ROBERT COWEN INVESTMENTS

APRIL 2025 NEWSLETTER

The Family Office

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

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HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **What's going on out there** – *by Eric Lappeman*
- **Decoding the global tariff shake-up** – *by Keiran Witthuhn*
- **Timeline of quotes from business and political leaders**
- **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*
- **Update on what we have been doing in the local fund** – *by Mike Gresty*
- **Anchor Domestic Fixed Income Update: The GNU and Tariffs** – *by Nolan Wapenaar*

This month's newsletter focuses on the ever-evolving situation around global tariffs. For a brief history lesson, I found the article with the link below very interesting. It explores the parallels between today's trade tension and the 1930 Smoot-Hawley Tariff Act. In that case, protectionist policies disrupted global trade and worsened the downturn caused by the Great Depression.

Raising the ghost of Smoot-Hawley

"The big money is not in the buying and selling, but in the waiting" - Charlie Munger

"But believe me, my dear boy, there is nothing stronger than those two: patience and time, they will do it all." - Leo Tolstoy

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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

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WHAT'S GOING ON OUT THERE?

The Family Office

BY ERIC LAPPEMAN (7 APRIL 2025)

It has been a historic few days in world markets, especially on the US exchanges, not in a good way, unfortunately.

Last week saw the third highest spike in volatility on the S&P 500 index since 1990. If we include today, it could be the highest rolling weekly spike in volatility for the S&P 500 in 35 years (more-so than Covid and 2008). Very rare indeed. Unfortunately, also uncomfortable.
The Nasdaq could be down as much as 15% in as little as 3 trading days (if we take todays indicated opening). This would make it the third largest 3-day drawdown in 75 years! The S&P 500 posted its 5th worst two-day decline in 75 years. In 10 of the 10 last times (100% of the time) that the S&P 500 posted a 9% or worse two-day decline, the market had a positive return over 1, 3 and 5 years, every time.

History suggests that now is not the time to panic and rather sit tight by owning good quality businesses for the long term.

In markets such as this, there is no discrimination to the pain that is inflicted. All companies have experienced a tough 2025. Some more than most, but most companies have had the proverbial 'axe' taken to them in the last few weeks on the back of Trump's tariffs and concerns around potential recession.

The same happened in 2022 when the aftermath from Covid hit. Many quality businesses fell substantially regardless of industry, size, quality of cashflows etc. Many of them to only recover substantially in 2023 and 2024.

These kind of markets present opportunities to us investors who have a long-term time horizon. Unfortunately, they can also test our resilience. Best to not panic. History suggests that good returns usually await after unprecedented levels of volatility and pullbacks in the US market.

Where we have cash, we are starting to feed it in, where we are invested, we are looking for opportunities to switch into some of our favourite businesses that we have always wanted to own. We are not letting these opportunities pass us by.

We are focused on the businesses we own. Many have solid balance sheets and offer products and services that consumers will continue to use. I keep reminding myself that I am not in a rush to go home and quickly cancel my Netflix subscription or my Microsoft account. I will also not be in a rush to stop using YouTube or listening to my Spotify playlists. Unfortunately, in markets such as this, there is no discrimination to the selloff. Quality businesses will be on sale to those investors who are patient and calm. There is real credence to the saying 'be greedy when others are fearful'. There is no doubt that panic is now around. We need to look for opportunity in this. That is exactly what we are doing.

There may be a greater plan at play here by the Trump administration. We need to hold out to see how this all unfolds. Trump, Bessent & Co firmly believe that they can achieve a complete overhaul of the US economy and global trade without causing a growth shock/recession. This is where the market clearly has its doubts.

This situation the world now finds itself in is self-inflicted, and we need to remind ourselves that it is still plausible that some resolution is found in the coming weeks. We are also now of the opinion that the US Fed may need to move to act more meaningfully in their interest rate cuts, with the possibility of a May interest rate cut now well on the cards.

See below note for some further thoughts on Trump's agenda

US Treasury Secretary Scott Bessent's interview with Tucker Carlson on X

In the last 15 years, there have only been 3 years (including 2025) of negative returns for US Growth, Large Caps and the Nasdaq, with annualized returns of 14.2%, 12.3% and 16.5% respectively since 2011, despite large drawdowns in 2022 and 2025. Over time, US growth has delivered substantially better returns than cash, and many other asset classes, albeit subject to larger drawdowns when they do happen.

The best thing to do is to sit tight and not panic. If you have any questions, or feel you need to chat, please feel free to reach out to us. We are keeping a close eye on your investments.

DECODING THE GLOBAL TARIFF SHAKE-UP

BY KEIRAN WITTHUHN

As a business, we have been doing our best to understand the situation around the recent trade war developments and keeping our ear close to the news flow.

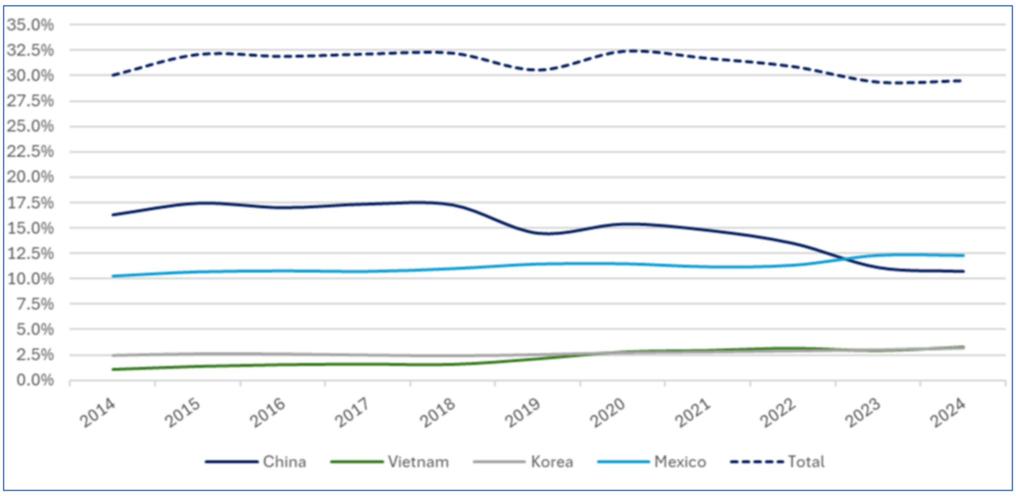
The US is trying to rebalance its growing trade deficits and bring manufacturing jobs back to the US that have been lost to countries who are able to produce at a lower cost. Consumption is 70% of US economic activity and 70% of US consumption is services. 80% of what the US imports is goods (services aren't subject to tariffs). The US imports $3.2 trillion of goods each year and exports $2 trillion of goods. It therefore runs a $1.2 trillion trade deficit on goods. This is 3% of GDP. Now to services, the US runs a $300 billion trade surplus on services each year.

Four countries make up 60% of US imports – Mexico 15%, EU 16%, Canada 13%, and China 13%. Imports represent > 50% of the cost of goods consumed in the US. An increase in the cost of imports will at the very least lead to a one-time jump in US inflation, but we do note that supply chains adjust and that full pass-through to consumers is unlikely. As per the 'Liberation Day' tariffs (prior to the 90-day pause on most tariffs), China will represent around 50% of all tariffs levied.

The European Union, China, Mexico and Vietnam represent 70% of the US goods trade deficit. Mexico and Canada have complex tariff relationships with the US due to existing free trade deals for exports to the US. Exports to the US represent 33% of Vietnamese economic activity.

Figure 1 below shows the shift in US-China trade and supply chains. US imports from China (black line) dropped significantly from 17.5% in 2018 to just over 10% by 2023. Chinese exports to the US dropped during Trump's trade war starting in 2018 during his 1st term and continued over the past year in anticipation of further tariffs. Vietnam (green) and Mexico (blue), followed by South Korea (grey), absorbed much of the trade volume that was lost by China. This indicates a clear reshuffling of global supply chains to bypass US tariffs. With a 125% tariff on Chinese goods, companies and exporters are likely to accelerate efforts to reorganize trade routes away from China.

Figure 1: % of US imports from key trading partners



% of US Imports			
Country	2014	2024	Change
China	16.3%	10.7%	-5.6%
Vietnam	1.1%	3.3%	+2.3%
Mexico	10.3%	12.3%	+2.0%
Korea	2.4%	3.2%	+0.8%
Total	30.1%	29.5%	-0.5%

Many will be asking why the Trump tariffs, if implemented, are so negative for markets. We would categorize the events of the last few weeks as a global growth shock – a change in expectations for global growth. We have been in a period of globalisation over the last two decades, where production has shifted to the cheapest regions, and this has been good for global inflation. Tariffs can effectively reverse this and see production move back to the US (and other home territories). This will take years to achieve and, in the meantime, imported goods will cost more and potentially increase inflation. Uncertainty also creates a delay in decision making and this is bad for economic activity. The combination of these can see US economic growth slow sharply and the odds of a recession has increased. Interest rates are at high levels, which is a seemingly comforting starting point, as the US Fed hence has the tools to stimulate a slowing economy. However, they are faced with the dilemma that inflation will be rising as the economy slows (often called *stagflation*), and hence they will be hesitant to cut rates too aggressively.

The current market correction is making stocks look somewhat cheaper, but it's not inconceivable that some that

relative cheapness can unwind with negative earnings revisions if corporate America deliver a cautious tone during the current earnings season.

De-globalisation is on balance a headwind for future global economic growth, but what is very uncertain at this point is the extent and longevity of de-globalisation. What we don’t yet know is whether the cost will get too high for US voters (particularly if it starts impacting US employment), forcing a walk back from the current US administration or whether the next US administration (in< 4 years) will reverse the changes. At the same time artificial intelligence (AI) is clearly going to provide a productivity tailwind to global economic growth, but we don’t yet know how material that will be. What we do know is that these factors will shape the macro level economic activity, but at the micro level these factors present both threats and opportunities for individual companies.

With plenty more tariff upheaval to come in the days, weeks and months ahead, investors should make sure that they are in a position - both financially and psychologically - to avoid being pushed and pulled by Mr Market's mood swings.

TIMELINE OF QUOTES FROM BUSINESS AND POLITICAL LEADERS

The market has become addicted to excessive government spending

"The market and the economy have become hooked, become addicted, to excessive government spending, and there’s going to be a detox period. Could we be seeing this economy that we inherited starting to roll a bit? Sure. Look, there’s going to be a natural adjustment as we move away from public spending." — **US Treasury Secretary Scott Bessent**

“Liberation Day” marked a seismic shift

"The recent Liberation Day announcement by the US leaves no room for doubt. It marks a seismic change in the global order. We are entering a new phase—one that is more arbitrary, protectionist, and dangerous. For decades, the US was the bedrock for the free market economies of the world, and led efforts to build a multilateral trading system." — **Singapore Prime Minister Lawrence Wong**

We’ve left the best period in economic history

"This is the biggest change in the environment that I've seen probably in my career. You know, we’ve gone from free trade and world trade and globalization to this system, which implies significant restrictions on trade in every direction and a step toward isolation for the United States... I believe that the last 80 years since World War Two have been the best economic period in the history of mankind. And one of the major reasons was the growth of trade." — **Oaktree Capital Co-Chairman Howard Marks**

America probably still the best place to be

"It's probably still the best place, but it's less best than it used to be. One of the things that made it the best place was the rule of law. That may be less the fact today. Another was the predictability of outcomes—that may be less today." — **Oaktree Capital Co-Chairman Howard Marks**

But the administration is signalling it wants to negotiate

"I would advise none of the countries to panic. I wouldn't try to retaliate, because as long as you don't retaliate, this is the high end of the number. Right now, my advice to every country is not to retaliate. Let’s see how things unfold, because if you retaliate, things will escalate." — **US Treasury Secretary Scott Bessent**

Trump: Drop your barriers

"Likewise, to all of the foreign presidents, prime ministers, kings, queens, ambassadors & everyone else who will soon be calling to ask for exemptions from these tariffs, I say terminate your own tariffs, drop your barriers." — **US President Donald Trump**

TIMELINE OF QUOTES FROM BUSINESS AND POLITICAL LEADERS

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The US does have some leverage and many countries depend on trade with the US

"If you're the current administration, if you're Trump, if you read the art of the deal, I mean, look, he knows how to use leverage and he has leverage... It was devastating for people that invested big tons of money to relocate, but again, the U.S. has leverage today. I don't think these tariffs are going to completely stick. You're either going to implode as an economy in these countries or you're going to balance the trade economics. And I think that's what the administration wants. I think it's just a little shocking because we've never seen an administration and the leader like Trump. I mean, it's impressive, quite frankly. Usually, governments move like glaciers, and he is quite the opposite." — **RH CEO Gary Friedman**

Trump paused his tariffs, but not China

"Based on the fact that more than 75 Countries have called Representatives of the United States, including the Departments of Commerce, Treasury, and the USTR, to negotiate a solution to the subjects being discussed relative to trade, I have authorized a 90-day PAUSE, and a substantially lowered Reciprocal Tariff during this period, of 10%, also effective immediately. Based on the lack of respect that China has shown to the World's Markets, I am hereby raising the tariff charged to China by the United States of America to 125%, effective immediately." – **US President Donald Trump**

But a recession may be brewing anyways

"Most CEOs I talk to say we are probably in a recession right now. A couple of airline CEOs told me, and one CEO specifically said, 'The airline industry is like a proverbial burden, a canary in a coal mine.' I was told that the canary is sick already. I do believe we're probably starting, if not already in, a recession. You know, we now have a 90-day pause on the reciprocal tariff, which means longer, more elevated uncertainty." – **BlackRock CEO Larry Fink**

A 90-day pause and prolonged trade negotiations will prolong uncertainty

"While last week's announcements provided an initial baseline, we should expect that negotiations will take time, and it is likely that a clear final picture won't be reached for a while. The readthrough of this uncertainty into both capital markets and the real economy creates elevated risks in the near and medium term." – **Bank of New York Mellon Vice Chair Robin Vince**

Tariff policy brings layers of uncertainty

"There are many uncertainties surrounding the new tariff policy. The quicker this issue is resolved, the better because some of the negative effects increase cumulatively over time and would be hard to reverse. In the short run, I see this as one large additional straw on the camel's back. And anecdotally, a lot of people are not doing things because of this. They're going to wait and see. So, people have to adjust this new environment" – **JP Morgan CEO Jamie Dimon**

Market prices still remain high, stay tuned for earnings season

"Even with the recent decline in market values, prices remain relatively high. Markets still seem to be pricing assets with the assumption that we will continue to have a fairly soft landing. I am not so sure. And then, you're going to hear a thousand companies report and they're going to tell you what their guidance is" – **JP Morgan CEO Jamie Dimon**

We need more certainty

"The level of uncertainty is higher, and that has kept some things on the sidelines. The more we can have certainty on the policy agenda as we move forward, the better that's going to support capital investment and growth." — **Goldman Sachs CEO David Solomon**

The Fed believes tariff inflation is likely to be transitory

"It can be the case that it's appropriate sometimes to look through inflation if it's going to go away quickly without action by us, if it's transitory. And that can be the case in the case of tariff inflation... So, I think, I think that's kind of the base case." — **Federal Reserve Chair Jerome Powell**

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND

March saw developed markets fall 4.6% with the US S&P 500 falling 5.8% and NASDAQ 7.7%. The German DAX and UK FTSE 100 were down 1.7% and 2.6% respectively. Within the USA we saw a major fall in Consumer Discretionary, Communication Services (Meta, Alphabet) and Technology stocks but moderate declines in Healthcare and Consumer Staples. Utilities and Energy were positive for the month. A standout performance came from Emerging Markets growing 0.4% for the month.

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

Name	2024	Year to Date	Mar-25
S&P 500	23.3%	-4.6%	-5.8%
DOW JONES INDUST IDX	12.9%	-1.3%	-4.2%
NASDAQ 100 IDX	24.9%	-8.3%	-7.7%
S&P 500 CONS DISCRET IDX	29.1%	-14.0%	-9.0%
S&P 500 INFO TECH IDX	35.7%	-12.8%	-8.9%
S&P 500 COMMUN SERVICES	38.9%	-6.4%	-8.4%
S&P 500 FINANCIALS IDX	28.4%	3.1%	-4.3%
S&P 500 INDUSTRIALS IDX	15.6%	-0.5%	-3.7%
S&P 500 REAL ESTATE IDX	1.7%	2.7%	-3.0%
S&P 500 MATERIALS IDX	-1.8%	2.3%	-2.9%
S&P 500 CONS STAPLES IDX	12.0%	4.6%	-2.8%
S&P 500 HEALTH CARE IDX	0.9%	6.1%	-1.8%
S&P 500 UTILITIES IDX	19.6%	4.1%	0.1%
S&P 500 ENERGY IDX	2.3%	9.3%	3.7%
MSCI WORLD IDX	17.0%	-2.1%	-4.6%
NIKKEI IDX	19.2%	-10.7%	-4.1%
FTSE 100 IDX	5.7%	5.0%	-2.6%
DAX IDX	18.8%	11.3%	-1.7%
HANG SENG IDX	17.7%	15.3%	-1.5%
MSCI EMERGING MARKETS IDX (USD)	5.1%	2.4%	0.4%

Source: Bloomberg, Anchor Capital

We continue to see major pressure in the Magnificent 7 which have fallen on average 25% from their highs (shown below in 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

Figure 2: Performance of The Magnificent 7 shares over the past year

31-03-25	CHANGE OVER 1 YEAR	FALL FROM 52 WEEK HIGH	YEAR TO DATE
TESLA INC	47.9	-47.0	-35.8
NVIDIA CORP	19.9	-29.2	-19.3
ALPHABET INC-CL C	-0.5	-25.3	-18.3
META PLATFORMS I	17.3	-22.2	-1.6
AMAZON.COM INC	5.1	-21.5	-13.3
MICROSOFT CORP	-11.6	-19.8	-10.9
APPLE	30.6	-14.6	-11.3
	15.5	**-25.7**	**-15.8**

Source: Bloomberg, Anchor Capital

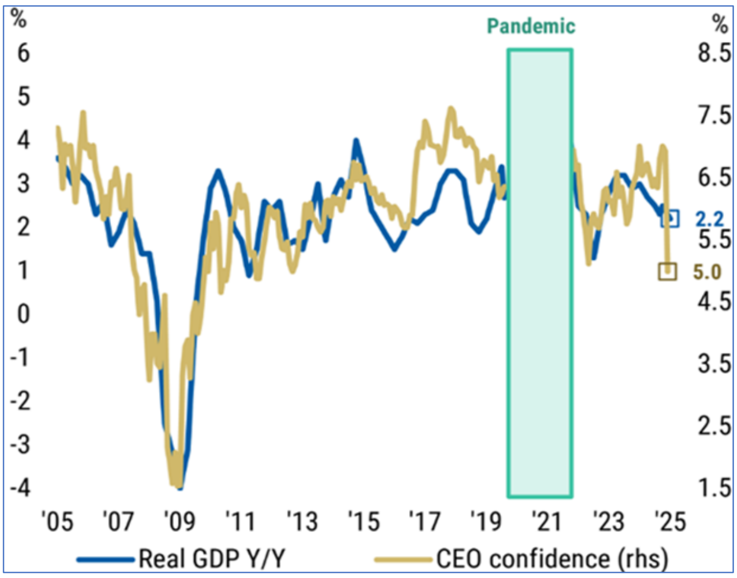
The recent poor performance in markets are due to concerns around tariff implementation and with it the loss in confidence in the global economic outlook. In the recent Morgan Stanley CEO survey, of the 220 participants surveyed, only 39% believe the business climate will improve this year, down 13% from 52% at the start of 2025. 48% of the participants believe a recession or at least a slow down will occur in the next six months because of the effects of current events on the US economy.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

CEO confidence in the outlook for business conditions is usually a good leading indicator of Real GDP growth. Will the large deterioration lead to a recession?

Figure 3: CEO confidence vs US real GDP growth



Source: Morgan Stanley Research

This quote from Jerome Powell, the Federal Reserve Chairman, is quite appropriate for the current state we are in:

"The new administration is in the process of implementing significant policy changes in four distinct areas: trade, immigration, fiscal policy, and regulation. It is the net effect of these policy changes that will matter for the economy and for the path of monetary policy. While there have been recent developments in some of these areas, especially trade policy, uncertainty around the changes and their effects on the economic outlook is high."

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.

	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	16.3	1.1	37%	11%	15%	-25%
AMAZON.COM INC	25.7	1.3	83%	1%	21%	-22%
ASML	23.9	1.1	-2%	27%	21%	-40%
BOSTON SCIENTIFIC	34.1	2.3	23%	16%	15%	-6%
CONSTELLATION SOFTWARE	36.6	2.4	34%	15%	15%	-10%
FORTINET	37.8	2.6	44%	9%	15%	-16%
MERCADOLIBRE INC	36.9	0.9	43%	44%	40%	-18%
MICROSOFT CORP	25.8	1.8	23%	11%	14%	-20%
LVMH MOET HENNESSY LOUIS VUI	20.5	1.7	-13%	0%	12%	-32%
RHEINMETALL AG	40.1	0.9	59%	41%	44%	-11%
Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^	**27.4**	**1.4**	**36%**	**13%**	**15%**	**-20%**
S&P500 - FWD PE and EPS Growth	**20.3**		**7%**	**14%**	**12%**	**-9%**

*Calculated using Harmonic Mean

^Calculated using Median

RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

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&P500, where analysts expect 12% average growth over 2025 and 2026. Our companies are trading at higher valuations, 27x, versus the S&P500's 20x, 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 20% from their recent high's whereas the US market has fallen 9% on average.

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%	-6.8%										**-2.7%**

For the month, the fund was down 4.8% in ZAR terms (-4.5% in USD) compared to the MSCI Developed Markets Index which was down 3.8% in ZAR (-3.5% in USD) for the month. The Rand strengthened 0.3% for the month, detracting from the performance in ZAR.

For the 2025 Calendar Year to date, the fund is down 2.7% in ZAR or flat in USD. The MSCI World Index is down 4.7% in ZAR and down 2.2% in USD.

The RCI BCI Worldwide Flexible Fund investment team:

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

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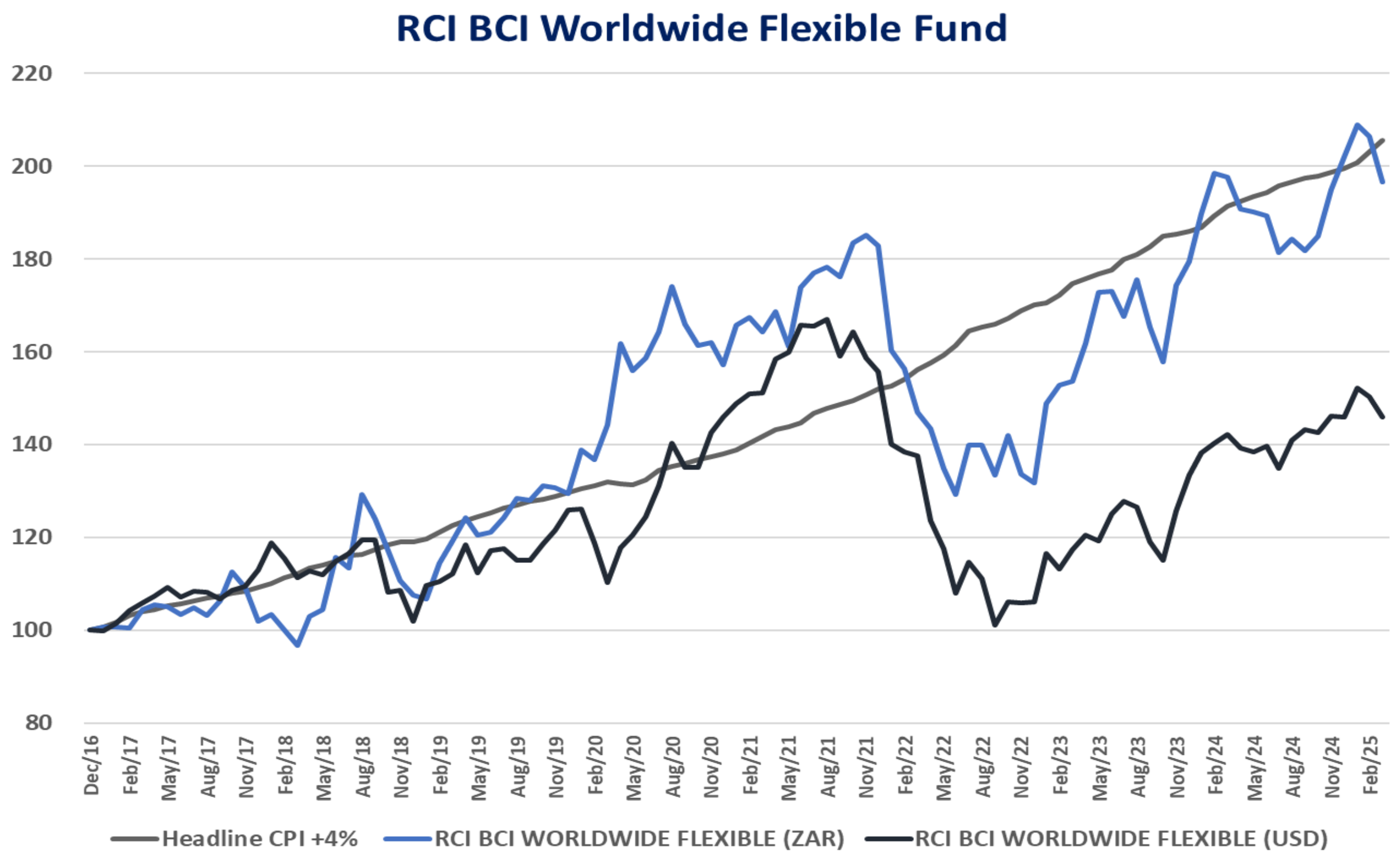
The **RCI BCI Worldwide Flexible Fund** closed March at 206.48, down 4.81% for the month and up 3.01% for the last 12 months.



WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND

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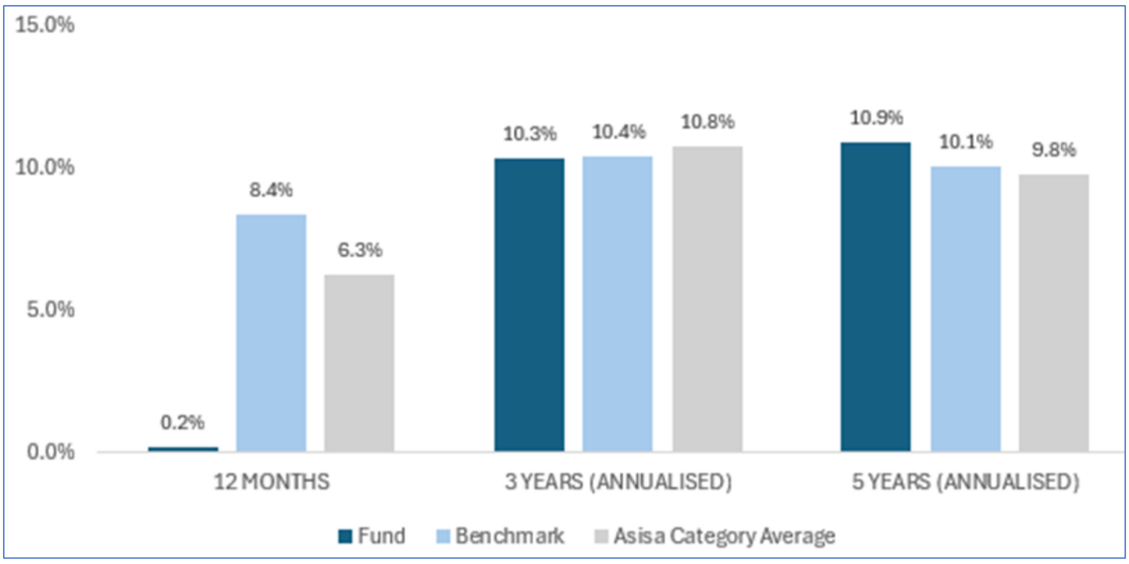
Fund Performance and Attribution

The fund was down 11.1% for the month in ZAR. This was hindered by a 2.0% strengthening of the ZAR against the USD. This meant the fund was down 9.1% in USD for the month. This compares to the S&P500 which was down 1.3% and the Nasdaq which was down 8.2%. The **Nasdaq experienced its most substantial drop since late 2022**. Overall, March was a tumultuous month with policy decisions and geopolitical tensions playing a significant role in the performance of the fund.

Our largest detractors were Him & Hers Health Inc which suffered a 35% correction, on market sentiment but also due to changes in the regulatory environment whereby the FDA have banned the compounding of Semaglutide. Corsair Gaming Inc, a small holding, fell 25% on the back of tariffs with China, where a lot of their components and products are sourced. Coinbase Global Inc was down 20% on no specific news, albeit the price of most cryptocurrencies falling in sympathy with other risk assets.

Historical performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	2.1	-8.6	-11.1										**-17.0**
2024	5.5	8.8	-2.5	-6.7	0.7	3.6	-7.1	1.6	1.0	6.9	14.6	6.2	**35.1**
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**



Unit Trust Rankings

116/116	97/111	4/108	51/100	55/82	19/70
ytd	1 year	2 years	3 years	5 years	7 years

Source: MoneyMate

The fund experienced one of its worst first quarters since the 2022 Covid fallout. Essentially, we have seen the post-election rally unwind. Additionally, the market is now grappling with the highest level of trade policy uncertainty we have seen in decades and odds of a potential recession increasing.

The longer-term track record is good, with the fund annualizing at 10.9% over the last 5 years, this is ahead of the benchmark (CPI+5%) and the peer group average (9.8%).

The Family Office

Fund Composition

TOP TEN HOLDINGS	SECTOR	ABSOLUTE WEIGHT (%)	ROCE	FCF MARGIN	GP MARGIN	OP MARGIN	REVENUE 3Y CAGR	DEBT/EQUITY
FORTINET INC	CYBER SECURITY	6.1	36.6	31.6	80.6	30.2	21.2	0.7
SOFI TECHNOLOGIES INC	FINANCIAL SERVICES	5.9	0.0	-48.2	82.5	0.0	39.3	0.5
META PLATFORMS INC	SOFTWARE	5.8	31.8	32.9	81.7	41.5	11.7	0.3
AMAZON.COM INC	E-COMMERCE	5.2	15.8	5.2	48.9	10.8	10.7	0.5
MERCADOLIBRE INC	E-COMMERCE	4.9	29.9	34.0	52.7	12.7	43.2	1.6
NVIDIA CORPORATION	SEMICONDUCTORS	4.5	114.0	46.6	75.0	62.4	69.3	0.1
NETFLIX INC	ENTERTAINMENT	4.4	23.3	17.7	46.1	26.7	9.5	0.7
PALO ALTO NETWORKS INC	CYBER SECURITY	3.9	9.0	34.2	73.9	13.1	20.8	0.2
BROADCOM LTD	COMPUTER HARDWARE	3.8	14.5	38.0	76.3	35.1	24.1	1.0
SALESFORCE INC	SOFTWARE	3.8	10.2	32.8	77.2	20.2	12.7	0.2
TOTAL EQUITY CONTENT OF FUND		97.9						

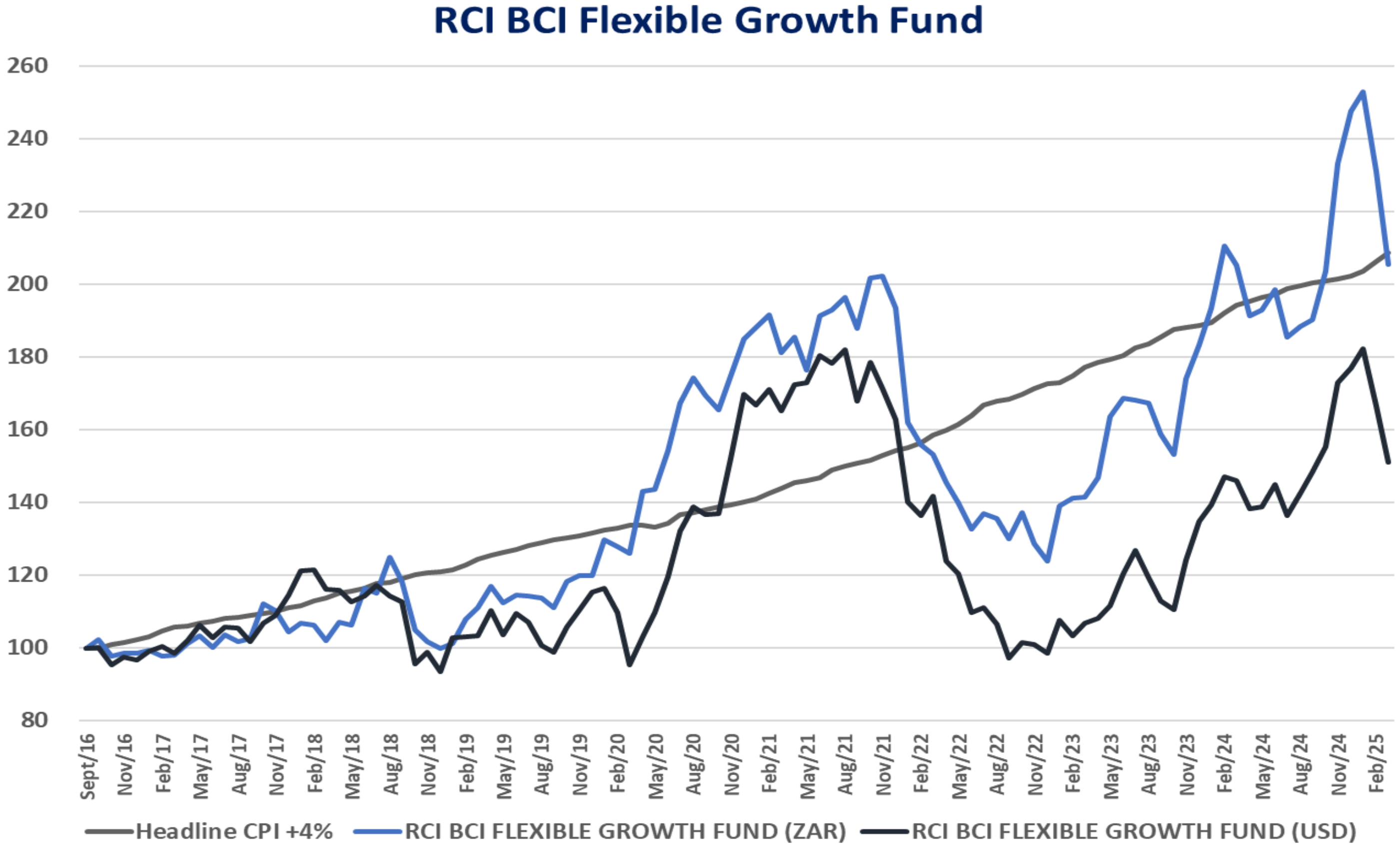
The top 10 holdings exhibit strong or improving returns on capital. Many of the businesses are software or cloud platform businesses and as such they exhibit strong margins. The fund tries to focus on scalable businesses with strong margins, and healthy balance sheets. The free cashflow margins of our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

Changes during the month

During the month of March, the fund:

- Exited positions in **Apple** and **Duolingo**.
  - The Apple holding had already been reduced, and concerns around retaliatory tariffs from China, on US manufacturers put Apple at risk, in our opinion.
- Started two new positions in **Uber Technologies** and **Lemonade**.
  - The former being the well-known ride hailing service, that is fast becoming profitable and the latter being a small-cap short term insurer that is harnessing the power of AI to great effect in growing "in force" premiums, while significantly reducing credit loss ratios as it more accurately prices risk in a very short amount of time.

The **RCI BCI Flexible Growth Fund** closed March at 205.54, down 11.05% for the month and up 17.05% for the last 12 months.



WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

The Family Office

ANCHOR BCI SA EQUITY FUND

Developed Market (DM) equities fell for the second consecutive month in March (MSCI World Index -4.4% MoM). US mega cap tech stocks were among the worst-performing cohort, with the Magnificent Seven declining 10.2% over the month. Tariffs was the dominant theme driving sentiment in March. Confirmation that the US would push ahead with tariffs against Mexican and Canadian imports, followed a day later by the US President announcing a further 10% tariff on Chinese imports (on top of 10% imposed in February), and then the announcement of 25% tariffs on imported vehicles and parts in late March, all preceded the raft of reciprocal tariffs due to be revealed on 2 April – dubbed “Liberation Day” by US President Trump.. Reflective of the shift of capital out of the US into other markets, European bourses outperformed the US for the fourth consecutive month (Eurostoxx50 flat MoM vs. S&P500 -5.6% MoM). Emerging Market (EM) equities fared far better than their DM counterparts in March (MSCI EM +0.5% MoM), thanks in part to another good month for Chinese equities (Hang Seng China Enterprises +1.2% MoM), which continued to recover on improving prospects for much-needed economic and policy support from the Chinese government. India (Nifty 50 +6.3% MoM) and Brazil (Bovespa +6.1%) were also notable contributors to EM performance in March.

South African equities, at an index level at least, had a positive month (FTSE/JSE Capped SWIX Index +3.6% MoM). Under the bonnet, performance was highly divergent at a subsector level. The positive month was thanks to an exceptional month for gold equities (+33% MoM) and PGM miners (40% MoM). While there were a few individual counters that stood out for the right reasons (Standard Bank +10% MoM on improved guidance, for example), the balance of the market in aggregate had a negative month. The Rand strengthened against a weakening US Dollar (+2% MoM), which mean there was not the support for Rand hedge stocks from this source that one might have expected as a more risk-off tone took hold among DM investors.

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

- Prosus
- Naspers
- AngloGold Ashanti
- BidCorp
- Capitec
- Standard Bank
- FirstRand
- Anglo American
- Absa
- Advtech
- Discovery
- Harmony
- Mas Real Estate
- Mr Price
- Investec

Main changes in the month

Portfolio activity in March was modest. We exited **Glencore** due to softer gas prices, which pressured thermal coal prices. In PGMs, we switched from **Northam** to **Anglo Platinum**, favouring a lower-cost production base and believing the imminent unbundling from the Anglo American stable could present some opportunities for **Anglo Platinum**. Following an underwhelming sales update, we exited our **Dis-Chem** position. Encouraged by strong results and following the acquisition of Citron Hygiene, we initiated a position in **Bidvest**. **Motus** offered an attractive entry point following a pullback, which we considered overdone.

Performance

The Anchor BCI SA Equity Fund rose 1.3% MoM in February. The highly concentrated source of positive performance in the SA market this year so far from gold equities in particular, which do not conform to our quality principles for the fund make this a challenging environment from a relative performance perspective. Be that as it may, we are seeing the fund’s holdings in precious metals miners moving up the ranking from an exposure perspective, so it is participating in this positive performance to a decent degree.

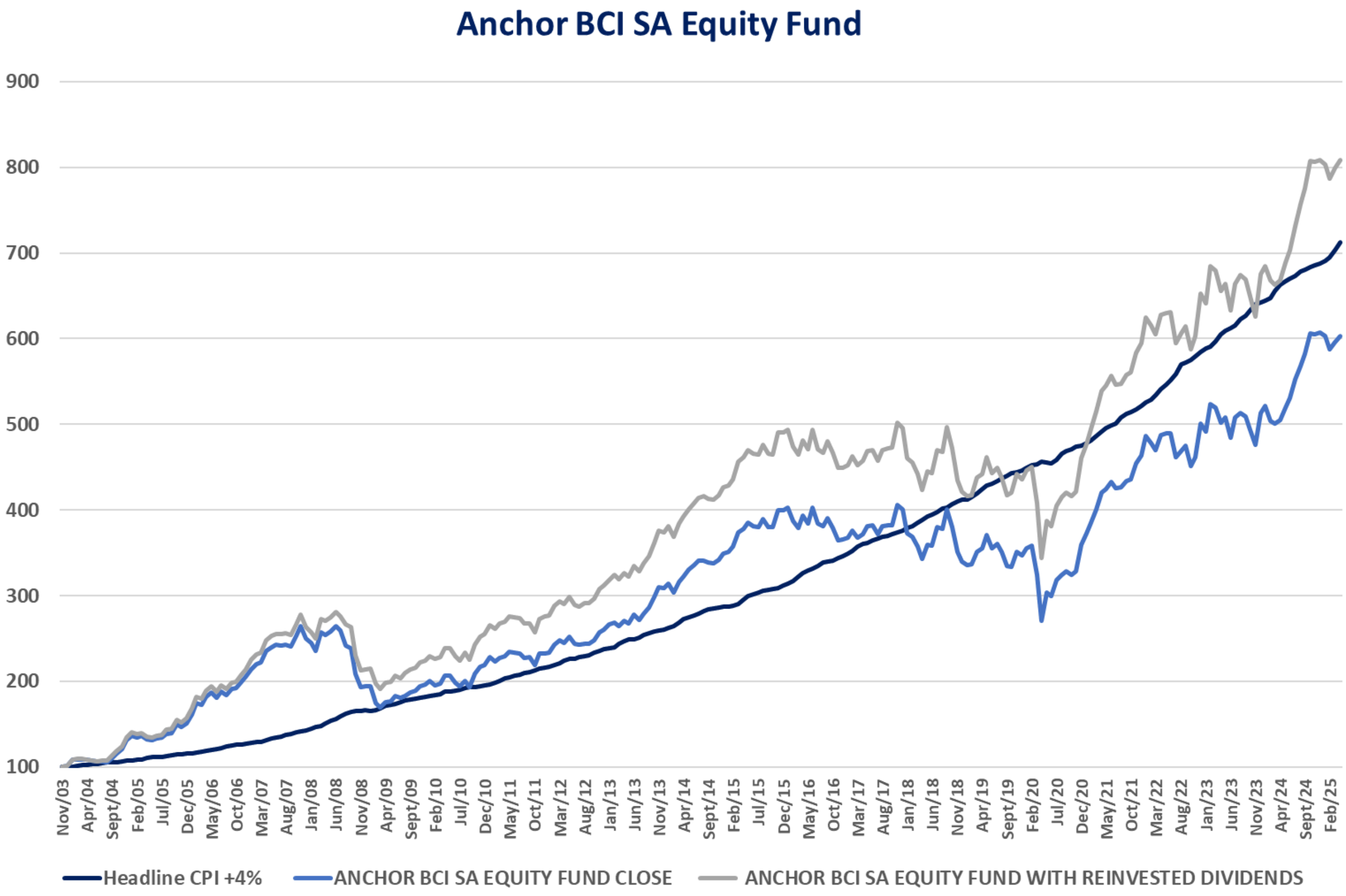
The Anchor BCI SA Equity Team

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 March at 603.56, up 1.22% for the month and up 19.58% 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.

ANCHOR DOMESTIC FIXED INCOME UPDATE – THE GNU AND TARIFFS

Globally, markets are focused on Trump tariffs; domestically, it's about the survival and stability of the Government of National Unity (GNU). After a period of post-election strength, political risk in the form of a potential restructuring or collapse of the government has returned, dragging bond yields higher. The initial impact of the tariffs is at least more quantifiable. The IMF modelling suggests that South Africa will see a reduction in GDP growth of about 0.35% as a result of US tariffs. Our exports to the US are $15 billion, representing our second largest trading partner and about 10% of exports. Some exports (e.g. platinum) will probably not see a major impact, while food and vehicle exports are more vulnerable. Lower GDP growth will clearly put pressure on the national budget that now begins to look unrealistic before it has completed its approval process. We are concerned about the reciprocal actions on the part of other nations. It is quite reasonable to expect a response that could very well trigger a trade war and quite potentially a global recession. For those who believe that while history doesn’t repeat itself, it does rhyme, it is worth reading up on the 1930 Smoot-Hawley tariffs that deepened the Great Depression. Circumstances are different today, but with the US at full employment and no labour available for the onshoring of manufacturing, maybe circumstances are not that different. Time will tell.