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Investing for a  
world of change

# 2023 Insights

Gail Daniel

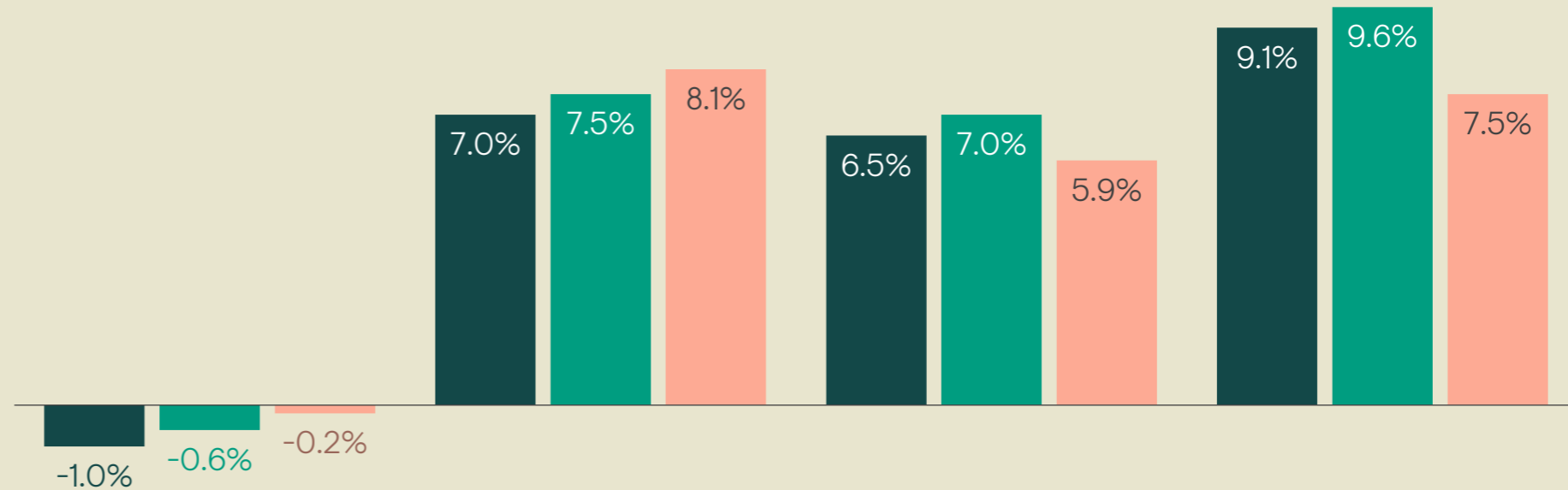
Ninety One Managed Fund



# Performance

## Annualised performance in ZAR

■ Ninety One Managed A Inc ■ Ninety One Managed H Inc ■ (ASISA) South African MA High Equity



	1 year	3 years p.a.	5 years p.a.	10 years p.a.
Ninety One Managed A Inc	-1.0%	7.0%	6.5%	9.1%
Ninety One Managed H Inc	-0.6%	7.5%	7.0%	9.6%
(ASISA) South African MA High Equity	-0.2%	8.1%	5.9%	7.5%

Past performance is not a reliable indicator of future results, losses may be made.

Source: Morningstar, 31 December 2022, performance figures above are based on lump sum investment, NAV based, inclusive of all annual management fees but excluding any initial charges, gross income reinvested, 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 A Inc: 02 May 2000 H Inc: 1 October 2012. Annualised performance is the average return per year over the period. Individual investor's performance may vary depending on actual investment dates. Highest and Lowest returns are those achieved during any rolling 12 months over the period specified. A Class: Apr-06 47.2% and Feb-09: -23.0% H Class: Apr-06 47.9% and Feb-09: -22.7%

# We are differentiated vs peers

Asset allocation as at 31 December 2022

	Managed Fund	Peer Group* average
<b>Total Equity</b>	<b>39.0%</b>	<b>66.5%</b>
SA Equity	22.9%	43.5%
Foreign Equity	16.1%	23.0%
<b>Total Bonds</b>	<b>22.2%</b>	<b>21.0%</b>
SA Bonds	13.9%	18.2%
Foreign Bonds	8.3%	2.8%
<b>Total Property</b>	<b>0.0%</b>	<b>4.2%</b>
SA Property	0.0%	3.0%
Foreign Property	0.0%	1.2%
<b>Total Cash</b>	<b>35.0%</b>	<b>7.5%</b>
SA Cash	16.7%	3.6%
Foreign Cash	18.3%	3.9%
<b>Total Commodities</b>	<b>3.8%</b>	<b>0.8%</b>
SA Commodities	3.8%	0.7%
Foreign Commodities	0.0%	0.1%
<b>Total Offshore</b>	<b>42.9%</b>	<b>31.0%</b>

\*Alexforbes Global Manager Watch

This is not a buy or sell recommendation of any particular security. The portfolio may change significantly over a short space of time.

Source: Alexforbes, Ninety One



# We are active

Asset class	30-Sep-22	31-Dec-22	20-Jan-23
<b>Total Equity</b>	<b>38.0</b>	<b>39.0</b>	<b>55.9</b>
SA Equity	25.3	22.9	27.8
Foreign Equity	12.7	16.1	28.1
<b>Total Bonds</b>	<b>15.8</b>	<b>22.2</b>	<b>21.2</b>
SA Bonds	12.4	13.9	14.6
Foreign Bonds	3.4	8.3	6.6
<b>Total Cash</b>	<b>42.9</b>	<b>35.0</b>	<b>18.8</b>
SA Cash	14.5	16.7	10.6
Foreign Cash	28.4	18.3	8.2
<b>Total Commodities</b>	<b>3.3</b>	<b>3.8</b>	<b>4.1</b>
<b>Total Offshore</b>	<b>44.5</b>	<b>42.7</b>	<b>42.9</b>

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Source: Ninety One



# Outlook



**Inflation has peaked**



**China's outlook is improving**

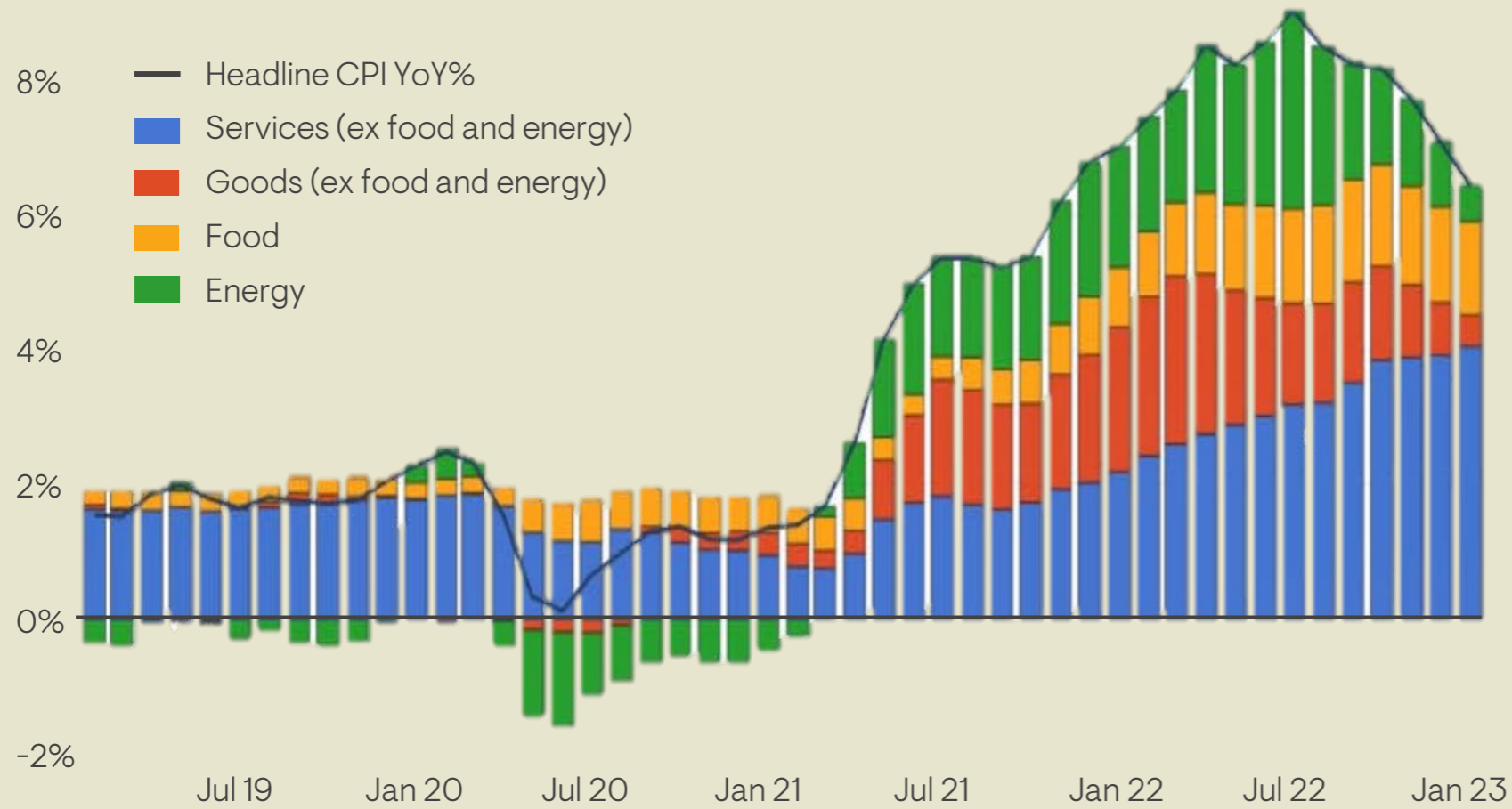


**SA companies face  
competitive headwinds**



# Inflation has peaked

US headline CPI y/y



# China's outlook is improving

## What's changed

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Covid zero

Covid 1 billion

Three red lines

Three grey lines

Tech attach

SOEs

Olive economy

Growth economy

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## What hasn't changed

Tech still a problem

US China relations

Demographic challenges



# SA Inc is going to get more competitive

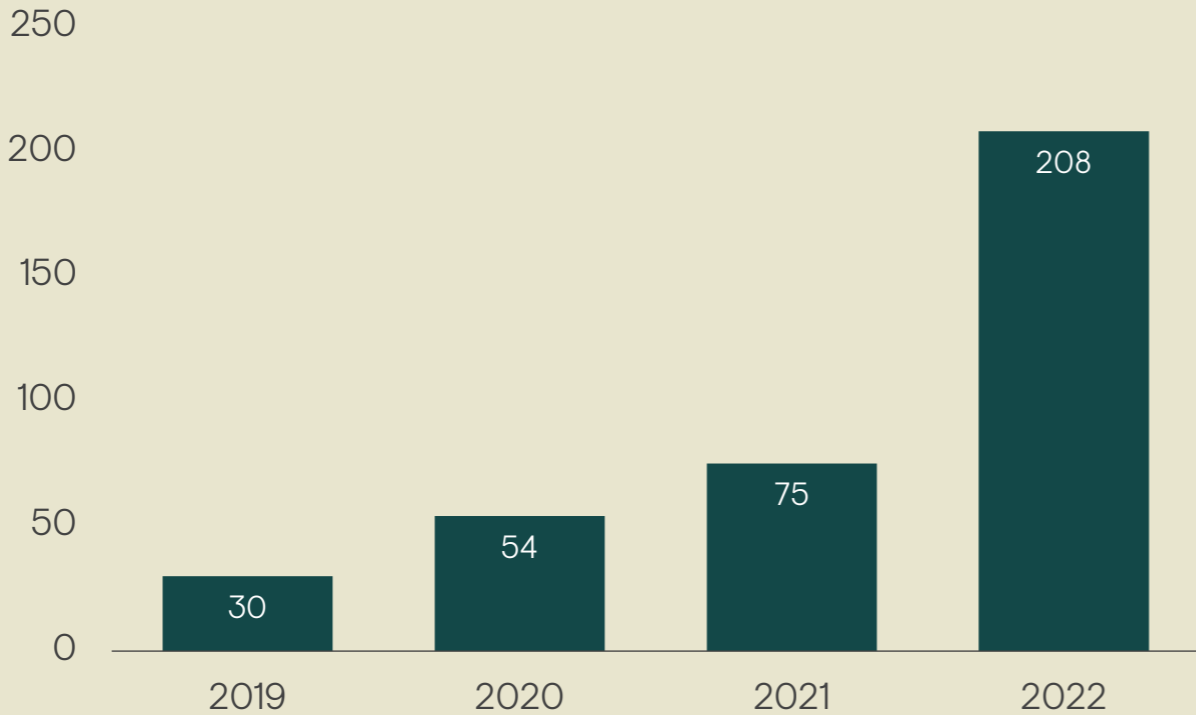
- Companies have pulled back from offshore expansion and focusing on local market
- SA companies making excess margin will be targeted:
  - Tiger Brands and bread
  - Woolworths Food and Shoprite
  - Santam and FirstRand
  - Funeral insurance, banking fees and Capitec
  - Mr Price moving into adjacencies
  - Fund management margins
- Chances of price wars over next five years very high
- Cost structure in SA is very high and rising e.g., security, electricity and water, labour
- BEE is unique to SA market
- Eskom



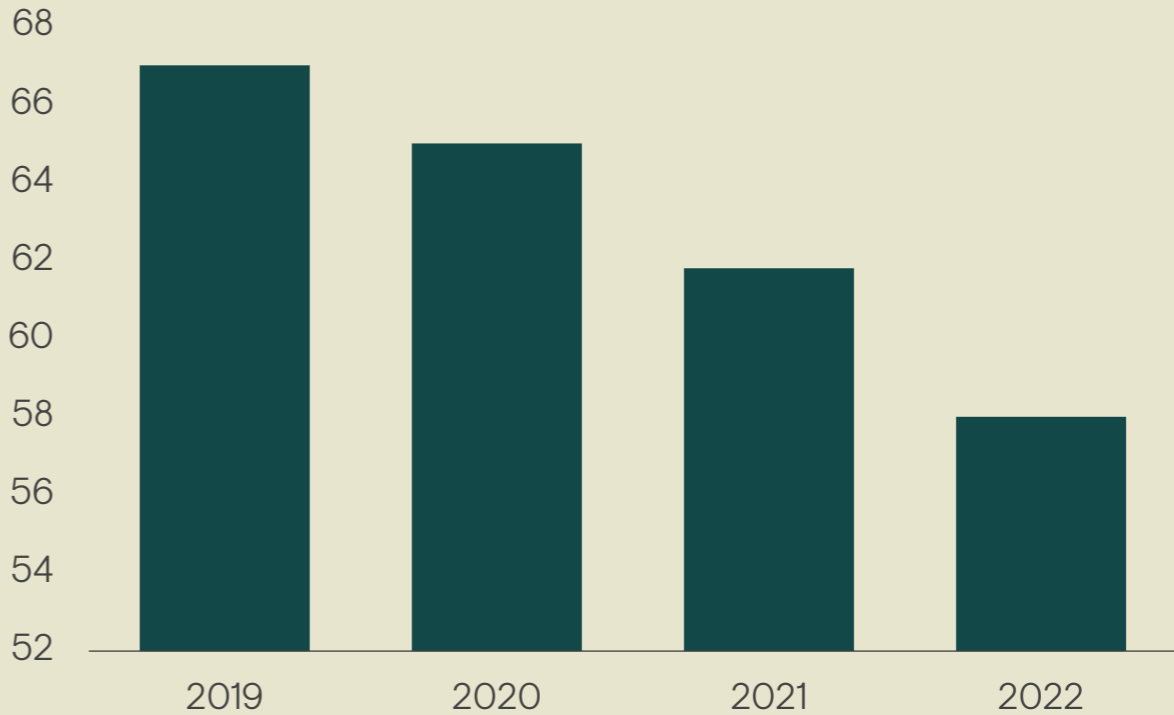


# Loadshedding is a major constraint to growth ... and it is getting worse

Days lost to loadshedding



Energy availability



Source: EskomSePush

Source: Eskom, Moneyweb

# The rand is a long term loser

Rand/Dollar exchange rate



1 month	YTD	1 year	3 years p.a.	5 years p.a.	10 years p.a.	15 years p.a.
-1.0%	6.9%	6.9%	6.8%	6.6%	7.2%	6.2%

Source: Bloomberg, 9 January 2023, periodic returns to 31 December 2022

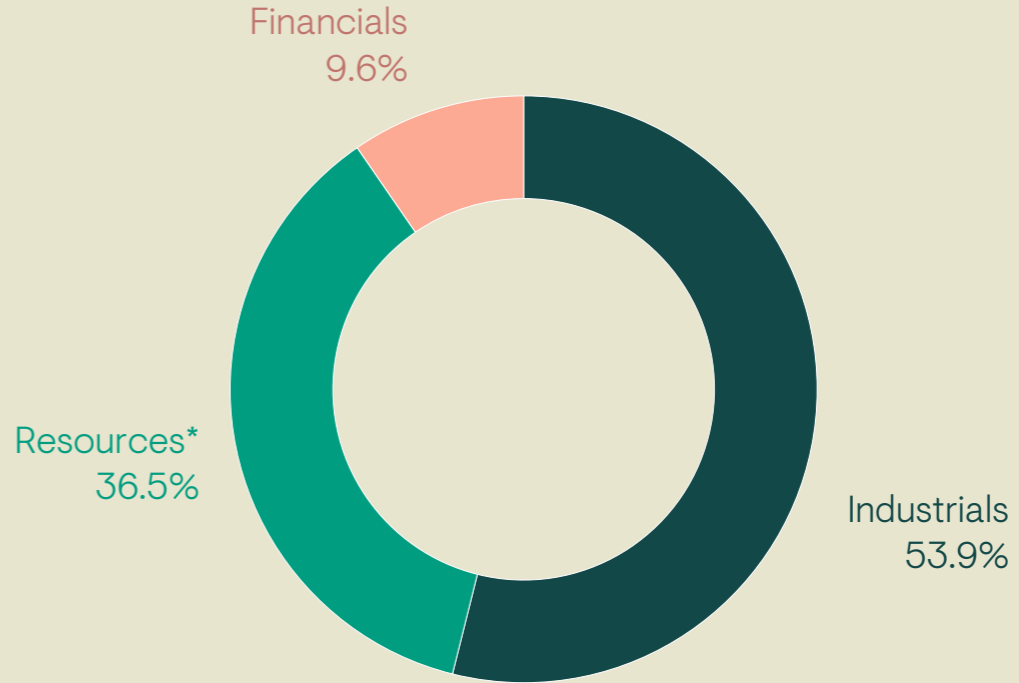


# We have high conviction with a focus on liquidity to manage risk

Top ten equities as a % of fund: 20 January 2023

NewGold ETF	3.1
Remgro	2.5
Naspers	2.5
Total	2.4
FirstRand	2.4
South32	2.3
Newmont	2.3
Glencore	2.2
Sony	2.2
Shoprite	2.2
<hr/>	
	<b>24.1%</b>

Sector allocation: 20 January 2023



| We remain overweight resources, particularly energy

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# Conclusion – 2023 will be better than 2022

- **Inflation has peaked**
- The pace of tightening monetary policy is slowing and **bond yields have peaked**
- **Think H1 will be better than H2 for risk assets**
- **China is reopening**
- **SA will underperform on cost pressures**
- **We increased equity exposure in January**
- **Active asset allocation and stock selection remain key** to capture opportunities and manage risks



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