ROBERT COWEN INVESTMENTS

NEWSLETTER – END DECEMBER 2021

17 January 2022

"Whatever it is you're scared of doing, do it." – Neil Gaiman

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- 2022 Market Outlook
- What have we been doing in the funds – by RCI Investment Team
- Charts/Memes of the Month
- Interesting Information
- RCI Unit Trusts
- RCI – 'The Family Wealth Office' – What we offer

Note: It is a new calendar year, and so your annual R1mil offshore travel allowance has renewed. Please get in touch with us if you wish to send further funds offshore – the exchange rate is looking attractive.

Note: If any of our clients wish to be added to the Anchor research and news mailing list, kindly let us know and we will gladly add you.

*If you know of anybody who would like their financial affairs looked at, please do not hesitate to send them our contact details and we will ensure we get back to them with a proposal plan. They can contact us at eric@rcinv.co.za or 082 561 3124.

Source: istockphoto.com

RCI – “THE FAMILY WEALTH OFFICE”

WHAT WE OFFER:

FINANCIAL NEEDS ANALYSIS OF YOUR FAMILY’S ENTIRE ASSET BASE

- Evaluate existing asset base and asset allocation
- Evaluation of current investment structures (retirement, endowment, company, trust etc.)
- Establishment of future goals/objectives/risk appetite

RECOMMENDATION OF CHANGES TO EXISTING ASSET BASE AND ASSET ALLOCATION

- Suggested restructuring (per proposal)
  - Local/Offshore split
  - Trusts; local and offshore
  - Companies
  - Insurance
- Estate Planning
  - Calculating existing estate duty and capital gains tax
  - Assisting in reducing estate duty and capital gains tax
  - Reviewing trust deeds
  - Reviewing existing wills

INVESTING CLIENT FUNDS

- Bespoke local/offshore share portfolios
- Retirement funds
- Unit trusts (local/offshore)

ONGOING FULL CASH MANAGEMENT SYSTEM

- Fully managed transactional banking accounts for clients
- Third party payment functionality – debit orders and ad-hoc payments
- Transferring of funds offshore

FIDUCIARY SERVICES

- Trustees on more than 80 trusts
- Trust administration
- Trust accounting
- Tax compliance
- Assisting in applying for foreign tax clearance
- Legal compliance; drafting of resolutions, contracts and assisting with legal opinions

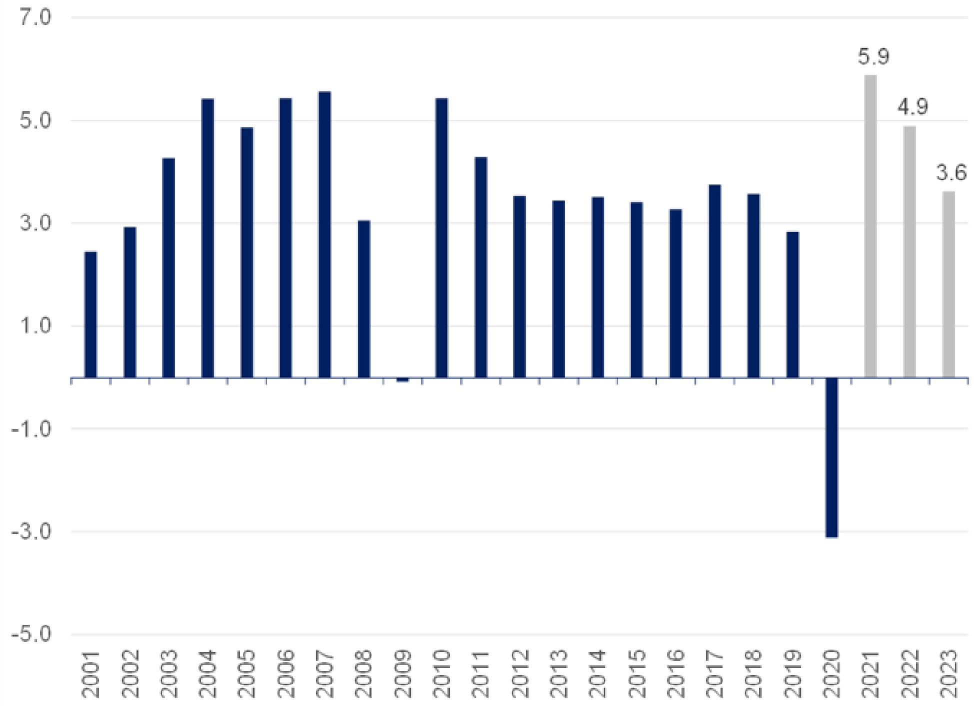
Robert Cowen Investments
Growing families’ wealth since 1982

2022 MARKET OUTLOOK – ABILITY TO "HOLD FAST" LIKELY TO BE TESTED...

BY THE RCI INVESTMENT TEAM

As a new year begins and we take stock of what the future holds from an investment perspective, 2022 takes on particular significance in that we face several dynamics that have been absent for the vast majority of time since the Global Financial Crisis of 2007-9. Inflation, which appeared to have been vanquished over the last decade, is running at uncomfortably high levels, while the era of extremely low interest rates and stimulus seems on course to begin reversing this year. Viewed from an overall market perspective, in Developed Markets (US in particular), we enter 2022 with valuations still demanding relative to their own history. Against these potential headwinds, however, if one thinks of the world economy as being on a dimmer switch, as the influence of COVID-19 wanes (vaccines, the virus itself continuing to attenuate as the Omicron variant suggests it is doing and the world learning to live with the virus) it is as if the dimmer switch is being turned back up – the world economy is set to grow relatively strongly in 2022. A strong economic backdrop is usually supportive for the performance of equity markets.

Global GDP growth is still expected to be high relative to normal in 2022…



(Source: Bloomberg)

These conflicting forces likely set the stage for a continuation, at least for the first half of 2022, of the rather emotionally taxing "love-hate" relationship that investors have had with equities over the last few months. As the year unfolds and it becomes clearer which of these opposing forces gains the ascendency – how enduring will currently uncomfortably high inflation prove to be; how aggressively will the proverbial punchbowl be withdrawn by policymakers; and how will economic growth turn out relative to expectation? – this will likely shape what sort of year 2022 turns out to be for investors.

For our part, we think it will be a volatile few months ahead, during which we intend to be on the lookout and have the courage to take advantage of opportunities that inevitably present themselves.

After several stellar years of performance from global equities, we think it is unlikely similar returns will be achieved in 2022. However, as inflation pressures ease in the 2nd half of 2022, enabling policymakers to tone down rhetoric about policy tightening (they don't want to be responsible for snuffing out global growth, remember), we think we will end 2022 with global equities delivering positive returns in the single digit percentage range. Keep in mind that, even with several interest rate increases this year, interest rates in Developed Markets are still likely to be at levels that do not offer investors looking to protect their wealth in real terms the ability to do so – the acronym "TINA" (there is no alternative) became widely applied to explain the absence of attractive alternatives to equities in recent years. A few interest rate hikes are unlikely to be enough to alter that situation.

First, let us reflect on where we have come from. In the table below, we show how a selection of equity indices performed in 2021…

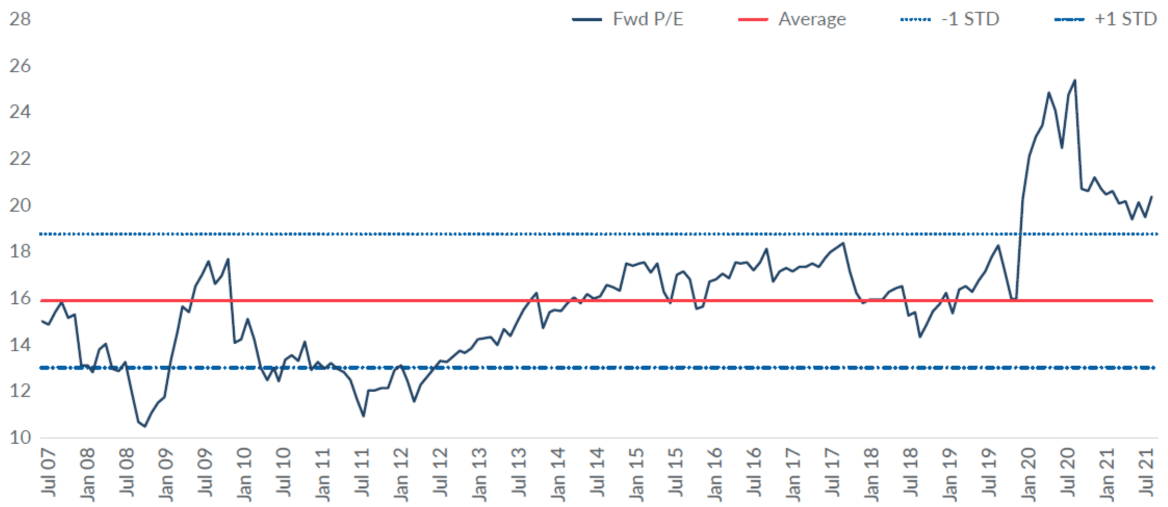
Investment performance in 2021

	2021 investment return
Global Equities (MSCI World Index)	+21.8%
Emerging Market Equities (MSCI EM)	-2.50%
US Equities (S&P500 Index)	+28.7%
European Equities (Euro Stoxx 50 Index)	+24.1%
South African Equities (FTSE/JSE Capped SWIX Index)	+17.0%

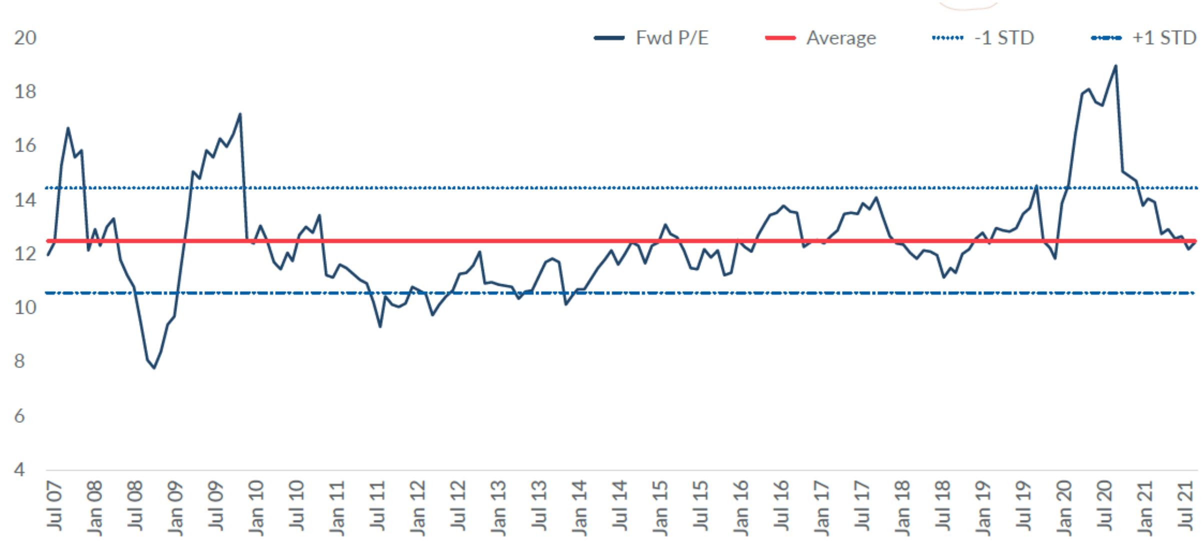
Keep in mind that, in 2020, US equities (which we often think of as setting the tone for equity performance globally) rose by 18.4%, while global equities rose by 16.5%. When one considers that this was achieved amidst a global pandemic, the impact of which has been the greatest that those alive today have experienced, this is truly remarkable. While Developed Market equities had a barnstorming year in 2021, the same cannot be said for Emerging Markets – China, Brazil and Turkey had a torrid year and were chiefly responsible for the significant underperformance of EM equities for the year.

Next, looking at equity market valuations as we enter 2022, below we show the price as a multiple of earnings expected in 12 months' time for the MSCI World Index (mainly comprised of Developed Market equities) and Emerging Market Equities.

MSCI World Index price as a multiple of earnings in 12 months' time



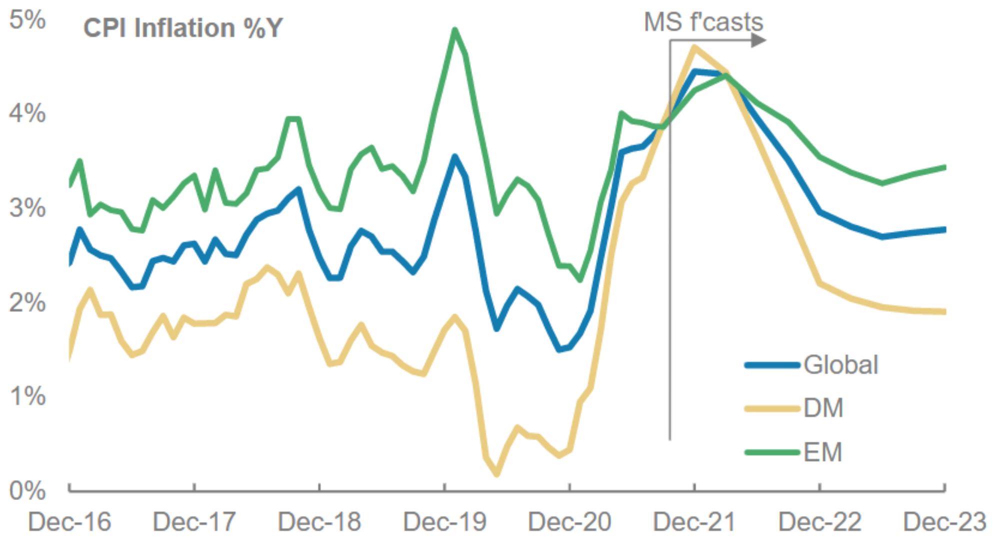
MSCI Emerging Markets Index price as a multiple of earnings in 12 months' time



What we note from the above is that, after a miserable 2021, the valuation of Emerging Market equities at c. 12x earnings expected in 12 months’ time, is close to its long-term average. However, despite having moderated a bit over the course of 2021, the valuation of DM equities at 19x forecast earnings is still well above its average historically. Keep in mind that, since companies’ earnings are expected to have fully recovered from any COVID effects by the end of 2022, the argument that the valuation appears high because earnings are depressed (as was the case in 2020), does not apply any longer. Historically low interest rates imply a very low rate at which future expected earnings are discounted, which has provided justification for higher valuation multiples for equities. As interest rates rise, this is likely to be a headwind for equity market valuations that can be justified.

Since changes in interest rates are an important tool used by policymakers to tame inflation, a critical question on investors’ minds now is whether the current uncomfortably high rate of inflation is transient or will prove sticky. The degree to which inflation has surged in 2021 has certainly been one of the big surprises of the year – aggravated by strong demand from consumers flush with COVID relief cash, rising commodity prices, supply chain bottlenecks, factories still struggling with periodic lockdowns and difficulties in persuading people to get off the couch and come back to work! A point often underappreciated about inflation is that, for it to remain high, prices must continue rising at a similar pace, even once they reach the point where these strong upward inflationary forces are in the prior year’s base. It is expected that, over the course of 2022, many of these factors placing upward pressure on prices will moderate considerably and some will become outright deflationary (think of iron ore, the price of which has fallen by c. 40% from its high in 2021). Hence most forecasters’ expectations for inflation look similar to that from Morgan Stanley as shown below – painfully high at the moment but set to fall significantly as the year progresses.

Morgan Stanley’s forecast for inflation



Source: Haver Analytics, Morgan Stanley Research forecasts; Note: The global aggregate is a weighted average using PPP weights.

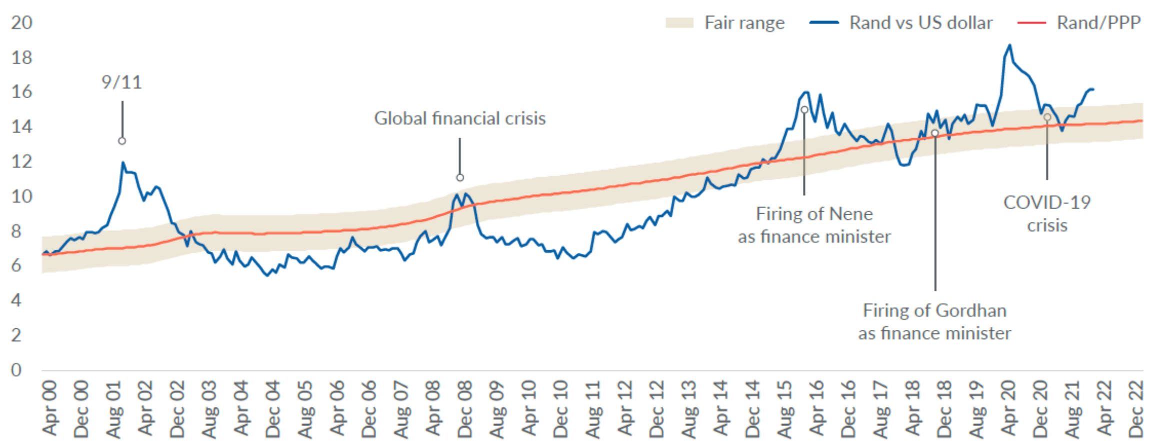
Although valuations appear high at an overall market level for Developed Market equities as we noted above, it is important to appreciate the degree to which these indices have become dominated by a relatively small number of mega-cap stocks. For example, although the Nasdaq Composite Index has c. 3,200 companies listed, almost 50% of its movements and valuation are explained by just the top 10 largest companies listed. What may have been the tendency of investors to seek safety in these familiar mega-cap companies has concealed the degree to which a significant portion of companies have already been in a brutal bear market in 2021 – indeed, almost 70% of the constituents of the Nasdaq have fallen at least 20% from their high, while 40% are down 50% or more. While these statistics reveal that 2021 was likely a far more frustrating and challenging year for investors than the headline indices imply, it also means that at a stock level (specifically the mid-cap growth shares), there has also been a much greater price adjustment in response to these changing market dynamics than the picture at an aggregated market level may imply. Put another way, even if 2022 proves to be rather disappointing at an overall market level, there are likely to be plenty of opportunities at an individual stock level.

Another important dynamic to consider is that, while most Developed Markets that performed well in 2021 face the prospect of tightening financial conditions in the year ahead, China is set to move in the opposite direction. After a tumultuous 2021 for the Chinese equity market, courtesy of the regulatory reset which targeted its technology sector in particular, a crackdown on its property developers and economic growth slowing as a result of these measures, we are likely to see a period of monetary easing in China this year. This, combined with reduced levels of uncertainty as the regulatory reset moves into more of an implementation phase, could well see the Chinese equity market reversing last year's dramatic underperformance and emerging as one of the relative winners in 2022.

Turning to SA equities which, as can be seen above, had a solid 2021, delivering a total return of 17.0%, the big question is whether this strong performance can continue in the year ahead? Although economic growth in SA is expected to return to a similar subdued pace to that seen prior to the COVID pandemic, many of the large, listed companies on the SA exchange are driven more by global macro factors. Easing monetary conditions in China and rebuilding of inventories in the rest of the world should continue to support demand for commodities, which bodes well for SA's listed mining shares – these now account for c. 30% of our market. After a thoroughly "forgettable" 2021 from an investment performance perspective, market heavyweight Naspers/Prosus has plenty of room to recover if fortunes for its key investment, Tencent, improve in line with a broader recovery in Chinese equities as discussed above. Turning to companies more sensitive to the domestic economy, the picture is more mixed. Areas of opportunity exist where valuations remain reasonable and earnings are still recovering from depressed levels (SA financials, education stocks and construction, for example). However, we remain cautious about companies reliant on discretionary consumer spend, which performed a lot better through the last 2 years than one might have expected, but now face a more challenging outlook as interest rates rise and spending patterns normalise. Still, we are cautiously optimistic about SA equities in 2022 and continue to find adequate investible opportunities at the moment.

Finally, turning to the outlook for the South African rand, we note that expectations among forecasters is unusually varied at present, likely reflecting the opposing forces the currency faces this year. As a relatively liquid and freely floating Emerging Market currency, the rand tends to behave as a barometer for risk sentiment. Thus, if the first half of 2022 is characterised by a bumpy period as financial conditions tighten in DM, while inflation remains a source of anxiety, it is likely this will be mirrored in the range within which the rand moves. However, with global economic growth projected to remain above its long-term trend and firm pricing of SA's commodity exports continuing to support our terms of trade, the outlook for the rand looks reasonable for the time being. Anchor's PPP model (below) has done a good job of charting a fair value level for the currency over time, indicating an exchange rate of ZAR/USD15 to ZAR/USD15.50 by the end of this year. However, with the tailwinds that have supported the rand dissipating, expect factors such as progress on structural reform, efforts to address impediments to growth and willingness to hold to account those identified in the Zondo Commission reports to influence sentiment towards the currency. History has shown that sharp moves in the rand are the result of unexpected events. On this front, we will need to keep an eye on the ANC elective conference, scheduled for December 2022, which provides fertile ground for such an unexpected event.

Actual rand/US dollar exchange rate vs. rand Purchasing Power Parity model



WHAT HAVE WE BEEN DOING IN THE FUNDS

BY THE RCI INVESTMENT TEAM

RCI BCI Worldwide Flexible Fund

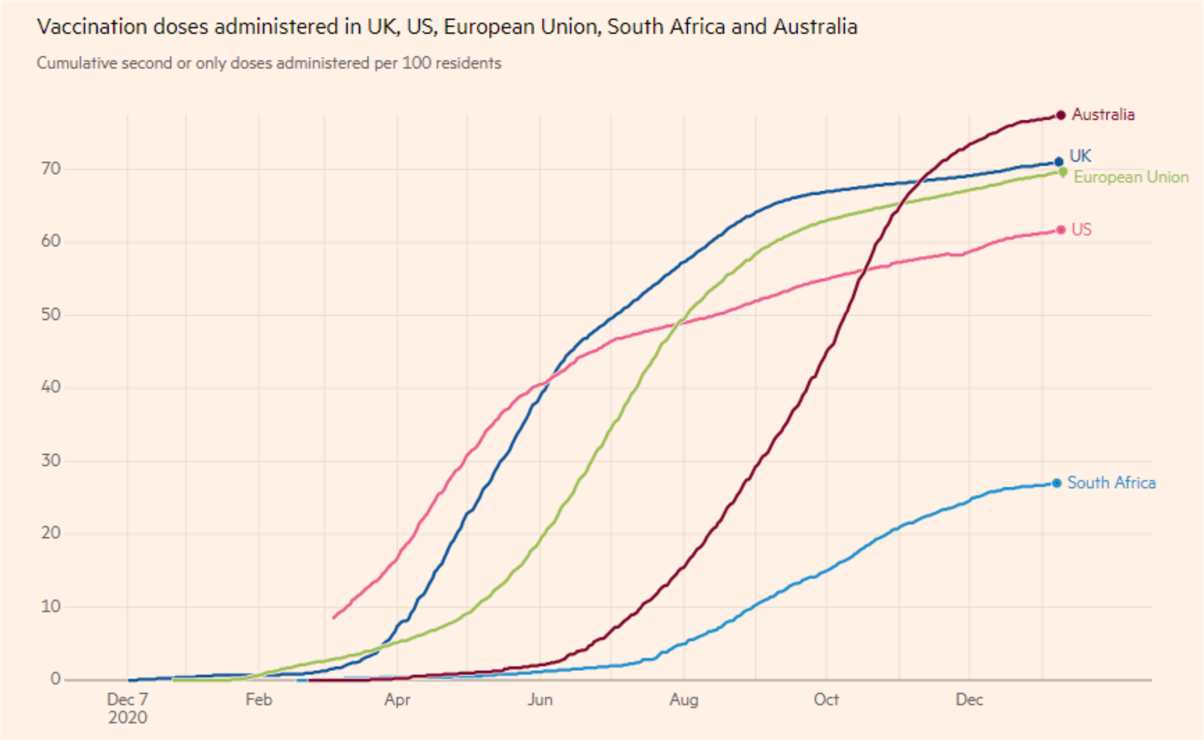
December continued to display heightened volatility for certain sectors in the market, with continued rotation out of the classic American growth stocks into cyclicals and value - particularly energy and financials. This was mostly brought about by the 2022 FED interest rate hike expectations used to curb runaway inflation that has put pressure on high growth businesses with larger emphasis on future earnings expectations.

We have taken the decision to remain focused on holding quality counters for the portfolio with particular emphasis on those businesses with compounding returns on capital employed. We refuse to weaken the quality of the portfolio to accommodate short term rotations into poorer quality sectors that are typically far more cyclical in nature. By doing so we have missed quite a few of the stellar performers for the 2021 year, but we must stress that we are not investing for the short-term and hence remain confident our long-term stock selection is correctly positioned for market outperformance.

Although we do keep an eye on global macroeconomic metrics and are watching inflation very closely, we still prefer to focus on selecting quality businesses that should perform over a multiyear investment horizon under a large range of economic environments. Quality businesses with significant market influence should be able to pass on most of their inflationary costs to their consumers leaving them relatively immune to inflation.

2021 has been tough on our portfolio performance. This was also partly due to significant underperformance in Chinese equities. However, we do expect to see a recovery during 2022 relative to the expensive US market. Another point of pain came from several of our quality positions (i.e., Adobe, Amazon, Disney, Visa) that have had stellar long-term performance, especially during 2020, but experienced a cooling down period during 2021 and thus underperformed relative to global stock markets. However, this sideways movement, combined with strong earnings growth allowed for a significant derating over the period, thus making the portfolio far more attractively valued for the growth expected in the years ahead.

COVID-19 Vaccine Update - % of people fully vaccinated

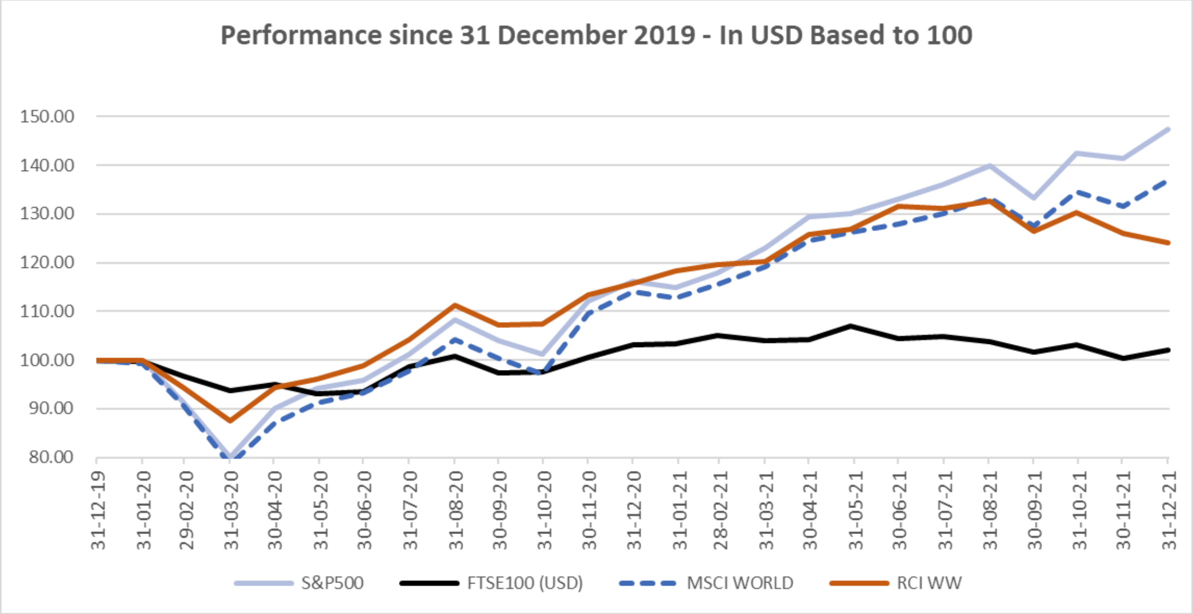


(Source: Financial Times)

At the time of writing there have been approximately 9.45 billion vaccine doses administered across the globe (single and double doses). The recent panic surrounding the Omicron variant has caused a tick up in developed markets vaccination rates and in some cases a push for a third dose of the vaccine.

The Family Office

Market Movements



The RCI Worldwide Flexible Fund is the red/orange line on the above graph (in USD terms) which has matched the MSCI global developed markets over most of the period. We lagged slightly the last few months because of our Emerging Market exposure (particularly our Chinese investments). They have severely underperformed developed markets this year pulling down our overall portfolio. However, we expect these companies to outperform in 2022.

Portfolio Strategy

The focus of the portfolio continues to be direct investment in high quality offshore equities that are world leaders in their industries, with emphasis on businesses with high Return on Capital Employed combined with excellent cash flow generation.

Of those companies that pay a dividend, we prefer businesses with a dependable and solid payment history. We also tend not to chase short-term investment narratives that could be trending in the market as we would not want to reduce the quality of the portfolio for the sake of following the flavour of the month.

Other than a total global economic slowdown, our portfolio is well positioned to handle any short-term pull backs in the stock market as we currently have an approximate 9% cash position as well as a few shares that are defensive in nature.

Our top 10 positions

	PEG Ratio ('22 PE/'23 G)	Expected PE end of '22	Earnings Per Share (USD/Share)			
			FY2020	FY2021	FY2022	FY2023
META (Facebook)	1.40	21.42	10.41	15.12	15.49	17.86
TENCENT HOLDINGS LTD	1.09	23.61	15.45	16.85	19.22	23.39
AMAZON.COM INC	1.09	49.08	48.29	56.95	66.25	96.05
CONSTELLATION SOFTWARE	3.59	43.06	36.98	40.81	49.81	55.78
ALPHABET INC-CL C	1.35	21.90	57.28	116.21	125.13	145.49
BOSTON SCIENTIFIC	1.81	22.57	1.04	1.61	1.87	2.10
MICROSOFT CORP	2.67	33.64	5.67	7.78	9.34	10.51
VISA	1.56	30.78	5.01	5.82	7.05	8.44
DISNEY	1.11	39.26	1.51	2.49	4.02	5.44
ADOBE SYSTEMS INC	2.09	36.93	9.94	12.47	13.83	16.27
Annual EPS Growth Rate (Simple Average)				**38%**	**19%**	**21%**

12/01/2022

WHAT HAVE WE BEEN DOING IN THE FUNDS

BY THE RCI INVESTMENT TEAM (CONTINUED)

Our top 10 positions are expected to grow earnings per share by about 20% per year for the next two years. This could be considered normalized growth post all COVID19 disruptions. Companies are trading on relatively high valuations, but their growth rates and quality should support these higher valuations. Especially when compared to expected returns on investments in bonds or cash.

At present there are no investments in South Africa, other than rand flows due to new subscriptions.

Main changes during the month

Aside from trades necessary to rebalance the portfolio due to market movements, there have been no outright purchases or sales made during the month.

Sold Unilever: With mounting inflation likely to drive up input costs, which in turn poses downside risk to margin we took the decision to switch out of Unilever into other counters.

Sold TCS Group: We sold the remaining shares in our Russian Banking exposure after it had a fantastic year. We were also concerned by the mounting geopolitical risk resulting from the build-up of Russian troops on the Ukraine border.

Sold Alibaba, Ping An and Baozun: Switched proceeds into The KWEB China Internet ETF – This improved the diversification of our Chinese exposure whilst remaining invested in Chinese Tech which we believe is significantly cheaper than their American counterparts.

We have also identified several new high ROCE companies in the United States of which we have made a small introductory investment in each. We will go into further detail on those businesses that become a more meaningful part of the portfolio over time.

Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	-	-	-	-	5.1%	-1.6%	1.5%	-1.8%	3.2%	5.8%	-2.9%	-6.8%	**1.9%**
2018	1.4%	-3.2%	-3.6%	6.8%	1.4%	10.8%	-2.1%	14.1%	-4.1%	-7.3%	-3.8%	-2.8%	**5.6%**
2019	-0.7%	7.1%	4.3%	4.0%	-2.9%	0.5%	2.6%	3.3%	-0.3%	2.5%	-0.3%	-1.1%	**20.3%**
2020	7.3%	-1.5%	5.6%	10.2%	-1.9%	1.7%	3.5%	6.0%	-4.7%	-2.8%	0.4%	-3.0%	**21.5%**
2021	5.4%	1.0%	-1.9%	2.7%	-4.5%	7.9%	1.8%	0.7%	-1.2%	4.2%	0.8%	-1.2%	**16.3%**

The fund returned -1.2% in ZAR terms (-1.4% in USD) for the month. The ZAR weakened 0.3% against the USD and this contributed to the performance of the fund when translated to Rands.

For the 2021 year, the fund is up 16.3% in Rands or 7% in USD terms, with the rand having weakened 8.1% against the dollar. The MSCI Developed Markets Index has risen 20% in USD for the year.

We hope you find these insights useful. If you require any further detail regarding the fund, please see our official BCI Fund Factsheet available on the BCI Website. Otherwise please feel free to contact us.

The RCI BCI Worldwide Flexible Fund investment team:

- Mike Gresty
- Di Haiden
- Ross McConnochie
- Eric Lappeman
- Andrew Lawson
- Gontse Dikeledi

WHAT HAVE WE BEEN DOING IN THE FUNDS

BY THE RCI INVESTMENT TEAM (CONTINUED)

The Family Office

RCI BCI Flexible Fund

Global equity markets finished the year strongly, bouncing back from a weak November. Developed Markets (DM) rallied 4.3% MoM in December, taking returns for the full year to 22%. Although COVID cases rose rapidly around the world as the Omicron variant spread, investors gained confidence from data confirming SA's experience that its symptoms were far less severe, implying less economic impact than previous variants. US inflation reaching a 40-year high (6.8% YoY) and December's US Federal Reserve (Fed) meeting brought news of accelerated tapering of quantitative easing meaning these potential headwinds remained prominent in investors' minds. Consequently, it was value stocks that were the relative outperformers in December. Emerging Market (EM) equities also eked out gains in December (MSCI EM +1.8% MoM). However, this was not enough to push them into positive territory for the year (MSCI EM -2.5% YoY). China (concerns about the future of Chinese stocks' US listings) and Russia (escalating geopolitical tensions surrounding its troop build-up on the Ukraine border) were the main drags in EM equity performance in December.

Domestically, the JSE also ended the year with a strong rally. The FTSE/JSE Capped SWIX Index rose 4.9% in December, taking the total return for the year to 27% - its strongest performance since 2012. Again, it was likely the favourable news flow with respect to the severity of Omicron and investor relief at the authority's decision not to intensify restrictions materially over the Festive Season that fed investor sentiment. Gains were relatively broad-based, with only the gold sector (-6% MoM, giving back strong November performance) being a major drag. Naspers/Prosus also had a lacklustre December, capping a thoroughly forgettable year for them in which the poorly received share exchange and barrage of negative regulatory news faced by key investment, Tencent, saw them feature among 2021's worst performers – a rare event indeed.

The focus of the portfolio is on investing in domestically listed companies that have an investment case that insulates them from SA's difficult economic situation (strong multinational franchise, rand hedge, dominant local platform, or clear local expansion strategy for example); high confidence in improving Return on Capital Employed and excellent cash flow generation. Of those companies that pay a dividend we prefer businesses with a dependable and solid payment history.

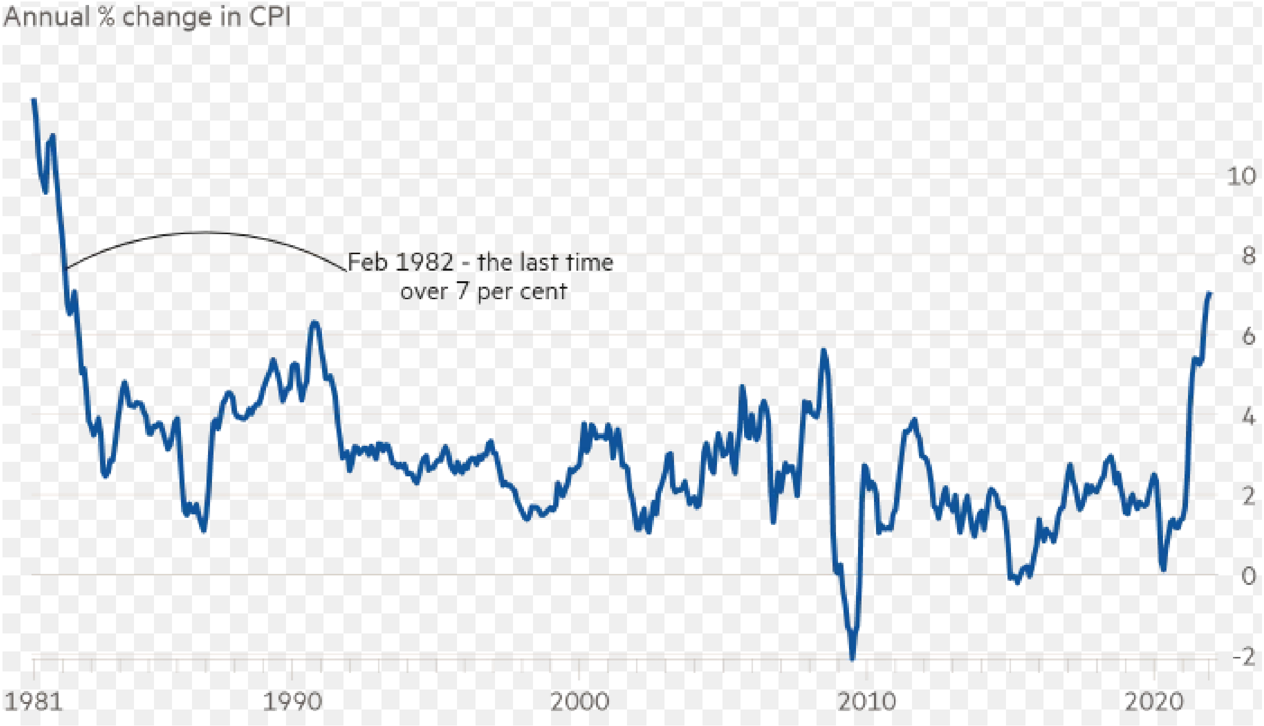
At the end of December, the top 15 holdings in the fund, making up 70% of the equity exposure, were as follows:

Prosus	Naspers
MultiChoice	Bidcorp
Investec	Advtech
Richemont	Northam
Santam	Transaction Capital
Quilter	Thungela
BHP Billiton	Wilson Bayly Holmes
Afrimat	

Performance

The fund had a strong final month of 2021, rising 4.9% despite its large Naspers/Prosus holding and some cash drag following our profit taking. This takes the total return for 2021 to a pleasing 30.8%.
The strong rally in South African equities led to us taking profits on several positions. We sold out entirely from MTN, which has been a significant contributor to performance in 2021. We also exited holdings in Raubex and Dischem. We reduced the fund's position in MultiChoice, concerned that its inability to resolve its Nigerian tax dispute as quickly as expected undermined our confidence in the outcome. Among our purchases, we took advantage of a pullback in Advtech to initiate a position (we had been waiting for an entry point for some time), while similarly added to British American Tobacco and EOH on weakness. The sales mean we enter 2022 with relatively high cash levels at c. 14%. Anticipating some market volatility in the short-term, we think this will provide capacity to take advantage of opportunities as they arise.

US inflation hits 7% for the first time in almost 40 years…

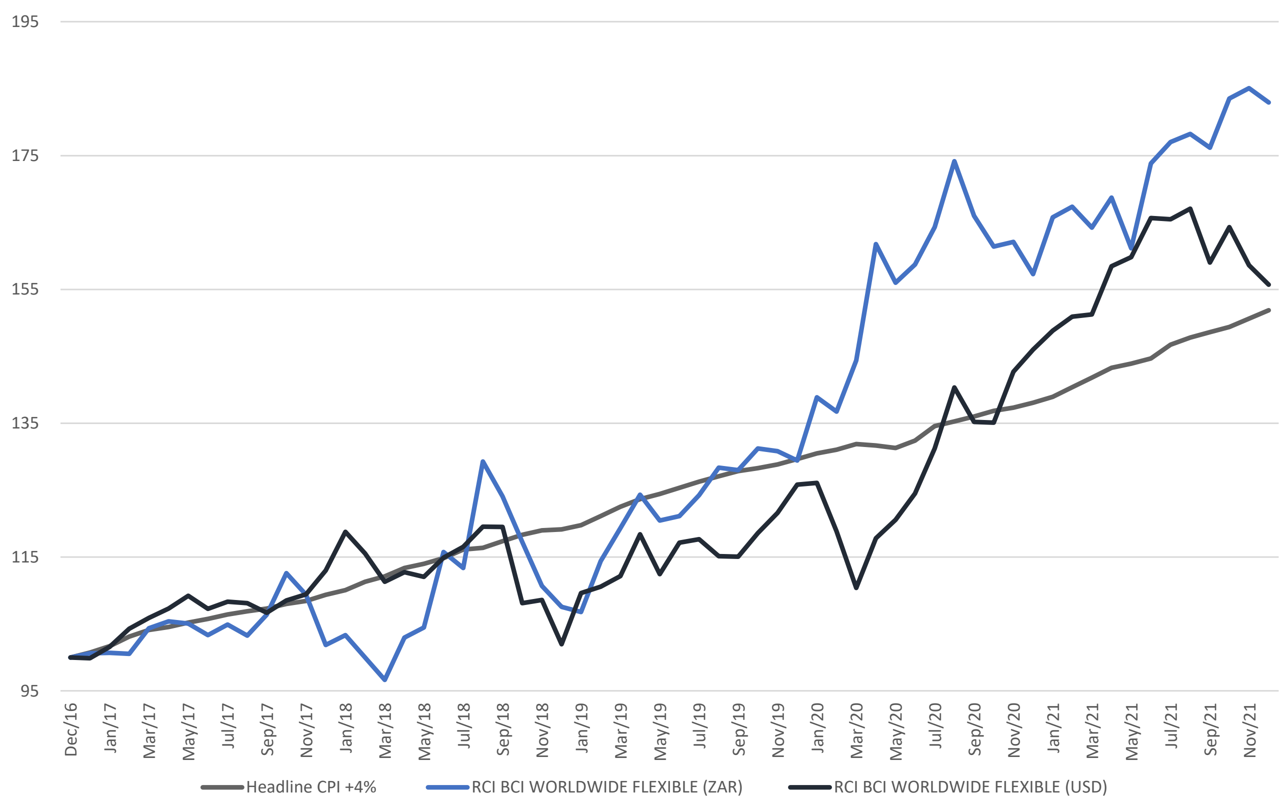


Base case is for 3 interest rate hikes in 2022…

Robert Cowen Investments
Growing families' wealth since 1982

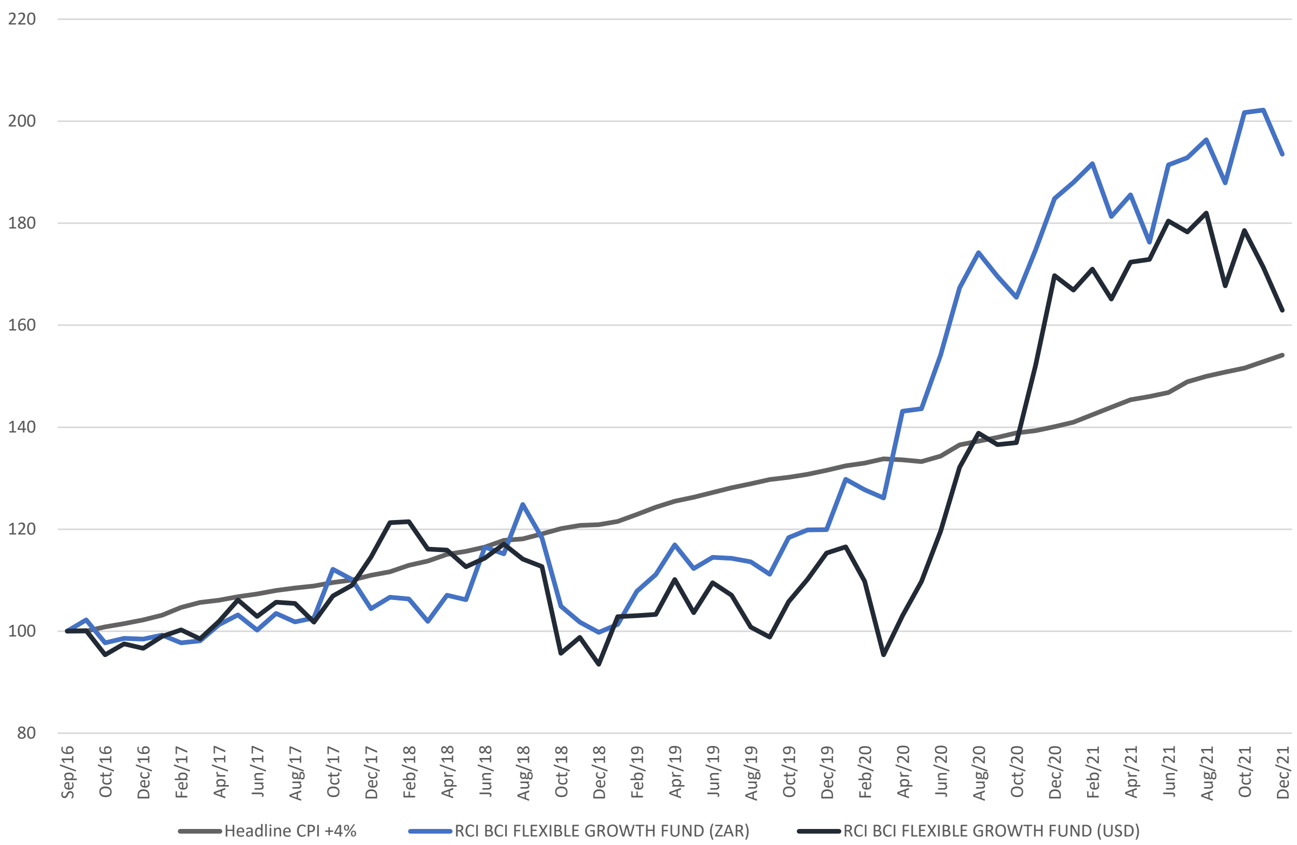
RCI BCI Worldwide Flexible Fund closed December at 180.22c, down 1.15% for the month and up 16.32% for the last 12 months.

RCI BCI Worldwide Flexible Fund



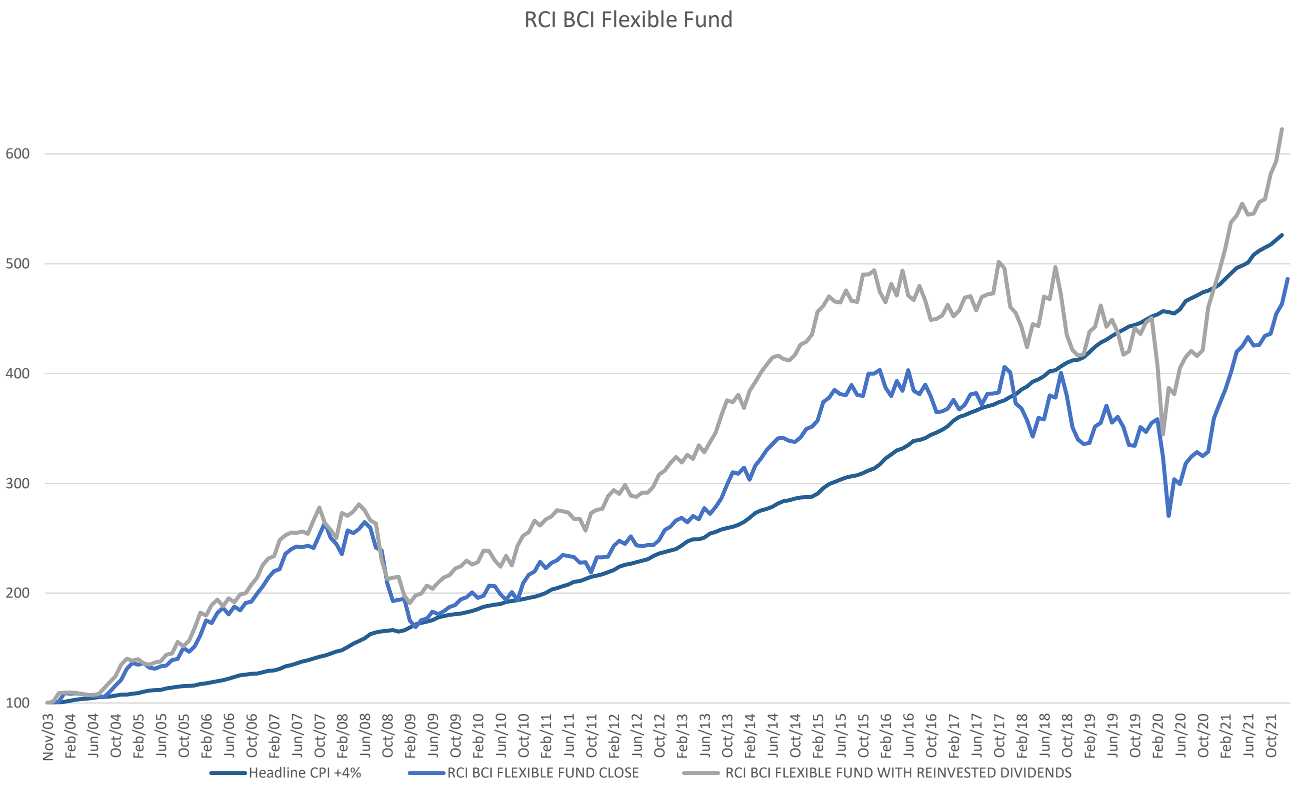
RCI BCI Growth Fund closed December at 191.27c, down 4.27% for the month and up 4.7% for the last 12 months.

RCI BCI Flexible Growth Fund



'HAPPY TO TAKE SMALL AMOUNTS'

RCI BCI Flexible Fund closed December at 487.16c, up 4.92% for the month and up 30.95% for the last 12 months. The fund is now ranked 4th in its category over the last two years, out of 55 funds.



Our unit trusts have the flexibility to buy and sell shares and to change weightings more frequently than in an individual portfolio. We are happy to take small amounts into the unit trust (from R1 000 per month, to lump sums of up to R25 000). As you will not pay commission to any agents, there is no cost to get in and out of our fund. When selling, the amount you receive back will depend on our performance.

Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up, and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and, if so, would be included in the overall costs. The portfolio is registered under the license of Boutique Collective Investments, a member of the Association for Savings & Investment SA. Forward pricing is used. More details are contained in a fact sheet that is available upon request.

Robert Cowen Investments
Growing families' wealth since 1982

TO CONCLUDE…

DECEMBER 2021

2022 will likely be a challenging year. Inflation, which appeared to have been vanquished over the last decade, is running at uncomfortably high levels, while the era of extremely low interest rates and stimulus seems on course to begin reversing this year. Against these potential headwinds, however, if one thinks of the world economy as being on a dimmer switch, as the influence of COVID-19 wanes (vaccines, the virus itself continuing to attenuate as the Omicron variant suggests it is doing and the world learning to live with the virus) it is as if the dimmer switch is being turned back up. Global GDP is still expected to run at 4.9% and this should be supportive for equities. Valuations for emerging market equities seem to be trading at long term averages of 12x, while developed market equities appear to be trading at 19x, well above their long-term average. We are still cautiously optimistic on SA equities, but stock picking will be important. We remain sceptical of businesses reliant on consumer discretionary spend. Overall, emerging markets should take direction from the US. Although the index may appear expensive relative to history, there are some interesting opportunities starting to present themselves in the mid-cap and small cap space, as we have seen some very big pullbacks outside of the mega cap space which has seen share prices remain elevated. We remind ourselves that we invest in businesses, and regardless of macro-factors, there will always be opportunities around…

In this newsletter, we give a lengthy view of how the RCI funds have performed over the last year. The RCI Worldwide Flexible Fund closed up 16.3%, the RCI BCI Worldwide Flexible Growth Fund closed up 4.7%, and our local RCI BCI Flexible Fund closed the year up a whopping 30.95%.

In our charts and meme section, we provide a historical chart on US inflation. At present, the US inflation rate is running at 7%, the highest level in almost 40 years. We also include the latest dot plot from the US Fed, showing a consensus of at least 3 rate hikes this year. The market is still digesting how many, and the extent of these rate hikes, and the impact this may have on the present value of future cashflows our businesses will have.

We are excited about what the future holds and continue to keep a close look out for companies on our watchlist which should be able to generate our clients' solid returns from current levels, over the medium to long term.

In 2022, we hope to continue assisting you, our clients, by being the best Family Office we can be.

Di, Mike & The RCI Team

PS: Please feel free to pass this newsletter on to friends and family who may wish to learn more about investing. To be added to our mailing list, contact eric@rcinv.co.za

HAPPY NEW YEAR!
MAY IT BE A PROSPEROUS ONE FOR US ALL!