ROBERT COWEN INVESTMENTS

MARCH 2025 NEWSLETTER

The Family Office

Robert Cowen Invetsments (Pty) Ltd is a subsidiary of the Anchor Group Limited

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **Attempted scam at Anchor** – *by Lynne Trivella*
- **Thoughts on the equity market sell-off** – *by Nick Dennis*
- **South Africa's budget crossroads: Balancing tax burdens, debt & political uncertainty** – *by Casey Delport*
- **Update on what we have been doing in the offshore funds**
    - **RCI Worldwide Flexible Fund** – *by Ross McConnochie*
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- **Thoughts on Trump and the US market** – *by Keiran Witthuhn*
- **Global Trade Dominance: The US vs China**

Check out Keiran Witthuhn's interview from 7 March on CNBC Africa here. He discusses the investment landscape amidst the current levels of uncertainty.

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

ATTEMPTED SCAM AT ANCHOR

The Family Office

BY LYNNE TRIVELLA, CHIEF TECHNOLOGY OFFICER

I am writing to bring your attention to a recent cyber event that has just occurred and to stress the importance of vigilance and security measures.

A client recently contacted one of our staff member (who for the sake of this story we will call Bob) via email, expressing their wish to deposit a total of R4,700,000 for Anchor to invest. Bob promptly responded to confirm receipt of the mail. However, the client did not receive Bob’s response. Instead, they received an alternate email prompting them to deposit the monies and providing the bank details of a scammer. Fortunately, the client noticed that the "From" address had invalid details (From: Bob Surname [mailto:pinestonep@gmail.com]) and immediately phoned Bob to confirm the banking details.

This incident serves as a perfect example of why it is crucial to use alternate medium confirmation for all banking details. We urge all our clients to please take note of this client's prevent such scams in the future. The reality is that either Bob or the clients machine could have been infected.

We will be extra careful especially when sending out banking details, using different methods of communication to communicate sensitive information. For example, the password to open a password-protected document and the banking details provided via a separate method such as WhatsApp.

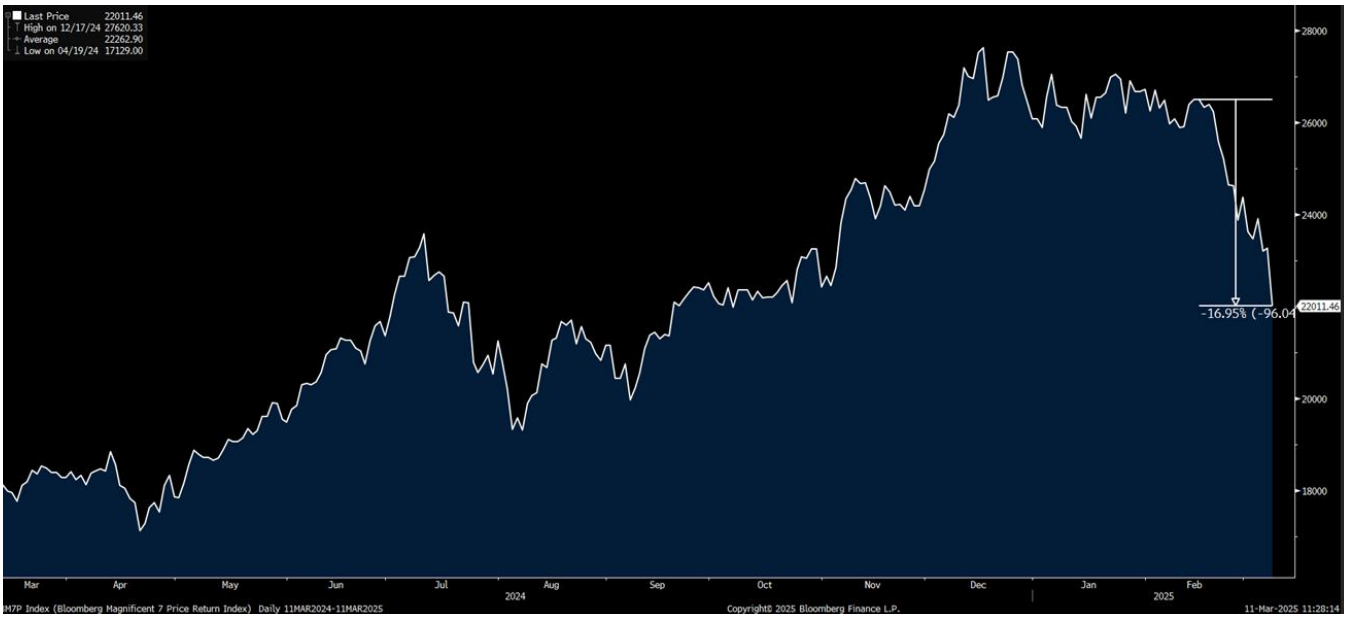
We would recommend that you phone to confirm bank details **before** making new payments.

THOUGHTS ON THE EQUITY MARKET SELL-OFF

By Nick Dennis (Fund Manger of Anchor Global Equity Fund – 11 March 2025)

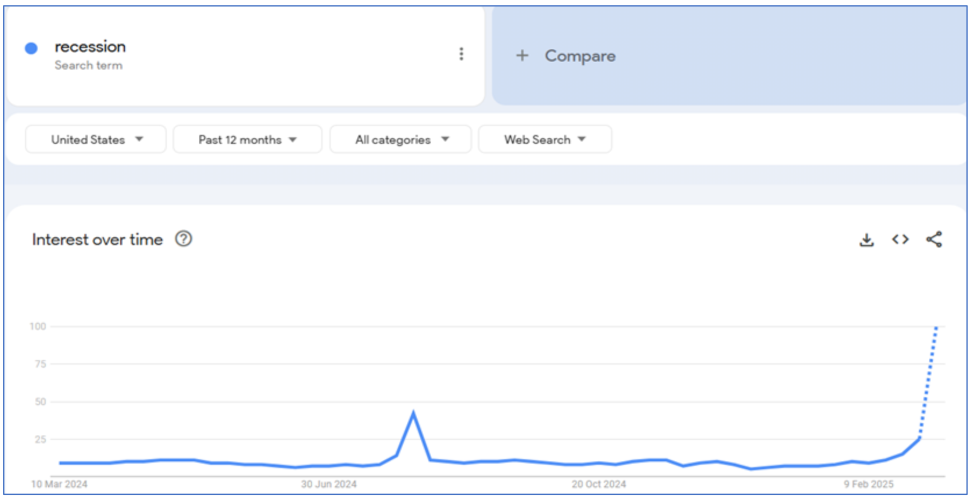
The US market has been caught in a brutal sell-off over the past few weeks, with the indices masking severe damage under the surface, particularly among growth and momentum names. For example, the Magnificent 7 index has fallen 17% from mid-February. The ostensible cause of the decline is the political and economic uncertainty caused by Trump's aggressive and haphazard actions with respect to tariffs and to a lesser extent DOGE (both of which equate to a form of austerity). Both Trump and treasury secretary Scott Bessent have publicly stated their willingness to bear short term pain in pursuit of their policy objectives, which has added fuel to the fire.

Figure 1: Bloomberg Magnificent 7 Price Return Index



This isn't just a market phenomenon; Google searches for the term 'Recession' have been spiking in the US lately.

Figure 2: Google searches for "Recession"



Ironically, most growth shares wouldn't be materially impacted by tariffs, unless you assume they lead to a full-blown recession. To a large extent, this has been as much a story about investors unwinding their positions. Goldman Sach's hedge fund clients had their biggest 2-week reduction in gross exposure in the past decade. For now, the fears about tariffs leading to recession have been more of an equity than a fixed income phenomenon. Credit spreads (chart below) aren't yet signalling stress, but they are spiking off very tight levels.

Figure 3: US corporate credit spreads – a higher credit spread means investors are pricing in a higher probability of credit defaults by companies

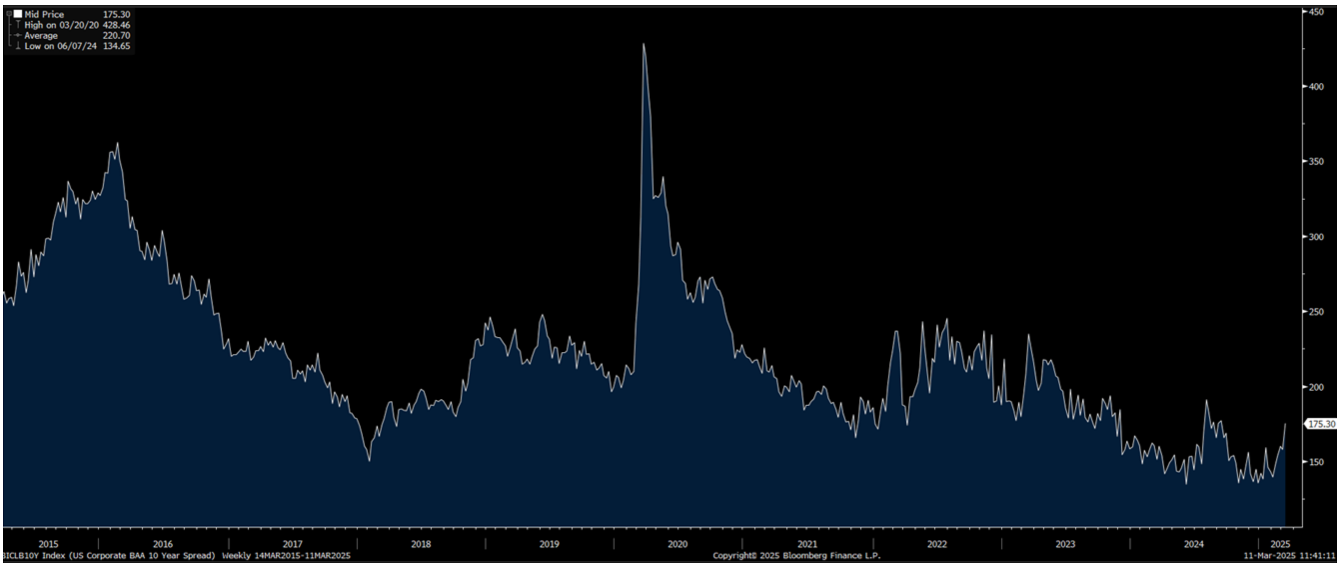
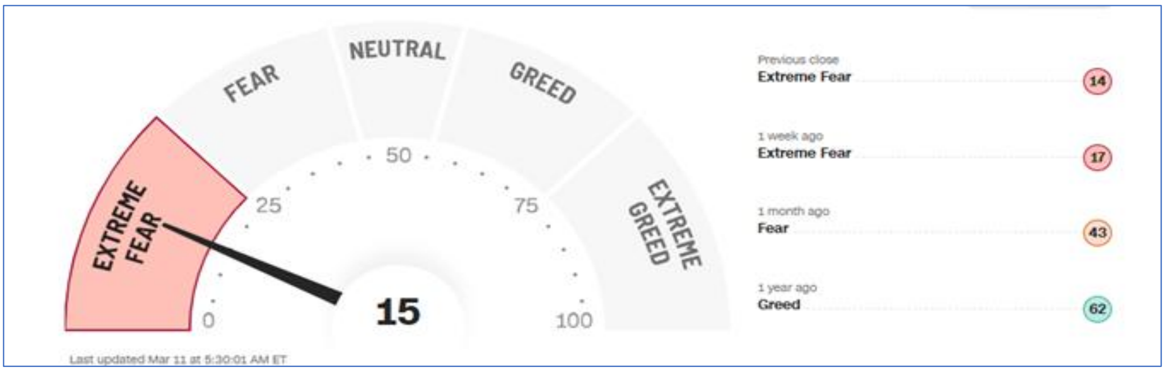


Figure 4: Fear & Greed Index – What emotion is driving the market right now?



Either way, investors are showing an extreme level of fear, based on sources like the CNN Fear and Greed Index.

We’ve swung from extreme greed to extreme fear very quickly and it feels like these cycles are getting shorter and more violent.

There are numerous potential paths from here, but some of the main ones are:

1. Recession

The US tips into recession, due to a combination of fiscal retrenchment and reduced consumption from wealth effects (stocks down = people feel poorer and spend less). If this happens it would be the biggest own goal in history and would severely hurt the Republicans' chances in the 2026 mid-terms (held in November). As a former hedge fund manager, Scott Bessent (US Secretary of the Treasury) should already realise that they are playing with fire. As a counterpoint, I'd note that the US economy is incredibly dynamic and resilient and didn't experience a recession (as defined by the NBER) after the joint stock and bond bear markets of 2022. The upper income cohorts that are responsible for the bulk of consumption are even richer today than they were back then.

Two factors which may be partially responsible for recent economic softening were the strong dollar and high interest rates. Both have subsequently fallen sharply, which should provide a tailwind later (the converse is true for Europe). Nevertheless, if we assume that there is a recession, then major indices could be about halfway through their fall. It might be tempting to say, "I'll just go to cash and then re-invest when it's all over" but the market never gives you the "all clear" signal, and typically turns far quicker than you could imagine, even when the picture appears dire. There is nobody on the planet that has been able to do this successfully and repeatedly.

2. Policy wins

With the timing of the mid-terms in mind, Trump has front loaded a lot of the bad stuff in terms of his agenda. Now he needs a win. For example, one potential upside of reciprocal tariffs is a 'grand bargain' where everyone drops tariffs to zero, and everyone wins. Or he gains sufficient concessions from trade partners and declares 'job done'. Other wins could come in the form of fast-tracked deregulation and tax cuts. These would all be positive for markets.

3. No recession

Given what I've said about the US economy, it's possible that economic data and corporate earnings turn out better than feared, even without a specific catalyst. In which case the market can stop worrying and turn around. Timing is uncertain though - the Citi Economic Surprise Index may need to head lower before it can turn the corner again.

I use Bloomberg consensus estimates and historic average P/E multiples to create an objective 12-month forward estimate of returns for a handful of major indices. Figure 5 below shows these estimates. I don't assume these are predictive, but they can provide useful information, particularly at extremes. The Nasdaq looks particularly compelling while Global Equities appear to offer decent returns. I perform a similar exercise at the fund level, and the numbers are very, very attractive; in fact, they are the highest on record. None of this means that the market can't or won't go lower, but the odds favour taking the other side of the fear trade.

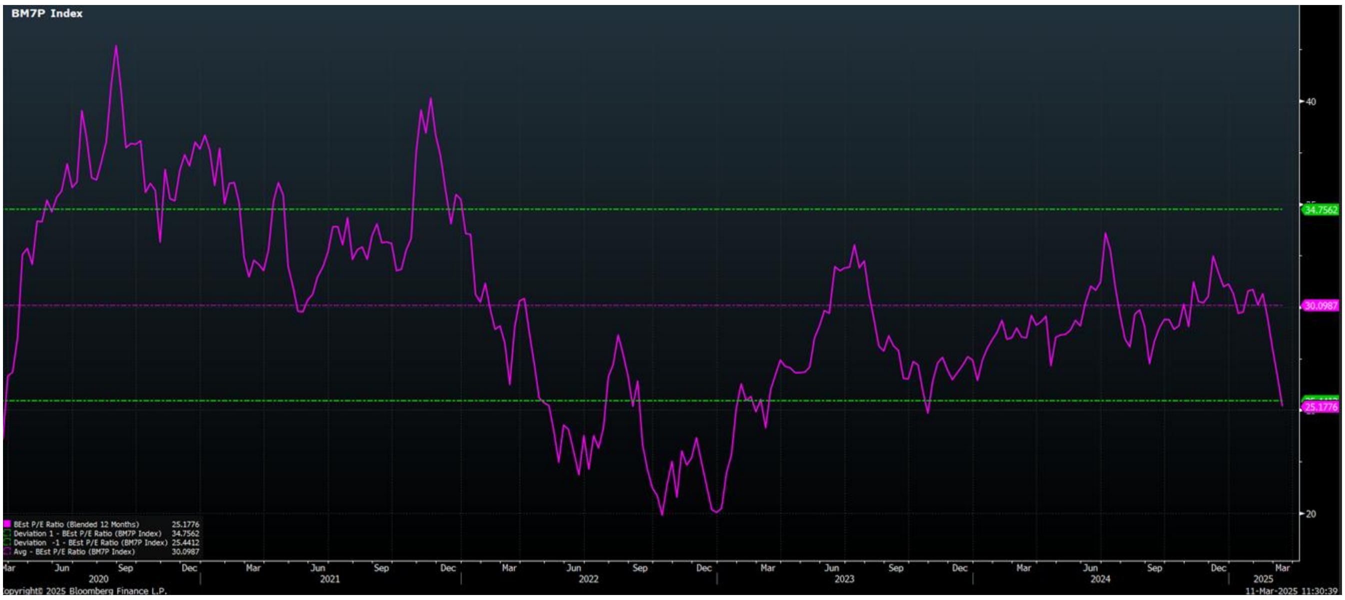
Figure 5: 12-month forward return estimates for major global indices using consensus earnings estimates and historic price-to-earnings multiples (as at 11 March 2025)

Index	12-month forward return
MSCI ACWI	15.7%
S&P 500 INDEX	13.8%
NASDAQ 100 STOCK INDX	24.0%
Euro Stoxx 50	-0.8%
DAX INDEX	-3.3%
SENSEX	19.8%
HANG SENG CHINA ENT INDX	-7.2%

Note that the Magnificent 7 has de-rated significantly; the group is now trading at roughly one standard deviation cheap vs its 5-year history. The group could de-rate further in a bear market, but it's difficult to argue for a repeat of

2022, which was an inflationary cycle in which the Federal Reserve rapidly raised rates. Whatever this is, it isn't that.

Figure 6: Historical price-to-earnings ratio of Magnificent 7 – Bloomberg estimates



There are very few sources of 'edge' in the market - everyone is smart, everyone has access to the same information and (almost) nobody can trade faster than everybody else. But one potential source of edge is to trade on the other side of people who are forced/non-economically driven sellers - either due to leverage, risk limits, or emotional stress (panic). You will never, ever earn excess returns for doing something as easy and natural as panicking. Buffett didn't say **"Be greedy when others are fearful"** without reason.

Over the short term I have no idea what's going to happen, although gun-to-head I think we're getting close to the end of this episode. I am very, very bullish over the longer term - it would be illogical to be otherwise.

SOUTH AFRICA'S BUDGET CROSSROADS: BALANCING TAX BURDENS, DEBT & POLITICAL UNCERTAINTY

By Casey Delport (Anchor Economist)

Finance Minister Enoch Godongwana presented the 2025/2026 Budget on 12 March. It faced delays due to disagreements within the Government of National Unity over a proposed 2% VAT increase, from 15% to 17%. The second iteration reflects a balancing act that raises questions about SA's long-term fiscal sustainability. The two key revenue-raising measures to address the R228 billion spending overrun between FY26 and FY28 are a three-year freeze on individuals' inflation-related tax bracket adjustments (bracket creep), increasing personal tax burdens without explicit rate hikes. The second is a 0.5% increase in VAT for each of the next two years. These measures disproportionately impact lower-income earners and may weaken consumer demand and overall GDP growth. Government spending remains unchecked and fiscal concerns persist, with debt projected to peak at 76.2% of GDP in 2025/2026. The cost to service the debt will reach R389.6bn this year, consuming 22% of government's revenue.

The budget must now pass a vote in the national Assembly. Without the backing of the DA, the ANC must seek support from either the EFF or the MK Party to secure the budget's approval. This introduces a degree of political uncertainty but if the budget is not passed, Parliament has several weeks to revise it. Given the political landscape, amendments are likely. Notably, there was no additional funds allocated to compensate for the withdrawal of US aid. The disconnect between the economy's ability to sustain government spending and the National Treasury's ambitions is at the heart of SA's fiscal conundrum. On a more optimistic note, SA could officially exit the greylist by October 2025. This would be a significant milestone, reducing compliance burdens for local financial institutions, improving investor confidence and encouraging greater capital inflows into the financial and banking sectors.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND

February saw developed markets fall by 0.8% with the USA falling 1.4% whilst the German DAX and UK FTSE 100 were up 3.8% and 1.6% respectively. Within the USA we saw a major rotation out of Consumer Discretionary, Communication Services (Meta, Alphabet) and Technology stocks into Consumer Staples, Real Estate and Energy. A stand out performer was the Chinese market with the Hong Kong's Hang Seng up 14% in February on the back of expected plans to stimulate their economy.

Figure 1: Performance of global markets and US sectors in 2024 and 2025: Sector price movement sorted by February changes

Name	2024	Year to Date	Feb-25
S&P 500	23.3%	1.2%	-1.4%
DOW JONES INDUST IDX	12.9%	3.0%	-1.6%
NASDAQ 100 IDX	24.9%	-0.6%	-2.8%
S&P 500 CONS STAPLES IDX	12.0%	7.6%	5.6%
S&P 500 REAL ESTATE IDX	1.7%	5.9%	4.1%
S&P 500 ENERGY IDX	2.3%	5.3%	3.3%
S&P 500 HEALTH CARE IDX	0.9%	8.1%	1.4%
S&P 500 FINANCIALS IDX	28.4%	7.8%	1.3%
S&P 500 UTILITIES IDX	19.6%	4.1%	1.2%
S&P 500 MATERIALS IDX	-1.8%	5.4%	-0.2%
S&P 500 INFO TECH IDX	35.7%	-4.3%	-1.4%
S&P 500 INDUSTRIALS IDX	15.6%	3.3%	-1.6%
S&P 500 COMMUN SERVICES	38.9%	2.1%	-6.3%
S&P 500 CONS DISCRET IDX	29.1%	-5.4%	-9.4%
HANG SENG IDX	17.7%	14.4%	14.3%
DAX IDX	18.8%	13.3%	3.8%
FTSE 100 IDX	5.7%	7.8%	1.6%
MSCI EMERGING MARKETS IDX (USD)	5.1%	2.0%	0.4%
MSCI WORLD IDX	17.0%	2.6%	-0.8%
NIKKEI IDX	19.2%	-6.9%	-6.1%

Source: Bloomberg, Anchor Capital

Following Q4 2024 earnings season, we have seen several large pullbacks in the Magnificent 7. Tesla has fallen 40% from its high following the Trump election result; Nvidia has fallen 18% after their results which were in line with analyst expectations but not enough for market participants who were looking for a beat to calm the uncertainty surrounding AI spend. Alphabet and Microsoft also fell double digits from their 52 weeks highs, which was fine for Alphabet after a very strong 2024 but not for Microsoft which has traded sideways the last year.

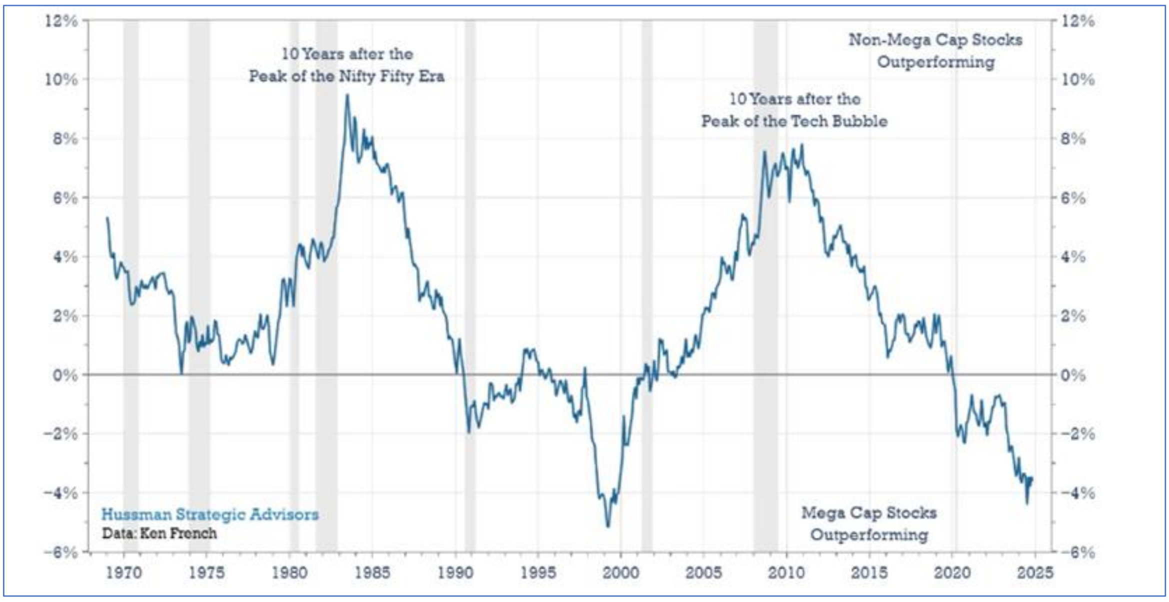
Figure 2: On average, the Magnificent 7 have fallen 17% from their all-time highs with Apple holding up best. Collectively they have still grown 29% over the last 12 months but are down 6.1% year-to-date

Name	RISE FROM 52 WEEK LOW	CHANGE OVER 1 YEAR	FALL FROM 52 WEEK HIGH	YEAR TO DATE
TESLA INC	111.1	44.6	-40.0	-27.5
NVIDIA CORP	65.2	51.8	-18.4	-7.0
ALPHABET INC-CL C	30.3	24.2	-17.8	-10.0
MICROSOFT CORP	3.0	-4.5	-15.2	-5.8
AMAZON.COM INC	40.0	19.1	-12.5	-3.2
META PLATFORMS INC	61.2	33.0	-9.8	14.1
APPLE	47.4	34.6	-7.0	-3.4
	51.2	**29.0**	**-17.3**	**-6.1**

Source: Bloomberg, Anchor Capital

The incredible performance from US Mega-Caps these last few years seemingly counters the often-used proverb that 'trees don't grow to the sky'. But if we examine the following chart, it seems, we may be reaching the limit of such growth. It shows the periods of outperformance and underperformance between the mega-cap companies versus the non-mega cap companies. Since the financial crisis the mega-caps have been outperforming and have reached a level of outperformance not seen since the dot.com era. If there is a cycle here, then the expectation would be for the rest of the market to outperform going forward. So far in 2025 this has been the case.

Figure 3: Net 10-year returns between non-mega cap and mega cap stocks: down trend = mega-cap stocks outperforming

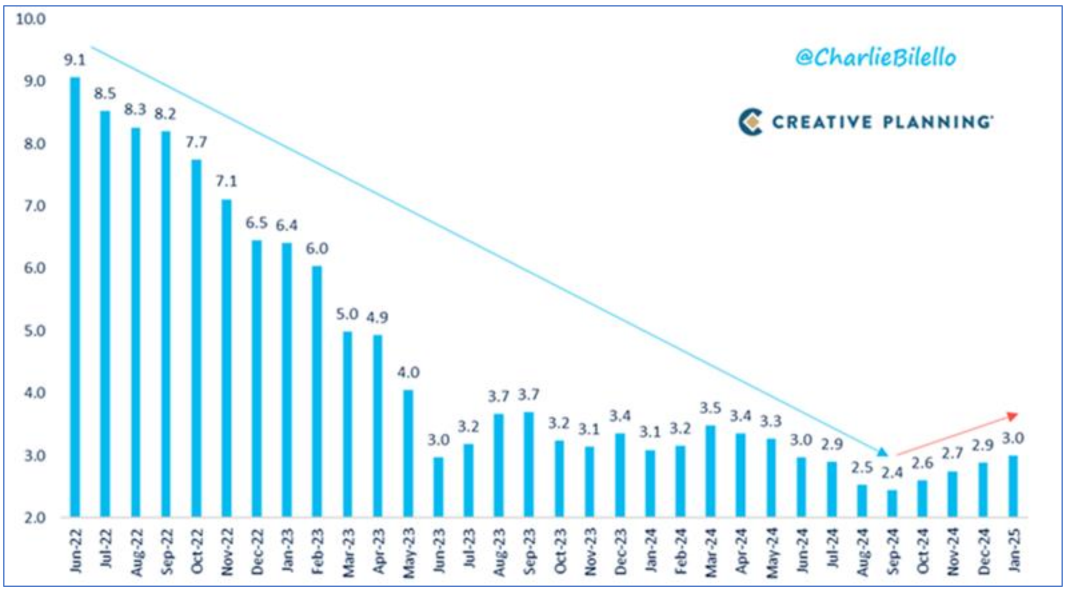


Source: Hussman Funds

The market's largest concern at the moment is the impact of tariffs on GDP growth and inflation as well as the impact from DOGE (Department of Government Efficiency) on employment and other consumption metrics.

Headline inflation has been stickier than expected and has been rising despite interest rates being in restrictive territory (higher than inflation). The impact of tariffs is likely to raise these figures further and the market is nervous that interest rates might need to be hiked to curb this. Not a good scenario for equities or bonds.

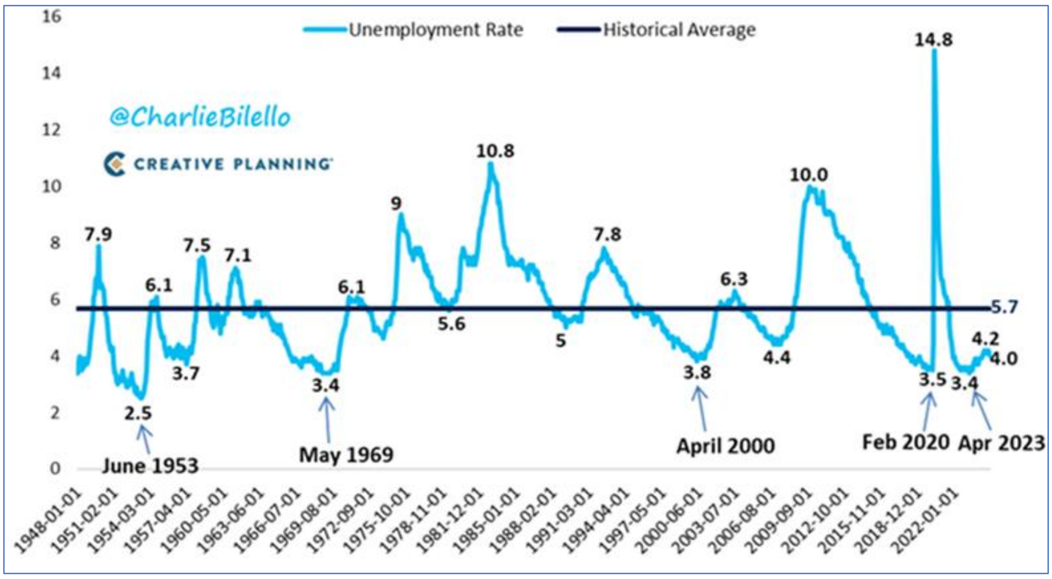
Figure 4: US Headline CPI (YoY % change)



Source: Charlie Bilello, Creative Planning

Employment is still healthy but again, these figures could worsen as the economy deteriorates due to the ongoing policy changes by the Trump administration.

Figure 5: US Unemployment Rate (%)



Source: Charlie Bilello, Creative Planning

US GDP growth is still higher than Europe and Japan but there are early signs that these figures might weaken in Q1 2025 but we don't believe this to be a reason to panic or change strategy.

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	18.3	1.1	37%	10%	16%	-18%
AMAZON.COM INC	29.3	1.4	83%	1%	21%	-12%
ASML	26.9	1.3	-2%	28%	21%	-33%
BOSTON SCIENTIFIC	35.5	2.4	23%	16%	15%	-3%
CONSTELLATION SOFTWARE	40.0	2.7	34%	15%	15%	-1%
FORTINET	42.9	2.9	44%	9%	15%	-6%
MERCADOLIBRE INC	42.5	1.1	43%	41%	40%	-11%
MICROSOFT CORP	27.5	1.9	23%	11%	14%	-15%
LVMH MOET HENNESSY LOUIS VUI	24.2	2.1	-13%	3%	12%	-22%
RHEINMETALL AG	36.6	0.9	57%	43%	42%	-4%
Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^	**30.2**	**1.5**	**36%**	**13%**	**16%**	**-13%**
S&P500 - FWD PE and EPS Growth	**21.7**		**7%**	**14%**	**12%**	**-3%**

*Calculated using Harmonic Mean

^Calculated using Median

On average, our top 10 positions have corrected 13% from their recent high's whereas the US market has fallen 3% on average. So far in 2025, the fund is up 4.4% in ZAR and 6.7% in USD. The MSCI World Index is down 0.9% in ZAR.

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%	3.6%	**12.6%**
2025	4.9%	-0.5%											**4.4%**

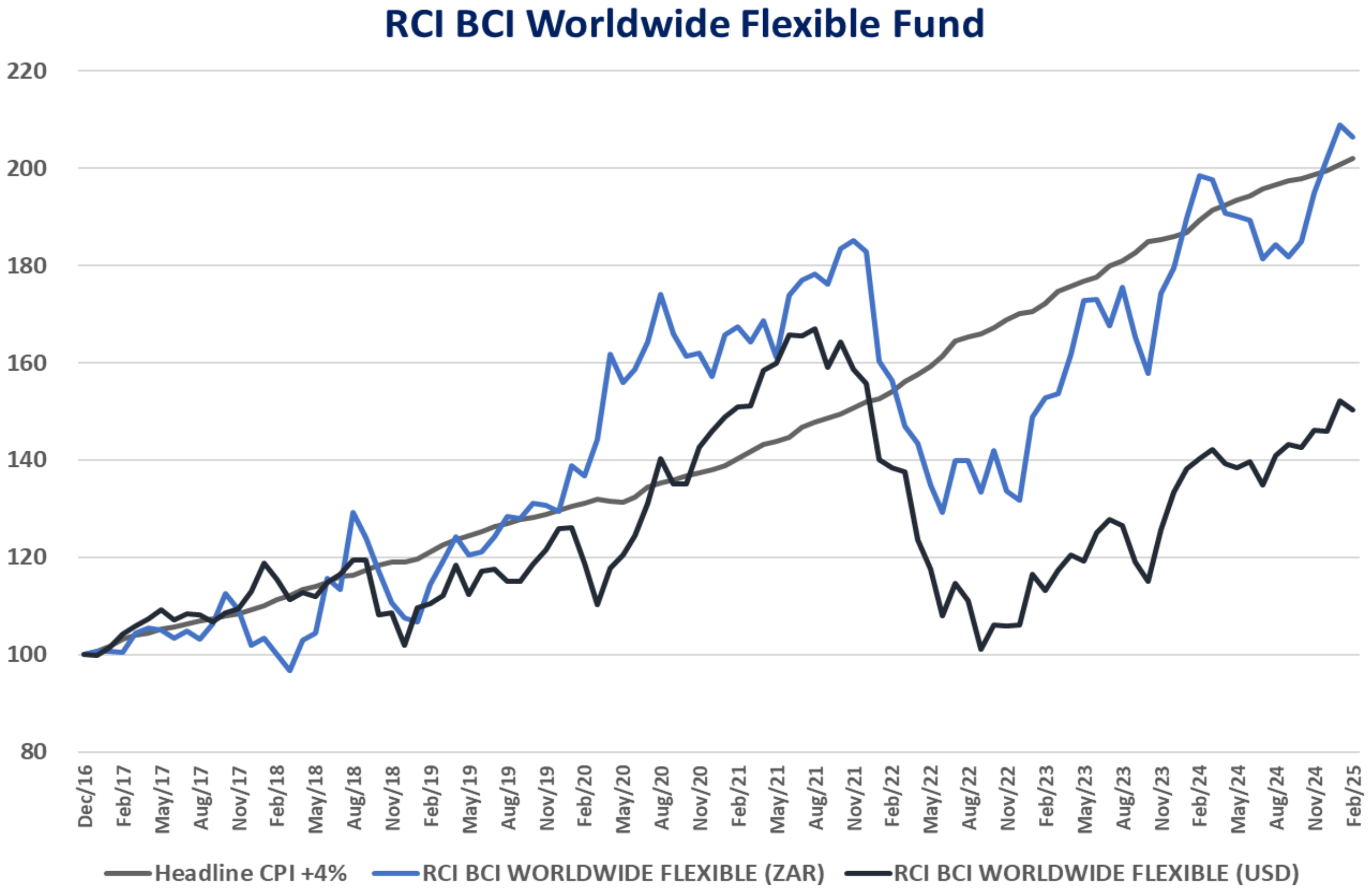
The RCI BCI Worldwide Flexible Fund investment team:

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

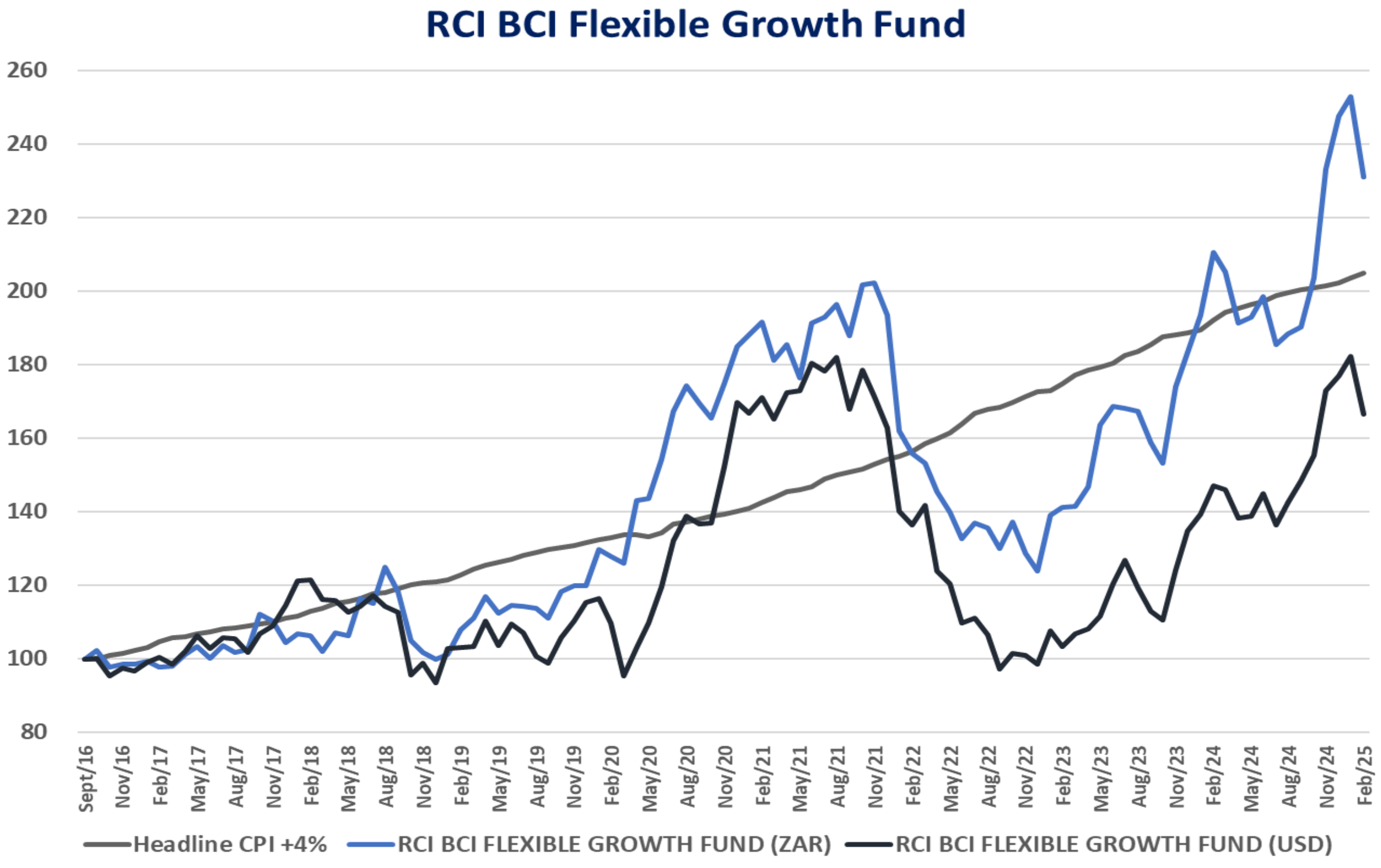
RCI OFFSHORE UNIT TRUSTS PERFORMANCE

"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 February at 206.48, down 1.20% for the month and up 4.00% for the last 12 months.



The **RCI BCI Flexible Growth Fund** closed February at 231.09, down 8.60% for the month and up 9.81% for the last 12 months.



WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND

Developed Market (DM) equities ran into growing risk aversion as February progressed, ultimately declining for the month (MSCI World Index -0.7% MoM). Weaker-than-expected economic data (US consumer confidence and business sentiment), and increased geopolitical uncertainty, all likely fuelled by the aggressive, seemingly haphazard and highly unpredictable policy agenda being pursued by the newly inaugurated Trump government. The Magnificent Seven grouping of mega-cap tech stocks have been notable underperformers following the latest results which fell a little short of the lofty expectations that had built up, while the arrival of DeepSeek, supposedly developed at a fraction of the cost of Western AI models, has cast doubt on the sustainability of the massive capex spend that AI has attracted and the durability of competitive moats that this spend will generate. Emerging Market (EM) equities eked out a gain in February (MSCI EM +0.5% MoM), thanks chiefly to a strong performance from Chinese companies. DeepSeek appears to have led to a reassessment by investors of Chinese technology companies, since it has implied that the lead by the far more highly rated US players may be far smaller than previously assumed. A high-profile meeting between President Xi Jinping and top private sector leaders led investors to interpret this as a sign the long-marginalised private sector was now being seen as key to reviving the country's economy.

South African equities struggled alongside their global counterparts in February (FTSE/JSE Capped SWIX Index -0.4% MoM). Miners generally were detractors, with the precious metals miners in particular reversing their strong gains from the previous month. Investor sentiment towards domestically orientated stocks was rattled by SA unexpectedly finding itself in the crosshairs of Donald Trump, who pledged to cut aid to the country due to what he deemed to be discriminatory land policies, as well as its recent foreign policy moves. Most of the stand-out positive moves in the month were idiosyncratic company-specific situations: Discovery (+14% MoM) and Outsurance (+13% MoM) both reported well received results; Vodacom (+6% MoM)

At the end of February, the top 15 positions in the fund, making up 60%, were as follows:

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

Main changes in the month

The current environment is proving difficult to identify clear themes that would justify making changes to the portfolio and we are being careful to avoid excessive trading in pursuit of low conviction ideas. In February, we took some profit on **Naspers** after its strong rally, partly to manage the size that the position had reached in the fund (concentration risk management) and used the proceeds to add a position in another rand hedge share, **AB InBev**, which we think is finally starting to show improved operational momentum. We added a small position in **Sasol** following a significant selloff. We think the possibility of a more moderated carbon tax regime could feature in the 2025 budget, which could be a positive catalyst for a company where investor sentiment has been exceptionally negative. We also switched a small position in **Capital Appreciation** into increased positions in **Lewis** and **Mr. Price**, taking advantage of recent weakness in shares we like.

Performance

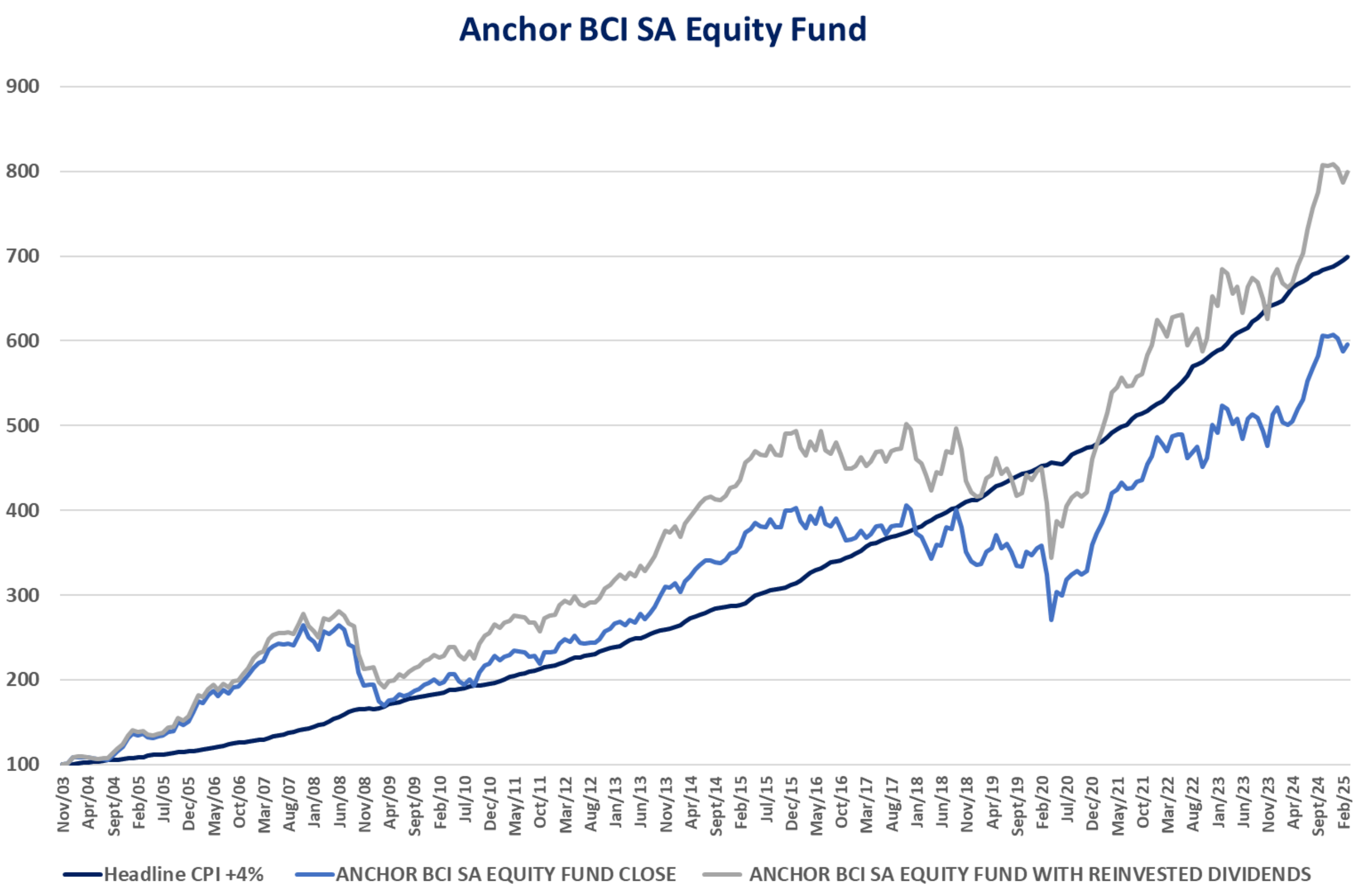
The Anchor BCI SA Equity Fund recovered from its challenging start to the year, rising 1.6% MoM in February. There is, however, still work to do on this front.

The Anchor BCI SA Equity Team

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

ANCHOR BCI SA EQUITY FUND

The **Anchor BCI SA Equity Fund** closed February at 606.99, up 1.56% for the month and up 19.15% for the last 12 months.



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.

THOUGHTS ON TRUMP & THE US MARKET

Investors are having to digest lots of change under the current US administration. These are the most significant policy shifts of my lifetime. The below shows the extent of these policy shifts. The first two months of Trump's term, have seen the most Executive Orders signed into law in the first year of a Presidential Term since WW2 (right-hand side of figure 1 below).

Figure 1: Executive Orders signed into Law by Presidential Term

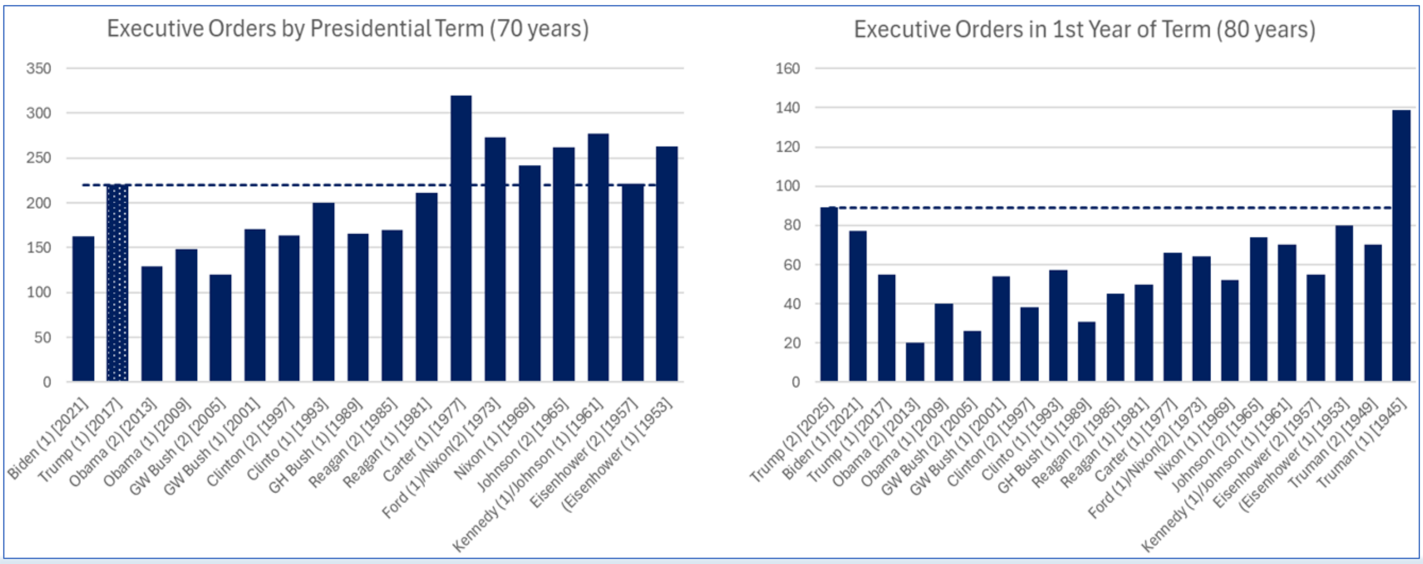
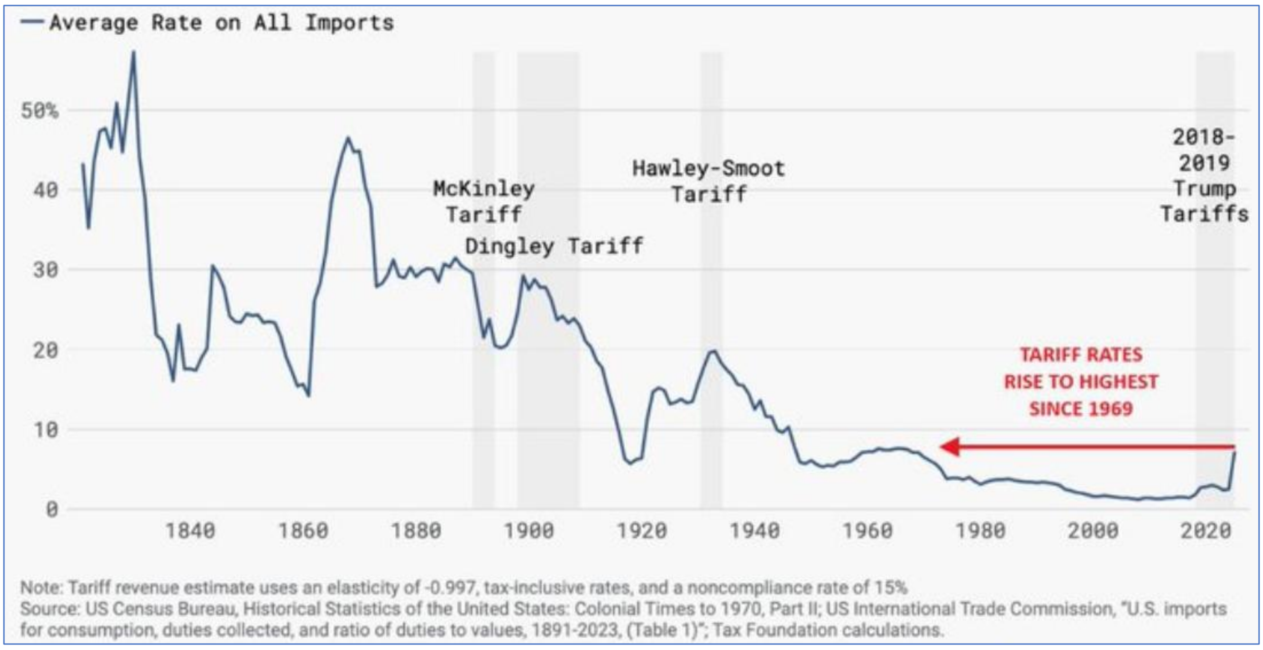


Figure 2 below shows that Trump's tariffs would take the average tariff rate on all imports to highs not seen since 1969. The 10% tariff on China builds on already existing tariffs, some of which are from the last Trump trade war. When you factor in EU tariffs, we could see the highest tariff rates since the 1940s.

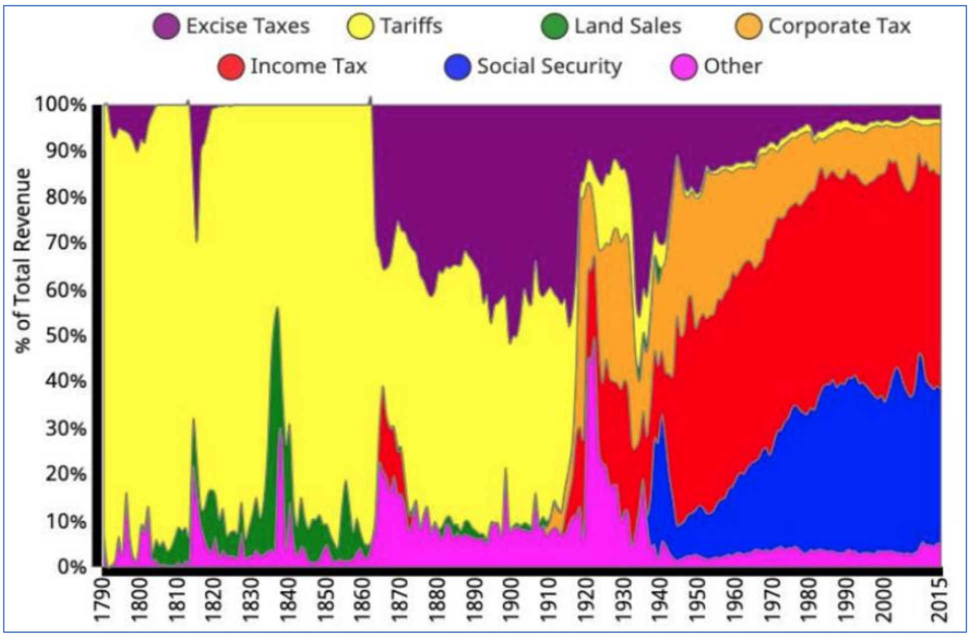
Figure 2: Average tariff rate on all imports, historical rates from 1821-2023, Projected rate for 2024, estimated rate for 2025 under Trump's proposals



Source: US Census Bureau, Historical Statistics of the United States

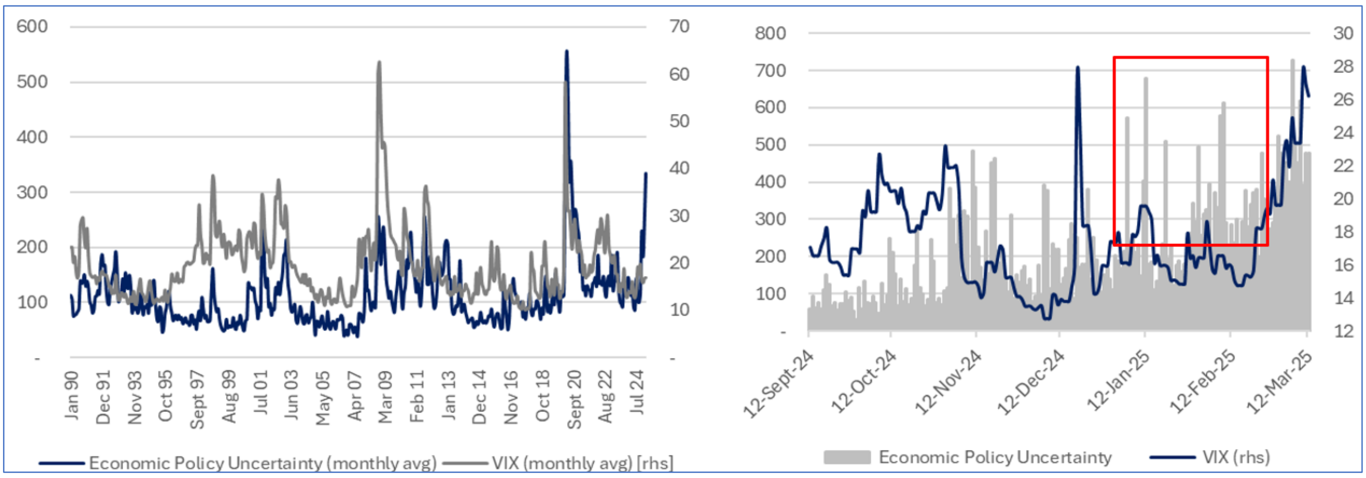
As we saw with Mexico and Canada, Trump could make a deal in the lead up to tariff implementation. Trump's rhetoric calling for the birth of a US external revenue service will make the US look a lot like it did prior to 1913 when it relied almost exclusively on tariff revenues. Trump wants to get back to that type of world, where he claims the US prospered. Figure 3 shows how the sources of revenue generation for the US government has changed over time. Prior to WW1, the majority of its revenue was received from tariffs. That has now shifted to income tax.

Figure 3: Historical % of US Federal Government total revenue generation by source



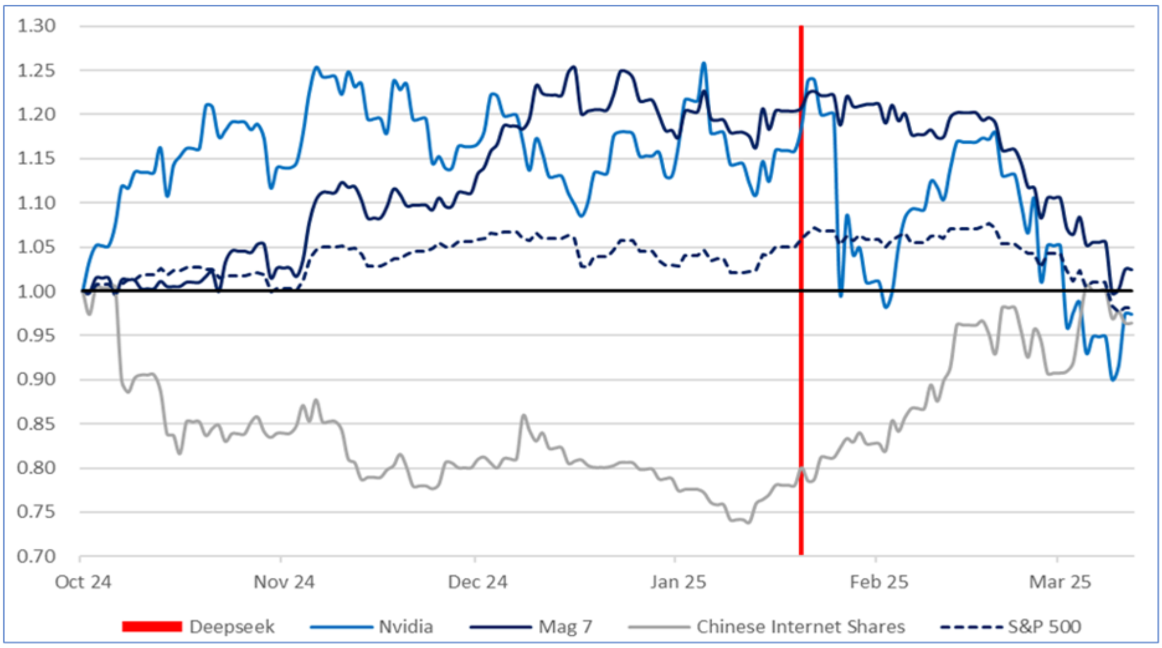
On the back of these tariff threats, the "Trump rally" has reversed in the past few weeks. The market has become concerned that the US, which has long been a dependable driver of global growth, has now become a source of uncertainty, with fears of stagflation once again coming to the fore. Figure 4 below shows how equity market uncertainty is now catching up with economic policy uncertainty, with equity market volatility (VIX) spiking.

Figure 4: Economic Policy Uncertainty Index vs Volatility Index



The fall in US equities due to tariff-induced fears of slowing growth and higher inflation coincided with DeepSeek's public release on 20 January 2025 (on the day of the Trump inauguration). DeepSeek catalyzed a price reaction in the hyper scalars. DeepSeek undermined the narrative of US technology dominance by allegedly showcasing that AI large-language models could now be built at a fraction of the cost and remain as competitive as US equivalents. Figure 5 shows the divergent performances of select US and Chinese equities since 20 January.

Figure 5: Price return of Nvidia, the Magnificent 7 stocks (dark blue), the S&P 500 and the Chinese Internet Shares (silver) since the public release of DeepSeek on 20 January 2025.



Beneath the hood of the indices, a stealth bear market is underway. Figure 6 shows the extent of the pullback of many US-listed shares and some interesting opportunities have started to appear.

Figure 6: % drawdown from 52-week high of selected US-listed shares (as at 10 March 2025)

INSTRUMENT	1-YEAR RETURN	% DRAWDOWN FROM 52-WEEK HIGH
TESLA	25.0	-54.5
NVIDIA	24.7	-30.1
ALPHABET	20.5	-19.9
AMAZON	13.1	-19.8
META	23.7	-19.3
MICROSOFT	-6.0	-18.8
APPLE	31.7	-12.5
S&P 500	9.7	-8.7
NASDAQ 100	8.2	-12.4

INSTRUMENT	1-YEAR RETURN	% DRAWDOWN FROM 52-WEEK HIGH
HIMS & HERS	141.7	-52.8
ROBINHOOD	109.6	-46.7
ARISTA NETWORKS	14.5	-41.9
PALANTIR	201.3	-39.1
SENTINEL ONE	-32.6	-38.0
NU HOLDINGS	-12.4	-37.3
BROADCOM	42.6	-26.8
SALESFORCE INC	-10.8	-26.0
PAYPAL	15.5	-25.9

THOUGHTS ON TRUMP & THE US MARKET

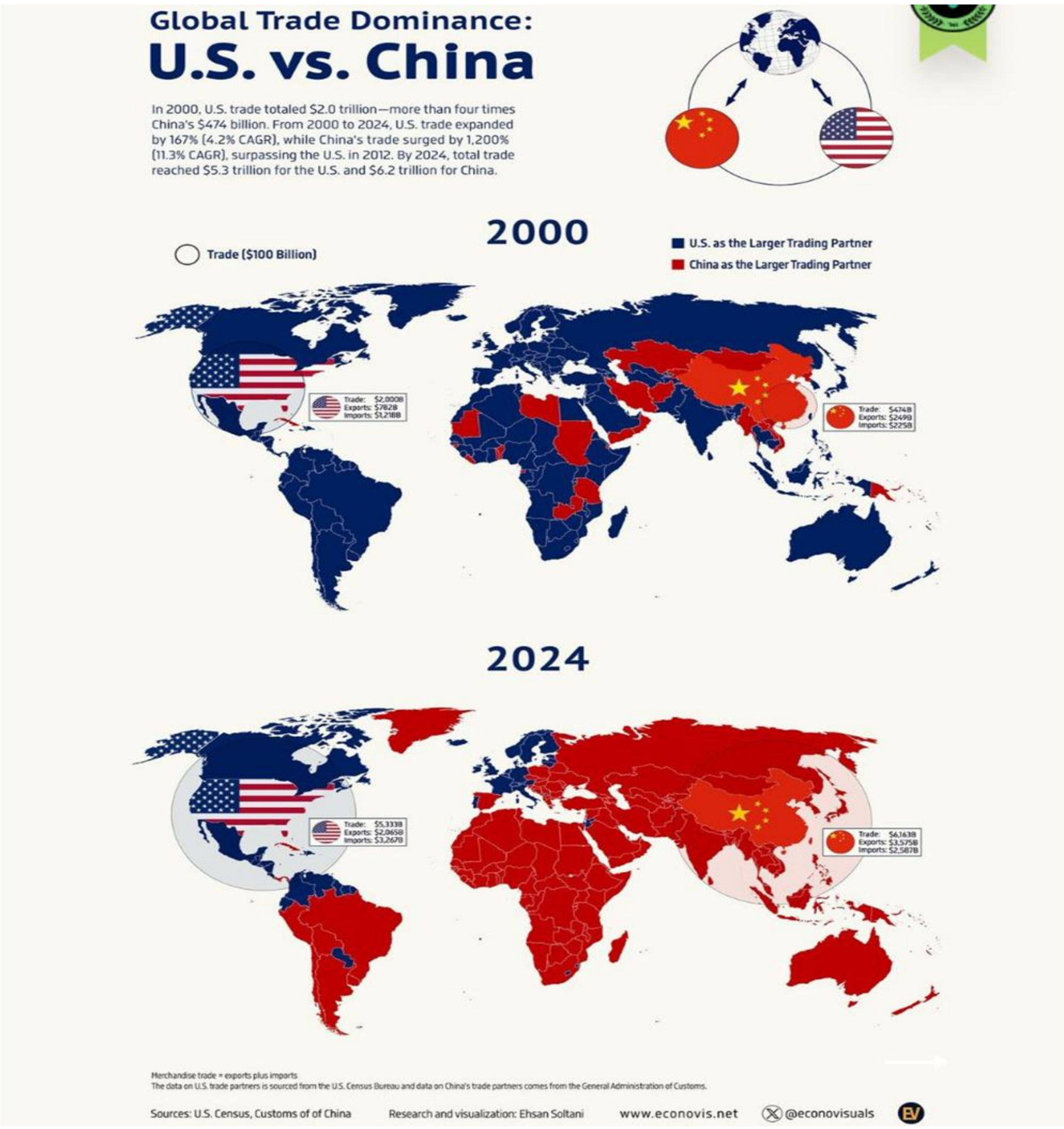
BY KEIRAN WITTHUHN (CONT.)

On the back of this economic and equity market weakness, investors have recently started to price in the possibility of the Fed needing to support the economy with interest rate cuts. Fed rate cuts are now expected in June, September and December. Investors shifting capital to other markets has dragged the US dollar down.

We are not making wholesale changes to offshore portfolios. Making big changes on the back of politics has not worked well for us in the past. It may feel uncomfortable in the present. Rather, as pointed out in one of the earlier articles, taking advantage sellers that are basing decisions on non-fundamental factors to add to quality holdings at attractive prices is what we are focussed on.

We urge investors to stay on target, rather than try to time the market with a tactical exit and re-entry. Fundstrat Head of Research Tom Lee showcased how buy-and-hold strategies tend to outperform such efforts, citing the rule of “10 best days”. The stock market makes most of its gains in the 10 best trading days of any given year. Since 1928, the S&P 500 has averaged annual returns of 8%. But if one were to exclude returns generated on the 10 best days of each year, those returns transform into average annual declines of -13%. This rule has also held up in the past decade. Average annual returns of the S&P 500 since 2015 have been 12%, but excluding each year’s 10 best days, the index has notched an average annual decline of -10%. The bottom line is that investors must remain mindful of the significant opportunity cost associated with remaining sidelines, even during periods of volatility.

“Pessimists sound smart, optimists make money”.



Source: Visual Capitalist