ROBERT COWEN INVESTMENTS

DECEMBER 2024 NEWSLETTER

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **Starlink growth in Africa** – *by Keiran Witthuhn*
- **The Japanification of China** – *by Keiran Witthuhn*
- **20 Rules for Markets and Investing** – *by Charlie Bilello*
- **Update on what we have been doing in the offshore funds**
    - **RCI Worldwide Flexible Fund** – *by Ross McConnochie*
    - **RCI Worldwide Flexible Growth Fund** – *by Eric Lappeman*
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- **Comparing the recent strong performance of the JSE to other similar periods of outperformance**

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 info@rcinv.co.za or 011 591 0585.

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.

We aim to be the best family office in South Africa and thank you for being our clients.

Di, Mike, Andrew & The RCI Team

Please note that we will be **closed for business** from Tuesday, the 24th of December 2024 at 13:00 and will reopen again on the 2nd of January 2025, after the public holiday on the 1st of January 2025. We would like to ask you to please ensure that you get hold of your portfolio manager prior to this period for any matters that need to be dealt with.

STARLINK GROWTH AND THE JAPANIFICATION OF CHINA

BY KEIRAN WITTHUHN

Starlink growth in Africa

Starlink is a satellite internet service provided by SpaceX, founded by Elon Musk. It uses a constellation of low-earth orbit satellites to deliver high-speed internet to remote and underdeveloped areas. Starlink's mission is to bridge the digital divide and democratize global internet access, particularly in rural and low-connectivity regions. Applications range from education to healthcare and agriculture. If successful, it could allow billions of people internet access,

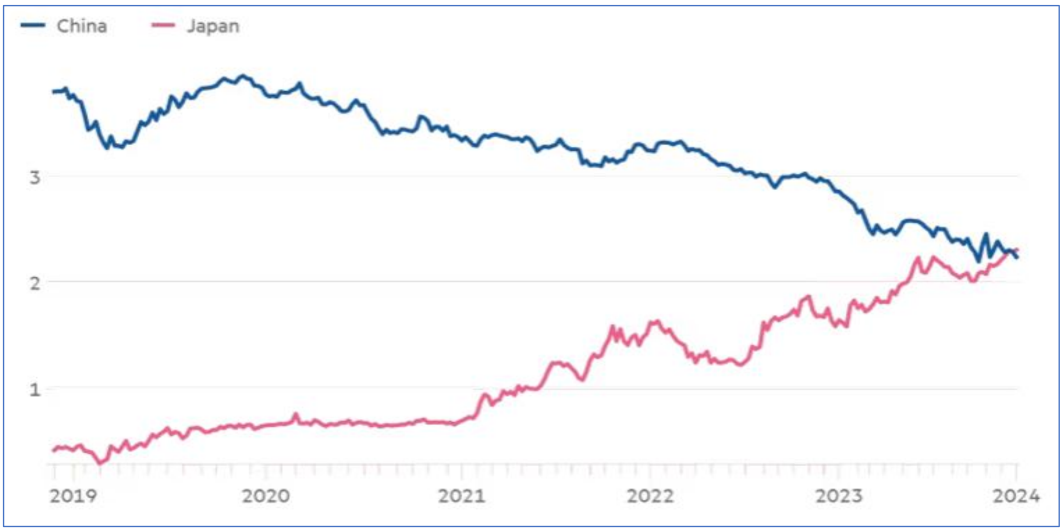
Starlink has yet to officially launch in South Africa, but has previously shown interest here and is now operational in 15 countries in Africa. President Ramaphosa has disclosed that discussions with Starlink about introducing its service to the country are ongoing. Despite regulatory challenges, such Black Economic Empowerment (BEE) policies, delaying the rollout in SA, government representatives have expressed willingness to bringing Starlink's service to SA.

Starlink's expansion is likely to become a key feature of debate for the incumbent telco operators (Vodacom, MTN, Telkom) in 2025, with the satellite operator making meaningful inroads this year. Whilst incumbent's have increasingly focused on revenue streams outside of traditional mobile services, such as fintech, it is clear that Starlink's low-cost and high speed is an advantage, particularly for many African countries with less traditional infrastructure. Incumbents will also have the opportunity to potentially partner up with Starlink, should it eventually launch in South Africa. However, there are some serious environmental downside risks top its global rollout, as low-earth orbit satellite constellations reportedly have the highest rate of collisions and satellite debris.

The Japanification of China

For the first time, China's long-term bond yields have fallen below Japan's, signaling deep economic shifts. Yields on 30-year Chinese government bonds have dropped from 4% in 2020 to 2.24%, while Japan's long-term bond yields have risen to 2.31% as it normalizes monetary policy. This reversal reflects China's struggle with entrenched deflation, which echoes Japan's 1990s stagnation following a real estate bubble burst.

Figure 1: China's long-term borrowing costs fall below Japan's - 30-year bond yield (%)



Source: LSEG

Despite fiscal and monetary efforts, including a $1.4 trillion stimulus package, Chinese authorities have been unable to boost yields effectively. Core inflation in China remains at just 0.2%, while Japan has seen a rise to 2.3%, bolstering its case for further rate hikes. Investors believe that deflation has become too entrenched in the Chinese economy to be easily fixed through fiscal and monetary policy, meaning yields still have further to fall. "China is set to become and possibly remain a low-yield environment". Certain conditions in China's economy echo those seen in Japan in the 1990s, when the bursting of a real estate bubble led to decades of stagnation. Proposed US tariffs on Chinese exports is also seen as a threat to growth. Beijing has long fought against the "Japanification" of its economy with investments in technology, but the low long-term debt yields signal an economy with low expectations for domestic growth and inflation, and ultimately is a sign of pessimistic sentiment.

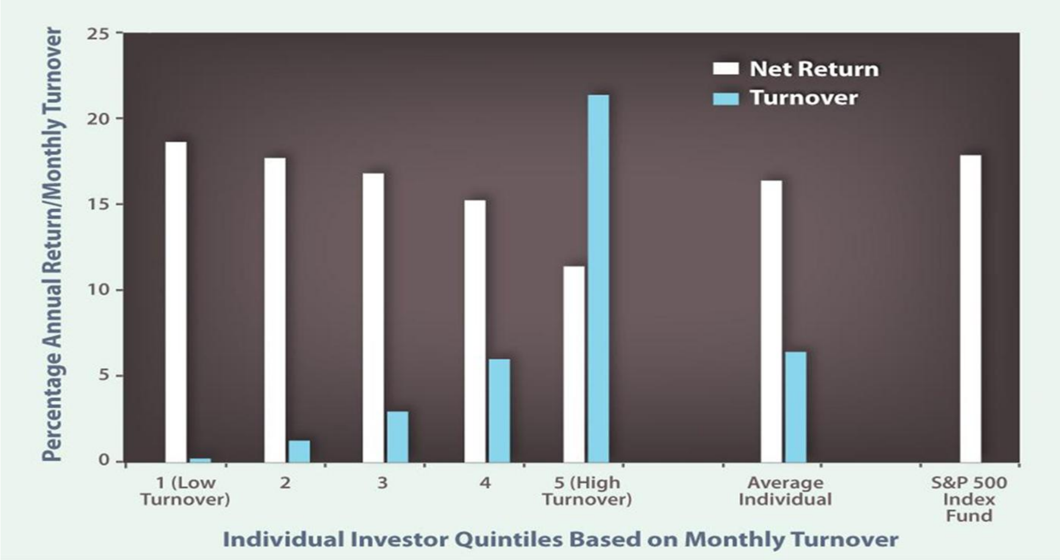
20 RULES FOR MARKETS AND INVESTING

BY CHARLIE BILELLO

1. Be Humble

Having more confidence is a good thing in many areas of life. Markets are not one of them. More confident investors tend to trade more and take on undue risk, leading to worse performance. Figure 1 below shows that investors in the fifth quintile of monthly turnover (buying and selling) have far inferior portfolio returns (in white).

Figure 1: Percentage annual return vs monthly turnover



As Paul Tudor Jones once said: “Don’t be a hero. Don’t have an ego. Always question yourself and your ability. Don’t ever feel that you are very good. The second you do, you are dead.”

2. Don’t Trust, Verify

Enticingly high yields. Smooth returns. Perfect market timing.

These are just a few of the siren songs that can lead investors astray.

Take a look at the second column in the table below:

- No down years from 1990 to 2008.
- 10.6% annualized return with less volatility than bonds.
- A maximum drawdown of less than 1%.

Does that seem too good to be true?

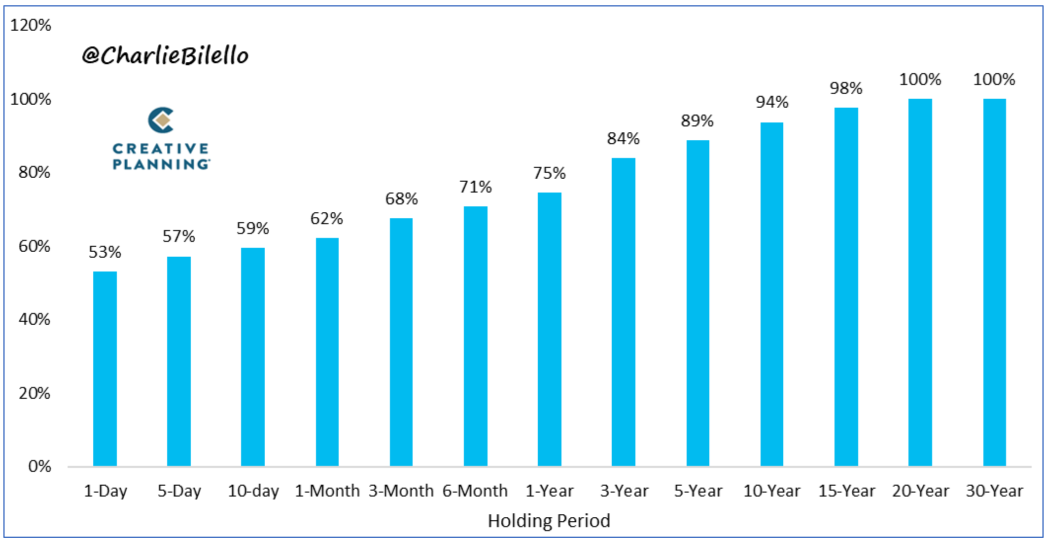
Returns and Performance Statistics (Dec 1990 - Oct 2008)			
Year	Fairfield Sentry Fund	S&P 500	Barclays Agg
1990 (Dec Only)	2.8%	2.8%	1.6%
1991	17.6%	30.5%	16.0%
1992	13.7%	7.6%	7.4%
1993	10.7%	10.1%	9.7%
1994	10.6%	1.3%	-2.9%
1995	12.0%	37.6%	18.5%
1996	12.1%	23.0%	3.6%
1997	13.1%	33.4%	9.7%
1998	12.5%	28.6%	8.7%
1999	13.3%	21.0%	-0.8%
2000	10.7%	-9.1%	11.6%
2001	9.8%	-11.9%	8.4%
2002	8.4%	-22.1%	10.3%
2003	7.3%	28.7%	4.1%
2004	6.5%	10.9%	4.3%
2005	7.3%	4.9%	2.4%
2006	9.4%	15.8%	4.3%
2007	7.4%	5.5%	7.0%
2008 (Jan - Oct)	4.5%	-32.8%	-1.7%
Cumulative Return	504%	333%	219%
Annualized Return	10.6%	8.5%	6.7%
Annualized Volatility	2.5%	14.3%	3.7%
Annualized Return/Vol	4.30	0.60	1.78
Sharpe Ratio	2.72	0.32	0.75
Treynor Ratio	1.22	0.05	0.77
Max Drawdown (Monthly)	-0.6%	-44.7%	-5.1%
Ann Return/Max Drawdown	16.49	0.19	1.30
% Positive (Months)	92%	65%	70%

It was. These were the fake returns of the largest feeder fund invested with Bernie Madoff. Billions and billions of dollars, chasing what appeared to be risk-free reward.

3. Play the Long Game

On any given day in the stock market, your odds of a positive return are just 53%, little better than a coin flip. Increase your time horizon to a year, and your odds of success jump to 75%. At a 20-year holding period, there has never been a negative return for U.S. equity investors.

Figure 2: S&P Total return: % of positive returns in holding period (1928-2023)



The big money is made in the big move. The most important lesson from perhaps the most famous trading book of all time (Reminiscences of a Stock Operator) had nothing to do with trading.

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

4. Understand That Every Time is Different

Prior to 2020, the shortest bear market in history was just under 2 months, with the S&P 500 declining 36% during the **1987** crash.

But on March 23 of **2020**, the S&P 500 was down 35% in a little over a month. At the time, the entire world was on lockdown and the US was said to be facing an economic collapse reminiscent of the Great Depression. One would have reasonably assumed that there **had to be** more downside to come. But there wasn't. The S&P 500 started rallying the very next day (March 24) and never looked back. A new shortest bear market in history was born (33 days), with the market back at all-time highs by August.

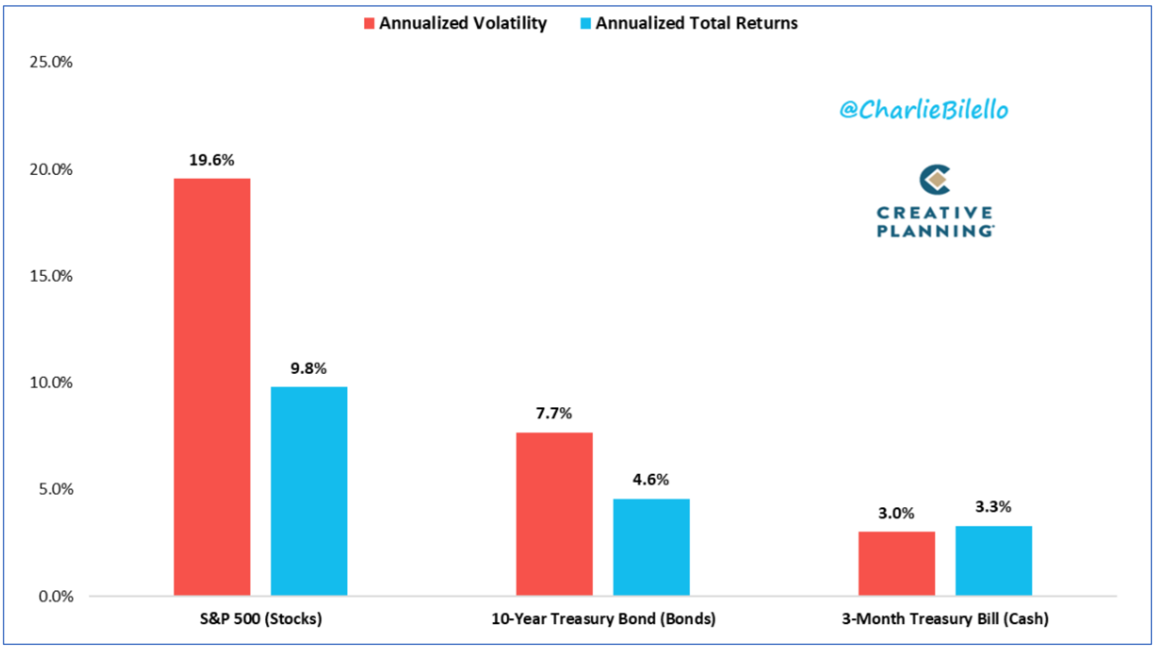
5. Pay No Need to Predictions and Price Targets

Investors love few things more than price targets. Why? Because they give certainty (a specific number on a specific date) to an inherently uncertain endeavour (investing). Each year, Wall Street is more than happy to give the people what they want. In 2020, the actual year-end number for the S&P 500 was far above all Wall Street predictions despite the fact that we had a global pandemic, the largest quarterly contraction in the economy ever, and the highest spike in the unemployment rate since the Great Depression. Who cold have foreseen these events and the subsequent market reaction? No one, which is precisely the point.

6. Embrace Risk

Risk often has a negative connotation, but you can't ignore the fact that without it there would be no reward. That concept applies to many aspects of life — and most certainly to investing. If you're a long-term investor, some amount of higher risk and volatility needs to be embraced if you want to earn a higher return than cash.

Figure 3: Stocks, Bonds & Cash: Annualized Volatility and Total Returns (1928 – 2023)



In years like 2022, when stocks and bonds go down together, it's tempting to shun all risk. But in the long run, not taking enough risk can be the biggest risk of all, as your purchasing power will be eroded from the constant drumbeat of inflation.

7. Buy the Haystack

A list of the wealthiest Americans all have one thing in common: concentration in a single company's stock that they founded. It's tempting to believe that is the model you should follow in your own investment portfolio, but for most, that would be a mistake. Why? Because the odds of you picking a single stock and it becoming one of the big all-time winners are not in your favour. A majority of companies (59%) underperform Treasury bills over their lifetime and more than half end up having a negative cumulative return. But that's not the worst-case scenario. Any individual stock can go to $0, as we see each and every year. An extremely small number of stocks (72 out 28,114) are responsible for half of the market's wealth creation over time. Which means that if you're picking just a handful of stocks, you're likely to exclude one of these big winners and underperform the market as a result. As Jack Bogle once said: "Don't look for the needle in the haystack. Just buy the haystack."

8. Fight the Fed

One of the most repeated maxims in investing is the saying "don't fight the Fed." The implication - you should not be long stocks when the Fed is tightening monetary policy. So it probably came a surprise for many to see the S&P 500 gain 35% from March 2022 (when they started hiking rates – rates increased 5.25% in this period) through September 2024 (when they started cutting rates). But did this example run counter to the historical record? Not at all. On average, stocks have posted positive future returns regardless of Fed policy. And looking ahead 10 years, the stock market has actually done its very best following periods with the highest Fed Funds Rate (both on a nominal and real basis). Which of course means that monetary policy is just one of many factors influencing stock prices, and a highly overrated one at that. Ignoring Fed moves and fighting Fed narratives has historically been the best strategy for long-term investors.

9. Expect the Unexpected

Given enough time, the market will make a fool out of anyone basing their expectations for the future on what has happened in the past. Why? Because financial markets do not follow a bell curve. Instead, they operate in the world of fat tails, where extreme events are much more likely to occur than a normal (or Gaussian) distribution would predict. This year’s prime example? A 17.5% crash in Japan’s Nikkei 225 Index over the course of 2 trading days. This was the biggest 2-day decline in the history of the Japanese equity market and a **10 standard deviation event.** Using statistical forecasting based on all prior data, this should never have happened even once in the history of the universe. But it did, and given enough time, it will happen again.

10. Don’t Chase the Past

“What are the past returns?” That’s the first and often only question many ask before making an investment. Why? Because we’re wired to believe that those returns are indicative of what we’ll receive in the future. If an investment has gone up 25%, we expect another 25%. If an investment has doubled, we expect it to double again. If an investment has gone up 10x, we expect it to be a 10-bagger once more. The more extreme the performance, the more emotionally charged we get, and the more likely we are to start chasing past returns at the worst possible time.

In the five-year period from 1995 through 1999, the Nasdaq 100 gained 817%, an annualized return of over 55% per year. Tech stocks were all the rage, and many new investors were buying in with the expectation of similar future gains. What happened next? The Nasdaq 100 fell over 56% in the subsequent 5 years, an annualized return of -15% per year.

11. Focus on Saving Before Investing

Investment returns get all the attention but for most people, how much they save is much more important. Why? Because most people don’t save very much at all, and without savings you cannot invest. That’s true whether you make $50,000 a year or $500,000 a year. If you spend everything you make, there’s nothing left to invest. Over 30 years, saving 10% of your income with a 1% rate of return handily beats a 10% return with a 1% savings rate. If you’re saving very little today, all of your focus should be on saving more. Why? Because the long-term gains from a higher savings rate will trounce the gains from earning higher returns. For instance, if a household with a disposable income of $68,000 only saved 1% per year and earned a 5% return, after 30 years they would have $45,178. Earning a 6% return would bump that up to $53,760, a 19% increase.

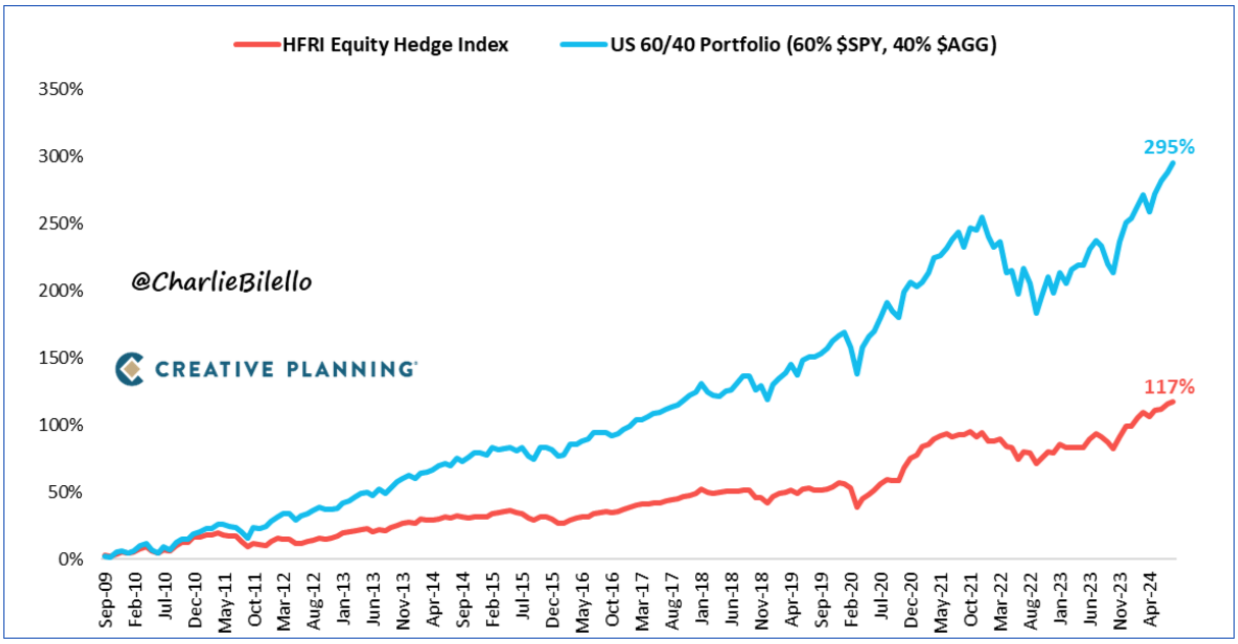
By comparison, if their returns stayed at 5% but they were able to save 1% more per year (2% savings rate), they would be left with $90,357 after 30 years. That’s a 100% increase in the ending balance through saving 1% more versus a 19% increase from earning a 1% higher return. Clearly, savings seems to trump investing returns for the average American household. And this is great news, for saving more is something you actually can control, whereas earning a higher rate of return is infinitesimally more difficult.

12. Simplify Whenever Possible

“You get what you pay for” is often a valid assertion, with cheaper goods or services more likely to be inferior. Many assume the same logic should apply in the complicated world of investing and Hedge Funds are happy to fill that void, charging a handsome fee in the process. Over the last 15 years, how have long/short equity hedge funds fared relative to a simple 60/40 portfolio of stocks ($SPY) and bonds ($AGG)? Figure 4 below shows lower returns in red (117% vs. 295%) with higher fees, less liquidity and far more complexity.

In investing, you don’t always get what you pay for. Whenever possible, try to keep costs down and simplify.

Figure 4: Total Returns over the last 15 Years (Sep 2009 – Aug 2024)



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13. Learn to Be Good at Suffering

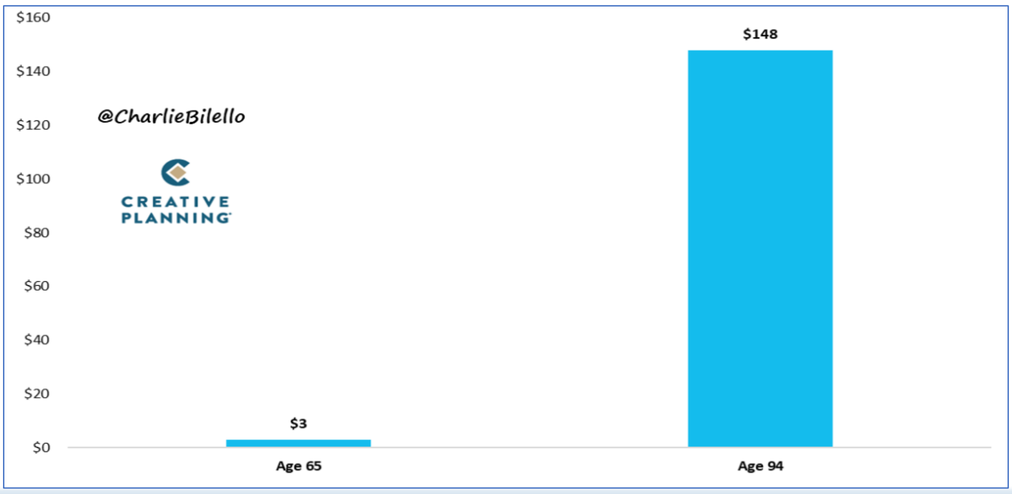
Since 1928, the US equity market has generated a cumulative total return of 783,563%. What's the catch? It wasn't a straight line higher – far from it. An investor in US equities would have been in a drawdown from a high over 90% of the time.

I know what you're thinking. There has to be a better way. You want the tremendous upside without the downside. We all do. The only problem: in trying to time or hedge your exposure, you will likely miss out on a substantial portion of the gains. To reap the biggest rewards, you must be able to take the painful hits and keep moving forward. Which is why the ultimate superpower in investing is being good at suffering.

14. Never Interrupt Compounding Unnecessarily

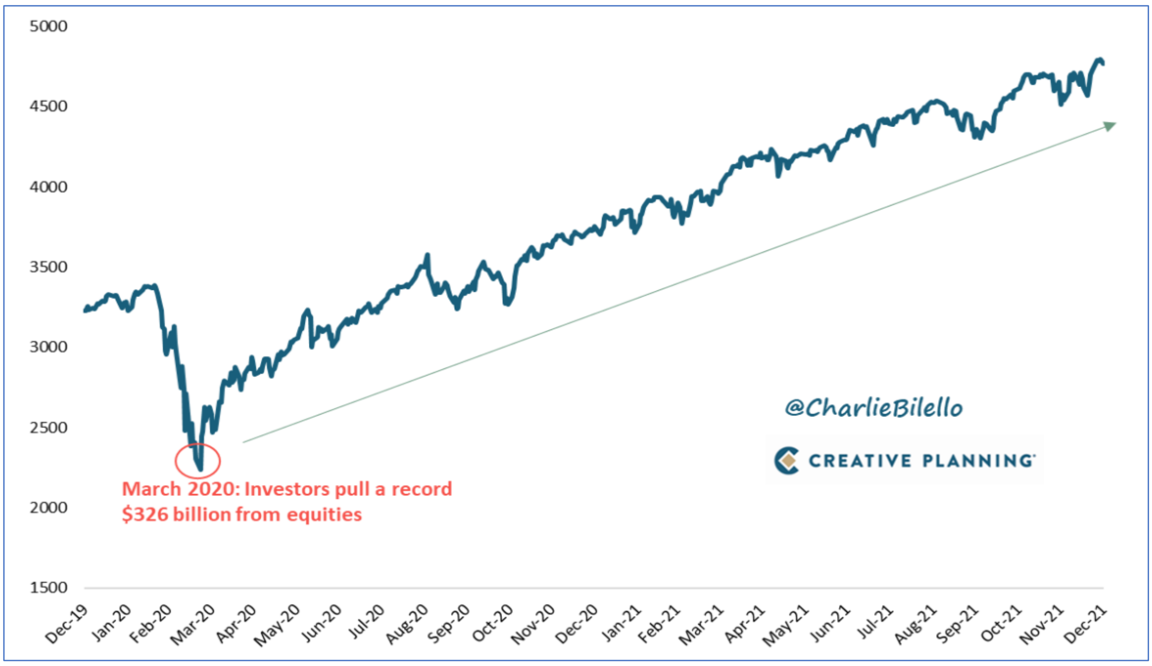
When Warren Buffett turned 94 this year, his net worth stood at $148 billion. An incredible number, to be sure. But even more incredible is the fact that 98% of that was generated after he turned 65.

Figure 5: Warren Buffett's Net Worth ($ Billions)



Compounding can produce amazing results over long periods of time. In the last 10 years, a $100,000 investment in the S&P 500 would have grown to $356,000. That's a 13.5% annualized return, or 256% cumulative gain. But this assumes you bought in 10 years ago and held on through good times and bad. Many did not, as evidenced by the record $326 billion pulled from equities during the March 2020 Covid crash.

Figure 6: S&P 500 Index: 2020-2021



For those that sold in the March 2020 panic and did not get back in, the cumulative return over the last 10 years was just 29%. The same $100,000 initial investment would grow to only $129,000. As Charlie Munger once said, "The first rule of compounding is to never interrupt it unnecessarily."

15. Tune Out the Noise

Investors are bombarded with noise on a daily basis and at times that noise can become almost deafening. In August 1979, BusinessWeek ran a cover story entitled "The Death of Equities," with the author arguing that "the old attitude of buying solid stocks as a cornerstone for one's life savings and retirement has simply disappeared." Over the next 20 years, the S&P 500 would increase 2,375%, a 17.4% annualized total return. The financial media's primary job is to entertain, generating as many views and clicks as possible. Your job as an investor is to tune them out.

16. Respect Reversion to the Mean

When volatility spikes and fear abounds, it can seem as if the bad news will never end. But time heals all fears and good news is on the horizon. When the rubber band gets stretched, it tends to snap back violently in the opposite direction. After a spike in the VIX above 46, the returns 1 year to 5 years out have been positive 100% of the time since 2008. As Jack Bogle once said: "reversion to the mean is the iron rule of the financial markets."

17. Know What You Own and Why You Own It

You can have the best portfolio in the world but if you don't understand what's in it, you will abandon it at the first sign of trouble, and fail to reap the long-term rewards from compounding. As Peter Lynch once said, you need to "know what you own and why you own it." You own stocks to participate in the growth and ingenuity of human beings and enterprises over time. Your goal: to outpace inflation and earn a higher return than bonds.

If stocks never went down, there would be little need to own anything else. But as we know, they do go down from time to time. Since 1976, there have been 8 calendar years in which stocks have finished lower: 1977, 1981, 1990, 2000, 2001, 2002, 2008, 2018, and 2022. In each of these years, bonds outperformed, cushioning the blow.

A position in bonds allows investors to better withstand big stock market declines and to ideally rebalance back into equities at lower prices/valuations. Bonds also give investors the ability to meet short-term liquidity needs without having to sell down their stock portfolio. How much of your portfolio should you have in stocks, bonds, and cash?

Figure 7: Asset Allocation vs Total Return and Volatility

Asset Allocation*	Annualized Total Return (1928 - 2023)	Real Annualized Total Return (1928 - 2023)	% Positive Annual Total Returns	Annualized Volatility (1928 - 2023)	Max Drawdown (Annual Total Returns)
100% Cash	3.3%	0.3%	100%	3.0%	0.0%
100% Bonds	4.6%	1.5%	80%	8.0%	-21%
10% Stocks/90% Bonds	5.3%	2.2%	83%	7.5%	-19%
20% Stocks/80% Bonds	6.0%	2.9%	84%	7.5%	-18%
30% Stocks/70% Bonds	6.6%	3.5%	84%	8.2%	-19%
40% Stocks/60% Bonds	7.2%	4.1%	79%	9.3%	-26%
50% Stocks/50% Bonds	7.7%	4.7%	79%	10.6%	-33%
60% Stocks/40% Bonds	8.2%	5.2%	78%	12.2%	-40%
70% Stocks/30% Bonds	8.7%	5.6%	75%	13.9%	-47%
80% Stocks/20% Bonds	9.1%	6.1%	74%	15.8%	-53%
90% Stocks/10% Bonds	9.5%	6.4%	73%	17.6%	-59%
100% Stocks	9.8%	6.7%	73%	19.6%	-65%

*Stocks = S&P 500 Index, Bonds = 10-Year Treasury Bond, Cash = 3-Month Treasury Bill

CREATIVE PLANNING @CharlieBilello Data via NYU.edu as of 12/31/23

There's no one-size-fits-all answer to that question because it depends on your time horizon, tolerance for risk, and needs/goals for the future. Every investor is different, but what's universal is the need to know what you own and why you own it.

18. Diversify, Diversify, Diversify

If you could predict the future, you would of course hold only the best performing asset class. Over the last decade, that would have meant a portfolio concentrated only in U.S. large cap growth equities. But because no one can predict the future, you probably didn't own such a portfolio. And that's ok, because real diversification means not everything in your portfolio will be "working" at the same time. There's a cycle to everything in the markets; nothing outperforms forever. At the end of 2009, many were bemoaning the "lost decade" in which the S&P 500 Index declined 9% and the Russell 1000 Growth Index lost 33%. It may seem hard to believe, but back then investors were questioning whether large-cap U.S. growth stocks would ever regain their footing.

Will the next decade for investors look exactly like the last one? Probably not. The leaders and laggards in markets are forever changing, and the best protection against our inability to predict them is to diversify, diversify, diversify.

19. Control Your Emotions

Fear and greed are primal emotions. We're wired to respond to them. That has served us well from an evolutionary perspective but in investing they do more harm than good. When markets are falling, we fear losing everything and are induced to sell to stop the pain. When markets are rising, we fear missing out on future gains and are driven to buy to end the regret. When tempted to act based on fear or greed, step away. Take a deep breath, go for a long walk, read a book, or watch your favourite movie. The market will be there when you get back and you'll be in a better state of mind to make any decision.

20. Value Time Over Money

Prudent asset allocation is the foundation of a successful long-term investment plan while prudent time allocation is foundation of a successful long-term life plan. Investors often think about the former, and rarely give thought to the latter. No amount of money can buy the past. Focus more on the latter and prioritize the things that matter most to you.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND

Following a period of political uncertainty leading up to the US election, Donald Trump's victory sparked significant investment into the US stock market and consequently the MSCI developed world market index had a very strong month. The US S&P 500 has now risen over 25% this year to all time high levels.

Elon Musk's Tesla was a major winner this month with the anticipated tariffs on Chinese electric vehicles as well as the perceived benefits of being close to the Trump administration. Pharmaceuticals on the other hand were major losers, (especially the vaccine giant Moderna) on the back of Robert F Kennedy Jr. being made the Secretary of Health Care.

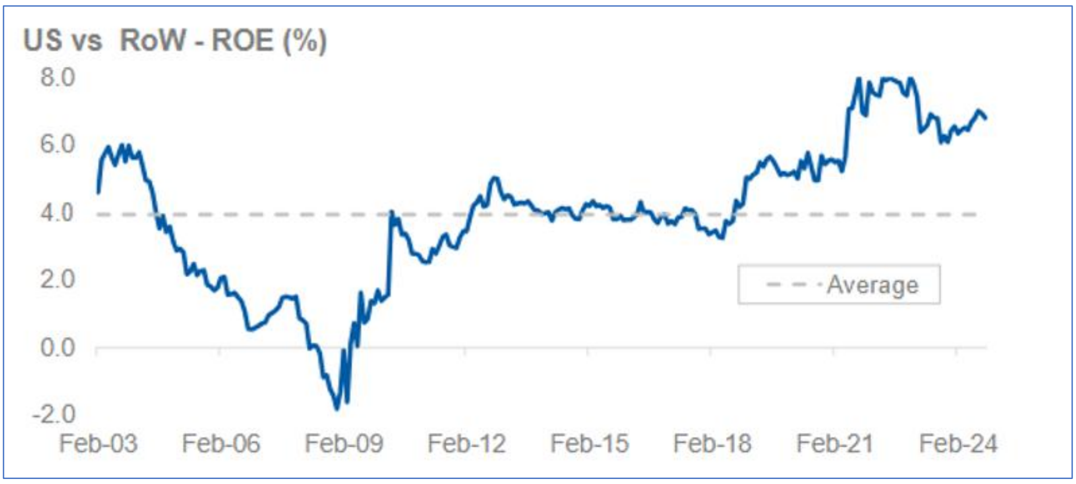
Looking at our watchlist, figure 1 below shows some of the biggest moves in either direction.

Figure 1: Top 20 and bottom 20 performing global shares in November

November Performance			
SHOPIFY	48%	BAYER AG	-22%
ZILLOW GROUP	40%	NU HOLDINGS LTD	-17%
TESLA INC	38%	TARGET CORP	-12%
RHEINMETALL AG	31%	ABBVIE INC	-10%
SPOTIFY	24%	MATCH GROUP INC	-9%
SYNCHRONY FINA	22%	MONCLER SPA	-9%
SABRE CORP	22%	FERRARI NV	-9%
DISNEY	22%	PORSCHE AUTOMOBIL HLD	-9%
FORTINET	21%	SAMSUNG	-8%
GOLDMAN SACHS	18%	PFIZER INC	-7%
WELLS FARGO & CO	17%	ANHEUSER-BUSCH INBEV ADR	-7%
NETFLIX	17%	PERNOD RICARD SA	-7%
DOMINO'S PIZZA INC	15%	HEINEKEN NV	-7%
BLACKSTONE GROUP LP	14%	NESTLE SA	-6%
BANK OF AMERICA CORP	14%	SANOFI	-5%
SALESFORCE.COM INC	13%	BECTON DICKINSON AND CO	-5%
HONEYWELL INTERNATIONAL INC	13%	ARM HOLDINGS PLC-ADR	-5%
WAL-MART STORES INC	13%	BASF SE	-5%
AMERICAN EXPRESS	13%	AMD	-5%
CONSTELLATION SOFTWARE	13%	ROCHE HOLDING AG	-5%

We have always been strong advocates for investing in US companies versus their European counterparts and figure 2 supports this notion. The blue line is the difference between the return on equity (ROE) of companies in the USA versus the ROE of companies outside of the USA. Since the financial crisis US companies have become far more profitable and since Covid have managed to produce exceptional return on investment. ROE is a strong indicator of quality investing and on this basis it does support the fact that the USA has outperformed their developed market counterparts over the last number of years.

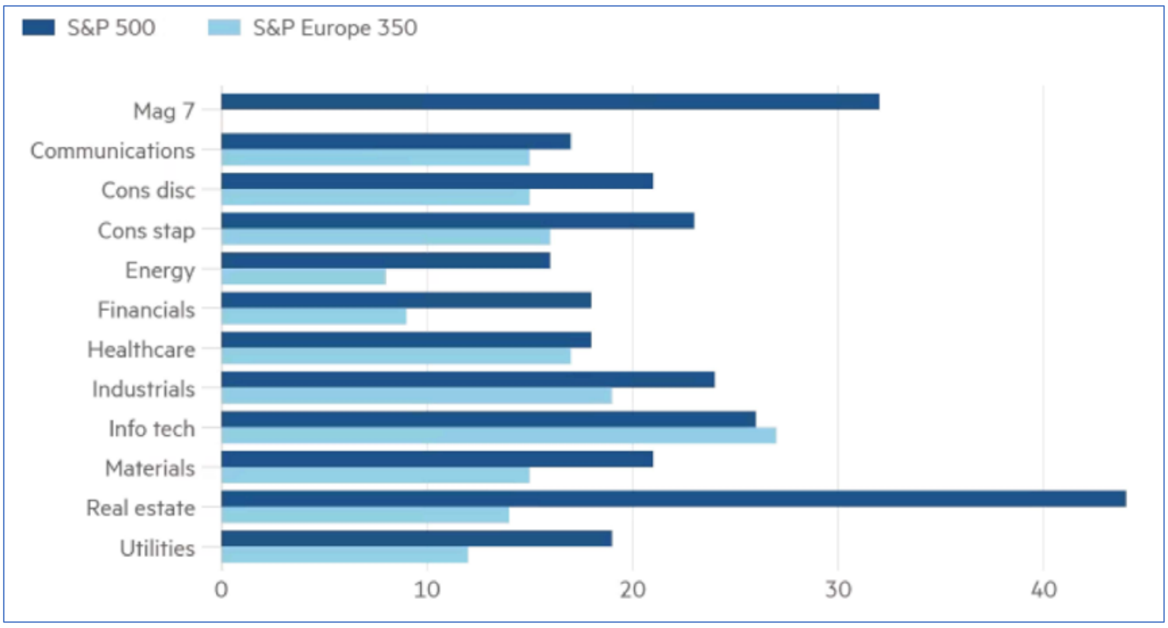
Figure 2: The spread between US ROE and Rest-of-World ROE is well above the historical average



Source: Morgan Stanley Research, MSCI, Datastream, Refinitiv Eikon

The US outperformance has led to significant re-ratings (higher price/earnings ratios) in their valuations relative to their European counterparts. Figure 3 below shows that almost every sector has American companies with a higher price/earnings ratio than European companies

Figure 3: Sector forward price/earnings ratios



Source: LSEG

In previous letters we have covered how concentrated the US market has become with the top 10 companies now representing over 36% of S&P 500. This group of businesses is collectively more expensive than the market but they are expected to grow their companies faster than the rest of the market. What is also interesting is that the top 10 companies represent 41% of the S&P 500 Research and Development spending and 26% of free cash flow generated. Therefore, not only are they disproportionately outperforming the rest of the market right now, but they are also the biggest investors in future growth. Figure 4 below shows that the top 10 companies in the S&P 500 make up 13% of total sales but an impressive 24% of operating income and 26% of free cash flow. This implies that they have superior margins and cash conversion than the rest of the market.

Our top 10 positions

	PE in one years time	PEG Ratio (FWD PE/'24-25 Growth)	EPS Growth			Pullback from high
			2022-2023A Growth	2023-2024E Growth	2024-2025E Growth	
ALPHABET INC-CL C	19.2	1.3	32%	14%	14%	-11%
AMAZON.COM INC	27.7	1.6	72%	3%	17%	-7%
ASML	26.9	1.0	-1%	25%	26%	-39%
BOSTON SCIENTIFIC	30.7	2.2	22%	13%	14%	-5%
CONSTELLATION SOFTWARE	37.5	2.5	15%	15%	15%	-8%
FORTINET	35.3	2.5	32%	10%	14%	-6%
MERCADOLIBRE INC	42.5	1.2	60%	34%	35%	-6%
MICROSOFT CORP	29.4	1.9	23%	11%	16%	-13%
LVMH MOET HENNESSY LOUIS VUI	21.3	2.2	-12%	5%	9%	-31%
VISA	25.7	1.9	14%	13%	13%	-2%
Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^	28.0	1.7	23%	13%	15%	-13%
S&P500 - FWD PE and EPS Growth	21.4		0%	9%	14%	-3%

*Calculated using Harmonic Mean

^Calculated using Median

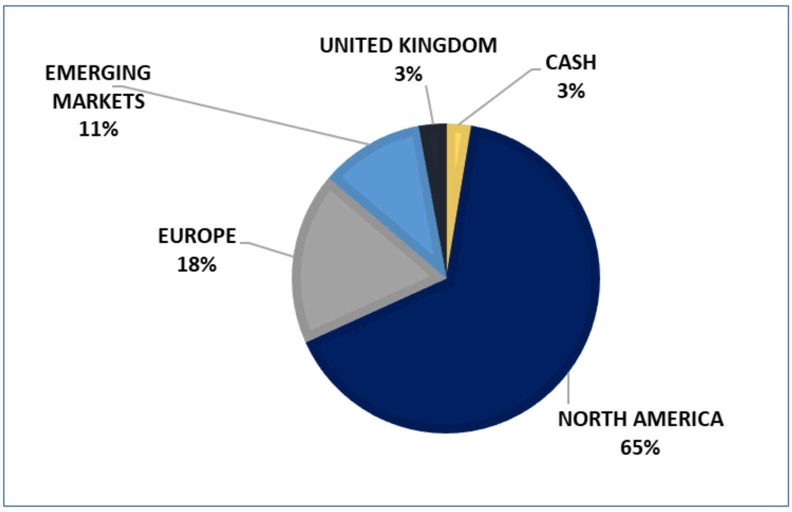
We expect strong performance out of our top 10 positions for the 2024 and 2025 years. Our portfolio is expected to grow earnings per share in the mid-teens which is far higher than the S&P 500, where analysts expect 12% average growth over 2025 and 2026. Our companies are trading at higher valuations, 28x, versus the S&P 500's 22x, but we believe this is justified by the higher quality of our investments growing earnings at a higher rate than the market. This is especially so when compared to expected returns on investments in bonds or cash.

On average, our top 10 positions have corrected 10% from their recent high's whereas the market as a whole is at its all-time high.

Changes made during the month

- Sold half of our Visa position and switched into Mastercard
- Sold out of our Amadeus IT group position.

Geographic Drivers



Performance in Rand

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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%	2.5%	0.6%	5.3%	6.9%	0.0%	-3.0%	4.7%	-5.8%	-4.5%	10.5%	2.9%	**36.1%**
2024	5.7%	4.6%	-0.4%	-3.5%	-0.3%	0.0%	-4.7%	1.6%	-1.3%	1.8%	5.4%		**8.6%**

For the month, the fund was up 5.4% in ZAR terms (3% in USD) compared to the MSCI Developed Markets Index which was up 4.6% in ZAR (2.2% in USD) for the month. The Rand weakened 2.3% for the month adding to the performance in ZAR.

For 2024 year to date the fund is up 8.5% in ZAR (+10.8% USD) whilst the MSCI Developed Markets Index is up 16% in ZAR (+19% USD).

For the 2023 year, the fund closed 36% up in Rands or 25% up in USD terms, with the rand having weakened 8% against the dollar. The MSCI Developed Markets Index closed 32% up in Rands or 22% in USD for the period.

The RCI BCI Worldwide Flexible Fund investment team:

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

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND

Fund Performance and Attribution

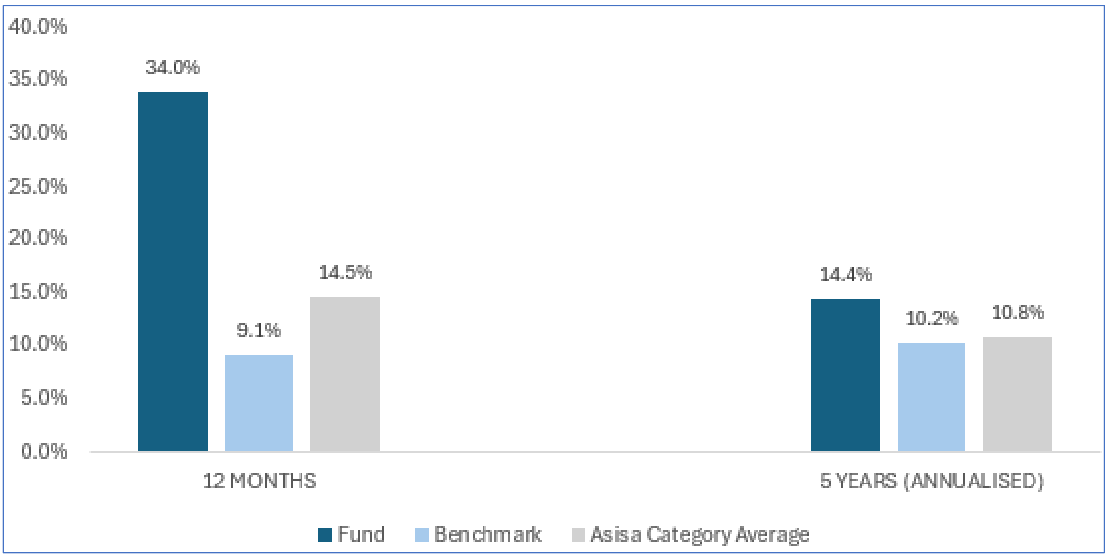
The fund has experienced a strong start to Q4 on the back of a dovish US Fed, and the announcement of new President Elect Donald Trump who is seen as favourable for the US market.
Our biggest winner for the month was Palantir Technologies (+60%), after what was a good month for the stock in October, followed by Hims and Hers Inc, the personal healthcare platform (+58%). SoFi Technologies Inc had another good month following on from the release of their results (+48%) and Shopify Inc was up 46%. Tesla Inc was also up 39% on the back of close ties between President Elect Donald Trump and Elon Musk. Indeed a very strong month for many of the fund holdings.

Following are the top 5 contributors and detractors of performance for the month:

TOP CONTRIBUTORS & DETRACTORS	SECTOR	%
PALANTIR TECHNOLOGIES INC.	SOFTWARE	60.0
HIMS AND HERS HEALTH INC.	PERSONAL CONSUMER	58.3
SOFI TECHNOLOGIES INC.	FINANCIALS	48.6
SHOPIFY INC.	E-COMMERCE	46.4
TESLA INC.	AUTO MANUFACTURERS	38.6
META PLATFORMS INC.	ONLINE ADVERTISING	1.3
LAM RESEARCH CORP.	SEMICONDUCTORS	-1.2
ALPHABET INC.	ONLINE ADVERTISING	-1.4
MERCADOLIBRE INC.	E-COMMERCE	-3.4
BROADCOM INC.	SEMICONDUCTORS	-4.1

The fund returned 14.55% for the month in ZAR. This was helped by a 2.90% weakening of the ZAR against the USD. This meant the fund was up 11.65% in USD for the month. This compares favourably with the S&P 500 which was up 5.63%. The fund is up 27.2% in ZAR for 2024, or 29.9% in USD.

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024	5.5	8.8	-2.5	-6.7	0.7	3.6	-7.1	1.6	1.0	6.9	14.6		27.2
2023	12.3	1.7	0.1	3.9	11.4	3.0	-0.2	-0.6	-5.0	-3.5	13.6	5.3	48.1
2022	-16.3	-3.8	-1.8	-5.0	-3.8	-5.0	3.2	-1.0	-4.3	5.7	-6.2	-3.9	-36.0
2021	1.7	2.0	-5.4	2.3	-5.0	8.6	0.7	1.8	-4.3	7.3	0.2	-4.3	4.7
2020	8.2	-1.6	-0.9	14.4	-0.5	8.0	7.9	4.1	-2.7	-2.4	5.6	5.8	54.7
2019	1.5	6.4	3.6	5.6	-4.3	1.9	-0.2	-0.6	-1.9	6.4	0.9	0.4	21.1



The longer-term track record is strong, with the fund producing annualised returns of 14.4% per annum over the last 5 years. This is ahead of both the benchmark (CPI+5%) and the peer group average (10.8%).

Robert Cowen Investments
Growing families' wealth since 1982

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND (CONT.)

Fund Composition

TOP TEN HOLDINGS	SECTOR	ABSOLUTE WEIGHT (%)
SOFI TECHNOLOGIES INC	FINANCIALS	7.8
PALANTIR TECHNOLOGIES INC	SOFTWARE	5.1
META PLATFORMS INC	ONLINE ADVERTISING	4.9
AMAZON.COM INC	E-COMMERCE	4.9
FORTINET INC	CYBER SECURITY	4.8
TESLA	AUTO MANUFACTURERS	4.6
NVIDIA CORPORATION	SEMICONDUCTORS	4.4
SHOPIFY INC	E-COMMERCE	3.8
NETFLIX INC	ENTERTAINMENT	3.8
SERVICE NOW INC	SOFTWARE	3.7
TOTAL EQUITY CONTENT OF FUND		**96.6**

TOP TEN HOLDINGS	ROCE	FCF MARGIN	GP MARGIN	OP MARGIN	REVENUE 3Y CAGR	DEBT/EQUITY
SOFI TECHNOLOGIES INC	0.0	-52.2	82.6	0.0	42.7	0.5
PALANTIR TECHNOLOGIES INC	7.6	37.0	81.1	13.8	22.7	0.1
META PLATFORMS INC	32.5	33.4	81.5	41.6	11.6	0.3
AMAZON.COM INC	15.0	6.9	48.4	9.8	10.6	0.6
FORTINET INC	34.7	29.1	79.7	28.2	22.2	1.2
TESLA	9.7	3.7	18.2	8.4	27.5	0.2
NVIDIA CORPORATION	107.9	49.9	75.9	62.7	67.1	0.2
SHOPIFY INC	9.3	17.4	50.9	14.8	25.0	0.1
NETFLIX INC	21.3	19.0	45.3	25.7	9.5	0.8
SERVICE NOW INC	10.6	32.3	79.2	12.0	23.7	0.2

The top 10 holdings exhibit strong or improving returns on capital. Many of the businesses are software or cloud platform businesses and as such they also exhibit strong margins. The fund focusses on scalable businesses with strong margins, and healthy balance sheets. The free cashflow margins of our top 10 holdings are very healthy.

Fund Composition

The Fund exited the position in Advanced Micro Devices (AMD) following relatively weak results that highlighted Nvidia's lead in the GPU space. We find it difficult to see how AMD will compete. In addition, the Fund sold out of its Celsius Holdings position following a surprise loss in 3Q on the back of a big drop in sales tied to inventory optimization by its largest distributor, PepsiCo. Part of the investment thesis related to the high growth of this business was pinned on this distribution agreement that should have allowed Celsius Holdings to expand its sales internationally at a decent rate. Lastly, the Fund exited an old, small position in AirBnB Inc after it became apparent that the business has matured and is unlikely to witness the same level of growth it has in the past.

During the month we started positions in Grab Holdings, the 'Everything, Everyday App' for a variety of services, including mobility, deliveries and digital financial services in Southeast Asia. The Fund also started a new position in the personal healthcare platform Hims and Hers Inc. Hims and Hers Inc, operates a telehealth platform that connects consumers to licensed healthcare professionals in the US, UK and internationally. The business offers a range of curated prescription and non-prescription health and wellness products and services available to purchase online directly to consumers.

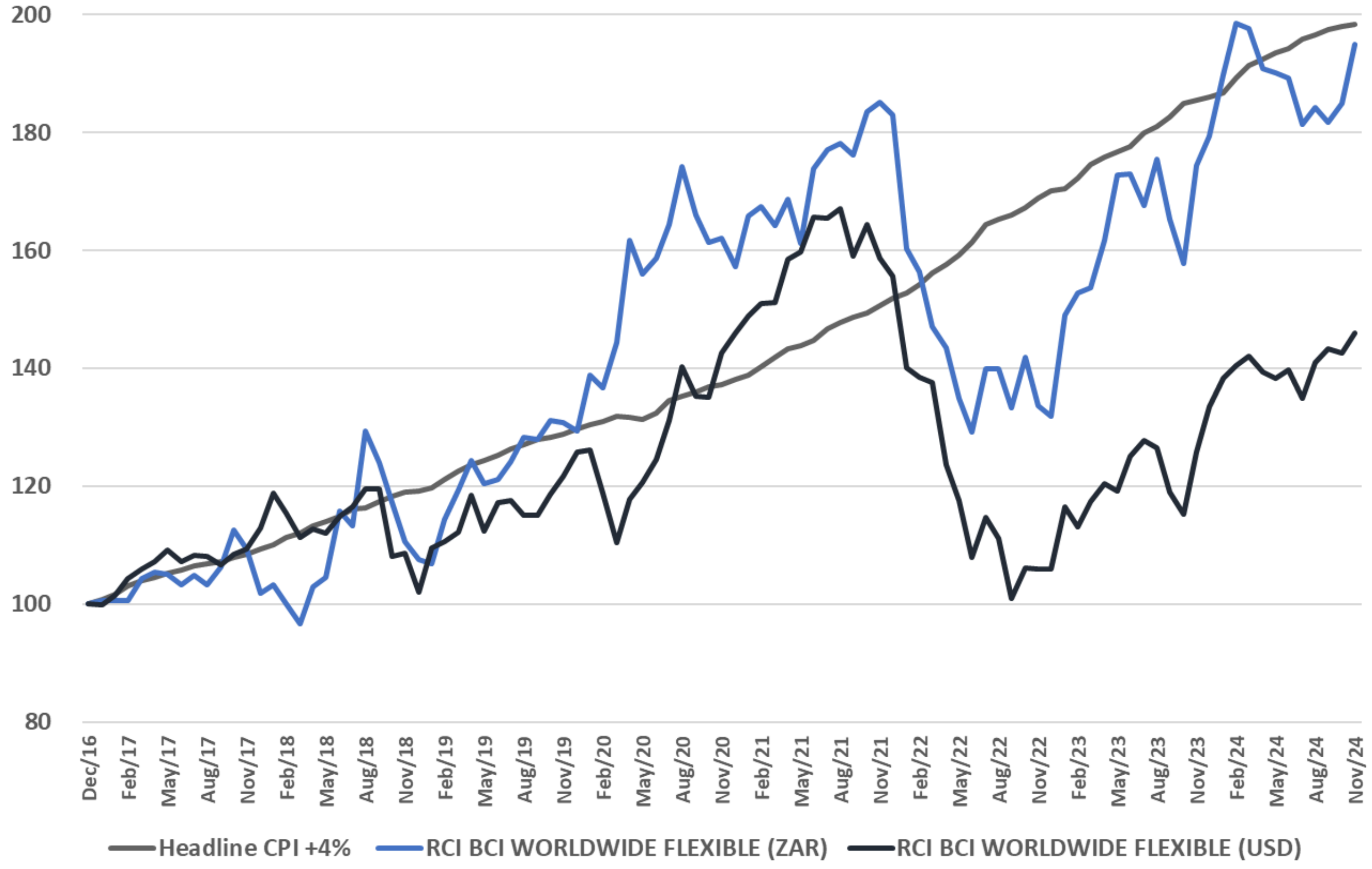
RCI OFFSHORE UNIT TRUSTS PERFORMANCE

"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

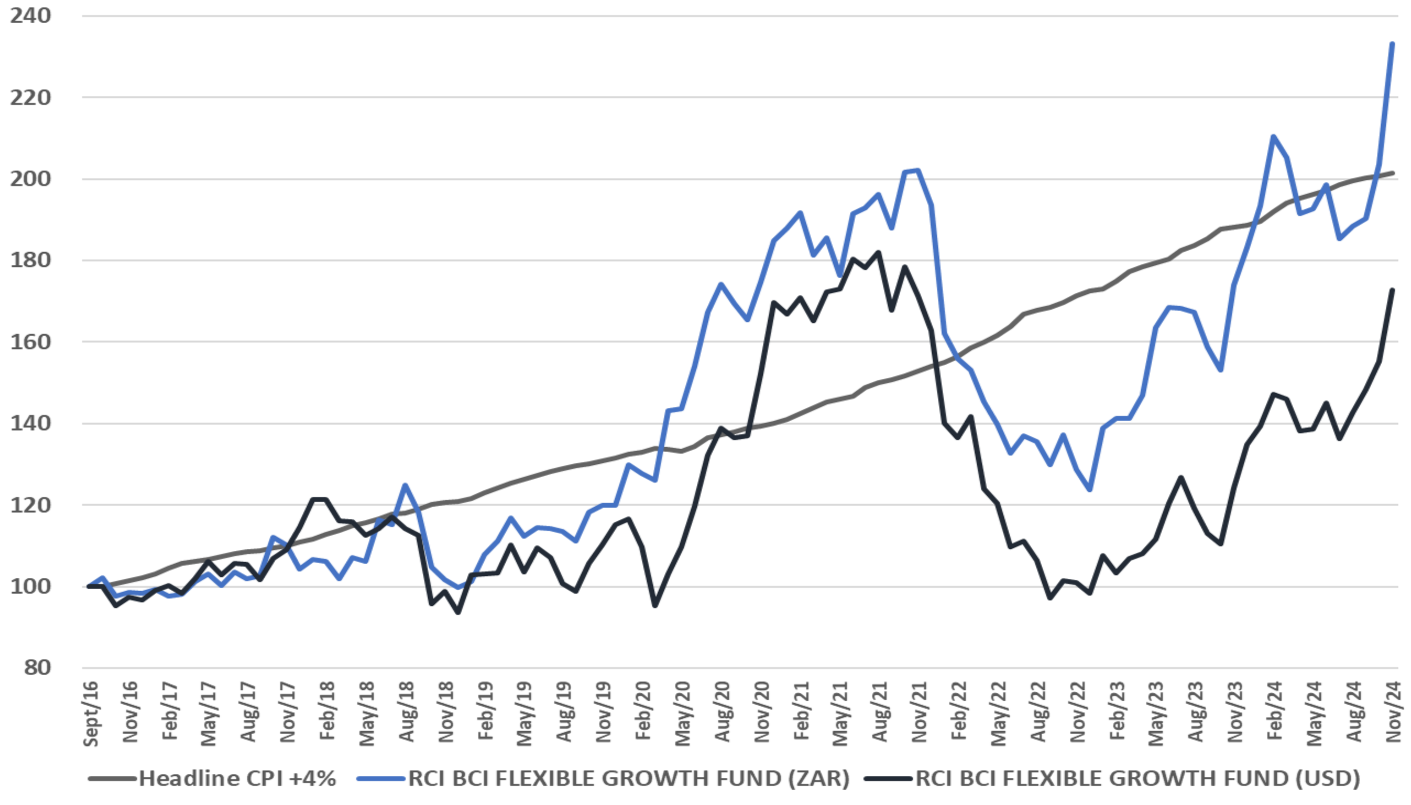
The **RCI BCI Worldwide Flexible Fund** closed November at 194.89, up 5.36% for the month and up 11.77% for the last 12 months.

RCI BCI Worldwide Flexible Fund



The **RCI BCI Flexible Growth Fund** closed November at 233.15, up 14.55% for the month and up 33.97% for the last 12 months.

RCI BCI Flexible Growth Fund



WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

The Family Office

ANCHOR BCI SA EQUITY FUND

Developed Markets (DM) bounced back strongly in November (MSCI World Index +4.6% MoM), November global equity returns were overwhelmingly driven by US Markets (S&P 500 +5.9% MoM) as the outcome of US elections was perceived to be broadly positive for most US corporates. Partly, these moves reflect relief that the US election outcome was clear and free from the controversy that surrounded that in 2020. Relative winners (financial companies (+10% MoM) and energy companies (+7% MoM)) suggest investors see them as likely beneficiaries of lower regulation under the next administration. Healthcare companies (+0.3% MoM) were the other side of the coin, with Trump's pick of Robert F. Kennedy (a vaccine sceptic) as Secretary of the Health and Human Services Dept, suggesting a hostile environment for pharmaceutical companies. Emerging Market (EM) equities struggled and fell for the 2nd consecutive month in November (MSCI EM -3.6% MoM). This likely the result of investors pricing in the risk of tariffs threatened by President-elect on the campaign trail, which, if he proves true to his word, will hit exports from EM countries heading to the US.

South African equities mirrored their EM counterparts, also falling for the 2nd consecutive month (FTSE/JSE Capped SWIX Index -0.9% MoM). The index was weighed down chiefly by mining stocks (-7% MoM), as well as index heavyweights, Naspers/Prosus (-2% MoM). Companies linked to the domestic economy eked out modest gains (+0.8% MoM). The heavily over-subscribed listing of Boxer was a highlight during the moment, with the shares jumping 24% by month-end. Other notable moves included Pepkor (+17% MoM) and Mr. Price (+13% MoM), where strong updates on recent consumer trends they are seeing gave investors, who have been positioning for an anticipated recovery in consumer momentum, reason to cheer. WeBuyCars (+26% MoM) continued its strong rally after announcing a solid set of results, likely enabling long-term Transaction Capital shareholders, that would have received WBC shares when it was separately listed, to recover much of the loss they suffered on their Transaction Capital investment.

At the end of November, the top 15 positions in the fund, making up 63%, were as follows:

- Naspers
- Prosus
- Standard Bank
- Investec
- Capitec
- Anglo American
- FirstRand
- Mas Real Estate
- Discovery
- WeBuyCars
- Advtech
- BidCorp
- Shoprite
- Dis-Chem
- AngloGold Ashanti

Main changes in the month

Regarding changes in the portfolio in November, the fund secured a starting position in **Boxer** via the IPO. We see this as a potential quality compounder, which we expect to be a core holding for the foreseeable future. We will, however, be patient in adding further. We took profits in **Pepkor**, aware that a further placement of shares from IBEX Holdings (previously Steinhoff) is likely, as well as part of the **WeBuyCars** holding. We added to the fund's position in **Southern Sun** and **Capitec**, while also restarting a position in **Northam** after its significant decline.

Performance

The Anchor BCI SA Equity Fund rose by 0.3% in November, outperforming the benchmark FTSE JSE Capped SWIX Index. This takes the fund's YTD performance to +22.4%, comfortably ahead of the benchmark's +16%. The fund benefited from its underweight exposure to miners, which had a tough November. At a stock level, key contributors to performance were WeBuyCars (+26% MoM), which continues to see strong investor demand following its separate listing earlier in the year, MAS Real Estate (+13%) on the back of a cautionary relating to addressing its sub-optimal corporate structure and Discovery (+7%) which continues to re-rate post its last set of results. Detractors were concentrated among the miners, with Gold Fields (-12% MoM) and Impala (-12% MoM) notable. Although a small holding, Murray and Roberts (-50% MoM, before announcing its suspension from trading) was also a drag.

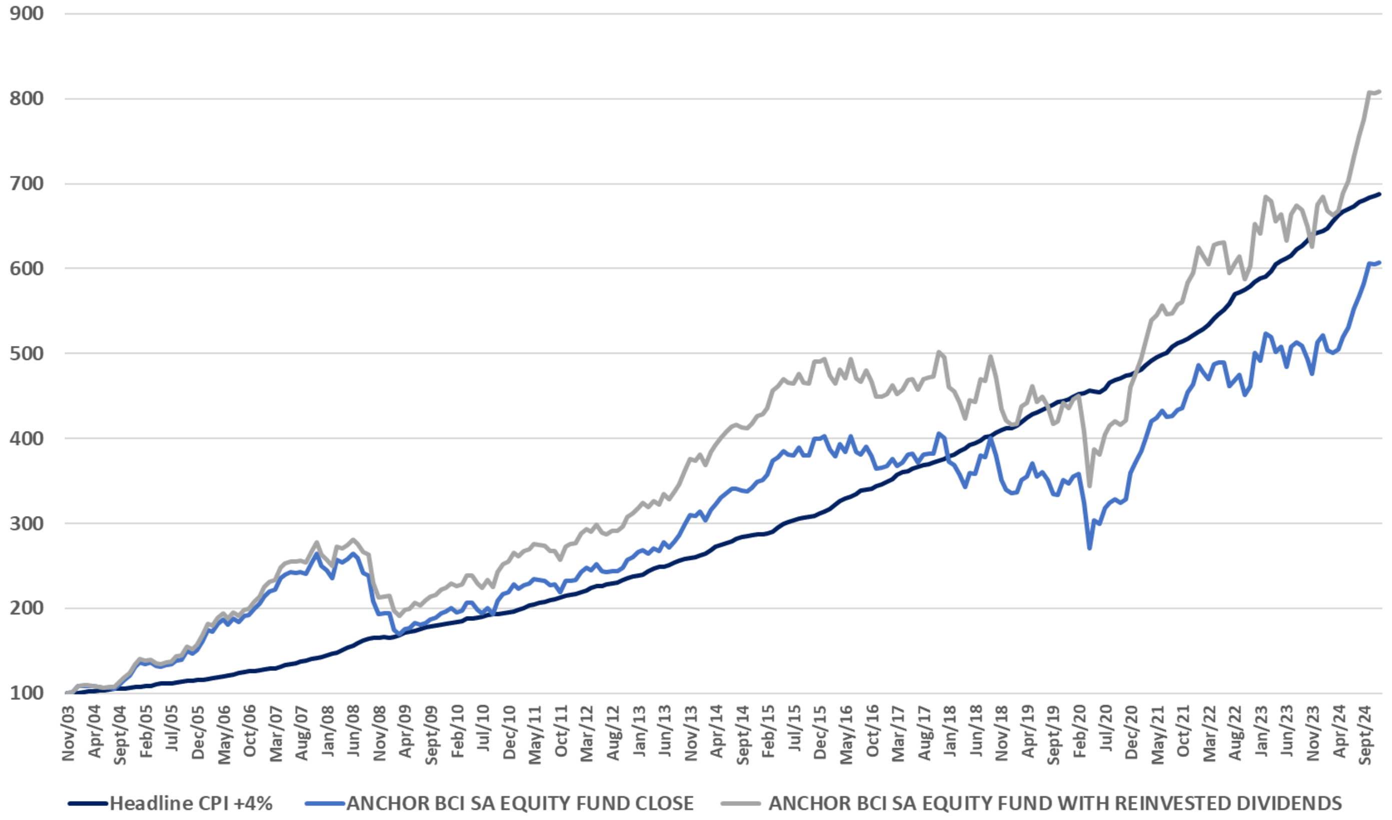
The Anchor BCI SA Equity Team: Mike Gresty, Liam Hechter, Steph Erasmus, Seleho Tsatsi, Peter Little

WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND

The **Anchor BCI SA Equity Fund** closed November at 606.99, up 0.27% for the month and up 18.22% for the last 12 months.

Anchor BCI SA Equity Fund



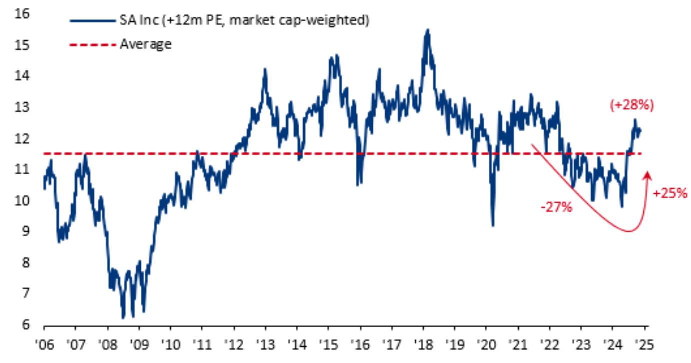
Note: The performance history above uses that of the RCI BCI Flexible Fund until 30 September 2022, the date of its amalgamation with the Anchor BCI SA Equity Fund.

The **South African equity market** has performed strongly since the 2024 election outcome was announced. The performance of the sectors are shown on the left, relative to previous periods of strong performance. The valuation of the JSE is shown on the right. The SA market is no longer screening as cheap and evidence of improved fundamentals need to now come through in company's results.

Asset & sector performance around SA-driven ZAR strength

	Ramaphoria	Jun-Jul'23	Average	Elections'24
General Retail	30%	31%	31%	47%
Banks	34%	23%	28%	40%
Food Retail	24%	25%	25%	38%
Life Insurance	19%	21%	20%	47%
ZAR	**16%**	10%	**13%**	5%
Software	11%	12%	12%	28%
Drugstores	3%	18%	10%	33%
Telecoms	4%	14%	9%	5%
Bonds	**11%**	7%	**9%**	18%
Food Producers	5%	6%	5%	26%
Support Services	2%	8%	5%	27%
Healthcare	-3%	10%	3%	-4%
Chemicals	-2%	8%	3%	-32%
Top40	**2%**	4%	**3%**	15%
Pharmaceuticals	-8%	12%	2%	-22%
Cash	**2%**	1%	**1%**	5%
Beverages	9%	-6%	1%	-7%
Industrial Metals	-5%	0%	-2%	-7%
Property	-13%	3%	-5%	23%
S&P500 (ZAR)	**-12%**	-1%	**-7%**	18%
Gold	-4%	-10%	-7%	-11%
Platinum	-2%	-13%	-8%	-14%
Personal Goods	-14%	-13%	-13%	-11%
Tobacco	-25%	-5%	-15%	24%

Source: Investec Securities, Bloomberg



Source: Investec Securities, Bloomberg
** SA Inc = market cap-weighted index of JBNKS (banks), JFDRT (food & drug retailers), JFPPS (food prodcuers), JGENR (general retail), JINSR (non-life insurance), JLFEA (life insurance), Bidvest, Telkom (from Mar'03), Vodacom (from May'09), Life Healthcare (from Jun'10), Netcare*