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Review: Small Talk Top 5 stocks for 2015



Month 2 shows (as trend) a pullback...still up +15.6% since Jan 2nd

On January 2th, I chose my 'SmallTalk' Top 5 high conviction stocks for 2015. Only a regular basis, this analyst, likes to benchmark his performance. My own self-imposed rule is if I chose a stock for 2015, it's in for the entire year 'warts n all' no chopping and changing. Below are the current performances of the top 5 since being chosen on January 2th and their respective movements versus the JSE indices I track.

In this my second update note of the portfolio, as per past trends, the initial 'exuberance' of the publication of my Top 5 and the resultant surge...has seen some counters give back some of their early gains. Others had specific issues that have seen some of the early gains pared. I am now in the fourth year of my Top 5 product and I am pleased I (and lucky) to continue the trend of sharply outperforming my mandated JSE Small Cap & Mid Cap Indices over the past years. I continue to have BUY's on all five stocks even at current levels

| My top 5 for 2015 | Jan 2nd | Mar 4th | % Chg | Target Price |
|---|---------|---------|--------------|--------------|
| Consolidated Infrastructure Group | 2865 | 2594 | -9.5% | 3600 |
| Torre Industries | 401 | 495 | 23.4% | 600 |
| Curro Holdings | 2882 | 3279 | 13.8% | 3800 |
| Anchor Capital Group | 715 | 972 | 35.9% | 1200 |
| Quantum Foods | 320 | 365 | 14.1% | 500 |
| Average performance of top 5 in review | | | 15.6% | |
| Benchmarks | | | | |
| JSE Small Cap Index | 57920 | 60484 | 4.4% | |
| JSE Mid Cap Index | 69789 | 74210 | 6.3% | |

*Includes dividends to date

In 2012 my Top 5 generated a cumulative return of 28%

In 2013 my Top 5 generated a cumulative return of 40%

In 2014 my Top 5 generated a cumulative return of 56%

All of my Top 5 have pared back some of their earlier gains with **Consolidate Infrastructure Group (CIL)** remaining under a misconceived cloud that the low oil price will severely impinge the profitability of its Angolan oil services business AES. The oil price has risen by 30% in the past weeks after a 60% plunge...but AES continues to perform extremely well. Forthcoming results and a presentation at my forthcoming SmallTalk Conference on the 11th on the cost curve of the business (may) at last dispel the misnomer of this spurious connection between AES and oil; there is a link...but it's not the train smash the market so believes. At 2594 cents I maintain my BUY on CIL. Sparkling results from **Torre Industries** (HEPS +118%) alongside the Set Point acquisition and a BEE issuance has kept Torre active in SENS and the counter remains well supported. **Curro Holdings** has a spurt at the beginning of the year touching 3600 cents as serious buying and expectations of results carried the stock away. Results were 'ok' with HEPS up 38% but the market was distracted by a side issue of a race segregation issue at a singular school. Anchor maintained a very strong run actually coming within 2% of my 1200 cent YE target. Natural profit taking and on ongoing renewal of its cautionary saw some profit taking. I await both results and the deal news. **Quantum Foods** had a surge on directors buying as well as Zeder snapping up more shares. With a strong (like-on-like) trading update expected I maintain my faith in this agri/food business.

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