



Eastern Cape to benefit from SA-Saudi deal

The Department of Energy announced this month that South Africa has signed a R12-billion renewable energy deal with Redstone and ACWA Power, a Saudi Arabian energy company.

The deal is in partnership with the Central Energy Fund for renewables, and is set to benefit the Eastern Cape, according to President Ramaphosa who was on a state visit to the kingdom of Saudi Arabia.

Speaking at the Business Forum in Saudi Arabia, the president said: "We wish to applaud the significant investments that Saudi Arabia has made into South Africa over the years. We would like to mention, in particular, the R5 billion investment by ACWA Power in the Bopkoot concentrated solar power plant in the Northern Cape. The project is one of the flagship concentrated solar thermal projects in South Africa and was launched in 2016 by our respective Ministers of Trade Industry."

"Upon completion, this concentrated solar plant will have the largest level of thermal storage in the world. Much like Saudi Arabia, South Africa is largely dependent on fossil fuels for our energy generation."

The ACWA Power deal has seamlessly integrated into our energy diversification efforts, forming part of our Renewable Energy Independent Power Producers Procurement Programme, Ramaphosa elaborated. "Such has been the success of this initiative that ACWA Power will be undertaking a further investment in South Africa in the Eastern Cape."

The president said this a great demonstration of confidence in the South African economy and in the country as an attractive destination for significant investment. South Africa is a thriving democracy with an advanced and diverse economy, a sophisticated and well-regulated financial sector, and extensive transport, telecommunications and energy infrastructure. As Government, we are working hard to create a dynamic and enabling business environment that will promote greater productive investment in our economy.

Ramaphosa also said the South African Department of Trade and Industry has been supporting visits by South African companies to Saudi Arabia with a view to increasing opportunities in this strategic market. These efforts have begun to bear fruit with impressive growth in the overall trade relationship. South Africa's exports to Saudi Arabia showed an increase from R2.6 billion in 2013 to R4.4 billion in 2017. Trade, however, still remains very much commodity based and skewed in favour of Saudi Arabia.

"It is important as we strive for a mutually beneficial trading relationship to intensify cooperation in value-added sectors such as agro-processing, infrastructure, minerals beneficiation, services, technology and skills transfer, health care, automotive and aquaculture, Ramaphosa said. "As the drivers of our commercial agenda, the onus is upon business to seek a more balanced trading portfolio."

The President further said Moody's

earlier this year revised South Africa's economic outlook from negative to stable. This upward revision is attributed to the decisive steps taken by our Government towards more predictable and transparent policies. "This signals that South Africa's macroeconomic and political fundamentals are in place, reinforcing our position as a credible investment destination."

"It is within this context that we have embarked on this visit to Saudi Arabia to convey the message that South Africa is open for investment. We invite our Saudi friends to follow the lead of the many South Africa companies that have already invested in the country."

"Understanding that the key to economic growth and job creation lies in much greater levels of investment, South Africa has recently embarked on an ambitious investment drive, which aims to raise \$100 billion in new investment over the next five years."

"We will be hosting an Investment Conference later this year, to which we are inviting investors from within South Africa, from across the African continent and from countries across the world. We have appointed four special envoys on investment, who have begun the task of representing the President of South Africa in engagements with potential investors."

"As part of the investment drive, we are intensifying efforts to improve the business environment. We have put in place a very attractive package of incentives administered by Invest SA within the Department of Trade and Industry. This institution has been established to assist potential investors in identifying opportunities and facilitating a seamless investment process."

"We have officials from Invest SA present here today, who are available to address any queries you may have and to assist in taking these discussions forward. Aligned to our investment drive, eight special economic zones have been designated in different parts of the country, each with their own particular advantages and focus."

"These SEZs are Saldanha Bay, Richards Bay, Dube Trade Port, Coega, Maluti-a-Phofung, Musina and OR Tambo. Companies that invest in SEZs benefit from a reduced corporate tax rate and the employment tax incentives. The support measures that South Africa offers in these SEZs are comparable to our global competitors, if not better."

"In addition to the myriad investment opportunities in South Africa, the African continent is equally endowed with initiatives that provide some of the highest returns on investment globally. The imminent establishment of an African Continental Free Trade Area, to which 49 African countries have already signed up, offers investors a market of over 1 billion people and a combined GDP of \$2 trillion."

Ramaphosa added that as the most industrialised economy on the African continent, South Africa provides an ideal gateway into this vast continental market.

Source: www.gov.za

Edited by Ben Mortimer



President Cyril Ramaphosa arrives in the Kingdom of Saudi Arabia - photo: www.gov.za

'Spice up' your investment portfolio

Monthly Column on financial or investment matters

Like many people, I have developed a liking in watching and learning from the abundance of cooking programmes that engulf our television rowdies. The ability of acclaimed chefs to elevate an ordinary piece of meat or vegetable with the addition of the correct mixture of herbs and spices are genius, not to mention the various methods of preparing these culinary works of art. These shows have the ability get us thinking differently about our mundane weekly meals. Furthermore, it broadens our palate and assists in rejuvenating our product to something a bit more palatable.

What is the correlation between food and an investment portfolio you may ask?

A good investment portfolio is all about diversification. It aims to achieve the desired outcome by mitigating risk and lowering volatility, all attributes of sound portfolio management. Portfolio management is defined as the ability of making decisions about investment mix and policy matching investment objectives, asset allocation and balancing risk against performance.

In "food" terms: the ability to take an ordinary dish, adding just the right amount of herbs and spices, not one particular flavour dominating the other, and producing a better end result than having just served up the dish bland.

Great portfolio managers are in fact like great chefs. They continuously attempt to construct the perfect combination of shares or funds; test rigorously, and repeat until they find the optimal balance in their portfolios. It does not require wholesale changes (buying or selling). Sometimes all it takes is just a pinch of

salt. This can potentially elevate an ordinary dish to a great dish.

So, how do you differentiate between a good and great portfolio manager? Exactly the same as you would do chefs. Before making use of the services of a portfolio manager / financial adviser, ask about their processes, request to see the methodology and enquire about the continuous management of the portfolio.

You'll quickly differentiate between the "microwave" and the "Michelin Star" chefs. "Microwave chefs" or fluff pickers are managers and planners that randomly pick shares and funds, using personal preference or crowd favourites, and then together in a portfolio and then cross fingers in the hope of a deared outcome. The "Michelin Star" chefs are those who have mastered the ability to add just the perfect balance of herbs and spices, and they have the ability to remain consistent and more than often keep delivering the perfect dish.

Someone once told me that when you have tasted exceptional food, it's difficult to go back to mediocrity. With over 150 JSE-listed companies (30 000+ globally) and 1 200 unit trust funds available to choose from in the South African market, isn't it time you find the right "chef" in constructing your investment portfolio?

Please note that this article does not constitute financial advice and that it is recommended you contact a Certified Financial Planner CFP® to facilitate with professional financial and/or investment advice.

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