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Questioning the narrative: why investors should look beyond market slogans



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Investment markets have the tendency to compress complex realities into simple, memorable phrases. While these narratives can be useful shorthand, they can obscure opportunity. John Biccard, veteran portfolio manager of the Ninety One Value Fund, has long argued that when a particular view becomes widely accepted, it is worth examining more closely. In many cases, consensus thinking leads to mispricing.

A useful starting point is to consider how certain commonly repeated statements influence investor behaviour. Phrases such as “no one drinks anymore”, “the rand is a one-way bet”, or “US exceptionalism” often reflect prevailing market sentiment. However, when accepted uncritically, they can result in overly pessimistic or overly optimistic assumptions being embedded in asset prices.

Take the global alcohol industry as an example. The narrative that alcohol consumption is in structural decline has led to weak sentiment towards companies such as AB InBev, Rémy Cointreau, Pernod Ricard, Brown-Forman, and China Resources Beer. As a result, many of these businesses are now trading at valuations that suggest a prolonged or even terminal decline. While shifts in consumption patterns are real, the balance of probabilities does not necessarily support such a severe outcome. For a disciplined value investor, this disconnect between perception and underlying fundamentals can present an attractive opportunity. Reflecting this, the Ninety One Value Fund has built a meaningful allocation to selected spirits and beer companies within its offshore portfolio.

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A similar dynamic has played out closer to home. In the period leading up to South Africa's 2024 general elections, local equities were widely regarded as "un-investable." This pessimism was reflected in deeply discounted valuations across many domestically focused businesses. Taking a contrarian view, the Value Fund increased its exposure to SA Inc. shares leading up to the elections. Following the formation of the Government of National Unity and an improvement in political stability, even modestly better-than-expected outcomes led to a significant re-rating in these stocks. The fund subsequently took profits as this positioning played out and has since selectively rebuilt exposure in areas where valuations remain compelling.

Currency markets provide another example of how entrenched narratives can be challenged. For many years, South African investors have become accustomed to a steadily weakening rand. This experience has reinforced the perception that the currency is a "one-way bet." However, shifts in global conditions can alter this trajectory. A period of stronger commodity prices – South Africa's key exports – combined with lower oil prices (that is until the recent Middle East conflict), improved the country's terms of trade and supported the rand. As a result, portfolios positioned exclusively for continued currency weakness have faced headwinds. Historical precedent also serves as a reminder: during the commodity super-cycle of the early to mid-2000s, the rand strengthened materially, contrary to prevailing expectations at the time.

The notion of "US exceptionalism" offers a further illustration. In recent years, US equity markets have significantly outperformed global peers, supported by robust economic growth and strong corporate earnings. However, this performance has coincided with substantial fiscal stimulus, with the US running elevated budget deficits between 2020 and 2023. At the same time, a small group of large technology companies – the so-called Magnificent Seven – has driven a disproportionate share of market returns. This raises important questions about sustainability, valuation, and concentration risk. As a result, there are early signs that global investors are beginning to reassess allocations, with capital gradually rotating towards more attractively valued emerging market opportunities.

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Even the widely held belief that “markets are efficient” and that active managers cannot consistently outperform deserves scrutiny. While it is true that many active managers struggle to deliver excess returns, it does not follow that outperformance is unattainable. The Ninety One Value Fund, for example, has delivered an annualised active return of approximately 1.7% after fees since inception in 2000 and has outperformed its benchmark over multiple time horizons¹. The key challenge for investors is not whether active management can add value but rather identifying managers with a disciplined and repeatable process.

Ultimately, outperforming the market requires a willingness to be positioned differently from the consensus. This is reflected in the fund’s investment approach, as John prefers to buy out-of-favour, undervalued stocks which may lag the rest of the market for long periods. He is comfortable that valuation opportunities may take time to pay off.

His current positioning reflects this philosophy. It has almost no exposure to expensive US equities, is constructive on emerging markets, and sees significant value in selected South African companies and the rand. Globally, it also finds opportunities in areas such as consumer staples, including segments of the alcohol industry where sentiment remains subdued.

The broader lesson is clear. Investing is a complex and adaptive process that cannot be reduced to a single narrative or slogan. When a market view becomes widely accepted and easily summarised, it is worth asking what assumptions underpin it – and what might be overlooked. In many cases, the most compelling opportunities arise precisely where conventional wisdom goes unchallenged.

1. Please refer to the [Minimum Disclosure Document](#) for performance fee disclosures. Past performance is not a reliable indicator of future results; losses may be made. Source: Morningstar, dates to 28 February 2026, performance figures above are based on lump sum investment, NAV based, inclusive of all annual management fees, gross income reinvested. Initial charges are not applicable to this fund. Fees are not applicable to market indices, where funds have an international allocation, this is subject to dividend withholding tax, in South African Rand. Inception date 2 April 2000. Benchmark: 70.0% FTSE/JSE All Share Index TR (ALSI) +30.0% MSCI AC World (ACWI) Net Return (87.5% ALSI +12.5% MSCI ACWI pre 01/05/2023). Annualised performance is the average return per year over the period. Individual investors’ performance may vary depending on actual investment dates. Highest and Lowest returns are those achieved during any rolling 12 months over the period specified. Since inception: Jul-16 87.5% and Feb-09 -28.2%. The Fund is actively managed. Any index is shown for illustrative purposes only.

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