



LOCAL HIGHLIGHTS & LOWLIGHTS

- All-Share Index down 22.39% YTD, down 17.34% over 12m.
- All-Share down almost 10% on Thursday 12th - the worst crash since 1997, and has only had 3 worse days over past 40 years.
- USD/ZAR: R16.58 per dollar
- South Africa 10Y Government Bond yield: 9.68%, opened at 8.21% on January 2nd.

(Data: Bloomberg; Google finance; www.worldgovernmentbonds.com)

GLOBAL EVENTS OF NOTE – Coronavirus

- Coronavirus outbreak officially declared a pandemic by WHO.
- Oil price crashes after Russia bails on OPEC+ and Saudi Arabia ups output (nytimes.com article).
- While China seems to have contained the outbreak (for now), major international outbreaks are surfacing, Italy and Iran locked down and more countries following suite.
- Donald Trump suspended travel between Europe and USA.
- Most global markets & indices taking a hammering.
- Sasol the worst-performing share in all emerging markets, down 95% since 2019/04 (Current MV around R23bil vs debt burden of R121bil).
- Corona beer sales in USA up 5% according to CEO.

FOCUSED COMMENTARY: Wisdom from Warren Buffet

It is a strange coincidence that I planned months ago to share some of Warren Buffet's wisdom exactly at the time that the global markets are taking an absolute pounding, reminiscent of the GFC in 2007/8, and predicted by some to end up even worse. Buffet's wisdom might also be the best medicine at a time when investors will invariably become myopic (short-terministic) and only think about immediate impacts, often selling and realising losses if they did not manage to sell out before prices started collapsing. Let's see what the old master has had to say:

The term of an investment

"You should invest like a Catholic marries - for life."

"No matter how great the talent or efforts, some things take time. You can't produce a baby in one month by getting nine women pregnant."

Quality businesses with sustained cashflow

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

Market Timing

"Be fearful when others are greedy and greedy when others are fearful."
"Widespread fear is your friend as an investor because it serves up bargain purchases."



OPPORTUNITY PRIVATE CAPITAL

Educate yourself, know what you know and what you don't

"The market, like the Lord, helps those who help themselves. But unlike the Lord, the market does not forgive those who know not what they do."

Philanthropy

"If you're in the luckiest 1% of humanity, you owe it to the rest of humanity to think about the other 99%."

Keeping it simple

"It's not necessary to do extraordinary things to get extraordinary results."

"You should invest in a business that even a fool can run, because someday a fool will."

Be ready

"Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble."

Warren Buffet is now 89, and the above comments show that his style of investing comes down to (i) understanding an investment fully, (ii) making sure the business model is sound and will generate both growth and true earnings for the foreseeable future, and (iii) being willing to ride out the ups and the downs of the business cycle. Some snippets of an interview with Warren Buffet are available at the following link if you want to see him in action: www.finance.yahoo.com

Newsletter compiled by Dr Rousseau Lötter (Senior lecturer @ Department of Statistics and Actuarial Science, University of Stellenbosch)