



The Ground is Shaking

April 2025

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PORTFOLIOMETRIX

Current Markets

Finding signal through the
noise



Current Markets

Finding signal through the noise

Markets are inherently risky, and at times of elevated uncertainty you rely on your preparation (portfolio diversification).

Trump
Tariffs
Trade War

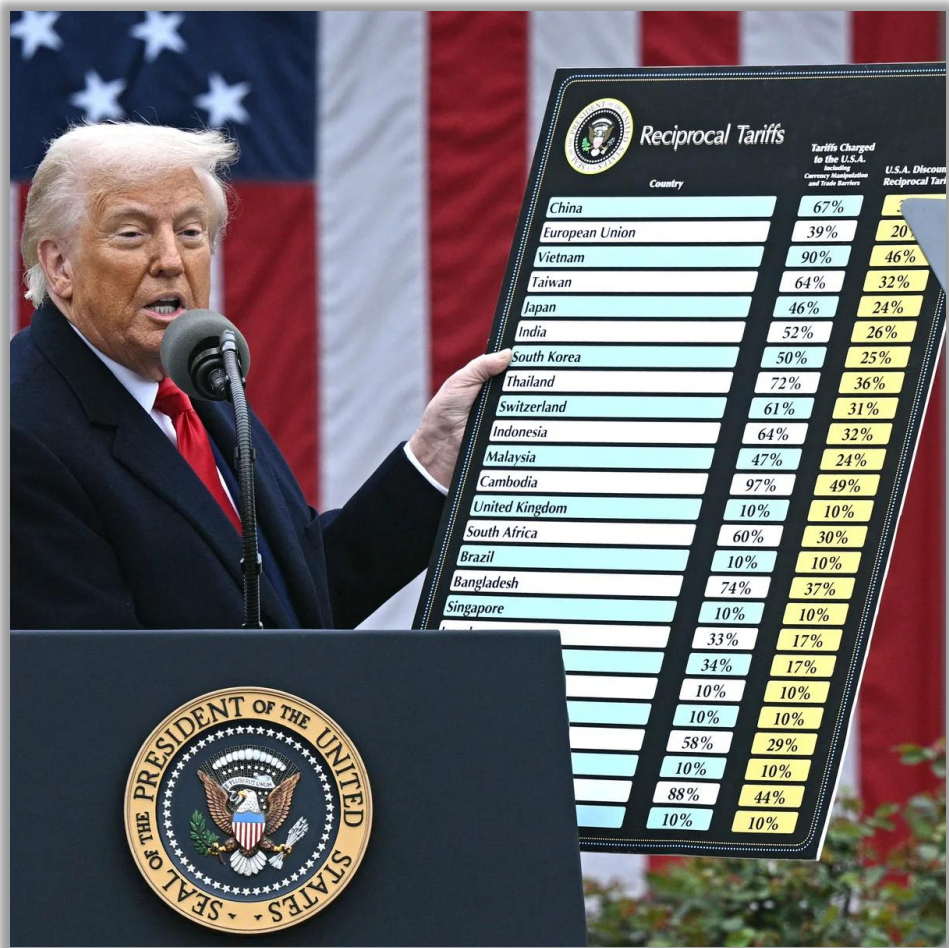
Market
Response

The Last
Crisis
COVID-19

Investing
During a
Crisis

“Liberation” Day, April 2nd 2025

Larger than Expected Tariffs Across the Globe



Trade deficit

A country's total exports to the U.S. A country's total imports from the U.S.

$$\Delta \tau_i = \frac{x_i - m_i}{\cancel{\varepsilon} \cdot \cancel{\varphi} \cdot m_i}$$

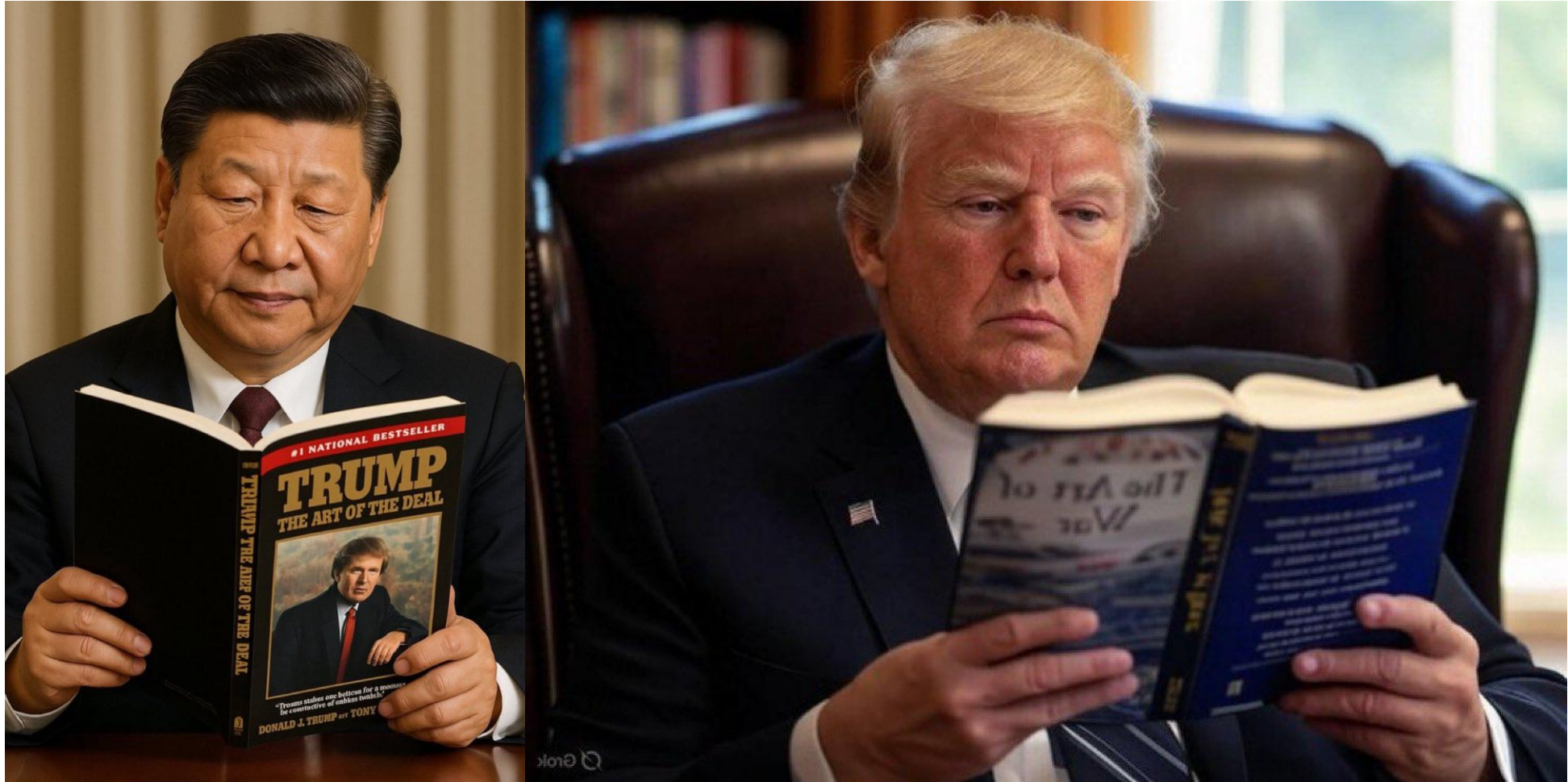
Change (Δ) in tariff rate (τ)

Extra symbols that don't affect the calculation

Defined as 1 Total imports

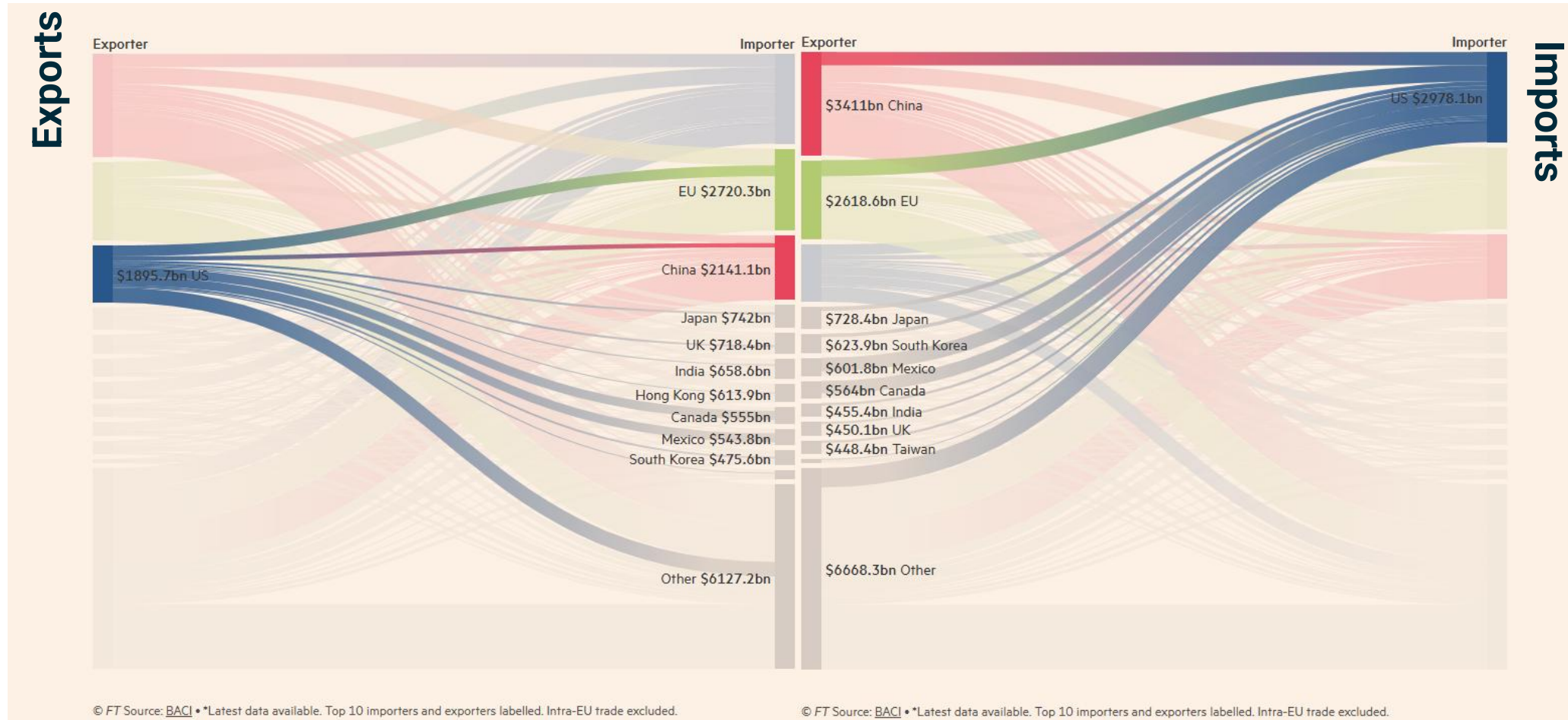
The stArt of the Deal?

Radical uncertainty as global trade is thrown out of kilter



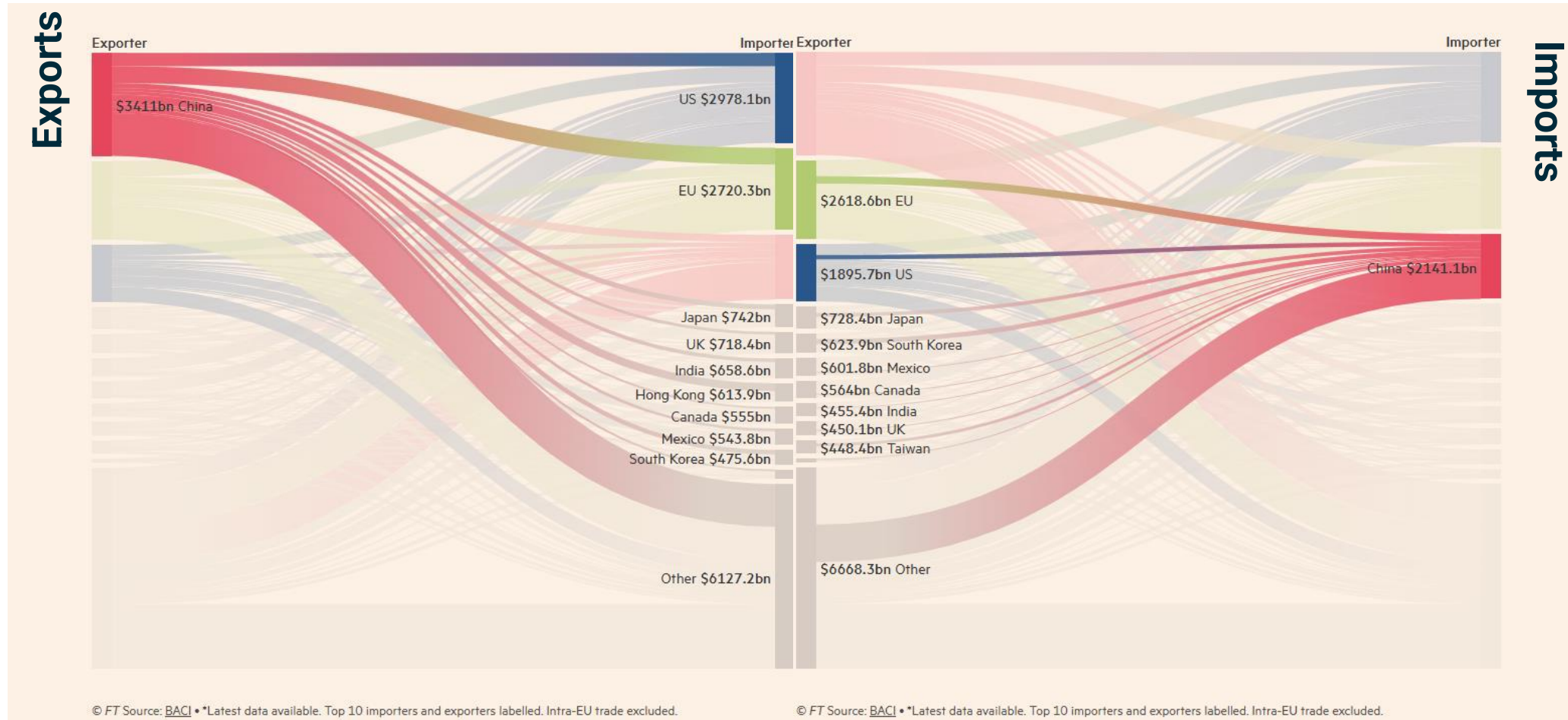
The stArt of the Deal?

US trade with the rest of the world (Export \$1.9trn, Import \$3trn)



The stArt of the Deal?

Chinese trade with the rest of the world (Export \$3.4trn, Import \$2.1trn)



The stArt of the Deal?

Who holds the cards in this western standoff?

US Exports

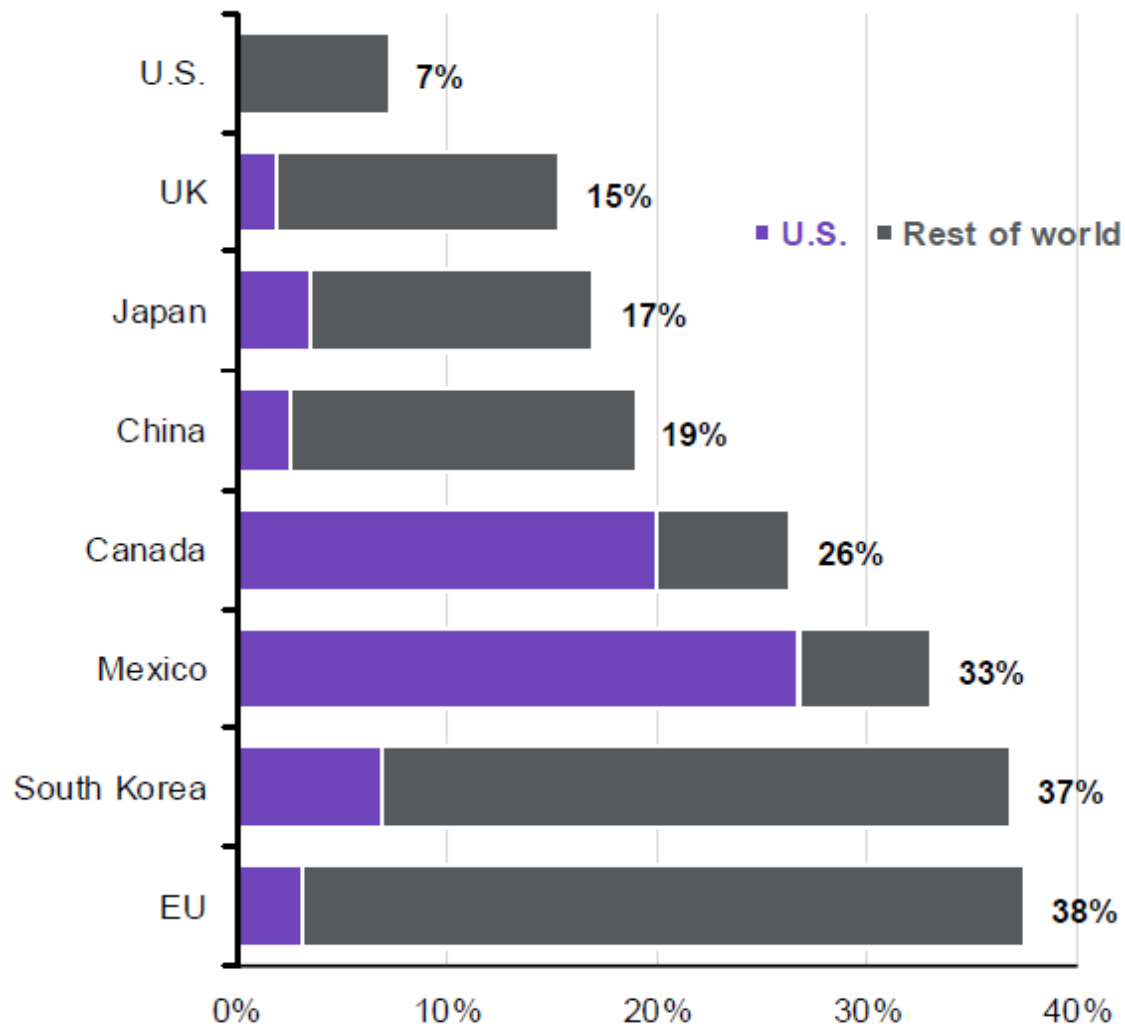
- Semiconductors & High-tech equipment
- Aerospace & industrial machinery
- Soy beans & Agri-products

Chinese Exports

- Rare Earth Minerals
- Consumer electronics and specialised manufacturing
- Pharmaceuticals & Chemicals

Exports exposure by country

Exports as a % of nominal GDP, USD, goods, 2023



Macro-Economics

When elephants fight it is
the grass that suffers



Macro-Economics

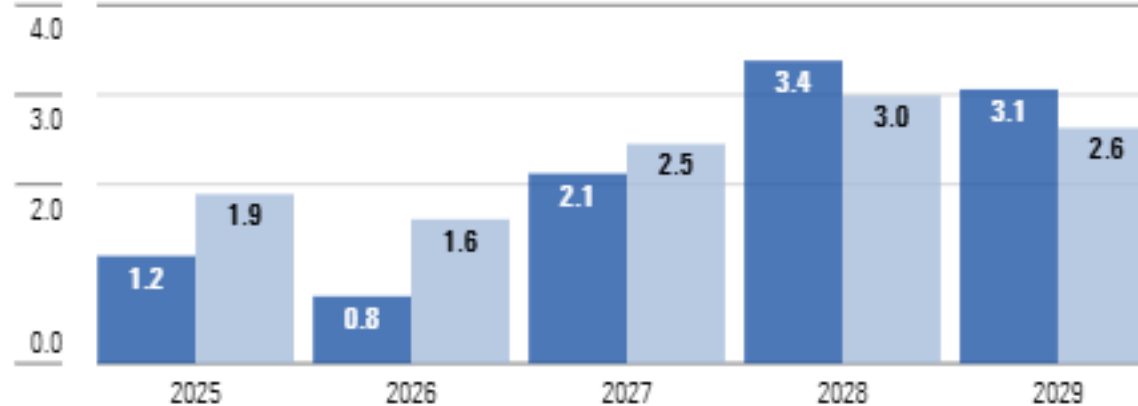
Rising inflation in a lower growth world



Real GDP Growth (%) Forecast

Annual Averages

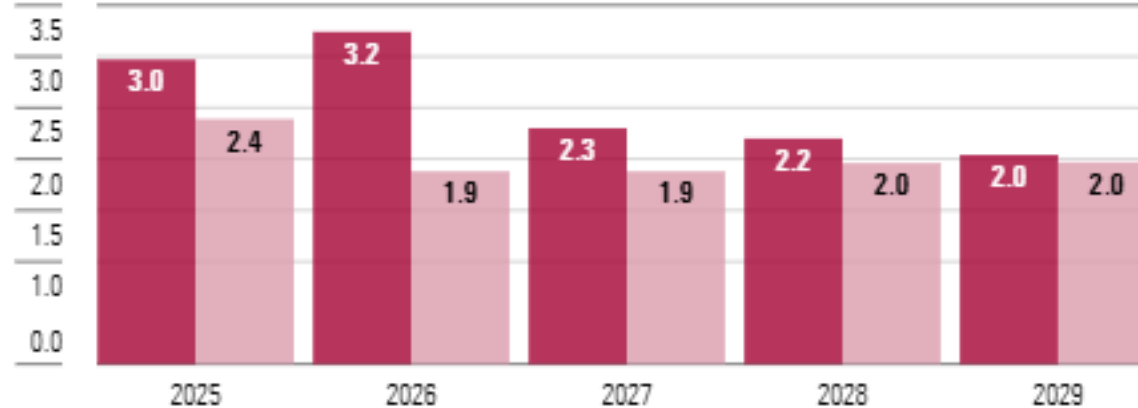
■ Current Forecast ■ March 2025 Forecast



Inflation (%, PCE) Forecast

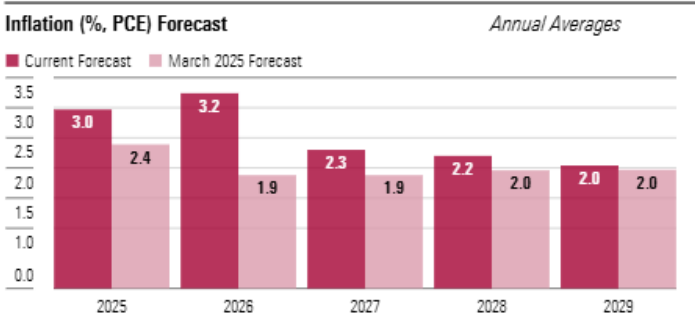
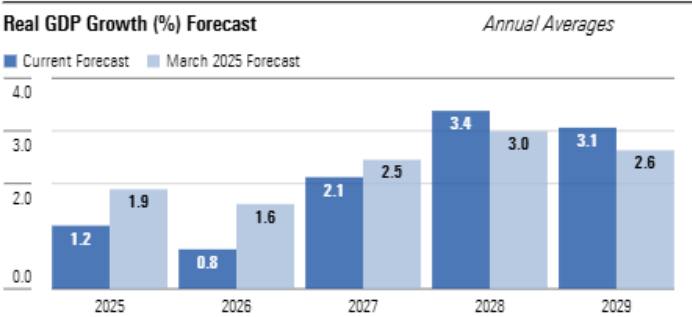
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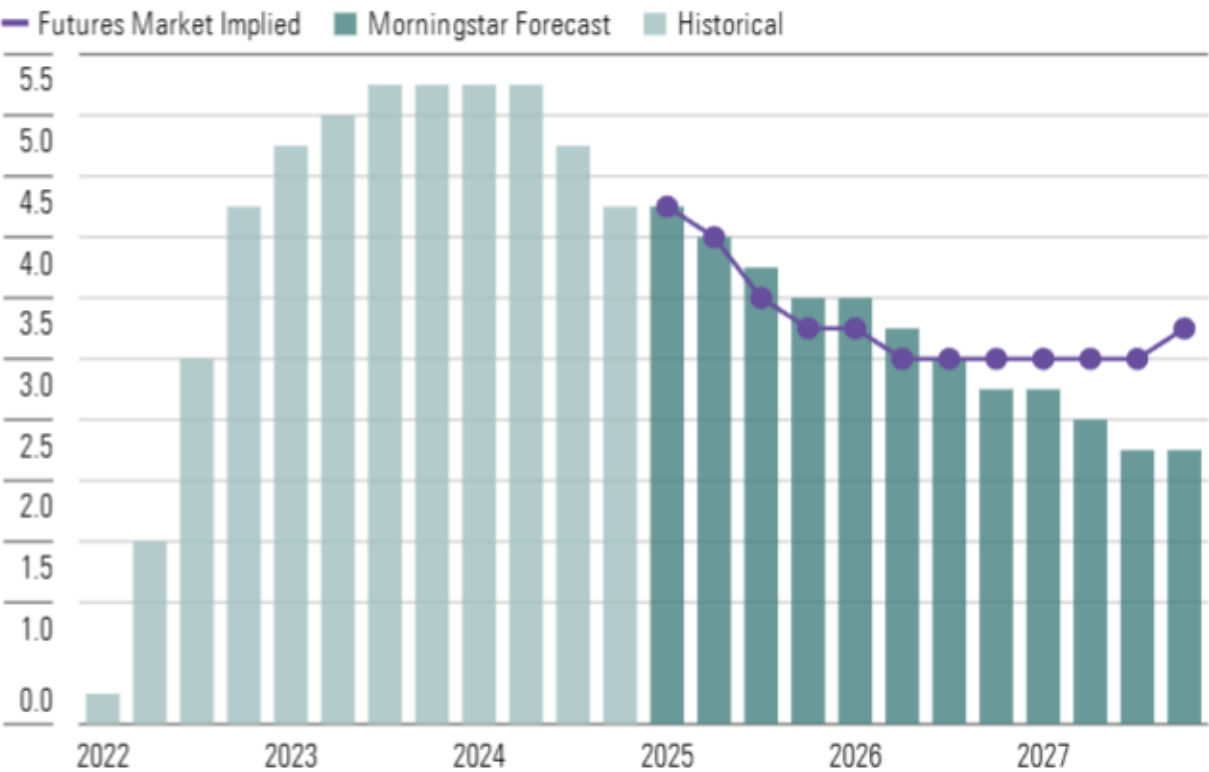
Macro-Economics

Rising inflation in a lower growth world



Federal-Funds Rate Expectations, %

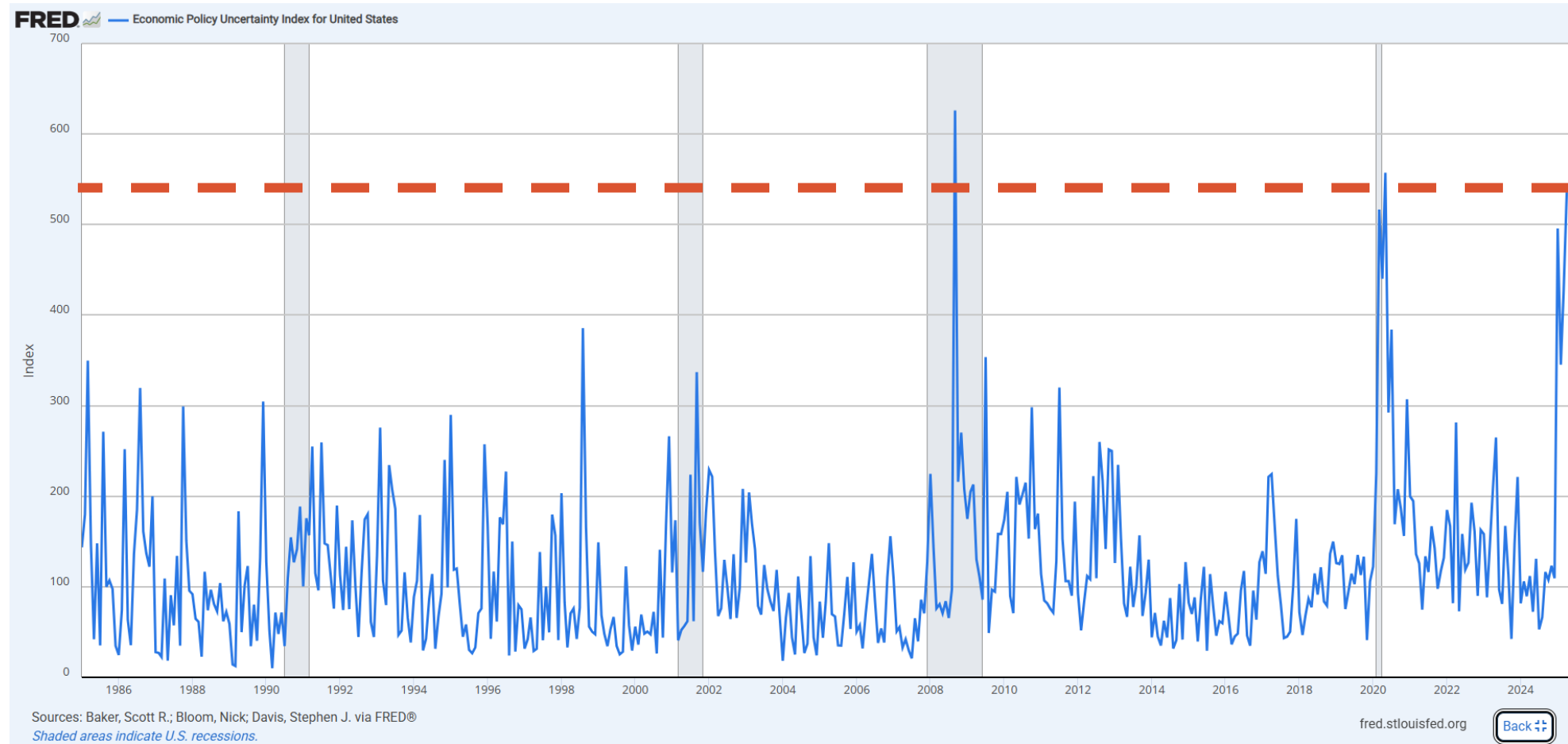
Bottom of Target Range



Source: Morningstar, April 2025

Policy Uncertainty rises to COVID-19 levels

Confidence and Investment likely to waver

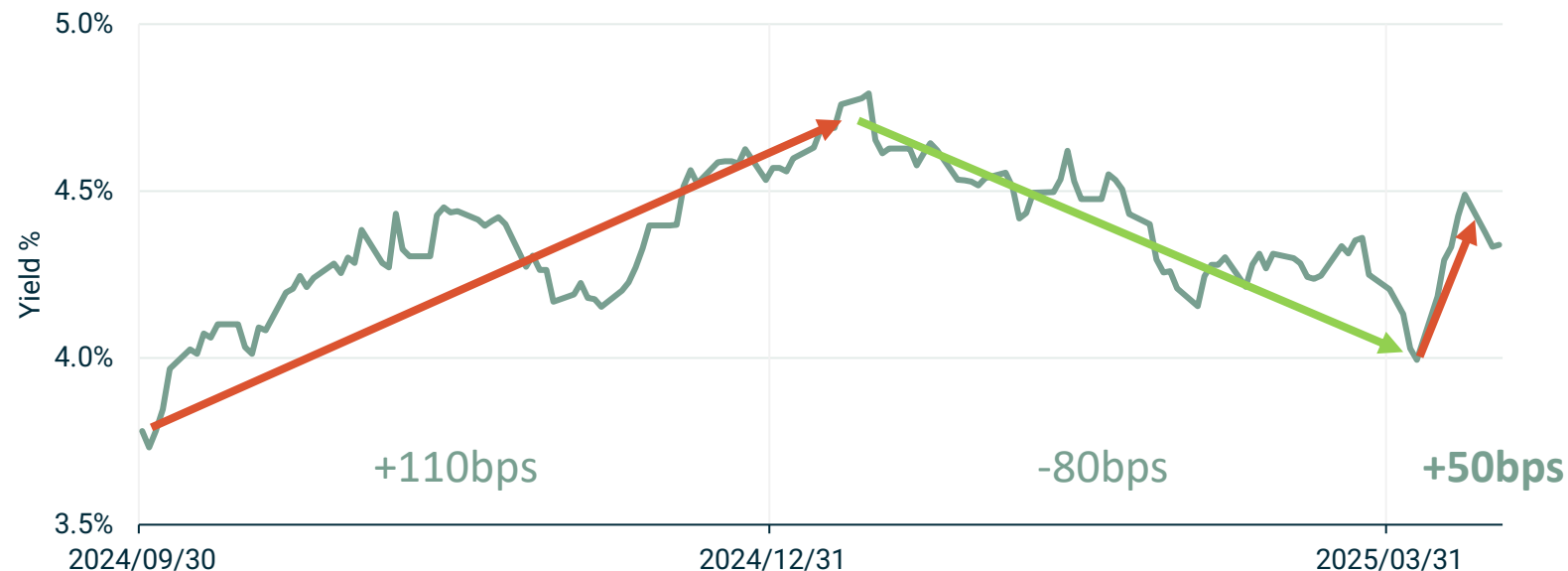


Market Panic

The ground is shaking

- Volatility was driven by the basis trade and “dash for cash”
- Credibility of the US as a true risk-free has been dented
- China owns \$760bn in USTs. 2% of the \$36trn outstanding debt.
- 23% of USTs are foreign owned
- Fed will likely maintain proper operation of the UST market should it be necessary, but this is a reversal of their current QT programme.

US 10 Year - The Global Risk-free?



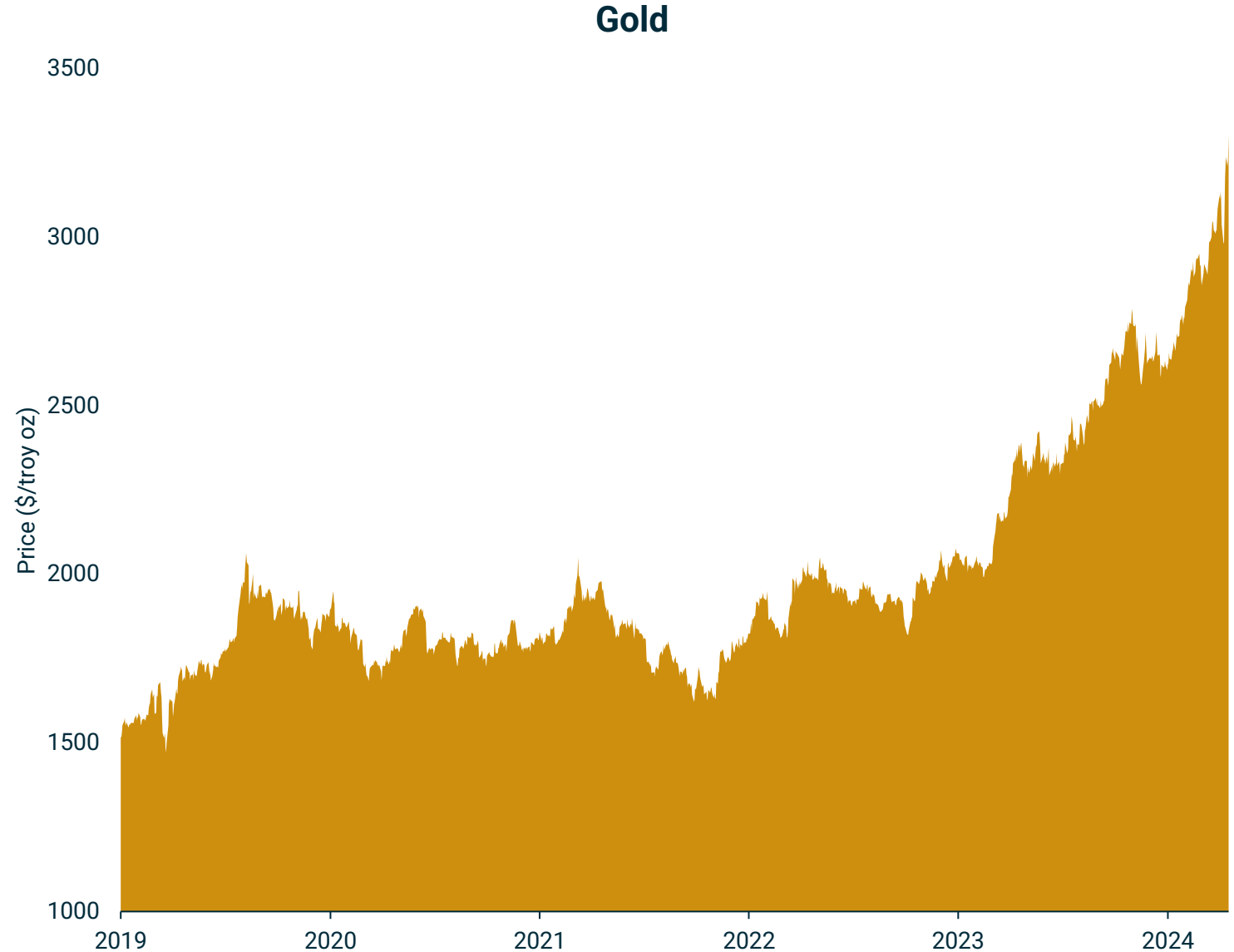
Dollar versus DM Currencies



Market Panic

Radical uncertainty seeks a true risk-free

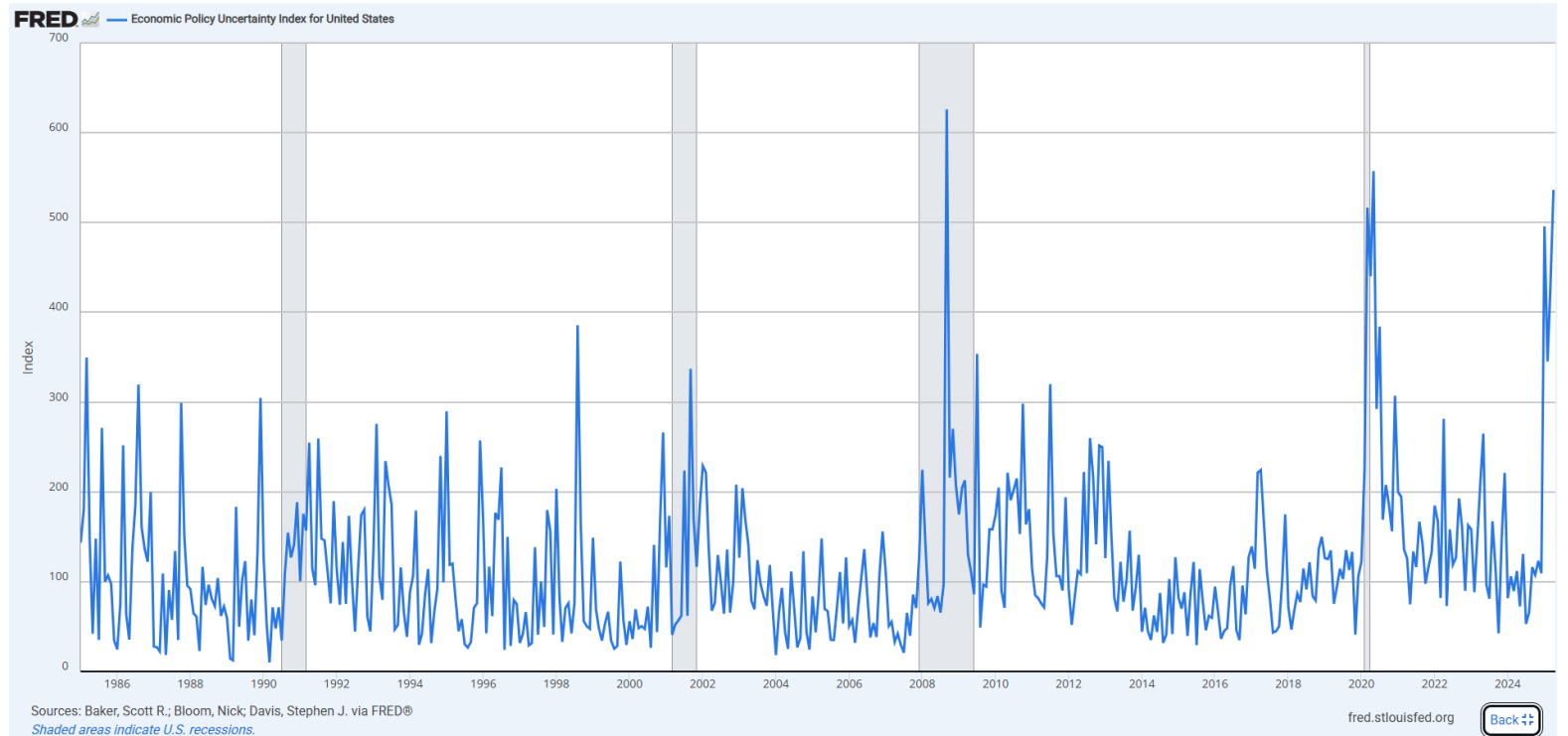
- Gold has traded above \$3,400 in April, an all-time-high
- Gold is hedging concern with the fundamental operating assumptions of global capital markets
- Chasing returns in gold does not provide this hedge



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Global Bond Markets

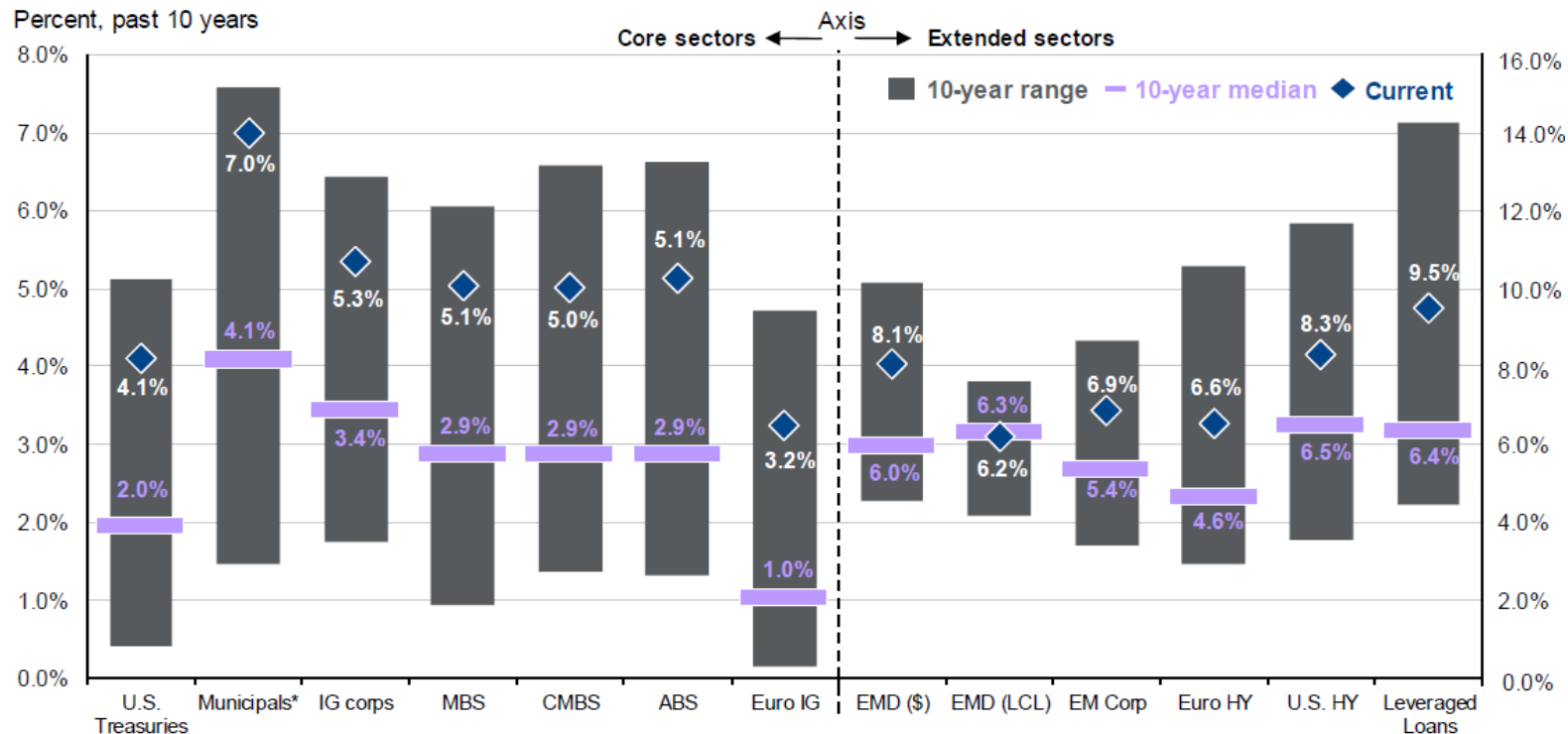
Diversification supports risk re-pricing

Sovereign

- US Treasuries offer better entry levels
- Ex-US Sovereigns face better fundamentals and supportive monetary policy

Yield-to-worst across fixed income sectors

Percent, past 10 years



Global Bond Markets

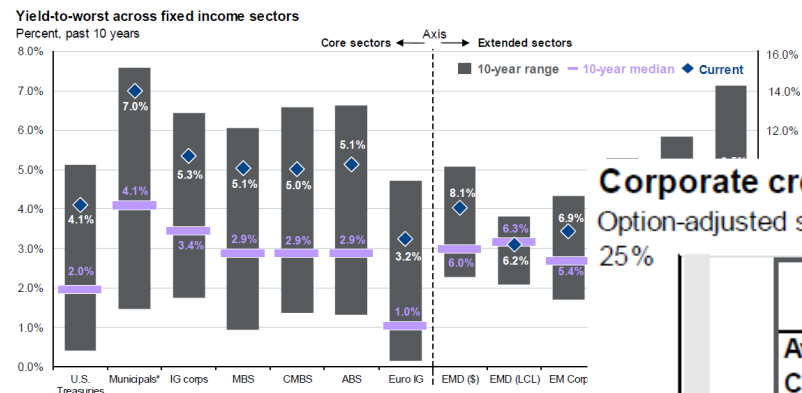
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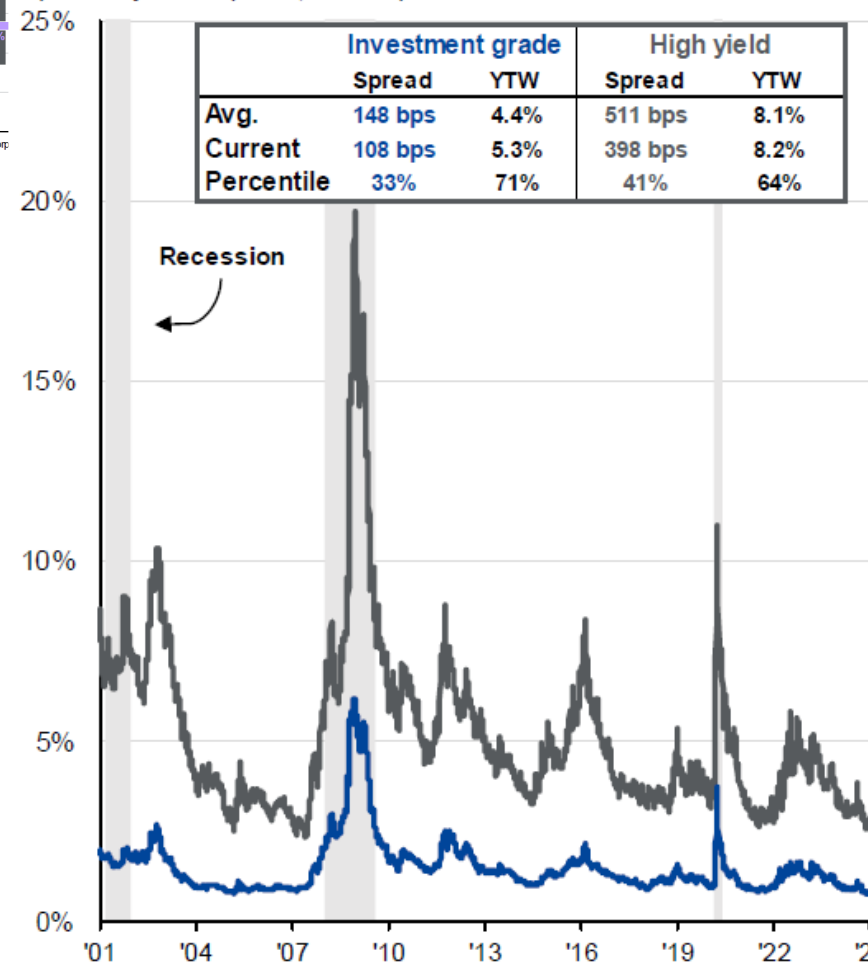
Credit reflects risk but looks more attractive

- Wider credit spreads provide greater buffer against economic shocks
- How late-cycle are we and will tariffs spoil the party?



Corporate credit spreads

Option-adjusted spread, 2001 - present



Global Equity Markets

Reallocation sees the pendulum swing

The **concentrated S&P500** sees attack on multiple fronts:

- DeepSeek challenging US AI dominance
- Greater regulation scrutiny on Mag 7

Europe and the rest of the world benefit from greater expected spend:

- Europe reconfigures, Germany accepts a new fiscal approach
- Currency tailwinds boost USD returns

Returns	YTD 2025		2024		15-years	
	Local	USD	Local	USD	Ann.	Beta
Regions						
U.S. (S&P 500)	-	-9.8	-	25.0	13.2	1.0
AC World ex-U.S.	-1.3	4.6	13.2	6.1	5.4	1.0
EAFE	-1.4	7.0	11.8	4.3	6.2	1.0
Eurozone	2.8	12.6	10.3	3.4	6.3	1.2
Emerging markets	-0.9	0.1	13.7	8.1	3.4	1.0
Selected Countries						
Japan	-8.3	1.3	21.2	8.7	5.8	0.7
United Kingdom	2.8	8.6	9.5	7.5	5.6	1.0
France	-0.8	8.8	1.8	-4.6	6.7	1.2
Canada	-1.5	2.1	23.0	12.7	5.6	1.1
Germany	7.0	17.3	18.4	11.0	6.9	1.3
China	5.9	6.1	19.8	19.7	3.6	0.9
Taiwan	-16.7	-16.1	44.3	35.1	11.3	1.0
India	-1.6	-1.3	15.7	12.4	6.3	0.9
Brazil	6.3	11.2	-11.4	-29.5	-1.6	1.3

Global Equity Markets

Trade frictions and falling confidence takes its toll

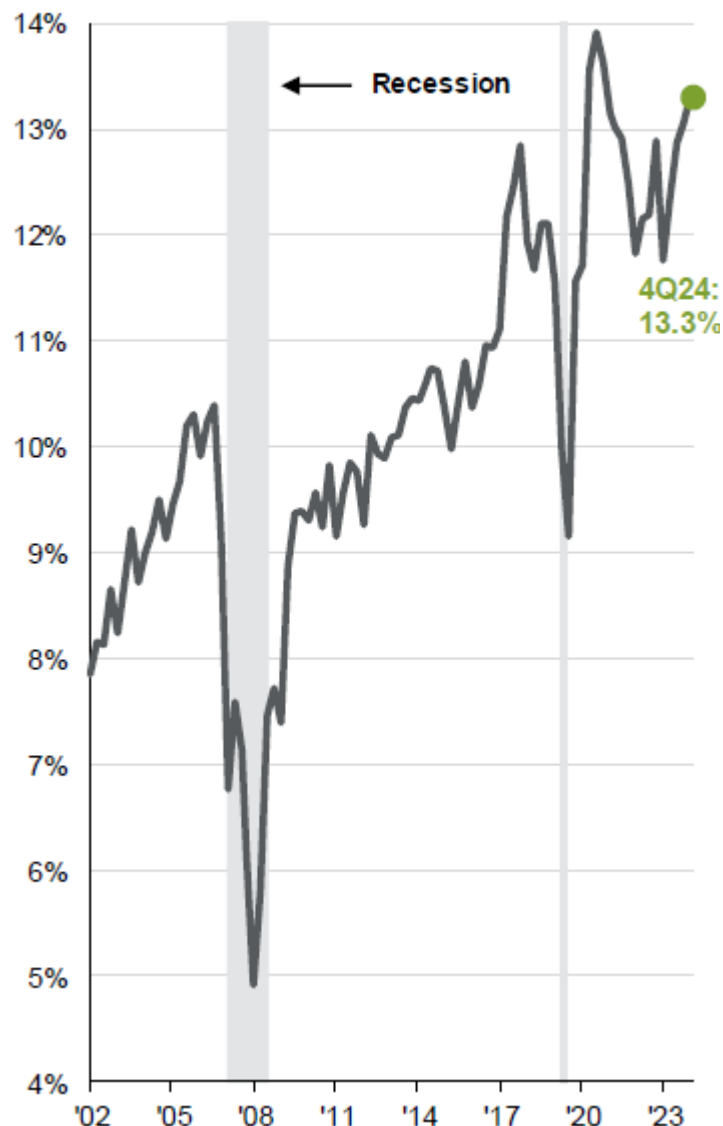
Profit margins are likely to fall as tariffs increase costs and the US consumer faces higher prices.

Magnificent 7 has large cash positions but equally relies on the global supply chain. In addition, they are facing greater regulator scrutiny.

Business Confidence falls dramatically (along with consumer confidence) after expecting a lower regulatory higher growth environment under Trump 2.0

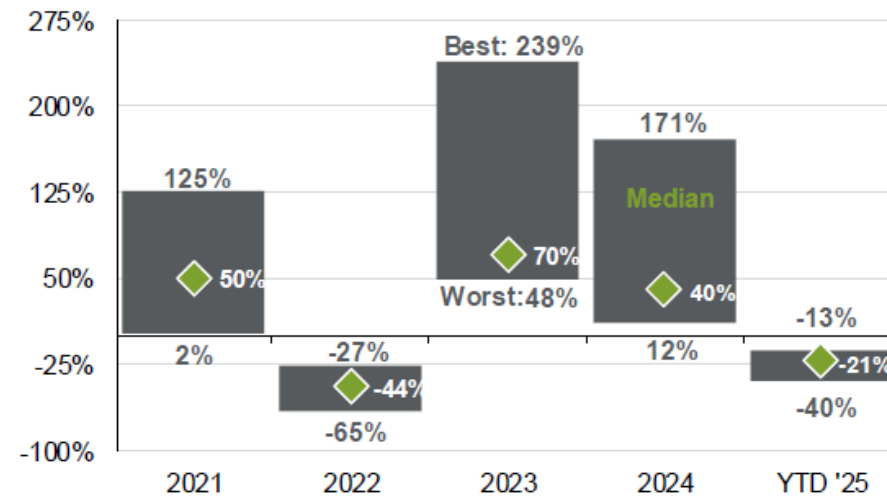
S&P 500 profit margins

Quarterly earnings/sales



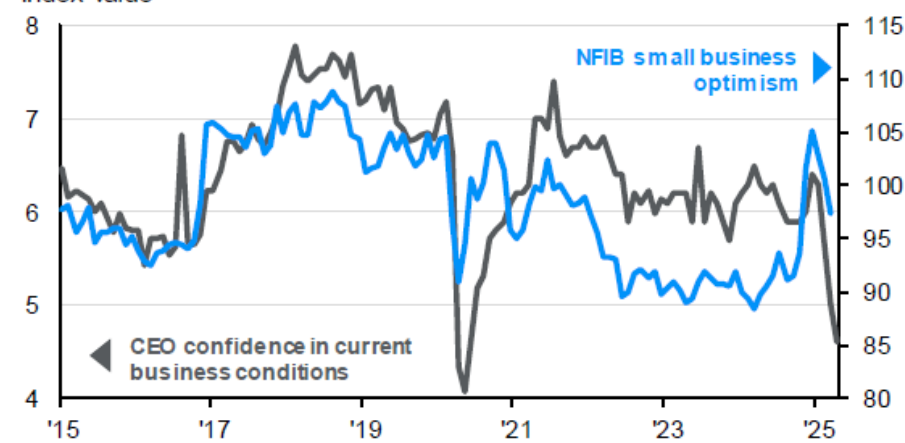
Magnificent 7 performance dispersion

Price returns, best, median and worst performing Mag 7 stock by year



Business confidence

Index value



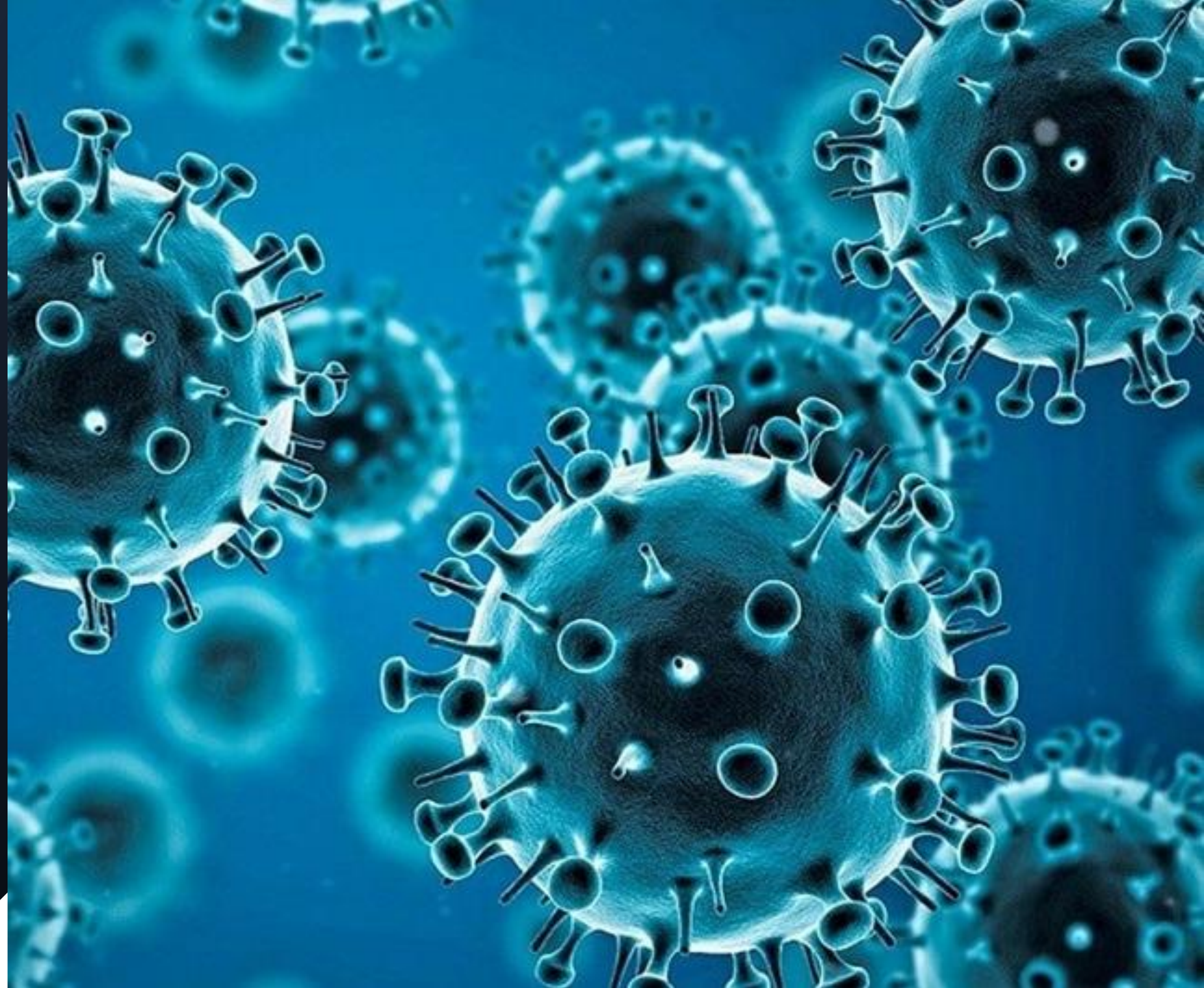
COVID-19: Five years on

A crisis that the world
emerged from

An “unprecedented” understanding
of log charts, to help decipher just
how significant the impact was on
human lives and livelihoods.

The COVID-19 pandemic tested the
resolve of investors, facing the
unknown.

Five years on and the markets
rewarded the greedy investor.



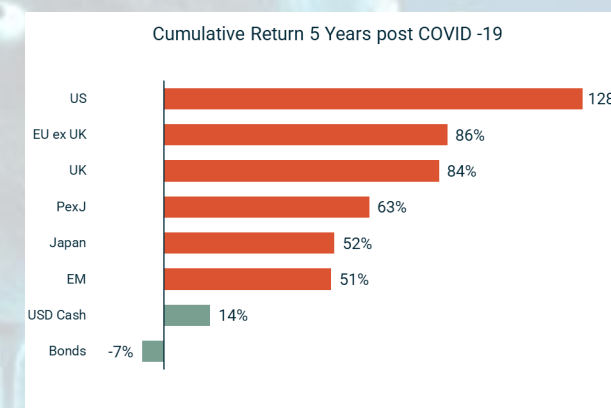
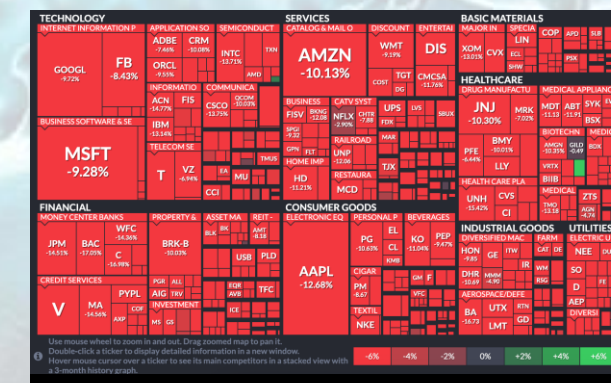
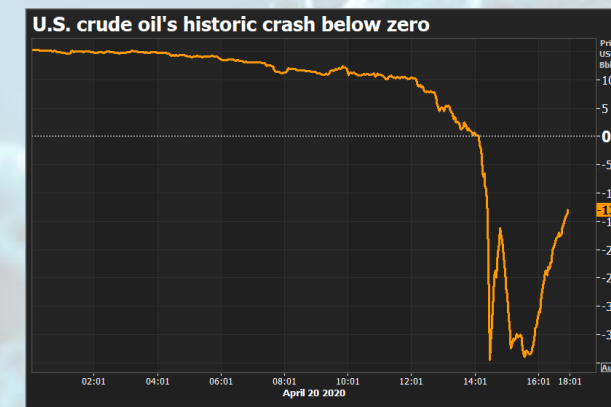
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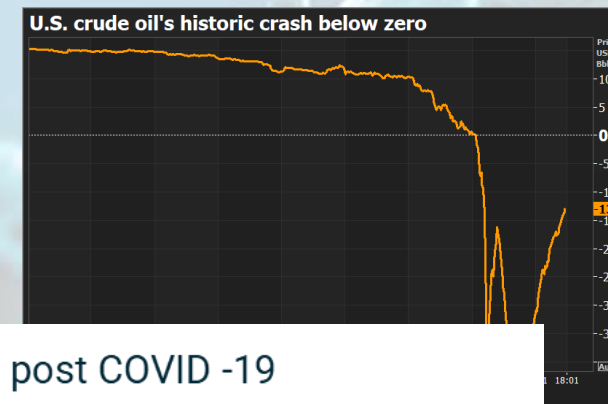
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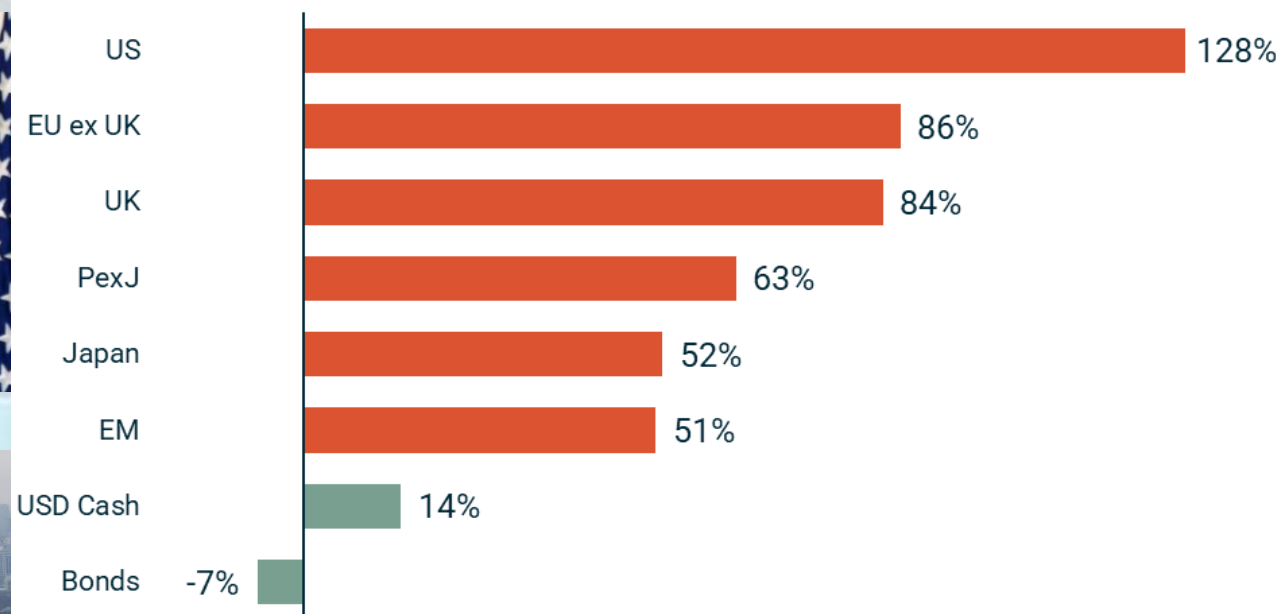
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Cumulative Return 5 Years post COVID -19



Investing during a crisis

Never waste a good crisis

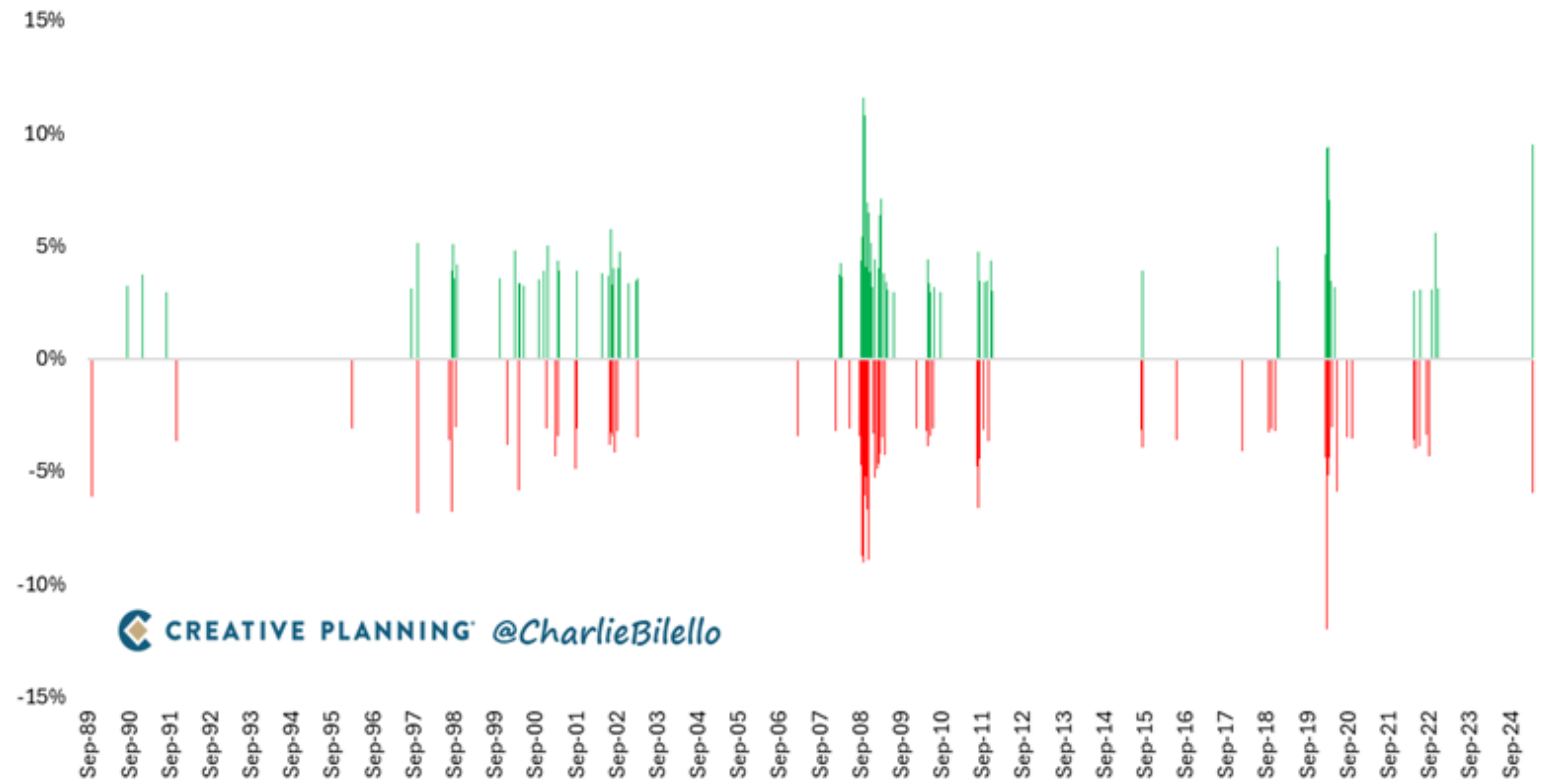
The best returns often cluster with the worst returns. Timing markets means you are likely to miss the reward too.

Search for the best risk-reward ratios, but don't avoid risk unnecessarily.

Investors can permanently impair the long-term prospects of their portfolios during periods of uncertainty.

Current uncertainty means the future scenarios cannot be predicted – making bold decisions at this time is a reckless gamble.

S&P 500 Total Return Index - Best and Worst 100 Trading Days
(Data via YCharts: September 1989 - April 2025)



Investing during a crisis

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Selling at peak panic misses the recovery.

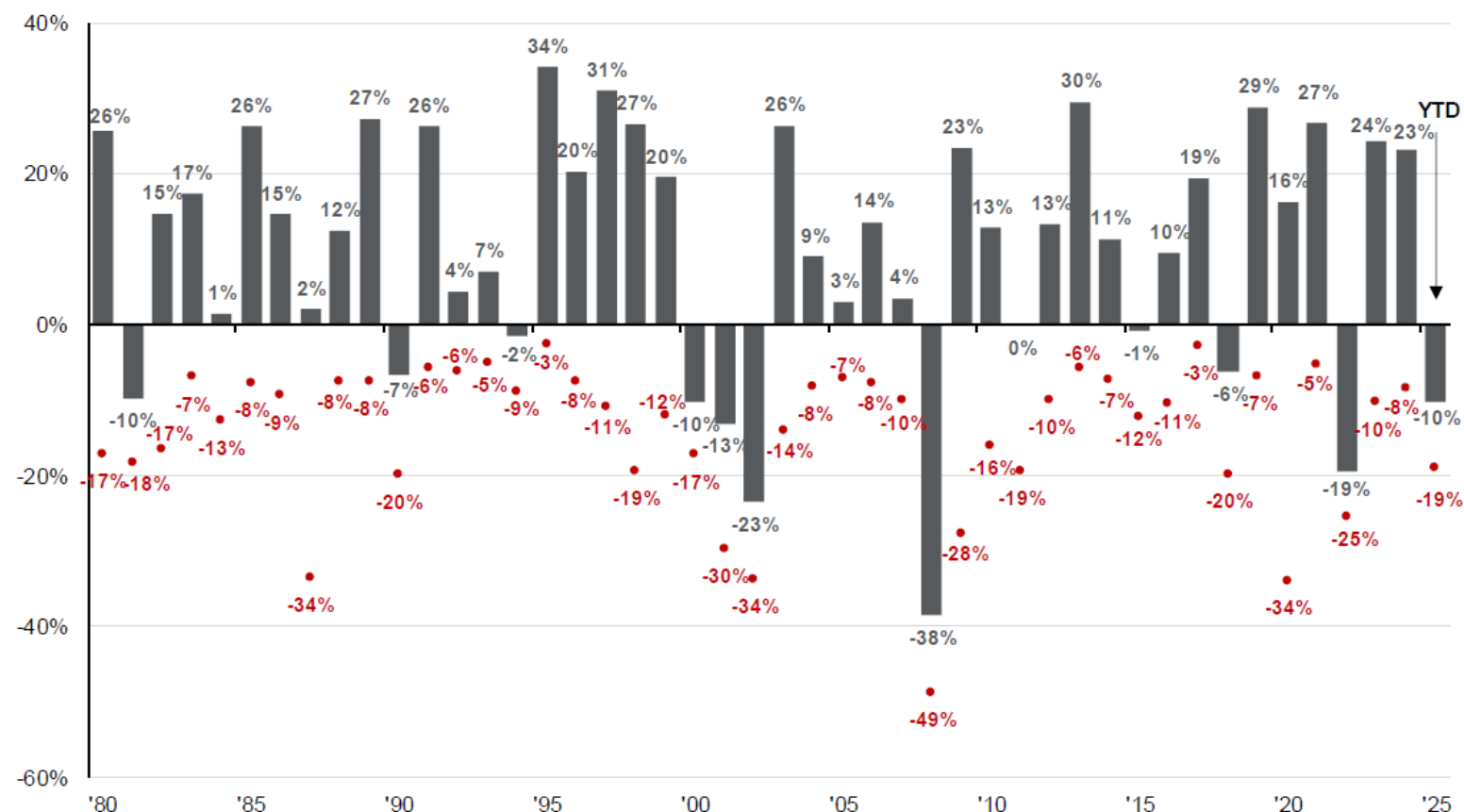
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S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



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Thematic Investing tests investor composure – predictions can lead to large investor gaps.

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Traditional and renewable energy performance

Indexed to 100 on 1/20/2017



Investing during a crisis

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Which theme did you gamble on outperforming?

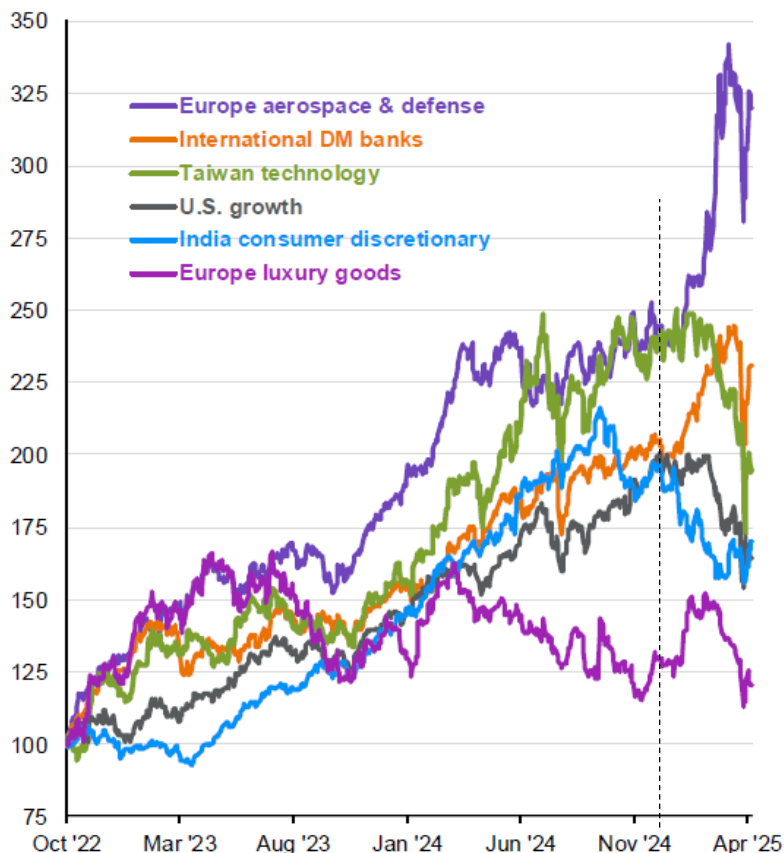
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International thematic performance vs. U.S. growth

Oct. 12, 2022 = 100, total return, USD



2025 YTD

+37%

Europe Aerospace

+13%

Intl. DM Banks

-24%

Taiwan Tech.

-15%

India Cons. Disc.

-17%

US Growth

-6%

EU Luxury Goods

Investing during a crisis

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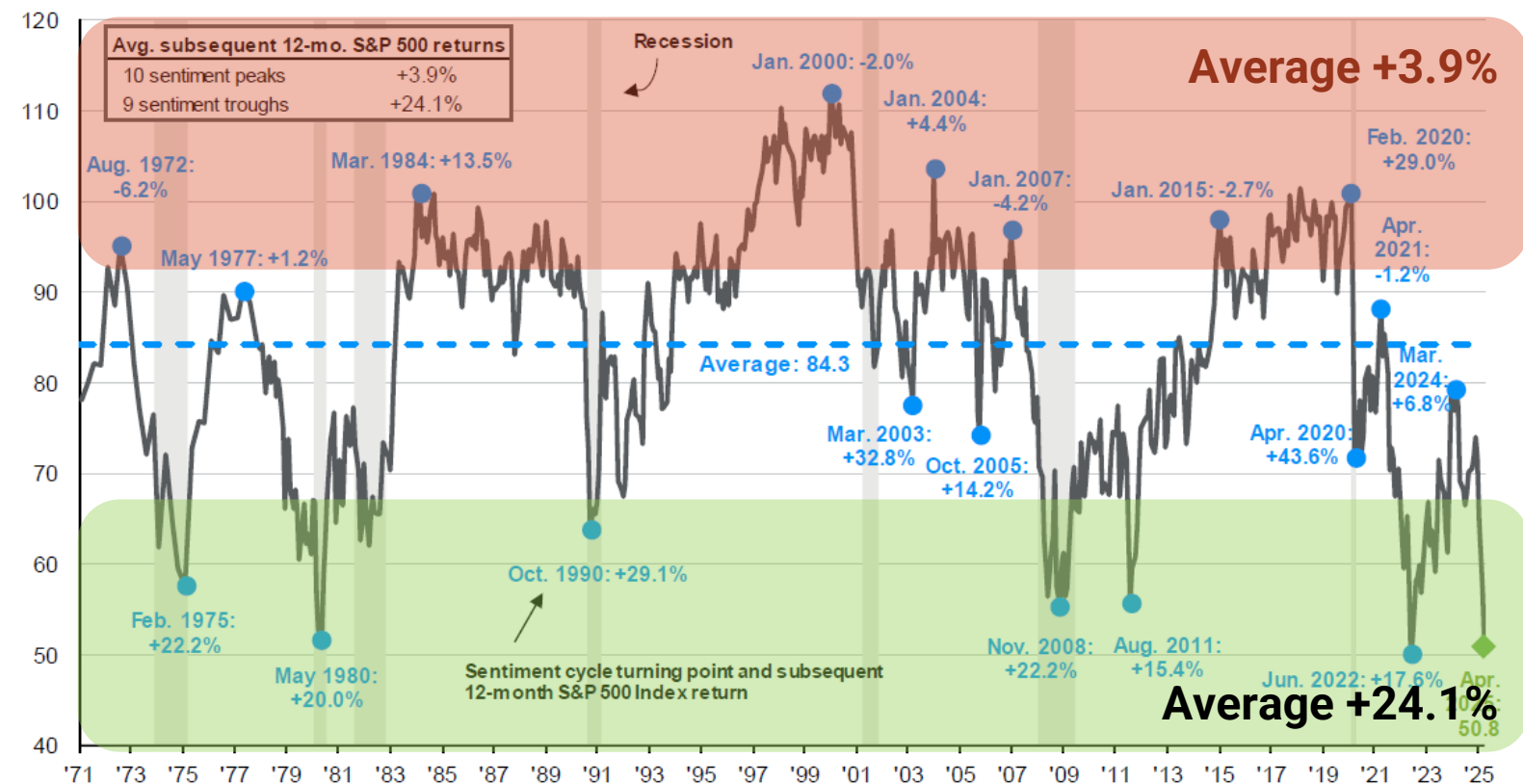
Sentiment as a contra-indicator?
“...be greedy only when others are fearful”.

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Consumer Sentiment Index and subsequent 12-month S&P 500 returns



Investing during a crisis

Never waste a good crisis

Diversification and confidence in bonds, when the future looks uncertain.

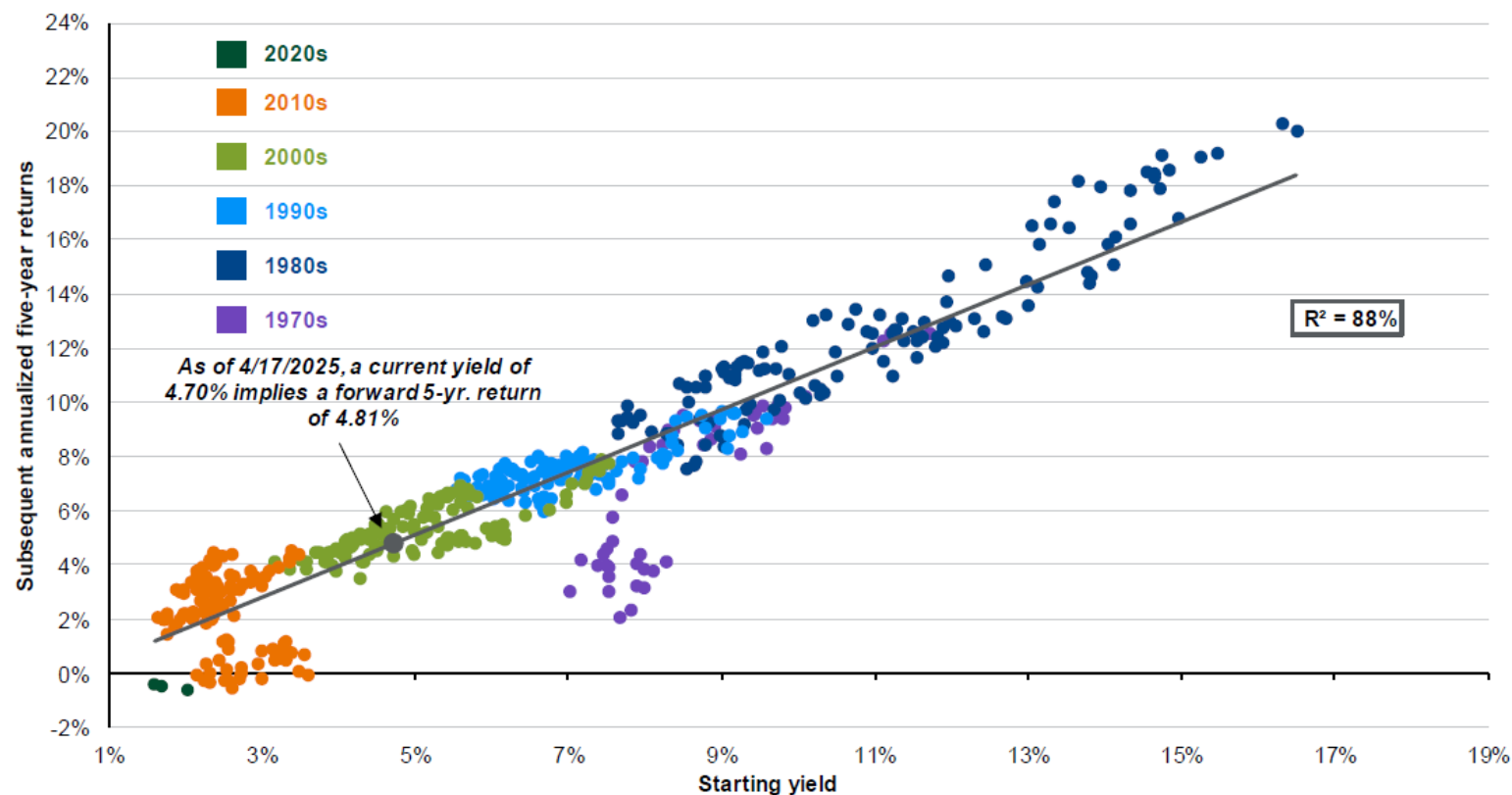
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Yield-to-worst and subsequent 5-year annualized returns

Bloomberg U.S. Aggregate Total Return Index



Portfolios and Performance

Navigating the uncertainty



“Liberation” Day Market Fall Out

A Historic Sell-Off in Global Markets

Best ↑ ↓ Worst	North American Equity 19.4	Global Property 28.7	Dollar Cash 1.7	North American Equity 26.0	North American Equity 23.9
	Emerging Market Equity 17.5	North American Equity 26.5	Pacific Ex Japan -4.2	Europe Ex UK Equity 21.9	Global Infrastructure 9.5
	Japan Equity 13.9	UK Equity 17.2	Global Infrastructure -4.9	Japan Equity 20.1	Global High Yield Bonds 9.2
	Europe Ex UK Equity 11.3	Europe Ex UK Equity 16.2	UK Equity -10.9	UK Equity 14.4	Japan Equity 8.3
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	Dollar Cash 0.4	Dollar Cash 0.0	Europe Ex UK Equity -17.8	Pacific Ex Japan 5.8	Pacific Ex Japan 1.9
	Global Infrastructure -4.1	Global Corporate Bonds -0.9	Emerging Market Equity -18.2	Dollar Cash 5.2	Global Property 1.2
	UK Equity -6.9	Emerging Market Equity -1.8	North American Equity -19.5	Global Government Bonds 4.2	Europe Ex UK Equity 0.2
	Global Property -8.8	Global Government Bonds -6.6	Global Property -26.5	Global Infrastructure 2.2	Global Government Bonds -3.6
	2020	2021	2022	2023	2024

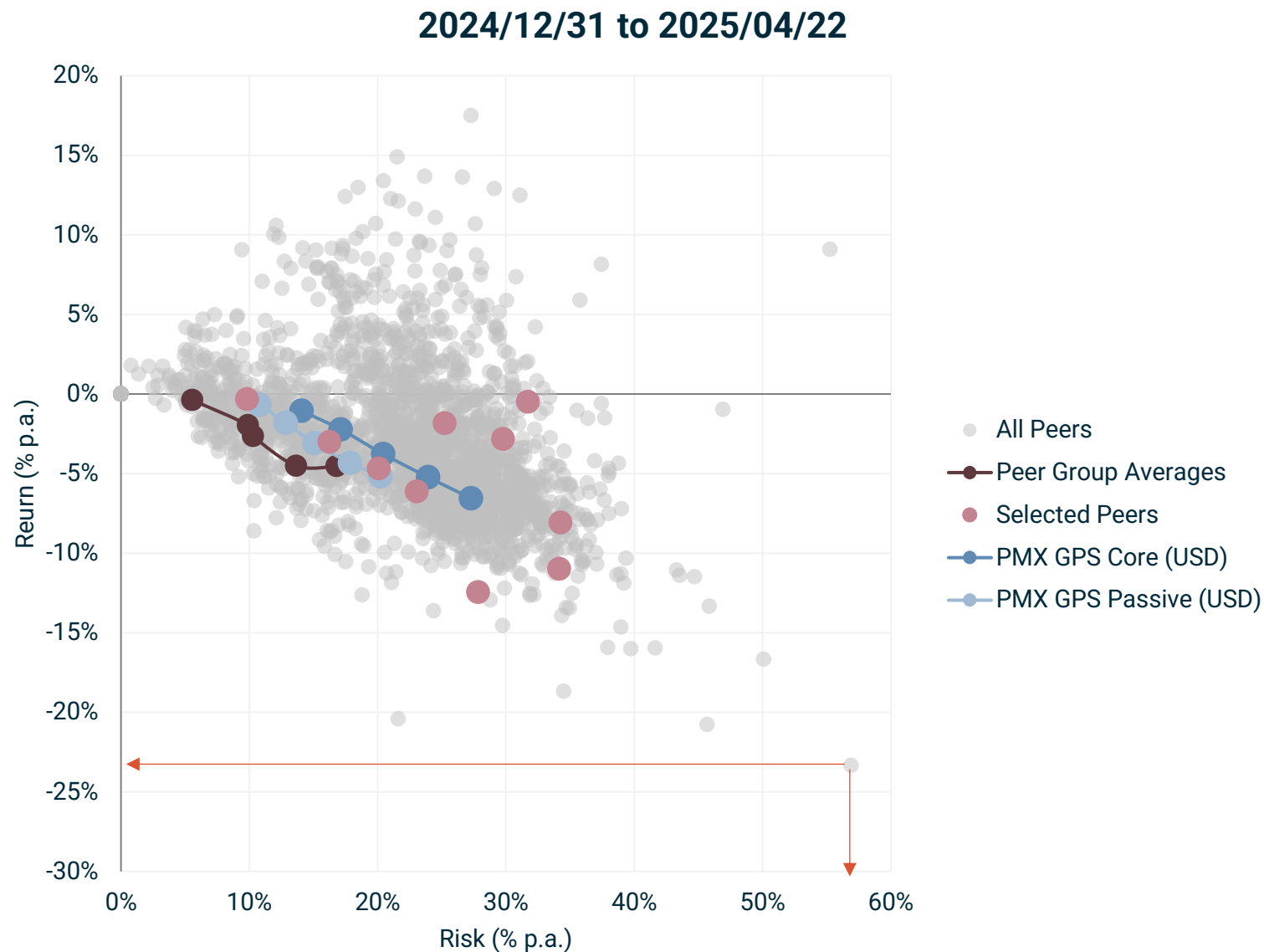
← Gov. Bonds

← US Equity

GPS: Composure in the Crisis

Performance YTD

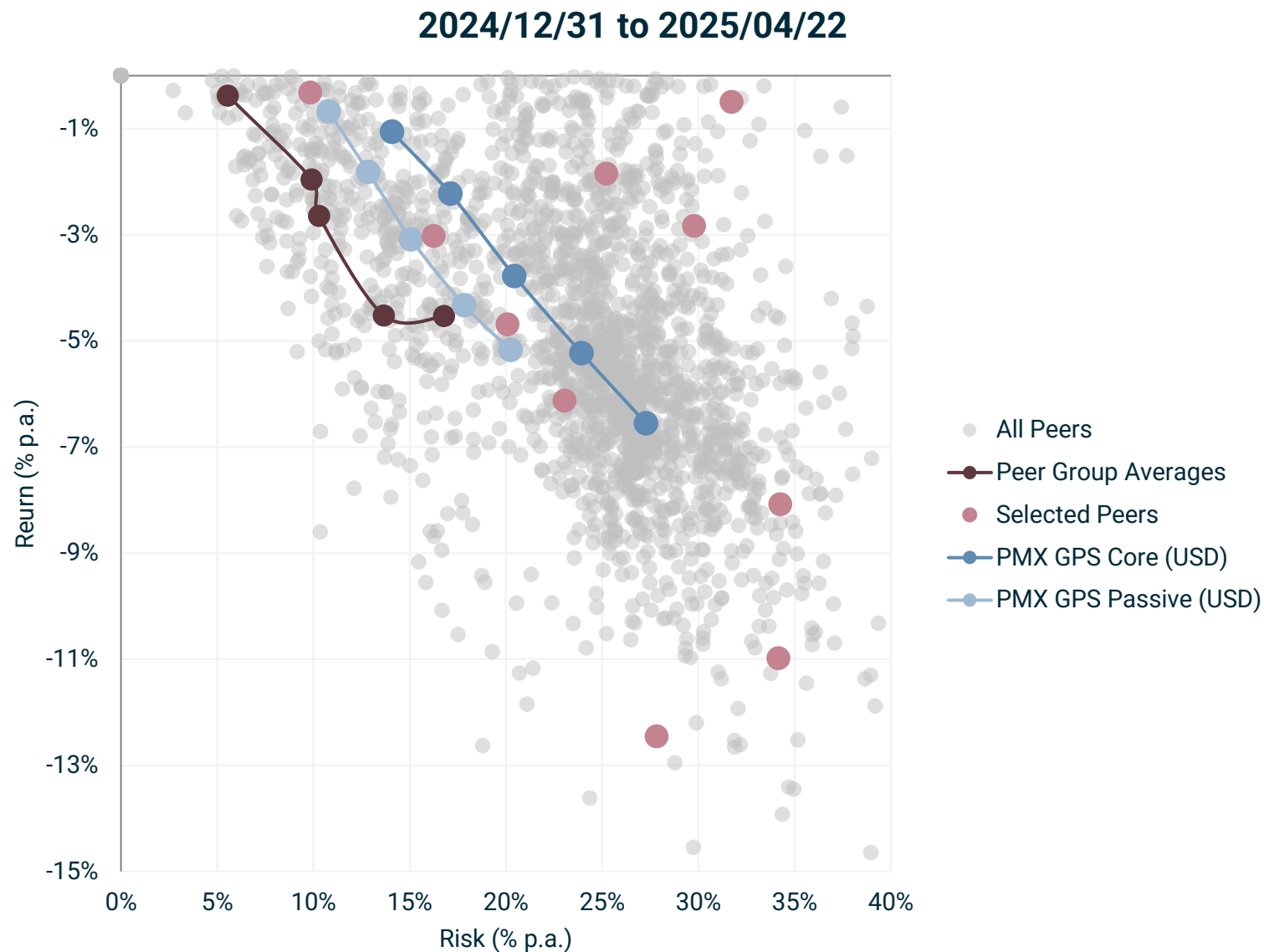
- Coherent solution set: strong risk-return consistency
- Ahead of peer group averages
- Consistent outcome versus selected peers



GPS: Composure in the Crisis

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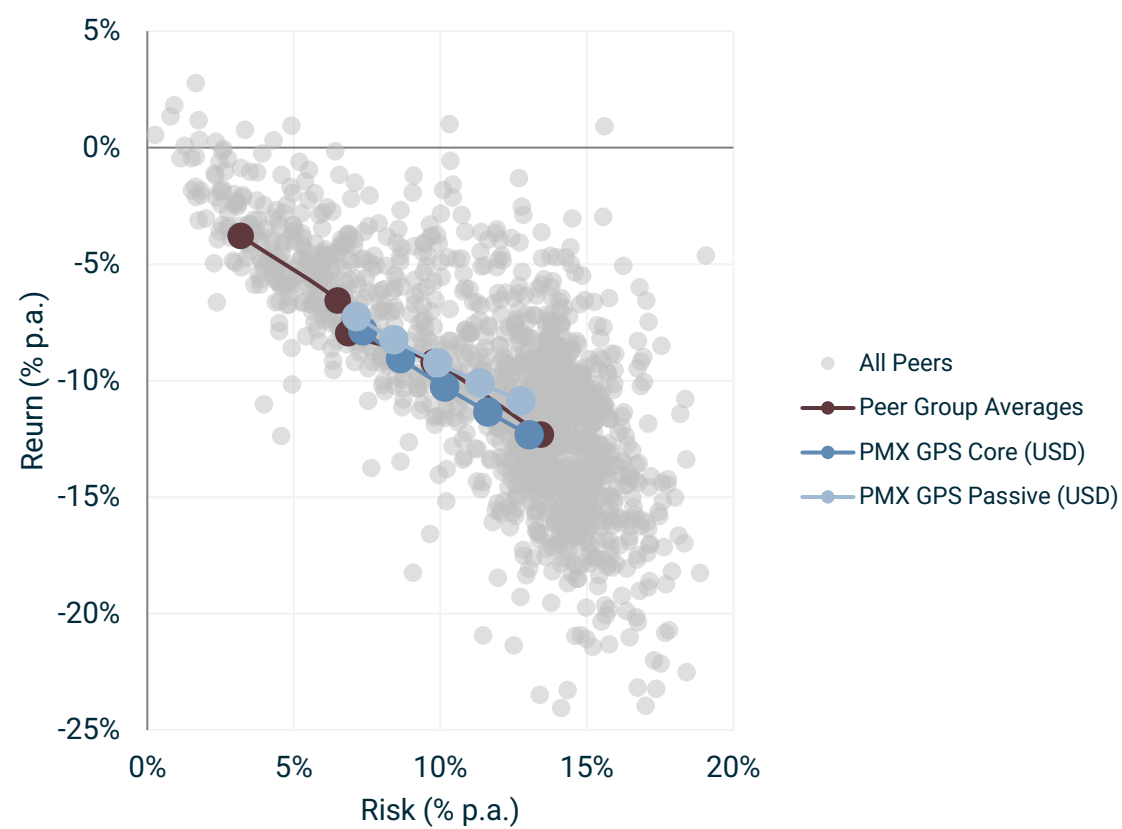
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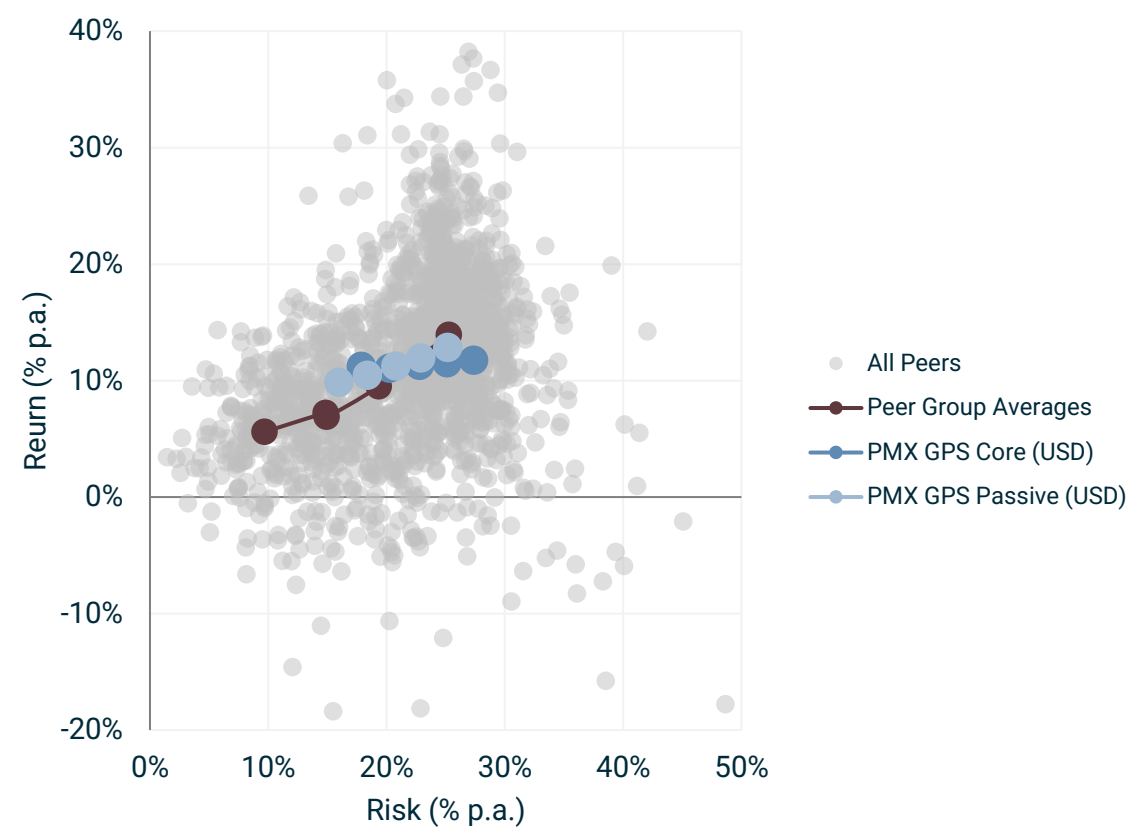
Diversification in a Crisis

Strong, consistent behaviour in prior crises

Trade Tensions and IR Hiking (2018)

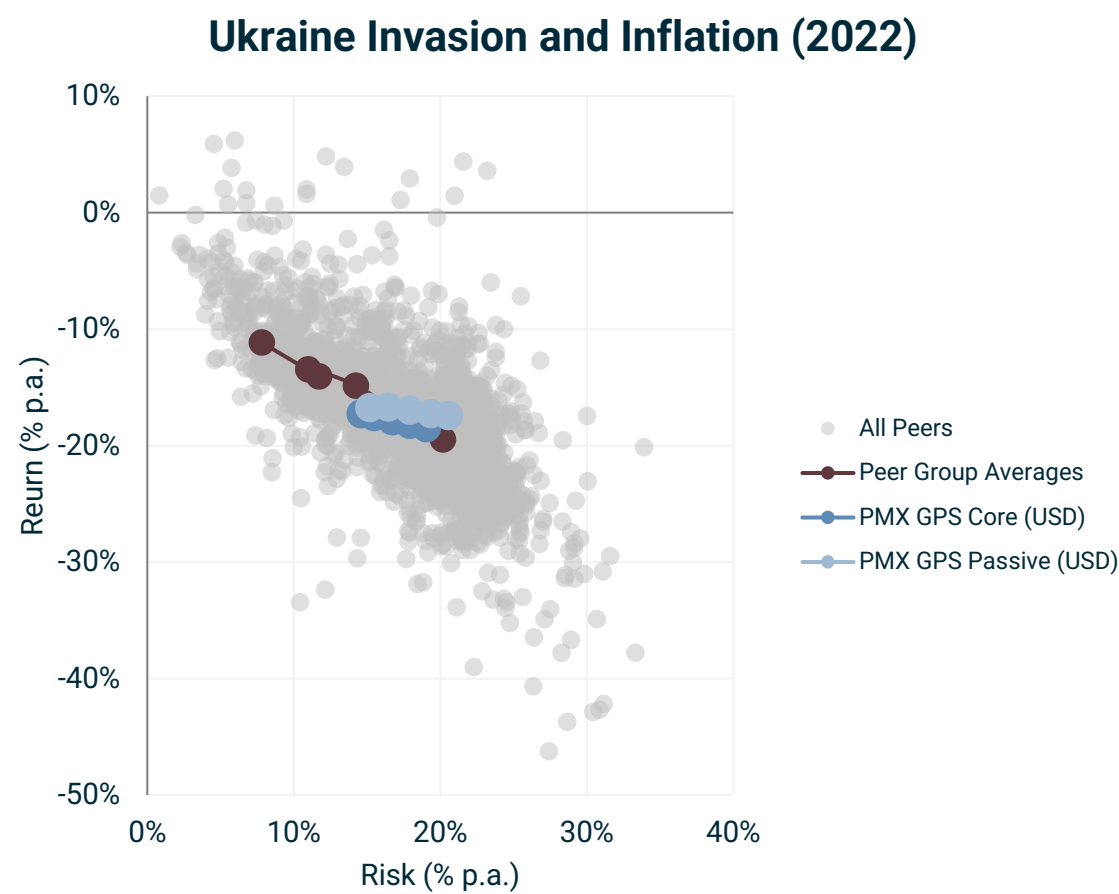


COVID-19 (2020)



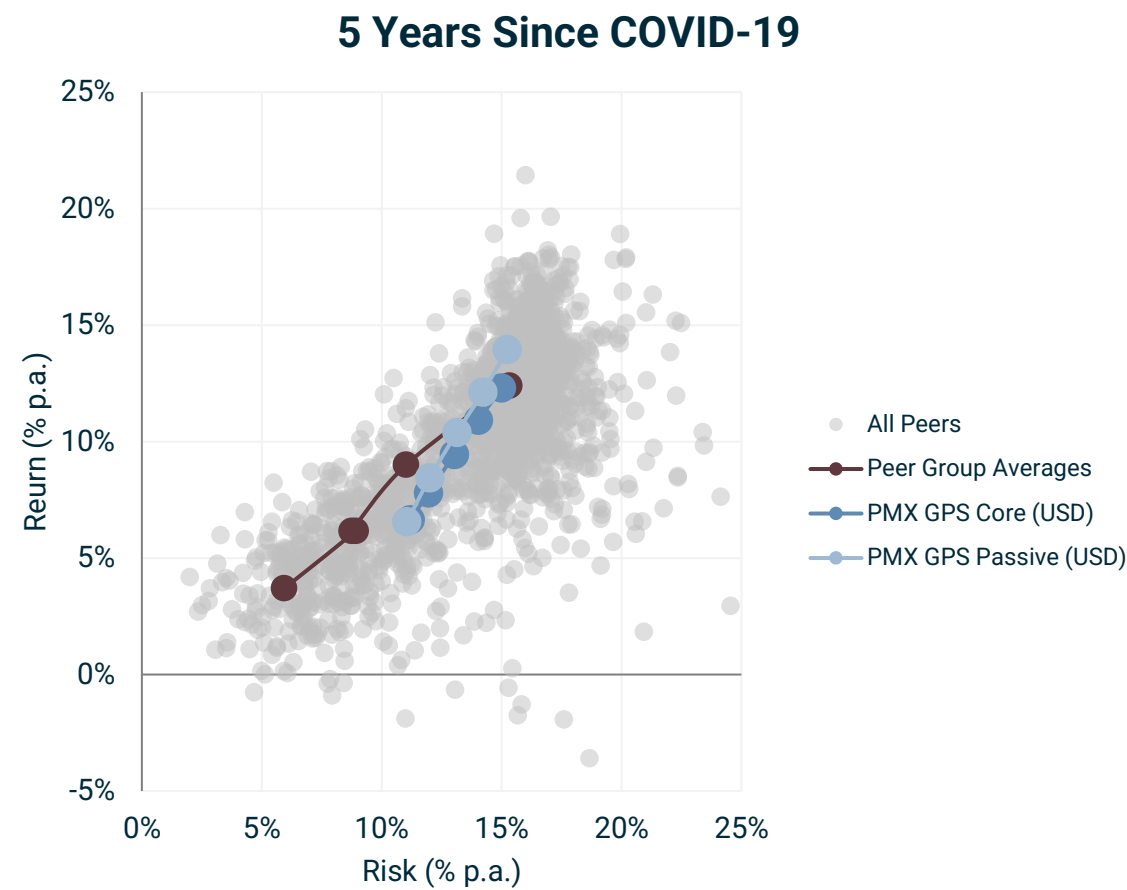
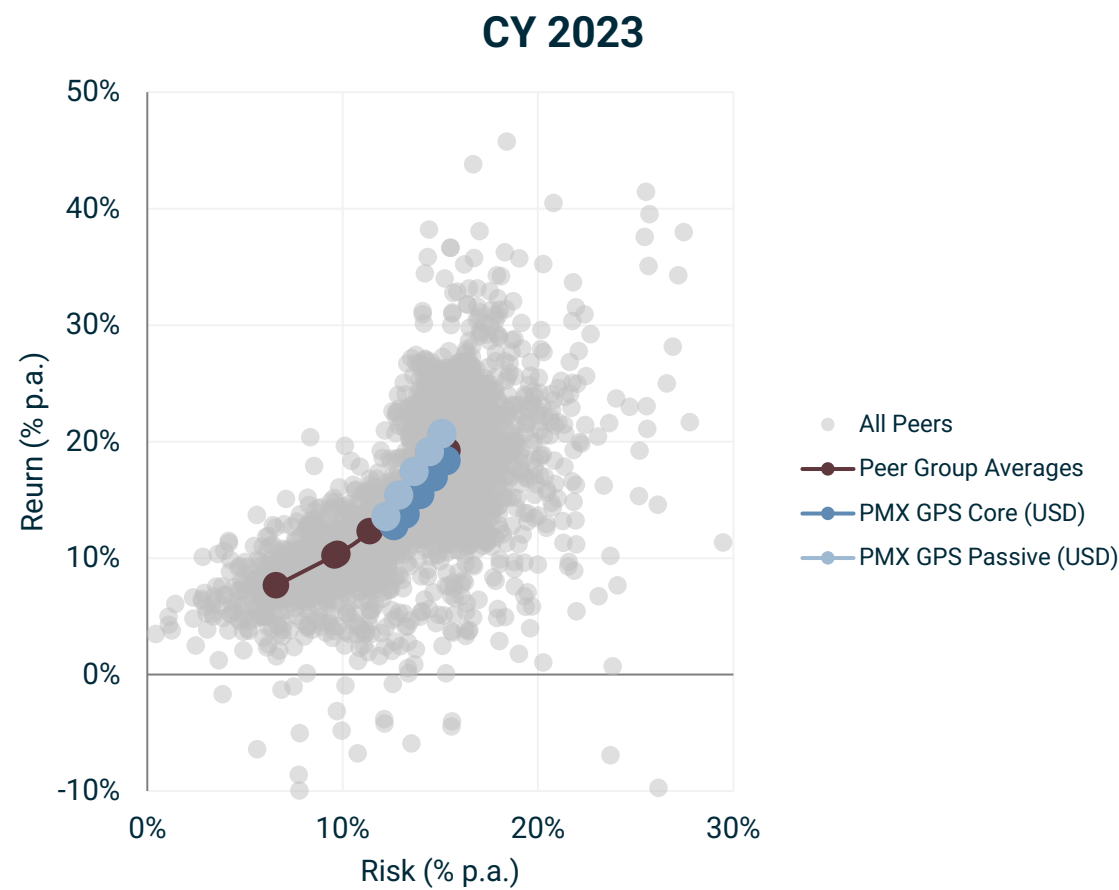
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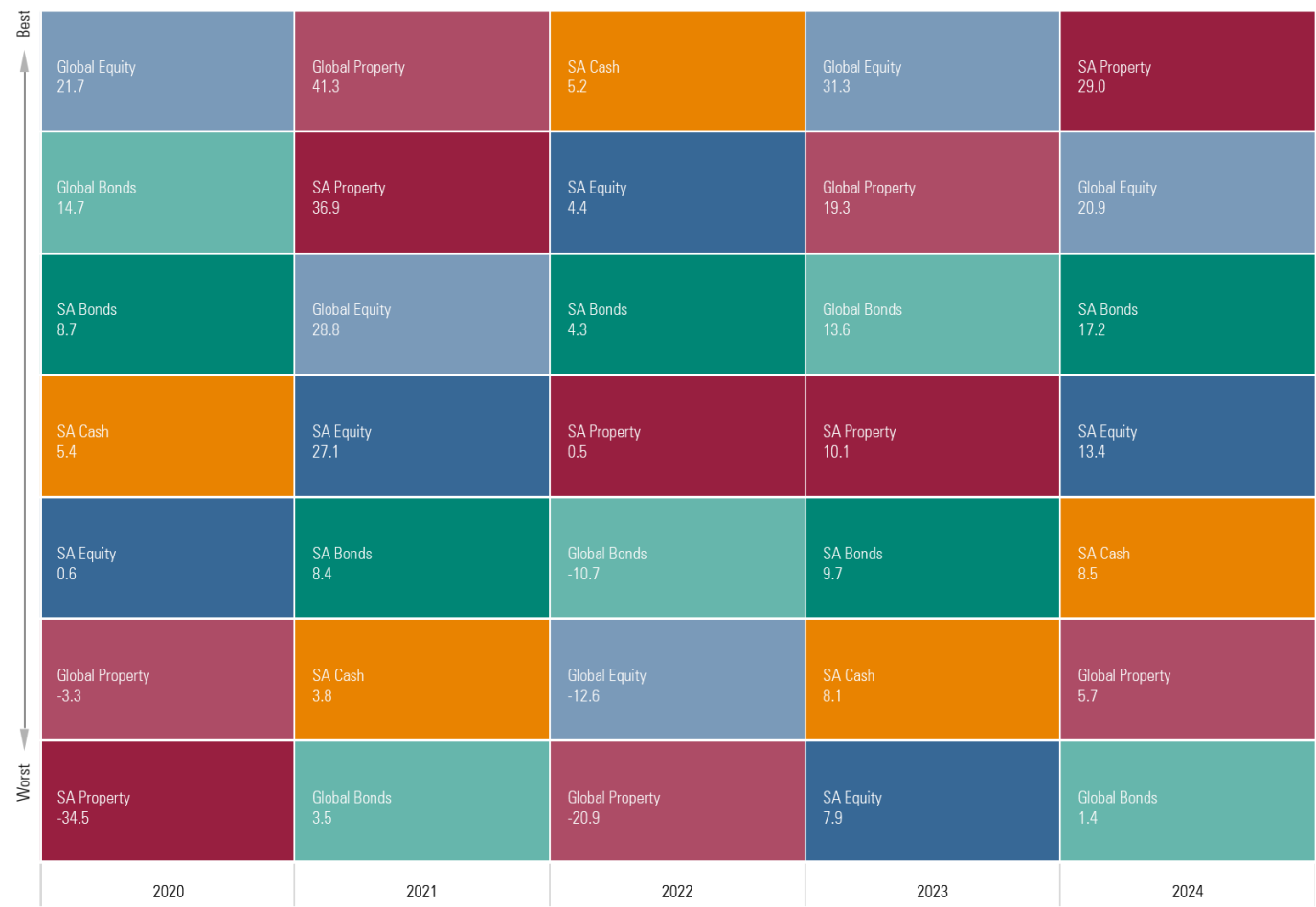
Diversification in a Crisis and in the Good Times

Strong, consistent behaviour in prior crises, whilst reaping the rewards during good times



Changing Perspective: Investing in SA rands

Global markets selling off whilst the rand stabilises



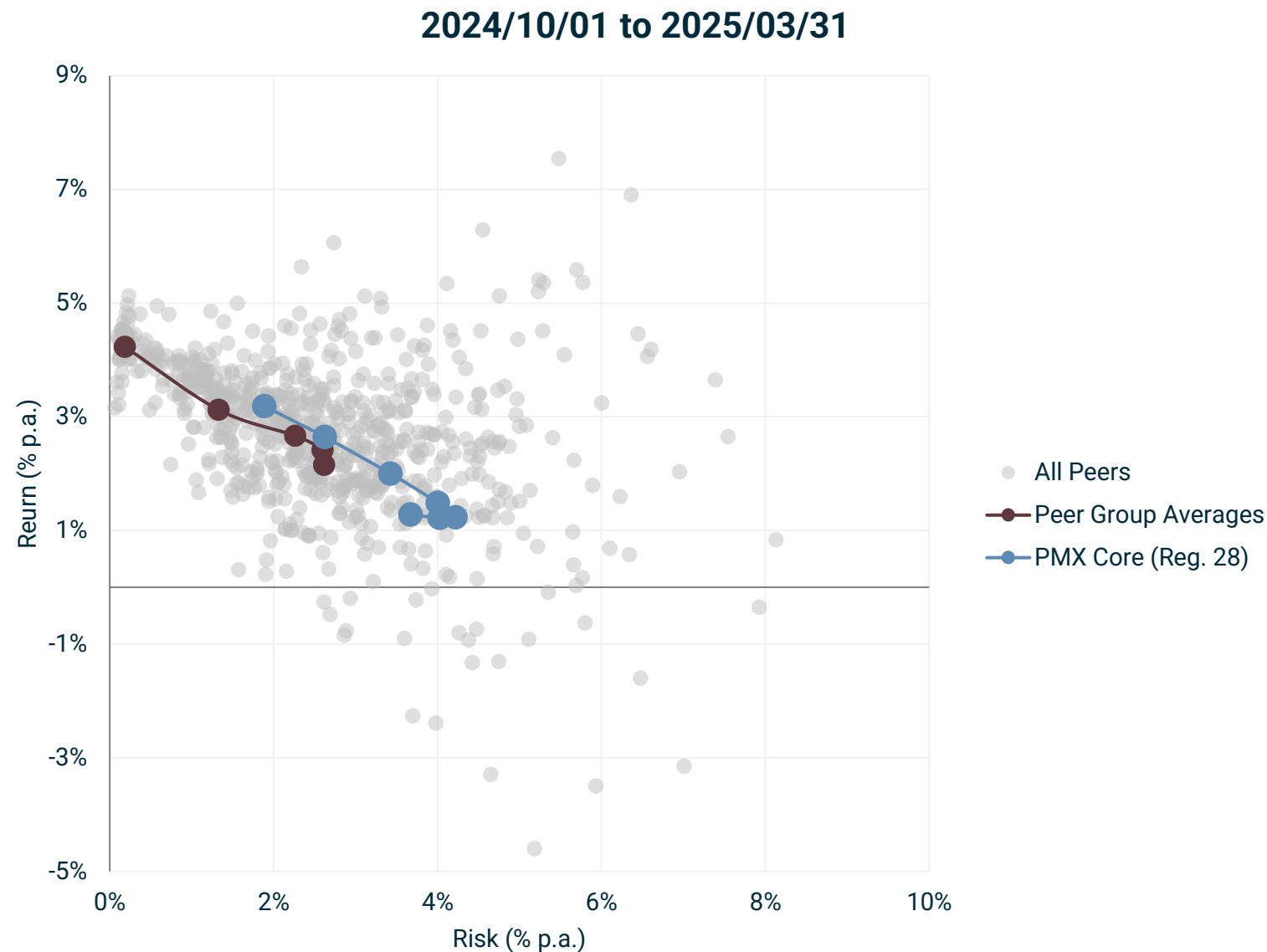
← Gov. Bonds

← Global Equity

Reg. 28: Composure in the Crisis

Six-month returns

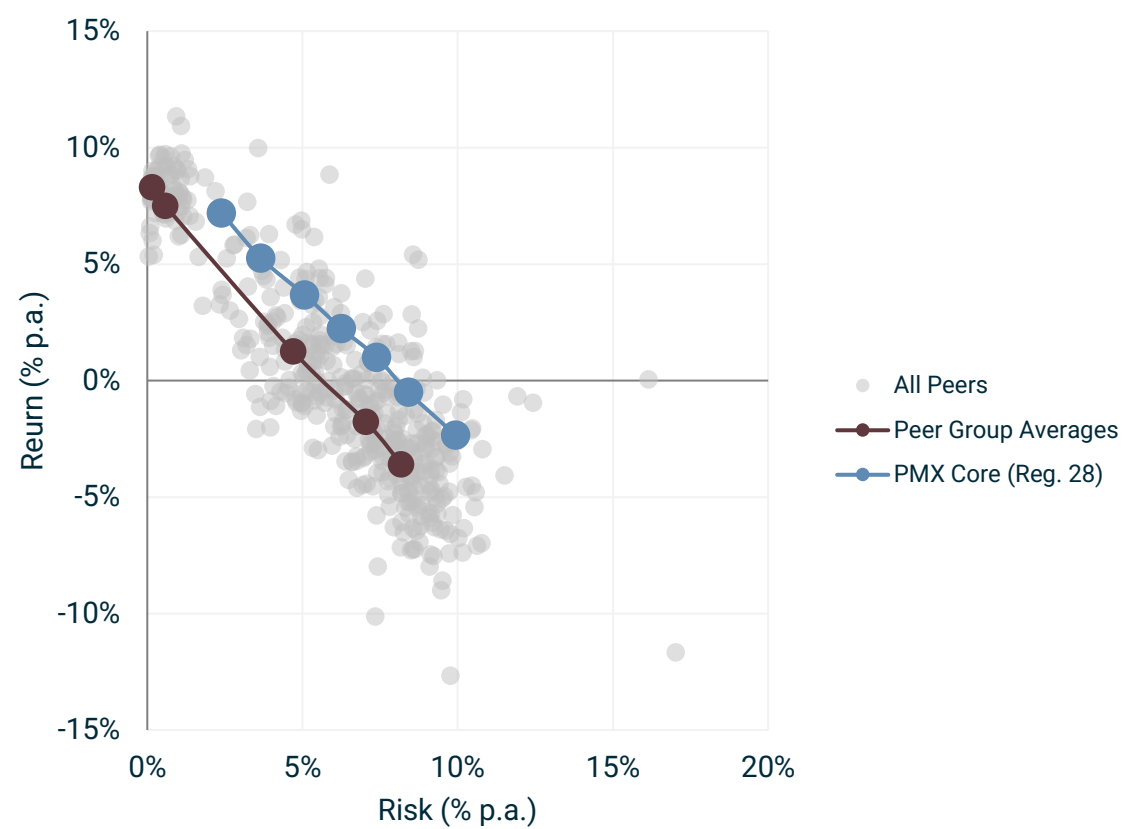
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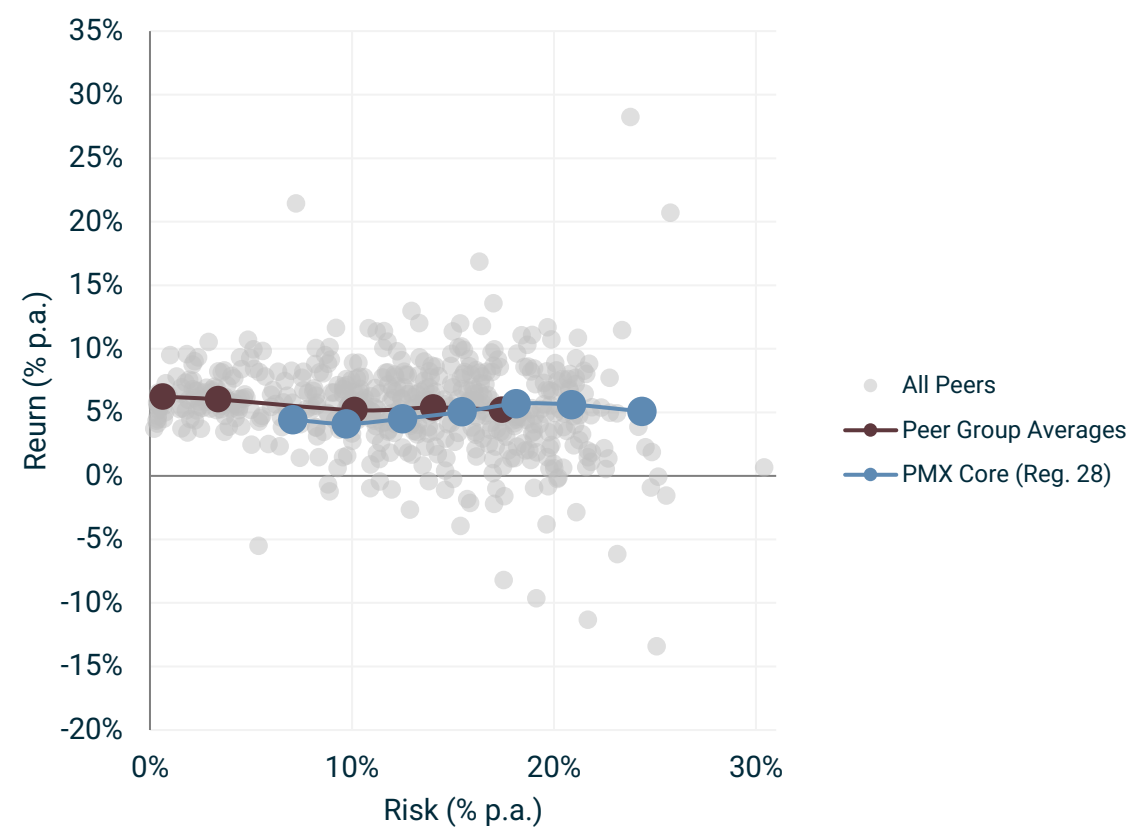
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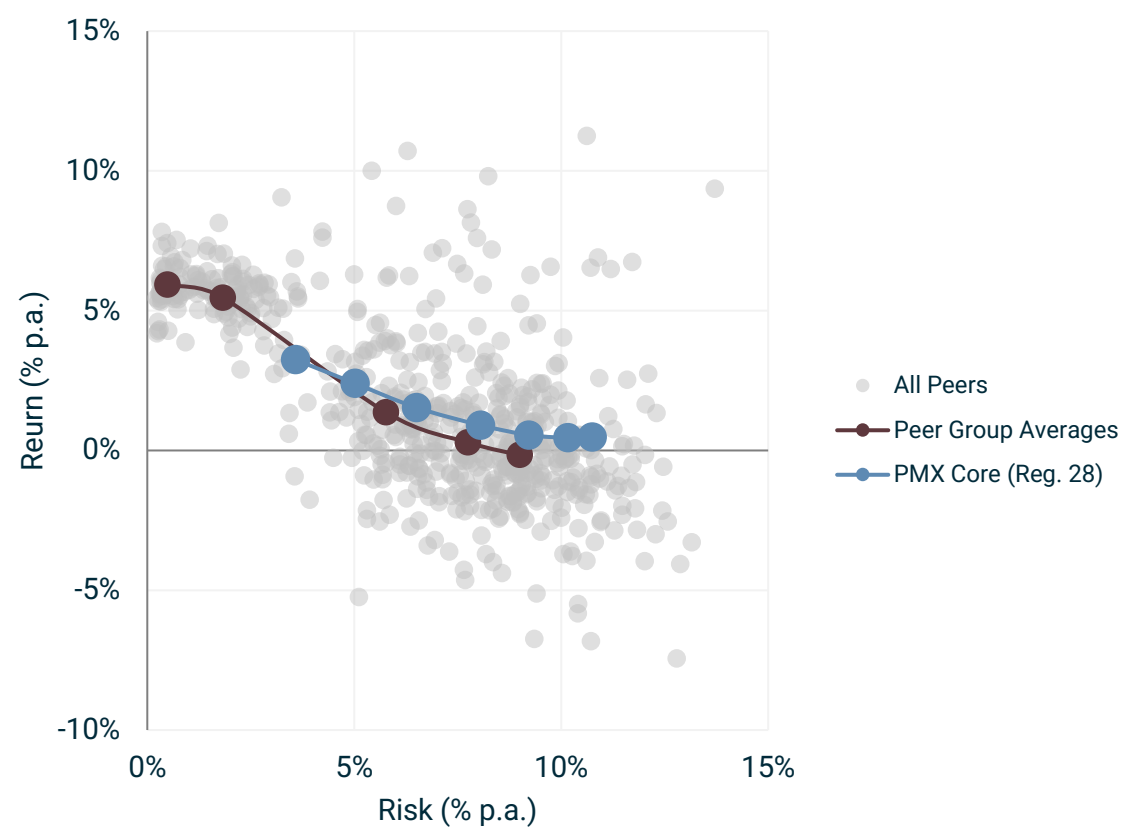
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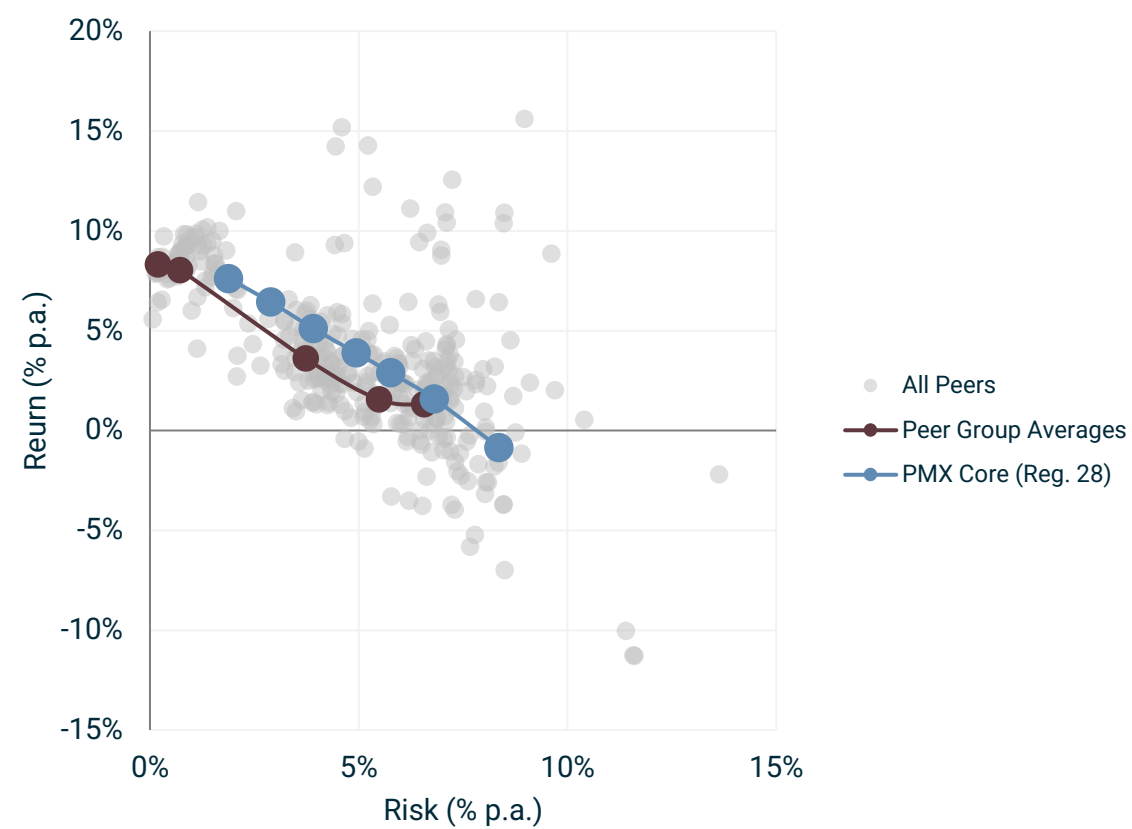
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Ukraine Invasion and Inflation (2022)

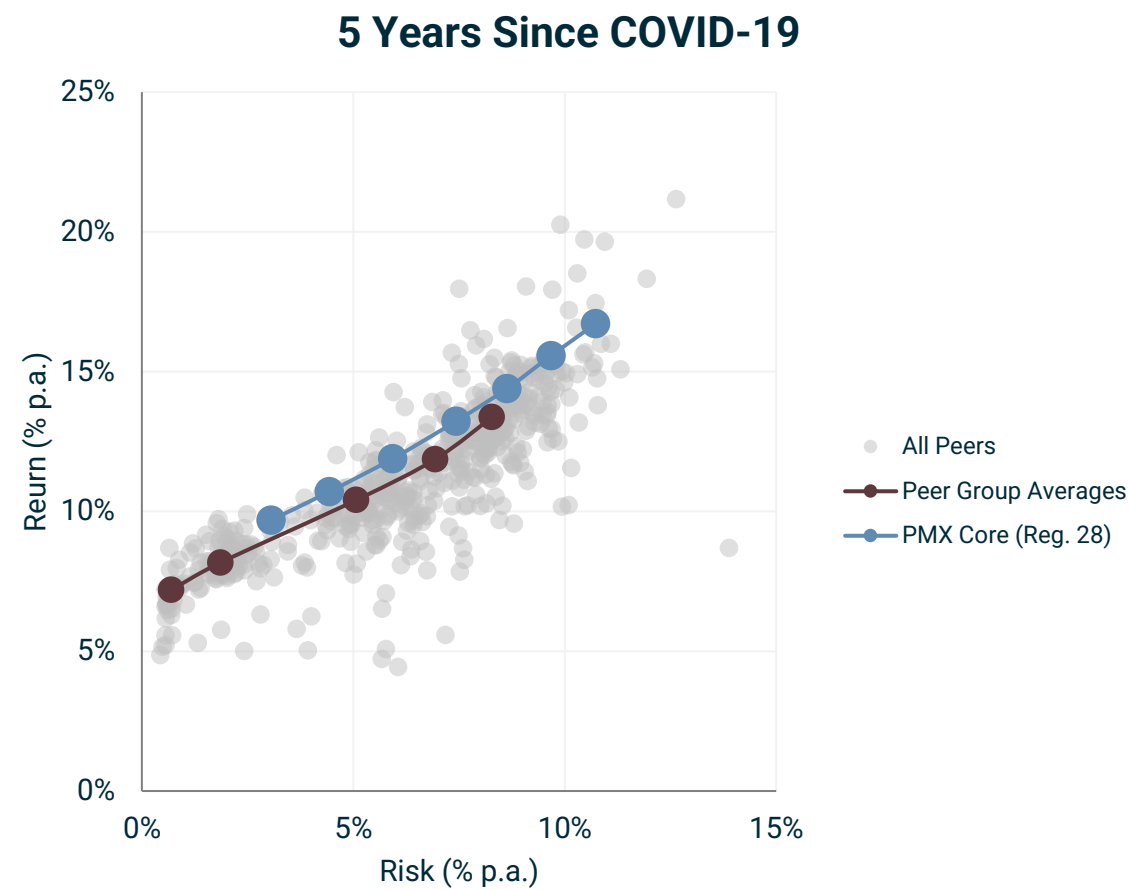
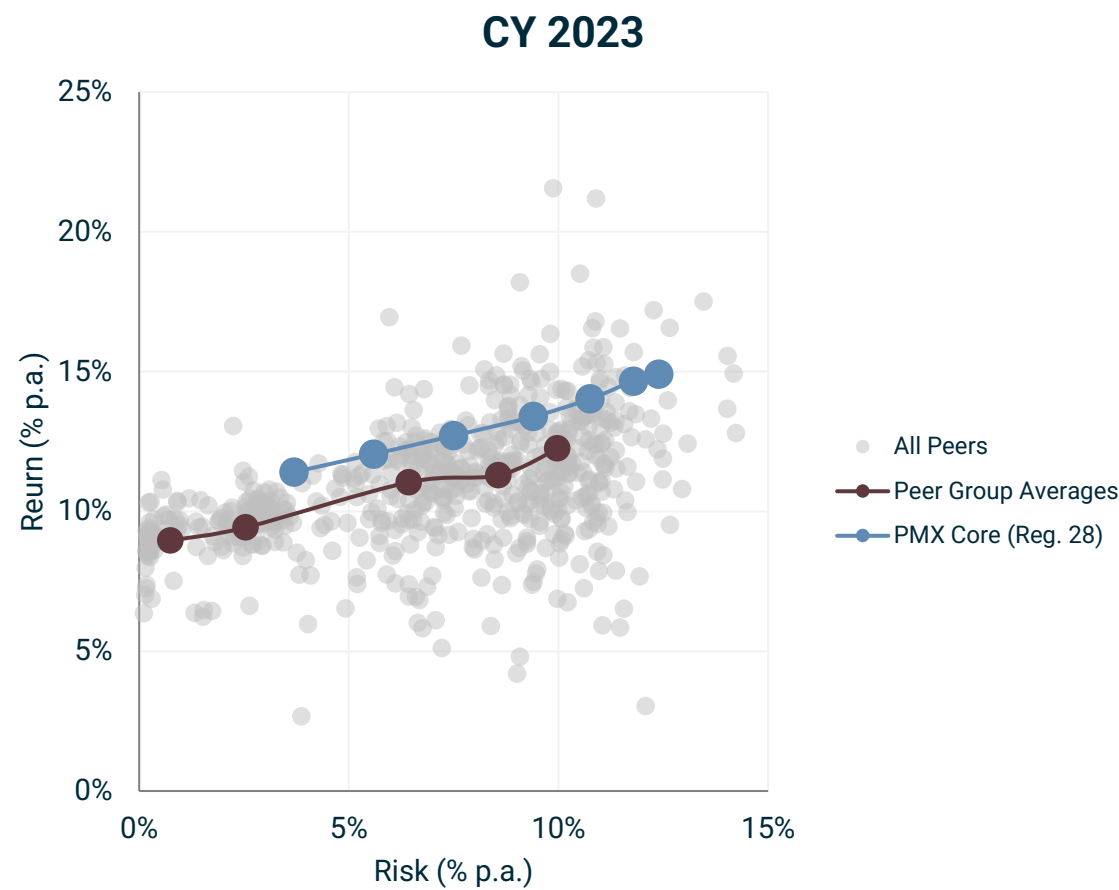


State Capture (2016)



Diversification in a Crisis and in the Good Times

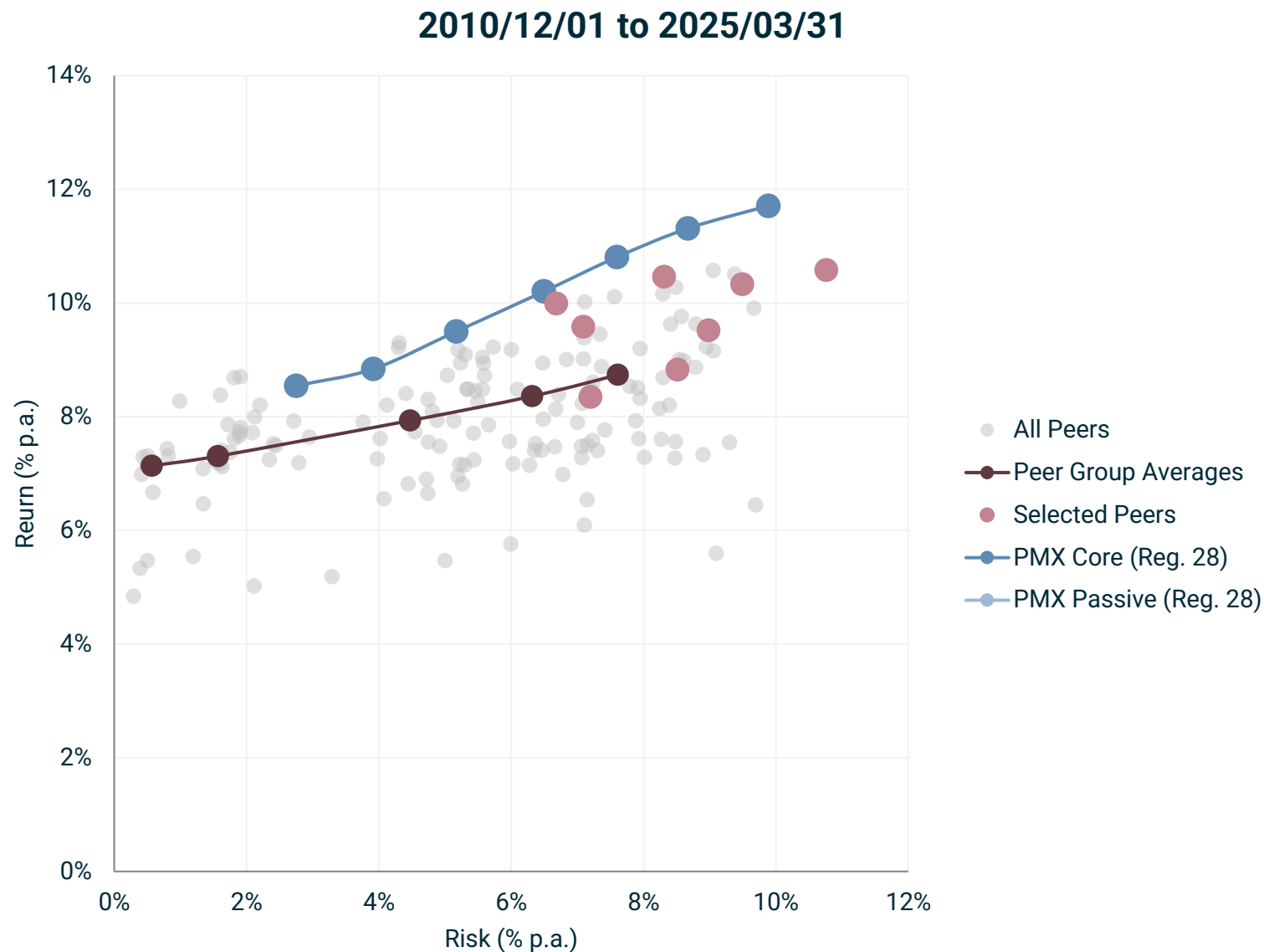
Strong, consistent behaviour in prior crises, whilst reaping the rewards during good times



Compounding Consistency

Best in class since inception

- Coherent solution set: strong risk-return consistency
- Ahead of peer group averages



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Full calculation methodology available on request.



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