Follow this link to view a web version of this message

Dear

We would like to wish all our clients a happy New Year. Looking back over this past year, 2014 has seen a large amount of volatility both in the JSE All Share Index and the Rand. With the weakness in the second half of the year the JSE ALSI finished just 6% up for the entire year. The Rand continued its decline as economic data reported by South Africa did not meet with expectations and continued to disappoint the market. The country's forecast for 2015 is unchanged from last year in that we will continue to see low growth in our own economy and will remain exposed to global emerging market fears.

December 2014 was a month where headlines were dominated by the local parastatal's and government departments. Eskom have been forced to embark on a fresh round of load shedding as the electricity supply is under severe pressure due to maintenance problems and the late commissioning of the Medupi power station. SAA has been moved from the Department of Public Enterprises and placed under the Treasury. SAA faces insolvency and requires urgent funding to prevent it from running out of funds?. Lastly SARS has suspended many top officials with political commentators speculating on the reasons behind the suspensions.

The oil price continued its plunge and this placed pressure on emerging markets, specifically our BRICS partner Russia. The Rand depreciated significantly in the first half of the month due to load shedding and this had a knock on effect on the JSE ALSI. The Rand managed to regain some of that value against the Euro but remains at a ten year low against the US Dollar.

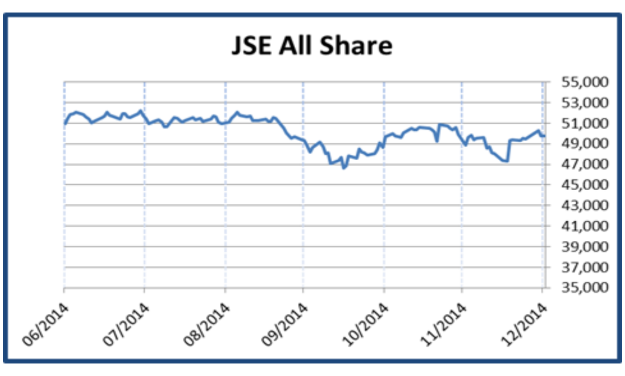
Global markets rebounded in the second half of the month as the US Federal Reserve indicated that, even if they start to hike interest rates in 2015, rates will still remain low for a long period of time. The JSE ALSI followed the rest of the world markets up.

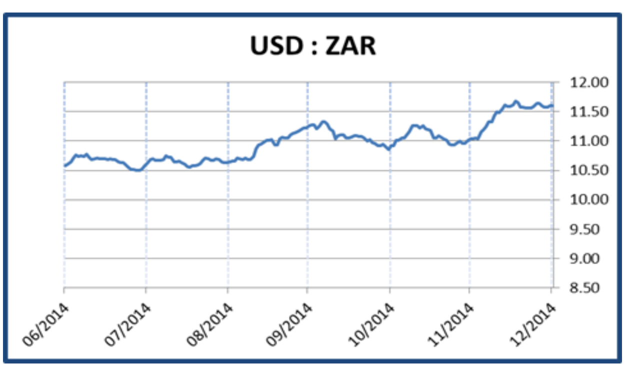
CPI decreased in the month to 5.8% which was largely driven by a 45c/litre decrease in the price of petrol. The big surprise in inflation was a 11.2% increase in the price of fruit when compared to the prior month. This didn't have a big impact on the headline inflation figure because it only represents 0.23% of the basket of goods.

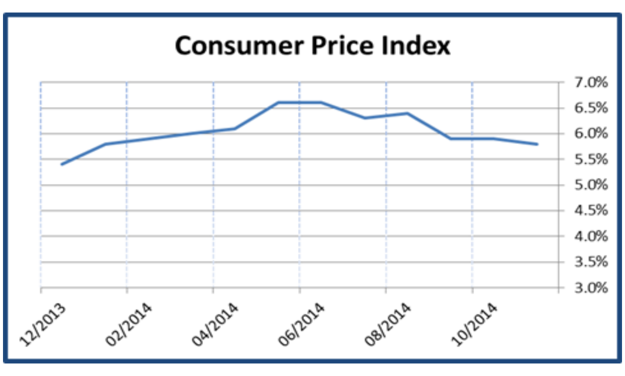
We believe that some critical decisions will need to be made in 2015 by the government to set the economy on the right track and to allow it to meet growth forecasts. Until that point we could expect to see the local currency remaining under pressure.

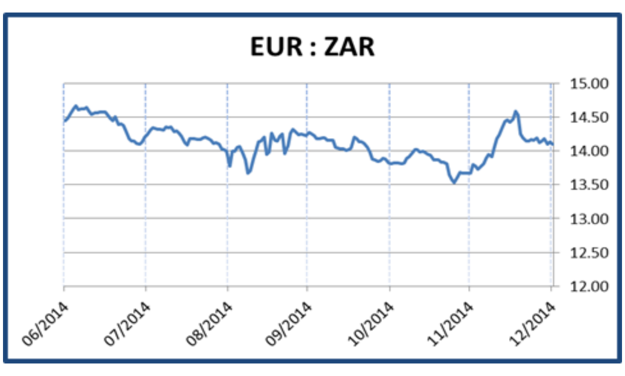
Magwitch Securities

MARKET INFORMATION









FINANCIAL PRODUCT IN FOCUS

TIPS ON MAXIMISING LONG TERM WEALTH

In our Financial Product in Focus this month we look at ten basic tips to maximise your long term wealth.

1. Start early and have a financial plan and stick to it

The individual investor needs to determine their financial goals and create a plan that assists them to reach their goal. If you don't know what you are doing ask somebody to assist you in creating the plan. Many investors only start focusing on their long term goals in later years when they have limited time to actually achieve their goals. If you give yourself more time to achieve your goals there is a greater chance of success.

2. Invest in your financial education

The individual needs to understand the products that they are invested in to achieve their goals. One needs to understand how the returns are generated and what can affect them, both positively and negatively. If invested in equities one should understand what the company does and more importantly how it generates its cash flows.

3. Taxation and basic estate planning

There are many aspects of tax that impact on investments and the investment products you select, don't pay unnecessary tax and minimise your family's tax burden. It is important to ensure that your individual wealth and the wealth of your beneficiaries is not eroded through excessive taxation. Have a valid Will in place and make use of products that can exclude or peg the growth of assets in your estate.

4. Spend less than you earn, invest the difference

For the majority of individuals as their income increases they tend to increase their lifestyle. It is important that this increase in lifestyle lags the increase in income to ensure that there is sufficient spare income to be invested towards long term wealth.

5. Compound your returns

Compounding has been described as the 8th wonder of the world. Compounding is basically earning returns on returns and by reinvesting your returns you will have an exponential growth in your wealth.
The bigger your investments the more significant the effect of compounding, leave your investments and give them a chance to grow.

6. Diversification

Diversification has been described as the only free lunch in the investment world. One diversifies to reduce risk of exposure to any individual product. It is investing equivalent of not putting all your eggs in one basket.

7. Inflation is the enemy in investing

Inflation is continually eroding the value of your savings and thus it becomes very important to obtain returns that are in excess of inflation. In the current global environment of artificially low interest rates many asset classes do not provide inflation beating returns and it thus important to have sufficient exposure to equities which provide long terms returns that are in excess of long term inflation.

8. Take the appropriate risk for your financial circumstances

Many investors have a long term investment horizon but are utilising products that are too conservative and will not produce enough growth to enable them to achieve their goals. Whilst the investor may protect against short term losses they do give up the opportunity of the larger returns on the upside. The equity market tends to be up four years out of every five and the long term return is around 17%.

9. Make your money hard to reach

Individuals tend to spend whatever spare money they have access to. This is especially true of money in bank accounts. There are many products that can be invested into directly from your salary or alternatively with the use of debit orders. Although a lot of these products are liquid the investor tends to be less inclined to access them in the short term once the money is out of their account.

10. Utilise tax allowances that encourage retirement savings

The appropriate utilisation of retirement savings allows you to benefit from tax deductions. In addition retirement savings products grow free of tax so one often benefits from enhanced returns when compared to the risks taken. The government continues to incentivise taxpayers to save for retirement and we expect to see further growth in the tax incentives.

These tips are very basic in application but when applied correctly will ensure that the individual will maximise their own long term wealth based on their personal financial circumstances. We would advise you to contact us at Magwitch Securities to ensure that you are taking advantage of the opportunities that you may have.

ABOUT MAGWITCH

Magwitch Securities is a Financial Services Broker offering the following products as a comprehensive financial solution to both individuals and businesses:

- Employee Benefits
- Medical Aid
- Risk Benefits
- Short Term Insurance
- Retirement Planning
- Investment Planning
- Estate Planning
- Foreign Exchange
- Money Market
- Investments
- Treasury Management

t: 011 453 3048   f: 011 453 0715   **www.magwitch.co.za**

Magwitch Securities Proprietary Limited is an authorised financial services provider, registered with the Financial Services Board - FSP number 26829