ROBERT COWEN INVESTMENTS

NEWSLETTER – END FEBRUARY 2022

9 March 2022

"It never was my thinking that made the big money for me. It was always the sitting." – Jesse Livermore

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- RCI – 'The Family Wealth Office' - What we offer
- 2022/23 Budget Summary - by RCI Investment Team
- What have we been doing in the funds - by RCI Investment Team
- Charts/Memes of the Month
- Interesting Information
- RCI Unit Trusts

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.

Latest thoughts on Russia/Ukraine by Anchor Capital Research Team

Latest by John Mauldin on the state of global affairs

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.

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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

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2022/23 BUDGET SPEECH – ARE WE TURNING THE TIDE & HOW WILL IT AFFECT YOU?

BY THE RCI INVESTMENT TEAM

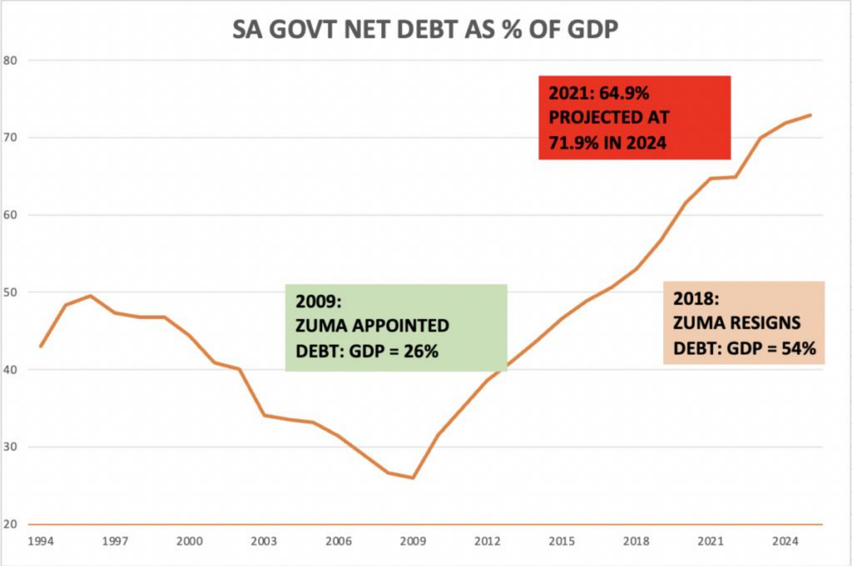
Finance Minister Enoch Godongwana delivered his maiden full-year Budget Review on 23 February.

In summary, the budget appears mildly positive. In it, he announced a significant improvement in government's debt to GDP projections and fiscal deficits. First, we highlight key elements of South Africa's budget framework, as well as the fiscal and macroeconomic conditions that were outlined by the Finance Minister. Thereafter, we highlight how the latest budget speech will affect you and your personal finance decisions.

Just to keep in mind that the speech was delivered the day before Russia invaded Ukraine. The outlook provided by the Minister would therefore exclude any consequences from the fallout of the geopolitical crisis that has since been unravelling.

- Over the medium-term, gross debt is now projected to stabilize at 75.1% of GDP in 2025, compared to previous projections of a 78.1% peak in 2026. This places SA on a firmer footing when looked at by sovereign rating agencies. On average, 20 cents of every rand collected in government revenue is spent on debt repayments, which is crowding out much needed spend on health, basic education and other sectors.
- For the first time since 2015, SA will reduce its borrowings. It will borrow R135.8 billion less than planned in 2022. Fiscal consolidation has clearly been deepened, and the revenue overrun is being used to support state finances, rather than borrowings.
- As a consequence of this revenue overrun, the estimated current budget deficit has dropped sharply to -5.7% of GDP for this year, from the previous mid-term budget speech's -7.8% of GDP. The fiscal deficit is projected to be -5.1% in 2023 and -4.8% in 2024.
- The Minister envisions a primary budget surplus by 2025, saying that government is "on course to close key fiscal imbalances and restore the health of public finances". A primary surplus is where revenue exceeds non-interest expenditure. The fact that the overrun was not completely allocated to an increase in expenditure or used to support larger cuts in taxes suggests an element of fiscal discipline.
- South Africa has benefited from the commodity boom, but without a dependable higher state revenue stream, longer-term consolidation will be more difficult, requiring a shift away from accelerating current expenditure. The Minister spoke against permanent social welfare increases, pressure from the public services wage bill and further bailouts for SOE's.
- South Africa's projected economic growth for 2022 has been lifted to 2.1% from 1.8% projected in last year's mid-term budget speech. This is compared to global economic growth projections being cut from 4.9% to 4.4% for the same period. SA's growth for 2023 and 2024 is expected to be 1.6% and 1.7% respectively.
- The estimated tax revenue collection for the 2022 financial year is R1.55 trillion, which is R182 billion more than last year's estimate. The increase is largely from the mining sector, personal income tax and value-added tax.
- On a corporate level, SA corporates will be pleased with the decision to lower the corporate income tax rate by 1% from 28%, to 27%. Government expects the lowering of the corporate income tax burden to create further space for further investment and jobs growth.

The graph below shows the trajectory of SA government debt as a % of GDP which is now expected to peak at 75.1% in 2026.



(Souce: BizNews)

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How will the budget speech affect your personal financial situation?

- New tax brackets were outlined for personal income taxpayers. The personal income tax brackets and rebates will be adjusted by 4.5%, in line with inflation (see table below). This adjustment will mean that the annual tax-free threshold for a person under the age of 65, will increase from R87,300 to R91,250. For a person aged 65 to 74, the increase is from R135,150 to R141,250. For a person aged 75 and older, the increase is from R151,100 to R157,900. The maximum marginal rate for natural persons remains at 45% and is reached when taxable income exceeds R1,731,600 (previously R1,577,300).
- The primary rebate for all natural persons has been increased to R16,425 (previously R14,958). The additional rebate for persons aged 65 years and older is increased to R9,000 (previously R8,199). Persons aged 75 and older are granted a further R2,997 (previously R2,736).
- The tax-free portion of interest income remains at R23,800 for taxpayers under 65 years, and R34,500 for persons aged 65 years and older. In addition, the tax-free savings dispensation for other investments, including collective investment schemes remains at R36,000 per tax year.
- Medical tax credits will increase from R332 to R347 per month for the first two members and from R224 to R234 per month for additional members.
- Changes to Regulation 28 of the Pension Funds Act will allow insurance, retirement and savings funds to invest 35% of their assets offshore, up from the previous limit of 30%. If one includes the 10% allocation for investment in other African markets outside SA, that takes the total international investment allocation for local investors to 45%
- SARB recently announced that SA tax residents may now invest more than the annual R10 million foreign investment allowance in foreign trusts.
- There will be a 12-month extension of the Covid Social Relief of Distress grant.
- There is no change to the general fuel levy or the Road Accident Fund levy. These changes will ensure that fuel taxes as a percentage of the price of fuel are below 40%. This should put some downward pressure on consumer headline inflation. Although rising oil prices will continue to hurt our pockets.
- The carbon fuel levy will increase by 1c to 9c/l for petrol and 10c/l for diesel from 6 April 2022.
- Hikes in excise duties on alcohol and tobacco were kept in line with inflation, ranging from 5.5% hikes for wine, beer and cigarettes to 6.5% for spirits and sparkling wine.
- The Minister outlined that the National Treasury will publish draft legislation regarding its long-awaited 'two-pot' retirement structuring later this year, which aims to give people in financial distress part of their pensions before they retire. The proposed restructuring would allow people to access a third of their savings for emergencies. At retirement, you will be able to take one-third of the total amount as a cash lump sum. However, if the individual has made a withdrawal before retirement, the amount would be deducted from the lump sum payment.

The table below shows the personal income tax rates, and rebates, from 1 March 2022 to 28 February 2023 for individuals and trusts in South Africa

INCOME TAX: INDIVIDUALS AND TRUSTS

Tax rates from 1 March 2022 to 28 February 2023:

Individuals and special trusts

Taxable Income (R)	Rate of Tax (R)
1 – 226 000	18% of taxable income
226 001 – 353 100	40 680 + 26% of taxable income above 226 000
353 101 – 488 700	73 726 + 31% of taxable income above 353 100
488 701 – 641 400	115 762 + 36% of taxable income above 488 700
641 401 – 817 600	170 734 + 39% of taxable income above 641 400
817 601 – 1 731 600	239 452 + 41% of taxable income above 817 600
1 731 601 and above	614 192 + 45% of taxable income above 1 731 600

Trusts other than special trusts: rate of tax 45%

Rebates	
Primary	R16 425
Secondary (Persons 65 and older)	R9 000
Tertiary (Persons 75 and older)	R2 997
Age	**Tax Threshold**
Below age 65	R91 250
Age 65 to below 75	R141 250
Age 75 and over	R157 900

(Source: Treasury

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WHAT HAVE WE BEEN DOING IN THE FUNDS

BY THE RCI INVESTMENT TEAM

RCI BCI Worldwide Flexible Fund

February was another tough month for markets, especially with the Russian invasion of Ukraine in the last few days of the month. The S&P500 fell over 3% and the Tech heavy Nasdaq fell 4.6% for the month. However, several times during the month we saw daily volatility over 2% that whipsawed investors. We also saw incredible spikes in commodity prices as the world rushed to implement sanctions on Russia which supplies 37% of the world's palladium; 10% of oil and 17% of gas. These spikes will cause another shock wave in the already elevated inflation environment. Europe will bear the brunt of these sanctions as Russia supplies 25% of its energy needs.

The FED is expected to increase rates four times this year, with a possible first increase of 0.5% in March 2022. This has caused a continued selloff in growth and switch into value and cyclical companies that are typically poor long-term investments e.g. Tobacco, Food and Drinks, Energy, etc.

The USA is currently experiencing a stealth bear market with 40% of the S&P500 companies falling more than 20% and 74% of the companies in the index down over 10% (a traditional pullback measure). So, although the index has fallen only 10% as a whole, this has really been due to several value sectors holding it up.

PULLBACK	Share Count	% of Index
Worse than -10%	369	74%
Worse than -15%	285	57%
Worse than -20%	197	39%
Worse than -30%	78	16%

The table on the following page shows the ranking of all the US sectors by their performance over the last year. We also have the amount that each sector has corrected from its most recent high as well as the performance of each sector over 5 years. If the figure is red it means the sector underperformed the S&P500 index.

Some of the best performing sectors in the USA over the last year have been Oil and Gas – up 59%; Metals and Mining – up 56% Energy equipment – up 31%; and Tobacco – up 17%. But these cyclical businesses have been very poor performers over the last 5 years compared with the S&P500 which was up 80%. But Oil and Gas was up only 22% over 5 years; Energy equipment and services down 48%; Tobacco down 20% with the exception being Metals an Mining rising 158% over the last 5 years. This table shows that some shares that are terrible long-term investors can have their time in the sun. And thus, an asset manager can underperform an index over the short term when poor quality (usually cyclical businesses) come back into vogue.

This strengthens the argument that it is far more important to hold high quality companies for the long run like Microsoft, which is up 359% over the last five years; Alphabet up 216%; Visa up 135%; Netflix up 178% (despite its recent correction); and Amazon up 256% (despite being a poor performer the last year – down 10%). Even Paypal, which has had a horrific couple of months correcting 60% from its high, is still up 148% over 5 years.

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WHAT HAVE WE BEEN DOING IN THE FUNDS

BY THE RCI INVESTMENT TEAM (CONTINUED)

	Pullback from high	What have they done over the last year?	What have they done over 5 years?
SPX	**-10.6**	**11.3**	**80.7**
NASDAQ	**-16.5**	**7.2**	**160.7**
Oil, Gas & Consumable Fuels	(4.0)	59.4	22.7
Metals & Mining	(5.3)	56.6	158.2
Energy Equipment & Services	(8.0)	31.4	(48.8)
Communications Equipment	(17.2)	29.5	115.0
Health Care Providers & Servi	(9.7)	27.2	78.6
Aerospace & Defense	(7.0)	26.5	62.0
Multiline Retail	(13.7)	25.2	179.6
Food & Staples Retailing	(9.1)	22.9	76.4
Real Estate	(13.9)	22.5	162.3
Equity Real Estate Investment	(14.2)	22.4	43.4
Distributors	(20.2)	21.7	123.0
Insurance	(9.9)	20.6	62.5
Road & Rail	(10.7)	19.2	169.4
Consumer Finance	(15.1)	17.4	64.4
Tobacco	(5.9)	17.3	(19.9)
Multi-Utilities	(7.3)	17.2	39.2
Commercial Services & Suppli	(18.2)	15.7	163.0
Life Sciences Tools & Services	(23.9)	14.1	208.5
Professional Services	(19.9)	14.0	67.1
Automobiles	(33.2)	13.8	555.5
Technology Hardware, Storag	(18.2)	13.6	104.7
Food Products	(9.2)	13.6	25.6
Construction & Engineering	(16.6)	13.5	98.7
Electric Utilities	(10.7)	12.3	36.3
Trading Companies & Distribut	(18.8)	12.1	109.6
Specialty Retail	(24.8)	10.8	83.0
Beverages	(12.4)	10.7	30.2
Chemicals	(18.3)	8.6	58.4
Banks	(16.9)	8.5	35.0
Capital Markets	(21.9)	8.4	91.9
Air Freight & Logistics	(19.4)	7.6	53.9
Pharmaceuticals	(17.5)	7.5	82.9
Software	(26.4)	6.7	259.0
Semiconductors & Semicondu	(25.4)	6.6	832.9
Health Care Equipment & Supp	(16.7)	5.5	150.2
Biotechnology	(25.3)	5.2	35.0
Building Products	(24.5)	4.8	55.0
Containers & Packaging	(18.5)	3.7	42.3
Household Products	(14.0)	3.7	58.6
Electrical Equipment	(22.2)	3.2	213.9
Wireless Telecommunication S	(18.0)	0.6	94.1
IT Services	(23.6)	(0.2)	83.9
Machinery	(20.8)	(1.8)	59.4
Media	(21.1)	(3.0)	21.2
Electronic Equipment, Instrume	(24.3)	(3.2)	156.3
Household Durables	(27.8)	(3.4)	57.7
Industrial Conglomerates	(21.3)	(5.8)	19.5
Hotels, Restaurants & Leisure	(26.9)	(8.7)	82.1
Entertainment	(22.1)	(10.6)	135.5
Diversified Telecommunication	(24.5)	(12.7)	(30.9)
Internet & Direct Marketing Re	(33.9)	(13.6)	587.6
Textiles, Apparel & Luxury Go	(28.4)	(13.8)	22.8
Interactive Media & Services	(37.9)	(17.7)	97.5
Auto Components	(32.4)	(19.7)	36.5
Airlines	(32.9)	(23.0)	(42.1)

(The first column shows the amount each sector has fallen from its recent high; the second is how much growth each sector has experienced over the last year; and the third column shows how much each sector has grown over 5 years)

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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 is somewhat normalized growth post all COVID19 disruptions. Companies are trading on relatively high valuations (compared to the S&P500 at 19x), 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.

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%**
2022	-12.4%	-2.5%											**-14.5%**

The fund returned -2.5% in ZAR terms (-2.4% in USD) for the month. The ZAR was flat against the USD for the month.

<u>For the 2022 year thus far</u>, the fund is down 14.5% in Rands or 11.4% in USD terms, with the rand having weakened 3.6% against the dollar. The MSCI Developed Markets Index has fallen 7.9% in USD for the same period.

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

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RCI BCI Flexible Fund

Global equity markets navigated the first half of February relatively well, remaining roughly flat as investors continued to balance anxieties about inflation and resultant interest rate expectations with quarterly earnings news, which was in aggregate reassuring (c. 6% ahead of consensus analyst expectation). This reporting season has been particularly notable for the highly divergent performance of individual stocks following reporting, with investors focusing heavily on outlooks. Towards the end of the month, focus shifted to the escalating conflict in Ukraine, with Russian troops finally crossing into Ukraine territory towards month-end. Although there were pockets of the market (energy-related and selected mining stocks) that rallied in response to their perceived benefit from the consequences of this geopolitical development, more broadly it led investors to shun risk assets, with the MSCI World index falling 2.5% by month-end. The implications among emerging markets (EM) varied widely – Russia understandably bore the brunt of the selloff (MSCI Russia down 53% MoM), while commodity exporters, such as Brazil and South Africa, seen as beneficiaries, moved higher for the month (+0.9% and +2.7% respectively). In aggregate, however, EMs underperformed DMs for the month (MSCI EM -3% MoM).

The South African equity market continued its strong performance in February – something we noted last month as being unusual for a market that typically acts as a barometer for global risk sentiment. The FTSE/JSE Capped SWIX rose 2.7% MoM in February, making it one of very few markets globally to deliver a positive return for the month. Miners (+17% MoM), led by gold miners (+29% MoM on a rising gold price) and PGM miners (+25% on expectations they stand to benefit if Russian supplies are sanctioned), were standout performers for the month. Banks too had a very strong month as investors focussed on undemanding valuations and relatively resilient earnings recoveries for the sector. At the other extreme, Naspers and Prosus compounded the misery they have inflicted on investors over the last year, declining 22% and 26% respectively, more than double the fall of their main investment, Tencent (-11% MoM). Anxiety about China's possible alignment with Russia may explain the further souring of sentiment towards Chinese equities in February, but it is not clear what explains the further underperformance of Naspers/Prosus, both down in excess of 50% over the last 12 months.

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.

At the end of February, the top 15 holdings in the fund, making up 61% of the equity exposure, were as follows:

Prosus	Naspers	Afrimat
MultiChoice	Bidcorp	MAS Real Estate
Investec	Advtech	ABSA
Northam	Santam	Glencore
South 32	Thungela	Standard Bank

Performance

During February, we added further to positions in domestically orientated companies where we believe valuations are attractive, despite strong earnings recovery prospects as SA emerges from COVID. With this theme in mind, we added holdings in **Absa** and **Standard Bank** and **Redefine**. We also added further to positions in **South 32** and **Glencore**, continuing to build exposure to metals that stand to benefit from the green transition. To fund these additions, we sold out of **Spar**, taking advantage of its better-than-expected Festive Season trading update, as well as took profits on **British American Tobacco**, **Afrimat** and **Shoprite**.

The fund declined 1.7% in February. The strong outperformance of cyclical mining shares in recent months is a challenging market environment for the fund's bias towards quality compounders. There will inevitably be periods in which the investment philosophy of the fund will not align with what is in vogue among short-term investors. While the presence of several mining stocks among our top 15 holdings means the fund is benefitting from this rally, we continue to ensure that the bias of the fund is towards quality shares that we expect to deliver superior returns over the long-term.

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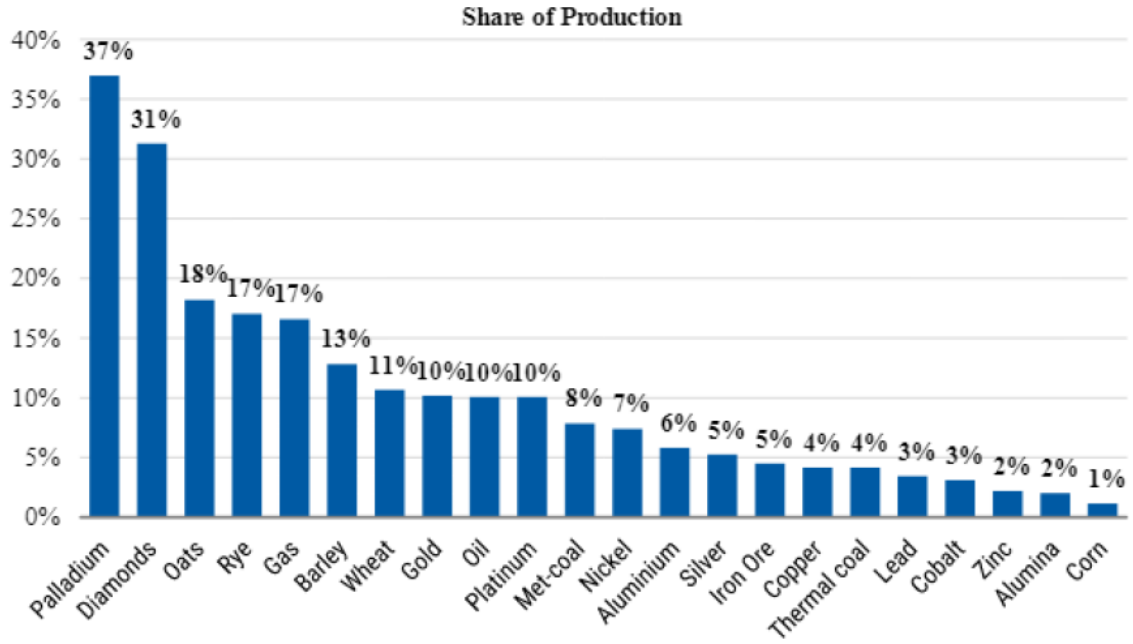
CHARTS, MEMES AND INTERESTS FOR THE MONTH

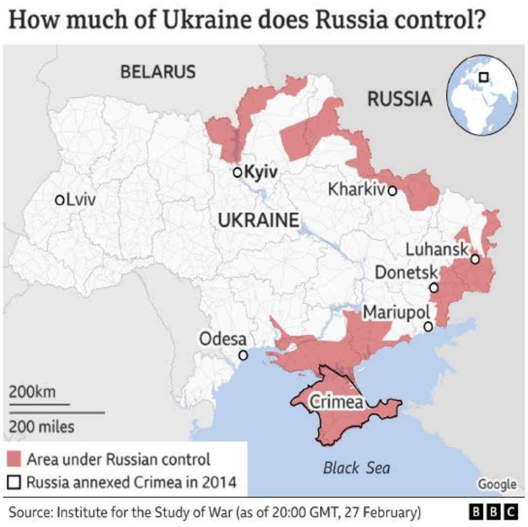
February 2022

The Family Office

Russia is a significant producer of commodities



Ukraine is the last major buffer between Russia and NATO



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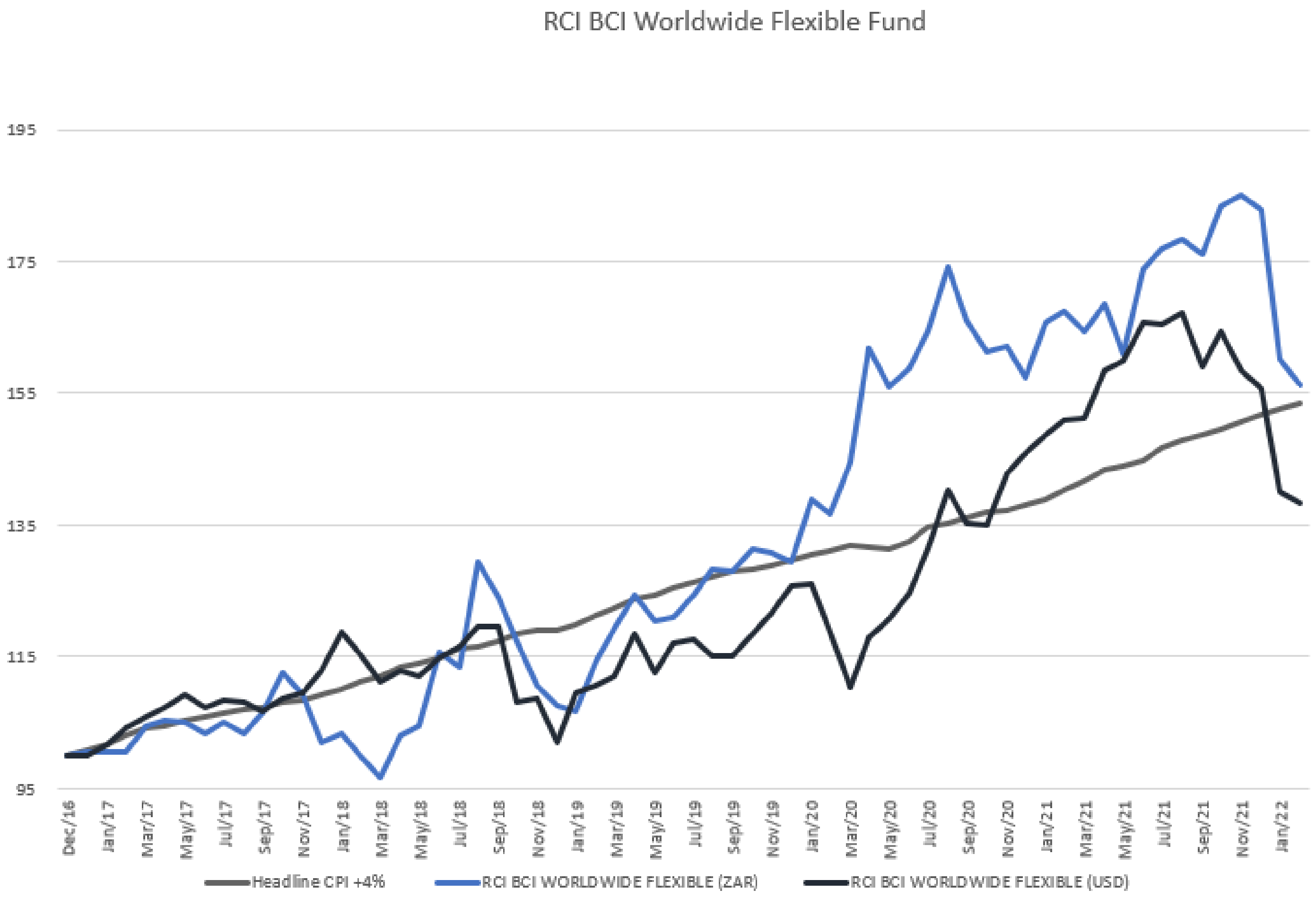
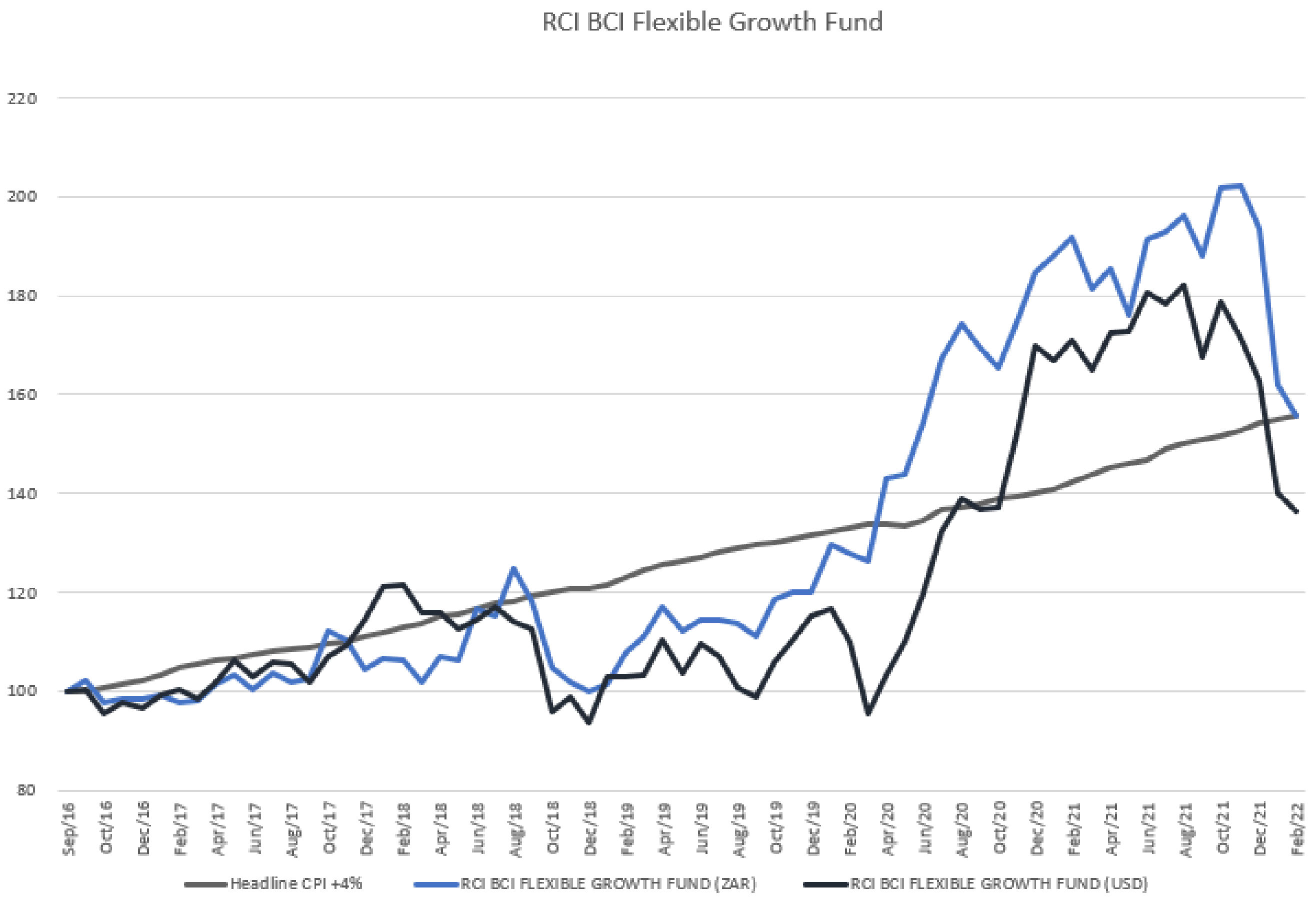
'HAPPY TO TAKE SMALL AMOUNTS'

The Family Office

RCI BCI Worldwide Flexible Fund closed February at 155.68c, down 2.47% for the month and down 6.58% for the last 12 months.



RCI BCI Growth Fund closed February at 156.66c, down 3.83% for the month and down 18.70% for the last 12 months.



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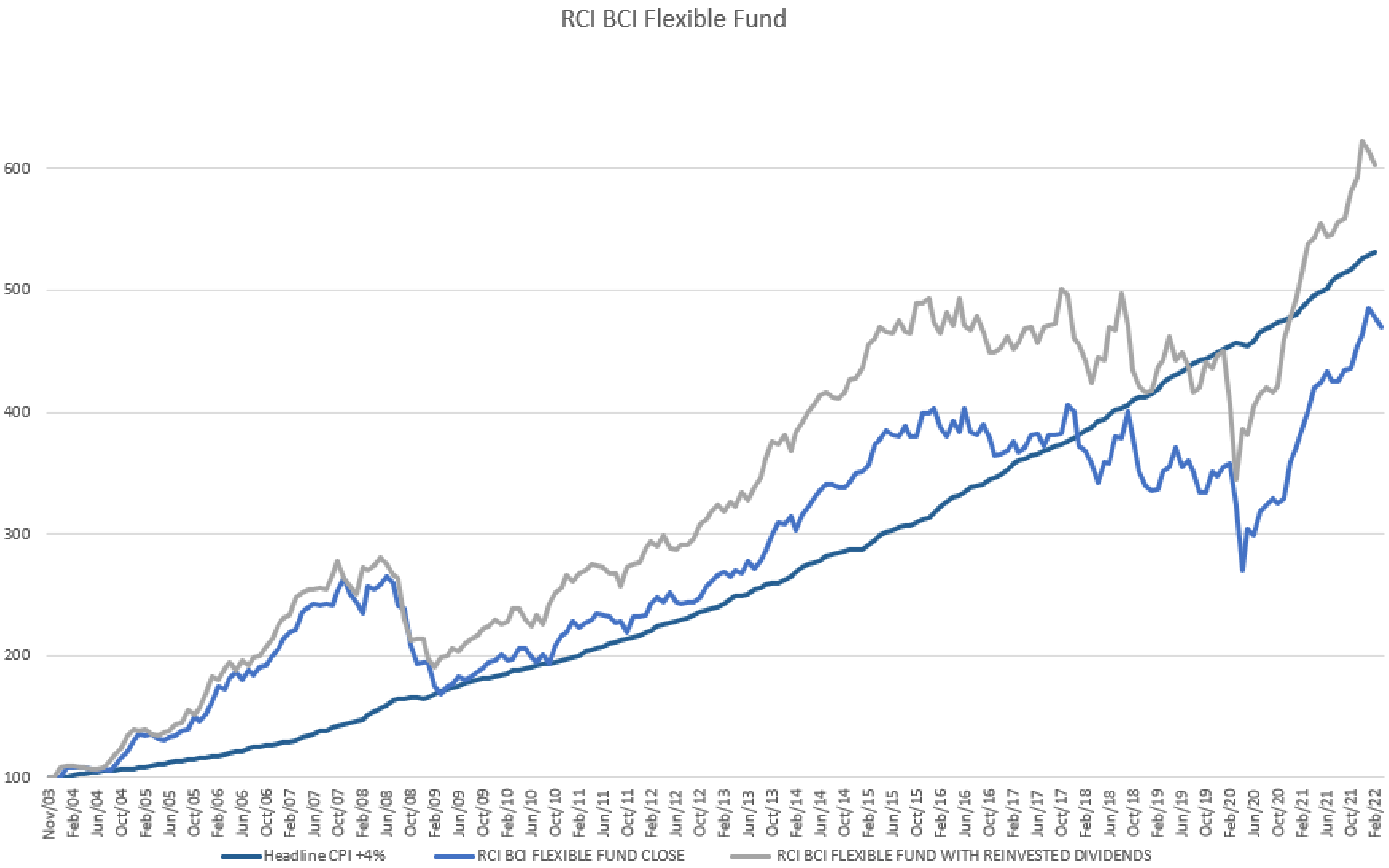
RCI UNIT TRUSTS

'HAPPY TO TAKE SMALL AMOUNTS'

RCI BCI Flexible Fund closed February at 478.20c, down 1.70% for the month and up 17.5% for the last 12 months. The fund is now ranked 7th in its category over the last two years, out of 60 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.

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TO CONCLUDE…

FEBRUARY 2022

The Family Office

"It never rains but it pours" is likely the proverb that best sums up the state of markets recently. Already grappling with the bumpy road out of COVID, with inflation uncomfortably high, supply chains struggling and the steady drumbeat of warnings that the days of ultra-accommodative policy are coming to an end, it is hard to imagine a worse time for already jumpy investors to be confronted by a geopolitical event on the scale of Russia's invasion of Ukraine. Outside of a few isolated areas of the investment universe which investors judge as likely beneficiaries of this move by Russia and the world's response to it (gold, oil and PGM miners, for example), investment markets have continued to sell off in what has become a decidedly "risk off" mood that has taken hold.

For investors concerned about equity exposure in the current environment we suggest some context and considering the following aspects/questions:

- *Are you likely to want to withdraw money from your offshore portfolio in the next 3 years – do you need the money? If you don't, it is almost always the right thing to stay invested.*
- *What are equities as a proportion of your net asset value? Don't generally consider down-weighting equities if it is less than 50%.*
- *Is a compound 8-10% US$ return for the risk portion of your portfolio a target you are comfortable with and are you prepared to have up and down years in the pursuit of this long-term objective?*

In this newsletter, we highlight the 2022/23 budget that was delivered by the finance minister in February. In summary, it was positive, from a macro-economic point of view, as well as for us as consumers. Income tax brackets were adjusted enough to compensate for inflation fully. Corporate tax rates were cut from 28% to 27%, and those of us saving for our retirement are able to invest a further 5% offshore, now capped at 35% offshore in global equities ex Africa. The budget deficit shrank substantially, and we are moving ever closer to surplus (ex interest payments). The debt to GDP trajectory seems to be flattening (albeit still very high). All in all, a good one for SA!

We also provide a lengthy view of how the RCI funds have performed year to date. The RCI Worldwide Flexible Fund closed down 2.47%, the RCI BCI Worldwide Flexible Growth Fund closed down 3.8%, and our local RCI BCI Flexible Fund closed down 1.7% as SA managed to escape relatively unscathed from the Russia/Ukraine invasion. All three funds are down for the 2022 year, with the offshore funds bearing the brunt of the equity sell-ff around the globe.

In our charts and meme section, we provide a breakdown of Russia's share of commodity production. Scary to think that they produce 37% of global palladium and >30% of diamonds. They are also responsible for producing well over 10% of the world's wheat, barley, oats and rye. We also include some geographic representations of Russia, Ukraine and the surrounding NATO nations. Lastly, we include some light humor, highlighting how tough a market it is to impress analysts. Even when results beat expectations, some of our favourite, high quality, businesses still get sold off. Similar to owning a nice house in a poor neighbourhood.

If you have any questions about your portfolios, please feel free to reach out to one of our team members. We are always happy to help.

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

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