

A compass with a blue face and gold casing is positioned on a blue, textured surface. The background is a blurred sunset over water, with the sun low on the horizon and its light reflecting on the surface.

ANCHOR

NAVIGATING
CHANGE

WHERE THE MONEY WILL BE MADE 2Q25

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

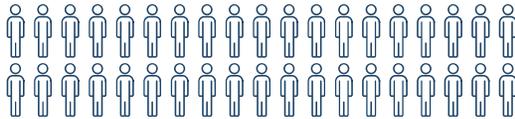


INVESTMENT PROCESS



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

530+
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:



SOUTH AFRICA



LONDON



MAURITIUS

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



WHERE THE MONEY WILL BE MADE

DOMESTIC EQUITY

- Massive gold outperformance year-to-date has masked a tough start to 2025 for domestically focused stocks.
- Post-election optimism moderating; range of outcomes from here considerably wider.
- Move to Neutral allocation and reduced 11% prospective return
- Greater uncertainty = more diversification; emphasis on quality.

DOMESTIC FIXED INCOME

- We think two rate cuts in 2025 (0.5% in total) to prime rate of 10.5%.
- The fundamentals have stagnated. The risk of deterioration is real.
- Core Income is yielding 8.5% with low risk.
- Blend in a little Flexible Income to benefit from interest rate cuts.

GLOBAL EQUITY

- Recent recovery returns valuations to relatively elevated levels vs. history
- Impact of recent US policy on GDP & company earnings still to be seen
- Retain Neutral allocation with 6% prospective return but expect volatility along the way
- Be patient to deploy cash and ready to capitalise on opportunities

GLOBAL FIXED INCOME

- Cash and shorter-dated bonds are attractive.
- We think two rate cuts in 2025 (0.5% in total) to Fed funds rate of 3.75%.
- Ideal is to hold bonds with 3 to 5 years to maturity.
- Anchor Global High Yield is showing a yield of 5.5% with bonds maturing in 2026-2029.



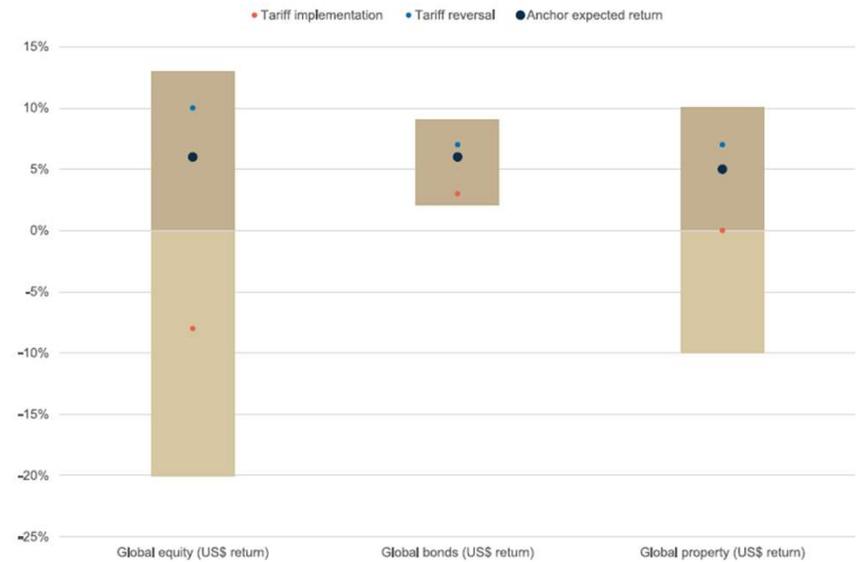
Asset Allocation

The following table illustrates our house view on different asset classes. This view is based on our estimate of the risk and return properties of each asset class in question. As individual Anchor portfolios have specific strategies and distinct risk profiles, they may differ from the more generic house view illustrated here.

Asset class	Current stance			Expected returns (own currency) (%)
	Negative	Neutral	Positive	
DOMESTIC				
Equity	●	●	◀	11
Bonds	●	●	◀	11
Listed property	●	●	●	11
Cash	◁	●	●	7.5
Alternatives*	●	●	●	10 to 15
Rand vs US dollar (rand stronger)				1.6
GLOBAL				
Equity	●	●	●	6
Government bonds	●	●	◀	6
Corporate credit	●	●	●	6
Listed property	●	●	●	5
Cash	●	●	●	4
Alternatives*	●	●	●	8 to 12

Figure 1: 12M return scenarios for various asset classes in US dollar terms

Source: Anchor





10% WEAKENING OF THE DOLLAR





DESPITE THE VOLATILITY, MOST EQUITY MARKETS ENDED APRIL IN POSITIVE TERRITORY

Index	DM Equities	Apr (USD)	1Q25 (USD)	YTD(USD)
IBEX 35	Spain	7.7%	19.1%	28.2%
NYSE FANG	Large Cap Tech	7.2%	-12.1%	-5.8%
ARKK Innovation ETF	ARK Innovation ETF	6.9%	-16.2%	-10.4%
DAX	Germany	6.6%	15.8%	23.5%
NIKKEI 225	Japan	6.3%	-5.5%	0.4%
FTSE 250	UK Midcap	6.2%	-2.1%	4.0%
FTSE MIB	Italy	4.7%	16.3%	21.8%
Euro Stoxx 50	EU	3.9%	12.5%	16.9%
CAC 40	France	2.9%	10.5%	13.8%
FTSE 100	UK	2.7%	9.4%	12.4%
NASDAQ 100	US Tech	1.6%	-8.1%	-6.6%
MSCI World	Developed Markets	0.9%	-1.7%	-0.8%
BBG Magnificent 7	BBG Magnificent 7	0.6%	-16.0%	-15.5%
S&P 500	US	-0.7%	-4.3%	-4.9%

Index	EM Equities	Apr (USD)	1Q25 (USD)	YTD(USD)
Nifty 50	India	4.6%	-0.2%	4.4%
BRAZIL IBOVESPA	Brazil	4.4%	16.9%	22.1%
FTSE/JSE Capped SWIX	South Africa	2.9%	8.9%	12.1%
MSCI EM	Emerging Markets	1.3%	3.0%	4.4%
MSCI Russia	Russia	0.0%	0.0%	0.0%
SHANGHAI COMP	China (Mainland)	-1.8%	0.4%	-1.4%
HANG SENG	Hong Kong	-3.7%	15.9%	11.6%
HANG SENG CHINA ENT	China (HK Listed)	-4.4%	17.4%	12.2%
NASDAQ GOLDEN DRAGON	China (US Listed)	-8.9%	13.5%	3.4%



EQUITY MARKET VALUATIONS BOUNCED BACK TO ELEVATED LEVELS

S&P 500 Fwd P/E



MSCI World Fwd P/E



The market rally after the “90-day pause” pushed the S&P 500 back to a 20.8x forward PE (> 1 standard deviation expensive)

ALTERNATIVE INVESTMENTS

PRIVATE EQUITY

- Involves **investing in privately held companies, providing the capital for existing owners to scale their companies and pursue growth opportunities.**
- Private equity investors often seek to enhance the value of their investment by assisting with improvements in the company's operational performance and financial efficiency.
- Private equity investments typically offer high potential returns but usually require capital to be invested for lengthy periods (often 5 – 10 years).

PRIVATE REAL ESTATE

- Involves **investing directly in physical properties or funds that own physical properties.**
- Investor **returns are generated through rental income and appreciation in the value of the property** (the latter is often a function of refurbishment and development).
- This alternative investment category **offers portfolio diversification and inflation protection, but these investments are illiquid and may take time to exit.**

HEDGE FUNDS

- Typically **make investments into traditional asset classes** (stocks and bonds).
- **Use sophisticated investment techniques** (e.g., short-selling and leverage) **and derivatives** (e.g., options and futures) **to create opportunities to deliver positive returns regardless of the market environment.**
- The various hedge funds and investment managers operate across a **wide variety of investment strategies with a broad range of risk/return profiles.**

PRIVATE DEBT

- Private debt or direct lending, is an investment strategy where **non-bank lenders** (institutional investors, debt funds, insurance companies and private investors) **provide loans to support the financing requirements of businesses.**
- Since the 2008 global financial crisis (GFC), **regulatory reforms have increased costs and restricted credit appetites from banks, causing them to retreat from certain areas of the debt market** (e.g. loans to private companies in the small- and mid-market segment), creating an opportunity for direct lenders.
- Private debt can provide investors with higher yields, portfolio diversification, and lower portfolio volatility than traditional fixed income.
- Direct lending usually requires investors to commit to **lengthy investment periods (usually 1- 5 years).**

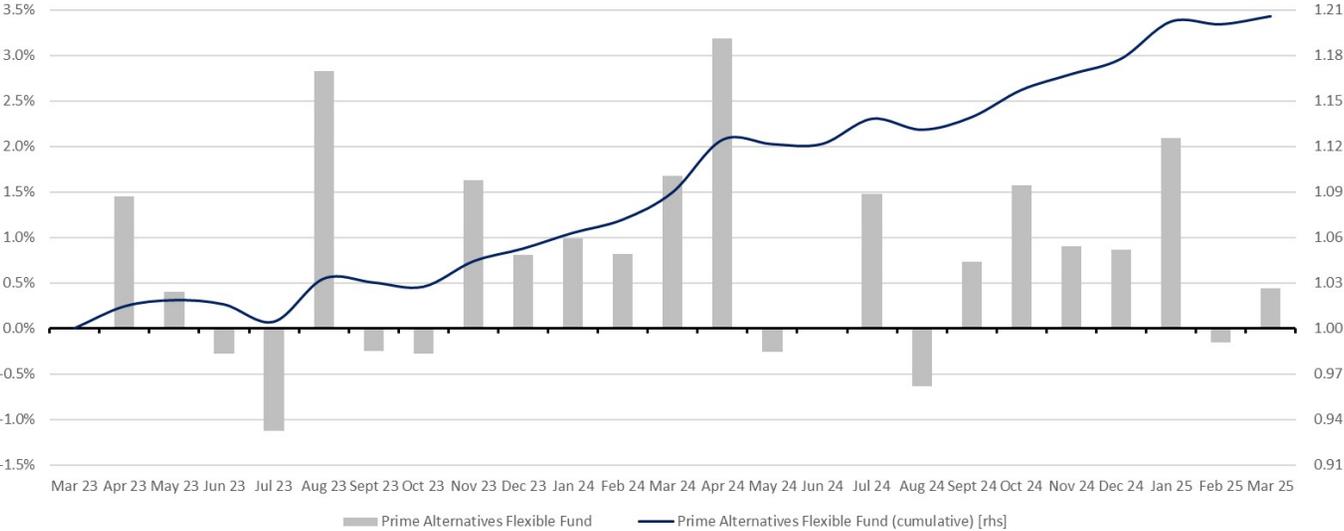
STRUCTURED PRODUCTS

- Contractual obligations issued by banks and brokerages with **defined maturity dates (usually 1 to 5 years).**
- Reference investments (such as bonds, stocks or indices) but adds bespoke features to create a more defined range of investment outcomes.
- Customisable features can include:
 - adding some level of **capital guarantee**
 - setting **minimum and maximum potential return ranges**
 - achieving **leveraged exposure** to the reference asset
 - receiving returns in the form of periodic, **pre-defined coupons**



TARGETING STABLE RETURNS IN RAND AND US\$

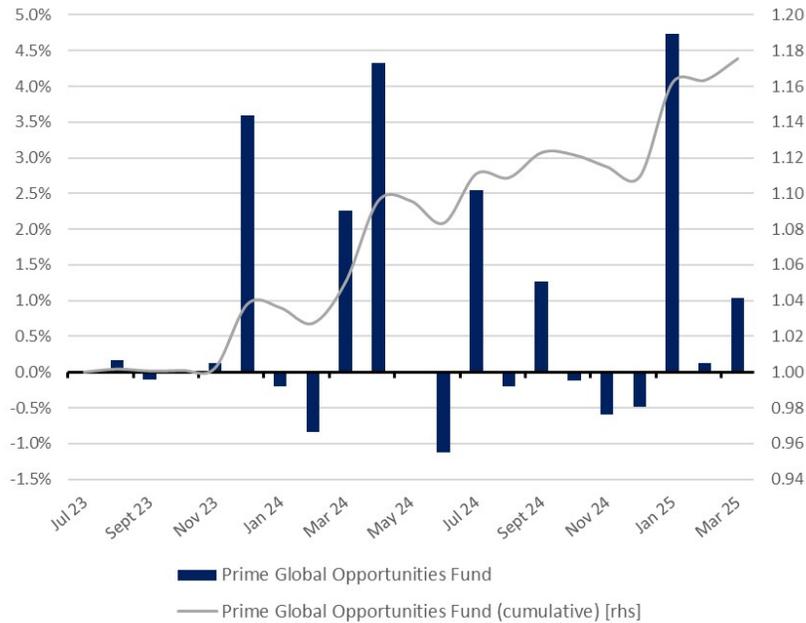
Prime Alternatives Flexible QIHF (ZAR)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023				1.4%	0.4%	-0.3%	-1.1%	2.8%	-0.2%	-0.3%	1.6%	0.8%	5.3%
2024	1.0%	0.8%	1.7%	3.2%	-0.3%	0.0%	1.5%	-0.6%	0.7%	1.6%	0.9%	0.9%	11.9%
2025	2.1%	-0.1%	0.4%										2.4%



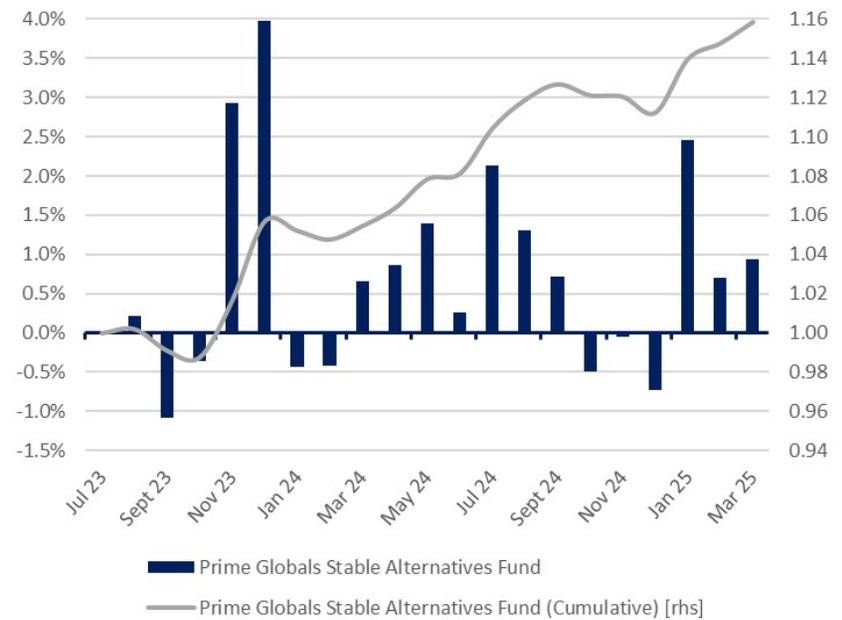


TARGETING STABLE RETURNS IN US DOLLARS

Prime Global Opportunities (US\$)



Prime Global Stable Alternatives (US\$)





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An aerial photograph of several sailboats on a deep blue sea with white-capped waves. The boats are positioned in a line, with the largest one in the foreground and smaller ones further back. The overall tone is professional and serene.

ANCHOR | CREDO

WHERE THE MONEY WILL BE MADE 2Q25

INVESTING IN UNCERTAIN TIMES (WITH A SIDE OF TRUMP)

Deon Gouws

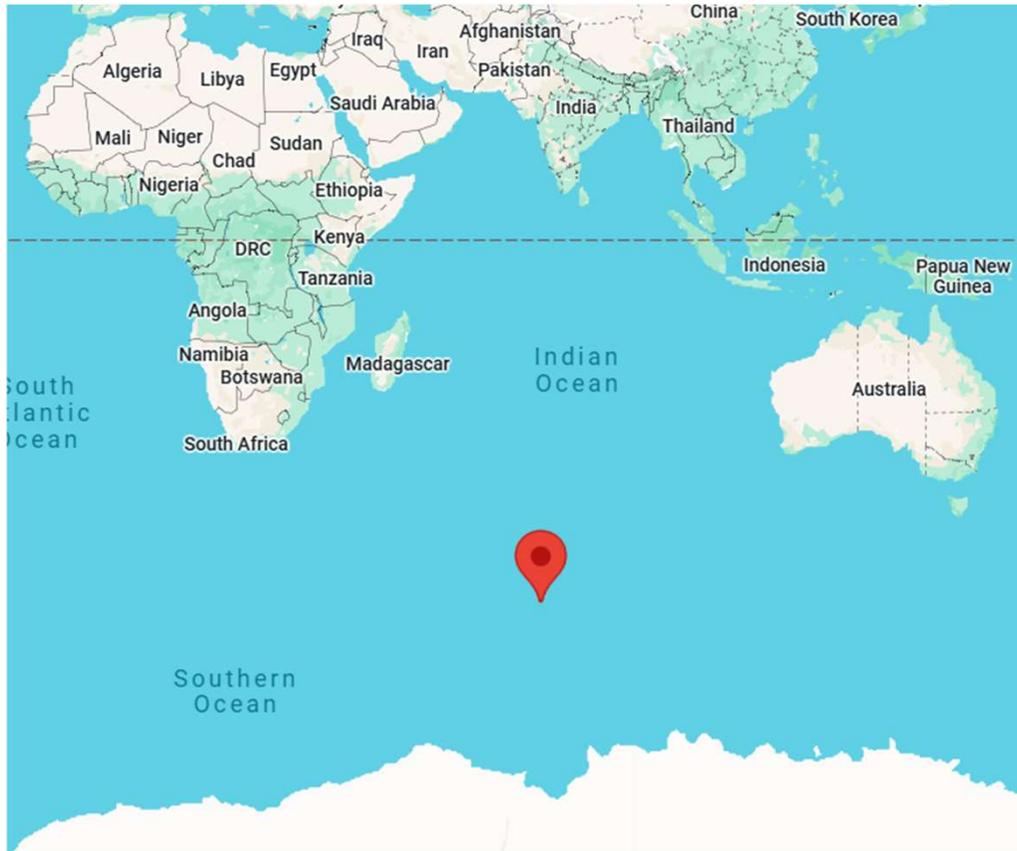
Credo Chief Investment Officer

OLD MUTUAL INTERNATIONAL SYMPOSIUM – MARCH 2025

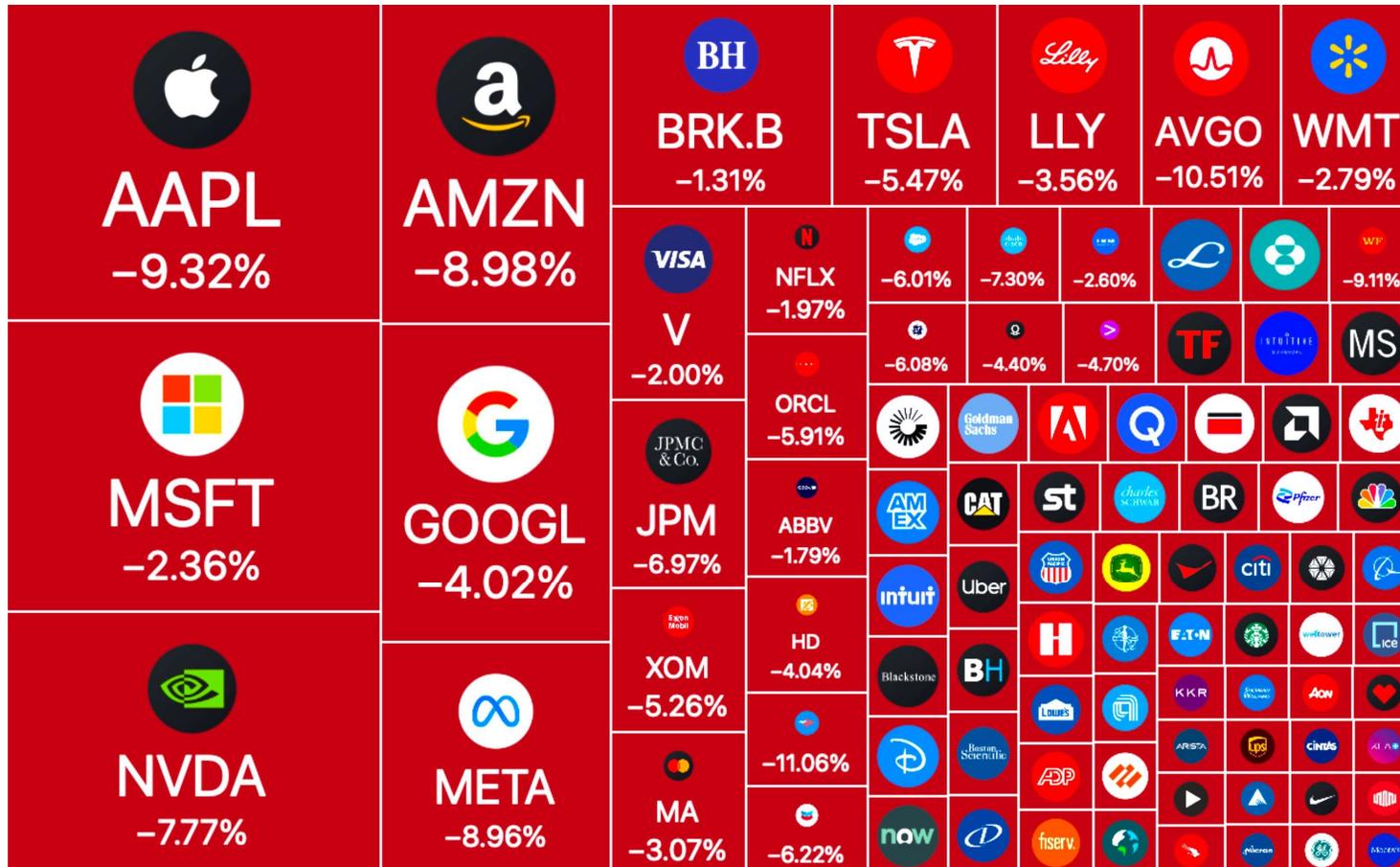




HEARD & MCDONALD ISLANDS



“LIBERATION DAY”... WORST DAY FOR THE S&P 500 SINCE 2020



“LIBERATION DAY”... WORST DAY FOR THE S&P 500 SINCE 2020





The Trouble with Tariffs



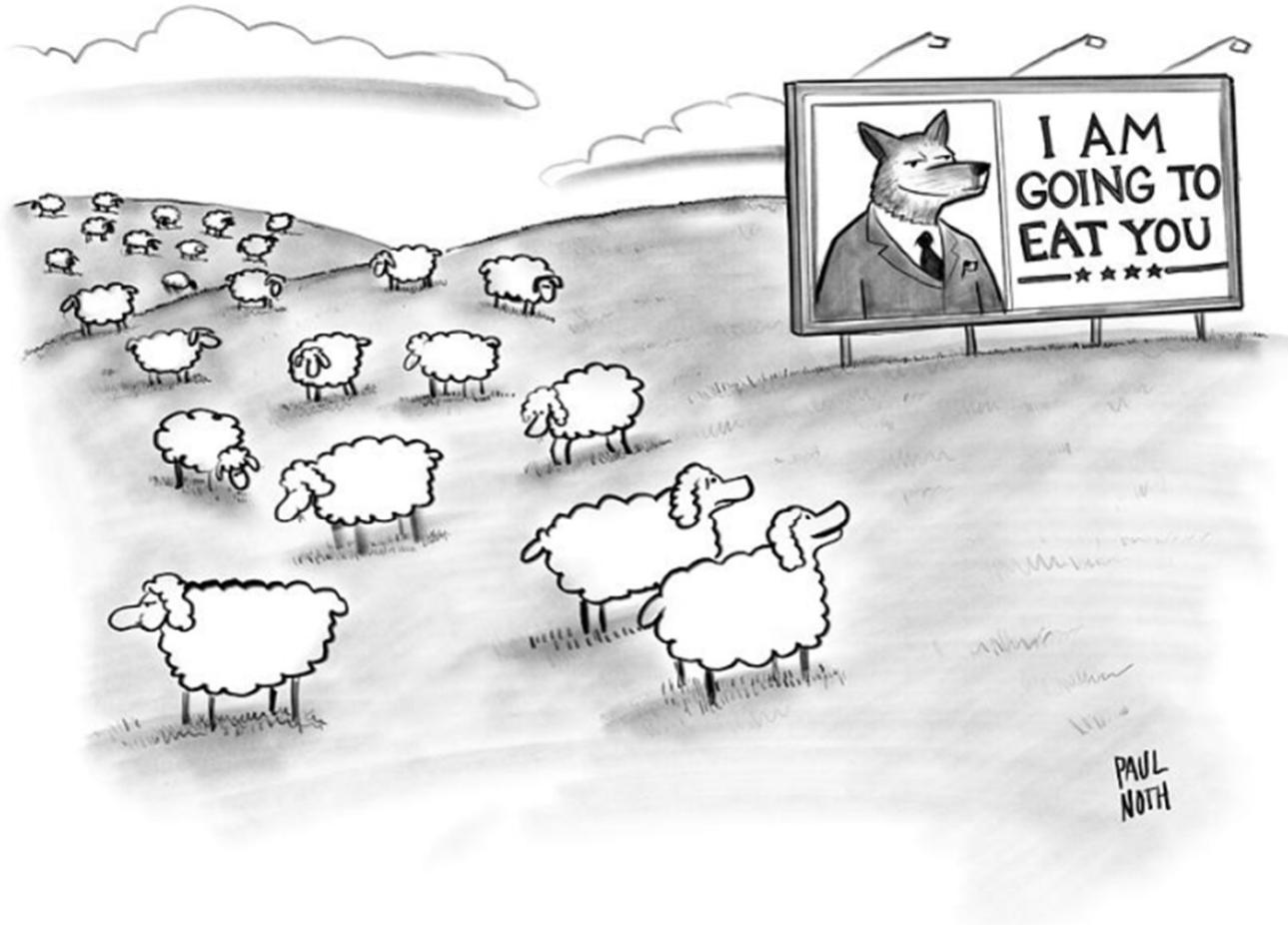
David Kelly 

Chief Global Strategist at J.P. Morgan Asset Management



March 3, 2025





“He tells it like it is.”

MEMOS FROM HOWARD

MARKS

APR 9, 2025

Nobody Knows (Yet Again)

There was nothing anyone could say they “knew,” and that included me. I was limited to gaming out my conclusions, which were as follows:

- we can’t confidently predict the end of the world,
- we’d have no idea what to do if we knew the world would end,
- the things we’d do to gird for the end of the world would be disastrous if it didn’t end, and
- most of the time the world doesn’t end.

MEMOS FROM HOWARD

MARKS

APR 9, 2025

Nobody Knows (Yet Again)

What are President Trump's reasons for enacting his tariffs, and are they valid?

- support U.S. manufacturing
- encourage exports
- discourage imports
- shrink or eliminate our trade deficit
- make supply chains more secure through onshoring
- deter unfair trade practices aimed at the U.S.
- force other countries to the negotiating table
- generate revenue for the U.S. Treasury



Peter Mallouk 

@PeterMallouk

Bad investors sell in markets like this.

Good investors get nervous but hold.

Great investors are completely unfazed.

The best investors get excited about potential opportunities.

3:42 AM · Apr 7, 2025 · **123.4K** Views

MICROSOFT

391.16 USD

+15.77 (4.20%) ↑ past month

Closed: 28 Apr, 19:58 GMT-4 • Disclaimer

After hours 391.00 -0.16 (0.041%)

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max

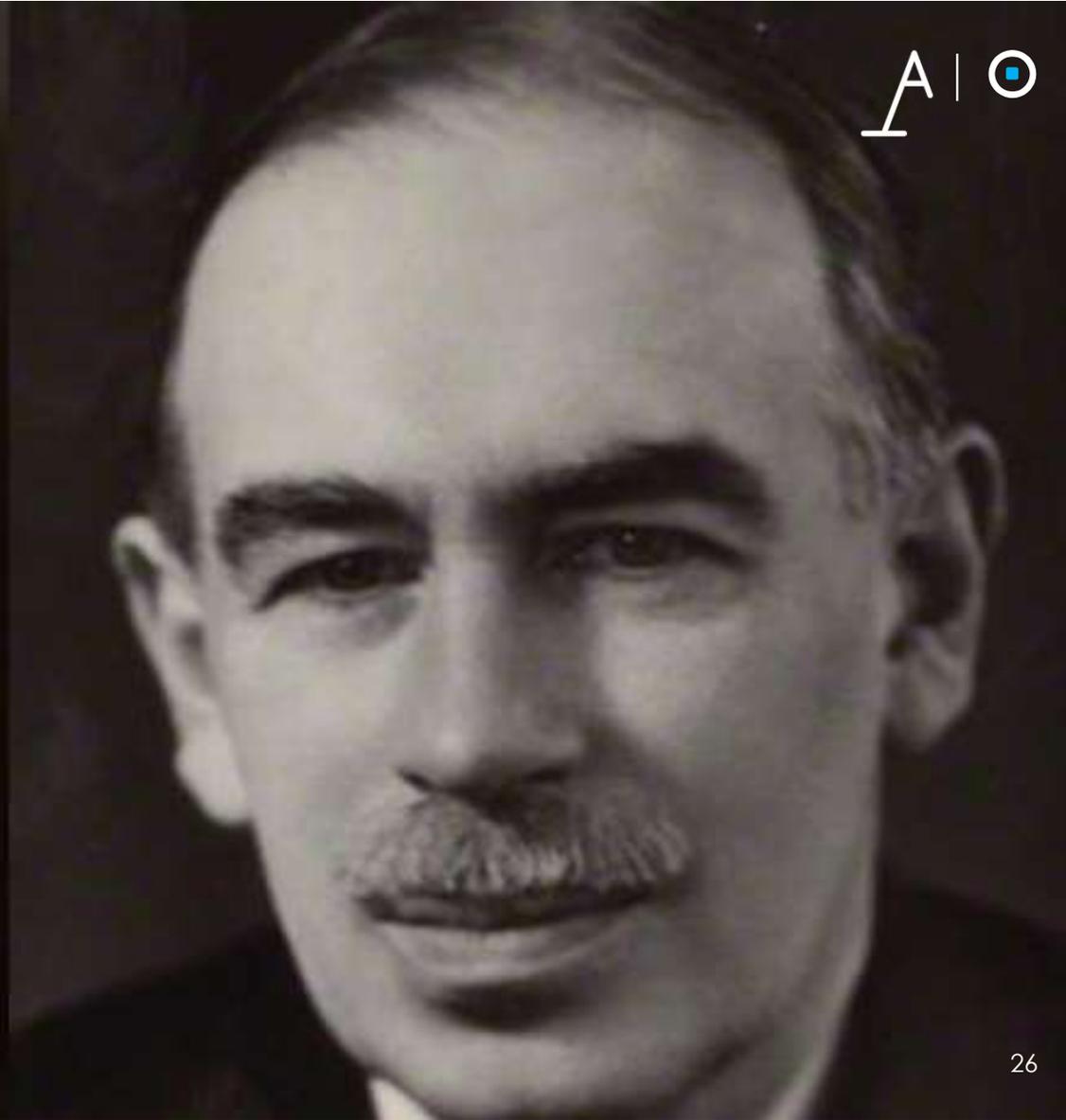


Open	391.96	Mkt cap	2.91T	52-wk high	468.35
High	392.74	P/E ratio	31.51	52-wk low	344.79
Low	386.64	Div yield	0.85%		



John Maynard KEYNES

The General Theory
of
EMPLOYMENT,
INTEREST,
AND MONEY



A FEW PEOPLE WHO WORK FOR ME...





Morgan Housel  
@morganhousel

x1 ...



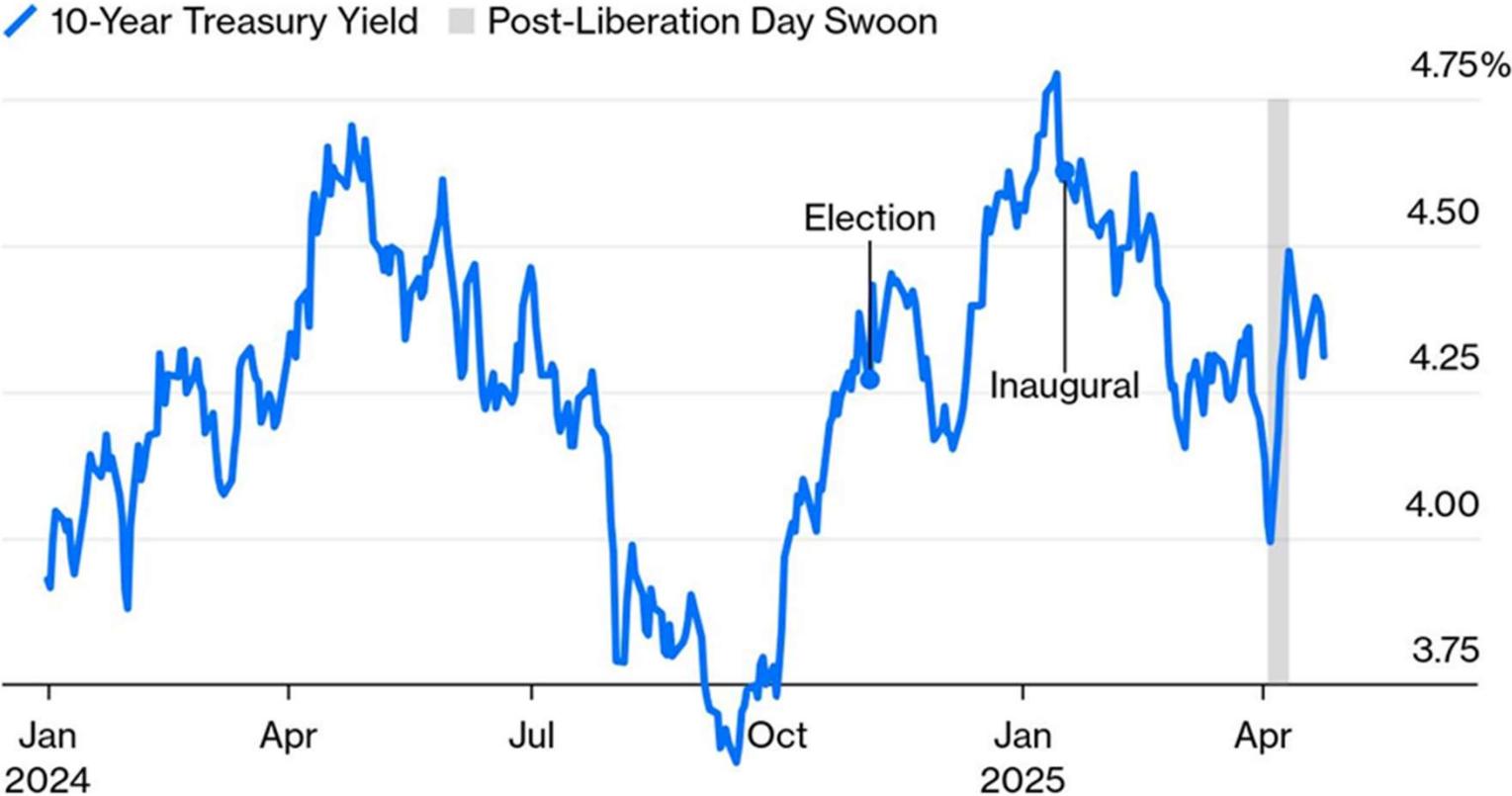
A book called Shut Up and Wait.

Each page is just this chart.

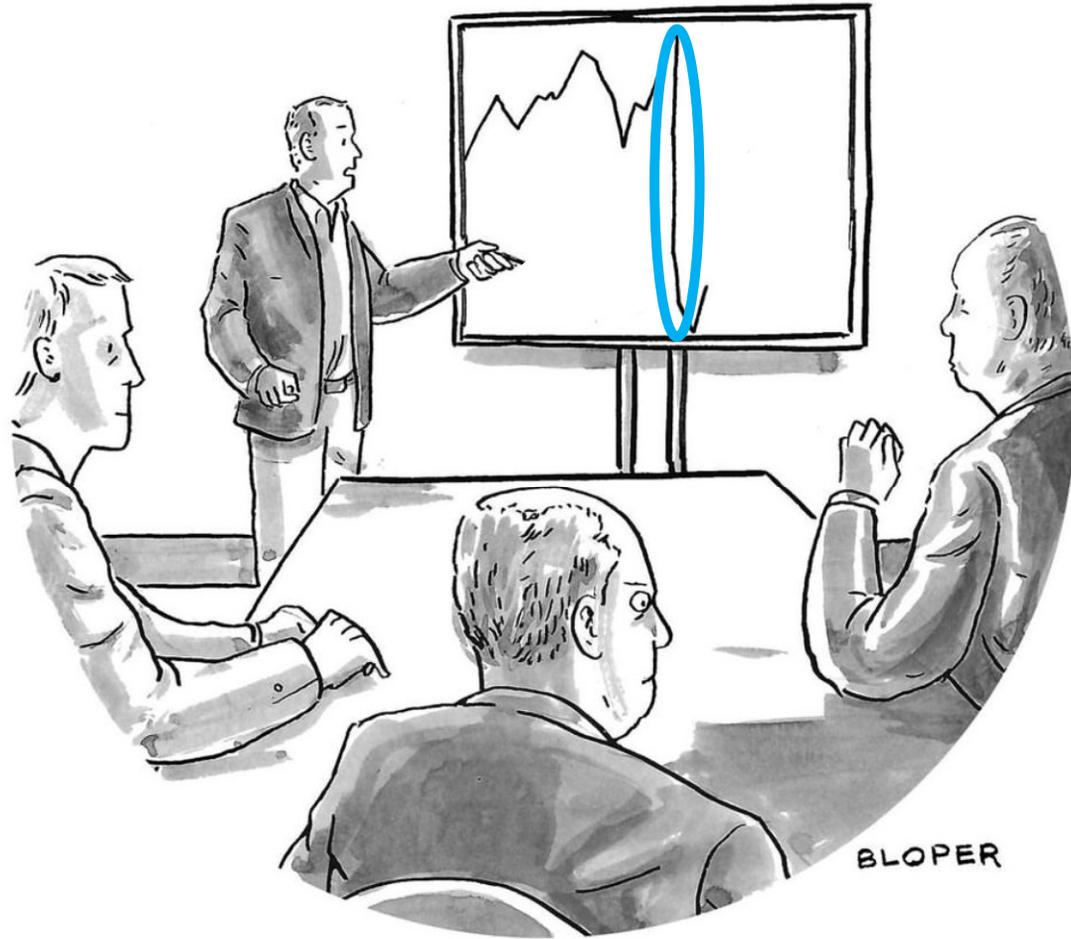


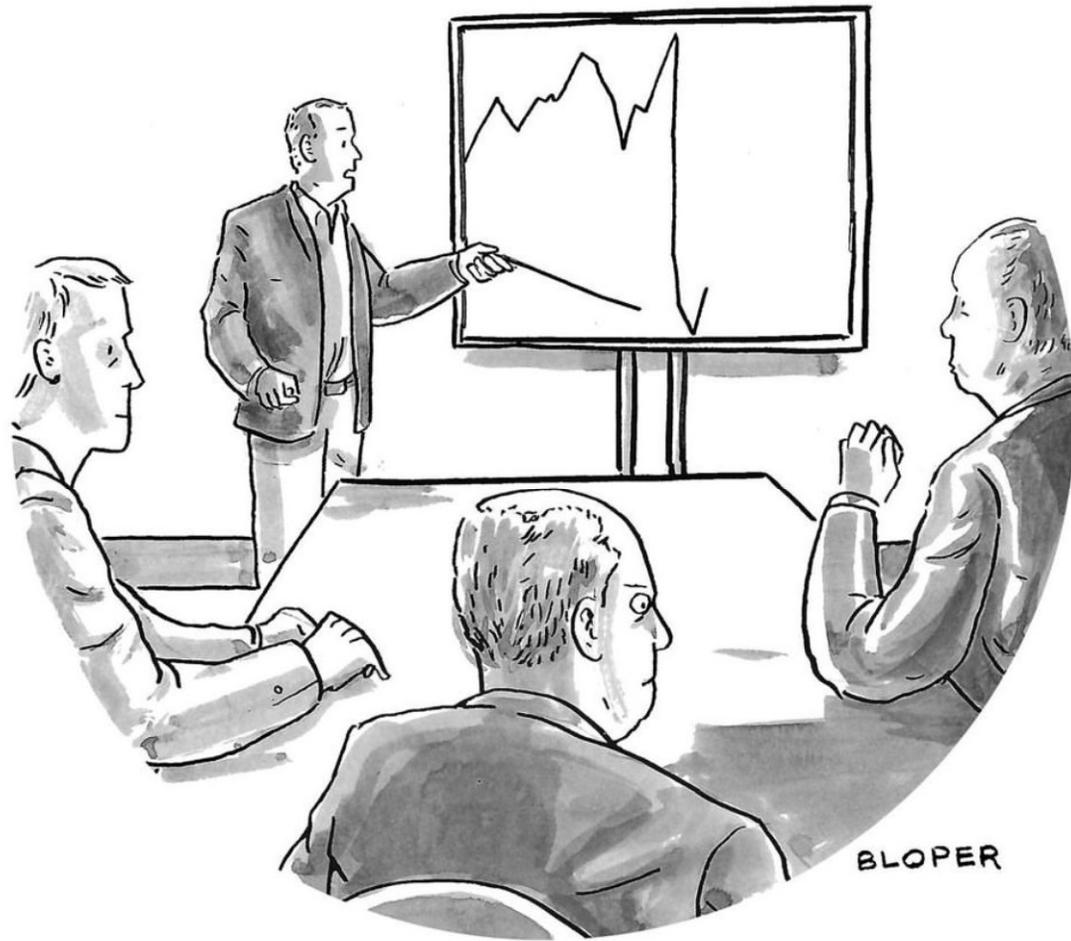
1:51 AM · Jul 24, 2017

BOND MARKET CALLS THE SHOTS



Source: Bloomberg, John Authers 25 April 2025





“It was at this point that the President decided it was his plan all along to reverse course.”

HELLO AGAIN, 2025

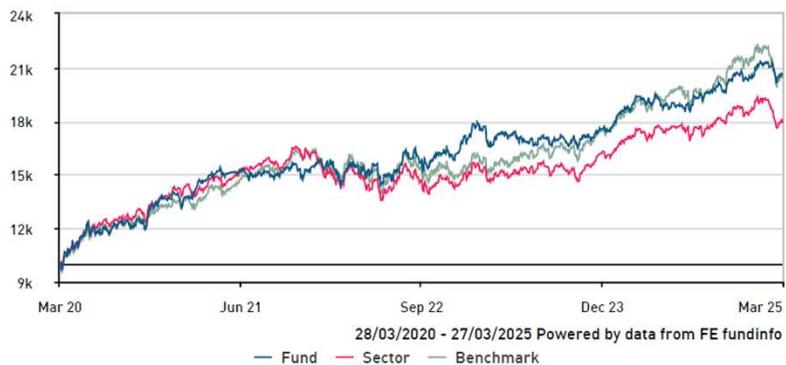
CREDO GLOBAL EQUITY FUND PERFORMANCE



INVESTMENT OBJECTIVE

The investment objective of the Credo Global Equity Fund is to generate sustainable excess returns versus global equity market indices through an actively managed portfolio of equities from issuers across global markets.

GROWTH OF £10K OVER 5 YEARS



CUMULATIVE PERFORMANCE (as at 27/03/2025)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	0.62%	4.47%	6.18%	32.13%	109.63%
Sector	-3.78%	0.15%	1.38%	16.10%	76.49%
Benchmark	-5.59%	1.65%	4.68%	25.82%	104.98%
£10K investment	10,061.96	10,446.65	10,618.26	13,212.94	20,963.48
Fund Quartile	1	1	1	1	1

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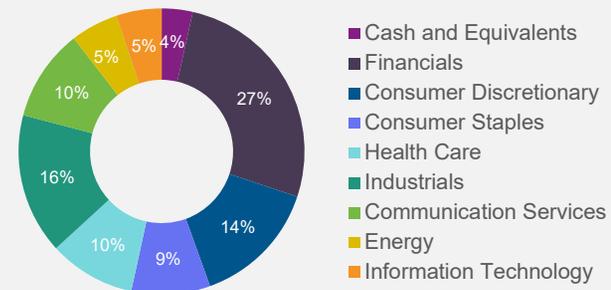
GLOBAL EQUITY FUND (SNAPSHOT 31 MARCH 2025)



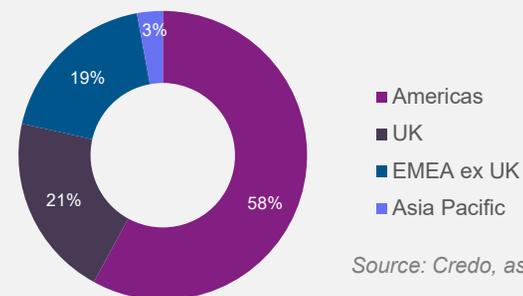
Top 10 Holdings (%)

Name	Sector	Weight
Progressive Corp	Financials	4.9
Shell plc	Energy	4.1
Visa Inc	Financials	4.0
Admiral Group plc	Financials	3.9
HCA Healthcare Inc	Health Care	3.8
Mtu Aero Engines Ag	Industrials	3.7
Autozone Inc	Consumer Discretionary	3.6
Ryanair Holdings plc	Industrials	3.4
Microsoft Corp	Information Technology	3.4
Flutter Entertainment plc	Consumer Discretionary	3.4
Total		38.2

Sector Allocation (%)



Geographic Allocation (%)



Source: Credo, as at 31 March 2025

You can't predict what stocks will do in the short term but you can predict that businesses will do well over time. Just take the 20th century, the Dow Jones went from 66 points to 11,497 points and you had two World Wars, a Great Depression, flue epidemics, ... American businesses will do fine over time. The only person that can cause you to get a bad result in stocks is yourself.

Warren Buffett

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Performance for the Funds is calculated using net NAV to NAV numbers with income reinvested. Further information may be available from Credo at www.credogroup.com. None of Credo, its directors, officers or employees accepts liability for any loss arising from the use hereof or reliance hereon or for any act or omission by any such person or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this presentation. There can be no assurance that the future results or events will be consistent with any such opinions, forecasts or estimates. Investors are warned that past performance is not necessarily a guide to future performance, income is not guaranteed, share prices may go up or down and you may not get back the original capital invested. The value of your investment may also rise or fall due to changes in tax rates and rates of exchange if different to the currency in which you measure your wealth. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax.

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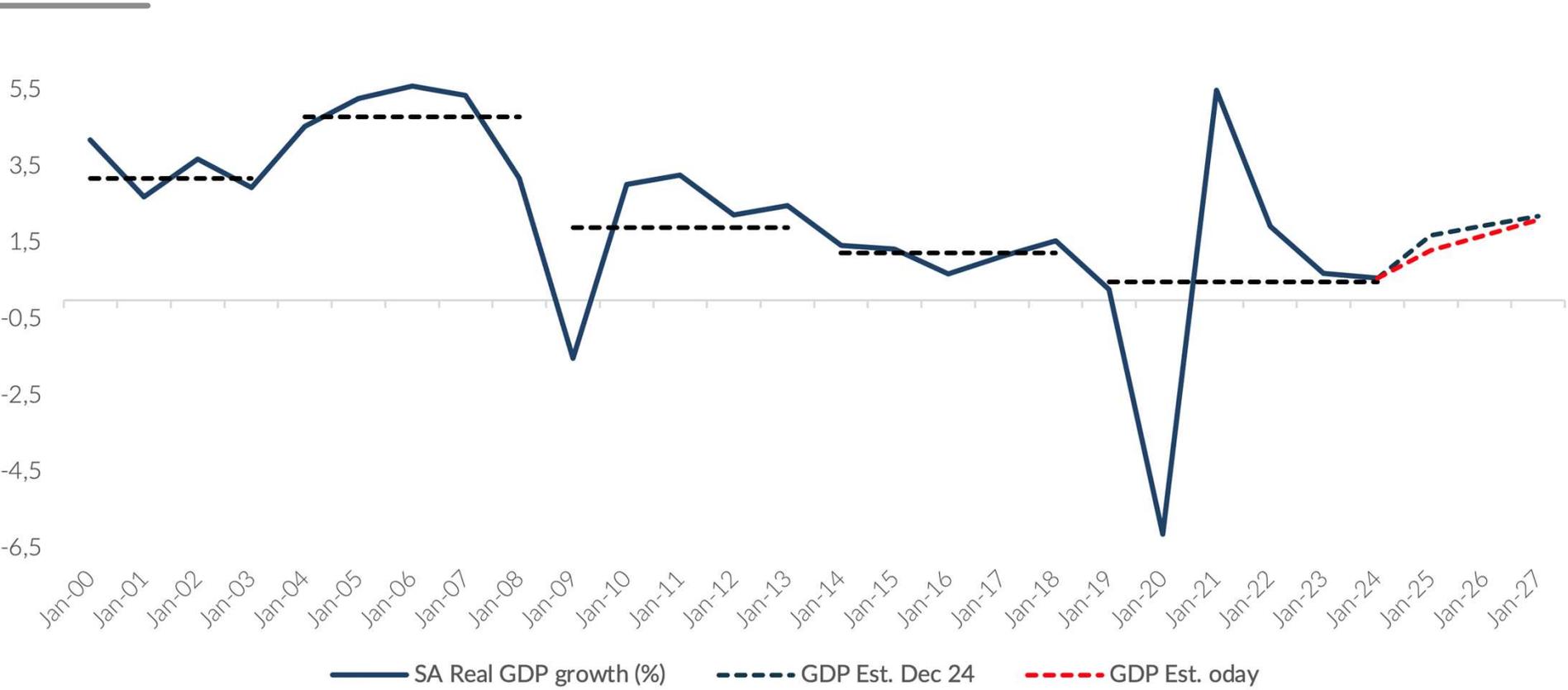
BACK TO INVESTING IN THE SLOW LANE

Mike Gresty

Fund Manager



POST-ELECTION OPTIMISM STEADILY RECEDING...



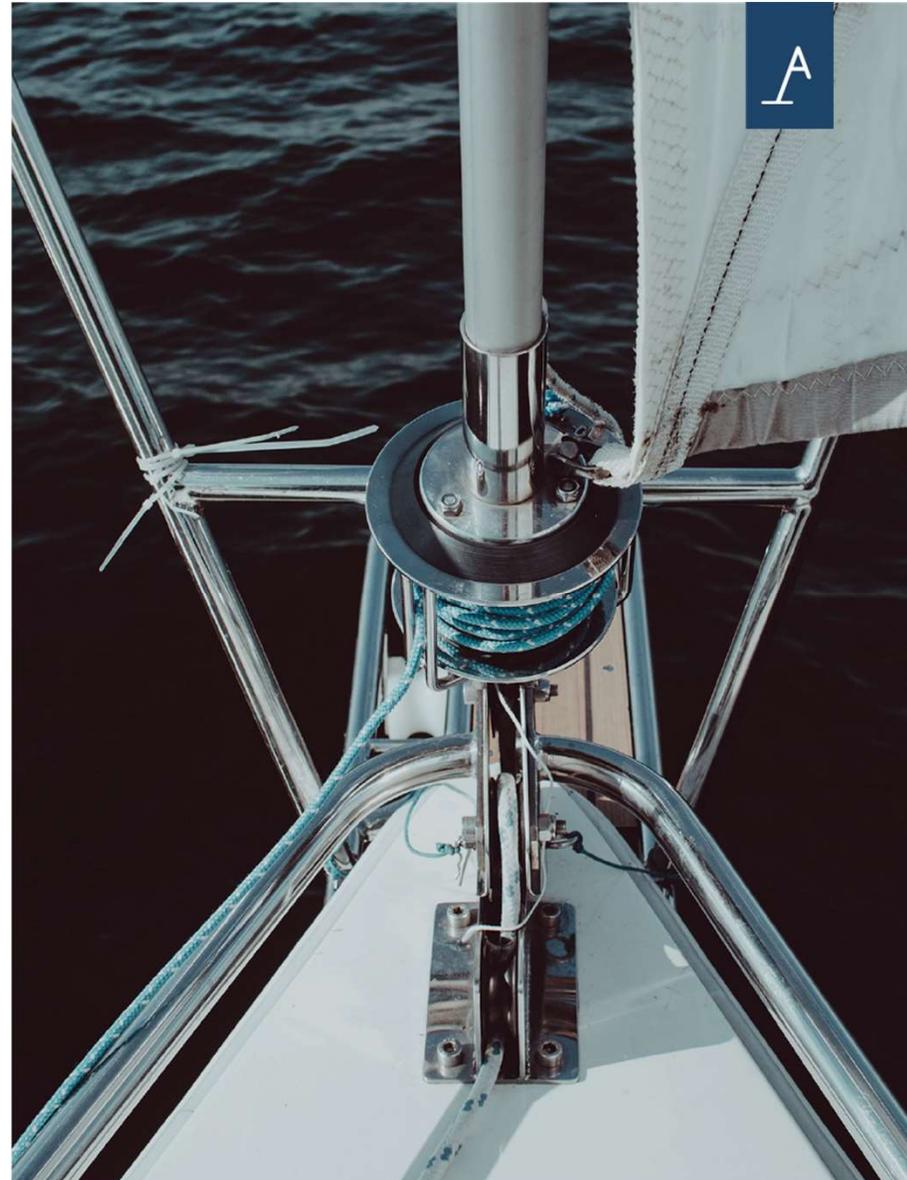


AT RISK OF STATING THE OBVIOUS...



WHERE DO THE OPPORTUNITIES FOR GROWTH LIE?

- Successful acquirers
- Companies that still have clear domestic “white space” into which to grow
- Potential to capitalize on public sector weakness
- Self-help situations
- Past investment set to drive strong growth over coming years
- Successful global businesses that happen to be listed here
- Best-in-class industry players gaining market share

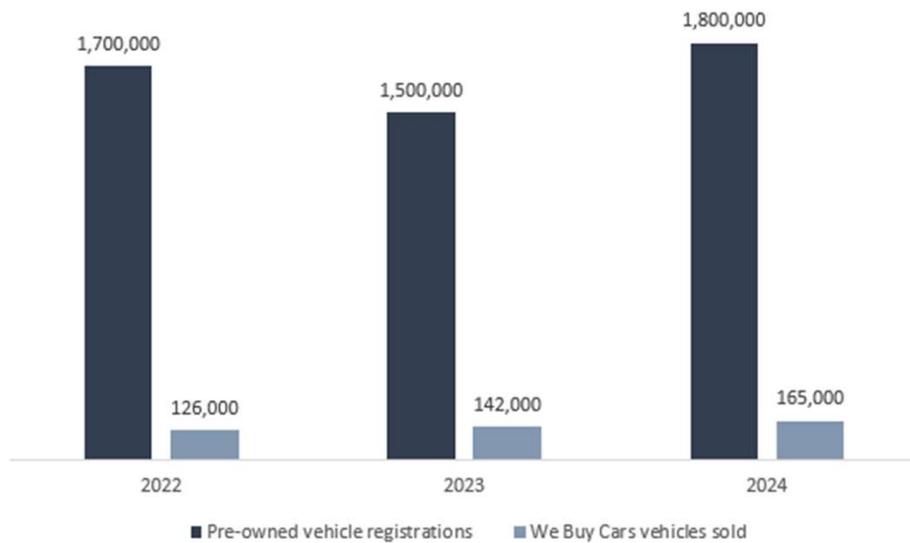




CLEAR DOMESTIC EXPANSION POTENTIAL



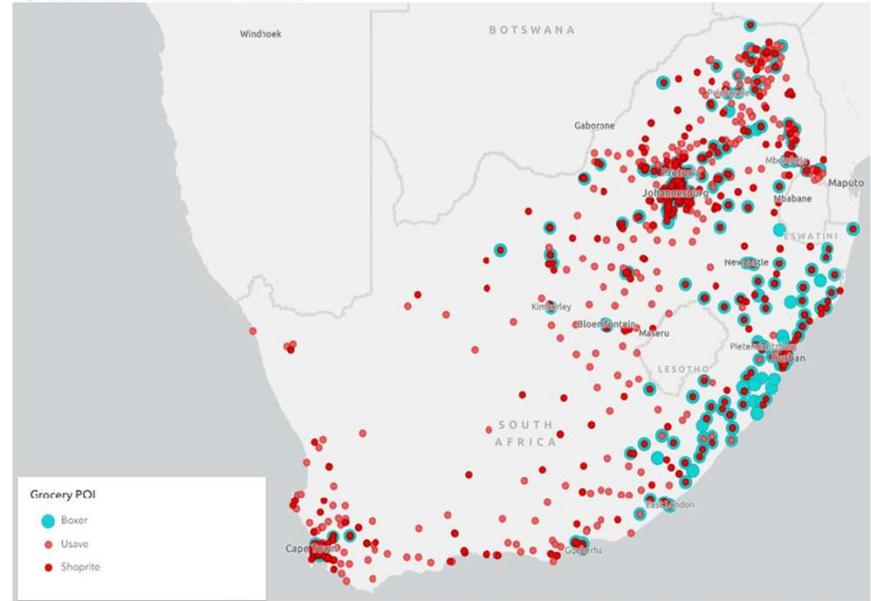
We Buy Cars implied market share is c.9%; Competition Commission issues at around 45% market share



Source: Company Data, Anchor Capital



Figure 3: Boxer, Usave and Shoprite store presence

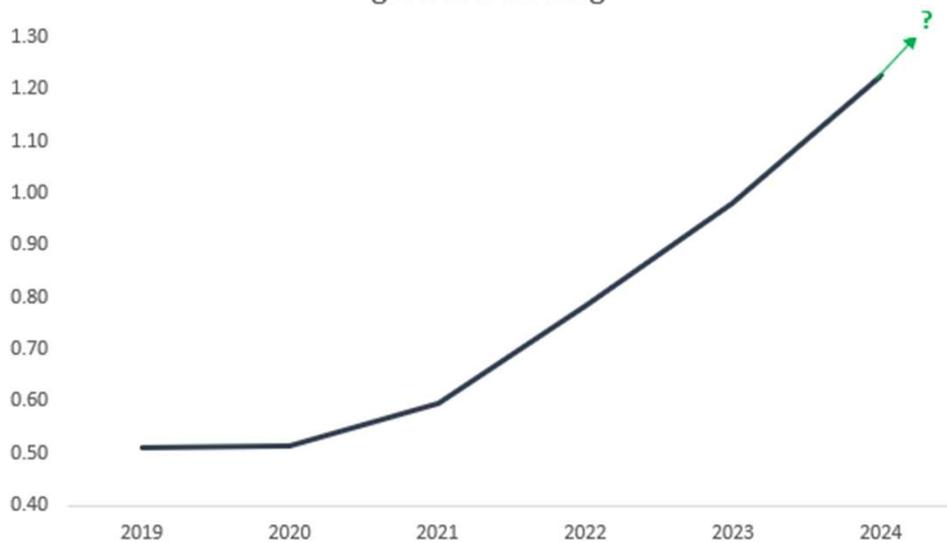


Source: In Real Life; Note: * The size of the bubbles does not represent just how concentrated the stores are: The reason Boxer's bubbles are larger than the others because if they were the same size, it becomes very difficult to see their exposure outside of KwaZulu Natal (KZN) and the Eastern Cape
Source: Absa Research

SUCCESSFUL ACQUIRERS...



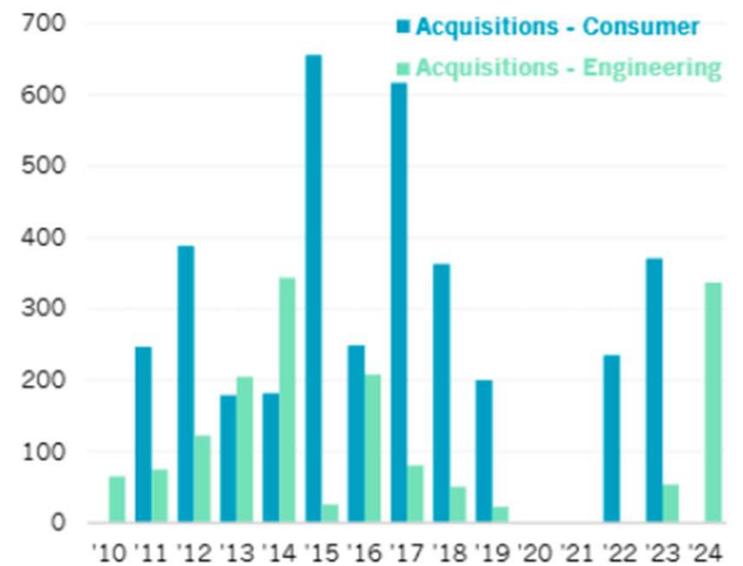
CA Sales headline earnings per share has doubled over the past three years, nothing to suggest acquisitions or growth is slowing



Source: Company Data, Anchor Capital



Acquisitions have resumed post COVID-19
Turnover from acquisitions by division (ZAR'm)



Source: Company data, Avior Capital Markets

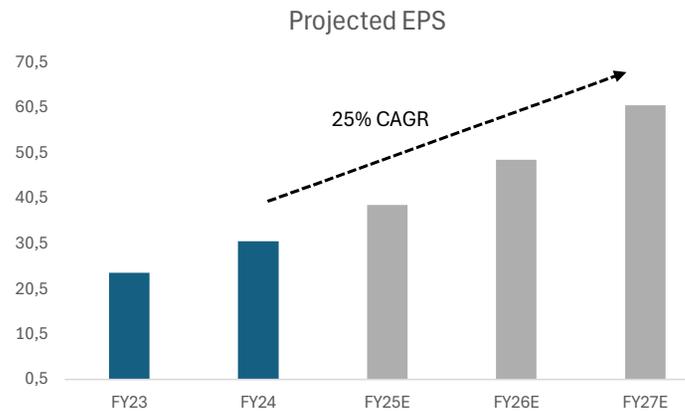


CAPITALISING ON PUBLIC SECTOR WEAKNESS

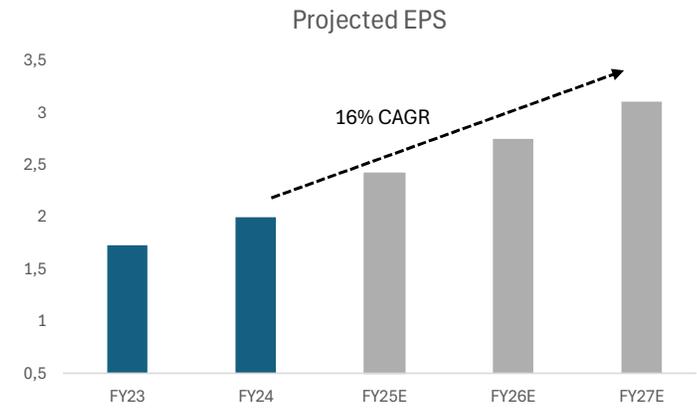
First-year university applications

A total of 337 158 matrics achieved admission to Bachelor studies. But, due to limited places, universities won't be able to accommodate them all.

	Applications	Places
University of Johannesburg	693,990	10,500
Cape Peninsula University of Technology	518,309	9,235
North-West University*	390,000	12,937
Walter Sisulu University	380,000	7,300
University of Pretoria	355,829	9,000
Vaal University of Technology	330,302	5,558
University of Limpopo	304,856	4,995
University of KwaZulu-Natal	290,600	8,600
Tshwane University of Technology	245,000	15,000
Nelson Mandela University	207,089	7,500
Durban University of Technology	147,076	9,454
University of Venda	120,687	3,684
University of the Western Cape	120,000	4,705
Mangosuthu University of Technology	103,483	3,223
University of Cape Town	98,844	4,500
Stellenbosch University	90,027	6,005
Wits University**	86,000	6,000
Sol Plaatje University	48,974	2,273
Rhodes University	19,650	1,518



Source: Anchor forecasts

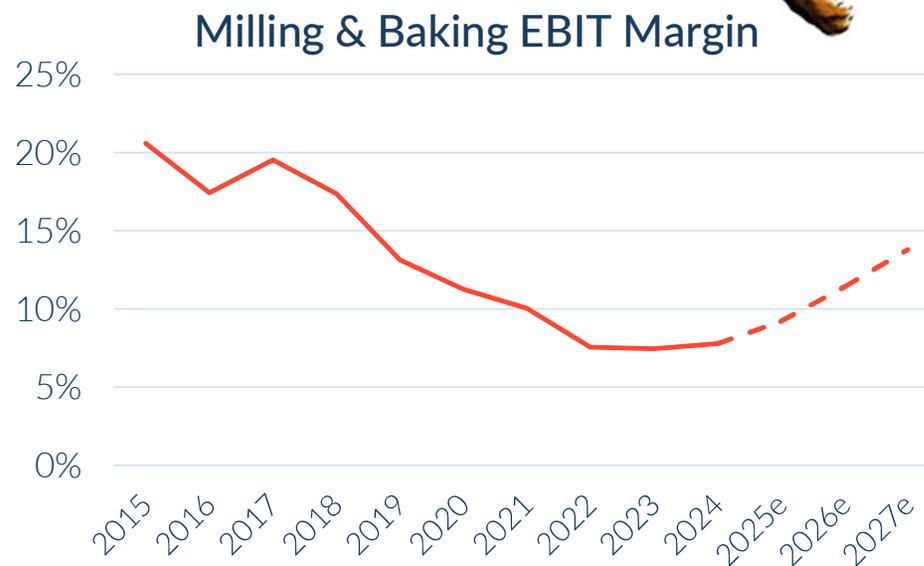


Source: Bloomberg consensus

SELF-HELP OPPORTUNITIES

Metric	Short-to-Medium-Term Targets	Expectation for Completion
Volume Growth	1%-3%	1H25e
Revenue Growth	Greater than inflation	1H25e
Operating Margin	Double-digits	FY25e
ROIC	>WACC	FY24
Net Working Capital Days	67 Days	FY24
Portfolio Optimisation	5 segments identified*	FY25-FY26e
SKU Rationalisation	20%	1H25e

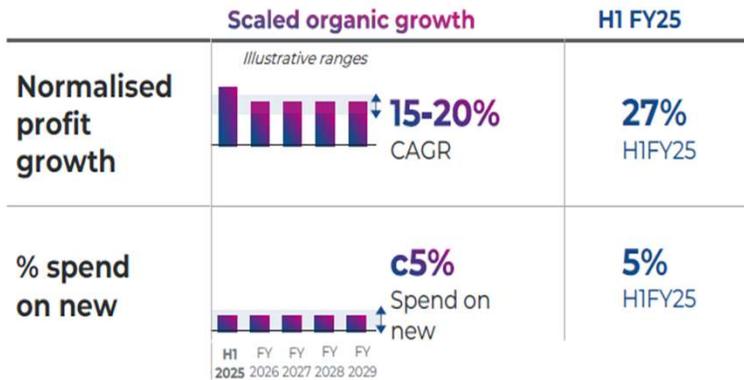
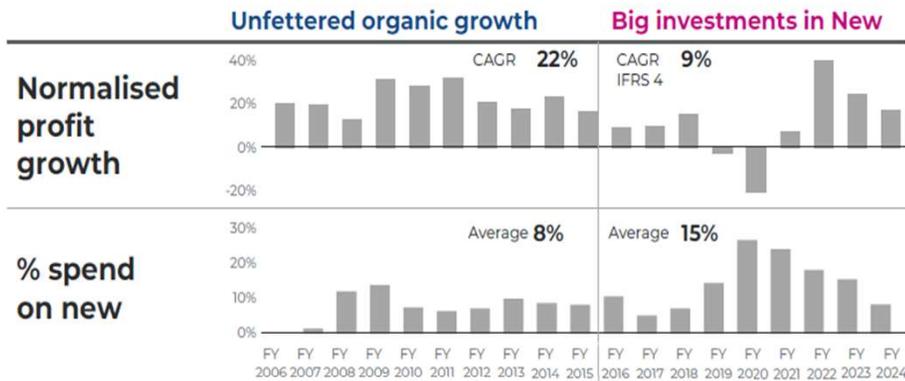
*Carozzi, HPC non-core brands, Baby Wellbeing already disclosed



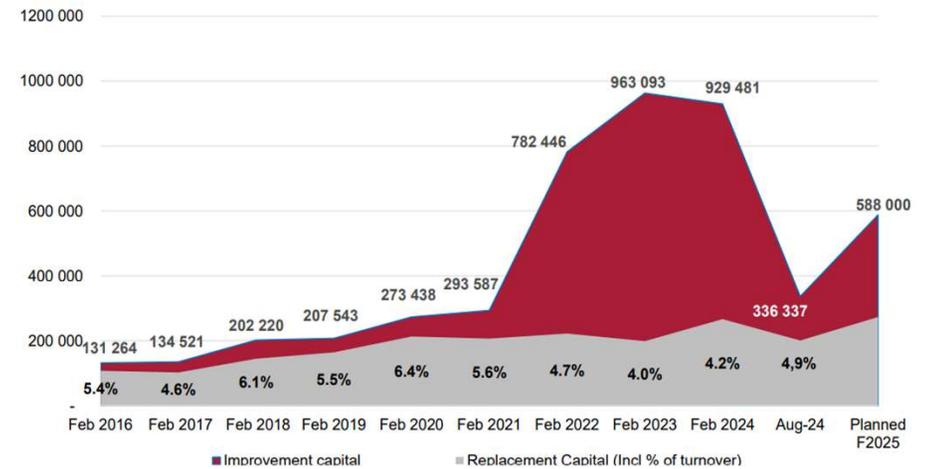
Source: Company data & Bloomberg consensus estimates



PAST INVESTMENT SET TO BEAR FRUIT



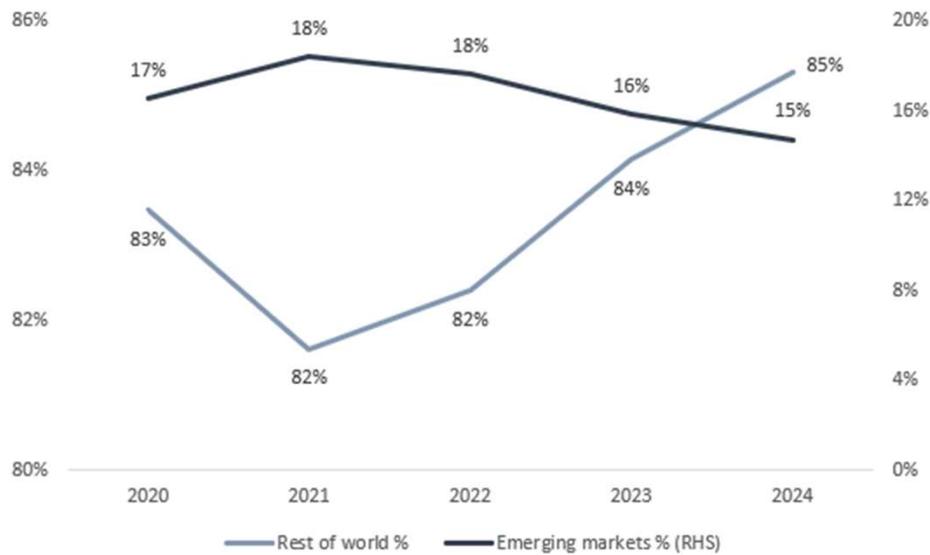
Capital Expenditure 2016 - Planned 2025 (R'000)



SEEKING GROWTH OUTSIDE SA



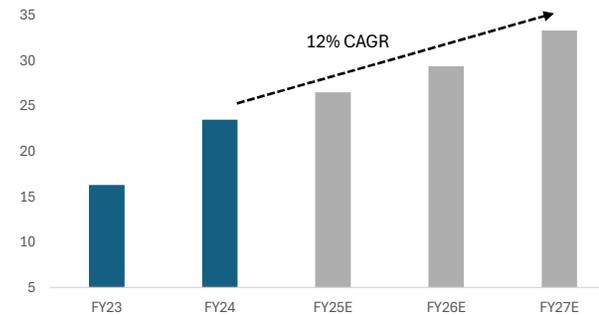
BID emerging markets % of total revenue is declining



Source: Company Data, Anchor Capital



Tencent projected EPS



Source: Bloomberg consensus

We are on a journey to create the next \$100B of value

ECOMMERCE
Strong Growth with Profitability

INDIA
Highlighting value with 5 potential IPOs in the next 18 months

TENCENT
Valuable asset with potential for value appreciation

RETURNING VALUE
Continuing our open-ended buyback program

INVESTING IN THE NEXT WAVE
Invest in new opportunities, with a focus on ecosystem & AI

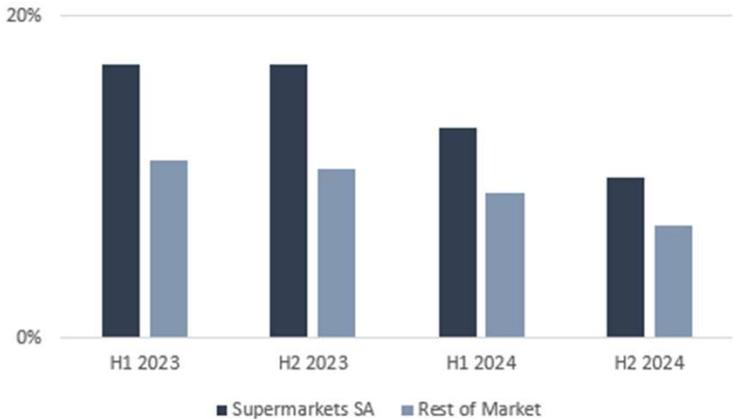
OUR GOAL IS TO MAKE PROSUS OPERATIONS & INVESTMENTS AS VALUABLE AS TENCENT



MARKET SHARE GAINERS



Sustained sales growth ahead of Rest of the Market



Source: Company Data, NielsenIQ



Age ranges of our clients

18.8 million active clients 20 – 60 years old

Age range	SA population**	Capitec share
0-19	21.3 million	8.5%
20-35	17.9 million	53.6%
36-60	16.9 million	54.4%
>60	6.1 million	36.1%

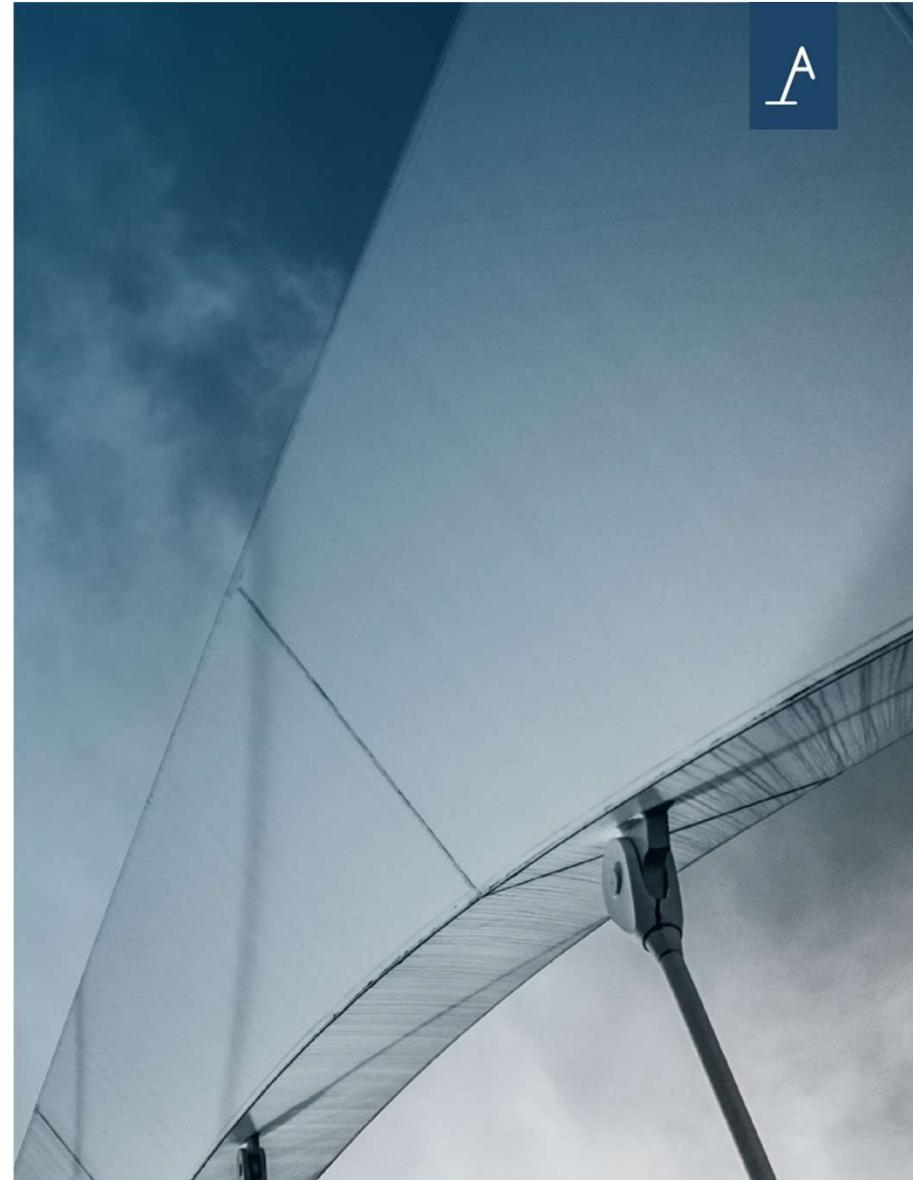


A TIME TO AVOID POTENTIAL LANDMINES...

- Investment cases built purely on the prospect of corporate action
- Weak balance sheets with refinancing risk ahead – avoid business rescue risk!
- Business models highly exposed to corporate sector contracts
- Betting on mean reversion of perennial sector underdogs / weak management
- Remember – business turnarounds without macro winds at your back are hard!

“There’s never just one cockroach in the kitchen when you start looking around”

(Warren Buffett)



IN CONCLUSION...

Asset class	Current stance			Expected returns (own currency) (%)
	Negative	Neutral	Positive	
DOMESTIC				
Equity	●	●	◀	11
Bonds	●	●	◀	11
Listed property	●	●	●	11
Cash	▶	●	●	7.5
Alternatives*	●	●	●	10 to 15
Rand vs US dollar (rand stronger)				1.6
GLOBAL				
Equity	●	●	●	6
Government bonds	●	●	◀	6
Corporate credit	●	●	●	6
Listed property	●	●	●	5
Cash	●	●	●	4
Alternatives*	●	●	●	8 to 12



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ANCHOR

NAVIGATING
CHANGE

WHERE THE MONEY WILL BE MADE 2Q25

FIXED INCOME AND THE RAND

Nolan Wapenaar

Co-Chief Investment Officer/Head of Fixed Income





GLOBAL YIELDS

Where The Money Will Be Made 2Q25

TRUMP 2.0

- Tariffs shifting away from comparative advantage toward a world of balanced goods trade.
- Attack on Central Bank independence.
- Deporting possible workers.
- Middle East and Russian wars persist.
- Independence of the press, judiciary and education institutions called into question.
- Half-century-old alliances and cooperation dismantled.
- Isolationism and de-globalisation.
- Policy uncertainty.



KEY TRENDS DEVELOPING – US DOLLAR FROM OVERVALUED TO FAIR



KEY TRENDS DEVELOPING – WEAPONISATION OF BONDS



Foreign Holders OF U.S. DEBT

Foreign investors held **\$7.3T** in U.S. debt in 2022. This is in the form of Treasuries, one of the most liquid markets in the world.



As the U.S. dollar strengthened in 2022, foreign Treasury holdings **sank almost 6%**.



A rising U.S. dollar and higher interest rates made owning these bonds **less profitable**.



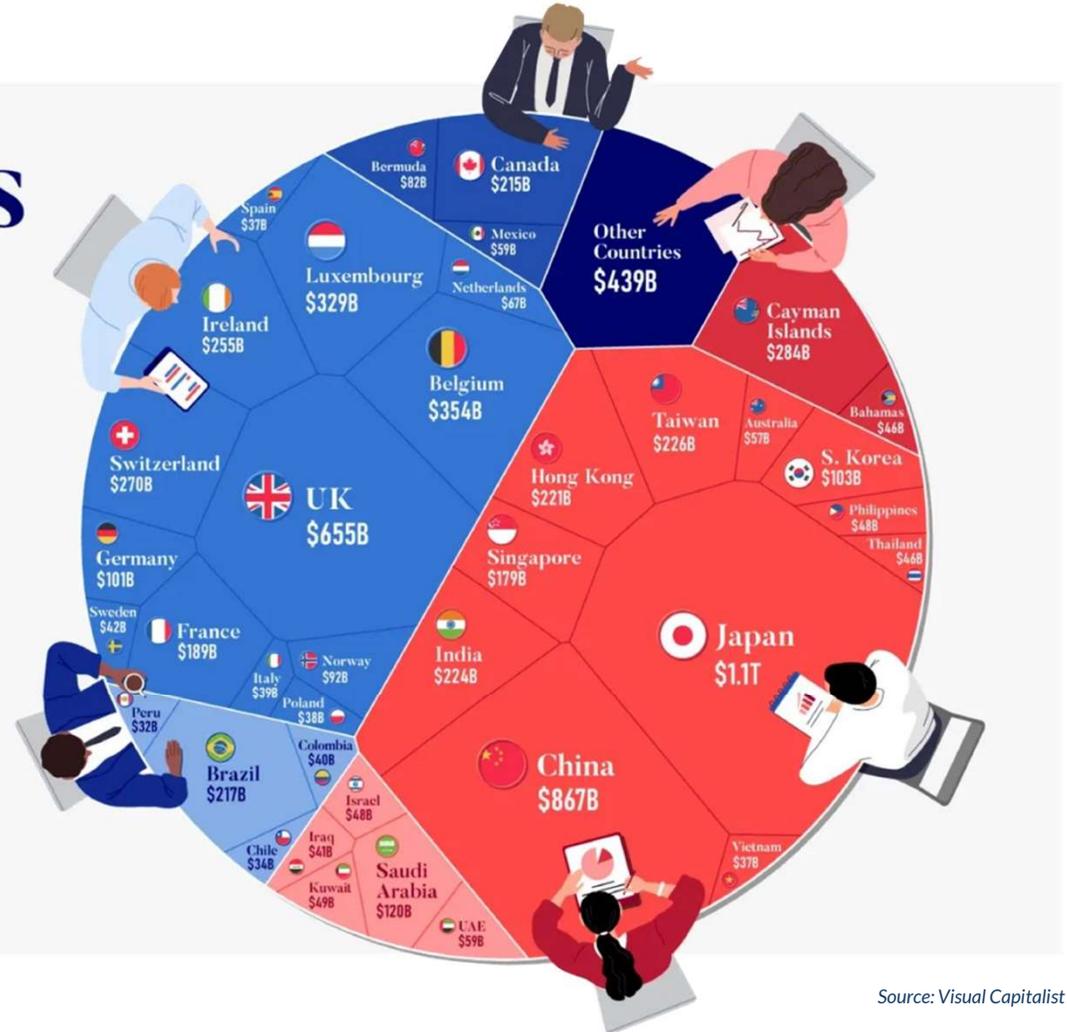
The Cayman Islands held the **sixth-largest stockpile** of U.S. debt, at \$283.8B.



In 2022, Brazil shed \$23B in U.S. debt. The country's high government debt leaves it **vulnerable to interest rate hikes**.

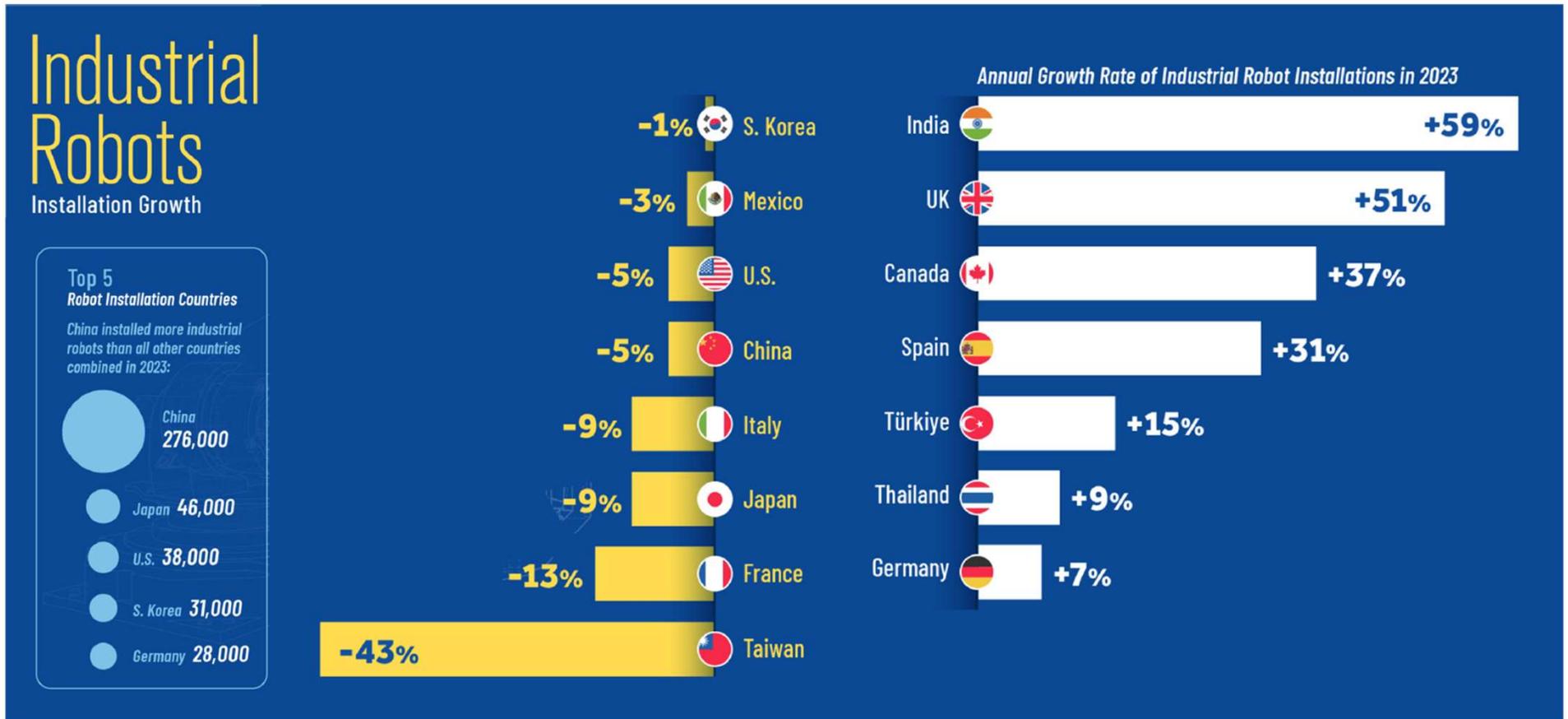


Since 2018, China's U.S. debt holdings have **declined 30%**, or about \$256B.





KEY TRENDS DEVELOPING – INEFFICIENT MANUFACTURING



KEY TRENDS DEVELOPING – DE-GLOBALISATION





WHERE THE MONEY WILL BE MADE

DOMESTIC EQUITY

DOMESTIC FIXED INCOME

GLOBAL EQUITY

GLOBAL FIXED INCOME

- Cash and shorter-dated bonds are attractive.
- We think two rate cuts in 2025.
- Ideal is to hold bonds with 3 to 5 years to maturity.
- Anchor Global High Yield is showing a yield of 5.5% with bonds maturing in 2026-2029.



DOMESTIC YIELDS

Where The Money Will Be Made 2Q25



WHERE THE MONEY WILL BE MADE



DOMESTIC EQUITY

DOMESTIC FIXED INCOME

- We think two rate cuts in 2025.
- The fundamentals have stagnated. The risk of deterioration is real.
- Core Income is yielding 8.5% with low risk.
- Blend in a little Flexible Income to benefit from interest rate cuts.

GLOBAL EQUITY

GLOBAL FIXED INCOME

- Cash and shorter-dated bonds are attractive.
- We think two rate cuts in 2025.
- Ideal is to hold bonds with 3 to 5 years to maturity.
- Anchor Global High Yield is showing a yield of 5.5% with bonds maturing in 2026-2029.



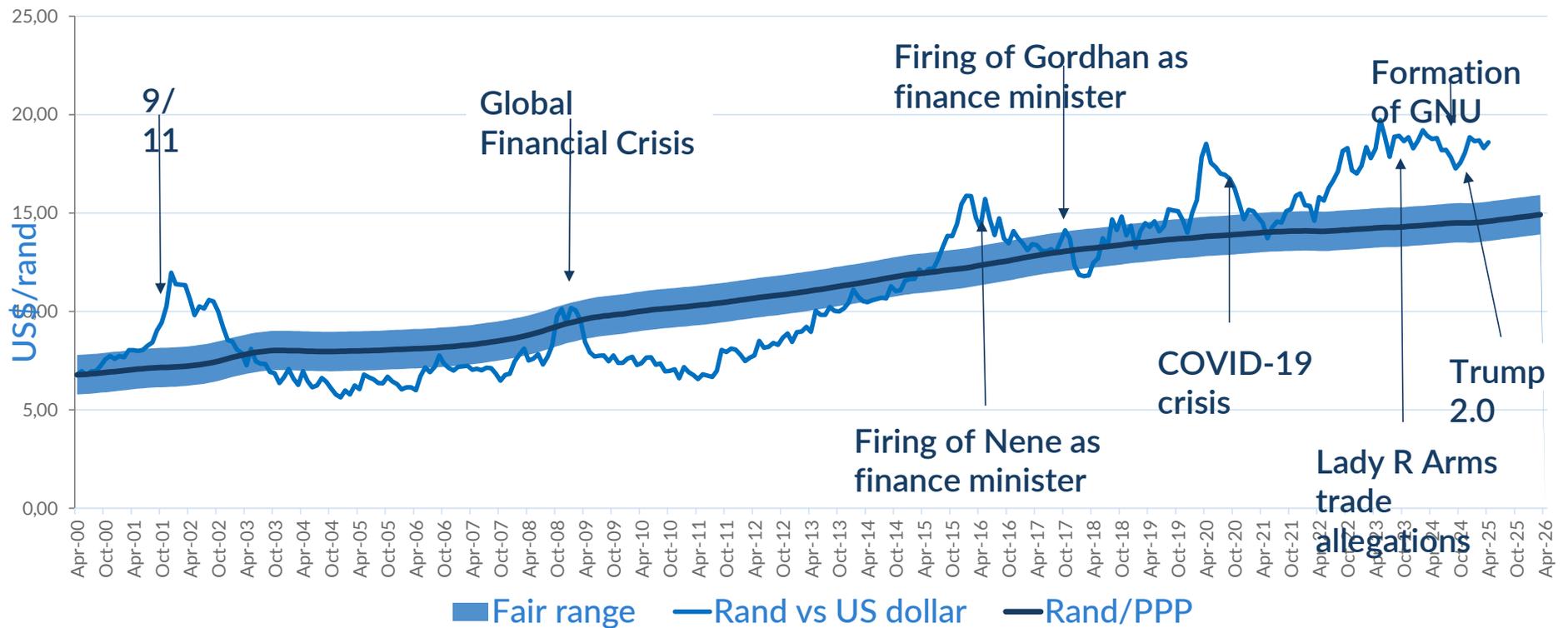
THE RAND

Where The Money Will Be Made 2Q25

THE RAND



ACTUAL R/US\$ VS RAND PPP MODEL



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HOW SHOULD SA INVESTORS APPROACH GLOBAL INVESTING?

James Bennett
Global Equity Analyst



AVOIDING THE CURRENT HOT DEBATES

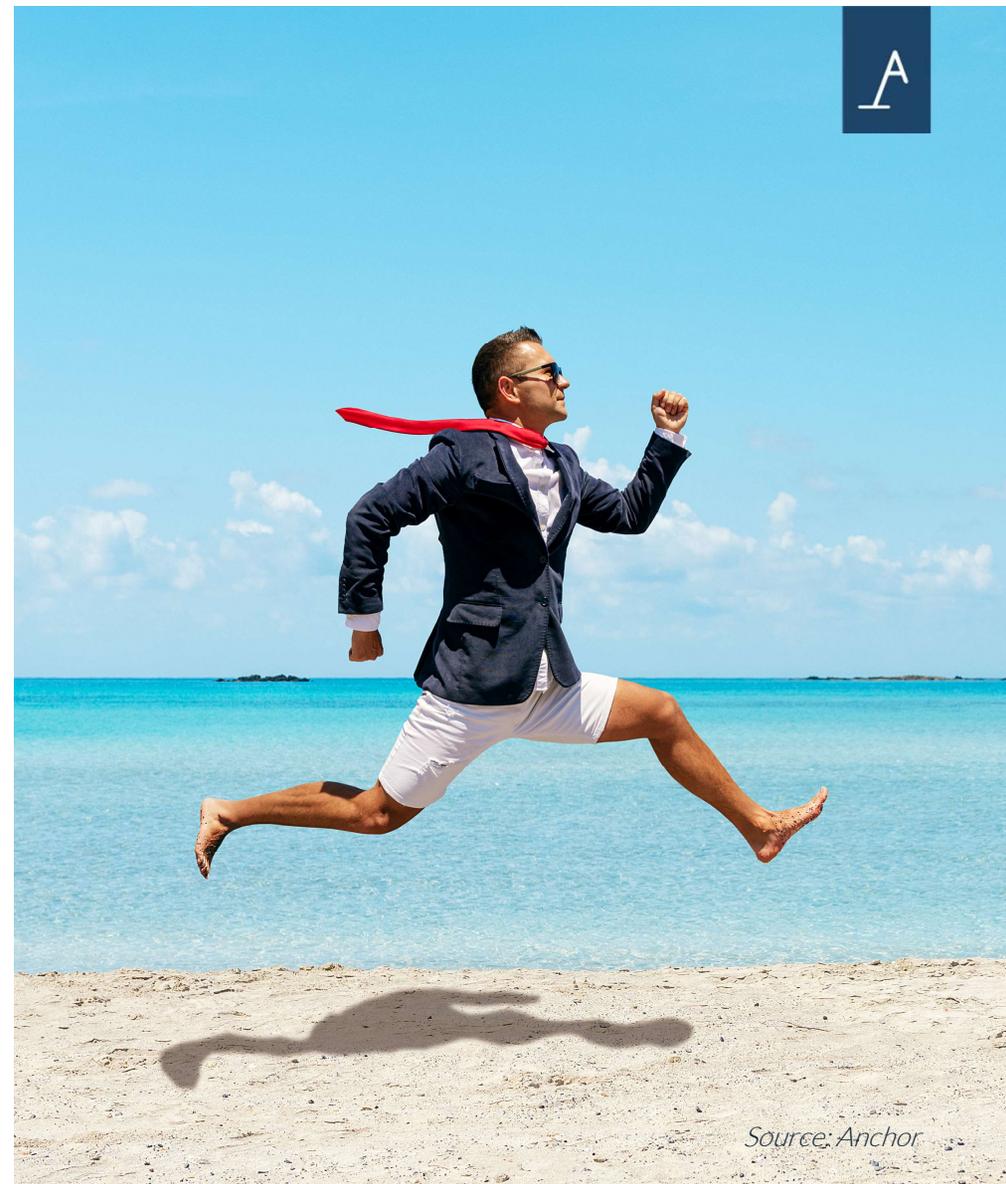
Is the US market overvalued?

Is the US market too concentrated in the Magnificent Seven?

Are the days of the US market overperforming the rest of the world over?

Are Chinese equities a once-in-a-decade buying opportunity?

Is passive investing damaging the market?



QUALITY VS VALUATION

MANY YEARS AGO

1. Valuation
2. Quality

NOW

1. Quality
2. Valuation



DO NOT MAKE VALUATION A STRAITJACKET



If you get an individual stock call right over the long term, your success is more likely because you got the quality of the business right, than whether you got the original 12-month forward P/E correct.

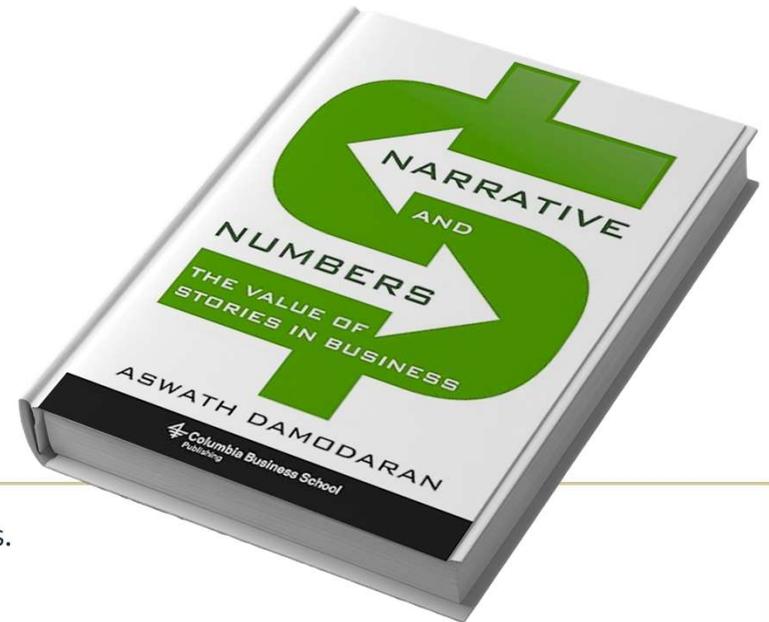


ASWATH DAMODARAN: A BRILLIANT INVESTING MIND



Finance Professor: New
York University, Stern
School of Business

Also known as: “The Dean
of Valuation”

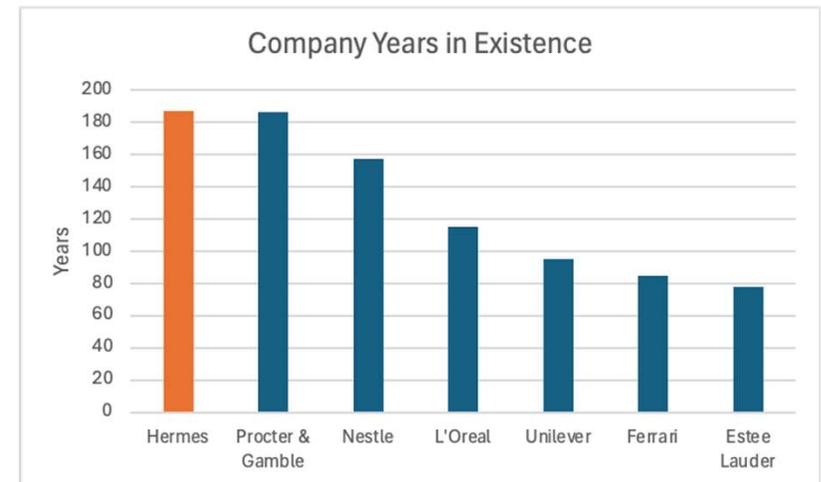
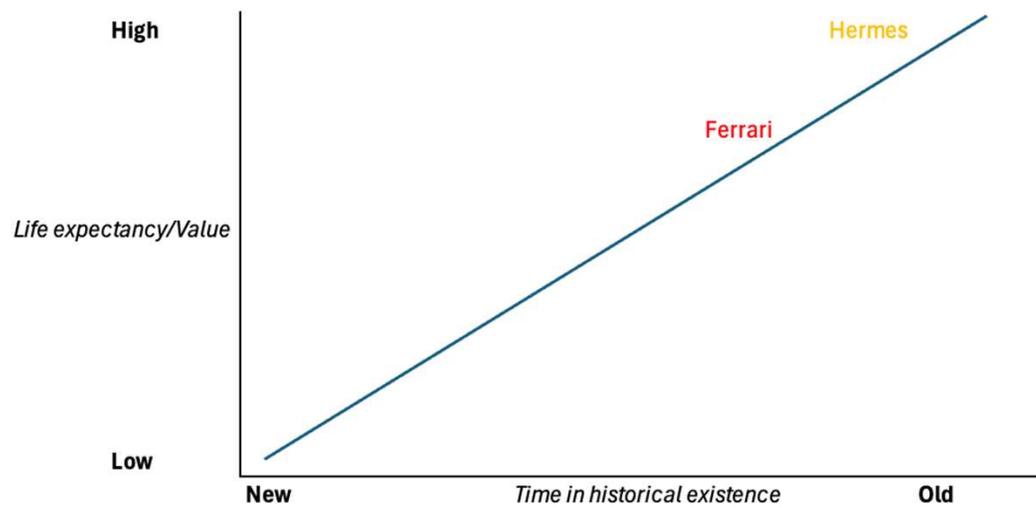


Core thesis: Both narrative and numbers are integral to investment success.

“Bounded” storytelling



THE LINDY EFFECT – GLOBAL ACCESS TO GENERATIONAL ASSETS

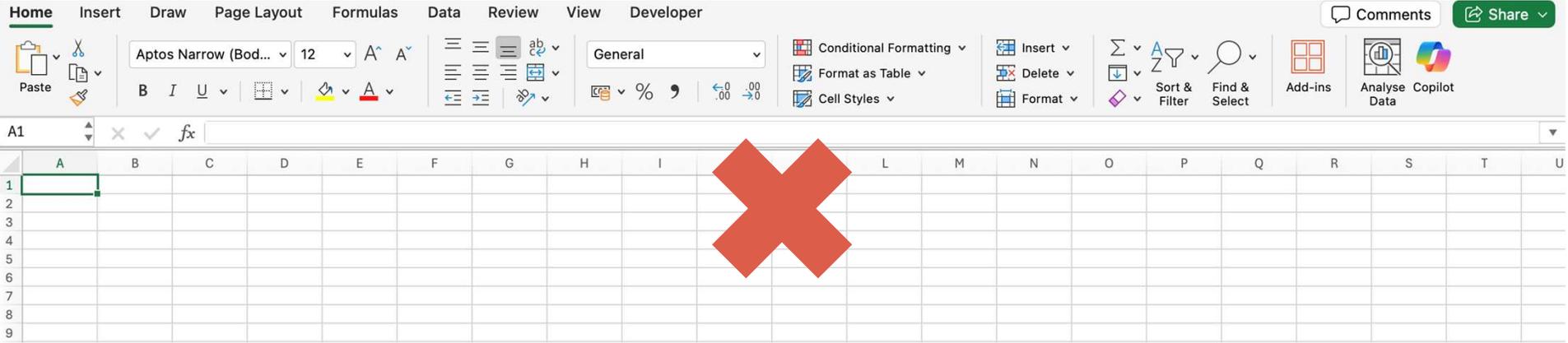


The heritage of some of the European luxury brands cannot be replicated.

Buying a portfolio of "old companies" does not guarantee success.



NOT ALL INVESTING ANSWERS ARE FOUND ON A SPREADSHEET



“If all the answers to investing could be found on a spreadsheet, all the world’s Excel junkies would be the richest people on earth.”

Source: Various

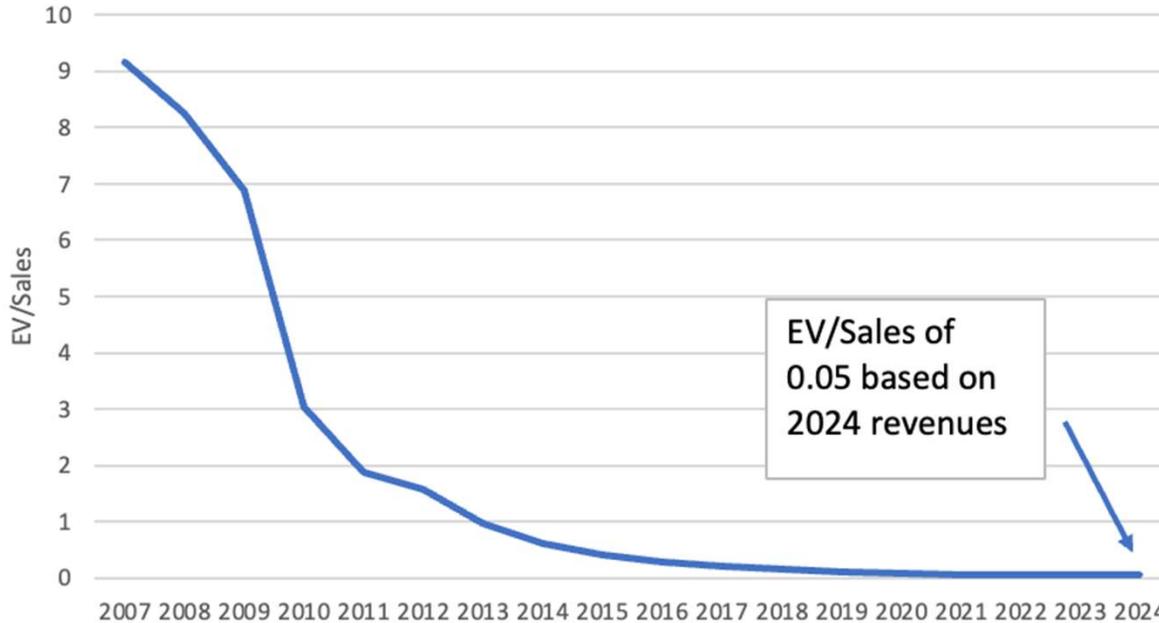
Assume the market is mostly correct. Try to unearth why the market is applying a seemingly high or low value to a particular stock.

Become a lot more open-minded about valuation. Do not discard an investment idea merely because it looks “optically” expensive.

ALPHABET BUYING YOUTUBE



Alphabet EV/Sales multiple paid for YouTube in 2006
(US\$1.65bn in stock)



Alphabet bought YouTube for US\$1.65bn in 2006, all funded by stock.

The purchase price looked like a bubble valuation at the time on an EV/Sales of 9.2x. YouTube was loss-making.

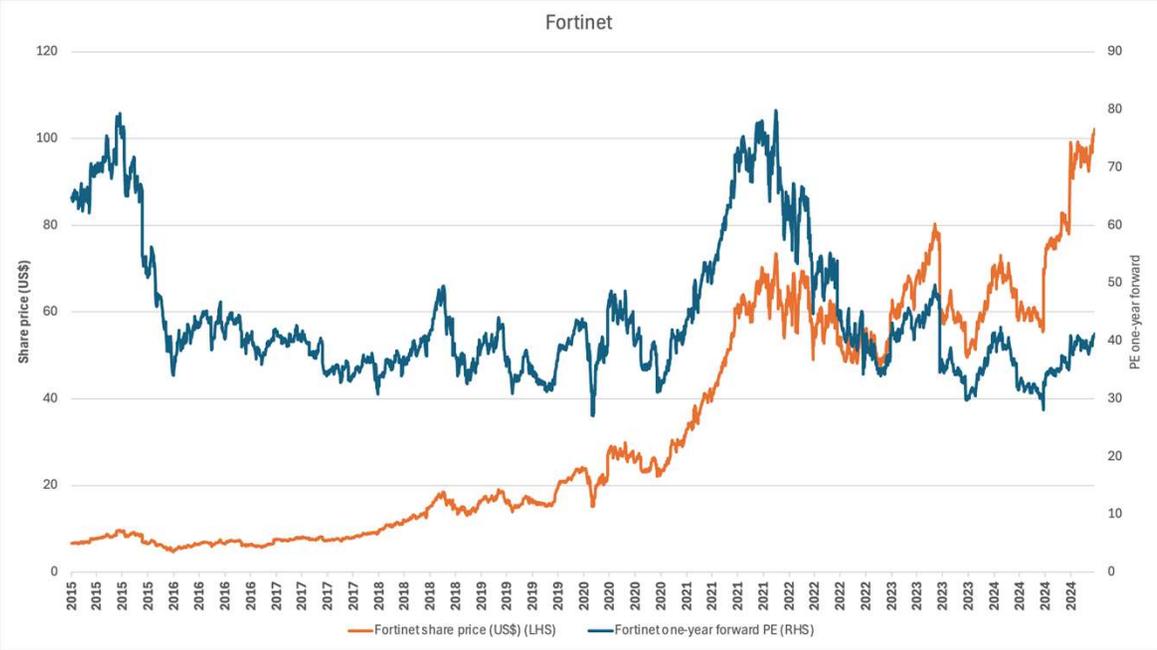
In 2024, the EV/Sales was 0.05x based on the original purchase price.

Alphabet was heavily criticised for buying a “loss-making start-up”

One press article questioned whether Google “swallowed a poison pill they will soon regret”.

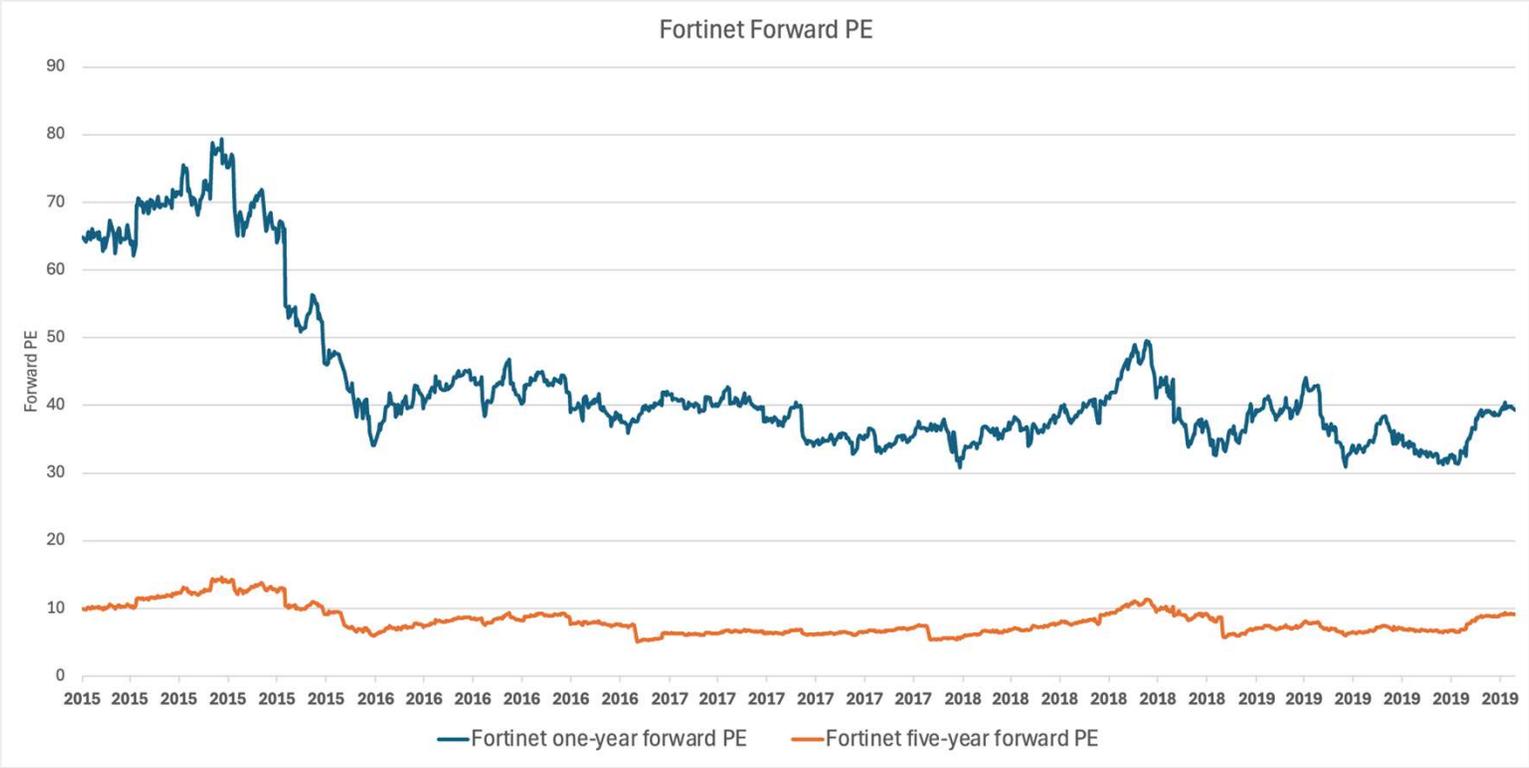
Alphabet has made >250 acquisitions over the years, many of which have failed.

FORTINET EXPENSIVE OR CHEAP?

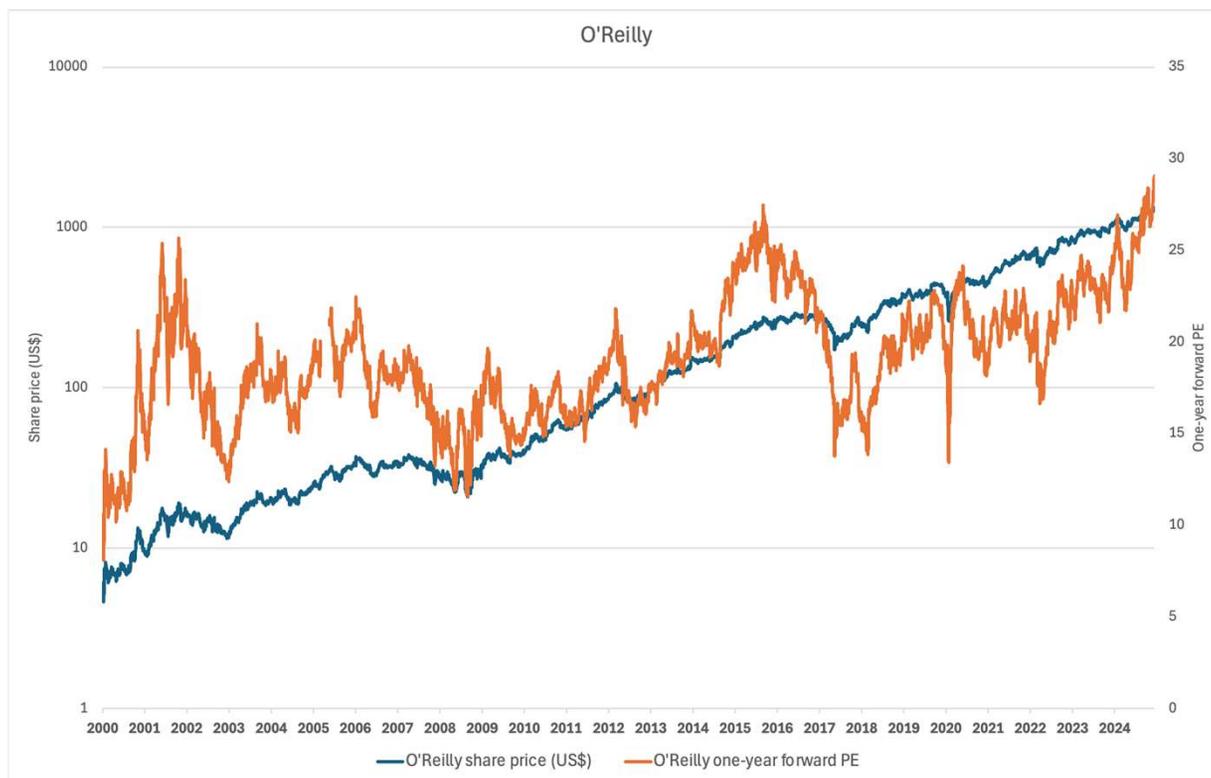


For many years, investors could pay anywhere between a 30x and 80x one-year forward P/E and still achieve a spectacular return over time.

FORTINET A SINGLE-DIGIT P/E WITH PERFECT FORESIGHT

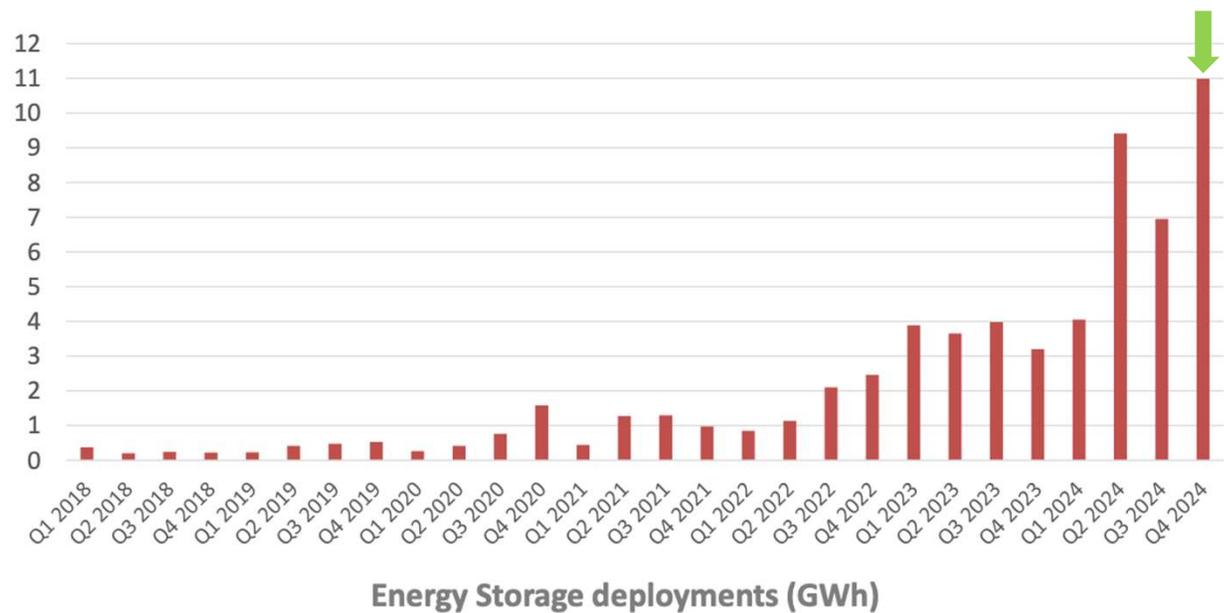


O'REILLY AUTO PARTS > 100 FOLD SINCE 2000



O'Reilly's 12-month forward P/E has not been a reliable predictor of future share price performance.

TESLA – EXAMPLE OF OPTIONALITY IN MANY US STOCKS



Tesla's Energy Storage Deployments up 244% YoY in 4Q24.

This business has grown 10-fold in about 2 ½ years.

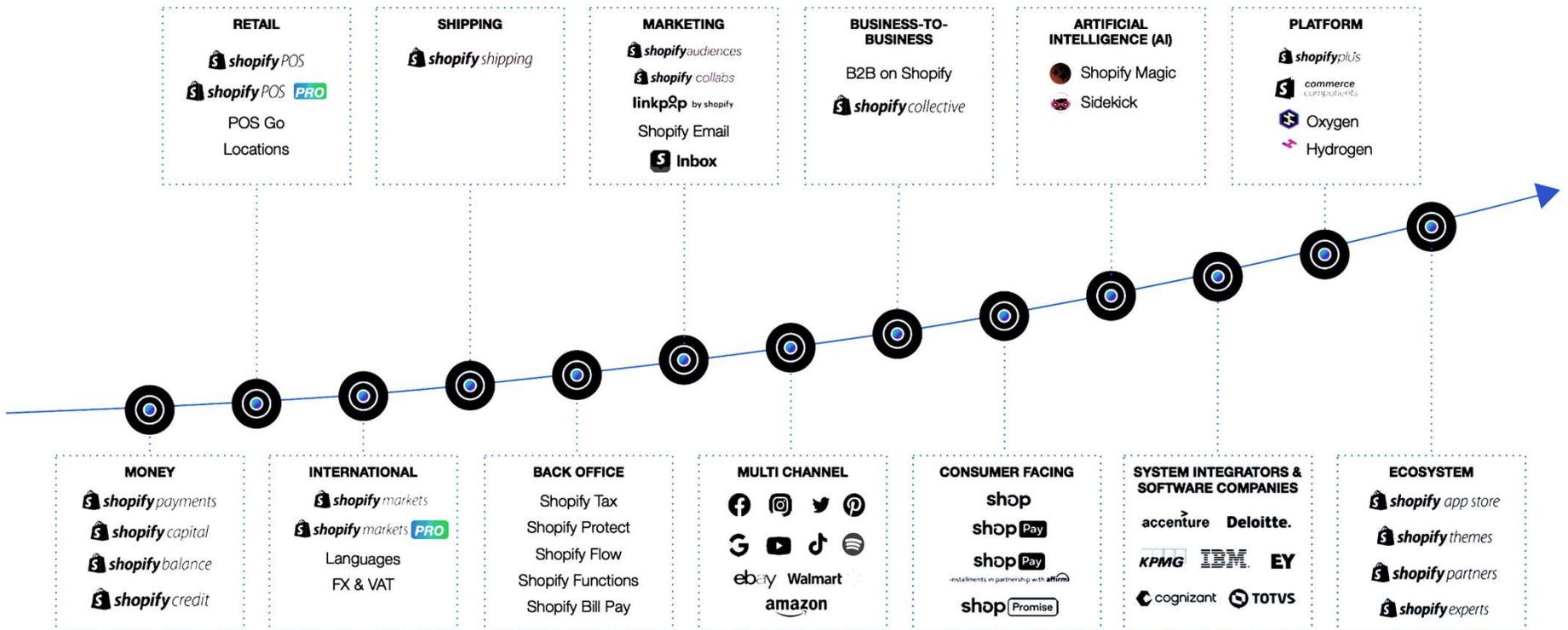


SHOPIFY – ASTOUNDING OPTIONALITY



Merchant-first focus through product innovation

Lowering barriers, simplifying operations, catalyzing merchant sales



TOP DOG MOSTLY WINS BUT COMMANDS A MATERIAL PREMIUM

NETFLIX



CROWDSTRIKE

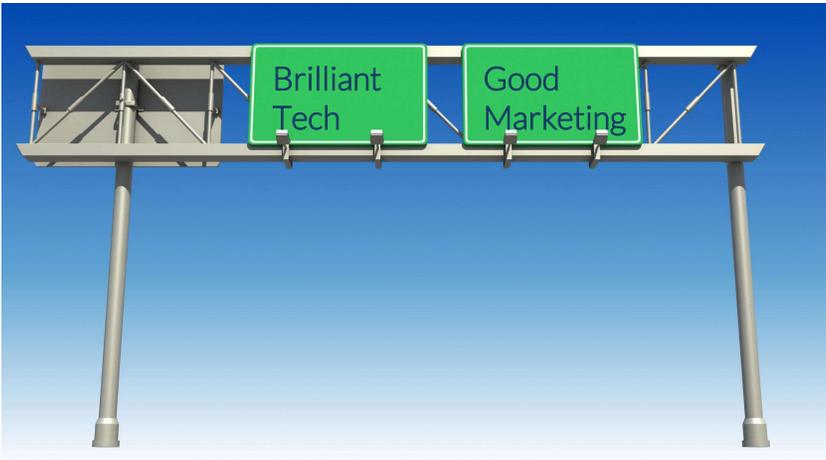


NVIDIA

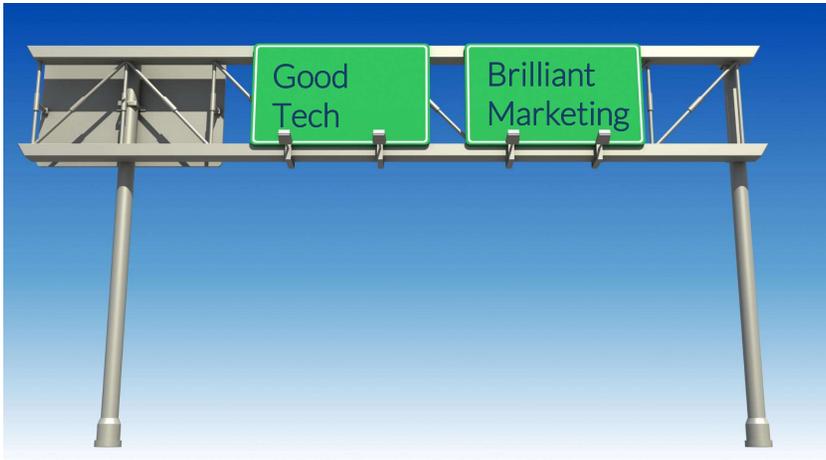




MARKETING VS PRODUCT



vs





IMPORTANT TO HAVE A “TOO HARD” CAMP





FOMO IN GLOBAL MARKETS CAN BE OVERWHELMING



There are about 50,000 listed companies in the world.



NOT SO EASY TO IDENTIFY BIG TECH WINNERS 20 YEARS AGO

 **myspace**

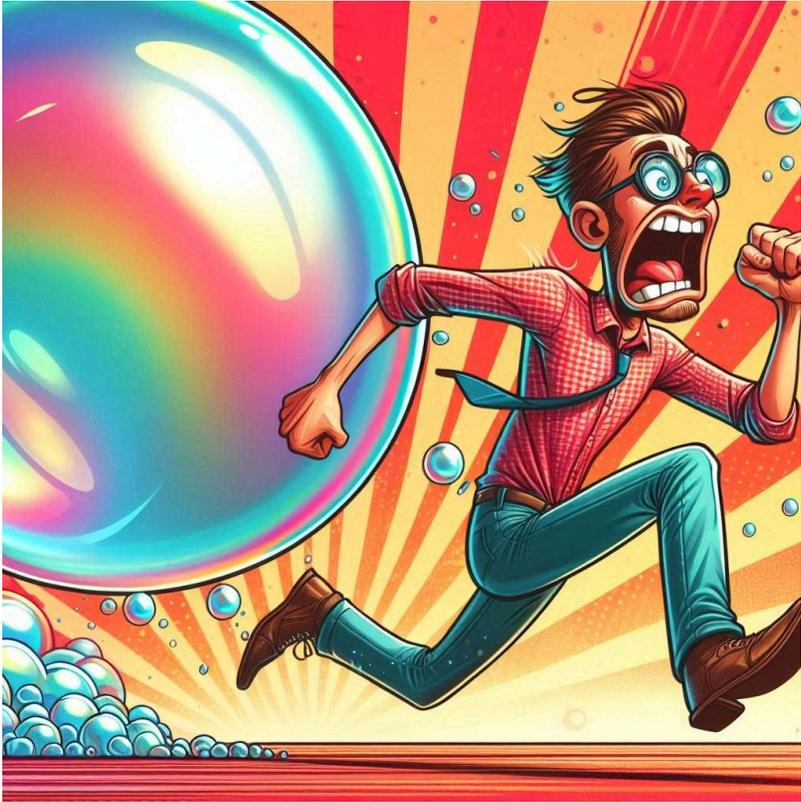
yahoo!

 **pets.com**

lastminute.com



VALUATIONS – AVOID THE BUBBLES



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