



WHERE THE MONEY
WILL BE MADE 2Q26

INTRODUCTION & ASSET ALLOCATION

MAY 2026

PETER ARMITAGE
CEO & Co-CIO



ALMOST TWO-THIRDS OF US COMPANIES HAVE REPORTED 1Q26 EARNINGS WITH AGGREGATE EARNINGS GROWTH OF 28% YOY (20% AHEAD OF ANALYST EXPECTATIONS)

S&P 500 INDEX		Surprise	Growth			
Sector (GICS)	Reported			Earnings Growth		Earnings Surprise
1) All Securities	316 / 499			27.99%		20.21%
12) > Energy	12 / 22			-6.16%		23.66%
13) > Materials	18 / 26			41.90%		13.93%
14) > Industrials	61 / 79			11.56%		8.88%
15) > Consumer Discretionary	27 / 48			52.90%		52.46%
16) > Consumer Staples	20 / 35			5.95%		6.09%
17) > Health Care	34 / 58			-4.65%		11.51%
18) > Financials	62 / 76			25.11%		6.59%
19) > Information Technology	33 / 73			42.20%		10.46%
20) > Communication Services	9 / 20			55.61%		62.93%
21) > Utilities	13 / 31			9.97%		4.34%
22) > Real Estate	27 / 31			15.04%		6.02%

Infotech = Apple, Microsoft, Nvidia, Broadcom, Oracle etc.

Consumer Discretionary = Amazon, Tesla, Home Depot, McDonald's, Nike, Starbucks etc.

Communication Services = Alphabet, Meta, Netflix, Comcast, AT&T etc.

Industrials = GE, Caterpillar, Honeywell, Union Pacific, Boeing etc.

Consumer Staples = Procter & Gamble, Coca-Cola, Pepsico, Costco, Walmart etc.



Big Tech Earnings Winners and Losers

■ Market value gained day after results ■ Market value lost day after results



Source: Bloomberg

Bloomberg

Summary by Bloomberg AI

- Three Big Tech companies have had an outside impact on Q1 profit performance, with Amazon's net income up 77% in the first quarter.
- The S&P 500 is on track to put up bottom-line growth not seen in years, driven in large part by Alphabet, Amazon, and Meta.
- First-quarter net profit margins for S&P 500 companies stood at 14.7%, which would be the highest since FactSet began tracking the metric in 2009.

Largest Positive Earnings Surprises Among Mega-Cap Companies

Among the top 20 S&P 500 companies by market capitalization that have reported Q1 2026 earnings, the biggest positive contributors include:

- Alphabet (GOOGL): 97% earnings surprise, driven by strong growth at Google Cloud and AI products [Bloomberg News](#)
- Amazon (AMZN): 74% earnings surprise, with net income up 77% in the first quarter [Dow Jones Institutional News Feed](#)
- Meta Platforms (META): 59% earnings surprise
- Micron Technology (MU): 20% earnings surprise
- Eli Lilly (LLY): 20% earnings surprise
- JPMorgan Chase (JPM): 9% earnings surprise
- Broadcom (AVGO): 8% earnings surprise
- Apple (AAPL): 6% earnings surprise

WHERE THE MONEY WILL BE MADE

DOMESTIC EQUITY

- SA market remains in limbo, waiting for direction from the Middle East.
- A positive outcome would see a resumption of the positive momentum experienced over the previous 12 months to end Feb. (+15% total return over the next 12m)
- A protracted conflict, with stubbornly higher energy prices, will see the JSE tread water for the remainder of the year.

DOMESTIC FIXED INCOME

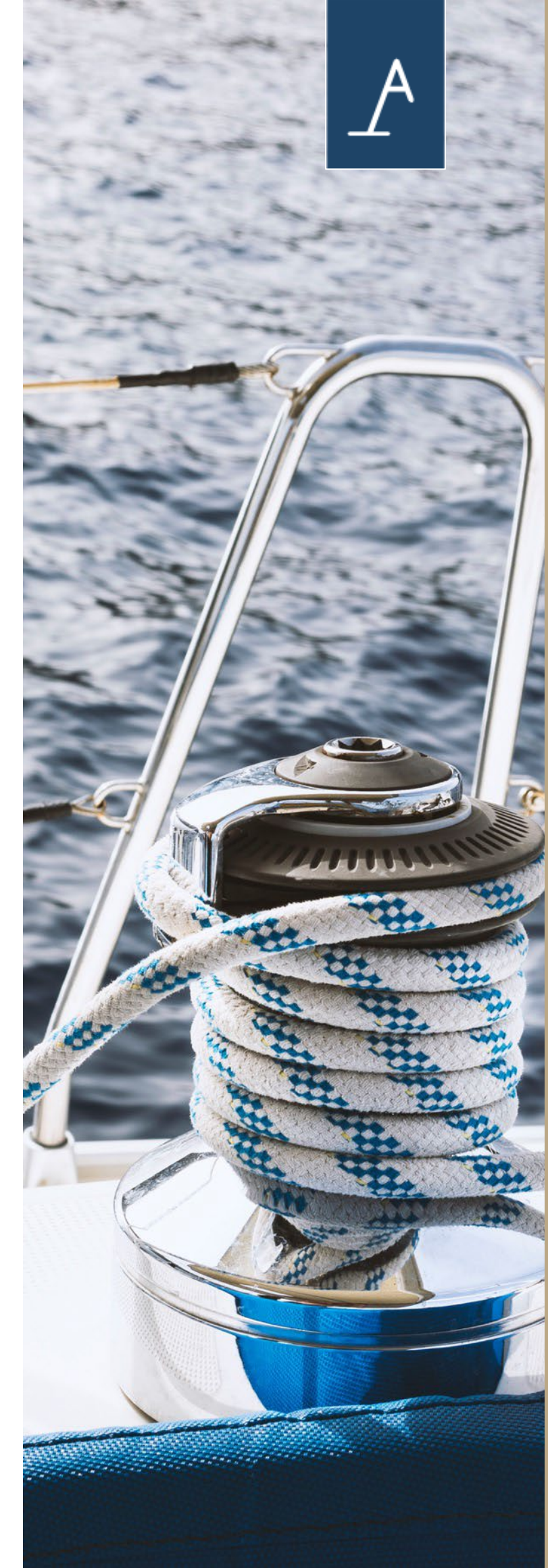
- Positive momentum for South African fundamentals likely to continue.
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- Bond yields will remain interesting. We continue to see the Anchor BCI Flexible Income Fund as attractive with a net yield of 8.1% as we position for rate hikes.

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GLOBAL FIXED INCOME

- We expect the US dollar weakening trend to resume as the Iran military action winds down.
- US debt levels will keep longer-dated bond yields high.
- We expect interest rates to remain on hold for the rest of 2026 at a target of 3.50% to 3.75%.
- Bonds are fair, we prefer bonds with near-term maturities. Think about the Anchor Global High Yield Fund with a net yield of 4.4%.



2Q asset allocation

Asset Class	Current Stance:			Expected returns (Own Currency)	
	Neg.	N	Pos.		
Domestic					
Equity			←	12%	N
Bonds				9%	N
Listed Property				10%	N
Cash				7%	UW
Alternatives*				10% to 15%	OW
Rand / USD (Rand Stronger)				-6%	N
Global					
Equity				8%	N
Government Bonds				4%	UW
Corporate Credit				4%	UW
Listed Property			←	5%	UW
Cash				3%	N
Alternatives*				8% to 12%	OW

Neg. = Negative; N = Neutral; Pos. = Positive

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



Asset Allocation

Our house view on different asset classes



WHERE THE MONEY
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FIXED INCOME AND THE RAND

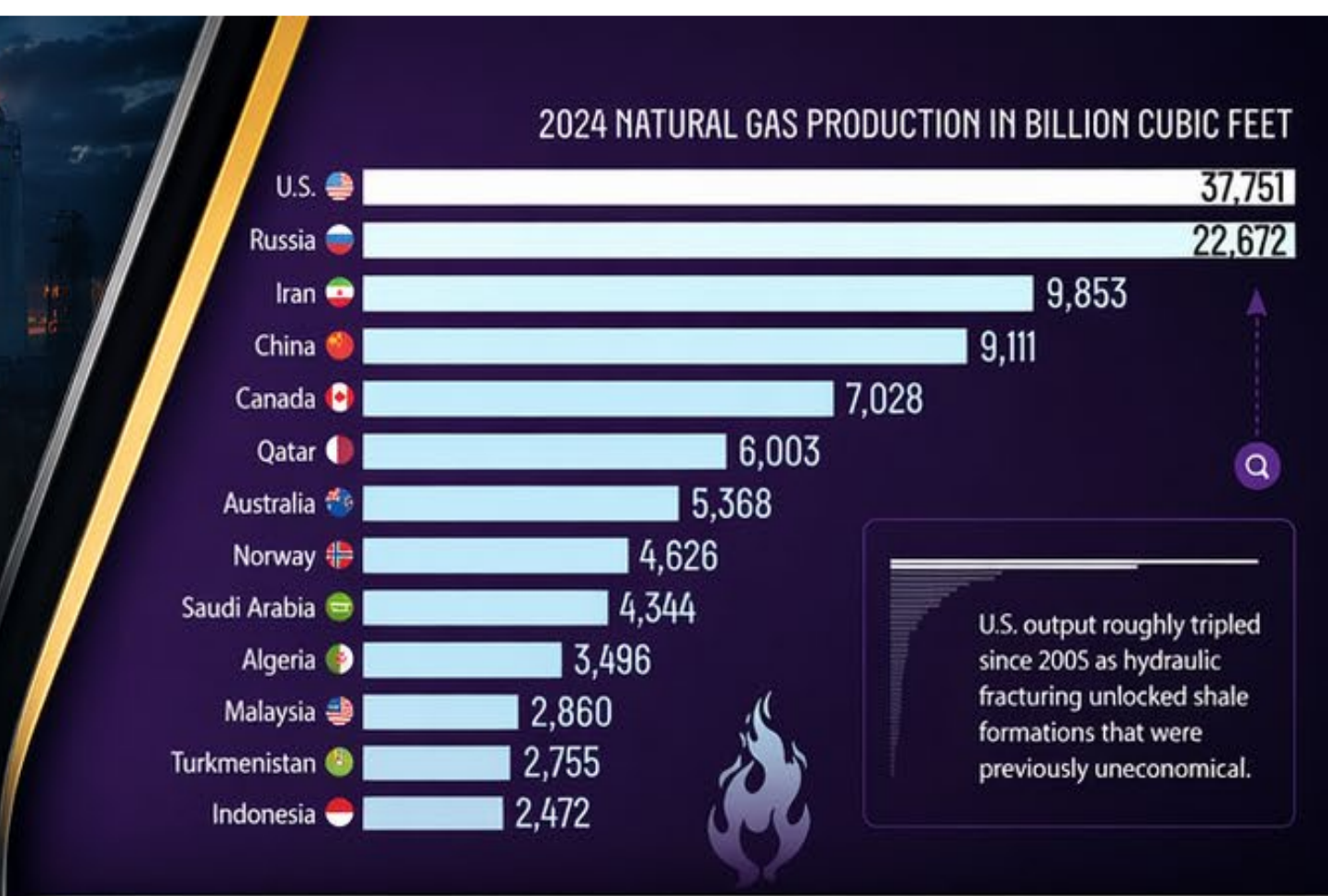
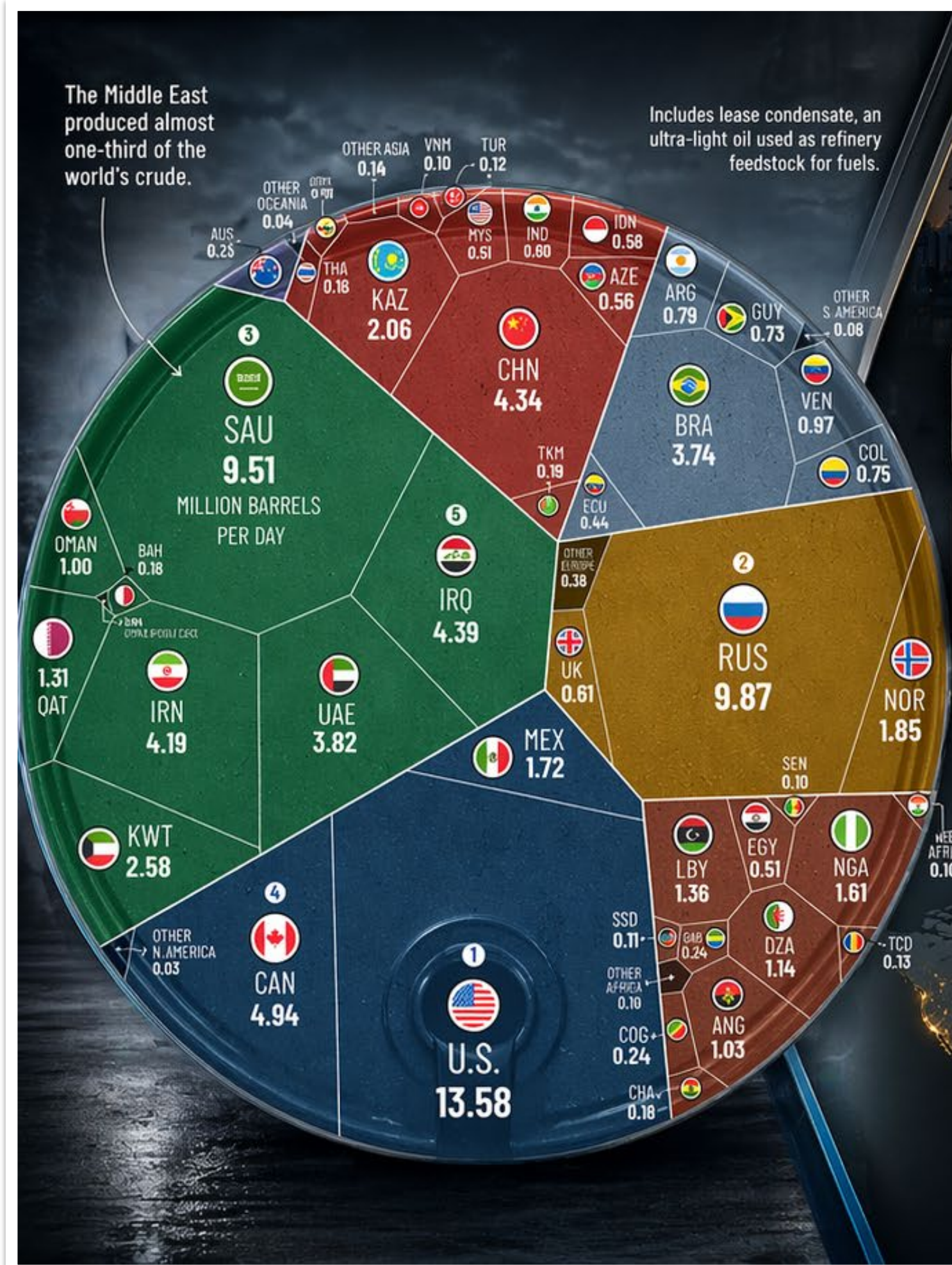
MAY 2026

NOLAN WAPENAAR
CO-CHIEF INVESTMENT OFFICER/HEAD OF FIXED
INCOME

CRUDE OIL PRODUCTION

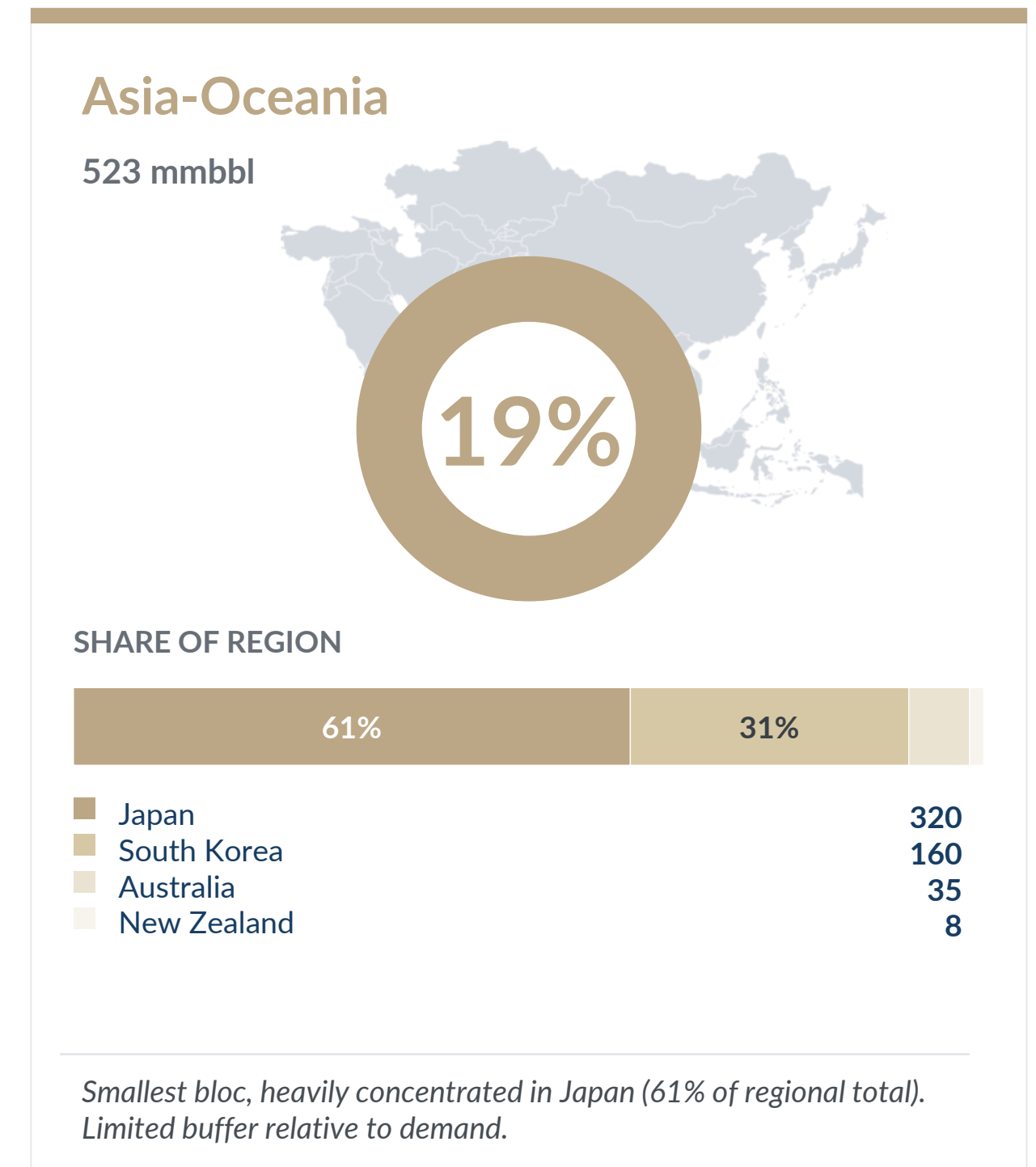
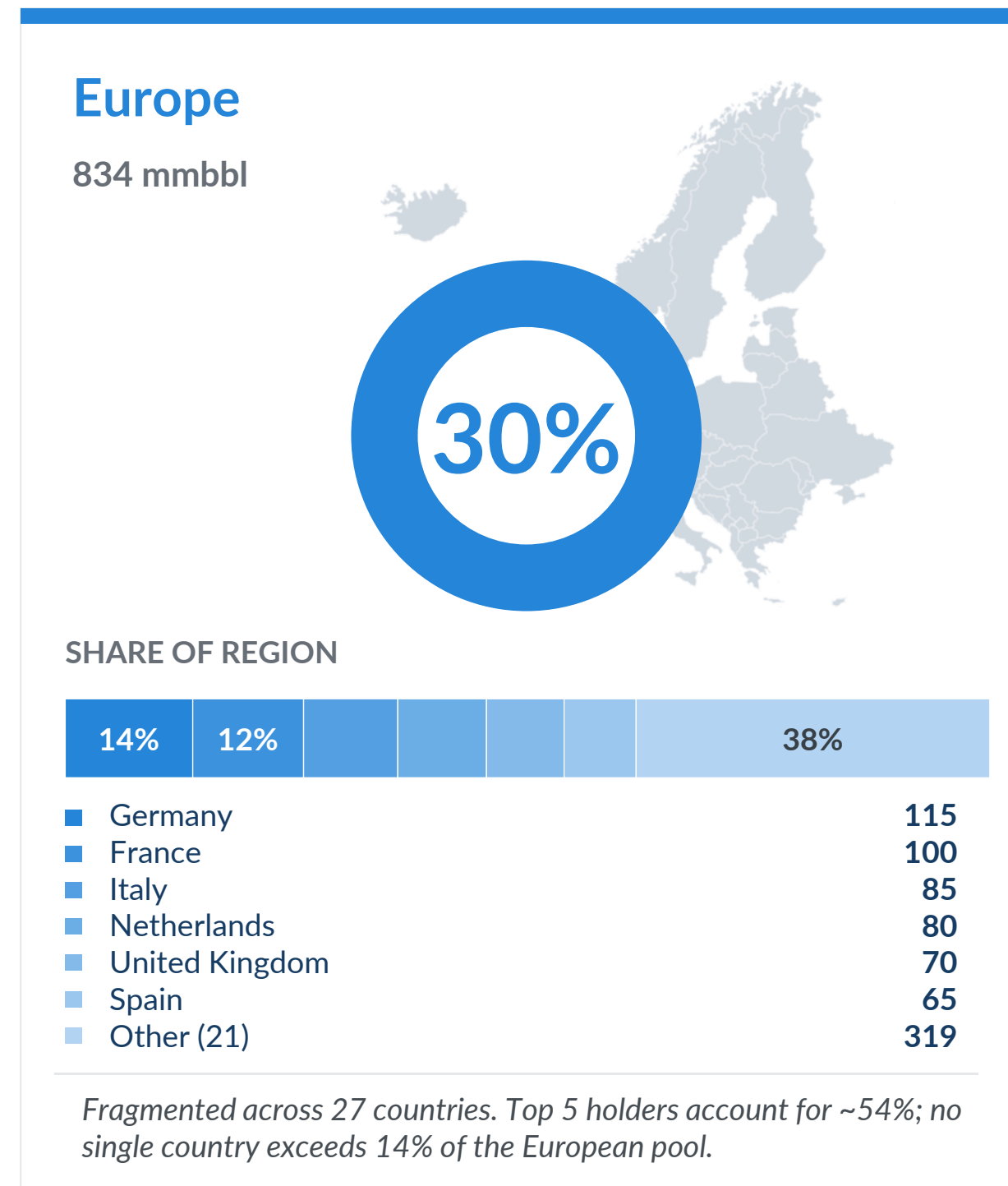
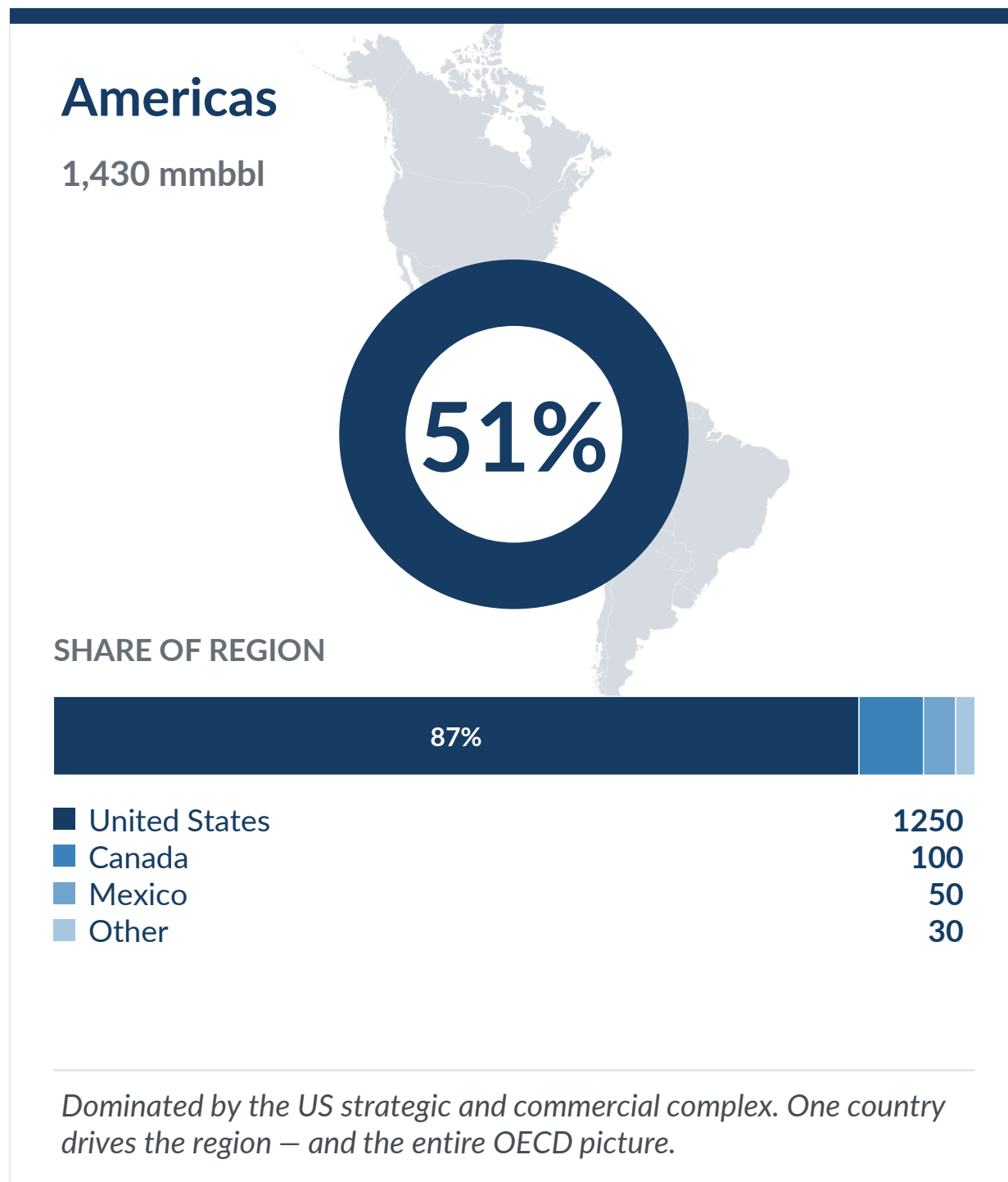
BY COUNTRY 2025

GLOBAL INSIGHTS. STRATEGIC RESOURCES. POWERING TOMORROW.



OIL INVENTORIES BUY SOME TIME

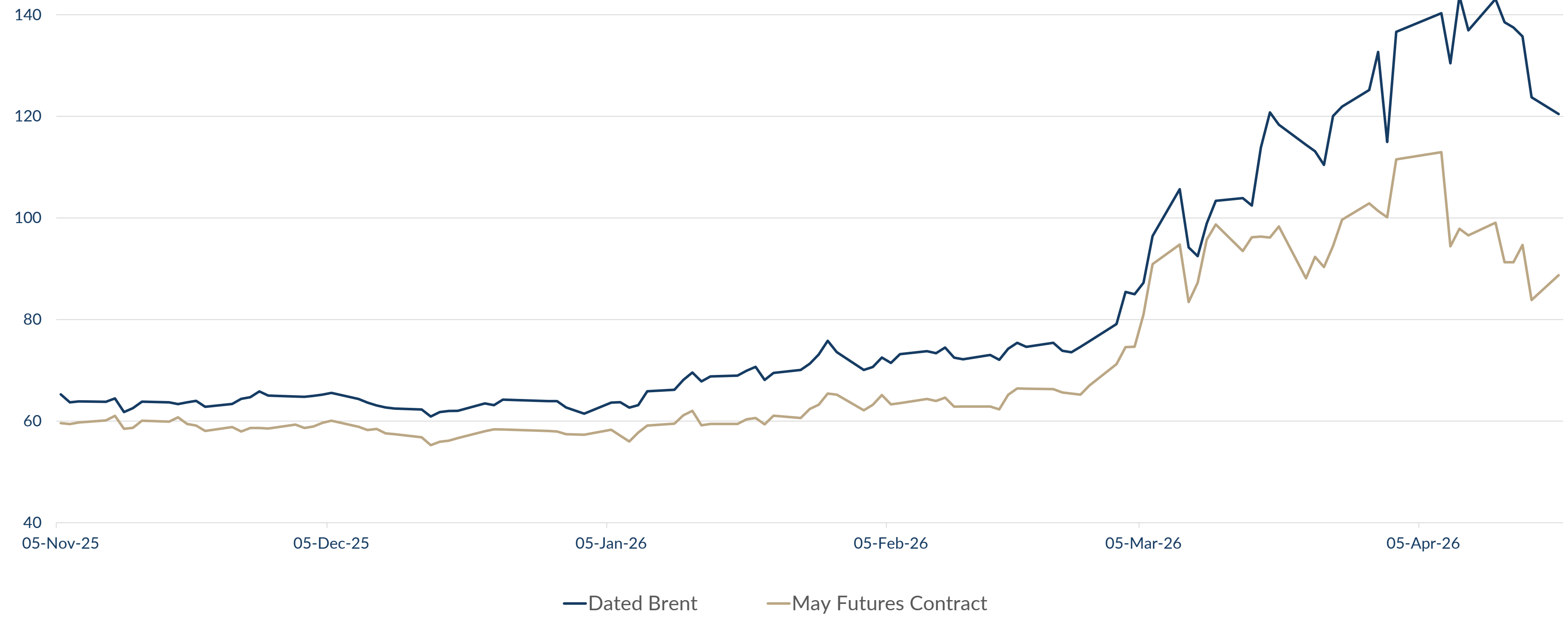
2.79bn barrels sit across OECD commercial storage – but they aren't evenly spread. The Americas hold more than the other two blocs combined, and the US alone accounts for **45% of the total**.



Implication: global inventory buffers are asymmetric – US policy and Atlantic basin flows disproportionately shape the headline OECD number.

OIL IS MORE EXPENSIVE THAN YOU THINK

Physical Market vs Futures Market





THE IMPACT ON THE RAND





GOLD UP 45% OVER 1 YEAR AND 12% YTD

1 YEAR



YTD

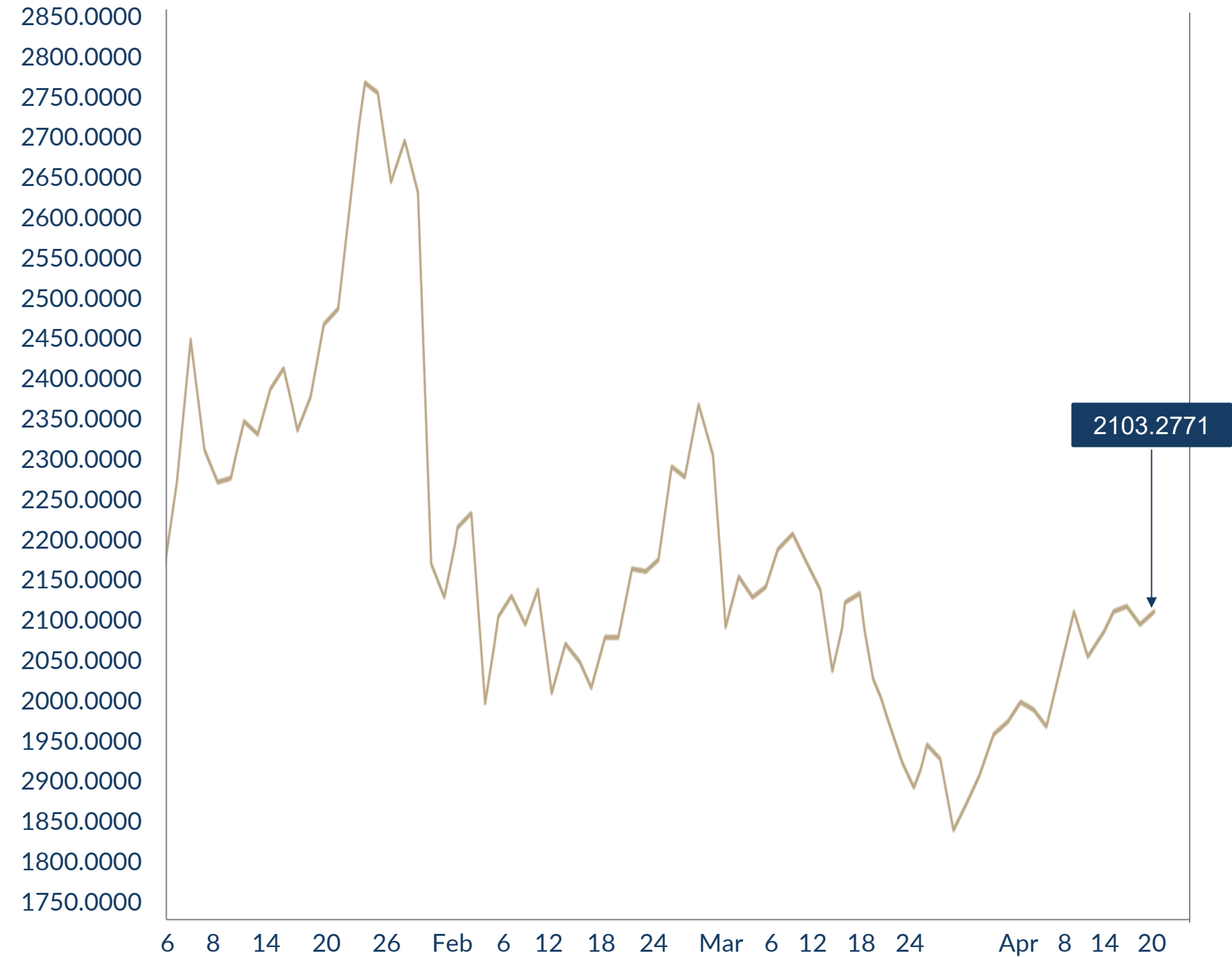


PLATINUM UP 117% OVER 1 YEAR AND FLAT YTD

1 YEAR

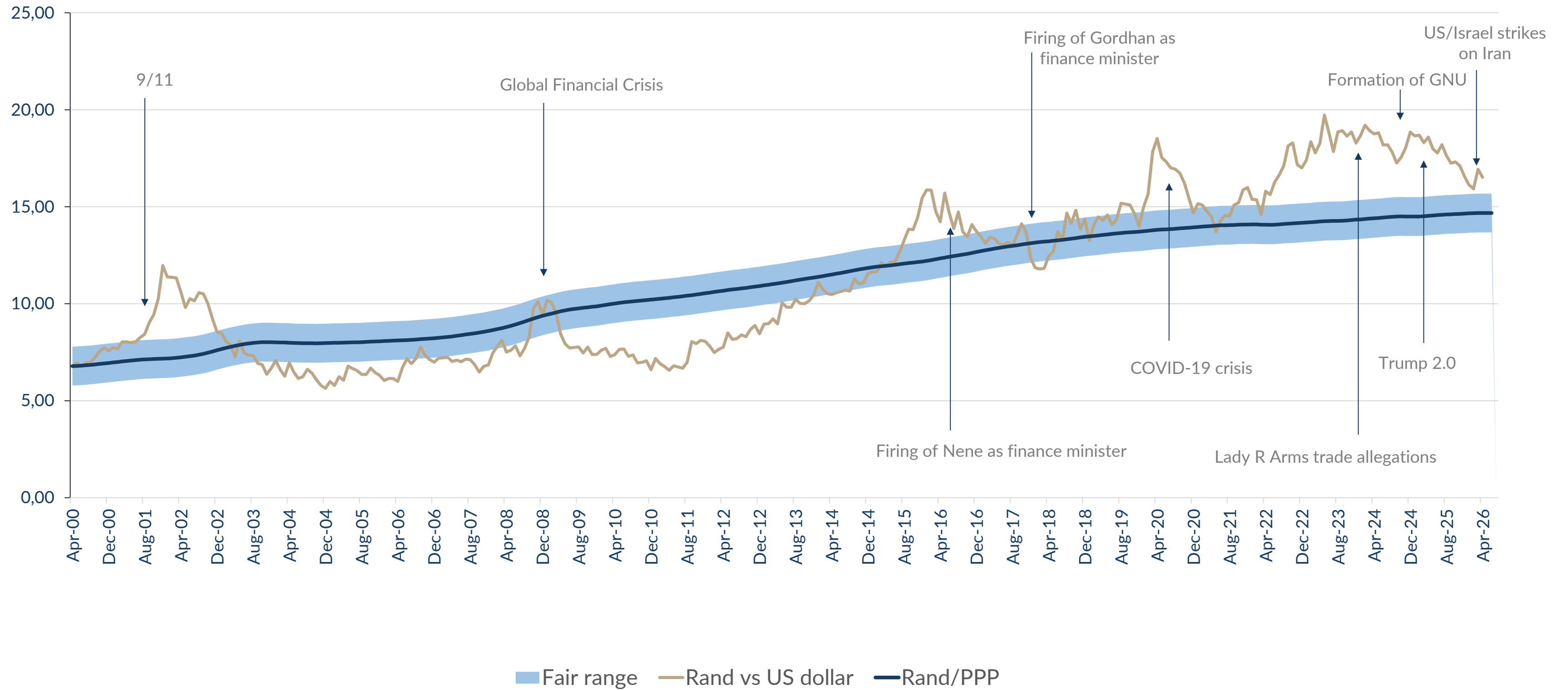


YTD



THE RAND

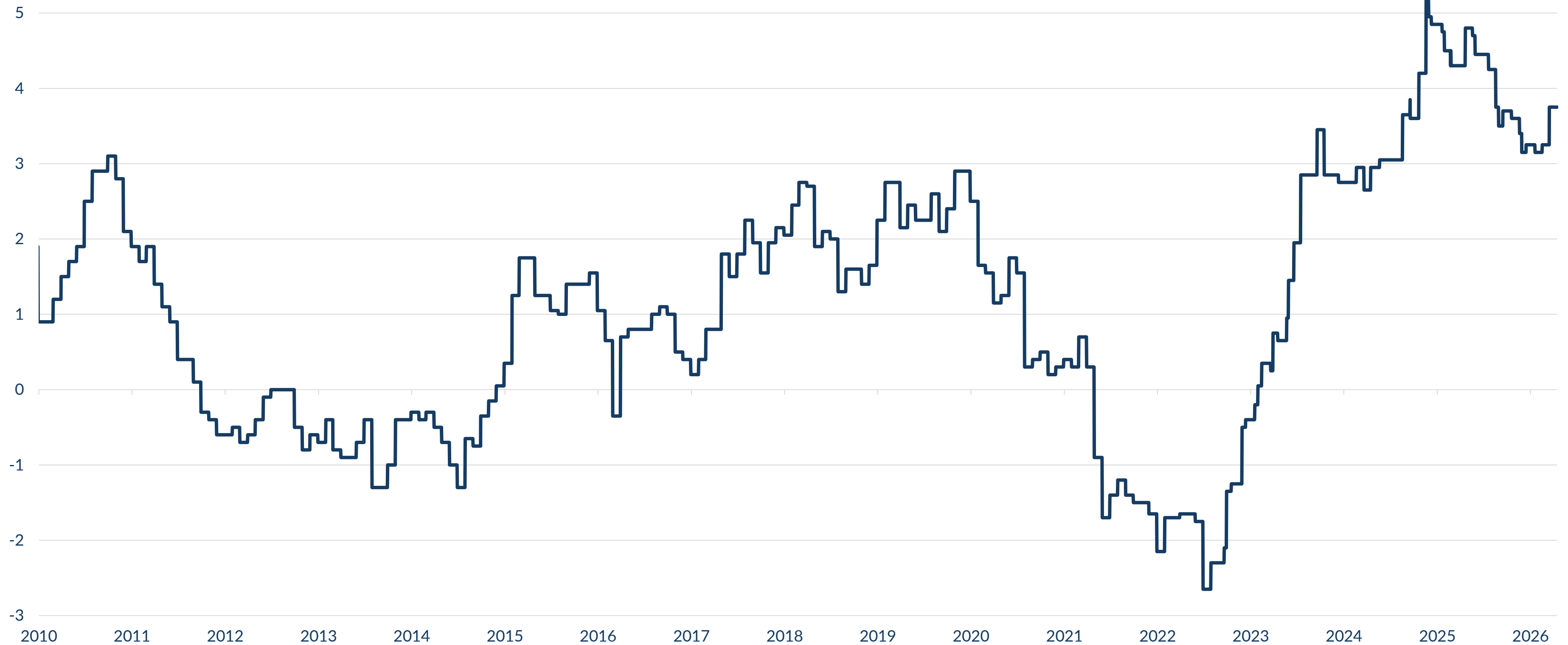
Actual R/US\$ vs rand PPP model





SOUTH AFRICAN BONDS

ELEVATED REPO RATE CUSHIONS AGAINST INFLATION



WHERE THE MONEY WILL BE MADE

DOMESTIC EQUITY

DOMESTIC FIXED INCOME

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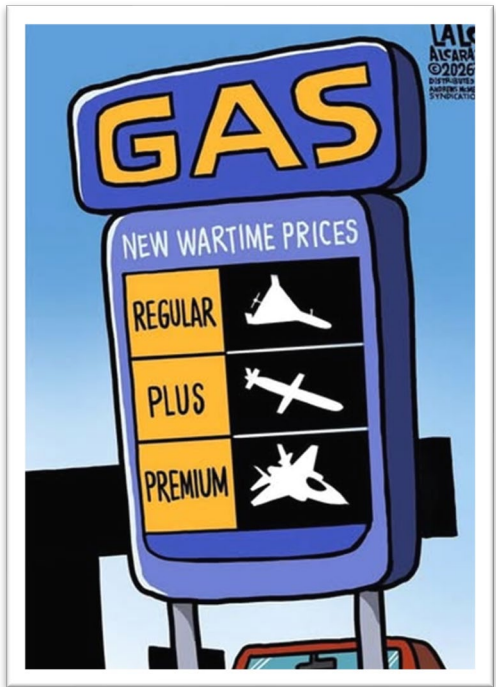
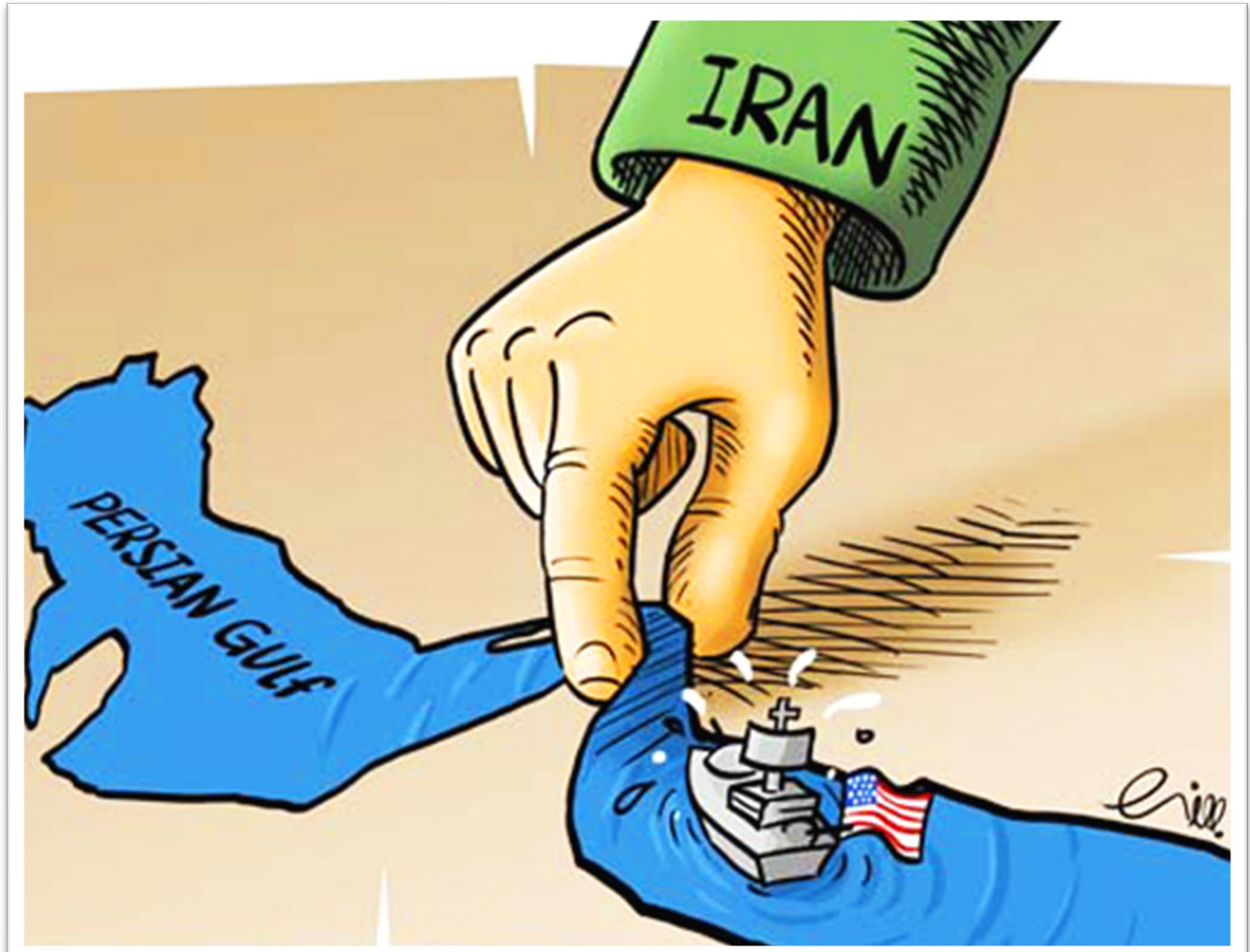
GLOBAL EQUITY

GLOBAL FIXED INCOME



GLOBAL FIXED INCOME

CREDIBILITY CRACKS



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GLOBAL EQUITIES

ARE YOU A TRADER OR A LONG-TERM INVESTOR?

MIKE GRETTY
FUND MANAGEMENT

GLOBAL EQUITIES: HIGHLY DIVERGENT ST OUTCOMES POSSIBLE...

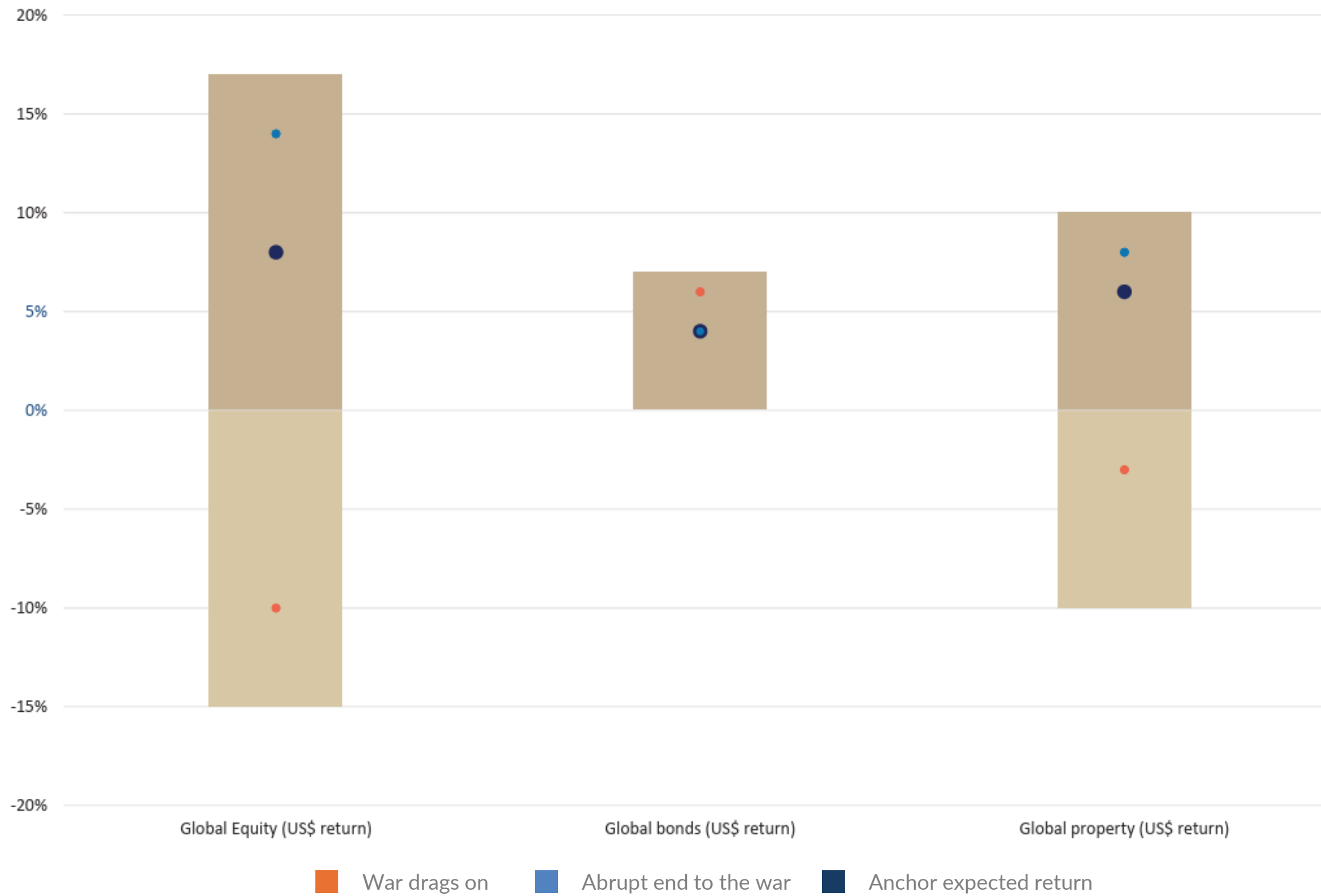


Figure 1: 12M return scenarios for various asset classes in US dollar terms

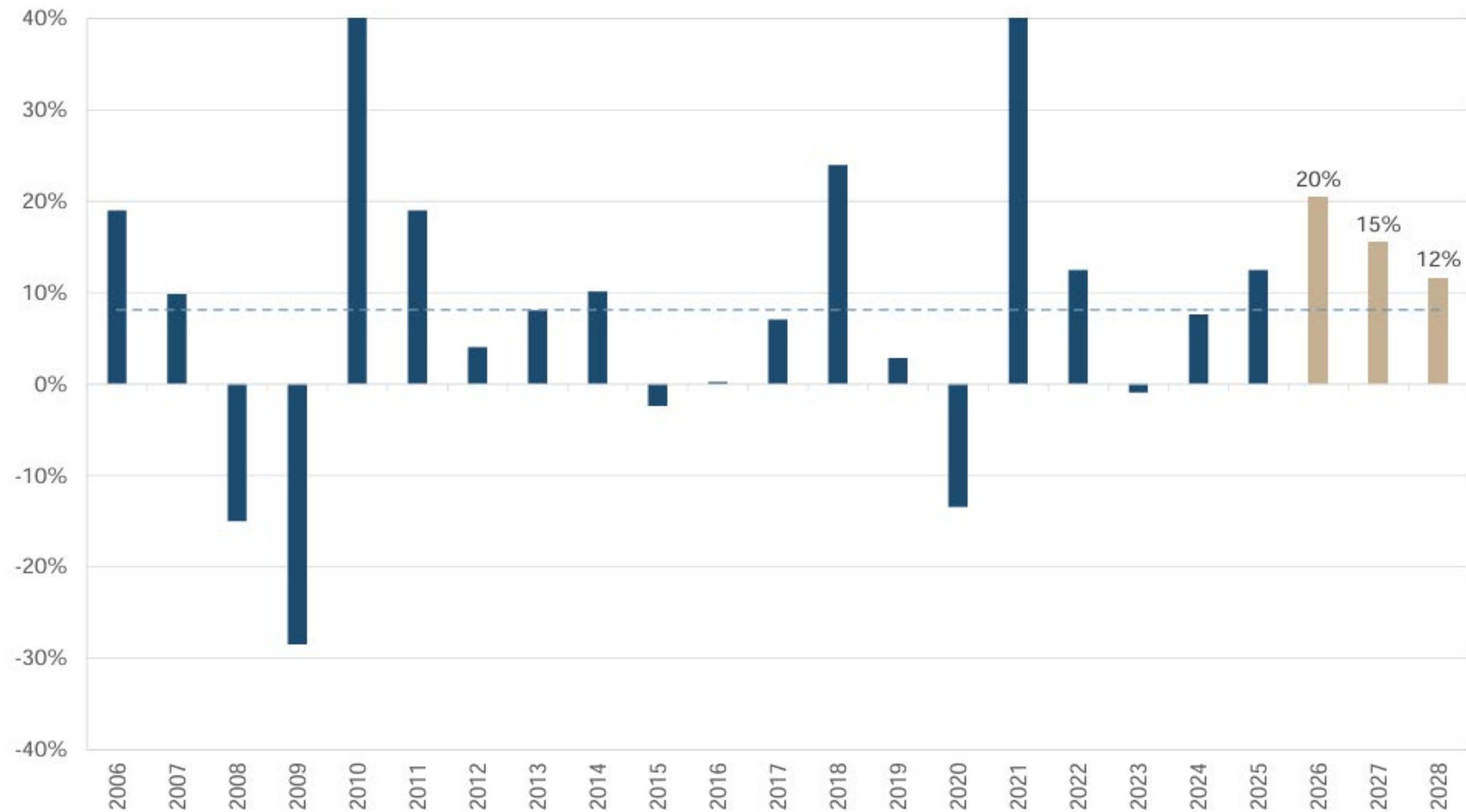
	Global Equity	Global Bonds	Global Property
Anchor expected return (in US dollar)	8%	4%	6%

GLOBAL EQUITY VALUATIONS ARE CURRENTLY ELEVATED

US S&P 500 Index forward P/E (x)



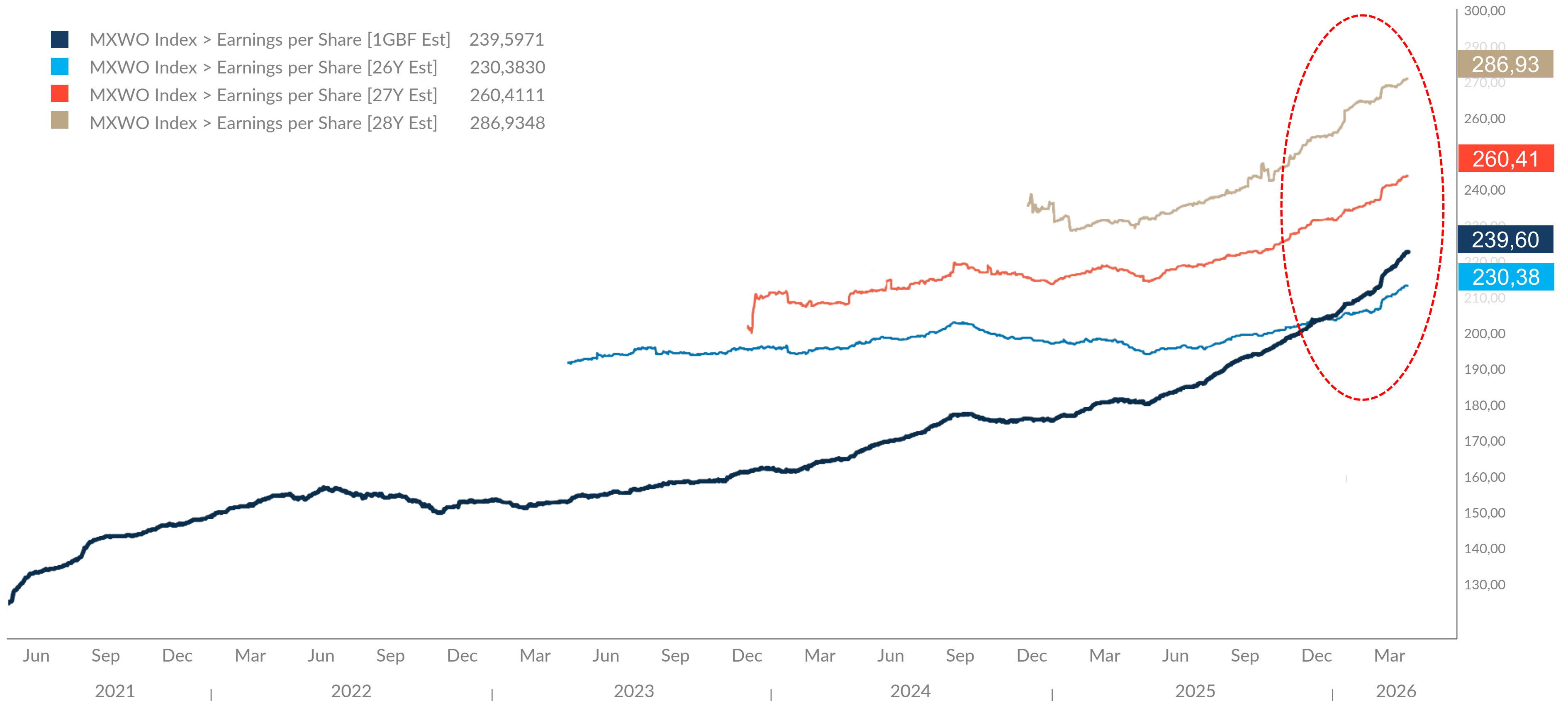
ANALYSTS ARE ANTICIPATING ABOVE-AVERAGE CORPORATE EARNINGS GROWTH IN 2026....





... EXPECTATIONS HAVE ACTUALLY BEEN UPGRADED YTD

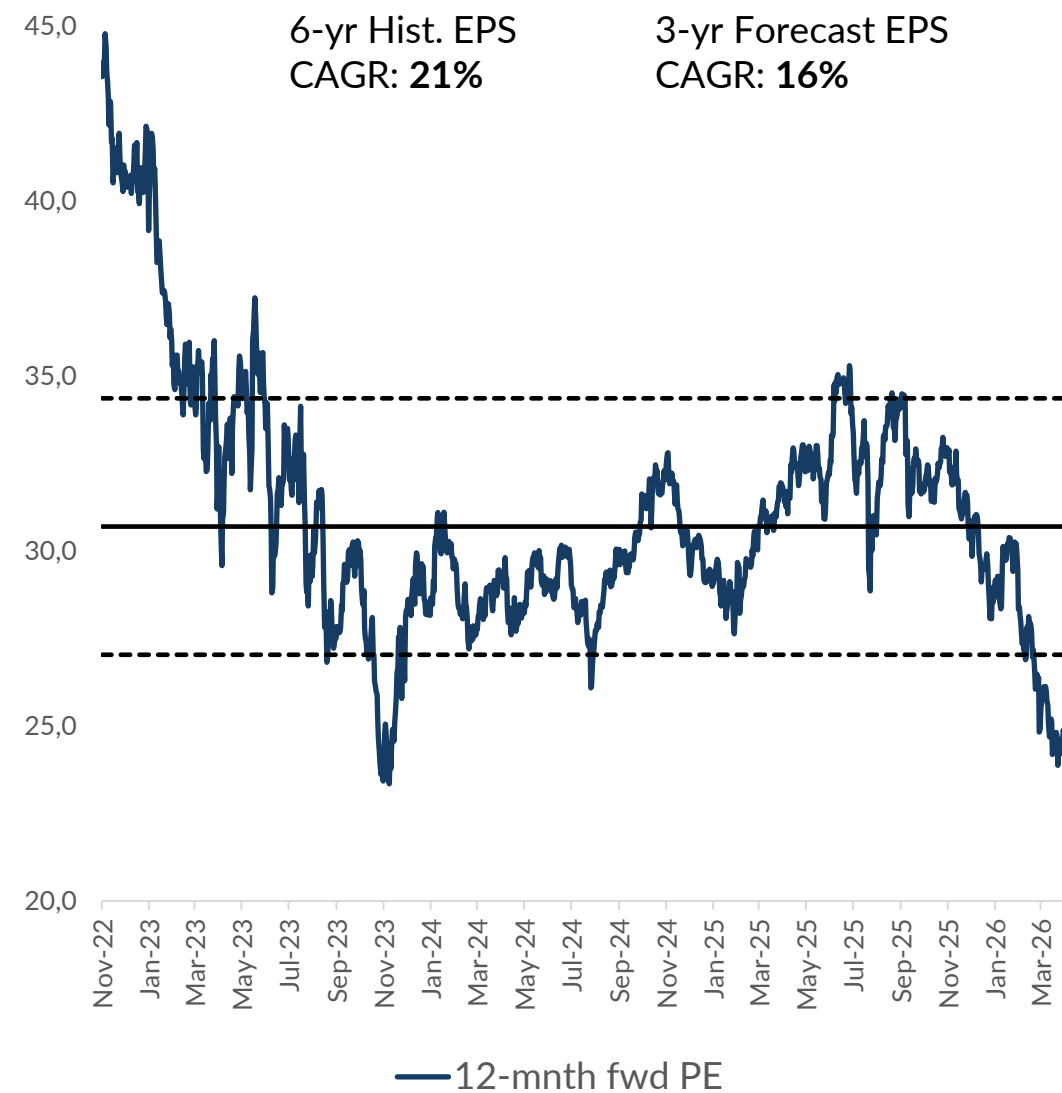
■	MXWO Index > Earnings per Share [1GBF Est]	239,5971
■	MXWO Index > Earnings per Share [26Y Est]	230,3830
■	MXWO Index > Earnings per Share [27Y Est]	260,4111
■	MXWO Index > Earnings per Share [28Y Est]	286,9348



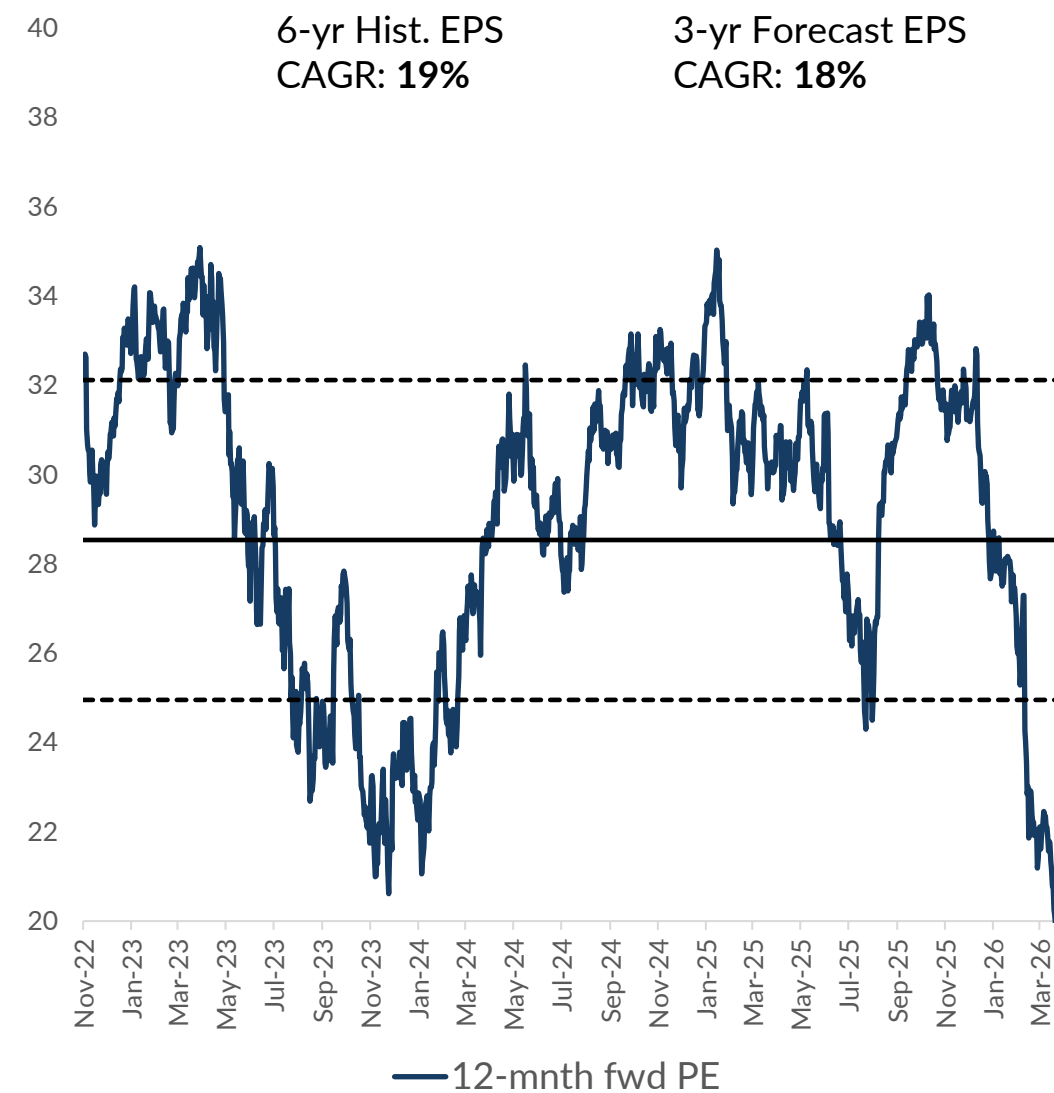


MANY QUALITY/GROWTH SHARES' VALUATIONS AT MULTI-YEAR LOWS...

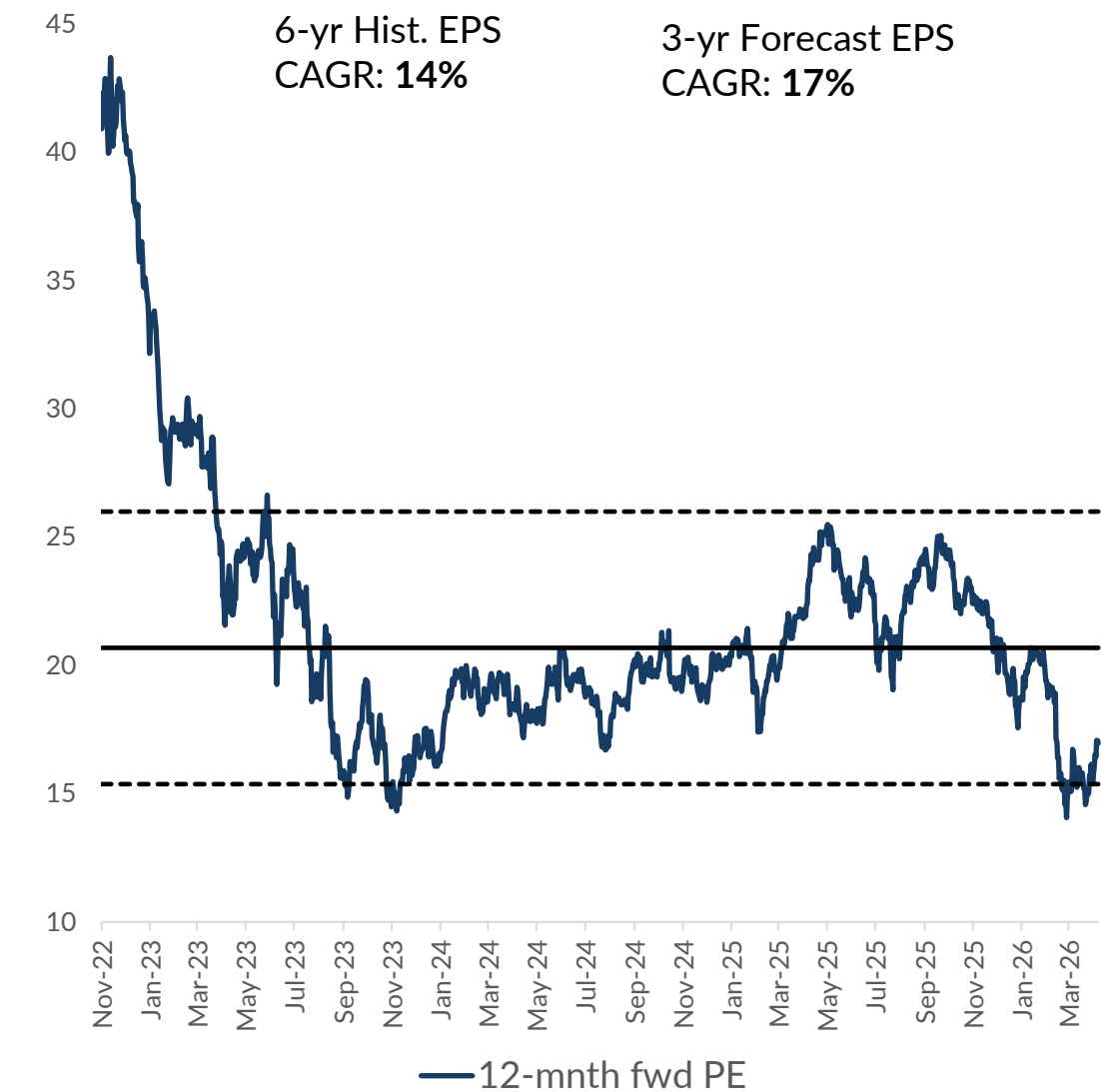
MASTERCARD



MICROSOFT



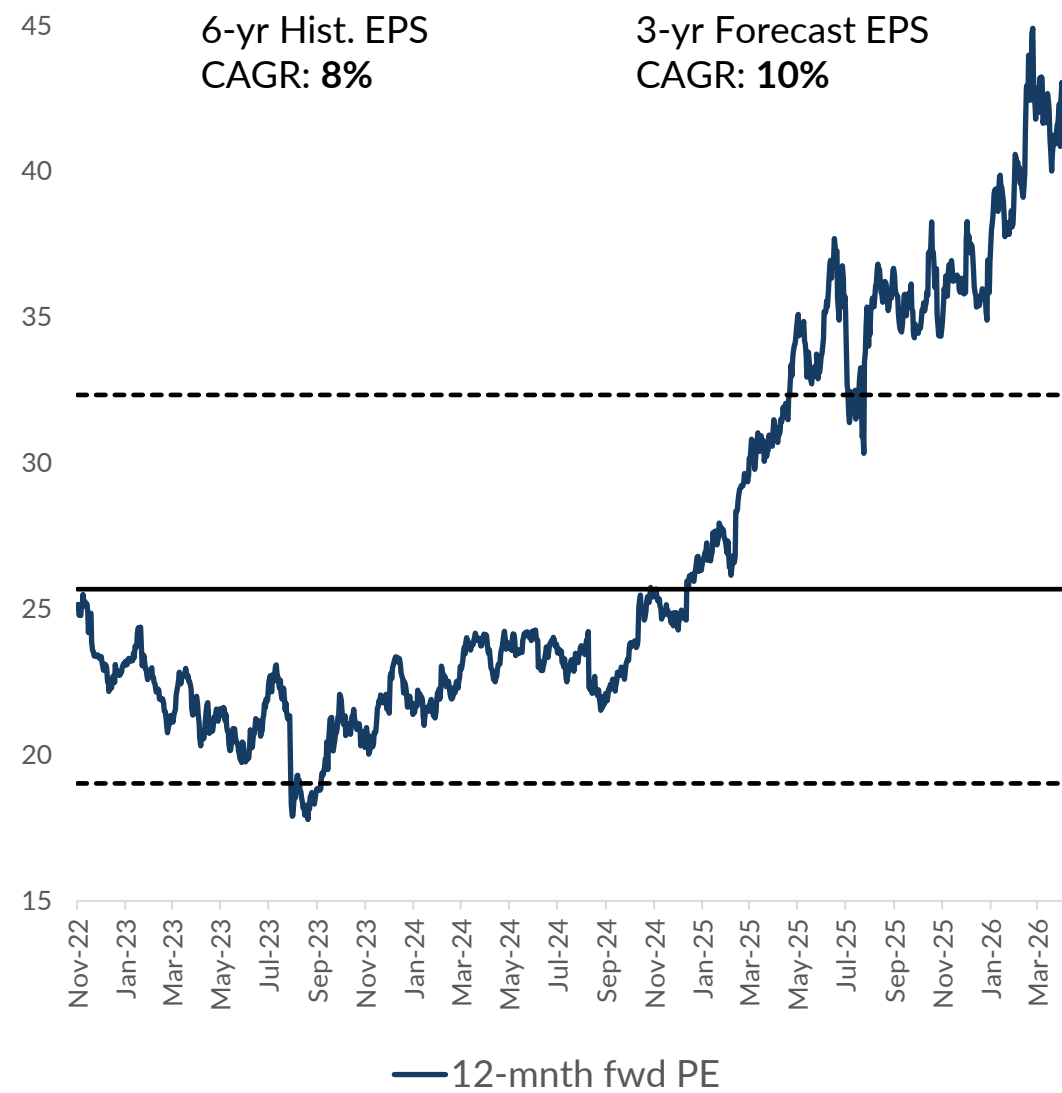
BOOKING HOLDINGS



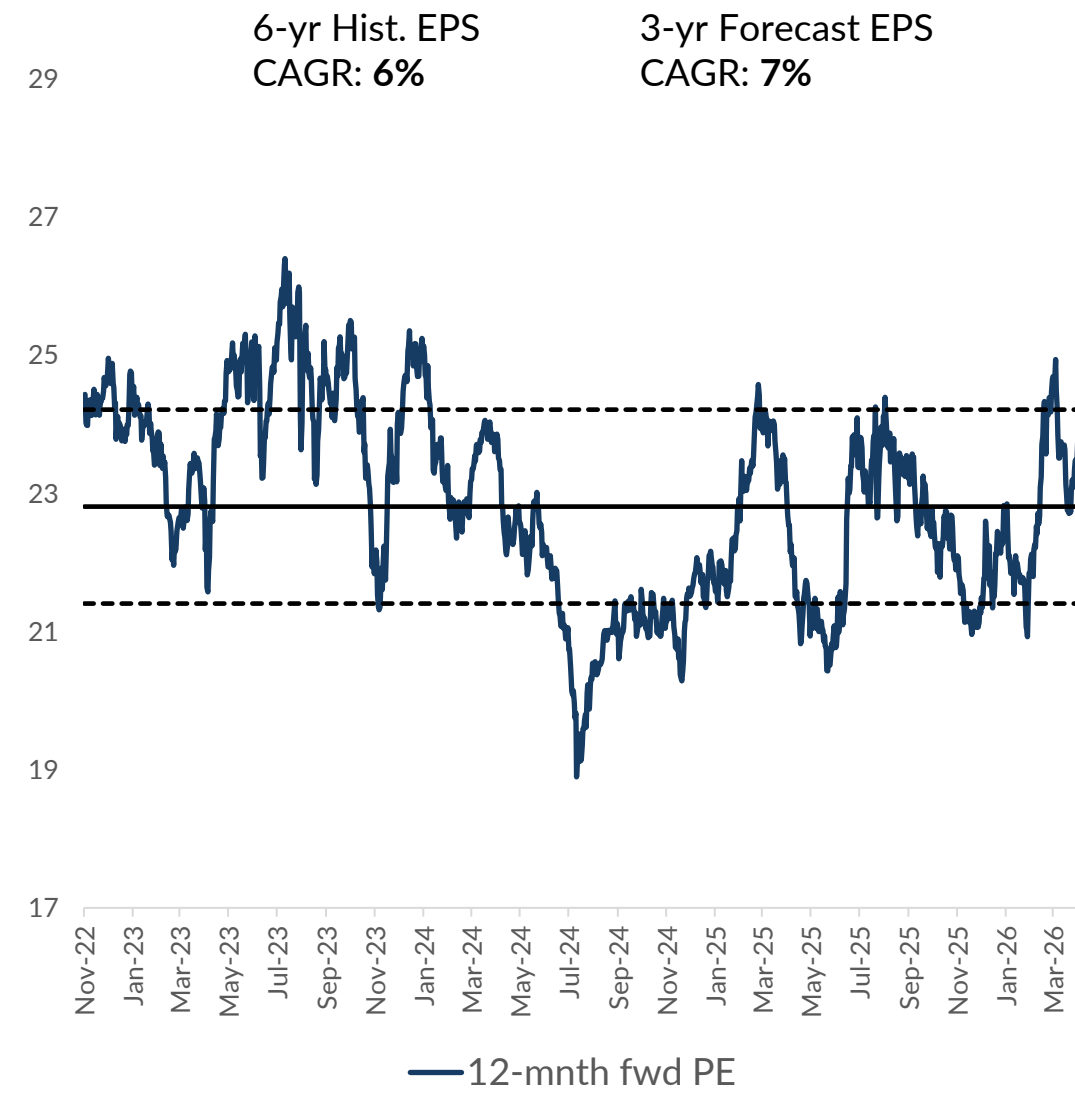


...WHILE ROTATION INTO DEFENSIVE STAPLES MEANS THEY LOOK EXPENSIVE

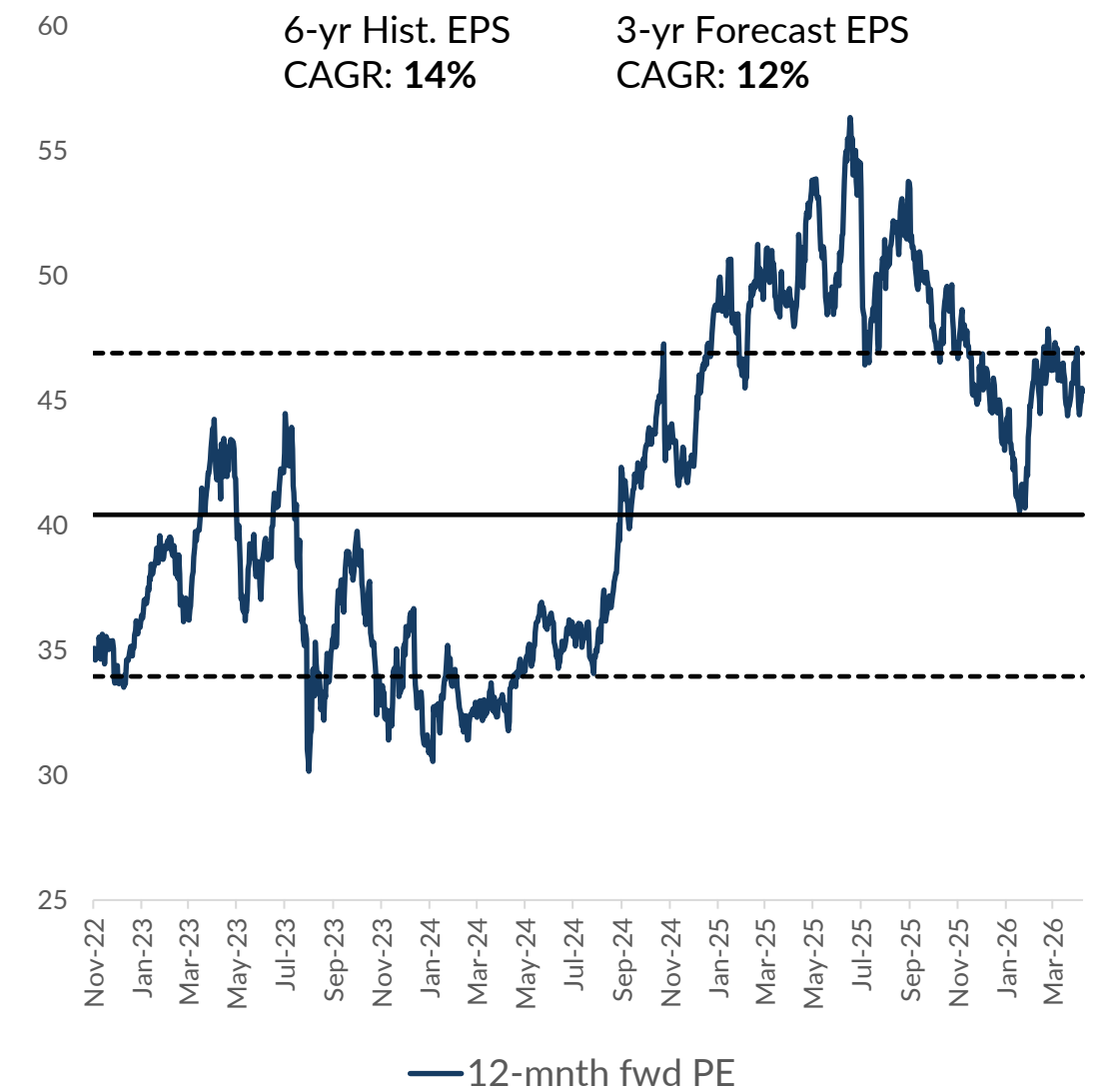
WALMART



COCA-COLA

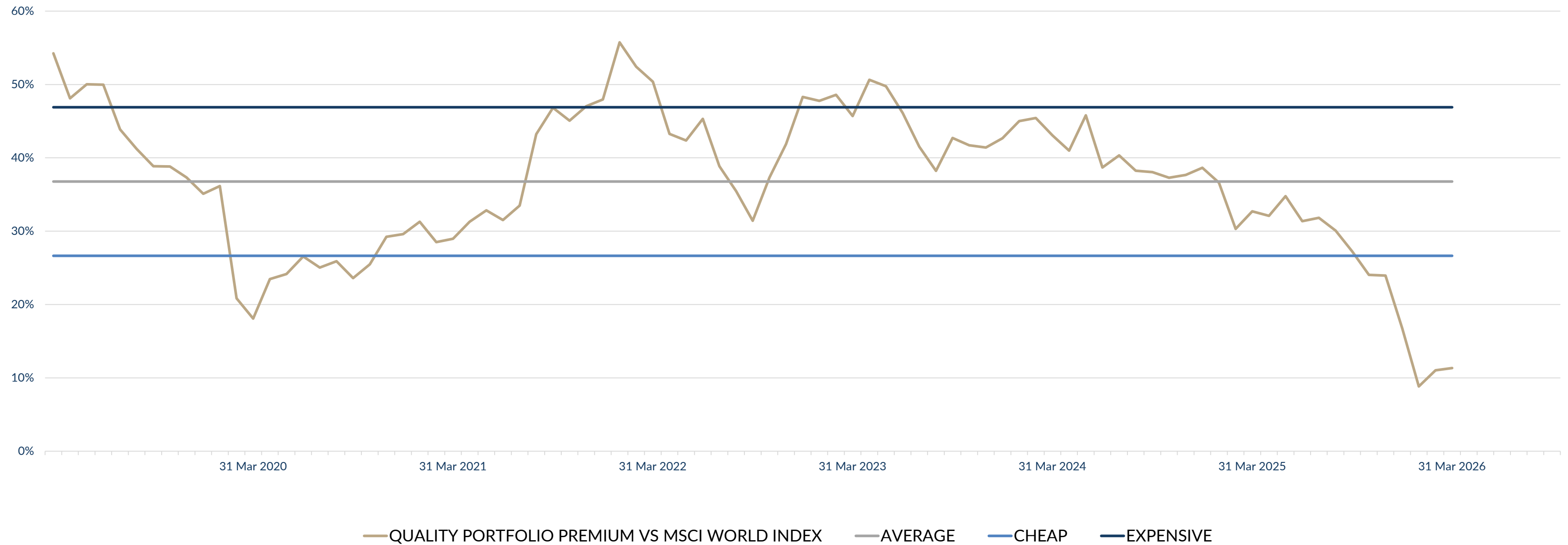


COSTCO



ROTATION AWAY FROM QUALITY/GROWTH PRESENTS MULTI-YEAR OPPORTUNITY?

Monthly Portfolio Harmonic Mean P/E vs World Markets



OUR GLOBAL STOCK IDEAS FOR 2026...

STRONG RECORD OF COMPOUNDING GROWTH

WELL DIVERSIFIED GLOBALLY



HIGH RETURN ON CAPITAL EMPLOYED

QUESTIONING MARKET'S VERDICT ON AI'S IMPACT ON THESE COMPANIES



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GLOBAL FIXED INCOME





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SA EQUITIES

A QUARTER OF TWO HALVES

LIAM HECHTER
FUND MANAGEMENT

A QUARTER OF TWO HALVES

- The Capped ALSI rallied approximately 11% through January and February, driven by falling inflation expectations and firmer bonds.
- Momentum reversed sharply on 28 February when the Middle East conflict triggered an **oil price surge**.
- At its trough, the market experienced an intra-month drawdown of approximately **17%**.
- In the end, the JSE closed 1Q26 down **0.5%**.

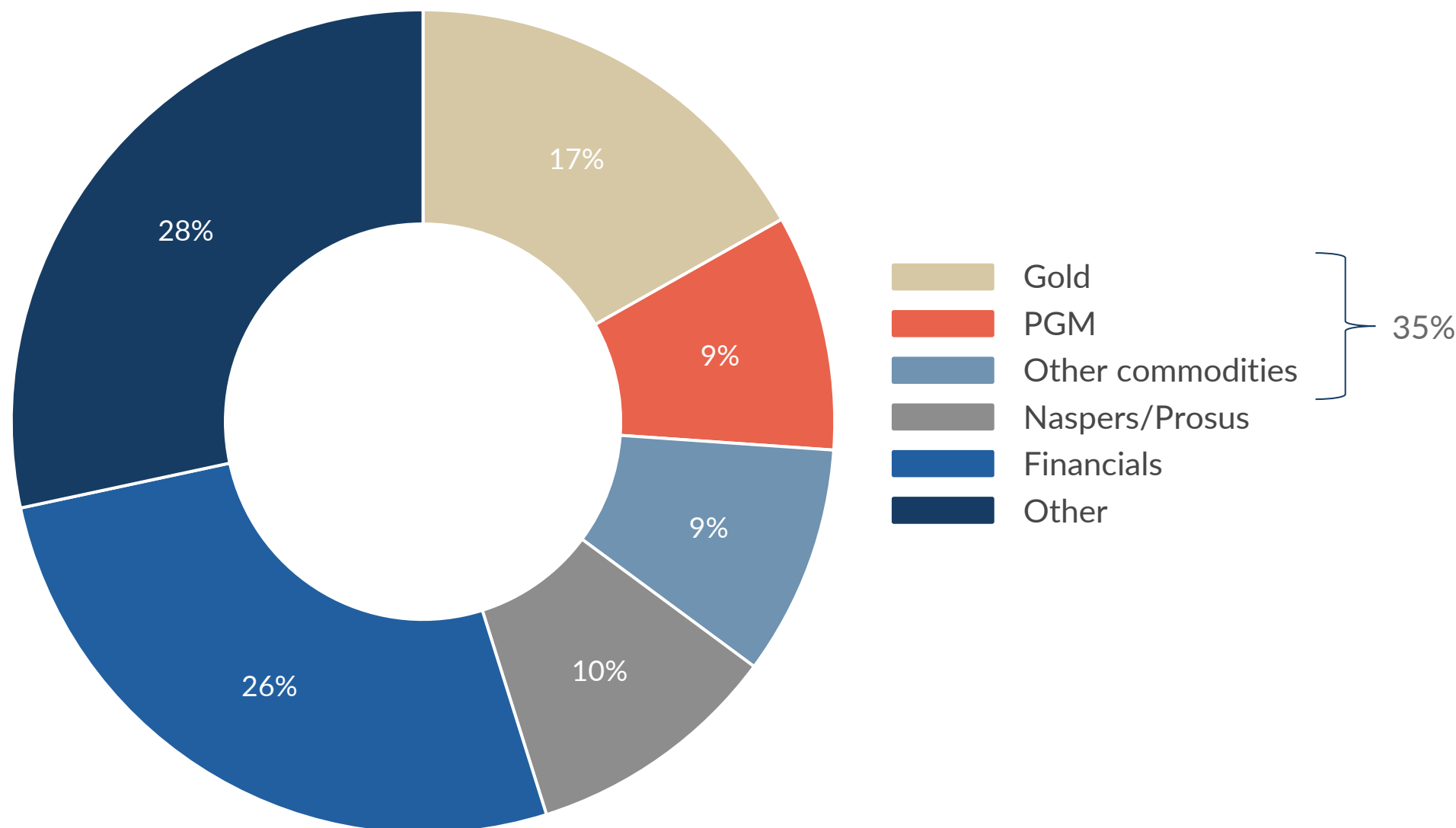
FTSE/JSE Capped All Share Index (price return)



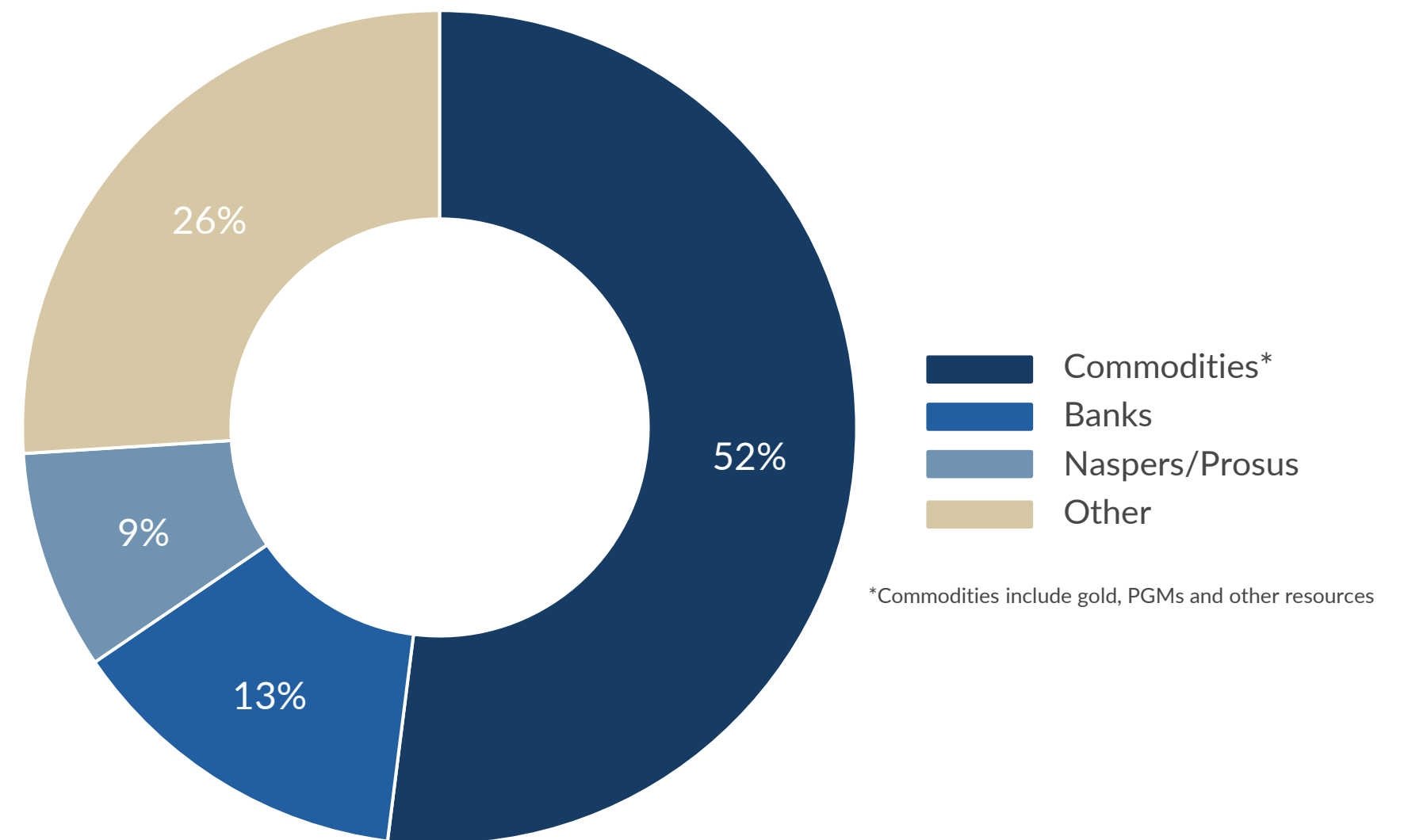
A CHANGING INDEX, A SHIFTING LANDSCAPE

The JSE's composition has shifted materially. **Gold comprises ~18%** of the ALSI, with **PGMs adding ~10%**. This commodity concentration means the index is increasingly driven by macro variables (US dollar, geopolitics) rather than domestic fundamentals. Bottom-up stock selection is crucial.

Index composition



Risk-adjusted index composition



*Commodities include gold, PGMs and other resources

WHERE WE SEE VALUE

BANKS:

The strongest domestic opportunity set. Operational performance is solid; management teams are executing well—10% earnings growth, mid single-digit PEs.



NASPERS AND PROSUS:

Down 20% and 23% YTD, respectively, but Tencent remains one of the highest-quality, large-cap tech companies globally. The recent derating represents a multi-year entry point. Tencent down to 12x earnings. 10% EBITDA compounding.



RETAILERS:

Remain challenging and largely ex-growth. We maintain selective exposure limited to defensive names (Shoprite, Boxer, etc.). Stock selection is crucial. Food inflation has troughed.



LOOKING AHEAD

We maintain a **neutral stance** on SA equities with a forward return expectation of approximately 12%, albeit with a wide range of potential outcomes.

The outlook is highly dependent on geopolitical developments, particularly in the Middle East.

BASE CASE: Tensions ease, oil prices stabilise below US\$80/bbl, and the market environment reverts to one more supportive of domestic assets.

KEY RISK: A more prolonged conflict could result in higher inflation, weaker consumer conditions, fiscal deterioration, and pressure on growth and equities.

FINAL THOUGHTS

External shocks are becoming more frequent and more consequential for the SA market. In this environment, maintaining a disciplined, selective, and valuation-aware approach remains critical. Opportunities continue to exist – particularly in high-quality financials and global growth exposures – but navigating the increased volatility will require careful positioning.

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GLOBAL FIXED INCOME



AI & TECHNOLOGY DIFFUSION

INNOVATION, EUPHORIA,
AND THE INVESTMENT
REALITY

REKO NARE

PORTFOLIO MANAGER, IN CONVERSATION WITH

JAMES BENNETT

GLOBAL EQUITY ANALYST

DAVID GIBB

FUND MANAGER

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