



BCI Global Investment Manager Conference – May 2025

Vunani BCI Global Flexible Fund

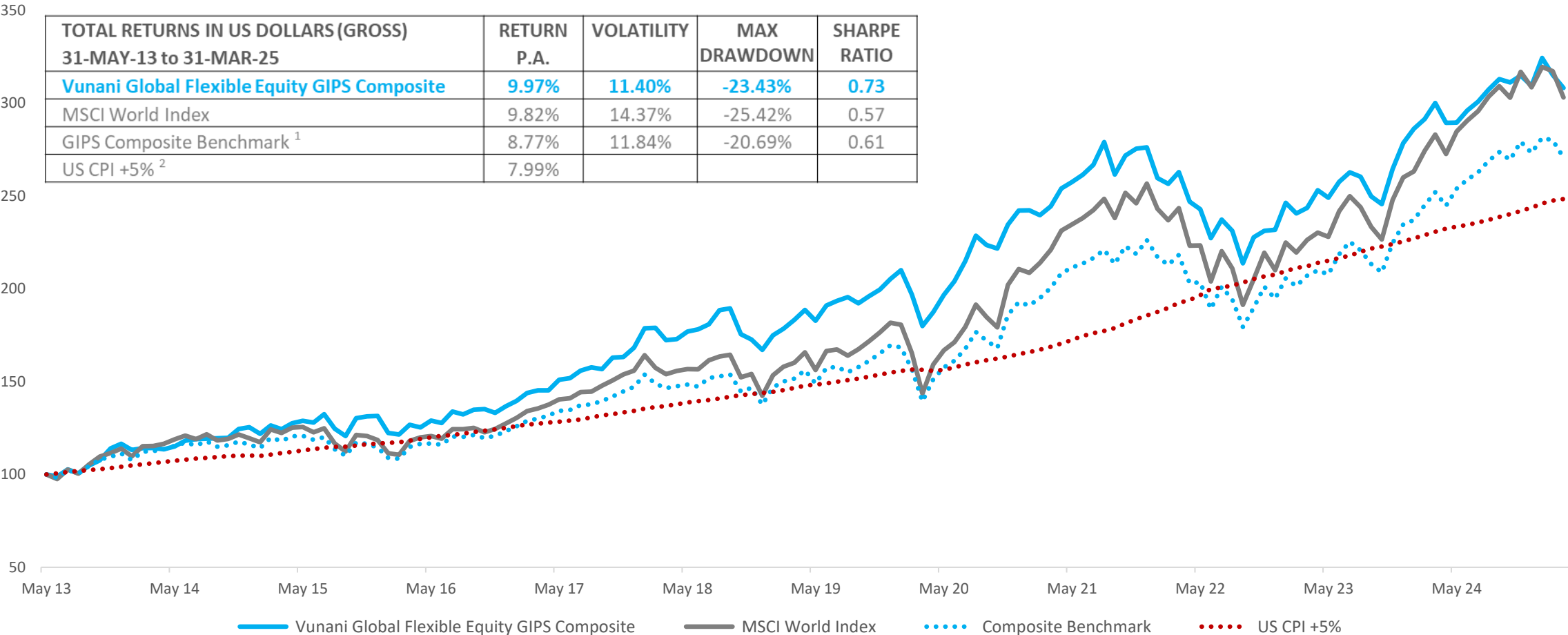
Active management in uncertain times

– why the index is no longer your friend!

Growing concentration and embedded risk may outweigh the traditional benefits of low cost diversification.

Vunani Global Flexible Equity GIPS Composite

Value in active management



¹ GIPS Composite Benchmark – 80% MSCI World Index, 15% FTSE 3 Month T-Bill Index, 5% South African Short Term Fixed Interest Composite Index (STeFI)

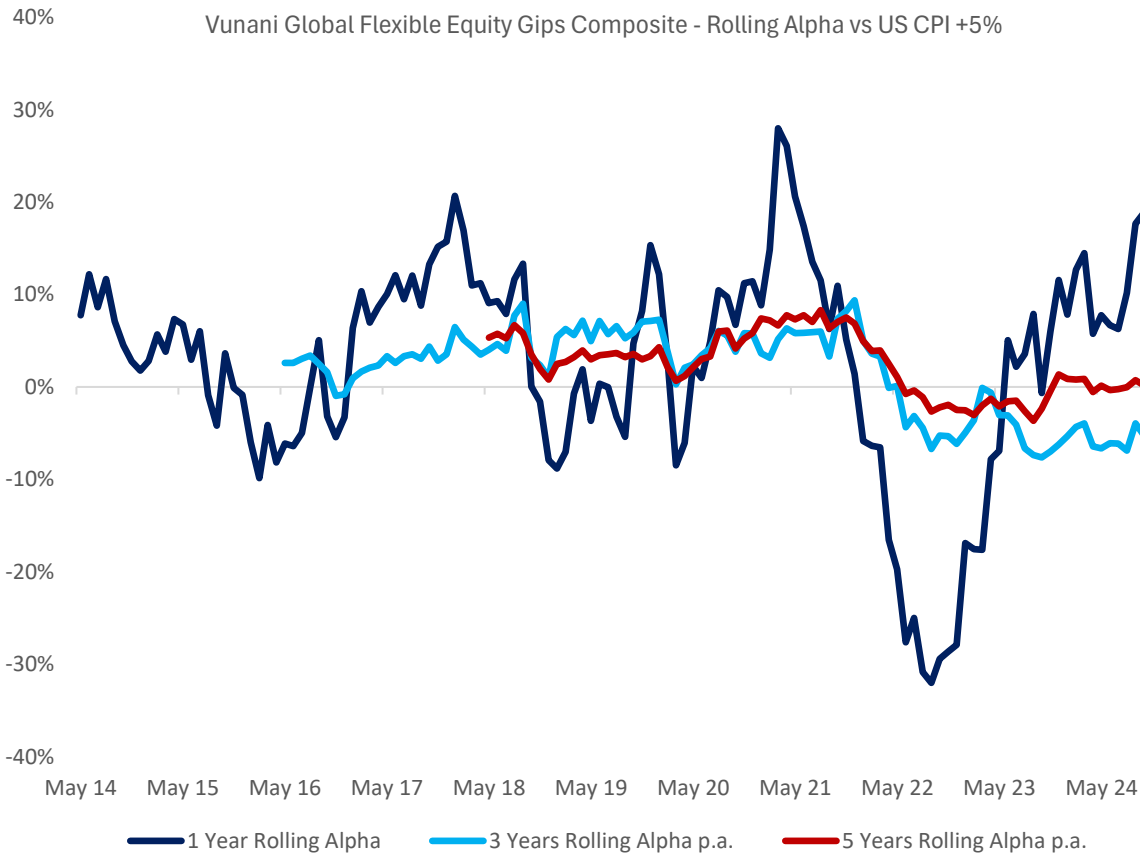
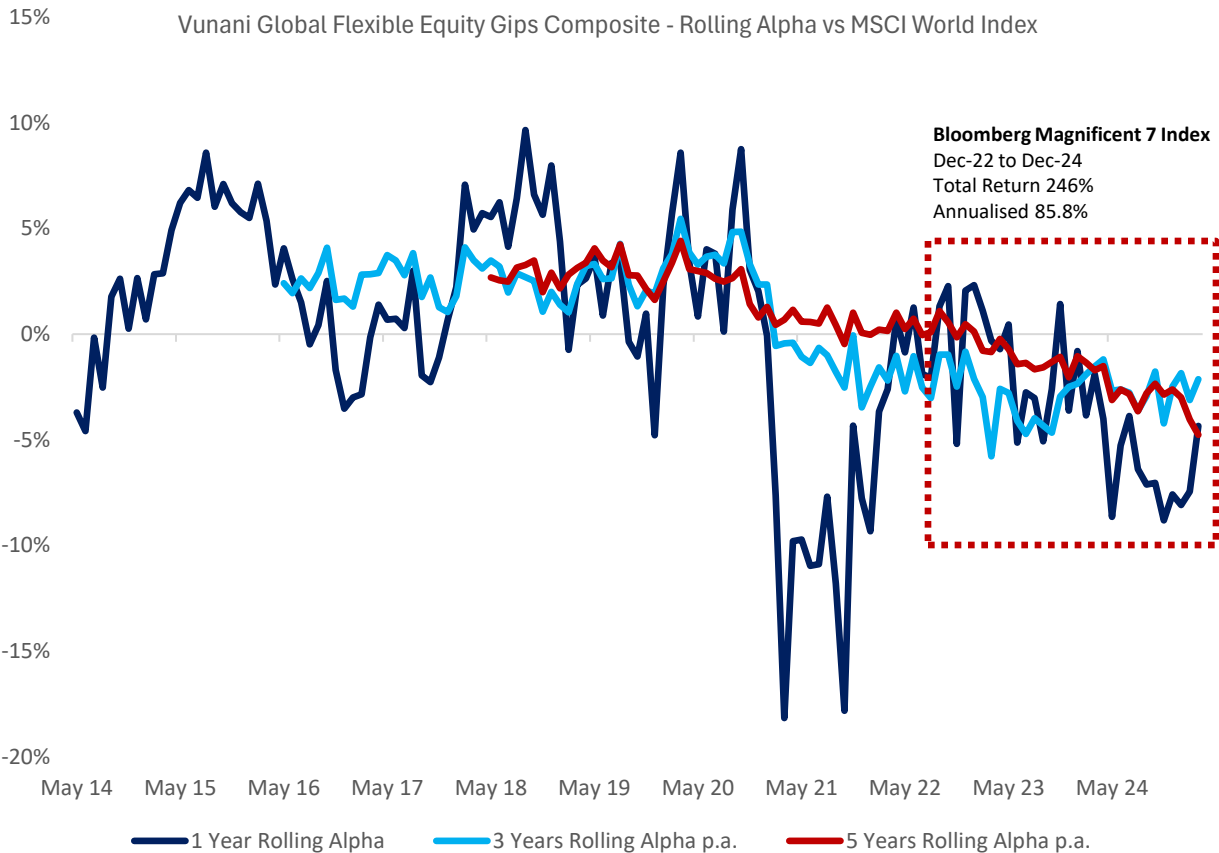
² US Consumer Price Index – Urban SA, Bureau of Labour Statistics

Source: Bloomberg and Vunani Fund Managers. Data as at 31-Mar-25.

For illustrative purposes. The value of investments and the income from investments, may fluctuate and past performance is not necessarily a guide to future performance. Past performance is relevant to the financial service being rendered

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The rise of the Magnificent Seven

Growing index concentration and embedded risk

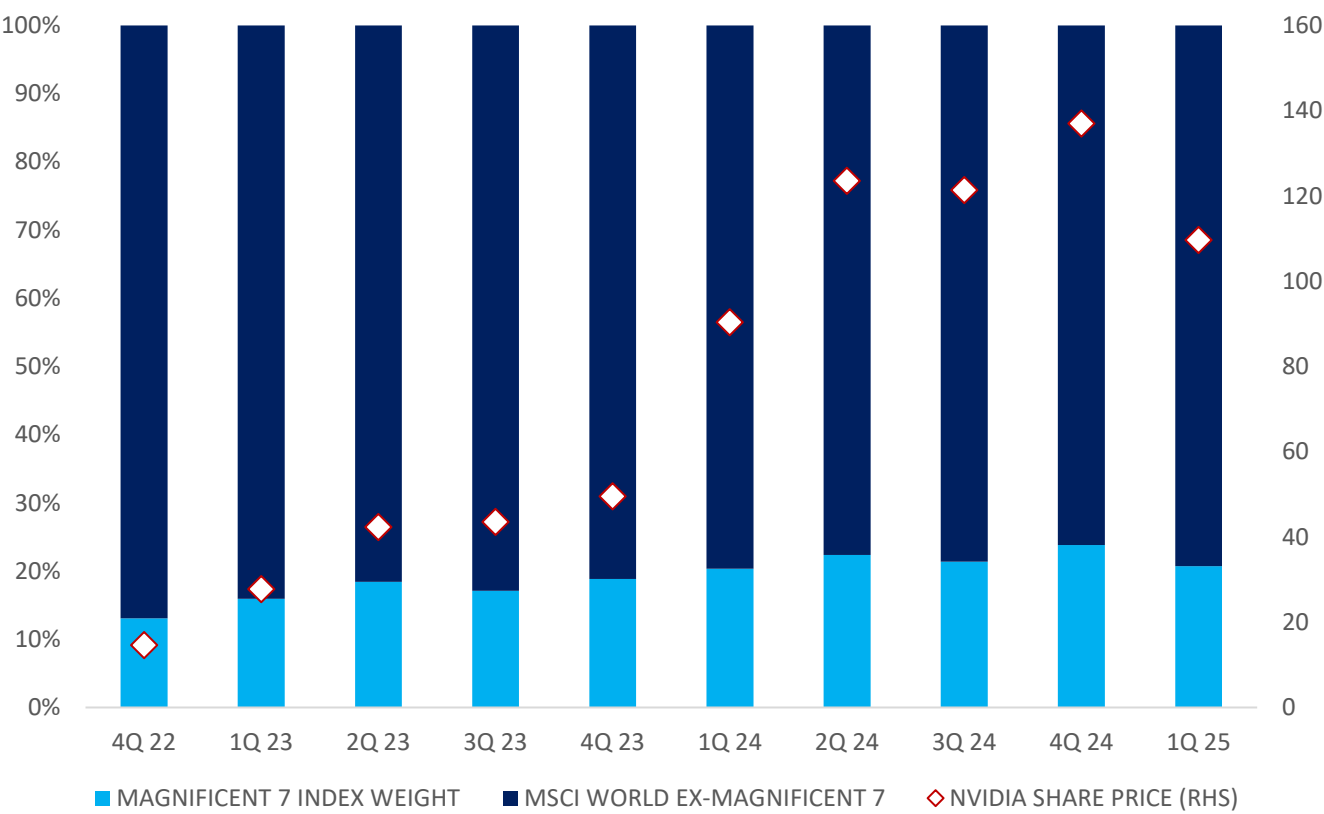
	MSCI World Index	Bloomberg Magnificent Seven Index	Nvidia Corporation
2023	24%	107%	239%
2024	20%	72%	176%
1Q 2025	-1.6%	-15.9%	-19.2%
“Peak-to-Trough”	-16.7% <i>18-Feb-25 to 08-Apr-25</i>	-29.9% <i>17-Dec-24 to 08-Apr-25</i>	-36.8% <i>06-Jan-25 * to 04-Apr-25</i>
2022	-17%	-46%	-51%

* Nvidia traded at \$148.88 on 07-Nov-24 declining 13.4% to \$128.91 on 18-Dec-24 before rallying to \$149.43 on 06-Jan-25 then declining again to \$94.79 on 04-Apr-25

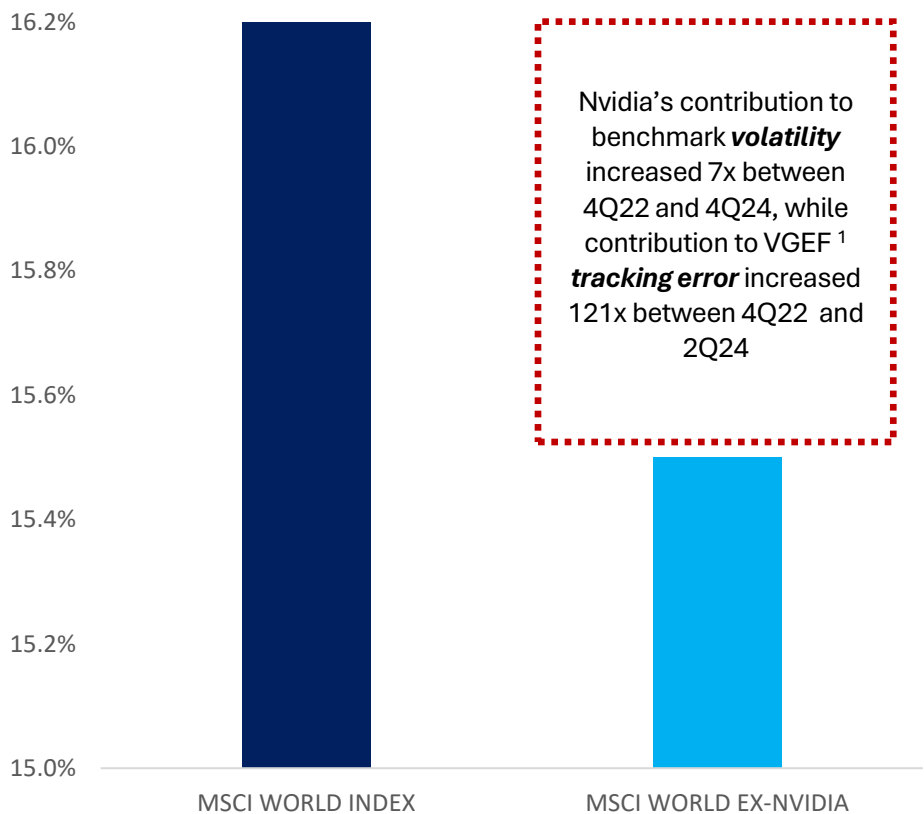
The rise of the Magnificent Seven

Growing index concentration and embedded risk

Magnificent Seven weight in the MSCI World Index – from 13.1% (4Q22) to 23.8% (4Q24)



Nvidia's contribution to benchmark volatility



¹ VGEF = Vunani Global Equity Fund

Index and ETF proliferation

Thematic and promoter driven, leading to gross misallocation of capital

TOPT

iShares Top 20 U.S. Stocks ETF

QTOP

iShares Nasdaq Top 30 Stocks ETF

Fund Launch Date: 23-Oct-2024

Magnificent 7 ex-Tesla plus-Bitcoin

Standard Chartered analysis has found replacing Tesla with Bitcoin in the Magnificent 7 delivers higher returns and lower volatility – calling the index Mag7B

Geoffrey Kendrick
Global Head of Digital Assets Research
Standard Chartered



iShares ESG Aware
MSCI USA ETF grew
AUM from \$7m in Dec-
16 to \$25.6bn in Dec-21
...
declining to \$13.2bn in
Dec-24

Imperfect indices

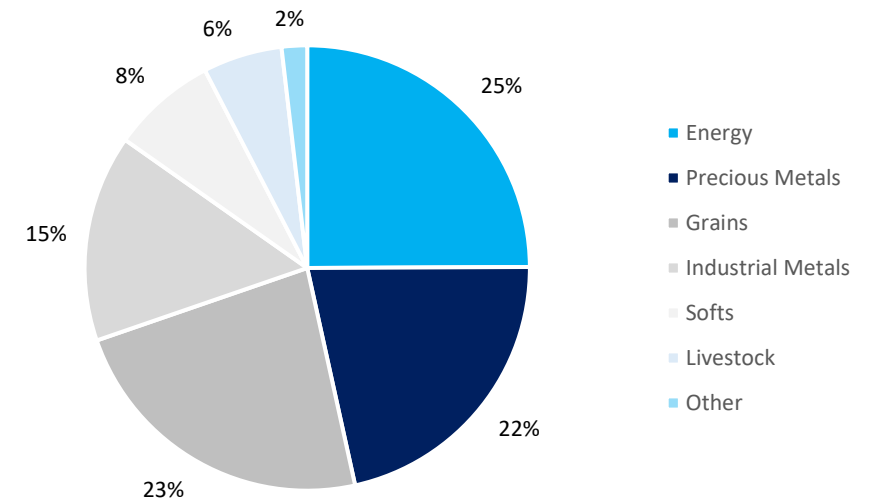
Not just an equity market phenomenon

Bond market indices can be poor benchmarks in some contexts due to several inherent characteristics of how they are constructed and how the bond market functions.

Here's why:

- Issuance-Based Weighting – favours the **most indebted** companies
- Turnover and Rebalancing Issues – results from maturities and new issuance **increases costs**
- Lack of Transparency and Standardization – OTC trade may **obscure pricing**
- Exclusionary Practices – may result in a **mismatch with investor strategy or objective**

Bloomberg Commodity Price Index

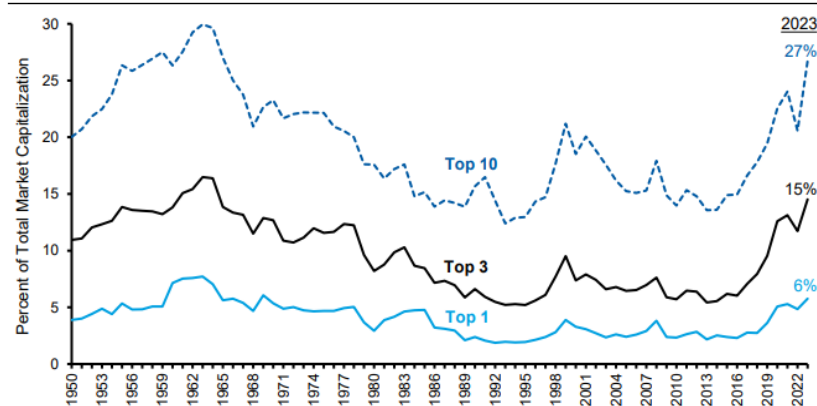


Weightings to commodity subsectors can be meaningfully distorted by **pro-cyclical** effects.

Imperfect indices

Market concentration is not a new phenomenon or unique to the US

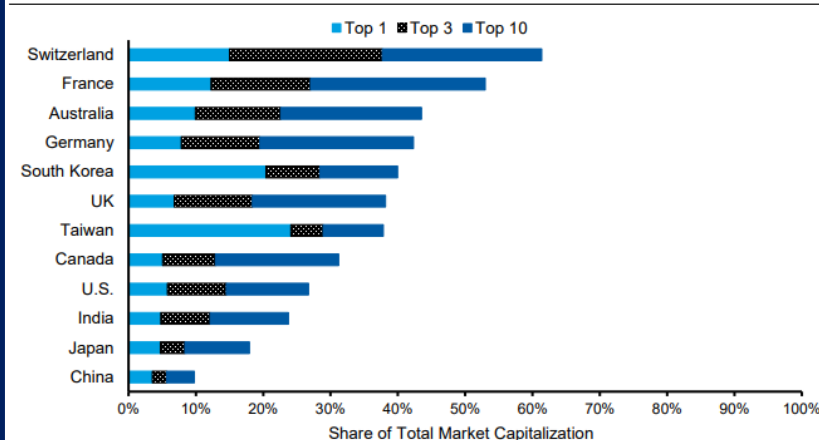
Exhibit 1: Stock Market Concentration in the U.S., 1950-2023



Source: FactSet; Compustat; U.S. Securities and Exchange Commission, Annual Reports, see www.sec.gov/reports; Counterpoint Global.

Note: Universe includes companies listed on the New York Stock Exchange, NASDAQ, and NYSE American stock exchanges, excluding American depositary receipts; Market capitalizations reflect calendar year-end.

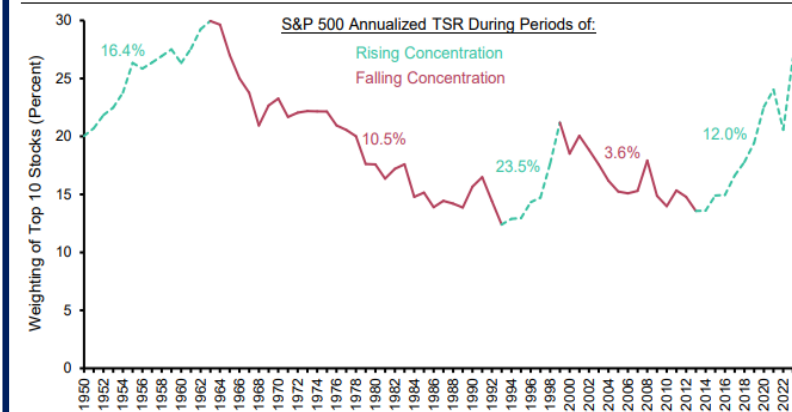
Exhibit 3: Stock Market Concentration in the Largest Global Equity Markets, 2023



Source: FactSet and Counterpoint Global.

Note: Stacked bars reflect cumulative concentrations; Universe includes companies on the following stock exchanges: Switzerland: SIX Swiss Exchange; France: Euronext Paris; Australia: Australian Securities Exchange (ASX); Germany: Xetra (Frankfurt Stock Exchange); South Korea: Korea Exchange; United Kingdom (UK): London Stock Exchange; Taiwan: Taiwan Stock Exchange and Taipei Exchange; Canada: Toronto Stock Exchange; U.S.: New York Stock Exchange, NASDAQ, and NYSE American; India: Bombay Stock Exchange (BSE); Japan: Tokyo Stock Exchange; China: Shanghai Stock Exchange and Shenzhen Stock Exchange.

Exhibit 9: S&P 500 Annual Returns During Rising and Falling Concentration, 1950-2023

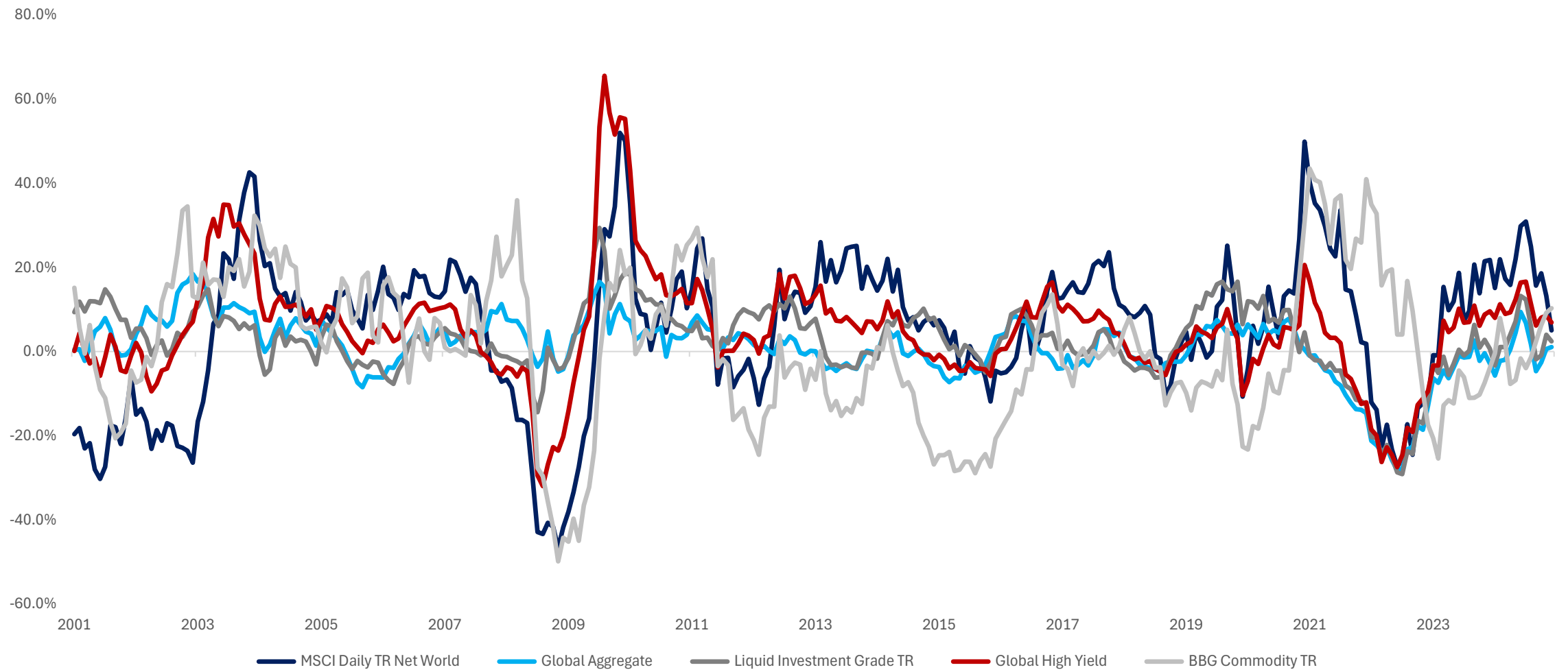


Source: FactSet and Counterpoint Global.

Active management should be rewarded by reduced concentration and greater dispersion of returns

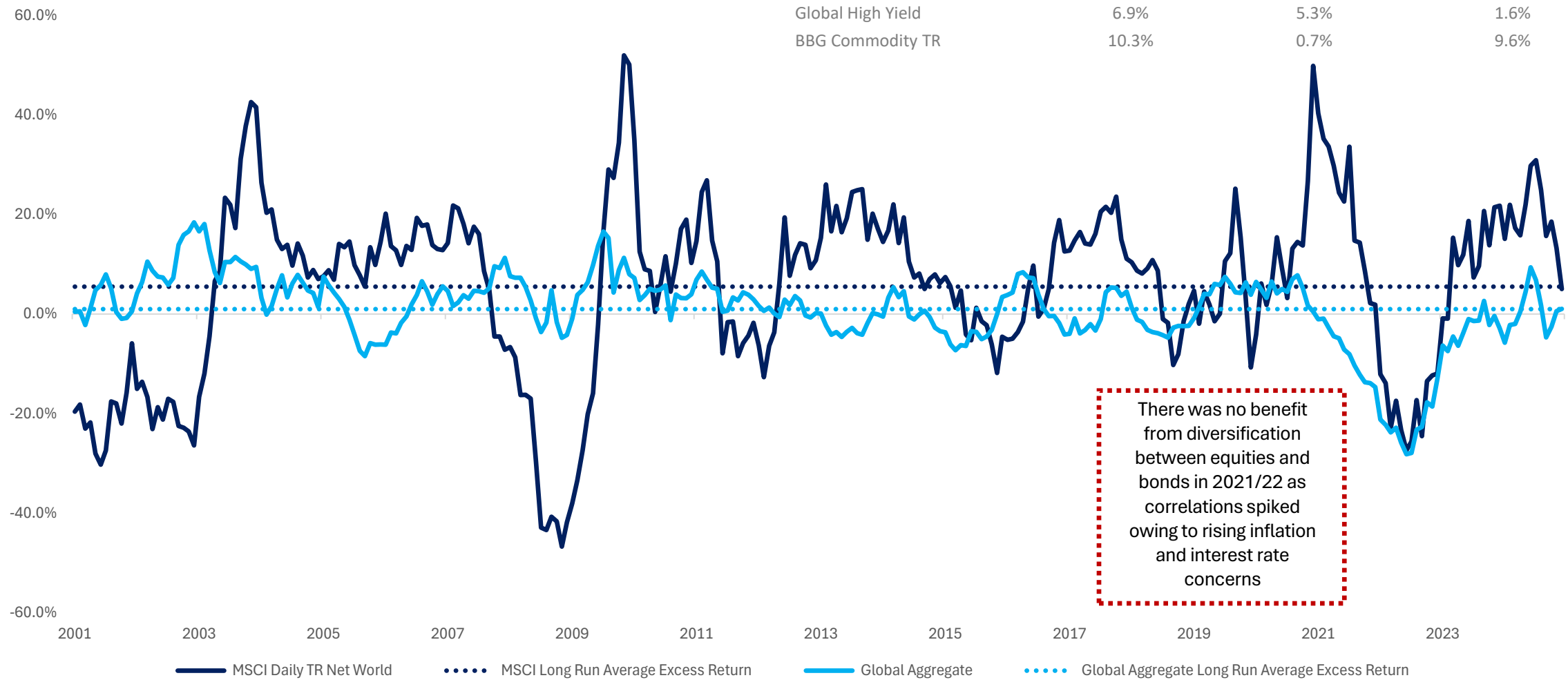
Multi Asset Framework

Annual returns in excess of US CPI



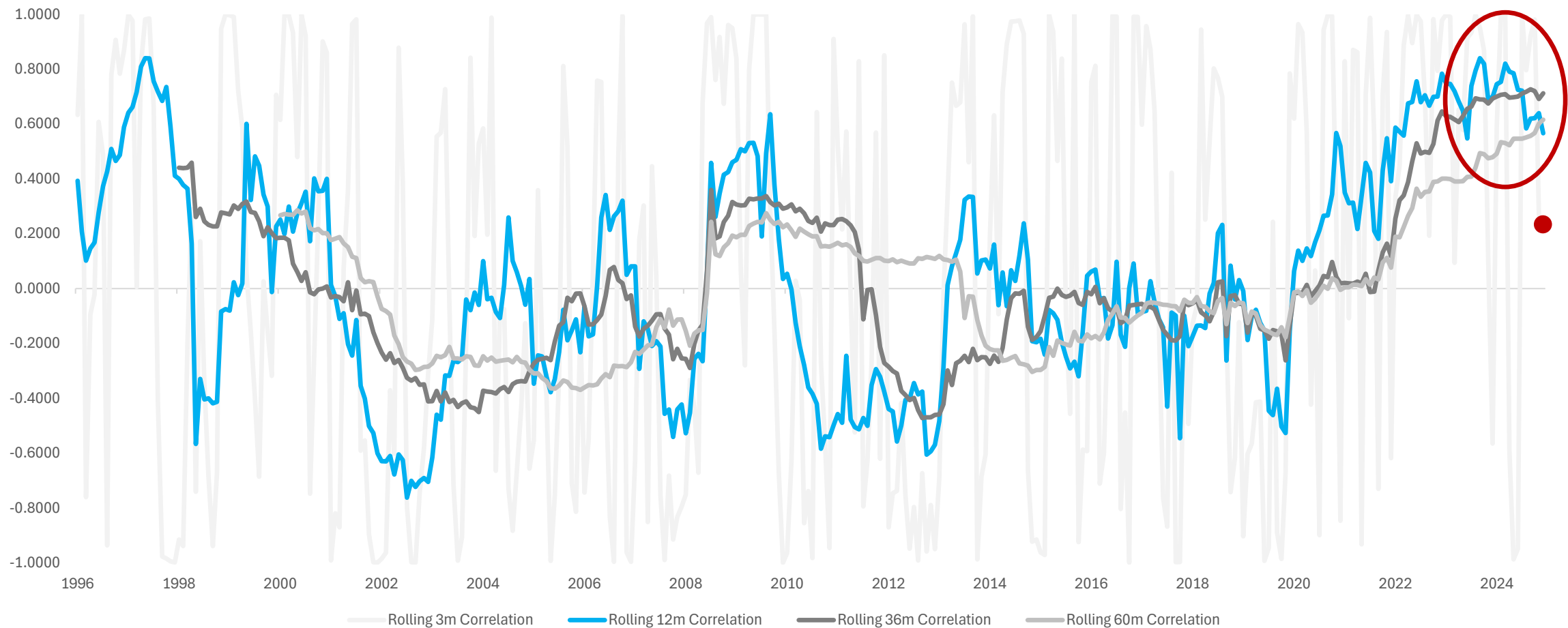
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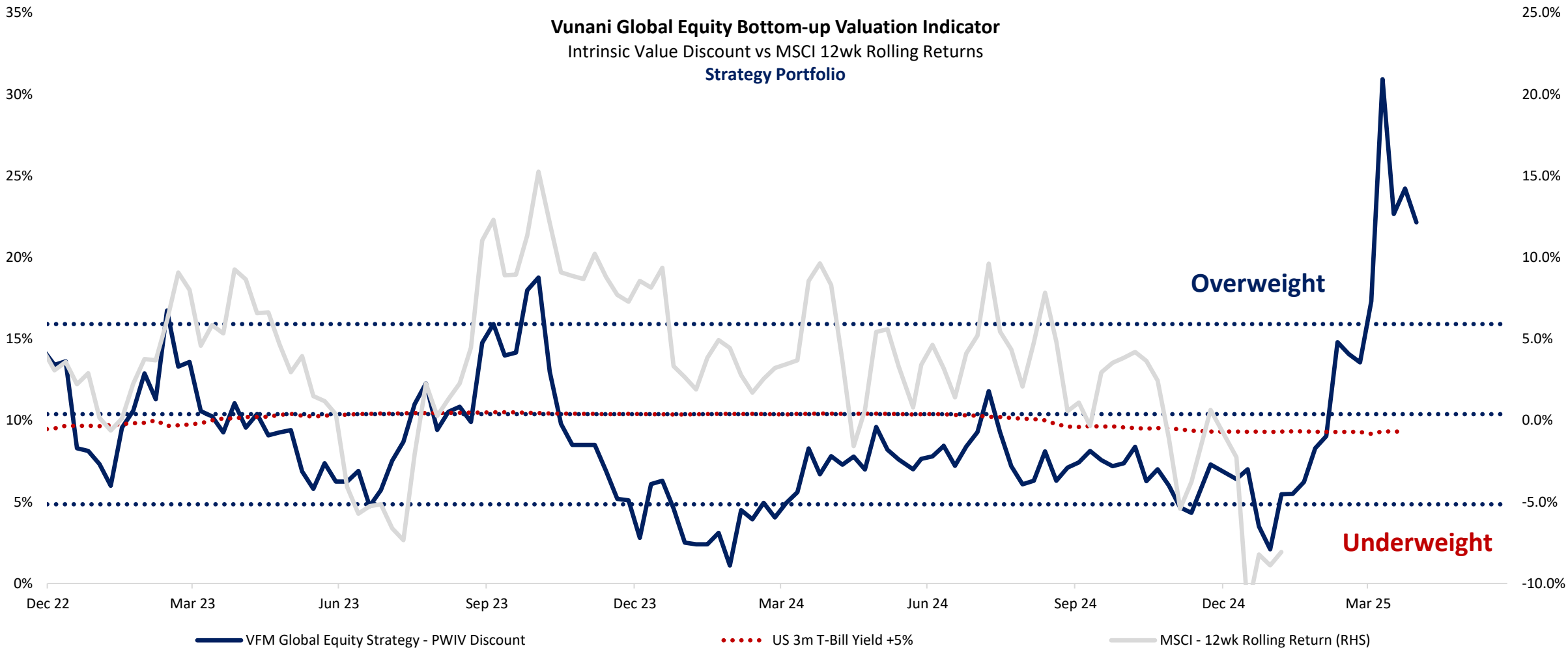
Equity-Bond Correlation – positive and rising

Critical in the construction of diversified portfolios, but clearly not stable



Proprietary bottom-up valuation indicator








Valuation informed calibration of risk tolerance and equity exposure



The graph illustrates the probability weight intrinsic value discount of the strategy portfolio from the Vunani Global Equity Buy List, taking account of Vunani's proprietary Bull, Base and Bear case valuation estimates and assigned probabilities versus the subsequent 12 week rolling return of the MSCI World Index in US dollars.

Vunani BCI Global Macro Fund

Fund Facts

						
Launch Date	ASISA Classification	Currency Denomination	Benchmark	Income Distribution	Minimum Investment	Investment Management Fee
16 th July 2020 ¹	Global Multi Asset Flexible	South African Rands	Composite ²	June / December	Class A n/a Class C n/a	Class A 0.85% Class C 0.80%

- 1. Vunani Global Flexible Equity GIPS Composite launch date – 31 May 2013
- 2. Composite Benchmark – 80% MSCI World Index | 15% FTSE 3 Month Treasury Bill Index | 5% SteFI Composite

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