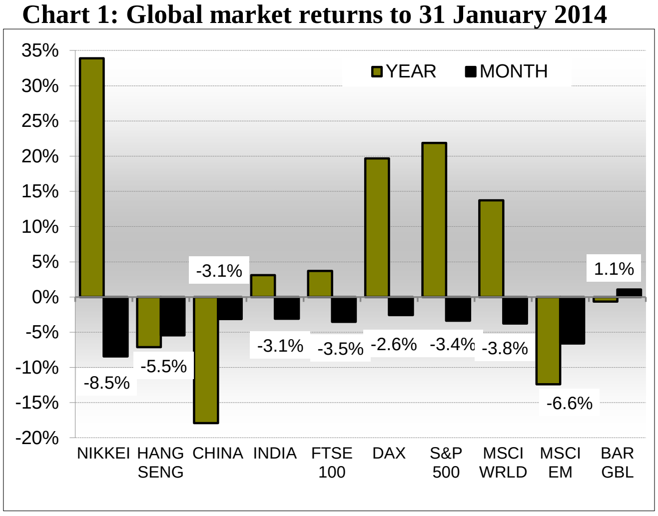
MAESTRO
INTERMEZZO
Investment Letter | 14th Edition | February 2014

January in perspective – global markets

After the enjoyable and lucrative returns registered by most global equity markets last year, January's returns would come as a bit of a nasty shock. The first half of the month seemed to pass without any particular influence and without any direction either, but global investors kicked into gear in the second half of the month. The great divide between emerging and developed markets formed the epicentre of attention throughout this period. Investors fretted about the lack of clear policy direction in emerging markets, particularly in the countries whose trade balances have in recent years been financed by foreign portfolio flows and were thus vulnerable to a reverse in these flows – we have already drawn your attention to these countries, which are being referred to as the *Fragile Five* (Brazil, India, Indonesia, South Africa and Turkey). Some weak economic data emanating out of China, in particular, didn't help matters either. The currencies of the Fragile Five were particularly weak, leading to a huge hike in Turkish interest rates (see below) and smaller hikes in India and South Africa. The Russian rouble declined 6.7% against the dollar during January, the rand fell 6.2%, the Turkish lira 5.0% and the Brazilian real 2.6%. The Australian dollar also came under pressure, falling 2.5% against the US dollar.

Chart 1: Global market returns to 31 January 2014



The currency weakness extended to emerging equity markets, where the MSCI Emerging market index fell 6.6% on the month, a lot more than the MSCI World index, which itself was weak, falling 3.8%. The former index is now down 12.4% in the past year while the latter index has risen 13.7%. The Japanese market was very weak, falling 8.5%. Brazil fell 7.5%, Hong Kong 5.5% and China 3.0%. The US equity market declined 3.4%, with the US mid and small cap indices registering declines of 2.2% and 3.9% respectively.

The dollar was strong throughout the month, as investors found safety in the greenback and developed market bonds (despite their low yields). The dollar rose 2.2% against the euro and 0.8% against sterling while the Barcap aggregate global bond index rose 1.1%. Gold posted a surprising rise of 4.1% (it lost the same percentage in December) but was the only commodity to post a gain. Declines amongst most commodity prices were noticeable, including declines of 4.0% in the price of oil, 4.2% in copper, 5.2% in coal and 8.6% in iron ore. All in all, January will go down in history as a very poor start to 2014.

What's on our radar screen?

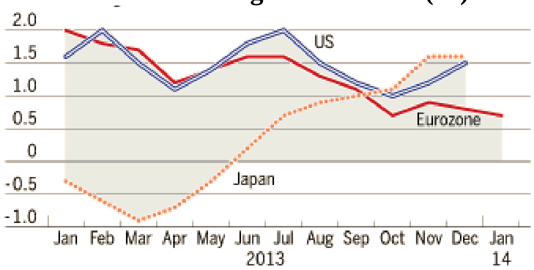
Here are a couple of items we are keeping a close eye on:

- *The SA economy:* The annual rate of inflation rose to 5.4% in December from November's 5.3%, driven by an increase in housing, fuel and transport costs. Core inflation remained steady at 5.3%. The annual increase in food prices declined marginally to 3.5%. Towards the end of January significant volatility returned to emerging market currencies in particular, prompting the SA Reserve Bank (SARB) to hike interest rates by 0.5% in the face of increases in Argentina, India and Turkey. The prime overdraft rate consequently rose to 9.0%. The SARB noted current market developments and the pressure it faced as a result of the volatility. More ominously, it increased its inflation forecast for 2014 quite significantly, from 5.7% to 6.3%, mainly on account of the weaker currency. It now sees inflation increasing to 6.6% in the last quarter of 2014 i.e. above the upper end of its target range of 6.0%, before easing again to 5.9% at the end of 2015. It also increased its 2014 forecast for core inflation from 5.6% to 5.8%, indicating that it now expects greater second round effects from the weaker currency on food and fuel prices for example. There was good news on the current account deficit though, with the decline in imports more than offsetting a decline in exports (despite the weak currency). Deutsche Bank now expects the current account deficit to narrow to 4.9% in the last quarter of 2013 (Q4), which would be a significant improvement on Q3's 6.8%.
- *The US economy*: Job creation in the US during December disappointed, with the lower than expected number of jobs being ascribed, at least partly, to poor weather conditions. The unemployment rate declined to 6.7%, although the labour force participation rate (LFPR) declined as well (347 000 people fell out of the labour force) to 62.8%, the lowest since the late 1970s i.e. more and more people are dropping out of the US labour pool (force). Growth during the December

quarter nevertheless still impressed, coming in at 3.2%. Q4 consumption grew at an annualized pace of 3.3%.

- *Developed market economies*: The **UK economy** recorded a growth rate of 0.7% during the December quarter (Q4), down from 0.8% in Q3. Despite the decrease and the low absolute level, 2013's growth was the strongest since 2007. The services sector accounts for 78% of the UK economy; it grew 0.8%, thereby accounting for the bulk of Q4growth. Turning to inflation, the prospect of very low inflation or even deflation is rising across many developed markets, other than in Japan, where deflation has been a reality for many years already. By way of example the annual **eurozone** inflation rate in January was only 0.7% (0.8% in December). The European Central Bank (ECB's) inflation target is around 2.0%. We know that the US Fed is also watching this important economic barometer and we would do well to monitor it closely. The last thing the developed world needs now is slow economic growth and deflation.

Chart 2: Annual changes in inflation (%)



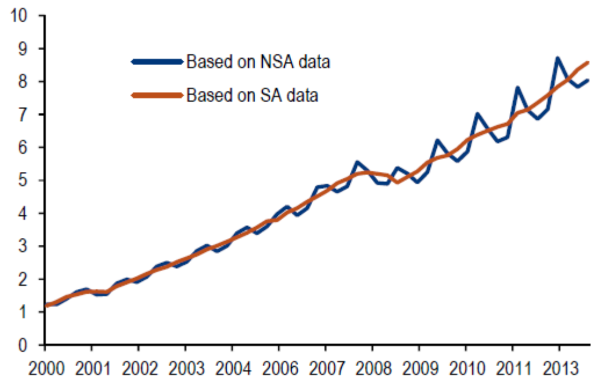
Source: FT.com

- *Emerging market economies:* **Chinese** December inflation came in at 2.5%, below November's 3.0%, largely due to a favourable base effect. 2013 Q4 economic growth in China was 7.7% on an annualised basis, marginally better than expected but below the 7.8% growth experienced in Q3. In an effort to stem currency weakness in the midst of another onslaught on emerging markets currencies, the Reserve Bank of **India** (RBI) increased their repo (interest rate) from 7.25% to 8.0%. Amidst concern about rising inflation and slowing growth, the RBI's rate hike is the third in the past six months. In their response to the emerging market currency crisis **Turkey's** central bank more than doubled its repo rate from 4.5% to 10.0%, effectively raising the top interest rate from 7.75% to 12.0%. Some 80% of Turkey's 6.0% current account deficit is financed by short-term portfolio flows, rendering it very vulnerable to further currency weakness. The Turkish lira has declined 22.2% against the dollar in the past year.

Global charts of the month

Now that the Silly Season is well and truly behind us, it might for interest sake be worthwhile spending a bit of time on some tech issues. I came across the following chart the other day, which depicts the increasing importance of e-commerce as far as US retail sales are concerned. By the end of 2013 around 9% of all retail sales in the US were conducted online in one way or another. That compares to just more than 1% in 2001. You might be interested to know that Google has for some time now constituted one of the largest direct equity holdings in our offshore unit trust, [Central Park Global Balanced Fund](), as has Apple.

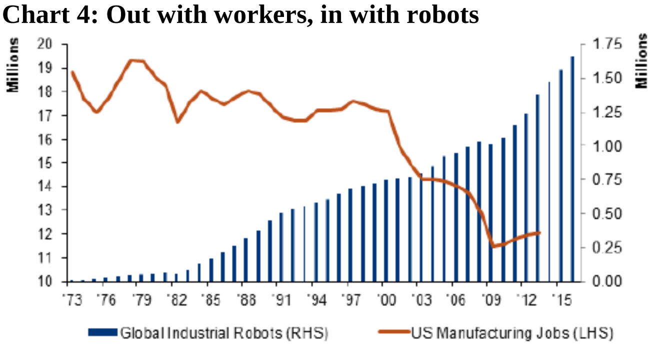
Chart 3: E-commerce share of US retail sales (%)



Source: Merrill Lynch

On a slightly different but no less interesting note Chart 4 depicts the decline in the number of manufacturing jobs in the US against the rising number of robots used in manufacturing. I suspect a chart like this should get the trade unions going like no other chart will!

Chart 4: Out with workers, in with robots



Source: Merrill Lynch

Annual total returns of US assets

It is hard to deny that our global markets are still heavily influenced by the Great Financial Crisis of 2007/9 and the policies that have been implemented as a consequence of that crisis. There are some who would argue against this point but there is a view, to some extent shared by Maestro, that the world has begun to emerge from this "abnormal" period. However, we would also be the first to admit that another crisis, perhaps an even greater one, lies ahead of investors in ten or more years' time (we can chat about that statement over the proverbial camp fire when we meet face to face some time ☺). Whether we are right in this regard is irrelevant right now because it is simply too far away to give it any serious time and attention. More to the point though, if we are indeed emerging from an "abnormal period" in the global economy (think only of the long period of zero interest rates and the trillions of dollars thrown at the markets via QE) then we would do well to remind ourselves of what "normal" looks like i.e. what should we expect or think of when we talk about a "normal" investment environment or "normal" investment returns?

Merrill Lynch touched on this point in a recent research article and I thought it worthwhile to list the average returns from US assets as a base for trying to establish what "normal" really means, at least in the developed world.

Table 1: Annual US asset class returns to December 2013

Asset class	2013	Last 5 years	Last 10 years	1926 - 2012
Large caps	32.4	18.4	9.2	11.8
Small caps	41.3	22.1	12.5	16.5
Corporate bonds	-6.9	7.5	6.3	6.4
Government bonds	-13.3	2.8	7.1	6.1
Treasury bills	0.1	0.1	1.7	3.6
Inflation	1.5	2.1	2.4	3.1

Source: Merrill Lynch

Two observations are immediately evident: *firstly*, equity investors have had a remarkably profitable time in this "abnormal" period; returns are unlikely to remain so good. *Secondly*, equities should remain the asset class of choice for long-term investors. These are two important fundamental takeaways for all investors and we ignore them at our peril. I would also point out while we are on this topic and have the data to consider it, that large caps are not typically the best sector on the market. This provides credence for Maestro's long-held view that we should spend more time outside the large cap sector looking for better investment opportunities. Speaking of "normal", refer to the first paragraph of the next section, wherein we quote Deutsche Bank's Jim Reid on the current environment.

A few quotes to chew on

The global beast the Fed has created

Deutsche Bank's Jim Reid writes a daily column that is widely read and enjoyed around the world. He recently returned from a three-week marketing trip to Asia and Australia and I thought his comments following his return to London where prescient, particularly in the light of the section above, where I drew your attention to the relatively abnormality of the world we are living in. On 3 February, he wrote "Right on my way back from three weeks away, the last couple spent travelling through Asia and Australia in seemingly non-stop meetings. I first travelled to Australia in 1998 when most of the tourists I saw were British, European or Americans. It's a measure of how the world has changed in such a relatively short space of time that in my down time exploring, most of the tourists were from Asia with many from China. I suppose this reflects the changing world order from the last time EM had a global crisis. So we think whatever happens in EM this year will have consequences for the global economy, global markets and global central banks. It'll be difficult to de-couple. Indeed, emerging markets are expected to account for 85% of all global GDP growth seen in 2013, up from an average of just 37% in the years leading up to the 1997-1998 emerging market crises according to IMF data.

From all the stories that broke while I was away the most fascinating surely revolves around the Chinese Trust product that in the end wasn't allowed to be at the mercy of market forces. For me it's a microcosm of the fragility still present in global financial markets that a $9.0 trillion dollar economy - that will be the biggest in the world within the time frame of most of our careers - struggles to allow a $500 million investment product to default without there being market fears of it igniting panic in financial markets. This has now been a theme for the best part of 10-15 years in global financial markets particularly in the developed world but more recently the EM world since the GFC. We've created a global debt monster that's now so big and so crucial to the workings of the financial system and economy that defaults have been increasingly minimised by *uber* aggressive policy responses. It's arguably too late to change course now without huge consequences. This cycle perhaps started with very easy policy after the 97/98 EM crises thus kick starting the exponential rise in leverage across the globe. Since then we saw big corporates saved in the early 00s, financials towards the end of the decade and most recently Sovereigns bailed out. It's been many, many years since free markets decided the fate of debt markets and bail-outs have generally had to get bigger and bigger.

This sounds negative but the reality is that for us it means that central banks have little option but to keep high levels of support for markets for as far as the eye can see and defaults will stay artificially low. As such we remain bullish for 2014. However it's largely because we think the authorities are trapped for now rather than because the global financial system is healing rapidly. So as well as EM being very important for 2014, we continue to think the Fed taper pace is also very important. If the US economy was the

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only one in the world then maybe they could slowly taper without major consequences. However the world is fixated with US monetary policy and huge flows have traded off the back of QE and ZIRP so it does matter. We have suspicions that the Fed may have to be appreciative of the global beast they've helped create as the year progresses".

The price of "failure to inform"
Notorious Ponzi scheme architect *Bernie Madoff*, currently serving a 150-year jail sentence, said the following a while back during an interview from his jail cell: "JP Morgan doesn't have a chance in hell of not coming up with a big settlement". He was right. JP Morgan have agreed to $2.6bn to head off criminal prosecutions and private litigation over its regulatory failures more than a decade ago surrounding Madoff's scheme.

For the record
Table 2 below lists the latest returns of the mutual and retirement funds under Maestro's care. You can find more detail on our website at www.maestroinvestment.co.za. Returns include income and are presented *after* fees have been charged. Fund Summaries for each respective fund listed in the table are available on our website.

Table 2: The returns of funds under Maestro's care

	Period ended	Month	Year to date	Year
Maestro Equity Prescient Fund	**Jan**	**-4.7%**	**-4.7%**	**16.8%**
JSE All Share Index	*Jan*	*-2.4%*	*-2.4%*	*14.9%*
Retirement Funds				
Maestro Growth Fund	**Jan**	**-2.9%**	**-2.9%**	**13.4%**
Fund Benchmark	*Jan*	*-1.5%*	*-1.5%*	*12.2%*
Maestro Balanced Fund	**Jan**	**-2.5%**	**-2.5%**	**12.0%**
Fund Benchmark	*Jan*	*-1.2%*	*-1.2%*	*11.3%*
Maestro Cautious Fund	**Jan**	**-2.3%**	**-2.3%**	**9.4%**
Fund Benchmark	*Jan*	*-1.5%*	*-1.5%*	*5.9%*
Central Park Global Balanced Fund ($)	**Dec**	**1.6%**	**-1.0%**	**-1.0%**
*Benchmark**	*Dec*	*0.9%*	*10.6%*	*10.6%*
*Sector average ***	*Dec*	*0.5%*	*7.8%*	*7.8%*

* 40% MSCI World Index, 20% each in Barclays US Aggregate Bond Index, Credit Suisse Tremont Hedge Index and 3-month US Treasury Bills
** Lipper Global Mixed Asset Balanced sector ($)

As is our habit, we list below the returns Maestro generated for our clients on the equity component of their portfolios for the periods to end-December 2013. Just to remind you, these returns represent the actual average returns across all the discretionary equity portfolios under our management. There is very little dispersion around this average, which renders these returns reliable indicators of our clients' experience. Chart 5 depicts the same return data, just in graphic format.

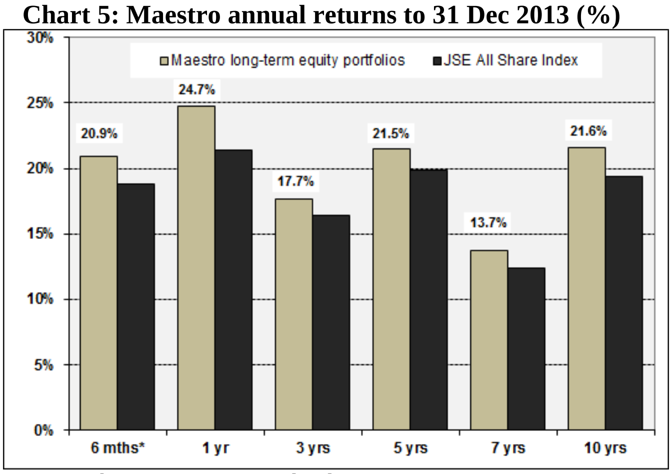
Table 3: Maestro annual returns to 31 Dec 2013 (%)

SA equity returns	6m *	1 yr	3 yrs	5 yrs	7 yrs	10 yrs
Maestro long-term equity portfolios	*20.9*	*24.7*	*17.7*	*21.5*	*13.7*	*21.6*
JSE All Share Index	18.8	21.4	16.4	19.9	12.4	19.4

* 6-month returns are un-annualized

We commented on the reasons for our outperformance in the regular letters sent to clients each month, but in case you are unaware of where the bulk of our outperformance was generated, it came from the fact that our portfolios were underweight the basic material (resource) sector throughout the year (and virtually since inception) and overweight the industrial sector. Bearing in mind that the 2013 return on the basic material sector was -1.8% while the industrial sector delivered 35.0%, it is not hard to appreciate why our portfolios did so much better than the All share index. We also humbly point out that this resulted in less risk being taken with our client assets, which means not only did our clients enjoy returns in excess of those of the market, but they also did so having endured *far less risk* than that which was embedded in the market. Many of you who watch the local equity market closely would be familiar with the enormous volatility in gold shares, for example. Of the twelve monthly returns from the gold index during 2013, five of them were double digit returns and they were all negative (two of them exceeded -19.0% for each month). Four of them were positive and the remaining three were negative. *Our clients experienced none of this volatility* because we held no gold shares during the year. Long-suffering holders of gold shares were rewarded for enduring the frightening volatility with the princely return of -54.6%! While the returns from other mining shares were less extreme in their volatility, they were nonetheless volatile; our clients experienced very little of that volatility.

Chart 5: Maestro annual returns to 31 Dec 2013 (%)



* 6-month returns are un-annualized

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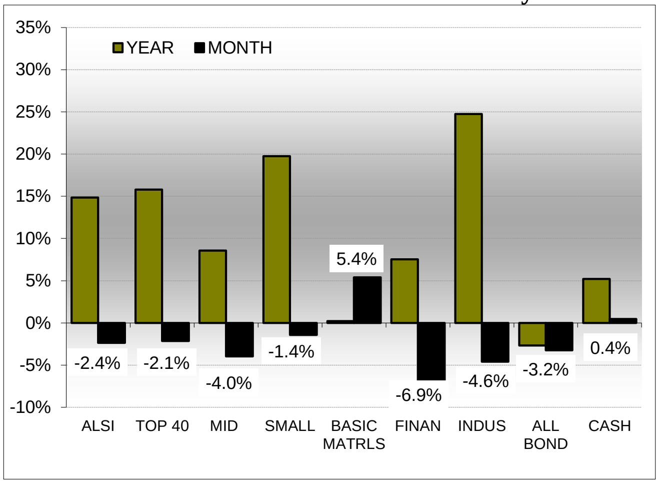
In terms of the companies in which we invested a reasonable portion of our clients' portfolio, we were very disappointed by the returns from African Bank (Abil), which declined 62.6% during the year (although we did sell our holding towards the end of the year). Prescient declined 29.2% on the year (it is a very small holding in portfolios), Kumba declined 22.1%, Tiger Brands 17.9% and Exxaro 13.3%. On a more positive note, Richemont rose 57.3%, Aspen 59.0%, Steinhoff 64.5%, Grindrod 76.9%, OneLogix 79.0%, Coronation 101.6%, Naspers 101.8% and EOH 112.7%. These shares drove the bulk of our outperformance and contributed to another successful year of equity investment for our clients.

January in perspective – local investment markets
Well, if we wanted to know what the answer was to the question "how will the tapering of the Fed's quantitative easing (QE) affect South Africa?" January gave us the answer. The SA financial and industrial sectors of the JSE declined 6.9% and 4.6% respectively, the rand tumbled 6.2% and the SA Reserve Bank raised interest rates by 0.5%. Eina! Not quite what most investors, including ourselves, were expecting. Of course there were a host of other factors brought to bear on the market movements, not least of which was the stress in other emerging equity and currency markets and the pervasive sense that emerging market policy makers were all at sea. Add to that South Africa's unique ability to shoot itself in the foot (think of government's ongoing lack of credibility, labour disputes, strikes, service delivery protests, political scandals and the like) and the result is one of uncertainty and nervousness. I specifically omitted the returns from the gold and basic material sector in my comment above, because to a large extent they were "saved" by the weak currency and rising gold price. The basic material sector rose 5.4% and the gold sector a remarkable 27.6%. However, before we get too excited, let's remind ourselves that the annual i.e. twelve-month returns for these two sectors are 0.2% and -38.9% respectively. Compare that to the 7.5% and 24.8% return of the financial and industrial sectors respectively and January's market movements are placed in perspective. Not surprisingly, given the unexpected interest rate hike, retailers bore the brunt of the selling in January; the sector declined 11.7% partly due to fears about the consumer's financial well-being and partly due to the disappointing trading statements issued by the retailers following their Christmas period. They comprise a large component of the mid cap index, which goes some way to explaining why the latter declined 4.0% in January. In contrast the small cap index survived the turmoil rather well, declining only 1.4%; its annual gain to end-January is still an impressive 19.7%. The worst performing sector in January was healthcare equipment and services, which declined 11.8%; general retailers fell 11.7% and food retailers 11.5%. The best performing sector was the gold sector which rose 27.5%; the automobiles and parts sectors rose 9.2% and 8.0% respectively.

Note that the combination of a weak market and rand saw the All share index decline 8.5% in dollar terms although the MSCI SA index declined 10.2% (refer to Table 5 at the end of this report), the reason for the discrepancy being that the MSCI index does not include all the companies in the All share index and it is compiled using different criteria (based largely on the free float i.e. it excludes shares held by major strategic shareholders).

Chart 6: Local market returns to 31 January 2014



File 13. – Things almost worth remembering
Putting things into perspective
If I asked you which had a greater value, the size (market capitalization or market cap) of Starbucks Corporation or the *combined* value of all the shares listed in Turkey, you would say Turkey, not so? And you would be perfectly wrong. How about the larger of Nike or the combined value of all the shares listed in Poland. Poland? Wrong again.

Sometimes it is hard to fully appreciate how large some of the US-listed companies are. In truth, the US domicile is largely irrelevant as most large companies, outside of the consumer sector (like the Targets and Walmarts of the world), see the world as their market and are rightly classified as global companies rather than US ones. Nevertheless, one forgets just how large these companies are, which is why the information in Table 4 is so fascinating. One can simply not absorb the extent of the size of Google for example, or an Exxon Mobil at $392bn.

Table 4: US corporations versus Emerging markets

Country	Free float market cap ($bn)	Company	Free float market cap ($bn)
Brazil	362	Google	382
South Africa	253	General Electric	248
India	227	Wells Fargo	234
Russia	209	Procter & Gamble	205
Mexico	191	IBM	188
Malaysia	139	Facebook	154
Indonesia	87	CVS Pharmacy	79
Poland	61	Nike	62
Turkey	50	Starbucks	51
Egypt	8	Dr Pepper	9

Regulatory extortion

In the past we have often drawn your attention to the rising costs of regulation, specifically in the financial services industry. It is a cost that operators, including Maestro, have had to bear with little or no ability to pass the rapidly rising costs on to our clients. There will surely come a time when not only our industry but other industries, too, will have to start adding on a levy of some sorts to consumers in order to recoup rocketing regulatory costs, experienced in terms of time and money and which are totally beyond our control.

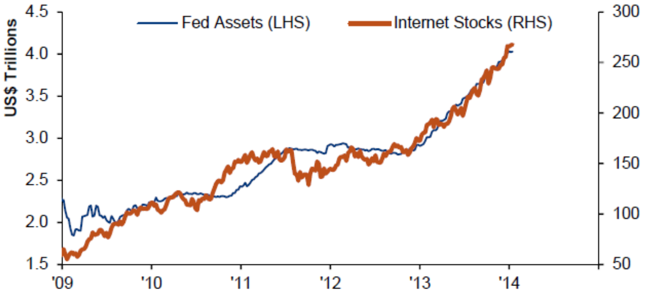
In order to put this into some context it is worth highlighting just how large these numbers are becoming in the lives of global financial operators. What is perhaps more frightening is that in many cases companies are settling with regulators not because they think they are guilty but because they do not want to endure any negative publicity. So in many cases, regulatory charges never see the light of day in a court of law because they are settled out of court long before the legal process starts or the company has the opportunity to argue its case. Add to that the fact that over time we simply get used to the large numbers thrown around; what's an odd $2bn or $1bn paid in fines these days? That seems to be the attitude of many global banks; some are even setting aside as provisions in their financial statements billions of dollars ahead of time so that if and when the regulatory allegations arrive, the settlement agreements do not influence their earnings too much. Clearly, this is ridiculous but such is the nature of the world we live in; hence our description of this practice, whereby regulators simply direct allegations at large global players, who then settle as soon as possible, as regulatory extortion. By the way, did I mention that governments around the world are all scrambling for more revenue, from any source possible. Not that the two are related of course (nudge nudge, wink wink).

By way of example, do you know that JP Morgan paid $24.9bn in fines in their last financial year? That is a cool R274bn in one year alone – and Wells Fargo is approaching the $20bn mark. That is the equivalent of half the entire Turkish stock market, or a company somewhere between the sizes of Anglo and Standard Bank. When you consider that that amount is from one company, in one year alone, you begin to grasp the extent of the size of this issue. Watch this space; this issue is going to grow in size for years to come.

Is the Fed fuelling an internet boom?

I question the link between the developed world's central bank quantitative easing i.e. the increase in the size of their balance sheets and the surge in value of internet stocks; I doubt there is any fundamental or causal link between the two although there are likely to be more than a couple of indirect links. Be that as it may, I found the following chart rather interesting; it depicts the extent of the increase in the size of the Fed's balance sheet i.e. their huge injection of "free money" into the global money supply together with the value of internet stocks. Mmm…

Chart 7: Fed assets and US internet stocks



Source: Merrill Lynch

Table 5: MSCI returns to 31 January 2014 (%)

31-Jan-2014	Market	US$ perf (%)	
Region/Country (# Co)	cap (U$m)	2013	Jan-13
North America (706)	18,022,557	27.6	-3.6
Canada (96)	1,253,226	3.3	-4.3
US (610)	16,769,331	29.9	-3.5
Europe (433)	8,506,012	21.7	-3.9
Austria (8)	37,589	10.9	-2.5
Belgium (11)	147,868	24.6	-6.1
Denmark (11)	160,778	23.4	3.3
Finland (13)	110,670	41.6	-7.6
France (72)	1,265,272	23.3	-5.0
Germany (55)	1,193,862	28.2	-5.1
Ireland (5)	39,392	38.9	3.0
Italy (23)	300,723	16.9	0.5
Netherlands (23)	340,409	28.5	-5.8
Norway (10)	100,734	5.3	-6.4
Portugal (5)	22,744	7.5	-2.5
Spain (22)	437,753	27.7	-2.1
Sweden (31)	412,528	21.4	-4.0
Switzerland (38)	1,158,066	23.8	-2.0
UK (106)	2,777,624	16.2	-4.4
Israel (9)	61,305	8.0	4.0
Asia Pac (1006)	6,427,852	9.3	-4.6
Japan (320)	2,668,331	24.9	-3.9
Australia (69)	934,056	-0.3	-5.4
New Zealand (5)	15,530	6.2	1.6
Asia Pac ex-Japan (686)	3,759,521	0.5	-5.2
Asia ex-Japan (612)	2,809,936	0.7	-5.1
China (138)	702,414	0.4	-6.7
Hong Kong (40)	355,649	8.1	-5.6
India (71)	226,935	-5.3	-4.0
Indonesia (30)	86,723	-25.0	4.3
Korea (105)	575,761	3.1	-6.0
Malaysia (43)	139,127	4.2	-5.6
Philippines (19)	33,017	-4.3	0.2
Singapore (30)	181,806	-1.8	-6.6
Taiwan (107)	428,594	6.6	-3.3
Thailand (29)	79,910	-16.9	-2.1
EMEA (139)	616,041	-8.0	-9.4
Czech Republic (3)	8,987	-14.9	-2.9
Egypt (4)	7,874	6.2	6.0
Greece (10)	17,881	46.2	-0.2
Hungary (3)	9,231	-9.0	-4.4
Poland (22)	60,718	-1.7	-5.8
Russia (22)	208,508	-2.6	-10.1
South Africa (50)	253,171	-8.8	-10.2
Turkey (25)	49,671	-28.1	-13.3
Latin America (143)	656,707	-15.7	-9.6
Brazil (75)	361,638	-18.7	-10.8
Chile (21)	53,300	-23.0	-12.6
Colombia (15)	34,445	-23.7	-12.6
Mexico (29)	191,308	-2.0	-6.5
Peru (3)	16,016	-31.0	0.3
Developed Markets (1612)	30,745,245	24.1	-3.8
Emerging Markets (824)	3,545,229	-5.0	-6.6
World (2436)	34,290,474	20.3	-4.1

Source: Merrill Lynch

And finally with a bit of space to spare, herewith a beautiful photograph sent to me by a client the other day, of the Mother City i.e. Cape Town. I include it specifically for our international readers who have never been to Cape Town or South Africa before and only have images in their minds of squalor, poverty and burning tyres.

Cape Town just after sunset

Source: Unknown