ROBERT COWEN INVESTMENTS

NEWSLETTER – END JANUARY 2023

14 February 2023

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- The Reserve Bank: Why is it important to you? – *by Di Haiden*
- The impact of climate change on investing – *by Seleho Tstatsi*
- What have we been doing in the offshore funds – *by the RCI Investment Team*
- What have we been doing in the local fund – *by the Anchor SA Equity Investment Team*
- Charts, memes and interesting concepts for the month
    - Most valuable brands this millennium
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- Latest research from Anchor Capital
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    - ANCHOR AGRI-VIEW: THE IMPACT OF THE GLOBAL ENERGY CRUNCH ON SA INFLATION AND FOOD SECURITY

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.*

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 keiran@rcinv.co.za or 011 591 0666

*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.

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.

Di, Mike & The RCI Team

THE RESERVE BANK – WHY IS IT IMPORTANT TO YOU?

BY DI HAIDEN

What is the South African Reserve Bank? (SARB)

Established in 1921, as a direct result of the abnormal monetary financial conditions which World War 1 had brought, SARB is the central bank of South Africa.

It is responsible for;

- Monetary policy – protect the value of the rand and use interest rates to keep inflation low and steady
- Financial stability – identify and mitigate risks that may disrupt the financial system
- Prudential regulation – regulates financial institutions
- Financial Markets – manage SA's gold and foreign exchange reserves
- **Financial Surveillance – regulates cross-border transactions**
- Payments and settlements - ensures the safety and soundness of the national payment system
- Statistics – provides stats that present an overview of SA's economic situation
- Research – supports policy decision-making
- Banknotes and coin – has the sole right to make, issue and destroy banknotes and coin in SA.

As you can see, SARB has various mandates and tasks to fulfil. The focus of this article is **FINANCIAL SURVEILLANCE i.e. the regulating of cross-border transactions with respect to individuals.**

What are cross-border transactions?

They are financial transactions where the payer and the recipient are based in separate countries. SARB is responsible for the daily administration of exchange controls in SA, which includes monitoring of ALL cross-border transactions. To do this, SARB appoints certain registered banks to be Authorised Dealers in foreign exchange (with limited authority).

How does this affect you?

Every transaction you undertake that goes 'across the border' has to be declared to SARB e.g., your foreign investment allowance of R10million AND your discretionary allowance of R1million per annum. These movements are monitored using BoP (Balance of Payment) forms which are completed as the transaction takes place.

HOWEVER, what happens when the transaction is not technically going across the South African border i.e. it is a transaction with an SA resident but does not involve the SA banking system and there is no BoP form completed?

- Does it have to be approved by SARB?
- Does it have to be reported to SARB?
- Does it need to be regularised with SARB?
- Does it need to be declared in terms of a VDP (Voluntary Disclosure Programme)?
- What are the consequences of not reporting a transaction?
- Do penalties apply if not declared?

To know the answers to the above it is important to understand the detail of what you have either done or are going to do and often the answer to the above questions is, 'Well, it depends ……..".

Examples of what transactions need to be considered for submission to SARB, bearing in mind Joe Soap is an SA resident;

- In 2012, Joe Soap has inherited a property offshore but has never declared it to SARB.
- In 2016, Joe Soap gave his daughter in the US a lump sum but paid her from his existing offshore account with funds sent offshore from SA.
- In 2020, Joe Soap has been paid a sum of money by his sister, who lives in Malta, into his offshore account.
- Joe Soap has received a distribution from an offshore trust into his offshore bank account.

THE RESERVE BANK – WHY IS IT IMPORTANT TO YOU?

BY DI HAIDEN (CONTINUED)

- Joe Soap took travellers' cheques in the '90s when going on holiday and deposited the funds into a bank account offshore.

All of these transactions are forex transactions and, depending on the detail, may or may not have to be declared to SARB. It is important to look at the specific circumstances of the transaction, as well as when it was done. In the 2022 budget there were several amendments made, BUT if a transaction took place before this (23-02-2022) the old rules still apply and the transaction needs to be regularised and declared to SARB via an Authorised Dealer i.e. your bank.

Have you been involved in any of the following previously or intend to undertake any of the following;

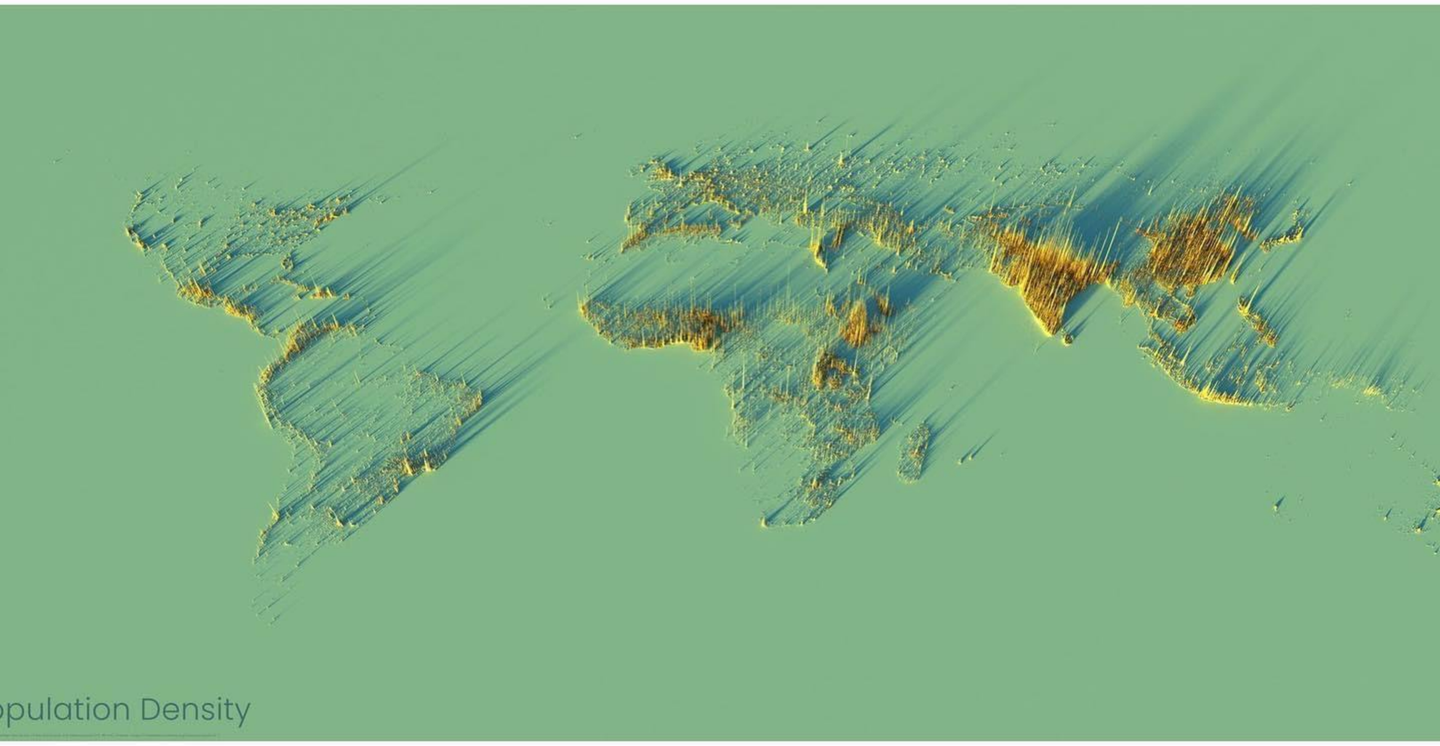
1. Received funds as a donation from a non-resident?
2. Received funds as a loan from a non-resident?
3. Transferred funds to an SA resident offshore?
4. Received an inheritance offshore from a non-resident estate?
5. Received an inheritance offshore from an SA estate?
6. Received distributions offshore from an offshore trust?
7. If you immigrated to SA, did you declare all your assets?

There are many variations on the above which could mean you are in contravention of the foreign exchange regulations and it is important to address them so that any future transactions are not 'tainted' by old transactions that are not compliant.

This article does not seek to address any tax issues which fall under the auspices of SARS and NOT SARB but all cross-border transactions are subject to local tax disclosure and compliance.

If you have queries or need assistance please do not hesitate to contact us and we can point you in the right direction as to how to resolve issues. Please note that any contravention may be subject to a penalty and now that the financial world has become far more integrated and financial data are shared between jurisdictions it is important to have your affairs in order.

Below is an interesting snapshot of global population spread. Hard to ignore the significant density in India and China!



THE IMPACT OF CLIMATE CHANGE ON INVESTING

The Family Office

BY SELEHO TSATSI

In this article, we explore the significance of energy and the impact of climate change on investors. We will begin by discussing the current state of climate change and why it is a pressing issue. Next, we will examine the steps being taken to address this problem. Finally, we analyse why energy and climate change will likely be critical areas for investors to pay attention to in the future.

The world currently emits 51bn tons of greenhouse gases per year. That figure is measured in carbon dioxide equivalents (CO2e). There are several greenhouse gases, such as carbon dioxide, methane and nitrous oxide, but the most common is carbon dioxide. Part of the challenge is that their energy use naturally grows as economies grow. As a result, there is a strong relationship between GDP per capita and power consumption per person.

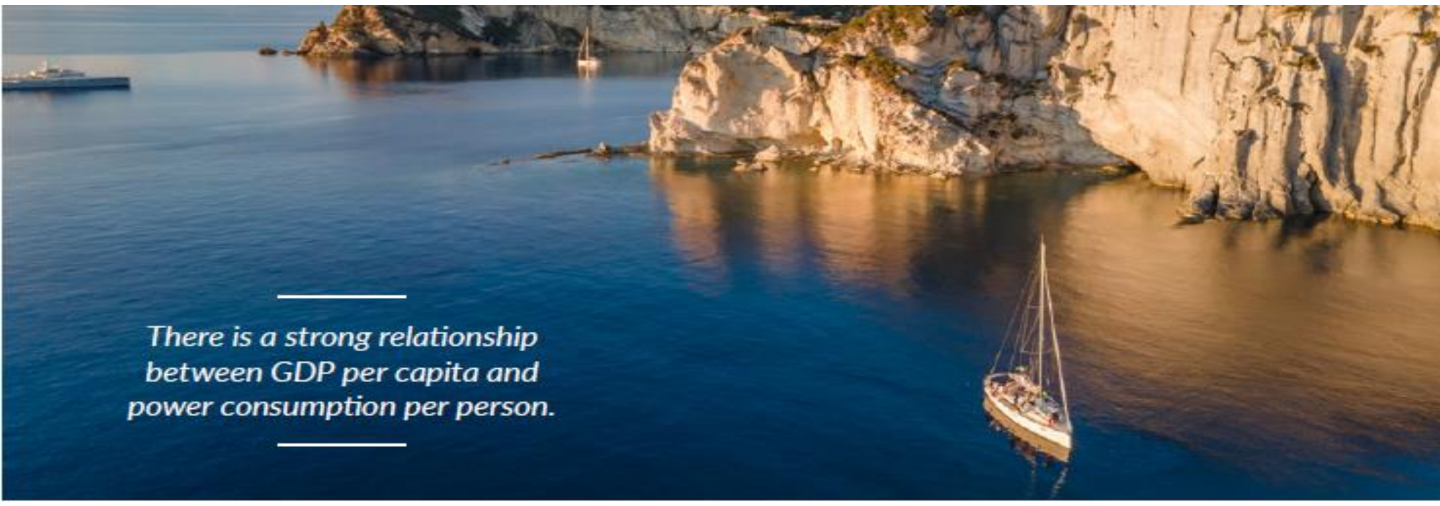
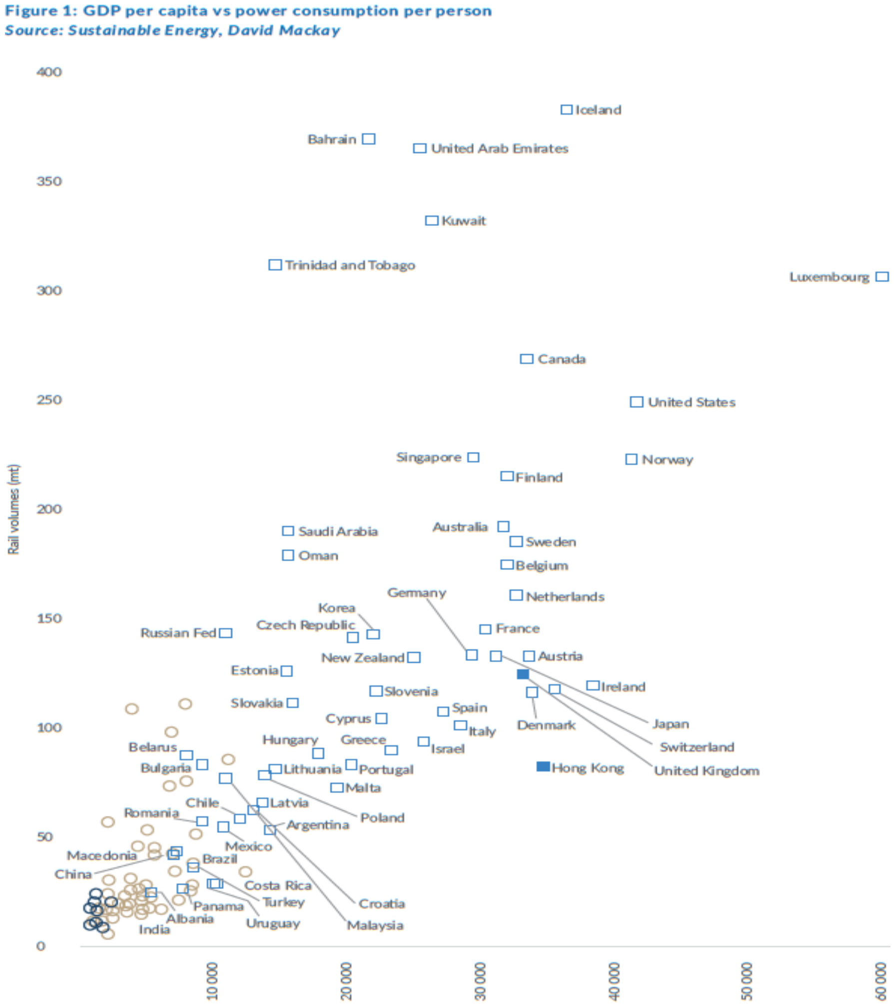


Figure 1: GDP per capita vs power consumption per person
Source: Sustainable Energy, David Mackay



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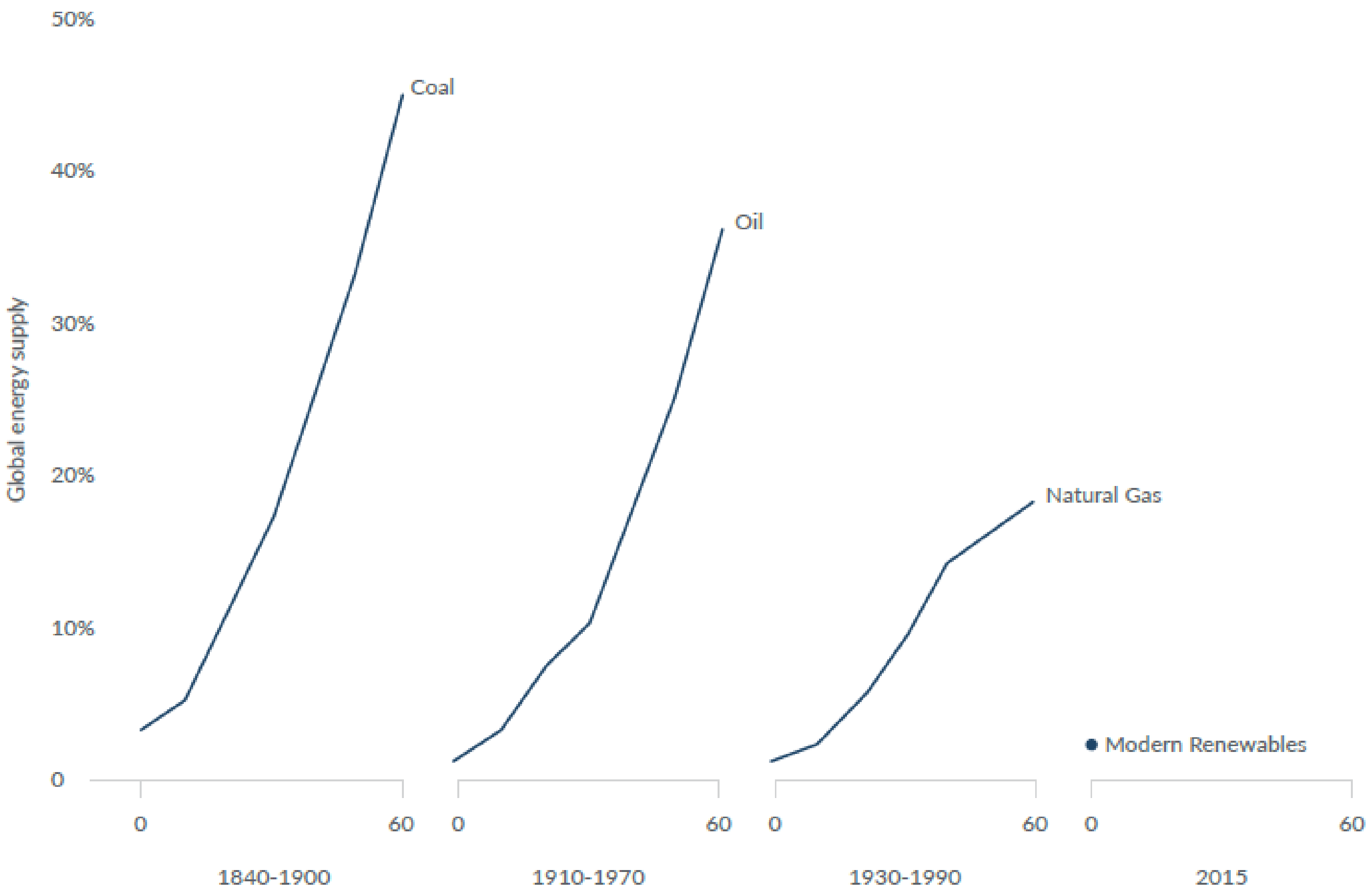
BY SELEHO TSATSI (CONTINUED)

The problem with the world continuing to emit c. 50bn tons of greenhouse gases every year is that these greenhouse gas emissions increase global temperatures. Higher global temperatures can lead to huge weather, health and economic challenges. Increases of 1 or 2 degrees Celsius in average global temperatures may sound small but can significantly impact the world. As a globe, we may experience more intense storms, wildfires, heatwaves, erratic crops and higher sea levels. There is still a lot that scientists do not know, but the majority (97%) believe that human behaviour is indeed impacting the climate. That is important because scientific consensus is a driver in global policy. It has contributed, for example, to the Paris Agreement. The Paris Agreement, which includes over 190 countries as signatories, aims to keep the rise in the world's average temperature below 2 degrees Celsius compared to pre-industrial levels.

The aim is to get annual emissions to net zero (i.e., we remove as many greenhouse gases as we put in the atmosphere). This is a mammoth task for the world. To put the size of the challenge ahead of us into context, consider the COVID-19 pandemic. In 2020, the world emitted 48bn-49bn tons of CO2e, yet, global emissions fell by only c. 5% in 2020. That is astonishing when you consider the change in behaviour required for us to get there - large parts of the world were "locked down" at home, air travel was suspended, and much economic activity was stopped as we dealt with the pandemic. Clearly, getting to net zero will require a fundamental reworking of our economy rather than a mere reduction of activity in certain areas.

Climate change is likely to create significant opportunities for investors going forward. One reason is that the transition to a greener economy may have to occur much quicker than previous energy transitions. Historically, energy transitions have taken place over decades. It took coal 60 years to go from 0% to 45% of the world's energy supply. It took oil 60 years to go from 0% to just under 40% of the world's energy supply. Natural gas has only become 20% of the global energy supply over the past 60 years. This transition may need to happen over a much shorter period because of the urgency to reduce emissions, and the economic implications of such a transition could be unprecedented.

Figure 2: Time taken for previous energy transitions
Source: How to Avoid a Climate Disaster by Bill Gates



THE IMPACT OF CLIMATE CHANGE ON INVESTING

BY SELEHO TSATSI (CONTINUED)

Climate change will also likely create significant opportunities for investors because it affects many parts of the global economy (see Figure 3 below).

Figure 3: Greenhouse gas emissions by economic activity
Source: How to Avoid a Climate Disaster by Bill Gates

Making things (cement, steel, plastic)	31%
Plugging in (electricity)	27%
Growing things (plants, animals)	19%
Getting around (planes, trucks, cargo ships)	16%
Keeping warm and cool (heating, cooling, refrigeration)	7%

From the clothes we wear to the fertilisers used for the foods we eat to the plastic in so many of the household items we use, fossil fuels are a fundamental part of modern life. It is natural to think of climate change as just a problem of burning fossil fuels to generate electricity, but it is much more pervasive. As the table above shows, manufacturing (especially cement, steel and plastic) is an even larger contributor to climate change than electricity generation. This is a challenge not only for the energy sector (for example, thermal coal or oil companies) but for the whole economy - iron ore and steel producers, clothing manufacturers, the automotive industry, agricultural companies, etc.

The third reason why climate change is likely to create significant opportunities for investors is that climate change policies can create supply shortages for fossil fuels. Globally, governments and corporations generally want to use less fossil fuels over time. There is public pressure on banks to provide less funding to fossil fuel companies. As a result, less capital is generally spent on maintaining these fuels' output levels. The irony, therefore, is that sharp increases in energy demand can lead to dramatic price increases. We have seen this since the global economy began to recover from the COVID-19 pandemic. The dramatic recovery in global GDP and the subsequent Russian invasion of Ukraine created severe supply tightness for oil, natural gas and thermal coal. As international policy becomes more stringent on fossil fuels and capital markets become increasingly less willing to fund these companies, investors may be presented with severe demand-supply mismatches at certain times.

In conclusion, climate change is an important issue for investors. The current annual emissions rate of 51bn tons of CO_2e can have major weather, health and economic impacts. To prevent this, the global policy aims to minimise the increase in the world's average temperature vs pre-industrial times. As a result of that minimisation, climate change will likely present opportunities for investors for three reasons, these include:

- The transition to a low-carbon economy may have to occur much faster than previous energy transitions.
- The transition is likely to be pervasive across all facets of the economy.
- Finally, the transition may, at times, create severe supply shortages for fossil fuels

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND

The Family Office

January was a fantastic month for markets with the S&P 500 rising over 6%, the second largest jump in January in 30 years. This a huge relief for investors after such a terrible December, concluding an even worse year. The best performing sectors this month were the laggards of 2022 with tech and growth shares performing particularly well. We are currently in the middle of Q4 2022 reporting season and companies on aggregate are showing flat year on year growth and management guidance is currently forecasting no growth in earnings for 2023. So why was January such a fantastic month?

Many commentators believe that seasonality is at play from what is known as the "January Effect". This is similar to the belief around "sell in May and go away!" where investors should sell out before the Northern hemisphere summer holidays. The January effect is the belief that you can earn extraordinary returns at the beginning of the new year relative to other months. This could be possibly attributed to investors in the US making sales in December in order to harvest tax-losses after a bad year only to buy them back in the new year. Or it could be simply a calendar anomaly that occurs as a result of people coming back from holiday and making investment decisions for the year ahead. We have done a few calculations on the January Effect on the S&P500 and have concluded that there is no evidence to suggest it is a superior month to invest.

	% of the time Positive	% of the time Negative	Highest Return Achieved	Lowest Return Achieved	Average Return	Median Return
January	56%	44%	8%	-9%	0.4%	1.2%
February	58%	42%	7%	-11%	-0.2%	0.7%
March	61%	39%	10%	-13%	1.0%	1.0%
April	77%	23%	13%	-9%	1.9%	1.3%
May	71%	29%	6%	-8%	0.5%	1.2%
June	61%	39%	7%	-9%	-0.1%	0.1%
July	61%	39%	9%	-8%	1.4%	1.6%
August	55%	45%	7%	-15%	-0.4%	0.2%
September	52%	48%	9%	-11%	-0.6%	0.4%
October	68%	32%	11%	-17%	1.7%	2.0%
November	74%	26%	11%	-8%	2.0%	2.8%
December	74%	26%	7%	-9%	0.9%	1.0%

Over the last 30 years, the S&P 500 produced a positive return in January about 56% of the time and thus 44% of the time it decreased. The highest percentage increase achieved was 8% occurring in January 2019 following the crash the prior month due to the taper tantrum and Chinese tariffs imposed during the month. The average return you would have achieved in any particular January was 0.4% and the median/middle return would have been 1.2%. You will thus notice that January was not the best month on any of those metrics. December was far more likely to be a positive month and on average November was the best performing month to be invested. So, it is clear that the January Effect does not produce any extraordinary returns compared to other months.

Even if we examine the tax loss-harvesting aspect and sort all the calendar years by worst performance on the basis that years where the market made a loss could produce a better-than-expected start to the next year we come to the same conclusion:

The worst calendar year was 2009 following the great financial crisis where the S&P500 fell 38% and then in January 2020 the market fell an additional 8.6% (see performance table below). Therefore, even after an abysmal year on the market, things can still get worse before they get better. Looking at all the years where the marker declined there is no clear pattern that would indicate a bounce will occur in January. There were 8 years where the market declined and then only 4 of 8 Januarys that followed produced positive returns. Therefore, the performance of the prior year is not a leading indicator of what to expect at the start of the next year.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

BY THE RCI INVESTMENT TEAM (CONTINUED)

January Ending:	Performance Over Previous Calendar Year:	January Performance
31-Jan-09	-38%	-8.6%
31-Jan-03	-23%	-2.7%
31-Jan-23	-19%	6.2%
31-Jan-02	-13%	-1.6%
31-Jan-01	-10%	3.5%
31-Jan-19	-6%	7.9%
31-Jan-95	-2%	2.4%
31-Jan-16	-1%	-5.1%
31-Jan-12	0%	4.4%
31-Jan-06	3%	2.5%
31-Jan-08	4%	-6.1%
31-Jan-93	4%	0.7%
31-Jan-94	7%	3.3%
31-Jan-05	9%	-2.5%
31-Jan-17	10%	1.8%
31-Jan-15	11%	-3.1%

January Ending:	Performance Over Previous Calendar Year:	January Performance
31-Jan-11	13%	2.3%
31-Jan-13	13%	5.0%
31-Jan-07	14%	1.4%
31-Jan-21	16%	-1.1%
31-Jan-18	19%	5.6%
31-Jan-00	20%	-5.1%
31-Jan-97	20%	6.1%
31-Jan-10	23%	-3.7%
31-Jan-04	26%	1.7%
31-Jan-99	27%	4.1%
31-Jan-22	27%	-5.3%
31-Jan-20	29%	-0.2%
31-Jan-14	30%	-3.6%
31-Jan-98	31%	1.0%
31-Jan-96	34%	3.3%

Performance sorted by calendar year and subsequent performance of the following January.

One could most likely attribute January 2023 performance to the possibility that peak interest rates are on the horizon because inflation looks to be under control and employment numbers are still very strong. What we have also seen lately is simply extreme volatility month to month. In our prior letters we have discussed how extreme the daily volatility has been relative to history. The monthly volatility is just as extreme - one month the market is up significantly and the next it is the opposite. December was so poor it could just be the market reacting the other way this month. We expect this volatility will continue until the market has more certainty surrounding the expected global recession and how severe it could be.

Often one can analyse all these quirky market fallacies all day long and find patterns that seem meaningful but in reality are just coincidence and noisy data. We thus encourage our investors have a long-term focus and ignore these short-term fluctuations and seasonality misconceptions.

Our top 10 positions:

	PE in one years time	PEG Ratio ('22 PE/'22-24 Growth)	EPS Growth 2021-2022E Growth	EPS Growth 2022-2023E Growth	EPS Growth 2023-2024E Growth
ADOBE SYSTEMS INC	23.65	1.83	36%	12%	14%
ALPHABET INC-CL C	17.01	1.13	2%	12%	18%
AMAZON.COM INC	34.74	0.47	-60%	121%	35%
BOSTON SCIENTIFIC	23.69	1.97	6%	11%	13%
DISNEY	24.12	1.20	60%	12%	29%
KWEB CHINA INTERNET ETF					
MICROSOFT CORP	24.21	3.46	19%	-2%	16%
MONCLER SPA	25.81	2.89	38%	5%	13%
MERCADOLIBRE INC	76.79	1.16	405%	73%	60%
VISA	26.00	1.87	26%	14%	14%
Median PE	**24.21**				
PEG Ratio (Forward PE/'22-24 Growth in EPS)		**1.83**			
Annual EPS Growth Rate (Median)			**26%**	**12%**	**16%**

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WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

BY THE RCI INVESTMENT TEAM
(CONTINUED)

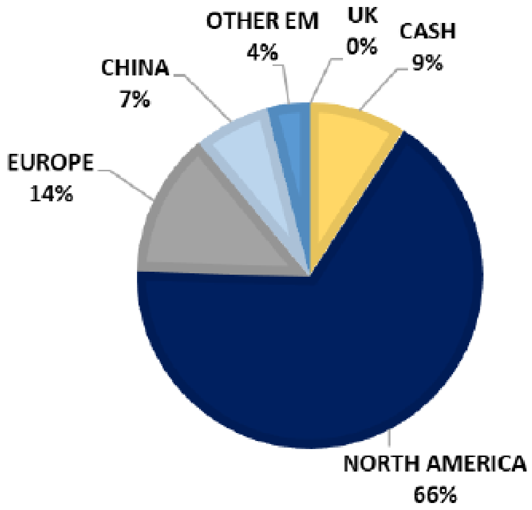
The Family Office

Our top 10 positions are expected to grow earnings per share by about 13% per year for the next two years. Our companies are trading at higher valuations, 24x, versus the S&P500's 18x, but they deserve to do so as they are higher quality businesses growing earnings at a higher rate than the market. This is especially so when compared to expected returns on investments in bonds or cash. Half of the companies we own have 'ultra-high' Return on Capital Employed ROCE (over 20%). The portfolio has a 15% weight in companies that could be classified as defensive in nature and if you add the cash of 10% this would rise to a combined defensive weighting of about 25%.

Main changes during the month

- **There no were no outright sales or additions made during the month.**

Geographic Drivers



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%	-4.7%	6.4%	-5.8%	-1.4%	**-27.9%**
2023	13.0%												**13.0%**

The fund was up 13% in ZAR terms (+9.7% in USD) for the month compared to the MSCI Developed Markets Index which was up 8.9% in ZAR (5.% in USD) for the month. The Rand weakened 3% for the month contributing to the performance in ZAR.

For the 2022 year, the fund was down 27.9% in Rands or 32% in USD terms, with the rand having weakened 6% against the dollar. The MSCI Developed Markets Index has fallen 13% in USD for the same period.

For the 2021 year, the fund closed 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 had risen 20% in USD for the year.

The RCI BCI Worldwide Flexible Fund investment team:

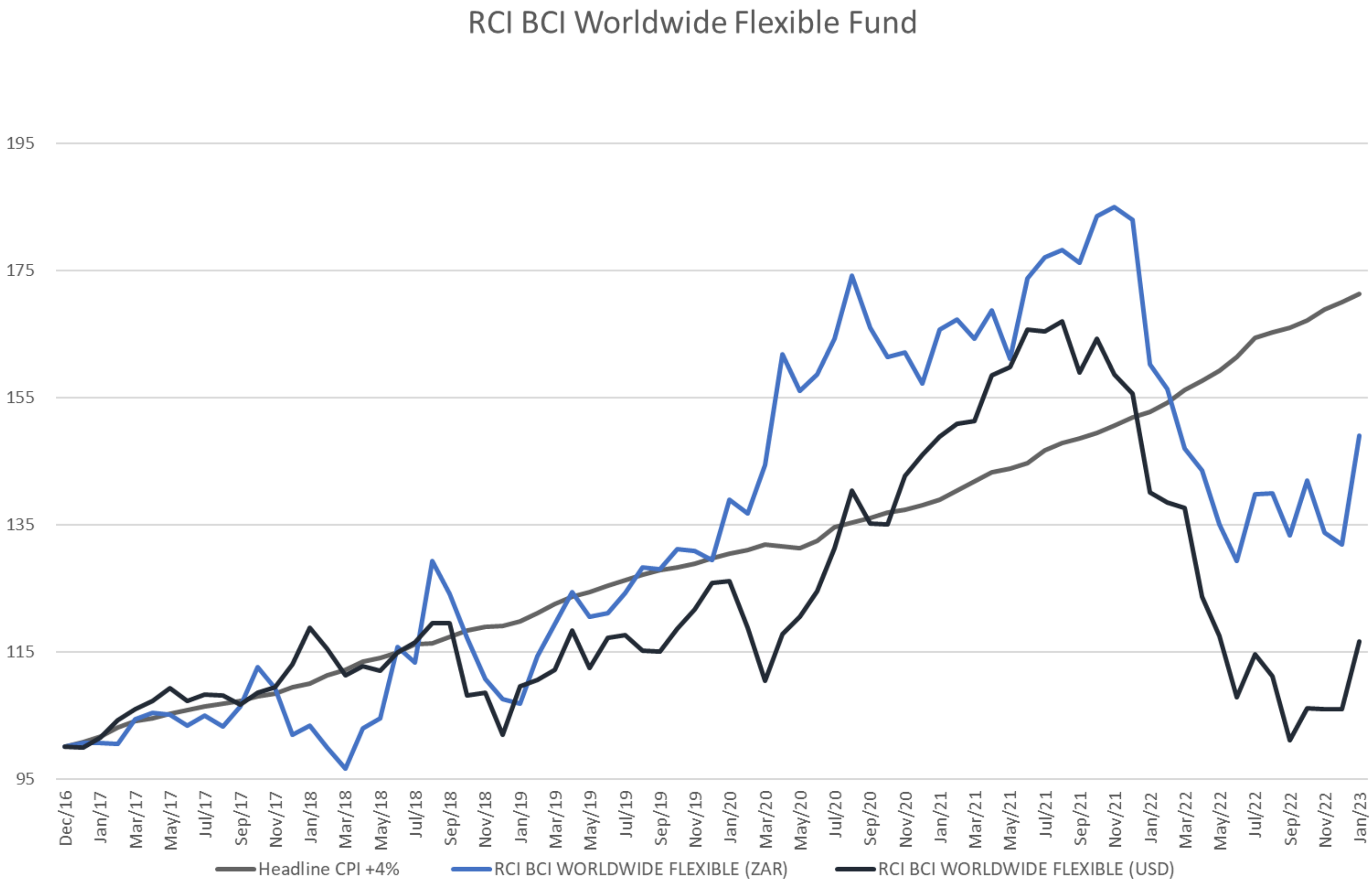
- **Mike Gresty**
- **Di Haiden**
- **Ross McConnochie**
- **Eric Lappeman**
- **Andrew Lawson**
- **Gontse Dikeledi**
- **Keiran Witthuhn**

RCI OFFSHORE UNIT TRUSTS

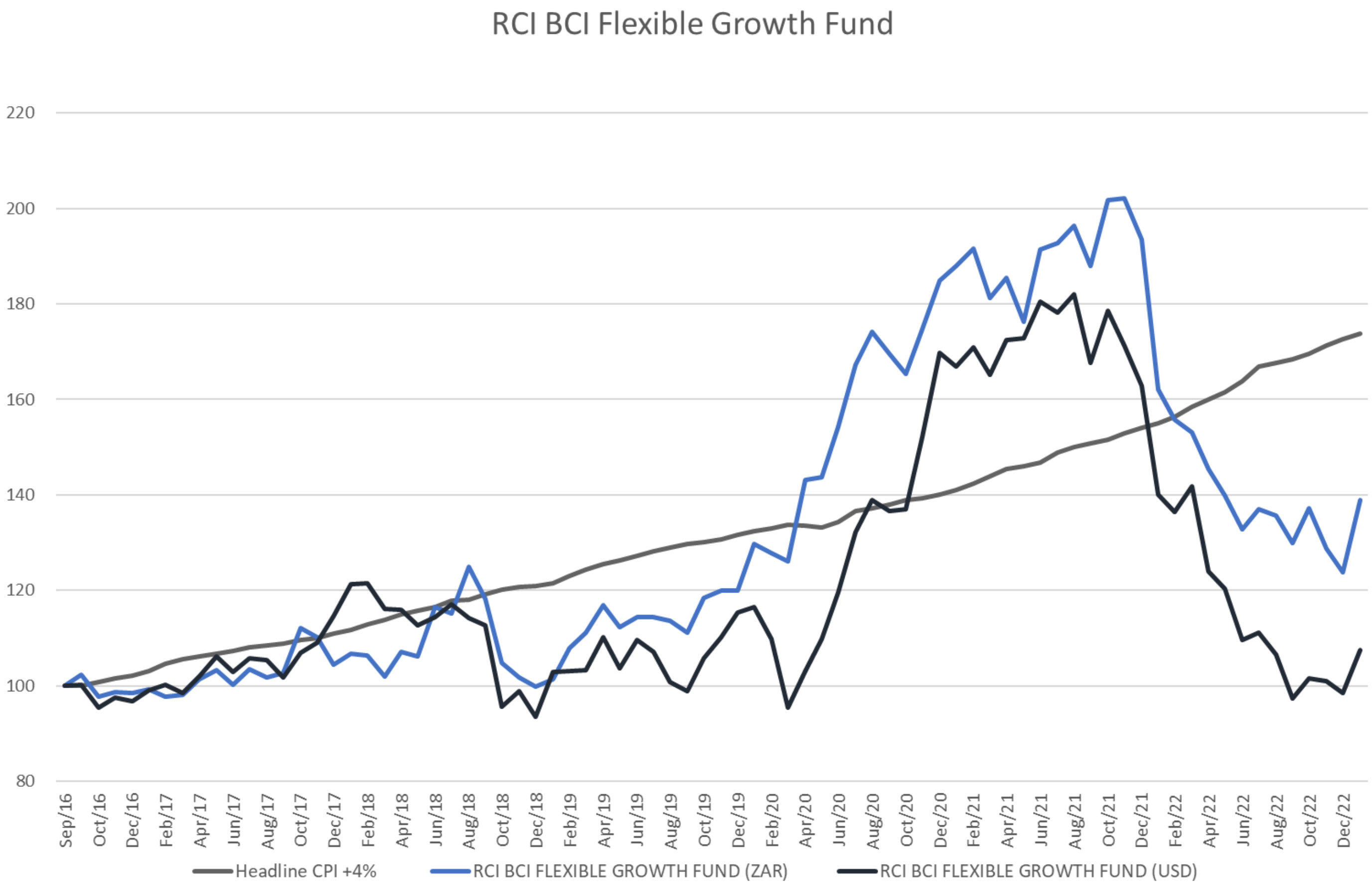
"In the short run, the market is a voting machine, but in the long run it is a weighing machine." – Benjamin Graham

The Family Office

RCI BCI Worldwide Flexible Fund closed January at 148.97c, up 13.01%% for the month and down 7.06% for the last 12 months.



RCI BCI Flexible Growth Fund closed January at 138.96c, up 12.30% for the month and down 14.25% for the last 12 months.



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WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND

BY THE ANCHOR BCI SA EQUITY TEAM

While we are obviously in the very early innings of 2023, the barnstorming start to the year for global equities in January adds credence to our warning in the market outlook we published last month that such an unusually concentrated bearish consensus among forecasters about market prospects over the next 6 months likely increased the risk it would prove wrong! Developed market (DM) stocks were up 7.1% in January. The laggards in the month were predominantly the winners of 2022, with investors defying strategists' recommendations to remain conservatively positioned, switching back into more growth-orientated shares that were heavily out of favour throughout 2022. The Nasdaq 100 Index rallied 10.7%, with the mega-cap tech shares leading the way. Bears remain sceptical about the sustainability of this rally, continuing to caution about downside risk to company earnings forecasts and market valuations being vulnerable should major economies descend into recession later this year. However, positive news on several fronts: China's abrupt departure from its zero-COVID policy and a relatively mild winter in Europe enabling it to avoid the energy shortage-inflicted economic slump envisaged before, suggests the bears' bleak view is not a foregone conclusion. Also indicative of more optimism, was the fact that emerging market (EM) shares outperformed their DM counterparts for the 3rd consecutive month (MSCI EM +7.9%). This was largely thanks to Chinese stocks, which continued to recover strongly on optimism regarding its economic recovery in 2023 as it emerges from COVID lockdown.

The JSE also enjoyed a strong start to the year (FTSE/JSE Capped SWIX +7% MoM). It was little surprise that stocks geared to the renewed Chinese optimism were among the notable winners for the month – Naspers/Prosus (both up 18%, thanks to key investment, Tencent), Richemont +18% on optimism regarding Chinese luxury spending, and BHP Group and Anglo American (+15% and 10% respectively) as anticipated Chinese demand pushed iron ore higher. On the flip side, it was perhaps equally unsurprising that stocks most sensitive to the domestic economy and seen as vulnerable to SA's escalating electricity crisis featured prominently among the laggards for the month – retailers and food producers for example. Also indicating that the power crisis is impacting investor appetite for SA, the rand weakened 2.1% vs. the US dollar, making it among the worst performing currencies in the month and at odds with the fact that the US dollar weakened against most currencies and risk sentiment was so positive (typically, the rand acts as a barometer of global risk sentiment).

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 January, the top 15 holdings in the fund, making up 66% of the equity exposure,
were as follows:

- Naspers
- Prosus
- Investec
- Afrimat
- BHP Group
- Glencore
- Bidvest
- Bidcorp
- Absa
- British American Tobacco
- Sasol
- Anglo American
- Standard Bank
- Transaction Capital
- FirstRand

WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

BY THE ANCHOR BCI SA EQUITY INVESTMENT TEAM (CONTINUED)

Main changes in the month

Starting the month with a relatively high cash holding (c. 9%), we were active in deploying this, as used the favourable market to move more defensively. We took profit on Anglo American, partially switching to Glencore. We increased exposure to the banks through Standard Bank and FirstRand, partially funded by a switch out of the highly rated Capitec. We added to our position in British American Tobacco (now among the fund's larger holdings) and Richemont, both adding to rand hedge exposure. Among the smaller capitalisation positions, we made what turned out to be a well-timed addition to Renergen, ahead of its announcement that it had begun producing helium for the first time. We plan to follow our rights on the small position in EOH in early February.

Performance

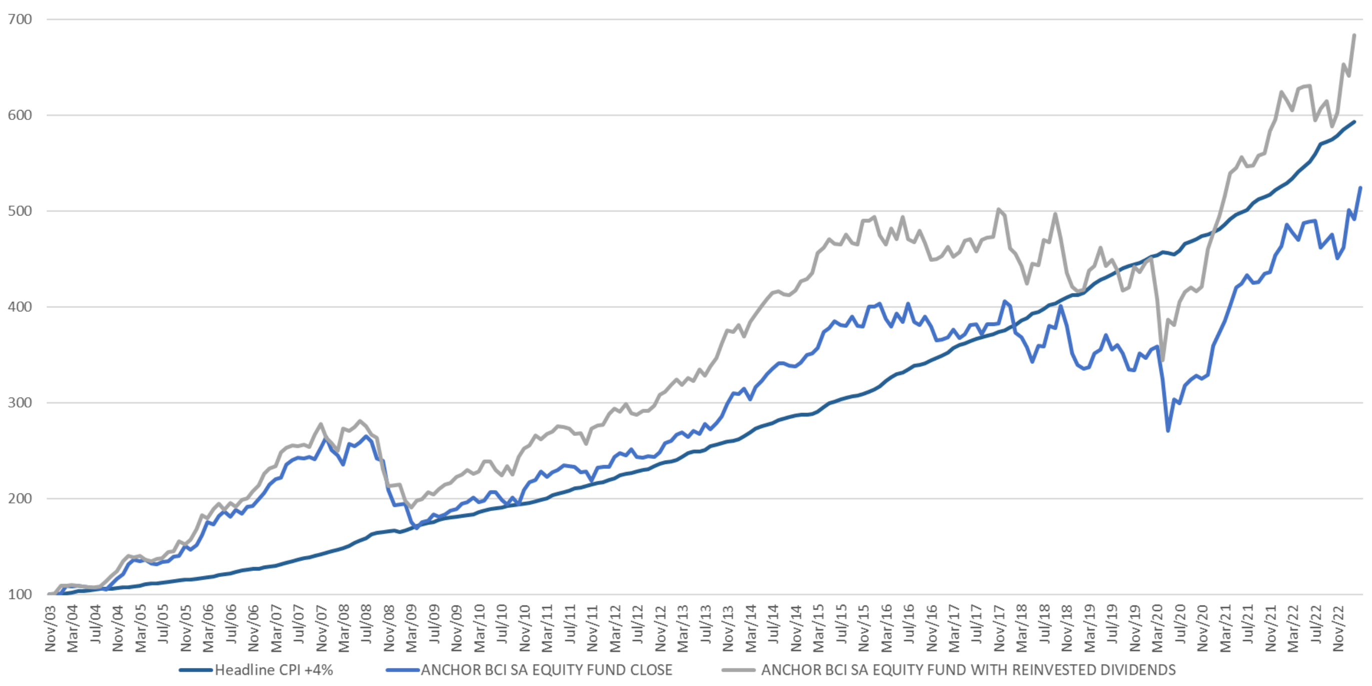
The Anchor BCI SA Equity Fund began 2023 with a pleasing 7.2% rally in January. Despite some drag on performance from the cash position early in the month, this was slightly ahead of the broader market, with the fund's positions in the beneficiaries of the China reopening, for which we had been positioned for some time, paying off handsomely. Anchor BCI SA Equity Fund ended December down 1.8%. Although a negative month, outperformance of the of the FTSE/JSE Capped SWIX Index in the month resulted in the fund's +4.82% return for 2022 modestly outperforming the index's +4.5% return for the year - one of very few equity markets/asset classes around the world that delivered a positive return in 2022.

The Anchor BCI SA Equity team

Mike Gresty, Liam Hechter, Steph Erasmus, Seleho Tsatsi, Peter Little, Zinhle Mayekiso

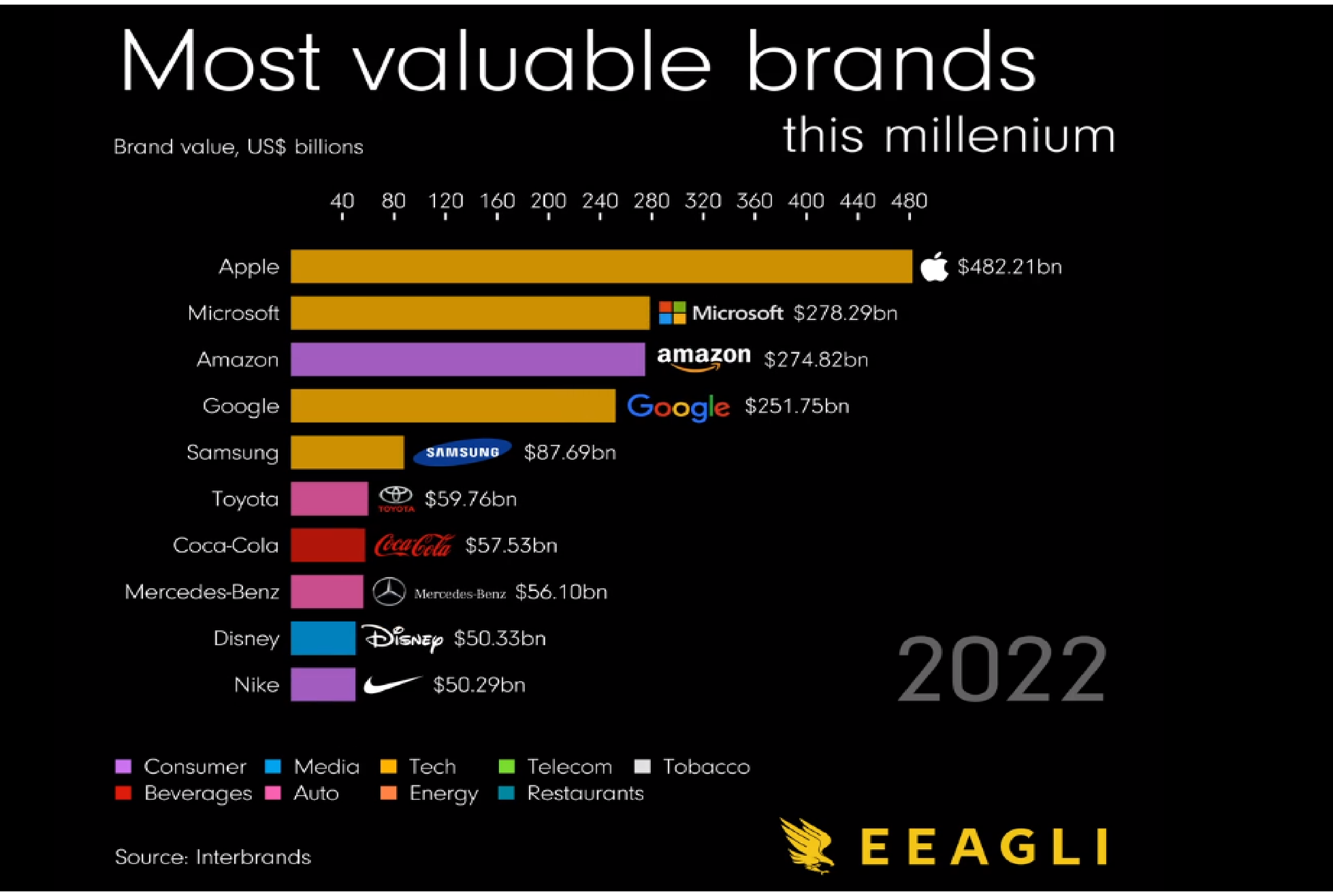
The Anchor BCI SA Equity Fund closed January at 117.52c, up 6.63% for the month and up 9.66% for the last 12 months.

Anchor BCI SA Equity Fund



Note: The performance history above uses that of the RCI BCI Flexible Fund until 30 September 2022, the date of its amalgamation with the Anchor BCI SA Equity Fund.

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.

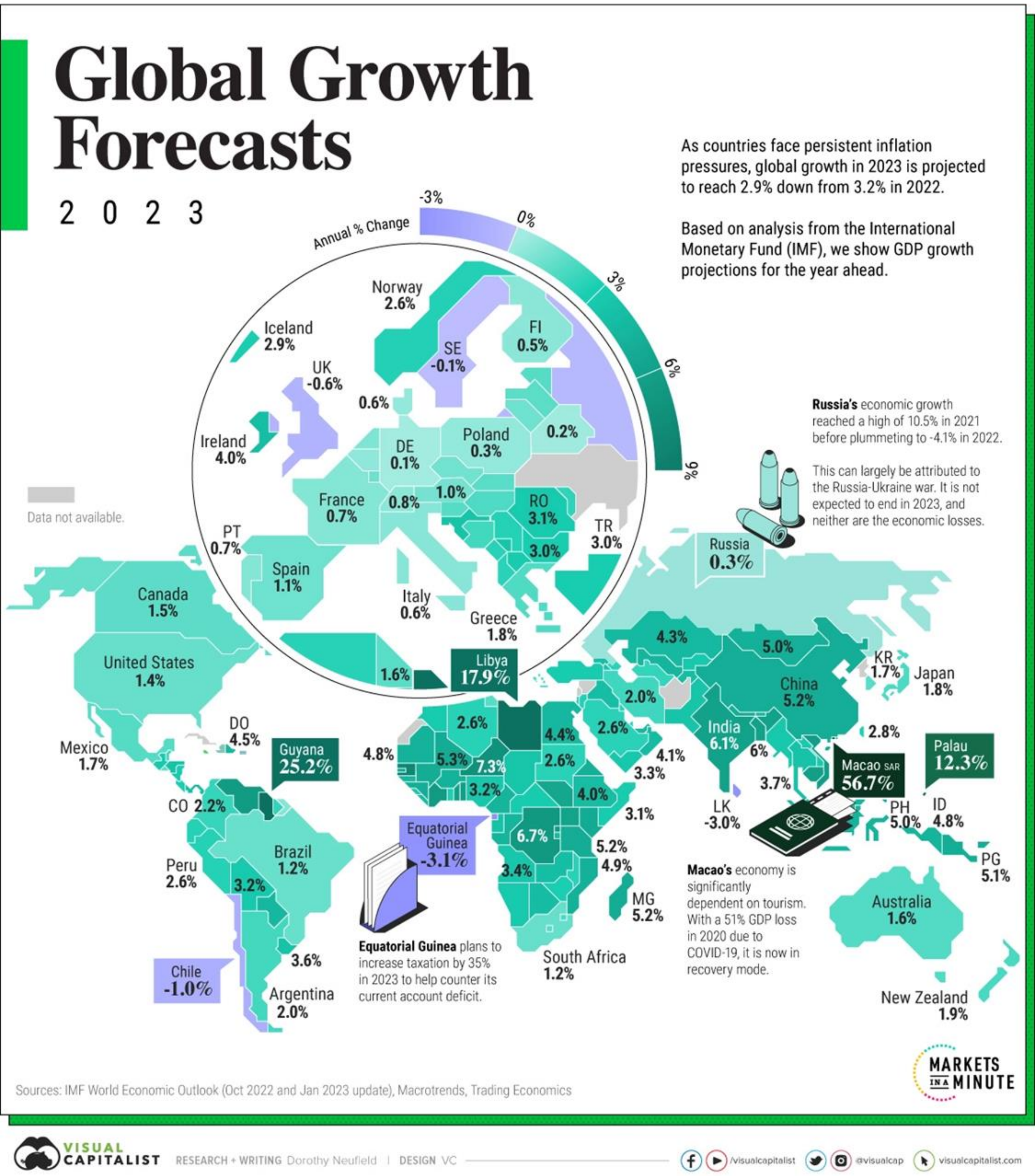


Source: Visual Capitalist

Best Performing Stocks in the S&P 500 over Last 5, 10, 15 & 20 Years (Total Return)

Rank	Symbol	Name	Last 5 Years	Rank	Symbol	Name	Last 10 Years
1	ENPH	Enphase Energy Inc	10670%	1	TSLA	Tesla Inc	7340%
2	SEDG	SolarEdge Technologies Inc	814%	2	NVDA	NVIDIA Corp	7285%
3	TSLA	Tesla Inc	729%	3	ENPH	Enphase Energy Inc	5364%
4	ETSY	Etsy Inc	685%	4	AMD	Advanced Micro Devices Inc	3211%
5	DXCM	DexCom Inc	657%	5	DXCM	DexCom Inc	2696%
6	AMD	Advanced Micro Devices Inc	591%	6	AVGO	Broadcom Inc	2035%
7	FTNT	Fortinet Inc	490%	7	MPWR	Monolithic Power Systems Inc	2002%
8	CMG	Chipotle Mexican Grill Inc	443%	8	MSCI	MSCI Inc	1738%
9	LLY	Eli Lilly and Co	360%	9	EPAM	EPAM Systems Inc	1622%
10	CDNS	Cadence Design Systems Inc	352%	10	NOW	ServiceNow Inc	1582%
11	PWR	Quanta Services Inc	329%	11	NFLX	Netflix Inc	1454%
12	KLAC	KLA Corp	321%	12	ODFL	Old Dominion Freight Line Inc	1414%
13	MSCI	MSCI Inc	318%	13	LRCX	Lam Research Corp	1345%
14	MPWR	Monolithic Power Systems Inc	314%	14	CDNS	Cadence Design Systems Inc	1214%
15	AAPL	Apple Inc	305%	15	CTAS	Cintas Corp	1080%
16	SNPS	Synopsys Inc	301%	16	KLAC	KLA Corp	1057%
17	KEYS	Keysight Technologies Inc	291%	17	FTNT	Fortinet Inc	1023%
18	ODFL	Old Dominion Freight Line Inc	290%	18	MSFT	Microsoft Corp	1022%
19	PAYC	Paycom Software Inc	281%	19	AAPL	Apple Inc	1009%
20	NVDA	NVIDIA Corp	265%	20	TMUS	T-Mobile US Inc	994%
Rank	**Symbol**	**Name**	**Last 15 Years**	**Rank**	**Symbol**	**Name**	**Last 20 Years**
1	NFLX	Netflix Inc	9988%	1	MNST	Monster Beverage Corp	141946%
2	DXCM	DexCom Inc	4920%	2	AAPL	Apple Inc	69144%
3	ODFL	Old Dominion Freight Line Inc	4255%	3	SBAC	SBA Communications Corp	53513%
4	MKTX	MarketAxess Holdings Inc	4216%	4	NFLX	Netflix Inc	39920%
5	TDG	TransDigm Group Inc	3741%	5	NVDA	NVIDIA Corp	39231%
6	AAPL	Apple Inc	3695%	6	BKNG	Booking Holdings Inc	31867%
7	REGN	Regeneron Pharmaceuticals Inc	3546%	7	EQIX	Equinix Inc	28568%
8	ULTA	Ulta Beauty Inc	3470%	8	TSCO	Tractor Supply Co	23226%
9	NVDA	NVIDIA Corp	3323%	9	ISRG	Intuitive Surgical Inc	19626%
10	MPWR	Monolithic Power Systems Inc	3297%	10	ILMN	Illumina Inc	14184%
11	DPZ	Domino's Pizza Inc	2939%	11	ODFL	Old Dominion Freight Line Inc	13981%
12	ALGN	Align Technology Inc	2745%	12	ALGN	Align Technology Inc	10297%
13	AMZN	Amazon.com Inc	2671%	13	AMZN	Amazon.com Inc	9231%
14	TSCO	Tractor Supply Co	2564%	14	TYL	Tyler Technologies Inc	8449%
15	ORLY	O'Reilly Automotive Inc	2496%	15	WST	West Pharmaceutical Services Inc	7555%
16	URI	United Rentals Inc	2289%	16	AKAM	Akamai Technologies Inc	6719%
17	TYL	Tyler Technologies Inc	2279%	17	ORLY	O'Reilly Automotive Inc	6378%
18	BKNG	Booking Holdings Inc	2175%	18	ON	ON Semiconductor Corp	6269%
19	IT	Gartner Inc	2150%	19	CMI	Cummins Inc	6171%
20	EW	Edwards Lifesciences Corp	2022%	20	STLD	Steel Dynamics Inc	6089%

CREATIVE PLANNING @CharlieBilello *Data: YCharts*



Source: Visual Capitalist

Since Russia's invasion of Ukraine early last year, talk of global recession has dominated the outlook for 2023. High inflation, spurred by rising energy costs, has tested GDP growth. Tightening monetary policy in the U.S., with interest rates jumping from roughly 0% to over 4% in 2022, has historically preceded a downturn about one to two years later. For European economies, energy prices are critical. The good news is that prices have fallen recently since March highs, but the continent remains on shaky ground. China remains an open question. In 2023, growth is predicted to rise 5.2%, higher than many large economies. While its real estate sector has shown signs of weakness, the recent opening on January 8th, following 1,016 days of zero-Covid policy, could boost demand and economic activity.

Part 03 ●●●○○ **TRADE SUSTAINABILITY** BALANCING EFFICIENCY AND VALUES

hinrich foundation
advancing sustainable global trade

IMD / Real learning Real impact

RANKED

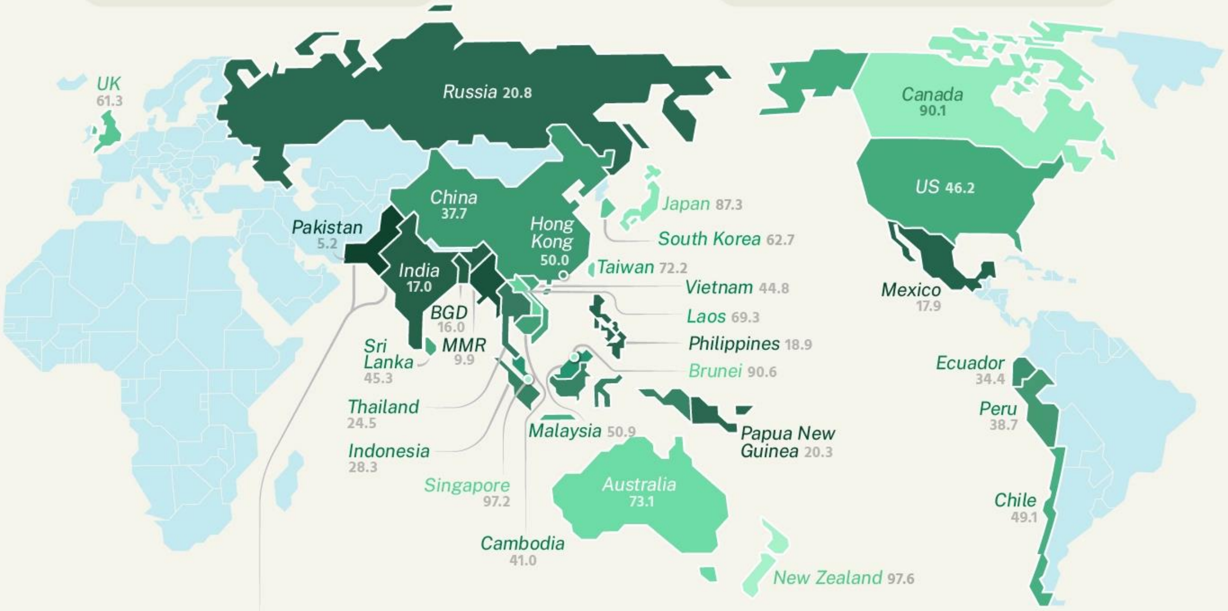
Geopolitical Uncertainty by Economy

The Russia-Ukraine war highlighted how geopolitical uncertainty can up-end supply chains and weaponize trade. More precisely, the war led to trade sanctions, a food crisis, and energy shortages.

How does geopolitical uncertainty differ for economies around the world?

Russia had one of the highest likelihoods of geopolitical uncertainty prior to invading **Ukraine.**

Canada has high stability, anchored by relatively strong socioeconomic attributes and its stable geographic neighbor.



Neighbors **India and Pakistan** both have high geopolitical uncertainty partly due to border tensions, with studies showing the instability has negatively impacted exports from Pakistan.

Source: European Online Journal of Natural and Social Sciences (Mar 2020)

New Zealand has the highest level of geopolitical certainty and has made efforts to address indigenous minority issues, though challenges remain.

NOT COVERED BY THE SUSTAINABLE TRADE INDEX

Source: World Bank (2020). The values measure perceptions of political instability and violence, which are a proxy and precursor of geopolitical uncertainty. Data shown only for the 30 economies analyzed in the 2022 Sustainable Trade Index.

Geopolitical uncertainty disrupts trade and can cascade into **protectionism, civil unrest, and war.**

THE SUSTAINABLE TRADE INDEX measures 30 economies' ability to trade in a way that balances economic growth, societal development, and environmental protection.

Source: Visual Capitalist