



### HIGHLIGHTS OF THIS NEWSLETTER ARE:

- Anchor, RCI and Credo's funds were top performers across the board in 2024
- Open/Top-up your retirement annuity and tax-free savings account before the end of the 2025 tax year
- 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
- Anchor's global stock picks for 2025
- Update on what we have been doing in the local fund – by Mike Gresty
- Anchor's local stock picks for 2025



**INVESTMENT PERFORMANCE AWARDS 2024**  
**BEST MEDIUM FIRM**  
**WINNER**  
Credo

Some good news from across the pond. Citywire recently awarded Anchor partner Credo with a top award!

Anchor Capital recently merged with UK wealth and asset manager Credo to form a R250 billion global investment company. This makes Anchor a top 10 asset manager in South Africa by assets under management. Anchor is delighted to announce that at last week's Citywire UK Investment Performance Awards 2024, Credo won the **Best Medium Firm** award, based on the performance of Credo Multi Asset Portfolios (MAPs).

The award was given on the basis of the best risk-adjusted returns over the three-year period to June 2024. At the same awards last year, Credo won the **Best Small Firm** award.

Anchor and RCI's funds also had a very pleasing year in 2024, with 2 of our funds being in the top 10 in South Africa. This information is on page 2 of this newsletter.

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](mailto: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](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*

# TOP PERFORMANCES ACROSS THE BOARD IN 2024



BY ANCHOR & RCI

Anchor and RCI secured 2 of South Africa's top 10 performing funds in 2024, out of 1,856 total funds.



## #7 – RCI BCI Worldwide Flexible Growth

- The R345m RCI BCI Worldwide Flexible Growth fund gained 35.1% in 2024
- The fund's 2024 gains build on the 48.1% return it delivered in 2023



## #9 – Anchor BCI Worldwide Flexible

- The R2.2bn Anchor BCI Worldwide Flexible fund gained 32.8% in 2024.
- This fund's strong performance last year builds on its 30.6% gain in 2023

Multiple Anchor funds delivered exceptional performance in 2024, securing top tier positions within their respective categories

Fund Name	Position	2024 Fund Return	ASISA Category	Category Return PA %
RCI BCI Worldwide Flexible Growth Fund	2 <sup>nd</sup> out of 109 Funds	35%	Worldwide Multi Asset Flexible	14%
Anchor BCI SA Equity Fund – A	3 <sup>rd</sup> out of 40 Funds	19%	SA Equity SA General	13%
Anchor BCI Worldwide Flexible Fund – A	3 <sup>rd</sup> out of 109 Funds	32%	Worldwide Multi Asset Flexible	14%
Anchor BCI Global Equity Feeder Fund	8 <sup>th</sup> out of 118 Funds	31%	Global Equity - General	17%
Anchor BCI Equity Fund – A	11 <sup>th</sup> out of 144 Funds	20%	SA Equity General	13%
Anchor BCI Bond Fund	11 <sup>th</sup> out of 50 Funds	18%	SA Interest Bearing Variable Term	15%

Performance is always a delicate topic as it can change very quickly. However, this is a strong indication of the ability of our process to deliver. Long term returns are what ultimately count and clients that have a spread of our funds have done extremely well over time. Longer term, the majority of our absolute and relative returns stack up well in a crowded field, with 77% of our funds (10 out of 13) in the first or second quartile over 7 years.



## TOP UP YOUR TFSA AND RA BEFORE THE 2025 TAX YEAR ENDS

As the 2025 tax year draws to a close, now is the perfect time to maximize your tax benefits by topping up your Retirement Annuity (RA) and Tax-Free Savings Account (TFSA) before the deadline.

### Why Top Up Your RA?

- Contributions are tax-deductible, reducing your taxable income up to certain limits.
- Growth within the RA is entirely tax-free, free from capital gains tax, dividends tax, and tax on interest.
- These benefits enhance the compounding effect, helping you build a stronger retirement fund.

### Why Top Up Your TFSA?

- Contribute up to R36,000 per year, with a lifetime limit of R500,000.
- All growth in a TFSA is completely tax-free, providing a smart way to grow your wealth.

To ensure your contributions are allocated before the tax year ends, please reach out to your portfolio manager, or Christine ([christine@rcinv.co.za](mailto:christine@rcinv.co.za)) before 21 February 2025. Find out more about [Tax-Smart Investment Strategies here](#).

# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



## RCI BCI WORLDWIDE FLEXIBLE FUND

World markets ended the year on a softer note with the S&P 500 falling 2.7% for the month. However, for the full year, developed markets managed strong growth of 17%, driven mainly by the USA with the S&P 500 up 23%. Looking more closely at US sector performance we see that only the Communications Services, Information Technology and Consumer Discretionary sectors had a positive December. This was driven by big moves from Tesla (17%), Alphabet (12%), Amazon (6%) and Apple (6%).

Figure 1: Performance of global markets and US sectors in 2024

Name	Dec-24	2024
NASDAQ 100 IDX	0.4%	24.9%
S&P 500	-2.7%	23.3%
DOW JONES INDUST IDX	-5.3%	12.9%
S&P 500 COMMUN SERVICES	3.5%	38.9%
S&P 500 INFO TECH IDX	1.1%	35.7%
S&P 500 CONS DISCRET IDX	2.3%	29.1%
S&P 500 FINANCIALS IDX	-5.6%	28.4%
S&P 500 UTILITIES IDX	-8.1%	19.6%
S&P 500 INDUSTRIALS IDX	-8.1%	15.6%
S&P 500 CONS STAPLES IDX	-5.2%	12.0%
S&P 500 ENERGY IDX	-9.6%	2.3%
S&P 500 REAL ESTATE IDX	-9.1%	1.7%
S&P 500 HEALTH CARE IDX	-6.4%	0.9%
S&P 500 MATERIALS IDX	-10.9%	-1.8%
HANG SENG IDX (USD)	3.4%	18.3%
MSCI WORLD IDX	-2.7%	17.0%
DAX IDX (USD)	-0.2%	11.7%
NIKKEI IDX (USD)	-0.6%	6.8%
MSCI EMERGING MARKETS IDX (USD)	-0.3%	5.1%
FTSE 100 IDX (USD)	-3.0%	3.7%

Source: Bloomberg, Anchor Capital

The Tech sectors and the underlying AI euphoria were also the largest contributors to the overall market performance for the year. Of the major non-US markets, The Hong Kong's Hang Seng was the best performer growing 18% and the German DAX grew 11% but most others were poor performers compared to the United States. The UK's FTSE 100 grew only 3.7% (USD) and Emerging markets grew only 5% for the year.

The impressive US market performance was partly attributable to superior earnings growth but also because of a large re-rating in valuations. The US market forward PE multiple is particularly high compared to the rest of the world:

Figure 2: America's exceptional valuation: 12-month forward price-to-earnings ratio



Source: LSEG

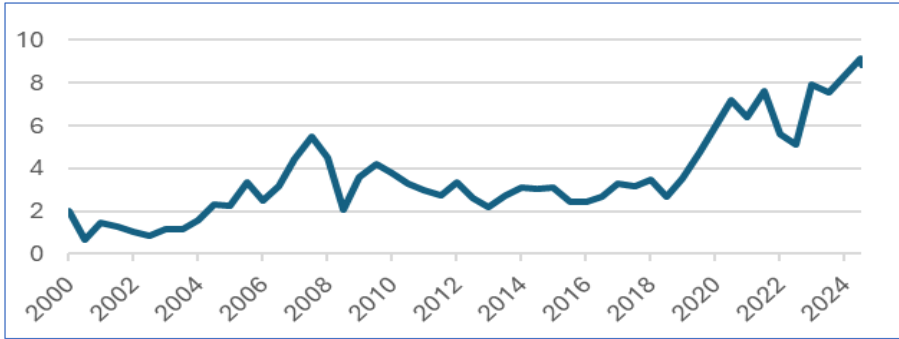
# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



## RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

If we look more closely at the valuation of Apple, the world's largest stock by market capitalisation, we see that its valuation is also very high at present. This simply means that markets are demanding perfection from Apple and the rest of the Magnificent 7 for the foreseeable future. Apple's price to forward sales ratio, the most basic ratio one can examine of a company, is currently trading at an all-time high of 9x.

Figure 3: Apple's market value to next year's sales



Source: Bloomberg, Anchor Capital

Another metric to measure the valuation of the market is to examine the dividend yield over time. At present the S&P 500's one year forward dividend yield is 1.3%. This is the lowest it has been in decades. This is particularly expensive compared to other investments like bonds or cash held in money market investments. The US market Dividend Yield is currently 1.3%. The last time it was this low was during the COVID stimulus period of 2021.

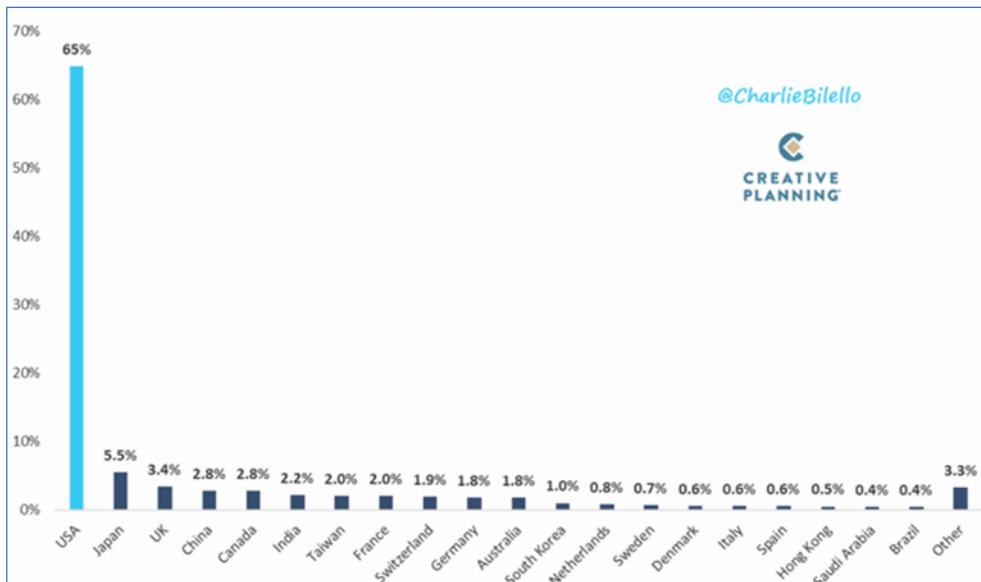
Figure 4: S&P 500 1 year forward dividend yield



Source: Bloomberg, Anchor Capital

The US market performance has been so exceptional compared to other developed markets that its weighting in the MSCI World Developed Markets Index is now at 65%, over 10 times the size of the next largest market, Japan.

Figure 5: Equity weightings by country (FTSE Global All Cap Index as of 30 November 2024)





# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



## RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

The USA is 65% of the world's listed stock market value, Japan 5.5% and the UK 2.8%. China is only 2.8% but this is because a lot of their companies are excluded due to liquidity and free float rules.

It is obvious that the US market is expensive at present, but not necessarily extreme, and its valuation could be justified when looking at the quality of businesses listed there compared to the rest of the world. The Magnificent 7 driving this performance, are highly cash generative companies, far superior to the bad actors of previous bubbles. Tech might be expensive, but the rest of the US market is not, and thus there is still room for broadening out in the valuation. If the US is able to avoid a recession this year and continues to grow earnings then they could grow into the current valuation, however, one would expect performance from these levels to be muted.

### Our top 10 positions

	PE in one years time	PEG Ratio (FWD PE/'25-26 Growth)	EPS Growth			Pullback from high
			2023-2024E Growth	2024-2025E Growth	2025-2026E Growth	
ALPHABET INC-CL C	20.9	1.4	36%	12%	15%	-5%
AMAZON.COM INC	31.9	1.7	60%	15%	19%	-4%
ASML	27.7	1.2	2%	25%	24%	-33%
BOSTON SCIENTIFIC	32.3	2.3	22%	14%	14%	-1%
CONSTELLATION SOFTWARE	36.9	2.5	15%	15%	15%	-9%
FORTINET	39.9	2.9	44%	8%	14%	-3%
MERCADOLIBRE INC	40.2	1.1	44%	36%	38%	-15%
MICROSOFT CORP	29.9	1.9	23%	11%	16%	-10%
LVMH MOET HENNESSY LOUIS VUI	21.3	2.0	-13%	5%	10%	-31%
RHEINMETALL AG	20.4	0.5	60%	42%	38%	-7%
<b>Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^</b>	<b>28.3</b>	<b>1.4</b>	<b>29%</b>	<b>14%</b>	<b>16%</b>	<b>-12%</b>

<b>S&amp;P500 - FWD PE and EPS Growth</b>	<b>21.9</b>	<b>0%</b>	<b>9%</b>	<b>14%</b>	<b>-3%</b>
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\*Calculated using Harmonic Mean

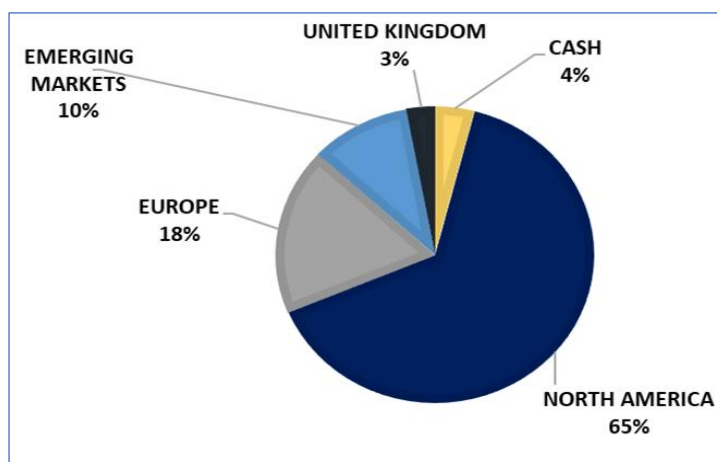
^Calculated using Median

We expect strong performance out of our top 10 positions for the 2025 and 2026 years. Our portfolio is expected to grow earnings per share in the mid-teens which is greater 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&P500'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 12% from their recent high's whereas the US market has fallen 3% on average.

### Changes made during the month

- Started a position in **Meta** and the cyber security company **Sentinel One**
- Sold **Yum Brands**

### Geographic drivers



# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



## RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

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

### Performance in Rand

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2019</b>	-0.7%	7.1%	4.3%	4.0%	-2.9%	0.5%	2.6%	3.3%	-0.3%	2.5%	-0.3%	-1.1%	<b>20.3%</b>
<b>2020</b>	7.3%	-1.5%	5.6%	10.2%	-1.9%	1.7%	3.5%	6.0%	-4.7%	-2.8%	0.4%	-3.0%	<b>21.5%</b>
<b>2021</b>	5.4%	1.0%	-1.9%	2.7%	-4.5%	7.9%	1.8%	0.7%	-1.2%	4.2%	0.8%	-1.2%	<b>16.3%</b>
<b>2022</b>	-12.4%	-2.5%	-6.0%	-2.4%	-5.9%	-4.3%	8.2%	0.0%	-4.7%	6.4%	-5.8%	-1.4%	<b>-27.9%</b>
<b>2023</b>	13.0%	2.5%	0.6%	5.3%	6.9%	0.0%	-3.0%	4.7%	-5.8%	-4.5%	10.5%	2.9%	<b>36.1%</b>
<b>2024</b>	5.7%	4.6%	-0.4%	-3.5%	-0.3%	0.0%	-4.7%	1.6%	-1.3%	1.8%	5.4%	3.6%	<b>12.6%</b>

For the month, the fund was up 3.6% in ZAR terms (-0.7% in USD) compared to the MSCI Developed Markets Index which was up 2.48% in ZAR (-1.8% in USD) for the month. The Rand weakened 4.4% for the month, adding to the performance in ZAR.

For the 2024 calendar year, the fund was up 12.6% in ZAR (+10% USD) whilst the MSCI Developed Markets Index closed up 19% in ZAR (+17% USD).

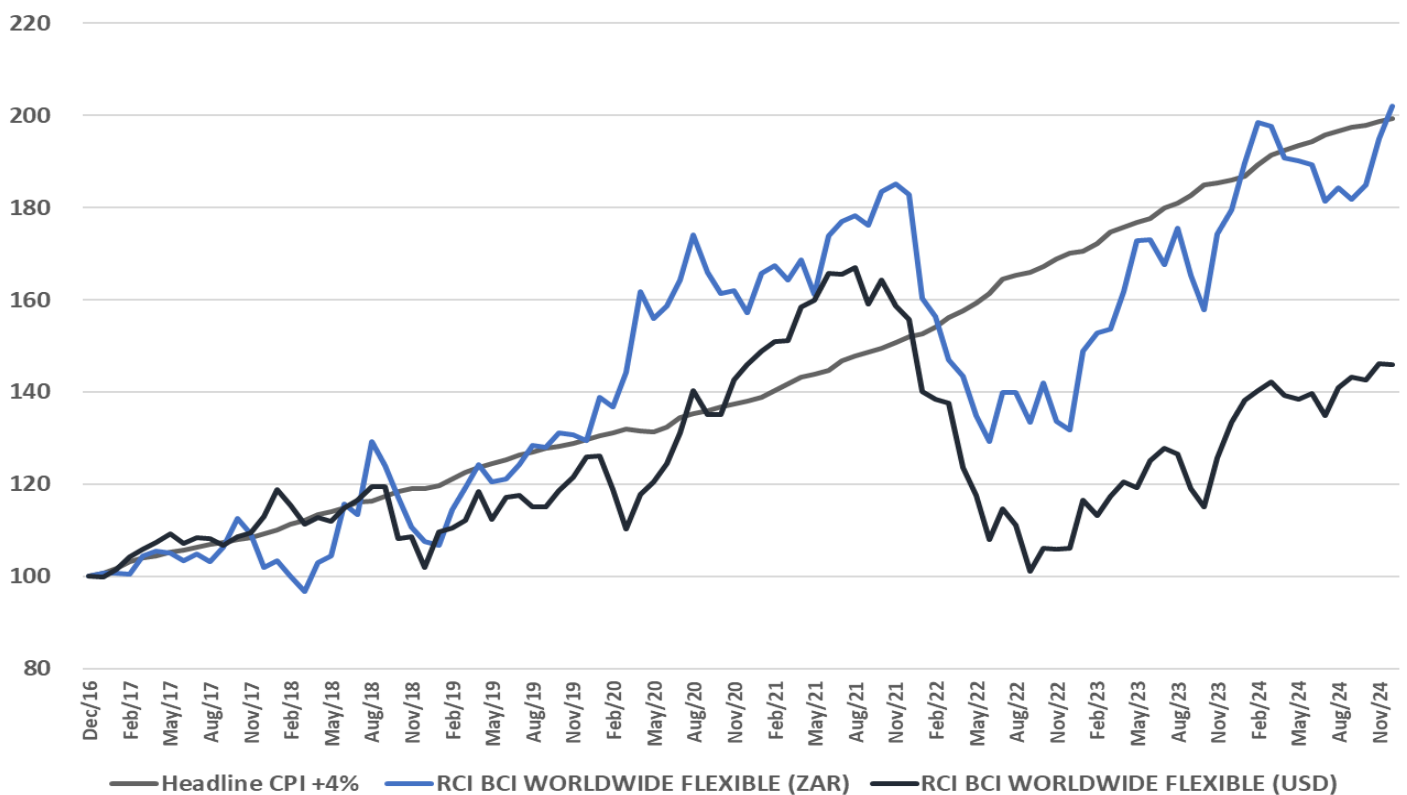
For the 2023 calendar year the fund closed 36% up in Rands or 25% up in USD terms, with the rand having weakened 8% against the dollar. The MSCI Developed Markets Index closed 32% up in Rands or 22% in USD for the period.

The RCI BCI Worldwide Flexible Fund investment team:

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

The **RCI BCI Worldwide Flexible Fund** closed December at 202.00, up 3.65% for the month and up 12.55% for the last 12 months.

### RCI BCI Worldwide Flexible Fund



# WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



## RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND

### Fund Performance and Attribution

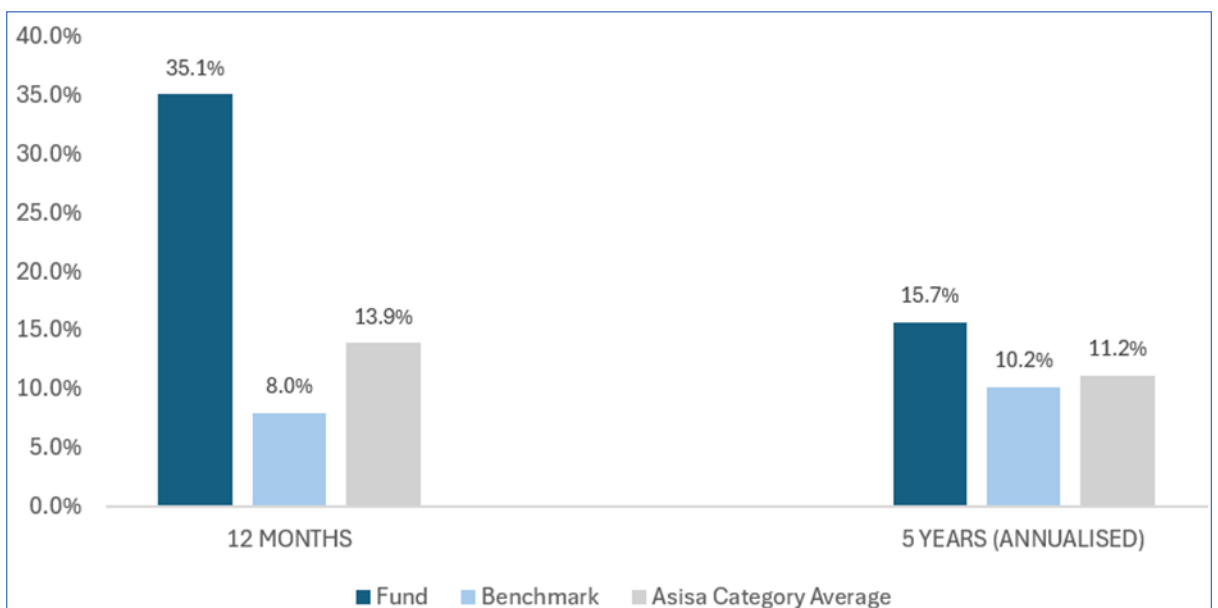
Most of the returns in 2024 were generated in the 4<sup>th</sup> quarter, on the back of a more dovish Fed, a new Trump administration and a more resilient economy than expected. Our biggest winner for the month of December was Broadcom Inc (up 43%) after the release of their Q4 results, followed by Tesla Inc (up 17%), and Palantir Technologies Inc (up 12.8%). Our laggards for December were Opendoor Technologies Inc which suffered a 31.6% pullback on more tempered views for rate cuts in 2025, followed by Hims and Hers Inc (down 25%), Sweetgreen Inc (down 21.8%) and SentinelOne Inc (down 20.6%) following the release of what seemed to be good Q3 results.

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

TOP CONTRIBUTORS & DETRACTORS	SECTOR	%
BROADCOM INC.	SEMICONDUCTORS	43.0
TESLA INC.	AUTO MANUFACTURERS	17.0
PALANTIR TECHNOLOGIES INC.	SOFTWARE	12.8
ALPHABET INC.	ONLINE ADVERTISING	12.0
ARISTA NETWORKS INC.	COMPUTER HARDWARE	8.9
MERCADOLIBRE INC.	E-COMMERCE	-14.3
SENTINEL ONE INC.	CYBERSECURITY	-20.6
SWEETGREEN INC.	RESTAURANTS	-21.8
HIMS AND HERS HEALTH INC.	PERSONAL CONSUMER	-25.0
OPENDOOR TECHNOLOGIES INC.	REAL ESTATE SERVICES	-31.6

The fund finished up 35.1% in ZAR terms for 2024, or 32.5% in USD terms. This compares favourably to the S&P 500 which was up 23.3% in USD terms for the year.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2024</b>	5.5	8.8	-2.5	-6.7	0.7	3.6	-7.1	1.6	1.0	6.9	14.6	6.2	<b>35.1</b>
<b>2023</b>	12.3	1.7	0.1	3.9	11.4	3.0	-0.2	-0.6	-5.0	-3.5	13.6	5.3	<b>48.1</b>
<b>2022</b>	-16.3	-3.8	-1.8	-5.0	-3.8	-5.0	3.2	-1.0	-4.3	5.7	-6.2	-3.9	<b>-36.0</b>
<b>2021</b>	1.7	2.0	-5.4	2.3	-5.0	8.6	0.7	1.8	-4.3	7.3	0.2	-4.3	<b>4.7</b>
<b>2020</b>	8.2	-1.6	-0.9	14.4	-0.5	8.0	7.9	4.1	-2.7	-2.4	5.6	5.8	<b>54.7</b>
<b>2019</b>	1.5	6.4	3.6	5.6	-4.3	1.9	-0.2	-0.6	-1.9	6.4	0.9	0.4	<b>21.1</b>



The longer-term track record is good, with the fund annualizing at 15.7% over the last 5 years. This is ahead of the benchmark (CPI+5%) and the peer group average (11.2%).



# 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	FINANCIAL SERVICES	6.6
PALANTIR TECHNOLOGIES INC	SOFTWARE	5.8
TESLA INC	AUTO MANUFACTURERS	5.7
AMAZON.COM INC	E-COMMERCE	5.3
FORTINET INC	CYBER SECURITY	5.0
META PLATFORMS INC	ONLINE ADVERTISING	4.9
BROADCOM LTD	SEMICONDUCTORS	4.3
NVIDIA CORPORATION	SEMICONDUCTORS	4.3
ARISTA NETWORKS INC	COMPUTER HARDWARE	3.7
NETFLIX INC	ENTERTAINMENT	3.7
<b>TOTAL EQUITY CONTENT OF FUND</b>		<b>96.3</b>

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
TESLA INC	9.7	3.7	18.2	8.4	27.5	0.2
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
META PLATFORMS INC	32.5	33.4	81.5	41.6	11.6	0.3
BROADCOM LTD	13.4	39.9	74.7	31.5	20.9	1.1
NVIDIA CORPORATION	107.9	49.9	75.9	62.7	67.1	0.2
ARISTA NETWORKS INC	32.6	48.1	64.4	42.1	33.6	0.0
NETFLIX INC	21.3	19.0	45.3	25.7	9.5	0.8

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.

## Changes during the month

There were no major changes made to the fund this month. Two of the funds' holdings reported results during the month.

**SentinelOne's** results saw total revenue growth of 28% YoY, with Annual Recurring Revenue (ARR) growing 29%. Gross margins expanded by 200bps to 75% and cash on the balance sheet now sits at \$1.1bn, while the business commands a market cap of c.\$7bn. This remains one of the cheapest businesses in the cybersecurity space at 8.4 times EV/Sales.

**Broadcom's** Q4 results saw total revenue growth of 51% YoY, with adjusted EBITDA margins of 65%. The business guided for this to increase to 66% in Q1 of 2025 and for revenue to continue to grow at 22% YoY. The business also crossed the \$1trillion mark when measured by market capitalisation.



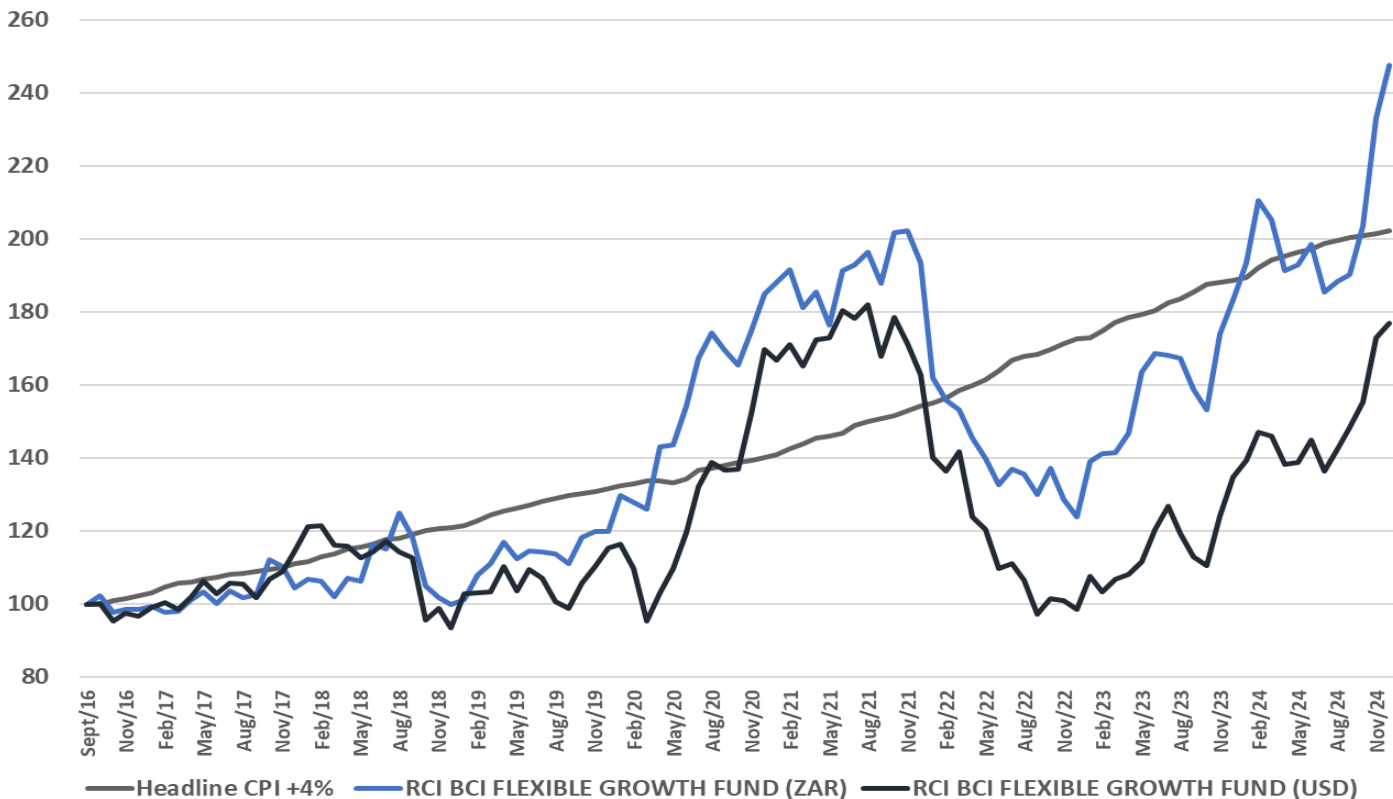
# RCI GROWTH FUND PERFORMANCE



“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 Flexible Growth Fund closed December at 247.67, up 6.23% for the month and up 35.12% for the last 12 months.

## RCI BCI Flexible Growth Fund



## ANCHOR'S GLOBAL STOCK PICKS FOR 2025

- **Admiral**, the UK's top car insurer, has skilfully navigated industry challenges with strong premium strategies and market share gains. Despite a solid outlook, its stock trades at a P/E of 14x with a 5% dividend yield, undervaluing its quality. It has a diversified insurance offering and our investment team believes it is a compelling long-term investment.
- **Alphabet**, Google's parent company, trades below its historical valuation due to concerns over AI competition and regulatory scrutiny. Despite this, Alphabet's proven innovation history, vast datasets, robust infrastructure, and dominant search ecosystem position it for long-term success. Regulatory easing and AI advancements could serve as catalysts for future growth.
- **Fortinet** is the second-largest independent cybersecurity firm, offering a comprehensive platform with best-in-class solutions like firewalls and SD-WAN. It benefits from rising demand for cybersecurity amid increasing cybercrime and cloud adoption. With strong cash flow, shareholder returns, and upcoming hardware refresh cycles, Fortinet is well-positioned in a growing industry, despite its premium valuation.
- **Novo Nordisk** and **Eli Lilly** lead the obesity drug market with Wegovy and Zepbound, targeting the growing global obesity crisis. GLP-1 drugs, originally for diabetes, now drive revenues, offering long-term recurring income as patients become dependent on the drugs. Both firms innovate rapidly, making a diversified investment in both a prudent strategy.
- **Rheinmetall** is well-positioned to benefit from Europe's defence modernization amid rising geopolitical tensions. With strong growth in high-margin divisions like ammunition and military vehicles, it aims to double revenue by 2027. Strategic U.S. expansion and capacity investments support robust earnings growth, making it an attractive, resilient defence sector investment.
- **Tencent's** dominance in China's social media and gaming markets, alongside its efficient cost management and shift to higher-margin revenues, supports sustained growth. With resilient earnings, an undemanding 15x forward P/E ratio, and a \$130bn investment portfolio, Tencent offers an attractive, diversified investment opportunity amid subdued sentiment around China's economy and geopolitics.

# WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

## ANCHOR BCI SA EQUITY FUND



Developed Market (DM) equities had a disappointing final month (MSCI World Index -2.6% MoM), detracting slightly from what was nonetheless a very good year of equity investors (MSCI World Index +19.2% YoY in 2024). December's decline occurred despite several mega-cap tech companies having a strong month - Tesla +17% MoM, Alphabet +12% MoM, Apple and Amazon both up 6% MoM. The broader market pullback was likely a reaction the far more hawkish tone from the US Federal Reserve (Fed), while delivering the much-anticipated 3<sup>rd</sup> consecutive interest rate cut in December. With Fed members' latest expectations for the future profile of interest rates more hawkish than expected, the result was a rise in US bond yields. This proved a headwind for equities given the demanding valuation that US equities had reached in the post-election rally. Emerging Market (EM) equities fared better than their DM peers in December (MSCI EM -0.1% MoM) but significantly underperformed for the full year (MSCI EM +8% YoY). Chinese equities were chiefly responsible for EM's December outperformance as the Chinese government continued to announce measures aimed at boosting lacklustre economic growth.

South African equities suffered their 3<sup>rd</sup> consecutive monthly decline (FTSE/JSE Capped SWIX Index -0.3% MoM), which took some of the shine off what was otherwise a solid year for the local bourse (FTSE/JSE Capped SWIX Index +13.5% YoY). Miners (-5% MoM) were the biggest culprit behind December's negative market performance, capping off a poor year for this group (-11% YoY). Stocks with earnings geared predominantly to the local economy had a marginally positive December (+0.25% MoM), while rand-hedge shares fared a little better (+1% MoM), no doubt helped by the tailwind of a weaker rand (-4.2% MoM). Naspers/Prosus also had a solid month (+3% MoM), supported by the performance of their main investment, Tencent.

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

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

### Main changes in the month

Regarding changes in the portfolio in December, we continued to take profits in **WeBuyCars**. We added further to **Southern Sun** and took advantage of post-results weakness in **Capital Appreciation** to add to the position. We initiated a position in **Woolworths**, which, after a recent decline following disappointing near-term guidance, stands out as an opportunity in the basis that the earnings base is relatively low and the share has not enjoyed any of the rerating that the rest of the SA retail sector has enjoyed in anticipation of a better operating backdrop ahead.

### Performance

The Anchor BCI SA Equity Fund declined 0.58% in December, slightly underperforming the SA equity market in the month, but ending the year up 19.0%, comfortably ahead of the benchmark. Notable contributors to the fund's performance in December were **Tiger Brands** (+14% MoM) as the market warmed to progress on the operational reset under new CEO, Tjaart Kruger, **MAS Real Estate** (+12% MoM) following a cautionary announcement. Among the detractors, although both relatively small positions, **Capital Appreciation** (-15% MoM) on underwhelming results and **Renegen** (-15% MoM) on market jitters around its progress on helium production and securing funding for the completion of its phase 1 plant, stood out.

### The Anchor BCI SA Equity Team

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

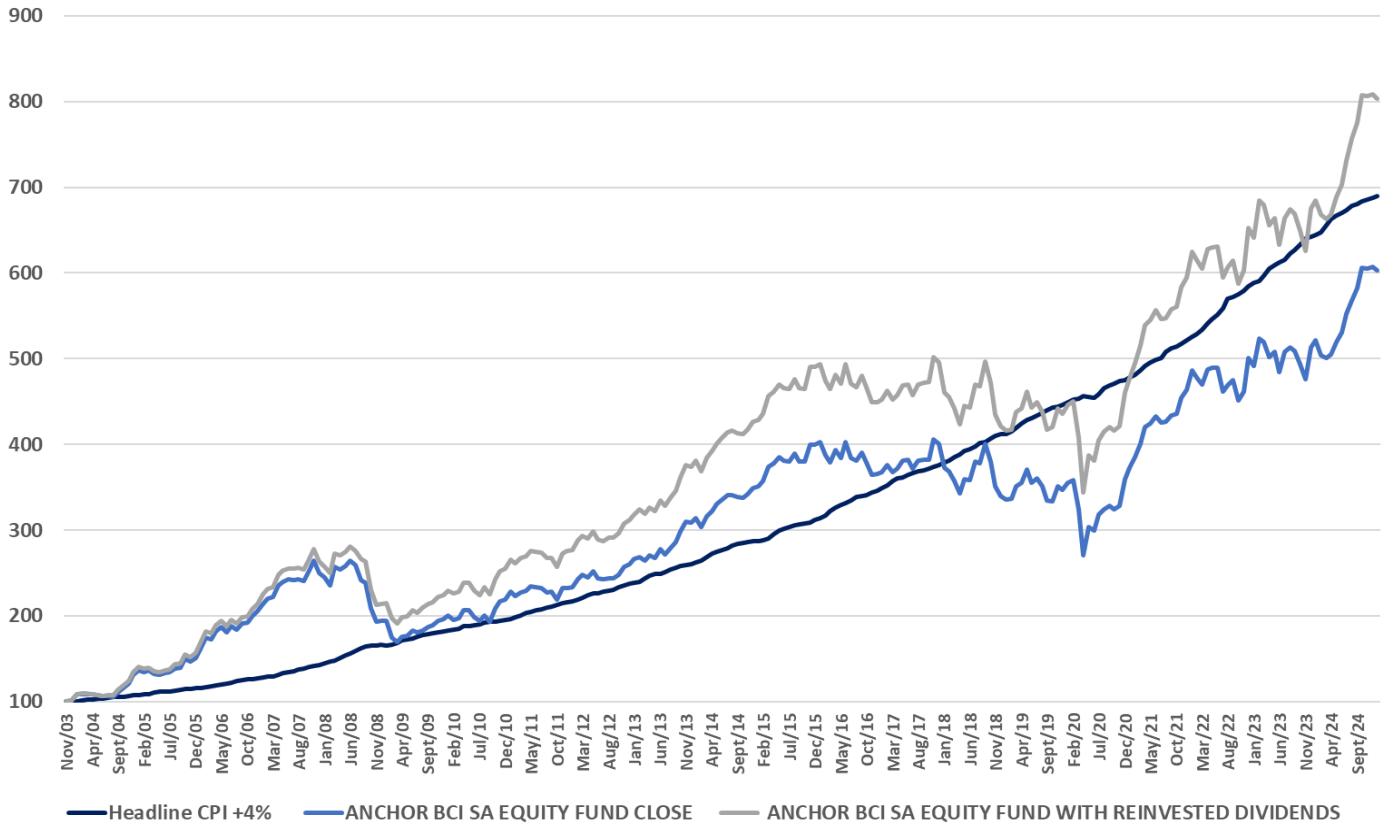
# WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

## ANCHOR BCI SA EQUITY FUND



The **Anchor BCI SA Equity Fund** closed December at 606.99, down 0.58% for the month and up 15.78% 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.*

## ANCHOR'S LOCAL STOCK PICKS FOR 2025

- **ADvTECH** is a leading private education provider in South Africa, growing through affordable tuition, geographic expansion, and a focus on quality education. With plans for a new Ghana campus, expanded tertiary offerings, and strong graduate outcomes, it leverages technology and strategic investments to meet rising demand, making it a compelling investment opportunity.
- **Afrimat** faced significant challenges in 2024, including delays in its Lafarge acquisition, operational issues, and weak iron ore exports. Despite these headwinds, its resilient share price reflects confidence in future growth. Progress on Lafarge's turnaround, improved agreements with ArcelorMittal, and signs of recovery in Transnet operations position Afrimat well for long-term success.
- **Naspers/Prosus** remains compelling for 2025, with Tencent driving solid profit growth and Prosus's e-commerce division showing improving profitability under new leadership. Significant share buybacks have boosted net asset value (NAV) but the discount to NAV remains wide. A growing focus on execution and profitability could attract new investors, particularly European investors to Prosus.
- **Regergen** is a unique energy company focusing on LNG and helium, with world-class helium reserves and strong growth potential. Despite current production and funding challenges, its undervalued assets and plans for a Nasdaq listing position it well to benefit from helium shortages and South Africa's gas needs.
- **Southern Sun** has rebounded strongly from COVID-19 challenges, benefiting from increased tourism and efficient cost management. With occupancy rates improving and strong growth in earnings expected, Southern Sun is poised for solid performance. Trading at attractive valuations and nearing debt-free status, it offers potential for healthy dividends and growth in 2025.