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Dear

October 2015 was a good month for local market participants as we saw a meaningful bounce back in the stock market. The JSE finished the month up 7.4%, partly driven by a takeover bid for SAB Miller. Anheuser Busch InBev, the world's largest brewer, made a bid to acquire the whole of SAB Miller, the world's second largest brewer. The deal is worth $109bn and is one of the largest merger and acquisition transactions in history. The deal is a cash offer but there is talk of an additional listing of the "mega brewer" on the JSE.

The Rand managed to finish the month stronger than at the start as global investors moved back to emerging markets as the US Federal Reserve decided to leave the interest rates unchanged. This month was not without volatility and we would expect the Rand to continue to have large swings in both directions.

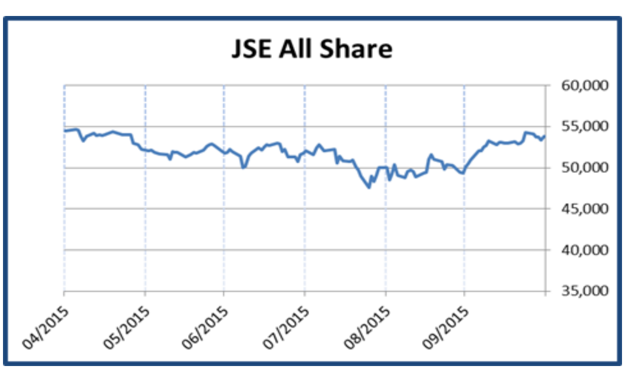
The power supply crisis in South Africa improved during the month as part one of Medupi coming online created additional capacity. The other big reason for less load shedding is a little worrying at this stage and is due to a reduced demand from mines and other manufacturing businesses. Eskom may have a challenge in the future if the mines increase their production.

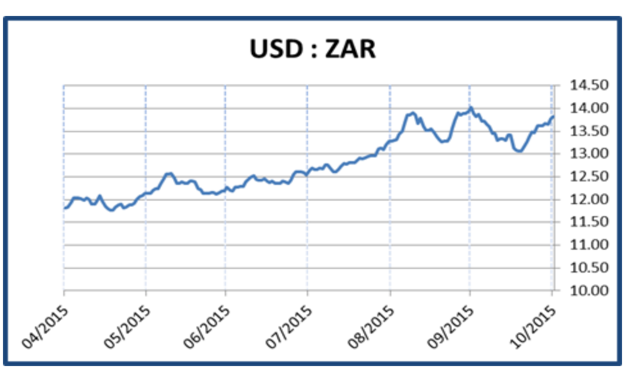
CPI was unchanged from the prior month as small increases in housing and utilities were offset by a reduction in transport costs due to another petrol price decrease (69c per litre). The Rand weakness hasn't yet filtered through significantly to inflation. The biggest concern on inflation going forward is going to be increases in food prices. South Africa is currently in its worst drought in 9 years and the lower than expected yield of crops will force prices up.

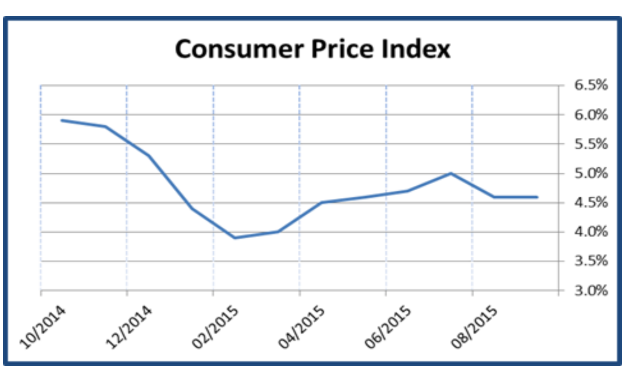
Finally a reminder to all individual taxpayers that the end of tax season, for non-provisional tax payers, is the 27th November 2015.

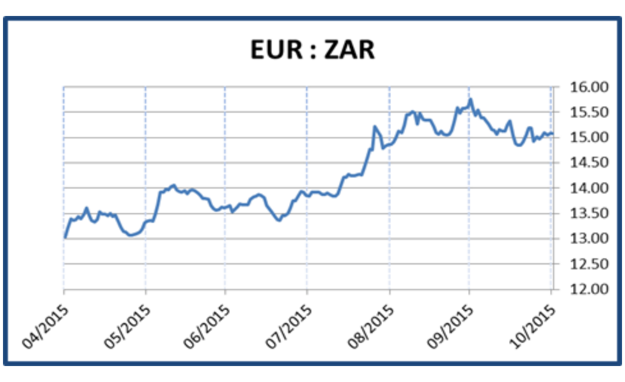
Magwitch Securities

MARKET INFORMATION









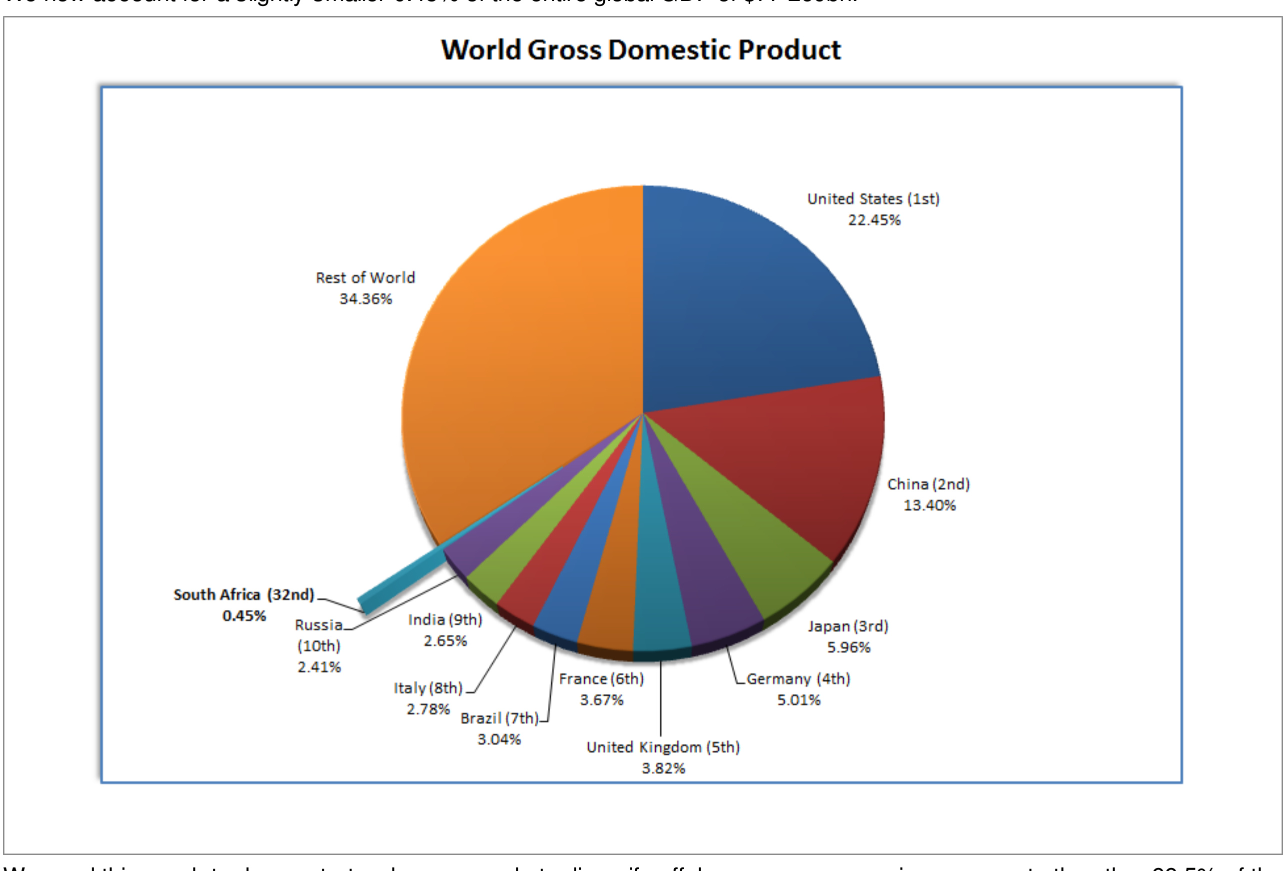
FINANCIAL PRODUCT IN FOCUS

AN UPDATE ON OFFSHORE INVESTMENTS

For our Product in Focus this month we relook at offshore investments. We previously looked at offshore investments in our June 2014 article and specifically why these investments should be included in any long term strategy.

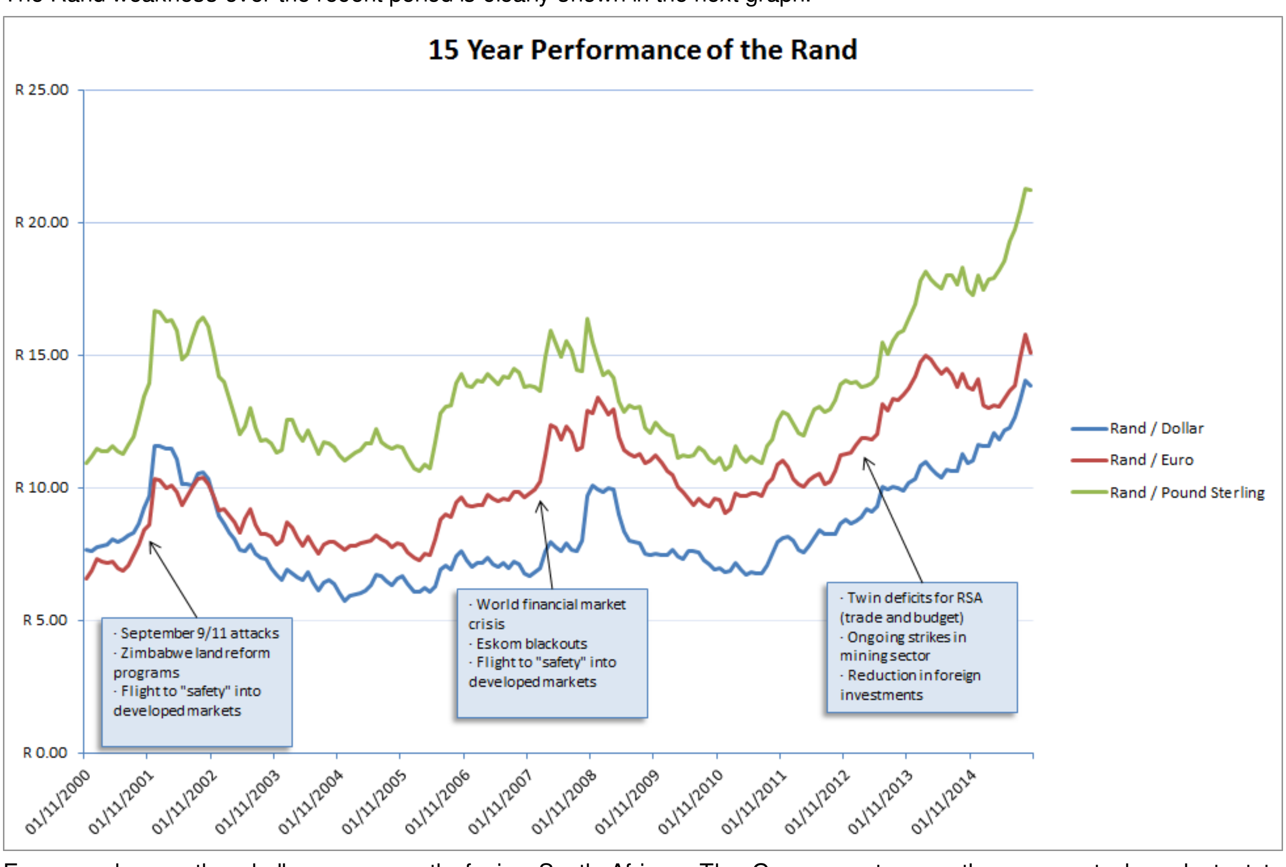
Since the previous article the Rand has continued to weaken against the major trading currencies and is currently just off all-time lows, which it had reached earlier in the year. With this in mind we again consider whether there has been any change in the offshore strategy.

South Africa has experienced a difficult period recently with commodity exports continually dropping with a number of factors affecting our ability to export. The combination of load shedding, labour unrest and lower commodity prices meant that the South African GDP growth rate is lower than expected. As a result of the South African economy growing at a slower rate than its peers it has fallen a few places in the rankings of the largest economies in the world. Previously when we looked at the 2012 World Bank analysis South Africa was the 29th largest economy in the world, accounting for 0.54% of the entire world GDP. We have now updated the analysis with the International Monetary Fund's 2014 global GDP data. South Africa has grown their GDP slightly but as this growth was muted they have dropped to the 32nd largest economy in the world. We now account for a slightly smaller 0.45% of the entire global GDP of $77 269bn.



We used this graph to demonstrate why one needs to diversify offshore as one can gain exposure to the other 99.5% of the world's output/trade. This reasoning remains unchanged and with some of our structural issues offshore investments may now be even more attractive.

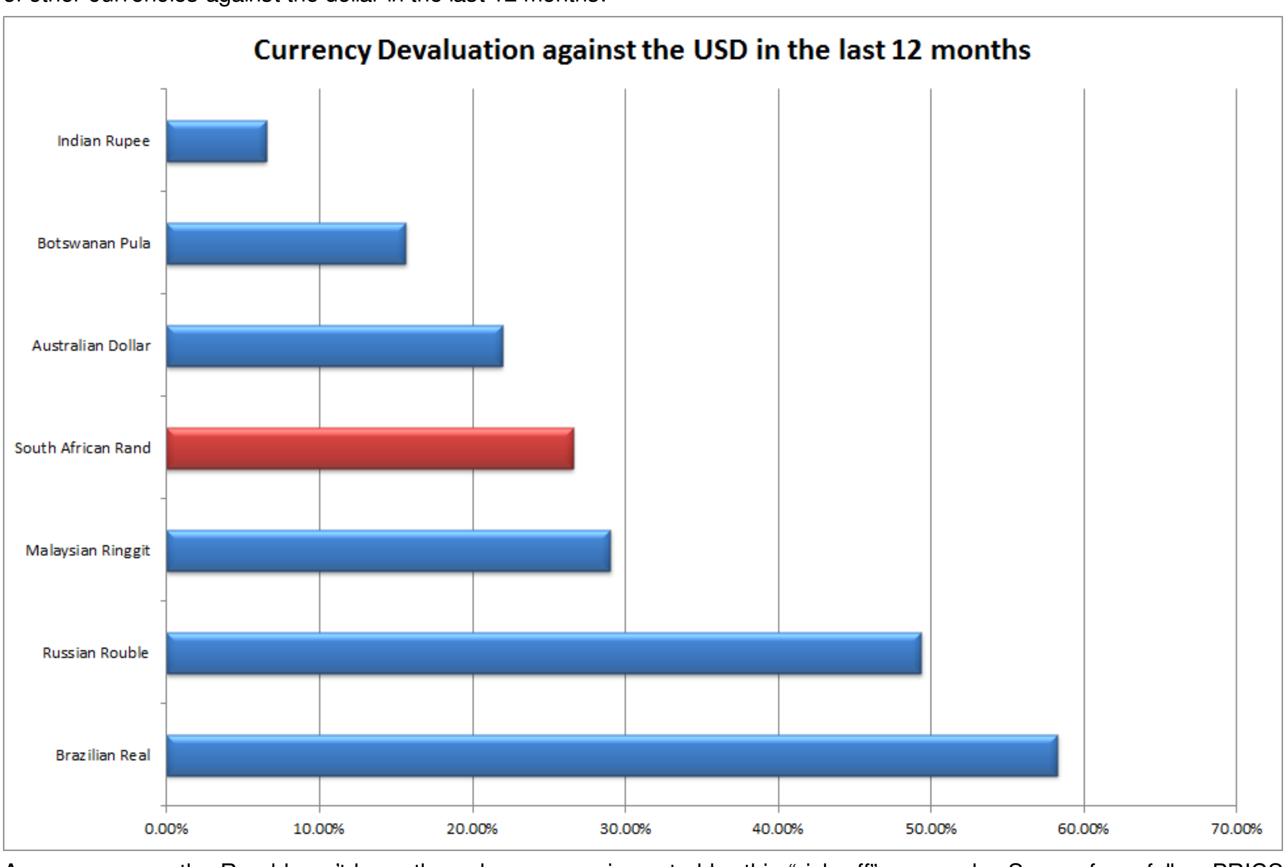
The Rand weakness over the recent period is clearly shown in the next graph.



Everyone knows the challenges currently facing South Africa. The Government currently appears to be reluctant to introduce any significant economic adjustments that may impact their voting base. The most meaningful would be amendments to labour legislation to allow for a more competitive labour market. All these challenges have had a larger impact on local output than they do on the currency. The biggest impact on our currency was actually sentiment of global market participants.

The moves in a freely traded currency are determined on a similar basis to prices of other items and can be viewed in terms of supply and demand. The more people that want a particular currency the stronger the currency would get and vice versa. With uncertainty around the possible slowdown in China many global investors have followed a "risk-off" approach and moved their investments into the developed market. Often this is not a move driven by fundamentals but rather fear – in this case the move has been from higher yielding emerging market assets where the investor is giving up growth in exchange for familiarity.

With the "risk-off" flee into developed markets the major trading currencies have strengthened against all emerging market currencies. It is important to note that the Rand is not alone in this weakness. The following chart shows the performance of other currencies against the dollar in the last 12 months.



As one can see the Rand hasn't been the only currency impacted by this "risk-off" approach. Some of our fellow BRICS partners have seen significantly worse currency devaluation. The Rand is a well traded, very liquid currency so it often acts as a general proxy for other emerging market currencies. It is for this reason that we sometimes feel at the forefront of moves in and out of emerging markets.

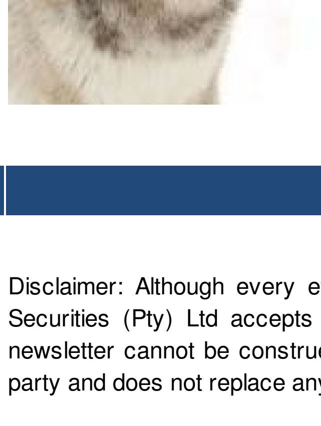
Has anything changed since June 2014?

Whilst the currency has continued to devalue since the previous article we don't suggest that there has been any change in the rationale for investing offshore. The main reason to go offshore is to diversify your investments across a greater universe to protect your investments from country specific risk. Currency, geographical and political risk can be reduced by spreading your investments across the globe.

The most important thing to consider before investing offshore is to make sure that your Rand denominated liabilities are matched with sufficient Rand denominated income. If you already have satisfactory coverage of local liabilities we would suggest making use of the relaxed foreign exchange controls to increase your offshore exposure.

There is no generic answer that fits all investors so we suggest you contact Magwitch to determine an appropriate strategy for yourself.

ABOUT MAGWITCH



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