ROBERT COWEN INVESTMENTS

NEWSLETTER – END AUGUST 2022

9 September 2022

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- Breakdown of the new investing rules for your South African retirement accounts that you should know about – *by Keiran Witthuhn*
- What have we been doing in the offshore funds – *by the RCI Investment Team*
  - Remaining steadfast whilst negative sentiment resumes as financial conditions set to tighten further
- What have we been doing in the local fund – *by the RCI Investment Team*
  - Sharp reversal in August as South African equities' fortunes remain at the whim of macro factors
- Charts for the month
  - US housing data and Fed balance sheet contraction to step up
  - The big picture of wealth in Africa
- Latest Research from Anchor Capital
  - Anchor rand view: Only time will tell if undervalued rand trends stronger
  - Anchor agri-view: Did food inflation peak in July?
  - Tencent 2Q22 results: Macroeconomic headwinds weigh on results

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Due to the economic environment we have been faced with in recent times, we have monitored and raised cash levels in those portfolios where appropriate. This has been done with the intention of allowing the equity component of portfolios to recover over time, and not put investors in the position of being a forced seller in a downturn. For investors concerned about equity exposure in the current environment, we suggest some context by 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% USD 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?*

The market is presenting opportunities to invest in top quality companies at more reasonable valuations that do not come around often. RCI aims to take advantage of this as, on a 3 to 5 year view, there is potential for great returns for those who can stomach the current volatility in equity markets.

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.

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.

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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BREAKDOWN OF THE NEW INVESTING RULES FOR YOUR SOUTH AFRICAN RETIREMENT ACCOUNTS THAT YOU SHOULD KNOW ABOUT

BY KEIRAN WITTHUHN

In South Africa, all retirement annuities, provident funds, and pension funds are required to comply with Regulation 28 (Reg 28) of the Pension Funds Act. Reg 28 limits the extent to which retirement funds may invest in asset classes, particularly those asset classes which are considered to have a greater degree of market risk associated with them. The main aim is to protect the members' retirement fund investments from insufficient diversification and to ensure that it is not exposed to undue market risks.

Changes to offshore allocation limits

Changes to these limits were first announced during the 2022 National Budget Speech on 23 February 2022. Thereafter, on 25 February 2022 the SARB published the Exchange Control Circular No. 10/2022, which detailed changes to the prudential foreign investment limits for South African institutional investors, in that foreign exposure of all retail assets, such as pension funds, may not exceed 45%. The industry has been advocating for an increase in offshore limits with respect to Reg 28 for many years and the change has been largely welcomed. This move by the government incentivises savers to continue using retirement products, as many were becoming uneasy about the large obligatory allocation to SA. A healthy savings pool in SA is vital to the proper functioning of the financial system. The increase in foreign exposure has been in effect since 23 February 2022.

Asset class	Previous exposure limit	New exposure limit
Cash	100%	Unchanged
Equity	75%	Unchanged
Offshore	30%	45%
Africa	10%	Combined with offshore limit
Listed Property	25%	Unchanged
Private Equity Funds	10%	15%
Hedge Funds	10%	Unchanged
Infrastructure	Previously not defined or separately measured (fell into limits of nearest asset class)	45%
Other Assets	2.5%	Unchanged

Previously, the offshore investment limit was 30% globally and an additional 10% exposure limit for investments in other African markets (outside of SA). However, it is fair to say that not many investors made use of this 10% allocation to Africa in any case. These limits have now been combined into one foreign prudential limit of 45% and the limit applies to all pension funds, insurance companies and investment funds. This 50% increase in offshore exposure (from 30% to 45%) allows the opportunity for those who would like to increase their exposure to markets outside of South Africa (and Africa for that case), to developed markets such as the US, Europe and the UK. It is important to note that the 100% offshore exposure limit for living annuities remains as is.

Below is a table comparing the total returns (with dividends reinvested, and gross of all taxes and fees) of the past 10 years from the JSE Index, the MSCI World Index and the S&P 500 Index.

Index	10 Year Annualised Returns (ZAR)
FTSE/JSE All Share total return (ZAR)	10.21%
MSCI World total return (ZAR)	18.21%
S&P 500 total return (ZAR)	21.39%

Source: Bloomberg

The new offshore limit allows retirement savers more capacity to internationally diversify their wealth and hedge against possible South African country-specific political risk, weaker economic performance and potential rand weakness. As shown above, exposure to US and global developed markets has been rewarded handsomely over the last decade. Previously compliant Reg 28 accounts were less able to participate in the types of returns experienced offshore (shown in the table).

Changes related to investments in infrastructure and private markets

The recent final amendments to Reg 28, published on 5 July 2022, create a framework to facilitate investment in infrastructure by recognising it as a separate asset class. These final amendments to Reg 28 will come into effect on 3 January 2023 after having been last updated in March 2011. The changes reflect global trends, such as the growth in private markets, particularly private equity as an asset class, the maturity of hedge funds as an alternative asset class, and the more recent rapid rise in the popularity of crypto assets. Private investment in infrastructure is a global trend too, but in South Africa, it is particularly relevant.

The decade-long deterioration of both the government's fiscal position and the financial positions of the state-owned entities have left little choice but to encourage private savings to investment in the critical infrastructure required to enable economic growth. The infrastructure funding shortfall over the next two decades is estimated at around R1.8 trillion. Pension funds can play a meaningful role in this regard. But general distrust of government-supported programs will likely remain a headwind for widespread participation. In addition to the urgent need for investment, the increasing awareness of environmental, social and governance (ESG) factors is prompting pension fund trustees to reconsider the long-term sustainability risks investments are exposed to. Examples of investments into infrastructure include transportation systems, communication networks, sewage, water and electricity systems. National Treasury's definition of infrastructure refers to assets with a primary objective of developing, constructing or maintaining physical assets and technology structures.

Ultimately, legislation can only go so far and investable deal flow is a requirement to feed the market. The long-term success of these deals largely depends on a coherent and succinct policy within government which also addresses how budgeted capital is spent across all spheres of government.

The amendments set a limit of 45% for exposure in infrastructure investment as per any investment that fits the updated definition. With that, a limit of 25% for exposure to a single entity or company has been imposed. The only exception to this is debt instruments issued by, and loans to, the Government of the Republic and any debt or loan guaranteed by the Republic of South Africa. Reg 28 previously defined hedge funds, private equity and other excluded asset classes as one combined asset class with a collective limit of 15%. These three asset classes have now been separated, and there is no collective limit anymore. Private equity funds have been allocated a separate 15% limit, whilst hedge funds remain at 10%. Crypto assets are now clearly defined and prohibited from direct or indirect investment by pension funds due to volatility and lack of regulation.

The updated Reg 28 offers pension funds clarity and regulatory certainty. Within this context, we believe the final amendments are a positive development that provides the supportive regulatory framework needed to encourage pension funds to consider investing in alternative asset classes, especially infrastructure.

We encourage you to please consult with your portfolio manager if you would like them to integrate the new changes into your retirement accounts going forward, within the bounds of your investment objectives, or if you would simply like further information on how the Reg 28 changes affect your investments.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND – Remaining steadfast whilst negative sentiment resumes as financial conditions set to tighten further

Last month we explored bear market rallies and whether the bounce in July’s performance would be a bear trap or the beginning of a sustained market rally. With hindsight, it was clearly a classic bear market trap as we appear to be going back down to test those June lows.

Almost every single asset has fallen this year. Even balanced funds with bonds and equities had the worst start to the year in over a century.

The beginning of August saw the market power upwards just to then collapse halfway through the month ending down for month end. When the dust had settled, the MSCI World index had fallen 2.9% and the S&P 500 index had fallen 2.2% for the month. The sustained volatility experienced in financial markets thus far this year has been unnerving for market participants.

The S&P 500 has already had 7 days where the market has fallen over 3% in 2022. The only time since 1946, the market had more days with such large sell-offs was back in 2008 & 2009 – related to the Global Financial Crisis – and 2020 – related to Covid:

S&P 500: Number of Large Down Days (1928 - 2022)

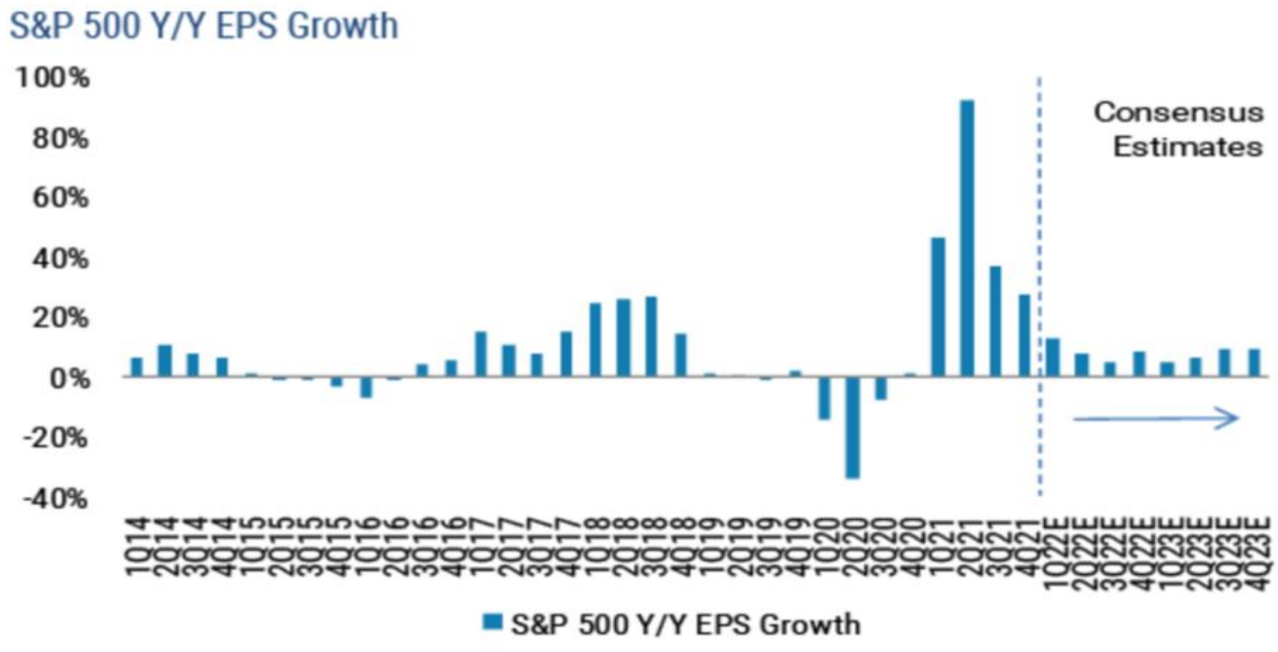
Year	-1% Days	-2% Days	<-3% Days	Year	-1% Days	-2% Days	<-3% Days	Year	-1% Days	-2% Days	<-3% Days
1928	23	2	2	1960	16	1	0	1992	11	0	0
1929	19	10	19	1961	2	1	0	1993	6	1	0
1930	38	16	16	1962	28	4	2	1994	14	1	0
1931	42	28	27	1963	2	1	0	1995	4	0	0
1932	27	18	50	1964	3	0	0	1996	14	2	1
1933	33	15	27	1965	7	0	0	1997	25	5	1
1934	32	20	7	1966	22	3	0	1998	20	7	5
1935	31	8	1	1967	9	0	0	1999	31	9	0
1936	18	6	5	1968	9	0	0	2000	35	15	4
1937	28	17	17	1969	17	1	0	2001	41	9	4
1938	40	15	12	1970	29	4	0	2002	43	22	7
1939	29	15	8	1971	14	0	0	2003	32	4	1
1940	23	4	8	1972	6	0	0	2004	20	0	0
1941	23	3	3	1973	37	5	1	2005	17	0	0
1942	24	2	0	1974	52	13	2	2006	13	0	0
1943	13	1	3	1975	32	3	0	2007	23	10	1
1944	7	1	0	1976	14	0	0	2008	34	18	23
1945	14	7	0	1977	12	0	0	2009	27	16	12
1946	23	4	10	1978	23	1	0	2010	27	5	5
1947	25	3	2	1979	12	1	0	2011	27	15	6
1948	19	2	5	1980	30	6	1	2012	18	3	0
1949	12	3	0	1981	26	4	0	2013	15	2	0
1950	15	3	4	1982	32	5	1	2014	15	4	0
1951	16	1	0	1983	25	1	0	2015	25	4	2
1952	8	0	0	1984	16	0	0	2016	17	4	1
1953	14	1	1	1985	7	0	0	2017	4	0	0
1954	4	1	0	1986	19	4	2	2018	17	10	5
1955	14	4	1	1987	22	14	6	2019	10	5	0
1956	21	0	0	1988	26	3	2	2020	20	9	16
1957	20	5	0	1989	12	1	1	2021	16	5	0
1958	4	1	0	1990	34	7	1	2022 YTD	26	9	7
1959	13	1	0	1991	23	1	1				

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

BY THE RCI INVESTMENT TEAM (CONTINUED)

The main reason for the recent collapse in markets was mostly due to the Fed signalling their hawkish intention to continue aggressively hiking US interest rates to combat unprecedented levels of inflation. This is further backed by low unemployment figures, strong corporate balance sheets and the average American household being cash flush after receiving several significant Covid stimulus cheques. In principle, the market is looking for bad economic news that would prevent the Fed from hiking rates excessively.

As investors, we now know that the Fed is serious about combatting inflation. The next big question turns to the extent of the recession that the rate hikes induce, and subsequently, the likely downward pressure that this will place on corporate earnings going into 2023. At present it does appear as though analysts are too optimistic about earnings growth as their forecasts have remained largely unchanged. However, we are unlikely to experience poor earnings growth in nominal terms (ignoring inflation) if inflation is still elevated in 2023. This is because inflation should lead to revenue growth for companies that are able to pass the cost pressures onto consumers in the form of higher prices of their products.



[Analysts still have positive growth for each quarter next year which some argue is too optimistic in the current economic environment]

When we look at our watchlist of high-quality shares, the average pullback from recent highs is about 32%, versus about 18% from the S&P 500 constituents. Thus, our universe of shares has already taken quite a smack making them more attractive over the long-term than the market as a whole. In fact, the market is probably a bit too expensive if earnings are going to come down meaningfully next year. We would thus prefer to be in our oversold high-quality compounders if there is any pressure on earnings in 2023.

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 free cash flow generation. We tend to ignore whether or not a company pays a dividend but usually prefer those businesses that reinvest earnings in their internal operations. We also tend not to chase short-term investment narratives and themes 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.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

BY THE RCI INVESTMENT TEAM (CONTINUED)

The Family Office

Our top 10 positions:

	PE in one years time	PEG Ratio ('22 PE/'22-24 Growth)	2021-2022E Growth	2022-2023E Growth	2023-2024E Growth
ADOBE SYSTEMS INC	24.39	1.50	35%	18%	15%
ALPHABET INC-CL C	17.42	1.15	12%	16%	14%
AMAZON.COM INC	45.23	0.51	-54%	133%	54%
BOSTON SCIENTIFIC CORP	21.23	1.69	8%	12%	13%
DISNEY	22.03	0.76	65%	38%	21%
KRANESHARES CSI CHINA INTERN	NA	NA	NA	NA	NA
MICROSOFT CORP	24.92	2.05	19%	7%	17%
PAY PAL	20.73	1.01	-15%	22%	19%
SABRE CORP	NA	NA	NA	NA	NA
VISA	23.82	1.54	26%	13%	17%
Median PE	**22.93**				
PEG Ratio (Forward PE/'22-24 Growth in EPS)		**1.32**			
Median Annual EPS Growth Rate			**16%**	**17%**	**17%**

Note Sabre Corp earnings growth figures have been excluded from the above due to the skewed nature of the figures. They operate in the travel industry which means they have had negative recent earnings but are expected to return to return to profitability in the coming financial years

Our top 10 positions are expected to grow earnings per share by about 17% per year for the next two years. Our companies are trading at higher valuations 23x versus the S&P 500's 16.6x, but they deserve to do so as they are higher quality and are growing earnings at a higher rate than the market as a whole. Especially when compared to expected returns on investments in bonds or cash.

Main changes during the month

- Sold **Johnson and Johnson**: We decided to sell our JNJ position based on its valuation and switch the proceeds across counters we already own that were screening more attractively.

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%	-6.0%	-2.4%	-5.9%	-4.3%	8.2%	0.0%					**-23.5%**

The fund was flat in ZAR terms (-2.8% in USD) for the month. The ZAR weakened 2.9% against the USD for the month which added to the ZAR performance.

For the 2022 year thus far, the fund is down 23% in Rands or 28% in USD terms, with the rand having weakened 6% against the dollar. The MSCI Developed Markets Index has fallen 18% in USD for the same period.

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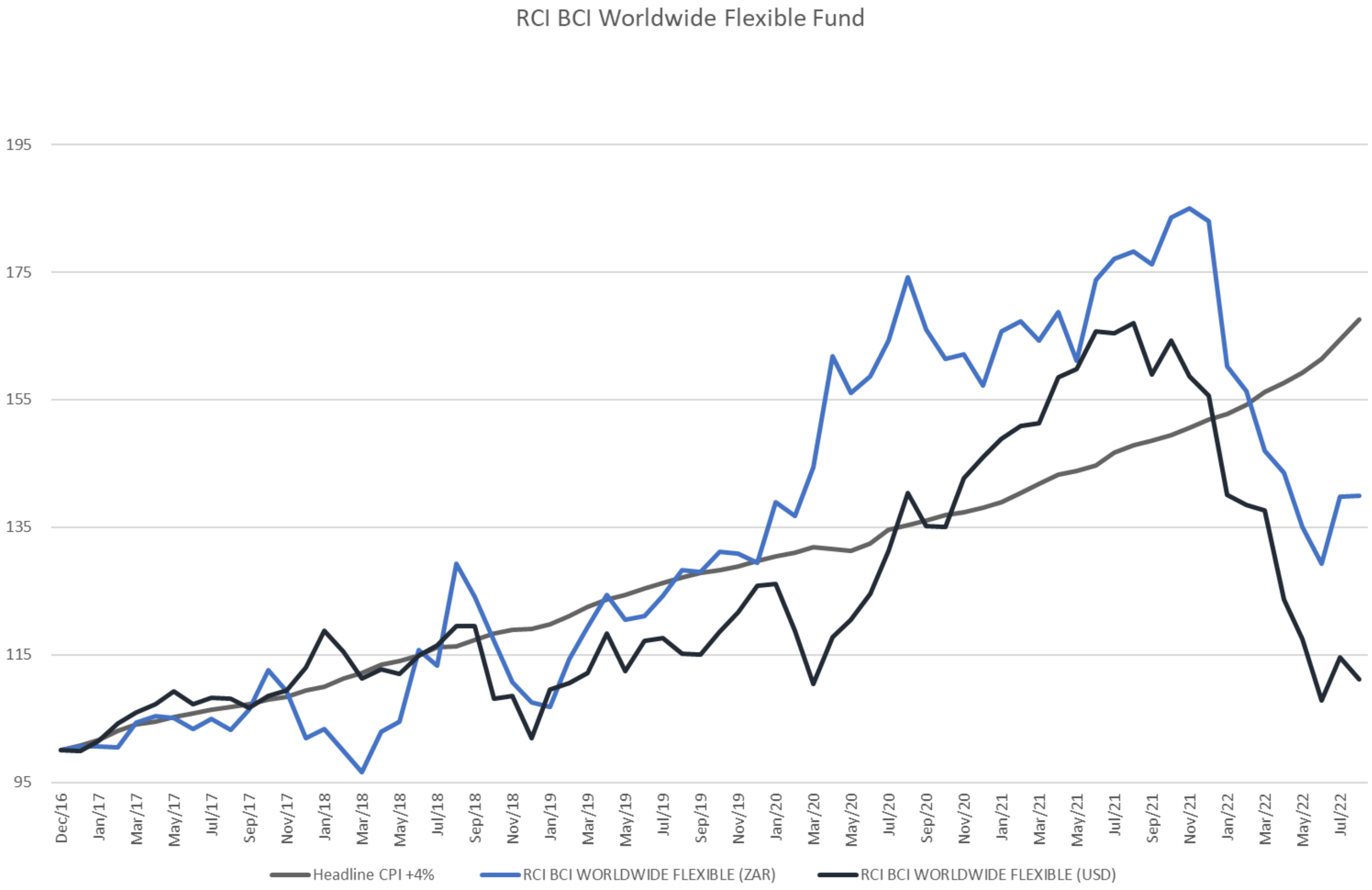
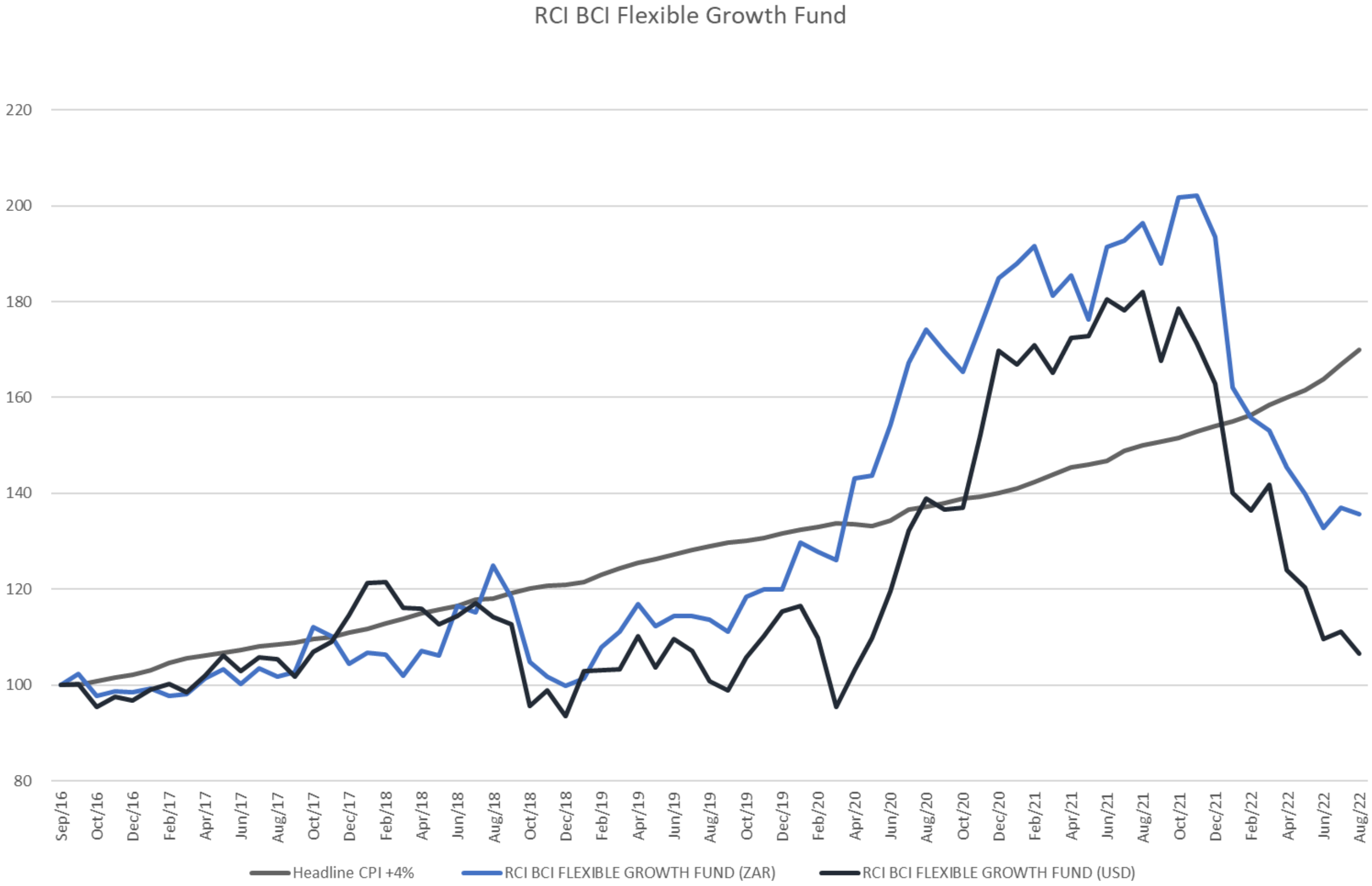
RCI OFFSHORE UNIT TRUSTS

"In the short run, the market is a voting machine, but in the long run it is a weighing machine." – Benjamin Graham

RCI BCI Worldwide Flexible Fund closed August at 139.92c, up 0.04% for the month and down 21.50% for the last 12 months.



RCI BCI Growth Fund closed August at 135.68, down 0.97% for the month and down 30.89% for the last 12 months.



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WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

RCI BCI FLEXIBLE FUND – Sharp reversal in August as SA equities' fortunes remain at the whim of macro factors

The Family Office

BY THE RCI INVESTMENT TEAM

Global equity markets got off to a bright start in August, continuing the rally that began in June, buoyed by US corporate earnings announcements that continued to beat expectations and investors' interpretation of recent Fed comments as opening the door to a potential pivot to a more accommodative stance later in the year. By mid-month, the MSCI World Index had rallied 3.5%. Unfortunately, sentiment soured significantly over the rest of the month, as universally hawkish comments from Fed officials in the lead up to and during the Jackson Hole Economic Symposium forced a rapid market reappraisal of interest rate and economic growth assumptions. Markets reversed sharply with the MSCI World Index ending the month -4.1% MoM. The escalating energy crisis in Europe saw this region's equity markets bearing the brunt of selling in August, with the Euro Stoxx 50 index declining 5.1% MoM. Emerging Market equities fared a lot better in August (MSCI EM +0.4% MoM). Chinese equities listed in the US rose on news that Chinese and American regulators seem to be getting closer to resolution on audit transparency for those companies (Nasdaq Golden Dragon China Index +6.2% MoM). Brazil was another standout performer (+6.2%), benefitting from its large exposure to recovering energy shares.

SA equities followed a similar pattern to global markets in August, initially rallying 5% into mid-month before turning down to end the month in negative territory (FTSE/JSE Capped SWIX -1.3% MoM). Mining shares generally struggled as the prospect of weaker global economic activity weighed on metal prices. Thungela (+13% MoM) was the exception, however, as the prospect of tight energy markets into the European winter implies a solid underpin for coal prices for the foreseeable future. Takeover offers for Massmart (+57% MoM) and Grindrod Shipping (+36% MoM) continued the theme of foreign acquirors seeing attractive value among SA-listed companies. Naspers/Prosus had a steady month (+3% and -1.3% MoM, respectively), but appreciably underperformed Tencent (+10% MoM in rand terms).

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 August, the top 15 holdings in the fund, making up 65% of the equity exposure, were as follows:

- Prosus
- Naspers
- Bidcorp
- Afrimat
- Investec
- Thungela
- Absa
- Glencore
- Advtech
- MAS Real Estate
- South 32
- Coronation
- Transaction Capital
- Sasol
- MTN

Main changes in the month

In August, we made relatively few changes to the fund's holdings. We took advantage of a short-term rally in **Quilter** on the back of takeover speculation to reduce the holding significantly – it subsequently pulled back. Becoming uneasy about the outlook for luxury spend off what is arguably a high base, we decided to exit **Richemont** for the time being. We added **Coronation**, which has fallen significantly. While short-term earnings may be negatively impacted in the current market environment, it offers an attractive dividend and should rerate when markets begin to rebound.

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WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

BY THE RCI INVESTMENT TEAM (CONT.)

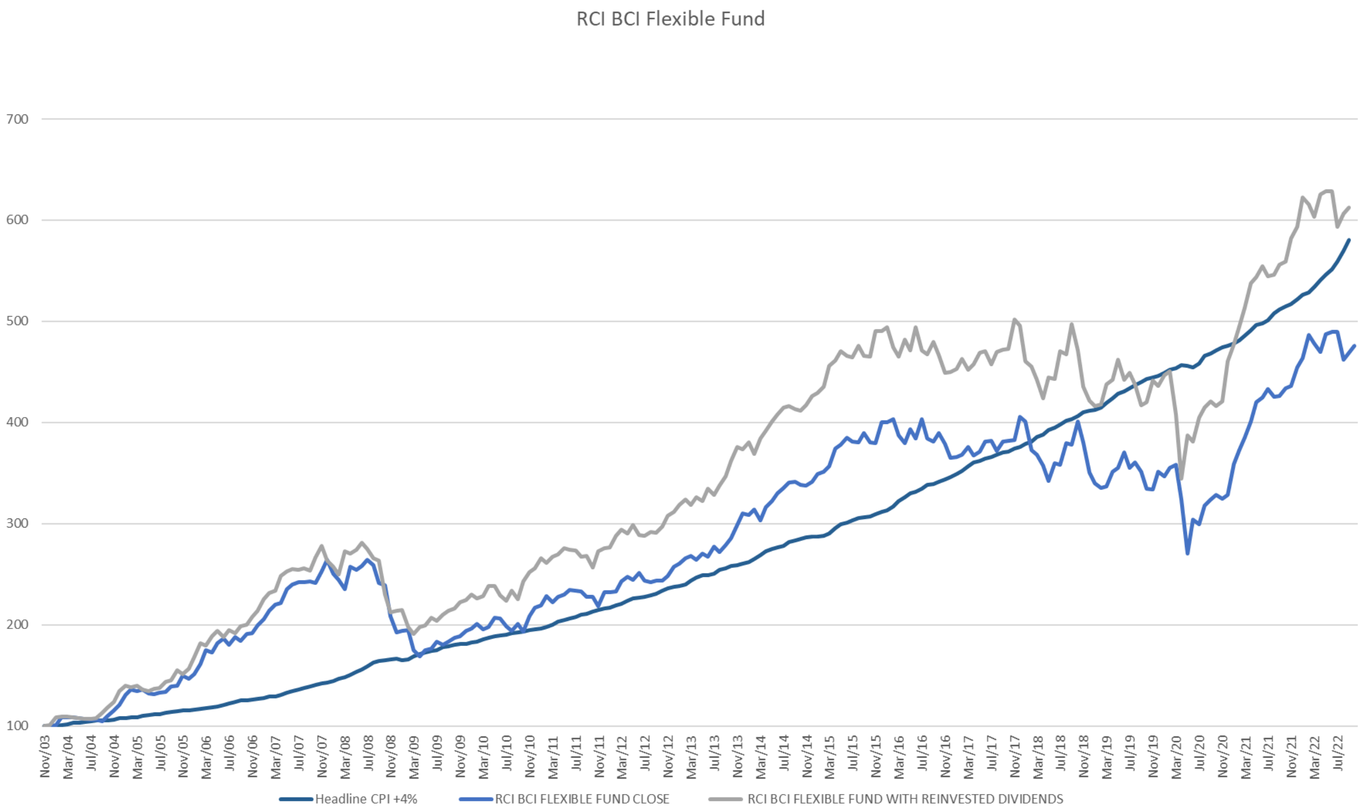
Performance

The RCI BCI Flexible Fund had another positive month in August (+1.38% MoM), which was a pleasing outperformance of the broader SA market. Strong performances in the month from Bidcorp, Thungela and Grindrod Shipping were notable stock-level contributors to this performance.

The RCI investment team

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

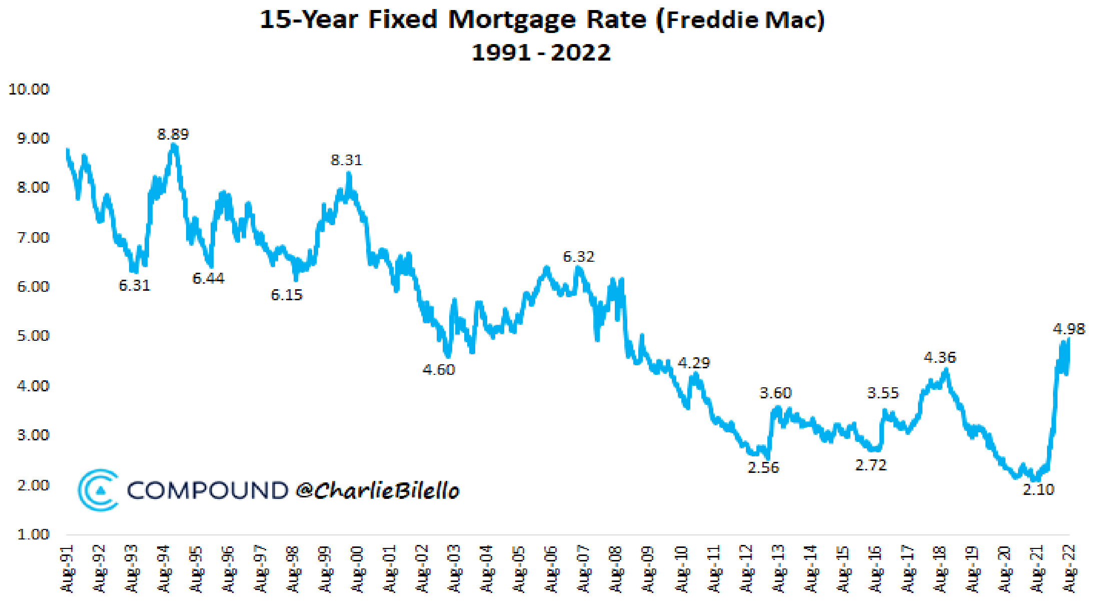
RCI BCI Flexible Fund closed August at 475.54c, up 1.38% for the month and up 9.50% for the last 12 months.



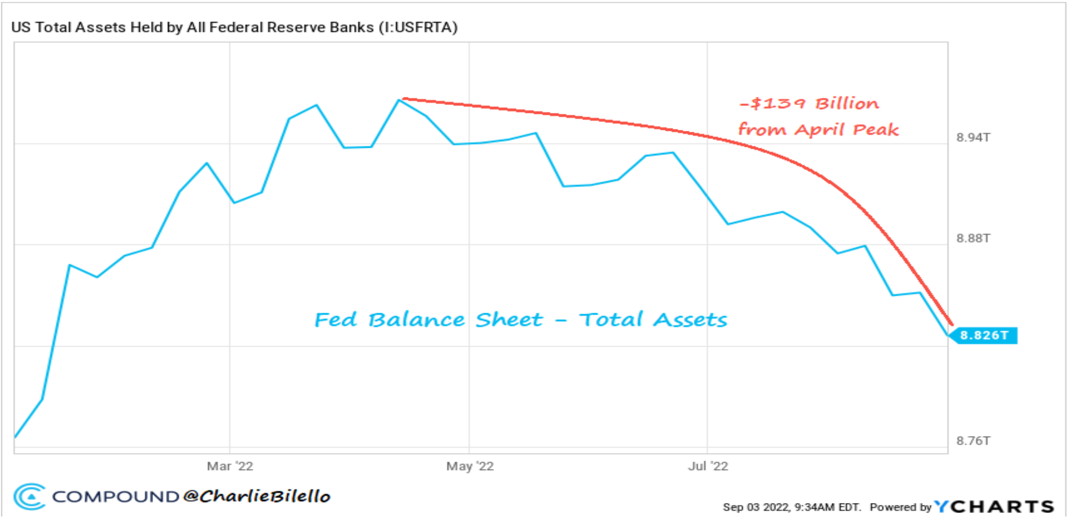
Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up, and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in borrowing 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.

The Family Office

AUGUST 2022



The 15-year mortgage rate in the US has risen to 4.98%, its highest level since 2009. A year ago it hit an all-time low of 2.10%. This along with higher home prices has led to mortgage payments skyrocketing in the US. US home prices are now up 40% over the last 2 years.



At Jackson Hole, Jerome Powell made it clear that the Fed still has significant work to do on the inflation front, saying "we must keep at it until the job is done". This translated means that we can except both more interest rate hikes and balance sheet unwinding to come. The reduction in the Fed's balance sheet has been slow thus far, only decreasing by $139 billion, with assets still higher than they were at the start of the year. The expectation is that the unwind will accelerate from here at a pace of $95 billion per month. This is a significant change of policy from the Fed, as the expected balance sheet contraction from this point will be at a rate that reverses more than 80% of the 80% balance sheet expansion seen in 2021. Since Jackson Hole, financial markets have been adjusting to the tighter than expected liquidity conditions that lie ahead.

US Federal Reserve - Total Assets

Year End	Assets (in Billions)	$ Increase (in Billions)	% Change
2002	732		
2003	772	39	5.4%
2004	811	39	5.1%
2005	848	37	4.5%
2006	870	22	2.6%
2007	891	21	2.4%
2008	2,239	1,349	151.4%
2009	2,234	-5	-0.2%
2010	2,421	187	8.3%
2011	2,926	506	20.9%
2012	2,907	-19	-0.6%
2013	4,033	1,125	38.7%
2014	4,498	465	11.5%
2015	4,487	-11	-0.2%
2016	4,451	-35	-0.8%
2017	4,449	-3	-0.1%
2018	4,076	-373	-8.4%
2019	4,166	90	2.2%
2020	7,363	3,197	76.7%
2021	8,757	1,394	18.9%
2022 YTD	8,826	69	0.8%
	Period	$ Increase (in Billions)	% Change
	2002-22	8,094	1106%
COMPOUND			@CharlieBilello

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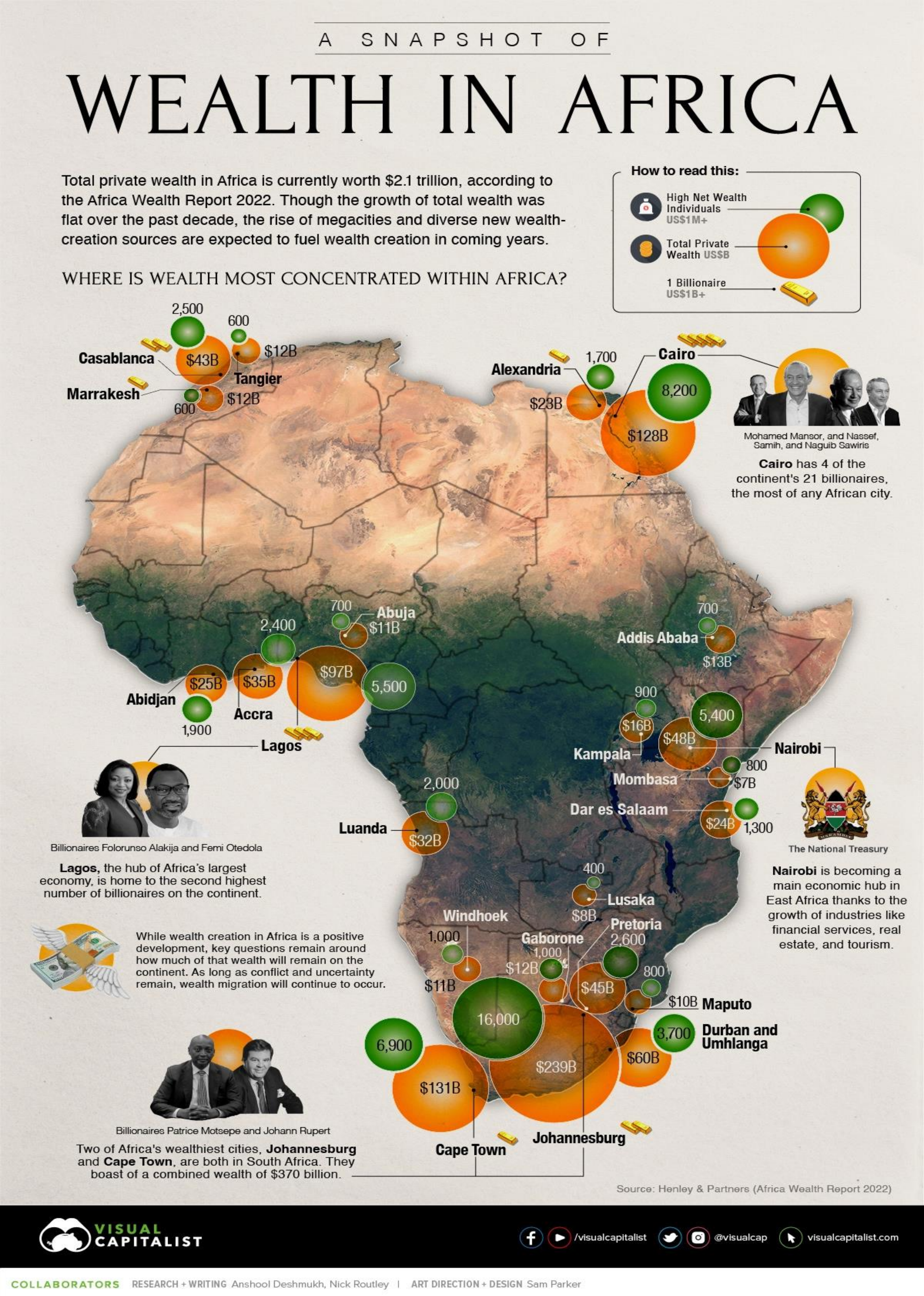
A SNAPSHOT OF
WEALTH IN AFRICA
Total private wealth in Africa is currently worth $2.1 trillion, according to the Africa Wealth Report 2022. Though the growth of total wealth was flat over the past decade, the rise of megacities and diverse new wealth-creation sources are expected to fuel wealth creation in coming years.
WHERE IS WEALTH MOST CONCENTRATED WITHIN AFRICA?
How to read this:
High Net Wealth Individuals US$1M+
Total Private Wealth US$B
1 Billionaire US$1B+
Casablanca 2,500 $43B
Tangier 600 $12B
Marrakesh 600 $12B
Alexandria 1,700 $23B
Cairo 8,200 $128B
Mohamed Mansor, and Nassef, Samih, and Naguib Sawiris
Cairo has 4 of the continent's 21 billionaires, the most of any African city.
Abuja 700 $11B
Lagos 5,500 $97B
Accra 2,400 $35B
Abidjan 1,900 $25B
Billionaires Folorunso Alakija and Femi Otedola
Lagos, the hub of Africa's largest economy, is home to the second highest number of billionaires on the continent.
Addis Ababa 700 $13B
Kampala 900 $16B
Nairobi 5,400 $48B
Mombasa 800 $7B
Dar es Salaam 1,300 $24B
The National Treasury
Nairobi is becoming a main economic hub in East Africa thanks to the growth of industries like financial services, real estate, and tourism.
Luanda 2,000 $32B
Lusaka 400 $8B
Windhoek 1,000 $11B
Gaborone 1,000 $12B
Pretoria 2,600 $45B
Maputo 800 $10B
Durban and Umhlanga 3,700 $60B
Johannesburg 16,000 $239B
Cape Town 6,900 $131B
While wealth creation in Africa is a positive development, key questions remain around how much of that wealth will remain on the continent. As long as conflict and uncertainty remain, wealth migration will continue to occur.
Billionaires Patrice Motsepe and Johann Rupert
Two of Africa's wealthiest cities, Johannesburg and Cape Town, are both in South Africa. They boast of a combined wealth of $370 billion.
Source: Henley & Partners (Africa Wealth Report 2022)
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Africa has over 50 countries, but just 5 account for more than half of the total wealth on the continent: South Africa, Egypt, Nigeria, Morocco, and Kenya. Despite recent setbacks in Africa's largest economies, wealth creation has been strong in a number of areas, and total private wealth is now estimated to be US$2.1 trillion. There also an estimated 21 billionaires in Africa today. Drawing from the latest Africa Wealth Report, here's a look at where all that wealth is concentrated around the continent.

A Country-Level Look at Wealth in Africa

South Africa is a still a major stronghold of wealth in Africa, with a robust luxury real estate market and ample wealth management services. SA is also ranked second on the continent in per capita wealth. That said, the country has faced challenges in recent years. An estimated 4,500 high net worth individuals (wealth of US$1 million or more) have left South Africa over the past decade, migrating to places like the UK, Australia, and the United States. In one stark data point, the report points out that "there are 15 South African born billionaires in the world, but only 5 of them still live in South Africa."

Here is how major African countries compare in terms of per capita wealth:

Rank	Country	Wealth per Capita (US$)
#1	Mauritius	$34,000
#2	South Africa	$10,970
#3	Namibia	$9,320
#4	Botswana	$7,880
#5	Morocco	$3,380
#6	Egypt	$3,000
#7	Ghana	$1,890
#8	Kenya	$1,700
#9	Angola	$1,620
#10	Côte d'Ivoire	$1,610

Source: Henley & Partners

Mauritius is Africa's wealthiest nation on a per capita basis. Here are a few reasons why the island nation comes out on top:

- **HNWI growth** – Wealthy individuals have flocked to Mauritius in recent years
- **Ease of doing business** – Mauritius ranked 13th worldwide in World Bank's Doing Business Report
- **Low taxes** – There is no inheritance tax or capital gains tax in the country
- **Safety** – Mauritius was recently rated by New World Wealth as the safest country in Africa
- **Financial sector** – A growing local financial services sector and stock market (SEMDEX)
- As a result, Mauritius has seen the strongest growth in total private wealth over the past decade, followed by Rwanda and Ethiopia.

On the flip side of the equation, Nigeria—which is Africa's largest economy—saw a steep drop in total wealth. The country has struggled in recent years with high unemployment, corruption, and an over-reliance on crude oil.

Over time, African countries are becoming less dependent on extractive industries, and business conditions are continuing to improve nearly across the board. These tailwinds, combined with the continent's favourable demographics, point to a bright economic future for Africa. The outlook for private wealth on the continent is largely positive as well. Total private wealth held in Africa is expected to reach US$3 trillion by 2031, an increase of close to 40%.