

ARGON

ASSET MANAGEMENT

“SHIFTING GEARS: CHINESE IMPACT ON THE SOUTH AFRICAN VEHICLE MARKET”

Mark Ansley, Head of Equities

May 2026

CREATING WEALTH WITH PURPOSE

Argon Asset Management (Pty) Ltd is a registered financial services provider | FSP 835

Product Capability



Local

Offshore



SA Equity

- ALSI SWIX
- Bespoke benchmarks
- ALSI Capped

Global Equity



SA Fixed Income

- SA Bond
 - ALBI
 - GOVI
- Flexible Income
 - STeFI x110%
 - STeFI +2%
- Money Market
 - STeFI

Global Fixed Income



SA Multi Asset Class

- Absolute Return
 - CPI+3% to 6%
 - Domestic & Global
- Balanced

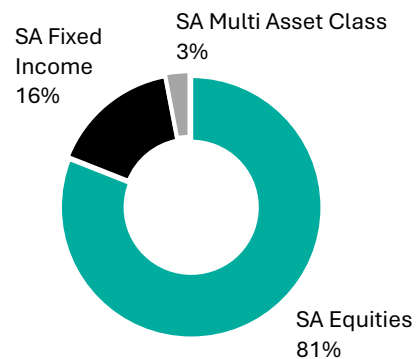
Global Multi Asset Class

Assets Under Management

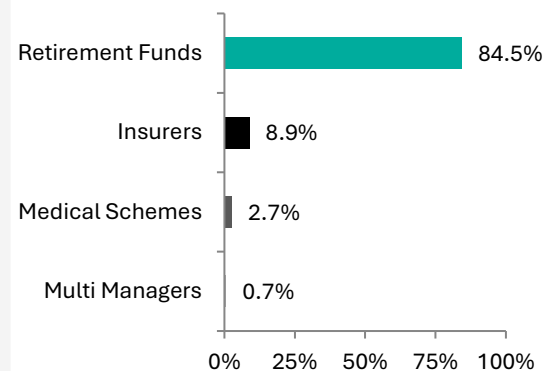
31 March 2026

R44.96 billion (49 institutional mandates - 34 segregated and 15 unitized)

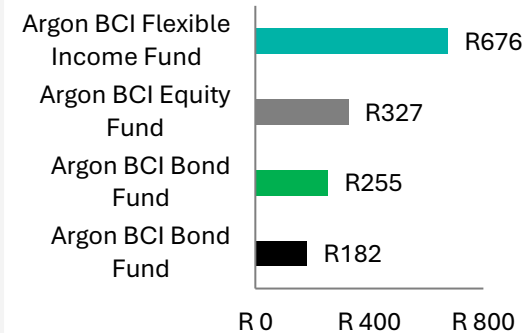
Mandate Type Split



Client Type



Unit Trust Offering
R' million



Mandate Type

AUM

Mandate Type	AUM
Equities	R36.47 billion
Fixed Income	R7.12 billion
Multi Asset Class	R1.37 billion



2026

THE CHINESE IMPACT ...

Bottom-up stock picking focus

- We focus on the variables driving **earnings** and **valuation** for each share in our universe
- We avoid forecasting and focus on “**normalised**” earnings base
- Operating environments are seldom static and require **thematic considerations**
- This becomes challenging when conditions are **changing unpredictability and rapidly**
 - e.g. current introduction of **Chinese branded and manufactured vehicles**



JSE's auto exposure

- There are no **listed vehicle OEM's**: some exposure to component manufacturers like KAP & Metair
- Several **exposures to vehicle retailers**: Bidvest, Motus, Super Group, Combined Motor Holdings and WeBuyCars
- Brands can be viewed as: **traditional, challenger** and **new entrants**



SA's brief history

- South Africa's first new vehicle **disruption was in the 1990's** with the introduction of the Korean brands through Associated Motor Holdings (AMH) / Imperial / Motus
 - **Hyundai** 1993
 - **Kia** 1998
- It was unclear they would unseat established brands.
Valid questions around **trust**:
 - Reliability
 - Parts and service availability
 - Safety
 - Aftermarket re-sale value



"Semi-asset" purchase

Strong brand loyalty

Gradual change

SA's brief history

- **Chery** (2009) and **GWM** (2007) introduced to South Africa.
 - Super Group purchased 50% of GWM in 2014 to strengthen the struggling brand in SA. It failed!
 - **Tata** passenger vehicles launched in 2004 and exited in 2019.
-
- Listed dealerships controlled the established brands and provided a moat of protection.
 - Chinese brands could not initially establish themselves.
 - Listed dealerships have been reluctant to “invest” in the new Chinese brands.

Chery Tiggo 2009





Global vehicle change is accelerating, why?

- Covid's supply chain disruptions through **chip shortages** and **vehicle availability** forced consumers to alternatives
- **Accelerating technological change** (Battery Electric Vehicles, Hybrid Electric Vehicles, Plug in HEVs) lubricated the ideas of alternatives and change for consumers
- Very attractive vehicle **deflation** with the new brands
- **China shifted from producing established brands cheaply for others, to developing and manufacturing their own brands (Geely, BYD & GWM)**
 - **Government** backing
 - **Cost** competitiveness (leverage supply chains, low labour costs, economies of scale)
 - **Battery** and tech **leadership**
 - **First mover** advantage in EVs



Chinese global market share disruption

- Chinese carmakers are pursuing a **comprehensive multi-segment strategy**:
 - every **price point**
 - all vehicle **categories** (SUVs, luxury, commercial, performance cars)
... but in South Africa they have focused on **mid range and entry level SUVs**
 - **powertrain diversity** (petrol, hybrids, EVs)
- Interestingly, foreign brands in China have halved from 64% of the market sales in 2020 to 32% in 2026. **Strong Chinese domestic appetite.**
- **Chinese market share** of new vehicle sales globally have exploded too:
 - UK 15% (7%)
 - Europe 6% (3%)
 - Australia 20% (16%)
 - Southeast Asia 14% (7%)
 - USA 0% (0%) ... tariffs & regulatory barriers
 - South Africa 17% (9%)

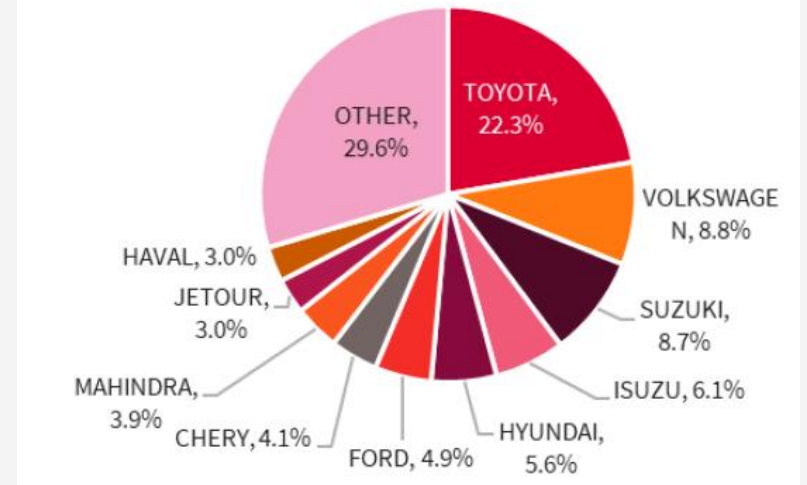


*Trajectory is strong
and industry
forecast reports are
bullish*

SA dealership network

- Routes to market for OEMs
 - Direct service to the dealership network
 - Distributor imports from OEM and supplies dealerships. eg Motus (Hyundai, Kia & Renault), CMH (Proton & Foton)
- Current wave of Chinese OEMs have chosen a **direct to dealership network route**
- Independents (and not the large listed dealerships) have embraced this
- Car rental market have been supportive too
- Overall, Chinese brands have $\pm 17\%$ market share, but there are many brands and they are fragmented (**Toyota reached 30% in SA**)

Figure 6: Market share in March 2026



Source: Lightstone, naamsa

Chinese brands transition from a "niche" presence to a mainstream force in SA

Growing confidence in Chinese brands

- **Price:** bang for your buck (luxury / premium at affordable price)
- **Modern tech and “toys”:** touchscreens, 360⁰ cameras, smart integration, digital clusters
- Improved **reliability, quality** and **design**
 - Auto reviews are upbeat
 - Vehicle warranty + Engine warranty (first buyer) + Service plans
- **Parts and service availability**
 - Not all dealerships have service hubs
 - Routine engine parts available, crash repair is a bottleneck
- **Safety**
 - Auto reviews are upbeat
- **Aftermarket re-sale value**
 - Have been a price disruptor and the jury is out



Motus Holdings



- Have been focused on their distributorship brands and traditional brands
- But have started to **buy exposure** to Chinese brands (Penta Group)
 - Not entirely a bad thing because you don't absorb the initial set up costs (but pay a PE multiple for established dealerships)
- Ability to **pivot** from struggling brands (Nissan & VW) to new Chinese brands
- **Multi-franchise** approach is attractive
- **Tata** launch is promising as a competitor

Companies realign strategies and have operational agility

Tata Harrier R700k



Jaguar F-Pace R1.8m



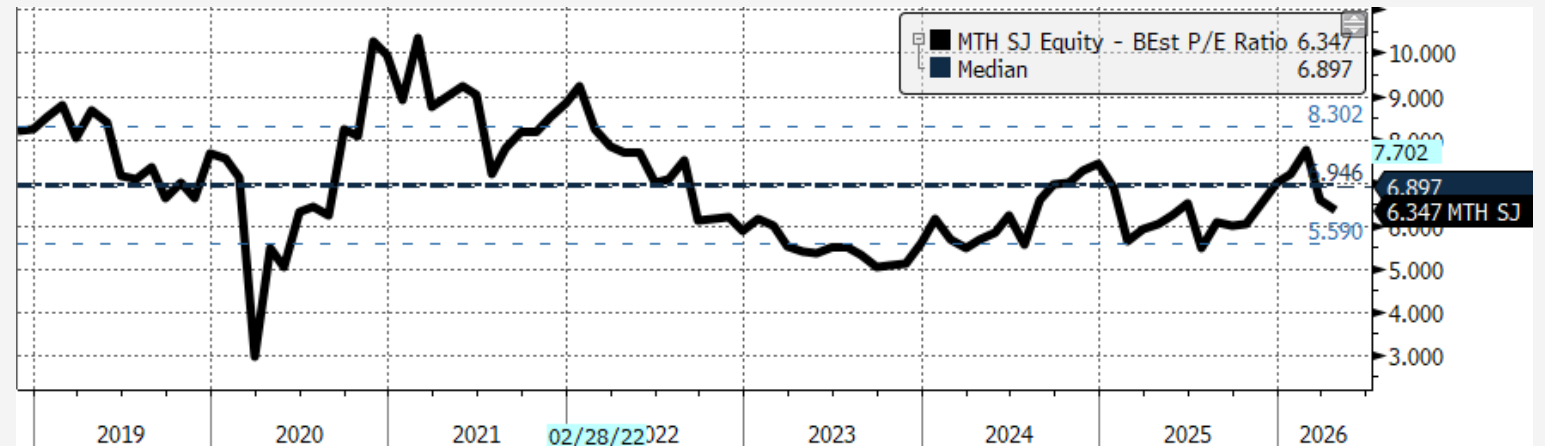


Motus Holdings

- Generates strong cashflow (DY 5.9%)
- Agile and competent management team
- Successfully navigated very turbulent history (covid, supply chain constraints, debt)
- **Diversified income streams** with **strong annuity income**:

- Distributorship 13%
- Retail & rental 38%
- Financial Services 24%
- Aftermarket Parts 25%

SA new vehicles group income exposure ±30%



Source: Bloomberg



THANK YOU



DISCLOSURES

FAIS disclosures

Act no. 37 of 2002

Argon Asset Management (Pty) Ltd ("Argon") and is a licensed Financial Services Provider, license numbers and Company Registration number as per below. Copies of the license is available upon request.

Company	License Number	Company Registration Number
Argon Asset Management (Pty) Ltd	FSP 835	2002/016801/07

Disclaimer

There are certain risks associated with investments in financial products, including market, credit & currency risks. Past performance is not necessarily an indication of future performance. All returns are rand returns, unless otherwise stated.

1. Basis of advice

Argon has duly authorised the individuals stated in Annexure C to render intermediary services as defined in terms of FAIS in respect of the attached FAIS Product Categories.

Argon accepts responsibility for the activities of these individuals performed within the scope of their employment contracts.

Note: Several representatives are rendering services under supervision as defined in the Determination of Fit & Proper requirements in respect of the attached product categories. See attached list (refer to Annexure B).

2. Exemptions with regard to any matter covered by the FAIS Act

The following exemptions are applicable to Argon license:

Exemption of investment managers and linked investment services providers and their related functionaries from fit and proper requirements (Board Notice 97 of 2003). Exemption of financial services providers as regards to representatives (Board Notice 95 of 2003).

3. Financial Services and Products

Argon is authorised to render advice and recommend financial products in respect of the financial product types attached (refer to Annexure A). However, our strict business practice is that we do not offer advice or recommend financial products.

FAIS disclosures

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4. Contracts with Product Suppliers

We offer financial products from a limited number of product suppliers. (Please see Annexure A)

Please see Annexure A for the following information of the product supplier: Physical location, Telephone contact details.

5. What will you have to pay us for our services?

Fees – Argon earns management fees, which are calculated as a percentage of the assets we manage on behalf of the client, and through performance fees where relevant. All fees will be clearly disclosed in our application forms and Minimum Disclosure Documents.

6. Compliance with Financial Advisory and Intermediary Services Act “FAIS”

The compliance of Argon with the FAIS Act is monitored by Mr Tim Howse of eComply Consultants (Pty) Ltd, a licensed Compliance Practice, CO 744 who is contactable on (021) 671 8162 or email tim@ecomply.co.za

7. Conflicts of Interest

In accordance with Argon’s conflicts management policy, Argon places a high priority on its clients’ interests. As conflicts of interest affecting clients could undermine the integrity and professionalism of our business, any instances must be identified as early as possible. If conflict situations cannot be avoided, they must be managed equitably and in the client’s interest. Detecting potential or recognised conflicts of interest that could compromise the interest of its clients and managing and limiting the impact of conflicts of interest therefore constitute an integral part of Argon’s duties and obligations.

Potential conflicts of interest are inherent in any business and therefore it is not the aim of Argon to avoid all conflicts but rather to take steps to identify and manage conflicts of interest to ensure that our clients are not unduly prejudiced.

Argon maintains an active Conflicts of Interest Management Policy which can be obtained from Argon, via the Chief Operating Officer, Mr. Sello Setai. A copy of our Conflicts of Interest Policy can be found on our website at www.argonassetmanagement.co.za

Argon has no shareholding in any product supplier.

FAIS disclosures

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8. Confidentiality & Data Privacy

Information disclosed to Argon or any of its authorised representatives in their professional capacity will be treated as confidential unless written consent is obtained to disclose such information, or the disclosure of such information is required in the public interest or under a particular law.

Argon shall take all reasonable measures to protect your personal information and for the purpose of this disclaimer “personal information” shall be defined as detailed in the Promotion of Access to Information Act, Act 2 of 2000 (“PAIA”) and the Protection of Personal Information Act, Act 4 of 2013 (“POPIA”).

If you have any questions or wish to complain about the processing of your personal information, or if you wish to exercise any of your rights as a data subject, you can contact Argon’s Information Officer. The Information Officer’s contact details are as follows:

Name: Manas Bapela
Landline: (021) 670 6574
Email: info@argonasset.co.za
Postal Address: PO Box 23254
Claremont 7735

9. Complaints

In the event that you are dissatisfied with any aspect of our service you may contact our offices at the address shown at the head of this letter.

Should you wish to pursue a complaint against an authorised representative of Argon, you should address your complaint in writing to Mr. Sello SetAI at sello@argonasset.co.za.

If you cannot settle your complaint with us, you are entitled to refer it to the FAIS Ombud. The Ombud has been created to provide you with a redress mechanism for any inappropriate financial advice that may have been given to you.

Contact particulars of the Ombud: PO Box 74571, Lynnwood Ridge 0040, Tel 012 470 9080
Fax 012 348 3447, info@faisombud.co.za , www.faisombud.co.za

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10. Professional Indemnity, Fidelity Insurance or Guarantees

Argon is covered by a comprehensive Financial Institutions, Directors & Officers Liability Insurance Programme underwritten by Santam Ltd. The cover includes Fidelity Cover, Computer Crime and Professional Indemnity.

Annexure A

Product Supplier

South African Collective Investments Schemes

- Argon BCI Absolute Return Fund
- Argon BCI Bond Fund
- Argon BCI Flexible Income Fund

Management Company

Boutique Collective Investment (RF) (Pty) Ltd

Registration number: 2003/024082/07

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Fax: +27 (0)86 502 5319

For complaints: complaints@bcis.co.za

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Annexure B

	Category 1 and Category 2
Shares	Participatory interests in Collective Investment Schemes
Money market instruments	Participatory interest in a Hedge Fund
Debentures and securitised debt	Long-term Deposits
Warrants, certificates and other instruments	Short-Term Deposits
Bonds	Structured Deposits
Derivative instruments	

Annexure C

Individual	Status
Manas Bapela	Key Individual and Representative
Sello Setai	Key Individual
Mark Ansley	Representative
Krishna Sathee	Representative
Dudu Tembo	Representative
Tobias Brandt	Representative

FAIS disclosures

Act no. 37 of 2002

Annexure C

Individual	Status
Maitse Motsoane	Representative
Jeremy Jutzen	Representative
Litha Madabane	Representative
Janine Kerzner (nee Pein)	Representative
Mpandekazi Maneli	Representative
Itumeleng Matsobane	Representative
Richard Court	Representative
Museja Makhaga	Representative
Tharollo Machili	Representative
Ian Brink	Representative under supervision
Siphokazi Keto	Representative under supervision

Disclaimer

Boutique Collective Investments (RF) (Pty) Ltd (“BCI”) is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA.

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Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager’s charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax.

Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

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Income funds derive their income from interest-bearing instruments in accordance with Section 100(2) of the Act. The yield is a current yield and is calculated daily.

Performance fees will be calculated and accrued on a daily basis based upon the daily outperformance, in excess of the benchmark, multiplied by the share rate and paid over to the manager monthly.

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