



—
Investing for a
world of change

Future wealth creators Opportunities in a new era

Clyde Rossouw

The rules that governed (geo)political, macroeconomic and monetary policy are being rewritten and are likely to become increasingly important in shaping the investment landscape for the next decade and beyond.

While Quality has delivered meaningful outperformance in recent years, changes in global equity style leadership may become more frequent in this new world, making it harder to anticipate market trends.

Clyde will share the key investment lessons he has learnt over more than two decades of investing in global equities and importantly, how to identify future wealth creators.



Three key points to make:

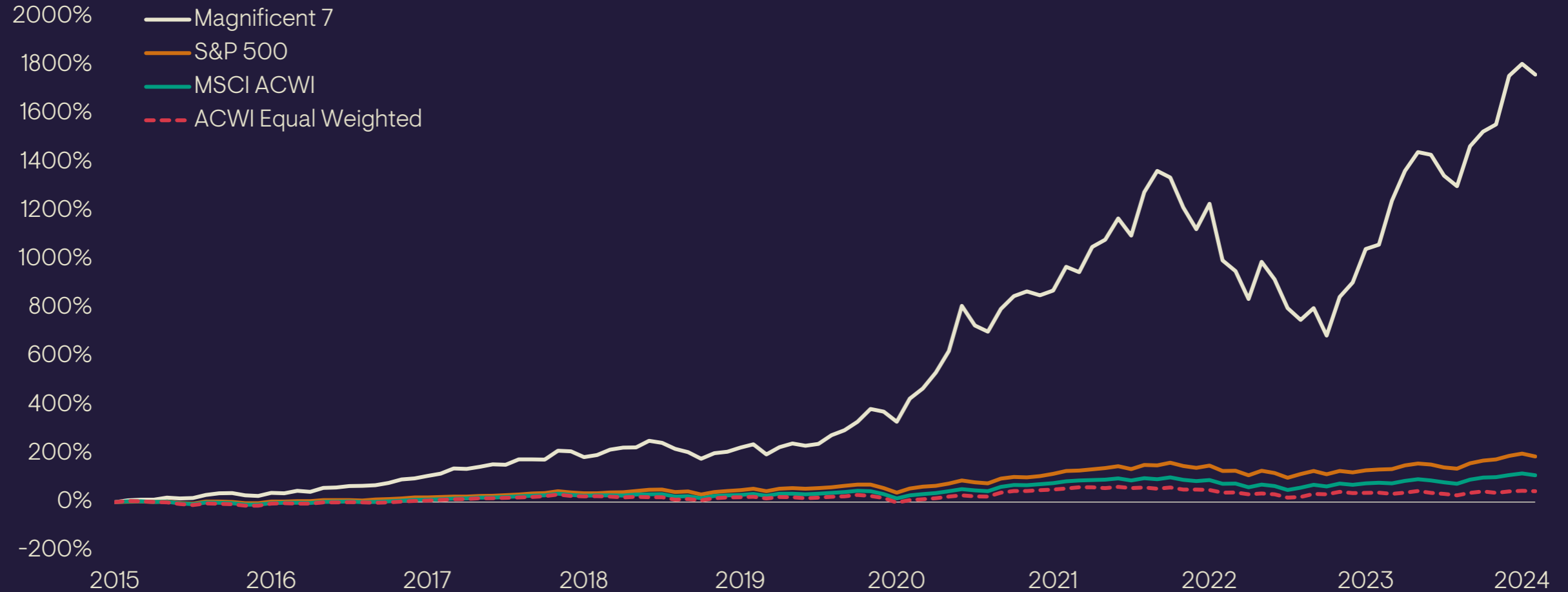
1. Technology and market leadership is narrow making for a have/have-not world and making the stakes and risks high in a passive world
2. The rate environment will impact on other businesses
3. Long term earnings progression still matters and diversification by style and cycle is prudent



Narrow equity market performance

The Tech club has been a winning ecosystem

Cumulative total returns since inception of Mag 7 index (USD)





The market is more concentrated

Top 10 Weighting of S&P500



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

Source: Ninety One, FactSet, 31 March 2024. The portfolio may change significantly over a short period of time. This is not a buy, sell or hold recommendation for any particular security.

For further information on specific portfolio names, please see the Important Information section.

Passive money dominates

Weightings determine fund flows, not intrinsic value

Historical Fund Assets: Active vs. Passive

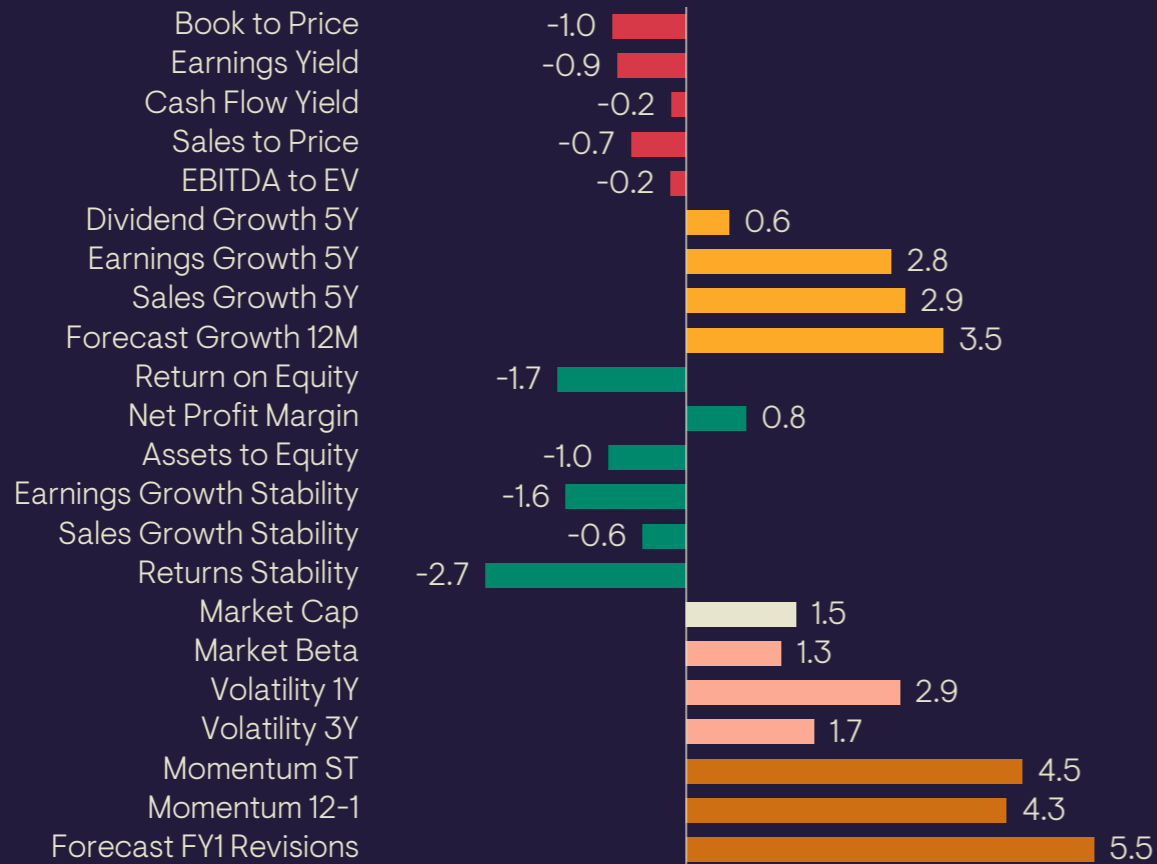




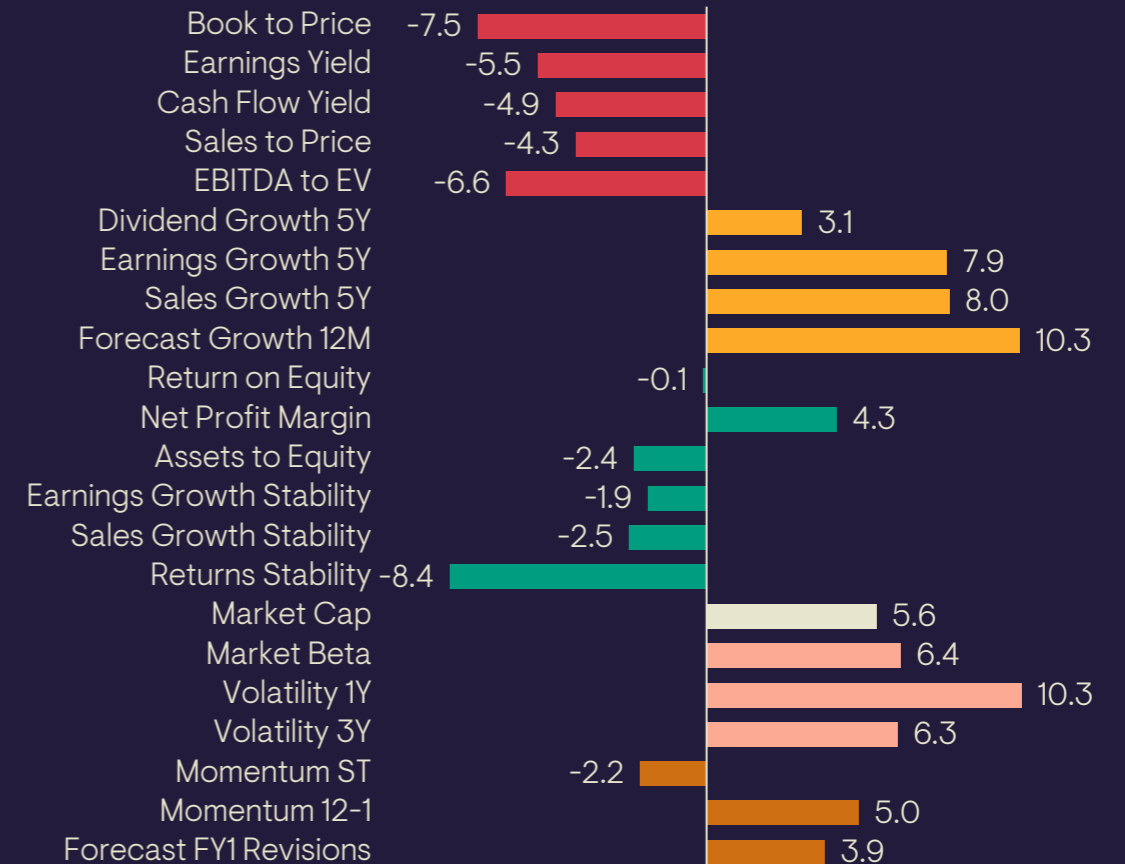
Factor relative returns (Top 50%)

MSCI ACWI

Q1 2024



3 years to 31 March 2024

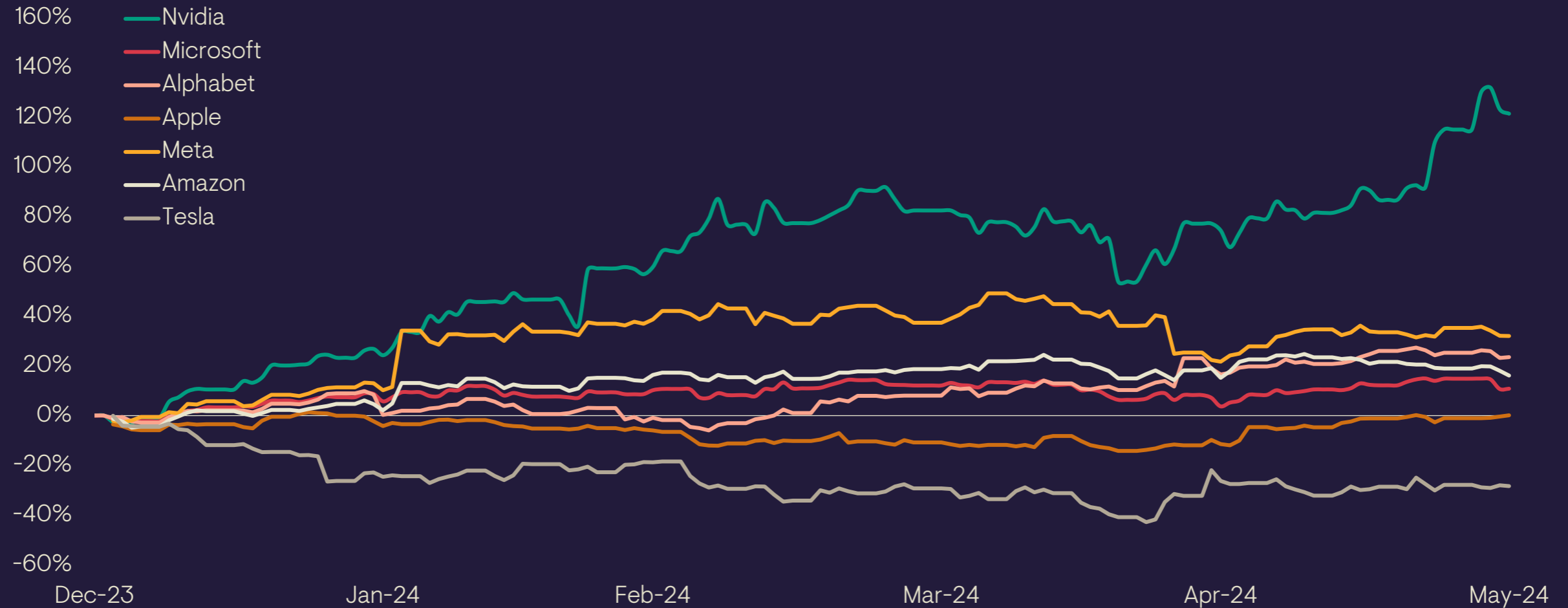


■ Value
 ■ Growth
 ■ Quality
 ■ Market cap
 ■ Volatility
 ■ Momentum



Divergence within Magnificent 7

But is showing signs of breaking down

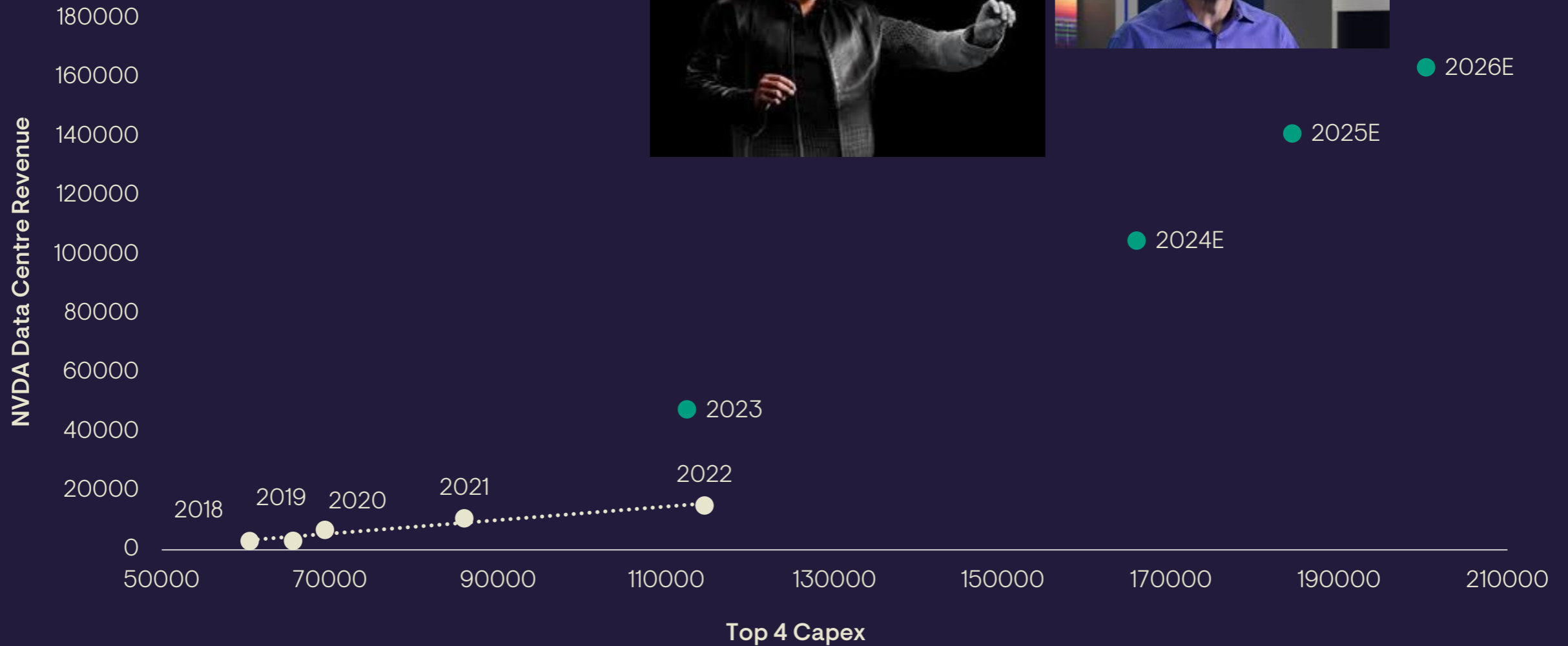




The key debate: Is it all about Nvidia?

The magnificent One

Hyperscaler Capex / NVDA Data Center





Technology through a Quality lens

A lifecycle analysis

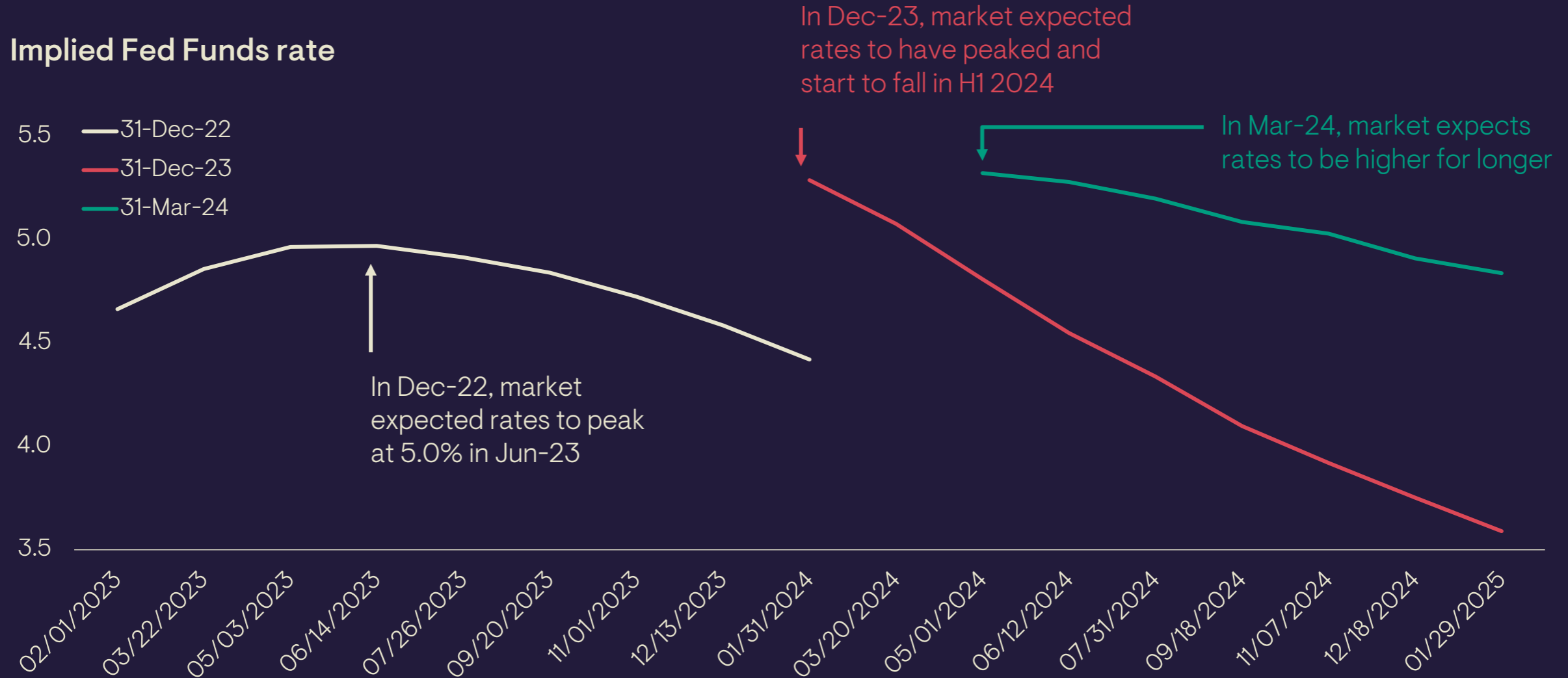




The rules for the rest

Have rates peaked and is inflation under control?

Implied Fed Funds rate





Outperformance during falling rates...

... with low correlation

Global Franchise outperformance vs Fed Funds rate



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

Source: Ninety One, Bloomberg, 31 December 2023.

Performance is gross of fees (returns will be reduced by management fees and other expenses incurred), income is reinvested, in USD. Performance start: 01 May 2007.

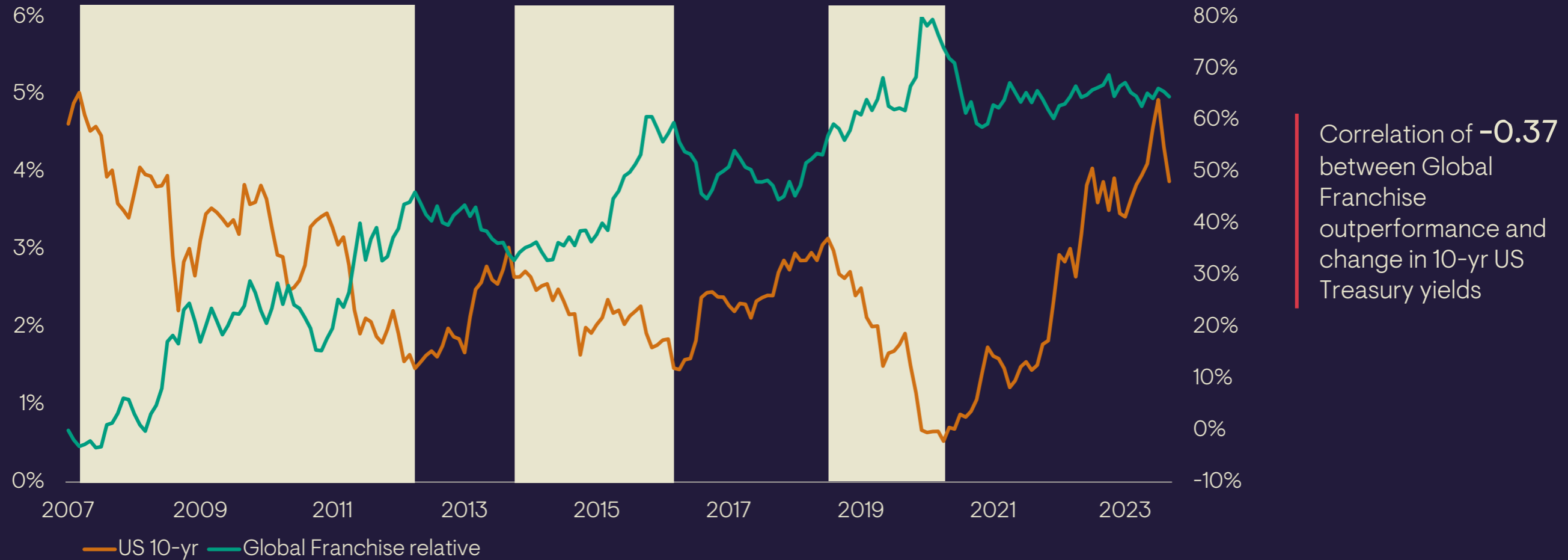
Benchmark: MSCI AC World NDR (pre Oct-11, MSCI World NDR). For further information on indices, please see the Important information section



Outperformance during falling yields...

... with low correlation

Global Franchise outperformance vs US 10-yr yields



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

Source: Ninety One, Bloomberg, 31 December 2023.

Performance is gross of fees (returns will be reduced by management fees and other expenses incurred), income is reinvested, in USD.

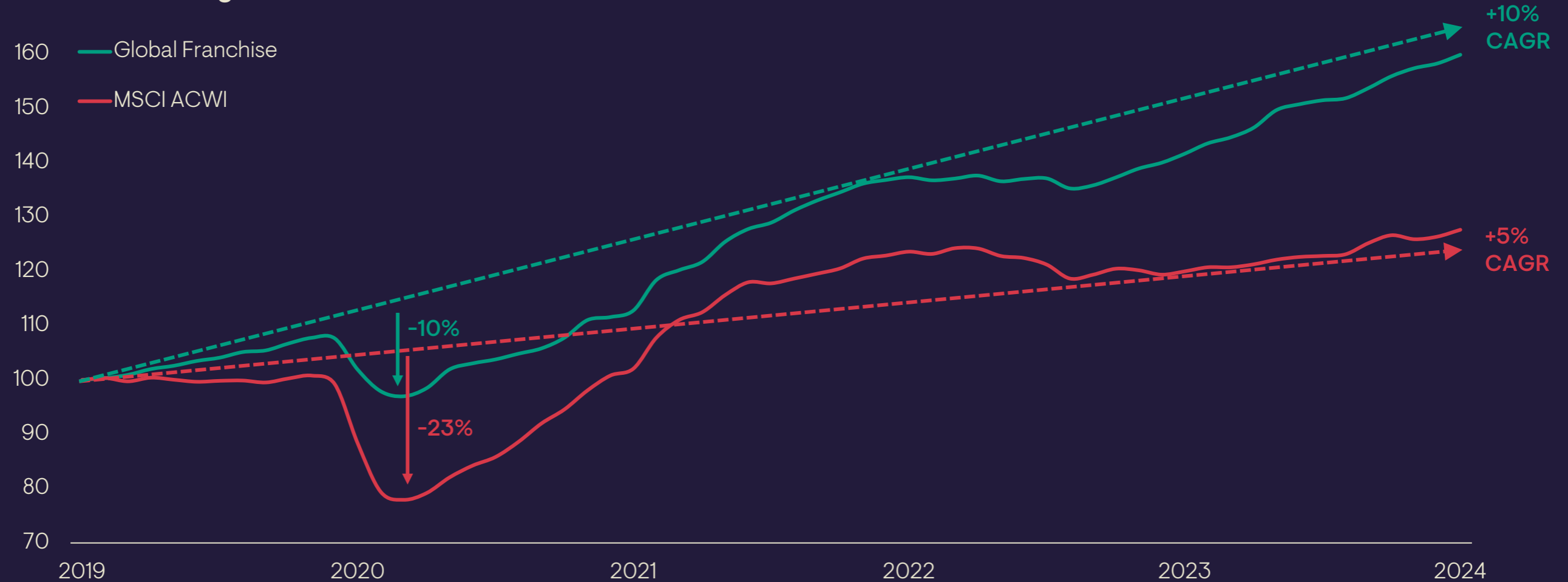
Performance start: 01 May 2007.

Benchmark: MSCI AC World NDR (pre Oct-11, MSCI World NDR). For further information on indices, please see the Important information section

Compounding of Earnings

Last 5 years earnings growth – Global Franchise

Forward Earnings Growth



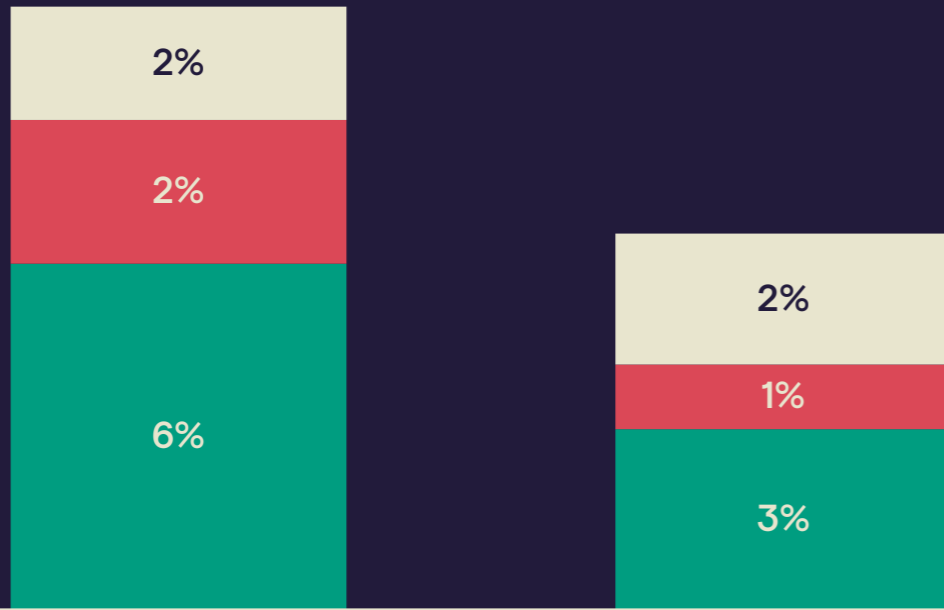
Past performance is not a reliable indicator of future results, losses may be made.
Source: Ninety One, Bloomberg, 29 March 2024, based to 100 at March 2019. Weighting based on GSF vehicle.. Earnings based on Blended 12mth forward.
For further information on indices, please see the Important Information section.



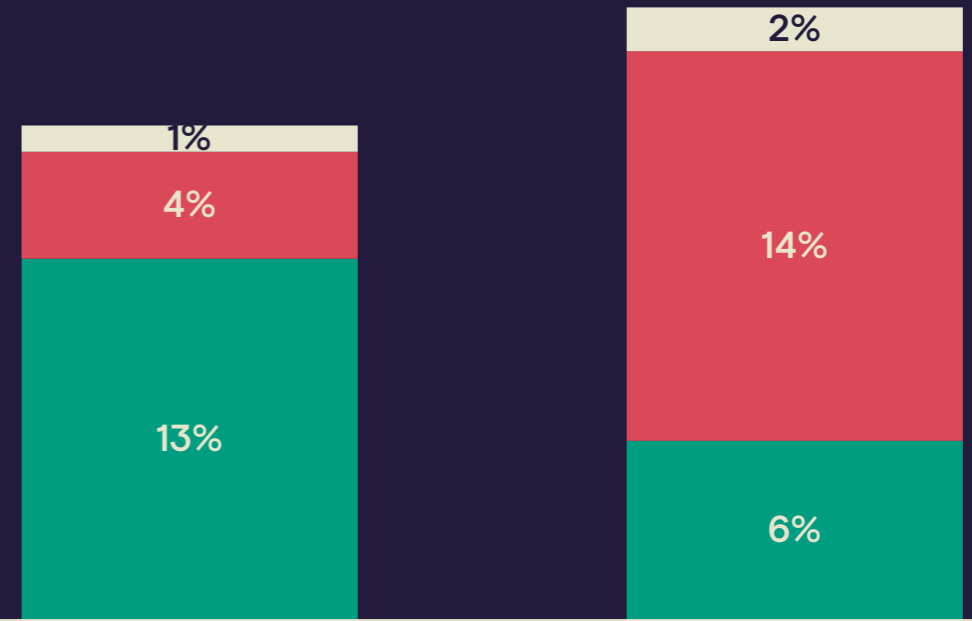
TSR decomposition

Earnings growth the primary driver of returns

Since Inception



Last 12 months



■ EPS ■ Multiple ■ Cumulative dividends

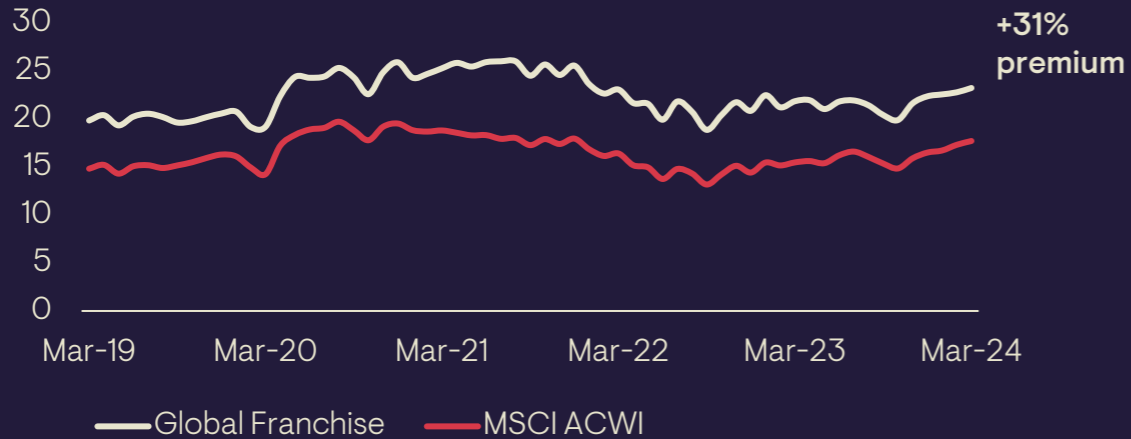
■ EPS ■ Multiple ■ Cumulative dividends

Past performance is not a reliable indicator of future results, losses may be made.
 Source: Ninety One, FactSet, Bloomberg, 31 March 2024, based to 100 at April 2007. Weighting based on GSF vehicle. Earnings based on Blended 12mth forward EPS. Rating based on 12month forward PE
 Performance is derived from portfolio constituents through time and is based on the weighted average aggregation of EPS growth, Rating change, dividend yield, hence doesn't not take account of fees and trading costs and will differ from reported fund performance.
 Based on a related portfolio with substantially similar objectives as those of the services being offered.

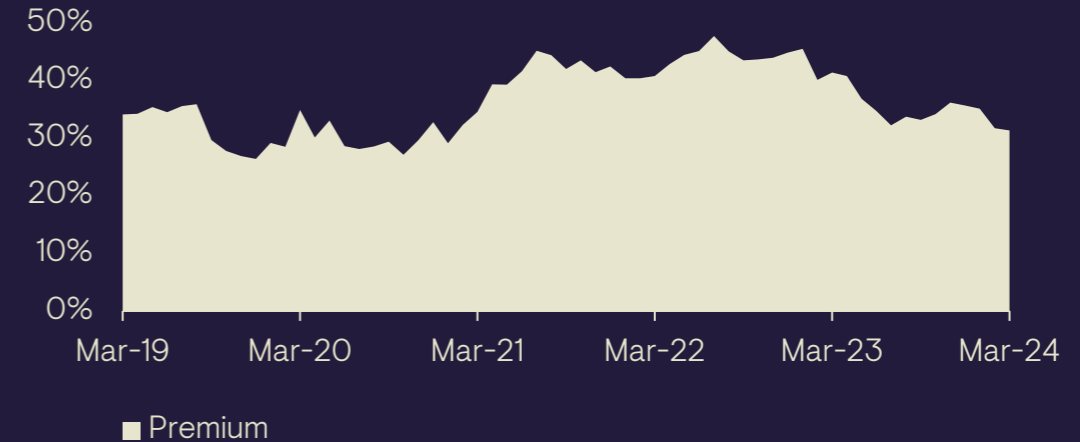


Valuations reasonable vs. quality and growth characteristics

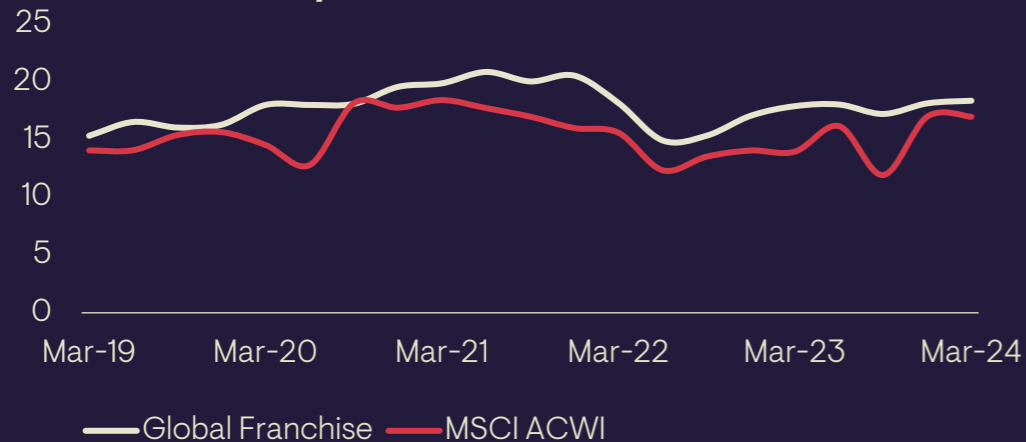
Forward P/E ratio (last 5 years)



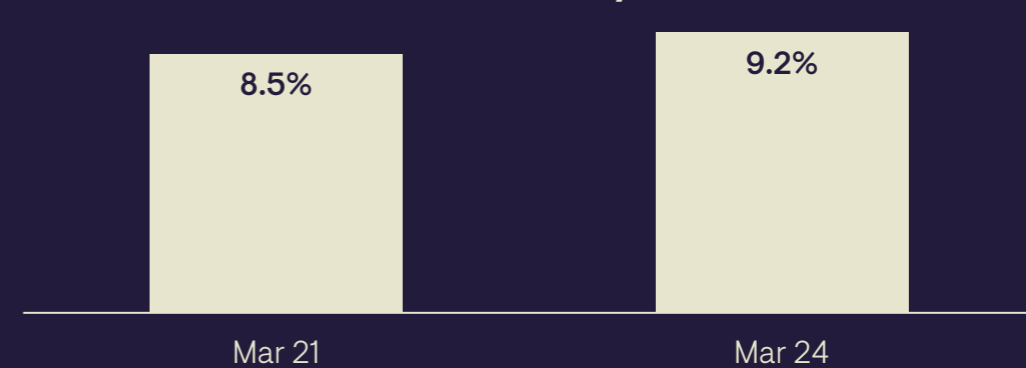
Global Franchise Forward P/E premium (last 5 years)



EV/EBIT (last 5 years)



Global Franchise IRR (last 3 years)



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

Sources: Ninety One and FactSet, 31 March 2024. Re-weighted excluding cash and equivalents showing metrics of the constituent companies, since inception.

For further information on indices and investment process, please see the Important Information section.

Looking beyond the top line

Resilience via higher quality revenue streams

Global Franchise portfolio revenue breakdown





Global Franchise: illustrative portfolio shape

Attractive FCF 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. To evaluate the outcome of the strategy, see long-term performance. For further information on specific portfolio names, please see the Important information.



Thank you

—
Investing for a
world of change



