

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **Top up your TAX-FREE SAVINGS ACCOUNT and RETIREMENT ANNUITY before the 2026 tax year-end**
- **Understanding the rand's strength and US dollar weakness: Impact on your global portfolio – by Keiran Witthuhn**
- **Anchor's offshore stock picks for 2026 – by the Anchor Investment Team**
- **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**



The Sleeping Giant: Venezuela's Oil Paradox Venezuela holds the crown for the world's largest oil reserves - accounting for nearly 20% of the global total - yet it remains a sleeping giant of the energy sector. Once a titan that produced 3.5 million barrels per day (7% of global output) in the 1970s, decades of mismanagement and sanctions have seen production wither to just 1.1 million barrels per day, or 1% of the world's supply.

In the complex theatre of global geopolitics, Venezuela is the ultimate wildcard. For global investors, the country represents a high-stakes frontier; while its heavy crude is technically simple to extract, it remains trapped behind a wall of sanctions and political instability. Should a successful regime change occur, the re-entry of Venezuelan crude into the global market could dramatically shift energy prices and offer a generational - albeit high-risk - opportunity for foreign capital to rebuild an abandoned industrial powerhouse.

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



Top up your TAX-FREE SAVINGS ACCOUNT and RETIREMENT ANNUITY before the 2026 tax year-end

As we approach the end of the 2026 tax year, now is the ideal time to review and optimise your savings strategy. By topping up your **retirement annuity (RA)** and **tax-free savings account (TFSA)** before the deadline, you can maximise your available tax benefits and strengthen your long-term financial plan.

Why top up your RA?

- Your RA contributions are **tax-deductible**, reducing your taxable income (subject to annual limits of 27.5% of taxable income or R350,000, whichever is lower).
- The investment growth within an RA is **tax-free** – no capital gains tax (CGT), dividends tax or tax on interest.
- The combined tax relief and compounding can **materially enhance your retirement outcomes over time**.

Why use your TFSA allowance?

- You may contribute up to **R36,000 per annum**.
- All returns earned in the TFSA are **completely tax-free**, making it a highly efficient wealth-building tool.
- TFSA funds can be accessed without penalties, offering added flexibility to your portfolio.

To ensure you open your TFSA and/or RA and your contributions are processed before the tax year closes, please get in touch with your portfolio manager or Christine (christine@rcinv.co.za) before 20 February 2026.

[Find out more about our Tax-Smart Investment Strategies here.](#)

UNDERSTANDING THE RAND'S STRENGTH & US DOLLAR WEAKNESS: IMPACT ON YOUR GLOBAL PORTFOLIO

In our previous newsletter, we noted that 2025 was defined by a notable paradox: a surging South African rand amidst a backdrop of global uncertainty. While the **rand gained 13 - 14% against the US dollar** over the year, creating a short-term 'performance drag' on offshore portfolios, 2025 remained a positive year for global financial markets.

Each of our clients have different risk appetites, needs and time horizons. But as stewards of your global capital, we want to provide context on why this strength occurred and why our long-term conviction remains firmly rooted in offshore diversification.

The Drivers of Rand Strength

The rand's rally was fuelled by a "perfect storm" of domestic and global factors:

- **A "New" South Africa Narrative:** The Government of National Unity (GNU) provided a much-needed boost to investor sentiment. This, combined with South Africa's official exit from the global grey list in October 2025 and structural progress at Eskom and Transnet via Operation Vulindlela, encouraged foreign capital to return to our shores.
- **The Commodity Tailwinds:** Record prices for gold and platinum (our primary exports) and lower costs for oil (our primary import) created a highly favourable trade environment.
- **Global Shifts:** A weakening US dollar - driven by moderating growth and drastic Trump trade policies - made emerging market currencies like the rand look more attractive by comparison.

The Long-Term View: Why Offshore?

While the local news is encouraging, it is essential to distinguish between cyclical strength and structural reality.

- **The Commodity Cycle:** The rand remains a highly cyclical currency. History shows its strength is often tied to commodity booms that can shift rapidly. Relying on these cycles for long-term wealth preservation is a high-risk strategy.

UNDERSTANDING THE RAND’S STRENGTH & US DOLLAR WEAKNESS: IMPACT ON YOUR GLOBAL PORTFOLIO

BY KEIRAN WITTHUHN



- **Inflation Realities:** The South African Reserve Bank recently lowered its inflation target to 3%. While this is a very positive step toward stabilizing the currency's long-term value, the rand is still structurally predisposed to depreciate against "hard" currencies over decades due to the persistent inflation differential with the US and Europe.
- **The Opportunity Set:** South Africa represents less than 1% of the global economy. Staying domestic means missing out on the world's most innovative sectors - like AI, cybersecurity, and biotechnology - that are simply not available on the JSE.

As predominantly offshore investors, we view periods of rand strength not as a reason to change strategy, but as a strategic window of opportunity. The current exchange rate allows us to externalize capital at a much more favourable price point than in previous years. For any clients who are looking to take money offshore, we believe that the current exchange rate is attractive to do so. Our core belief remains that the most effective way to protect your purchasing power and participate in global growth is to maintain a robust, diversified offshore footprint.

Navigating the "Dollar Demise" Narrative - A Shifting Geopolitical Landscape

Recently, there has been a surge in headlines suggesting the imminent decline of the US dollar as the world’s reserve currency. For investors with significant US exposure, this narrative can be unsettling. However, it is important to distinguish between sensationalist headlines and structural reality.

We are undoubtedly moving toward a more multipolar world. This transition is less about chaos (which the media often portrays) and more about a complex geopolitical tug-of-war where major powers use strategic manoeuvring to further their own interests. Trump’s high tolerance for risk on the geopolitical stage undoubtedly has many believing that the world is in a state of chaos. While shifts in US trade policy and a bolder approach to global diplomacy can create short-term unease, these are often tactical moves within a much larger framework of global stability. Ultimately, global trade relies on a degree of order that is in every nation's best interest to maintain. Market noise, perpetuated by the media, often oversimplifies global affairs. As long-term investors, we prefer to look past the ‘hysteria’ and focus on the deep liquidity and institutional strength that continue to support the US financial system, even as the world evolves.

The current rally in gold is frequently cited as proof of the US dollar’s demise. However, perspective is vital - gold has not only risen against the US dollar, but it has hit record highs against almost every major global currency over the last few years (shown below). This suggests that gold’s strength is a reflection of general global uncertainty and a hedge against inflation and fiscal sustainability everywhere, rather than a specific signal that the US dollar is failing.

Gold vs Currency 3-Year % Change (Jan 2023 - Jan 2026)

Japanese Yen	+205.51%
Indian Rupee	+175.55%
Canadian Dollar	+158.96%
Australian Dollar	+156.95%
Chinese Yuan	+155.82%
US Dollar	+152.55%
Euro	+132.45%
Great British Pound	+127.34%
Swedish Krona	+122.73%
Swiss Franc	+117.88%

So, let’s examine the US dollar in isolation.

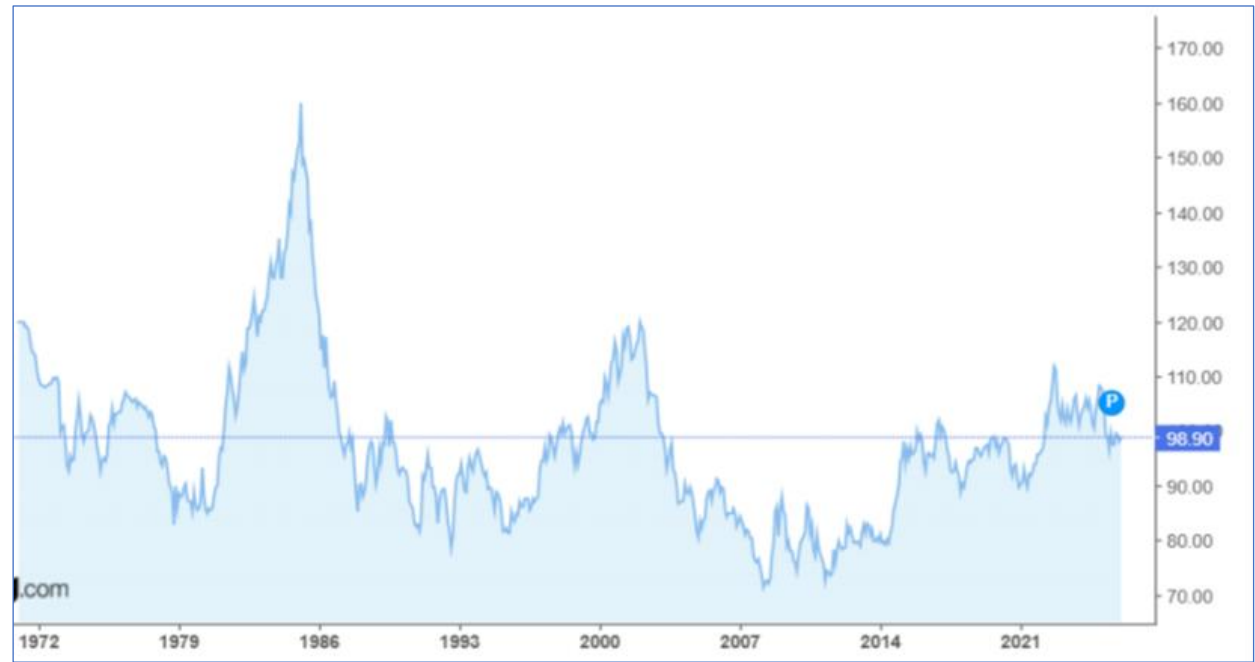
The US Dollar Index (DXY), is a measure of the value of the United States dollar relative to a basket of major foreign currencies, including the euro (which has the highest weighting at about 57%), Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc. Introduced in 1973 with a base value of 100, it provides a benchmark for the US dollar’s strength in global forex markets, influenced by factors like interest rates, inflation, and geopolitical events. A higher number on the below chart indicates the US dollar strengthening relative to the basket of other major currencies.

UNDERSTANDING THE RAND'S STRENGTH & US DOLLAR WEAKNESS: IMPACT ON YOUR GLOBAL PORTFOLIO

BY KEIRAN WITTHUHN (CONT.)



Figure 1: US Dollar Index (1970 – 2026)

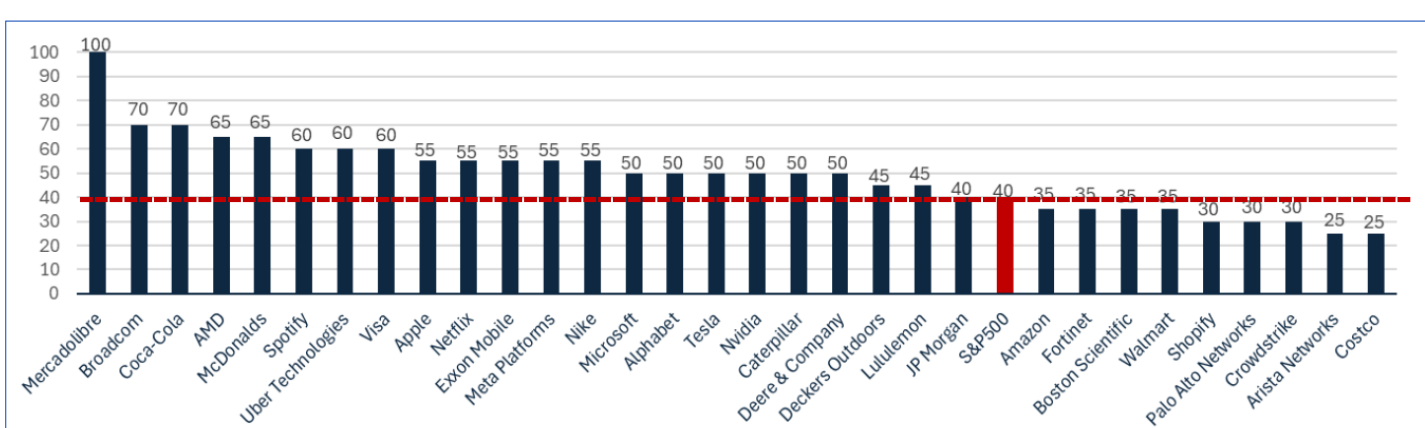


Source: Investing.com

Examining the long-term DXY chart from 1972 to early 2026 dispels the myth that the end of US dollar's run of strength is a foregone conclusion. While the index has experienced significant volatility - peaking near 160 in the mid-1980s amid high US interest rates, dipping to around 70 during the 2008 financial crisis, and recently fluctuating between 90 and 110 post-2020 - the current level around 98.90 remains well within historical norms and above multi-decade lows. This cyclical pattern, driven by economic cycles rather than permanent decline, suggests the US dollar's resilience as the world's primary reserve currency, is backed by the US economy's size, liquidity, and safe-haven status. Similarly, the notion that investors must urgently shift their portfolio currency away from US dollar is overstated; despite periodic weaknesses, the dollar's dominance in global trade, debt markets, its share of global payments, and central bank reserves (holding over 58% of global share) provides stability.

While diversification across assets and currencies can mitigate risk, we do not recommend abandoning USD-denominated holdings. We are on the precipice of one of the greatest technological revolutions in history; we urge our clients to keep their eyes on the horizon and not be scared out of the market by geopolitical noise. We recognize that the greatest risks are often the ones no one sees coming, which is exactly why we build all-weather portfolios. By spreading your wealth across global markets, we ensure you aren't reliant on any single currency or political outcome. Market noise will always exist, but our commitment to monitoring these global shifts daily remains constant. Your wealth is positioned to navigate these cycles, and we remain confident in our strategy of investing in quality companies that are themselves globally diversified. As shown in the graph below, S&P 500 companies generate roughly 40% of their revenue outside the US. For these businesses, a weaker US dollar actually becomes a tailwind, boosting the value of their international earnings. As such, you can be reassured that you are invested in durable, quality global companies that will continue to grow earnings despite what happens to Greenland.

Figure 2: US companies % of revenue generated outside the US



UNDERSTANDING THE RAND'S STRENGTH & US DOLLAR WEAKNESS: IMPACT ON YOUR GLOBAL PORTFOLIO

BY KEIRAN WITTHUHN (CONT.)



As promised in last month's newsletter, we now move onto Anchor's offshore stock picks for 2026. In this note, the Anchor investment team highlights a selection of global shares we believe are worth watching in the year ahead. These picks, presented alphabetically, illustrate our stock-picking philosophy. Please note that these individual stock ideas may not necessarily be reflected in all client portfolios, given the differing mandates and risk-return profiles. The below is a summary of the full article. To read the full article [click here](#).

As we head into 2026, the investment landscape feels vastly different from a year ago. While 2025 was a strong year for risk assets, it was also a year of adjustment. Markets had to navigate a shifting US policy backdrop and a massive surge in Artificial Intelligence (AI) investment that effectively covered up broader economic jitters.

Our 2025 picks delivered a pleasing 53% return, significantly outperforming the global benchmark. Turning to 2026, we enter the year with headline market valuations at similar levels to where they were this time last year - unquestionably elevated relative to history. We are mindful that, historically, significant market corrections have typically been triggered by left-field events that no one saw coming and not by the elephant standing in plain sight. A key polarising debate raging at the moment is whether current AI investment will yield the required returns and how long investors will be willing to tolerate it before demanding greater evidence of returns. A shift in sentiment there could be a source of volatility in the year ahead and, should a plurality of investors shift to the bearish side of this debate, it is difficult to envisage a positive outcome for equities more broadly in the face of mega-cap technology names aligned with AI coming under pressure.

However, for balance, it is worth remembering there are also constructive forces at play in 2026 – US interest rates appear likely to continue declining, we seem to be past the point of peak disruption from the Trump administration, with easing policy uncertainty, as US courts clarify the legislative boundaries of past executive actions. In addition, the approaching US mid-term elections will likely introduce incentives for stability and economic resilience, as self-interest, no doubt, dictates that these macroeconomic factors will be an important determinant for how the Republicans fare.

Acknowledging that we are entering the fourth year of a bull market with valuations on the demanding side and an ever-present array of possible risks to trip markets up, our 2026 global stock picks remain firmly grounded in our quality growth principles. We have avoided doubling down on the AI winners and have instead curated a selection of five companies grounded in quality growth principles. We have moved away from chasing "AI hype" and instead focused on companies with deep competitive moats, proprietary data, and proven ability to compound earnings regardless of market noise.

1. Booking Holdings: The "Toll Booth" of Global Travel

Think of Booking Holdings not as a website, but as the essential infrastructure—the "rails"—of the global travel industry. While a traveller might use an AI bot to plan a trip, the actual fulfilment, payment, and localized support almost inevitably run through Booking's massive network.

The Connected Trip Flywheel: Booking is aggressively moving beyond just 'hotel nights.' By bundling flights, car rentals, and attractions into a single "Connected Trip," they solve the traveller's biggest pain point: fragmentation. This isn't just a convenience; it's a financial engine. When a customer books a "connected" trip, they are significantly more loyal and less likely to price-shop on Google.

The Merchant Model Advantage: Unlike older models where Booking just took a commission, 70% of their sales now use the "merchant model." This means Booking processes the payment themselves, allowing them to offer their own insurance and financing. This increases their "take rate" (the amount of money they keep from every dollar spent).

The Metrics: With an expected 1.2 billion room nights sold in 2025 and airline ticket sales jumping from 10 million to 66 million in just five years, the scale is unmatched. Trading at 19x forward P/E with a 4.5% annual reduction in shares via buybacks, it's a high-trust compounder that actually benefits from AI efficiency rather than being replaced by it.

ANCHOR'S OFFSHORE STOCK PICKS FOR 2026

BY THE ANCHOR INVESTMENT TEAM (CONT.)

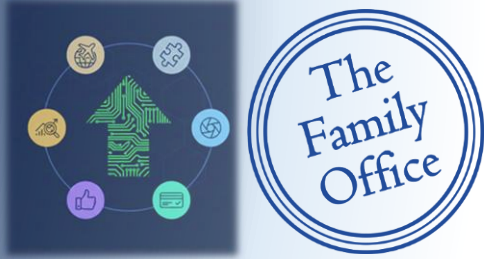
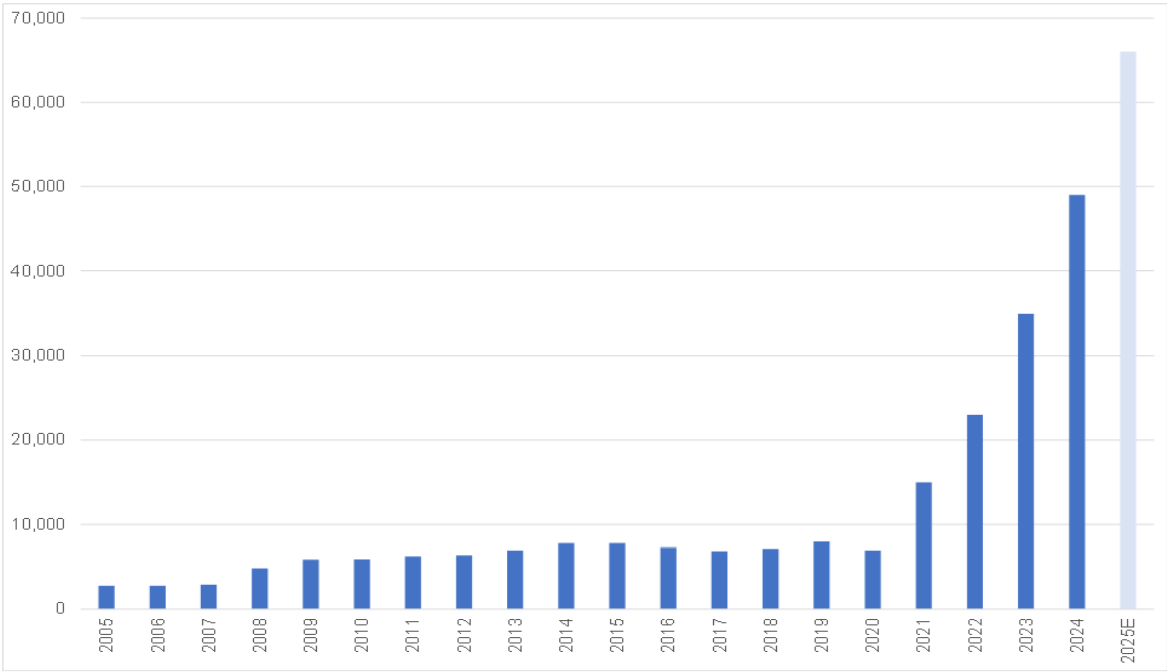


Figure 1: Booking Holdings airline tickets processed ('000)



Source: Company reports, Anchor

2. Constellation Software: The Perpetual Acquisition Machine

Constellation Software is the ultimate "anti-fragile" business. They specialize in Vertical Market Software (VMS) - software that is so niche and so essential (like software for a specific city's library system or a small-town water utility) that customers almost never cancel it.

The Reinvestment Engine: Constellation's genius isn't just in the software it owns, but in how it handles money. They buy small, profitable software firms and, instead of paying out all the profit as dividends, they immediately give that cash to their managers to go buy more companies. This creates a "snowball effect" of compounding that has lasted 30 years.

The AI Opportunity: Investors feared AI would let customers build their own software. However, Constellation's customers are perennial laggards - they value stability over the shiny new thing. Furthermore, Constellation is a capital allocator first. If AI makes certain software obsolete, Constellation will simply stop buying it and start acquiring the A-native firms that are winning.

The Metrics: Despite the retirement of founder Mark Leonard, the incoming CEO Mark Miller has been executing this playbook since 1995. The stock trades at 17x forward Price-to-Free-Cash-Flow, a valuation that we believe significantly understates its history of compounding earnings at over 20% p.a.

3. London Stock Exchange Group (LSEG) - The Safe Haven for Verified Data

LSEG has completed a massive transformation from a cyclical stock exchange to a global data giant. In a world flooded with AI-generated noise, LSEG provides the signal - the verified, regulated, and high-stakes data that the global financial system requires to function.

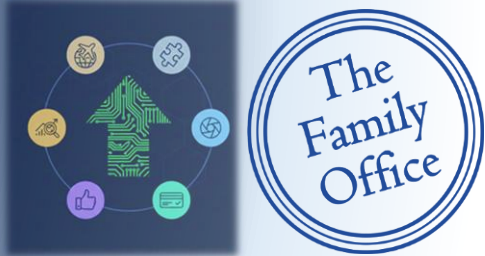
The Sticky Subscription Model: LSEG's data is embedded into the daily workflows of banks and hedge funds. If a bank uses LSEG's benchmarks for their products, the cost of switching to a competitor is astronomically high. This results in an incredible 98% customer retention rate.

AI as a High-Paying Customer: People often think AI will replace data providers, but it's the opposite. Large Language Models (LLMs) need vast amounts of clean data to avoid hallucinating. 90% of LSEG's database is proprietary and paywalled; therefore, AI companies like Anthropic are now becoming LSEG's customers, paying for the right to use their data.

The Metrics: Exchange services now make up less than 25% of revenue, while 70% is recurring subscription income. LSEG is currently priced at a 20x forward P/E, significantly cheaper than its peer S&P Global (30x), offering a clear path to a valuation uplift as the market realizes its true value.

ANCHOR'S OFFSHORE STOCK PICKS FOR 2026

BY THE ANCHOR INVESTMENT TEAM (CONT.)



4. Meta: The Yield Cycle of AI Spending

Meta is currently at the inflection point of a massive investment cycle. For two years, Mark Zuckerberg has spent billions on Nvidia chips and data centres. In 2026, we believe the yield on that spending will finally hit the bottom line in a way the market hasn't fully priced in.

Democratizing the Ad Agency: Meta's new AI tools (like Advantage+) essentially act as a world-class advertising agency for every small business. Instead of hiring a designer, a local shop can give Meta a few images and an AI prompt, and Meta will automatically generate thousands of versions of the ad to find the one that works best. This is driving a 10% year-over-year increase in ad pricing because the ads are simply more effective.

Efficiency Gains: The market was spooked by a \$70 billion+ capital expenditure plan, but Meta's Return on Invested Capital (ROIC) has jumped to 28%. This means the money they are spending on AI is making their core Family of Apps (Facebook, Instagram, WhatsApp) more profitable, not less.

The Metrics: AI-powered recommendations have already led to an 8% increase in time spent on the platform. Trading at a 19x P/E - a significant discount to its Magnificent Seven peers - Meta is a cash cow that is successfully evolving into an AI powerhouse.

5. Nu Holdings: Disruption at Scale in Latin America

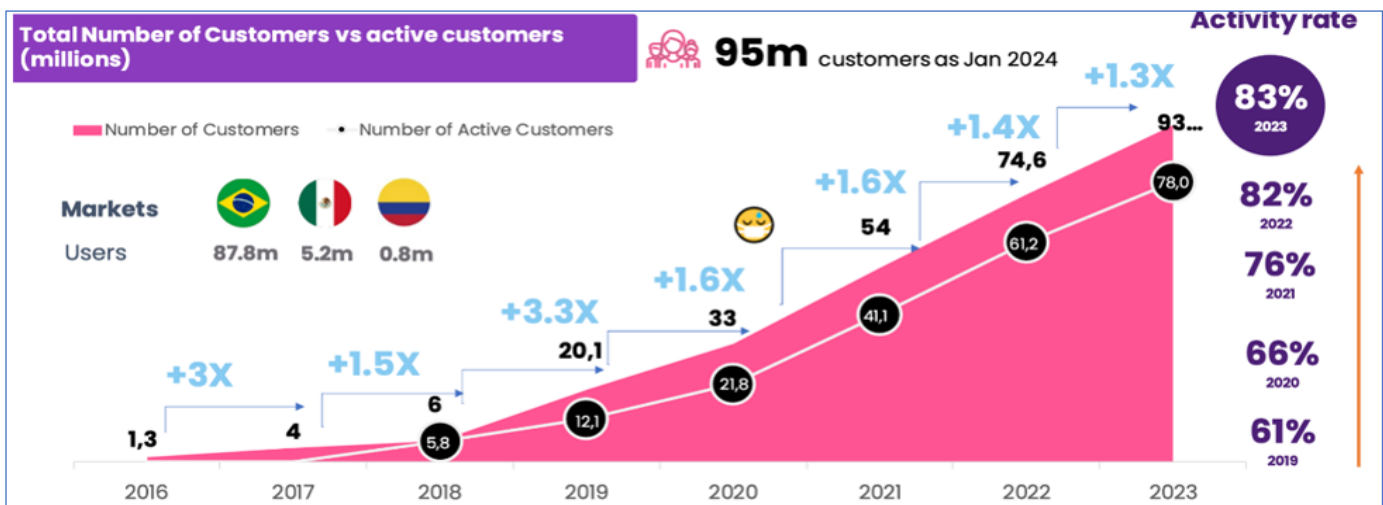
Nu Holdings (Nubank) is perhaps the most successful digital bank in history. They have proven that in markets like Latin America - where traditional banks are famous for high fees and poor service - a mobile-only, customer-obsessed model can win half a country in a few short years.

The Zero-Branch Advantage: Because Nu has no physical branches, their cost to serve a customer is 85% lower than a traditional bank. This isn't just a small edge; it's a structural barrier. Legacy banks cannot match Nu's fees without destroying their own profit margins.

The "Three Act" Growth Strategy: Act 1 was winning Brazil (where they have 110 million customers). Act 2 is exporting that model to Mexico and Colombia, where they are already seeing 91% year-over-year growth. Act 3 is cross-selling: once a customer has a Nu credit card, they quickly add insurance, personal loans, and investment products, driving Average Revenue Per Customer (ARPC) up from \$11 to \$13 in a single year. The below image from Nu Bank's 4Q23 earnings presentation shows their strong customer acquisition and sustained growth as of January 2024.

The Metrics: Nu's Return on Equity is a staggering 31%, and their efficiency ratio (how much it costs to generate revenue) is a world-class 24.7%. For an emerging markets growth story, Nu offers the rare combination of hyper-growth and high profitability.

Figure 2: Nu Bank total number of customers vs active customers (millions)



WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND



2025 was the year of the comeback. The S&P 500 was down 20% from its prior high in April - the 4th worst start to the year ever, which was largely caused by Trump’s initial Tariff announcements. Following his reversal of many of the tariffs, known as “Liberation Day” we saw a 38% rally in the index to close up 17% for the year, hitting 38 all time highs along the way. The first 66 trading days of 2025 to the 8th of April 2025 produced the 4th worst return for the start of the year ever. On that date the Index was down 15%. From the 8th of April the index then rose 38% to close 17.5% up for the 2025 year

Figure 1: Years ranked by worst S&P 500 performance through first 66 trading days (1928-2025)

S&P 500: Worst Performance through First 66 Trading Days (1928 - 2025)				
Rank	Year	Price Return: First 66 Trading Days	Price Return: Day 67 to Year-End	Price Return: Full Calendar Year
1	1932	-20.4%	7.1%	-14.8%
2	1939	-18.9%	16.9%	-5.2%
3	2020	-17.6%	41.0%	16.3%
4	2025*	-15.3%	38.7%	17.5%
5	2001	-12.8%	-0.3%	-13.0%
6	1938	-10.1%	38.6%	24.5%
7	2009	-9.7%	36.7%	23.5%
8	1977	-8.8%	-3.0%	-11.5%
9	1973	-8.1%	-10.1%	-17.4%
10	1935	-7.6%	53.0%	41.4%
11	1960	-6.7%	4.0%	-3.0%
12	1942	-6.6%	20.3%	12.4%
13	2008	-6.5%	-35.1%	-39.3%
14	1953	-6.2%	-0.5%	-6.6%
15	2022	-6.0%	-14.3%	-19.4%
16	1982	-5.9%	21.6%	14.5%
17	1978	-5.6%	7.0%	1.1%
18	1980	-5.4%	32.5%	25.4%
19	1957	-4.8%	-10.0%	-14.3%
20	1984	-4.5%	5.5%	0.8%

Source: Creative Planning

December was a somewhat muted month with the S&P 500 closing slightly down but World Developed Markets were up 0.7% on the back of a strong month for European equities. The S&P500 closed up 17.5% for the year, the Nasdaq was up 20.2% and the MSCI World Index closed up 19% for the year, bolstered by European and Japanese equities. The standout performance was the Emerging Markets index, rising 30.6% for the year.

Figure 2: Performance of global markets and US sectors in 2024 and 2025: Sector price movement sorted by December performance

Name	GEOGRAPHY	2024	2025	Dec-25
DOW JONES INDUST IDX	USA	12.9%	13.0%	0.7%
S&P 500	USA	23.3%	16.4%	-0.1%
NASDAQ 100 IDX	USA	24.9%	20.2%	-0.7%
S&P 500 FINANCIALS IDX	USA	28.4%	13.3%	2.9%
S&P 500 MATERIALS IDX	USA	-1.8%	8.4%	2.0%
S&P 500 INDUSTRIALS IDX	USA	15.6%	17.7%	1.1%
S&P 500 CONS DISCRET IDX	USA	29.1%	5.3%	0.7%
S&P 500 ENERGY IDX	USA	2.3%	5.0%	0.1%
S&P 500 INFO TECH IDX	USA	35.7%	23.3%	-0.3%
S&P 500 COMMUN SERVICES	USA	38.9%	32.4%	-1.1%
S&P 500 HEALTH CARE IDX	USA	0.9%	12.5%	-1.5%
S&P 500 CONS STAPLES IDX	USA	12.0%	1.3%	-2.0%
S&P 500 REAL ESTATE IDX	USA	1.7%	-0.3%	-2.8%
S&P 500 UTILITIES IDX	USA	19.6%	12.7%	-5.3%
DAX IDX	GERMANY	18.8%	23.0%	2.7%
MSCI EMERGING MARKETS IDX (USD)	EMERGING MAR	5.1%	30.6%	2.7%
FTSE 100 IDX	UK	5.7%	21.5%	2.2%
MSCI WORLD IDX	DEVELOPED WC	17.0%	19.5%	0.7%
NIKKEI IDX	JAPAN	19.2%	26.2%	0.2%
HANG SENG IDX	HONG KONG	17.7%	27.8%	-0.9%

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)



Figure 3: The best performing stocks in the S&P 500 for 2025

Rank	Symbol	Name	Industry	2025 Total Return
1	SNDK	Sandisk Corp.	Technology Hardware, Storage & Peripherals	559.4%
2	WDC	Western Digital Corp.	Technology Hardware, Storage & Peripherals	283.8%
3	MU	Micron Technology, Inc.	Semiconductors & Semiconductor Equipment	240.2%
4	STX	Seagate Technology Holdings Plc	Technology Hardware, Storage & Peripherals	225.2%
5	HOOD	Robinhood Markets, Inc.	Capital Markets	203.5%
6	NEM	Newmont Corp.	Metals & Mining	172.8%
7	WBD	Warner Bros. Discovery, Inc.	Entertainment	172.7%
8	LRCX	Lam Research Corp.	Semiconductors & Semiconductor Equipment	139.1%
9	PLTR	Palantir Technologies, Inc.	Software	135.0%
10	FIX	Comfort Systems USA, Inc.	Construction & Engineering	120.9%
11	APP	Applovin Corp.	Software	108.1%
12	CVNA	Carvana Co.	Specialty Retail	107.5%
13	GEV	GE Vernova, Inc.	Electrical Equipment	99.0%
14	TPR	Tapestry, Inc.	Textiles, Apparel & Luxury Goods	98.8%
15	APH	Amphenol Corp.	Electronic Equipment, Instruments & Components	96.1%
16	KLAC	KLA Corp.	Semiconductors & Semiconductor Equipment	94.5%
17	HWM	Howmet Aerospace, Inc.	Aerospace & Defense	88.0%
18	GLW	Corning, Inc.	Electronic Equipment, Instruments & Components	87.8%
19	GE	GE Aerospace	Aerospace & Defense	85.7%
20	CVS	CVS Health Corp.	Health Care Providers & Services	84.3%

Source: Charlie Billelo

The best performers were dominated by AI spend – GPUs, Memory and Green Energy. Worst performers were dominated by companies in the discretionary consumer spending sector as well as companies seen to be AI losers.

Figure 4: The worst performing stocks in the S&P 500 for 2025

Rank	Symbol	Name	Industry	2025 Total Return
500	TTD	The Trade Desk, Inc.	Media	-67.7%
499	FISV	Fiserv, Inc.	Financial Services	-67.3%
498	DECK	Deckers Outdoor Corp.	Textiles, Apparel & Luxury Goods	-49.0%
497	IT	Gartner, Inc.	IT Services	-47.9%
496	ARE	Alexandria Real Estate Equities, Inc.	Health Care REITs	-46.6%
495	LULU	lululemon athletica, Inc.	Textiles, Apparel & Luxury Goods	-45.7%
494	MOH	Molina Healthcare, Inc.	Health Care Providers & Services	-40.4%
493	CHTR	Charter Communications, Inc.	Media	-39.1%
492	FDS	FactSet Research Systems, Inc.	Capital Markets	-38.9%
491	CMG	Chipotle Mexican Grill, Inc.	Hotels, Restaurants & Leisure	-38.6%
490	DOW	Dow, Inc.	Chemicals	-37.4%
489	GDDY	GoDaddy, Inc.	IT Services	-37.1%
488	ZBRA	Zebra Technologies Corp.	Electronic Equipment, Instruments & Components	-37.1%
487	STZ	Constellation Brands, Inc.	Beverages	-36.0%
486	LYB	LyondellBasell Industries NV	Chemicals	-35.9%
485	LW	Lamb Weston Holdings, Inc.	Food Products	-35.7%
484	CLX	The Clorox Co.	Household Products	-35.6%
483	CAG	Conagra Brands, Inc.	Food Products	-33.3%
482	BAX	Baxter International, Inc.	Health Care Equipment & Supplies	-33.3%
481	UNH	UnitedHealth Group, Inc.	Health Care Providers & Services	-33.1%

Source: Charlie Billelo

We continue to hold a portfolio of quality growth investments that span a wide range of sectors. We believe we have sufficient exposure to the Artificial Intelligence theme and mostly through high quality companies that already have existing and proven business models that are highly cash generative. These are companies like Alphabet, Microsoft, Meta, TSMC and ASML.

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.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)



Our top 10 positions

	PE in one years time	PEG Ratio (FWD PE/'25-26 Growth)	EPS Growth		
			2024-2025E Growth	2025-2026E Growth	2026-2027E Growth
ALPHABET INC-CL C	25.1	2.9	36%	9%	18%
AMAZON.COM INC	23.5	2.6	56%	9%	23%
BOOKING HOLDINGS	20.2	1.3	22%	16%	16%
ELI LILLY & CO	32.3	0.9	83%	36%	23%
META PLATFORMS INC-CLASS A	19.6	1.2	-5%	16%	14%
MICROSOFT CORP	27.6	1.4	14%	19%	17%
NU HOLDINGS LTD/CAYMAN ISL-A	18.4	0.4	35%	43%	28%
NVIDIA CORP	23.4	0.4	124%	61%	64%
RHEINMETALL AG	37.0	0.7	57%	51%	48%
TAIWAN SEMICONDUCTOR-SP ADR	23.1	1.3	32%	18%	19%
Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^	24.0	0.9	35%	19%	21%

S&P500 - FWD PE and EPS Growth	21.9		13%	12%	11%
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*Calculated using Harmonic Mean

^Calculated using Median

We expect strong performance out of our top 10 positions for the 2026 and 2027 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 2026 and 2027. Our companies are trading at higher valuations, 24x, 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.

Changes made during the month

- Switched DraftKings into **Flutter**: Thus keeping exposure to the sports betting sector constant but felt that the global and diversified revenue generation of Flutter was more appropriate in the current environment.
- Started a position in **Prosus** as we believe Tencent is attractively priced at present but instead of adding to our Tencent we prefer to gain further exposure via Prosus that is currently trading at a large discount to the sum of its parts (of which Tencent is the largest portion).

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%	2.2%	-0.3%	-0.1%	0.0%	-3.9%	-2.6%	5.5%

For the month, the fund was down 2.6% in ZAR terms (+0.33% in USD) compared to the MSCI Developed Markets Index which was down 1% in ZAR (+1.9% in USD) for the month. The rand strengthened 3% for the month, detracting from the performance in ZAR.

For the 2025 calendar year, the fund was up 5.5% in ZAR and 20.0% in USD. The MSCI World Index was up 5.7% in ZAR and up 19.9% in USD. The rand has strengthened 13.5% for the year to date (see earlier commentary on thoughts around this). Therefore, the fund performed largely in line with World Developed Markets for the 2025 year.

The RCI BCI Worldwide Flexible Fund investment team

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

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND



The RCI BCI Worldwide Flexible Growth Fund is a solution for those looking to achieve higher long-term returns, albeit with the possibility of short-term volatility. The fund was specifically created to give clients who wish to focus on long-term capital growth access to some of the world’s most exciting, high growth businesses that we currently have on our radar. The fund focuses on US listed equities and aims to give exposure to businesses that do and should continue to exhibit high levels of growth over the long-term. There is a focus on high-growth tech and digital platform businesses, that provide services consumers are using daily as a growing part of their lives. Many of the businesses included in the fund, have, or are currently, sowing their way into the social fabric of our lives. Some of the sectors/themes focused on are: Artificial Intelligence, Cloud Software, eCommerce, Fintech Payments, Big Data, Cyber Security, Online Streaming & Gaming, Digital Healthcare, and more.

Fund Performance and Attribution

The fund had a lacklustre finish to the year, down 5.1% for the month in ZAR. The ZAR decline was amplified by a 3.2% strengthening of the ZAR/USD during December. This meant the fund was down 1.9% in USD for the month. This compares to the S&P 500 which was up 0.06% and the Nasdaq which was down 0.67%.

The fund ended the year up 7.5%. Sadly, the strongest year on record since 2009 for the ZAR, wiped 12.2% off our performance when measured in local currency, on what was otherwise a decent year with the fund up 22.6% in USD which was 1.3% behind the Nasdaq (up 21%), but 3.3% ahead of the S&P 500 (up 16.4%).

The largest contributors for the month were Shopify Inc and Palantir Technologies Inc up 7.8% and 6.1% respectively on no news. Our largest detractors for the month were crypto related businesses Bitmine Immersion Technologies and Coinbase Global Inc. These were joined by a 13% correction in Broadcom Technologies Inc after releasing a decent set of Q4 results.

TOP CONTRIBUTORS & DETRACTORS	SECTOR	%
SHOPIFY INC	E-COMMERCE	7.8
PALANTIR TECHNOLOGIES INC	SOFTWARE SERVICES	6.1
NVIDIA CORP	SEMICONDUCTORS	3.7
ARISTA NETWORKS INC	COMPUTER HARDWARE	2.3
META PLATFORMS INC	ADVERTISING	2.3
NEBIUS GROUP	COMMUNICATION SERVICES	-11.5
ROBINHOOD MARKETS INC	FINANCIAL SERVICES	-12.0
COINBASE GLOBAL INC	FINANCIAL SERVICES	-13.0
BROADCOM TECHNOLOGIES INC	SEMICONDUCTORS	-13.0
BITMINE IMMERSION TECHNOLOGIES	FINANCIAL SERVICES	-18.2

Historical performance

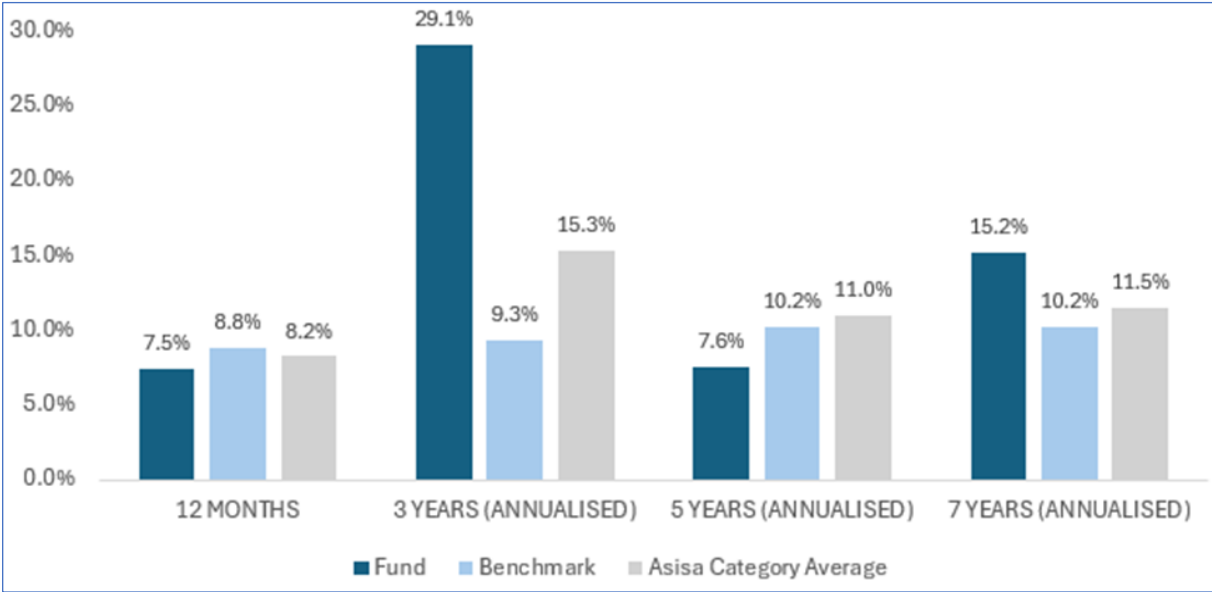
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	2.1	-8.6	-11.1	7.4	6.3	9.5	8.7	-0.6	4.4	4.2	-7.2	-5.1	7.5
2024	5.5	8.8	-2.5	-6.7	0.7	3.6	-7.1	1.6	1.0	6.9	14.6	6.2	35.1
2023	12.3	1.7	0.1	3.9	11.4	3.0	-0.2	-0.6	-5.0	-3.5	13.6	5.3	48.1
2022	-16.3	-3.8	-1.8	-5.0	-3.8	-5.0	3.2	-1.0	-4.3	5.7	-6.2	-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 was up 7.5% in 2025. A record strengthening of the ZAR hurt returns in 2025. The fund was up 22.6% in USD for the year and outperformed the S&P 500 which was up 16.4%

The longer-term track record is good, with the fund annualizing 30% over the last 3 years, this is ahead of the benchmark (CPI+5%) and the peer group average of 15.3%. The fund has annualised 15.2% over the last 7 years compared to the peer group average of 11.5%.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND (CONT.)



Top 10 holdings

TOP TEN HOLDINGS	SECTOR	WEIGHT (%)	ROCE	FCF MARGIN	GP MARGIN	OP MARGIN	REVENUE 3Y CAGR	DEBT/EQUITY
SOFI TECHNOLOGIES INC	FINANCIAL SERVICES	8.4			82.5		34.3	0.3
ALPHABET INC	COMMUNICATION SERVICES	6.5	32.0	19.1	59.2	32.7	11.0	0.1
NVIDIA CORPORATION	SEMICONDUCTORS	5.7	102.6	41.3	70.1	58.8	87.1	0.1
ROBINHOOD MARKETS INC	FINANCIAL SERVICES	5.3	N/A	27.5	92.2		46.4	1.9
LEMONADE INC	FINANCIAL SERVICES	5.0	-16.3	-5.0	52.1	-24.9	46.5	0.3
META PLATFORMS INC	COMMUNICATION SERVICES	4.7	33.0	23.7	82.0	42.6	17.1	0.3
NU HOLDINGS LTD	FINANCIAL SERVICES	4.2					62.9	
BROADCOM INC	SEMICONDUCTORS	4.1	17.5	42.1	77.3	41.3	24.4	0.8
CHIME FINANCIAL LTD	FINANCIAL SERVICES	4.0	-46.7	1.5	87.8	-29.8		0.1
AMAZON.COM INC	E-COMMERCE	3.9	16.5	1.5	50.0	11.4	11.2	0.4
TOTAL EQUITY CONTENT OF FUND		97.4			72.6	18.9	37.9	

Changes during the month

The fund exited its position in **Advanced Micro Devices** during the month.

Notable Results

Broadcom Technologies Inc

Broadcom posted record revenue in 4Q25, up 28% YoY and above estimates. Adjusted EPS came in at \$1.95, also ahead of estimates of \$1.87. AI semiconductor related revenue grew an impressive 70% YoY driven by strong demand for its custom AI chips and network switching equipment, and management have guided for this to double YoY in 1Q26. This left the business with \$7.5 billion in free cashflow and an increased dividend and share buyback programme.

Despite the strong results, the share fell 13% in December on the back of guidance for margins to slip slightly in 2026. That said, management also mentioned some new deals that have been struck to assist with Meta’s new chips. We remain very constructive on Broadcom as the hyperscaler's continue to look to manufacture their own custom chips.

[Broadcom Technologies Inc Q4 2025 Results Presentation](#)

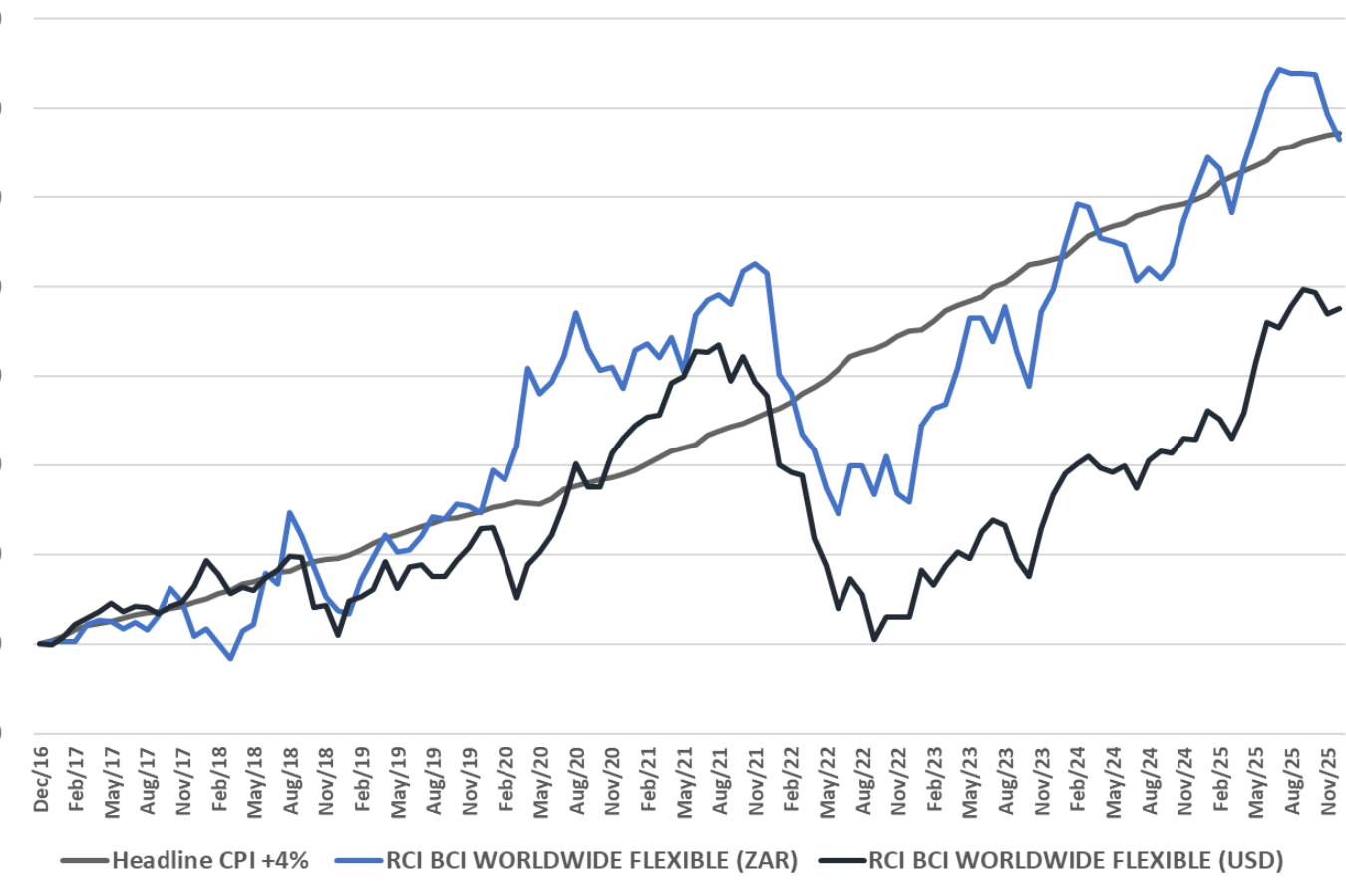
RCI OFFSHORE UNIT TRUSTS PERFORMANCE



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

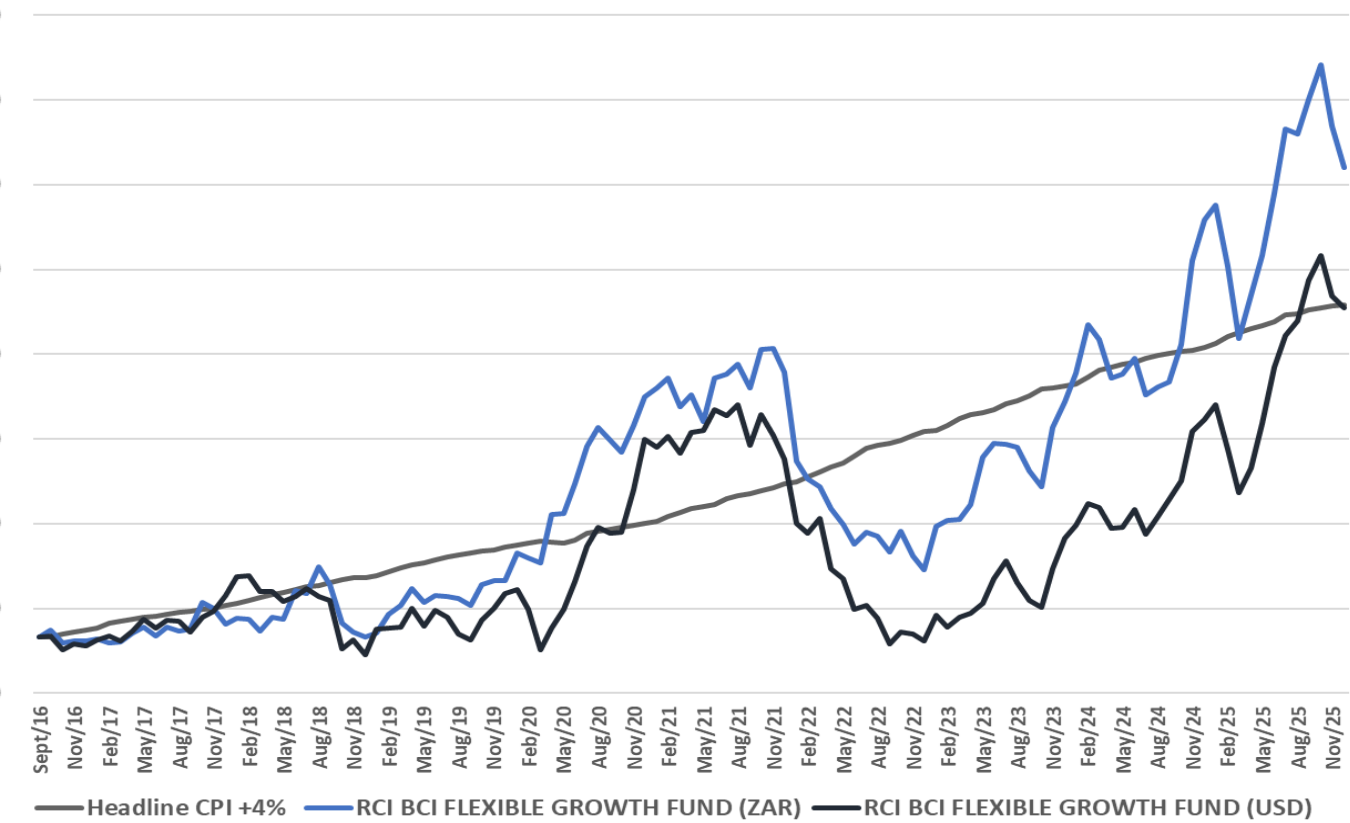
The **RCI BCI Worldwide Flexible Fund** closed December at 213.14, down 2.59% for the month and up 5.52% for the last 12 months.

RCI BCI Worldwide Flexible Fund



The **RCI BCI Flexible Growth Fund** closed December at 266.16, down 5.17% for the month and up 7.47% for the last 12 months.

RCI BCI Flexible Growth Fund



WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND



Developed Market (DM) equities ended the year on a positive note (MSCI World Index +0.8% MoM), taking the 2025 return to 21.6%, the third consecutive year of strong returns for global equity investors (MSCI World Index +80% since the start of 2023). US equities (S&P 500 Index +0.1% MoM) lagged, dragged down in particular by US technology shares (Nasdaq 100 Index -0.7% MoM) in December. European equities had a strong finish to the year (Euro Stoxx 50 Index +3.4% MoM in USD), further contributing to European equities outperforming their US counterparts (by 21% in 2025 in USD terms) - comfortably the largest outperformance since the Euro Stoxx Index was launched in 1998. Emerging Market (EM) equities outperformed their DM counterparts in December (MSCI EM Index +3% MoM), leading to a 2025 return 13% ahead of DM equities and their first year of outperformance since 2020. While recent months have been marked by increasing anxiety among investors about the prospective returns on the massive amount being invested in AI infrastructure in the US, EM chipmakers (TSMC, Samsung and SK Hynix), collectively up 65% in 2025, have been central to EM equities' outperformance. These shares now account for almost one sixth of the EM index – another pocket of growing market concentration. While headline index returns have been strong in 2025, it is important to point out that further USD weakness in December led to the dollar's worst performance in nearly a decade (US Dollar Index -9.4% YoY), meaningfully undermining returns for those measuring performance in other currencies.

South African equities were the best performing major market in December (FTSE/JSE Capped SWIX Index +4.5% MoM). For the full year, in USD terms, its 61.2% return was only bettered by Spain's IBEX 35 Index. Precious metals miners accounted for c. 60% of the JSE's performance in 2025. In December platinum miners in particular were strong (+16% MoM), supported by a rising platinum price (+23% MoM). Platinum prices were supported by the EU's decision to soften its plans to ban internal combustion engine sales by 2035, as well as the launch of the first platinum futures contracts in China. There were also some glimmers of positivity among shares geared to the domestic economy (so-called SA Inc.), which have lagged throughout 2025. SA Banks (+10%) and insurers (+5%) performed well, but retailers ended a thoroughly forgettable year in the red, declining c. 2.5% MoM in December.

The focus of the portfolio is on investing in domestically listed companies that have an investment case that insulates them from SA's difficult economic situation (strong multinational franchise, rand hedge, dominant local platform, or clear local expansion strategy for example); high confidence in improving Return on Capital Employed and excellent cash flow generation. We are not particularly focused on dividend-paying companies, preferring companies that are able to reinvest at high potential rates of return on their capital, thus driving a superior total return for investors.

At the end of December, the top 15 positions in the fund, making up 64% of the equity exposure, were as follows:

- | | |
|---------------------|---------------------|
| • Naspers | • Impala Platinum |
| • Prosus | • AngloGold Ashanti |
| • FirstRand | • Discovery |
| • Standard Bank | • WeBuyCars |
| • Harmony | • Old Mutual |
| • Capitec | • Northam |
| • Absa | • MTN |
| • Valterra Platinum | |

Main changes in the month

Portfolio activity during the December focused on selective reallocation. We exited **Vodacom** and modestly reduced exposure to **ADvTECH** following the latter's recent strong share price performance. The proceeds were redeployed into **Blue Label**, reflecting attractive optionality post its restructuring. We increased the portfolio's exposure to SA's major banks (**Absa**, **FirstRand**, **Standard Bank** and **Capitec**), reinforcing the Fund's exposure to high-quality domestic financial franchises amid strength in the local bond market and the rand. Within the resources sector, we switched some exposure from **AngloGold Ashanti** to **Gold Fields**, having noted meaningful divergence in share price performance which we believe was not justified by the fundamentals.

WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND



Performance

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2025	-1.6	1.5	1.2	2.6	5.0	3.2	2.4	1.2	6.1	2.1	-1.4	4.6	30.0
2024	-1.5	-0.8	0.9	3.0	2.1	4.2	3.9	2.4	4.2	-0.2	0.3	-0.6	19.0
2023	7.1	-0.8	-3.5	1.2	-4.7	5.0	2.0	-0.8	-3.0	-3.7	7.9	1.5	7.5
2022	-0.4	-0.9	3.1	0.0	0.7	-6.2	3.0	0.6	-5.6	4.0	8.4	-1.9	3.7
2021									2.1	2.7	1.9	4.7	11.8

The Anchor BCI SA Equity Fund delivered a 4.6% return in December, marginally outperforming its benchmark, the FTSE/JSE Capped All Share Index, which rose by 4.5%. The notable positive contributors to the Fund’s December performance included Impala Platinum (+22%) and Valterra Platinum (+18%), reflecting continued strength in platinum prices. Financials (Absa +15%/FirstRand +11%) also added meaningfully to the Fund’s performance. Renegen (+14%) contributed positively following the receipt of final regulatory approvals relating to its acquisition by ASP Isotopes. The Fund’s detractors included Mr Price (-17%) as the market reacted negatively to its announced European acquisition, and Prosus (-4%) amid ongoing cautious sentiment towards Chinese technology stocks. Weakness in Tencent (-2%), coupled with more conservative buyback guidance provided at its recent results, further weighed on Prosus’ share price.

The Anchor BCI SA Equity team

Mike Gresty, Liam Hechter

The **Anchor BCI SA Equity Fund** closed December at 766.72, up 4.58% for the month and up 27.05% for the last 12 months.

Anchor BCI SA Equity Fund

