

ASHBURTON
INVESTMENTS

Hunt. Hedge. Hold

A Multi-Asset Playbook for Rates

Albert Botha

2026

MEET + THE
Managers



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Fully Invested

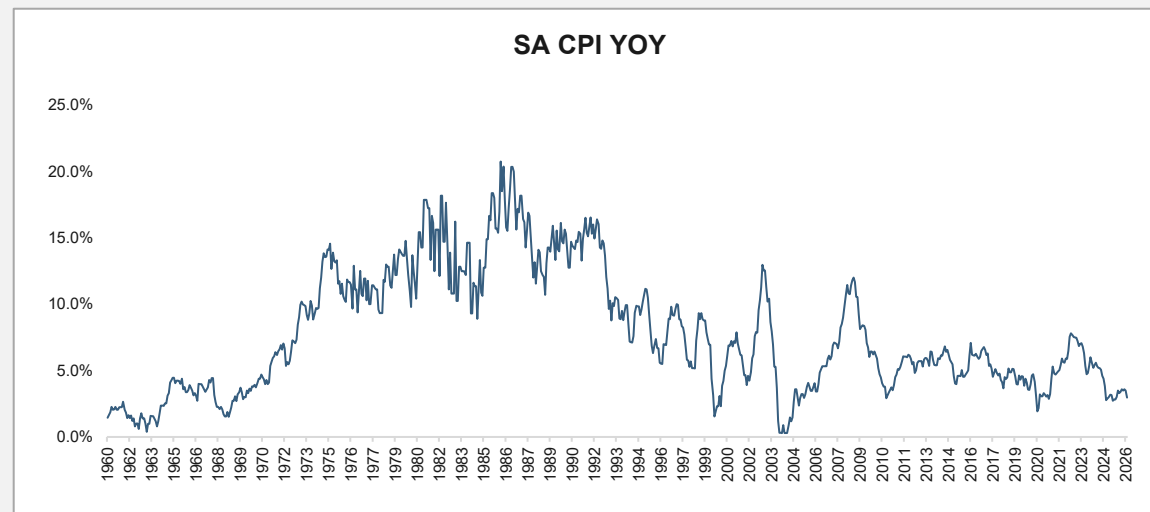
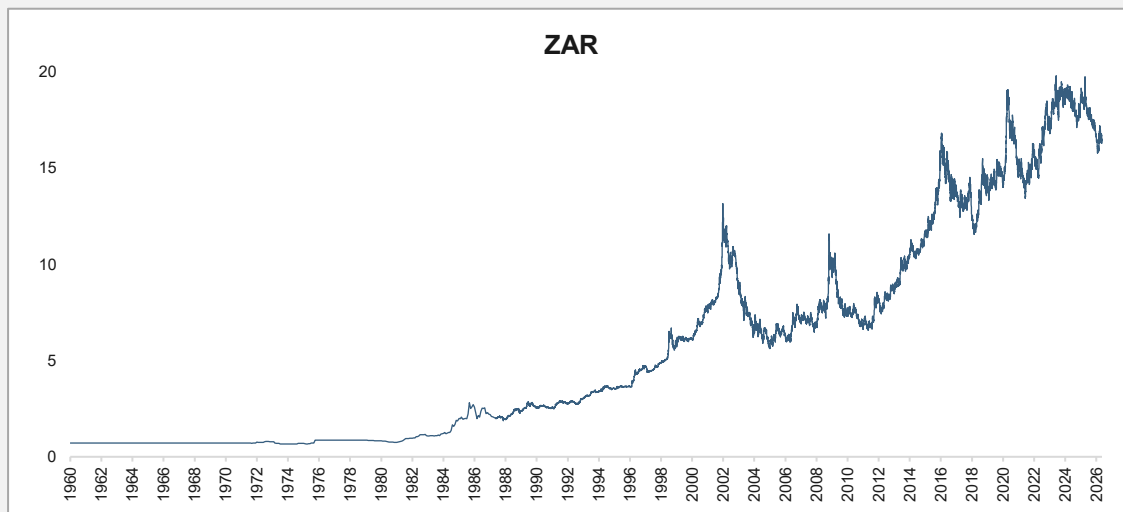
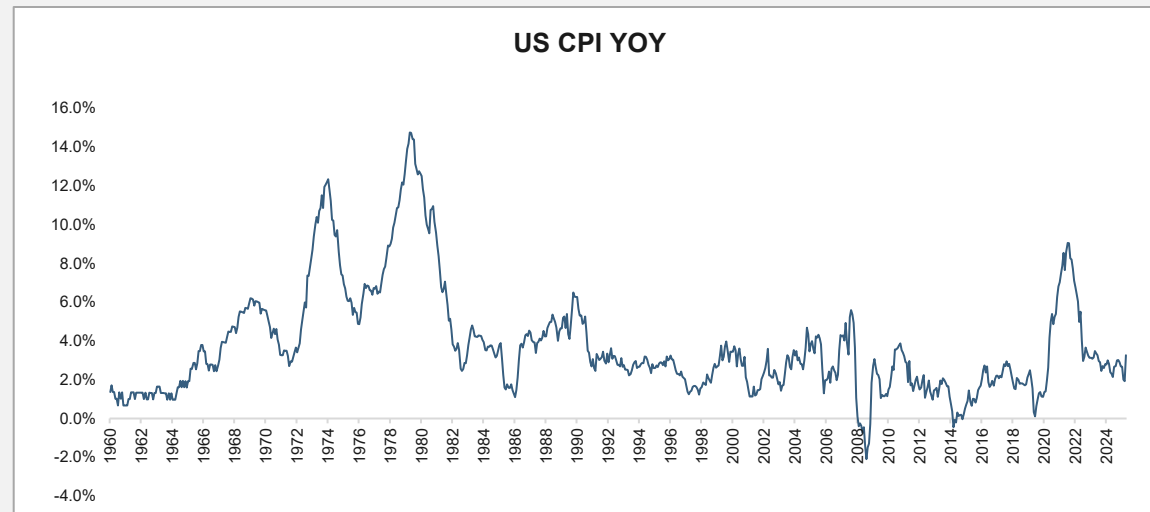
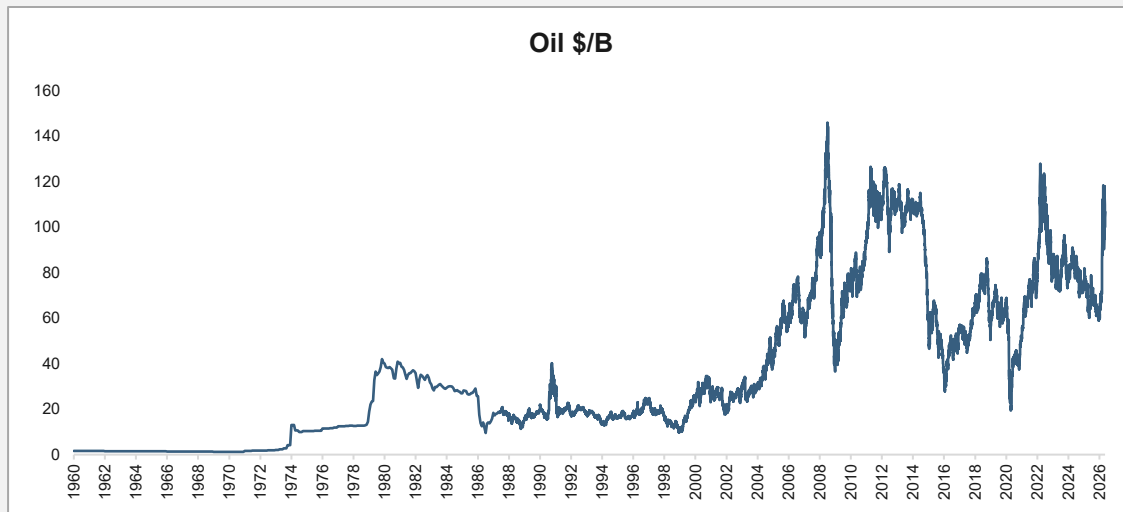


“History doesn't repeat itself
but it often rhymes”

“Generals always prepare
to fight the last war”

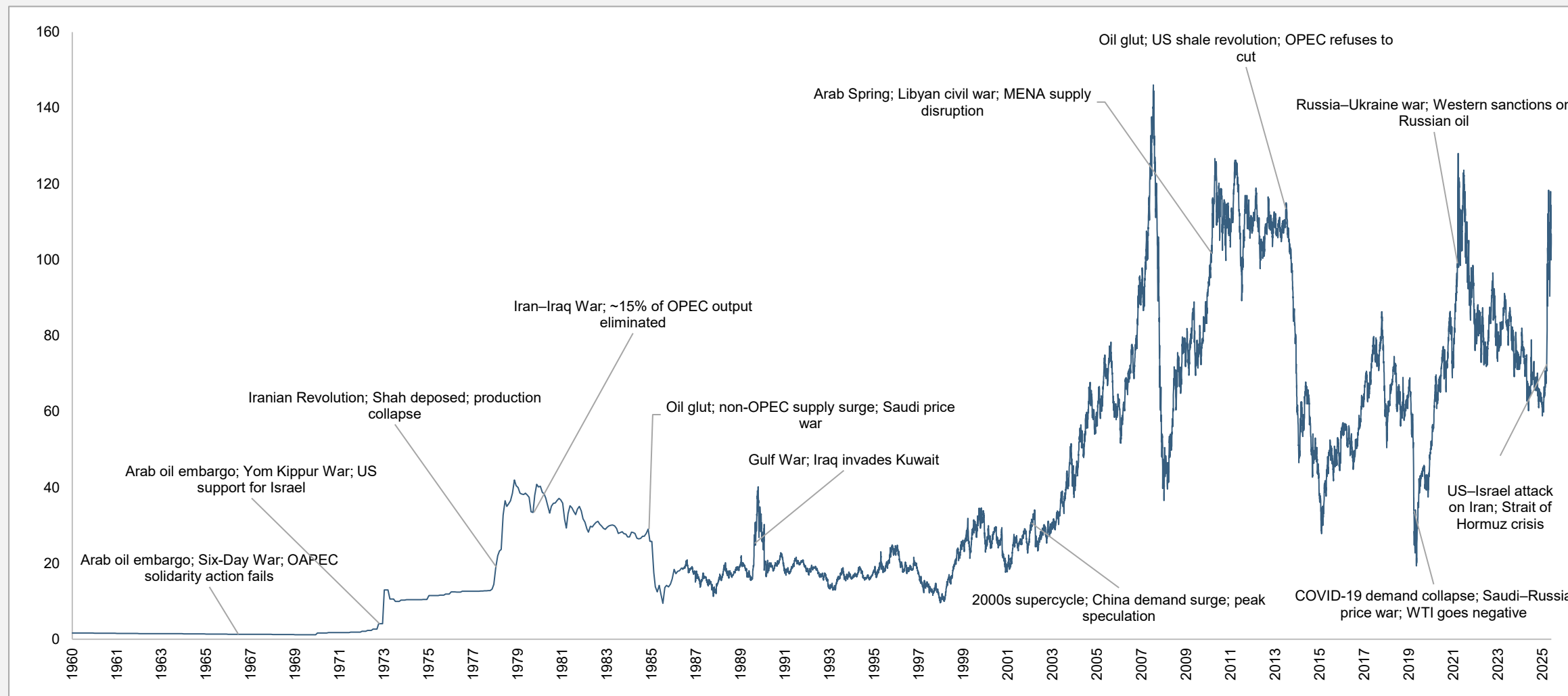


The tools in our bag



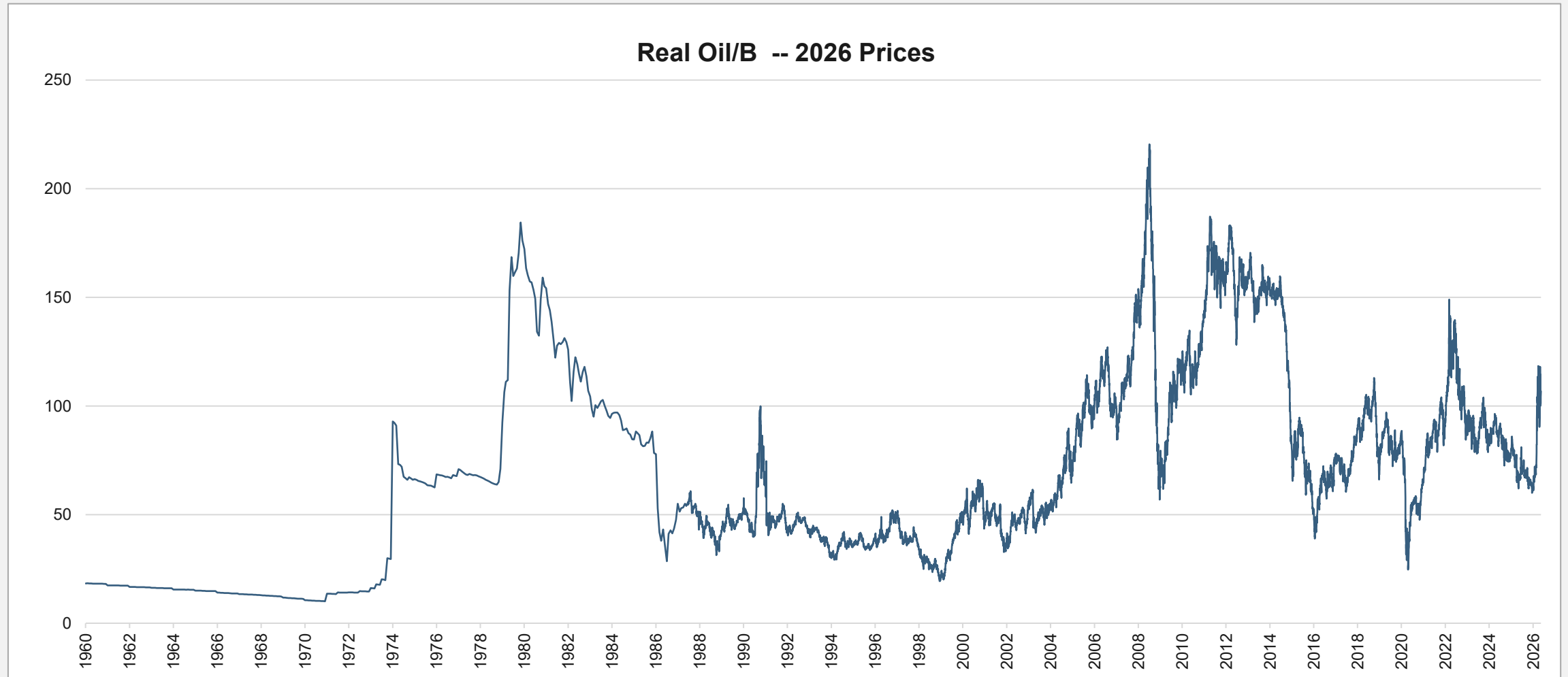


History of Oil



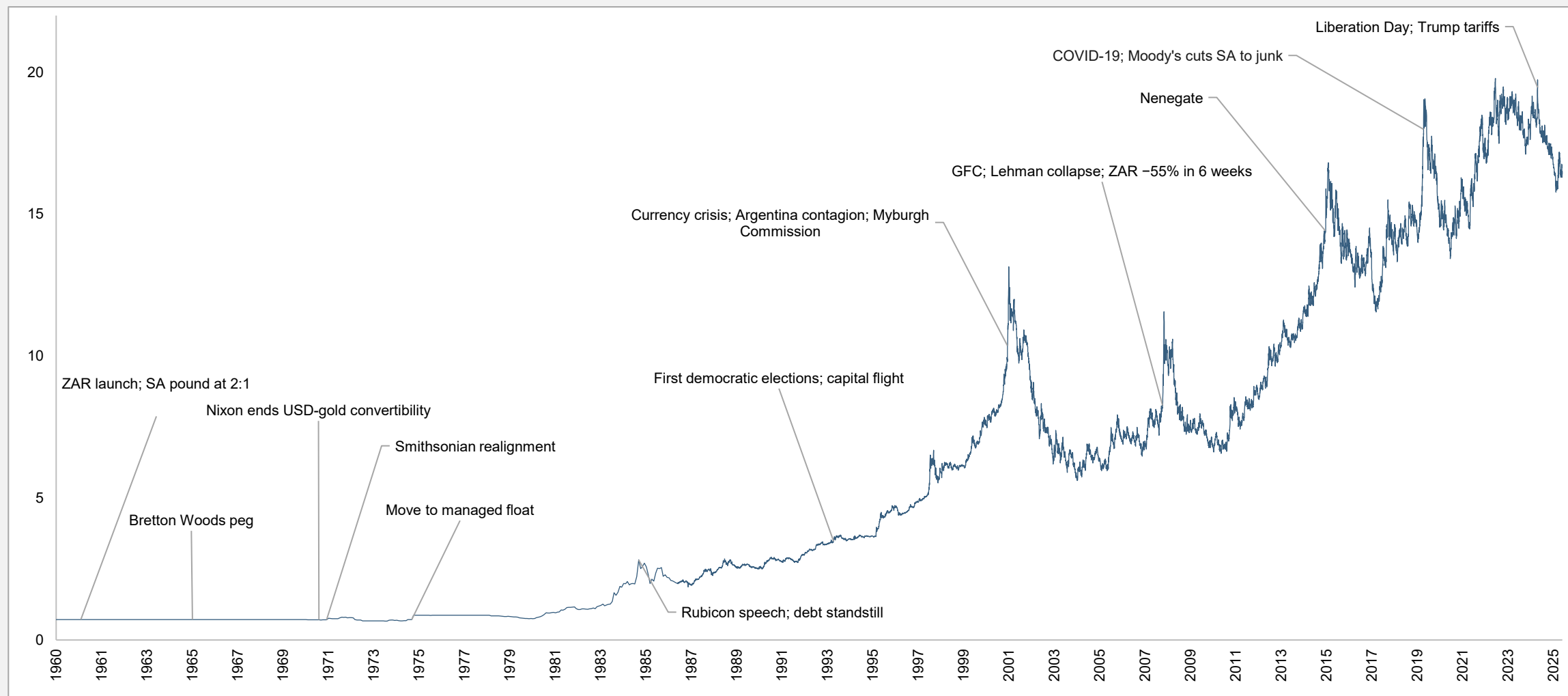


Make the prices relevant



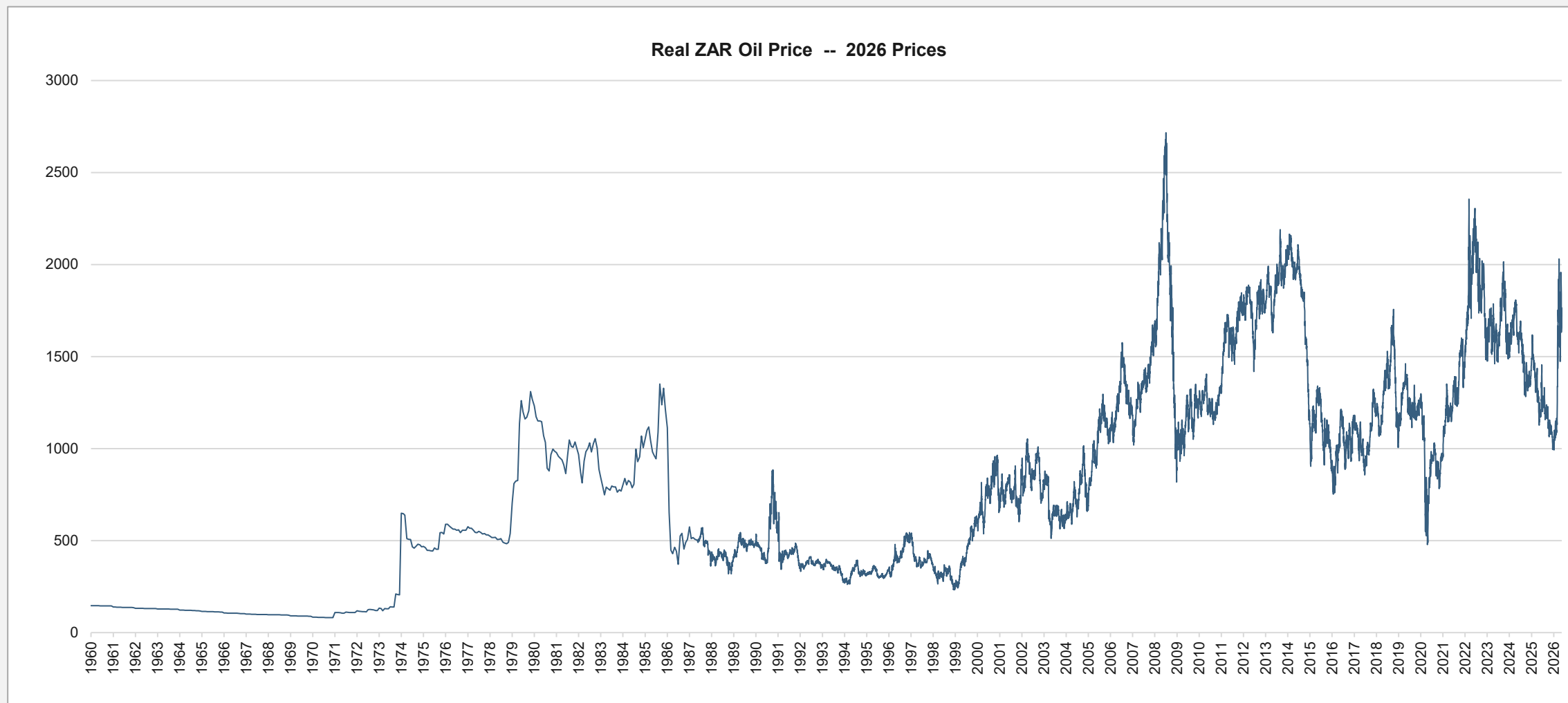


The Rand has a word





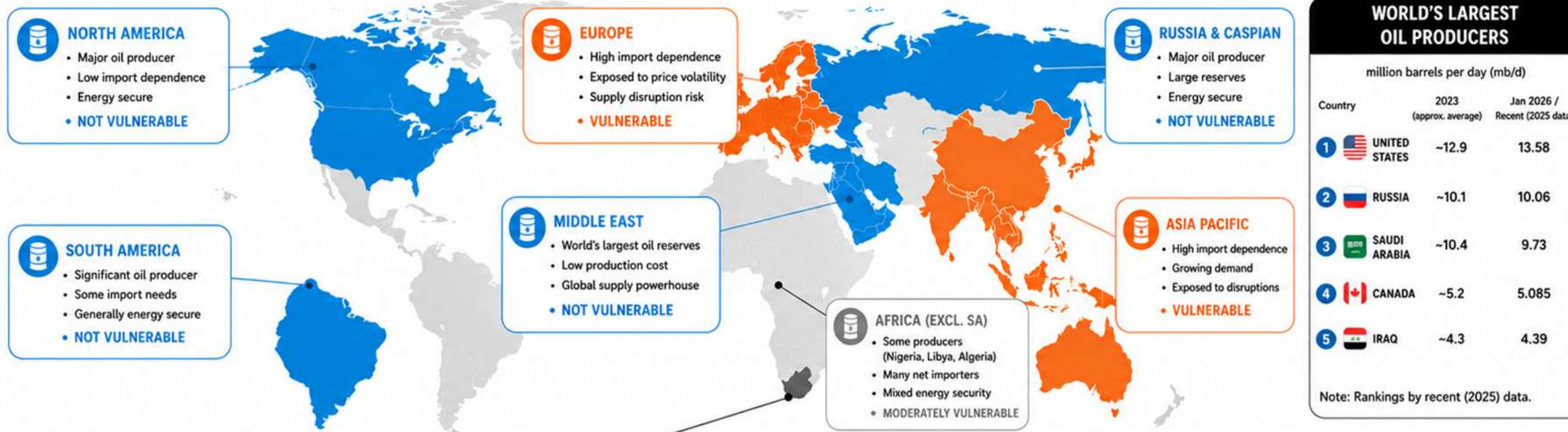
The Rand has a word



GLOBAL OIL SUPPLY: WHO POWERS THE WORLD?

Oil is concentrated. Some have it. Others don't.

- **VULNERABLE**
High import dependence
- **NOT VULNERABLE**
Major producer / Energy secure
- **BALANCED / MODERATELY VULNERABLE**



WORLD'S LARGEST OIL PRODUCERS

million barrels per day (mb/d)

Country	2023 (approx. average)	Jan 2026 / Recent (2025 data)
1 UNITED STATES	~12.9	13.58
2 RUSSIA	~10.1	10.06
3 SAUDI ARABIA	~10.4	9.73
4 CANADA	~5.2	5.085
5 IRAQ	~4.3	4.39

Note: Rankings by recent (2025) data.

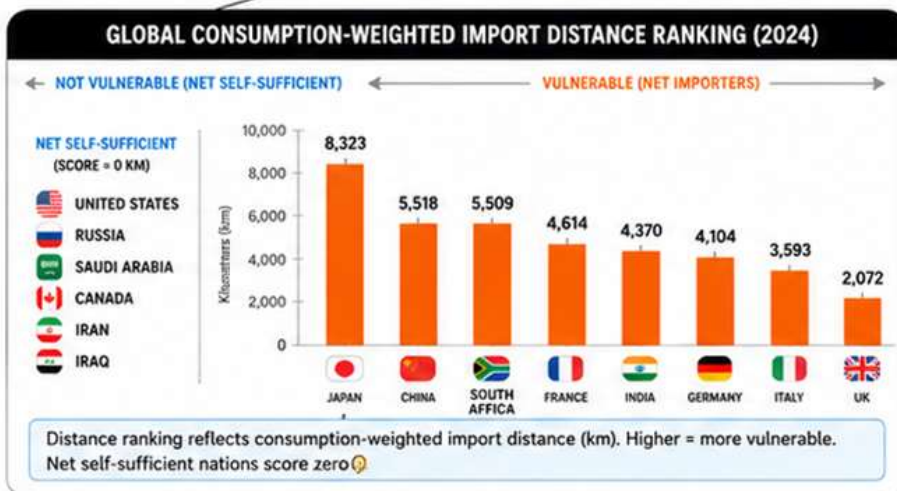
SOUTH AFRICA: THE ANALYTICALLY INTERESTING CASE

- Consumption (2024): 0.46 mb/d
- Domestic production: Negligible (≈0)
- Import dependence: 100%
- Gross crude imports: ~\$5.2 billion
- Volume of imports: 60 million barrels

CRUDE IMPORTS BY SUPPLIER (2024)

- 48% Nigeria
- 17% Saudi Arabia
- 15% Angola
- 8% United States
- 7% Ghana

SOUTH AFRICA RANKS 3RD GLOBALLY on consumption-weighted import distance despite being a tiny absolute market.



CHINA: LARGE MARKET, MODERATE DISTANCE

- Net imports (2024): 11.21 mb/d
- Domestic production covers: 28% of use
- Consumption-weighted import distance: 5,518 km

CRUDE IMPORTS BY SUPPLIER (2024)

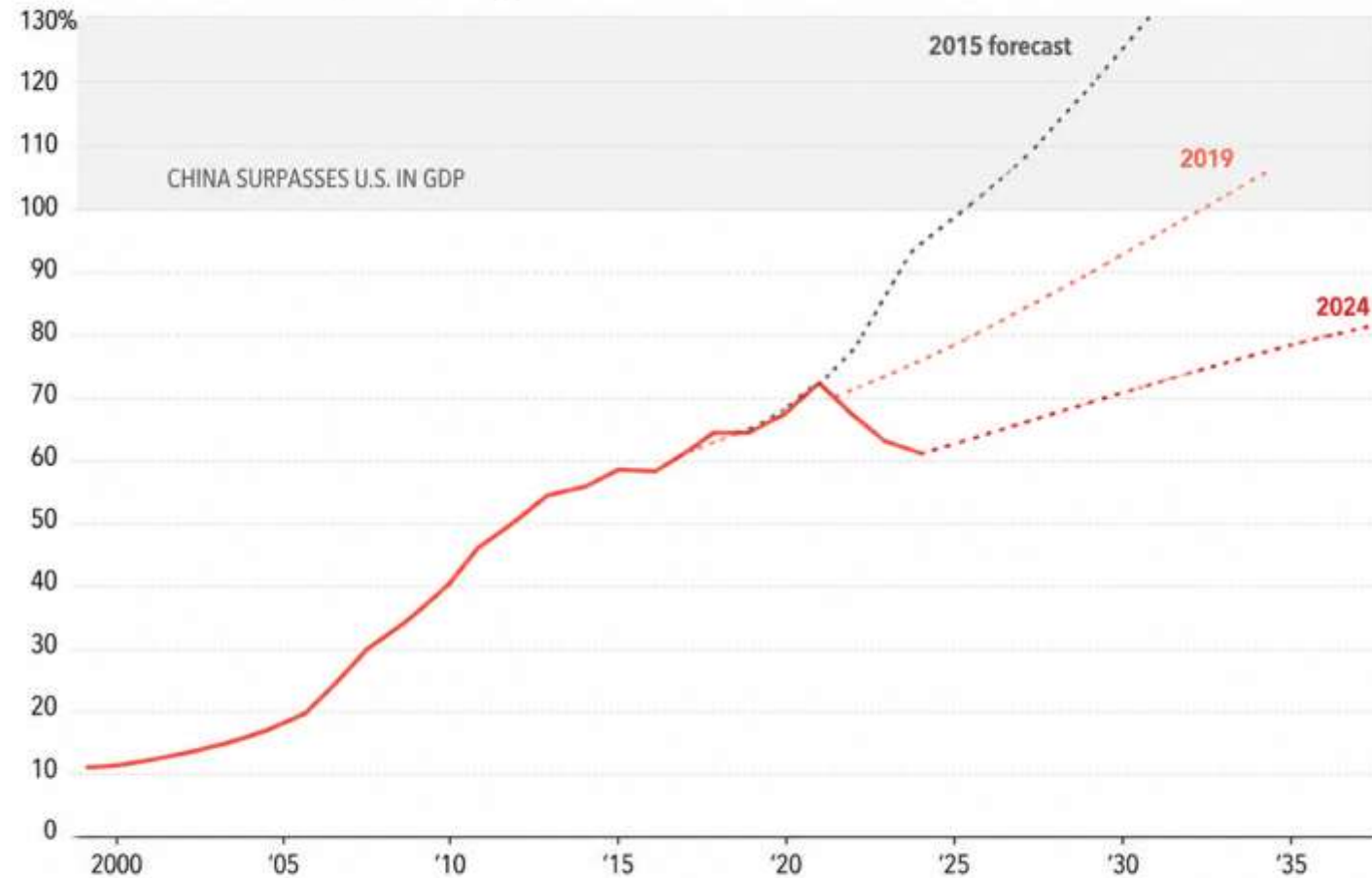
- Russia: 20%
- Malaysia: 12%
- Saudi Arabia: 11%
- Iraq: 10%
- Other: 47%

Relatively close suppliers (Russia, Malaysia) and domestic production keep China's distance moderate.

Geopolitics



China's GDP as a percentage of U.S. GDP

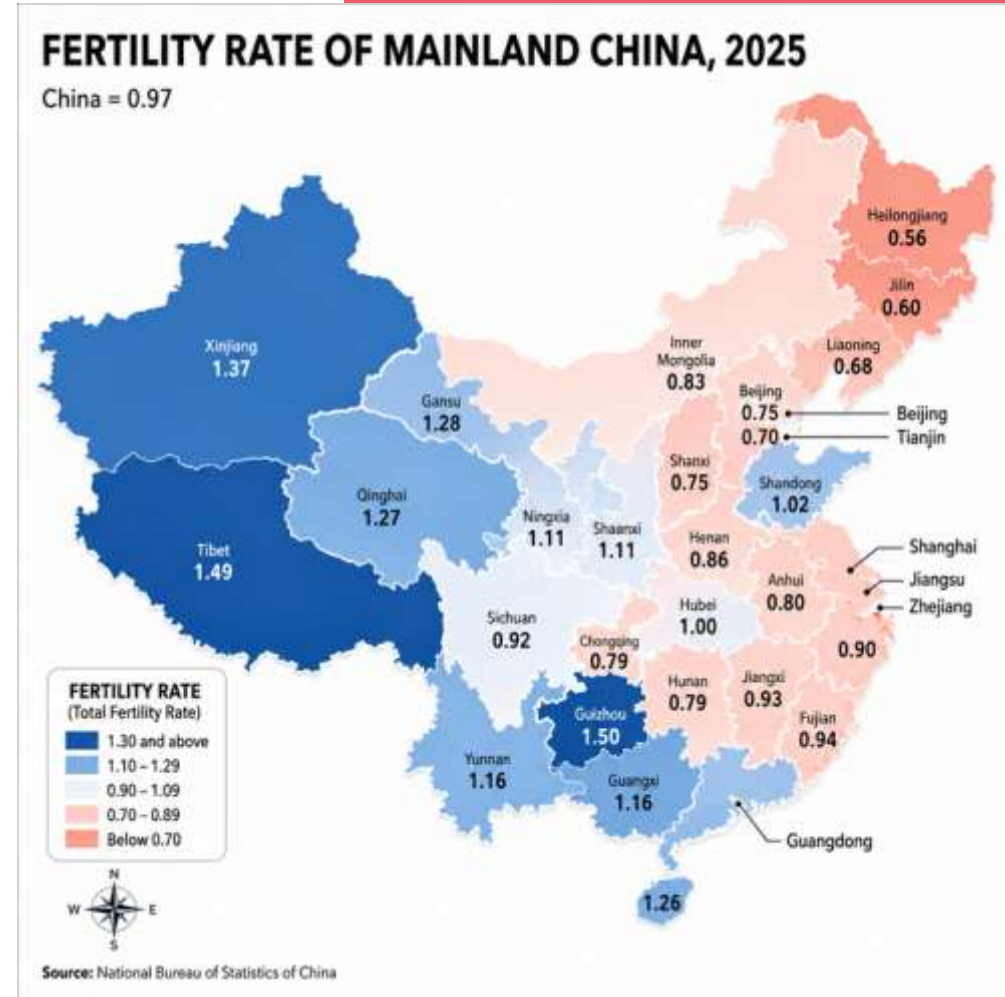
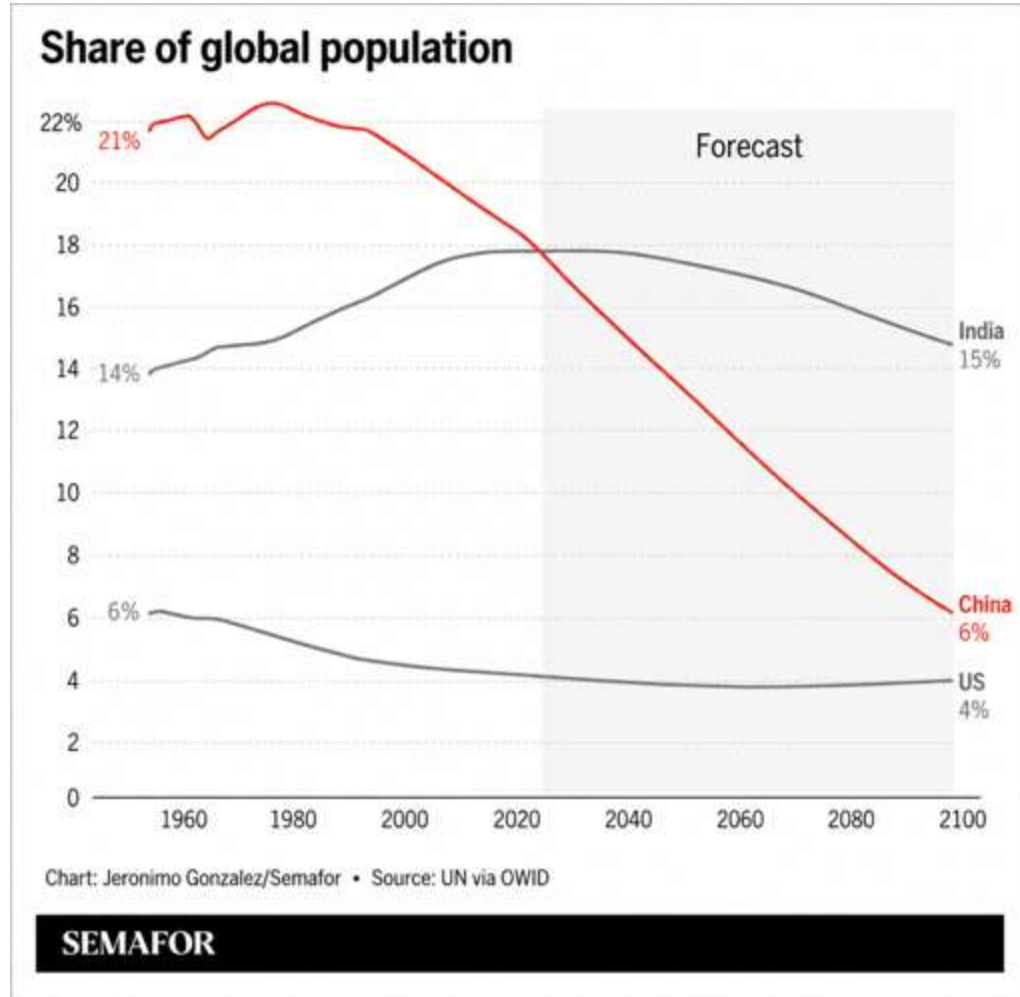


Note: Gross domestic product in current U.S. dollars

Source: World Economic League Table, Centre for Economic and Business Research

Source: Ashburton Investments, Bloomberg

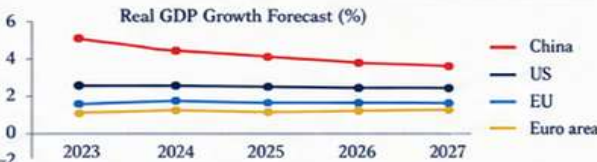
China -



2 GROWTH IS GONE

"Resilience is just stagnation in a better suit."

	2025	2026	2027
EU GDP growth	1.4%	1.4%	1.5%
Euro area	1.3%	1.2%	1.4%



• Potential growth: EU 1.5% → 1.3%, euro area 1.4% → 1.2%

Source: European Commission, Autumn 2025 Forecast (17 Nov 2025)

4 THE ENERGY TAX ON INDUSTRY

A deindustrialisation tax dressed as climate virtue.

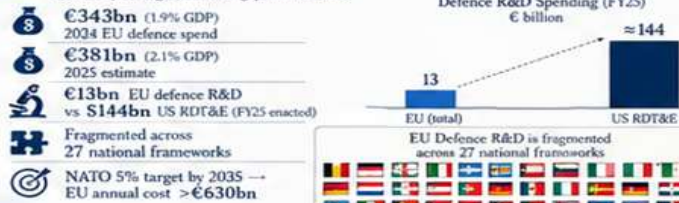


EU natural gas prices: 3-5x US

Sources: Eurostat (Energy in Europe - 2026 ed.); Draghi report

6 MILITARY: TOO LATE, TOO FRAGMENTED

Decades of strategic freeloading, paid in arrears.



Sources: European Defence Agency (Sep 2025); Hague Summit (Jun 2025); CRS 2025

10 MIGRATION: BUREAUCRATIC INDIGESTION



Source: Eurostat

14 BOTTOM LINE

Europe is not collapsing. It is decaying.



The most likely future is a poorer, older, more regulated, more anxious Europe — still rich by global standards, losing relative power every year.



The countries that adapt fastest will accept the ugly trade-offs: cheaper energy, harder borders, higher defence spending, faster permitting, less welfare romanticism, ruthless productivity focus.



Most Western European governments will talk about that adjustment. Few will execute it.



DATA VINTAGE
Q4 2025 / Q1 2026

EUROPE'S STRATEGIC DECAY



A continent that wants American protection, Chinese industrial policy, Scandinavian welfare, cheap energy, open borders and fiscal restraint — simultaneously. The package is incoherent.

1 THE THESIS

Not a failed bloc. A high-regulation, low-growth, ageing, energy-dependent, militarily under-serious confederation trying to compete with civilisational-scale powers while behaving like a committee of risk-averse municipalities.



3 THE PRODUCTIVITY HUMILIATION

≈70-72%

of the EU-US per-capita GDP gap (PPP) is pure productivity.

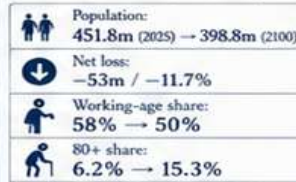
EU labour productivity has fallen back below 80% of US levels after near-convergence in the mid-1990s (95% of US in 1995).

Source: Draghi competitiveness report, Sep 2024; Bergeaud / IESE 2024-25

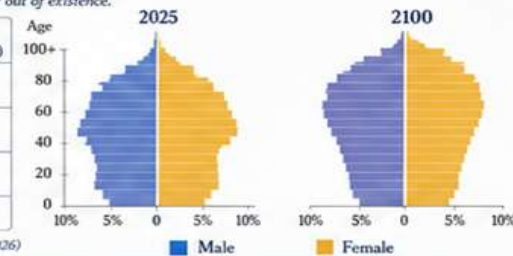


5 DEMOGRAPHIC ARITHMETIC

A civilisation quietly voting itself out of existence.



Source: Eurostat, EUROPOP2025 (16 April 2026)



7 COUNTRY WEAK LINKS



Sources: Derootis; INSEE; ISTAT; INE/EC; Brå; BKA

8 POLAND: THE EXCEPTION THAT INDICTS THE REST

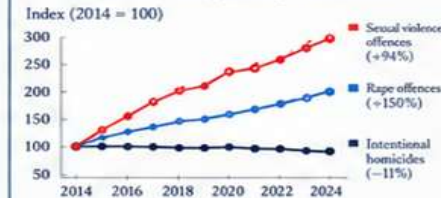
Poland's relative strength does not rescue Europe; it exposes how complacent Berlin, Paris, Rome, Brussels, and Madrid have been.

- ✓ Clearer threat perception
- ✓ Stronger defence seriousness
- ✓ Better growth psychology

Still trapped inside an EU architecture written by the complacent.

9 SOCIAL COHESION FRAYING

Homicide isn't the story. The story is sexual violence.



Source: Eurostat (29 April 2026)

12 THE INCOHERENT PACKAGE

Europe wants, simultaneously:

- ✗ American military protection
- ✗ Russian-scale deterrence
- ✗ Chinese-style industrial policy
- ✗ Scandinavian welfare guarantees
- ✗ Low energy prices
- ✗ High regulation
- ✗ Open borders
- ✗ Low crime
- ✗ Fiscal restraint

You can have three. Maybe four. Not nine.



13 EUROPE'S SAVINGS BUILD AMERICA'S FUTURE

The world's largest savings pool, allocated to someone else's economy.



Sources: EU Parliament A10-0124/2025; Letta report (2024); Eurostat (Dec 2025); Bloomberg (Oct 2025)

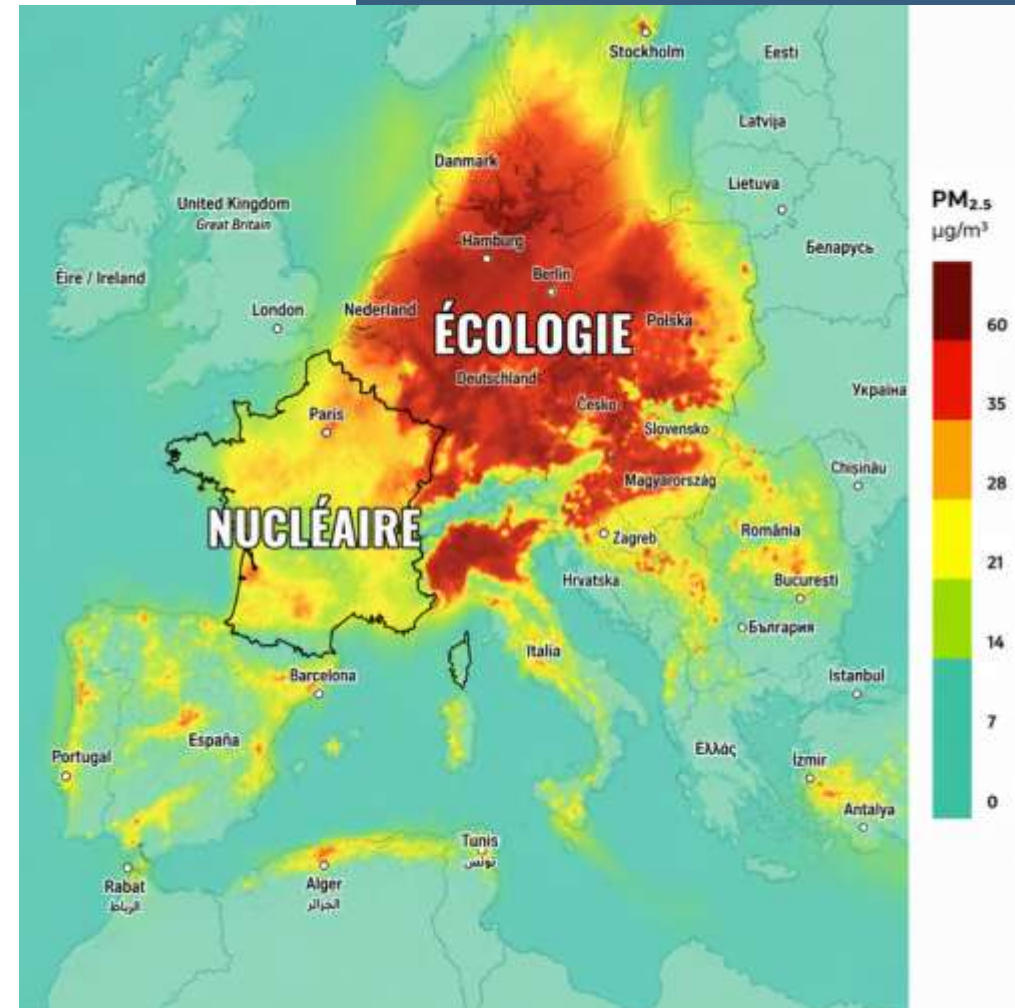
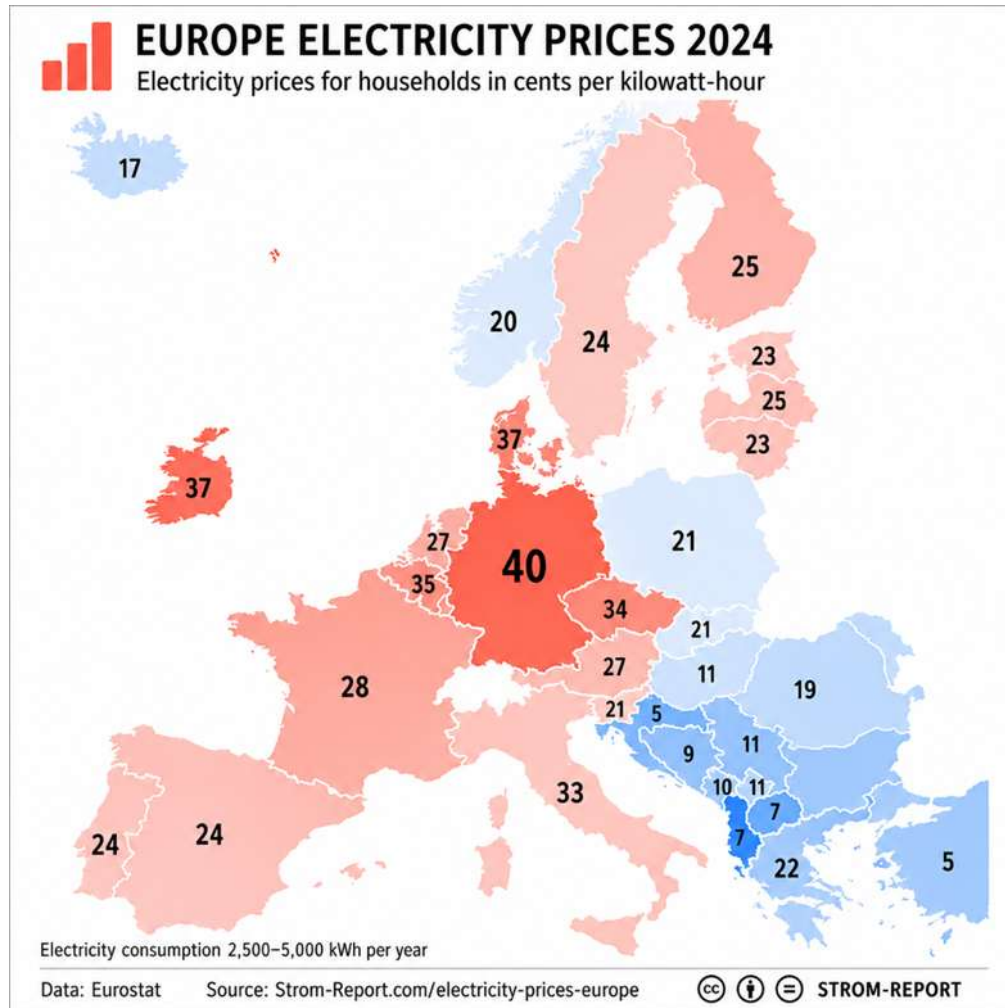
EU households save €1.4tn/yr vs US €0.8tn — yet only 17% of EU household wealth in financial securities vs 43% in the US

Magnificent 7 market cap > \$22 trillion (Oct 2025) — larger than Japan's entire GDP, dwarfs the entire STOXX 600

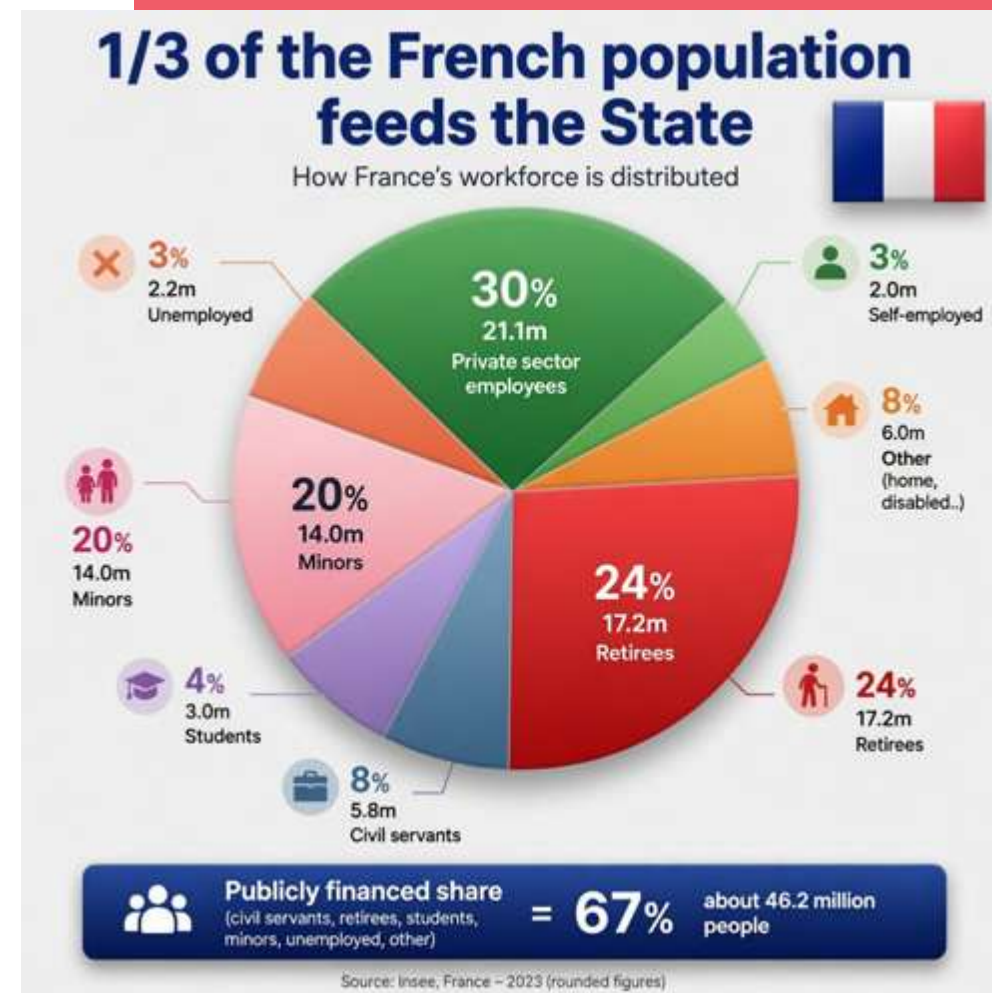
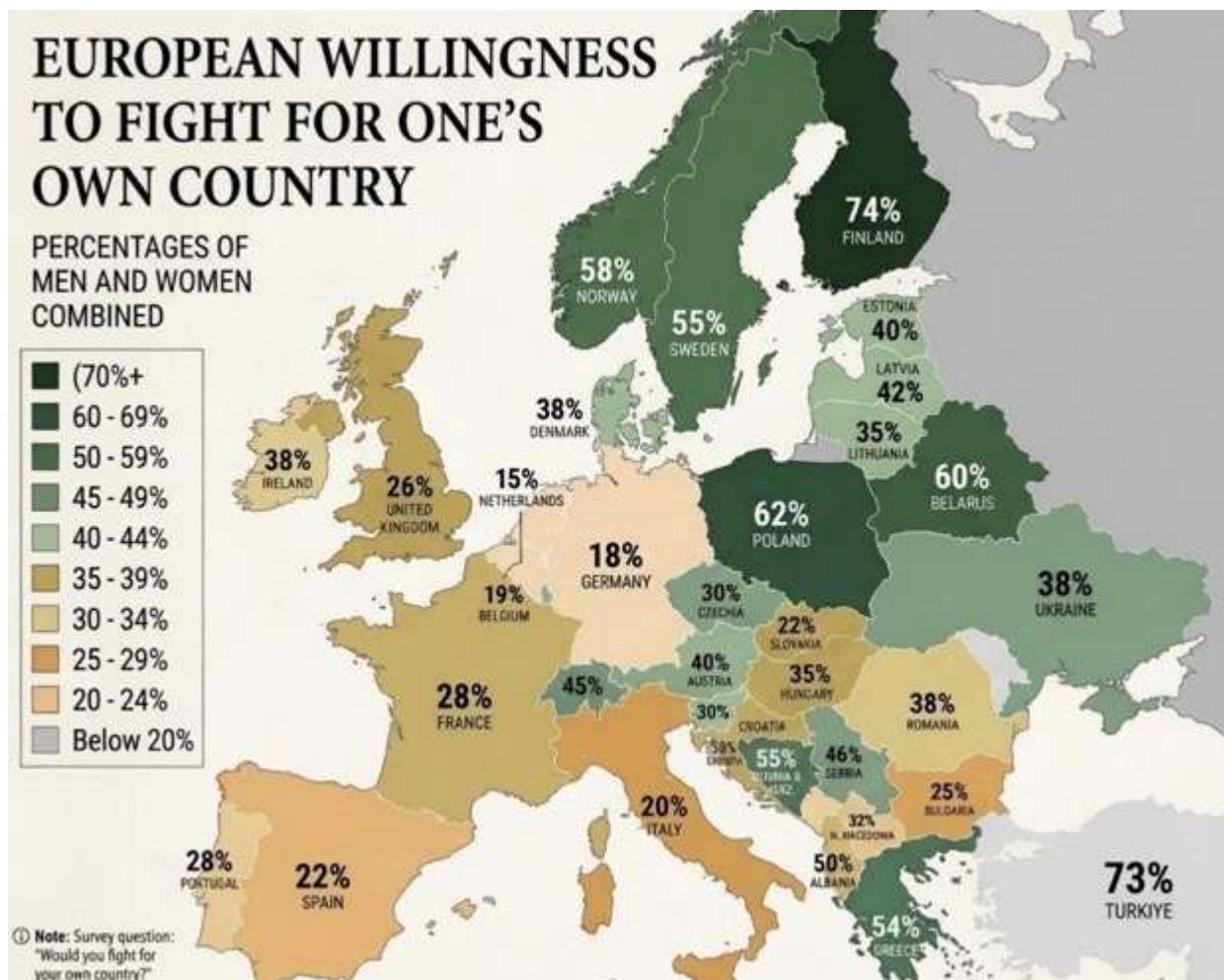
EU R&D intensity: 2.24% of GDP — vs US 3.59%, Japan 3.45%, South Korea 5.22%

Only 6 of 27 EU member states meet the 3% R&D target set in 2002. Twenty-three years. Unmet.

Geopolitics



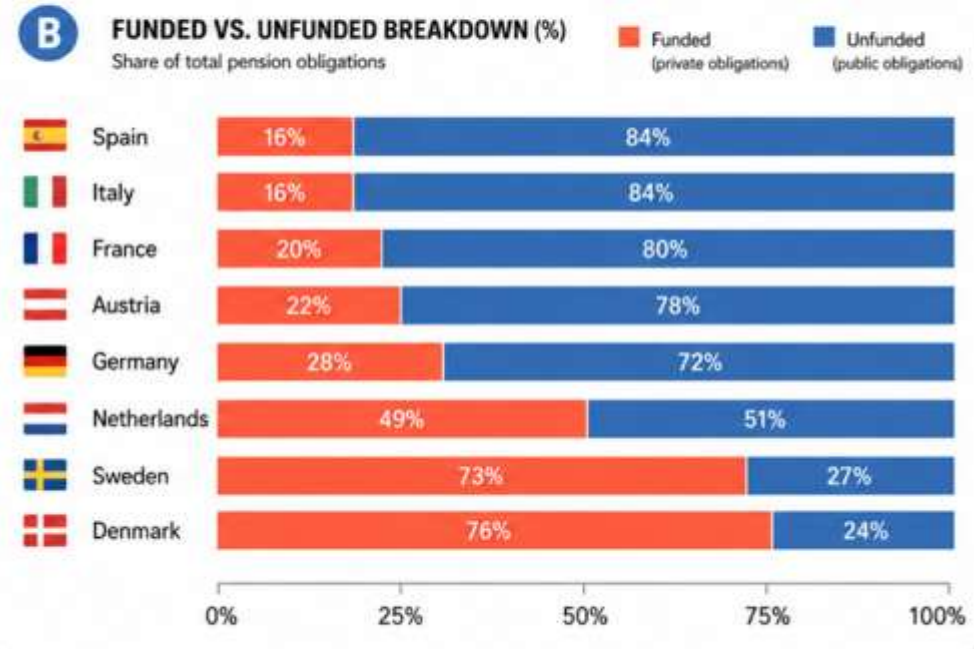
Market Outlook



Geopolitics



EUROPE'S PENSION BURDEN: HOW MUCH IS PROMISED VS FUNDED?



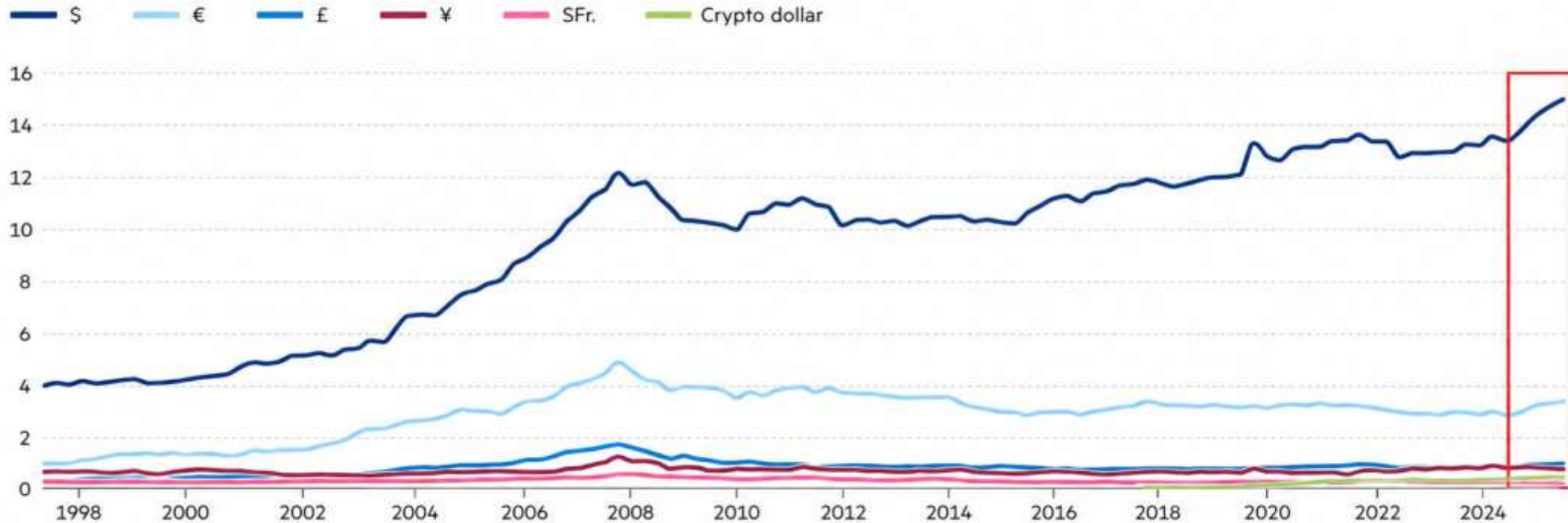
Source: Various national sources, OECD, European Commission
Note: Data as of latest available (2022-2024).

Geopolitics



Dollar dominance

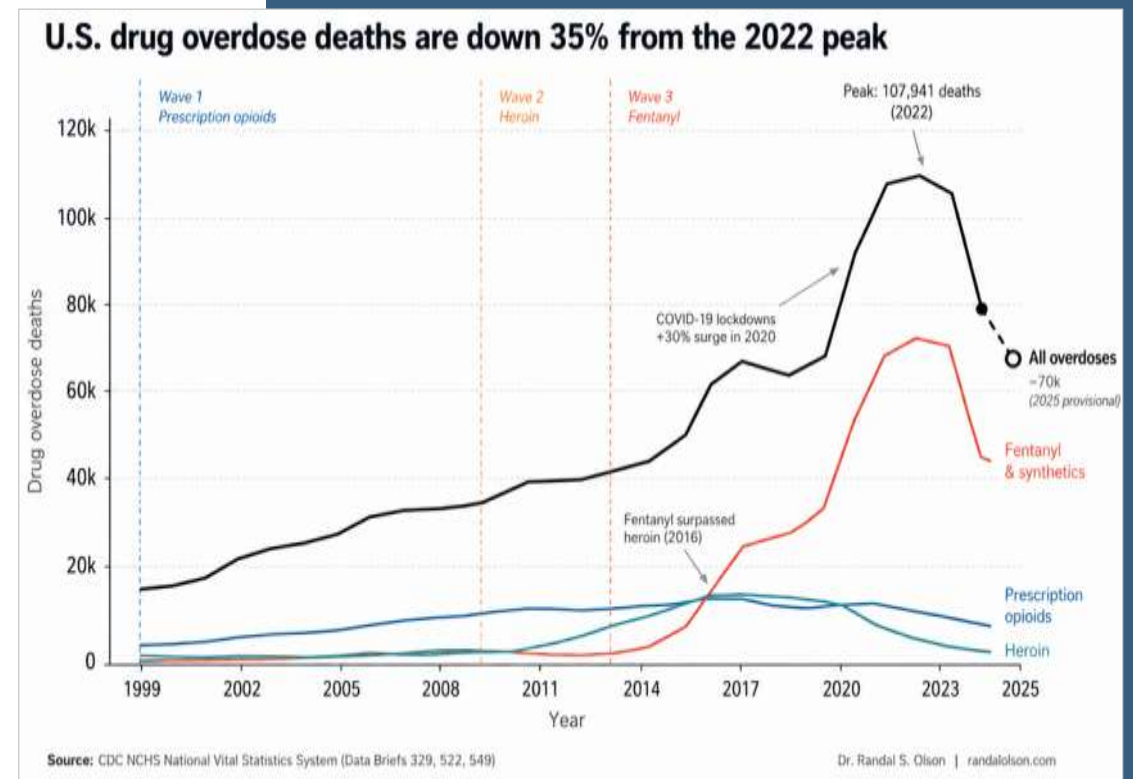
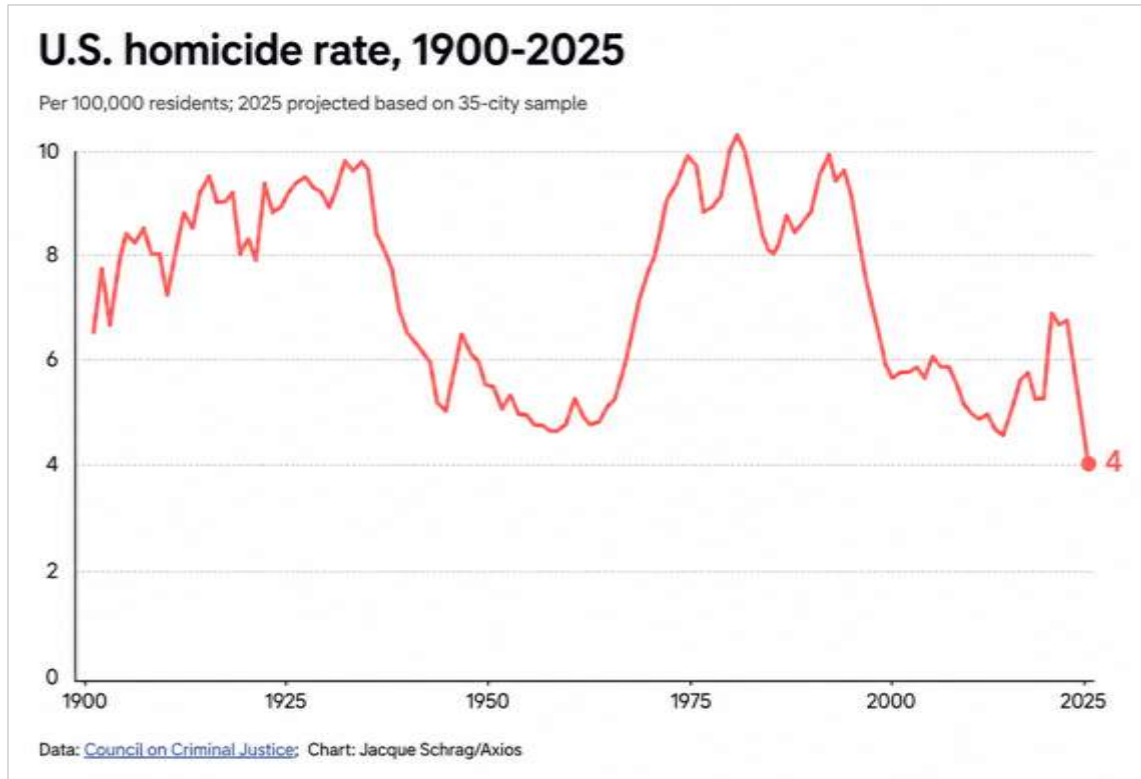
Currency usage in offshore banking (\$tn). US dollar deposit liabilities booked by internationally active banks in jurisdictions other than the US



Sources: BIS Locational Banking Statistics, 'The Impact of Stablecoins on the International Monetary & Financial System' (Aldasoro, Frost & Ito, SSRN 2006)

© FT

US Local Politics





Geopolitics

Which party will win the U.S. Senate?

Begins in 148 days

• Nov 3, 8:00am EST

- Republican Party 58%
- Democratic Party 42%

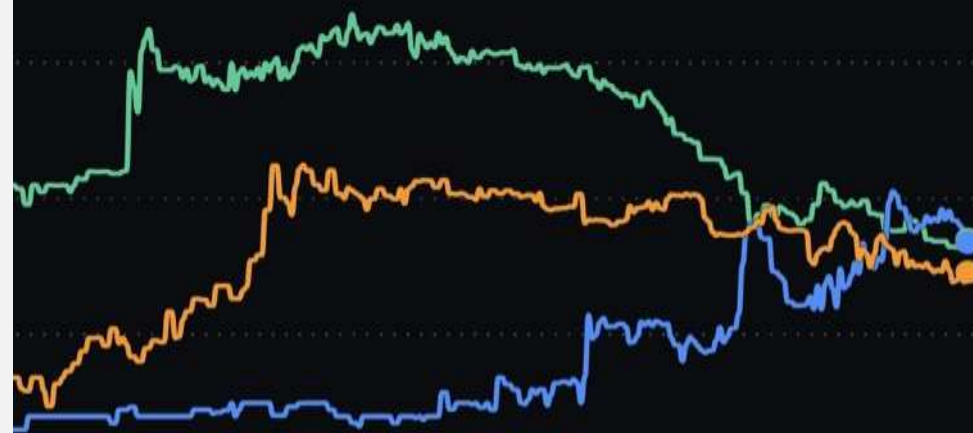
Kalshi



2028 U.S. Presidential Election winner?

- J.D. Vance 17%
- Marco Rubio 17%
- Gavin Newsom 15%

Kalshi



Geopolitics



VOTE WITH YOUR FEET · CUMULATIVE 2012–2023

Red States vs. Blue States: Where the Money Went

Cumulative adjusted gross income gained or lost by state, ranked within 2024 presidential voting record



■ TRUMP STATES · 31

+\$2,199.1B

Net AGI gained from interstate migration, 2012–2023

■ HARRIS STATES · 19 + D.C.

-\$1,960.4B

Net AGI lost to interstate migration, 2012–2023

TRUMP STATES

01	Florida	+\$129.3B	17	North Dakota	-\$7.9B
02	Texas	+\$37.1B	18	Mississippi	-\$10.4B
03	Arizona	+\$20.3B	19	West Virginia	-\$10.6B
04	South Carolina	+\$18.7B	20	Kentucky	-\$14.3B
05	North Carolina	+\$18.7B	21	Nebraska	-\$19.5B
06	Nevada	+\$15.0B	22	Iowa	-\$20.9B
07	Tennessee	+\$11.2B	23	Alaska	-\$22.8B
08	Idaho	+\$7.2B	24	Missouri	-\$23.1B
09	Utah	+\$4.5B	25	Indiana	-\$27.8B
10	Georgia	+\$3.6B	26	Kansas	-\$28.6B
11	Montana	+\$3.4B	27	Wisconsin	-\$30.0B
12	Wyoming	+\$1.5B	28	Louisiana	-\$34.1B
13	Alabama	+\$1.3B	29	Michigan	-\$52.2B
14	South Dakota	+\$0.8B	30	Ohio	-\$106B
15	Arkansas	+\$2.1B	31	Pennsylvania	-\$115B
16	Oklahoma	-\$4.0B			

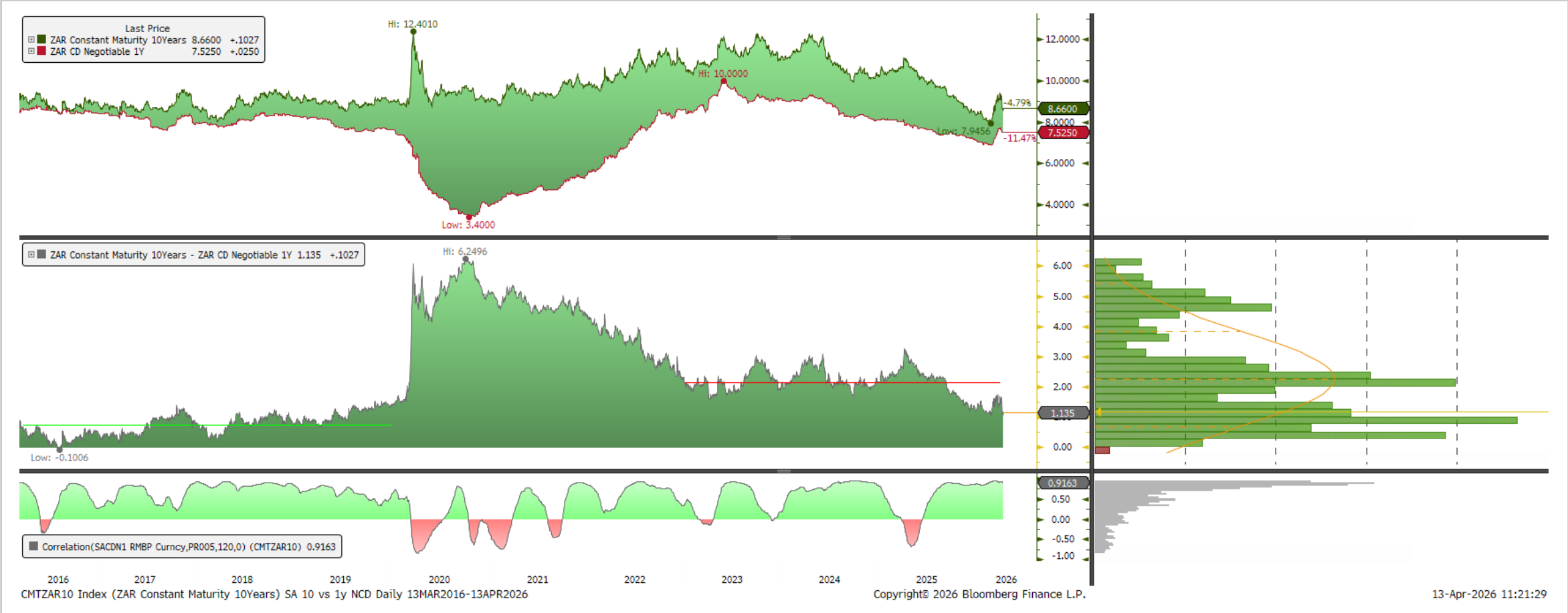
HARRIS STATES

01	Colorado	+\$127B
02	Washington	+\$119B
03	Oregon	+\$60.8B
04	New Hampshire	+\$26.3B
05	Maine	+\$20.4B
06	Delaware	+\$19.0B
07	Hawaii	+\$5.5B
08	Vermont	+\$2.2B
09	Rhode Island	-\$5.5B
10	New Mexico	-\$7.9B
11	D.C.(district)	-\$50.8B
12	Minnesota	-\$60.1B
13	Virginia	-\$99.5B
14	Connecticut	-\$105B
15	Massachusetts	-\$118B
16	Maryland	-\$120B
17	New Jersey	-\$212B
18	Illinois	-\$399B
19	California	-\$503B
20	New York	-\$660B



Macro Factors

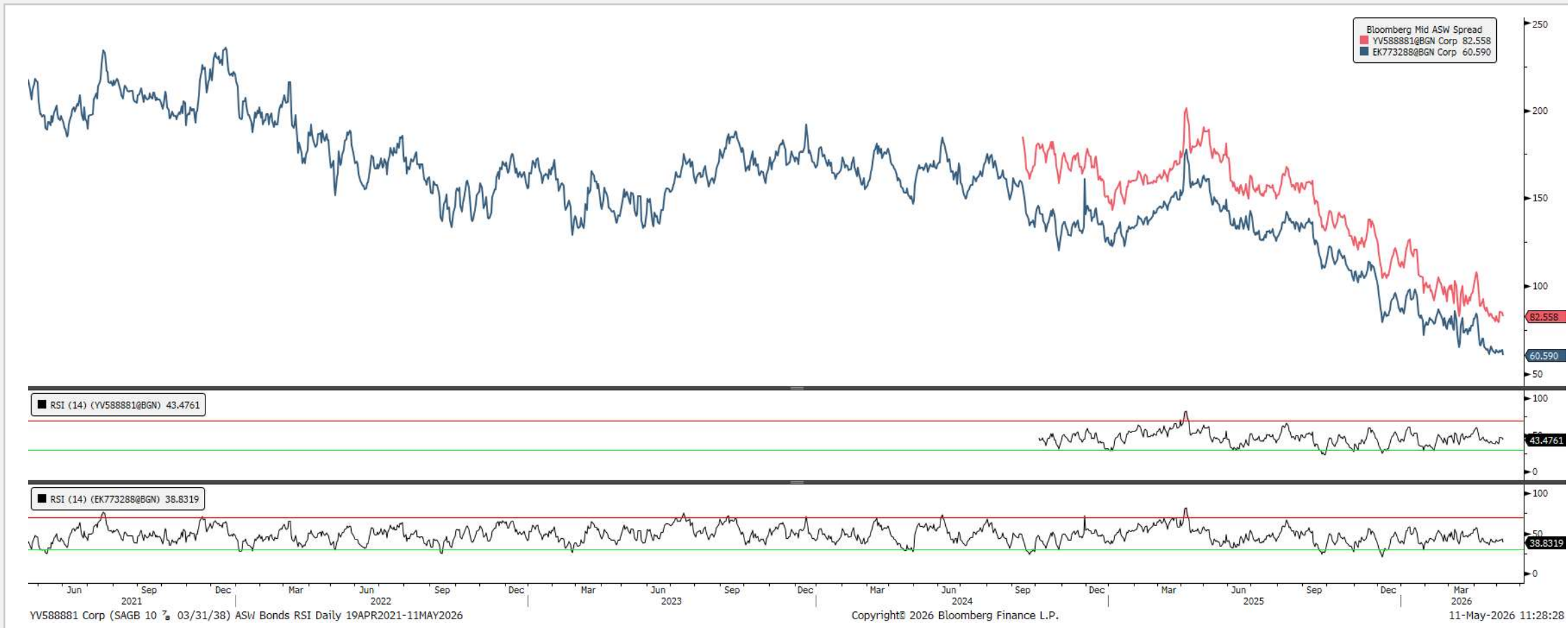
Duration Risk Premium





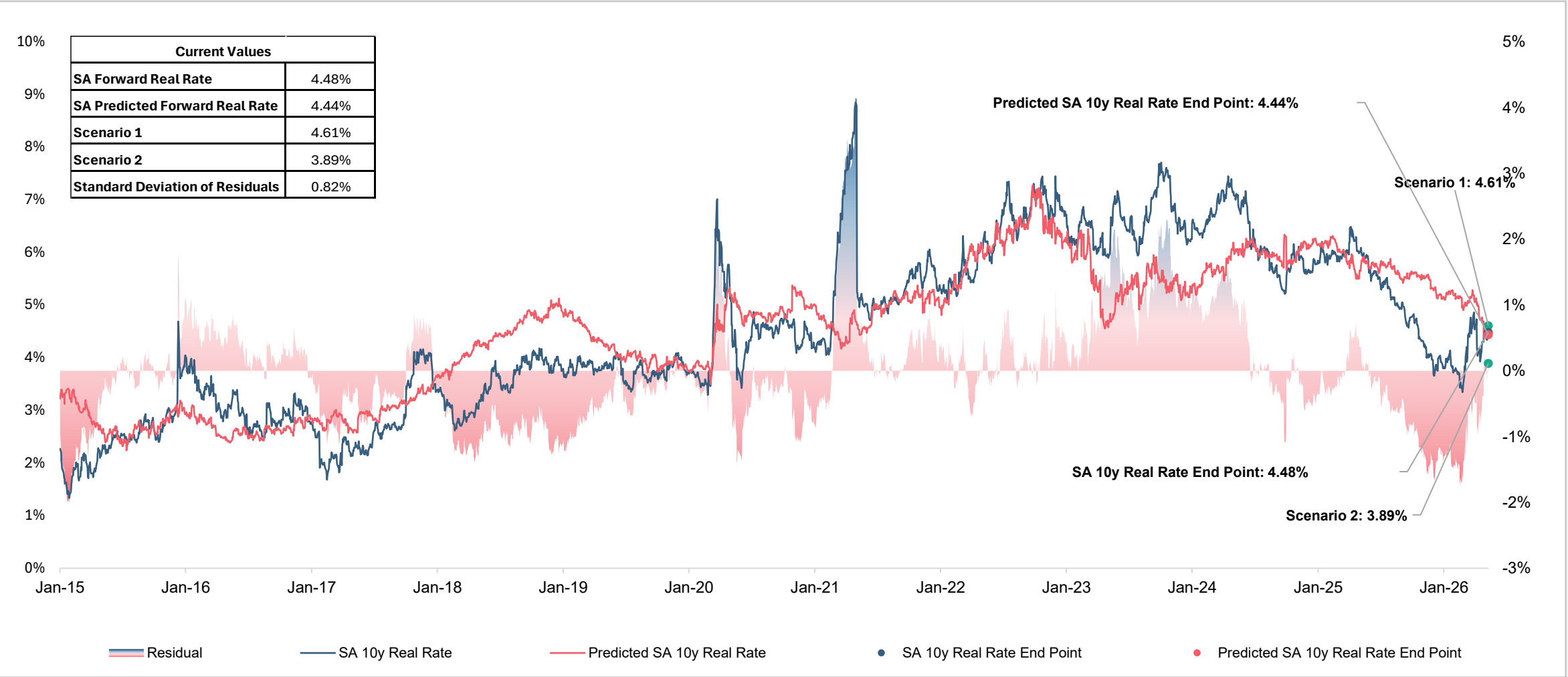
Macro Factors

SAGB Asset Swap Spread



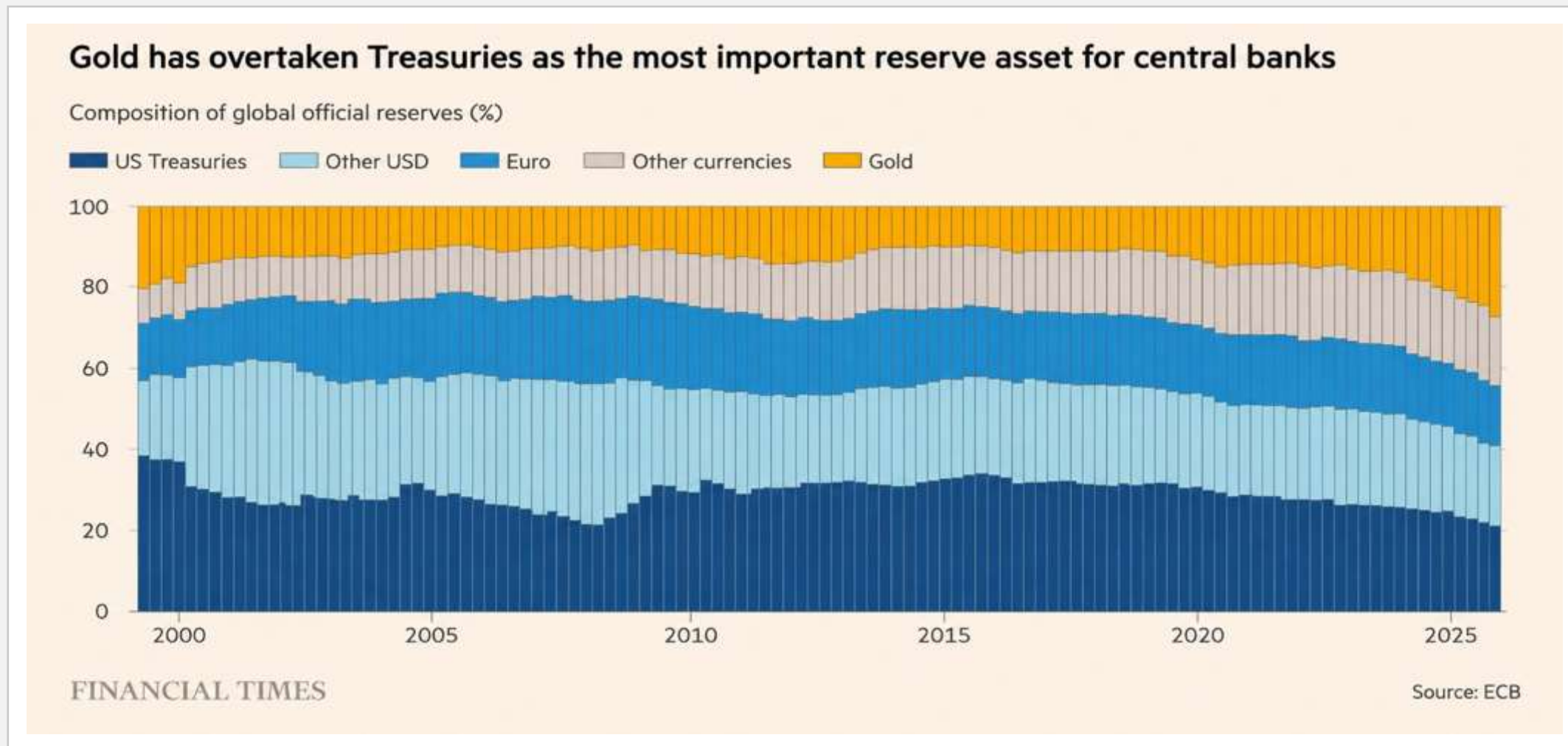


SA Real Rate





SA Real Rate



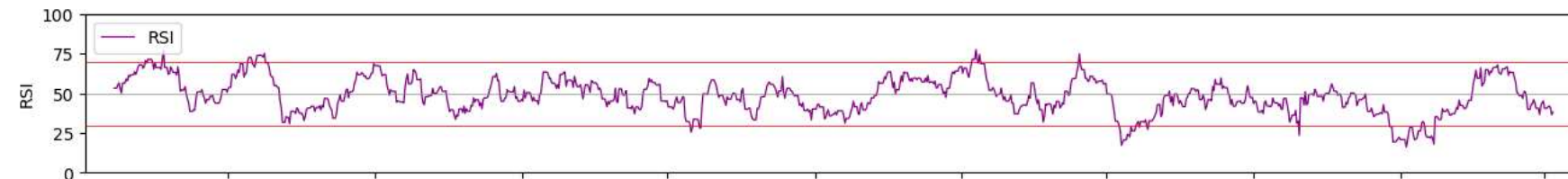
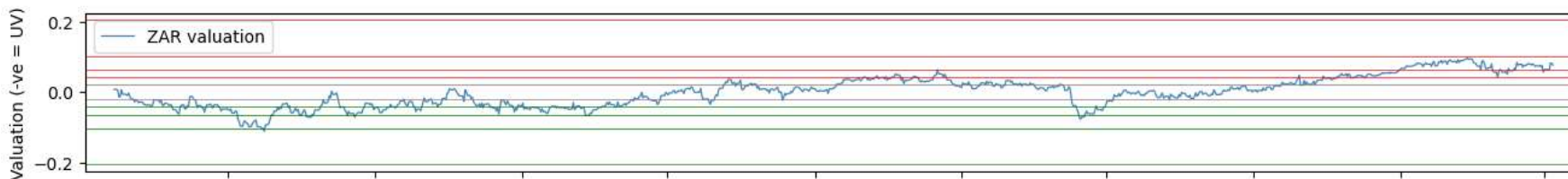
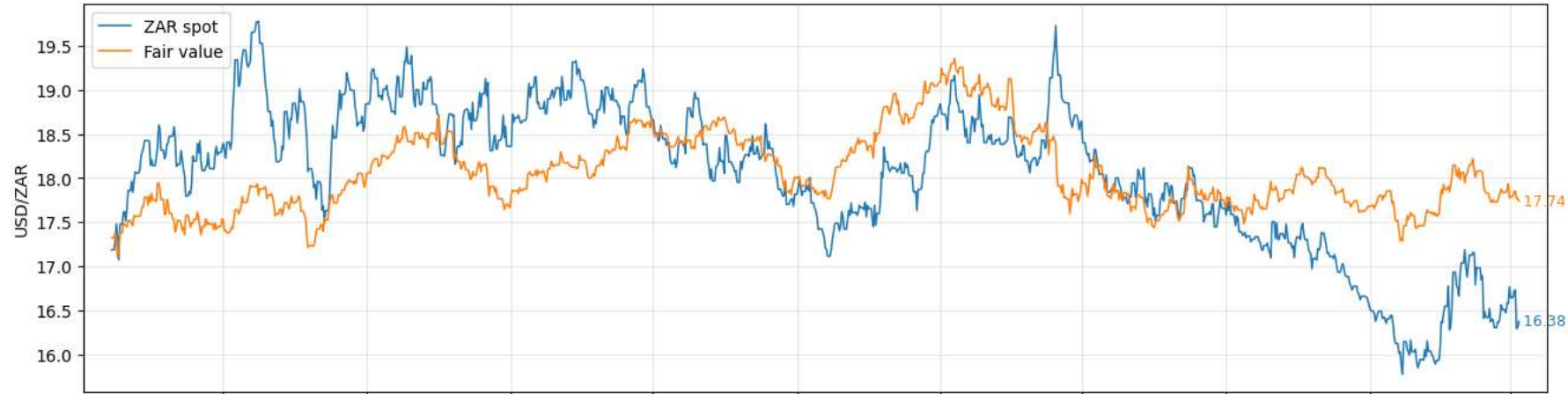
EM Currencies and ZAR



Current reading:
ZAR valuation : +7.69%
Band : 0V3
Current carry (annualised) : +2.91%
Expected 18M return (annualised, excess of carry): +7.14%

ZAR Valuation - 3Y

ZAR spot vs 2-driver fair value . Jan 2023 - May 2026 . $Y = +0.857 + 0.788*X - 6.836*Z$. sigma = 9.1%



Punished & Fixed

The Punishment

- Iran conflict: longer and costlier than priced; no near-term off-ramp
- Oil shock: rising pump and mortgage rates squeezing the administration
- EU & China leverage overstated — political mismanagement has gutted its capacity to pressure the US
- Wrong reaction function: this is not the 2020–23 inflation cycle

The Fix

- Inflation low and under control by Q3 2027
- Oil normalises as the conflict stabilises and demand destruction bites
- Rate cuts resume; curves reconfigure lower
- Nominal bonds vindicated, real yields compress, duration rewarded
- Not a replay of 2020–23. Shorter, different transmission

The Misread

- Trump faces less pressure than consensus assumes
- Republicans favoured to hold Senate & Presidential favourites more than 2:1 Republican
- S&P 500 near all-time highs
- Internal pressure is building but remains structurally contained

The Portfolio

What to own for the journey

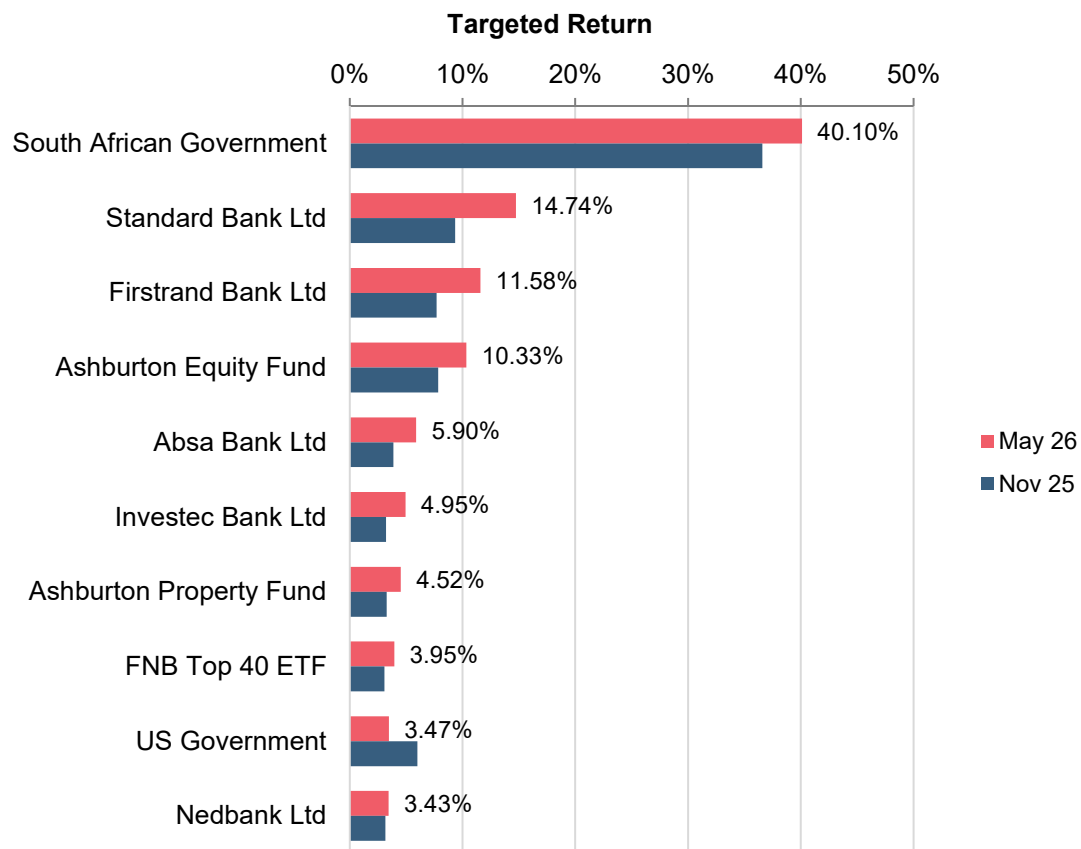
- CORE: Nominal government bonds: prime beneficiary of resolution
- HEDGE: Inflation-linked and inflation-plus: tail-risk protection
- PROTECT: USD and short-duration T-bills: sell-off buffer
- VEHICLE: Lower-risk multi-asset portfolios: the access point

Targeted Return Fund Asset Allocation

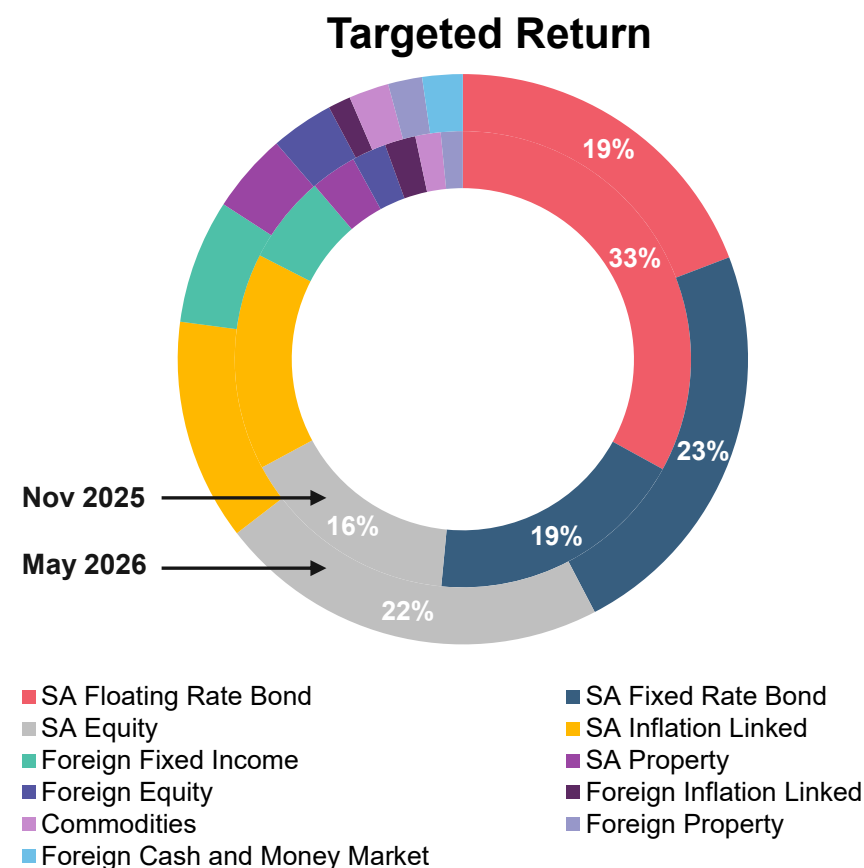


May 2026

Issuer Exposure



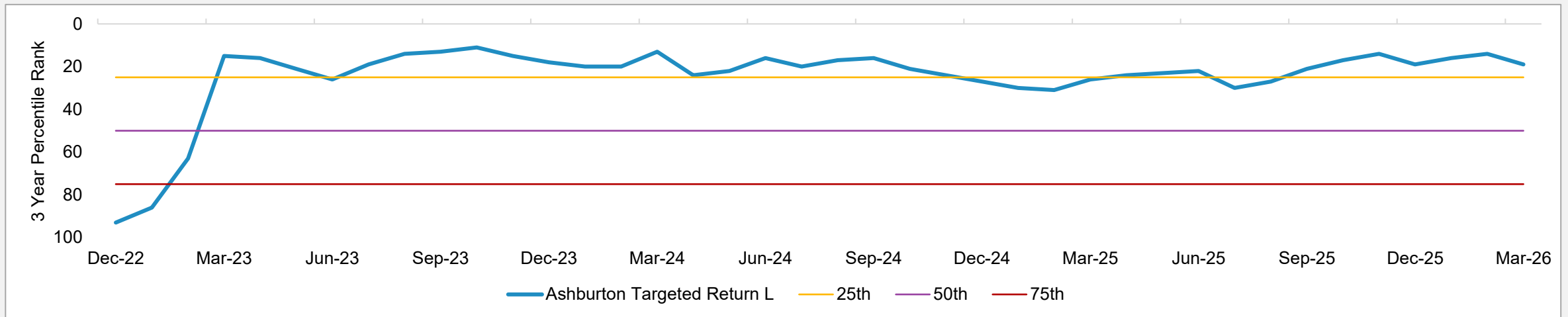
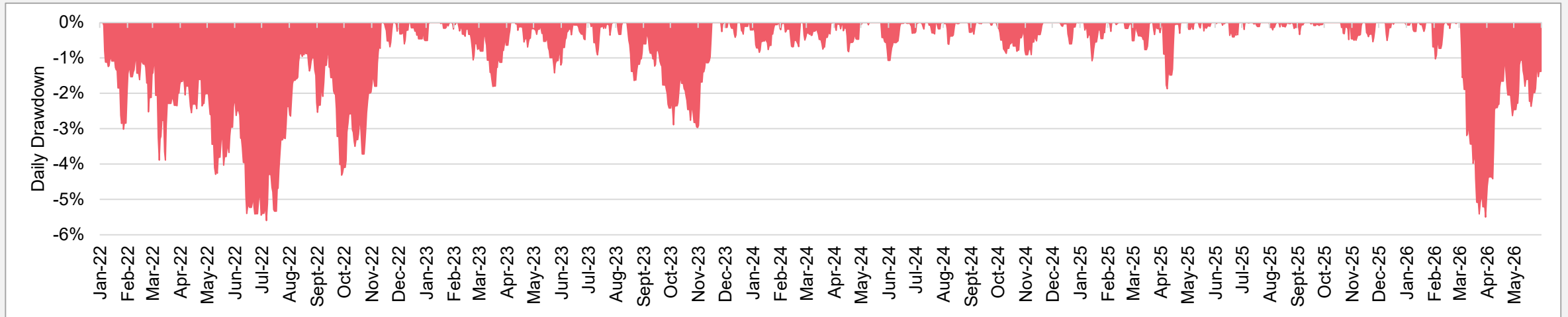
Instrument Type



Targeted Return Fund Performance



May 2026



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