

Meet the Managers 2025

How To Get Rich By Using Debt : (Fixed Income Investing for everyone)

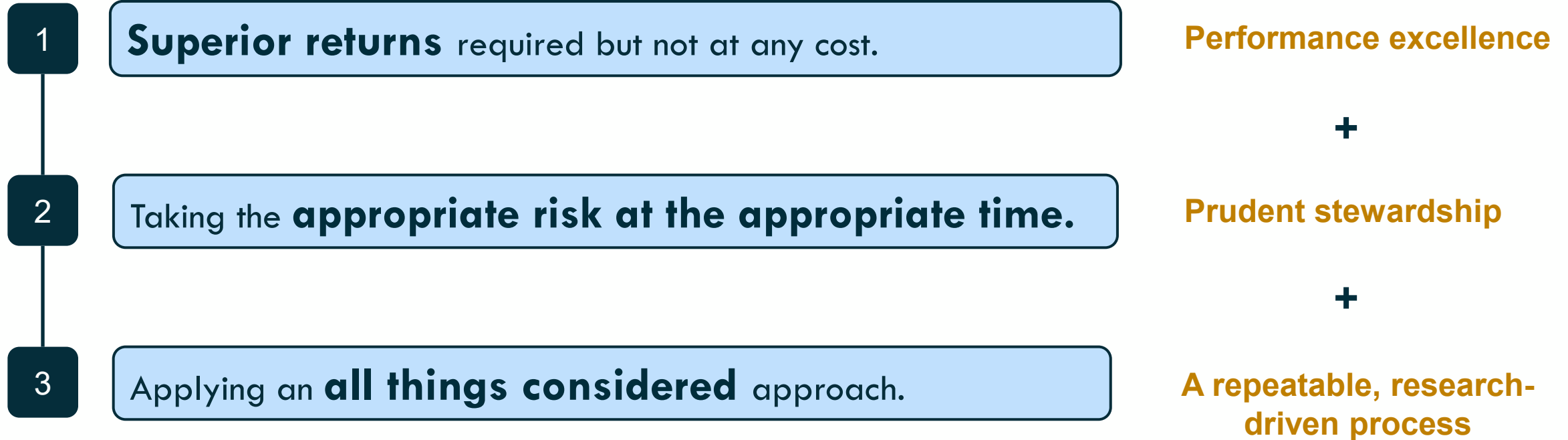
Arno Lawrenz : CIO
June 2025

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Asset Managers

Investment Approach

What we do ----- What you get



Consistent performance through cycles

2023

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

Morningstar
Best Cautious Allocation Fund

Finalist Sasfin BCI Stable Fund

2022

Morningstar
Best Cautious Allocation Fund

Winner: Sasfin BCI Stable Fund

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

2021

Morningstar
Best Moderate Allocation Fund

Winner: Sasfin BCI Balanced Fund

Raging Bull
Best South African Multi-Asset Income Fund

Winner: Sasfin BCI Flexible Income Fund

2020

Morningstar
Best Moderate Allocation Fund

Winner: Sasfin BCI Balanced Fund

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

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

2025

Fund Hub
Best South African Interest-Bearing
Short-Term Fund
Nominee: Sasfin BCI High Yield Fund

Fund Hub
Best South African Multi-Asset Income Fund
Nominee: Sasfin BCI Flexible Income Fund

2024

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

Morningstar
Best Aggressive Allocation Fund
Runner up: Sasfin BCI Prudential Fund

Raging Bull
Best South African Multi-asset Medium Equity Fund
Finalist: Sasfin BCI Balanced Fund

How to Get Rich with Debt?

(Buying debt, **NOT** by maxing your debt!)

Imagine you had two ways to invest your money :

1. A "super safe" investment: Think of it like putting your money in an asset that promises you a guaranteed 10% return every year. There's very little risk of losing your money, and you know exactly what you're getting. This is what we call the **risk-free rate** aka **govt bond yields**.

2. The stock market (Equities): This is where you buy shares of companies like Nvidia, Apple (or even a lekker local SA company on the JSE?). The stock market has the potential to give you much higher returns, but is also riskier. Companies can do well, or they can do poorly, and the value of your investment can go up or down, and sometimes if you take too much risk you can lose all your money.

How to Get Rich(er) with Debt?

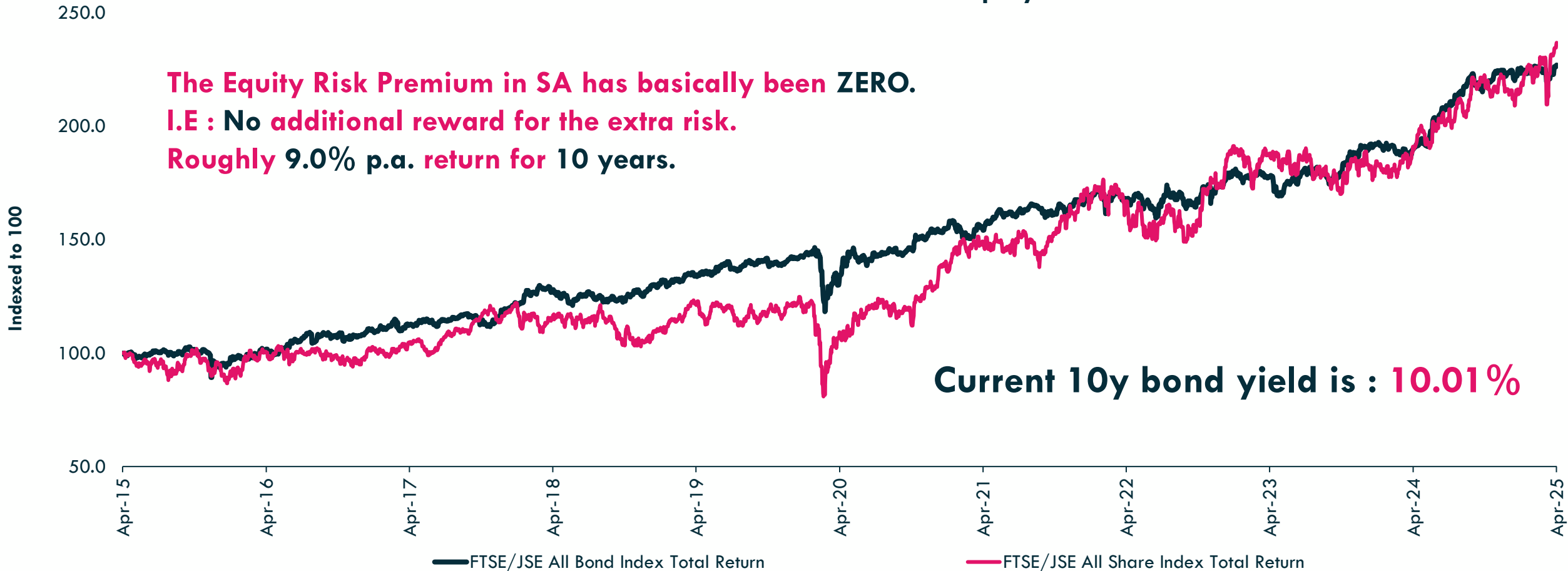
Question : Would you put your wealth creation money into the **stock market** if it only offered you the same return as the **safe money option**?

The SA Bond-Equity conundrum

SA : Bond returns versus Equity returns

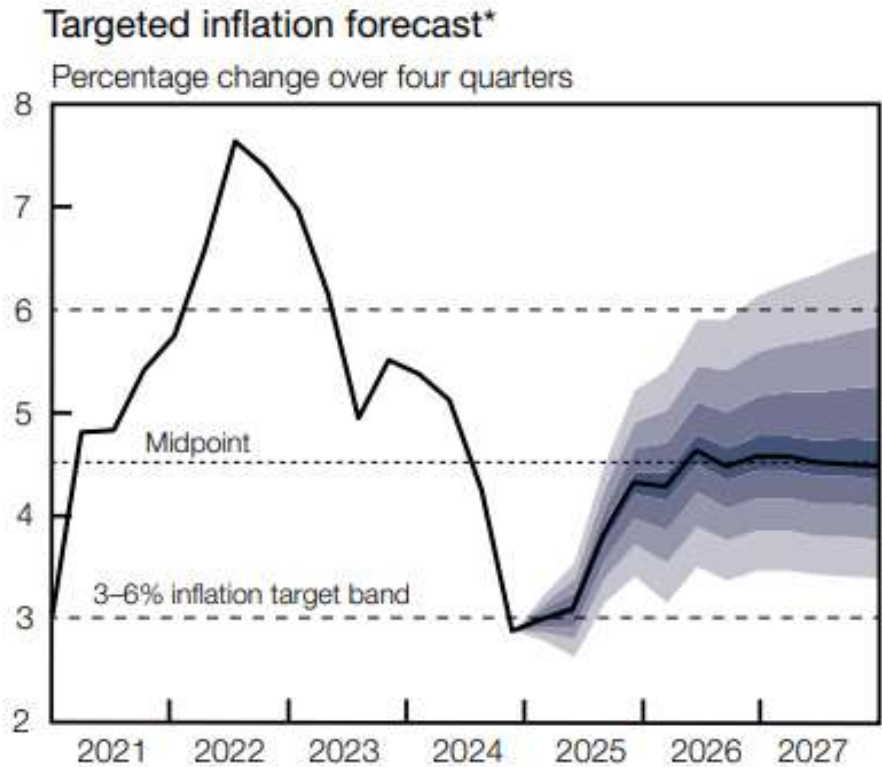
**The Equity Risk Premium in SA has basically been ZERO.
I.E : No additional reward for the extra risk.
Roughly 9.0% p.a. return for 10 years.**

Current 10y bond yield is : 10.01%



Wealth Creation rule : Beat inflation

The SARB's view ahead...



* The bands around the central projection show confidence intervals of 10%, 30%, 50% and 70%.

Sources: Stats SA and SARB

MONETARY POLICY REVIEW

APRIL 2025



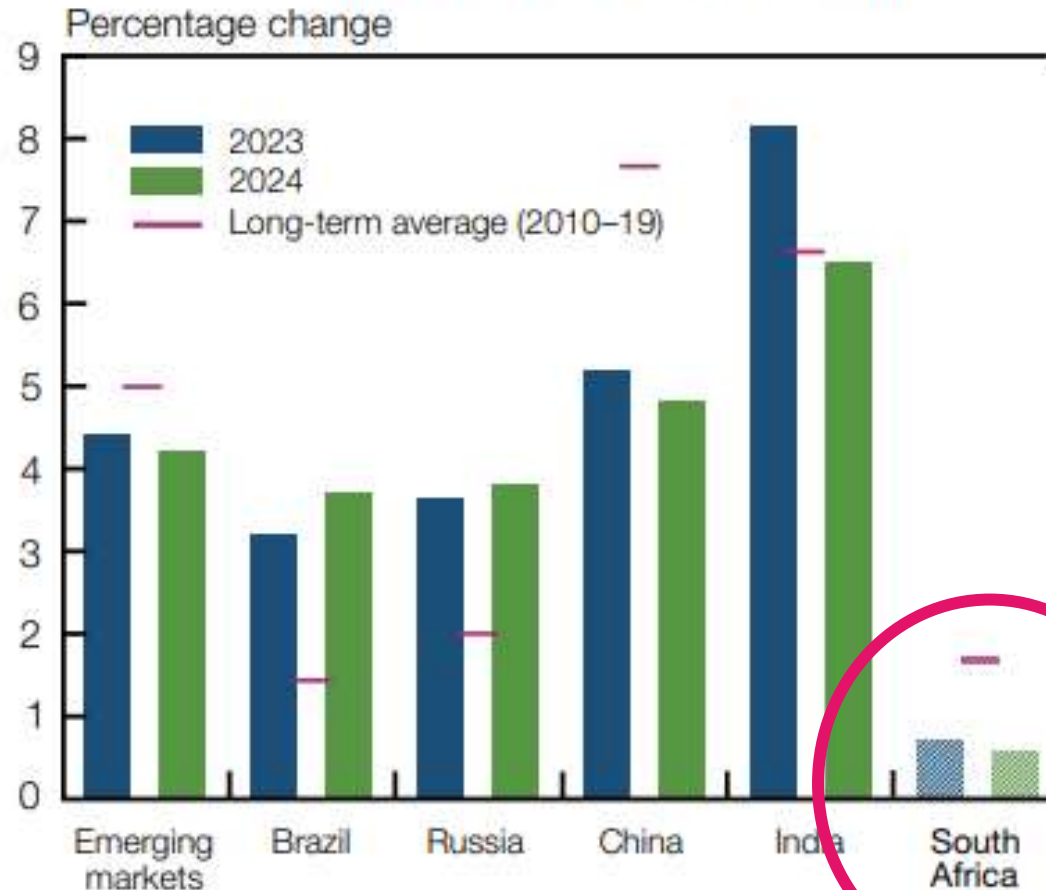
SOUTH AFRICAN RESERVE BANK



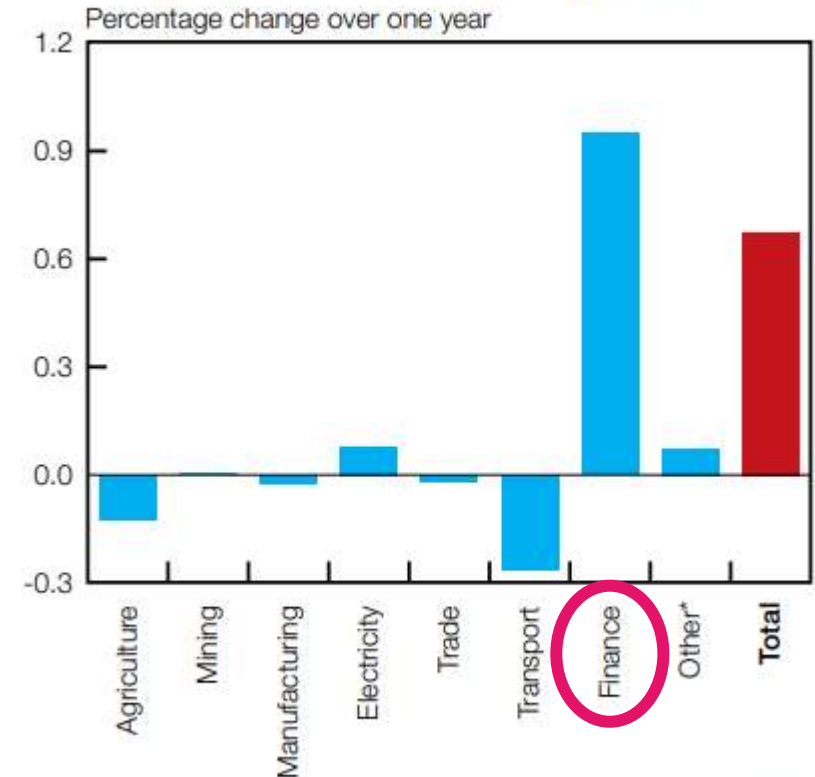
SA Equity markets : It's the economy, stupid.

This economy is not going to make you rich.

GDP: South Africa versus emerging markets



Contributions to real GDP growth in 2024H2

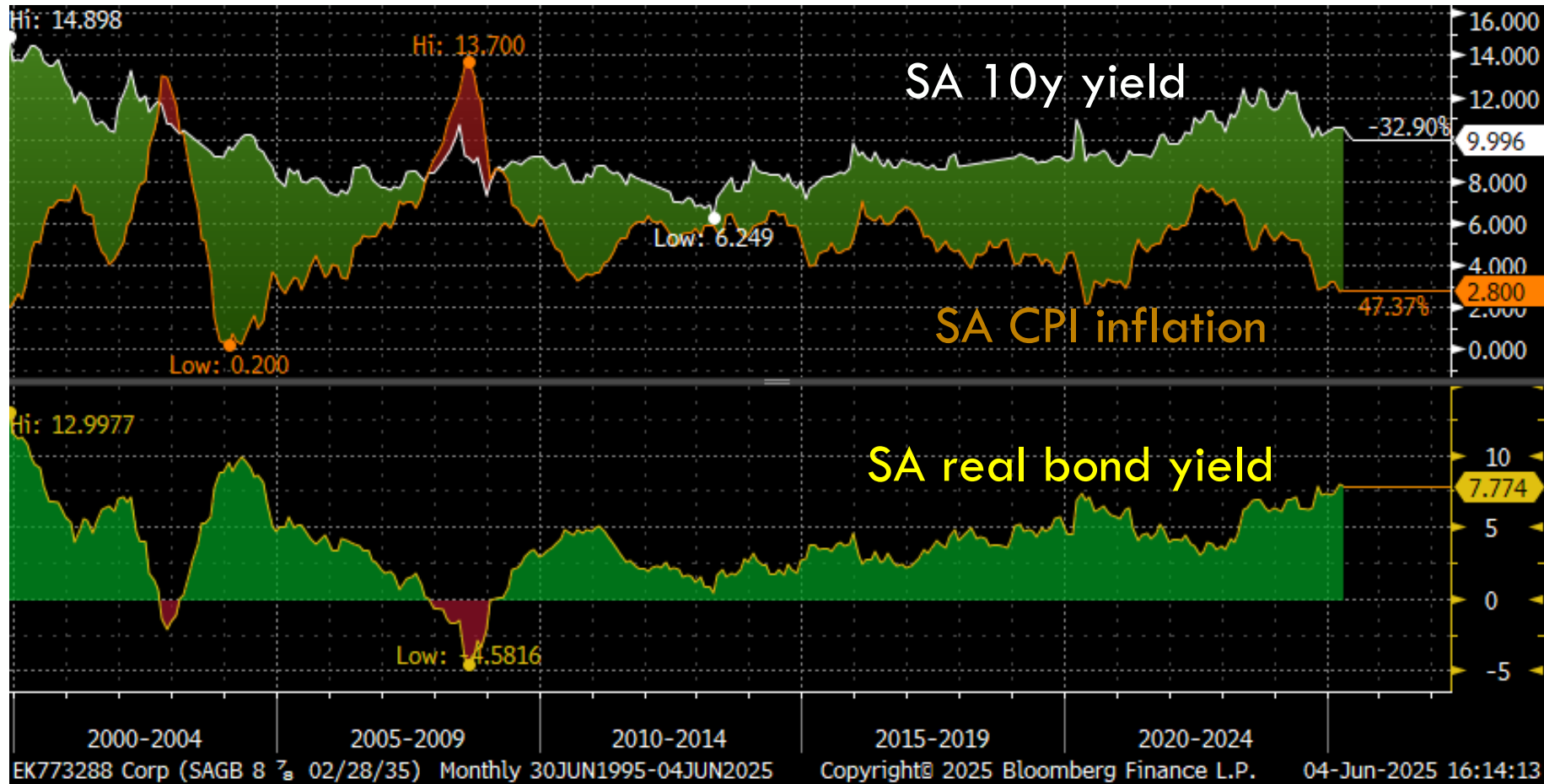


* Includes construction, community services and taxes less subsidies

Source: Stats SA

The SARB's Monetary Policy

SARB wants to target 3% inflation in the future



If CPI Inflation averages 3% in the future, **your current real yield is 7%.**

So, get rich with bonds!

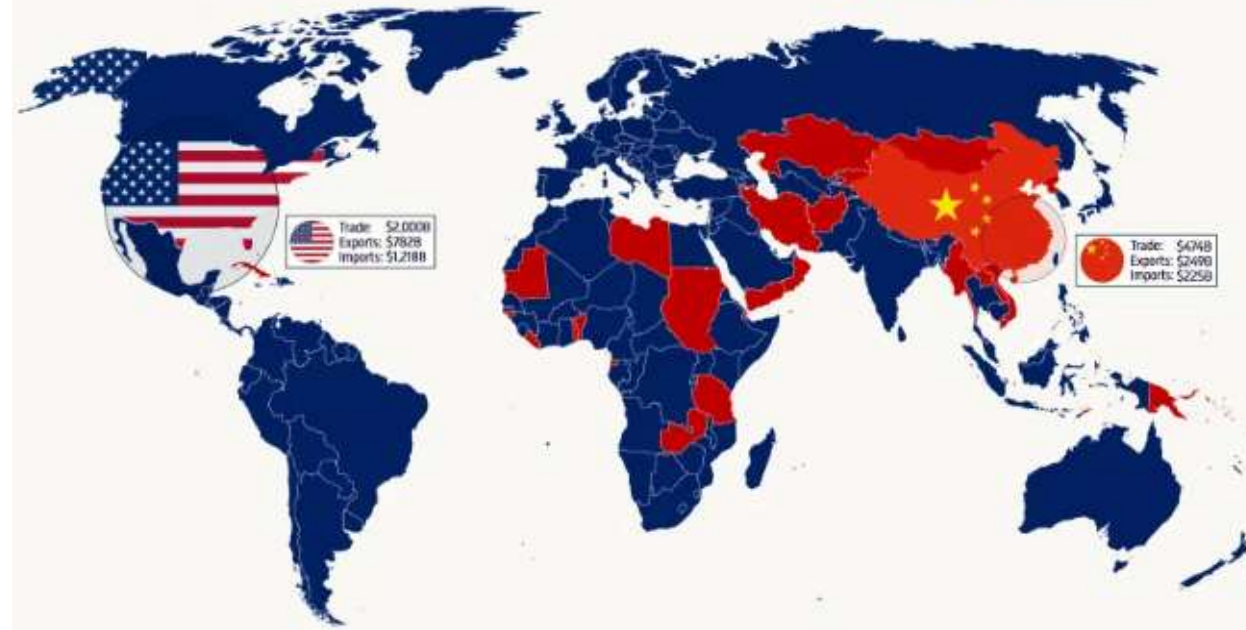
Global Trade Wars : Die rooi gevaar?

US vs China - The World Economic Order has irrevocably changed

2000

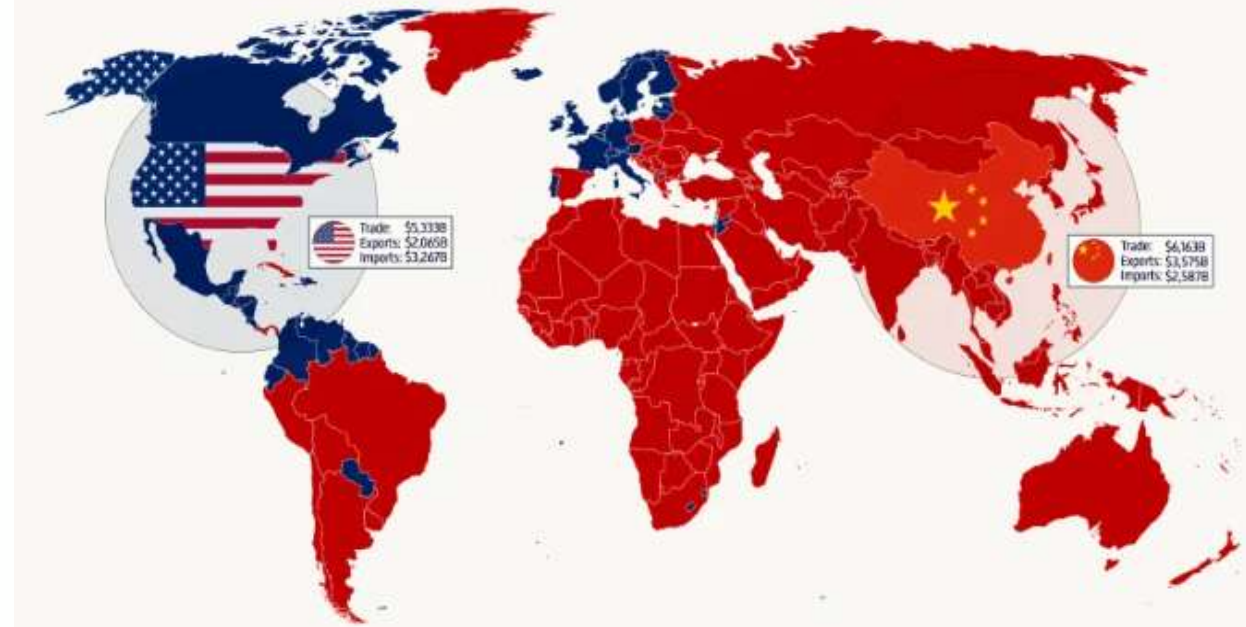
○ Trade (\$100 Billion)

■ U.S. as the Larger Trading Partner
■ China as the Larger Trading Partner



In 2000, trade totaled \$2.0tn – more than 4x China's \$474bn. From 2000 to 2024, U.S. trade expanded by 167% (4.2 CAGR), while China's trade surged by 1,200% (11.3% CAGR), surpassing the U.S. in 2012. By 2024, total trade reached \$5.3tn for the U.S. and \$6.2tn for China.

2024

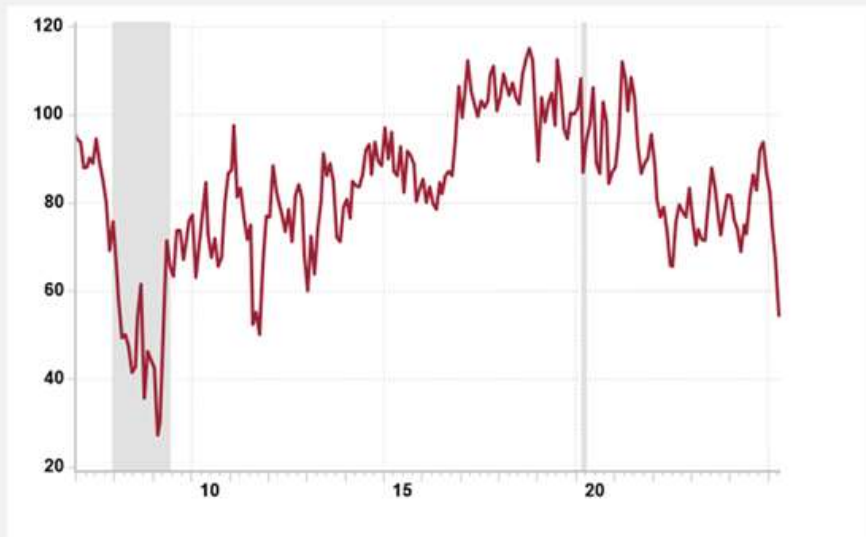


US Recession risks : Tariff or no tariffs, the damage is already done

Rising risks of systemic damage

Composite Index of 10 Leading Indicators

United States: Conference Board Business Cycle Indicators
(year-over-year percent change)

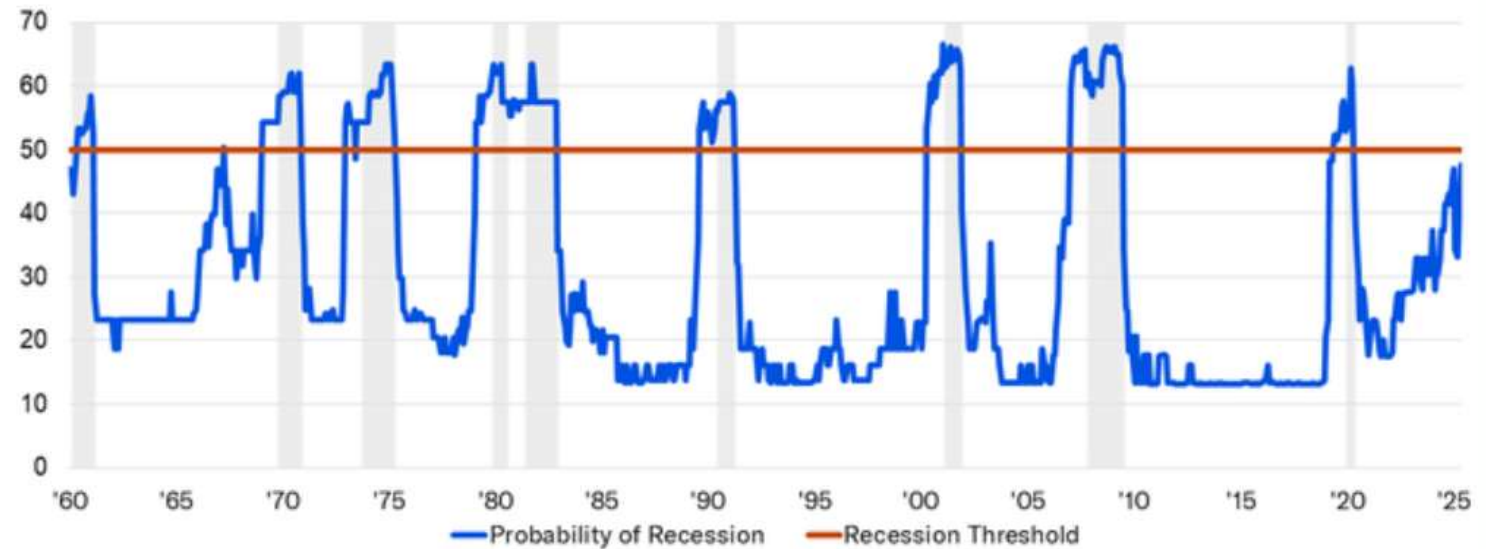


Shading indicates recession

Source: Rosenberg Economics

Recession Odds Are Uncomfortably High

Probability of U.S. recession in the next 12 months, %, based on a machine learning model



Sources: Moody's Analytics

Global Risk Assessment :

Is **now** the time to go
All-In on risk?

Top Global Risks: Ongoing Reshuffling

Click on each risk for further insights

Tariffs escalate in number and severity, hurting economies and supply chains

Risk level	Moderate	Elevated	High	Very high	Risk trend	Improving	Unchanged	Worsening
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Increased volatility amid historically elevated rates could see much tighter financing conditions

Risk level	Moderate	Elevated	High	Very high	Risk trend	Improving	Unchanged	Worsening
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Geopolitical tensions threaten supply chains, market sentiment, and budgets

Risk level	Moderate	Elevated	High	Very high	Risk trend	Improving	Unchanged	Worsening
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A sharper global economic slowdown would lead to greater credit stress

Risk level	Moderate	Elevated	High	Very high	Risk trend	Improving	Unchanged	Worsening
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Global real estate markets are facing multiple challenges

Risk level	Moderate	Elevated	High	Very high	Risk trend	Improving	Unchanged	Worsening
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Structural risks

Cyber attacks and the potential for rapid technological change threaten global business and government infrastructure

Risk level	Moderate	Elevated	High	Very high	Risk trend	Improving	Unchanged	Worsening
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Climate risks intensify; energy transition focus shifts

Risk level	Moderate	Elevated	High	Very high	Risk trend	Improving	Unchanged	Worsening
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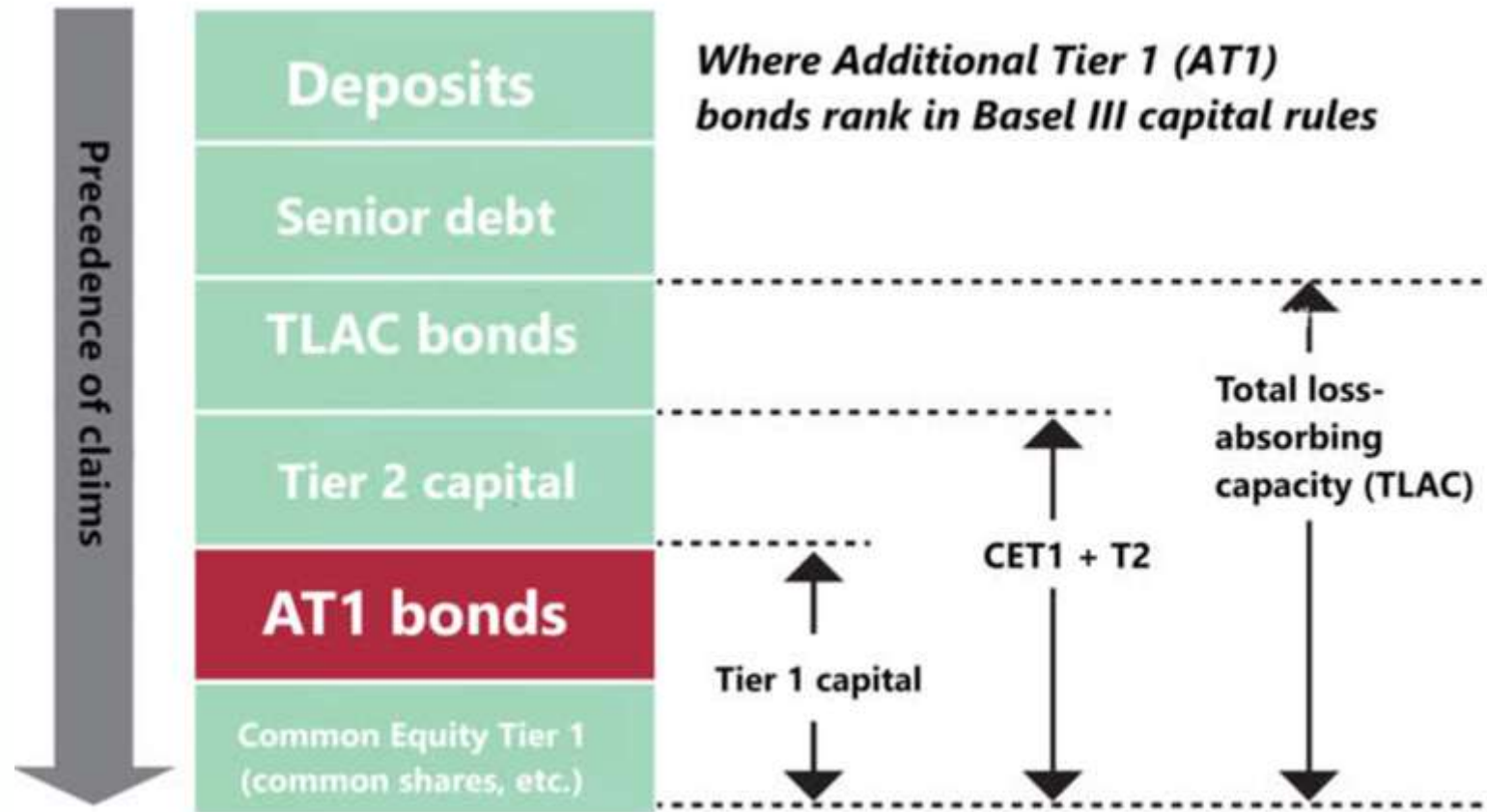
Source: S&P Global Ratings.

Risk levels may be classified as moderate, elevated, high, or very high. They are evaluated by considering both the likelihood and systemic impact of such an event occurring over the next one to two years. Typically, these risks are not factored into our base case rating assumptions unless the risk level is very high.

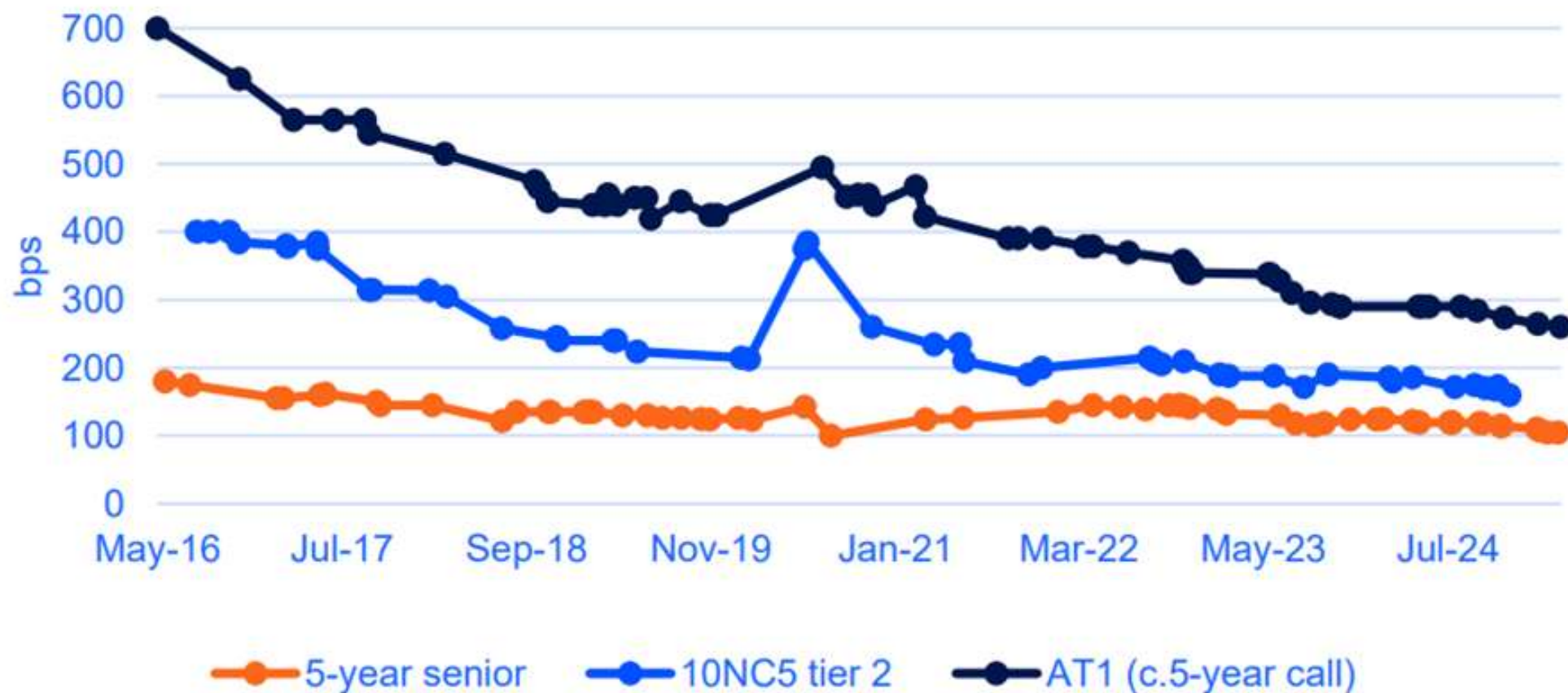
Risk trend reflects our current view about whether the risk level could increase or decrease over the next 12 months.

Understanding Fixed Income risks : Bank capital structures

Knowing **WHAT** risk to take becomes of utmost importance



SA Bank Credit Spreads : A supply-demand imbalance



Sasfin BCI Flexible Income Fund :

**The income solution that delivers bond-like returns
with half the volatility.**

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Asset Managers

Sasfin's Income Flagship Funds

Sasfin BCI Flexible Income Fund

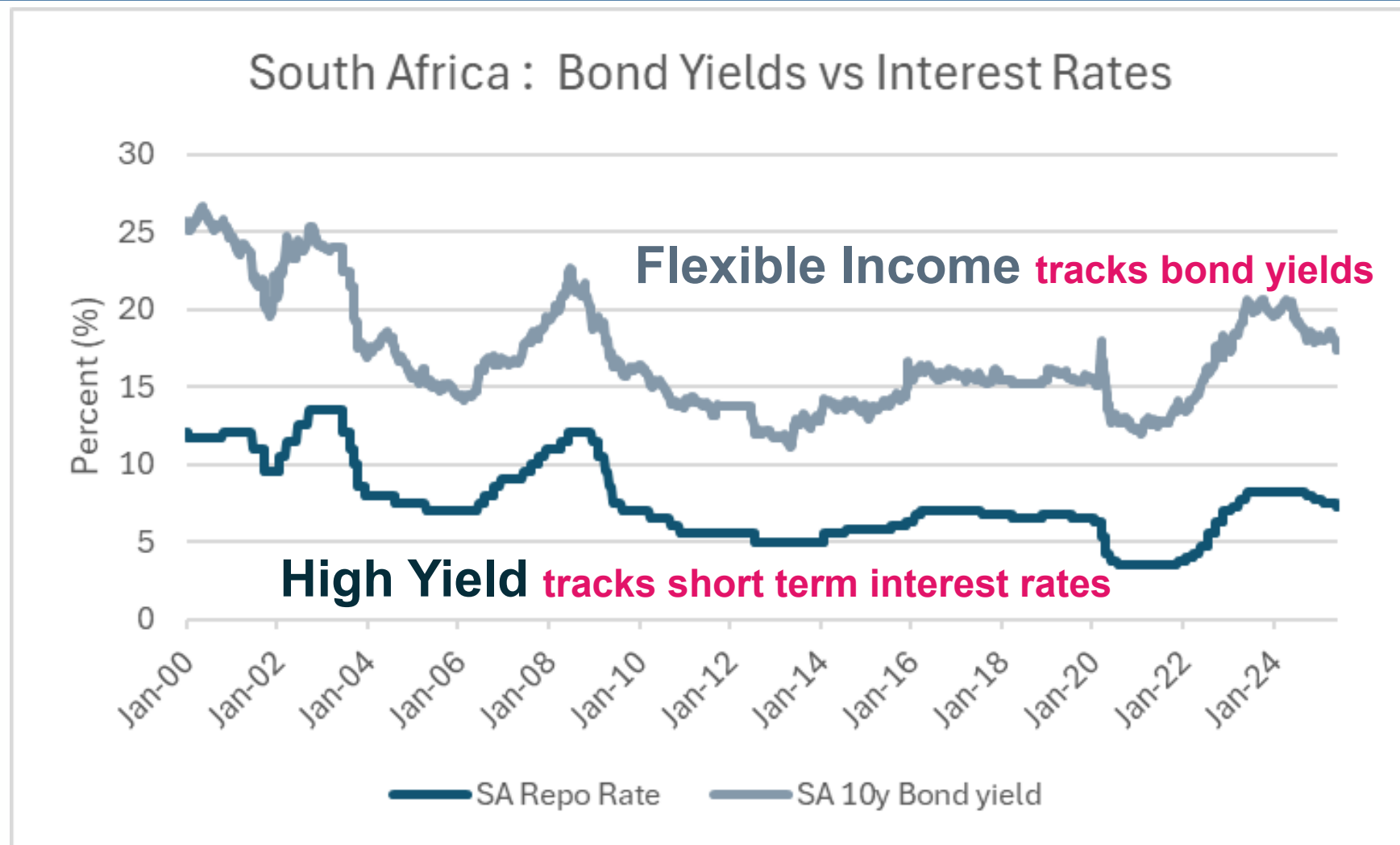
- Bond-like returns with lower volatility using all risk / return levers.
- **Tracks bond yields**

+

Sasfin BCI High Yield Fund

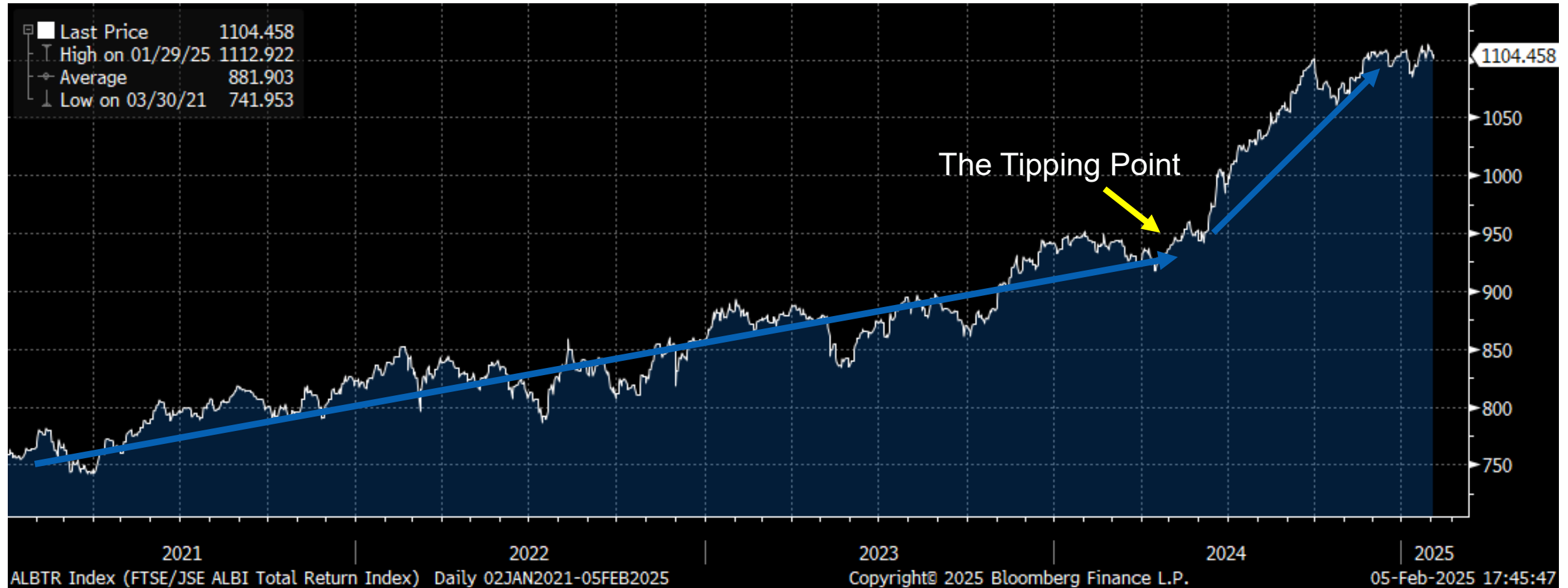
- Low volatility monthly income & focus on floating rate exposure.
- **Tracks interest rates**

Difference between Bond Yields and Interest Rates



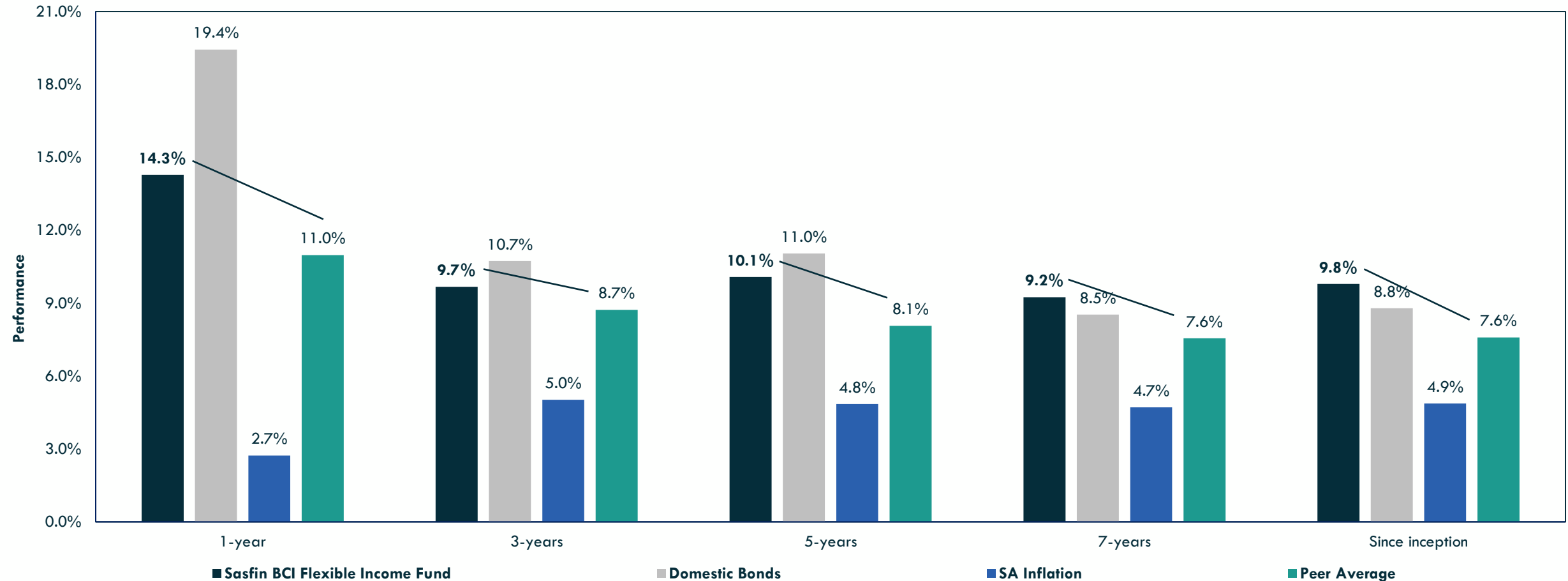
ALBI Total Return Index: A great run in 2nd half of 2024

Where to from here?

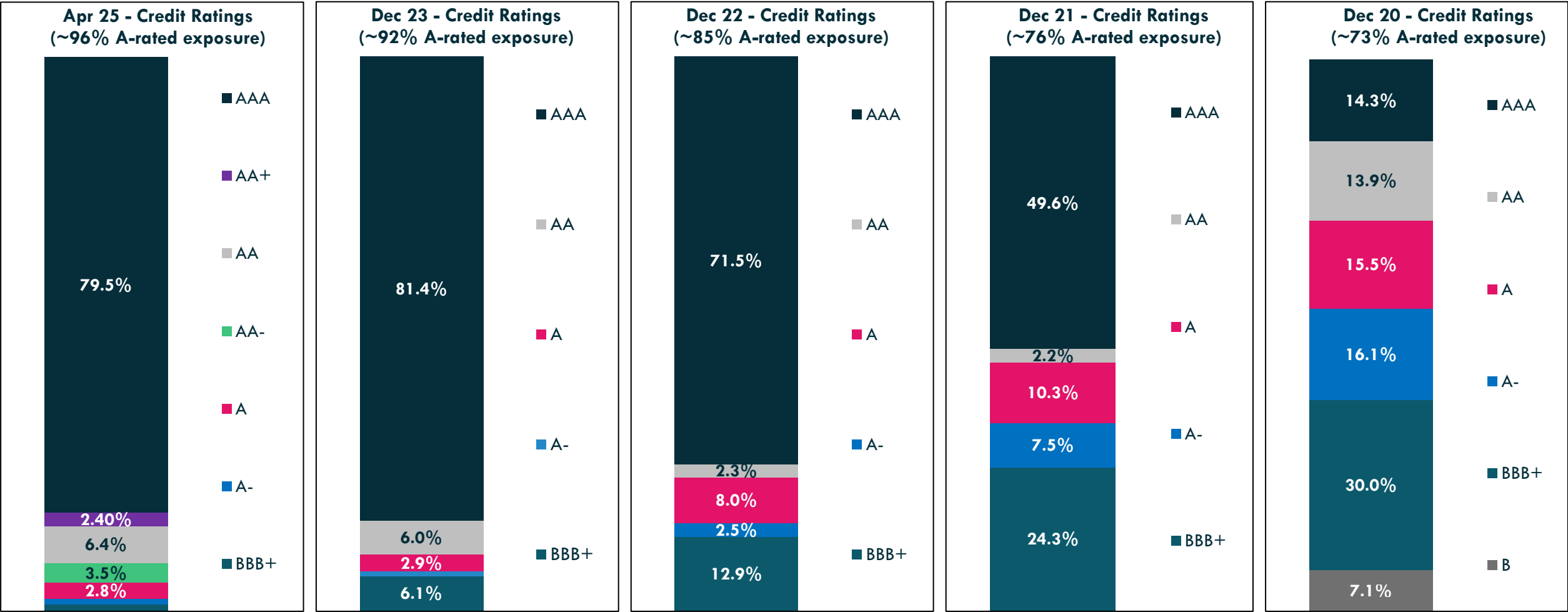


Sasfin BCI Flexible Income Fund Performance

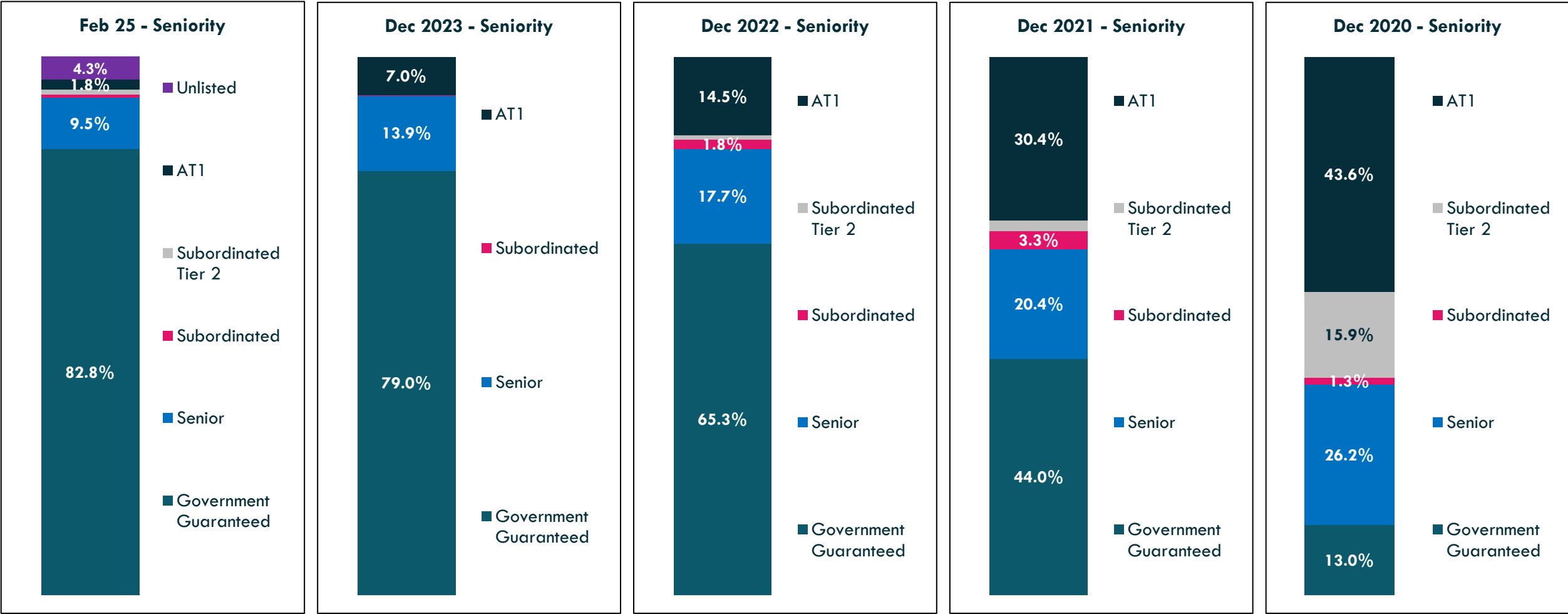
Sasfin BCI Flexible Income Fund: Performance ending April 2025



Active Risk Management : Take risks appropriate for market conditions

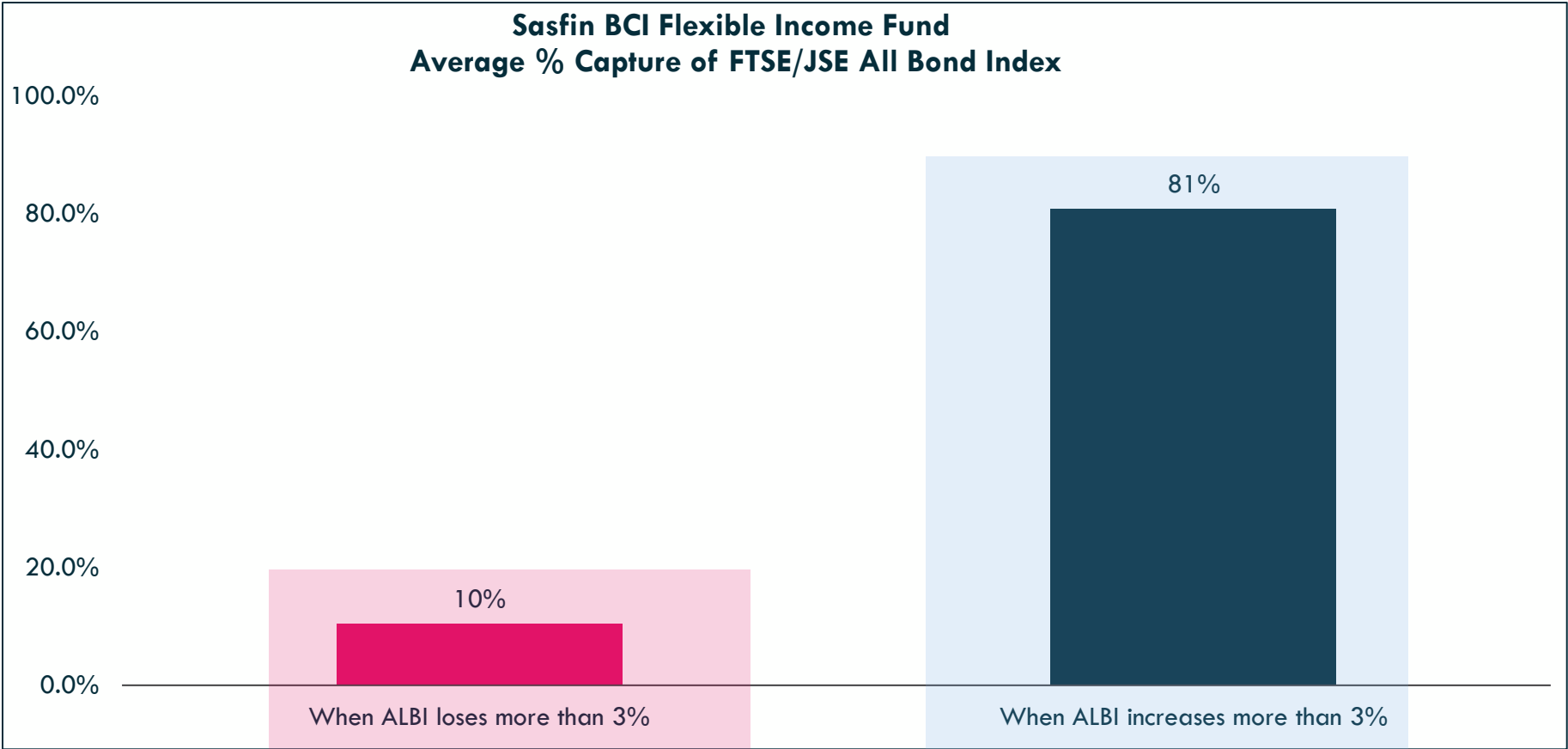


Look-through into Capital structure positioning



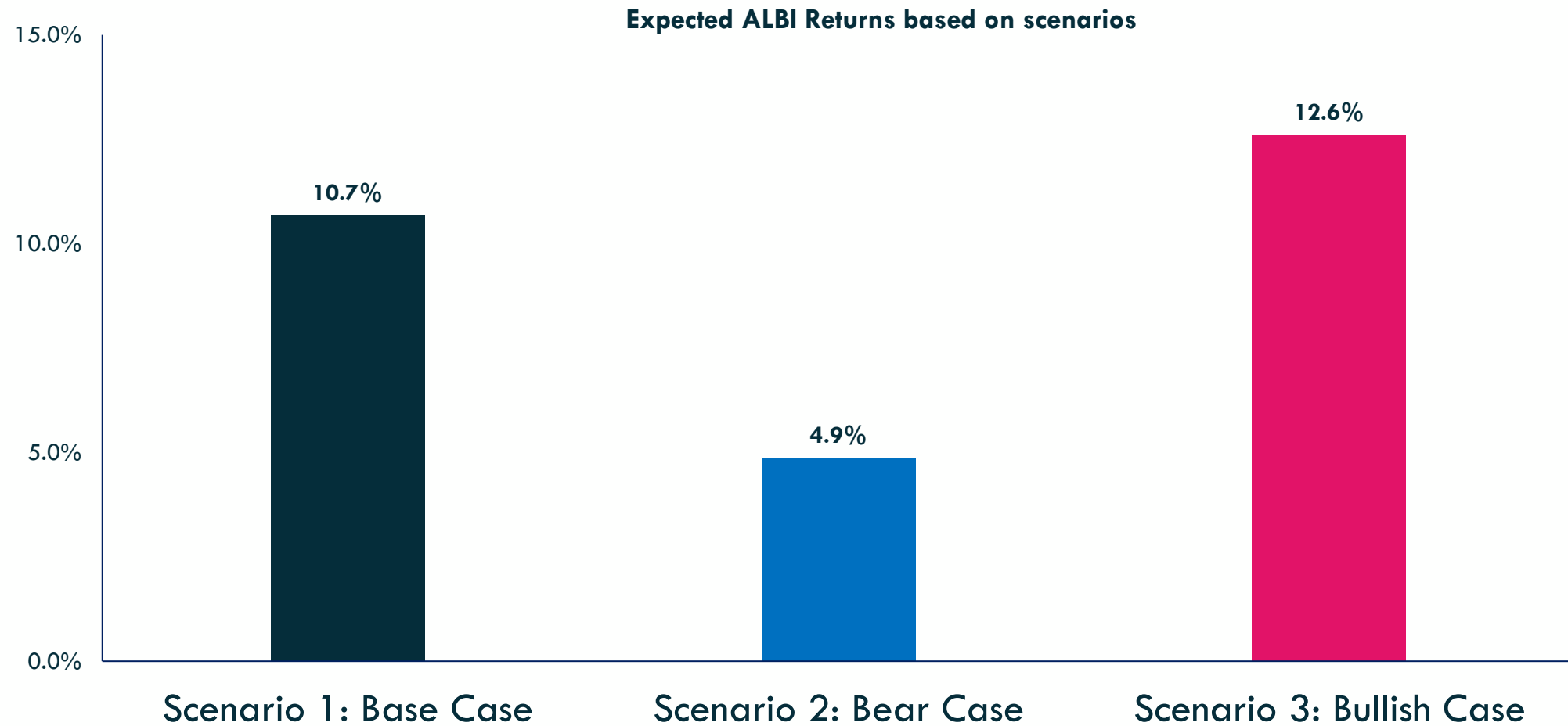
Notes: Based on current and historic holdings, not illustrative of future liquidity profile

Sasfin BCI Flexible Income Fund : ALBI Returns Capture Profile



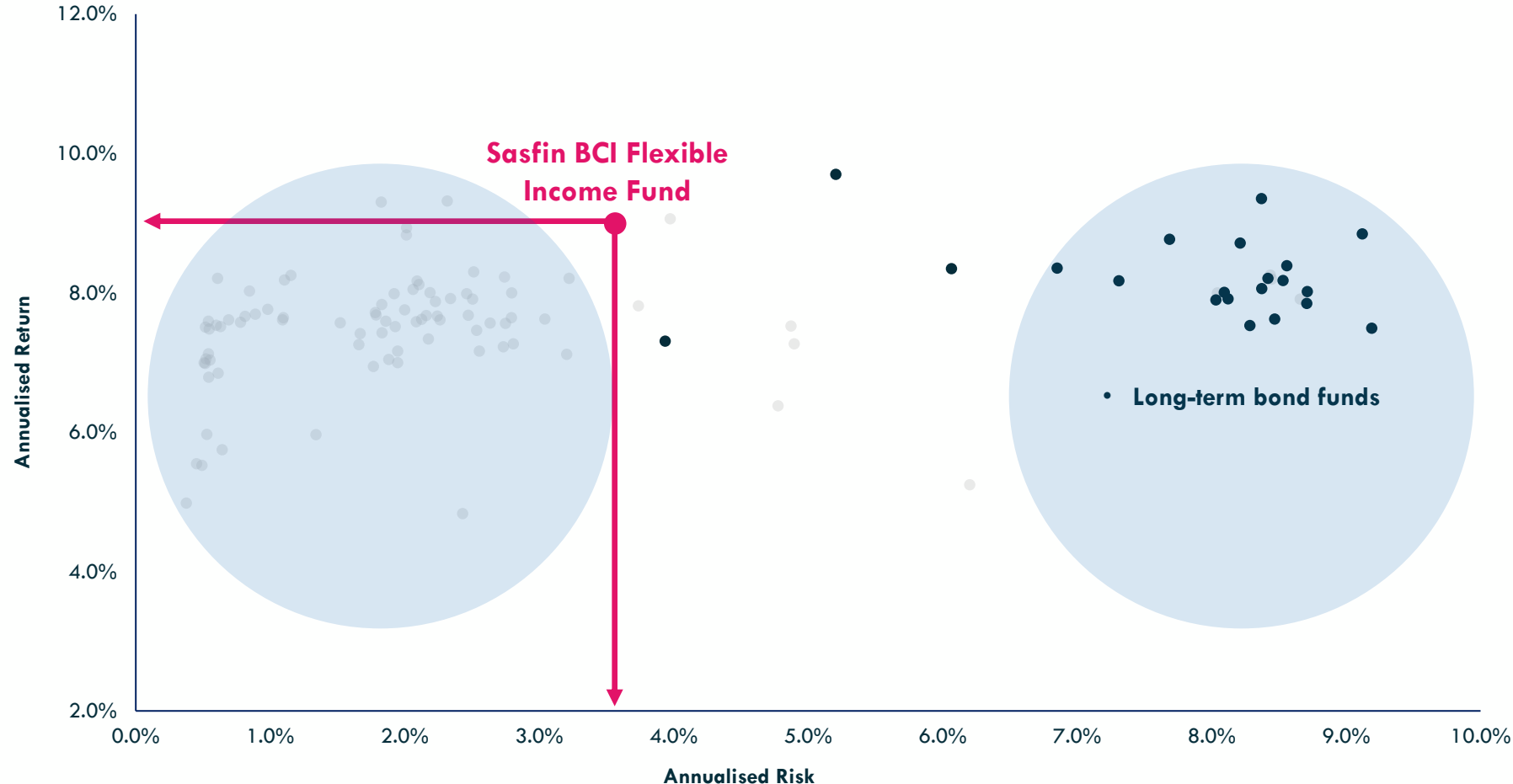
Source: Sasfin Asset Managers
Notes: B-class

Modelled Expected Returns



The Income Fund conundrum : How much risk is enough?

Risk / Return Scatter of Fixed Income Funds (7-year ending April 2025)



Sasfin BCI Flexible Income Fund is a **“hybrid”** between short-term & long-term (bond) funds.

An actively managed and well considered approach to taking fixed income risk.

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