



INVEST BETTER
with **BRENTHURST**

IN THIS ISSUE

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INVESTING WITH SA'S

LEADING BOUTIQUE WEALTH MANAGER

WINNER 2020 & 2017 | RUNNER-UP 2023 & 2018
TOP 3 2022 & 2021 | TOP 4 2019

RANKED AMONGST THE TOP WEALTH MANAGERS FOR 7 CONSECUTIVE YEARS

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CAPE TOWN	+27 (0) 21 418 1236
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IS THIS SA'S BEST FUND MANAGER?

BY MAGNUS HEYSTEK | INVESTMENT STRATEGIST & DIRECTOR, BRENTHURST

The single largest fund in the range of funds we use at Brenthurst Wealth to construct investment portfolios is the **GLOBAL IP OPPORTUNITY FUND**, run since its inception by veteran fund manager **TONY BELL**. The fund, more than R1,5 billion in size, has a track record of over 10 years and has been a top quartile performer for many years.

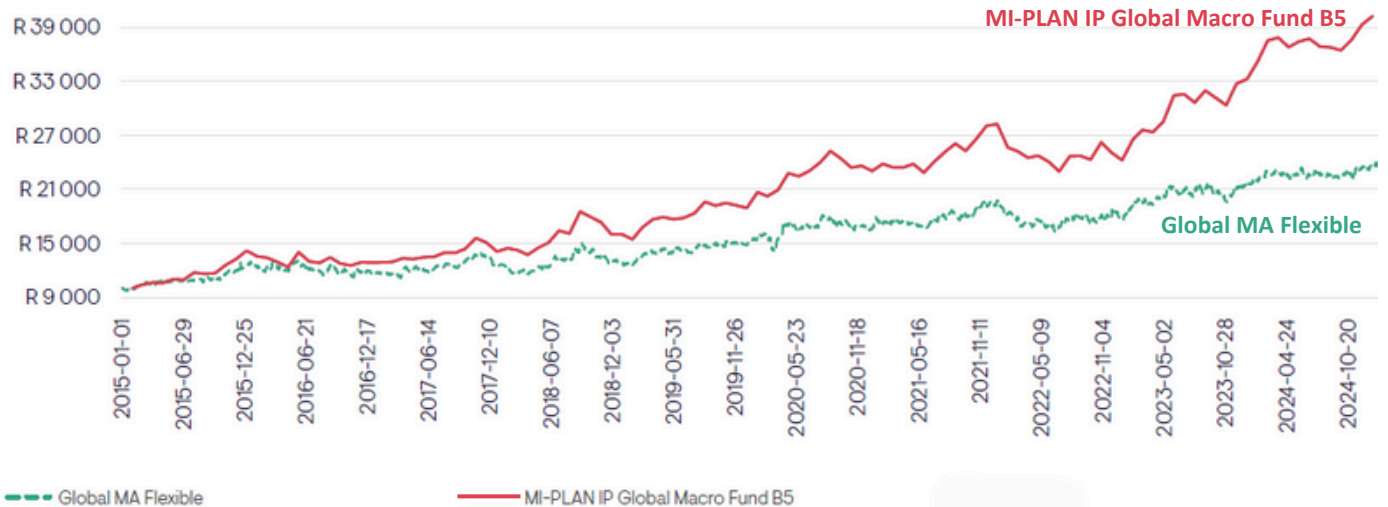
The fund is categorised as a **Global Multi Asset (MA) fund**, which has the freedom to invest in almost any asset class worldwide that makes use of rands. Over the past decade, this approach has also been a cornerstone of our investment approach.

However, after a stellar performance over the past year, this fund has rocketed to the number one performance slot over 1, 2, 3, 5, 7 and 10 years.

Ranking no. 1 for a year or two is considered good going, and many top funds managers manage to do so for a year or two, but to do so every year for 10 years is truly exceptional. In more than 40 years of involvement in the investment world, I have NEVER seen such a performance over such an extended period.

This fund is a core holding in most of our portfolios, and the long-term averages, in excess of 15% per annum year after year, have added considerable personal wealth to our clients. These returns have been more than double the average on similar asset allocation funds investing only in the local market.

FUND PERFORMANCE GRAPH (ZAR)



Fund performance (ZAR)

Fund	Allocation %	6 months	1 Year	3 Years	5 Years	10 Years
MI-PLAN IP Global Macro Fund B5	100.00%	8.39%	18.37%	16.62%	14.95%	15.21%
Total weighted average		8.39%	18.37%	16.62%	14.95%	15.21%
Benchmark: Global MA Flexible		3.53%	8.39%	9.01%	8.82%	9.18%

HOW DOES TONY MANAGE HIS PORTFOLIO?

TONY BELL EXPLAINS, “THE BASIC INVESTMENT THESIS DEVELOPED IN PURSUING ALPHA IS THAT (A) COMPANY EARNINGS MATTER GREATLY, BUT (B) THAT FORECASTING THESE EARNINGS IS HIGHLY COMPLICATED.

“In a seminal paper by Gleason, Johnson & Li in 2006, entitled ‘**The Earnings Forecast Accuracy, Valuation Model Use, and Price Target Performance of Sell-Side Equity Analysts**’, some 136,000 estimates were examined. They concluded that the forecasts were inaccurate and that consensus forecasts were detrimental to establishing accurate valuation models.

“The second paper that shaped our development of alpha generation was by Nichols and Waldren, entitled ‘**How Do Earnings Numbers Relate to Stock Returns?**’. In this paper, the authors analyse the key drivers of the relative performance of a share vs the aggregate (index) and conclude that relative earnings matter.



"Their conclusion is formative. If one can, a priori, identify the direction AND magnitude of change AND, as per the Gleason paper, one can sufficiently differentiate companies by correctly screening them into their respective quintiles, the probability of capturing price-relative performance is significantly enhanced.

"Alpha, in terms of our research over the years, is not some mispricing by the market, but is distinct in three main areas. The first is finding those companies where earnings are increasing and where the rate of change may be improving. The second is to avoid companies where earnings are dropping. The third, and by far the most productive, is to recognise that in extreme market distress, value deviates from price.

"In deciding which stocks to select, we use inference to determine the direction of earnings and the rate of change of earnings of each of the 700 companies we monitor. Using a very simple 7-step approach, we then determine where those earnings are coming from and how sustainable they will likely be. We specifically look out for companies where earnings take a positive "step change". A good example would be Amazon, whose retail business funded Amazon Web Services' growth (ironically developed in Cape Town). The rest is history. Conversely, we studiously avoid companies where the inferred earnings path is down. These are, most often, not "cheap" companies, but simply bad investments."

Notably, Tony doesn't even own a television set, sparing himself the endless chatter on Bloomberg or CNBC about markets. "It's all noise, and it distracts me from my research," Bell adds.



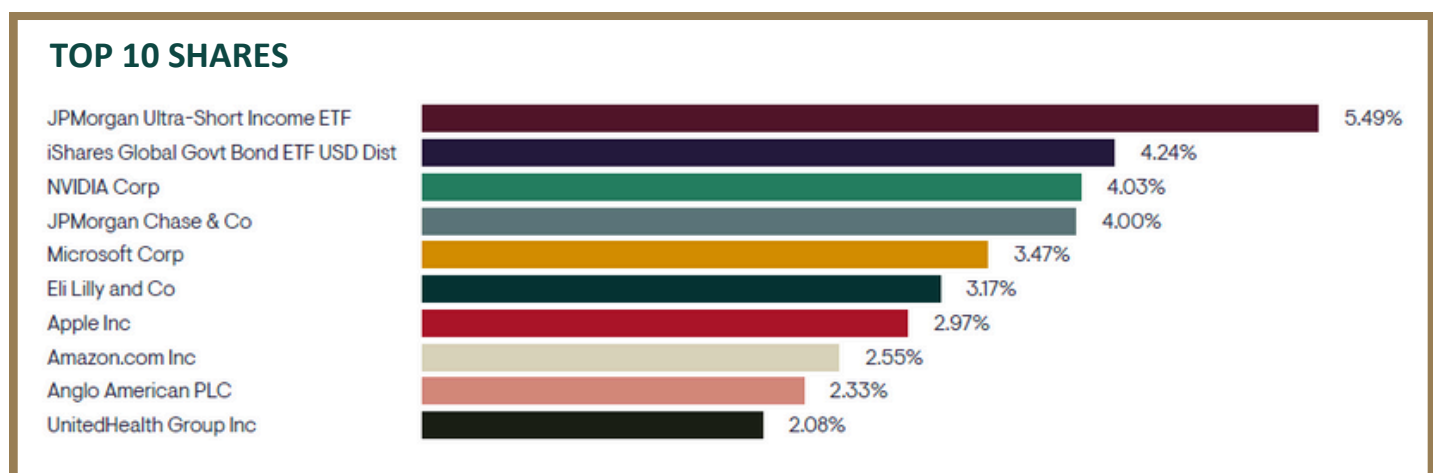
The good news is that Tony and his team at ThinkCell are now also responsible for managing some other funds within the Brenthurst range of funds, namely the Brenthurst Balanced Fund of Funds, Worldwide Flexible Fund and the newly created Enhanced Income Fund.

FURTHERMORE, BELL HAS CREATED A DOLLAR-BASED MIRROR FUND FOR INVESTORS WITH OFFSHORE ASSETS.

AWARDS TONY BELL HAS ACHIEVED THE DISTINCTION OF TEN CONSECUTIVE RAGING BULL AWARDS IN MANAGING THE MI-PLAN GLOBAL MACRO FUND OVER THE PAST TEN YEARS.

WHAT IS IN TONY'S PORTFOLIO?

It's no surprise to see some of the top-performing companies such as Nvidia, Microsoft and JPMorganChase Bank in its range of global giants, which have all performed exceedingly well. It's also nice to see Anglo American PLC, which has historical links to South Africa, in the portfolio.





TONY BELL | AWARD-WINNING FUND MANAGER

Award-winning fund manager Tony Bell joined Brenthurst as a consulting investment advisor in 2022.

With his extensive expertise, **Tony Bell, Chief Investment Officer at ThinkCell**, collaborates closely with our internal investment committee and the team at **Mi-Plan**. Together, they ensure optimal asset allocation and selection within the Brenthurst fund of funds range based on thorough research, benefiting the construction of client portfolios and delivering superior investment services and solutions to our valued clients.

This includes the Brenthurst BCI Balanced Fund of Funds, Brenthurst BCI Cautious Fund of Funds and Brenthurst BCI Worldwide Flexible Fund of Funds.

ANOTHER PERFECT 10! MI-PLAN IP GLOBAL MACRO CELEBRATES 10 YEARS OF TOP-QUARTILE PERFORMANCE.

Bell's successful management of the **GLOBAL IP OPPORTUNITY FUND** for Brenthurst clients via Mi-Plan for more than 10 years showcases an exceptional track record and earned the prestigious Raging Bull Award in the Global Multi-Asset Flexible category. The fund, more than R1.5 billion in size, has been a top quartile performer for many years.

Furthermore, their management of the **MI-PLAN IP GLOBAL MACRO FUND** has garnered 10 awards, including seven consecutive Raging Bull Awards from 2016 to 2022, setting an industry milestone.



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