ROBERT COWEN INVESTMENTS

JULY 2025 NEWSLETTER

The Family Office

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

ANCHOR GROUP

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **A guide to first-time offshore stock picking** – *by James Bennett*
- **Quotes from the 2nd quarter**
- **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*
- **South African banks credit ratings gets upgrade on improved outlook**

2025 Income Tax return filing dates

- Auto-assessments: 7 – 20 July 2025
- Filing season opens for non-provisional taxpayers who were not auto-assessed: 21 July – 20 October 2025
- Provisional taxpayers and trusts: 21 July – 19 January 2026

What to prepare before filing starts?

Make sure that you have received your IRP5/IT3(a) and other tax certificates like medical aid, retirement annuity funds, and any other third-party data relevant to determining your tax obligations.

28 February 2025 Tax Certificates

We are in the final stages of collating the tax certificates for the year ended 28 February 2025. We will be sending these out over the next couple of days, please look out for an email from Kirsty Lucas (kirsty@rcinv.co.za) or Aarthi Bikram (aarthi@rcinv.co.za).

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

25 Culross Road, Bryanston, Sandton, 2191
011 591 0585
www.rcinv.co.za

A GUDIE TO FIRST-TIME OFFSHORE STOCK PICKING

BY JAMES BENNETT

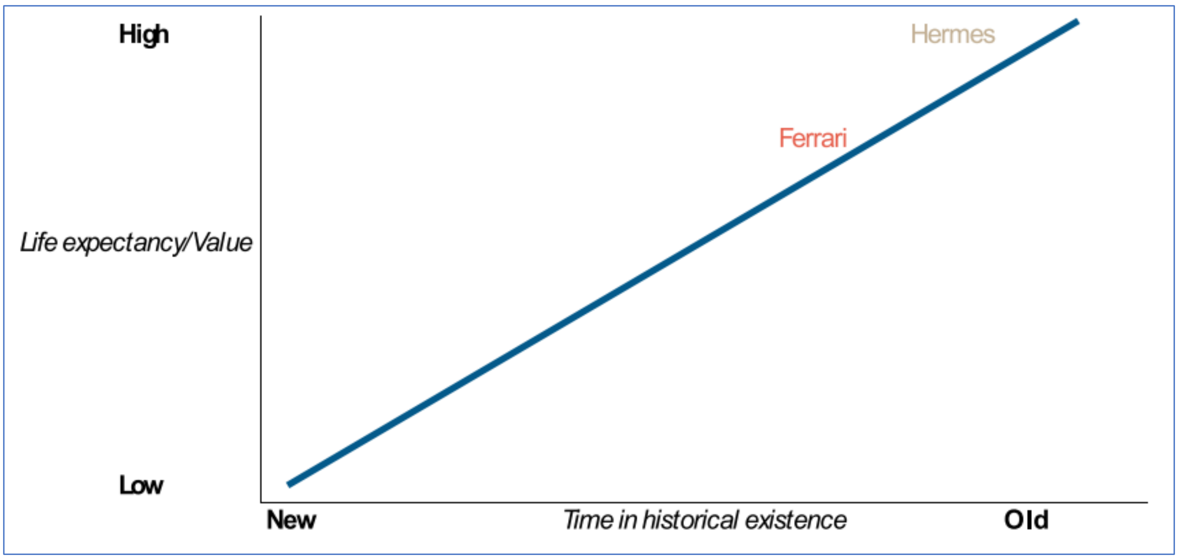
This discussion is intended for SA-based investors who have never invested directly in offshore stocks or have only recently started this journey. The broad principles of stock picking are the same anywhere in the world. For example, overpaying for an asset typically leads to bad outcomes everywhere. However, for individuals who have focused their investing primarily in the domestic equity market, starting to buy individual stocks in global markets can be quite daunting and requires a material mind shift, in my experience. Somewhat tongue-in-cheek, years ago, it felt to me that in SA, we bought shares on a 10x P/E, started to get worried when these shares hit a 15x P/E and sold without asking questions when they hit a 20x P/E. For global investing, especially in the US, it feels like company valuations start at a 20x P/E and work their way up.

The reality is that there are low P/E stocks everywhere in the world, including in the US. There are value managers who can construct global portfolios on low and even single-digit P/Es in aggregate. However, that is quite a unique skill set and requires a very deep analysis of the underlying companies to ensure one is not standing on any proverbial landmines. Investing in the better-known, mainstream global stocks usually requires paying a P/E multiple that first-time global investors may not feel comfortable with. When I started investing globally years ago, overcoming this “sticker shock” took me a while. After a while, I realised that limiting myself to finding shares trading under a 20x P/E excluded me from many worthwhile investing opportunities.

As a result, I became a lot more open-minded about “optic valuations”. In other words, many global shares I looked at appeared “optically” expensive (e.g., high 12-month forward P/E multiples). Yet, investors had been making excellent returns on some of these shares over many years. There are multiple reasons why this might be. Most SA companies operate in a very small market by global standards, with limited opportunities to scale internationally. US companies, by comparison, operate in a vast domestic market with material opportunities to scale internationally. By its nature, tech scales quickly across state lines in the US. It also scales quickly across international borders. Unsurprisingly, many of the listed US winners of the past 20 years have come from the tech space, companies like Apple, Amazon, Alphabet, etc., which are global powerhouses today. These same winners have often appeared very expensive but have delivered superior share price performance, high optic valuations notwithstanding. Global investing allows one access to the best management teams in the world, who, in turn, have almost unlimited access to capital.

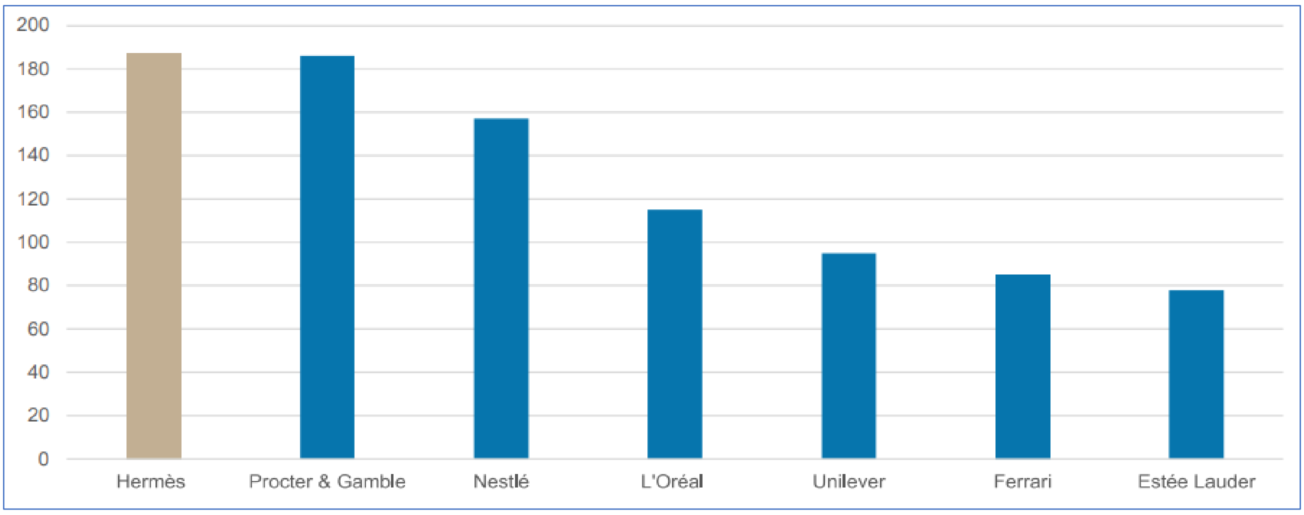
There are also other factors to consider. The Lindy Effect states that the longer something (non-perishable) has existed, the longer it is likely to exist. A company like luxury goods manufacturer Hermès has existed for over 180 years. That means it has survived two world wars, the Cold War, the Great Depression, the global financial crisis (2008-2009) and the COVID-19 pandemic (2020). No company has a guaranteed future, e.g. personal care product manufacturers such as Revlon and Estée Lauder. However, a company that has survived all the above is unlikely to go bankrupt in the next five years. The issue is that these types of companies do not typically trade on 5x P/E multiples. We simply do not have these kinds of generational companies listed in SA.

Figure 1: The Lindy effect



Source: Anchor Capital

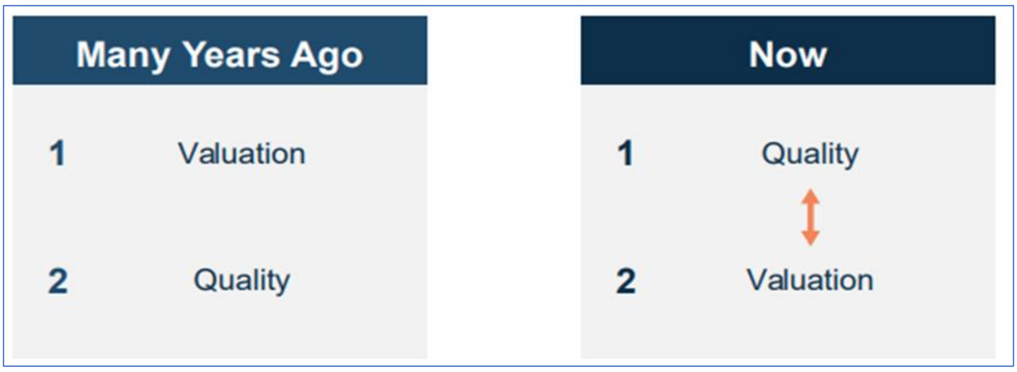
Figure 2: Global access to generational assets, companies' years in existence



Source: Anchor Capital, Company reports

Covering SA diversified mining shares on the sell-side for almost 25 years, my analysis was very valuation-driven. My assumption was that most things in cyclical companies revert to the mean over the longer term. However, with global investing, I have found many more secular growth opportunities without apparent means to revert. I have found far more success in focusing on the individual quality of the businesses I am assessing vs making optic valuations my primary objective. I still view valuation as crucially important. However, I have made evaluating business quality my primary objective, with valuation as a secondary overlay. This approach helps to filter out good businesses that are also overvalued.

Figure 3: A change in investing priorities



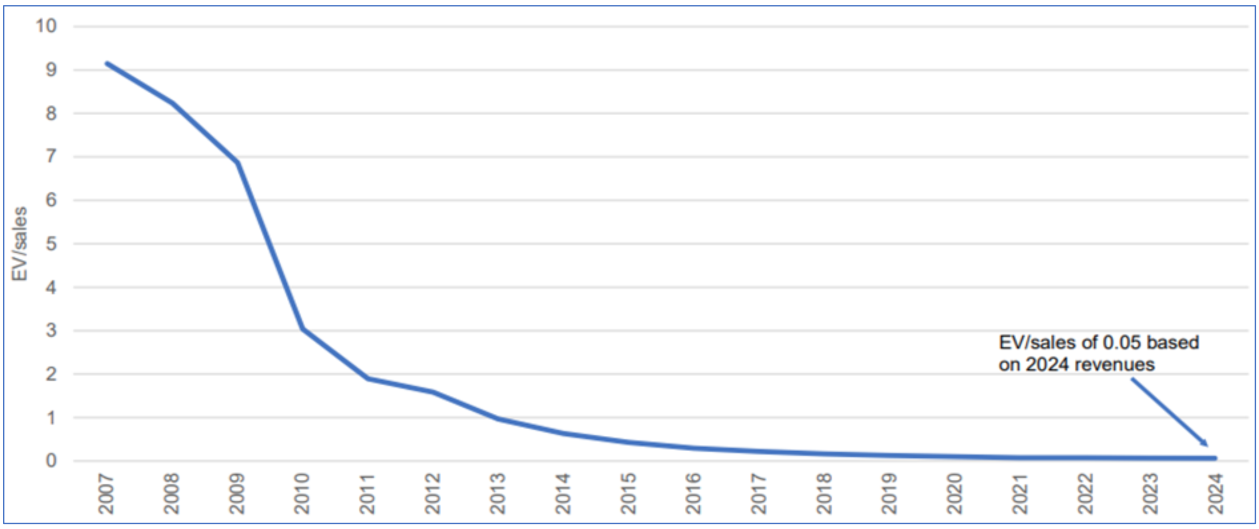
Source: Anchor Capital

In my opinion, a person with a simply brilliant investing mind is Aswath Damodaran, the finance professor at New York University, Stern School of Business. He is otherwise known as the "Dean of Valuation". He has written several books and delivered countless public talks and lectures on the finer arts of valuing companies. There are arguably few people in the world who know more than he does on how to craft a valuation spreadsheet. Yet, he frequently states how important the narrative is to the investment case of a business. This is especially true for the global powerhouses that have emerged from the US over the past 20 years.

To be clear, I love a good spreadsheet. My whole sell-side career was built on many thousands of lines of spreadsheet data. However, for global investing, I have materially reduced my reliance on spreadsheets as the answer to buying good quality companies. I like the saying that "If all the answers to investing could be found on a spreadsheet, all the world's Excel junkies would be the richest people on earth." I am unsure who to credit this saying with, as many seem to have used it in some way.

Alphabet bought YouTube for US$1.65bn in 2006, all funded by stock. This is an excellent example of a global asset that appeared optically expensive but was incredibly cheap with the benefit of hindsight. The purchase price looked like a bubble valuation at the time on an EV/sales multiple of 9.2x, and YouTube was loss-making. However, in 2024, the EV/sales multiple was 0.05x based on the original 2006 purchase price. Alphabet was heavily criticised for buying a "loss-making start-up". One press article questioned whether Google "swallowed a poison pill they will soon regret". We should balance this with the fact that Alphabet has made over 250 acquisitions over the years, many of which have failed either partially or entirely. So, it does not always end as well as the YouTube acquisition.

Figure 4: Alphabet's purchase of YouTube - Alphabet EV/sales multiple paid for YouTube in 2006 (US$1.65bn in stock)



Source: Anchor Capital, Company reports

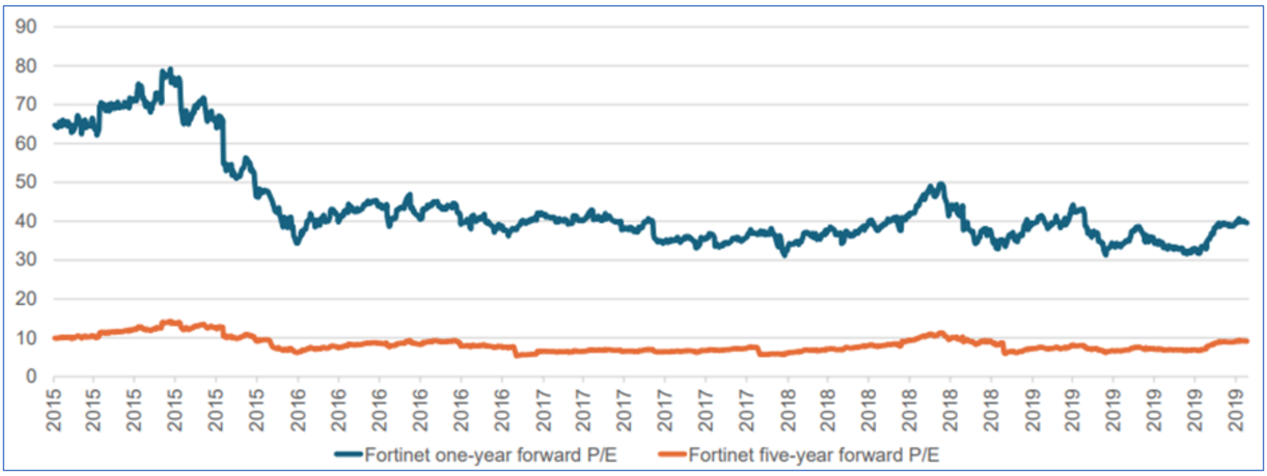
There are so many examples I could give in the US of companies that appeared optically expensive (high, one-year forward P/E multiples) for years but still ended up delivering market-beating returns. One such example is Fortinet. I have followed this stock for years. It is one of the world's leading cybersecurity companies. It is still run by the founders from about 20 years ago. No single cybersecurity company is the best at everything, and it is a very fragmented industry. However, Fortinet has had a material focus on shareholder returns with high free cash flow (FCF). I have tracked Fortinet's share price in Figure 6 over its five-year forward earnings. This type of exercise can only be done with the benefit of hindsight. This demonstrates that Fortinet has mostly traded on a single-digit forward P/E based on five-year forward margins, internal innovation, low stock-based compensation and judiciously timed share buybacks.

Throughout its listed history, Fortinet has virtually never traded below a one-year forward P/E multiple less than 30x. It has twice touched an 80x forward P/E. Yet the share price has grown about twenty-fold, with 2015 as the starting point in Figure 5 below. A rigid view that any share trading over a 20x P/E is expensive would have kept one out of this fantastic share entirely.

Figure 5: Fortinet – cheap or expensive?

I have tracked Fortinet's share price in Figure 6 over its five-year forward earnings. This type of exercise can only be done with the benefit of hindsight. This demonstrates that Fortinet has mostly traded on a single-digit forward P/E based on five-year forward earnings. This is not easy to do looking forward. However, it indicates that US fund managers have a good feeling for valuing these longer-dated, high-growth businesses. I believe it pays to keep an open mind when valuing these types of companies.

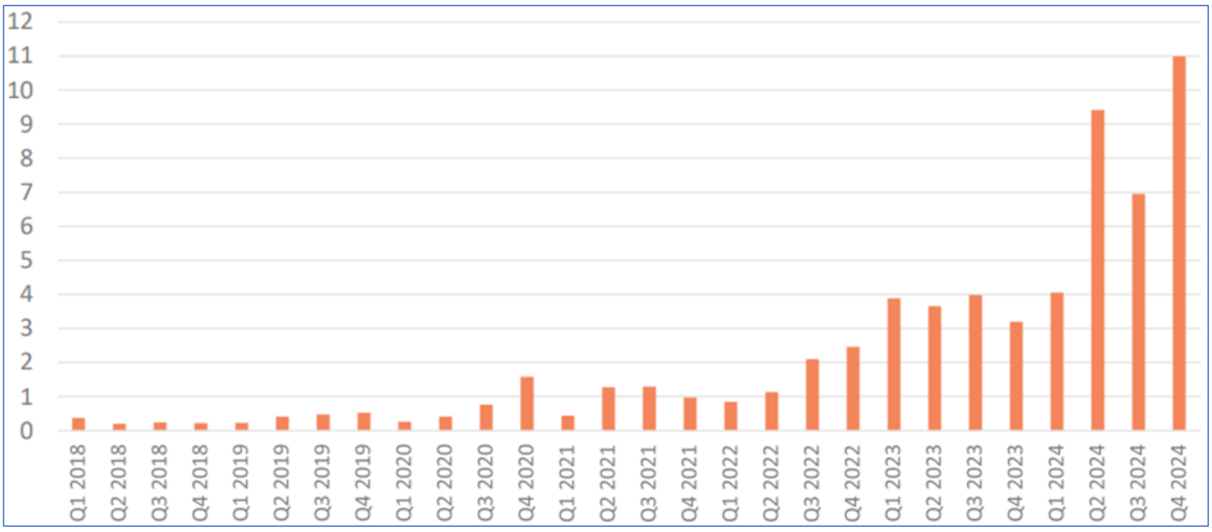
Figure 6: Fortinet – five-year forward P/E multiple



Source: Anchor Capital, Bloomberg

Another factor that sometimes results in higher valuations, especially for US stocks, is the optionality they offer investors. Optionality does not refer to a restaurant chain being able to open more stores over time. Instead, it refers to the ability of a business to add completely new revenue lines as a function of its current business and installed customer base. This is hard to value as it carries a higher level of uncertainty. However, it can be a robust revenue and earnings driver over time. An example of this is Tesla's energy storage business. This division is too small to be the make-or-break of the Tesla investment case. However, in two-and-a-half years, this business has grown tenfold. During this time, the market focused far more on its mainstream electric vehicle (EV) business.

Figure 7: Tesla energy storage deployments (GWh)



Source: Tesla

One of the other lessons I have learnt in global markets is that you bet against the top dog in an industry at your peril. It is tempting to find the number 6 market share player on a low P/E and think it looks attractive. The highest market share player on a high P/E multiple is often the better investment over time. Remember, the biggest player also has the biggest marketing budget, research and development (R&D) team, deepest government relations, etc. The one time this view might not be valid is when a disrupter enters the market.

Another thing I have learned, especially with US tech, is never to underestimate the impact of a powerful marketing team. I used to think that the best tech sold itself and that marketing only needed to be acceptable. However, a powerful marketing team can outsell a competitor's better-quality tech if that competitor is not at the top of its marketing game.

With global investing, having a large "too-hard" camp is crucially important. There are potentially as many as 50,000 shares listed globally. Even an investment team of several members cannot be on top of all market sectors. For now, many seasoned global fund managers are putting the red-hot AI theme into the "too-hard" camp. Besides the obvious winner of chipmaker Nvidia and the data centres (Amazon, Microsoft and Alphabet), it is difficult to say with certainty who the winners will be. In many respects, it is easier to predict the losers.

The fear of missing out (FOMO) can be overwhelming in global markets relative to the SA market. In SA, it feels like everyone owns the same shares. Even if you miss out on one, chances are it was always staring at you in plain view. Globally, it often feels like you are missing out on all the hot ideas. Resist the temptation to start throwing darts at every hot idea your friends all seem to own.

Global markets, especially the US, are more susceptible to bubbles than we are used to in SA. Bubbles in individual stocks. Bubbles in sub-sectors and bubbles in overall sectors. You want to avoid those at all costs. It feels like the last time we had a clear bubble in the domestic equity market was around the time of the global tech bubble in 1999-2000.

If many/most US-based investors lack an information edge despite living in the US, what edge could we have living outside that region? The expression "you don't know what you don't know" is especially true for investors venturing outside their home market for the first time. The one critical edge you can have, no matter where you live, is investing temperament. Taking a patient and long-term view of the quality stocks in your global portfolio can more than offset any short-term information edge you might lack.

In my view, no one can reliably predict market crashes. The whole reason a market crashes suddenly is that something happens that absolutely no one expected. However, there is no doubt that US markets and many high-quality global companies, in general, are expensive by their historical standards. We can say with reasonable conviction that the returns for US stocks over the next 15 years will likely lag the outstanding returns we have enjoyed over the past 15 years. Finally, global investing is not necessarily about achieving higher returns. It is more about geographic diversification and access to an enormous pool of investment opportunities across diverse industries. Along the way, it can also be a lot of fun!

QUOTES FROM THE 2ND QUARTER OF 2025

"So we found out today this episode from April 3 to today is the fastest bounce-back after a 15 percent decline in S&P history, fastest bounce-back ever." - **U.S. Treasury Secretary Scott Bessent**

"Margin balances are as high as we've ever had them...[our customers] were very strongly buying the dip…this is like the second occurrence where I would argue retail came to the rescue of the market, COVID probably the first." – **Robinhood Markets ($HOOD) Chief Brokerage Officer Steven Quirk**

"The question really is, will AI be more augmenting labor or replacing labor?... AI should be creating jobs at the same time. It may be replacing. It may be doing both." – **Federal Reserve Chair Jerome Powell**

"So there is a chance that the person who is going to become the chair could be appointed in January, which would probably mean an October-November nomination." - **U.S. Treasury Secretary Scott Bessent**

RCI BCI WORLDWIDE FLEXIBLE FUND

The market performance in June was again very strong. The Nasdaq and S&P 500 rose 9% and 7% respectively with the MSCI World rising 4.2%. The worst performers were the German DAX, FTSE100 and Hang Seng as tariff fears reignited. The performance for the month was particularly good in light of the geopolitical issues surrounding Israel, Iran and the USA. The Japanese market also performed very well this month up 6.6%.

For the first 6 months of the year the S&P 500 is up 5.5%, the MSCI World is up 8.6% and the NASDAQ is up 7.9%:

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

Ticker	GEOGRAPHY	Name	2024	Year to Date	Jun-25
NDX INDEX	USA	NASDAQ 100 IDX	24.9%	7.9%	6.3%
SPX INDEX	USA	S&P 500	23.3%	5.5%	5.0%
INDU INDEX	USA	DOW JONES INDUST IDX	12.9%	3.6%	4.3%
S5INFT Index	USA	S&P 500 INFO TECH IDX	35.7%	7.7%	9.7%
S5TELS Index	USA	S&P 500 COMMUN SERVICES	38.9%	10.6%	7.2%
S5ENRS Index	USA	S&P 500 ENERGY IDX	2.3%	-0.9%	4.7%
S5INDU Index	USA	S&P 500 INDUSTRIALS IDX	15.6%	12.0%	3.5%
S5FINL Index	USA	S&P 500 FINANCIALS IDX	28.4%	8.4%	3.1%
S5COND Index	USA	S&P 500 CONS DISCRET IDX	29.1%	-4.2%	2.1%
S5MATR Index	USA	S&P 500 MATERIALS IDX	-1.8%	5.0%	2.1%
S5HLTH Index	USA	S&P 500 HEALTH CARE IDX	0.9%	-2.0%	1.9%
S5UTIL Index	USA	S&P 500 UTILITIES IDX	19.6%	7.8%	0.1%
S5RLST Index	USA	S&P 500 REAL ESTATE IDX	1.7%	1.7%	-0.5%
S5CONS Index	USA	S&P 500 CONS STAPLES IDX	12.0%	5.1%	-2.2%
NKY INDEX	JAPAN	NIKKEI IDX	19.2%	1.5%	6.6%
MXEF INDEX	EMERGING MARKETS	MSCI EMERGING MARKETS IDX (USD)	5.1%	13.7%	5.7%
MXWO INDEX	DEVELOPED WORLD	MSCI WORLD IDX	17.0%	8.6%	4.2%
HSI INDEX	HONG KONG	HANG SENG IDX	17.7%	20.0%	2.0%
UKX INDEX	UK	FTSE 100 IDX	5.7%	7.2%	-0.1%
DAX INDEX	GERMANY	DAX IDX	18.8%	20.1%	-0.4%

Source: Bloomberg, Anchor Capital

The US Fed continues to hold rates constant as there is some expectation that inflation might remain elevated because of tariffs coming online over the next few months. The market, however, is still expecting a further 2 rate cuts by the end of the year, which is also part of the reason why equity markets are performing very well.

In prior months we have discussed how out of favour certain sectors are at present. Healthcare is currently trading at an 18% discount to the US market as a whole. On the flip side industrials and semiconductors are relatively expensive compared to the market.

Figure 2: US 12-month P/E valuations by sector and relative to the market as a whole. Ranked by level of discount or premium to the S&P 500

Median S&P 500 stock

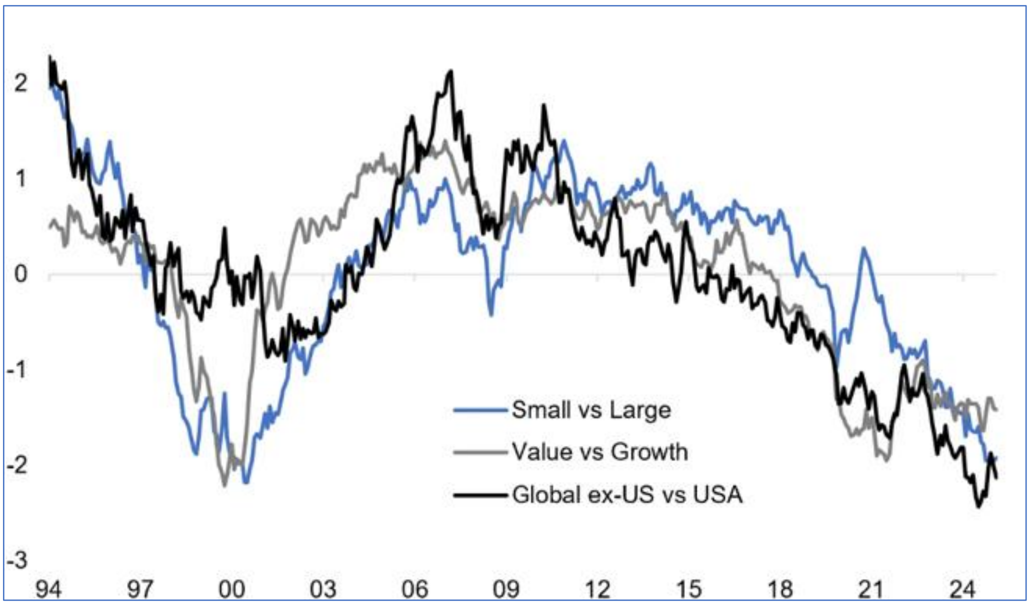
	Absolute NTM P/E	Premium/ (Discount) to S&P 500	20-year %ile rank
Health Care	16 x	(18)%	1 %
Consumer Staples	17	(10)	2
Media & Entertainment	18	(7)	7
Materials	17	(10)	11
Real Estate	17	(12)	22
Telecommunication Services	13	(32)	31
Energy	16	(17)	37
Financials	14	(25)	41
Utilities	18	(5)	48
Consumer Discretionary	20	3	62
Technology Hardware & Equipment	20	2	69
Software & Services	31	59	78
Semiconductors & Semiconductor Equipment	25	28	81
Industrials	23	19	98

Source: Factset, Goldman Sachs Global Investment Research

RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

We have shown in the past how much of the market performance is coming from a small collection of companies. The following chart shows the relationship between small cap companies and large cap companies in blue; the relationship between value companies and growth companies in grey and the relationship between the rest of the world's companies and the United States. In general, small caps, value and non-US companies have been heavily out of favour in the past decade. We have not seen such underperformance since the Dot-Com era in 1999

Figure 3: Global Equity Valuation Indicators: Small caps, Value and Non-USA companies have significantly underperformed their counterparts.



Source: Topdown Charts, LSEG

As the fear of a 2025 recession decreases, analysts have been upgrading their earnings expectations for the US market and with that their pricing expectations. Goldman Sachs now has a 12-month forecast on the S&P 500 of $6,900 which is 11% up on the current price.

Figure 4: S&P 500 index price and earnings expectations

Source: Goldman Sachs

At present the market is trading at a high valuation but with strong tailwinds from positive economic data and reduced geopolitical instability, we are confident our market positioning will continue to benefit from this optimism.

Portfolio Strategy

Amid the recent volatility surrounding Trump's tariff announcements, our approach has been to stay calm and avoid making hasty portfolio changes. History has shown that reacting to short-term political developments often leads to poor investment decisions. Instead, we've used this period as an opportunity to assess high-quality businesses that were indiscriminately caught up in the sell-off—where we believe the long-term fundamentals remain intact. Short-term noise can create compelling opportunities to invest in quality companies at attractive valuations. We remain focused on identifying these entry points and believe it is more important than ever to keep our eyes on the long-term horizon.

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	
AMAZON.COM INC	27.0	2.1	78%	12%	13%	-10%
BOSTON SCIENTIFIC	34.5	2.6	23%	18%	13%	0%
CONSTELLATION SOFTWARE	43.0	2.9	34%	15%	15%	-6%
FORTINET	39.9	2.9	44%	10%	14%	-8%
MERCADOLIBRE INC	44.0	1.1	43%	50%	39%	-1%
META PLATFORMS INC-CLASS A	22.3	5.4	59%	36%	4%	-1%
MICROSOFT CORP	32.7	2.4	23%	13%	13%	-1%
NU HOLDINGS LTD/CAYMAN ISL-A	20.7	0.6	80%	30%	37%	-15%
RHEINMETALL AG	49.7	1.0	59%	38%	49%	-8%
TAIWAN SEMICONDUCTOR-SP ADR	20.8	1.3	41%	31%	16%	-1%
Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^	**30.4**	**1.5**	**44%**	**24%**	**14%**	**-5%**
S&P500 - FWD PE and EPS Growth	**22.1**		**7%**	**11%**	**13%**	**0%**

*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 high 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, 30x, 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 5% from their recent high's whereas the US market is at an all-time high.

Changes made during the month

- We sold our position in **Intuit** as we are concerned of increased competition from the major AI companies in the near future.
- We bought a small position in **Arista Networks** that specialises in data centre infrastructure taking advantage of increased AI hardware spending by cloud providers.

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%	5.6%	4.0%	3.7%							**10.8%**

For the month, the fund was up 3.7% in ZAR terms (4.6% in USD) compared to the MSCI Developed Markets Index which was up 2.8% in ZAR (3.8% in USD) for the month. The Rand strengthened 0.9% for the month, detracting from the performance in USD.

For the 2025 Calendar Year to date, the fund is up 10.8% in ZAR and 17.5% in USD. The MSCI World Index is up 1.6% in ZAR and up 7.8% in USD. The rand has strengthened 5.8% for the year to date. Therefore, the fund has significantly outperformed the market for the year to date.

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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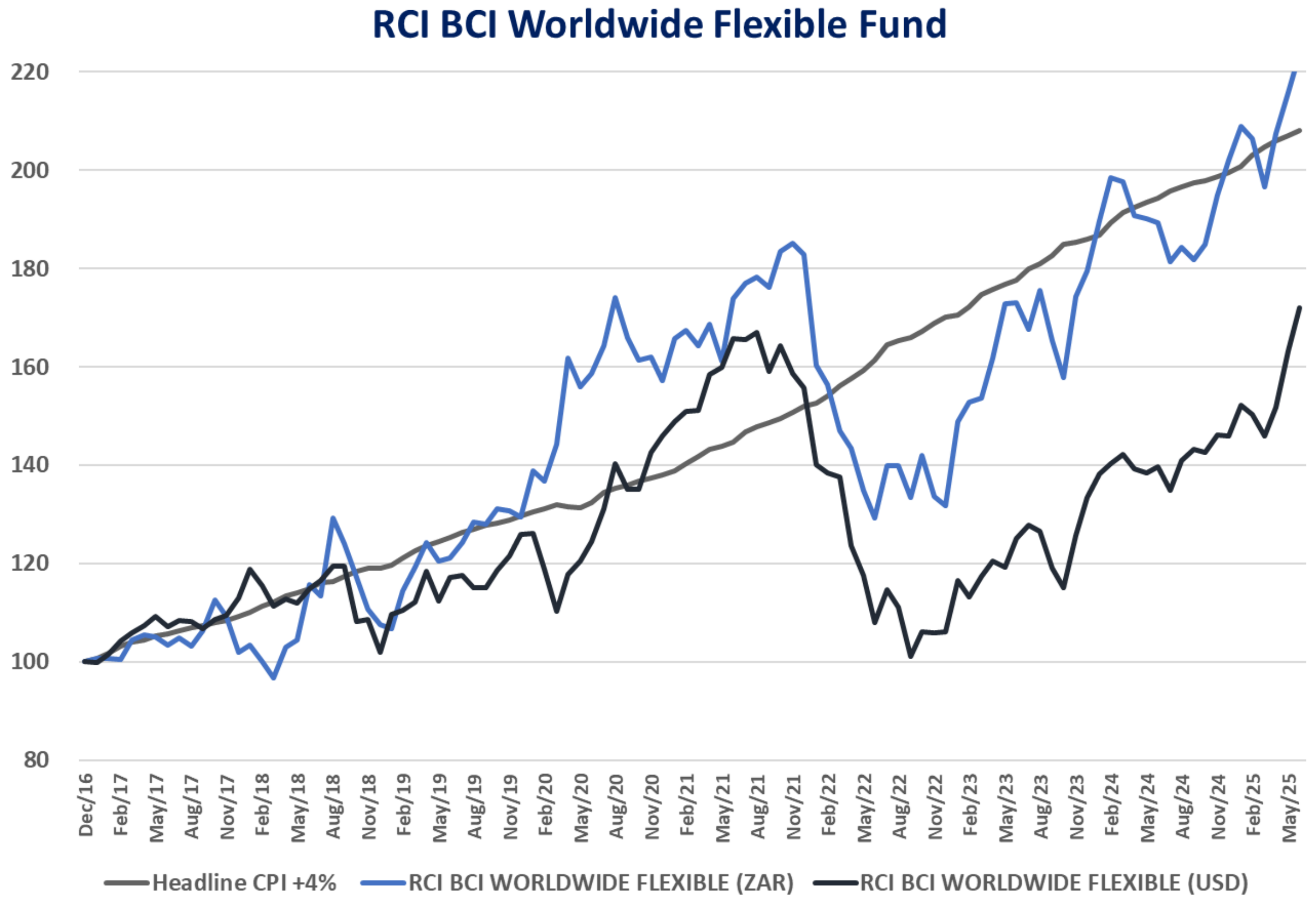
The **RCI BCI Worldwide Flexible Fund** closed June at 223.78, up 3.66% for the month and up 18.21% for the last 12 months.



WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND

Fund Performance and Attribution

The fund was up 9.5% for the month in ZAR (closing the 2nd quarter up 25%). This was hindered by a 1.6% strength of the ZAR against the USD meaning the fund was up 11.1% in USD for the month. This compares to the S&P 500 which was up 5.1% and the Nasdaq which was up 6.3%. June saw a continued rally in markets on the back of optimism around tariff delays and deals and a strong finish to the second half of Q1 earnings season.

The biggest winner for the month was Coinbase Global Inc, up 42% due to some constructive changes to crypto legislation. Robinhood Markets Inc, the Millennial and Gen Z focused financial services platform also rallied 42%. Hims and Hers Inc was our largest detractor and fell 12% on news that their newly formed partnership with Novo Nordisk will be terminated due to concerns around questionable safety protocols with regards to some of their generic compounding of GLP-1 drugs.

TOP CONTRIBUTORS & DETRACTORS	SECTOR	%
COINBASE GLOBAL INC	FINANCIAL SERVICES	42.1
ROBINHOOD MARKETS INC	FINANCIAL SERVICES	41.5
SOFI TECHNOLOGIES INC	FINANCIAL SERVICES	36.9
LEMONADE INC	FINANCIAL SERVICES	30.8
ADVANCED MICRO DEVICES INC	SEMICONDUCTORS	28.1
ALPHABET INC	COMMUNICATION SERVICES	2.6
MERCADOLIBRE INC	CYBER SECURITY	2.0
SERVICE NOW INC	SOFTWARE	1.7
SEA LIMITED	CONSUMER SERVICES	-0.3
HIMS & HERS HEALTH INC	PERSONAL HEALTHCARE	-11.9

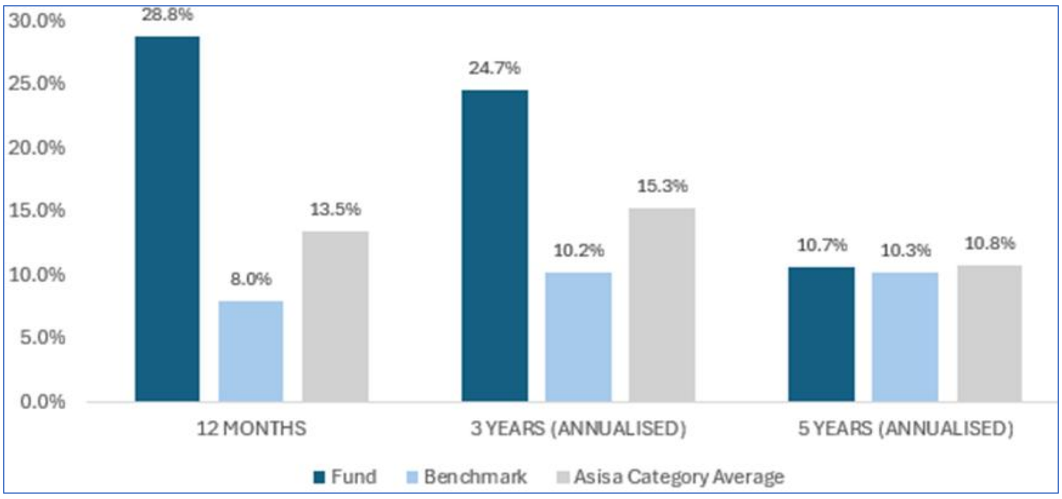
Historical performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	2.1	-8.6	-11.1	7.4	6.3	9.5							**3.8**
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**

The fund experienced a strong second quarter. US markets experienced one of their quickest recoveries in history from the lows on ‘Liberation Day’ in April.

The longer-term track record of the fund remains good, with the fund annualizing at 20% over the last 3 years, this is ahead of the benchmark (CPI+5%) and the peer group average (15.3%).

***Peer group is Worldwide Multi Asset Flexible category**



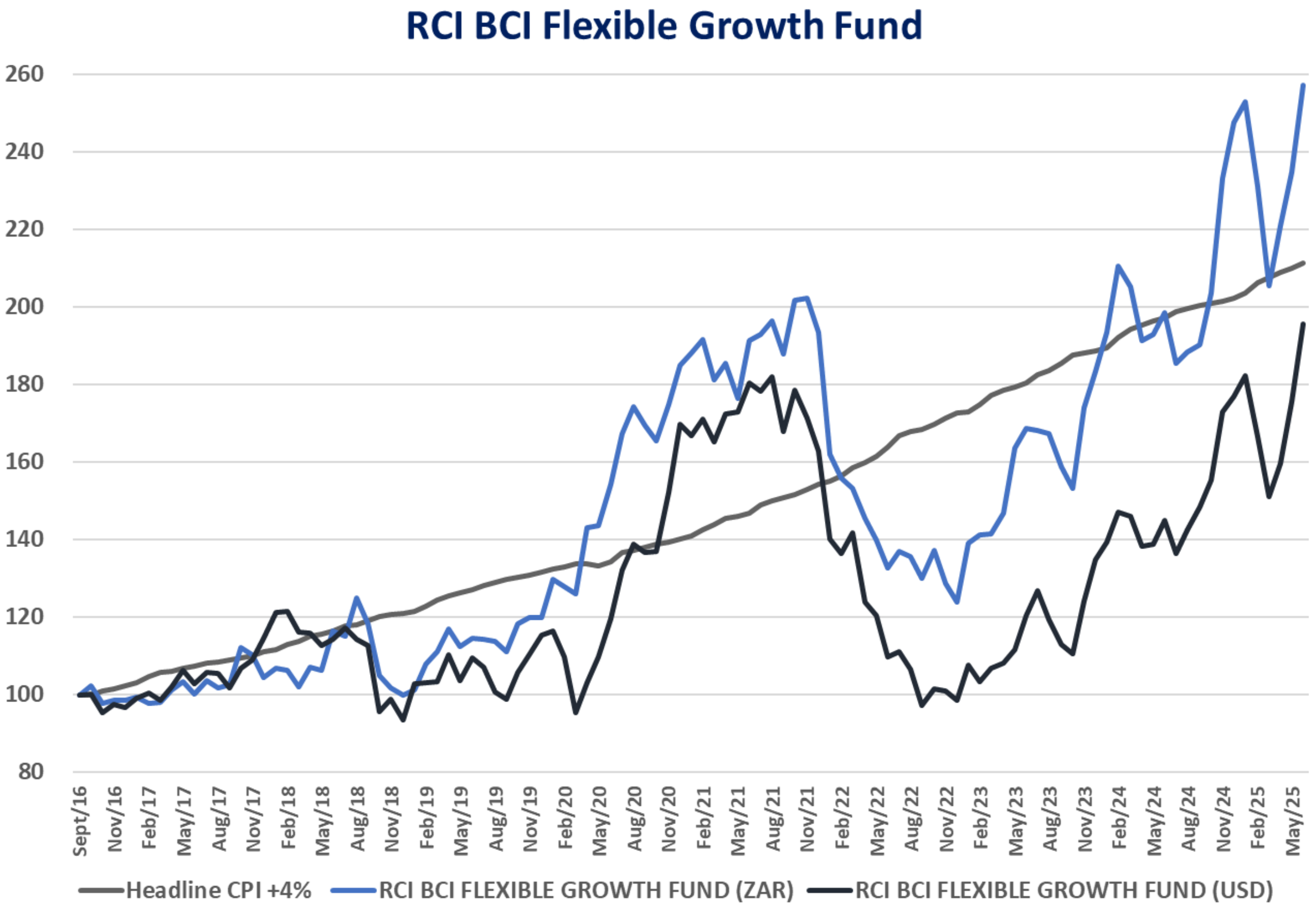
Top 10 holdings

TOP TEN HOLDINGS	SECTOR	ABSOLUTE WEIGHT (%)	ROCE	FCF MARGIN	GP MARGIN	OP MARGIN	REVENUE 3Y CAGR	DEBT/EQUITY
SOFI TECHNOLOGIES INC	FINANCIAL SERVICES	7.4	0.0	-72.6	82.1	0.0	36.1	0.5
NVIDIA CORPORATION	SEMICONDUCTORS	6.5	107.4	48.5	70.1	58.0	71.3	0.1
ROBINHOOD MARKETS INC	FINANCIAL SERVICES	6.0	0.0	33.6	91.0	0.0	27.0	1.2
META PLATFORMS INC	COMMUNICATION SERVICES	5.7	32.6	30.7	81.8	42.2	12.5	0.3
MERCADOLIBRE INC	E-COMMERCE	5.4	35.2	28.8	52.2	12.9	41.3	1.6
AMAZON.COM	E-COMMERCE	4.6	17.0	3.2	49.2	11.0	10.8	0.5
NETFLIX INC	ENTERTAINMENT	4.5	27.2	18.5	46.9	27.7	9.7	0.7
COINBASE GLOBAL INC	FINANCIAL SERVICES	4.4	4.9	29.4	85.2	9.9	-2.5	0.4
FORTINET INC	CYBER SECURITY	4.3	40.4	33.7	81.3	31.4	19.6	0.5
BROADCOM INC	SEMICONDUCTORS	4.2	14.6	39.8	77.0	38.2	23.9	1.0
TOTAL EQUITY CONTENT OF FUND		99.9						

Changes during the month

During the month we increased positions in **Coinbase Global Inc**, **Taiwan Semicondutor** and started a new position in **Nebius Group**. We took profits and exited our short-term position in The Trade Desk to fund some of the above purchases. We also reduced our exposure to Hims and Hers Heath Inc following the termination of the Novo Nordisk partnership and allegations around the safety of the GLP-1 compounds that they manufacture. The allegations could be false, but given the increased likelihood of a lawsuit and potential brand damage, we have reduced our position accordingly.

The **RCI BCI Flexible Growth Fund** closed June at 234.80, up 9.53% for the month and up 29.54% for the last 12 months.



WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND

Developed Market (DM) equities continued their positive run in June (MSCI World Index +4.3% MoM), taking returns at the 2025 halfway mark to a respectable 9.8%. US mega-cap tech stocks have resumed their role as the market leader over the last few months, rebounding strongly from their 1Q25 wobble. Interestingly, despite much commentary about the end of US exceptionalism and rotation out of US equities, the performance of European stocks faded towards the end of 1H25 (Euro Stoxx50 -1.1% MoM in June), which has led to a partial reversal of the sizeable outperformance of non-US stocks in 1Q25. DM equities experienced a brief pullback mid-month as the conflict between Iran and Israel escalated, with the US becoming involved. This turned out to be brief and, as hostilities receded, equities resumed their rise into month-end. Emerging Market (EM) equities also had a strong month (MSCI EM +6.1% MoM), taking returns for 1H25 to 15.5%. Chinses stocks had a decent month, with Chinese stocks listed in Hong Kong rising 3.7% in June, following a meeting in London between US and Chinese delegations where a resumption of the 90-day tariff truce was agreed, while China agreed to ease export restrictions on rare earth minerals.

South African equities finished 1H25 on a positive note (FTSE/JSE Capped SWIX Index +2.2% MoM (1H25 +16% YTD)), albeit lagging the strong June returns from other global markets. Platinum miners have increasingly picked up the baton from gold miners, which dominated market returns in the early part of the year. Together, precious metal miners have accounted for over 50% of the JSE's returns YTD, revealing the highly concentrated source of returns so far this year. Elsewhere, Napers/Prosus, (+7% MoM) had another solid month on the back of strong results and a well-received capital markets day in late-June where it laid out an ambitious growth target from the non-Tencent part of the portfolio over the next few years. SA Inc. stocks had a rather lacklustre month and were chiefly responsible for the weaker performance of SA equities than global peers. This likely reflects the continued downgrade of domestic growth expectations, as well as continued flare-ups within the GNU, keeping investors on edge.

At the end of June, the top 15 positions in the fund, making up 65% of the equity exposure, were as follows:

- Prosus
- Naspers
- AngloGold Ashanti
- FirstRand
- Capitec
- Standard Bank
- BidCorp
- WeBuyCars
- Absa
- Renergen
- Discovery
- Investec
- MAS Real Estate
- Anglo American
- Impala Platinum

Main changes in the month

In June, we added to the fund's bank exposure (**FirstRand** and **Standard Bank**), noting that the sector has been generally out of favour in recent months, despite providing reassuring trading updates indicating that growth momentum remains resilient despite SA's relatively unsupportive macro backdrop. With the positive momentum noted in PGM prices, we also added to the fund's exposure in this area, adding to **Valterra** and **Impala**, while also starting a new position in **Northam**. This was partially funded by taking some profits in **AB InBev**. We repositioned among the fund's mid-cap exposure, selling **Nutun** and **Motus** while starting a new position in **KAL Group**.

Performance

The Anchor BCI SA Equity Fund rose 3.3% MoM in June, another pleasing relative performance versus the SA equity market, although there is still work to be done after a tough start to the year, when the fund's underweight exposure to gold proved costly. It was pleasing that the fund was able to participate in the strong performance from PGM miners thanks to proactive changes made. In addition to positive performance from **Naspers/Prosus** discussed above, other honourable mentions go to **MAS Plc** (+22% MoM) on continued corporate action interest, **WeBuyCars** (+22% MoM) and **Renergen** (+12% MoM), where the potential takeover offer from Nasdaq-listed ASP Isotopes continues to drive performance. **Afrimat** (-16% MoM) was a notable detractor – we remain patient holders here.

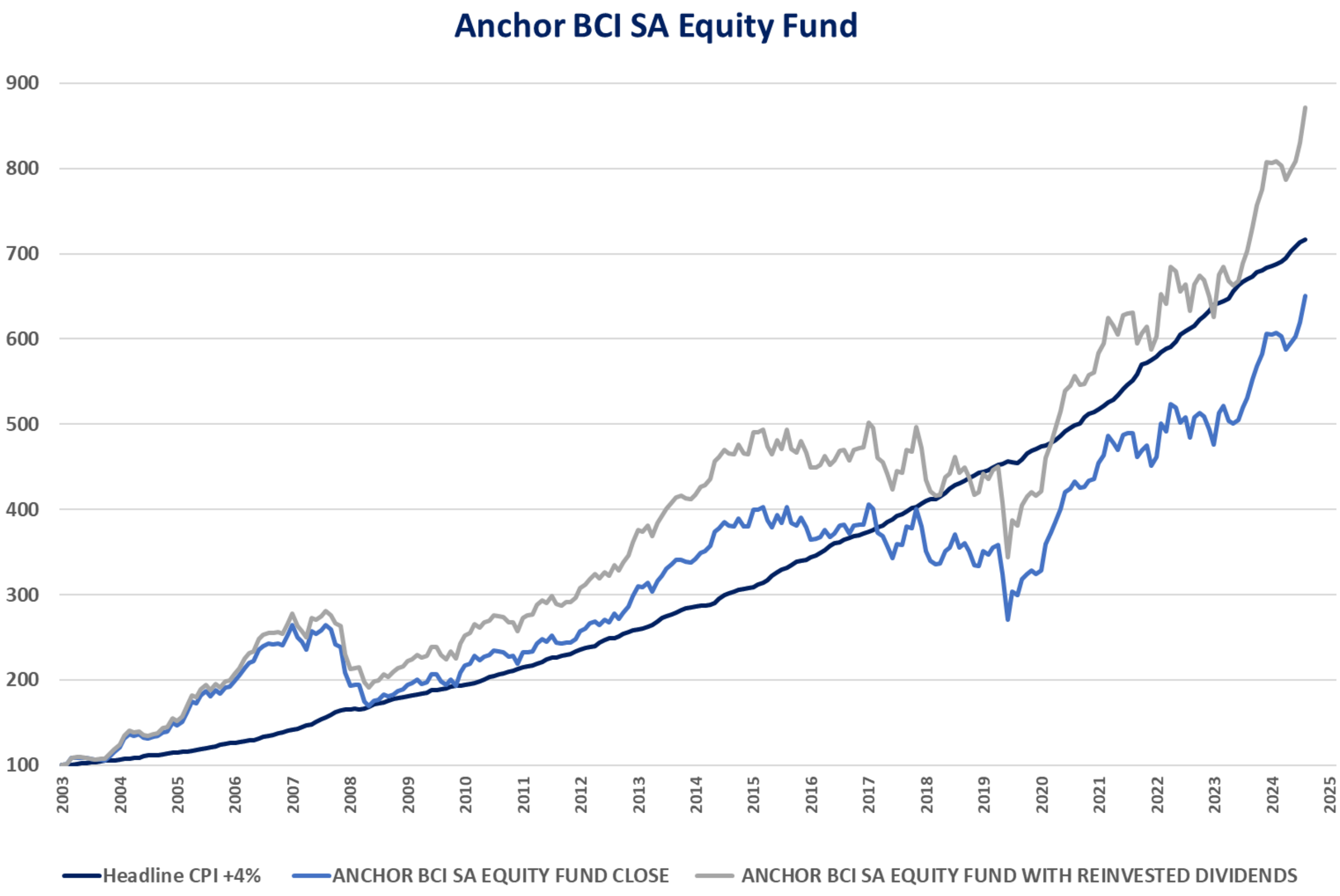
The Anchor BCI SA Equity Team

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 June at 670.94, up 3.17% for the month and up 21.51% for the last 12 months.



SA BANKS' CREDIT RATINGS GETS UPGRADE ON IMPROVED OUTLOOK

The below is taken from [Ghost Mail]on Capitec's SENS announcement on 3 July 2025.

S&P had some good things to say about SA as a whole, to the benefit of all banks. Credit ratings don't tell you much about equity returns, as credit rating agencies are focused only on downside risk, whereas equity investors need to consider the upside potential in the context of the down risk. The useful thing for equity investors is that a better credit rating means a lower cost of borrowing, which in turn puts more of the economics of the business in the hands of equity holders.

Capitec's credit rating has been affirmed by S&P with a positive outlook. That's not a surprise. The bigger surprise is the commentary from S&P about South Africa, which I'm going to repeat verbatim from the Capitec announcement because it's so interesting:

"S&P Global Ratings ('S&P') revised their Banking Industry Country Risk Assessment (BICRA) anchor for South African banks upwards from bb+ to bbb- based on their view that the South African banking system has transitioned into an expansionary phase and that the risk of economic imbalances has declined. S&P's view is based on their expectation that real estate prices will increase moderately in nominal terms and that lending growth will remain cautious and mainly driven by infrastructure investments."

Expansionary phase? Real estate prices up moderately in nominal terms? Infrastructure investments?!?

Look, I'll take it. I'll take it with a smile.