



# **WHERE THE MONEY WILL BE MADE IN 2021**

**ANCHOR**

NAVIGATING  
CHANGE





# SETTING THE COURSE FOR 2021 KEY GLOBAL INVESTMENT THEMES

HENRY BIDDLECOMBE | INVESTMENT ANALYST

ANCHOR

NAVIGATING  
CHANGE



# SUFFERING FROM COGNITIVE DISSONANCE

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## Real-world experience

- Job losses
- Business failures
- Restriction of movement
- -ve economic data

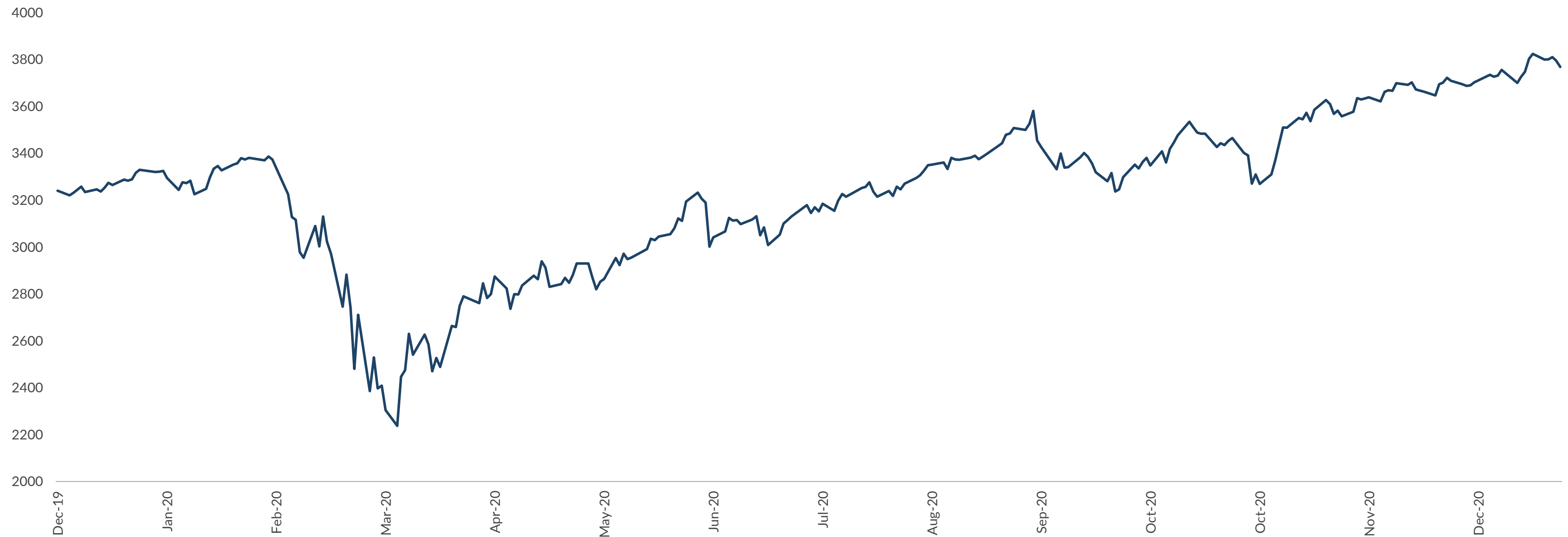


## Capital markets

- Rapid recovery
- New all-time high
- Tech sector fervour

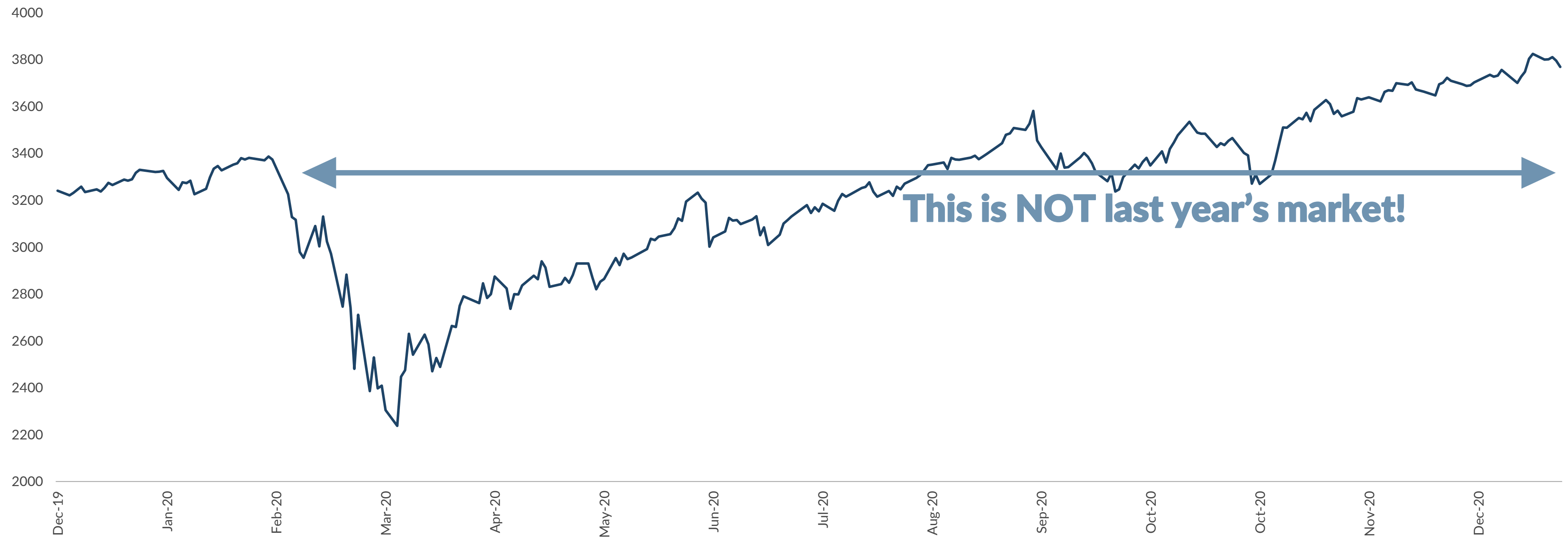
# LOOK PAST THE RECOVERY...

## S&P500 (1 year)



# LOOK PAST THE RECOVERY...

## S&P500 (1 year)



# ...AND CONSIDER THE SHIFTS

S&P500			
	Average Weight (%)	Total Return (%)	Contribution to Return (%)
		18.4%	18.4%
Information Technology (TECH)	26%	43.9%	11.0%
Consumer Discretionary *	11%	34.4%	3.7%
Communication Services (TECH)	11%	23.6%	2.6%
Health Care	14%	13.4%	2.0%
Consumer Staples	7%	10.8%	0.7%
Industrials	8%	10.0%	0.6%
Materials	3%	20.7%	0.6%
Utilities	3%	0.5%	-0.1%
Real Estate	3%	-2.2%	-0.2%
Financials	11%	-1.8%	-0.8%
Energy	3%	-33.7%	-1.7%

\*includes Amazon





# 1

## INVESTING IN A ZERO INTEREST RATE WORLD

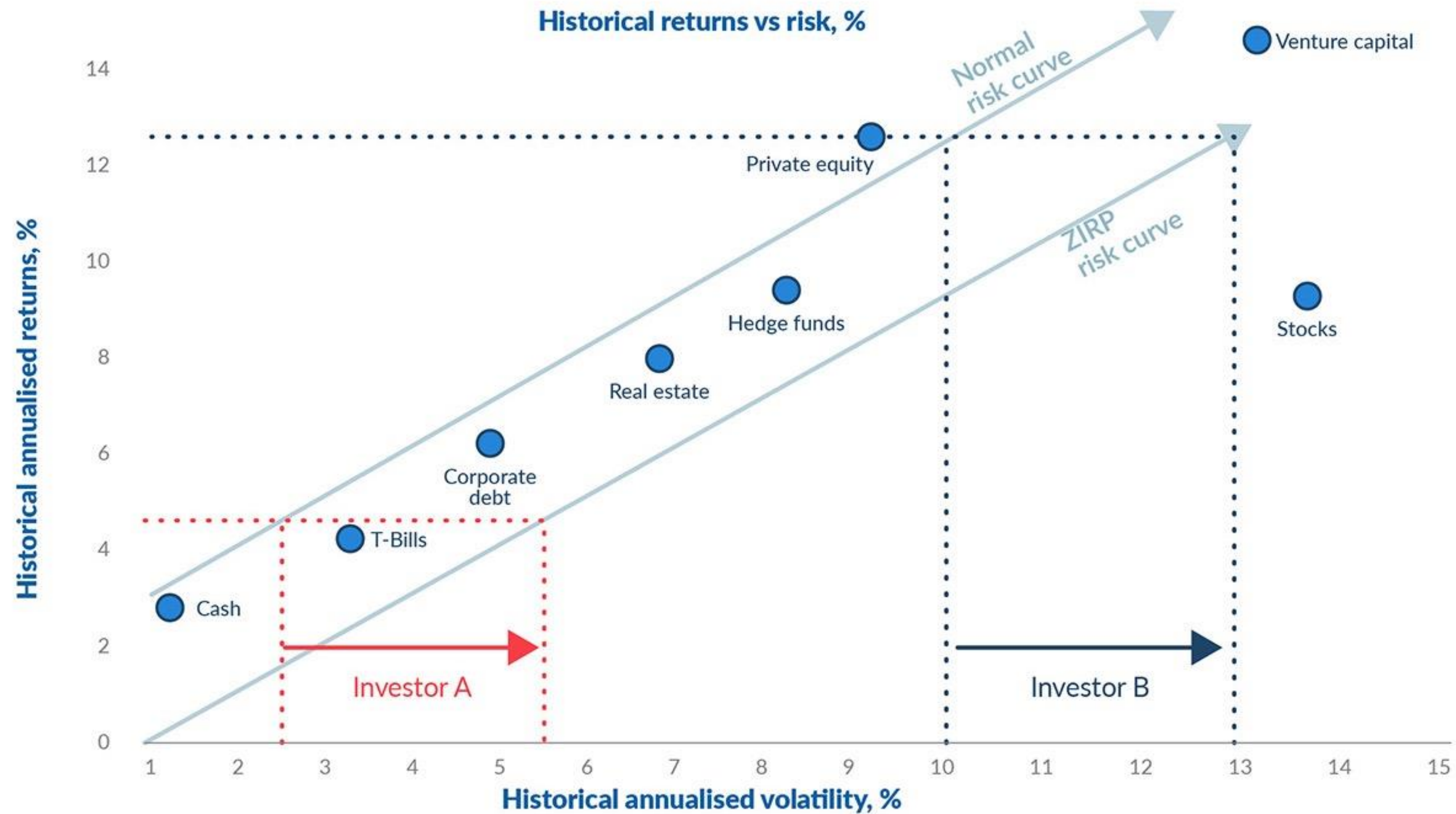
# INVESTING IN A ZIRP WORLD

## S&P500 P/E vs Federal Funds Rate (50 years)



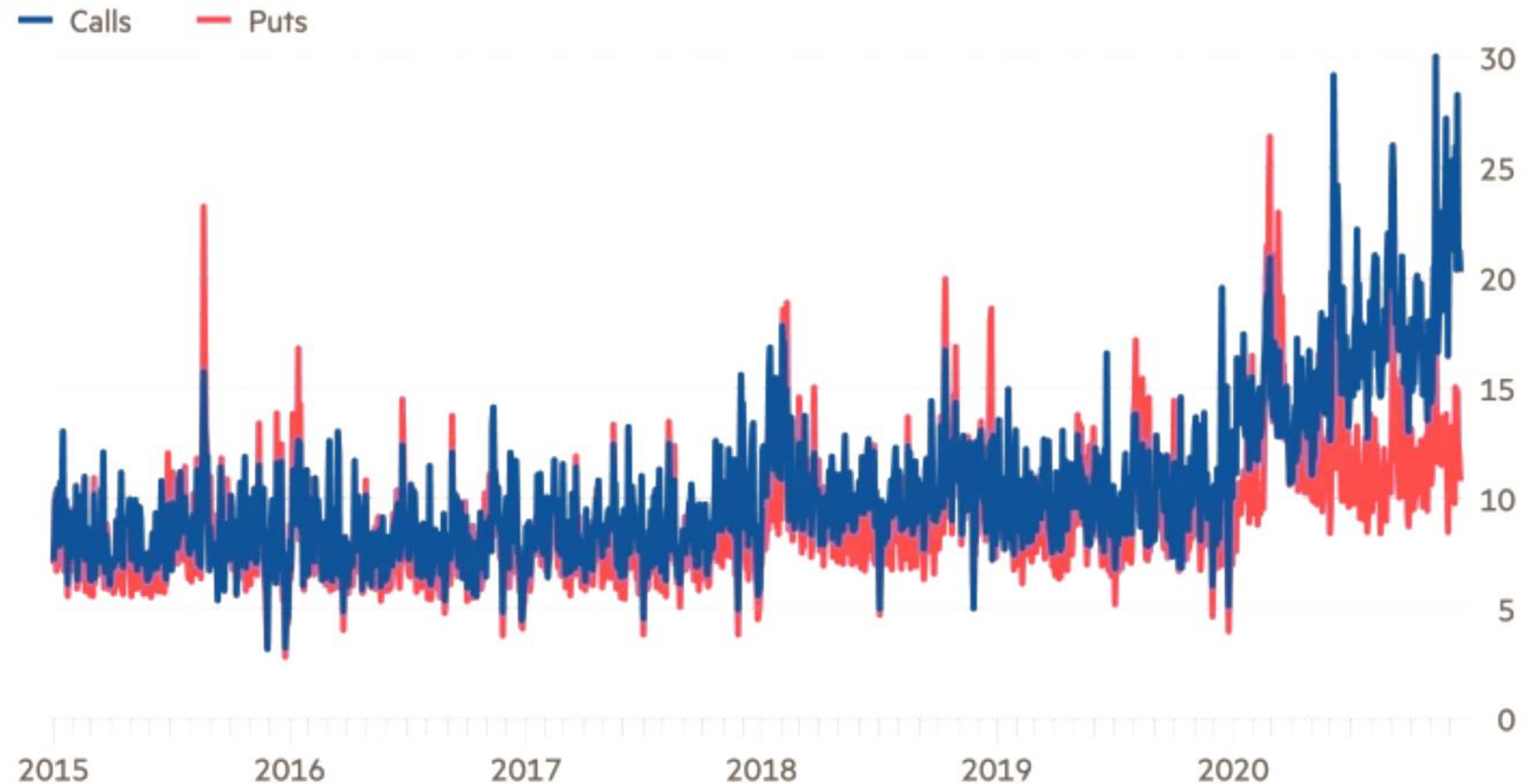


# PUSHING EVERYONE UP THE RISK CURVE



# MASSIVE RETAIL INVESTOR SPECULATION

Options trading has exploded this year  
*Number of put and call option contracts traded in the US each day (m)*

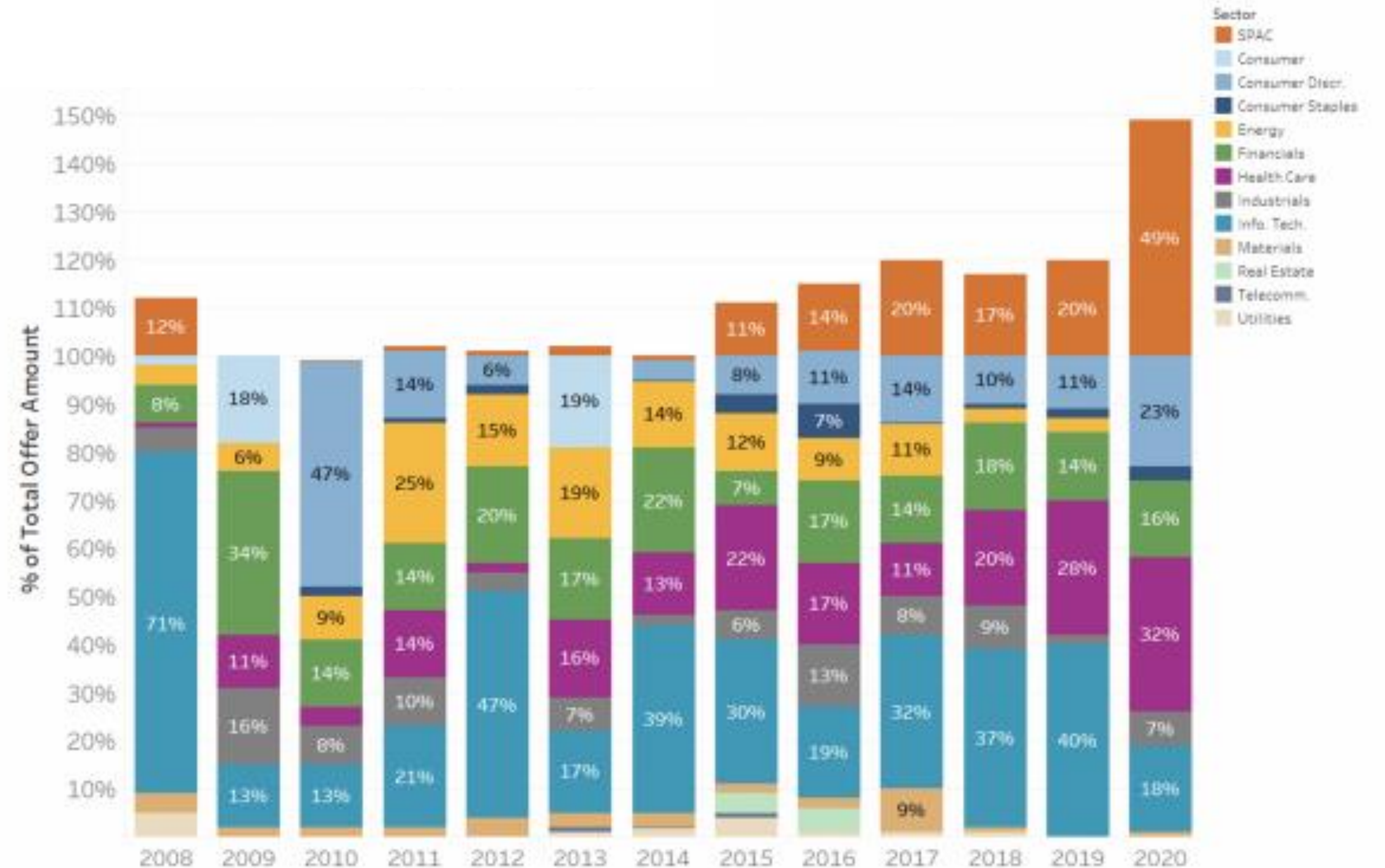




# MASSIVE RETAIL INVESTOR SPECULATION

## % of total amount raised by sector

Data as of 2020/12/31 Sector % based on proportion of gross proceeds excluding SPACs



Source: Nasdaq Economic Research

# ...AND UNUSUALLY HIGH TOLERANCE FOR RISK

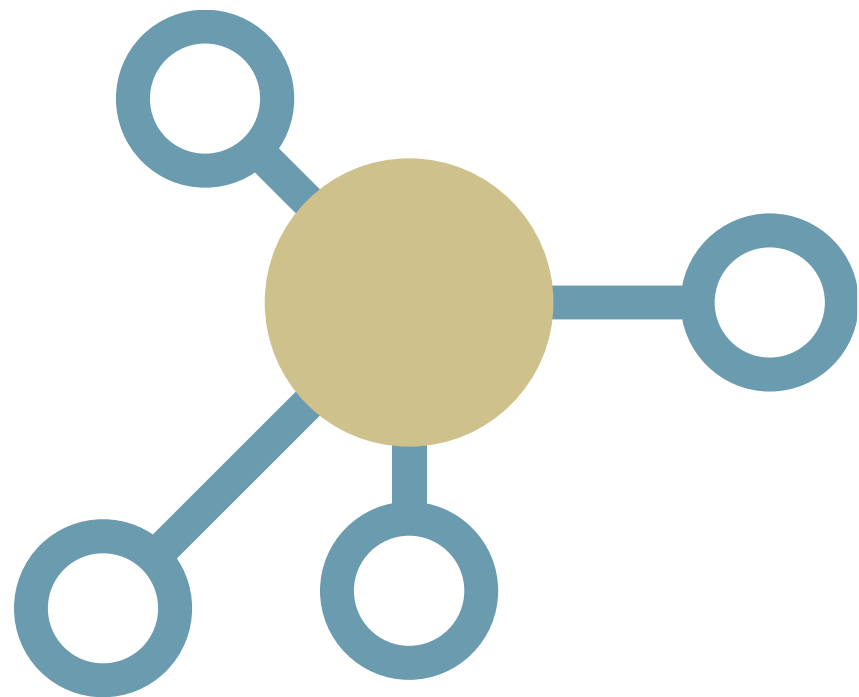
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FOMO > calculated risk-taking

Narratives > fundamentals

Bull cases = base cases





## Outcome

- Favour grounded valuations
- Stay clear of momentum names
- ✓ **OWN:** Facebook, Alphabet, Amazon
- × **AVOID:** Airbnb, Zoom, Uber

# 2

## HEALTH OF THE US CONSUMER







THE WALL STREET JOURNAL.

# Covid-19 Upended Americans' Finances, Just Not in the Ways We Expected





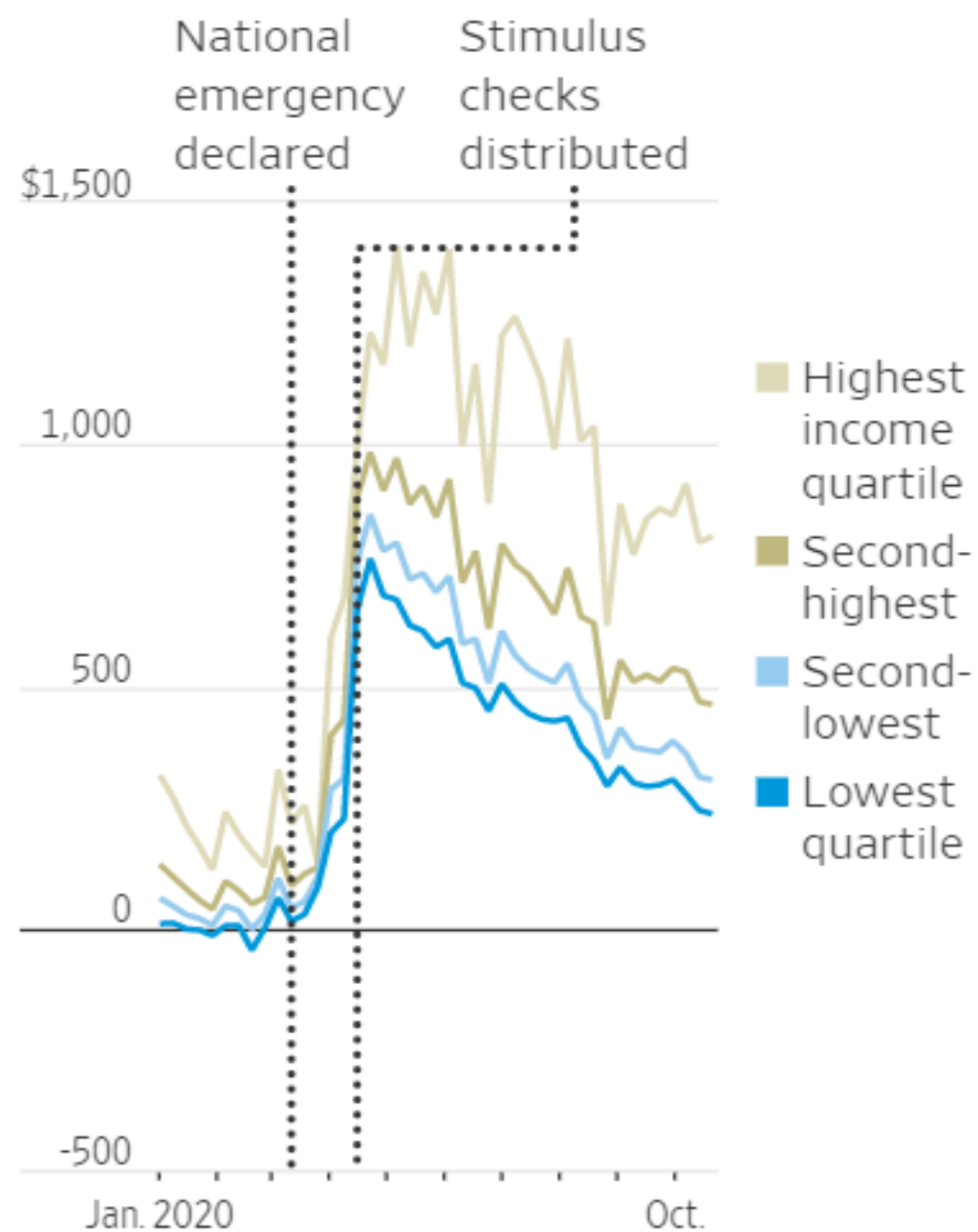
Stimulus checks put extra \$ in her pocket

She bought stocks after the crash

Refinanced her mortgage at 3%



### Median household checking account balance in 2020, change from a year earlier

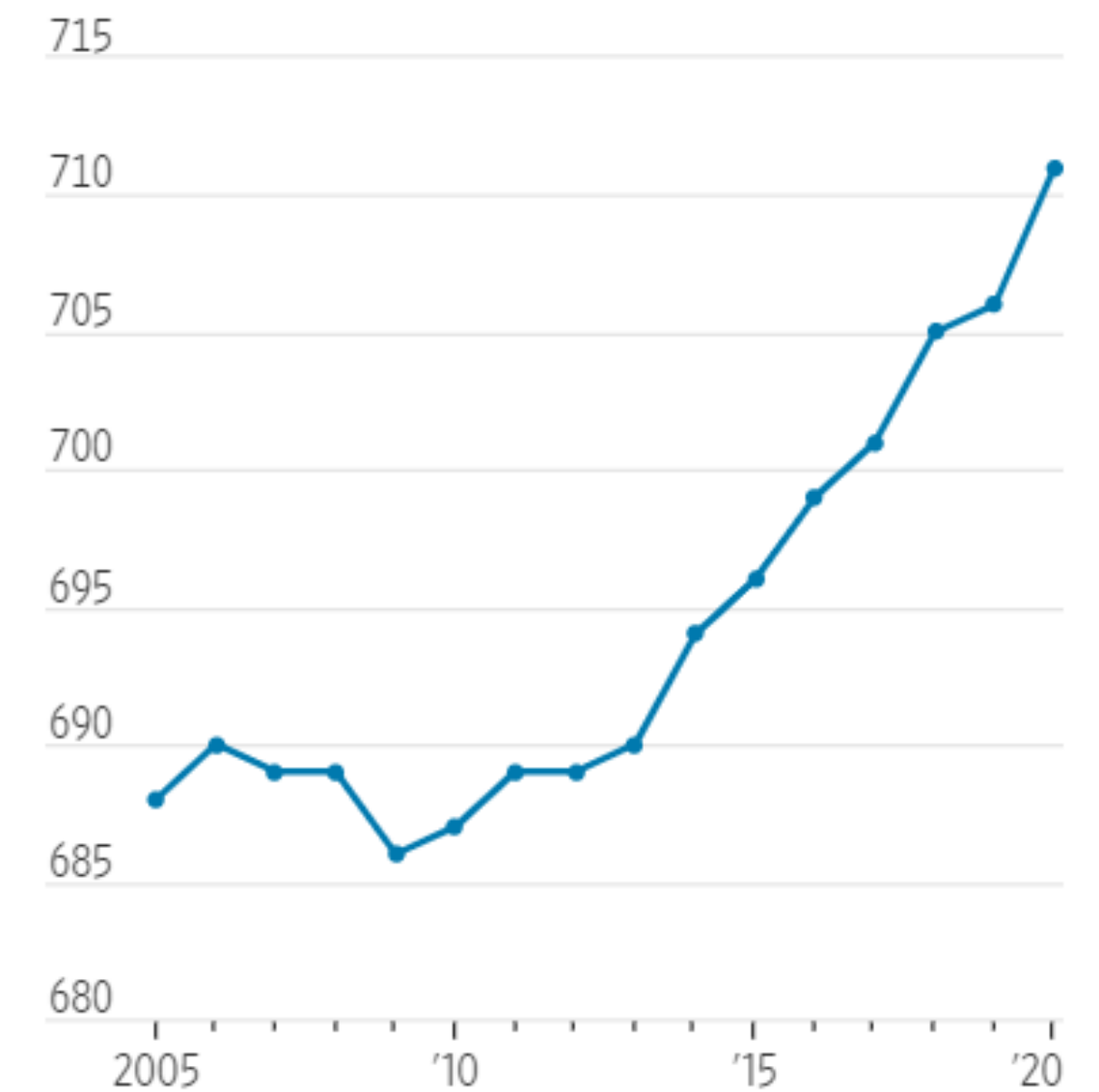


### Average interest rate on a 30-year fixed mortgage



Source: Freddie Mac via St. Louis Fed

### Average U.S. FICO score

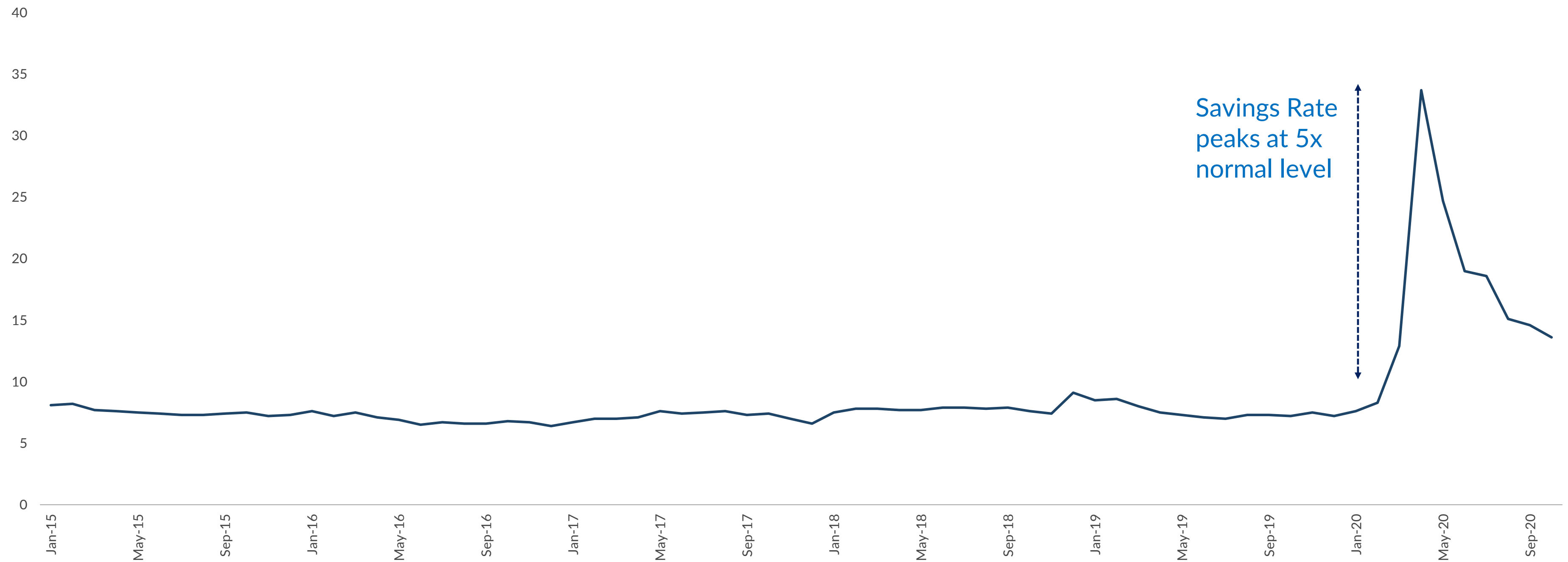


Note: Scores measured in October of each year.

Source: Fair Isaac Corp.

# US\$1TN CONSUMER FIREPOWER

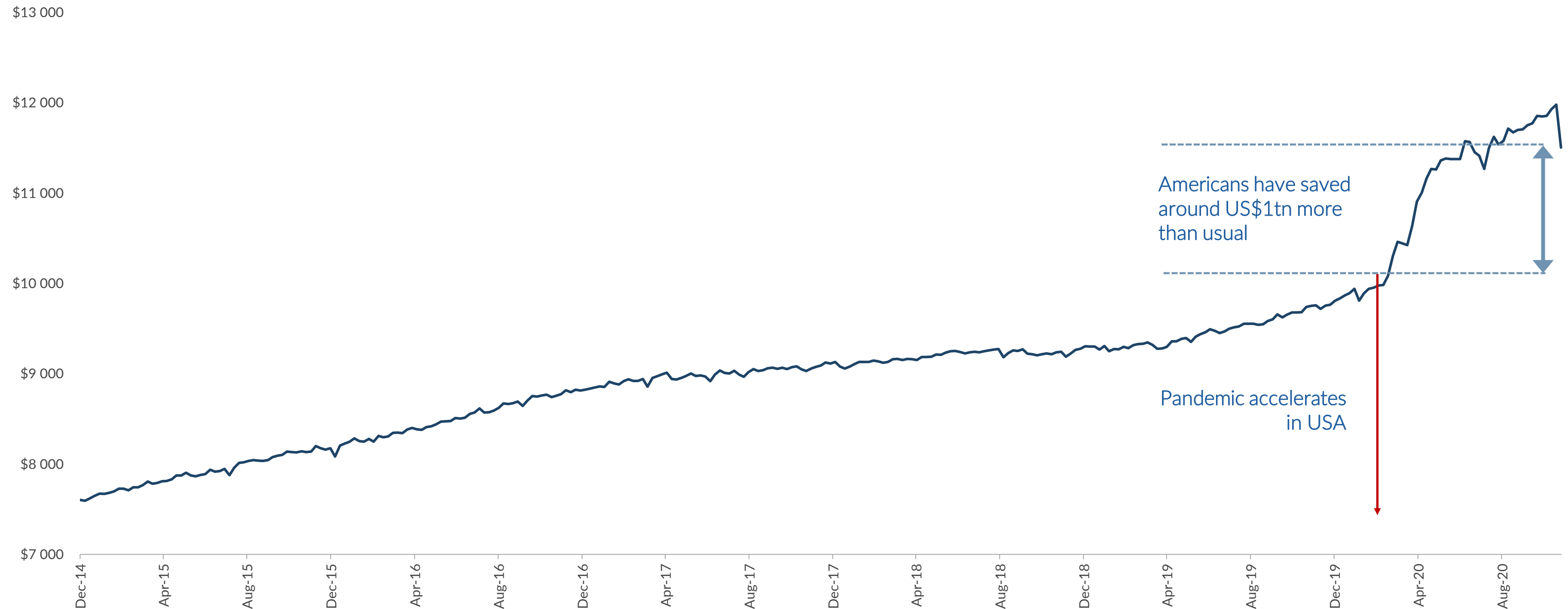
## US Personal Savings Rate (%) (5 years)





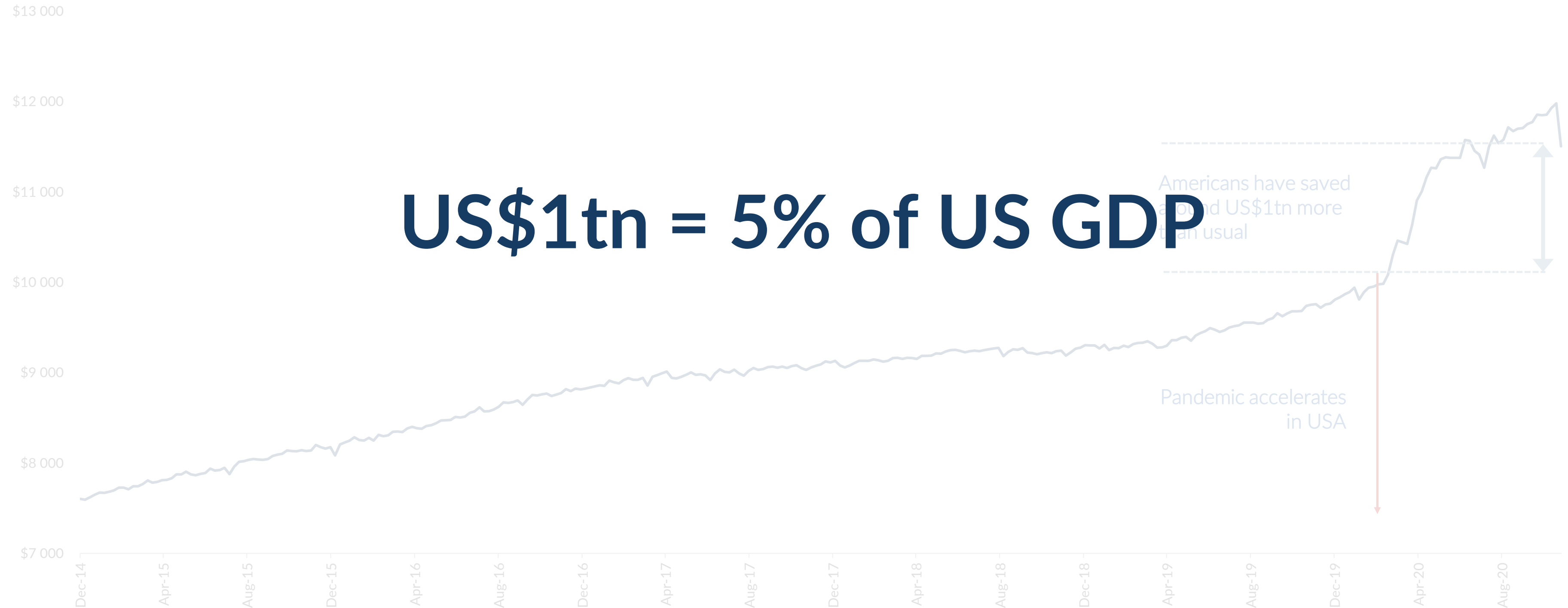
# US\$1TN CONSUMER FIREPOWER

## US total savings deposits at all institutions (5 years)

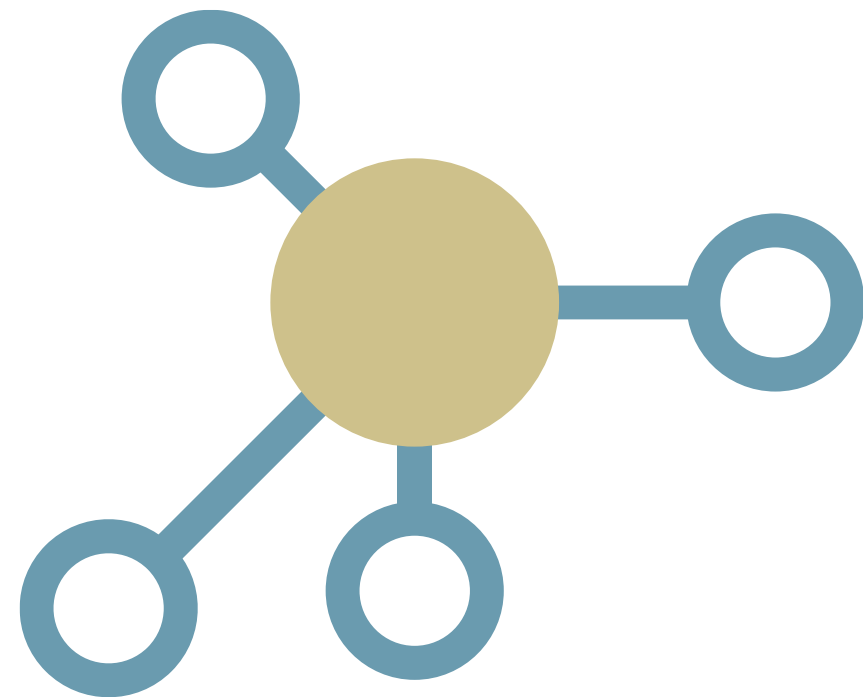


# US\$1TN CONSUMER FIREPOWER

US total savings deposits at all institutions  
(5 years)







## Outcome

- Favour consumer-facing cyclicals
- ✓ **OWN:** US financials, Healthcare, BEACH stocks
- × **AVOID:** Major index-tracking ETFs

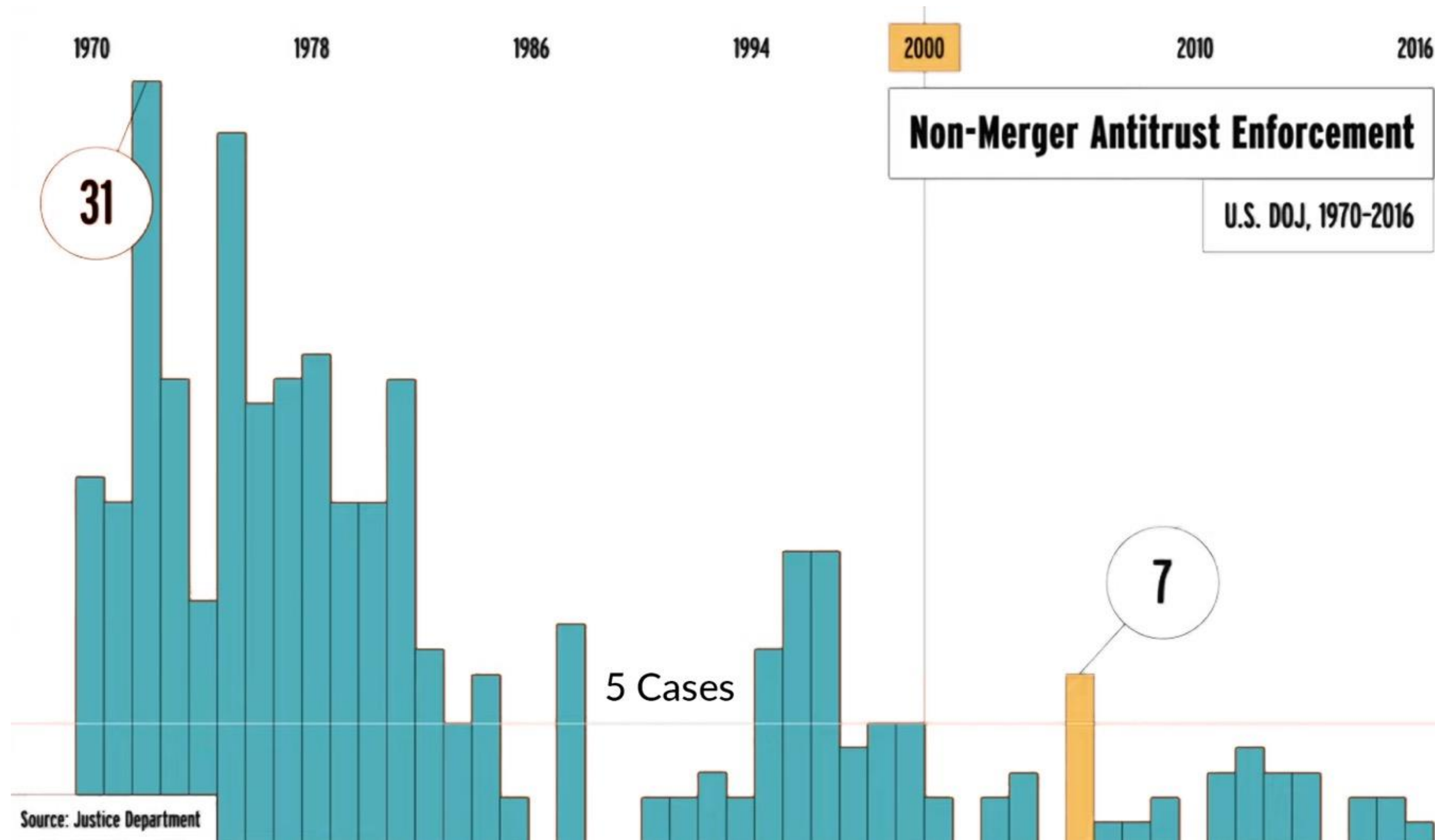


## 3

ANTITRUST  
AND TECH



# TECH'S GOLDEN AGE OF NO REGULATION



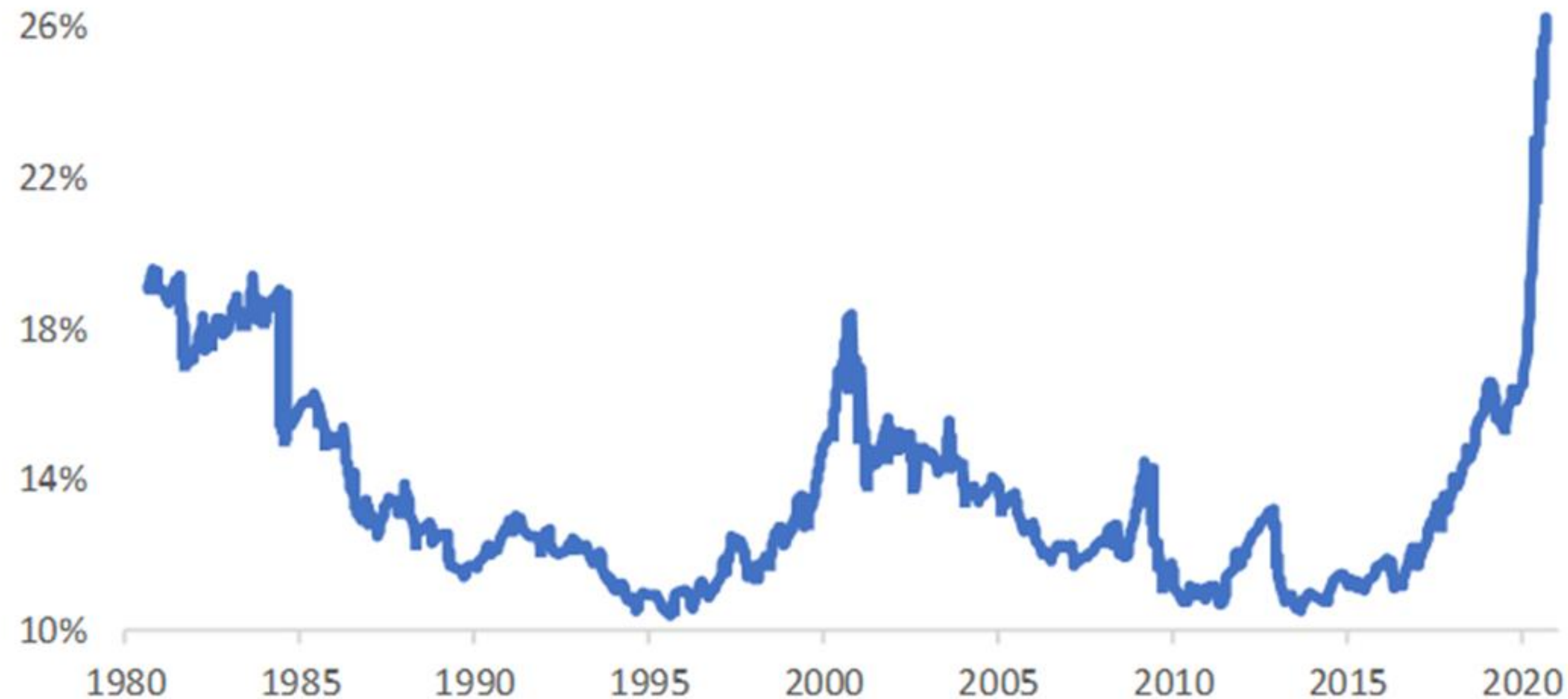
# STARTUPS AREN'T SUCCEEDING





# ...LEADING TO HISTORICAL MARKET CONCENTRATION

Market cap of 5 largest S&P500 companies, expressed as % of index



 Apple

 Microsoft

 amazon

 facebook

 Google

# THE FANG TAX

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**40c** of every US\$ raised in venture funding is spent on **Google, Facebook & Amazon.**

Breaking these companies up would effectively have same impact as a tax cut



# ANTITRUST WILL LEAD TO **VALUE CREATION!**

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## **WhatsApp (Facebook)**

65bn messages sent everyday

Essentially unmonetized



## **AWS (Amazon)**

Growing at 30% pa

40% market share

AMZN trades at 4.5x sales

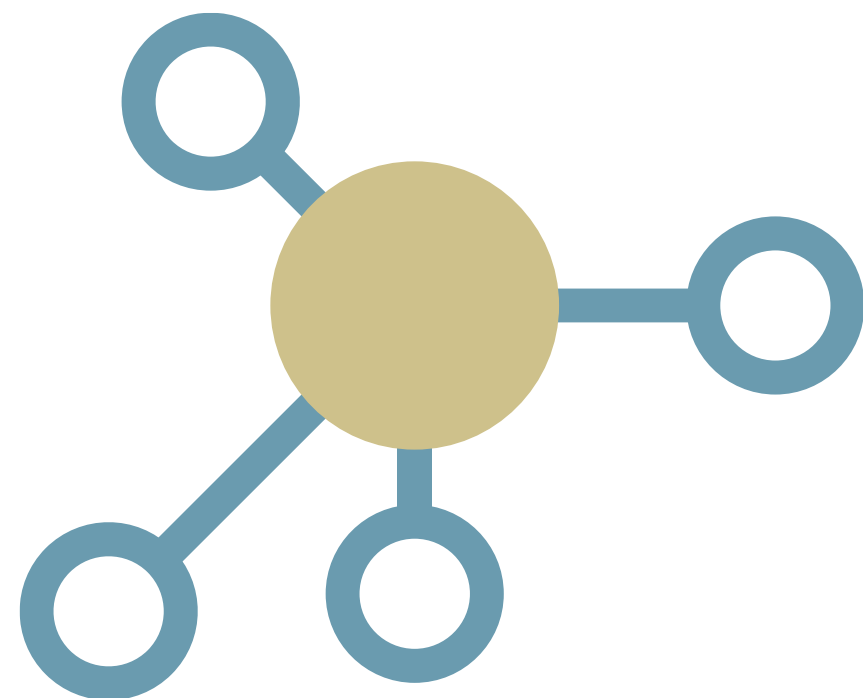


## Google Cloud

## **Google Cloud (Alphabet)**

45% YoY revenue growth

Alphabet trades at 6.5x sales



## Outcome

- Buy weak sentiment
- ✓ **OWN:** Facebook, Alphabet, Amazon
- × **AVOID:** SaaS stocks trading at 30x-plus sales



# WRAPPING IT UP

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## >> Tech's outperformance is justified

Should continue to outperform over long term

Avoid current instances of overenthusiasm

ZIRP having noticeable impact on some valuations

## >> Cyclical end of market pricing in continued pain

Stimulus & inflation will be the inevitable catalysts here

**This is where the opportunity lies!**

## >> Regulatory developments will yield opportunities

Antitrust measures likely to unlock shareholder value



# ASSET ALLOCATION AND FIXED INCOME

NOLAN WAPENAAR | CHIEF INVESTMENT OFFICER

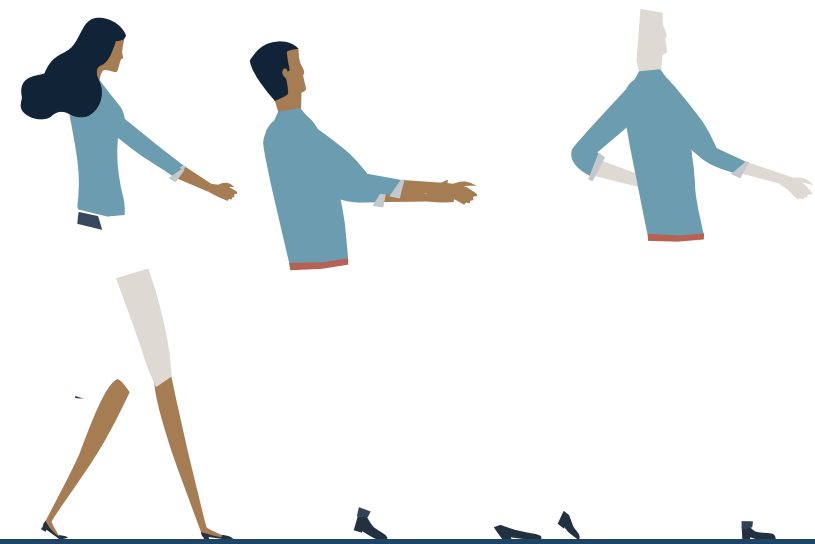
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# GLOBAL MACRO ENVIRONMENT

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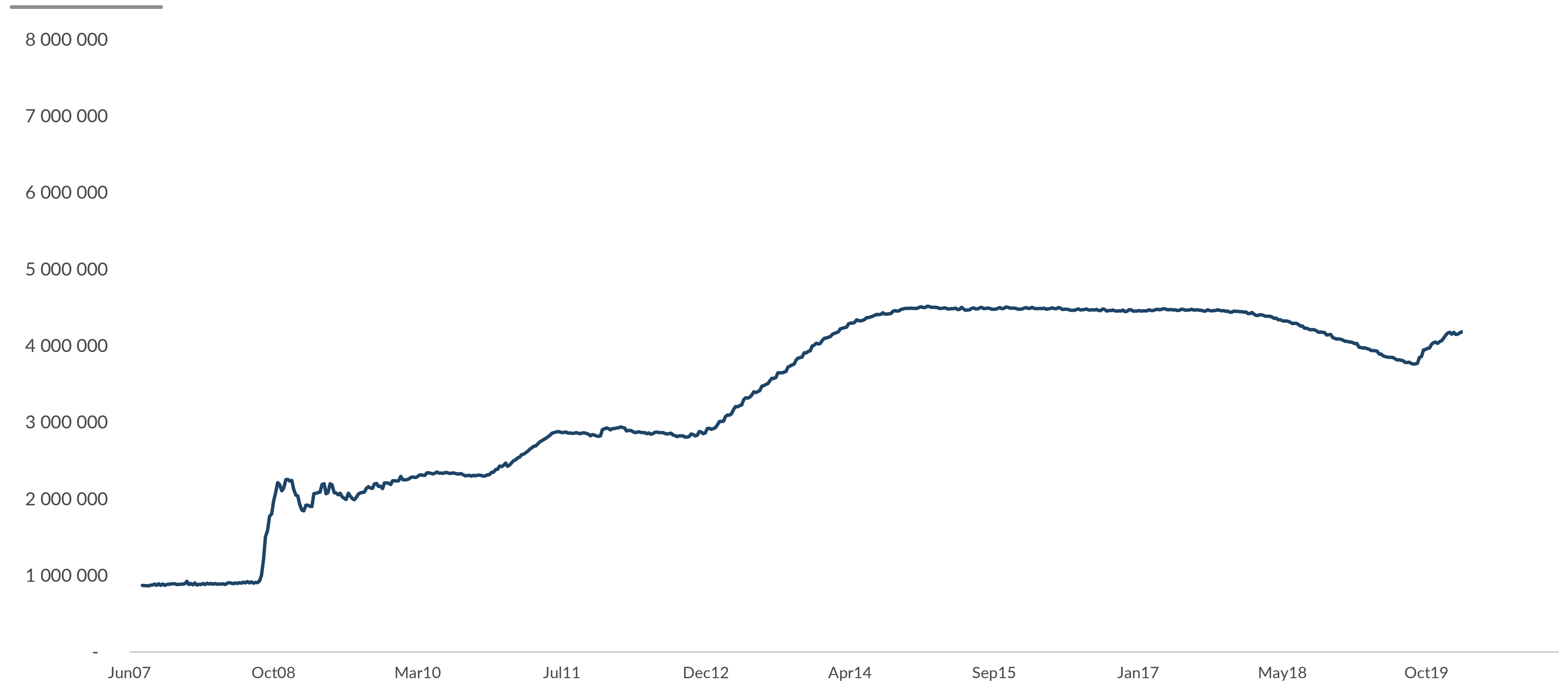
**Covid**



**Fiscal Stimulus  
Monetary Stimulus**

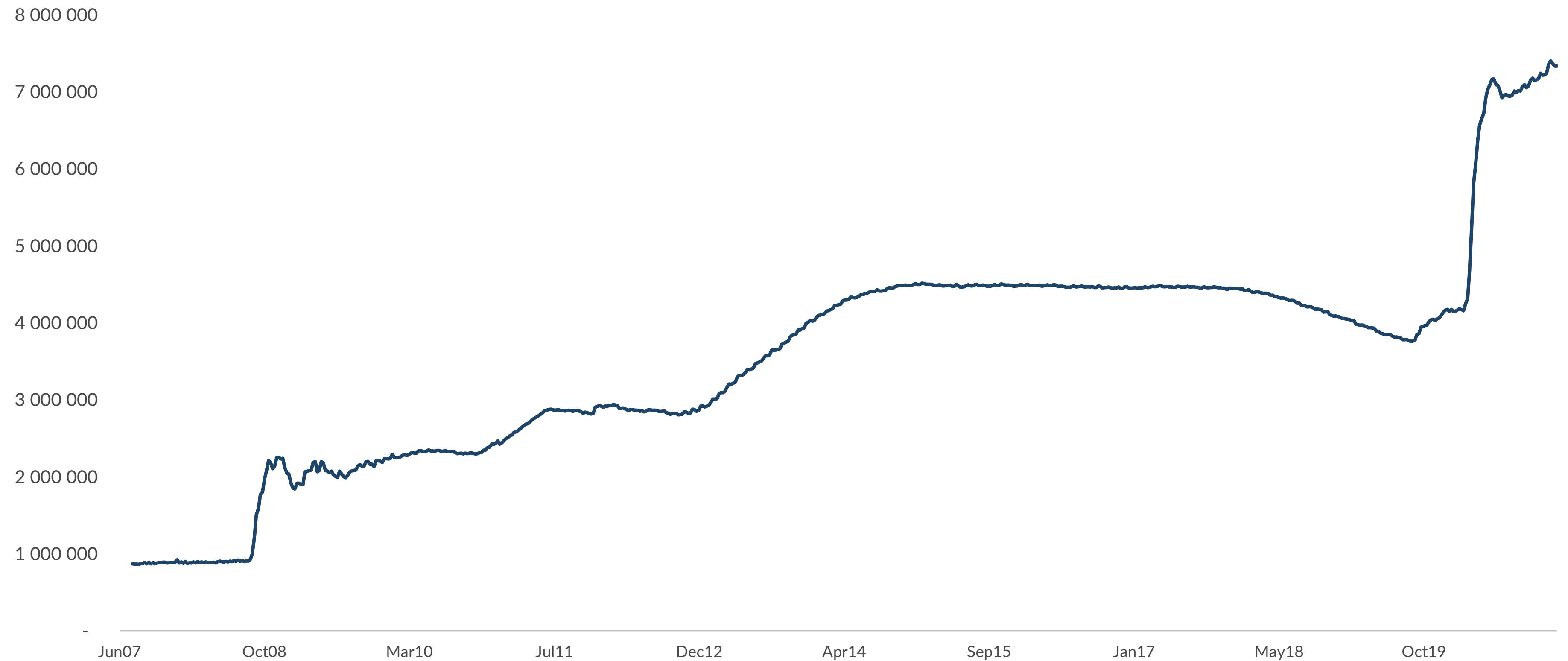


# FED BALANCE SHEET (USD BN)



Source: Thompson Reuters / Anchor

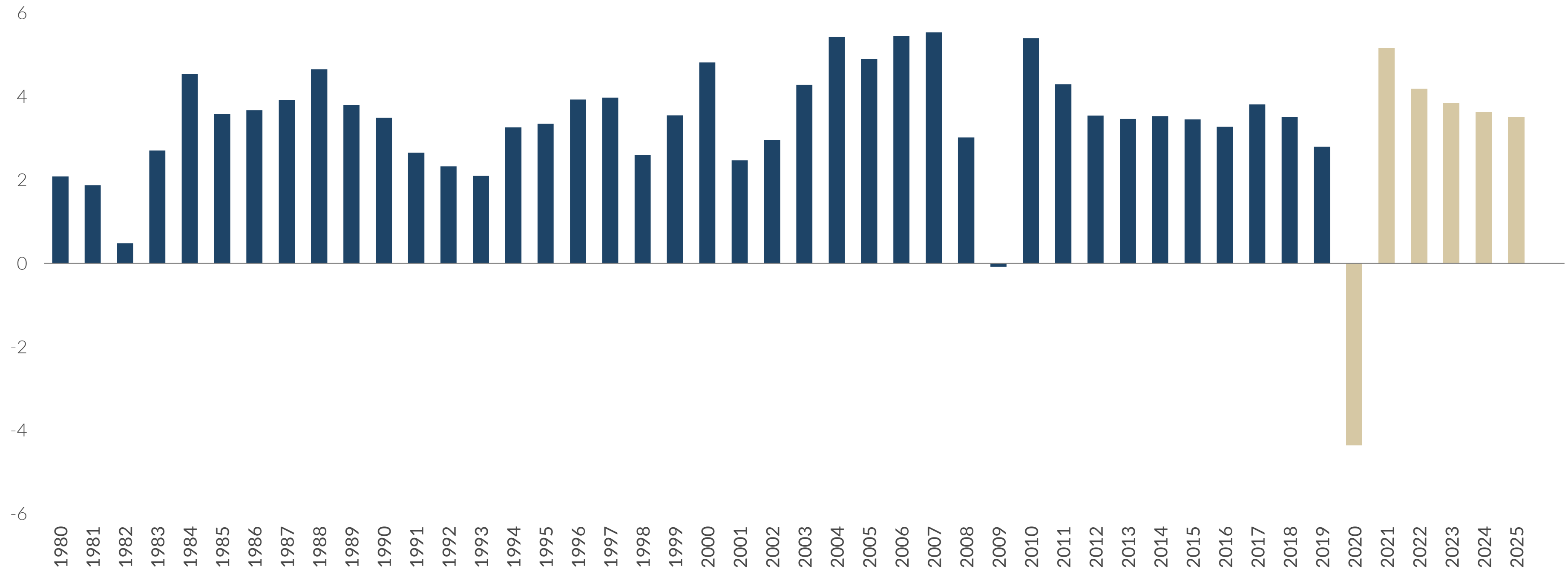
# FED BALANCE SHEET (USD BN)



Source: Thompson Reuters / Anchor



# WORLD GROSS DOMESTIC PRODUCT, CONSTANT PRICES (%YOY)



Source: Thompson Reuters / Anchor

# SOUTH AFRICAN MACRO ENVIRONMENT

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Running out of  
money



Regaining  
people's trust



# SOUTH AFRICAN MACRO ENVIRONMENT

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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.





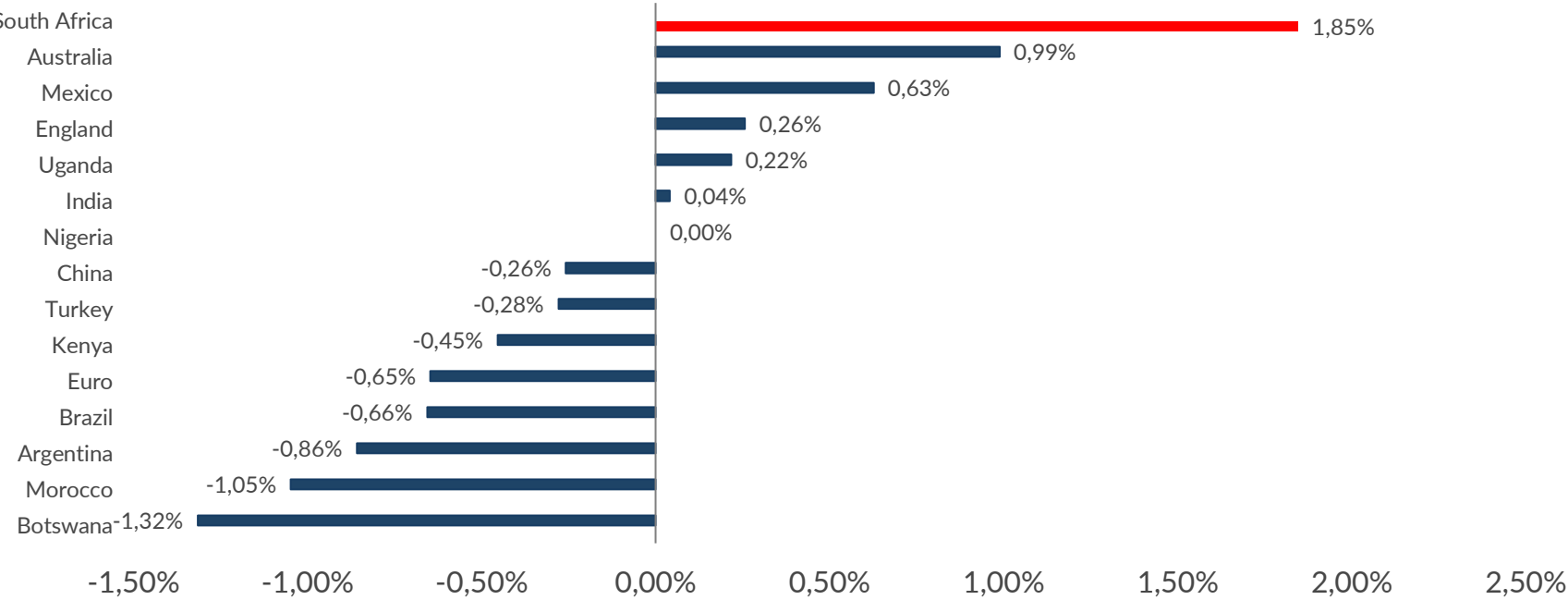
**RAND VIEW**



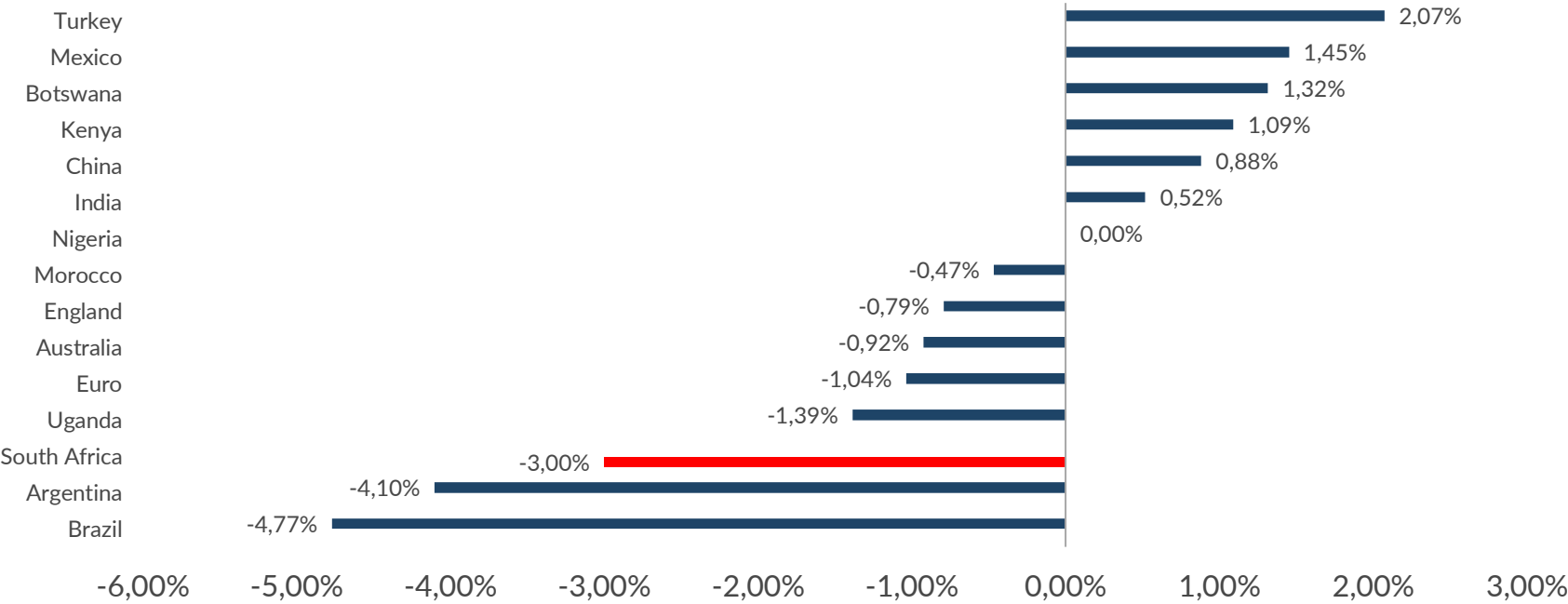
# RAND VIEWS



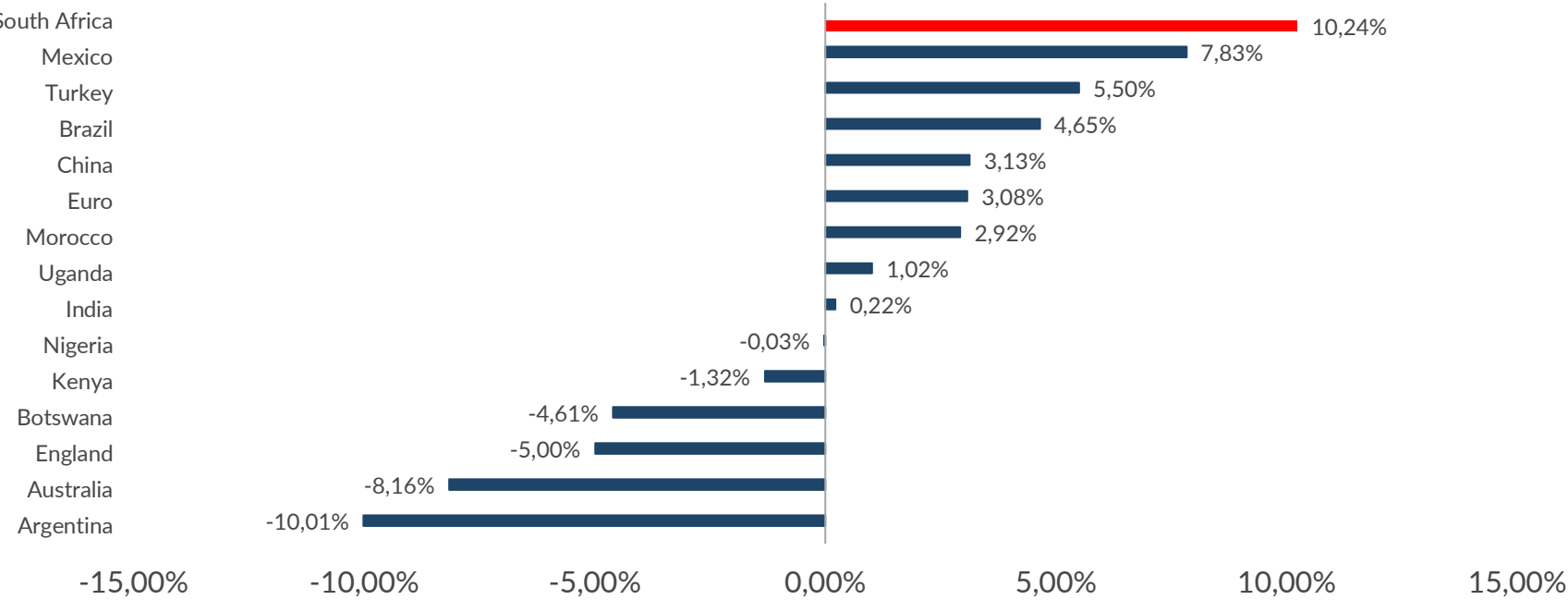
1 Week Currency Movements



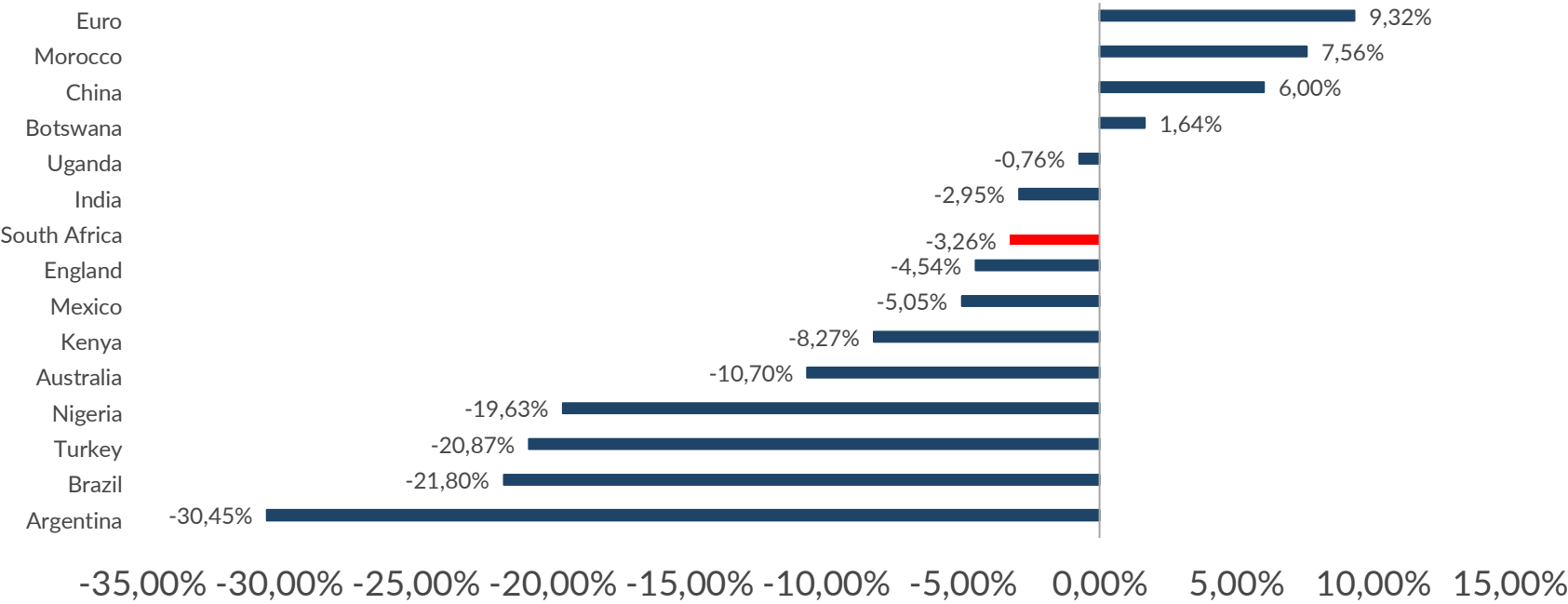
1 Month Currency Movements



3 Month Currency Movements



1 Year Currency Movements

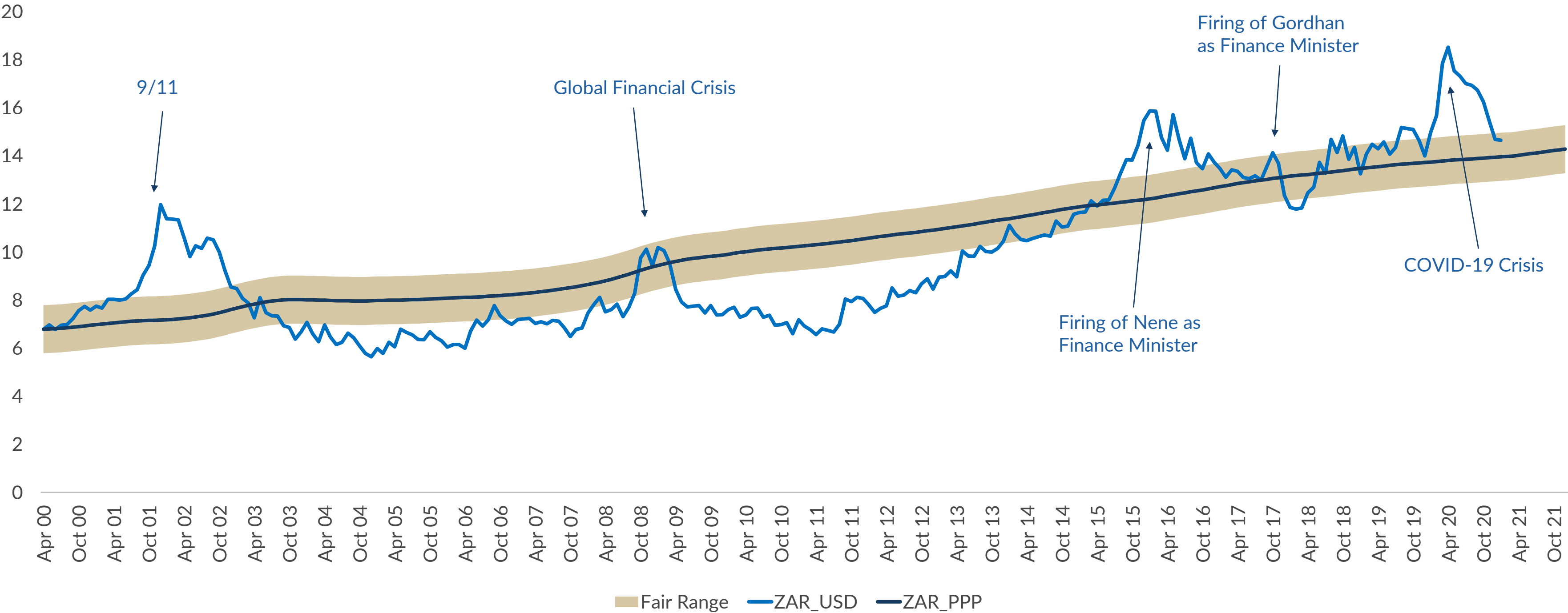


Source: Thompson Reuters / Anchor





## Actual ZAR/USD vs. ZAR PPP Model



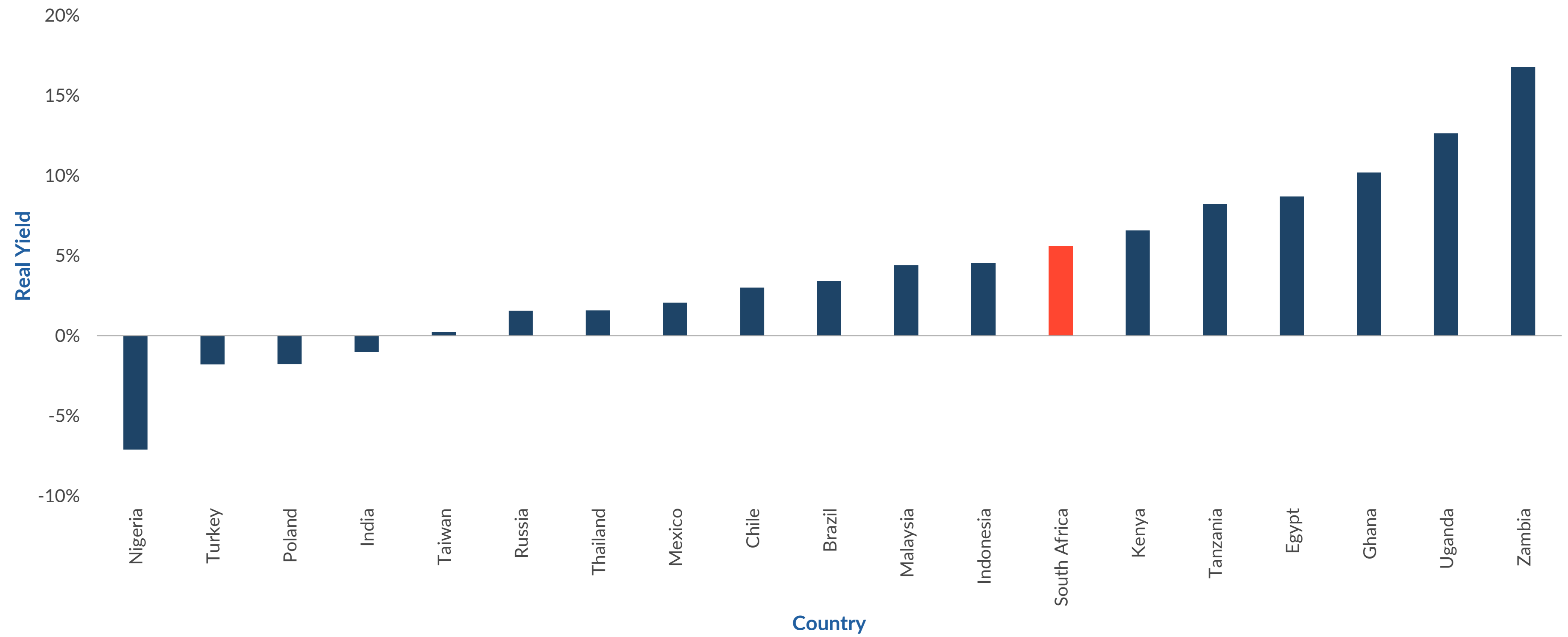
Source: Thompson Reuters / Anchor



# DOMESTIC BOND VIEW



# REAL YIELDS IN SA VERSUS THE WORLD



Source: Thompson Reuters / Anchor

# SA BONDS

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Volatile



Fair yield



Should work well in most scenarios



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

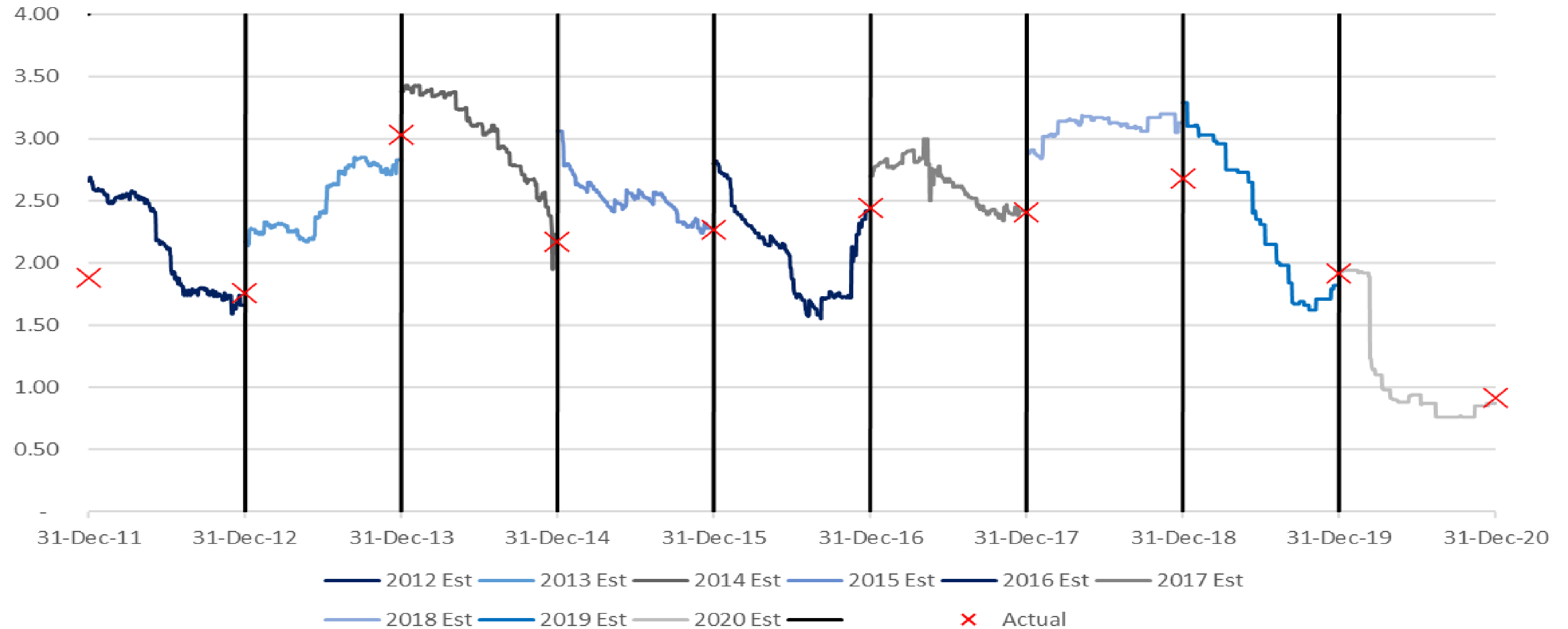




# GLOBAL BOND VIEW



# GLOBAL YIELDS



Source: Bloomberg / Anchor



# GLOBAL YIELDS – LOWER FOR LONGER

## Anchor US Bond Yield Monitoring



Source: Thompson Reuters / Anchor

# GLOBAL YIELDS

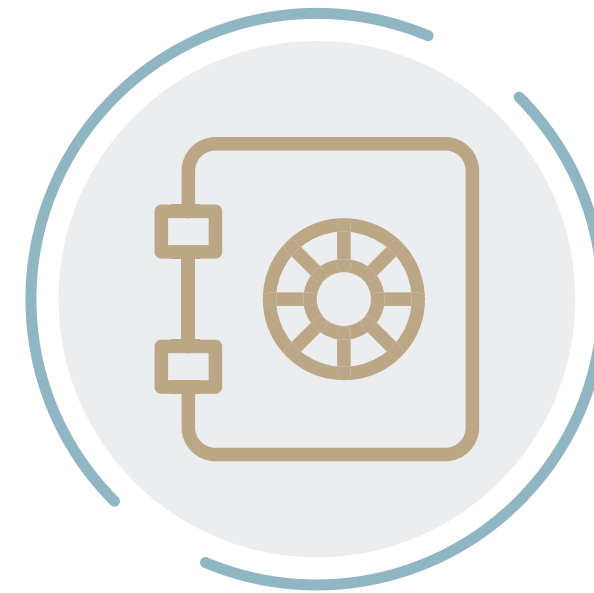
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Volatile



Very low



Short duration  
positions



Anchor BCI Global  
Income Fund

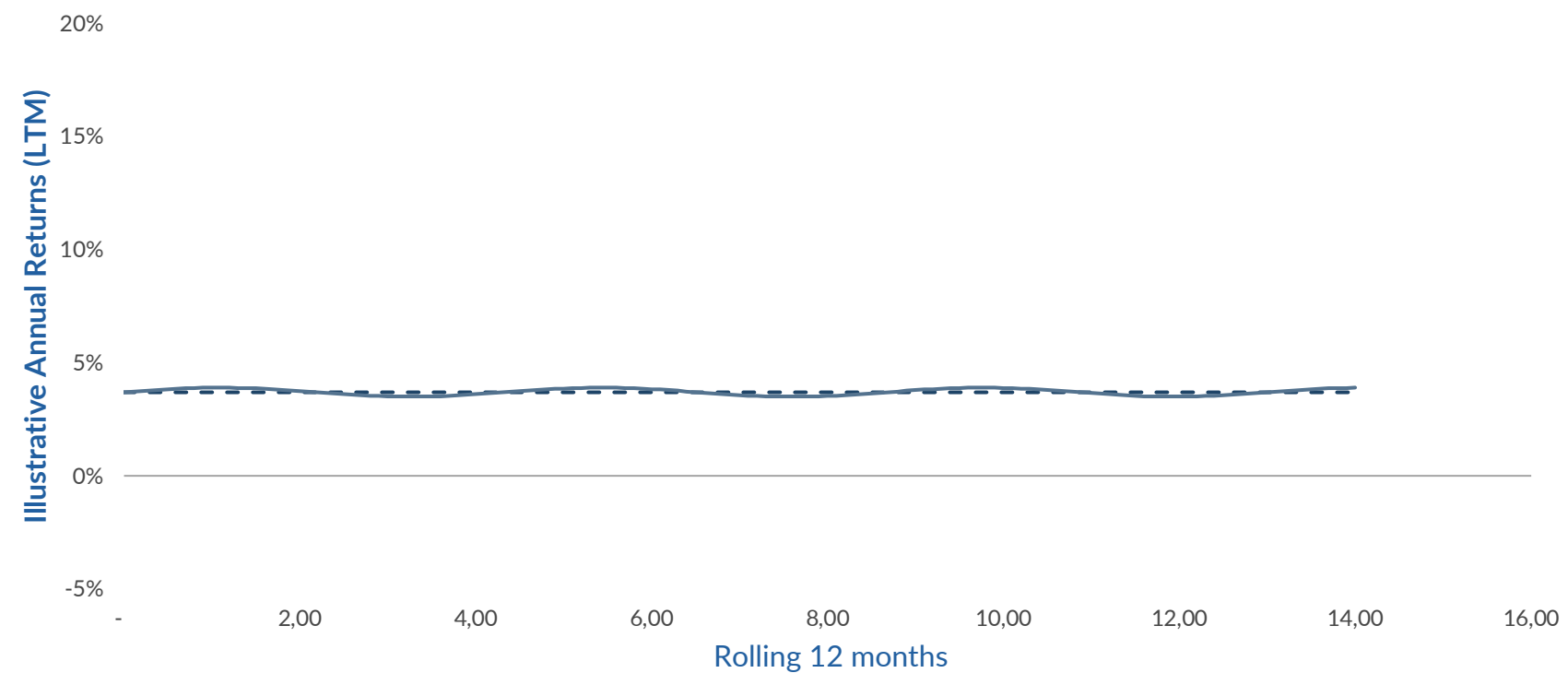


# WHERE DO I EARN INCOME?

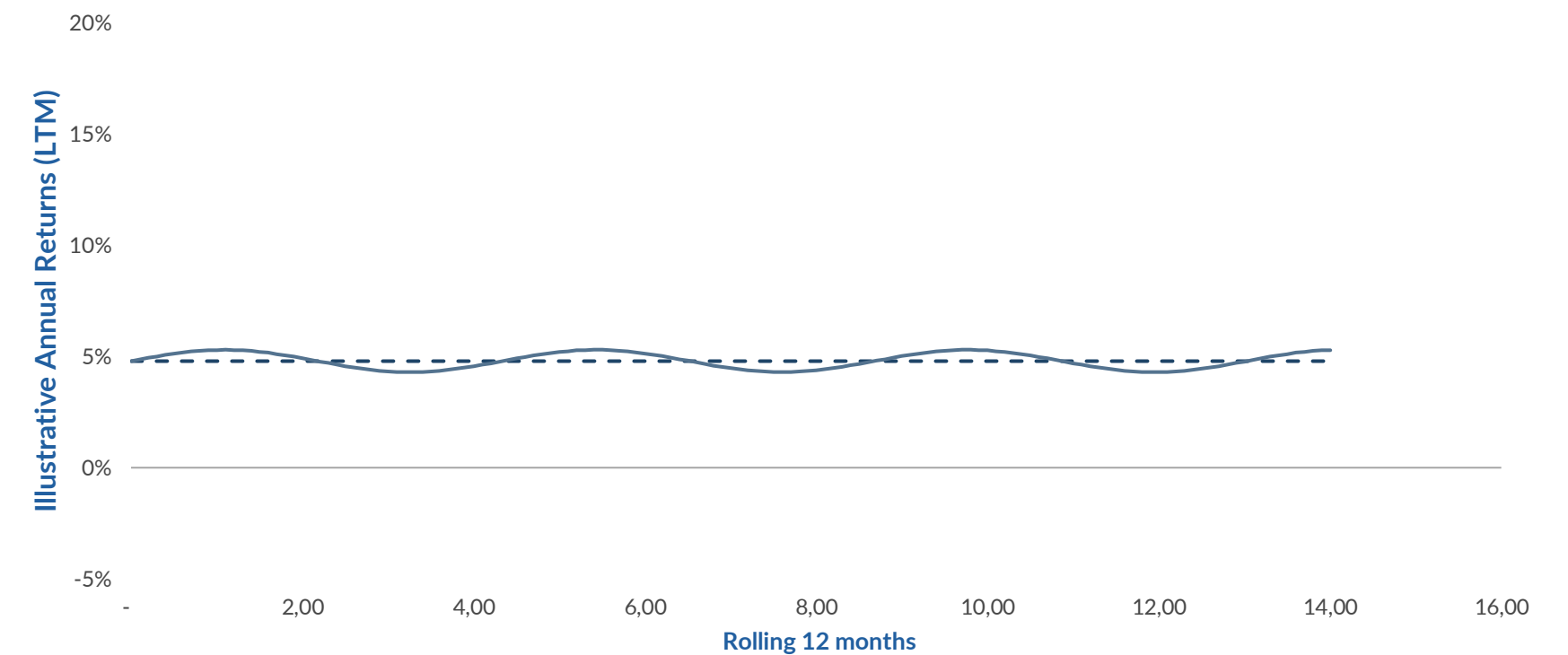


# SUMMARY OF WHERE THE MONEY WILL BE MADE

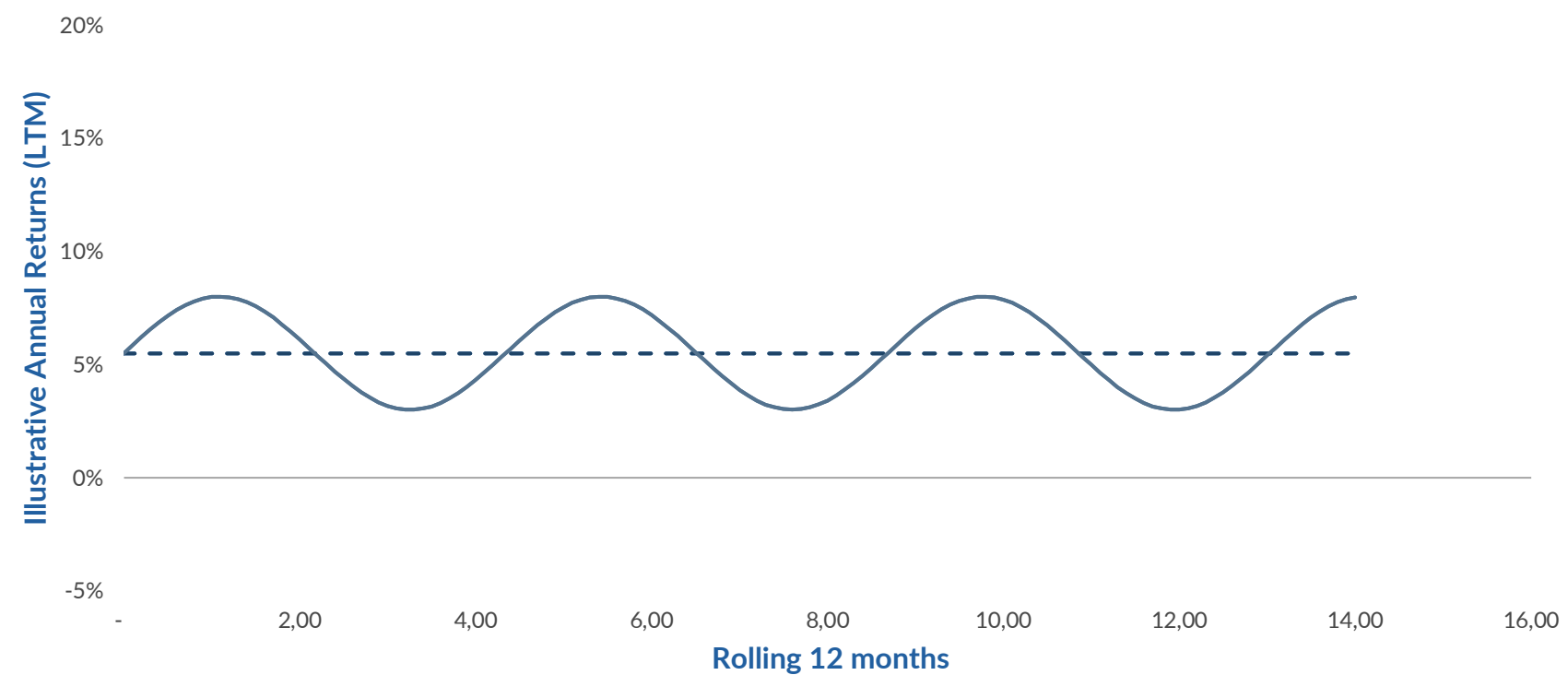
Money Market - Ave = 3,7%



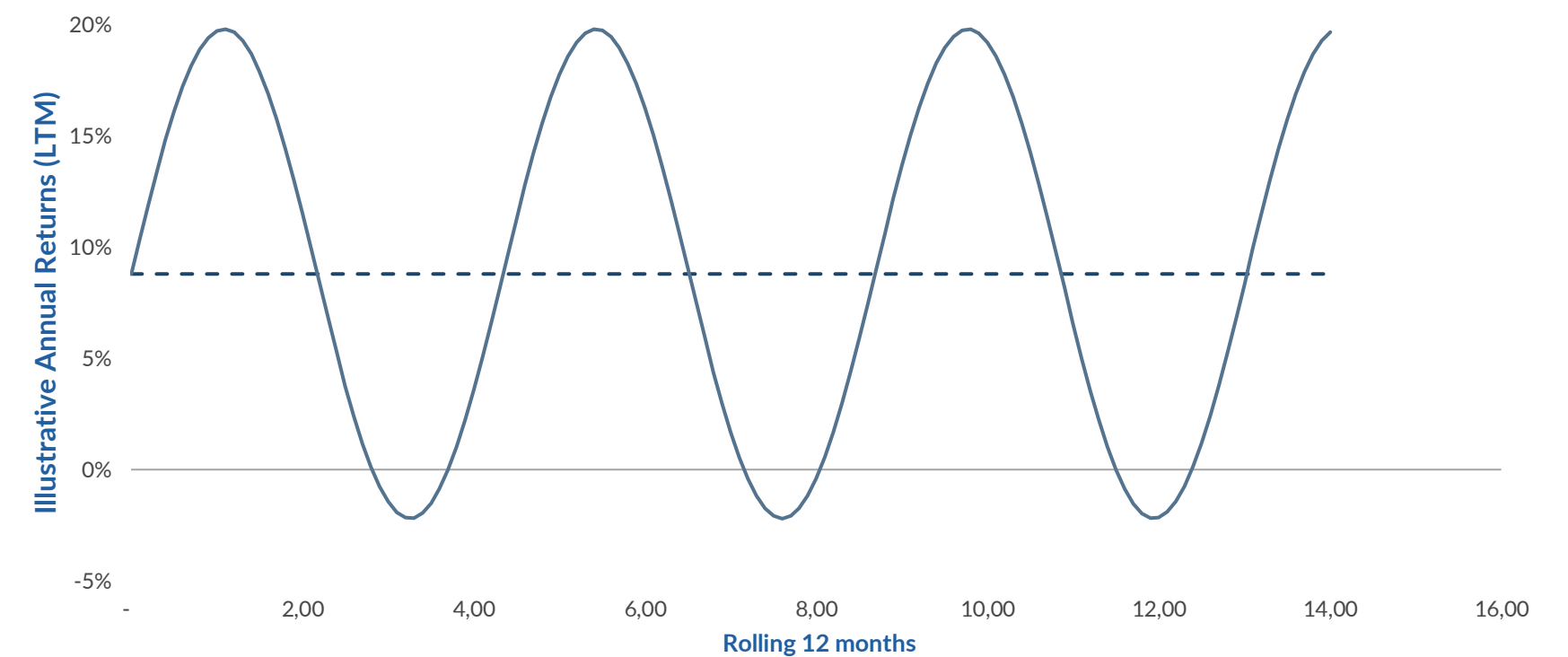
Core Income - Ave = 4,8%



Flex Income - Ave = 5,5%



Bond Fund - Ave = 8,8%





# SUMMARY OF WHERE THE MONEY WILL BE MADE

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## Domestic Equities



## Domestic Fixed Income

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

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## Global Equities



## Global Fixed Income

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



# EQUITIES

PETER ARMITAGE | CHIEF EXECUTIVE OFFICER

ANCHOR

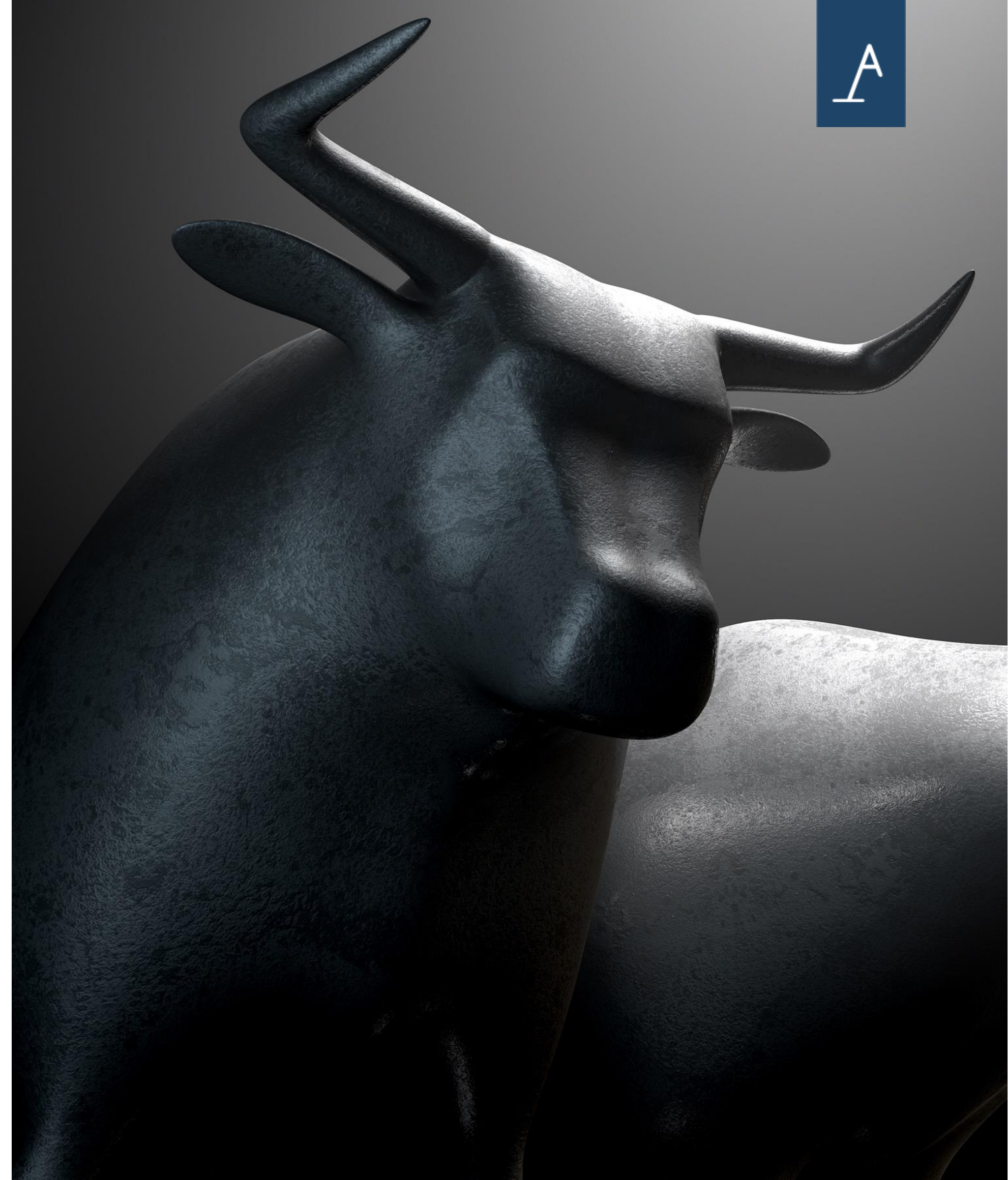
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# BULL MARKET FOR NOW

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- 2020 flat for SA, 15% for the world
- 2021 projections: Global 5% (US\$), Local 11% (Rands)
- 2021 bull market conditions, but priced for perfection
  - Biden v inflation/yields, CV19 allowing
  - All eyes on Israel
  - EM strong, resources to lead the way
- In SA portfolios, a strong global portfolio positioning
  - SA Inc not buy and hold for now
- *Big asset manager issue: If Naspers traded at nav and grew at 20% per annum for a few years, it could be 60% of SA market*





# EQUITY MARKET LESSONS IN 2020

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- Everybody can be wrong and black swans are real
- Reminder to diversify
- Back long-term trends
- Quality companies shone through
- Lease agreements aren't what we thought they were
- Fear and greed is alive and well

*Our formula over time: We buy shares in companies we back (high returns, good growth) at reasonable prices that we are happy to own through market cycles. This worked again in 2020.*





# WHY WE LOVE EQUITIES ...

- Disney: From 100m to 350m paid subscribers
- Facebook: 65bn Whatsapp messages per day, no revenue
- Amazon: Global ecommerce penetration still only at 16%
- Chegg: Unbundling of elite tertiary-level education
- Spotify: Podcasting ad spend projected to pass US\$1bn in 2021 and will ultimately overtake radio advertising (US\$37bn)



## NOT EVERYBODY CAN BE A WINNER

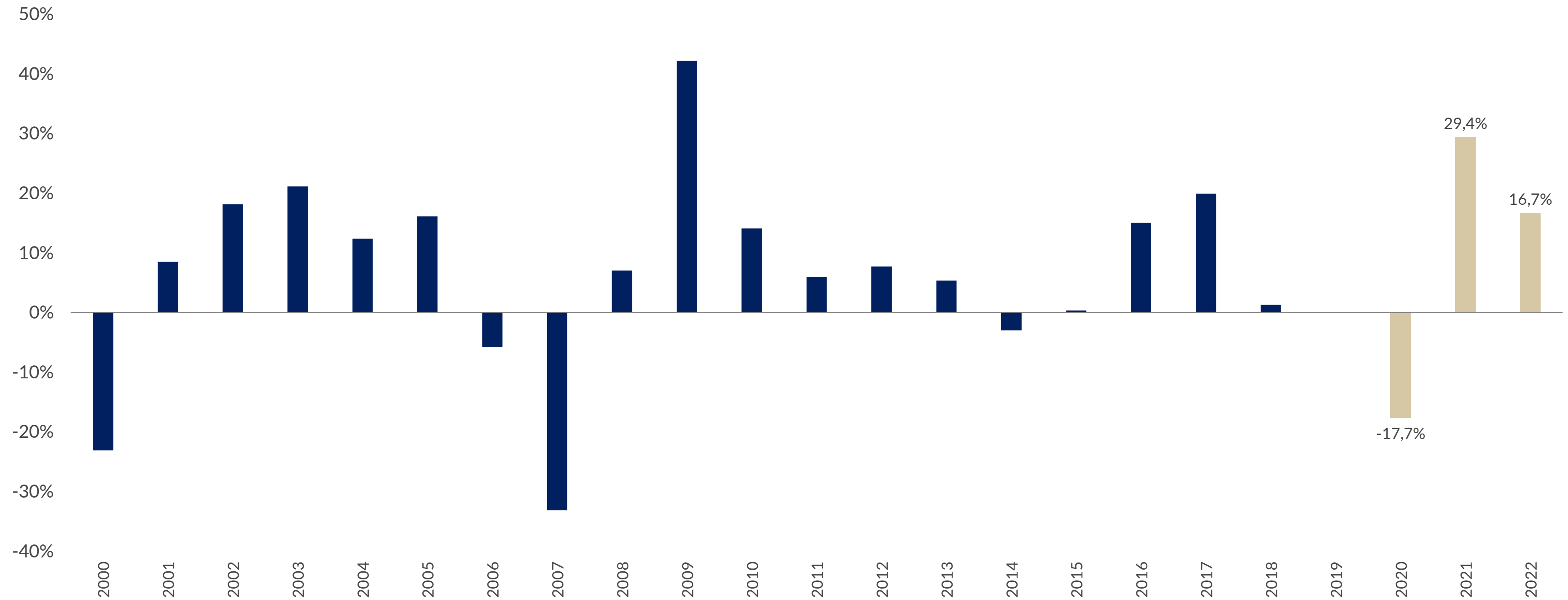
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“Dear friends ... do not  
make decisions based on  
valuations”



# S&P 500 EPS GROWTH (ANNUALISED)

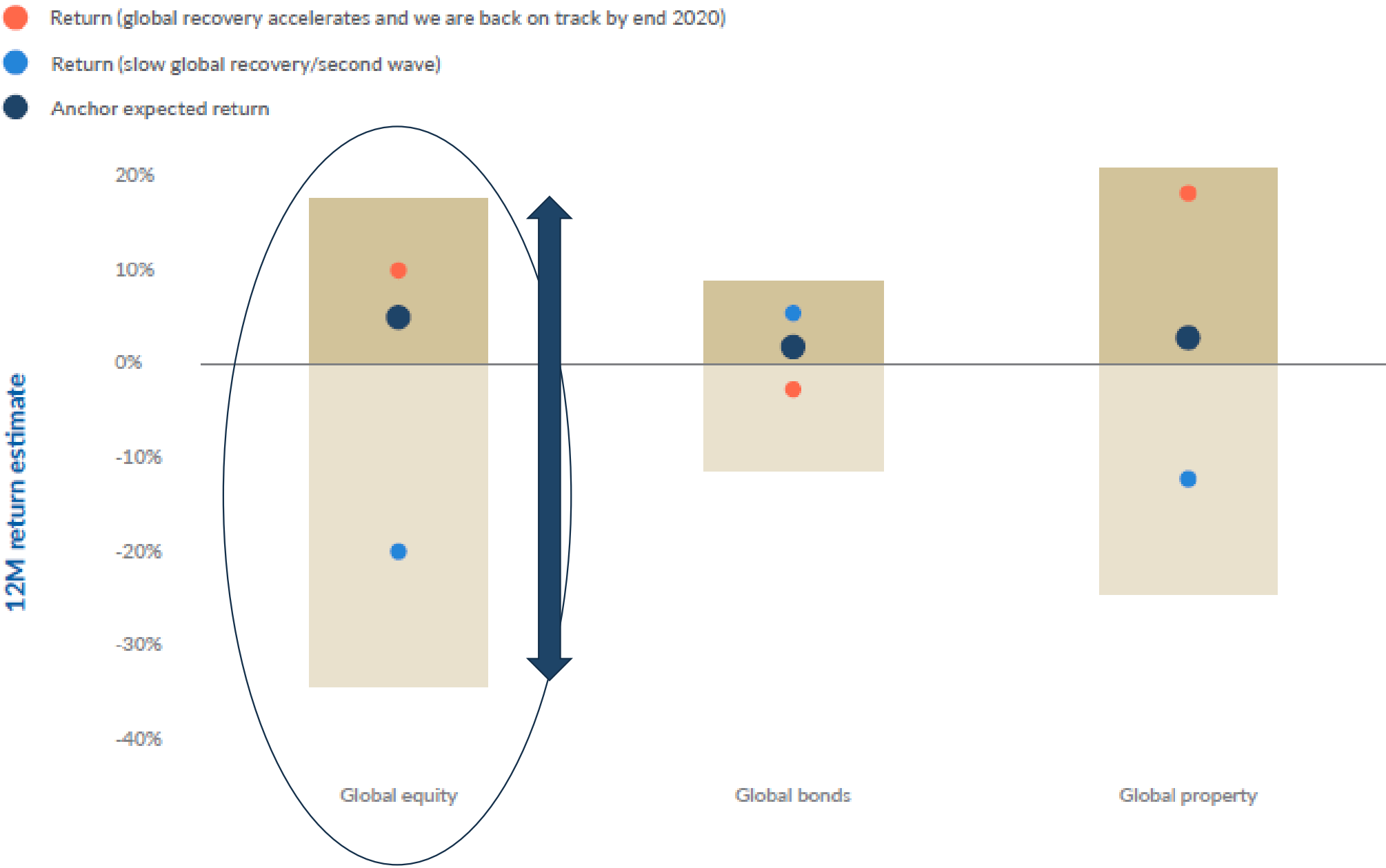


Source: Bloomberg, Anchor

# GLOBAL ASSETS



## 12M return scenarios for various asset classes in US dollar



## Anchor expected return by offshore asset class

Anchor expected return (in US dollar terms)	
Global Equity	5.0%
Global Bonds	1.2%
Global Property	2.5%

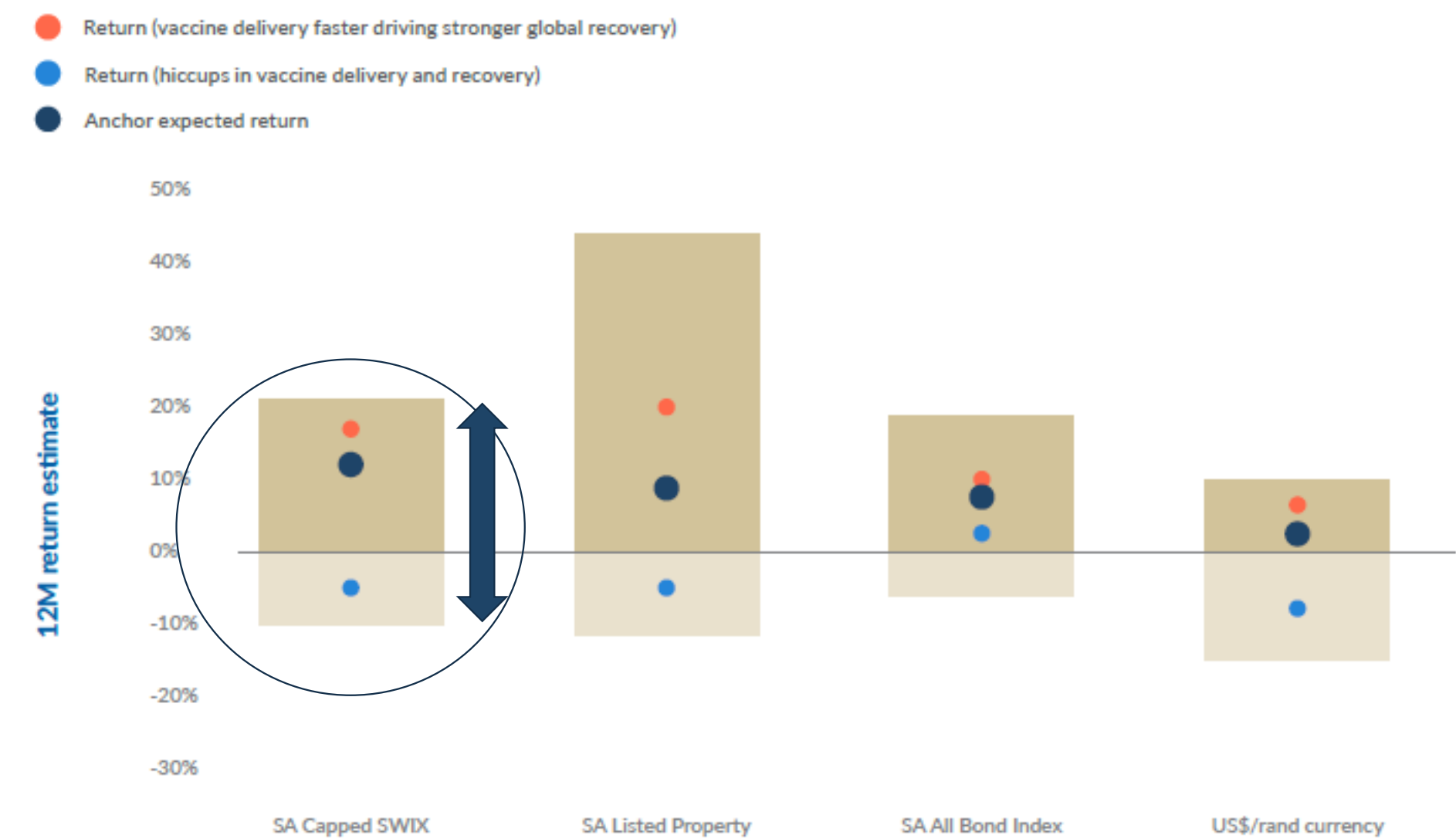
Source Anchor



# LOCAL ASSETS



## 12M return scenarios for various asset classes in US dollar



## Anchor expected return for domestic asset classes

Anchor expected return (in rand terms)	
Domestic Equity	11.0%
Domestic Bonds	8.8%
Domestic Property	8.6%
US\$/rand	2.4%

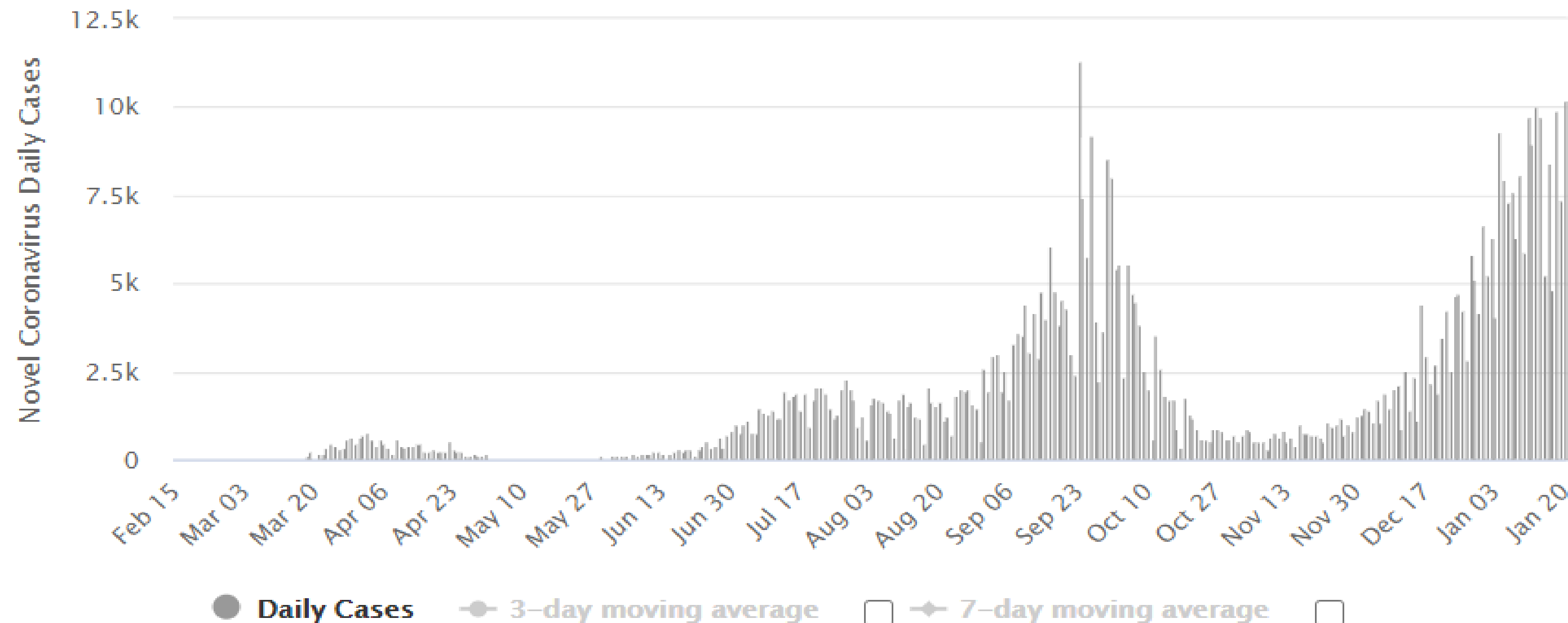
Source Anchor

# ALL EYES ON ISRAEL – 26% FIRST DOSE VACCINATED

## Daily New Cases in Israel

### Daily New Cases

Cases per Day  
Data as of 0:00 GMT+0

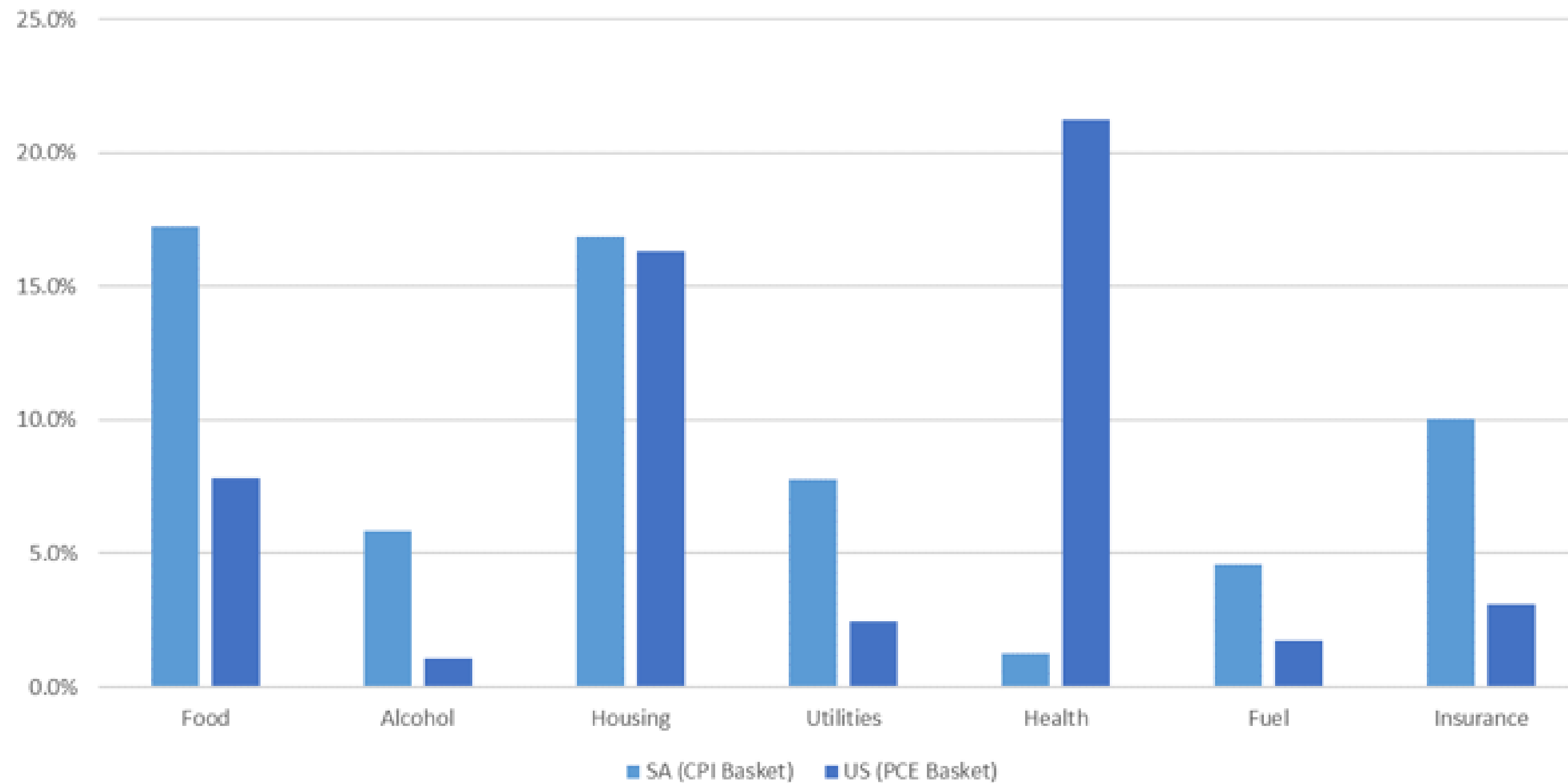


BUSINESS  
INSIDER

**Israel is warning that a single dose of the Pfizer vaccine is 'less effective than we hoped' against COVID-19, and it could be a blow to the US and UK strategies**



# US INFLATION NOT AS RISKY AS YOU THINK



Source: Bloomberg, IMF, Anchor

# CURRENT SA MARKET THEMES

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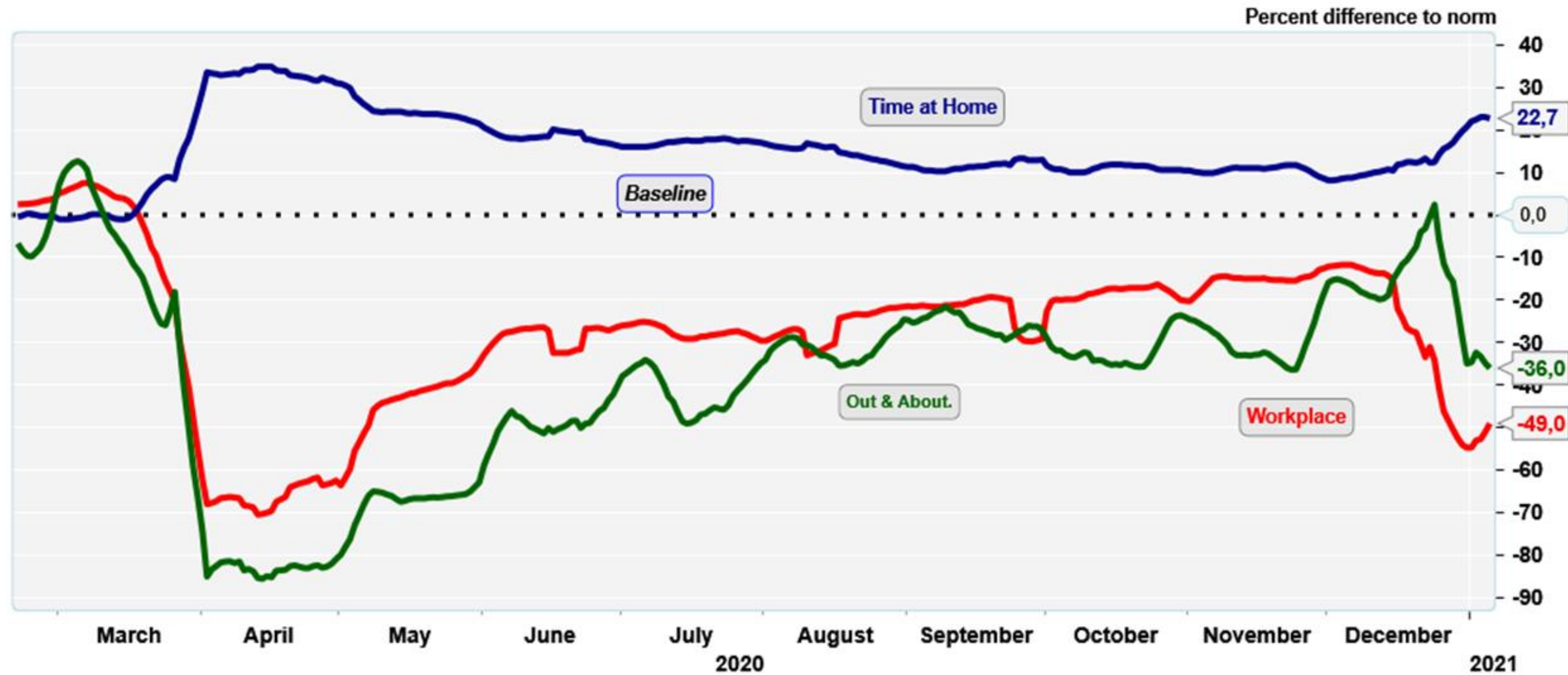
- SA has outperformed since October
- Cyclical and value stocks continued to outperform.
- Markets looking through COVID
- SA driven by EM factors
- More specific to the JSE, we note the following:
  - Firmer commodity prices
  - Naspers/Prosus unlock
  - A cyclical upswing in domestic growth, creating pockets of opportunity for alert management teams.



# SA LOCKDOWN 2.0



South Africa: Mobility Work, Home plus "out & about" compared to baseline.



From Google mobility data. Out & about is retail, grocery and pharmacy, parks & transit.  
Rolling 7 day average.

# ANCHOR 2020 EQUITY PERFORMANCES

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<b>Anchor Global Equity Fund:</b> <i>Top SA fund over five years</i>	<b>+91% (US\$)</b>
<b>Anchor BCI Global Technology Fund:</b> <i>Top 5 global fund in SA in 2020</i>	<b>+54% (Rands)</b>
<b>Anchor High Street model portfolio:</b> <i>Number two in SA over 5 years</i>	<b>+25% (US\$)</b>
<b>Anchor Accelerator SNN QI Hedge Fund:</b> <i>Following top fund award in 2019</i>	<b>+18% (Rands)</b>
<b>Anchor BCI Equity Fund:</b> <i>Top quartile since inception performance</i>	<b>-1.2% (Rands)</b>

Source: Moneymate as at 31 December 2020.

Anchor Accelerator Hedge Fund – HedgenewsAfrica 2019

Past performance is not a reliable indicator of future returns. Investment performance is for illustrative purposes only and is calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment dates. Annualised return is weighted average compound growth rate over the period measured. Actual annualized figures are available upon request.



# ANCHOR CONSISTENTLY BEST IN CLASS IN GLOBAL EQUITIES

Name:	6 Months To: 31/12/2020	Rank	1 Year To: 31/12/2020	Rank	3 Years To: 31/12/2020	Annualised Performance	Rank	5 Years To: 31/12/2020	Annualised Performance	Rank
<b>Global - Equity - General (Rand return)</b>										
Fund 1	20.18%	3	98.19%	1	194.44%	43.33%	1			--
<b>Anchor BCI Global Equity Feeder Fund</b>	<b>22.60%</b>	<b>2</b>	<b>91.01%</b>	<b>2</b>	<b>142.06%</b>	<b>34.27%</b>	<b>2</b>	<b>137.10%</b>	<b>18.85%</b>	<b>1</b>
Fund 2	31.10%	1	65.20%	3	120.71%	30.20%	3			--
Fund 3	19.06%	4	65.02%	4						--
<b>Anchor BCI Global Technology Fund</b>	<b>9.75%</b>	<b>12</b>	<b>53.75%</b>	<b>5</b>						--
Fund 4	5.67%	24	48.31%	6						--
Fund 5	9.37%	13	30.88%	7						--
Fund 6	14.59%	8	30.31%	8						--
Fund 7	0.72%	58	29.69%	9	73.44%	20.15%	4	62.13%	10.15%	5
<b>Anchor High Street Equity model portfolio estimate</b>			<b>29.04%</b>	<b>10</b>		<b>19.09%</b>	<b>5</b>		<b>11.89%</b>	<b>2</b>
Fund 8	8.19%	14	28.36%	10	58.58%	16.61%	11			--
Fund 9	3.38%	44	27.66%	11	53.63%	15.39%	16	55.22%	9.19%	15
Fund 10	4.79%	32	27.31%	12	55.32%	15.81%	13			--
Fund 11	2.09%	53	27.30%	13						--
Fund 12	0.57%	60	26.11%	14						--
Fund 13	(0.34%)	61	25.52%	15						--
Fund 14	4.60%	33	25.01%	16	52.32%	15.06%	19			--
Fund 15	3.83%	41	24.89%	17	65.37%	18.25%	6	69.20%	11.09%	4
Fund 16	(1.27%)	63	24.59%	18	64.87%	18.14%	7	75.60%	11.92%	2
Fund 17	5.54%	25	24.05%	19	71.05%	19.59%	5	72.87%	11.57%	3
Fund 18	3.13%	46	22.33%	20						--
Fund 19	5.45%	26	21.83%	21	56.37%	16.07%	12	60.78%	9.96%	6
Fund 20	4.41%	36	21.69%	22						--
Fund 21	5.15%	28	21.04%	23	47.19%	13.75%	27	48.92%	8.29%	22
Fund 22	6.39%	21	20.91%	24	31.39%	9.53%	41	58.97%	9.71%	9
Fund 23	4.19%	39	20.81%	25	50.83%	14.68%	20			--
Fund 24	2.86%	49	20.64%	26	62.48%	17.56%	9			--
Fund 25	15.16%	7	20.52%	27	50.31%	14.55%	21	49.59%	8.39%	20
Fund 26	6.03%	23	20.34%	28	32.47%	9.83%	39	29.74%	5.35%	29
Fund 27	7.16%	19	20.32%	29	41.42%	12.24%	31	39.14%	6.83%	26
Fund 28	7.60%	15	20.23%	30	52.60%	15.13%	18	55.77%	9.27%	14
Fund 29	6.13%	22	20.12%	31	49.70%	14.40%	22	57.65%	9.53%	12
Fund 30	4.06%	40	19.99%	32	54.35%	15.57%	15	58.95%	9.71%	10
Fund 31	(3.60%)	70	19.69%	33	64.30%	18.00%	8	58.91%	9.71%	11

Number one  
and two in SA  
over 5 years

Equity Fund:  
91% US\$ return  
in 2021

Model portfolio:  
29% in 2021

Source: Moneymate as at 31 December 2020.

Anchor BCI Global Equity Feeder Fund - Inception date: 02 November 2015, The annualised (since inception) fund performance was 20,5% against the benchmark of 12,5% and the cumulative (since inception) fund performance was 161,8% against the benchmark of 84,3%. Highest and lowest calendar year performance since inception – High: 91%; Low: -11,3%.

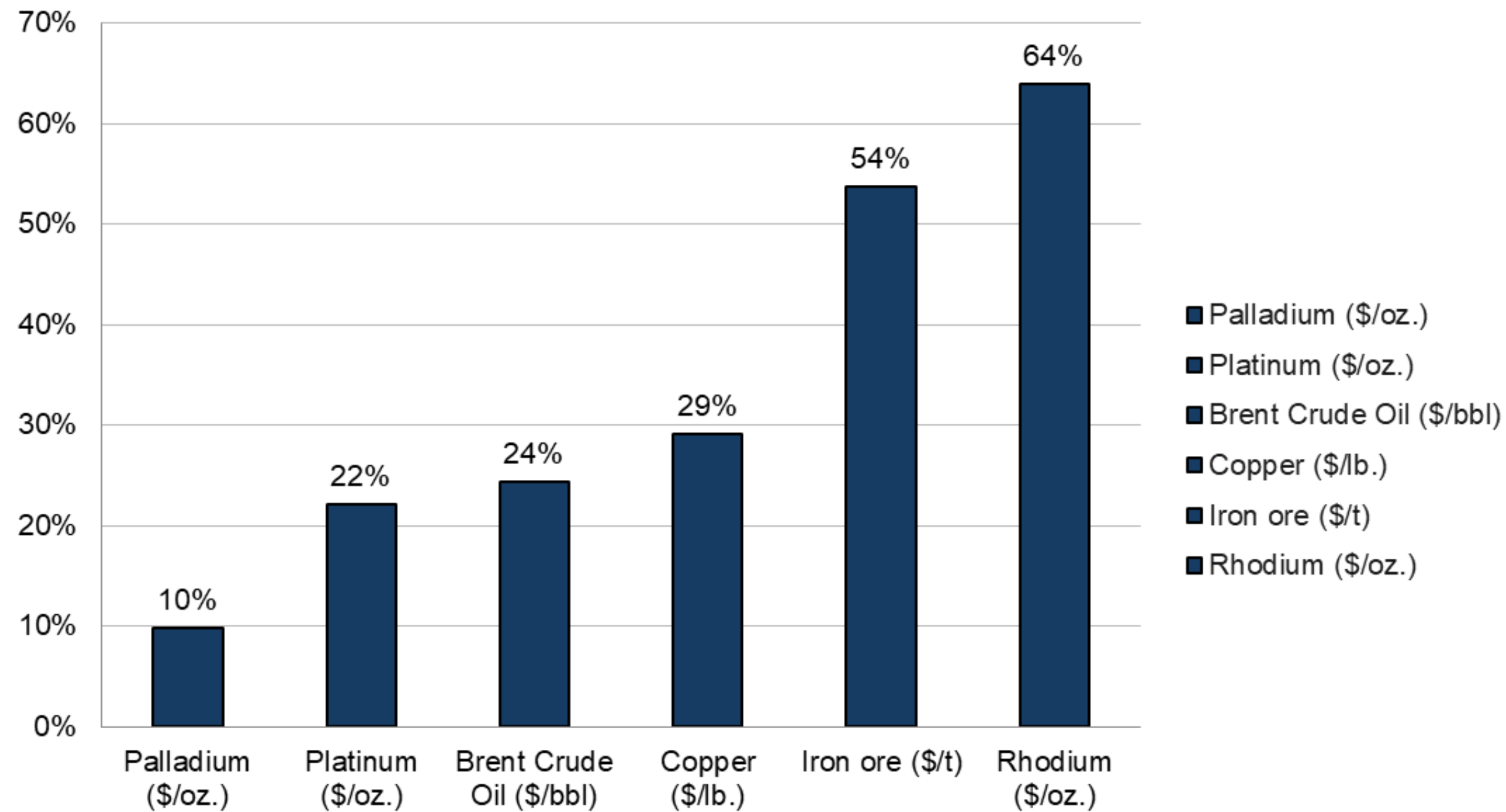
Anchor BCI Global Technology Fund - Inception date: 06 June 2019, The annualised (since inception) fund performance was 36,9 % against the benchmark of 43,4% and the cumulative (since inception) fund performance was 64,0% against the benchmark of 76,4%.

Anchor Global High Street Equity – Inception date: July 2012.

Past performance is not a reliable indicator of future returns. Investment performance is for illustrative purposes only and is calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment dates. Annualised return is weighted average compound growth rate over the period measured. Actual annualized figures are available upon request.

# COMMODITY PRICES BOOMING

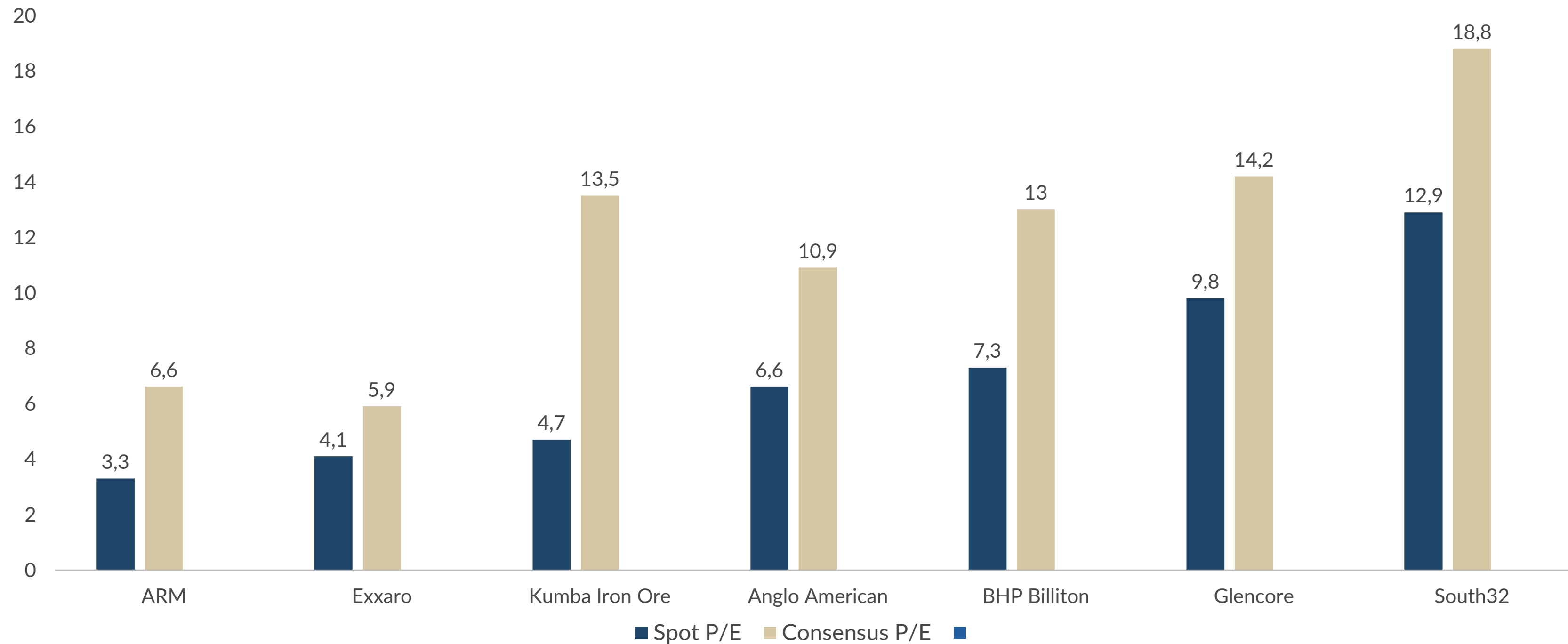
Spot commodity prices vs. 2020 averages





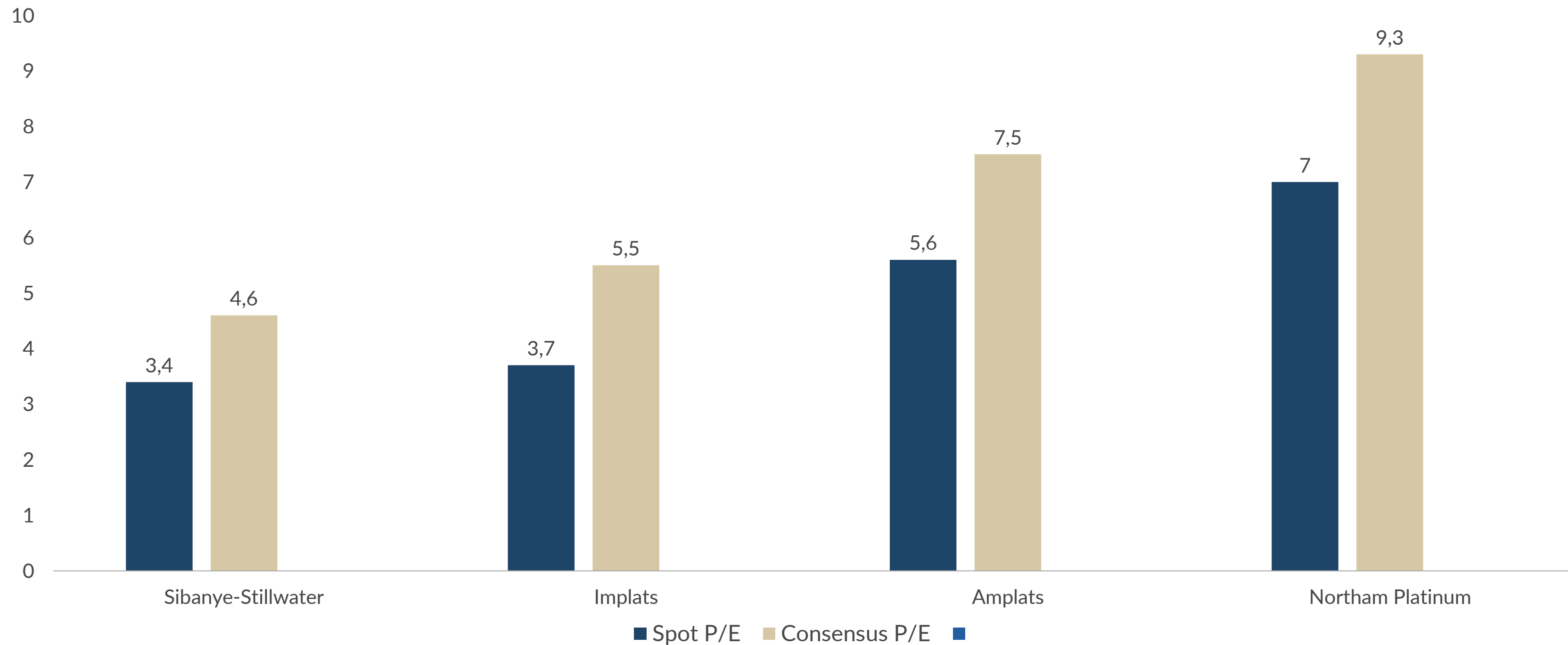
# MINING SHARES STILL CHEAP?

## Diversified Miner Multiples



# PLATINUM COULD BE POSITIVE SURPRISE

## PGM Multiples





# 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

# SA MARKET CHEAP

## South Africa vs EM 12M Fwd PE



Source Thomson Reuters, RMB Morgan Stanley Research





EQUITY  
PORTFOLIO

HOLDINGS AT MARKET VALUE						SA Inc	Res	Rand Hedge	Offshore	Naspers
EQUITIES						26	21	11	23	16
NPN	NASPERS LTD-N SHS	ZAR	3 342.86	11.02						11.02
PRX	PROSUS	ZAR	1 702.42	5.07						5.07
FSR	FIRSTRAND LTD	ZAR	49.49	3.80	3.80					
BHP	BHP GROUP PLC	ZAR	451.48	3.60		3.60				
AGL	ANGLO AMERICAN PLC	ZAR	572.90	3.43		3.43				
BTI	BRIT AMERICA TOBACO	ZAR	573.77	3.39			3.39			
SSW	SIBANYE STILLWATER L	ZAR	62.39	3.09		3.09				
TCP	TRANSACTION CAPITAL	ZAR	23.72	2.98	2.98					
B929F46	ASML HOLDING NV	EUR	437.35	2.93					2.93	
IMP	IMPALA PLATINUM HOLD	ZAR	211.39	2.81		2.81				
MTN	MTN GROUP LTD	ZAR	65.31	2.75	2.75					
ANG	ANGLOGOLD ASHANTI	ZAR	345.69	2.59		2.59				
BHCRBZ9	X HARVEST CSI 300	USD	16.67	2.57					2.57	
B01FLR7	PING AN INSUR GRP CO	HKD	99.60	2.53					2.53	
2190385	JPMORGAN CHASE & CC	USD	140.35	2.47					2.47	
GRT	GROWTHPOINT PROPS	ZAR	12.09	2.46	2.46					
SOL	SASOL LTD	ZAR	173.50	2.32			2.32			
SBK	STANDARD BANK GROU	ZAR	128.16	2.18	2.18					
BP41ZD1	ALIBABA GROUP HLD-SP	USD	235.30	2.08					2.08	
BID	BID CORPORATION LIMIT	ZAR	269.11	1.98			1.98			
EXX	EXXARO RESOURCES L	ZAR	153.73	1.98		1.98				
B02J639	ADMIRAL GROUP PLC	GBP	29.30	1.88					1.88	
CML	CORONATION FUND MAI	ZAR	44.21	1.81	1.81					
2000019	AMAZON.COM INC	USD	3 165.89	1.80					1.80	
RMI	RMI HOLDINGS LTD (RM	ZAR	32.30	1.63	1.63					
ARI	AFRICAN RAINBOW MINE	ZAR	301.00	1.56		1.56				
B7TL820	FACEBOOK INC-CLASS A	USD	251.64	1.55					1.55	
2270726	WALT DISNEY CO/THE	USD	176.12	1.49					1.49	
2569286	ICICI BK LTD - ADR	USD	15.28	1.47					1.47	
WHL	WOOLWORTHS HLDS LT	ZAR	39.82	1.38	1.38					
INL	INVESTEC LIMITED	ZAR	40.21	1.33	1.33					
RNI	REINET INVESTMENTS S	ZAR	286.50	1.33			1.33			
ABG	ABSA GROUP LTD	ZAR	116.27	1.20	1.20					
OMU	OLD MUTUAL LTD	ZAR	11.80	1.17	1.17					
HMN	HAMMERSON PLC	ZAR	4.81	1.15					1.15	
NHM	NORTHAM PLATINUM LT	ZAR	210.32	1.15		1.15				
BYY88Y7	ALPHABET INC-CL C	USD	1 754.40	1.08					1.08	
MRP	MR PRICE GROUP LTD	ZAR	162.29	1.01	1.01					
AFT	AFRIMAT LTD	ZAR	41.00	0.97		0.97				
NY1	NINETY ONE LTD	ZAR	46.37	0.78			0.78			
DSY	DISCOVERY LTD	ZAR	141.03	0.68	0.68					
COH	CURRO HOLDINGS LTD	ZAR	9.80	0.65	0.65					
SBP	SABVEST CAPITAL LTD	ZAR	30.48	0.61			0.61			
SHP	SHOPRITE HLDS LTD	ZAR	132.75	0.52	0.52					
QLT	QUILTER PLC	ZAR	32.25	0.47			0.47			
CSB	CASHBUILD LIMITED	ZAR	225.07	0.46	0.46					



# SIBANYE-STILLWATER

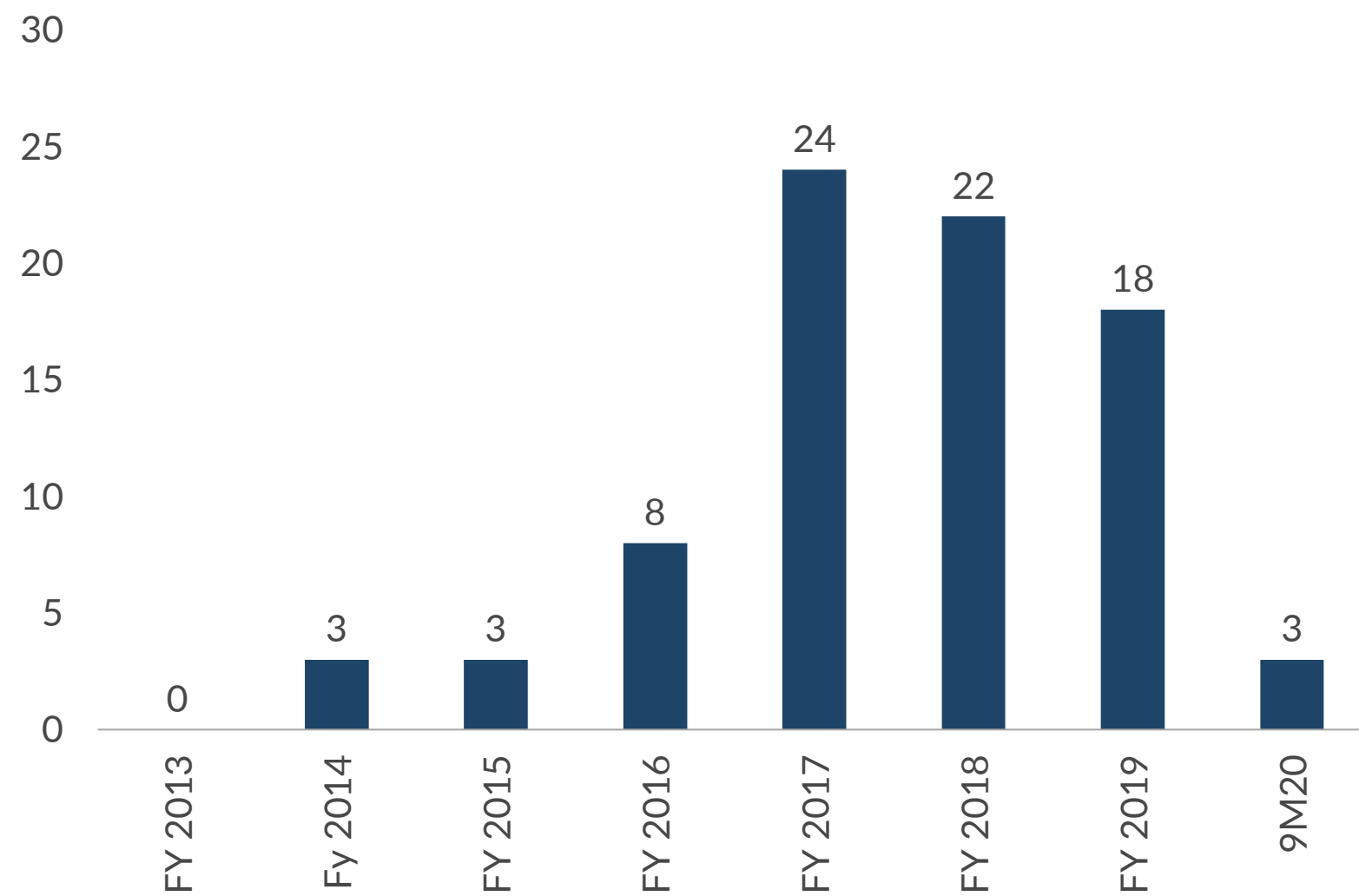
Net debt / EBITDA = 0.1x (from 2.7x at FY 2018)

Paid down ± R20 bn of net debt since December 2018

Market remains skeptical around precious metal prices, potential M&A

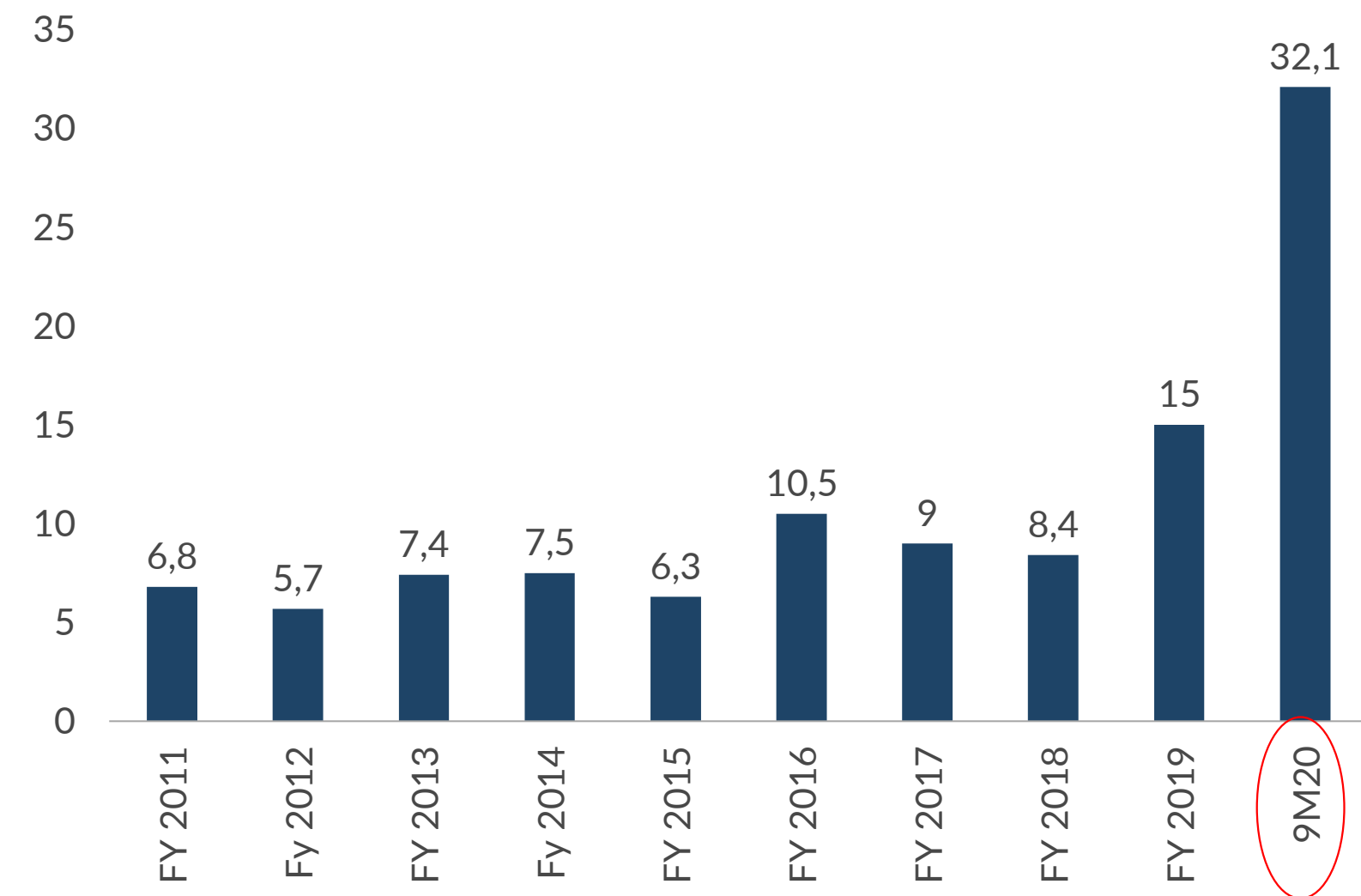
P/E: 3.5x

## Net debt (R bn)



## EBITDA (R bn)

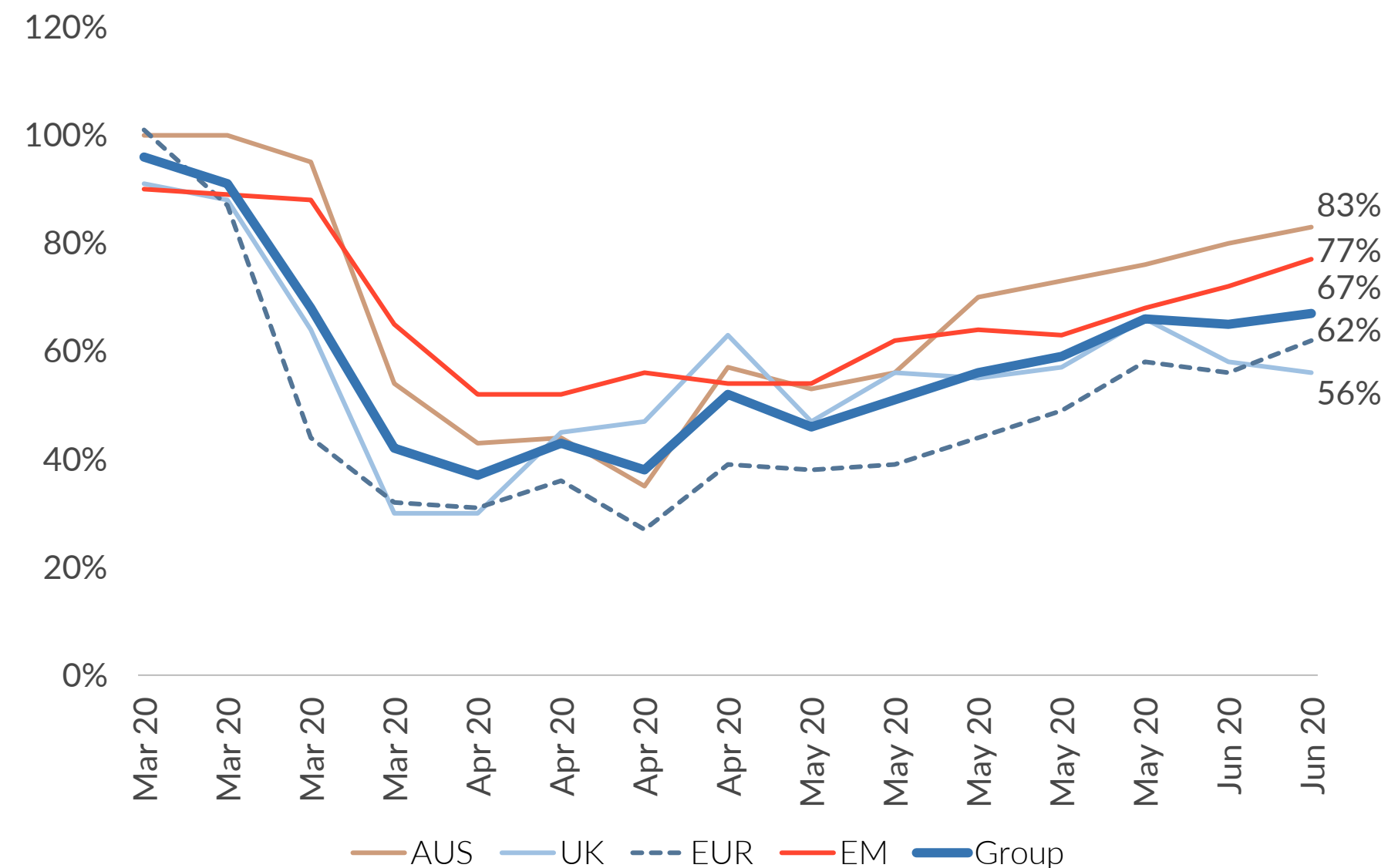
- R155bn market cap
- R42bn annualized cash flow



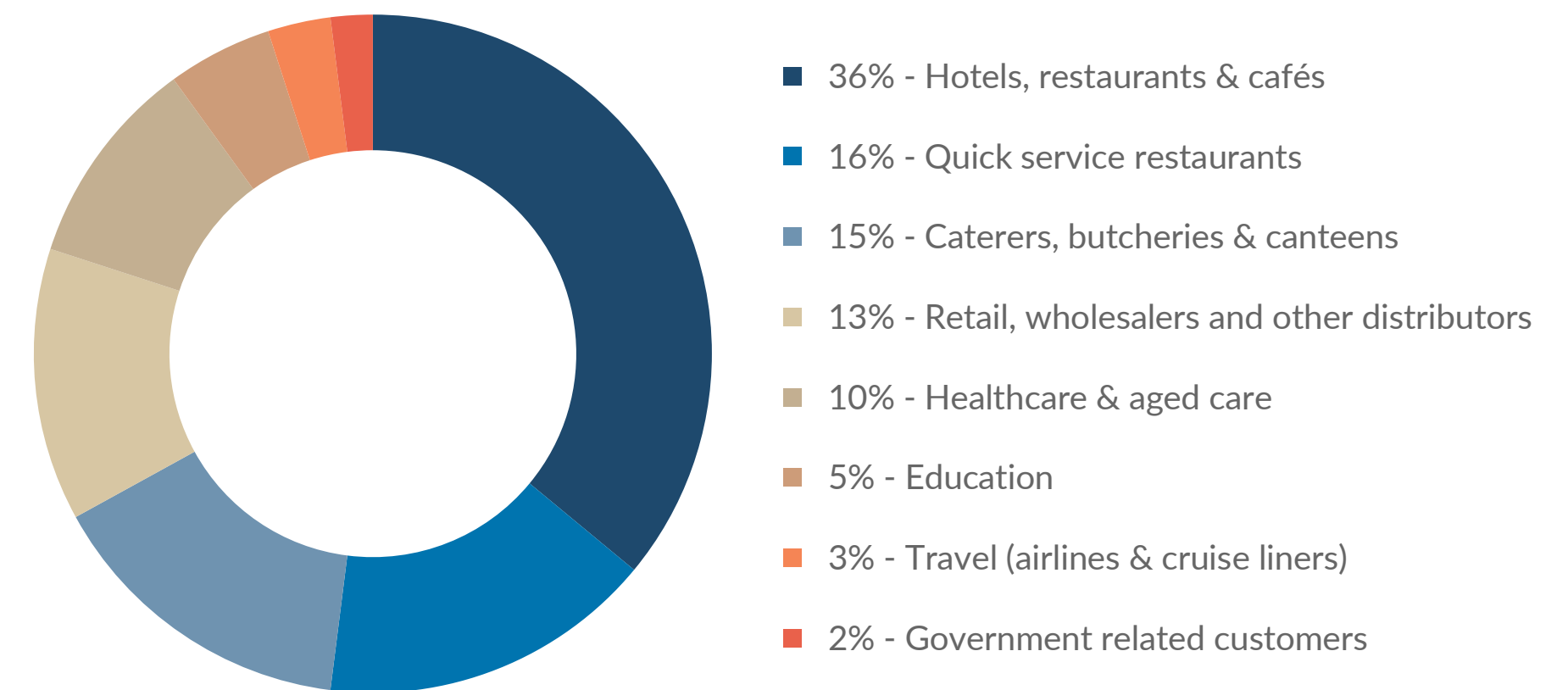
# BIDCORP - THE WORST IS OVER

Diverse industry and geographic exposure has proven to be defensive in a tough operational environment, and average sales trends on a weekly basis after lockdown restrictions have since tracked between 85%-90% compared to the previous year, with some geographies tracking above 100%

## Sales progression for 15 week period during COVID-19



## BidCorp industry exposure (FY20)



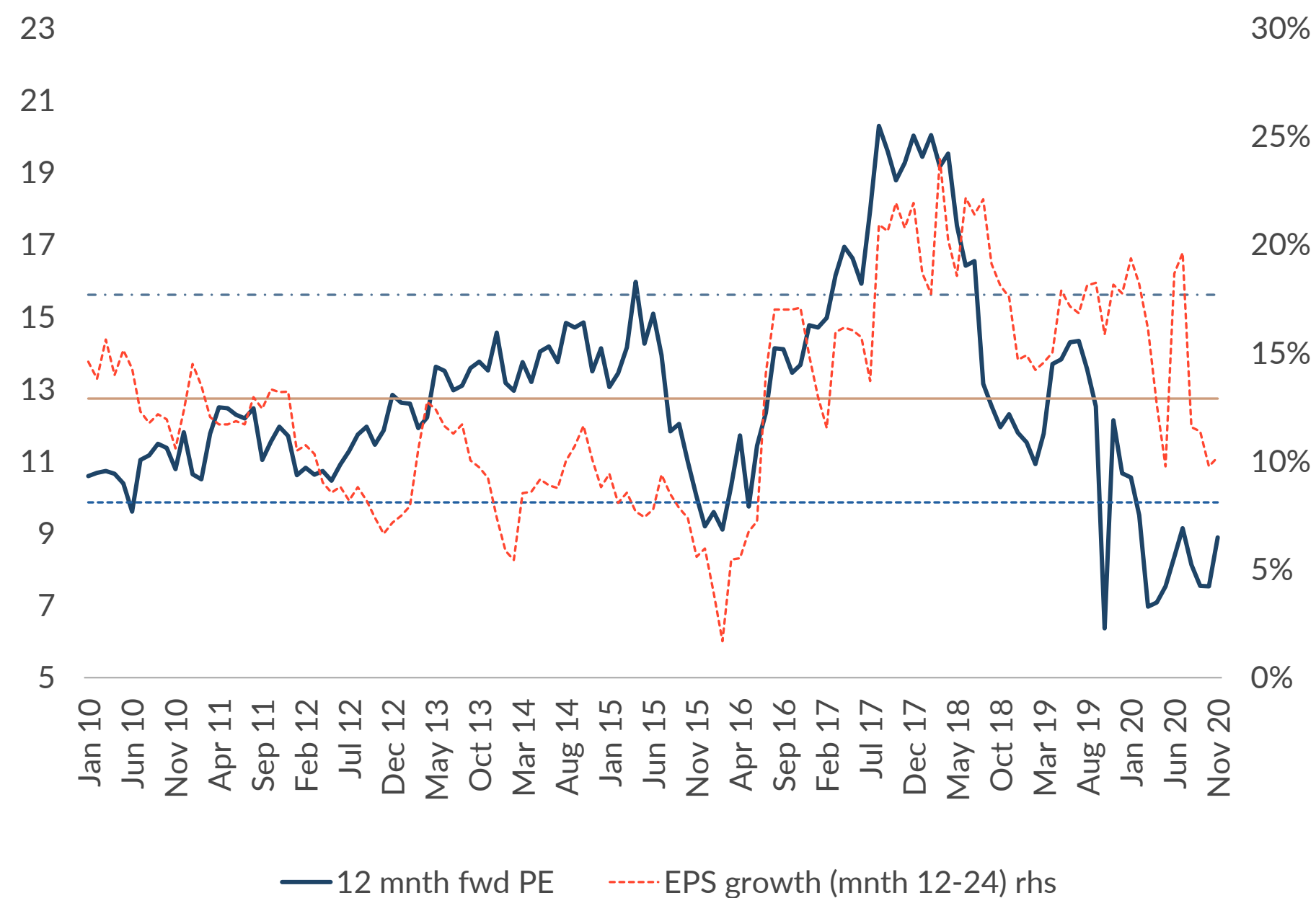


# LOWLY RATED SELF-HELP OPPORTUNITY

## MTN



### MTN trading at a significant discount vs. its own history...



... But 2021 should see “self help” come to fruition and other headwinds abate

- Recapitalisation of Cell C
- Sale of non-core assets to raise ~R25 bn (cut gearing)
- Simplify/de-risk group through exit of Middle East
- Improvement in cash upstreaming as the world recovers from COVID-19
- Capitalising on Africa’s unique telco opportunities – financial & digital services

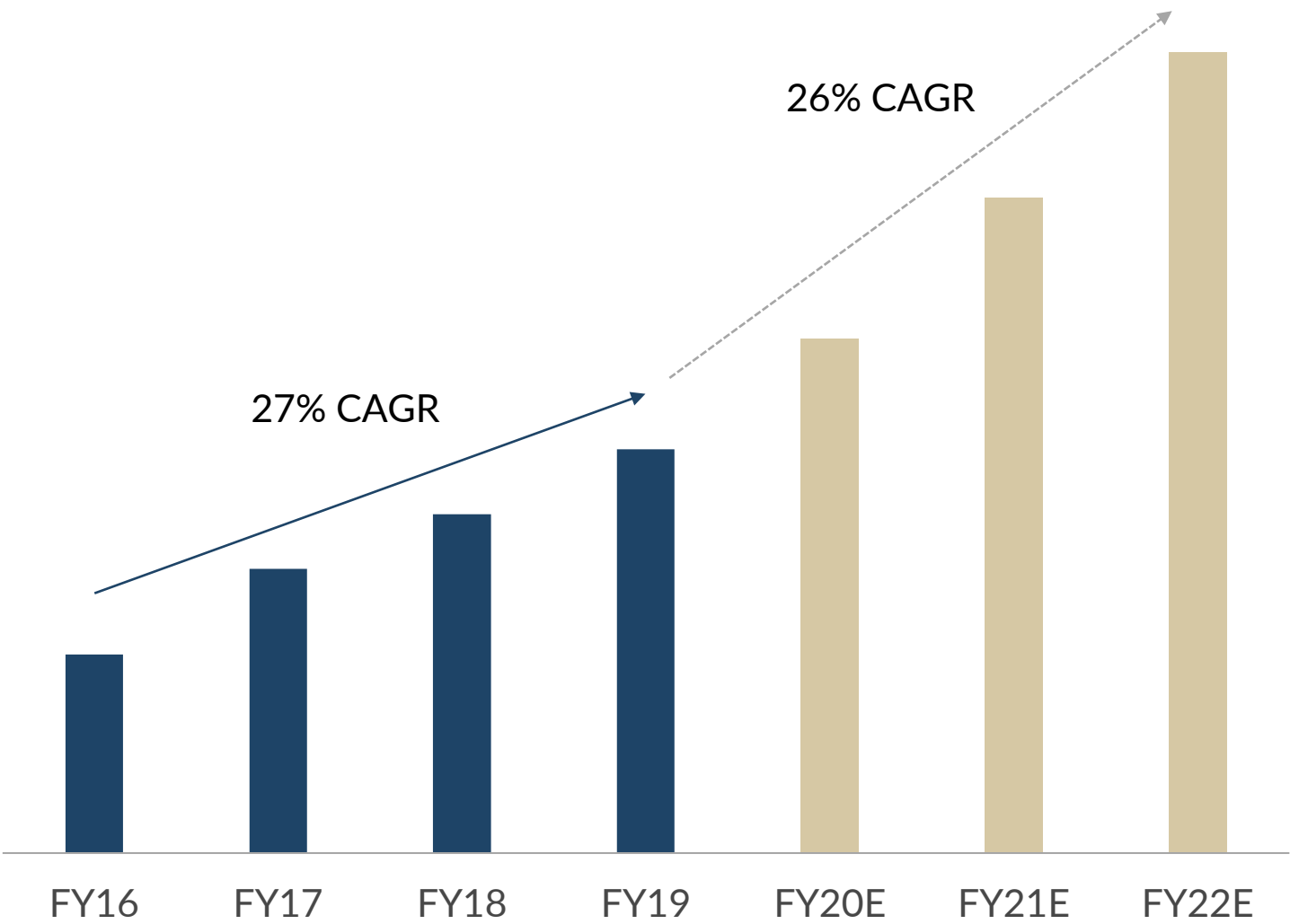
A COMPOUNDER WITH OPTIONALITY

NASPERS



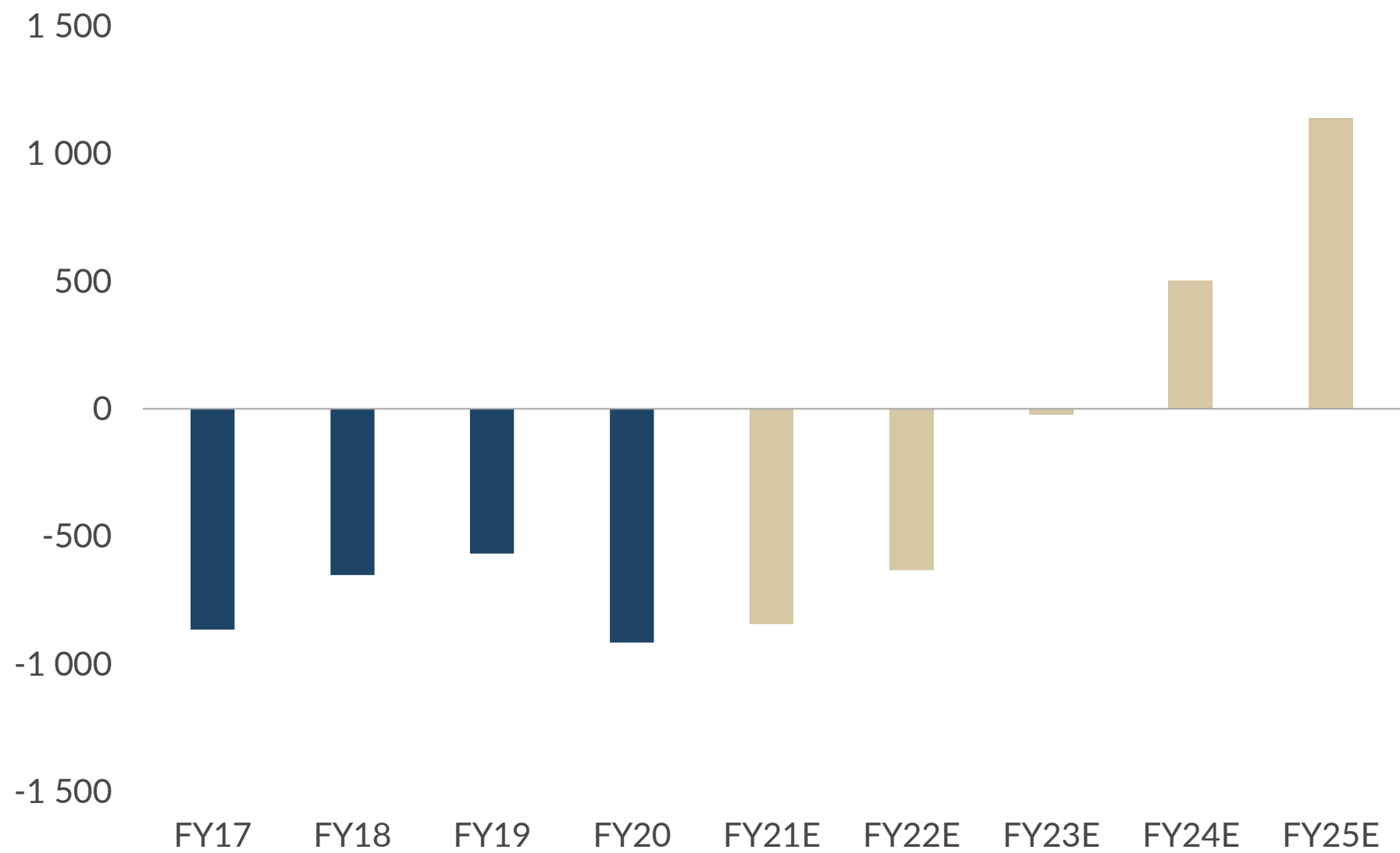
Tencent – Consistent compounder

Non-GAAP EPS growth



Naspers “Rump” heading towards profitability

Trading profit – ex-Tencent (USD m)







## Naspers discount – close to high



- Tencent 88% of NAV
- Rump – on a journey to 3 x USD 20 bn businesses
- Management committed to narrow discount

# SUMMARY OF WHERE THE MONEY WILL BE MADE

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## Domestic Equities

11% return, but  
current trend is higher



## Domestic Fixed Income

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

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## Global Equities

5% by year end, but the  
bull market could take it  
higher



## Global Fixed Income

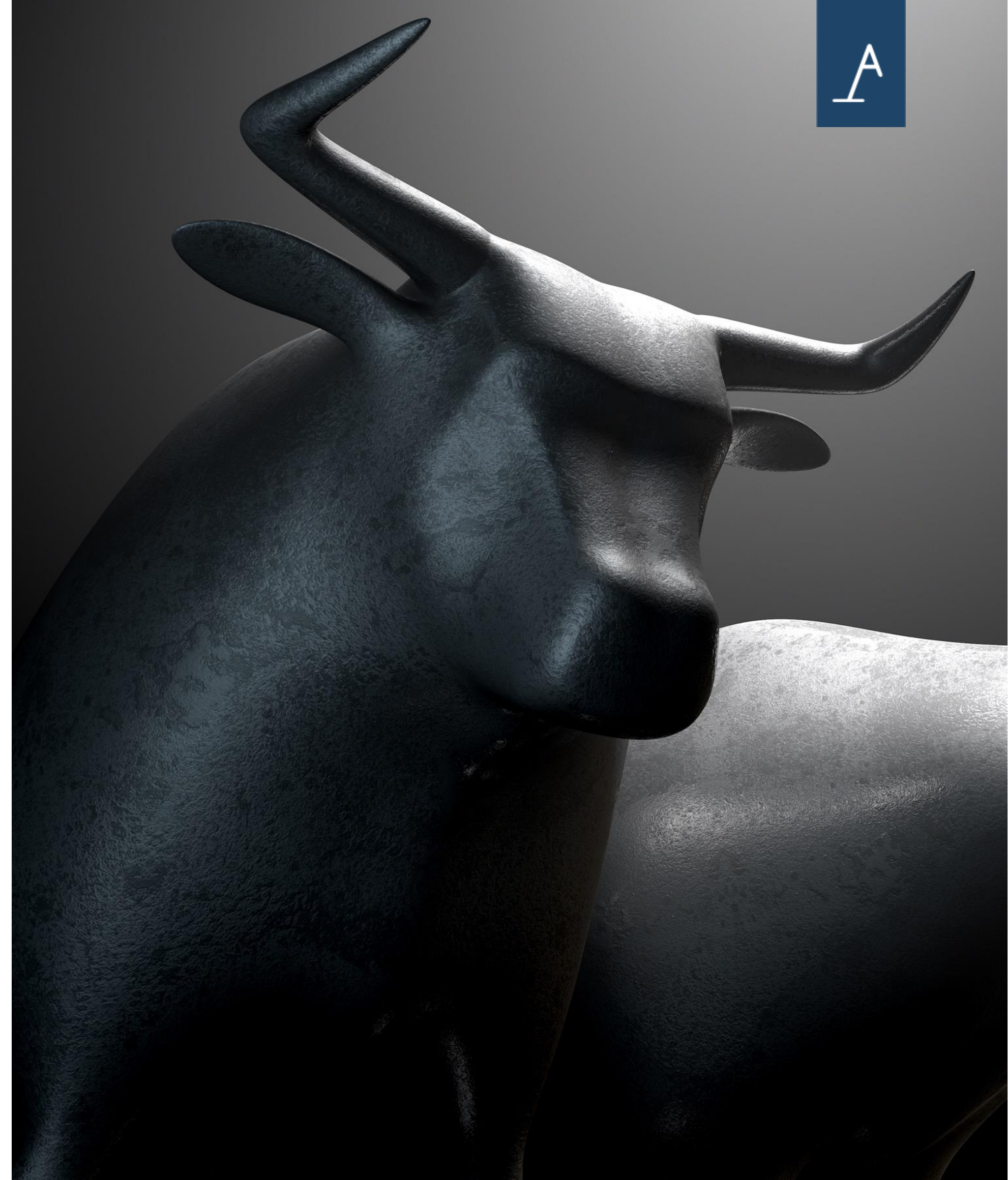
Avoid duration, hold a  
corporate bonds for 2%  
to 3% yields.



# BULL MARKET FOR NOW

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- 2020 flat for SA, 15% for the world
- 2021 projections: Global 5% (US\$), Local 11% (Rands)
- 2021 bull market conditions, but priced for perfection
  - Biden v inflation/yields, CV19 allowing
  - All eyes on Israel
  - EM strong, resources to lead the way
- In SA portfolios, a strong global portfolio positioning
  - SA Inc not buy and hold for now
- *Big asset manager issue: If Naspers traded at nav and grew at 20% per annum for a few years, it could be 60% of SA market*





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