



INVEST BETTER with BRENTHURST

IN THIS ISSUE

Brian explores the 2025 investment outlook, highlighting key themes such as South Africa's promising economic indicators, the global implications of Donald Trump's return to power and the transformative role of artificial intelligence in shaping markets. He underscores the need for diversified and adaptable strategies to navigate a rapidly evolving financial landscape.

2025 INVESTMENT OUTLOOK

NAVIGATING OPPORTUNITIES IN A YEAR OF TRANSFORMATION

BRIAN BUTCHART | CERTIFIED FINANCIAL PLANNER® & DIRECTOR, BRENTHURST

Over the past few months, I've found that many of my conversations with clients reflect a shared outlook: cautious optimism. As we step into 2025, this sentiment feels particularly appropriate.

Here at home, South Africa is experiencing a wave of positive momentum, while globally, geopolitical shifts are reshaping markets in profound ways. For investors willing to stay informed and adaptable, 2025 is shaping up to be a year of transformative opportunities.

WHY IT'S A GREAT TIME TO BE SOUTH AFRICAN?

November brought a welcome dose of good news for South Africans. The Springboks rounded off their season on a high note against Wales, but the optimism extended far beyond the rugby field. The Reserve Bank cut interest rates by 0.25%, offering relief as inflation dropped to 2.8%.

In another significant development, Eskom reached 280-plus days without load shedding – a milestone that could be a game-changer for economic confidence.

While we're cautiously optimistic about local equities, particularly within retirement funds, despite these improvements, the JSE once again could not beat the MSCI World Index or S&P 500 in 2024 and highlights the importance of balancing local investments with broader global exposure. This strategy ensures investors can benefit from South Africa's progress while taking advantage of more dynamic opportunities internationally.

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TRUMP'S RETURN AND THE GLOBAL RIPPLE EFFECT

Globally, markets are responding to Donald Trump's decisive return to power. His pro-business agenda is set to shape trade, fiscal policy and global security in ways that will ripple far beyond US borders.

Trade tensions with China remain a key area to watch, potentially boosting interest in resilient US companies. Meanwhile, Trump's tax cuts and deregulation plans will likely favour sectors such as financials, energy and infrastructure.

These shifts underscore the need for adaptability for investors. Staying nimble and informed is critical to taking advantage of the opportunities ahead.

I recommend our recent webinar, [Global investing after Trump victory for those looking for deeper insights](#). It's an in-depth look at how these changes could impact your portfolio.

OPPORTUNITIES IN A SHIFTING LANDSCAPE



The Federal Reserve's recent rate cuts initially buoyed markets, but doubts about additional reductions in 2025 caused a stir in December.

Despite this uncertainty, major Wall Street strategists predict the S&P 500 could see price gains of 12% in 2025, with sectors like energy, communication services and information technology leading the way.

Conversely, defensive sectors such as utilities and consumer staples are expected to see smaller gains. Trump's deregulatory agenda could also unlock opportunities in financials, energy and infrastructure, making them areas worth watching closely.

Wall Street Braces for a 12% Year

Expectations for a strong S&P 500 are widespread, with few outliers

		2025 Year-End Target	2025 Percentage Gain %	2025 EPS
Oppenheimer	John Stoltzfus	7,100	20.6%	\$275
Wells Fargo	Chris Harvey	7,007	19.0%	274
Deutsche Bank	Binky Chadha	7,000	18.9%	282
Societe Generale	Manish Kabra	6,750	14.6%	271
BMO	Brian Belski	6,700	13.8%	275
HSBC	Nicole Inui	6,700	13.8%	268
Bank of America	Savita Subramanian	6,666	13.2%	275
Scotiabank	Hugo Ste-Marie	6,650	12.9%	255
Average		6,614	12.3%	269
Barclays	Venu Krishna	6,600	12.1%	271
Evercore ISI	Julian Emanuel	6,600	12.1%	257
Fundstrat	Tom Lee	6,600	12.1%	275
Ned Davis Research	Ed Clissold	6,600	12.1%	254
RBC Capital Markets	Lori Calvasina	6,600	12.1%	271
Citigroup	Scott Chronert	6,500	10.4%	270
Goldman Sachs	David Kostin	6,500	10.4%	268
JPMorgan	Dubravko Lakos-Bujas	6,500	10.4%	270
Morgan Stanley	Mike Wilson	6,500	10.4%	271
UBS	Jonathan Golub	6,400	8.7%	257
BNP Paribas	Dennis Jose	6,300	7.0%	270
Cantor Fitzgerald	Eric Johnston	6,000	1.9%	267

Source: Bloomberg

Bloomberg Opinion

AI REMAINS THE STANDOUT THEME

When it comes to innovation, artificial intelligence continues to lead the charge. BlackRock, among others, highlights AI as the highest conviction trade for 2025, with mega-cap tech companies poised to capitalise on its transformative potential.

Some sceptics question whether these large-scale investments will pay off quickly, but the long-term opportunities are compelling. Microsoft, Google and Amazon are projected to spend a combined \$125 billion on AI development over the next two years. While immediate returns may be modest, these investments lay the foundation for significant revenue growth across industries.

AI represents more than a growth opportunity for investors – it is a key pillar of future-focused investing.

BALANCING GLOBAL AND LOCAL INVESTMENTS

While US equities and technology dominate headlines, diversification remains critical. Markets in Europe, Asia and the UK offer compelling opportunities, supported by skilled value fund managers such as Sean Peche of [Ranmore Fund Management](#).

At the same time, South Africa's improving indicators – such as lower inflation and more consistent power supply – give us reasons to feel optimistic. However, maintaining a portfolio with a higher offshore allocation, where the investment opportunity set is far greater and attractive and ensuring optimal allocation between growth, value and momentum-driven investment styles, ensures the right mix of resilience and growth potential in an uncertain environment.



LOOKING AHEAD TO 2025

This year is all about transformation and opportunity. Whether it's tapping into AI-driven innovation, navigating the implications of Trump's policies, or diversifying across regions and sectors, the focus remains on informed decision-making.

The year ahead is just beginning and unfolding, but with a strategic investment approach, your investments can thrive in even the most dynamic conditions.

BRIAN BUTCHART | CFP® MANAGING DIRECTOR & KEY INDIVIDUAL OF BRENTHURST WEALTH

BRIAN was recognised as one of the country's top three Wealth Managers in the Krutham Top Private Banks and Wealth Managers Awards in 2024 and consecutively in 2020, 2021 and the overall Winner in 2022.

Phone: +27 (0)21 418 1236 | **Email:** brian@brenthurstwealth.co.za

CONTACT ANY OF OUR HIGHLY QUALIFIED FINANCIAL SERVICE ADVISORS AT OUR NINE OFFICES COUNTRYWIDE TO DISCUSS YOUR INVESTMENT STRATEGY. www.bwm.co.za

BRENTHURST OFFICES:

Johannesburg	+27 (0) 11 799 8100	Claremont	+27 (0) 21 100 3901
Sandton	+27 (0) 10 035 1391	Bellville	+27 (0) 21 914 9646
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SATELLITE OFFICES:

KZN: Arin Ruttenberg +27 84 582 8581
FREE STATE: Iniel Van Zyl +27 72 298 3212
NORTH WEST: Maria Smit +27 79 696 6860
MPUMALANGA: Marise Reinach +27 72 795 3604

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