



## News from Paul's Desk

Offshore markets have had a good rally and some analysts are saying that it looks like the start of a bull market.

S&P 500 year to date up 14 %  
 NASDAQ year to date up 29 %  
 JSE year to date up 4%

The local JSE has not fared so well, but what has helped our clients with offshore investments is the rand declining.

\$100 12 months ago was worth R1 980.00  
 \$100 now, is worth R2 345.00.

This is a 18.44% decline rand against USD. So, our clients with offshore investments made 18.44% in rand terms even if the investment made no returns in USD or GBP.



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## MONTHLY REVIEW | GLOBAL OVERVIEW

## INTERNATIONAL INDICATORS

	CLOSE	MAY 2023	APR 2023	YTD	12 MONTHS	2022
MSCI World	2800.56	-1.25%	1.59%	7.60%	0.34%	-19.46%
MSCI Emerging Market	958.53	-1.90%	-1.34%	0.22%	-11.06%	-22.37%
JP Morgan EMBI	782.48	-0.89%	0.50%	1.85%	-0.98%	-16.45%
Bloomberg Global Aggregate	452.33	-1.95%	0.44%	1.44%	-4.48%	-16.25%

## UNITED STATES

S&P 500	4179.83	0.25%	1.46%	8.86%	1.15%	-19.44%
Dow Jones	32908.27	-3.49%	2.48%	-0.72%	-0.25%	-8.78%
Nasdaq	12935.29	5.80%	0.04%	23.59%	7.07%	-33.10%
Russell 2000	1749.65	-1.09%	-1.86%	-0.66%	-6.14%	-21.56%

## EUROPE

Stoxx Euro 50	4,218.04	-3.24%	1.03%	11.19%	11.32%	-11.74%
FTSE 100	7,446.14	-5.39%	3.13%	-0.08%	-2.12%	0.91%
DAX 30	15,664.02	-1.62%	1.88%	12.50%	8.87%	-12.35%
CAC 40	7,098.70	-5.24%	2.31%	9.65%	9.74%	-9.50%

## ASIA

	CLOSE	MAY 2023	APR 2023	YTD	12 MONTHS	2022
Nikkei 225	30887.88	7.04%	2.91%	18.37%	13.23%	-9.37%
S&P/ASX 200	7091.31	-2.98%	1.83%	0.75%	-1.66%	-5.45%
Hang Seng	18234.27	-8.35%	-2.48%	-7.82%	-14.85%	-15.46%
CSI 300	3798.54	-5.72%	-0.54%	-1.89%	-7.16%	-21.63%

## SOUTH AFRICA

All Share	75,067.47	-4.03%	2.78%	2.76%	4.12%	-0.90%
Africa Resource 20	67,511.62	-2.16%	4.18%	-4.65%	-12.26%	-0.24%
Africa Industrial 25	102,774.3	-3.08%	3.00%	13.80%	31.25%	-5.39%
Africa Finance 15	14,415.27	-8.15%	1.29%	-7.15%	-15.14%	4.91%

## CURRENCIES

GBP/USD	1.24	-1.00%	1.86%	2.96%	-1.28%	-10.71%
EUR/USD	1.07	-2.99%	1.66%	-0.15%	-0.42%	-5.85%
AUD/USD	0.65	-1.69%	-1.06%	-4.55%	-9.39%	-6.20%
USD/JPY	139.35	2.23%	2.59%	6.27%	8.30%	13.94%

## MONTHLY REVIEW | GLOBAL OVERVIEW

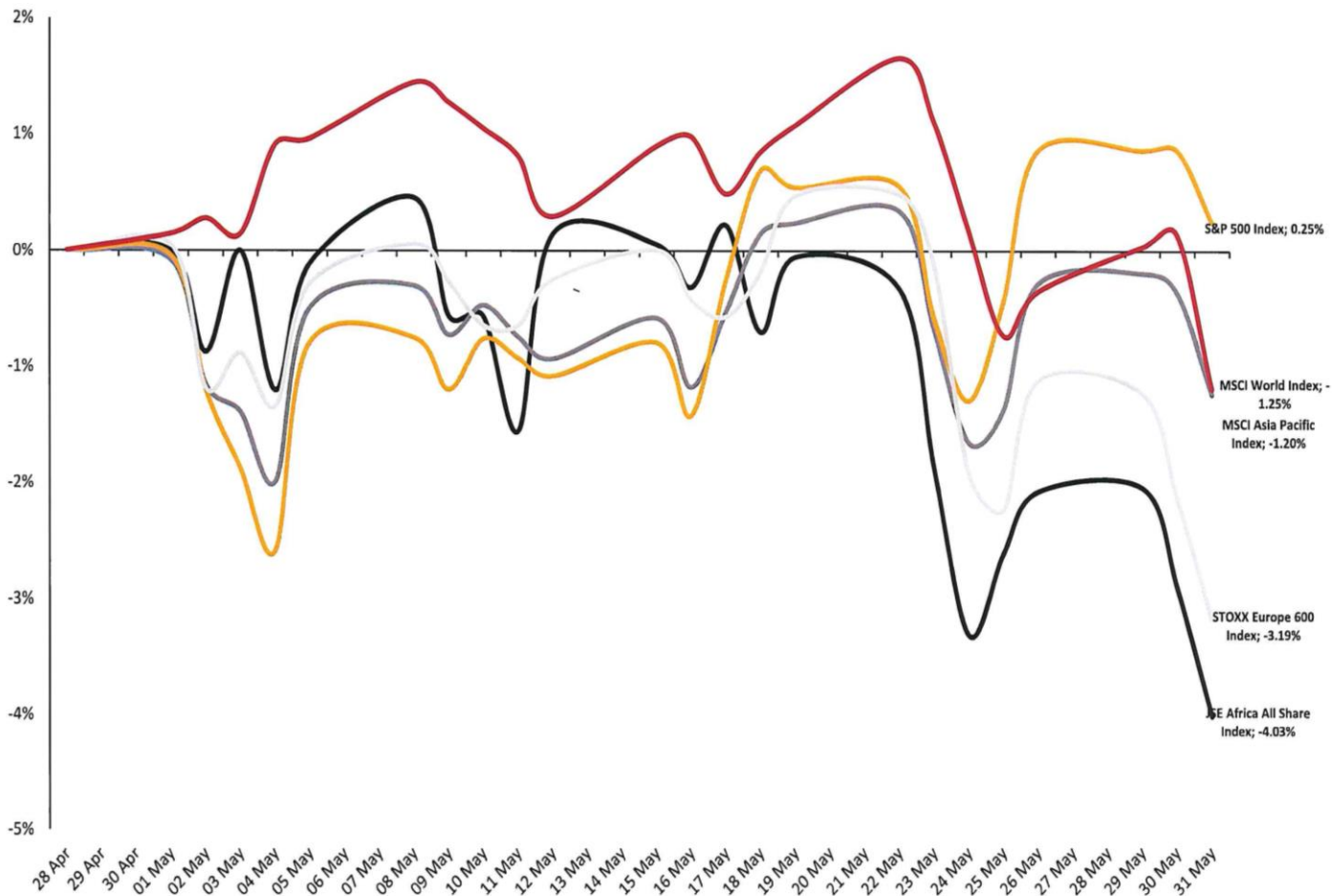
### 10 YEAR BOND YIELDS

	CURRENT MONTH YIELD %	PREVIOUS MONTH YIELD (%)	PREVIOUS YEAR YIELD (%)
United States	3.64	3.42	2.93
United Kingdom	4.18	3.72	1.91
Germany	2.28	2.31	0.94
Japan	0.44	0.39	0.23
Australia	3.61	3.34	3.13
South Africa	12.44	11.39	10.37

### GLOBAL INTEREST RATES

	RATE
United States Fed Funds Rate	5.00% - 5.25%
European Central Bank Rate	3.75%
Bank of England Rate	4.50%
Bank of Japan rate	-0.10%
Reserve Bank of Australia Rate	3.85%
South Africa Prime Rate	11.75%

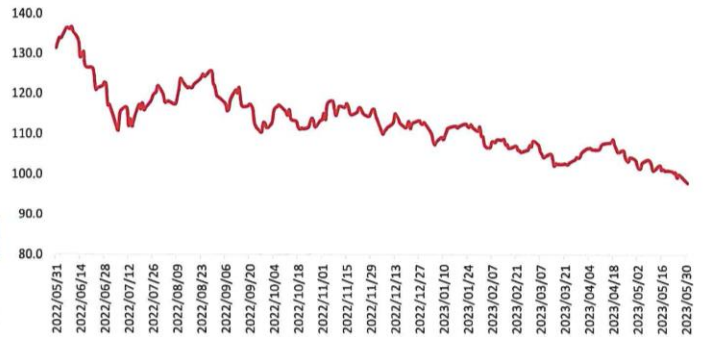
### 1 MONTH NORMALISED % PERFORMANCE (USD)





## COMMODITIES

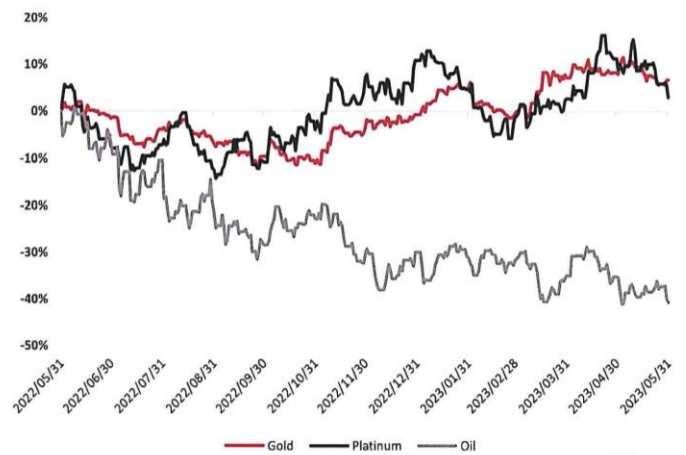
1 Year | Bloomberg Commodities Index



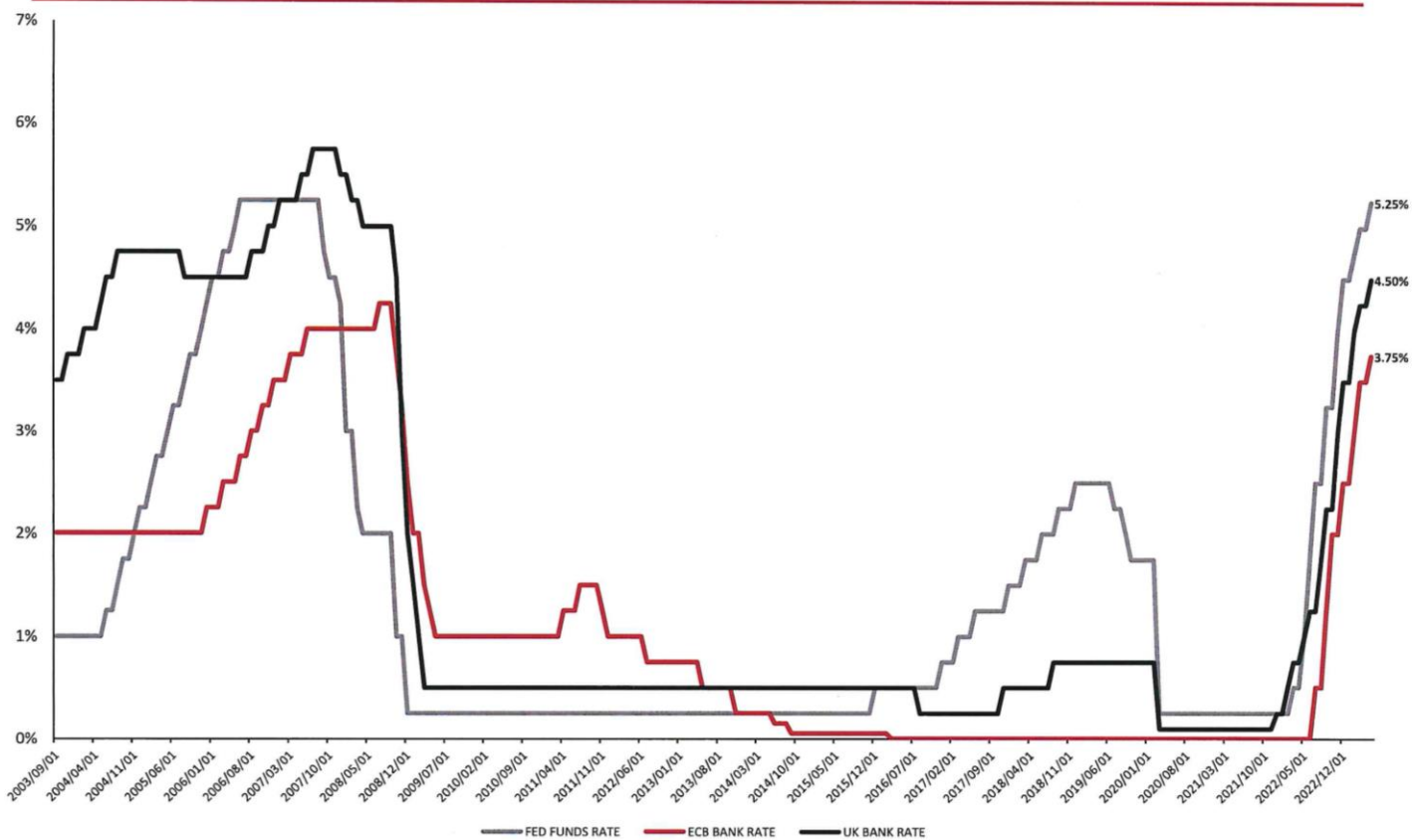
Commodities ended the month of May lower as a whole, with Coal and Silver leading the losses.  
 • The Bloomberg Commodity Index reached 98 at the end of May, the index tracks 23 commodities

USD	CLOSE	MAY 2023	APR 2023	YTD	12 MONTHS	2022
Gold	1963.90	-1.76%	1.53%	7.54%	6.58%	-0.13%
Platinum	999.00	-8.36%	9.66%	-6.96%	3.17%	11.33%
Silver	1340.90	-11.19%	2.85%	-25.42%	-32.78%	-5.97%
Palladium	363.70	-6.02%	-5.48%	-4.55%	-15.34%	-14.63%
Copper	23.59	-5.65%	3.49%	-1.88%	8.76%	2.95%
Aluminium	2242.50	-5.46%	-0.45%	-4.55%	-18.86%	-16.18%
Oil Spot	72.66	-8.65%	-0.29%	-15.42%	-40.85%	10.45%
Coal	135.00	-28.84%	7.02%	-66.60%	-68.38%	138.30%
Natural Gas	2.27	-5.98%	8.75%	-49.36%	-72.18%	19.97%
Sugar	25.06	-7.15%	21.30%	25.05%	29.18%	6.14%
Coffee	178.65	-5.90%	11.35%	6.78%	-22.75%	-26.01%
Wheat	594.25	-6.23%	-10.04%	-26.00%	-44.51%	12.03%
Corn	594.00	1.54%	-8.02%	-11.57%	-16.57%	20.93%

1 Year | Gold, Platinum, Oil

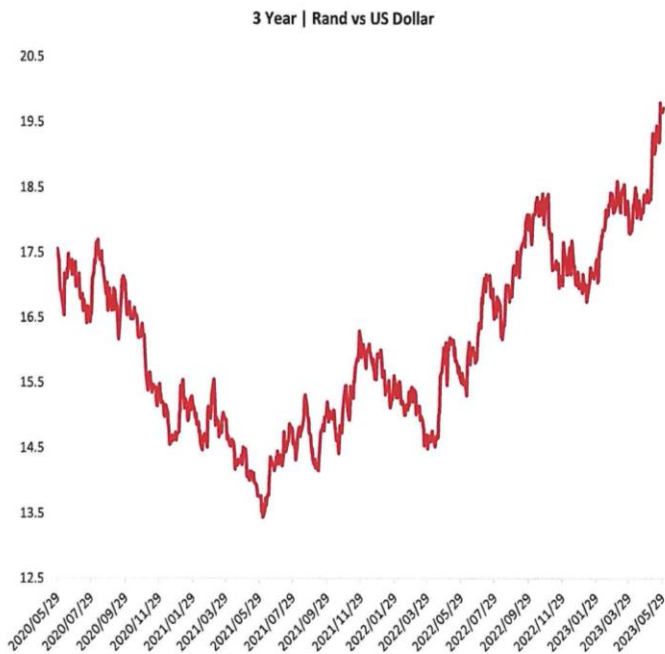
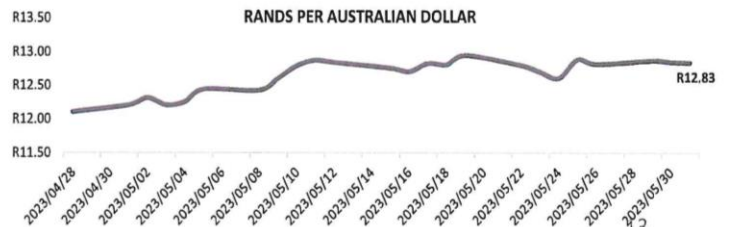
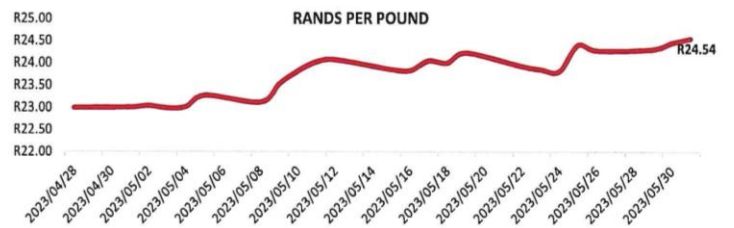
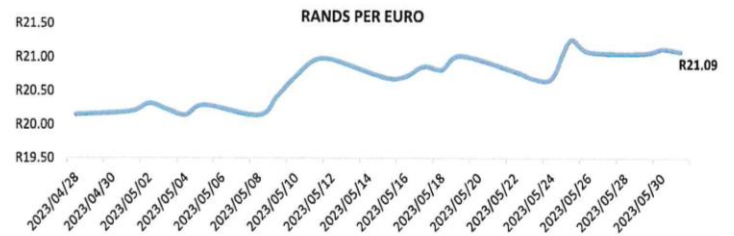
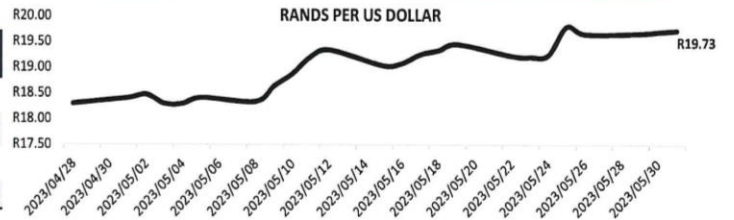


### INTEREST RATES



## SOUTH AFRICAN RAND

	CLOSING PRICE	MAY 2023	APR 2023	YTD	2022
US Dollar / ZAR	19.73	-7.85%	-2.78%	-15.78%	-6.90%
Euro/ ZAR	21.09	-4.64%	-4.45%	-15.61%	-0.56%
Pound / ZAR	24.54	-6.79%	-4.73%	-19.09%	4.49%
AU Dollar	12.83	-6.04%	-1.72%	-10.50%	-0.28%

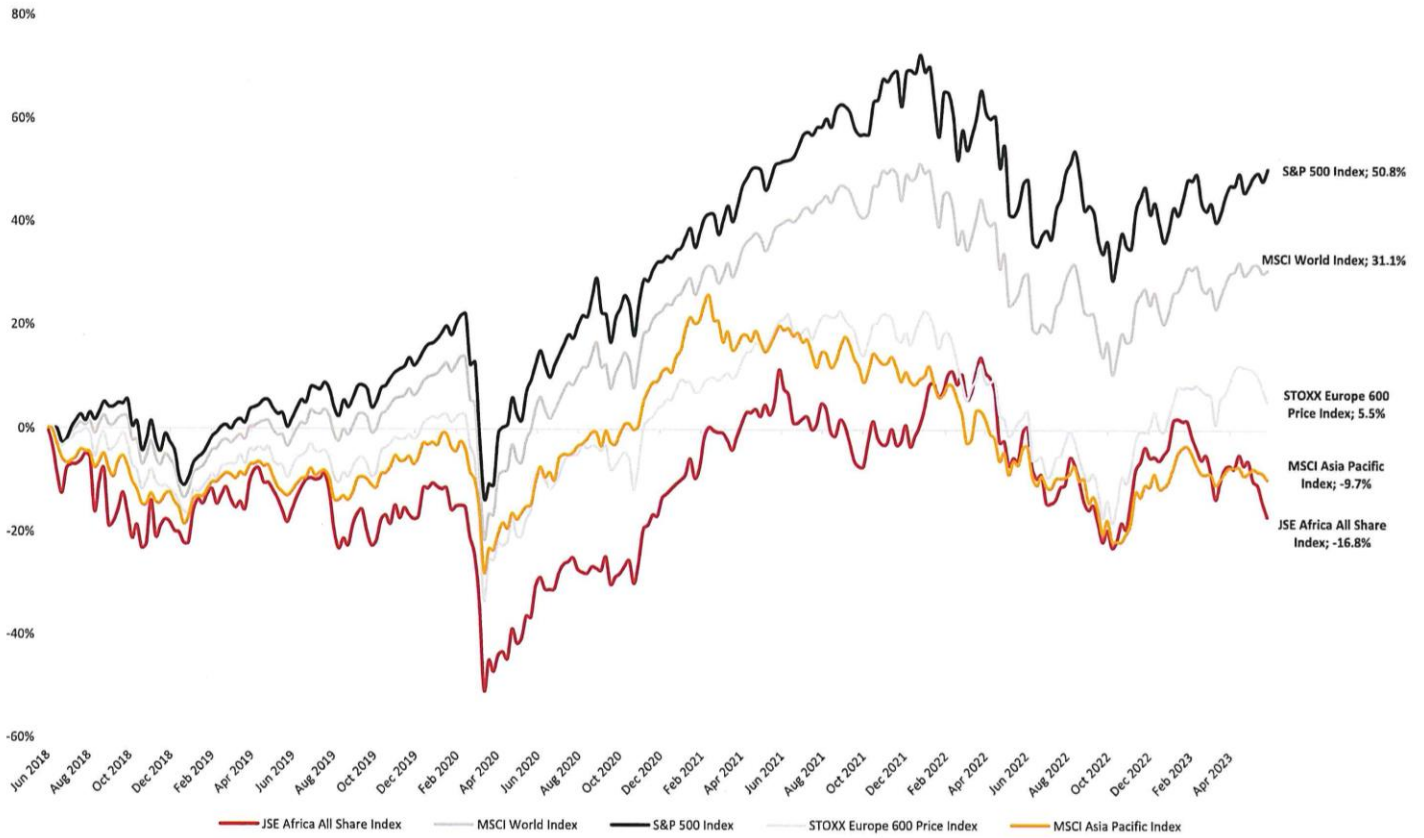


### 5-YEAR JSE PERFORMANCE (ZAR)





### 5-YEAR JSE vs LEADING GLOBAL INDICATORS (USD)



## GOLD

# DO WHAT SO-AND-SO DOES...NOT WHAT HE SAYS

I played golf the other day with a friend who asked about my outlook for the stock market.

"I like it," I told him.

"Yeah," he said. "I've been watching it take off and I can't decide whether to get back in or not."

Uh-oh. I had a pretty good idea what was coming.

My friend confessed that he is totally in cash – and gold – and has missed the new bull market entirely.

Turns out that he subscribes to an investment letter by So-and-So, who is quite bearish.

So-and-So argues that the U.S. economy is about to implode and take the dollar and the stock market down with it. So, you should own gold instead.

I told my buddy that I'm in the same industry and have known So-and-So for many years.

We've even had friendly debates at investment conferences.

So-and-So has been calling for the next Great Depression and the biggest bear market in history for, oh, about 40 years now.

"Really?" my friend said with astonishment. "Because he draws his conclusions based on what is happening right now."

Very true. So-and-So always draws his conclusions based on what's happening now.

It's just that – whatever that may be – his conclusions remain the same.

He advises you sell stocks. (Which you never should have bought in the first place.) And buy gold.

This advice has not been particularly good in the past. Nor is it likely to be a winner in the future.

I have nothing against gold.

I'm not into numismatics because, in my opinion, the spreads are too big and the prices too subjective.

But for years I collected 1-ounce bullion coins.

I have lots of Gold Eagles, Canadian Maple Leaf's, South African Krugerrands, Austrian Philharmonics, Chinese Pandas, and many others.

Every couple of years, I even take them out and look at them.

They're lovely. But I don't consider them investments.

Why? Because gold is not a productive asset.

If you buy an ounce of gold, all you will have in 10 years or 10 million years is an ounce of gold.

It won't multiply, make interest payments, pay dividends, or provide rental income.

It will just sit there and look beautiful.

There's nothing wrong with that. It's just not a great investment.

For example, if you put \$10,000 into gold in January 1980, it would be worth around \$20,000 today.

That's better than a sharp stick in the eye, as my old man used to say.

But \$10,000 invested – would be worth over \$1.25 million today.

Gold bugs will say that is not a fair comparison since gold was at a peak in early 1980, while stocks were about to begin one of the biggest bull markets of the 20<sup>th</sup> century.

But over the very long haul, the difference is just as dramatic.

Dr. Jeremy Siegel at the Wharton School of the University of Pennsylvania is perhaps the nation's best authority on the long-term performance of various asset classes.

As he noted in the latest edition of his investment classic *Stocks for the Long Run*, every dollar invested in gold way back in 1802 was worth four times as much – adjusted for inflation – by the end of 2021.

Yet every dollar invested in U.S. stocks over the period – again, adjusted for inflation – was worth more than \$2.3 million.

That's not a misprint.

Over the last couple centuries, every dollar invested in a diversified portfolio of common stocks – not even uncommonly good ones – turned into 2.3 million times as much after inflation.

That's the difference between investing in profitable businesses and buying a shiny element on the periodic table.

Yet So-and-So likes gold. Hates stocks.

He felt that way decades ago. And – if he is still pulling in oxygen – he will feel that way decades from now.

If you see him – or any permabear – at an investment conference, be sure to peg him with my favorite question during the Q&A: When was the last time you were bullish on stocks?

His answer will let you in on a little secret.

So-and-So is not really giving investment advice.

He is delivering a worldview that has changed over the last half-century about as much as the constellation Orion.

There's more than a little irony here...

While he strongly insists that you should sell all the businesses in your portfolio, you'll notice that he hasn't sold his business.

His business is telling subscribers to sell their businesses.

That must be a profitable line of work. Or, at least, better than putting that money into gold instead.

Hmm, yes. There is much that So-and-So says – and does – that is worth contemplating.

## LATEST CLAIM STATISTICS PROVIDE INSIGHTS FOR FINANCIAL ADVISERS, SAYS OLD MUTUAL



Old Mutual's 2022 Claim Statistics Report reveals a significant decrease in payouts for underwritten claims, particularly life insurance. This, along with the claims experience over the past two years, provides financial advisers with insights that will enable them to ensure their clients have the right cover, says Kwena Mothibi, the head of customer solutions at Old Mutual Personal Finance.

Data-based understanding will allow advisers to offer risk cover that best fits their customers' needs to ensure they have sufficient cover in the case of unforeseen circumstances, Mothibi said.

In its latest Claims Statistics Report, Old Mutual said it paid R14.7 billion in claims across the group's South African operations in 2022. Old Mutual reported a payout ratio of 96% in underwritten claims and an average payout of R29.2 million every working day.

The payouts include underwritten (mostly retail life, disability, and illness claims), non-underwritten (mostly retail funeral claims), and corporate claims and represent a year-on-year decrease of 30.7%, primarily due to a decline in Covid-19-related claims.

"The decline in overall payouts of around R6.5bn was expected, as 2021 was an exceptional year for claims due to the surge caused by Covid-19, and we are now starting to see a return to normal," said John Kotze, Old Mutual's head of retail protection product marketing. However, claims paid were still higher than in pre-Covid 2019.

Non-underwritten claims amounted to R2.7bn, corporate claims were R4.6bn, and underwritten claims were R7.3bn – the latter compared to R11bn the previous year.



Death cover claims constituted R5.8bn, followed by severe illness cover claims at R946m, disability lump-sum claims at R413m, and disability income at R60m. Retrenchment cover claims were R5.2m, signalling the pandemic's lingering economic effects.

The decline in payouts, largely anticipated after the surge of claims in 2021 due to Covid-19, should not lull consumers into complacency but serve as a potent reminder of life's inherent risks, Mothibi said.

The report contains vital information that financial advisers can reference to guide consumers in making informed decisions about risk cover.

The significant amount paid out in death and severe illness claims underscores the importance of having adequate life and illness insurance cover. The prominence of cancer and cardiovascular disorders underscores the necessity of comprehensive illness insurance that includes these critical illnesses, he said.

### Claim trends among men and women

The report also highlighted the different claim trends between the sexes. For instance, trauma claims made a significant contribution to male claims and central nervous system disorders made the top three for female claims.

"It is important to have cover that considers your individual needs and is specifically tailored for you," Mothibi said.

Statistically, men made up a higher proportion of claims, as has been the case over the years, with the overall claims split being 56% male and 44% female.

Men had the youngest (22 years old) and oldest (96 years old) claimants and an average claim age of 59. The youngest female claimant was 23, the oldest 95, and women had an average claim age of 58.

The top three claim categories for men were cancer, cardiovascular disorders, and trauma, while for women, the top claim categories were cardiovascular disorders, cancer, and central nervous system disorders. The decline in the prominence of respiratory diseases for both sexes was further evidence of the recovery from Covid-19.

Rheumatoid arthritis appeared in the top five claims under the illness benefit among women for the first time in five years. This is due to an improvement in claim definitions and Old Mutual making them more lenient.

### Common diseases

The average claim age and the common diseases among different age groups can guide financial advisers to advise consumers on purchasing timely and suitable cover, Mothibi said.

For instance, the report revealed that 70% of severe illness claims were for events that fall under what is known as the Big Four: of cancer, coronary artery bypass graft (CABG), heart attack, and stroke. This illustrates the significant risk these illnesses pose and that consumers should consider policies that cover these illnesses extensively.

Cancer made up most of these claims at 63%, followed by heart attack claims (19%), stroke claims (10%), and CABG claims (8%).

CABG claim numbers increased from 2021, which was primarily attributable to men. Female claims for heart attacks also increased from 2021.

Breast cancer was one of the leading causes of all female cancer claims, with 90% falling under the illness claims category. It was also revealed that women start claiming for breast cancer at relatively younger ages, with higher claiming rates between the ages of 40 and 50 at 27%, 50 and 60 at 32%, and 60 and 70 (29%).

Prostate cancer was one of the significant contributors to male cancer claims, with most of the claims by men above the age of 50. As in the past, heart attacks and prostate cancer continue to be of concern in men.

## Retrenchment claims

Although most retrenchment claims were made those aged 30 to 40 and 50 to 60, the report noted that the ages of retrenchment claimants covered a large range, including 20- to 30-year-olds, highlighting that one is never too young to consider retrenchment cover as part of their financial safety net.

## Why most claims were rejected.

The reasons for claim rejection can guide advisers on what to prioritise and emphasise in their customers' policy contracts when applying for cover, Mothibi said.

Most of the 4% of claims that were not paid was because customers did not meet the criteria for their claim, which Old Mutual refers to as "benefit definition not met".

Fraud was another reason for the repudiation of claims, followed by general exclusion, non-disclosure, suicide exclusion, and underwriting exclusion.

The increase in repudiation because of "benefit definition not met" could be the result of harsher economic conditions leading to customers trying to claim even when they do not have a valid claim, or customers do not fully understand the events for which they are covered. This was often true for disability claims when the state or condition of the claimant was not permanent, or the claimant could still work.

## MARKET INDICATORS

### AS AT 30 April 2023

	DY %	P/E Ratio	1 Month %*	12 Months %*
FTSE/JSE All Share Index	3.8	11.9	3.4	12.6
FTSE/JSE Resource Index	6.1	6.3	4.0	-5.0
FTSE/JSE Industrial Index	4.0	8.5	3.1	32.0
FTSE/JSE Financial Index	5.2	9.5	3.4	0.0
FTSE/JSE SA Quoted Property Index	8.3	12.0	5.4	3.3
ALBI BEASSA Bond Index			-1.1	6.4
STeFI Money Market Index			0.6	6.2
MSCI World Emerging Markets (R)			1.9	8.1
MSCI World Emerging Markets (\$)			-1.1	-6.5
MSCI World Index (R)			4.9	19.9
MSCI World Index (US\$)			1.8	3.7

\*Total return index percentage change

Economic Indicators		Latest Data	Previous Year
<b>Exchange Rates</b>			
Rand/US\$	April - 23	18.29	15.81
Rand/UK Pound	April - 23	22.98	19.88
Rand/Euro	April - 23	20.15	16.67
Rand/Aus\$	April - 23	12.10	11.16
<b>Commodity Prices</b>			
Gold Price (US\$)	April - 23	1 989.8	1 897.3
Gold Price (R)	April - 23	36 354.5	30 348.0
Oil Price (US\$)	April - 23	80.3	107.10
<b>Interest Rates</b>			
Prime Overdraft	April - 23	11.3%	7.8%
3-Month NCD Rate	April - 23	8.09%	4.4%
R186 Long-bond Yield	April - 23	8.8%	8.3%
<b>Inflation</b>			
CPI (y-o-y)	March - 23	7.1%	5.9%
<b>Real Economy</b>			
GDP Growth (y-o-y)	December - 22	1.3%	1.8%
HCE Growth (y-o-y) (Household Consumption Expenditure)	December - 22	2.0%	2.3%
Household Consumption Expenditure (HCE) Growth (y-oy)			
Gross Fixed Capital Formation (GFCF) Growth (Y-O-Y)	December - 22	5.4%	-3.0%
Manufacturing Production (y-o-y) (seasonally adjusted)	March - 23	-1.4%	-1.0%
<b>Balance of Payment</b>			
Trade Balance (cumulative 12-month)	March - 23	\$6.9	\$47.2
Current Account (% of GDP)	December - 22	-2.6%	2.1%
Forex Reserves (incl. gold)	April - 23	\$1 132.6	\$954.0

Sources: JSE, Iris, I-Net

<b>Fund</b>	<b>Year To Date Performances 1<sup>st</sup> Jan to 31<sup>st</sup> December 2023</b>	<b>31 May 2023</b>
<b>Allan Gray Balanced</b>	<b>6.24%</b>	<b>-0.57%</b>
<b>Allan Gray Stable</b>	<b>6.41%</b>	<b>0.71%</b>
<b>Coronation Balanced Plus</b>	<b>7.28%</b>	<b>0.27%</b>
<b>Investec Managed</b>	<b>7.97%</b>	<b>0.25%</b>
<b>Prudential Balanced</b>	<b>4.99%</b>	<b>-1.26%</b>
<b>Prudential Inflation Plus</b>	<b>2.80%</b>	<b>-2.00%</b>

*Skybound Capital Funds*  
**South Africa**

<b>Fund</b>	<b>Year To Date Performances 1<sup>st</sup> Jan to 31<sup>st</sup> December 2023</b>	<b>Current Performances as at 30 April 2023</b>
<b>The Apello Fund</b>	<b>3.38 %</b>	<b>0.76%</b>
<b>The Azacus Fund</b>	<b>3.32%</b>	<b>0.74%</b>

*Skybound Capital Funds*  
**INTERNATIONAL - GBP**

	<b>Year To Date Performances 1<sup>st</sup> Jan to 31<sup>st</sup> Dec 2023</b>	<b>Current Performances as at 30 April 2023</b>
<b>Prism Income</b>	<b>1.1%</b>	<b>0.37%</b>
<b>Prism Income Australian</b>	<b>0.50%</b>	<b>0.26%</b>
<b>The Willow Tree</b>	<b>0.39%</b>	<b>0.22%</b>

# WHAT A JOKE

## Unexpected ending

A “paraprosdokian” is a sentence or statement with an unexpected ending. It means “against expectations” in Greek. Here are some examples:

I wondered why the cricket ball was getting bigger. Then it hit me.

Will the idea of glass coffins be a success? Remains to be seen.

What’s the difference between a hippo and a zippo? One is really heavy and the other is a little lighter.

Hear about the new restaurant called Karma? There’s no menu – you get what you deserve.

I went to buy some camouflage trousers yesterday, but I couldn’t find any.

What do you call a bee that can’t make up its mine? A maybe.

I tried to sue the airline for losing my luggage. I lost my case.

Is it ignorance or apathy that’s destroying the world today? I don’t know, and I don’t really care.

I wasn’t originally going to get a brain transplant, but then I changed my mind.

Which country’s capital has the fastest-growing population? Ireland’s. Every day it’s Dublin.

I saw an ad for burial plots, and I thought: “That’s the last thing I need.”

Need an ark? I Noah guy.

You’re not completely useless. You can always serve as a bad example.

I broke my finger last week. On the other hand, I’m okay.

Did you hear about the guy who got hit in the head with a can of soda? He was lucky it was a soft drink.

To the mathematician who thought of the idea of zero, thanks for nothing.

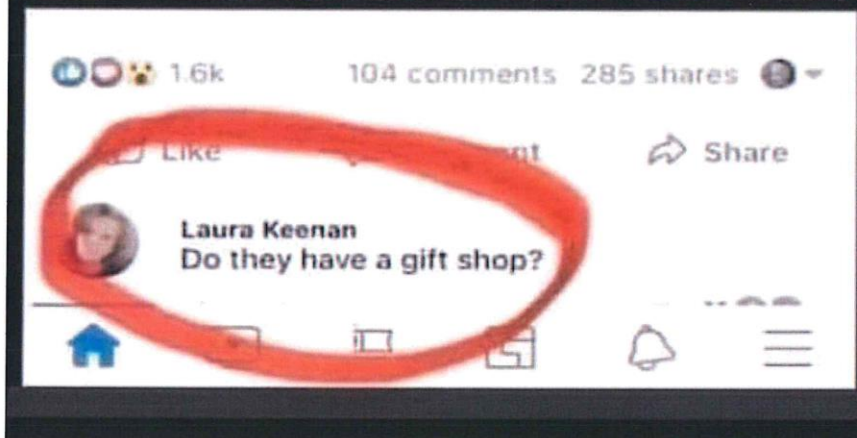
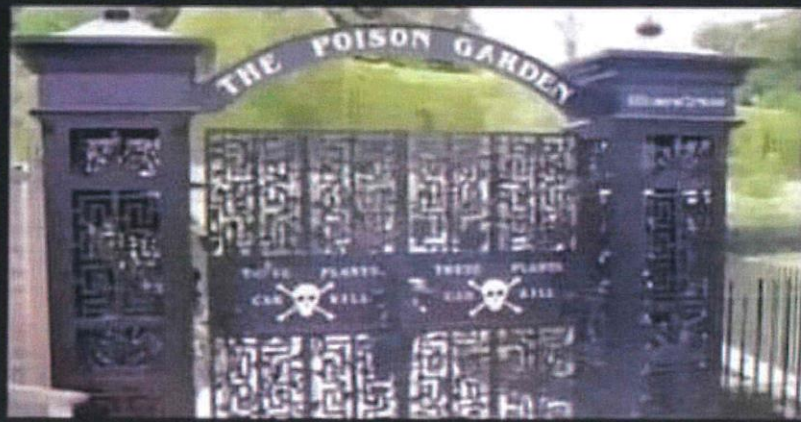
Son: “Dad, can you tell me what a solar eclipse is?” Dad: “No sun.”

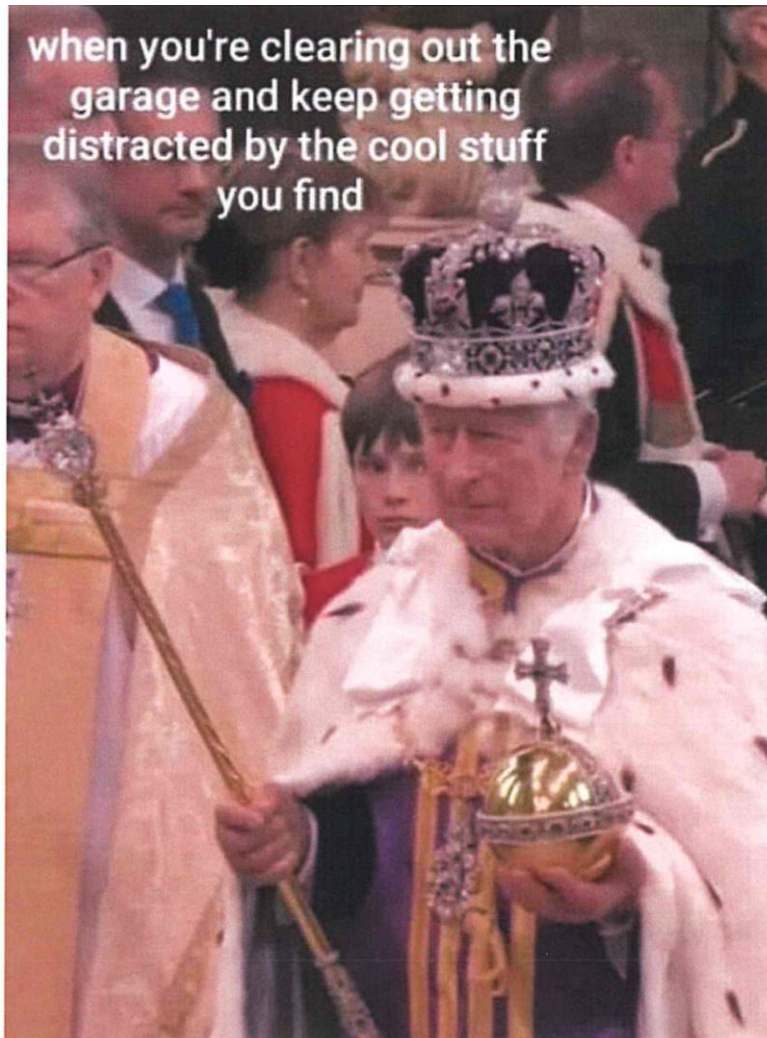


# Shin

(*n.*) A device for finding furniture in the dark.

There's a garden in England dedicated entirely to plants that are deadly and can kill you. It's the most dangerous garden in the world. It holds over 100 killers  
Such as, hemlock, strychnine and nightshade.





# VINTAGE CHATROOM USING AN OLD VERSION OF WINDOWS



*Paul Bekker*

## *Contact Us*

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