HCI ushering some of its recent investments in African oil and gas towards Montauk remains to be seen.

Overall, though, the market will probably adopt a wait-and-see policy regarding Montauk.

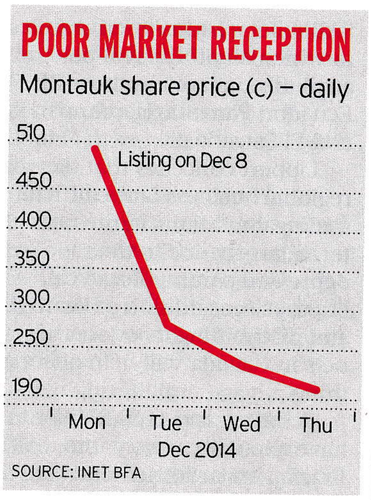
One intriguing pointer to the company's longer-term prospects is a put-and-call option arrangement by various large shareholders, including trade union investment company Sactwu, which, as HCI's largest shareholder, will initially hold 30,25% of Montauk.

This put-and-call arrangement is purportedly to regulate the manner in which these shareholders "will conduct themselves in relation to their Montauk shares" by granting one another pre-emptive rights on the newly listed shares.

Regarding the put option, Sactwu has already indicated it may divest from Montauk. The official reason for this is that the company does not fit its investment mandate of supporting businesses that operate in SA.

The call option provides that the Montauk shares held by Sactwu can be acquired by the other meaningful shareholders, who include HCI executives Johnny Copelyn, Kevin Govender and Andre van der Veen as well as former HCI chairman Marcel Golding, for R142,6m.

Whether this pledge is perfected remains to be seen, as the



inferred share price on the opening days of trade in Montauk values Sactwu's holding at less than R80m.

There does, however, appear to be some willingness by Copelyn, Van der Veen, Govender and Golding to support Montauk. All four have agreed to sell a portion of their holdings in HCI in a R300m share buy-back exercise that has been pegged at R150/share. The proceeds from the buy-back will be used by the quartet to fund their possible participation in the proposed put-and-call arrangement.

When, and if, this little put-and-call agreement plays out will be most telling for anyone vaguely tempted by Montauk's slow burn potential.

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GOLD COINS

Worth another look

Investors have shunned gold coins since the gold price ended its 12-year bull run in August 2011 at US$1 900/oz and began its 40% fall.

Hilton Davies, CE of SA Bullion Management, believes a turning point has been reached where gold coins again deserve consideration.

"I did not push gold coins when the gold price was running," says Davies. "I like promoting gold when I see a good entry level and I want South Africans to start buying now. Next year we will start advertising for the first time."

Gold, now at around $1 225/oz, has a strong support base between $1 200 and $1 250, says Davies. Underpinning the base is the average cost of gold production, which, globally, is well over $1 200/oz, he says. "This must have a big negative impact on future gold exploration and production."

Though the gold price touched a low of just below $1 200/oz in November, Daniel Sachs of Investec Asset Management agrees that it has found "massive support" at that level. It is notable that the gold price has been resilient in the face of falling commodity prices in general, especially oil, he says.


Hetty Zantman

But views on gold are always polarised in the extreme. No more so than at Bank of America Merrill Lynch (BoAML). The US investment giant's chief investment strategist, Michael Hartnett, believes gold could slump below $1 000 in 2015, a move he feels would coincide with the peak in the US equity market.

Taking a very different view, BoAML's head of global technical strategy, MacNeil Curry, believes gold is at the start of a medium-term bull trend.

But for SA investors what really counts is the rand gold price, which, at around R14 000/oz, has risen 20% since June 2013, a period during which the rand fell by a third against the dollar. "Gold [in rand] has played its role as a store of value," says Alan Demby, CE of the SA Gold Coin Exchange (GCE).

Indeed, the rand gold price has not been a bad long-term store of value, its 720% rise since 1999 comparing well with the JSE all share index's 800% rise over the 15-year period.

"I believe having up to 15% of your portfolio in gold is now a good idea," says Demby, who points to the added economic and political uncertainty overhanging SA. "You buy insurance to protect yourself against uncertainty. It also applies to owning gold."

"Our clients view gold as a currency and part of their long-term portfolio diversification strategy," says Davies. Gold

" I LIKE PROMOTING GOLD WHEN I SEE A GOOD ENTRY LEVEL AND I WANT SOUTH AFRICANS TO START BUYING NOW

HILTON DAVIES

coins, he advises, should make up about 5% of a portfolio.

For retail investors who share Davies' and Demby's pro-gold coin stance, a number of avenues are open.

For those who like to see and feel their Krugerrands, buying through dealers such as GCE is the answer.

SA Bullion Management offers another option. "Our clients' Krugerrands are held in safe custody under their names in the Rand Refinery vault in Germiston," says Davies.

Another option, a world first, hit the market in November when RMB launched legal-tender gold coin custodial certificates. Listed on the exchange traded fund (ETF) segment of the JSE, the certificates are backed by physical Krugerrands.

This sets the RMB offering apart from the largest JSE gold ETF, Absa's NewGold. Though NewGold is also backed by physical gold, it is in the form of bullion held in London and only a registered gold dealer would be legally permitted to redeem an investment in physical gold.

Because Krugerrands are legal tender, the RMB product gives investors the option of receiving coins when they redeem their certificates. There is one downside: investors have to be in it for the long term.

Storage fees for 10 years are charged upfront at the time of investment. On the upside, there are no annual management fees.

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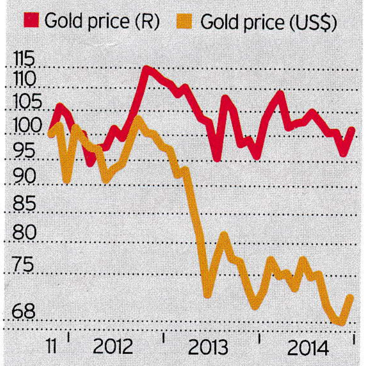
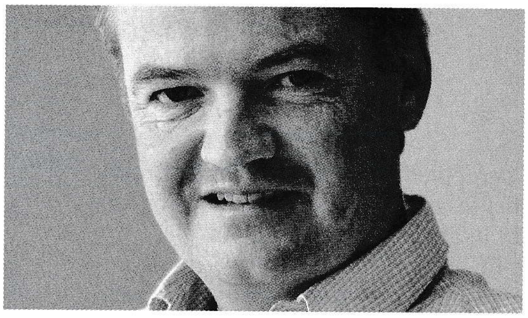
FINDING A FLOOR

Based to 100



SOURCE: INET BFA

Jamie Carr: Diamonds & Dogs



ASPEN

Yup, it's that time of year again, the season of joy and goodwill to all men, and the only time when we greet somebody entering the house via the chimney with whisky and pies rather than a fusillade of small arms fire. It's the season when Sens announcements are dominated by directors' dealings, largely involving the *grands fromages* cashing in a few chips to fund the festive bingeing and the pressing necessity to grab a few baubles to stick around the neck of the dearly beloved as an apology for having been at the coalface all year.

In order to get into the party spirit, let's forget for a moment the more gloomy aspects of the economy and celebrate the fact that the beloved country can still punch way above its weight in various sectors not involving an oddly shaped ball.

Don't ignore the fact that this is the land that produced Madiba, Elon Musk, Mark Shuttleworth, Naspers, half of Roger Federer (probably his backhand), Investec, Discovery and Trevor Noah.

And of course Aspen, which can now approach the headmaster to massed applause to accept the Victor Ludorum for 2014 as a token of respect for its astonishingly sure-footed rise to being a properly heavyweight global success story over the past few years. Key to its performance of late has been its ability to acquire businesses from portly segments of big pharma and turn them around, and it's hard not to wish that it could apply its particular magic wand to many an overpriced and overweight section of our beloved government. Hats off to these remarkably successful drug peddlers — long may they continue to thrive.

Vital numbers on December 12 2014

Share price (R)	384,99
Market cap (Rbn)	175,69
P:e ratio	37,89
Earnings yield (%)	2,64
Dividend yield (%)	0,49

ABIL

Many an investment pundit rattles on about the seminal tomes that inform his wizardry. As a general rule of thumb, you will probably be fine with anybody who quotes Warren Buffett, but if you ever come across some specimen hauling out the hackneyed musings of Sun Tzu on *The Art of War*, let alone the horror of finding somebody wh has a copy on his desk, you should run for the hills, pausing only to reflect that he (and it will be a he) must have an appendage approximately the size of a cashew nut.

Personally I draw a great deal of inspiration from the canon of classic 1980s ska revivalists Madness. In their highly respectec reflection on the educational establishment, "Baggy Trousers", they propose the theory that whe it comes to punishment you will often find the "same old backside again", and so it is with the horror story that is African Bank Investments Ltd. The latest news from the front is that the attempt to salvage as much as possible from the wreckage is being led by curator Tom Winterboer, and shareholders will hope he is the Winterboer of their discontent, conjuring up some species of sun of York to make glorious summer. The plan is to stic anything worthwhile into a "good bank" and shift everything toxic into a "bad book", which will remain within African Bank rather than being encased in lead and buried deep in the Karoo as previously envisaged. The hope is that Good Bank will get a new banking licence and a shiny new board of directors, and will lend on a slightly less bonkers basis than before while running down the nuclear waste in an orderly fashion.

Vital numbers on December 12 2014

Share price (c)	3
Market cap (Rm)	465,34
P:e ratio	-
Earnings yield (%)	-1 036,45
Dividend yield (%)	16,13