

The background features a central globe of the Earth with a network of blue lines and nodes overlaid on it. Several large, red, spiky virus particles are scattered across the scene, some appearing to be connected to the network lines. The overall color palette is dark blue and red.

POSITIONING FOR A RECOVERY

22 APRIL 2020

ANCHOR

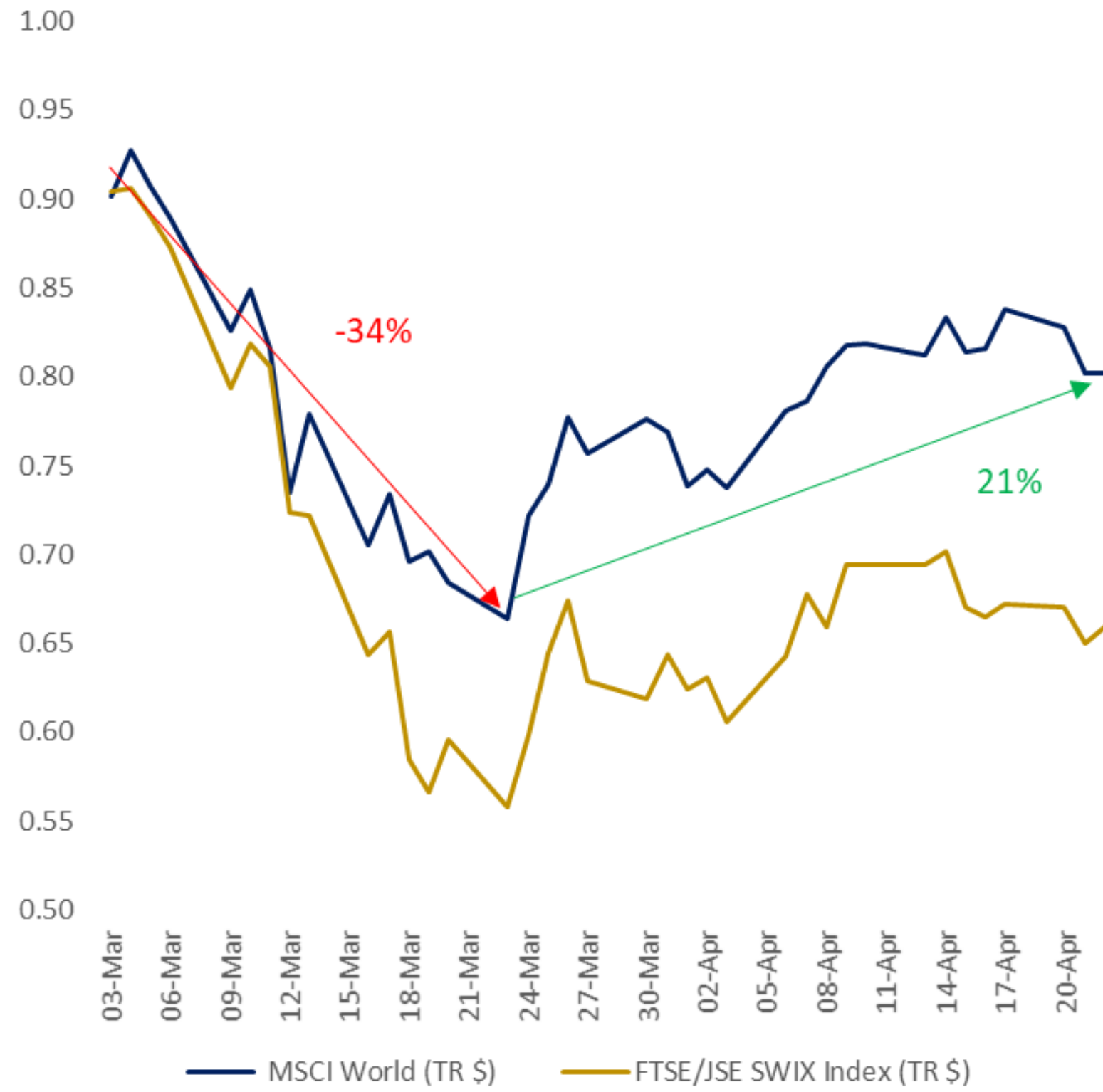
NAVIGATING
CHANGE



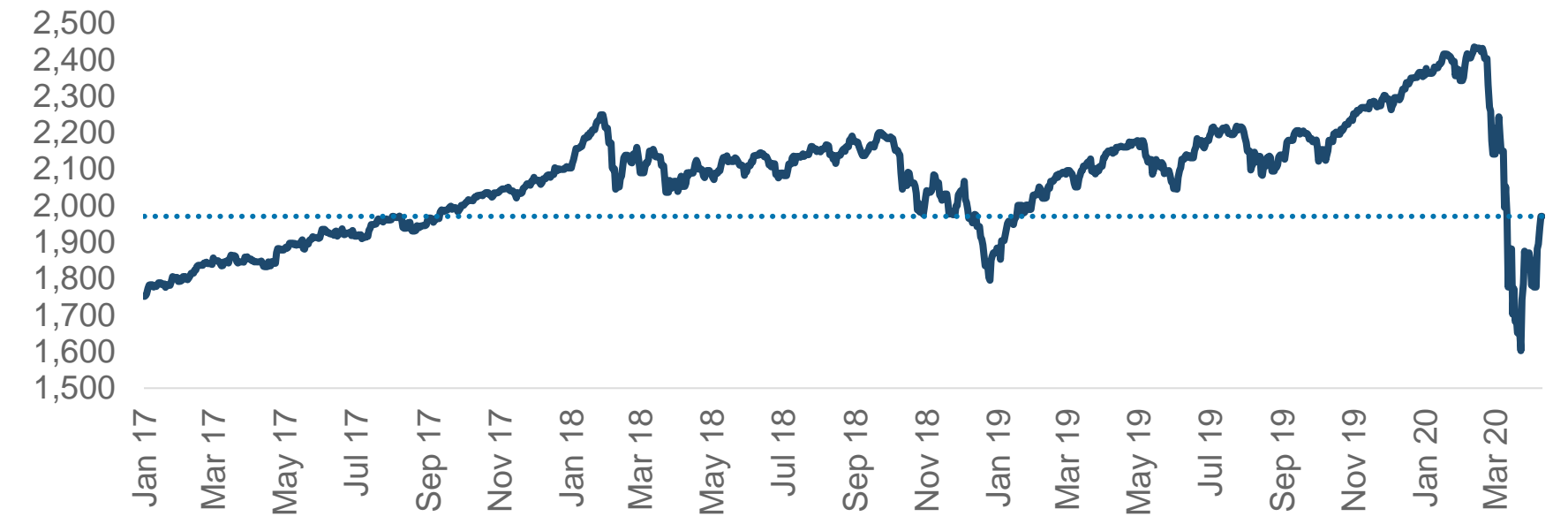
WHAT'S HAPPENED TO THE GLOBAL MARKETS?

PETER LITTLE
FUND MANAGEMENT

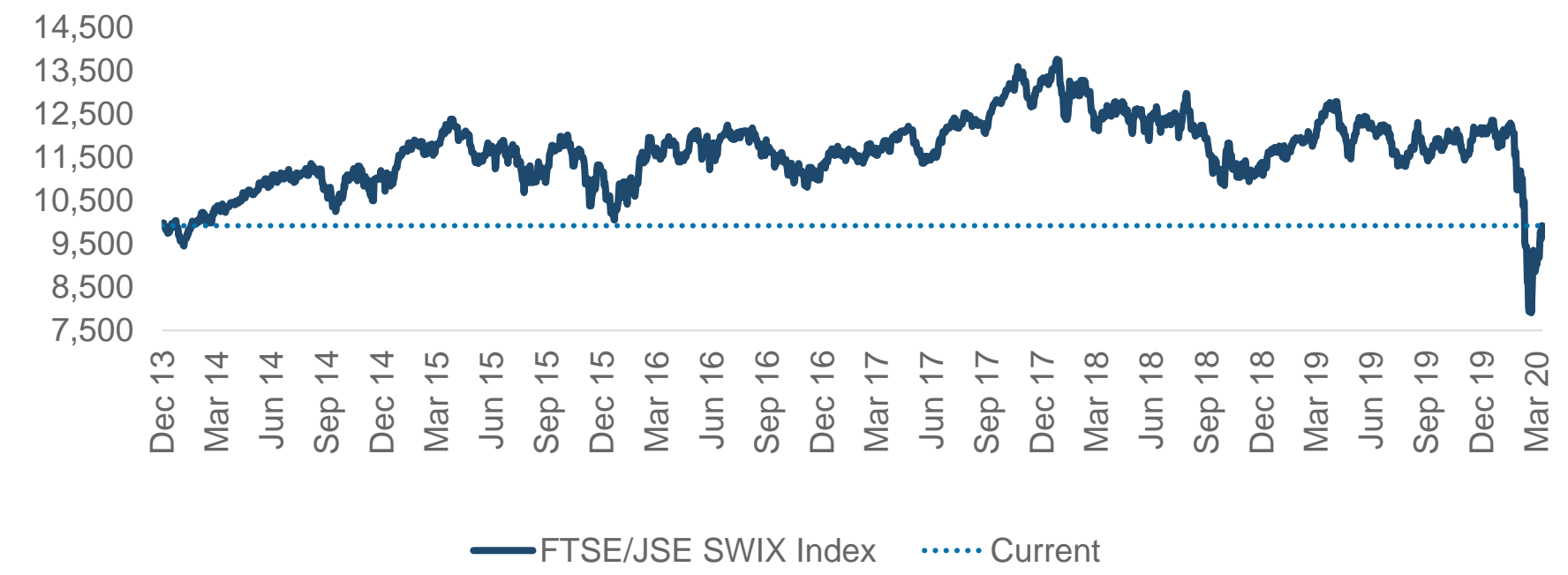
WHAT'S HAPPENED SO FAR?



MSCI WORLD

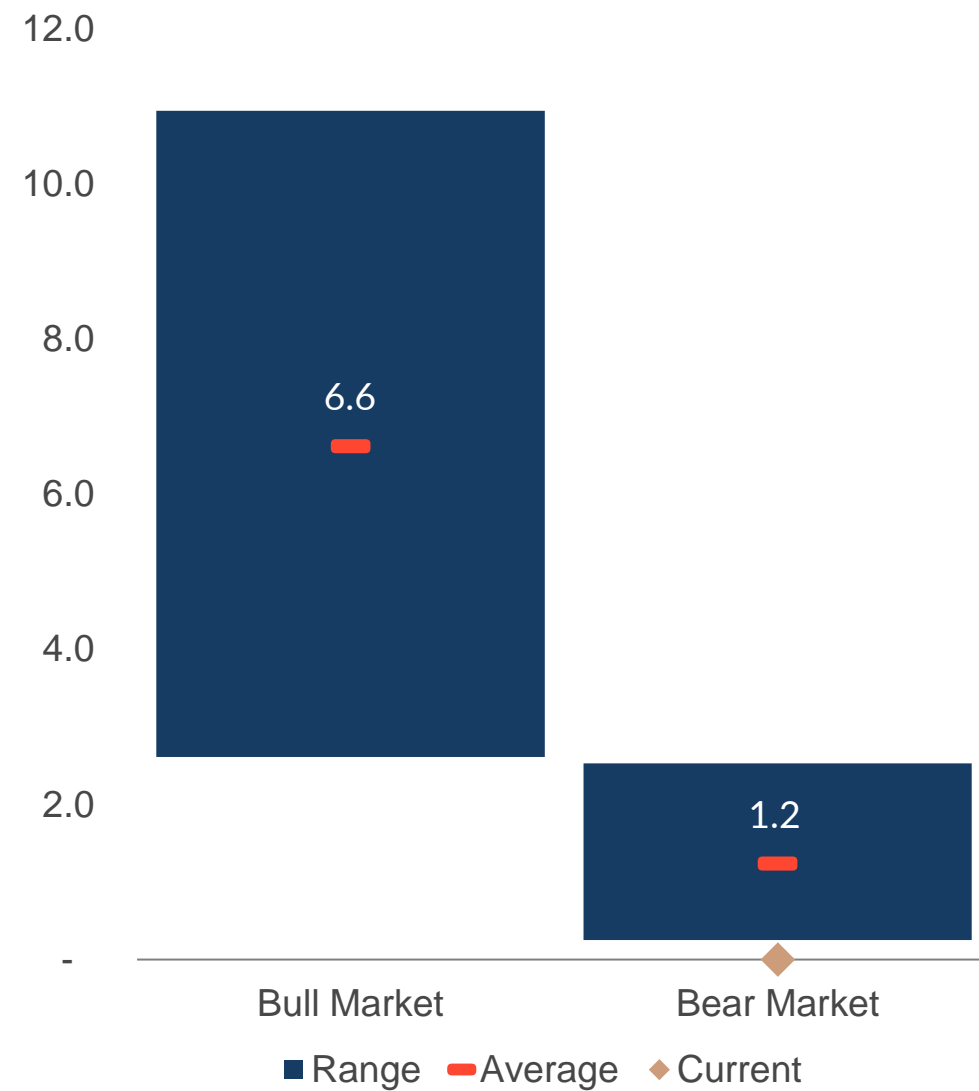


FTSE / JSE SWIX

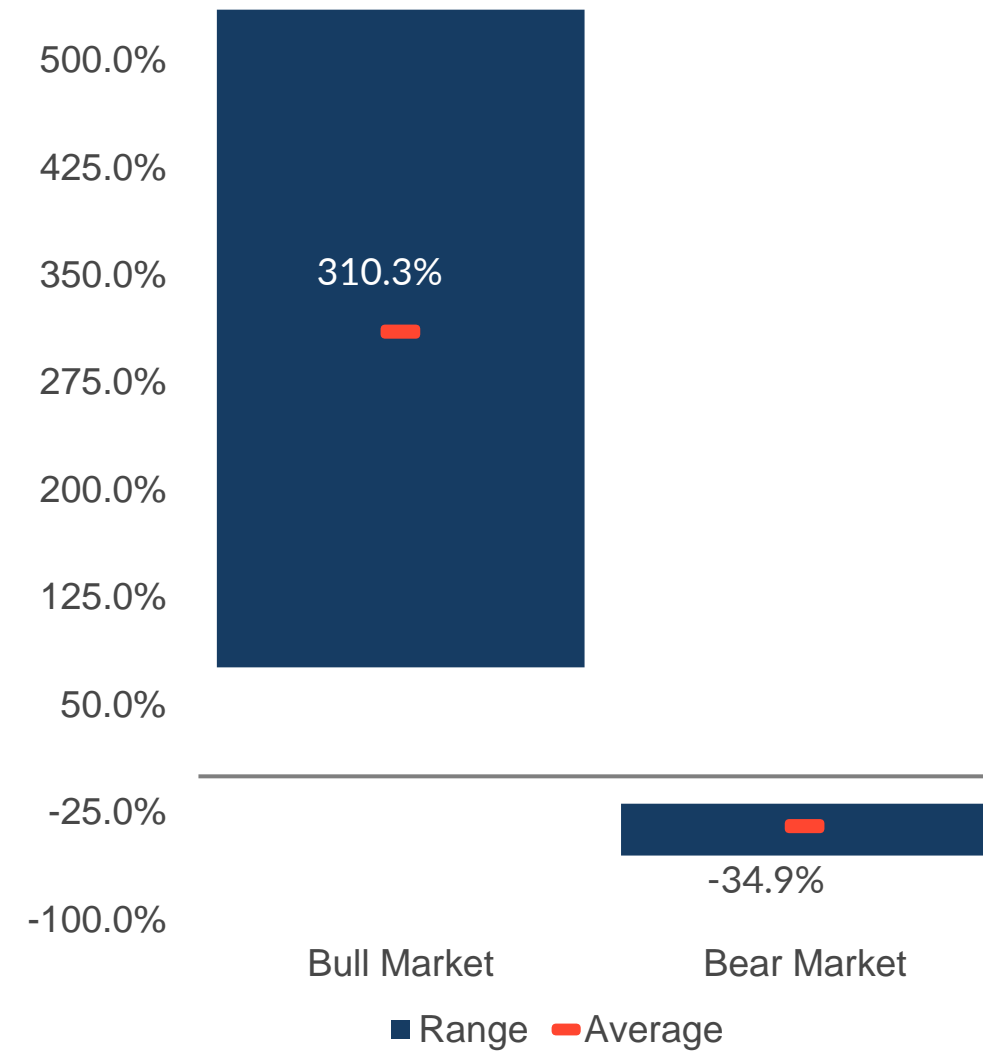


HOW DOES IT COMPARE TO OTHER U.S. BEAR MARKETS?

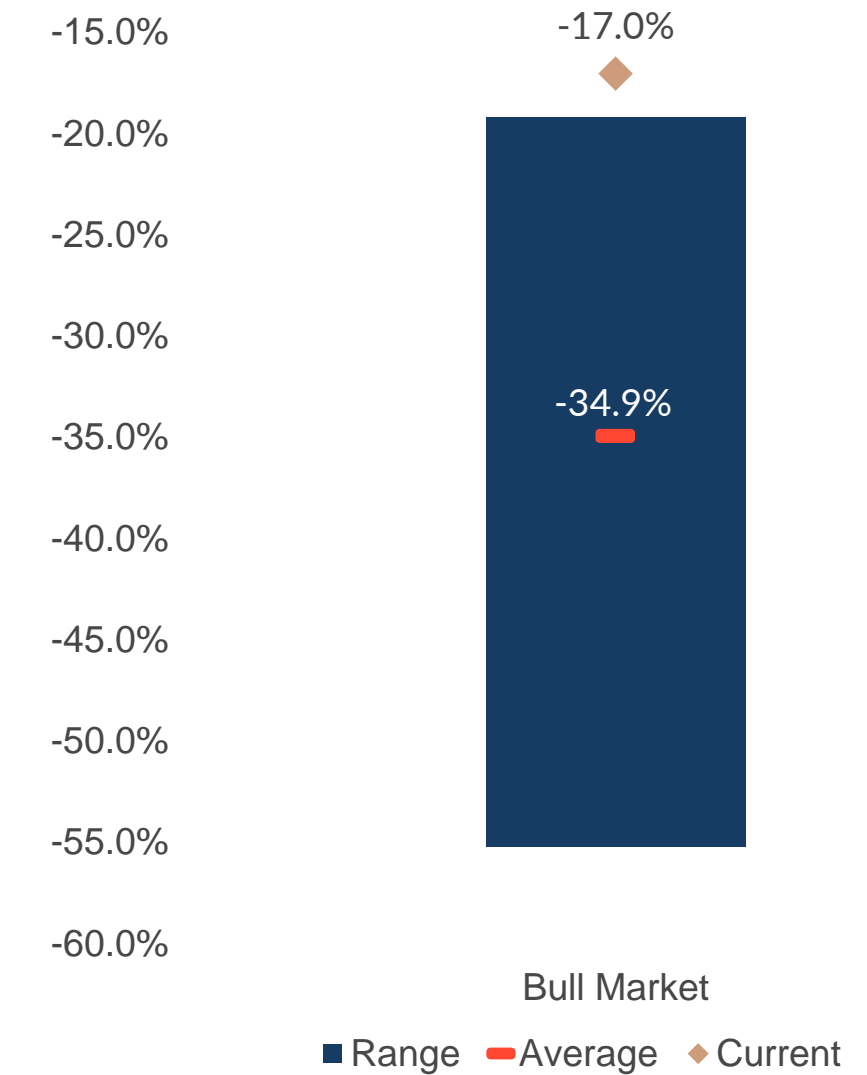
S&P 500 - BULL/BEAR MARKET DURATION (# YEARS)



S&P 500 - BULL/BEAR MARKET QUANTUM (CUMULATIVE RETURNS)



S&P 500 - BEAR MARKET QUANTUM (CUMULATIVE RETURNS)



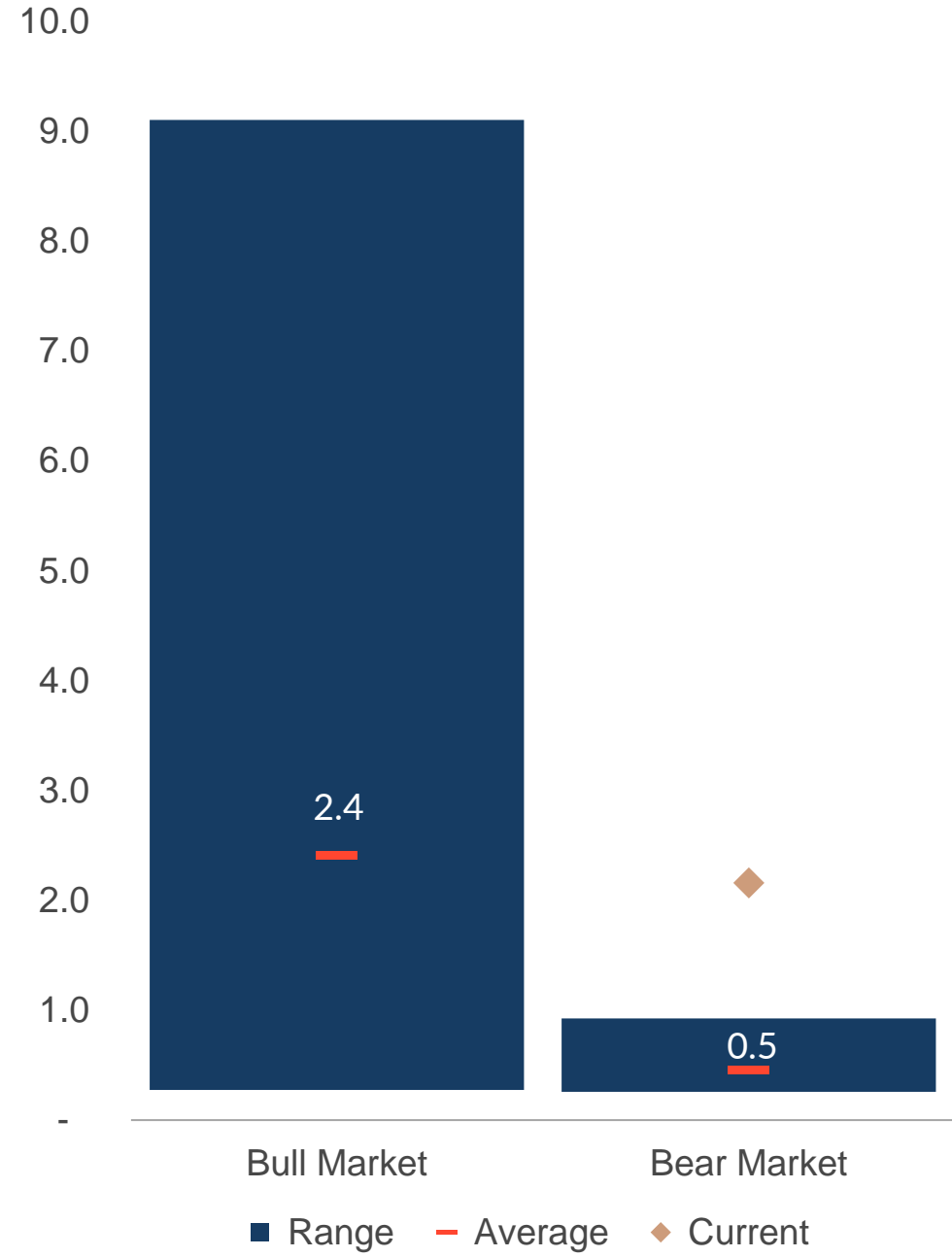
“History doesn’t repeat itself, but it usually rhymes.”

– Mark Twain

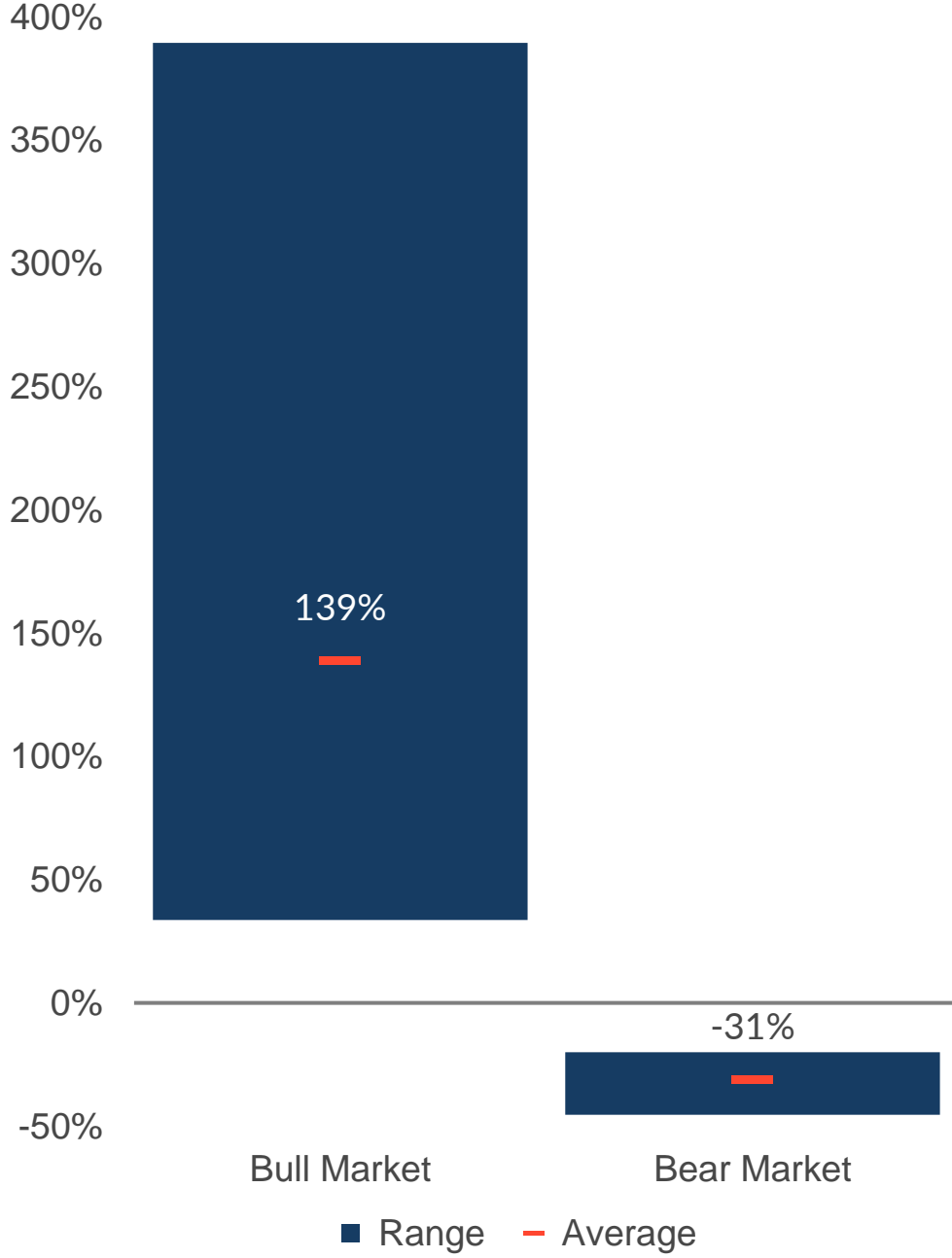


HOW DOES IT COMPARE TO OTHER S.A. BEAR MARKETS?

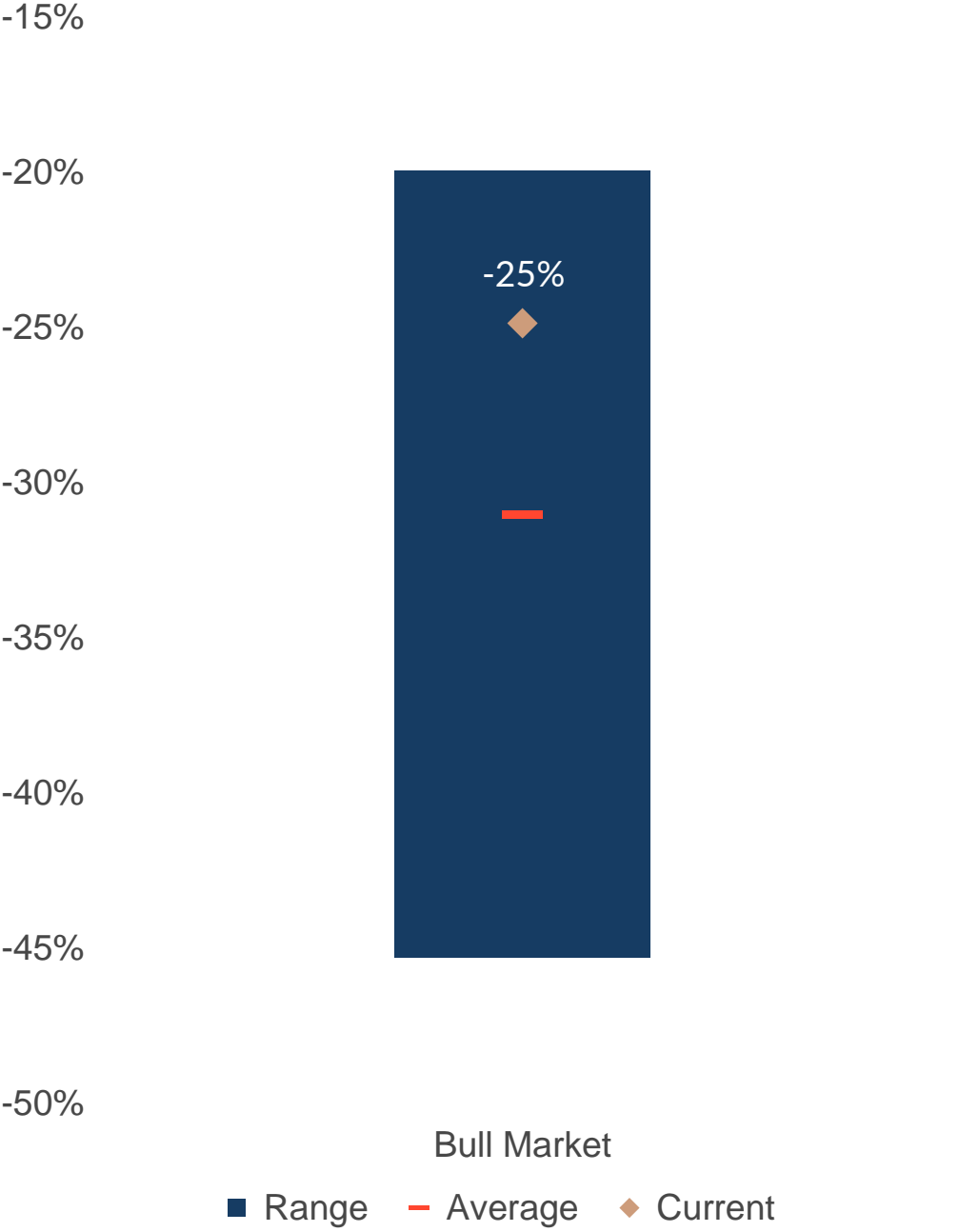
ALSI BULL/BEAR MARKETS DURATION (# YEARS)



ALSI BULL/BEAR MARKETS QUANTUM (TOTAL RETURN)



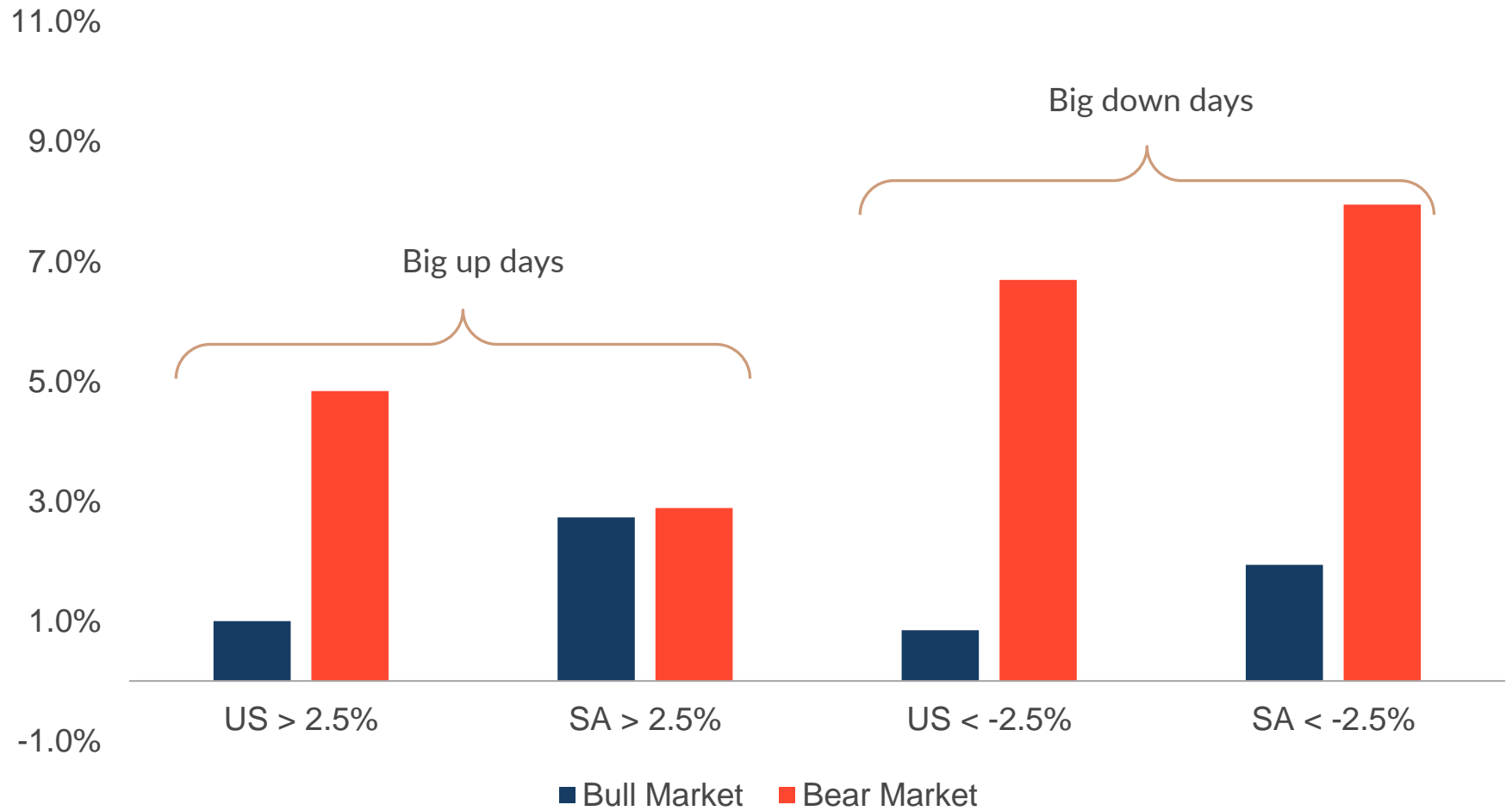
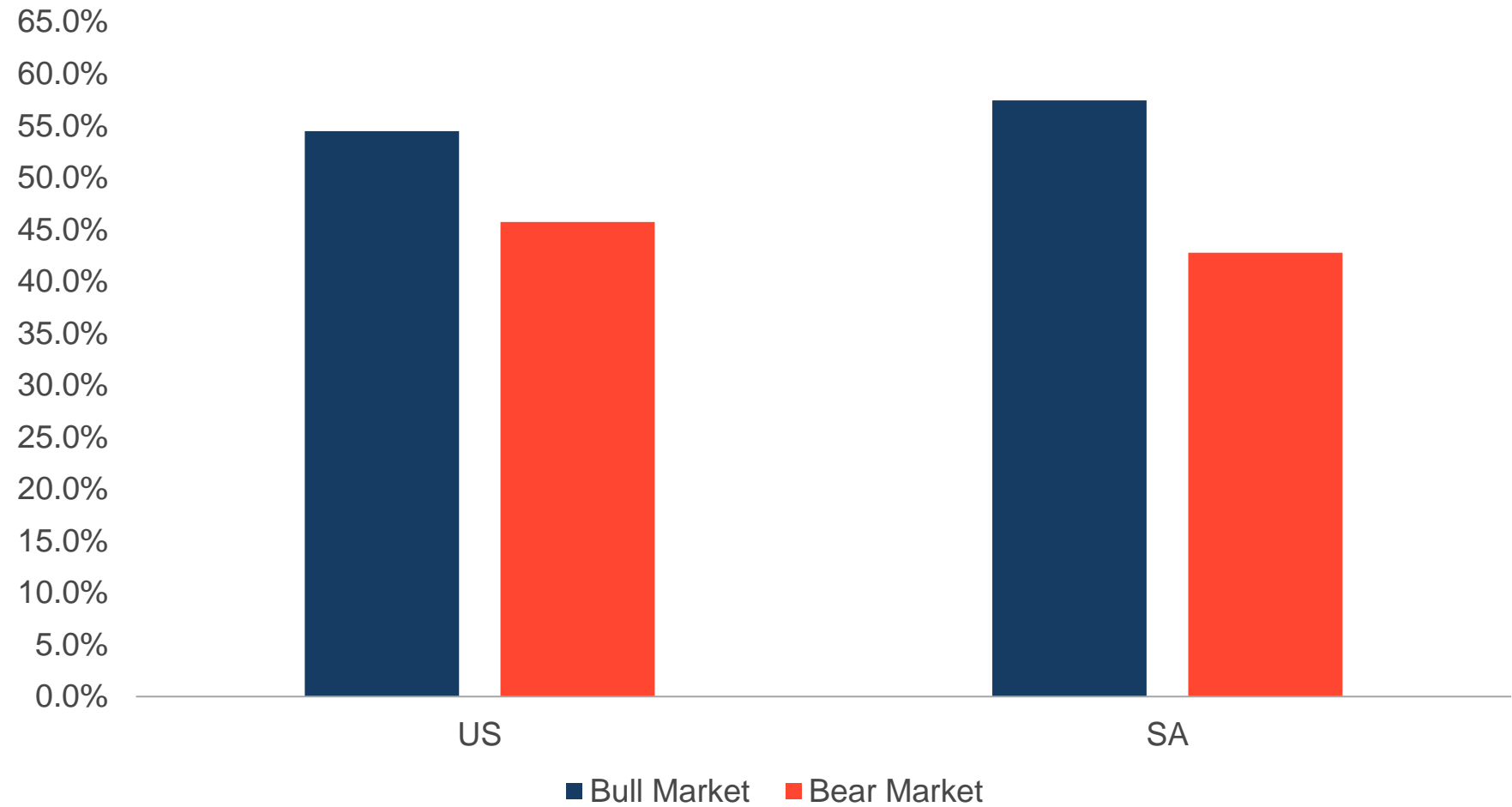
ALSI BEAR MARKETS QUANTUM (TOTAL RETURN)





HOW DO BEAR MARKETS FEEL?

% POSITIVE DAYS



“Forewarned, forearmed; to be prepared is half the victory.”

– Miguel de Cervantes Saavedra

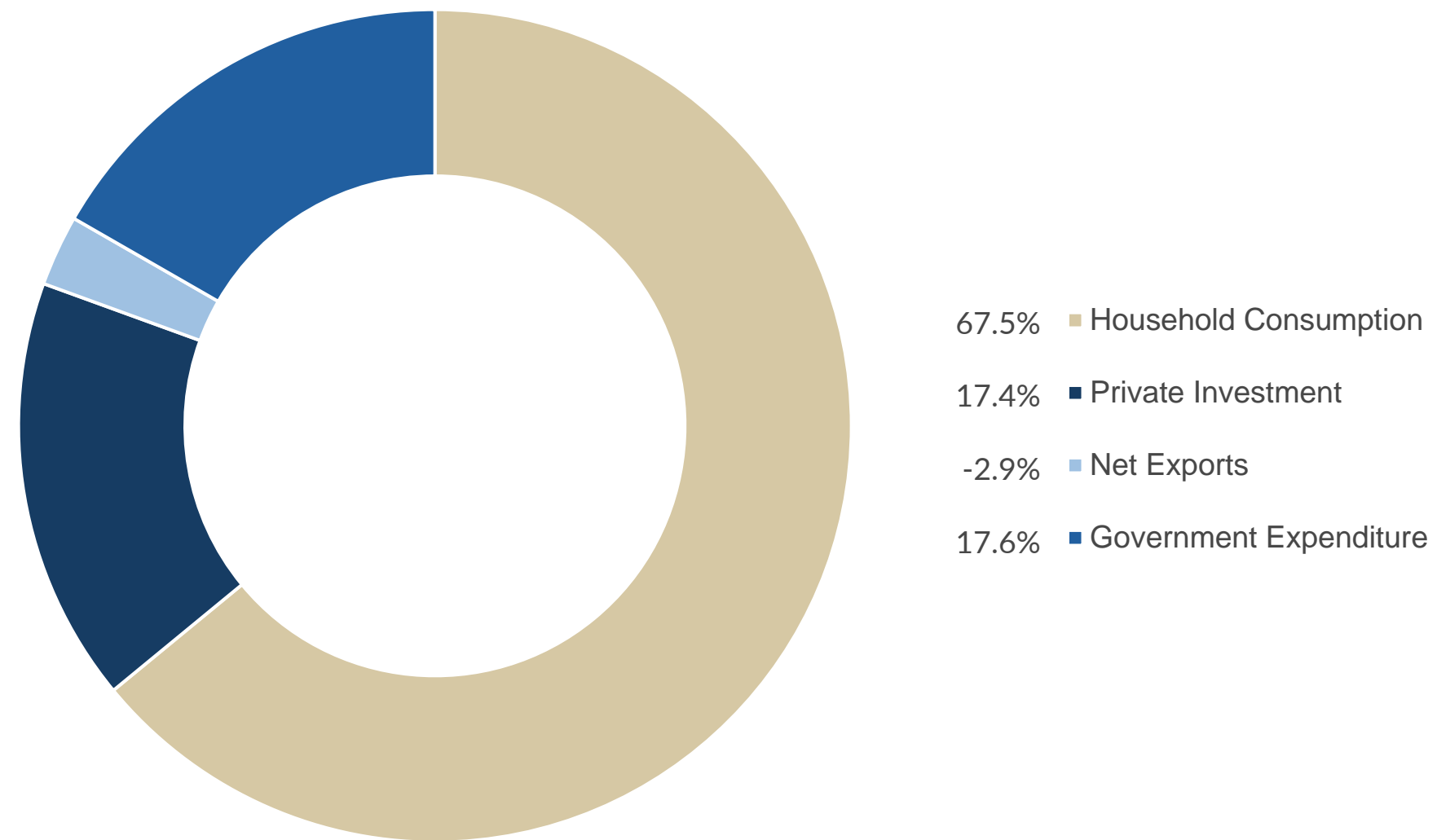
WHAT ABOUT ECONOMIC ACTIVITY?



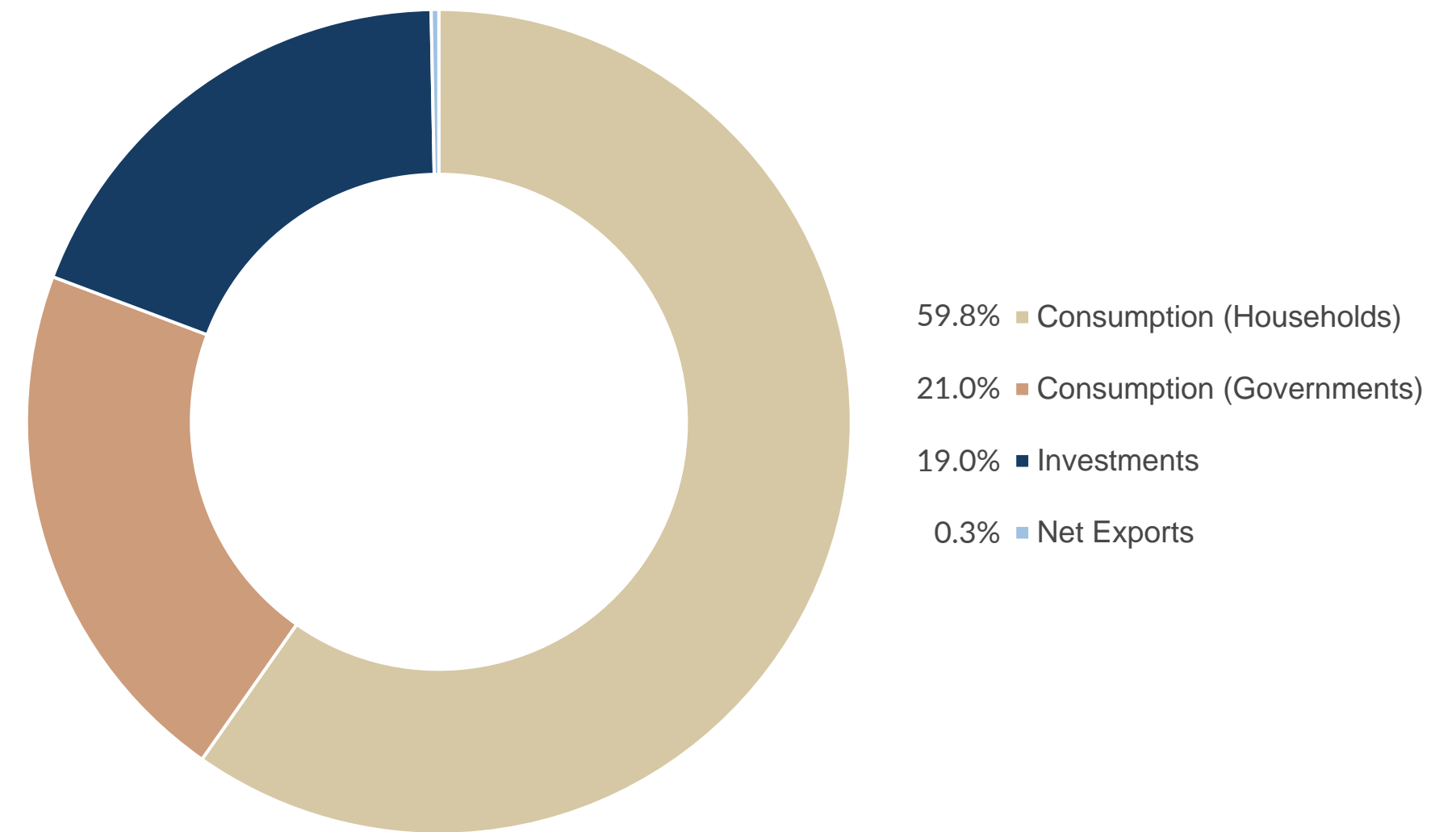


WHAT MAKES UP ECONOMIC ACTIVITY?

US GDP CONTRIBUTIONS



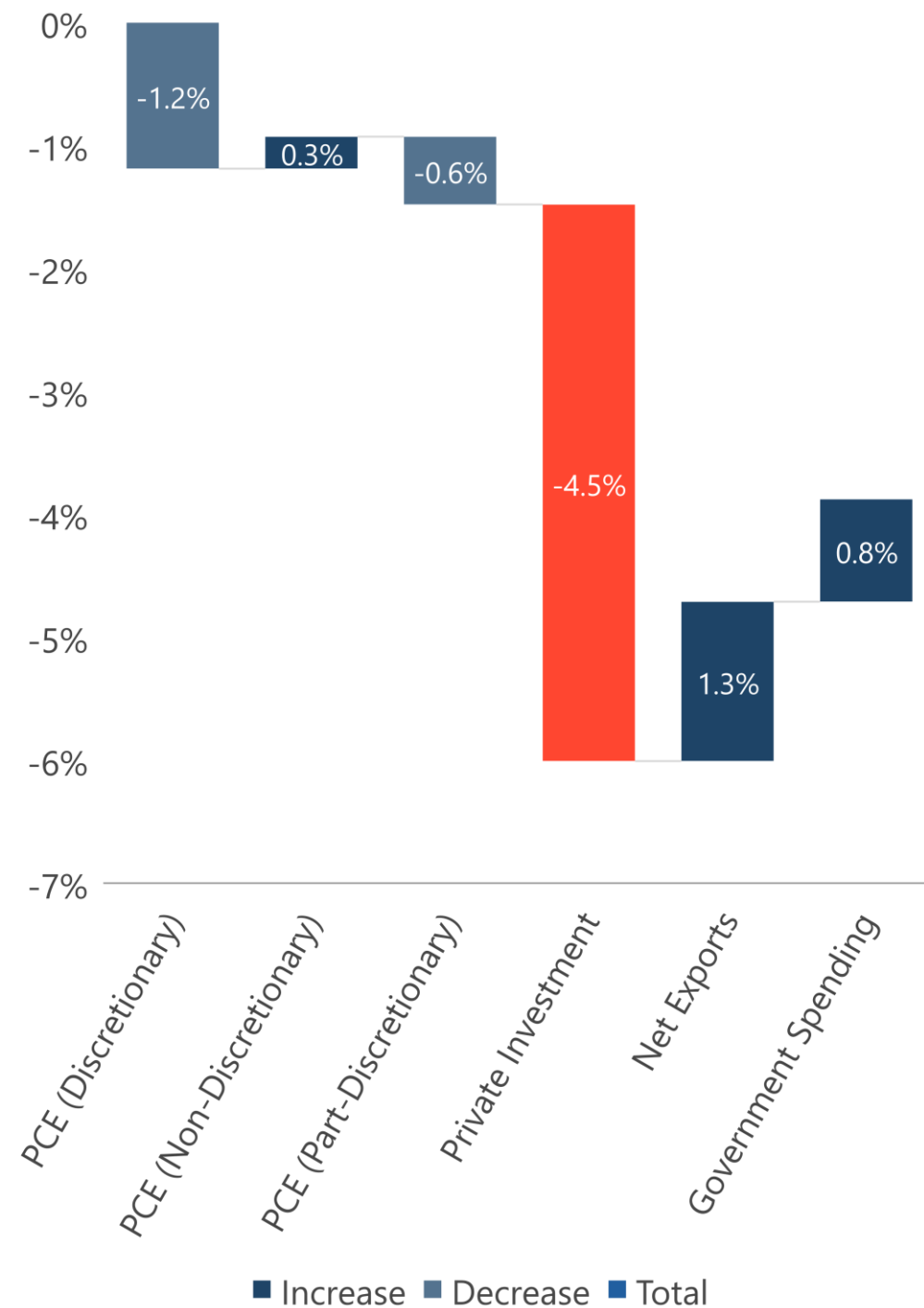
SA GDP CONTRIBUTIONS



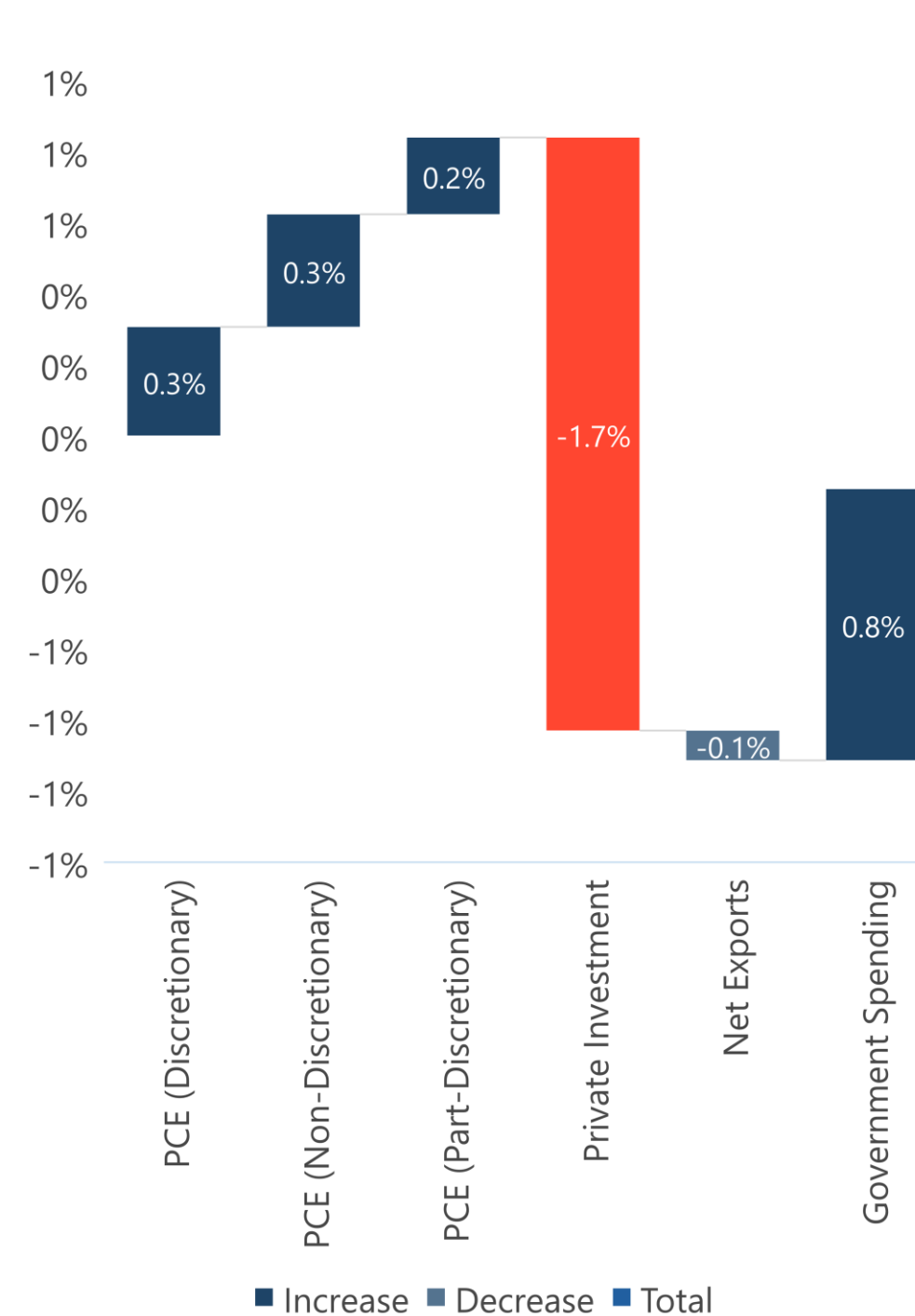


WHAT HAPPENS TO ECONOMIC ACTIVITY IN RECESSIONS?

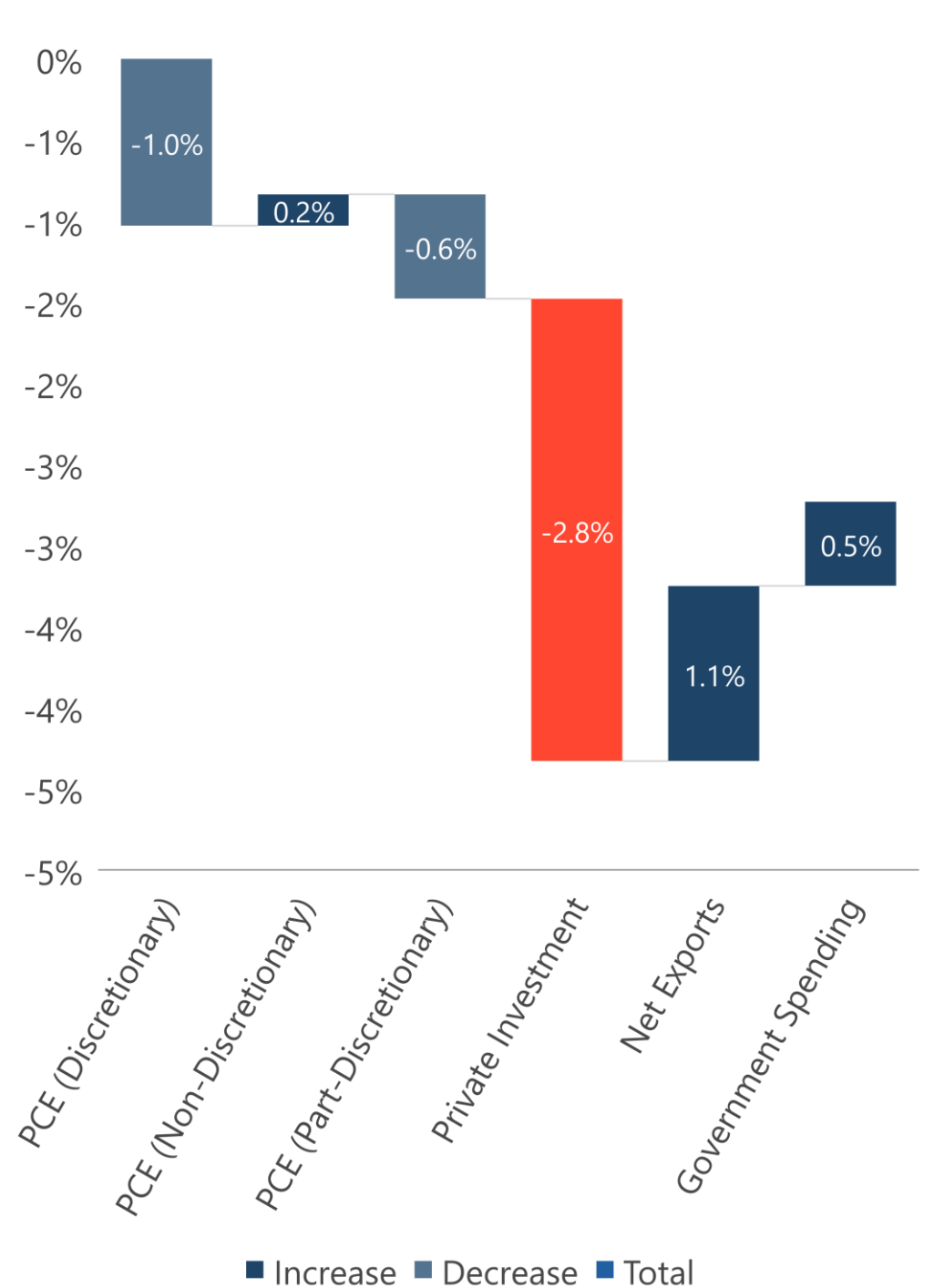
GFC 2008
CONTRIBUTION TO AVG. QoQ US GDP FALL
(-3.9%)



TECH BUBBLE 2001
CONTRIBUTION TO AVG. QoQ US GDP FALL
(-0.1%)



OIL SHOCK 1990
CONTRIBUTION TO AVG. QoQ US GDP FALL
(-2.7%)



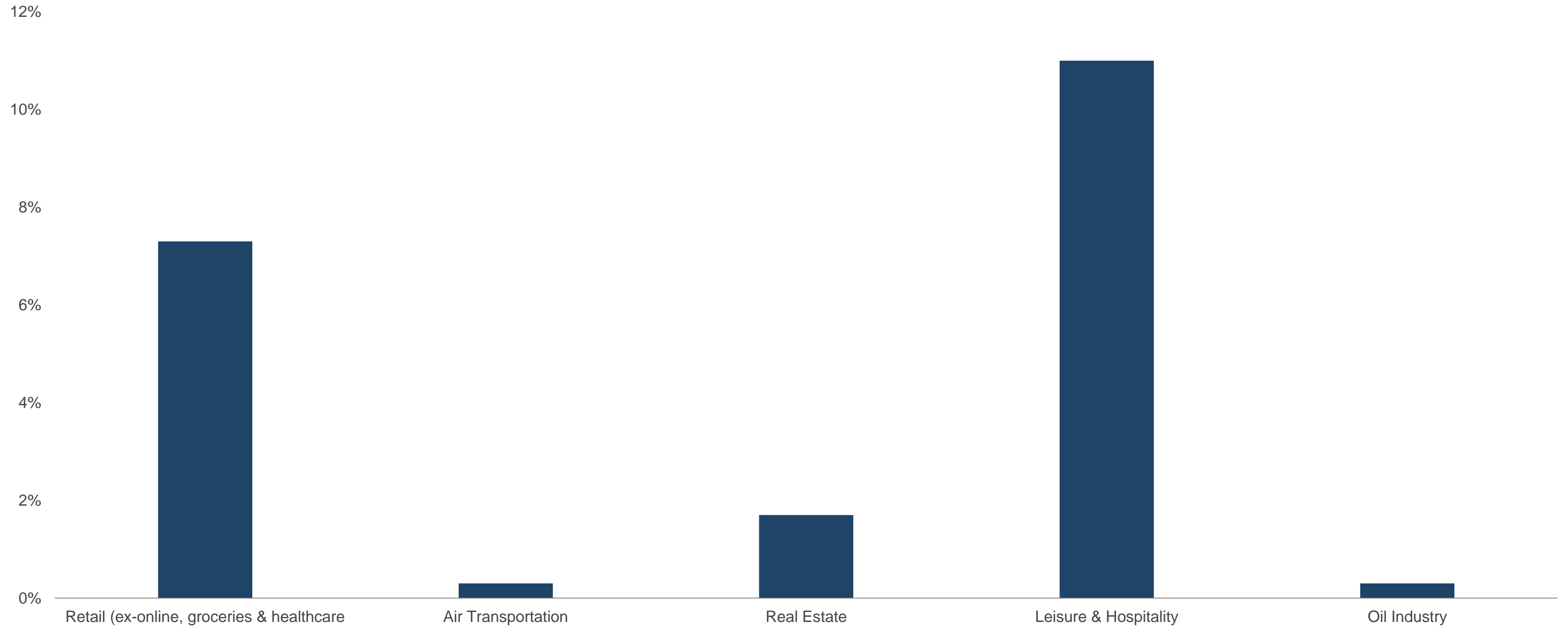
WHAT ECONOMIC ACTIVITY IS MOST AT RISK FROM COVID-19?

	% of GDP Last 5 Years
HOUSEHOLD CONSUMPTION	67.5
Discretionary	18.5
Non-Discretionary	35.6
Part-Discretionary	13.4
PRIVATE INVESTMENT	17.4
Non-residential structures	3.0
Residential structures	3.7
Equipment	5.9
Intellectual Property	4.4
Change in Private Inventory	0.3
NET EXPORTS	-2.9
GOVERNMENT EXPENDITURE	17.6
Defence	3.9
Federal Government	2.7
State and Local Government	11.0
TOTAL	100

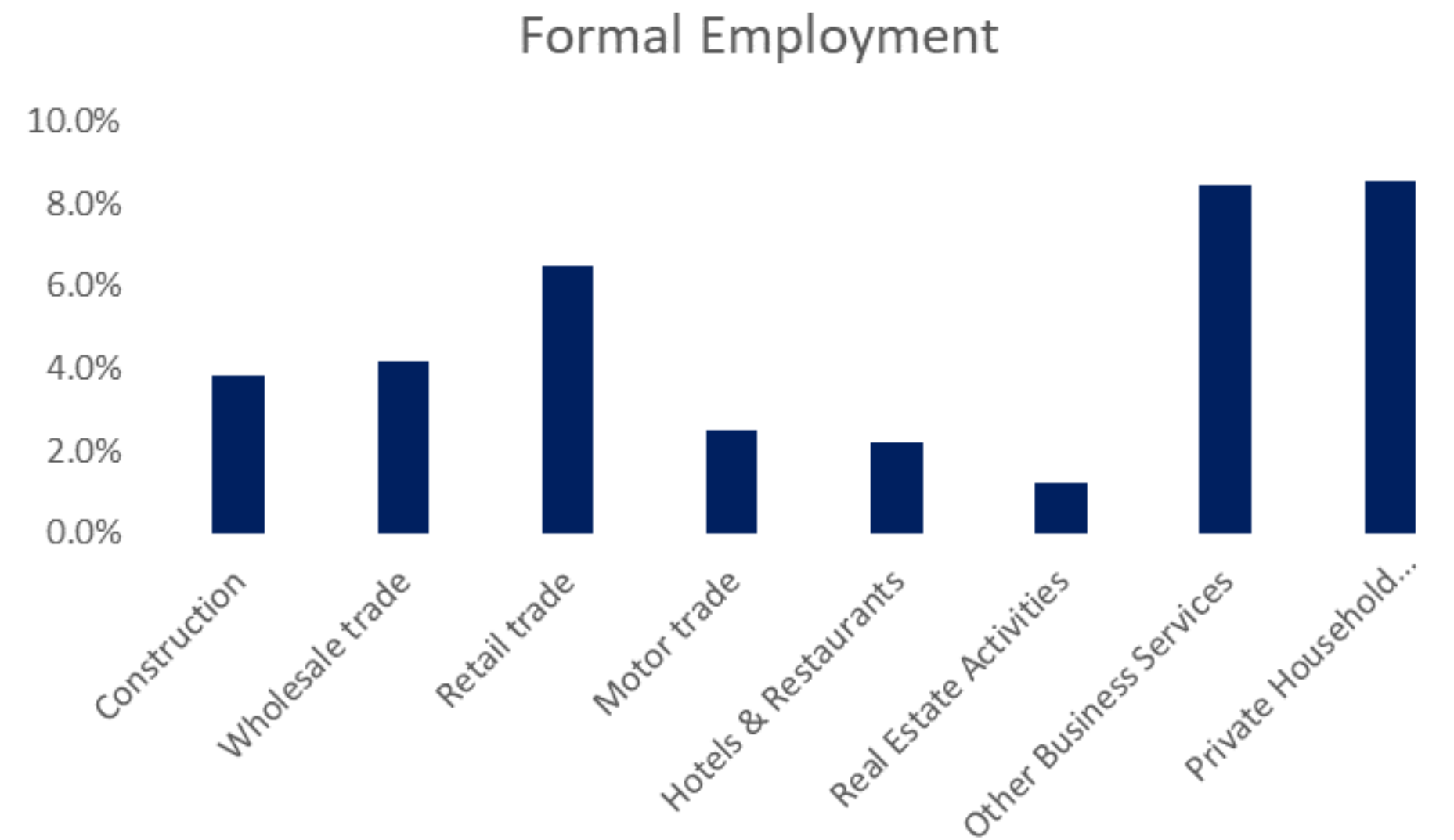
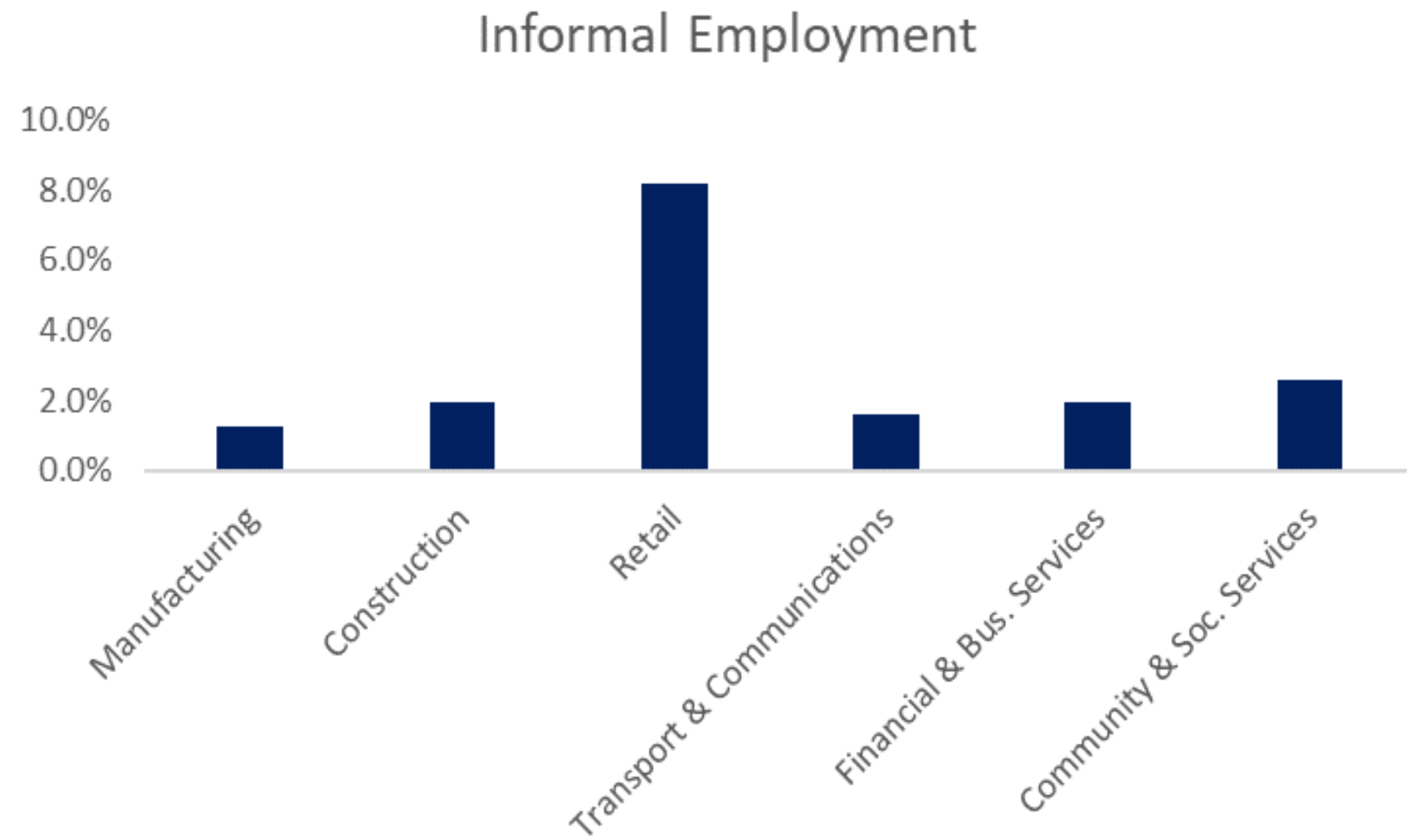
	% of Consumption Last 5 Years
HOUSEHOLD CONSUMPTION	
DISCRETIONARY	27.5
Motor Vehicles	3.6
Furnishing	2.7
Recreational Equipment & Vehicles	3.3
Other Durable Goods	1.7
Clothing	3.2
Recreation Services	3.9
Food Services & Accommodation	6.1
Non-profits	2.8
NON-DISCRETIONARY	52.7
Food & Beverages (cons off prem)	7.7
Energy	4.2
Housing & Utility	18.2
Healthcare	15.4
Financial Services & Insurance	7.7
PART-DISCRETIONARY	19.8
Other non-durable	7.8
Transportation	3.1
Other Services	8.6

KEY: Safe or likely to increase | Risk of slightly decreased activity | Risk of major decrease in activity

WHAT JOBS ARE MOST AT RISK IN USA?

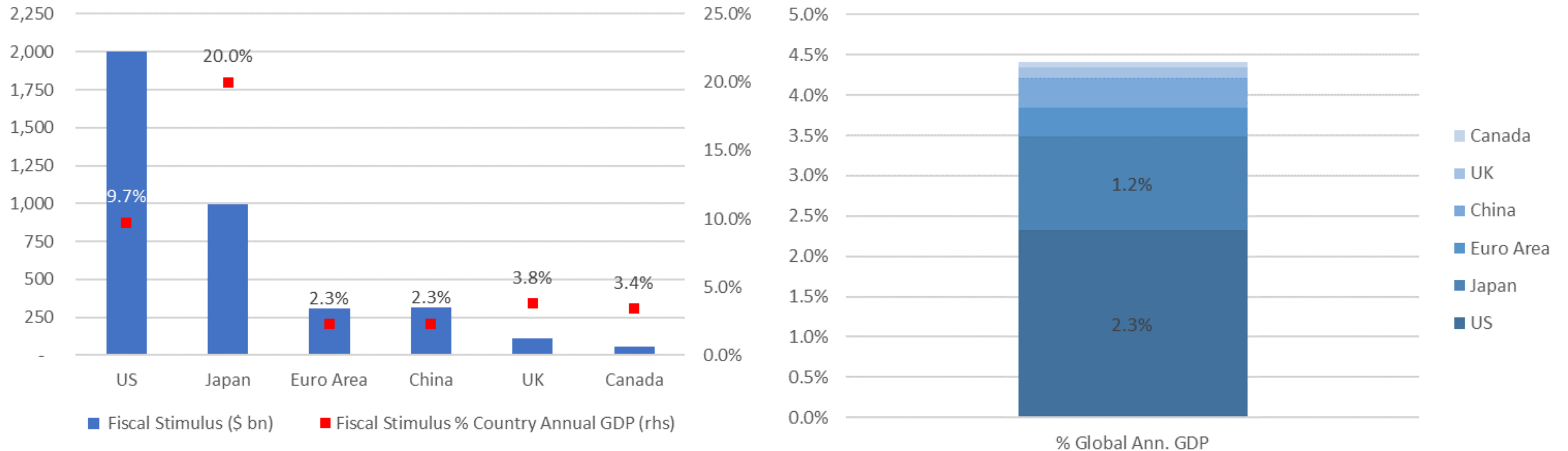


WHAT JOBS ARE MOST AT RISK IN SA?





CAN GOVERNMENTS STEP IN TO PLUG THE ECONOMIC HOLE?





**WHAT CAN WE LEARN FROM
CHINA'S EXPERIENCE?**

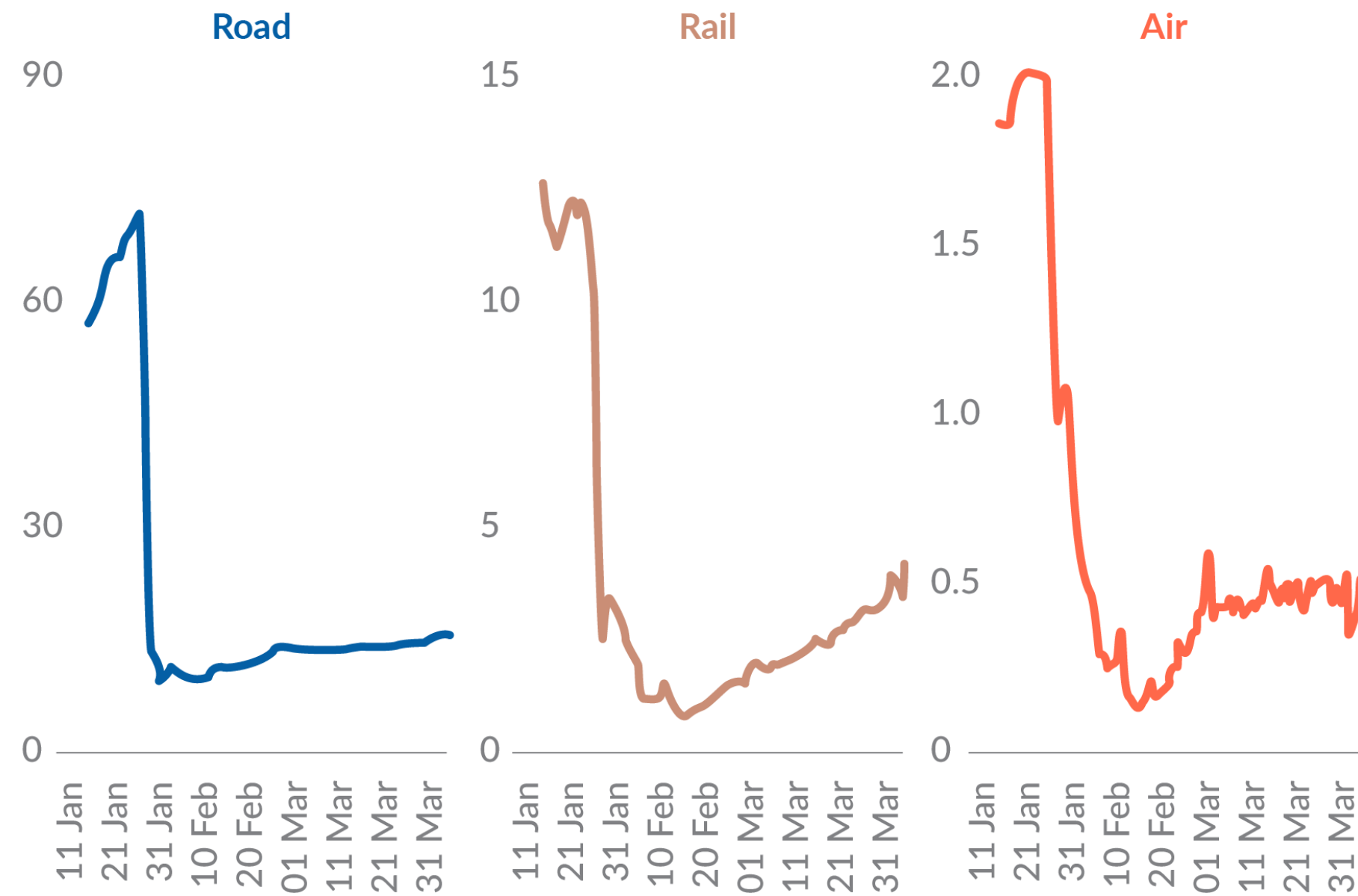


SOCIAL DISTANCING STILL IMPACTING PUBLIC TRANSPORT USAGE, BUT PERSONAL VEHICLE USAGE BACK TO NORMAL

CHINA PASSENGER AND CONGESTION DATA

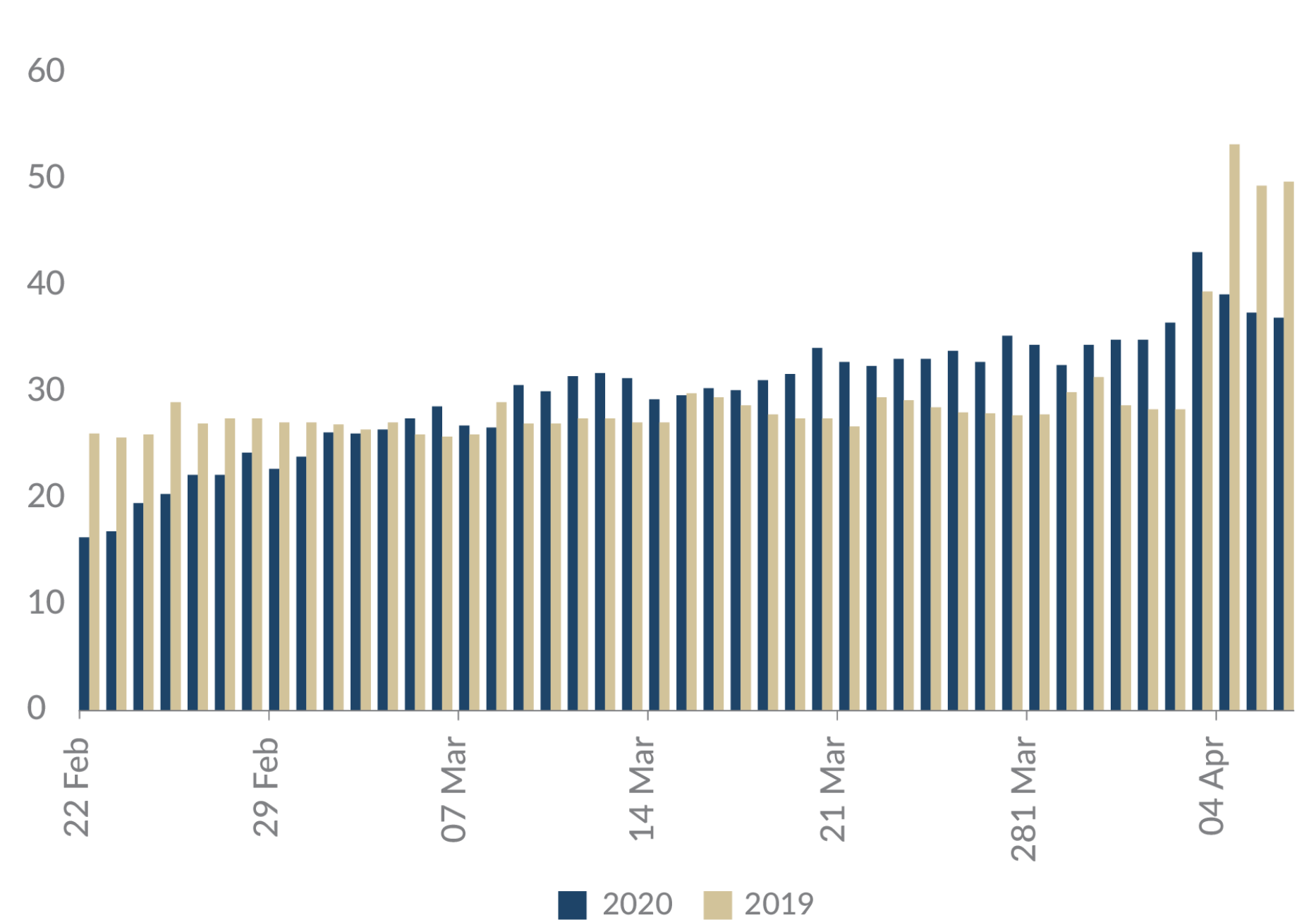
HIGHWAY TRAFFIC BACK ABOVE 2019 LEVEL BUT PASSENGERS SHUNNING PUBLIC TRANSPORT

Million Passengers



Source: BloombergNEF, Ministry of Transport. Note: Updated to April 6, 2020.

Millions of vehicles per day



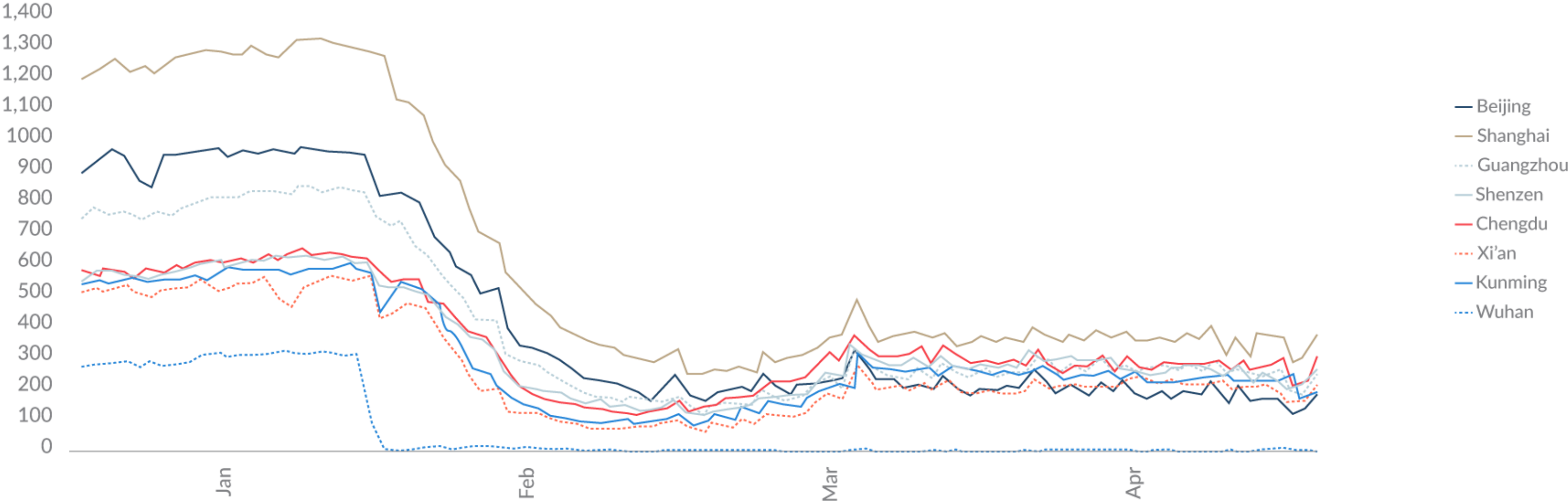
Source: BloombergNEF, Ministry of Transport. Note: Updated to April 6, 2020.



NO SIGNS YET OF A PICK UP IN DEMAND FOR AIR TRAVEL

CHINA AIRPORT DEPARTURES FLIGHT DEPARTURES STABILIZE AFTER INCREASING FROM LOWS

Daily departures



Source: BloombergNEF, FlightStats, Flightradar24. Note: Beijing includes PEK and PKX, Shanghai includes PVG and SHA.



HOUSE PURCHASES RECOVERING BUT STILL WELL BELOW PREVIOUS LEVELS

NOT MOVING – FIRST-TIER CITY PROPERTY SALES





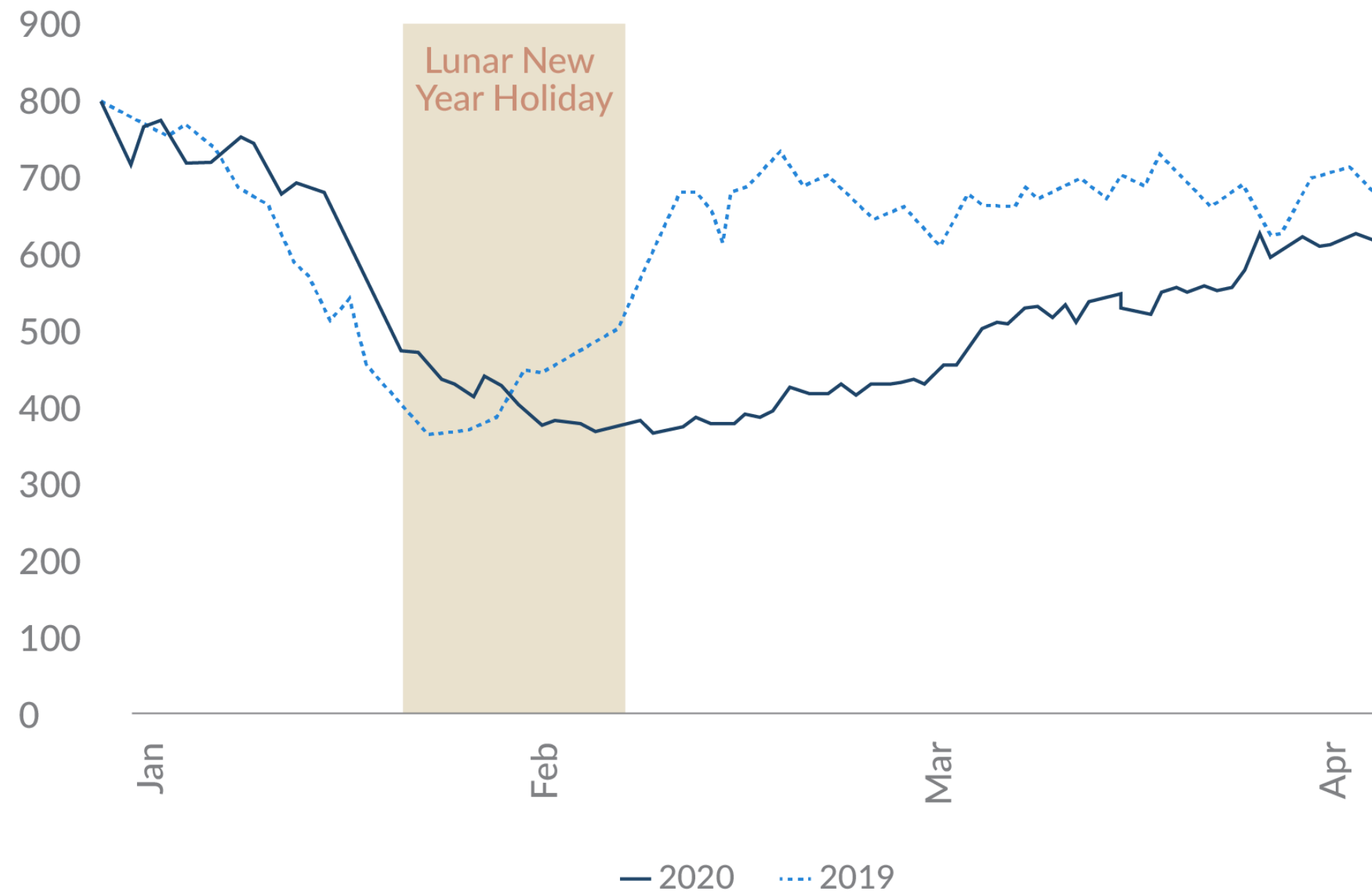
POWER USAGE BACK TO NORMAL

SUGGESTIVE OF GOOD RECOVERY IN INDUSTRIAL ACTIVITY

CHINA POWER-SECTOR COAL CONSUMPTION

CONSUMPTION IS CLOSE TO 2019 LEVEL

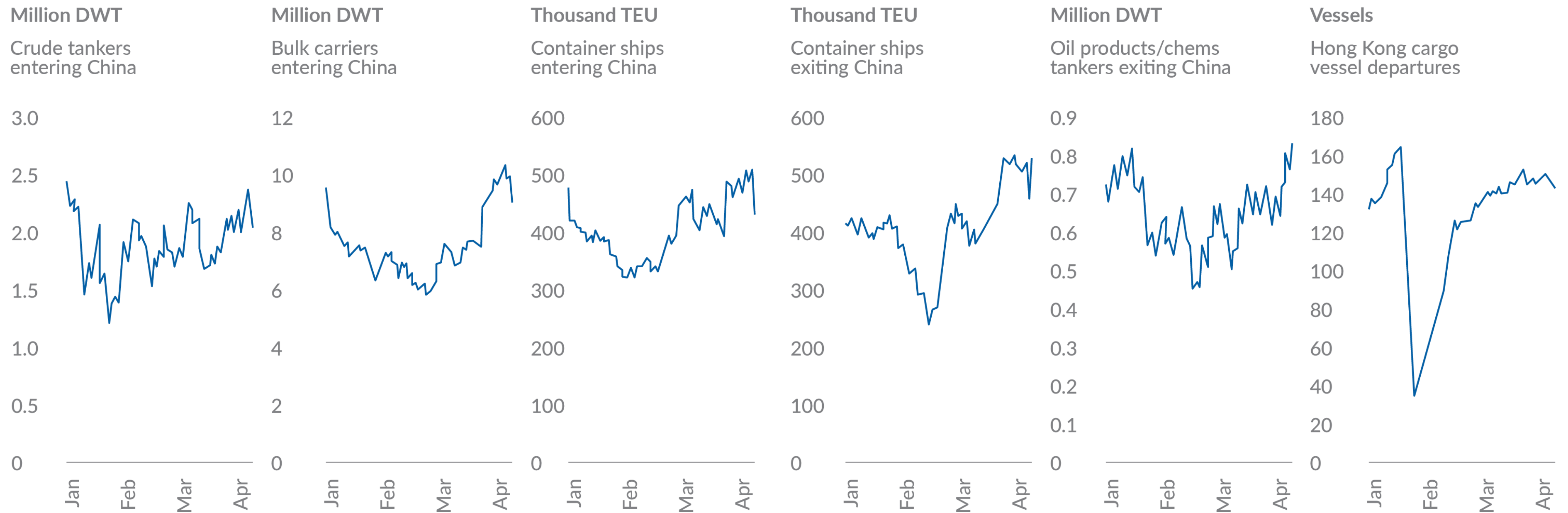
Thousand metric tons



Source: BloombergNEF, China Coal Transportation and Distribution Association. Note: Data covers China's six major coastal power producers - Huangeng International, China Guodian, Datang, Zhejiang Energy, Shanghai Electric Power, Yudean. 2019 Consumption data is calculated based on the lunar calendar.

SHIP BOUND IMPORT AND EXPORT ACTIVITY HAS RECOVERED QUICKLY

CHINA MARINE VESSEL MOVEMENT DATA OIL TANKER, BULK AND CONTAINER SHIP ENTRIES SPIKE



Source: BloombergNEF, BMAP<GO> on the Bloomberg Terminal, myshiptracking.com. Note: Charts show seven-day moving average of vessels entering and exiting the Chinese coastal region as defined by the BMAP sample polygon for China, except for Hong Kong data, which is taken directly from myshiptracking.com

HOW ARE WE POSITIONING

	Positioning in Jan-2020	What the market moves did to positioning	How we'd like to be positioned
DOMESTIC	NEUTRAL	UNDER-WEIGHT	OVER-WEIGHT
EQUITY	NEUTRAL	EXTREME UNDER-WEIGHT	NEUTRAL
BONDS	OVER-WEIGHT	EXTREME OVER-WEIGHT	OVER-WEIGHT
PROPERTY	NEUTRAL	EXTREME UNDER-WEIGHT	NEUTRAL
CASH	OVER-WEIGHT	EXTREME OVER-WEIGHT	UNDER-WEIGHT
GLOBAL	NEUTRAL	OVER-WEIGHT	UNDER-WEIGHT
EQUITY	NEUTRAL	OVER-WEIGHT	NEUTRAL
BONDS	UNDER-WEIGHT	OVER-WEIGHT	UNDER-WEIGHT
PROPERTY	NEUTRAL	UNDER-WEIGHT	NEUTRAL
CASH	NEUTRAL	OVER-WEIGHT	NEUTRAL

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