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# A rising tide of trade lifts Textainer shares

Textainer, the JSE-listed shipping container leasing group, was one of the top-performing local shares in the third quarter of 2020, with its share price up over 65%. This rally came as it became evident that global container shipping volumes were returning to normal and the risk of stress in the shipping market was dissipating, following the sharp decline the market experienced in the second quarter of the year amid the spread of the Coronavirus. Prudential clients benefitted from the rally, with the [Prudential Dividend Maximiser Fund's](#) overweight holding in the counter being the largest contributor to its performance over the quarter.

Textainer is one of the world's largest container leasing companies, and saw its share price hit hard by the recent slump in the global economy as trade was badly impacted by the lockdowns imposed around the world. However, at Prudential we believed this sell-off was overdone and that the market was pricing in a much higher risk premium than necessary for the share. As such, we took advantage and added more exposure to it in certain Prudential portfolios.

Textainer has certainly experienced a difficult few years in the recent past, with one of its larger customers, South Korea's Hanjin shipping company, declaring bankruptcy in 2016. This put the company under some financial stress, but it has since done considerable work in strengthening its balance sheet and funding. This has enabled the business to emerge in a strong position to take advantage of opportunities that have emerged during the Coronavirus lockdown. Given its cash position, Textainer has been able to buy back a substantial number of shares at extremely attractive prices, and we think this smart allocation of cash should further accelerate the improvement of returns from the company. As its return on equity continues to improve, we believe there is still considerable upside to the share price as at the end of September 2020.

Prudential's approach to Textainer is an example of how, as valuation-based investors, we carefully build and manage portfolios to take advantage of mispricing in financial markets to earn above-average returns for our clients over time.

For more information on the Prudential Dividend Maximiser Fund or other Prudential equity funds, please feel free to contact our Client Services Team on 0860 105 775 or email us at [query@prudential.co.za](mailto:query@prudential.co.za).