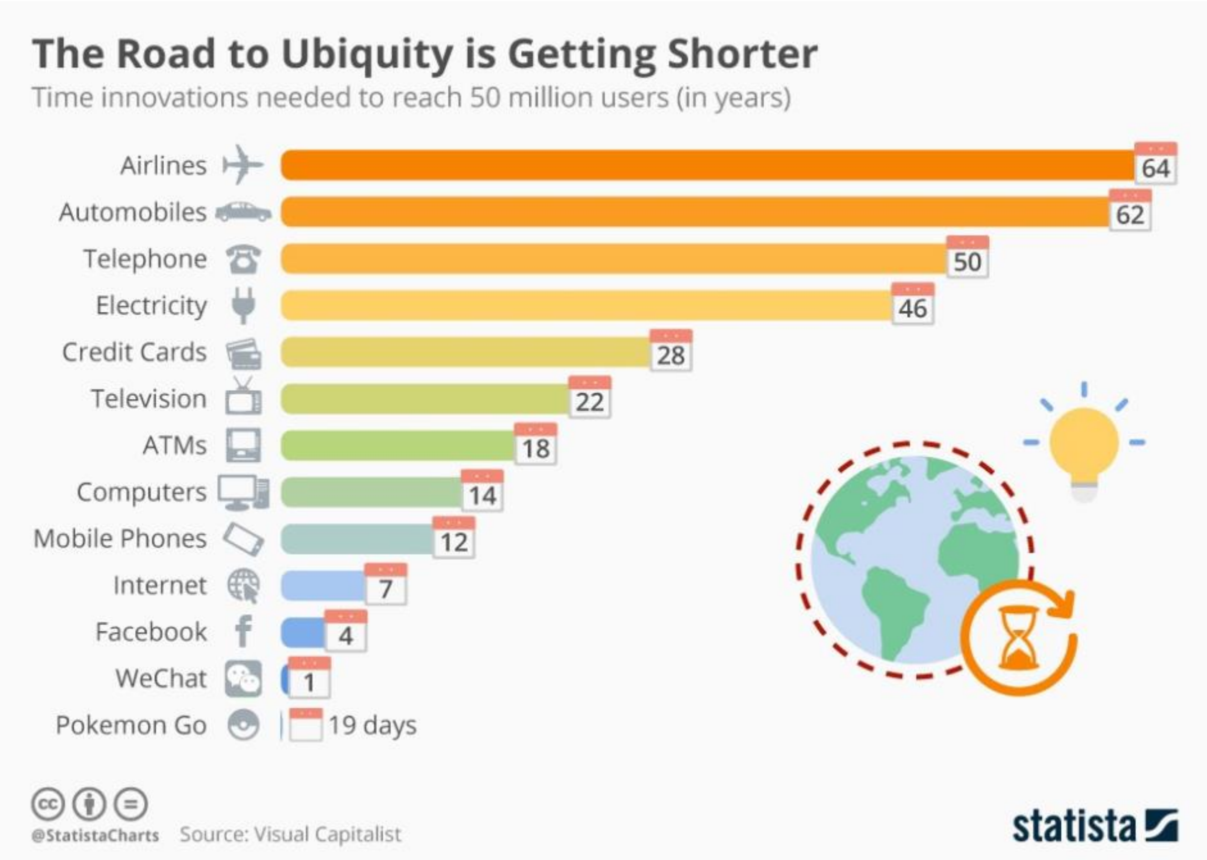
A lot of the above companies were, and in same cases still are, disrupters in their space (Facebook, Microsoft, Amazon, Uber Eats, Instagram, Twitter etc). Disruptors are businesses or people that prevent something, especially a system, process, or event, from continuing as usual or as expected. They use innovation to create a new market and value network that eventually disrupts an existing market, displacing established market leaders. Disruptive innovation, according to The Economist, is the most influential business idea of the 21st Century.

I, personally, enjoy finding businesses that exhibit disruptive innovation traits because when that foundational change happens, there is a secular change in that industry for years to come, sometimes decades. The advantage of investing on this basis is that the forces driving change are normally so strong that they continue or are even enhanced by economic upheaval (i.e. the occurrence of COVID-19 and its economic impact). Yes, of course it matters that there is a global economic crisis coming our way, but over the long term it doesn't really affect these disruptions that much. Just because we will likely face a recession later this year, does not mean I am going to go back to using a typewriter any time soon. In the same sense, you may find that young people in general never go back to a bank branch, so the landscape is changing. It is changing even more rapidly as people adopt new technologies as a part of their everyday lives and, more importantly, to deal with new changes in the world we live in.

To describe the staying power of disruptive innovation, you can look back to the '80's and '90's. During that period of economic expansion, some of the disruptions were PC innovation with Microsoft and Intel, and big box stores such as Walmart and Home Depot. The point of these examples is that, when we had the crash of '87, or the '90-'91 recession, we didn't get rid of our PCs.

A current example is mobile banking, which has been enabled by technological development and out of 4G networks. We are still in the early stages of mobile banking and payments, but I assure you in the next 10 to 15 years there will be at least half the number of physical bank branches than there are today (if not substantially less).

As mentioned in one of our previous newsletter articles (March 2020 - Stocks That Actually Rose and November 2019 - Investing in Growth Stocks), we are focused on business that will likely become more relevant in the way we live our lives during and after lockdown, in the 'new world'. One doesn't necessarily need a pandemic like COVID-19 to know that media streaming and mobile financial services were already 'better ways of doing things', and that virtual health care 'was better than going to a doctor's office'. If anything, these disruptors will benefit even more as consumers adapt to these changes much quicker than they once did.



Source: Visual Capitalist

Now, I'm not usually a subscriber to "this time is different", but when it comes to emerging disruption in so many industries, brought on by COVID-19, I have a feeling it may well really be different this time, because today's disruptions are everywhere, and that means that there are new investment opportunities right across the spectrum; from the disruptors themselves, to those incumbents willing to invest in the future. I believe that the behavioural changes brought on by our 'lockdowns' are going to bring a host of new disruptors into play.

We have all become used to new entrants overturning a wide range of markets and industries. For example, Amazon, which now accounts for 16% of US retail spend. Other examples would include the rapid growth in the ride hailing sector via disruptors such as Uber or Lyft. What about the growth seen in the craft beer market, or Netflix, YouTube and other similar providers which have mounted cut-throat competition to US cable and satellite television companies? Soon, artificial intelligence and the Cloud will disrupt traditional consumer and technology businesses, while driverless cars will threaten longstanding automotive manufacturers. Even services are not exempt from the revolution, with everything from banking to dry cleaning moving online. Those who are best able to adapt to change quickly, are going to be the winners in this new world we are about to enter. A few areas we like that are currently being disrupted, or rife for disrupting, are:

- Advertising: In 2017, for the first time in history, companies spent more on digital advertising than on TV advertising. The American internet ad industry alone now rakes in $90billion a year - as much as the global toy industry! This trend is what has helped Facebook and Google to become two of the world's six biggest companies, by selling online ads.
- Healthcare: Virtual healthcare grew 53% last year. Teladoc, a virtual healthcare provider just reported seeing 2 million visiting patients in the first quarter of 2020. That is almost 22,000 people a day who are using their platform. What traditional doctor can handle those volumes at their brick and mortar offices?
- Transportation: Over time, self-driving cars will replace traditional auto companies like Ford and General Motors. In 2018, a company called Waymo (a subsidiary of Google), launched a fully operational self-driving rideshare service to the public. To date it has already covered 11 million miles and continues to amass 1 million miles per month, which is critical as the cars continue to learn from every mile driven. To date, traditional motor vehicles have only driven 2 million miles.
- Medicine: Scientists have known for ages that DNA holds the key to our health. It took scientists 13 years and $3billion to complete the human genome project. Just 17 years ago, it would have set you back $100million to have your personal DNA mapped. Today, it costs about $1,000 to map your DNA and some predict it will cost as little as $100 in a few years – this will be a game changer in the industry.

So, have fun looking for some great disruptors (food delivery, online commerce, or even 3D printing) and hopefully they become your next "ten-bagger". Remember, keep it simple and focus on "better, cheaper, faster". This is an exciting time to be an investor. Such a period of pervasive and disruptive change across so many industries will be a powerful source of outperformance.

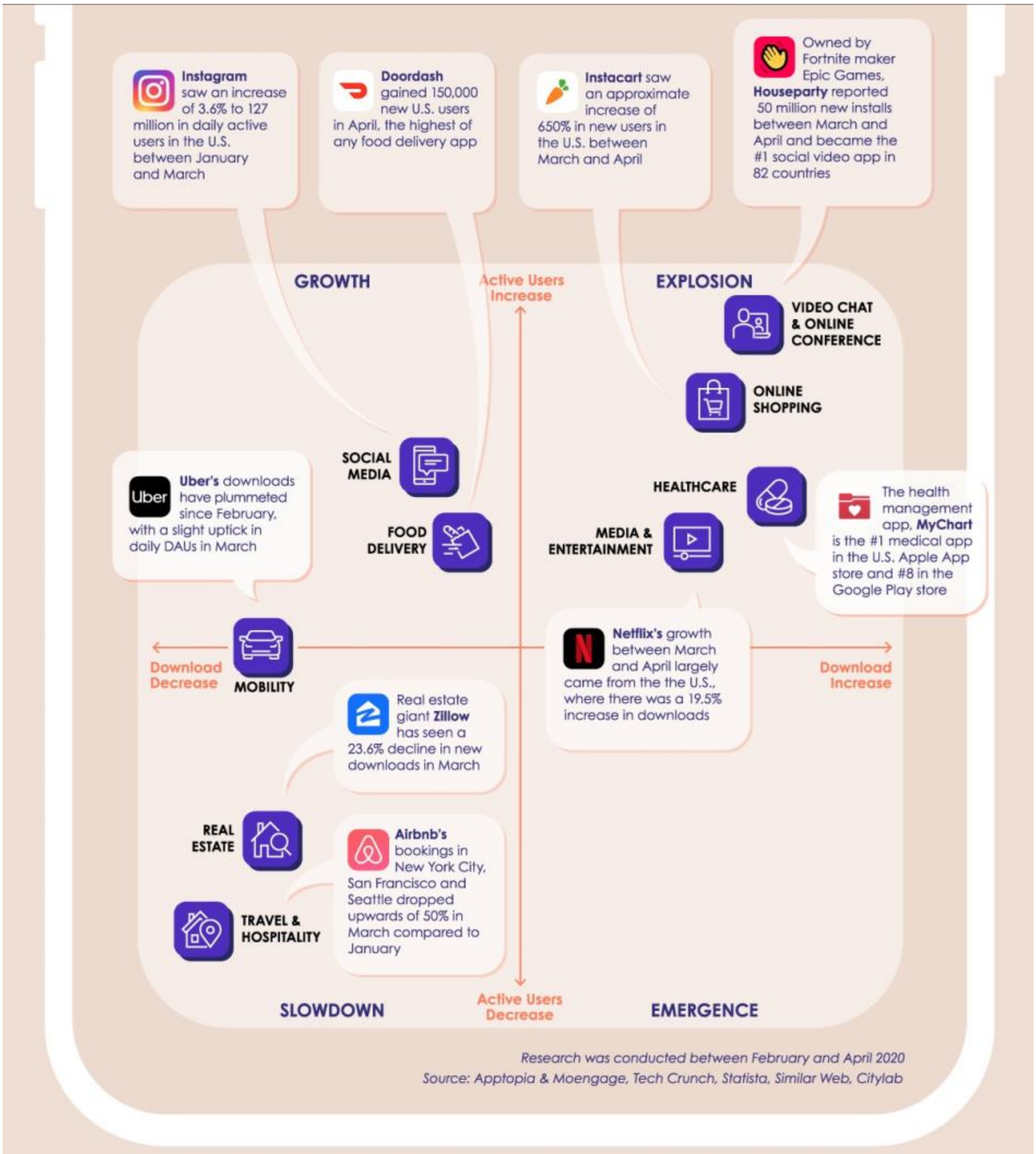
How COVID-19 is changing our behaviour and consumption patterns

By Eric Lappeman

The pandemic-induced social isolation has altered the content we consume and how we consume it, with the help of technology.

With the physical world now slowly receding, consumers are suddenly more reliant on apps for communication, shopping, staying healthy, and entertainment. By looking at the research findings, we can gain valuable insight into where we should be allocating your capital.

Consumers are looking for different ways to manage their lives while in lockdown, and in some cases, apps provided the perfect solution. In fact, people spent 20% more time using apps in the first quarter of 2020 compared to 2019. During that time, consumers also spent over $23billion in app stores – the largest spend per quarter recorded to date.

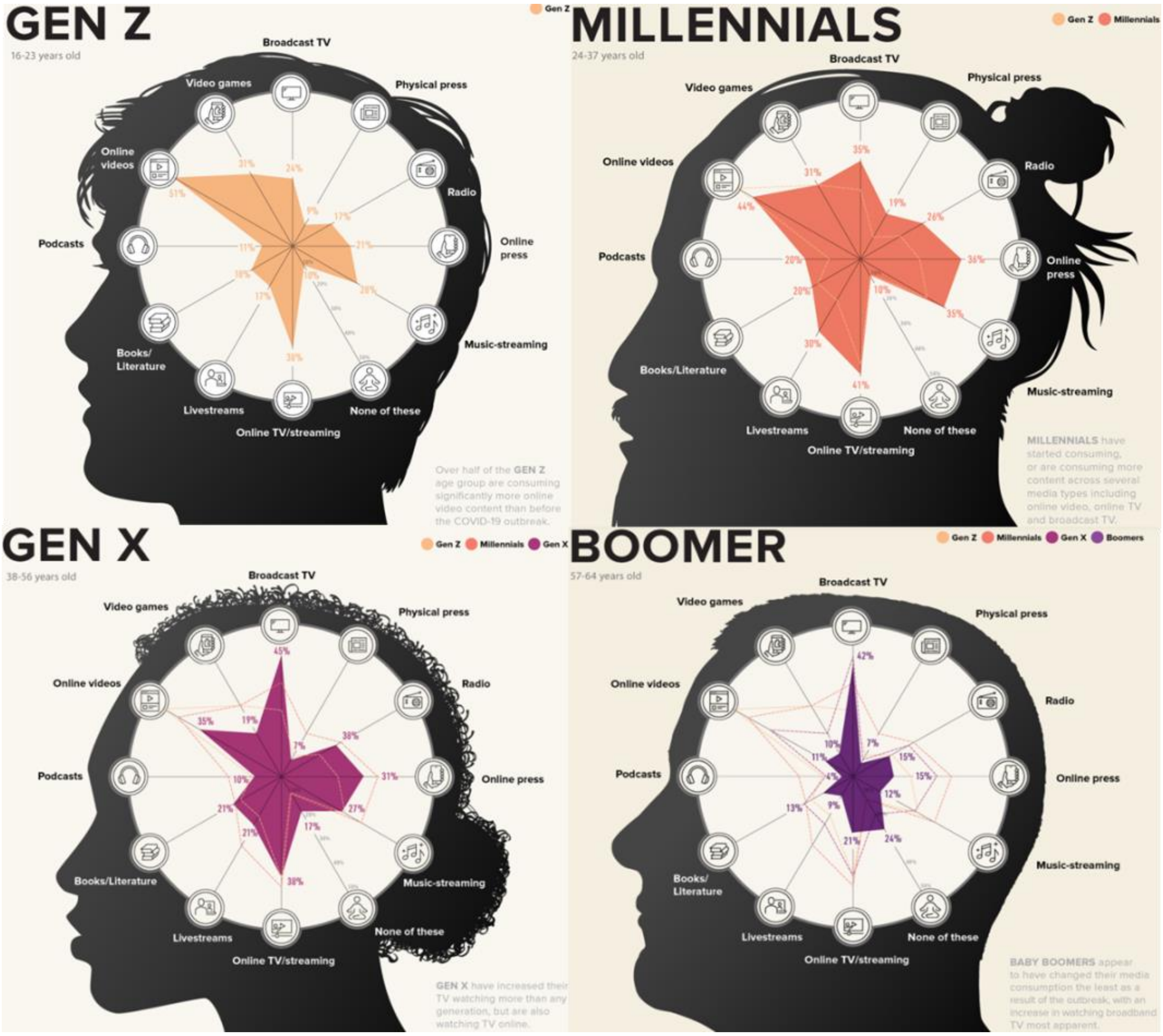


Given the sheer volume of people working remotely, it is no surprise to see video chat and online conference apps experiencing explosive growth. The "Zoom boom" seems to be showing no signs of slowing down, despite their recent privacy scandal.

Unfortunately, indoor living is not conducive to globetrotting, and hence we see a material slowdown in travel and hospitality apps. Nor are the real estate apps having a great time either.

As the coronavirus outbreak continues to wreak havoc across the globe, people's time that would have otherwise been spent perusing malls or going to live events, is now being spent on the sofa. During this period of pandemic-induced social isolation, it's no surprise that people are consuming vast amounts of media.

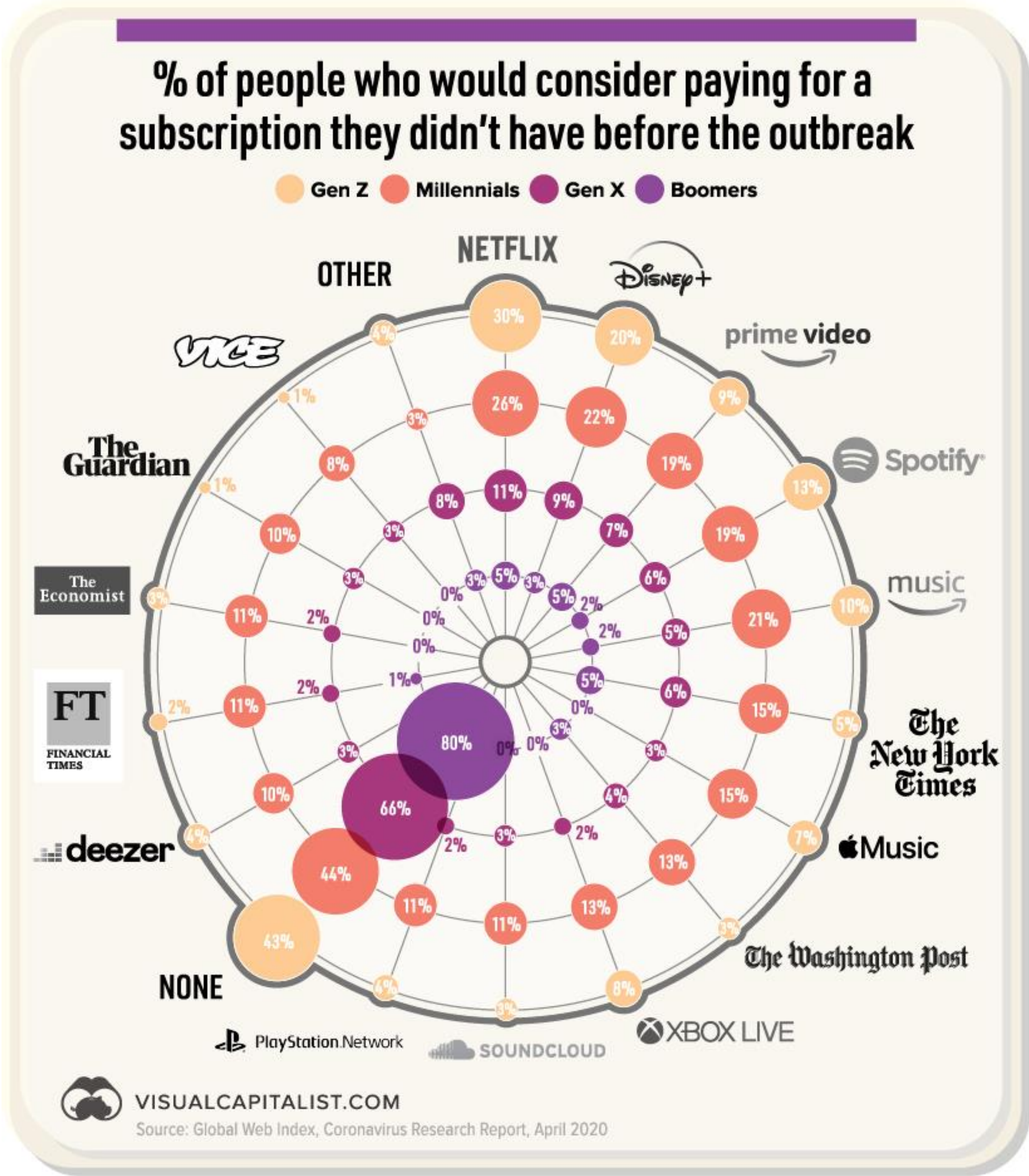
% who say they have started consuming or are consuming more of the following since the outbreak:



Source: Global Web Index, Coronavirus Research Report April 2020

80% of people have confirmed consuming more content since the outbreak, with broadcast TV and online videos (like YouTube and TikTok) being the primary medium across all generations and genders. Interestingly, Gen Zers are the only generation more likely to be listening to music than searching for news. Overall, younger generations are more likely to entertain themselves by playing games on their mobile or computer. Millennials also stand out as the foodie generation, as they are the most likely to be searching for cooking recipes or reading up on healthy eating.

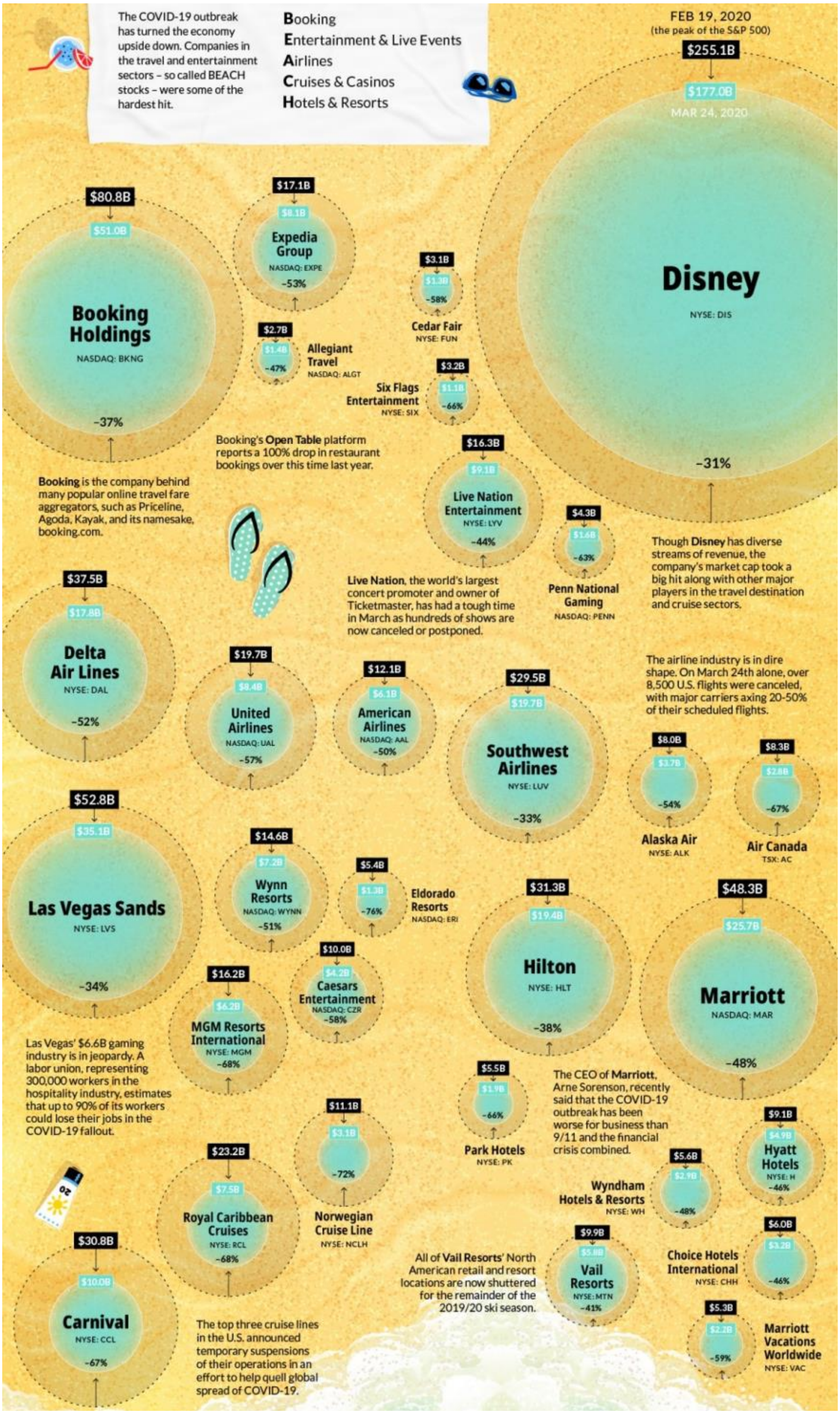
While staying abreast of pandemic updates is important, ultimately a positive mindset and the ability to switch off will help people cope better day to day. Therefore, it seems reasonable that people are more willing to invest in a new subscription service since they have been in isolation. In fact, since the outbreak, almost 1/3rd of Gen Zers have considered purchasing Netflix, followed by Disney+.



Understandably, people are becoming increasingly more aware of how much time they are dedicating to their screens. However, the research above shows that screen time itself is no cause for concern. Rather, it is the content we choose to consume. Perhaps most intriguingly, the TV shows and movies that are increasing in popularity on Netflix are about pandemics…

Regardless of what type of content people are consuming, the fact is that every generation is relying on their devices more than ever during this pandemic to distract them from the chaos we find ourselves in, creating a huge opportunity for media companies to engage a captive audience.

The hardest hit companies of the COVID-19 downturn: The "Beach" Stocks



The Latest Coronavirus Scenarios: Walking the Tightrope

By Clem Sunter

At the beginning of March this year, I wrote an article painting three coronavirus scenarios for the world at large over the foreseeable future: "Much Ado About Nothing", "The Camel's Straw" and "Spain Again".

At the time, the number of global infections caused by the virus was 100 000 and deaths 3 000. Today the respective figures are 2 400 000 and 165 000.

So, looking towards the remainder of this year and into the next one, which scenario is likely to play out in reality? In answering this question, I will add one further scenario which I call "Tightrope". As you will see, it is a challenging alternative, but these are unprecedented times.

Much Ado About Nothing

All the medical flags which have gone up over the last month indicate that this scenario can almost certainly be discarded as a way of interpreting the past and the future of the pandemic.

The rise in the number of deaths by a factor of 55 in such a short period, and the fact that the public health systems of some of the richest nations on Earth have been completely overwhelmed, indicate the sheer scale and suddenness of the current disease.

To suggest that it is just another form of seasonal flu or that, left to itself, it will disappear like the outbreak of SARS and MERS before doing too much damage to humanity seems bizarre. Yet, there are still people who believe in this narrative and say that governments should never have strayed from a policy of business as usual in the economy. Some of the recent demonstrations against stay-at-home orders in America reveal the depth of this belief.

By contrast, I think the coronavirus is changing the game as we speak and will have a long-term impact on many aspects of our existence. It may force us to reconsider our profligate lifestyle and make us more aware of the inequities across society. It will drive those in power to acknowledge that doctors, nurses and other health professionals deserve as much protection as soldiers being sent into battle.

The fact is that an unseen virus can stir up as much mayhem as a group of terrorists armed with a nuclear weapon. Having an adequate defence system to protect the nation against any external threat will acquire a wider meaning than just the possession of military prowess.

In other words, we will have plenty to do about improving public health structures in the aftermath of this pandemic. Hopefully, we will be better prepared for the next lethal virus if it appears anytime soon.

The Camel's Straw

We move on to The Camel's Straw scenario. In it the coronavirus does not have to kill millions of people to be the straw that breaks the camel's back.

The global economy was already vulnerable before the pandemic began, with slower economic growth in China and the ongoing trade spat between the two biggest economies in the world, America and China. All that was required, therefore, was a small disruption to make the global economy collapse like it did in the Great Depression of the 1930s.

In terms of disruption, reality so far has been far more shocking. Witness the scenes of major cities with deserted streets; small businesses, restaurants and shops reliant on daily cash flows being completely closed down; operations of large businesses put on care and maintenance; no sports events or other mass gatherings; empty churches, schools and universities; multiple deaths in old age homes hit by the virus; and no international travel and tourism.

If I had posed this scenario in November last year, nobody would have believed it because it was unimaginable. Obviously, there have been winners like all those companies involved in social media communication, virtual meetings and webinars. Many entrepreneurial minds have come up with ways to lift the spirits of those confined in homes with exercise routines and other entertainment options.

The food, medical, banking and other essential industries are operating as best they can. However, most companies have seen their markets vanish overnight with workers being put on temporary leave or retrenched.

Unemployment figures are going through the roof at the same time as the realization is hitting home that lots of people live hand to mouth with little or no savings to see them through. Charitable institutions offering free meals will attest to the soaring demand for their services.

The global stock markets have gyrated wildly in the way I anticipated in my last article. March was overall a bad month for the markets; but the last fortnight saw a significant rise in share prices as investors took comfort in the record relief packages put forward by governments and central banks.

Other positive flags included the easing of the lockdown in China and the flattening of the curve of new infections in Europe, the UK and the US. The hope is that the worst of the pandemic will be over in the next month and the economy will soon be on its feet again and firing on all cylinders by the end of the year.

However, there are too many uncertainties around for any sane observer to reject The Camel's Straw scenario at this stage. What will happen may well be different to what the market wants to happen. One cannot look at the future through a bubble of emotion.

For example, the virus may return with a vengeance in the event of a premature end to social distancing. Equally, nobody knows how many businesses may have been permanently destroyed in the last few months.

Above all, governments may be less solvent because of a decline in tax receipts at the very moment that they are taking on a huge amount of extra debt to finance their bailouts. A spectacular default somewhere has become a distinct possibility.

Liquidity may also become a concern to companies with too much gearing on their balance sheets. Similarly, individual consumers could experience difficulty in paying off credit card balances because they no longer have the salaries or wages to do so.

Spain Again

The third scenario of a repeat of the Spanish flu of the last century, which killed 3 to 5% of the world's population, will remain in play until a vaccine is found. As already indicated, the coronavirus is unlikely just to melt away even with prolonged restrictions on human movement.

Meanwhile, some aspects of the virus remain shrouded in mystery such as the number of asymptomatic cases; whether there are long-term side effects for those who have recovered from the infection; and whether they will be immune from being infected again. Estimates of the actual infection rate and death rate still vary a lot through lack of comprehensive data.

With the world's greatest experts focused on discovering a vaccine and proving it in a series of trials, the time to get it on the market is thought to be a year to eighteen months. Until then, the nightmare scenario of a runaway pandemic should serve as a warning to all those leaders and policy makers who want to dismantle the current measures of containment too soon.

Tightrope

My closing advice at the end of my previous article was that humankind must become more cooperative to ensure that the virus did not have the last word. We needed to create the feeling of a shared destiny on this planet.

Alas, despite some wonderful examples of international assistance with critical items of medical equipment being sent to places where they are most needed, we still live in a world of enclaves, rising nationalism and leaders pursuing their own agenda.

If anything, the virus has fuelled an even greater desire by countries to become more inward-looking and self-sufficient. Yet, the only way out of the mess is a shared strategy to rid the world of an enemy that knows no borders. Every nation must learn from each other.

Hence, I am introducing the Tightrope scenario which is all about a delicate balancing act between preserving lives and livelihoods. The most important decision for any country to make is when and how to lift the restrictions in place by balancing the best medical models on the potential evolution of the pandemic against the need to revive the economy. This is not easy to do. Implementation must be a step-by-step process; and there will be wobbles along the way.

Furthermore, given that the spread of the virus has been uneven, different parts of a country may need different approaches and timelines. One shoe does not fit all, and any sign of resurgent clusters must be nipped in the bud with swift testing and fresh quarantine measures if necessary. The elderly may need special protection too.

As life begins to attain a new normal - it will never return to the old one – it will be up to businesses, families and individuals to walk the same tightrope in their daily activities. Judgements on what constitutes sensible social distancing measures will be at the heart of everything we do until an effective vaccine is discovered and universally distributed.

There is a growing consensus among governments around the world that the acrobatic journey described in the fourth scenario should begin as soon as is reasonably possible. China, Austria and Denmark have already ventured forth on the rope. New Zealand will start next week, and others will follow later in the year.

Will we thus avoid the pitfalls of slipping into The Camel's Straw and Spain Again scenarios on either side of the rope? I sincerely hope so, but these are early days. We have plenty of surprises in store. But of one thing you can be sure: adaptation is the key to survival.

Currency Corner – April 2020

By Nolan Wapenaar

The rand ended the month 5% weaker at R18.69 to the dollar, despite a substantial stimulus package that was announced to assist with COVID-19 relief.

The R500 billion programme is immense in size and represents c. 10% of our annual GDP. We are very pleased to see that the impact of this on treasury is negligible. It has been structured to be funding neutral for South Africa.

At a high level, we are seeing the R500bn as comprising:

- R200bn of guarantee fund (probably structured similarly to US where a small amount of capital is provided by SARB and banks provide leverage. Cost to taxpayer = nil).
- R130 expenditure that was redirected from other areas towards COVID-19 and social grants (No new expenditure, it's already in the budget).
- R100bn which is utilized from the UIF Fund for job security. (cost to taxpayer = nil).
- R70 bn which is from tax deferrals but still payable in the current tax year. (Cost to taxpayer = nil).

In addition, the following items were not included in the value of the stimulus package but do have immense benefit for our economy.

- R80bn of benefit from interest rate cuts (cost to taxpayer = nil).
- R70bn expected borrowings from development agencies to support infrastructure development. (New costs for taxpayer).

Net increased funding requirement for treasury is R70bn to R100bn. Absent corruption losses, investing that into infrastructure is very beneficial. This is an extra 2% or so of debt for the nation but could be well spent.

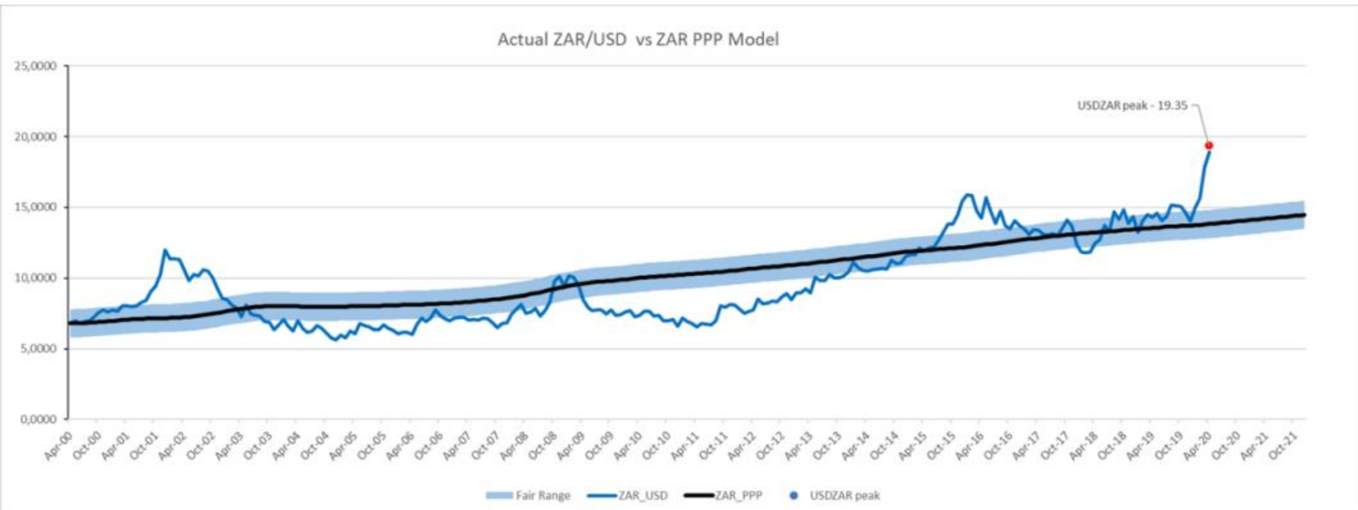
Interestingly, the total of the above is actually R650bn of stimulus for SA in total, which is substantial at about 13% of GDP.

We expect that the market will take a while to digest all of this but see it as marginally positive for both the rand and also domestic bonds.

Unfortunately, we often say that the rand is 80% driven by global developments and 20% by South African events. What an upside-down surprise. Domestic events are positive, but global events have turned negative. Financial markets are fretting about the glut in the oil market and whether this means that the global recession will be worse than currently expected. In the near term, we will see risk assets coming under pressure again. Emerging Markets, including South Africa, will probably be under pressure today.

Looking at the rand it is still close to the most oversold that it has ever been in our history. We have included the point at R19,35 which was the weakest ever, for visual reference. On the margin, we think that the government's response has been a net positive and therefore, we maintain our view that in time the rand will recover some of the lost ground. We maintain our view that the fair value of the rand is about R15,00 to the $. We point out that recovery of the currency can only really take place once the dust has settled after the end of the crisis. This is in our view at least six months away. For now, we expect that the rand will remain volatile and oversold.

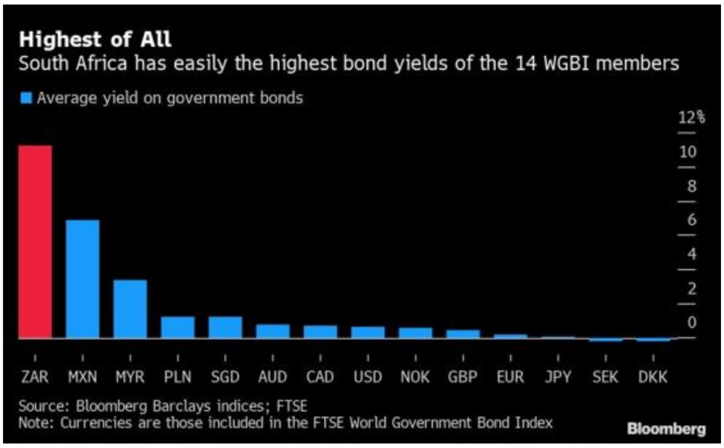
Figure 2: Actual rand/US$ vs rand PPP model

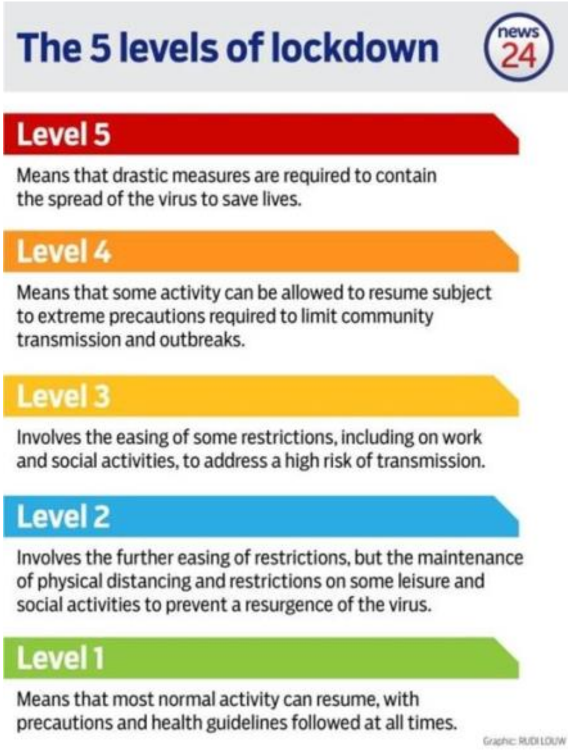


Source: Anchor, Thomson Reuters

'Charts/Memes' of the month – April 2020

Coronavirus statistics





Monthly RCI Staff Profile – GontseDikeledi

Joined Robert Cowen Investments in May 2018.

Gontse has a BBusSci (Finance) degree from the University of Cape Town and is currently a CFA Level 2 candidate.

She works with the investment team and is training to become a portfolio manager.

Gontse works hard to ensure client portfolios are realigned to our high conviction calls coming out of the investment meetings. Gontse is also responsible for all the regular review documentation that our clients receive when meeting with their portfolio managers.

When Gontse is not at work, she enjoys being outdoors with friends and family. She especially enjoys going to Sunday markets.

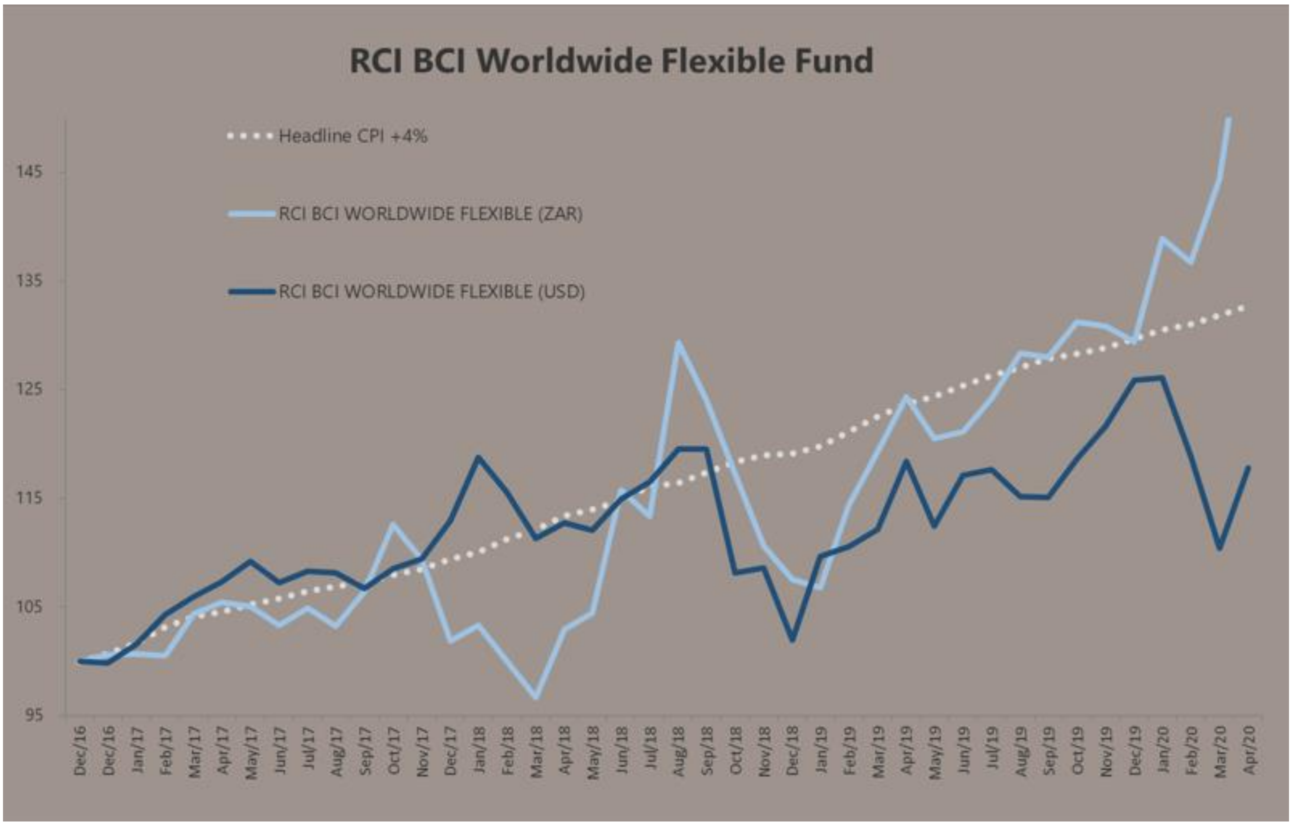
Her hobbies include hiking, running at Parkrun events, building puzzles and reading.

Gontse also loves to travel internationally as often as possible. Her most recent trip was to Bali, Indonesia with her sister. While in Bali, they did the 3am trek up a volcano in Kintamani, Mount Batur, to see the sunrise.

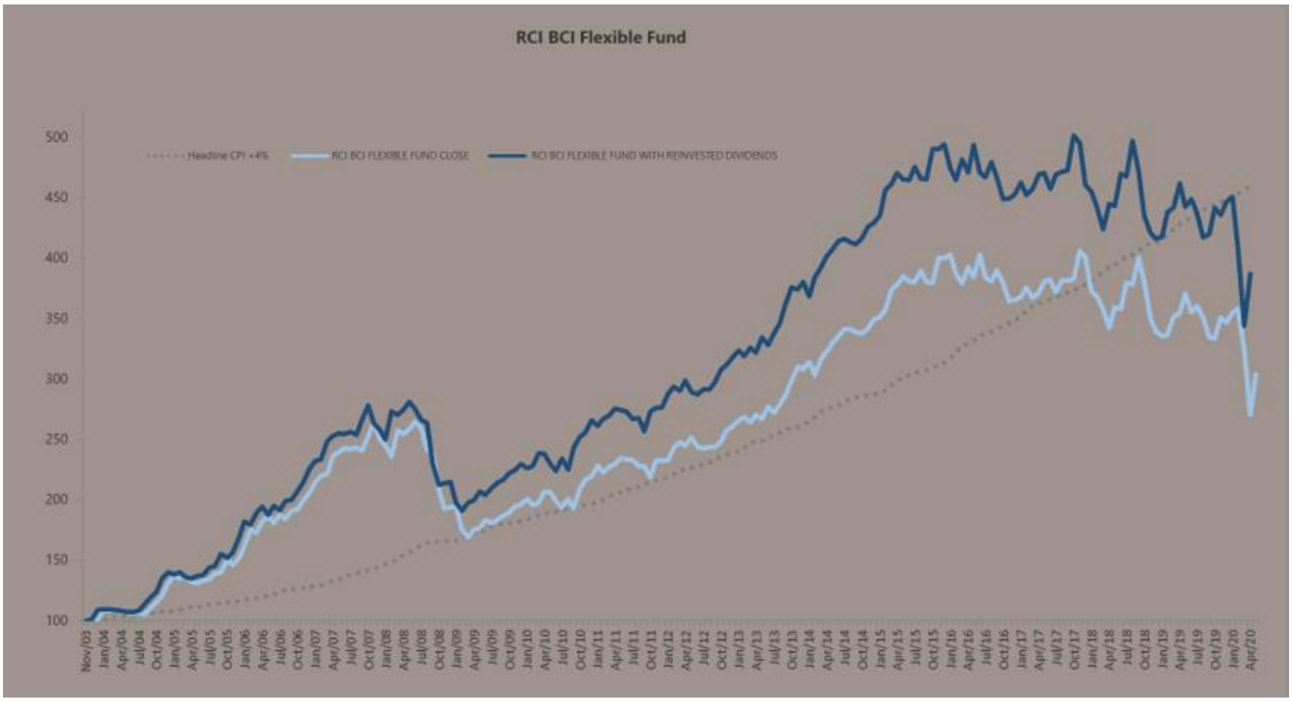
RCI Unit Trusts

Please contact Maggie on 011 591 0578 for any help on your unit trusts.

RCI BCI Worldwide Flex closed April at 159.07c, up 12.05% for the month and up 30.12% for the last 12 months. It is **ranked 2nd out of 76 funds in its category for the last year, and 3rd over a rolling three-year period.**



RCI BCI Flexible Fund closed April at 303.80c, up 12.36% for the month and down 15.93% for the last 12 months.



Unit trust has flexibility – happy to take small amounts

The unit trust has the flexibility to buy and sell shares and to change weightings more frequently than in an individual portfolio. We are happy to take small amounts into the unit trust (from R1 000 per month or lump sums of R25 000). As you will not pay commission to any agents there is no cost to get in and out of our fund. On selling, the amount you receive back will depend on our performance.

To conclude

April saw volatility subside on global markets. Markets rebounded solidly, as participants focus on how the world will go about reopening for business. The rally in equity markets continues to be driven by technology counters, as their services become more invaluable than ever during this crisis.

Our client portfolios are very well positioned, with plenty offshore exposure as the Rand weakens, and about 15-25% in cash as we wait patiently for some great investing opportunities to emerge. The technology sector remained resilient in the midst of the chaos. This allowed most client portfolios to increased 10-15% for the month. One of the best months we have ever witnessed in ZAR terms. Two of our three, locally registered funds are now ranked 1st and 2nd respectively in their category.

Disruptive innovation is occurring at a more rapid pace than ever before. Multiple industries might well be changed forever as we come out of the COVID-19 crisis. We highlight a few sectors that are rife with disruption and are focusing hard on the investment opportunities that exist in those areas. We also highlight how this crisis is changing the way we behave and what content we consume. The Boomers still prefer their traditional news sources for pandemic updates, while the Gen Zers and Millennials are subscribing to online content providers quicker than ever, while listening to their music as their parents search the internet for a good food recipe.

Clem Sunter gives us an update on how COVID-19 is affecting his various scenarios and Nolan Wapenaar gives us a summary of the recent stimulus package and the impacts it will have on us as investors. The Rand continued to weaken about 5% against the dollar for the month.

We are excited that a lot of our favorite's companies are now cheaper today than they were a year ago. We continue to keep a look out for companies on our watchlist that should be able to generate our client's solid returns from current levels. .

We hope to continue assisting you, our clients, by being the best Family Office we can be!

Best regards

Di, Mike and Eric

RCI - "The Family Wealth Office"

What we offer

FINANCIAL NEEDS ANALYSIS OF YOUR FAMILY'S ENTIRE ASSET BASE

- Evaluate existing asset base and asset allocation
- Evaluation of current investment structures (retirement, endowment, company, trust etc)
- Establishment of future goals/objectives/risk appetite

RECOMMENDATION OF CHANGES TO EXISTING ASSET BASE AND ASSET ALLOCATION

- Suggested restructuring (per proposal)
    - Local/offshore split
    - Trusts; local and offshore
    - Companies
    - Insurance
- Estate planning
    - Calculating existing estate duty and capital gains tax
    - Assisting in reducing estate duty and capital gains tax
    - Reviewing trust deeds
    - Reviewing existing wills

INVESTING CLIENT FUNDS

- Bespoke local/offshore share portfolios
- Retirement funds
- Unit trusts (local/offshore)

ONGOING FULL CASH MANAGEMENT SYSTEM

- Fully managed transactional banking accounts for clients
- Third party payment functionality - debit orders and ad-hoc payments
- Transferring of funds offshore

FIDUCIARY SERVICES

- Trustees on more than 80 trusts
- Trust administration
- Trust accounting
- Tax compliance
- Assisting in applying for foreign tax clearances
- Legal compliance; drafting of resolutions, contracts and assisting with legal opinions

Robert Cowen Investments
Growing families' wealth since 1982