

Investing in a Fragmented World

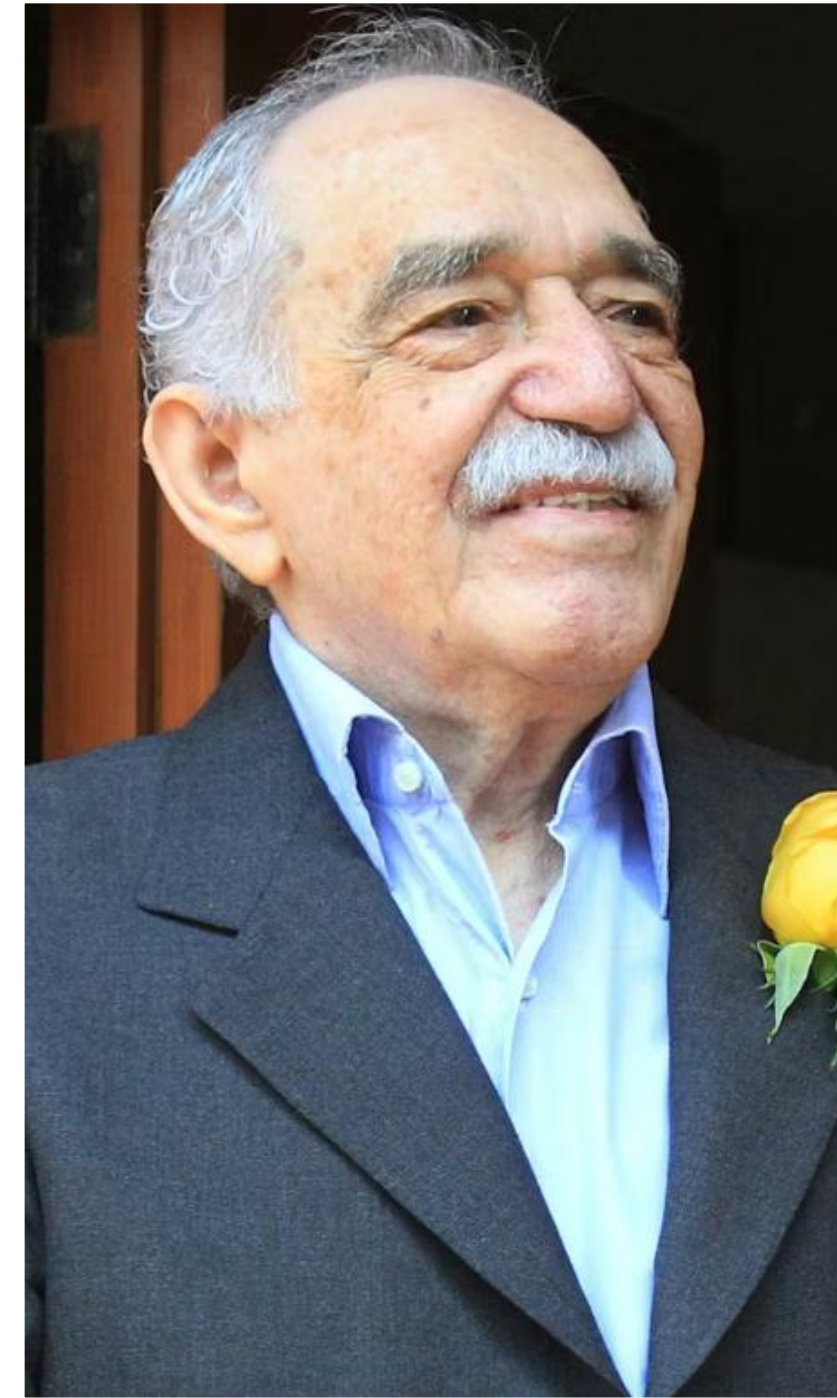
Disrupted by War

Raphi Rootshtain





Christine Lagarde – President, ECB



Gabriel García Márquez
Nobel Prize-winning Colombian author

“The war in the Middle East has made the **outlook significantly more uncertain**, creating upside risks for inflation and downside risks for economic growth.”¹

“It was easier to start a war than to end one.”²



Asset Management

Source: 1. https://www.ecb.europa.eu/press/press_conference/monetary-policy-statement/2026/html/ecb.is260319~93b1cbad97.en.html
2. One Hundred Years of Solitude, 1967 Novel by Gabriel García Márquez

A Brief Update – Strategic Reset

Otto1890 Asset Management

OttAM

A Rich Legacy

**CONGRATULATIONS
RAGING BULL AWARD WINNERS**

30th

ANNIVERSARY

**RAGING BULL
AWARDS**



RUNNER-UP

Sasfin Asset Managers



Asset Management
Date of award: February 2026

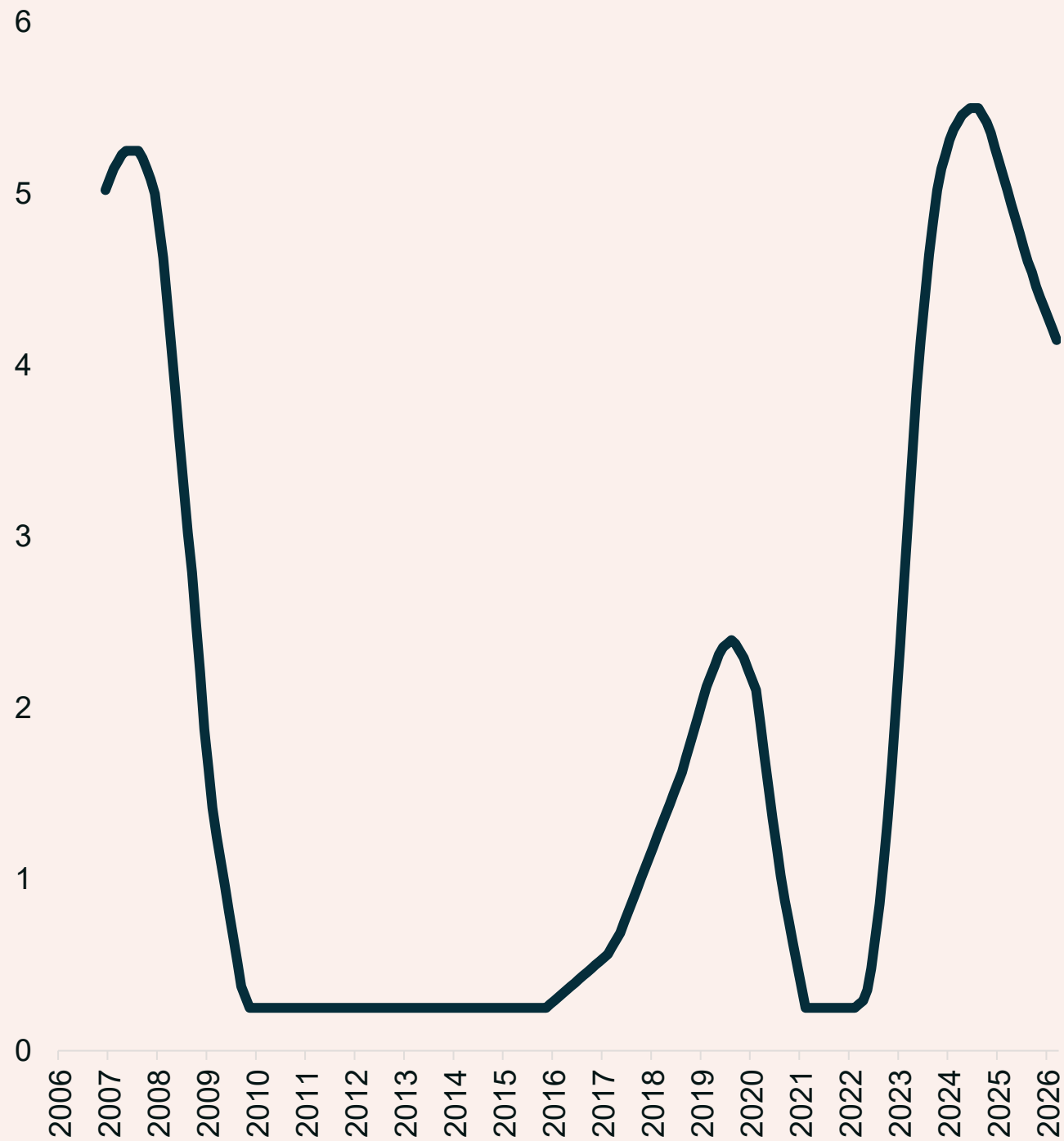
Where were we?

The Macro Backdrop

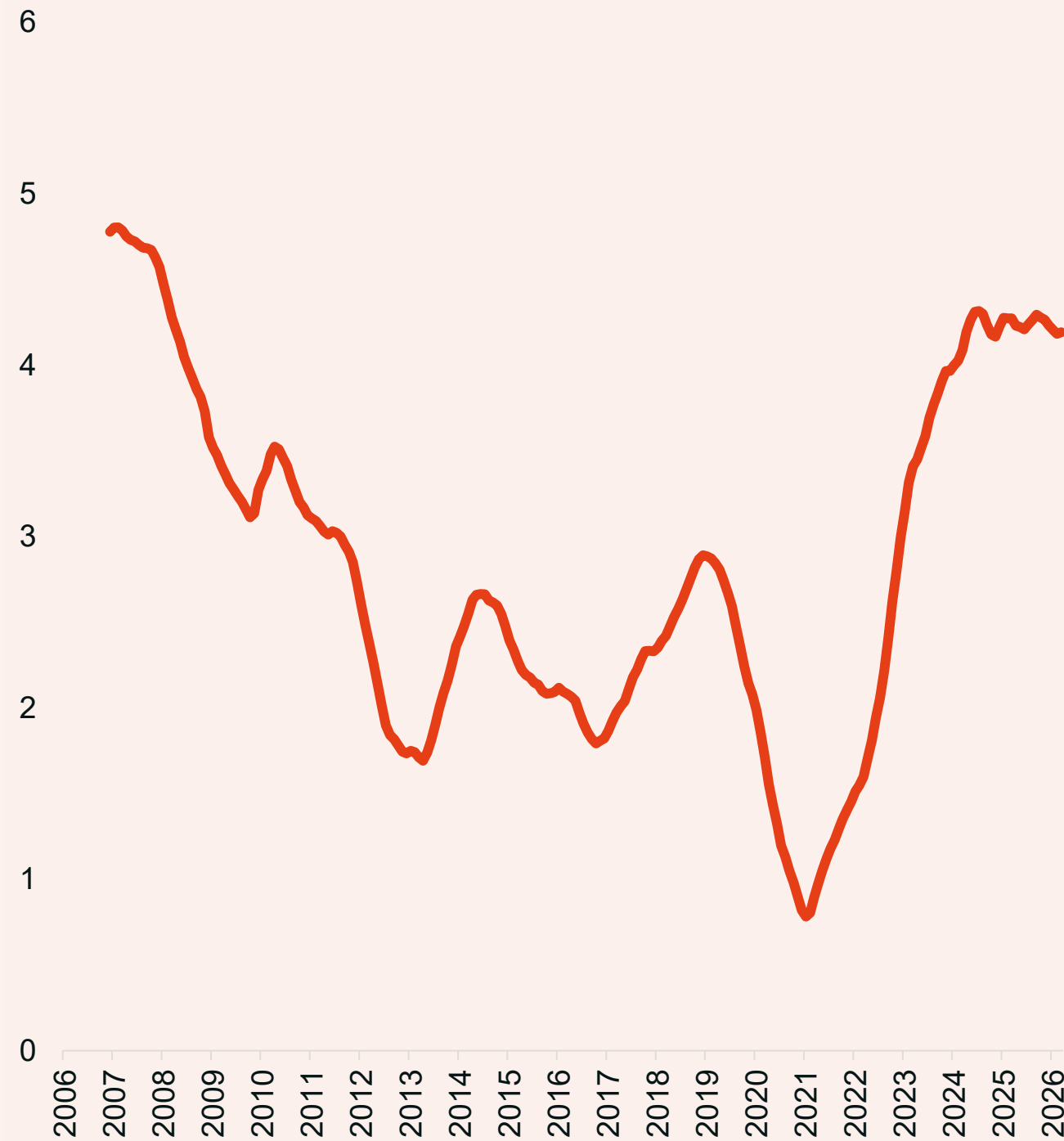


A Regime Change Globally and for SA

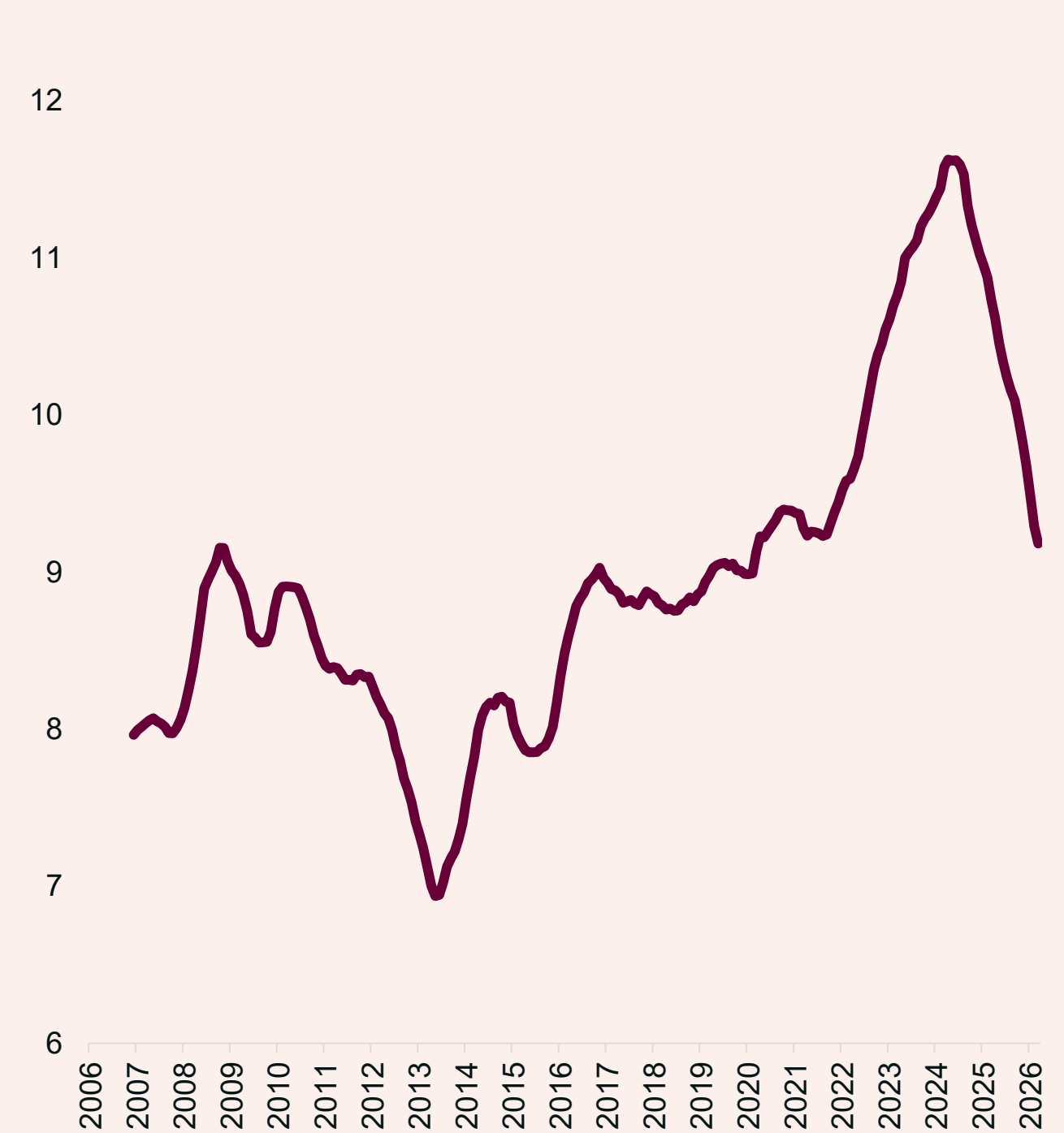
Global Policy Rates



Global 10Y Yields



SA 10Y Yields



The Implications of a Regime Shift

Multiple rate cycles, inflation scares, credit events, policy mistakes...

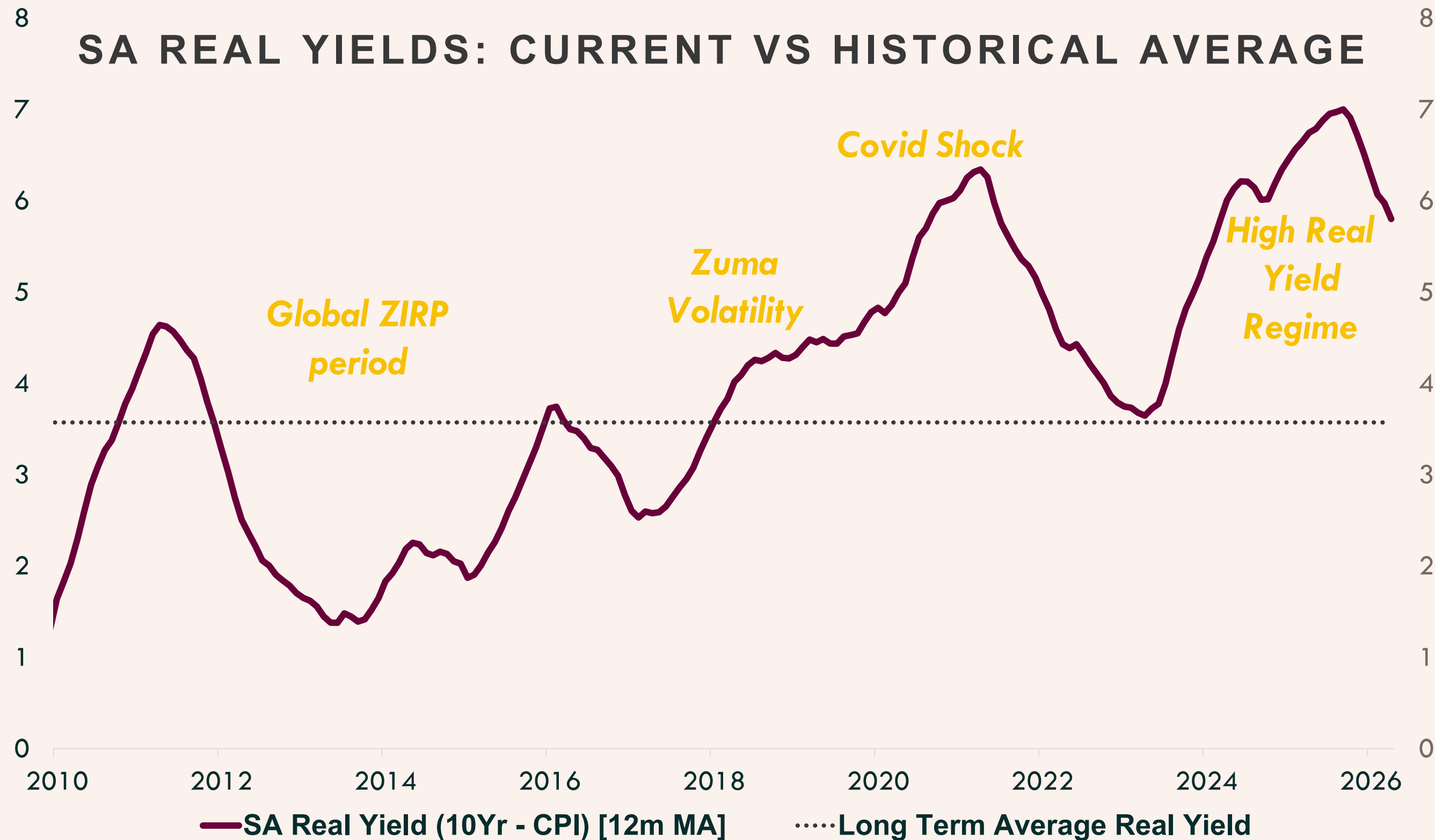


- **Duration** no longer a free risk trade.
- **Fiscal expansion** a very key risk.
- **Credit spreads** are deceptively calm but vulnerable.
- **Geopolitical Tensions** resulting in widespread **supply-chain disruptions**



High Real Yield Regime

When Real Yields are this High: You don't need leverage, complexity, or perfect timing. You just need **patience.**



CURRENT REAL YIELD
5.7%
Nominal: 8.8% | Inflation: 3.1%
vs Long-term Avg: 3.6%

Premium to LT norm: **+210 bps**

KEY MESSAGES

- Real yield is your **margin of safety**
- When real yields are high, you **don't need heroics** to deliver returns.
- This is how **wealth is compounded quietly** (Warren Buffet style)



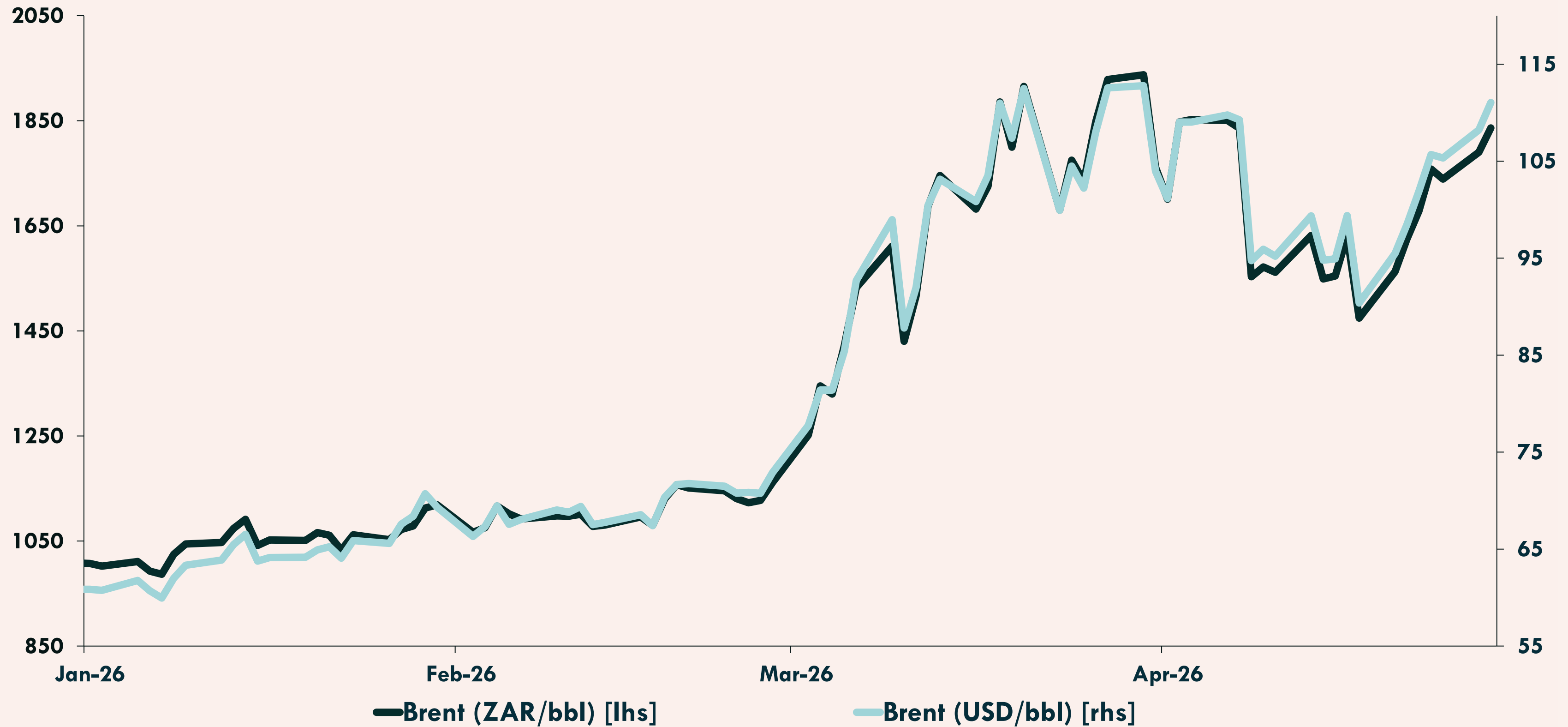
... where are we now?

The Macro Backdrop



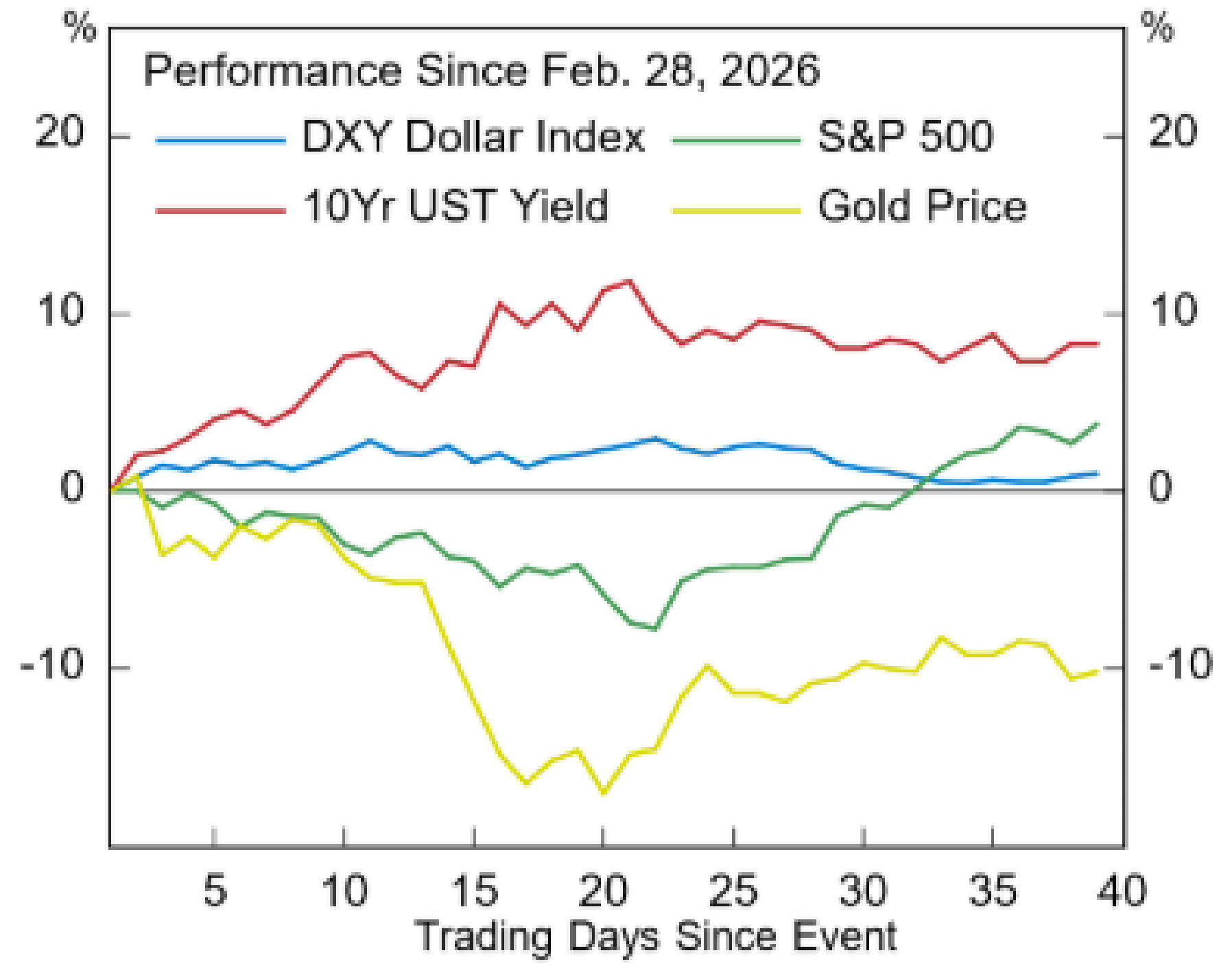
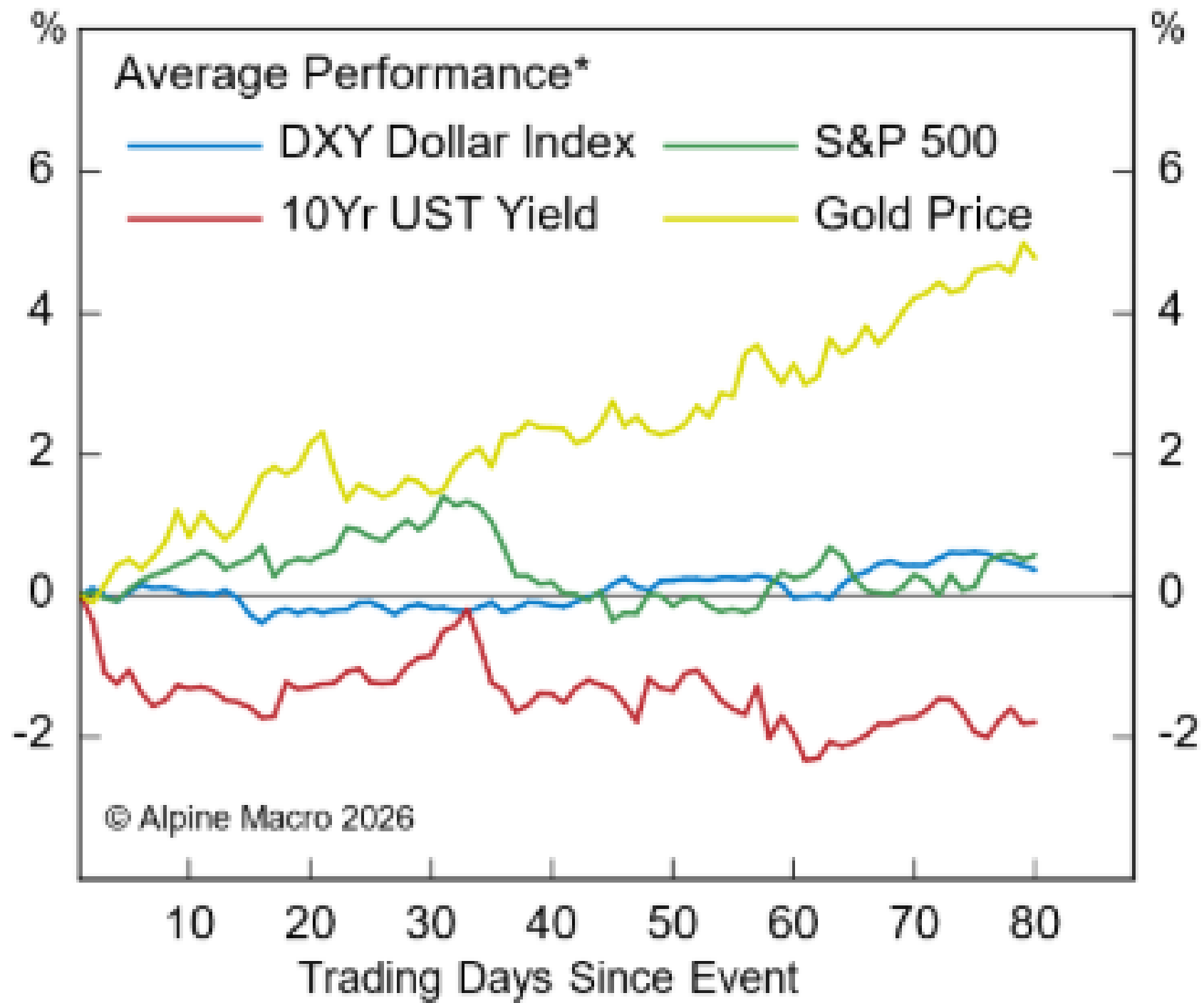
Conflict in the Middle East

An Oil Supply Shock with Significant Consequences



Conflict in the Middle East

What happened to gold?



*Based on 56 major geopolitical events since 1973, with values rebased to 0 in the event
Note: All series are rebased to 0 at their starting point

Conflict in the Middle East

Central Banks should be less concerned about second-round effects

	24 February 2022	27 February 2026	2026 vs 2022
Consumer Price Index			
USA	7.50%	2.40%	
Eurozone	5.10%	1.70%	
UK	5.50%	3.00%	
South Africa	5.70%	3.50%	
Unemployment Rate			
USA	4.00%	4.30%	
Eurozone	6.90%	6.10%	
UK	4.10%	5.20%	
South Africa	35.30%	31.40%	
Central Bank Rate			
Fed Funds Rate	0.25%	3.75%	
European Central Bank Deposit Rate	-0.50%	2.00%	
BoE Overnight Rate	0.50%	3.75%	
SA Repo Rate	4.00%	6.75%	
10-Year Government Bond Yield			
USA	1.96%	3.94%	
Eurozone	0.17%	2.64%	
UK	1.45%	4.23%	
South Africa	9.88%	8.13%	

Inflation trending back to neutral with less demand than post Covid.

Labour Markets are weaker, less wage pressure.

Rates are at or above neutral levels

Yields are already resetting to new normal.

South Africa is structurally different



Conflict in the Middle East

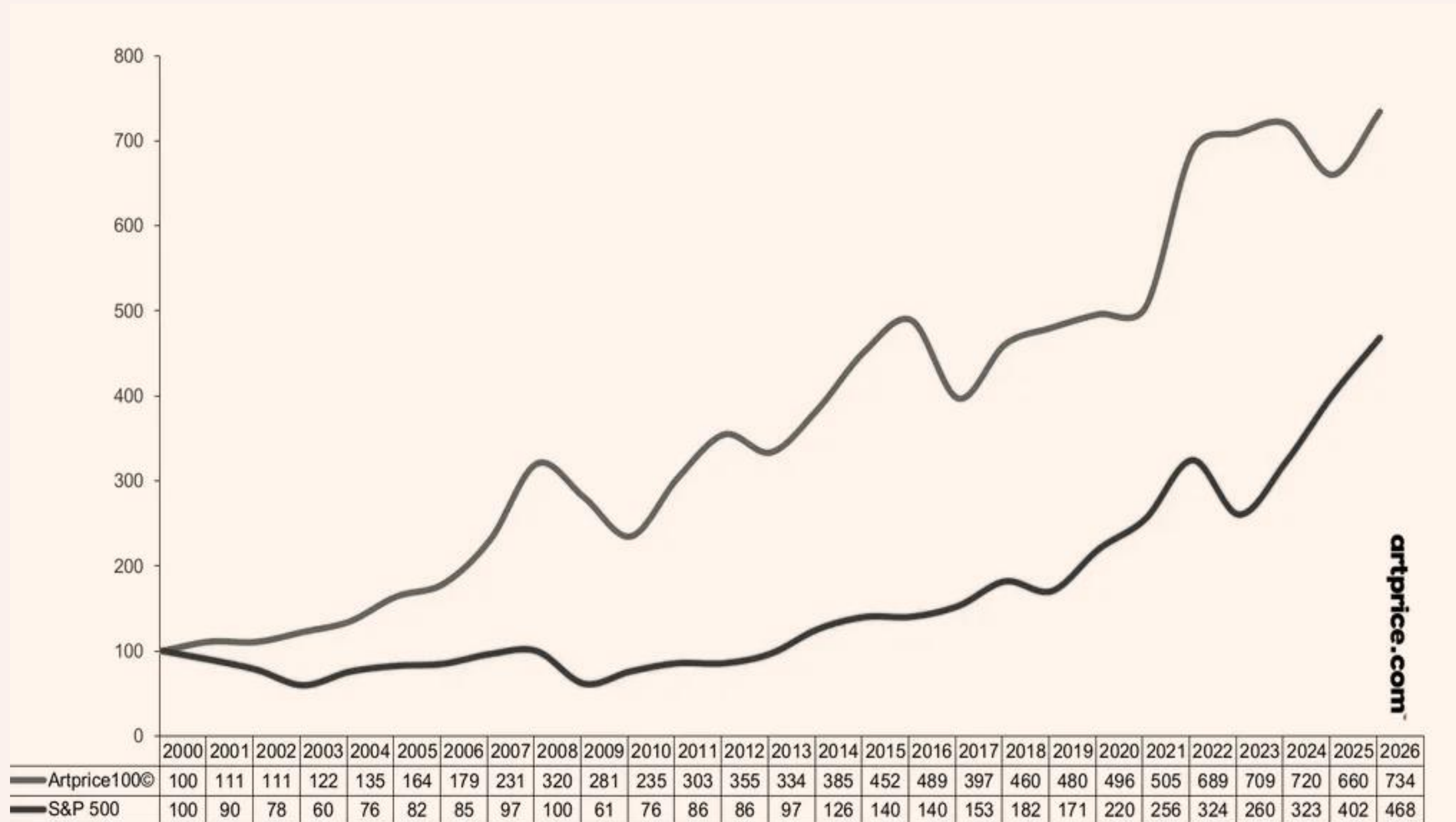
So where to from here?

	Comprehensive Ceasefire or Peace Deal	Extended "Temporary" Blockade	Renewal of Hostilities
Oil	\$70 - \$90	\$90 - \$110	\$110 - \$150
Central Bank Action	<ul style="list-style-type: none"> Fed may resume cutting cycle Other Central Banks remain on hold while observing residual risks. 	<ul style="list-style-type: none"> Central Banks on hold 	<ul style="list-style-type: none"> Governments may provide fiscal support in wake of price shocks. Central Banks will hike as second-round effects become embedded.
Market Reaction	<ul style="list-style-type: none"> Stocks and bonds mean-revert Economic nationalism accelerates Curves may bull-steepen Dollar loses ground Gold could re-rate higher 	<ul style="list-style-type: none"> Stocks and bonds partially mean-revert, look-through tensions High headline-driven volatility, constantly shifting risk premiums Curves shift slightly higher Dollar loses ground Gold determined by real rates 	<ul style="list-style-type: none"> Stocks and bonds decline Equity markets fall due to growth impact. Curves substantially higher Dollar outperforms Gold remains under pressure



Conflict in the Middle East

So, could you have done better?



Key Messages

For Multi-Asset Funds

- Markets in the process undergoing **structural regime change**,
 - ❑ Higher Inflation
 - ❑ Higher Fiscal Deficits
 - ❑ Political Fragmentation and uncertainty
 - ❑ Ongoing and disruptive geopolitical risks

While in South Africa

- Our own unique **structural regime change**,
 - ❑ 3% Inflation Targeting
 - ❑ Broad reform agenda and infrastructure spending
 - ❑ Improving growth, consumer and business confidence

And for income investors

- **Time, high real yields and income** will do the heavy lifting.
- It's not about calling the bottom in yields – **it's about being paid while you wait.**



Otto1890
Investment Specialists

Our Products

Otto1890 Asset Management

 Asset Management

OttAM

Investment Philosophy

Superior returns required
but **not at any cost**

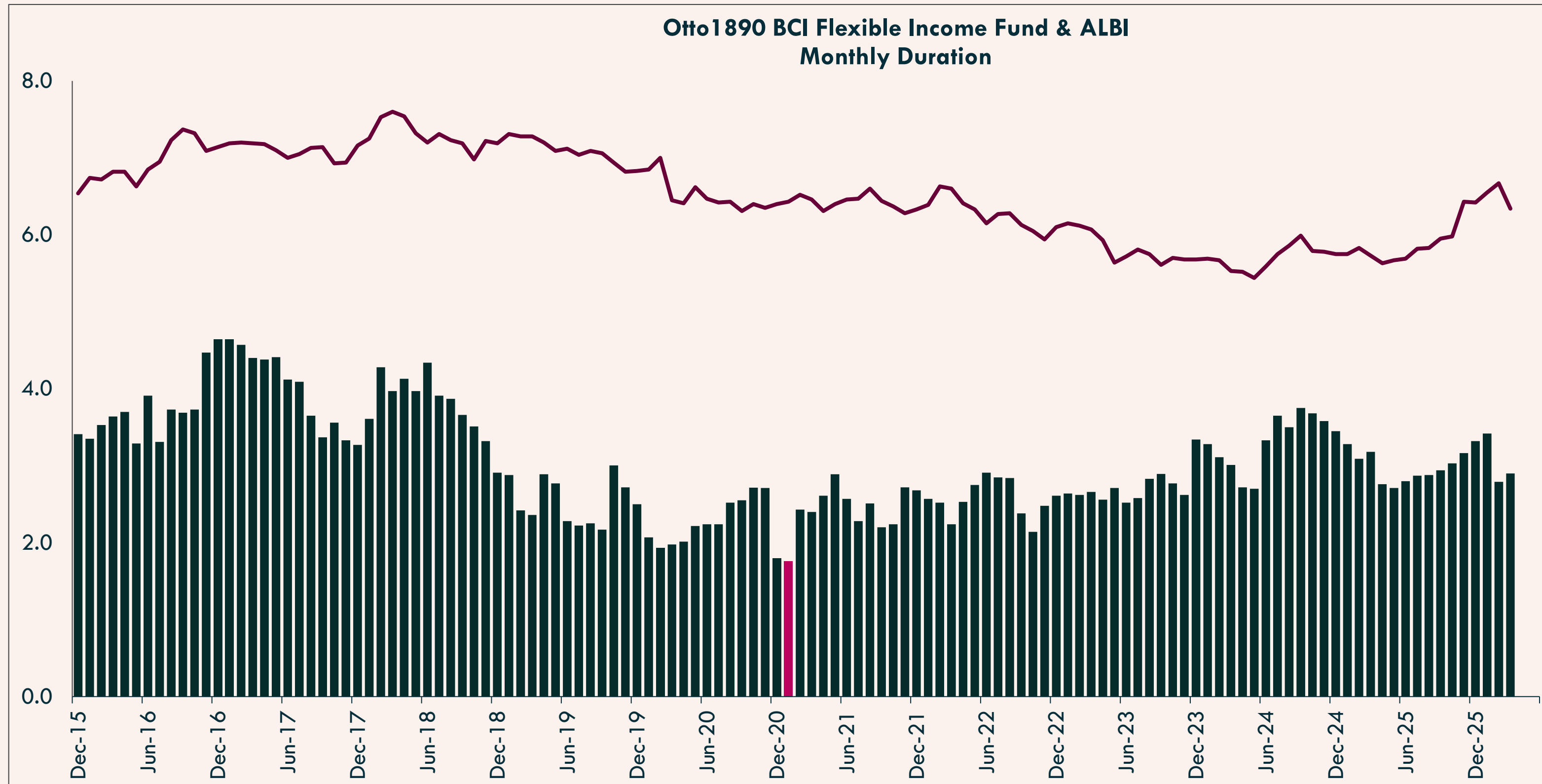
Taking the **appropriate risk** at the
appropriate time

All things considered approach



Otto1890 BCI Flexible Income Fund

Fund and ALBI duration range



- Fund was at **lowest duration** since inception in early 2021
- **Less than half ALBI duration** on average
- **Average Fund duration = 3.0**
- **Average ALBI duration = 6.5**

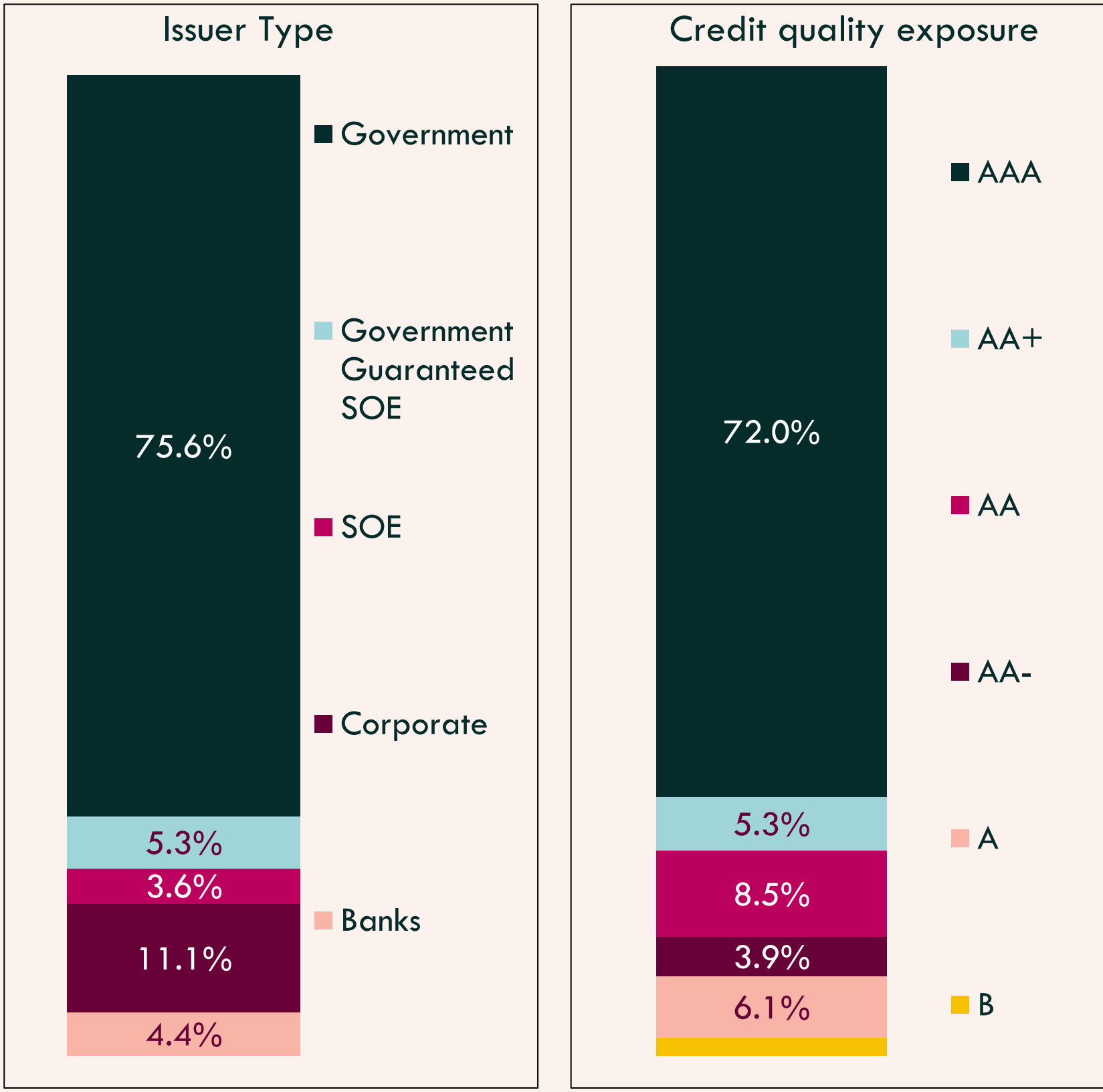
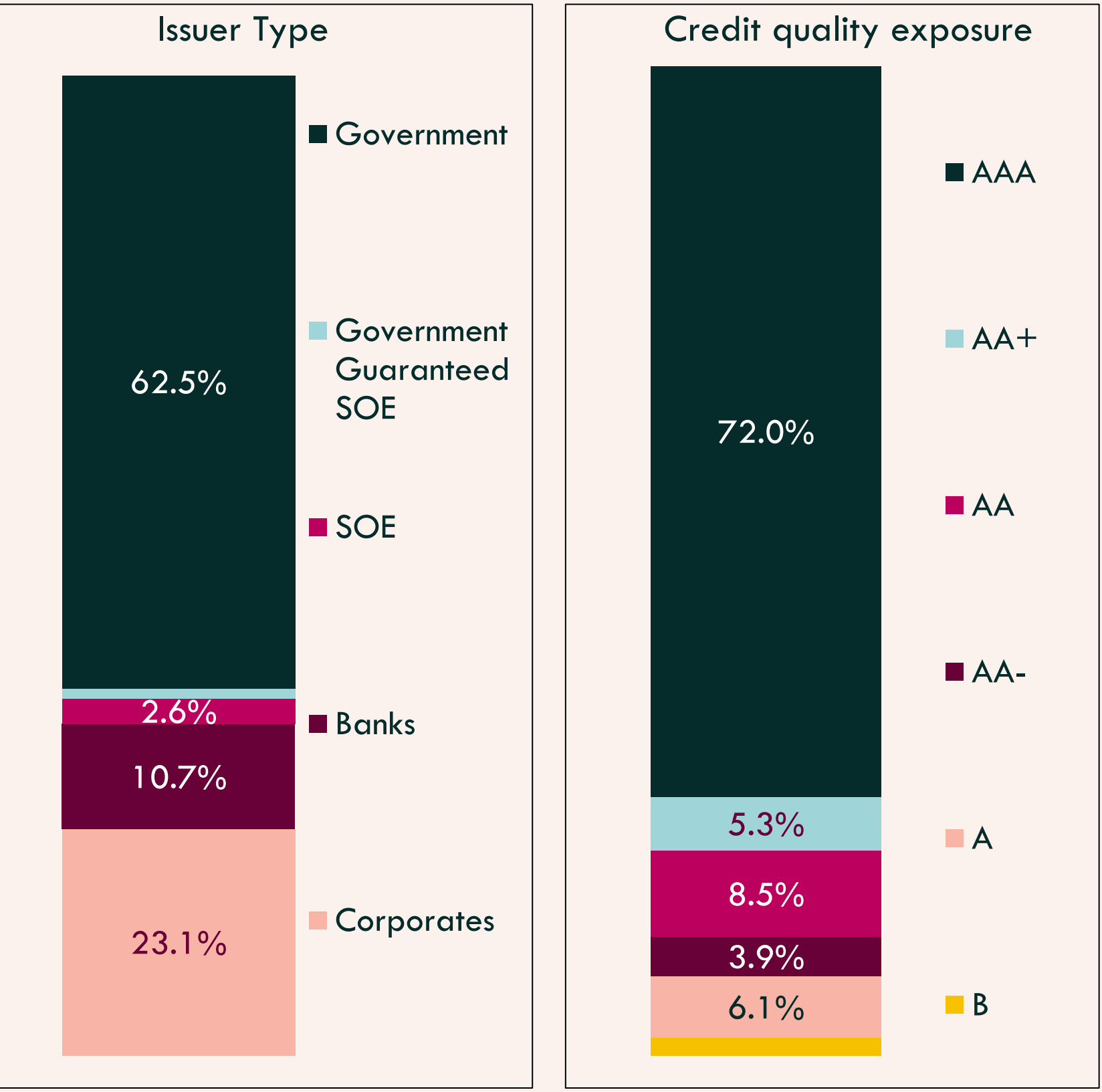


Otto1890 BCI Flexible Income & Core Income Funds

Credit and risk exposures

Core Income

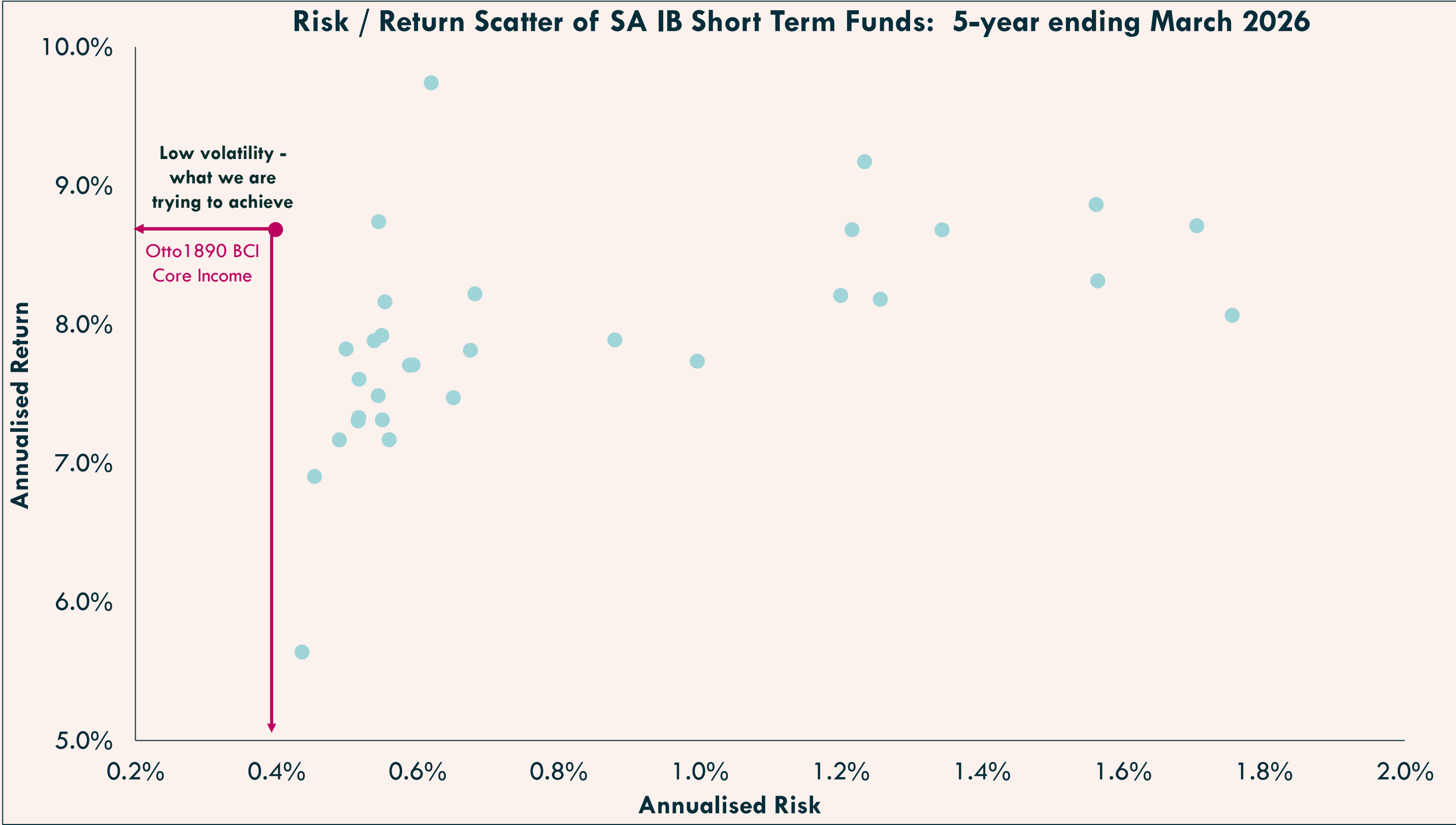
Flexible Income



Notes: Based on current and historic holdings., not illustrative of future credit profile
Remaining % are BB- and NR.

Otto1890 BCI Core Income Fund

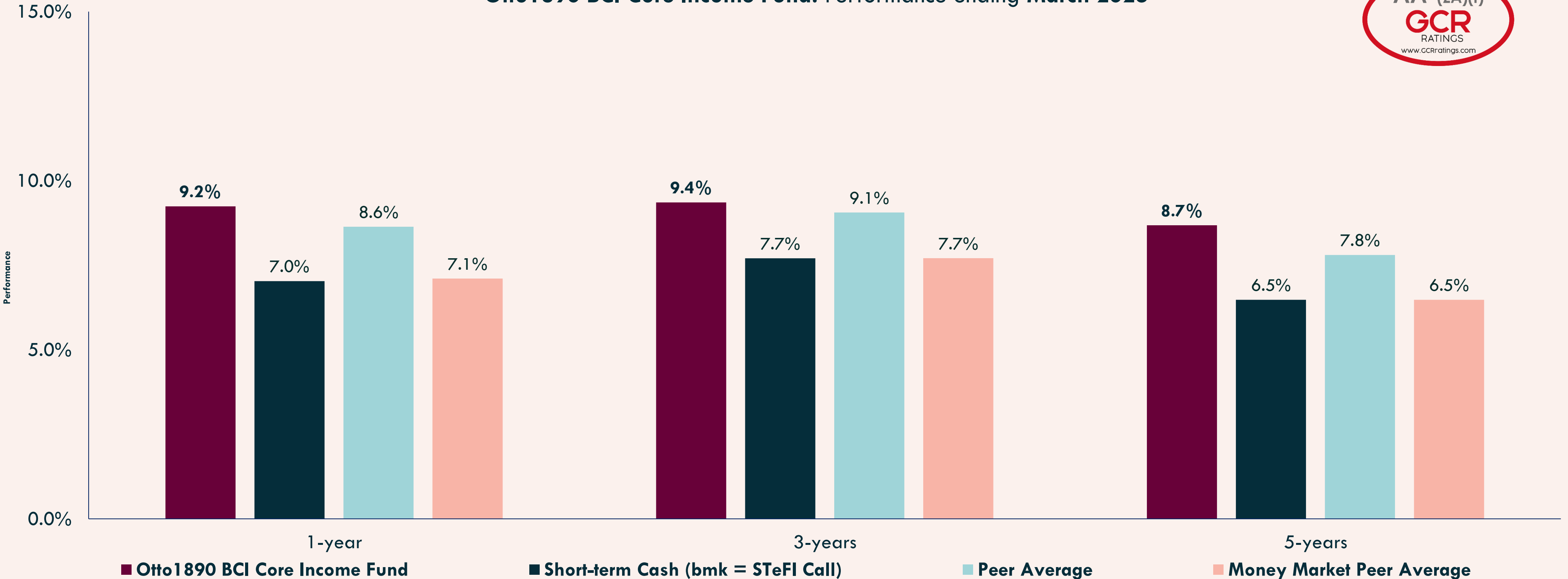
5-year risk / return SA Interest Bearing (IB) Short-term funds ending March 2026



Otto1890 BCI Core Income Fund

Performance (net) ending 31 March 2026

Otto1890 BCI Core Income Fund: Performance ending **March 2026**

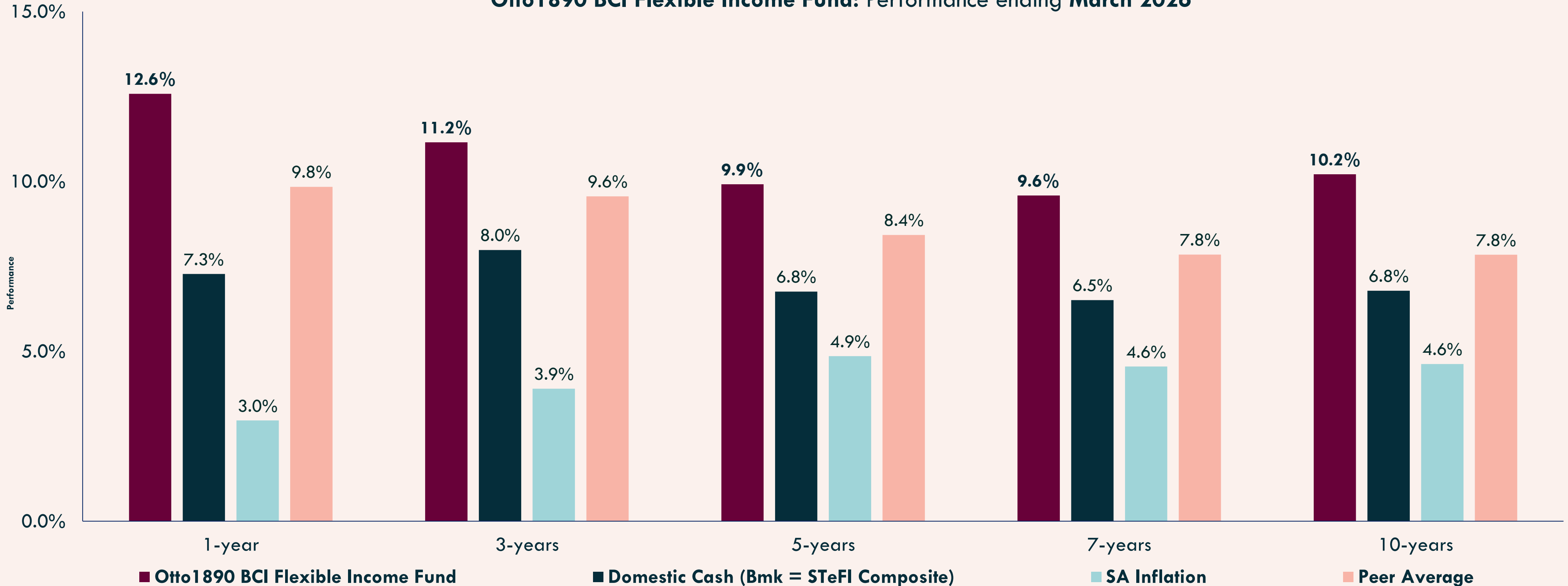


Notes: A-class; Since inception of 24 July 2019; Otto1890 BCI Core Income Fund: Fund: 8.6% , Benchmark: 6.1% | Highest and lowest calendar year performance (31 December 2025): High = 9.71%; Low = 6.19%
 Bmk refers to the Fund benchmark which is the STeFI Call Deposit Index; Peer Average refers to the average of the ASISA South African Interest-Bearing Short-Term category
 Money Market Peer Average refers to the average of the ASISA South African Interest-Bearing Money Market category
 Returns greater than 1-year are annualised; Annualised return is weighted average compound growth rate over the period measured; Actual annual figures are available to the investor on request
 Source: Morningstar | [Credit rating methodology](#)

Otto1890 BCI Flexible Income Fund

Performance (net) ending 31 March 2026

Otto1890 BCI Flexible Income Fund: Performance ending March 2026



Asset Management

Source: Morningstar
 Notes: A-class; Inception of 01 July 2015; Peer average refers to the ASISA SA Multi-Asset Income Average; Domestic Bonds = FTSE/JSE All Bond Index.
 Fund highest and lowest calendar year performance (31 December 2025): High = 15.54%; Low = 5.54%;
 Bmk = Benchmark = STeFI Composite; SA Inflation lagged.

Otto1890
Investment Specialists

Thank you!

The End



Asset Management

BCI 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.

Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge.

Performance figures quoted are sourced 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.

Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio.

Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager’s products.

Access the BCI Privacy Policy and the BCI Terms and Conditions on the BCI website (www.bcis.co.za). 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. Any Rand or cumulative value provided is for illustrative purposes only. Returns greater than 1-year are annualised; Annualised return is weighted average compound growth rate over the period measured; Actual annual figures are available to the investor on request. Full details and basis of the awards disclosed are available from the manager.

