



Global equity markets – at a crossroads?

—
Investing for a
world of change

Clyde Rossouw
21 October 2025

Big themes, bigger questions

Finding opportunities in a volatile world



1. Navigating narrow markets – winds on a narrow ridge

- The nuance of many paths
- Index complexity
- Market and valuation extremes



2. Our opportunities that don't rely on a narrative

- Not uncharted territory
- Concentrated conviction
- Quality style dispersion



3. Finding balance in portfolios

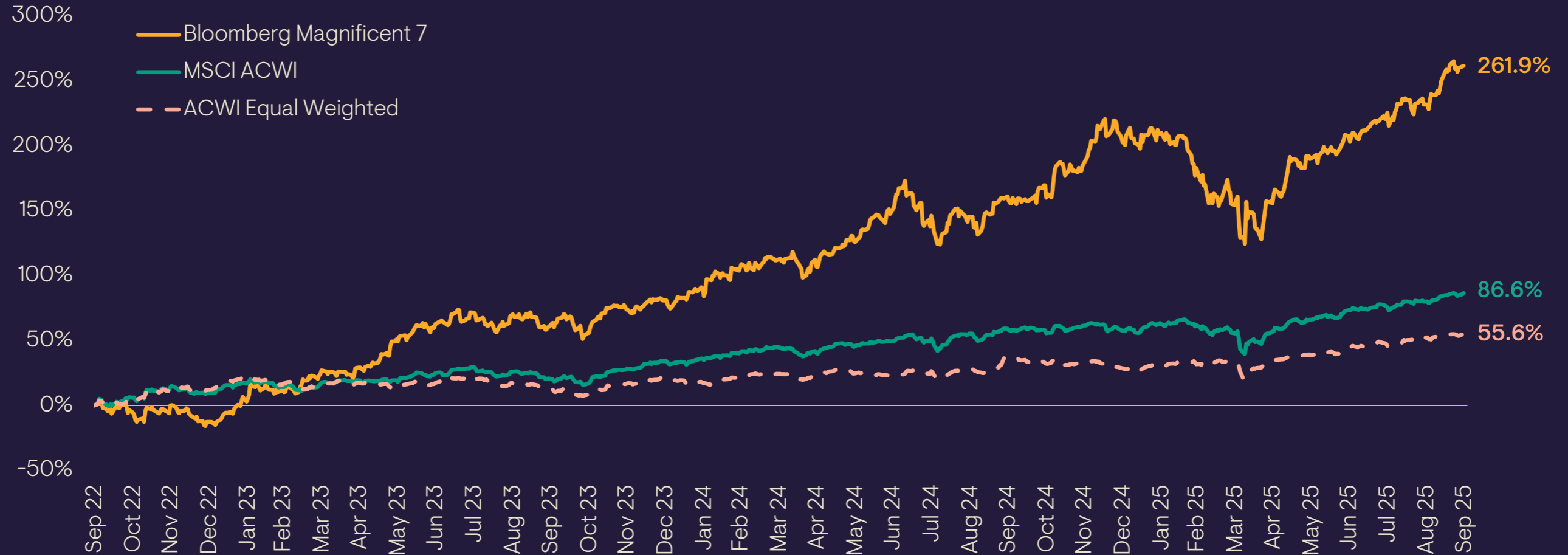
- Seeking durable outcomes
- Global depth, local relevance
- Don't avoid risk, manage it



Equity market performance – walking on a knife’s edge

Narrow market leadership creates significant risk and index distortion

Cumulative returns over the past 3 years



Past performance does not predict future returns; losses may be made.

Source: Ninety One, Bloomberg, 30 September 2025.

Returns are in USD, shown net of all trading expenses. Income is reinvested.

For further information on indices, please see the Important information section.



Heightened concentration and valuation risk

MSCI ACWI Forward P/E



Top 10 weighting of S&P 500 & MSCI ACWI



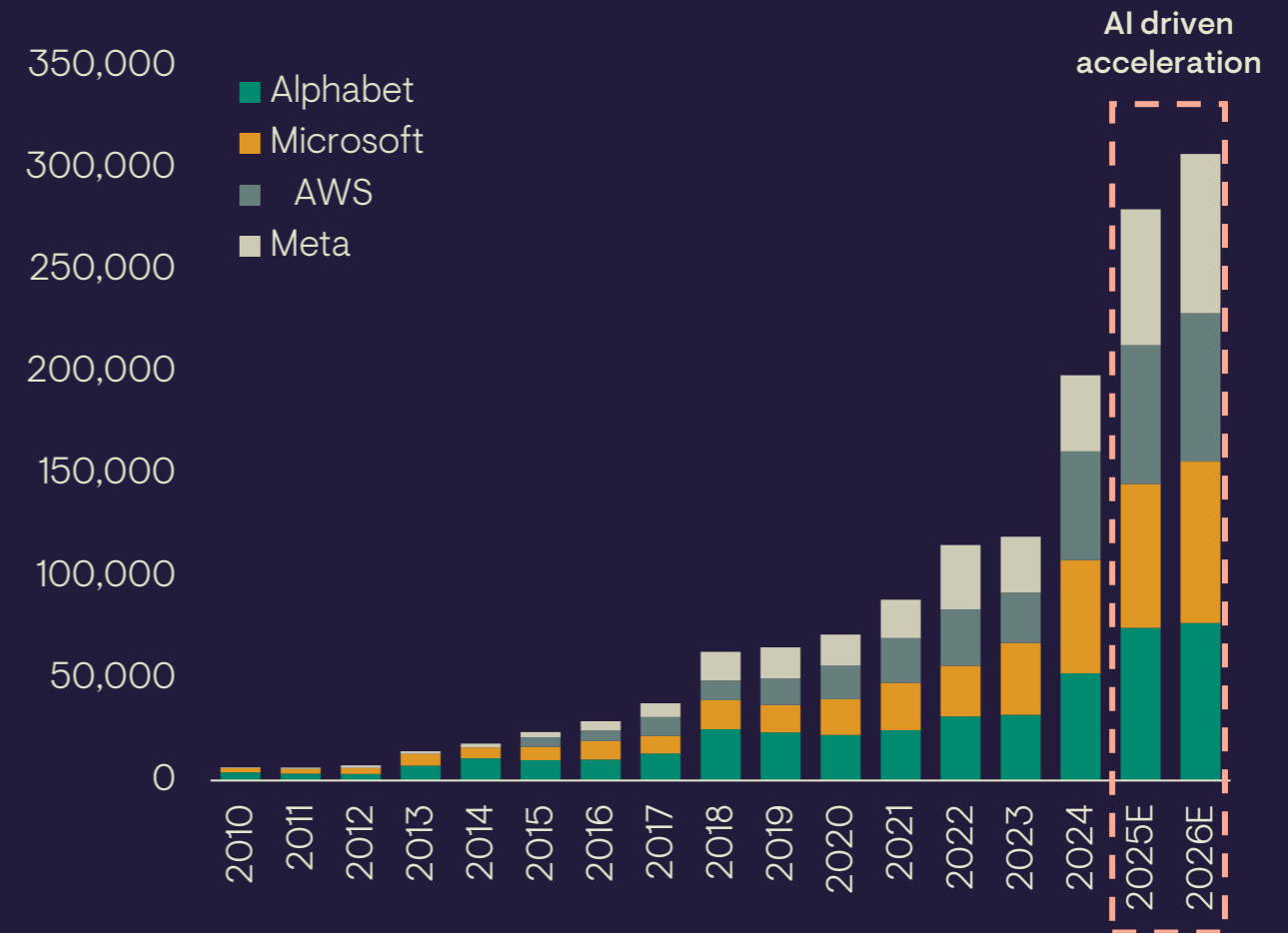


AI capex theme running ahead of fundamentals and monetisation

MSCI ACWI Semiconductor & Semi Equipment Index (last 5 years)



Hyperscaler Capex



Source: Ninety One, Bloomberg, as at 15 August 2025.
For further information on indices, please see the Important information section



AI: Transformative – but testing the limits of reality

We remain focused on durable value creation, not narrative-driven growth



- **Transformative potential**

AI infrastructure can enhance and disrupt business models across industries

- **Speculative exuberance**

Market valuations and deal sizes increasingly overlook capital and power constraints

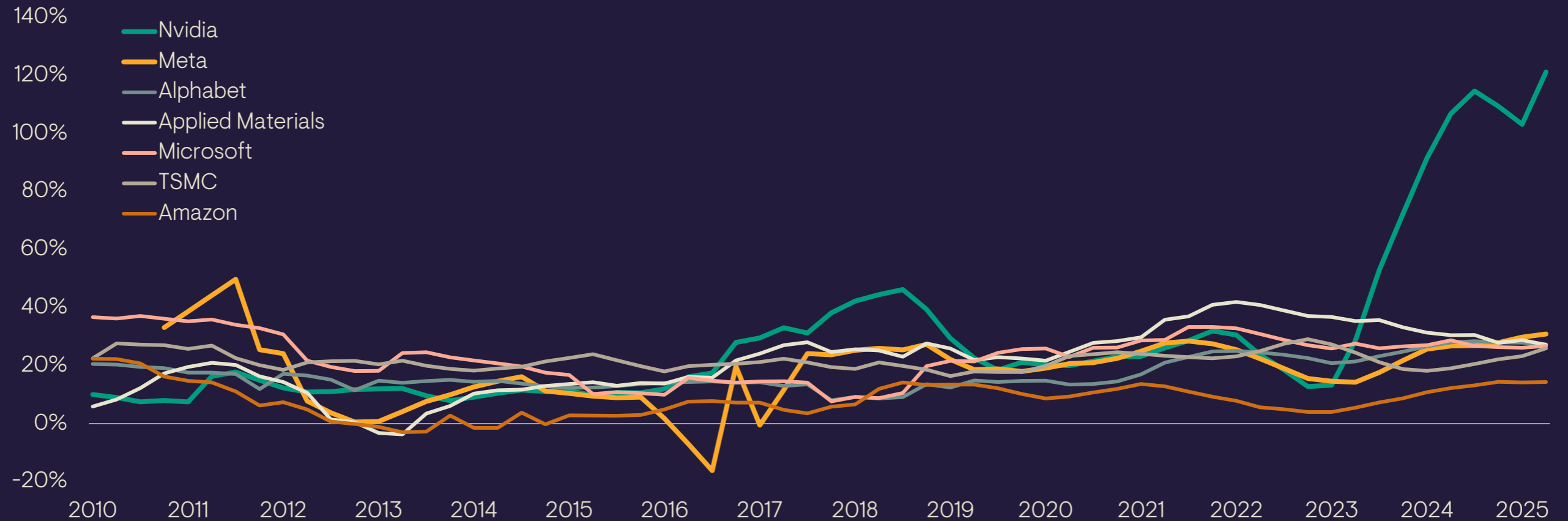
- **Reality check ahead**

A normalisation phase will likely reshape both public and private market valuations



Nvidia's earnings appear unsustainable

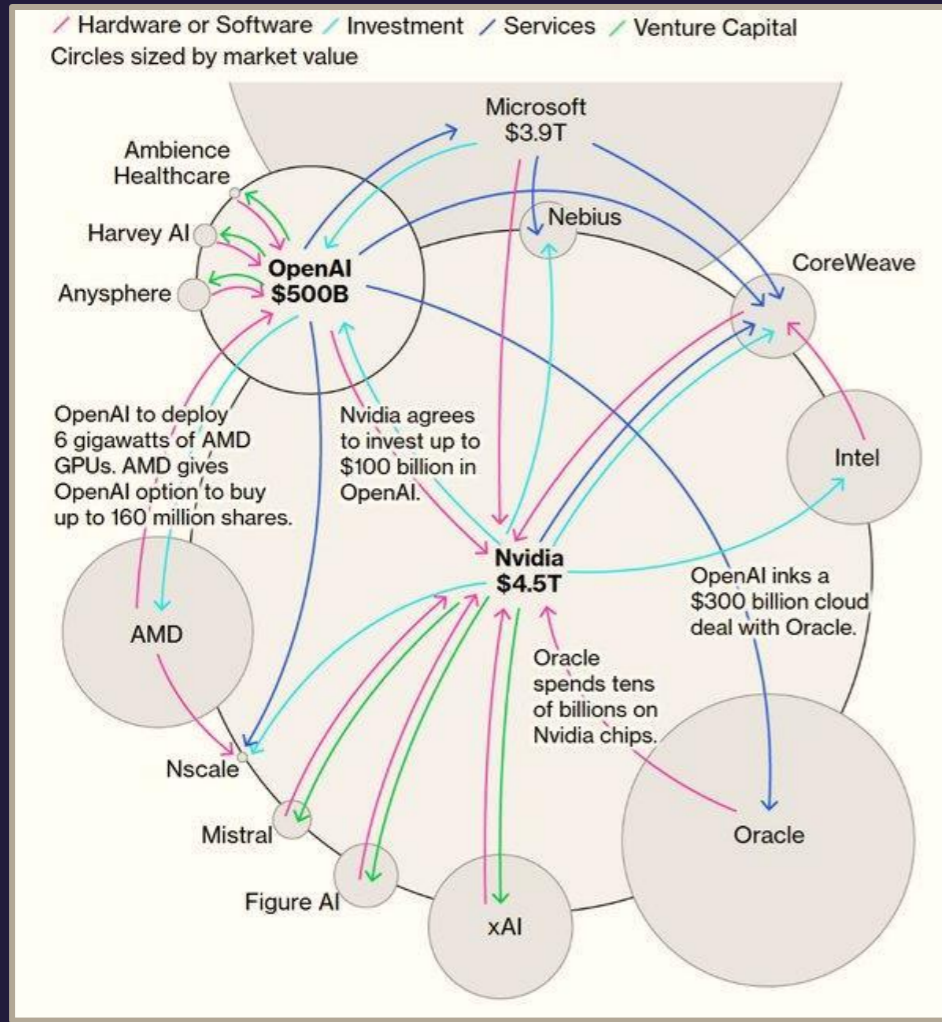
Hyperscalers' Return on Invested Capital (last 15 years)



Source: Ninety One, Bloomberg, 30 June 2025
For further information on indices, please see the Important information section



A circular spider's web of self-funding



– Circular capital flows

Funding and demand recycling through the same ecosystem

– Financial reflexivity

Valuations rising faster than cash generation

– Scaling fatigue

Diminishing returns from ever-larger models

– Industrial economics

High capex, low margins, heavy-asset reality

– Liquidity dependence

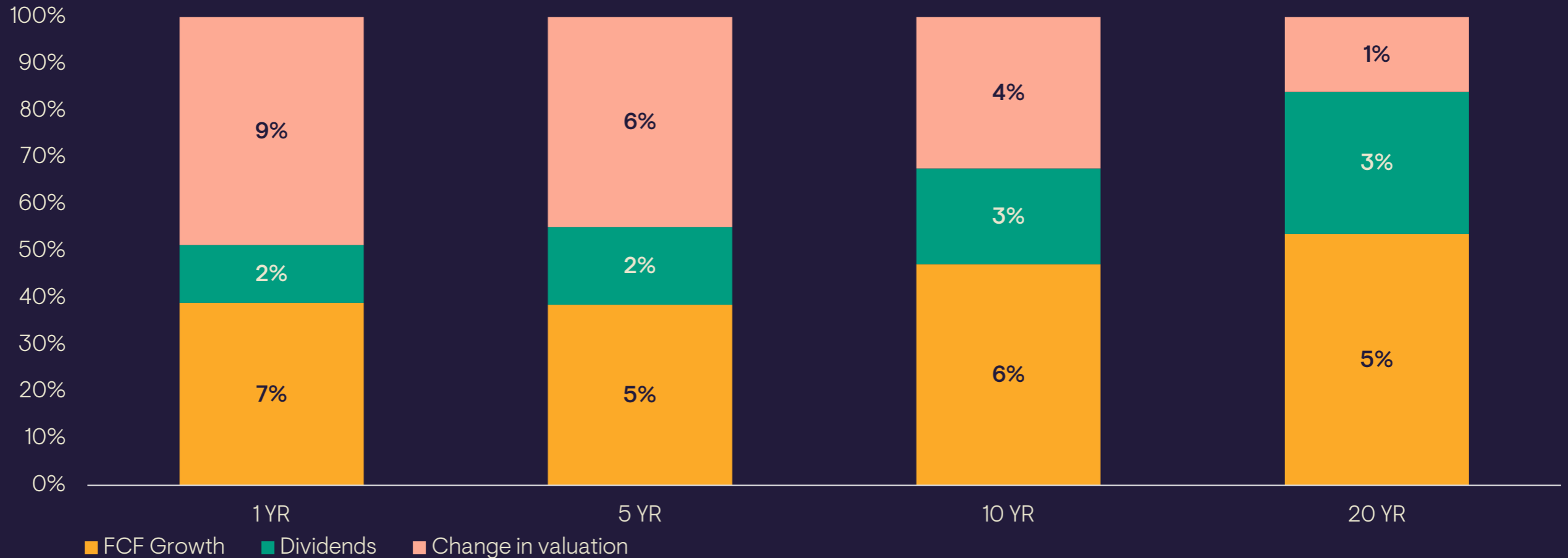
Momentum sustained by narrative, not profit



Earnings and Free Cash Flow drive long-term returns

Not dividends or changes in valuation

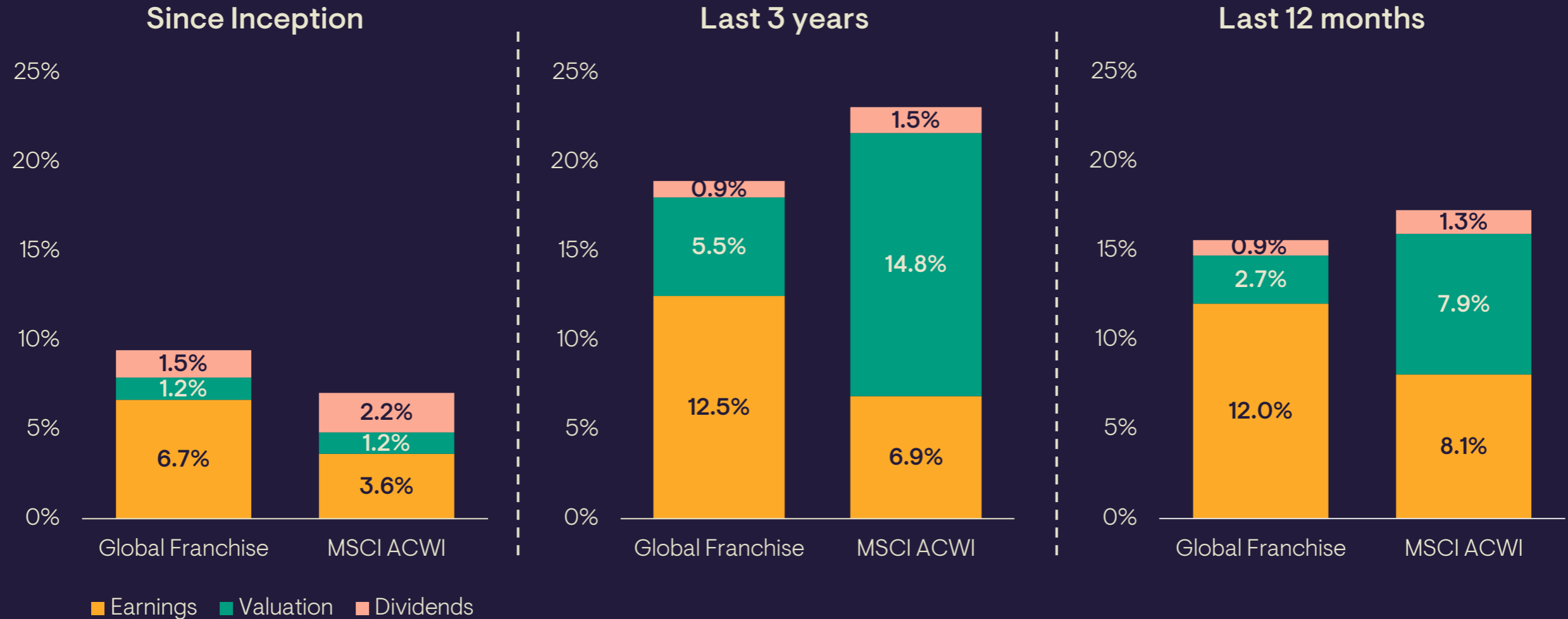
MSCI ACWI Total Shareholder Return Decomposition (annualised, USD)





Earnings growth the primary driver of long-term returns

In the short-term, markets have been driven by sentiment



Is this sustainable?

Past performance does not predict future returns; losses may be made. Source: Ninety One, FactSet, Bloomberg, 30 September 2025, inception based to April 2007. Based on a related portfolio with substantially similar objectives as those of the services being offered. Weighting based on GSF vehicle. Earnings based on Blended 12mth forward EPS. TSR is derived from portfolio constituents through time and is based on the weighted average aggregation of EPS growth and dividend yield. Internal Gross performance is then used to derive the residual rating change.



Portfolio positioning

High conviction global equities that don't mirror the index

Currently
29 stocks

Active Share* vs MSCI ACWI
91%

Global Franchise Top 10

Weight

Visa	8.7%
ASML	7.8%
Microsoft	7.8%
Alphabet	5.2%
Philip Morris International	5.1%
Booking	5.0%
Netease	4.6%
Autodesk	4.4%
Intuit	4.2%
Electronic Arts	4.0%

A concentrated portfolio → 56.9%

MSCI ACWI Top 10

NVDA
Apple
Microsoft
Alphabet
Amazon
Meta Platforms
Broadcom
Tesla
TSMC
JPMorgan Chase

~~X~~ Not in Global Franchise

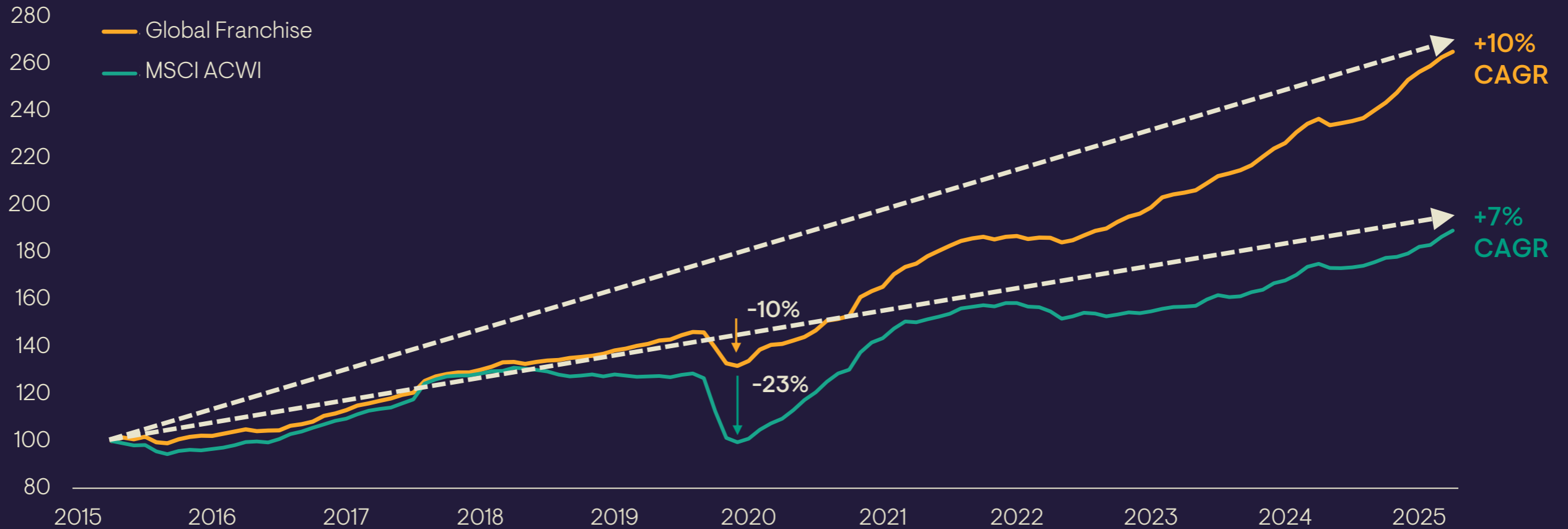
Source: Ninety One, FactSet, 30 September 2025. The portfolio may change significantly over a short period of time. This is not a buy, sell or hold recommendation for any particular security.

* Active Share is a measure of the percentage of stockholdings in a manager's portfolio that differs from the benchmark index.

For further information on indices or specific portfolio names please see Important Information section.

Compounding of Earnings

Last 10 years earnings growth



Forecast Global Franchise EPS CAGR of **+12.3%** over the next 5 years¹

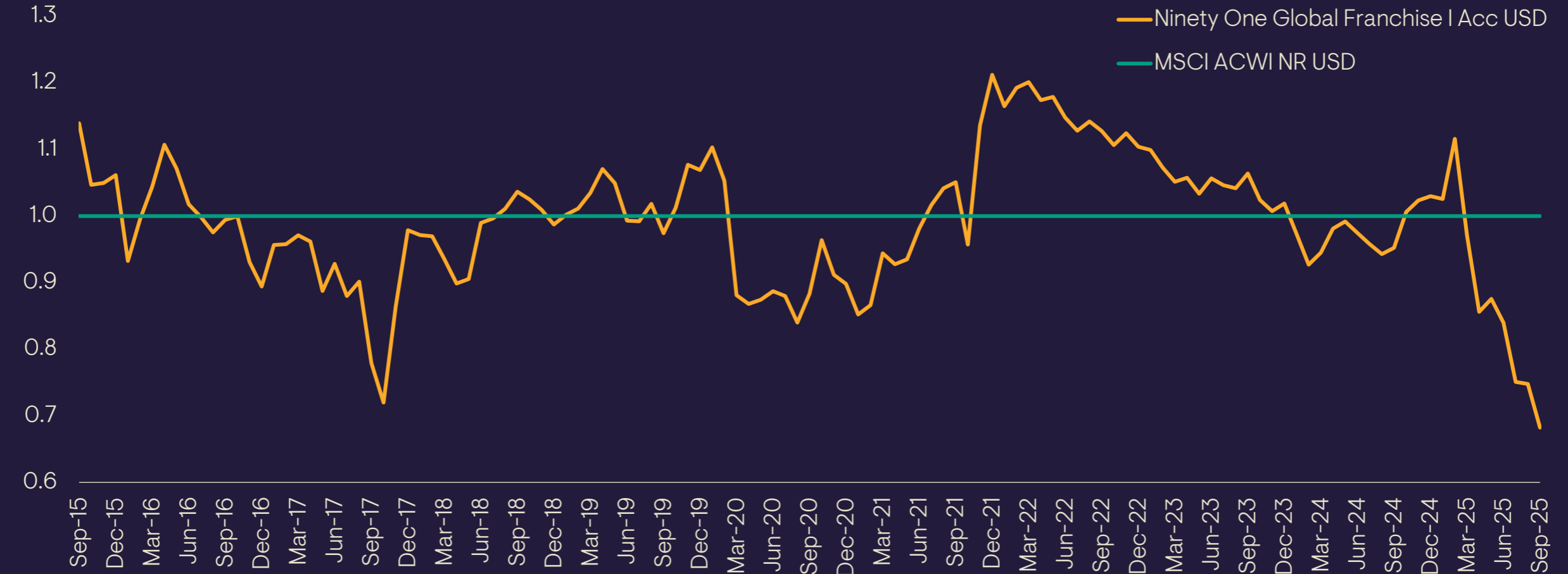
Source: Ninety One, Bloomberg, 30 September 2025, based to 100 at 30 September 2015. Weighting based on GSF vehicle.. Earnings based on Blended 12mth forward.
1 Based on aggregate of bottom-up stock-level Ninety One Quality team EPS forecasts



Quality strategy performances have diverged

A portfolio that looks increasingly different to the index

Rolling beta (1-year, USD)



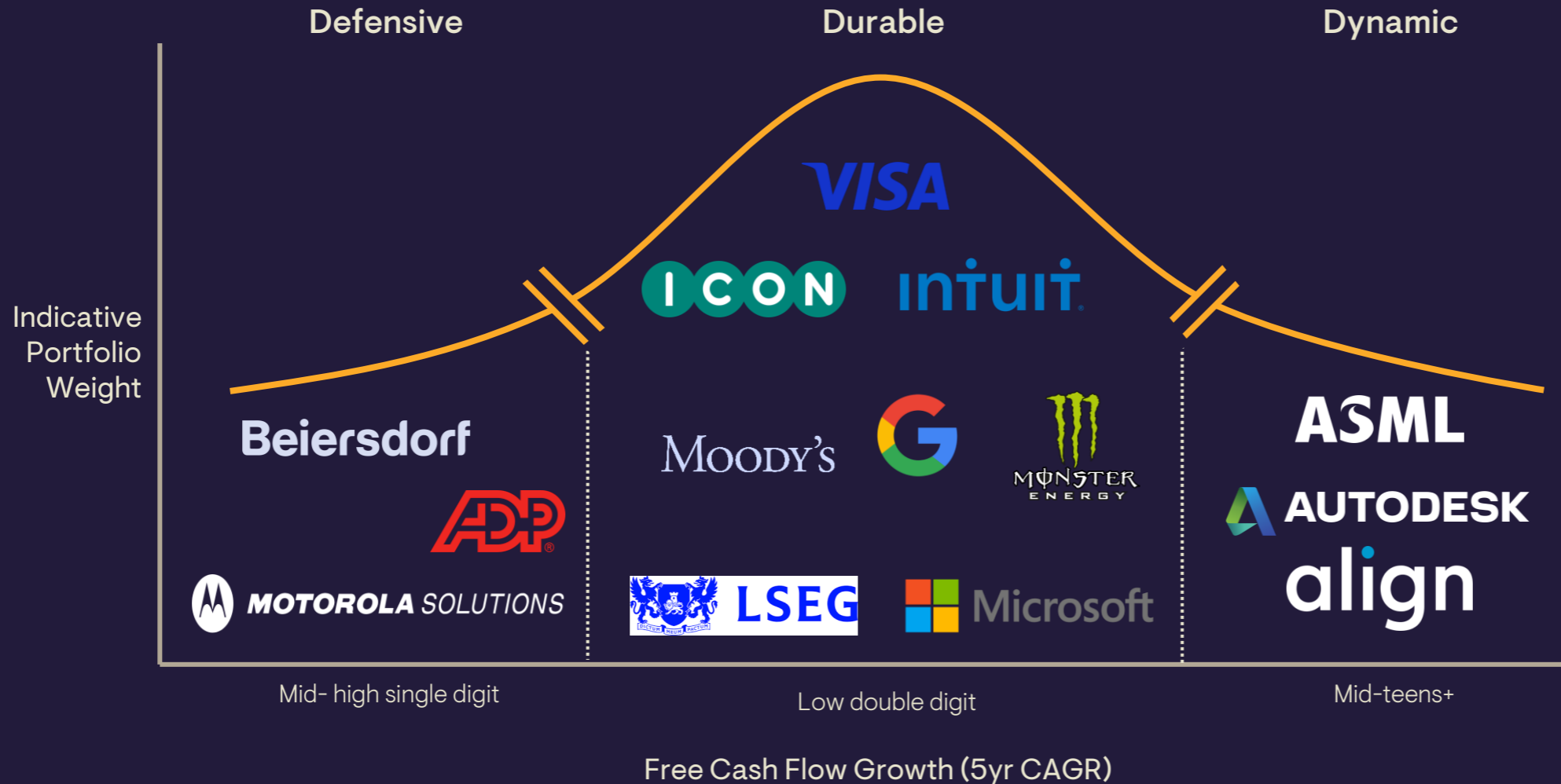
Past performance does not predict future returns; losses may be made.

Source: Ninety One, 30 September 2025.

Benchmark: MSCI AC World NDR (pre Oct-11, MSCI World NDR). Indices are shown for illustrative purposes only.

Illustrative portfolio shape

Attractive Free Cash Flow compounding with diversified growth drivers



No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. These stocks represent holdings across the growth spectrum within the portfolio. This is not a buy, sell or hold recommendation for any particular security. The curves show a broad selection of stocks held across the portfolio that fall under each of the growth buckets. To evaluate the outcome of the strategy, see long-term performance. For further information on specific portfolio names, please see the Important information.



Key messages

Performance



Strong, consistent double-digit returns across 1, 3 and 5 years – outperforming quality peers

Risk



Macro, AI, valuation and concentration risks have risen – reinforcing the need for durable, defensive alpha

Quality



Balance-sheet strength and free-cash-flow quality remain among the best since launch 18 years ago

Growth



Earnings compounding remains resilient – 10% vs 7% market compound annual growth over 10 years; 12% forecast ahead

Valuation



Relative valuation is the most attractive since 2016; cash-flow multiples below the market

Opportunity



Exceptional businesses with **real** growth drivers and unusually well-priced – a high-conviction entry point



Thank you

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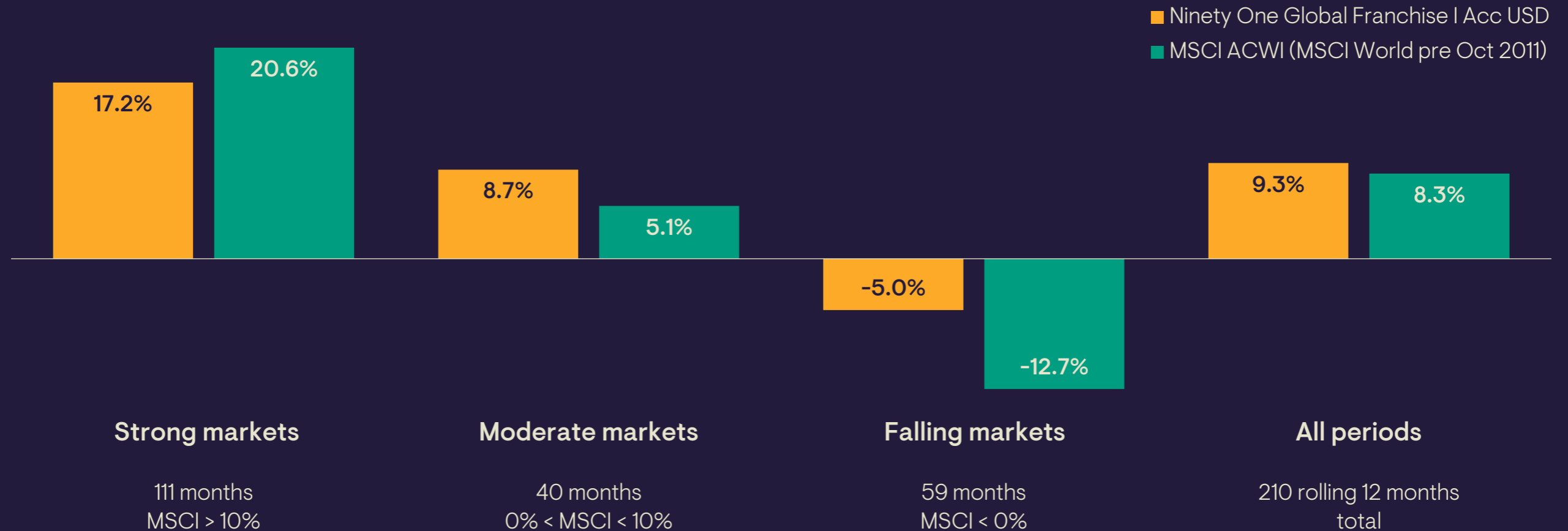




Quality companies

Seeking greater certainty in an uncertain world

Average rolling 12-month performance



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

Source: Ninety One, 30 September 2025

Performance is net of fees (NAV based, including ongoing charges, excluding initial charges), gross income reinvested, in USD.

Rolling 12 month periods since inception: 30 April 2007.

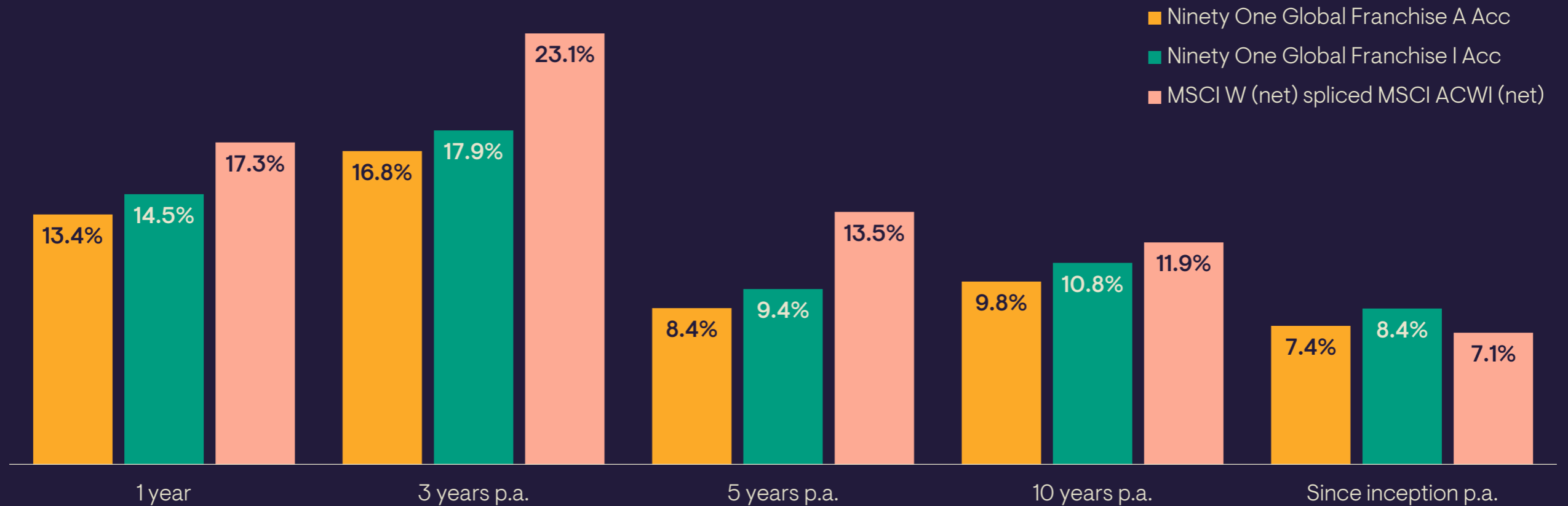
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Global Franchise Fund

Performance

Annualised performance in USD



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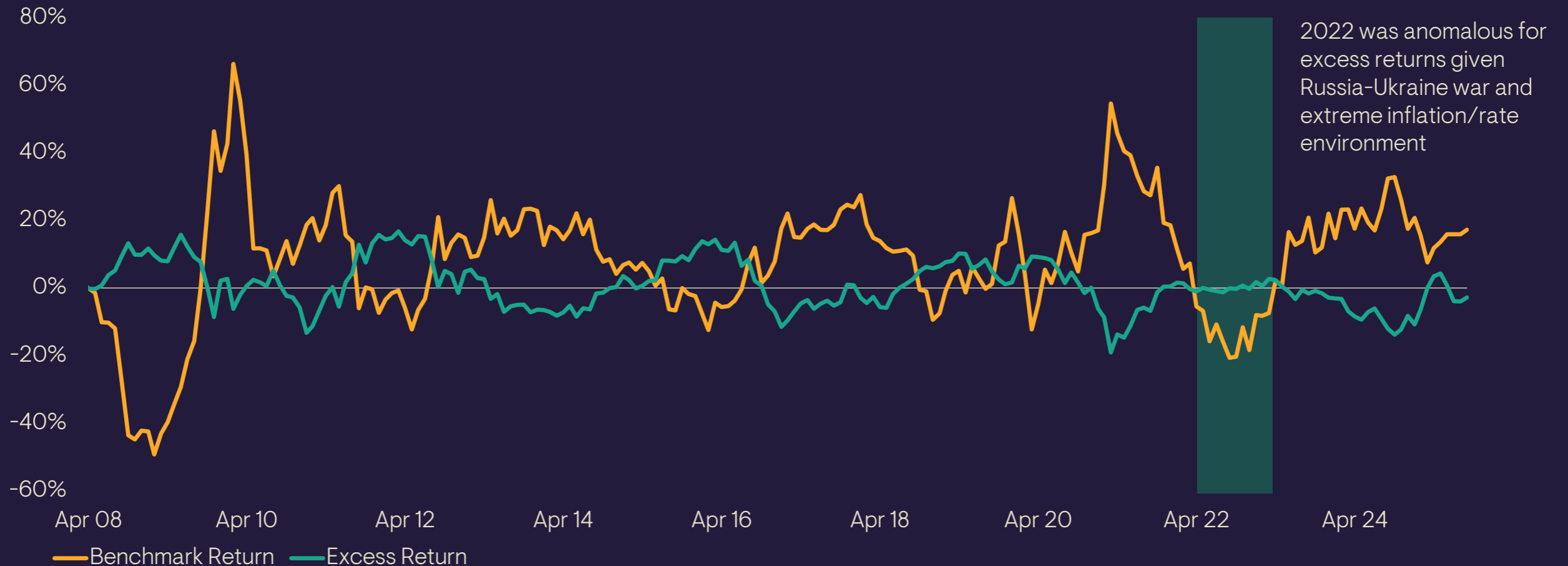
Source: Morningstar, 30 September 2025.

Performance is net of fees (NAV based, including ongoing charges, excluding initial charges), gross income reinvested, in USD. Performance start: 10 April 2007. Performance prior to 04/07/2009 is based on a longer existing share class, adjusted to match the fees of this share class. Fund: Global Franchise (I Acc USD). This fund is actively managed and is a sub-fund of the Ninety One Global Strategy Fund (GSF). Performance is based on the UK-domiciled Global Select Equity Fund from 10 April 2007 which then merged into the Luxembourg-domiciled Global Franchise Fund on 04 July 2009. Highest and Lowest returns are those achieved during any rolling 12 months over past 10 years. A Acc: Mar-21: 34.3% and Sep-22: -21.5% | I Acc: Mar-21: 35.5% and Sep-22: -20.8%



Relative performance consistent with previous cycles

Global Franchise Fund rolling 12-month returns (I Acc, USD)



Past performance does not predict future returns; losses may be made. Clients' actual separate managed accounts may differ.

Source: Ninety One, as at 30 September 2025.

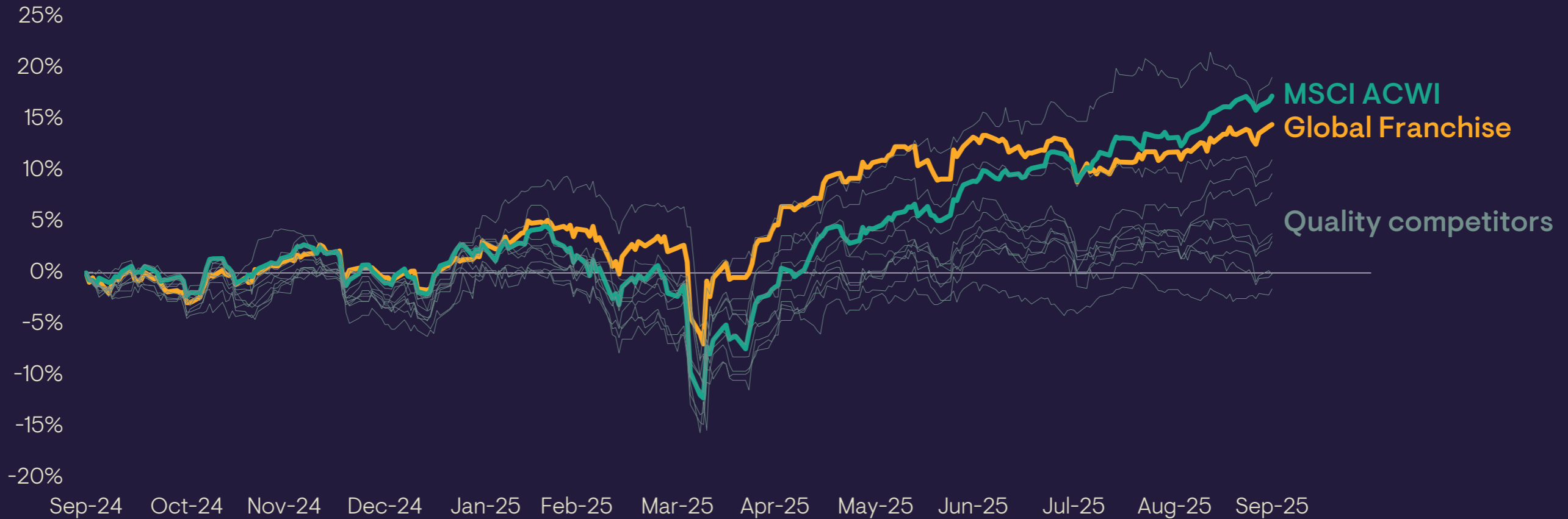
Comparison Index against the MSCI AC World index since 01 October 2011; previously the MSCI World index, aims to outperform the Comparison index over a full market cycle. Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index.



Quality strategy performances have diverged

1-year performance vs key quality peers

Cumulative total returns (1-year, USD)



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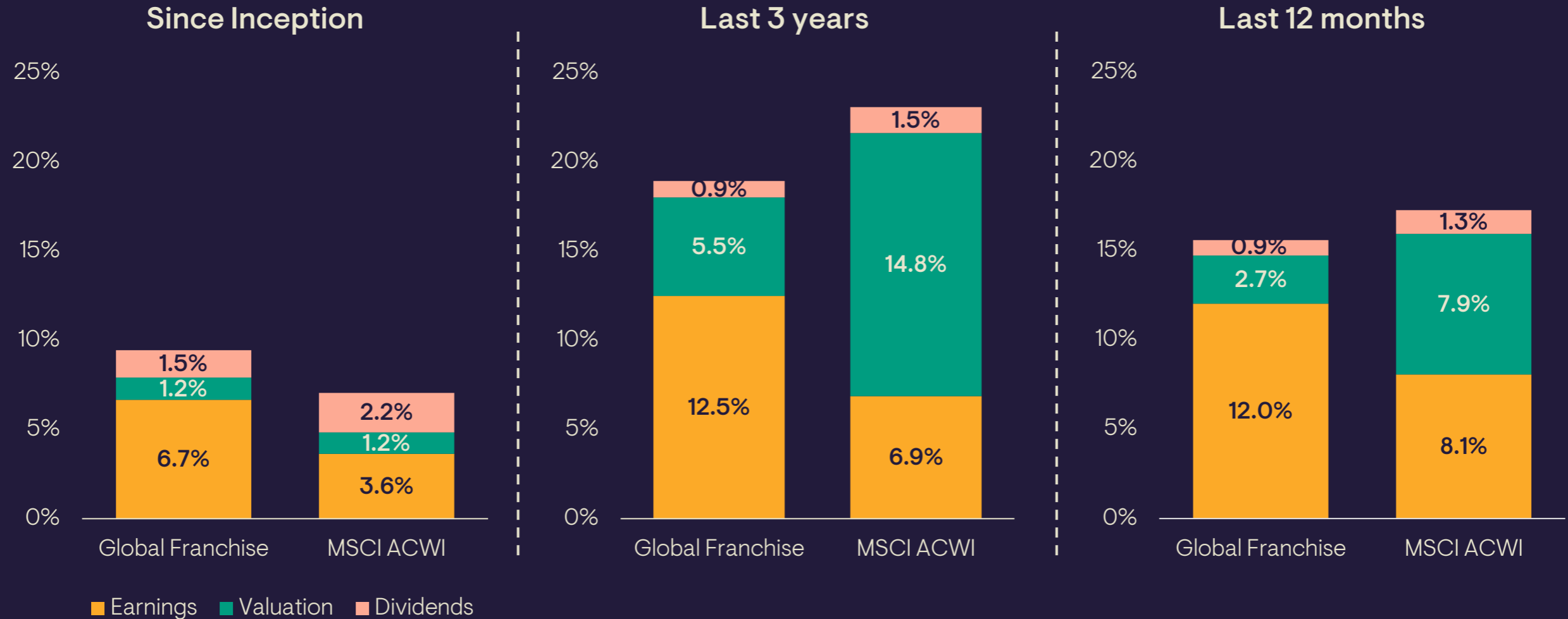
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Portfolio activity

Global Franchise shifts over the past year

Buys

ASML (add)



ICON (add)



Marsh & McLennan (new: Feb 25)



Align (add)



London Stock Exchange (add)



LVMH (new: Jul 25)



Sells

Booking Holdings (reduce)



Moody's (reduce)



S&P Global (reduce)



Check Point (reduce)



Verisign (reduce)



Philip Morris (reduce)



Nestlé (exit: Jul 25)



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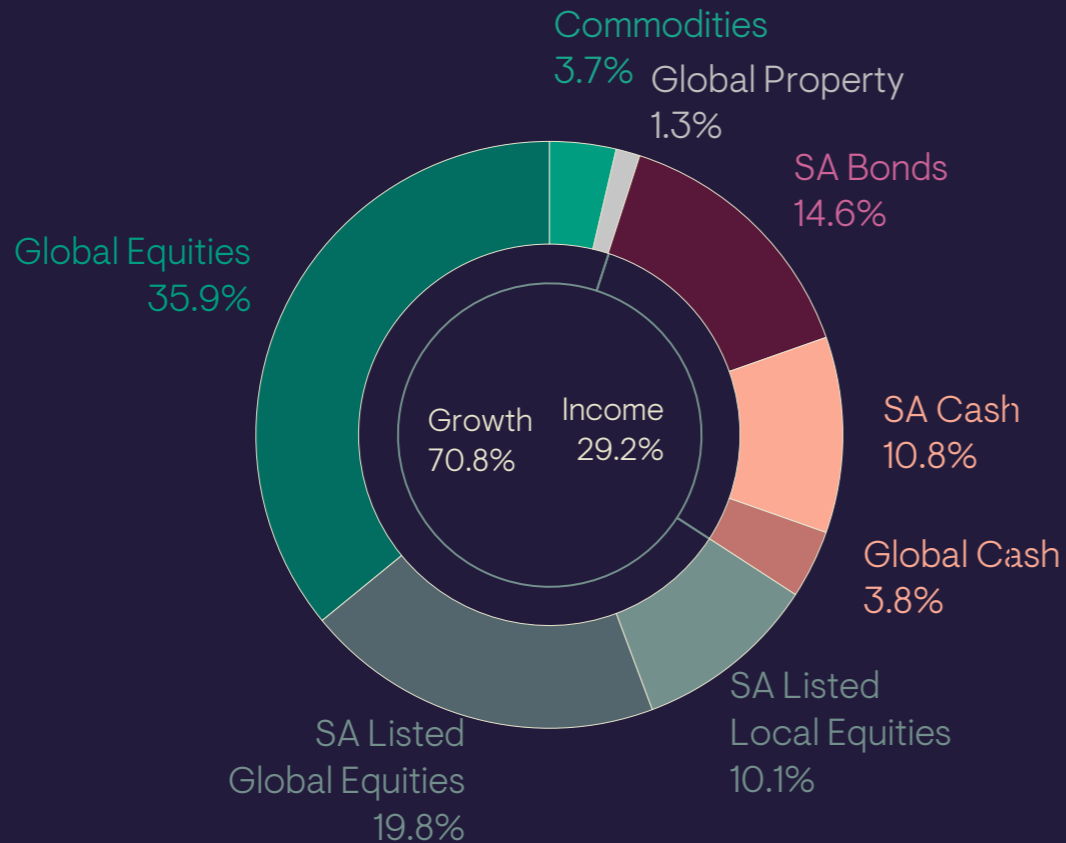
Source: Ninety One, 31 August 2025. Recent trades are all absolute buys and sells over the relevant period. This is not a buy, sell or hold recommendation for any particular security. The portfolio may change significantly over a short period of time. For further information on investment process and specific portfolio names, please see the Important Information section.



How are we positioned within the Opportunity Fund?

Balancing select opportunities with uncertainty

Asset allocation as at 30 September 2025



Quality Global Equities

– That don't mirror the index

South African Equities

– Providing more resilient growth

South African Bonds

– Complement our global equity allocation

Total equity allocation capped at 75%

This is not a buy or sell recommendation of any particular security. The portfolio may change significantly over a short space of time.
Source: Ninety One, 30 September 2025. Opportunity currency exposure ZAR: 62.8% Non-ZAR: 37.2%



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Model return results

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Hypothetical performance returns

Assumptions are based on information available as of the date hereof and the Manager assumes no responsibility to update any hypothetical performance based on a change in underlying assumptions or market conditions. No assurances can be provided that the composition or actual performance of the portfolio, at any time, will resemble or correspond (in any way) to the composition of any hypothetical portfolios or hypothetical performance scenarios used to calculate the target or projected performance herein or in other written materials provided to you, or discussed with you.

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