

### HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **Cybersecurity 101 – Malware, viruses and hacks explained**
- **Winning the investment game: Why behavioural outranks skill – by Harald Berlinicke & Keiran Witthuhn**
- **USA elections explained: Close US elections are decided by a few key states – by Keiran Witthuhn**
- **Mr Market Miscalculates: Explaining short-term volatility in the market – by Howard Marks**
- **Update on what we have been doing in the offshore funds – by Ross McConnochie**
- **Update on what we have been doing in the local fund – by Mike Gresty**
- **The US dollar remains a great store of wealth**



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](mailto: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*

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### **JP Morgan CEO, Jamie Dimon** remains cautious on the macroeconomic and geopolitical environment -

“We have been closely monitoring the geopolitical situation for some time, and recent events show that conditions are treacherous and getting worse. There is significant human suffering, and the outcome of these situations could have far-reaching effects on both short-term economic outcomes and more importantly on the course of history. Additionally, while inflation is slowing and the US economy remains resilient, several critical issues remain, including large fiscal deficits, infrastructure needs, restructuring of trade and remilitarization of the world. While we hope for the best, these events and the prevailing uncertainty demonstrate why we must be prepared for any environment”.

### **Michael Mauboussin**, Head of Consilient Research for Counterpoint Global on equity market concentration -

“At the end of 2023, the top 10 companies were 27% of the market cap of the US, and they were 69% of the economic profit. If you go back a decade, the top 10 are typically in the high teens % in terms of market cap, but they’re in the mid 40s in terms of economic profit”.

# CYBERSECURITY 101 – MALWARE, VIRUSES AND HACKS EXPLAINED



The below is a communication that was sent out to all Anchor staff for us to pass onto our clients. Given the increased levels of cybercrime that we are witnessing, it is important that we are all up to speed on the threats that are out there. Educating yourself on the cyber risks is essential in today's digital age. Always be careful what you click on and be mindful to not give hackers your information.

The terms malware, viruses, and hacking are often used interchangeably, so we thought it would be useful to clarify the differences.

To start, here's a very brief, high-level explanation of the differences:

- Malware: Harmful software designed to damage or exploit systems.
- Virus: A type of malware that spreads by copying itself.
- Hack: Unauthorized access to computer systems or networks.

If you are wanting to understand the differences in more detail:

Figure 1: Cybersecurity 101 – Malware, Viruses and Hacks

	Malware	Virus	Hack
<b>Definition</b>	Any malicious software designed to harm or exploit systems	A type of malware that self-replicates and spreads to other systems	Unauthorized access to computer systems or networks
<b>Purpose</b>	Varies: data theft, system damage, spying, etc.	Typically to disrupt, damage, or gain control of systems	Varies: data theft, disruption, espionage, etc.
<b>Method of Infection</b>	Phishing, malicious downloads, infected websites, etc.	Attaches to files or programs, spreads via email, downloads, or USB drives	Exploits vulnerabilities, social engineering, phishing, etc.
<b>User Interaction</b>	May or may not require user action	Often requires user action to activate (e.g., opening an infected file)	Often involves tricking users (e.g., phishing) or exploiting weaknesses
<b>Examples</b>	Ransomware, spyware, trojans, worms, adware	File infector virus, macro virus, boot sector virus	Phishing attacks, exploiting software vulnerabilities, social engineering
<b>Detection</b>	Antivirus software, anti-malware tools, behavioural analysis	Antivirus software, anti-malware tools	Intrusion detection systems, security audits
<b>Impact</b>	Can vary widely based on type and intent	Can cause data loss, system crashes, unauthorized access	Can lead to data breaches, financial loss, reputational damage



# WINNING THE INVESTMENT GAME: WHY BEHAVIOURAL OUTRANKS SKILL

BY HARALD BERLINICKE & KEIRAN WITTHUHN



Harald and I are both avid tennis fans, and the following tennis analogy applied to investing illustrates a universal truth.

The biggest differentiator of great investors is often behavioural, not skill - same as in tennis.

Tennis lends itself to some great analogies for investing. I stumbled across another one based on academic research done at Wharton in 2019.

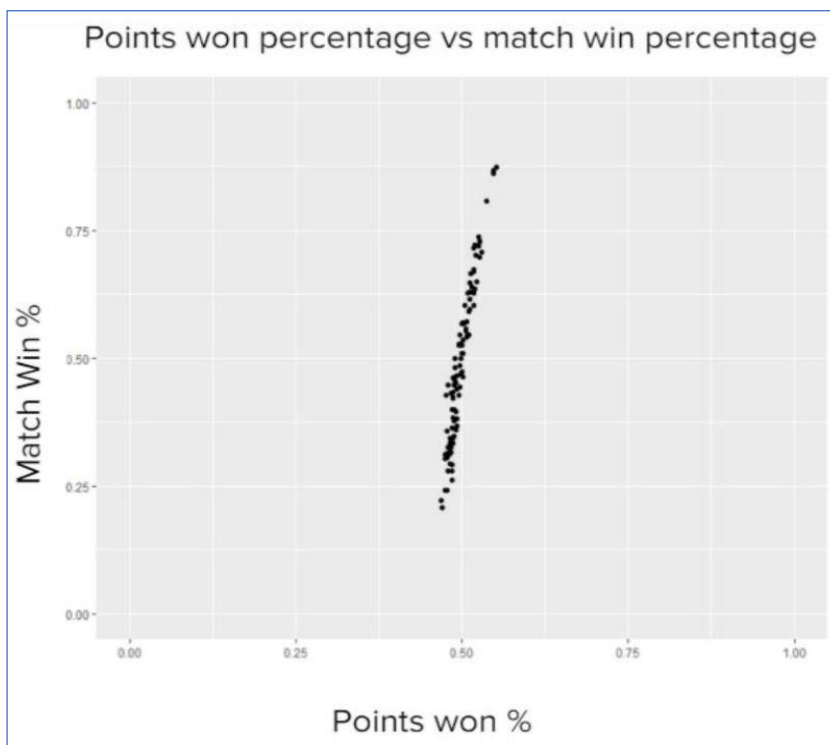
The study showed that:

- There is very little separation in the skill levels of professional tennis players. Even the top players only win 56% of their points at most.
- Despite this, the top players are able to win almost 90% of their matches because of their great performance in specific situations.
- The most important scenarios which determine the match outcome are breakpoints and first serve returns.

The tennis analogy to investing is that:

- Once you have achieved a high level of knowledge of financial instruments and experience in markets ("become a professional player"), the differentiating factor becomes behavioural.
- How you behave in market selloffs ("breakpoints") and how you react to the incessant flow of good or bad news ("first serve returns") often makes all the difference between meeting/exceeding your investment objectives ("winning") or failing to meet those objectives ("losing").
- The graph below highlights the significant impact that winning just a few extra points over an opponent can have on a player's (or investor's) overall success. By not falling foul to counterproductive behavioural tendencies, a few significant correct decisions at the margin can have an outsized positive long-term impact on your investing journey. Anyone who has watched a Wimbledon final knows that the player who stays calm during crucial moments is more likely to succeed in the match.

Figure 1: Tennis points won % vs match win %



Source: "Correlation between success in specific points and win percentage in Tennis", Wu and Federman, 2019, Wharton



# CLOSE USA ELECTIONS ARE DECIDED BY A FEW KEY STATES



BY KEIRAN WITTHUHN

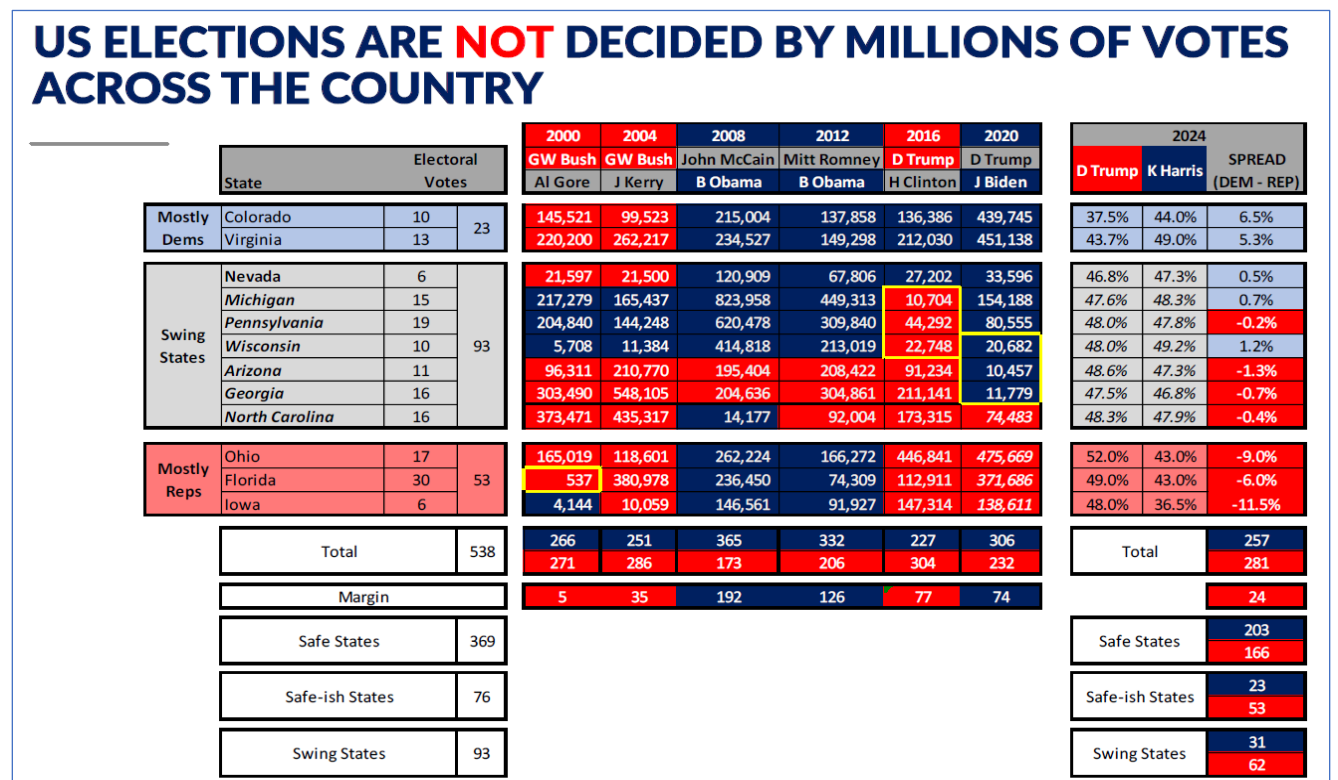
The 2024 US election takes place on 5 November 2024. US elections are a polarising, interesting, relevant, and entertaining ordeal. We touch on it briefly here, highlighting how the US electoral system works. This election is likely to be very close, although more recent polls suggest an increasing likelihood of a Trump victory. This can all change very quickly, but figure 2 below runs through the election dynamics of the swing states, which is typically where the outcome of the entire election is decided. Many states have been dominated by one political party in recent election cycles, and it is expected that this trend will continue in the upcoming election.

The election outcome is not determined by the overall number of votes a candidate receives (like in South Africa), but rather by the Electoral College voting system. Under this system, each state is assigned a set number of electoral votes which is largely determined by population size. States with the smallest populations are assigned a minimum of 3 seats (e.g. North and South Dakota). States with larger populations, such as Texas and California have 40 and 54 electoral votes respectively. If for example, a candidate wins more votes in a specific state (no matter how small the victory margin), that candidate wins all the electoral votes assigned to that state. Historical voting patterns suggest that outcomes in most states (such as California) are effectively predetermined. The Republicans have not won California in over 35 years. In contrast, the 7 key swing states shown in figure 2 below swing from Democrat to Republican victories. The winning margins in these states can be very tight. For example, in 2020, Joe Biden beat Donald Trump in Georgia, Arizona and Wisconsin by 11 000, 12 000 and 20 000 votes respectively. Out of 155 million votes cast, these 43 000 votes won the election for Joe Biden.

Figure 2 shows the winning margins (by number of votes) in the swing states in the last 6 elections. The 'Total' row below the individual state results show the outcome of the electoral college, and thus the election. A candidate requires 270 electoral college votes to win the election. The 2024 predictions (as at 19 September 2024) are shown on the right. It is worth noting that Trump is polling higher in these swing states since the below was published. However, US election polling data has been notoriously unreliable in the past few elections and things can change very quickly.

Lastly, it is worth noting that whilst the presidential election gets most of the publicity, the battle for control of Congress will likely have a much larger impact on investors, given that Congress has the power to determine tax laws, budget expenditure and other key decisions. The Congress is made up of the Senate, controlled by the Democrats and the House of Representatives, controlled by the Republicans. This split in Congress tends to create conflicts and results in a lower number of decisions being made. Like the presidential election, polling data suggests a close race, with several swing states playing a vital role in determining the outcome.

Figure 2: USA Presidential election results in swing states and 2024 election forecast in swing states (as at 19 September 2024)



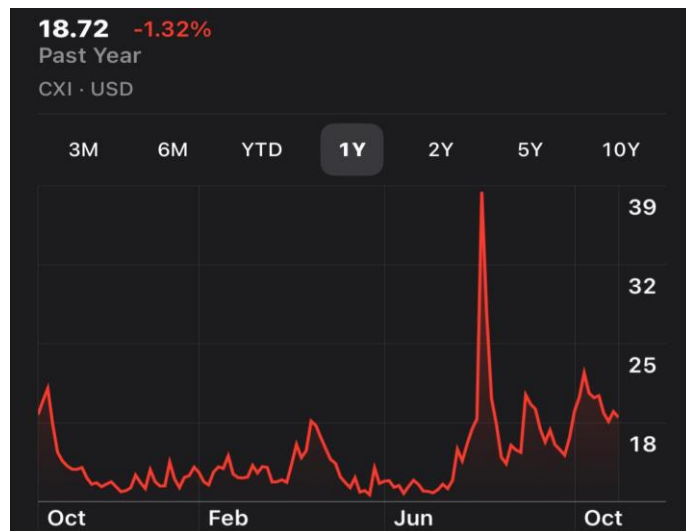
# MR MARKET MISCALCULATES: EXPLAINING SHORT-TERM VOLATILITY IN THE MARKET

BY HOWARD MARKS



The VIX index (shown right) is something investors watch closely, and it is something that I check almost daily. It measures the level of volatility in financial markets. During periods of low volatility in financial markets (considered 'normal times'), the VIX index is typically between 12 and 15. Figure 3 shows that since the beginning of October this year, the VIX has been above 20 and has only recently dipped to 18. A level above 20 reflects uncertainty or concern amongst investors. This has been due to many short-term factors concerning the market. These include the uncertain US election outcome, rising geopolitical tensions, interest rate volatility and general macro uncertainty. The below is an excerpt from Howard Marks on volatility that we feel is extremely relevant today and will no doubt remain relevant in years to come. Click [here](#) for the full memo. His memos are timeless classics that we recommend to all investors.

Figure 3: CBOE Volatility Index (VIX)



In his book *The Intelligent Investor*, first published in 1949, Benjamin Graham, who was Warren Buffett's teacher at Columbia Business School, introduced a fellow he called Mr. Market:

*Imagine that in some private business you own a small share that cost you \$1,000. One of your partners, named Mr. Market, is very obliging indeed. Every day he tells you what he thinks your interest is worth and furthermore offers either to buy you out or to sell you an additional interest on that basis. Sometimes his idea of value appears plausible and justified by business developments and prospects as you know them. Often, on the other hand, Mr. Market lets his enthusiasm or his fears run away with him, and the value he proposes seems to you a little short of silly.*

Of course, Graham intended Mr. Market as a metaphor for the market as a whole. Given Mr. Market's inconsistent behaviour, the prices he assigns to stocks each day can diverge – sometimes wildly – from their fair value. When he's overenthusiastic, you can sell to him at prices that are intrinsically too high. And when he's overly fearful, you can buy from him at prices that are fundamentally too low. Thus, his miscalculations provide profit opportunities to investors interested in taking advantage of them.

## What's behind the market's volatility?

On the first two days of August, I was in Brazil, where people often asked me to explain the sudden collapse. I referred them to my 2016 memo [On the Couch](#). Its key observation was that in the real world, things fluctuate between 'pretty good' and 'not so hot,' but in investing, perception often swings from 'flawless' to 'hopeless.' That says about 80% of what you need to know on the subject.

If reality changes so little, why do estimates of value (that's what security prices are supposed to be) change so much? The answer has a lot to do with changes in mood. As I wrote over 33 years ago, in only my second memo:

*The mood swings of the securities markets resemble the movement of a pendulum - between euphoria and depression, between celebrating positive developments and obsessing over negatives, and thus between overpriced and underpriced. This oscillation is one of the most dependable features of the investment world, and investor psychology seems to spend much more time at the extremes than it does at a "happy medium." ([First Quarter Performance](#), April 1991)*

Mood swings do a lot to alter investors' perception of events, causing prices to fluctuate madly. When prices collapse as they did at the start of this month, it's not because conditions have suddenly become bad. Rather, they become perceived as bad. Several factors contribute to this process:

- heightened awareness of things on one side of the emotional ledger,
- a tendency to overlook things on the other side, and
- similarly, a tendency to interpret things in a way that fits the prevailing narrative.

**What this means is that in good times, investors obsess about the positives, ignore the negatives, and interpret things favourably. Then, when the pendulum swings, they do the opposite, with dramatic effects.**



# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



## RCI BCI WORLDWIDE FLEXIBLE FUND

Developed markets rose 1.9% in September and ended up 19% year to date and at a new all-time-high. The market started the month poorly as it was concerned over weaker than expected US labour data that signalled a possible recession. Later in the month, the Fed cut interest rates by 0.5% instead of the widely expected 0.25% indicating they are serious about reducing their restrictive monetary policy in the wake of weaker economic data. It is evident now that we are back in the realm of the Fed's protective put, a market term reflecting the expectation that the Fed will act to mitigate financial market crashes or deep economic slumps.

### Market performance for the third quarter of 2024, the first half of 2024, the Year-to-Date and 2023:

DM Equities	3Q24 (USD)	1H24 (USD)	YTD (USD)	2023 (USD)
Spain	13.9%	7.5%	22.5%	32.3%
UK Midcap	10.9%	3.8%	15.2%	14.0%
Germany	10.2%	5.4%	16.2%	24.3%
Japan	8.4%	4.5%	13.2%	21.9%
ARK Innovation ETF	8.1%	-16.1%	-9.2%	67.6%
UK	7.9%	6.8%	15.3%	13.6%
Italy	7.6%	9.8%	18.1%	38.8%
EU	6.6%	7.7%	14.7%	27.3%
Developed Markets	6.5%	12.0%	19.3%	24.4%
France	6.4%	-1.3%	5.0%	24.1%
US	5.9%	15.3%	22.1%	26.3%
US Tech	2.1%	17.5%	20.0%	55.1%
Large Cap Tech	0.9%	30.0%	31.2%	96.4%

S&P 500 Sectors	3Q24 (USD)	1H24 (USD)	YTD (USD)	2023 (USD)
Utilities	19.4%	9.4%	30.6%	-7.1%
Real Estate	17.2%	-2.4%	14.3%	12.4%
Industrials	11.6%	7.8%	20.2%	18.1%
Financials	10.7%	10.2%	21.9%	12.1%
Materials	9.7%	4.0%	14.1%	12.5%
Consumer Staples	9.0%	9.0%	18.7%	0.5%
Consumer Discretionary	7.8%	5.7%	13.9%	42.3%
Healthcare	6.1%	7.8%	14.4%	2.1%
Communication Services	1.7%	26.7%	28.8%	55.8%
IT	1.6%	28.2%	30.3%	57.8%
Energy	-2.3%	10.9%	8.4%	-1.4%

EM Equities	3Q24 (USD)	1H24 (USD)	YTD (USD)	2023 (USD)
China (US Listed)	27.3%	9.9%	14.6%	-2.5%
Hong Kong	22.3%	6.2%	29.9%	-10.6%
China (HK Listed)	22.1%	11.4%	36.0%	-10.8%
China (Mainland)	18.3%	-1.4%	16.7%	-3.9%
South Africa	16.1%	5.9%	22.9%	0.6%
Brazil	8.9%	-19.5%	-12.3%	33.1%
Emerging Markets	8.8%	7.6%	17.1%	10.2%
India	7.3%	11.1%	19.3%	21.1%

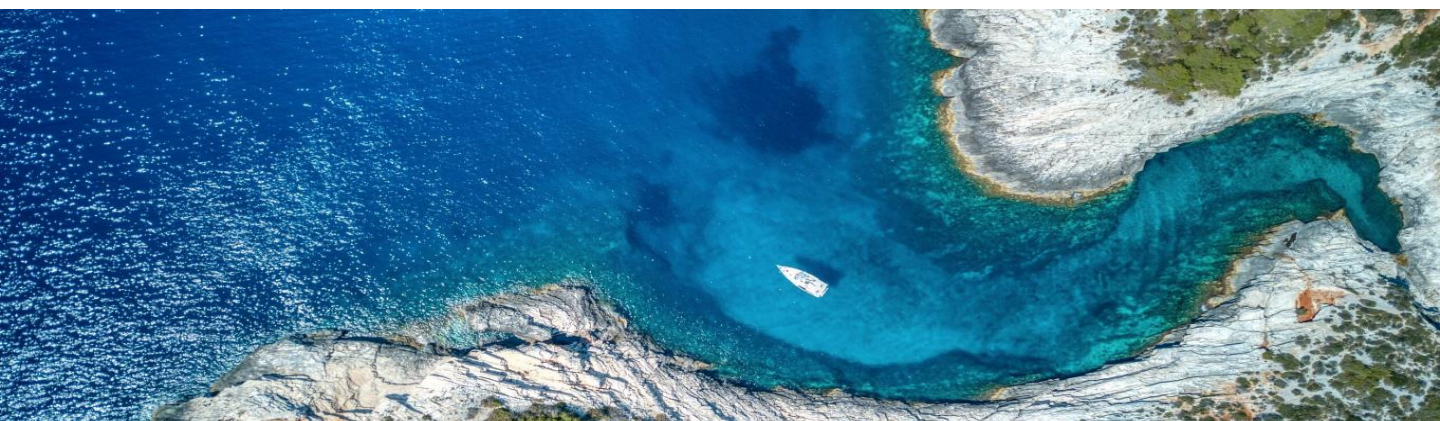
Factors	3Q24 (USD)	1H24 (USD)	YTD (USD)	2023 (USD)
Global Value	9.6%	6.2%	16.4%	23.0%
US Value	9.4%	6.6%	16.7%	34.2%
US Small Caps	9.3%	1.7%	11.2%	50.6%
US Momentum	4.5%	20.0%	25.4%	55.3%
Global Growth	3.5%	17.2%	21.3%	111.0%
US Growth	3.2%	20.7%	24.5%	128.0%
Global Momentum	3.0%	26.1%	29.9%	35.3%

Source: Anchor Capital

We saw significant rotation during the third quarter with several countries outperforming the United States as well as several US sectors (like Utilities and Real Estate) outperforming the previous superstar sectors IT and communications services. Global value investments also outperformed growth style investments as investors flocked to traditionally defensive companies because of recession fears.

Emerging markets significantly outperformed Developed markets during the month which was mainly driven by the outperformance of Chinese stocks following an announcement of a large stimulus plan by the Chinese government. US Listed Chinese corporates were up 30% for the month with Hong Kong listed Tencent up 16%.

Although the market has had a significant run, and may be due a cooling off period, it is important to remember that over a long enough time frame it has been far better to simply remain invested. Charlie Bilello recently did an analysis (shown on next page) that determined that on any given day, the odds of making a positive return on the S&P 500 was just 53%. Only slightly better than a coin flip. However, if we increase the time horizon to a year, the odds of making a positive return increase to 75%. Over a 20-year holding period, there has never been a negative return for investors.

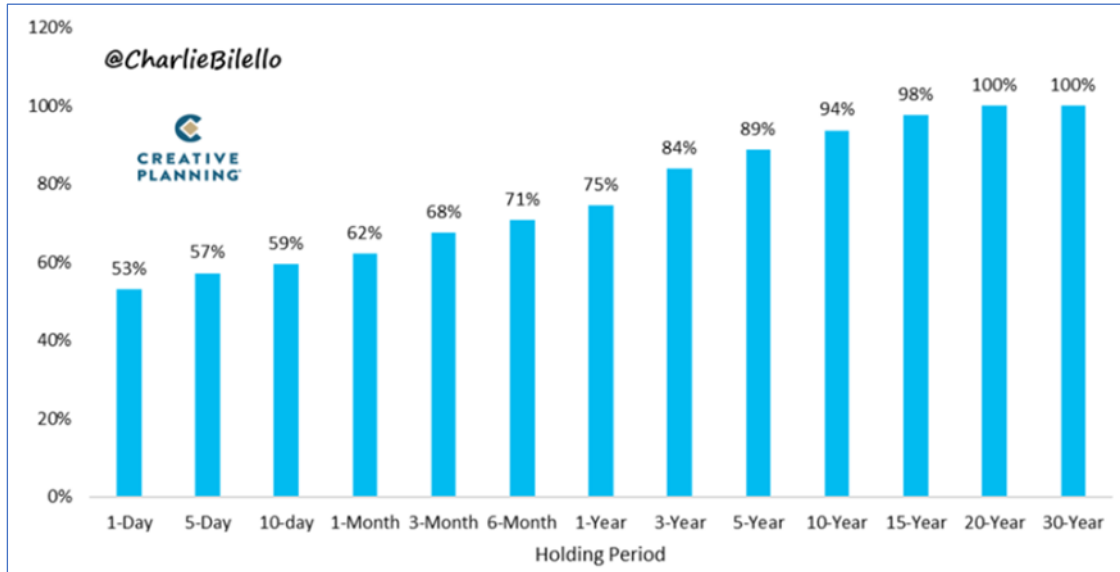


# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)



S&P 500 Total Return: % Positive (1928 – 2023)



Source: Charlie Bilello & Creative Planning

## 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 as we 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.

## 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	1.2	30%	13%	16%	-14%
AMAZON.COM INC	28.9	1.7	50%	17%	17%	-7%
ASML	28.1	1.7	-4%	58%	16%	-27%
BOSTON SCIENTIFIC	31.7	2.4	20%	13%	13%	-1%
CONSTELLATION SOFTWARE	41.2	2.7	15%	15%	15%	-3%
FORTINET	35.1	2.5	32%	10%	14%	-1%
MERCADOLIBRE INC	43.9	1.3	61%	34%	34%	-5%
MICROSOFT CORP	31.3	2.0	23%	12%	16%	-8%
LVMH MOET HENNESSY LOUIS VUI	22.0	2.3	-6%	8%	10%	-22%
VISA	24.9	1.9	14%	11%	13%	-6%
<b>Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^</b>	<b>28.8</b>	<b>1.8</b>	<b>21%</b>	<b>13%</b>	<b>15%</b>	<b>-10%</b>

<b>S&amp;P500 - FWD PE and EPS Growth</b>	<b>21.8</b>		<b>0%</b>	<b>9%</b>	<b>14%</b>	<b>0%</b>
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\*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&P500, where analysts expect 10% average growth over 2024 and 2025. Our companies are trading at higher valuations, 28x, versus the S&P500's 21x, 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.



# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

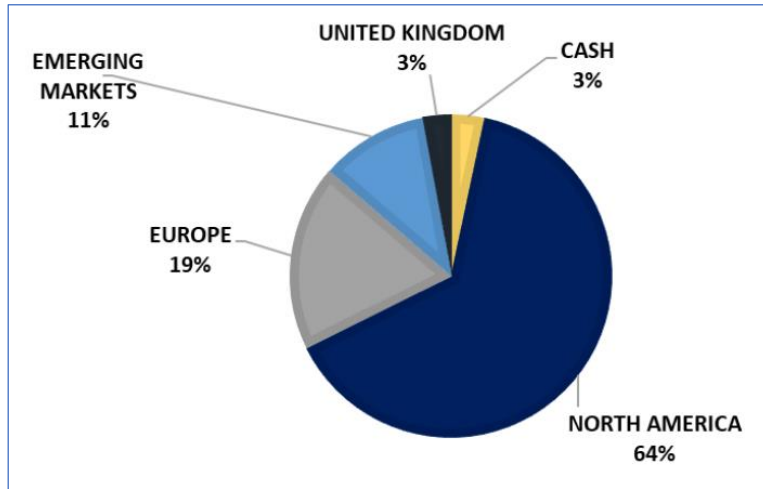


RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

## Changes made during the month

- We sold our Estee Lauder position and switched the proceeds into LVMH.

## Geographic Drivers



We have exposure to Europe via global companies: ASML, Amadeus, LVMH, Novo Nordisk, Universal Music Group and Moncler. We have Emerging Markets exposure via Mercado Libre, PDD, Taiwan Semiconductor and Nu Holdings. We have UK exposure through the global pest control and hygiene company Rentokil Initial and listed funds Smithson and Scottish Mortgage Trust.

## 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%				1.3%

For the month, the fund was down 1.3% in ZAR terms (+2% in USD) compared to the MSCI Developed Markets Index which was down 1% in ZAR (2.6% in USD) for the month. The Rand strengthened 3.3% for the month detracting from the performance in ZAR. The performance graph is on the following page.

For 2024 year to date the fund is up 1.3% in ZAR (+9.2% USD) whilst the MSCI Developed Markets Index is up 8% in ZAR (+17% 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**





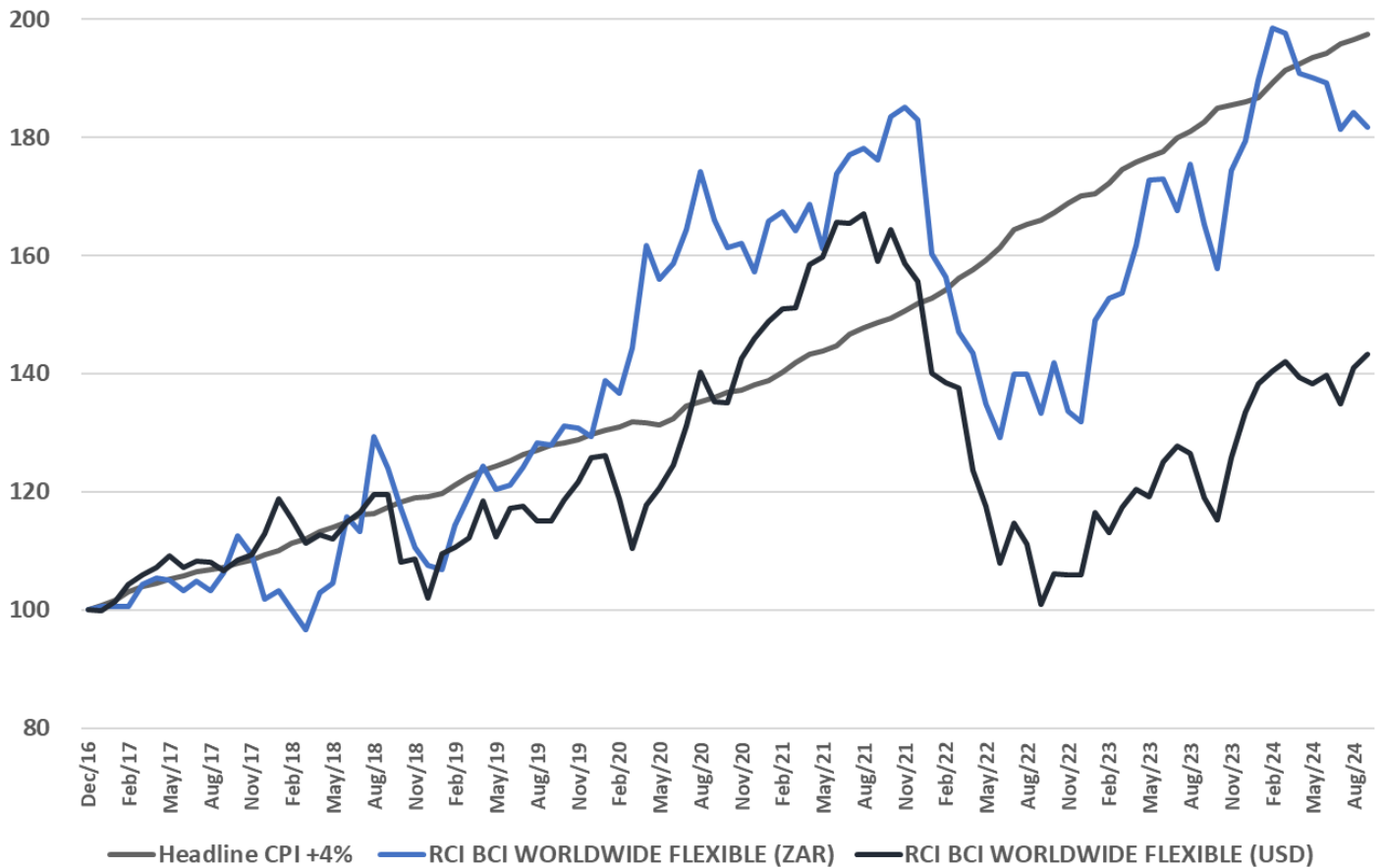
# RCI OFFSHORE UNIT TRUSTS PERFORMANCE



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

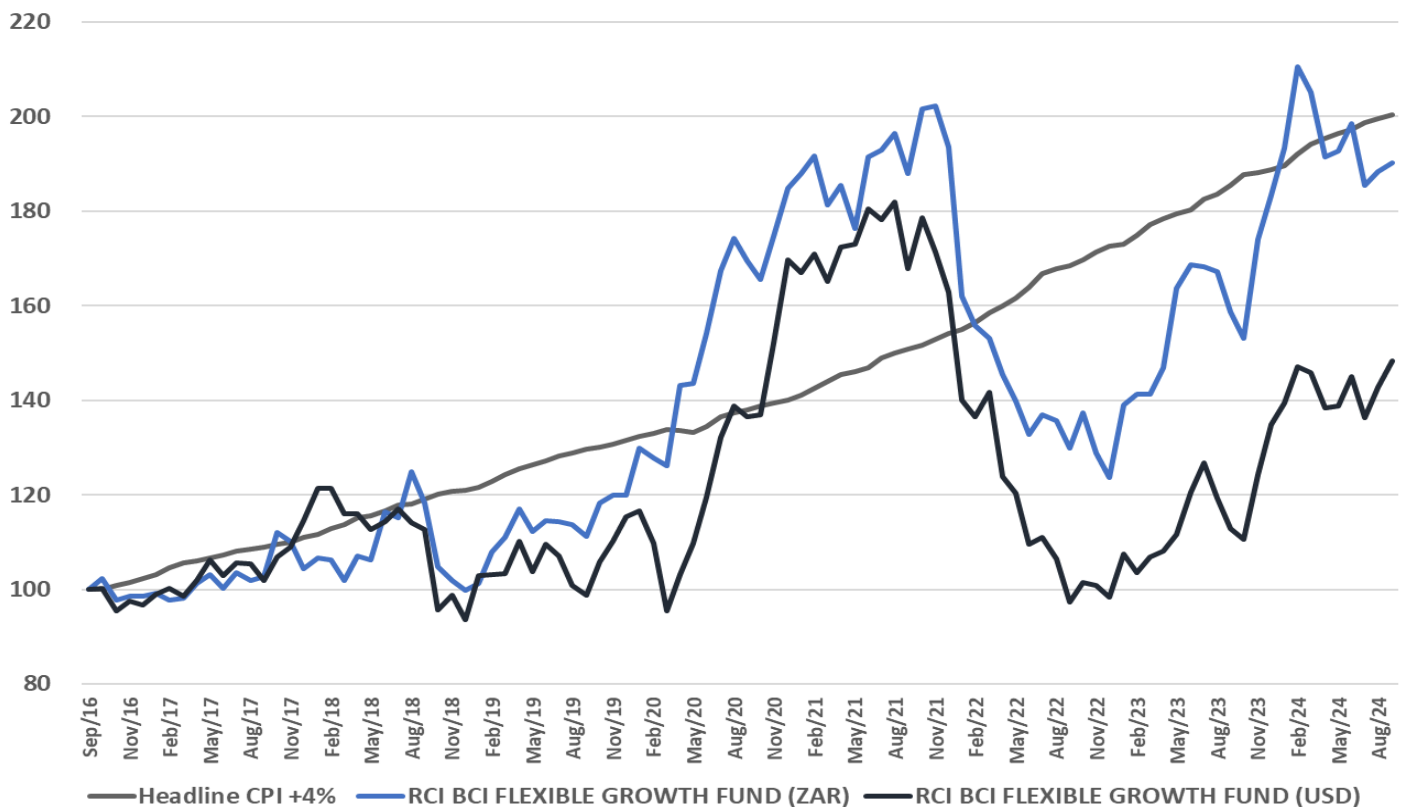
The **RCI BCI Worldwide Flexible Fund** closed September at 181.76, down 1.30% for the month and up 9.91% for the last 12 months.

## RCI BCI Worldwide Flexible Fund



The **RCI BCI Flexible Growth Fund** closed September at 188.43, up 1.00% for the month and up 19.85% for the last 12 months.

## RCI BCI Flexible Growth Fund



# WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

## ANCHOR BCI SA EQUITY FUND



DM equities had another positive month in September (MSCI World Index +1.9% MoM), which takes the global equity benchmark up 33% YoY, with only two negative months in the past twelve. A larger interest rate cut of 0.5% from the US Fed was the main driver of investor optimism in September, as it appears to have been a larger cut than many investors had expected. Although this could be interpreted as signalling more concern from the Fed about the outlook for the US economy, investors remain in the soft-landing camp and have interpreted this move as the Fed acting pre-emptively to prevent a sharper downturn ahead. Emerging Market (EM) equities had a very strong September, comfortably outperforming their DM counterparts (MSCI EM +6.7% MoM). Chinese stocks were the primary driver of this outperformance, as the Chinese government announced an unexpectedly large set of stimulus measures aimed at supporting the Chinese economy. While there has been some scepticism that the measures will impact the underlying issues behind China's economic malaise, the fact that some are targeted specifically at boosting Chinese stock prices drove a sharp rally towards the end of the month – US-listed Chinese companies rose 30% MoM.

Combining the China news with the sense of investor optimism since the establishment of the GNU, the stars have continued to align well for the South African equity market. South African equities continued their rally in September (FTSE/JSE Capped SWIX Index +4% MoM). Naspers/Prosus (+14% MoM) rallied in sympathy with major investment, Tencent, on the China stimulus news. Miners were also beneficiaries of this news, with diversified miners up 10%. PGM miners also had a solid month, reversing to some extent a torrid run, on signs that the underlying commodities may be bottoming.

At the end of September, the top 15 holdings in the fund, making up 63% of the equity exposure, were as follows:

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

### Main changes in the month

In September, we were active following extensive interactions with various management teams and in response to recent share price moves and global macro developments. We took profits in **Grindrod**, **Premier Group**, and **Growthpoint**, which have rallied strongly over the last few months. We increased the fund's **ADVTECH** position, one of our favoured quality positions. We reacted to China's stimulus announcement by increasing our exposure to **Anglo American** and initiating a new position in **Glencore**. We have also initiated a position in **Discovery** as we finally see its past period of heavy investment in new ventures such as Discovery Bank, Ping An Health, and the Vitality Network, driving profit growth over the next few years.

### Performance

The Anchor BCI SA Equity Fund rose by 4.2% in September (graph on next page), marginally outperforming the benchmark FTSE JSE Capped SWIX Index. YTD, the fund is up 20.7% vs the benchmark's 15.9% gain. This past month's performance was a particularly pleasing result in the context of the fund's typical underweight exposure to miners, a month in which this sector rallied strongly following China's unexpectedly bold stimulus announcements late in the month. The fund's overweight position in Naspers/Prosus (+14% MoM) also benefitted from this development out of China. It was gratifying to see our recent additions to the portfolio, Southern Sun (+17% MoM) and Lewis (+24% MoM), rallying strongly as investors began seeking shares likely to benefit from improving fundamentals for the SA consumer and the broader domestic economy.

**Mike Gresty, Liam Hechter, Steph Erasmus, Seleho Tsatsi, Peter Little**



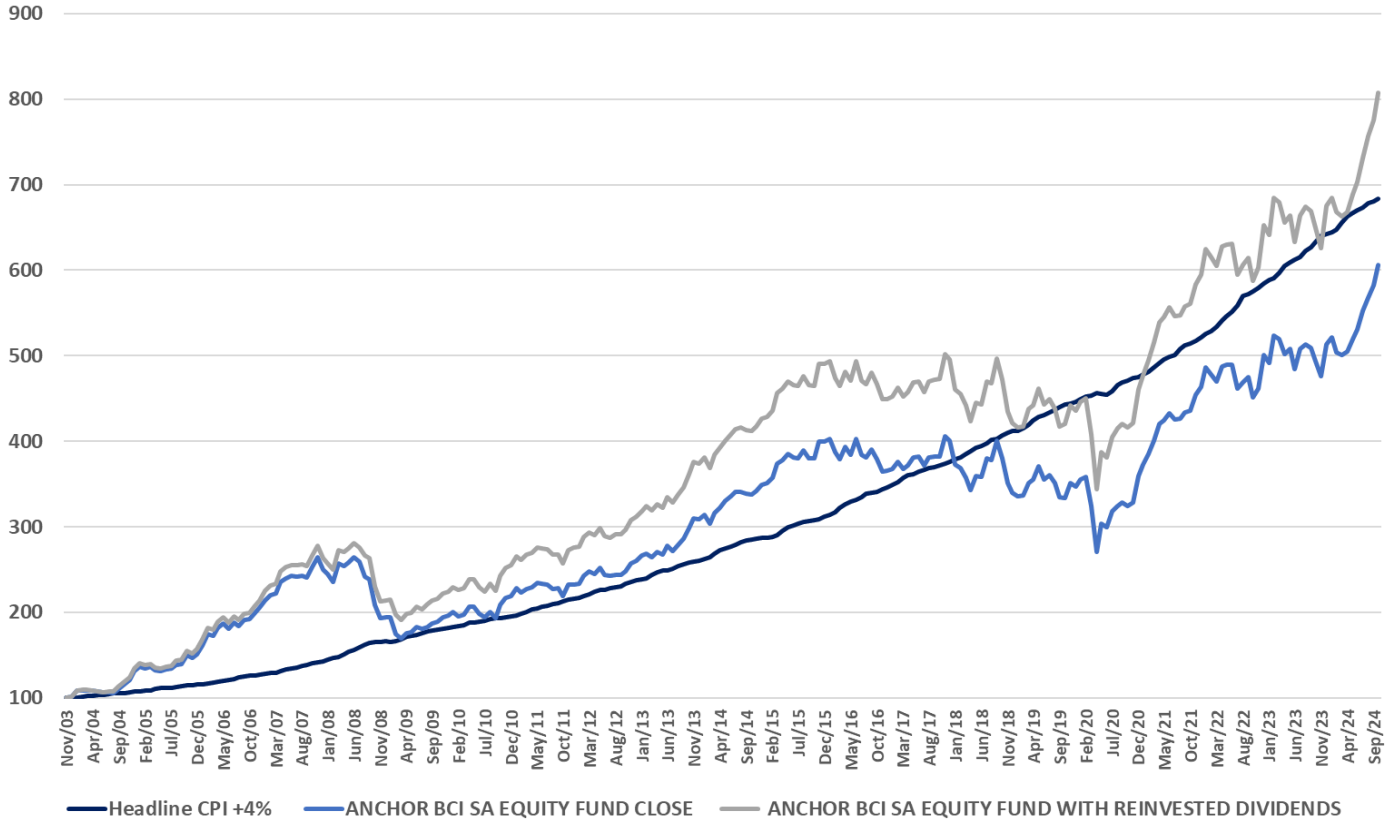
# WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

## ANCHOR BCI SA EQUITY FUND



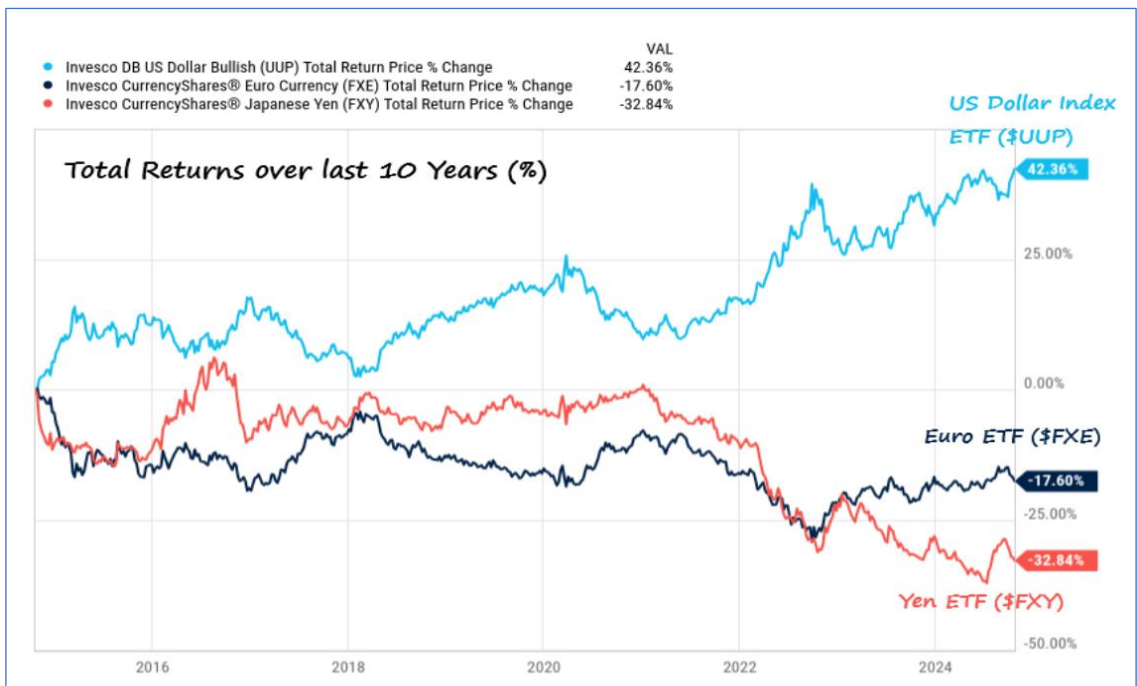
The **Anchor BCI SA Equity Fund** closed September at 606.46, up 4.15% for the month and up 22.77% for the last 12 months.

### 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.

Predictions for the US Dollar's demise have yet to materialize. To the contrary, the Dollar (light blue below) remains among the strongest global currencies and has sharply increased in value relative to the Euro and the Yen over the past decade. The Dollar has been strong against these two currencies largely due tighter central bank policy in the US with interest rates higher than in Europe and Japan, and a higher growth rate. The US has grown at 3% over the past year vs 0.6% for the Eurozone and -1% for Japan.



Source: Charlie Bilello