

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- **Budget 2026 and Trusts: Same rules, sharper scrutiny** – by *Di Haiden*
- **Investment catalyst watch** – by *The Transcript*
- **How the three-bucket framework secures your succession journey** – by *Billy Pain*
- **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*



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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

BUDGET 2026 AND TRUSTS: SAME RULES, SHARPER SCRUTINY

BY DI HAIDEN



SA's 2026/2027 Budget, tabled in Parliament on 25 February, naturally brings tax considerations into focus! Against this backdrop, it seems opportune to revisit developments in the trust space, particularly given the increasing regulatory scrutiny from the South African Revenue Service (SARS). While the Budget introduced very few direct changes relating specifically to trust taxation, SARS has expanded reporting requirements and is performing audits on many. In this note, we recap the current tax framework that applies to local trusts, look at whether the indirect changes announced in the Budget have implications for SA trusts, and outline the areas of heightened regulatory focus being implemented by both the Master of the High Court and SARS.

Budget 2026: Key implications for trusts

Trust income tax rate (unchanged)

Ordinary trusts continue to be taxed at a flat rate of 45%. Special trusts (e.g., certain disability trusts or testamentary trusts for minors) are taxed at individual tax rates. Capital gains tax (CGT) treatment (unchanged for trusts). The budget commentary confirms that CGT inclusion rates are unchanged (see table in Figure 1 below):

Figure 1: CGT inclusion rates

Entity	Inclusion rate	Max effective rate
Individuals	40%	18%
Companies	80%	21.6%
Trusts	80%	36%

Source: Anchor Capital, National Treasury

Therefore, trusts still face a maximum effective CGT rate of about 36%.

CGT annual exclusion increase (affects special trusts)

One small change affecting trusts indirectly is that the annual CGT exclusion has increased from R40,000 to R50,000. This applies to individuals and special trusts. Note: ordinary discretionary trusts do not qualify for this exclusion.

No new anti-trust or attribution rules announced

Importantly, for estate and fiduciary planning, the 2026 Budget did not introduce any new anti-avoidance rules targeting trusts. There were no changes to attribution rules (sections 7–25 of the Income Tax Act), the conduit principle, section 7C loan trust rules, or donations tax provisions.

Other budget changes that may indirectly affect trusts

Some broader changes may have practical implications for trusts:

- The annual donations tax exemption has increased to R150,000 (from R100,000).
- The primary residence CGT exclusion has increased to R3million (relevant if a trust holds residential property and qualifies through special arrangements).

In summary, the **2026 SA Budget did not contain major changes to the core trust taxation framework, which remains in place:**

- 45% income tax rate for trusts;
- 80% CGT inclusion rate; and
- no new structural or anti-avoidance reforms.

However, National Treasury and SARS have repeatedly indicated that **trust taxation remains under policy review**. Trust audits by SARS have become more stringent, and we elaborate on this topic below.

BUDGET 2026 AND TRUSTS: SAME RULES, SHARPER SCRUTINY

BY DI HAIDEN



Trust audits

SARS has significantly intensified its scrutiny and auditing of family trusts, which it views as a potential area of tax leakage risk. This is driven, in part, by historically low levels of compliance, including a large number of dormant trusts, incomplete reporting, and the incorrect treatment of distributions.

Audits often focus on verifying whether:

- the trust is genuinely actively administered;
- income and capital gains are correctly declared; and
- beneficiary distributions are correctly taxed.

Key areas of focus include:

Enforcement of section 7C loan rules

A major driver of audits is compliance with section 7C of the Income Tax Act. Where individuals advance loans to trusts at low or no interest rates, SARS must verify whether:

- the official interest rate has been applied; and
- any deemed donation has been declared.

Many taxpayers either:

- misunderstand the rule; or
- fail to declare the deemed donation each year.

Consequently, loan accounts are closely scrutinised to ensure there is no tax leakage. This would mean that properly executed loan agreements need to be in place, signed by all parties, and with clear terms and conditions.

Beneficial ownership transparency requirements

Recent regulatory reforms require trusts to disclose beneficial ownership information, including details of founders, trustees, beneficiaries, and any individuals exercising effective control.

These requirements, enforced by institutions such as the Master of the High Court (South Africa) and the Financial Intelligence Centre (FIC), are designed to combat tax evasion, asset concealment, and money laundering.

The new reporting systems have resulted in enhanced transparency, which has improved SARS's ability to identify inconsistencies across trust structures.

Data analytics and improved technology

SARS continues to invest heavily in data analytics and AI-driven risk profiling. Information is now cross-referenced across multiple sources, including financial institutions, company records, property registries, and international reporting systems.

This enables SARS to identify situations where:

- A trust holds significant assets with minimal reported income;
- beneficiaries receive distributions not reflected in tax returns; and
- continued founder control over trust assets.

These discrepancies often trigger audits or verification requests.

Increased focus on high-net-worth taxpayers

Specialised SARS units now focus on high-net-worth individuals (HNWI) and their associated structures. Trusts are commonly used within these structures, so audits often review the individual taxpayer, the trust itself, and related companies and beneficiaries as part of a holistic assessment of wealth structure.

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BY DI HAIDEN



This integrated approach means family trusts are often audited as part of broader wealth reviews.

Common issues in trust audits

Some of the most common problems identified during audits include:

- inadequate record keeping by trustees;
- undocumented or poorly structured loan accounts;
- failure to declare section 7C deemed donations;
- attribution rules not applied correctly;
- rental income, non-disclosure, and repairs/maintenance expenses;
- incorrect application of the conduit principle;
- failure to record beneficiary distribution resolutions before year-end; and
- trustees treating trust assets as personal assets by founders or trustees.

Summary

Although the 2026 Budget did not introduce material changes to the taxation of trusts, the regulatory environment continues to tighten. SARS has increased audits of family trusts on the assumption that they are widely used for wealth planning and historically created opportunities for tax leakage. With improved reporting rules and data analytics, SARS can now identify high-risk trust structures more easily and enforce compliance more aggressively. In the current regulatory environment, one needs to be aware of the focus of the authorities and the fact that it is not possible to avoid scrutiny with the increasing reporting that trusts are subjected to and the integrated data available.

INVESTMENT CATALYST WATCH

The [Catalyst Watch](#) is a weekly report from *The Transcript*, that highlights investment themes.

1. Growth Rates Are Surprisingly Robust

Revenue growth across major companies continues to impress. Beyond the expected 20% – 30% growth from tech firms, even traditional consumer brands like Visa (17%), Mastercard (12%), Coca-Cola (10%), and Starbucks (8%) posted surprisingly healthy numbers. With real economic growth typically around 3%, these figures suggest that inflation, productivity gains, and wealth redistribution are all playing a role. Strong revenue and earnings growth generally support rising stock prices, provided interest rates stay stable.

2. The Fed, As We Know It, May Be Changing

Jerome Powell's tenure as Federal Reserve Chairman ended on 15 May 2026, though he plans to remain on the Board of Governors for the time being. Kevin Warsh will take over as Chair, but Powell's continued presence signals that Warsh may not enjoy the same unilateral power that past chairs have appeared to wield. With core PCE inflation running at 3.2%, the mood among Fed officials is shifting more hawkish, meaning interest rates could stay higher for longer than markets had hoped.

3. AI Remains Supply-Constrained

The AI boom shows no signs of slowing. Blackstone reported that its portfolio companies increased AI spending 15-fold in Q1 year-over-year. OpenAI's Sam Altman noted that customers are willing to pay any price just to access more capacity. Most tellingly, Amazon's AWS CEO revealed that software engineers are now asking about their "token budget" when evaluating job offers - a clear sign of how deeply AI tools have become embedded in daily workflows, and how constrained supply still is. These fundamentals continue to support the long-term investment case for AI infrastructure.

HOW THE THREE-BUCKET FRAMEWORK SECURES YOUR SUCCESSION JOURNEY

BY BILLY PAIN (CREDO)



The below article focuses on business owners, but the principles apply to all of us. No matter where you are in your financial journey, organising your wealth with a clear purpose - balancing security, long-term growth, and the things that matter most to you is the foundation of any good financial plan. Read on to find out how a simple framework can bring clarity to your own finances.

Succession planning is rarely just a technical exercise. For most business owners, it is deeply psychological. Your business is not simply an asset on a balance sheet. It is identity, purpose, security, and often your life's work.

When owners approach succession, whether that is a sale, a management buyout, a family transition, or a gradual step back, the biggest risk is not usually poor intent. It is poor capital allocation driven by emotion, habit, or overconfidence in a single outcome.

A useful way to structure this complexity is through the Three-Bucket Framework, which draws on principles popularised by the 'Aspirational Investor'. This philosophy first coined the term Aspirational Bucket to describe capital allocated not purely for financial return, but for fulfilment, curiosity, and long-term legacy.

The Three Buckets

1. The bulletproof bucket

Purpose: Security, liquidity, and peace of mind

This bucket exists to make everything else possible. It is capital that is:

- Highly liquid
- Low or negligible risk
- Designed for known or near-term liabilities

Typical uses include:

- Personal living costs post-exit
- Tax liabilities
- Short-term commitments
- Contingency planning

Common assets in this bucket might include cash, high-quality money market instruments, and government bonds. From a psychological standpoint, this bucket reduces anxiety. It allows business owners to step back from their company or negotiate succession decisions without the pressure of needing every outcome to go perfectly.

The common mistake: Being over-allocated. Holding too much capital here may feel safe, but over time, inflation quietly erodes purchasing power. Excess caution can become an invisible risk.

2. The compound and grow bucket

Purpose: Long-term wealth creation and inflation protection

This is the engine room of sustainable financial independence. The role of this bucket is to:

- Grow capital over the long term
- Beat inflation
- Provide future income optionality

This bucket is typically invested in diversified long-term assets such as equities and high-quality businesses, accessed through carefully selected investment strategies. Unlike the Bullet Proof Bucket, this capital is not designed for short-term spending. Time is its greatest ally. Compounding works best when left undisturbed, supported by discipline and patience.

The common mistake: Under-allocation. Many business owners underestimate how much capital they need to work quietly in the background once their business income reduces or stops. Without this bucket being properly funded, future lifestyle flexibility can be compromised.

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3. The aspirational bucket

Purpose: Upside, ambition, and personal conviction

For most business owners, this bucket already dominates their balance sheet. It includes:

- Their own business
- Private equity
- Venture capital
- Concentrated or illiquid special situation opportunities

This is where vision, expertise, and personal edge can create exceptional outcomes. It is also where risk is highest. Returns can be transformational, but capital loss is a genuine possibility. There is nothing wrong with ambition. In fact, it is often what made the business successful in the first place. The key is ensuring that aspirational investments sit within a broader, balanced framework.

The common mistake: Overconfidence through familiarity. Owners often feel safer with what they know, even when the concentration risk is extreme. Emotional attachment can blur objective risk assessment.

The entrepreneur's curse

A recurring behavioural bias we see among founders and owner-managers is what we often describe as the entrepreneur's curse. Having built a successful business through judgement, resilience, and personal risk-taking, it is entirely natural for owners to believe that investing additional capital back into what they know best will always deliver the strongest outcome.

The logic often sounds like this:

- "If I invest £100,000 into my own business, I have far more control."
- "I understand this better than any external investment."
- "This is where my best returns have always come from."

And sometimes, that belief is correct. **But not always.**

Even exceptional businesses are exposed to factors outside an owner's control. Market cycles, regulatory change, competition, technological disruption, and timing can all materially alter outcomes. Concentrating incremental capital into a single enterprise increases exposure to these risks, even when confidence is high.

From a succession perspective, this bias can quietly undermine financial resilience. Capital that could have been diversified to protect lifestyle and long-term security instead becomes further tied to one outcome, one sector, or one set of assumptions.

This is not an argument against backing your own business. It is an argument for balance. Aspirational investments, including further investment into your own company, should sit alongside, not instead of, properly funded Bullet Proof, Compound, and Grow buckets.

Why owners drift to extremes

In practice, we see two recurring profiles:

- Owners of their own businesses who keep too much wealth in the Bullet Proof Bucket, driven by fear of loss after years of hard work
- Private equity owners who reinvest almost everything into aspirational opportunities, driven by optimism and belief in their own judgement

Succession is not the end of the journey. Done well, it is the beginning of the next chapter.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



RCI BCI WORLDWIDE FLEXIBLE FUND

There were phenomenal returns in global markets this month as a result of a ceasefire in Iran and huge upgrades to US corporate earnings. The MSCI world was up 9.4% for the month whilst the tech heavy US Nasdaq was up 15.6% for the month. This performance was similar to the 2020 COVID-19 recovery period as markets sprung back from a low base. The communication services sector was the strongest performer in the US market growing over 18%. This was mostly as a result of better than expected Alphabet earnings where AI revenue continues to accelerate. Energy was the laggard this month falling 3.5% but is still up 32% year to date as oil prices remain elevated at the \$100-115 level.

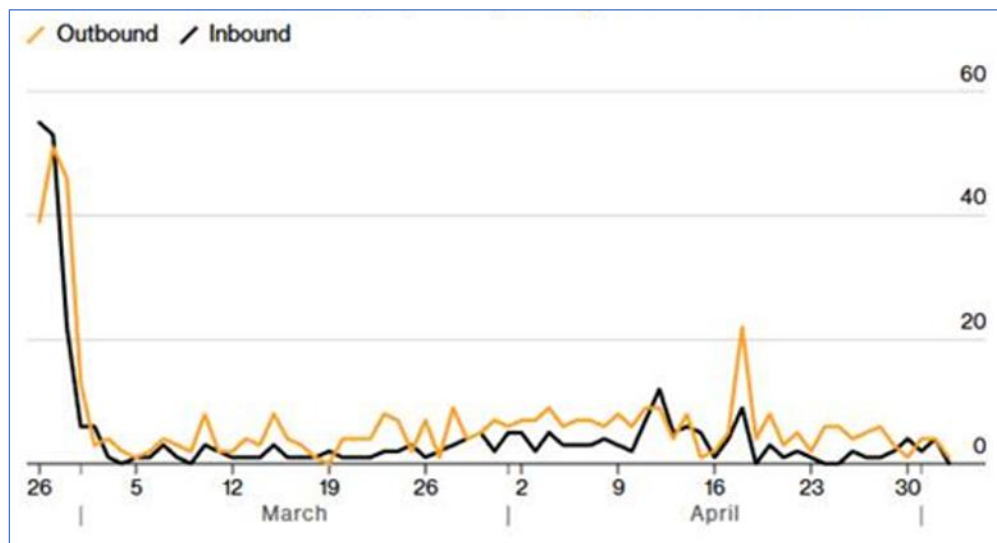
Figure 1: Global markets and US sectors: Sector price movement sorted by April performance

	GEOGRAPHY	2024	2025	2026 YTD	Apr-26
NASDAQ 100 IDX	USA	24.9%	20.2%	8.7%	15.6%
S&P 500	USA	23.3%	16.4%	5.3%	10.4%
DOW JONES INDUST IDX	USA	12.9%	13.0%	3.3%	7.1%
S&P 500 COMMUN SERVICES	USA	38.9%	32.4%	10.0%	18.4%
S&P 500 INFO TECH IDX	USA	35.7%	23.3%	6.6%	17.4%
S&P 500 CONS DISCRET IDX	USA	29.1%	5.3%	1.3%	11.7%
S&P 500 REAL ESTATE IDX	USA	1.7%	-0.3%	10.7%	8.6%
S&P 500 INDUSTRIALS IDX	USA	15.6%	17.7%	12.5%	7.9%
S&P 500 FINANCIALS IDX	USA	28.4%	13.3%	-4.9%	5.4%
S&P 500 CONS STAPLES IDX	USA	12.0%	1.3%	10.2%	2.9%
S&P 500 MATERIALS IDX	USA	-1.8%	8.4%	12.2%	2.6%
S&P 500 UTILITIES IDX	USA	19.6%	12.7%	9.7%	2.0%
S&P 500 HEALTH CARE IDX	USA	0.9%	12.5%	-5.8%	-0.6%
S&P 500 ENERGY IDX	USA	2.3%	5.0%	32.4%	-3.5%
RUSSELL 1000 GROWTH INDX	USA	32.5%	17.9%	0.8%	11.9%
RUSSELL 1000 VALUE INDX	USA	11.9%	13.6%	9.8%	8.0%
RUSSELL 1000 QUALITY FAC INDEX	USA	28.8%	17.4%	3.2%	10.4%
MSCI WORLD IDX	DEVELOPED WORLD	17.0%	19.5%	5.2%	9.4%
FTSE 100 IDX	UK	5.7%	21.5%	4.5%	2.0%
HANG SENG IDX	HONG KONG	17.7%	27.8%	0.6%	4.0%
DAX IDX	GERMANY	18.8%	23.0%	-0.8%	7.1%
NIKKEI IDX	JAPAN	19.2%	26.2%	17.8%	16.1%
MSCI EMERGING MARKETS IDX (USD)	EMERGING MARKETS	5.1%	30.6%	13.9%	14.5%

Source: Bloomberg, Anchor Capital

The Iran war continues to cause significant volatility in global markets as investors grapple with the fluctuations between a sustainable peace deal or escalation and thus higher oil prices for longer. We have yet to see a meaningful number of ships pass through the Strait of Hormuz at this time and thus every day it remains closed leads to increased supply issues and disruption in the future. Even if the Strait were to open today there would still be significant logistical issues to correct and many analysts believe that oil is not going to recover to pre-war levels but could rather hover around \$80 for the near future.

Figure 2: Hormuz Traffic – Number of commercial ships passing through the Strait of Hormuz



Source: Bloomberg

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



RCI BCI WORLDWIDE FLEXIBLE FUND

Global markets have been extremely optimistic that the war will end soon and as a result the US is at an all-time high at present but a lot this optimism is tied to corporate earnings performance expectations for 2026 where the S&P 500 is expected to grow earnings by 20% for the full year this year and 15% again next year.

We often show supportive graphs of the Mag 7 but this one really shows how successful this group of businesses have been relative to the rest of the market. Over the last four years, the Mag 7 has almost always produced earnings growth significantly higher than the rest of the market. We thus remain supportive of holding a significant position in many of these businesses in our portfolio. The below graph shows the growth differential between the Magnificent 7 stocks (Apple, Amazon, Microsoft, Alphabet, Meta, Nvidia and Tesla) and the rest of the market. For the 1st quarter of 2026 the group produced earnings growth 42% higher than the rest of the market.

Figure 3: Mag 7 earnings growth minus S&P 500 ex Mag 7 earnings growth



Source: JP Morgan, Bloomberg Finance LP

The rotation out of tech and into defensives is reflected as a small blip in the following graphs. These sectors have been significant underperformers over the last decade as their earnings generation hasn't kept up with the rest of the market which was driven by mega cap tech. Although the defensive type shares have had an incredible start to 2026, they have significantly underperformed the market over the long term (down trend = under performance).

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.

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 mid-twenties which is greater than the S&P 500, where analysts expect mid-teen growth over 2026 and 2027. Our companies are trading at only a slightly higher valuation, 23x, versus the S&P 500's 21x, and we thus believe this to be an excellent opportunity to invest in this portfolio of high-quality investments, growing earnings at a higher rate than the market.

Portfolio Strategy

Bought CSG Group – In addition to our Rheinmetall position, we have started a small position in Europe's second largest defence company as we believe NATO will continue to increase their defence spend off an extremely low historical base. In addition to Russian threats in the region, it has become clear to NATO that the USA is not as strong an ally as once thought. Analysts think it will take up to a decade for stockpiles of ammunition to accumulate to satisfactory levels and hence CSG will benefit from this spend.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?



RCI BCI WORLDWIDE FLEXIBLE FUND (CONT.)

Top 10 holdings

	PE in one year	PEG Ratio (FWD PE/'12-24m Growth)	EPS Growth			Pullback from high
			2025-2026E Growth	2026-2027E Growth	2027-2028E Growth	
ALPHABET INC-CL C	28.4	2.0	20%	12%	17%	0%
AMAZON.COM INC	26.1	1.3	11%	18%	25%	-2%
MERCADOLIBRE INC	33.9	0.9	18%	39%	41%	-30%
SCOTTISH MORTGAGE INV TR PLC						
META PLATFORMS INC-CLASS A	17.1	1.0	13%	12%	24%	-24%
MICROSOFT CORP	21.8	1.3	26%	14%	18%	-25%
NU HOLDINGS LTD/CAYMAN ISL-A	15.2	0.5	41%	31%	27%	-24%
NVIDIA CORP	21.7	0.8	61%	79%	34%	-8%
RHEINMETALL AG	31.2	0.7	43%	46%	38%	-32%
TAIWAN SEMICONDUCTOR-SP ADR	23.6	1.0	32%	25%	20%	-4%
Top 10 - FWD PE Ratio* PEG ratio* and EPS Growth Rate^	22.9	0.9	26%	25%	25%	-17%

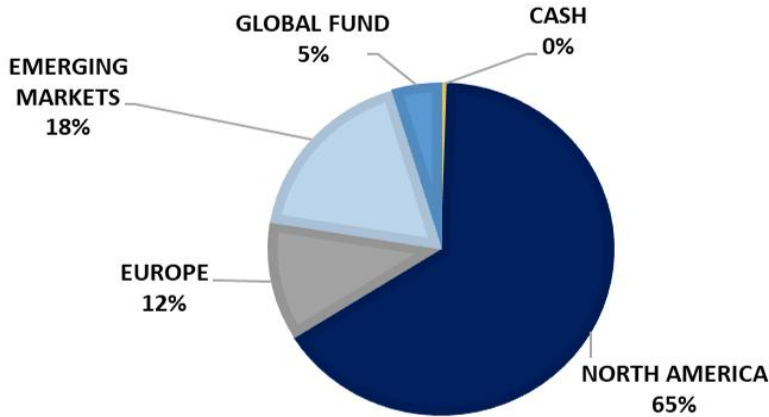
S&P500 - FWD PE and EPS Growth	20.7	13%	16%	15%	-1%
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*Calculated using Harmonic Mean

^Calculated using Median

There has been a significant pull back in many of our top 10 positions of late. Our calculations estimate the portfolio to be trading at its close to the lowest premium relative to the overall market ever thus making these investments extremely attractive right now.

Geographic Drivers



- We have exposure to Europe via global companies: Rheinmetall, CSG and ASML.
- We have Emerging Markets exposure via Mercado Libre, Tencent, Taiwan Semiconductor, ASP Isotopes and Nu Holdings. Although TSMC is in the Emerging Market Index, it is more comparable to a developed world business.
- What we have classified as global exposure is through the listed technology fund Scottish Mortgage Trust.

Performance in Rand

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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%
2026	-2.7%	-7.0%	-4.2%	9.8%									-4.7%

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 shorter-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, sewing 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 has posted its best one-month return since inception, up 18.2% for April. Almost fully recovering from its worst first quarter since 2022 on the back of a large rotation out of tech hardware and software and into more 'durable' parts of the market such as consumer staples and energy. This has reversed sharply, with the fund having outperformed the S&P 500, Nasdaq and MSCI World during the month. Patience was key to a strong turnaround in many of our quality holdings. The US market looked through the ongoing crisis in the Middle East and focussed attention on the growing AI capex that many hyperscalers are investing. Huge upward moves were found in most hardware sectors, including semiconductor chips, memory, and general industrial construction for anything AI Data Centre related.

Many investors have now started to price in no interest rate cuts in 2026. This on the back of higher oil prices and better than expected labour data out during the month. This USD strength is starting to help the funds returns.

Many of the fund holdings are still cheap on a valuation basis, after reporting strong growth in earnings this month. We remain confident on the outlook for many of our businesses. Over time, we expect our businesses to exhibit strong compounded growth in earnings that should translate into strong returns for shareholders.

TOP CONTRIBUTORS & DETRACTORS	SECTOR	%
CELESTICA INC	ELECTRICAL EQUIPMENT	43.3
NEBIUS GROUP	COMMUNICATION SERVICES	42.0
ARISTA NETWORKS INC	HARDWARE	38.6
STERLING INFRASTRUCTURE INC	CONSTRUCTION	35.9
HIMS & HERS INC	PERSONAL HEALTHCARE	35.3
MOTOROLA SOLUTIONS INC	COMMUNICATION SERVICES	-1.2
AXON ENTERPRISES INC	DEFENSE & SECURITY	-2.5
ELF BEAUTY INC	COSMETICS	-4.4
REDWIRE CORP	DEFENSE & SECURITY	-6.2
LEMONADE INC	INSURANCE	-9.0

Historical performance

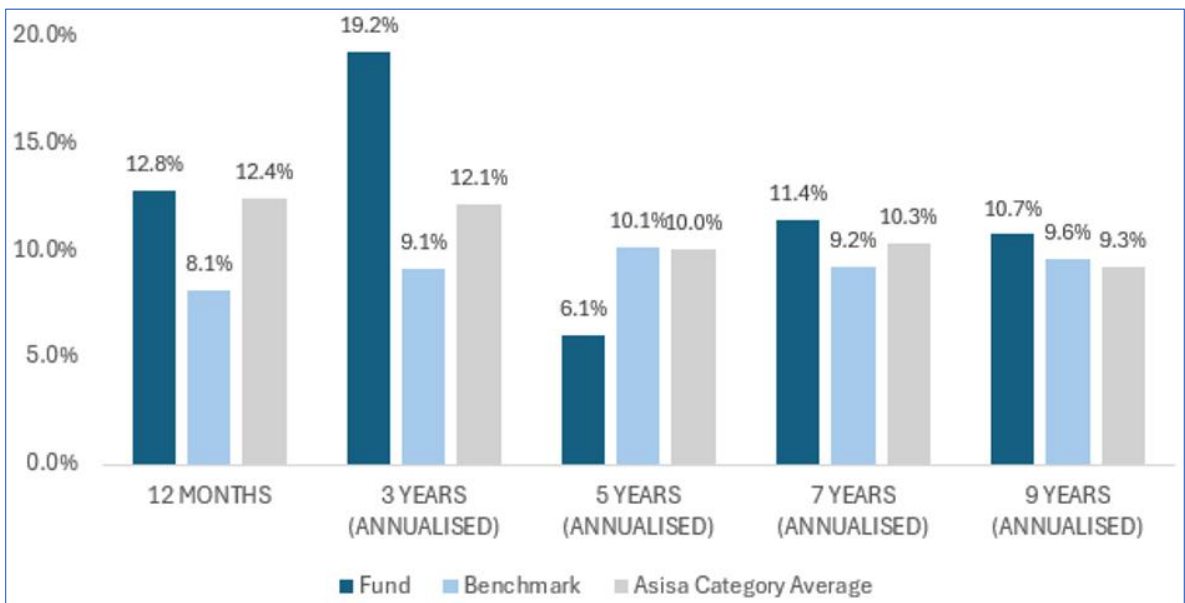
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2026	-1.9	-10.0	-10.2	18.2									-6.5
2025	2.1	-8.6	-11.1	7.4	6.3	9.5	8.7	-0.6	4.4	4.2	-7.2	-5.1	7.5
2024	5.5	8.8	-2.5	-6.7	0.7	3.6	-7.1	1.6	1.0	6.9	14.6	6.2	35.1
2023	12.3	1.7	0.1	3.9	11.4	3.0	-0.2	-0.6	-5.0	-3.5	13.6	5.3	48.1
2022	-16.3	-3.8	-1.8	-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 18.2% for the month. This performance was hindered slightly by the last day's trade and timing that the fund was priced, at 15:00 on the 30th.

The longer-term track record is good, with the fund annualizing 19.2% over the last 3 years, this is ahead of the benchmark (CPI+5%) and the peer group average of 12.1%. The fund has annualised 11.4% over the last 7 years compared to the peer group average of 10.3%.

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND (CONT.)



Top 10 holdings

TOP TEN HOLDINGS	ROCE	FCF MARGIN	GP MARGIN	OP MARGIN	REVENUE 3Y CAGR	DEBT/EQUITY	FWD P/E	FWD FCF YIELD	DRAWDOWN - 52 WK HIGH
SOFI TECHNOLOGIES INC			83.5		32.9	0.2	30.4	7.0	-50.0
NVIDIA CORPORATION	97.2	44.8	71.1	60.4	100.0	0.1	24.2	3.5	-7.9
AMAZON.COM	14.6	-0.3	50.6	11.5	12.3	0.5	33.5	-0.7	0.0
ALPHABET INC	28.3	15.2	60.4	32.7	14.1	0.2	29.9	0.6	0.0
BROADCOM INC	19.2	42.3	76.7	41.9	25.7	0.8	30.1	3.0	-1.3
TAIWAN SEMICONDUCTOR INC	35.2	25.7	61.9	53.3	21.6	0.2	21.3	2.6	-5.7
META PLATFORMS INC	29.8	22.4	81.9	41.2	22.4	0.4	22.2	0.6	-22.4
ARISTA NETWORKS INC	30.4	47.2	64.1	42.8	27.1	0.0	47.6	2.2	-2.8
NU HOLDINGS LTD					56.1	0.0	16.8		-22.8
CHIME FINANCIAL INC		1.5	88.0		29.4	0.1	131.4	4.7	-41.1
TOTAL EQUITY CONTENT OF FUND			70.9	40.5	34.2		38.7		-15.4

Changes during the month

The fund did not make any material changes during the March downturn, and this was the correct decision. In periods of heightened volatility, we find it best to sit on our hands and feel comfort in the quality of businesses we own. Many of the businesses we own suffered substantial pullbacks in February and March, only to rebound very strongly in April.

In April we made changes that aligned with momentum and started adding to sectors of the market that had suffered pullbacks but are still exposed to secular growth themes such as AI hardware. To this end, the fund started new positions in Motorola Solutions Inc, IPG Photonics Corp, and Telsa Inc. The fund increased existing exposure to Amazon.com, Sterling Infrastructure Inc, Redwire Corp and Crowdstrike Inc. The fund exited positions in Amer Sport Inc, Kratos Defense and Security Inc and Everpure Inc.

Notable Results

There was a slew of results released during the month of April.

SoFi Technologies Inc

SoFi released its Q1 results and produced record revenue up 41% YoY, with strong adjusted EBITDA margins of 31%. EPS doubled to \$0.12 and new members grew 35% YoY with products growing 39% YoY. The loan business grew well ahead of expectations, with record loan originations of \$12.2bn (particularly strong in the student loan division),

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE GROWTH FUND (CONT.)



although the tech platform, Galileo lost meaningful momentum with the migration of Chime Financial from their platform. The market clearly focussed on the slowdown in this space and the stock fell sharply following what was on aggregate a very strong set of results. Management also re-affirmed guidance for the full year despite a growing consensus that rates will not be cut in 2026.

[SoFi Technologies Q1 2026 Results Presentation](#)

Lemonade Inc

Lemonade delivered a very strong Q1 2026, with most KPI's moving in the right direction. The business also reiterated that it will be GAAP profitable by the end of the year. Lemonade experienced accelerated premium growth with solid gross profit expansion. The business grew in force premiums 32% YoY with gross profit up 159% YoY. Gross margins came in at a record high of 39%, and customers grew 23% YoY with particularly strong growth in the pet insurance space. The business continues to leverage AI to improve efficiencies, with in force premiums per employee now exceeding \$1million (nearly tripling over 4 years). Management raised guidance for both revenue and profitability metrics.

[Lemonade Inc Q1 2026 Results Presentation](#)

Amazon.com

Amazon released a very strong set of Q1 2026 results, with major beats across revenue, AWS growth, operating income and AI related metrics. Revenue grew 17% YoY (well ahead of expectations), with operating profit up to \$23.9bn from \$18.4bn YoY. This was helped by a huge beat in the AWS division where AWS revenue growth accelerated to 28% YoY (the fastest growth in 15 quarters). Operating cashflow also grew 30% YoY. Management also disclosed several AI related metrics that the market liked, including that Amazon's new Trainium and Graviton chip businesses surpassed \$20bn in revenue. Interestingly, Amazon's AWS division grew faster than Microsoft's Azure cloud growth. Overall, management's tone was upbeat, and guidance was generally viewed as positive.

[Amazon.com Q1 2026 Results Presentation](#)

Celestica Inc

Celestica Inc reported an exceptional Q1 2026 set of results that firmly reinforced its status as one of the strongest AI Infrastructure manufacturing beneficiaries in the market. Celestica showed explosive AI-driven revenue growth, up 53% YoY, with adjusted EBITDA growing 80% YoY and well ahead of guidance. Operating cashflow also grew strongly. In particular, the Connectivity and Cloud Solutions business showed revenue up 76% YoY. The company cited record switch deployment and major increases in backlogs with regards to cloud AI infrastructure spend, high speed networking demand, and co-packaged optics, positioning the company directly at the centre of the AI data centre buildout cycle. Guidance was also raised materially.

[Celestica Inc Q1 2026 Results Presentation](#)

Taiwan Semiconductor Manufacturing Ltd

Taiwan Semiconductor continued to reinforce its position as arguably the most important chip manufacturing company in the world. The business reported exceptional results with record revenue, up 41% YoY, and net income up 58% YoY. The business continued to show strong margin expansion and also raised its full year guidance while providing extremely bullish commentary around long-term AI demand.

[Taiwan Semiconductor Manufacturing Ltd Q1 2026 Results Presentation](#)

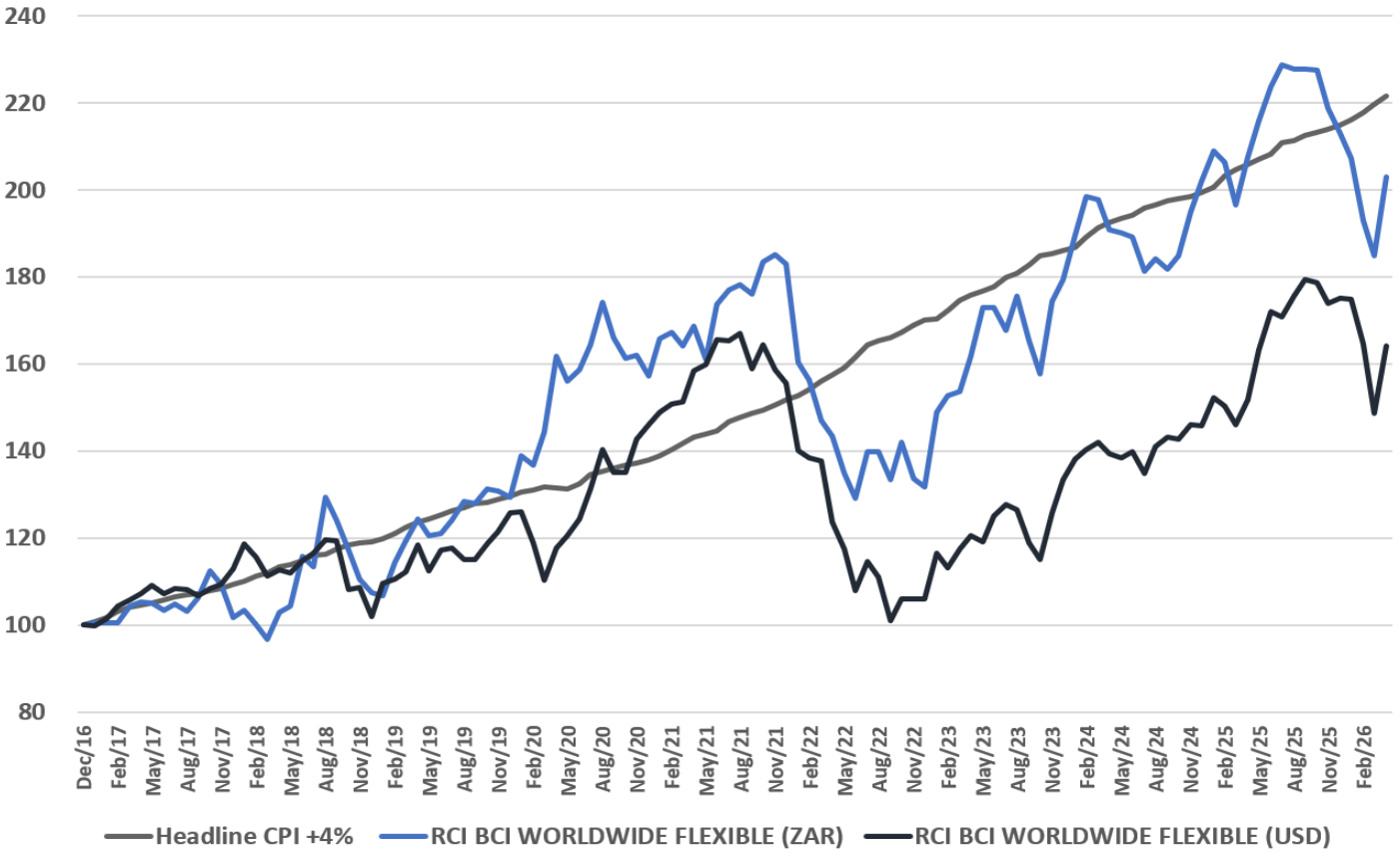
RCI OFFSHORE UNIT TRUSTS PERFORMANCE



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

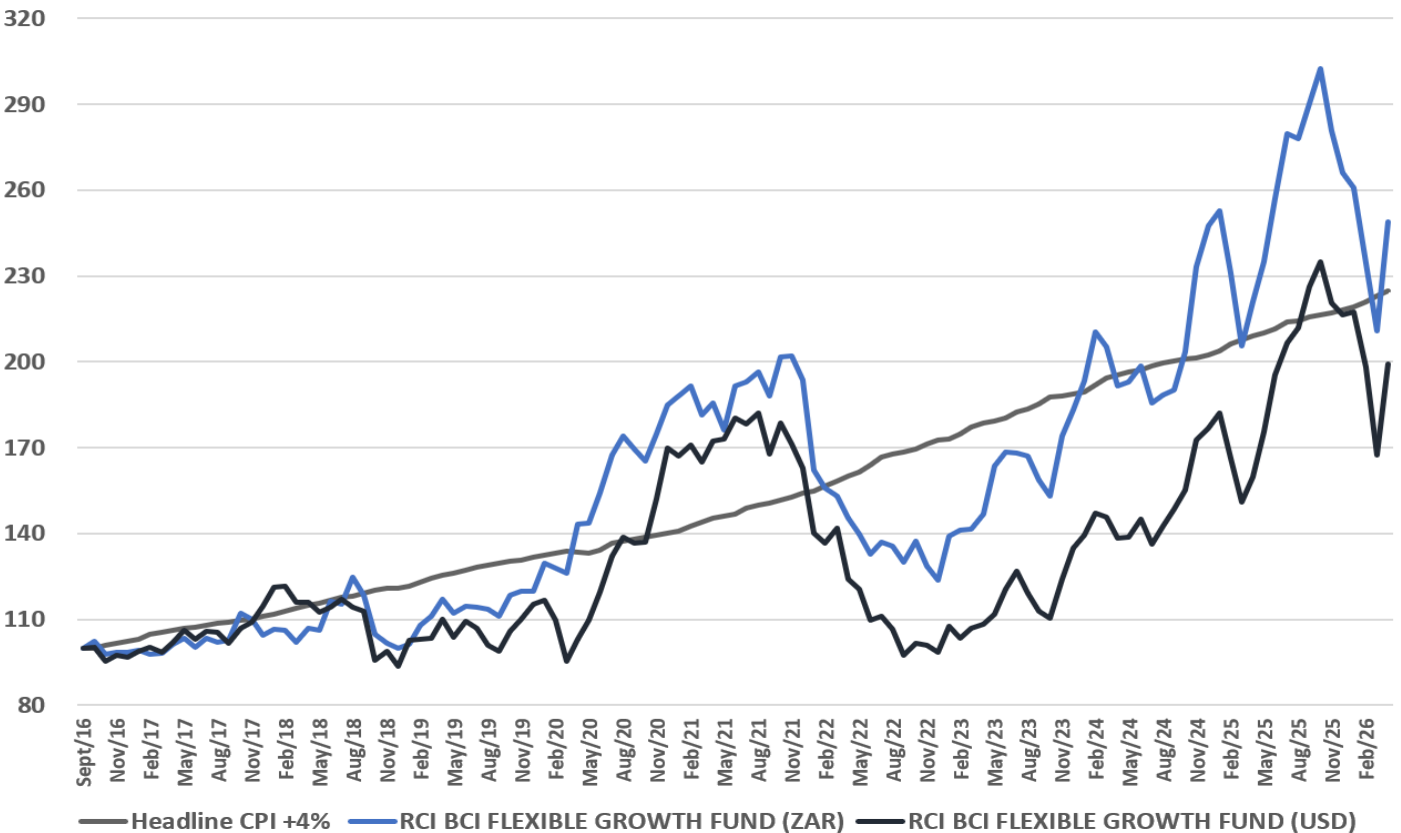
The RCI BCI Worldwide Flexible Fund closed April at 203.03, up 9.78% for the month and down 2.15% for the last 12 months.

RCI BCI Worldwide Flexible Fund



The RCI BCI Flexible Growth Fund closed April at 248.97, up 18.19% for the month and up 12.76% 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 recovered strongly after March's Iran war-induced selloff (MSCI World Index +9.6% MoM). As was the case last month, US mega-cap tech stocks featured prominently among the best performers (Nasdaq 100 +15.7% MoM), as strong quarterly results reassured investors after jitters early in 2026, as well as the sector being seen as likely proving more resilient to growing global macro risks as the Iran conflict drags on. The initial catalyst for the equity rally was the announcement of a two-week cease fire with Iran, but it was further supported by a particularly robust US corporate earnings season (with ~60% of US S&P 500 companies reporting in April, 1Q26 earnings growth of 28% YoY was around 20% above analyst expectation). Emerging Market (EM) equities continued to show their risk sensitivity in April, rebounding strongly as investor anxiety moderated (MSCI EM Index 14.7% MoM).

South African equities ended in positive territory in April but were a notable laggard when compared to the recovery in other markets (FTSE/JSE Capped All Share +1.6% MoM). Naspers/Prosus (+4% MoM), Diversified miners (Anglo American (+12.8% MoM) and BHP Group (+8.5% MoM)) and Banks (+4.6% MoM) were the bright spots. However, weakness in precious metals miners, which have become a sizeable component of the benchmark over the last 18-months or so, fell 4-5% MoM, which was enough to shave ~1% off April's index performance.

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

- Naspers
- Standard Bank
- Prosus
- FirstRand
- MTN
- Absa
- Capitec
- AngloGold Ashanti
- Goldfields
- Harmony
- Discovery
- Valterra Platinum
- Anglo American
- Premier Group
- Impala Platinum

Main changes in the month

During the month, we took some profit in **Glencore** after a strong run, adding to **Gold Fields** to narrow our structural gold underweight. We exited **Pepkor** on management's flagged offshore acquisition appetite, and **Stadio** on valuation grounds, preferring **Advtech** on a relative basis. We added to **MTN** on a friendlier African backdrop, where the valuation looks compelling versus the growth on offer, and to **Capitec** on strong results suggesting continued resilience and growth runway in Fintech & Insurance. We switched from **Clicks**, facing fiercer competition from Dischem, to **Shoprite**, a beneficiary of returning food inflation.

WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND



Performance

MONTHLY RETURNS (%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2026	3.2	2.6	-10.5	3.1									-2.4
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 3.1% return in April, outperforming the FTSE/JSE Capped All Share Index in the month. It was a month in which the fund's underweight position in gold miners paid off, while strength in the banks and the recovery in Naspers/Prosus chipped in too. A 17% rally in ASP Isotopes, which continues to be a volatile position, albeit still an interesting idiosyncratic opportunity, was also a pleasing boost to performance this month.

The Anchor BCI SA Equity team

Mike Gresty, Liam Hechter

The Anchor BCI SA Equity Fund closed April at 743.00, up 3.10% for the month and up 19.96% for the last 12 months.

Anchor BCI SA Equity Fund

