

COVID-19 AND GLOBAL TECHNOLOGY

5 MAY 2020

DAVID GIBB
FUND MANAGEMENT



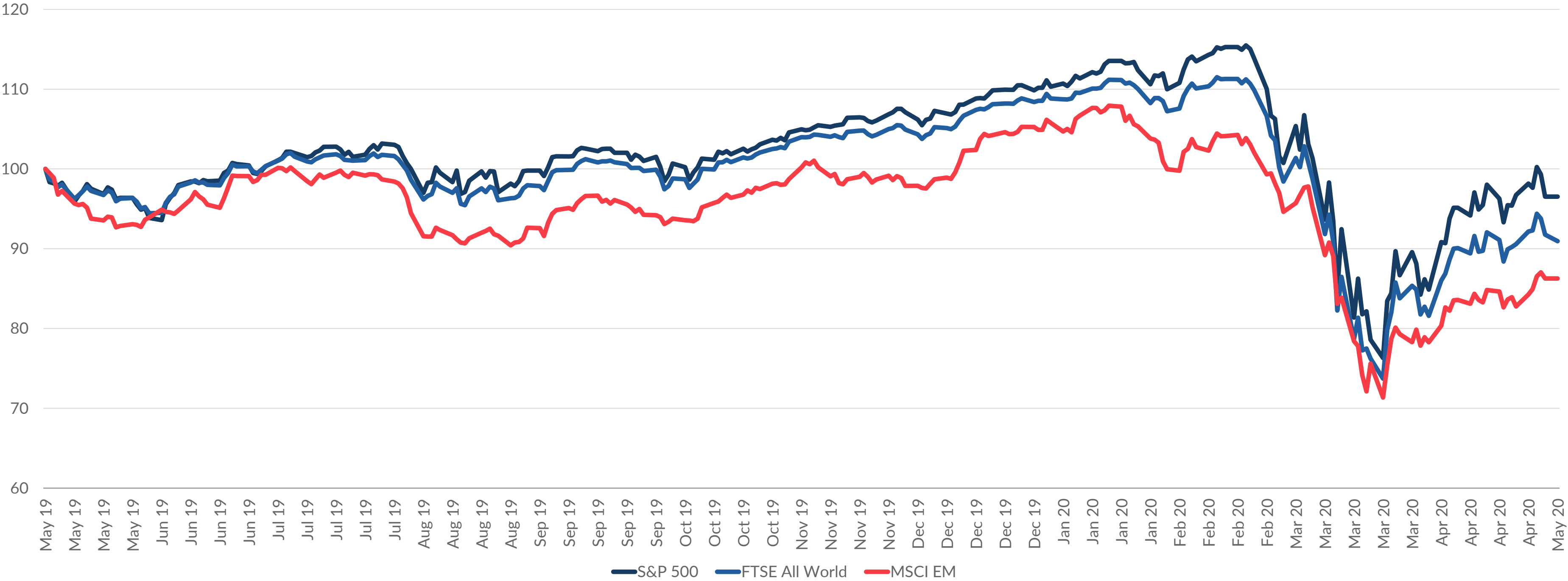
ANCHOR

NAVIGATING
CHANGE

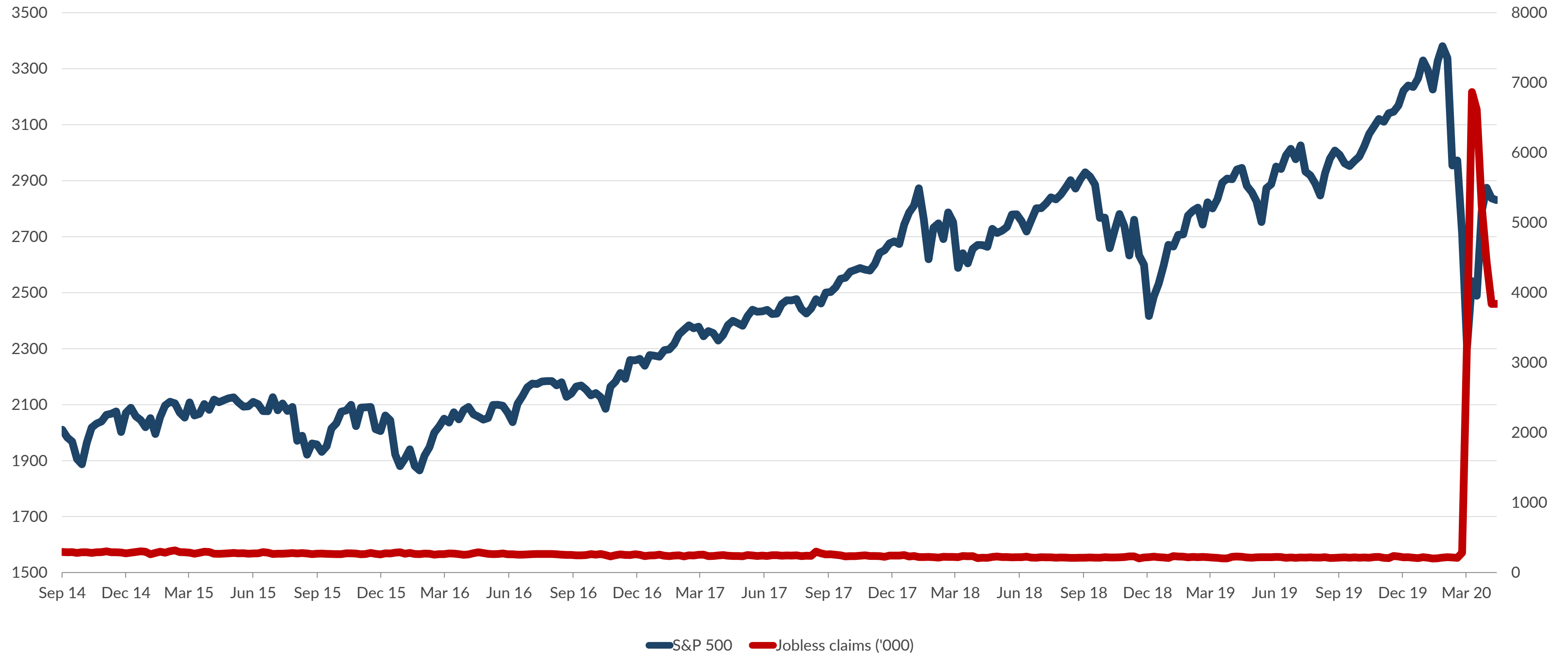


US LEADS GLOBAL STOCK MARKET REBOUND

US LEADS GLOBAL STOCK MARKET RALLY
PERFORMANCE OVER 12 MONTHS (BASED TO 100)



THE BIG RED WALL

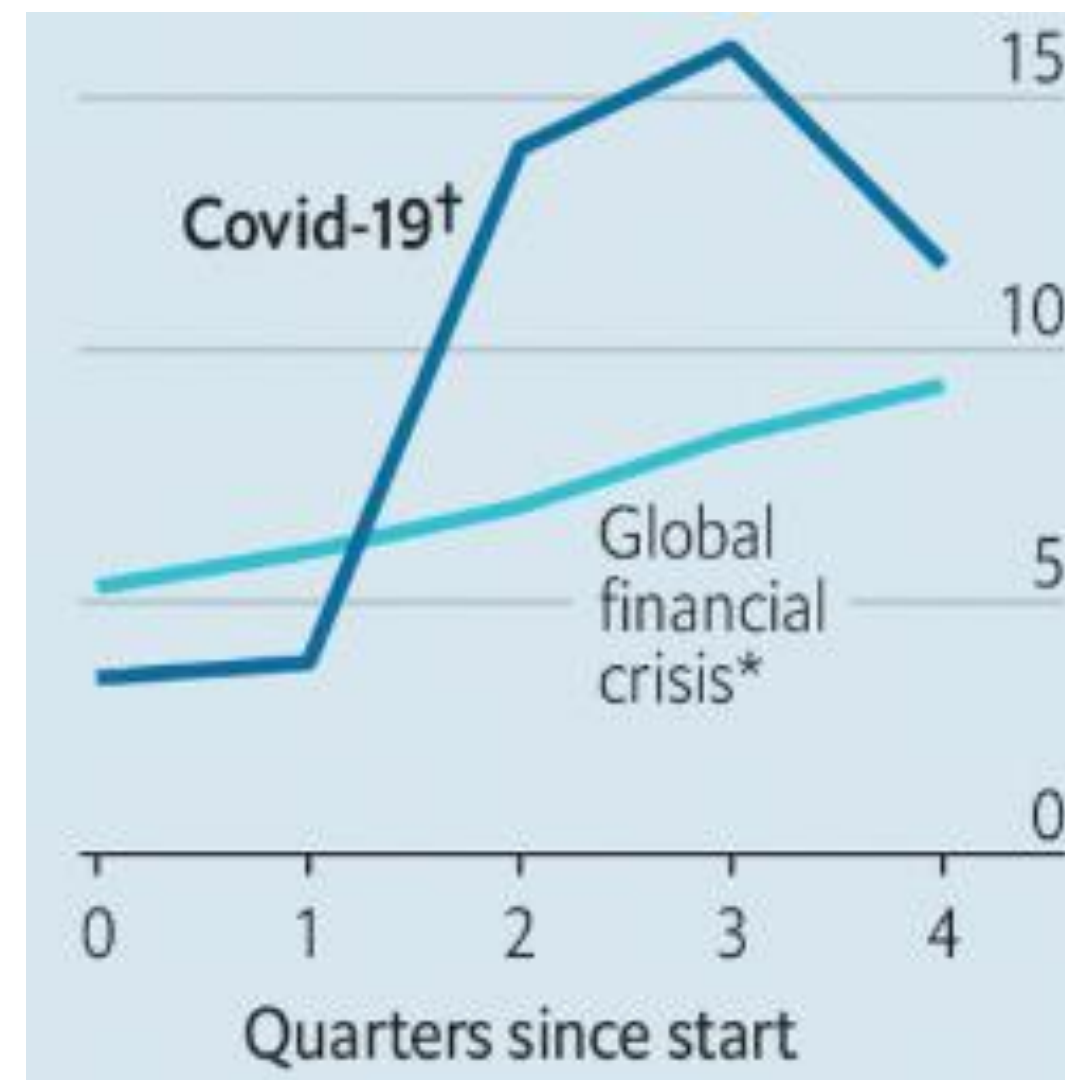


US – COVID-19 COMPARED TO THE GFC

GDP
PRE-CRISIS PEAK = 100



UNEMPLOYMENT RATE (%)

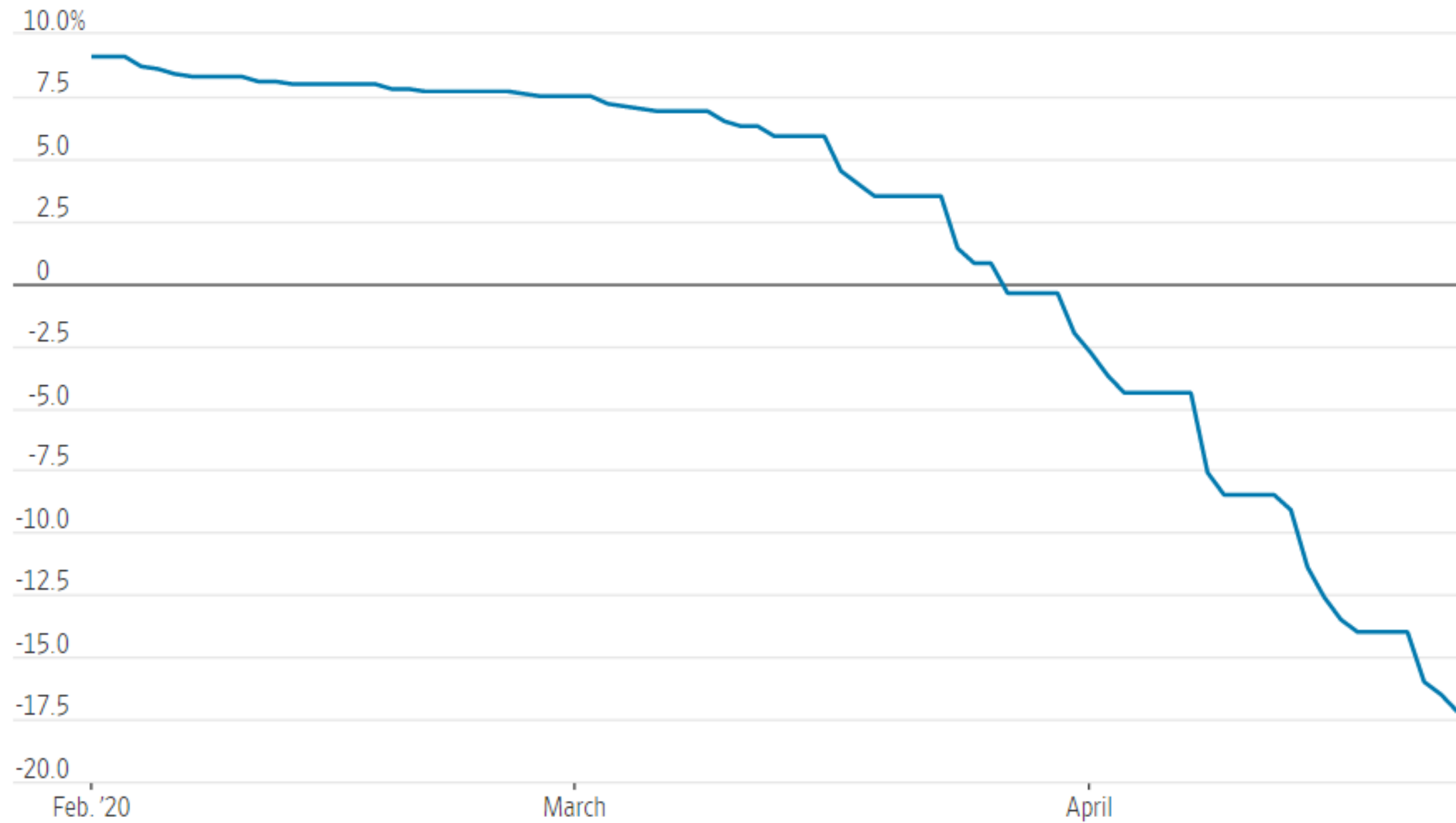


Sources: CBO; BEA, BLS; The Economist
*Q2 2008-Q2 2009 **Q4 2019 - Q4 2020 (forecast)



US EARNINGS - FALLING TARGET

CONSENSUS ESTIMATE FOR S&P 500 EARNINGS GROWTH IN 2020

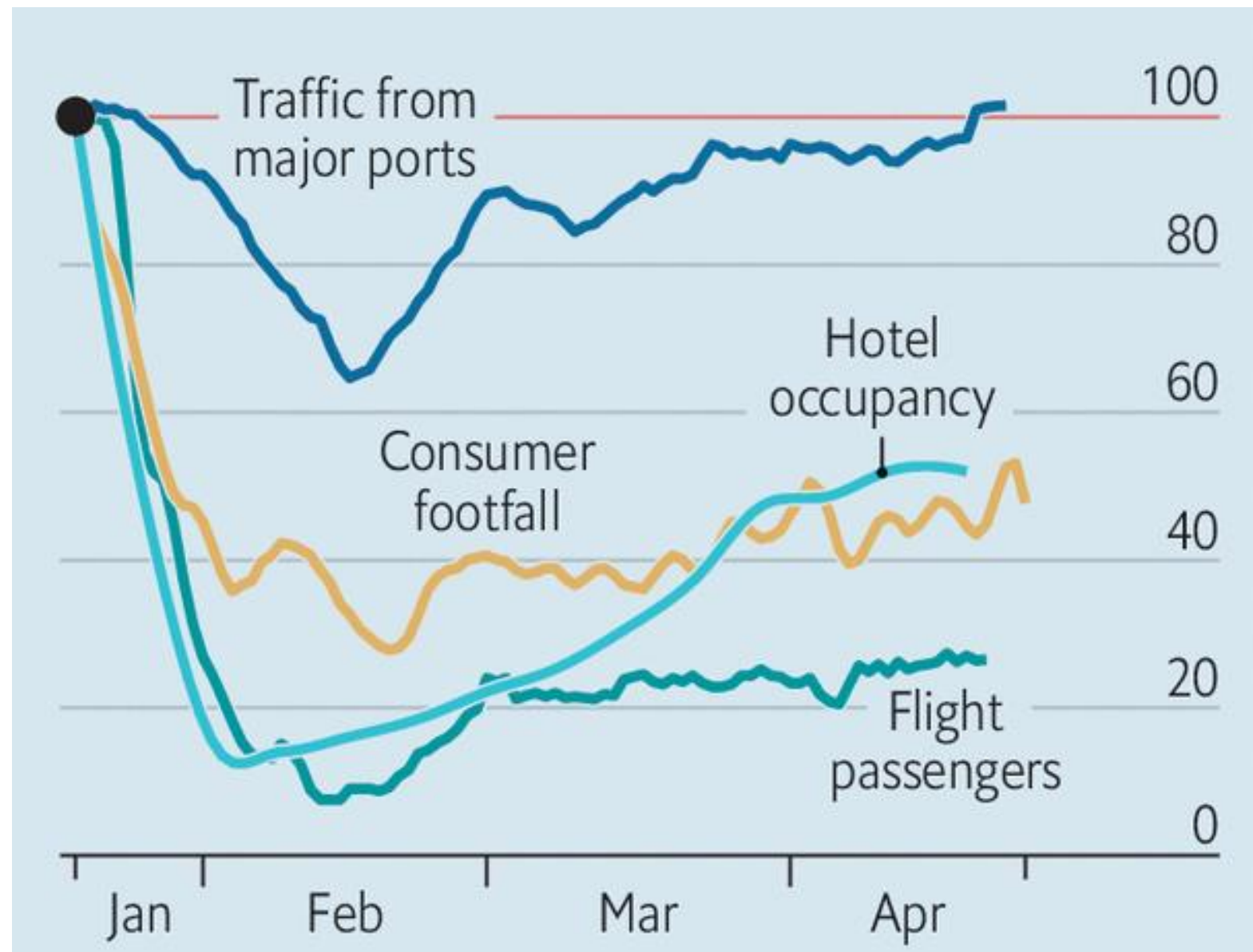


*Note: Based on analysts' estimates for each company.
Sources: FactSet, BofA US Equity & Quant Strategy*

ECONOMY IS RECOVERING, BUT NOT IN ALL AREAS



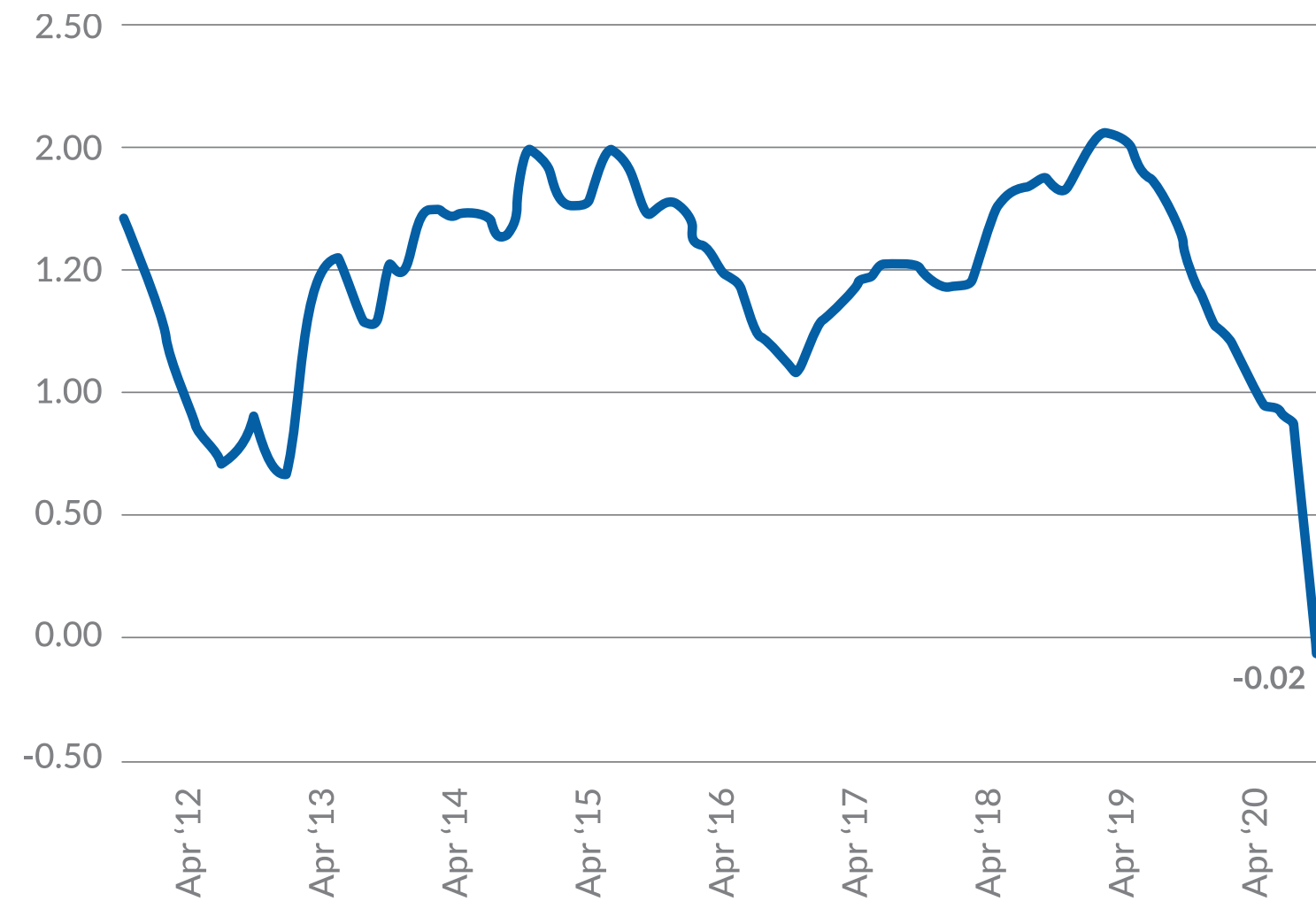
CHINA, JANUARY 19TH 2020 = 100



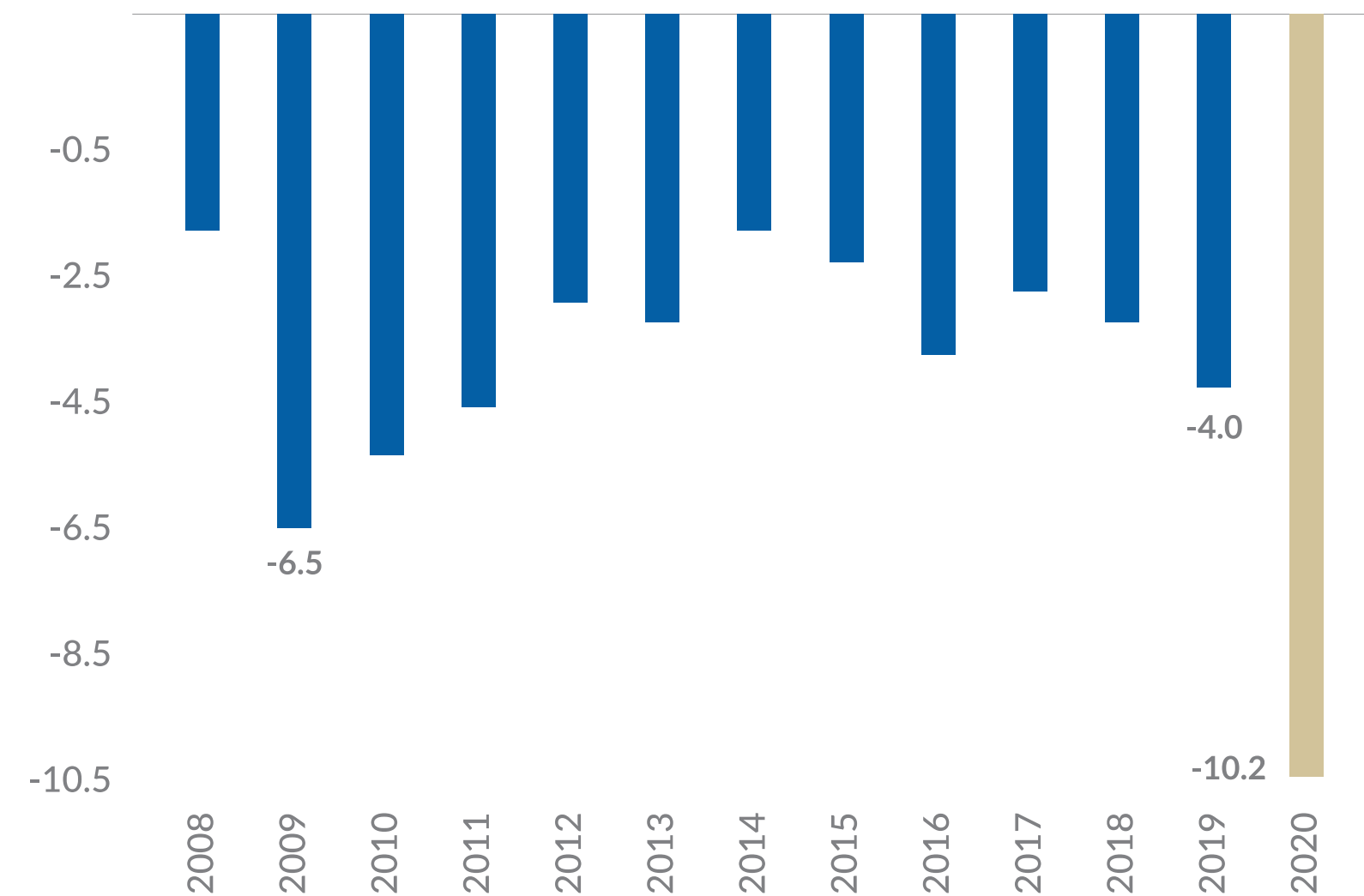
Sources: Eagle Alpha; Chinese transport ministry; Marine Traffic; STR; The Economist

HUGE INCREASE IN LIQUIDITY – MONETARY AND FISCAL

GLOBAL MONETARY POLICY RATE HAS DIPPED INTO NEGATIVE TERRITORY
GLOBAL MONETARY POLICY RATE* (%)



FISCAL DEFICIT TO WIDEN PAST LEVELS SEEN IN THE GFC
G4+CHINA GENERAL GOVERNMENT CYCLICALLY ADJ PRIMARY BALANCE (% OF GDP)



Source: Haver Analytics, CEIC, IMF, national sources, Morgan Stanley Research forecasts. Note that the global monetary policy rate and G4+China government balance are PPP-weighted averages. And we use China's augmented fiscal balance and euro area's tracking estimate in the calculation of 2020 G4+China deficit. *Includes shadow rates for G4, Canada and Australia.

SECTORAL VIEWS



Consumer Goods

Safe harbour in COVID-19, co's need to adapt to LT channel fragmentation

Oil & Gas

Too much uncertainty – demand shock, LT carbon problems

Global Tech

Positive, but prices have recovered sharply, fewer opportunities now

US Financials

Well capitalized, reasonable value here so long as pandemic is not extended

UK Car Insurance

Resilient in tough times, prefer those that are well provisioned

Pharma

Safe harbour in COVID-19, modest valuations, but need to improve LT returns on R&D

Restaurants

Under pressure but strong business models, digital competence NB to face shift to off-premise consumption

Payments / Card

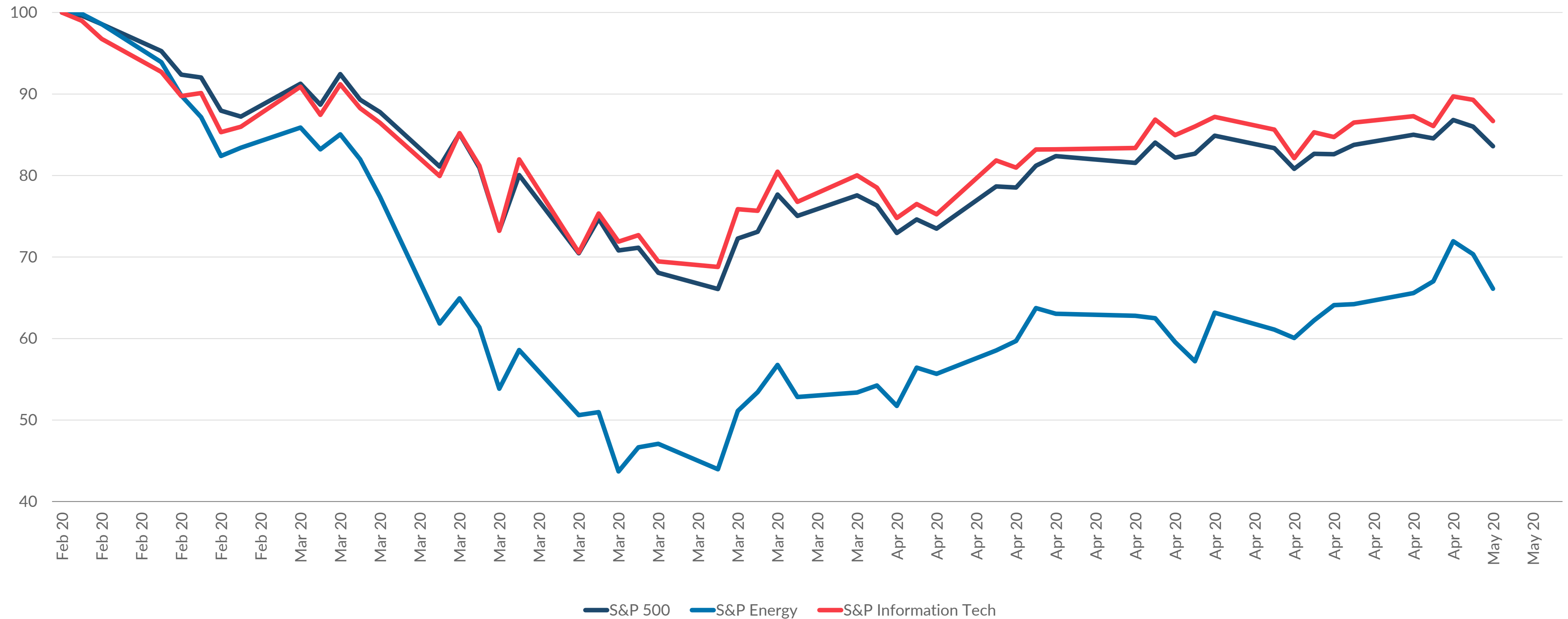
Strong secular trends in card industry, but a recession will hurt, and multiples remain high

Industrial / Aero Manu

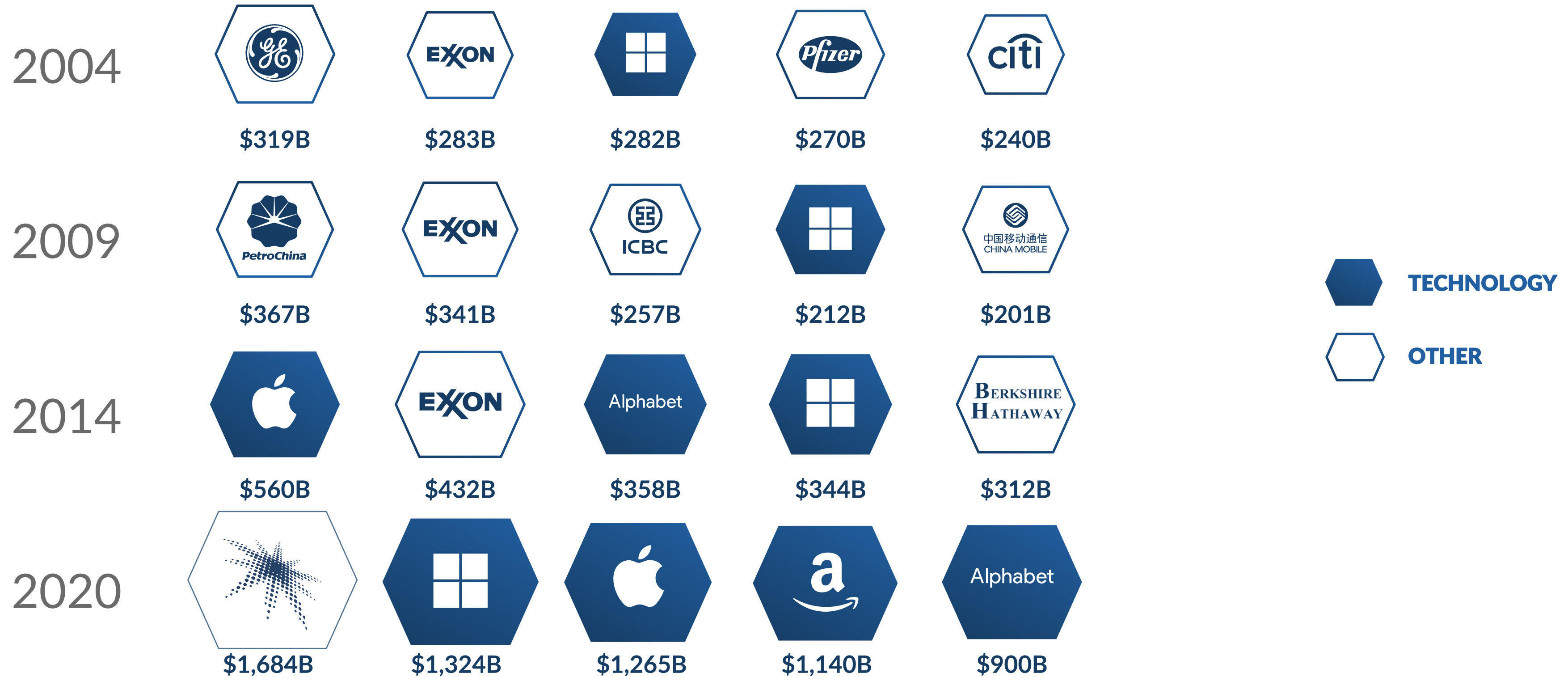
Negative on airline industry and suppliers especially long haul, green energy has great prospects



S&P 500 - TECH SECTOR HAS BEEN STELLAR



TECH DOMINANCE CONTINUES TO RISE – DISPLACING OIL & BANKING



Source: Visual Capitalist (market cap in Q2 of each year), 2020 data is for 1 May 2020

DIGITAL AS A SHARE OF THE ECONOMY WILL INCREASE

“ We’ve seen two years of digital transformation in two months” – Satya Nadella, Microsoft

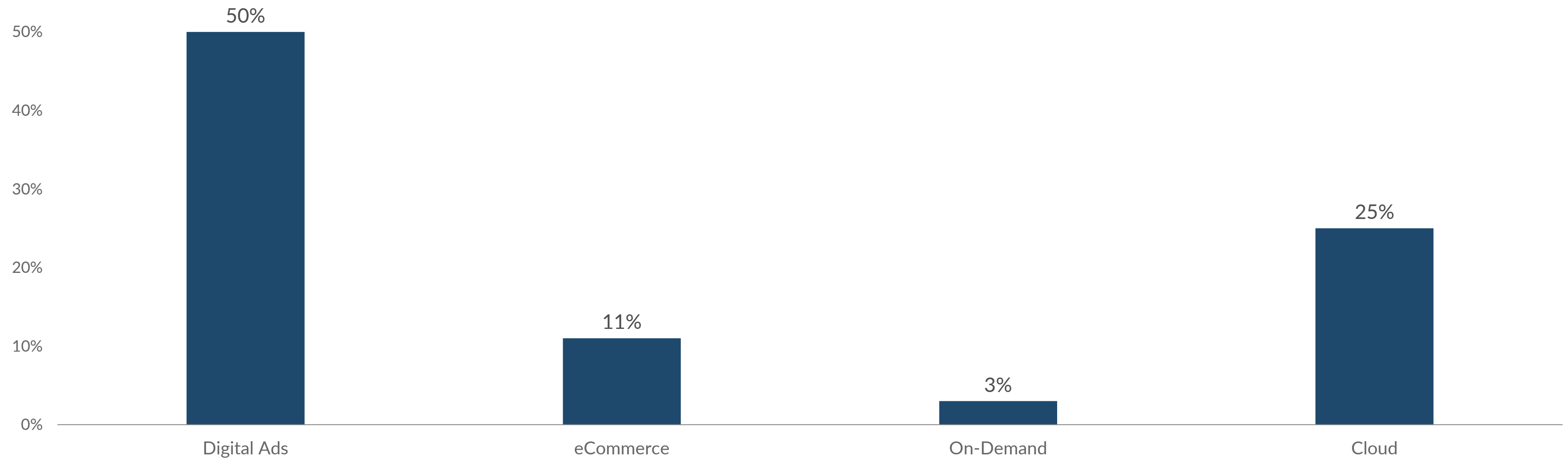
“ Businesses are thinking deeper about the shift to digital” – Sundar Pichai, Alphabet

“ People are learning new habits” – Spotify

“ ..responding to changing customer behaviour and larger demand for online delivery” – Niklas Ostberg, Delivery Hero

DIGITAL – HOW MUCH ROOM FOR GROWTH?

DIGITAL PENETRATION OF TOTAL MARKET (%)

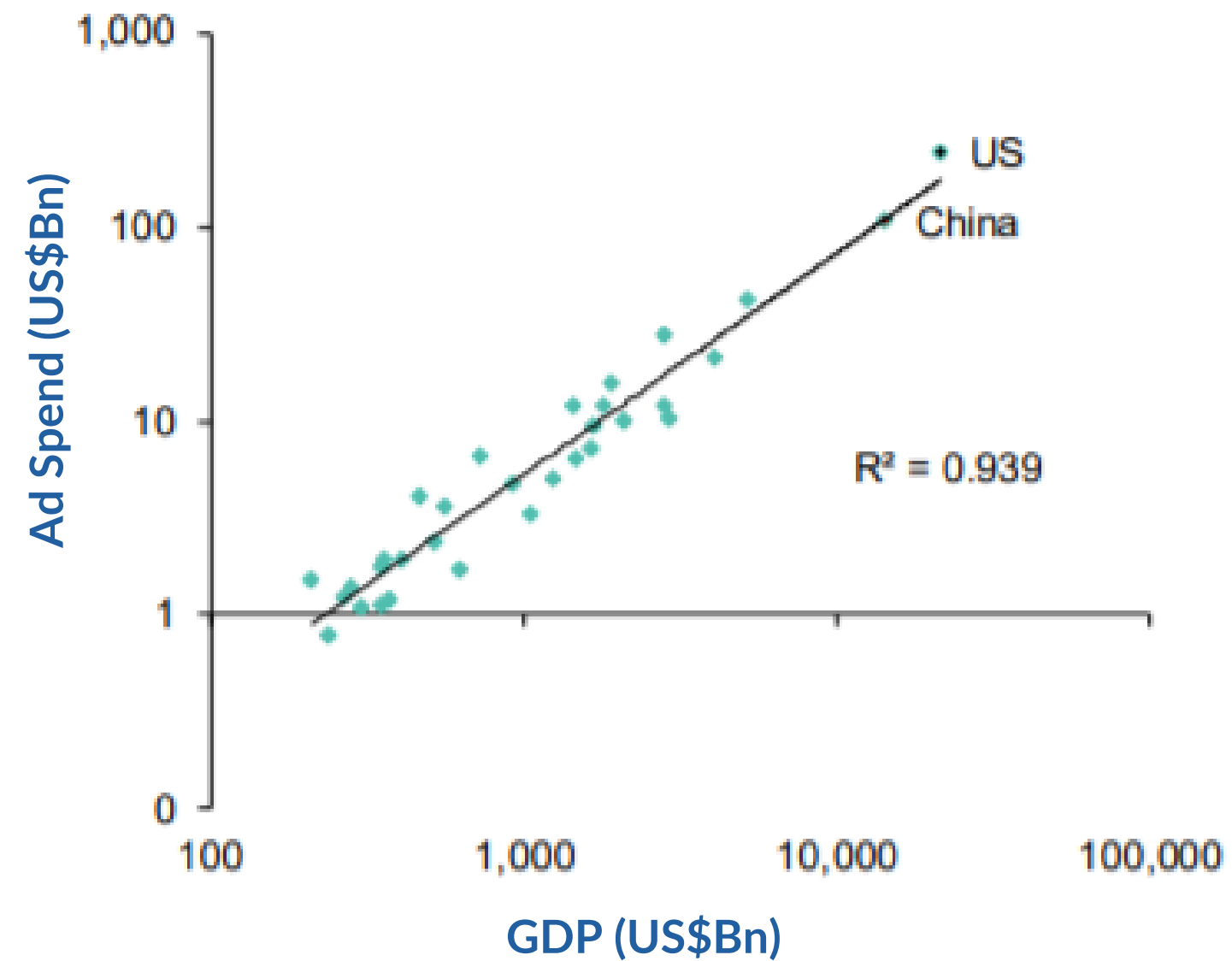


Source: eMarketer, Gartner, Euromonitor, McKinsey, Bernstein analysis

ADVERTISING IS TIED TO ECONOMIC ACTIVITY

Advertising is highly correlated with GDP, regardless of market

ADVERTISING SPEND VS GDP

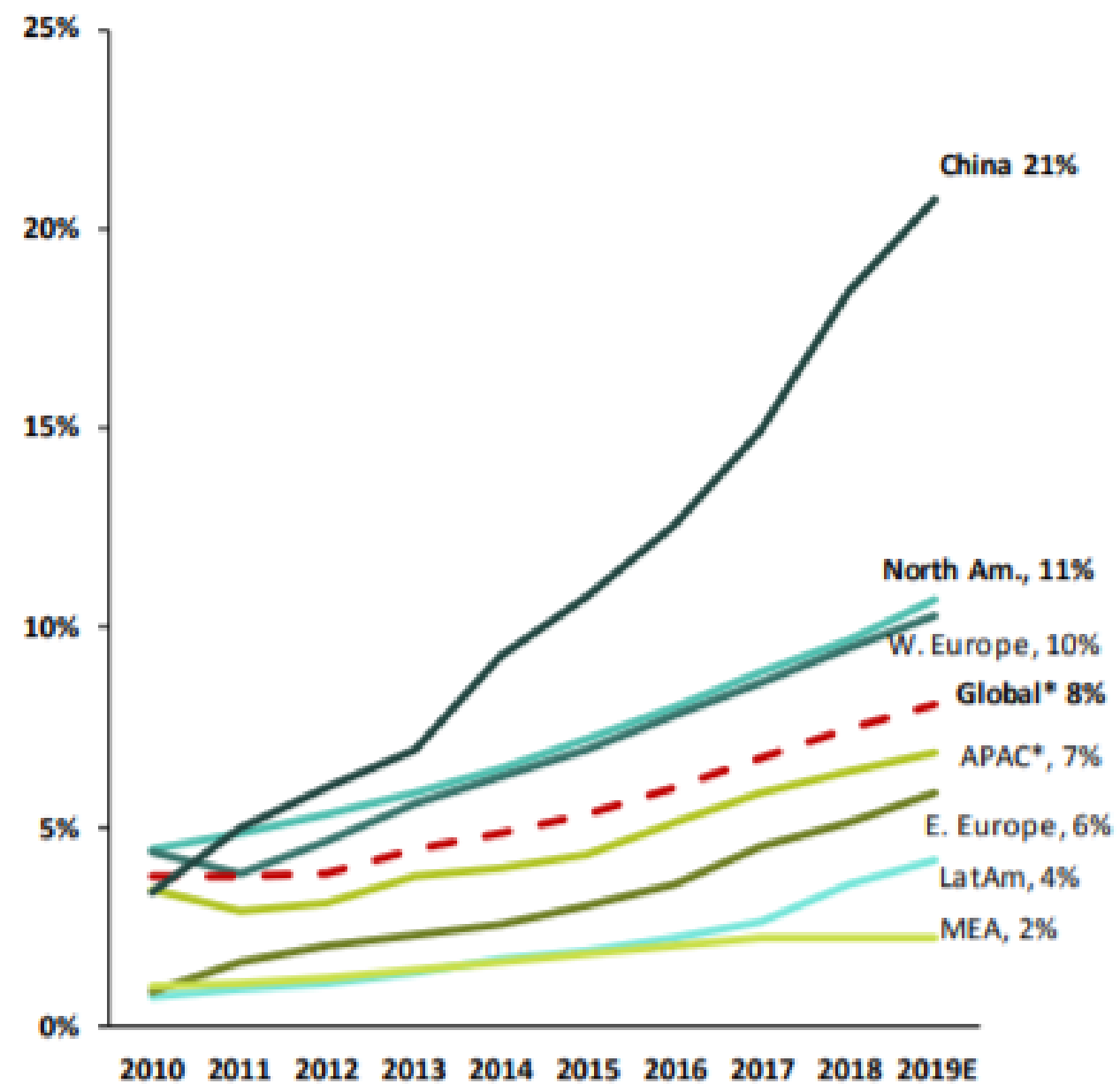


Source: eMarketer, IMF, Bernstein analysis

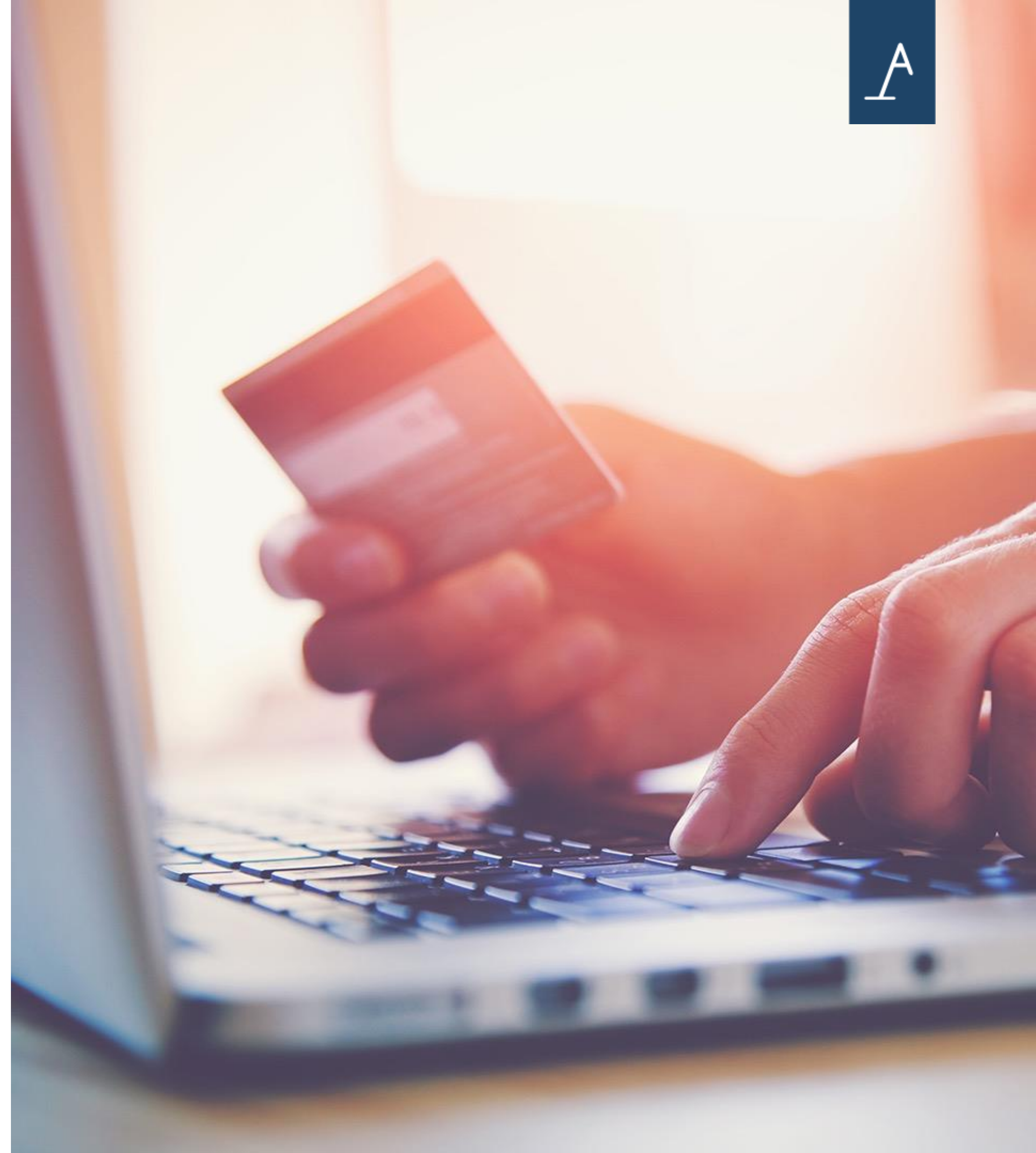


E-COMMERCE CONTINUES TO GAIN SHARE

We see ample headroom for growth with eCommerce penetration is low <10% in most regions.

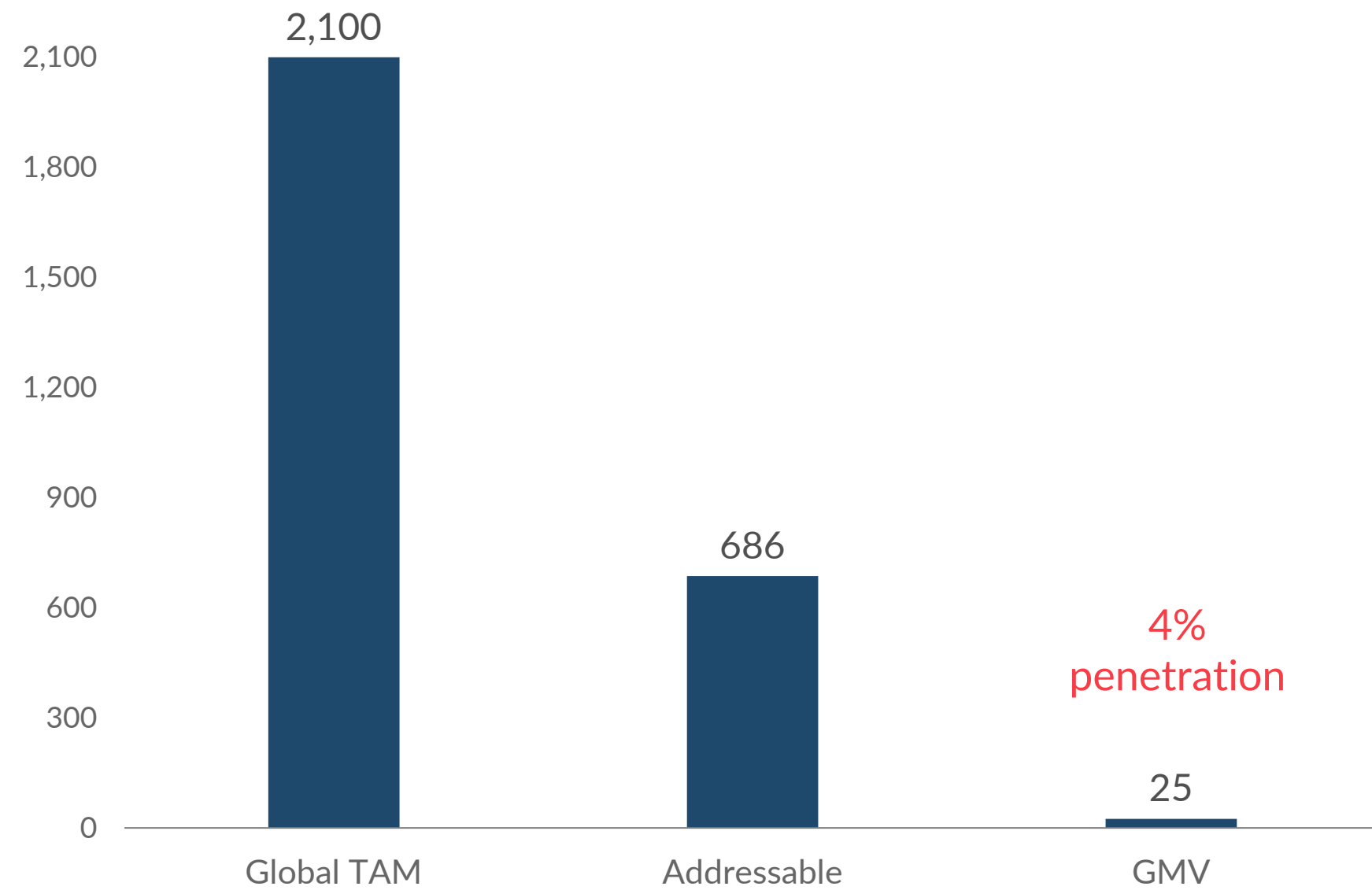


Source: eMarketer estimates, Bernstein analysis
Note: Global and APAC shown excluding China



ON-DEMAND: VERY EXCITING NEW AREAS

Food delivery is one of them (\$685bn opportunity)



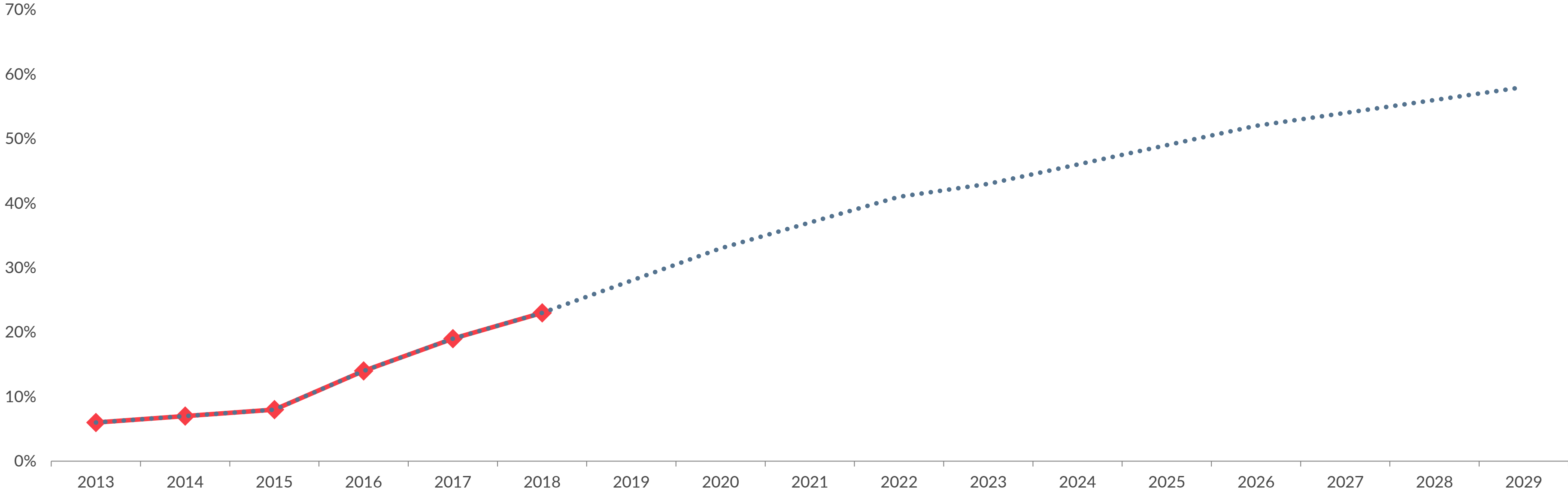
Source: Company reports, Euromonitor, Bernstein estimates and analysis.
Note: Global excludes China; based on 2018





THE CLOUD - SOLID GROWTH EXPECTED

Survey data suggests 20-25% of workloads have migrated to the cloud, implying room to run



Source: Bernstein US IT Hardware, Bernstein US Internet estimates and analysis
Note: Based on CIO Surveys assumes total IT spend grows 4% per year.

ANCHOR BCI GLOBAL TECHNOLOGY FUND

TOP TEN HOLDINGS BY %	CATEGORY	COUNTRY	ABSOLUTE WEIGHT (%)
Alibaba Group	E-commerce, Cloud	China	8.2
Prosus N.V.	Consumer Internet	Netherlands	7.8
Amazon.com Inc	E-commerce, Cloud	USA	7.5
Naspers Limited	Consumer Internet	South Africa	6.2
Spotify Technology S.A.	Audio Streaming	Sweden	5.9
Microsoft Corp.	Software, Cloud	USA	3.9
Delivery Hero SE	Online Food Delivery	Germany	3.7
Alphabet Inc	Online Search	USA	3.4
Facebook Inc	Social Media	USA	3.0
ASML N.V.	Semiconductor Equipment	Netherlands	2.6
Total equity content of the fund			81

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

**“ WHEN THE
FACTS CHANGE,
I CHANGE MY
MIND**

- JOHN MAYNARD KEYNES (POSSIBLY)



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