



ANCHOR

NAVIGATING
CHANGE

WHERE THE MONEY WILL BE MADE 1Q25

GLOBAL NAVIGATOR

Peter Armitage

CEO and co-CIO

ANCHOR CORE BUSINESSES

ANCHOR IS AN ENTREPRENEURIAL WEALTH AND ASSET MANAGEMENT BUSINESS with an absolute focus on the two most important parts of our business:



CLIENTS

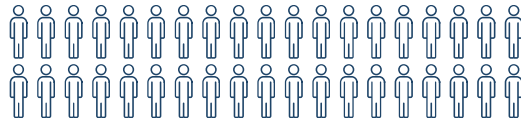


INVESTMENT PROCESS



We offer a broad range of **LOCAL AND GLOBAL** investment solutions to individuals, financial advisors and institutions.

520+
STAFF ACROSS GROUP



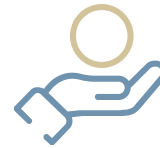
Company founded
2012

AN EXPERIENCED, HIGH QUALITY INVESTMENT TEAM:



30+
Investment professionals
17
Chartered accountants

23
CFA Charter-holders & Delegates



COMPLETE LOCAL AND GLOBAL PRODUCT AND SERVICE OFFERING:

UNIT TRUSTS

HEDGE FUNDS

SEGREGATED MANDATES

INTERNATIONAL FOOTPRINT:



ANCHOR GROUP



- ANCHOR ASSET MANAGEMENT
- ANCHOR PRIVATE CLIENTS
- STOCKBROKING

R250 billion ASSETS UNDER MANAGEMENT AND ADVICE

R145 billion
INVESTED DIRECTLY OFFSHORE

R25 billion
INVESTED OFFSHORE FROM SOUTH AFRICA



TOP PERFORMANCES ACROSS THE BOARD IN 2024

ANCHOR SECURES 2 OF SOUTH AFRICA'S **TOP 10** PERFORMING FUNDS IN 2024, OUT OF 1,856 TOTAL FUNDS.



#7 – RCI BCI Worldwide Flexible Growth

- The R345mn RCI BCI Worldwide Flexible Growth fund gained 35.1% in 2024.
- The fund's 2024 gains build on the 48.1% return it delivered in 2023.



#9 – Anchor BCI Worldwide Flexible

- The R2.2bn Anchor BCI Worldwide Flexible fund gained 32.8% in 2024.
- This fund's strong performance last year builds on its 30.6% gain in 2023

Multiple Anchor funds delivered exceptional performance in 2024, securing top-tier positions within their respective categories.

Fund Name	Position	2024 Fund Return	ASISA Category	Category Return PA %
RCI BCI Worldwide Flexible Growth Fund	2 nd out of 109 Funds	35%	Worldwide Multi Asset Flexible	14%
Anchor BCI SA Equity Fund – A	3 rd out of 40 Funds	19%	SA Equity SA General	13%
Anchor BCI Worldwide Flexible Fund – A	3 rd out of 109 Funds	32%	Worldwide Multi Asset Flexible	14%
Anchor BCI Global Equity Feeder Fund	8 th out of 118 Funds	31%	Global Equity - General	17%
Anchor BCI Equity Fund – A	11 th out of 144 Funds	20%	SA Equity General	13%
Anchor BCI Bond Fund	11 th out of 50 Funds	18%	SA Interest Bearing Variable Term	15%

Credo 2024 awards



Source: Citywire and MoneyMate



WHERE THE MONEY WILL BE MADE

DOMESTIC EQUITY

- South African equities have performed well, and expectations are building.
- Staying the course on SA Equity overweight call,
- Attention now turns to earnings delivery,
- Added optionality from China stimulus, which has begun.
- Short term, SA Inc is not trading well.

GLOBAL EQUITY

- The US bull market continues and it is difficult to call the top.
- Earnings growth forecasts are strong and Trump is pro-growth.
- AI is supporting animal spirits.
- But ... valuations are near 20-year highs (and ERP is non-existent), and it could be time for a reality check.
- Share selection is critical and we have a neutral view.

DOMESTIC FIXED INCOME

- We think two rate cuts in 2025.
- The fundamentals have been improving.
- Core Income is yielding 8.75% with low risk.
- Blend in a little Flexible Income to benefit from interest rate cuts.

GLOBAL FIXED INCOME

- Cash is interesting at 4% yields.
- We think two rate cuts in 2025.
- Term yield of 4 to 5 years is attractive to lock in the higher rates
- Anchor Global High Yield is showing a yield of 5.5%, with bonds maturing in 2026 – 2029.



ASSET ALLOCATION

Asset Class	Current Stance:			Expected returns (Own Currency)	
	Neg.	N	Pos.		
Domestic					
Equity				15%	OW
Bonds				11%	OW
Listed Property				11%	N
Cash				7.5%	UW
Alternatives*		→		10% to 15%	OW
Rand / USD (Rand Stronger)				3%	OW
Global					
Equity				6%	N
Government Bonds		→		6%	OW
Corporate Credit				6%	N
Listed Property				5%	N
Cash	→			4%	N
Alternatives*				8% to 12%	OW

Neg. = Negative; N = Neutral; Pos. = Positive

*Alternatives includes hedge funds, protected equity structured products and physical property

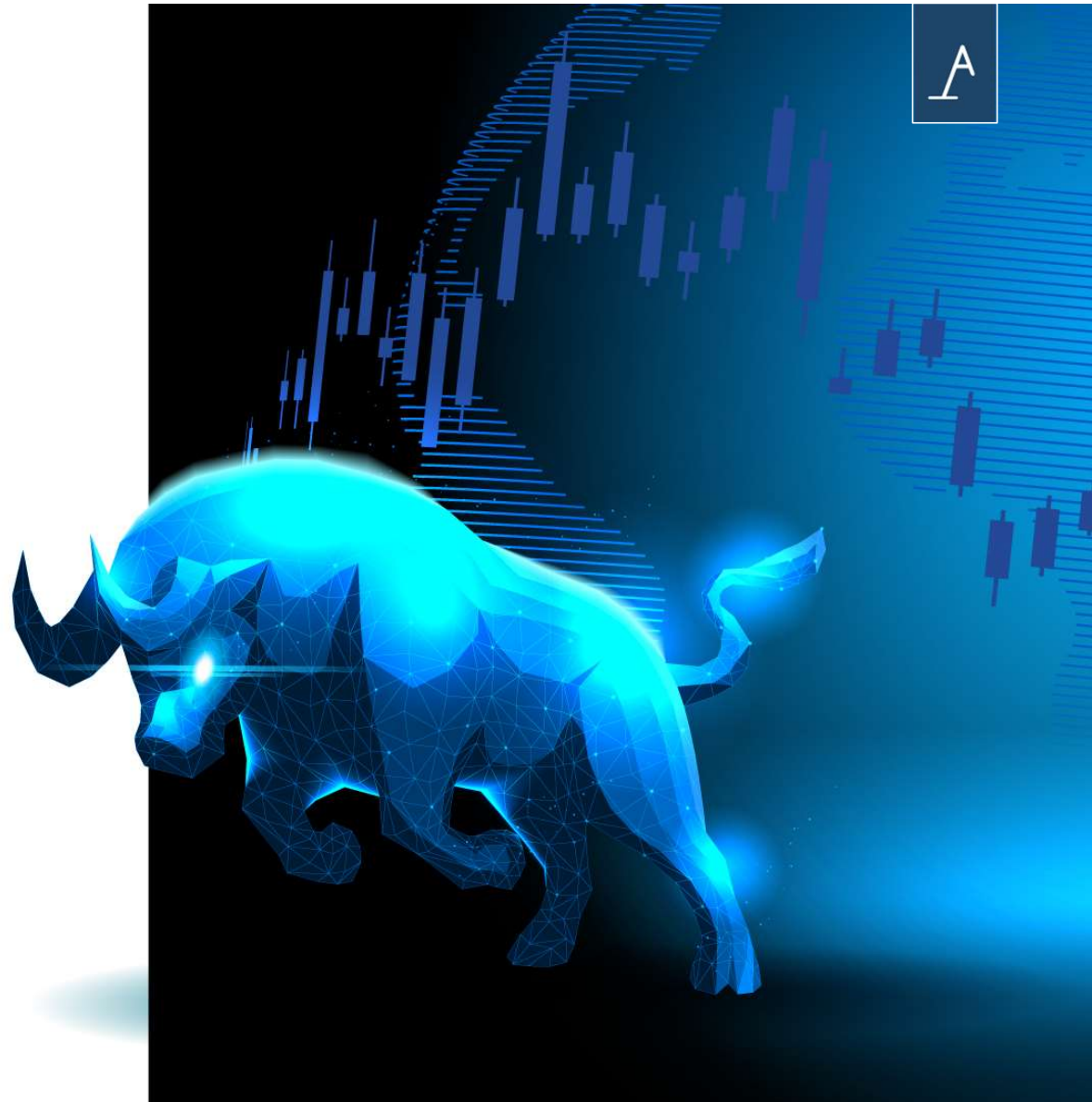
THE BULL & BEAR CASE FOR EQUITIES

Where The Money Will Be Made 1Q25



THE BULL CASE

- We are in a bull market, and conditions conducive for this to continue in late cycle.
- Strong US economy, Trump is pro-growth, and AI-driven animal spirits abound.
- Interest rate cut expectations have moderated as economy is strong.
- Strong US GDP growth should flow through to 14% 2025 earnings growth.
- Attractive outlook does not come cheap; limited multiple compression.
- Magnificent Seven's share prices rise in line with earnings growth.
- Euro and Japan look cheap, with earnings upgrades.



THE BEAR CASE

- Interest rate expectations have changed, and bond yields have risen.
- The equity risk premium has disappeared.
- Bull markets don't last forever, and corrections are common.
- Forward 22x P/E multiple at a 25% premium to the 15-year mean (top decile).
- As growth comes through, multiples are likely to compress.
- The market is priced for perfection.
- The chance of a correction is high, and a misstep could prove costly.
- Earnings forecasts at risk from strong dollar and higher rates.
- Geopolitical risks are very high (Russia, Ukraine, China, Taiwan, Middle East, South America).
- Trump is unpredictable and there could be unexpected consequences.



THE BULL AND BEAR CASE FOR EQUITIES



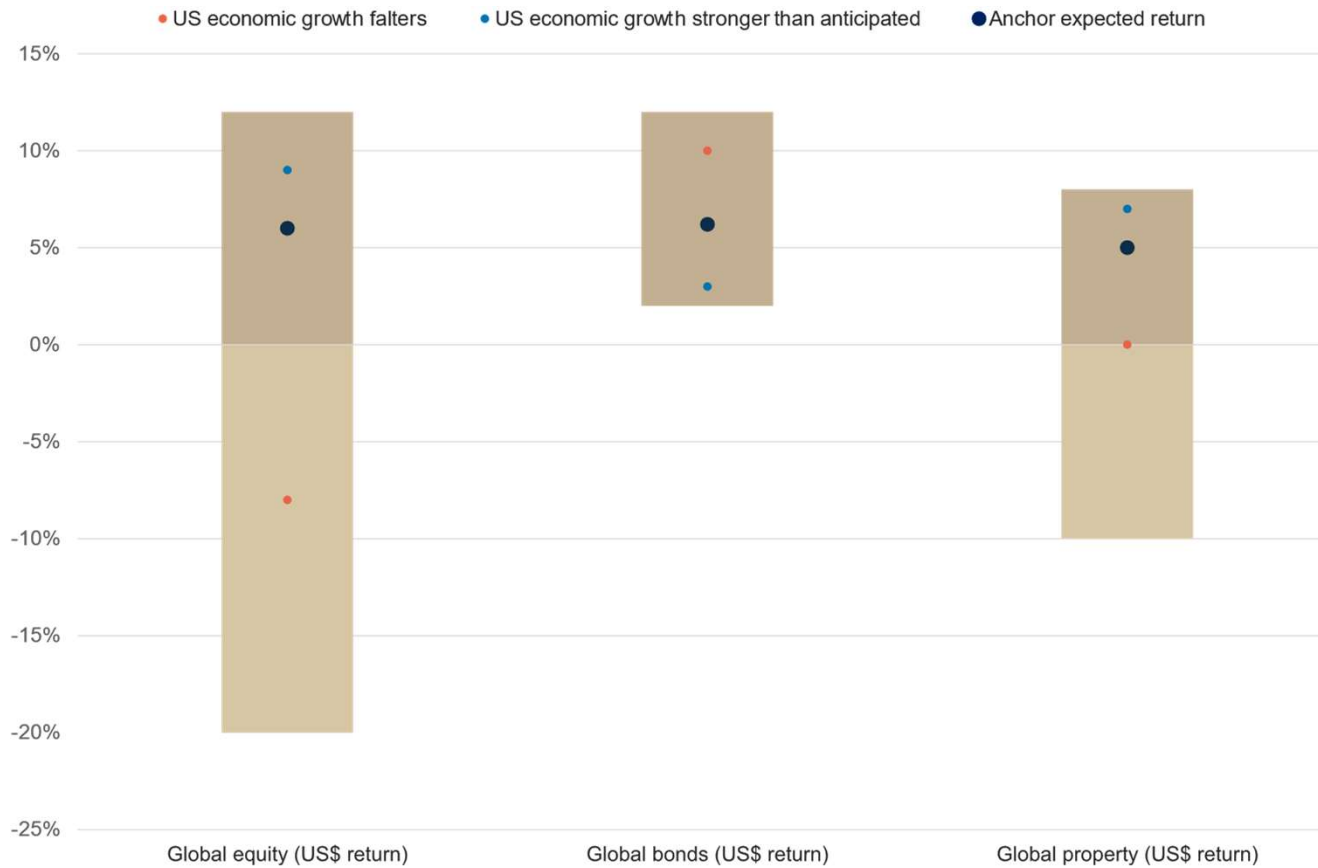
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AN UNUSUALLY HIGH RANGE OF EQUITY OUTCOMES



STRONG YEAR, LED BY MEGA-CAP TECH, WHICH WAS THE ONLY SEGMENT THAT HAD A DECENT 4Q24



DM Equities	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
Large Cap Tech	14.8%	13.2%	0.9%	15.1%	51.0%	96.4%
US Tech	8.7%	8.0%	2.1%	4.9%	25.9%	55.1%
US	10.6%	4.3%	5.9%	2.4%	25.0%	26.3%
Developed Markets	9.0%	2.8%	6.5%	-0.1%	19.2%	24.4%
Spain	8.0%	-0.4%	13.9%	-8.4%	12.9%	32.3%
Italy	12.3%	-2.2%	7.6%	-5.4%	11.7%	38.8%
Germany	7.7%	-2.1%	10.2%	-3.9%	11.7%	24.3%
Japan	13.1%	-7.7%	8.5%	-4.1%	8.7%	21.9%
ARK Innovation ETF	-4.4%	12.2%	8.1%	19.4%	8.4%	67.6%
UK	2.9%	3.9%	7.9%	-6.8%	7.5%	13.6%
UK Midcap	0.5%	3.3%	10.9%	-7.9%	6.1%	14.0%
EU	10.2%	-2.3%	6.6%	-8.8%	4.7%	27.3%
France	6.4%	-7.3%	6.4%	-10.1%	-5.6%	24.1%

S&P 500 Sectors	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
Communication Services	15.8%	9.4%	1.7%	8.9%	40.2%	55.8%
IT	12.7%	13.8%	1.6%	4.8%	36.6%	57.8%
Financials	12.4%	-2.0%	10.7%	7.1%	30.5%	12.1%
Consumer Discretionary	5.0%	0.6%	7.8%	14.3%	30.1%	42.3%
Utilities	4.6%	4.7%	19.4%	-5.5%	23.4%	-7.1%
Industrials	11.0%	-2.9%	11.6%	-2.4%	17.3%	18.1%
Consumer Staples	7.5%	1.4%	9.0%	-3.3%	14.9%	0.5%
Energy	13.7%	-2.4%	-2.3%	-2.4%	5.7%	-1.4%
Real Estate	-0.5%	-1.9%	17.2%	-7.9%	5.2%	12.4%
Healthcare	8.9%	-1.0%	6.1%	-10.3%	2.6%	2.1%
Materials	8.9%	-4.5%	9.7%	-12.4%	0.0%	12.5%

Factors	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
US Growth	11.4%	8.3%	3.2%	7.1%	33.4%	42.7%
Global Momentum	20.1%	5.0%	3.0%	0.2%	30.2%	11.8%
US Momentum	12.5%	6.8%	4.5%	3.5%	29.8%	18.4%
Global Growth	10.2%	6.3%	3.5%	3.8%	25.9%	37.0%
US Value	9.0%	-2.2%	9.4%	2.0%	14.3%	11.4%
US Small Caps	5.2%	-3.3%	9.3%	0.3%	11.5%	16.9%
Global Value	7.5%	-1.2%	9.6%	4.2%	11.5%	11.5%

EM Equities	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
China (HK Listed)	0.5%	10.8%	22.1%	-2.8%	32.1%	-10.8%
Hong Kong	-2.7%	9.2%	22.3%	-4.9%	23.6%	-10.6%
China (Mainland)	0.5%	-1.9%	18.3%	-3.1%	13.0%	-3.9%
South Africa	-5.8%	12.4%	16.1%	-10.9%	9.6%	0.6%
Emerging Markets	2.5%	5.1%	8.9%	-7.9%	8.0%	10.2%
India	2.8%	8.2%	7.3%	-10.1%	7.2%	21.1%
China (US Listed)	-5.2%	-5.0%	27.3%	-6.8%	6.8%	-2.5%
Brazil	-7.4%	-13.0%	8.9%	-19.6%	-29.5%	33.1%



EQUITY RETURNS DOMINATED BY THE “MAGNIFICENT SEVEN”

Components	Avg. Wgt	Total Rtn	Contribution
Magnificent 7	30.6%	48%	13.4%
Nvidia	5.7%	171%	5.4%
Apple	6.6%	31%	2.0%
Amazon	3.7%	44%	1.5%
Meta	2.4%	66%	1.3%
Alphabet	3.9%	36%	1.3%
Microsoft	6.9%	13%	1.0%
Tesla	1.4%	63%	0.9%
Rest of S&P 500	69.4%	16%	11.6%
Total	100.0%	25%	25.0%

2024 WAS A TOUGH YEAR FOR YIELDING ASSETS



Bonds	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
SA Bonds	-5.0%	11.3%	17.1%	-8.5%	13.2%	2.3%
US High Yield Corporate	1.5%	1.1%	5.3%	0.2%	8.2%	13.4%
US Investment Grade Corporate	-0.4%	-0.1%	5.8%	-3.0%	2.1%	8.5%
Global Bonds	-2.1%	-1.1%	7.0%	-5.1%	-1.7%	5.7%

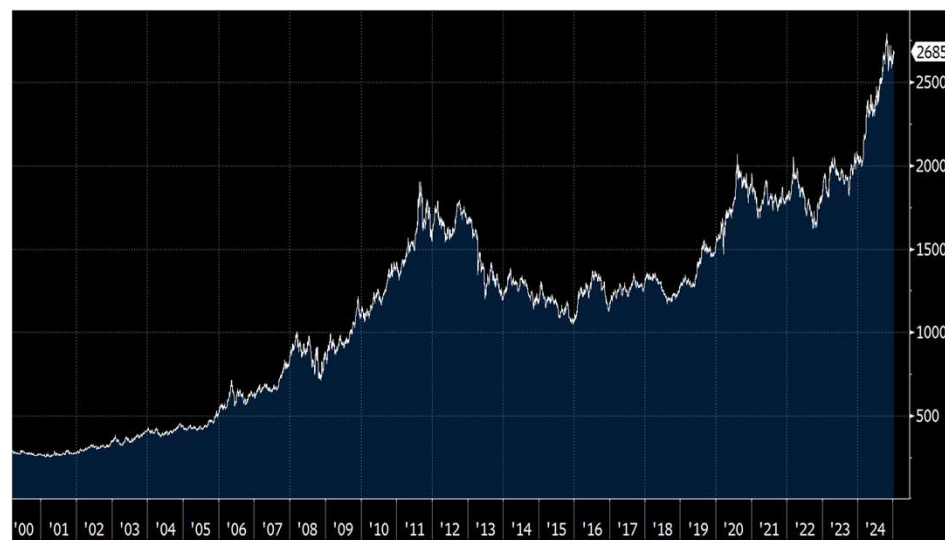
REITs	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
SA REITs	0.2%	9.5%	25.7%	-9.7%	24.6%	2.8%
US REITs	-0.8%	0.1%	16.1%	-6.1%	8.8%	13.7%
Global REITs	-1.8%	-1.7%	15.9%	-9.2%	1.6%	9.6%



COMMODITIES STRUGGLED FOR A 2ND CONSECUTIVE YEAR, EXCEPT FOR GOLD



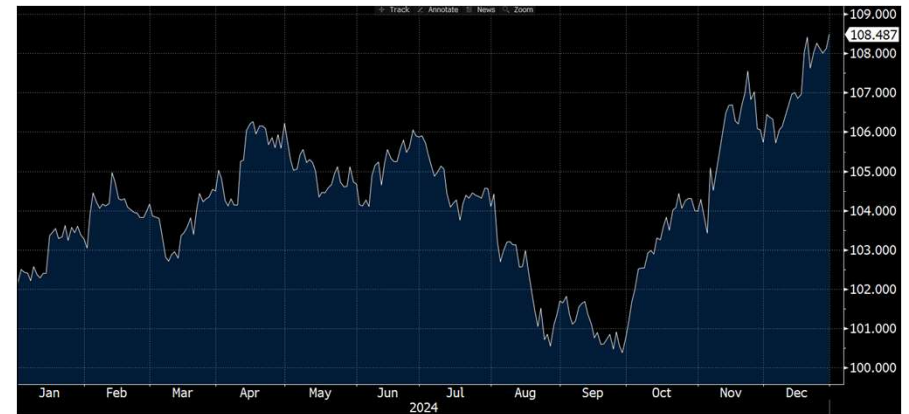
Commodities	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
Agricultural Commodities	-4.2%	-4.7%	2.4%	-2.3%	-8.7%	-9.3%
Corn	-6.1%	-10.3%	8.3%	5.6%	-3.8%	-28.6%
Wheat	-10.0%	-0.4%	5.4%	-6.9%	-12.0%	-19.9%
Soybean	-7.1%	-6.0%	-5.1%	-6.0%	-22.1%	-14.8%
Energy	3.5%	1.6%	-12.4%	4.3%	3.9%	-25.6%
Natural Gas	-29.9%	47.5%	12.4%	24.3%	44.5%	-43.8%
Brent	13.6%	-1.2%	-16.9%	4.0%	3.1%	-10.3%
Industrial Metals	-2.0%	8.3%	1.6%	-8.3%	-1.6%	-13.7%
Aluminium	-2.0%	8.0%	3.4%	-2.3%	7.0%	0.3%
Copper	3.6%	8.3%	2.4%	-10.3%	2.4%	2.2%
Nickel	0.9%	3.2%	1.3%	-12.5%	-7.7%	-44.7%
Iron Ore	-28.0%	7.4%	1.1%	-7.4%	-27.7%	18.0%
Precious Metals	5.2%	6.5%	9.8%	-3.2%	19.0%	4.1%
Gold	8.1%	4.3%	13.2%	-0.4%	27.2%	13.1%
Rhodium	6.8%	-1.6%	2.2%	-3.7%	3.4%	-63.9%
Platinum	-8.1%	9.3%	-1.4%	-7.6%	-8.5%	-7.7%
Palladium	-7.6%	-3.9%	2.7%	-9.0%	-17.1%	-38.6%



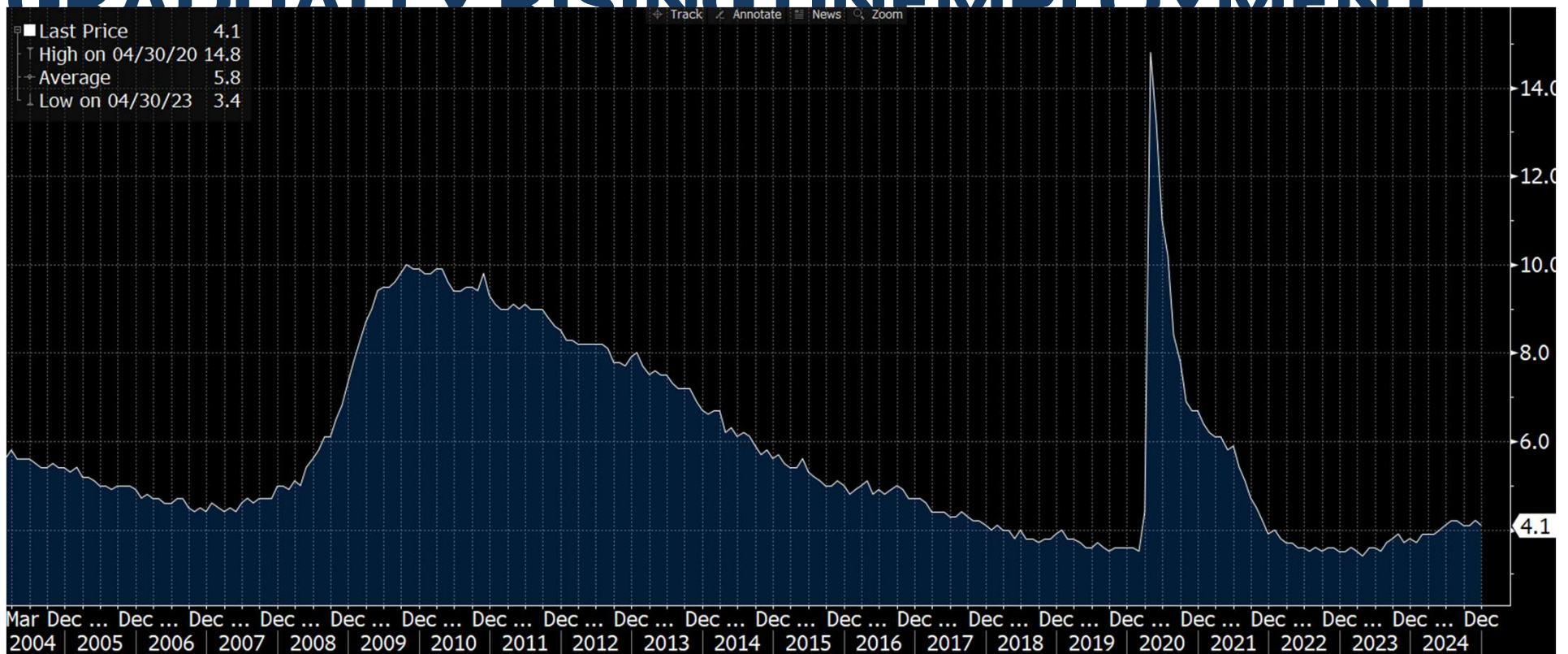
“TRUMP EFFECT” WAS GOOD FOR THE US DOLLAR



Currencies	1Q24 (USD)	2Q24 (USD)	3Q24 (USD)	4Q24 (USD)	2024 (USD)	2023 (USD)
Dollar Index	3.1%	1.3%	-4.8%	7.6%	7.1%	-2.1%
British Pound Spot	-0.3%	0.2%	5.8%	-6.4%	-1.7%	5.4%
Euro	-2.3%	0.7%	3.9%	-7.0%	-6.2%	3.1%
Swiss Franc	-6.7%	0.3%	6.3%	-6.8%	-7.3%	9.9%
Canadian Dollar	-2.2%	1.0%	1.1%	-6.0%	-7.3%	2.3%
Japanese Yen	-6.3%	-5.9%	12.0%	-8.6%	-10.3%	-7.0%
EM Currencies	-3.6%	-1.5%	1.3%	-7.7%	-11.2%	-3.5%
Malaysian Ringgit	-2.3%	0.2%	14.4%	-7.8%	2.7%	-4.1%
Thai Bhat	-5.3%	-1.1%	13.4%	-5.6%	0.3%	1.1%
South African Rand	-2.3%	3.8%	5.4%	-8.4%	-2.6%	-7.2%
Chinese Yuan	-1.7%	0.6%	3.5%	-3.8%	-2.7%	-2.9%
Indian Rupee	-0.2%	0.0%	-0.5%	-2.1%	-2.3%	-0.6%
Philippine Peso	-1.5%	-4.1%	4.6%	-3.3%	-4.5%	0.6%
Indonesian Rupiah	-2.9%	-3.2%	8.2%	-6.1%	-4.5%	1.1%
Polish Zloty	-1.1%	-1.1%	4.6%	-6.8%	-4.7%	11.2%
Taiwan Dollar	-4.4%	-1.4%	2.4%	-3.4%	-6.7%	0.5%
Chilean Peso	-10.1%	4.1%	4.7%	-9.8%	-11.6%	-3.4%
Colombian Peso	0.4%	7.0%	-1.3%	-4.6%	-12.0%	25.2%
Korean Won	-4.2%	-2.1%	4.7%	-11.1%	-12.7%	-2.4%
Turkish Lira	-8.3%	1.2%	-4.2%	-3.3%	-16.5%	-36.6%
Mexican Peso	2.5%	9.6%	-7.0%	-5.5%	-18.5%	14.9%
Russian Ruble	-3.2%	7.8%	-7.7%	-17.8%	-20.9%	-16.9%
Brazilian Real	-3.3%	-0.3%	2.6%	-11.7%	-21.4%	8.9%
Argentine Peso	-5.7%	-5.9%	-5.9%	-6.0%	-21.6%	-78.1%



THE FALLING UNEMPLOYMENT RATE COMES AFTER A YEAR AND A HALF OF GRADUALLY RISING UNEMPLOYMENT





GOODS PRICE INFLATION REMAINS UNDER CONTROL WHILE SERVICES INFLATION TRENDS TOWARDS THE PRE-PANDEMIC RUN-RATE AS SHELTER INFLATION “NORMALISES”



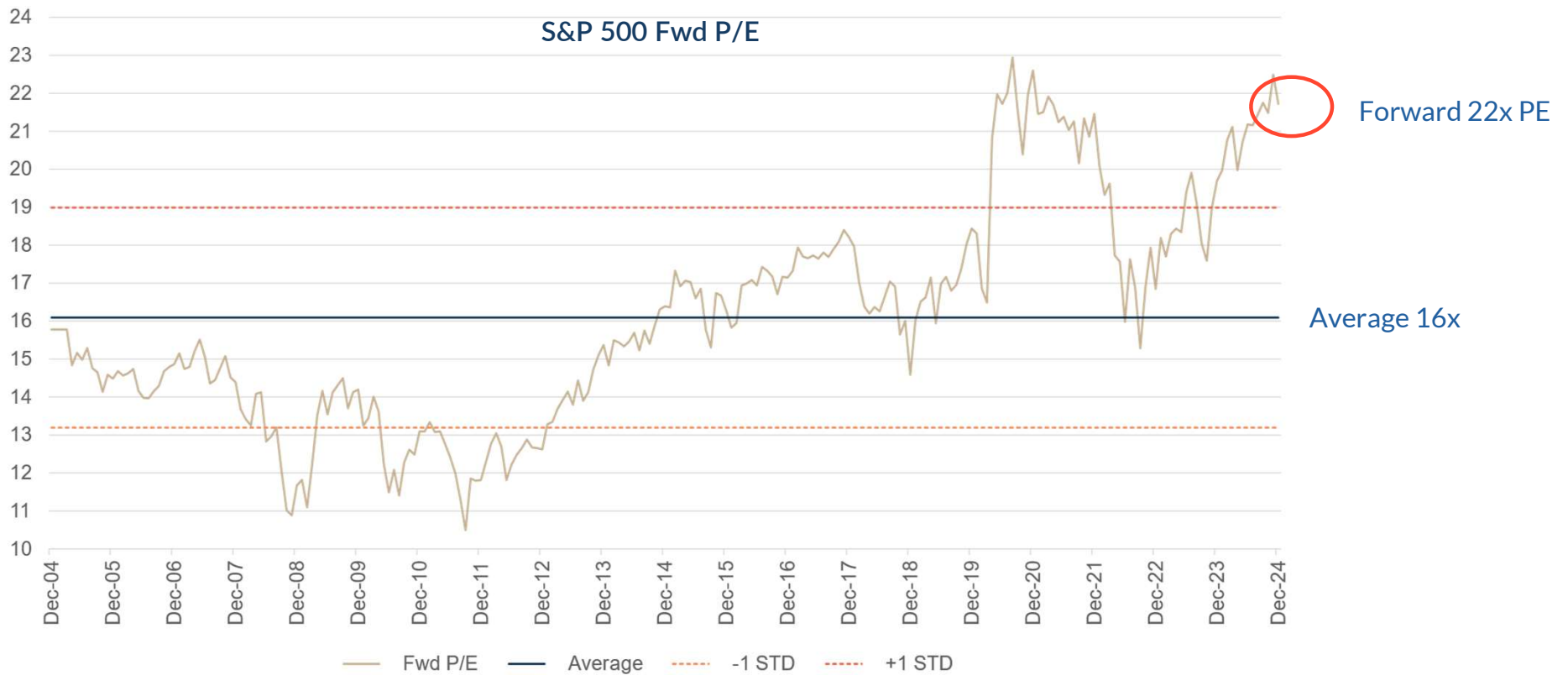


Market pricing in 40bps cuts in the US

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
01/29/2025	0,027	-2,7%	-0,007	4,323
03/19/2025	-0,286	-25,9%	-0,071	4,258
05/07/2025	-0,519	-23,3%	-0,130	4,199
06/18/2025	-0,920	-40,0%	0,230	4,199
07/30/2025	-1,067	-14,7%	-0,267	4,063
09/17/2025	-1,297	23,1%	-0,324	4,005
10/29/2025	-1,447	-14,9%	-0,362	3,967
12/10/2025	-1,570	-12,4	-0,393	3,937

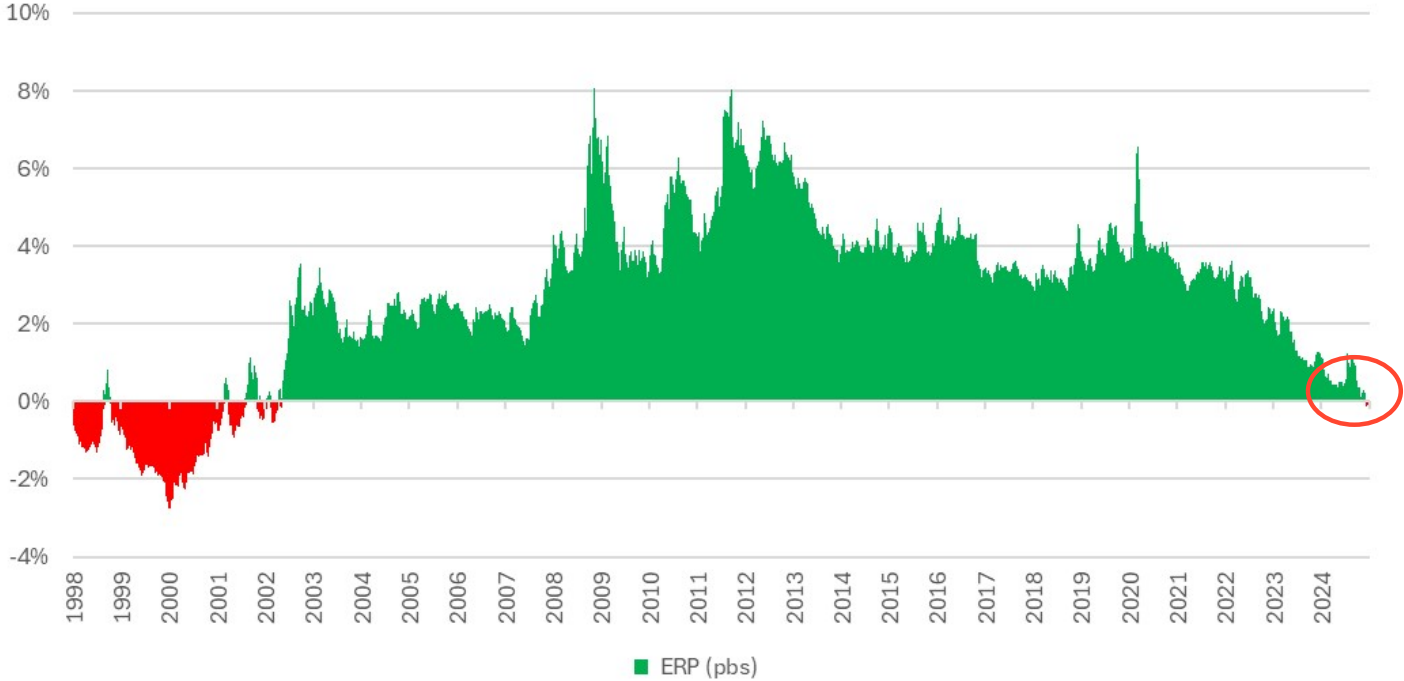


S&P 500 INDEX P/E MULTIPLE - HIGH





EQUITY RISK PREMIUM NEGATIVE FOR FIRST TIME IN 2 DECADES



ERP =
Earning yield – Bond yield
(4.6% minus 4.65%)

This represents the yield that equity investors require to compensate for the risk in equities versus bonds

*“Normal” for the past 20 years:
EY = 5% to 7% (20x P/E to 14x P/E)
Bond yield = 1% to 4%*

Resulting in an ERP of 2-4%

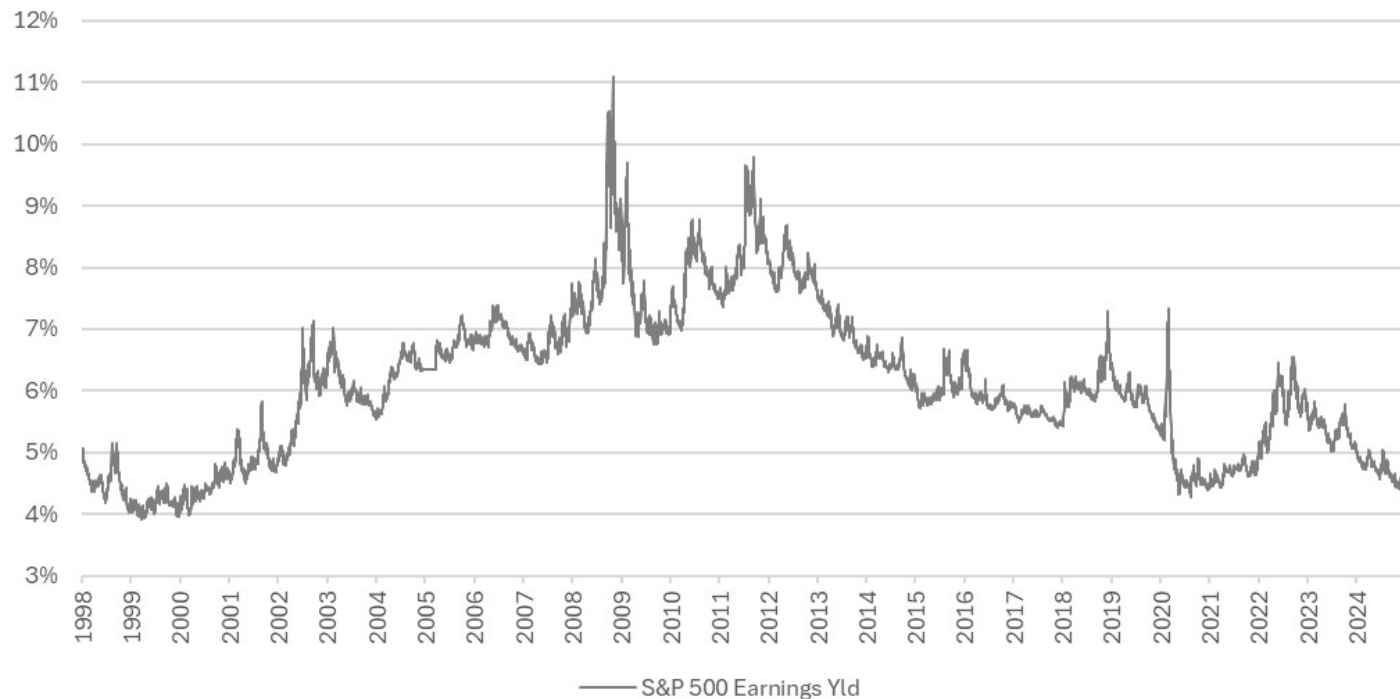


US GOVT 10-YEAR BOND YIELD





US S&P EARNINGS YIELD



Earnings yield = earnings / market capitalisation

EG: R5 earnings / R100 value

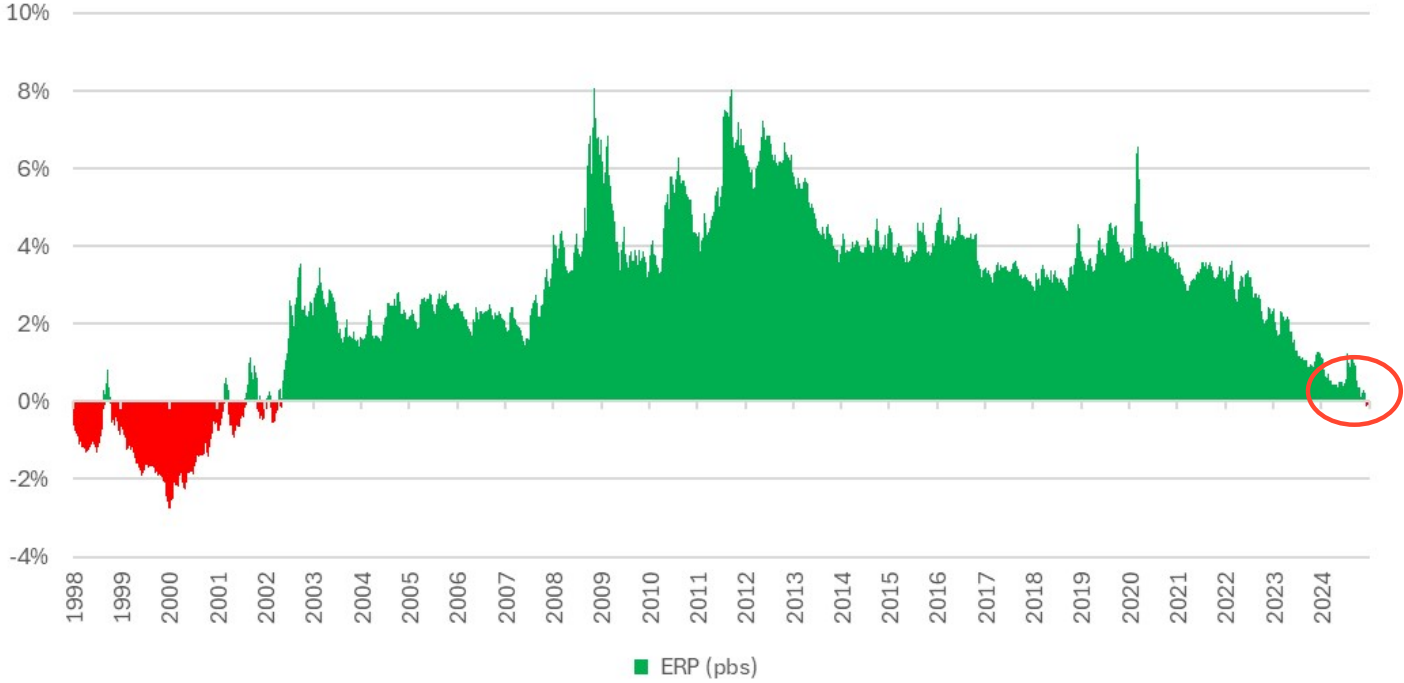
= 5% earnings yield

= 20x P/E

4.7% = 22x forward P/E



EQUITY RISK PREMIUM NEGATIVE FOR FIRST TIME IN 2 DECADES



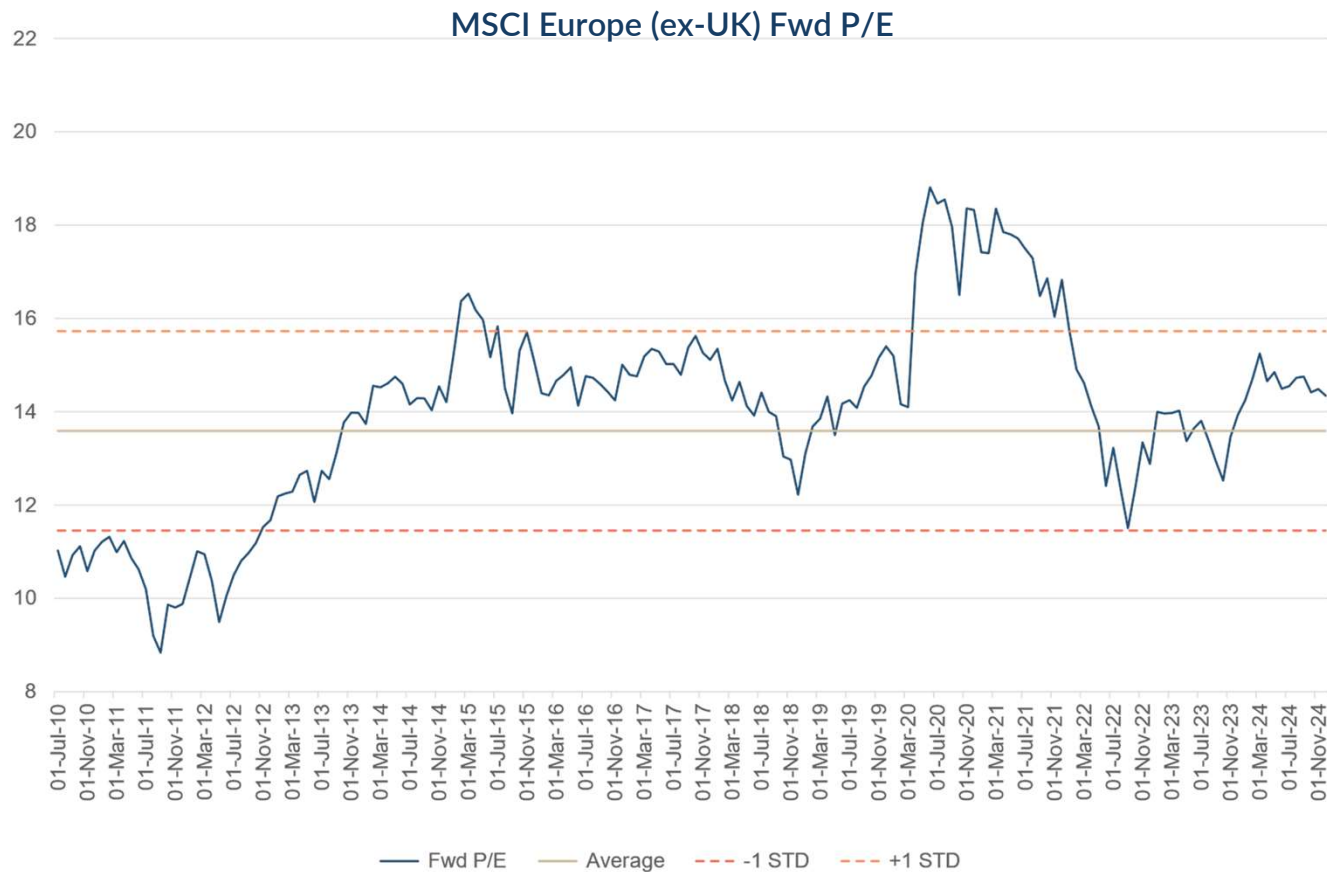
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EUROPE IS “CHEAPER”, IN LINE WITH PROSPECTS

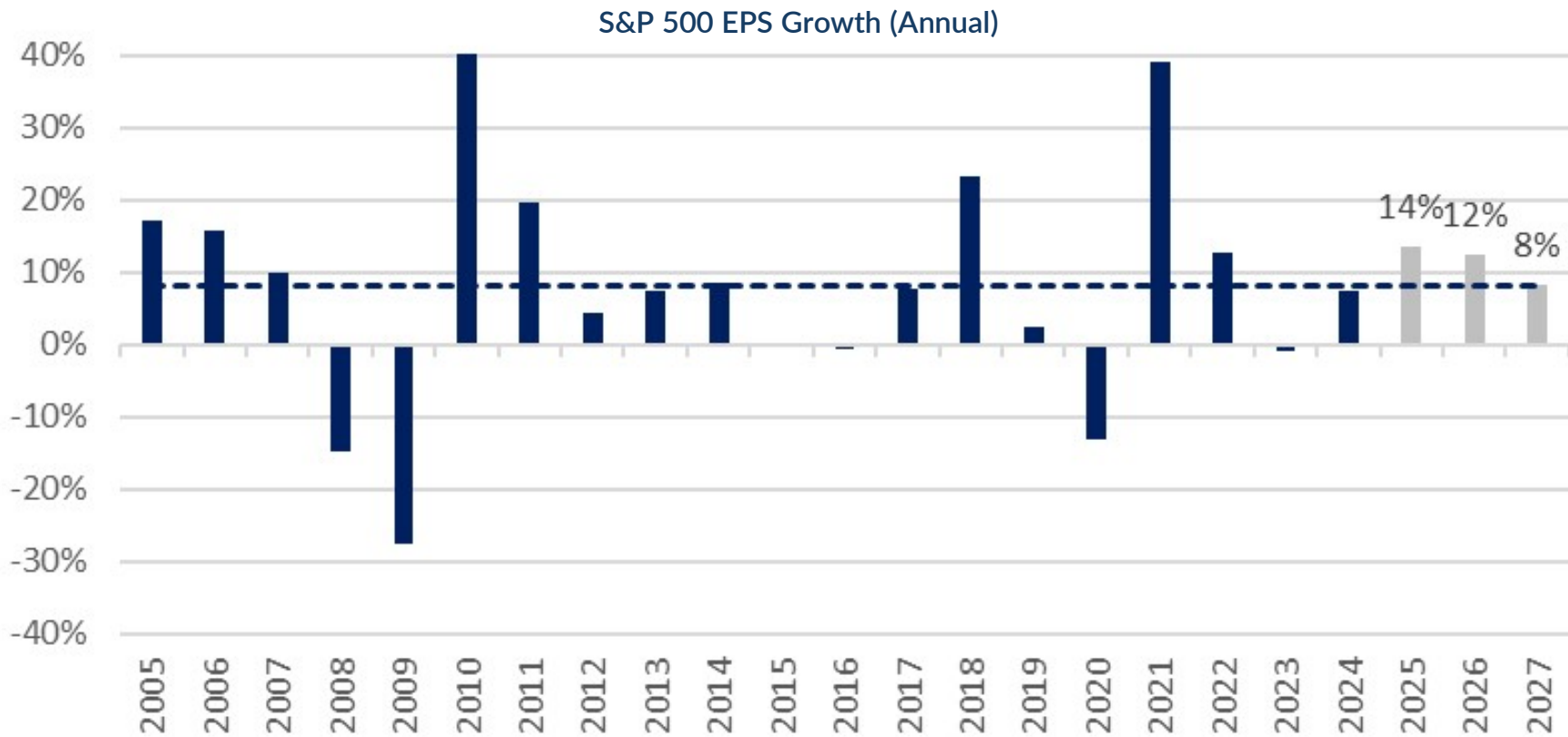




GLOBAL GDP GROWTH



US EARNINGS GROWTH – ABOVE AVERAGE



WHAT ARE ALTERNATIVE ASSETS?

Alternative assets are financial assets that don't fit into the conventional equity, income or cash categories and include investments such as:



Private Equity

Investment in privately owned or public companies with the intent to take them private.



Private Debt

Debt provided by investors to private entities. Key private debt strategies include direct lending, mezzanine and venture debt.



Real Estate

Investment in physical real estate, often residential or commercial, while various other classes do exist.



Hedge Funds

An investment fund with lower legal and regulatory constraints, flexible mandates, a large investable universe and the ability to use derivatives and leverage.



Infrastructure

Investing in new, greenfield, or existing brownfield infrastructure.



Structured Products

Products with cash flow and return profiles that depend on indices or embedded derivative or securities structures.



ANCHOR'S ALTERNATIVE INVESTMENT FUNDS



Alternative investments form an important part of a balanced portfolio, offering strong prospective returns with a stable return objective; 10-15% in rand, 8-12% in US\$.



Convenient access point to a diverse portfolio of alternative investments that might be difficult to access directly.



Funds are approved by South African regulators and provide monthly liquidity and valuations.



Funds will include investments into special opportunities with compelling pay-off profiles.

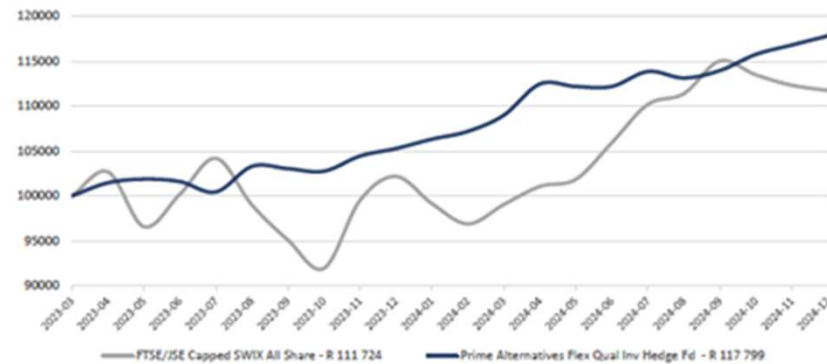




Prime Alternatives Flexible QIHF

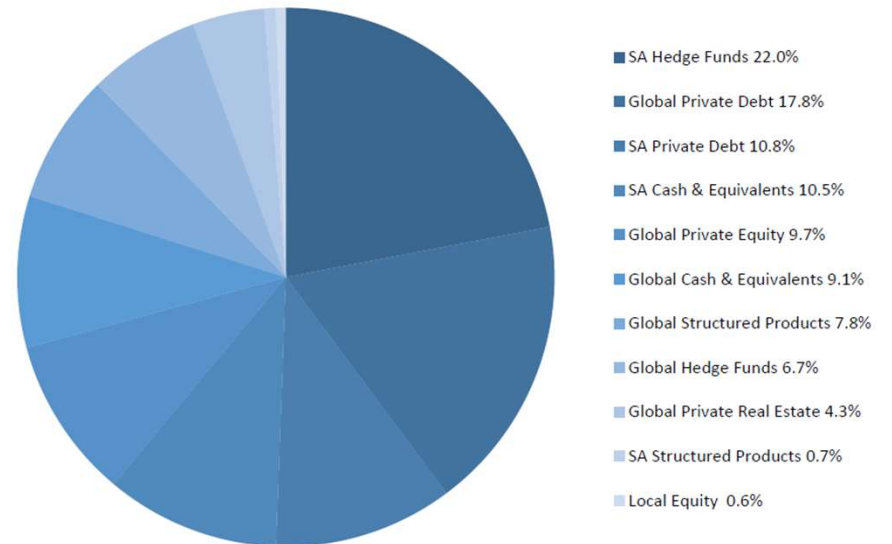
Growth of a R 100 000 investment*

Time period: 2023/04/03 to 2024/12/31



*Performance History: Based on an initial investment of R 100 000.

Asset Allocation



These include European data centres, US fibre, Maltese debt collection, UK logistics properties and, imminently, some US pre-IPO tech businesses.



WHERE THE MONEY WILL BE MADE

DOMESTIC EQUITY

- South African equities have performed well, and expectations are building.
- Staying the course on SA equity overweight call.
- Attention now turns to earnings delivery.
- Added optionality from China stimulus, which has begun.
- Short term SA-Inc is not trading well.

GLOBAL EQUITY

- The US bull market continues and it is difficult to call the top.
- Earnings growth forecasts are strong and Trump is pro-growth.
- AI is supporting animal spirits.
- But ... valuations are near 20-year highs (and ERP is non-existent), and it could be time for a reality check.
- Share selection is critical and we have a neutral view.

DOMESTIC FIXED INCOME

- We think two rate cuts in 2025.
- The fundamentals have been improving.
- Core Income is yielding 8.75% with low risk.
- Blend in a little Flexible Income to benefit from interest rate cuts.

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WHERE THE MONEY WILL BE MADE 1Q25

FIRST CASUALTIES OF GENERATIVE AI

Seleho Tsatsi

Investment Analyst



GEN-AI WINNERS

 Meta

Alphabet

 NVIDIA®

 OpenAI

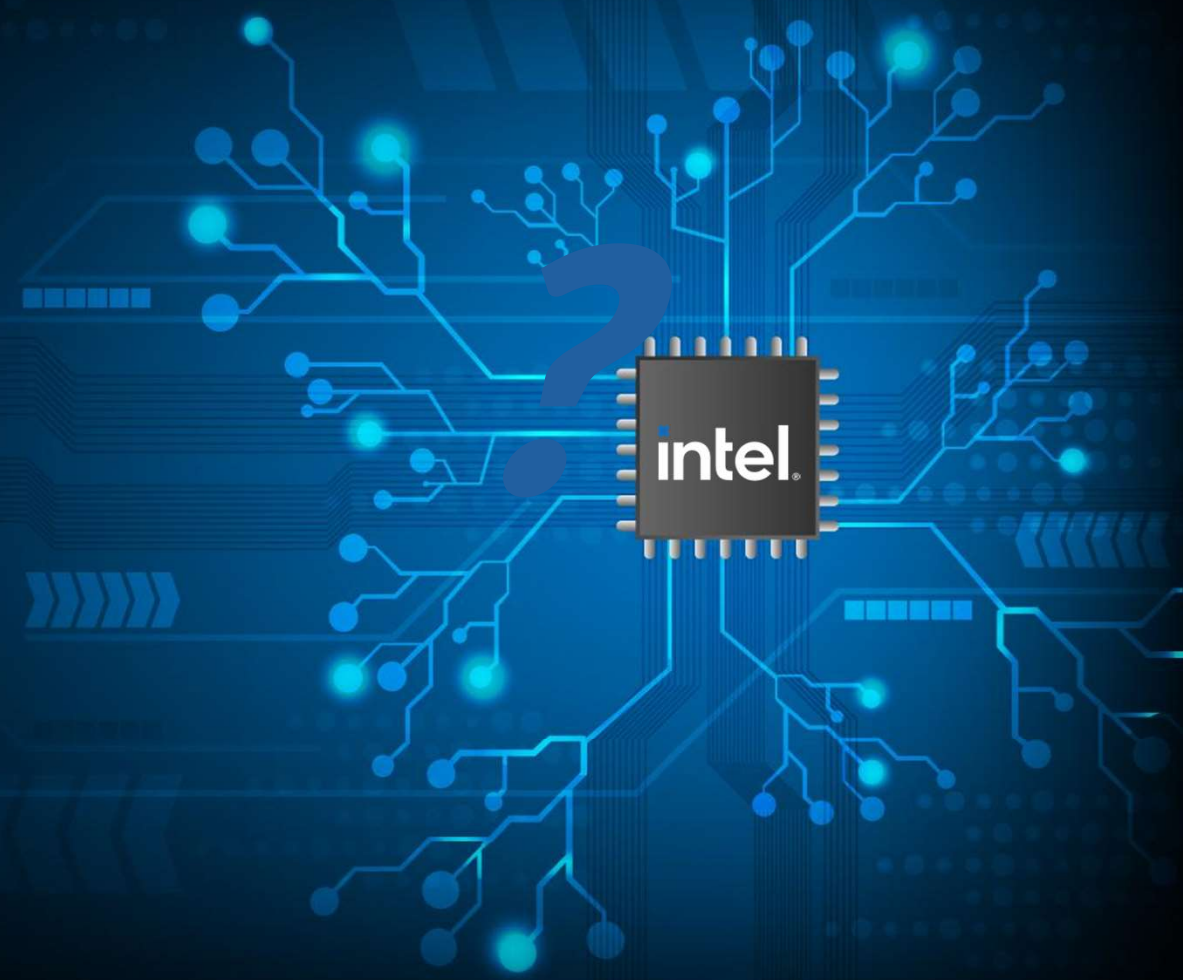


GEN-AI CASUALTIES

Where The Money Will Be Made 1Q25

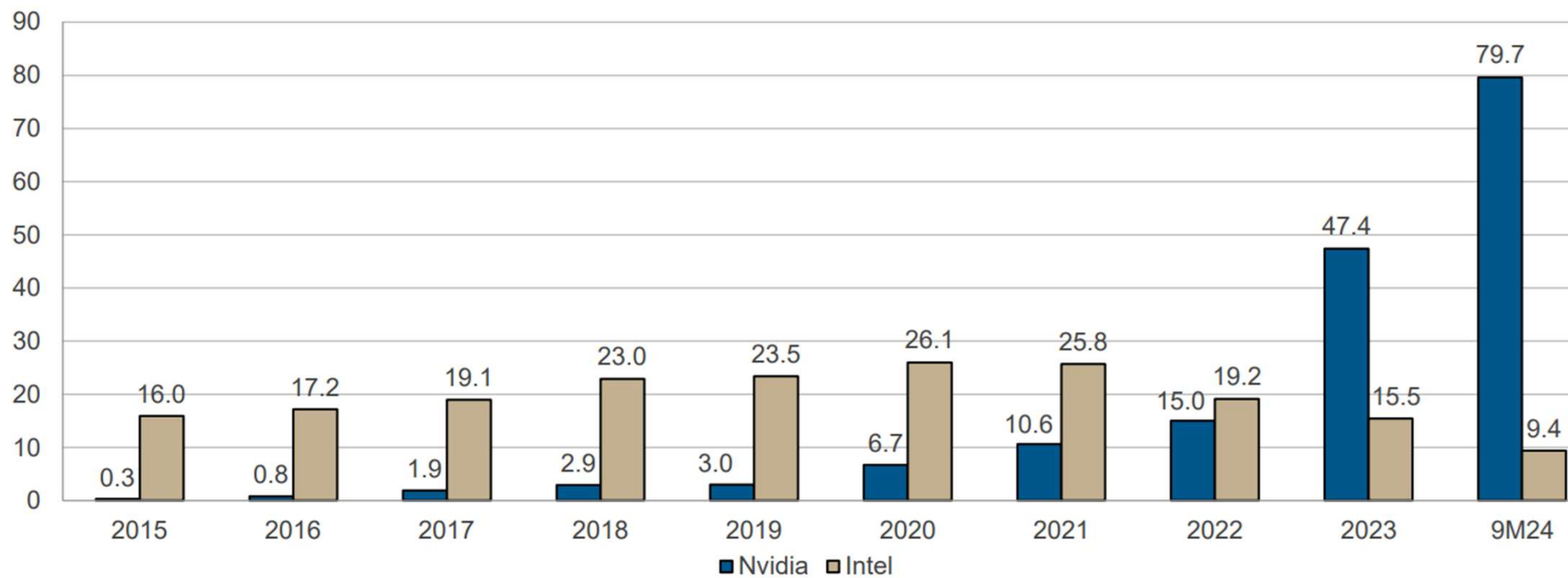
GEN-AI INTEL

Where The Money Will Be Made 1Q25





Data Centre Revenue - Intel vs Nvidia, US\$bn



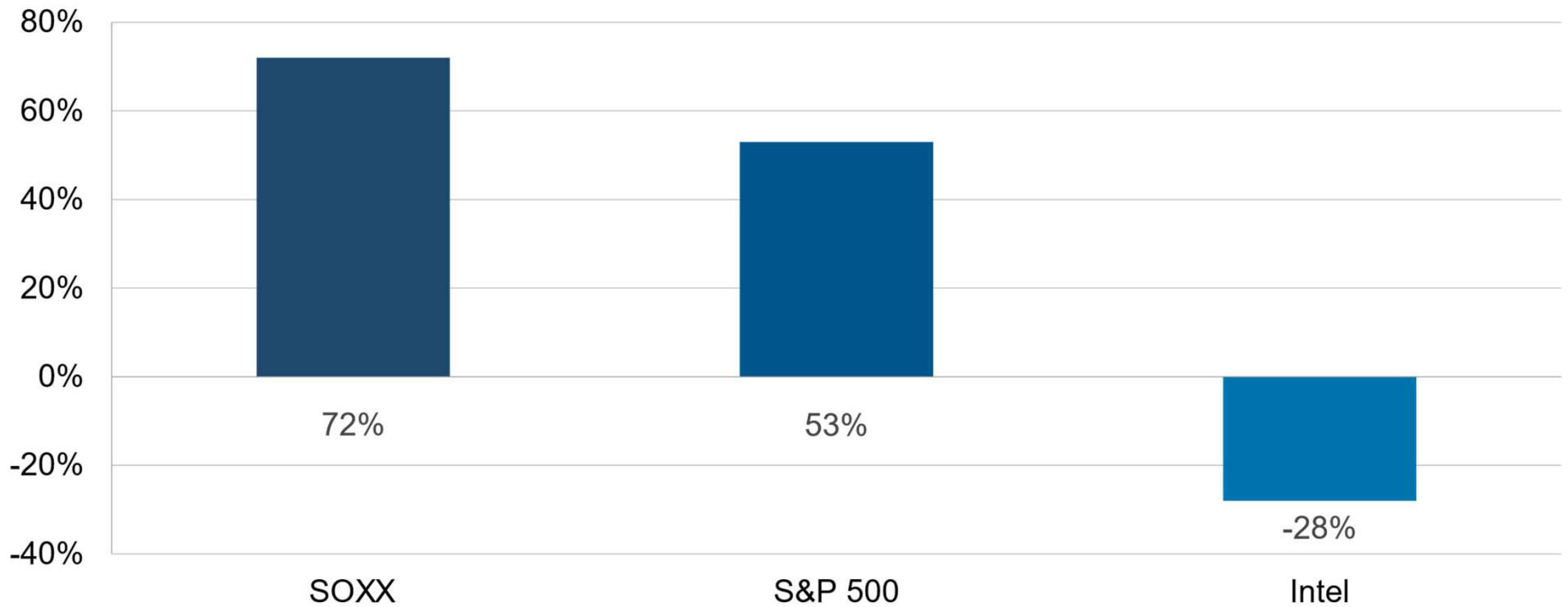


“Intel’s AI strategy is like throwing darts. They don’t know what to do but feel like they need to buy something, so they are buying everything,”

- *Jonah Alben*
(*Nvidia Head of GPU Engineering*)



Total return since November 2022 (when ChatGPT was released)

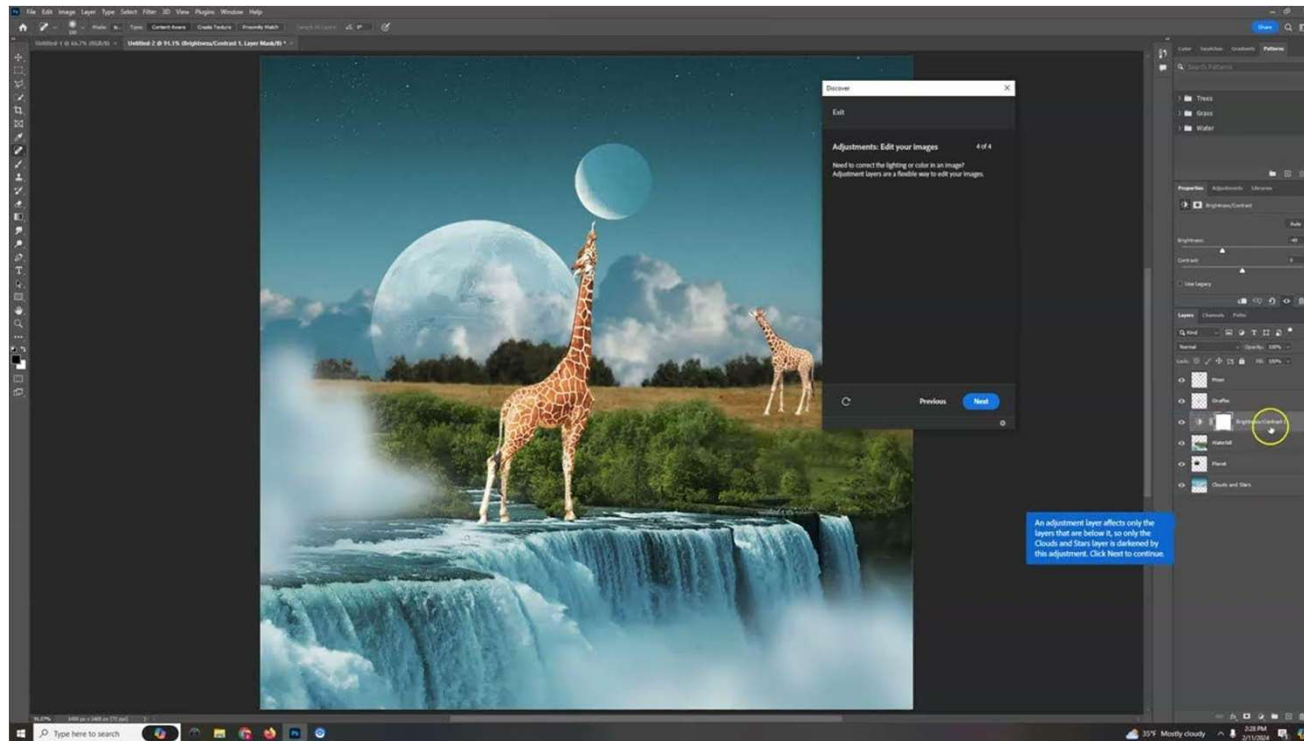




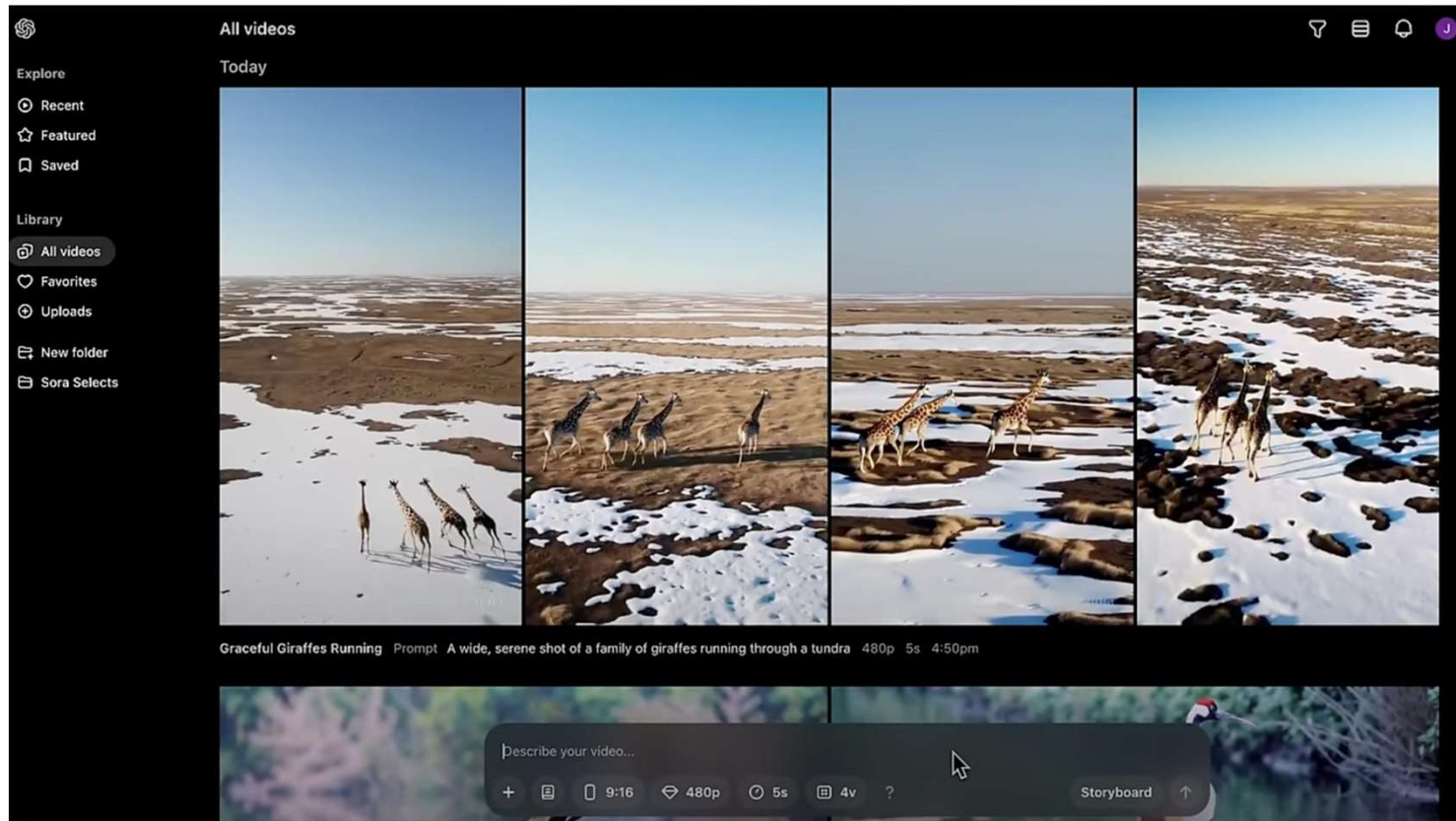
GEN-AI ADOBE

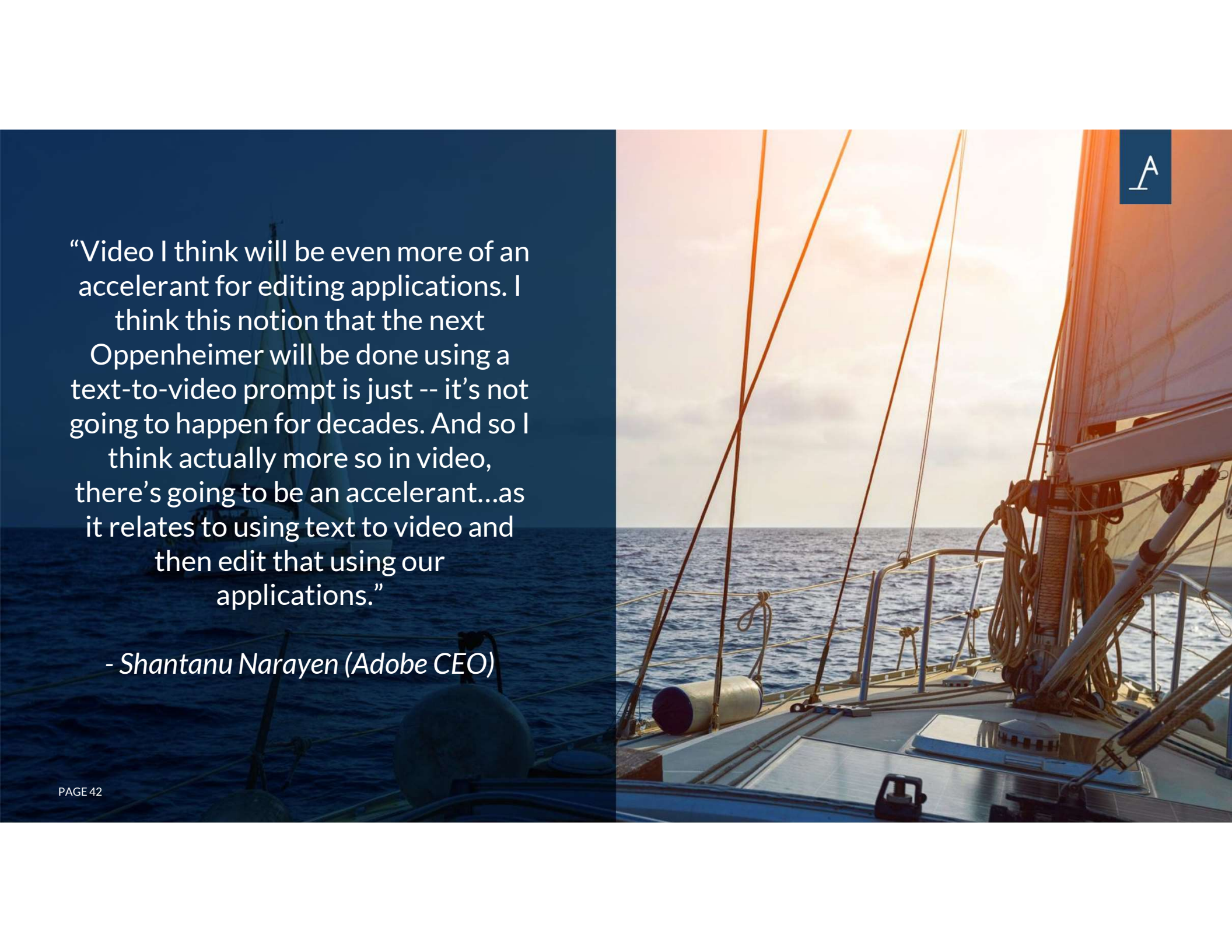
Where The Money Will Be Made 1Q25

PHOTOSHOP BY ADOBE



SORA BY OPEN AI



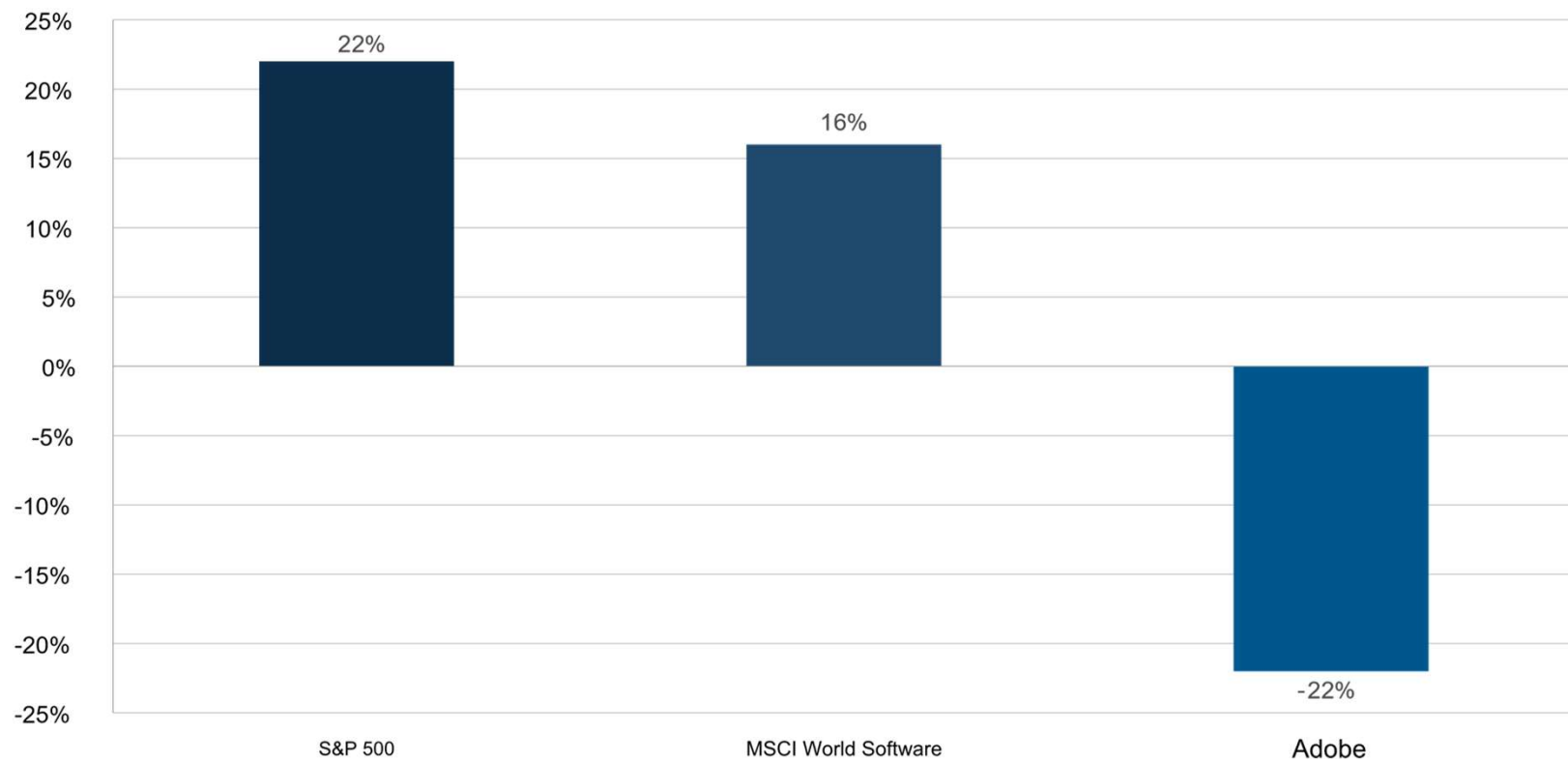


“Video I think will be even more of an accelerant for editing applications. I think this notion that the next Oppenheimer will be done using a text-to-video prompt is just -- it’s not going to happen for decades. And so I think actually more so in video, there’s going to be an accelerant...as it relates to using text to video and then edit that using our applications.”

- *Shantanu Narayen (Adobe CEO)*



Total return since February 2024 (Sora release)





GEN-AI CHEGG

Where The Money Will Be Made 1Q25



- Chegg**
- Home
- Study tools
- Post a question
- My courses
- My books
- My folder
- Career
- Life

Home

Find books, homework solutions, or practice tests

Search



Post a question

Your toughest questions, solved step-by-step.

For example: What is $E = mc^2$?

Continue to post

My courses

Manage

MATH 190

MATH 62

+ Add a course

Suggested courses

Find what you need in one step. Select from courses based on your recently viewed topics:

Applied Calculus

Pick back up

Expert Q&A
Answered

Q: $f(x) = 1 - x - \cos(x)$ has a root α in the interval $1.4 < \alpha < 1.5$.

Expert Q&A
Answered

Q: * $f(x) = 1 - x - \cos(x)$ Show that the equation $f(x) = 0$ has a root



Career



Life

Step-by-step

... 1st step

All steps

✓ Answer only

Step 1/3

Solution -

Given that, $f(x) = 1 - x - \cos(x^2)$

a) Show that the equation $f(x) = 0$ has a root α in the interval $1.4 < \alpha < 1.5$.

Explanation:

We need to evaluate $f(x)$ at the endpoints of the interval and determine if the function changes sign.

Substituting the values of 1.4 and 1.5 into the function $f(x)$:

For $x = 1.4$:

$$f(1.4) = 1 - 1.4 - \cos((1.4)^2)$$

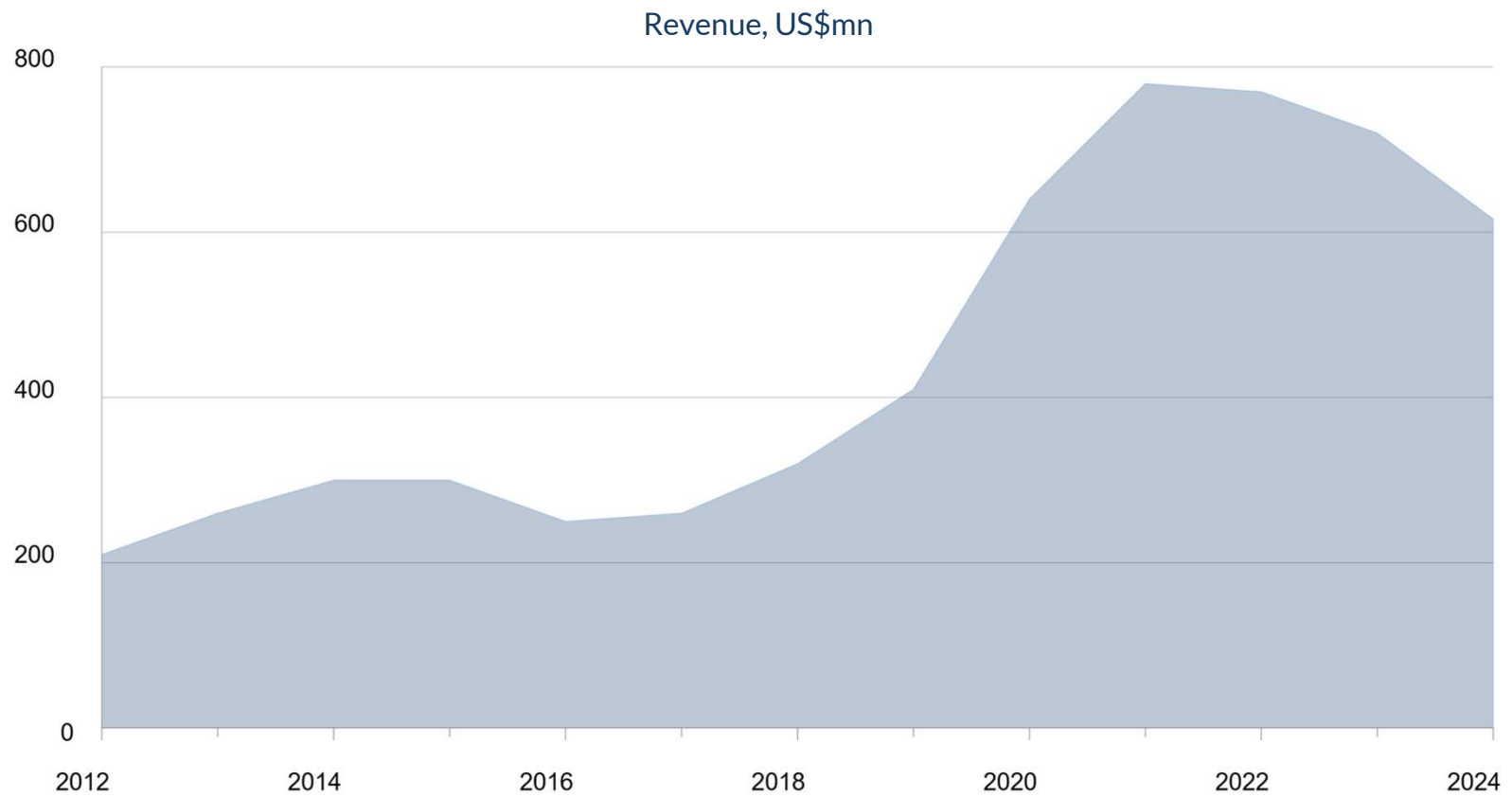
My Textbook Solutions

+ Add textbook



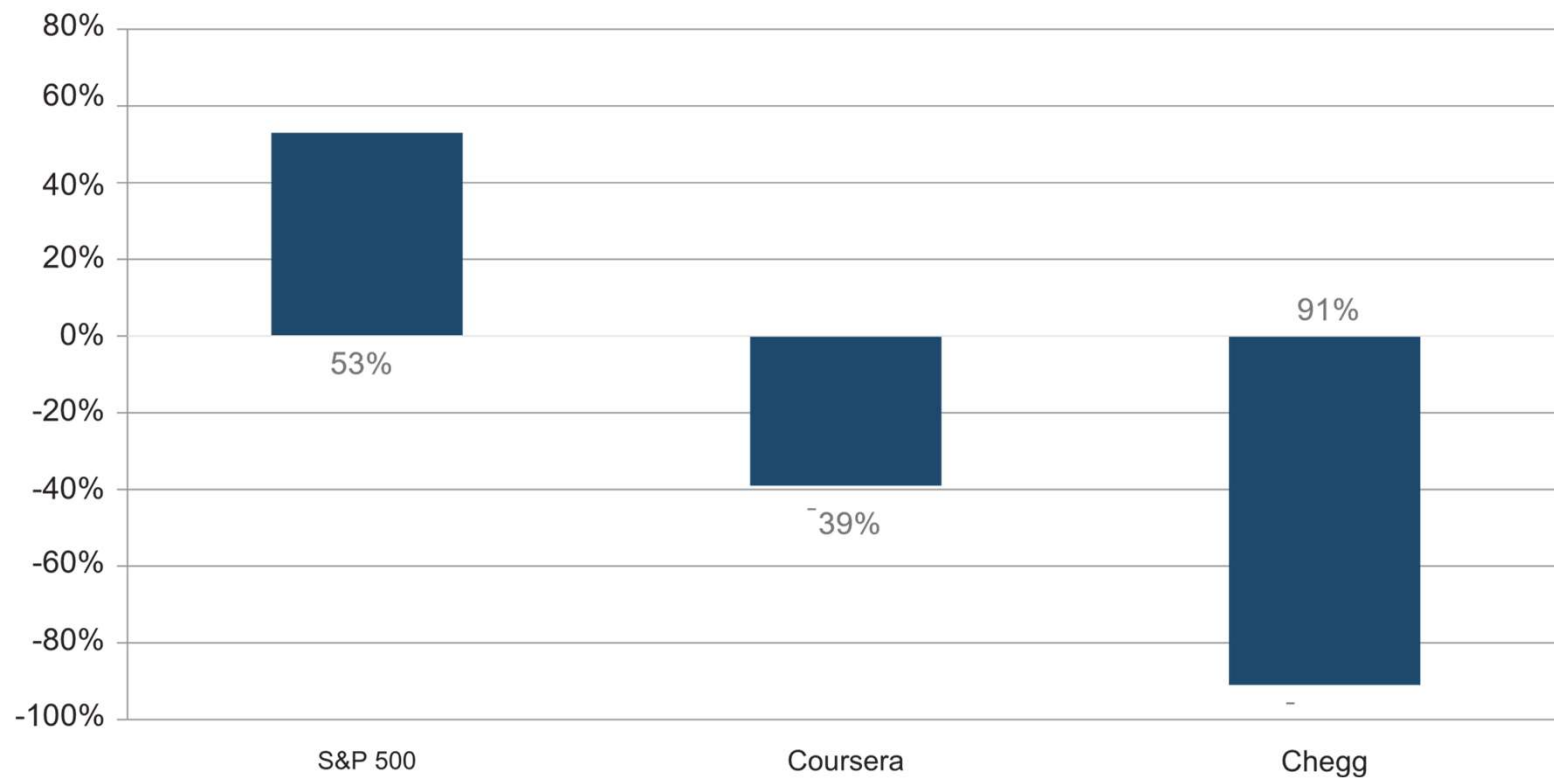
“Recent advancements in the AI search experience and the adoption of free and paid generative AI services by students have resulted in challenges for Chegg.”

- *Nathan Schultz, Chegg CEO*





Total return since November 2022 (when ChatGPT was released)



“I’ve always said the easier thing to do is figure out who loses. And what you really should have done in 1905 or so, when you saw what was going to happen with the auto, is you should have gone short horses.”

- *Warren Buffett*



GEN-AI CASUALTIES

Where The Money Will Be Made 1Q25

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WHERE THE MONEY WILL BE MADE 1Q25

FIXED INCOME AND THE RAND

Nolan Wapenaar

Co-Chief Investment Officer/Head of Fixed Income





GLOBAL YIELDS

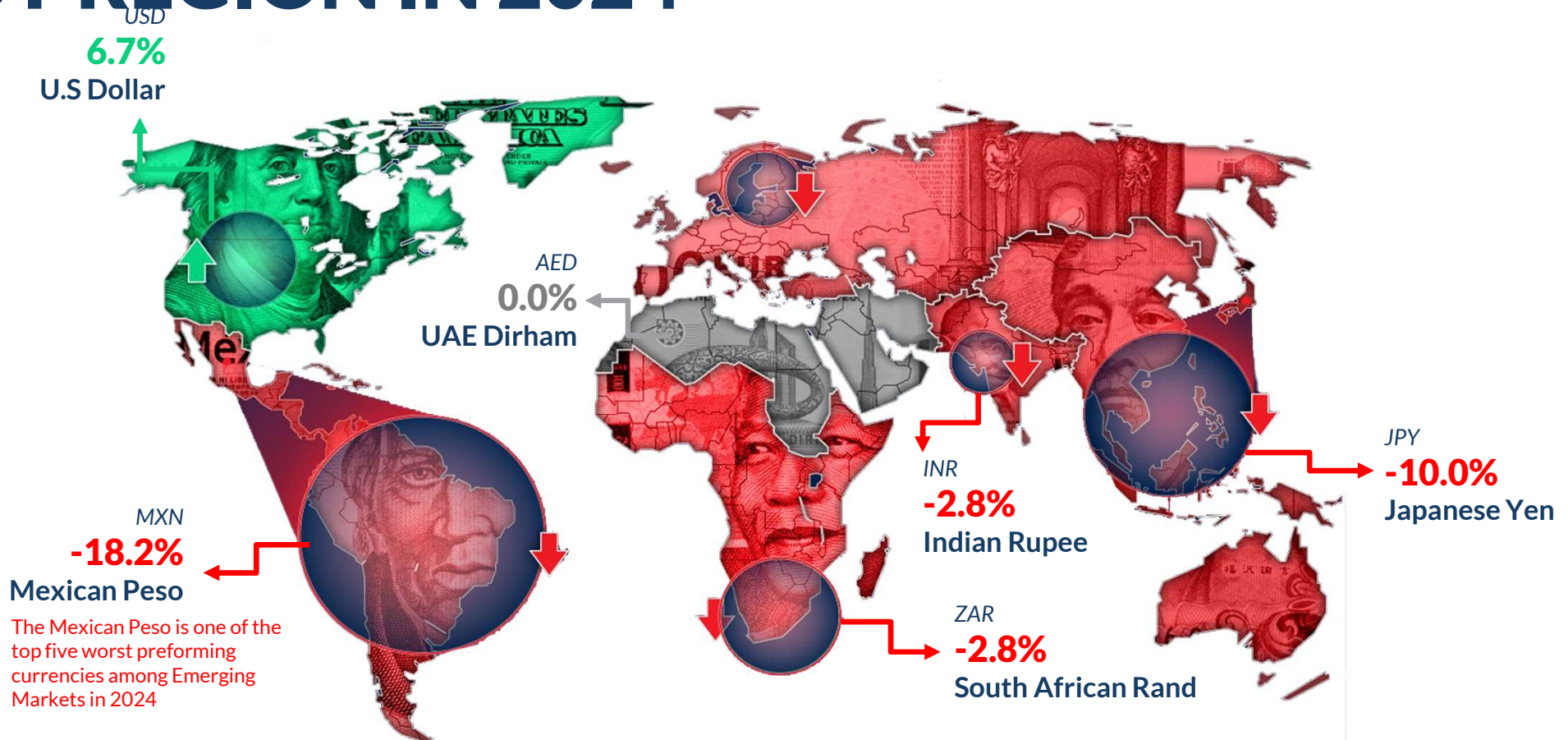
Where The Money Will Be Made 1Q25

TRUMP 2.0



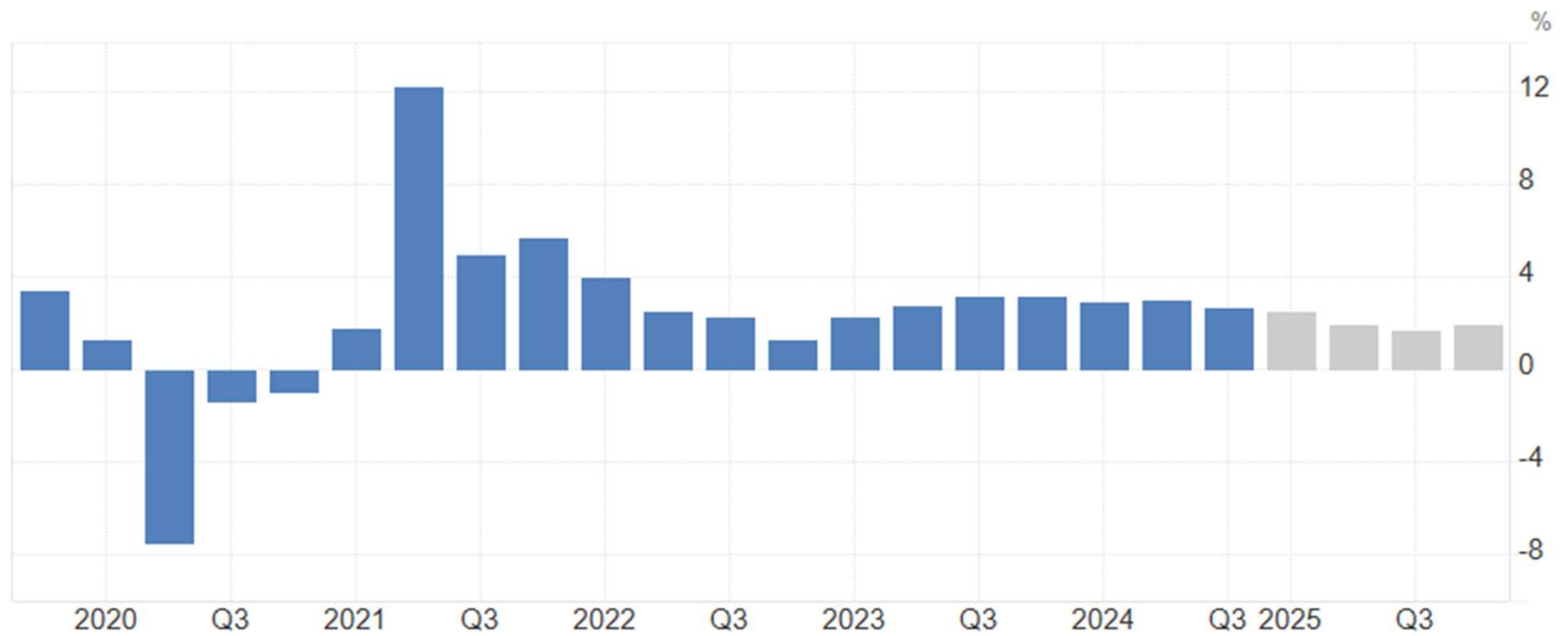
MAJOR CURRENCY PERFORMANCE BY REGION IN 2024

Source: Visual Capitalist





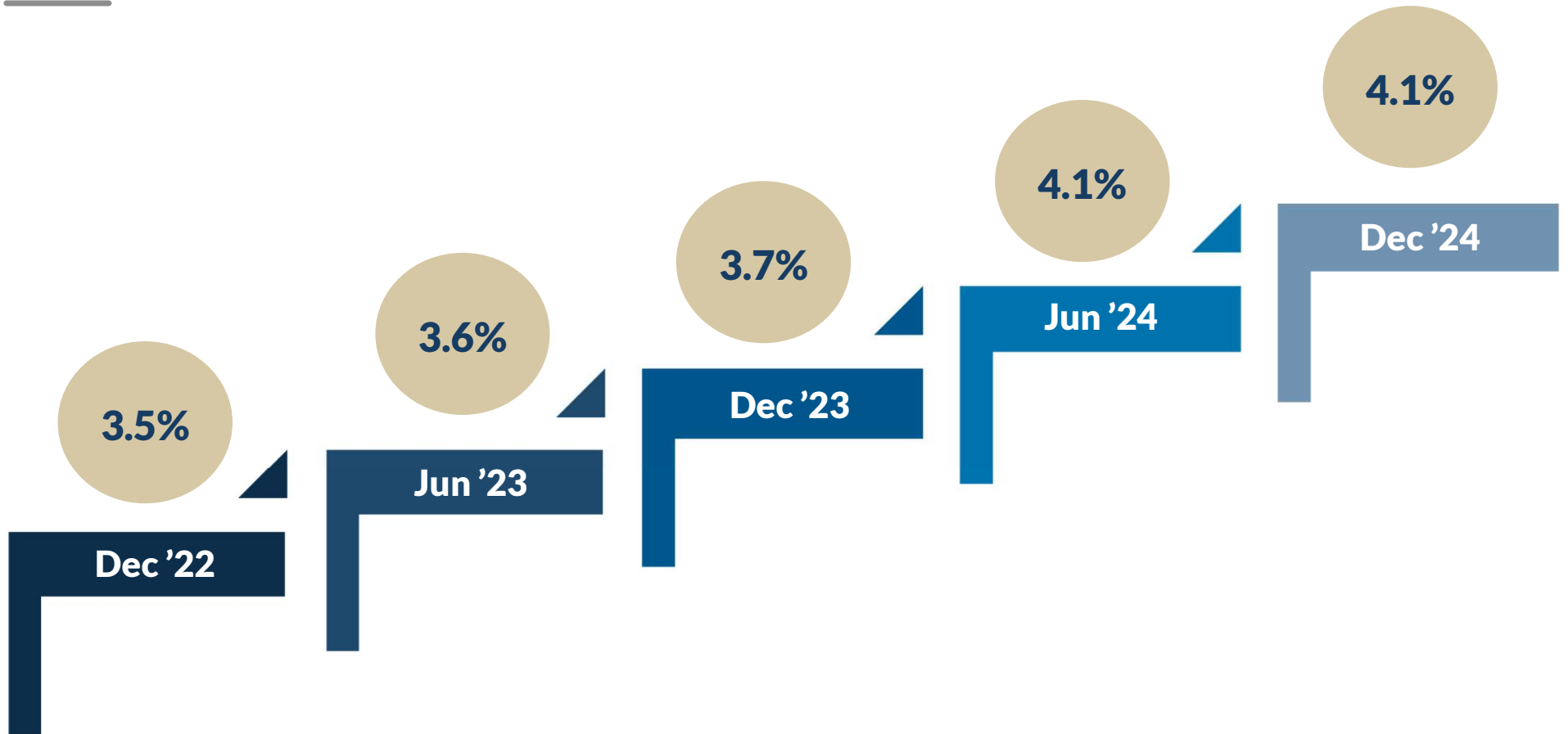
US GDP ANNUAL GROWTH



U.S. Bureau of Economic Analysis

Value Chg Chg%

US UNEMPLOYMENT



US HOURLY EARNINGS



Wage Growth %



US CORE PCE ANNUAL INFLATION



US CPI - Core annualised





WHERE THE MONEY WILL BE MADE

DOMESTIC EQUITY

DOMESTIC FIXED INCOME

GLOBAL EQUITY

GLOBAL FIXED INCOME

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DOMESTIC YIELDS

Where The Money Will Be Made 1Q25





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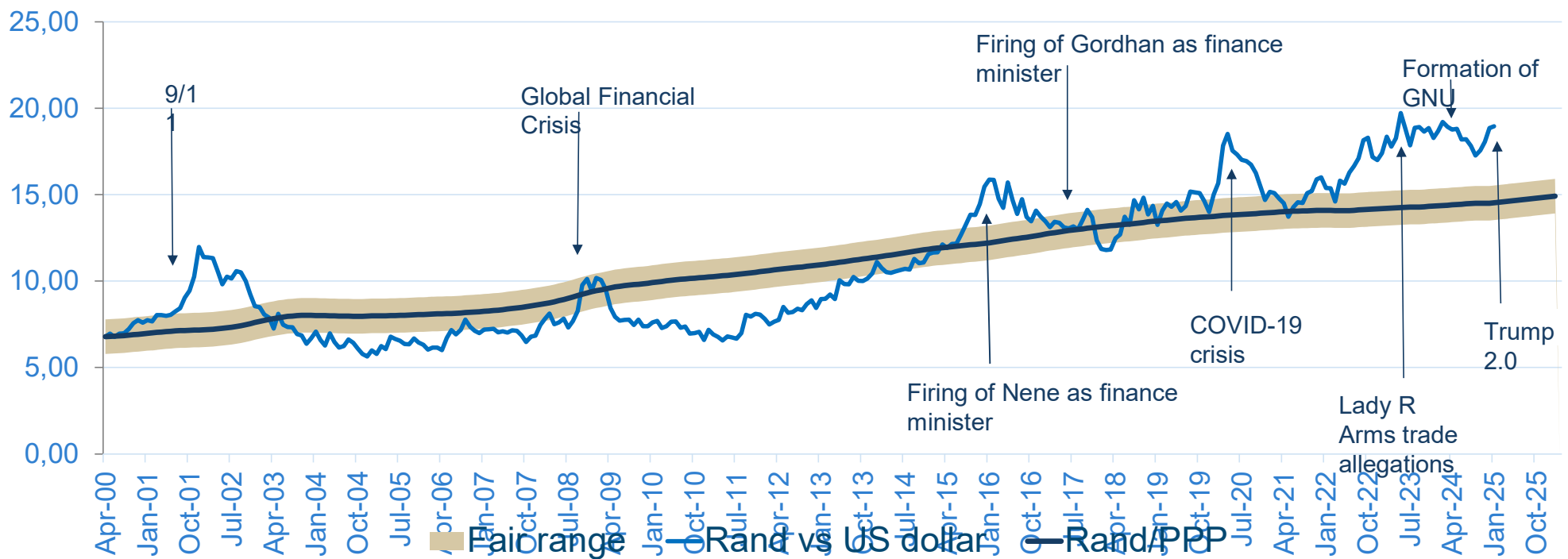
THE RAND

Where The Money Will Be Made 1Q25

THE RAND



ACTUAL ZAR/USD VS ZAR PPP MODEL



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WHERE THE MONEY WILL BE MADE 1Q25

SOUTH AFRICAN EQUITIES TIME FOR DELIVERY

Liam Hechter

Fund Manager

STAYING THE COURSE ON SOUTH AFRICA → FOR NOW



12-month total return of 15%.



Earnings expectations have moved higher.



More reasons to be bullish consumer

- Gradual recovery underway
- Low CPI to put pressure on SARB
- GNU vital to keep confidence high
- 2-Pot withdrawals to fuel recovery



Global macro to influence the JSE this year more so than last



JSE BANKS TO MAKE HEALTHY CONTRIBUTION TO INDEX PERFORMANCE THIS YEAR



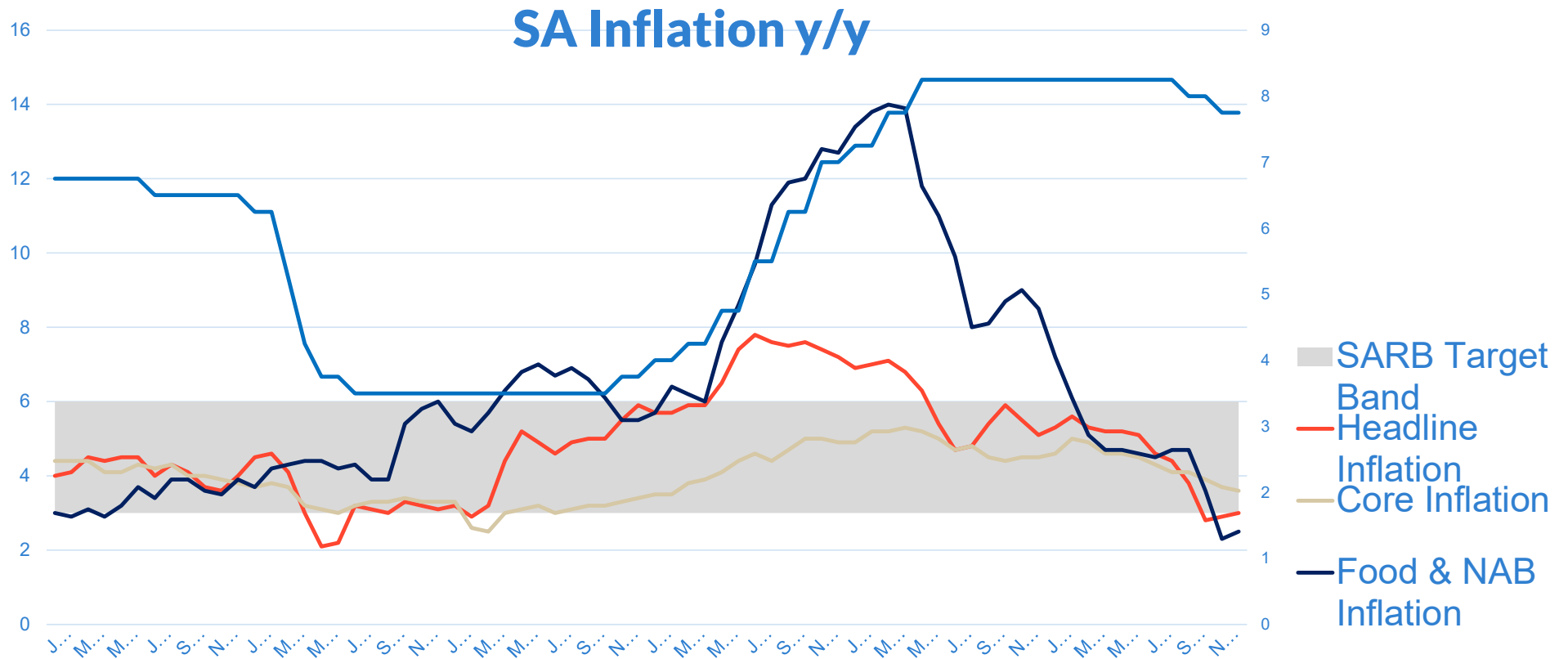
JSE Banks Forward PE ratio



JSE BANKS HAVE DERATED 15% OVER THE QUARTER:

- Bonds have held
- Earnings trending higher
- Expect mid-teens total return from the sector

RELIEF CONTINUING FOR THE CONSUMER



TENCENT: RESILIENT COMPOUNDER DESPITE CHINA'S MACRO MALAISE



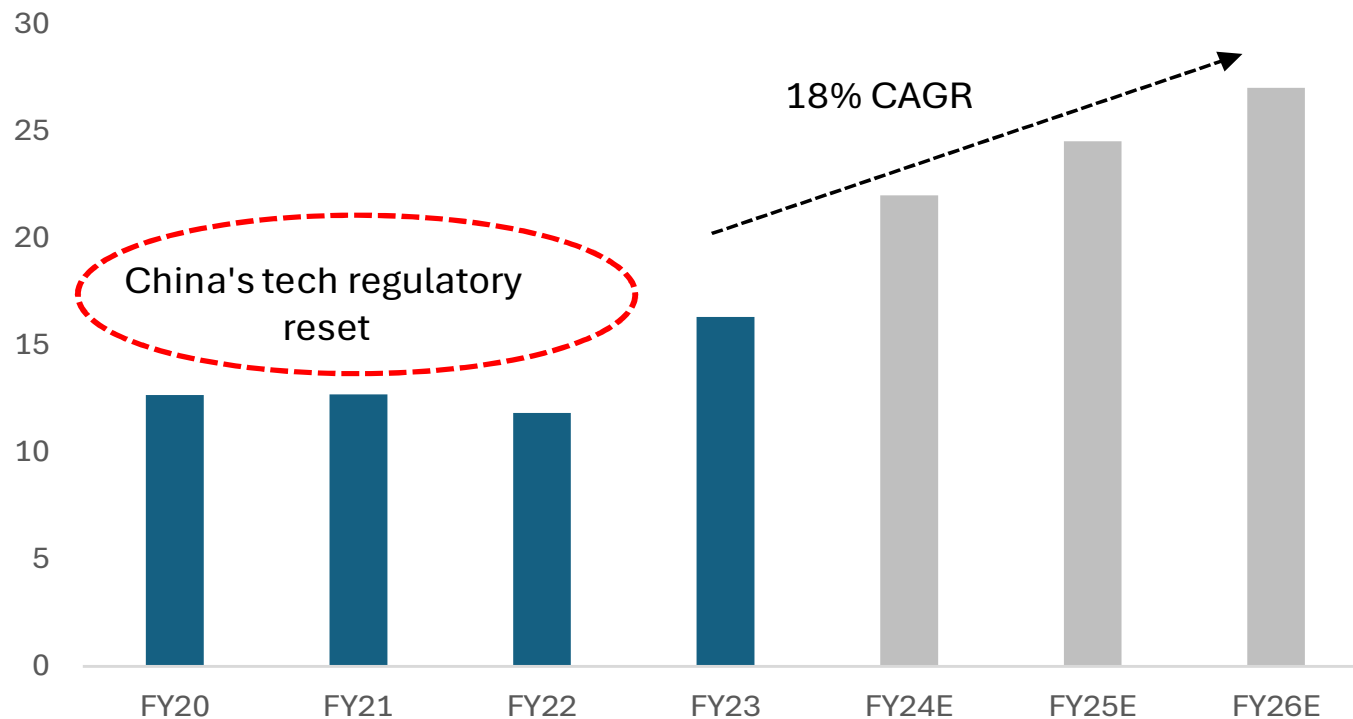
Tencent's rating remains undemanding....



TENCENT: RESILIENT COMPOUNDER DESPITE CHINA'S MACRO MALAISE



.... Despite compelling growth following the strategic reset on 2022

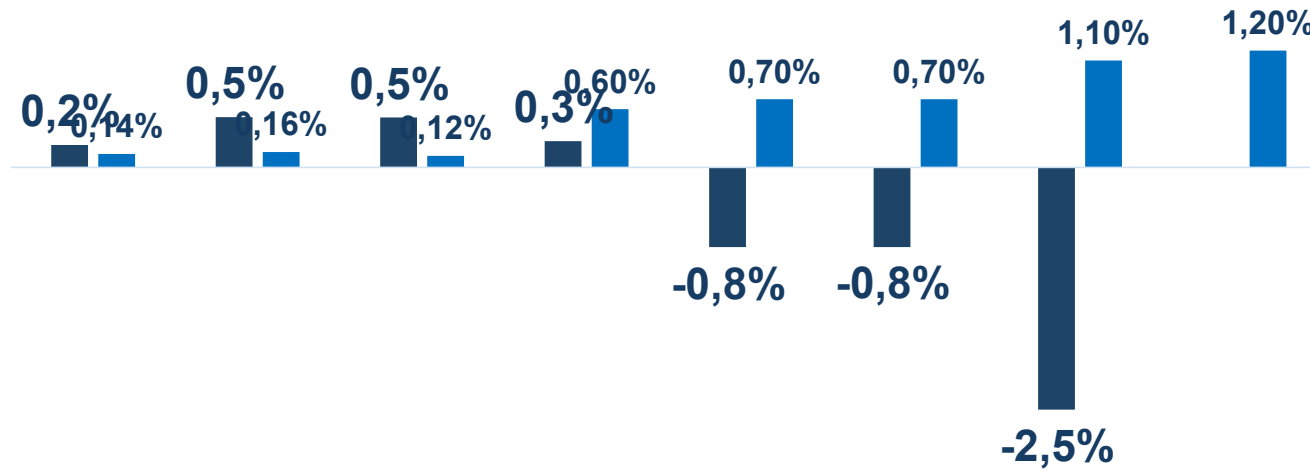


- Focus has shifted to profitability rather than (profitless?) topline growth
- Balance sheet in small net cash position
- Investment portfolio: 27% of market cap; minimal contribution to earnings

TENCENT: RESILIENT COMPOUNDER DESPITE CHINA'S MACRO MALAISE



Strong balance sheet beginning to drive returns to shareholders



- Shares outstanding
- Prospective dividend yield

HOLDING THE LINE ON MIDCAP PICS — FOCUS ON DELIVERY

A

GEARED TO PICK UP IN SOUTH AFRICA

QUALITY MANAGEMENT



LOW EARNINGS BASE

PROVEN BUSINESS MODEL

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