

ASSET ALLOCATION AND FIXED INCOME

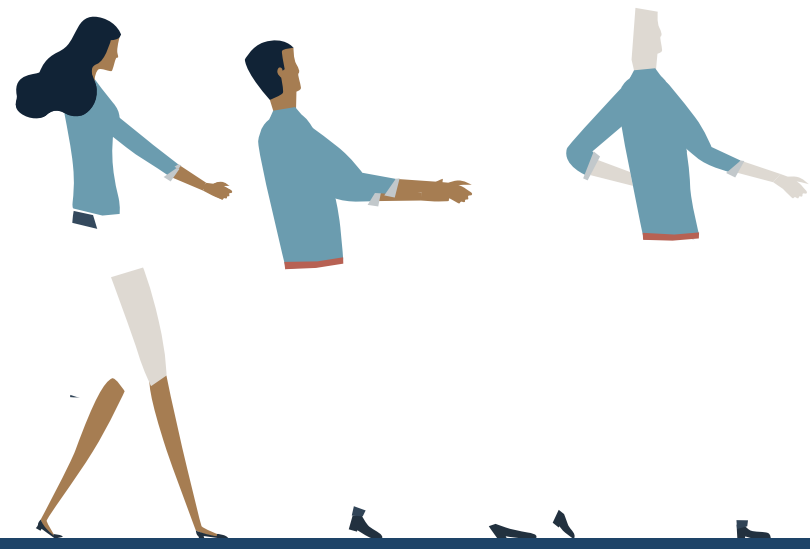
NOLAN WAPENAAR | CHIEF INVESTMENT OFFICER

ANCHOR

NAVIGATING
CHANGE



GLOBAL MACRO ENVIRONMENT



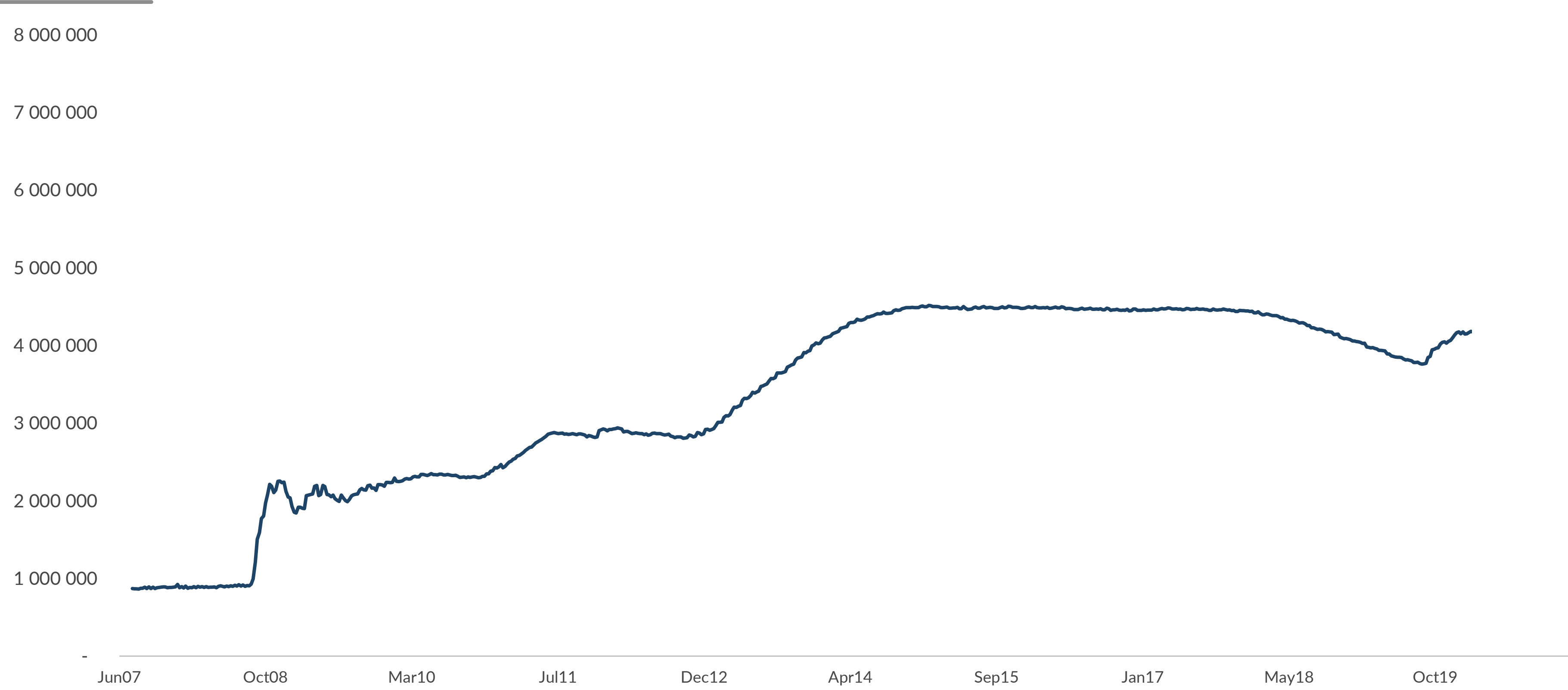
Covid



**Fiscal Stimulus
Monetary Stimulus**



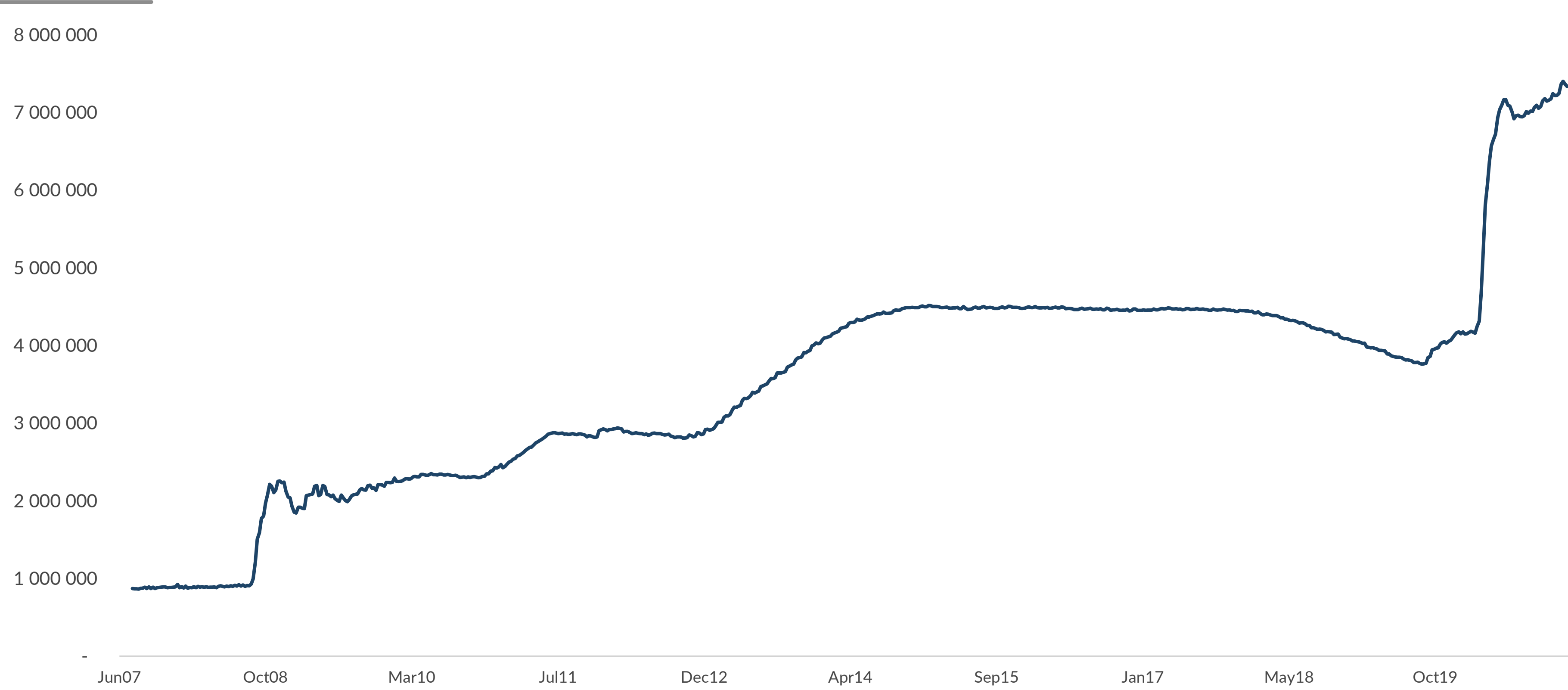
FED BALANCE SHEET (USD BN)



Source: Thompson Reuters / Anchor



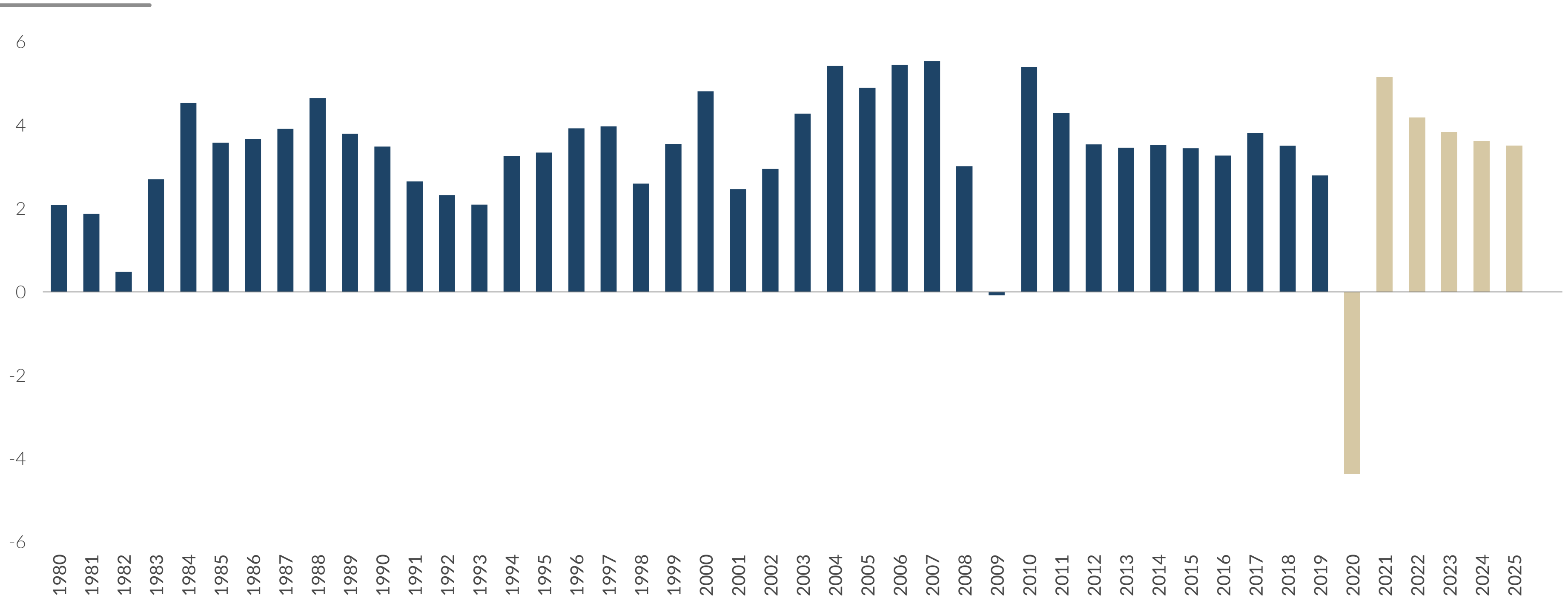
FED BALANCE SHEET (USD BN)



Source: Thompson Reuters / Anchor

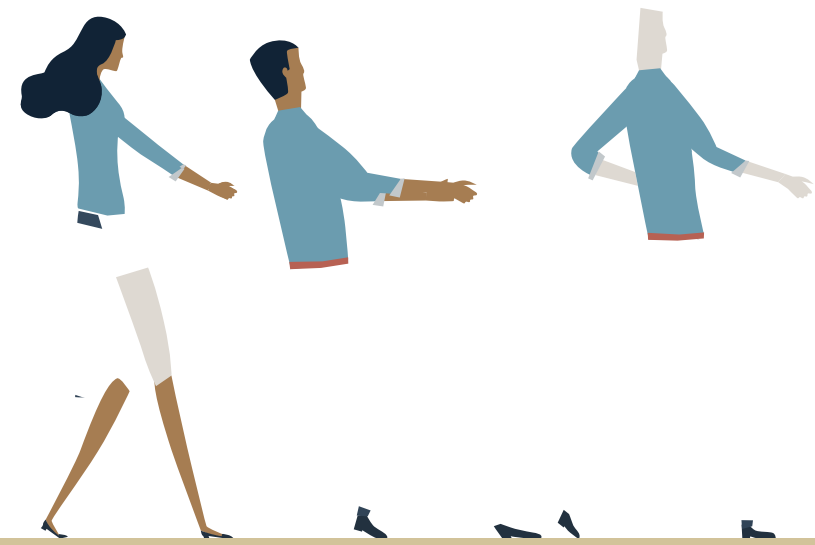


WORLD GROSS DOMESTIC PRODUCT, CONSTANT PRICES (%YOY)



Source: Thompson Reuters / Anchor

SOUTH AFRICAN MACRO ENVIRONMENT



Running out of
money



Regaining
people's trust

SOUTH AFRICAN MACRO ENVIRONMENT



WAGE
SETTLEMENTS



ESKOM



CONSTRUCTION

ASSET ALLOCATION

Asset Class	Benchmark Weight (%)	Current Stance			Expected Returns (local currency) (%)
		Negative	Neutral	Positive	
LOCAL					
Equity	52	●	●	●	11.0
Bonds	16	●	●	●	8.8
Listed Property	6	●	●	●	8.6
Cash	4	●	●	●	3.3
Alternatives*		●	●	●	10 to 15
Rand/US\$ (rand marginally stronger)					+2.40
GLOBAL					
Equity	13	●	●	●	5.0
Government Bonds	1	●	●	●	0.4
Corporate Credit	3	●	●	●	1.2
Listed Property	2	●	●	●	2.5
Cash	1	●	●	●	0.0
Alternatives*		●	●	●	5 to 10

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

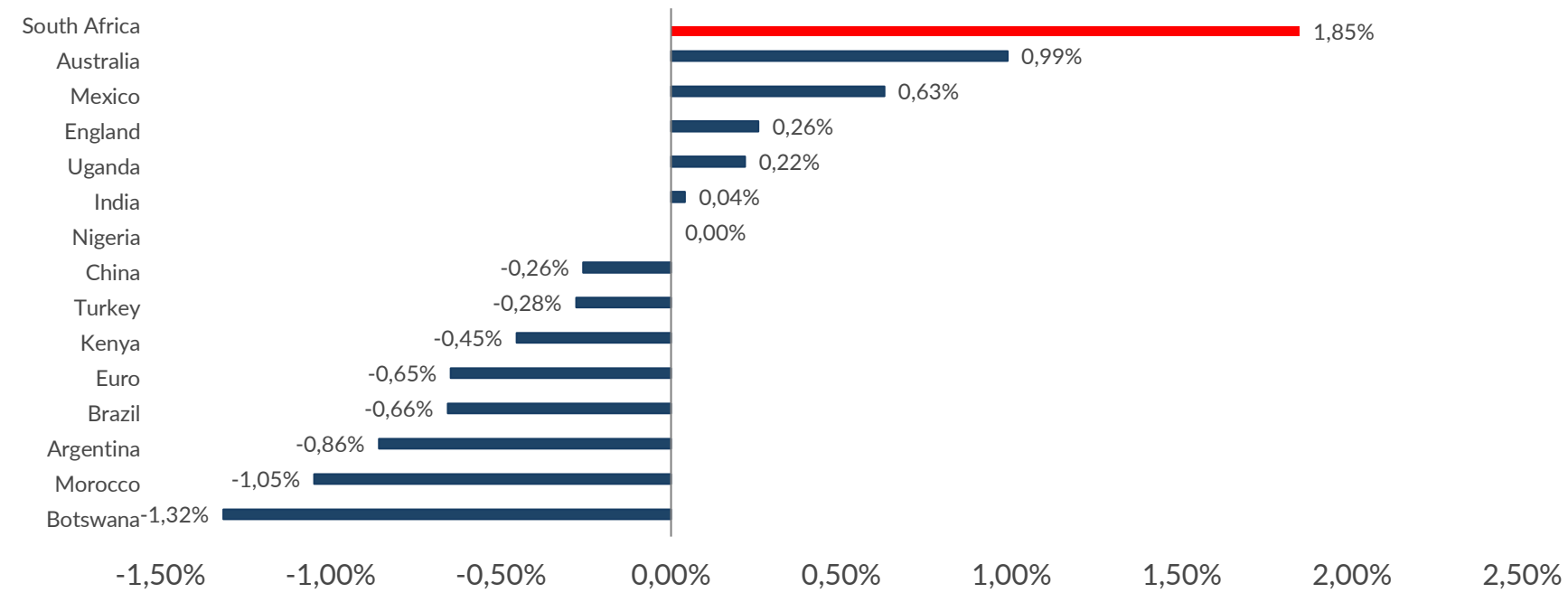


RAND VIEW

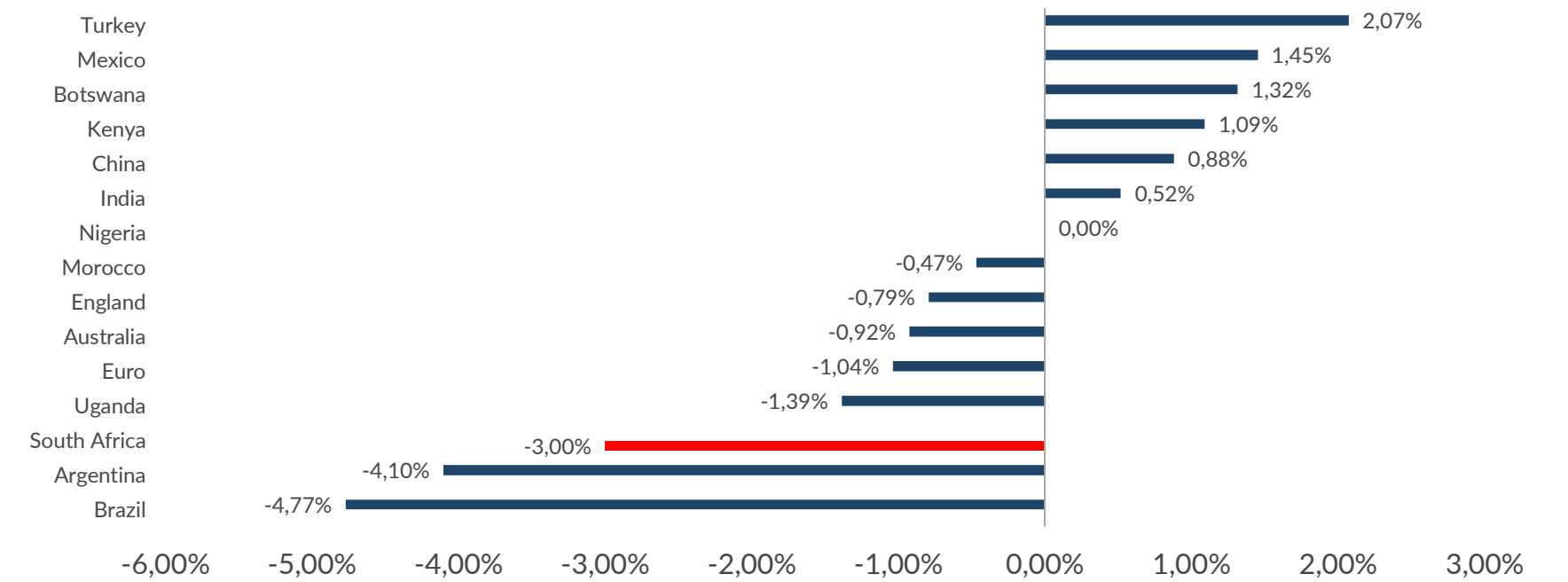
RAND VIEWS



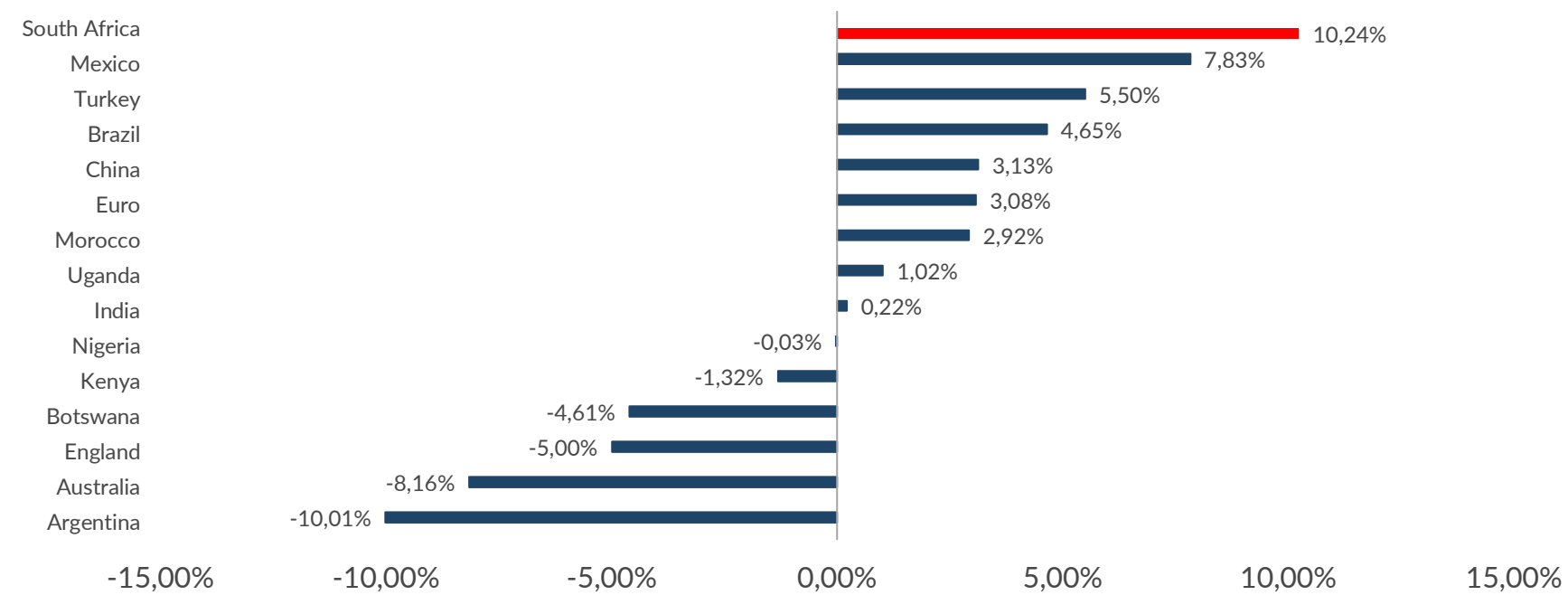
1 Week Currency Movements



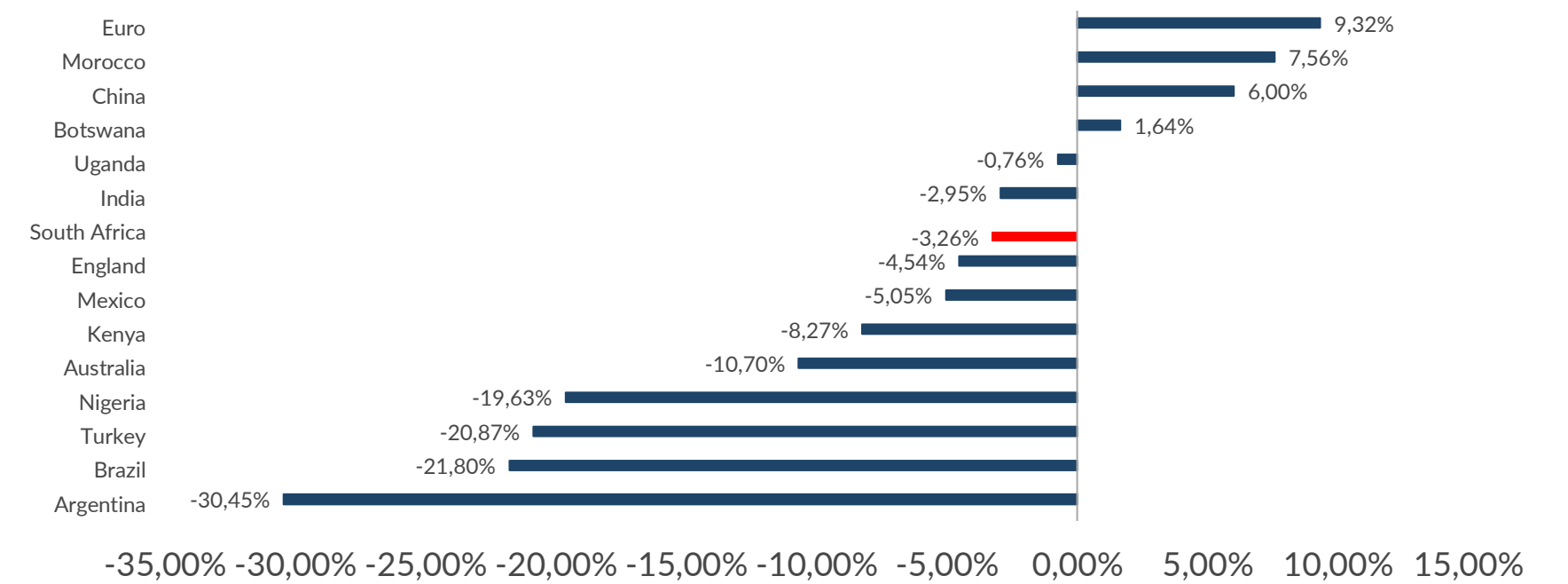
1 Month Currency Movements



3 Month Currency Movements



1 Year Currency Movements

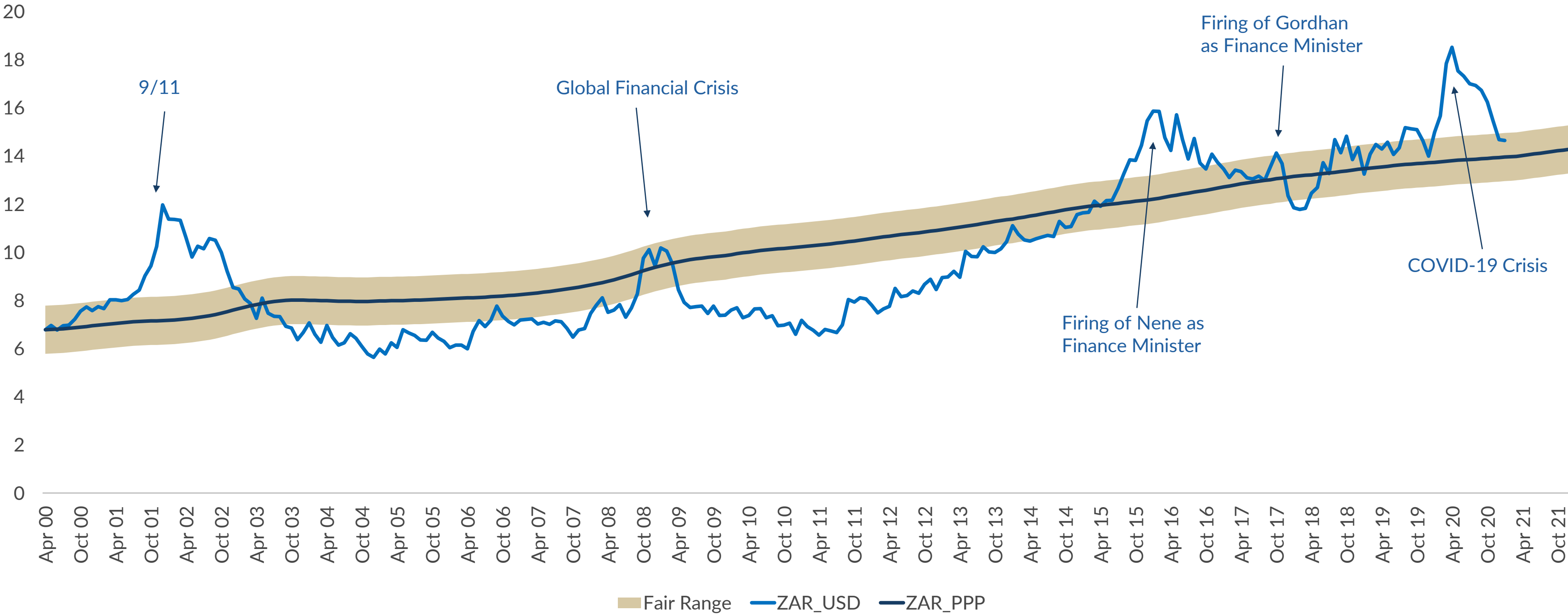


Source: Thompson Reuters / Anchor



RAND VIEWS

Actual ZAR/USD vs. ZAR PPP Model



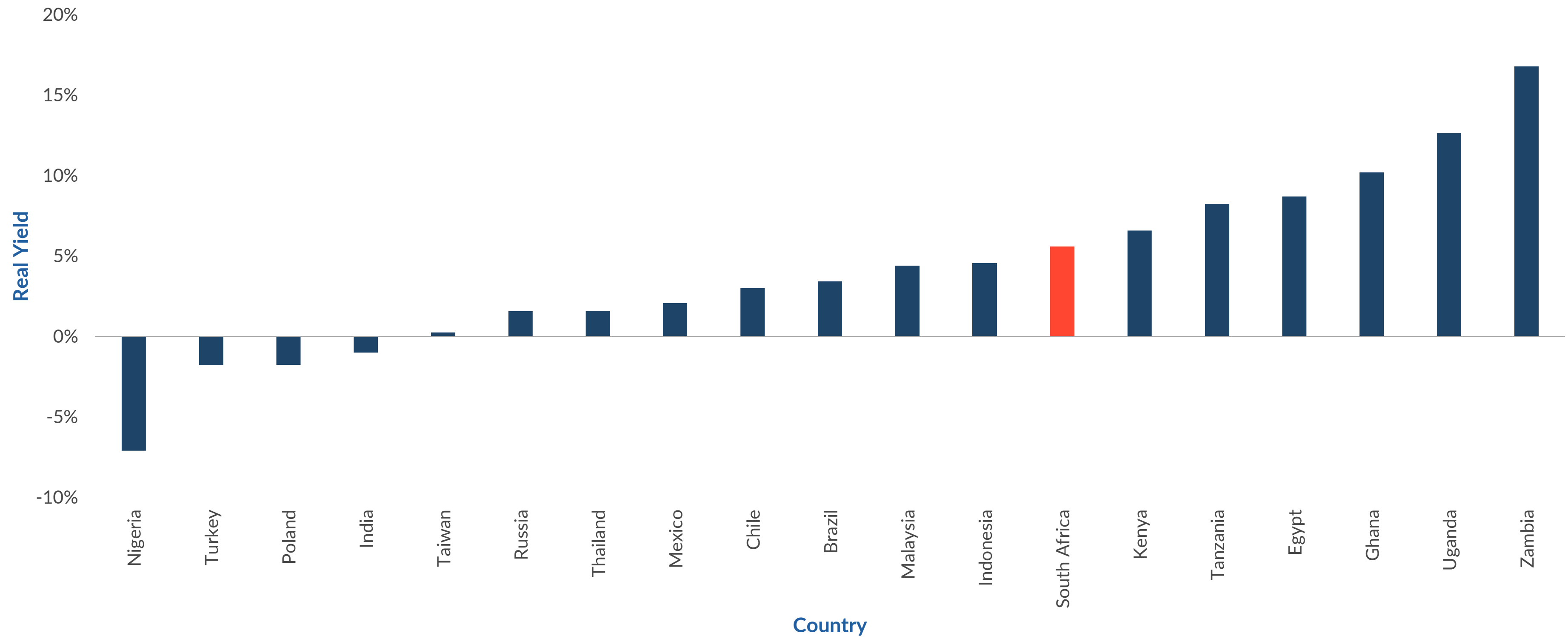
Source: Thompson Reuters / Anchor



DOMESTIC BOND VIEW



REAL YIELDS IN SA VERSUS THE WORLD



Source: Thompson Reuters / Anchor

SA BONDS



Volatile



Fair yield



Should work well in most scenarios



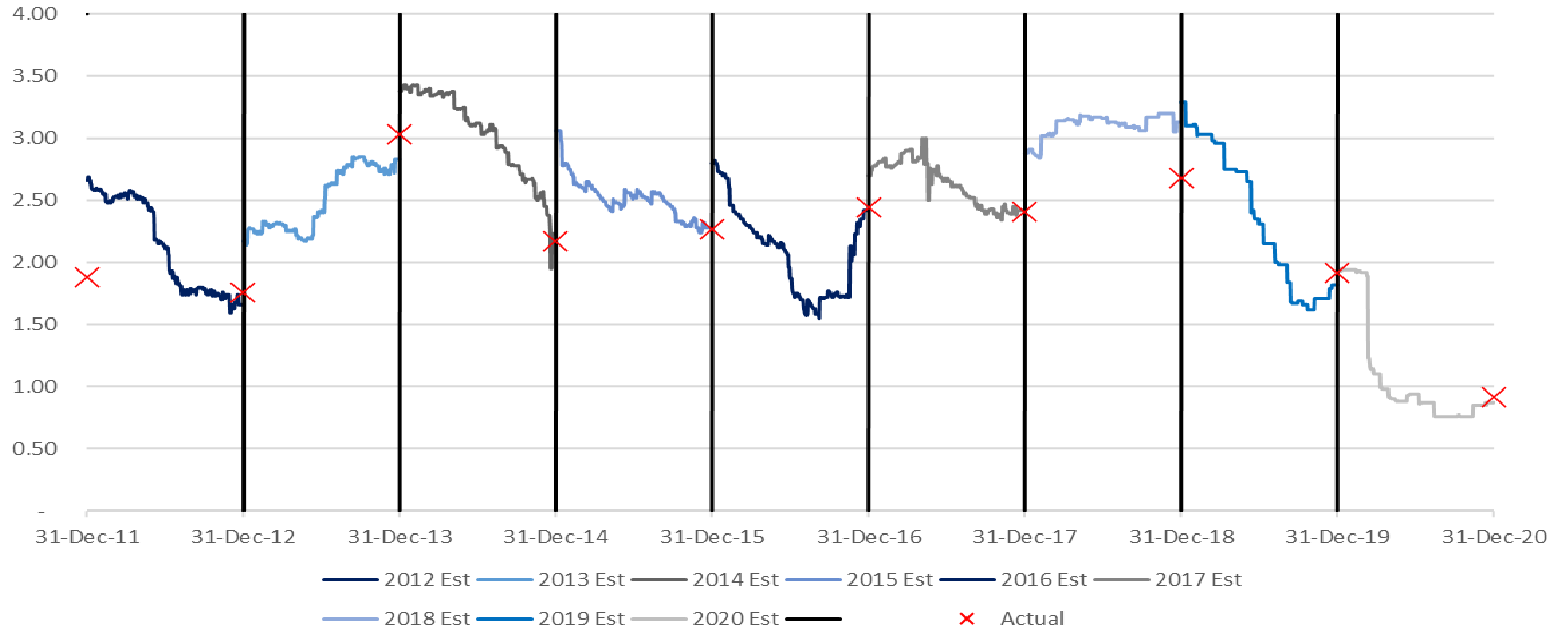
Foreign participation is low, but likely to improve as we come out of COVID-19

The background of the slide is a dark blue gradient. It features several glowing yellow lines that curve across the frame, suggesting data trends. In the lower-left and middle sections, there are stylized candlestick charts with yellow and white bodies and thin vertical lines. The overall aesthetic is modern and data-driven.

GLOBAL BOND VIEW



GLOBAL YIELDS



Source: Bloomberg / Anchor



GLOBAL YIELDS – LOWER FOR LONGER

Anchor US Bond Yield Monitoring



Source: Thompson Reuters / Anchor

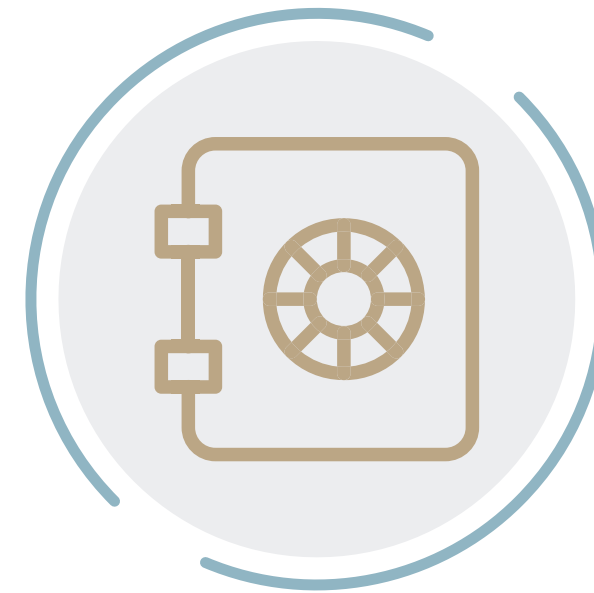
GLOBAL YIELDS



Volatile



Very low



Short duration
positions



Anchor BCI Global
Income Fund

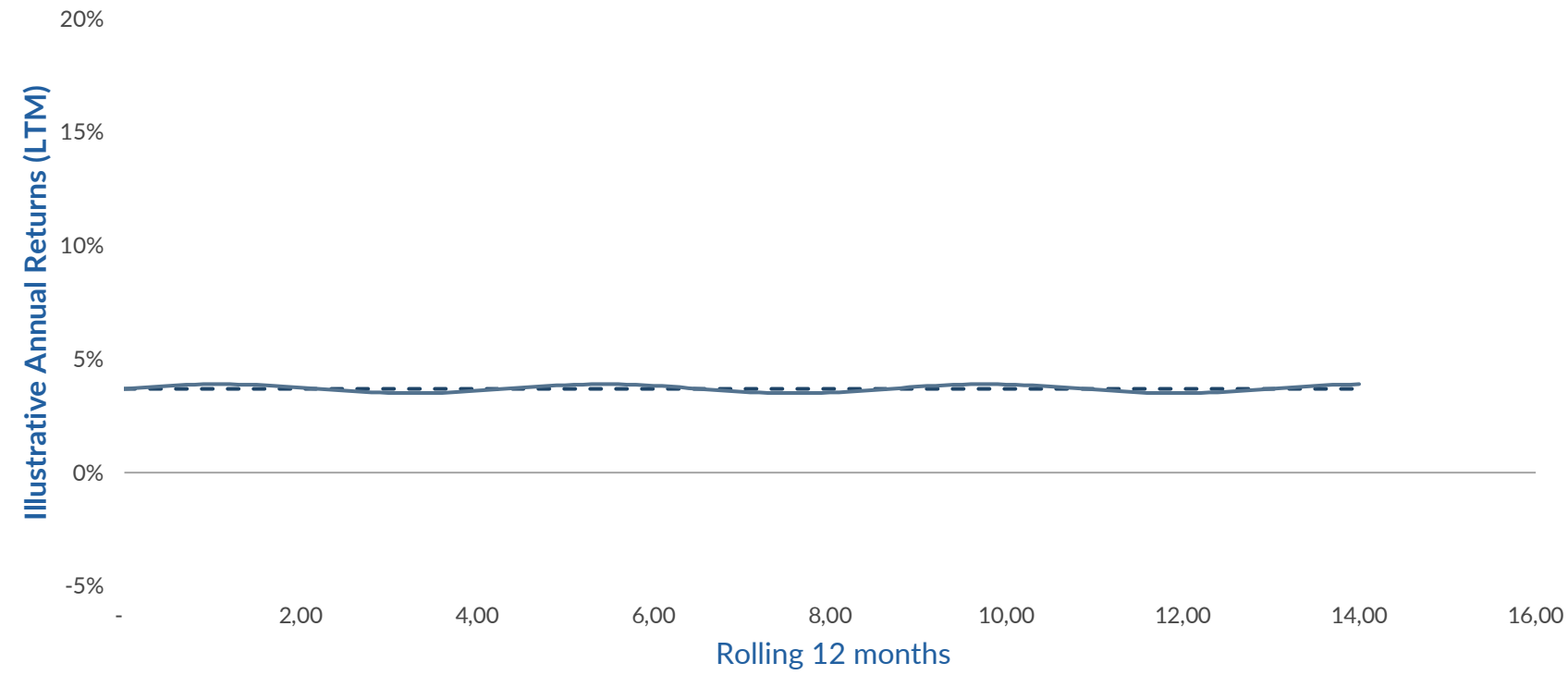
WHERE DO I EARN INCOME?



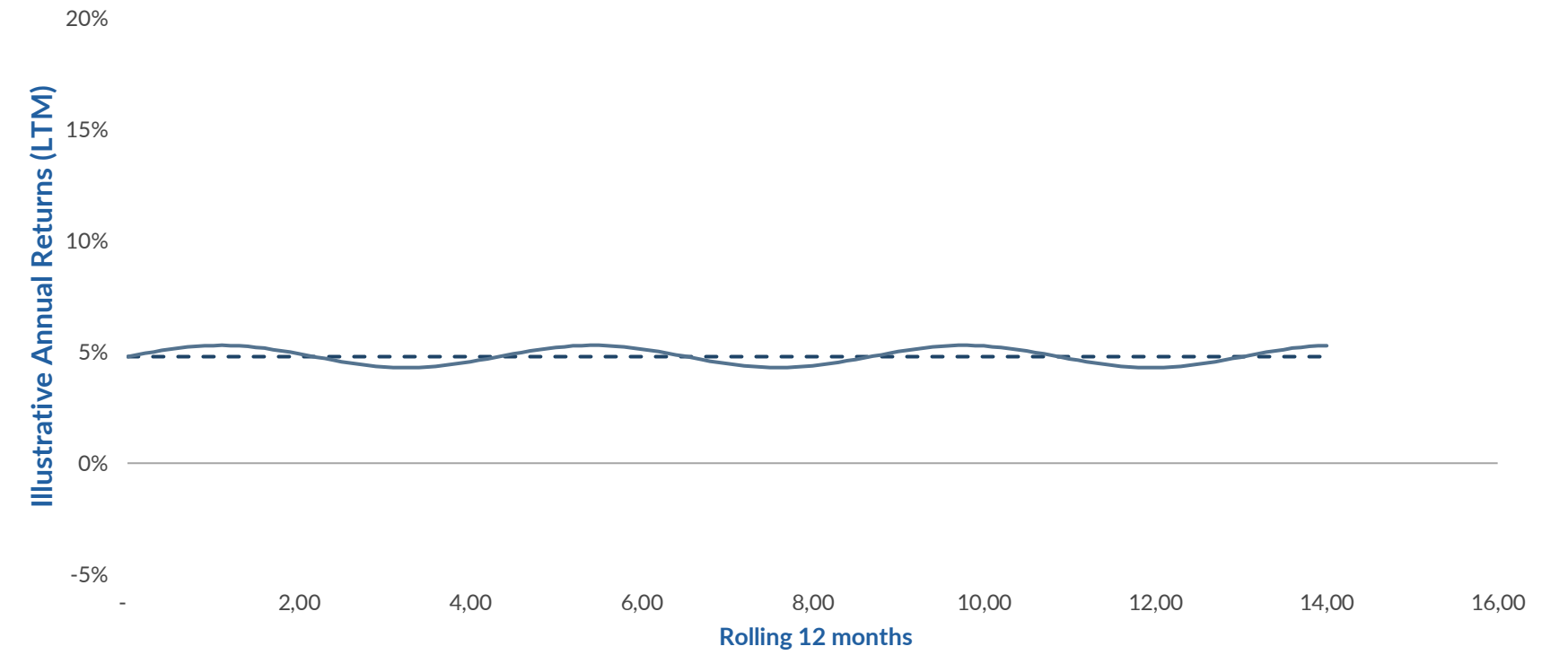


SUMMARY OF WHERE THE MONEY WILL BE MADE

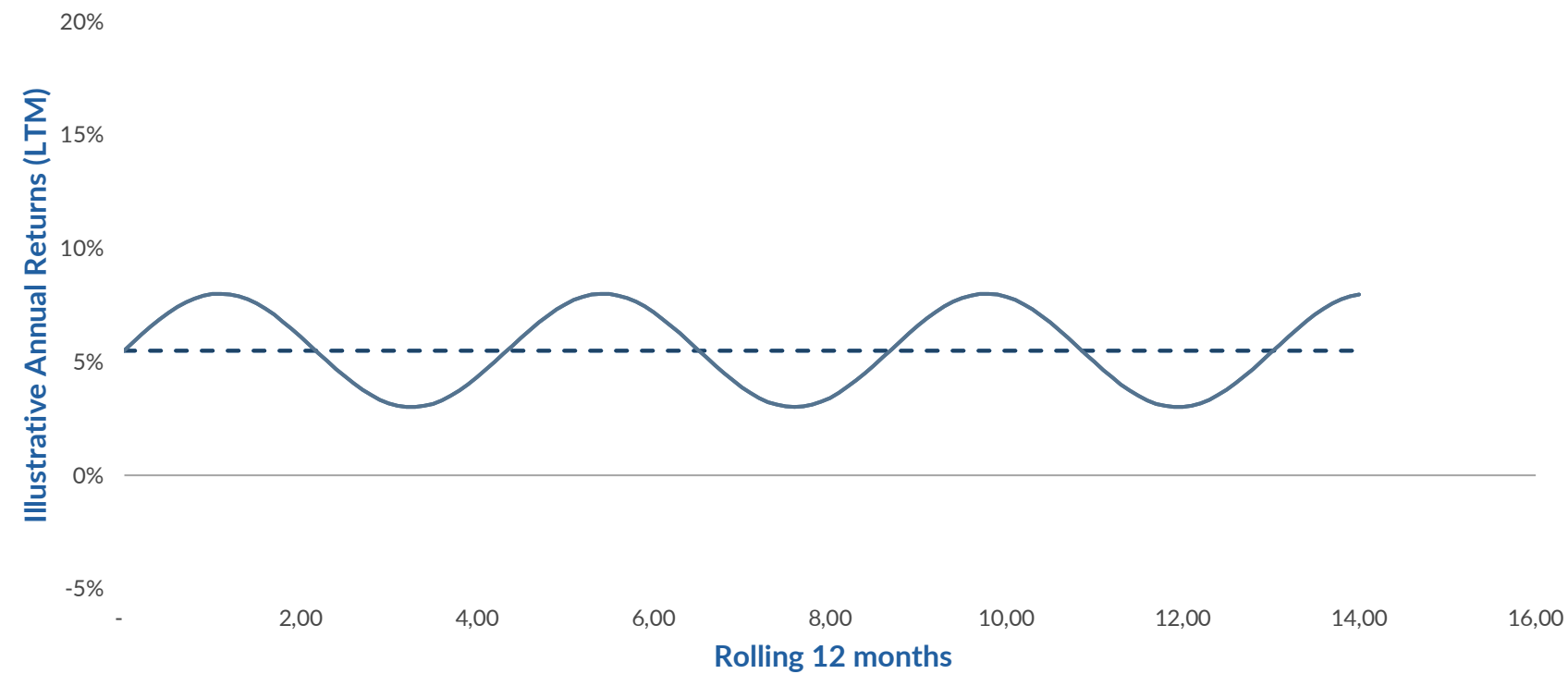
Money Market - Ave = 3,7%



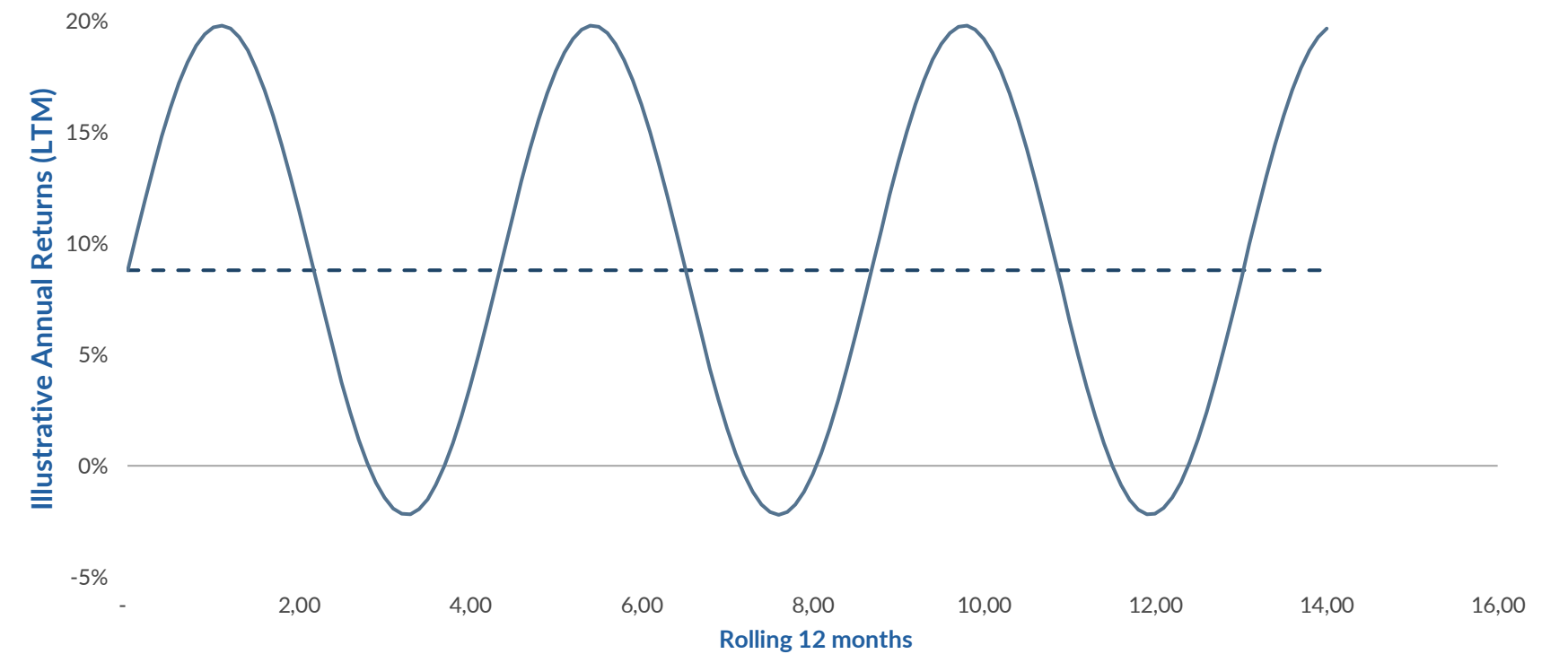
Core Income - Ave = 4,8%



Flex Income - Ave = 5,5%



Bond Fund - Ave = 8,8%



SUMMARY OF WHERE THE MONEY WILL BE MADE

Domestic Equities



Domestic Fixed Income

Yield of 6% to 10% means buy bonds and be patient.

Global Equities



Global Fixed Income

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

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