

SA AND GLOBAL EQUITIES

GET EXPOSURE TO THE GROWTH

PETER ARMITAGE
OCTOBER 2020

ANCHOR

NAVIGATING
CHANGE

BECOME A GLOBAL INVESTMENT CITIZEN

- The traditional “big league” asset management industry has to defend the status quo
- The status quo has produced poor results for years and will continue to do into the future
 - The SA “buy and hold” strategy is broken
 - SA pension funds are taking massive concentrated risks
- Investors simply have to get exposure to the assets in the world producing US\$ growth to achieve returns
- We project a 12-month return of 11.3% for SA equities
- We project a 12-month return of 5% in US\$ for global equities



MONEY SUPPLY IS LIFTING ALL BOATS

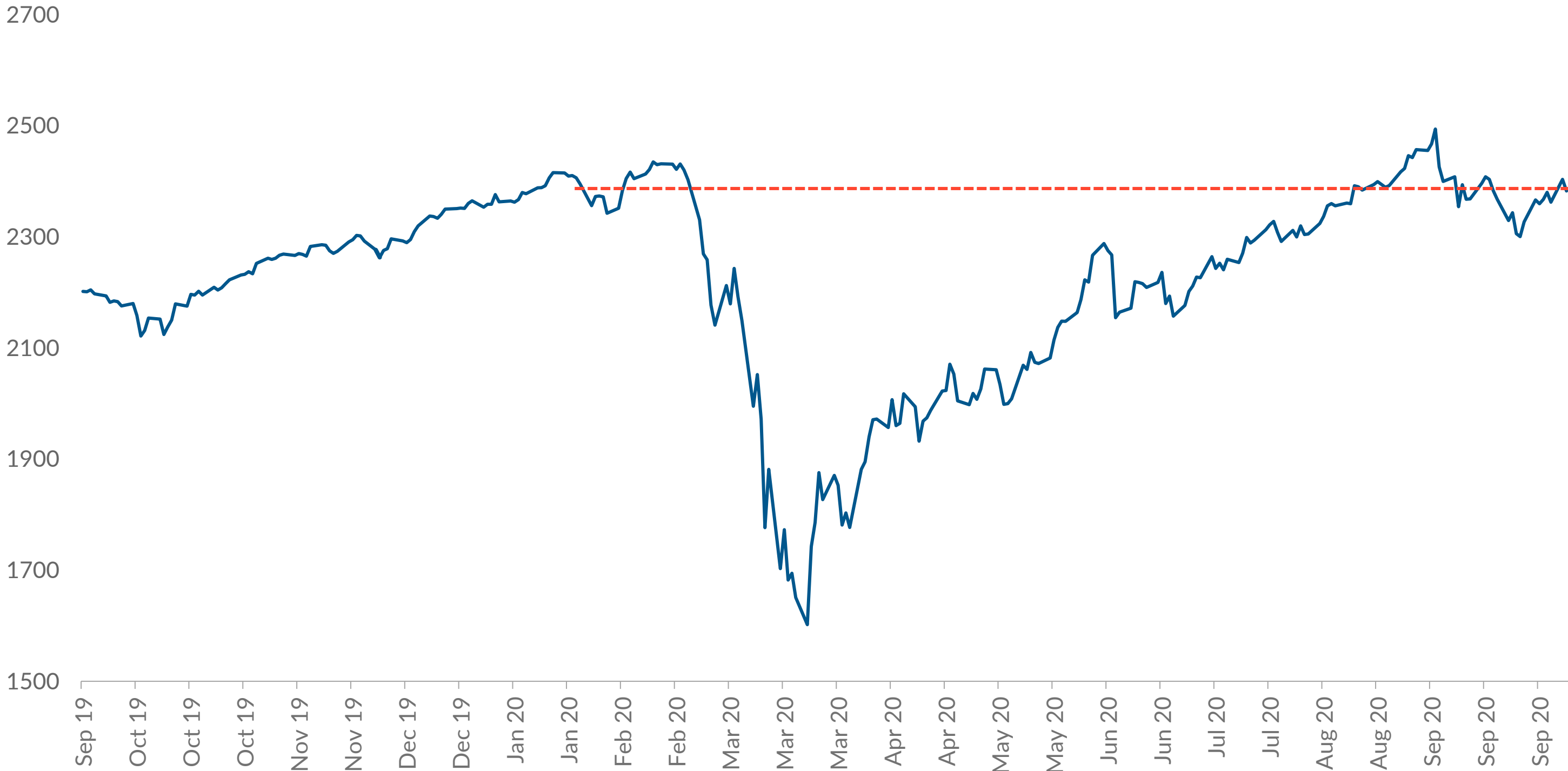
M2: THE NUMBER THAT COUNTED

Money supply growth in 2020 has been the fastest on record

— Federal Reserve Money Supply M2 YoY % change – mid price

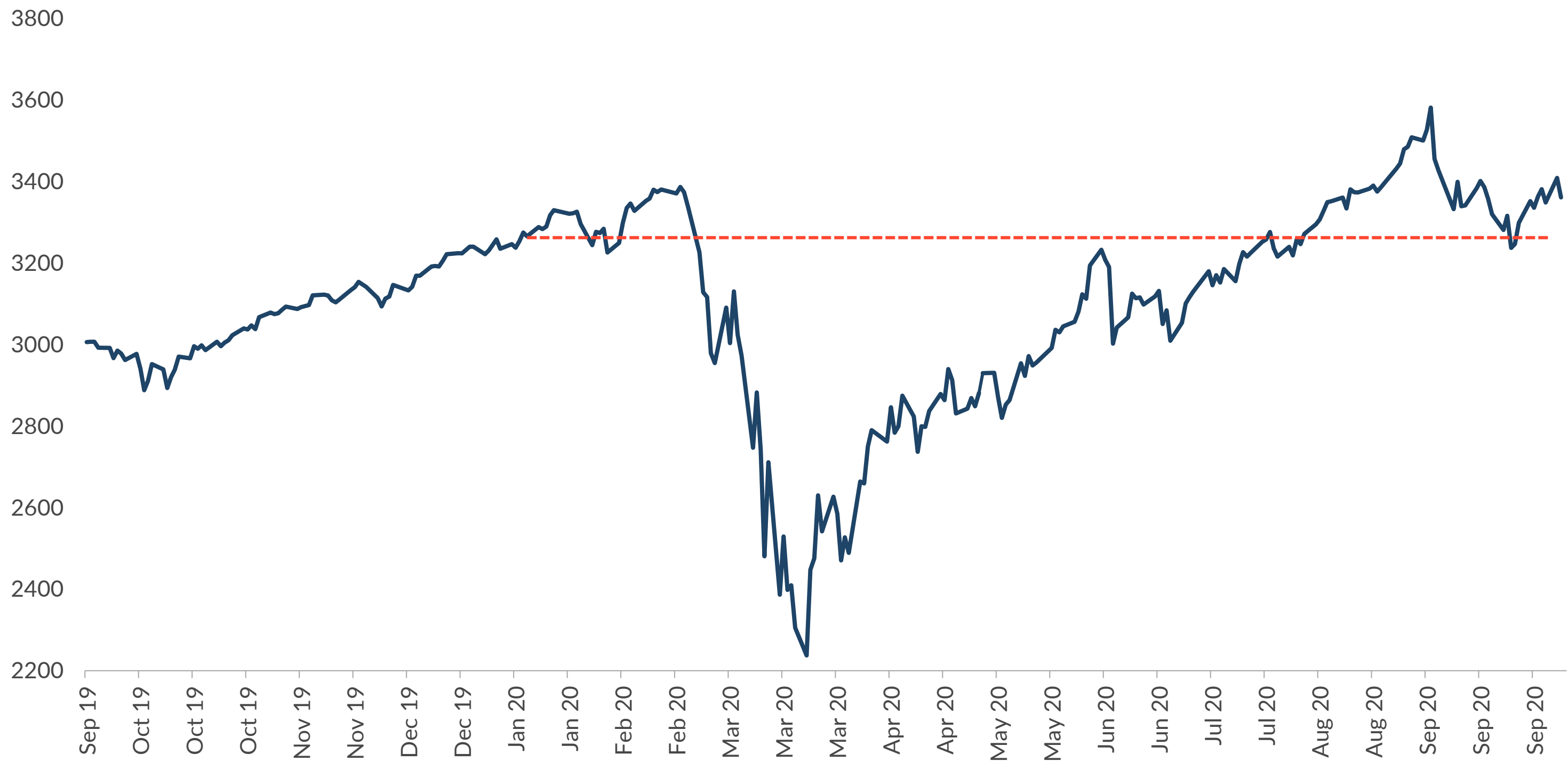


MSCI WORLD





S&P 500 YTD



MCDONALDS



NIKE



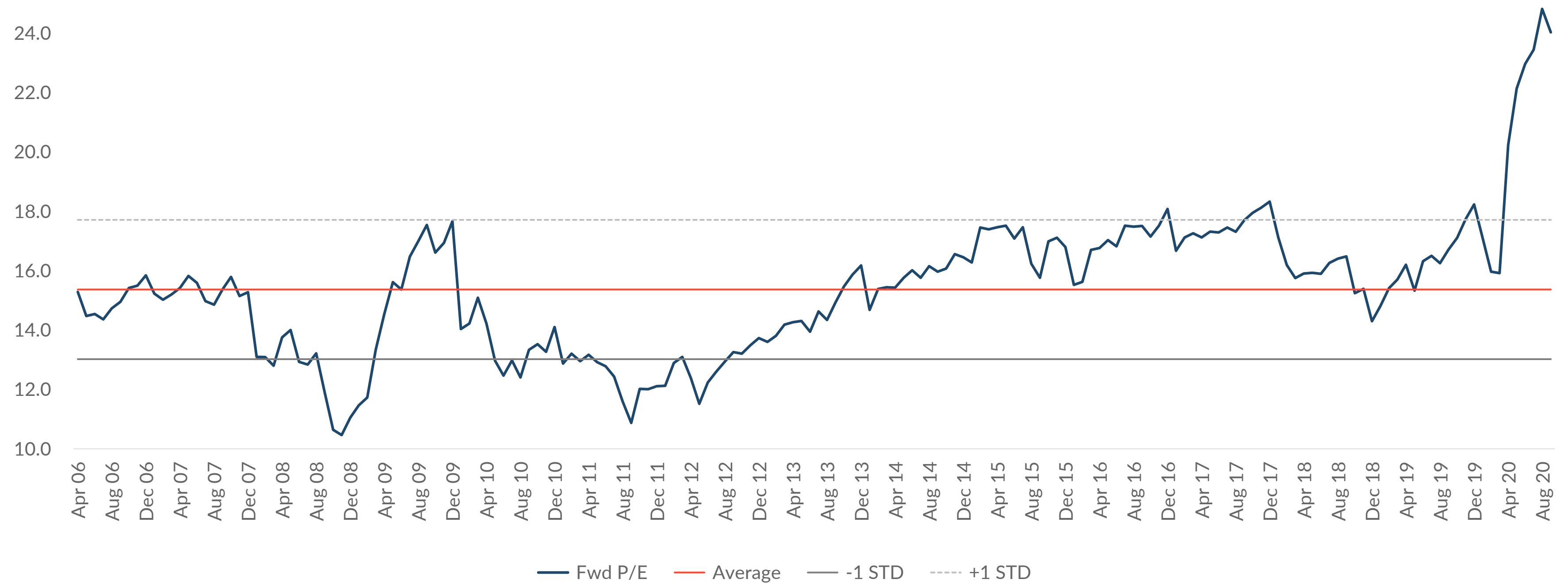
S&P 500 - YTD



S&P 500 YTD		% Average Weight	Contribution to Return (%)	Total Return (%)
S&P 500 Portfolio		100.0	5.6	5.6
Information Technology (incl. Amazon)		25.9	8.9	33.4
Communication Services		11.0	1.3	7.3
Health Care		14.5	0.6	6.0
Materials		2.5	0.1	5.3
Consumer Staples		7.3	0.3	4.4
Not Classified		0.3	0.0	0.0
Utilities		3.2	-0.1	-1.0
Consumer Discretionary (excl. Amazon)		10.4	0.2	-3.4
Industrials		8.2	-0.5	-3.5
Real Estate		2.8	-0.2	-3.9
Financials		10.8	-2.8	-18.6
Energy		3.0	-2.1	-48.5

WORLD MARKET VALUATION

MSCI WORLD FWD P/E



WORLD INDEX RATINGS



Name	Earnings Growth		FWD P/E		
	YR1	YR2	Current	YR1	YR2
MSCI World Index	44.6%	11.6%	23.8	16.5	14.8
MSCI EM Index	60.8%	-1.8%	17.6	11.0	11.2
MSCI All Country World Index (10% EM)	46.7%	9.0%	22.8	15.6	14.3
S&P 500 Index	30.3%	13.8%	25.2	19.3	17.0

US ELECTIONS - SCENARIOS

Scenario A (A Democratic sweep or blue wave) is likely to result in the biggest policy changes as Democrats pursue their policies aggressively, reversing course on those policies implemented during the Trump years.

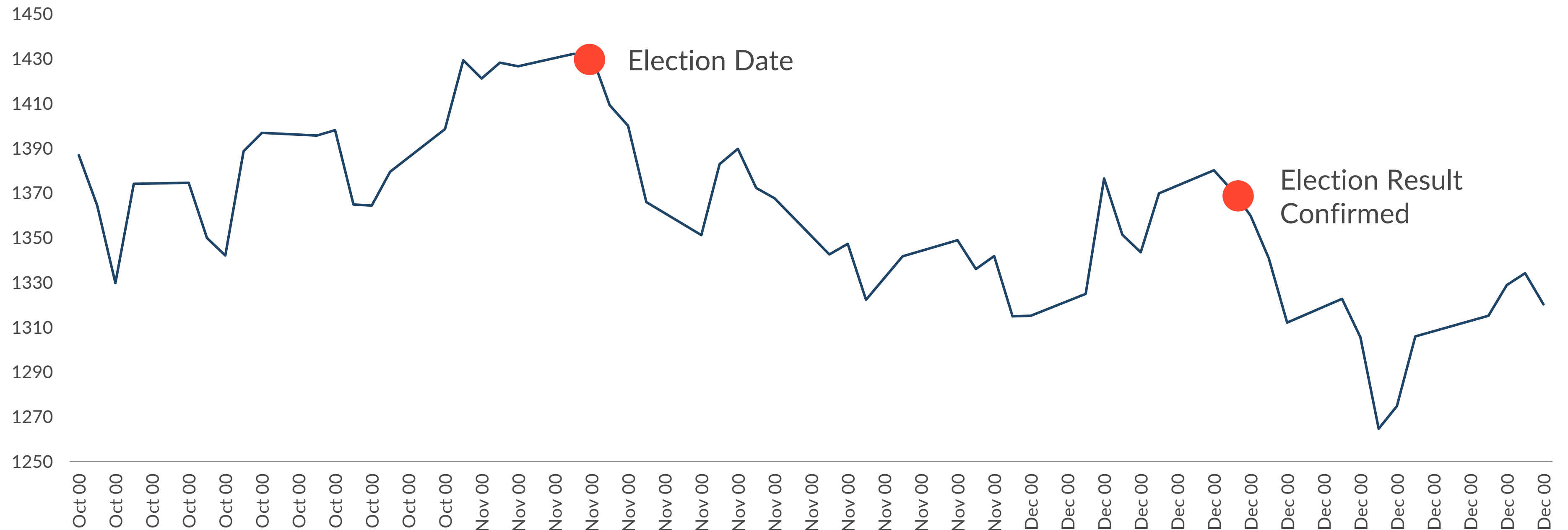
Scenario B and C (where the Senate and the Presidency are split) will make it difficult for either party to pursue their agenda robustly and very little incremental policy changes will likely ensue.

Scenario D (the status quo) is unlikely to see significant changes in policy as the Republicans maintain course on existing policies.

	PRESIDENT	SENATE	HOUSE
Current	●	●	●
Scenario A	●	●	●
Scenario B	●	●	●
Scenario C	●	●	●
Scenario D	●	●	●

UNCERTAINTY AROUND TIMING OF RESULT DUE TO MAIL-IN VOTING

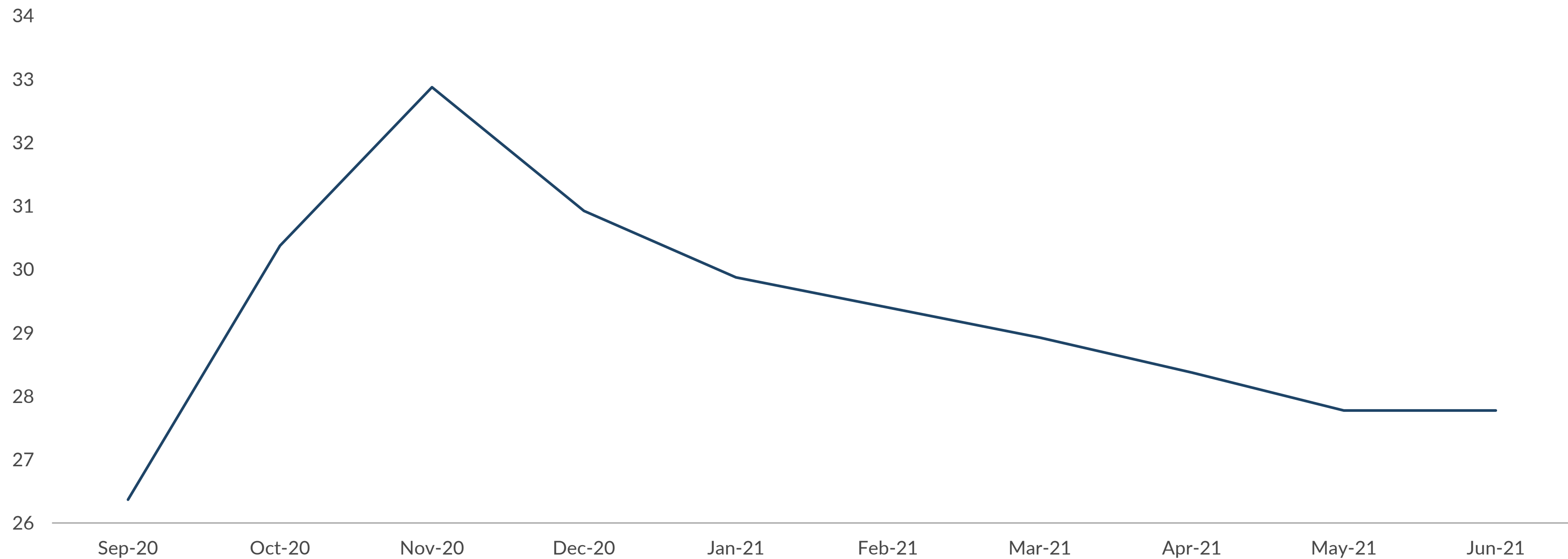
S&P 500 BEHAVIOUR AROUND THE CONTESTED 2000 ELECTION



MARKETS ARE ALREADY ANTICIPATING UNCERTAINTY

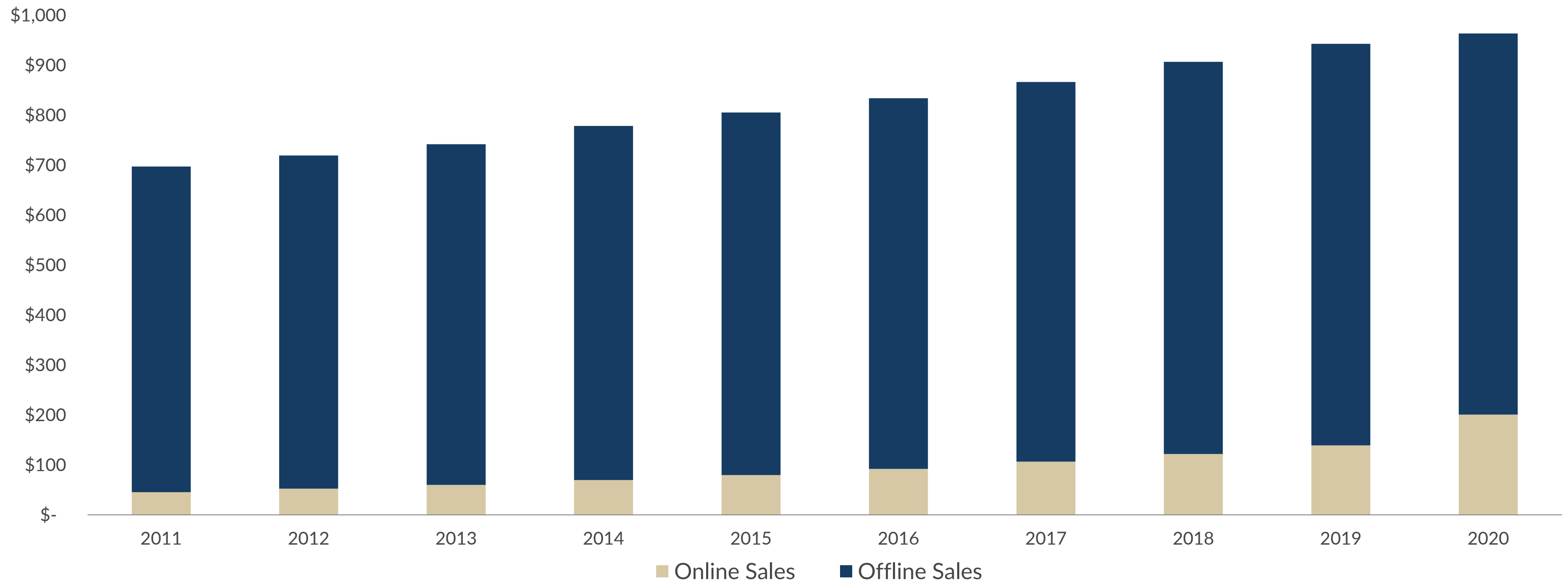
COST OF PROTECTION AROUND ELECTION DATE IS 20% HIGHER THAN CURRENT ELEVATED LEVELS

CBOE VOLATILITY INDEX (VIX) : CBF : LAST PRICE: 29 SEPT 2020

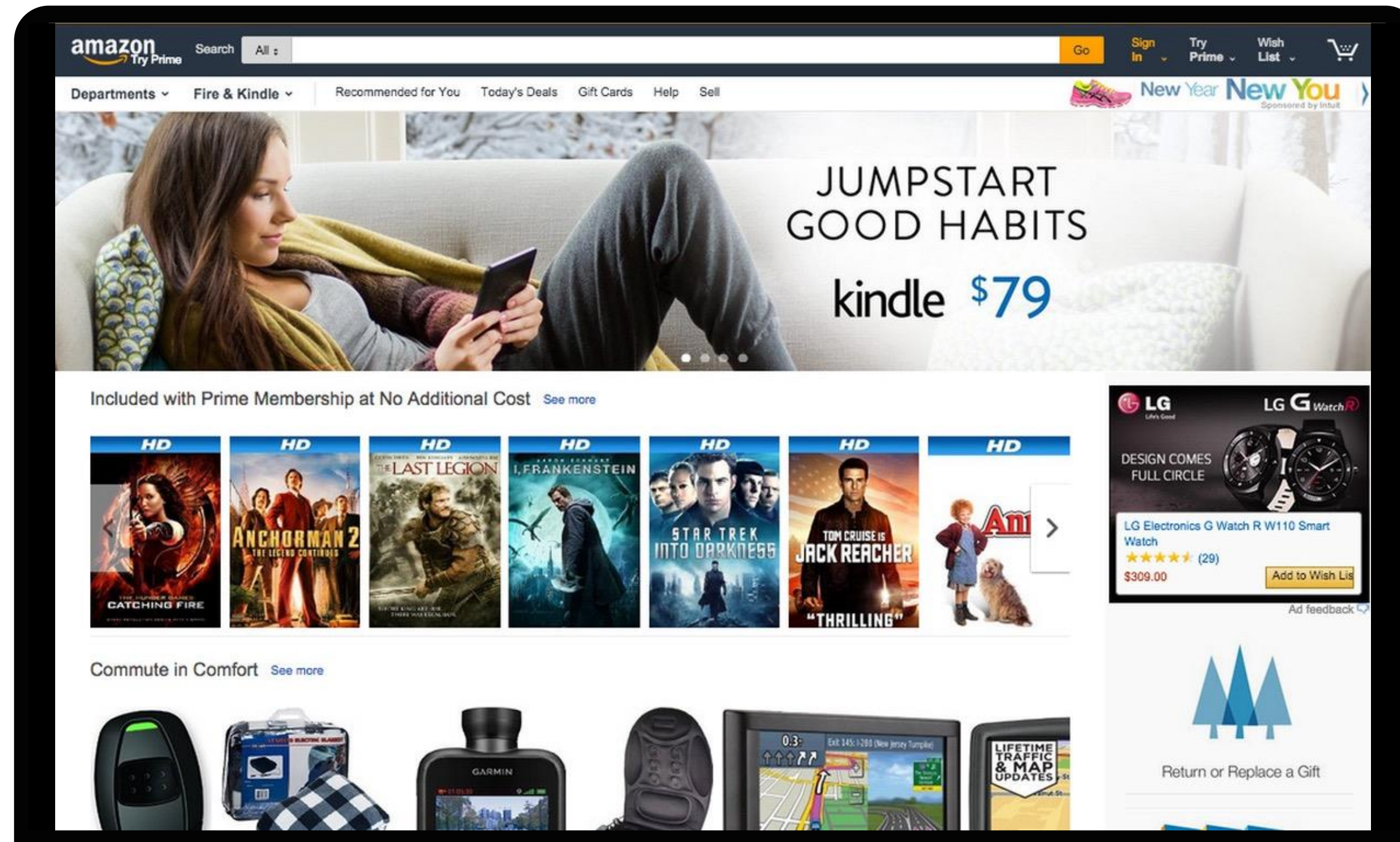


ECOMMERCE PENETRATION

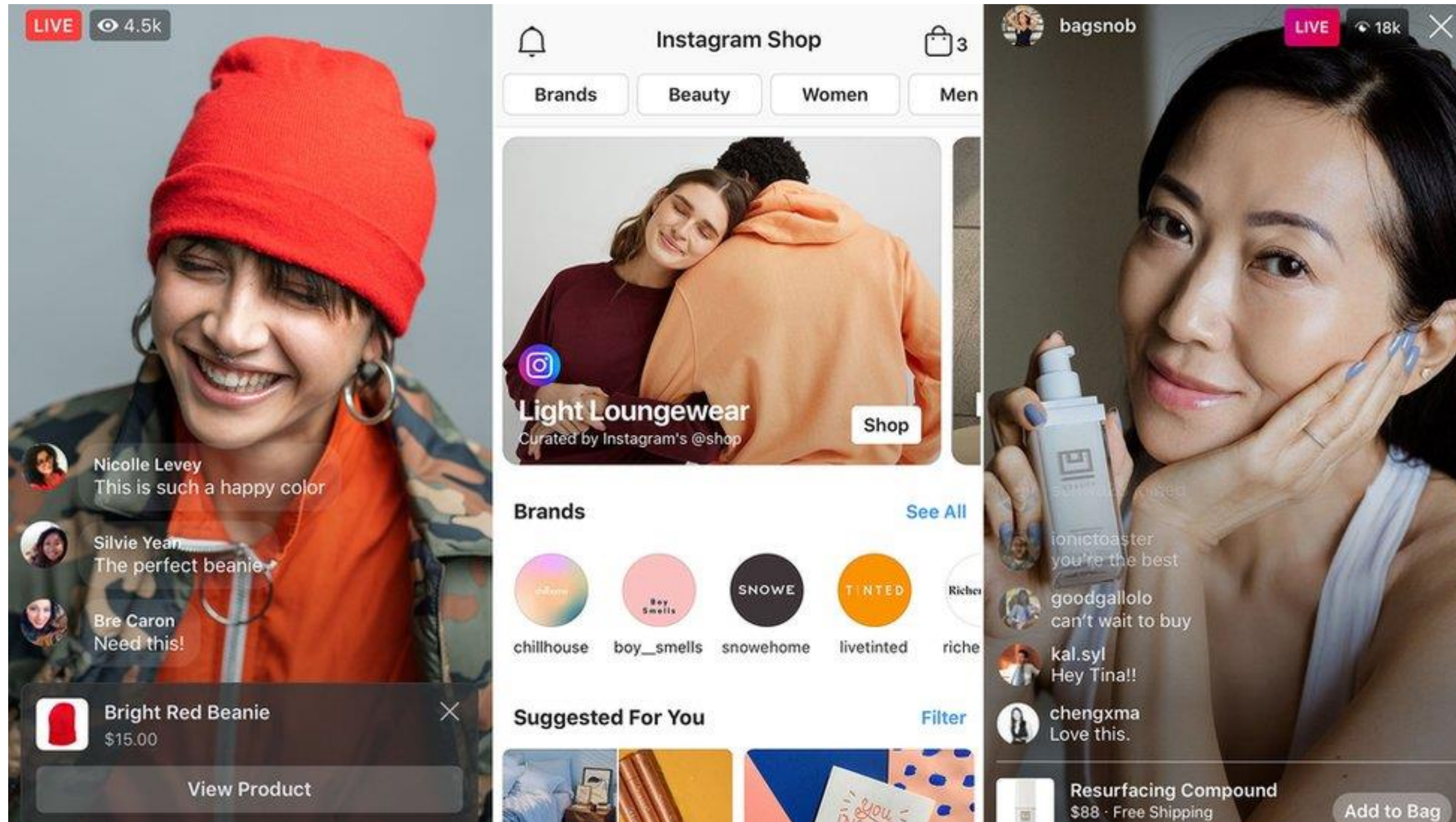
US Q2 RETAIL SALES



ONLINE RETAIL STILL STRONG



...BUT SOCIAL COMMERCE IS COMING



BUT SOCIAL COMMERCE IS COMING...

- 63% of Americans use Instagram daily
- 60% of these users discover new products on the platform
- LTV of a digital customer > 4x of average customer



BUT SOCIAL COMMERCE IS COMING...



facebook



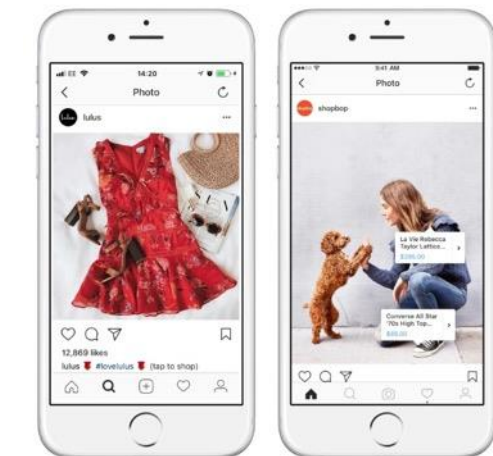
Logistics



Payment
Processing



Advertising



Discovery





facebook



Logistics



Payment
Processing

Advertising



Discovery

- Increased ad spend
- 5% take rate on GMV

US\$20bn

US\$10bn (on US\$200bn)

JP MORGAN

DIVERSIFICATION & B/S STRENGTH

- The best run of the large US banks
- A strong diversified portfolio
- Provisions for credit losses peaked in Q2 2020
- Big opportunity to cut costs through digitisation of operations - to partly offset low interest rates
- Modest valuation (P/TBV of 1.6x) combined with strong recovery in earnings in 2021 and 2022



RESERVE BUILD PEAKED IN Q2 2020

2Q20 Reserve build

Allowance for credit losses (\$B) ¹						
	12/31/2019	CECL adoption impact	1Q20 Reserve build	3/31/2020	2Q20 Reserve build	6/30/2020
Consumer						
Card	\$5.7	\$5.5	\$3.8	\$15.0	\$2.9	\$17.8
Home Lending	1.9	0.1	0.3	2.3	0.9	3.2
Other Consumer ²	0.7	0.3	0.3	1.3	0.6	1.9
Total Consumer	8.3	5.9	4.4	18.6	4.4	22.9
Wholesale ²	6.0	(1.6)	2.4	6.8	4.6	11.4
Firmwide	\$14.3	\$4.3	\$6.8	\$25.4	\$8.9	\$34.3

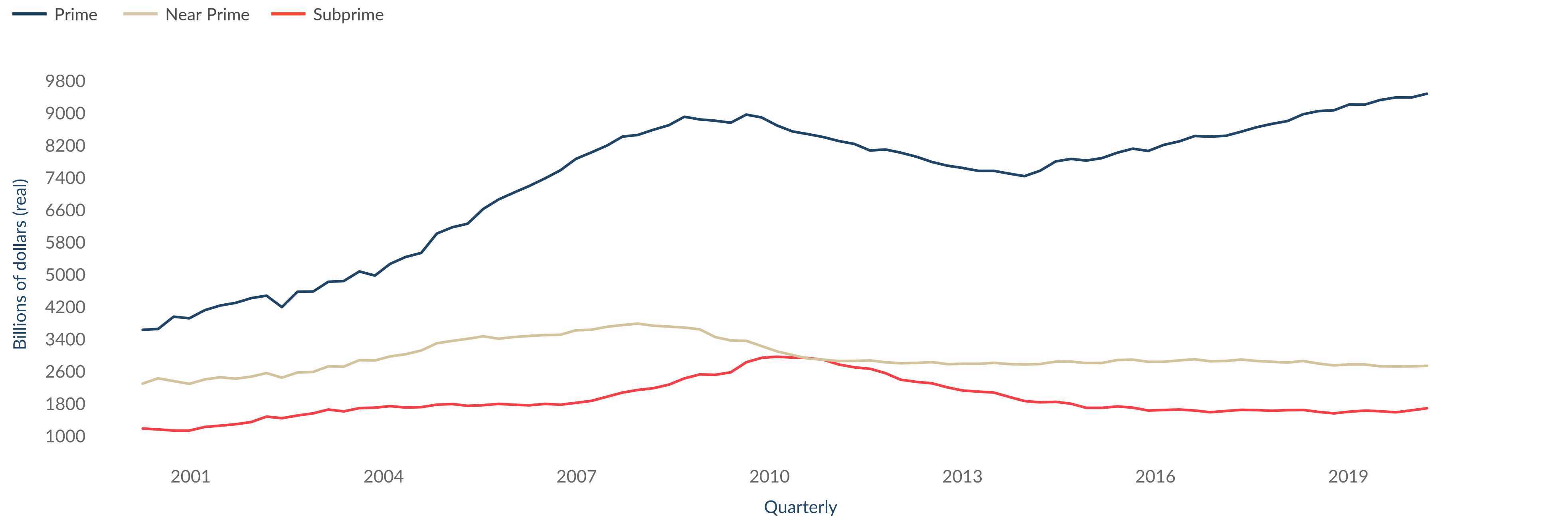
U.S. unemployment rate ³				
Base Case outlook at:	4Q20	2Q21	4Q21	
1Q20	6.6%	5.5%	4.6%	
2Q20	10.9%	9.0%	7.7%	

U.S. real GDP – cumulative change ⁴				
Base Case outlook at:	4Q20	2Q21	4Q21	
1Q20	(5.4%)	(2.3%)	0.3%	
2Q20	(6.2%)	(4.0%)	(3.0%)	

TWO-THIRDS OF HOUSEHOLD DEBT IS PRIME

TOTAL HOUSEHOLD LOAN BALANCES

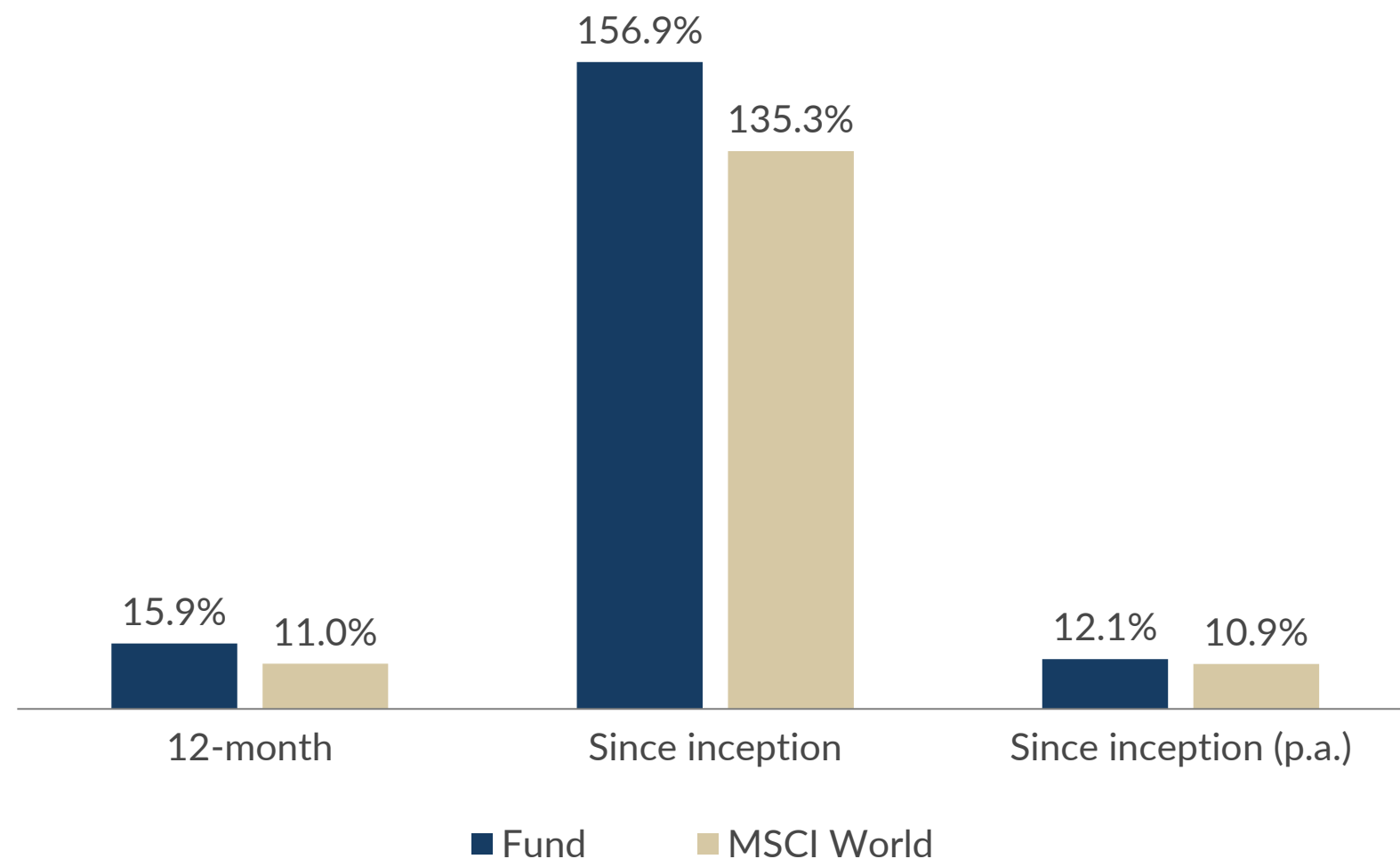
Source: Bloomberg



DEVELOPING A STRONG TRACK RECORD WITH A FOCUS ON OFFSHORE INVESTMENT PRODUCTS

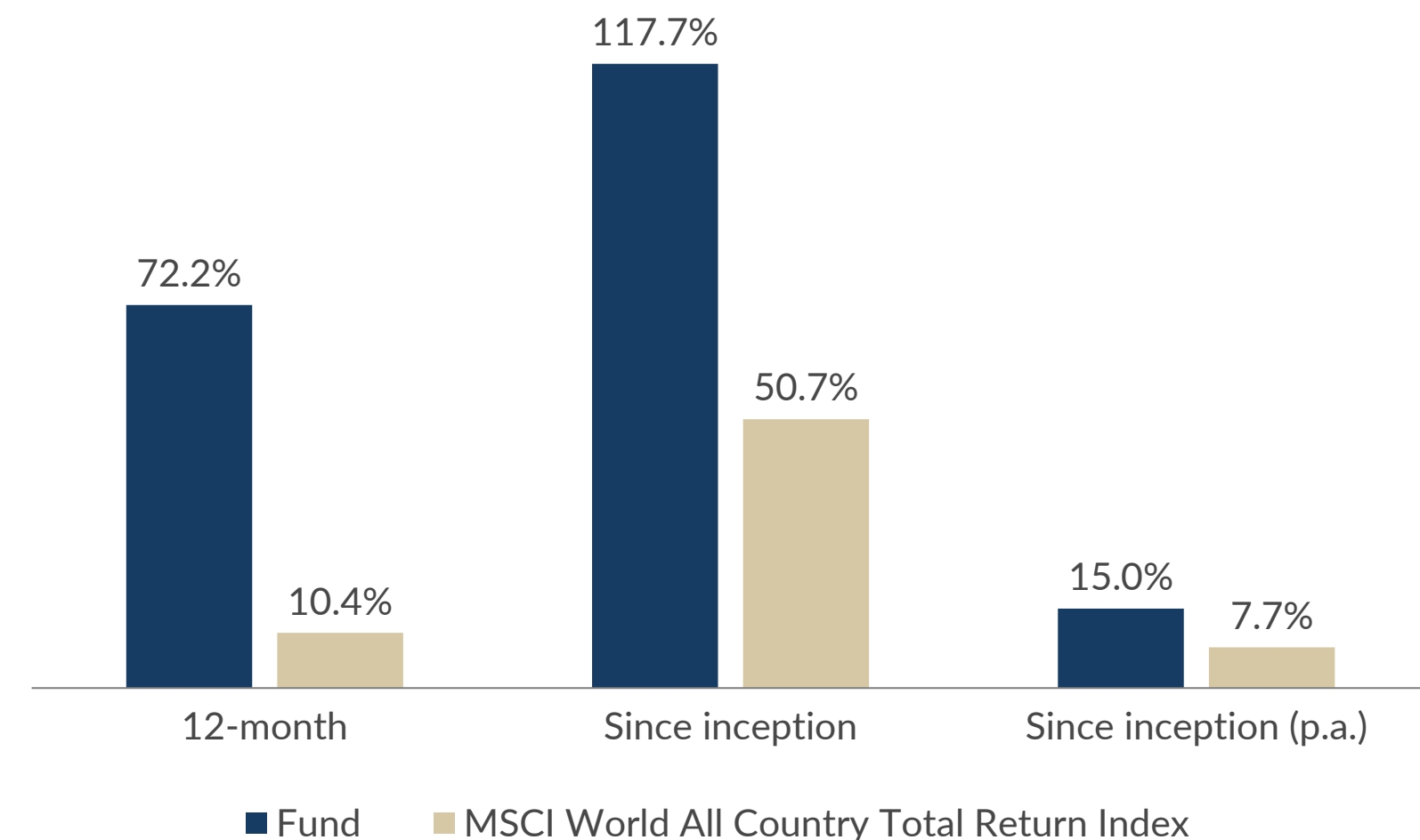
GLOBAL HIGH STREET EQUITY¹

Performance against benchmark to September 2020



ANCHOR GLOBAL EQUITY FUND²

Performance against benchmark to September 2020



1, Source : Morningstar at 30 September 2020. The returns quoted on this model portfolio are indicative and calculated gross of all fees, brokerage and costs. Consequently, individual client portfolio returns may differ to the returns quoted due to this factor and portfolio manager discretion around weightings of shares.

2, The Sanlam Global Equity Fund is a sub-fund of the Sanlam Universal Fund PLC. Source : Morningstar as at 30 September 2020. Inception date: 13 May 2015.. Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for the amount shown with income reinvested on reinvestment date. Highest and lowest calendar year performance since inception – High: 31.1%; Low: -13.6%. Annualised return is the weighted average compound growth rate over the period measured. Actual annualised figures are available upon request.

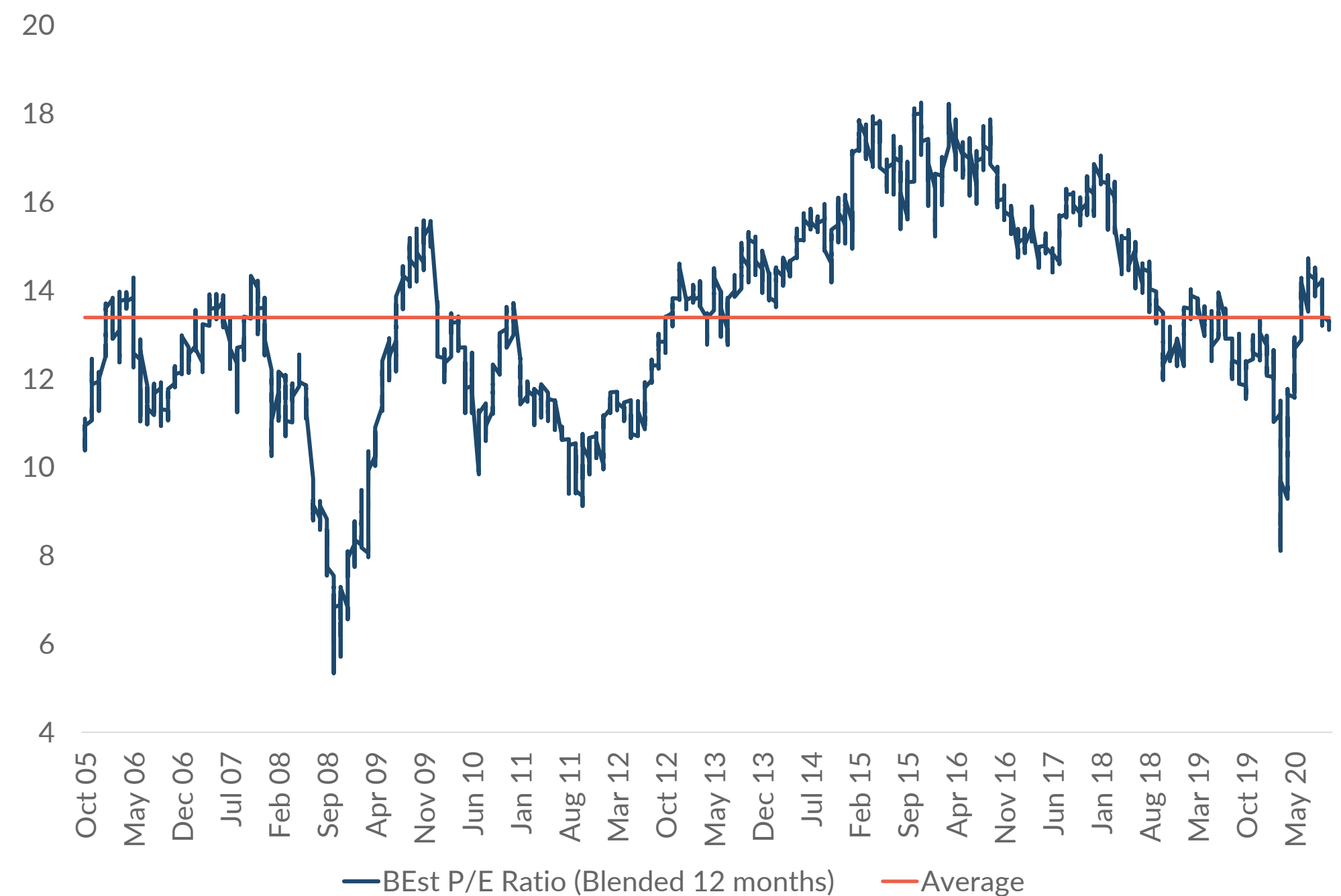
Past performance is not necessarily an indication of future performance.

SA EQUITIES



- Resources attractive – global infrastructure stimulus
- Naspers – discount exhaustion
- Domestics – no longer buy and hold, but lots of opportunities
- Rand hedge – not homogenous, but some opportunities
- Projected 12-month return of 11.3%

JSE ALLSHARE INDEX



THE SA EQUITY MARKET

Industry	Weight	SA 44%	Emerging 42%	Global 5%
Financials	28*			
- Banks	12%	12%		
- Insurers	6%	6%		
- Other	10%	10%		
Basic Materials	27%			
- Precious metals	13%		13%	
- Iron Ore	8%		8%	
Technology (Naspers)	16%		16%	
Consumer Services (Retail)	10%	6%	1%	3%
Consumer Goods	9%			
- Tobacco	4%		3%	1%
- Luxury Goods	2%		1%	1%
Telecommunications	4%	4%		
Health Care	3%	3%	0%	
Industrials	3%	3%		
	100%			

- 44% driven by SA economy
- Another 42% by emerging markets
- 27% in commodities which are trading at cyclical highs
- 16% technology (global avg over 30%), all in one company

HOW WILL THE SA EQUITY MARKET DO?

5 YR EARNINGS ANNUAL EARNINGS GROWTH/MARKET RETURNS					
Biggest Economic Driver	Weight	Base Case	Comment	Bull	Bear
SA Financials	28%	4%	Low SA GDP growth	6%	-2%
Naspers	16%	15%	Best chance of growth	20%	10%
Platinum	9%	0%	Diesel car sales in steady decline	5%	-7%
Iron Ore	8%	5%	Prices at cyclical highs	5%	-7%
Gold	7%	0%	Ex-growth industry, prices high	5%	-5%
SA Retail	6%	5%	Low SA GDP growth	8%	0%
Tobacco	4%	5%	Low growth and declining industry	7%	2%
Telecomms	4%	5%	Mature local industry	8%	2%
Healthcare	3%	3%	Flat profit pool	8%	0%
Industrials	3%	5%	Low SA GDP growth	8%	-5%
Other	11%	8%	Some higher growth exposure	10%	5%
Weighted Return		5.7%		10.5%	0.9%

- 6% Rand per annum return as base case
- High risk, low/no return
- Not much to drive growth – commodity prices at cyclical highs

TECH THROUGH THE DECADES

CHANGE IN LEADERSHIP



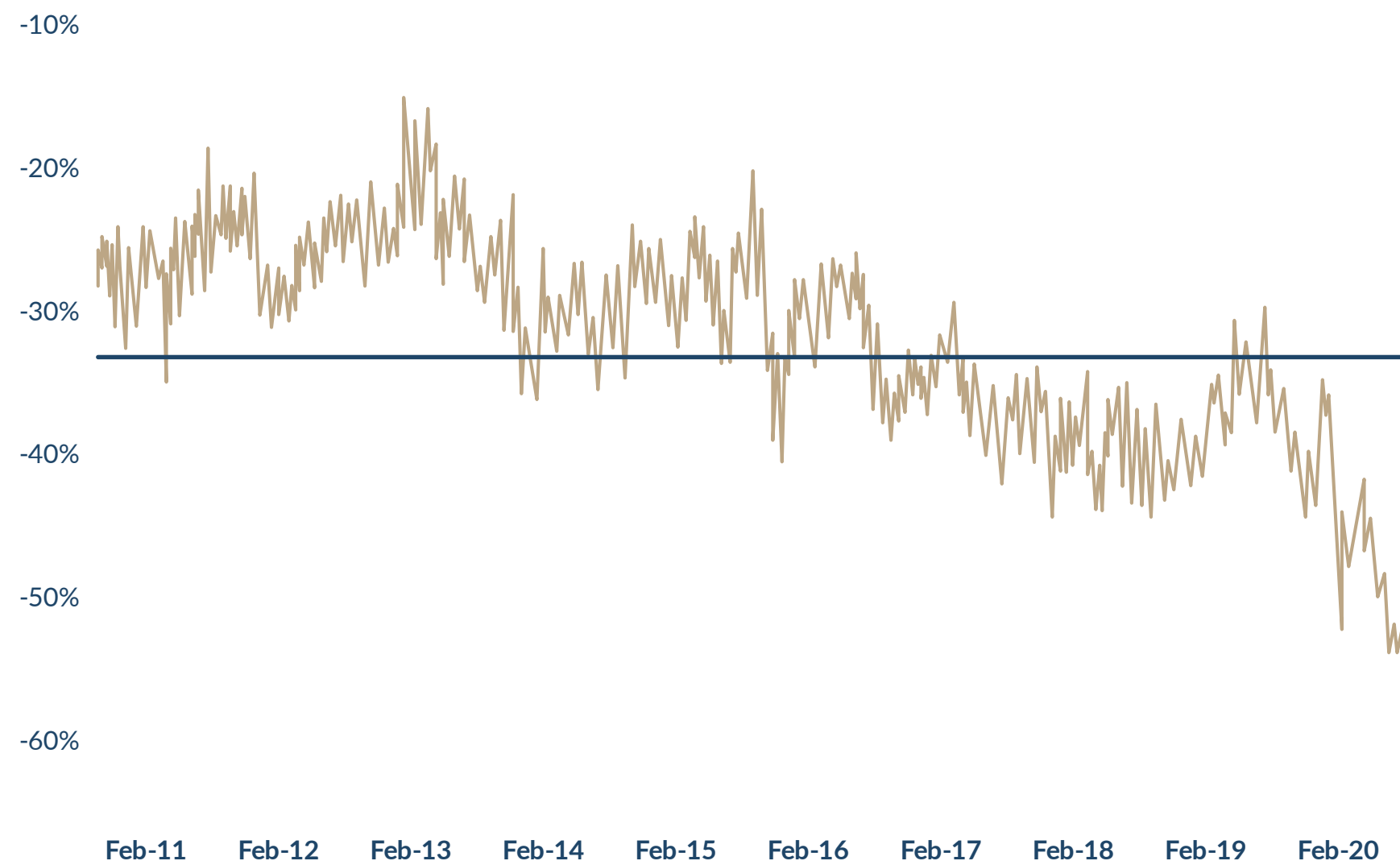
Source: BlackRock, PWC. Companies highlighted in blue represent new entrants in the Top 20 compared to the previous lists.

1990: Mainframe & Japan				2000: PC & Cellphone				2010: Internet & Smartphone				2020: Internet & China			
1	IBM	\$	54	1	Microsoft	\$	602	1	Microsoft	\$	271	1	Apple	\$	1 568
2	Panasonic	\$	33	2	Cisco	\$	366	2	Alphabet	\$	197	2	Microsoft	\$	1 505
3	Hitachi	\$	32	3	Oracle	\$	316	3	Apple	\$	191	3	Amazon	\$	1 337
4	Toshiba	\$	28	4	Intel	\$	275	4	IBM	\$	172	4	Alphabet	\$	953
5	Sony	\$	20	5	Nokia	\$	210	5	Cisco	\$	138	5	Facebook	\$	629
6	NEC	\$	20	6	IBM	\$	194	6	Oracle	\$	123	6	Tencent	\$	599
7	Fujitsu	\$	19	7	Dell	\$	131	7	HP	\$	122	7	Alibaba	\$	577
8	Mitsubishi	\$	16	8	Ericsson	\$	124	8	Intel	\$	113	8	Visa	\$	372
9	Fanuc	\$	14	9	Sony	\$	122	9	Samsung	\$	111	9	Mastercard	\$	294
10	Sharp	\$	13	10	Qualcomm	\$	116	10	Qualcomm	\$	77	10	TSMC	\$	274
11	Fujifilm	\$	13	11	Yahoo	\$	116	11	Visa	\$	65	11	Samsung	\$	260
12	HP	\$	11	12	HP	\$	114	12	Amazon	\$	58	12	Intel	\$	254
13	Nintendo	\$	11	13	EMC	\$	111	13	SAP	\$	58	13	NVIDIA	\$	226
14	Canon	\$	9	14	Motorola	\$	90	14	Canon	\$	56	14	Adobe	\$	205
15	Showa Denko	\$	8	15	Fujitsu	\$	80	15	TSMC	\$	52	15	Paypal	\$	202
16	Motorola	\$	8	16	Texas Instr.	\$	77	16	Nokia	\$	48	16	Tesla	\$	197
17	Relx	\$	7	17	NTT Data	\$	64	17	Hon Hai	\$	41	17	Netflix	\$	195
18	Pioneer	\$	6	18	Panasonic	\$	57	18	Tencent	\$	40	18	Cisco	\$	192
19	Intel	\$	6	19	Murata	\$	56	19	BlackBerry	\$	38	19	SAP	\$	169
20	Kyocera	\$	6	20	Hitachi	\$	53	20	EMC	\$	36	20	Oracle	\$	168
Top 20		\$	335	Top 20		\$	3 286	Top 20		\$	2 005	Top 20		\$	10 176

THE DISCOUNT DILEMMA

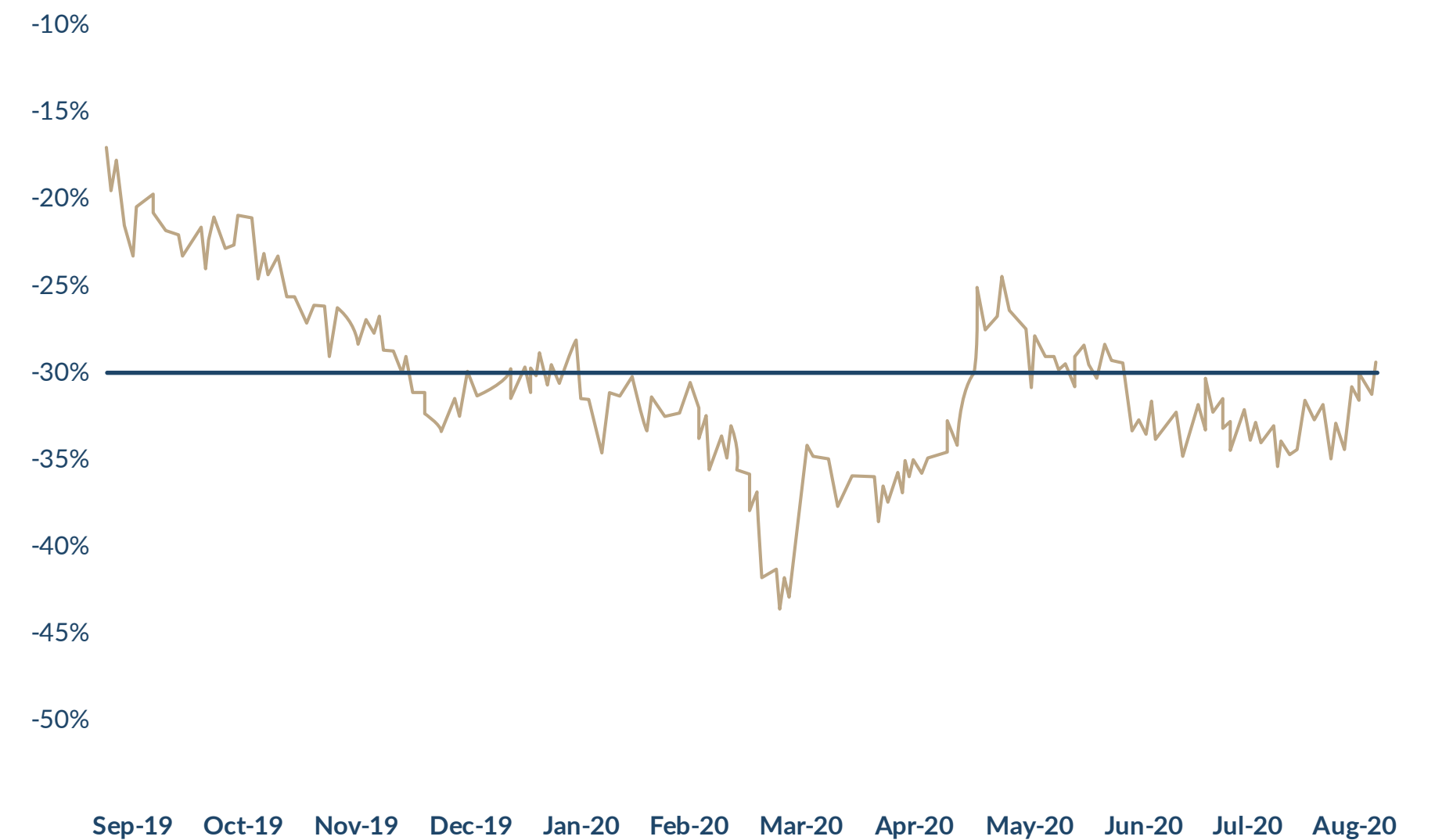
NASPERS – DISCOUNT TO NAV

— Average — P/NAV

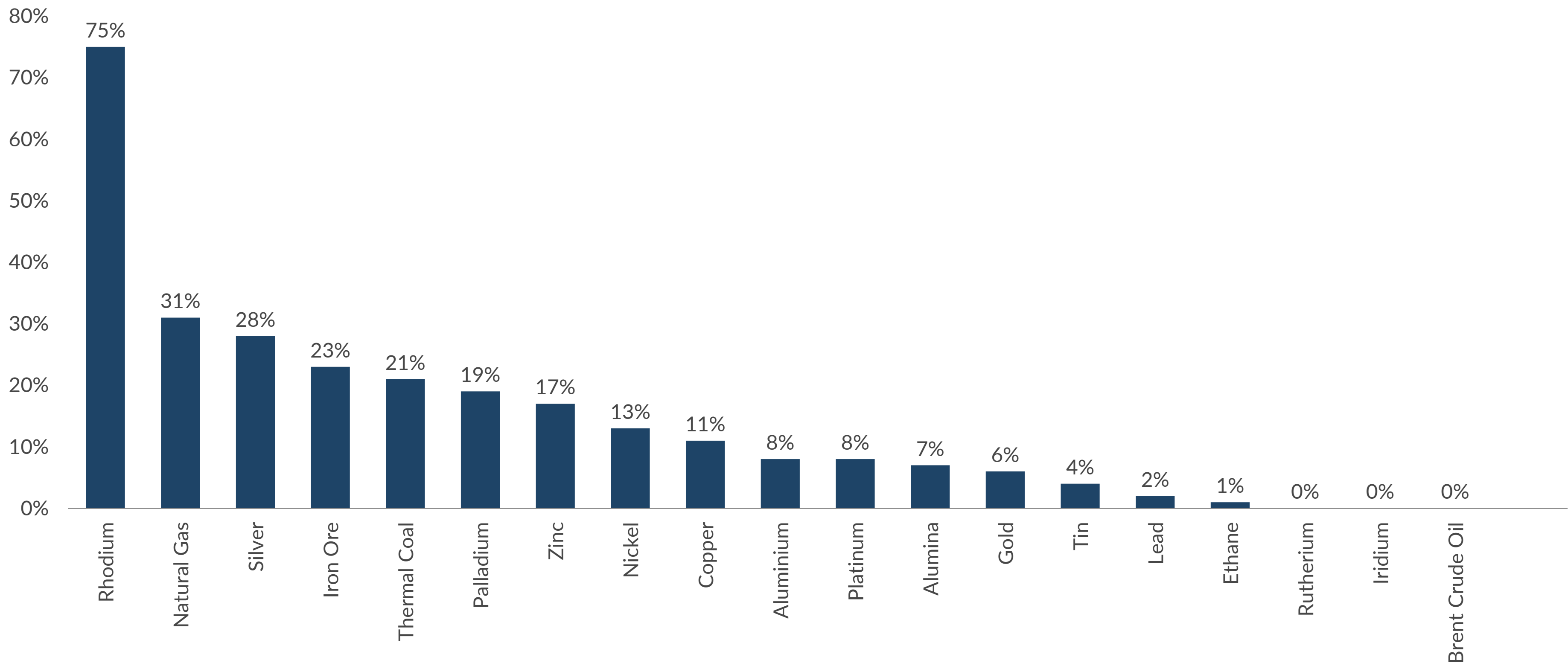


PROSUS – DISCOUNT TO NAV

— Average — P/NAV



3Q RESOURCE PRICES



BECOME A GLOBAL INVESTMENT CITIZEN

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- The status quo has produced poor results for years and will continue to do into the future
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EMBRACING THE CAMBRIAN EXPLOSION

NICK DENNIS
OCTOBER 2020

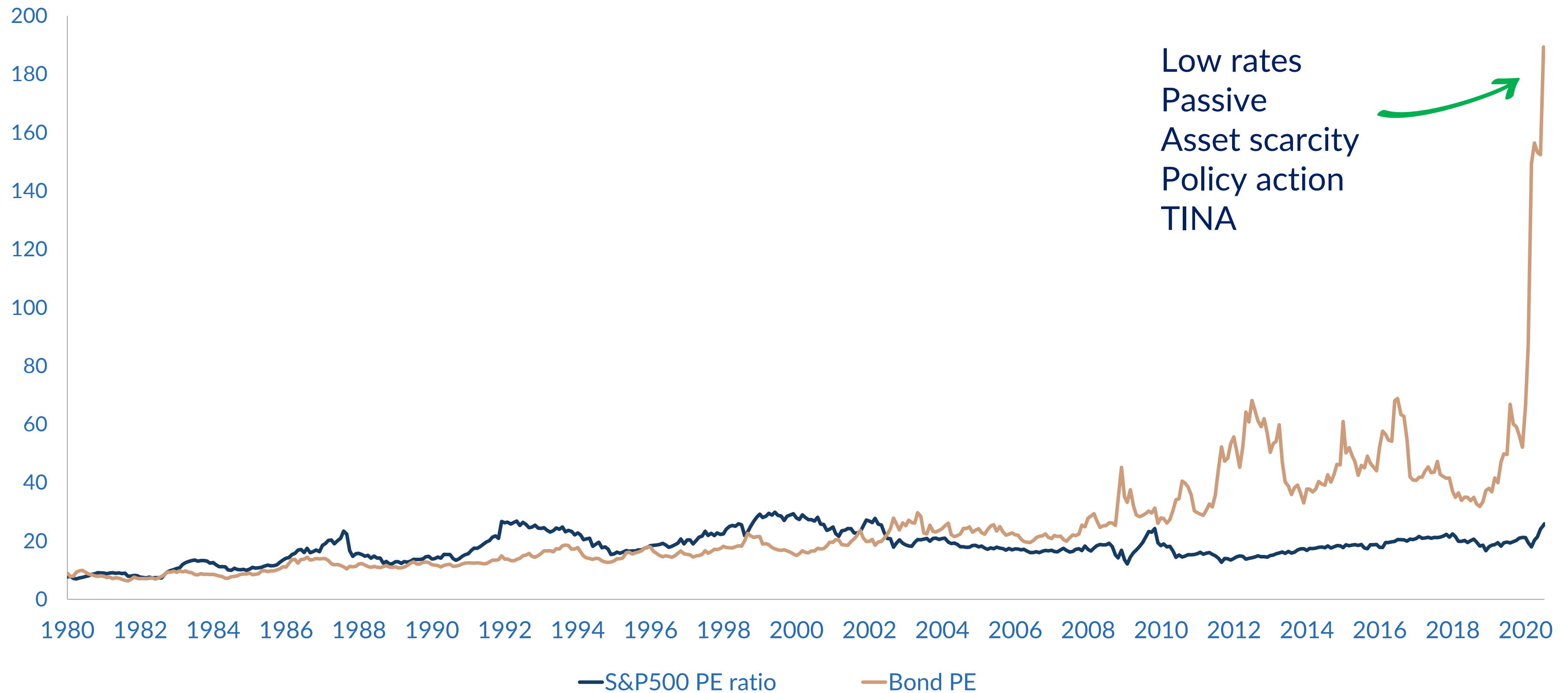
ANCHOR

NAVIGATING
CHANGE

**TOTO, I'VE A FEELING
WE'RE NOT IN
KANSAS ANYMORE**

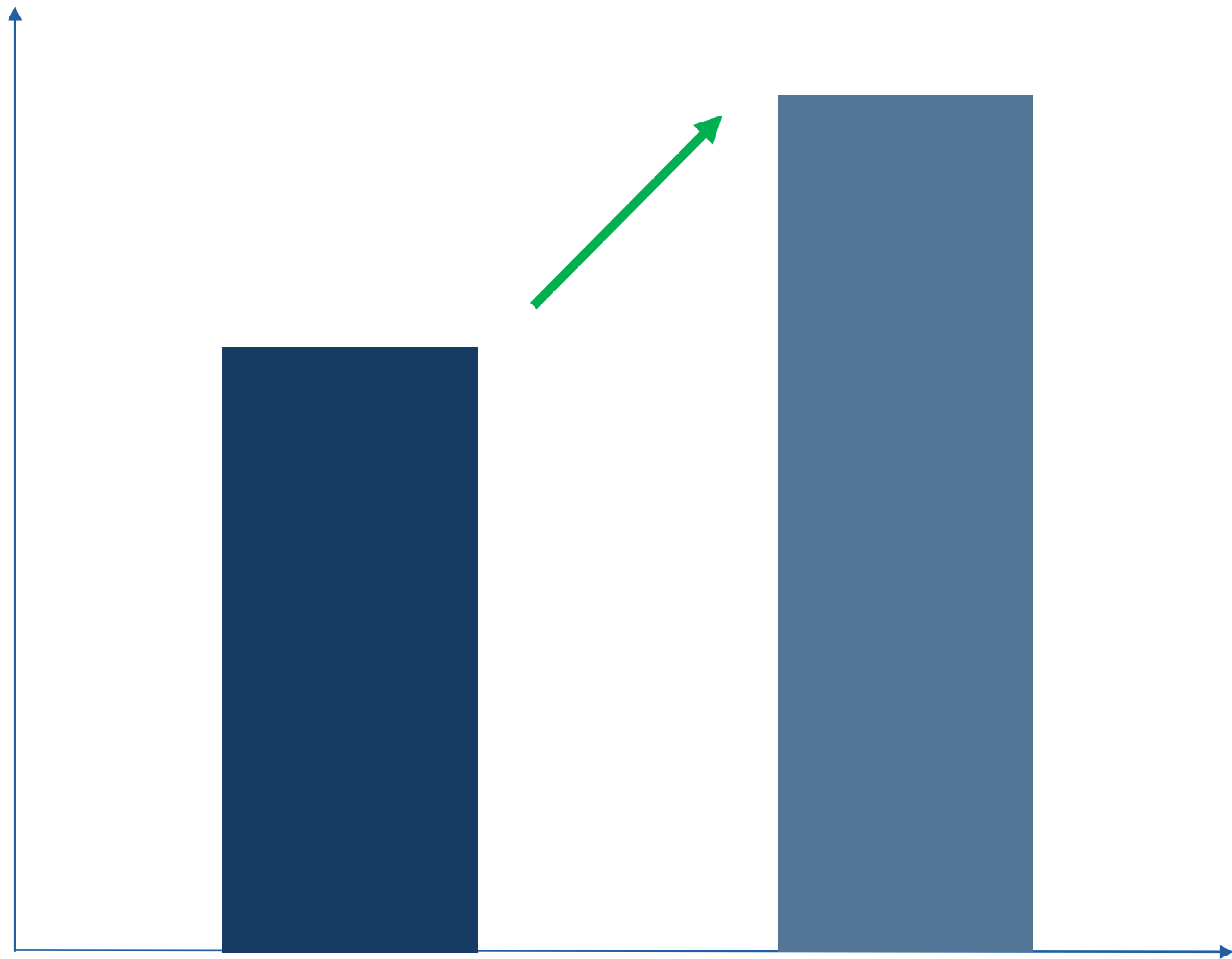


A 'RATIONAL' BUBBLE BREWING?

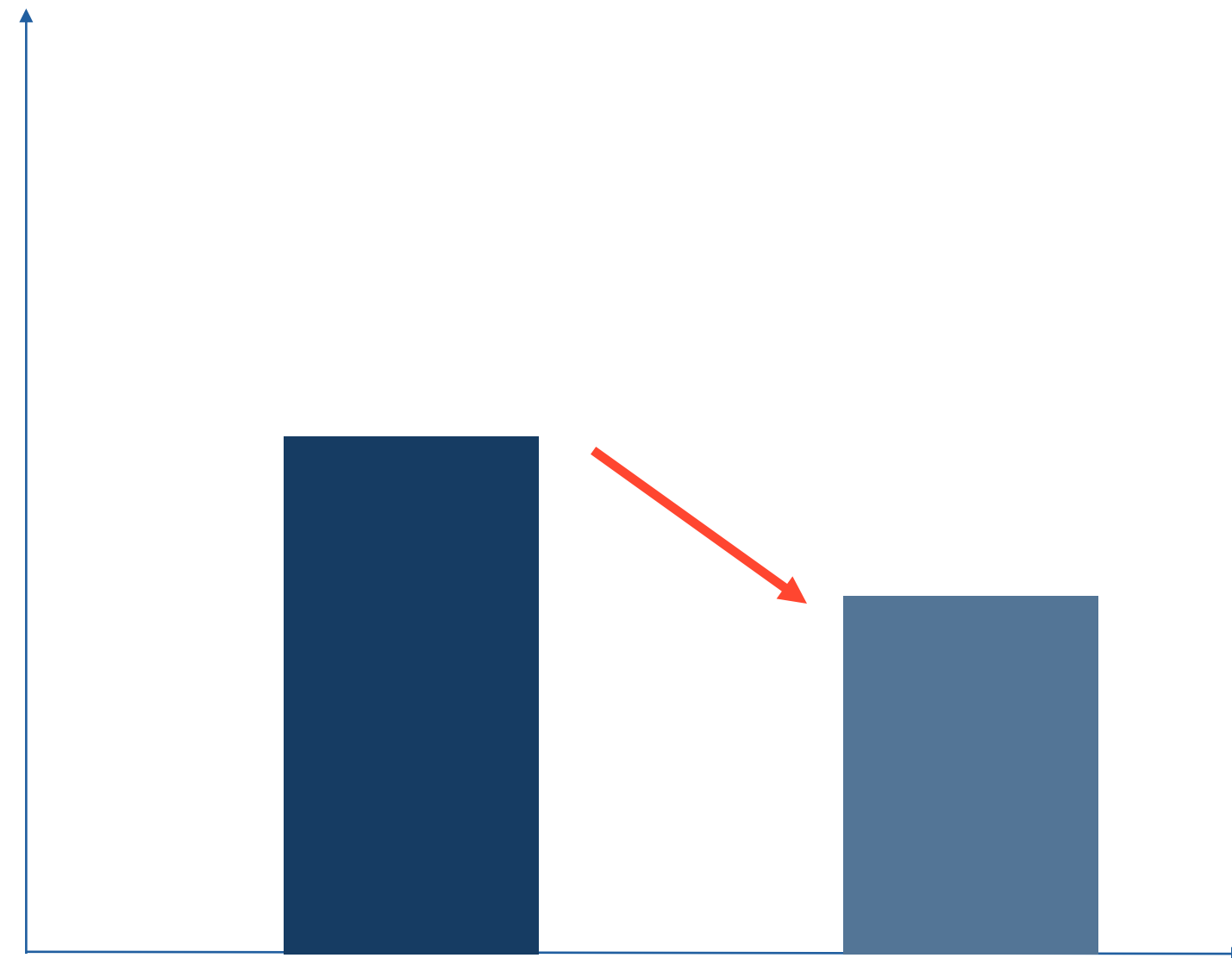


PE MULTIPLES – DON'T BANK ON MEAN REVERSION

QUALITY & GROWTH



LOW QUALITY, NO GROWTH

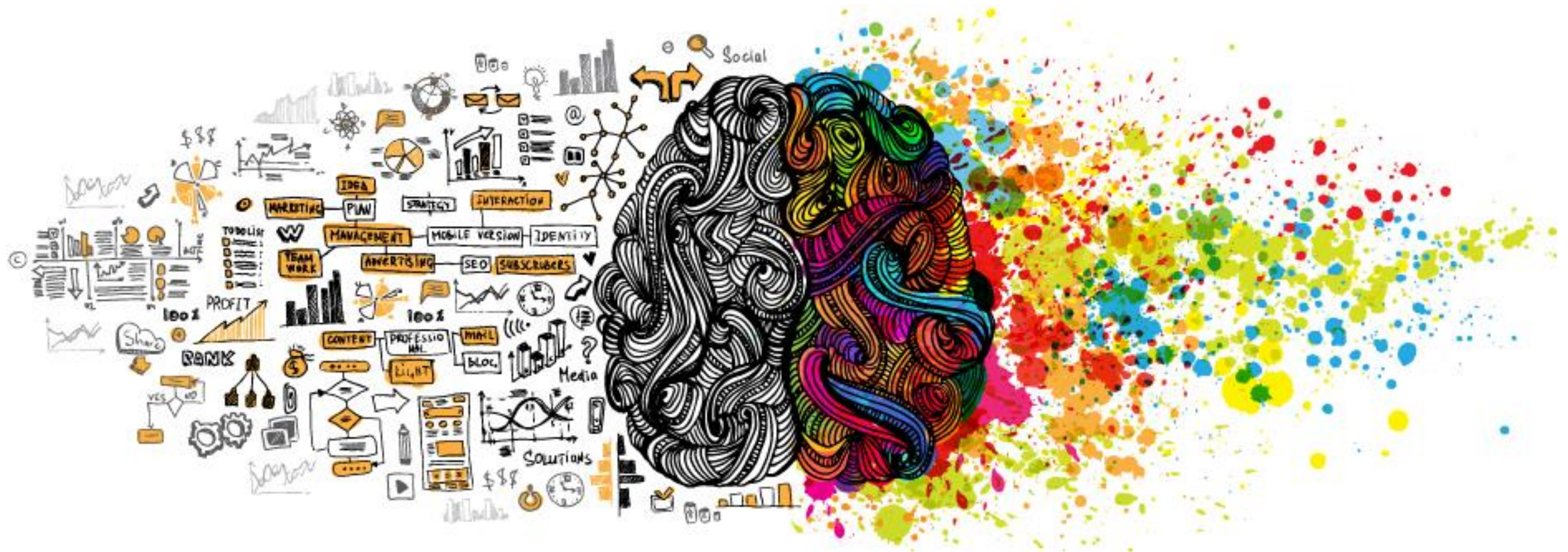




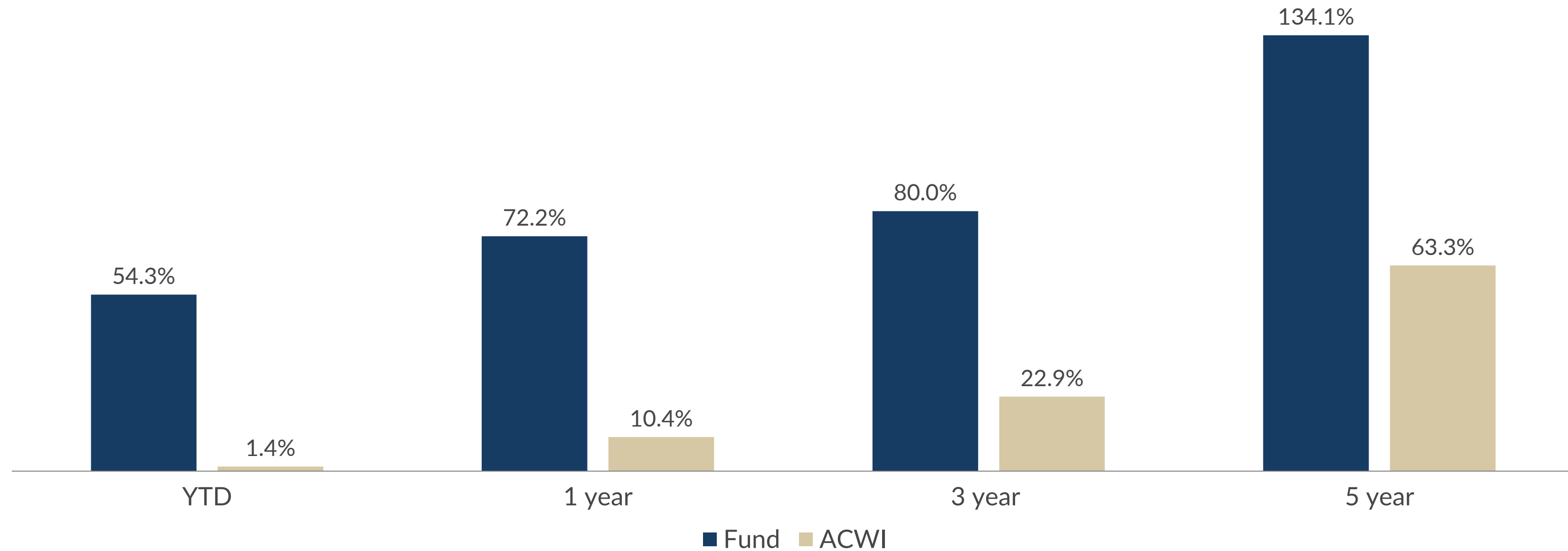
DEMOCRATISING THE BUILDING BLOCKS OF BUSINESS



MULTIBAGGERS

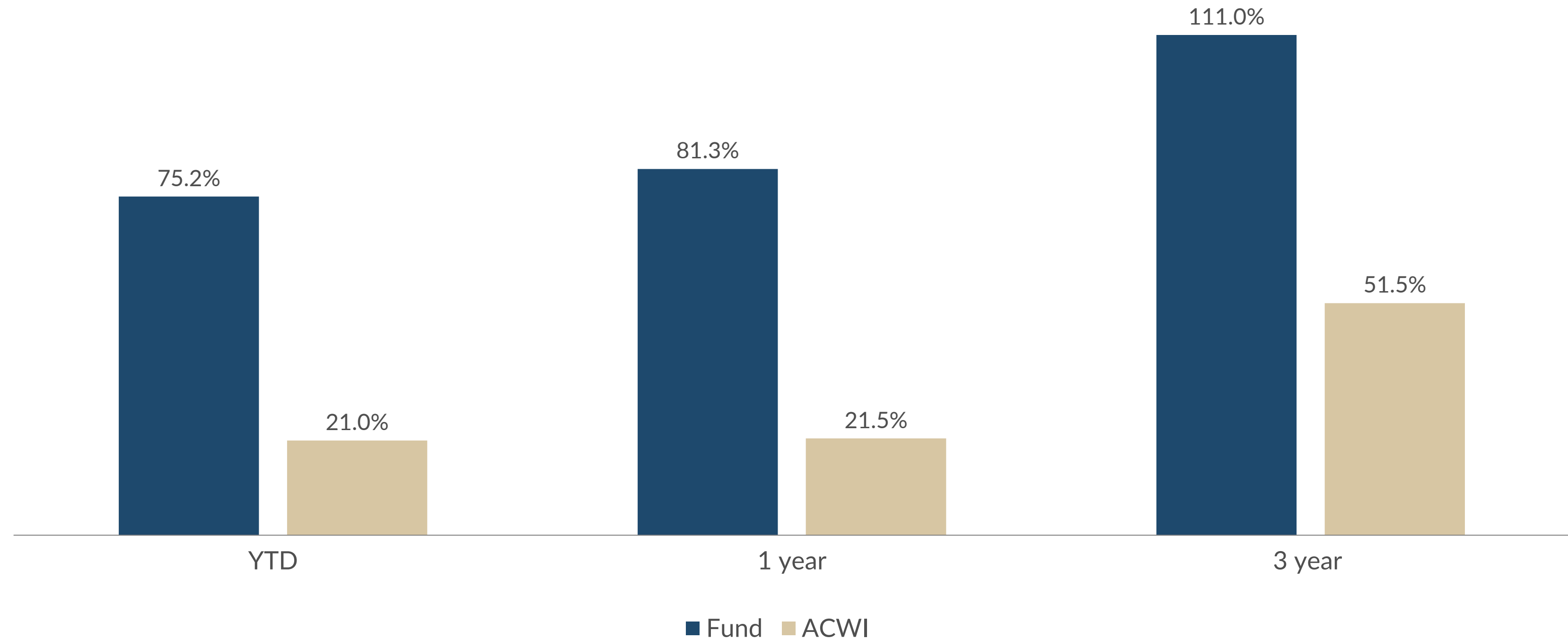


ANCHOR GLOBAL EQUITY FUND (USD)



Anchor Global Equity Fund, a sub-fund of the Sanlam Universal Funds PLC (USD). Source: Morningstar as at 30 September 2020, Inception date 13 March 2015. The annualised (since inception) fund performance was 15.0% against the benchmark of 7.7% and the cumulative (since inception) fund performance was 117.7% against the benchmark of 50.7%. Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for the amount shown with income reinvested on reinvestment date. Past performance is not necessarily an indication of future performance. Highest and lowest calendar year performance since inception – High: 31.1%; Low: -13.6%. Annualised return is the weighted average compound growth rate over the period measured. Actual annualised figures are available to the investor on request.

ANCHOR BCI GLOBAL EQUITY FEEDER FUND (ZAR)



Source: Morningstar as at 30 September 2020, Inception date 2 November 2015. The annualised (since inception) fund performance was 19,5 % against the benchmark of 13,0% and the cumulative (since inception) fund performance was 140,0% against the benchmark of 82,7%. Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for the amount shown with income reinvested on reinvestment date. Past performance is not necessarily an indication of future performance. Highest and lowest calendar year performance since inception – High: 27%; Low: -11,3%. Annualised return is the weighted average compound growth rate over the period measured. Actual annualised figures are available to the investor on request.

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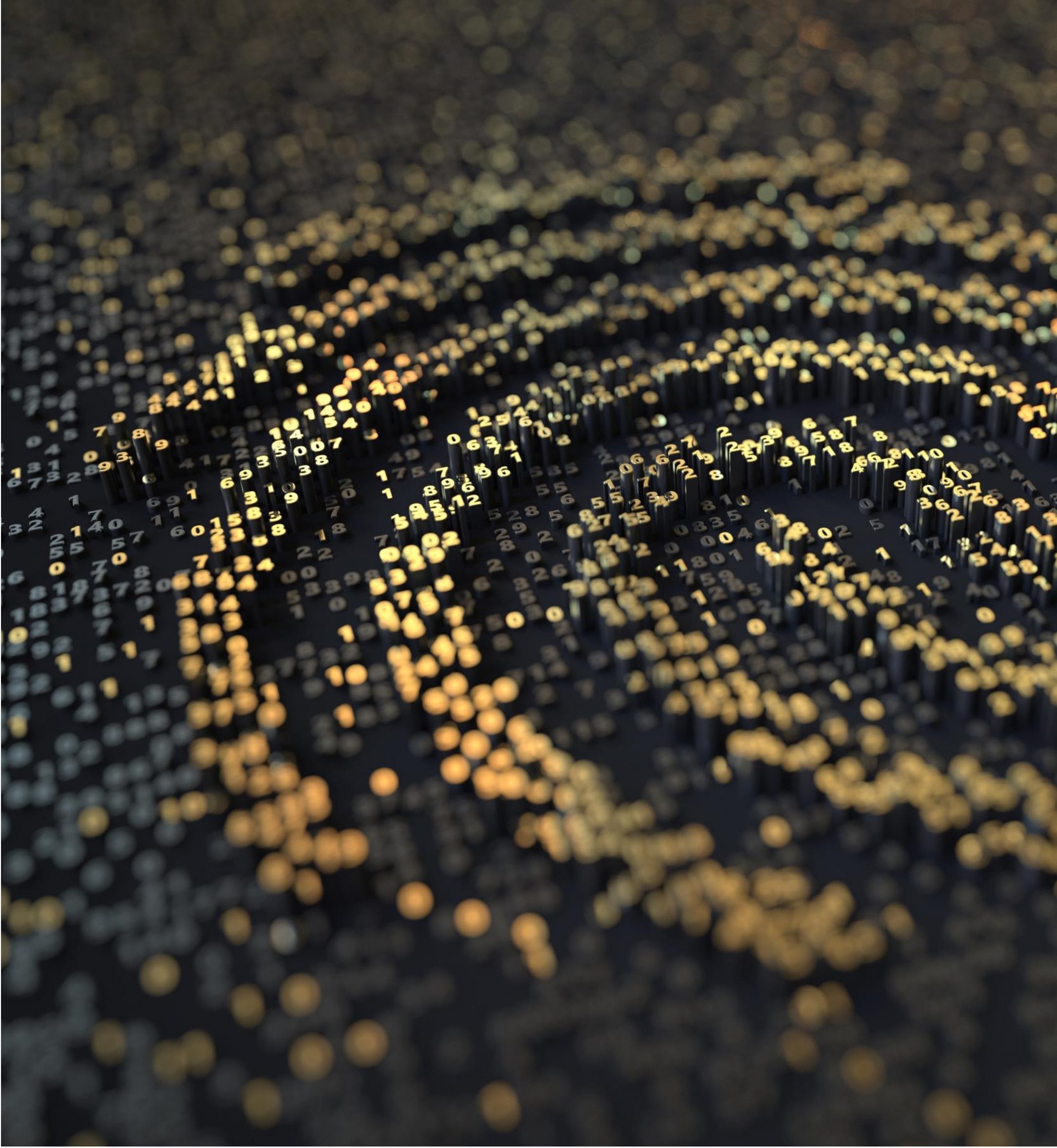
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THE TECH IMPERATIVE

HENRY BIDDLECOMBE
OCTOBER 2020

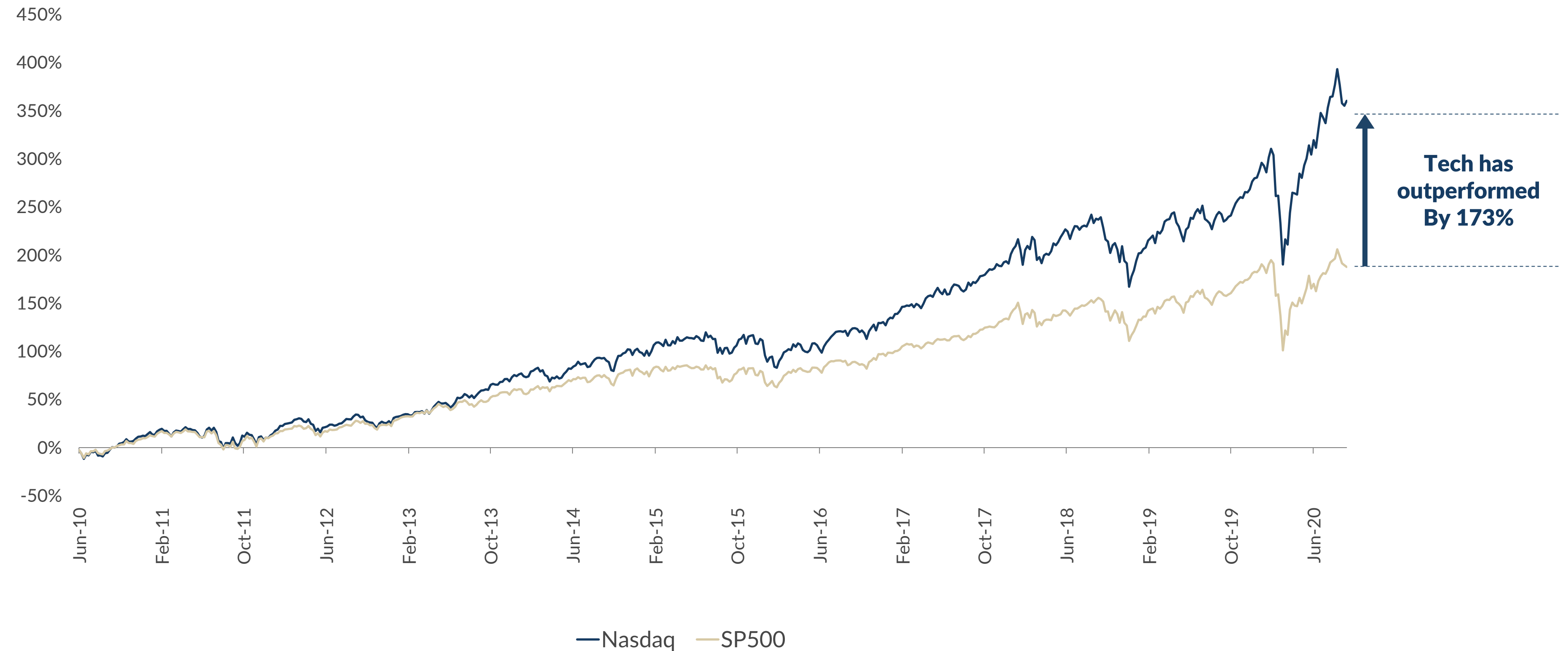
ANCHOR

NAVIGATING
CHANGE

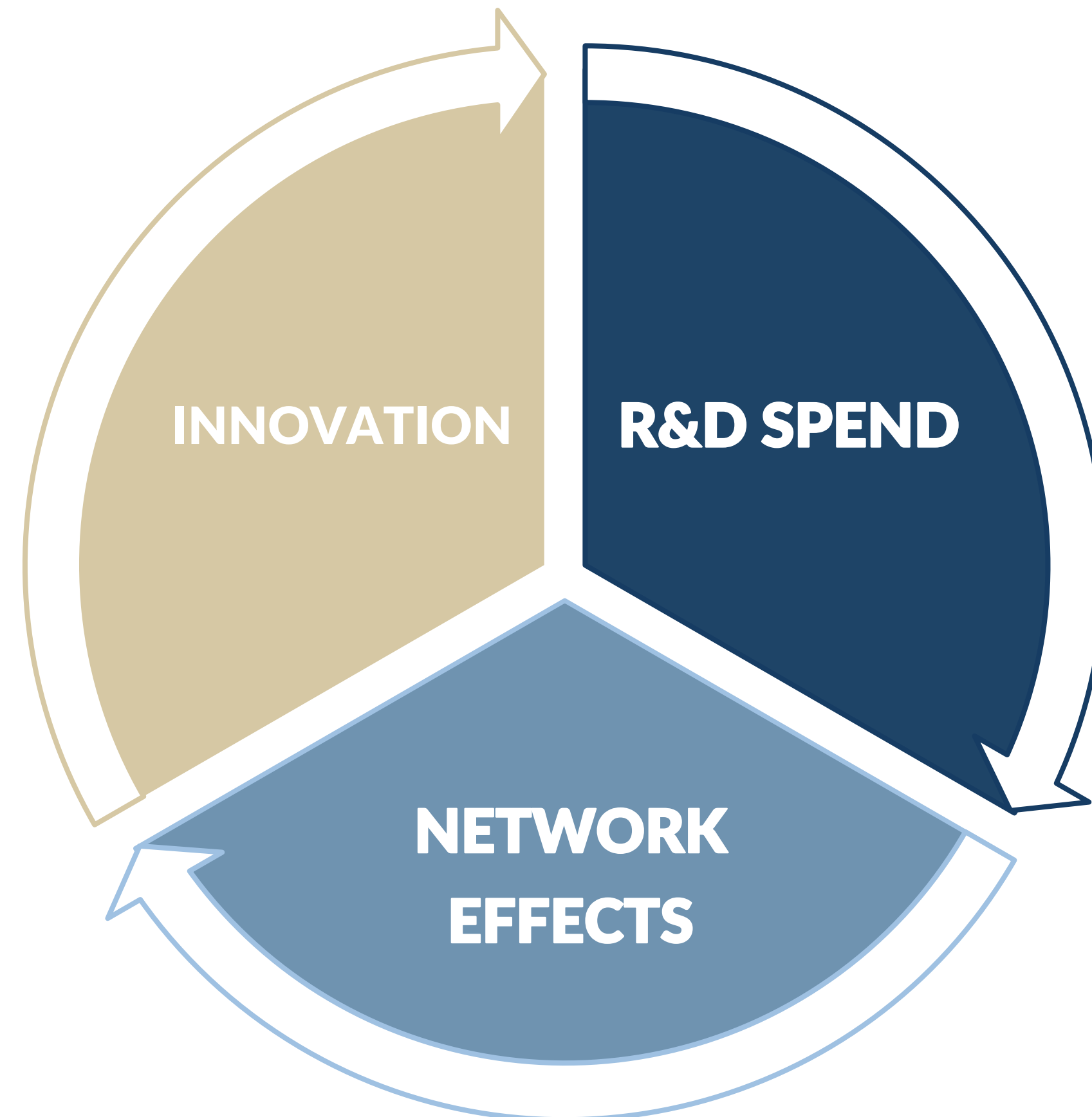
THE WORLD IS CHANGING

NASDAQ VS S&P500 (10 YEAR)

Source: Bloomberg as at 25 September 2020



TECH'S DRIVING FORCES



WATCH OUR VIDEO!



YouTube^{ZA}

The Tech Imperative - Anchor

THE TECH
IMPERATIVE

>By Henry Biddlecombe
Investment Analyst

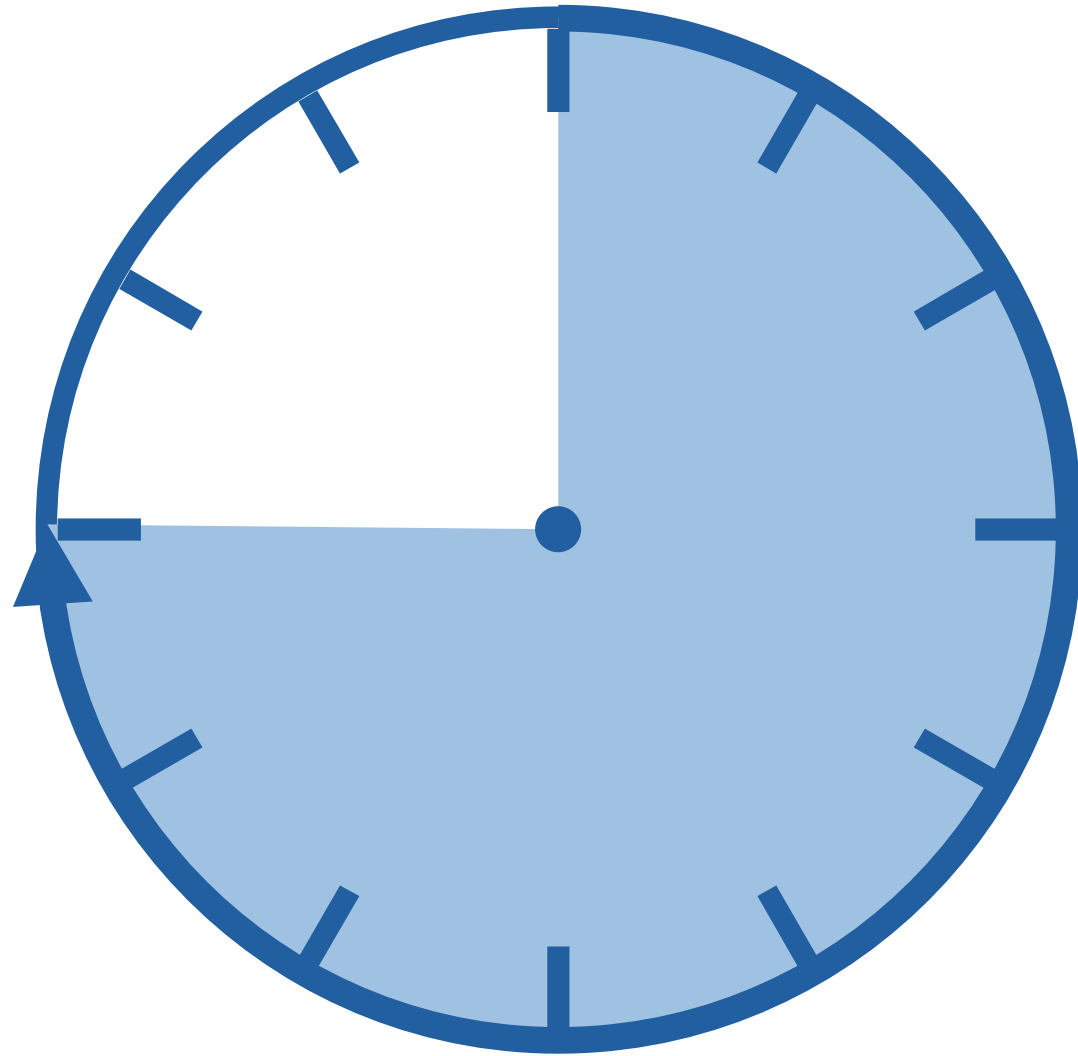
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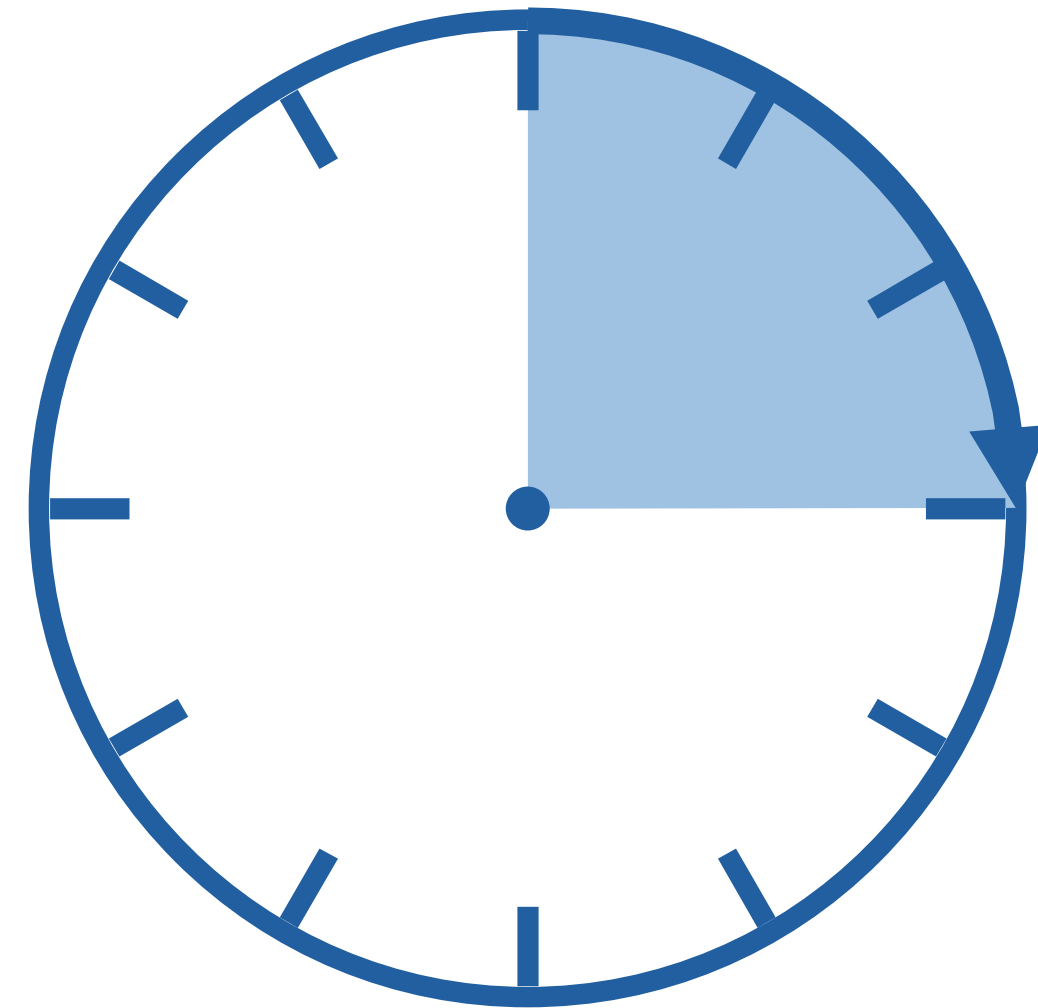
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HD

RESET YOUR CLOCK!

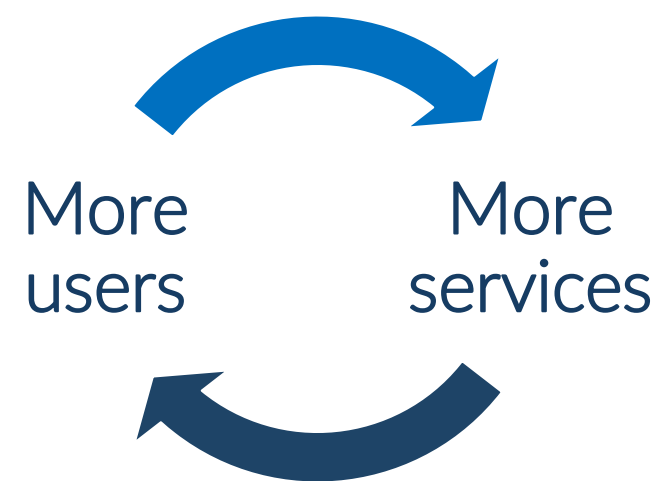


PERCEPTION



REALITY

RELENTLESS INNOVATION



Platform economics



Distance learning



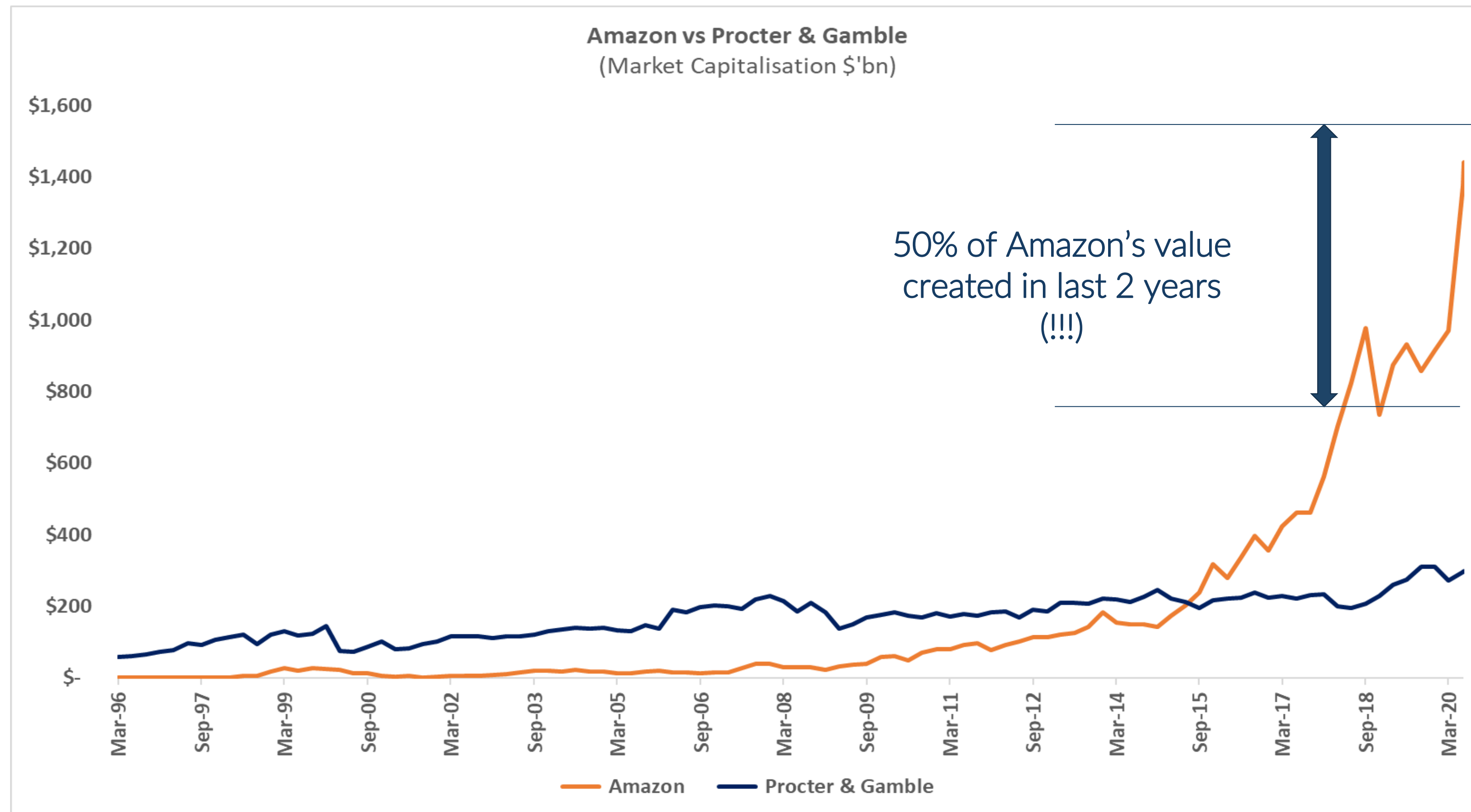
Podcasting



Direct-to-consumer

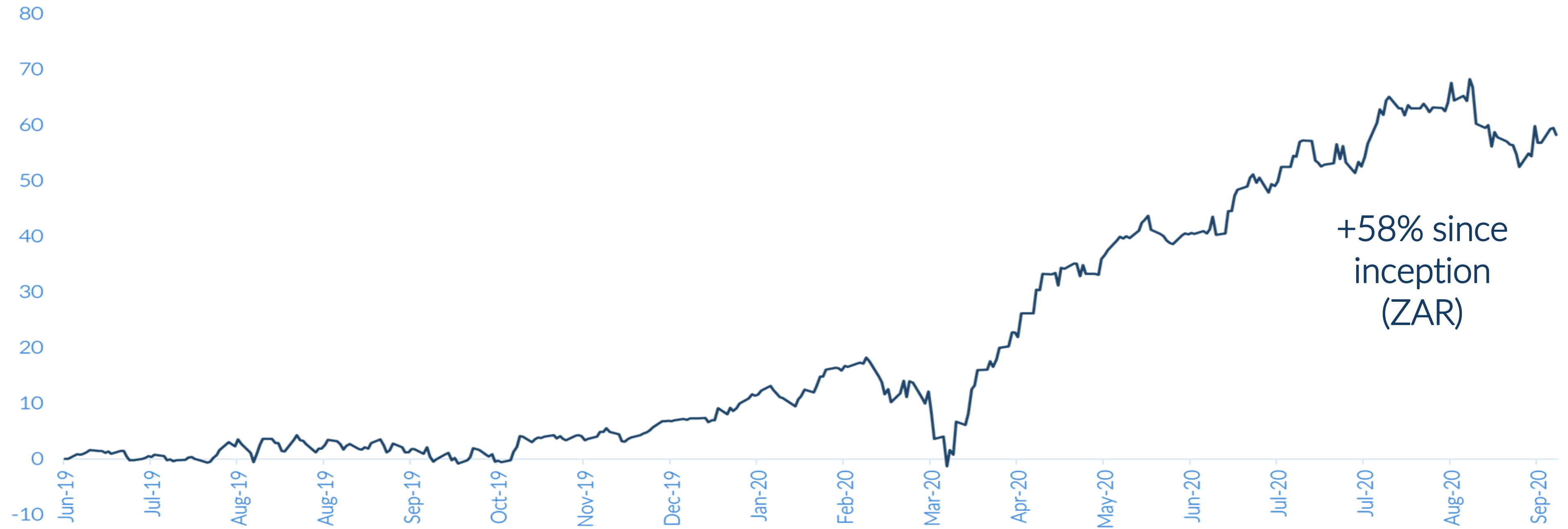


NON-LINEAR VALUE CREATION



FUND PERFORMANCE SINCE INCEPTION

Anchor BCI Global Technology Fund Return since inception



Source: Bloomberg as at 30 September 2020. Inception date: 06 June 2019. The investment performance is for illustrative purposes only and calculated on a NAV to NAV basis with income reinvested. Past performance is not necessarily an indication of future performance. Annualised return is the weighted average compound growth rate over the period measured. Actual annualized figures are available upon request. The annualised (since inception) fund performance was 41,6 % against the benchmark of 51,9 % and the cumulative (since inception) fund performance was 58,2% against the benchmark of 73,9%. Actual annualised figures are available upon request.

TOP 10 CONTRIBUTORS (SINCE INCEPTION)

		% Average Weight	Total Return (%)	Contribution to Return (%)	Type
	Anchor BCI Global Technology Fund	100.0	64.0	56.8	
1	Alibaba Group Holding-SP ADR	8.4	96.2	7.8	Core
2	Amazon.com Inc	5.6	95.5	6.6	Core
3	Spotify Technology SA	5.5	96.4	5.5	Emerging
4	Delivery Hero SE	3.4	195.4	5.2	Emerging
5	Prosus NV	5.0	40.8	4.0	Core
6	Alphabet Inc-Cl A	5.1	58.7	3.9	Core
7	Microsoft Corp	3.4	80.6	3.3	Core
8	Apple Inc	2.2	162.3	3.0	Core
9	Meituan Dianping-Class B	1.0	162.7	2.8	Emerging
10	Naspers Ltd-N SHS	7.4	29.9	2.6	Core

Source: Bloomberg as at 25 September 2020

FUND OBJECTIVES

- Meaningfully outperform global equity markets
- Relatively concentrated positions in high-conviction ideas
- Low portfolio turnover
- Upside of >50% required before initiating position



DISCLAIMER

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SA V OTHER EMERGING MARKETS

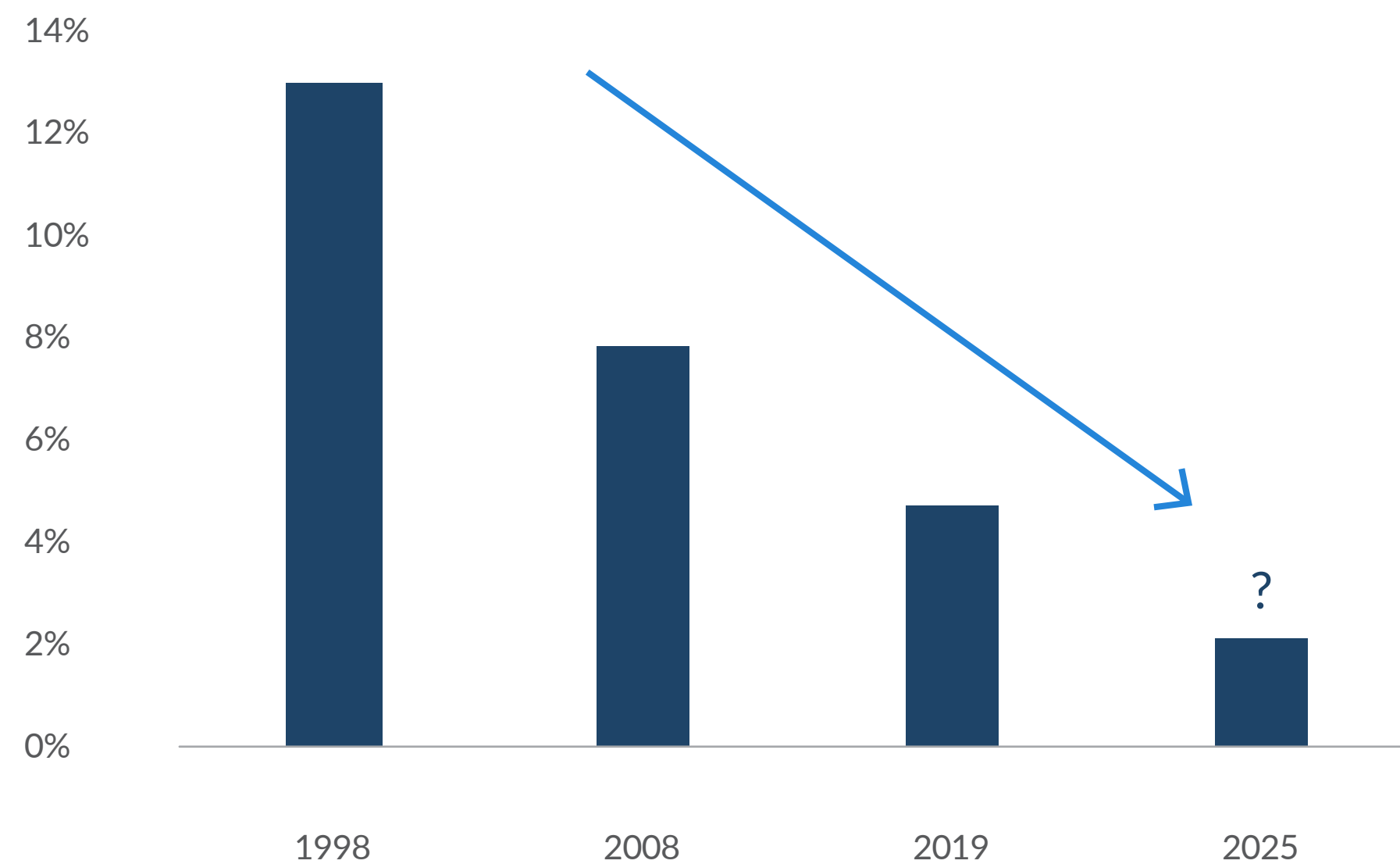
LIAM HECHTER
OCTOBER 2020

ANCHOR

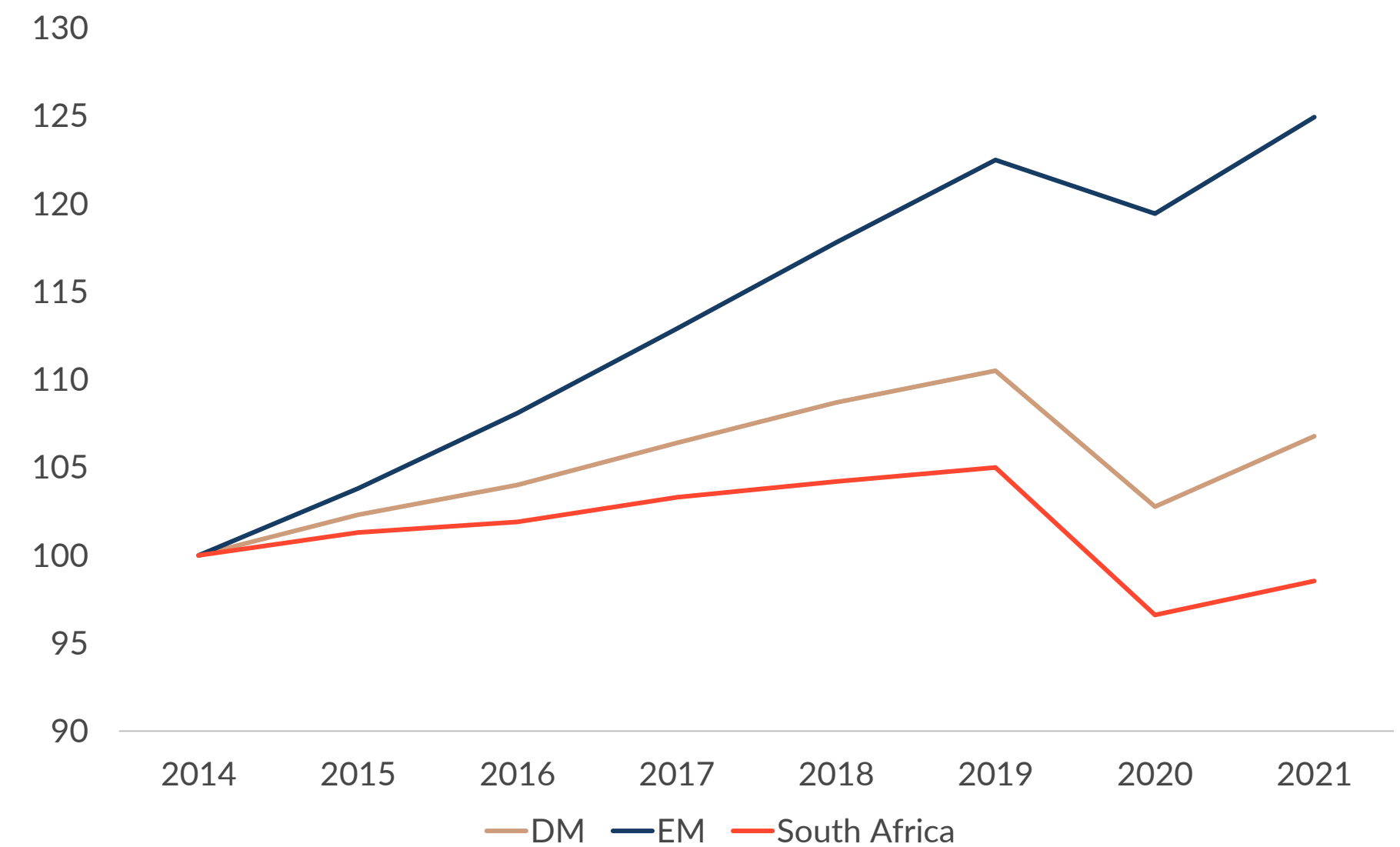
NAVIGATING
CHANGE

WHY SOUTH AFRICANS SHOULD CARE ABOUT EM ex SA

SA weight in MSCI EM



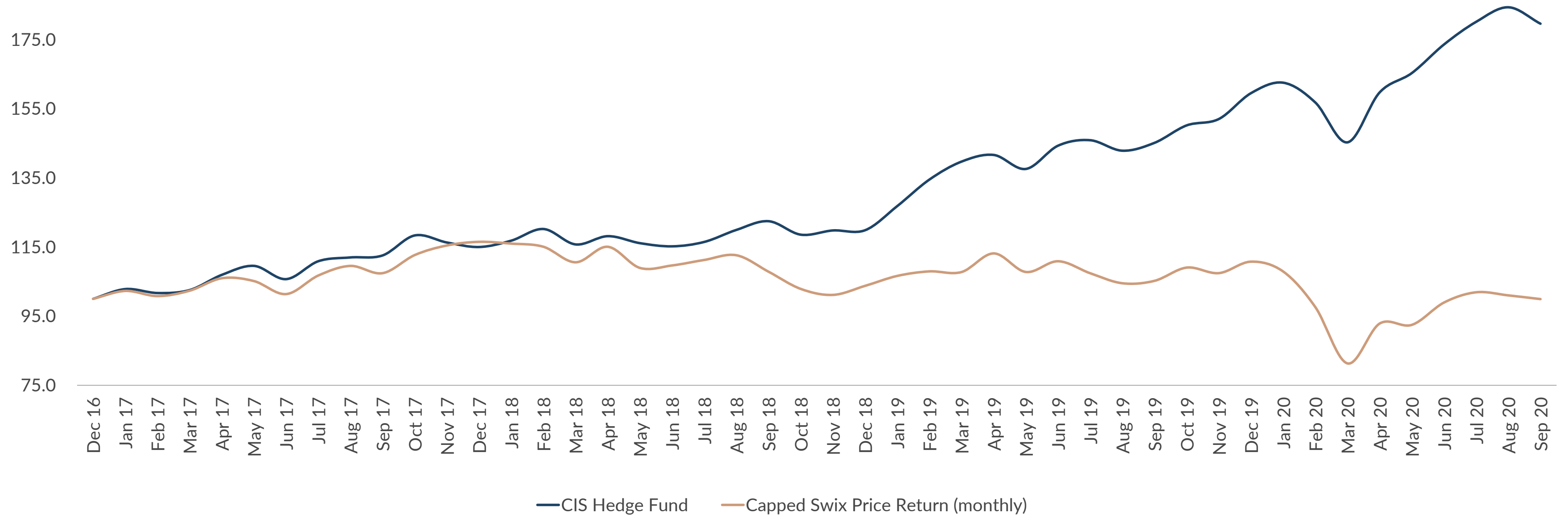
Real GDP Growth



*World bank forecasts In every single quarter since the first quarter of 2005, emerging markets have made a contribution to overall global growth of more than 50%, averaging 63% in the seven years since the Global Financial Crisis^

^Credit Suisse

ANCHOR ACCELERATOR SNN QI HEDGE FUND



Source: Morningstar as at 30 September 2020. Inception date: March 2016. CISCA Regulation date: August 2016. The annualised (since inception) fund performance was 11,5 % against the combined benchmark of 10,3%. The combined benchmark is calculated with the historic benchmark 12 nominal p.a. until 31 May 2019 and the new benchmark STeFI effective 1 June 2019 onwards.. Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for the amount shown with income reinvested on reinvestment date. Past performance is not necessarily an indication of future performance. Highest and lowest calendar 33,26 % and 4,22 %. The performance figures prior to 1 August 2016 include returns earned prior to the fund being regulated under CISCA.

SUMMARY OF WHERE THE MONEY WILL BE MADE

Domestic Equities

Incrementally more attractive, but with risk.



Domestic Fixed Income

Yield of 8.75% to 10% means buy bonds and be patient.

Global Equities

Stock picking is important. Expensive, but with good opportunities still.



Global Fixed Income

Avoid duration, hold a corporate bonds for 2% to 3% yields.

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