

Investing with purpose

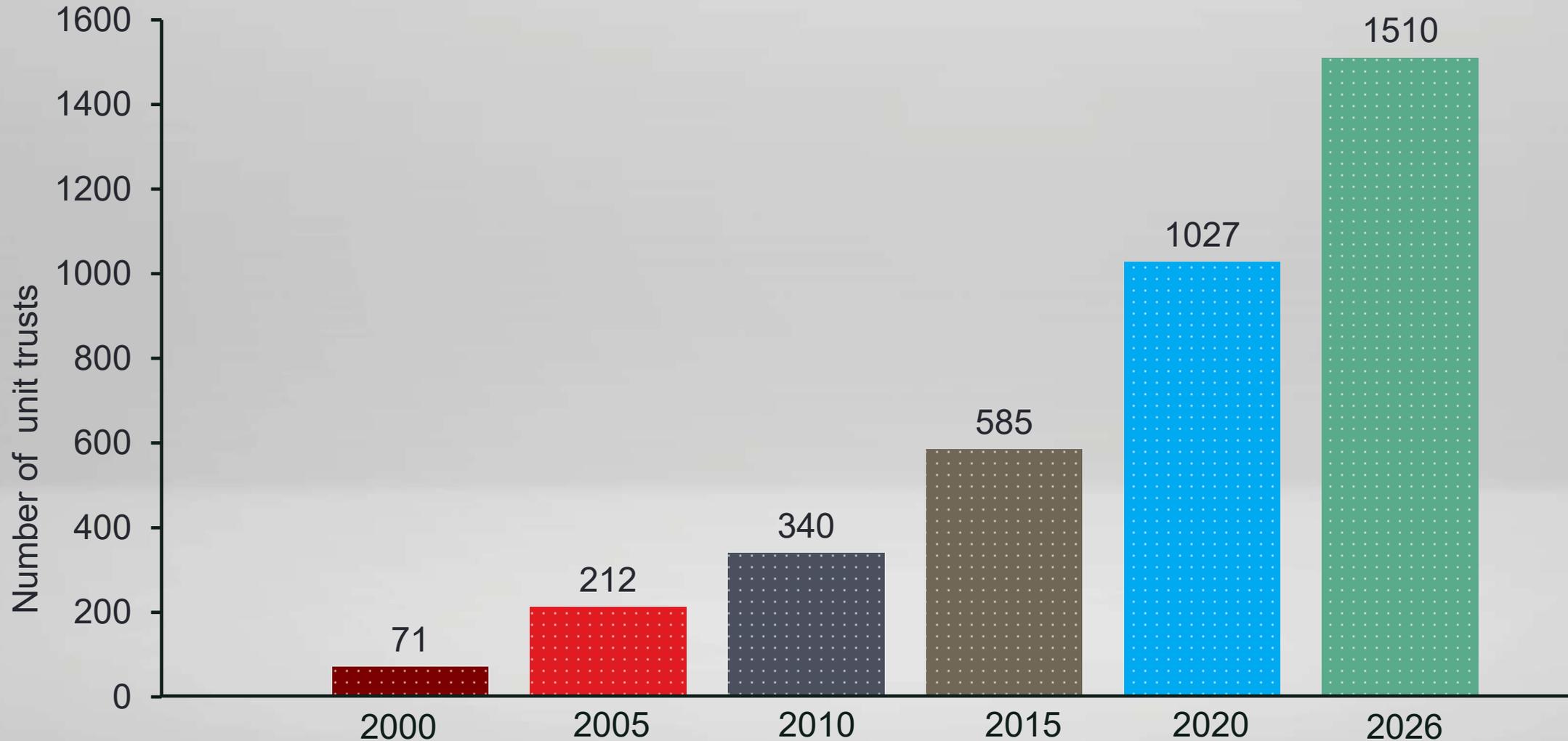
Using a measured approach to consistently deliver on your client's goals

Carl Chetty, CFA | Head: Investment Proposition



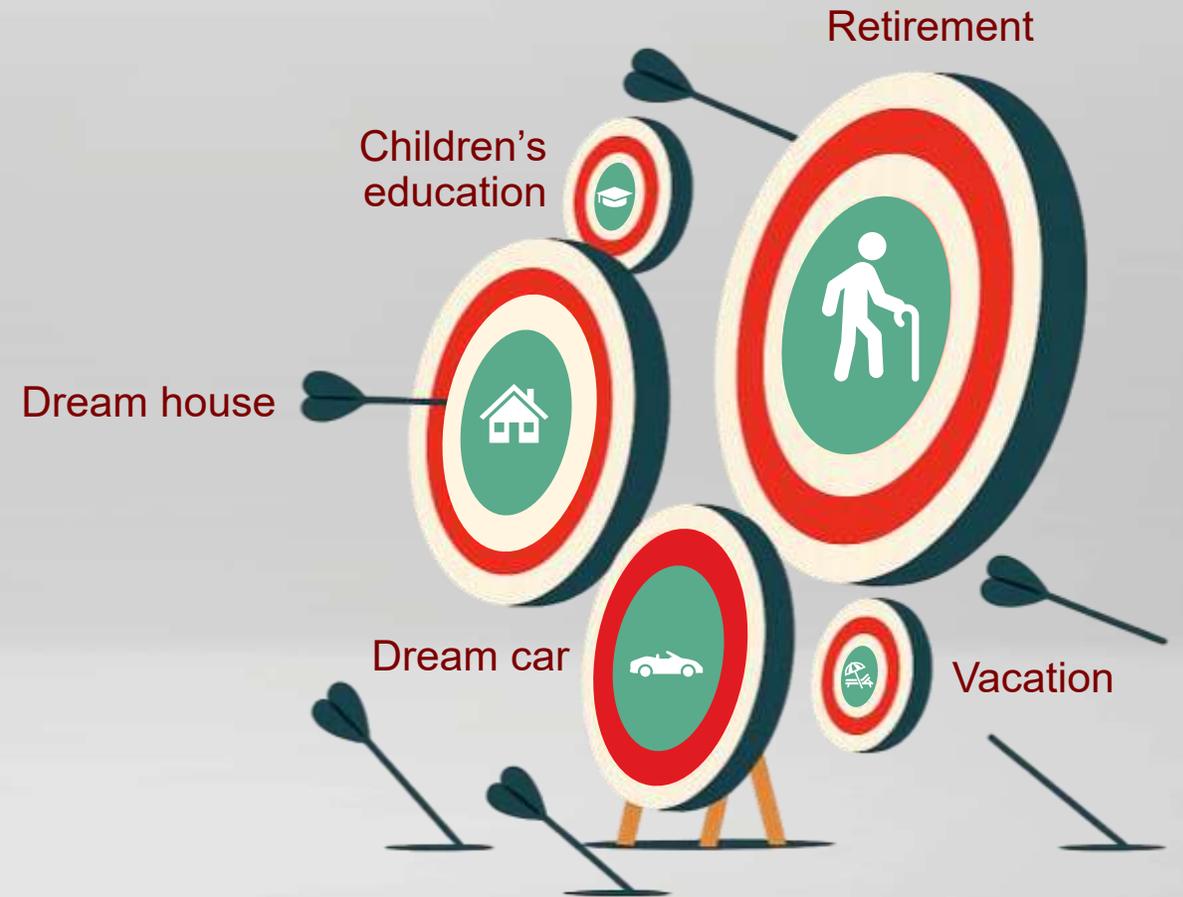
The paradox of choice

Growth in number of SA unit trusts (Jan 2000 to 2026)

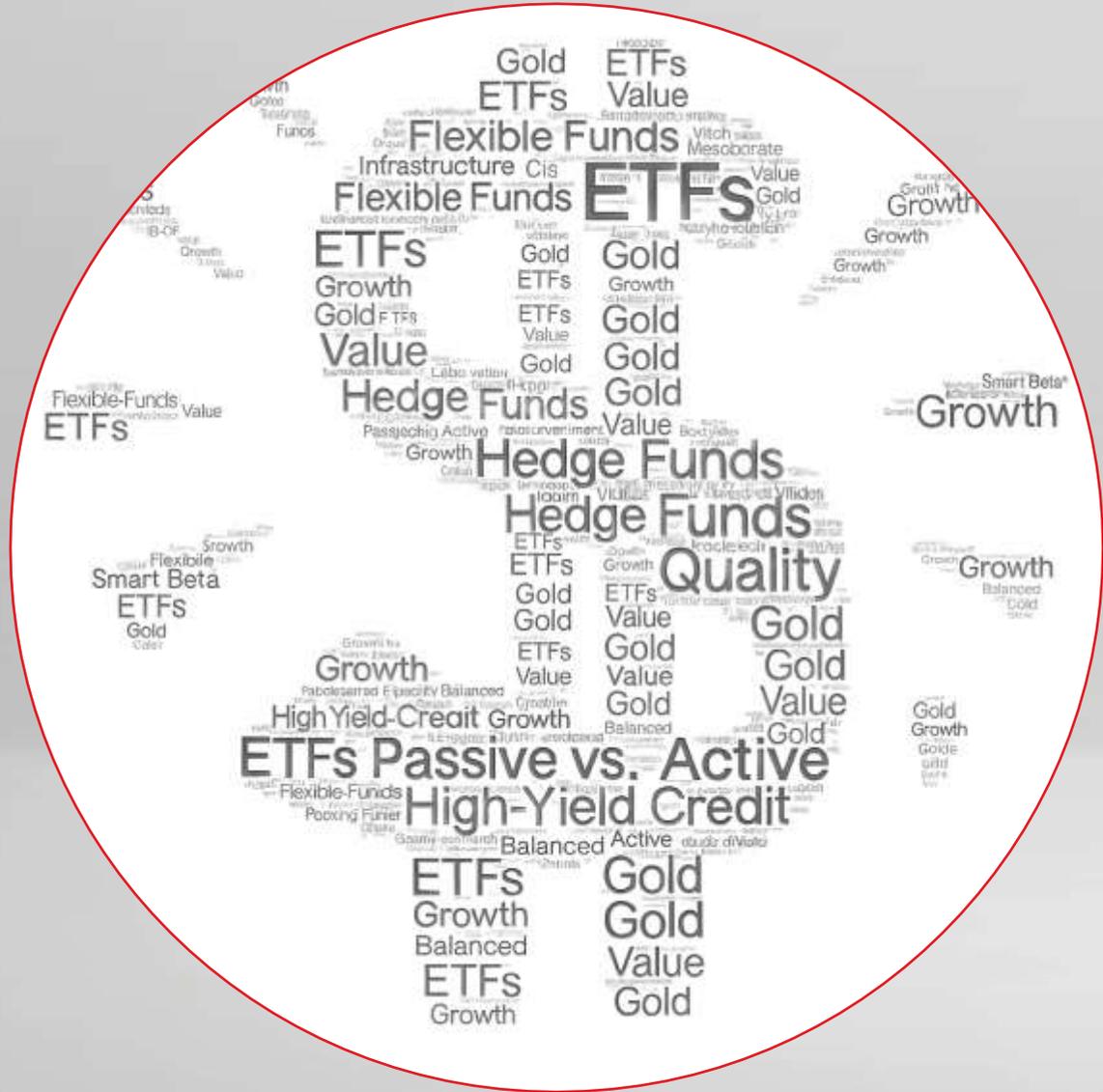


A paradigm shift

equilibrium



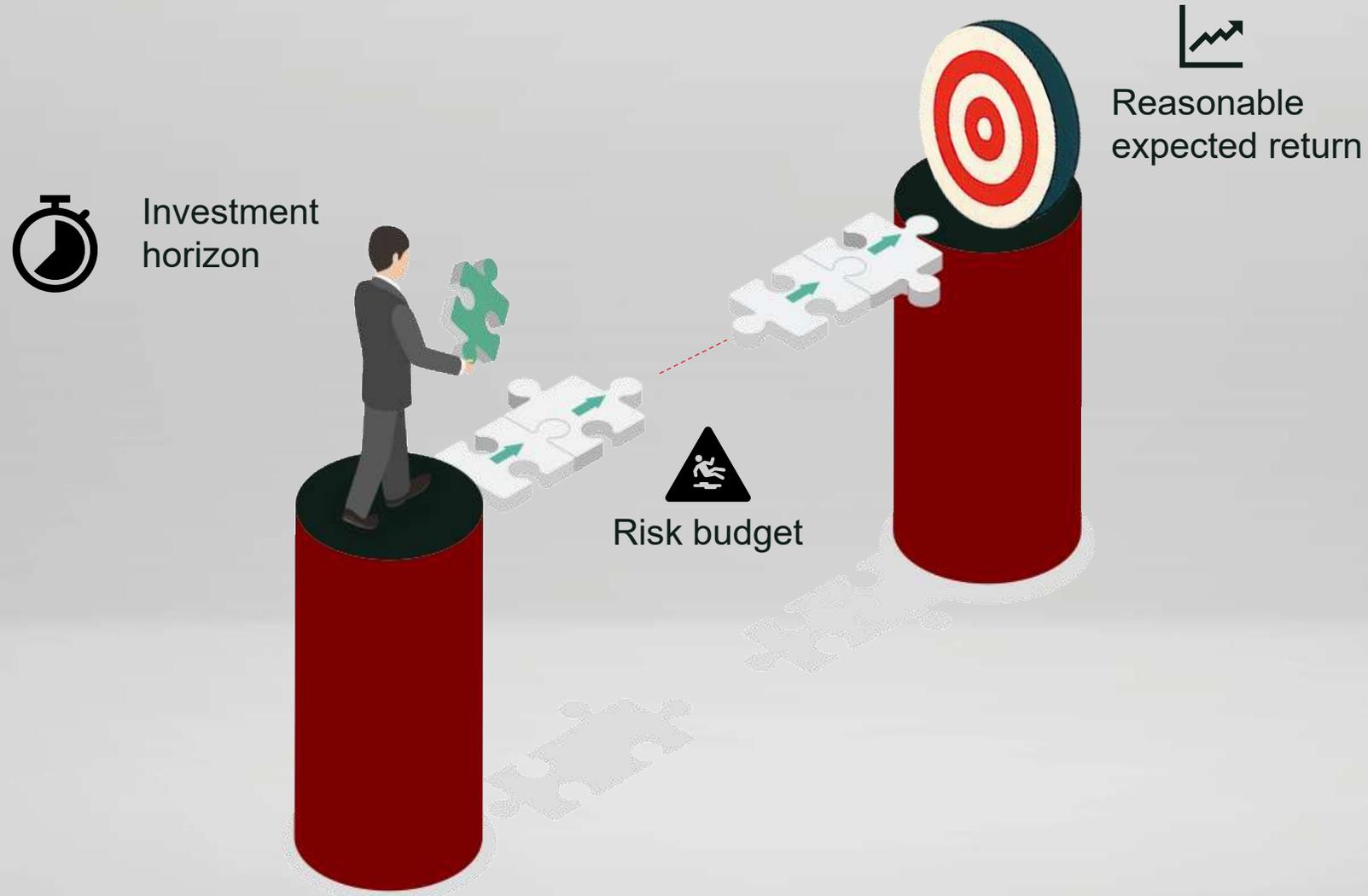
A paradigm shift



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Outcomes-based investing



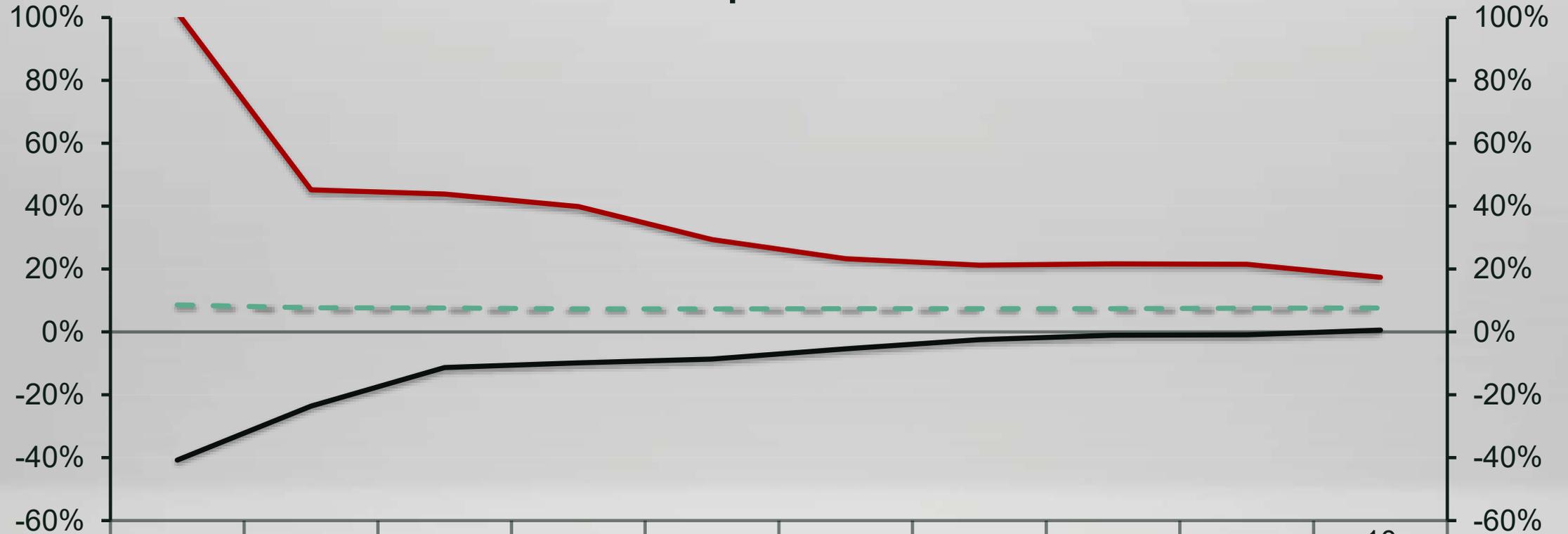
Investment horizon is key to reducing uncertainty

Distribution of global equity returns over various investment horizons



Investment horizon is key to reducing uncertainty

Local equities



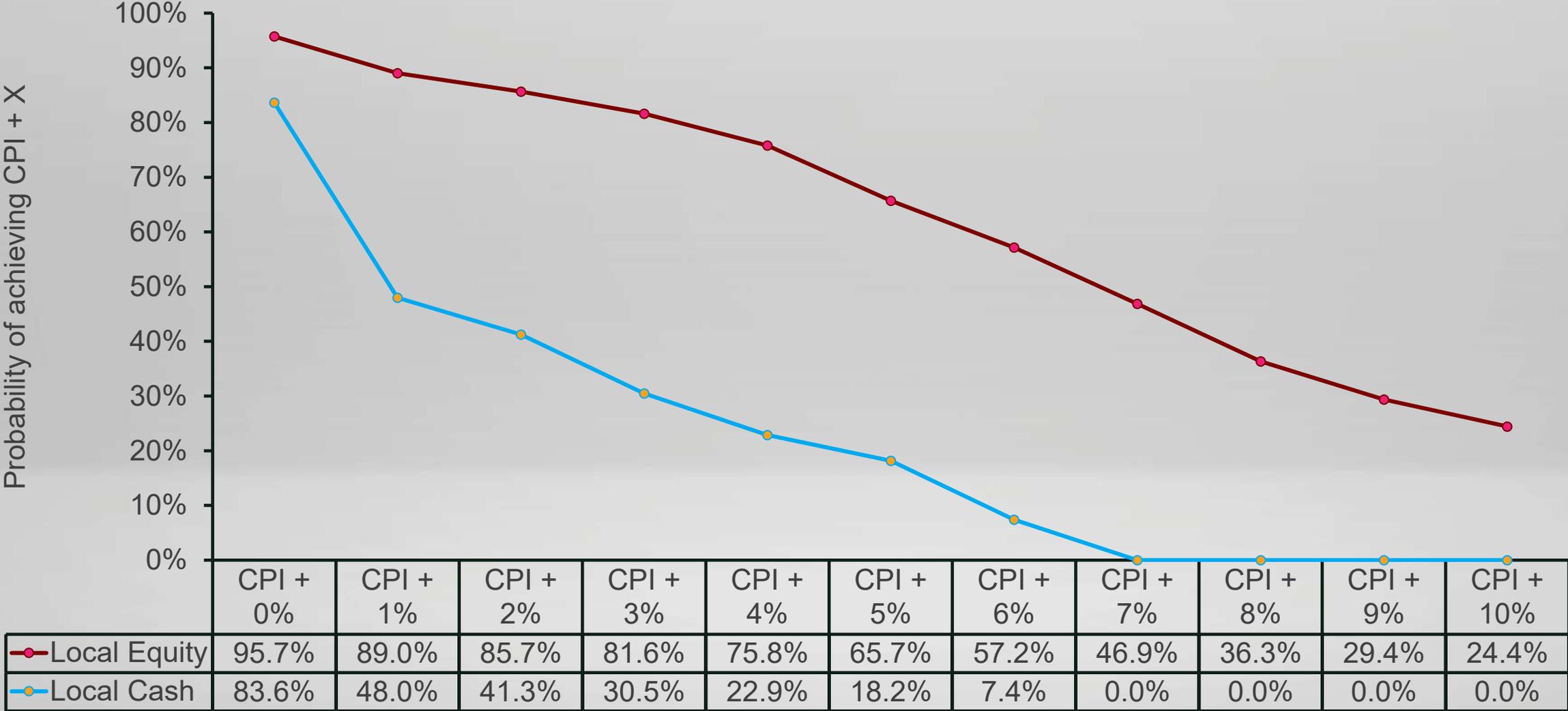
	1 Year	2 Years	3 Years	4 Years	5 Years	6 Year	7 Years	8 Years	9 Years	10 Years
— Min	-40.77%	-23.60%	-11.36%	-9.85%	-8.65%	-5.40%	-2.48%	-1.04%	-0.91%	0.58%
— Max	101.60%	45.18%	43.85%	39.86%	29.37%	23.30%	21.21%	21.66%	21.49%	17.37%
- - Average	8.58%	7.65%	7.60%	7.34%	7.31%	7.36%	7.40%	7.38%	7.55%	7.63%

Source: Momentum Investments & Bloomberg (1980 to 2024)

How do clients experience risk?



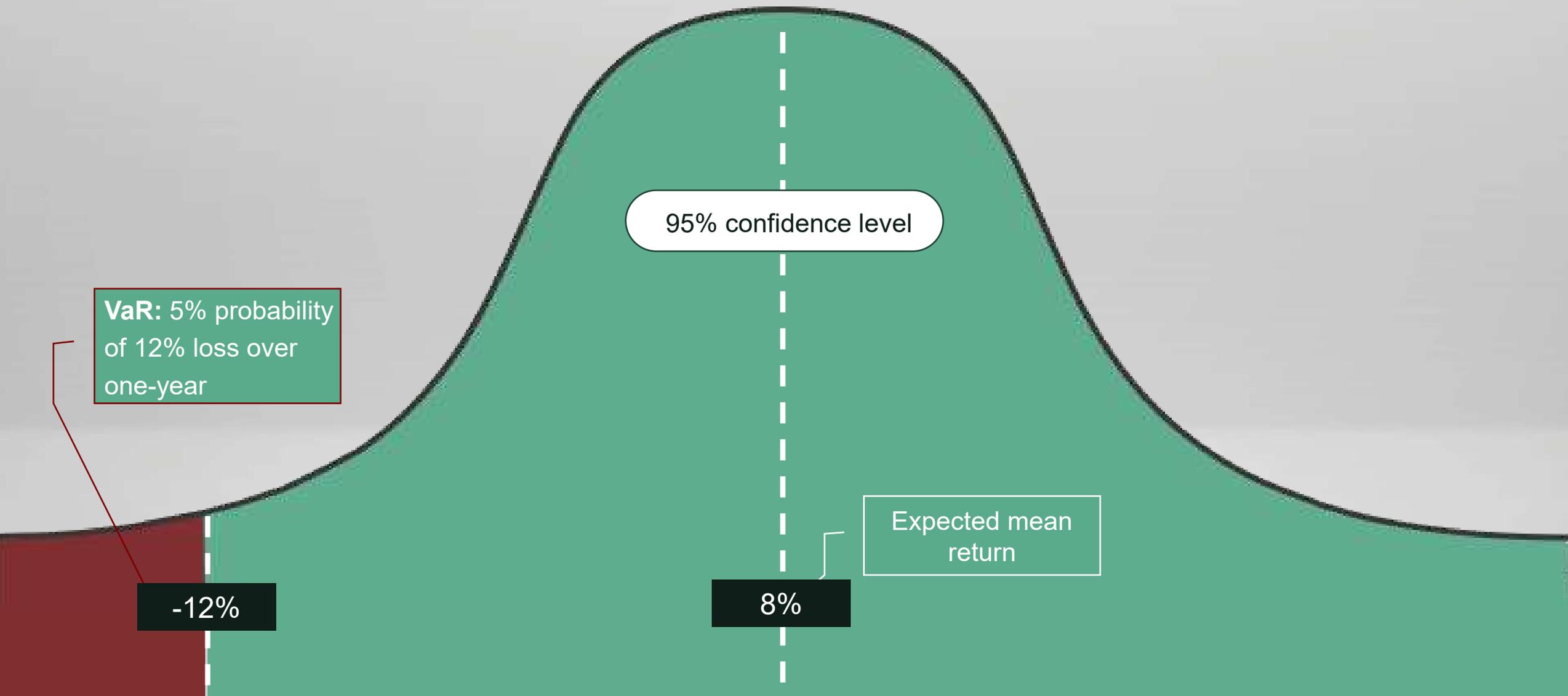
Probability of meeting CPI + X% over seven years: Which is riskier?



Source: Momentum Investments & Bloomberg (1980 to 2024)

How do clients experience risk?

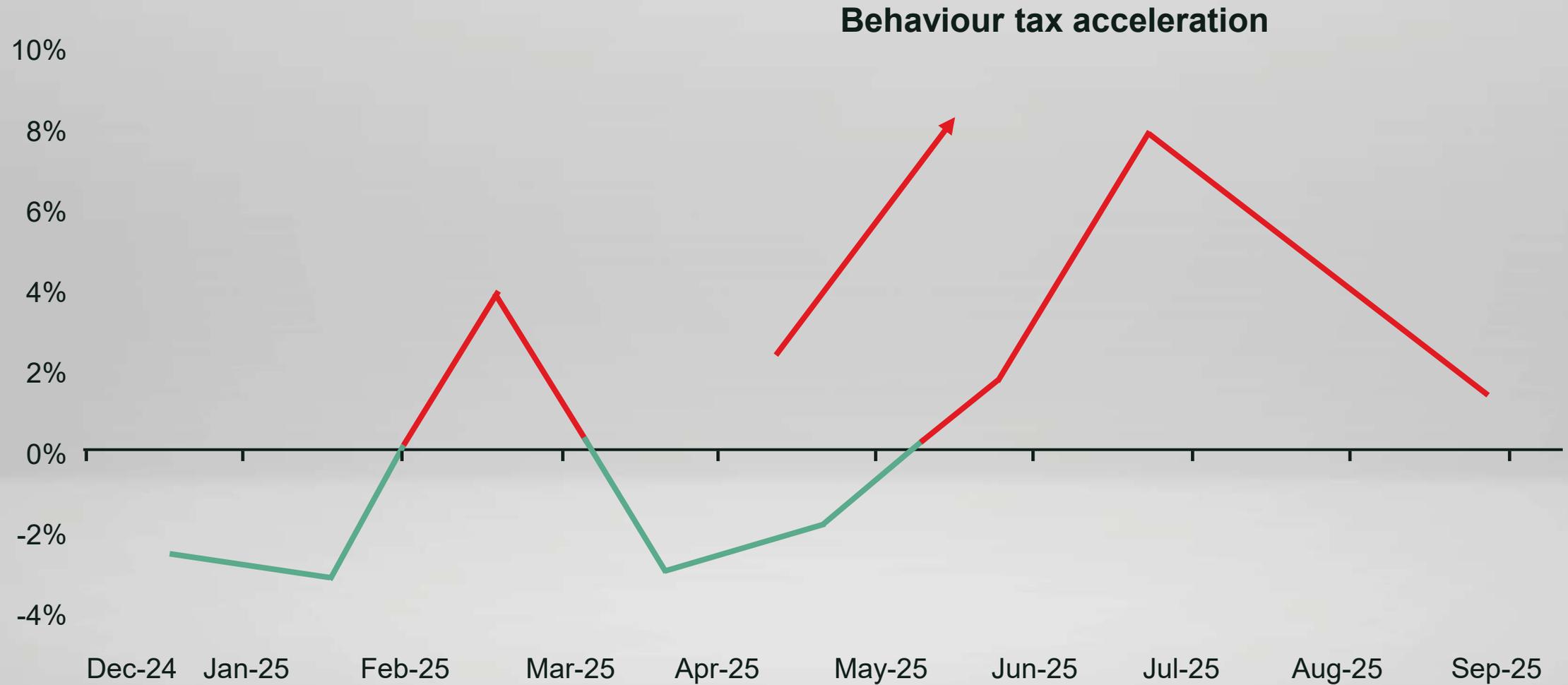
Value at risk (VaR)



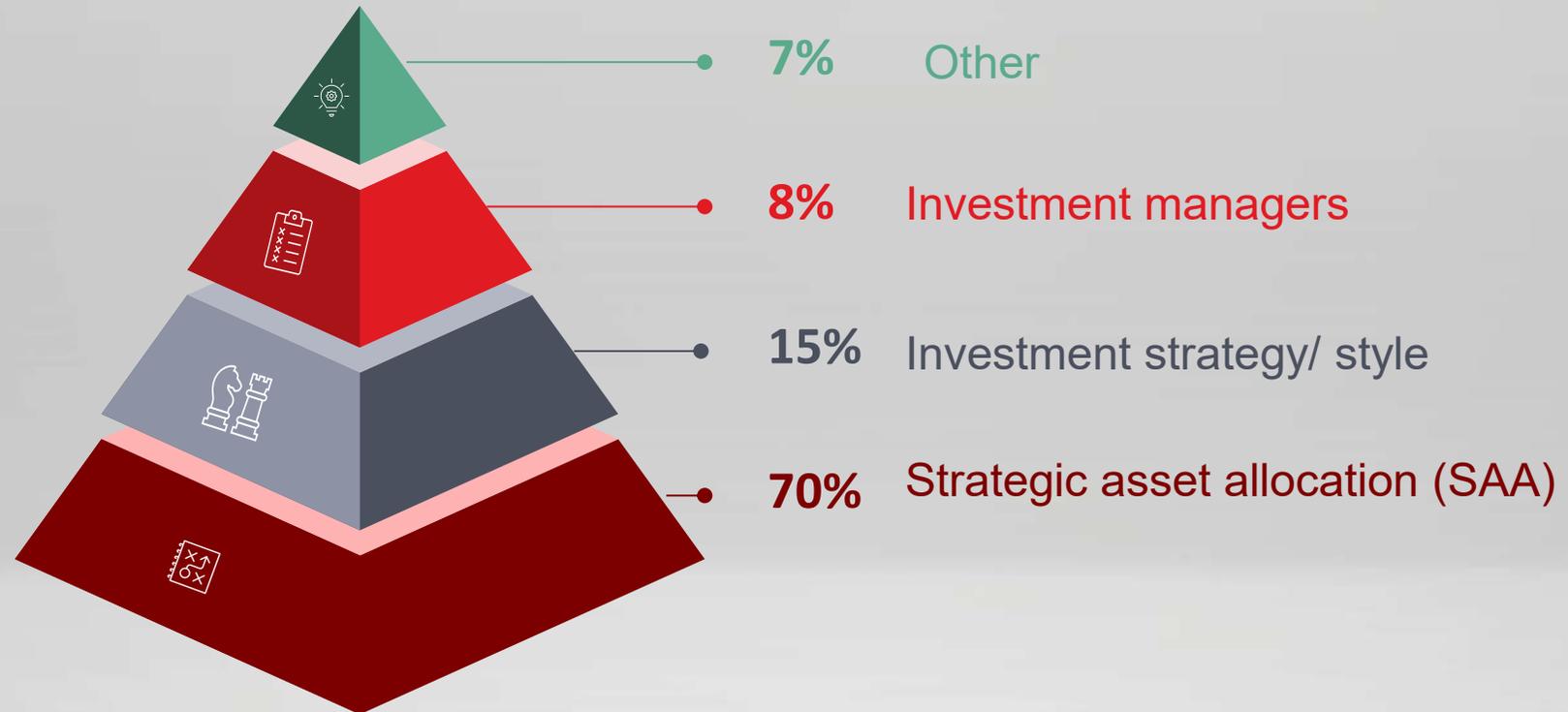
How do clients experience risk?

	Annualised volatility	Maximum drawdown	95% value at risk
Local equity	20.14%	-58.01%	-20.06%
Local listed property	19.59%	-82.52%	-27.41%
Global property ZAR	17.40%	-53.92%	-17.80%
Global equity ZAR	16.23%	-49.56%	-17.06%
Global bonds ZAR	13.61%	-30.27%	-12.40%
Global cash ZAR	13.07%	-51.66%	-15.95%
Local bonds	8.02%	-22.22%	-6.51%
Local cash	1.30%	0.00%	4.89%

How do clients experience risk?



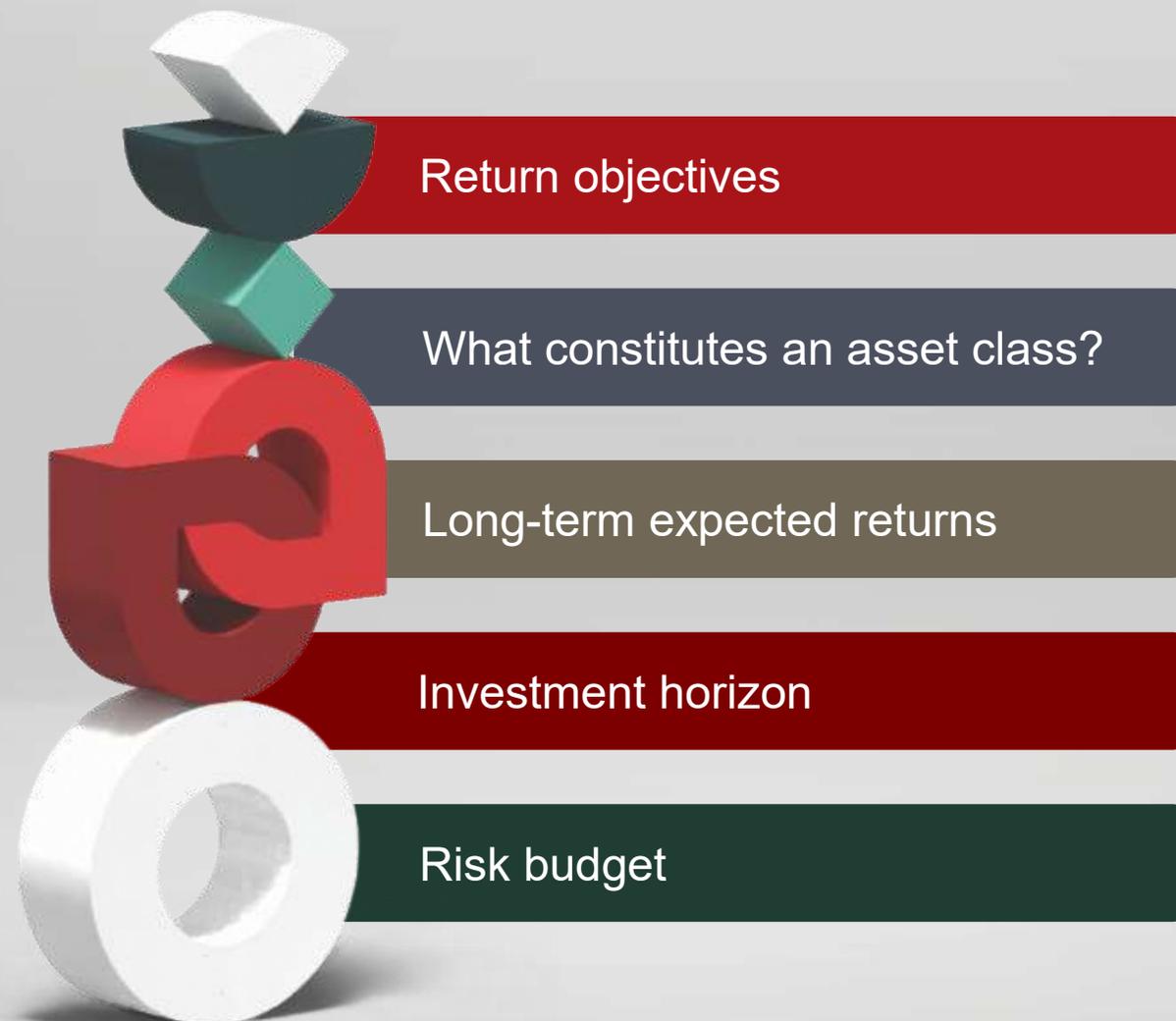
What drives outcome delivery?



Key principles of portfolio construction



Key SAA inputs



Don't just bet on the past



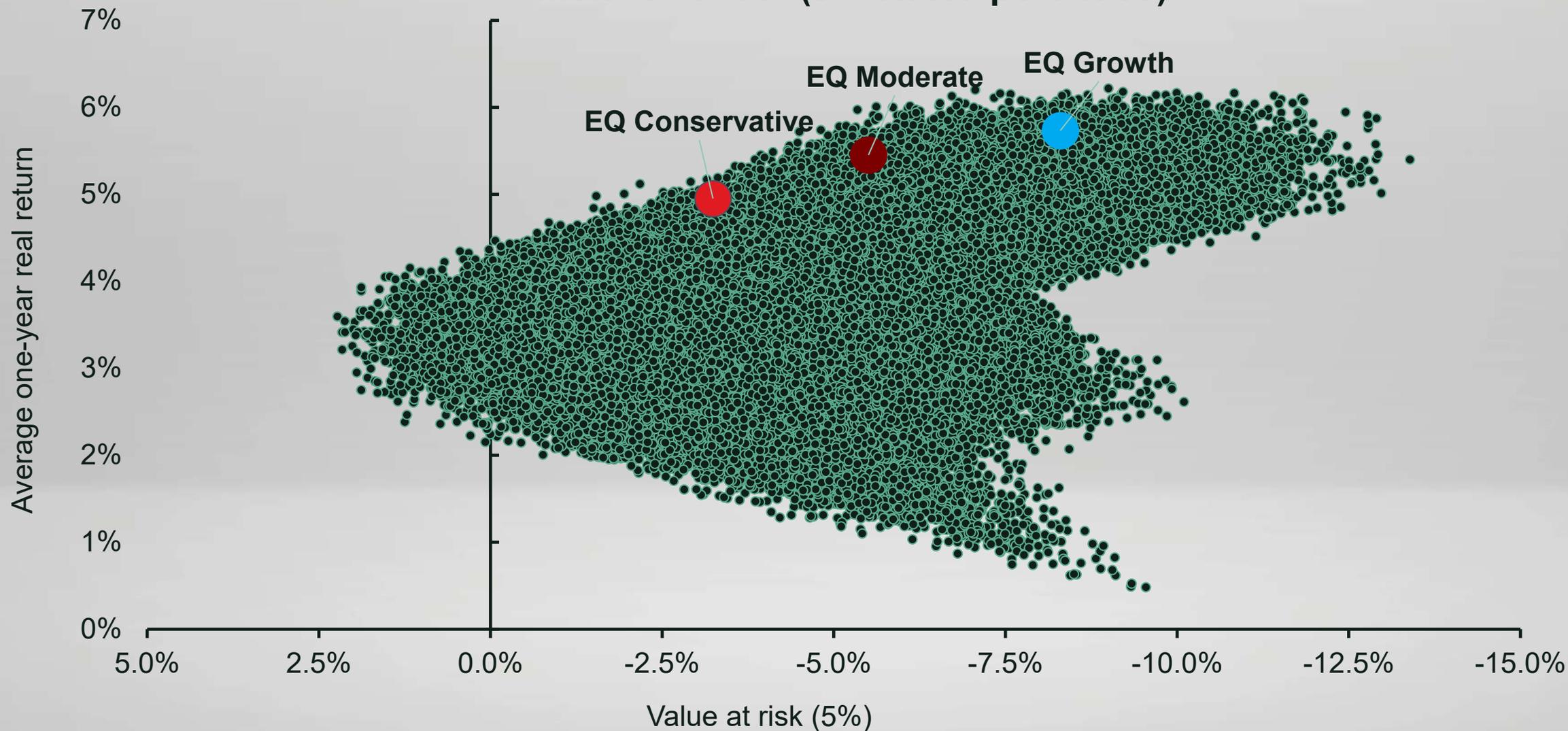
Source: Equioilbrium, Morningstar Direct (2009 to 2025)

Don't just bet on the past

	Long-term expectations	Realised (1964 to 2024)
SA asset classes in ZAR		
SA equity	6.25%	7.61%
SA property	6.00%	5.71%
SA bonds	5.75%	1.61%
SA ILBs	4.25%	N/A
SA cash	1.75%	1.83%
Global asset classes in ZAR		
Global equity	5.00%	4.51%
Global bonds	1.75%	3.95%
Global property	5.75%	7.97%

The output: Optimal portfolios

Efficient frontier (simulated portfolios)



Managing client expectations

Expected returns

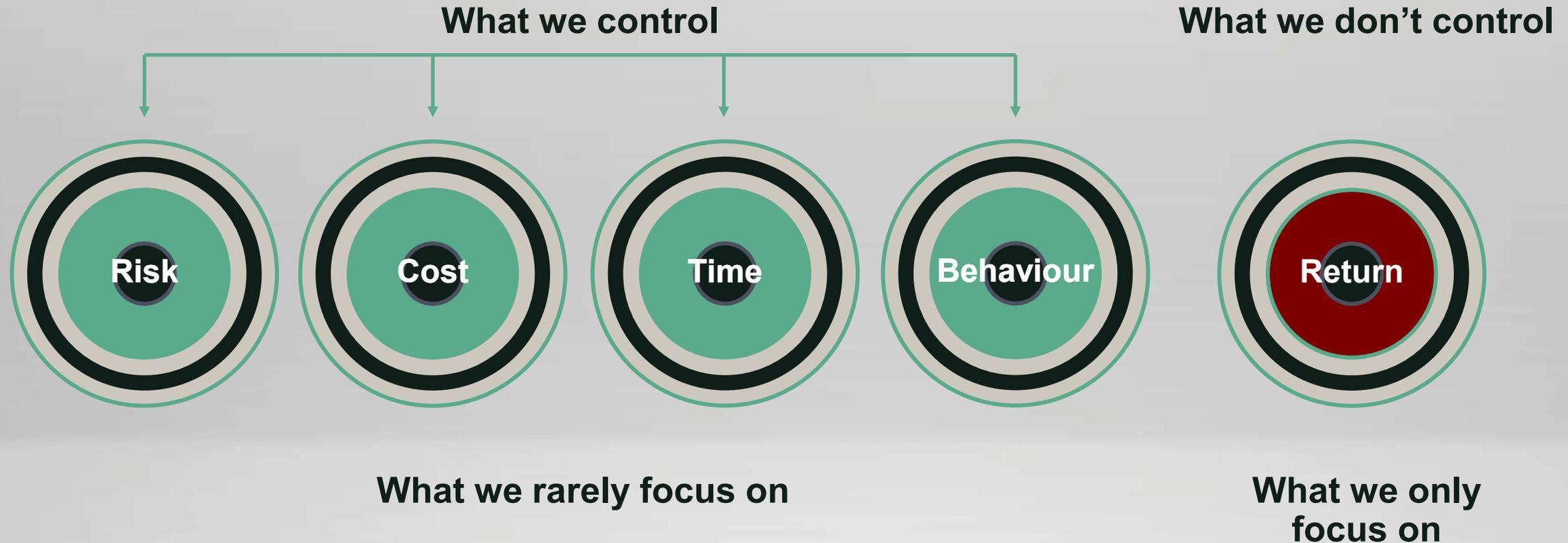
Portfolio	Investment horizon	VaR target (95%)	Expected real return over investment horizon (70% probability)	Expected real return over investment horizon (60% probability)	Expected real return over investment horizon (50% probability)
EQ Conservative	3 Years	-2%	3.0%	4.1%	5.0%
EQ Growth	7 Years	-10%	4.3%	5.2%	6.3%

Time in the market

EQ Moderate: Probabilities of meeting CPI + 3% over various terms



Focus on what you can control!



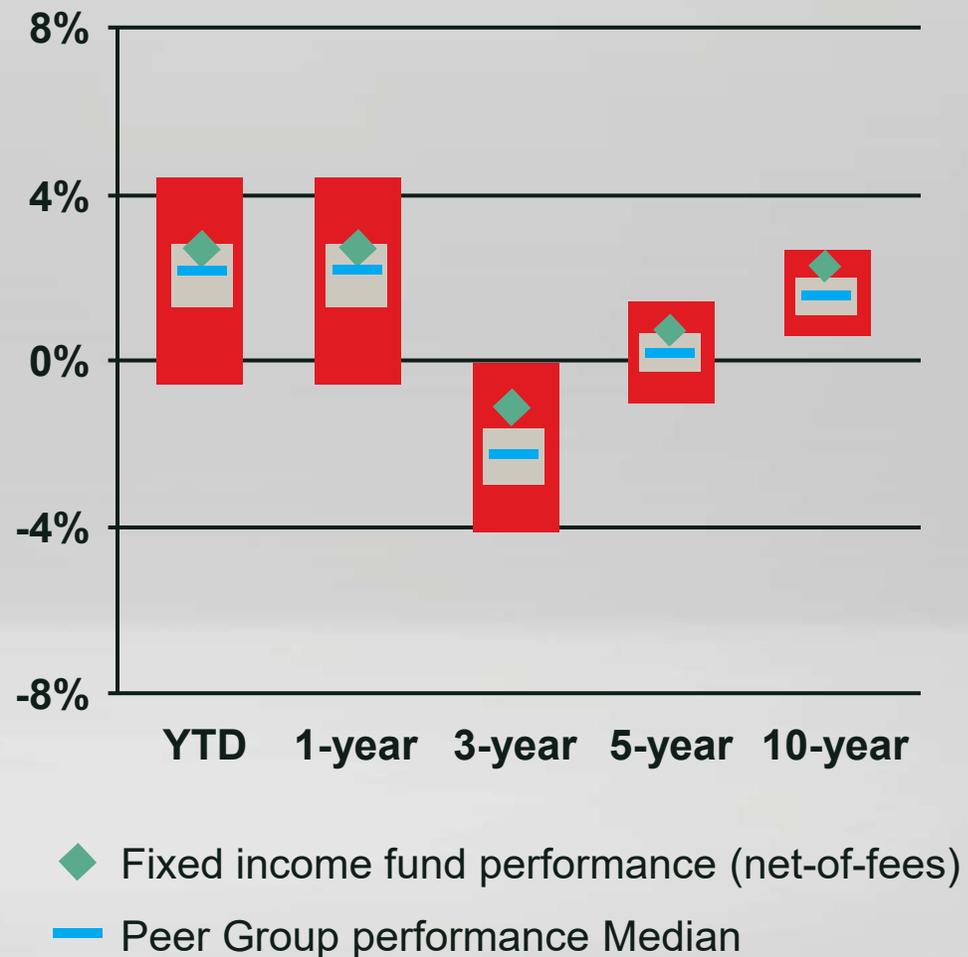
Are you ready to shift the conversation from...?

equilibrium



Which fund will give me the highest return compared to its peers?

Peer group performance comparison



Are you ready to shift the conversation to...?

equilibrium



Which solution can reduce the uncertainty of achieving my client's goals?

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