



# If you can't stand the heat, start investing in bonds...

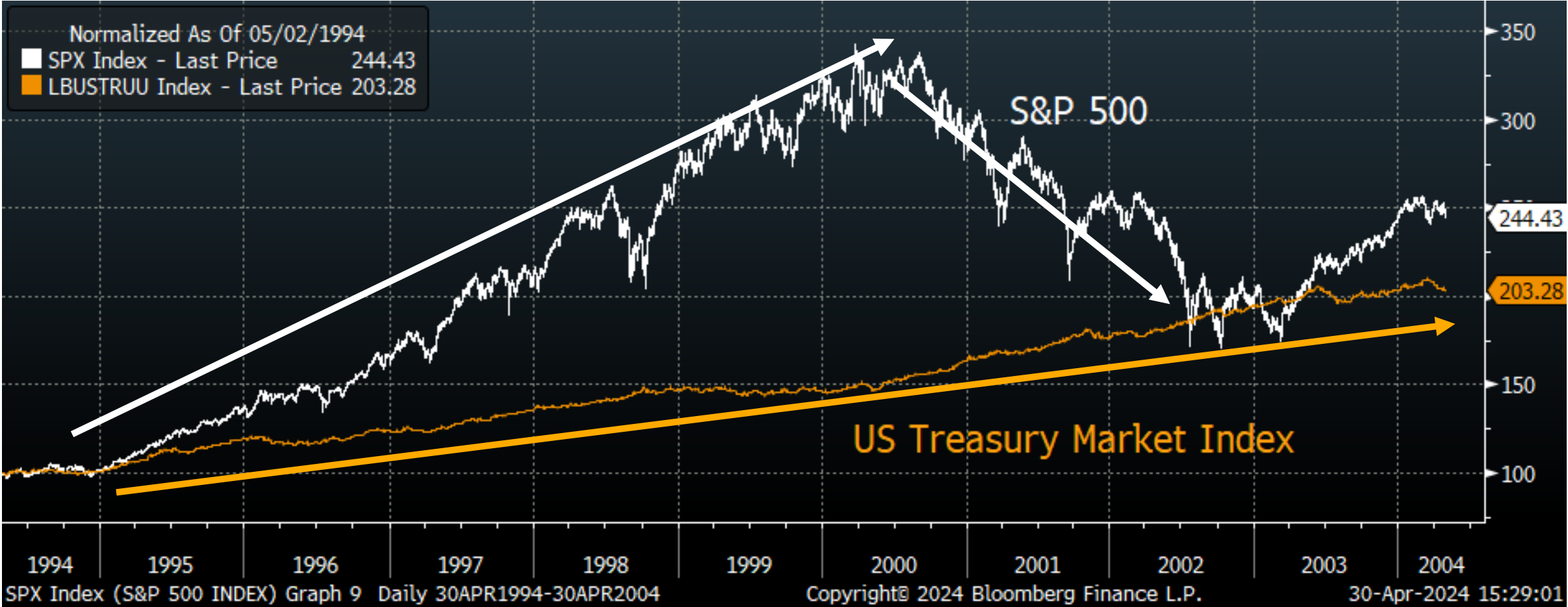
Using fixed income to **grow and protect** wealth?

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CIO : SAM

6 May 2024

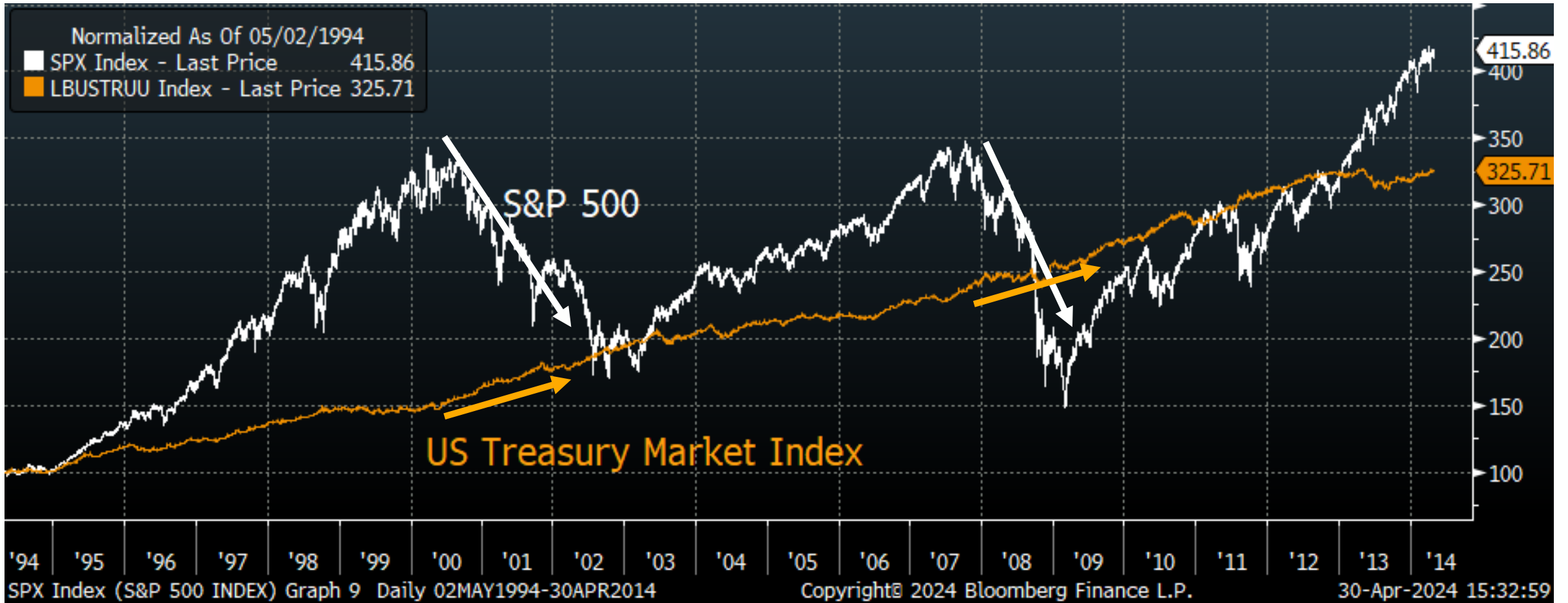
# How to grow Wealth? Invest in GROWTH assets.

Growth assets = Equities



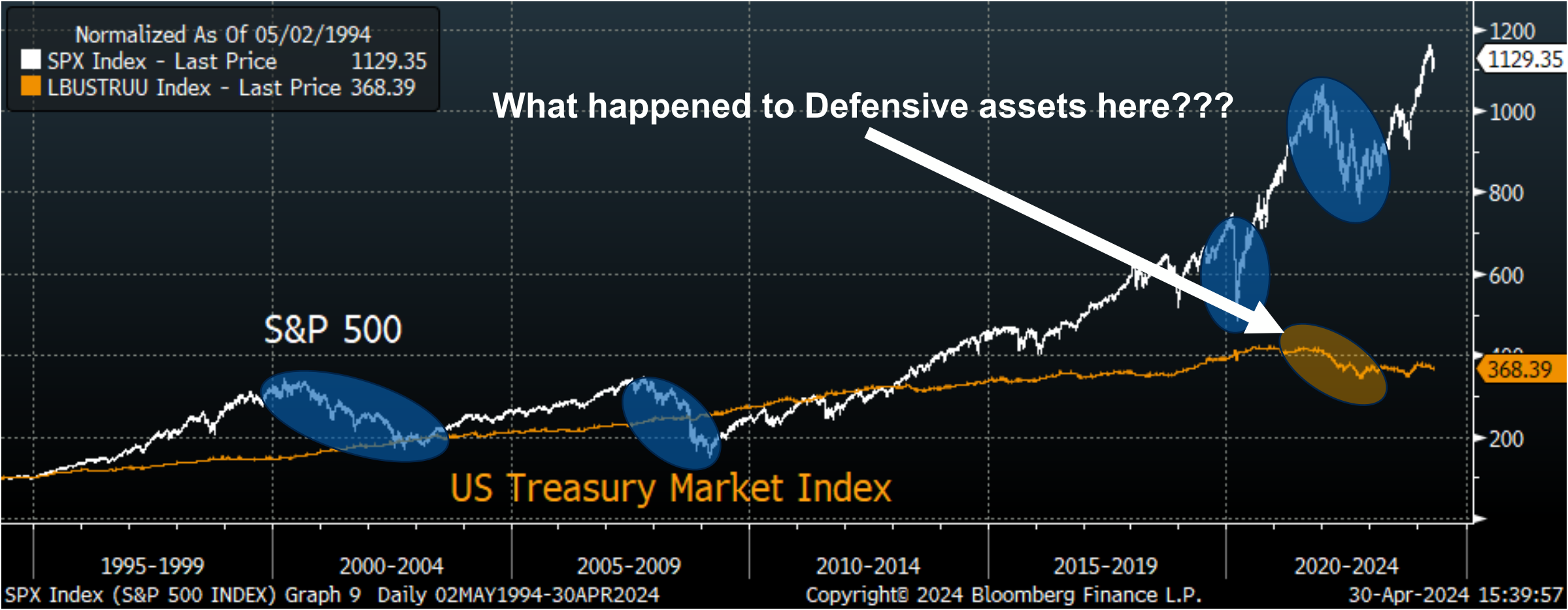
# Protecting Wealth in times of trouble

## Defensive Assets = Bonds



# Not so Defensive assets

## What happened in 2022?



# Growing and Protecting Wealth

## Why did Defensive (bonds) underperform Growth in 2022?

The starting yield matters.



Period	S&P 500 Return	Bond Return	Start yield	End yield
July 2000 - Sep 2002	-50.0%	63.6%	6.00%	3.75%
Sep 2007 - Mar 2009	-57.7%	8.6%	4.57%	2.88%
Dec 2021 - Oct 2022	-27.6%	-15.9%	<b>1.48%</b>	3.95%



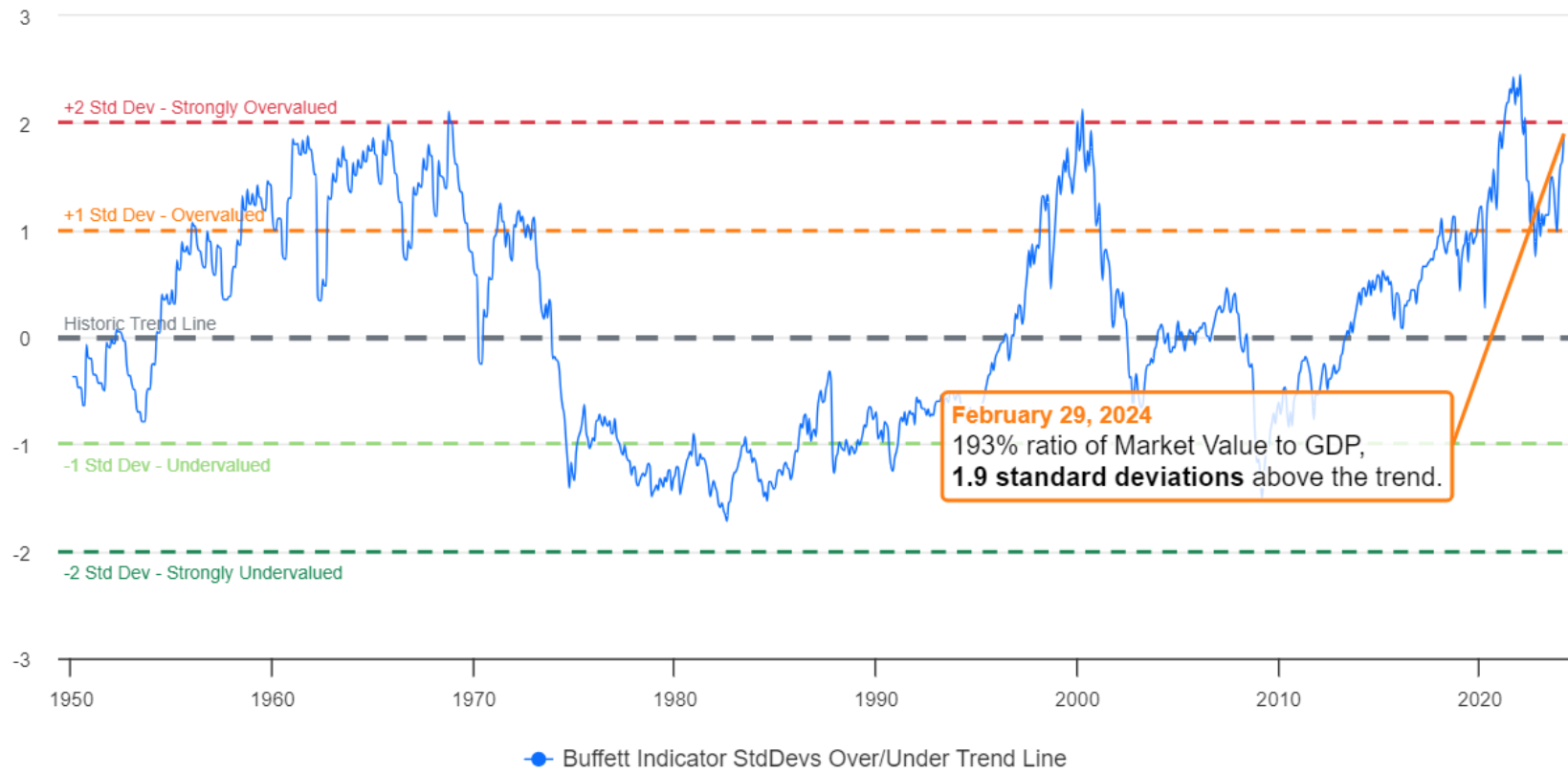
**Today's starting yield is 4.66%...**

# The Starting Point also count for GROWTH ASSETS

The Buffett Indicator measures Stock Market Size vs Size of Economy.

## Buffett Indicator: # Standard Deviations from Historic Trend Line

[www.currentmarketvaluation.com](http://www.currentmarketvaluation.com)



$$\text{Buffett Indicator} = \frac{\text{Total US Stock Market Value}}{\text{Gross Domestic Product (GDP)}}$$

# Global Issues

## 2024 : The Year of **RISK?**

- **Global interest rates at a peak** – (when) does the descent begin?
- **Inflation pressures have subsided** - new supply chain risks emerging.
- **Year of Electoral Change** - potential policy dislocations.
- **Geopolitical flashpoints** - may lead to systemic and economic shocks.

High cost of capital  
+ equity valuations  
+ monetary & fiscal uncertainty  
**= probable market stagnation.**

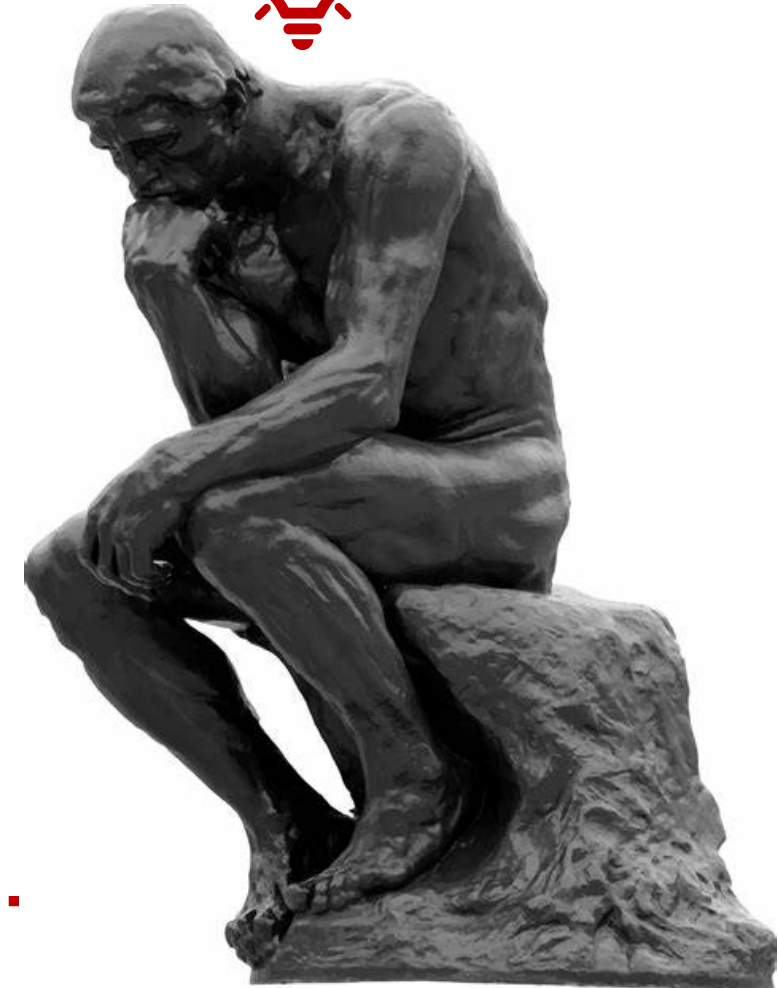


## Turning to South Africa

### Wealth creation and protection



Wealth **creation** and **protection** in a South African context requires some **serious consideration.**

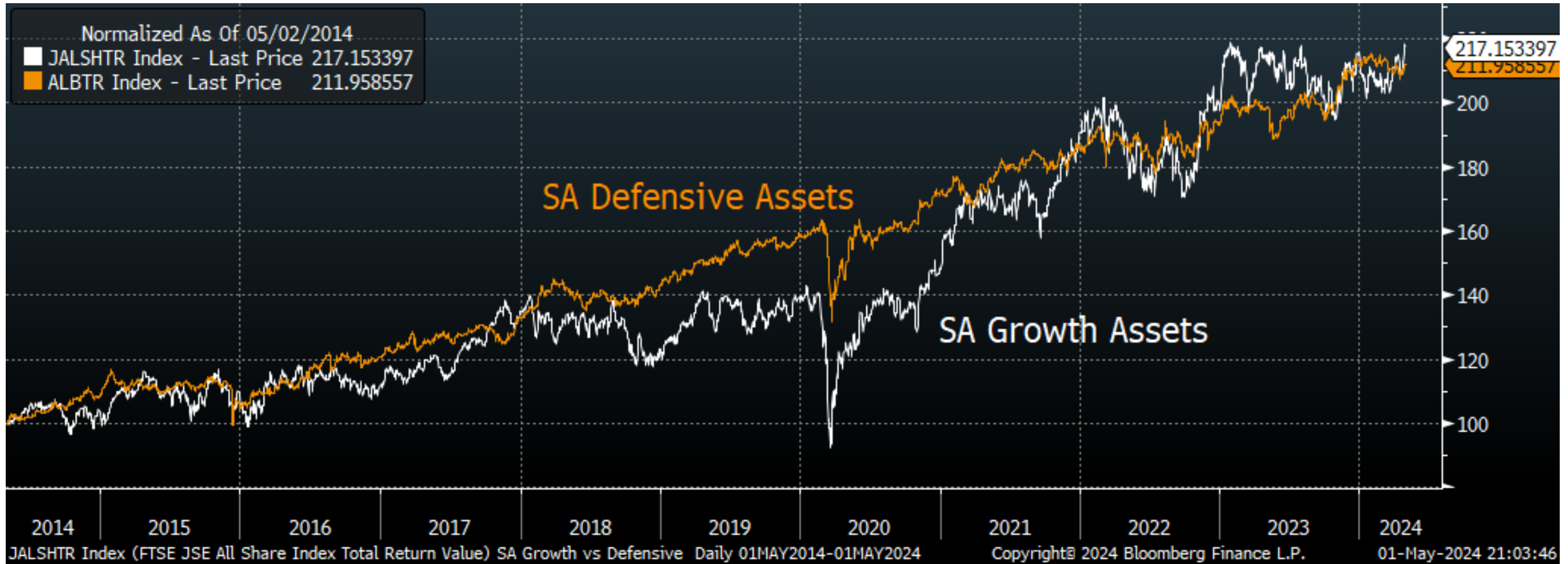


**BUT, we have a problem...**



# South Africa – Growth vs Defensive

You can see the problem, right?



# The diagnosis of SA's ills

By the likely political kingmakers after the 2024 election

South Africa is trapped in a vicious cycle of underdevelopment, underperformance and an unpredictable future due to **incompetent, directionless, and visionless government.** In 2024, South Africa is confronted with a crisis of **loadshedding** caused by a government that is unable to guarantee dependable and reliable **electricity** generation, transmission, and distribution to the entire society.



Source: EFF 2024 Election Manifesto

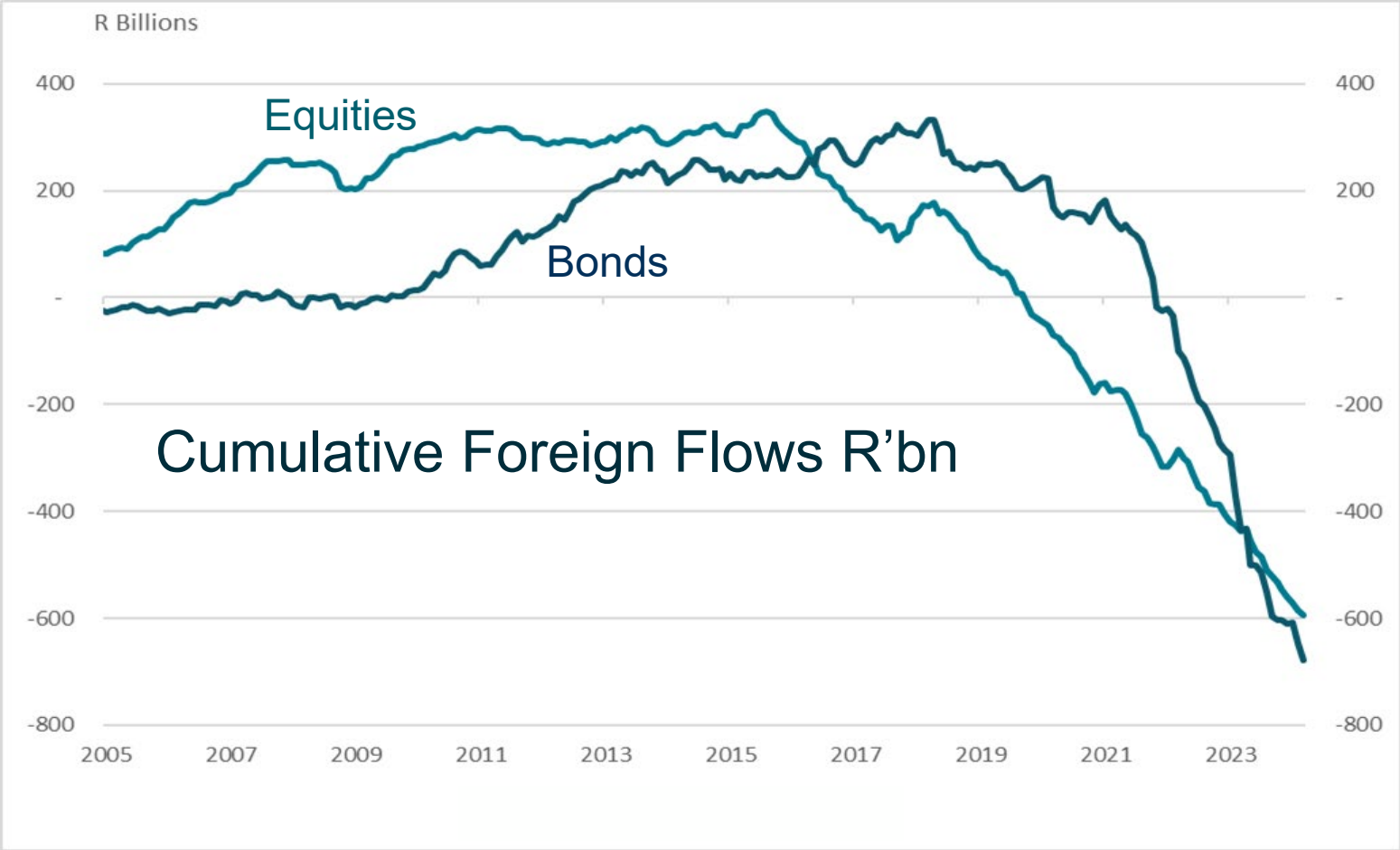


1. The 1994 breakthrough that seemed to be a strategic victory for our people has turned into a strategic defeat.
2. South African society is adrift from its core values, and it is struggling with moral decay.
3. **Compounding these issues is a liberal constitution** that constrains the political influence of the majority.
4. In practice, the true wielders of power are unelected institutions and those with money.

Source: MK Party 2024 Election Manifesto

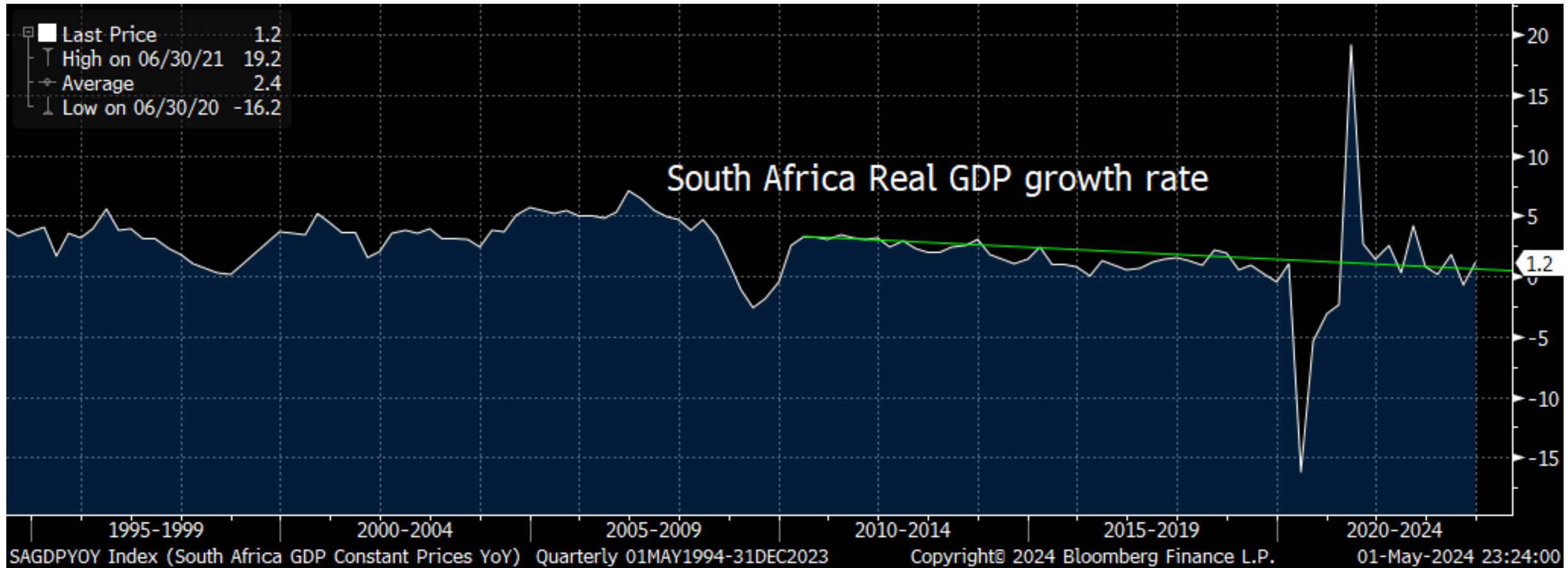
# South Africa Economic Elections

Foreign investors have already voted....



# Reality Check

Evidence for a change in trend?



# SA Bonds: Looking forward from here

Prospects for returns over next 10 years

Starting 10y yield on 6 May 2014	= 8.33%
Subsequent 10y ALBI return	= 7.80% p.a.

**Current 10-Year Bond Yield = 12.0%**

**Right now : Do you ~~want~~ need Growth assets or  
Defensive assets?**

# Sasfin Asset Manager's Income Solutions

**2023**

**Raging Bull**  
Best South African Interest-Bearing Short-Term Fund  
**Winner: Sasfin BCI High Yield Fund**

**2022**

**Raging Bull**  
Best South African Multi-Asset Income Fund on a Risk-Adjusted Basis  
**Winner: Sasfin BCI Flexible Income Fund**

**2021**

**Raging Bull**  
Best South African Multi-Asset Income Fund  
**Winner: Sasfin BCI Flexible Income Fund**

**2020**

**Raging Bull**  
Best South African Multi-Asset Income Fund  
**Winner: Sasfin BCI Flexible Income Fund**

**2019**

**Raging Bull**  
Best South African Interest-Bearing Fund  
**Winner: Sasfin BCI Flexible Income Fund**

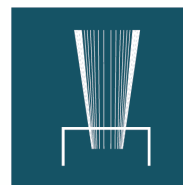
**2024**

**Raging Bull**  
Best South African Interest-Bearing Short-Term Fund  
**Nominee: Sasfin BCI High Yield Fund**



**RAGING BULL AWARDS**

2018 | 2019 | 2020 | 2021 | 2022



**MORNINGSTAR AWARDS**

2020 | 2021 | 2022

**Raging Bull**  
Best South African Multi-Asset Income Fund  
**Winner: Sasfin BCI Flexible Income Fund**

**Fund**

**Defining Features**

Sasfin BCI Flexible Income Fund

- Bond-like returns with lower volatility, using all risk levers.
- **Tracks bond yields.**

Sasfin BCI High Yield Fund

- Low volatility, monthly income focus on floating rate exposure.
- **Tracks interest-rate cycle.**

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