

### Trying to keep up with the rally

As equity markets continue to hold their ground, it is becoming gradually more difficult to find shorter term buying opportunities, thus it is becoming increasingly more important for investors to focus on the longer term when buying equities. Over the next few months, an expected global economic recovery and its anticipated positive impact on company earnings prospects will have a lot to live up to, in order to justify the strong stock market run seen since March. Sustaining the rally in global stock markets, which are seen as leading indicators of a global economic recovery, will be ever more dependent on continued improvements in global economic data. The consensus analysis later on in the newsletter highlights the need for further corporate earnings upgrades to justify further sustained gains in the equity market.

After several months of trading in a fairly tight range, between US\$900 US\$1000 an ounce, the gold price breached the very significant US\$1000 an ounce psychological level and continued to show strong momentum, almost making a new US\$ all time high in September. The important question to ask is, what is driving the US Dollar gold price at this point in time and is the rally going to prove to be sustainable? There does seem to have been a shift over the past few months in the factors that have been driving the gold price.

Between October 2008 and the beginning of March 2009, the gold price showed strong gains on the back of its safe haven status, as investors sought an alternative 'safer' asset class relative to equities. This saw the gold price break its usually strong negative correlation with the US Dollar, as the US Dollar also perceived as a safe haven asset (relative to riskier emerging market currencies) showed strong relative gains against most currencies.

This safe haven status of gold over history has proven to be a very short lived property as was shown earlier this year. The fact that there is 'relatively little fear' in the market right now should be of little concern to gold bugs. As it has usually been over the longer term, the negative correlation that gold has with the US Dollar is likely to be its main driving force going forward. Gold's other investment property, as an inflation hedge and as hedge against the weakening US Dollar is what will drive a rally going forward. The expectations, particularly in the US, are that the aggressive quantitative easing seen over the

past year will ultimately be very inflationary and this is the bullish consideration that gold investors seem to be pricing in right now.

As the graph below shows, gold's relationship with the US dollar seems to be much more reliable in the longer term than its safe haven status in times of crisis, which is illustrated by its weaker correlation with equities relative to its correlation with the US Dollar over the longer term:

The catch 22 situation for investors hoping to cash in on the rise in the gold price remains that listed South African gold miners benefit little as the US Dollar gold prices rallies. The rally comes at the expense of a weaker US Dollar and a resultantly, relatively stronger South African Rand, which is ultimately not good for local miners.

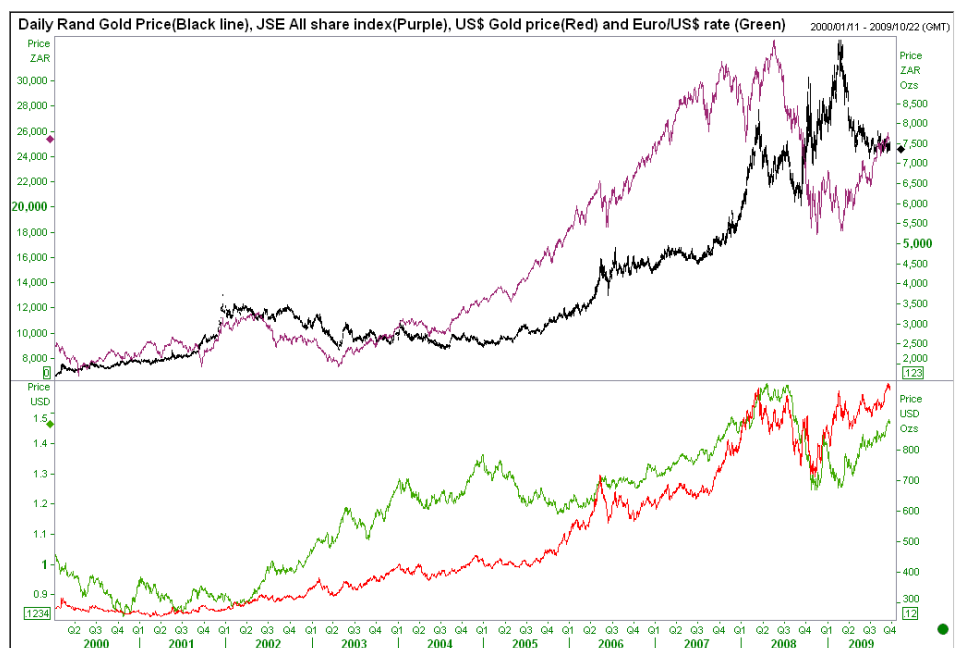
Their costs are in Rand and also, the Rand Gold price is not doing much at this point in time compared to the October 2008 to March 2009 period, where it achieved record highs as the rise in the gold price was accompanied by a relatively weaker Rand. Also, local gold production figures recently released do nothing positive for the image of local miners as they showed that gold production in South Africa was down 9.3% year on year. This is particularly

disappointing considering these figures came off last years already low production base that was the victim of Eskom's power supply woes.

The current strength in the Rand on the other hand creates a further set of problems for an economy trying to move out of a recession. Although good for importers and lower inflation, its impact on miners and local manufacturers exporters is the major concern. The SARB was once again threatening to intervene in the currency market to curb the continued relative strength of the Rand, while the IMF mentioned during the month that it thought the Rand was looking overvalued by between 6% to 16%.

At 7%, the SARB's Repo rate is still attractive for investors that are looking for higher risk and higher yielding investments thus, although rates were unchanged in September, the SARB could still consider cutting rates as one of its weapons against a strong currency. However, with the Repo rate being at a historical low, this seems unlikely and in any case, rate cuts so far this year have done nothing to dampen a strong rand. Rand strength continues to be driven by mainly external factors beyond the SARB's control.

In our August newsletter, it was mentioned that the finance ministry estimated that it could be



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between R50bn to R60bn below its revenue collection target for the current fiscal year. In an update this month, the finance minister said that the tax shortfall will be at least R60bn. It further warned that its previously estimated budget deficit of 3.8% of GDP (a budget deficit of 1.2% of GDP for 2008/09 was reported) will not be met and forecast that the deficit could be as much as 7%. As confirmation that the finance ministry has always tended to be overly optimistic in their forecasting, the SA deputy president said later in the month that the revenue collection shortfall would be around R70bn and the budget deficit, would be 8% of GDP. Needless to say, company tax and Vat receipts have been hard hit by the weak economy and government spending plans continue to remain in danger.

The South African Reserve Bank's latest quarterly bulletin showed that the local current

account deficit narrowed to 3.2% of GDP/ a R73.1bn shortfall (a deficit of 4.8% was expected) in the 2Q09 from 7% of GDP/ a R163.7bn shortfall in the 1st quarter. The narrower deficit highlights some of the lingering weaknesses in the South African economy. A fall in imports, by both volumes and values, drove most of the narrowing in the deficit and is a telling sign of the weak domestic demand conditions. South Africa has a high tendency to rely on imports thus when the economy does start to show more concrete signs of recovery, imports will start to increase once again, renewing pressure on the balance of payments. It is now generally accepted that the South African economy will lag the recovery of most global economies. However, by how long it will lag and to what extent it will rebound remain the lingering important questions especially for investors that want to know if the 2009 bull rally

has solid legs to stand on in 2010.

Below is a list of recommendations for some of the companies that recently released results. A summary of the results of these companies and forecasts can be found of the Thebe Securities website using this link:

<http://www.thebesec.co.za/ThebeSec/Research/reports.aspx>

Company	Recommendation
AVI	Buy
Aspen	Hold +
Comair	Hold
Digicore	Hold +
KAP	Hold
Mvelaphanda Resources	Hold
Sasfin	Hold +
Sasol	Hold
Steinhoff	Buy

## Consensus analysis Looking for value

With the current equity rally having many analysts convinced that a sharp equity correction might be imminent, it is worth reviewing where most analysts still think that value might lie in the equity market. The sustained equity rally continues to prove many bearish analysts wrong but nevertheless, in the event that a sharp pullback does occur, it is worth looking at where relatively strong growth is still expected and thus, in which sectors a potential pullback might still be relatively weak.

A review of the changes in consensus data, six months since the local All Share index bear run bottomed out, shows how views have radically changed over the past few months. An idea of where most analysts expect the best of the anticipated 2010 economic recovery will come from, that is, which sectors and which individual stocks within respective sectors will outperform is thus indicated.

Consensus analysis as mentioned in previous newsletters does have many pitfalls and thus should not be relied on in isolation when making

investment decisions. Nevertheless, these forecasts and keeping track of the changes to these forecasts does offer a very useful insight into what the broader market expectations are for local stocks.

A regularly updated consensus sheet showing all the companies covered by I-Net's consensus forecasts, along with forecast earnings and dividend data and relevant forward Price Earnings multiples and forward Dividend Yields can be found on our website using the following link:

<http://www.thebesec.co.za/ThebeSec/Research/FundamentalIndicator.aspx>

The table below shows, in the top section, all shares that had at least a 5% upgrade to their 2010 earnings forecast since March this year. The bottom section of the table shows the top 24, 2010 earnings downgrades over the same period of time.

The tables below surprisingly show that despite the general improvement in economic expectations since March, the amount of

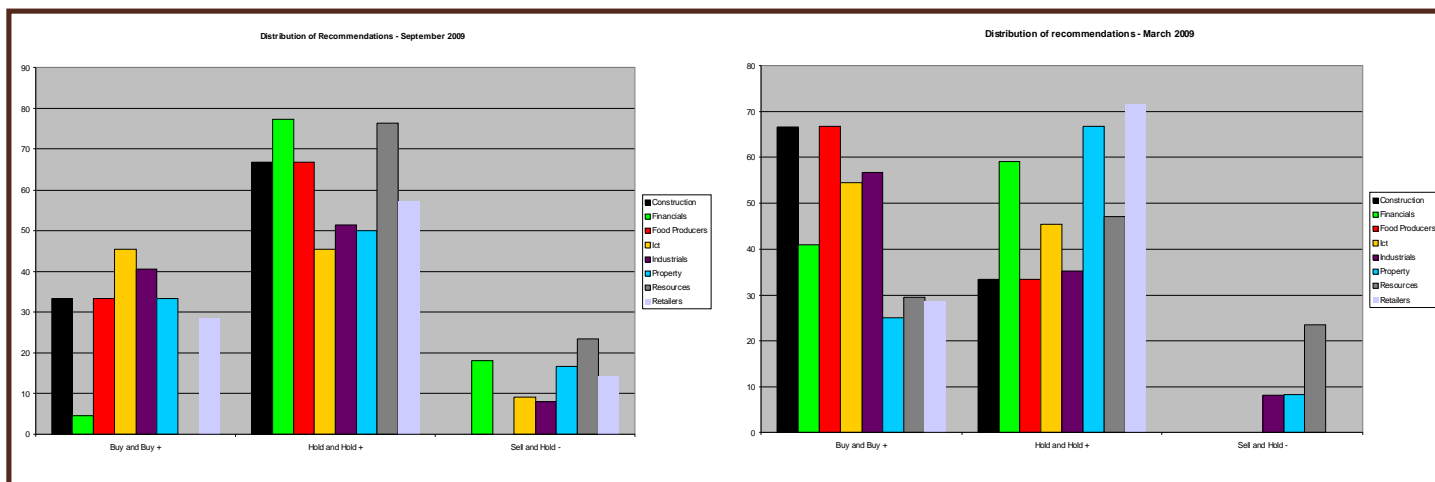
earnings downgrades since March for the 2010 financial year, far exceed the amount of upgrades in earnings forecasts for the 2010 year. Although not shown in the table below, of the 131 companies looked at in the I-Net consensus analysis, there were only 32 earnings upgrades for the 2010 financial year, 1 unchanged forecast and 98, earnings downgrades for 2010. All the companies with buy recommendations as well as companies with upgrades to their consensus recommendations have being highlighted in bold in the table above.

An interesting observation in the table below, particularly for the companies where earnings upgrades were made, is that the forward PE ratios in September, for the 2010 financial year, were actually higher than the forward PE ratios given in March. This reflects the fact that stocks prices have had an exceptionally strong run over this time period. Anglo American for instance, saw its earnings forecast for 2010 revised upwards by 66% but its 2010 forward PE ratio of 13.17 in March, is basically unchanged from its latest forward PE ratio for 2010 of 13.05. This reflects the sharp rise in the company's share price by 64% since March. Thus, the bottom line for companies that had an earnings upgrade between these two time periods is that the rise in their share prices seems to have fully price in any potential benefit of an improved earnings outlook.

Looking at the upgrades, platinum stocks in general, have seen positive revisions to their 2010 earnings forecasts. This perhaps highlights the negative overreaction by analysts to the outlook for platinum prices and platinum companies at the height of the global economic crisis a few months ago. An improving global outlook has consequently seen earnings upgrades in a sector that was particularly hard hit by the global recession.

Despite the recent relative strength in the Rand, this earlier overreaction has perhaps saved the Platinum stocks from the same earnings downgrades that have been seen in the gold sector stocks since March. Notably missing from the platinum stock upgrades is **Impala Platinum**, but this is not surprising given the numerous problems faced at Implats in recent months that will see it reporting lower

Company	Last financial year end	March price in cents	Latest price in cents	Upgrades since March											
				Historical PE in March	Historical PE in Sept	March, 2009 EPS forecast	Sept, 2009 EPS forecast	March, 2010 EPS forecast	Sept, 2010 EPS forecast	Consensus in March	Consensus in September	% change in 2009 EPS revision	% change in 2010 EPS revision	2010 Forward PE in March	2010 Forward PE in September
ANGLO	31/12/2008	15075	24810	4.87	12.23	1144.1	1525.8	1144.5	1901.6	Hold	Hold	34.29	166.67	104.07	46.6
ANGLO AMERICAN	28/02/2009	452	1015	-7.97	10.26	-3.4	114.8	114.8	189.9	Buy	Buy	n/a	65.42	3.94	5.34
ASPIRE	30/06/2009	41	88	3.99	7.71	10.4	11.2	19.1	Hold	Buy	n/a	61.61	3.66	4.86	
ASTRAKAP	28/02/2009	129	263	0.98	10.98	47.3	46	67.3	Hold	Sell	n/a	46.30	2.7	3.91	
ASTRAKAP	28/02/2009	720	940	33.8	13.45	34.1	66.5	88.3	Sell	Hold	n/a	146.52	33.52	30.94	41.01
ASTRAKAP	28/02/2009	2750	6050	9.87	16.85	300.6	361.1	450	Hold	Sell	n/a	24.62	7.62	13.44	
COUNTRY BIRD	30/06/2009	210	350	143.84	6.17	26.6	51	63	Hold	Buy	n/a	23.53	4.12	5.56	
NORTHAM PLAT	30/06/2009	2232	3764	4.16	22.35	158.2	115.2	147.7	Hold	Hold	n/a	23.00	19.38	26.56	
DATA PLC	30/09/2008	520	750	10.17	11.29	48.1	56.5	48	57.7	Hold+	Hold	14.87	20.21	10.83	13
ASPEN	30/06/2009	4715	5943	15.31	15.78	336.1	408.7	472	Hold	Hold	n/a	15.49	11.54	12.59	
TONGAAT	31/12/2008	7618	9180	13.75	12.49	588.2	620.5	679.5	748.2	Buy	Buy	5.21	10.11	11.21	12.27
JSE	31/12/2008	3840	6285	9.34	13.54	418	415.6	474.9	519.1	Hold	Buy	-0.58	9.31	8.02	12.13
CORONAT	30/09/2008	440	740	9.05	16.52	46	51	80	65	Hold	Hold	9.80	8.33	7.23	11.38
SANLAM	31/12/2008	1463	2045	11.07	17	188.2	175.8	208.2	225.4	Hold	Hold	-7.05	8.26	7.03	9.07
FOSCHINI	31/03/2009	3615	6370	6.57	11.52	537.4	563.2	595	Hold	Hold+	n/a	5.65	6.24	10.71	
REDFINE	31/08/2008	590	729	31.04	934.62	60.4	60	67	70.7	Hold	Hold+	-0.67	5.52	8.81	10.31
Downgrades since March															
BELL EQUIPMENT	31/12/2008	755	1175	1.61	-11.75	388.2	-265.9	338.9	-34.4	Hold	Sell	-45.99	-110.15	2.23	-34.16
SAPPI	30/09/2008	1410	2741	2.22	3.08	342	-252.9	344.7	31	Hold	Sell	-35.23	-91.01	4.09	88.42
TELKOM	31/03/2009	9595	4505	5.84	8.22	1493	1620.4	539	539	Buy	Hold	n/a	66.74	5.92	8.36
MONDRIJN	31/12/2008	2468	3990	10.24	133.5	295.6	151	393.4	471.8	Hold+	Hold	-96.42	-56.33	6.28	23.22
HOSKING	31/03/2009	3690	6850	7.94	24.38	603.9	857.2	378.9	600	Buy	Buy	n/a	-56.80	4.2	15.97
LIAD	31/12/2008	830	750	3.6	6.15	169.1	78.4	195	88.2	Buy	Sell	-115.69	-54.77	3.23	8.5
DRD GOLD	30/06/2009	940	597	-14.85	17.66	73.8	100	47.7	Hold	Sell	n/a	-52.30	9.4	12.52	
HARMONY	30/06/2009	11342	8455	-38.19	32.39	517.3	738	378.3	Hold	Hold+	n/a	-48.74	15.37	22.38	
ARM	30/06/2009	10900	16000	4.25	14.83	1650	1319	738	Buy	Hold	n/a	-44.05	8.26	21.68	
BRAIT	31/03/2009	1055	1820	5.86	11.62	165.6	238.5	200.9	314	Hold+	Hold	n/a	-42.98	4.42	13.38
MUSTEK	30/06/2009	181	250	2.44	5.14	92	105.4	60.7	Buy	Buy	n/a	-42.41	1.72	4.12	
BARWORLD	30/09/2008	2625	4791	4.33	12.39	666	409.5	788	472.9	Hold+	Hold+	-62.64	-39.99	3.33	10.13
BUSINESS CON	31/05/2009	3113	470	7.95	17.74	54.8	89	42.1	Hold+	Hold+	n/a	-38.99	4.54	11.16	
LIBINT	31/12/2008	4397	6850	10.11	-7.42	490.7	251	421.2	262.6	Hold	Hold	-59.64	-37.65	10.42	26.09
AQUARIUS	30/06/2009	2201	3780	13.72	-31.47	84.1	204.9	153	Hold	Hold+	n/a	-39.09	10.74	26.42	
SASOL	30/06/2009	25061	29830	6.5	11.81	3847.1	4279.5	2785.2	528	Buy	Hold	n/a	-34.92	5.86	10.72
HLAMIN	31/12/2008	1050	1390	8.54	26.73	112.6	44	133.1	87.2	Buy	Hold	-155.91	-34.49	7.89	15.94
GFIELD	30/06/2009	11304	10499	30.06	24.36	619.1	437.3	1190.2	800	Hold+	Buy+	-41.57	-32.78	9.5	13.12
INVICTA	31/03/2009	1825	2200	4.72	5.07	429	460	324	Hold	Buy	n/a	-29.57	3.97	6.79	
INVESTEC LTD	31/03/2009	2920	5684	4.22	9.93	722.2	705	518	Hold+	Hold	n/a	-26.52	4.14	10.97	
MUTUAL & FED	31/12/2008	1310	1751	-31.95	-36.48	234.4	147.8	269.9	200.9	Buy	Hold	-58.59	-25.57	4.83	8.72
CAXTON	30/06/2009	1020	1160	8.13	11.31	121.7	132.7	99.6	Hold	Sell	n/a	-24.94	7.69	11.65	
UCS	30/09/2008	132	165	4.29	7.14	30.6	20	34.3	25.9	Buy	Hold	-53.00	-24.49	3.85	6.37
FIRSTRAND	30/06/2009	1085	1652	5.78	12.41	166.1	126.8	192.3	148.9	Buy	Hold	-30.99	-22.77	5.63	11.09



production figures in the year ahead. Nevertheless, Impala Platinum, despite the factors that will hit its 2010 production figures remains our favored platinum sector investment. A continued recovery of the global economy and a bottoming out of the sharp decline in global automotive sales should continue to support platinum prices going forward.

The two smaller chicken companies, **Sovereign Foods** and **Country Bird Holdings (CBH)** have had their 2010 earnings forecasts revised higher. The upward revisions have been more so for the smaller companies than the larger ones (Rainbow and Astral forecasts have been revised slightly lower) because of the prospect of earnings enhancing consolidations taking place amongst the smaller producers. CBH recently increased its stake in rival Sovereign up to almost 23%, in an attempt to fight off a reverse takeover bid by Afgri. The prospects have also improved due to improved volume throughputs for these producers and generally high poultry prices in the industry. Sovereign in September also released a trading update and said that it expected its 2010 interim HEPS to be 160 180% higher than the prior six months to August 2008, justifying to some extent the earning upgrades.

Of the 18 stocks above, which had more than a 5% upgrade to their 2010 earnings forecast, only four had an upgrade to their consensus recommendations. These were **Gijima** (Upgrade from Hold+ to Buy), **Lonmin** (Sell to Hold), **Country Bird Holdings** (Hold to Buy) and **JSE Ltd** (Hold to Buy).

The sharp increase in forward PE multiples between the two periods for the stocks that were downgraded, highlights the indiscriminate rally, that the stock market has had over the past few months. In summary it shows that investors ignored gloomier earnings outlooks in several sectors and haphazardly bought stocks which had relatively weaker recovery prospects.

An exception to the indiscriminate rally observation is the Gold sector, where gold stock prices are actually lower than in March, in line with earnings downgrades for the gold sector stocks, **Harmony**, **Goldfields** and **DRD Gold**

(AngloGold is not in the table but its 2010 earnings forecasts were revised downward by 17% over this time period). The strong rise in the Rand in recent months is something that will undoubtedly have strongly contributed to the more negative earnings expectations.

Another sector that has also seen relatively large downgrades for the 2010 year is the Paper and Packaging industry. Analysts seem unconvinced that **Mondi** and **Sappi** have overcome the problematic areas in their industry such as soft demand, low prices and overcapacity and the industry still continues to incur sharp restructuring costs and engage in lay-offs in an attempt to deal with weak earnings.

Although most of the banking stocks do not appear on the downward earnings revision table (with the exception of FirstRand and Investec) most of the banking stocks have seen downward revisions to their 2010 forecasts since March, indicating that analysts generally feel that the recovery in the financial stocks will not be as strong and quick as initially anticipated. Although there does seem to be a visible moderation in retail impairments of the banks, corporate impairments are starting to pick up thus raising the lack of enthusiasm on the shorter term prospects for most banks.

As has been included before in previous newsletters, the current recommendations, as well as an analysis of the change in recommendations across different sectors is given below. The graphs above show how recommendations have changed since March across various sectors:

Please note that the industrial sector included in the graphs is made up of shares that make up the South African All Industrial index, but excludes any shares that are classified in any of the comparative sectors shown in the graph.

The strong movements in prices across the board since March this year, which have not been accompanied by a proportionate increase in the outlook for earnings growth has seen most sectors experience recommendation downgrades since March. The proportion of Buy and Buy+ recommendations relative to

more negative recommendations has fallen across almost all sectors except for retailers and property stocks, where very slight increases in the proportion of Buy and Buy + recommendations since March was seen.

In March, there were no stocks from the Financial, ICT and Retail sectors that had Sell and Hold ratings. The strong rally since March has seen a downgrade in recommendations for all these three sectors. Financials had perhaps the most bearish of the downgrades, given that their 2010 prospects, as mentioned earlier, have not improved to the same extent as their share prices have run up over the same period.

Construction and Resources stocks although looking less bullish than they did in March generally had less of a deterioration in sentiment over this period. There is a strong bullish sentiment that still tends to lie with the smaller construction stocks, with **Stefanutti Stocks**, **Basil Read Holdings** and **Esor** maintaining the Buy + ratings that they had in March. The strong sentiment with these smaller construction stocks relative to the larger counters lies with the fact that they are more geared to the defensive local South African infrastructure spending program than the larger companies that are more diversified outside of South Africa.

The only sector that actually saw an upgrade in recommendations, with a larger proportion of stocks being included in the Buy and Buy + segment was the listed Property sector.

In summary, it can be concluded that consensus analysis does tend to indicate that most stocks and sectors seem to be looking overvalued right now, particularly when compared to the March period. In order to determine whether there is still short to medium term value in the market right now, it is important to ask, will a continued improvement in the economic environment continue to support upward revisions to earnings forecasts going forward? At present, it does seem that a significant improvement in the economic environment and a resultant upgrade in earnings expected going forward, will have to take place to justify the 2009 rally.

## Review of AVI's 2009 final results

One company that recently released results and is worth a mention is AVI. AVI has strong defensive characteristics and this showed

in the recent results it released. Its strong set of results and its very established brands make it a worthwhile long term investment and shows

why, up until recently, Tiger Brands expressed such a strong interest in buying the group. The Tiger Brands bid was met with strong opposition

from AVI's management. Nevertheless, AVI still seems open to the possibility of other companies talking to it about take over proposals. Tiger Brand's bid a few months ago, valued the group at around 2400c per share, giving it a total value of around R8.1bn. It is now trading at 1900c per share and it has a market cap of R6.8bn, which is 26% below the value Tiger Brands placed on it.

Despite the pressure on consumer disposable incomes and the high costs of raw materials that the group said summarized a difficult 2009 operating environment, decent earnings growth was achieved by the group. The recent 2009 full year results showed that revenue from the groups continuing operations increased by 12% to R7.5bn while operating profit from the groups continuing operations grew 14% to R908m. Headline earnings per share (HEPS) increased by 10% to 175cps. This gives the group a historical PE multiple of 10.85 and a dividend yield of 4.5%, based on a price of 1900c per share.

The groups consolidated gross profit margin actually declined from 41.3% in 2008 to 39.9% for 2009 and this was attributed to cost pressures that the group said were only partially offset by selling price increases. Prices for large quantities of raw materials consumed during the year had been secured before the spot prices for some commodities dropped sharply and this resulted in prolonged pressures on margins in a number of the groups key categories. However, the weaker gross margins did not translate into weaker operating margins, which actually increased marginally (From 11.99% to 12.17%) as overall selling prices increased and administration costs were well contained below inflation.

There was strong growth in the cash generated by operations to R1,1bn (R668.1m in 2008), with the strong improvement in cash generation

being attributed to a "reduction in working capital which the group says largely reflects an early build up of stock levels reported at the end of June 2008". The strong improvement in cash flow saw the groups net debt levels show a notable decline to R548m from R724m at the end of June 2008. The groups net debt to equity ratio is at a manageable 20%. A welcomed differentiating factor for AVI compared to most other companies in the current economic environment was that its total dividend actually increased by 10% to 88cps for the full 2009 year.

Not surprisingly, the groups segmental report shows that its defensive Food and Beverages brands segment performed much better than the Fashion brands segment (which in its own right showed a decent performance against the backdrop of the difficult 2009 environment that it operated in).

Overall, the operating margin in the Food and Beverages Brands division showed a marginal improvement on the 2008 year's operating margin and being the biggest segment, pulled the overall group operating margin up. The Chilled and Frozen convenience brands (I&J and Denny Brands) showed the best performance in this segment, helped by improved catch rates and higher export prices for its I&J business (which excluded the groups Argentinean Alpesca business which was accounted for as a discontinued operation). The Entyce division (Tea, Coffee brands) showed good growth as well, achieving margin growth on the back of input driven price increases and strong cost controls. The groups Snackworks division (Bakers, Pyotts and Willards brands) had strong growth but despite an increase in selling prices, higher input costs were not fully recovered thus explaining weaker operating margins.

Under the Fashion Brands segment, personal care performed well, supported by strong body

spray volumes and strong performances in the group's fragrance and make up categories. Going forward, the impact of the stronger Rand on imports should help margins improve in this division. The semi durable Footwear and Apparel division, although it had revenue growth, saw operating margins fall on the back of lower consumer spending that resulted in lower profit margins in Spitz and operating losses reported in Gant and Nina Roche.

The group continues to deliver strong earnings growth in a difficult environment and has a strong balance sheet. The Food and Beverage brands should continue to show their strong defensive characteristics, while the Fashion brands segment should start to see the positive effects of an improvement in consumer spending on the back of lower interest rate and a generally more positive local economic outlook. Although the current strength of the rand will negatively effect the profitability of some of the groups divisions such as I&J, which is geared to export volumes and international price, the current strength of the rand will also be beneficial to some of the groups other divisions, mentioned further above.

This highlights the strengths in the groups 'diversified market-leading brand portfolio'. The group says that in the year ahead, its next set of results should show the benefits of lower commodity costs, the group's ongoing focus on yields and cost savings. 2010 HEPS are forecast to grow by 17% on the 2009 HEPS figure to 198c and dividends per share are expected to be around 101c. A more detailed breakdown of forecasts and the groups segmental performance is available in the reports section on the Thebe Securities website. On a price of 1900c, this equates to a forward PE multiple of 9.6 and a forward dividend yield of 5.3%. AVI remains a good long term buy.

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Brill Securities was founded in 1987 as a full service brokerage firm with the mission to provide clients with the best strategic investments based on timely research and industry expertise. Brill is a registered broker-dealer with the SEC and all our accounts are cleared through J.P. Morgan Clearing Corp., an

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Brill brokers work one-on-one with their clients to provide dedicated and personalized attention and to maintain consistent awareness of their clients' financial goals. Clients will get daily research reports on the global markets as well as individual companies. Clients will also have access to JAGNOTES, which are the comments and recommendations from major US brokerage houses.

Trades can be done over the telephone and the

client will have direct access to a broker in the NY office. All trade confirmations and monthly statements are sent directly from J.P. Morgan Clearing Corporation.

The office in South Africa is set up to assist local clients with the opening of the accounts, as well as all other administrative queries and instructions. Brill also has daily recommendations and reports available on individual companies.

For any further questions or assistance, contact any of the Thebe Securities brokers.

## Request for updated e-mail addresses

**D**ue to the post office strike last month, several clients either, did not receive newsletters in the post or received newsletters late. The strike has ended and hopefully, the situation should be back to normal this month. In any case, if you have not already done so, please provide us with your latest e-mail address if you have one. Therefore, in the event that you do not receive a newsletter in the post in the future, you will still be able to get it electronically and by providing us with an e-mail address, you will also be able to make use of our upcoming electronic corporate action system.

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