



News from Paul's Desk

Markets are behaving well and peace (for now) seems to have returned to South Africa. This latest debacle has triggered many of our clients to move money and life assurance offshore. You will see in this months issue an article about having a “never sell” portfolio of shares and funds in your total portfolio.

In my stock and fund list I have built up about 7 shares and funds which are a “must buy” and “never sell” stocks and shares. All my clients have all or some of these in their portfolio's.



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MONTHLY REVIEW | GLOBAL OVERVIEW

INTERNATIONAL INDICATORS

	CLOSE	JUNE 2021	MAY 2021	YTD	12 MONTHS	2020
MSCI World	3017,23	1,40%	1,26%	12,16%	37,04%	14,06%
MSCI Emerging Market	1374,64	-0,11%	2,12%	6,46%	38,14%	15,85%
JP Morgan EMBI	924,35	0,89%	1,08%	-1,00%	6,82%	5,88%
Bloomberg Global Aggregate	540,81	-0,88%	0,94%	-3,21%	2,63%	9,20%

ASIA

	CLOSE	JUNE 2021	MAY 2021	YTD	12 MONTHS	2020
Nikkei 225	28791,53	-0,24%	0,16%	4,91%	29,18%	16,01%
S&P/ASX 200	7313,02	2,11%	1,93%	11,02%	23,99%	-1,45%
Hang Seng	28827,95	-1,11%	1,49%	5,86%	18,02%	-3,40%
CSI 300	5224,04	-2,02%	4,06%	0,24%	25,46%	27,21%

UNITED STATES

S&P 500	4297,50	2,22%	0,55%	14,41%	38,62%	16,26%
Dow Jones	34502,51	-0,08%	1,93%	12,73%	33,66%	7,25%
Nasdaq	14503,95	5,49%	-1,53%	12,54%	44,19%	43,64%
Russell 2000	2310,55	1,83%	0,11%	17,00%	60,30%	18,36%

SOUTH AFRICA

All Share	66248,74	-2,52%	1,53%	11,51%	21,87%	4,07%
Africa Resource 20	63234,26	-6,55%	-1,39%	9,83%	23,28%	16,88%
Africa Industrial 25	87227,61	0,41%	0,89%	11,97%	15,56%	12,40%
Africa Finance 15	13102,76	-2,62%	9,04%	8,64%	30,59%	-23,06%

EUROPE

Stoxx Euro 50	4064,30	0,61%	1,63%	14,40%	25,67%	-5,14%
FTSE 100	7037,47	0,21%	0,76%	8,93%	14,06%	-14,34%
DAX 30	15531,04	0,71%	1,88%	13,21%	26,16%	3,55%
CAC 40	6507,83	0,94%	2,83%	17,23%	31,84%	-7,14%

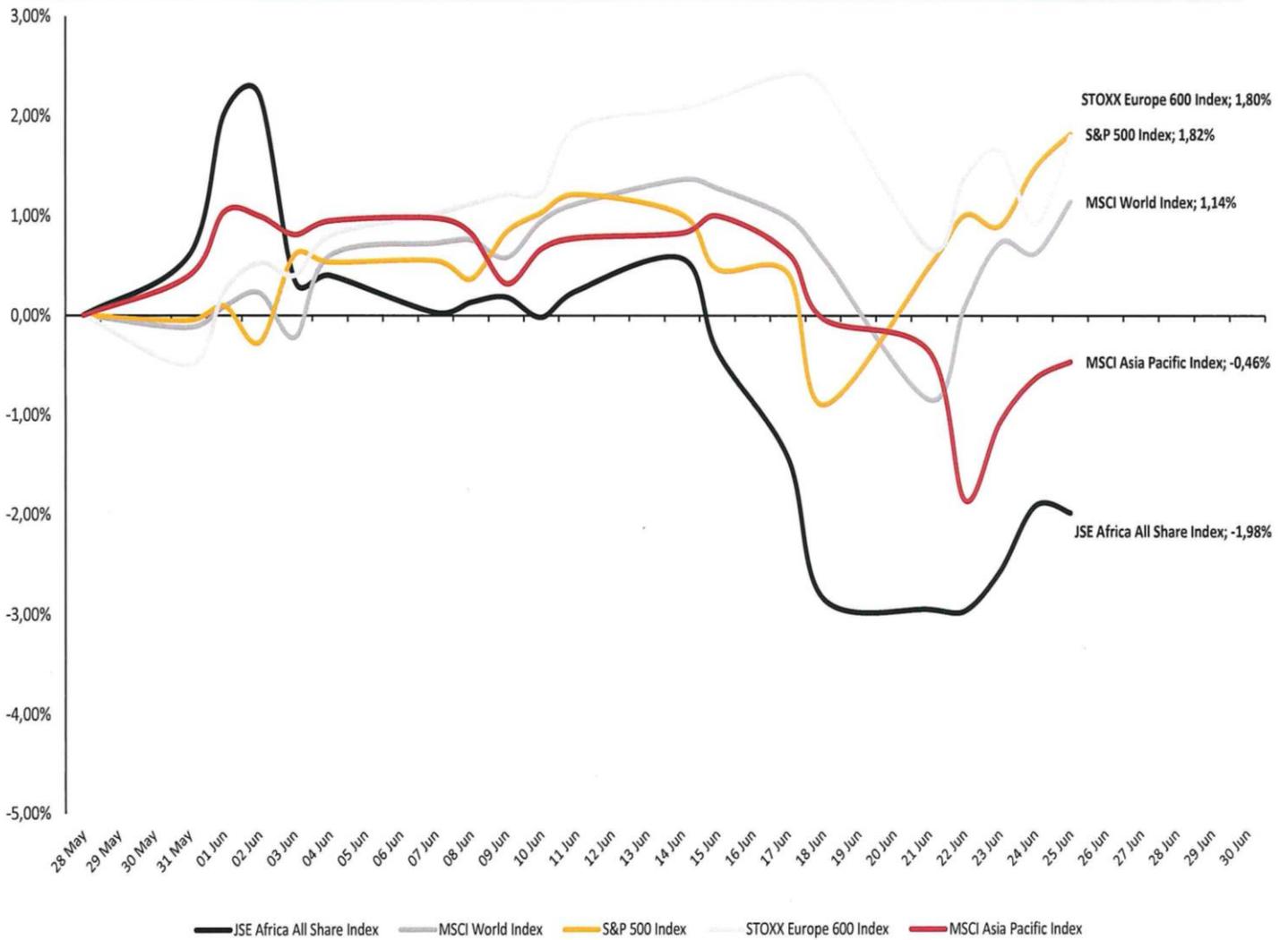
CURRENCIES

GBP/USD	1,38	-2,68%	2,82%	1,18%	11,53%	3,17%
EUR/USD	1,19	-3,02%	1,72%	-2,94%	5,55%	8,96%
AUD/USD	0,75	-3,05%	0,23%	-2,55%	8,62%	9,65%
USD/JPY	111,11	1,40%	0,25%	7,61%	2,95%	-5,03%

MONTHLY REVIEW | GLOBAL OVERVIEW

10 YEAR BOND YIELDS				GLOBAL INTEREST RATES	
	YIELD % (JUNE)	1 MONTH CHANGE (BPS)	12 MONTH CHANGE (BPS)		RATE
United States	1,47	-0,21	0,77	United States Fed Funds Rate	0% - 0,25%
United Kingdom	0,72	-0,13	0,47	European Central Bank Rate	-0,50%
Germany	-0,21	-0,23	0,10	Bank of England Rate	0,10%
Japan	0,06	-0,04	0,03	Bank of Japan rate	-0,10%
Australia	1,53	-0,38	0,47	Reserve Bank of Australia Rate	0,25%
South Africa	9,26	-0,03	-0,09	South Africa Prime Rate	7,25%

1 MONTH NORMALISED % PERFORMANCE (USD)



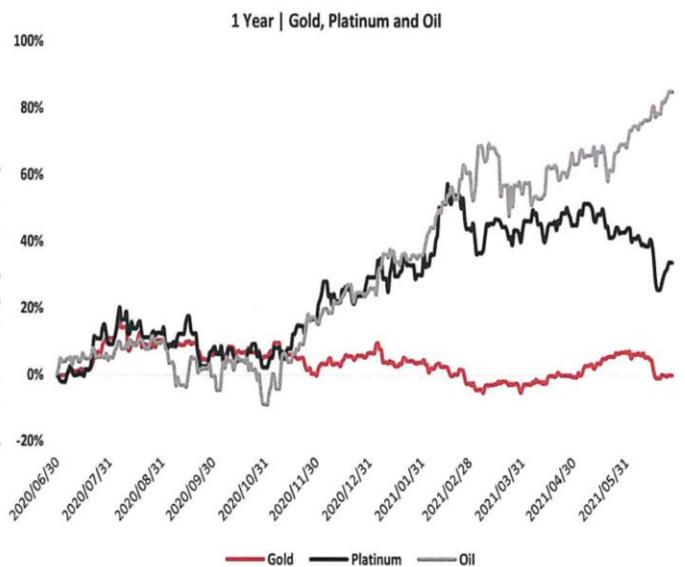
COMMODITIES

Commodities ended the month of June lower as a whole, with platinum and gold leading commodity markets lower. Despite these losses, prices still remain high on a year-to-date basis and global economies have rebounded from their 2020 lows.

- The Bloomberg Commodity Index is up to 93 at the end of June, the index tracks 23 commodities

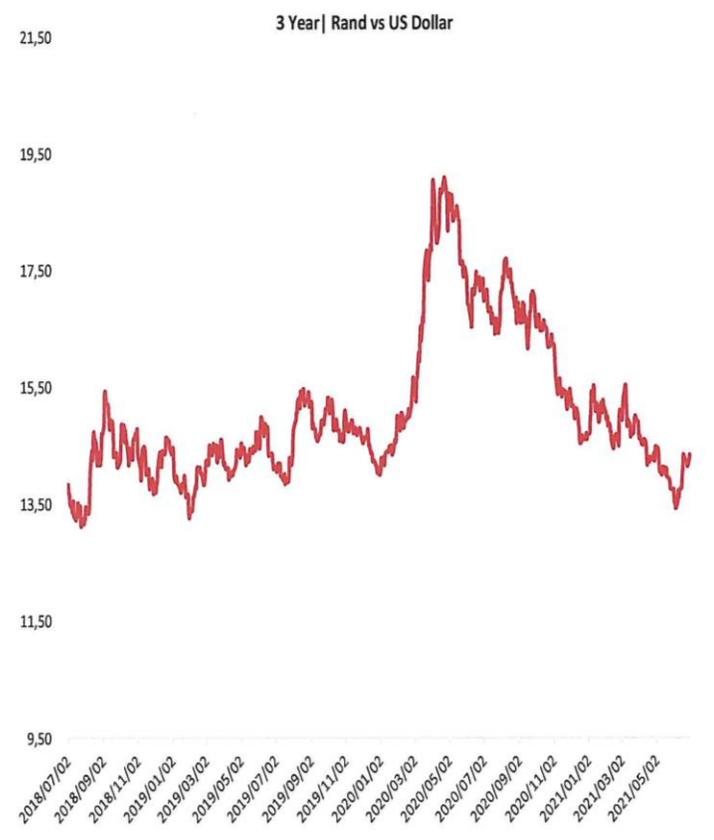
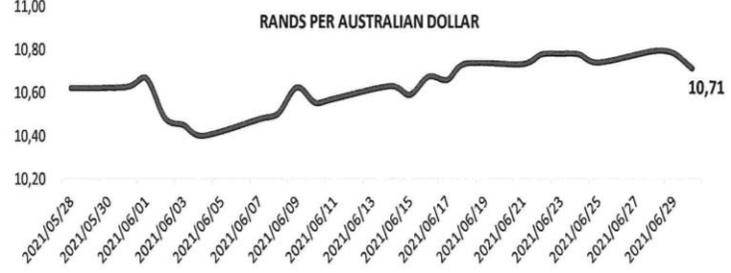
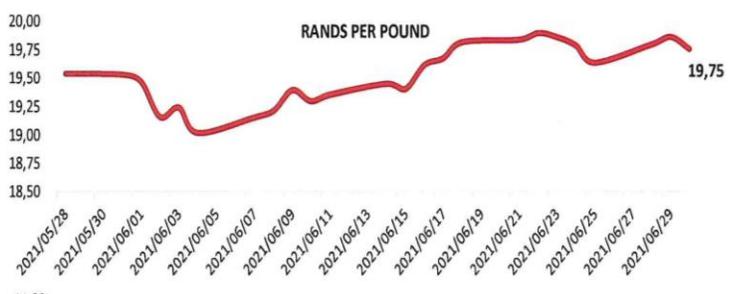
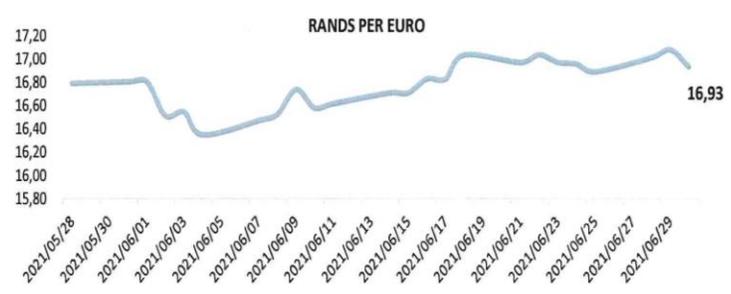
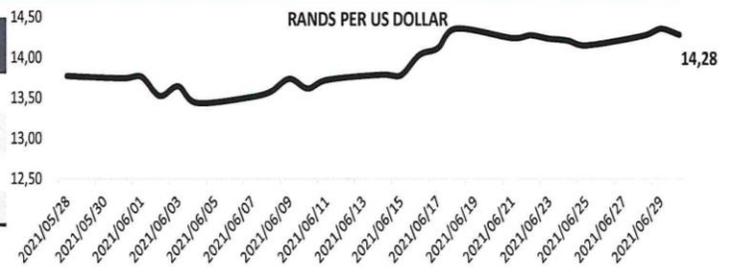


USD	CLOSE	JUNE 2021	MAY 2021	YTD	12 MONTHS	2020
Gold	1 771,60	-6,88%	7,63%	-6,52%	-1,61%	24,42%
Platinum	1 070,50	-9,46%	-1,89%	-0,46%	27,33%	10,71%
Silver	2 779,20	-1,59%	-4,38%	13,26%	41,30%	28,52%
Palladium	429,65	-8,15%	4,43%	22,09%	58,34%	25,81%
Copper	26,17	-6,60%	8,36%	-0,94%	41,12%	47,38%
Aluminium	2 519,50	2,14%	3,19%	27,31%	58,09%	10,61%
Oil Spot	75,13	8,38%	3,08%	45,04%	82,58%	-21,52%
Coal	134,70	13,29%	27,44%	67,33%	158,29%	18,91%
Natural Gas	3,65	22,24%	1,88%	43,76%	108,45%	15,99%
Sugar	17,63	1,56%	-0,46%	13,82%	48,90%	15,42%
Cocoa	2 360,00	-2,16%	2,99%	-9,34%	4,84%	2,48%
Coffee	159,35	-1,85%	16,01%	24,25%	59,27%	-1,12%
Corn	1,19	-3,02%	1,72%	-2,94%	5,55%	8,96%



SOUTH AFRICAN RAND

	CLOSING PRICE	JUNE 2021	MAY 2021	YEAR-TO-DATE	2020
US Dollar / ZAR	14,15	-3,94%	5,23%	2,83%	-4,86%
Euro / ZAR	16,88	-0,77%	3,56%	5,70%	-14,21%
Pound / ZAR	19,64	-1,16%	2,50%	1,67%	-8,29%
AU Dollar	10,74	-0,79%	4,98%	5,27%	-15,02%



5-YEAR JSE PERFORMANCE (ZAR)



FRENCH REVOLUTION

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The French Revolution was a watershed event in modern European history that began in 1789 and ended in the late 1790s with the ascent of Napoleon Bonaparte. During this period, French citizens razed and redesigned their country's political landscape, uprooting centuries-old institutions such as absolute monarchy and the feudal system. The upheaval was caused by widespread discontent with the French monarchy and the poor economic policies of King Louis XVI, who met his death by guillotine, as did his wife Marie Antoinette. Although it failed to achieve all of its goals and at times degenerated into a chaotic bloodbath, the French Revolution played a critical role in shaping modern nations by showing the world the power inherent in the will of the people.

Causes of the French Revolution

As the 18th century drew to a close, France's costly involvement in the [American Revolution](#), and extravagant spending by King [Louis XVI](#) and his predecessor, had left the country on the brink of bankruptcy.

Not only were the royal coffers depleted, but two decades of poor harvests, drought, cattle disease and skyrocketing bread prices had kindled unrest among peasants and the urban poor. Many expressed their

desperation and resentment toward a regime that imposed heavy taxes—yet failed to provide any relief—by rioting, looting and striking.

In the fall of 1786, Louis XVI's controller general, Charles Alexandre de Calonne, proposed a financial reform package that included a universal land tax from which the privileged classes would no longer be exempt.

To garner support for these measures and forestall a growing aristocratic revolt, the king summoned the Estates-General (*les états généraux*) – an assembly representing France's clergy, nobility and middle class – for the first time since 1614.

The meeting was scheduled for May 5, 1789; in the meantime, delegates of the three estates from each locality would compile lists of grievances (*cahiers de doléances*) to present to the king.

Rise of the Third Estate

France's population had changed considerably since 1614. The non-aristocratic members of the Third Estate now represented 98 percent of the people but could still be outvoted by the other two bodies.

In the lead-up to the May 5 meeting, the Third Estate began to mobilize support for equal representation and the abolishment of the noble veto—in other words, they wanted voting by head and not by status.

While all of the orders shared a common desire for fiscal and judicial reform as well as a more representative form of government, the nobles in particular were loath to give up the privileges they enjoyed under the traditional system.

Tennis Court Oath

By the time the Estates-General convened at [Versailles](#), the highly public debate over its voting process had erupted into hostility between the three orders, eclipsing the original purpose of the meeting and the authority of the man who had convened it.

On June 17, with talks over procedure stalled, the Third Estate met alone and formally adopted the title of National Assembly; three days later, they met in a nearby indoor tennis court and took the so-called Tennis Court Oath (*serment du jeu de paume*), vowing not to disperse until constitutional reform had been achieved.

Within a week, most of the clerical deputies and 47 liberal nobles had joined them, and on June 27 Louis XVI grudgingly absorbed all three orders into the new assembly.

The Bastille and the Great Fear

On June 12, as the National Assembly (known as the National Constituent Assembly during its work on a constitution) continued to meet at Versailles, fear and violence consumed the capital.

Though enthusiastic about the recent breakdown of royal power, Parisians grew panicked as rumors of an impending military coup began to circulate. A popular insurgency culminated on July 14 when rioters [stormed the Bastille](#) fortress in an attempt to secure gunpowder and weapons; many consider this event, now commemorated in France as a national holiday, as the start of the French Revolution.

The wave of revolutionary fervor and widespread hysteria quickly swept the countryside. Revolting against years of exploitation, peasants looted and burned the homes of tax collectors, landlords and the *seigniorial* elite.

Known as the Great Fear (*la Grande peur*), the agrarian insurrection hastened the growing exodus of nobles from the country and inspired the National Constituent Assembly to abolish feudalism on August 4, 1789, signing what the historian Georges Lefebvre later called the “death certificate of the old order.”

Declaration of the Rights of Man and of the Citizen

In late August, the Assembly adopted the Declaration of the Rights of Man and of the Citizen (*Déclaration des droits de l'homme et du citoyen*), a statement of democratic principles grounded in the philosophical and political ideas of [Enlightenment](#) thinkers like [Jean-Jacques Rousseau](#).

The document proclaimed the Assembly's commitment to replace the *ancien régime* with a system based on equal opportunity, freedom of speech, popular sovereignty and representative government.

Drafting a formal constitution proved much more of a challenge for the National Constituent Assembly, which had the added burden of functioning as a legislature during harsh economic times.

For months, its members wrestled with fundamental questions about the shape and expanse of France's new political landscape. For instance, who would be responsible for electing delegates? Would the clergy owe allegiance to the Roman Catholic Church or the French government? Perhaps most importantly, how much authority would the king, his public image further weakened after a failed attempt to flee the country in June 1791, retain?

Adopted on September 3, 1791, France's first written constitution echoed the more moderate voices in the Assembly, establishing a constitutional monarchy in which the king enjoyed royal veto power and the ability to appoint ministers. This compromise did not sit well with influential radicals like [Maximilien de Robespierre](#), Camille Desmoulins and Georges Danton, who began drumming up popular support for a more republican form of government and for the trial of Louis XVI.

French Revolution Turns Radical

In April 1792, the newly elected Legislative Assembly declared war on Austria and Prussia, where it believed that French émigrés were building counterrevolutionary alliances; it also hoped to spread its revolutionary ideals across Europe through warfare.

On the domestic front, meanwhile, the political crisis took a radical turn when a group of insurgents led by the extremist Jacobins attacked the royal residence in Paris and arrested the king on August 10, 1792.

The following month, amid a wave of violence in which Parisian insurrectionists massacred hundreds of accused counterrevolutionaries, the Legislative Assembly was replaced by the National Convention, which proclaimed the abolition of the monarchy and the establishment of the French republic.

On January 21, 1793, it sent King Louis XVI, condemned to death for high treason and crimes against the state, to the guillotine; his wife [Marie-Antoinette](#) suffered the same fate nine months later.

Reign of Terror

Following the king's execution, war with various European powers and intense divisions within the National Convention ushered the French Revolution into its most violent and turbulent phase.

In June 1793, the Jacobins seized control of the National Convention from the more moderate Girondins and instituted a series of radical measures, including the establishment of a new calendar and the eradication of [Christianity](#).

They also unleashed the bloody Reign of Terror (*la Terreur*), a 10-month period in which suspected enemies of the revolution were guillotined by the thousands. Many of the killings were carried out under orders from Robespierre, who dominated the draconian Committee of Public Safety until his own execution on July 28, 1794.

His death marked the beginning of the Thermidorian Reaction, a moderate phase in which the French people revolted against the Reign of Terror's excesses.

Did you know? Over 17,000 people were officially tried and executed during the Reign of Terror, and an unknown number of others died in prison or without trial.

French Revolution Ends: Napoleon's Rise

On August 22, 1795, the National Convention, composed largely of Girondins who had survived the Reign of Terror, approved a new constitution that created France's first bicameral legislature.

Executive power would lie in the hands of a five-member Directory (*Directoire*) appointed by parliament. Royalists and Jacobins protested the new regime but were swiftly silenced by the army, now led by a young and successful general named [Napoleon Bonaparte](#).

The Directory's four years in power were riddled with financial crises, popular discontent, inefficiency and, above all, political corruption. By the late 1790s, the directors relied almost entirely on the military to maintain their authority and had ceded much of their power to the generals in the field.

On November 9, 1799, as frustration with their leadership reached a fever pitch, Bonaparte staged a *coup d'état*, abolishing the Directory and appointing himself France's "[first consul](#)." The event marked the end of the French Revolution and the beginning of the Napoleonic era, in which France would come to dominate much of continental Europe.

WHY YOU SHOULD HAVE A “NEVER SELL” PORTFOLIO

Last week, I wrote about [the importance of market sentiment in investing](#).

Specifically, I discussed how I use “extreme fear” – as measured by the CNN Fear & Greed Index – to add to my “never sell” portfolio positions.

The idea of a “never sell” portfolio caught the attention of many readers.

So today I want to expand on that idea a bit... and share how you can apply this approach to your own investing.

My “Never Sell” Portfolio

My “never sell” portfolio is a group of stocks that I treat differently from my other investments.

Over the years, I have watched the prices of these stocks move sharply in response to the [market's mood swings](#).

Yet it did not bother me the slightest bit when they tumbled in response to the latest crisis of the day. Any sustained pullback simply allows me to add to my positions at lower prices.

So, what enabled me to achieve this calm, Zen-like state in the face of relentlessly negative headlines?

I am deeply convinced of the long-term business models of these companies. I am confident in holding them through thick and thin.

So What Stocks Do I Invest In?

The obvious question arises: What are the stocks in my “never sell” portfolio?

Alas, I'm not going to reveal those for reasons I outline below, but here's what I *can* tell you about them. First, you'd recognize every name. There is no “secret stock” driving the performance.

Second, the companies have several things in common...

- Each has a wide “[moat](#)” and dominates its market with little or no competition.
- Each makes a product or offers a service I use almost every day.
- Each is growing steadily, reliably and predictably.
- I expect them to be around forever – or at least as long as I am.

Third, I feel comfortable holding significant positions in any of these companies. In fact, I get regular “warnings” from my various brokerages that I am not sufficiently diversified.

I don't care. I'm happy with having a few eggs in my basket – and pretty much ignoring that basket.

Fourth, there is the issue of taxes.

I've held these stocks in some taxable accounts for many years. So if I ever do get scared out of them, I'll be giving up a big chunk of my profits to Uncle Sam in capital gains taxes.

Why I'm Keeping My Cards Close to My Vest

Here's why I won't reveal the specifics of my own "never sell" portfolio...

(Take my word for it, it's for your own good.)

My list of "never sell" stocks will differ from yours.

Yes, you might find some of the stocks on my list compelling. You may already hold some of them yourself.

But your opinion on some of the holdings might be very different. You may think, "Vardy is nuts! I would never hold these stocks! X is lagging the market. Y is overvalued. Z is just too boring." Let's look at it another way.

Say you invest in my portfolio of "never sell" stocks. All would be well as long as the stocks were going up. But ask yourself... Could you endure a 20% pullback in any of the stocks *without selling*, based on my recommendation alone? Perhaps you could. But what about a 50% pullback?

That's a much harder case. You'd probably blame me for recommending such a lousy stock in the first place.

For example, I can tell you that one of my "never sell" stocks suffered a 50% drawdown [during last year's coronavirus crash](#). Yet I never even *thought* about selling it. Why? Because I'm so convinced of its merit as a long-term business.

I was happy not only to hold it through the crash... I was happy to add to my positions while most investors were [heading for the exit](#).

Setting Up Your "Never Sell" Portfolio

So how can you apply these lessons to your own investing?

Start by investing in a small group of "never sell" stocks that you believe you can hold through thick and thin. Welcome any pullbacks because they allow you to buy shares of them on sale.

Whatever your "never sell" portfolio is, I'm 100% certain it will differ from mine. The stocks you invest in will reflect your personal preferences and beliefs.

Sure, I can help you think about how to approach setting up this portfolio... But the ultimate decisions and responsibility lie with you.

Whatever stocks you invest in, I urge you to set up your own "never sell" portfolio sooner rather than later.

You'll thank me in the long run.

**MINISTER OF DEFENCE
UNITED STATES VS SOUTH AFRICA**



Lloyd James Austin

Nosiviwe Mapisa-Nqakula

Position

United States
Secretary of Defense

South Africa
Minister of Defence and
Military Veterans

**Years in military before
becoming minister**

40+

0

**Highest position in military
before becoming minister**

☆ **Four-star general**

None

Qualifications

- ☆ **Bachelor of Science**
- ☆ **Master of Arts**
- ☆ **Master of Business Management**

Primary Teacher's Diploma ☆

Industry qualifications

- ☆ **Infantry Officer Basic and
Advanced courses**
- ☆ **Army Command and
General Staff College**
- ☆ **Army War College**

None

MARKET INDICATORS

AS AT 31 June 2021

	DY %	P/E Ratio	1 Month %*	12 Months %*
FTSE/JSE All Share Index	2.5	18.8	-2.4	25.1
FTSE/JSE Resource Index	4.2	14.3	-6.4	29.6
FTSE/JSE Industrial Index	3.2	22.2	0.4	19.4
FTSE/JSE Financial Index	1.8	15.7	-2.1	26.5
FTSE/JSE SA Quoted Property Index	4.9	20.4	3.4	25.2
ALBI BEASSA Bond Index			1.1	13.7
STeFI Money Market Index			0.3	4.0
MSCI World Index (R)			5.7	14.8
MSCI World Index (US\$)			1.5	39.7

*Total return index percentage change

Economic Indicators		Latest Data	Previous Year
Exchange Rates			
Rand/US\$	June -21	14.78	17.85
Rand/UK Pound	June -21	20.37	22.15
Rand/Euro	June -21	17.33	19.71
Rand/Aus\$	June -21	11.22	10.97
Commodity Prices			
Gold Price (US\$)	June- 21	1 761.2	1 772.9
Gold Price (R)	June- 21	25 215.0	30 646.7
Oil Price (US\$)	June- 21	74.6	41.3
Interest Rates			
Prime Overdraft	June - 21	7.0%	7.3%
3-Month NCD Rate	June -21	3.7%	3.9%
R186 Long-bond Yield	June- 21	7.4%	7.7%
Inflation			
CPI (y-o-y)	June-21	4.9%	2.2%
Real Economy			
GDP Growth (y-o-y)	March -21	-2.7%	-0.2%
HCE Growth (y-o-y) (Household Consumption Expenditure)	March - 21	-1.3%	1.0%
Household Consumption Expenditure (HCE) Growth (y-oy)			
Gross Fixed Capital Formation (GFCF) Growth (Y-O-Y)	March - 21	-13.4%	-5.2%
Manufacturing Production (y-o-y) (seasonally adjusted)	May - 21	36.9%	-31.0%
Balance of Payment			
Trade Balance (cumulative 12-month)	May - 21	\$54.6	\$19.7
Current Account (% of GDP)	March- 21	5.0%	-1.4%
Forex Reserves (incl. gold)	June - 21	\$778.4	\$906.8

Sources: JSE, Iris, I-Net

Fund	Year To Date Performances 1st Jan to 31st December 2021	30st June 2021
Allan Gray Balanced	9.91%	-0.90 %
Allan Gray Stable	6.91%	0.26%
Coronation Balanced Plus	10.57%	-0.55%
Investec Managed	7.58%	-0.43%
Prudential Balanced	11.86%	0.65%
Prudential Inflation Plus	9.20%	0.49%

Skybound Capital Funds

South Africa

Fund	Year To Date Performances 1st Jan to 31st December 2021	Current Performances as at 30st June 2021
The Apello Fund	4.45%	0.63%
The Azacus Fund	4.57%	0.61%

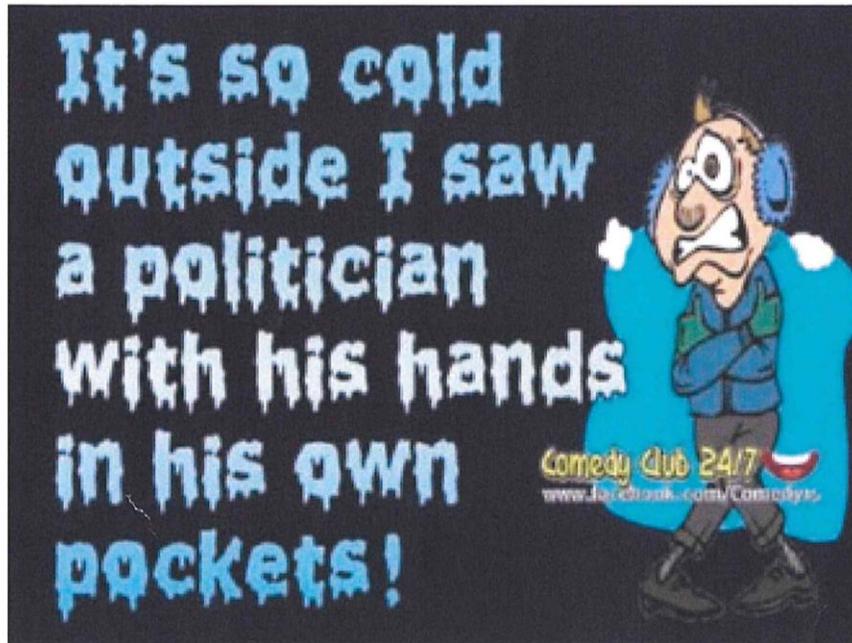
Skybound Capital Funds

INTERNATIONAL - GBP

	Year To Date Performances 1st Jan to 31st Dec 2021	Current Performances as at 30st June 2021
Prism Income	3.2%	0.61%
Prism Income Australian	3.1%	0.50%
The Willow Tree	3.2%	0.79%

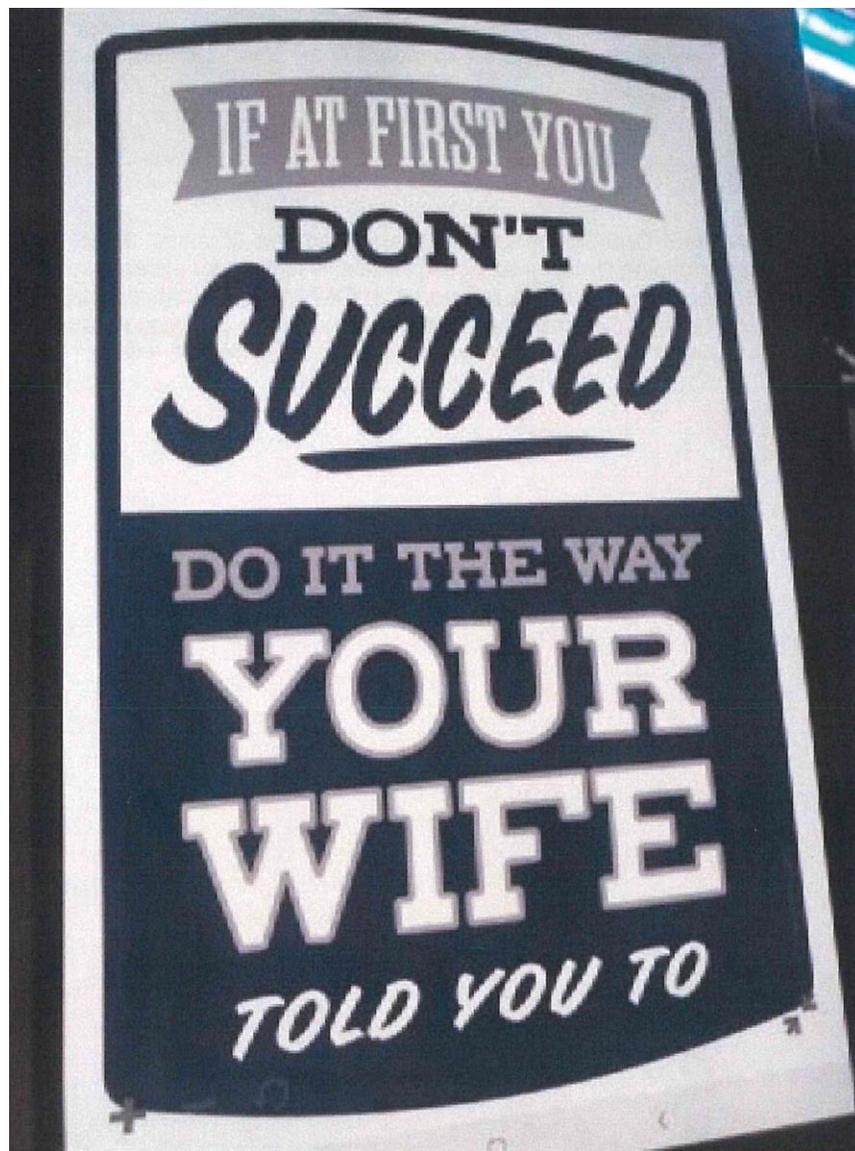
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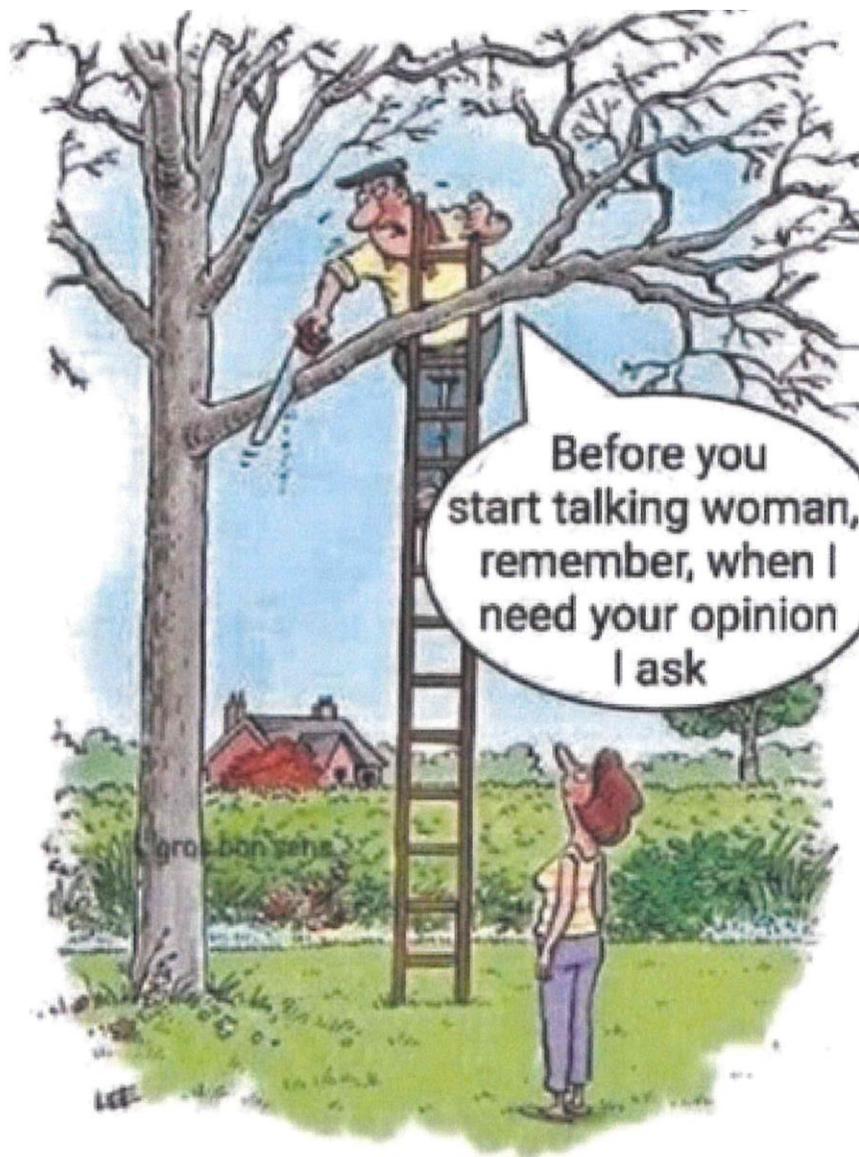
Baby it's cold outside



Ek het hom vanoggend geskiet so 18km buite Potchefstroom, die verdomde ding het weer skaap gevang....







Till next high tide,

Paul Bekker

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