ANCHOR | NAVIGATING CHANGE

Where The Money Will Be Made 1Q26

Peter Armitage, Co-Chief Investment Officer

The Anchor & Credo Business

ANCHOR | CREDO

ANCHOR & CREDO'S ENHANCED SERVICE

offering and market reach combine strengths in wealth and asset management.

WITH AN ABSOLUTE FOCUS ON THE TWO MOST IMPORTANT PARTS OF OUR BUSINESS

CLIENTS & THE INVESTMENT PROCESS

We offer a broad range of **LOCAL AND GLOBAL** Investment solutions to individuals, financial advisors and institutions.

550+ STAFF ACROSS GROUP

Anchor founded in **2012**

Credo founded in **1998**

AN EXPERIENCED, HIGH QUALITY INVESTMENT TEAM:

30+ Investment professionals

24 Chartered accountants

23 CISI Chartered Insurance Institute

29 CFA Charter-holders & Delegates

COMPLETE LOCAL AND GLOBAL PRODUCT AND SERVICE OFFERING:

UNIT TRUSTS	HEDGE FUNDS	SEGREGATED MANDATES

INTERNATIONAL FOOTPRINT

SOUTH AFRICA

LONDON

NAMIBIA

MAURITIUS

THE ANCHOR AND CREDO GROUP

- ASSET MANAGEMENT
- PRIVATE CLIENTS
- STOCKBROKING

R306 billion ASSETS UNDER MANAGEMENT AND ADVICE

R173 billion INVESTED DIRECTLY OFFSHORE

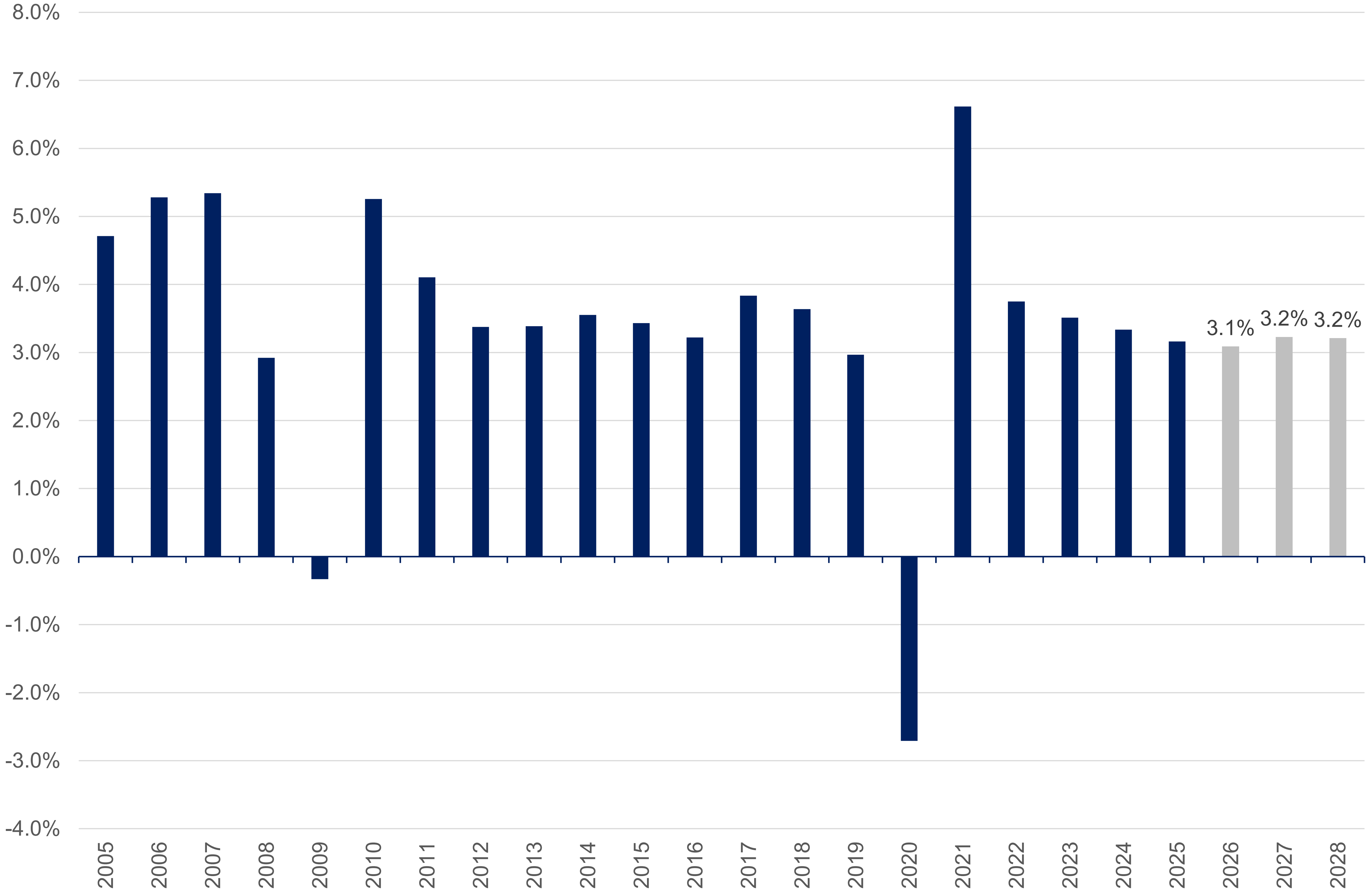
R52 billion INVESTED OFFSHORE FROM SOUTH AFRICA

Summary

- Nobody is backing away from the bull market, and investment banks are universally positive.
- The world is revolutionising and you have to have chips on the table.
- But the market is VERY expensive and can slump along the way as people get impatient.
- Outside of equity risk, we can still earn great returns.

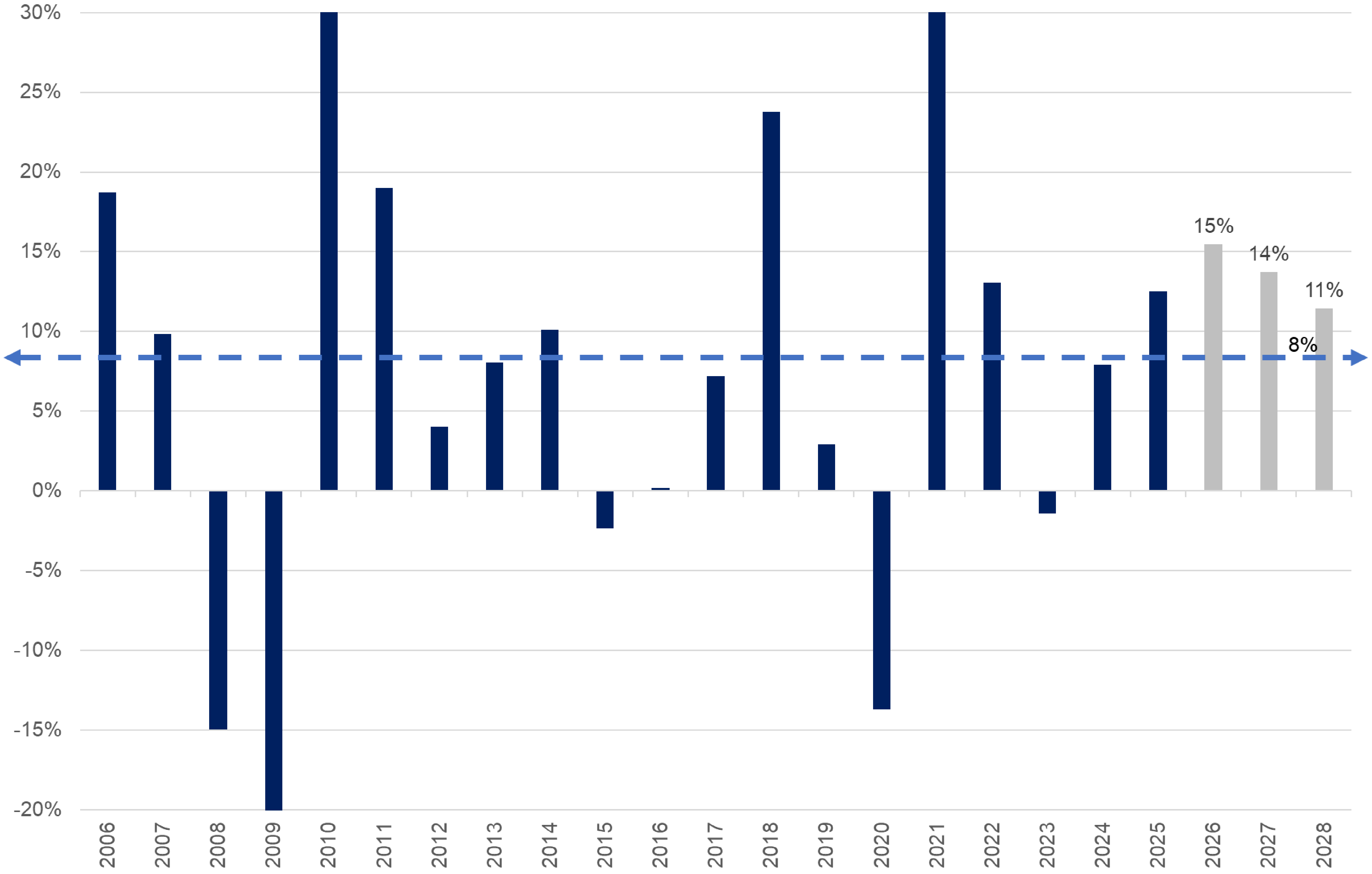
UBS: SA – Broad-based macro improvement in 2026-27 with lower CPI and better fiscal backdrop.

Global GDP Growth



Source: Anchor Capital, IMF

Strong Forecast Earnings Growth



Source: Anchor Capital, Bloomberg.
Above reflects US S&P 500 EPS growth, annualised.

Where The Money Will Be Made

Domestic Equity

- 2025 was a standout year for South African equities (MSCI South Africa +74%). INSANE.
- For now, trends to remain intact:
    - Commodity cycle tailwinds
    - Progress on structural reform
- Large index components have positive earnings momentum – look fairly valued for the most part
- We expect a 12% rand return in 2026

Domestic Fixed Income

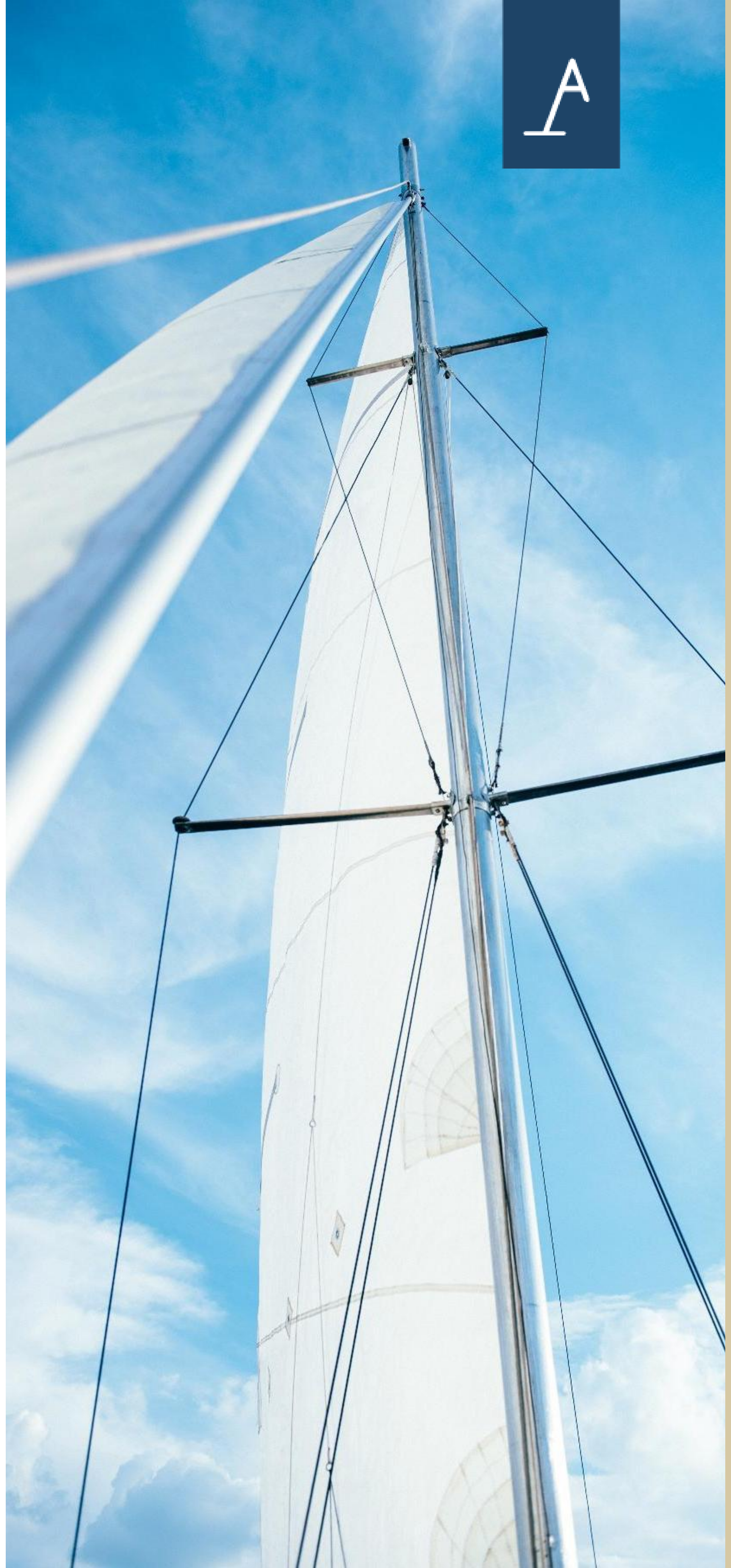
- Positive momentum for South African financial assets likely to continue. We expect a 9% return from SA bonds.
- The markets are pricing in two interest rate cuts this year . . . Anchor thinks we might see more.
- Remain patient and tilt toward the Flexible Income Fund, which takes measured risk and will benefit from a positive backdrop.

Global Equity

- 3-yrs of strong equity returns behind us.
- Keep a balanced perspective on 2026 – consider what could go right too.
- Valuations high, but earnings growth strong and broadening; FED rate cuts likely supportive
- Likely to scale the wall of worry, but a modest 8% return acknowledges the outlook is finely poised.
- How well “risk-proofed” is your equity exposure?

Global Fixed Income

- Inflation is likely to fall further than the market expects; watch for more rate cuts.
- Bonds are fairly priced, though we prefer the 5-year area of the curve that should benefit from accelerated interest rate cuts.
- The Anchor Global High Yield Fund is showing a yield of 4.75%, with bonds maturing in 2026 to 2029.



Asset Allocation

Our house view on different asset classes

Asset class	Current stance: Negative	Current stance: Neutral	Current stance: Positive	Expected returns (own currency) (%)	
DOMESTIC					
Equity		>	●	12	OW
Bonds		●		9	N
Listed property		●		10	N
Cash	●	<		7	UW
Alternatives*			●	10 to 15	OW
Rand vs US dollar (rand stronger)				3	R16.00
GLOBAL					
Equity		●		8	N
Government bonds	●			4	UW
Corporate credit	●			5	UW
Listed property		●		6	N
Cash		●		3	N
Alternatives*			●	8 to 12	OW

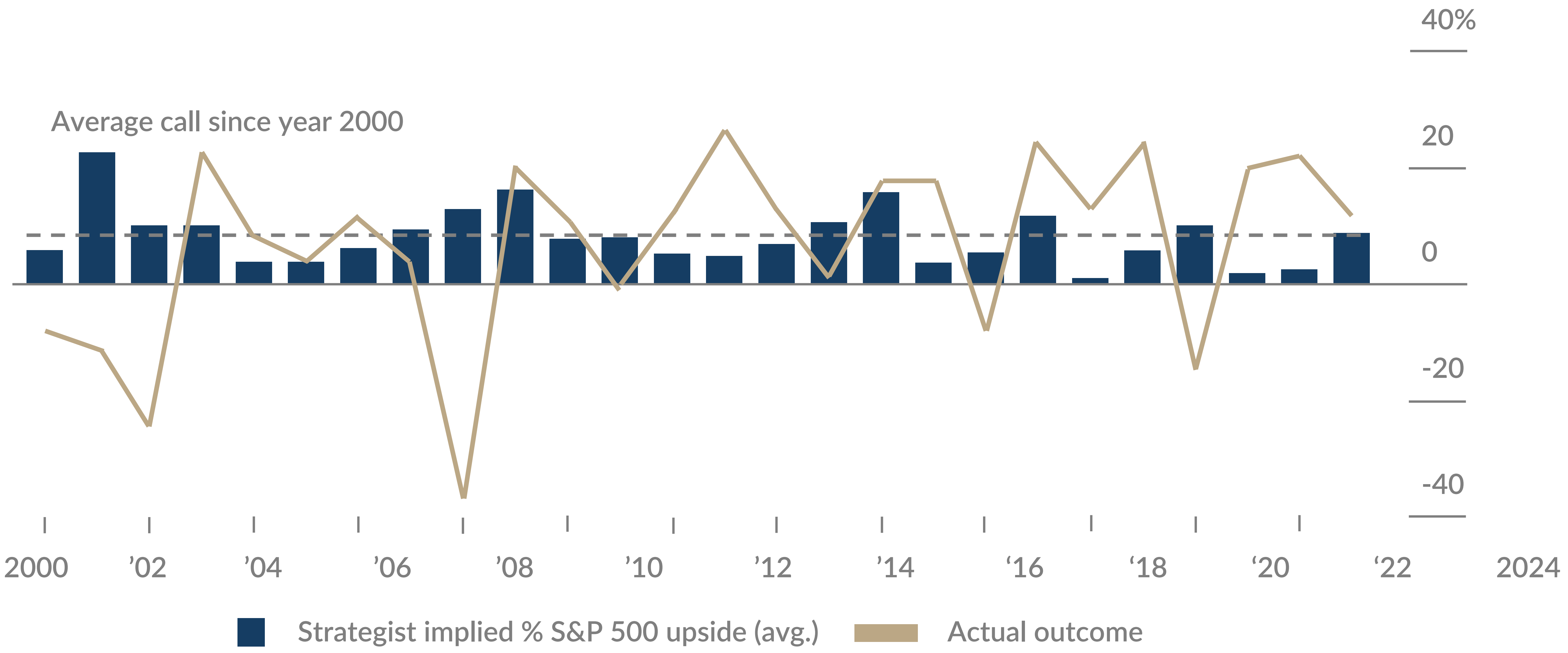
Source: Anchor Capital

*Alternatives include hedge funds, protected equity structured products and physical property.

The industry is Very Bad at Setting Target Prices

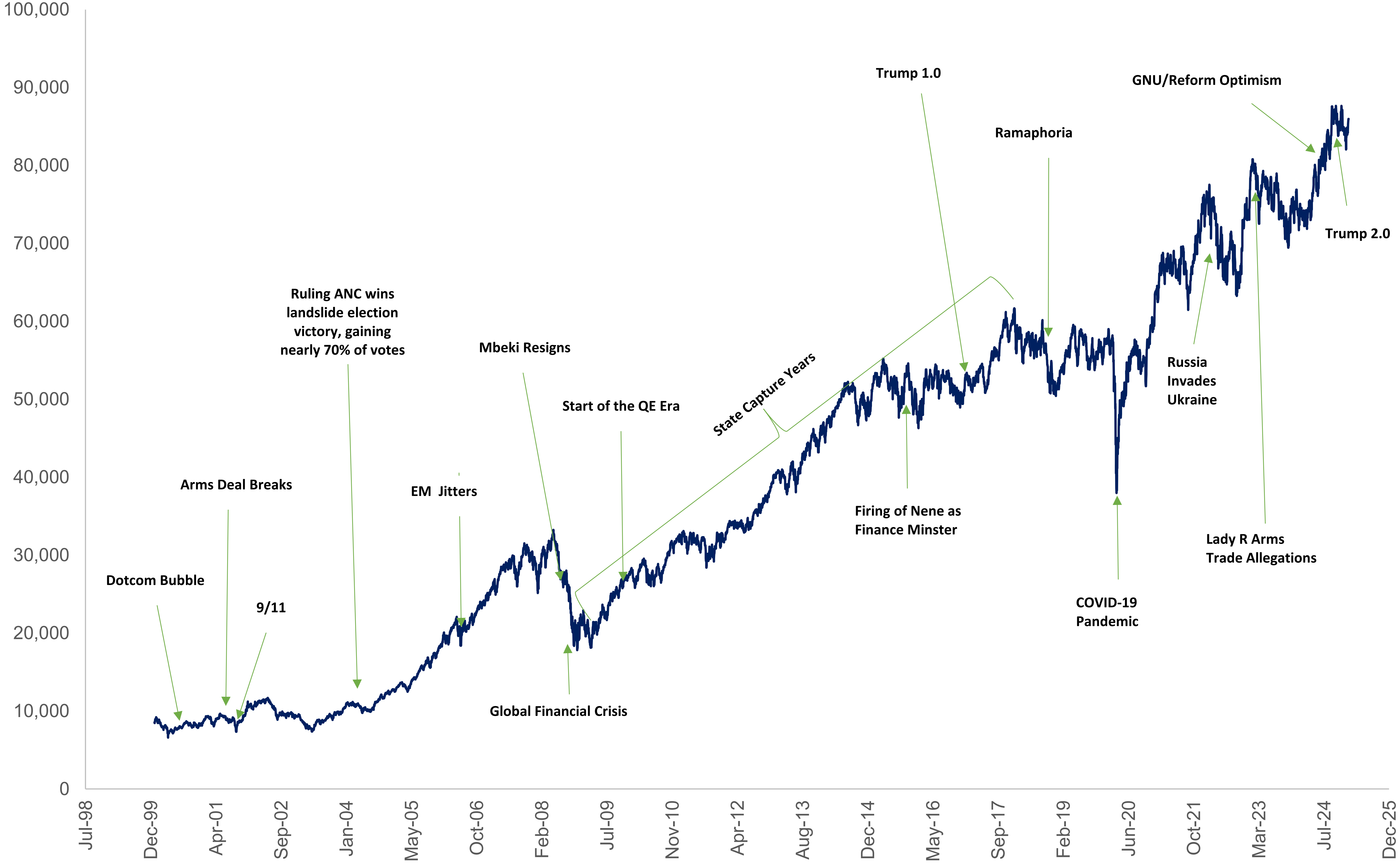
Not Very Predictive

Strategist target prices usually don't tell us much about market outcomes



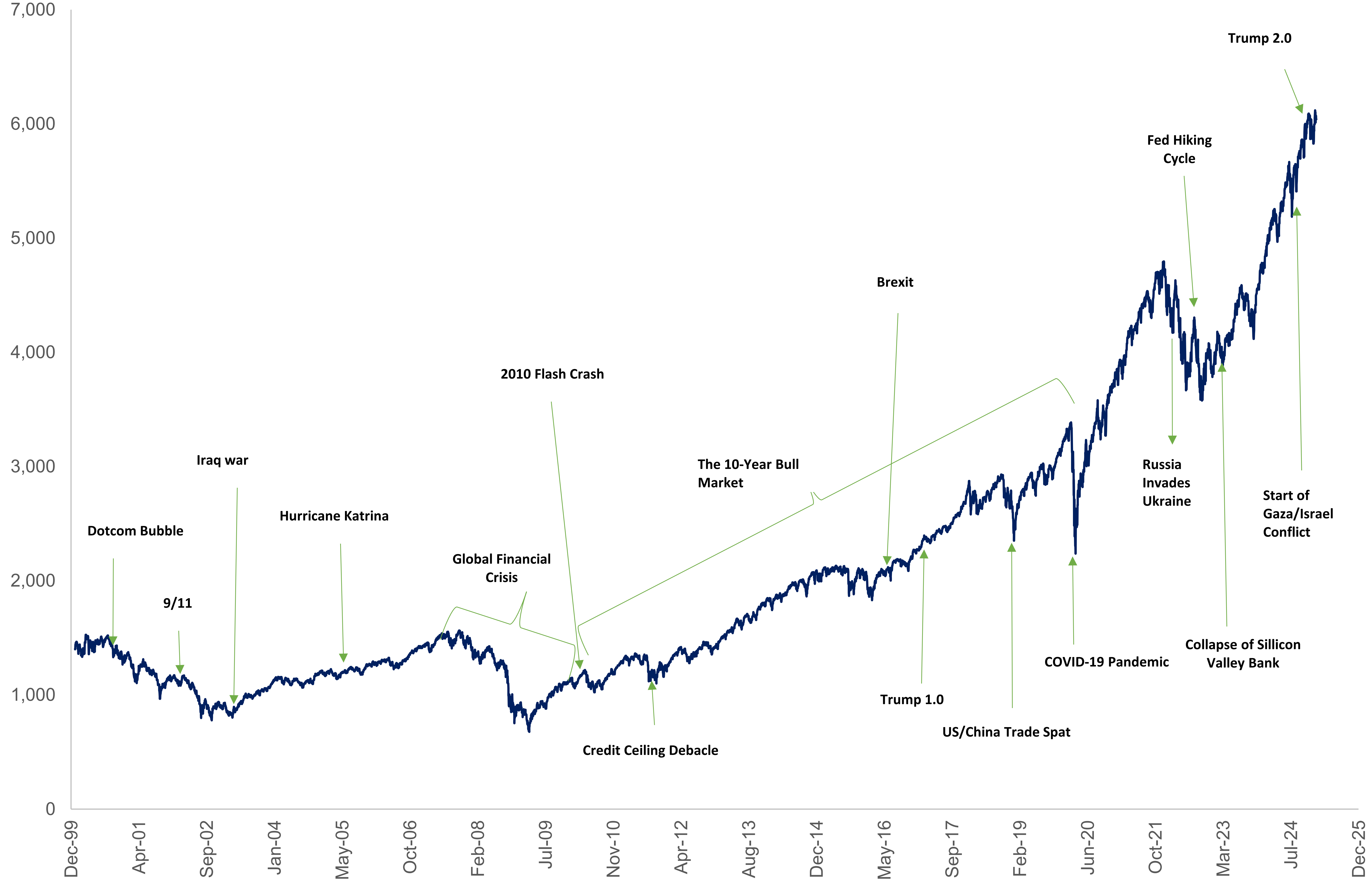
Source: Bloomberg
Note: "Upside" is how much strategists thought the index would rise from the day of the call through Dec. 31; 2025 realised performance is measured through 12/19/25.

FTSE JSE All Share Index: Historical Context



Source: Thomson Reuters, Anchor Capital..

S&P 500: Historical Context



Source: Thomson Reuters, Anchor Capital.

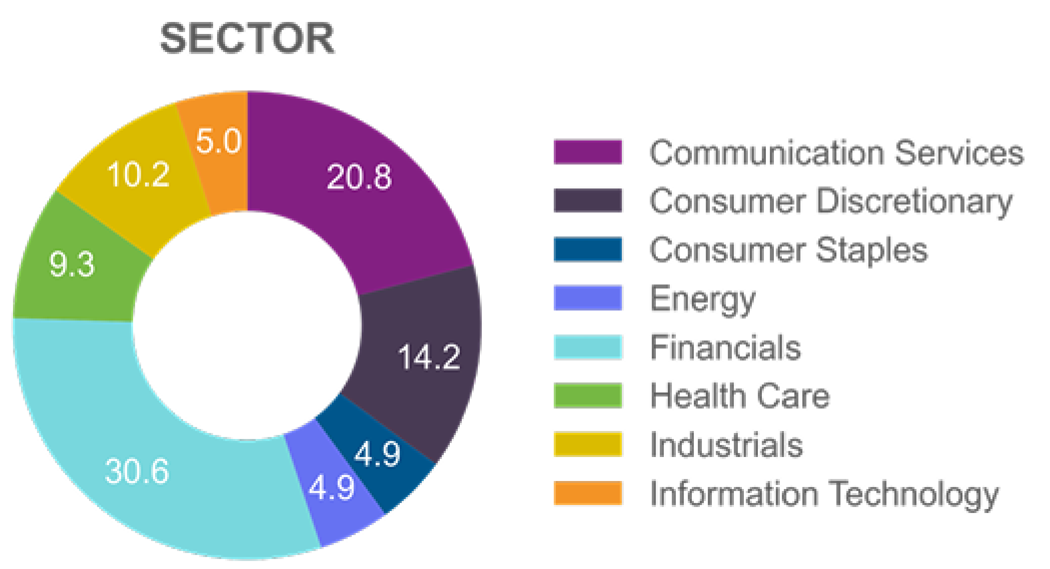
Credo Best Ideas Portfolio

PORTFOLIO PERFORMANCE (USD)[1,2]

Return (%)	S. Inception	5 Years	3 Years	1 Year	3 Months	1 Month	YTD
	Annualised						
Best Ideas Portfolio	11.9	16.1	25.8	32.7	1.3	1.0	32.7
MSCI World	10.5	12.1	21.2	21.1	3.1	0.8	21.1
Relative	1.4	4.0	4.6	11.6	-1.8	0.2	11.6

Risk (%)	Volatility (Annualised)	Largest Drawdown
BIP (USD)	12.6	-37.1
MSCI World (USD)	12.5	-34.0

ASSET ALLOCATION (%)



PERFORMANCE SINCE INCEPTION[2]

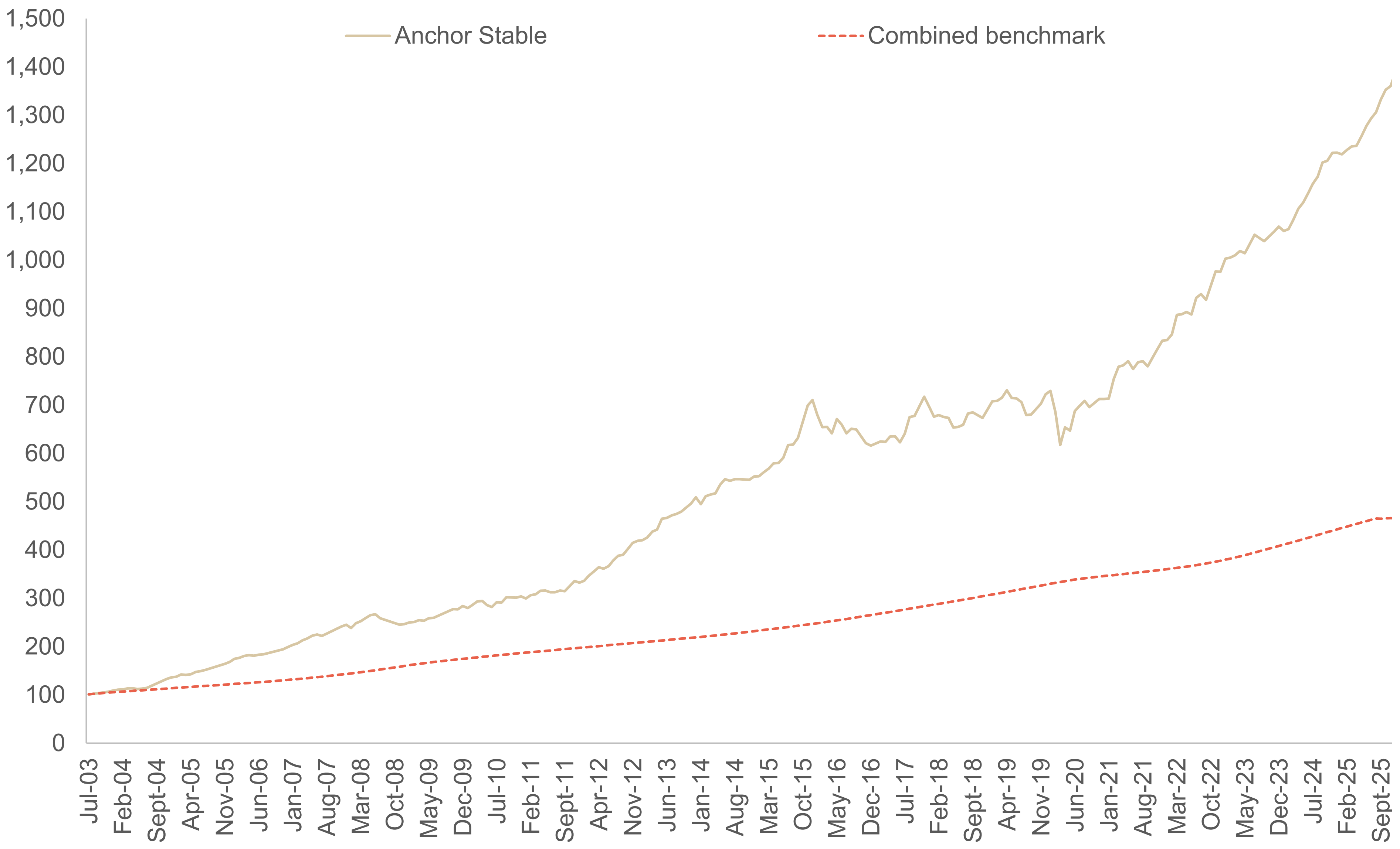
Global Equity Themes

- Artificial Intelligence
- Obesity Drugs
- Autonomous Vehicles
- Defence
- Travel
- US Banks

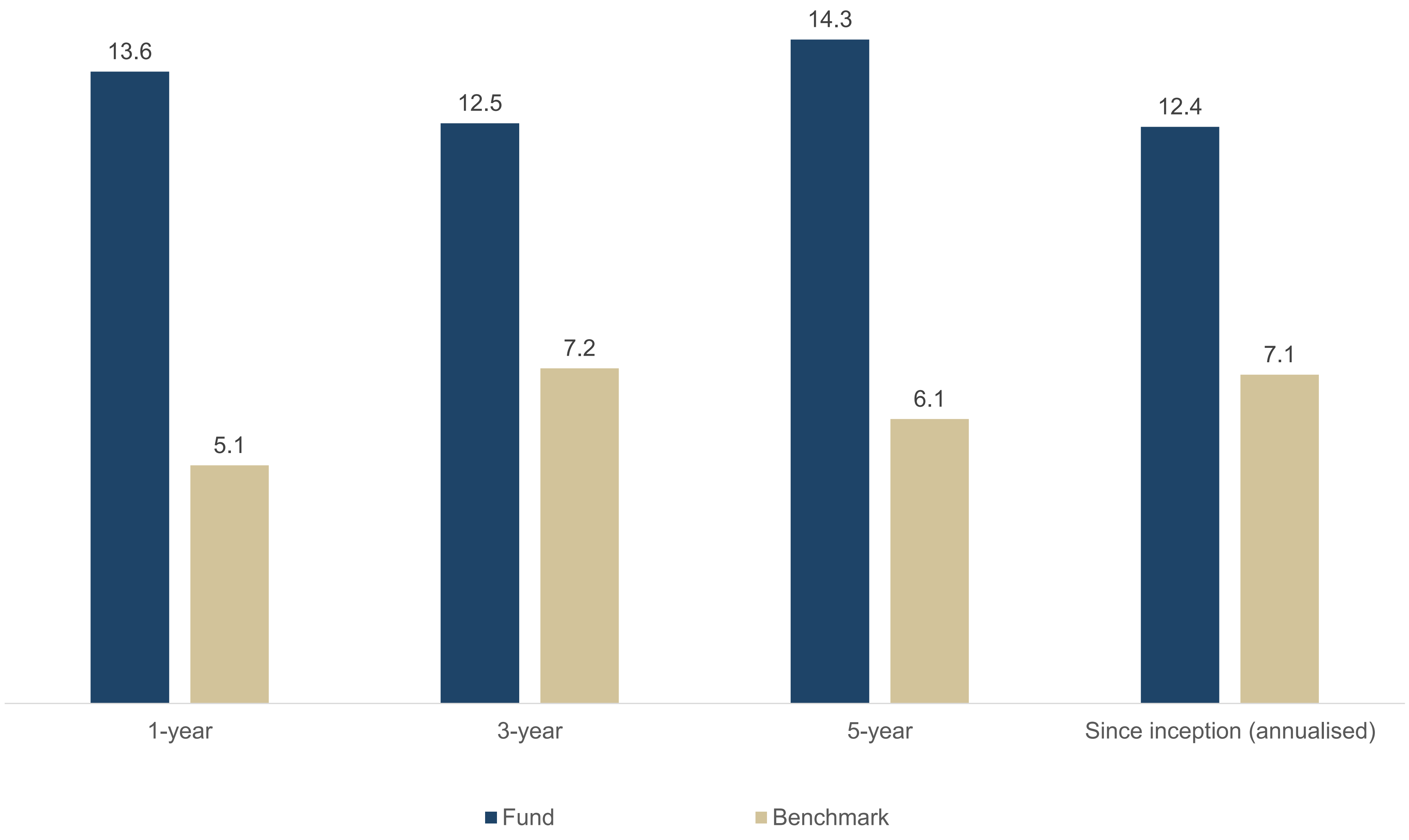
Anchor Stable FR Retail Hedge Fund

What Every Investor Wants: 12-15% Year In, Year Out …..

INVESTMENT PERFORMANCE
Growth of R100 investment (cumulative)



FUND PERFORMANCE, %

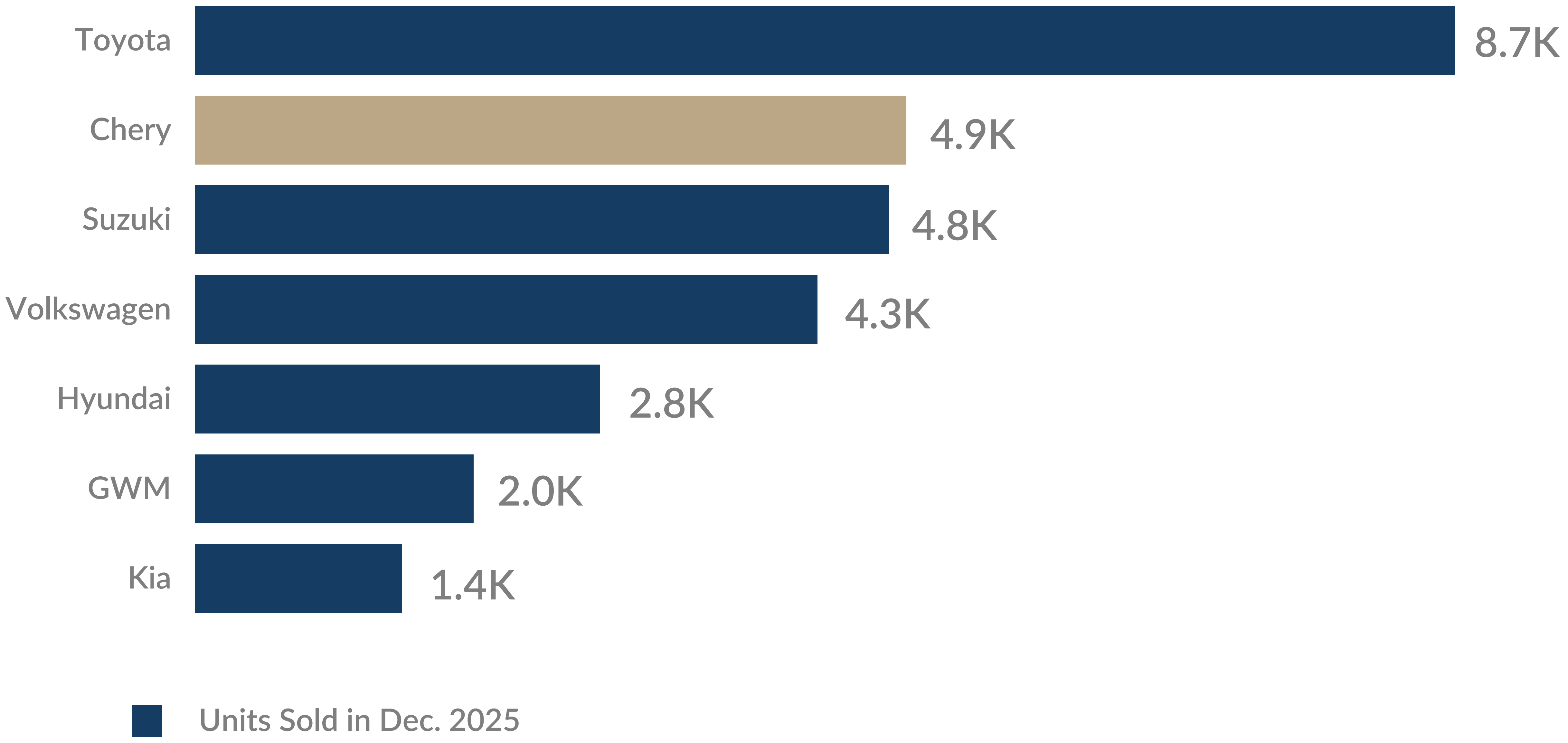


Source: Morningstar, Anchor Capital

Industrial SA is Changing

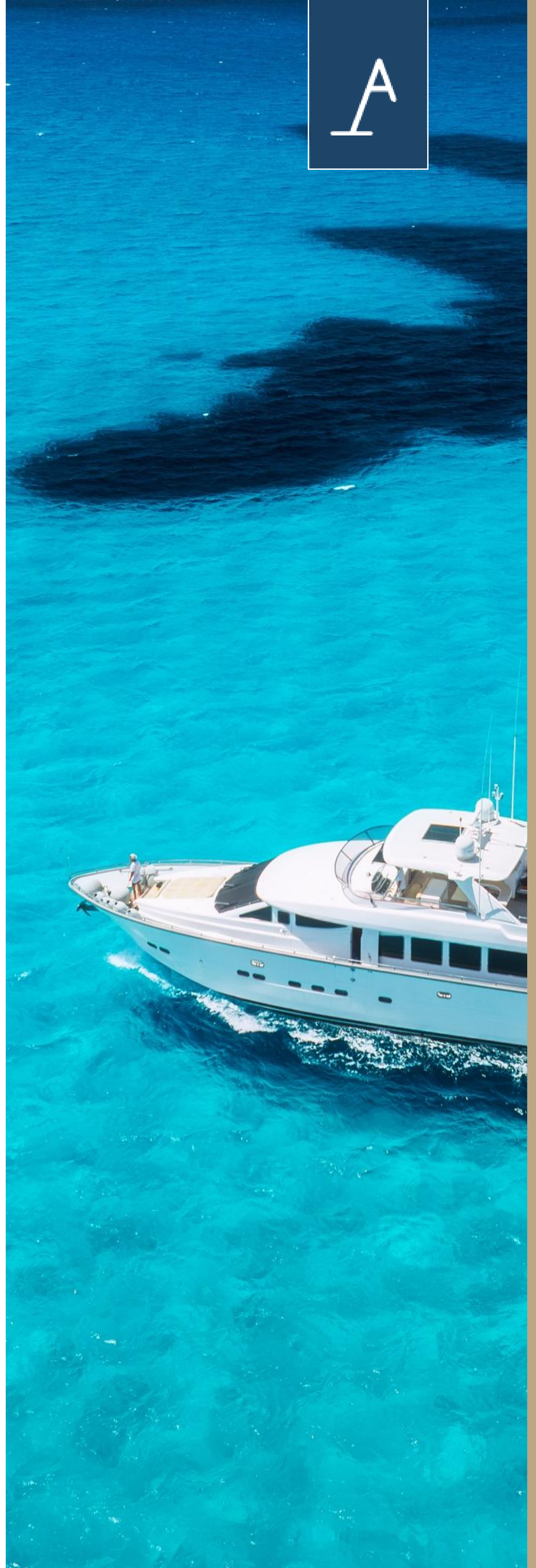
Chery is now South Africa's No. 2 Car Seller

The Chinese brand has seen rapid sales growth

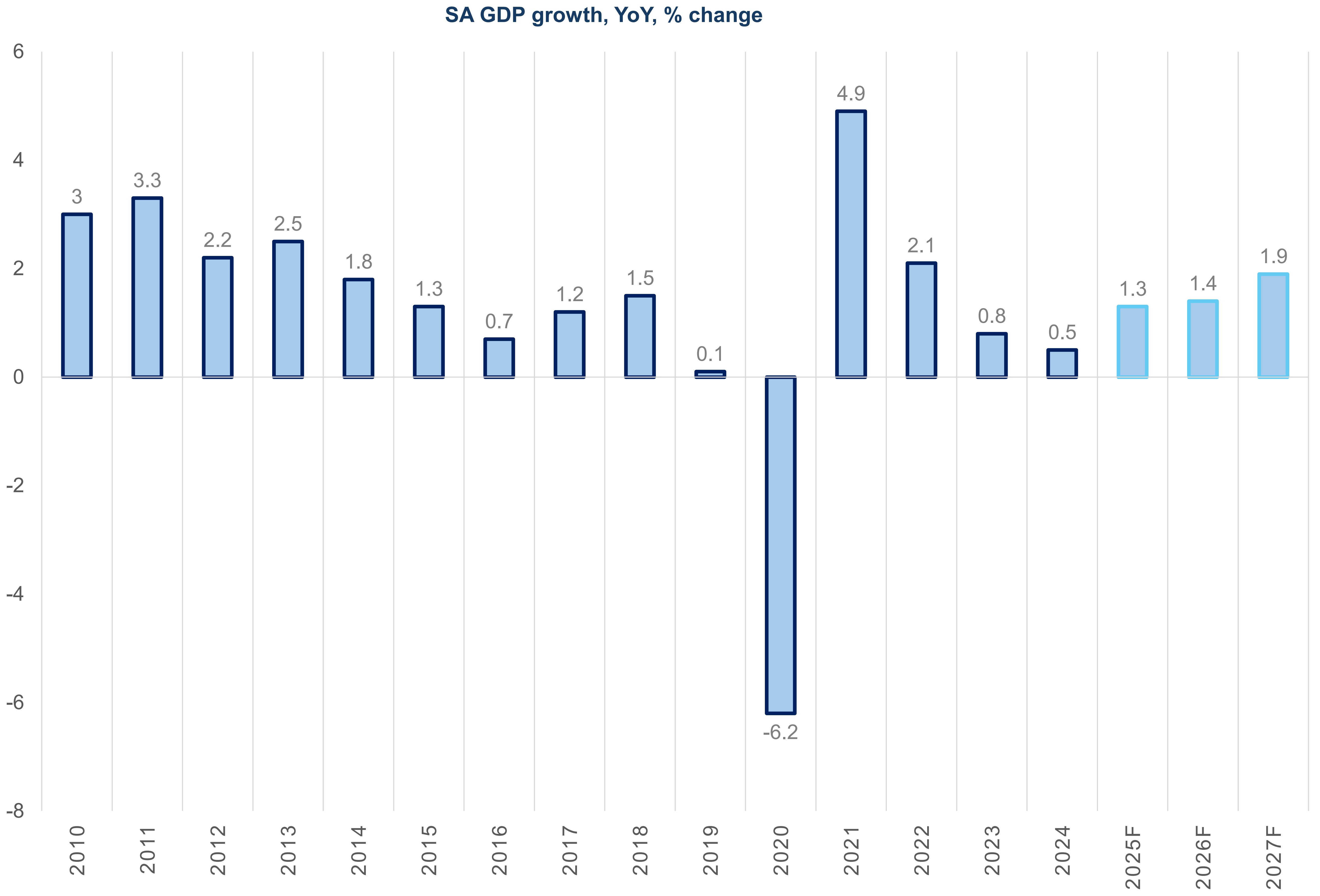


Source: Bloomberg, Naamsa

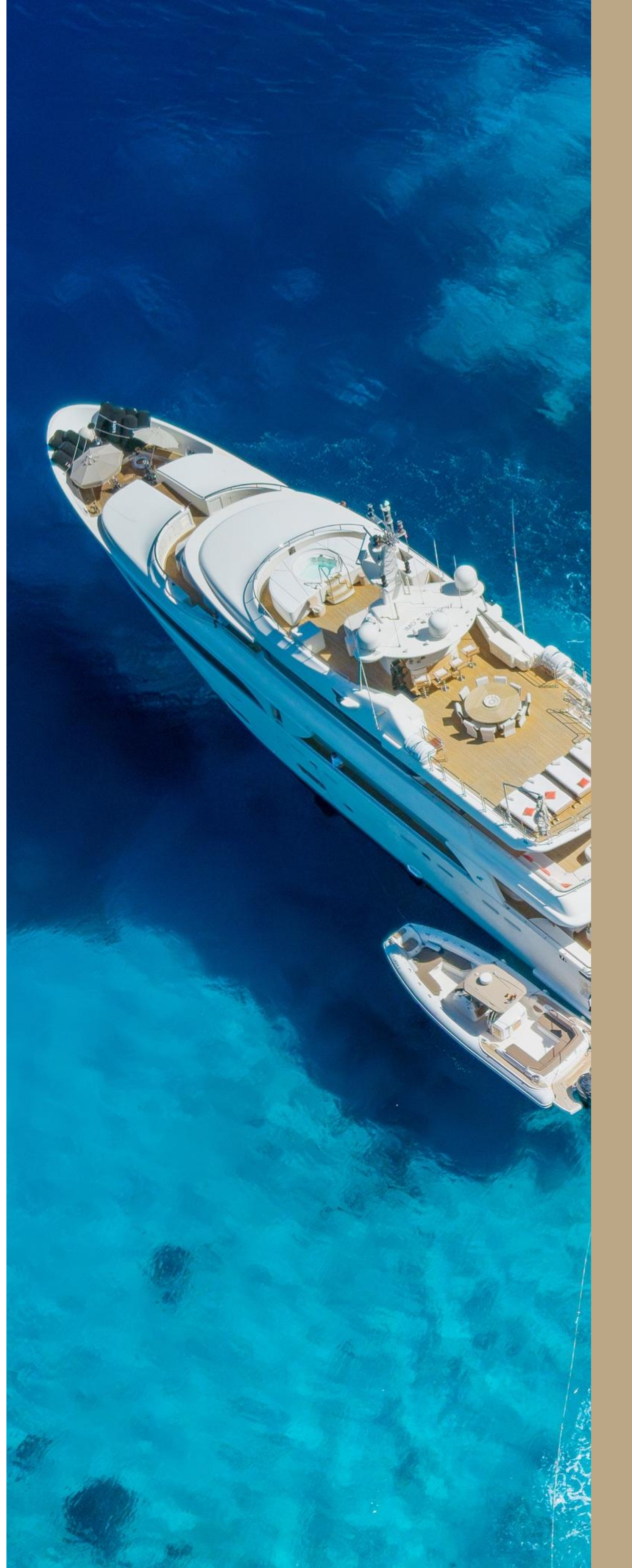
Note: Chery's sales total includes Omoda, Jaecoo and Jetour brands



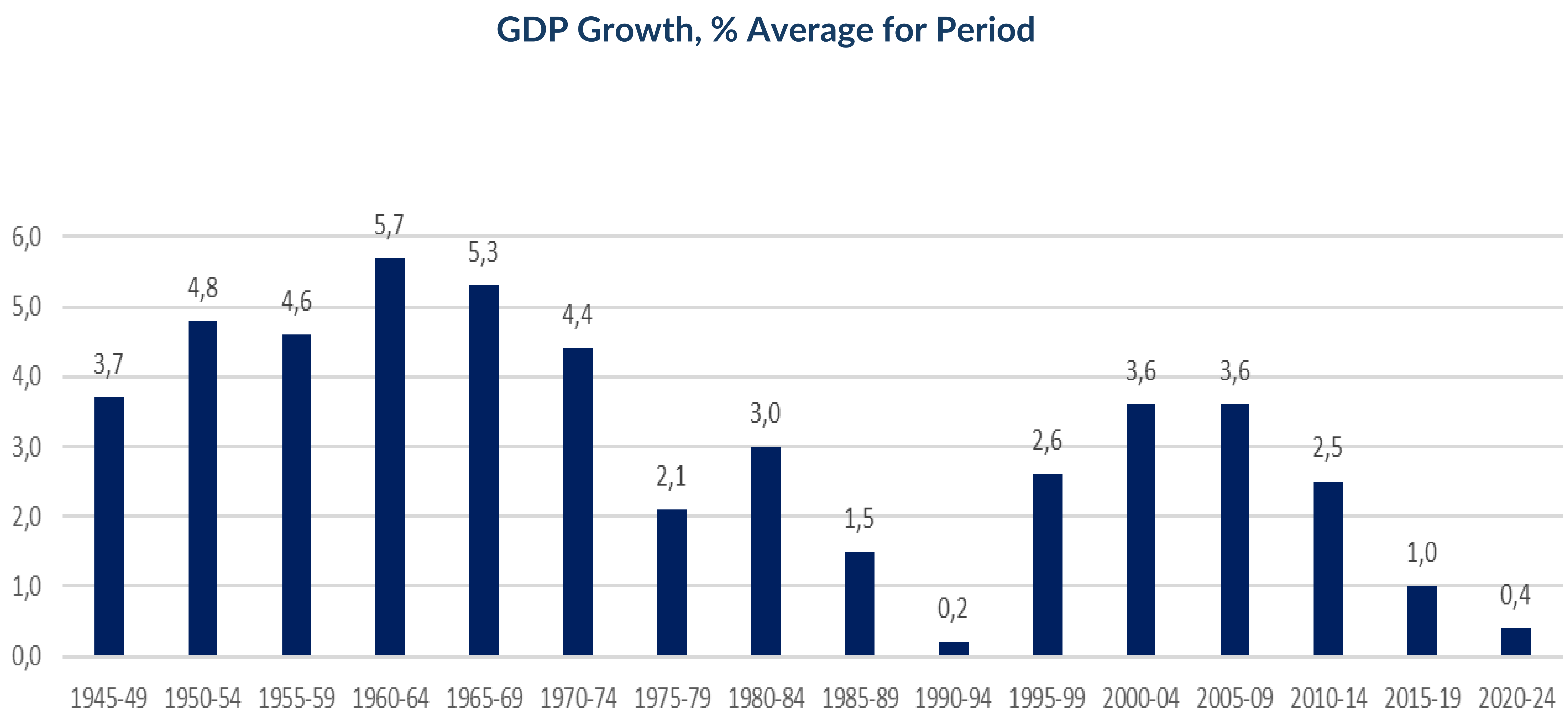
SA Economic Growth: SARB Forecasts



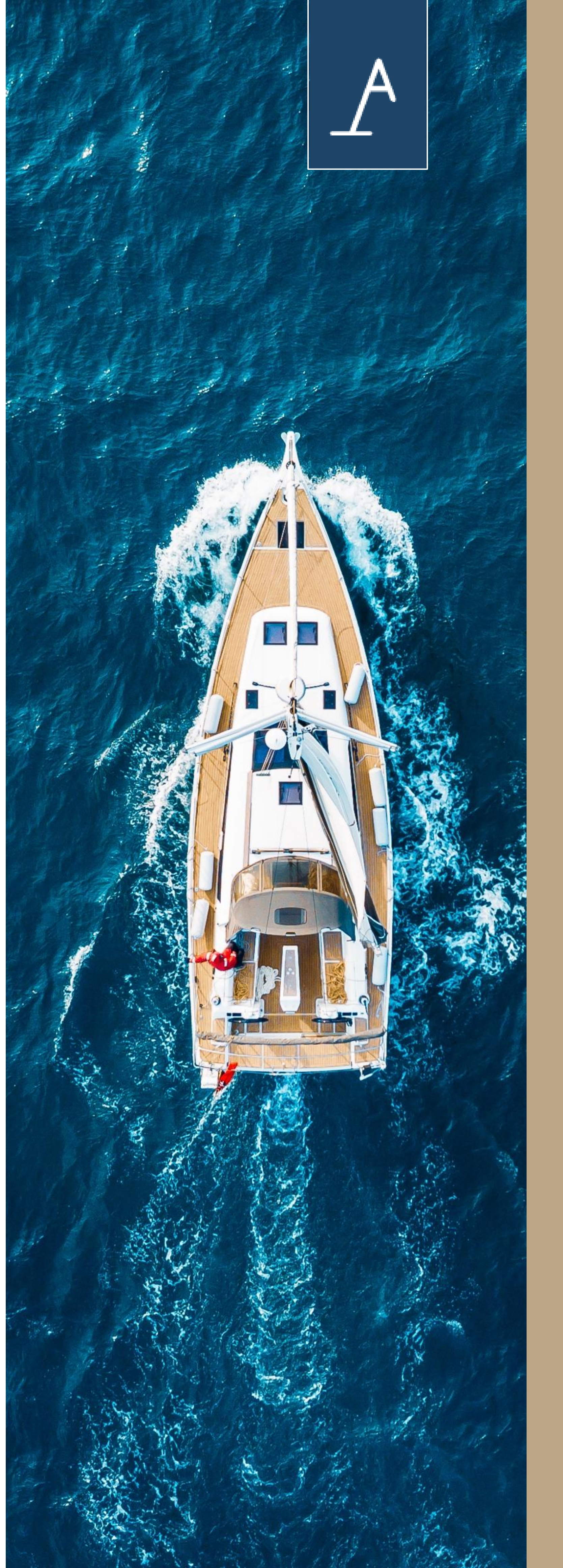
Source: SARB, Anchor Capital



South Africa Average Growth



Source: SARB



NAVIGATING CHANGE

Where The Money Will Be Made

1Q26

Fixed Income

Nolan Wapenaar, Co-Chief Investment Officer/Head of Fixed Income

THE SOUTH AFRICAN RAND

Source: Anchor Capital /Thomson Reuters as at 15 January 2026

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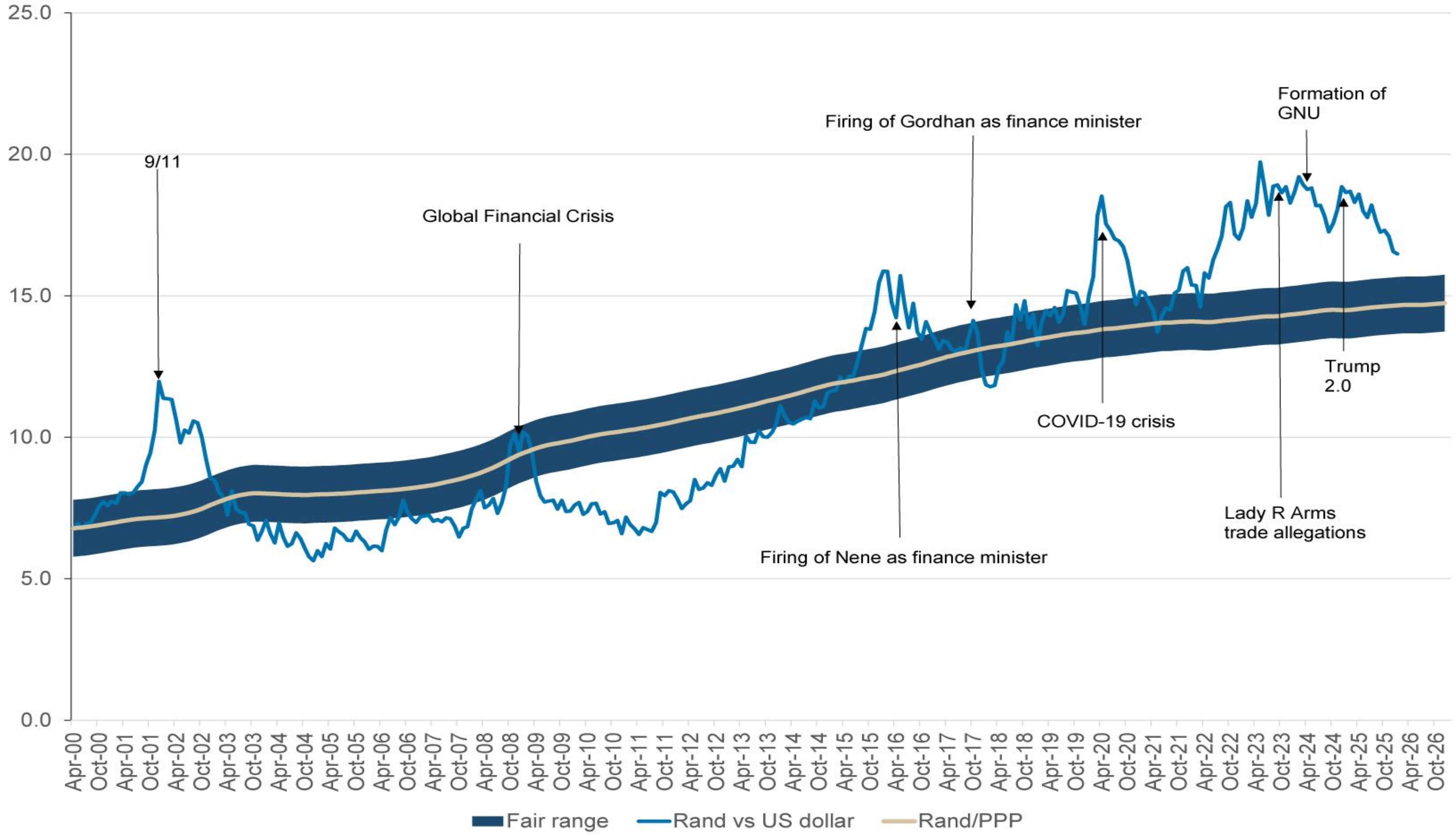
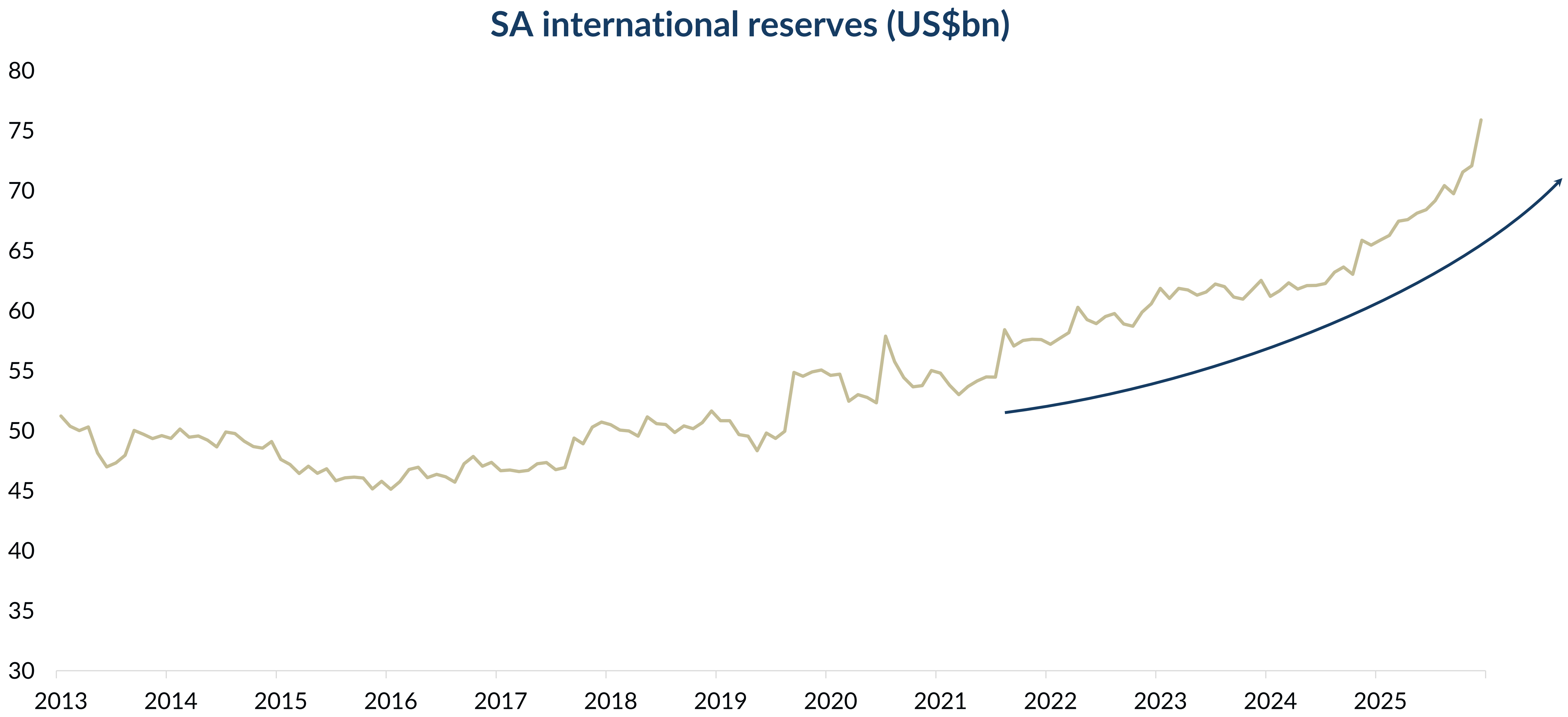
The Rand



Source: Anchor Capital /Thomson Reuters as at 15 January 2026

THE DOMESTIC ENVIRONMENT

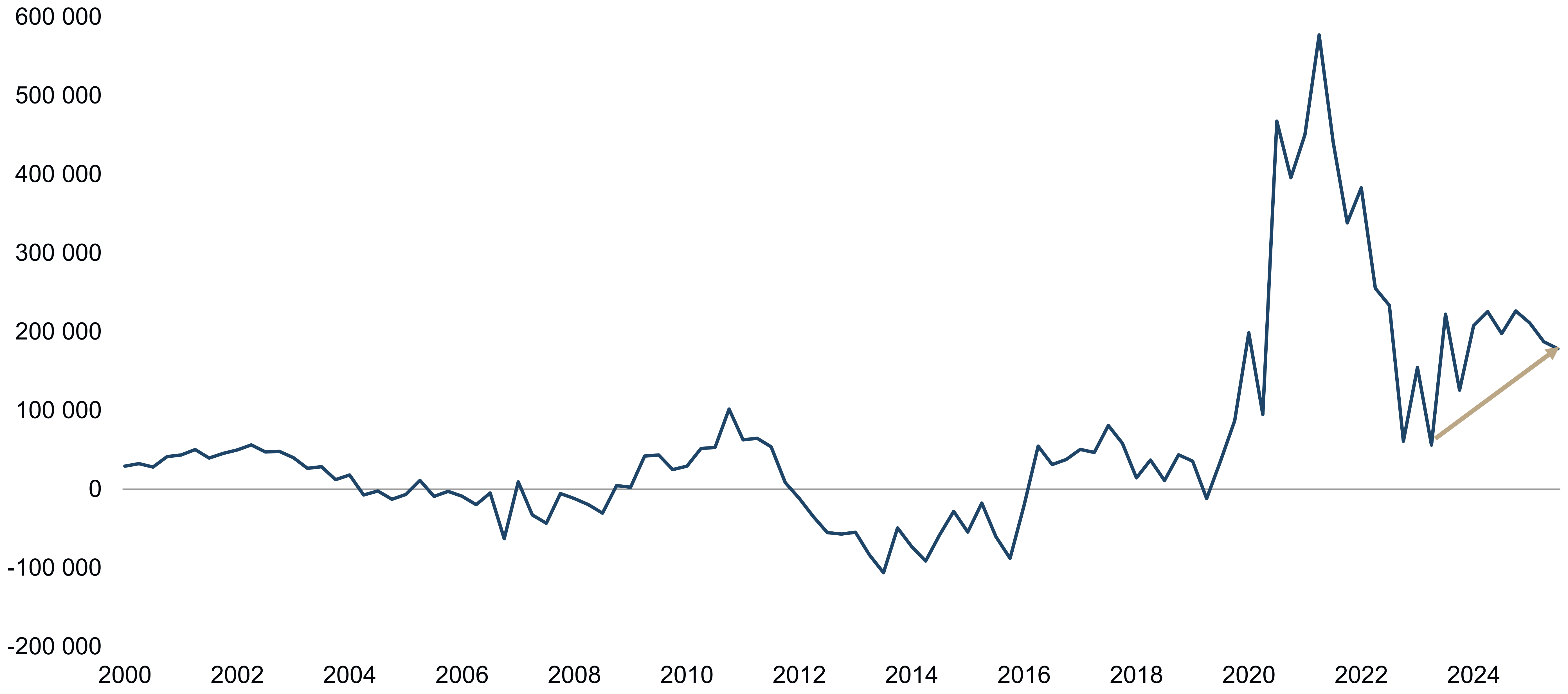
Strengthening External Balance



Source: Thomson Reuters

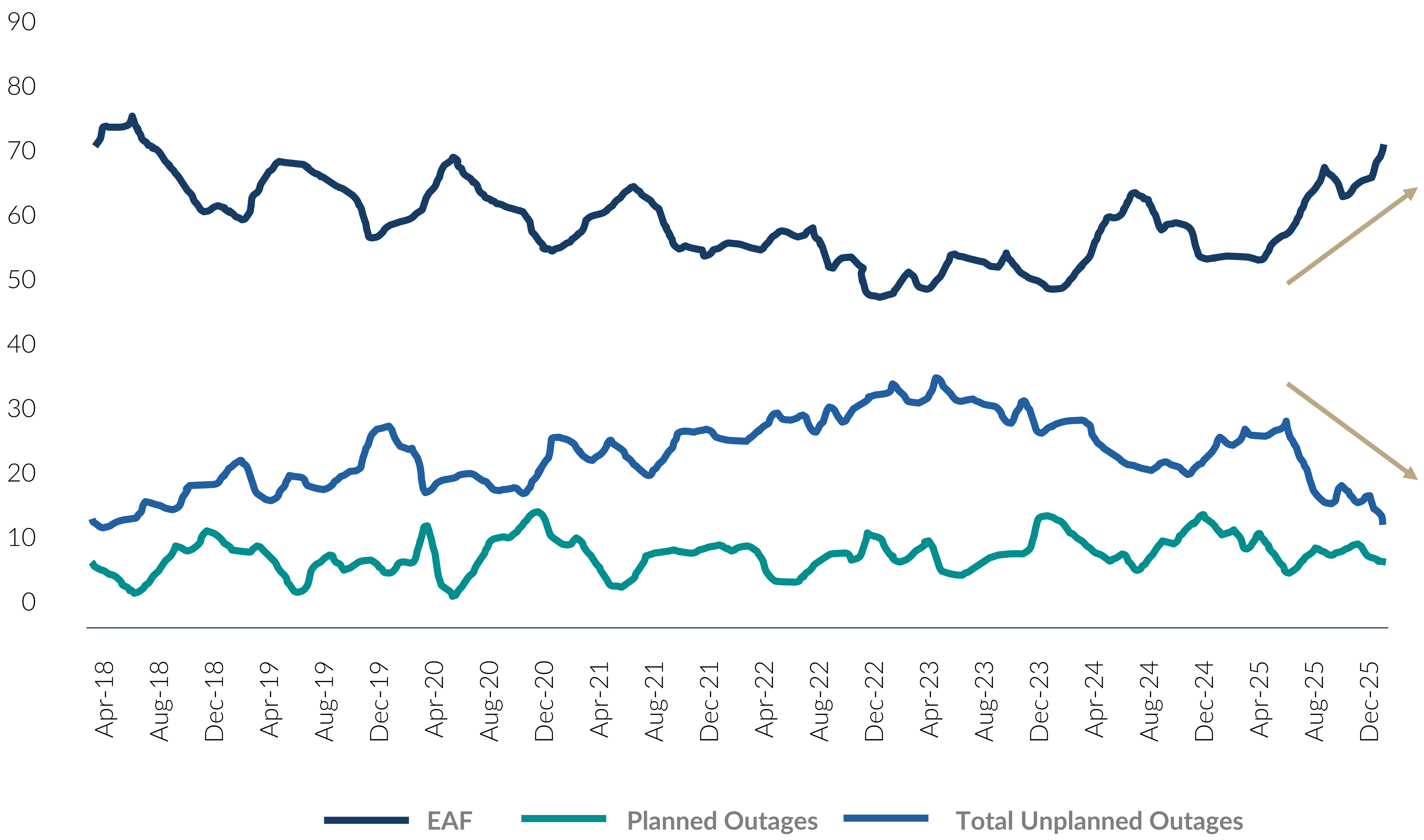
Strengthening External Balance

Trade balance (goods) quarterly, seasonally adjusted and annualised, (Rmn)



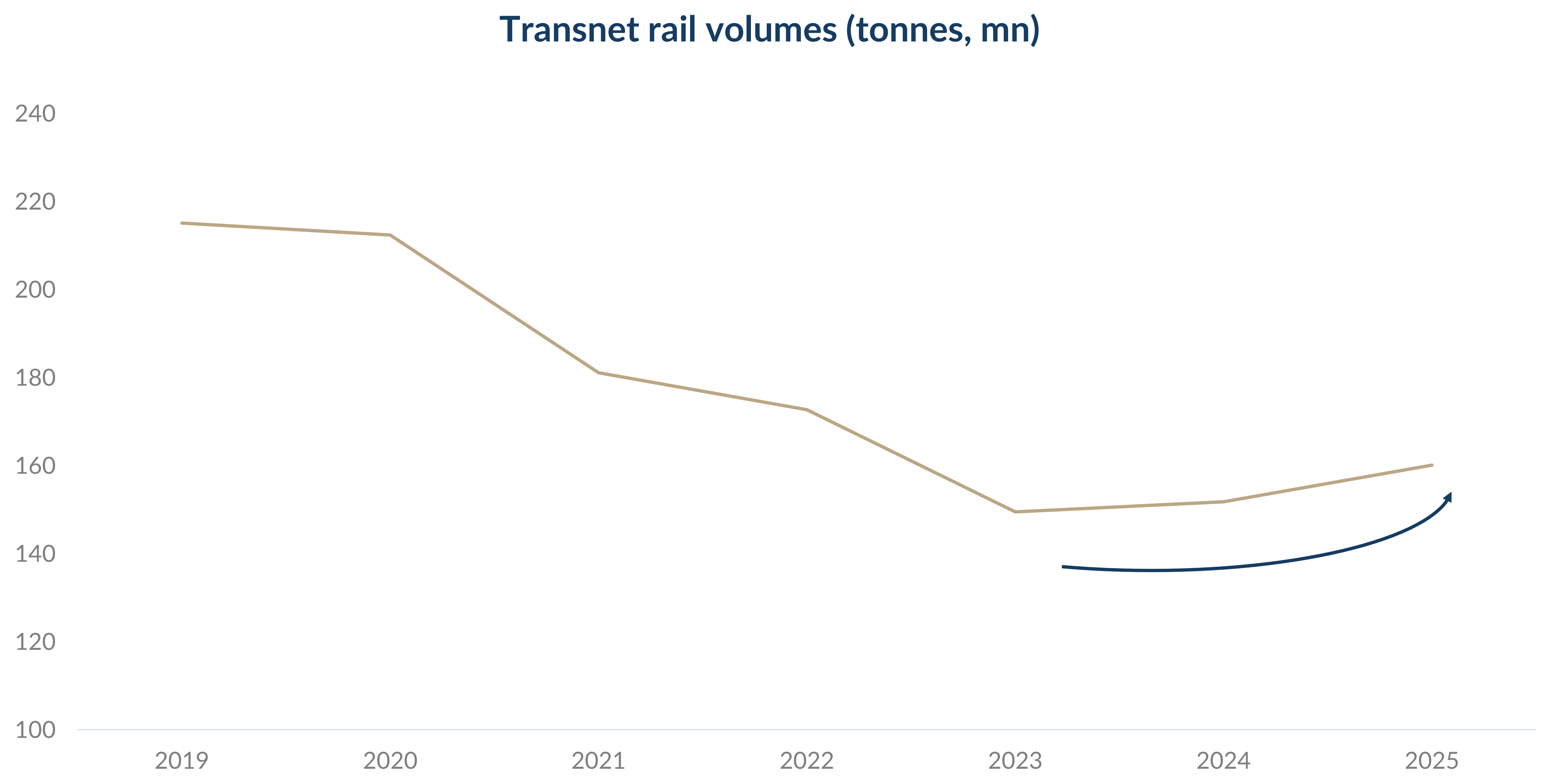
Source: Thomson Reuters

Easing energy bottlenecks



Source: Eskom, SARB

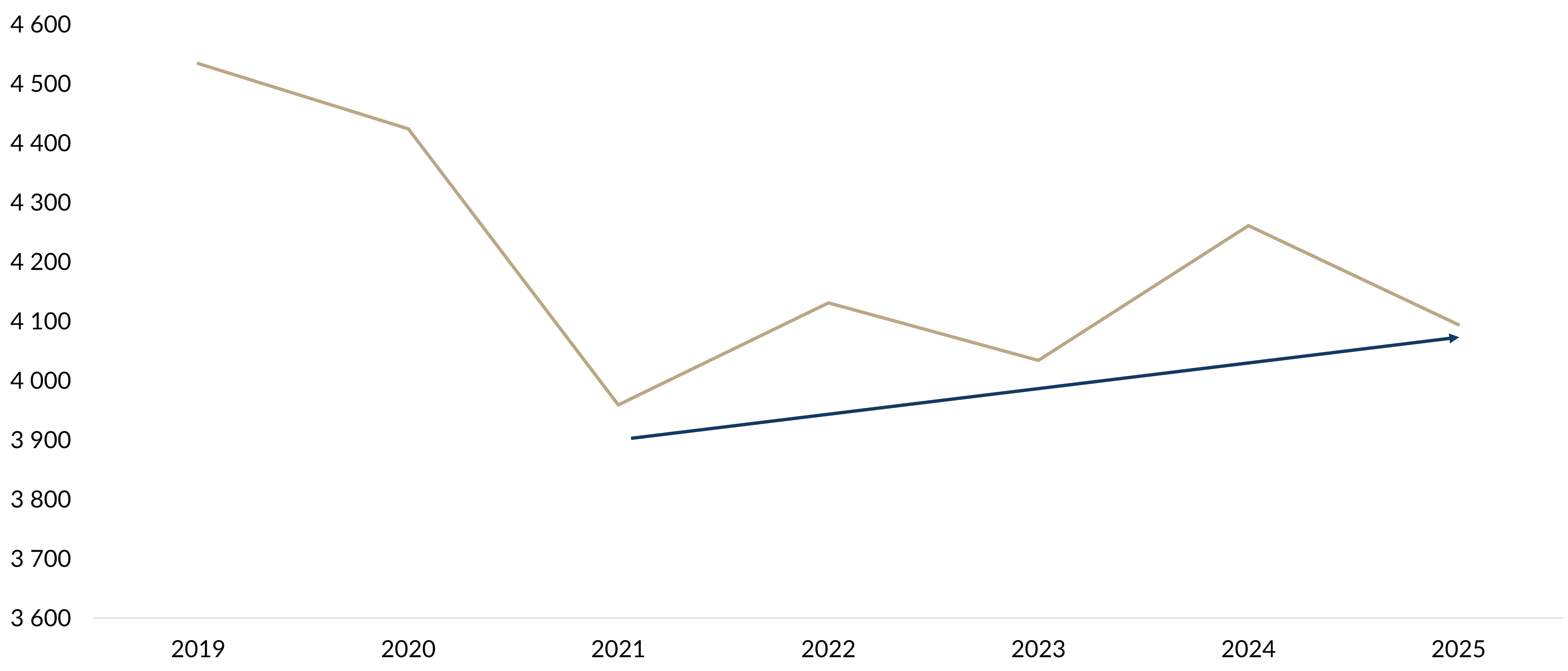
Recovering Rail Volumes



Source: Transnet

Recovering Port Volumes

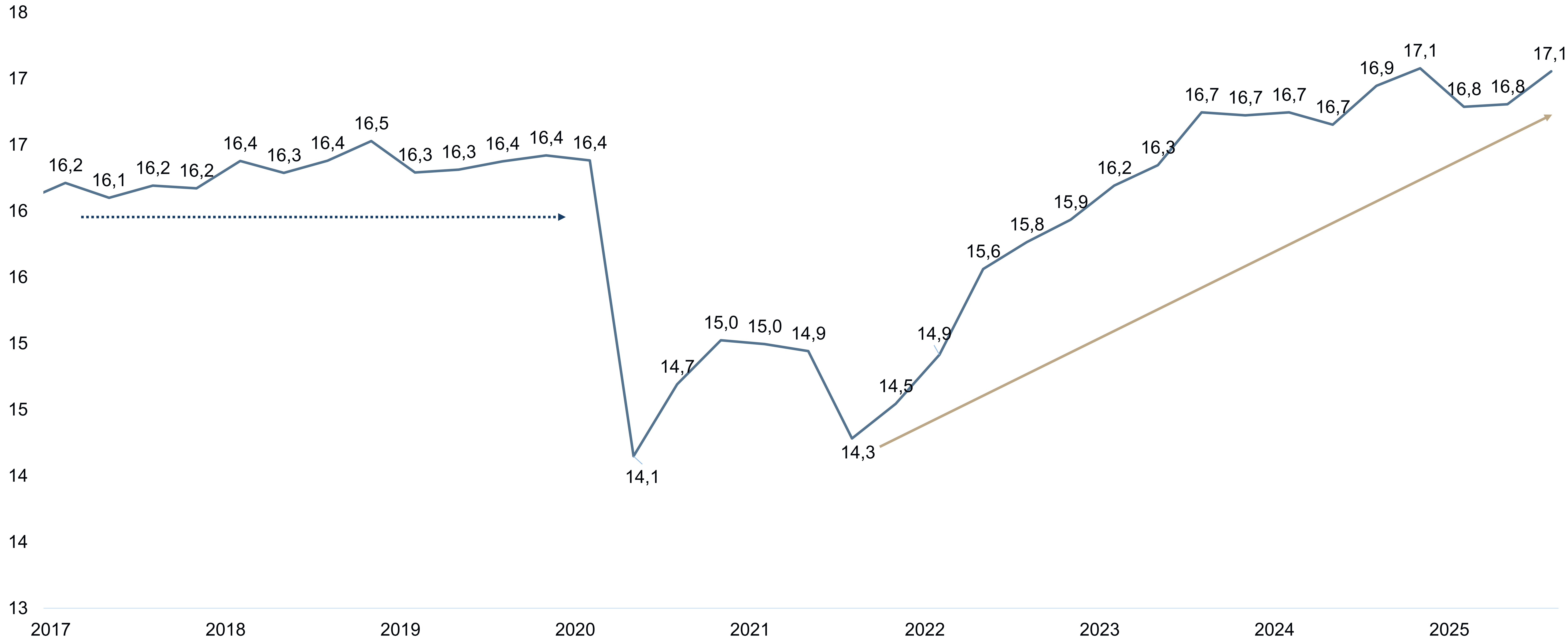
Transnet port container volumes ('000, TEUs)



Source: Transnet

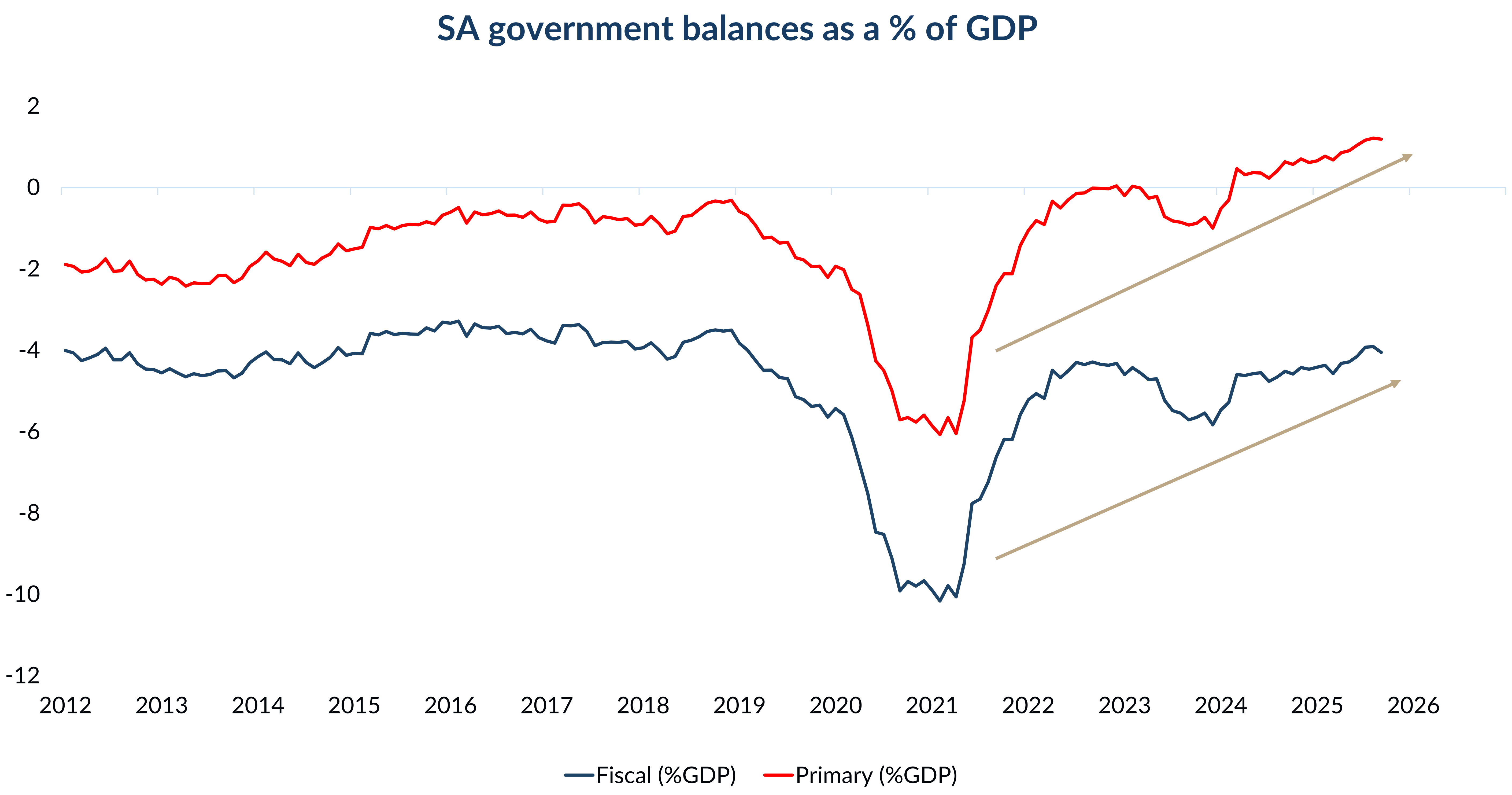
Improving labour market dynamics

Total people employed, mn



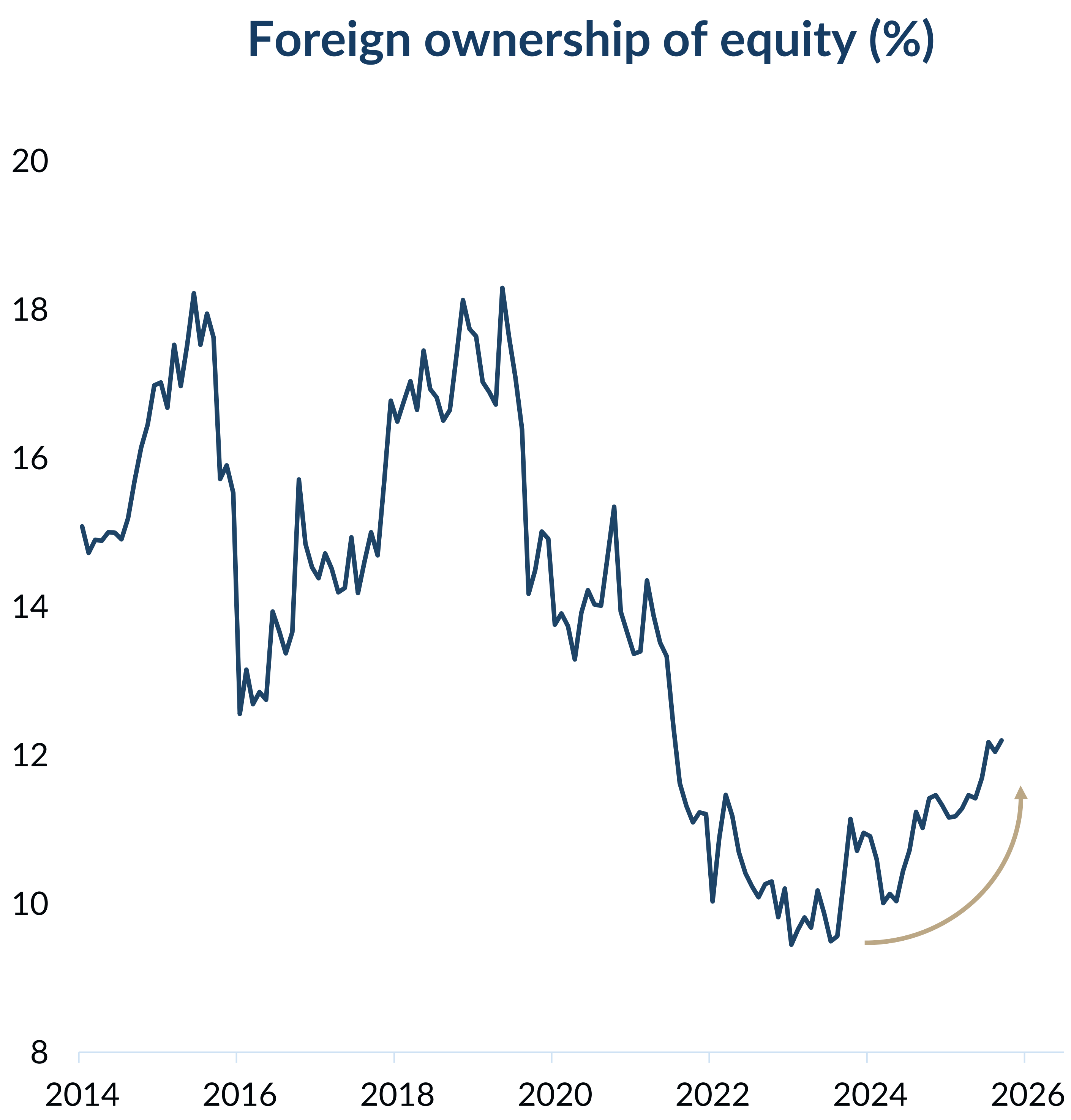
Source: Thomson Reuters

Improving Fiscal Position



Source: Thomson Reuters

Foreign Ownership STILL Low



Source: JSE

Where the Money Will Be Made

DOMESTIC EQUITY	DOMESTIC FIXED INCOME
	• Positive momentum for South African financial assets is likely to continue. • The markets are pricing in two interest rate cuts this year . . . Anchor thinks we might see more. • Remain patient and tilt toward the Flexible Income Fund, which takes measured risk and will benefit from a positive backdrop.
GLOBAL EQUITY	**GLOBAL FIXED INCOME**

Source: JSE

THE GLOBAL ENVIRONMENT

The US Backdrop

The Wall Street Journal

U.S. Has Lost Manufacturing Jobs Every Month Since ‘Liberation Day’

American manufacturers shed about 8000 jobs in December, according to the Labor Department, marking the eighth straight month of losses...

5 days ago

Al Jazeera

Trump says he doesn’t need international law amid aggressive US policies

UN rapporteur tells Al Jazeera she is concerned that the world may be returning to an 'age of imperialism'.

6 days ago

Australian Broadcasting Corporation

Trump and Denmark dispute Greenland's future

Denmark's foreign minister has declared his nation fundamentally disagrees with US President Donald Trump on the future of Greenland,...

The Guardian

China threatens to retaliate over Trump’s 25% tariff on countries trading with Iran

US president announces measure in response to situation in Iran, which is facing anti-government protests.

2 days ago

Al Jazeera

Abduction of Venezuela’s Maduro illegal despite US charges, experts say

A country 'cannot enforce its law on the territory of another state' without consent, a United Nations rapporteur tells Al Jazeera.

6 days ago

CNN

Jerome Powell responds to criminal investigation into him and the Fed

Federal prosecutors have opened a criminal investigation into the Federal Reserve's $2.5 billion renovation of its headquarters in...

3 days ago

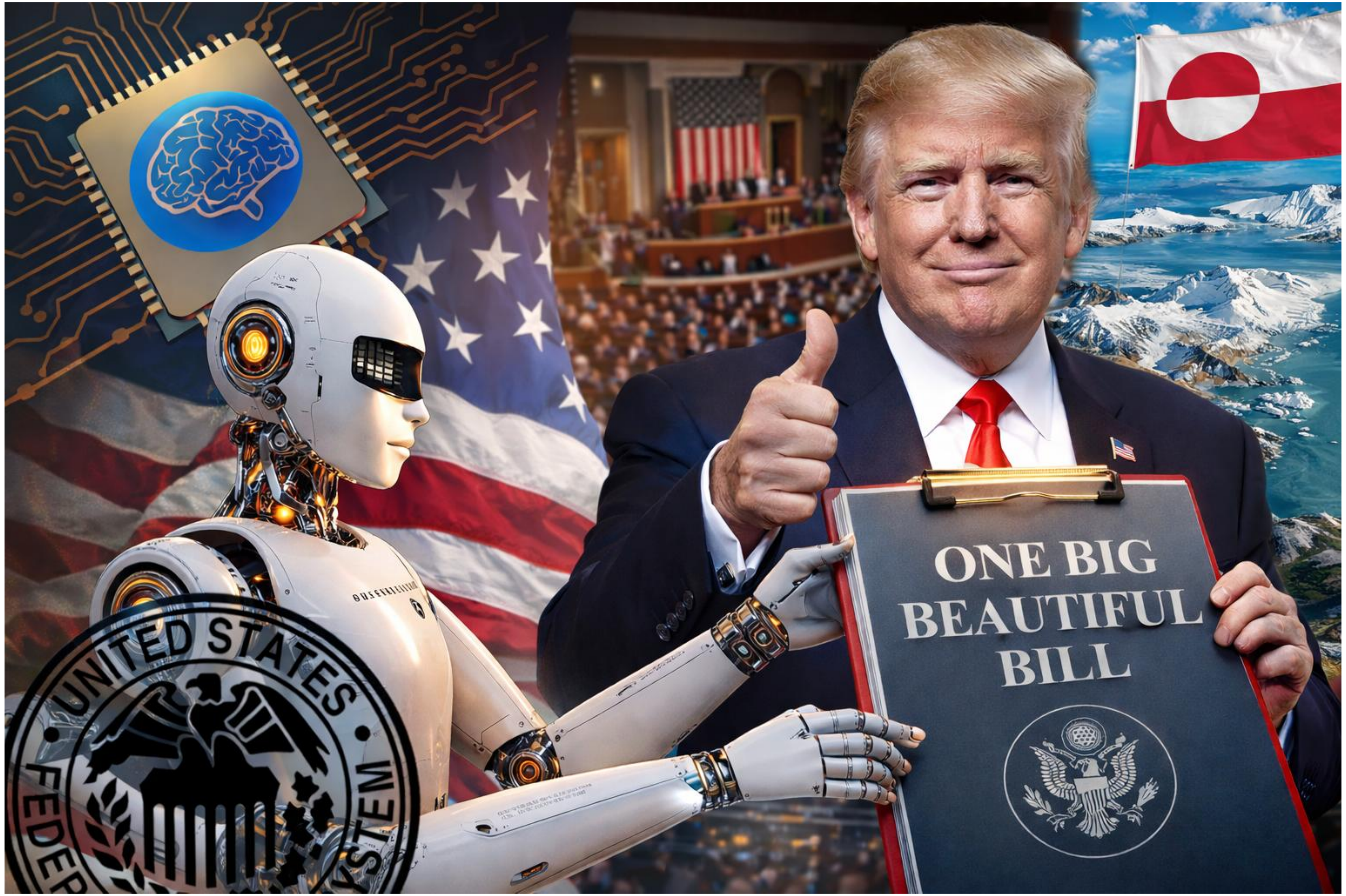
The Washington Post

Trump makes obscene gesture, mouths expletive at Detroit factory heckler

A cellphone video captured Trump twice mouthing “f--- you” and raising his middle finger toward a line worker shouting at him inside the...

11 hours ago

The US Backdrop



Where the Money Will Be Made

DOMESTIC EQUITY

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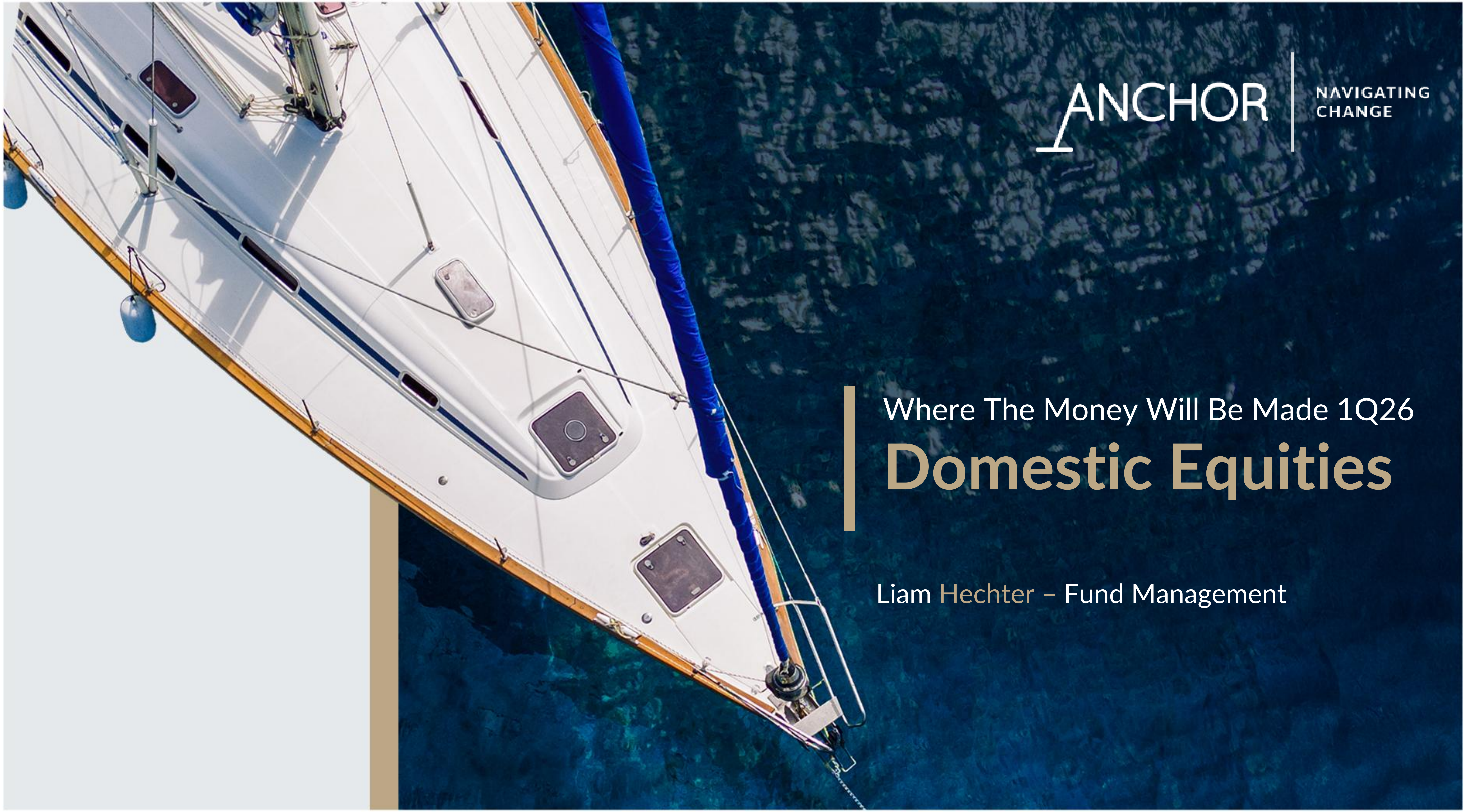

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Where The Money Will Be Made 1Q26

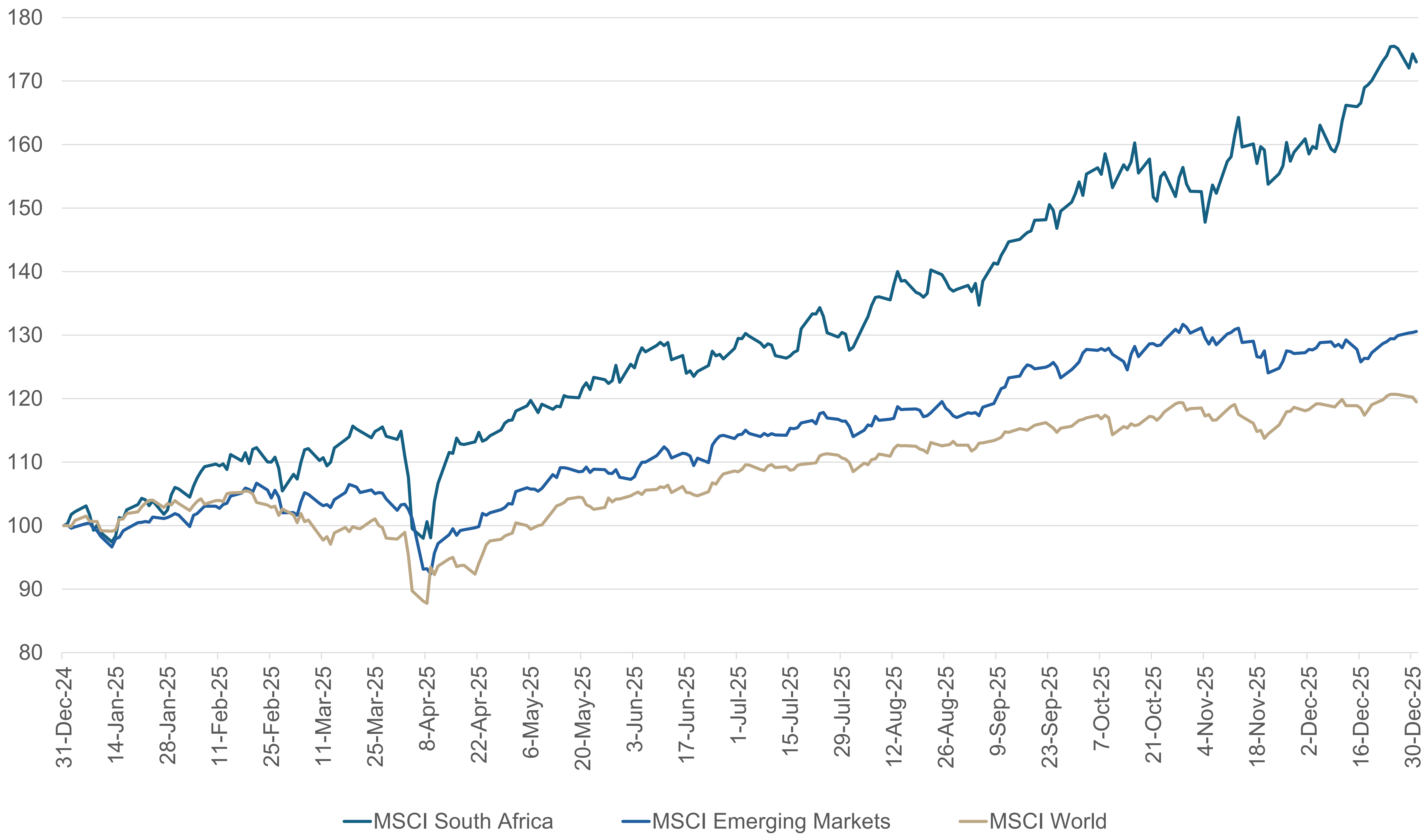
Domestic Equities

Liam Hechter – Fund Management

South Africa
2025 a Standout Year!!

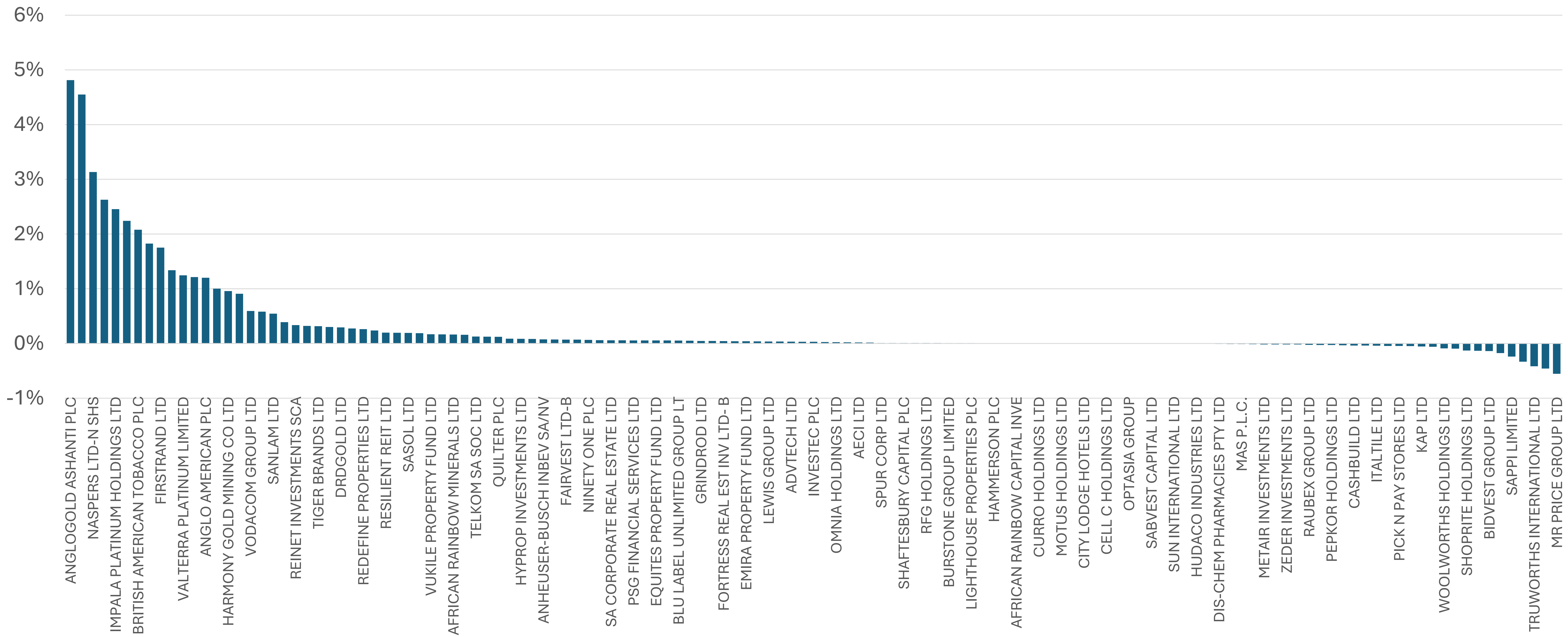
- 2025 saw a confluence of events collide to produce one of the best years on record
  - MSCI South Africa +74% (US$)
  - FTSE/JSE All Share Index +42% (rand)
- A favourable backdrop for South African assets due to both internal…
  - Political risk premium compression
  - Progress on structural reforms
- … and external factors:
  - Commodity tailwinds boosting exports and improving terms of trade
  - Weaker US$ providing additional support for the rand
  - Allocation away from US Equities and into emerging markets (EMs)
    - Both equities and fixed income
- Remain cautiously constructive on South African equities (12m total return of 12%)

How South Africa Stacked up in 2025



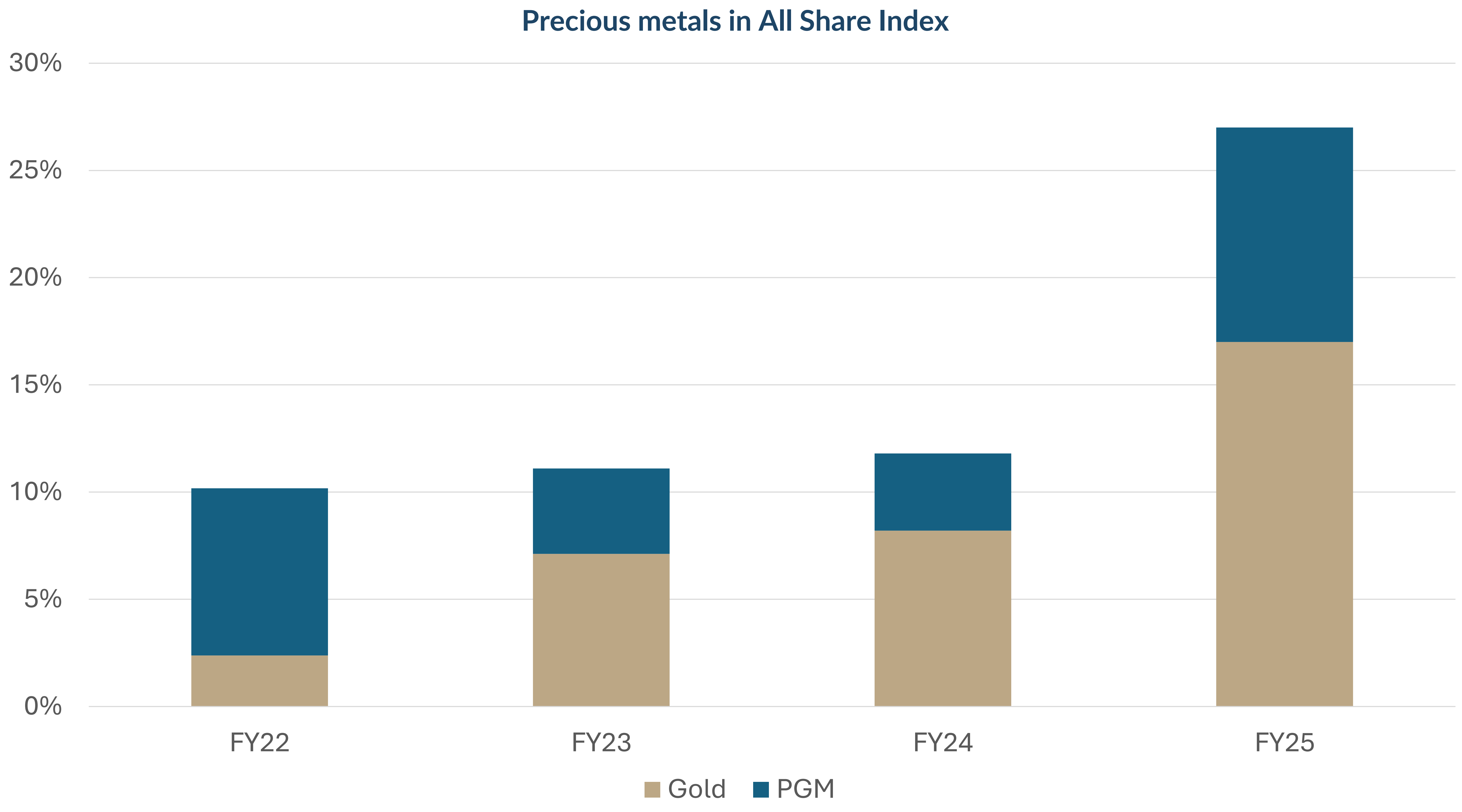
Source: Bloomberg, Anchor Capital

However, the Returns Were Highly Concentrated



Source: Bloomberg, Anchor Capital

Complicating our Outlook for the JSE



Source: Bloomberg, Anchor Capital

Remain Constructive On Domestic Fundamentals

- Favourable macro backdrop – environment has become conducive for domestic outperformance
- Maintain momentum on structural reforms and employment growth
- Need accuracy in selecting companies that are well-placed to take advantage of tailwinds
- As the commodity bull market matures, we see scope for 2nd and 3rd order impacts on the South African consumer
- Favourable interest rate environment, employment growth
- Geopolitics, ANC leadership race – risks on the horizon

Mid-cap ideas for 2026

GOOD CHANCE OF POSITIVE SURPRISES IN 2026

UNDER RESEARCHED IDEAS

KAAP AGRI
Sedert 1912 Since 1912

OPTASIA

blu
BLU LABEL UNLIMITED

Premier

MANAGEMENT TO DELIVER

STRONG EARNINGS GROWTH ACROSS THE BOARD

Where The Money Will Be Made

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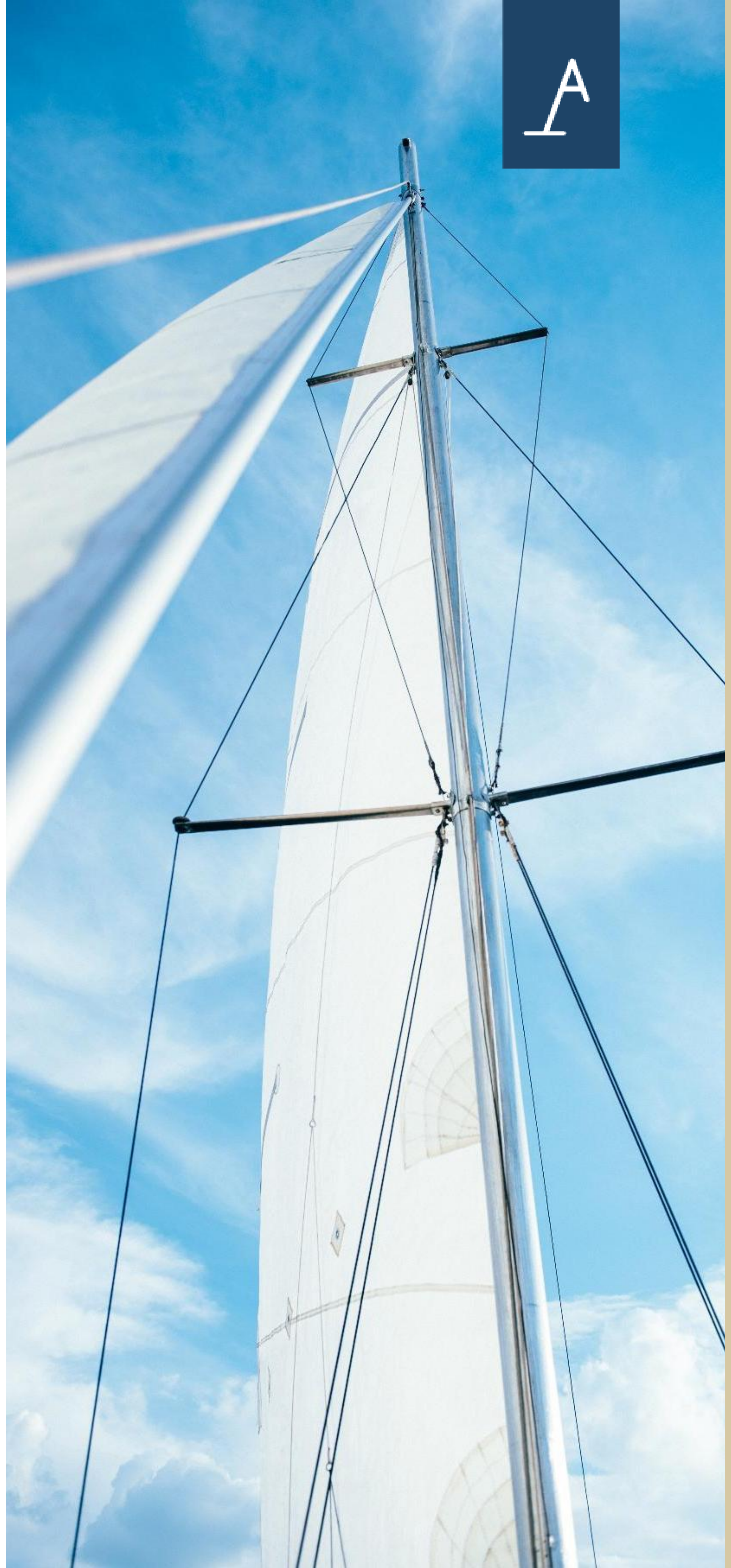
- We expect a 12% rand return in 2026.



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Where the Money Will Be Made 1Q26

Global Equities

Continuing to scale the wall of worry

Mike Gresty
Fund Manager

Global Equities: We Remain Constructive

Asset class	Negative	Current stance Neutral	Positive	Expected returns (own currency) (%)
DOMESTIC				
Equity	●	>	●	12
Bonds	●	●	●	9
Listed Property	●	●	●	10
Cash	●	<	●	7
Alternatives	●	●	●	10 to 15
Rand vs US Dollar (rand stronger)				3
GLOBAL				
Equity	●	●	●	8
Government Bonds	●	●	●	4
Corporate Credit	●	●	●	5
Listed Property	●	●	●	6
Cash	●	●	●	3
Alternatives	●	●	●	8 to 12

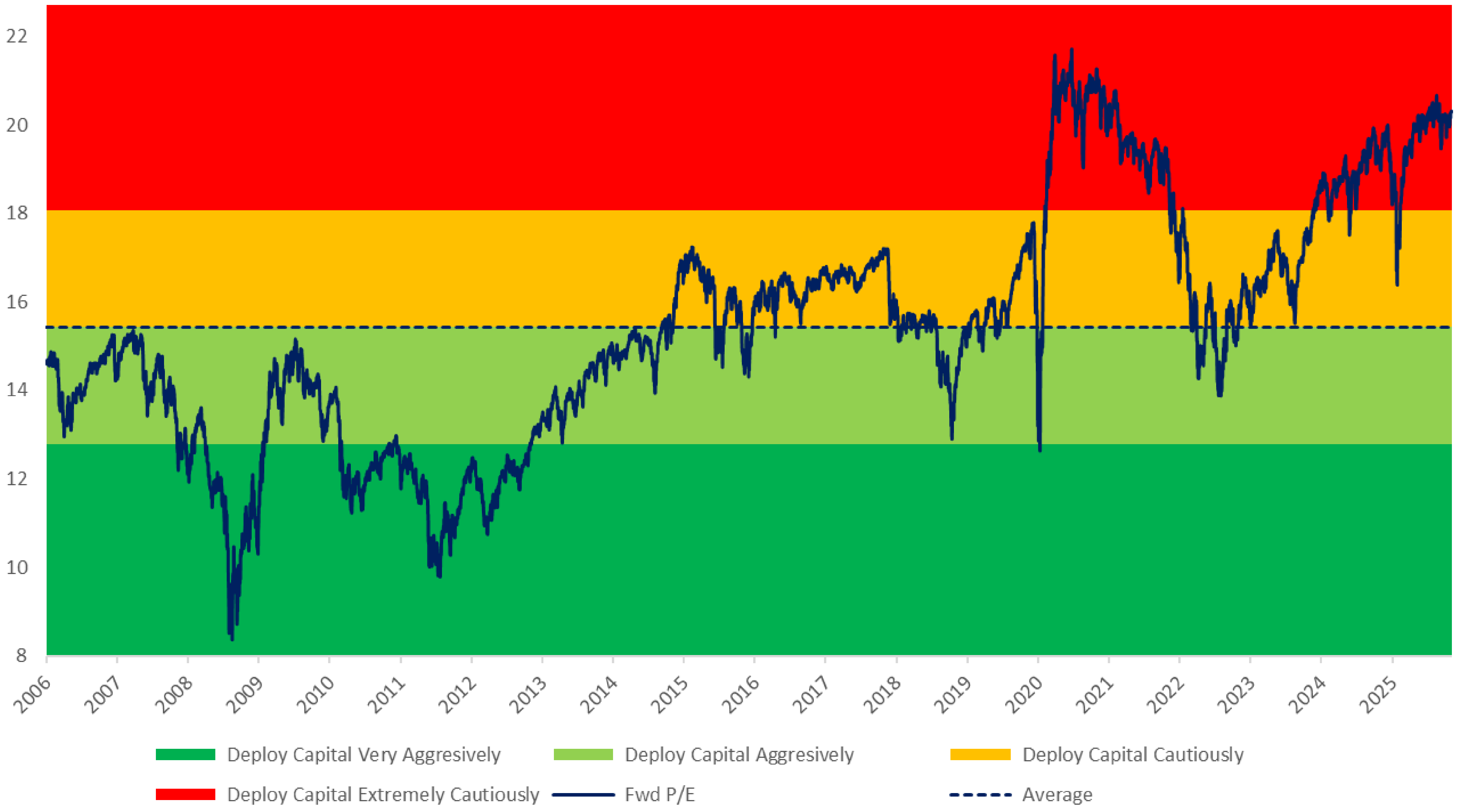
The wall of worry for markets in 2026...

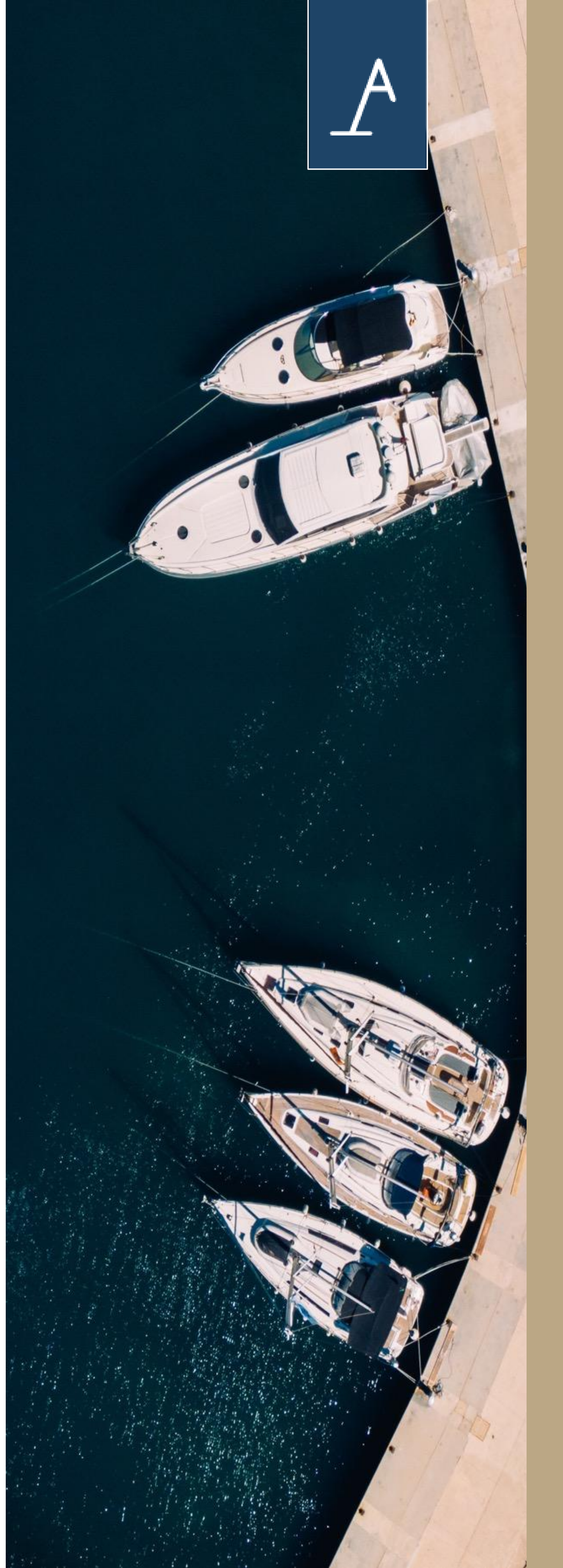
- US Fed rate cuts to continue
- Strong earnings growth forecast for 2026
- US midterm election incentives
- Past peak “Trump disruption”?
- Economic growth broadening out

- Equity valuations high vs history
- 2026 – the reckoning on returns on AI investment
- Geopolitical risk remains a wild card
- US government dysfunction
- AI investment papers over economic fragility

Global Equity Valuations are Currently Elevated

MSCI World fwd P/E

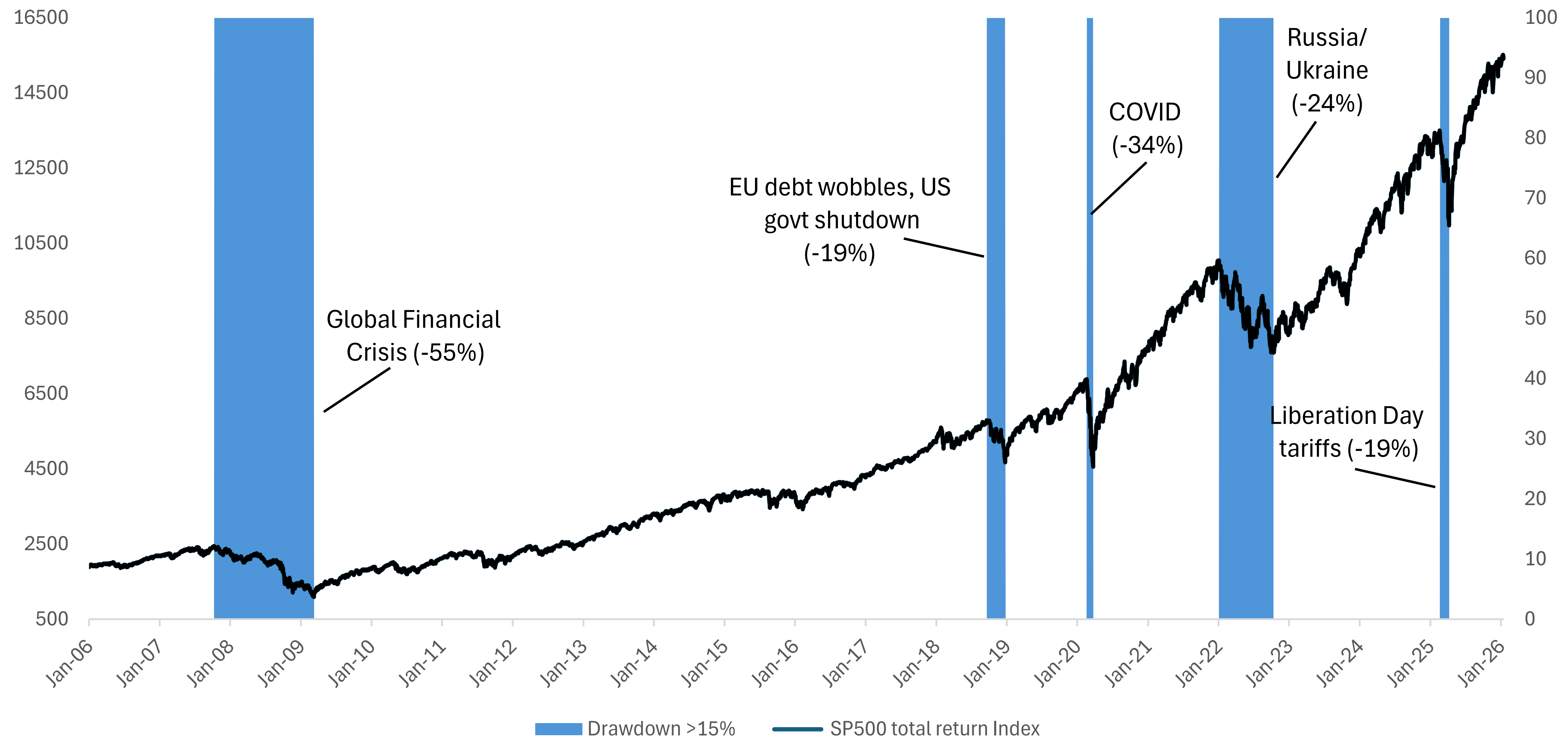


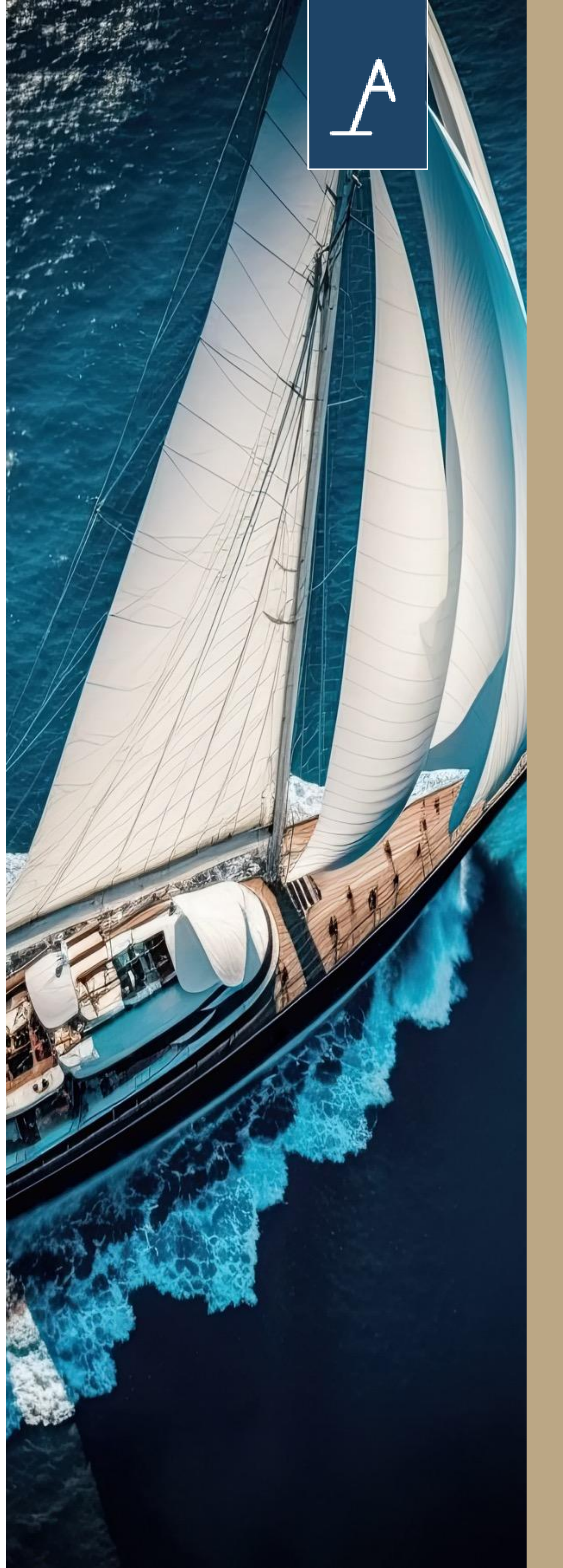


Source: Bloomberg, Anchor Capital

Major Corrections:

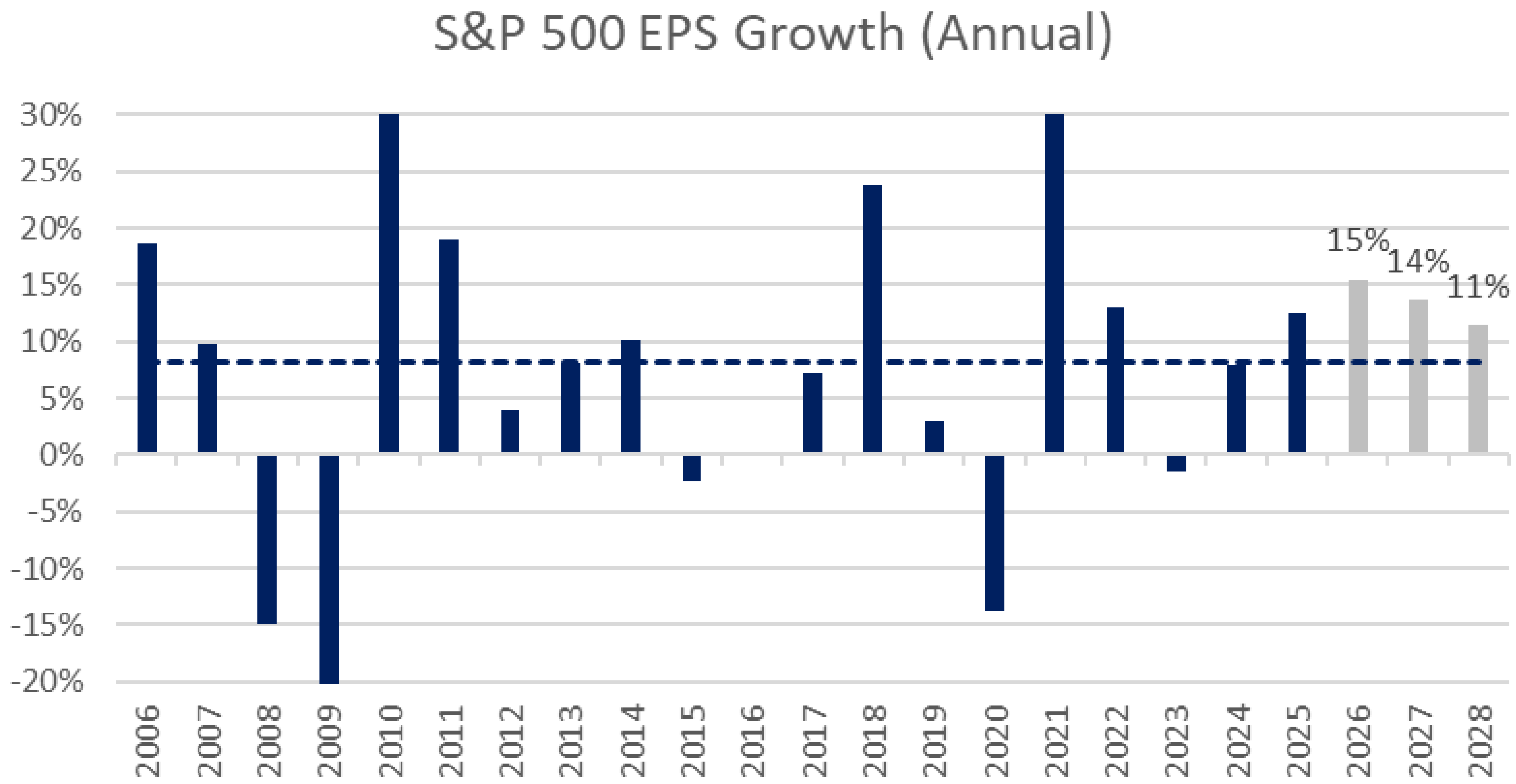
Seldom the known elephant in the room that causes them...





Analysts are Anticipating Above-average Corporate Earnings Growth in 2026 (Led by US Mega-Cap Tech)

Name	Earnings Growth YR1	Earnings Growth YR2
MSCI World Index	14.9%	11.9%
MSCI EM Index	23.3%	17.4%
MSCI All Country World Index (10% EM)	16.3%	12.5%
Nasdaq 100	29.0%	14.2%
S&P 500 Index	15.1%	12.9%



Source: Bloomberg, Anchor Capital

Our global stock ideas for 2026…

STRONG RECORD OF COMPOUNDING GROWTH

WELL DIVERSIFIED GLOBALLY

Meta

BOOKING HOLDINGS

nu

LSEG

CONSTELLATION SOFTWARE INC.

HIGH RETURN ON CAPITAL EMPLOYED

QUESTIONING MARKET'S VERDICT ON AI'S IMPACT ON THESE COMPANIES

Is your portfolio in good shape to weather a drawdown?

Time for a “risk audit” perhaps

- Indices have become highly concentrated
- Allowing winners to run vs irresponsible single stock concentration
- Are you “all in” on the themes of the day?
- Sensible diversification vs “di**wors**ification”
- A 3-year bull market – the gradual creep up the risk curve (FOMO)

Where The Money Will Be Made

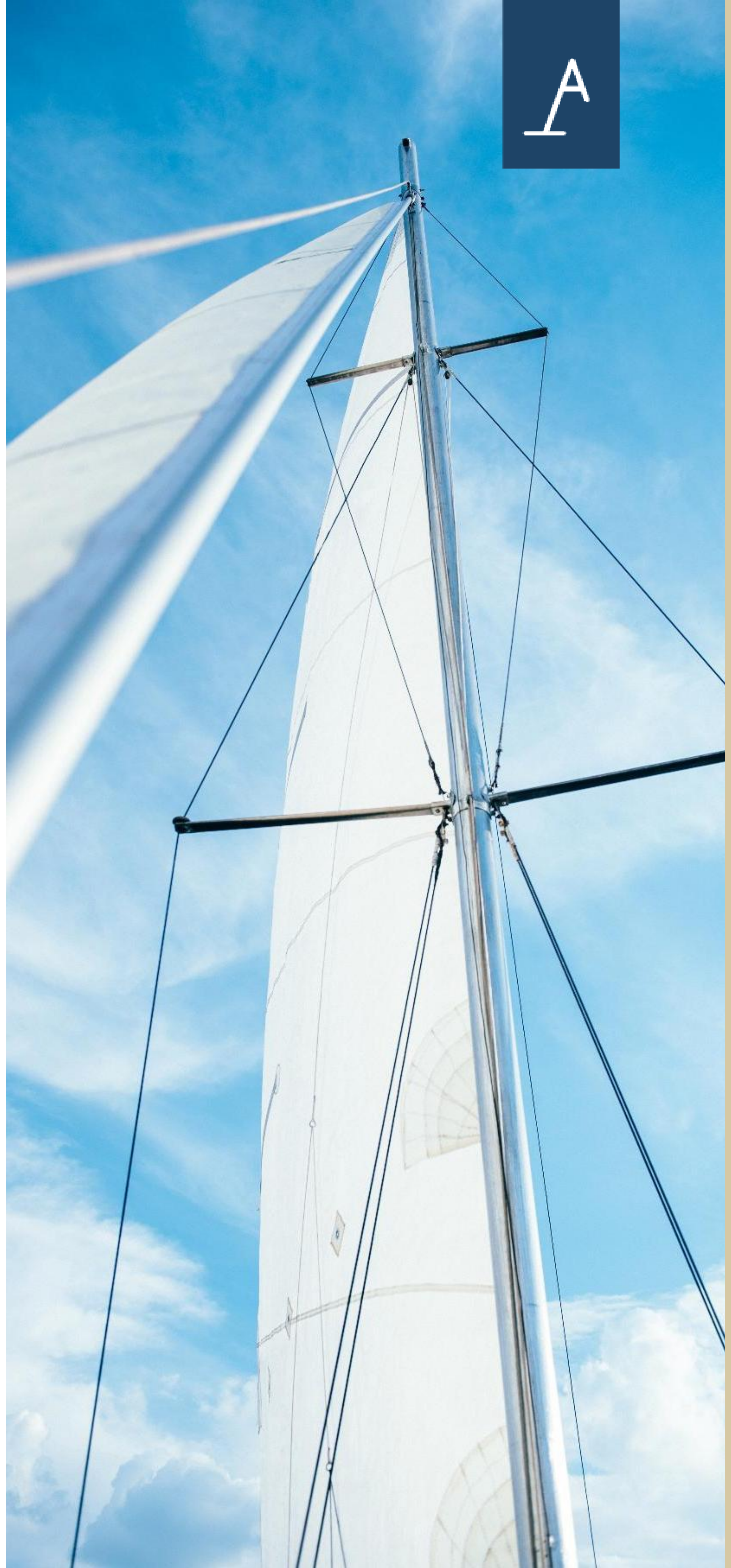
Domestic Equity

Domestic Fixed Income

Global Equity

- 3-yrs of strong equity returns behind us.
- Keep a balanced perspective on 2026 – consider what could go right too.
- Valuations high, but earnings growth strong and broadening; US Fed rate cuts likely supportive.
- Likely to scale the wall of worry, but a modest 8% return acknowledges the outlook is finely poised.
- How well “risk-proofed” is your equity exposure?

Global Fixed Income



Where The Money Will Be Made 1Q26

THE POWER OF "I DON'T KNOW"

James Bennett

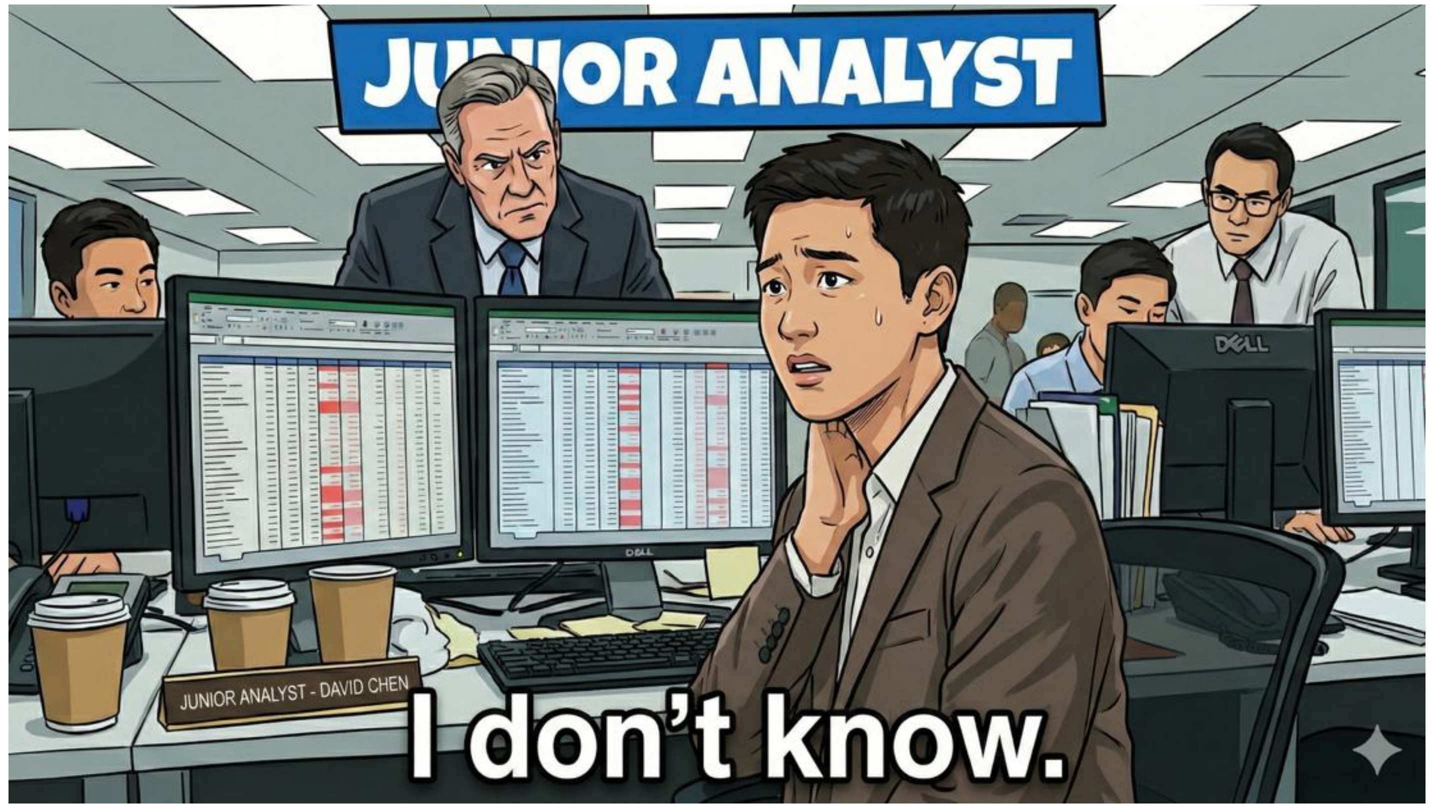
Three Options for Every Question

Is AI a bubble?

YES	☐
NO	☐
I DON'T KNOW	☑

January 1991: Eve of US-Iraq Gulf WAR

A Complete Circle



What is an Expert After All?

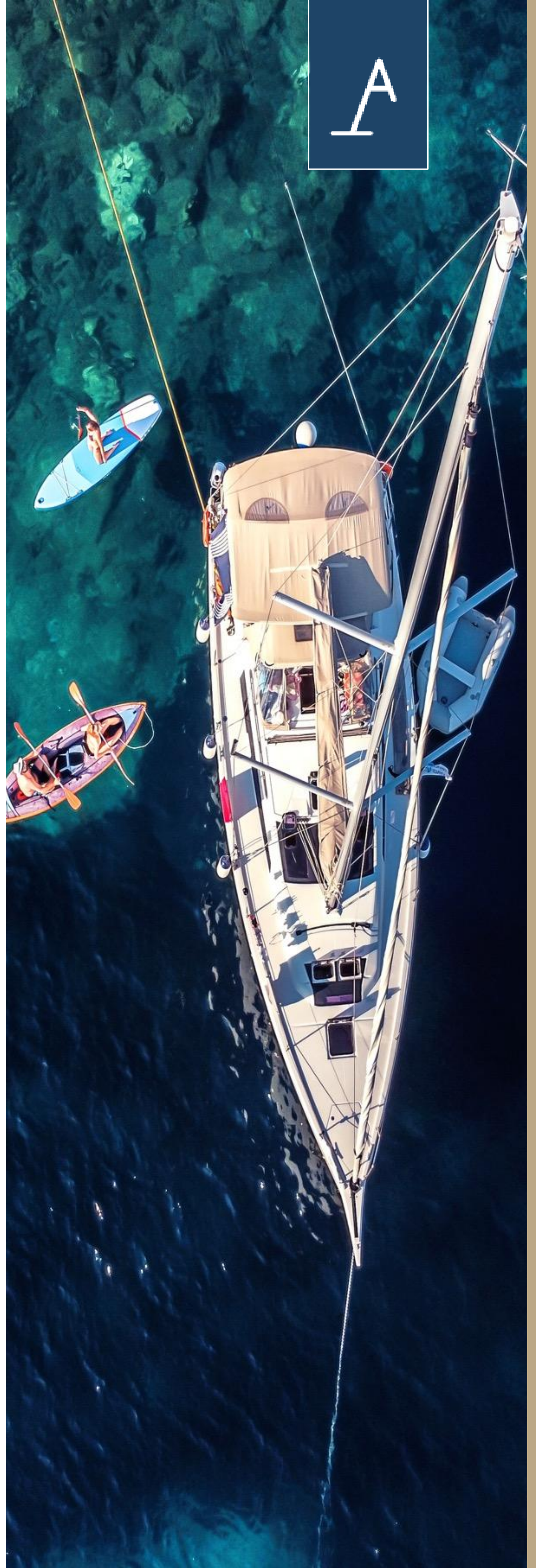
"An expert is one who knows more and more about less and less until he knows absolutely everything about nothing."

Source: American philosopher, diplomat, and president of Columbia University, Nicholas Murray Butler (1862–1947)

Imposter Syndrome – Term Coined in the Late 1970s

Ironically, the more you know about a topic, especially a complex one, the more likely you are to experience imposter syndrome.

Research shows that as many as 70% of people will experience it at some point in their lives. It is also more prevalent in high-performance fields like technology and medicine.



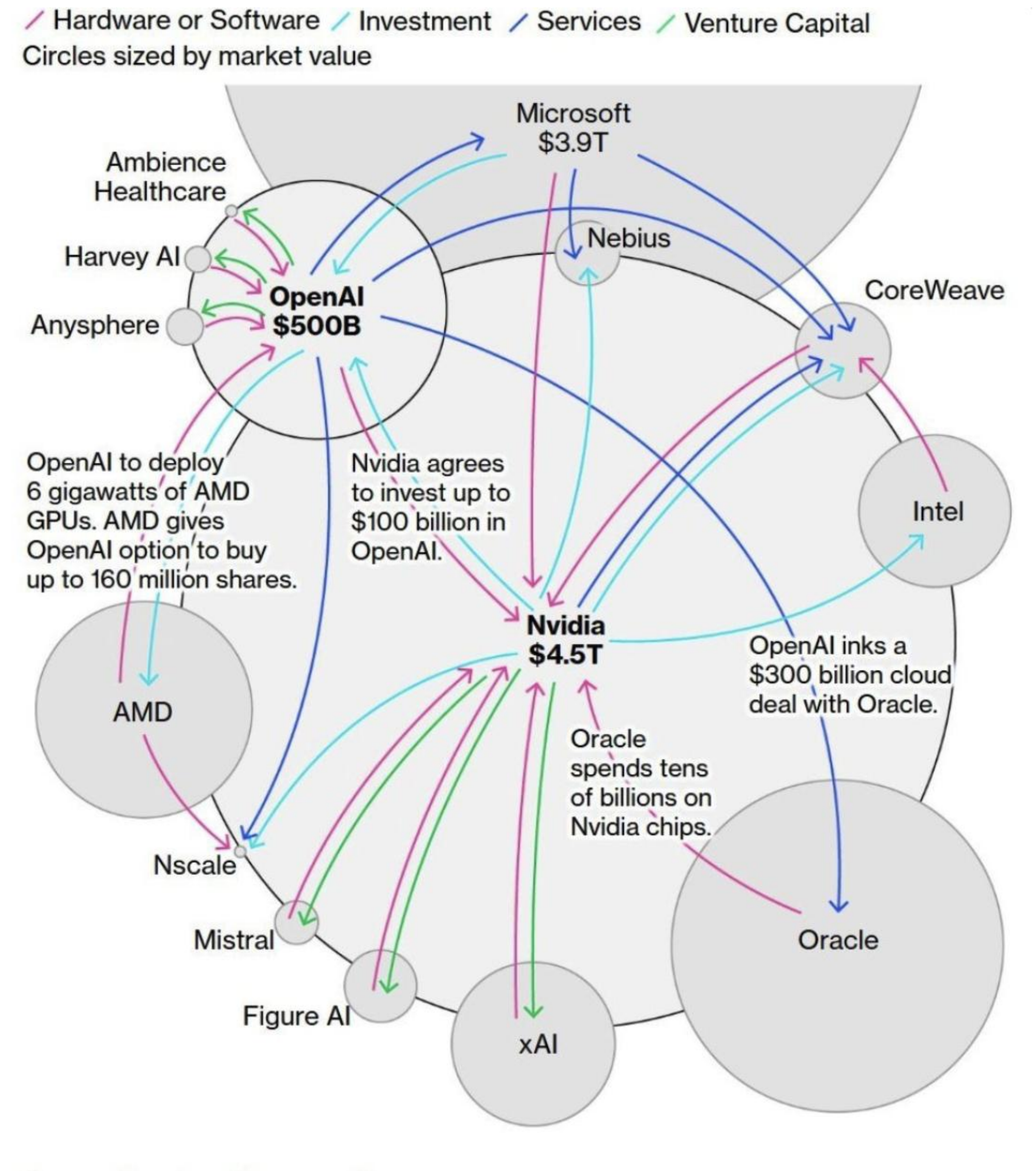
Is AI a Bubble? I Don't Know!

- Business and social media are flooded with AI bubble talk.
- The AI bears seem more confident that they are correct than the AI bulls.
- "The AI Bubble" is broadly given as a statement of fact.
- THIS IS NOT USUALLY HOW BUBBLES FORM!
- The overwhelming scepticism about AI is actually good in that it makes a meaningful bubble far less likely to occur.

AI bubble fears take hold of stock markets and bitcoin

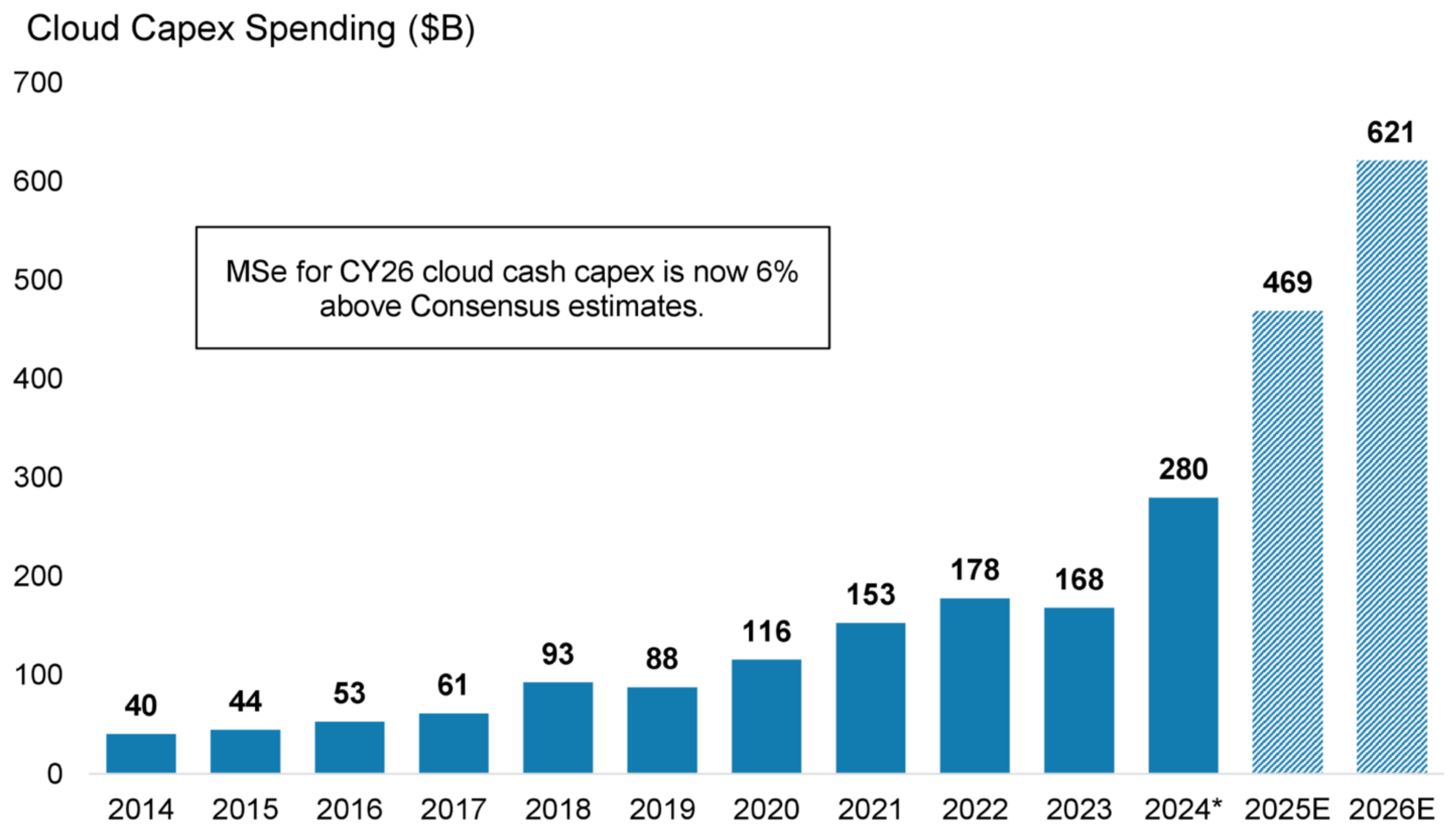
Financial analysts say some risk is being taken off the table following months of new record values being set as the market ponders a series of uncertainties, not just AI's growth prospects.

Same Bearish Arguments Being Rehashed by the Bears



Source: Bloomberg News reporting

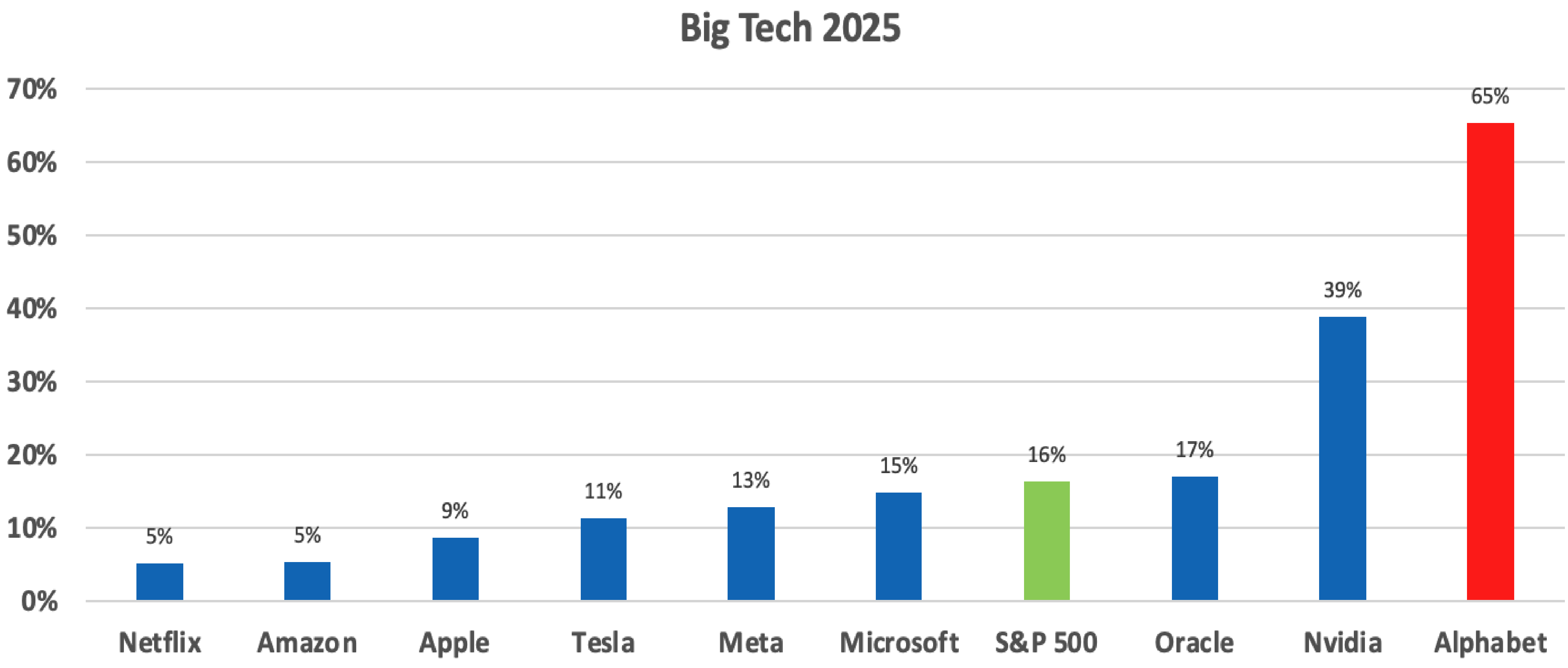
Exhibit 3: Cumulatively, Morgan Stanley now estimates the top 11 cloud players to spend $621B on cash capex in 2026, up from $561B prior to US hyperscalers' earnings

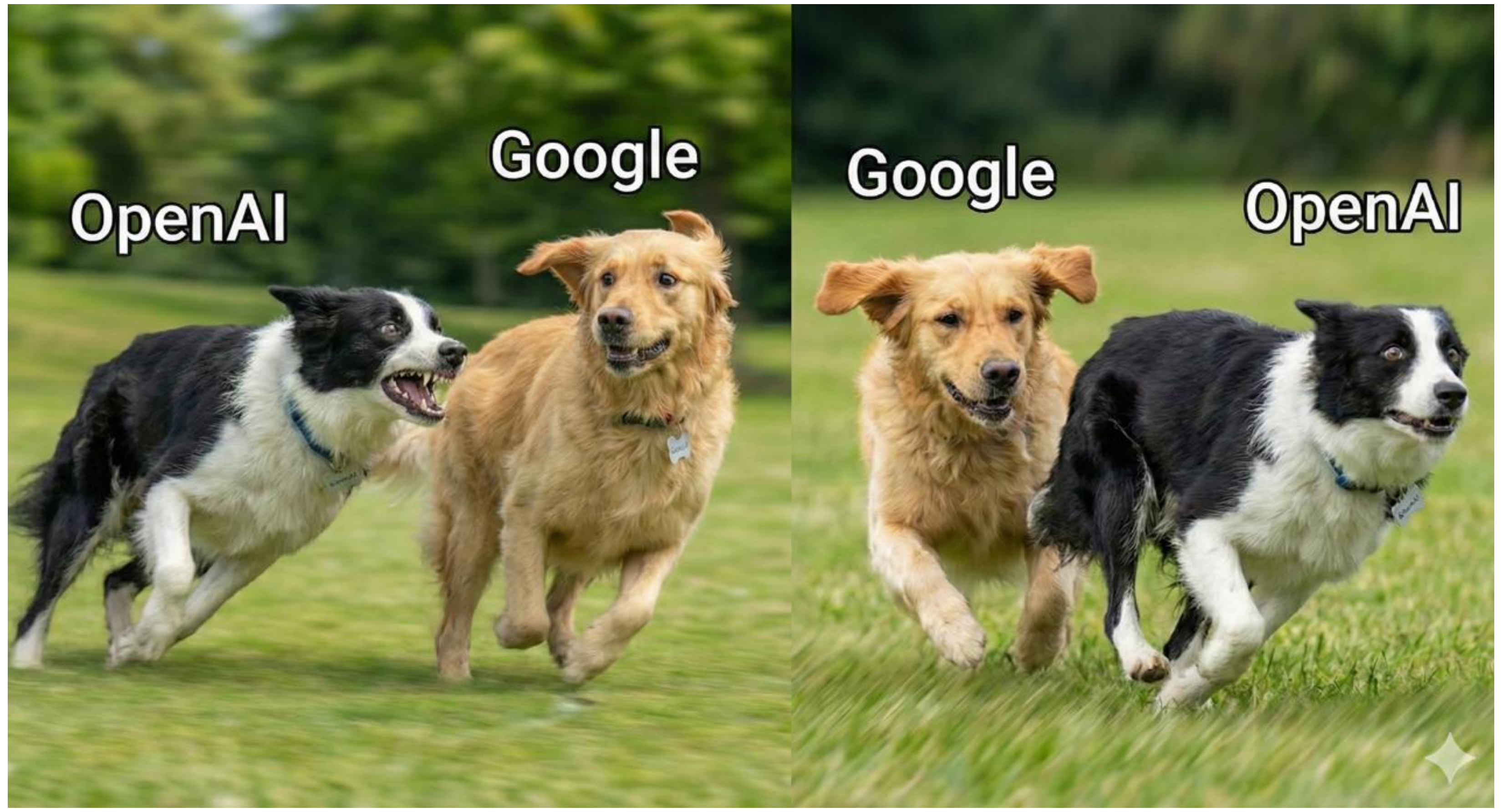


Source: Company data, Morgan Stanley Research estimates. Note: We start to include CRWV from 2024.

"There are probably only 500 to 1,000 people in the world who really know what is going on with AI, many of whom live in China". Gavin Baker, Managing Partner of Atreides Management, LP (ex-Fidelity 18 years), quoted in December 2025.

Alphabet 2025
A Narrative Turnaround for the Ages





AI Bubble Talk – Two Calls to Get Right

The tech bears in 1996 to 1999 were lone voices out on the fringes, unlike today, where the AI bubble view is widely held.

Eventually, the tech bears were proved right starting 10 March 2000, but so many then missed the generational opportunity to buy depressed tech companies in 2001/2002, and hold them for the next two decades.

David Gardner (The Motley Fool co-founder) bought his Amazon shares in Sep 1997 at USc16 (split adjusted) and has never sold a share.

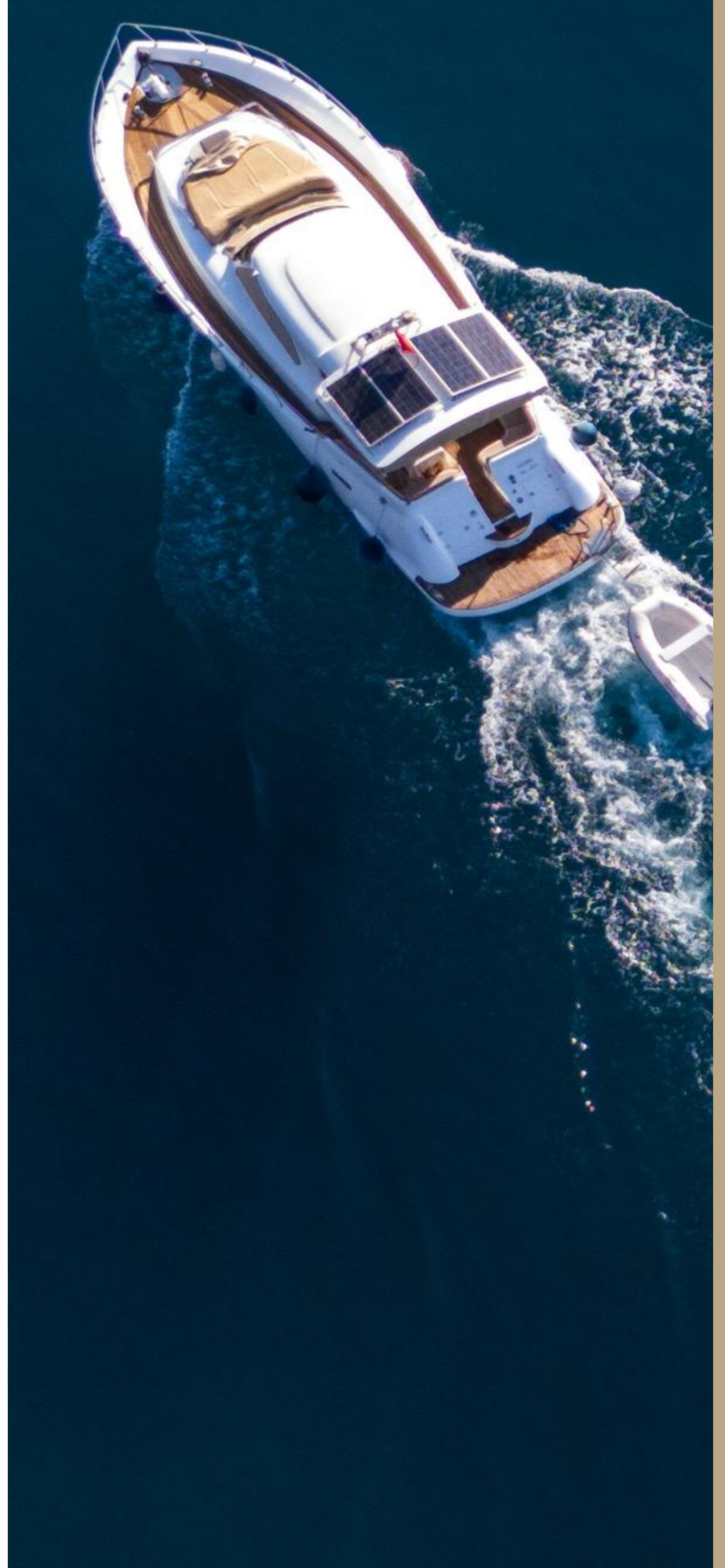
How to Play The AI Theme if you Don't Know

Keep a balanced view

Hold onto your views loosely

"Everything is a poison, what matters is the dose."

Paracelsus (1493–1541), Swiss physician, alchemist, and philosopher



Conclusion

Perhaps it will end up being a series of mini bubbles rather than one audacious bubble bursting.
The market will prick them as they appear.

Where The Money Will Be Made

Domestic Equity

- 2025 was a standout year for South African equities (MSCI South Africa +74%). INSANE.
- For now, trends to remain intact:
    - Commodity cycle tailwinds
    - Progress on structural reform
- Large index components have positive earnings momentum – look fairly valued for the most part.
- We expect a 12% rand return in 2026.

Domestic Fixed Income

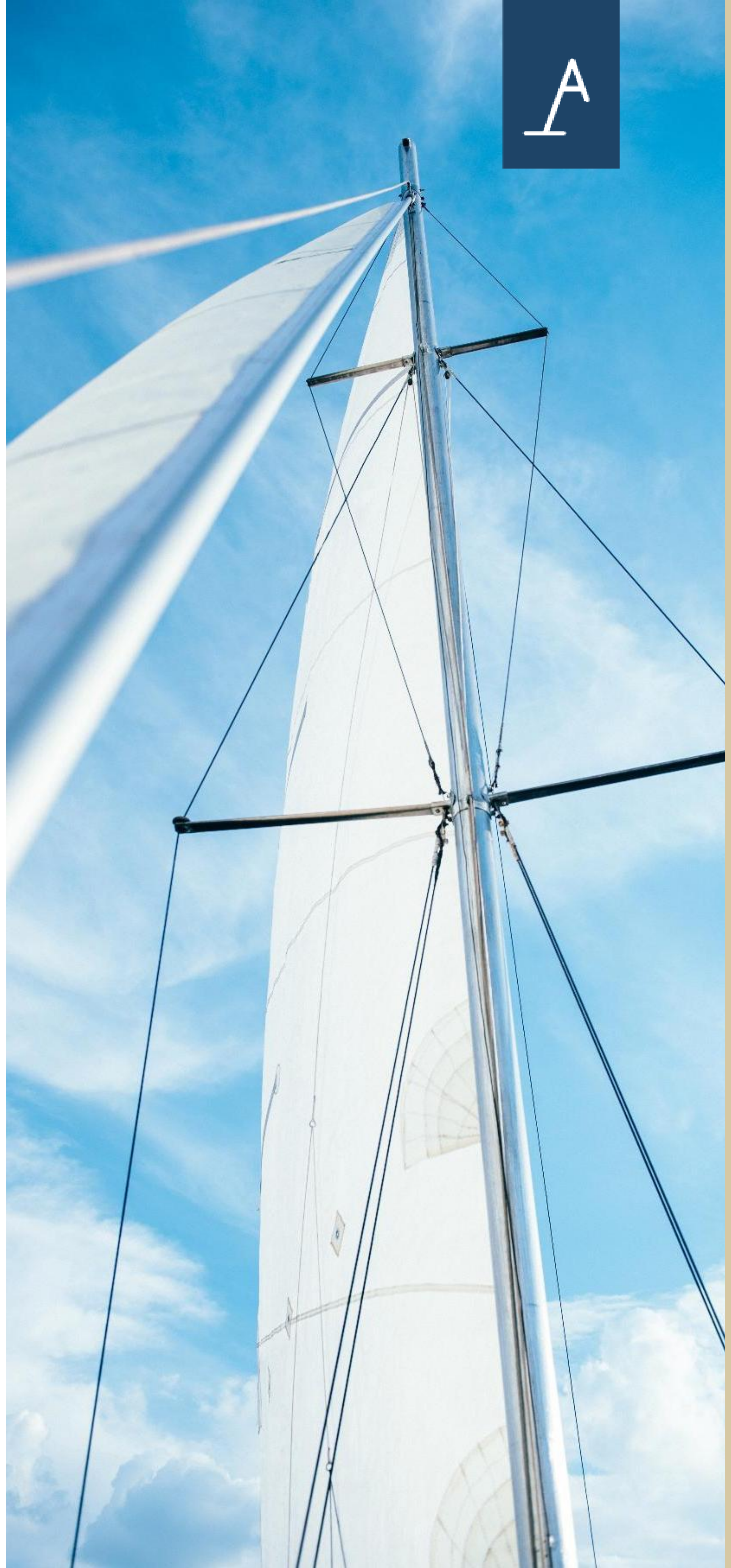
- Positive momentum for South African financial assets is likely to continue. We expect a 9% return from SA bonds.
- The markets are pricing in 2 interest rate cuts this year . . . Anchor thinks we might see more.
- Remain patient and tilt toward the Flexible Income Fund, which takes measured risk and will benefit from a positive backdrop.

Global Equity

- 3-yrs of strong equity returns behind us.
- Keep a balanced perspective on 2026 – give consideration to what could go right too.
- Valuations high, but earnings growth strong and broadening; US Fed rate cuts likely supportive.
- Likely to scale the wall of worry, but a modest 8% return acknowledges the outlook is finely poised.
- How well "risk-proofed" is your equity exposure?

Global Fixed Income

- Inflation is likely to fall further than the market expects; watch for more rate cuts.
- Bonds are fairly priced, though we prefer the 5-year area of the curve that should benefit from accelerated interest rate cuts.
- The Anchor Global High Yield Fund is showing a yield of 4.75%, with bonds maturing in 2026 to 2029.



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