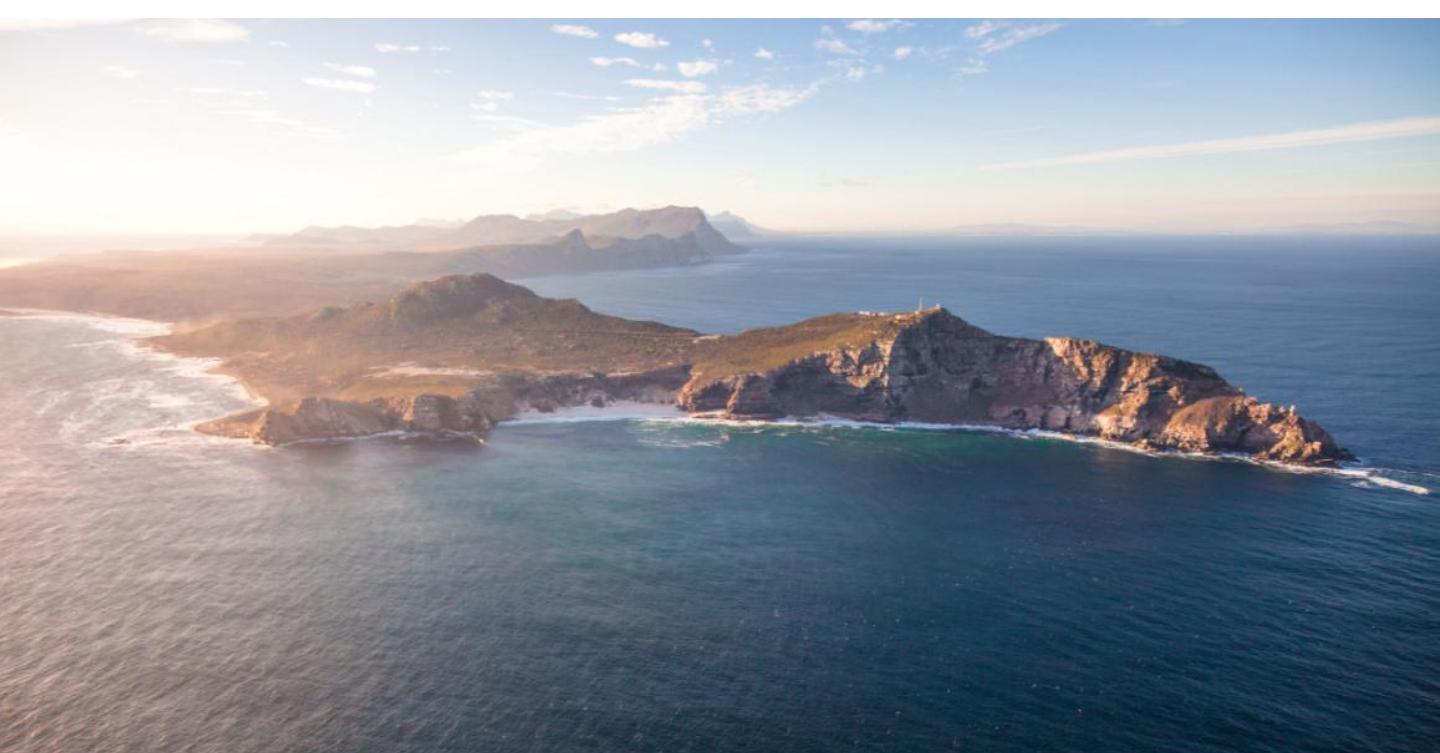




HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **Exiting South Africa: Why leaving without emigrating can be costly – by Di Haiden**
- **Attitudes, AI and the end of the old-world order – by Nick Dennis**
- **The new arms race: The race for computing power – by Peter Armitage & Peter Little**
- **The AI Pulse – The latest stories – by Keiran Witthuhn**
 - **As of right now – Google is winning the AI race thanks to Gemini**
 - **Claude Code and the "Vibe Coding" Revolution**
 - **Anthropic releases Claude Opus 4.6**
 - **Meet OpenClaw, the world's most powerful (and dangerous) agent**
- **Update on what we have been doing in the offshore funds**
 - **RCI Worldwide Flexible Fund – by Ross McConnochie**

"The greatest danger in times of turbulence is not the turbulence. It is to act with yesterday's logic" – Dr Peter Drucker



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

EXITING SOUTH AFRICA: WHY LEAVING WITHOUT EMIGRATING CAN BE COSTLY

BY DI HAIDEN



Countless South Africans today have families spread across continents or are themselves living abroad. Over the December festive season, many families united and shared time together. Watching these crowds descend in their droves on SA's coastal towns made me wonder how many South Africans have just left and NOT formally emigrated. Often, these individuals departed as students or professionals, established lives overseas and never returned to live in SA. While this may be physically straightforward to do, technically it can carry material tax, exchange control and legal consequences if not properly managed!

In everyday parlance, emigration simply means leaving a country. In tax and legal contexts, however, **emigration has specific implications** — especially around residency, tax obligations, citizenship, and financial affairs. For many governments (including SA's), emigration intersects with how a person is counted for taxation, social benefits (not too relevant in SA) and legal status. Importantly, an individual's physical departure alone does not constitute emigration for South African tax purposes.

If you left SA without formally ceasing tax residency or if you did not use official channels to report your exit from SA and have not EMIGRATED, you are exposing yourself to all sorts of unexpected complications from a tax and exchange control perspective. We have covered this topic before and indicated what the pitfalls are and why the official emigration process is essential if you have left and do not plan to return to SA to live. It is not too late to emigrate if you did leave and did not formally emigrate, even if it was years ago. If this is the case it is important to establish the exact circumstances involved before submitting documentation to the authorities in order to determine what the tax and exchange controls implications are going to be and whether penalties may apply.

What we thought may be of benefit is to provide you with a more structured overview of the process so that it is easier to understand what is involved. Emigrating is a life-changing decision that involves **much more than booking a flight**. It encompasses immigration paperwork, tax residency status, financial planning, and legal changes. While many choose to emigrate for safety, quality of life, economic opportunity, or for family reasons, **the tax implications are significant** — especially for South African tax residents.

Below, we provide a step-by-step guide to the emigration process and the considerations involved:

South African Emigration

1. Pre-decision and strategic planning (6 - 18 months before your departure)

Clarify your intention

- Confirm whether your move is temporary or permanent
- Decide whether you intend to cease your South African tax residency
- Identify your intended country of permanent residence

Intent is critical - the South African Revenue Service (SARS) assesses tax residency based on facts and circumstances, not solely on travel dates, although travel records and passport stamps are relevant.

Understand your tax residency status

- Are you ordinarily resident in SA?
- Do you qualify as a resident under the physical presence test?
- Depending on the jurisdiction you are moving to, it is important to review applicable Double Taxation Agreements (DTAs) with the destination country

2. Immigration and legal preparation

Immigration to the destination country

- Apply for the appropriate visa or residency permit (work, skilled visa, business/investor visa, family or partner visa)
- Understand the path to becoming a **permanent resident and citizenship**
- Familiarise yourself with tax residency rules in the destination country

South African citizenship considerations

- Apply to Home Affairs to **retain your South African citizenship** (if you intend to keep it) before acquiring foreign citizenship

EXITING SOUTH AFRICA: WHY LEAVING WITHOUT EMIGRATING CAN BE COSTLY

BY DI HAIDEN (CONT.)



- Confirm dual citizenship rules

3. Tax emigration and SARS compliance

Prepare for cessation of SA tax residency

- Gather required supporting documentation, including:
 - Passport and travel history
 - Proof of foreign residency (lease, utility bills, permits, etc.)
 - Foreign employment contract or visa
- Identify assets subject to **exit (deemed disposal) tax**, i.e. assets subject to capital gains tax (CGT). These can include:
 - Offshore investments
 - Shares
 - Unit trusts
 - Foreign property
- Note that certain assets are excluded, including:
 - South African immovable property
 - Specific retirement funds

Submit your SARS tax residency change

- Declare cessation of tax residency via **SARS eFiling**
- Submit all supporting documentation
- Await SARS confirmation of the cessation date and any exit tax assessment (if applicable)

Final South African tax return

- File a **part-year tax return**
 - Declare local income up to the exit date
 - Worldwide income up to the exit date
- Settle any CGT (exit tax) triggered by deemed disposal on emigrating

4. Financial and exchange control matters

Bank accounts and local investments

- Notify South African banks and investment providers of your change in tax residency
- Convert accounts to **non-resident accounts**, where required
- Review debit orders and credit facilities

Offshore transfers

- Confirm the eligibility of available allowances, including the R1 million single discretionary allowance (SDA) and the R10 million foreign investment allowance (FIA)
- Obtain tax clearance and bank approvals for large transfers, where applicable

Retirement funds

- Review the treatment of retirement annuities (RAs), pension and provident funds and living annuities
- Determine whether early withdrawal is permitted as well as any tax implications in SA and abroad

Insurance and risk cover

- Review your life policies, disability cover and medical aid
- Determine whether these policies remain valid post-emigration
- Consider international health insurance

5. Property, estate and legal planning

Property in SA

- Decide whether to sell, rent out or retain your SA property as a non-resident
- Appoint a rental agent if applicable
- Understand **non-resident CGT withholding tax** on future sale

EXITING SOUTH AFRICA: WHY LEAVING WITHOUT EMIGRATING CAN BE COSTLY

BY DI HAIDEN (CONT.)



Estate planning

- Review and update your **South African will**
- Consider a **separate will** for offshore assets
- Review beneficiary nominations on policies, retirement funds and investments
- Consider situs-based estate taxes in the destination country

6. Practical and administrative steps

Personal administration

- Cancel or transfer:
 - Utilities, cellphone contracts and subscriptions
- Notify:
 - Medical providers, schools and professional bodies

Records and documentation

- Keep certified copies of:
 - ID and passport
 - Tax returns and assessments
 - Proof of residency change
 - Immigration approval

7. Post-emigration compliance

Ongoing South African obligations (if any)

- Declare SA-source income (e.g. rentals)
- File non-resident tax returns if required
- Ensure withholding taxes are correctly applied

Destination country compliance

- Register with the local tax authority
- File an initial tax return
- Declare worldwide income where required
- Understand reporting obligations for offshore assets

Key risks to avoid

Below, we highlight important risks to avoid when exiting SA.

- Leaving SA without formally addressing tax residency
- Assuming physical departure equals tax emigration
- Poor timing that triggers unnecessary exit CGT
- Premature withdrawal of retirement funds
- Losing SA citizenship unintentionally
- Having assets or inheritances blocked due to non-compliance

Conclusion

Emigration from SA is **not a single event**, but a **multi-year, structured process** with lasting tax and legal consequences. The most costly mistakes typically arise from poor planning rather than deliberate non-compliance. Leaving SA without formalising your exit does not reduce the complexity – it merely postpones it, often at a much higher cost. If you have already left and not followed the official emigration process it is not too late to do it now.

For those individuals who are planning to emigrate, it is essential to obtain the correct advice on SA tax, SA exchange control and immigration (the process in the country you are going to). If you have already left and have not yet formally emigrated, it is vitally important to establish your exit date and complete the process sooner rather than later.

Please contact us if you wish to discuss further by emailing Di Hayden (di@rcinv.co.za) or Aarthi Bikram (aarthi@rcinv.co.za) – we are more than happy to assist.

ATTITUDES, AI AND THE END OF THE OLD WORLD ORDER

BY NICK DENNIS



Two themes for 2026 and beyond: artificial intelligence (AI) and the changing world order

There are two overarching themes that are likely to dominate the investing landscape over 2026 and beyond. These are 1) the unstoppable rise of AI and 2) the changing global order. These are such complex and dynamic subjects that it is impossible (even unwise) to form a fully-fledged thesis. More important than knowing the terrain is the having the right attitudes to traverse it.

Here's my ironic take on AI: I am incredibly bullish on what it means for productivity and investment opportunities. But I am tired of reading articles and posts that are clearly written (or heavily edited) by AI. So I'm writing this commentary without leaning on AI, even if it means there are a few tpyos!

The impact of AI on businesses and the market is accelerating. Claude Cowork is an AI tool which makes it exponentially easier and faster for both developers and non-developers to build software. Cowork was written by Claude (an AI LLM/agent) in only 10 days, as opposed to the normal development cycle of 3 to 12 months. The 'Claude Code' moment went viral on platforms like X.

Much like the DeepSeek episode in early 2025, social media causes the collective consciousness to narrow its focus with laser-like intensity. Software names have lagged the market for a while, as investors weighed AI disruption risk. The 'Claude Code moment' has turned the steady bleed into a January rout. The baby has been thrown out with the bathwater and there will be long term winners among the software wreckage, but the ground is treacherous. You could be right in 3 to 5 years, but still be down 50% in 3 months. Tech investor Gavin Baker has an apropos quote for these situations: "Either you panic early or you double up late - anything in between will get you killed!"

2026 will be the year when we move beyond the AI infrastructure thesis (i.e. semiconductor names like Nvidia and TSMC) and into the AI utilisation thesis. Just a few days ago, two of our portfolio companies provided tangible evidence of what's to come. The founder of AI-powered insurance company Lemonade announced that it would provide cheaper rates for drivers that use Tesla's FSD (Full Self Drive) functionality, as it is dramatically safer than humans.

Corporates (particularly those in the US) will find ways to use AI to boost productivity. This may come at the cost of employment, which will be disorienting at the macroeconomic level. CEOs will be loathe to mention AI, as it is likely to become a hot-button political issue if job losses mount. I believe, at least for the foreseeable future, that having the right people will be the unlock (or magnifier) for AI. If I have a workforce of 100 people and they use AI to ramp their revenue generating capacity from \$500k to \$1m per person, then logically the best way to increase my revenue is to hire more people! The same logic applies to GPUs (and compute in general) - if what they're doing is turning energy (watts) into revenue, and energy is the biggest bottleneck, then the goal is to maximise revenue per watt (which is what Nvidia does) not minimise cost per watt. Going back to people: I can't emphasise enough that the 80:20 principle applies - having the right people with the right attitude is everything. More on this idea later.

A few thoughts on geopolitics. It is becoming increasingly clear that the US doesn't accept the consensus view of a multipolar world and is re-asserting its position as the global hegemon, in the context of its "America-first" strategy. The following article does a great job of laying out the thinking of Elbridge Colby (the architect of the US's defence strategy) as well as the US's strategic priorities: [The Bridge at the Center of the Pentagon](#). To whet your appetite: "Colby's core claim is that U.S. strategy in the 21st century should aim to prevent China from achieving hegemony over Asia. The rest of his framework follows from that point." If you want to go deeper, you can read the actual US policy documents outlining their strategy: [2026 National Defense Strategy](#) and [2025 National Security Strategy](#).

Now to tie geopolitics, AI and attitudes together.

My sense is that many people (perhaps a majority) are constantly at a stress level of say 6 or 7 out of 10, and are frequently triggered up to 9 out of 10, in part by mainstream and social media. This can be detrimental to your mental, physical and financial health.

The first attitude which is helpful is dispassion (detachment, objectivity, impartiality). Whatever I personally think

ATTITUDES, AI AND THE END OF THE OLD WORLD ORDER

BY NICK DENNIS



about Donald Trump and his methods is completely irrelevant to my mandate - all that matters is what they mean for financial assets. If anything, I can take advantage of the fact that other people become so emotionally charged they end up making poor financial decisions. The US's strategic playbook is still in the early stages of playing out; meaning there is more upheaval and triggering to come.

The same logic applies to individual shares. I buy Tesla because I think the share price will go up, not because I think Elon Musk is the kind of person I'd like my daughter to marry.

The next one is not so much an attitude as an orientation: **agency**. I'm often asked if I'm worried about AI's impact in 10 years' time. Firstly, worrying about the worst case is a waste of time, as you experience the misery twice. Secondly, the past, present and future will always belong to **high agency people**. This is what I mean by the right people. People with a victim mindset will see AI as an existential threat; people with a high agency mindset will see AI as an incredible opportunity. Both are right.

Finally, if you're going to be an equity investor it helps to be an optimist (as I suspect most high agency people are). Human and market history have proven that people are innovative and will always find a way.

I'll end with this passage by CS Lewis. He was talking about the atomic bomb, but you can apply his thinking to AI or any other source of dread:

"If we are all going to be destroyed by an atomic bomb, let that bomb when it comes find us doing sensible and human things - praying, working, teaching, reading, listening to music, bathing the children, playing tennis, chatting to our friends over a pint and a game of darts - not huddled together like frightened sheep and thinking about bombs. They may break our bodies (a microbe can do that) but they need not dominate our minds."

THE NEW ARMS RACE: THE RACE FOR COMPUTING POWER

BY PETER ARMITAGE & PETER LITTLE

The market was left stunned as the Magnificent Seven or Big 7 tech giants (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) reported results recently and outlined capex (capital expenditure) plans, projecting 40%-plus increases in their investment budgets for 2026. Instead of being applauded, many of these announcements were met with sharp share price declines, as investors expressed scepticism about whether incremental profits would be sufficient to justify the eye-watering investments.

Demand for computing capacity is undeniably growing at an unprecedented pace. The Big 7 are expected to spend c. **\$650 billion on AI-related infrastructure in 2026 alone (including on data centres, chips, energy, etc.)**, on top of an already extraordinary \$450 billion spent in 2025. To put that in context, it is like building 100 nuclear power plants, more than South Africa's (SA) GDP (\$500 billion), almost as much as the US' annual defence spend and as much as rebuilding the entire US Interstate Highway System (a c. 78,600 km network of freeways connecting US cities) in a single year, but in silicon.

Despite the urgency to invest, monetisation remains uncertain. These companies are racing to build capacity because falling behind could be an existential threat – but this does not guarantee attractive returns. The key question investors must now confront is simple: Is this AI capex boom value-creating, or are we entering a late-stage investment cycle where capital is deployed faster than profits can follow?

THE NEW ARMS RACE: THE RACE FOR COMPUTING POWER

BY PETER ARMITAGE & PETER LITTLE (CONT.)



Figure 1: The profits and spending of big tech companies

Name	Market cap	1Y Fwd	Operating profit (US\$bn)			Capex (US\$bn)			R&D expense	Capex to sales		GP margin	Operating margin
	US\$bn	P/E	T12M	1Y Fwd	% Chg YoY	T12M	1Y Fwd	% Chg YoY	US\$bn (T12M)	T12M	1Y Fwd		
NVIDIA	4,505	24	110	220	100%	6	7	22%	17	3%	2%	70%	59%
Apple	4,083	32	141	154	9%	12	14	19%	37	3%	3%	47%	32%
Alphabet	3,907	27	129	161	25%	91	179	96%	61	23%	44%	60%	32%
Microsoft	2,979	22	143	166	16%	83	116	40%	34	27%	29%	69%	47%
Amazon	2,258	22	80	102	27%	132	177	34%	109	18%	22%	50%	11%
Meta	1,674	20	83	89	7%	70	124	77%	57	35%	48%	82%	41%
Tesla	1,543	193	4	7	52%	9	16	93%	6	9%	16%	18%	5%
TSMC	1,457	19	62	88	41%	41	53	29%	8	33%	32%	60%	51%
ASML	548	40	13	16	26%	2	2	35%	5	5%	5%	53%	35%

There are some fascinating takeaways from the table in *Figure 1* above:

1. The big spend is primarily from four companies who are building computing capacity – Amazon (US\$148bn), Alphabet (US\$132bn), Meta (US\$123bn) and Microsoft (US\$116bn).
2. The valuation of most of the shares mentioned above is around a forward 20x-23x P/E multiple, which is roughly the same as the market average. These companies are not relatively expensive and do not appear to be in the much-publicised “bubble”. Apple (31x) and Alphabet (28x) are the expensive ones.
3. Apple and NVIDIA stand out as having almost insignificant capex compared to the others. Apple clearly chose not to participate in this race for computing space. Its strategy currently looks clever – stand back and rent what it wants from the big spenders. Apple has just concluded such a deal with Google (Alphabet). Not surprisingly, its share price went up while all the others went down during the week of 1 February 2026.
4. A lot of this spending is heading the way of NVIDIA (with an over 90% market share in high-speed graphics processing units [GPUs]). Still, NVIDIA itself ironically has minimal capex spend. Most of its production is handled by Taiwan Semiconductor Manufacturing Company (TSMC), which shows US\$52bn of capex above. It is no surprise that NVIDIA is now the biggest and second most profitable company in the world (behind Saudi Aramco).
5. The two biggest relative spenders are Meta (US\$180bn capex and research and development [R&D]) and Amazon (US\$223bn). Meta’s projected operating profit for 2026 is US\$89bn, and it already has a massive advertising market share – it is difficult to picture where the incremental profit will come from to balance that profit and spend. Meta certainly cannot afford to continue spending at that rate unless revenue increases massively. The numbers seem to indicate that it is betting the house!

For most of the past 18 months, the market treated large AI capex announcements as a bullish signal. If management said, “We’re spending aggressively,” the share price often rallied. The logic was clear: demand is exploding, AI is transformational, and the winners will be the firms that build the most compute capacity the fastest.

But the market is now beginning to treat capex differently. Instead of applauding every major spend programme, investors are increasingly asking a more uncomfortable question: Will these companies actually earn an adequate return on the capital they are deploying?

And, if we zoom out, the ballpark estimate is that between 2025 and 2028, the “Big 7” technology companies could spend in the region of US\$3trn on capex. This is a number so large that it begins to distort the normal way investors think about corporate investment cycles. It is effectively the creation of a new global industrial complex — except this one is made up of GPUs, power grids, data centres, networking chips, and inference clusters.

What makes this moment different from prior tech cycles is that demand appears real, immediate, and accelerating.

Across the board, management teams are delivering a consistent message:

1. AI demand is stronger than expected.
2. Customer adoption of AI is faster than forecast.
3. Computing supply remains constrained.
4. The market is far from saturation.

THE NEW ARMS RACE: THE RACE FOR COMPUTING POWER

BY PETER ARMITAGE & PETER LITTLE (CONT.)



In other words, the world is embracing AI faster than even optimistic forecasts predicted. And the evidence is not just narrative. NVIDIA's forward operating profit is expected to rise from US\$110bn (T12M) to US\$219bn, nearly doubling (+99%), while maintaining a remarkable 59% operating margin and 70% gross margin. That level of profitability is only possible in the presence of extreme demand pressure and strong pricing power.

However, the critical shift is that the market is no longer rewarding capex on faith alone. It is starting to penalise capex where the payoff is unclear, marking a shift from enthusiasm-driven pricing to return-driven scrutiny.

This is the classic late-stage investment cycle question: Are we building productive assets - or overbuilding capacity?

The return hurdle is massive. If the Big 7 spend US\$3trn on capex from 2025–2028, then even a reasonable 15% return on that capital would imply roughly US\$450bn of additional annual operating profit. That number is extraordinary. For context, the combined operating profits of these companies today are already roughly US\$500bn–US\$600bn. In other words, the market is implicitly assuming that AI capex could potentially drive a world where operating profits double over the next 3–4 years.

That is a breathtaking assumption, and this is where scepticism becomes rational. These firms already dominate many of the most profitable markets on earth: digital advertising, cloud computing, operating systems, mobile ecosystems, enterprise software, and e-commerce logistics.

The question is not whether AI will grow - it will. The question is whether AI will create new pools of profit large enough to justify this magnitude of investment, without compressing returns through competition and commoditisation.

History is mixed. The internet created massive value, but it also created overinvestment (think telecom fibre buildouts). Cloud computing generated huge profit pools, but only a few firms captured them. AI may follow the same path: enormous transformation, but profits concentrated in fewer hands than the spending suggests.

What does this mean for the shares?

The table in *Figure 1* reveals clear differences in positioning.

1. **Apple** is now the most expensive (a forward 31x P/E) and has reported excellent results after its iPhone 17 launch. This capex phenomenon has not negatively impacted it. Apple looks like a safe space to be, but its valuation seems too rich for such a massive company that we believe will battle to grow in double-digits over the longer term, even if it is just because of the law of diminishing returns.
2. **NVIDIA** looks increasingly attractive, and its valuation is now just above the market average (forward 24x P/E). If AI demand remains tight, NVIDIA remains the tollgate and the share price has been flattish for around nine months, underperforming the market. Longer term, it is difficult to see how the current market share and margins (60% operating margin) are maintained. And as we point out above, the current spend cannot be maintained without massive revenue increases.
3. **Microsoft** stands out as the best “quality compounder.” It combines scale with an exceptional 47% operating margin and forward operating profit growth of 16%, while still investing aggressively.
4. **Alphabet** and **Meta** are the biggest capex swing factors. Alphabet’s capex rises 45%, Meta’s rises 77%, and both are pushing capex-to-sales sharply higher. The market is watching closely to see whether these investments translate into monetizable AI services.
5. **Amazon** continues to invest heavily, but its 11% operating margin highlights that returns are still structurally lower than those of its peers.

The world is changing quickly, and AI demand is real. But the market is now asking a more mature question: AI capex is not automatically bullish — **it is only bullish if returns follow.**

For investors, the next phase of the AI trade will not be about who spends the most. It will be about who earns the best return on what they spend. And that is a far more challenging game.

THE AI PULSE – THE LATEST STORIES

BY KEIRAN WITTHUHN



Things in the world of AI are changing at a rapid pace. We highlight some of the recent key developments that are shaping the AI race. The world is changing and we believe it is best for all of our clients to keep up with these changes, or risk being left behind. All the latest developments are bridging the gap between human intelligence and artificial intelligence. AI agents are able to assist humans more and more effectively each day. We are constantly keeping tabs of these developments to determine if and how they affect our clients' portfolios and our investment approach. The most important thing is to not panic during volatile periods.

AS OF RIGHT NOW – GOOGLE IS WINNING AI RACE THANKS TO GEMINI

4 February 2026

Google has managed to go from AI loser to a consensus AI winner, "everybody else is the loser" in the space of a few months. Google's large language model, Gemini has been gaining market share at the expense of OpenAI's Chat GPT over the past six months (shown in the two charts below). Gemini now has 750 million monthly active users, up from 650 million in the third quarter of 2025. Google's Gemini was a laggard for many years, but it has now accelerated and become number one performer. Gemini 4 is set to come out at the end of the year and is expected to show significant improvements from Gemini 3.

Figure 1: Number of daily visits to respective AI LLM

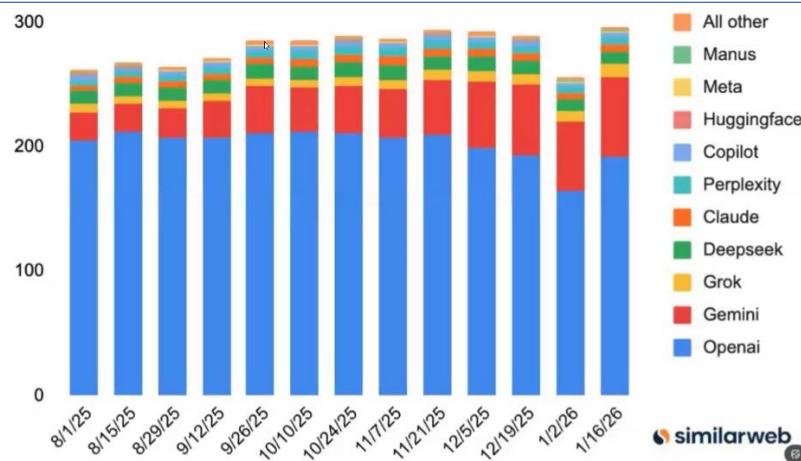
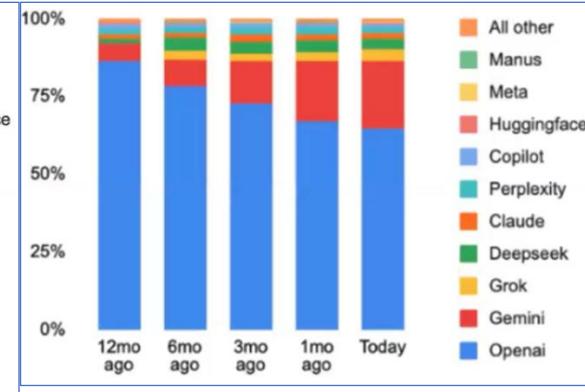


Figure 2: Share of traffic in LLM market



CLAUDE CODE AND THE "VIBE CODING" REVOLUTION

5 February 2026

In the world of technology, some moments are small updates, and others are inflection points that change how the world works. According to a recent deep dive by SemiAnalysis, Claude Code is the inflection point for AI 'Agents' and is a glimpse into the future of how AI will function. It is set to drive exceptional revenue growth for Anthropic in 2026, enabling it to dramatically outgrow OpenAI. We are at a critical moment in AI, one that matches, if not exceeds the ChatGPT moment in early 2023.

What is Claude Code?

While you may be familiar with ChatGPT as a chatbot you talk to, Claude Code is an "Agent." It doesn't just suggest answers; it has "hands." It can read an entire codebase, plan a multi-step project, and then execute it by actually writing and fixing code directly on a computer.

Experts are calling this the era of "Vibe Coding." Top engineers are reporting that they no longer spend their days writing line-by-line syntax; instead, they "vibe" with the AI, describing the objective and then spending their time auditing what the AI produces.

What makes Claude Code unique was that it was built in ten days by four engineers. Most of the code was written by Claude Code itself. AI is starting to create more intelligent AI.

THE AI PULSE – THE LATEST STORIES

BY KEIRAN WITTHUHN (CONT.)



Why this matters for your daily life and work

This isn't just for software developers. Imagine an assistant that **doesn't just draft an email, but pulls data from a spreadsheet, creates a chart, and sends it to your team**. Organizes your messy files based on their actual content. Performs multi-day tasks like a full financial audit or a deep research report while you focus on high-level strategy. It is expected that workflow in the 'information work' category will be disrupted. If these newest AI agents can eat software, they will be able to do the same to a large segment of the labour pool.

The Investment Perspective: Why we are watching this

In the 'all-weather' portfolios we manage for you, we look for companies that own the 'rails' of the future. The rise of Claude Code has major implications for our global holdings:

The Rise of Anthropic: Anthropic is now adding revenue faster than OpenAI (the creators of ChatGPT). This is driving massive demand for cloud infrastructure from partners like Amazon (AWS) and Google.

The Threat to Seat-Based Software: For decades, companies like Microsoft have made money by selling "seats" for humans to click buttons in Excel or Outlook. If an AI Agent can do those tasks automatically, the entire "pay-per-person" business model is at risk.

The Efficiency Tailwinds: We invest in quality global companies that are early adopters of these tools. As the cost of intelligence collapses - where an AI agent can do a human's week of work for a few dollars - the profit margins for the companies that successfully integrate AI will likely expand significantly.

The Bottom Line: We are moving from AI that talks to AI that does. As your investment team, we are monitoring these shifts daily to ensure your portfolio is positioned to benefit from this collapse in the cost of intelligence while avoiding the legacy giants that may be disrupted by it.

To read the full article from SemiAnalysis, click here: [Claude Code is the Inflection Point](#)

ANTHROPIC RELEASES CLAUDE OPUS 4.6

7 February 2026

Days after releasing Claude Code, **Anthropic launched Claude Opus 4.6**, its most powerful AI model to date, marking a significant push into high-value enterprise and professional work. The release comes after Anthropic's Claude Code tool drew attention for automating aspects of legal work - an event that unsettled investors and contributed to a sell-off in software stocks.

Claude Opus 4.6 is designed to handle complex, multi-step tasks that typically take human professionals days to complete. Its core strengths include advanced financial research, analysis of regulatory filings and company data, code review and debugging, and the creation of spreadsheets and presentations. Anthropic says the model excels at sustained task execution and large-document analysis, and it now ranks top on the Finance Agent benchmark, which measures AI performance on financial analyst tasks.

Opus 4.6 sits at the top of Anthropic's Claude model family, alongside the mid-sized Sonnet and lightweight Haiku models. The launch underscores Anthropic's strategy to move beyond coding tools and deepen its presence in enterprise markets, where roughly 80% of its more than 300,000 business customers are based.

The announcement highlights intensifying competition with players like OpenAI (ChatGPT), as AI increasingly automates professional workflows. While demand is accelerating, investor anxiety remains elevated, reflecting concerns about disruption across traditional software and services industries.

For the full article, click here: [Claude Opus 4.6 launched days after Claude Cowork crashed software stocks - here's what Anthropic's most powerful AI can do](#)

THE AI PULSE – THE LATEST STORIES

BY KEIRAN WITTHUHN (CONT.)



MEET OPENCLAW, THE WORLD'S MOST POWERFUL (AND DANGEROUS) AGENT

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Another week, another ‘this changes everything’ moment in the world of AI. This time, the buzz is around OpenClaw, an open-source AI Agent created by a single developer that is currently taking the tech world by storm.

What makes it different?

Unlike ChatGPT, which mostly suggests things (like drafting an email), OpenClaw does things. It acts as a bridge between your apps (like WhatsApp) and your files (Google Drive or your local hard drive). Because it runs natively on your machine, it can browse the web, move files, and execute tasks across any software you use, not just one specific platform.

The Billion-Dollar Tug-of-War

OpenClaw is so impressive that both Meta (Mark Zuckerberg) and OpenAI (Sam Altman) have reportedly made billion-dollar offers to the developer. While the code is free for anyone to see, these tech giants are desperate to own the talent and the ecosystem behind it.

A Critical Warning: Do Not Install It (Yet)

While OpenClaw is phenomenal, it currently lacks a safety switch. To work, it requires total access to your computer - including your browser history, passwords, and emails. Security researchers have already found thousands of instances where user credentials were leaked. Until a company like Microsoft or a major cybersecurity firm figures out how to ‘contain’ this power safely, it remains a significant risk to personal and company data.

The bottom is that OpenClaw represents a massive leap toward truly autonomous AI, but for now, it is a ‘look but don’t touch innovation’ for the average user.

[Watch: A short video explainer on the power of OpenClaw](#)

RCI WORLDWIDE FLEXIBLE FUND – JANUARY MARKET COMMENTARY

The year got off to a positive start with the MSCI World up over 2% for the month, on the back of optimism around US tech earnings, particularly AI demand. We are about 1/3rd of the way through US earnings season and thus far companies have released significant beats on both the revenue and income lines.

Tech and AI stocks continue to drive major index momentum, but sector rotation and short-term volatility were notable mid-month as investors questioned AI capex vs. earnings growth. Defence names like Rheinmetall saw strong early-month gains tied to geopolitical risk surrounding Greenland and further emphasis on NATO spending expectations. Large-cap stalwarts (Alphabet, Microsoft, Amazon, Meta) remained market focal points, with price moves influenced by earnings anticipation, layoffs, and AI investment narratives. Nvidia remained at the center of market narratives tied to the AI semiconductor cycle. While the company did not publish earnings in January, their shares experienced volatility along with broader tech sentiment (especially alongside Microsoft’s sell-off), reflecting investor rotation pressures.

The US underperformed global markets with the S&P500 closing 1.4% up, whilst the MSCI World Developed Markets closed 2.2% up on the back of strong Japanese equities. Emerging markets were again the standout performers, with the index rising 8.8% for the month. Within the US market, Energy was the star performer growing 14% for the month.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND



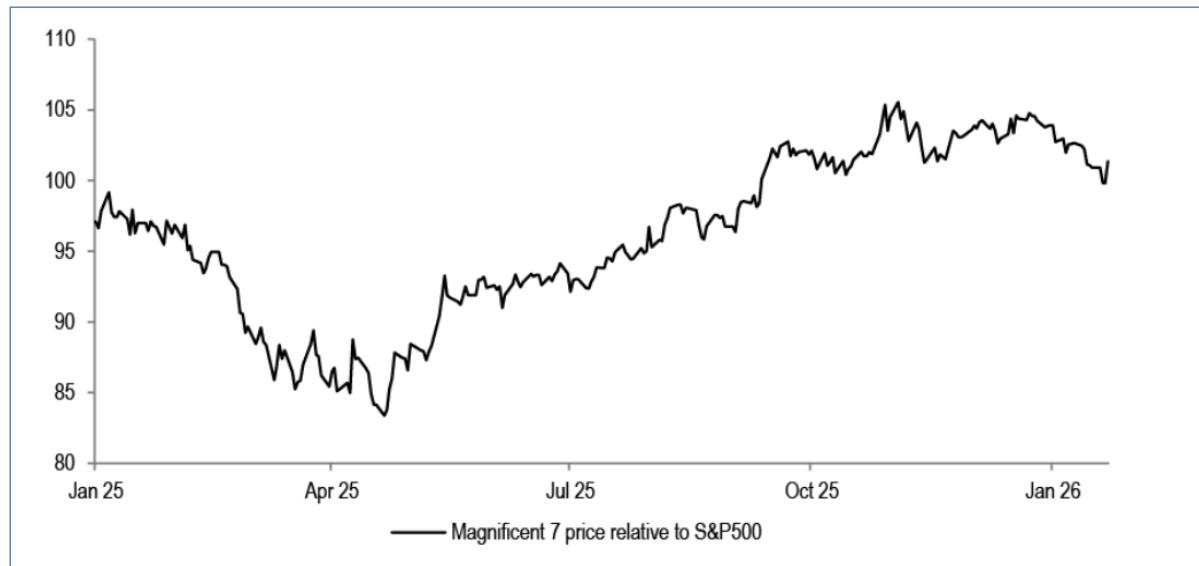
Figure 1: Performance of global markets and US sectors in 2024 and 2025: Sector price movement sorted by January performance

Name	GEOGRAPHY	2024	2025	Jan-26
DOW JONES INDUST IDX	USA	12.9%	13.0%	1.7%
S&P 500	USA	23.3%	16.4%	1.4%
NASDAQ 100 IDX	USA	24.9%	20.2%	1.2%
S&P 500 ENERGY IDX	USA	2.3%	5.0%	14.4%
S&P 500 MATERIALS IDX	USA	-1.8%	8.4%	8.6%
S&P 500 CONS STAPLES IDX	USA	12.0%	1.3%	7.5%
S&P 500 INDUSTRIALS IDX	USA	15.6%	17.7%	6.6%
S&P 500 COMMUN SERVICES	USA	38.9%	32.4%	5.7%
S&P 500 REAL ESTATE IDX	USA	1.7%	-0.3%	2.7%
S&P 500 CONS DISCRET IDX	USA	29.1%	5.3%	1.7%
S&P 500 UTILITIES IDX	USA	19.6%	12.7%	1.3%
S&P 500 HEALTH CARE IDX	USA	0.9%	12.5%	-0.2%
S&P 500 INFO TECH IDX	USA	35.7%	23.3%	-1.7%
S&P 500 FINANCIALS IDX	USA	28.4%	13.3%	-2.6%
MSCI EMERGING MARKETS IDX (USD)	EMERGING MARKETS	5.1%	30.6%	8.8%
HANG SENG IDX	HONG KONG	17.7%	27.8%	6.9%
NIKKEI IDX	JAPAN	19.2%	26.2%	5.9%
FTSE 100 IDX	UK	5.7%	21.5%	2.9%
MSCI WORLD IDX	DEVELOPED WORLD	17.0%	19.5%	2.2%
DAX IDX	GERMANY	18.8%	23.0%	0.2%

Source: Bloomberg, Anchor Capital

The MAG 7 have been a major source of performance over the last several years, particularly since the “tariff tantrum” in April 2025. However, over the last two months, we have seen underperformance of the MAG7 relative to the rest of the market. This is an indication of a healthier market where performance is broadening out to the less loved sectors. Since mid-December, the US AI basket appears to be losing steam and has underperformed the overall S&P 500 by over 3%.

Figure 2: The Magnificent 7 price relative to the S&P 500.



Source: Bloomberg

If we examine the current quarter's earnings expectations, we can clearly see a significant outperformance of the MAG7 relative to the rest of the market. The current price underperformance thus creates an investment opportunity in this cohort of shares that have superior growth characteristics to the rest of the market. Figure 3 below shows that Since Q1 2023, the MAG7 have produced far superior earnings growth and although the rest of

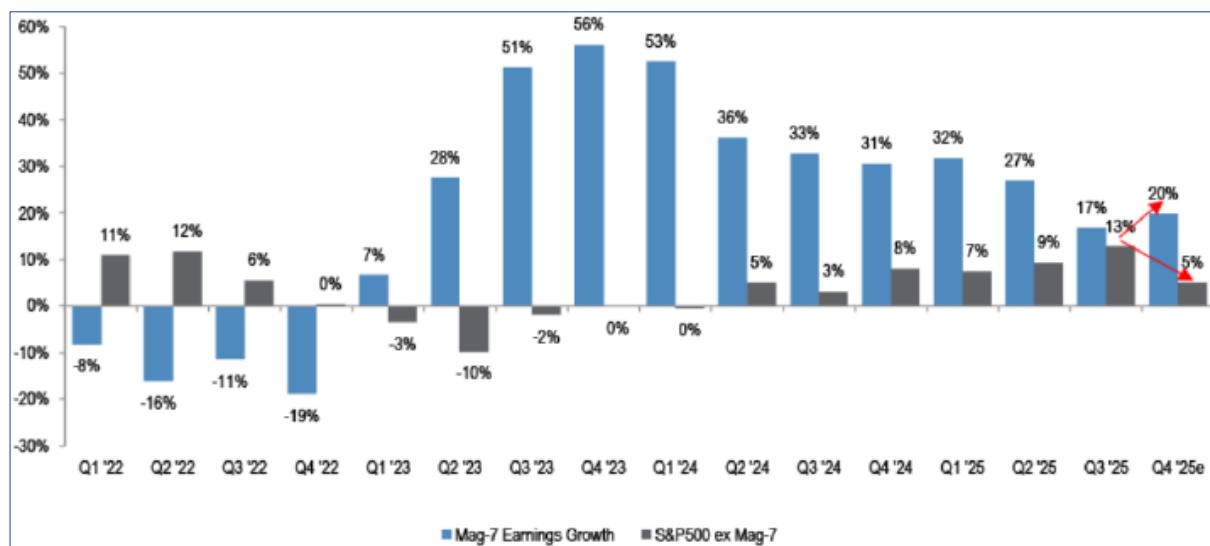
WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

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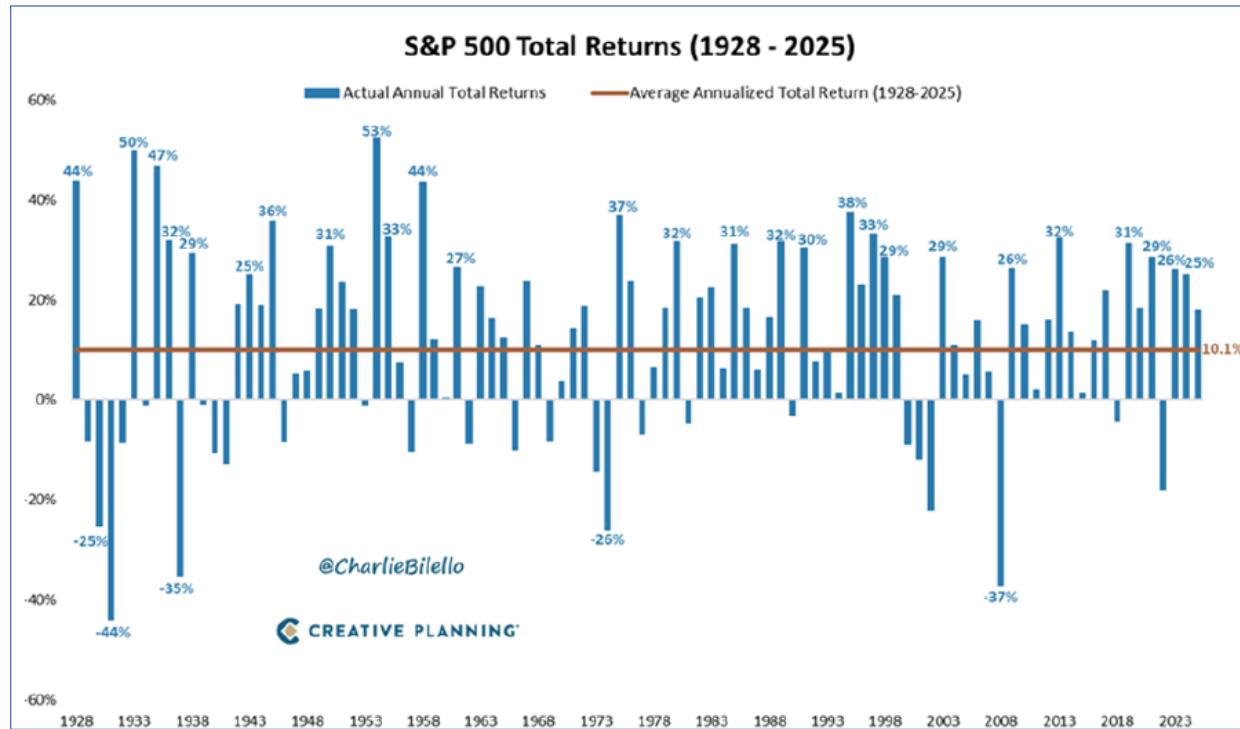
the market has improved its earnings growth lately, this trend broke in Q4 2025 when the MAG7 reaccelerates whilst the rest of the market stalls.

Figure 3: The Magnificent 7 earnings growth (blue) versus the rest of the S&P 500 (grey).



If we take a step back and examine S&P500 performance over the ultra-long term, we note the majority of years the market performance is positive. The average return was 10% per year but interestingly the actual price move in any particular year is almost always very different to the average as only 4 times in the last 98 years was the price move within 2% of the average. The returns are rather wildly up or down in any particular year. This shows that stock markets are inherently volatile, but also that investors cannot achieve growth without taking on equity like risk.

Figure 4: S&P 500 Total Returns (1928 – 2025)



Source: Charlie Bilello

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.